



FINANCIAL REPORT AND ACCOUNTS 2006

States of Jersey Treasury and Resources Department

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Treasury and Resources Department

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Minister's Report

Treasury and Resources Department
Financial Report and Accounts 2006



I am pleased to present this Financial Report and Accounts for the first year of Ministerial Government.

The introduction of a modern structure for the management of the States finances with the implementation of the new Public Finances (Jersey) Law 2005, 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 also 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 Principles (GAAP). This year sees the introduction of accounting for goods and services when they are received rather than the previous system of accounting for expenditure as it was committed. Changes planned for future years include improved presentation of financial information and the introduction of an improved regime for capital accounting. 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.

I am pleased to report that at the end of 2006 States' non-trading departments ended the year within budget, with net expenditure totalling £465 million. In a year of significant financial pressure this is an excellent achievement.

Income has risen significantly this year to £526 million, being £54 million more than the original budget for 2006. This increased level of income includes special non-recurring dividends received from Jersey Telecom and Jersey Electricity Company Limited and the first year of the new island wide rates.

After allowing for capital and revenue expenditure of £39 million and £465 million respectively this leaves us with a year end surplus of £22 million, a much healthier position than the original forecast of an £8 million deficit.

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 and Stabilisation Fund to act as a buffer against any major downturns of the future or otherwise to save against the downswings experienced in all economic cycles. This is recognised in establishing a Fiscal Policy Panel to provide expert independent advice, and as a first step, the 2007 budget provided for the transfer of £10 million to the Strategic Reserve, relating to the special dividends received in 2006.

As the economy adjusts to coming changes in our fiscal structure, the surplus funds we are currently experiencing are needed primarily to fund one off spending pressures, such as transitional arrangements for the implementation of the Income Support Scheme, essential to avoid greater repercussions in the future.

The last two years have seen the shaping of the States' vision for the future through the Economic Growth Plan, the Fiscal Strategy and the Strategic Plan. The greater degree of disciplined strategic and financial forward planning, outlined in these plans, is an important contribution to the improving confidence in the Island's economy which can only benefit every member of our community.

The States' balance sheet remains remarkably healthy, showing net assets well in excess of £1 billion. As part of the overall improvement in accounting practices, an exercise is underway to more accurately value land and property held by the States. This will show that the true state of our finances is even more robust than this figure would have us believe.

In 2006 the Treasury and Resources Department took over responsibility for the majority of the property assets of the States of Jersey, with a view to ensuring that their potential can be maximised. Although it is still at a very early stage, I have no doubt that in years to come this change will enable the States to make better informed decisions. We have also set up a dedicated Procurement Department which again can help maximise the best use of taxpayers' funds

I am 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, the Director of Property Holdings, Eric Le Ruez, and the Chief Officer of Customs and Immigration, Mike Robinson. Together with my Assistant Minister, Deputy John Le Fondre, we have all had a busy, challenging yet exhilarating year continuing to shape the Island's finances for a positive future. I extend my wholehearted thanks to them and all the hardworking staff in their Departments.



Senator T.A. Le Sueur
31 May 2007

Treasurer's Report

1. FINANCIAL REPORT AND ACCOUNTS

These accounts reflect the first year of the ministerial system of government and have been prepared as directed by a Ministerial Order issued under the Public Finances (Jersey) Law 2005.

On a basis consistent with, and allowing comparison to, the 2006 budget, the States achieved a surplus of £22 million in 2006. This compares with a deficit of £8 million originally estimated in the 2006 Budget Report. The following analysis relates only to budgeted non trading department income and expenditure.

The improvement in States' income against the original budget arose largely from income tax receipts amounting to £13 million more than originally budgeted, special payments received from Jersey Telecom and Jersey Electricity Company amounting to £11 million, and income from the island wide rate amounting to £9 million.

The original budgeted revenue expenditure of £441 million was increased during the year in respect of additional allocations for amounts carried forward from 2005 totalling £8 million; budget allocations in respect of Parish Welfare costs transferred to Social Security totalling £8 million; transfers from capital budgets totalling £3 million and other transfers including budgets relating to the introduction of income support. In summary the 2006 revenue expenditure of £465 million compares to an authorised revenue expenditure budget of £466 million. Shown below is a high level summary comparing the 2006 results to the 2006 original budget.

Budget 2006 £' million		Actual 2006 £' million	Actual 2005 Restated £' million
	Income		
385	Income Tax*	398	377
46	Impôts	53	50
17	Stamp Duty	23	19
24	Other Income	43	23
-	Island Rates	9	-
472	Total Income	526	469
(441)	Net Revenue Expenditure of Non-Trading Departments	(465)	(441)
31		61	28
(39)	Capital Expenditure Voted	(39)	(43)
(£ 8)	(Deficit)/Surplus after Capital Expenditure Voted	£ 22	(£ 15)

* This includes £1.5 million of adjustments to provisions and write offs as a result of the anticipated improved effectiveness of arrears collection afforded by the Income Tax Instalment System (ITIS).

As part of the continued move towards accounts prepared in accordance with best practice, the States of Jersey have ceased accounting for commitments within the current year's expenditure and now accounts for expenditure as and when goods and services are received rather than when a commitment is entered into.

The move to ministerial government has resulted in a number of organisational changes between 2005 and 2006 as detailed in the 2006 Budget Department Annex.

Treasurer's Report

1. FINANCIAL REPORT AND ACCOUNTS 2006 (continued)

2005 figures have been restated to take account of both these changes so that they are comparable with 2006 figures.

The States' acknowledgment of the past liability in respect of the Public Employees Contributory Retirement Scheme is recognised within the accounts. This liability has been actuarially valued as at 31 December 2006 leading to an additional exceptional charge in 2006 of £3.9 million.

Key features of the 2006 accounts are as follows:

Income

- Income tax receipts at £398 million were up by 5.5% on 2005 levels.
- Impôts duties receipts at £53 million were up by 6.6% on 2005 and £7 million more than originally budgeted. However this included almost £2 million which related to a one-off adjustment for a change in accounting treatment.
- Stamp Duty at £23 million rose by 21% on 2005 and £6 million more than originally budgeted. This was mainly due to a small number of large value sales and increasing house prices.
- Special payments received from Jersey Telecom and Jersey Electricity Company amounted to £11 million, which was not included in the original budget. This income was exceptional to 2006.

Net Revenue Expenditure of Non-Trading Departments

Net revenue expenditure at £465 million rose by £24 million (5.4%) on the comparable expenditure in 2005. This increase related primarily to Social Security costs (£17.4 million) including Parish Welfare costs transferred to the Department from parishes, Income Support implementation and States' contributions to the Social Security Fund and Health and Social Services (£4.8 million).

Capital Expenditure

- The States approved £39 million of new capital expenditure in the 2006 Budget, however actual expenditure out of the Consolidated Fund for the year totalled £53.9 million (2005: £46.5 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 £4.3 million on Phase 1a of the Le Squez housing redevelopment; £3.9 million on the Day Surgery Unit at the General Hospital; £3.7 million on the new Prison Cell Block and £3.3 million each on St Clements and Les Chene Schools.

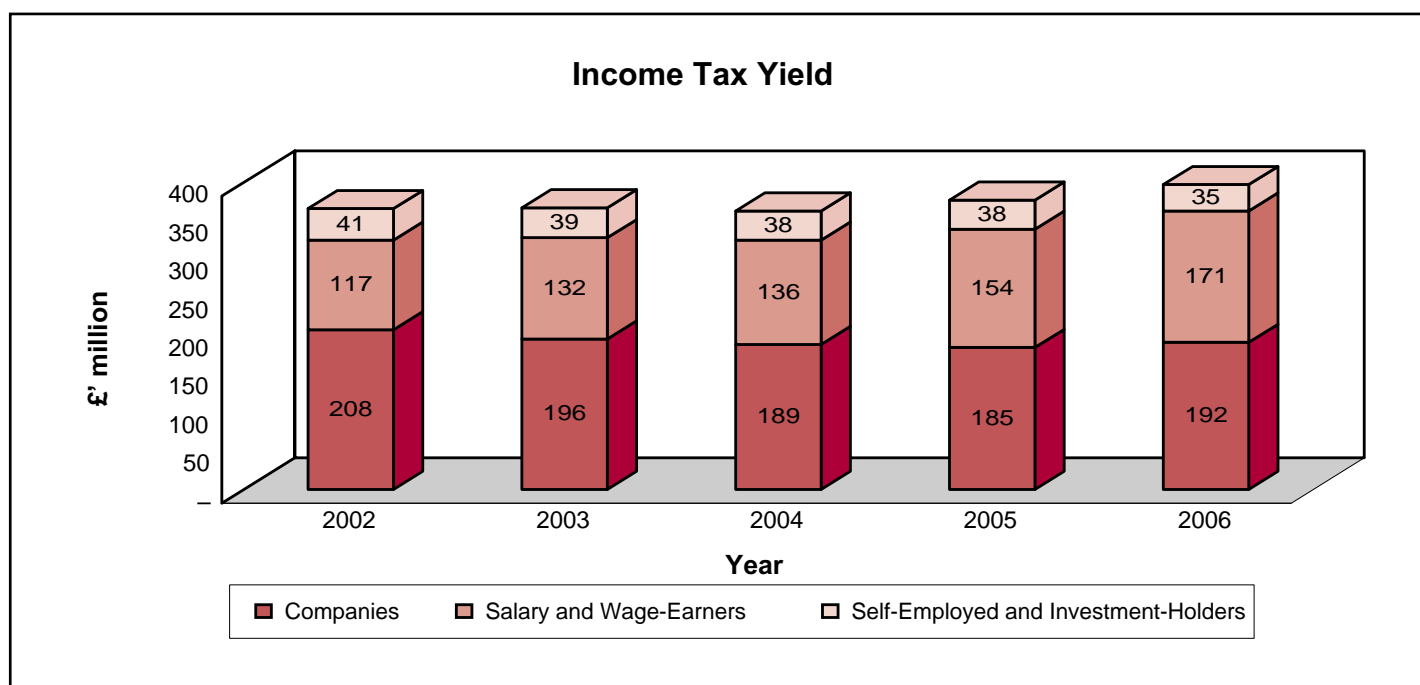
Treasurer's Report

2. INCOME FROM TAXATION

2.1. INCOME TAX

The standard rate of Income Tax remained at 20 pence in the pound in 2006. 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:

2006 Budget £' million		2006 Actual £' million	2005 Actual £' million	Increase/ (Decrease) %
158	Salary and Wage-Earners	171	154	11.0
34	Self-Employed and Investment-Holders	35	38	(7.9)
193	Companies	192	185	3.8
£ 385		£ 398	£ 377	5.6



Tax raised in 2006 arises from trading profits in 2004 and other income sources of 2005. The 5.5% increase in tax yield in 2006 compares to a 3.9% increase in 2005. The proportion of tax raised from salary and wage earners has continued to increase compared to tax collected from companies. The tax raised from self employed and investment holders has reduced from £38 million in 2005 to £35 million in 2006. This is the result of adjustments to prior year assessments and the restructuring of some partnerships to become incorporated, causing these former partnerships to be taxed differently.

Treasurer's Report

2.1. INCOME TAX (continued)

Income Tax Charged for the Year of Assessment 2005 as at 31 December 2006

	2006 £' million	2005 £' million	Increase/ (Decrease) %
1 By Industry			
Agriculture	4.0	3.5	14.3
Fishing	0.4	0.4	-
Manufacturing	1.8	1.3	38.5
Construction and Quarrying	10.9	9.1	19.8
Wholesale and Retail	12.7	14.2	(10.6)
Hotels and Restaurants	5.3	5.9	(10.2)
Transport and Communications	4.6	3.7	24.3
Financial Intermediation	138.9	131.2	5.9
Real Estate (fee income)	0.6	0.5	20.0
Health and Social Work	3.8	3.5	8.6
Other business services	21.8	20.3	7.4
Other community, social and personal services	11.7	8.9	31.5
	216.5	202.5	6.9
2 By Individuals			
Employees	162.7	147.6	10.2
Rentiers and retired	15.4	16.3	(5.5)
	178.1	163.9	8.7
3 By Others			
Investment Holding Companies	25.0	20.3	23.2
Net Revenue Expenditure	£ 419.6	£ 386.7	8.5

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 2005 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 and Customs duties yielded £53.1 million in 2006, £3.3 million up on 2005 and £6.7 million more than originally budgeted, including almost £2 million which is a one-off adjustment for a change in accounting treatment.

	Actual 2006 £' million	Actual 2005 £' million	Increase/ (Decrease) %	Duty Increase applied in 2006 Budget %
Spirits	4.2	4.1	2.4	3.6
Wines	6.0	5.8	3.4	3.6
Beer	5.1	4.8	6.3	10.7
Tobacco	13.1	12.5	4.8	4.0
Fuel	20.6	18.4	12.0	3.6
Vehicle Registration Duty	4.0	4.0	-	-
Customs Duty	0.1	0.2	(50.0)	-
	£ 53.1	£ 49.8	6.63	

Although the 2006 budget introduced a new low rate of duty for spirits and cider produced by small distilleries/producers and reduced rates of Vehicle Registration Duty for previously registered vehicles, all other Impôts duties were increased. These included a 29 pence increase on a litre of spirits, 3 pence on a bottle of table wine, 11 pence on 20 king size cigarettes, 1 pence increase on a litre of unleaded petrol and either 2 pence a pint for beer that has less than 5% alcohol or 4 pence for a pint of beer that has more than 5% alcohol.

Revenue from Customs duties decreased from 2005, however in real terms the amount was negligible. All revenue yields for 2006 show relatively modest movements that are consistent with long-term trends and which were reflected in the most recent forecasts.

2.3. STAMP DUTY

The yield from Stamp Duty rose by 21% to £23 million, reflecting a fairly buoyant housing market and the reported increase in house prices. There were also a number of significant property transactions during the year.

The increase has not been influenced by Stamp Duty rates paid on house purchases as these were not increased in 2006.

Treasurer's Report

2.4. OTHER INCOME

Other income is analysed in the table below.

	Actual 2006 £' million	Actual 2005 £' million
Interest Income	5	2
Jersey Currency Surplus	3	3
Dividend Income	24	11
Return from Jersey Financial Services Commission	4	4
Miscellaneous Fines and Interest on Loans	2	1
European Union Savings Tax Directive Administration Income	3	-
* Internal Loan Repayments	2	2
	£ 43	£ 23

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

Dividend income includes special dividend payments received from Jersey Telecom and Jersey Electricity Company amounting to £11 million, which were not included in the original 2006 budget. Interest on cash balances were expected to rise as a result of the introduction of the Income Tax Instalment System, and the European Union Savings Tax Directive income is new in 2006.

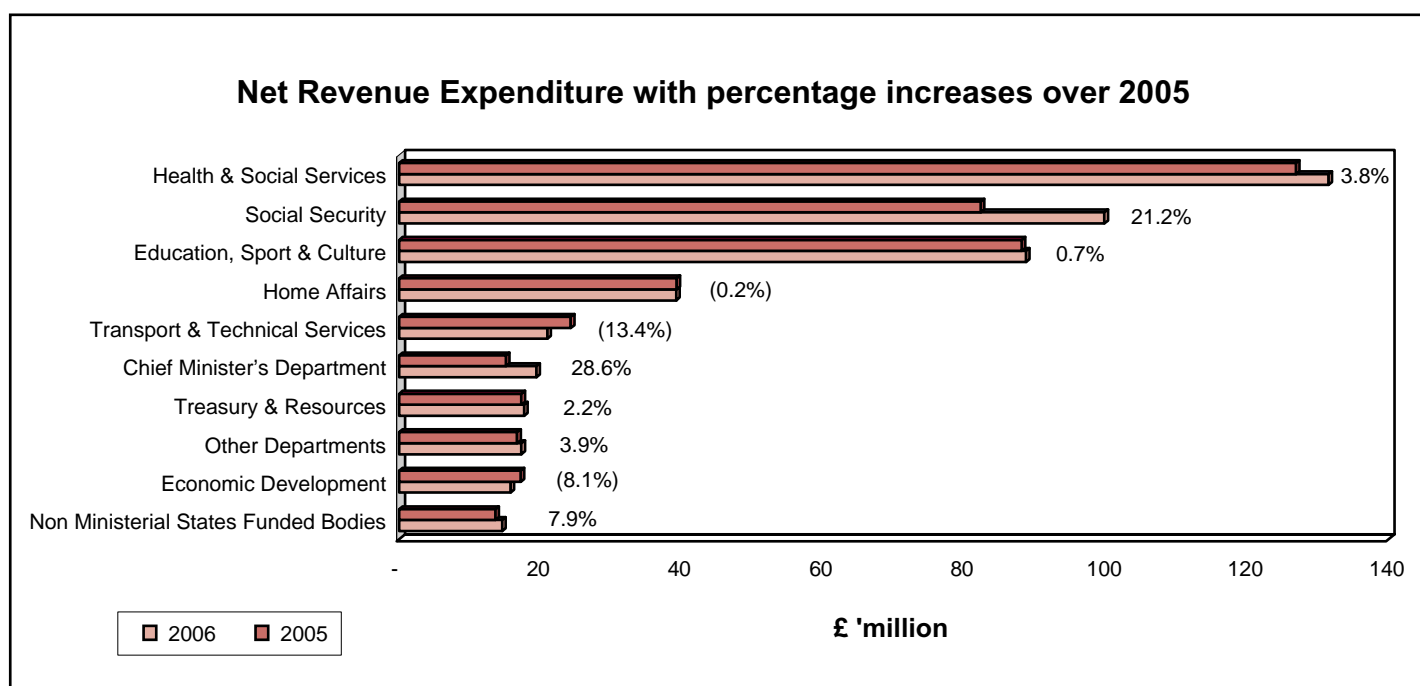
2.5 ISLAND RATES

In accordance with the Rates Law the States now receives income from the new Island Wide Rate from 2006. This new income stream reflects the transfer of funding of Native Welfare and Residential Care from the parishes, now included in the expenditure of the Social Security Department from 2006.

Treasurer's Report

3. NON TRADING DEPARTMENTS

The total net revenue expenditure (excluding capital servicing) of Non-Trading Departments totalled £465 million (£441 million in 2005), of which over 69% related to expenditure on Health and Social Services, Education, Sport and Culture and Social Security Departments. Expenditure compared to 2005 is shown in the graph below. The 2005 figures have been restated to take into account the implementation of creditor accounting and the reorganisation of certain functions such as Finance, Human Resources and Information Technology. This restatement makes 2005 comparable to 2006.



Health and Social Services Department

Net revenue expenditure increased by £4.8 million (3.8%) in 2006, compared with 2005. Those service areas with significant increases in expenditure during the year were Social Services (£2.7 million), Surgical Services (£1.2 million) and Ambulance Services (£0.6 million).

Social Security Department

Net revenue expenditure increased by £17.4 million (21.2%) in 2006, compared with 2005. The majority of the increase was planned and budgeted, with almost half the increase being the result of the responsibility of funding Native Welfare and Residential Care moving to the Department. However, an unplanned rise in the cost of supplementing pension contributions for lower earning employees resulted in expenditure of £3.4 million higher than the originally voted figure.

Education, Sport and Culture Department

On a comparable basis expenditure in 2006 increased by £0.6 million (0.7%) compared with 2005.

Excluding the financial effect of implementing creditor accounting, the net revenue expenditure increased by £2.1 million. The main financial pressure was within Higher Education Student Finance which was due to increasing student numbers, higher fees and fluctuations in parental income.

Treasurer's Report

3. NON-TRADING DEPARTMENTS (continued)

Home Affairs Department

Net revenue expenditure for 2006 decreased by £0.1 million (0.2%), compared with 2005. A significant element of this decrease related to staff costs at the prison.

Transport and Technical Services Department

On a comparable basis expenditure in 2006 was £3.3 million less than 2005.

Excluding the financial effect of implementing creditor accounting, the net revenue expenditure increased by £0.6 million (2.9%) from that in 2005. The main increases in expenditure during the year relate to increased maintenance costs in relation to the incinerator as it comes to the end of its useful life, which results in having to stockpile and bale refuse for storage and disposal until a new plant has been commissioned.

Economic Development Department

On a comparable basis expenditure in 2006 was £1.4 million (8%) less than in 2005.

Excluding the impact of implementing creditor accounting, spend increased in relation to the Rural Economy Strategy, the Competition Regulatory Authority and Regulation of Undertakings.

Treasury and Resources Department

Net revenue expenditure (excluding net repayment of capital debt) increased by £0.4 million (2.2%). This was largely due to the initial development of the new Goods and Services Tax.

Chief Minister's Department

Net revenue expenditure was £19.4 million in 2006, an increase of £4.3 million (28.6%) compared with 2005. The main increase was due to the repayment of arrears for the Pre-1987 PECRS debt (£2 million) and then the first year's repayment of this 82 year debt (£3.2 million).

Non Ministerial States Funded Bodies

Net revenue expenditure increased by £1 million (7.9%), compared with 2005. This was mainly due to an increase in expenditure in court and case costs.

Other Non Trading Departments

Net revenue expenditure of all the other Non-Trading Departments increased by £0.6 million (3.9%), compared to 2005. The most significant increase related to the Planning and Environment Department where expenditure rose by £0.4 million (6.1%).

Treasurer's Report

4. CONSOLIDATED FUND INCOME AND REVENUE EXPENDITURE

The Consolidated Fund was established by the Public Finances (Jersey) Law 2005 for the purpose of receiving all monies due to the States and to provide for expenditure approved by the States. This can be compared to the General Fund and Capital Fund that existed previously. The following table shows revenue income and Non Trading Departments' Revenue expenditure against the Consolidated Fund's general revenues for 2006 (General Fund 1996-2005).

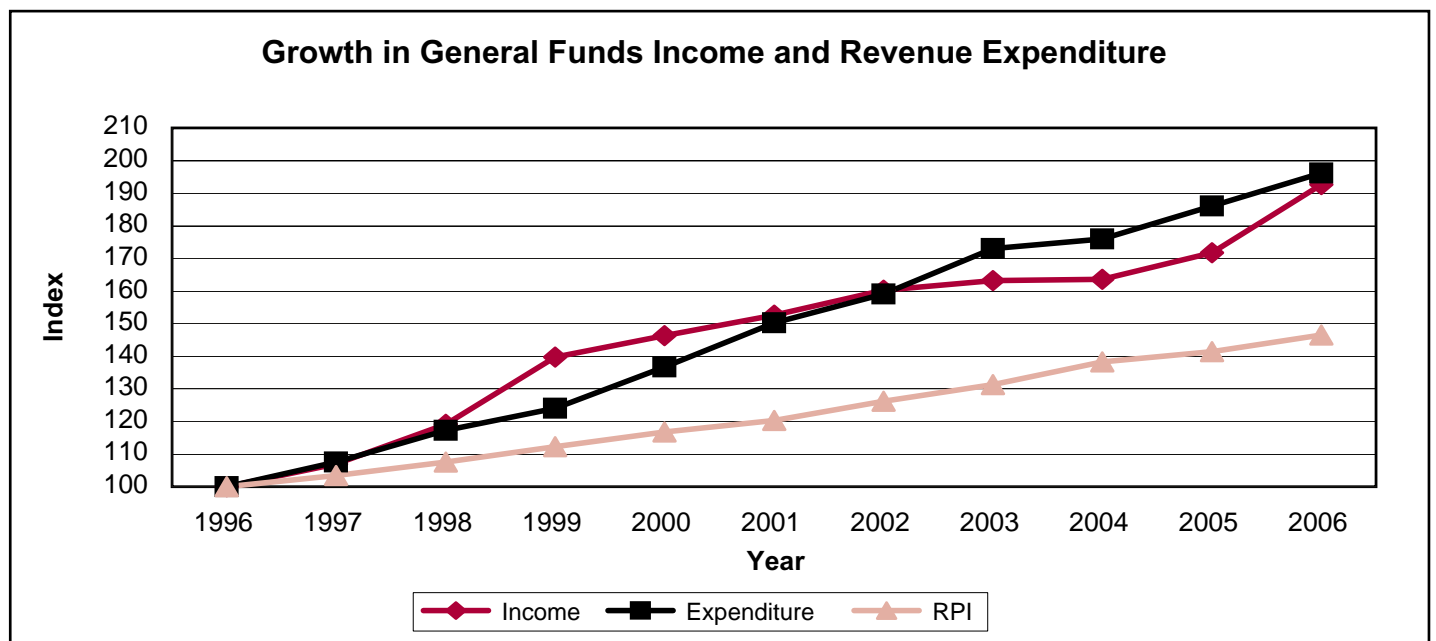
Year	General Revenues Income Restated**		Non-Trading Departments' Net Revenue Expenditure Restated*		Jersey RPI as at December
	£' million	Increase %	£' million	Increase %	%
1996	272	0.7	237	4.4	3.6
1997	291	7.0	255	7.6	3.5
1998	324	11.3	278	9.0	4.0
1999	380	17.3	294	5.8	4.4
2000	398	4.7	324	10.2	4.0
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
2005	467	4.9	441	5.8	2.2
2006	524	12.2	465	5.4	3.7
1996-2006 Total Increase		92.6%	96.2%		46.6%

* Expenditure excludes capital servicing.

** Income excludes internal loan repayments.

* 1996-2004 figures represent accounts prepared on a commitment basis; 2005-2006 represent accounts prepared on a creditor accounting basis.

The following graph shows this information graphically, comparing growth in revenue income and expenditure with the growth in RPI over the years 1996 to 2006 (amounts rebased to 1996).



Treasurer's Report

5. RECONCILIATIONS

5.1. RECONCILIATION WITH 2006 REVENUE BUDGET

In addition to the amounts voted to Departments in the 2006 Revenue Budget additional funds were made available from the following sources:

i. Carry Forward of Revenue Balances from 2005

The 2005 underspend against voted amounts was considered by the Council of Ministers who prioritised available funds against spending requests from individual departments. Where agreed and considered a priority, amounts have been allocated to departments as non recurring increases to their heads of expenditure during 2006.

ii. Contingency

Similar consideration was given to the remaining balance of the General Reserve at the end of 2005. The Council of Ministers again prioritised the available funding against the remaining carry forward requests and other spending pressures in 2006. Where agreed and considered a priority amounts have been allocated to departments as non recurring increases to their heads of expenditure during 2006.

iii. Transfers Between Revenue and Capital

Each department has the flexibility, with appropriate Ministerial approval, to transfer funds between capital and revenue heads of expenditure to address spending priorities within any given year. In 2006, as a result of a change to accounting policy, expenditure on certain aspects of Information Technology has been transferred from capital to revenue accounting for £2.8 million.

iv. Other Transfers (including Parish Welfare)

In May 2005, the States approved P66/2005 in respect of Parish Welfare and Residential Care to the States and with the corresponding introduction of an island-wide rate as the main source of funding. This transfer took place on 1 May 2006 from which point the States is liable for the cost of these benefits and for which the parishes will levy and collect an Island Rate and transfer the proceeds to the States.

The Social Security Department required a budget for parish welfare and this has been estimated at £6.6 million, included in this analysis.

The income from Crown Revenues moved to the General Funds from the Law Officers' Department increasing the Expenditure Voted by £0.2 million.

The States agreed in P190/2005 a 10 point agreement for the repayment of the PECRS Pre-1987 debt. The agreement required the States to enter into a loan agreement with PECRS over a period of 82 years. Additional funding was allocated in the original 2006 budgets of all departments. This funding has now been transferred to a central budget within the Chief Minister's Department.

Treasurer's Report

5. RECONCILIATIONS (continued)

Other transfers occur where responsibility for service provision is agreed to be transferred between departments. These budget transfers vary the budgets of the individual departments but are net nil in total.

	£' million
Net Revenue Expenditure approved in the 2006 Business Plan	478.59
Carry Forward from 2005	8.38
Contingency from 2005 General Reserve	6.53
Transfers between capital and revenue	2.88
Other Transfers	6.83
Total 2006 Voted Budget	£ 503.21

A similar reconciliation for all non-trading departments is shown below:

	Original 2006 Vote £' million	Carry Forward from 2005 £' million	Contingency from 2005/ General Reserve £' million	Transfers between capital and revenue £' million	Other Transfers £' million	Total 2006 Voted Budget £' million
<u>Ministerial Departments</u>						
Chief Minister	11.13	0.34	2.43	2.81	2.78	19.48
- Grant to the Overseas Aid Commission	5.68	0.03	0.00	0.00	0.00	5.71
Economic Development	15.26	1.26	0.00	(0.25)	(0.32)	15.95
Education, Sport and Culture	91.69	1.41	1.28	(0.02)	(5.12)	89.24
Health and Social Services	132.47	(0.05)	0.13	(0.10)	(0.98)	131.48
Home Affairs	38.94	1.07	0.00	0.00	(0.66)	39.35
Housing	1.58	0.00	0.00	0.02	(0.56)	1.04
Planning and Environment	5.90	0.29	0.02	0.23	(0.10)	6.34
Social Security	85.93	1.74	2.13	0.00	9.97	99.77
Transport and Technical Services	21.25	0.19	0.00	0.00	(0.37)	21.07
Treasury and Resources	49.60	1.69	0.54	0.19	2.38	54.41
<u>Non Ministerial States Funded Bodies</u>						
- Baliff's Chamber	1.17	0.00	0.00	0.00	(0.14)	1.04
- Law Officers' Department	5.06	0.09	0.00	0.00	(1.63)	3.52
- Judicial Greffe	3.71	0.00	0.00	0.00	(0.59)	3.12
- Viscount's Department	1.34	0.04	0.00	0.00	(0.46)	0.91
- Official Analyst	0.56	0.02	0.00	0.00	(0.03)	0.55
- Office of the Lieutenant Governor	0.47	0.08	0.00	0.00	0.23	0.77
- Office of the Dean of Jersey	0.02	0.00	0.00	0.00	0.00	0.02
- Data Protection Commission	0.21	0.01	0.00	0.00	0.03	0.24
- Probation Department	1.31	0.00	0.00	0.00	0.11	1.42
- Comptroller and Auditor General	0.58	0.06	0.00	0.00	(0.13)	0.51
- Court and Case Costs	0.00	0.00	0.00	0.00	2.79	2.79
States Assembly and its services	4.73	0.11	0.00	0.00	(0.37)	4.48
Total	478.59	8.38	6.53	2.88	6.83	503.21

This reconciliation includes the non cash element of Capital Servicing in the Treasury and Resources budget.

Treasurer's Report

5.2 RECONCILIATION OF NON-TRADING DEPARTMENTS' NET REVENUE EXPENDITURE TO TOTAL STATES EXPENDITURE

The following table reconciles the Non-Trading Departments' net revenue expenditure to the States' total gross expenditure.

	£' 000
Non-Trading Departments Net Revenue Expenditure	465,126
Add back Non-Trading Departments' Income	94,430
Non-Trading Departments Gross Expenditure	559,556
Separately Constituted Funds Expenditure	7,265
Strategic Reserve Expenditure	2,494
Consolidated Fund Expenditure	1,488
Trading Department Expenditure	55,127
Trading Fund Expenditure	7,288
Net Capital Repayments	37,600
Leased Asset Charge	211
Waterfront Enterprise Board Expenditure	2,342
Movement in Provisions	(168)
Pension Contributions Paid	(6,308)
Total States Expenditure	£666,895

6. RESERVES

Under the Public Finances (Jersey) Law 1967 there was provision for a short-term general reserve to fund urgent and unforeseen items of expenditure and pay awards. The new Public Finances Law does not include any provision for a General Reserve of this nature. At the end of 2005 the balance on the reserve was transferred to fund expenditure identified as a priority in 2006 and beyond.

6.1 STRATEGIC RESERVE

The Strategic Reserve is the States' long-term reserve, set up in the mid 1980s to safeguard against a major downturn in the economy. The purpose of the reserve was clarified by the States in December 2006 when they agreed that the Strategic Reserve should be a permanent reserve, where the capital value is only to be used in exceptional circumstances to insulate the Island's economy from severe structural decline such as the sudden collapse of a major island industry or from major natural disaster. The total value of the reserve at year end was £477 million (£456 million in 2005).

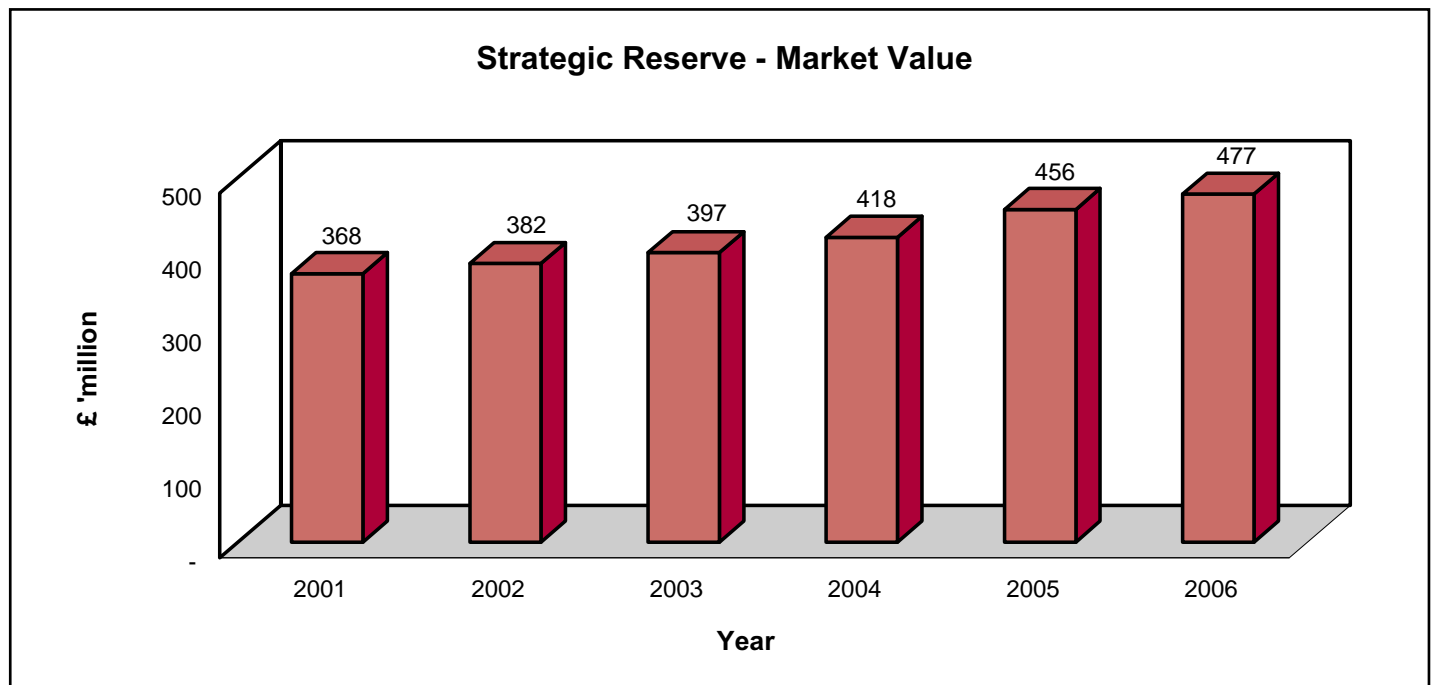
This growth in the reserve of 4.6% arose from investment performance, consisting of income and realised surpluses of £24 million and unrealised loss on investments of £3 million.

Since 2001 no funds have been transferred into the Strategic Reserve from general revenues although as part of the 2007 business plan the States voted to transfer £10 million to the Strategic Reserve, representing special dividends received from Jersey Telecom and Jersey Electricity Company in 2006.

Treasurer's Report

6.1 STRATEGIC RESERVE (continued)

The following graph shows the market value of the Strategic Reserve over recent years.



6.2 STABILISATION FUND

In December 2006 the States agreed to establish a Stabilisation Fund, the purpose of the fund being to make fiscal policy more countercyclical, providing some protection from the adverse impact of economic cycles, and creating in the Island a more stable economic environment with low inflation. This will involve taking money out of the economy and paying it into the Fund when it is growing strongly and drawing money down from the fund to support the economy when it is performing more weakly.

The Minister for Treasury and Resources is responsible for proposing to the States transfers between the Consolidated Fund and Stabilisation Fund having regard to the advice of a new independent Fiscal Policy Panel. The Fiscal Policy Panel will be appointed in 2007 by the States on the recommendation of the Minister and following advice from the States Economic Adviser.

Following the agreement of the States, the fund has been established with a transfer of £32 million of surplus funds previously held in the Dwelling House Loans Fund.

Treasurer's Report

7. CAPITAL EXPENDITURE

The States capital expenditure for the year amounted to £58.5 million (£56.6 million in 2005) of which £53.9 million was financed from the Consolidated Fund. The breakdown of expenditure for 2006 is shown below:

Capital Expenditure financed from:	2006 £' million	2005 £' million
Capital Fund	53.9	46.5
Trading Funds	4.3	5.9
ICT Fund	0.1	0.1
Waterfront Enterprise Board	0.2	4.1
	£ 58.5	£ 56.6

Those projects funded from the consolidated fund with a spend over £1 million in 2006 are listed below.

Committee	Project	Spend in 2006 £' 000	Total Spend to date £' 000	Total Voted £' 000
Education Sport and Culture	Le Rocquier School	2,697	20,521	22,686
	Hautlieu School	2,658	23,964	26,000
Health and Social Services	Day Surgery Unit General Hospital	3,872	5,364	7,154
	Central Sterile Services Department Phase 2	1,563	1,677	2,195
Home Affairs	Prison Cell Block Reconstruction Phase 2	3,702	6,607	6,903
Housing	Le Squez Redevelopment	4,246	9,116	8,516
Non Ministerial States Funded Bodies	Magistrates' Court	1,013	8,861	9,720
Transport and Technical Services	Sea Defences	1,053	5,704	5,971
	Sewer Reconstruction/Replacement	2,154	3,514	7,512
Treasury and Resources	St Clements School	3,331	4,992	5,657
	Les Chene School	3,336	3,542	4,048
	Grainville School Phase III	1,341	1,655	4,048

As at 31 December 2006 £102.7 million of Consolidated Fund expenditure relating to capital projects approved by the States had yet to be incurred. Of this balance, £10.6 million was held in the Capital Reserve Vote to meet the cost of inflation and risk on projects. Of this, a provision for inflation has been allocated to the Le Squez Redevelopment but until the whole programme is completed this amount will not be transferred. Other significant unspent balances were £10 million in the Computer Development Vote and £7.5 million as a reserve for the relocation of the Police Station Headquarters.



Ian Black, BSc (Econ), CPFA
Treasurer of the States
31 May 2007

Statement of Responsibilities for Preparing the Accounts

The Treasurer of the States is required by the Public Finances (Jersey) Law 2005 to prepare annual financial statements in respect of the accounts of the States of Jersey. The annual financial statements must be prepared in accordance with Generally Accepted Accounting Principles and Treasury and Resources Minister Orders.

The Treasury and Resources Minister has, in accordance with the Public Finances (Jersey) Law 2005, appointed Accounting Officers for States funded bodies. Accounting Officers have prepared Statements on Internal Control in respect of 2006. These documents are a key element of the States' internal control framework and outline the arrangements in place and the improvements being made in internal control procedures across the States of Jersey. The States of Jersey Statement on Internal Control sets out the Accounting Officers' responsibilities and summarises the high level arrangements.

In preparing the accounts, detailed in the following pages, the Treasurer has:

- Applied the going-concern principle to all entities included within the accounts;
- Applied appropriate accounting policies in a consistent manner; and
- Made reasonable and prudent judgements and estimates.

The Treasurer and other appointed Accounting Officers have responsibility for ensuring that proper financial records are kept which disclose with reasonable accuracy the financial position of the States of Jersey and enable the Treasurer to ensure that the accounts comply with the requirements of the Public Finances (Jersey) Law 2005.



Ian Black, BSc (Econ), CPFA

Treasurer of the States

31 May 2007

States of Jersey

Statement on Internal Control

1. **Scope of Responsibility**

2006 saw the introduction of an improved approach to financial control within the States of Jersey with the implementation of the Public Finances (Jersey) Law 2005 ("the Finance Law"). Amongst other measures (such as the establishment of the function of Comptroller and Auditor General and the ability of the Treasurer of the States to issue financial directions) the Finance Law designated the chief officer of each States funded body as its accounting officer.

Each accounting officer, is responsible for ensuring that expenditure does not exceed the amount appropriated to their department and is used for the purpose for which it was appropriated, that records and proper accounts of all financial transactions are maintained, that the resources of the department are used economically and effectively and that the provisions of the Finance Law in their application to the department are otherwise complied with. In discharging these overall responsibilities, the accounting officer is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the functions of the accounting officer and which includes arrangements for the management of risk.

Each Departmental accounting officer has prepared a Statement on Internal Control for 2006 in accordance with a financial direction issued under the Finance Law which stipulates that:

"At the beginning of each financial year, each accounting officer, will be required to record formally the basis on which they believe that their responsibilities will be properly discharged and subsequently, at each year end, the basis on which they believe that these responsibilities have been properly discharged."

These Statements are available to view on the States' website www.gov.je. This Statement summarises the main issues contained within them.

2. **Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate it completely and it can only provide a reasonable and not absolute assurance of effectiveness. Internal control is based on an ongoing process designed to identify and prioritise risks, to evaluate the likelihood of those risks being realised and to manage them efficiently, effectively and economically.

3. **The Internal Control Environment**

It is the duty of the Comptroller and Auditor General to provide the States with independent assurance that the public finances of the States are being regulated, controlled and supervised in accordance with the Finance Law and report any recommendations for improvements to the States. He also has a duty to report to the States whether States money was used for the purpose for which it was authorised.

The plans and work of both the internal and external auditors are reported to the Comptroller and Auditor General, who reviews the auditors' work, and management's action in response to their recommendations.

In 2006, the Corporate Management Board established an Audit Committee to support them in their responsibilities for monitoring and reviewing the risk, control and governance processes within States funded bodies and the associated assurance that these processes are adequate. The Audit Committee's role is to provide a process of constructive challenge to help accounting officers be fully assured that the most efficient, effective and economic processes are in place.

Each department is potentially subject to examination by one of the four scrutiny panels (with a fifth to be added in 2007). The Public Accounts Committee examines the implementation of policy by accounting officers, often on the basis of a report by the Comptroller and Auditor General.

The States' business planning and budgeting process is used to set objectives and allocate resources. Each department has established its own management structure and processes to set key objectives, linked to strategic priorities established by the States of Jersey, formulate policy and procedures and manage performance. A structured process is also in place to measure progress against objectives and this is used to further inform the planning and decision making processes.

Every department is required to establish a risk management strategy, which defines an appropriate framework for the structured consideration of risk. These strategies form an important element of departments' corporate governance and internal control arrangements and define the departments' approaches to risk management, set out the roles and responsibilities of the accounting officers, the Senior Management Teams and other key parties. The Corporate Management Board is preparing a corporate-level risk register.

Formal protocols have also been established by each department for working with their Ministerial Team to ensure that an appropriate framework exists for communication, consultation and decision making which complies with the 'Guidelines for Ministerial Decisions' issued by the Chief Minister's Department.

The process of Financial Reporting on a quarterly basis ensures that both the individual Ministers and, ultimately, the Council of Ministers are informed of financial results, key financial indicators included in Departments' Balanced Scorecards and summaries of serious risks to Departments' achievement of their objectives.

4. Review of Effectiveness

Departments have put in place a variety of processes to establish a framework of compliance and to review the effectiveness of systems and controls. These include:

- Holding workshops with budget holders to discuss primary responsibilities of a budget holder, as well as the main provisions of financial directions;
- Requiring budget holders to complete self-certification questionnaires;
- Assurance Statements. Although the responsibilities of an accounting officer cannot be delegated, the structure of some departments requires that key budget holders accept an appropriate level of accountability for internal controls. Assurance Statements require budget holders to acknowledge that one of their key responsibilities is to ensure that an effective system of internal control is maintained within their area(s) of authority; and
- A number of departments have carried out reviews of key controls in areas of concern – these are highlighted in the individual Statements on Internal Control.

In addition external scrutiny provides assurance to accounting officers in a number of ways:

- Through the involvement of internal and external audit – who provide further assurance on the effectiveness of the systems of internal control;
- A number of departments are subject to external inspection, for example the Police, Fire and Rescue and the Jersey Probation and After Care Services; and
- As mentioned elsewhere all departmental activities are subject to scrutiny by the Comptroller and Auditor General, scrutiny panels and the Public Accounts Committee at any time.

5. Significant Control Issues

Each accounting officer has been required to detail any significant control issues which have arisen during the course of 2006 or any known areas of non-compliance with financial directions, together with their proposals to address these matters. These are subject to more detail in the individual Statements on Internal Control available on the States' website but examples of the issues reported are:

- The need to formally embed risk management and risk registers within the cultures of departments;
- The lack of compliance with financial directions;
- The requirement to complete and update Business Continuity Plans to ensure that service provision can be secured should the need arise; and
- Deficiencies in the asset management regime.

6. Closing Statement

To the best of my knowledge, the internal control environment as summarised above has been effectively operated during the year, subject to the control issues identified in the previous section and in the individual Statements on Internal Control available on the States' website.

Signed:

A handwritten signature in black ink, appearing to read 'Bill Ogle', with a stylized flourish at the end.

Bill Ogle (Chief Executive Officer) 31 May 2007

Auditor's Report

INDEPENDENT AUDITORS' REPORT TO THE MINISTER OF THE TREASURY AND RESOURCES DEPARTMENT OF THE STATES OF JERSEY AND THE COMPTROLLER AND AUDITOR GENERAL OF THE STATES OF JERSEY

We have audited the Financial Report and Accounts of the States of Jersey for the year ended 31 December 2006 in accordance with the Public Finances (Jersey) Law 2005. They comprise the Total Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses, the related notes. The Financial Report and Accounts have been prepared under the accounting policies set out therein.

Respective responsibilities of the Treasurer of the States, the Comptroller and Auditor General of the States and auditors

The Treasurer's responsibilities for preparing the annual Financial Report and Accounts are set out in the Public Finances (Jersey) Law 2005 and summarised in the Statement of Responsibilities for Preparing the Accounts.

The Comptroller and Auditor General's responsibilities are to ensure that the Financial Report and Accounts is audited within 5 months of the end of the financial year.

We have been appointed by the Comptroller and Auditor General to audit the Financial Report and Accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). 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 and the Comptroller and Auditor General of the States of Jersey in accordance with the Public Finances (Jersey) Law 2005 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 Financial Report and Accounts give a true and fair view in accordance with the Public Finances (Jersey) Law 2005. We also report to you whether in our opinion the information given in the Minister's Report and Treasurer's Report are consistent with the Financial Report and Accounts.

We also report whether in all material respects the expenditure and income have been applied to the purposes intended by the States of Jersey and the financial transactions conform to the authorities which govern them.

In addition we report to you if, in our opinion, the States has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by the Public Finances (Jersey) Law is not disclosed.

We review whether the Accounting Officer's statement on internal control reflects compliance with the relevant guidance issued by the Financial Advisory Board on 14 November 2006. We report if it does not meet the requirements specified by the guidance or if the statement is misleading or inconsistent with other information we are aware of from our audit of the Financial Report and Accounts. We are not required to consider, nor have we considered, whether the Accounting Officer's statement on internal control covers all risks and controls. We are also not required to form an opinion on the effectiveness of the States' corporate governance procedures or its risk and control procedures.

We read other information contained in the Financial Report and Accounts, and consider whether it is consistent with the audited Financial Report and Accounts. This other information comprises only Departmental Revenue Expenditure Statements, the Reserves Statement and Separately Constituted Funds Statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Report and Accounts. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Report and Accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the Financial Report and Accounts, and of whether the accounting policies are appropriate to the organisation's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Report and 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 Financial Report and Accounts.

Opinion

In our opinion:

- the Financial Report and Accounts give a true and fair view, in accordance with Generally Accepted Accounting Practice, of the state of the States' affairs as at 31 December 2006 and of their income and expenditure and cash flows for the year then ended;
- in all material respects the expenditure and income have been applied to the purposes intended by the States and the financial transactions conform to the authorities which govern them; and
- the information given in the Minister's Report and the Treasurer's Report is consistent with the Financial Report and Accounts.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors, London

31 May 2007

States of Jersey

Total Income and Expenditure Account for the Year ended 31 December 2006

	Notes	2006 £' 000	2005 Restated £' 000
Income			
Income Tax		399,408	377,036
Impôts Duties		53,140	49,839
Stamp Duty		22,558	19,035
Island Rates *		9,368	-
Trading Income		68,993	85,225
Non-Trading Departments' Income		94,430	92,661
Investment Income		43,525	30,242
Profit on Disposal of Investments		7,836	7,333
Profit / (Loss) on Disposal of Fixed Assets		7,237	7,516
Return from the Jersey Financial Services Commission		4,100	4,100
Loan, Bank and Notional Interest Income		17,090	10,758
Sundry Income		4,872	15,354
			732,557
			699,099
Expenditure			
Less Increase in PECRS Pre-1987 Liability	2	(666,895)	(658,901)
Defined Benefit Pension Schemes FRS17 Adjustments		(3,854)	
Defined Benefit Pension Schemes - Other Finance Expenditure	2	(583)	(4,302)
Defined Benefit Pension Schemes - FRS17 Pension Charges	2	(17,404)	(9,838)
Surplus for the Year before Exceptional Item		43,821	26,058
Less Recognition of PECRS Pre-1987 Liability	2	-	(123,151)
Surplus/(Deficit) for the Year	3	£43,821	(£97,093)
Retained as follows:			
Strategic Reserve	15	24,103	24,495
Trading Funds	15	6,243	(7,011)
Consolidated Fund	15	12,723	(108,425)
General Reserve	15	-	(925)
Other Separately Constituted Funds	15	2,069	(6,271)
Waterfront Enterprise Board Limited	15	(1,317)	1,044
		£43,821	(£97,093)

The 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 Consolidated Fund 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. * In accordance with the Rates Law, from 2006 the States now receives income from the new Island Wide Rate. 2005 balances have been restated as a result of the adoption of creditor accounting for 2006

Statement of Total Recognised Gains and Losses for the Year ended 31 December 2006

	Notes	2006 £' 000	2005 Restated £' 000
Surplus/(Deficit) for the Year		43,821	(97,093)
Unrealised (Loss)/Gain on Revaluation of Investments		(3,860)	13,897
Actuarial Gain in respect of Defined Benefit Pension Schemes		4,304	31,801
Total Recognised Gain/(Loss) Relating to the Year		£44,265	(£51,395)
Prior Year Adjustment for FRS17		-	(121,561)
Total Gain/(Loss) Recognised since last Annual Report		£44,265	(£172,956)

States of Jersey

Balance Sheet as at 31 December 2006

	Notes	2006 £' 000	2005 Restated £' 000
Fixed Assets			
Tangible Assets	5		
Financed from Consolidated Fund		724,095	710,266
Financed from Trading Funds		46,598	51,698
Vehicle and Garage Plant		-	2,497
Financed from the Housing Development Fund		8,587	8,787
Financed from ICT Fund		934	1,679
Waterfront Enterprise Board Limited		16,234	17,604
		796,448	792,531
Advances	6	39,641	42,458
Strategic Investments	7	88,590	82,458
Other Investments	8	718,927	463,559
		1,643,606	1,381,006
Current Assets			
Stock and Work in Progress	9	17,295	33,338
Debtors	10	82,906	69,313
Cash at Bank and in Hand	11	54,030	237,156
		154,231	339,807
Current Liabilities			
Bank Overdrafts	11	8,910	5,014
Creditors (amounts due within one year)	12	75,769	52,041
Currency in Circulation	13		
Jersey Currency Notes		69,570	64,472
Jersey Coinage		6,368	6,198
		160,617	127,725
Net Current Assets		(6,386)	212,082
Total Assets Less Current Liabilities		1,637,220	1,593,088
Creditors (amounts falling due after one year)			
Finance Lease Obligations	14	(24,599)	(26,431)
PECRS Pre-1987 Liability	14	(111,754)	(117,261)
Defined Benefit Pension Schemes Net Liability	14	(124,776)	(117,401)
Provisions for liabilities and charges	16	(2,720)	(2,889)
Net Assets		£ 1,373,371	£ 1,329,106
Funds Employed			
Accumulated revenue and reserve balances	15	£ 1,373,371	£ 1,329,106

2005 balances have been restated as a result of the adoption of creditor accounting for 2006

Vehicle and Garage Plant has been formed into the trading fund Jersey Fleet Management. For 2006 its assets are now reflected under the Financed from Trading Funds heading.

Signed: 
(Treasurer of the States)

Date: 31/5/07

Signed: 
(Minister for Treasury and Resources)

Date: 31/5/07

States of Jersey

Cash Flow Statement for the Year ended 31 December 2006

	2006 £' 000	2005 £' 000
Operating Activities		
Net Cash Inflow from Operating Activities (Note 1)	29,570	23,286
Returns on Investment and Servicing of Finance		
Investment Income	43,525	30,242
Interest Income	17,090	10,758
Interest Element of Finance Lease Rental Payments	(1,820)	(1,942)
Net Cash Inflow from Returns on Investments and Servicing of Finance	58,795	39,058
Capital Expenditure and Financial Investments		
Payments to acquire Tangible Fixed Assets	(58,090)	(56,687)
Transfer of Assets to Jersey Post International Limited	7,313	-
Receipts from Sale of Plant, Property and Equipment	7,062	5,873
Proceeds from Disposal of Housing Stock	24,758	1,651
	(18,957)	(49,163)
Loans Advanced	(4,000)	(145)
Loans Repaid	6,817	6,847
	2,817	6,702
Additions/Disposals		
Purchase of Investments	(833,646)	(413,858)
Proceeds from Disposal of Investments	582,256	369,385
Creation of Strategic Asset - Jersey Post International Limited	(6,132)	-
	(257,522)	(44,473)
Net Cash Outflow from Capital Expenditure and Financial Investments	(273,662)	(86,934)
Management of Liquid Resources		
Cash on Deposit at 1 January	232,802	262,480
Cash on Deposit at 31 December	48,172	232,802
Decrease in Deposits	184,630	29,678
Financing		
Capital Element of Finance Lease Rental Payments	(1,725)	(1,904)
(Decrease)/Increase in Cash	(£ 2,392)	£ 3,184

The 2005 Cash flow Statement and associated notes have been restated as a result of the adoption of creditor accounting for 2006

States of Jersey

Reconciliation of Net Cash Flow to Movement in Net Funds

	2006 £' 000	2005 £' 000
Increase/(Decrease) in Cash in the Year	(2,392)	3,184
Cash used to (Decrease)/Increase Liquid Resources	(184,630)	(29,678)
Net Cash Inflow from Lease Financing	1,725	1,904
Change In Net Funds	(185,297)	(24,590)
Net Funds at 1 January	203,987	228,577
Net Funds at 31 December	£ 18,690	£ 203,987

Notes to the Cash Flow Statement

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

	2006 £' 000	2005 Restated £' 000
Surplus/(Deficit) for the Year	43,821	(97,093)
Capital Servicing/Depreciation	46,670	44,796
- Less: Gain on Disposal of Assets	(7,237)	(7,516)
- Less: Investment Income	(43,525)	(30,242)
- Less: Interest Income	(17,090)	(10,758)
Difference between Pension Charge and Cash Contributions	11,679	7,391
Interest Element of Finance Leases	1,820	1,942
- Less: Gain on Realisation of Investments	(7,836)	(7,334)
Decrease in Stock	16,043	848
Transfer to Fixed Assets of Stock (HDF)	(23,963)	(9,095)
(Increase)/Decrease in Debtors	(13,593)	3,858
Increase in Creditors	25,757	378
(Decrease)/Increase in Creditors - PECRS Pre-1987 Liability	(8,077)	123,151
(Decrease)/Increase in Provisions	(168)	925
Increase in Currency in Circulation	5,269	2,035
	£ 29,570	£ 23,286

2. ANALYSIS OF NET FUNDS

	At 1 January 2006 £' 000	Cash Flows £' 000	At 31 December 2006 £' 000
Cash in Hand and at Bank	(660)	(2,392)	(3,052)
Bank Deposit Accounts	232,802	(184,630)	48,172
Total Cash	232,142	(187,022)	45,120
Finance Leases	(28,155)	1,725	(26,430)
Net Funds	£ 203,987	(£ 185,297)	£ 18,690

Notes to the Accounts

1. ACCOUNTING POLICIES

i. **Basis of Accounts**

The Annual Financial Statements have been drawn up to meet the requirements of the Public Finances (Jersey) Law 2005. The States accounts have traditionally been prepared in accordance with the Public Finances (Administration) (Jersey) Law, 1967. It is planned over this and coming years that the accounts will increasingly reflect recognised accounting standards and principles, including United Kingdom Generally Accepted Accounting Principles (UK GAAP). The following paragraphs outline the basis on which the 2006 accounts have been prepared in accordance with ministerial order 67/2007.

ii. **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 but not JT Group Limited, Jersey Post International Limited, the Jersey Electricity Company Limited and the Jersey New Waterworks Company Ltd.

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 the States of Jersey accounts.

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 published separately to the States accounts. The Criminal Offences Confiscation Fund and Drug Trafficking Confiscation Fund are not consolidated into the States accounts but financial information on the funds is disclosed separately.

iii. **Inter-Department Transactions**

Transactions and balances between and within departments, including interest on capital servicing incurred by States Trading Operations, have not been eliminated in the preparation of these accounts.

iv. **Related Party Transactions**

The accounts do not contain any disclosures with respect to related party transactions.

v. **Foreign Currencies**

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

vi. **Income and Expenditure**

Material items of income and expenditure have been accounted for using the accruals concept, i.e. income and expenditure will be accounted for when goods and services are provided and received.

Notes to the Accounts

1. ACCOUNTING POLICIES (continued)

vii. Income Tax and Impôts

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

viii. Provisions for Liabilities and Charges

A provision has been made in the accounts in respect of obligations arising from past events where the predicted outcome of the event is considered probable and there is a reliable estimate of the amount of the liability.

ix. 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.

A capital repayment charge is made as an approximation to any depreciation charge that would be applicable under UK GAAP including an element in respect of land, which would not be depreciated in accordance with UK GAAP. The capital servicing charge is calculated as cost at the end of the year divided by the estimated remaining life of the asset. Assets in the course of construction are held at cost. Completed fixed assets are held at cost less capital servicing.

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.

Useful economic lives by category over which assets are depreciated or over which capital servicing is allocated are 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

x. Leasing Arrangements

Assets financed by finance leases and lease-back arrangements, and their related liabilities are included in the 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.

Notes to the Accounts

1. ACCOUNTING POLICIES (continued)

xi. Capital Grants

Capital grants received from third parties 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.

xii. Strategic Investments

Although the States of Jersey holds a majority of the ordinary voting shares in the JT Group Limited, Jersey Post International Limited, the Jersey Electricity Company Limited and the Jersey New Waterworks Company Ltd, the accounts of these companies have not been consolidated as they are strategic investments and information on these companies is better provided by reference to their separate accounts. These 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. Income on interest-bearing investments is recognised on an accruals basis. Income on other investments is recognised when receivable.

xiii. 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.

xiv. 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.

xv. Debtors and Prepayments

Debtors are recognised on an accruals basis reflecting goods and services provided for which income is due as at 31 December 2006.

Prepayments are recognised on an accruals basis reflecting goods and services that have been paid for but no benefit received as at 31 December 2006.

Notes to the Accounts

1. ACCOUNTING POLICIES (continued)

xvi. Creditors

Revenue creditors are recognised on an accruals basis reflecting goods and services received in the year ending 31 December 2006.

Capital creditors include the cost of all work certified as complete up to the 31 December 2006, less retention monies plus all fees due.

xvii. Contingent Liabilities

Contingent liabilities are disclosed where:

- a possible obligation that arises from a past event and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the States of Jersey's control; or
- a present obligation arises from past events but has not been recognised because:
 - it is not probable that a transfer of economic benefits will be required to settle the obligation; or
 - the amount of the obligation cannot be measured with sufficient reliability.

xviii. 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 one further pension scheme exists (Jersey Post Office Pension Fund), closed to new members, which relates to Jersey Post International Limited (a wholly owned strategic investment).

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.

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

These schemes are accounted for as defined benefit schemes in accordance with FRS17.

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.

xix. Prior Year Comparators

The presentation of the financial report and accounts largely follows the format adopted by the States of Jersey in previous years with comparatives restated where it is necessary to aid understanding.

Ministerial Government reforms

2005 comparative figures have been materially amended to reflect organisational changes upon the following basis:

- Where responsibility for a service, or discrete area within a service, has been transferred between departments the accounts show the relevant 2005 figures alongside the 2006 figures for the new department; and
- Where a department has ceased to exist and all activities have been transferred into new departments, then 2005 comparatives are shown within the new departments.

Change in policy to creditor based accounting

2005 comparators have been amended to reflect the change from commitment to creditor based accounting on the following basis:

- Departmental analyses show a total adjusting amount in order to reflect the impact of the policy change upon the 2005 reported figures; and
- The 2005 comparative figures shown on the primary statements have also been restated to reflect the change in accounting policy.

Consolidated Fund

The Consolidated Fund was established in accordance with the provisions of Article 3 of the Public Finances (Jersey) Law 2005. Amounts in the General Fund and Capital Fund at 31 December 2005 were transferred into the Consolidated Fund.

For the purpose of analysing the retained deficit in 2005 and the accumulated reserve balance at 1 January 2006 in note 15 the General Fund and Capital Fund balances have been combined to represent the Consolidated Fund. As this is the first year the Consolidated Fund has existed, the fund's accounts do not include prior year comparatives.

Notes to the Accounts

2. PENSION SCHEMES

The States of Jersey operates several pension schemes, namely the Public Employee's Contributory Retirement Scheme, the Jersey Teachers' Superannuation 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 Scheme's assets as at 31 December 2006 was £1,114 million. The States of Jersey contribution to the Scheme in 2006 was £39.6 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 concluded that this deficit is temporary in nature and that it could be carried forward to the next Actuarial Valuation.

The Scheme 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 this Scheme.

The States in agreeing P190/2005 on 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. This liability was initially recognised at £123.2 million and amounted to £115.1 million at 31 December 2006.

The provisions to address the past service liability include an increase in employers' contributions equivalent to 0.44% of members' salaries as from 1 January 2002, raising the employers' contribution rate to 15.6% of members' salaries. Of the employers' contribution rate of 15.6% of members' salaries, 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% of members' salaries 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.

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% of members' salaries.

Notes to the Accounts

2. PENSION SCHEMES (continued)

Scheme Operating Charges have been as follows:

	Year Ending 31 December 2006 £' 000	Year Ending 31 December 2005 £' 000
Total Contributions Paid	44,915	34,478
Less Admitted bodies Contributions (other than WEB Limited)	(5,352)	(5,553)
Total Operating Charge (including WEB Limited)	£ 39,563	£ 28,925

The contributions shown above for the year ending 31 December 2006 include a one-off contribution of £12.331 million paid by Jersey Post Limited in respect of past service liabilities.

b) Jersey Teachers' Superannuation Fund (JTSF)

Membership of this defined benefit scheme is compulsory for all teachers in full time employment and optional for those in part time employment. Benefits are based on final pensionable pay.

The market value of the Fund's Assets as at 31 December 2006 was £256 million. The States of Jersey contribution to the Fund in 2006 was £6.3 million (2005: £6.7 million).

The results of an actuarial valuation as at 31 December 2001 concluded that there was a surplus of £16.6 million. However, after allowing for future pension increases, including those already granted to that date, to be financed from the Fund and, further, for reducing the qualifying period for the benefits to two years and the introduction of widowers' benefits and death in service lump sum provisions equal to two times salary, a deficiency of £64.4 million was revealed. With effect from January 2004, the employers' contribution rate would need to increase to 31.9% of members' pay in order to eliminate the deficiency over the average working life time of the current membership.

Following discussions with regard to the future structure and funding of the Fund, an enabling law was passed during 2006 so that the Education, Sport and Culture Department could introduce a new scheme with benefits aligned to those available to new members of the PECRS. The new scheme will come into effect from 1 April 2007, after which entry to the existing Fund will no longer be possible for new members.

Widowers' benefits were introduced into the Fund during 2005 and the other benefit changes listed above will be available to members of the two schemes from 1 April 2007. In addition, pension increases in respect of Fund membership will, from 1 April 2007, be paid from the Fund instead of the Education, Sport and Culture Department's revenue budget. The employer's contribution rate will rise to 16.4% and the actuary has confirmed that this will repay the deficit over the period of 80 years. Members' contributions to the new scheme will be 5% of salary, with existing members continuing to pay 6% of salary to the Fund.

Notes to the Accounts

2. PENSION SCHEMES (continued)

c) Jersey Post Office Pension Fund (JPOPF)

Jersey Post operates the Jersey Post Office Pension Fund (JPOPF) which is an occupational defined benefit scheme providing 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 Fund approach retirement.

On 1 July 2006 the Postal Services (Transfer) (Jersey) Regulations 2006 transferred postal services from the States of Jersey to Jersey Post International Limited. Although contributions to the Fund are made by Jersey Post International Limited, risks associated with the Fund remain the responsibility of the States of Jersey and the Fund is therefore included within these accounts.

d) Additional information required by FRS17 - Retirement Benefits

The JTSF and the JPOPF 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 2006 in accordance 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 Department'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 an Actuary to 31 December 2006 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 2006 are:

	31 December 2006 % pa	31 December 2005 % pa
Discount Rate	5.1	4.7
Salary Inflation (TSF)	4.4	4.1
Salary Inflation (JPOPF)	4.4	4.2
Pension Increases (TSF)	3.1	2.9
Pension Increases (JPOPF)	3.1	3.2
UK Price Inflation (TSF) *	3.1	2.9
UK Price Inflation (JPOPF) *	3.1	2.9

* Estimated future UK price inflation is used as the best available proxy for estimated future Jersey price inflation

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

	Value at 31 December 2006			Value at 31 December 2005		
	TSF £'000	JPOPF £'000	Expected Return	TSF £'000	JPOPF £'000	Expected Return
Fixed-Income Bonds	13,041	-	4.7%	11,850	-	4.3%
Equities	209,510	-	7.6%	191,350	-	7.6%
Index-Linked Gilts	24,415	8,616	4.3%	22,734	9,291	3.9%
UK Fixed-Income Gilts	-	648	4.7%	-	687	4.1%
Property	8,528	-	6.6%	7,600	-	6.6%
Cash/Other	596	446	5.2%	2,637	188	4.6%
Total Assets	256,090	9,710		236,171	10,166	
Total Liabilities	380,210	10,366		352,598	11,139	
(Deficit)	(£ 124,120)	(£ 656)		(£ 116,427)	(£ 973)	

The analysis of profit and loss charge is:

	Value at 31 December 2006		Value at 31 December 2005	
	TSF £'000	JPOPF £'000	TSF £'000	JPOPF £'000
Service Cost	10,063	31	9,807	31
Past Service Cost	7,310	-	-	-
Total Operating Charge	(17,373)	(31)	(9,807)	(31)
Expected Return on Assets	16,501	384	13,476	432
Interest on Liabilities	(16,962)	(506)	(17,681)	(529)
Net Return	(461)	(122)	(4,205)	(97)
Net Profit and Loss Charge	(£17,834)	(£153)	(£14,012)	(£128)

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 2006		Value at 31 December 2005	
	TSF £'000	JPOPF £'000	TSF £'000	JPOPF £'000
(Deficit) in Scheme at beginning of year	(116,427)	(973)	(141,595)	(216)
Service Cost	(10,063)	(31)	(9,807)	(31)
Past Service Cost *	(7,310)	-	-	-
Contributions Paid	6,283	25	6,723	26
Other Finance Income	(462)	(122)	(4,205)	(97)
Actuarial Gain/(Loss)	3,859	445	32,457	(655)
(Deficit) in Scheme at the end of year	(£ 124,120)	(£ 656)	(£ 116,427)	(£ 973)

* This Past Service Cost is in respect of widowers' pensions being introduced in respect of post 1988 service

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

	Value at 31 December 2006		Value at 31 December 2005	
	TSF £'000	JPOPF £'000	TSF £'000	JPOPF £'000
Actual Return less Expected Return on Assets	5,169	(85)	32,404	348
Experience Gain/(Loss) on Liabilities	913	76	339	284
Changes in Liability Assumptions	(2,223)	454	(286)	(1,287)
Actuarial Gain/(Loss) recognised in STRGL	£ 3,859	£ 445	£ 32,457	(£ 655)

The history of experience gains and losses is:

	Value at 31 December 2006		Value at 31 December 2005	
	TSF £'000	JPOPF £'000	TSF £'000	JPOPF £'000
Actual Return less Expected Return on Assets	5,169	(85)	32,404	348
Percentage of Assets	2.0%	0.9%	13.7%	3.4%
Experience Gain on Liabilities	913	76	338	284
Percentage of Liabilities	0.2%	0.7%	0.1%	2.5%
Actuarial Gain/(Loss) Recognised in STRGL	3,859	445	32,456	(655)
Percentage of Liabilities	1.0%	4.3%	9.2%	5.9%

Notes to the Accounts

3. SURPLUS FOR THE YEAR

	2006 £'000	2005 Restated £'000
The surplus for the year is stated after charging/(crediting):		
Capital Servicing	46,670	44,796
Pension Costs	49,526	43,065
Finance Lease Charges	1,820	1,942
Profit on Disposal of Fixed Assets	(7,237)	(7,516)
Audit Fees	230	187
Voluntary Redundancy/Voluntary Early Retirement	1,647	1,041

The 2005 surplus for the year analysis has been restated to reflect renegotiated audit fees.

4. EMPLOYEES AND STATES MEMBERS

(a) Employees

Employee costs and the number of full time equivalent (FTE) staff at 31 December 2006 are analysed below:

Department	Salaries and Wages	Pension	Social Security	FTE
Chief Minister's Department	7,960,074	1,001,349	390,515	180.53
Economic Development	2,427,552	299,889	135,998	58.4
Education, Sport and Culture	57,290,270	5,801,886	3,197,202	1438.37
Health and Social Services	84,249,448	9,063,798	4,454,592	2141.38
Home Affairs	26,657,068	3,277,343	1,383,571	601.57
Housing	2,063,578	260,732	119,540	63.26
Planning and Environment	4,969,997	645,355	249,503	113.33
Social Security	1,640,196	210,824	93,832	114.15
Transport and Technical Services	13,391,916	1,585,361	786,296	507.82
Treasury and Resources	9,064,578	1,153,849	483,643	223.41
Non Ministerial States Funded Bodies	7,800,075	1,091,703	356,831	159.99
States Assembly	1,074,942	145,836	60,098	28.57
Jersey Fleet Management	592,887	75,541	32,719	*
Jersey Car Parking	597,404	100,119	41,514	*
Jersey Harbours	4,559,088	443,895	254,299	69.89
Jersey Airport	8,049,870	990,306	409,424	187.53
Total	232,388,943	26,147,786	12,449,577	5,888.20

* Jersey Car Parking and Jersey Fleet Management FTE figures are included in Transport and Technical Services.

Notes to the Accounts

4. EMPLOYEES AND STATES MEMBERS (continued)

(b) Senior 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 2006 are as follows:

Remuneration	2006		2005	
	Non - Traders	Traders	Non - Traders	Traders
£70,000 - £89,999	155	26	153	29
£90,000 - £109,999	45	7	42	5
£110,000 - £129,999	29	-	26	5
£130,000 - £149,999	30	-	25	-
£150,000 - £169,999	9	-	11	-
£170,000 - £189,999	1	-	5	1
£190,000 - £209,999	3	-	2	-
£210,000 - £229,000	5	-	3	-
	277	33	267	40

"Traders" includes employees of Jersey Harbours, Jersey Airport, Jersey Car Parking and Jersey Fleet Management. The table excludes the remuneration of senior staff of the Waterfront Enterprise Board Limited, which is reported in the Company's published Financial Statements.

(c) States Members

During the year remuneration totalling £2.2 million including expenses (2005: £2.1 million) was claimed by States Members.

Notes to the Accounts

5. TANGIBLE ASSETS

	Consolidated Fund £'000	Trading Fund £'000	ICT Fund £'000	Housing Development Fund £'000	WEB £'000	Total £'000
Cost						
Balance at 1 January 2006	1,202,623	79,256	8,381	9,095	20,383	1,319,738
Additions	53,929	4,284	122	-	189	58,524
Disposals	-	(15,354)	-	(23,963)	(612)	(39,929)
Transfer from Stock	-	-	-	23,963	-	23,963
Balance at 31 December 2006	1,256,552	68,186	8,503	9,095	19,960	1,362,296
Capital Servicing/Depreciation						
Balance at 1 January 2006	492,357	25,061	6,702	308	2,779	527,207
Charge for year	40,100	4,556	867	200	947	46,670
Disposals	-	(8,029)	-	-	-	(8,029)
Balance at 31 December 2006	532,457	21,588	7,569	508	3,726	565,848
Net book Value						
31 December 2005	710,266	* 54,195	1,679	8,787	17,604	792,531
31 December 2006	£ 724,095	£ 46,598	£ 934	£ 8,587	£ 16,234	£ 796,448

Analysis of Additions by Department

Chief Minister's Department	2,547	-	-	-	-	2,547
Economic Development	32	-	-	-	-	32
Education, Sport & Culture	6,822	-	122	-	-	6,944
Health and Social Services	7,542	-	-	-	-	7,542
Home Affairs	5,148	-	-	-	-	5,148
Housing	5,483	-	-	-	-	5,483
Planning & Environment	441	-	-	-	-	441
Transport & Technical Services	6,279	-	-	-	-	6,279
Treasury & Resources	18,535	-	-	-	-	18,535
Non Ministerial States Funded Bodies	1,100	-	-	-	-	1,100
Harbours	-	76	-	-	-	76
Airport	-	2,762	-	-	-	2,762
Jersey Fleet Management	-	850	-	-	-	850
Postal	-	596	-	-	-	596
Other	-	-	-	-	189	189
	£ 53,929	£ 4,284	£ 122	£ -	£ 189	£ 58,524

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

* The prior year comparator includes the 2005 Vehicle and Garage Plant £2,497,000 balance as this was formed into the trading fund Jersey Fleet Management.

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

	2006 £'000	2005 £'000
Cost	38,498	38,498
Aggregate Depreciation	(14,268)	(12,107)
Net Book Value	£ 24,230	£ 26,391

Notes to the Accounts

6. ADVANCES

	2006 £'000	2005 £'000
Analysed by Fund:		
Consolidated Fund	13,997	11,083
Dwelling Houses Loan Fund	11,529	13,458
99 Year Leaseholders Account	343	360
Assisted House Purchase Scheme	8,298	10,747
Agricultural Loans and Guarantees Fund	5,325	6,635
Loan Scheme for Fishfarmers	149	175
	£ 39,641	£ 42,458
Maturity Analysis:		
Payable within one year	135	505
Payable between one and two years	607	268
Payable between two and five years	4,875	1,871
Payable in five years or more	34,024	39,814
	£ 39,641	£ 42,458

7. STRATEGIC INVESTMENTS

	2006 £'000	2005 £'000
General Funds:		
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
Jersey Post International Limited	6,132	-
	£ 88,590	£ 82,458

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 2006.

The shares in the Jersey Electricity Company Limited, which are listed, had a market value of £44,650,000 (2005: £42,275,000) 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 2006.

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

The States of Jersey hold all the ordinary shares in Jersey Post International Limited which became incorporated on 1 July 2006.

Notes to the Accounts

8. OTHER INVESTMENTS

	2006		2005	
	Market Value £'000	Cost £'000	Market Value £'000	Cost £'000
Analysed by Type:				
Common Stock	147,837	126,226	135,007	114,954
Unit Trust Equity	1,149	552	2,296	1,240
Government Bonds	145,787	147,112	164,520	162,441
Corporate Bonds	58,300	59,178	59,445	59,059
Certificates of Deposit	355,901	355,950	102,291	102,071
Commercial Paper	9,953	9,953	-	-
	£ 718,927	£ 698,971	£ 463,559	£ 439,765

9. STOCK AND WORK IN PROGRESS

	2006 £'000	2005 £'000
Analysed by Fund:		
Consolidated Fund	3,858	3,664
Jersey Currency Notes	550	630
Jersey Coinage	129	82
Housing Development Fund	9,320	25,914
Belle Vue	177	177
Jersey Fleet Management	34	35
Waterfront Enterprise Board Limited	3,227	2,836
	£ 17,295	£ 33,338
Analysed by Type:		
Raw Materials and Consumables	4,676	4,501
Work in Progress	9,392	26,001
Finished Goods	3,227	2,836
	£ 17,295	£ 33,338

10. DEBTORS

	2006 £'000	2005 £'000
Income Tax debtors	38,022	26,102
Trade debtors and amounts owed by Internal Departments	35,297	32,504
Prepayments and accrued income	9,587	10,707
	£ 82,906	£ 69,313

Notes to the Accounts

11. CASH AND OTHER LIQUID ASSETS

	2006 £'000	2005 £'000
Bank deposit accounts	48,172	232,802
Bank current accounts	5,672	3,377
Bank overdrafts	(8,910)	(5,014)
Cash in hand and in transit	186	977
	£ 45,120	£ 232,142

12. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £'000	2005 Restated £'000
Trade creditors and amounts due to Internal Departments	52,951	40,538
PECRS Pre-1987 Liability	3,320	5,891
Accruals and deferred income	4,297	3,888
Income Tax receipts in advance	13,369	-
Finance Lease creditors (note 19)	1,832	1,724
	£ 75,769	£ 52,041

The 2005 creditor analysis has been restated to reflect the adoption of creditor accounting for 2006

Notes to the Accounts

13. CURRENCY IN CIRCULATION

	2006 £'000	2005 £'000
Jersey Notes issued	85,750	74,131
Less: Jersey Notes held	(16,180)	(9,659)
	69,570	64,472
Jersey Coinage issued	7,718	7,378
Less: Jersey Coinage held	(1,350)	(1,180)
	6,368	6,198
Total Currency in Circulation	£ 75,938	£ 70,670

Currency in circulation is payable to the bearer on demand.

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

	2006 £'000	2005 £'000
Finance Lease creditors (note 19)	24,599	26,431
PECRS Pre-1987 Liability	111,754	117,261
	£ 136,353	£ 143,692

CREDITORS - DEFINED BENEFIT PENSION SCHEMES NET LIABILITY

School Teachers' Pension Fund Asset	(256,090)	(236,314)
School Teachers' Pension Fund Liability	380,210	352,742
Net Liability	£ 124,120	£ 116,428
Jersey Post Office Pension Fund Asset	(9,710)	(10,166)
Jersey Post Office Pension Fund Liability	10,366	11,139
Net Liability	£ 656	£ 973
Total Defined Benefit Pension Schemes Net Liability	£ 124,776	£ 117,401

Notes to the Accounts

15. ACCUMULATED REVENUE AND RESERVE BALANCES

	Total £'000	Consolidated Fund £'000	Trading Funds £'000	Strategic Reserve £'000	Stabilisation Fund £'000	WEB £'000	Other Separately Constituted Funds £'000
Balance 1 January 2006	1,328,219	-	60,258	456,097	-	4,031	92,413
Transfer from General Funds	-	(112,925)	-	-	-	-	-
Transfer from the Capital Fund	-	828,345	-	-	-	-	-
Prior year adjustment due to change in accounting policy	887	887	-	-	-	-	-
Revised Balance 1 January 2006	1,329,106	716,307	60,258	456,097	-	4,031	92,413
Surplus/(Deficit) for the year	43,821	12,723	6,243	24,103	-	(1,317)	2,069
Unrealised Loss on Investments in the year	(3,860)	(45)	-	(2,956)	-	-	(859)
Actuarial Gain on Defined Benefit Scheme	4,304	3,859	445	-	-	-	-
Transfers from the Consolidated Fund	-	(7,638)	3,438	-	-	-	4,200
Transfer from the Trading Fund	-	6,132	(6,132)	-	-	-	-
Transfer from Separately Constituted Funds	-	-	-	-	32,000	-	(32,000)
Balance 31 December 2006	£ 1,373,371	£ 731,338	£ 64,252	£ 477,244	£ 32,000	£ 2,714	£ 65,823
			(a)	(b)			(c)

(a) Reconciliation of the movement in trading fund balances to the trading fund surplus:

	£'000
Retained Funds per Trading Fund Balances	7,717
Add Capital Expenditure and Capital Lease Charges	5,082
Less Education, Sport & Culture Trading Activities	(4)
Less Depreciation on Trading Fund Assets	(3,754)
Less Increase in Trading Fund Pension Liabilities	(2,798)
Trading Fund Surplus for Year	£ 6,243

(b) The surplus on the Strategic Reserve is analysed as follows:

	2006 £'000	2005 £'000
Investment Income and Interest	19,096	19,713
Gain/(Loss) on Disposal of Investments	7,501	7,334
General Expenses	(2,494)	(2,552)
	£ 24,103	£ 24,495

(c) The surplus for Separately Constituted Funds does not agree to the total of surpluses disclosed in the individual pages due to the surplus or deficit for some funds being transferred (as disclosed on the pages). Other differences arise due to a grant being shown separately in the reserves note, Lottery Fund payments to charities and the inclusion of the Insurance Deductible Fund.

Notes to the Accounts

16. 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 £2,720,000 (2005: £2,889,000) 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.

Movement on Provisions:	2006 £'000	2005 £'000
Balance 1 January	2,889	1,964
Add: Additional Provisions Made	74	925
Less: Used in Year	(243)	-
Balance 31 December	£ 2,720	£ 2,889

Notes to the Accounts

17. GUARANTEES AND COMMITMENTS

The States of Jersey have provided a guarantee to HSBC Plc up to a maximum of £16.2 million (2005: £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 £5.3 million (2005: £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 Treasury and Resources Departments have agreed to provide financial support to various Housing Trusts in respect of bank loans. The Treasury and Resources Department 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 £147.6 million (2005: £125.7 million), were in issue.

18. CAPITAL COMMITMENTS

At the balance sheet date the States had authorised capital expenditure of £102.7 million (2005: £126.8 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

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 2006, the States had commitments to make the following payments under these arrangements:

	2006 £'000	2005 £'000
Payable within one year	3,508	3,545
Payable between two and five years	15,677	15,336
Payable after more than five years	17,081	20,978
	36,266	39,859
Less: future Finance charges	(9,835)	(11,704)
	£ 26,431	£ 28,155
Amounts falling due within one year	1,832	1,724
Amounts falling due after one year	24,599	26,431
	£ 26,431	£ 28,155

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

	2006 £'000	2005 £'000
Leases expiring:		
Payable within two years	520	657
Payable between two and five years	116	360
Payable after more than five years	244	722
	£ 880	£ 1,739

20. REVIEW OF THE STATES OF JERSEY RISK PROFILE OF FINANCIAL INSTRUMENTS

(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 government bonds, corporate bonds and cash. 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.

Notes to the Accounts

(c) **Currency Notes**

The States of Jersey maintains a portfolio of equities, corporate and government bonds, liquid money market assets and short-term cash deposits within the Currency Notes. The objective of the portfolio is to obtain long-term gains through a low risk investment policy. The Portfolio is actively managed. Foreign exchange exposure on equities and bonds held overseas 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.

Since November 2006, the majority of the Currency Notes cash balances have been invested in a limited range of liquid money market assets (certificates of deposit, commercial paper and floating rate notes) where the counterparty has an appropriate financial security rating. The remaining cash balances are held in short-term deposits.

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

Significant cash balances are maintained within General Funds and Other Separately Constituted Funds. Cash balances for the Separately Constituted Funds are placed on short-term deposit. Since November 2006 the majority of General Funds cash balances have been invested in a limited range of liquid money market assets where the counterparty has an appropriate financial security rating. These assets include certificates of deposit, commercial paper and floating rate notes. In addition, sufficient cash balances are maintained to meet the States of Jersey's day-to-day liquidity requirements.

21. CHANGE IN ACCOUNTING POLICIES

It is planned over this and coming years that the States of Jersey accounts will increasingly reflect recognised accounting standards and principles, including United Kingdom Generally Accepted Accounting Principles (UK GAAP). This transition will involve a number of changes in accounting policies. In 2006 the States commenced accounting for expenditure on the basis of goods and services received (creditor accounting) rather than the previous practice of including goods and services received and orders outstanding (commitment accounting).

The 2005 comparative figures shown in the accounts have been restated to reflect the adoption of accrual accounting. Accordingly, 2005 expenditure has been increased by £13.2 million to reflect this change in policy; this has resulted in the 2005 income and expenditure deficit increasing from £83.9 million to £97.1 million. Creditors at 31 December 2005 have been reduced by £887,000 representing the value of outstanding orders included within creditors due within one year at the end of December 2005.

Notes to the Accounts

22. ORGANISATIONAL CHANGES

During 2006 provision of several support services moved from a devolved to centralised model of provision. This has resulted in financial processing, human resources, information technology and some property support services that were provided within departments now being provided centrally within the Treasury and Resources Department and the Chief Minister's Department. Responsibility for some other services also changed from one department to another.

The 2005 comparative figures in the departmental analyses have been amended to reflect the 2005 cost within the department that is now responsible for the relevant service.

23. PUBLICATION AND DISTRIBUTION OF THE FINANCIAL REPORT & ACCOUNTS

In accordance with the Public Finances (Jersey) Law 2005, the Financial Report and Accounts for the year ended 31 December 2006 have been approved by the Minister for Treasury and Resources and were presented to the States on 29 June 2007 for publication and distribution by the Greffier.

Departments'
Revenue
Expenditure

Departmental Analyses

The following pages provide analyses of the budgeted and actual net expenditure of each States of Jersey Department.

Each set of departmental accounts provides an analysis by type of income and expenditure as well as the services provided by that department.

In each analysis the 2006 net expenditure is shown compared to 2006 budget and 2005 net expenditure. Although information is provided at a detailed level for both analyses it is only the total departmental budget that is voted to that department by the States.

The 2005 comparative figures have been restated to take account of the following:

1. Ministerial Government reforms

- Where responsibility for a service, or discreet area within a service, has been transferred between departments the accounts show the relevant 2005 figures alongside the 2006 figures within the new department.
- Where a department has ceased to exist and all activities have been transferred into new departments, then 2005 comparatives are shown within the new departments.

2. Change in policy from commitment to creditor based accounting

- Departmental analyses show a total adjusting amount in order to reflect the impact of the policy change upon the 2005 reported figures.

A reconciliation between the 2006 voted budget for each department and the original voted figure as per the States 2006 Budget Book is provided for each department.

The 2005 Full Time Equivalent (FTE) staff figures for each department have not been restated. This is so transfers of staff due to the centralisation of support services and changes due to Ministerial Government can be seen.

Income and Expenditure Analysis for Non-Trading Departments

Income and Expenditure Category

	2006 Actuals £	2005 Actual Restated £
Income		
Sale of Goods	2,645,634	1,775,674
Sale of Services	13,907,825	13,244,287
Hire and Rentals		
General	4,467,788	4,945,389
Housing Rents	32,383,860	32,563,670
Fees and Fines	27,397,054	26,785,790
Miscellaneous Income	2,991,199	1,792,148
Charges	2,069,818	1,721,596
Recharges and Recoverable Costs		
General	5,599,166	4,543,681
Recharges to States' Tenants	2,293,806	2,105,694
Interest and Investment Income	26,644	51,829
Surcharges and Penalties		
Other Receipts	53,288	851,865
Commission	460,578	231,504
Income from La Collette	133,960	162,093
	94,430,620	90,775,220
Expenditure		
Manpower		
States Staff Costs		
Salaries and Wages	218,538,781	210,423,829
Pension	24,571,514	25,780,847
Social Security	11,728,945	11,209,636
Non States Staff Costs	3,131,662	3,831,252
Voluntary Redundancy and Voluntary Early Retirement Payments	1,228,052	989,829
Supplies and Services	70,682,246	65,556,269
Administrative Costs	19,647,297	18,008,115
Premises and Maintenance	44,640,417	41,850,837
Grants and Subsidies		
States Contribution to the Social Security and Health Insurance Funds	57,784,325	51,947,325
Community Benefits	35,048,074	25,789,941
General (Other Grants)	24,039,635	18,692,193
Housing Rent Abatements	15,207,171	16,138,314
Student Grants	9,988,880	9,958,419
Housing Rent Rebates	8,469,603	8,521,493
Overseas Aid	5,668,894	5,563,582
Agricultural Subsidies	2,499,516	3,133,050
Incidental Expenses and Charges	(476,133)	(880,409)
PECRS Pre-1987 Debt	5,163,764	-
States Members' Remuneration	1,994,182	1,861,751
	559,556,825	531,501,413
Net Revenue Expenditure before Capital Repayments	£ 465,126,205	£ 440,726,193
Net Capital Repayments	37,600,224	34,911,721
	£ 502,726,429	£ 475,637,914
Financial effect of implementing creditor accounting	-	13,125,140
Net Revenue Expenditure of Non-Trading Departments	£ 502,726,429	£ 488,763,054

Chief Minister's Department

The aim of the Chief Minister's Department is to:

- Support and advise the Chief Minister and Council of Ministers in establishing, co-ordinating, communicating and implementing States approved policies and objectives;
- Provide direction and leadership to the public service to ensure that policies and programmes are delivered in accordance with agreed priorities; and
- Develop and promote international relations to further Jersey's international standing and reputation.

2006 Financial Overview

Net revenue expenditure for the Department rose by 29%, however this is wholly due to the repayment of the Public Employees' Contributory Retirement Scheme (PECRS) pre-1987 debt (detailed below). Without this the operational net expenditure of the Department decreased by 1.6%.

Operational net expenditure was 0.96% (£189,000) under budget (before funding of the 2006 supplementation and pay awards), of which £165,000 was planned, in agreement with the Treasury, to build up funds for the Census of Population 2011.

Key Financial Results

PECRS Pre-1987 Debt

The debt relates back to changes in the PECRS scheme in 1987. A valuation of the pre-1987 scheme at 31 December 2001 placed a value on the debt of £192 million. As the States has no liability for the Admitted Bodies' share (i.e. Parishes, Jersey Financial Services Commission and Jersey Advisory and Conciliation Service) of the debt (£29 million) the States' share is reduced to £163 million. Settlement of the debt covers a period of 82 years from 1 January 2002 to 31 December 2083. The amount paid in 2006 includes a one off payment covering the total interest due from 1 January 2002 to 31 December 2005.

Office of the Chief Executive

The Communications Unit and the Customer Service Centre were both established in 2006. Both incurred expenditure over original budget due to initial set up and staffing costs. These were offset against decreased expenditure in the Change Team. The initial phase of the Change Programme ceased in early 2006 and the respective budget was not therefore required.

Statistics Office

The Statistics Office has experienced a fall in expenditure due to the Household Expenditure Survey carried out in 2005. The division came in 35.3% (£188,000) under budget mainly due to the ring fencing of £165,000 designated for the 2011 Census of Population.

Information Services

In advance of the transition to Generally Accepted Accounting Principles (GAAP) accounting, a review of the accounting treatment of ISD expenditure was undertaken in 2006. The review identified approximately £3 million of revenue expenditure being funded from capital accounts. This funding was transferred to the revenue accounts with an equivalent budget. The result is that the full revenue cost (£5.7 million) of States' corporate IT is now shown in the revenue cash limit of the Chief Minister's Department.

The IT organisational transformation was completed in 2006. £2.6 million of budgets were transferred to the ISD from other States departments in order to centralise certain IT services. The 2005 comparatives have been restated in the accounts to reflect an estimated comparative cost.

Chief Minister's Department

Department	Amount Transferred in 2006 £
Economic Development	167,900
Education, Sport and Culture	388,500
Health and Social Services	806,700
Home Affairs	97,500
Housing	66,800
Social Security	77,000
States Assembly	10,300
Transport and Technical Services	586,500
Treasury and Resources	383,100
Total Received	2,584,300

Human Resources Department

The Human Resources organisation transformation was completed in 2006. £1.8 million of budgets were transferred to the Chief Minister's Department from other States departments in order to centralise Human Resources services.

The Department overspent by £160,000 in 2006 due to transitional costs arising from the transformation. This overspend was accommodated from underspends within the Chief Minister's Department.

Department	Amount Transferred in 2006 £
Economic Development	39,400
Education, Sport and Culture	388,700
Health and Social Services	779,500
Home Affairs	210,400
Housing	5,100
Social Security	56,800
Transport and Technical Services	323,700
Treasury and Resources	40,500
Total Received	1,844,100

The Population Office

The Population Office was established within the Chief Minister's Department in 2006 to work towards a balance between economic growth and the demand for supply of labour, accommodation and resource.

Ministerial Transformations

As part of the departmental restructuring arising from Ministerial Government, the Law Drafting Department, Emergency Planning Department and Legislation Advisory Panel budgets were transferred to the Chief Minister's Department in 2006. Net expenditure for all three divisions came in at 5.2% (£61,000) under budget.

Chief Minister's Department

Performance Measures

Information Services:

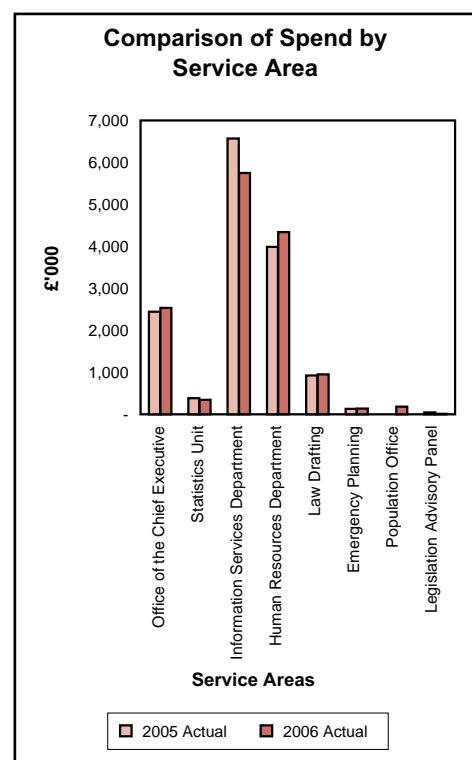
Measure description – Information Services	Target	2006 Performance
% of corporate servers covered by automated monitoring tools	100.0%	96.7%
Availability of core ISD systems	98.0%	99.9%
% of viruses stopped at firewall (Business threat avoidance)	100.0%	100.0%
RAG status of ICT projects to support business needs	90.0%	90.2%
% of service calls resolved within service agreement targets	98.0%	95.

Human Resources:

Measure Description - Human Resources	2006	2005
Job Evaluation Statistics:		
Job descriptions submitted	222	224
Appeals heard	8	10
Evaluations undertaken	230	234
Training and Development Statistics for States Employees:		
Delegates attending courses / development events (organised by HR)	2,231	2,627
Number of training / development events	204	292
Total number of training days	232	310
Employees supported financially while undertaking professional qualifications	17	25

Department Staff Actuals		
Number of full time equivalent		
	2006	2005
Total	180.53	79.37

Reconciliation of Original Budget 2006 to Amounts Voted 2006	
£	
Original Budget 2006	11,134,000
Amounts carried forward:	
-2005 Carry Forwards	336,000
Transfers from the General Reserve	163,130
Transfers from Capital Votes	2,808,467
Transfers in re PECSRS Pre-1987 Debt	5,150,655
Transfers to other Departments	(270,144)
Transfer from other Departments	291,125
Funding of Supplementation and Pay Award	(129,730)
Amounts Voted 2006	£19,483,503



Chief Minister's Department

Overseas Aid Commission

The objectives of the Commission are to manage and administer the monies voted by the States of Jersey for overseas aid. The Commission stands as an independent body, following Jersey's move to ministerial government, consisting of three States members and three non - States members, all of whom are appointed by the States of Jersey. The Commission's strategy is driven by a clear mission, it is committed to joining with others in reducing poverty in poorer countries by making a sustained contribution, which is proportionate to Jersey's means.

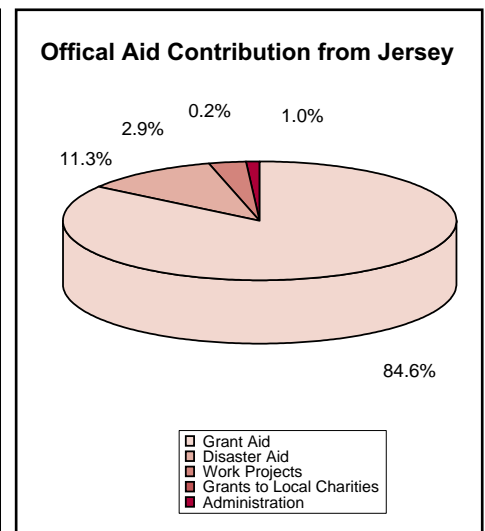
84% of expenditure was by way of direct grants to 57 agencies both large and small, with all grants based on the individual merits of projects covering clean water, health including family planning, sanitation, education, agriculture, livestock, and revolving credit schemes for small businesses. The Commission received applications which totalled in excess of £9 million and had to select the most worthy projects limiting itself to its budget of £4.9 million. The Commission also received funding enquiries from over 67 other agencies.

The funding of individual disasters and emergencies kept well within the Commission's allocation of its budget at just over 11%. All applications were in respect of natural disasters. During the course of the year £642,734 was awarded from this budget compared with £869,852, in the previous year.

Community Work Projects were organised for Kenya and Ecuador, involving 21 volunteers at a net cost inclusive of materials and equipment of £101,140. In addition four material grants totalling £61,791 were awarded to local charities assisting communities in Sri Lanka, Ghana, Kenya and Romania.

Four applications were approved 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, currently up to a maximum of £3,500, but now subject to review.

Administration costs still remained low at £55,347, representing 0.96% of the total grant due mainly to the honorary services of work project helpers. Costs increased slightly however on the previous year following the retirement of the Honorary Executive Officer, Leslie Crapp to whom the Commission extends its thanks.



Net Expenditure - Service Analysis

2007 Estimate	2006 Voted		2006 Actual	2005 Actual Restated
£	£		£	£
6,331,000	5,712,505	Grant to Overseas Aid Commission	5,668,894	5,563,582

Chief Minister's Department

Net Expenditure - Service Analysis

2007 Estimate Restated £	2006 Voted £		2006 Actual £	2005 Actual Restated £
1,070,700	1,034,653	Office of the Chief Executive		
-	-	Chief Executive's Office	1,164,337	736,048
695,500	706,530	Liberation 60	-	261,725
209,500	204,370	International Finance / Economics	494,859	596,674
-	97,770	International Relations	200,096	253,264
197,300	222,425	Government Reform	78,643	157,209
149,800	120,240	Employee Relations	188,162	196,337
-	101,630	Communications Unit	175,218	-
159,600	165,491	Change Team	4,537	245,324
437,100	532,310	Customer Service Centre	230,877	-
		Statistics Unit	344,214	386,825
		Information Services		
1,068,300	1,392,985	Corporate Projects	1,394,656	1,649,899
1,312,300	2,933,893	Infrastructure	2,935,731	3,438,026
3,448,000	1,419,602	Business Support Groups	1,421,375	1,484,700
		Human Resources		
1,228,900	1,306,161	Head of Profession and Core Team	1,244,415	60,983
1,502,900	1,405,190	HR Business Partnering	1,613,250	833,097
1,261,500	1,465,612	HR Business Support	1,488,185	950,064
-	-	Pensions	-	604,794
-	-	Employee Development	-	1,238,150
-	-	Human Resource Systems	-	298,853
924,000	986,870	Law Drafting	950,510	926,639
125,300	122,230	Emergency Planning	136,397	130,557
195,200	195,216	Population Office	183,003	-
50,600	49,400	Legislation Advisory Panel	12,000	44,416
£ 14,036,500	£ 14,462,578		£ 14,260,465	£ 14,493,584
2,954,700	5,150,655	PECRS Pre-1987 Debt	5,163,764	-
£ 16,991,200	£ 19,613,233		£ 19,424,229	£ 14,493,584
(3,500)	-	Allocation of Additional Funding for the Comptroller and Auditor General	-	-
-	-	Financial effect of implementing creditor accounting	-	613,008
-	(129,730)	Funding of 2006 pay awards and supplementation	-	-
£ 16,987,700	£ 19,483,503	Net Revenue Expenditure	£ 19,424,229	£ 15,106,592

2007 Estimate has been restated to reflect a transfer of funds from capital to revenue within the ISD services

Chief Minister's Department

Income and Expenditure Category

2006 Voted £		2006 Actual £	2005 Actual Restated £
	Income		
-	Sale of Services	-	120
-	Hire and Rentals	5,561	9,089
181,358	Fees and Fines	184,980	-
1,766	Miscellaneous Income	1,766	13,993
933,638	Recharges and Recoverable Costs	1,012,819	1,187,359
-	Other Receipts	-	359,097
1,116,762		1,205,126	1,569,658
	Expenditure		
9,220,636	Manpower - States Staff Costs	9,351,938	8,879,930
618,576	Manpower - Non States Staff Costs	725,201	461,164
3,973,856	Supplies and Services	3,607,074	4,520,018
1,249,894	Administrative Costs	1,260,134	1,787,980
502,328	Premises and Maintenance	353,169	388,100
14,050	Incidental Expenses and Charges	156,075	14,050
-	Grants and Subsidies	12,000	12,000
15,579,340		15,465,591	16,063,242
£ 14,462,578		£ 14,260,465	£ 14,493,584
5,150,655	PECRS Pre-1987 Debt	5,163,764	-
£ 19,613,233		£ 19,424,229	£ 14,493,584
-	Financial effect of implementing creditor accounting	-	613,008
(129,730)	Funding of 2006 pay awards and supplementation	-	-
£ 19,483,503	Net Revenue Expenditure	£ 19,424,229	£ 15,106,592

Note: Fees and fines increased due to the Housing Control part of the Population Department moving to the Chief Minister's Department in June 2006.

There were no Other Receipts in 2006 as this income in 2005 related to specifically Liberation 60.

Incidental Expenses and Charges relate to the Law Drafting Department's rental payments which became the responsibility of the Chief Minister's Department in 2006.

Economic Development

The core aim of the Economic Development Department is to achieve sustainable economic growth with low levels of inflation coupled with economic diversification and the creation of job opportunities. The key objectives of the department are:

- Sustainable long term economic growth, at or above planned targets, delivering additional tax receipts and more diverse employment opportunities for local people whilst managing inflationary pressures within the economy;
- Development of new enterprises and companies with high value-added potential through the implementation of a Business and Enterprise Strategy;
- Attraction of high-wealth individuals who will contribute economically and socially to the future of the Island;
- Implementation of a comprehensive external transport strategy which will benefit local business and residents; and
- Roll out a 'Brand' for the Island by the end of 2007.

2006 Financial Overview

Net revenue expenditure for the department was 17% (£2.3 million) higher than the 2005 restated actual amount. This was due primarily to a write back of balance sheet liabilities in 2005 relating to Training and Employment Partnership (TEP) grants (£1.4 million). The increased expenditure in 2006 was also due to the Rural Economy Strategy, where approval was granted to make a one-off payment to glasshouse growers to reinvest, diversify or exit the market (payment of £820,000 brought forward in 2006, which would have been £410,000 per annum in 2007 and 2008); approval of additional funding, through the 2006 Resource Allocation Process for Finance Industry Support (£265,000), attracting high-wealth individuals (£93,000) and Jersey Consumer Council (£45,000); and less than budgeted expenditure in 2005 for the Jersey Competition Regulatory Authority.

Key Financial Results

The key financial results for the six highest spending service areas are as follows:

- **Tourism and Marketing:** spend reduced by £272,267 (4%) in 2006 as compared to 2005 mainly due to the Fundamental Spending Review (FSR) process where, amongst other reductions, it was agreed to reduce advertising and marketing expenditure by £438,000 for this service area. The voted amount is 7% higher than the actual spend for the year as a result of the carry forwards that were not fully utilised. 'Island Branding' is one of the key projects that was agreed by the Council of Ministers in January 2006 but has been delayed pending finalisation of the Jersey Brand. The department requested a ring-fenced carry forward of £100,000 for this purpose.
- **Rural Economy:** spend increased by £315,712 on 2005 net revenue expenditure (6.3%) and was overspent by £946,875 on the voted amount (21.7%). A one-off payment of £820,000 was made to glasshouse growers to enable them to reinvest, diversify or exit the market. The Report and Proposition P112/2005 - Rural Economy Strategy detailing this was approved in 2005 by the then Finance and Economics Committee. It was agreed to allow the Economic Development Department to carry forward this budgeted overspend until 2007, as it will ultimately produce a net saving for the States of Jersey after three years. Even though this service area has a net overspend position, compared with 2005, there has been considerable reduction in agricultural subsidies such as quality milk payments (reduction of £264,000), agricultural loans and interest subsidies (reduction of £112,000), vehicle registration duty (reduction of £50,000) and compensation payments to the Dairy Industry (decreased pay-outs of £151,000). There has also been a significant reduction in agriculture produce marketing (£200,000) as a result of the FSR process in 2005.

Economic Development

- **Enterprise and Business Development:** expenditure increased by £1,575,005 due to a £1,443,311 write back in 2005 of balance sheet liabilities relating to TEP grants to reflect the contractual liability of these grants in accordance with GAAP. This reduced 2005 net revenue expenditure by £1,307,708.
- **Finance Industry Support:** spend in 2006 increased by £222,665 (38%) over 2005 due to approval of additional funding of £265,000 in 2005, which was an outcome of the FSR Process.
- **Jersey Competition Regulatory Authority (JCRA):** expenditure increased by £282,355 because of an unusually low grant payment made in 2005 as a consequence of parts 2 and 3 of the Competition Law coming into force in November 2005. Additionally, prior year commitments were added back in that year which abnormally reduced expenditure.
- **Regulation of Undertakings:** expenditure increased by £155,391 as compared to 2005 mainly due to apportionment of overheads in 2006 in order to comply with Financial Direction 6.3.

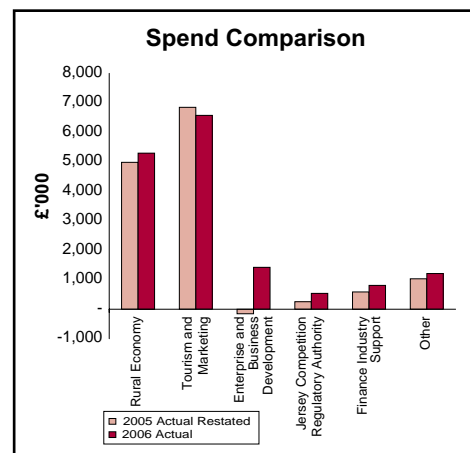
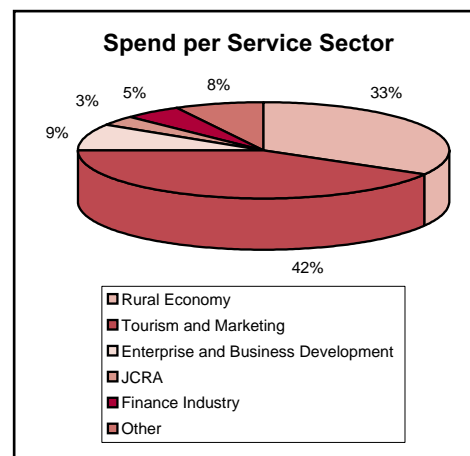
When compared with the 2005 net revenue expenditure, the sole reason for increased spend in Regulatory Services and reduced spend in Policy and Strategy in 2006 is the major re-structuring of these two services.

Manpower

	2006	2005	Analysis
Core Manpower			
Established FTE	58.40	63.06	Reduction 4.66
Established Headcount	62.00	66.00	Reduction 4.00
Non Core Manpower			
Established FTE	11.00	12.00	Reduction 1.00
Established Headcount	11.00	12.00	Reduction 1.00

Department Staff Actual		
Number of full time equivalent		
	2006	2005
Total	58.40	59.32

Reconciliation of Original Budget 2006 to Amounts Voted 2006		£
Original Budget 2006		15,256,800
Amounts carried forward:		
-2005 Carry Forwards		1,260,960
Transfers to other Departments		
-Chief Minister's Department - PECRS		(48,600)
-Treasury and Resources - Property Holdings		(28,247)
-Other Department Transfers		(265,000)
Funding for Supplementation and Pay Awards		(229,860)
Amounts Voted 2006		£15,946,053



Economic Development

Performance Measures

Service	Objectives	Performance Measures	2006	2005
Tourism and Marketing.	Increase visitor numbers to the Island.	Visitor numbers.	730,000	752,000
	Increase visitor spend on the Island.	Visitor spend.	£222m	£220m
Rural Economy.	Sustain economic growth through new and existing businesses.	% Increase in GVA (real terms).	Not available	2.3%
	Explore new opportunities in the rural economy.	Number of new initiatives.	59	53
Enterprise and Business Development.	Increase the number of new business start ups in the non financial services sector.	Numbers of new businesses.	Implementation started Oct 2006. 20 Businesses supported	
	Grow existing businesses.	Increased profitability of Jersey businesses.	Implementation started Oct 2006. 50 Businesses supported	
	Update skills strategy.	Project completion.	New Skills Strategy complete. 3,000 individuals supported	3,000 individuals supported
Finance Industry Support	Bring the Companies Law (Amendment No. 8) into effect, allowing for creation of cell companies.	Law in force.	Came into force in Feb, 2006.	
	Bring the Trusts Law (Amendment No. 4) into effect.	Law in force.	Came into force in Oct, 2006.	
	Have the Foundations Law approved by the States.	Final consultation completed.	To be finalised in the first quarter of 2007.	
Jersey Competition Regulatory Authority	Create a more competitive commercial environment. Lodge the Postal Services Commencement Day Act in the States	Maintain and develop policies for successful implementation of the Postal Services (Jersey) Law and the Competition (Jersey) Law.	Achieved in Aug 2006.	
Regulation of Undertakings	To work toward a balance between economic growth and the demand for and supply of labour, accommodation, infrastructure and resources, and promote greater social inclusion.	Percentage working population change (average annual change over 5 year period).(States approved target of 1%)	-0.1% (June 2001 to June 2006)	-0.3% (June 2000 to June 2005)

Economic Development

Net Expenditure - Service Analysis

2007 Estimate £	2006 Voted £		2006 Actual £	2005 Actual Restated £
4,542,000	4,351,075	Rural Economy	5,297,950	4,982,238
5,932,100	6,526,973	Tourism and Marketing	6,575,725	6,847,992
2,423,900	2,116,733	Enterprise and Business Development	1,421,097	(153,908)
487,100	795,001	Policy and Strategy	214,650	595,849
346,600	217,960	Regulatory Services	170,109	(9,389)
331,400	377,087	Regulation of Undertakings	427,900	272,509
318,000	303,175	Consumer Affairs / Trading Standards	321,356	269,864
144,700	137,626	High Value Residency	113,332	22,573
556,500	594,500	Jersey Competition Regulatory Authority	538,640	256,285
90,000	90,000	Jersey Consumer Council Grant	90,000	45,000
1,000,000	810,923	Finance Industry Support	808,665	586,000
(163,900)	(145,140)	Jersey Harbours La Collette	(133,960)	(162,093)
£ 16,008,400	£ 16,175,913		£ 15,845,464	£ 13,552,920
(3,900)	-	Allocation of Additional Funding for the Comptroller and Auditor General	-	-
-	-	Financial effect of implementing creditor accounting	-	3,680,346
-	(229,860)	Funding of 2006 pay awards and supplementation	-	-
£ 16,004,500	£ 15,946,053	Net Revenue Expenditure	£ 15,845,464	£ 17,233,266

Economic Development

Income and Expenditure Category

2006 Voted £		2006 Actual £	2005 Actual Restated £
	Income		
80,000	Sale of Goods	95,653	90,647
100,000	Sale of Services	117,878	103,186
-	Hire and Rentals	-	23,244
535,500	Fees and Fines	540,754	475,738
280,500	Miscellaneous Income	327,926	389,847
149,700	Income from La Collette	133,960	162,093
1,145,700		1,216,171	1,244,755
	Expenditure		
3,007,400	Manpower - States Staff Costs	2,863,439	3,016,733
6,564,060	Supplies and Services	6,460,509	6,643,962
724,725	Administrative Costs	835,368	285,625
281,228	Premises and Maintenance	284,416	293,970
4,986,800	Grants and Subsidies	4,118,387	1,424,335
1,757,400	Agricultural Subsidies	2,499,516	3,133,050
17,321,613		17,061,635	14,797,675
£ 16,175,913		£ 15,845,464	£ 13,552,920
-	Financial effect of implementing creditor accounting	-	3,680,346
(229,860)	Funding of 2006 pay awards and supplementation	-	-
£ 15,946,053	Net Revenue Expenditure	£ 15,845,464	£ 17,233,266

Education, Sport and Culture

Mission Statement:

To provide sustainable 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 their community.

Aims:

- To 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 services, information and support;
- To secure, deploy and develop the resources to support learning, sport and culture to the benefit of individuals and the Island community in an efficient and effective manner; and
- To value and develop our people to achieve a service of high quality.

2006 Financial Overview

Despite significant financial pressures, most notably within Student Finance (due to increasing student numbers, higher fees and fluctuations in parental income), the Department ended 2006 with a variance of £1.65 million, 1.8% below budget (before the Funding of Supplementation and Pay Awards). This includes a £1.28 million transfer from the reserve held by the Treasury and Resources Department to meet the overspend on Student Finance.

The financial results for the Department's five key service areas are:

Pre School, Primary and Secondary Education – Non Fee Paying Schools

Budget £43.5 million Underspend £0.2 million (0.6%)

Aimed at enabling head teachers to plan for the academic year the current arrangements for Delegated Financial Management (DFM), allow schools the flexibility to carry forward an underspend of up to 3% and an overspend of 1%.

The variance against budget primarily results from schools making planned savings in 2006 to enable them to carry forward funds to meet known pressures in 2007. School budgets are formula driven, based on pupil numbers, and as the reduction in the number of primary school children will continue in 2007, this allows the schools to plan accordingly.

Included in and contributing £283,000 to the 2006 underspend for both the fee and non fee paying schools is a number of key central vacancies and service initiatives. Savings were made by the amalgamation of the Education Psychology, Educational Welfare and Special Needs Services into a single support team that now provides a coordinated service at reduced cost.

Fee Paying Schools

Budget £9.9 million Underspend £1 million (10.6%)

The fee paying provided schools have been prudent in accumulating funds by increasing fees to meet the increased costs anticipated from changes to the Teachers Pension Scheme which will not now materialise, and to meet other forecast expenditure such as pay awards and building improvements.

Given the limited availability of capital funds, the schools consider this an option for maintaining the structure of their buildings and for meeting changing demands in their use.

Education, Sport and Culture

Higher Education

Budget £10.3 million

Pre Transfer Overspend £1.28 million

The cost of higher education has risen significantly over recent years due primarily to increasing student numbers and increases in the cost of UK tuition. These factors, along with fluctuations in parental income, varying costs of courses and the choice of course taken by students make expenditure difficult to predict. This resulted in an overspend of £1.28 million in 2006, which was met by a transfer from prior year carry forward funds set aside by the Treasury and Resources Department. The funds were released on the basis that options for future funding were presented to the Council of Ministers. Although this has been completed, there is still a forecast shortfall in 2007.

An additional £1 million that had been allocated to the Department in 2007 for Vocational and Tertiary Education has been redirected to meeting part of the shortfall.

Sport and Leisure

Budget £4.1 million

Underspend £0.03 million (0.7%)

The Department has continued to invest in the provision of Sport and Leisure in the Island, with the aim of improving the health and wellbeing of the community. Increased participation in sport and active recreation has been encouraged and accordingly Active membership income increased by £126,000 (10.8%) in 2006 compared to 2005.

Culture

Budget £3.3 million

Overspend £0.13 million (3.9%)

The Department continued to assist the major cultural providers in the Island, namely the Jersey Arts Trust, the Jersey Heritage Trust, the Opera House and the Arts Centre. In addition a Cultural Coordinator was appointed in 2006 with the aim of consolidating and improving the Department's relationship with cultural providers and other organisations to secure a rich and diverse cultural provision within the community.

Performance Measures

Exam Pass Rates

Measure description	2004 %	2005 %	2006 %
Proportion of students achieving 5 or more GCSE grades A* to C			
Jersey	66.7	63.1	67.8
UK	51.3	54.3	59.2
Percentage of 'A' level entries recorded at grades A to C			
Jersey	80.0	80.5	82.7
UK	68.9	68.9	71.3

Highlands College

Measure description	2004/05	2005/06	2006/07 Est
Number of people enrolled on Highlands College courses	11,899	11,347	12,000
Number of Students at Highlands College	6,194	6,296	6,500

Education, Sport and Culture

Jersey Library

Measure Description	2004	2005	2006
Number of Visits to Library per 1,000 of Population Jersey	-	-	5,532
UK	-	-	5,138
Expenditure per Head of Population Jersey	£15.73	£15.52	£16.23
UK	£15.95	£16.55	£17.09

Capital Expenditure

The Estates Management Service was transferred to States of Jersey Property Holdings in 2006, together with unspent capital funds of £7.6 million. A number of projects that are nearing completion have been retained including Hautlieu, d'Auvergne and Langford that forecast savings amounting to £510,000, which will be used by the Department to meet the projected shortfall in ICT budget funding in 2007.

Total capital expenditure in 2006 on the projects remaining with the Department was over £6.8 million.

Manpower

The Department's authorised manpower levels remained at a similar level to 2005. The number of full time equivalents employed within Education, Sport and Culture was lower at the end of 2006 than 2005, reflecting an overall increase in the number of short term vacancies within the service.

Other Developments

Early Years Strategy

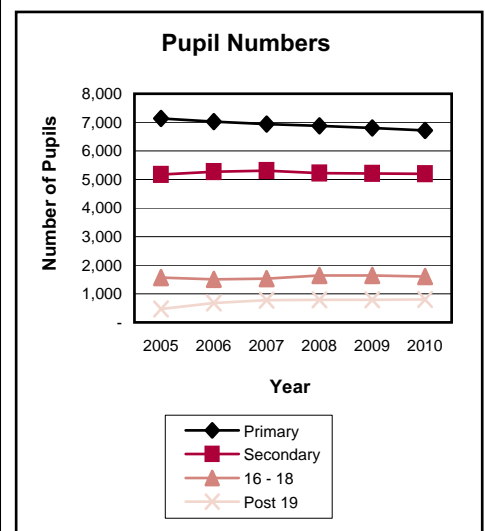
In 2006 the Department led the development of a comprehensive Early Years Strategy. Further work will be carried out to introduce and implement the strategy which supports children aged 3-5, and their parents/carers in 2008.

Cultural Strategy – Cultural Council

A Cultural Council is to be consulted to support cultural development within the Island by representing the cultural sector and providing advice to the Department on matters of policy, support, resource allocation and enhancement of cultural activity and provision.

Department Staff Actuals		
Number of full time equivalent		
	2006	2005
Total	1,438.37	1,475.03

Reconciliation of Original Budget 2006 to Amounts Voted 2006	
£	
Original Budget 2006	91,690,300
Amounts carried forward:	
-2005 Carry Forward	140,448
Additional Funding	3,045,640
Transfers from/(to) other Departments:	
Chief Minister's Department - PECRS	(235,000)
Treasury and Resources - Property Holdings	(3,769,395)
Transfers from other Depts	23,300
Transfers to Capital	(515,000)
Funding of Supplementation and Pay Award	(1,136,541)
Amounts Voted 2006	£89,243,752



Education, Sport and Culture

Citizenship Curriculum

Work commenced in 2006 on a new Citizenship Curriculum which will be launched in April and integrated into the curriculum from September 2007. This curriculum is aimed at creating a stronger sense of citizenship and community, so that Jersey becomes a place of confidence in which important issues are honestly presented, widely debated and clearly understood.

Higher Education

The Higher Education Development Group's 2006 annual report included recommendations on the development of on island Higher Education courses, including a foundation degree in Financial Services.

With the £1 million funding removed from Vocational and Tertiary Education to fund the shortfall in Student Grants, many of the initiatives agreed within the Strategic Plan are now at risk of being at best delayed, at worst shelved.

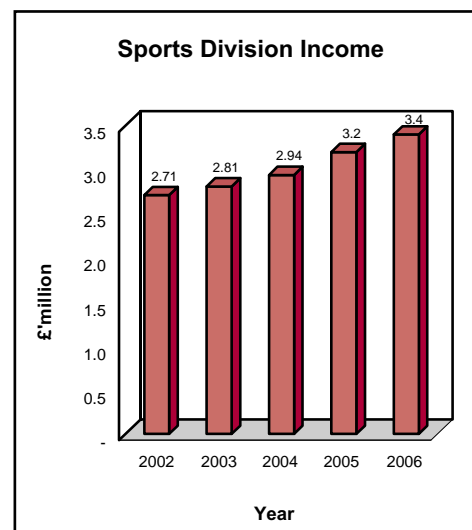
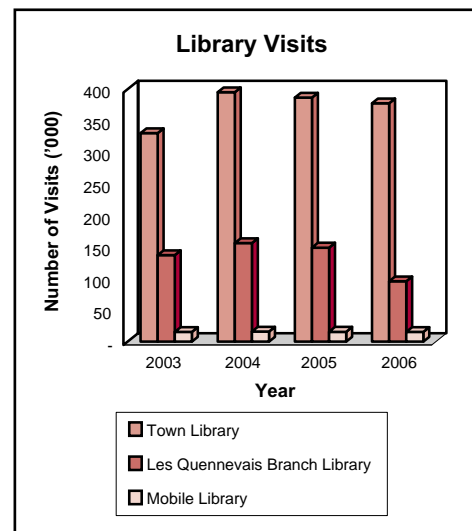
The Department is in discussion with Economic Development to secure funds for the development and implementation of the skills strategy designed to address the skills deficit in the island.

Student Grants

In 2006 a report was completed on Student Finance, the funding problems faced and options for the future. Measures that will be introduced include Student Loans, an increased contribution by higher earning families to the true cost of tuition fees and changes to the income levels for maintenance grants.

Youth Strategy

An annual action plan has been developed that will allow the Jersey Youth Service to achieve the objectives set out in its 5 year Strategic Plan. Highlights include the further development of partnership agreements with the Parishes, involving young people in the development of the Youth Service as part of the Youth Participation Strategy and the development of a Youth Information and Directory website.



Education, Sport and Culture

Net Expenditure - Service Analysis

2007 Estimate £	2006 Voted £		2006 Actual £	2005 Actual Restated £
		Non Fee-Paying Provided Schools		
1,788,500	1,735,126	Pre-School Education	1,666,862	1,665,170
22,733,700	21,274,836	Primary Education	20,887,475	20,410,240
22,525,800	20,525,272	Secondary Education	20,734,477	19,686,070
		Fee-Paying Schools		
5,818,700	5,807,893	Provided Schools	4,762,997	4,750,675
4,433,000	4,090,260	Non-Provided Schools	4,087,758	3,910,380
10,057,300	7,996,644	Further, Vocational and Tertiary Education (including Highlands College)	7,993,823	7,728,010
7,748,300	7,323,659	Special Educational Needs and Special Schools	7,028,022	7,613,795
1,831,000	1,589,838	Public Libraries	1,503,459	1,420,190
1,466,800	1,290,683	Youth Service	1,255,285	1,182,280
9,103,200	10,332,201	Higher Education (Student Finance)	10,322,102	10,245,280
790,600	641,673	Instrumental Music Service	621,848	619,350
		Child Care Support		
174,300	171,258	Day Care Services	163,497	165,770
166,000	166,618	Jersey Child Care Trust	166,545	165,930
1,862,100	1,831,348	Heritage (grant to the JHT)	1,905,054	1,656,550
1,521,900	1,492,437	Arts (including grant to the JAT)	1,550,201	1,341,550
2,393,200	1,826,304	Sports Centres	1,573,159	1,818,780
790,000	1,242,388	Playing Fields and Schools Sports	1,467,315	754,020
419,500	462,534	Sport Development	527,267	416,140
231,100	221,753	Grants and Advisory Council	230,603	386,610
-	126,400	Community Fund	2,946	(3,407)
262,300	231,168	Playschemes and Outdoor Education	282,110	143,045
£ 96,117,300	£ 90,380,293		£ 88,732,805	£ 86,076,428
(23,400)	-	Allocation of Additional Funding for the Comptroller and Auditor General	-	-
-	-	Financial effect of implementing creditor accounting	-	2,051,368
-	(1,136,541)	Funding of 2006 pay awards and supplementation	-	-
£ 96,093,900	£ 89,243,752	Net Revenue Expenditure	£ 88,732,805	£ 88,127,796

Education, Sport and Culture

Income and Expenditure Category

2006 Voted £		2006 Actual £	2005 Actual Restated £
	Income		
215,000	Sale of Goods	346,224	386,940
10,598,289	Sale of Services	11,118,429	9,941,898
14,000	Commission	12,873	19,457
397,050	Hire and Rentals	485,587	507,921
166,347	Fees and Fines	134,881	107,852
226,564	Miscellaneous Income	785,608	621,255
217,500	Recharges and Recoverable Costs	508,483	311,943
11,834,750		13,392,085	11,897,266
	Expenditure		
67,301,307	Manpower - States Staff Costs	66,289,357	63,924,921
1,885,000	Manpower - Non States Staff Costs	1,923,880	2,373,998
6,738,592	Supplies and Services	6,263,510	6,182,705
2,026,265	Administrative Costs	2,382,796	2,078,097
5,528,910	Premises and Maintenance	6,326,242	5,646,756
12,915	Incidental Expenses and Charges	204,224	16,056
	Grants and Subsidies		
9,976,270	Student Grants	9,988,880	9,958,419
8,745,784	Other Grants	8,746,001	7,761,384
-	Non-Service Costs	-	31,358
102,215,043		102,124,890	97,973,694
£ 90,380,293		£ 88,732,805	£ 86,076,428
-	Financial effect of implementing creditor accounting	-	2,051,368
(1,136,541)	Funding of 2006 pay awards and supplementation	-	-
£ 89,243,752	Net Revenue Expenditure	£ 88,732,805	£ 88,127,796

Health and Social Services

The Health and Social Services Department is currently developing a new Strategy –‘New Directions’, that will replace ‘Improving health and social care’ 2001/2005.

Until this is finalised the overall aim of the Department and key objectives is as set out in the States Business Plan 2007/11 as follows:

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

This will be achieved by meeting the following five objectives:

- Improve health and social care outcomes by reducing the incidence of mortality, disease and injury in the population;
- Improve the consumers’ experience of Health and Social Services;
- Manage staff and resources so as to improve performance and provide value for money;
- To promote the independence of adults needing social care enabling them to live as safe, full and as normal a life as possible, in their own home wherever feasible; and
- To maximise the social development of children within the most appropriate environment to meet their needs.

2006 Financial Overview

2006 presented many financial challenges due to a continued rise in demand for services and ongoing cost pressures relating to important developments in clinical technologies and practice. A further pressure has been making a provision for a higher than expected settlement of the 2006 pay award.

The key financial results for the Department’s four highest spending service areas are:

Key Financial Results

Medical Services

Budget £49.4 million Overspend £0.5 million (0.9%)

The majority of the overspend is attributable to nursing and medical bank, agency and locum costs, associated with covering vacancies and absences. There are also significant cost pressures in this area associated with rheumatology, oncology and neurology drugs, blood products and emergency charter flights out of normal operating hours.

Surgical Services

Budget £37.1 million Overspend £0.1 million (0.3%)

This small overspend reflects the cost of maintaining waiting times for elective surgery, in terms of locum staff and surgical supplies. Emergency charter flights have been a cost pressure during the year, but have been off-set by savings on drug costs.

Social Services

Budget £18.9 million Underspend £0.1 million (0.5%)

The underspend in this area relates to vacancies in the Adult, Children’s and Special Needs Services, off-set by cost pressures around residential and UK placements.

Health and Social Services

Mental Health Services

Budget £17.5 million Overspend £0.1 million (0.6%)

The overspend in this area has occurred through a combination of factors, including, medical locum costs, residential and UK placements and drugs. These have been off-set by staff vacancies in both Adult and Older People Services.

Performance Measures

The Department's performance management framework utilizes a wide range of performance measures that encompass all aspects of health and social care. Some of our key performance measures for 2006 are presented below.

The results below demonstrate that the Health and Social Services Department is performing better than the average of UK Health Services in all four areas. Of particular note is the significantly lower rate of MRSA and percentage of patients waiting over 3 months for an elective procedure. In 2006 performance continues to improve for MRSA and elective waiting times. Patient satisfaction has remained high, with 87% of those questioned rating services as excellent or very good.

SAFE PATIENT ENVIRONMENT: MRSA+ RATES

What did we measure: MRSA+ rate per 10,000 bed days.¹

Why it is important: Infection control is an integral part of healthcare and we are working to ensure our local rates remain low.

MRSA bloodstream infections are a significant cause of morbidity and can be difficult to treat because of their multiple antibiotic resistance. Infections lengthen hospital stay and increase morbidity and in some cases result in death.

Target: Better than England national average – 1.7 per 10,000 bed days.²
Healthcare Commission target: Trusts with 12 or fewer infections be expected to maintain or reduce this level.

Performance: 0

The MRSA+ rate for the General Hospital is low, currently 0.17³ per 10,000 bed days (1 case for the previous 12 months), significantly better than the England average of 1.7 per 10,000 bed day and that of Scotland at 1.9 per 10,000 bed days.⁴

This rate also places the General Hospital in the best performers of All Acute Hospitals in England.

¹ All cases calculated against General and Acute bed days.

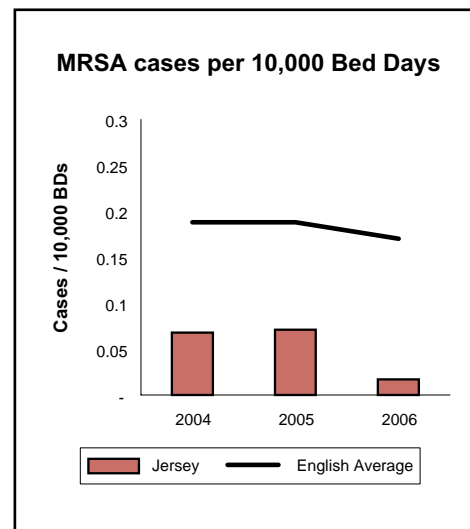
² England Health Protection Agency – Healthcare Associated Infection Report 2006.

³ Rolling data over 12 months – the numbers involved are very small and a great deal of 'normal' statistical variation can occur.

⁴ Health Protection Scotland June 2006.

Department Staff Actual		
Number of full time equivalent		
	2006	2005
Total	2,141.38	2,068.75

Reconciliation of Original Budget 2006 to Amounts Voted 2006	
	£
Original 2006 Budget	132,469,400
Amounts carried forward:	
-2005 Carry Forward	(47,162)
Transfers from the Consolidated Fund	376,916
Transfers to Other Departments:	
-Chief Minister's Department - PECRS	(1,314,400)
- Education, Sport and Culture - School/Home Liaison Officer	(19,800)
- Property Holdings - Greenfields	(100,000)
Funding of Supplementation and Pay Award	111,610
Amounts Voted 2006	£131,476,564



Health and Social Services

ELECTIVE WAITING TIME

What did we measure: Percentage of elective surgical patients waiting longer than 3 months after a decision to admit.

Why it is important: Shorter waiting times improve the patients' experience of care and may improve clinical outcomes.

Target: Reduce maximum wait for elective surgery to 3 months by October 2005.

Performance: 12%

Waiting times continue to improve.

At year end 2004 47% (767) of patients were waiting longer than the target date for October 2005. Waiting times have continued to fall from that point. As at year end 2005, 21% (214) of patients were waiting greater than 3 months. At quarter 1 2006, 19% (203) were waiting, by quarter 2 2006, 16% (158) were waiting and by quarter 3 2006, 11% (107) were waiting. As at year end 2006, 12% (138) of patients are waiting, marginally up on the last quarter but lower than for the year end 2005.

Action is being taken to resolve the remaining waiting times for a small number of patients.

Current England rate is 25%¹ of patients waiting longer than 3 months.

AMBULANCE RESPONSE TIME

What did we measure: Percentage of Ambulance Responses to Category A Calls within 8 minutes.

Why it is important: Rapid response may save lives/improve clinical outcome.

Target: 75% of responses should be met within 8 minutes.

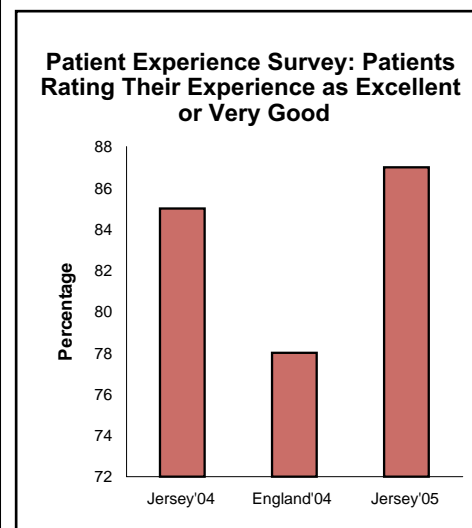
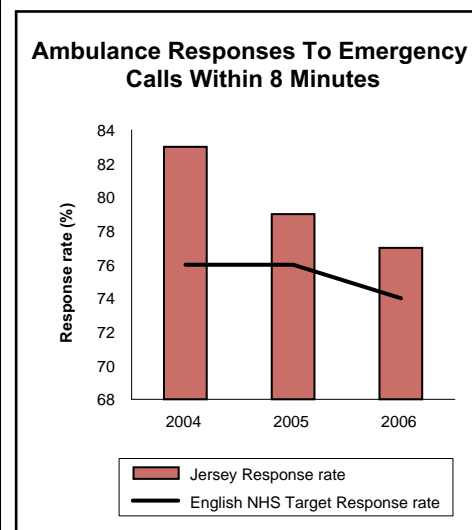
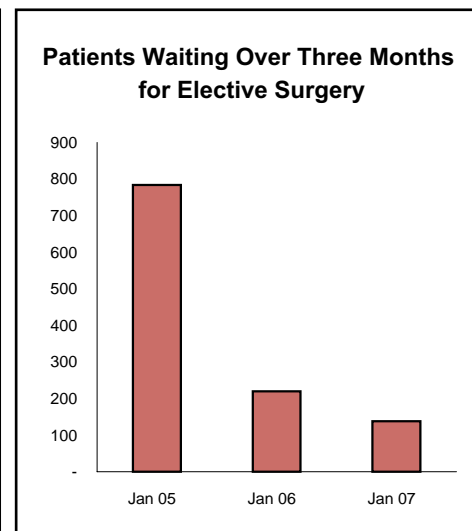
Performance: 76%

For the year end quarter 2006, 76% (184/241) of response times were within 8 minutes, marginally down on the 3rd quarter 2006, 78%, (188/240) but higher than 74% (141/190) for the 2nd quarter 2006, and in line with general past previous performance.

The English NHS national target is 75%. The national rate for English NHS Ambulance Trusts for 2006 is 74%.²

¹ DOH Provider based waiting times Q4 2005/06

² The Information Centre, Ambulance services England: 2005/06



Health and Social Services

PATIENT SATISFACTION

What did we measure: Patient satisfaction of our health care from survey data independently provided by a recognised international organization.

Why it is important: 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.

Target: Independent patient survey scores better than England.

Performance: The Picker Institute of Europe undertook an inpatient survey in 2005 that replicated that in 2004. 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. The overall performance for 2005 was very similar to 2004, with greater patient satisfaction in Jersey than for the English average. The Picker Survey for 2006 has been undertaken and results will be available in the first part of 2007.

2004			2005		
Overall, how would you rate the care you received?			Overall, how would you rate the care you received?		
All Patients %	Jersey	England	All Patients %	Jersey	
▶ Excellent	53	42	▶ Excellent	55	
▶ Very good	32	36	▶ Very good	32	
▶ Good	10	14	▶ Good	8	
▶ Fair	4	6	▶ Fair	4	
▶ Poor	1	2	▶ Poor	1	

Capital Programme

Total capital expenditure in 2006 was £7.5 million. In addition to the replacement of essential equipment and emergency vehicles (£1.8 million), the Day Surgery Unit (£3.8 million) and Phase 2 of the Central Sterile Supplies Department (£1.6 million) schemes accounted for the majority of the capital spend in 2006. Capital Expenditure over the last five years has averaged £8.2 million. Each Division within the Department has a replacement/refurbishment plan, which feeds into the annual capital planning processes.

A summary of all current capital schemes (above £100,000 in value) is contained in the table below.

Scheme	Amount Voted	Spent in the Year	Spent to Date
Overdale	£7,923,000	£144,841	£8,075,080
Day Surgery Unit	£7,154,050	£3,872,389	£5,364,290
Central Sterile Services Dept – Phase 2	£2,195,000	£1,562,899	£1,677,373
Systems (Incl. Radiology & Ambulance)	£1,148,000	£95,150	£904,660
Crematorium	£432,774	£9,119	£432,774
Mortuary upgrade	£250,000	£20,478	£230,459

Manpower

The Health and Social Services Department increased its budgeted manpower levels by 8.51 full time equivalents (FTE). This was due to a number of staff transfers between H&SS and other States Departments, relating to the centralisation of Finance, Human Resources and ICT staff, the transfer of the Greenfields Unit to H&SS from Education, Sport and Culture and the merger of the ambulance, fire and rescue control room. Actual manpower levels increased by 44.7 FTEs, due to the factors given above and the recruitment of staff to vacant posts.

Health and Social Services

Other Developments

Smoking Legislation

It was welcome news that on Tuesday 2 January 2007 at 4.00am Jersey workplaces became smoke-free. This was the culmination of work since the States approved the Health and Social Services Committees Tobacco Strategy on 11 November 2003. It is envisaged that these changes will further reduce the prevalence of smoking amongst adults and children and bring significant long term health gains for the Island population.

Fostering & Adoption Services

H&SS agreed significant investment for Fostering Services for 2006 (£390,000), with additional investment planned for 2007/08. This has made it possible, for the first time, to pay our foster carers allowances in line with the national standard rate. Additionally a year long campaign to recruit more carers began in January 2006. The target over a two to three year period is to recruit an additional 20 mainstream carers plus an additional 12 specialist carers in three distinct categories (emergency, therapeutic, and remand). The campaign has made a good start with 12 'articles' and 32 'features' in the local media over its first twelve month period. Public interest has been high with 120 initial enquiries and, from these, 18 sets of carers have indicated they will make an application and the first 8 sets of carers are now being assessed. 5 new sets of Foster Carers and 4 sets of Adopters were approved through the year. National experience in foster care recruitment shows that 8-10% of initial enquiries go on to be approved as viable carers, so the figures above reflect a very positive start.

New Directions

New Directions is a programme which will lead to proposals for the re-design of the health and social care system in Jersey ensuring that it is "fit for purpose" for the next ten to fifteen years. It is informed by the analysis of a number of challenges including:

- How can Jersey best manage the effects of structural changes in its population – the "demographic time bomb".
- Sub-specialisation in medicine and sustainability given the relatively small population.
- Changing needs and meeting increased expectations.
- The level of funding required - particularly managing the impact of the ageing of the Jersey population.

Through a process of 'scenario planning' a number of policy priorities become clearer including 1. The need to reposition health and social services with an increased emphasis on the provision of timely information, education, practical support and prevention services to keep islanders healthy. 2. The need for substantial investment in the management of chronic disease. 3. Services which maximise the patient or client's independent living. 4. The 'Sustainable Hospital', which will involve the re-design of how emergency and elective care are managed 24/7. The New Directions Strategy will be issued for public consultation in the middle of 2007.

Cardiology

In July a new Consultant Cardiologist for the Island was appointed. Dr Andrew Mitchell was brought up in Jersey and educated at Victoria College. He has specialist skills in the management of cardiac rhythm disorders, in the investigation of patients with suspected coronary artery disease and in patients with heart failure. He is also proficient in the implantation of pacemakers and cardiac defibrillators and has performed over 1000 invasive diagnostic coronary angiograms. Dr Mitchell completed a postgraduate doctorate in medicine on aspects of cardiac rhythm management. As a consequence he is recognised as an expert in the management of the most common clinical rhythm disturbance, atrial fibrillation.

Health and Social Services

Net Expenditure - Service Analysis

2007 Estimate £	2006 Voted £		2006 Actual £	2005 Actual Restated £
		Public Health Services		
904,400	788,148	Public Health Medicine	978,624	716,543
884,800	950,810	Clinical Public Health Services	588,644	571,201
901,600	900,255	Health Protection	1,080,049	916,547
586,800	563,882	Health Improvement	526,203	531,665
		Medical Services		
5,290,300	5,026,658	Medical Specialities	6,495,132	6,062,098
2,661,200	2,562,692	Paediatrics	2,751,358	2,698,458
1,686,100	1,655,582	Renal Services	1,759,199	1,727,839
1,460,100	1,381,754	Outpatient Services	1,612,994	1,642,048
7,159,700	6,984,674	Medical Wards	6,481,901	6,923,803
3,287,000	3,268,160	Accident and Emergency	3,235,282	3,025,661
5,298,700	5,062,805	Assessment and Rehabilitation for Older People	5,053,958	5,435,209
11,412,800	10,891,079	Continuing Care for Older People	10,568,206	10,430,872
7,116,000	6,782,969	Pathology	6,669,560	6,313,910
1,883,800	1,718,987	Pharmacy	1,834,531	1,967,163
4,091,000	4,014,756	Therapy Services	3,346,969	3,153,515
		Surgical Services		
13,311,900	13,002,448	Surgical Specialities	13,585,260	13,129,910
4,452,100	4,212,011	Obstetrics and Neo-Natology	4,564,327	4,219,891
5,928,700	5,766,247	Theatres	5,777,404	5,582,708
9,397,500	9,227,117	Surgical Wards	8,329,450	8,958,520
(355,900)	(446,703)	Private Patients Wards	(721,972)	(126,331)
2,869,000	2,807,409	Physiotherapy	2,722,238	2,306,565
2,737,700	2,556,749	Radiology and Diagnostic Imaging	2,991,289	1,962,423
		Mental Health Services		
1,288,900	973,189	Alcohol and Drugs Service	895,331	634,064
9,220,800	9,044,172	Adult Mental Health Services	8,737,045	8,761,789
956,100	903,442	Child and Adolescent Mental Health Services	948,612	892,100
6,761,400	6,567,256	Elderly Mental Illness Services	7,018,393	6,964,590
		Social Services		
8,169,300	6,121,526	Children Services	7,034,892	6,445,827
3,701,600	4,291,981	Adult Social Services	3,265,553	2,931,704
8,859,400	8,446,182	Special Needs Services	8,452,027	6,705,595
		Ambulance Services		
4,522,700	4,684,210	Ambulance	4,114,323	3,654,454
682,400	654,507	Patient Transport	777,365	590,570
137,127,900	131,364,954	Total Health and Social Services	131,474,147	125,730,911
(33,400)	-	Allocation of Additional Funding for the Comptroller and Auditor General	-	-
-	-	Financial effect of implementing creditor accounting	-	929,057
-	111,610	Funding of 2006 pay awards and supplementation	-	-
137,094,500	131,476,564		131,474,147	126,659,968

Health and Social Services

Income and Expenditure Category

2006 Voted £		2006 Actual £	2005 Actual Restated £
	Income		
1,341,400	Sale of Goods	619,388	623,964
235,430	Sale of Services	281,293	327,304
1,313,210	Hire and Rentals	1,066,765	1,188,304
13,007,330	Fees and Fines	14,555,594	13,507,198
15,897,370		16,523,040	15,646,770
	Expenditure		
99,045,779	Manpower - States Staff Costs	97,820,896	94,899,319
-	Manpower - Non States Staff Costs	242,239	302,547
29,872,235	Supplies and Services	29,416,607	27,184,456
4,070,510	Administrative Costs	4,870,113	4,411,204
6,525,190	Premises and Maintenance	7,744,578	6,928,140
7,748,610	Grants and Subsidies	7,902,754	7,652,015
147,262,324		147,997,187	141,377,681
131,364,954		131,474,147	£ 125,730,911
-	Financial effect of implementing creditor accounting	-	929,057
111,610	Funding of 2006 pay awards and supplementation	-	-
131,476,564	Net Revenue Expenditure	131,474,147	126,659,968

Home Affairs

The aim of the Home Affairs Department is *'a safe, just and equitable society, thus improving people's quality of life.'*

The Objectives which continue to support the Department's Aim are:

1. Public confidence in the services provided for their safety, protection and security.
2. Effective policing of offences that pose the greatest threat to community safety.
3. Help maintain and enhance the Island's reputation as a financial centre of integrity.
4. Protect the public by providing interventions and services that reduce re-offending.
5. 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.
6. Reduced risks to life, property and the environment from fire and other emergencies.

2006 Financial Overview

2006 was another challenging year for the Home Affairs Department, caused particularly by the uncertainty over the funding of the Prison Service and level of awards made from the Criminal Injuries Compensation Scheme.

The final year end outturn was an underspend of almost £154,000 due, in part, to the non recruitment of staff at the prison as ongoing funding beyond 2006 has not been identified. The underspend constitutes 0.39% of the Department's 2006 final cash limit and excludes the balance on the Safety Grants Fund which was transferred to the Transport and Technical Services Department at the start of 2007.

Key Financial Results

• Police

Net Expenditure on the Police Service represented 53% of the total net expenditure for the Home Affairs Department and in 2006 the Service was required to operate within a net direct budget (excluding departmental support costs) of £20.84 million. Reprioritising of budgets resulted in a projected overspend being reduced to £17,000 at the end of the year.

• Fire and Rescue

Despite significant pressure on both manpower and financial resources as a result of the large open land fires at La Moye and Bouley Bay headlands during the summer, the Fire and Rescue Service had an underspend of 0.5% of its net direct budget (excluding departmental support costs) of £4.32 million at the end of 2006.

• Customs and Immigration

The year end position was an underspend of 0.2% of the net direct budget. The Service is responsible for the collection of both Customs and Excise duty, the majority on Excise goods. A total of £53.1 million was collected in 2006 which is included in the General Revenues of the States, this represents a 6.6% increase on 2005 and a 35.5% increase on 2002.

• Prison

Although the prison was underspent against the budget in 2006, this gives a misleading picture of its true financial position. Uncertainty surrounding the budget for future years led to the inability to recruit to vacancies of key staff which was the main reason for the underspend. The underlying budget remains inadequate and considerable work has been undertaken to identify how the shortfall can be met in the future.

Home Affairs

- **Jersey Field Squadron – UK Defence**

The Squadron's budget in 2006 was supplemented by additional funds of £300,000 from reallocated carry forward balances allowing the Squadron to meet its commitments in 2006. Additional funding will be provided in the Department's 2007 cash limit from the 2006 – 2008 Resource Allocation Process although this may be insufficient as the Department has no control over expenditure and as the local Squadron strives for a full complement of manpower.

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 States of Jersey Police in 2006 was 5,030, representing reductions of 4% and 6% compared to 2005 and the 3-year average for 2003-05 respectively;
- The number of road traffic collisions resulting in serious injury in 2006 was down 21% on the three year average and the number of people apprehended for speeding once again increased due to the introduction of improved hand-held speed detection equipment. Two hundred and eighteen people were charged with drink driving in 2006 representing a 9% reduction on 2005; and
- The high detection rate and relatively low level of serious crime in the Island help contribute to perceptions of safety locally particularly within neighbourhood areas. The 2006 Jersey Annual Social Survey showed that 85% of those questioned thought their local neighbourhood to be very or fairly safe. In 2006 the Force dealt with nearly 24,000 incidents and made 885 emergency responses, over 90% of which were within set target response times. Of those crime victims surveyed in 2006, 78% were totally satisfied with the service they received from the attending officer and 95% at least satisfied.

	Jersey	England and Wales
Police		
Crimes per 1,000 population	57	103
Detection rate	35%	27%

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

Customs and Immigration	2002	2003	2004	2005	2006
	£	£	£	£	£
Measure					
Value of drugs seized (see note below)	2.2 million	3.0 million	3.2 million	3.9 million	1.9 million
Value of drugs seized per Operational Officer	49,000	68,000	75,000	95,000	46,000
Passports Issued	10,120	10,418	11,140	11,377	10,904
Excise Duty collected	39.2 million	47.5 million	50.3 million	49.8 million	53.1 million

Note - From 2003 to 2005 cannabis, a class 'b' drug made up a high proportion of seizures. In 2006 heroin, a class 'a' drug was by far the highest proportion of all drugs seized. This is consistent with our priority of targeting class 'a' drugs. (In 2005 heroin made up 24% or <£1 million of all seizures. In 2006 seizures of heroin increased to 84% or > £1.5 million of all seizures)

Home Affairs

Fire and Rescue	2002	2003	2004	2005	2006
Type of Incident					
Fires and Chimney Fires	389	371	304	244	237
Special Services	651	634	498	465	516
Automatic Fire Alarms	812	737	500	545	587
False Alarms	222	206	156	170	197
Inshore Rescue Boat Launches	54	61	46	27	25

Capital Expenditure

Capital Expenditure in 2006 amounted to just over £5 million due primarily, to the completion of Phase II of the Cell Block Reconstruction at the Prison, the purchase of a new Aerial Ladder Vehicle for the Fire and Rescue Service and planning for Phase 1 of the Police relocation project.

Scheme	Amount Voted £'000	Spend in 2006 £'000	Spent to Date £'000
Prison Cell Block Reconstruction	6,902.8	3,702.0	6,606.7
Ariel Ladder Vehicle	431.0	406.1	406.1
Police Relocation (Phase 1)	7,684.0	148.5	148.5
Biometric Passports	200.0	189.4	189.4

Manpower

There was a reduction in actual manpower from 642.23 in 2005 to 601.57 due to the transfer of Driver and Vehicle Standards and Probation Service staff to other Departments following the introduction of Ministerial Government.

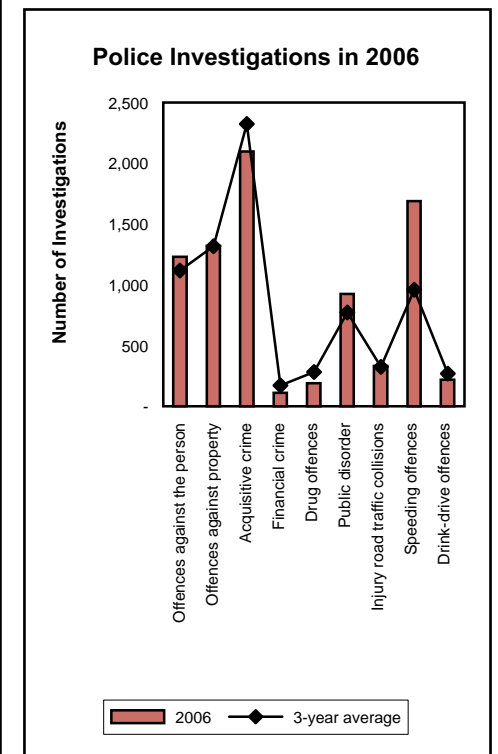
Other Developments 2006

In May the Council of Ministers endorsed the organisational structure and terms of reference for the Safer St. Helier Steering Group. The Council is fully supportive of the scheme and received a progress report at the end of 2006. The Safer St Helier initiative is a community led initiative and its strength lies in the fact that the community will contribute to resolving social problems. The Steering Group has initially focused on specific areas of St. Helier and, once successful, will be extended to other neighbourhoods.

One of the aims of a revised shift system implemented in the States of Jersey Police in 2006 was to put more officers on patrol during peak periods for street violence and disorder. Police procedures and policy concerning the investigation of child abuse underwent significant reform in 2006 and confiscation orders issued by the courts in 2006 against convicted drugs dealers resulted in the seizure of assets worth £1.3 million.

Department Staff Actuals		
Number of full time equivalent		
	2006	2005
Total	601.57	642.23

Reconciliation of Original Budget 2006 to Amounts Voted 2006	
£	
Original Budget 2006	38,941,900
Amounts carried forward:	
-2005 Carry Forward:	220,517
Transfers from Treasury & Resources	1,319,394
Transfers from/(to) other Departments:	
Chief Minister's Department - PECRS	(485,200)
Probation - Post Custodial Supervision	(124,650)
H&SS - Fire & Rescue Control Room	(245,561)
DVS - Budget Correction	6,850
Funding for Supplementation and Pay Award	(279,120)
Amounts Voted 2006	39,354,130



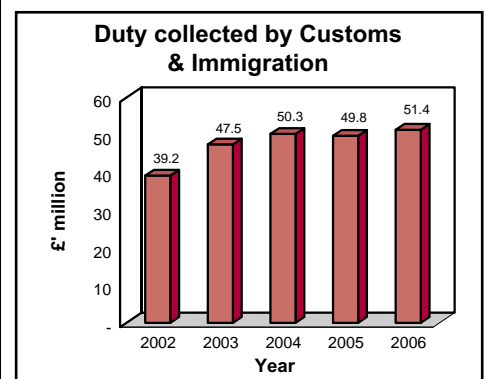
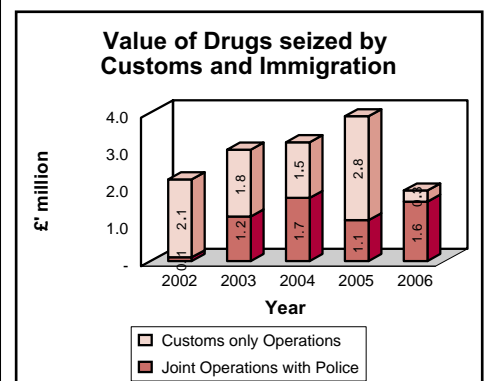
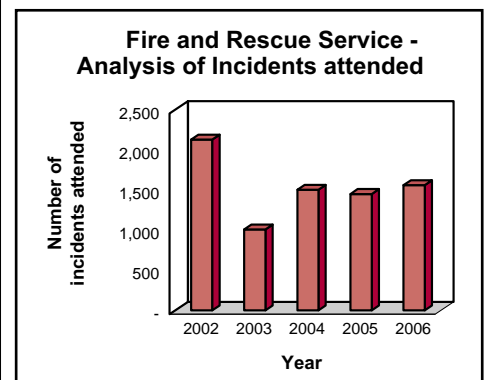
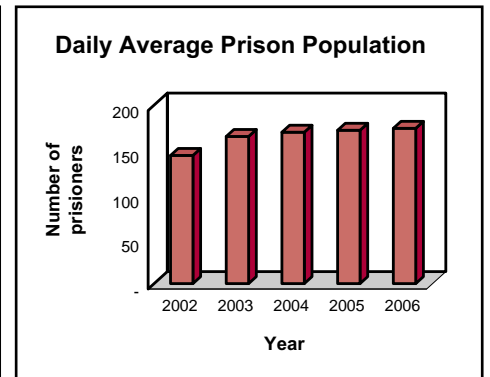
Home Affairs

2006 saw publication of the Fire and Rescue Service's Integrated Risk Management Plan 2007 – 2009 which emphasises the need to make Jersey an even safer place in which to live by continued implementation of three risk management activities; prevention, protection and intervention. There was also considerable investment in a new Combined Control Centre incorporating a mobilising system as well as the purchase of a new Aerial Ladder Platform to maintain fleet efficiency.

The Customs and Immigration operational teams were merged in October 2006 allowing the more efficient use of frontier resources with multifunctional officers. To ensure that the British Passport remains the 'gold standard' of identity documents during 2006 the Service invested in the technology to issue biometric passports. Throughout 2006 the Service has continued to be heavily involved in the implementation of the new Goods and Services Tax; working closely with officers from the Income Tax Department and the Crown Agents.

Following the HMI inspection of the Prison in 2005 a Performance Improvement Plan (PIP) has been developed using the detailed recommendations in the report and setting priorities and timed targets for action. The key elements of the PIP have been accepted by the Council of Ministers leading to an increase in funding for 2007 and future years. Providing this increase in budget is matched with the ability to recruit the necessary staff, the overall performance of the prison should reach acceptable international standards in the coming years. Notwithstanding these difficulties, the prison has successfully opened a new accommodation block for up to 62 additional prisoners and a new kitchen with training facilities.

The Jersey Field Squadron's core strategic objective is to maintain Jersey's Defence contribution to the UK by fulfilling missions and specified tasks as laid down by the MoD chain of command. During 2006, one individual was successfully mobilised for operations in Iraq and a further four individuals prepared for mobilisation to Afghanistan in early 2007. In addition to its continuing military training and development the Squadron has worked hard fostering links within the Island community and raising awareness through community infrastructure projects, supporting youth development initiatives and providing support to local charities and organisations.



Home Affairs

Net Expenditure - Service Analysis

2007 Estimate £	2006 Voted £		2006 Actual £	2005 Actual Restated £
		Home Affairs		
69,800	65,300	Explosives Officer / Explosives Licensing	66,816	65,196
200,000	142,600	Grants & Post Custodial Supervision	18,363	16,644
167,600	200,000	Criminal Injuries Compensation Scheme	438,957	230,372
-	273,365	Safety Grants Fund	22,500	(96,753)
		Police		
10,598,000	10,580,708	Front Line Uniform Policing	10,495,839	10,438,388
3,856,800	3,854,611	Specialist Crime Investigation	3,814,353	3,800,022
890,700	1,132,378	Custody of Prisoners	1,063,617	1,114,535
1,591,600	1,525,845	Supporting the Criminal Justice System	1,581,328	1,504,617
1,586,500	1,171,826	Managing Intelligence	1,069,261	1,151,819
1,425,200	1,422,301	Financial Crime Investigation	1,557,212	1,401,073
1,343,900	1,370,386	National Security / Anti-Terrorism	1,454,162	1,353,652
		Fire		
4,397,300	4,187,847	Community Protection	4,151,208	4,386,548
142,100	189,114	Maintenance of Plant and Machinery	195,002	157,523
		Customs and Immigration		
687,800	662,118	Revenue Collection	678,509	644,026
3,604,300	3,598,923	Enforcement	3,637,656	3,459,588
218,800	205,542	External Obligations	135,924	246,410
		HM Prison		
5,047,200	5,214,936	Residential Accommodation	5,307,882	5,532,426
576,400	673,922	Prisoner Activity	708,645	619,318
1,624,500	1,538,381	Operational and Administration	1,278,190	989,695
356,300	360,261	Building a Safer Society	310,660	283,930
		Jersey Field Squadron		
45,900	61,742	IMLO and Careers Office	50,610	49,362
30,000	30,000	Uniformed Youth Organisation	30,000	30,000
1,057,800	1,057,094	UK Defence	1,059,915	1,039,124
134,800	114,050	Superintendent Registrar	101,840	105,357
39,653,300	39,633,250		39,228,449	38,522,872
(9,600)	-	Allocation of Additional Funding for the Comptroller and Auditor General	-	-
-	-	Financial effect of implementing creditor accounting	-	800,880
-	(279,120)	Funding of 2006 pay awards and supplementation	-	-
39,643,700	39,354,130	Net Revenue Expenditure	39,228,449	39,323,752

Home Affairs

Income and Expenditure Category

2006 Voted £		2006 Actual £	2005 Actual Restated £
	Income		
466,000	Sale of Goods	456,650	485,190
203,000	Sale of Services	214,812	57,241
109,200	Hire and Rentals	109,486	105,384
120,000	Fees and Fines	123,234	110,330
572,000	Miscellaneous Income	876,257	593,089
-	Recharges and Recoverable Costs	25,439	-
1,470,200		1,805,878	1,351,234
	Expenditure		
32,040,548	Manpower - States Staff Costs	31,317,983	30,557,874
439,558	Manpower - Non States Staff Costs	437,831	401,801
4,021,536	Supplies and Services	4,748,729	5,016,191
2,166,543	Administrative Costs	2,130,417	2,107,342
2,010,215	Premises and Maintenance	2,223,652	1,859,753
600	Incidental Expenditure and Charges	1,736	1,680
424,450	Grants and Subsidies	173,979	(70,535)
41,103,450		41,034,327	39,874,106
£ 39,633,250		£ 39,228,449	£ 38,522,872
-	Financial effect of implementing creditor accounting	-	800,880
(279,120)	Funding of 2006 pay awards and supplementation	-	-
£ 39,354,130	Net Revenue Expenditure	£ 39,228,449	£ 39,323,752

Housing

Strategic Objectives

The core strategic objectives of the Housing Department are to:

- 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.

2006 Financial Overview

Net expenditure increased by £0.1 million in 2006, a 13% increase before considering the adjustment for restating the 2005 commitments. Before this adjustment, overall expenditure actually fell year on year by £0.4 million but income fell by £0.5 million resulting in the net expenditure increase of £0.1 million. The fall in income is due to a one-off benefit received in 2005 as a result of a change in accounting procedures for insurance costs. An increase in maintenance spending of £0.4 million was enabled by a corresponding reduction in the cost of rent abatement.

Key Financial Results

Financial highlights are as follows:

Social Housing Provision: The net rental income from operating a stock of social housing increased by 3.7% in 2006 to £8.1 million. Social Housing includes a number of service areas, some of the most prominent are detailed below:

- **Net Rental Receipts from States Tenants:** The rent paid by tenants - adjusted to reflect their ability to pay increased by £0.75 million in 2006 to £17.2 million. This is due to a favourable increase in average tenant earnings of 3.7%. In addition the number of tenants qualifying for rental subsidy has fallen by 190 indicating an improvement in earnings. 26% of tenants now pay maximum rent.
- **Building Maintenance:** Costs for physical maintenance and repairs rose by £0.3 million to £4.75 million in 2006. This is a significant increase but reflects the historic stretch that has been placed on this budget. Approximately 18% 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 £75 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 a positive development that £6 million per annum until 2011 has been made available from capital to get the refurbishment programme underway.
- **Net Utility Costs:** The net utility cost to the Department in 2006 was £0.4 million. This slightly exceeded budget and reflects an increase in recharges made part way through the year. In 2007 the full year effect of the recharges will be seen such that the net utility cost to the Department will be reduced.
- **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 2006 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.
- **Private Sector Rent Rebate:** as predicted last year, costs in this area have remained flat due to the static nature of the rental market in the Island and the consequent decision not to increase fair rents. A rent review is due in 2007 which may result in an increase in costs in this area.

Housing

Performance Measures

	2006	2005
Priority applicants on waiting list	122	225
Average Waiting time for States Property (days)	130	120
Average cost of response repair (£s)	116	115
Time to prepare property for occupancy (days)	23.2	14.5
Rent arrears (as a % of rent)	3.0	4.0

The waiting list and property turnaround measures above reflect the current reality of the Social Housing market. The success of the Housing Trusts has vastly reduced the department's waiting lists and the better quality accommodation available to tenants through the Housing Trusts results in the State Housing taking longer to re-let.

Capital Programme

Total expenditure on capital projects incurred in 2006 was £5.4 million. A schedule of all capital spend above £100,000 is noted below:

Capital Project	2006
Le Marais Low Rise	£1.1 million
Le Squez Redevelopment - Phase 1A	£4.3 million

Manpower

The Housing department actual manpower as at 31 December 2006 was 63.26. This is due to the responsibility for the administration of the Housing Law and associated regulations being passed to the Population Office, ready for the implementation of the Migration Strategy. In addition, the customer contact centre has been moved to Cyril Le Marquand House. In 2007, Private Sector Rent Rebate will move to Social Security in line with the introduction of Income Support.

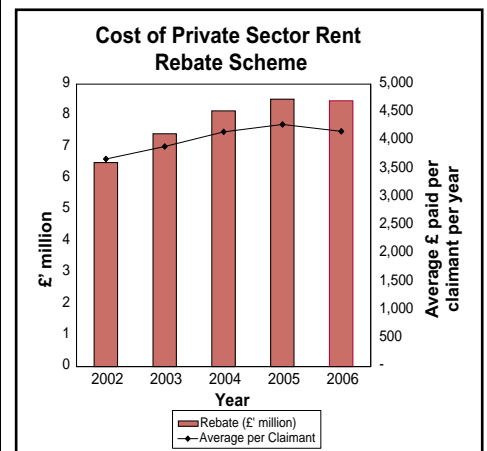
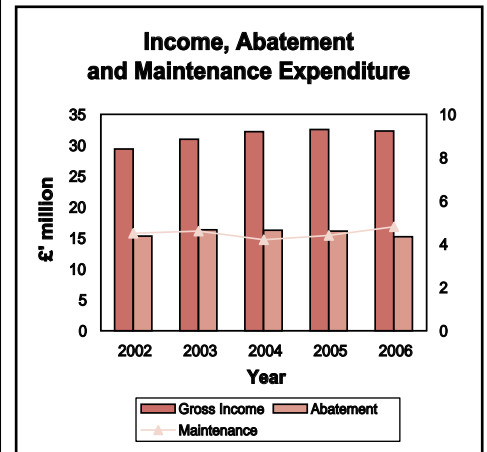
Other Developments

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 led to the development of a detailed property plan which was lodged with the States in early January 2007.

Department Staff Actuals		
Number of full time equivalent		
	2006	2005
Total	63.26	79.03

Reconciliation of Original Budget 2006 to Amounts Voted 2006		£
Original Budget 2006		1,581,600
Amount Carried Forward:		
-2005 Carry Forward		300
Transfers to other Departments:		
- Chief Minister's Department- PECRS		(46,900)
- Chief Minister's Department		
- Population Office		(105,200)
Chief Minister's Department		
- Customer Service Centre		(116,800)
- Treasury and Resources Department		
- Jersey Property Holdings		(87,400)
Funding for Supplementation and Pay Award		(185,570)
Amounts Voted 2006		£1,040,030



Housing

Net Expenditure - Service Analysis

2007 Estimate £	2006 Voted £		2006 Actual £	2005 Actual Restated £
(7,751,900)	(8,084,400)	Social Housing Provision	(8,126,931)	(7,786,345)
9,608,900	9,309,975	Private Sector Housing Subsidies	9,088,606	8,684,016
£ 1,857,000	£ 1,225,575		£ 961,675	£ 897,671
(500)	-	Allocation of Additional Funding for the Comptroller and Auditor General	-	-
-	-	Financial effect of implementing creditor accounting	-	102,964
-	(185,570)	Funding of 2006 pay awards and supplementation	-	-
£ 1,856,500	£ 1,040,005	Net Revenue Expenditure	£ 961,675	£ 1,000,635

Income and Expenditure Category

2006 Voted £		2006 Actual £	2005 Actual Restated £
	Income		
180,000	Fees and Fines	171,741	271,696
	Hire and Rentals		
32,465,412	Housing Rents	32,383,860	32,563,670
83,151	Commercial Rents	82,431	80,124
	Recharge and Recoverable Costs		
2,221,960	Recharges of States Tenants	2,293,806	2,105,694
93,000	Other Receipts	53,288	492,768
35,043,523		34,985,126	35,513,952
	Expenditure		
2,456,929	Manpower - States Staff Costs	2,443,850	2,501,409
468,669	Supplies & Services	313,835	340,658
313,429	Administration Costs	273,947	371,884
8,712,996	Premises & Maintenance	8,998,760	8,537,865
	Grants and Subsidies		
15,597,266	Housing Rent Abatements	15,207,171	16,138,314
8,625,129	Housing Rent Rebates	8,469,603	8,521,493
94,680	Incidental Expenses and Charges	239,635	-
36,269,098		35,946,801	36,411,623
£ 1,225,575		£ 961,675	£ 897,671
-	Financial effect of implementing creditor accounting	-	102,964
(185,570)	Funding of 2006 pay awards and supplementation	-	-
£ 1,040,005	Net Revenue Expenditure	£ 961,675	£ 1,000,635

Planning and Environment

Aim

A better quality of life for everyone, now and for generations to come including:

- A better environment at home and internationally, and sustainable use of natural resources;
- Development that is sustainable and enables a thriving Island economy and community; and
- A high quality environment that can be enjoyed by all.

2006 Financial Overview

Net revenue expenditure for the department increased by £689,103 (12.2%) from that of 2005 which was in line with the budgeted increase of £684,715 (12.1%) before considering the adjustment for commitments and funding for supplementation and pay awards. The increase against 2005 actual arose primarily from 2005 carry forwards and unforeseen expenditure in relation to payments for voluntary early retirements and Avian Influenza.

Key Financial Results

- **Environmental Management and Rural Economy:** this area covers Research and Development, Laboratories, Data Information and Mapping, Monitoring and Reporting, Ecology, Land Management and Access, Countryside and Land Control, the Countryside Renewal Scheme and the Implementation of Biodiversity Action Plans. Net revenue expenditure for 2006 was £24,553 (1.3%) over budget due primarily to a payment for voluntary early retirement.
- **Environmental Protection:** in the main this area covers Inspection, Pesticide Compliance, Water Resources and Waste. Net revenue expenditure decreased by £193,286 (17%) compared to a budgeted decrease of £82,548 (7.3%). Net revenue expenditure in 2006 was lower than expected due to an internal restructure of the Department's service areas which as a result makes year on year comparatives difficult.
- **Meteorology:** net revenue expenditure increased by £141,083 (20.2%) against that of 2005 compared with a budgeted increase of £96,865 (13.9%). Net revenue expenditure increased from 2005 due to payments for voluntary early retirements.
- **Policy and Projects:** net revenue expenditure decreased by £75,229 (13.5%) in 2006. A significant part of this reduction relates to a voluntary early retirement that was funded in the prior year.
- **Development Control:** net revenue expenditure was £4,906 (1%) less than that of 2005 compared to a budgeted increase of £173,607 (36.2%). Net revenue expenditure for the year was less than the amount voted by £178,513 (27.3%) due to an overachievement of income from an increase of applications and legal search fees.

Performance Measures

Performance Measure	2006	2005
Percentage of planning applications determined within 8 weeks	55%	75.6%
Percentage of planning applications determined within 13 weeks	85%	91%
Percentage of building control applications dealt with within 5 weeks	98%	98%

Planning and Environment

Capital Expenditure

Total Capital Expenditure during the year was £0.441 million. The 2006 spend reflects the progress made on a wide variety of individual schemes. A summary of current capital schemes with spend during 2006 is contained in the table below, however the greatest spend is reflected in the St Helier Regeneration Strategy, repairs to the Sea Fisheries Boat and the Central Environment Management Vote:

Scheme	Amount Voted £	Spent in the Year £	Spent to Date £
St Helier Regeneration	300,000	156,011	156,011
Sea Fisheries Boat Repairs	100,000	88,613	102,630
Central Environment Management Vote	1,137,796	75,827	936,524
Urban Renewal 2006	206,500	65,644	65,644
Environment/Tourism Interpretation	206,000	37,020	207,778
Land & Property Index System	723,000	13,719	721,306
Roadside Walls & Banques Scheme	150,000	4,760	137,485
Land Reclamation Feasibility Study	154,000	1,082	129,641

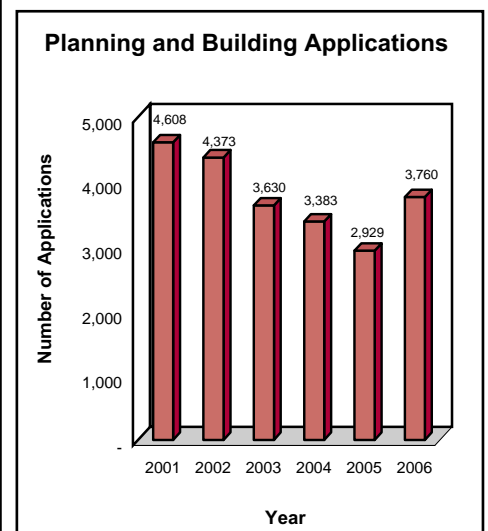
Manpower

During 2006 the Department reduced its actual headcount by eight as a result of VR/VERs and the loss of User Pays posts due to efficiency savings.

Year	Budgeted FTE	Actual FTE	Budgeted Headcount	Actual Headcount
2006	139.82	113.33	151	124
2005	154.15	122.59	163	132
Reduction in posts during 2006	14.33	9.05	12	8

Department Staff Actuals		
Number of full time equivalent		
	2006	2005
Total	113.33	122.59

Reconciliation of Original Budget 2006 to Amounts Voted 2006	
£	
Original Budget 2006	5,896,900
Amounts carried forward	
-2005 Carry Forwards	286,400
Transfers from Consolidated Fund	17,900
Transfers from Capital	230,000
Transfer (to)/from other Departments:	
Chief Minister's Department - PECRS	(100,600)
Funding of Supplementation and Pay Award	5,580
Amounts Voted 2006	£6,336,180



Planning and Environment

Net Expenditure - Service Analysis

2007 Estimate £	2006 Voted £		2006 Actual £	2005 Actual Restated £
		Planning and Building Division		
656,900	653,300	Development Control	474,787	479,693
308,800	372,813	Building Control	336,714	409,811
414,200	433,400	Policy and Projects	480,481	555,710
165,100	290,400	Historic Buildings	363,163	169,467
5,900	37,700	Mapping	85,956	4,549
		Environmental Division		
1,700,900	1,882,000	Environmental Management and Rural Economy	1,906,553	1,378,761
148,500	153,500	Environmental Policy and Awareness	177,696	173,776
1,070,700	1,051,500	Environmental Protection	940,762	1,134,048
428,400	425,700	Fisheries and Marine Resources	407,041	415,917
208,700	234,300	States Veterinary Officer	321,630	225,031
612,000	795,987	Meteorology	840,205	699,122
£ 5,720,100	£ 6,330,600		£ 6,334,988	£ 5,645,885
(1,400)	-	Allocation of Additional Funding for the Comptroller and Auditor General	-	-
-	-	Financial effect of implementing creditor accounting	-	323,868
-	5,580	Funding of 2006 pay awards and supplementation	-	-
£ 5,718,700	£ 6,336,180	Net Revenue Expenditure	£ 6,334,988	£ 5,969,753

Planning and Environment

Income and Expenditure Category

2006 Voted £		2006 Actual £	2005 Actual Restated £
	Income		
7,800	Sale of Goods	20,144	22,129
708,500	Sale of Services	760,393	714,501
112,000	Commission	53,943	36,928
49,000	Hire and Rentals	37,417	41,324
1,875,300	Fees and Fines	1,704,583	1,633,649
33,400	Miscellaneous Income	62,517	13,037
-	Charges	-	700
2,786,000		2,638,997	2,462,268
	Expenditure		
6,395,387	Manpower	6,226,730	6,265,419
1,100,213	Supplies and Services	1,207,829	965,442
458,500	Administrative Costs	432,813	367,268
403,200	Premises and Maintenance	423,565	395,709
200	Incidental Expenses and Charges	7,871	(2,574)
759,100	Grants and Subsidies	675,177	116,889
9,116,600		8,973,985	8,108,153
£ 6,330,600	Net Revenue Expenditure	£ 6,334,988	£ 5,645,885
-	Financial effect of implementing creditor accounting	-	323,868
5,580	Funding of 2006 pay awards and supplementation	-	-
£ 6,336,180	Net Revenue Expenditure	£ 6,334,988	£ 5,969,753

Social Security

Key Strategic Objectives

The Department aims 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.

2006 Financial Overview

Net expenditure rose by £17.4 million (21%), in 2006.

The majority of this significant rise in expenditure was planned and budgeted for. Half of the rise came as a result of the transfer from the parishes of the responsibility to fund Native Welfare and Residential Care since May 2006 and in addition the States funding of the above inflation growth in Native Welfare for the Parish year 2005/06. In total £8.6 million was paid by the Department in 2006 to fund Native Welfare.

Further increases which were planned for included the additional grant of £565,000 from carry forwards to the Jersey Employment Trust for the rebuilding of training and education facilities at the Oakfield site and £1.8 million for the development of the Income Support system. An additional sum of £2.4 million was provided in the 2006 Budget to protect the value of benefits and supplementation. Nearly £200,000 was spent on the new TV Licence scheme for those aged 75 and over.

However, whilst supplementation, the top-up to Social Security contributions for those who earn below the earnings cap, was budgeted to increase to £53.2 million from the £50.8 million cost in 2005, actual expenditure rose to £56.6 million, resulting in expenditure £3.4 million in excess of that originally voted to the Department.

The Council of Ministers has agreed to fund this unexpected rise in expenditure from unspent balances of other departments.

Key Financial Results

States Supplementation to the Social Security Fund: Supplementation in 2005 was well below the previous rising trend of expenditure, remaining at the level of 2004. However costs in 2006 rose back over the previous trend with an increasing number of contributors to the Social Security Fund requiring their contributions to be supplemented to protect their benefit entitlement and requiring those contributions to be supplemented to a greater extent. The combined effect resulted in an increase in costs of £5.8 million, an 11% rise over 2005.

During 2007, a review of the system of supplementation will be undertaken to examine how to limit the States exposure to the costs of supplementation whilst ensuring the benefit and pension entitlement of those earning in the low to middle wage brackets remains protected.

Parish Welfare and Residential Care: In the lead up to the implementation of the Income Support scheme which will replace, amongst others, the Parish Welfare system, the responsibility for funding Native Welfare has been transferred

Social Security

to the Department from May 2006, although the administration and the control of this expenditure still rests with parishes. In 2006, Native Welfare and Residential Care expenditure funded through the Department amounted to £8.6 million.

Expenditure for Non-Native Welfare and Residential Care, which was already funded through the Department but again controlled by the parishes, increased by 19% to £5.3 million.

Additional funding of £600,000 was provided in 2006 to counter the increasing costs of Residential Care arising from an ageing population.

Family Allowance: Expenditure on this benefit increased by 1.9%, as whilst the rate of benefit was increased in line with inflation, the number claiming the allowance has, on average, fallen over the year.

Attendance & Disability Allowances: Attendance Allowance is targeted at those with severe disabilities to assist with their additional costs. Disability Allowance is for those who are less severely disabled but, in the case of adults, are still unable to work due to their disability. Expenditure across these two benefits which will be replaced with the Income Support scheme, rose in 2006 by 7%, largely as a result of indexing benefits and a small rise in the average number of Attendance Allowance recipients.

Invalid Care Allowance: The numbers of those who received this allowance, which is targeted towards the carers of the severely disabled, rose by over 9% on average. This rise combined with the increases to the allowance in line with the cost of living saw expenditure rise by 17% for the year.

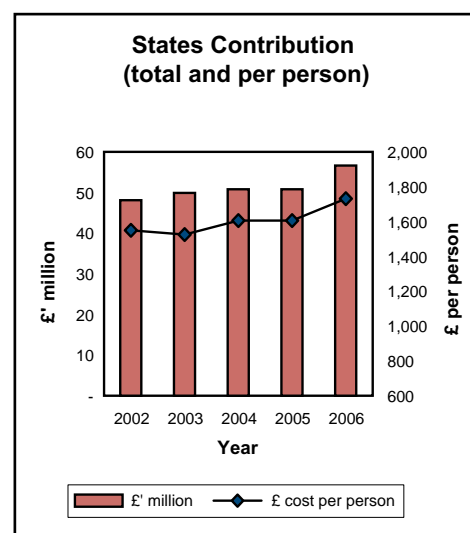
Disability Transport Allowance: Expenditure on this benefit, which is aimed at those who have difficulty getting out and about, increased in line with the numbers claiming this benefit.

Jersey Employment Trust: Alongside the annual grant of £694,000 to the Jersey Employment Trust to provide employment based training and employment support to those with moderate to severe impairments, a grant of £565,000 was awarded for the rebuilding at the Oakfield site to secure modern day supported employment and training facilities.

Income Support: Funding has been made available largely from prior year carry forwards for the development of the information systems and associated implementation costs relating to the Income Support scheme to be introduced in 2007. To the end of 2006, £1.8 million in total had been spent.

Department Staff Actual		
Number of full time equivalent		
	2006	2005
Total	114.15	115.30

Reconciliation of Original Budget 2006 to Amounts Voted 2006	
£	
Original Budget 2006	85,929,600
Amounts carried forward:	
-2005 Carry Forwards	
Income Support development	320,000
Jersey Employment Trust	565,000
Reallocated Carry Forward	853,646
Income Support	1,417,800
Native Welfare	7,314,414
Funding of Supplementation and Pay Award	3,366,534
Amounts Voted 2006	£99,766,994



Social Security

Performance Measures

	2006	2005
Average benefit turnaround time (days)	3.65	4.76
Proportion of benefit payments made by BACS	85%	64%
Health and Safety cases responded to within 5 days	96%	98%

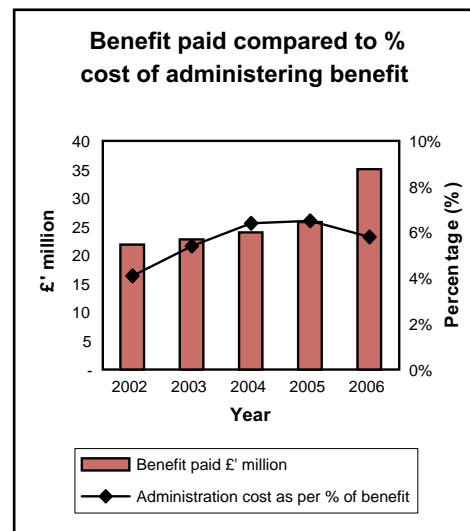
Manpower

The reduction in manpower represents an increase in vacancies.

Other Developments

Significant progress was made in 2006 towards the creation of the Income Support scheme, a single benefit system which will replace an array of benefits currently available from differing agencies, including the approving of primary legislation, information system development and further consultation.

Amongst other initiatives consultation in respect of the next phase of employment reform focussing on business transfer and redundancy issues was undertaken and the 75+ TV Licence scheme was successfully introduced.



Social Security

Net Expenditure - Service Analysis

2007 Estimate £	2006 Voted £		2006 Actual £	2005 Actual Restated £
54,657,800	53,200,000	States Contribution to the Social Security Fund	56,566,578	50,776,415
2,089,800	2,056,000	Invalid Care Allowance	2,152,247	1,843,893
449,600	440,000	Health and Safety at Work	384,812	393,762
1,010,800	990,000	Employment Services	965,166	1,199,451
481,400	470,000	Employment Relations	505,098	492,322
660,000	1,225,000	Jersey Employment Trust	1,259,000	694,000
135,000	150,000	Dental Benefit Scheme	136,142	130,478
265,100	260,000	Social Fund	151,079	262,485
472,400	610,000	Jersey 65+ Health Scheme	215,729	316,582
33,900	19,600	Non Contributory Death Grants	20,887	34,393
1,608,900	1,570,000	Christmas Bonus	1,498,302	1,453,344
303,000	300,000	TV Licence 75+	187,204	-
		Income Support Benefits		
3,000,000	1,737,800	Income Support - Implementation / Transition	1,843,179	-
1,362,600	1,380,000	States Contribution to Health Insurance Exceptions	1,362,472	1,321,990
5,083,300	4,800,000	Non Native Welfare and Residential Care	5,251,409	4,404,882
12,000,000	8,768,060	Native Welfare and Residential Care	8,598,798	896,303
5,823,700	5,650,000	Family Allowance	5,870,327	5,761,993
4,503,100	4,040,000	Attendance Allowance	4,080,374	3,744,122
1,076,700	964,000	Disability Allowance	1,114,412	1,095,311
699,600	670,000	Childcare Allowance	617,992	574,808
6,686,900	6,640,000	Disability Transport Allowance	6,586,348	6,516,067
449,600	460,000	Milk at a Reduced Rate	399,439	420,488
£ 102,853,200	£ 96,400,460		£ 99,766,994	£ 82,333,089
(25,000)	-	Allocation of Additional Funding for the Comptroller and Auditor General	-	-
-	-	Financial effect of implementing creditor accounting	-	-
-	3,366,534	Funding of 2006 pay awards and supplementation	-	-
£ 102,828,200	£ 99,766,994	Net Revenue Expenditure	£ 99,766,994	£ 82,333,089

Social Security

Income and Expenditure Category

2006 Voted £		2006 Actual £	2005 Actual Restated £
	Income		
5,000	Fees and Fines	7,150	4,900
5,000		7,150	4,900
	Expenditure		
1,972,900	Manpower - States Staff Costs	1,944,852	1,839,485
2,310,200	Supplies and Services	2,309,042	617,039
370,400	Administrative Costs	370,916	618,778
167,800	Premises and Maintenance	184,449	184,982
	Grants and Subsidies		
54,500,000	States Contribution to the Social Security and Health Funds	57,784,325	51,947,325
34,983,960	Community Benefits	35,048,074	25,789,941
1,460,200	Employment Assistance and Support	1,464,261	930,283
640,000	Payments made to third parties for benefit administration	668,225	410,156
96,405,460		99,774,144	82,337,989
£ 96,400,460		£ 99,766,994	£ 82,333,089
-	Financial effect of implementing creditor accounting	-	-
3,366,534	Funding of 2006 pay awards and supplementation	-	-
£ 99,766,994	Net Revenue Expenditure	£ 99,766,994	£ 82,333,089

Transport and Technical Services

Aim

The Transport and Technical Services Department aims to provide a number of diverse services which support the infrastructure and environment of the Island which will lead to:

- A less wasteful community working harder together to reduce, reuse and recycle efficiently and effectively;
- Unavoidable waste and effluent managed so there is minimum impact on the environment;
- A safe, reliable, well maintained, efficient and fairer network for all on-island travel, that does minimal harm to the environment, contributes to the economy and promotes social inclusion, health and community safety; and
- Attractive and well maintained gardens, playing fields and open spaces, integrity and cleanliness of roads, pathways, beaches, sea defences and public amenities.

2006 Financial Overview

Net revenue expenditure for the Department increased by £583,983 (2.9%) from that in 2005 compared to a budgeted increase of £701,797 (3.4%) before taking into consideration the restatement of 2005 commitments and funding for supplementation and pay awards. The main increases in expenditure during the year relate to increased maintenance costs in relation to the incinerator as it comes to the end of its useful life, which results in having to stockpile and bale refuse for storage and disposal until a new plant has been commissioned.

Key Financial Results

- **Transport Policy and Buses:** net revenue expenditure increased by £447,381 (11.9%) against that of 2005 compared to a budgeted increase of only £135,126 (3.6%). The 2006 spend was higher than the original amount budgeted by £312,255 (8%) due to an internal restructure of the Department's services between Transport Policy and Buses and Highway and Infrastructure Maintenance which as a result makes year on year comparatives difficult. In 2006 Connex Transport (Jersey) Ltd carried 2,652,455 passengers including concessionary journeys (up by over 4% on the previous year) and generated £2.44 million in fare revenue for the States, an increase of 2.1% from 2005. This service area also encompasses School Buses which cost £1.06 million in 2006, an increase of 6% from 2005.
- **Liquid Waste:** net revenue expenditure decreased by £93,157 (2.1%) compared with 2005; this was in line with the budgeted decrease of £143,528 (3.3%). Net revenue expenditure for 2006 was slightly higher than budgeted by £50,371 (1.2%) which was mainly due to building repairs.
- **Highways and Infrastructure Maintenance:** net revenue expenditure was higher than 2005 by £17,863 (0.7%) compared with a budgeted increase of £200,127 (8.2%). Net revenue expenditure in 2006 was lower than expected by £182,264 (6.9%). The main reason for this underspend was an internal restructure of the Department's services.
- **Energy from Waste:** net revenue expenditure increased by £24,576 (1%) compared to a budgeted decrease of £116,836 (5%). Net revenue expenditure was overspent by £141,412 (6.4%) due to plant failure and additional overtime required as a result of sickness and holidays.
- **Solid Waste:** net revenue expenditure rose by £19,153 (0.9%) against 2005 compared with a budgeted decrease of £31,293 (1.4%). In 2006 net revenue expenditure was slightly higher than that budgeted by £50,446 (2.3%). The main reason for this increase was additional expenditure on the drying plant and increases in the price of heating oil.
- **Parks and Gardens:** net revenue expenditure for the section decreased by £192,623 (8.1%) compared with 2005, against a budgeted increase of £18,547 (0.8%). This decrease against 2005 represented an underspend in 2006 of £211,170 (8.8%). In the main the underspend relates to staff budgets being underspent as a result of 2007 FSR cuts being made early and an under estimation of income from rechargeable works.

Transport and Technical Services

Performance Measures

Performance Measure	2006	2005
Number of Bus Passengers ((including concessionary journeys) contract year – September to September)	2,652,455	2,536,223
Waste Recycled and Composted	28%	24%
Traffic Volumes through Screen Line Counts	27,229,300	27,193,664

Capital Expenditure

Total Capital Expenditure during the year was £5.914 million. The 2006 spend reflects the progress made on a wide variety of individual schemes. A summary of ten current capital schemes with the highest spend during 2006 is contained in the table below, however the greatest spend is reflected in the reconstruction and replacement of sewers and the planning and maintenance of sea defences, both of which are rolling capital projects:

Scheme	Amount Voted £	Spent in the Year £	Spent to Date £
Reconstruction & Replacement of Sewers	7,332,309	2,154,242	3,514,293
Sea Defence – Planning/Maintenance	5,970,600	1,052,664	5,704,255
Solid Waste Strategy	1,932,000	786,447	1,482,661
Sewage Treatment Works	2,483,000	604,602	1,900,372
Highways Maintenance	1,516,554	434,319	452,835
Foul Sewer Extensions	1,181,132	307,247	789,501
Solid Waste Incinerator	1,925,591	272,945	1,924,963
Animal Carcass Incinerator	626,656	261,190	261,190
Harbours Transfer	1,100,000	116,429	116,429
Waste Minor Capital	190,598	95,710	95,710

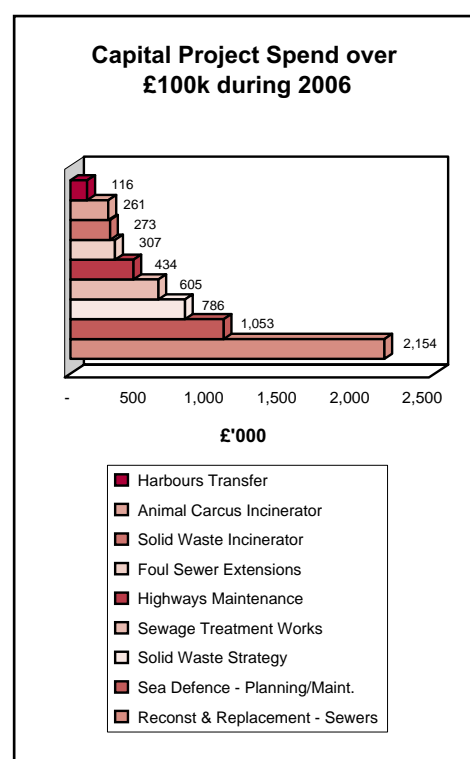
Manpower

During 2006 the Department increased its actual headcount by 24. This change in headcount is mainly as a result of 53 Harbours staff transferring to Transport and Technical Services which was offset by 24 staff from Buildings transferring to Property Holdings.

Department Staff Actuals		
Number of full time equivalent		
	2006	2005
Total	507.82	485.07

Note: The above figures include seasonal and special needs and are also inclusive of FTE's for Jersey Car Parks and Jersey Fleet Management.

Reconciliation of Original Budget 2006 to Amounts Voted 2006	
	£
Original Budget 2006	21,245,300
Amounts carried forward	
-2005 Carry Forwards	191,300
Transfer (to)/from other Departments:	
Chief Minister's Department - PECRS	(242,800)
Home Affairs - DVS IT transformation Costs	(6,850)
Treasury and Resources - Property Holdings	(41,068)
Funding of Supplementation and Pay Award	(75,750)
Amounts Voted 2006	£21,070,132

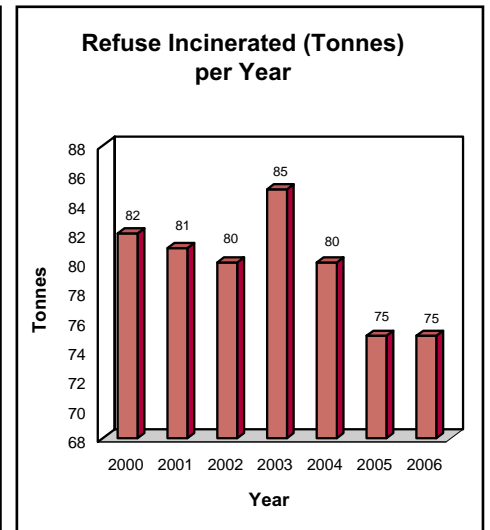


Transport and Technical Services

Year	Budgeted FTE	Actual FTE	Budgeted Headcount	Actual Headcount
2006	560.64	507.82	617	552
2005	529.21	485.07	585	528
Additional posts during 2006	31.43	22.75	32	24

Other Developments

The administration of the Central Markets and States Buildings transferred to the Property Holdings Department with effect from 1 January 2006.



Transport and Technical Services

Net Expenditure - Service Analysis

2007 Estimate Restated £	2006 Voted £		2006 Actual £	2005 Actual Restated £
4,117,500	4,217,000	Liquid Waste	4,267,371	4,360,528
2,128,900	2,215,100	Energy from Waste	2,356,512	2,331,936
2,159,300	2,157,300	Solid Waste	2,207,746	2,188,593
1,618,300	1,502,300	Drainage	1,547,465	1,545,439
2,351,700	2,625,100	Highways and Infrastructure Maintenance	2,442,836	2,424,973
4,396,800	3,896,900	Transport Policy and Buses	4,209,155	3,761,774
(64,500)	(55,350)	Driver and Vehicle Standards	101,615	(82,763)
(1,255,800)	(958,768)	Buildings	(1,102,649)	(1,303,103)
1,105,900	1,100,300	Coastal and Footpath Maintenance	690,605	671,604
2,264,900	2,050,000	Cleaning	2,122,582	2,167,651
2,381,100	2,396,000	Parks and Gardens	2,184,830	2,377,453
£ 21,204,100	£ 21,145,882		£ 21,028,068	£ 20,444,085
(5,200)	-	Allocation of Additional Funding for the Comptroller and Auditor General	-	-
-	-	Financial effect of implementing creditor accounting	-	3,846,685
-	(75,750)	Funding of 2006 pay awards and supplementation	-	-
£ 21,198,900	£ 21,070,132	Net Revenue Expenditure	£ 21,028,068	£ 24,290,770

2007 estimate has been restated to reflect the transfer of services to the Property Holdings Division

Transport and Technical Services

Income and Expenditure Category

2006 Voted £		2006 Actual £	2005 Actual Restated £
	Income		
1,211,700	Sale of Goods	1,057,714	988,198
556,583	Sale of Services	438,828	193,941
(1,492)	Commission	22,500	27,974
198,728	Hire and Rentals	201,394	60,054
7,003,000	Fees and Fines	7,500,114	7,543,251
626,517	Miscellaneous Income	657,310	664,475
2,102,400	Charges	2,069,818	2,120,896
82,700	Recharges	940,697	631,561
11,780,136		12,888,375	12,230,350
	Expenditure		
16,106,186	Manpower	16,253,535	15,615,415
11,084,336	Supplies and Services	11,433,281	11,179,610
795,075	Administrative Costs	893,779	909,666
6,379,121	Premises and Maintenance	7,152,745	6,521,858
(1,492,700)	Incidental Expenses and Charges	(1,921,379)	(1,657,817)
24,000	Grants and Subsidies	66,575	70,387
30,000	Non-Service Costs	37,907	35,316
32,926,018		33,916,443	32,674,435
£ 21,145,882		£ 21,028,068	£ 20,444,085
-	Financial effect of implementing creditor accounting	-	3,846,685
(75,750)	Funding of 2006 pay awards and supplementation	-	-
£ 21,070,132	Net Revenue Expenditure	£ 21,028,068	£ 24,290,770

Treasury and Resources

The aim of the Treasury and Resources Department is to support the delivery of the States strategic objectives by maintaining sound and sustainable public finances and effectively managing the financial and property assets of the States. The main divisions of the Treasury and Resources Department are Income Tax, the States Treasury and the recently formed Property Holdings.

2006 Financial Overview

The Treasury and Resources Department net revenue expenditure for 2006 was £17.6 million, 4.2% below budget (before funding for the 2006 supplementation and pay awards). This under spend was due to a number of factors including staff vacancies across a number of divisions and an increase in rental income within Property Holdings.

Notable variances across the Department included:

- Staff costs came in 6.1%, £0.7 million, under budget, primarily due to unfilled vacancies; and
- Premises and Maintenance came in 5%, £0.5 million, under budget; this reflects a change in treatment of the premises and corresponding rental income budgets for Cyril le Marquand House.

Key Financial Results

States Treasury: net revenue expenditure increased by 15% during 2006. This increase was largely due to the initial implementation costs of the new Goods and Services Tax with the increase over the standard service areas being only 3.5%.

The Financial Services Division, following its first full year since the centralisation of the financial processing function, achieved significant savings in staff costs; conversely there was a fall in income with a major contributor to this being the cessation of the Department's print and design service.

The Corporate Financial Strategy division was significantly under budget for its staff costs during 2006, mostly due to vacancies not being filled; this was however offset by an increase in expenditure relating to investigating the potential sale of Jersey Telecom.

The remaining service areas contributed to the overall under spend in staff costs during 2006, demonstrating the success of streamlining the finance function and the Department's ongoing aim to improve efficiency.

Income Tax: Net revenue expenditure was 2.4% below budget. This was also 0.6% below the actual expenditure for 2005 despite the 2.4% pay award and the massive increase in workload as a result of the implementation of ITIS. The number of transactions processed increased to 900,000 from the 2005 total of 370,000, an average increase per week of over 10,000 transactions. Personal Taxpayers increased by 16,000 with callers at the helpdesk increasing from 29,000 in 2004 to 92,000 in 2006.

Property Holdings: The Property Holdings division of the Treasury and Resources Department was formed in 2006 around the core functions of Property Management and Architectural and Design Services. During the year functions and resources have been transferred from other States departments to develop and enhance the Design and Maintenance and Finance and Strategy sections.

This growth in activity is reflected in an increase in the base budget position from an initial sum of £248,000 income to £4,353,000 expenditure as at 31 December 2006. The majority of activity was managed by other States Departments during 2006, with costs and associated budgets being latterly transferred to Property Holdings, including a £3.77 million budget transfer from the Education, Sport and Culture department in December 2006.

Overall, Property Holdings had an under spend of some £130,000 in 2006 against its total allocated budget, which reflects an increase of some £300,000 against anticipated rental income offset by additional expenditure across all aspects of the division's activities.

Treasury and Resources

Further resource transfers into Property Holdings are planned for 2007, which will enhance the scope of the organisation and the range of buildings for which it will have management and maintenance responsibility.

Performance Measures

States Treasury: a number of performance indicators have been developed to monitor the performance of Financial Systems:

Measure Description – JD Edwards	2006	2005	2004
System availability, hours per day	23.45	23.45	23.45
Number of users enabled with access to the system	1,173	1,241	1,244
Percentage of calls to the help desk closed within one day	94%	92%	93%

The **Audit Division** requests 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 2006 was 4.4 out of 5, this compares to an average 4.25 out of 5 in 2005.

Income Tax

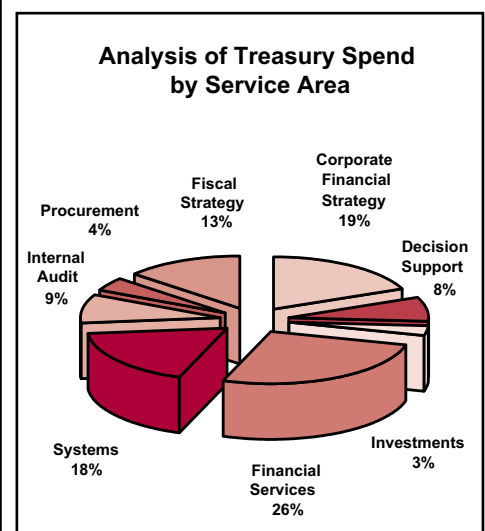
Measure Description – Income Tax Department	2006	2005	2004
Total number of personal taxpayers processed per staff member	2,592	2,332	2,287
Investigations yield – cases investigated/back taxes and penalties collected	319/£1.5 million	274/£1.8 million	307/£1.2 million
Number of transactions processed by cashiers/per cashier	90,000/39,130	104,000/39,098	105,360/38,312

Manpower

In 2006 there was a net increase of 46.16 in the Department's actual number of full time equivalent staff (FTE) compared to the restated 2005 figure of 175.25 after transfers caused by the centralisation of support areas. The figure used in the FTE table above for 2005 is before these transfers occurred. This increase was largely due to the transfer from departments across the States to the newly structured Property Holdings Department.

Department Staff Actuals		
Number of full time equivalent		
	2006	2005
Total	223.41	310.64

Reconciliation of Original Budget 2006 to Amounts Voted 2006	
	£
Original Budget 2006	13,103,566
Amounts carried forward:	
- 2005 Carry Forwards	758,809
Transfers to Property Holdings Department	
- Transport and Technical Services	41,069
- Education, Sport and Culture	3,769,395
- Economic Development	28,247
- Chief Minister's Department	132,844
- Housing	110,900
- Planning Vote	40,000
- Change Programme	152,500
Other Transfers:	
Chief Minister's Department - PECRS	(169,400)
Transfer from unforeseen contingency re Court and Case Cost Investigation	49,500
Transfer re Goods and Services Tax	491,025
Transfer rent to Chief Minister's Dept	(17,000)
Transfer 0.46 FTE to Chief Minister's Department	(5,418)
Transfer payroll staff to Customer Service Centre	(31,700)
Funding of Supplementation and Pay Award	(542,880)
Amounts Voted 2006	£17,911,457



Treasury and Resources

Net Expenditure - Service Analysis

2007 Estimate £	2006 Voted £		2006 Actual £	2005 Actual Restated £
		States Treasury		
1,227,500	1,327,756	Corporate Financial Strategy	1,117,405	1,007,258
495,200	421,530	Decision Support	458,119	478,167
157,000	167,998	Investments	184,550	60,208
1,591,900	1,895,984	Financial Services	1,589,939	1,646,877
1,020,100	995,151	Systems	1,074,172	1,007,795
605,500	634,740	Internal Audit	543,989	534,658
318,600	296,068	Procurement	243,714	300,527
-	763,468	Fiscal Strategy	824,288	207,663
		Income Tax Department		
2,875,200	2,765,488	Personal Tax Assessing	2,837,691	2,792,850
1,035,900	1,004,896	Company Assessing	919,918	1,027,426
285,100	381,198	Policy Development	292,175	267,815
230,700	227,900	Investigations and Compliance	186,392	227,545
490,400	443,398	Tax Collection and Arrears	473,046	420,366
1,000,000	-	Goods and Services Tax	-	-
		Property Holdings		
(1,232,000)	4,257,175	Property Division	4,084,185	3,709,569
96,100	38,951	Architectural Services	58,965	81,398
-	57,184	Strategy and Planning	79,867	54,830
		Non-Departmental		
2,616,200	2,552,126	Insurance	2,552,126	2,509,220
71,900	156,538	WEB Limited Grant	156,500	309,100
-	-	Other Expenditure	-	21,380
-	66,788	War Council	3,471	8,212
12,885,300	18,454,337		17,680,512	16,672,864
(3,100)	-	Allocation of Additional Funding for the Comptroller and Auditor General	-	-
-	-	Financial effect of implementing creditor accounting	-	622,286
-	(542,880)	Funding of 2006 pay awards and supplementation	-	-
12,882,200	17,911,457	Sub Total Treasury and Resources Department	17,680,512	17,295,150
		Non-Cash Limit Items		
42,214,000	36,496,200	Repayment and Interest on Capital Debt	37,600,224	34,911,721
£ 55,096,200	£ 54,407,657	Net Revenue Expenditure	£ 55,280,736	£ 52,206,871

Treasury and Resources

Income and Expenditure Category

2006 Voted £		2006 Actual £	2005 Actual Restated £
	Income		
-	Sale of Goods	15,869	16,601
896,817	Sale of Services	880,411	896,817
3,492	Commission	6,958	3,348
2,638,834	Hire and Rentals	2,452,243	2,904,179
1,344,250	Fees and Fines	1,283,160	1,290,834
11,300	Miscellaneous Income	8,389	10,840
1,316,846	Recharges and Recoverable Costs	1,249,477	1,515,605
403,800	Interest Received on Capital Debt	413,106	483,049
6,615,339		6,309,613	7,121,273
	Expenditure		
11,395,342	Manpower - States Staff Costs	10,702,070	10,766,054
255,232	Manpower - Non States Staff Costs	110,659	206,966
2,010,119	Supplies and Services	2,199,482	1,407,179
897,238	Administrative Costs	783,076	703,637
9,298,819	Premises and Maintenance	8,824,818	9,228,418
585,800	Incidental Expenses and Charges	796,943	680,127
-	Non Service Costs	-	1,395
223,326	Grants and Subsidies	159,971	317,312
36,900,000	Repayment of Capital Debt	38,013,330	35,394,770
61,565,876		61,590,349	58,705,858
£ 54,950,537		£ 55,280,736	£ 51,584,585
-	Financial effect of implementing creditor accounting	-	622,286
(542,880)	Funding of 2006 pay awards and supplementation	-	-
£ 54,407,657	Net Revenue Expenditure	£ 55,280,736	£ 52,206,871

Non Ministerial States Funded Bodies

Financial Overview

The Non Ministerial Departments are presented here in a consolidated presentation however these departments are established under the Public Finances (Jersey) Law 2005 as separate States funded departments for which no Minister is directly responsible.

These departments are subject to the same financial regulations and requirements of the Ministerial Departments and all have produced Statements on Internal Control which can be provided by the States Treasury.

Financial Results

The consolidated Non Ministerial service analysis illustrates that net expenditure rose by 7.9%, (£1,071,843) in 2006. Increases in court and case costs account for the majority of the variance and a full year's expenditure in the Comptroller and Auditor General's Department accounts for 25.6% (£274,018) of the increase.

Court and Case Costs

In recognition of the unpredictable nature of court and cases costs, a method of distributing the budgets within the Non Ministerial departments has been established in accordance with recommendations made by the National Audit Office. Cases that cost over £50,000 are monitored by case management plans and underwritten by the cumulative budgets that exist in the legal departments. Should the cumulative spend be less than the total budget the underspend is carried forward into the following year. £935,831 was carried forward into 2006 and was required to fund an overspend of £759,965 in the over £50,000 cases across the departments in 2006.

Total court and case expenditure (including under £50,000 cases) within these departments in 2006 amounted to £4.29 million. In addition, budget of £469,395 was transferred to the Home Affairs Department to fund its spend on related costs.

Bailiff's Chambers

During 2006, the Bailiff's Chambers managed its operations at a cost which was in line with its revenue budget, including the Distinguished Visitor and Bailiff's Official budgets. The income received by the Department was below budget in respect of exam fees, permit/licence fees and date fix services.

Law Officers' Department

With the exception of court and case costs for the over £50,000 cases, the Department ended the year in line with its budget. The major variance from the budgeted figures was on income where the new ITIS provisions reduced significantly the number of debtors being taken to the petty debts court for income tax arrears. This reduced the fees charged by the Department for work done to recover those debts and hence the Department's income was much reduced. Income provision in the 2007 budget has therefore been similarly reduced as this situation is likely to continue for the foreseeable future.

Judicial Greffe/Viscounts

As part of the programme of integration, the departments are now commonly referred to as the Court Service. Considerable operational activity was experienced in the Service throughout the year. The Departments' shared business objectives, culture, and values continue to provide the motivation for service excellence across the organisation; both Departments have maintained their accreditation as Investors in People. Benchmarking the organisation against this standard, as well as the performance standards of similar organisations in other jurisdictions, plays an increasingly important part in the programme of self-assessment and self-evaluation, in pursuit of the delivery of an efficient and effective service. Continued use of the Balanced Scorecard has also been a useful tool in the application of performance management.

During 2006, the Court Service was able to manage its operations at a cost which was in line with the cost for 2005. However, the workload of the Departments is of course increasing, not decreasing. In spite of this, existing standards of performance are being maintained and extended.

Non Ministerial States Funded Bodies

Official Analyst

The Official Analyst's department continues to meet the forensic, environmental, consumer and health protection analysis needs of States departments, local business and members of the public whilst maintaining the breadth of experience and equipment required to deal with novel problems.

Savings in equipment purchase and maintenance and other miscellaneous economies along with the change in accounting practice resulted in the net revenue expenditure being £28,486 (5.0%) under budget.

Whilst there was a slight increase in sample numbers, the proportion of rechargeable work continued to decrease.

Manpower costs represent 61.9% of the Department's gross expenditure.

Office of the Lieutenant Governor

Expenditure was in line with budget. 68% (£552,300) of gross expenditure is manpower related. Non-staff expenditure is principally spent on the maintenance and refurbishment of Government House.

Data Protection

Net revenue expenditure was 13.7% (£29,238) over budget primarily due to implementation of the new Data Protection (Jersey) Law 2005 which will result in a drop in income for a period of three years post implementation. The new Law requires annual notification as opposed to three yearly registration. Therefore, whilst the income was previously irregular, once the three year period is up, the Department's income will be regular and more controlled.

Of the Department's gross expenditure 78.1% of the costs relate to manpower and therefore the Data Protection Commission is heavily reliant on registration income to fund its committed costs.

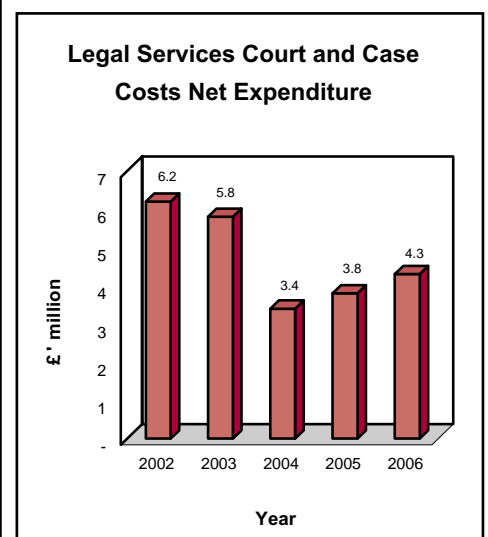
Probation

Net revenue expenditure was on target in 2006, albeit with some significant variations within the overall cash limit. 77.6% of the revenue budget is allocated to staffing costs; however, this area was underspent due to delays in ensuring that growth funding would be transferred to the After Care Service from Home Affairs. This resulted in recruiting to three posts not taking place until the second half of the year. However, the planned expansion of the After Care Services' work at the Prison began as planned in July 2006.

Non staff expenditure was greater than the original estimates due to an upgrade of the Service's computerised case management system and costs associated with the end of lease costs for the offices vacated at the beginning of 2006. These costs were such, however, that they could be contained within the overall cash limit.

Department Staff Actuals		
Number of full time equivalent		
	2006	2005
Total	159.99	-

Reconciliation of Original Budget 2006 to Amounts Voted 2006	
£	
Original Budget 2006	£19,535,900
Amounts carried forward:	
-2005 Carry Forwards	£765,894
Committee to Ministry Transfers:	
Overseas Aid Commission	(5,686,000)
Crown Revenues	228,000
Transfers from/(to) other Departments:	
Chief Minister's Department - PECRS	(87,400)
Home Affairs - Probation	124,650
States Assembly - C&AG Original Budget	577,200
Funding of Supplementation and Pay Award	(560,763)
Amounts Voted 2006	£14,897,481



Non Ministerial States Funded Bodies

Net Expenditure - Service Analysis

2007 Estimate £	2006 Voted £		2006 Actual £	2005 Actual Restated £
		Bailiff's Chambers		
807,000	704,959	Royal Court	690,405	720,351
110,000	99,692	States Assembly	97,366	101,588
27,000	12,476	Licensing	14,616	59,288
110,000	97,182	Civic Head	110,634	101,588
19,000	18,351	Jurats Expenses	14,897	15,000
84,000	82,131	Distinguished Visitors	89,255	77,821
22,000	20,046	Commemorative Functions	18,604	13,909
-	1,000	Funding of 2006 pay awards and supplementation	-	-
		Law Officers' Department		
976,200	1,049,198	Criminal Prosecutions	982,796	914,620
1,362,200	1,284,411	Legal Advice	1,181,157	1,119,384
340,600	380,855	Conveyancing	351,170	329,189
227,000	212,226	Civil Proceedings	195,921	206,100
633,700	663,324	Interjurisdictional Assistance	640,945	538,313
30,700	33,374	Duties of the Attorney General	31,123	29,776
2,341,800	689,816	Court and Case Costs	689,816	652,019
(815,500)	(795,585)	COCF Recovery	(551,872)	(315,946)
-	3,650	Funding of 2006 pay awards and supplementation	-	-
		Judicial Greffe		
708,700	693,400	Samedi, Family, Appellate and Interlocutory	630,591	687,662
962,300	905,300	Magistrates Court	826,577	887,223
311,900	327,539	Maintenance of Registries	297,780	316,486
1,755,500	1,314,042	Court and Case Costs	1,314,042	1,287,267
-	-	Financial effect of implementing creditor accounting	-	98,127
-	(120,220)	Funding of 2006 pay awards and supplementation	-	-
		Viscount's Department		
88,000	123,565	Coroner	90,942	89,773
341,800	258,364	Desastre	190,152	183,146
406,700	505,494	Enforcement	373,440	364,759
142,900	123,565	Assize Jury Functions	90,942	84,887
57,100	67,399	Curatorships	49,605	52,806
302,700	44,933	Court and Case Costs	33,070	28,132
-	(208,420)	Funding of 2006 pay awards and supplementation	-	-
		Official Analyst		
563,900	573,130	Forensic, Environmental Analysis	544,644	487,156
-	(20,000)	Funding of 2006 pay awards and supplementation	-	-
695,300	768,680	H E the Lieutenant Governor	769,479	732,028
-	800	Funding of 2006 pay awards and supplementation	-	-
21,100	20,655	Office of the Dean of Jersey	21,494	49,948
-	839	Funding of 2006 pay awards and supplementation	-	-
208,900	213,029	Data Protection	242,267	177,742
-	29,238	Funding of 2006 pay awards and supplementation	-	-
		Probation		
1,220,500	1,232,242	Information and Supervision Service	1,233,754	1,163,167
223,400	189,973	Community Service	190,202	152,539
-	-	Financial effect of implementing creditor accounting	-	20,333
-	1,780	Funding of 2006 pay awards and supplementation	-	-
14,286,400	11,602,433	Balance carried forward	11,455,814	11,426,181

Non Ministerial States Funded Bodies

Net Expenditure - Service Analysis (continued)

2007 Estimate £	2006 Voted £		2006 Actual £	2005 Actual Restated £
14,286,400	11,602,433	Balance brought forward	11,455,814	11,426,181
695,500	633,288	Comptroller and Auditor General	456,591	182,573
-	(125,010)	Funding of 2006 pay awards and supplementation	-	-
-	2,911,190	Court and Case costs (over £50,000)	2,735,324	1,967,132
-	(124,420)	Funding of 2006 pay awards and supplementation	-	-
14,981,900	14,897,481	Net Revenue Expenditure	14,647,729	13,575,886

Note: The 2007 estimate for Court and Case Costs is included within the Individual Departments' Service analysis until the budget transfer is known.

Voted 2006 £		Actual 2006 £	Actual 2005 £
	Court and Case Costs (over £50,000)		
133,545	Bailiff	189,218	99,387
1,631,982	Law Officers	1,893,502	1,519,762
441,476	Judicial	1,225,900	403,998
237,751	Viscounts	187,938	127,084
-	Income	(761,234)	(183,099)
935,831	Carry forward 2005		
(469,395)	Budget Transfer to Home Affairs Department		
2,911,190	Total	2,735,324	1,967,132

Note: In accordance with a National Audit Office review (dated November 2005) Court and Case Costs that relate to cases costing over £50,000 are funded outside of departments' direct cash limit. During the year surplus court and case budgets are removed from departments and consolidated into a central fund. This fund is used for cases that cost over £50,000 in order to provide budgetary control within departments for small (under £50,000) cases.

Non Ministerial States Funded Bodies

Income and Expenditure Category

2006 Voted £		2006 Actual £	2005 Actual Restated £
	Income		
10,000	Income	11,650	14,593
102,000	Sale of Services	67,259	75,163
5,000	Commission	364,304	142,305
23,000	Hire and Rentals	26,905	25,766
1,036,650	Fees and Fines	1,190,863	1,225,925
112,500	Miscellaneous Income	137,465	100,029
851,590	Recharges and Recoverable Costs	1,689,439	497,213
30,000	Interest	26,644	51,829
2,170,740		3,514,529	2,132,823
	Expenditure		
9,866,135	Manpower - States Staff Costs	9,248,609	8,817,241
14,600	Manpower - Non States Staff Costs	15,008	84,776
1,893,235	Supplies and Services	2,513,433	1,422,742
4,665,953	Administrative Costs	4,762,683	3,883,136
1,137,262	Premises and Maintenance	1,569,365	1,314,387
119	Incidental Expenses & Charges	855	-
51,680	Grants and Subsidies	52,305	67,967
17,628,984		18,162,258	15,590,249
15,458,244		14,647,729	13,457,426
-	Financial effect of implementing creditor accounting	-	118,460
(560,763)	Funding of 2006 pay awards and supplementation	-	-
14,897,481	Net Revenue Expenditure	14,647,729	13,575,886

States Assembly and its services

The budget of the States Assembly and its services covers the cost of operating the States Assembly as Jersey's legislature and includes the costs of the operation of the Assembly itself, the remuneration of its members, interparliamentary relations, the operation of all Committees/Panels and the support services provided by the States Greffe.

2006 Financial Overview

The budget for the States Assembly and its services for 2006 was increased to £4,818,539 (before considering the 2006 Supplementation and pay awards) which is in line with States' decisions to ensure that adequate funding was available to fund the new services introduced as part of the machinery of government changes. The total net revenue expenditure for the year was £4,332,242 with the most significant underspend being in relation to the scrutiny function. Panels' members were undertaking training, and planning reviews in the early months of 2006 and this led to the overall underspend for the year.

Key results

States Assembly and its members. The Assembly met on 38 occasions in 2006 for a total of just over 191 hours. Answers to 197 written questions were tabled, 235 oral questions with notice were answered and 171 propositions were lodged for debate. The cost of members' remuneration increased to £1,994,182.

Privileges and Procedures Committee. The funds voted to the Committee enabled it to fulfil its statutory terms of reference and, in addition, the Committee spent additional sums, reallocated from other areas of the budget, to begin a major consultation exercise, including a MORI poll, on the future composition of the States.

Scrutiny Panels/PAC. 2006 was the first full year of the operation of the 'full' scrutiny function after the shadow period. The PAC operated according to its terms of reference, working closely alongside the Comptroller and Auditor General throughout the year. Four scrutiny panels operated for much of the year with a fifth panel established in December 2006.

States Greffe. Throughout 2006 the States Greffe continued to provide full support services to the Assembly, its members and all Committees/Panels. Significant transformation in the services provided took place at the start of 2006 to adapt to the new system of government. The new Official Report ("Hansard") service was established and full transcripts of all States meetings were produced and published during the year, running to 3,098 pages. Officers from the Committee Clerks Section attended and produced Minutes for 174 meetings covering the Council of Ministers, States Employment Board, Planning Applications Panel, Privileges and Procedures Committee and a number of other Committees and bodies. 1,259 Ministerial Decisions were processed through the 'Livelink' system.

Performance Measures

Although the budget of the States Assembly is fixed through special procedures set out in Article 10 of the Public Finances (Jersey) Law 2005, the Assembly has nevertheless played a full part in corporate efficiency initiatives and made efficiency savings equivalent to those being made in ministerial departments in 2006. Corporate policies in procurement were also followed leading to savings in areas such as stationery and equipment.

States Assembly and its services

The following statistical data relevant to the output and performance of the States Assembly shows a comparison between 2005 and 2006:

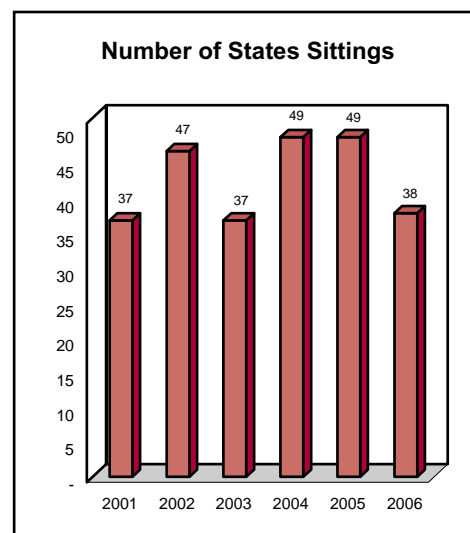
	2005	2006
Number of States sittings	49	38
Number of propositions lodged	275	171
Number of amendments to propositions	60	65
Number of written questions answered	111	197
Number of oral questions with notice answered	164	235
Number of hours Assembly sat	290 hrs 40 minutes	191 hrs 5 minutes

Manpower

Following the increases in staffing in the scrutiny section at the end of 2005 to meet the demands of the new system of government manpower remained unchanged for majority 2006, although at the very end of the financial period, increased manpower resources to the Scrutiny Office to service the 5th scrutiny panel resulted in a net increase of 2.0 FTE.

Department Staff Actuals		
Number of full time equivalent		
	2006	2005
Total	28.57	37.32

Reconciliation of Original Budget 2006 to Amounts Voted 2006		£
Original Budget 2006		5,306,100
Amounts carried forward:		
-2005 Carry Forwards		112,779
Transfers to other Departments:		
Chief Minister's Department - PECRS	(23,140)	
Non Ministerial States Funded Bodies - Comptroller and Auditor General	(577,200)	
Funding of Supplementation and Pay Award	(343,510)	
Amounts Voted 2006		£4,475,029



States Assembly and its services

Net Expenditure - Service Analysis

2007 Estimate £	2006 Voted £		2006 Actual £	2005 Actual Restated £
27,700	25,319	Committee Secretariat and Support	63,057	60,234
1,141,900	1,233,954	Scrutiny	815,027	441,338
2,504,400	2,356,808	Members Support Services	2,359,726	2,274,453
272,400	211,941	States Assembly Secretariat and Admin Support	296,080	334,841
316,300	397,693	Clerks Secretariat	305,189	443,968
44,600	54,515	States Messenger Service	43,957	49,111
20,700	33,288	Statutory Functions and Inter-Parliamentary Support	19,203	25,417
30,400	28,220	Commission Amicale	21,373	22,171
136,900	160,092	Registry	111,598	149,394
79,500	93,177	Bookshop	96,461	66,660
73,200	83,617	Publications Editor	70,207	68,613
61,700	69,593	Reprographics/Print	63,112	54,382
46,900	46,063	Commonwealth Parliamentary Association	48,648	51,609
18,700	12,420	Assemblée Parlementaire de la Francophonie	11,247	10,949
6,300	11,839	Admin Appeals	7,357	4,550
-	-	Committee of Inquiry (Bus Inquiry)	-	24,242
4,781,600	4,818,539		4,332,242	4,081,932
-	-	Financial effect of implementing creditor accounting	-	36,218
-	(343,510)	Funding of 2006 pay awards and supplementation	-	-
4,781,600	4,475,029	Net Revenue Expenditure	4,332,242	4,118,150

Income and Expenditure Category

2006 Voted £		2006 Actual £	2005 Actual Restated £
	Income		
47,000	Sale of Goods	22,342	44,229
44,000	Sale of Services	28,522	38,791
-	Recharges General	172,811	-
91,000		223,675	83,020
	Expenditure		
1,390,441	Manpower - States Staff Costs	1,280,875	1,192,537
334,250	Supplies and Services	208,915	76,267
1,036,979	Administrative Costs	517,287	483,498
570,369	Premises and Maintenance	554,658	550,899
1,577,500	States Members' Remuneration	1,994,182	1,861,751
4,909,539		4,555,917	4,164,952
4,818,539		4,332,242	4,081,932
-	Financial effect of implementing creditor accounting	-	36,218
(343,510)	Funding of 2006 pay awards and supplementation	-	-
4,475,029	Net Revenue Expenditure	4,332,242	4,118,150

Economic Development

Jersey Airport

The Airport's core aims and objectives are 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.

2006 Financial Overview

The amount transferred to the Trading Fund was £4.47 million compared to £5.78 million in 2005.

Key Financial Results

The key financial results are as follows:

- **Airport Dues:** The Airport has not increased Airport Dues since 2001; indeed passenger dues were reduced by £1.50 in 2004. As a result of the continued success in driving down costs a further reduction in passenger dues of £1.10 was made for 2006.
- Passenger numbers for the year were up on 2005 by 16,392 to 1,499,869 - an increase of 1.1%. Despite this increase and because of the reduction in Airport Dues, there was a reduction in Passenger income of £0.35 million.
- **Duty Free:** sales matched the previous year's levels during the first half of 2006 but increased security levels impacted on sales in the 3rd and 4th Quarters and overall income from Duty Free fell by 10%.
- **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 61% of these operating costs and underlying pay awards have increased base salaries by approximately 2.75%. This represents an ongoing and significant challenge for Airport management and nineteen posts have been removed over three years.
- **JD Edwards system:** The JD Edwards system will continue to play an important role in improving the financial performance of the Airport. 2006 was the first full year of operation of the stock system. 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. To this end the Airport has begun a valuation of its Assets as part of the overall States programme.

Capital Programme

Capital expenditure of £5.6 million was funded through the Trading Fund during the year. Of this £4.7 million related to 'Below Ground Works', funding for which is reimbursed to the Trading Fund as part of the States agreement P198/2002. This is reflected in the Below Ground Works Summary table.

Other schemes undertaken during 2006 included a De-Icing Rig and planning and design work on the Air Traffic Control Building.

Economic Development

Jersey Airport

Performance Measures

The Airport measures passenger throughput by route and carrier on a monthly basis. The following performance measures demonstrate productivity, the impact of Aeronautical revenues on profitability and the influence of staff costs on overall costs.

Measure Description	2006	2005	Analysis
Total revenue per employee*	£127,054	£124,781	Productivity has increased
Passengers per employee*	8,874	8,549	Up 3.8%
Staff costs as a % of total costs*	61.92%	67.63%	
Aeronautical revenue as a % of total revenue*	57.10%	59.20%	Prices have been cut
Airport Dues per passenger	£7.70	£8.04	Prices have been cut
Airport Dues per air transport movement	£268.05	£276.87	Prices have been cut
Passengers per air transport movement	34.8	34.4	Up 1.1%
Number of passengers	1,499,869	1,483,477	Up 1.1%
Number of air transport movements	43,106	43,087	No change

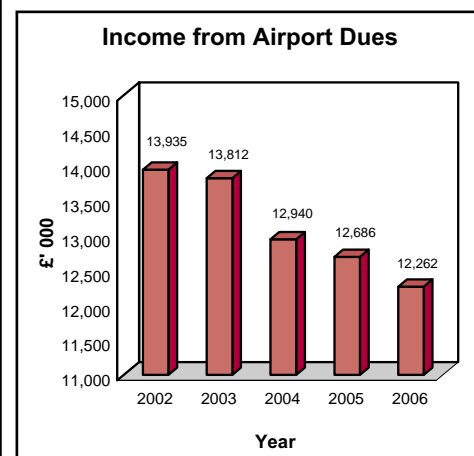
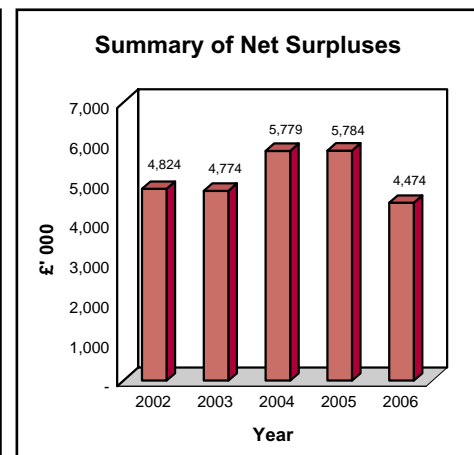
* Excluding Communications Services and Air Traffic Control Trainees.

Manpower

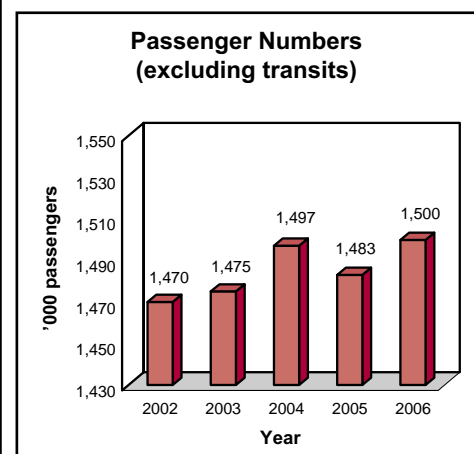
The Airport reduced its manpower by 4 FTE in 2006 with the transfer of the AFTN function to Air Traffic Control and reduction in Human Resources staff.

Other Developments

During 2006 the Airport produced its vision and strategy following staff input to a review by Vector Management of the sustainability of the business.



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.



Economic Development

Jersey Airport

Operating Account

2007 Estimate £	2006 Revised Estimate £		2006 Actual £	2005 Actual £
		Income		
8,425,000	8,410,000	Aeronautical Charges (Note 1)	8,835,180	8,726,940
7,550,000	7,550,000	Passenger and Security Charges	7,953,923	8,330,510
3,539,250	3,353,000	Concessions and Rentals	3,324,534	3,416,421
1,407,500	1,275,500	Sales and Services	1,361,113	1,178,200
1,222,000	1,197,900	Communications Services	1,152,933	1,130,192
22,143,750	21,786,400		22,627,683	22,782,263
		Expenditure		
9,707,600	9,165,021	Aeronautical Services	9,159,558	8,281,376
5,446,900	4,960,654	Passenger & Security Services	4,787,713	4,575,655
437,000	396,662	Commercial Services	465,315	399,948
1,130,150	1,099,463	Communications Services	1,074,590	1,074,947
16,721,650	15,621,800		15,487,176	14,331,926
5,422,100	6,164,600	Gross Operating Surplus	7,140,507	8,450,337
2,666,000	2,666,000	Less: Finance Lease Charges	2,666,011	2,666,011
2,756,100	3,498,600	Net Surplus	4,474,496	5,784,326
£ 2,756,100	£ 3,498,600	Transfer to Trading Fund	£ 4,474,496	£ 5,784,326

Note 1: Aeronautical Charges contains CI Control Zone Income

Economic Development

Jersey Airport

Trading Fund

2007 Estimate £	2006 Revised Estimate £		2006 Actual £	2005 Actual £
29,873,598	26,839,888	Balance brought forward 1st January	26,839,888	20,749,589
2,756,100	3,498,600	Add:	4,474,496	5,784,326
-	-	Transfer of Operating Surplus	-	848,967
500,000	900,000	Water Pollution Net Settlement	1,321,254	978,698
-	-	Interest	-	47,468
-	-	Insurance Claim	-	16,093
-	-	Proceeds from Sale of Assets	-	-
3,256,100	4,398,600	Total Additions	5,795,750	7,675,552
14,048,200	3,428,300	Less:	923,154	1,373,619
8,834,600	6,433,300	Capital Expenditure - above ground works	4,679,886	211,634
(2,841,000)	(2,841,000)	Capital Expenditure - total below ground works (Note 1)	(2,841,000)	-
		Less: States contribution to below ground works		
20,041,800	7,020,600	Total Expenditure	2,762,040	1,585,253
£ 13,087,898	£ 24,217,888	Balance carried forward 31st December	£ 29,873,598	£ 26,839,888

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 is offset by the States Contribution to Below Ground Works from 2006.

Below Ground Works – Summary

2007 Estimate £	2006 Revised Estimate £		2006 Actual £	Actual to 31/12/05 £
-	-	Ground Water Pollution	-	1,751,033
-	389,900	Fire Training Ground	46,746	4,310,073
-	13,500	Apron and Taxiway re-sealing	12,180	349,462
3,427,300	5,819,200	North Apron Area (Note 2)	4,479,427	123,377
4,776,400	123,300	South Apron Area	84,359	-
130,900	87,400	Runway Re-surfacing	30,842	-
-	-	Freight Taxiway (Note 3)	26,332	-
500,000	-	Ground Water Remediation	-	-
8,834,600	6,433,300	Total	4,679,886	6,533,945
-	-	Less:	-	2,600,000
2,841,000	2,841,000	Settlement Contribution Received	2,841,000	-
		States of Jersey Funding Contribution		
5,993,600	3,592,300	Balance Outstanding at 31 December	1,838,886	3,933,945
5,772,832	3,933,945	b/fwd:	3,933,945	-
11,766,432	7,526,245	Total Balance Outstanding at 31 December	5,772,832	3,933,945

Note 2: The works planned for the Western section of the Apron have been included into the North and South Apron budgets.

Note 3: Ministerial approval was given to advance £1,700,000 from the Trading Fund for this project in 2006.

Economic Development

Jersey 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.

The five key 'Ports' that Jersey Harbours is responsible for:

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

2006 Financial Overview

2006 has been a challenging year financially for Jersey Harbours, principally due to the withdrawal of a key customer from the market. Nonetheless, the Gross Operating Surplus achieved for 2006 has exceeded budget by 5%. This was due mainly to the fiscal regime implemented by Jersey Harbours in the wake of the withdrawal of this customer. Whilst it will be difficult to sustain this level of performance without structural changes the early forecast for 2007 indicates additional operators entering the market which it is hoped will lead to an expansion of the market overall.

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 **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. Passenger numbers fell short of forecast with a decrease of approximately 133,000 or 15% on 2005 leading to income of £2.6 million and a cost/income ratio of 0.67.
- 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 remains the mechanism for achieving this. Harbour Dues have effectively been "capped" at 2.5% per annum whilst Manpower costs have risen above that ceiling. Freight revenue exceeded our forecast leading to income of £4.7 million and a cost/income ratio of 0.61.
- **Marine Leisure** delivered income of £2.6 million and a cost/income ratio of 0.74. Jersey Harbours continues to bear significant interest (and capital) obligations which impact on the performance of this Port. Total number of visiting yachts was 6,282 compared to 6,624 in 2005. Cumulative visiting yacht days were 14,834 compared to 14,613 in 2005 with visitors staying for an average of 2.36 days (compared to 2.2 in 2005).

Economic Development

Jersey Harbours

- **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. Total income increased by approximately 6% in 2006 to £2.2 million with a cost/income ratio of 0.57.
- 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 co-ordinate this function with the close support of the Marine Section (with the Duke of Normandy) and the Beach Lifeguards. The gross cost for the provision of this service was £1.1 million in 2006.

Financial Return

For 2006 Harbours will return approximately £1.75 million to the States in the form of a £0.25 million Revenue Return and a further £1.5 million Capital Return. Additionally, a significant element of the Coastguard role is a governmental obligation and does not constitute a core function of Jersey Harbours. Whilst the logic of continuing the management of the Coastguard under the umbrella of Jersey Harbours remains, further work will be required in 2007 to identify the value of this additional Return to the States.

Performance Measures

Jersey Harbours Key Performance Measures given below are indicative of the performance of the business but are not exhaustive.

Measure description	2006	2005	Analysis
FTE	90.45	138.45	<i>Transfer of Engineering division to the Transport and Technical Services Department.</i>
Net Surplus per FTE (Restated)	£19,550	£14,421	<i>Impact primarily due to the transfer of Engineering division to the Transport and Technical Services Department. Including this transfer in 2005 would have resulted in a comparative of £22,075.</i>
Cost Income Ratio <i>(Total Expenditure / Total Income)</i>	0.72	0.68	<i>In 2006 it cost 72 pence to generate £1 of income.</i>
Number of vessel movements <i>(Arrivals and Departures)</i>	5,626	6,674	<i>Impact of withdrawal of key customer resulting in fewer movements but improved yield per movement.</i>
Harbour Dues per vessel movement	£1,201	£1,049	<i>Impact of withdrawal of key customer resulting in fewer movements but improved yield per movement.</i>

Capital Programme

Total capital expenditure for the year from the Trading Fund was £4.3 million. The vast majority of this (£4.2 million) relates to the St Catherine's Breakwater Project which is funded by a grant from central States of Jersey funds and is administered by the Transport and Technical Services Department.

Economic Development

Jersey Harbours

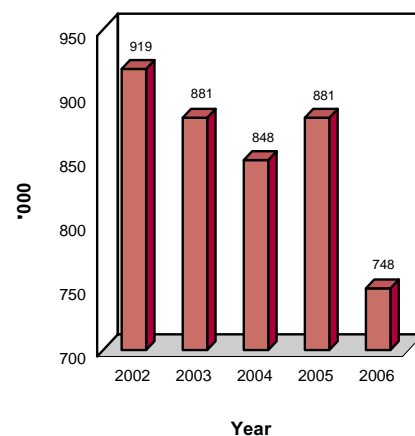
Manpower

The organisation decreased its manpower levels by 48 full time equivalents in 2006. The decrease in staff relates to the transfer of the Jersey Harbours Engineering division to the Transport and Technical Services Department.

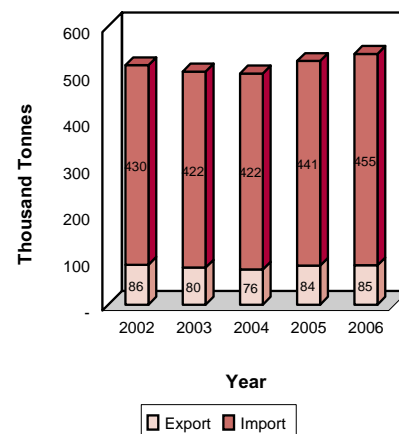
Gross Operating Surplus Analysis by Port

	Actual 2006 £'000	Cost/ Income Ratio	Actual 2005 £'000	Cost/ Income Ratio
Passenger Port & Terminal	856	0.67	1,430	0.55
Commercial Port	1,878	0.60	1,780	0.59
Marine Leisure	687	0.74	856	0.68
Port Estate	945	0.57	810	0.61
Coastguard	(879)	4.82	(846)	4.23
Gross Operating Surplus	3,487	0.72	4,030	6.68

Passenger Movements



Freight Movement



Economic Development

Jersey Harbours

Operating Account

2007 Estimate £	2006 Revised Estimate £		2006 Actual £	2005 Actual Restated £
		Income		
3,140,000	3,080,500	Passenger Port & Terminal	2,590,544	3,210,518
4,530,000	4,365,800	Commercial Port	4,717,496	4,348,408
2,830,000	2,762,900	Marine Leisure	2,635,919	2,666,915
2,490,000	2,143,200	Port Estate	2,193,458	2,072,575
240,000	214,400	Coastguard	230,437	262,104
13,230,000	12,566,800		12,367,854	12,560,520
		Expenditure		
1,961,000	1,923,400	Passenger Port & Terminal	1,734,782	1,780,699
2,783,000	2,733,300	Commercial Port	2,839,282	2,567,796
2,044,000	1,955,800	Marine Leisure	1,948,554	1,810,226
1,427,000	1,392,700	Port Estate	1,248,837	1,262,606
1,168,000	1,116,200	Coastguard	1,109,580	1,108,579
132,000	126,000	Contingency	-	-
9,515,000	9,247,400		8,881,035	8,529,906
3,715,000	3,319,400	Gross Operating Surplus	3,486,819	4,030,614
		Less:		
		Payments made to the States:		
339,000	-	Transport & Technical Services Capital Repayment	-	-
681,000	238,300	Other Repayments	-	-
1,384,600	1,471,000	Capital Return paid to the States	1,464,869	1,534,812
366,000	253,643	Revenue Return paid to the States	253,643	499,160
944,400	1,356,457	Net Surplus	1,768,307	1,996,642
944,400	1,356,457	Transfer to Trading Fund	1,768,307	1,996,642

2005 income and expenditure amounts have been reduced by £88,396 to remove effects of internal recharges for support services.

Economic Development

Jersey Harbours

Trading Fund

2007 Estimate £	2006 Revised Estimate £		2006 Actual £	2005 Actual £
1,878,381	2,343,778	Balance brought forward 1 January	2,343,778	3,279,897
944,400	1,356,457	Add:	1,768,307	1,996,642
-	4,136,000	Transfer of Operating Surplus	4,654,000	-
84,000	54,950	Grant received for St Catherines Breakwater	429,424	139,830
		Interest		
1,028,400	5,547,407	Total Additions	6,851,731	2,136,472
-	4,136,000	Less:	4,210,766	-
1,300,000	1,876,804	Capital Expenditure (St Catherines Breakwater)	76,313	3,072,591
		Other Capital Expenditure (Note 1)		
1,300,000	6,012,804	Total Expenditure	4,287,079	3,072,591
£ 1,606,781	£ 1,878,381	Balance carried forward 31 December	£ 4,908,430	£ 2,343,778

Note 1 - Capital Expenditure now includes all expenditure previously shown under the heading of Minor Capital

Economic Development

Postal Administration

The Economic Development Department is pleased to report on Jersey Post accounts for the six months ended 30 June 2006. On 1 July 2006 the activities, assets and liabilities of Jersey Post were incorporated by an Act of the States of Jersey. Highlights for the six months ended 30 June 2006 were:

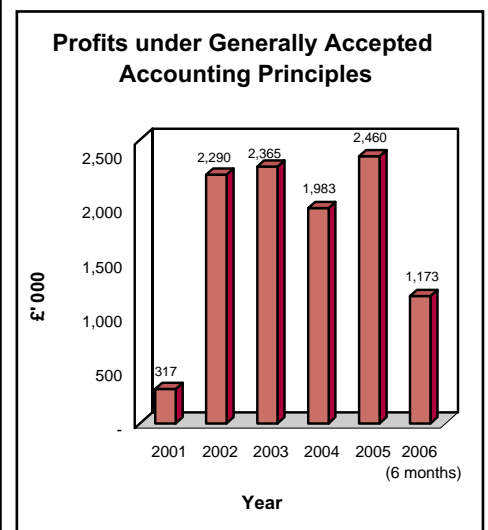
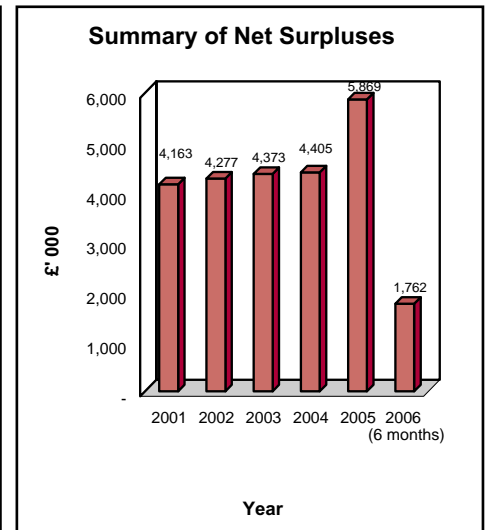
- The net surplus for the 6 months ended 30 June 2006 was £1.8 million;
- Trading experience was worse than originally budgeted due to the adverse impact of the February 2006 EDD fulfilment policy and poor trading performance by one of Jersey Post's major customers;
- The balance in the Trading Fund at 30 June 2006 was £13.1 million; and
- In anticipation of a requirement to pay £12.3 million in respect of the Public Employees' Contributory Retirement Scheme deficit, including accrued interest and a further £1.9 million in connection with the Jersey Post Office pension fund that would arise on incorporation. The States of Jersey has agreed, since 2002, that no return would be paid to the States allowing Jersey Post to build up sufficient reserves to meet these liabilities.

Jersey Post also 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 for the 6 months ended 30 June 2006 show a profit of approximately £1.2 million, which is lower than the surplus shown in the States of Jersey Accounts, due to depreciation and pension fund cost adjustments.

During 2006 Jersey Post has continued to invest in mail process automation and information systems.

Although these six months accounts indicate another successful period for Jersey Post, there continues to be 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 further changes to the scope and use of the Low Value Consignment Relief within Europe, UK and Jersey; significant increases in payments for delivery of mail to the UK and International destinations in 2007-9; added security measures; 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 look forward to a positive and successful future as an incorporated body.



Economic Development

Postal Administration

Operating Account

2007 Estimate £	2006 Estimate (12 months ending 31 December 2006) £		2006 Actual (6 months ending 30 June 2006) £	2005 Actual £
N/A	54,500,000	Total Income	23,615,053	47,162,217
N/A	48,323,000	Total Expenditure	21,853,364	41,293,043
N/A	6,177,000	Net Surplus	1,761,689	5,869,174
N/A	-	Less: Financial Return to the States	-	-
N/A	£6,177,000	Transfer to Trading Fund	£1,761,689	£5,869,174

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 30 June 2006 Jersey Post's share of that debt, plus accrued interest, was £12.3 million.

Trading Account

2007 Estimate £	2006 Estimate (12 months ending 31 December 2006) £		2006 Actual (6 months ending 30 June 2006) £	2005 Actual £
N/A	9,276,777	Balance brought forward 1 January	11,957,528	7,597,777
N/A	6,177,000	Add: Transfer of Operating Surplus	1,761,689	5,869,174
N/A	6,177,000	Total Additions	1,761,689	5,869,174
N/A	2,334,000	Less: Trading Fund expenditure	596,217	1,509,423
N/A	2,334,000	Total expenditure	596,217	1,509,423
N/A	£13,119,777	Balance as at 30 June/31 December	£13,123,000	£11,957,528

Transport and Technical Services

Jersey Car Parking

The Car Parking Trading Account was established in January 1998 with the agreement of the former Finance and Economics Committee and has continued to remain in profit since its formation. During 2006 a net revenue surplus of £1.56 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 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 £1.54 million per annum is made to the Transport and Technical Services Department 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 Parking 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 up £0.864 million on the 2006 budget. This is largely due to an increase of paycard sales of £0.44 million (up 14%), and fines of £0.106 million (24%). Offsetting this increase is a reduction in season ticket sales of £0.085 million (down 8.62%).

Expenditure was down £0.40 million on the 2006 budget. This is mainly due to delays in the implementation of parts of the Car Park Strategy and surveying work; and also delays in premises maintenance and development work.

Trading Fund

The main projects funded from the Trading Fund in 2006 are listed below:

- £521,400 on concrete repairs work on multi-storey car parks;
- £41,500 on structural work on multi-storey car parks; and
- £25,000 on transport initiatives as agreed by the former Finance and Economics and the former Environment and Public Services Committees during 2004.

Performance Measures

Performance Measure	2006	2005
Car parking: No of Fixed Penalty Notices (FPNs) issued per on-street bay	7.50 (2005)	7.96 (2004)
Car parking: No of Extra Charge Notices (ECNs) issued per car park bay	2.00 (2005)	2.47 (2004)
Car parking: No of FPNs issued per parking attendant hour – on-street	0.84 (2005)	0.97 (2004)
Car parking: No of ECNs issued per parking attendant hour – in car parks	0.69 (2005)	0.94 (2004)
Charge for parking per hour to the public – on / off street	£0.47 (2005)	£0.47 (2004)

Other Developments

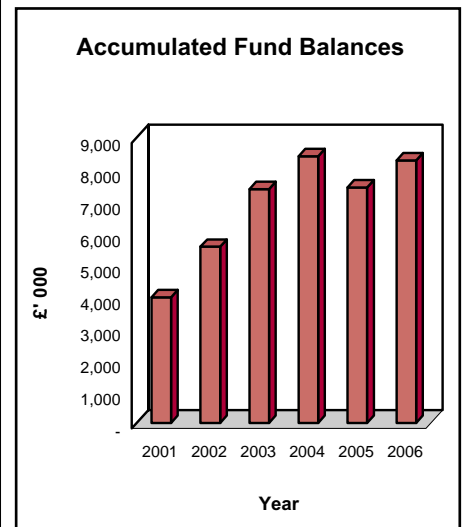
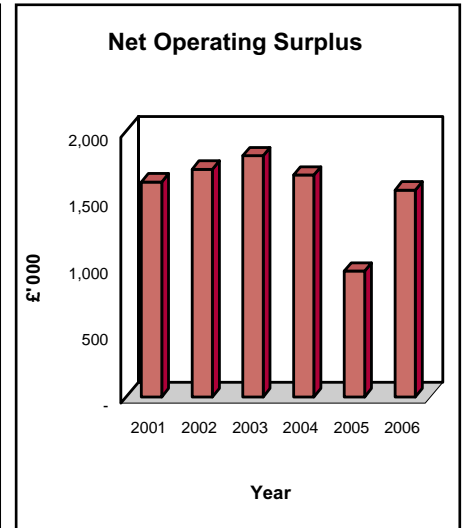
In 2005, the then Environment and Public Services Committee published its Sustainable Travel and Transport Plan. In January 2006, the Council of Ministers approved this plan as a high level framework on which to develop some specific and detailed proposals from which the Integrated Traffic and Transport Plan for Jersey was published on 28 December 2006. This plan, which incorporates key proposals for parking, is now out to consultation and will link into the St Helier Development and Regeneration Strategy which includes, as one of its key deliverables:

Transport and Technical Services

Jersey Car Parking

A parking (and related traffic management) strategy for the town which will set out the strategic direction for public parking provision, servicing and management, with specific proposals for provision and funding requirements.

Clearly, these two initiatives will have a major bearing on the future direction of public parking in Jersey and, therefore, only major maintenance projects have been included in the forward capital plan at this time. Once the Action Plan has been approved, a revised capital programme will be proposed and incorporated within a revised 25 year financial plan to assess the funding implications.



Transport and Technical Services

Jersey Car Parking

Operating Account

2007 Estimate £	2006 Estimate £		2006 Actual £	2005 Actual £
5,295,500	5,123,400	Total Income	5,591,761	5,007,631
		Expenditure		
850,200	865,200	Manpower	875,150	800,386
584,100	558,200	Supplies and Services	551,796	472,004
155,000	428,200	Administration Costs	57,219	251,801
2,691,100	2,490,600	Premises and Maintenance	2,299,169	2,442,931
279,100	89,000	Incidental Expenses and Charges	252,338	92,375
-	-	Non-Service Costs	-	1,095
4,559,500	4,431,200	Total Expenditure	4,035,672	4,060,592
£ 736,000	£ 692,200	Net Operating Surplus and Transfer to Trading Fund	£ 1,556,089	£ 947,039

Trading Fund

2007 Estimate £	2006 Estimate £		2006 Actual £	2005 Actual £
8,282,915	7,422,912	Balance brought forward 1 January	7,422,912	8,408,297
		Add:		
736,000	692,200	Transfer of Operating Surplus	1,556,089	947,039
736,000	692,200	Total Additions	1,556,089	947,039
		Less:		
1,000,000	1,374,600	Structural and Concrete Degradation Repair work on Multi-Storey Car Parks and Other Initiatives	671,086	1,907,424
-	75,000	Traffic and Transport Highway Initiatives	25,000	25,000
-	100,000	St Helier Regeneration Strategy	-	-
1,000,000	1,549,600	Total Expenditure	696,086	1,932,424
£ 8,018,915	£ 6,565,512	Balance carried forward 31 December	£ 8,282,915	£ 7,422,912

Transport and Technical Services

Jersey Fleet Management

Jersey Fleet Management was established as a trading operation on 1 January 2006 to provide States Departments with vehicles and mobile plant at a cost effective hire rate. Specialist Fleet management services are available to all States departments in respect of advice on selection, procurement, maintenance and disposal of vehicles and plant. These services include:

Contract Services

A service that provides comprehensive vehicle leasing packages to States departments that offer all the financial and efficiency benefits of corporate fleet management.

Short Term Hire

In addition to its contract hire agreements the section also has a selected range of vehicles and plant available for short-term "spot" hire on a daily rate basis.

Workshop Services

For those departments who own vehicles and plant the Bellozanne Workshops are able to offer experience in servicing and repairs covering the complete range from cars, light and heavy commercial vehicles, heavy mobile plant, agricultural and horticultural machinery. In 2007, the Blue Light Work Shop will be transferring to Jersey Fleet Management which will result in synergies being achieved by the amalgamation of the two workshops.

Fuel Services

This service consists of self-service pumps sited at La Collette and Bellozanne Depots and activated by security key. The price recharged to States departments reflects the advantageous contract prices obtained under the States Fuel Contracts and currently shows a saving over retail forecourt prices of approximately 15% - 20%.

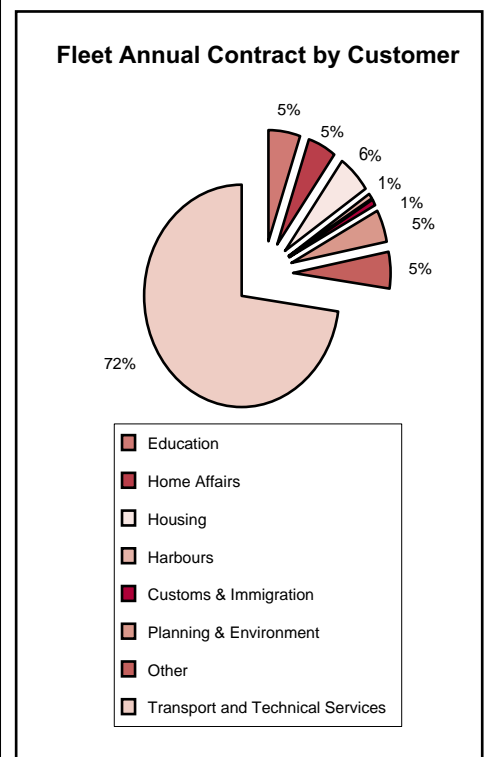
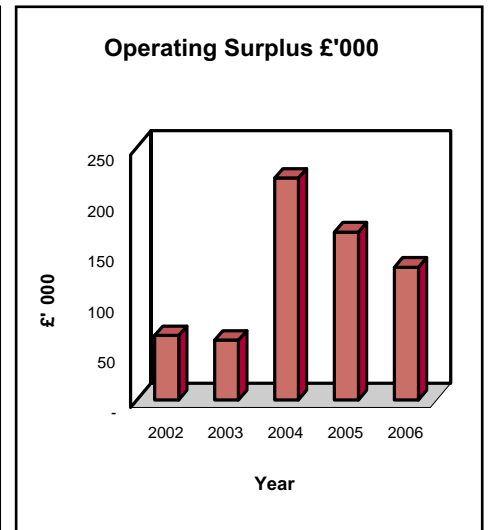
Financial Highlights

Net Operating Surplus was down £34,822 over the prior year. This was primarily due to increased depreciation costs as a result of vehicle and plant replacement. These costs were offset by higher net profit on vehicle sales.

Operating Income was down £29,791 against the 2006 revised budget. This reduction in income is largely attributable to a reduction in income from rechargeable work and fuel recharges, partly offset by higher than expected income from fleet vehicle sales and vehicle and plant hire.

Operating Expenditure was down £22,811 against the 2006 revised budget. The main reason for this variance is due to lower than expected fuel costs and a reduction in rechargeable works expenditure.

Trading Fund Expenditure at £38,367 represents the increase in value of the trading operation's fixed assets.



Transport and Technical Services

Jersey Fleet Management

Operating Account

2007 Estimate £	2006 Revised Estimate £		2006 Actual £	2005 Actual £
2,957,510	2,880,827	Total Income	2,851,036	2,729,318
		Expenditure		
667,776	626,945	Manpower	628,573	597,889
707,468	658,866	Supplies and Services	641,946	629,766
7,780	10,262	Administration Costs	17,274	11,543
457,146	445,821	Premises and Maintenance	436,069	390,238
293,612	202,500	Incidental Expenses and Charges	193,538	168,570
799,352	797,856	Non-Service Costs	802,039	764,893
2,933,134	2,742,250	Total Expenditure	2,719,439	2,562,899
£ 24,376	£ 138,577	Net Operating Surplus and Transfer to Trading Fund	£ 131,597	£ 166,419

Trading Fund

2007 Estimate £	2006 Revised Estimate £		2006 Actual £	2005 Actual £
1,035,039	941,809	Balance brought forward 1st January	941,809	729,303
		Add:		
-	-	Decrease to net book value of fixed assets	-	46,087
24,376	138,577	Transfer of Operating Surplus	131,597	166,419
24,376	138,577	Total Additions	131,597	212,506
		Less:		
50,000	78,390	Increase to the net book value of fixed assets	38,367	-
-	-	Transfer to cover Operating Deficit	-	-
50,000	78,390	Total Expenditure	38,367	-
£ 1,009,415	£ 1,001,996	Balance carried forward 31st December	£ 1,035,039	£ 941,809

Reserves

Reserves

Strategic Reserve

The Strategic Reserve Fund is established in accordance with the provisions of Article 4 of the Public Finances (Jersey) Law 2005. This is a permanent reserve, where the capital value is only to be used in exceptional circumstances to insulate the island's economy from severe structural decline such as the sudden collapse of a major Island industry or from major natural disaster.

In December 2006 the States agreed that the long-term aspiration was to grow the Strategic Reserve by an additional £100-£120 million so that it equates to about 20% of GDP.

The total assets of the Reserve at year end, at market value, were £477.2 million (2005: £456.1 million).

The net realised surplus for the year was £24.1 million (2005: £24.5 million). In 2006 there was a unrealised loss on investments of £3 million (2005: £13.4 million unrealised gain).

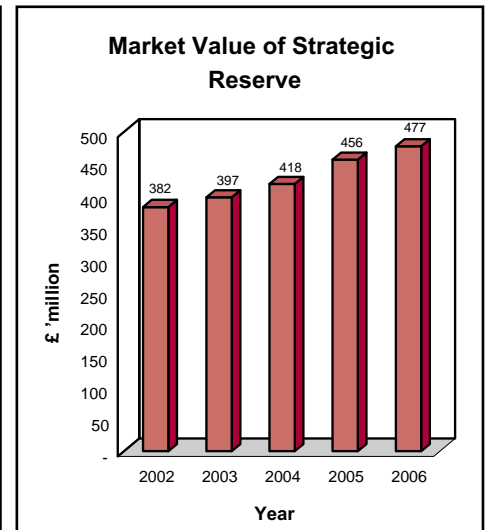
As in 2005 no transfer was made into the reserve in 2006.

Stabilisation Fund

The Stabilisation Fund was established by the States in December 2006. The purpose of the fund being to make fiscal policy more countercyclical, providing some protection from the adverse impact of economic cycles, and create a more stable economic environment with low inflation. This will involve taking money out of the economy and paying it into the Fund when it is growing strongly and drawing money down from the Fund to support the economy when it is performing more weakly. A new independent Fiscal Policy Panel is being established to advise the Minister as to when economic conditions merit money being paid into or withdrawn from the Fund.

The target level (guideline rather than a cap) for the fund is 15-20% of total States net expenditure, equivalent to £75-£100 million. The fund was established with a £32 million transfer from the Dwelling House Loans Fund. This means that a further £40-£70 million will be needed to reach the target level, however this additional amount is not provided for within the accounts.

The accounts for the fund show the initial £32 million transfer from the Dwelling House Loans Fund enacted at the end of December 2006.



Strategic Reserve

Income and Expenditure Account for the Year ended 31 December 2006

	2006 Actual £	2005 Actual £
Income		
Bank Interest	997,938	1,953,219
Investment Income	18,098,376	17,759,107
Profit/(Loss) on Disposal of Investments	7,500,792	7,333,783
	26,597,106	27,046,109
Expenditure		
Administrative Costs	(1,384,292)	(1,357,227)
Appropriation to Jersey Currency Notes	(1,109,337)	(1,194,426)
	(2,493,629)	(2,551,653)
Surplus for the Year	£ 24,103,477	£ 24,494,456

Statement of Total Recognised Gains and Losses for the Year ended 31 December 2006

	2006 Actual £	2005 Actual £
Surplus for the Year	24,103,477	24,494,456
Unrealised (Loss)/Gain on Investments	(3,008,261)	13,402,210
Total Recognised Gains for the Year	£ 21,095,216	£ 37,896,666

Balance Sheet as at 31 December 2006

	2006 Actual £	2005 Actual £
Fixed Assets		
Investments - Market Value	464,089,578	452,213,352
	464,089,578	452,213,352
Current Assets		
Debtors	3,948,371	4,154,153
Cash at Bank and in Hand	32,884,128	22,467,578
Current Liabilities		
Creditor - Investments held on behalf of Jersey Currency Notes	(22,040,613)	(22,264,054)
Creditors (amount due within one year)	(1,688,739)	(473,520)
Net Current Assets	13,103,147	3,884,157
Net Assets	£ 477,192,725	£ 456,097,509
Funds Employed		
Accumulated Reserve	459,079,845	434,976,368
Revaluation Reserve	18,112,880	21,121,141
Accumulated Revenue and Reserve Balances	£ 477,192,725	£ 456,097,509

Stabilisation Fund

Income and Expenditure Account for the Year ended 31st December 2006

	2006 Actual £	2005 Actual £
Income		
Transfer from Dwelling House Loans Fund	32,000,000	-
Expenditure		
	-	-
Surplus for the Year	£ 32,000,000	-

Balance Sheet as at 31st December 2006

	2006 Actual £	2005 Actual £
Current Assets		
Debtors - Temporary Advance to Capital Fund	32,000,000	-
Net Current Assets	£ 32,000,000	-
Funds Employed		
Accumulated Reserve Balance	£ 32,000,000	£ -

Consolidated Fund

The Consolidated Fund was established in accordance with the provisions of Article 3 of the Public Finances (Jersey) Law 2005. Amounts in the General Fund and Capital Fund at 31 December 2005 were transferred into the Consolidated Fund. Money received by the States is paid into the Fund and money withdrawn in accordance with expenditure approved.

The Capital and General Funds at 31 December 2005 amounted to £716.307 million, these funds were transferred to the Consolidated Fund. Income paid into the Fund in 2006 amounted to £626.519 million.

Income and Expenditure Account for the Year ended 31 December 2006

	2006 Actual £'000
Income	
Income Tax	399,408
Impôts Duties	53,140
Stamp Duty	22,558
Island Rates	9,368
Non-Trading Departments' Income	94,430
Investment Income	23,634
Profit on Disposal of Investments	6,355
Return from the Jersey Financial Services Commission	4,100
Loan, Bank and Notional Interest Income	13,273
Sundry Income	253
	626,519
Expenditure	(591,955)
Charges in relation to Pension Schemes	
Defined Benefit Pension Schemes - Other Finance Expenditure	(583)
Defined Benefit Pension Schemes - FRS17 Pension Charges	(17,404)
Recognition of PECRS Pre-1987 Liability	(3,854)
Surplus for the Year	12,723
Transfers from General Funds and Capital Fund on 1 January 2006	716,307
Transfers (to)/from other States of Jersey Funds	(1,506)
Balance carried forward	£727,524

Statement of Total Recognised Gains and Losses for the Year ended 31 December 2006

	2006 £'000
Surplus/(Deficit) for the Year	727,524
Unrealised (Loss)/Gain on Revaluation of Investments	(45)
Actuarial Gain/(Loss) in respect of Defined Benefit Pension Schemes	3,859
Total Recognised Gain/(Loss) Relating to the Year	£731,338
Prior Year Adjustment for FRS17	-
Total Gain/(Loss) Recognised since last Annual Report	£731,338

Consolidated Fund

Balance Sheet as at 31 December 2006

		2006 Actual £
Fixed Assets		
Tangible Assets		724,095
Advances		13,997
Strategic Investments		108,590
Other Investments		218,908
		1,065,590
Current Assets		
Stock and Work in Progress	3,858	
Debtors	78,687	
Cash at Bank and in Hand	4,572	
	87,117	
Current Liabilities		
Inter-Fund Balance	61,971	
Creditors (amounts due within one year)	95,549	
Net Current Assets		(70,403)
Total Assets Less Current Liabilities		995,187
Creditors (amounts falling due after one year)		
Finance Lease Obligations		(24,599)
PECRS Pre-1987 Liability		(111,754)
Defined Benefit Pension Schemes Net Liability		(124,776)
Provisions for liabilities and charges		(2,720)
Net Assets		731,338
Funds Employed		
Accumulated revenue and reserve balances		731,338

Notes:

The balance for Strategic Investments is £20 million higher than reported within the States Of Jersey balance sheet. This represents the £20 million shareholding in the Waterfront Enterprise Board which is not consolidated into this fund.

The Inter-Fund balance represents net funds held within the Consolidated Fund on behalf of other States of Jersey Funds.

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 former 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 £2.97 million (2005: £2.91 million). This comprises interest charged to borrowers plus interest charged on advances to the Capital Fund less administration expenses.

In 2006 £32 million was transferred to the new Stabilisation Fund.

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.

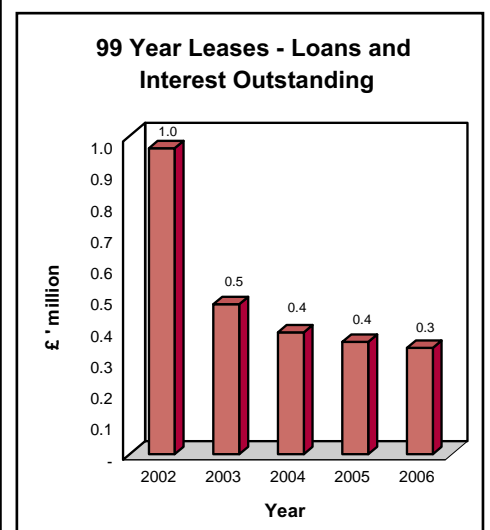
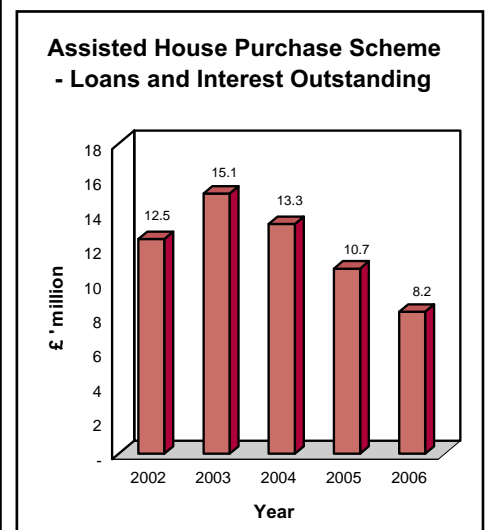
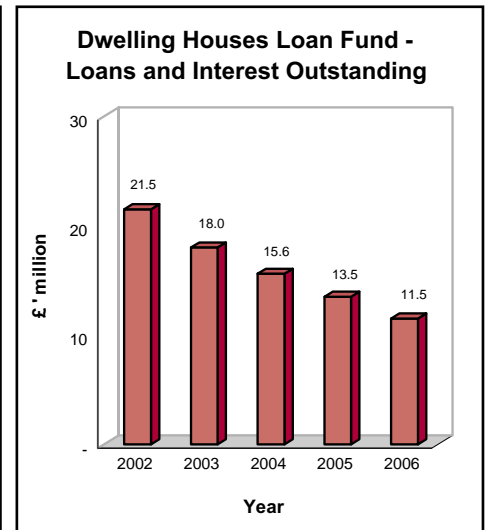
The Scheme ceased to purchase properties on behalf of employees from August 2005. Employees who would have been eligible for the Scheme must now arrange their own finance through the various Financial Institutions.

The surplus on the Scheme for the year was £144,857 (2005: £121,542).

99 Year Leases

The 99 Year Lease legislation was introduced in 1964/65 to allow the former Housing Committee to lend to individuals offering leasehold property as security. The Building Loan legislation of the day only allowed the 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 £48,985 (2005: £73,102). This surplus is transferred to the Housing Department's cash limit.



Dwelling Houses Loans Fund

Income and Expenditure Account for the Year ended 31 December 2006

	2006 Actual £	2005 Actual £
Income		
Interest Charged to Borrowers	1,231,620	1,394,829
Interest Charged on Advances to the Capital Fund	1,866,557	1,634,493
	3,098,177	3,029,322
Expenditure		
Administrative Costs	(129,732)	(117,892)
	(129,732)	(117,892)
Surplus for the Year	£ 2,968,445	£ 2,911,430

Balance Sheet as at 31 December 2006

	2006 Actual £	2005 Actual £
Fixed Assets		
Loans and Interest Outstanding	11,528,967	13,457,869
	11,528,967	13,457,869
Current Assets		
Debtors	6,149	5,911
Debtor - Temporary Advance to the Capital Fund	12,173,103	39,276,522
Current Liabilities		
Creditors (amount due within one year)	(23,844)	(24,373)
Net Current Assets	12,155,408	39,258,060
Net Assets	£ 23,684,375	£ 52,715,929
Funds Employed		
Accumulated Revenue and Reserve Balances	£ 23,684,375	£ 52,715,929

Assisted House Purchase Scheme

Income and Expenditure Account for the Year ended 31 December 2006

	2006 Actual £	2005 Actual £
Income		
Interest Charged to Borrowers	497,397	605,515
	497,397	605,515
Expenditure		
Administrative Costs	(10,293)	(6,238)
Interest on Temporary Advances from the Capital Fund	(342,247)	(477,825)
	(352,540)	(484,063)
Surplus for the Year	£ 144,857	£ 121,452

Balance Sheet as at 31 December 2006

	2006 Actual £	2005 Actual £
Fixed Assets		
Loans and Interest Outstanding	8,298,171	10,746,857
	8,298,171	10,746,857
Current Assets		
Debtors	441	479
Current Liabilities		
Creditors (amount due within one year)	(2,673)	(2,672)
Creditor - Temporary Advance from the Capital Fund	(6,560,005)	(9,153,588)
Net Current Liabilities	(6,562,237)	(9,155,781)
Net Assets	£ 1,735,934	£ 1,591,076
Funds Employed		
Accumulated Revenue and Reserve Balances	£ 1,735,934	£ 1,591,076

99 Year Leases

Income and Expenditure Account for the Year ended 31 December 2006

	2006 Actual £	2005 Actual £
Income		
Interest Charged to Borrowers	28,748	53,296
Interest on Temporary Advances from the Capital Fund	21,827	21,471
	50,575	74,767
Expenditure		
Administrative Costs	(1,590)	(1,665)
	(1,590)	(1,665)
Surplus for the Year	£ 48,985	£ 73,102

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

Balance Sheet as at 31 December 2006

	2006 Actual £	2005 Actual £
Fixed Assets		
Loans and Interest Outstanding	342,789	360,514
	342,789	360,514
Current Assets		
Debtor - Temporary Advance to the Capital Fund	487,583	469,858
Current Liabilities	-	-
Net Current Assets	487,583	469,858
Net Assets	£ 830,372	£ 830,372
Funds Employed		
Accumulated Revenue and Reserve Balances	£ 830,372	£ 830,372

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.

The deficit on the Fund for the year was £103,563 (2005: deficit of £172,905).

The Fishfarmer Loans Scheme

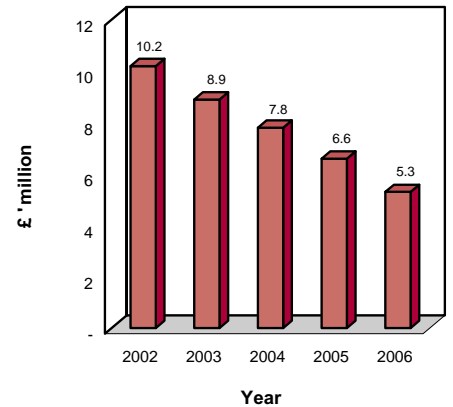
The Fishfarmer Loans Scheme was introduced by the States in 1995 to facilitate the provision of loans for:

- 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.

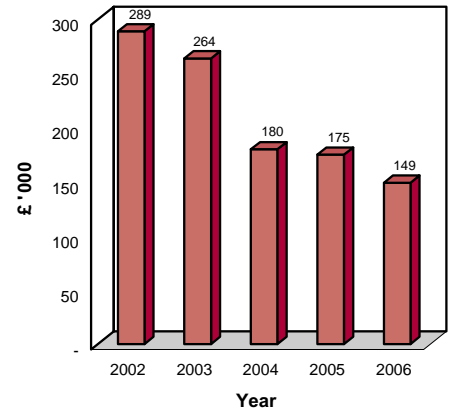
As from 2004 the approval of new loans has been suspended and therefore the Scheme did not advance any new loans in 2006.

The surplus on the Scheme for the year was £1,359 (2005: £2,552).

Agricultural loans Fund - Loans and Interest Outstanding



Fishfarmer Loans Scheme - Loans and Interest Outstanding



Agricultural Loans Fund

Income and Expenditure Account for the Year ended 31 December 2006

	2006 Actual £	2005 Actual £
Income		
Interest Charged to Borrowers	375,992	446,971
	375,992	446,971
Expenditure		
Administrative Costs	(35,719)	(32,772)
Interest Written Off	(174,871)	(263,505)
Interest on Temporary Advances from the Capital Fund	(268,965)	(323,599)
	(479,555)	(619,876)
(Deficit)/Surplus for the Year	(£ 103,563)	(£ 172,905)

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

Balance Sheet as at 31 December 2006

	2006 Actual £	2005 Actual £
Fixed Assets		
Loans and Interest Outstanding	5,324,987	6,635,393
	5,324,987	6,635,393
Current Assets	-	-
Current Liabilities		
Creditor - Temporary Advance from the Capital Fund	(5,324,987)	(6,635,393)
Net Current Liabilities	(5,324,987)	(6,635,393)
Net Assets	£ -	£ -
Funds Employed		
Accumulated Revenue and Reserve Balances	£ -	£ -

Fishfarmer Loans Scheme

Income and Expenditure Account for the Year ended 31 December 2006

	2006 Actual £	2005 Actual £
Income		
Interest Charged to Borrowers	9,957	11,102
	9,957	11,102
Expenditure		
Administrative Costs	(600)	(300)
Interest on Temporary Advances from the Capital Fund	(7,998)	(8,250)
	(8,598)	(8,550)
Surplus for the Year	£ 1,359	£ 2,552

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

Balance Sheet as at 31 December 2006

	2006 Actual £	2005 Actual £
Fixed Assets		
Loans and Interest Outstanding	148,550	174,536
	148,550	174,536
Current Assets	-	-
Current Liabilities		
Creditor - Temporary Advance from the Capital Fund	(148,550)	(174,536)
Net Current Liabilities	(148,550)	(174,536)
Net Assets	£ -	£ -
Funds Employed		
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 £58.5 million in 2006 compared to £55 million, £53 million and £51 million in 2005, 2004 and 2003 respectively

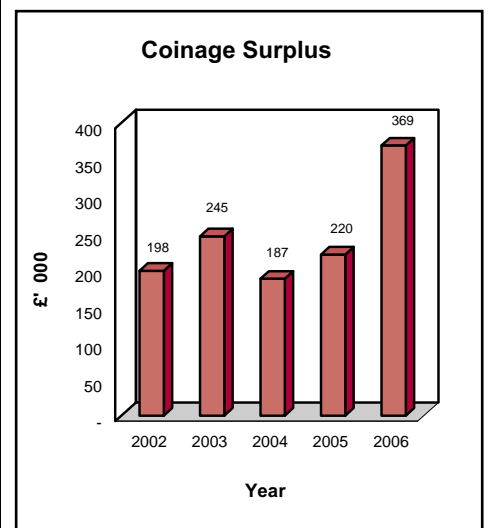
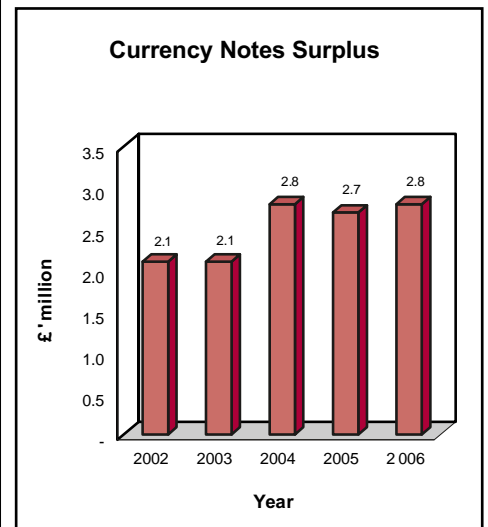
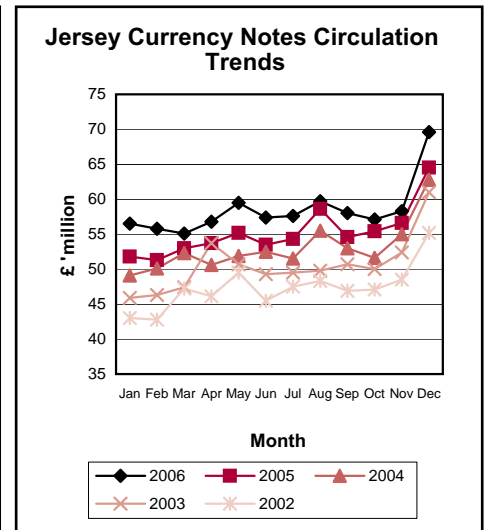
Currency

The 2006 revenue surplus of £2.82 million is 3% higher than 2005 despite a significant increase in expenditure as a result of the purchase of replacement note sorting / shredding equipment (£160,000). Although salary costs continue to reduce, the increased number of notes in circulation has increased the costs associated with note sorting.

Coinage

The royalties from sales of commemorative coins increased by 93% in 2006 which, when combined with savings in staff costs (45%) and coin issues (39%), led to a substantial increase in the annual revenue surplus from £220,054 in 2005 to £369,287 in 2006, an increase of 68%.

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 2006

	2006 Actual £	2005 Actual £
Income		
Bank Interest	1,459,115	1,226,902
Investment Income	679,543	806,195
Investment Income received from Funds invested in the Strategic Reserve	1,109,337	1,194,426
Surplus on Disposal of Investments	335,500	-
Sale of Specimen Jersey Notes	5,293	2,386
Miscellaneous Income	11,879	-
	3,600,667	3,229,909
Expenditure		
Administrative Costs	(68,978)	(79,646)
Cost of Notes Issued	(174,384)	(203,145)
Carriage, Insurance and Sundry Expenses	(537,234)	(207,963)
	(780,596)	(490,754)
Surplus transferred to General Funds	£ 2,820,071	£ 2,739,155

Statement of Total Recognised Gains and Losses for the Year ended 31 December 2006

	2006 Actual £	2005 Actual £
Unrealised Gains/(Losses) on Investments	(859,188)	494,690
Total Recognised Gains/(Losses) for the Year	(£ 859,188)	£ 494,690

Jersey Currency Notes

Balance Sheet as at 31 December 2006

	2006 Actual £	2005 Actual £
Fixed Assets		
Investments - Market Value	33,604,567	11,345,886
	33,604,567	11,345,886
Current Assets		
Stocks	550,703	627,329
Debtors	5,439,978	550,435
Debtor - Investments held by Strategic Reserve	22,040,613	22,264,054
Cash at Bank and in Hand	14,912,114	33,756,758
Current Liabilities		
Creditors (amount due within one year)	(3,763,846)	-
Jersey Notes in Circulation		
Jersey Notes Issued	(85,750,355)	(74,131,054)
Jersey Notes in Hand	16,179,975	9,659,528
Net Current Liabilities	(30,390,818)	(7,272,950)
Net Assets	£ 3,213,749	£ 4,072,936
Funds Employed		
Revaluation Reserve	1,813,749	2,672,936
Reserve	1,400,000	1,400,000
Accumulated Revenue and Reserve Balances	£ 3,213,749	£ 4,072,936

Jersey Coinage

Income and Expenditure Account for the Year ended 31 December 2006

	2006 Actual £	2005 Actual £
Income		
Bank Interest	298,291	285,680
Investment Income	3,565	-
Sale of Coins and Albums	7,968	870
Royalties	130,839	67,786
Miscellaneous Income	8,871	206
	449,534	354,542
Expenditure		
Administrative Costs	(25,213)	(46,275)
Interest Charged	-	-
Stock Write-off	(26)	(2,790)
Cost of Sale	(3,122)	(197)
Cost of Coins Issued	(51,886)	(85,226)
	(80,247)	(134,488)
Surplus for the Year	£ 369,287	£ 220,054

Statement of Total Recognised Gains and Losses for the Year ended 31 December 2006

	2006 Actual £	2005 Actual £
Unrealised Gains/(Losses) on Investments	(217)	-
Total Recognised Gains/(Losses) for the Year	(£ 217)	£ -

Jersey Coinage

Balance Sheet as at 31 December 2006

	2006 Actual £	2005 Actual £
Fixed Assets		
Investments - Market Value	2,249,783	-
	2,249,783	-
Current Assets		
Stocks	118,064	81,847
Debtors	17,681	20,960
Cash at Bank and in Hand	4,332,533	6,450,637
Current Liabilities		
Creditors (amount due within one year)	(200)	(5,500)
Coinage in Circulation		
Coinage Issued	(7,717,577)	(7,377,827)
Coinage on Hand	1,349,499	1,179,883
Net Current Assets	(1,900,000)	350,000
Net Assets	£ 349,783	£ 350,000
Funds Employed		
Revaluation Reserve	(217)	-
Reserve Fund - Numismatic Issues	350,000	350,000
Accumulated Revenue and Reserve Balances	£ 349,783	£ 350,000

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.

In 2006 the States granted an extra £1 million to the Tourism Development Fund.

During the year the Tourism Development Fund authorised grants amounting to £728,211, 4% down on 2005. The Fund had a surplus for the year of £385,948 (2005: deficit of £660,515). The Fund had reserves as at 31 December 2006 of £2.2 million (2005: £1.8 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 £121,313, an 8% increase on 2005. At 31 December 2006 the fund has had a total spend since 1998 of £11,505,547 leaving a balance on the fund of £23,590.

Channel Islands Lottery (Jersey) Fund

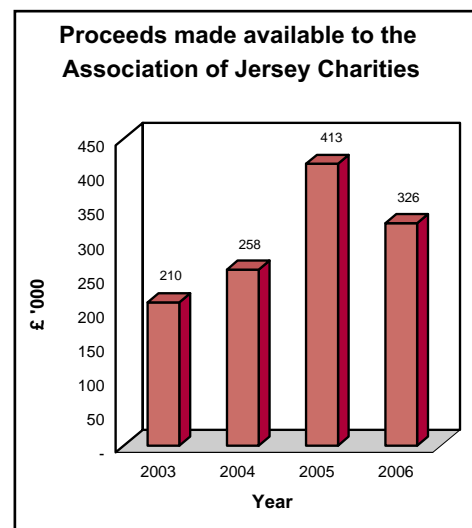
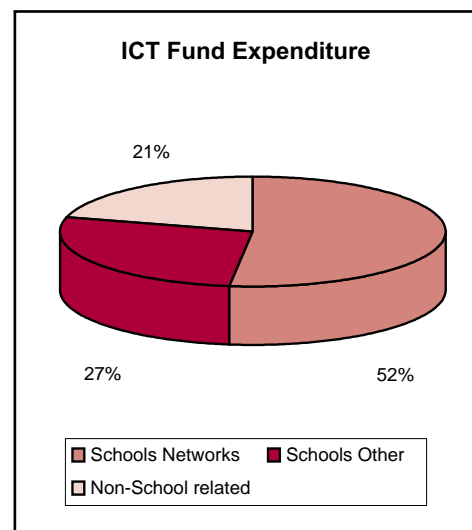
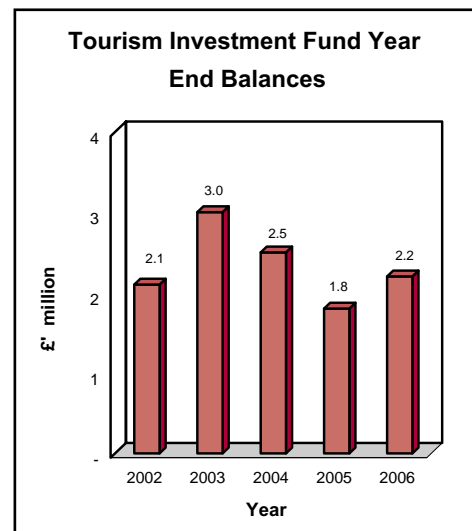
The Channel Islands Lottery is administered by the Public Lotteries Board, which is constituted in accordance with the Channel Islands Lottery (Jersey) Regulations 1975.

P41/2006 as approved by the States, proposed that the total Jersey portion of the 2005 profits should be paid to the Association of Jersey Charities for the benefit of the community and the charitable needs of the Island. This generated an award of £412,805 for 2005.

The Proposition also received States approval for the retention of up to 20% of the 2006 profits in order to boost the Accumulated Fund as a contingency measure. After assessing the 2006 results and consulting with the Association for Jersey Charities, the Assistant Minister decided that it is reasonable to retain 20% of the 2006 profit to the Fund, a figure of £81,442. The balance (subject to confirmation by audit) to be transferred to the Association of Jersey Charities is thus £325,764 for 2006.

Ticket sales for the year (inclusive of the Christmas Draw) remained buoyant, with Jersey sales 7% up over the previous year. Of the total 3,635,700 tickets sold across the Islands, 2,131,000 were sold in Jersey and 1,504,700 in Guernsey.

Ticket sales for the period recorded a rise of 7% in Jersey and 3% in Guernsey. Joint sales rose by 5% year on year.



Tourism Development Fund

Income and Expenditure Account for the Year ended 31 December 2006

	2006 Actual £	2005 Actual £
Income		
Bank Interest	123,878	113,332
Grant from Capital Fund	1,000,000	-
	1,123,878	113,332
Expenditure		
Grants	(728,211)	(761,894)
Administrative Costs	(9,719)	(11,954)
	(737,930)	(773,848)
(Deficit)/Surplus for the Year	£ 385,948	(£ 660,515)

Balance Sheet as at 31 December 2006

	2006 Actual £	2005 Actual £
Current Assets		
Debtors	5,140	29,998
Cash	2,223,838	1,844,024
Current Liabilities		
Creditors	-	(30,991)
Net Current Assets	2,228,978	1,843,030
Net Assets	£ 2,228,978	£ 1,843,030
Funds Employed		
Accumulated Revenue and Reserve Balances	£ 2,228,978	£ 1,843,030

ICT Fund

Income and Expenditure Account for the Year ended 31 December 2006

	2006 Actual £	2005 Actual £
Income		
Bank Interest	3,189	10,777
	3,189	10,777
Expenditure		
Establishment	-	(926)
Depreciation	(868,359)	(1,434,623)
	(868,359)	(1,435,549)
Deficit for the Year	(£ 865,170)	(£ 1,424,772)

Balance Sheet as at 31 December 2006

	2006 Actual £	2005 Actual £
Fixed Assets		
ICT Fund Assets	933,899	1,680,936
	933,899	1,680,936
Current Assets		
Debtors	-	903
Cash at Bank and in Hand	23,590	146,211
Current Liabilities		
Creditors	-	(5,400)
Net Current Assets	23,590	141,714
Net Assets	£ 957,479	£ 1,822,650
Funds Employed		
Accumulated Revenue and Reserve Balances	£ 957,479	£ 1,822,650

Channel Islands Lottery (Jersey) Fund

Income and Expenditure Account for the Year ended 31 December 2006

	2006 Actual £	2005 Actual Restated £
Income		
Sale of Tickets in Jersey	2,119,000	1,987,000
Sale of Tickets to Guernsey	1,577,052	1,529,317
Time Expired Income	20,627	29,150
Bank Interest	9,663	7,703
Other Lottery Income	10,023	22,679
	3,736,365	3,575,849
Expenditure		
Prize Money paid in Jersey	(818,177)	(866,784)
Prize Money paid in Guernsey	(1,044,197)	(391,957)
Prize Money Outstanding	(357,089)	(857,069)
Guernsey Discount on Ticket Price	(630,821)	(611,727)
Agents' Commission on Winning Tickets	(284,020)	(270,152)
Supplies and Services	(111,111)	(110,112)
Administration Costs	(83,744)	(55,243)
	(3,329,159)	(3,163,044)
Surplus for the Year	£ 407,206	£ 412,805

Balance Sheet as at 31 December 2006

	2006 Actual £	2005 Actual Restated £
Current Assets		
Debtors	1,065,100	1,031,942
Cash at Bank and in Hand	(23,725)	507,307
Current Liabilities		
Uncollected Prizes	(357,089)	(939,211)
Balance held for Association of Jersey Charities	(325,764)	(412,805)
Creditors	(58,490)	(18,533)
Net Current Assets	300,032	168,700
Net Assets	£ 300,032	£ 168,700
Funds Employed		
Accumulated Revenue and Reserve Balances	£ 300,032	£ 168,700

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 former Finance and Economics Committee. The Treasurer of the States is now the Accounting Officer for the Fund.

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), which was updated in December 2006 (RC 94/2006).

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 completed in 2006:

Development	Number of Units			
	Bedsit / 1 Bed	2 Bed	3+ Bed	Total
Le Coie	49	46	1	96
Hodge Nursery (Phase 2)	-	-	73	73
Total Completions in 2006	49	46	74	169

The following development was in the course of construction in 2006:

Development	Number of Units			
	Bedsit / 1 Bed	2 Bed	3+ Bed	Total
Aquila	26	-	-	26

In addition to the above, the Housing Development Fund provides a contribution to the social housing regeneration at Le Marais.

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 31 December 2006

	2006 Actual £	2005 Actual Restated £
Income		
Rental from Sites	617,530	630,651
Sale of Stock	795,054	1,622,518
Fines and Fees	152,013	-
	1,564,597	2,253,169
Expenditure		
Movement in Provision for (Loss) or Gain on Sale	-	(8,355,000)
Development Subsidy Paid	-	(439,762)
Interest on Temporary Advances from the Capital Fund	(376,447)	(45,826)
Interest Subsidy Paid	(1,489,218)	(1,351,483)
Depreciation of Completed Works	(223,314)	(308,189)
Management Charge	(26,299)	(25,862)
Maintenance Charge	(78,896)	(77,586)
Administrative Charges	(2,268)	(1,647)
	(2,196,442)	(10,605,355)
Deficit for the Year	(£631,845)	(£8,352,186)

Balance Sheet as at 31 December 2006

	2006 Actual £	2005 Actual Restated £
Current Assets		
Debtors	-	59,582
Debtor - Temporary Advance (from)/to the Capital Fund	8,989,627	(11,036,666)
Work in Progress	9,320,545	25,914,362
Completed Works	8,587,122	8,786,621
Current Liabilities		
Creditors (amount due within one year)	(682,595)	(77,355)
Net Current Assets	26,214,699	23,646,544
Net Assets	£ 26,214,699	£ 23,646,544
Funds Employed		
Reserve balance brought forward	23,646,544	29,715,812
Deficit for the year	(631,845)	(8,352,186)
Funds transferred from the Capital Fund in year	3,200,000	2,282,918
Reserve balance carried forward	£ 26,214,699	£ 23,646,544

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