



FINANCIAL REPORT AND ACCOUNTS 2004

States of Jersey Treasury

FINANCIAL REPORT AND ACCOUNTS 2004

Finance and Economics Committee

T.A. Le Sueur	Senator	President
P.F.C. Ozouf	Senator	Vice-President
P.F. Routier	Senator	
D.L. Crespel	Deputy of Trinity	
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I. Black, BSc (Econ), CPFA	Treasurer of the States	

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President's Report



The Financial Report and Accounts for 2004 continue the trend of recent years to present a fuller picture of the finances of the States, yet within that increased detail some important themes emerge.

In 2004 States expenditure grew by less than the rate of inflation, reflecting the great strides that have been made to put the brakes on what many have regarded as the spending excesses of the past.

Such spending constraint and the drive to be more efficient and effective are crucial not only in driving greater value for money for the public of the Island, but can only also help in the fight against inflation, the underlying rate of which, at the time of writing, is 2.7%, very close to the ambitious target of 2.5% that the States set some time ago.

Yet even this commendable spending restraint did not prevent a deficit of £19m, as total income remained at the 2003 level and income tax yield fell slightly. Two thirds of that corporate tax yield comes from the financial services sector and this underlines the importance of that industry to the Island's economy.

This fall in tax income, largely as a result of a fall in corporate tax yield, at a time when the Island economy is fundamentally healthy, reflects in part the international tax pressures faced by the financial services sector, and underlines the very real need to restructure our tax base, justifying the need to stay competitive and move to "0/10".

The move to "0/10" will not be enough by itself, but must be followed by equally brave decisions, both in reducing expenditure and restructuring our tax base, if we are to be able to afford the level and extent of services which are currently provided.

I am confident that those decisions can be made so that we can sustain the quality services expected by Islanders without damaging the strong financial position which we have built up. We must ensure that the financial position remains strong, in order to guard against the unknown and to safeguard and secure future generations of Island residents.

Also worthy of note is the fact that no additional money has been put into the General Reserve, other than as a contingency for pay awards. This means that there has to be, and there generally has been, good financial discipline exercised by Committees of the States in keeping unforeseen, and hence unbudgeted, expenditure to a minimum.

In conclusion I should like to pay tribute to the accounting staff, not only in the Treasury but also in each Committee, for the efforts they have put in to presenting these more detailed Accounts. These enable not just my Committee but all Members of the States to be better informed and better able to make the correct financial decisions. I must however commend in particular the tremendous efforts of the States' Treasurer, Mr. Ian Black, in leading and co-ordinating these efforts in a drive to greater financial accountability by the States.

A handwritten signature in black ink, appearing to read 'T.A. Le Sueur', written in a cursive style.

Senator T.A. Le Sueur

3rd May 2005

Treasurer's Report

1. 2004 FINANCIAL REPORT AND ACCOUNTS

The States incurred a deficit of £19 million for 2004 as opposed to the £7 million deficit originally forecast and the £1 million deficit for 2003, when analysed in a format consistent with that presented in the Budget 2004.

The deficit was larger than budgeted because States income did not achieve its budgeted level by £8 million and States revenue expenditure exceeded its budgeted level by £4 million. This deficit differs from a normal accounting calculation as presented in the primary statements as it includes capital expenditure at its voted amount as opposed to an annual depreciation charge. Shown below is a high level summary comparing actual with budget.

Budget 2004 £' million		Actual 2004 £' million	Actual 2003 £' million
	Income		
367	Income Tax	363	367
54	Impôts	50	48
14	Stamp Duty	15	13
14	Other Income	13	14
449	Total Income	441	442
(408)	Net Revenue Expenditure of Non-Trading Committees	(412)	(393)
41		29	49
(48)	Capital Expenditure Voted	(48)	(50)
(£7)	(Deficit) after Capital Expenditure Voted	(£19)	(£1)

Key features of the 2004 Accounts are as follows:

Income

- Income tax receipts at £363 million were down by 1% on 2003 levels. This is the first decrease in yield in over 50 years.
- Impôts duties receipts at £50.3 million were up by 6% on 2003 but £3.6 million less than budgeted.
- Stamp Duty at £15.2 million rose by 14% on 2003.
- The return from the Jersey Telecom Group Limited and the Jersey Financial Services Commission increased from £8.4 million in 2003 to £9.1 million in 2004.
- The Harbours, Airport and Postal Trading Committees made no financial return to the States in 2004.

Net Revenue Expenditure of Non-Trading Committees

- Net revenue expenditure rose by £19.2 million (5%) in 2004, compared with 2003. Of this expenditure 29% was incurred by the Health and Social Services Committee, 22% by the Education, Sport and Culture Committee and 19% by the Employment and Social Security Committee.

Treasurer's Report

1. 2004 FINANCIAL REPORT AND ACCOUNTS (continued)

- Whilst the original budget for Committee net revenue expenditure for 2004 amounted to £403 million (excluding £5 million voted allocation to the General Reserve) this was supplemented by carryforwards of £14 million and transfers from the General Reserve and other votes of £2 million leaving total funds available of £419 million. Against this total amount voted, £412 million of expenditure was incurred, leaving £7 million unspent in Committee budgets at the year end.

Capital Expenditure

- The States approved £48 million of capital projects in the 2004 Budget. This is included in the 2004 Actual column of the above table for comparative purposes. However, actual expenditure out of the Capital Fund for the year totalled £41.6 million (2003: £50.1 million). Expenditure included £6.5 million for the rebuild of Le Rocquier School, £3.9 million for the extension and refurbishment to Hautlieu School, £2.3 million for phase 2 of Grainville School, £2.1 million for sewer reconstruction and replacement (part of a rolling programme) and £2 million for D'Auvergne School.
- A further £8.4 million was transferred to the Housing Development Fund from the Capital Fund to meet the cost of future developments and commitments in respect of subsidies to Housing Trusts. During the year capital expenditure of £2.7 million was incurred from the Housing Development Fund, of which £1.9 million related to Le Coie Hotel site development. A further £1.2 million was expended on interest subsidy support for Housing Trusts.

2. INCOME FROM TAXATION

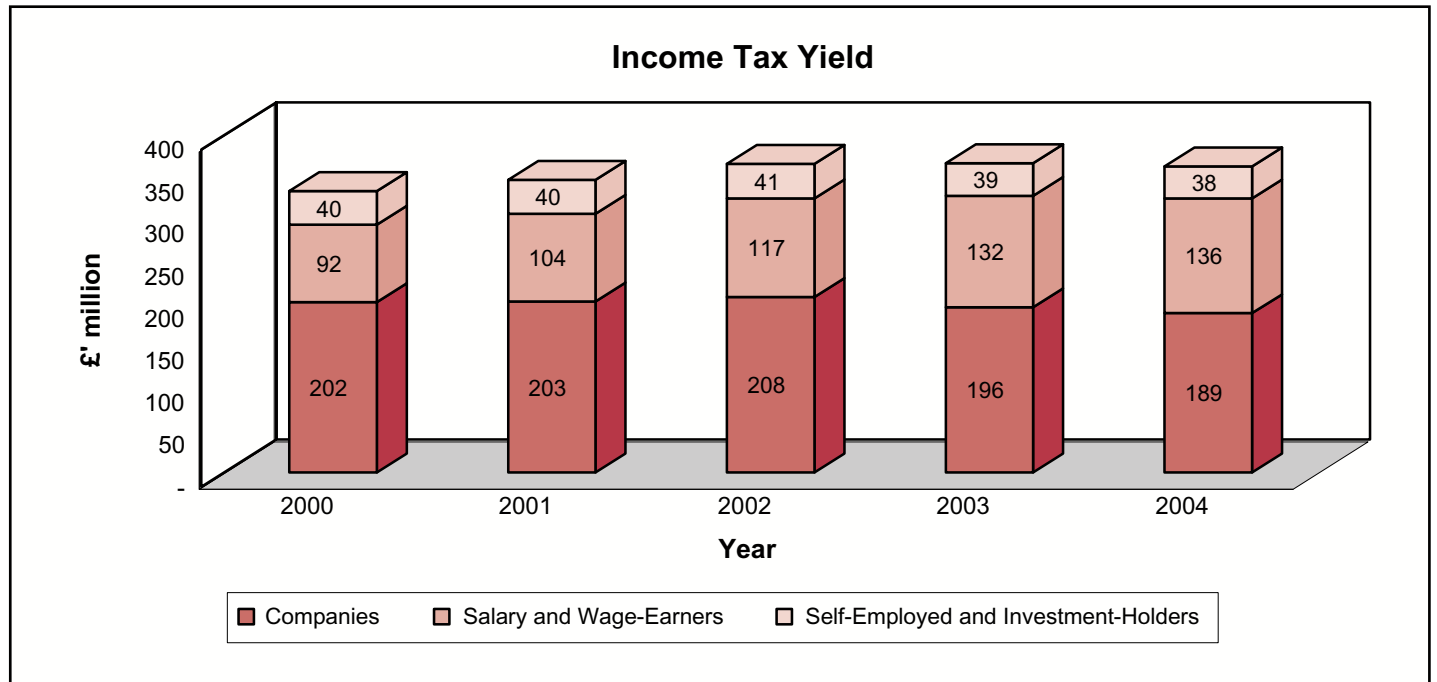
2.1. INCOME TAX

The standard rate of Income Tax remained at 20 pence in the pound in 2004. International business companies are charged at lower rates than this on income and profits arising from international activities and the Exempt Company charge is £600. Total tax revenues were as follows:

Budget 2004 £' million		Actual 2004 £' million	Actual 2003 £' million	Increase/ (Decrease) %
140	Salary and Wage-Earners	136	132	3.0
40	Self-Employed and Investment-Holders	38	39	(2.6)
187	Companies	189	196	(3.6)
£ 367		£ 363	£ 367	(1.1)

Treasurer's Report

2.1. INCOME TAX (continued)



Tax collected in 2004 was largely produced from trading profits in 2002 and other taxable income of 2003. The 1.1% decrease in total tax yield in 2004 is the first time tax yield has decreased in over 50 years and reaffirms the pressures on tax take as previously stated by the Finance and Economics Committee.

Salary and Wage-Earners tax receipts have increased by 48% since 2000, whilst that of companies has reduced to 6% below the level experienced in 2000.

The proportion of tax receipts arising from salary and wage-earners to total tax receipts has risen from 27.5% to 37.5% since 2000. The proportion of tax receipts arising from companies to total tax receipts has reduced from 60.5% to 52.1% since 2001. The proportion of tax receipts arising from self-employed and investment-holders has remained relatively static.

Treasurer's Report

2.1. INCOME TAX (continued)

Income Tax Charged for the Year of Assessment 2003 as at 31 December 2004

	Actual 2004 £' million	Actual 2003 £' million	Increase/ (Decrease) %
1 BY INDUSTRY			
Agriculture	3.1	3.3	(6.1)
Fishing	0.3	0.3	-
Manufacturing	2.3	1.7	35.3
Construction and Quarrying	11.7	8.5	37.6
Wholesale and Retail	13.0	13.0	-
Hotels and Restaurants	5.9	5.0	18.0
Transport and Communications	2.0	2.1	(4.8)
Financial Intermediation	141.4	150.8	(6.2)
Real Estate (fee income)	0.6	0.6	-
Health and Social Work	3.3	3.2	3.1
Other business services	20.9	19.4	7.7
Other community, social and personal services	7.9	7.9	-
	£ 212.4	£ 215.8	(1.6)
2 BY INDIVIDUALS			
Employees	133.3	129.6	2.9
Rentiers and Retired	16.0	17.3	(7.5)
	£ 149.3	£ 146.9	1.6
3 BY OTHERS			
Investment Holding Companies	19.3	15.3	26.1
TOTAL	£ 381.0	£ 378.0	0.8

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 2003 year of assessment, whereas the previous table is the net charge after provisions and adjustments following appeal to assessments in the calendar year for all years of assessment.

Treasurer's Report

2.2. IMPÔTS DUTIES

Impôts duties yielded £50.3 million in 2004, £2.8 million more than in 2003, however this was £3.6 million less than budgeted.

	Actual 2004 £' million	Actual 2003 £' million	Increase/ (Decrease) %	Duty Increase applied in 2004 Budget %
Spirits	3.8	4.5	(15.6)	3.5
Wines	5.4	5.4	-	3.5
Beer	4.7	4.9	(4.1)	3.5
Tobacco	13.9	13.3	4.5	21.3
Fuel	18.7	16.4	14.0	15.8
Vehicle Registration Duty	3.7	2.9	27.6	25.0
Goods Imported	0.1	0.1	-	-
	£ 50.3	£ 47.5		

Increases to Impôts duties were made during the 2004 Budget. These included a 27 pence increase on a litre of whisky, 14 pence on a bottle of "alcopops", 44 pence increase on 20 king size cigarettes and a 5 pence increase on a litre of unleaded petrol.

The above table shows that whilst rates of duty have increased, the consumption of alcohol, tobacco and fuel have all fallen in the year.

2.3. STAMP DUTY

In the 2004 Budget, Stamp Duty rates payable on the purchase or transfer of property were raised, except in the case of first time buyers. A new higher rate for properties valued over £700,000 was also introduced. The yield from Stamp Duty for the year rose by 13.6% on 2003.

Treasurer's Report

2.4. OTHER INCOME

Other income as calculated in accordance with that presented in the Budget 2004 is analysed below:

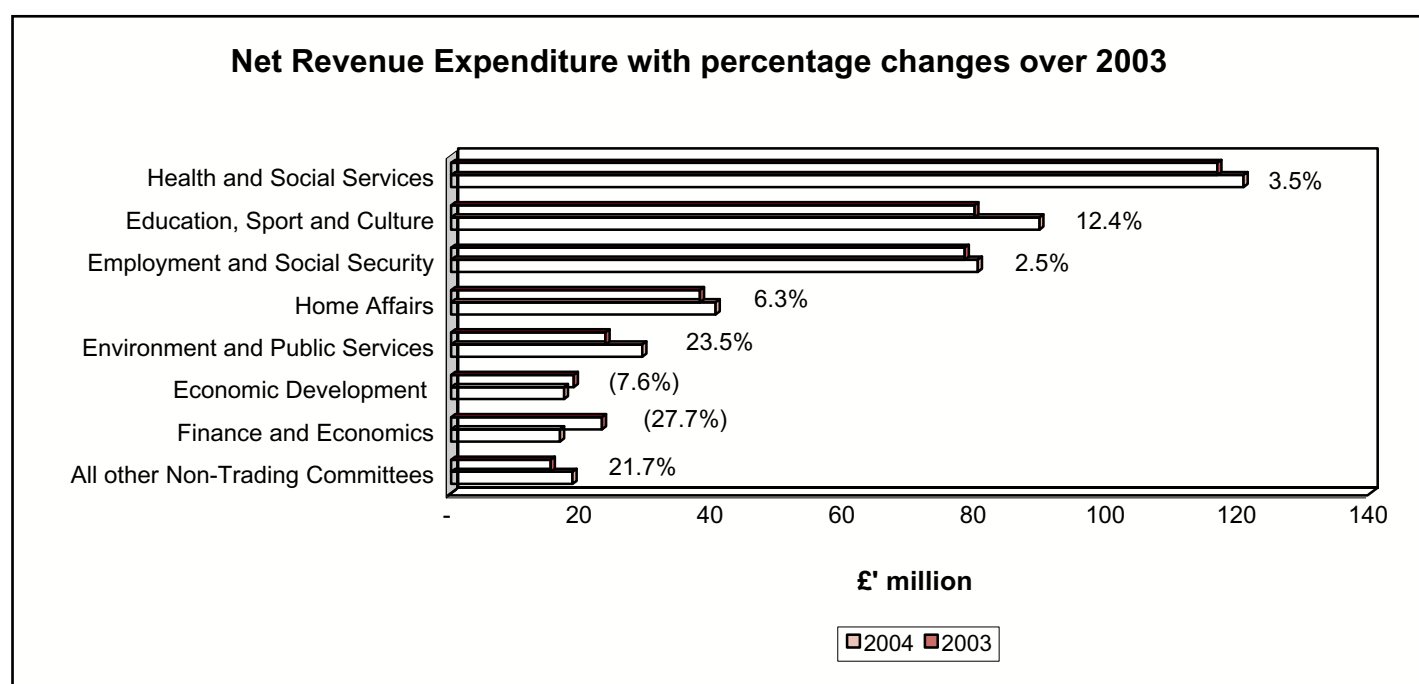
	Actual 2004 £' million	Actual 2003 £' million
Interest Income	2	3
Return from the Jersey Financial Services Commission	4	4
Return from the Jersey Telecom Group Limited	5	5
Internal Loan Repayments *	2	2
	£ 13	£ 14

* This amount is included in the Budget but excluded in the General Funds Income and Expenditure Account on the basis that it is an internal repayment.

Interest income arises from cash balances in the various bank accounts held in the name of the States of Jersey.

3. NON-TRADING COMMITTEES

The total net revenue expenditure (excluding capital servicing) of Non-Trading Committees totalled £412 million (£393 million in 2003), of which over 70% related to the Health and Social Services, Education, Sport and Culture and Employment and Social Security Committees. Expenditure variances are analysed below:



Treasurer's Report

3. NON-TRADING COMMITTEES (continued)

The Health and Social Services Committee

Net revenue expenditure increased by £4.0 million (3.5%) in 2004, compared with 2003. A significant proportion of this increase (£1.5 million) relates to the Division of Social Services.

The Education, Sport and Culture Committee

Net revenue expenditure was £89.6 million in 2004, an increase of £9.9 million (12.4%) compared with 2003. Several reasons contribute to the increase in expenditure; namely the transfer from the Finance and Economics Committee of the grants to the Jersey Heritage Trust and the Jersey Arts Trust, an increase totalling £3 million, and expenditure increases to Primary, Secondary and Higher Education totalling £5.2 million.

The Employment and Social Security Committee

Net revenue expenditure increased by £2 million (2.5%) in 2004, compared with 2003. The largest single increase was an increase of £0.9 million for the States Supplementation to the Social Security Fund. The total of Community Benefit payments increased by £1.2 million (5.2%) in 2004 compared with 2003.

The Home Affairs Committee

Net revenue expenditure for 2004 increased by £2.4 million (6.3%) against 2003. Part of this increase relates to Police, an overall increase of £1.1 million. Another significant increase in expenditure relates to HM Prison, where an additional £1.0 million was spent.

The Environment and Public Services Committee

Net revenue expenditure increased by £5.5 million (23.5%) in 2004 compared with 2003. However £3.4 million of the increase relates to elements of Agriculture and Fisheries expenditure transferred from the Economic Development Committee.

The Economic Development Committee

Net revenue expenditure for 2004 decreased by £1.4 million (7.6%), however the Committee transferred net £3.3 million of services to other Committees. £3.4 million was transferred to the Environment and Public Services Committee in respect of the Agriculture and Fisheries function. Increases in expenditure occurred in financial support to the Agriculture Industry and Tourism Marketing.

The Finance and Economics Committee

Net revenue expenditure (excluding net repayment of capital debt) decreased by £6.4 million (27.7%) from the previous year. Court and Case cost expenditure decreased by £2.5 million, whilst significant other decreases in expenditure relate to the transfer of the Jersey Heritage Trust and Jersey Arts Trust, totalling £3 million, to the Education, Sport and Culture Committee.

Other Non-Trading Committees

Net revenue expenditure of all other Non-Trading Committees increased by £3.3 million (21.7%). The most significant increase relates to the Privileges and Procedures Committee, accounting for £2.4 million of the increase. The Privileges and Procedures Committee was transferred responsibility for States Members' income supplement and expense allowances, Commonwealth Parliamentary Association and Assemblée Parlementaire de la Francophonie from the Finance and Economics Committee.

Treasurer's Report

4. GENERAL FUNDS INCOME AND REVENUE EXPENDITURE

Year	General Revenues Income**		Non-Trading Committees Net Revenue Expenditure*		Jersey RPI as at December
	£' million	Increase %	£' million	Increase %	%
1994	262	1.2	215	4.9	2.7
1995	274	4.6	223	3.7	3.7
1996	277	1.1	233	4.5	3.6
1997	287	3.6	251	7.7	3.5
1998	319	11.1	273	8.8	4.0
1999	375	17.6	290	6.2	4.4
2000	394	5.1	319	10.0	4.0
2001	410	4.1	352	10.3	3.1
2002	432	5.4	372	5.7	4.9
2003	440	1.9	393	5.6	4.0
2004	440	-	412	4.8	5.3

1994-2004 Total Increase

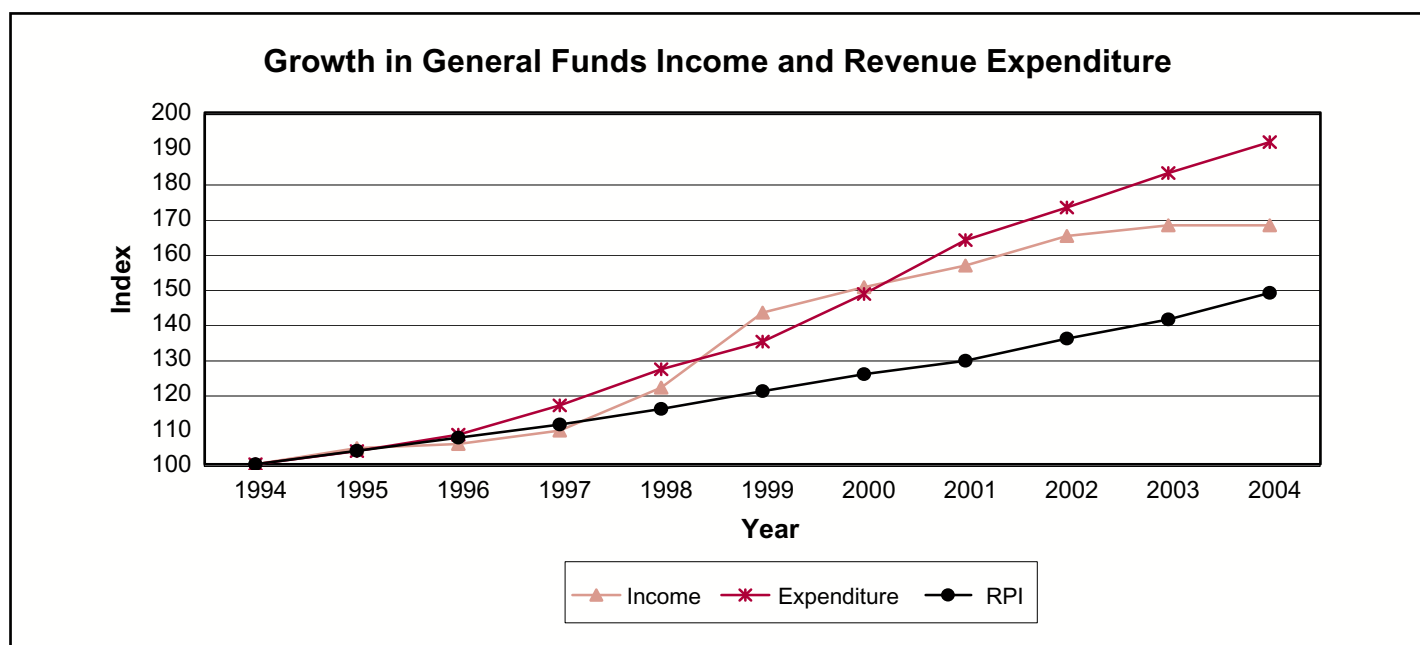
67.9%

91.6%

* Expenditure excludes capital servicing.

** Income excludes internal loan repayments.

The following graph illustrates the growth in General Funds income and revenue expenditure compared with the growth in RPI over the years 1994 to 2004 (amounts rebased to 1994).



Treasurer's Report

5. RECONCILIATION WITH 2004 REVENUE BUDGET

In addition to the amounts voted to Committees in the 2004 Revenue Budget additional funds were made available from the following sources:

	£' million
Net Revenue Expenditure approved in the 2004 Budget	402.89
Carry forward of Revenue Balances from 2003	14.42
Funds granted from the General Reserve for pay and pension awards	3.06
Funds granted from the General Reserve for voluntary redundancy/voluntary early retirement	0.70
Funds granted from the General Reserve for urgent and unforeseen items	6.59
Other sources including transfers from/(to) Capital Votes, including Central IT Vote	(8.34)
Total Voted Budget	£ 419.32

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

	Original Budget £' million	Carry Forward from 2003 £' million	General Reserve/ Other Vote Transfers £' million	Total Voted Budget £' million	2004 Net Revenue Expenditure £' million	Overspend/ (underspend) £' million
Health and Social Services	121.60	(0.03)	(0.90)	120.67	120.69	0.02
Education, Sport and Culture	87.90	3.23	(0.08)	91.05	89.63	(1.42)
Employment and Social Security	80.40	0.67	-	81.07	80.22	(0.85)
Home Affairs	37.58	0.23	2.59	40.40	40.25	(0.15)
Environment and Public Services	21.97	0.96	6.29	29.22	29.09	(0.13)
Finance and Economics	19.45	1.08	(0.55)	19.98	16.61	(3.37)
Economic Development	18.54	1.56	(2.88)	17.22	17.24	0.02
Policy and Resources	6.49	6.41	(5.20)	7.70	6.92	(0.78)
Overseas Aid	5.31	0.02	-	5.33	5.26	(0.07)
Privileges and Procedures	3.97	0.29	0.94	5.20	4.86	(0.34)
Housing	(0.24)	-	1.80	1.56	1.56	-
Other Committees	(0.08)	-	-	(0.08)	(0.12)	(0.04)
	£ 402.89	£ 14.42	£ 2.01	£ 419.32	£ 412.21	(£ 7.11)

This analysis does not include income derived from the Vehicle and Garage Plant Account of the Environment and Public Services Committee, (2004 £220,000).

Treasurer's Report

6. RESERVES

6.1. GENERAL RESERVE

This is the States short-term Reserve used to fund urgent and unforeseen items of expenditure and pay awards. The new Public Finances Law, recently approved by the States, does not include provision for a General Reserve.

The balance brought forward from 2003 was £20.6 million. An additional £5.0 million intended for pay and pension contingencies only, was allocated to the Reserve from General Funds in 2004 to provide total funds of £25.6 million.

During the year the Finance and Economics Committee agreed to grant funds of £10.4 million. Included within this balance was £3.8 million in relation to pay and pension matters and £6.6 million for 'unforeseen' items of revenue and capital expenditure, for which no budget allocation to the General Reserve had been made in 2004.

Movements of the Reserve for the year can be summarised as follows:

	£' million
Opening Balance	20.6
Additions	5.0
Pay and pension awards	(3.1)
Voluntary redundancy/voluntary early retirement payments	(0.7)
Urgent and unforeseen expenditure items	(6.6)
Balance held in the General Reserve	£ 15.2

The balance held in the General Reserve as at 31st December 2004 amounted to £15.2 million (2003: £20.6 million). Of this figure, £5.2 million has been 'ring-fenced' for voluntary redundancy/voluntary early retirement arising from the Fundamental Spending Review and Public Sector Reorganisation, £6.7 million for likely known forthcoming unbudgeted expenditure, leaving £3.3 million for urgent and unforeseen items. There is currently no budgeted addition to the Reserve planned for 2005, except for pay and pension awards.

6.2. STRATEGIC RESERVE

The Strategic Reserve is the States long-term reserve, set up in the mid 1980's to safeguard against a downturn in the economy. The total market value of the assets of the Reserve at the year end was £418.2 million (2003: £397.0 million).

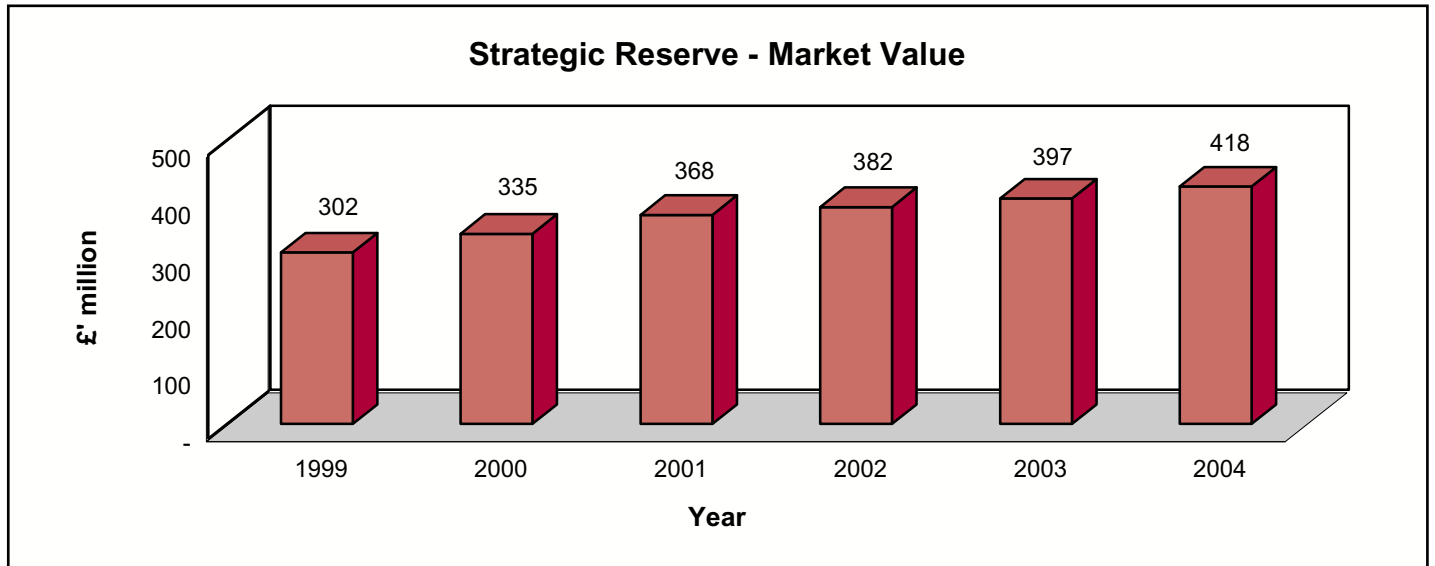
During 2004 the growth in the Reserve arising from net realised income amounted to £9.6 million (2003: £15.8 million). In addition unrealised profits on investments as at the year end totalled £11.6 million (a loss in 2003 of £1 million).

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

Treasurer's Report

6.2. STRATEGIC RESERVE (continued)

The following graph shows the total market value of the Strategic Reserve year on year.



7. CAPITAL EXPENDITURE

The States capital expenditure for the year amounted to £52.4 million (2003: £62.7 million) of which £41.6 million was financed from the Capital Fund. The breakdown of expenditure for 2004 is shown below:

Capital Expenditure financed from:	2004 £' million	2003 £' million
Capital Fund	41.6	50.1
Trading Funds	9.2	8.1
Vehicle and Garage Plant	0.5	1.0
ICT Fund	0.3	0.2
General Funds	0.1	-
Waterfront Enterprise Board	0.7	3.3
	£ 52.4	£ 62.7

Treasurer's Report

7. CAPITAL EXPENDITURE (continued)

Those projects funded from the Capital Fund with spend over £1 million in 2004 are listed below:

Committee	Project	Spend in 2004 £' 000	Spend to date £' 000	Total Voted £' 000
Finance and Economics	Magistrates' Court	1,964	2,852	9,720
Environment and Public Services	Sea Defence - Planning and Maintenance	1,701	2,999	3,971
	Sewer Reconstruction / Replacements*	2,119	17,071	19,946
	Sewer Extensions*	1,860	29,588	30,659
Health and Social Services	Overdale - Rehabilitation	1,320	7,700	7,923
Education, Sport and Culture	Hautlieu School - Extension and Refurbishment	3,948	19,753	26,000
	Le Rocquier School	6,453	9,150	22,708
	D'Auvergne School	2,034	2,288	6,108
	Church Schools' Fund	1,785	5,923	6,500
	Grainville School - Phase 2	2,302	3,804	4,829
Housing	Le Squez Redevelopment	1,094	1,493	4,542

* These capital projects represent ongoing works on numerous small projects as part of a rolling programme. The 2004 expenditure has been shown to highlight the investment in these infrastructure assets.

As at 31st December 2004 £120.1 million of Capital Fund expenditure approved by the States had yet to be incurred. Of this balance £10.2 million was held in the Capital Reserve Vote to meet the cost of inflation and risk on projects and £4.2 million remained unspent in the Land Acquisition Reserve. Other unspent balances over £5.0 million were £13.6 million for Le Rocquier School, £8.5 million for visioning projects, £6.9 million for the Magistrates' Court and £6.2 million for Hautlieu School; however it is anticipated that each of these balances will be spent in bringing these projects to completion.



Ian Black, BSc (Econ), CPFA
Treasurer of the States
3rd May 2005

Auditors' Report

To the President and Members of the Finance and
Economics Committee of the States of Jersey

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

Respective responsibilities of the Finance and Economics Committee, the Treasurer of the States and the States Auditor

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

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

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

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

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

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

Auditors' Report

Basis of opinion

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

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

Explanatory paragraph

In forming our opinion we have considered the adequacy of the disclosures made in note 19 of the accounts concerning the use of finance leases to incur capital expenditure. Based upon legal advice, these finance leases may have been entered into in contravention of the Public Finances (Administration) (Jersey) Law, 1967. Our opinion is not qualified in this respect.

Opinion

In our opinion the accounts for the year ended 31st December 2004, have been properly drawn up and are in accordance with the books of account.

PricewaterhouseCoopers CI LLP
Twenty Two Colomberie
St Helier
Jersey, Channel Islands
3rd May 2005

States of Jersey

General Funds Income and Expenditure Account for the Year ended 31 December 2004

	2004 Actual £' 000	2003 Actual Restated £' 000
Income		
Income Tax	362,993	367,452
Impôts Duties	50,290	47,453
Stamp Duty	15,203	13,385
Interest and Other Income	2,302	3,292
Return from the Jersey Financial Services Commission	4,100	3,900
Return from the Jersey Telecom Group Limited	5,000	4,472
	439,888	439,954
Expenditure of Non-Trading Committees		
Health and Social Services	(120,691)	(116,661)
Education, Sport and Culture	(89,635)	(79,714)
Employment and Social Security	(80,216)	(78,240)
Home Affairs	(40,252)	(37,859)
Environment and Public Services	(29,088)	(23,548)
Finance and Economics	(16,613)	(22,971)
Economic Development	(17,236)	(18,662)
Policy and Resources	(6,918)	(6,267)
Overseas Aid	(5,261)	(4,596)
Privileges and Procedures	(4,859)	(2,474)
Housing	(1,563)	(1,980)
Other	341	187
Net Revenue Expenditure before Capital Repayments	(411,991)	(392,785)
Net Capital Repayments	(32,127)	(26,676)
Revenue (Deficit)/Surplus for the Year	(£ 4,230)	£ 20,493
Adjustments to reconcile to stated UK Generally Accepted Accounting Principles (as set out in note 1)		
Amortisation of past service liabilities in Teachers' Superannuation Fund	(6,750)	(6,750)
Adjustments to Lease Finance Charges accounted for in General Funds Expenditure	286	211
Leased Assets Depreciation Charge	(568)	(568)
	(£ 11,262)	£ 13,386

The Income and Expenditure Account includes the income and revenue expenditure which is subject to the budget process, in accordance with the Public Finances Law. It does not include the income and expenditure of the Strategic Reserve, Capital Fund, other Separately Constituted Funds and the Waterfront Enterprise Board Limited.

States of Jersey

Total Income and Expenditure Account for the Year ended 31 December 2004

	Notes	2004 Actual £' 000	2003 Actual Restated £' 000
Income			
Income Tax		362,993	367,452
Impôts Duties		50,290	47,453
Stamp Duty		15,203	13,385
Trading Income	72,460		
Trading Expenditure	(67,227)		
Trading Net Income		5,233	8,215
Non-Trading Committees' Income		89,756	85,997
Investment Income		27,601	25,859
(Loss) on Disposal of Investments		(9,705)	(2,611)
Return from the Jersey Financial Services Commission		4,100	3,900
Loan, Bank and Notional Interest Income		8,719	8,740
Sundry Income		9,875	10,465
		564,065	568,855
Expenditure			
		(565,691)	(530,635)
(Deficit)/Surplus for the Year	3	(£ 1,626)	£ 38,220
Retained as follows:			
Strategic Reserve	15	9,625	15,800
Trading Funds	15	6,780	10,024
General Funds	15	(23,653)	(17,058)
Capital Fund	15	12,390	30,444
General Reserve	15	-	(500)
Other Separately Constituted Funds	15	1,484	(371)
Waterfront Enterprise Board Limited	15	(8,252)	(119)
		(£ 1,626)	£ 38,220

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

Statement of Total Recognised Gains and Losses for the Year ended 31 December 2004

	2004 £' 000	2003 Restated £' 000
(Deficit)/Surplus for the Year	(1,626)	38,220
Unrealised Gain/(Loss) on Revaluation of Investments	10,687	(1,602)
Total Recognised Gains for the Year	£ 9,061	£ 36,618

States of Jersey

Balance Sheet as at 31 December 2004

	Notes	2004 Actual £' 000	2003 Actual Restated £' 000
Fixed Assets			
Tangible Assets	5		
Financed from Capital Fund		690,264	682,421
Financed from Trading Funds		50,393	45,948
Financed from General Funds		10,951	11,880
Vehicle and Garage Plant		2,543	2,853
Financed from ICT Fund		3,003	4,254
Waterfront Enterprise Board Limited		14,396	26,930
		771,550	774,286
Advances	6	49,160	55,576
Strategic Investments	7	82,458	82,458
Other Investments	8	397,857	425,988
		1,301,025	1,338,308
Current Assets			
Stock and Work in Progress	9	34,186	31,729
Debtors	10	73,170	67,359
Cash at Bank and in Hand	11	258,636	210,906
		365,992	309,994
Current Liabilities			
Creditors (amounts due within one year)	12	80,260	70,240
Currency in Circulation	13		
Jersey Currency Notes		62,840	61,017
Jersey Coinage		5,795	5,459
		148,895	136,716
Net Current Assets		217,097	173,278
Total Assets Less Current Liabilities		1,518,122	1,511,586
Creditors (amounts falling due after one year)	14	(28,154)	(30,679)
Provisions for liabilities and charges		(1,964)	(1,964)
		£ 1,488,004	£ 1,478,943
Funds Employed			
Accumulated revenue and reserve balances	15	£ 1,488,004	£ 1,478,943

States of Jersey

Cash Flow Statement for the Year ended 31 December 2004

	2004 Actual £' 000	2003 Actual £' 000
Operating Activities		
Net Cash Inflow from Operating Activities	31,178	51,864
Returns on Investment and Servicing of Finance		
Investment Income	23,687	20,814
Interest Income	8,720	8,819
Interest Element of Finance Lease Rental Payments	(2,104)	(2,263)
Net Cash Inflow from Returns on Investments and Servicing of Finance	30,303	27,370
Capital Expenditure and Financial Investments		
Payments to acquire Tangible Fixed Assets	(52,442)	(62,730)
Receipts from Sale of Plant, Property and Equipment	1,262	314
Proceeds from Disposal of Housing Stock	4,133	23,574
	(47,047)	(38,842)
Loans Advanced	(608)	(5,447)
Loans Repaid	7,024	9,145
	6,416	3,698
Purchase of Investments	(647,135)	(188,856)
Proceeds from Disposal of Investments	676,247	155,447
Transfer of Cash at Incorporation of Jersey Telecom Group Limited	-	(13,362)
Net Cash Inflow from Capital Expenditure and Financial Investments	29,112	(46,771)
Management of Liquid Resources	(11,519)	(81,915)
Cash on Deposit at 1 January	208,811	210,696
Cash on Deposit at 31 December	262,480	208,811
(Increase)/Decrease in Deposits	(53,669)	1,885
Financing		
Capital Element of Finance Lease Rental Payments	(2,232)	(2,091)
(Decrease) in Cash	(£ 5,939)	(£ 2,887)

States of Jersey

Reconciliation of Net Cash Flow to Movement in Net Funds

	2004 Actual £' 000	2003 Actual £' 000
(Decrease) in Cash in the Year	(5,939)	(2,887)
Cash used to Increase/(Decrease) Liquid Resources	53,669	(1,885)
Net Cash Inflow from Lease Financing	2,232	2,091
Incorporation - Jersey Telecom Group Limited	-	1,090
Change In Net Funds	49,962	(1,591)
Net Funds at 1 January	178,615	180,206
Net Funds at 31 December	£ 228,577	£ 178,615

Notes to the Cash Flow Statement

1. RECONCILIATION OF SURPLUS FOR THE YEAR TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2004 Actual £' 000	2003 Actual Restated £' 000
Surplus for the Year	(1,626)	38,220
Capital Servicing/Depreciation/Diminution	48,546	34,595
- Less: Gain on Disposal of Vehicles	(101)	(76)
- Less: Investment Income	(23,687)	(20,814)
- Less: Interest Income	(8,720)	(8,819)
Interest Element of Finance Leases	2,104	2,263
- Add: Loss on Realisation of Investments	9,705	2,611
- Less: Incorporation adjustment for Jersey Telecom Group Limited	-	(2,492)
(Increase) in Stock	(6,589)	(3,110)
Transfer of Fixed Assets to Stock (WEB)	5,473	-
(Increase)/Decrease in Debtors	(5,812)	5,479
Increase/(Decrease) in Creditors	10,345	(2,847)
(Decrease)/Increase in Capital Grants	(620)	180
(Decrease)/Increase in Provisions	-	500
Increase in Currency Provision	2,160	6,174
	£ 31,178	£ 51,864

2. ANALYSIS OF NET FUNDS

	At 1 January 2004 £' 000	Cash Flow £' 000	At 31 December 2004 £' 000
Cash at Bank and in Hand	2,095	(5,939)	(3,844)
Bank Deposit Accounts	208,811	53,669	262,480
Total Cash	210,906	47,730	258,636
Finance Leases	(32,291)	2,232	(30,059)
Net Funds	£ 178,615	£ 49,962	£ 228,577

Notes to the Accounts

1. ACCOUNTING POLICIES

(i) Basis of Accounts

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

(a) Inter-Committee Transactions

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

(b) Strategic Investments

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

(c) Fixed Assets

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

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

(d) Commitments

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

(ii) General

(a) Aggregation and Consolidation

The accounts reflect the aggregated income and expenditure accounts and the balance sheet of the States of Jersey including the results of Separately Constituted Funds.

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

(b) Capital Expenditure

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

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

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

Notes to the Accounts

1. ACCOUNTING POLICIES (continued)

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

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

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

(c) Leasing Arrangements

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

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

(d) Income Tax and Impôts

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

(e) Creditors and Commitments

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

(f) Capital Grants

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

(g) Provisions for Liabilities and Charges

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

Notes to the Accounts

1. ACCOUNTING POLICIES (continued)

(h) Strategic Investments

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

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

(i) Other Investments

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

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

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

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

(j) Stock and Work in Progress

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

(k) Pension Schemes

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

The regular pension cost is charged to revenue expenditure over the employees' future working lives. Costs in addition to this are met on the basis that the overall employer's contribution remains at a stable percentage of payroll. These costs are assessed in accordance with the advice of a qualified actuary.

(l) Special Funds and Social Security Funds

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

(m) Foreign Currencies

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

Notes to the Accounts

1. ACCOUNTING POLICIES (continued)

(n) Prior Year Restatement

During the year the Waterfront Enterprise Board Limited (WEB), a wholly-owned subsidiary has reclassified certain assets as a result of a change in accounting policy in respect of these assets. As a result the comparative figures for 2003 have been restated where appropriate.

2. PENSION SCHEMES

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

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

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

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 as at 31st December 2004 was £804 million. The States of Jersey contribution to the Scheme in 2004 was £23 million.

The last published Actuarial Valuation of the Scheme as at 31st December 2001, dated 15th December 2003, indicated that the Scheme had an actuarial deficit of £78.1 million, excluding the past service liability element (disclosed below) and after allowing for arrangements relating to the admission of Jersey Telecom Group Limited to the Scheme as from 1st January 2003. The Actuaries have advised that the decision of the States, taken on 8th June 2004, to reduce the obligatory PECRS entry age to 20, has effectively reduced the deficiency by £8 million to £70.1 million.

The Actuaries have concluded that this deficit is not temporary in nature and recommended that action should be taken to deal with the deficiency.

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

As reported to the States by RC33, 20th July 2004, the Policy and Resources Committee and the Public Employees Pension Scheme Joint Negotiating Group have agreed how to address the remaining deficiency of £70.1 million. The agreement has no impact on the benefits or contributions of the Scheme's present active members, pensioners or deferred pensioners, however for future entrants the benefit structure will be modified by increases to pension ages and reduced benefits for those retiring before those increased pension ages, details of which can be found in RC33/2004.

The Actuaries have confirmed that the proposals outlined in RC33/2004 will have the effect of meeting the remaining deficiency of £70.1 million. Amendments to the PECRS regulations to bring the above into effect will be lodged with the States.

Notes to the Accounts

2. PENSION SCHEMES (continued)

Discussions between representatives of the Committee of Management and the Policy and Resources and Finance and Economics Committees, have concluded in a proposal which will be made to the States in respect of the past service liability which arose from the restructuring of the PECRS arrangements with effect from 1st January 1988. The proposal was reported to the States in RC3, 27th January 2004.

The proposed provisions of the proposal to address the past service liability include an increase in employer's contributions equivalent to 0.44% of members pay as from 1st January 2002, raising the employer's contribution rate to 15.6%. This increase will form part of a sum initially equivalent to 2% of the employer's total pensionable payroll, re-expressed as a cash amount and increasing each year in line with the average pay increase of Scheme members.

Over 82 years the past service liability of £177.8 million (after Jersey Telecom Group Limited payment) would thereby be repaid, at which point the employer's contribution rate would revert to 15.16%.

(b) Teachers' Superannuation Fund (TSF)

Membership of the defined benefit Scheme is compulsory for all teachers in full time employment. The market value of the Scheme as at 31st December 2004 was £189.9 million. The States of Jersey contribution to the Scheme in 2004 was £6.0 million (2003: £3.9 million).

The provisional results of an Actuarial Valuation as at 31st December 2001 revealed that there was a deficit of £80.1 million, assuming that future pension increases would be financed from the Fund. Pension increases are currently funded by the Education, Sport and Culture Committee.

The Actuary recommended that taking widowers' benefits and the cost of pension increases into account would increase the combined standard contribution rate to 22.4%. The inclusion of future expenses would increase the total contribution rate to 22.9% of salaries, of which 16.9% would be payable by employers.

To eliminate the deficiency of £80.1 million over the average working life time of the current active membership (12 years) would necessitate increasing the employers' contribution rates to 36.4%.

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

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

(c) Jersey Post Office Pension Fund (JPOPF)

Jersey Post operates an occupational defined benefit scheme known as the Jersey Post Office Pension Fund (JPOPF), which provides benefits based on final pensionable pay. The JPOPF is closed to new members. As this is a closed scheme, under the projected unit method, the current service cost will increase as the members of the scheme approach retirement. The assets of the JPOPF are held separately from those of the Jersey Post Group. On 14th April 2004, Jersey Post paid a lump sum of £4.4 million into the Fund.

Notes to the Accounts

2. PENSION SCHEMES (continued)

The latest actuarial valuation of JPOPF was carried out by the JPOPF's independent actuary as at 31st December 2002. The valuation indicated that, including the impact of pension increases met by the Fund, the JPOPF had a deficit of £4.2 million (before allowing for the lump sum payment by Jersey Post due in 2004) and that the employer's contributions of 26.6% of salaries should be paid with effect from 1st January 2003. The contributions made by the employer to the Fund in 2004, were £113,000 (2003: £318,000).

The valuation of the JPOPF has been updated by the actuary to 31st December 2004 in accordance with FRS17. Full allowance has been made for the cost of future pension increases and this results in a deficit being recognised as at 31st December 2004.

Consideration is being given to adopting Accounting Standard FRS17 - Retirement Benefits, which entities complying with UK Generally Accepted Accounting Principles are required to implement fully into their financial statements by June 2005. Full adoption of FRS17 would distort the liability of the States to the PECRS were it to be regarded as a defined benefit scheme, as there exists no obligation for the employer to fund deficits arising from the scheme. However, disclosures in accordance with FRS17, were it to be adopted, are provided below.

(d) Additional information required by FRS17 - Retirement Benefits

As mentioned above, the most recent published Actuarial Valuation of PECRS was carried out at 31st December 2001. Updated membership data as at 31st December 2004 has been used by the actuary to calculate approximately the liabilities as at 31st December 2004 on a basis consistent with FRS17.

A provisional Actuarial Valuation of the TSF was carried out at 31st December 2001. This valuation has been updated by that actuary to 31st December 2004 on a basis consistent with FRS17, based on the TSF's current obligations, together with the obligations of the States of Jersey to meet the pension increases currently financed from the Education, Sport and Culture Committee's revenue vote.

The most recent full Actuarial Valuation of the JPOPF was carried out as at 31st December 2002 and has been updated by the actuary to 31st December 2004 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 PECRS, TSF 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 will be used to determine the quantum of any additional funding that may be needed in the respective Funds, rather than the results of the FRS17 disclosures below.

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 2004 were:

	31 December 2004 % pa	31 December 2003 % pa
Discount Rate	5.3	5.4
Salary Inflation (PECRS / TSF)	4.9	4.8
Salary Inflation (JPOPF)	4.4	4.3
Pension Increases (PECRS / TSF)	3.4	3.0
Pension Increases (JPOPF)	3.9	3.8
UK Price Inflation	2.9	2.8

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

	Value at 31 December 2004				Value at 31 December 2003			
	PECRS £'000	TSF £'000	JPOPF £'000	Expected Return	PECRS £'000	TSF Restated £'000	JPOPF £'000	Expected Return
Fixed-Income Bonds	55,808	9,686	-	4.9%	63,978	10,352	-	5.0%
Overseas Bonds	-	-	-	-	-	-	1,649	5.1%
Equities	633,577	153,150	-	7.6%	568,028	137,257	-	7.8%
Index-Linked Gilts	94,726	19,307	9,267	4.4%	79,534	15,334	-	4.8%
UK Fixed-Income Gilts	-	-	687	4.6%	-	-	4,037	4.8%
Property	-	6,632	-	6.6%	35	5,655	-	5.8%
Cash/Other	19,416	1,659	189	4.8%	11,556	1,241	-	4.0%
Total Assets	803,527	190,434	10,143		723,131	169,839	5,686	
Total Liabilities	1,134,808	332,029	10,359		997,323	297,481	10,200	
(Deficit)	(£331,281)	(£141,595)	(£216)		(£274,192)	(£127,642)	(£4,514)	

The analysis of profit and loss charge would be:

	Value at 31 December 2004			Value at 31 December 2003		
	PECRS £'000	TSF £'000	JPOPF £'000	PECRS £'000	TSF Restated £'000	JPOPF £'000
Service Cost	34,204	8,199	25	26,634	7,030	27
Total Operating Charge	34,204	8,199	25	26,634	7,030	27
Expected Return on Assets	52,011	12,356	420	38,587	9,882	281
Interest on Liabilities	(54,245)	(16,142)	(532)	(46,394)	(12,845)	(530)
Net Return	(2,234)	(3,786)	(112)	(7,807)	(2,963)	(249)
Net Profit and Loss Charge	£ 36,438	£ 11,985	£ 137	£ 34,441	£ 9,993	£ 276

Notes to the Accounts

2. PENSION SCHEMES (continued)

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

The movement in deficit during the year would be:

	Value at 31 December 2004			Value at 31 December 2003		
	PECRS £'000	TSF £'000	JPOPF £'000	PECRS £'000	TSF Restated £'000	JPOPF £'000
(Deficit) in Scheme at beginning of year	(274,192)	(127,642)	(4,514)	(251,257)	(86,959)	(3,859)
Service Cost	(34,204)	(8,199)	(25)	(26,634)	(7,030)	(27)
Contributions Paid	28,713	6,029	4,529	41,857	5,771	318
Other Finance (Expenditure)	(2,234)	(3,786)	(112)	(7,807)	(2,963)	(249)
Actuarial (Loss)	(49,364)	(7,997)	(94)	(30,351)	(36,461)	(697)
(Deficit) in Scheme at end of year	(£331,281)	(£141,595)	(£216)	(£274,192)	(£127,642)	(£4,514)

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

	Value at 31 December 2004			Value at 31 December 2003		
	PECRS £'000	TSF £'000	JPOPF £'000	PECRS £'000	TSF Restated £'000	JPOPF £'000
Actual Return less Expected Return on Assets	20,357	7,713	235	76,006	13,818	(238)
Experienced Gain/(Loss) on Liabilities	7,376	7,309	(126)	(9,292)	(19,205)	(79)
Changes in Liability Assumptions	(77,097)	(23,019)	(203)	(97,065)	(31,074)	(380)
Actuarial (Loss) recognised in STRGL	(£49,364)	(£7,997)	(£94)	(£30,351)	(£36,461)	(£697)

The history of experience gains and losses would be:

	Value at 31 December 2004			Value at 31 December 2003		
	PECRS £'000	TSF £'000	JPOPF £'000	PECRS £'000	TSF Restated £'000	JPOPF £'000
Actual Return less Expected Return on Assets	20,357	7,713	235	76,006	13,818	(238)
Percentage of Assets	2.5%	4.1%	2.3%	10.5%	8.1%	4.2%
Experience Gain/(Loss) on Liabilities	7,376	7,309	126	(9,292)	(19,205)	(79)
Percentage of Liabilities	0.7%	2.2%	1.2%	0.9%	6.5%	0.8%
Actuarial Gain/(Loss) Recognised in STRGL	49,364	7,997	(94)	(30,351)	(36,461)	(697)
Percentage of Liabilities	4.3%	2.4%	0.9%	3.0%	12.3%	6.8%

Notes to the Accounts

3. SURPLUS FOR THE YEAR

	2004 £'000	2003 Restated £'000
The surplus for the year is stated after charging/(crediting):		
Depreciation and Capital Servicing	41,774	36,300
Pension Costs	39,491	33,891
Finance Lease Charges	2,104	2,263
Provisions against the General Reserve	-	500
Profit on Disposal of Fixed Assets	(101)	(76)
Audit Fees	163	163
Voluntary Redundancy/Voluntary Early Retirement Payments	2,428	695

4. EMPLOYEES AND STATES MEMBERS

(a) Employees

In accordance with best practice, details of the numbers of employees for whom their total remuneration (including pension costs but excluding social security contributions) exceeded £50,000 for the year ended 31st December 2004 are as follows:

Remuneration	2004	2003
£50,000 - £54,999	457	378
£55,000 - £59,999	197	143
£60,000 - £64,999	169	134
£65,000 - £69,999	51	69
£70,000 - £74,999	71	66
£75,000 - £79,999	66	39
£80,000 - £84,999	28	29
£85,000 - £89,999	13	15
£90,000 - £94,999	7	16
£95,000 - £99,999	21	15
Over £100,000	80	66

(b) States Members

During the year States Members' income supplements totalling £1,488,642 (2003: £986,648) were claimed by 49 States Members (2003: 31) and expense allowances totalling £525,637 (2003: £505,972) were claimed by all 53 States Members (2003: 51).

Notes to the Accounts

5. TANGIBLE ASSETS

	Capital Fund £'000	Trading Funds £'000	General Funds £'000	Vehicle and Garage Plant £'000	ICT Fund £'000	WEB Restated £'000	Total Restated £'000
Cost							
Balance 1 January 2004	1,109,999	58,847	15,601	6,407	7,933	27,787	1,226,574
Additions	41,554	9,204	80	518	336	750	52,442
Disposals	-	(1,147)	-	(500)	-	(32)	(1,679)
Transfer to Stock	-	-	-	-	-	(5,473)	(5,473)
Permanent Diminution in carrying value	-	-	-	-	-	(6,771)	(6,771)
Balance 31 December 2004	1,151,553	66,904	15,681	6,425	8,269	16,261	1,265,093
Capital Servicing/ Depreciation							
Balance 1 January 2004	427,578	12,899	3,721	3,554	3,679	857	452,288
Charge for the year	33,711	3,612	1,009	812	1,587	1,043	41,774
Disposals	-	-	-	(484)	-	(35)	(519)
Balance 31 December 2004	461,289	16,511	4,730	3,882	5,266	1,865	493,543
Net Book Value							
31 December 2003	682,421	45,948	11,880	2,853	4,254	26,930	774,286
31 December 2004	£ 690,264	£ 50,393	£ 10,951	£ 2,543	£ 3,003	£ 14,396	£ 771,550

Analysis of additions by Committee							
Education, Sport and Culture	18,198	-	-	-	336	-	18,534
Environment and Public Services	8,604	-	80	518	-	-	9,202
Health and Social Services	5,462	-	-	-	-	-	5,462
Home Affairs	1,262	-	-	-	-	-	1,262
Housing	1,769	-	-	-	-	-	1,769
Policy and Resources	3,299	-	-	-	-	-	3,299
Finance and Economics	2,481	-	-	-	-	-	2,481
Harbours	-	1,284	-	-	-	-	1,284
Airport	-	5,439	-	-	-	-	5,439
Postal	-	1,998	-	-	-	-	1,998
Other	479	483	-	-	-	750	1,712
	£ 41,554	£ 9,204	£ 80	£ 518	£ 336	£ 750	£ 52,442

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

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

	2004 £'000	2003 £'000
Cost	38,498	38,498
Aggregate Depreciation	(9,946)	(7,785)
Net Book Value	£ 28,552	£ 30,713

Notes to the Accounts

6. ADVANCES

	2004 £'000	2003 £'000
Analysed by Fund:		
General Funds	11,854	12,866
Dwelling Houses Loan Fund	15,612	17,962
99 year Leaseholders Account	390	481
Assisted House Purchase Scheme	13,341	15,099
Agricultural Loans and Guarantees Fund	7,783	8,904
Loan Scheme for Fishfarmers	180	264
	£ 49,160	£ 55,576
Maturity Analysis		
Payable within one year	609	18
Payable between one and two years	339	31
Payable between two and five years	681	472
Payable in five years or more	47,531	55,055
	£ 49,160	£ 55,576

7. STRATEGIC INVESTMENTS

	2004 £'000	2003 £'000
General Funds:		
Jersey Electricity Company Limited	1,055	1,055
Jersey New Waterworks Company	5,666	5,666
Jersey Telecom Group Limited	75,737	75,737
	£ 82,458	£ 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 31st December 2004.

The shares in the Jersey Electricity Company Limited, which are listed, had a market value of £38,000,000 (2003: £35,150,950) 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 2004.

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

Notes to the Accounts

8. OTHER INVESTMENTS

	2004 £'000	2003 £'000
Total Market Value of Investments	£ 397,857	£ 425,988
Total Cost of Investments	£ 387,960	£ 426,777

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

9. STOCK AND WORK IN PROGRESS

	2004 £'000	2003 Restated £'000
Analysed by Fund:		
General Funds	3,745	4,060
Jersey Currency Notes	833	877
Jersey Coinage	104	189
Housing Development Schemes	23,551	25,022
Waterfront Enterprise Board Limited	5,953	1,581
	£ 34,186	£ 31,729
Analysed by type:		
Raw Materials and Consumables	4,723	4,693
Work in Progress	14,477	16,174
Finished Goods	14,986	10,862
	£ 34,186	£ 31,729

10. DEBTORS

	2004 £'000	2003 Restated £'000
Income Tax debtors	32,683	28,542
Trade debtors and amounts owed by Internal Departments	29,222	29,783
Prepayments and accrued income	11,265	9,034
	£ 73,170	£ 67,359

Notes to the Accounts

11. CASH AND OTHER LIQUID ASSETS

	2004 £'000	2003 £'000
Bank deposit accounts	262,480	208,811
Bank current accounts	(5,132)	(5,539)
Cash in hand and in transit	1,288	7,634
	£ 258,636	£ 210,906

12. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £'000	2003 Restated £'000
Trade creditors and amounts due to internal departments	53,222	48,953
School Teachers' Superannuation Fund	20,250	13,500
Accruals and deferred income	4,882	5,555
Finance Lease creditors (note 19)	1,906	2,232
	£ 80,260	£ 70,240

13. CURRENCY IN CIRCULATION

	2004 £'000	2003 £'000
Jersey Notes issued	75,170	65,539
Less: Jersey Notes held	(12,330)	(4,522)
	62,840	61,017
Jersey Coinage issued	6,944	6,829
Less: Jersey Coinage held	(1,149)	(1,370)
	5,795	5,459
Total Currency in Circulation	£ 68,635	£ 66,476

Currency in circulation is payable to the bearer on demand.

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

	2004 £'000	2003 £'000
Finance Lease creditors (note 19)	28,154	30,059
Capital Grant	-	620
	£ 28,154	£ 30,679

Notes to the Accounts

15. ACCUMULATED REVENUE AND RESERVE BALANCES

	Total Restated £'000	General Funds Restated £'000	Capital Fund £'000	Trading Funds £'000	Strategic Reserve £'000	General Reserve £'000	WEB Restated £'000	Other Separately Constituted Funds Restated £'000
Balance 1 January 2004 (Restated)	1,478,943	85,138	818,686	61,360	396,961	18,625	11,239	86,934
(Loss)/Surplus for the year	(1,626)	(23,653)	12,390	6,780	9,625	-	(8,252)	1,484
Unrealised Gain/(Loss) on investments in the year	10,687	-	-	-	11,614	-	-	(927)
Transfer from the Capital Fund	-	-	(8,415)	-	-	-	-	8,415
Transfers from General Reserve	-	10,285	74	-	-	(10,359)	-	-
Transfer to General Reserve	-	(5,016)	-	-	-	5,016	-	-
Balance 31 December 2004	£ 1,488,004	£ 66,754	£ 822,735	£ 68,140	£ 418,200	£ 13,282	£ 2,987	£ 95,906

Notes:

(a)

(b)

Notes:

2004

2003
Restated
£'000

£'000

a. The balance on General Funds is analysed as follows:

Income and Expenditure Account retained in accordance with the law	5,888	17,460
Provision for non-budgeted items	(24,864)	(17,832)
Public Investments Reserve	6,721	6,721
Environment and Public Services Committee - Vehicle and Garage Plant Account	3,272	3,052
Investment - Jersey Telecom Group Limited	75,737	75,737

£ 66,754

£ 85,138

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

Investment Income and Interest	21,714	19,535
Gain/(Loss) on Disposal of Investments	(10,377)	(2,647)
General Expenses	(1,712)	(1,088)

£ 9,625

£ 15,800

Notes to the Accounts

16. RECONCILIATION OF MOVEMENT IN FUNDS EMPLOYED

	2004 £'000	2003 Restated £'000
Total (Deficit)/Surplus for the year	(1,626)	38,220
Unrealised Gain/(Loss) on Revaluation of Investments	10,687	(1,602)
Net additions to States Funds in the year	9,061	36,618
Opening Funds	1,478,943	1,442,325
	£ 1,488,004	£ 1,478,943

17. 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.

18. GUARANTEES AND COMMITMENTS

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

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

The Housing and Finance and Economics Committees have agreed to provide financial support to various Housing Trusts in respect of bank loans. The Finance and Economics Committee issues 'letters of comfort' to the banks in respect of such loans. These letters of comfort do not constitute guarantees. As at the year end letters of comfort, in respect of loans totalling £95.4 million, were in issue.

Notes to the Accounts

19. LEASE COMMITMENTS

The States of Jersey have entered into lease and lease back arrangements to finance the development of certain capital projects. At 31 December 2004, the States had commitments to make the following payments under these arrangements:

	2004 £'000	2003 £'000
Payable within one year	3,848	4,336
Payable between two and five years	14,976	14,981
Payable after more than five years	24,882	28,724
	43,706	48,041
Less: future finance charges	(13,646)	(15,750)
	£ 30,060	£ 32,291
Amounts falling due within one year	1,906	2,232
Amounts falling due after one year	28,154	30,059
	£ 30,060	£ 32,291

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

	2004 £'000	2003 £'000
Leases expiring:		
Payable within two years	637	546
Payable between two and five years	450	459
Payable after more than five years	277	284
	£ 1,364	£ 1,289

20. CAPITAL COMMITMENTS

At the balance sheet date the States had authorised capital expenditure of £120.1 million (2003: £118.6 million) which had not yet been incurred.

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

Notes to the Accounts

21. REVIEW OF THE STATES OF JERSEY RISK PROFILE

(a) Objectives, policies and strategies

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

(b) Strategic Reserve

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

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

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

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

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

(c) Currency Notes

The States of Jersey maintains a portfolio of UK Government bonds and short-term cash deposits within the Currency Notes Fund.

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

The bonds were purchased for long-term gain and will be held to maturity. Cash balances are held in short-term deposits.

During 2003 the States of Jersey also invested £20 million of the Jersey Currency Notes cash balances with the three Strategic Reserve Fund Managers. 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.

(d) General Funds and Other Separately Constituted Funds

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

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

Exchange profits or losses are included in the income and expenditure account for the year.

Committees'
Revenue
Expenditure

Income and Expenditure Analysis for Non-Trading Committees

Income and Expenditure Category

	2004 Actual £	2003 Actual £
Income		
Sale of Goods	3,119,436	2,273,653
Sale of Services	12,294,382	11,304,063
Hire and Rentals		
General	4,835,390	5,327,920
Housing Rents	32,181,417	31,129,292
Fees and Fines	23,018,934	19,774,525
Miscellaneous Income	4,823,820	3,754,446
Charges	3,516,383	6,212,271
Recharges and Recoverable Costs		
General	3,378,731	3,631,899
Recharges to States' Tenants	2,062,261	1,992,462
Interest and Investment Income	1,840,180	1,723,686
Surcharges and Penalties	1,842,920	1,628,662
Prior Year Adjustment - Church Schools' Capital	-	788,000
	92,913,854	89,540,879
Expenditure		
Manpower		
States Staff Costs	234,310,360	225,312,913
Non States Staff Costs	3,136,524	3,359,197
Voluntary Redundancy and Voluntary Early Retirement Payments	2,170,116	303,745
Supplies and Services	62,964,646	59,074,978
Administrative Costs	15,045,764	13,604,427
Premises and Maintenance		
General	35,669,582	31,530,646
Operation of Housing Estates	3,532,702	3,457,173
Maintenance of States' Properties and Cottage Homes	4,293,057	4,653,542
Grants and Subsidies		
States Contribution to the Social Security and Health Insurance Funds	51,980,107	50,964,133
Community Benefits	23,956,524	22,775,921
General	20,366,115	19,663,242
Housing Rent Abatements	16,244,208	16,319,839
Student Grants	9,122,140	7,496,096
Housing Rent Rebates	8,147,048	7,424,551
Overseas Aid	5,226,666	4,556,047
Agricultural Subsidies	3,450,684	4,216,438
Incidental Expenses and Charges	122,577	390,611
Court and Case Costs	3,371,764	5,788,647
States Members' Remuneration	2,014,279	1,492,620
	505,124,863	482,384,766
Net Revenue Expenditure before Capital Repayments	£ 412,211,009	£ 392,843,887
Net Capital Repayments	32,126,853	26,676,184
Net Revenue Expenditure of Non-Trading Committees	£ 444,337,862	£ 419,520,071

Note: This analysis does not include Vehicle and Garage Plant income (2004: £219,949, 2003: £59,172).

Policy and Resources

The Policy and Resources Committee has overarching responsibility for establishing and co-ordinating States strategic policies and objectives. It has a key role to play in ensuring that States departments work towards achieving the strategic goals set out in the Strategic Plan, which was approved by the States in June 2004.

The Committee's core strategic objectives are:

- **Strategic Policy:** to oversee, co-ordinate and monitor the development and implementation of the States Strategic Plans, including development of a migration/population policy;
- **Organisation Change:** to develop a performance culture in the public service and also deliver "better, simpler cheaper" services to the public;
- **International Finance:** to develop and implement International Strategy for financial services in Jersey;
- **Economics:** to provide sound, timely advice on the economy and development of economic policy;
- **International Relations:** to promote the Island in the international arena and strengthen Jersey's Constitutional position;
- **Government Reform:** to manage the implementation of Machinery of Government Reforms – including the arrangements for the Council of Ministers;
- **Information and Communications Technology (ICT):** to provide a States-wide ICT service to deliver the necessary technical infrastructure, support, and ICT security and policy environment to meet the needs of its customers;
- **Human Resources:** to provide a corporate service to deliver HR policy, systems and processes; public sector training, pensions, occupational health and job evaluation; and employee/industrial relations;
- **Communications:** to connect the government with the public through improved communications; and
- **Statistics:** to provide a high quality, independent statistical service to inform policy development, produce economic and social statistics to pre-announced dates and ensure statistics are readily available to all.

2004 Financial Overview

Net revenue expenditure for the Committee was £788,945 (10.2%) lower than the 2004 voted amount. This is due primarily to delays to a number of projects which will need to be funded in 2005, details of which are in the Key Financial Results.

Key Financial Results

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

- **Employee Development:** net expenditure for this service area was £143,522 (8.2%) lower than the voted amount. The primary reason was the closure of the Trainee Secretarial Scheme, which was an outcome of the Fundamental Spending Review process. Also, in order to prepare for the implementation of the Human Resources function review, a number of posts were left vacant or filled on a temporary basis.
- **Infrastructure:** this service area was overspent by £20,460 (2.2% of the voted amount) mainly due to the fact that £34,000 of the department's revenue budget was transferred to capital in order to accrue funds for the replacement of JD Edwards hardware in five years' time.
- **Employee Relations and Pensions:** net revenue expenditure was £125,942 (11.9%) lower than the voted amount. The majority of this underspend relates to lower than expected actuarial costs in 2004. An actuarial review as at 31st December 2004 is due to be carried out in 2005. For this purpose, the Committee will seek to carry forward £200,000 to cover the costs of professional actuarial advice and additional fees if the structure of the scheme needs to be changed.

Policy and Resources

- **Chief Executive's Office:** the underspend of £51,213 (5.4% of the voted amount) includes the funds set aside to cover costs to be incurred in 2005 on events marking the States 60th Liberation anniversary. A total of £90,000 will be requested as a carry forward for this purpose.
- **International Finance/Economics:** the underspend of £25,564 (comprising 3.7% of the voted amount) is mainly due to less funds than anticipated being required for travel and legal bills relating to the Tax Information Exchange Agreement (TIEA).
- **Human Resource Systems:** this service area was underspent by £296,171 (46% of the voted amount) mainly due to underutilisation of funds set aside for development and implementation of the Manpower and Personnel System (MAPS) Strategy. A sum of £223,000 will be requested as a carry forward for this project, which is working in conjunction with the HR Transformation Project to develop a new Human Resources Information System (HRIS) Strategy for the States of Jersey.

Performance Measures

Policy and Resources:

- the percentage of senior posts filled by women has improved with more women now in the top 5% of salary earners within the States; and
- the percentage of locally qualified and trained contract, permanent, trainee and seasonal workers remains extremely high, above 99%, for the States of Jersey.

Computer Services:

Measure Description – Computer Services	2004	2003
Customer Support – Number of helpdesk calls handled in the year	3,641	3,518
Customer Support – Percentage of helpdesk calls resolved within one hour	53%	54%
Number of users using the latest Office Information System, sharing a centralised, resilient infrastructure	4,000	1,700
Average cost of a connection to the States network	£120	£164
Average port bandwidth	114 Mbits/s	90 Mbits/s
Average backbone bandwidth	714 Mbits/s	580 Mbit/s
Policy and Standards - Percentage of ICT related policies that were reviewed within agreed timescales	39%	35%

Human Resources:

The Industrial Relations Unit within States Human Resources was heavily engaged in seeking to resolve the outstanding 2004 wage round. By the end of the year, approximately 30% of the workforce had reached a settlement. It is anticipated that the outstanding issues will be resolved during the first half of 2005.

Specialised training was provided to all managers in connection with the provisions of the new Employment legislation that is due to come into effect in April 2005. Training was also provided to senior managers who were likely to appear before the Shadow Public Accounts Committee in order to ensure that they were fully prepared to assist and support the work of that Committee. Women were given new training and development opportunities in order to assist them to

Policy and Resources

overcome possible hurdles they might encounter in developing their careers and ultimately occupying senior positions.

Measure Description – Human Resources	2004	2003
Job Evaluation Statistics:		
Job Descriptions Submitted	160	278
Appeals Heard	29	42
Evaluations Undertaken	189	320
Training and Development Statistics for States Employees:		
Delegates attending courses / development events (organised by HR)	2,323	1,673
Number of training / development events	229	203
Total number of training days	327.5	323.5
Employees supported financially while undertaking professional qualifications	40	69

Capital Programme

Total capital expenditure from the Central Computer Development Vote for 2004 was £3.6 million. This funded ongoing work of the four corporate projects (Office Systems Upgrade, Network Upgrade, Electronic Document Management and Workflow and Business Change) and also other projects such as Policy and Standards development, British-Irish Council support, E-Government and Corporate Web development and support.

Manpower

The Policy and Resources Committee transferred staff and funding to the Finance and Economics Committee in exchange for the provision of a range of financial support services to the Human Resources Department. The Committee was also successful in obtaining eight contract posts to work on the Corporate IT strategy.

As at December 2004, total established staff (FTE's) of 110.15 consisted of:

- Permanent positions 72.45
- Contract staff 15.70
- Training Scheme 22.00

Committee Staff Actuals		
Number of full time equivalent		
	2004	2003
Total	84.24	82.61

Reconciliation of Original Budget 2004 to Amounts Voted 2004	
	£
Original Budget 2004	6,492,500
Amounts carried forward:	
2003 Carry Forwards	6,413,876
Transfers from the General Reserve:	
Increased Pay Awards	73,500
Other	
• Transfer of Jersey Finance Industry 'Fighting Fund'	200,000
• Transfer of 60th Anniversary of the Liberation celebrations	100,000
Transfers to Capital Votes:	
• Transfer from IT revenue vote to capital vote	(34,000)
• Transfer from Vision Project revenue vote to capital vote	(5,785,779)
Transfer from/(to) other Committees:	
• Transfer from Finance and Economics Committee (Oxera)	200,000
• Transfer from Economic Development Committee (Oxera)	80,000
• Transfer to Economic Development Committee (La Collette Fuel Farm Lease)	(17,500)
• Transfer of Manpower and Funding to the Finance and Economics Committee	(15,298)
Amounts Voted 2004	£ 7,707,299

Policy and Resources

Net Expenditure - Service Analysis

2005 Estimate £	2004 Voted £		2004 Actual £	2003 Actual £
		Office of the Chief Executive		
816,100	946,538	Chief Executive's Office	895,324	1,097,858
587,600	699,379	International Finance / Economics	673,815	276,961
171,800	381,970	International Relations	285,285	192,592
427,800	497,392	Government Reform	312,674	219,693
396,900	401,700	Statistics	328,970	272,404
-	-	Change Team	218,245	-
		Computer Services		
288,000	394,659	Corporate Projects	363,555	304,478
594,000	942,174	Infrastructure	962,634	856,265
		Human Resources		
1,026,500	1,054,399	Employee Relations and Pensions	928,457	828,591
1,587,200	1,745,048	Employee Development	1,601,526	1,733,519
384,700	644,040	Human Resource Systems	347,869	484,513
£ 6,280,600	£ 7,707,299	Net Revenue Expenditure	£ 6,918,354	£ 6,266,874

Note: The Categories 'International' and 'Economics' have been renamed and re-categorised 'International Finance / Economics' and 'International Relations' to better reflect the activities performed.

Income and Expenditure Category

2004 Voted £		2004 Actual £	2003 Actual £
	Income		
-	Sale of Services	13,254	3,155
-	Hire and Rentals	16,838	7,078
16,400	Miscellaneous Income	376	12,336
1,107,500	Recharges and Recoverable Costs	872,872	807,692
1,123,900		903,340	830,261
	Expenditure		
4,747,564	Manpower - States Staff Costs	4,133,730	4,147,638
507,338	Other - Pensions	489,597	490,034
1,846,218	Supplies and Services	1,307,013	1,262,354
933,679	Administrative Costs	1,098,990	808,834
696,400	Premises and Maintenance	692,364	388,275
100,000	Grants and Subsidies	100,000	-
8,831,199		7,821,694	7,097,135
£ 7,707,299	Net Revenue Expenditure	£ 6,918,354	£ 6,266,874

Note: Manpower - Non States Staff Costs has been re-classified as Other - Pension to better reflect the nature of the expenditure.

Privileges and Procedures

The core aims of the Privileges and Procedures Committee are:

- to deal with all matters relating to the practical functioning of the States Assembly;
- to continue with work relating to agreed reforms to the Machinery of Government, and to facilitate and implement the decisions of the States in this regard;
- to facilitate the formation, operation and resourcing of Scrutiny Panels, and Shadow Scrutiny Panels, and provide appropriate training opportunities;
- to manage States Members' accommodation, support services and facilities, remuneration and expense allowances, and the Code of Conduct;
- to review the Standing Orders of the States of Jersey;
- to ensure proper provision of information to the public on the work of the States Assembly, and develop proposals for legislation pertaining to Freedom of Information;
- to move forward the implementation of Hansard and to review the arrangement of public business; and
- to provide and deliver, through the States Greffe, quality governmental administration to support the work of the States Assembly and its Committees.

2004 Financial Overview

The Committee's budget increased in 2004 in line with the development of services relating to government reform and it accepted the transfer to its responsibility of budgets from the Finance and Economics Committee relating to States Members' income supplement and expense allowance, the Commonwealth Parliamentary Association, and the Assemblée Parlementaire de la Francophonie. Net Expenditure for the Committee rose by 96% against a budgeted increase of 88%. The most significant variances relate to the acquired expenditure budget for States Members' support services, which provided an increase in Committee expenditure over 2003 of £2,086,007 and the development of the Shadow Scrutiny function, which increased by £318,745 including staff provision.

Key Financial Results

The key financial results for some of the higher spending service areas are as follows:

- **Scrutiny:** this new area of expenditure for the Committee arises from previous decisions of the States to establish a Shadow Scrutiny function. While expenditure against the budget only amounted to 67% of the total available funding in 2004, the fall against the budget arose from the later than planned commencement of reviews by the Panels and the variation in the way information and research was obtained, and its cost, dependant on the nature of the reviews undertaken. The balance of unspent funding will feature in the Committee's carry forward request to support Shadow Scrutiny in 2005, including set-up, training, professional fees, accommodation, staff and administration.
- **Committee of Inquiry into the award of the Bus contract:** funds were granted of £78,000 for the work of the Committee of Inquiry following States agreement in October 2004, and this will continue into 2005.
- **Members' support services:** the States agreed to put in place new arrangements for Members' remuneration for 2004 which resulted in the removal of means testing. The budget transfer for this function from the Finance and Economics Committee includes the necessary funding to address this change in the scheme.
- **States Greffe:** net expenditure has been managed within the agreed vote for 2004 for all services provided through the States Greffe, although there has been a notable reduction in income from the sale of goods and services of 36%

Privileges and Procedures

on actual income in 2003. This reduction in income is thought to have arisen from the downturn in Bookshop sales of official publications as these documents become available on the States Assembly website.

Performance Measures

The Committee continues to participate fully in States Performance Benchmarking, and seeks to ensure that it continues to apply benchmarking standards to its core services in 2005, where natural comparisons are available. Comparative data between the years 2003 and 2004 shows that the cost of law drafting services per law/draft law has risen as a result of internal staff resource changes in 2004; in addition, during the period the total number of draft laws reduced (primary and subordinate legislation), causing a reduction in the number of draft laws per FTE from 32.86 to 30.7 per FTE. The cost of providing the Committee Clerk service in 2004 per Committee was £12,758 and, similarly, the cost of data management in the Registry was £76,395.

Measure Description	2004	2003
Average Member remuneration	£39,601	£37,810
Law Drafting – cost per law/draft	£5,247	£3,046
Law Drafting – number of law drafts per FTE	30.7	32.86
Committee Clerks Secretariat – average cost of provision per Committee	£12,758	£14,825
Registry – cost of data management	£76,395	£74,529

Manpower

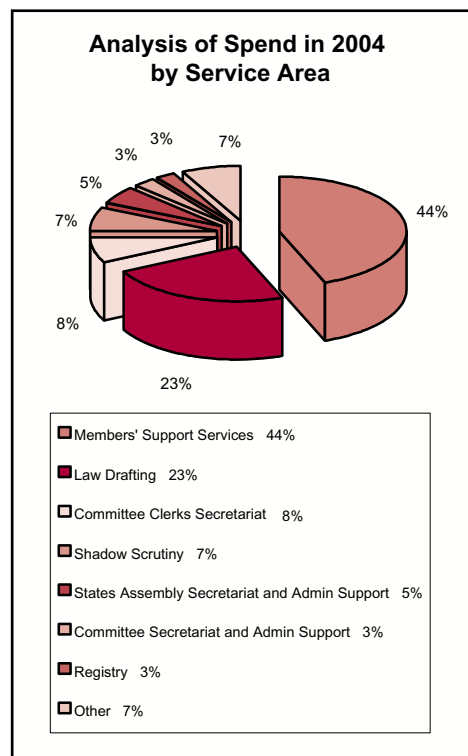
The Privileges and Procedures Committee was required to save a post as a result of Fundamental Spending Review (FSR) savings in 2004. However, Shadow Scrutiny was provided with five posts in order to provide full administrative and executive support to this newly developing service area.

Other Developments

The Committee has channelled substantial resources in pursuing its work relating to government reform; these being provided through resources within the States Greffe, and this work has included the draft States of Jersey Law, Standing Orders of the States of Jersey, the development of Shadow Scrutiny ahead of permanent Scrutiny arrangements, and the provision of a Hansard service.

Committee Staff Actuals		
Number of full time equivalent		
	2004	2003
Total	35.32	35.13

Reconciliation of Original Budget 2004 to Amounts Voted 2004		£
Original Budget 2004		3,967,000
Amounts carried forward:		
2003 Carry Forwards		289,235
Transfers from the General Reserve:		
Increased Pay Awards		59,679
Other		
• States Members' Pay		670,179
• States Building Maintenance		79,100
• Committee of Inquiry - Bus Service Contract		78,000
Transfer from other Committees:		
• Transfer from Finance and Economics Committee VR/VER		56,000
Amounts Voted 2004		£ 5,199,193



Privileges and Procedures

Net Expenditure - Service Analysis

2005 Estimate £	2004 Voted £		2004 Actual £	2003 Actual £
		Privileges and Procedures		
2,217,586	2,145,570	Members' Support Services	2,149,015	63,008
22,163	203,773	Committee Secretariat and Admin Support	136,107	142,887
882,991	492,448	Shadow Scrutiny	329,252	10,507
9,910	12,500	Admin Appeals	3,613	1,571
		States Greffe		
177,562	426,469	States Assembly Secretariat and Admin Support	257,134	282,541
20,696	14,200	Statutory Functions and Inter-Parliamentary Support	12,736	26,839
74,429	68,191	Publications Editor	67,016	74,912
931,979	936,996	Law Drafting	1,128,212	903,527
542,021	508,727	Committee Clerks Secretariat	369,982	611,559
136,841	132,773	Registry	128,489	148,522
48,606	42,491	States Messenger Service	48,424	47,635
58,021	85,373	Bookshop	83,282	103,384
52,372	51,182	Reprographics/Print	69,434	57,122
45,721	70,000	Commonwealth Parliamentary Association	70,000	-
12,502	8,500	Assemblée Parlementaire de la Francophonie	5,990	-
£ 5,233,400	£ 5,199,193	Net Revenue Expenditure	£ 4,858,686	£ 2,474,014

Note: In 2003 the 'Commonwealth Parliamentary Association' and 'Assemblée Parlementaire de la Francophonie' were administered by the Finance and Economics Committee.

Income and Expenditure Category

2004 Voted £		2004 Actual £	2003 Actual £
	Income		
67,000	Sale of Goods	36,517	53,930
44,000	Sale of Services	25,921	42,972
111,000		62,438	96,902
	Expenditure		
1,810,079	Manpower - States Staff Costs	1,933,553	1,900,547
481,442	Supplies and Services	215,486	51,466
509,893	Administrative Costs	220,614	142,720
494,500	Premises and Maintenance	537,192	476,183
2,014,279	States Members' Remuneration	2,014,279	-
5,310,193		4,921,124	2,570,916
£ 5,199,193	Net Revenue Expenditure	£ 4,858,686	£ 2,474,014

Note: In 2003 'States Members' Remuneration' was administered by the Finance and Economics Committee.

Finance and Economics

Core Aims and Objectives

The Finance and Economics Committee regards its primary responsibilities as those of fiscal policy and the regulation, control and supervision of the Island's public finances. It also has responsibility for a number of departments, such as Income Tax, the States Treasury and Emergency Planning, and financial responsibility, but no political authority, for a number of others including Bailiff's Chambers, Law Officers and Judicial Greffe. The complex range of services provided within its remit and the external demands that impact on those services give an indication of the financial challenges faced by the Committee.

2004 Financial Overview

The Finance and Economics Committee's net revenue expenditure for 2004, excluding capital items, was £16.6 million, 17% below budget. This was due to extraordinary income primarily from Crown Revenues, Currency and Coinage and Dividends, plus delays to a number of departmental projects and an underspend on its budget for Court and Case Costs.

Key Financial Results

The financial results and operational achievements for those service areas with significant expenditure are as follows:-

States Treasury: net revenue expenditure was consistent with 2003 whilst being 3.3% over the Voted sum for 2004. This small shortfall was due primarily to an underachievement of income from recharges to internal funds. There were also additional costs associated with the closure of Corporate Supplies and the reorganisation of the finance function as part of the corporate initiative to deliver a more cost-effective method of financial processing.

Savings were achieved in Internal Audit in 2004 due primarily to a number of vacant posts not being filled, prior to their being transferred to the Auditor General in 2005. In addition to fulfilling its internal audit responsibilities the Division also provided professional support to the Shadow Public Accounts Committee on reviews such as that on sickness absence in the States of Jersey.

Major initiatives progressed in the year include:

- The Fundamental Spending Review (FSR) process was further improved and facilitated the prioritisation of spending pressures within a cut in real terms in the net revenue expenditure for 2005. Work has also commenced to review the resource allocation processes to fit with the new States Strategic and Business Planning processes;
- A new Public Finances Law compatible with the changes due to the Machinery of Government and consistent with modern public financial management was developed and subsequently approved by the States early in 2005;
- Extensive research was undertaken to enable the Committee and the States to identify the Fiscal Strategy options available to the Island and to assess the relative merits of each of them;
- The development of the Shared Services approach to providing a best value finance function continued with the amalgamation of a number of cashiering functions within the Treasury, including the Housing and Income Tax Departments, the provision of financial support to smaller departments through the Advisory Unit and the development of JD Edwards to provide a seamless transfer of data from departmental systems to the States financial ledger.

Finance and Economics

Income Tax Department: net revenue expenditure was £600,000 (19.8%) under budget due primarily to a surplus of income from surcharges. It is proposed that a proportion of these savings will be used to fund the introduction of the new Income Tax Instalment System and the Benefits in Kind legislation, which will yield an estimated extra £5 million and £2 million in tax revenue respectively. In addition, Business Continuity plans will be established to ensure the protection of some 90,000 personal and corporate taxpayer records and a tax revenue stream of approximately £360 million per annum.

Law Officers Department: the Department operated at 3% below a budget of £3.9 million due primarily to a surplus of income from debt recovery and conveyancing fees, short term staff vacancies and an underspend on Court and Case Costs. The variance in Actual against Voted expenditure in 2004 reflects a change in accounting treatment to reflect a more appropriate allocation of income from recharges. The decrease in net revenue expenditure against 2003 is due to the transfer of Court and Case Costs as detailed below, which is also applicable to the Judicial Greffe and Viscount's Department.

Viscount's Department: net revenue expenditure was £455,000 (37.7%) under budget due to delays to departmental projects, a high level of non-recurring income and one-off savings in staff costs.

Data Protection: the primary focus of the Department's activity has been in preparation for the introduction of the Data Protection (Jersey) Law. Additional funds allocated to the Department from the Committee's 2003 carry forward have not been spent due to delays in the implementation of the Law and in recruitment to the post of Deputy Registrar.

Balance of Crown Revenues: income in 2004 exceeded the budget due to a transfer to the Crown of reserves built up over a number of years by the Receiver General which will subsequently be transferred to the Committee.

Court and Case Costs: total direct expenditure incurred in 2004 amounted to £3.4 million, 22.8% below budget, which reflects the unpredictable nature of the costs. Annual expenditure is easily distorted by a relatively small number of high cost cases, therefore Departments have retained budgets for small value cases to allow costs to be more easily monitored and controlled at that level. The balance has been transferred to the Committee's Non-Departmental budget. These and other recommendations from a Review of Court and Case Costs, including setting and ring-fencing more realistic budgets, will provide for a greater level of financial management.

Currency and Coinage: income was £2.9 million in 2004, an increase of 27.6% over 2003. This was due primarily to the profit on redemption of certain investments and a continuing increase in the amount of currency in circulation which amounted to an all time high of £68.6 million in December 2004, compared to £66.4 million and £60.3 million in December 2003 and 2002 respectively.

Performance Measures

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

Finance and Economics

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

Measure Description – JD Edwards	2004	2003
System availability, hours per day	23.45	18
Number of users enabled with access to the system	1,244	551
Percentage of calls to the help desk closed within one day	93%	88.3%

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

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

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

The number of Acts of Court, Decrees and Grants issued, and other documents registered by the Judicial Greffe increased from 17,253 in 2003, to 18,248 in 2004. Selected highlights are as follows:

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

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

Data Protection

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

Finance and Economics

The efficiency of the Jersey **Income Tax Department** continues to be demonstrated compared with other jurisdictions; the cost of the Office per 1,000 of population is £49,259 compared to £61,926 in Guernsey and £56,551 in the Isle of Man.

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

Manpower

In 2004 there was a net increase of 3.8 in the Committee's established manpower due mainly to additional staff required for the introduction of the Income Tax Instalment System and the Benefits in Kind scheme. There were also transfers from other States Departments based on the provision of financial support to Policy and Resources and the amalgamation of laboratory services within the Official Analyst. However, the actual FTE's have decreased by 7.94 as a result of vacant posts.

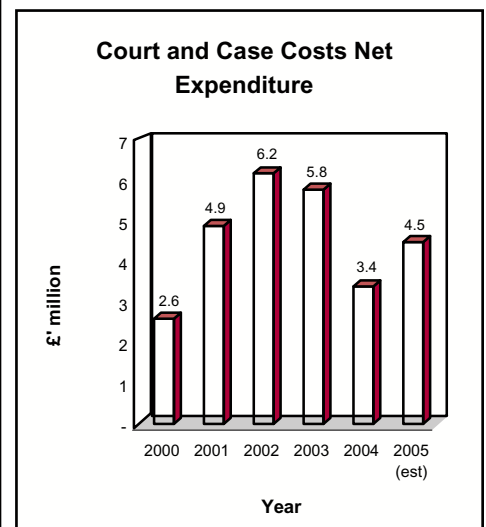
Capital Programme

Capital expenditure in 2004 amounted to £2.5 million. The majority of this was incurred on two projects:

- the Magistrate's Court (£2 million), which is due to be completed within budget in the last quarter of 2005; and
- costs associated with the Financial Information Systems project (£481,000). The replacement of the 'corporate' financial, stock and asset management systems with JD Edwards, which was the original scope of the project, was achieved within budget in November 2004. This will provide the basis for maximising the use of the software to streamline business processes throughout the States thereby improving overall efficiency, as well as integrating specialist information systems.

Committee Staff Actuals		
Number of full time equivalent		
	2004	2003
Total	308.01	315.95

Reconciliation of Original Budget 2004 to Amounts Voted 2004		£
Original Budget 2004		19,446,300
Amounts carried forward:		
2003 Carry Forwards		1,079,272
Transfers from the General Reserve:		
Increased Pay Awards		367,444
Other		
• States Building Maintenance		96,800
Transfers to Capital Votes:		
• Transfer from revenue vote to capital vote		(298,984)
Transfer from/(to) other Committees:		
• Transfer of staff budget from Policy and Resources		15,298
• Transfer of Jersey Finance to the Economic Development Committee		(250,000)
• Transfer of the Oxera Grant to the Policy and Resources Committee		(200,000)
• Transfer of Corporate Supplies to Health and Social Services		(116,543)
• Transfer of funding for VR/VER to the Privileges and Procedures Committee		(56,000)
• Transfer of the Fuel Farm Study to the Economic Development Committee		(17,000)
• Transfer of a Laboratory from the Environment and Public Services Committee to the Official Analyst		55,000
• Transfer of Funding from Non Departmental Court and Case Costs to the Home Affairs Committee		(149,551)
Amounts Voted 2004		£19,972,036



Finance and Economics

Net Expenditure - Service Analysis

2005 Estimate £	2004 Voted £		2004 Actual £	2003 Actual £
		States Treasury		
1,642,100	1,411,246	Corporate Financial Strategy	1,541,487	1,020,250
44,200	89,366	Investments	84,400	87,580
1,089,700	1,146,585	Financial Services	1,192,608	1,280,752
1,166,700	1,334,614	Systems	1,426,131	1,669,066
581,000	685,642	Audit and Risk	501,998	565,581
438,600	580,827	Purchasing and Supply	677,199	642,647
		Income Tax Department		
1,659,800	1,845,237	Personal Tax Assessing	1,388,510	1,299,663
847,500	785,822	Company Assessing	723,914	587,608
213,200	224,669	Policy Development	178,450	164,288
190,700	176,462	Investigations and Compliance	140,286	127,563
		Bailiff's Chambers		
570,600	578,845	Royal Court	569,753	590,555
92,600	105,365	States Assembly	99,087	96,383
6,600	19,682	Licensing	49,543	3,573
108,000	114,144	Civic Head	107,345	101,394
30,000	70,000	Commemorative Functions	25,214	96,467
		Law Officers' Department		
722,900	752,224	Criminal Prosecutions	812,606	782,323
851,700	1,089,225	Legal Advice	985,305	905,195
353,000	348,642	Conveyancing	255,337	275,730
153,700	196,365	Civil Proceedings	176,522	176,014
422,100	393,935	Interjurisdictional Assistance	485,055	466,651
23,700	24,537	Duties of the Attorney General	26,529	26,211
2,265,000	1,100,443	Court and Case Costs	1,045,190	3,448,623
		Judicial Greffe		
647,700	836,281	Samedi, Family, Appellate and Interlocutory	583,743	992,900
813,100	850,252	Magistrates Court	846,790	687,508
343,600	427,773	Maintenance of Registries	283,091	546,740
1,912,700	1,578,297	Court and Case Costs	1,448,507	1,674,126
		Viscount's Department		
84,900	119,068	Coroner	92,623	81,580
272,000	275,866	Desastre	45,574	220,384
402,300	541,639	Enforcement	439,819	376,138
73,800	90,848	Assize Jury Functions	76,353	76,488
68,500	77,829	Curatorships	57,066	54,407
351,900	100,750	Court and Case Costs	39,549	665,898
		Official Analyst		
529,600	555,762	Forensic, Environmental Analysis	446,728	465,263
		Emergency Planning		
116,800	358,338	Planning and Monitoring	110,316	101,638
648,100	665,276	H E the Lieutenant Governor	649,721	635,458
194,900	197,070	Data Protection	167,590	195,323
19,933,300	19,748,926	Balance carried forward	17,779,939	21,187,968

Finance and Economics

Net Expenditure - Service Analysis (continued)

2005 Estimate £	2004 Voted £		2004 Actual £	2003 Actual £
19,933,300	19,748,926	Balance brought forward	17,779,939	21,187,968
		Non-Departmental		
(180,000)	(180,000)	Balance of Crown Revenues	(520,000)	(180,000)
2,509,200	2,550,000	Insurance	2,550,000	806,547
-	-	States Members' Expenses	-	558,053
-	-	States Members' Income Supplement	-	934,567
-	-	Jersey Heritage Trust Grant	-	1,696,400
-	-	Jersey Arts Trust Grant	-	1,278,900
186,600	212,000	Cost of Audit/Shadow PAC	189,912	170,833
309,100	463,100	WEB Limited Grant	463,100	111,100
-	-	Commonwealth Parliamentary Association	-	40,000
80,700	65,000	Distinguished Visitors and Conferences	118,473	52,733
55,400	68,000	Commission Amicale	52,591	59,375
20,500	20,000	Jurats' Expenses	17,704	11,913
17,800	17,400	Dean of Jersey	19,446	17,640
-	-	Assemblée Parlimentaire de la Francophonie	-	7,184
-	1,390,631	Court and Case Costs	924,541	-
1,100	118,079	Other Expenditure	44,271	487,830
-	(2,350,000)	Currency Surplus	(2,945,958)	(2,308,307)
-	(1,171,000)	Dividends	(1,386,808)	(1,304,416)
-	(570,000)	Interest on Loans	(421,412)	(390,575)
-	(410,100)	Miscellaneous Fines	(272,532)	(266,596)
-	-	Other Income	-	(275)
22,933,700	19,972,036	Sub Total	16,613,267	22,970,874
		Non-Cash Limit Items		
33,009,700	31,542,600	Repayment and Interest on Capital Debt	32,126,853	26,676,184
£ 55,943,400	£ 51,514,636	Net Revenue Expenditure	£ 48,740,120	£ 49,647,058

Finance and Economics

Income and Expenditure Category

2004 Voted £		2004 Actual £	2003 Actual £
	Income		
118,000	Sale of Goods	216,668	293,237
172,000	Sale of Services	80,991	128,292
4,600	Commission	10,196	89,107
22,000	Hire and Rentals	25,649	24,151
1,135,100	Fees and Fines	1,481,943	927,083
2,569,700	Miscellaneous Income	3,658,040	2,559,849
1,788,700	Recharges and Recoverable Costs	1,391,792	1,205,453
605,000	Interest	452,199	419,270
1,171,000	Investment Income	1,386,808	1,304,416
1,307,700	Surcharges and Penalties	1,842,920	1,628,662
457,400	Interest Received on Capital Debt	532,201	521,478
9,351,200		11,079,407	9,100,998
	Expenditure		
15,706,099	Manpower - States Staff Costs	15,094,912	14,607,530
59,600	Manpower - Non States Staff Costs	133,526	168,658
2,184,465	Supplies and Services	2,520,384	2,241,202
1,554,646	Administrative Costs	1,154,529	1,634,621
4,391,900	Premises and Maintenance	4,357,753	2,539,048
18,500	Incidental Expenses and Charges	17,771	9,117
567,477	Grants and Subsidies	500,890	4,552,211
15,800	Non-Service Costs	8,944	9,360
4,367,349	Court and Case Costs	3,371,764	5,788,647
32,000,000	Repayment of Capital Debt	32,659,054	27,197,662
60,865,836		59,819,527	58,748,056
£ 51,514,636	Net Revenue Expenditure	£ 48,740,120	£ 49,647,058

Environment and Public Services

Core Aims

During 2004 full amalgamation of the Planning and Environment, Public Services, Meteorology and elements of the former Agriculture and Fisheries Departments was accomplished. The core aims of the Environment and Public Services Committee are:

- to ensure that new development will protect and enhance the quality of the rural and urban environment;
- to ensure enforcement of building bye-law requirements relating to health and safety, energy efficiency and access for disabled persons;
- to advise Committee, Officers, Agents and members of the Public on safeguarding of the man-made heritage and the design of the new development;
- to provide and implement a framework for the planning of development in the Island;
- to maintain, protect, and enhance the natural environment of the Island and furtherance of local and international obligations;
- to provide professional property advice and services to all States' committees and departments;
- to maintain the infrastructure of the Island to an acceptable standard;
- to provide and develop a programme of sustainable waste management conforming with internationally accepted principles;
- to provide and develop a sustainable programme for the management of transport systems, the maintenance of existing transport assets and the improvement of the traffic and transport network;
- to provide efficient and effective municipal services in the areas of parks and gardens and open spaces, street cleaning, cleaning and maintenance of public buildings and sewage network, beach cleaning, and provision and maintenance of sea defences; and
- to provide architectural services for the public sector and other bodies with direct links with the States of Jersey.

2004 Financial Overview

Committee net expenditure for 2004 rose by £5.5 million from that of 2003, an increase arising primarily from the transfer of elements of the former Agriculture and Fisheries Department from the Economic Development Committee and the transfer of the Meteorology Department from Jersey Airport. Expenditure rose by £6.4 million but was offset by an increase in income of £0.9 million.

Key Financial Results

- **Planning and Building Division:** net revenue expenditure was £169,000 under budget due primarily to 2005 Fundamental Spending Review (FSR) savings having been taken early. In 2004 approximately 40% of the gross expenditure of the Planning and Building Services was met from charges within the Committee's Cash Limit.
- **Property Services Division:** incomes from Property rentals at £0.9 million were down 9% on 2003 and £100,000 less than budgeted due mainly to properties being disposed of for development or alternative use.
- **Environmental Division:** during 2004 elements of the former Agriculture and Fisheries Department and the Meteorology Department transferred to the Committee increasing the total net revenue expenditure from £1.2 million in 2003 to £4.3 million in 2004.

Environment and Public Services

- **Public Services Division**

- The largest single service area of the department is Liquid Waste which covers the Sewage Treatment Works (STW), Pumping Stations and Septic Tankers. Net revenue expenditure at £4.7 million rose by 18% from that of 2003, due to maintenance expenditure on the Pumping Stations and to fund voluntary redundancies in the Drainage Design section required because Capital Funds have reduced significantly.

- The main overspend remains the expenditure related to the Connex Bus Service as the Committee only had £460,000 inscribed in its budget. The Finance and Economics Committee has agreed to part fund this overspend with the balance being funded by the Committee's underspend. In 2005 growth of £1.92 million has been incorporated in the Committee's 2005 Cash Limit for the Connex Bus Service.

In 2004 Connex Transport (Jersey) Limited carried 2,481,489 passengers (including concessionary journeys) and generated £2.22 million in fare revenue for the States. This service area also encompasses School Buses which cost £925,000 in 2004, a small increase of 2.8% from 2003.

- Cleaning covers highways, footpaths, beaches and toilets throughout the Island and the expenditure has reduced by £373,000 reflecting greater efficiencies in providing the service.

- Parks and Gardens covers the maintenance and upkeep of the Island's formal parks (Howard Davis, Coronation and Churchill Parks), formal gardens and open spaces, the upkeep of playing fields and the maintenance of grounds for the Education, Sport and Culture and Housing Committees. During 2004, Parks and Gardens received the Cricket Associations Groundsman of the Year Award.

- Highways incorporate the maintenance and improvements of States roads and footpaths. £587,000 was spent on planned resurfacing of roads and £162,000 on road patching repairs. In addition, £807,000 was spent on repairing landslips caused by flood damage.

- The Energy from Waste service area covers the incinerator at Bellozanne. The age of the plant is of concern to the Committee but expenditure was contained mainly because only rarely were all three streams of the incinerator able to be operated. Although this keeps expenditure down, it is at the cost of an increasing backlog of waste which, at critical times, has to be baled and stored at Bellozanne. Nearly 80,805 tonnes of refuse were processed through the incinerator. Stockpiled waste currently totals 3,344 tonnes.

Committee Staff Actuals		
Number of full time equivalent		
	2004	2003
Total	618.94	577.09

Reconciliation of Original Budget 2004 to Amounts Voted 2004	
	£
Original Budget 2004	21,966,100
Amounts carried forward:	
2003 Carry Forwards	963,767
Transfers from the General Reserve:	
Increased Pay Awards	347,301
Other	
• Funding for the Meteorology Service	759,000
• VR/VER	463,833
• Additional Bus Subsidy	1,297,999
Transfer from/(to) other Committees:	
• Transfer from Economic Development - Elements of Agriculture and Fisheries	3,477,390
• Transfer to Finance and Economics - Official Analyst	(55,000)
Amounts Voted 2004	£ 29,220,390

Environment and Public Services

Performance Measures

Measure Description	2004	2003
Percentage of planning applications determined within eight weeks	77%	71%
Percentage of planning applications determined within thirteen weeks	91.7%	86%
Building Control – Percentage of applications dealt within five weeks	99%	92%
Building Control – Percentage of sites with work in progress inspected at least once every three months	94%	90%
Water Resources - Percentage of achievement compliance with standard – Quality of Drinking Water	99.8%	99.7%
Percentage of properties connected to the sewerage system	86.2%	86.1%
Cost of sludge disposal per square metre	6.68p	6.4p
Public Bus Service: Cost of subsidy per passenger journey	£1.00	£1.00

Capital Expenditure

Total Capital Expenditure during the year was £8.6 million. The 2004 spend reflects the progress made on a wide variety of individual schemes. An example of some of the schemes were as follows:

- £1.7 million was spent on sea defences with repairs being undertaken to the sea wall structure and foundations identified as high risk areas in the Sea Defence Strategy;
- the Urban Renewal Programme funded various visible improvement schemes that amounted to £855,000;
- £243,000 was spent on the maintenance of the Market structures to meet the requirements of the recently completed ten year maintenance plan; and
- £230,000 was expended on drainage and pumping station maintenance.

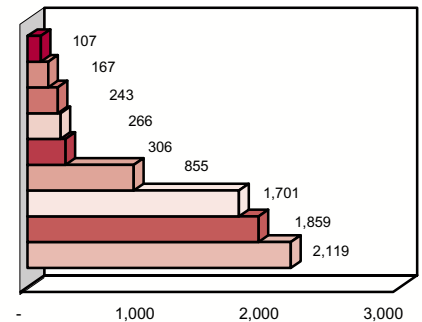
Manpower

The Environment and Public Services Committee increased its full time equivalent posts by 39.85 due to the transfer of staff from the Economic Development Committee and Jersey Airport.

Other Developments

The administration of the Central Markets in St Helier was transferred to the department with effect from 1st January 2004.

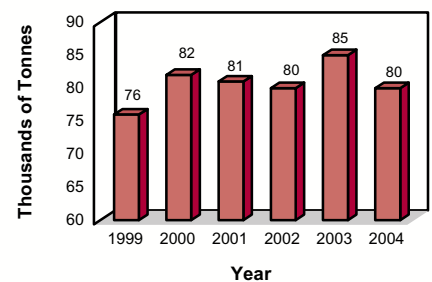
Capital Project Spend over £100k during 2004



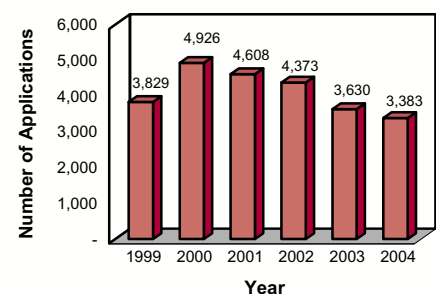
£' 000



Refuse Incinerated (Tonnes) per Year



Planning and Building Control Applications



Environment and Public Services

Net Expenditure - Service Analysis

2005 Estimate £	2004 Voted £		2004 Actual £	2003 Actual £
		Planning and Building Division		
1,036,200	1,155,650	Planning and Building Applications	1,211,345	1,581,949
177,500	190,632	Design and Conservation	175,713	320,114
508,900	598,691	Policy and Planning	388,785	467,799
(139,200)	(131,800)	Property Division	10,613	(143,153)
		Environmental Division		
3,560,300	3,263,652	Environmental Services	3,080,867	1,208,169
576,300	776,972	Meteorology Services	1,172,823	-
		Public Services Division		
3,935,400	4,086,234	Liquid Waste	4,659,783	3,961,874
2,211,400	2,619,745	Energy from Waste	2,475,465	2,014,301
2,236,700	2,668,722	Solid Waste	1,960,497	727,136
2,402,200	2,863,790	Highways	3,196,067	2,349,229
3,853,600	2,759,701	Buses	3,634,034	3,448,838
(974,000)	(564,056)	Buildings	(913,848)	(542,352)
912,000	1,038,354	Coastal and Footpath Maintenance	850,259	951,819
1,274,000	1,393,774	Drainage	1,337,299	1,210,885
2,421,600	2,888,781	Cleaning	2,468,848	2,841,492
2,552,000	3,071,724	Parks and Gardens	2,782,311	2,741,062
-	-	Water Resources	-	159,926
142,200	196,062	Surveyors	169,427	72,790
164,000	186,558	Architectural Services	263,857	176,529
114,800	157,204	Markets	164,044	-
£ 26,965,900	£ 29,220,390	Net Revenue Expenditure	£ 29,088,189	£ 23,548,407

Note:

The figures for Planning and Environment and Public Services were previously shown separately. The figures for these Departments have been amalgamated to reflect the figures as a Committee.

Expenditure relating to concrete degradation repairs was previously disclosed separately. This has now been included within the 'Buildings' Category.

The category 'Traffic and Transport Infrastructure' has been renamed 'Surveyors' to better reflect the activity performed.

The category 'Civils' has been renamed 'Coastal and Footpath Maintenance' to better reflect the activity performed.

Environment and Public Services

Income and Expenditure Category

2004 Voted £		2004 Actual £	2003 Actual £
	Income		
1,020,350	Sale of Goods	1,102,712	674,207
694,000	Sale of Services	1,167,641	256,230
8,800	Commission	53,032	40,706
2,542,016	Hire and Rentals	2,522,677	2,607,723
5,905,770	Fees and Fines	9,739,066	7,119,776
47,900	Miscellaneous Income	119,141	88,939
5,252,456	Charges	3,516,383	6,212,271
1,130,852	Recharges and Recoverable Costs	797,069	1,137,896
-	Interest	1,173	-
16,602,144		19,018,894	18,137,748
	Expenditure		
25,131,768	Manpower - States Staff Costs	24,443,836	19,508,576
10,233,881	Supplies and Services	12,157,523	12,840,222
1,476,640	Administrative Costs	1,545,380	945,344
8,130,813	Premises and Maintenance	9,788,713	7,916,554
122,000	Incidental Expenses and Charges	(30,933)	214,704
669,432	Grants and Subsidies	173,186	219,767
58,000	Non-Service Costs	29,378	40,988
45,822,534		48,107,083	41,686,155
£ 29,220,390	Net Revenue Expenditure	£ 29,088,189	£ 23,548,407

Note: The figures for Planning and Environment and Public Services were previously shown separately. The figures for these Departments have been amalgamated to reflect the figures as a Committee.

Economic Development

The Economic Development Committee's objectives, as the lead Committee or as a Strategic Partner, feature in all the States Strategic Aims set out in the Strategic Plan 2005 - 2010. In setting out to meet these aims, work was started in 2004 on drafting the Economic Growth Plan, the Rural Economic Strategy, the Skills Strategy, the E-Commerce Strategy, the Tourism Strategy and an external Transportation Links Strategy. In addition, a report and proposition to modernise the whole of Jersey's gambling legislation was lodged "au Greffe". Also, a number of pieces of important finance-related legislation were dealt with and considerable work has been undertaken on modernising our intellectual property legislation. The Committee and Department played a full part in the development of the Migration Policy and work commenced on the attraction of high-wealth individuals. Work continued in supporting, diversifying and further developing the financial services industry whilst encouraging the development of new enterprises and companies with high value-added potential. The States approved the draft Competition Law, which will be brought into force in 2005. Work also commenced on the preparation of new/modernised consumer protection legislation.

Alongside the strategic aims and objectives, the Department provides a range of services and undertakes a range of regulatory functions. These currently include administration of the gambling legislation, the Air Transport Permits (Jersey) Law and policy relating to air and sea travel, Regulation of Undertakings and Development Law, consumer protection legislation, tourism-related legislation, agriculture-related legislation, and broadcasting legislation. Not least is our responsibility, in partnership with the Jersey Financial Services Commission, for a wide range of legislation relating to the financial services sector and, in partnership with Jersey Finance Limited, the promotion of Jersey as a place to do financial business.

Core Aims and Objectives

The primary purpose of the Economic Development Committee within the States Strategic Plan is economic growth with sustainable inflation coupled with economic diversification and the creation of job opportunities.

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

Specific objectives include:

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

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

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

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

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

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

Economic Development

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

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

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

2004 Financial Overview

Net expenditure for the Committee reduced by 7.6%, the main reason for this being transfers between Committees. In the Income and Expenditure analysis there are significant variances in the expenditure categories between 2003 and 2004. The Manpower variance is a result of transfer of staff from the Agriculture and Fisheries department. The other variances are a mixture of budget cuts and transfers between Committees and reallocation of funds to meet business needs.

Key Financial Results

Direct Financial Support for Agriculture expenditure rose by 17% compared to a budgeted rise of 1.1%. In the past Agriculture and Fisheries paid around 20% of direct aid in the current production year and around 80% in the February of the following year. The Committee intends to bring these payments in line so that all payments are made in the current production year. This will mean that any changes brought about by the Rural Economy Strategy can be implemented rather than be delayed because of historic financial processes. The income from the interest subsidy scheme, marketing schemes and other unused subsidies were used to finance the additional direct financial support.

Training and Employment Partnership expenditure rose by 16.7% compared to a budgeted reduction of 7.5%. The Training and Employment Partnership had a significant increase in requests for training and apprenticeship grants in 2004 and in September it was decided to divert any non-committed funds to finance this training. The two highest over spent areas were Qualification Grants and Apprenticeship Schemes.

Tourism Advertising and Media expenditure rose by 19.5% compared to a budgeted reduction of 6%. Advertising and Media was overspent mainly because of the decision to have a TV advertising campaign.

Tourism Trade Relations expenditure rose by 9% compared to a budgeted increase of 6%. This is because of increased activity with Tourism's industry partners and the bi-annual travel trade workshop in June, which welcomed 63 existing and new overseas business suppliers and over 120 local tourism companies.

Agriculture Marketing expenditure reduced by 11% compared to a budgeted increase of 1.4%. This is because of more effective marketing through the amalgamation of the Marketing function with Tourism.

Tourism Public Relations expenditure increased by 62.6% compared to a budgeted increase of 61.8%. The increase is the result of funds carried forward from 2003 to finance the 'Simply The Best' TV programme and associated expenditure.

Performance Measures

The **Training and Employment Partnership** had five key targets in its 2004 business plan:

- Identify skills gaps and barriers to training;
- Encourage participation in skills training;
- Improve access to training;
- Enhance the quality of training delivery; and
- Encourage and support organisations in reviewing and improving business practices.

Economic Development

Each one of these targets was supported by a portfolio of projects which collectively encouraged and enabled:

- Over 2000 individuals to access a work related training initiative.
- Over 200 local businesses to review their business practices and or performance.
- Of particular success was the overwhelming interest in the Jersey Apprentice Scheme. The target of 50 enrolments was doubled with just over 102 sign ups in 2004.
- The U-Programme was also developed to support the rising number of job seekers, and attracted interest from over 100 such people.

Tourism Trade Relations expenditure covered all marketing activity undertaken with airlines, hoteliers, tour operators and accommodation sector to promote Jersey in the key target markets: UK, France, Germany, Ireland, Netherlands, and Belgium. Key activities included:

- Partnership advertising and Jersey promotion with over 200 commercial companies including airlines, sea carriers, tour operators, hoteliers, including a radio campaign in France, a TV campaign in the Netherlands, substantial press advertising in UK and European markets.
- Attendance at 32 trade fairs and consumer exhibitions. This list included major events e.g. World Travel Market in London and boat shows in London, Southampton and Paris.
- Hosting familiarisation visits for 574 travel agents, new tour operators, group travel organisers from three markets (an increase of 33% on 2003).

Tourism Advertising and Media expenditure covered the main advertising campaigns in the major markets of UK, France and Germany.

Final visitor figures for 2004 are not yet available, but following a decade of decline, the UK and French markets are forecast to show results similar to 2003, and Germany is likely to show an increase of 12% in visitor numbers. The number of enquiries for the UK brochure pack increased by 12% year on year and unique visitors to the jersey.com website increased by 27%.

UK Campaign coverage and results:

- 70 Brochure panel advertisements generated 84 million “options to see” (based on circulation numbers) and 39,600 requests for the brochure pack.
- Jersey Tourism produced and distributed 11.3 million direct marketing inserts, postcards and database mailings, generating 50,700 requests for the brochure pack as well as direct bookings for a number of joint marketing promotions with industry partners.
- 192 national and regional press brand advertisements generating 101.2 million “options to see”.

Committee Staff Actuals		
Number of full time equivalent		
	2004	2003
Total	59.12	121.12

Reconciliation of Original Budget 2004 to Amounts Voted 2004	
	£
Original Budget 2004	18,537,500
Amounts carried forward:	
2003 Carry Forwards	1,562,100
Transfers from the General Reserve:	
Increased Pay Awards	40,896
Other	
• VR/VER	156,979
• School Milk	172,415
• Vehicle Registration Duty	80,250
Transfer from/(to) other Committees:	
• Transfer to Environment Division, Environment and Public Services of some Agriculture and Fisheries Functions	(1,946,066)
• Transfer to Public Services, Environment and Public Services of some Agriculture and Fisheries Functions	(1,531,325)
• Transfer of Markets to Environment and Public Services Committee	(57,000)
• Transfer of Finance Industry Support from Finance and Economics Committee	250,000
• Transfer of Oxera Contribution to Finance and Economics Committee	(80,000)
• Transfer of Fuel Farm Consultancy Contribution from Finance and Economics Committee	17,000
• Transfer of Fuel Farm Consultancy Contribution from Policy and Resources Committee	17,500
Amounts Voted 2004	£17,220,249

Economic Development

- A twenty second advertisement appeared on national television 1,400 times, achieving 52% coverage against our target audience who would have seen it on average 2.6 times.
- A year-round online campaign driving hits to the jersey.com website, as well as generating over 15,000 new email contacts.

Agricultural Marketing supported various marketing initiatives and partnership grants in 2004, including the Genuine Jersey Products Association. The advertising campaign for Jersey Royal potatoes was managed for the first time by the Marketing Team at Jersey Tourism. This gave the added benefit of a corporate approach that enhanced the Jersey Brand for both the Agriculture and Tourism Industries.

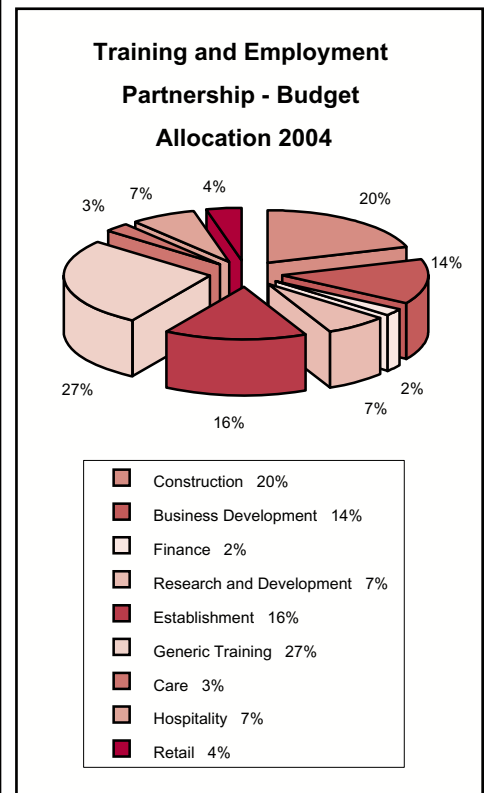
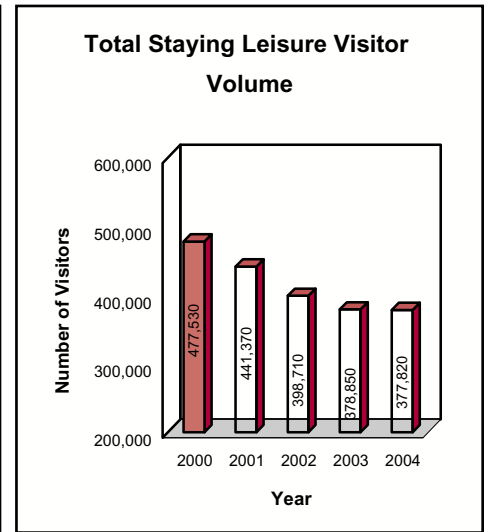
The Jersey Royal campaign consisted of advertising, public relations activity, production of print and point of sale material and brand and website development. The expenditure also covered research associated with measuring the availability and price of Royals in the supermarkets and tracking the promotional campaign's impact against target consumers.

- The improvements to and promotion of the jerseyroyals.co.uk website led to an increase in visitors to the site from 3,520 in 2003 to 14,649 in 2004.
- An estimated 22 million main shoppers would have been exposed to the press and television advertising an average of 5.1 times each.
- A total of 68 features were generated by public relations activity, with an estimated total reach of 31 million consumers.
- Consumer awareness of the Jersey Royal and the promotional campaign increased, with positive increases in perceptions of value and taste.
- Total export values increased from £16.8 million in 2003 to £23.5 million in 2004, with a 40% increase in value per tonne.

Manpower

	2004	2003	Analysis
Established FTE	67.26	131.72	Reduction 64.46
Established Headcount	70	141	Reduction 71

The main reason for the change is because of transfers between Committees, although the Economic Development Committee has had a reduction of two posts through the Fundamental Spending Review.



Economic Development

Net Expenditure - Service Analysis

2005 Estimate £	2004 Voted £		2004 Actual £	2003 Actual £
-	-	Safeguarding and Enhancing the Environment	-	176,971
-	-	Dealing with Waste Materials	-	1,137,593
1,300,800	1,358,600	Agriculture Marketing	1,191,778	1,339,394
2,192,000	2,770,235	Direct Financial Support	3,206,242	2,738,798
149,300	248,325	Agriculture Interest Subsidy Schemes	(99,940)	(99,469)
38,300	67,774	Agriculture Support Services	72,090	1,584,645
258,400	-	Agriculture Industry Services	97,923	-
184,800	209,841	Agriculture Statutory Compensation	164,936	-
260,300	634,705	Agriculture Strategy, Statutory and Regulatory Services	658,218	1,083,502
177,000	172,415	School Milk Provision	173,378	-
-	20,000	Support for Sea Fisheries	20,446	374,115
562,800	653,435	Strategic Development	419,306	659,284
404,400	419,327	Regulation of Undertakings and Development	341,880	380,114
304,700	288,500	Trading Standards	309,009	196,797
45,000	45,000	Jersey Consumer Council Grant	45,000	45,000
630,000	460,152	Jersey Competition Regulatory Authority	461,944	300,000
586,000	600,000	Jersey Finance	600,000	-
57,500	(71,600)	Gambling Control	(45,382)	(50,009)
1,301,900	1,231,000	Training and Employment Partnership	1,553,577	1,331,096
-	-	Jersey Markets	-	(56,868)
339,900	454,500	Tourism and Marketing Strategy and Policy	445,377	579,342
336,200	400,300	Tourism and Marketing Research and Planning	234,635	419,542
1,801,500	1,764,400	Tourism and Marketing Advertising and Media	2,242,279	1,877,120
430,800	477,600	Tourism and Marketing Consumer and Media Relations	418,273	543,373
599,500	855,140	Tourism and Marketing Public Relations	859,280	528,602
277,300	330,200	Tourism and Marketing Services	374,858	218,557
468,900	432,000	Tourism and Marketing Distribution	396,284	286,466
1,882,800	1,958,700	Tourism and Marketing Trade Relations	2,014,957	1,846,164
828,800	846,000	Tourism and Marketing Product Development	839,601	818,212
413,500	498,400	Tourism and Marketing Visitor Services	392,621	409,676
70,800	95,300	Tourism and Marketing Quality Development	(152,334)	(5,737)
(238,000)	-	Allocation of Efficiency Savings	-	-
£ 15,665,200	£ 17,220,249	Net Revenue Expenditure	£ 17,236,236	£ 18,662,280

Note: The category 'Trading Standards' has been split to separately show the grant to the Jersey Consumer Council. The Jersey Conference Bureau has now been amalgamated with 'Tourism and Marketing Trade Relations'.

Economic Development

Income and Expenditure Category

2004 Voted £		2004 Actual £	2003 Actual £
	Income		
52,750	Sale of Goods	90,933	88,570
125,000	Sale of Services	119,732	134,470
28,000	Hire and Rentals	550	412,969
543,480	Fees and Fines	570,527	742,171
185,200	Miscellaneous Income	395,209	486,417
36,700	Recharges and Recoverable Costs	36,246	229
971,130		1,213,197	1,864,826
	Expenditure		
3,788,275	Manpower - States Staff Costs	3,494,422	5,638,399
7,562,249	Supplies and Services	8,195,245	7,749,342
604,599	Administrative Costs	654,497	497,159
353,550	Premises and Maintenance	295,166	1,109,045
-	Incidental Expenses and Charges	4,779	-
	Grants and Subsidies		
4,012,200	Agricultural Subsidies	3,450,684	4,216,438
1,870,506	Other Grants and Subsidies	2,354,640	1,316,723
18,191,379		18,449,433	20,527,106
£ 17,220,249	Net Revenue Expenditure	£ 17,236,236	£ 18,662,280

Health and Social Services

Statement of Purpose

The Committee's strategic aims for 2001 - 2005 were published in a consultation document *'Improving Health and Social Care'* as follows:

"The Committee will aim to meet the health and social care needs of the people of Jersey, through:

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

Strategic Objectives

The aims are supported by seven key strategic objectives:

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

2004 Financial Overview

2004 has been a particularly difficult financial year for the Health and Social Services Committee, with only a modest cash limit increase from £116.6 million to £120.7 million.

Key Financial Results

Despite, once again, facing severe financial difficulties arising from a continuing increase in patient expectation, increased demand for service and ever rising cost pressures related to essential clinical quality initiatives, the Health and Social Services Committee has managed to achieve a financial break-even position at year end.

The key financial results of the Committee's four highest spending service areas are:

Divisions of Surgery and Anaesthesia

Budget £27.8 million Underspend £0.3 million

The surgery staff budgets for 2004 were overspent by £133,000 at the end of the year; this was largely due to an overspending on medical pay, particularly the cost of locum cover. Within non-staff costs drugs and supplies expenditure was relatively high particularly in general surgery and urology. Increases in clinical activity have led to an overspending on clinical supplies and prostheses.

Division of Medicine

Budget £13.5 million Overspend £0.5 million

The majority of the overspend in this service is attributable to nursing and of this a significant part is due to the requirements of one patient who requires one to one nursing care at all times. Medical staff costs are over budget due to locum usage and the costs of agency staff. Within non-staff costs the majority of the overspend is due to oncology drugs and changes in practice leading to increased expenditure on supplies.

Health and Social Services

Rehabilitation and Services for Older People

Budget £26.0 million Underspend £0.3 million

The underspend in this area relates largely to staff costs and has arisen from a relatively high number of vacancies, in administration, domestics and professional services, which although partly offset by the cost of overtime and bank nurses, still generated a net underspend. Income from the provision of continuing care exceeded the planned budget but this was offset by increased costs associated with the same provision.

Social Services

Budget £16.3 million Overspend £0.05 million

The overspend on staff costs relates to adult special needs and to child care, being a combination of an underspend due to vacancies more than offset by the cost of bank and overtime cover. The overspend on non-staff costs relates to the costs for UK placements, and the special needs service where there have been changes to the level of service being provided and requirements for special observations.

Performance Measures

In recent years the Department has been developing a wide range of performance measures that encompass all aspects of health and social care provision. A number of these measures were submitted for publication in the Performance Benchmarking Report 2004 issued by the Policy and Resources Committee.

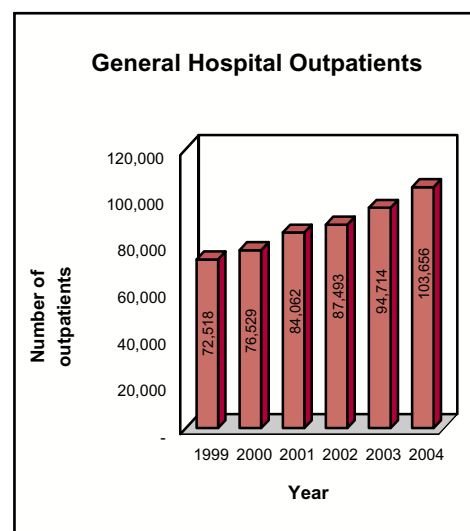
In comparing and interpreting performance measures it is important to take account of the differences between the health and social care system in Jersey and the UK. For example, locally the 'system' covers a whole umbrella of functions that would be dissipated across several organisations in the UK e.g. primary care trusts, ambulance trusts, general acute trusts, and specialist trusts for mental health and learning disabilities etc.

In summary, the report noted improved performance over the previous year, with the following seven measures experiencing 'significant' improvement:

Measure Description	2004	2003
Percentage of all elective surgical procedures carried out on a day basis	63.7%	56.1%
Percentage of patients on the inpatients' waiting list at year end who had been waiting more than six months	22.0%	24.4%
Percentage of patients on the inpatients' waiting list at year end who had been waiting more than nine months	11.3%	13.7%
Average length of stay (days) – all specialties	4.3	4.7
Average length of stay (days) – medicine	7.6	8.3
Average length of stay (days) – surgery	4.1	4.5
Average length of stay (days) – obstetrics	3.0	3.1

Committee Staff Actuals		
Number of full time equivalent		
	2004	2003
Total	2,111.71	2,090.20

Reconciliation of Original Budget 2004 to Amounts Voted 2004	
	£
Original Budget 2004	121,599,000
Amounts carried forward:	
2003 Overspend	(31,531)
Transfers from Revenue to Capital Votes:	
• Robin Ward	(18,519)
• Day Surgery Unit	(994,050)
Transfer from other Committees:	
• Transfer from Finance and Economics Committee of Corporate Supplies	116,543
Amounts Voted 2004	£ 120,671,443



Health and Social Services

Performance was strong in relation to the percentage of operations cancelled for non-clinical reasons and the proportion of patients whose transfer to care from hospital was delayed. As was evident last year the measures fell into the upper median and upper quartiles respectively when judged against the UK trusts. Performance was also strong on process measures – accident and emergency waiting times, general outpatient waiting times, and timely discharge.

Other Developments 2004

Some of the initiatives funded in 2004 are described below.

Audiological Screening Programme - A new screening test enables infants who are deaf from birth to be identified at the earliest possible opportunity and supported to achieve their full potential. The lifetime education and care costs of children with severe hearing loss are estimated to be greater than £100,000, but these are reduced significantly by early diagnosis and treatment.

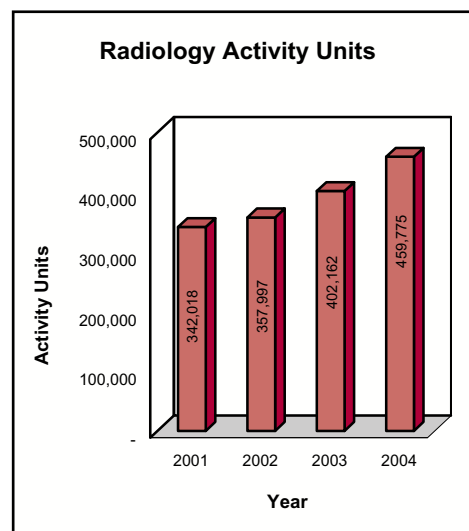
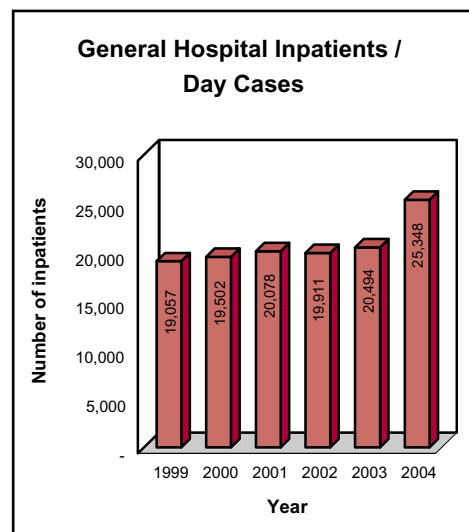
Respite Centre for children with learning difficulties – The provision of regular respite care to vulnerable children with special needs improves client and carer health and welfare, and supports and extends the family's ability to care for the child within their own home. It reduces the need for more intrusive services including reception into care or hospital admission.

Care packages for profoundly disabled patients - To provide care for some patients with long term physical and/or mental health problems in the community.

Purchase of residential and nursing care for elderly patients in the private sector - It is essential that Health and Social Services continue to purchase beds within the private sector so that older people, who cannot return home, can be discharged from the hospital when their acute episode of care is over. Inappropriate use of hospital beds for patients who require continuing care, but not medical intervention, can seriously reduce the hospital's prime function of providing acute care and result in increased waiting times for non urgent operations.

New generation drug therapies – It is necessary to fund new products which supersede previous therapies because of greater effectiveness, and/or extend the range of conditions which can be treated. This enables clinicians to provide the most appropriate drugs to patients in line with national guidance. The annual requirement for drugs has historically increased by an average of around 10% both in Jersey and across the UK.

Funding was also used to introduce locally based nurse training, meet national standards in the care of children in care and adults with mental health problems, increase home support for the frail and elderly and improve clinical services within the General Hospital.



Health and Social Services

Net Expenditure - Service Analysis

2005 Estimate £	2004 Voted £		2004 Actual £	2003 Actual £
		Public Health Services		
784,900	812,200	Public Health Medicine	633,362	860,940
595,500	590,700	Clinical	384,286	573,506
927,100	812,300	Environment	1,000,980	793,226
557,300	557,500	Health Promotion	475,713	497,038
		General and Acute Services		
1,612,400	1,722,382	Outpatients	1,589,735	1,656,240
228,900	242,160	Private Patients	318,862	65,986
1,444,500	1,392,600	Pharmacy	1,739,648	1,278,382
2,508,500	2,389,000	Paediatrics	2,433,265	2,343,447
-	13,471,382	Division of Medicine	-	13,083,554
5,699,300	-	Medicine - Specialities	5,898,686	-
1,762,100	-	Medicine - Renal	1,641,223	-
6,196,300	-	Medicine - Wards	6,440,894	-
2,344,900	2,326,400	Physiotherapy	2,233,666	2,042,843
2,046,100	2,222,400	Radiology / Diagnostic Imaging	2,511,441	2,209,596
6,470,700	6,692,842	Pathology Laboratory	6,815,179	6,706,207
12,474,800	12,328,528	Surgery - Specialities	12,112,019	11,611,143
5,290,500	4,478,447	Surgery - Theatres	4,542,565	4,094,496
8,624,500	8,339,176	Surgery - Wards	8,162,240	8,006,841
2,968,000	2,693,943	Surgery - Accident and Emergency	2,765,428	2,649,632
3,466,900	3,497,700	Ambulance	3,169,163	2,985,211
227,100	580,400	Patient Transport	587,448	604,617
3,947,500	3,757,226	Obstetrics and Neo-Natology	3,823,678	3,832,829
		Community and Social Services		
573,200	1,179,641	Alcohol and Drugs Service	1,005,394	1,302,380
8,518,900	8,199,162	Mental Health Services	8,255,217	8,311,518
		Rehabilitation and Services for Older People		
5,496,600	5,543,386	Assessment and Rehabilitation	5,966,275	5,962,739
10,219,500	10,338,871	Continuing Care	10,466,288	10,627,855
6,741,800	7,090,697	Elderly Mental Ill	6,331,360	6,937,121
3,228,700	3,075,800	Therapy Services	2,997,646	2,715,327
-	16,336,600	Division of Social Services	-	14,907,870
6,340,700	-	Social Services - Children's Services	6,922,487	-
3,057,100	-	Social Services - Adult Social Work	2,936,511	-
909,200	-	Social Services - CAMHS	1,097,851	-
6,051,900	-	Social Services - Special Needs	5,432,335	-
£ 121,315,400	£ 120,671,443	Net Revenue Expenditure	£ 120,690,845	£ 116,660,544

Note: The categories 'Division of Medicine' and 'Division of Social Services' have been re-categorised for the 2004 Actual and 2005 Estimate to better reflect the activities performed.

Health and Social Services

Income and Expenditure Category

2004 Voted £		2004 Actual £	2003 Actual £
	Income		
465,000	Sale of Goods	568,223	507,379
468,900	Sale of Services	433,360	391,080
1,473,100	Hire and Rentals	1,312,623	1,392,467
9,706,700	Fees and Fines	10,056,775	9,779,221
12,113,700		12,370,981	12,070,147
	Expenditure		
89,404,723	Manpower - States Staff Costs	87,871,576	86,575,605
34,900	Manpower - Non States Staff Costs	658,927	883,507
25,572,420	Supplies and Services	25,040,860	22,712,074
3,982,300	Administrative Costs	4,553,319	4,186,863
6,358,600	Premises and Maintenance	7,322,870	7,066,428
7,432,200	Grants and Subsidies	7,614,274	7,306,214
132,785,143		133,061,826	128,730,691
£ 120,671,443	Net Revenue Expenditure	£ 120,690,845	£ 116,660,544

Education, Sport and Culture

2004 was the second year of activity for the new Education, Sport and Culture Committee following its establishment on 12th December 2002. The Committee continued to deliver its Mission Statement through its aims and associated values.

Mission Statement:

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

Aims:

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

2004 Financial Overview and Key Results

The Education, Sport and Culture Committee's net amount voted increased by 6.8% between 2003 and 2004 due to the outcomes of the 2004 Fundamental Spending Review (FSR) process, its carry forward balance from 2003 and additional funds granted for pay awards. The Committee's financial results for key service areas are as follows:

• Primary and Secondary Education – Non Fee-Paying

Direct expenditure on primary and secondary non fee-paying education increased between 2003 and 2004 by 4.3% and 11.5% respectively, reflecting changes in pupil numbers in each year group, the cost of Special Education and the estimated impact of the 2004/5 pay awards. However, as in previous years headteachers have made planned savings during 2004 in order to carry forward balances to 2005. In accordance with the scheme of Delegated Financial Management (DFM), headteachers are authorised to carry forward an underspend of up to 3% or an overspend of up to 1% of their budget allocation.

• Fee-Paying Education

The underspends for these schools represent, in the main, the projected increased employer's costs of the Jersey Teachers' Superannuation Scheme. The Committee hopes to have a resolution to this issue by the end of 2005.

Education, Sport and Culture

- **Lifelong Learning (including Student Support)**

47% of the Year 11 cohort progressed to higher education at a direct cost to the Committee of £9.1 million in 2004. This area of expenditure is difficult to predict as the cost to the Committee is influenced by both parental income profiles and the mix of courses undertaken. As a consequence this budget is overspent by £284,000 (3%). The Finance and Economics Committee was alerted to this possibility during 2004. The Committee was able to manage this overspend in 2004 by utilising unspent balances elsewhere in its budget although this facility will be available for one year only due to increased pressures on its cash limit in 2005.

The review of 14-19 Education continued during 2004 and will impact on the Committee's funding and services during 2005.

- **Sport and Leisure**

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

Grants of over £550,000 were made to sporting organisations and the Advisory Council, a level which will not be maintained during 2005 as one outcome of the FSR. However, the Committee is hopeful that the significant investment during 2004 will hold the sporting community in good stead until future funding streams can be developed.

- **Culture**

The Committee welcomed the opportunity to champion the development of a Cultural Strategy for the Island which will be debated by the States in early 2005. This was in addition to maintaining the level of grants to the Jersey Heritage Trust and Jersey Arts Trust at 2003 levels, adjusted for pay awards.

Performance Measures

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

Bearing these differences in mind the following performance data for 2003/4 is indicative of standards (source: KPMG 2003 benchmarking report):

Measure Description	2003/4	UK Median
GCSE results – percentage of children achieving five or more grades A* - C	66.5%	58.9%
A Level results – average point score per pupil	290.6	247.0
Average pupil / teacher ratio – reception	22.6:1	18.7:1
Average pupil / teacher ratio – secondary without 6th forms	15:1	17.3:1

Education, Sport and Culture

Capital Programme

The year started with the commencement of both the Le Rocquier School redevelopment and new d'Auvergne School projects. 2004 was marked by the successful completion of five major capital projects; namely, Hautlieu School Phase 1, Janvrin Nursery, De La Salle College Library/Resource Centre, Beaulieu Convent School Jubilee Block and Grainville School Phase 2.

Detailed design work started on the Greenfields Centre project along with Hautlieu School Phase 2 and St Clement's School redevelopment. Schemes were developed in readiness for planning submissions for Grainville School Phase 3 and Mont-à-l'Abbé School Phase 1.

All of these projects met the target dates set out in the Department's 2004 Business Plan and were completed within the agreed funding.

The Committee is delighted that at the end of 2004 it had been able to meet its commitment to the Church Schools Capital Development and has now contributed £1.5 million to the projects by allocating carry forward balances and underspends from other projects. This completes the States contribution of £6.5 million towards the projects as approved in P57/2001.

Manpower

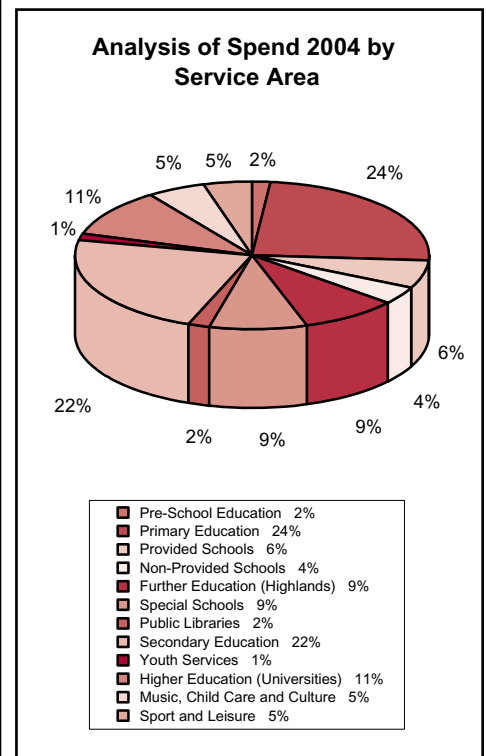
During 2004 the Education, Sport and Culture Committee increased its established manpower levels by a net 15.41 full time equivalent (FTE) posts and 16 associated headcount. The net increase was approved as part of the FSR process in accordance with an agreed framework which links manpower levels to activity levels through the application of a formula driven by pupil numbers in each year group.

Other Developments

In fulfilling its responsibility for 'Culture' the Committee has undertaken research and consultation with regard to the development of a policy and strategy for culture within the Island and has lodged a report which outlines the Committee's findings and provides a proposed vision, mission and key aims for the development of culture within the Island. Independent research suggests that while a great deal of capital investment has been made in culture over the years, the sector does not have enough revenue funding. This issue may present the Committee and States with some significant funding issues in the future.

Committee Staff Actuals		
Number of full time equivalent		
	2004	2003
Total	1,447.37	1,428.71

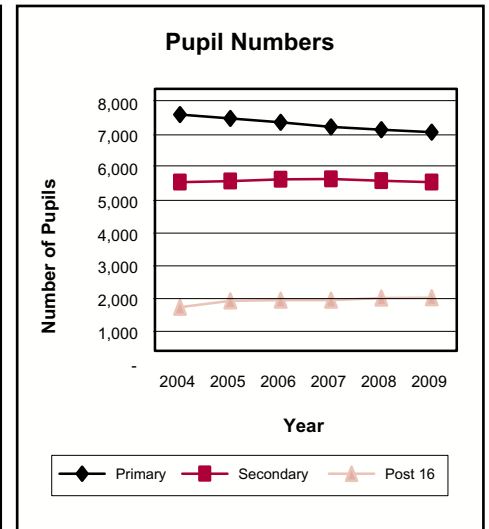
Reconciliation of Original Budget 2004 to Amounts Voted 2004		£
Original Budget 2004		87,902,500
Amounts carried forward:		
2003 Carry Forwards		3,225,900
Transfers from the General Reserve:		
Increased Pay Awards		997,000
Transfer from revenue vote to capital vote		(1,080,323)
Amounts Voted 2004		£ 91,045,077



Education, Sport and Culture

The Committee published its second generation Information Systems Strategy – *Building on Success*, which has been developed after considerable consultation with teachers. The new Strategy will upgrade and refresh all elements of the technology included in its very successful initial Strategy (*Putting Jersey's Future First*) in order that teachers and students may use ICT confidently and reliably. The estimated reinvestment cost of the Strategy is £4.4 million over the period 2004 – 2007, of which it is anticipated that £3.25 million will be provided from within the Committee's cash limits and officers are currently working with the Treasury to identify how the shortfall in funding may best be managed.

The 2004 Accounts have been prepared in accordance with Treasury guidelines. The transfer to the new States Financial Information System (JD Edwards) in January 2003 resulted in the redefinition of some categories of income and expenditure with the consequence that year on year comparisons may be neither relevant nor indeed possible, although comparisons have been provided wherever practicable.



Education, Sport and Culture

Net Expenditure - Service Analysis

2005 Estimate £	2004 Voted £		2004 Actual £	2003 Actual £
		Non Fee-Paying Provided Schools		
1,545,700	1,550,710	Pre-School Education	1,538,880	1,289,279
21,124,300	22,433,147	Primary Education	21,949,073	20,620,927
20,183,200	20,487,523	Secondary Education	20,150,872	17,765,199
		Fee-Paying Schools		
5,536,800	5,938,404	Provided Schools	5,309,828	5,187,389
3,832,400	3,792,633	Non-Provided Schools	3,689,309	3,591,250
7,612,000	7,920,854	Further Education (Highlands College)	7,902,603	7,229,514
7,972,800	8,009,269	Special Educational Needs and Special Schools	7,981,315	7,366,616
1,640,100	1,788,216	Public Libraries	1,751,920	1,671,860
1,301,800	1,225,762	Youth Service	1,253,737	1,099,720
9,106,900	9,205,291	Higher Education (note 1)	9,440,273	7,943,873
674,700	694,581	Instrumental Music Service	690,908	623,864
		Child Care Support		
162,300	165,972	Day Care Services	166,571	157,564
166,300	229,564	Jersey Child Care Trust	362,399	366,498
1,606,200	1,618,480	Heritage (Grant to the JHT)	1,870,052	142,044
1,255,800	1,337,544	Arts (Grant to the JAT)	1,519,128	42,364
2,202,400	2,743,490	Sports Centres	2,285,547	3,126,219
476,400	538,091	Playing Fields and Schools Sports	633,353	647,093
378,300	399,222	Sport Development	429,850	370,133
236,800	597,606	Grants and Advisory Council	552,294	471,684
-	123,000	Community Fund	-	619,846
239,000	245,718	Playschemes and Outdoor Education	157,059	169,037
-	-	Prior Year Adjustment - Church Schools' Capital (note 2)	-	(788,000)
£ 87,254,200	£ 91,045,077	Net Revenue Expenditure	£ 89,634,971	£ 79,713,973

Note 1: An accounting adjustment requested by the States Auditors reduced expenditure in 2003 on Student Finance by £2 million. This related to commitments made in respect of Student Grants and University Fees in previous years which were no longer required.

Note 2: Prior Year Adjustment relates to commitments no longer required and approved for use by the Finance and Economics Committee for capital expenditure on the Church School's, in accordance with P57/2001.

Note: The 2003 Actuals have been revised to reflect a change in method of allocation of overheads.

Education, Sport and Culture

Income and Expenditure Category

2004 Voted £		2004 Actual £	2003 Actual £
	Income		
222,800	Sale of Goods	320,756	351,372
10,008,000	Sale of Services	10,026,568	9,502,023
18,000	Commission	13,450	25,142
887,300	Hire and Rentals	498,370	439,707
190,500	Fees and Fines	117,574	144,051
93,100	Miscellaneous Income	535,781	429,779
97,100	Recharges and Recoverable Costs	137,671	141,674
-	Prior Year Adjustment - Church Schools' Capital (note 2)	-	788,000
11,516,800		11,650,170	11,821,748
	Expenditure		
63,154,124	Manpower - States Staff Costs	61,750,220	57,661,041
1,973,240	Manpower - Non States Staff Costs (note 3)	2,004,507	1,850,295
7,552,795	Supplies and Services	7,478,197	7,285,808
3,545,000	Administrative Costs	2,680,097	2,550,711
9,030,052	Premises and Maintenance	9,766,213	9,050,306
268,864	Incidental Expenses and Charges	60,426	83,460
	Grants and Subsidies		
8,839,000	Student Grants (note 1)	9,122,140	7,496,096
8,163,802	Other Grants	8,391,129	5,525,022
35,000	Non-Service Costs	32,212	32,982
102,561,877		101,285,141	91,535,721
£ 91,045,077	Net Revenue Expenditure	£ 89,634,971	£ 79,713,973

Note 1: An accounting adjustment requested by the States Auditors reduced expenditure in 2003 on Student Finance by £2 million. This related to commitments made in respect of Student Grants and University Fees in previous years which were no longer required.

Note 2: Prior Year Adjustment relates to commitments no longer required and approved for use by the Finance and Economics Committee for capital expenditure on the Church School's, in accordance with P57/2001.

Note 3: Manpower - Non States Staff Costs relate to Teachers' Pension Increases.

Note: The 2003 Actuals previously stated included gross income and expenditure for trading entities which are not included as part of the Education, Sport and Culture Committee's cash limit. The 2003 figures have therefore been revised to exclude the three trading entities providing more comparative figures with 2004.

Home Affairs

The Home Affairs Committee aims to set policies and provide the political direction and support necessary for its departments to deliver high quality and best value public services in pursuit of a safer community and improving quality of life.

The core aims of the Home Affairs Committee are:

- to work to preserve and improve the quality of life in Jersey;
- to help maintain and enhance the Island's reputation as a financial centre of integrity;
- to develop an intelligence-led, proactive style of policing;
- to protect the public by keeping in custody in a safe, decent and healthy environment, those persons committed to prison by the Courts;
- to bring about improved community safety and to make more productive use of resources, through a process of integrated risk management; and
- to protect society and the Island's heritage by the effective enforcement of prohibitions and restrictions, including frontier security.

2004 Financial Overview

Net expenditure for the Committee rose by 6.3% to £40.3 million. There was also an underspend of £152,700 on a budget of £40.4 million. However, £176,600 relates to the Safety Grants Panel expenditure which is ring fenced, therefore the true position as at 31st December 2004 is an overspend of £23,900.

Key Financial Results

The key financial results relate to our six highest-spending areas. Those spending areas cover the main proportion of the Committee's work.

States of Jersey Police (SOJP) – Front Line Uniformed Police: net expenditure rose by 3.1% to almost £10.3 million. There was a budget underspend of £215,000, resulting mainly from manpower savings.

HM Prison – Public Protection: net expenditure rose by 14.4% to £5.2 million, giving a budget overspend of £261,000, as a result of additional prisoners being accommodated.

Fire and Rescue Service – Community Protection: net expenditure rose by 1.7% to £4.3 million, resulting in a minor budget overspend.

States of Jersey Police – Specialist Crime Investigation: net expenditure rose by 5.6% to £3.7 million, resulting in a minor budget underspend.

Impôts – Enforcement: net expenditure rose by 6.4% to £2.8 million. There was a budget overspend of £55,000 resulting mainly from overtime and staff costs.

States of Jersey Police – Financial Crime Investigation: net expenditure rose by 15.9% to £1.55 million resulting in a minor budget underspend.

In conclusion, these are the Committee's highest-spending areas. The overspent and underspent areas are outlined in some detail in the Committee's year-end report.

Home Affairs

Performance Measures

States of Jersey Police

The KPMG benchmarking analysis for 2003 found that 'Jersey Police performs exceptionally well in all indicators of performance covered by this report, in line with the 2002 findings'. This achievement was sustained in 2004, although recorded crime showed a slight overall increase as predicted in accordance with demographic changes and revised recording practices.

Measure Description	2004	2003	Three year average	Analysis against three year average
Total number of recorded crimes	5,610	5,172	5,612	No change
Overall number of 'acquisitive crime' offences	2,432	2,234	2,515	Down 3.3%
Overall number of 'offences against the person'	1,201	1,017	1,078	Up 11.4%

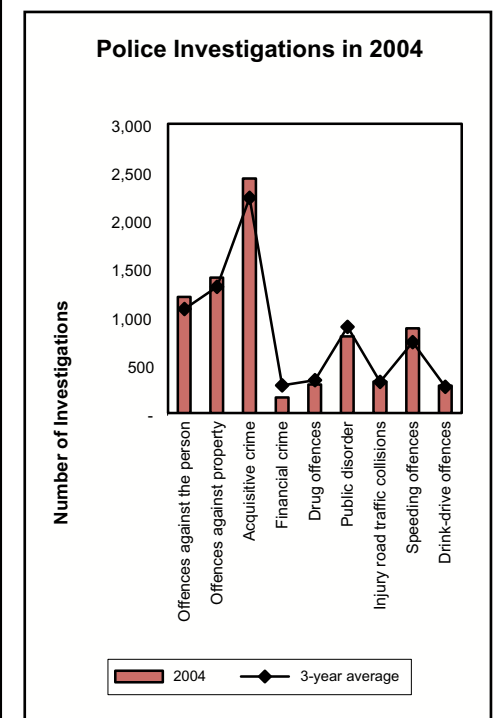
- Whilst overall crime levels were static compared to the three-year average (8.5% up overall compared to 2003), crime was in significant decline towards the end of the year as a new Pro-active Investigation Team successfully targeted prolific offenders responsible for spates of burglary and vehicle crime over the summer months. In the last three months of 2004, crime was down by over 6% compared to the same period in 2003.
- "Acquisitive crime" covers all offences where property has been stolen, including burglary and shoplifting. Figures for 2004 show a decrease of 3.3% compared with the previous 3-year average, but an 8.9% increase compared with 2003.
- "Offences against the person" covers all crimes of violence and abuse, including assaults and sexual offences. Figures for 2004 show an increase of 11.4% compared with the previous 3-year average and an 18.1% increase compared with 2003. It should be noted that this increase has been driven by a change in recording practices for minor assaults where the alleged victim declines to give evidence. The level of serious assaults fell by nearly 6% compared with the three-year average.

The total of 5,610 recorded crimes represents 64.1 crimes per 1,000 population in Jersey compared to an average in England and Wales of 112.8 crimes per 1,000 population.

Success in bringing offenders to justice plays an important role in determining the level of crime in any community. It follows that a high detection rate, and a high proportion of referrals to the criminal justice system, will help contain the

Committee Staff Actuals		
Number of full time equivalent		
	2004	2003
Total	657.12	652.05

Reconciliation of Original Budget 2004 to Amounts Voted 2004		£
Original Budget 2004		37,582,200
Amounts carried forward:		
2003 Carry Forwards		228,286
Transfers from the General Reserve:		
Increased Pay Awards		461,981
Other		
• Prison Funding		1,700,000
• Fire Terrorism Equipment		101,000
• DVS - Vehicle Registration Duty		95,000
• Impôts - VR/VER		84,154
Transfers from Capital:		
• Fire and Rescue Service - CAD Upgrade		2,900
Transfer from other Committees:		
• Transfer of Court and Case Costs from the Finance and Economics Committee		149,551
Amounts Voted 2004		£ 40,405,072



Home Affairs

overall level of crime committed. In 2004, the number of people arrested rose by over 7% and the crime detection rate rose to 40.1%. By comparison, the most recent published figures show an average detection rate of 23.5% in England and Wales. This improvement in performance was also reflected in a 7% increase in the number of prosecution cases submitted to the criminal justice system.

Impôts

Information relating to the value of drugs seized by Impôts is as follows:

Measure Description	2004	2003	2002	2001
Value of drugs seized	£3.2 million	£2.9 million	£2.1 million	£1.8 million
Number of operational officers	42.5	42.5	42.5	42.5
Value seized per officer	£75,294	£68,235	£49,412	£42,353

This shows that the value of drugs seized per operational officer increased by 10.3% in 2004 compared with 2003.

Fire and Rescue Service

The Fire and Rescue Service uses indicators to benchmark against other fire services and it has been noted that "the comparative data generally shows good service performance". Performance measures include the following:

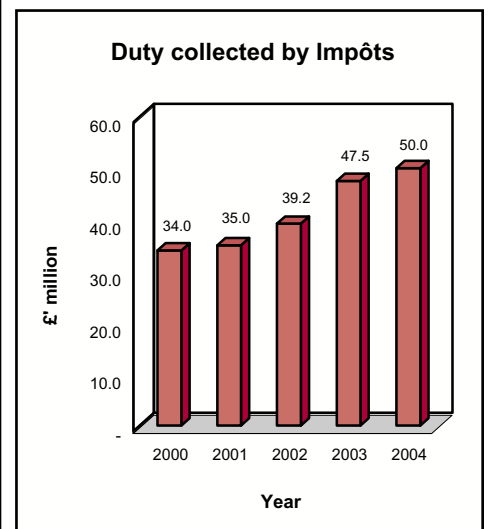
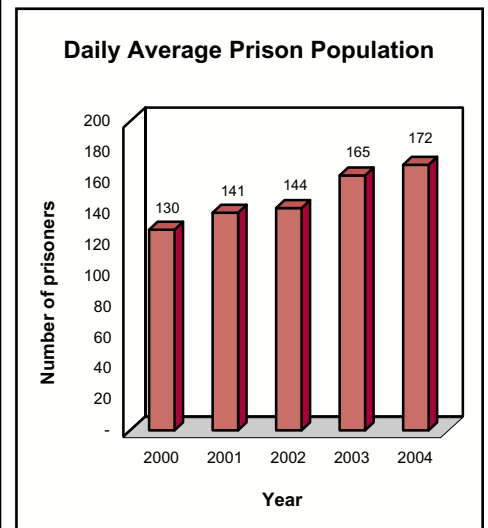
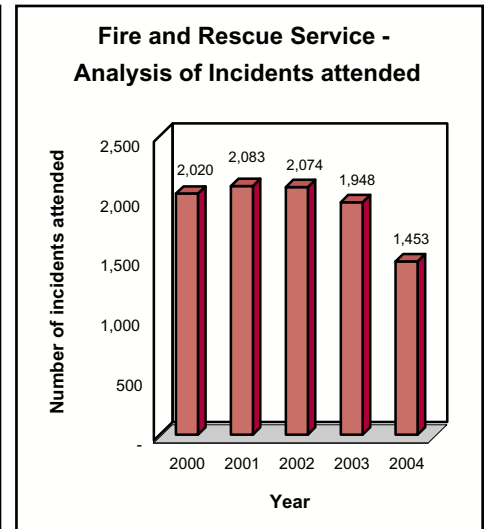
Measure Description	2004	2003
Injuries arising from accidental fires in dwellings per 100,000 population	16.53	21.8

This benchmark indicator shows that Fire and Rescue Service operations compare favourably with other fire services.

HM Prison La Moye

Measure Description	2004	2003	UK Median
Cost per prisoner	£42,767	£34,522	£41,676

This shows that the HM Prison cost is 2.6% higher than the UK median and this is largely as a result of the high levels of overtime payments in 2004.



Home Affairs

Capital Programme

Total capital expenditure was £1,262,000. This expenditure was incurred by a number of departments, the largest being £590,000 for the HM Prison. Most of the HM Prison expenditure was on the New Male Adult Block.

Manpower

The Committee's authorised manpower numbers increased from 674.8 in 2003 to 684.3 in 2004. The Committee's actual manpower numbers increased from 652.1 in 2003 to 657.1 in 2004.

Other Developments

HM Prison: the average number of prisoners accommodated in 2004 was 172, an increase from 165 in 2003.

This high number combined with staff shortages resulted in severe financial and operational problems which hopefully will be resolved during the coming year.

Fire and Rescue Service (SJFRS): in November 2004 the States of Jersey Fire and Rescue Service introduced a revised managerial and organisational structure, reflecting the modernisation process they are currently involved in. Successful initiatives in the areas of fire education and risk assessment have resulted.

In 2005, the Service will need to balance conflicting demands on scarce human and financial resources.

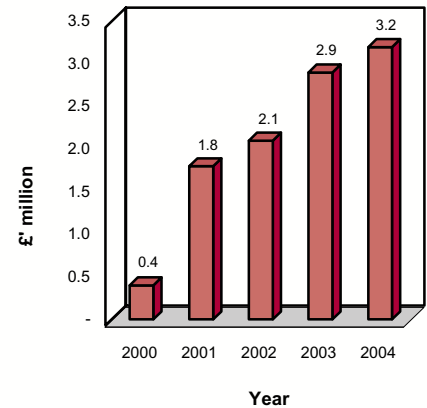
Crime and Community Safety Strategy: in 2004, for the first time a strategy encompassing both community safety and substance misuse was developed and adopted by the States.

Customs and Immigration: work was progressed during 2004 to implement the merger of Customs and Excise Department with the Immigration and Nationality Department at the beginning of 2005.

States of Jersey Police: 2004 was the Police Drug Squad's most successful year ever in terms of the number of major drugs suppliers arrested and the volume of drugs seized. Prosecutions of drug traffickers also resulted in a record of £304,000 being seized.

The **Joint Financial Crimes Unit** also enjoyed a successful year receiving a Bailiff's Certificate of Commendation for their professionalism during an investigation resulting in the recovery of \$150 million stolen from the Nigerian Government.

Value of Drugs seized by Impôts



Home Affairs

Net Expenditure - Service Analysis

2005 Estimate £	2004 Voted £		2004 Actual £	2003 Actual £
		Home Affairs		
64,300	64,336	Explosives Officer / Explosives Licensing	71,083	72,157
27,500	27,400	Grants	29,546	15,897
231,000	284,700	Criminal Injuries Compensation Scheme	281,951	185,560
-	192,913	Safety Grants Fund	16,300	(30,260)
127,000	-	Children's Authority	-	-
		Police		
10,144,000	10,488,497	Front Line Uniform Policing	10,273,974	9,966,836
3,614,000	3,724,013	Specialist Crime Investigation	3,732,610	3,535,366
1,069,000	1,101,019	Custody of Prisoners	1,087,632	1,028,805
1,505,500	1,522,000	Supporting the Criminal Justice System	1,511,995	1,473,072
987,200	1,058,947	Managing Intelligence	1,045,560	955,580
1,526,700	1,554,834	Financial Crime Investigation	1,546,520	1,334,643
1,422,100	1,452,806	National Security / Anti-Terrorism	1,442,801	1,270,106
		Fire		
4,272,700	4,370,021	Community Protection	4,350,333	4,279,658
199,500	205,881	Maintenance of Plant and Machinery	195,562	212,386
		Impôt		
579,000	720,868	Revenue Collection	654,802	633,737
2,550,500	2,718,005	Enforcement	2,772,953	2,606,795
159,000	160,199	International Obligations	167,015	160,884
		Immigration		
1,108,200	1,186,495	Controls	1,078,278	961,821
(107,700)	(51,800)	Passports	(64,707)	(69,777)
(56,600)	(53,600)	Legislation of Documents	(112,536)	(54,767)
		HM Prison		
4,499,500	4,931,375	Public Protection	5,192,267	4,538,607
1,101,000	1,272,200	Crime Reduction	1,335,911	1,188,025
760,000	851,316	UK Prisoners	854,573	700,327
		Driver and Vehicle Standards		
(150,600)	(244,900)	Vehicle Registrations	(137,079)	(220,543)
87,100	252,957	Vehicle Inspections	147,766	(100,343)
(46,700)	(23,451)	Driving Tests	(22,991)	208,527
		Probation		
1,060,200	1,072,899	Information and Supervision Service	1,119,939	1,065,448
216,600	217,012	Community Service	166,446	136,267
306,600	414,278	Crime and Community Safety Strategy	399,524	679,668
		Jersey Field Squadron		
60,400	61,022	IMLO and Careers Office	52,229	50,650
30,000	30,000	Uniformed Youth Organisation	30,000	52,516
743,700	745,936	UK Defence	927,939	954,336
82,900	96,894	Superintendent Registrar	104,153	66,739
38,173,600	40,405,072	Sub Total	40,252,349	37,858,723
(476,700)		Allocation of Efficiency Savings (£632,000) after deduction of allowance for non-staff inflation (£155,300)		
£ 37,696,900	£ 40,405,072	Net Revenue Expenditure	£ 40,252,349	£ 37,858,723

Note: The categories 'Emergency Incidents Response' and 'Fire Safety' have been renamed 'Community Protection' to better reflect the activity performed.

Home Affairs

Income and Expenditure Category

2004 Voted £		2004 Actual £	2003 Actual £
	Income		
281,000	Sale of Goods	513,530	304,958
535,457	Sale of Services	426,915	560,309
87,500	Hire and Rentals	91,292	91,863
889,300	Fees and Fines	1,048,174	1,057,323
10,000	Miscellaneous Income	38,595	22,171
1,803,257		2,118,506	2,036,624
	Expenditure		
32,905,293	Manpower - States Staff Costs	32,282,897	30,216,228
152,500	Manpower - Non States Staff Costs	339,564	456,737
4,441,255	Supplies and Services	4,885,967	4,042,624
2,410,306	Administrative Costs	2,416,041	2,434,064
2,045,062	Premises and Maintenance	2,324,314	2,488,146
253,913	Grants and Subsidies	122,072	257,548
42,208,329		42,370,855	39,895,347
£ 40,405,072	Net Revenue Expenditure	£ 40,252,349	£ 37,858,723

Employment and Social Security

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

Aims and Objectives

The Committee 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.

2004 Financial Overview

Committee net expenditure rose by 2.5% in 2004, an increase arising, primarily, from a 1.8%, or £0.9 million, rise in Social Security allocations and a 5.3%, or £1.2 million, increase in benefit costs. Increases in costs are primarily driven by inflation and earnings, although in 2004, migration and employment patterns and an ageing society have also had a significant impact.

Key Financial Results

Financial highlights are as follows:

Benefit Highlights

- **States Supplementation to the Social Security Fund:** This contributions 'top up' for people who earn below the contributions ceiling of £34,600 per annum has increased by just 1.8% - the lowest growth for over a decade. Growth is low because the number of contributors with earnings below the ceiling has reduced by 2%, leaving only earnings growth to drive costs. As a result the Committee is under budget in this area by £1.8 million; money that has nevertheless been required to cope with the accelerating growth in benefit costs, especially non-native welfare costs.
- **Non Native Welfare:** Costs have increased by £0.5 million, a 14.9% rise. This expenditure includes the welfare 'living allowance' paid over by the Parishes for non-natives on low incomes, and the costs of subsidising residential care places for non-natives with insufficient income to meet the full fee. The primary reason for the large increase in this area is an ageing population, resulting in rising demand for care places. At the same time, pressures in living allowances are also strong. The level of growth is of significant concern, as the expectation is that growth will continue to be strong. This area is subject to a major policy review.
- **Family Allowance:** Expenditure has increased by 4.5%; this is a result of the annual up-rating in the value of the allowances, designed to 'inflation-proof' payments. Numbers in receipt of this benefit have remained largely static.
- **Attendance Allowance and Invalid Care and Disability Allowance:** The cost of allowances to people with disabilities has increased by 7.2%, to a combined value of £6.2 million; again, this is as a result of the annual up-rating of allowances, but also reflects a small increase in numbers in receipt.

Employment and Social Security

- Jersey Employment Trust:** While the amounts paid over to the Trust fell by £0.4 million, or 44.4%, the costs of running the Trust continue to grow steadily, from approximately £535,000 in 2003 to £571,000 in 2004. It is because the Trust has sufficient reserves that the Committee was able to reduce the grant; this has facilitated an underspend, intended, subject to approval, to be carried forward for the planned, expanded role of the Trust in assisting more benefit beneficiaries into open employment as part of the ongoing incapacity reforms.
- Child Care Allowances:** Allowances are available for pre-school age children, and discounted childcare places are available for after-school-care for primary age children. Whilst it is pleasing to note increasing numbers of parents taking advantage of the discount scheme for children of primary school age, decreasing numbers of parents applying for support with pre-school age care costs mean that overall costs have decreased by 7.3%. This is a cause for concern for the Committee, for whom child care remains a high priority, and attention is being focused on reform of the scheme.
- Disability Transport Allowance:** Growth in this expenditure has been limited to 2.1% following a policy decision to not increase the rate of the allowance pending the introduction of Income Support in 2006.

Performance Measures

It was recognised in the 2003 benchmarking report that it is 'extremely difficult' to benchmark Committee services against those of other governments due to the specific nature of benefit regimes, however, work continues in this area, primarily to increase value for money.

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

Measure Description	2004	2003
Family Allowance	33	48
Disability Benefits	36	37
Childcare Allowances	12	13

Manpower

Manpower allocations required to administer benefits and provide services remain consistent despite increases in workload. At the same time, performance on benefit turnaround improved.

Committee Staff Actuals		
Number of full time equivalent		
	2004	2003
Total	107.27	112.01

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

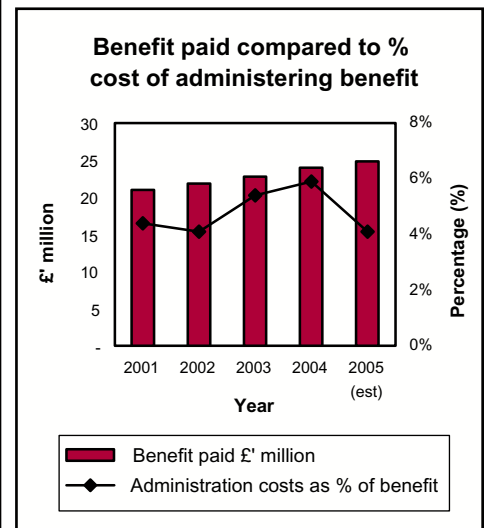
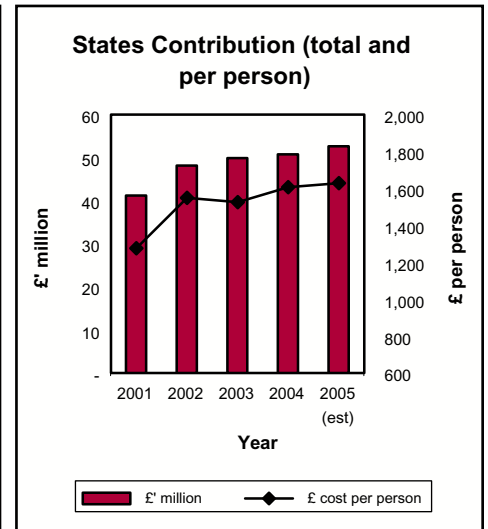
Reconciliation of Original Budget 2004 to Amounts Voted 2004	
	£
Original Budget 2004	80,401,400
Amounts carried forward:	
2003 Carry Forwards	665,000
Amounts Voted 2004	£ 81,066,400

Employment and Social Security

Other Developments

In 2004, significant progress has been made in three major policy areas; supporting people into work through reform of the incapacity benefit system; the development of employment legislation to protect people when working and to support collective bargaining arrangements; and the development of an Income Support system. 2005 will see these three areas remaining the policy focus for the Committee.

Internally, the 'Business Transformation' project – encompassing new systems, organisational structure, and accommodation has been substantially completed. This means we can better manage the many challenges of the future, perhaps first and foremost increasing demand, while also delivering a better value, high quality customer service. In 2005, the internal focus will be on continuing automation and the development of electronic transactions, and our role within the Visioning Project.



Employment and Social Security

Net Expenditure - Service Analysis

2005 Estimate £	2004 Voted £		2004 Actual £	2003 Actual £
52,541,000	52,633,000	States Supplementation to the Social Security Fund	50,799,585	49,891,875
1,303,000	1,329,700	States Supplementation to the Health Insurance Fund	1,333,782	1,206,563
4,734,000	3,502,199	Non-Native Welfare	4,077,183	3,549,980
5,551,000	5,141,978	Family Allowances	5,690,473	5,448,028
3,659,000	3,498,104	Attendance Allowances	3,569,713	3,404,034
2,689,000	2,419,342	Invalid Care and Disability Allowances	2,663,490	2,409,647
746,000	739,911	Childcare Allowances	728,718	786,238
430,000	415,000	Health and Safety at Work	460,968	456,912
1,100,100	1,172,400	Employment Services	1,115,746	1,162,987
495,000	495,000	Employment Relations	342,632	343,872
694,000	1,085,000	Jersey Employment Trust	520,460	936,363
144,000	151,251	Dental Benefit Scheme	142,499	141,458
6,288,000	6,197,045	Disability Transport Allowance	6,224,339	6,096,092
276,000	287,907	Social Fund (Housing Adaptations and Family Nursing)	284,632	212,229
528,000	480,929	Jersey 65+ Health Plan	438,973	441,567
18,000	13,538	Death Grants	21,911	18,461
1,137,000	1,135,907	Christmas Bonus	1,399,292	1,292,418
394,000	368,189	Milk at Reduced Rate	401,287	441,245
£ 82,727,100	£ 81,066,400	Net Revenue Expenditure	£ 80,215,683	£ 78,239,969

Income and Expenditure Category

2004 Voted £		2004 Actual £	2003 Actual £
5,000	Income		
	Fees and Fines	4,875	4,900
5,000		4,875	4,900
	Expenditure		
1,886,600	Manpower - States Staff Costs	1,815,201	1,851,297
518,000	Supplies and Services	803,302	562,021
417,500	Administrative Costs	268,318	437,488
199,500	Premises and Maintenance	187,182	181,604
	Grants and Subsidies		
53,873,000	States Contribution to the Social Security and Health Funds	51,980,107	50,964,133
22,561,800	Community Benefits	23,956,524	22,775,921
1,279,000	Special Needs Schemes	757,016	1,077,258
336,000	Payments made to third parties for benefit administration	452,908	395,147
81,071,400		80,220,558	78,244,869
£ 81,066,400	Net Revenue Expenditure	£ 80,215,683	£ 78,239,969

Housing

Core Strategic Objectives

The core strategic objectives of the Housing Committee are:

- to support measures to control housing demand;
- to sponsor legal reforms in accordance with human rights principles;
- to support the principle of home ownership;
- to ensure affordable sustainable housing is provided to meet the needs of all residents; and
- to maintain and improve the Committee's stock of rental housing.

2004 Financial Overview

Financially it has been a difficult year, with the greatest pressure falling on Housing Maintenance, where the budget, already stretched, was cut by almost 10%. Gross rental income improved by over £1 million, mainly as a result of a 3.5% across the board rent increase, but also because the rents of 550 refurbished properties were moved into higher rental bands. In 2004 the changes to rent subsidy agreed in 2003 were implemented, but the savings delivered were not as high as expected. This was largely due to the average incomes of both public and private sector tenants growing at a much slower rate, less than 1.2%, than anticipated. If the changes had not been made the overall situation would have been considerably worse. As it was, the subsidies budgets have had to be supported by a transfer of £1,756,183 from the General Reserve.

Key Financial Results

Administration of Housing Legislation: new initiatives have been on hold in 2004 due to work being carried out by the Migration Working Party. If the Migration Proposals are approved they will radically change many of the controls operated by the Section and much work will be involved in progressing them.

Charges for Housing Consents were implemented smoothly once the Law was enacted in August.

Despite difficult market conditions and tight criteria for potential purchasers all but four of the apartments on the Albert Pier site have been sold, with the remaining sales expected within the next few months.

The Section has successfully managed to reduce by one staff member during the year.

Social Housing Provision

Rents: since late 2003 all rental payments have been collected on a commission basis by the Treasury and the Post Office network. This, together with the reorganisation of rental subsidies, has enabled the Rent's Section to concentrate on rental arrears. These still remain a problem for various social reasons, but they are declining.

Maintenance had a busy year despite further cuts in their budget which is now impacting upon their ability to undertake long term maintenance. Work carried out in 2004 was as follows:

In 2004, 510 void properties were refurbished at a cost of £1,577,346.

A total of £536,511 was spent on maintaining and servicing the extensive range of plant and machinery, lifts and heating systems.

The responsive maintenance service ran at a total cost of £1,147,475, dealing with a total of 7,773 individual work orders.

28 sites were externally decorated at a cost of £262,392.

Housing

Inevitably less than we hoped for was available for improvement works and it was only possible to commit funds to a small number of schemes:

- replacement windows and insulation 40 Aquila Road;
- replacement windows and insulation Belvoir Court;
- Nicolle Close landscaping;
- replacement windows at 11 Simon Place;
- replacement windows at 1-10, 21 and 22 St Martins Arsenal; and
- replacement windows at 1-12 Grouville Arsenal.

A number of schemes which it had been hoped could be undertaken had to be postponed, these include:

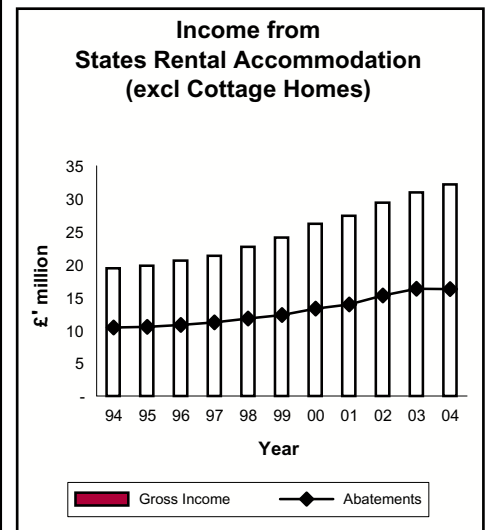
- Phase 1 Low Rise Refurbishment – Convent Court;
- numerous drainage works;
- lift refurbishment work; and
- 50 heating upgrades.

Rental Subsidies: in 2004 the percentage of abatement to gross rent fell from 52.68% to 50.71%. This was due to the changes made to the rent subsidy schemes as a result of the Fundamental Spending Review (FSR) process and while it was an improvement over the prior year it was expected to fall below 50%. Rent rebate paid to private sector tenants exceeded the previous year's total by almost 10%. Even with significant reductions in the generosity of the scheme, the average rebate paid to each claimant increased by £5 per week. The number of people receiving rebate rose by 56 in the year, due partly to completion of 32 units by the Jersey Homes Trust in Ann Street / Clement Court. The full year effect of a substantial number of 2003 completions also had a great impact although some funding has been received for this. 2004 was the first full year the re-organised Rent's Subsidy Section has been in place and the improvement in assessment has been noticeable.

The Information Systems Section upgraded the subsidies assessment software to enable the assessment of abatements to move from a fixed date in April to a rolling renewal programme throughout the year starting January 2005. This evens out the work flow in Subsidies Assessment leading to better use of available resources. In addition other software upgrades have been completed which have benefited administration of subsidies appeals, letter production and clamping of vehicles parked without authorisation on the Committees' estates.

Committee Staff Actuals		
Number of full time equivalent		
	2004	2003
Civil Servants	57.21	58.92
Manual Workers	28.46	28.39
Total	85.67	87.31

Reconciliation of Original Budget 2004 to Amounts Voted 2004	
	£
Original Budget 2004	(238,800)
Transfers from the General Reserve:	
Pay Awards	46,000
Housing Subsidies	1,756,183
Amounts Voted 2004	£ 1,563,383



Housing

Performance Measures

Measure Description	2004	2003
Percentage of rent collected against total charges (including arrears)	100.22%	99.78%
Arrears as a percentage to total rent roll	4.07%	4.74%
Total debt write-off as a percentage of net income	0.27%	0.32%
Average cost of response repair	£147.63	£133.48
Average number of days to refurbish a standard void property	15 days	28 days

Capital Expenditure

In addition in 2004, works were completed on the following refurbishment schemes:

- Le Geyt Flats phase 5 and 6; and
- Kew Gardens.

and work commenced on the following major projects:

- Princess Place roads and parking facilities;
- Le Squez Phase 1a;
- Le Coie; and
- Le Marais Low Rise Phase 1.

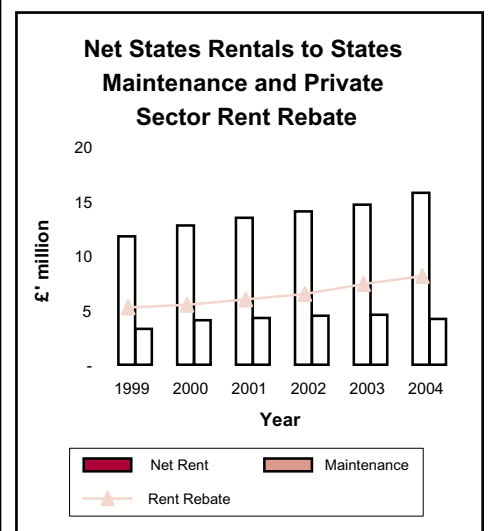
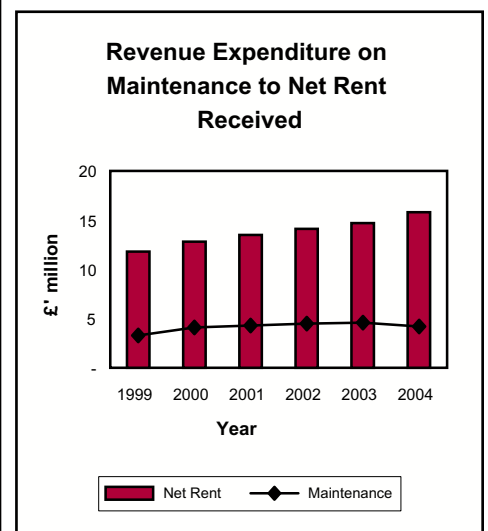
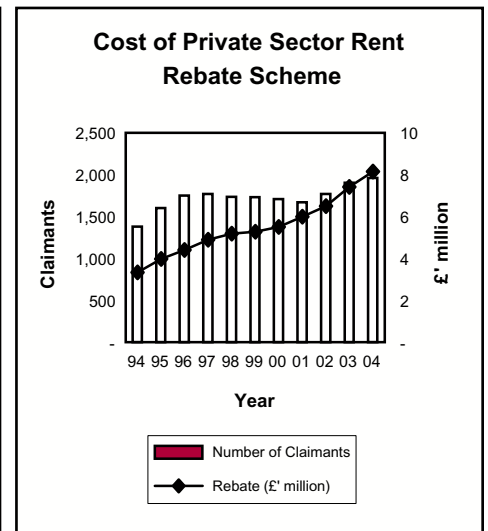
Manpower

	2004		
	Cost	FTE's Established	FTE's Actual
Civil Servants	2,472,365	60.84	57.21
Manual Workers	670,725	28.46	28.46
Total	3,143,090	89.30	85.67

	2003		
	Cost	FTE's Established	FTE's Actual
Civil Servants	2,305,516	60.84	58.92
Manual Workers	685,339	28.46	28.39
Total	2,990,855	89.30	87.31

Other Developments

Bas du Mont was transferred to the Christians Together in Jersey Trust in 2004 and work commenced to refurbish the property. The Les Vaux Housing Trust also commenced development of the Philips House site.



Housing

Net Expenditure - Service Analysis

2005 Estimate £	2004 Voted £		2004 Actual £	2003 Actual £
300,200	282,084	Administration of Housing Legislation	326,391	191,642
203,300	188,674	Social Housing Provision	190,465	173,521
(24,598,500)	(23,347,996)	Policy and Development	(24,010,339)	(22,555,530)
16,279,400	15,868,817	Administration and Maintenance	16,493,316	16,319,839
163,000	168,796	Public Sector Housing Subsidies	133,062	167,945
8,149,700	8,403,008	Cottage Homes	8,430,481	7,682,932
		Private Sector Housing Subsidies		
£ 497,100	£ 1,563,383	Net Revenue Expenditure	£ 1,563,376	£ 1,980,349

Income and Expenditure Category

2004 Voted £		2004 Actual £	2003 Actual £
325,200	Income		
	Sale of Services	270,097	285,532
	Hire and Rentals		
31,597,800	Housing Rents	32,181,417	31,129,292
57,000	Commercial Rents	80,570	68,249
	Recharges and Recoverable Costs		
2,030,700	Recharges to States Tenants	2,062,261	1,992,462
152,900	Dwelling House Loans Fund and 99 Year Leases	143,081	338,955
34,163,600		34,737,426	33,814,490
	Expenditure		
3,257,500	Manpower - States Staff Costs	3,143,090	2,990,855
308,200	Supplies and Services	336,721	325,254
382,900	Administrative Costs	306,161	308,568
	Premises and Maintenance		
316,500	Own Premises	297,815	315,057
3,499,900	Operation of Estates	3,532,702	3,457,173
4,076,700	Maintenance of States Properties	4,202,637	4,550,248
97,400	Maintenance of Cottage Homes	90,420	103,294
	Grants and Subsidies		
15,640,831	Housing Rent Abatements	16,244,208	16,319,839
8,147,052	Housing Rent Rebates	8,147,048	7,424,551
35,726,983		36,300,802	35,794,839
£ 1,563,383	Net Revenue Expenditure	£ 1,563,376	£ 1,980,349

Other Committees

Overseas Aid

The Committee's policy is directed towards the eradication of poverty and 82% of expenditure was by way of grants to 53 agencies both large and small. All grants are based on the individual merits of the project and cover clean water, health, sanitation, education, agriculture, livestock, and revolving credit schemes for small businesses. The Committee had to reject many worthy applications totalling in the region of £4.3 million due to its budget limits and received enquiries from over 55 new agencies.

The funding of individual disasters and emergencies has been restricted to keep to the Committee's allocation of its budget (15%). The applications were mainly in respect of natural disasters with approximately 25% being spent on applications arising from human conflict. During the course of the year £745,434 was awarded from this budget compared with £690,500 in the previous year.

Community Work Projects were organised by the Committee for India, Gambia, Uganda and Romania, involving 40 volunteers at a net cost inclusive of materials and equipment of £172,173.

Three grants were made to local organisations which raise funds for aid projects overseas which must meet the Committee's established criteria and is on a £ for £ basis up to a maximum of £3,500.

Administration costs at £33,862 remain exceptionally low due to the honorary services of our work project helpers and our executive officer and represent 0.64% of the grant.

Legislation

The Legislation Committee has been a force for reform in 2004, and has been responsible for increased levels of compliance with Human Rights issues, as well as continuing to keep the Island's legal system updated and efficient. The Committee has continued to review and revise customary and statutory law, and examined the Law of Criminal Procedure.

The Committee has acted as a valuable connection between the Comité des Connétables and the States of Jersey, and has sought to involve the Law Society of Jersey, the Jersey Law Commission, the Royal court, Magistrate's Court, Comité des Connétables, Parish authorities and community organisations in the process which contributes to legislative reform.

The Committee has also been called upon to take a hand in deciding its own future in 2004, as the progression towards Ministerial Government continues, and has sought to find a new framework for the continuation of the inclusive consultation process it currently operates, in conjunction with the Policy and Resources Committee.

Drafting instructions have been produced for laws including anti-discrimination legislation, intended to include race, disability, sex, gender re-assignment, and age discrimination. The Committee has ensured that the draft anti-corruption law has been passed to those most able to deal with its implementation effectively.

OVERSEAS AID	
Reconciliation of Original Budget 2004 to Amounts Voted 2004	
	£
Original Budget 2004	5,306,000
Amounts carried forward:	
2003 Carry Forwards	21,394
Transfers from the General Reserve:	
Increased Pay Awards	-
Amounts Voted 2004	£ 5,327,394

LEGISLATION	
Reconciliation of Original Budget 2004 to Amounts Voted 2004	
	£
Original Budget 2004	47,000
Amounts carried forward:	
2003 Carry Forwards	-
Transfers from the General Reserve:	
Increased Pay Awards	-
Amounts Voted 2004	£ 47,000

HARBOURS AND AIRPORT- LA COLLETTE RECLAMATION SCHEME	
Reconciliation of Original Budget 2004 to Amounts Voted 2004	
	£
Original Budget 2004	(124,700)
Amounts carried forward:	
2003 Carry Forwards	613
Transfers from the General Reserve:	
Increased Pay Awards	-
Amounts Voted 2004	(£ 124,087)

Other Committees

The Committee continues to consider matters relating to the Jersey Law of Contract, the safeguarding of the property of minors and the appointment of the Chef de Police of the Honorary Police.

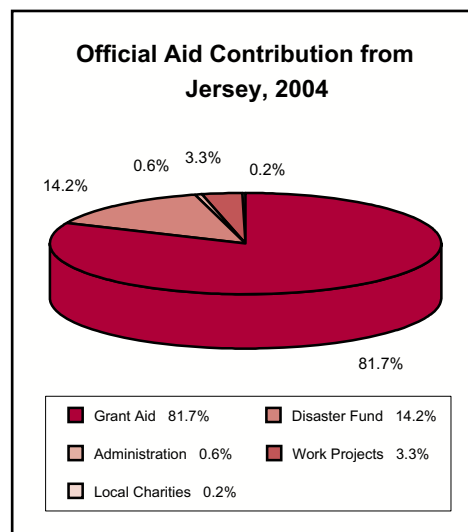
The Committee maintained its expenditure well within budget in 2004, including that relating to the Jersey Law Commission.

Harbours and Airport – La Collette Reclamation Scheme

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

In return, Jersey Harbours is allocated a proportion of the cost of upholding these responsibilities from the La Collette Reclamation Scheme (shown in these accounts as expenditure) whilst it also retains 10% of the total rental income to cover administration costs.

Gross rental income from Fuel Farm properties in 2004 amounted to £318,690 (net £286,821) excluding any back rents. Service costs relating to the Fuel Farm reduced in line with savings made within Harbours during 2004 whilst consultancy costs in relation to the fire fighting facilities increased by 33%, of which 90% was borne by Harbours in order to achieve the Reclamation Scheme budgeted surplus. Funding for the replacement of the fire fighting equipment is yet to be secured as too is the new lease and back rent for the Fuel Farm. Following the recent Consultancy Solutions report negotiations have been reopened with the fuel consortium.



Net Expenditure - Service Analysis

2005 Estimate £	2004 Voted £		2004 Actual £	2003 Actual £
£ 5,524,000	£ 5,327,394	Overseas Aid	£ 5,260,528	£ 4,595,904
£ 48,200	£ 47,000	Legislation	£ 3,225	£ 4,796
-	-	Committee of Inquiry Housing Trust	-	2,633
£ -	£ -	Harbours and Airport - La Collette Reclamation Scheme	£ -	£ 2,633
152,000 (288,000)	161,913 (286,000)	Harbours' Service Charge (note 1) Property Rentals	162,121 (286,821)	148,260 (283,713)
(£ 136,000)	(£ 124,087)		(£ 124,700)	(£ 135,453)

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

Harbours and Airport

Harbours

Core Aims and Objectives

The key aims and objectives of Jersey Harbours, which centre around the Safety, Security, Success and Sustainability of the port, are to:

- A1. Maintain the Island's strategic maritime assets and provide a modern commercial port infrastructure and appropriate service to meet the Island's Transport and Communications strategy;
- A2. Facilitate and grow the port in the best interests of Islanders in a sustainable manner that maximises customer satisfaction and shareholder returns, meeting our Universal Service Obligations;
- A3. Ensure Port Vitality: Financial performance and sustainability are central to all business units;
- A4. Participate in business activities and provide ancillary services that maximise shareholder and stakeholder value from the land and asset base, and improve overall corporate performance; and
- A5. Enhance Public understanding and support of the Port and its mission.

2004 Financial Overview

The return to the Trading Fund at the end of 2004 was £844,223 taking the balance up to £3,279,897.

Income rose by 3% compared with a budgeted increase of 2% on 2003 actuals. Income exceeded that forecast at the end of September 2004 as an unexpected upturn in passenger and private vehicle movements in the last quarter (specifically on the French route) led to a last minute recovery. The final amounts outstanding from Emeraude Lines have been written off in the accounts although options for recovery are still being explored.

Operating expenditure (excluding grants and non-recurring items) has increased by 9% on 2003 actual and has exceeded the estimated 2004 budget. This is due mainly to additional expenditure on both Premises and Supplies and Services. The significant increase in non-staff operating expenditure was anticipated as tighter security around the port has been introduced and a large number of major projects have been undertaken during the year. Although it appears the grants budget has not been fully spent, £10,000 was transferred to Minor Capital to purchase a spare compressor currently on loan to the Hyperbaric Treatment Centre.

Minor Capital expenditure has come in well within original budget with the following key purchases during the year:

- Marina/Property Management and Boat Registration Software;
- Structural changes and equipment purchases for the new Marine Centre;
- Electricity metering – remote monitoring system – further installations in port properties and trials in marinas (started in 2002);
- Completion of installation of proprietary fibre optic cabling (started in 2003);
- New finger pontoons to satisfy additional demand;
- Replacement X-Ray machine for Elizabeth Terminal;
- Replacement crane at Bouley Bay;
- New CCTV cameras; and
- Forklift for Harbour Stores.

Key Financial Results

The key results for the main income streams are as follows:

- **Harbour Dues:** Passenger numbers and corresponding dues fell by 4% and Private Vehicle numbers and dues fell by 5% compared with 2003. Passenger volumes on the French route increased by 1% due partly to traffic on the Normandy Route whilst Private Vehicle volumes on the same route fell by 3% compared with 2003 but increased on 2002 by 29%. Freight imports (excluding fuel oils, gas and other bulk goods) were up on 2003 by 2% and commercial vehicle movements exceeded 2003 figures by 1%. Total Freight tonnage in 2004 (excluding Heavy Fuel Oil) was down on 2003 by 2% with exports down by 7%.

Harbours and Airport

Harbours

- **Marina Fees:** Income from Marina Fees under-achieved original budget by 3% but exceeded 2003 income by 4%. The number of visiting yachts (7,647) improved on 2003 by 10% but these visitors did not stay as long as they did in 2003. Although stable compared with the 5 year mean, cumulative yacht days for 2004 (13,653) were 4% down on 2003 giving rise to a similar fall in visitor income. Both Annual contract and winter contract sales increased by 6% but Monthly contract sales decreased by 2%. Additional holding berths were created at the Albert Quay for visiting yachts during 2004 and another successful Tour des Ports event was held.
- **Mooring Fees:** Income increased on 2003 by 28%, however this is mainly due to more accurate calculation of deferred income at the end of 2004 compared with 2003.
- **Property Rentals:** Income was up on budget by 1% and exceeded 2003 figures by 2%. Tenant turnover has been minimal. In partnership with WEB, Harbours is looking to make more efficient use of port land assets in the future.
- **Services:** Income from Private Parking in 2004 exceeded 2003 by 5.5% and Boat Hoist income stayed the same. Electricity recharges for the last quarter of 2004 were delayed due to the implementation of the new property management system and an estimate was therefore made of the associated income.
- **Recharges:** Included here are the recharges to Tourism in respect of Beach Lifeguards (2004 was the first full year of operation at Harbours) and La Collette Reclamation Scheme as well as miscellaneous income from services provided.
- **Ships Registry:** Although local and Small Ships registry income was on a par with 2003 British Ship registrations income was 10% higher than the previous year.

The key results for the main expenditure areas are as follows:

- **Staff:** staff costs (including a provision for manual worker pay award of 2.5%) increased by only 0.7% on 2003. This represents a reduction in staff costs in real terms of 0.7% if pay awards are excluded. Key savings have been achieved with the creation of the Marine Centre and also around the Marinas where staffing levels were reduced in response to discussions with Boat Owners Associations. The original staff budget was exceeded by 1.2% due to the appointment of a contract post to support the introduction of new Shipping legislation on 1st June allowing larger ships to be registered in Jersey and the creation of a receptionist post at Maritime House which will give rise to savings in premises costs for Jersey Harbours and Customs and Immigration departments.
- **Administration:** Expenditure here is on budget and 8% higher than 2003. Increased insurance premiums, new communications systems for the Marine Centre (ACOM) and extra training have all contributed to the extra spend.
- **Premises and Plant:** Spending exceeds 2003 by 9.2%. Part of the reason for this increase is 6 months of new security costs as the International Ship and Port Security (ISPS) regulations came into force halfway through the year. Jersey has been assessed as on track to being compliant with the requirements of the regulations although further infrastructure work is still required around the port to ensure shipping lifelines are maintained. Other key increases in cost arose from increased electricity usage and tug maintenance (this is expected to reduce when the new tug is introduced in 2005).
- **Supplies and Services:** Spending here has significantly exceeded the original budget and previous years' expenditure. Part of this has been as a result of further work undertaken on behalf of the States regarding the replacement of the Fire Fighting equipment at La Collette (part of which has been recharged to the Reclamation Scheme budget – as a result in order to meet that cash limit Jersey Harbours has had to absorb the ongoing administrative and operational costs related to the Fuel Farm). In addition money has been spent on obtaining expert advice on repairing the damage to St Catherine's breakwater (a decision is awaited from the States on the degree to which the breakwater is to be repaired). Additionally, for 2004 only, the Signal Station at Fort Regent was 100% funded by Harbours; in 2005 the signal station will no longer be manned. Professional fees have also been incurred on the following new projects in 2004:
 - port property review and development (WEB partnership);
 - introduction of new Marina/Property Management and Boat Registration system (MIDAS);
 - strategic direction of Jersey Harbours (including Deloitte and Touche Options review);
 - sustainability (Environmental, Social and Economic) review;
 - interim valuation of Assets; and
 - study of Ferry Routes (requested by Economic Development Committee).

Harbours and Airport

Harbours

Performance Measures

Jersey Harbours continues to benchmark its performance where possible against similar ports.

Measure Description	2004	2003
Gross/Net margin (target 30% / 10%)	26% / 7%	30% / 12%
Return on Net Assets (target 3%)	2.3%	4%
Freight tonnage handled (target 481,800 tonnes)	498,078 tonnes	510,715 tonnes
Passenger movements (target: 937,800)	848,487	880,846

Capital Programme

Total capital expenditure for the year was £1,284,281 against a revised budget of £1,277,400 (original budget £1,647,000). The budget revision reflects savings on some projects, deferral of other projects until 2005 (replacement of offshore beacons and further infrastructure/foundation repairs) and no requirement to use contingency funds. Amongst the projects undertaken in 2004 were the following:

- purchase of Replacement Tug – delivery June 2005; and
- concrete repair works to New North Quay, Elizabeth West Wall and Albert Pier.

The repairs to the New North Quay will be completed in 2005; the concrete repair fund (Special Maintenance Fund) at the end of 2004 stands at £1,046,474 and further maintenance work is planned over the next 5 years. In order to fund this work £500,000 is transferred to the Special Maintenance Fund out of the surplus taken to the Trading Fund each year.

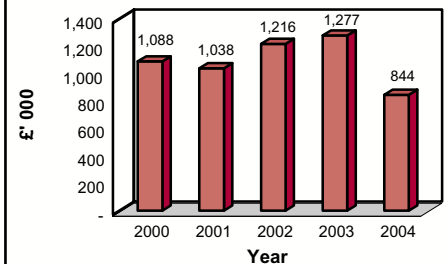
Expenditure Analysis

	Actual 2004 £'000	Actual 2003 £'000
Corporate/Support Services *	3,808	3,886
Piers and Quays	379	455
Estate Management	574	576
Marine Services **	658	596
Other	772	672
Commercial Operations	2,383	2,299
Elizabeth Marina	158	206
St Helier Marina	260	324
La Collette Marina	195	182
Other	179	57
Marinas and Moorings	792	769
Property Management	289	202
Regulatory	856	522
Heritage	230	120
Total Operating Expenditure	£ 8,358	£ 7,798

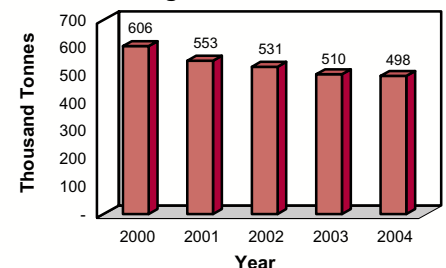
* Includes non-recurring item of £227k in 2003

** £90k in 2004

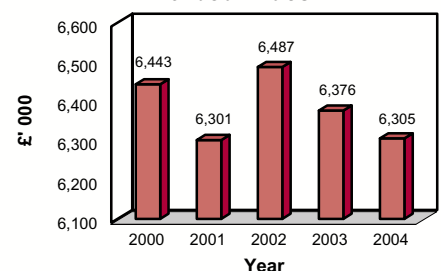
Summary of Net Surpluses



Freight movement



Harbour Dues



Harbours and Airport

Harbours

Operating Account

2005 Estimate £	2004 Revised Estimate £		2004 Actual £	2003 Actual £
		Income		
6,823,400	6,500,000	Harbour Dues	6,304,977	6,376,157
250,000	-	Pilotage	-	-
2,145,000	2,009,000	Marina and Mooring Fees	2,092,926	1,976,529
1,597,000	1,467,000	Property Rentals	1,474,064	1,443,772
1,222,000	1,066,000	Services	981,862	979,532
210,100	253,000	Recharges and Recoverable Costs	484,703	276,399
12,247,500	11,295,000		11,338,532	11,052,389
		Expenditure		
4,879,000	4,625,000	Manpower	4,694,500	4,662,122
2,104,000	1,682,000	Premises/Plant	1,736,637	1,588,459
54,000	52,000	Transport	55,471	54,711
920,000	1,089,000	Supplies and Services	1,269,552	771,374
529,000	518,000	Administration	510,831	475,019
30,000	7,000	Grants	1,900	18,975
150,000	140,000	Non-Recurring	89,502	226,959
8,666,000	8,113,000		8,358,393	7,797,619
3,581,500	3,182,000	Gross Operating Surplus	2,980,139	3,254,770
402,000	593,000	Less: Minor Capital Assets	551,952	404,509
254,200	276,300	Payments made to the States: Interest on Outstanding Capital Loans	276,336	274,094
551,800	551,800	Repayment of Outstanding Capital Loans	551,763	551,763
236,100	255,900	Interest on Elizabeth Marina Development	255,865	247,384
500,000	500,000	Repayments of Capital Elizabeth Marina	500,000	500,000
1,944,100	2,177,000	Capital Servicing	2,135,916	1,977,750
1,637,400	1,005,000	Net Surplus	844,223	1,277,020
412,700	-	Less: Financial Return paid to the States	-	-
£ 1,224,700	£ 1,005,000	Transfer to Trading Fund	£ 844,223	£ 1,277,020

Note: The categories 'Ships Registry' and 'Sundry Income' previously shown separately, have been amalgamated with the category 'Services'.

Harbours and Airport

Harbours

Trading Fund

2005 Estimate £	2004 Revised Estimate £		2004 Actual £	2003 Actual £
3,456,007	3,569,907	Balance brought forward 1st January	3,569,907	2,880,918
1,224,700	1,005,000	Add:		
187,300	178,500	Transfer of Operating Surplus	844,223	1,277,020
-	(20,000)	Interest	205,194	130,050
		Other Income	(55,146)	(45,493)
1,412,000	1,163,500	Total Additions	994,271	1,361,577
4,306,000	1,277,400	Less:		
		Capital Expenditure	1,284,281	672,588
4,306,000	1,277,400	Total Expenditure	1,284,281	672,588
£ 562,007	£ 3,456,007	Balance carried forward 31st December	£ 3,279,897	£ 3,569,907

Payments to the States of Jersey

2005 Estimate £	2004 Estimate £		2004 Actual £	2003 Actual £
412,700	-	Financial Return	-	-
£ 412,700	£ -	Transfer to Trading Fund	£ -	£ -

Harbours and Airport

Airport

Core Aims and Objectives

The Harbours and Airport Committee is responsible for operating Jersey Airport and its associated activities. The Committee's 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 surpluses to fund appropriate long-term capital investment plans.

Financial Overview for 2004

The amount transferred to the Trading Fund was £5.78 million compared to £4.77 million in 2003.

Key features of the financial year were:

- **Transfer of the Jersey Meteorological Department to the Environment and Public Services Committee from 1st January 2004:** this accounted for net expenditure of £1.1 million in 2003 which was removed from the Airport's cost base and replaced by an annual charge of £350,000 in 2004.
- **Airport Dues:** The airlines continue to exert pressure for Airport Dues to be reduced. Dues have not increased since 2001 but were re-structured from 1st January 2004 after consultation with Airlines to better reflect the commercial realities of the "low cost" marketplace. The effect was to remove an estimated 40% of the Airport's income from charges on the aircraft (thereby reducing the fixed cost to the airlines of operating to Jersey) and transferring it to the passenger charge. In this way the Airport shares more of the risk with the airlines – no passenger, no income. In addition Dues were reduced by £1.50 per passenger reflecting the cost savings from the transfer of the Meteorological Department. This accounts for the overall reduction in income for 2004. Passenger numbers for the year were up on 2003 by 22,198 to 1,497,380, an increase of 1.5%. The majority of this growth occurred in the last quarter of the year.
- **Duty Free:** sales continue to grow producing income of £1.1 million up 9% on last year.
- **Expenditure reductions:** a significant programme of reductions in expenditure were implemented totalling nearly £750,000. This was necessary to meet the needs of the capital expenditure programme and the fact that the level of Airport Dues, the main source of income, could not be increased. This was successful. If the net cost saving on the transfer of the Meteorological Department is excluded along with Communications Services and a one off debt write-off for Ambulance flights in 2003 is also excluded then an overall cost reduction of over £800,000 (6%) was achieved over 2003. An element of this reduction will be of a "one off" nature, as expenditure has been delayed because of the uncertainty regarding funding for essential capital expenditure over the next few years. However the significant element of the saving will be ongoing. This includes a reduction of 10.04 FTE posts during the course of the year (over and above the transfer of the Meteorological Department Staff).
- **JD Edwards system:** during the year the Asset Management, Works Order and Procurement systems were implemented. The Stock system will be introduced in February 2005. These will play an important role in continuing to improve the financial performance of the Airport.

Harbours and Airport

Airport

Performance Measures

Measure Description	2004	2003
Total revenue per employee*	£120,521	£106,090
Passengers per employee*	8,341	7,005
Staff costs as a percentage of total costs*	68.50%	67.20%
Airport Dues as a percentage of total revenue*	59.80%	61.80%
Airport Dues per passenger	£8.64	£9.36
Airport Dues per air transport movement	£291.45	£325.63
Passengers per air transport movement	33.7	34.8
Number of air transport movements	44,399	42,414

*The costs exclude Communications Services.

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

The indicators 'Total revenue per employee' and 'Passengers per employee' help to demonstrate staff productivity for 2004 against 2003. The indicator 'Staff costs as a percentage of total costs' identifies the influence that staff costs have in driving up operating expenses. 'Airport Dues as a percentage of total revenue' shows the extent to which Airport Dues cover the operating costs of the Airport. The remaining four performance measures provide additional analysis on the factors affecting Airport Dues income.

Capital Expenditure

- Capital expenditure of £4.5 million was funded through the Trading Fund during the year. Of this £2.9 million related to the Fire Training Ground Remediation which was commissioned in September 2004. Funding for this is due to be reimbursed to the Trading Fund as part of the States agreement to fund certain "below ground" works (P198/2002).
- Other schemes undertaken during 2004 included Approach lighting, East Substation Generator and Apron/Taxiway reseal and repair works.
- The replacement Operations Building and Air Traffic Control Visual Control Room approved in 2002 is now likely to commence in 2005.

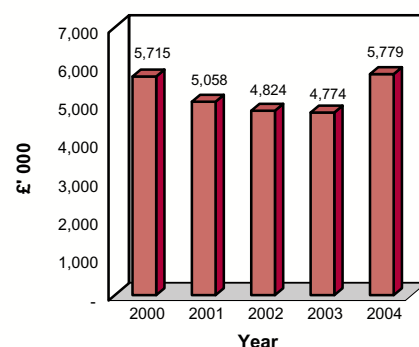
Presentation of Accounts

It will be noted that the costs of both Engineering and Electronics Services have been fully reallocated over the appropriate service areas in 2004.

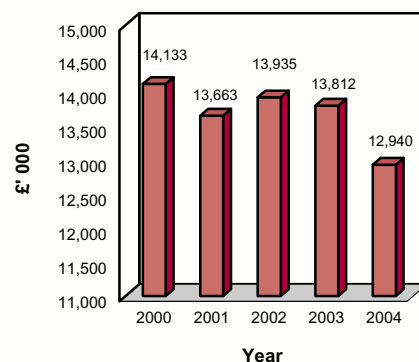
Longer term Funding of Capital Investment Programme

The long term funding of the Airport's capital investment programme continues to be discussed with both the Finance and Economics and Policy and Resources Committees to secure the necessary funding for the Airport. It is essential that this funding is provided by the States from General Revenues on a timely basis to meet the "below ground" works as agreed by P198/2002.

Summary of Net Surpluses

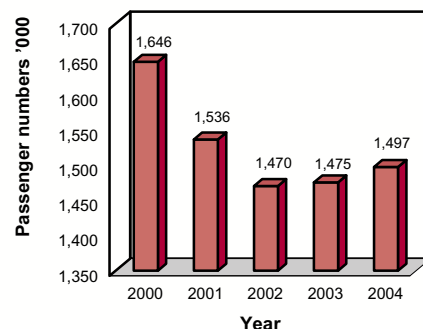


Income from Airport Dues



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.

Passenger Numbers (excluding transits)



Harbours and Airport

Airport

Operating Account

2005 Estimate £	2004 Revised Estimate £		2004 Actual £	2003 Actual £
		Income		
4,332,500	4,339,600	Aeronautical Charges	4,622,148	6,769,284
3,731,000	3,900,000	CI Control Zone Services	3,998,127	4,139,169
8,395,000	8,345,000	Passenger Charges	8,423,237	5,127,533
-	-	Security Services	-	2,002,666
3,176,100	3,136,000	Concessions and Rentals	3,310,115	3,161,571
1,191,300	1,101,000	Sales and Services	1,282,373	1,142,455
927,700	923,000	Communications Services	1,111,924	984,086
21,753,600	21,744,600		22,747,924	23,326,764
		Expenditure		
8,250,600	7,785,900	Aeronautical Services	7,671,208	7,017,280
3,044,400	2,803,700	Passenger Services	2,655,674	2,505,973
1,680,700	1,506,500	Security Services	1,361,671	1,652,375
-	220,100	Engineering Services	-	534,002
-	297,300	Electronics Services	-	412,118
1,260,400	1,238,400	Commercial and Support Services	1,165,809	1,299,424
-	-	Meteorological Services	-	1,210,894
864,100	850,100	Communications Services	977,905	848,925
-	34,000	Organisational Development	35,890	55,113
200,000	200,000	Reserve for Contingencies	-	-
15,300,200	14,936,000		13,868,157	15,536,104
6,453,400	6,808,600	Gross Operating Surplus	8,879,767	7,790,660
		Less:		
2,666,000	2,666,000	Loan Repayments	2,666,011	2,666,011
217,600	217,600	Trading Fund Re-imburement (note 1)	435,200	350,291
3,569,800	3,925,000	Net Surplus	5,778,556	4,774,358
£ 3,569,800	£ 3,925,000	Transfer to Trading Fund	£ 5,778,556	£ 4,774,358

Note 1: This is a re-imburement to the Trading Fund from Security Fee income. It relates to the purchase of a Hold Baggage Screening and Out of Gauge X-Ray in 2003 from the Trading Fund at a cost of £785,494.

Note: In addition to above expenditure, £173,000 has been incurred in respect of the investigation and associated consultancy arising from the contamination of the Airport Fire Training Ground.

Harbours and Airport

Airport

Trading Fund

2005 Estimate £	2004 Revised Estimate £		2004 Actual £	2003 Actual £
16,708,725	18,374,962	Balance brought forward 1st January	18,374,962	19,266,282
3,569,800	3,925,000	Add: Transfer of Operating Surplus	5,778,556	4,774,358
217,600	217,600	Security - Hold Baggage Screening and Out of		
400,000	450,000	Gauge X-Ray Cost Recovery	435,200	350,291
-	8,000	Interest	638,840	525,716
		Proceeds from Sale of Assets	8,000	165,990
4,187,400	4,600,600	Total Additions	6,860,596	5,816,355
4,390,699	2,458,647	Less: Capital Expenditure - above ground works	1,256,353	5,366,126
700,000	3,808,190	Capital Expenditure - below ground works (note 1)	3,229,616	1,341,549
5,090,699	6,266,837	Total Expenditure	4,485,969	6,707,675
£ 15,805,426	£ 16,708,725	Balance carried forward 31st December	£ 20,749,589	£ 18,374,962

Note 1: P198/2002 agreed that below ground capital works should be met from General Revenues. These works are currently shown as funded by the Airport Trading Fund until such time as an appropriate funding mechanism is determined.

Postal Administration

The Postal Committee is pleased to report on the 2004 accounts and highlights the following:

- an increase in surplus to £4.4 million;
- turnover of £37.5 million, an increase of 30% on the 2003 turnover of £28.8 million due to the expansion of the fulfilment sector;
- the financial performance of the business is remarkable given increasing competition for export mailings from other jurisdictions and an increase of £5.2 million in costs charged by Royal Mail for delivery of mail in the UK and internationally;
- a reduction in the loss made by the retail network and local delivery services;
- more prudent accountancy provisions;
- a balance in the Trading Fund at 31 December 2004 of £7.6 million;
- during the year Jersey Post paid off one of its significant pension liabilities of £4.4 million relating to the now 'closed' Jersey Post Office Pension Fund (JPOPF); and
- the remaining pension liabilities relating to Jersey Post share of the States-wide Public Employee Contribution Retirement Scheme (PECRS) are estimated at £18 million on a FRS17 basis. The PECRS deficit will arise on incorporation. In anticipation of this and to allow Jersey Post to build up sufficient reserves to help meet these future liabilities, no return has been paid to the States since 2002.

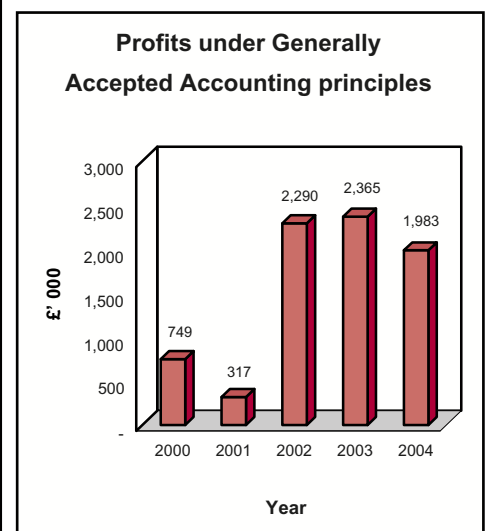
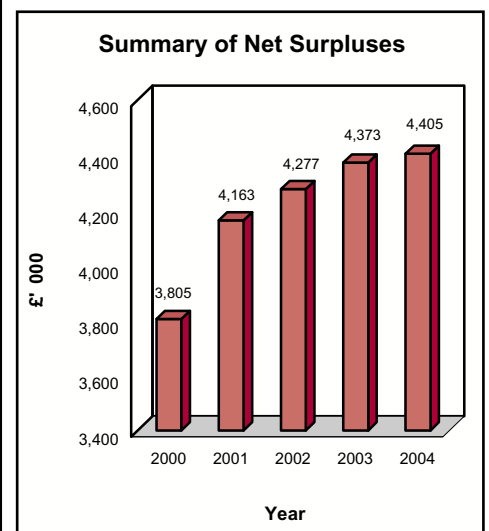
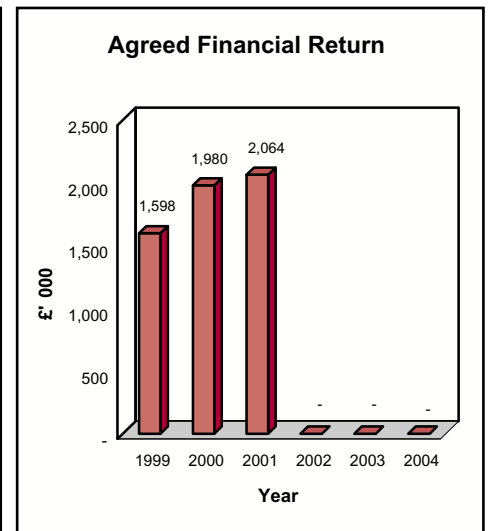
During 2004 total volumes of mail handled have increased by 6.9% from 75.6 million in 2003 to 80.8 million in 2004; the increase is due to significant growth in the fulfilment sector which has offset the effect of a decline in traditional mailings. The price rises of 2004 meant the local to local mail broke even.

In order to focus efforts on growth areas Jersey Post has continued to expand its pick and pack fulfilment business, particularly in the last quarter of 2004, supporting the growth of existing business and encouraging new business to the Island.

Jersey Post has successfully grown new business in the sub-post office network, as a result of its investment in new counters automation systems.

The Committee also prepares accounts under Generally Accepted Accounting Principles (GAAP) which differ from those used by the Committee in presenting its results in this section of the States of Jersey accounts e.g. GAAP presentation includes depreciation and pension accounting under FRS17. The GAAP results show a 2004 profit of approximately £2.0 million, which is lower than the surplus shown in the States of Jersey Accounts, due to depreciation and pension fund cost adjustments.

During 2004, Jersey Post continued to invest in mail process automation, new equipment for Promail, information systems, replacement of the vehicle fleet and the development of the mail order export consolidation centre, called Jersey Post Logistics.



Postal Administration

Although the 2004 accounts indicate another successful year for Jersey Post, there are a number of underlying trends, commercial and regulatory risks, which are affecting postal businesses, both within Jersey and world-wide, which must also be considered. These include the planned UK Treasury review of the Low Value Consignment Relief, significant increases in payments for delivery of UK and International mail in 2005, added security measures, a decline in physical mail as a result of increases in electronic transactions which affects both postal and counter services, and regulatory uncertainty regarding the funding of basic (universal) services.

Despite the business risks, Jersey Post is confident that it has a positive future as an incorporated body in 2005, not least because of significant new business secured at the end of 2004.

Operating Account

2005 Estimate £	2004 Revised Estimate £		2004 Actual £	2003 Actual £
43,542,000	35,852,000	Total Income	37,529,240	28,798,000
38,555,000	30,086,000	Total Expenditure	33,123,642	24,425,000
4,987,000	5,766,000	Net Surplus	4,405,598	4,373,000
-	-	Less: Financial Return to the States	-	-
£ 4,987,000	£ 5,766,000	Transfer to Trading Fund	£ 4,405,598	£ 4,373,000

Note: Previously it was not possible to show the gross financial impact of turnover and expenditure relating to the payments to the Royal Mail under the Commercial Agreement. However, under the terms of the new Commercial Agreement it is possible to distinguish between mail flows inwards and mail leaving the Bailiwick. The figures for 2003 have been revised to reflect the gross figures.

Trading Fund

2005 Estimate £	2004 Revised Estimate £		2004 Actual £	2003 Actual £
8,226,716	9,606,716	Balance brought forward 1st January	9,606,716	5,911,675
4,987,000	5,766,000	Add: Transfer of Operating Surplus	4,405,598	4,373,061
4,987,000	5,766,000	Total Additions	4,405,598	4,373,061
1,973,000	2,646,000	Less: Capital Expenditure	1,998,729	678,020
-	4,500,000	Repayment of Jersey Post Office Pension Fund Liability	4,415,808	-
1,973,000	7,146,000	Total Expenditure	6,414,537	678,020
£ 11,240,716	£ 8,226,716	Balance carried forward 31st December	£ 7,597,777	£ 9,606,716

Environment and Public Services

Car Parks Trading Account

The Environment and Public Services Committee's Trading Account was established in January 1998 with the agreement of the Finance and Economics Committee and has continued to remain in profit since its formation. During 2004 a surplus income of £1.7 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 £1.5 million per annum is made to the Environment and Public Services Committee in respect of rent for the multi-storey car parks. This arrangement for reimbursing the Committee for the lost income caused by the transfer of the Car Parks Section to a Trading Account was agreed with the Finance and Economics Committee when the Trading Fund was established.

2004 continued to see the swing from season ticket sales to paycard sales, with an increase of income from these sales of around 2.6%. Overall, including other income for concessions, rentals, excess charge notices and interest received, income rose by £132,400 from that of 2003.

Expenditure increased by over 7.5%. The largest item is premises and maintenance which increased by £126,600 from that of 2003 due to refurbishment of the parking control office at Sand Street car park. Incidental Expenses and Charges rose by £138,200 from that of 2003, this increase is due to an overhead allocation for support services provided to Car Parks from the Environment and Public Services Corporate Resources Department and provisions for the non-payment of both parking fines and rental income.

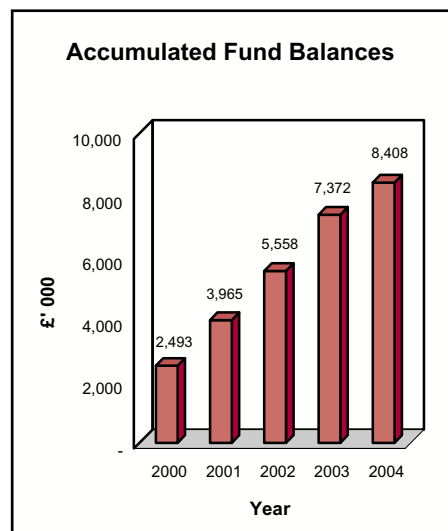
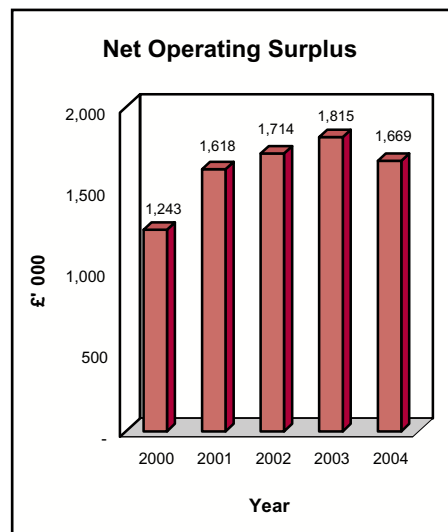
During 2004 it was agreed between the Finance and Economics Committee and the Environment and Public Services Committee that transport initiatives will be funded from the Car Park Trading Account up to a value of £250,000. The following transport initiatives were spent in 2004:

- £50,000 on safe routes for school buses to schools;
- £50,000 on traffic monitoring; and
- £50,000 on Traffic and Transportation minor works.

Performance Measures

Measure Description	2004	2003
Car parking: number of Fixed Penalty Notices (FPNs) issued per on-street bay	3.8 (2003)	4.6 (2002)
Car parking: number of Extra Charge Notices (ECNs) issued per car park bay	1.9 (2003)	2.1 (2002)
Car parking: number of FPNs issued per parking attendant hour – on-street	0.4 (2003)	0.94 (2002)
Car parking: number of ECNs issued per parking attendant hour – in car parks	0.4 (2003)	0.88 (2002)
Charge for parking per hour to the public – on / off street	45p (2003)	40p (2002)

Committee Staff Actuals		
Number of full time equivalent		
	2004	2003
Total	26.51	25.00



Environment and Public Services

Car Parks Trading Account

Operating Account

2005 Estimate £	2004 Revised Estimate £		2004 Actual £	2003 Actual £
6,265,700	5,678,500	Total Income	5,668,944	5,536,552
		Expenditure		
840,200	886,300	Manpower	752,394	735,373
662,200	242,800	Supplies and Services	548,509	530,728
366,300	177,100	Administration Costs	76,302	97,392
2,476,000	2,539,700	Premises and Maintenance	2,341,931	2,215,339
117,500	-	Incidental Expenses and Charges	279,475	141,283
1,100	1,500	Non-Service Costs	1,416	1,918
4,463,300	3,847,400	Total Expenditure	4,000,027	3,722,033
£ 1,802,400	£ 1,831,100	Net Operating Surplus and Transfer to Trading Fund	£ 1,668,917	£ 1,814,519

Trading Fund

2005 Estimate £	2004 Revised Estimate £		2004 Actual £	2003 Actual £
7,573,246	7,372,146	Balance brought forward 1st January	7,372,146	5,557,627
		Add:		
1,802,400	1,831,100	Transfer of Operating Surplus	1,668,917	1,814,519
1,802,400	1,831,100	Total Additions	1,668,917	1,814,519
		Less:		
1,400,000	905,000	Concrete Degradation Repair work on Multi-Storey Car Parks	482,766	-
700,000	725,000	Structural work on Multi-Storey Car Parks	150,000	-
2,100,000	1,630,000	Total Expenditure	632,766	-
£ 7,275,646	£ 7,573,246	Balance carried forward 31st December	£ 8,408,297	£ 7,372,146

Reserves

Reserves

Strategic Reserve

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

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

Whilst the current financial position has prevented the States from adding to the Reserve, it remains the Finance and Economics Committee's long-term objective to allocate at least 5% of tax revenues to the Strategic Reserve. The Committee has stated its intention to review States assets to assess the potential to release funds and the Committee is determined that this will begin at the earliest opportunity.

The total assets of the Reserve at the year end, at market value, were £418,200,842 (2003: £396,961,445).

The net realised surplus for the year was £9,625,143 (2003: £15,800,192).

The unrealised profit on investments at the year end was £11,614,254 (2003: loss of £1,025,628).

As in 2003, no transfer was made into the Reserve during 2004.

General Reserve

Under the Articles of the Public Finances (Administration) (Jersey) Law, 1967 the States of Jersey are required to maintain a General Reserve from which monies are made available at the discretion of the Finance and Economics Committee.

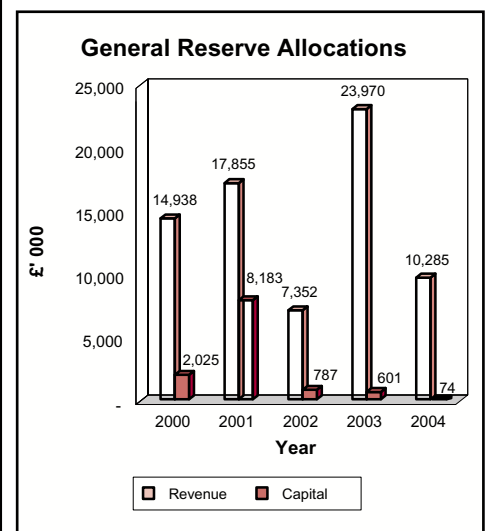
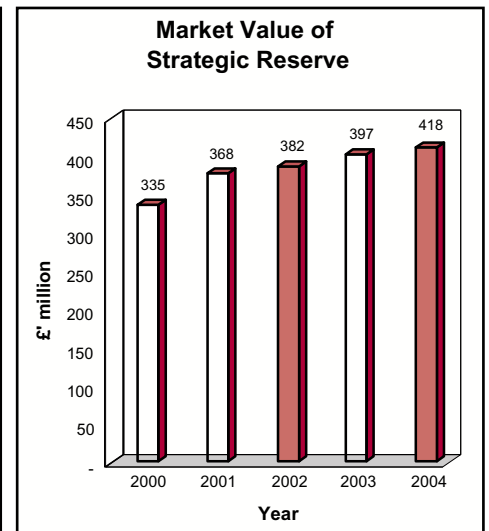
Where a Committee of the States has found that its authorised revenue or capital expenditure is insufficient for the demands placed on that Committee, or a contingency has arisen which was not foreseeable at the time Committee budgets were agreed by the States, it may apply to the Finance and Economics Committee for a grant of credit from the General Reserve.

The budget allocation to the Reserve in 2004 comprised £5 million for pay and pension awards however, no allocation was made for 'unforeseen' revenue and capital expenditure in either 2004 or 2005.

During the year the Finance and Economics Committee granted 'unforeseen' credits of revenue and capital expenditure amounting to £6.6 million.

The Finance and Economics Committee also granted £3.8 million in regards to pay and pension matters. This is a significant decrease from the prior year (£16.4 million) for the reason that 2003 included £4.9 million expenditure relating to the 2002 pay awards and that the pay award for 2004 has yet to be agreed for a significant proportion of the States Labour Force.

Details of the funding granted from the General Reserve are submitted by the Finance and Economics Committee to the States every six months and can be found for June 2004 in RC39/2004 and December 2004 in RC16/2005.



Strategic Reserve

Income and Expenditure Account for the Year ended 31st December 2004

	2004 Actual £	2003 Actual £
Income		
Bank Interest	1,269,091	247,449
Investment Income	20,445,184	19,287,565
Deficit on Disposal of Investments	(10,376,783)	(2,647,404)
	11,337,492	16,887,610
Expenditure		
Administrative Costs	(1,231,389)	(756,301)
Appropriation to Jersey Currency Notes	(480,960)	(331,117)
	(1,712,349)	(1,087,418)
Surplus for the Year	£ 9,625,143	£ 15,800,192

Statement of Total Recognised Gains and Losses for the Year ended 31st December 2004

	2004 Actual £	2003 Actual £
Surplus for the Year	9,625,143	15,800,192
Unrealised Gains/(Losses) on Investments	11,614,254	(1,025,628)
Total Recognised Gains for the Year	£ 21,239,397	£ 14,774,564

Balance Sheet as at 31st December 2004

	2004 Actual £	2003 Actual Restated £
Fixed Assets		
Investments - Market Value	386,352,520	405,040,852
	386,352,520	405,040,852
Current Assets		
Debtors	6,289,453	5,045,418
Cash at Bank and in Hand	49,267,079	7,165,331
Current Liabilities		
Creditor - Investments held on behalf of Jersey Currency Notes	(20,897,188)	(20,166,991)
Creditors (amount due within one year)	(2,811,022)	(123,165)
Net Current Assets/(Liabilities)	31,848,322	(8,079,407)
Net Assets	£ 418,200,842	£ 396,961,445
Funds Employed		
Accumulated Reserve	410,481,911	400,856,768
Revaluation Reserve	7,718,931	(3,895,323)
Accumulated Revenue and Reserve Balances	£ 418,200,842	£ 396,961,445

General Reserve

Income and Expenditure Account for the Year ended 31st December 2004

	2004 Actual £	2003 Actual £
Income		
Allocated Budget from General Funds	5,016,000	27,731,000
	5,016,000	27,731,000
Expenditure		
Capital	(74,239)	(601,000)
Revenue	(10,284,677)	(23,970,019)
	(10,358,916)	(24,571,019)
(Deficit)/Surplus for the Year	(£ 5,342,916)	£ 3,159,981

Balance Sheet as at 31st December 2004

	2004 Actual £	2003 Actual £
Current Assets		
Cash at Bank and in Hand	15,246,218	20,589,134
Current Liabilities	-	-
Provisions		
Provisions held against the General Reserve	(1,964,000)	(1,964,000)
Net Current Assets	13,282,218	18,625,134
Net Assets	£ 13,282,218	£ 18,625,134
Funds Employed		
Accumulated Revenue and Reserve Balances	£ 13,282,218	£ 18,625,134

Capital Fund

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

Capital expenditure incurred during 2004 was £41.6 million. This was a decrease of £8.5 million (17%) compared with the 2003 figure of £50.1 million.

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

Capital repayments have increased in 2004 compared with 2003 by £5.5 million (19.3%) this is due to the roll out of high value Corporate IT Systems and the completion of some large capital projects.

Balance Sheet as at 31st December 2004

	2004 Actual £	2003 Actual £
Advances for Capital Expenditure less Repayments	690,264,919	682,421,976
Current Assets		
Cash	154,434,237	141,811,405
	154,434,237	141,811,405
Current Liabilities		
Creditors (amount due within one year)	(990,682)	(2,210,372)
Temporary Advance from Separately Constituted Funds	(20,972,820)	(3,028,713)
	(21,963,502)	(5,239,085)
Net Current Assets	132,470,735	136,572,320
Total Assets less Current Liabilities	822,735,654	818,994,296
Creditors (amounts falling due after more than one year)	-	(308,087)
Net Assets	£ 822,735,654	£ 818,686,209
Funds Employed		
Contributions from General Funds	865,616,278	853,152,643
Plus Contribution from Strategic Reserve	2,000,000	2,000,000
Less Transfer to Tourism Development Fund	(1,700,000)	(1,700,000)
Less Transfer to Housing Development Fund	(47,165,000)	(38,750,000)
	(46,865,000)	(38,450,000)
Unapplied Capital Receipts	3,984,376	3,983,566
Accumulated Revenue and Reserve Balances	£ 822,735,654	£ 818,686,209

Separately
Constituted
Funds

Separately Constituted Funds

Dwelling Houses Loan Fund

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

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

Loans are secured by a simple conventional hypothec charged on the property in relation to which the loan is made, and bears interest with a minimum of 3% and a maximum of 10%. The current maximum loan available to first-time buyers is £120,000.

The surplus on the Fund for the year was £2,855,421 (2003: £2,581,003). This comprises interest charged to borrowers plus interest charged on advances to the Capital Fund less administration expenses.

Assisted House Purchase Scheme

The Assisted House Purchase Scheme was established by the States of Jersey in 1977 to aid the recruitment of staff from the UK. At that time States departments were having difficulty recruiting locally for specialist posts. Attempts to recruit from the UK highlighted the fact that candidates often withdrew their application when they were made aware of the high cost of housing, and residential restrictions prevalent at that time.

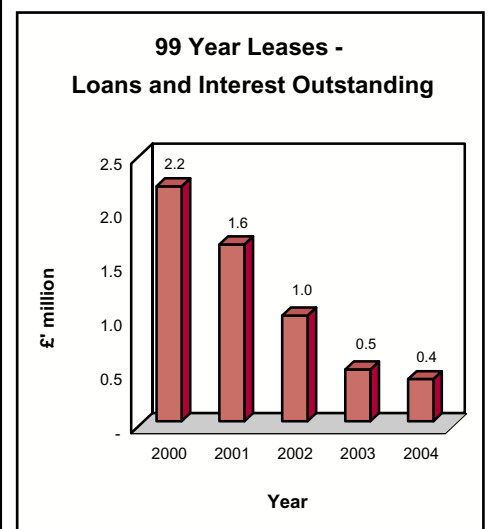
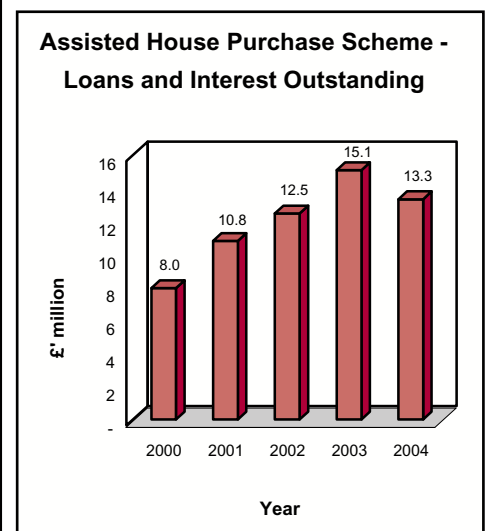
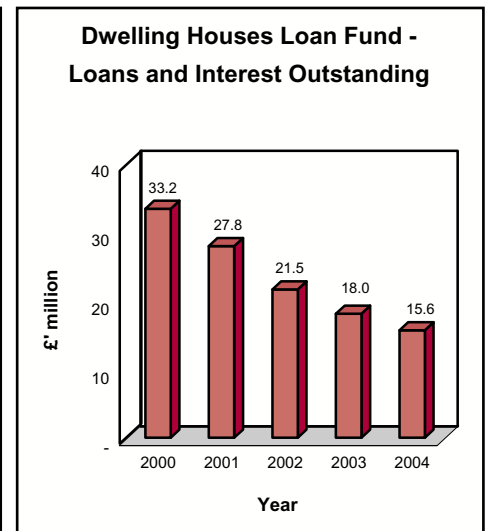
The Scheme facilitates the purchase of suitable properties by the States on behalf of the employee. A property is purchased using funds from the Scheme, and held in the name of the States until such time as the employee has attained their residential qualifications. The employees' right to occupy the property is in the form of a lease with the option to purchase the freehold at the end of the period.

The surplus on the Scheme for the year was £117,011 (2003: £159,528).

99 Year Leases

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

The surplus on the Fund for the year was £71,581 (2003: £172,655). This surplus is transferred to the Housing Committee's cash limit.



Dwelling Houses Loans Fund

Income and Expenditure Account for the Year ended 31st December 2004

	2004 Actual £	2003 Actual £
Income		
Interest Charged to Borrowers	1,630,954	2,091,227
Interest Charged on Advances to the Capital Fund	1,346,953	900,440
	2,977,907	2,991,667
Expenditure		
Administrative Costs	(122,486)	(410,664)
	(122,486)	(410,664)
Surplus for the Year	£ 2,855,421	£ 2,581,003

Balance Sheet as at 31st December 2004

	2004 Actual £	2003 Actual £
Fixed Assets		
Loans and Interest Outstanding	15,611,931	17,963,006
	15,611,931	17,963,006
Current Assets		
Debtor - Temporary Advance to the Capital Fund	34,192,569	28,986,382
Current Liabilities		
Creditors (amount due within one year)	-	(310)
Net Current Assets	34,192,569	28,986,072
Net Assets	£ 49,804,500	£ 46,949,078
Funds Employed		
Accumulated Revenue and Reserve Balances	£ 49,804,500	£ 46,949,078

Assisted House Purchase Scheme

Income and Expenditure Account for the Year ended 31st December 2004

	2004 Actual £	2003 Actual £
Income		
Interest Charged to Borrowers	659,365	642,513
	659,365	642,513
Expenditure		
Administrative Costs	(8,396)	(28,791)
Interest on Temporary Advances from the Capital Fund	(533,958)	(454,194)
	(542,354)	(482,985)
Surplus for the Year	£ 117,011	£ 159,528

Balance Sheet as at 31st December 2004

	2004 Actual £	2003 Actual £
Fixed Assets		
Loans and Interest Outstanding	13,340,631	15,099,454
	13,340,631	15,099,454
Current Assets	-	-
Current Liabilities		
Creditors (amount due within one year)	(2,672)	(2,672)
Creditor - Temporary Advance from the Capital Fund	(11,868,334)	(13,744,168)
Net Current Liabilities	(11,871,006)	(13,746,840)
Net Assets	£ 1,469,625	£ 1,352,614
Funds Employed		
Accumulated Revenue and Reserve Balances	£ 1,469,625	£ 1,352,614

99 Year Leases

Income and Expenditure Account for the Year ended 31st December 2004

	2004 Actual £	2003 Actual £
Income		
Interest Charged to Borrowers	53,629	166,468
Interest on Temporary Advances from the Capital Fund	19,765	9,005
	73,394	175,473
Expenditure		
Administrative Costs	(1,813)	(2,818)
	(1,813)	(2,818)
Surplus for the Year	£ 71,581	£ 172,655

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

Balance Sheet as at 31st December 2004

	2004 Actual £	2003 Actual £
Fixed Assets		
Loans and Interest Outstanding	390,403	481,104
	390,403	481,104
Current Assets		
Debtor - Temporary Advance to the Capital Fund	439,969	349,268
Current Liabilities	-	-
Net Current Assets	439,969	349,268
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.

The Fund advanced £67,786 of new loans to farmers in 2004 (2003: £68,995).

The surplus on the Fund for the year was £137,676 (2003: £195,241).

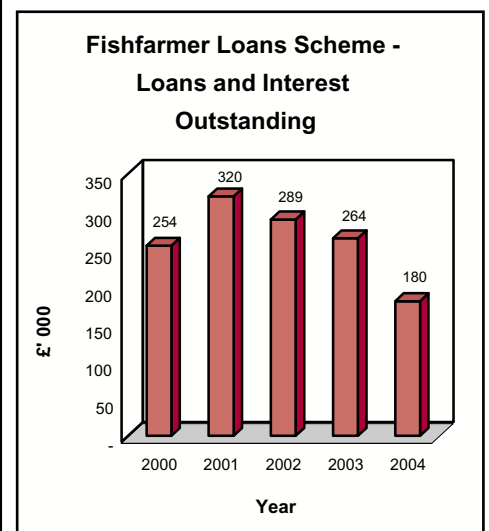
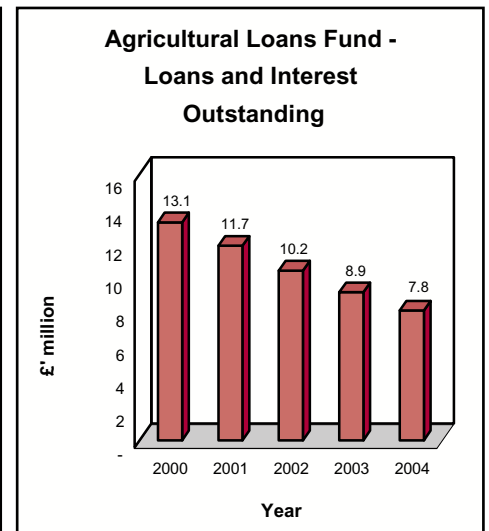
The Fishfarmer Loans Scheme

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.

The Scheme did not advance any new loans in 2004 or 2003.

The surplus on the Scheme for the year was £2,857 (2003: £7,484).



Agricultural Loans Fund

Income and Expenditure Account for the Year ended 31st December 2004

	2004 Actual £	2003 Actual £
Income		
Interest Charged to Borrowers	530,678	606,906
Interest Written Off	-	(346)
	530,678	606,560
Expenditure		
Administrative Costs	(37,467)	(78,164)
Interest on Temporary Advances from the Capital Fund	(355,535)	(333,155)
	(393,002)	(411,319)
Surplus for the Year	£ 137,676	£ 195,241

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

Balance Sheet as at 31st December 2004

	2004 Actual £	2003 Actual £
Fixed Assets		
Loans and Interest Outstanding	7,783,201	8,904,230
	7,783,201	8,904,230
Current Assets	-	-
Current Liabilities		
Creditor - Temporary Advance from the Capital Fund	(7,783,201)	(8,904,230)
Net Current Liabilities	(7,783,201)	(8,904,230)
Net Assets	£ -	£ -
Funds Employed		
Accumulated Revenue and Reserve Balances	£ -	£ -

Fishfarmer Loans Scheme

Income and Expenditure Account for the Year ended 31st December 2004

	2004 Actual £	2003 Actual £
Income		
Interest Charged to Borrowers	14,504	17,721
	14,504	17,721
Expenditure		
Administrative Costs	(200)	(600)
Interest on Temporary Advances from the Capital Fund	(11,447)	(9,637)
	(11,647)	(10,237)
Surplus for the Year	£ 2,857	£ 7,484

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

Balance Sheet as at 31st December 2004

	2004 Actual £	2003 Actual £
Fixed Assets		
Loans and Interest Outstanding	180,032	264,007
	180,032	264,007
Current Assets	-	-
Current Liabilities		
Creditor - Temporary Advance from the Capital Fund	(180,032)	(264,007)
Net Current Liabilities	(180,032)	(264,007)
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. This surplus, which is primarily generated from bank interest earned on the currency and coinage in circulation has been supplemented in 2004, by a profit on the sale of investments as well as efficiency improvements as a result of alternative methods of note sorting and distribution and increased income from royalties on sales of numismatic coinage.

The majority of the surplus is generated from Currency, achieving £2.8 million in 2004 compared to a surplus from Coinage of £187,000. Demand for local currency continues to grow, with an increase in circulation amounting to an annual average of £53 million in 2004 compared to £50.5 million in 2003 and £47.3 million in 2002.

Currency

The maturity of a UK Treasury stock during 2004 is the primary reason for the 34% net increase in the surplus from currency. The gain on redemption of £672,000 accounted for 21% of total revenue in the year. As the proceeds have yet to be reinvested, surplus cash balances held have significantly increased. The success of changes to methods of note sorting and distribution is illustrated in a decrease of 68% in annual salary costs and a decrease of 20% in total annual expenditure.

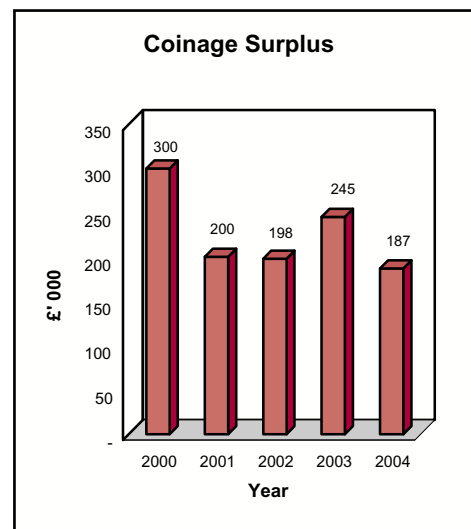
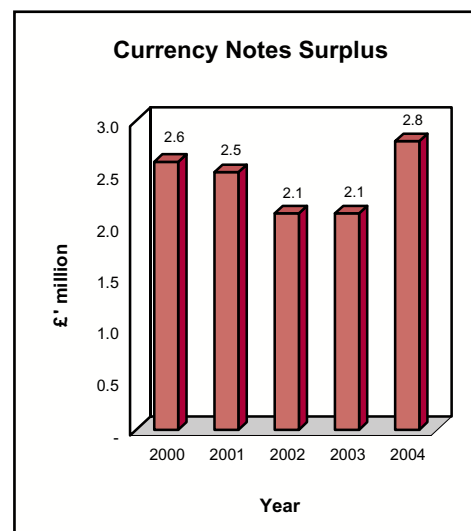
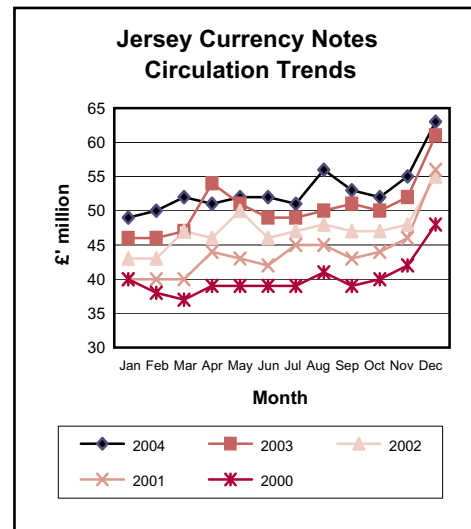
An analysis of the Statement of Total Recognised Gains and Losses indicates an unrealised loss on investments held of £927,000 during 2004, compared with £576,000 in 2003. This has led to a Total Recognised Gain in 2004 of £1.8 million against the 2003 figure of £1.5 million.

Coinage

The lack of customer demand for specific numismatic coins resulted in the decision to write-off a quantity of stock, at its average cost of £61,000. This has contributed to a decrease in the surplus from coinage of 24% compared to 2003.

Income from royalties received on numismatic coins continues to improve, increasing by 23% on 2003. This is primarily the result of a proactive coin issuing strategy resulting from new marketing arrangements.

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 31st December 2004

	2004 Actual £	2003 Actual £
Income		
Bank Interest	745,258	825,366
Investment Income	1,329,990	1,472,255
Investment Income received from Funds invested in the Strategic Reserve	480,960	331,117
Surplus on Disposal of Investments	671,504	36,743
Sale of Specimen Jersey Notes	4,886	1,459
Miscellaneous Income	18,654	10,757
	3,251,252	2,677,697
Expenditure		
Administrative Costs	(88,716)	(280,005)
Cost of Notes Issued	(185,603)	(203,354)
Carriage, Insurance and Sundry Expenses	(218,208)	(131,504)
	(492,527)	(614,863)
Surplus for the Year	£ 2,758,725	£ 2,062,834

Statement of Total Recognised Gains and Losses for the Year ended 31st December 2004

	2004 Actual £	2003 Actual £
Surplus for the Year	2,758,725	2,062,834
Unrealised (Losses) on Investments	(927,202)	(575,935)
Total Recognised Gains for the Year	£ 1,831,523	£ 1,486,899

Jersey Currency Notes

Balance Sheet as at 31st December 2004

	2004 Actual £	2003 Actual £
Fixed Assets		
Investments - Market Value	11,504,692	20,949,749
	11,504,692	20,949,749
Current Assets		
Stocks	830,579	874,410
Debtors	1,281,329	427,973
Debtor - Investments held by the Strategic Reserve	20,897,191	20,166,991
Cash at Bank and in Hand	32,066,993	23,219,833
Current Liabilities		
Creditors (amount due within one year)	(162,830)	(113,928)
Jersey Notes in Circulation		
Jersey Notes Issued	(75,170,194)	(65,538,418)
Jersey Notes in Hand	12,330,486	4,521,838
Net Current Liabilities	(7,926,446)	(16,441,301)
Net Assets	£ 3,578,246	£ 4,508,448
Funds Employed		
Revaluation Reserve	2,178,246	3,105,448
Reserve	1,400,000	1,400,000
Accumulated Revenue and Reserve Balances	£ 3,578,246	£ 4,505,448

Jersey Coinage

Income and Expenditure Account for the Year ended 31st December 2004

	2004 Actual £	2003 Actual £
Income		
Bank Interest	333,996	296,352
Sale of Coins and Albums	9,200	23,910
Royalties	107,992	87,657
Miscellaneous Income	17,812	528
	469,000	408,447
Expenditure		
Administration Costs	(142,398)	(112,167)
Interest Charged	(2,462)	(3,187)
Stock Write-off	(60,817)	-
Cost of Sale	(13,131)	(9,503)
Cost of Coins Issued	(62,958)	(38,117)
	(281,766)	(162,974)
Surplus for the Year	£ 187,234	£ 245,473

Balance Sheet as at 31st December 2004

	2004 Actual £	2003 Actual £
Current Assets		
Stocks	103,599	188,694
Debtors	29,793	45,802
Cash at Bank and in Hand	6,013,861	5,574,224
Current Liabilities		
Creditors (amount due within one year)	(2,133)	-
Coinage in Circulation		
Coinage Issued	(6,944,115)	(6,828,380)
Coinage on Hand	1,148,995	1,369,660
Net Current Assets	350,000	350,000
Net Assets	£ 350,000	£ 350,000
Funds Employed		
Reserve Fund - Numismatic Issues	350,000	350,000
Accumulated Revenue and Reserve Balances	£ 350,000	£ 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.

During the year the Tourism Development Fund authorised grants amounting to £577,858, 36% down on 2003. The Fund had a deficit for the year of £462,201 (2003: surplus of £907,981). The Fund had reserves as at 31 December 2004 of £2,503,545 (2003: £2,965,746).

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 £338,388, a 50% increase on 2003. The Fund had a deficit for the year of £1,560,712 (2003: deficit of £1,553,545). The Fund has reserves as at 31 December 2004 of £3,247,422 (2003: £4,808,134).

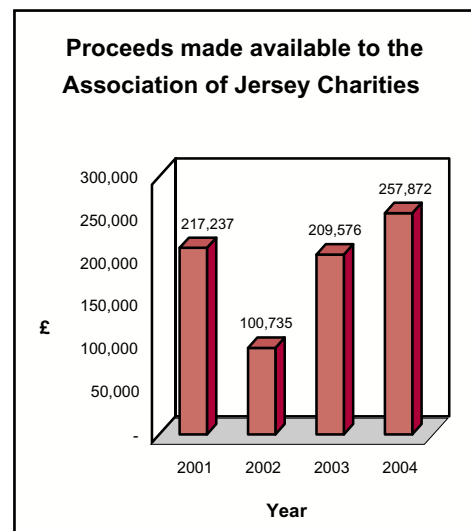
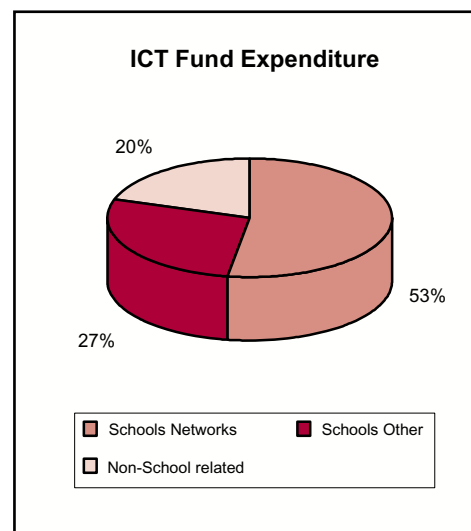
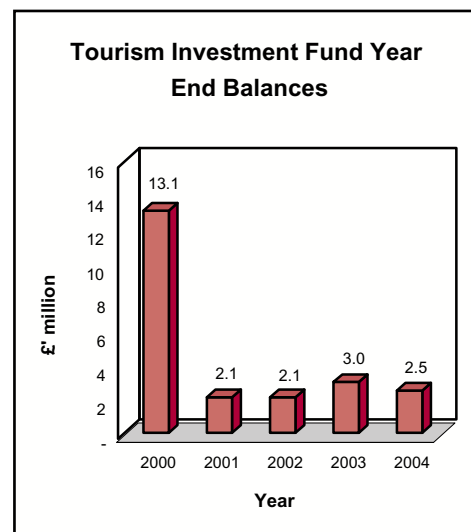
Channel Islands Lottery (Jersey) Fund

The Jersey Lottery was initiated in 1966. It amalgamated with the Guernsey Lottery to form the present Channel Islands Lottery in 1975.

Policy for the lottery is decided by the Economic Development Committee in Jersey. The Committee's strategy for 2004 was to:

- Introduce the Super Scratch and Lucky Scratch Games from January 2004;
- Ensure that any future modernisation of the Island's gambling legislation should take account of the needs of local charities; and
- Continue to research the potential for the extension of the National Lottery to the Islands.

Sales of tickets in Jersey increased by 34% in 2004 with the result that net profits increased by 23%, all of which will be distributed, on behalf of the States, to local charitable causes by the Association of Jersey Charities.



Tourism Development Fund

Income and Expenditure Account for the Year ended 31st December 2004

	2004 Actual £	2003 Actual £
Income		
Bank Interest	115,657	107,315
Grant	-	1,700,000
	115,657	1,807,315
Expenditure		
Grants	(577,858)	(899,334)
	(577,858)	(899,334)
(Deficit)/Surplus for the Year	(£462,201)	£907,981

Balance Sheet as at 31st December 2004

	2004 Actual £	2003 Actual £
Current Assets		
Debtors	12,101	5,627
Cash	2,511,282	3,098,371
Current Liabilities		
Creditors	(19,838)	(138,252)
Net Current Assets	2,503,545	2,965,746
Net Assets	£ 2,503,545	£ 2,965,746
Funds Employed		
Accumulated Revenue and Reserve Balances	£ 2,503,545	£ 2,965,746

ICT Fund

Income and Expenditure Account for the Year ended 31st December 2004

	2004 Actual £	2003 Actual £
Income		
Bank Interest	28,065	24,434
	28,065	24,434
Expenditure		
Establishment	(2,038)	(13,674)
Depreciation	(1,586,739)	(1,544,305)
	(1,588,777)	(1,557,979)
(Deficit) for the Year	(£1,560,712)	(£1,533,545)

Balance Sheet as at 31st December 2004

	2004 Actual £	2003 Actual £
Fixed Assets		
ICT Fund Assets	3,004,088	4,254,477
	3,004,088	4,254,477
Current Assets		
Debtors	2,543	2,024
Cash at Bank and in Hand	240,791	553,642
Current Liabilities		
Creditors	-	(2,009)
Net Current Assets	243,334	553,657
Net Assets	£ 3,247,422	£ 4,808,134
Funds Employed		
Accumulated Revenue and Reserve Balances	£ 3,247,422	£ 4,808,134

Channel Islands Lottery (Jersey) Fund

Income and Expenditure Account for the Year ended 31st December 2004

	2004 Actual £	2003 Actual £
Income		
Sale of Tickets in Jersey	1,388,087	1,035,168
Sale of Tickets to Guernsey	852,518	-
Time Expired Income	22,408	100,556
Bank Interest	3,295	9,924
Other Lottery Income	20,012	14,393
	2,286,320	1,160,041
Expenditure		
Prize Money for Jersey Sales	(1,047,897)	(764,821)
Prize Money for Guernsey Sales	(564,128)	-
Prize Money Outstanding	(208,180)	-
Administration and Draw Expenditure	(198,546)	(178,943)
Agents' Commission on Winning Tickets	(9,697)	(6,701)
	(2,028,448)	(950,465)
Surplus for the Year	£ 257,872	£ 209,576

Balance Sheet as at 31st December 2004

	2004 Actual £	2003 Actual £
Current Assets		
Debtors	483,382	403,336
Cash at Bank and in Hand	242,157	220,019
Current Liabilities		
Uncollected Prizes	(293,508)	(229,576)
Creditors	(5,459)	(15,502)
Net Current Assets	426,572	378,277
Net Assets	£ 426,572	£ 378,277
Funds Employed		
Accumulated Revenue and Reserve Balances	£ 426,572	£ 378,277

Note: In 2004 a new system of ticket allocation and accounting was introduced to reflect the cessation of the Channel Islands Lottery Draws and their replacement with Jackpot Scratchcard games.

Separately Constituted Funds

Housing Development Fund

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

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

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

The following developments were in the course of construction in 2004:

Development	Number of Units			
	Bedsit and 1 Bed	2 Bed	3+ Bed	Total
Ann Street (partially complete)	27	5	-	32
Le Coie Hotel	46	51	2	99
Bas du Mont	1	6	9	16
Hodge Nursery Phase 2	-	-	73	73
Philips House	20	-	-	20
Total number of units in the course of construction	94	62	84	240

The following projects were in planning stages as at 31st December 2004:

Development	Number of Units			
	Bedsit and 1 Bed	2 Bed	3+ Bed	Total
Former Aquila Youth Club	30	-	-	30
Salisbury Crescent	12	-	15	27
Sunshine Hotel	7	15	12	34
Le Coin	7	14	2	23
Mascot Motors	-	-	10	10
Total number of units at planning stage	56	29	39	124

In addition to the above, the Housing Development Fund provides coverage for interest payments above 6% by Housing Associations for the development of social rented housing on rezoned sites.

The Fund also provides bridging finance for the redevelopment of the States owned Le Marais (low rise) and Le Squez estates. The Fund will be reimbursed from the sale of selected properties to States tenants on a first-time buyer basis.

Housing Development Fund

Income and Expenditure Account for the Year ended 31st December 2004

	2004 Actual £	2003 Actual £
Income		
Rental from Sites	590,986	473,055
Decrease in Provision for Loss on Sale	-	1,625,000
Sale of Stock	480,000	-
Other Provision for Loss on Sale	224,076	-
	1,295,062	2,098,055
Expenditure		
Development Subsidy Paid	(327,405)	(1,482,211)
Interest on Temporary Advances from the Capital Fund	-	(553,698)
Interest Subsidy Paid	(1,224,117)	(475,275)
Depreciation of Completed Works	(199,498)	(795,854)
Management Charge	(26,075)	(18,624)
Maintenance Charge	(78,224)	(55,871)
Administration Charges	(1,900)	(1,700)
	(1,857,219)	(3,383,233)
(Deficit) for the Year	(£562,157)	(£1,285,178)

Balance Sheet as at 31st December 2004

	2004 Actual £	2003 Actual £
Current Assets		
Debtors	421,181	434,180
Debtor - Temporary Advance to the Capital Fund	6,170,967	-
Work in Progress	14,387,645	15,563,618
Completed Works	8,986,120	9,280,900
Current Liabilities		
Creditors (amount due within one year)	(250,101)	(19,300)
Creditor - Temporary Advance from the Capital Fund	-	(3,396,429)
Net Current Assets	29,715,812	21,862,969
Net Assets	£ 29,715,812	£ 21,862,969
Funds Employed		
Reserve balance brought forward	21,862,969	15,148,147
Deficit for the year	(562,157)	(1,285,178)
Funds transferred from the Capital Fund in year	8,415,000	8,000,000
Reserve balance carried forward	£ 29,715,812	£ 21,862,969

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