

## NATIONAL TREASURY MANAGEMENT AGENCY

### 48. National Debt

The National Treasury Management Agency has the statutory function of borrowing moneys on behalf of the Exchequer and managing the National Debt on behalf of and subject to the control and general superintendence of the Minister for Finance.

Expenses incurred by the Agency in the performance of its functions are met from the Central Fund. The Agency incurred expenditure of £5.9m on administration in 1996 (£5.9m in 1995).

Under the provisions of section 12 of the National Treasury Management Act 1990 I am required to audit the accounts of the Agency and when making my statutory annual report on the Appropriation Accounts, to make also a report to Dáil Éireann regarding the correctness of the sums brought to account by the Agency in the year. The Agency's accounts for 1996 have been audited and the accounts, including an administration account and accounts relating to the National Debt, have been presented to the Minister who has laid copies thereof before both Houses of the Oireachtas.

I am satisfied that the accounts properly present the transactions of the Agency in 1996 and its balances at year end.

Table 12 shows the outturn for the National Debt in the 5 year period 1992-1996.

**Table 12 - National Debt 1992 - 96**

Year	National Debt Outstanding £m	Debt Service Cost £m
1992	26,344	2,319
1993	28,357	2,308
1994	29,227	2,313
1995	30,209	2,341
1996	29,912	2,475

The composition of the National Debt at 31 December 1996 was:

	£m	£m	£m
<b>Domestic Debt</b>			
National Loans		16,446	
Medium/Long term Indebtedness		156	
Short term Indebtedness	5,383		
Less: Domestic Liquid Assets	(792)		
Net Short term indebtedness		4,591	
Net Domestic Debt			21,193
<b>Foreign Debt</b>			
Foreign Loans			8,719
<b>National Debt</b>			£29,912

**Notes:**

- a. The National Debt is stated on the basis of nominal amounts of principal originally borrowed.
- b. An estimated £5,370m of National Loans were held by non-residents at 31 December 1996.

The Agency's performance in regard to debt management activities is independently measured by an international investment bank specifically engaged for that purpose. The rationale and basis of the performance measurement was agreed with the Department of Finance. The bank determined that, measured on a net present value basis against an independent benchmark portfolio, savings by the Agency management in the year amounted to £57m.

#### 49. Savings Bank Fund

The audit of the Post Office Savings Bank is carried out on my behalf by the auditors of An Post subject to my right to carry out any further audit tests which I consider necessary.

In 1997 they reported to me on their audit of the 1996 accounts. I accept their opinion that the accounts of the Post Office Savings Bank give a true and fair view of its transactions for that year and of its year end balance.

In addition to managing the National Debt, the National Treasury Management Agency is responsible for the investment and management of funds remitted to the Exchequer by the Post Office Savings Bank and the TSB Bank. The Exchequer is responsible for the repayment to the Banks of all such funds and for meeting interest charges thereon.

The state of affairs of these funds at year end was as follows:

	1996 £m	1995 £m
Liability in respect of funds due to depositors and creditors	609 <sup>a</sup>	752
Value of related investments held by Post Office Savings Bank Fund (at cost prices) <sup>b</sup>	<u>632</u>	<u>772</u>
Surplus at 31 December	23	20

<sup>a</sup> The decrease is mainly due to a reduction in funds received from the TSB Bank (£137m at 31 December 1996 as compared to £284m at 31 December 1995) in line with arrangements made in 1992 whereby the funds to be deposited by the TSB Bank with the Agency are being reduced each year.

<sup>b</sup> The market value of the investments held by the Fund was £0.2m more than their cost price.