

NATIONAL TREASURY MANAGEMENT AGENCY

41. 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 £6.3m on administration in 1998 (£6.2m in 1997).

Under the provisions of section 12 of the National Treasury Management Agency 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 1998 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 1998 and its balances at year end.

Table 13 shows the outturn for the National Debt in the five year period 1994-98.

Table 13 - National Debt 1994-98

Year	National Debt Outstanding £m	Debt Service Cost £m
1994	29,227	2,313
1995	30,209	2,341
1996	29,912	2,475
1997	30,689	2,755
1998	29,541	2,410

The composition of the National Debt at 31 December 1998 was:

	£m	£m
Domestic Debt		
Medium/Long term Debt	21,733	
Short term Debt	3,537	
National Savings Schemes	3,975	
Less: Domestic Liquid Assets	<u>(1,467)</u>	27,778
Foreign Debt		<u>1,763</u>
National Debt		29,541

Notes:

- a. *The National Debt is stated on the basis of nominal amounts of principal originally borrowed.*
- b. *An estimated £3bn of domestic debt was held by non residents at 31 December 1998.*

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 attributable to the Agency's management in the year amounted to £56m.

42. 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 1999, they reported to me on their audit of the 1998 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 end 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:

	1998 £m	1997 £m
Liability in respect of funds due to depositors and creditors	474 ^a	481
Value of related investments held by Post Office Savings Bank Fund (at cost prices) ^b	<u>498</u>	<u>508</u>
Surplus at 31 December	24	27

^a *deposits from the TSB Bank were reduced to nil at 31 December 1998 (£15m at 31 December 1997) 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.*

^b *The market value of the investments held by the Fund was £0.8m more than their cost price.*