

Chapter 13 -National Treasury Management Agency

13.1 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 €9.7m on administration in 2001 (€8.0m in 2000).

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 2001 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 2001 and its balances at year end.

Table 56 shows the outturn for the National Debt in the five year period 1997-2001.

Table 56 - National Debt 1997 – 2001

	National Debt Outstanding €m	Debt Service Cost €m
1997	38,967	3,498
1998	37,509	3,060
1999	39,849	2,800
2000	36,511	2,575
2001	36,183	2,379

The composition of the National Debt²² at 31 December 2001 is shown in Table 57.

Table 57 - Composition of National Debt as at 31 December 2001

	€m
Medium/Long term Debt	24,412
Short term Debt	9,810
National Savings Schemes	4,328
Less: Domestic Liquid Assets	(2,367)
National Debt	36,183

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

²² The National Debt is stated on the basis of nominal amounts of principal originally borrowed.

management in the year amounted to €18.3m.

13.2 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 a further audit tests which I consider necessary.

In 2002 they reported to me on their audit of the 2001 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. The Exchequer is responsible for the repayment to the Bank of all such funds and for meeting interest charges thereon.

The state of affairs of the fund at year end is shown in Table 58.

Table 58 - Post Office Savings Fund

	2001 €m	2000 €m
Liability in respect of funds due to depositors and creditors	814	691
Value of related investments held by Post Office Savings Bank Fund (at cost prices) ²³	823	700
Surplus at 31 December	9	9

²³ The market value of the investments held by the Fund was €3.8m more than their cost price.