



Sovereign Debt Management Newsletter

Storkey & Co Limited
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What's New

The main focus of activity over the past three months has been on-going consulting assignments that are continuing into 2009 together with a cash management workshop in Beijing.

In this Newsletter, there are articles covering:

- Sub-national government debt management and the quality of their reporting.
- The merger of the Dutch State Treasury Agency (DSTA) with the Cash Management Division of the Ministry of Finance and relocation from Amsterdam to The Hague.
- Sovereign debt management networks.
- Debt management training courses available in 2009.

Storkey & Co Update

Over the past 3 months, we have:

- continued to assist with the Debt Management and Fiscal Risk component of the World Bank and DFID Public Financial Management Reform Project (PFMRP) for the Ministry of Finance in Vietnam.
- continued to assist the World Bank in implementing the debt management performance assessment (DeMPA) tool across low-income countries.

Already, our work program for 2009 is looking very heavy with not only the continuation of some of the consultancy assignments that we have been involved with over the past few years but also many new projects that are to commence in 2009. Some of these are the next phase of a longer term project but most are new stand-alone assignments mainly focussed on development of debt management strategies and capacity building.

The current environment suggests that debt managers will increasingly focus on borrowing to finance larger fiscal deficits and/or fiscal stimulus packages. This may lead to more consulting assignments focussed on assisting governments to develop their funding sources. It looks like it could be a very busy time for the next 2 years or so.

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Special points of interest:

The Australian Office of Financial Management (AOFM) has received the Sovereign Risk Manager of the Year award for 2008 by the London-based Risk magazine. Previous recipients have been Agence France Trésor (AFT) in 2007, New Zealand Debt Management Office (NZDMO) in 2006 and the UK Debt Management Office (DMO) in 2005.

Inside this issue:

<i>Sub-National Government Debt Management</i>	2
<i>Dutch State Treasury Agency</i>	2
<i>Sovereign Debt Management Networks</i>	3
<i>Debt Management Training Courses in 2009</i>	3
<i>Recent Developments or Announcements</i>	3
<i>Storkey & Co Limited—Company Profile</i>	4
<i>Debt Management Unit Publications & Websites</i>	4



Sub-National Government Debt Management

In examining the annual reports and other publications of sub-national governments in Australia, Canada and the USA, we found considerable variation in the quality of reporting on debt management policies, operations and performance. We would expect this to be in accordance with international sound practice as required at central government level.

The Australian State Treasury Corporations have set the benchmark in terms of website information, financing plans, annual reports, and adherence to international accounting and risk report-

ing standards. In Canada, there is significant variation across provinces with only Ontario Financing Authority matching the standards set across Australia. While British Columbia Debt Management Branch does focus on debt management, other provinces are effectively imbedded in the financial reporting of the province.

In the USA, we could not find States that provide adequate reporting on debt management, particularly in terms of risk. Most States report debt outstanding and/or financing in their Comprehensive Annual Financial Report. Some States provide debt man-

agement reports in the Treasurer's Annual Report or in a Debt Affordability Report. Only three States such as Alaska, New Jersey and Rhode Island publish debt or debt management reports.

All reporting is based on debt outstanding and financing operations—none have any risk analysis, medium term debt strategy, and performance assessments which are deemed to be international sound practice.

Reporting in other countries also seems to be absent due to the lack of English websites and/or debt management publications.

Australia		Canada	
<p>New South Wales Treasury Corporation: http://www.tcorp.nsw.gov.au</p> <p>Northern Territory Treasury Corporation: http://www.nt.gov.au/ntt/tcorp</p> <p>Queensland Treasury Corporation: http://www.qtc.qld.gov.au</p> <p>South Australian Government Financing Authority: http://www.safa.sa.gov.au</p> <p>Tasmania Public Finance Corporation: http://www.tascorp.com.au</p> <p>Treasury Corporation of Victoria: http://www.tcv.vic.gov.au</p>		<p>British Columbia Debt Management Branch: http://www.fin.gov.bc.ca/PT/dmb/index.shtml</p> <p>Ontario Financing Authority: http://www.ofina.on.ca</p>	
		USA	
		<p>Alaska Department of Revenue Treasury Division: http://www.revenue.state.ak.us/treasury</p> <p>New Jersey Department of the Treasury, Office of Public Finance: http://www.state.nj.us/treasury/public_finance/</p> <p>Rhode Island Office of the General Treasurer: http://www.treasury.state.ri.us/finance.htm</p>	

We would expect that sub-national debt management would be in accordance with international sound practice as required at central government level.

Dutch State Treasury Agency

In January 2009, the Dutch State Treasury Agency (DSTA) merged with the Cash Management Division of the Ministry of Finance to combine all internal and external treasury functions of the central government. At the same time, DSTA relocated from Amsterdam to The Hague, to move in with the Ministry of Finance. The move and merger opens up a new

chapter in the rich history—since 1841—of DSTA.

DSTA remains part of the Treasury directorate of the Ministry of Finance. The director—the Agent—will head the DSTA which has 58 employees across three divisions:

- Cash Management, Issuance & Trading
- Policy & Risk Management

- Treasury & Debt Operations

DSTA will continue to conduct its businesses at arms length and no changes are foreseen in its communication policies. DSTA's website will be restyled and the cash management part will be added, but the web address stays the same. For more details, refer to:

www.dsta.nl



Sovereign Debt Management Networks

There are only a few networks that have been set up for sovereign debt managers. This is disappointing as we are often asked during consulting assignments "how can we connect with other debt managers and how can we learn from or share experiences with other debt management offices?" The DMFAS DebtNet operated by UNCTAD was very effective in performing this function but this terminated in early 2007 and as yet there has been no effective networking replacement.

The Public Debt Management (PDM) Network, operated by the Italian Treasury Public Debt and OECD has been established for networking and to provide a website to post documents. While the public can access some information, most documents require a user login that requires joining the network. PDM Network has become more active recently with more documents posted to the website and a regular newsletter sent out to members: www.publicdebt.net

A global network that is expanding is LinkedIn.com where a sovereign debt management group has been established and now has nine members. However, this has not yet developed as an effective means of networking.

We think there is a need for a secure web facility for sovereign debt managers that makes use of emerging technology to facilitate networking (globally and regionally), discuss issues of mutual interest, and to share experiences with each other.

Debt Management Training Courses in 2009

We have collated debt management training courses offered in 2009 by Crown Agents, Central Banking Publications, IMF Institute, UNITAR and WAIFEM and posted the list of courses including timing and location on our website.

We have noted that UNITAR has many more courses than have been offered in previous years. Among the 17 e-learning courses, there are a number of new courses including fundamentals of the money markets, bond market,

foreign exchange market, derivatives, and risk management. In addition, audit of public debt has been added to the traditional courses on public debt management.

The list of published courses is still relatively small, possibly due to the limited demand particularly when course fees are significant, and the fact that much of the training is delivered under technical assistance programs as part of capacity building activities.

We have collated debt management training courses offered in 2009 and posted the list of courses including timing and location on our website.

As we have noted in a previous newsletter, the World Bank Treasury now publishes a Database of Providers of Training on Public Debt Management on the World Bank Treasury website, refer to:

www.worldbank.org/pdm

Recent Developments or Announcements

The World Bank has updated the Debt Management Performance Assessment (DeMPA) and DeMPA Guide. The revised versions can be downloaded from: <http://go.worldbank.org/GZ4857VJ91>

Storkey & Co Limited has become a member of the Public Debt Management (PDM) Network, operated by the Italian

Treasury Public Debt and OECD. The PDM Network provides multi-lateral co-operation in the area of public debt management, by offering participants from OECD and emerging markets continuous on-line access to a large number of documents concerning public debt management—refer to the PDM website:

www.publicdebt.net

We have added several more consultants to the Storkey & Co Network. The network can work together on assignments either as individuals or a team, or sub-contracted under Storkey & Co Limited. For more information on the network of consultants and associated companies, refer to:

www.storkeyandco.com/Network/network.html

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Storkey & Co Limited is an international management consultancy providing independent specialist advice on government debt management to central and sub-national governments.

The company employs or works in partnership with recognised experts who have considerable international experience in the finance markets and in public sector debt, cash and risk management. With their extensive project and change management expertise, they have developed an international reputation for delivering the highest quality practical solutions.

These experts have gained practical experience from working in a government debt office and on technical assistance projects internationally for all the major donor agencies.

Since the company was established in early 2001, assignments have been undertaken in Australia, Canada, Cambodia, China, Ethiopia, Fiji, Ghana, Guyana, India, Indonesia, Laos, Lithuania, Malawi, Mauritius, Mongolia, Nauru, New Zealand, Nicaragua, Papua New Guinea, Philippines, Solomon Islands, Thailand, The Gambia, Uzbekistan and Vietnam.

Debt Management Unit Publications & Websites

Key publications released by DMUs over the past 3 months:

- **Belgium** Review 2008 Outlook 2009
- **Belgium** Borrowing Plan 2009
- **Canada** Debt Management Report 2007-08
- **Czech Republic** Financing and Debt Strategy 2009
- **Czech Republic** Quarterly Review Dec 2008
- **Greece** Public Debt Bulletin No 52
- **Hungary** ÁKK Annual Report 2007
- **Hungary** Government Securities Report 3rd Qtr 2008
- **Iceland** Annual Prospect 2009
- **Israel** Quarterly Report Dec 2008
- **Italy** Debt Management Guidelines 2009
- **Japan** Japanese Government Bonds Jan 2009
- **Jordan** Public Debt Bulletin Dec 2008
- **Latvia** Debt Management Strategy 2008
- **Mexico** Borrowing Plan 2009
- **Netherlands** Dutch Annual Outlook 2009
- **Netherlands** DSTA Quarterly Outlook January 2009
- **PNG** Medium Term Debt Strategy 2009
- **Poland** Annual Debt Report 2007
- **Poland** Debt Management Strategy 2009-11
- **Spain** Issuance Strategy for 2009
- **Sweden** SNDO Guidelines 2009-11

- **Turkey** Public Debt Management Reports Nov, Dec, Jan 2009
- **UK** DMO Quarterly Review Oct-Dec 2008

Also Released:

- **DMFAS** Annual Report 2007
- **DRI** Strategies for Financing Development #37

A full list of DMO/DMU websites is on our website under the section "Links".

