



Storkey & Co Limited

WN/1111791

## What's New

We were very encouraged by the feedback received not only with the first newsletter but also the information on our website. It certainly reinforces our view that there is scope to consolidate information on sovereign debt management to enable researchers to quickly locate a library of relevant information and the most useful websites.

It has been a busy three months for us since the last newsletter. We have been involved in a number of consulting assignments in Australia, Indonesia, Mauritius, New Zealand and Thailand.

In addition, we have written articles on "Sovereign Debt Management:

A Risk Management Focus" for The Finance and Treasury Professional (Volume 13, No 2, May 2001) and on "Treasury Systems—Availability for New Zealand Corporates" for The Treasury Note (June 2001).

We also have made presentations to Auckland and Wellington members of the NZ Society of Corporate Treasurers on "Treasury Systems Available to NZ Corporates".

There is an increasing interest in sovereign debt management as governments across Asia-Pacific seek to improve their capability and build capacity. They are seeking practical solutions that have clearly worked in other countries.

Volume 1, Issue 2

July 2001

### Special points of interest:

- An IMF/World Bank publication "Developing Government Bond Markets: A Handbook" is due for release soon.
- A World Bank publication "A Manual on Sound Practice in Sovereign Debt Management" is due for release soon.
- The FTA Public Debt Management Conference is to be held in Canberra on 15-17 April 2002.

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## Storkey & Co Website Update

As mentioned in our first newsletter, the company website has been established to create a library of information on sovereign debt management and to provide a comprehensive set of links to relevant websites. Contributions are most welcome.

We have updated the website with new links, references to relevant documents, and our recent

presentations and publications (as described in the "What's New" section above). We have also incorporated a comprehensive list of treasury systems suitable for sovereign debt management units, with a link through to their respective vendor website.

Our website is:

[www.storkeyandco.com](http://www.storkeyandco.com)



## Government Cash Management

In most countries, Government banking is primarily undertaken through Government accounts held at the Central Bank. The balance in these accounts is managed mainly for monetary policy purposes.

Expenditure control is normally rigorously exercised but minimising the cost of financing the Government's cash requirement is not a specific role or objective of either the Central Bank or the Ministry of Finance.

Government ministries and de-

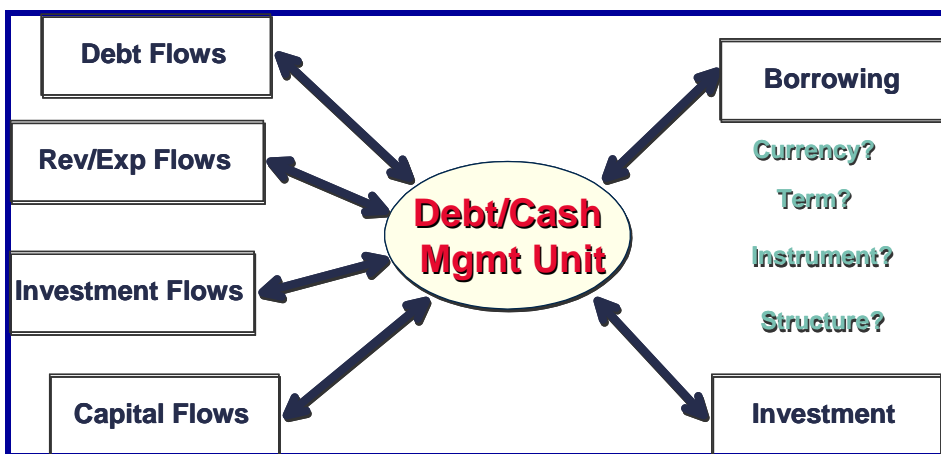
partments have little control over the cash management process. This can often lead to a significant cost to the Government through lost interest on idle balances, which can often be very significant.

Cash management involves managing day-to-day domestic and foreign currency cash balances and banking arrangements in order to maximise the income and minimise the cost of holding cash.

Quality government cash management requires accu-

rate forecasting of the cash flows between the government sector and the banking system, to ensure that there is neither an undue surplus nor a squeeze in excess reserves. It is important that the market has a high level of confidence in how the Ministry of Finance, Treasury, Debt Unit, and the Central Bank manage this aspect of the financial system.

Integration of debt and cash management should be an objective for the Debt Unit as shown in the diagram below.



*"Quality government cash management requires accurate forecasting of cash flows..."*

## The Finance and Treasury Professional—May 2001

The Finance and Treasury Professional (the official journal of the Finance and Treasury Association of Australia) has dedicated the May 2001 edition to Public Sector Financial Management.

Articles published in the journal include:

- "Sovereign Debt Management: A Risk Management Focus" Ian Storkey, Storkey & Co
- "Establishing the Australian Office of Financial Management" Peter McCray, AOFM
- "Establishing a Public Debt Management Unit" Tanny Chow, Andersen Consulting
- "Risk Management in the Government Sector" Guy Manuell, Barrington Corporate Finance

A copy can be obtained from: [www.fta.asn.au](http://www.fta.asn.au)



## Developing Government Bond Markets Handbook

The IMF/World Bank are releasing a Handbook on Developing Government Bond Markets, which will be particularly valuable for developing countries. We have found the Handbook very useful on existing debt management assignments.

Topics in the Handbook cover:

- Developing a Government Bond Market: An Overview
- Money Markets and Monetary Policy Operations
- A Government Debt Strategy and Debt Management Framework
- Developing Benchmark Issues
- Developing a Primary Market for Government Securities
- Developing the Investor Base for Government Securities
- Developing Secondary Market Structures for Government Securities
- Developing a Government Securities Settlement Structure
- Legal and Regulatory Framework
- Development of Government Securities Markets and Tax Policy
- Development of Subnational Bond Markets
- Linkages Between Government and Private-Sector Bond Markets

## Public Sector Debt Management Conference 2002

The Finance and Treasury Association of Australia (FTA) has announced that the Public Sector Debt Management Conference is to be held in Canberra on 15-17 April 2002.

This replaces the Conference originally scheduled for 27th February to 1st March 2001.

The primary objective of the Conference will be to increase awareness and understanding

in Australasia of Public Sector Debt Management and to provide a forum for participants from the Asia—Pacific region to attend.

Details of the Conference will be made available by the FTA later in the year, and will be posted on the FTA web site: [www.fta.asn.au](http://www.fta.asn.au)

As we will be involved in the Conference, we will place the

*“The Finance and Treasury Association has rescheduled the Public Sector Debt Management Conference for 15-17 April 2002”*

program and other information on our website and include conference details in the next newsletter.

## Recent Publications

Publications released by Sovereign Debt Offices over the past 3 months, which can be obtained from their respective websites include:

**Belgium:** [www.treasury.fgov.be/interdette](http://www.treasury.fgov.be/interdette)

- 2000 Annual Report

**France:** [www.francetresor.gouv.fr](http://www.francetresor.gouv.fr)

- Annual Review 2001

**Ireland:** [www.ntma.ie](http://www.ntma.ie)

- 2000 Annual Report

**New Zealand:** [www.nzdmo.govt.nz](http://www.nzdmo.govt.nz)

- Economic & Financial Overview 2001

**Portugal:** [www.igcp.pt](http://www.igcp.pt)

- 2000 Debt Management Annual Report

**Sweden:** [www.rgk.se](http://www.rgk.se)

- 2000 Annual Report

**United Kingdom:** [www.dmo.gov.uk](http://www.dmo.gov.uk)

- 2000 Annual Report

Also worth reading:

**UNCTAD:** [www.unctad.org/en/subsites/dmfas/english/index.html](http://www.unctad.org/en/subsites/dmfas/english/index.html)

- The DMFAS Programme — Annual Report 2000

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Storkey & Co Limited is an international management consultancy providing independent specialist advice on financial and debt management to central governments, state/regional and local government, government enterprises, financial institutions and corporate treasuries.

The company employs recognised experts who have considerable international experience in the finance markets and in public sector debt 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 Asian Development Bank, AusAID, International Monetary Fund and World Bank technical assistance projects internationally.

Since the company was established in early 2001, assignments have been undertaken in Australia, Indonesia, Mauritius, New Zealand and Thailand.

## Recommended Websites

The Sovereign Debt Management Office websites recommended:

Australia: [www.aofm.gov.au](http://www.aofm.gov.au)

Austria: [www.oebfa.co.at](http://www.oebfa.co.at)

Belgium: [www.treasury.fgov.be/interdette](http://www.treasury.fgov.be/interdette)

Canada: [www.fin.gc.ca](http://www.fin.gc.ca)

Denmark: [www.nationalbanken.dk](http://www.nationalbanken.dk)

Finland: [www.valtiokonttori.fi](http://www.valtiokonttori.fi)

France: [www.francetresor.gouv.fr](http://www.francetresor.gouv.fr)

Greece: [www.mof-gl.k.gr](http://www.mof-gl.k.gr)

Hungary: [www.akk.hu](http://www.akk.hu)

Iceland: [www.lanasysla.is](http://www.lanasysla.is)

Ireland: [www.ntma.ie](http://www.ntma.ie)

Italy: [www.tesoro.it](http://www.tesoro.it)

Netherlands: [www.dutchstate.nl](http://www.dutchstate.nl)

New Zealand: [www.nzdmo.govt.nz](http://www.nzdmo.govt.nz)

Philippines: [www.dof.gov.ph](http://www.dof.gov.ph)

Poland: [www.mofnet.gov.pl](http://www.mofnet.gov.pl)

Portugal: [www.igcp.pt](http://www.igcp.pt)

South Africa: [www.finance.gov.za](http://www.finance.gov.za)

Spain: [www.mineco.es/tesoro](http://www.mineco.es/tesoro)

Sweden: [www.rgk.se](http://www.rgk.se)

Thailand: [www.pdmo.gov.go.th](http://www.pdmo.gov.go.th)

United Kingdom: [www.dmo.gov.uk](http://www.dmo.gov.uk)

United States: [www.publicdebt.treas.gov](http://www.publicdebt.treas.gov)

World Bank Financial Products and Services Group: [www.worldbank.org/fps](http://www.worldbank.org/fps)

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For more references, we suggest you refer to the library on our website and the links to other websites:

[www.storkeyandco.com/library/library.html](http://www.storkeyandco.com/library/library.html)

