NEW ZEALAND
DEBT MANAGEMENT OFFICE

SOVEREIGN ASSET AND LIABILITY MANAGEMENT: THE **NEW ZEALAND** EXPERIENCE

THE TREASURY
Kaitohutohu Kaupapa Rawa

KEY BUSINESS FUNCTIONS

Multiple elements of NZDMO activity have SALM implications…

Core Debt Management

- Treasury bill, Government Bond and Inflation Indexed Bond Issuance
- Investor relations
- Core-Crown cash management and liquidity management

Treasury Services

- Risk intermediation for departments and Crown Entities e.g. foreign currency, interest rate swaps
- Crown lending
- IMF transactions
- Capital markets advisory

Traditional NZDMO Functions

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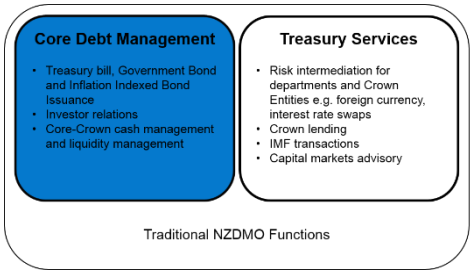
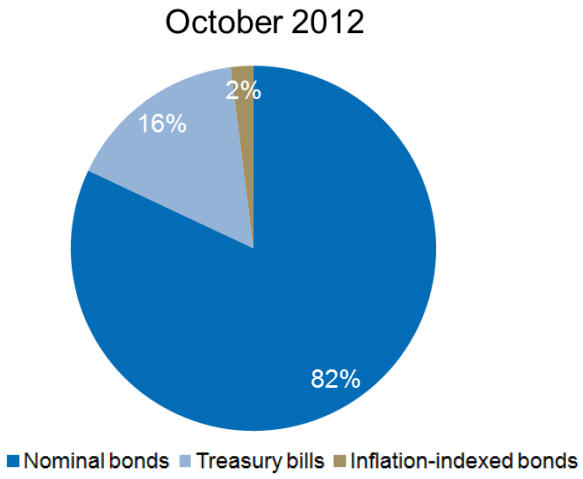
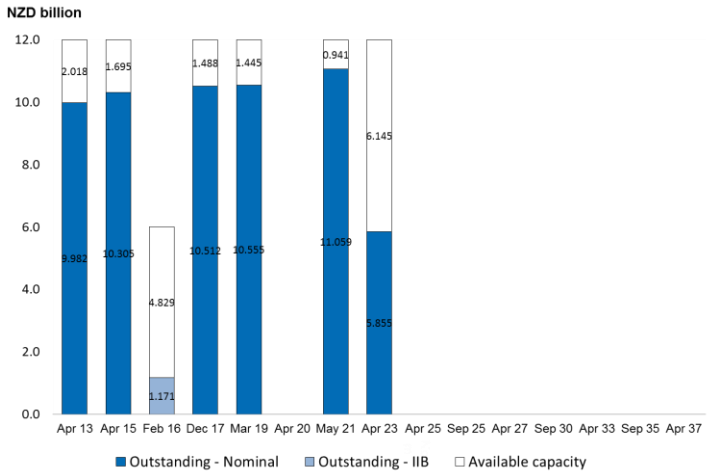
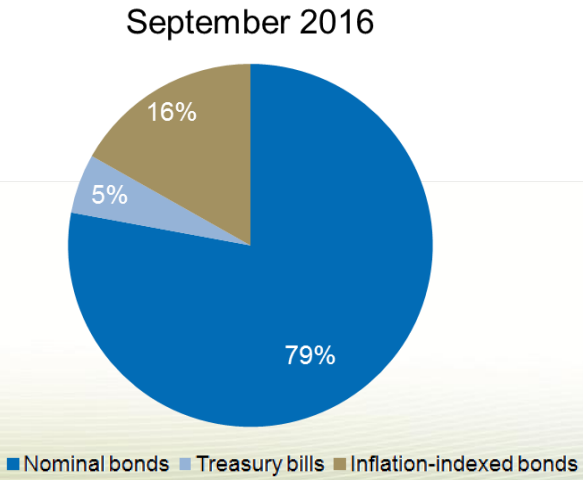
CORE DEBT MANAGEMENT

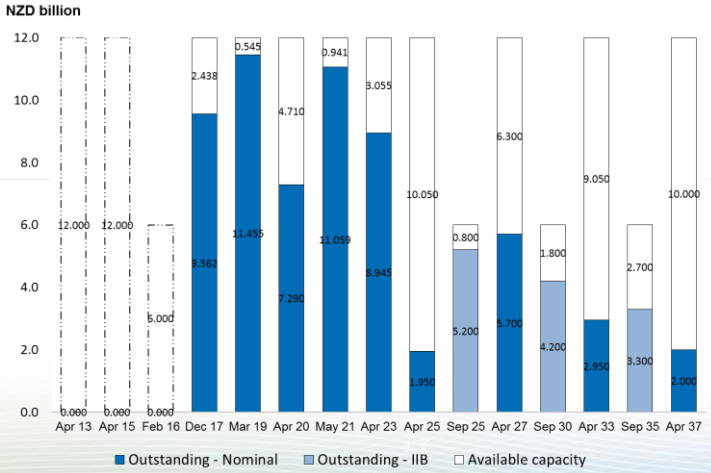
Efficient and effective debt management in a total Crown balance sheet context…











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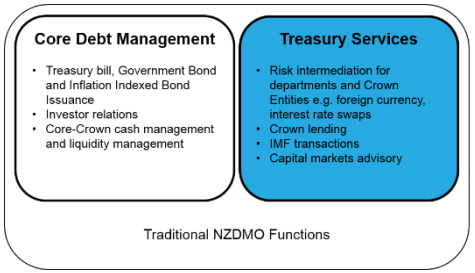
TREASURY SERVICES

Intra Crown transactions for efficiency and effectiveness…



Total Lending Portfolio

7.50bn

DHB Lending

2.48bn

Other Lending By Institution

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A NEW APPROACH: DEDICATED BALANCE SHEET RISK MANAGEMENT

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- Core-Crown cash management and liquidity management

Treasury Services

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- IMF transactions
- Capital markets advisory

Balance Sheet Risk Management

- Total Crown interest rate and currency risk management
- Concentration risk management
- Balance sheet overlay
- Fiscal strategy input

Traditional NZDMO Functions

New Roles and Responsibilities

SALM Evolution

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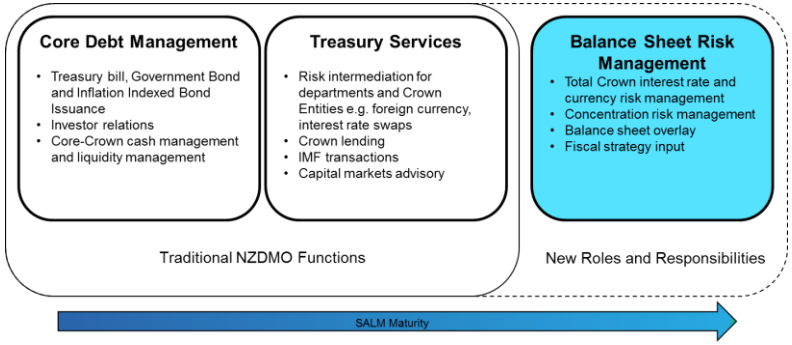
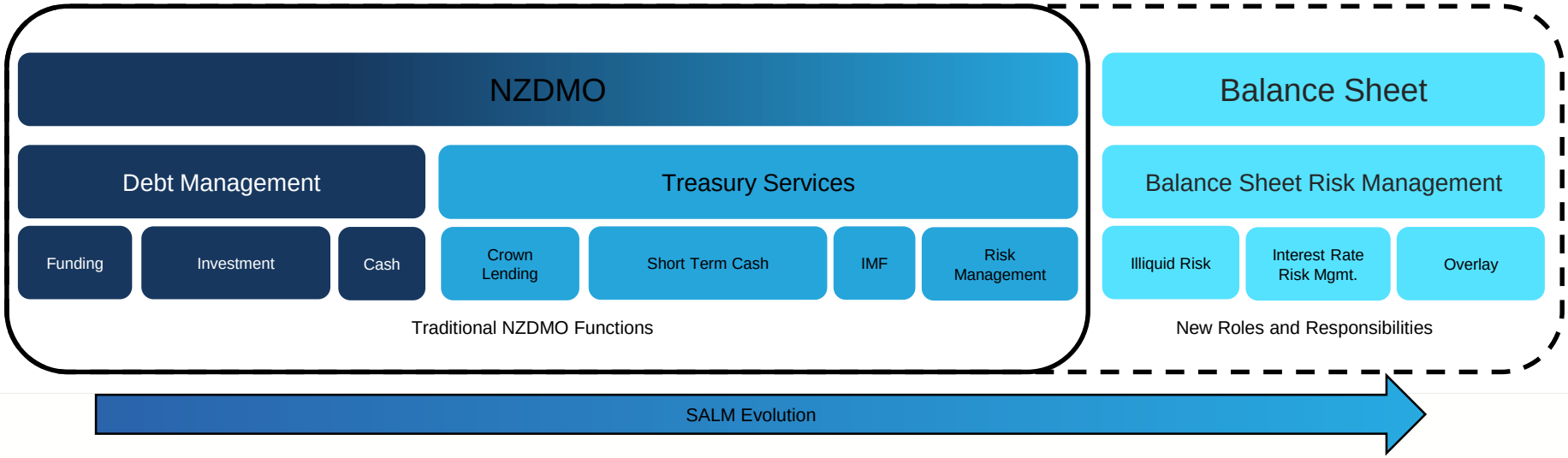
BALANCE SHEET RISK MANAGEMENT FUNCTION

A dedicated transactional function with the express role of managing total Crown risk and return…



Our operating model



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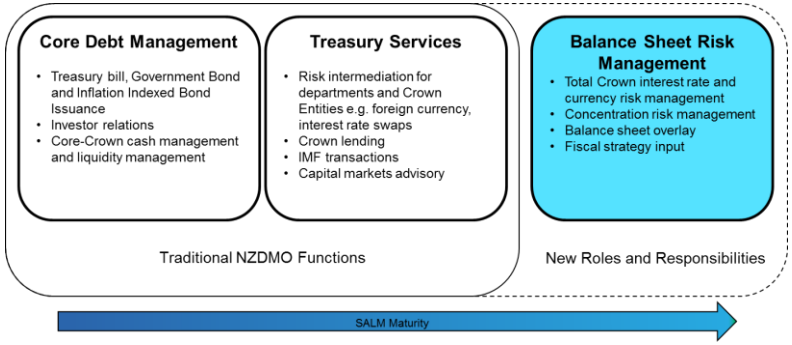
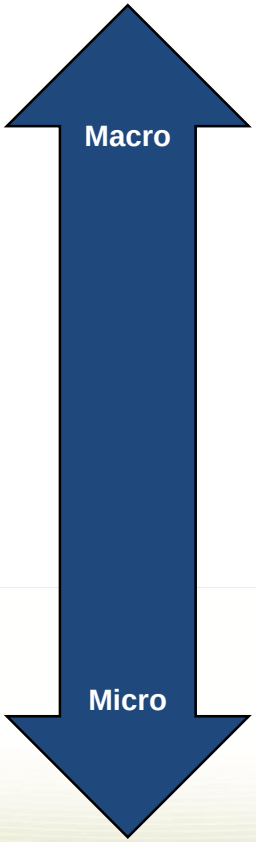
OUR AMBITION

A holistic approach to total Crown financial risk management…





Objective	Analytic	Management
Balance Sheet Resilience	Stress Testing, Risk Tolerance	Fiscal Strategy Advice, Policy Settings, Transfer
Balance Sheet Risk Allocation	Notional Risk Based Capital	Risk Budgeting
Efficient Aggregate Balance Sheet Risk Management	Risk Exposure Collation and Reporting	Centralised Risk Management, Information Provision

Initial focus

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BALANCE SHEET RISK MANAGEMENT – ANALYTICS

Total Crown risk information and analysis…

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Traditional NZDMO Functions

Balance Sheet Risk Management

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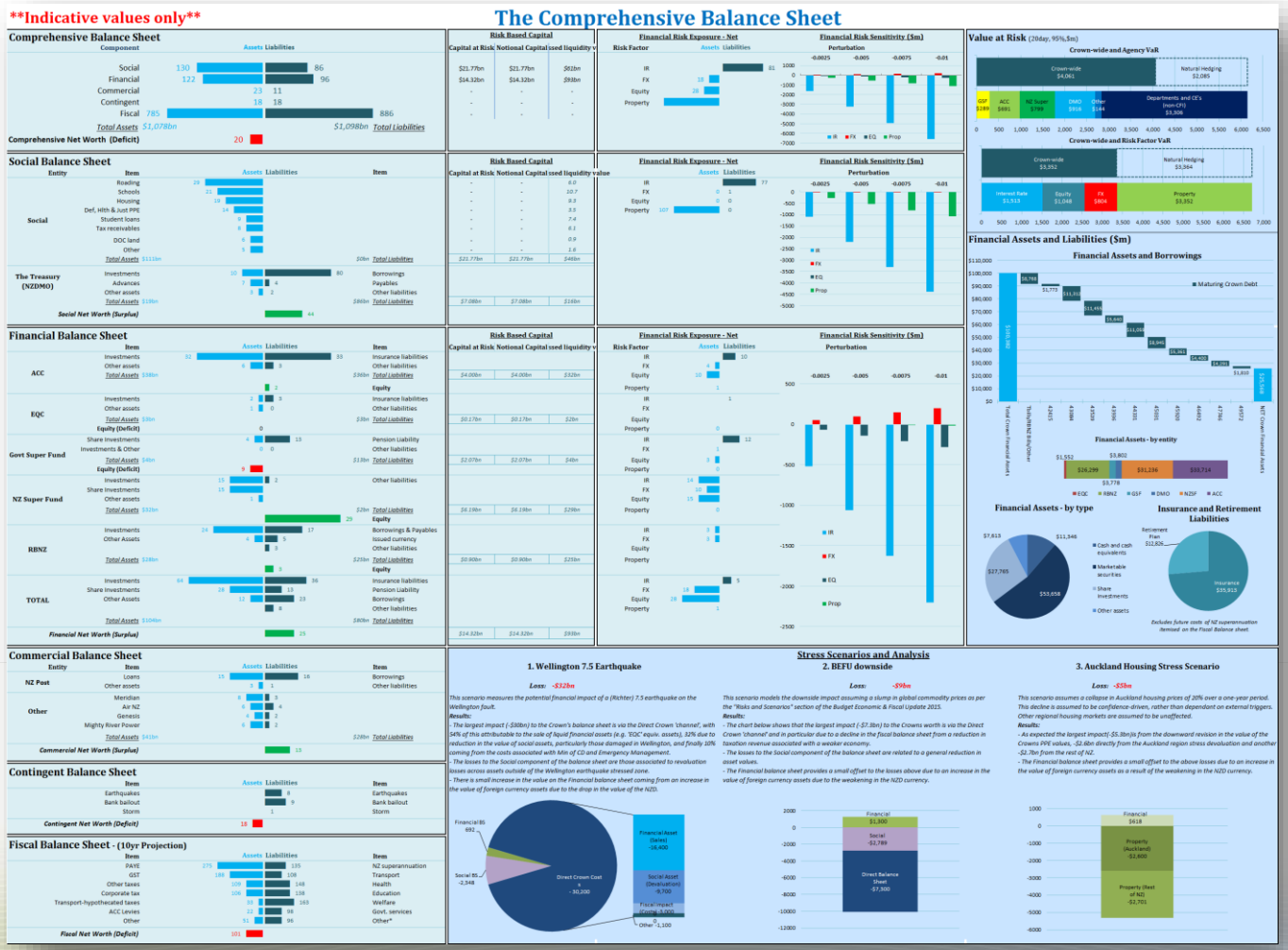
- Balance sheet overlay
- Fiscal strategy input

New Roles and Responsibilities

SALM Maturity



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