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1 Summary

This year's decision on the guidelines has been made at a time of great unrest in the financial markets. The international financial crisis has affected the real economy and central government finances in Sweden and other countries. There is considerable uncertainty about how large these effects will be. Central government debt management is long term in nature. Central government finances are strong and the long-term direction will be maintained. The Government exercises control over the expected costs and risks in debt management primarily by its decisions on the composition and maturity of the central government debt. This year's decision on the guidelines covers 2009–2011, but the guidelines for 2010 and 2011 should be considered preliminary.

The target values for the composition of the central government debt and the target for the debt's maturity will remain unchanged from the current year.

The targets for the different types of debt are:

- Foreign currency debt: 15 per cent (±2 percentage points)
- Inflation-linked debt: 25 per cent (long-term)
- Nominal krona debt: 60 per cent (residual)

The maturity for the three types of debt is to be:

- Foreign currency debt: 0.125 years
- Inflation-linked debt: 10.1 years
- Nominal krona debt: 3.5 years

The Government's decision on the target values agrees with the Debt Office's proposal, except for the maturity for the nominal krona debt. The Debt Office proposed shortening the maturity for the nominal krona debt to 3.2 years until the end of 2010. In view of the increase in uncertainty during autumn 2008 regarding the development of the real economy and central government finances, the Government has chosen to defer taking a position on the long-term direction of the maturity for the nominal krona debt. Thus the current maturity of 3.5 years has been retained.

The benchmark for the amortisation of the foreign currency debt was abolished in the Government's decision of 28 August 2008 since the percentage of foreign currency debt during the summer neared the long-term percentage of 15 per cent. The Government has decided that the deviation interval around the foreign currency target share is to be 2 percentage points.

The control system for central government debt management has evolved since 1999 when the then Government decided guidelines for central government debt management. In this year's guidelines decision, two adjustments have been made to the control system: the time horizon for achieving the target share for the inflation-linked debt has been viewed from a long-term perspective and the Government has decided a maturity for each type of debt (instead of a maturity benchmark for the whole debt).

In the guidelines decision, rules have been established concerning extra issues of T-bills decided by the Debt Office on 18 September with the aim of alleviating an acute shortage of government securities and at the same time facilitating the financing of banks and mortgage institutions. The Debt Office has been given the right to have outstanding loans with a maximum nominal value of SEK 200 billion for this purpose in 2009. The Debt Office has also been requested to present a progress report on the extra issues no later than 30 April 2009. The issues referred to do not affect the CCF measure and thus do not affect the control of the debt percentages or the maturity.

2 The Central Government Debt Process

Overall goal
The goal of central government debt policy is the management of the central government debt so as to minimise the cost in the long term while taking the inherent risk into consideration, all within the constraints imposed by monetary policy. The goal is stipulated in the Act on Central Government Borrowing and Debt Management (1988:1387).

Central government debt process
The central government debt policy has been conducted for the last ten years in accordance with a special recurring process. The accountability and decision-making process is designed to support the main long-term goal of central government debt policy.

The guidelines covering central government debt management are to be decided no later than 15 November every year. This guidelines decision for 2009 was decided by the Government on 13 November 2008. The Debt Office submitted its proposed guidelines on 29 September and the Riksbank's comments on the Debt Office's proposal were received on 16 October 2008 (reg. no. Fi2008/5486). This process with its decision-making structure and objectives was established by the Riksdag (the Swedish Parliament) in 1998 (Govt. Bill 1997/98:154, Report 1997/98:FiU29, Riksdag Comm. 1997/98:253).

Central government borrowing and debt management are evaluated over rolling five-year periods. Beginning in 2008, the Government's evaluation communication will be submitted to the Riksdag every second year. The next communication on central government borrowing and debt management will accordingly be presented to the Riksdag in spring 2010 and will then refer to the years 2005-2009.

Readers' Guide

In this section, *the central government debt process* has been described in brief. Section 3 sets out the *basis* for the Government's decision on the guidelines. This section also reports the conclusions regarding the analyses that were made prior to this year's decision on the guidelines and led to the two adjustments to the control system that have been decided. This section also provides the background to the extra issues of T-bills decided by the Debt Office. The *guidelines* are given in section 4 as are the reasons underlying the guidelines decision. Section 5 contains a description of how *central government debt management is to be evaluated* and lastly, section 6 contains the Government's *remit to the Debt Office* aimed at further improving control and evaluation of central government debt management.

3 The Basis for the Government´s Decision on the Guidelines

The Basis for the Government's Decision: This year's guidelines decision covers 2009–2011, but the guidelines decision for 2010 and 2011 should be considered preliminary.

An adjustment to the control system for central government debt management gives control of the inflation-linked debt a more long-term perspective. The deviation interval for the inflation-linked share of the debt has been abolished. The Government will continue to decide a deviation interval for the foreign currency share of the debt.

The Government decides the maturity for each type of debt, while the Debt Office is to decide operational deviation intervals.

The Government's basic starting points for central debt policy are that it is to minimise costs with due consideration for risk and be long term, transparent and flexible. The policy is also based on the expected trend in public finances and the size of the debt, its composition and maturity.

3.1 Central government debt development

The size and development of the central government debt are important factors in how central government debt policy is conducted. Central government borrowing takes place when the central government borrows to cover deficits in day-to-day operations and to finance the central government lending. Exchange rate developments have also affected the central government debt since part of the debt is denominated in foreign currencies. Since 18 September 2008, the central government debt has also been affected by the extra issues initiated by the Debt Office aimed at alleviating the acute shortage of government securities. This borrowing does not affect the control of the central government debt (section 3.3).

In recent years the central government finances have been strong, which means a lower central government debt. At the end of 2007 the central government debt came to SEK 1 168 billion[1], or 38 per cent of GDP.

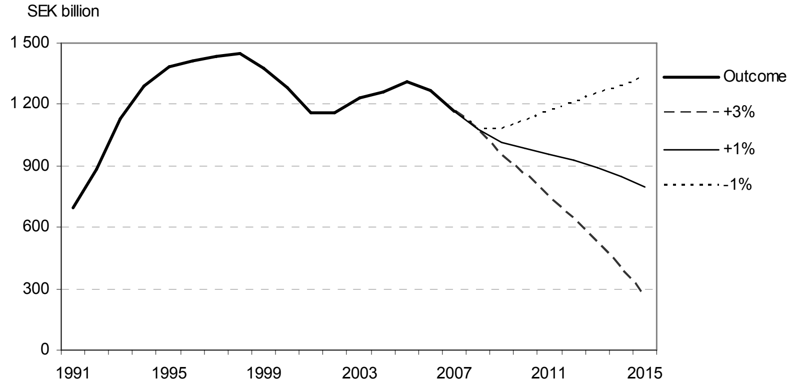
The surplus target and the central government debt

The target of the Riksdag and the Government for general government net lending of one per cent of GDP on average over a business cycle means a smaller central government debt. The target has been established to meet the increased demand for resources that an ageing population entails. The surplus target refers to general government net lending for the entire general government sector, i.e. the state, the old age pension system and the local government sector.[2] In the Debt Office's proposed guidelines, the development of the central government debt is illustrated based on the assumption that the surplus target is met[3] with a deviation of two percentage points above or below the target. From 2008–2011, net lending in all parts of the government sector is assumed to be positive, with the central government having the largest surplus. Projections using the aforementioned assumptions result in a central government debt of between SEK 750 and 1 170 billion at the end of 2011 and

[1] Refers to the unconsolidated central government debt, i.e. the official debt that the Debt Office manages and reports. The Budget Bill and the central government's annual report also show a consolidated debt measure that excludes government agencies' holdings of government securities.
[2] The local government sector consists of municipalities and county councils.
[3] General government net lending amounts to 1 per cent of GDP a year.

between SEK 260 and 1 330 billion at the end of 2015. If in any one year these deviations are smaller or move in different directions, the outcome will fall within the interval. This is regarded as the most probable scenario.

Figure 1: Central government debt development under different assumptions about the surplus target



Source: The Debt Office.

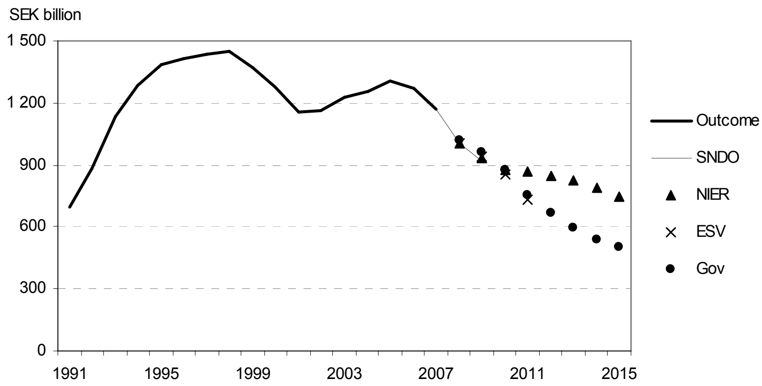
Forecasts of central government debt development

The Government, the National Institute of Economic Research (NIER), the Swedish National Financial Management Authority (ESV) and the Debt Office make comprehensive forecasts of central government finances and thus of central government debt development. The aim, the time horizon and methods differ from forecast to forecast. Common to all forecasts is that central government debt is expected to decrease in the next few years[4]. As shown in figure 2, the Government and ESV predict a sharper drop in central government debt than NIER does. The explanation lies primarily in the different methods used. Somewhat simplified, the difference in methodology can be described thus: the Government and ESV assume that there is no

[4] Forecasts published June to September 2008.

change to the rules on taxes and transfers, while the NIER adjusts the regulatory framework so that net lending at the end of the period is equivalent to 1 per cent of GDP.

Figure 2: Central government debt developments, outcome 1991-2007 and according to various forecasters 2008-2015[5]



Source: The Debt Office.

An overall balanced assessment

Central government debt development is one of several parameters in the decision on the direction of central government debt management. In principle this means that strong central government finances and falling central government debt increase the scope for risk-taking in debt management in exchange for lower expected costs. Lower central government debt also means that the debt management eventually has to be adjusted so that the liquidity of the instruments issued is upheld.

The deepening global financial unrest during autumn 2008 has increased the uncertainty in the estimates of central government finances and central government debt development

[5] The Government's forecast can be found in the 2009 Budget Bill, NIER's forecast refers to information in its August 2008 Swedish Economy, ESV's forecast refers to the Budget Forecast 2008:3 and the Debt Office to Central Government Borrowing 2008:2.

in the next few years. In the Government's overall assessment the central government finances' starting position, in addition to the forecast, is taken into consideration. At the end of 2007, the central government debt was SEK 1 168, or 38 per cent of GDP. In comparison, the debt ratio in 1994 was 78 per cent. In an international comparison, Swedish central government finances are clearly strong. In October 2008, the general government consolidated gross debt in the euro area was 66.3 per cent per cent[6] (in relation to GDP). In Sweden it was 35.5 per cent. Given the strong central government finances, the Government is of the opinion that the basic direction of central government debt management should be maintained for the next few years. As a precautionary measure, the Government has chosen to retain the same maturity in the nominal krona debt due to the uncertainty about economic developments.

3.2 The Structure and Maturity of the Central Government Debt

The Government controls the balance between the expected cost and risk in the central government debt, mainly by establishing the composition and maturity of the debt.

Composition of the Debt

The central government debt is divided into three types of debt: the foreign currency debt, the inflation-linked debt and the nominal krona debt. The aim of spreading the debt over different debt types, i.e. diversifying the portfolio, is to obtain a lower risk. If the debt consisted of only one type of debt, for example, nominal krona debt, interest costs would be completely

[6] Refers to the unconsolidated central government debt, i.e. the debt managed and reported by the Debt Office. The Budget Bill and the central government's annual report also show a consolidated debt measure that excludes government agencies' holdings of government securities.
[6] Eurostat, Main results of the October 2008 reporting of Government Deficit and Debt Levels.

dependent on the Swedish nominal interest rate. Distributing the central government debt to two additional types of debt, inflation-linked debt and foreign currency debt, reduces the fluctuation in interest costs since interest rates for these types of debt to some extent follow individual patterns. Since the beginning of the 2000s, the Government has striven to reduce the share of foreign currency debt and increase the share of inflation-linked debt in order to reduce the risk in the central government debt. Cost arguments also support this policy.

Table 1: Composition of the Central Government Debt -2004–2007 and as of 30 September 2008 (SEK billion and per cent)

	2004	2005	2006	2007	2008
SEK nominal	766	798	787	718	642
SEK nominal, share	61%	61%	62%	61%	59%
SEK inflation-linked	190	208	217	217	227
SEK inflation-linked, share	15%	16%	17%	19%	21%
Foreign currency	301	303	266	233	216
Foreign currency, share	24%	23%	21%	20%	20%
Central gov. debt	**1 257**	**1 309**	**1 270**	**1 168**	**1 086**

Source: The Debt Office.
Note: The central government debt refers to the unconsolidated debt. The debt in foreign currency, including swaps and forward contracts in foreign currency, has been revalued using exchange rates at year-end.

Table 1 above shows the development of the unconsolidated central government debt and the different types of debt since 2004. Note that this definition of the debt and these percentages are no longer used in the control of the central government debt. Since 2007 a special central government debt measure has been used instead to control the central government debt called the CCF measure, *the debt's aggregate cash flows*. The CCF measure aims to reflect the central government debt's risk exposure in the best possible way and therefore includes outstanding coupon payments and inflation compensation in addition to the nominal debt.

Since the introduction of the new debt measure in 2007, the target share has been 25 per cent for the inflation-linked debt and 15 per cent for the foreign currency debt. In order to adjust the foreign currency debt to this target share, the Government has used an amortisation benchmark of SEK 40 billion for 2007 and again for 2008. With receipt of the payment for Vin & Sprit AB in summer 2008, the percentage of foreign currency debt approached 15 per cent. The Government decided at that time that the amortisation mandate with a specified amount would be discontinued and replaced by a percentage control with a control interval of ±2 percentage points. The reason for keeping a certain percentage of foreign currency debt is both the diversification argument presented earlier and the need for the central government to retain more freedom of action should central government finances weaken and domestic borrowing seem too costly. Table 2 shows the percentages for the different types of debt as measured by the CCF. As shown in the table, there has been a further increase in the percentage of inflation-linked debt in relation to its target share since the end of 2007. The percentage of foreign currency debt on 31 August is well in line with this target share.

Table 2: Actual share of each type of debt in relation to its target (per cent and percentage points, 30 day moving average)

	Share of the debt 071231	Share of the debt 080831	Target shares 2007-08	Diff (071231 vs target shares)	Diff (080831 vs target shares)
SEK nom	56	55	60	-4	-5
SEK infl.-linked	26	31	25	1	6
Foreign currency	17	14	15	2	-1

Source: The Debt Office.

Maturity of the central government debt

The choice of maturity is of considerable importance for cost and risk in central government debt management. In most instances a short maturity means a lower expected cost but higher risk since the yield curve usually has a positive slope (that is, short interest rates are lower than long rates). The higher risk associated with a short maturity can be classified as refinancing risk (the debt turns over more often) and interest rate refixing risk (fluctuations in interest expense will be bigger).

In the guidelines decision for 2007, the Government decided that the maturity for the central government debt would be shortened as a result of the greater scope for risk-taking. The decision was taken in the light of the expected large surpluses in the central government budget and the proximity of the inflation-linked debt and the foreign currency debt to their target shares. In the guidelines decision for 2007, the Government stressed that the reduction should be achieved through shortening the maturity in the foreign currency debt to maturities where the diversification effect of borrowing in various foreign currencies is greatest. It was also stressed that the maturity of the inflation-linked debt should be permitted to fall at the same pace that outstanding loans approach their maturity date, and the maturity for the nominal krona debt should be retained unchanged. Table 3 shows the average interest rate refixing period (IRR) for the three types of debt and for the total debt.

Table 3: Average interest rate refixing period (AIP) per type of debt 2004 – 2007 and on 29 August 2008 (expressed in years)

Year	SEK nominal	SEK infl.-linked	Foreign currency	Totalt
2004	3.7	12.8	2.2	5.4
2005	3.3	12.0	2.1	5.0
2006	3.4	10.8	2.1	4.9
2007	3.4	10.8	0.1	4.8
2008	3.6	10.1	0.1	5.1

Source: The Debt Office.
Note: The debt in foreign currency, including swaps and forward contracts in foreign currency, has been revalued using exchange rates at year-end.

3.3 Analysis Leading to This Year's Guidelines Proposal

Adjustment of the control system

In the guidelines decision for 2008, the Government requested the Debt Office, particularly in the light of the strong outlook for central government finances, to continue to review the analyses and estimates that form the basis of the Government's decision on the target shares for the foreign currency and inflation-linked debt. The analyses indicate that it is more appropriate to see the target shares in a long-term perspective. In this way, expensive buybacks and irregularities in the borrowing are avoided. The analyses also show that the Government's control of the central government debt's maturity is most appropriately accomplished via decisions on the maturity for each type of debt instead of via decisions on a maturity benchmark for the entire central government debt.

The current control system has evolved since 1999 when the then government first decided guidelines for central government debt management. That it is the Government that should decide the composition and maturity of the debt was stated in the Bill which provided the basis for the transition to an annual guidelines decision. This general principle is still valid. In the guidelines for 2007, a new control system and a new method of calculating the composition of the central government debt were introduced. The control system means that a new definition of the debt was introduced, *the debt's aggregate cash flow* (CCF). With the CCF measure, the conditions for control are improved since this debt measure gives a more accurate picture of the central government debt's total risk exposure. The control system from 2007 means that the Government exercises control over central government debt management by specifying the target values for the shares of foreign currency and inflation-linked debt and a control interval for the share of foreign currency debt (see also section 4.1 and 4.2), and that the Government sets a target for the maturity of the aggregate debt. Table 4 shows a compilation of the control variables decided by the Government with respect to the debt's composition and maturity and some of the variables that have been delegated to the Debt Office to decide.

Table 4: Current control system for central government debt management

Government decisions:	Target value, percentage of foreign currency debt Control interval, percentage of foreign currency debt Target value, percentage of inflation-linked debt Target value (residual), percentage of nominal krona debt Target value, average interest-rate refixing period (AIP), total debt
Debt Office (Board decision)	Deviation interval, percentage of inflation-linked debt Benchmark, AIP (foreign currency, inflation-linked, nominal krona) Deviation interval, AIP (foreign currency, inflation-linked, nominal krona)

New control system from 2009

Today's control system is well-suited to a relatively large central government debt, which develops at an even pace. Two adjustments are being made so that in other situations the control system will also be appropriate from the perspective of the overall goal of central government debt policy.

The first adjustment to the control system is the extension of the time horizon with respect to the target share for the inflation-linked debt. This means that the debt percentage will be permitted to deviate from the target over a longer time and that the deviation interval around the percentage of inflation linked debt will be abolished. The reason for the adjustment is to avoid costly buybacks while simultaneously creating predictability in borrowing and management. The size of the inflation-linked debt is difficult to influence as the issues are small and only small volumes will fall due in the next few years (see also section 4.2).

The second adjustment to the control system is that the Government will decide the maturity for each type of debt and that the Debt Office will decide the operational deviation interval around these target values. In the current control system, the Government decides a maturity benchmark for the entire central government debt while decisions on the benchmarks for the individual types of debt with operational deviation intervals are decided by the Debt Office. The reason for the adjustment here is that the separate target values will provide a clearer picture of the balance between expected cost and risk for the three types of debt. The separate target values also have the advantage that undesirable deviations in the percentage for a particular type of debt are not compensated for by a further undesired deviation in the percentage for another type of debt. The aggregate debt maturity measure will also henceforth be reported by the Debt Office.

Table 5 shows the variables decided by the Government with respect to the debt's composition and maturity from 2009 onwards and the variables that have been delegated to the Debt Office to decide in this connection.

Table 5: New control system from 2009

Government decisions:	Target values, debt shares (foreign currency, inflation-linked)
	Control interval, debt share (foreign currency)
	Target values, average interest-rate refixing period (AIP) (foreign currency, inflation-linked, nominal krona)
Debt Office (Board decision)	Deviation interval, AIP (foreign currency, inflation-linked, nominal krona)

Change in the 2008 guidelines decision to meet the need for central government loans

The growing financial unrest in autumn 2008 caused a sharp increase in the demand for government securities. The increased demand combined with a limited supply of T-bills, owing to the declining central government debt, led to a sizeable excess demand. Owing to the large demand, the sale of T-bills in the secondary market depended entirely on the Debt Office lending large amounts of T-bills to dealers. The Debt Office normally does this via a standing facility for market maintenance repos. However, the pressure on the T-bill facility became so intense that the Debt Office decided on 18 September to suspend its undertakings in this market. However, market undertakings in bonds remained unchanged. Instead of offering T-bills via the standing facility, the Debt Office decided to increase the supply of T-bills in the market by extra auctions of up to a total of SEK 150 billion. The measures were decided in consultation with the Riksbank. The measures taken by the Debt Office were not expressly covered by the purposes for which the central government is allowed to borrow under existing law.

On 29 October 2008 the Riksdag decided on a change in the Act on Central Government Borrowing and Debt Management (1988:1387). The change means that the Government, or if the

Government so decides, the Debt Office, in consultation with the Riksbank, is allowed to borrow on behalf of the central government in order to meet the need for government loans with different maturities. The Swedish Financial Supervisory Authority is to be informed before the Debt Office takes the aforementioned measure. In the Government Bill on measures to enhance the stability of the Swedish financial system (2008/09:61), which formed the basis for the legislative amendment, the Government expressed its opinion with reference to the guidelines issued regulating the possibilities whereby the Debt Office may borrow for specified purposes.

On 29 October 2008 the Government decided in a special decision (Fi2008/6309) the aforementioned guidelines for 2008. In the decision the Debt Office was given the right in 2008 to have outstanding loans to a maximum nominal value of SEK 200 billion in order to meet the need for government loans with different maturities. The amount is big enough to allow for further lending should the need arise. In the government decision above and in Government Bill 2008/09:61, it is evident that such borrowing may only be used if it is required due to threats to the financial market's functionality. It is also stated that the funds borrowed are to be used to support financial stability and that the Debt Office should also get the Riksbank's views on how the borrowed funds should be invested. The investment of the funds should in general be guided by the principles stated in the new Act on state aid to credit institutions (2008:814). This means that investments, as far as possible, should be made so as to prevent an unwarranted distortion of competition, keep the central government's long-term costs as low as possible, enable recovery of the central government's investment to the utmost possible extent, and to compensate the central government for its risk-taking.

The loans taken out by the Debt Office to meet the need for central government loans do not affect the CCF measure and thus also do not affect control of debt shares or maturity. The explanation is that the CCF measure takes into account the central government debt's cash flows on both the liability and asset sides. The increased debt resulting from the extra T-bill issues is equivalent to the short-term investments made. However, both unconsolidated and consolidated central government debt as well as the Maastricht debt increase by the total amount of outstanding extra T-bill issues. Yet it should be noted that the central government debt according to these measures will be reduced the moment that the extra T-Bills issued fall due and are not replaced by new ones. For obvious reasons, it is difficult at present to determine how long the extra issues will continue. What has been decided in this matter for 2009 can be found in section 4.7.

New possibility for the Riksbank to have government securities at its disposal

One possible measure mentioned in Government Bill 2008/09:61 is to allow the Riksbank to have a new option of having government securities at its disposal. This measure would, however, require consideration of some complicated legal issues for which there is no provision in said legislation. The Government therefore came to the conclusion that the matter must be given further consideration. This matter is currently under preparation in the Government Offices.

4 Guidelines for Central Government Debt Management in 2009

Summary: The Government's decision on the guidelines for 2009 leaves the Government's central government debt policy unchanged. The target values for the composition of the central government debt and its maturity will remain unchanged. Two adjustments are being made to the control system. An addendum is being made to the guidelines regarding restrictions in connection with the Debt Office meeting the need for government loans.

The guidelines decided by the Government agree with the Debt Office's proposal, except for the maturity for the nominal krona debt.

The Riksbank in its comments on the Debt Office's proposal on the guidelines for 2009–2011 has stated that from a monetary policy perspective, it does not have any objections to the Debt Office's proposed guidelines.

4.1 Foreign Currency Debt

The Government's decision: The foreign currency debt is to be 15 per cent of the central government debt. The control interval is to be ±2 percentage points.

The Debt Office's proposal: Agrees with the Government's decision.

Reasons for the Government's decision: The 15 per cent target for the foreign currency debt was reached during summer 2008. The Government therefore decided to rescind the previous decision on a nominal benchmark for the amortisation rate. In the decision of 28 August 2008, the Government stated that the Debt Office is to steer the foreign currency debt towards 15 per cent with a control interval of ±2 percentage points (Fi2008/3736).

The Government finds no reason to change the target share for the foreign currency debt. Previous analyses have indicated that this percentage may be considered a reasonable balance between the positive diversification characteristics and the exchange rate risk inherent in a foreign currency debt. The Government does not see any new factors that change its earlier position-taking on the matter.

The aim of a control interval of ±2 percentage points is mainly to avoid costs due to control measures that would only be occasioned by temporary exchange rate changes. If the foreign currency share were to fall outside the control interval due to exchange rate changes, measures should be undertaken with the aim of bringing the percentage back within the interval (rather than moving the percentage to the benchmark of 15 per cent). This does not apply to deviations with origins caused by other factors. In the latter case, the percentage of foreign currency debt should be returned to the benchmark.

The speed in adjusting the currency percentage depends on a number of factors. An adjustment should take place in small steps and over a long period to avoid unnecessary costs, while creating transparency and predictability. The possibilities of returning to the benchmark are good in comparison with other types of debt, owing to the availability of instruments for managing the foreign currency debt (for example, swaps and currency forwards). Adjustment of the percentage of foreign currency debt is therefore expected to be possible without excessively high transaction costs. The control is deemed to fit well within the framework of the Debt Office's ordinary forecast and planning horizon, which at present is around two years.

4.2 Inflation-Linked Debt

The Government's decision: The share of inflation linked debt is to be steered in the long term to 25 per cent of the central government debt.

The Debt Office's proposal: Agrees with the Government's decision.

Reasons for the Government's decision: The 25 per cent target for the inflation-linked krona debt is retained unchanged. The Government finds no reason to change the target share since no new factors have arisen that change the Government's long-term view of what constitutes an appropriate share of inflation-linked debt. However, the Government is changing the formulation of the target so that control of the percentage of inflation-linked debt will take place in a more long-term perspective. In connection with the new formulation of the target, the deviation interval around the percentage of foreign currency debt is also being abolished. The decision is based on the difficulty of controlling the size of the inflation-linked debt without incurring unwarranted costs and irregularities in the borrowing. The inflation-linked debt is difficult to influence since issues are small and the average maturity for inflation-linked bonds is long. During the next few years, essentially no inflation-linked bonds will fall due There are also no derivative instruments that make it possible to exchange portions of the outstanding stock of inflation-linked bonds at a reasonable cost. In other words, a rapid reduction in the percentage of inflation-linked debt is not possible without conducting buybacks. Another reason for the decision to extend the time horizon in this part of the debt is the uncertainty that always exists regarding the borrowing requirement in the long term. Estimates of the long-term development of the debt shares incorporate this uncertainty. For this reason, the control should also be long term.

The share of inflation-linked debt at the end of August 2008 was 31 per cent (see table 2, section 3.2).The Debt Office's calculations indicate that in the next few years the share of inflation-linked debt will be at levels above 30 per cent. A significant decrease in the share of inflation-linked debt will first occur in 2012 and 2015 when greater volumes of inflation-linked loans will fall due.

4.3 Nominal Krona Debt

The Government's decision: In addition to inflation-linked debt and debt in foreign currencies, the central government debt is to consist of nominal debt in kronor. The target share for the nominal krona debt will be 60 per cent of the central government debt as a direct consequence of the targets for the other debt shares.

The Debt Office's proposal: Agrees with the Government's decision.

Reasons for the Government's decision: From a control perspective, the nominal krona debt is a residual as target shares are specified for the foreign currency and inflation-linked debts.

The nominal krona debt is the most important source of financing for the central government debt and at the end of 2007, it constituted 56 per cent of the debt according to the CCF measure. The Debt Office holds regular auctions to borrow in nominal kronor in the form of T-bills and government bonds. The form of borrowing and the fact that control of the share of inflation-linked debt is long term and that there is an interval of ±2 percentage points around the foreign currency percentage means that the nominal krona debt absorbs swings in the borrowing requirement and deviations from the foreign currency target share.

4.4 Maturity

The Government's decision: The Government establishes a separate target value for each of the three types of debt to control the maturity of the central government debt.

The maturity of the nominal krona debt is to be 3.5 years during 2009. The aim for 2010 and 2011 will also be 3.5 years.

The benchmark for the maturity of the foreign currency debt during 2009 is to be 0.125 years. The aim for 2010 and 2011 will also be 0.125 years.

The benchmark for the maturity of the inflation-linked krona debt at the end of 2009 is to be 10.1 years. The preliminary benchmark for the maturity at the end of 2010 and 2011 is to be 9.6 years and 8.9 years respectively.

The Debt Office is to state the operational deviation interval for the respective benchmark.

The Debt Office's proposal: The Debt Office has proposed shortening the maturity of the nominal krona debt from the current 3.5 years to 3.2 years until the end of 2010. The proposed preliminary benchmark for 2011 is also 3.2 years. The proposal is based on the Debt Office's analyses and considerations in connection with the guidelines proposal. The basis for the conclusion is that in exchange for lower expected costs, the state's scope for risk-taking increases in line with the strengthening of central government finances. The Debt Office's proposed maturities for the foreign currency debt and the inflation-linked debt agree with the Government's decision.

Reasons for the Government's decision: Based on the Debt Office's analysis and the reasoning presented in section 3.3, the Government will decide beginning in 2009 the maturity benchmark in each of the three types of debt. Previously the Government decided the benchmark for the maturity for the central government debt as a whole, after which the Debt Office was given the task of deciding how to allocate the maturity to the three types of debt. In both the new control system and the old, it is the Debt Office that has the task of stating the operational deviation intervals around the benchmark for each type of debt.

The Government has decided that the maturity of the nominal krona debt is to be 3.5 years during 2009. The aim for 2010 and 2011 will also be 3.5 years. The Government has not chosen to shorten the nominal krona debt's maturity in line with the Debt Office's proposal due to the increase in uncertainty during autumn 2008 about economic developments and thus the development of government finances in the next few years. The ongoing financial unrest also makes it appropriate to wait for a normalisation of conditions in the financial markets before making a decision on changing the direction of the maturity.

The reason behind the Government's decision that the foreign currency debt's maturity is to be 0.125 in 2009 and provisionally the same in 2010 and 2011, remains unchanged. According to the Debt Office's analysis[7], the diversification effect of borrowing in various foreign currencies is greatest for the stated maturity. This means that in terms of cost and risk, a short maturity in the foreign currency debt is deemed appropriate. The risk inherent in the shorter maturity for the

[7] In the Debt Office's proposal for 2007.

foreign currency debt is reduced by spreading it over five foreign currencies. That the foreign currency debt only accounts for 15 per cent of the debt portfolio also reduces the risk. Owing to these factors, the effect of a possible short-term interest rate shock would be limited. Access to a broad and deep derivatives market also makes it feasible to achieve a short maturity for this type of debt.

The reason behind the Government's decision on the benchmark for the maturity of the inflation-linked krona debt, i.e. 10.1 years at the end of 2009 and provisionally 9.6 years and 8.9 years at the end of 2010 and 2011 respectively remains unchanged. Subject to technical adjustments that take place due to the actual development of the inflation-linked debt, the Government finds no reason for abandoning the target established in the 2007 guidelines decision. The passage of time is the dominating factor controlling the maturity of the inflation-linked debt, since the maturity gets shorter as the various loans approach their due date. As seen in section 4.2, it is difficult to control the percentage of the inflation-linked debt without causing irregularities in the borrowing and unwarranted costs in central government debt management.

4.5 Position-taking

The Government's decision: Active position-taking by the Debt Office is to be possible in order to lower the cost of the central government debt, while taking risk into account. Positions are to be taken with derivative instruments. The extent of the position-taking is limited by the Government's specification of a maximum risk level, measured in terms of daily Value-at–Risk. The risk limitation is to include all of the Debt Office's positions. The limitation on the Debt Office's position-taking is to be set at SEK 600 million, measured as daily Value-at-Risk at 95 per cent probability. Within the specified limits for position-taking, the Debt Office may take positions in Swedish kronor against other currencies to a maximum of SEK 15 billion. Positions are not to be taken in the Swedish fixed-income market.

The Debt Office is to decide how the risk mandate is to be divided between the strategic and operational levels.

The Debt Office's proposal: Agrees with the Government's decision with the exception that the Debt Office has proposed that positions that concern the krona's exchange rate against other currencies are not to be covered by the risk mandate.

Reasons for the Government's decision: The purpose of allotting the Debt Office a limited scope for position-taking is to further reduce the cost of the debt to the central government. The Debt Office in actively managing the debt has been given the possibility of taking interest and foreign currency positions (however, not in the Swedish fixed-income market) based on its view of market trends.

The Board of the Debt Office is to decide guidelines for the active management. In the event that a position is deemed too large to be handled in the normal active management, the decision is to be taken by the Board. The Board's decision about position-taking is designated as strategic while lower level Debt Office decisions are considered operational.

Besides the positions previously counted as part of active management, the Debt Office has had the option of adjusting the amortisation rate for the foreign currency debt in view of such factors as its assessment of the krona's value in relation to other currencies. The deviations from the amortisation rate benchmark were not previously included in the risk mandate as it involved changing the composition of the debt. The aim was to avoid amortising the foreign currency debt at times when it was particularly costly for the central government. It was thus not a matter of positions like those taken in the active management. Functionally and in terms of accounting, these positions are outside normal central government debt management. The positions are taken with the help of derivatives and their market value can be monitored on an ongoing basis.

On 28 August 2008, the Government decided that the Debt Office would start fully controlling the foreign currency share (sections 3.2 and 4.1). The changeover to percentage control means that the nominal amortisation mandate has been eliminated. In doing so, the interval around the amortisation benchmark of SEK 15 billion that limited the Debt Office's ability to react to swings in the value of the krona against other currencies was eliminated.

The control system now in effect for the foreign currency debt was introduced in the Debt Office's 2007 guidelines proposal. That same year the Debt Office proposed that position-taking be controlled by a comprehensive risk mandate established by the Government. It was noted in this context that in a changeover to percentage control, krona positions should be handled in the same way as other position-taking, i.e. taken with derivatives and monitored for market value on an ongoing basis. Thus they can and should be included in the overall risk mandate established by the Government. At the same time the Debt Office pointed out that certain restrictions should be placed on positions between kronor and foreign currency even if these are taken through derivatives, keeping in mind the requirement for predictability and transparency in currency exchanges. It should require larger positions to be gradually built up with greater openness than that which characterises a position between, for example, dollars and euros. Since it would be a few years before there was percentage control, the Debt Office's analysis did not lead to any proposal.

In the 2007 guidelines decision, the Government therefore did not take any position on the Debt Office's argument on krona positions, observing that an amortisation benchmark with an interval would continue to apply for the time being. Since this control technique is no longer used, the matter of how positions in Swedish kronor against other currencies are to be handled in a system with percentage control has come to the fore again.

The Government thinks that krona positions should be included in the overall risk mandate as proposed by the Debt Office in the 2007 guidelines decision. As with other positions, they are to be taken with derivatives and monitored for market value on an ongoing basis. However, with regard to the requirement that the Debt Office act in a transparent and predictable way, certain special restrictions are to apply to krona positions.

First, there is cause for supplementing the general risk limit with a quantitative bound on how large a krona position the Debt Office is to be able to take. This is a way of emphasising that the Debt Office should not be the predominant actor in the foreign exchange market for Swedish kronor. An appropriate limit is ± SEK 15 billion, the same size as the previous deviation mandate.

Second, there is to be a gradual build-up in krona positions within the framework of a programme announced in advance. This also concurs with the arrangement previously in effect.

Third, the Debt Office is to take krona positions only when the krona's exchange rate deviates markedly from what seems to be a long-term reasonable value. One way of emphasising this is to state that krona positions should only be taken for strategic purposes. It is thus in future not the Debt Office's task to engage in short-term position-taking in the krona market. Also arguing in favour of such an arrangement is that it marks the boundaries to the ongoing foreign currency exchanges that the Debt Office makes to meet due dates and interest payments on debt in foreign currencies.

The decision means that the scope that the Debt Office has for position-taking is expressed in explicit and comprehensive terms. It is an advantage to have a risk measure (Value-at-Risk, VaR), which includes all types of interest-rate and foreign currency positions, both strategic and more tactical. The limitation on position-taking of SEK 600 million in terms of daily VaR at 95 per cent probability is sized to correspond substantially with the risk exposure that the Debt Office had before the system was introduced in 2007. The mandate means that the Debt Office has the ability to take positions that with a 95 per cent probability will not lose more than SEK 600 million in value during one day. Thus the probability of a loss of SEK 600 million or more is 5 per cent. Normally the Debt Office uses only a limited part of the allocated risk mandate. The Government is therefore of the opinion that the decision to include krona positions does not lead to any change in the risk mandate. As in previous years, the Debt Office will not be allowed to take positions in the Swedish fixed income market. The dividing line between the basis for financing the central government debt and position-taking thus remains unchanged.

In the evaluation in spring 2008 (Government Communication 2007/08:104), it was noted that the Debt Office's active position-taking has thus far been profitable. For the five years from 2003-2007, profits were SEK 0.8 billion, a profit that is based on the outcome for 2003.

4.6 Market and debt maintenance

The Government's decision: Through market and debt maintenance, the Debt Office is to contribute to an efficient market for government securities with a view to maintaining the long-term cost minimisation target while taking risk into consideration.

The Debt Office's proposal: Agrees with the Government's decision.

Reasons for the Government's decision: A well-functioning Swedish fixed-income market is of great importance for cost and risk in central government debt management. For this reason the Debt Office, through market and debt maintenance, has had the task of improving market efficiency with a view to maintaining the long-term cost minimisation target while taking risk into consideration. The Debt Office is also responsible for taking into consideration how to reduce the risk that infrastructure with liquid markets, good investor confidence and well-functioning dealer networks will suffer from smaller loan volumes. However, these tasks must not lead to setting aside the goal of keeping costs to a minimum. The Debt Office's strategic market and debt maintenance is conducted primarily by formulating principles for operational borrowing and management. The key concepts in this connection are openness, transparency, predictability and a long-termism. The operational market and debt maintenance conducted by the Debt Office consists, inter alia, of the borrowing plans and forecasts of borrowing requirements reported by the Office for the next two years. This gives investors an opportunity to assess the various borrowing instruments on offer. The Debt Office also provides operational market and debt maintenance by the exchange and repurchase of bonds and by repos aimed at market maintenance. The increasing unrest in the financial markets has meant that the pressure on the Debt Office's repo facility for T-bills has increased so much that it was decided to close and replace it with extra issues of T-bills in September 2008.

4.7 Borrowing to meet the need for central government loans

The Government's Decision: The Debt Office, in consultation with the Riksbank, is allowed to raise loans for the central government to meet the need for government loans with different maturities. The Debt Office has been given the right to have outstanding loans to a maximum nominal value of SEK 200 billion for this purpose in 2009.

The Debt Office's proposal: The Debt Office did not address this matter since the regulations governing this borrowing have been drawn up after the Debt Office submitted its formal proposal for central government debt management 2009–2011.

Reasons for the Government's decision: The aim of the Government's decision is to give the Debt Office, in consultation with the Riksbank, the possibility of helping support financial stability. The possibility of borrowing on behalf of the central government for the aforementioned purpose is to be used only if it is called for, owing to a threat against the financial markets' functionality. Likewise, the funds borrowed are to be used to support financial stability. The decision to borrow for this purpose is, as previously stated, to be taken in consultation with the Riksbank. Before the Debt Office takes such measures, the Swedish Financial Supervisory Authority should be informed. The Debt Office should also obtain the Riksbank's views on how the borrowed funds should be invested. The investment of the funds should in general be guided by the principles stated in the new Act on state aid to credit institutions (2008: 814). This means that investments, as far as possible, should be made so as to prevent an unwarranted distortion of competition, keep the central government's long-term costs as low as possible, enable recovery of the central government's investment to the utmost possible extent, and compensate the central government for its risk-taking. In section 3.3, there is a description of the reasons behind the decision and the amendment to the Act on Central Government Borrowing and Debt Management (1988:1387). In the Government Bill on measures to enhance the stability of the Swedish financial system (2008/09:61), which included the legislative amendment, the Government expressed its opinion on the guidelines issued regulating the possibilities whereby the Debt Office may borrow for specified purposes. For 2009 the matter will be regulated in this guidelines decision. The matter of the Riksbank's option of having government securities at its disposal, described in section 3.3 and in Government Bill 2008/09:61, is currently under preparation in the Government Offices.

4.8 Borrowing in the Retail Market

The Government's decision: The Debt Office is to contribute to reducing the costs of central government debt by retail market borrowing.

The Debt Office's proposal: Agrees with the Government's decision.

Reasons for the Government's decision: The Government's target for retail market borrowing is unchanged from previous years. The target means that this form of borrowing is to contribute to reducing central government debt costs. If retail market borrowing does not yield lower borrowing costs than alternative borrowing, this activity cannot be justified.

In the evaluation of spring 2008 (Government Communication 2007/08:104) it was noted that retail market borrowing has contributed to cost savings of SEK 0.8 billion compared with equivalent borrowing in the money and bond markets.

5 Evaluation of Central Government Debt Management

The Government's decision: For 2009 the Debt Office is to establish internal guidelines based on the Government's guidelines. The decisions are to refer to the deviation interval for the maturity benchmarks decided by the Government for each type of debt, distribution of the risk mandate, the currency distribution in the foreign currency benchmark and the principles for market and debt maintenance. The evaluation of the decisions made by the Board of the Debt Office is to be made in qualitative terms in light of the information available at the time the decision was taken. Where possible, the evaluation is also to contain quantitative measures.

The evaluation of the operational management is to include borrowing in and management of the different types of debt, market and debt maintenance measures and foreign currency trades. For inflation-linked borrowing, the realised difference in cost between the inflation-linked and nominal borrowing is to be reported. For borrowing in the retail market, the cost savings compared with alternative borrowing are to be reported.

Strategic and operational positions within the prescribed risk mandate are to be results driven on an ongoing basis and evaluation is to be in terms of market values.

Section 4 contains the guidelines decided for 2009. Here the parts that have been delegated to the Debt Office to decide (i.e. to establish internal guidelines for) can be found. Section 5 explains how central government debt management will be evaluated. Central government debt management is evaluated at three levels: *the Government's guidelines*, *the Debt Office's strategic decisions* and *the Debt Office's operational management.* The evaluation has previously been submitted to the Riksdag every year, but beginning in 2008 a more detailed evaluation communication will be submitted every second year.

The Government is to present the communication by 25 April in these years. The reason for doing an evaluation less frequently is that the impact of the central government debt on the budget has lessened, the process has found a suitable form and the central government debt policy is long term in nature. Since the goal of central government debt policy is long-term, the result is evaluated over rolling five-year periods. The evaluation of the 2009 guidelines decision, which will be done in spring 2010, will thus concern the years 2005–2009. The evaluation that the Government submitted to the Riksdag in spring 2008 (Government Communication 2007/08:104) contained an external assessment of the conduct of central government debt policy. This was welcomed in the Committee on Finance Report (2007/02:FiU22). At the same time, however, it was clear that use of the assessment report was relatively limited. The Committee on Finance has written that the Government in the Communication to be submitted to the Riksdag in spring 2010 should further develop the external assessment so that it can fill the important function of supporting material to use as a basis for evaluating central government debt policy.

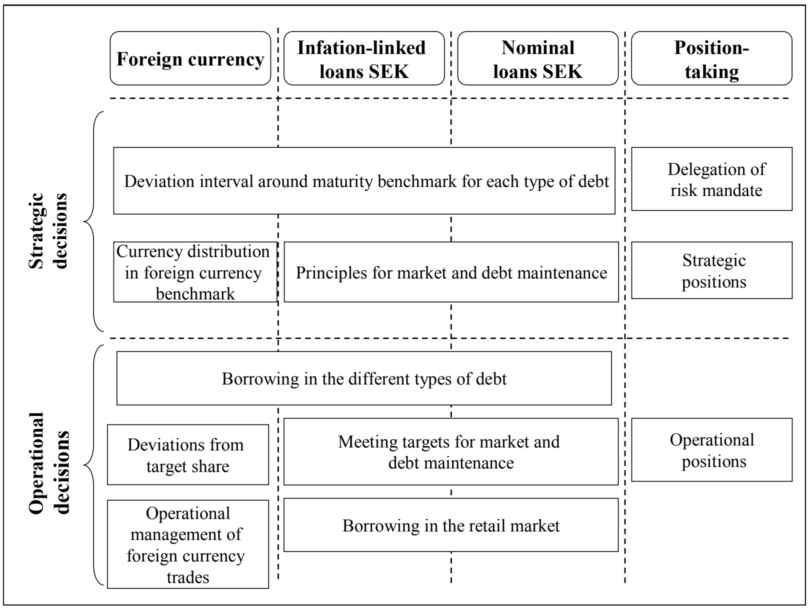
Evaluation of three levels
The principles guiding the evaluation are stated below. The reason for devoting a special section to these principles is that clear principles for evaluation promote objectivity and consistency in the follow-up over time.

5.1 Evaluation of the Government’s Guidelines

The Government’s decision on the guidelines should be evaluated directly against the long-term goal of central government debt management. The report to the Riksdag should thus refer primarily to the strategic considerations forming the basis for the guidelines decision in light of the knowledge available at the time the decisions were taken.

One key factor in the decision on the guidelines should be how much risk the Government is willing to assume. The basic assumption should be that the debt portfolio selected should have a lower cost and/or lower risk than other portfolios. Debt portfolios that have undue risk, for example, those with little or no diversification, should thus be rejected even though they afterwards prove to have had a lower cost than a portfolio with less risk. In the evaluation, quantitative measures should supplement qualitative considerations and judgement, where possible. In addition to the Government's guidelines, the Debt Office’s debt management activities in such matters as cash management are regulated in the instructions to the authority.
In figure 3, there is a schematic overview of the evaluation of central government debt management for 2009.

Figure 3: Evaluation of the Debt Office's Strategic and Operational Decisions



Changes in the schematic evaluation beginning in 2008

- *Foreign currency debt:* Deviation from the amortisation benchmark has been eliminated since, from 28 August 2008, the foreign currency debt has been controlled by its target share (previously, the decision was strategic). Strategic decisions on deviations from the foreign currency debt's target share are followed up under strategic positions and on the operational level under deviations from the target share.
- *Inflation-linked debt:* The deviation interval around the target benchmark has been eliminated since a long-term perspective is to be used in controlling the inflation-linked debt (the decision was previously strategic).
- *Maturity:* The decision on the maturity benchmark for each type of debt has been discontinued (the decision was

previously strategic). Instead it is the Government that will decide the maturity benchmark for each type of debt. Strategic decisions on deviation intervals from the maturity benchmark for each type of debt will remain and be followed up.

5.2 Evaluation of the Debt Office's Strategic Decisions

Deviation interval around the maturity benchmark for each type of debt
The decisions on the deviation interval for the three types of debt in the central government debt are to be evaluated. The evaluation is primarily qualitative.

Allocation of foreign currencies in the foreign currency benchmark
Decisions on the currency distribution in the foreign currency benchmark are to be evaluated. Mostly qualitative terms are to be used to evaluate this benchmark since there are no reasonable norms for quantitative comparisons. The Debt Office should report analyses and arguments for a specified benchmark's composition. To the extent that partial analyses have been allowed to influence the currency distribution in the benchmark, the grounds for doing so and a basis enabling a quantitative follow-up are to be reported.

Principles for market and debt maintenance
Decisions on market and debt maintenance principles in the krona market are to be evaluated. The primary concern of the evaluation is to be the choice of principles and the likelihood that they will lead to the desired effects.

Delegation of the risk mandate for position-taking
Decisions on delegating the risk mandate for position-taking are to be evaluated. The evaluation is principally qualitative.
Strategic interest rate and foreign currency positions
Decisions on strategic interest rate and foreign currency positions are to be evaluated in terms of market value. As made clear in section 4.5, positions in the Swedish fixed-income market are not allowed. The positions are to be taken with derivatives and placed in their own portfolio so that they can be monitored on an ongoing basis. The Debt Office is to report follow-up indicators relating results achieved to the risk taken. Strategic deviations from the foreign currency percentage are also included here.

5.3 Evaluating the Debt Office's Operational Management of the Debt

Borrowing in and managing the different types of debt
There is to be an evaluation of how borrowing in the different types of debt and the management of each type have been conducted. The evaluation is to be primarily in qualitative terms and on an ex ante basis. Moreover, the realised difference in cost should be reported for inflation-linked borrowing. This means that a cost comparison between borrowing in inflation-linked bonds and borrowing in nominal government bonds for the latest five-year period should be reported.

Market and debt maintenance
There is to be an evaluation of the market and debt maintenance conducted with the aim of achieving an efficient nominal and inflation-linked krona market.

Borrowing on the retail market
The Debt Office is to report any cost savings realised from borrowing in the retail market compared with alternative

borrowing (T-bills or government bonds). The cost savings for each form of borrowing as well as for total retail market borrowing are to be reported for the most recent five-year period. In addition, the Debt Office's position in the market for savings products needs to be specified.

Operational management of foreign currency exchanges

The Board of the Debt Office is to adopt a relatively smooth path for the Debt Office's exchanges between kronor and foreign currency. The Board is to specify a certain fluctuation interval around this trajectory within which currency exchanges may deviate for practical reasons. The interval is considered neutral with respect to results. In addition the Board is to specify risk limits on how large the currency positions taken by the operational management may be. Within these bounds, the Debt Office can then vary the trades it makes at times when they seem particularly advantageous or disadvantageous. Possible deviations can then be evaluated ex post by calculating differences in costs between the trajectory for the foreign currency trades that are neutral in outcome and the actual trajectory.

Operational positions

Evaluation of operational interest rate and foreign currency positions are to be done in terms of market values. The positions are to be taken with derivatives and placed in their own portfolio so that they can be monitored on an ongoing basis. The Debt Office is to report follow-up indicators relating results achieved to the risk taken.

Borrowing to meet the need for central government loans

The extra issues by the Debt Office where warranted due to the threat to the financial markets' functionality are to be evaluated. The evaluation is principally qualitative.

6 The Debt Office´s Remit

The Government's decision: The Debt Office is to improve its control and evaluation of central government debt management on an ongoing basis.

The Debt Office is to revise the analyses and estimates that form the basis of the Government's decision on the maturity for the foreign currency and inflation-linked debt, in the light of the outlook for public finances.

Within the framework of the central government debt policy remit, the Debt Office is to analyse and report the measures that it has taken in connection with the financial and credit unrest. The Debt Office is also to report on how a more long-term and integrated system can be worked out in view of the requirements established within the framework for debt and market maintenance and on its remit to meet the need for government loans with different maturities. In addition, further measures that as far as possible can help ensure the functionality of the government securities market in times of stress in the financial system should be reported. The report on this remit is to be submitted by 30 April 2009.

The Debt Office is to produce a main document with the aim of providing a comprehensive picture of decisions that have been taken over the years and that affect current central government debt management.

The Debt Office is to present a report on the development work completed during the year in the guidelines proposal submitted in the autumn of 2009.

Reasons for the Government's decision: The guidelines are to be long term and aim at the goal of minimising costs with due consideration for risk. At the same time the guidelines are necessarily dependent on the state of public finances and prevailing financial market conditions.

The Government has chosen to defer taking a position on the long-term direction of the maturity for the nominal krona debt. The reason is the increase in uncertainty during autumn 2008 regarding the development of the real economy and the central government debt. The ongoing financial unrest also means that it is best to wait for a normalisation of conditions in the financial markets before making a decision on changing the direction of the maturity. The Debt Office's remit means that, based on the outlook for public finances, it will analyse and form an opinion on an appropriate target for the maturity for the nominal krona debt.

The Government also considers it urgent for the Debt Office to analyse and report the measures that have been taken within the framework for central government debt policy and any further changes required in the light of developments in connection with the financial crisis. The matter has already been considered during summer and autumn 2007 when repo volumes increased as a result of the global credit unrest that began then. The repos helped increase liquidity and deepen the market for government securities, but in a manner that was not foreseen when the facility was designed. During September 2008, the pressure on the repo facility was so intense that it had to be closed in order to be replaced with extra issues of T-bills.

The Debt Office is also to report on how a more long-term and integrated system can be designed in view of the requirements established within the framework for debt and market maintenance and on its remit to meet the need for government loans with different maturities (see sections 4.6 and 4.7). The Debt Office is also to report any further measures that as far as possible can help ensure the functionality of the government securities market even in times of stress in the financial system. The reports of this remit, including a status report on the extra issues, is to be submitted no later than 30 April 2009.

The Debt Office has been working for some time on compiling a description of the current direction of central government debt management. The aim is for the document to facilitate understanding of current guidelines and avoid the need for future guidelines proposals to include repetitions of previous discussions. The intention of the document is to provide a review of earlier decisions and standpoints and provide the discussion underlying these matters.

The Debt Office is to present a report of the development work completed during the year no later than in the guidelines proposal submitted in the autumn of 2009 unless otherwise stated.