Ireland’s National Treasury Management Agency
Managing a complex portfolio of public assets and liabilities

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A complex portfolio of public assets and liabilities

NATIONAL TREASURY MANAGEMENT AGENCY

- Funding and Debt Management
- State Claims Agency (SCA)
- Banking system functions (Seconded to Dept of Finance)
- NewERA
- National Pensions Reserve Fund (NPRF)
- National Development Finance Agency (NDFA)
- National Asset Management Agency (NAMA)
Public assets and liabilities being managed

- Debt portfolio
- Asset portfolios
- Liquidity assets
- Carbon credits
- Contingent liabilities
  - [Banking sector]
  - Claims against the State
  - PPPs
General Government Debt (%GDP) has risen significantly in recent years as a result of the banking crisis.
Responding to the crisis

• Not all liabilities can be anticipated

• NTMA structure makes it particularly suited to respond in crisis
Ireland’s NTMA: background and establishment

- Established in 1990 to manage the National Debt because it was no longer possible to do so within civil service (Department of Finance) structures.

- Legislation deliberately positioned NTMA outside of the wider public service structures with freedom to negotiate market-competitive salaries (and headhunt if necessary).

- Since 1990, NTMA has evolved from a single-function agency managing the National Debt to a manager of a complex portfolio of public assets and liabilities.
• Has played leading role in State’s response to financial crisis, tasked with establishing 3 new, high-profile businesses from scratch since 2009 alone:

  - NAMA (acquired property loans from banks)
  - Banking Unit (deleveraging and recapitalisation of banks)
  - NewERA (disposal of State assets and Shareholder Executive)

• Has also been managing NPRF (long term pension liabilities of the State; peak € 25 bn reserve fund)
NAMA – Banking liabilities

- Acquired loans with nominal value of €74 billion (12,000 loans, 35,000 individual properties, 800 debtors) from participating financial institutions

- Injected €32 billion of liquid assets into financial institutions as consideration

- New organisation established from scratch (200 staff recruited with long standing experience in banking and property), from standing start in December 2009 to fully operational during 2010

- So far paid down over €3.6 billion of NAMA debt (€3.3 bn NAMA Bonds and €0.3 bn to the State)
Practical issues – striking the right balance

Synergies

Conflicts of interest
A complex portfolio of public assets and liabilities

NATIONAL TREASURY MANAGEMENT AGENCY

- NTMA Advisory Board
- Minister of Finance
- Funding and Debt Management
- State Claims Agency (SCA)
- Banking system functions (Seconded to Dept of Finance)
- NewERA
- NPRF Commission
- National Pensions Reserve Fund (NPRF)
- National Development Finance Agency (NDFA)
- NAMA Board
- National Asset Management Agency (NAMA)
Advantages

• Centralising treasury operations means various arms of State aren’t in competition

• Model gives NTMA flexibility to quickly equip itself with professional expertise necessary to perform additional functions given to it by successive governments over the years

• New functions acquired can leverage NTMA’s services in IT, human resources, legal, communications

• Cross-fertilisation of ideas and expertise