

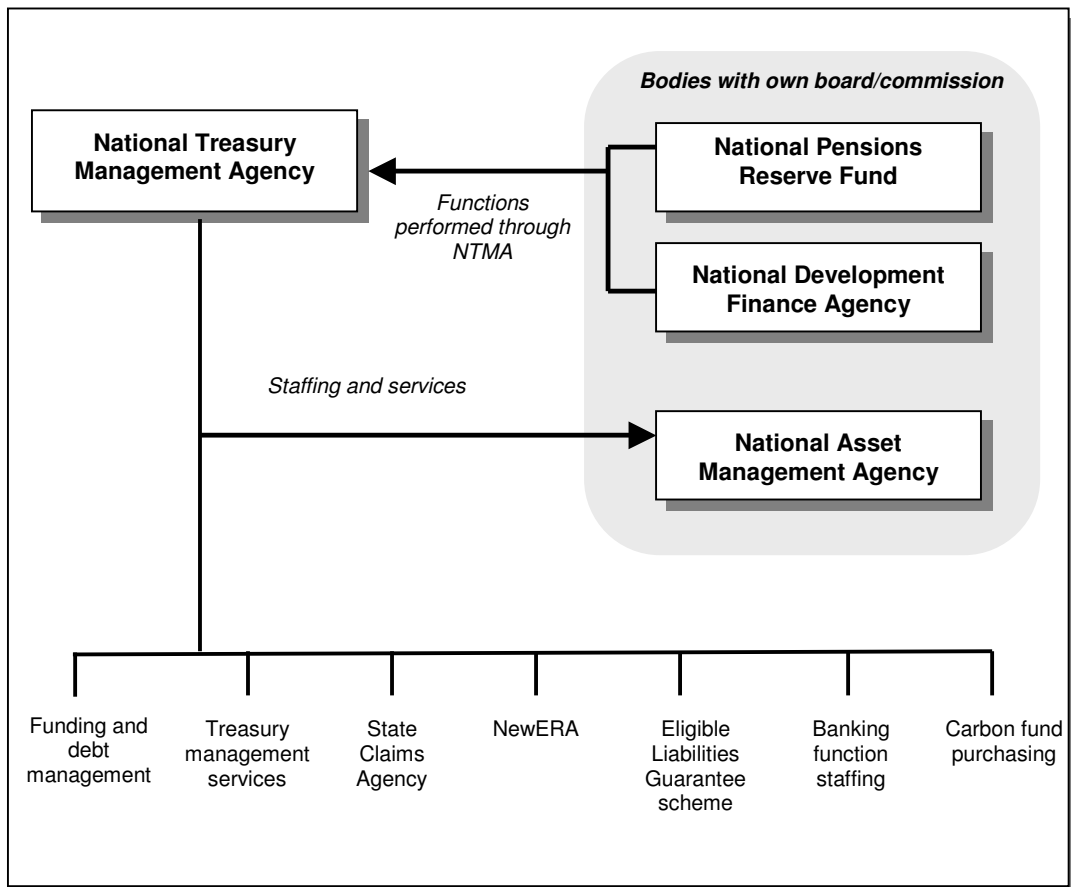
25 Accounts of the National Treasury Management Agency

- 25.1** Section 12 of the National Treasury Management Agency Act 1990 (the Act) requires the Agency to keep accounts of all moneys it receives or expends in the form approved by the Minister for Finance, and to submit them for audit by the Comptroller and Auditor General. Following completion of the audit, the Agency must submit the accounts to the Minister for Finance. The Minister must present the accounts to the Houses of the Oireachtas.
- 25.2** Separately, Section 12 (3) of the Act requires the Comptroller and Auditor General to report to Dáil Éireann with respect to the correctness of the sums brought to account by the Agency each year. This chapter is the report for 2011 under that section of the Act.

Functions and Roles of the Agency

- 25.3** The National Treasury Management Agency is a complex organisation with multiple functions and roles that now extend beyond its original function of managing Ireland's national debt. The Chief Executive Officer of the Agency reports directly to the Minister for Finance. The Agency operates without a board but has an Advisory Committee to assist and advise on matters the Agency refers to the Committee. A summary of the Agency's main functions and roles is outlined in Figure 25.1.

Figure 25.1 Main functions and roles of the National Treasury Management Agency



Funding, Debt Management and Treasury Services

- 25.4 The Agency borrows moneys on behalf of the Exchequer and manages Ireland's national debt which at the end of 2011 was €119.1 billion after taking account of cash and other financial assets.
- 25.5 The funding and debt management division in the Agency performs a number of other functions including treasury operations for the National Asset Management Agency (NAMA) and the National Pensions Reserve Fund (NPRF), providing a central treasury service for State bodies and local authorities and managing the assets of the Dormant Accounts Fund.

State Claims Agency

- 25.6 The NTMA manages personal injury, property damage and clinical negligence compensation claims on behalf of certain State authorities through the State Claims Agency (SCA). Awards and associated costs of the SCA in 2011 amounted to €110 million. The estimated cost of settling the claims that remained outstanding at 31 December 2011 was €991 million.

Eligible Liabilities Guarantee Scheme

- 25.7 Under the Eligible Liabilities Guarantee scheme (the scheme), certain eligible liabilities, including deposits and debt securities of up to five years maturity in participating institutions are guaranteed by the Minister for Finance. The NTMA operates the scheme on behalf of the Minister for Finance. While the scheme is administered by the Agency, the Accounting Officer of the Department of Finance is accountable for fees collected under the scheme. At 31 December 2011, amounts covered by the scheme totalled €102 billion in four participating institutions. Under State aid rules, the scheme requires the approval of the EU Commission at six-monthly intervals. In June 2012, the Commission approved the extension of the scheme to 31 December 2012.

Banking System Functions Staffing

- 25.8 In March 2010, the Government delegated certain banking system functions of the Minister for Finance to the NTMA. The delegation related, in particular, to management of the State's interest in the credit institutions covered by the banking guarantees and the negotiation of capital support to those institutions. The delegation was revoked with effect from 5 August 2011 and the NTMA Banking Unit has since then been seconded to the Department of Finance.¹ At the direction of the Minister, the costs of the Banking Unit, comprising staff costs and certain consultancy costs, continue to be met by the NTMA. Costs incurred in the period from 5 August 2011 to 31 December 2011 amounted to €6.3 million.

New Economy and Recovery Authority

- 25.9 In September 2011, the Government announced the establishment of the New Economy and Recovery Authority (NewERA), initially on a non-statutory basis, within the NTMA. Functions of NewERA include
- reviewing the capital investment plans of commercial semi-state companies, from a shareholder perspective and corporate governance of the commercial semi-state sector²

1 The delegation was revoked under Statutory Instrument number 395 of 2011.

2 Initially the companies within the remit are ESB, Bord Gais, EirGrid, Bord na Móna and Coillte.

- working with Departments to develop and implement proposals for investment in line with the NewERA programme for Government commitments in energy, water and next generation telecommunications
- working with the NPRF to bring forward proposals for investment of available resources in the NewERA initiative
- working with the NPRF to develop a strategic investment fund
- where requested by Government, advising on, and if appropriate overseeing, any restructuring or disposal of commercial semi-state company assets
- based on progress with the initial phase of its work, considering a model for a holding company structure which could own the shares in commercial semi state companies.

Carbon Fund Purchases

- 25.10** On behalf of the State, the Agency administers the purchase of carbon credits required to meet Ireland's climate change obligations through the Carbon Fund, which was established by the Carbon Fund Act 2007. At the end of 2011, the Carbon Fund held assets with an acquisition value of €99 million.

National Pensions Reserve Fund

- 25.11** The Agency is manager of the National Pensions Reserve Fund (the Fund). The Fund's legislative remit was amended in 2009 and 2010 to allow the Minister for Finance to direct the NPRF Commission to make certain investments and certain payments to the Exchequer. The Fund held net assets of €13.4 billion at the end of 2011.

National Development Finance Agency

- 25.12** The National Development Finance Agency (NDFA) is the statutory financial advisor to State authorities in respect of all public investment projects with a capital value over €30 million. It also has responsibility for the procurement and delivery of Public Private Partnership projects in sectors other than transport and the local authorities. The NDFA performs its functions through the Agency. Fees and expenses incurred by the NDFA in the performance of its financing and advisory functions in relation to NDFA projects amounted to €3.1 million in 2011. A further €5.9 million was incurred by the NTMA in providing business and support services to the NDFA.

National Asset Management Agency

- 25.13** The Agency assigned staff and provided services to the National Asset Management Agency (NAMA) during 2011 for which a cost of almost €27.7 million was incurred and recharged to NAMA³

³ The total administrative costs of NAMA were €128.4 million in 2011 (€46.2 million in 2010).

- Just under €24 million was incurred in respect of staff costs including €20.9 million for 200 staff directly employed by the NTMA and assigned to NAMA and €3.1 million in respect of the apportioned cost of NTMA employees operating shared services including IT, human resources and finance
- €3.7 million was incurred in respect of other costs incurred by the NTMA, including rent, office services and consultancy costs.

Accounts of the Agency

- 25.14** The Agency's accounts for 2011 have been audited. My report on the audit was issued on 29 June 2012. The accounts, including an administration account and accounts relating to the national debt, have been presented to the Minister who laid copies of them before both Houses of the Oireachtas on 19 July 2012.
- 25.15** I am satisfied that the accounts properly present the transactions of the Agency for 2011 and its balances at year end. Chapter 2 outlines the Agency's debt management activities in 2011.