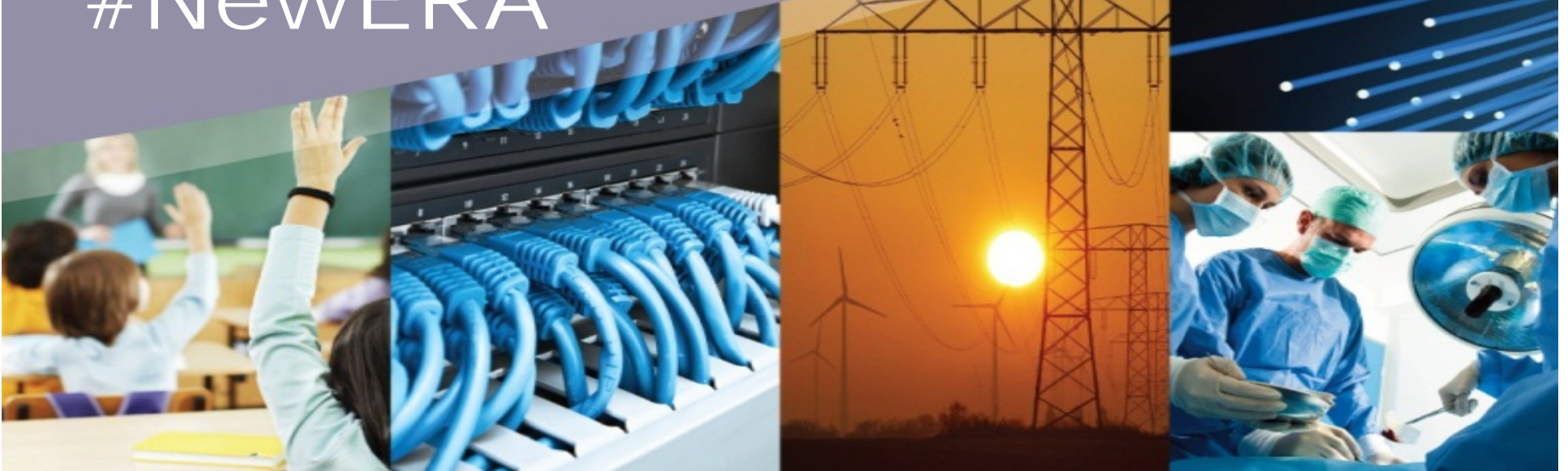


NewERA & €6.4 billion ISIF

MAXIMISING INVESTMENT
CREATING JOBS

#ISIF

#NewERA



NTMA (Amendment) Bill 2013

13 June 2013



Gníomhaireacht Bainistíochta an Chisteáin Náisiúnta
National Treasury Management Agency



An Roinn Airgeadais
Department of Finance

The NTMA (Amendment) Bill 2013 will:

- 1 Establish the Ireland Strategic Investment Fund with a mandate to invest commercially in the Irish economy
- 2 Put NewERA on a statutory footing
- 3 Streamline the NTMA corporate governance structure

Key Benefits include:

- More investment in key sectors to support economic activity and employment
- €6.4 billion available for investment in Ireland
 - Investment capital to be recycled
 - Cornerstone investor to attract private capital
- A commercial approach to the oversight of semi-state companies
 - Emphasis on return on capital
 - A dedicated centre of corporate finance expertise

NPRF resources to be channelled to Irish productive investment

- The NPRF will become the Ireland Strategic Investment Fund (“ISIF”)
- The ISIF will have a legal mandate to invest in Ireland on commercial terms providing much needed stimulus to the economy

NPRF has increased investment in Ireland in anticipation of the ISIF mandate but...

*... a mandate change is needed to continue to make **more investments in Ireland***

Selected NPRF Commitments to Date

 National Pensions Reserve Fund Commission Jan 2013 <u>SME Turnaround Fund</u> Fund Size: €100m NPRF Commitment: €50m	 National Pensions Reserve Fund Commission Jan 2013 <u>SME Equity Fund</u> Fund Size: €300-350m NPRF Commitment: €125m	 National Pensions Reserve Fund Commission Q2 2013 <u>SME Credit Fund</u> Fund Size: €450m NPRF Commitment: €200m
 National Pensions Reserve Fund Commission 2013 <u>Irish Water Financing of Water Meters</u> NPRF Commitment: under negotiation	 National Pensions Reserve Fund Commission 2012/2013 <u>Irish PPPs</u> Schools Bundle 3 N7/N11 NPRF Commitment: €118m to date	 National Pensions Reserve Fund Commission 2010 <u>Innovation Fund Ireland</u> NPRF Commitment: €125m

ISIF – Summary of Key Features

Before

NPRF Commission

- Sets the Investment Strategy
- Approves/Rejects investment proposals

NPRF

Fund Purpose

- Prefunding social welfare and public service pensions
- Long term investment returns subject to acceptable risk

Investments

- Globally diversified portfolio of listed stocks and bonds plus alternative assets
- Directed Bank Investments

After

NTMA Board

- Sets the Investment Strategy - consistent with Government's policy objectives

Investment Committee

- Approves/Rejects investment proposals

Ireland Strategic Investment Fund

Fund Purpose

- Making commercial investment to support economic activity and employment
- Long term investment returns subject to acceptable risk

Investments

- Ireland focused mandate
- Move away from listed stocks and bonds
- Directed Bank Investments



ISIF - Investment Principles



NewERA – Reforming the Oversight of State Shareholdings

NewERA established within the NTMA

(Sept 2011)

- Shareholder Executive: representing Governments interest from a commercial perspective
- Progressing State assets disposals
- Advising on the establishment & financing of Irish Water
- Assisting in Export Wind, Energy Retrofit, Broadband

Legislation to give NewERA a statutory mandate

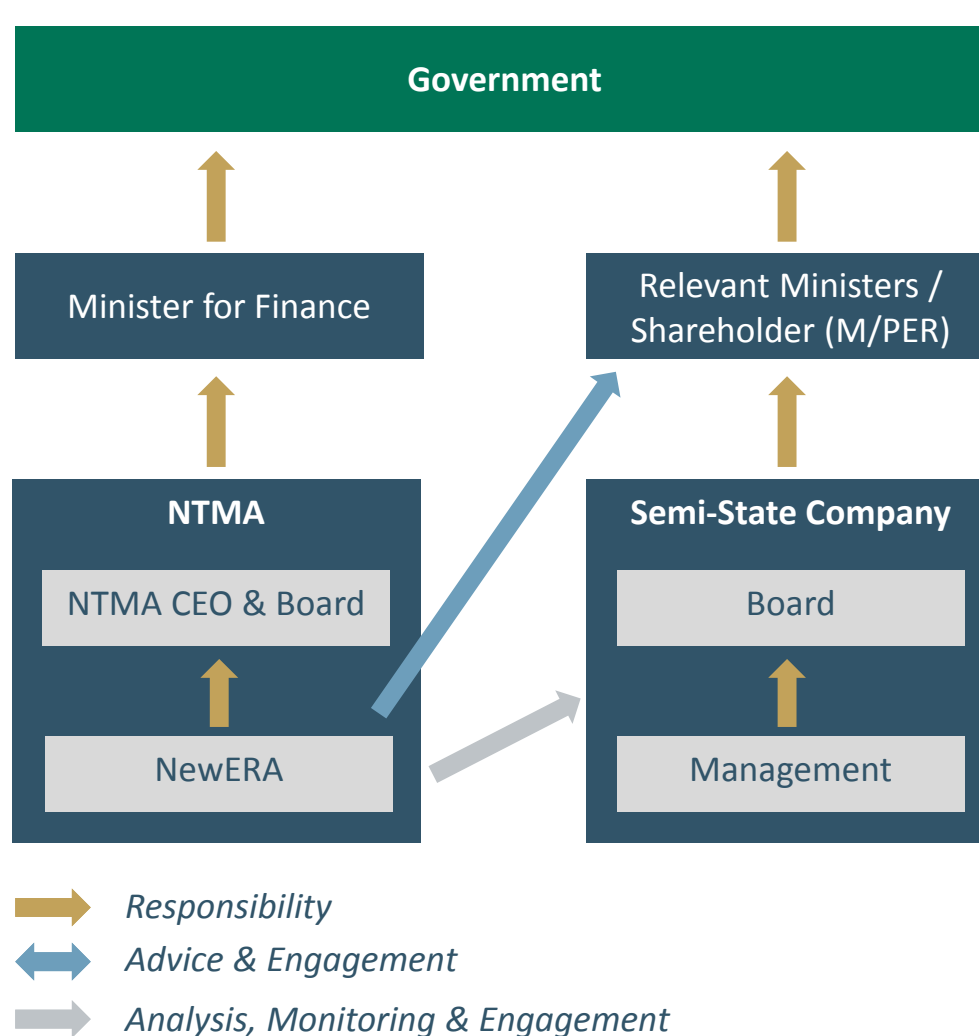
(2013)

- Gives NewERA a legal mandate
- Copper-fastens progress made to date
- Platform for further progress

**International
Best Practice**

Semi-state companies within NewERA's remit generate c.€6bn in revenues and have capital employed of c.€13.6bn

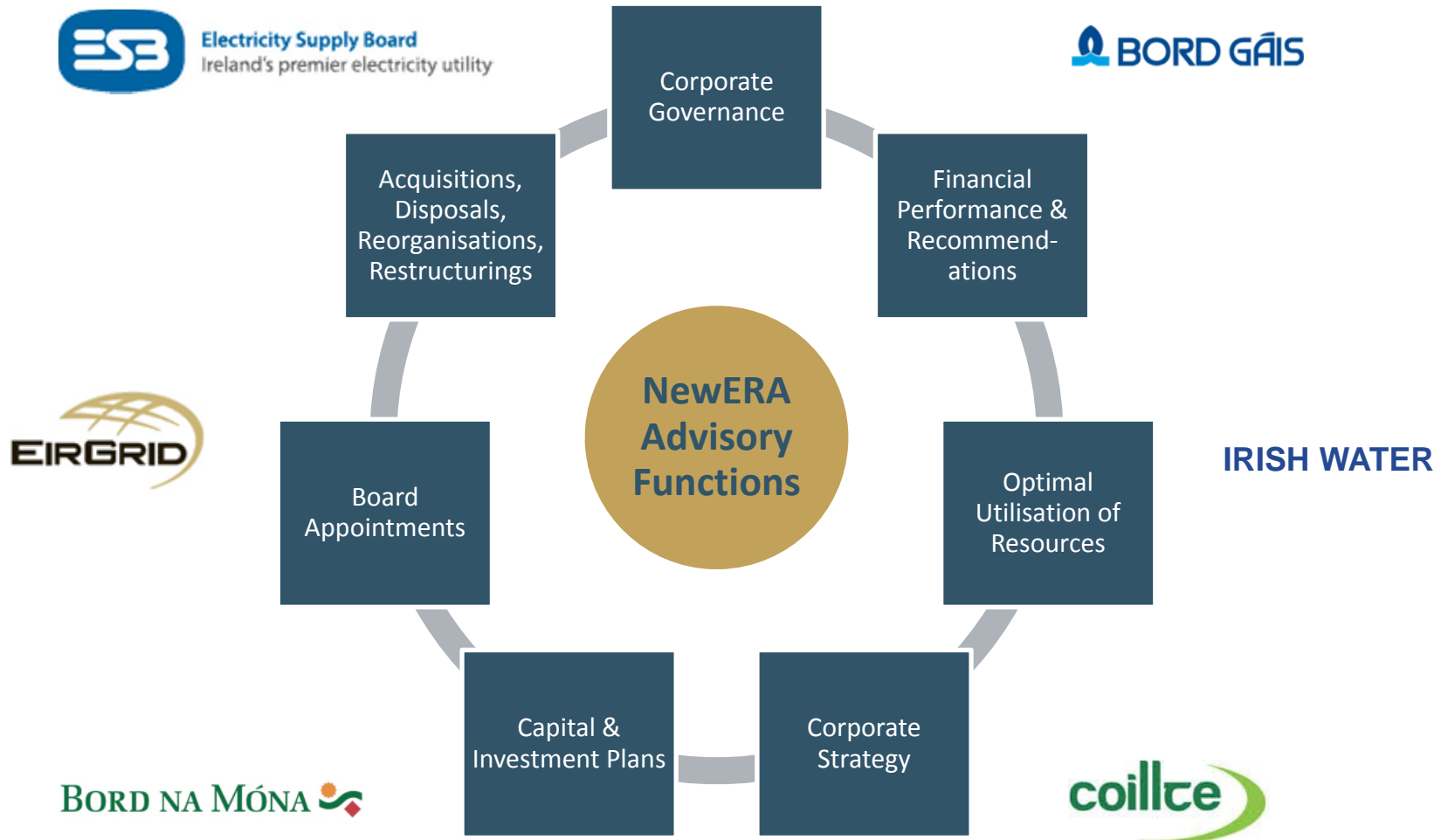
NewERA Proposed Advisory Structure



- NewERA is established within the NTMA
- NewERA provides commercial advice to relevant Ministers and the shareholder (Minister for Public Expenditure and Reform)
- Relevant Ministers and the shareholder retain responsibility and control



NewERA Advisory Functions



NewERA – Supporting Investment and Economic Activity



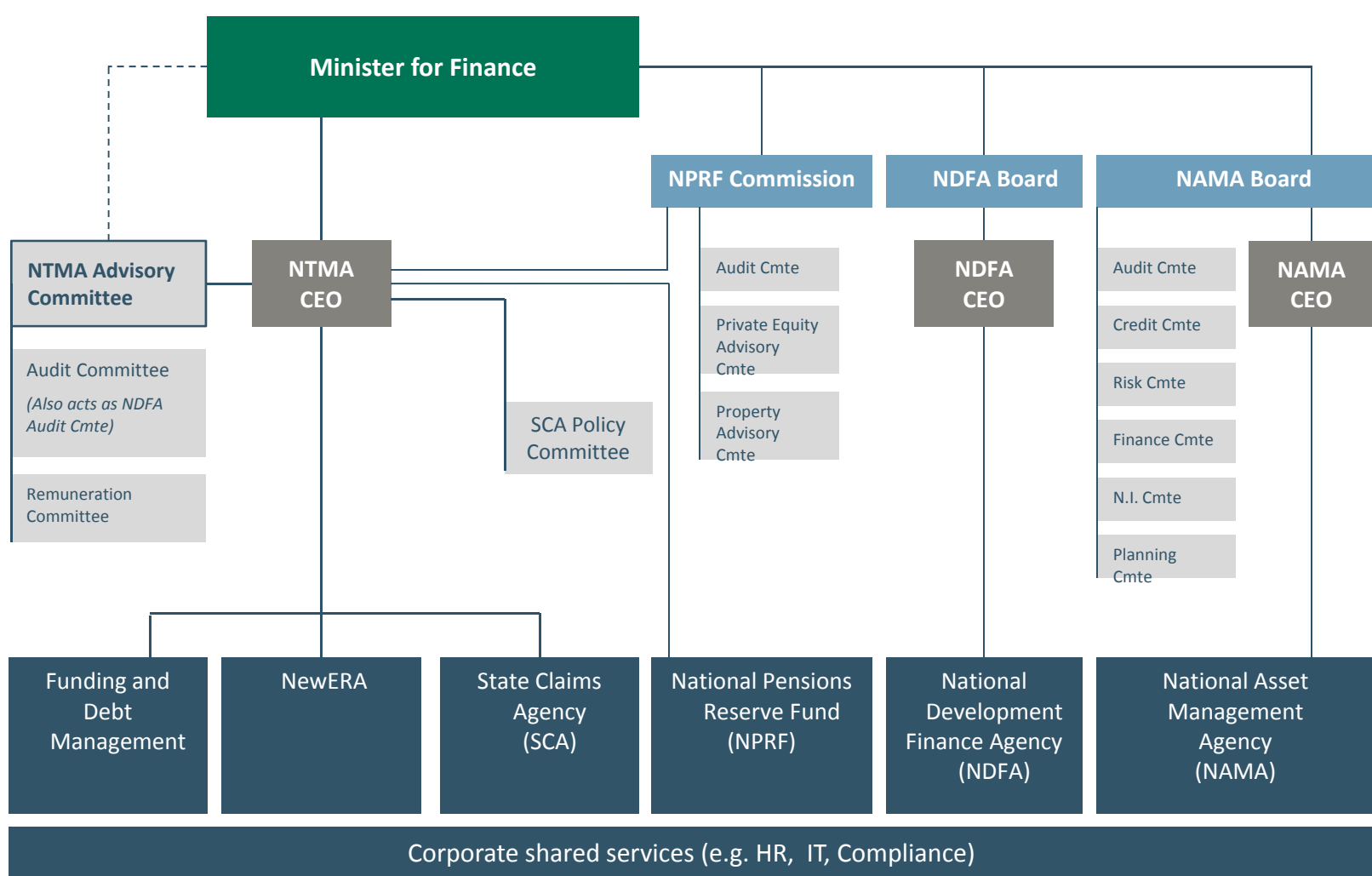
Advising on, developing and structuring proposals for investment in priority sectors to support economic activity

Streamlining NTMA Governance Structures

Evolution of the NTMA	
1990	<ul style="list-style-type: none"> NTMA is established to manage national debt
2001	<ul style="list-style-type: none"> NPRF is established State Claims Agency is established within the NTMA
2003	<ul style="list-style-type: none"> NDFA is established to provide financial advice
2005	<ul style="list-style-type: none"> NDFA's role is expanded to provide a specialised procurement delivery service
2009	<ul style="list-style-type: none"> NAMA is established – the NTMA provides staff, services and systems
2011	<ul style="list-style-type: none"> NewERA established within the NTMA on a non-statutory basis

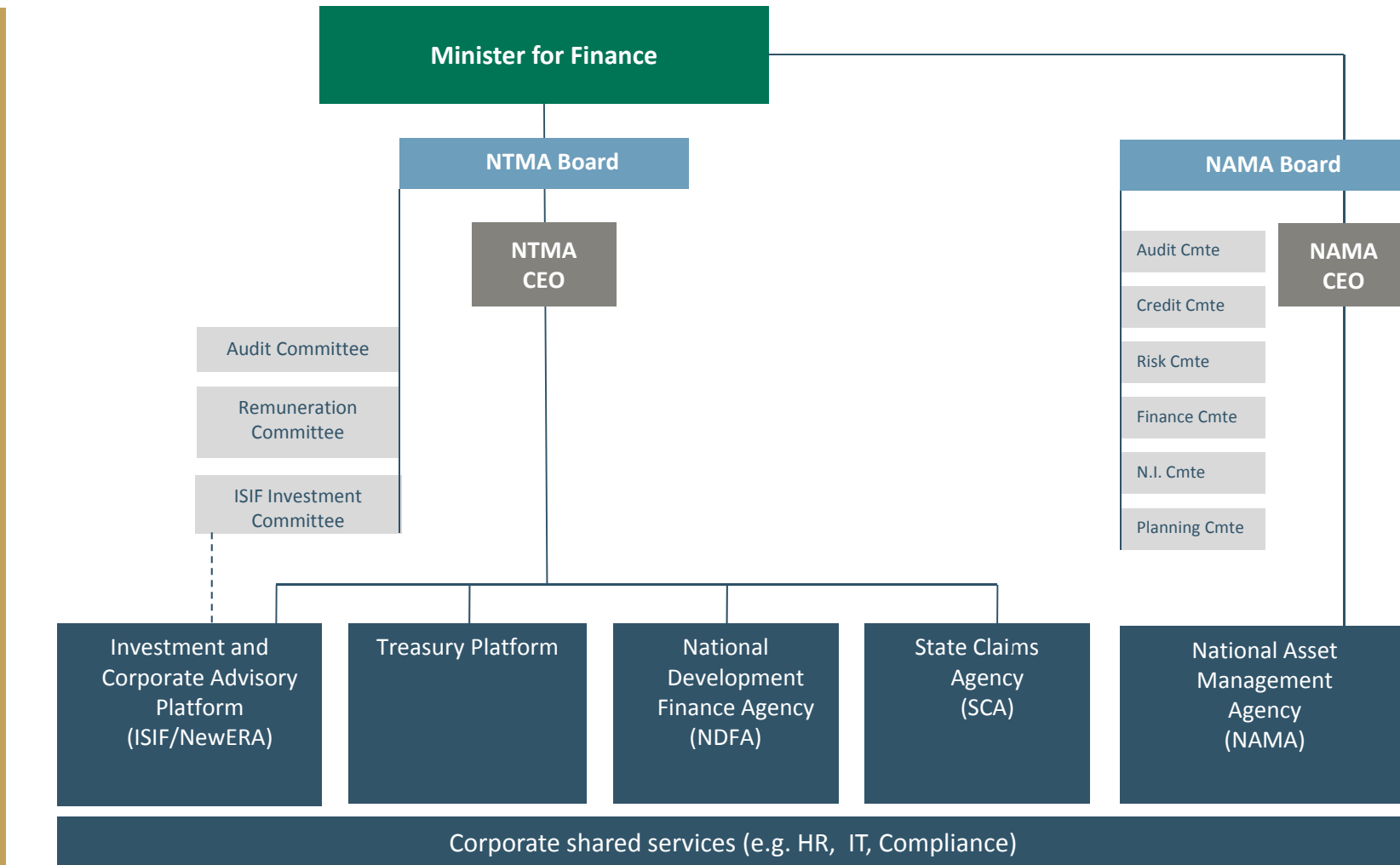
- The NTMA has taken on a range of additional functions since its establishment in 1990
- Bolting on several new functions over time has resulted in a complex and cumbersome governance structure
- The opportunity will now be taken to simplify and streamline NTMA governance structures
- No change to NAMA arrangements

Current NTMA Governance Structure





Proposed NTMA Governance Structure



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