



**Gníomhaireacht Bainistíochta an Chisteáin Náisiúnta  
National Treasury Management Agency**

**MINUTES OF MEETING OF THE  
NATIONAL TREASURY MANAGEMENT AGENCY  
HELD AT 2.00PM ON 9 JULY 2019 AT  
TREASURY BUILDING, LOWER GRAND CANAL STREET, DUBLIN 2**

**PRESENT:** Maeve Carton, Chairperson  
Gerardine Jones  
Martin Murphy  
Brian O'Kelly  
Conor O'Kelly  
Mary Walsh  
Robert Watt  
Susan Webb

**IN ATTENDANCE:** Elaine Hudson, Secretary  
Ian Black, Chief Financial and Operating Officer (CFOO) (except item 7)  
Susan O'Halloran, Chief Legal Officer (CLO)  
Donal Murphy, Director, ISIF (Items 4.3 and 5 only)  
Ciaran Breen, Director, SCA (Item 5 only)  
Simon Cooney, Head of Financial Planning and Operations (Item 7 only)  
Deirbhile Brennan, Head of Internal Audit (Item 7 only)  
Frank O'Connor, Director, FDM (Item 8 only)  
Rossa White, Chief Economist (Item 8 only)

**APOLOGIES** Derek Moran

**1. NOTICE AND QUORUM**

The Chairperson noted that notice of the meeting and of the nature of the business to be conducted had been given to all members entitled to attend the meeting and a quorum was present.

The Chairperson welcomed the new Agency Member, Brian O'Kelly to the meeting. She advised that she would be reviewing the membership of the Agency's Committees and would revert on the matter to the Agency in September. She also welcomed Susan O'Halloran, newly appointed CLO. The meeting then proceeded to business.

**2. DISCLOSURES OF INTEREST**

**THIS ITEM HAS BEEN REDACTED IN PART**

For the purposes of Section 13A of the National Treasury Management Agency Act 1990 (as amended) and Section 17 of the Ethics in Public Office Act 1995, there were no material interests declared by members in the business to be transacted at the meeting. There were no other interests declared by members in the business to be transacted at the meeting.

**3. MINUTES AND MATTERS ARISING**

The Chairperson noted that draft minutes of the meetings of 7 May, 28 May and 17 June had been circulated to the members in advance of the meeting and reflected comments from Agency members. **IT WAS RESOLVED** that the minutes be approved and that they be signed by the Chairperson.

The Agency noted the update on matters arising from previous meetings as set out in the note circulated with the meeting papers.

#### **4. COMMITTEE REPORTS**

##### **4.1 Audit and Risk Committee**

The Audit and Risk Committee Chairperson, Martin Murphy, presented and summarised the Report of the Committee meeting held on 2 July. He advised that the Committee recommended the proposal for the appointment of the Internal Audit Service Provider (to be tabled under Agenda item 7) and briefed the Agency on the Committee's consideration of safeguarding of the independence of the Internal Audit Service Provider, including possible additional measures to strengthen safeguards. The Agency discussed the possible measures including in relation to reporting of their audit and non-audit fees.

The Committee Chairperson reported that the Committee had reviewed the effectiveness of the Compliance and Risk functions and concluded that the functions were operating effectively. He advised that the Committee approved updates to the Market Risk Management Policy and the Operational Risk Management Policy. He briefed the Agency on operating events that had occurred during the reporting period.

##### **4.2 New Premises Working Group**

Gerardine Jones reported on the New Premises Working Group meeting held on 17 June. She briefed the Agency on progress across various work streams. In relation to the catering services provider, she advised that the successful bidder had been on-site and was mobilising in tandem with finalising the contract. Gerardine Jones noted that the Working Group was closely monitoring progress in relation to the sub-let of Treasury Building leases and that potential tenants were being sought by Lisney. The Agency noted the successful project management of the premises move, which was on schedule and within budget.

##### **4.3 Investment Committee**

#### **THIS ITEM HAS BEEN REDACTED IN PART**

The Committee received oral updates in relation to a number of investments all of which would be monitored closely by the Committee. In response to a question from the Agency, it was noted that, having regard to current market conditions and the refocused Investment Strategy (with its focus across five Priority Themes) new transactions were tending to be smaller in size.

The Committee Chairperson noted that the Committee had received a briefing on strategic development opportunities for Cork from Senior Representatives from Cork City Council, Cork County Council and Port of Cork Company. The ISIF would consider how it might support the strategic transformation of Cork as part of refining and finalising its regional investment strategy which was due to be presented to the Committee at its August meeting. In the course of the

discussion, the Agency noted that ISIF was mindful of other State involvement in any potential investments.

#### **4.4 SCA Strategy Committee**

**THIS ITEM HAS BEEN REDACTED IN FULL**

#### **5. SCA STRATEGY COMMITTEE TERMS OF REFERENCE**

**THIS ITEM HAS BEEN REDACTED IN PART**

The Secretary presented the updated SCA Strategy Committee Terms of Reference that the Committee was recommending to the Agency, noting that the changes aimed to provide for a greater oversight role for the Committee within the current legislative framework. Responding to a question from the Agency, the Committee Chairperson advised that the revised remit of the Committee included oversight of certain operational matters and otherwise was substantially unchanged.

On the recommendation of the SCA Strategy Committee, **IT WAS RESOLVED** that the updated Terms of Reference of the SCA Strategy Committee, be approved as presented to the Agency.

#### **6. CHIEF EXECUTIVE'S REPORT**

**THIS ITEM HAS BEEN REDACTED IN PART**

The Chief Executive presented his Report. He noted that as ISIF, SCA and FDM would be addressed under other Agenda items he would confine his key updates to other areas.

With regard to Schools PPP Bundle 5 (SB5), the Agency noted that all remaining schools were expected to be open for children returning to school in September and that notwithstanding the delays, the State has been protected from these increased costs due to the robust risk transfer in the PPP contract.

The Chief Executive noted the staff relocation to the new premises was a key area of focus over the coming weeks, with all staff preparing for the move. A small number of staff had already relocated successfully.

The Agency noted that the Annual Report had been launched by the Minister on 1 July and that the NTMA had appeared before the Oireachtas Public Accounts Committee on 4 July.

##### **6.1 Delegated Matters Notifiable to the Agency**

The Agency noted the Report on Delegated Matters Notifiable to the Agency.

#### **7. APPOINTMENT OF INTERNAL AUDIT SERVICE PROVIDER**

**THIS ITEM HAS BEEN REDACTED IN PART**

In accordance with prior disclosure of interest, absented herself from the meeting for this item.

The Chairman of the Audit and Risk Committee briefed the Agency on the process for the appointment of the Internal Audit Service provider, noting that it was a reserved matter for the Agency. He advised that the Committee had been involved with the process which it considered as

thorough. The Committee Chairperson noted that the Committee at its 2 July meeting had resolved to recommend the proposed preferred tenderer to the Agency for approval.

The Head of Financial Planning and Operations presented the proposal to the Agency outlining the procurement process undertaken (including the membership of the Evaluation Group), tender scoring and key terms of engagement. In response to a question from the Agency, it was noted that the increase in fixed fee from the original contract to the new proposed contract reflected a combination of wider scope, additional services being provided, and market developments.

The Agency noted that based on the proposal presented the out-sourced service provider represented good value for money compared to an in-house Internal Audit function with the benefits of the breadth of skills and expertise in addition to ready access to comparative best practice.

Following further discussion, on the recommendation of the Audit and Risk Committee, **IT WAS RESOLVED** that the appointment of KPMG as Outsourced Internal Audit Service Provider to the NTMA with effect from 1 November 2019 be approved.

## **8. MARKET UPDATE**

### **THIS ITEM HAS BEEN REDACTED IN PART**

re-joined the meeting at this point.

The NTMA Chief Economist noted that the continued weakening of Sterling, which had breached the EUR/GBP 0.90 level on intraday trading, indicated that the market was pricing-in an increasing prospect of a hard Brexit. He advised that on the basis of monthly UK GDP estimates, the UK might have entered the first quarter of recession in Q2, but it would take two consecutive quarters of decline to confirm recession following the third quarter of the year. He noted that the market had priced-in a quarter percentage point cut in UK interest rates by mid-2020. The impact of the weakening in the UK economy on Ireland's GDP would not be known until Q3.

The NTMA Chief Economist also briefed the Agency on the inversion of the US interest rate curve and increasing expectation that the Federal Reserve would cut interest rates. The Chief Economist advised that with bond yields falling further, the rhetoric from the European Central Bank (ECB) was increasingly dovish. A resumption of the ECB's Quantitative Easing programme remained a possibility. Referencing a recent Investment Manager presentation to the Investment Committee, the Agency queried whether the ECB had exhausted all possible policy levers open to it. The Director, FDM, advised that while traditional options like interest rate cuts might be exhausted, the ECB could target corporate bonds or incentivise banks via repo facilities. The Chief Economist added that the ECB had lots of scope to increase its balance sheet as long as it removed self-imposed limits to Government bond purchases.

Against this backdrop, the Agency noted that, following the scheduled auction of €1 billion of benchmark Irish Government bonds (1.1% Treasury Bond 2029 and 1.3% Treasury Bond 2033) later that week, total issuance of benchmark bonds in 2019 would be €11.25 billion or 70% of 2019 mid funding range. The Director, FDM, noted that the FDM Unit might consider 'tapping' the existing Green bond in October. Responding to a question from the Agency, he advised that there were sufficient identified Green Bond projects to facilitate a tap issuance.

## **9. AOB**

The Chairperson raised a number of housekeeping matters including the scheduling of Agency and Committee dates for 2020. Following discussion, it was agreed that the Secretary would circulate proposed dates to members in the coming days.

The Chairperson invited members to suggest topics of interest for inclusion on the Agenda for the Agency's Away Day on 26 November. She noted that the Agenda would be finalised by early September. She also noted that the SCA National Quality, Clinical Risk and Patient Safety Conference would be held on 19 November for members who would be interested to attend.

There being no other items under AOB, the Chairperson brought the meeting to a close.

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Maeve Carton  
Chairperson  
17 September 2019