

**Opening Statement by**  
**Mr. Frank Daly, Chairman of NAMA, to the**  
**Joint Committee on Finance, Public Expenditure and Reform**  
**Wednesday, 14<sup>th</sup> March 2012**

Thank you Chairman.

Brendan McDonagh will outline in greater detail the progress that has been made by NAMA since we last appeared before this Committee. He will also discuss the issues that are demanding most of our attention at present.

I would like to briefly focus on a number of themes which I consider need to be clarified in the context of recent media commentary.

**Jobs and Investment**

One of the issues we consider of paramount importance in the context of NAMA's objective of contributing to the social and economic development of the State is the question of employment. There have been a number of media reports recently that NAMA has been putting jobs at risk through delays in its decision making. What is most surprising about these reports is that they were completely at variance to the facts.

We welcome accurate, balanced and indeed questioning commentary about NAMA and thankfully much of the commentary is of that nature. However I am often surprised at the readiness of some in the media to accept ill-informed and often deliberately misleading stories about NAMA without showing scepticism about the vested interests peddling the stories in the first instance.

A recent example is the creation of 230 high-tech computing jobs in south-west Dublin, which have come about through a €100 million investment facilitated by NAMA working closely with South Dublin County Council and the IDA. The facts in this case are completely at odds with a recent inaccurate weekend press report, which was written without any recourse to us in an attempt to check the facts about NAMA's involvement.

NAMA inherited a number of problems, which, left unresolved, would have prevented any investment in the site, including a right of way dispute involving an adjoining land owner and outstanding development levies owed to South Dublin County Council – these are not untypical of the types of legacy problems with which NAMA deals on a daily basis. Working effectively with South Dublin County Council and the IDA at a senior level, NAMA's actions not only paved the way for this investment, but has also ensured the sale of another site in the vicinity that will comprise a second substantial high-tech investment. That's the real story in this case and there are other similar examples in which the reality was the opposite of the story reported.

Whilst on the theme, I would like to comment generally on NAMA's role in facilitating major investments in Ireland. NAMA's dexterity in relation to lease negotiations has, for example, been a crucial element in winning recent investments for the country. NAMA's approach is, at all times, informed by a determination to make investment happen and NAMA will pull out all stops where there is a prospect of investment and jobs.

Accusations that NAMA is frustrating the sale of land or property is also an issue that emerges from time to time, usually from the party with whom we are negotiating or parties on their behalf. The objective is invariably to stack the deck in their favour. NAMA would be failing in its duty to the Irish taxpayer if it allowed itself to be 'played' in this way but the credence that is given to these claims by some who should know better never ceases to amaze me.

The usual pattern is that a party makes an unrealistic offer and attaches unrealistic conditions to this offer. They then express their public incredulity when NAMA turns down the offer. It is interesting how many times the party ultimately returns with an offer that reflects market value.

In addition to supporting investment that creates employment, we regard the preservation of jobs as an important part of our function. Some support is simply not justifiable or sustainable, quite frankly, because the principals involved were engaged in building houses or commercial premises for which there is no prospect of demand, and for which I doubt indeed there was any real prospect of demand when they were first hatched at the very height of the property market boom. Our mandate is, you'll appreciate, first and foremost to act

commercially. We are not going to, nor should we, sink taxpayer's money into property assets if we do not see demand for it emerging over a realistic time frame, generally of between two to five years.

In the majority of cases, however, we are working positively with debtors, including smaller debtors around the country, who run important local businesses and provide employment. We estimate based on our experience to date that approximately two-thirds of NAMA's debtors fall into this category. These are the debtors who are realistic about what needs to be done to work through their debts, who, for instance, have agreed asset disposal strategies and who have received funding from NAMA to secure their existing operations and to enable projects to be completed. Many of these may not be so called "mega-star" debtors but, with NAMA's support, they can continue to provide important employment and contribute to the economies in which they are located.

In this way, NAMA directly supports 9,500 jobs in enterprises of between two and 1,100 employees, spread across a range of business sectors and locations. Without NAMA support, this employment, the wider impact of which includes significant additional indirect and induced employment, increased taxation and reduced social welfare expenditure, would not be possible.

Since its inception NAMA has approved advances of working and development capital of over half a billion euro in the Republic of Ireland and further advances to Republic of Ireland debtors in respect of projects elsewhere, which also helps to support operations and employment here. Right now the reality is that NAMA working and development capital represents a significant proportion of construction industry activity and employment in Ireland.

Brendan will, in a moment, describe a number of NAMA innovations, including staple finance and Qualified Investment Funds, that are designed specifically to unlock the potential for increased international and indigenous investment in Ireland's commercial property markets and to facilitate home ownership amongst the cohort of prospective buyers most affected by the precipitous decline in mortgage lending and concerns about future housing values. NAMA's plans are firmly in line with and supportive of stated Government policy related to the need for stability in Ireland's property markets, which may now be displaying

clear signs of undershooting in terms of their medium-term equilibrium level, although perhaps not to the same degree that they overshot on the way up.

### **Social contribution**

The issue of NAMA's social contribution is something I would like to talk about briefly and I know that Brendan will focus in more detail on our role in the provision of social housing and contribution to housing policy more generally.

NAMA has a clear commercial remit against which it will be ultimately judged. Within this context, the NAMA Board has committed to offering first option to public bodies on the purchase of property which may be suitable for their purposes, including, for example, for schools, health care facilities, including Primary Healthcare Centres, community and recreational amenity, and civic buildings. Towards this end, we have ongoing and constructive engagement with the Departments of Environment, Education, Health, Arts, the universities and the HSE with the view to identifying possible solutions for them. Examples include the provision of sites for the Department of Education, UCD and UCC; and development of a Primary Care Centre and Ambulance Station in Tallaght for the HSE.

This social contribution is sometimes more personal – for example our very quick intervention, in co-operation with Dublin City Council, in regard to suitable properties for residents evacuated from Priory Hall – even though the Priory Hall development was not a NAMA asset.

And, we are involved in interventions that are, on the face of it, small in the scale of things for NAMA, but huge for the individuals and their families concerned. These social interventions matter to us and I think it's important that we say so.

Chairman, I am conscious that Brendan will deal with a range of other issues relating to our day-to-day activities so I will conclude my opening statement by referencing my commitment, and that of NAMA, to engage proactively with Oireachtas members in relation to NAMA's work. We are always available for such engagement.

Thank you