



AN BILLE UM CHÚLCHISTE NÁISIÚNTA PINSEAN, 2000
NATIONAL PENSIONS RESERVE FUND BILL, 2000

Mar a ritheadh ag Dáil Éireann
As passed by Dáil Éireann

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AN BILLE UM CHÚLCHISTE NÁISIÚNTA PINSEAN, 2000
NATIONAL PENSIONS RESERVE FUND BILL, 2000

BILL

entitled

5 AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF A
FUND TO BE KNOWN AS THE NATIONAL PENSIONS
RESERVE FUND AND A BODY TO BE KNOWN AS THE
NATIONAL PENSIONS RESERVE FUND COMMISSION
10 TO CONTROL AND MANAGE THE FUND, TO DIS-
SOLVE THE TEMPORARY HOLDING FUND FOR
SUPERANNUATION LIABILITIES, TO AMEND THE
TAXES CONSOLIDATION ACT, 1997, AND TO PROVIDE
FOR CONNECTED MATTERS.

BE IT ENACTED BY THE OIREACHTAS AS FOLLOWS:

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PART 1

Preliminary

1.—This Act may be cited as the National Pensions Reserve Fund Short title.
Act, 2000.

2.—(1) In this Act—

Interpretation.

20 “Agency” means National Treasury Management Agency;

“beneficiary” in respect of a social welfare pension, means a person
entitled to or in receipt of such pension;

“Commission” means National Pensions Reserve Fund Commission
established under *section 5*;

25 “committee” means a committee established under *section 14*;

“Committee of Public Accounts” means the Committee of Dáil
Éireann established under the Standing Orders of Dáil Éireann to
examine and report to Dáil Éireann on the appropriation accounts
and reports of the Comptroller and Auditor General;

30 “company” means—

(a) a company within the meaning of the Companies Acts, 1963
to 1999, or

(b) a body established under the laws of a state other than the
State and corresponding to a body referred to in *para-*
35 *graph (a)*;

“custodian” means a person appointed as a custodian under *section 22(3)*;

“establishment day” means the day appointed by the Minister under *section 3* to be the establishment day;

“functions” includes powers and duties, and reference to the performance of functions includes, as respects powers and duties, references to the exercise of the powers and the performance of the duties; 5

“Fund” means National Pensions Reserve Fund established under *section 18*; 10

“Fund investment policy” shall be construed in accordance with *section 19*;

“Gross National Product” means the estimate for the year in which payments to the Fund are made under *section 18*, as published by the Minister with the Budget for that year, of gross domestic product, at market prices, as measured and defined by the European System of National and Regional Accounts in the European Community pursuant to Council Regulation (EC) No. 2223/96 of 25 June 1996¹, or subsequent revisions and amendments thereto, plus net receipts, property income and compensation of employees from outside the State; 15 20

“investment manager” means a person appointed as an investment manager under *section 22(1)*;

“Manager” means the person appointed as manager of the Fund under *section 21*; 25

“Minister” means Minister for Finance;

“public service pensions” means occupational pensions, gratuities and other allowances payable to or in respect of persons on resignation, retirement or death which are wholly or partly funded from moneys provided by the Oireachtas or from the Central Fund or the growing produce thereof; 30

“social welfare pensions” means any pension referred to in section 30, or section 118, of the Social Welfare (Consolidation) Act, 1993, in so far as it is payable to or in respect of a beneficiary;

“Temporary Fund” means Temporary Holding Fund for Superannuation Liabilities. 35

(2) In this Act—

(a) a reference to a Part or section is a reference to a Part or section of this Act, unless it is indicated that reference to some other enactment is intended, 40

(b) a reference to a subsection, paragraph or subparagraph is a reference to the subsection, paragraph or subparagraph of the provision in which the reference occurs, unless it is indicated that reference to some other provision is intended, and 45

¹O.J. No. L310, 30.11.96, p.1

(c) a reference to an enactment shall be construed as a reference to that enactment as amended, adapted or extended by or under any subsequent enactment including this Act.

5 **3.**—The Minister shall by order appoint a day to be the establishment day for the purposes of this Act. Establishment day.

4.—The expenses incurred by the Minister in the administration of this Act shall be paid out of moneys provided by the Oireachtas. Expenses of Minister.

PART 2

National Pensions Reserve Fund Commission

10 **5.**—(1) There shall stand established, on the establishment day, a body to be known as the National Pensions Reserve Fund Commission, or in the Irish language Coimisiún an Chúlchiste Náisiúnta Pinsean, and in this Act referred to as the “Commission”, to perform the functions assigned to it by this Act. Establishment of National Pensions Reserve Fund Commission.

15 (2) The Commission shall be a body corporate with perpetual succession and a common seal and power to sue and be sued in its corporate name and to acquire, hold and dispose of land or an interest in land, and to acquire, hold and dispose of any other property.

20 **6.**—(1) The functions of the Commission shall be— Functions of Commission.

(a) to control, manage and invest the assets of the Fund in accordance with the Fund investment policy,

25 (b) to authorise payments from the Fund to the Exchequer and such other payments from the Fund as may be required for the purposes of this Act,

30 (c) from time to time to determine the investment strategy for the Fund in accordance with the Fund investment policy, which shall include appropriate benchmarks, against which the investment return of the Fund can be assessed, and the classes of assets in which the Fund may be invested, including, without limiting the generality of the foregoing, such derivative or other financial instruments as the Commission may deem appropriate, but not including Irish Government securities,

35 (d) to monitor and review implementation of the investment strategy including performance against the benchmarks set therein,

(e) to appoint investment managers to invest and manage portions of the Fund,

40 (f) to appoint custodians for the assets of the Fund,

(g) to determine an annual budget for the administration costs to be charged to the Fund,

(h) to commission, from time to time, independent valuations of the assets of the Fund, and, after consultation with—

- (i) the Minister, assessments of the projected profile of Exchequer outlays on public service pensions, and
 - (ii) the Minister and the Minister for Social, Community and Family Affairs, assessments of the projected profile of Exchequer outlays on social welfare pensions, 5
 - (j) to commission, from time to time, independent assessments of the investment performance of the Fund,
 - (k) to submit annual reports to the Minister,
 - (l) to keep proper books of account and to prepare and submit to the Minister annual accounts of the Fund. 10
- (2) The Commission may also—
- (a) contract options and other derivative financial instruments for the Fund,
 - (b) open and maintain bank accounts for the Fund, including accounts in currencies other than the currency of the State, 15
 - (c) borrow or lend securities, including, but not limited to, equity and debt instruments,
 - (d) accept bequests and donations for the benefit of the Fund, provided that any conditions attaching to such bequests or donations are not inconsistent with this Act or otherwise contrary to law, 20
 - (e) engage, from time to time, consultants and advisers and other service providers as are necessary or expedient for the performance of its functions. 25
- (3) The Commission shall have all such other powers as are necessary or expedient for the performance of its functions.
- (4) The Commission shall at all times exercise due care, skill, prudence and diligence, acting in the utmost good faith, in the discharge of its functions under this Act. 30
- (5) The Commission shall perform all its functions through the Manager, except the appointment of the Manager under *section 21* and the engagement of auditors to audit the Manager under *section 22(6)*.
- (6) Without prejudice to the responsibility of the Commission for the functions conferred on it under this Act, the Commission may delegate to the Manager any of its functions as it considers appropriate or expedient for the purposes of this Act. 35

Membership of Commission and terms of office of members.

- 7.—(1) The Commission shall consist of a chairperson and 6 ordinary members. 40
- (2) Each member of the Commission shall be known as a commissioner of the National Pensions Reserve Fund, and is in this Act referred to as a “commissioner”.
- (3) The commissioners shall be appointed by the Minister.

(4) Subject to *subsection (5)*, the Minister shall only appoint persons to be commissioners who have acquired substantial expertise and experience at a senior level in any of the following areas—

- (a) investment or international business management,
- 5 (b) finance or economics,
- (c) the law,
- (d) actuarial practice,
- (e) accountancy and auditing,
- 10 (f) the Civil Service of the Government or the Civil Service of the State,
- (g) trade union representation,
- (h) the pensions industry,
- (i) consumer protection.

15 (5) The Minister shall not appoint a person, who holds a position in the Civil Service of the Government or the Civil Service of the State, as a commissioner.

(6) The Minister shall designate one commissioner, other than the chief executive officer of the Manager, as chairperson of the Commission.

20 (7) The chief executive officer of the Manager shall be an ordinary member of the Commission.

25 (8) Subject to *subsection (9)*, the term of office of an ordinary member of the Commission shall be 5 years, or in the case of the chief executive officer of the Manager, the period during which he or she is such officer.

(9) The term of office of 5 of the first ordinary members of the Commission, other than the chief executive officer of the Manager, shall be—

- (a) 3 years in respect of 2 such members, and
- 30 (b) 4 years in respect of 3 such members,

determined by the Minister.

(10) A commissioner, other than the chief executive officer of the Manager, shall not serve for more than 2 consecutive terms of office.

35 (11) There shall be paid to the commissioners such remuneration (if any) and such allowances for expenses incurred by them as the Minister may from time to time determine.

(12) Each commissioner shall hold office on such terms (other than the payment of remuneration and allowances for expenses) as the Minister determines at the time of his or her appointment.

40 (13) A commissioner shall be disqualified from being a member of the Commission where he or she—

- (a) is adjudged bankrupt,
- (b) makes a composition or arrangement with creditors,
- (c) is convicted of an indictable offence in relation to a company,
- (d) is convicted of an offence involving fraud or dishonesty, or 5
- (e) is disqualified or restricted from being a director of any company.

(14) A commissioner may at any time resign his or her membership by letter addressed to the Minister and the resignation shall take effect from the date specified therein or upon receipt of the letter by 10 the Minister, whichever is the later.

(15) A commissioner may at any time for stated reasons be removed from membership of the Commission by the Minister if, in the Minister's opinion, the member has become incapable through ill-health of performing his or her functions, or has committed stated 15 misbehaviour, or his or her removal appears to the Minister to be necessary for the effective performance by the Commission of its functions.

(16) If a commissioner dies, resigns, retires, becomes disqualified or is removed from office, the Minister may appoint a person to be 20 a commissioner to fill the casual vacancy so occasioned and the person so appointed shall be appointed in the same manner as, and for the remainder of the term of office of, the commissioner who occasioned the casual vacancy.

(17) A commissioner whose period of membership expires by the effluxion of time shall be eligible for re-appointment as a commissioner. 25

(18) The Minister shall, in so far as is practicable and having regard to relevant experience, ensure an equitable balance between men and women in the composition of the Commission. 30

Chairperson of Commission.

8.—(1) The term of office of the chairperson of the Commission shall be 5 years.

(2) Where the chairperson of the Commission ceases to be a commissioner, he or she shall also thereupon cease to be chairperson of the Commission. 35

(3) The chairperson of the Commission may at any time resign his or her office as chairperson by letter addressed to the Minister and the resignation shall take effect from the date specified therein or upon receipt of the letter by the Minister, whichever is the later.

(4) The chairperson of the Commission shall, unless he or she dies 40 or otherwise ceases to be chairperson by virtue of *subsection (2)* or *(3)*, hold office until the expiration of his or her period of membership of the Commission and, if he or she is re-appointed as a member of the Commission, he or she shall be eligible for re-appointment as chairperson of the Commission. 45

Meetings of Commission.

9.—(1) The Commission shall hold such and as many meetings as may be necessary for the performance of its functions.

(2) The first meeting of the Commission shall be on the establishment day.

5 (3) The quorum for a meeting of the Commission shall be 4, or, where there exists a vacancy in the Commission, 3 for such time as the vacancy exists.

(4) At a meeting of the Commission—

(a) the chairperson of the Commission shall, if present, be the chairperson of the meeting, and

10 (b) if and so long as the chairperson of the Commission is not present or if the office of the chairperson is vacant, the members of the Commission who are present shall choose one of their members to be chairperson of the meeting.

15 (5) At a meeting of the Commission each commissioner present, including the chairperson, shall have a vote and any question on which a vote is required in order to establish the Commission's view on the matter shall be determined by a majority of votes of the commissioners present and voting on the question and, in the case of an equal division of votes, the chairperson of the meeting shall have a
20 second and casting vote.

(6) The Commission may act notwithstanding one or more vacancies among its members.

(7) Subject to this Act, the Commission shall regulate, by standing orders or otherwise, the procedure and business of the Commission.

25 **10.**—(1) The Commission shall, as soon as may be after the establishment day, provide itself with a seal. Seal of Commission.

(2) The seal of the Commission shall be authenticated by the signature of—

30 (a) the chairperson of the Commission and one other commissioner, or

(b) (i) 2 commissioners, or

(ii) a commissioner and a member of the staff of the Manager, or

(iii) 2 members of the staff of the Manager,

35 authorised by the Commission to act in that behalf.

(3) Judicial notice shall be taken of the seal of the Commission and every document purporting to be an instrument made by and to be sealed with the seal of the Commission (purporting to be authenticated in accordance with this section) shall be received in evidence
40 and be deemed to be such instrument without proof unless the contrary is shown.

(4) Any contract or instrument which, if entered into or executed by an individual, would not require to be under seal may be entered into and executed by—

- (a) (i) the chairperson of the Commission and one other commissioner, or
 - (ii) 2 commissioners authorised by the Commission for that purpose,
- 5
- or
- (b) (i) a commissioner and a member of the staff of the Manager, or
 - (ii) 2 members of the staff of the Manager,
- 10
- authorised by the Commission or the Manager for that purpose.

Membership of either House of Oireachtas, European Parliament or local authority, etc.

11.—(1) Where a commissioner—

- (a) is nominated as a member of Seanad Éireann,
- (b) is elected as a member of either House of the Oireachtas or as a representative in the European Parliament,
- (c) is regarded pursuant to Part XIII of the Second Schedule to the European Parliament Elections Act, 1997, as having been elected to the European Parliament to fill a vacancy, or
- (d) becomes a member of a local authority,

he or she shall thereupon cease to be a commissioner. 20

(2) A person, who is for the time being entitled under the Standing Orders of either House of the Oireachtas to sit therein or who is a representative in the European Parliament, shall, while he or she is so entitled or is such a representative, be disqualified from becoming a commissioner. 25

(3) A person who is a member of a local authority shall be disqualified from becoming a commissioner.

Disclosure of interests.

12.—(1) Where a commissioner or a member of the staff of the Manager or a member of a committee has a pecuniary interest or other beneficial interest in, and material to, any matter which falls to be considered by the Commission, the Manager or a committee, he or she shall— 30

- (a) disclose to the Commission or, as the case may be, the Manager or the committee the nature of his or her interest in advance of any consideration of the matter, 35
- (b) neither influence nor seek to influence a decision to be made in relation to the matter,
- (c) take no part in any consideration of the matter, and

where relevant—

- (d) absent himself or herself from the meeting or that part of the meeting during which the matter is discussed, and 40

(e) not vote on a decision relating to the matter.

5 (2) Where an interest is disclosed pursuant to this section, the disclosure shall, where relevant, be recorded in the minutes of the meeting of the Commission or the committee concerned, or otherwise duly recorded and the Commission may, at its discretion, refer to the disclosure in its report to the Minister under *section 27*.

10 (3) Where at a meeting of the Commission or a committee a question arises as to whether or not a course of conduct, if pursued by a person, would constitute a failure by him or her to comply with the requirements of *subsection (1)*, the question may be determined by the chairperson of the meeting, whose decision shall be final, and where such a question is so determined, particulars of the determination shall be recorded in the minutes of the meeting.

15 (4) Where the Minister is satisfied, on being informed by the Commission, that a commissioner has contravened *subsection (1)*, the Minister may, if he or she thinks fit, remove that commissioner from office.

20 (5) Where the Manager is satisfied that a member of the staff of the Manager has contravened *subsection (1)*, the Manager shall decide the appropriate action (including dismissal) to be taken.

(6) Where the Commission is satisfied that a member of a committee has contravened *subsection (1)*, the Commission may, if it thinks fit, remove that member from the committee.

25 (7) The Commission shall issue and publish guidelines as to that which constitutes an interest for the purpose of this section.

30 **13.—(1)** Save as otherwise provided by law, a person shall not disclose confidential information obtained by him or her while performing duties as a commissioner or member of the staff of the Manager or a member of a committee or an investment manager or a custodian or a consultant or an adviser engaged by the Commission, unless he or she is duly authorised by the Commission to do so.

Prohibition of unauthorised disclosure of confidential information.

(2) A person who contravenes *subsection (1)* shall be guilty of an offence and shall be liable—

35 (a) on summary conviction to a fine not exceeding £1,500 or to imprisonment for a term not exceeding 6 months or to both, or

(b) on conviction on indictment to a fine or to imprisonment for a term not exceeding 2 years or to both.

40 (3) Nothing in *subsection (1)* shall prevent disclosure of information—

(a) to the Commission, the Manager or the Minister, or

45 (b) obtained in the course of the performance of functions under this Act to the Revenue Commissioners or the Garda Síochána where there are reasonable grounds to suspect malpractice, fraud, tax evasion or other irregularity,

or prevent appropriate use of such information by the person concerned in performance of functions under this Act or any other enactment.

(4) In this section “confidential information” includes—

- (a) information that is expressed by the Commission to be confidential either as regards particular information or as regards information of a particular class or description, and 5
- (b) proposals of a commercial nature or tenders submitted to the Commission by contractors, consultants or any other person. 10

Committees.

14.—(1) The Commission may establish committees to assist and advise it in relation to the performance of any of its functions.

(2) The Commission shall decide the terms of reference for any committee and may regulate the procedure of any such committee. 15

(3) The members of a committee shall be appointed by the Commission.

(4) A committee shall consist of such number of members as the Commission thinks proper.

(5) A committee may include persons who are not members of the Commission or staff of the Manager. 20

(6) A member of a committee who fails to perform his or her functions may be removed from it at any time for stated reasons by the Commission.

(7) The Commission may at any time dissolve a committee. 25

(8) The Commission may appoint a person to be chairperson of a committee.

(9) There shall be paid out of the income of the Fund such allowances for expenses incurred by the members of a committee in the discharge of their functions as the Commission may determine with the consent of the Minister. 30

Commission shall not control company.

15.—(1) The Commission shall not control any company or hold such percentage of the voting rights in any company that would require it to seek control of that company.

(2) In *subsection (1)* “control”, in relation to a company, means the power of a person to secure, by means of the holding of shares or the possession of voting rights in or in relation to the company or any other company, that the affairs of the first-mentioned company are conducted in accordance with the wishes of that person. 35

Commission chairperson to be consulted in appointment of Chief Executive of Agency.

16.—(1) Subject to this section, the Minister when appointing the Chief Executive of the Agency under section 6(6) of the National Treasury Management Agency Act, 1990, shall consult with the chairperson of the Commission. 40

(2) *Subsection (1)* does not apply where the Chief Executive of the Agency is being re-appointed under the said section 6(6).

(3) *Subsection (1)* does not apply where the Agency is not the Manager of the Fund.

5 **17.—**(1) The expenses incurred by the Commission in the performance of its functions under this Act shall be charged on and paid out of the Fund. Expenses of Commission.

(2) In this section “expenses” includes any fee payable to a commissioner, any investment manager, or custodian appointed, or any consultant or adviser or other service provider engaged, by the Commission under this Act.

PART 3

National Pensions Reserve Fund

15 **18.—**(1) There shall stand established, on the establishment day, a fund to be known as the National Pensions Reserve Fund, and in this Act referred to as the “Fund”, for the purpose of meeting as much as possible of the cost to the Exchequer of social welfare pensions and public service pensions to be paid from the year 2025 until the year 2055, or such other subsequent years as may be specified in an order under *section 20(3)*. Establishment of National Pensions Reserve Fund.

(2) Subject to *subsection (3)*, in each year, commencing in the year 2001 and continuing until the year 2055, there shall be paid by the Minister into the Fund from the Central Fund or the growing produce thereof, in equal quarterly instalments, a sum equivalent to one per cent. of Gross National Product.

(3) The Minister may, after consultation with the Minister for Social, Community and Family Affairs, at any time, by order extend beyond the year 2055, the period for payment into the Fund referred to in *subsection (2)*.

30 (4) The Minister may by order provide that, where the period for payment into the Fund has been extended under *subsection (3)*, payment into the Fund in the period extended may, in any year, be less than one per cent. of Gross National Product.

35 (5) The Minister shall pay into the Fund from the Central Fund or the growing produce thereof such sums, additional to the sum referred to in *subsection (2)*, as may be approved, from time to time, by resolution of Dáil Éireann.

(6) The Fund shall be controlled and managed by the Commission acting through the Manager.

40 (7) Ownership of the Fund shall vest in the Minister.

(8) The Minister may by order amend or revoke an order made under this section (including an order under this subsection).

45 **19.—**(1) Moneys standing to the credit of the Fund shall, from time to time, be held or invested for the benefit of the Fund by the Commission, in or outside the State, so as to secure the optimal total financial return, as to both capital and income, having regard to— Investment policy for Fund.

(a) the purpose of the Fund as set out in *section 18(1)*, and

(b) the payment requirements of the Fund as provided for under *section 20*,

provided the level of risk to the moneys held or invested is acceptable to the Commission.

(2) Any income, capital or other benefit received in respect of moneys held or invested by the Commission shall be paid into the Fund and held or invested for the benefit of the Fund in accordance with *subsection (1)*. 5

Payments from Fund to Exchequer.

20.—(1) The Commission shall not make any payment from the Fund to the Exchequer before the year 2025. 10

(2) Subject to this section, in each year, commencing in the year 2025 and continuing until the year 2055, the Commission shall make payments from the Fund to the Exchequer, upon the request of the Minister, in respect of social welfare pensions and public service pensions. 15

(3) The Minister may, after consultation with the Minister for Social, Community and Family Affairs, at any time, by order extend beyond the year 2055, the period for payment from the Fund referred to in *subsection (2)*.

(4) The Minister shall, following consultation with the Commission and the Minister for Social, Community and Family Affairs, make rules under which payments from the Fund under *subsection (2)* shall be calculated during the relevant period. 20

(5) Without prejudice to the generality of *subsection (4)*, rules under that subsection shall provide that payments from the Fund shall be calculated— 25

(a) by reference to the projected increase in the number of persons in the State who should have attained the age of 65 years, during the relevant period, as estimated by the Minister following consultation with the Central Statistics Office, and 30

(b) with a view to avoiding undue variations from year to year in the net Exchequer position arising from payments to and receipts from the Fund.

(6) Payment from the Fund to the Exchequer in any year shall not exceed the total Exchequer outlay on social welfare pensions and public service pensions in that year. 35

(7) The Minister may by order amend or revoke an order made under this section (including an order under this subsection).

(8) In this section “relevant period” means from the year 2025 until the year 2055 or such further period as extended by order made under *subsection (3)*. 40

Manager of Fund.

21.—(1) The Commission shall appoint a manager of the Fund, in this Act referred to as the “Manager”, to act as its agent in the performance of its functions under the Act. 45

(2) On the establishment day, the Commission shall appoint the Agency to be the Manager for a period of 10 years.

5 (3) After the period referred to in *subsection (2)* and after each period of 5 years thereafter, the Commission, acting in consultation with the Minister and with his or her consent, may appoint the Agency, or such other person as it considers to be best qualified, to be the Manager for a period of 5 years.

10 (4) The Manager shall supply the Commission with such information, advice and assistance regarding the responsibilities of the Commission and the activities of the Manager, investment managers, custodians and any other adviser or service provider engaged by the Commission, as the Commission may, from time to time, require.

(5) The Manager shall have all such powers as are necessary or expedient for the performance of its functions under this Act.

15 (6) Subject to *section 26(2)*, a function of the Agency under this Act shall not be considered as a function of the Agency under the National Treasury Management Agency Act, 1990.

20 (7) Where a person ceases to be the Manager, the person shall, immediately upon so ceasing, surrender to the Commission all books, documents and records (including any information stored, maintained or preserved by means of any mechanical or electronic device, whether or not stored, maintained or preserved in legible form) and anything else used in the administration of the Fund which is not the property of the person.

25 **22.**—(1) The Commission may, from time to time, appoint such persons (“investment managers”) to invest and manage such portions of the Fund as the Commission deems appropriate on such terms and conditions as the Commission deems appropriate, including the following—

Appointment of investment managers and custodians.

30 (a) the investment mandate to be given to the investment manager, including discretionary powers for the investment manager,

(b) an indemnity to the investment manager with respect to any depreciation or loss in assets under his or her control save for wilful default, fraud or negligence by the investment manager,

35 (c) the appointment by the investment manager of agents to act for it in the performance of its duties and functions, subject to the consent of the Commission in the case of investment decisions,

40 (d) the exercise of voting rights by the investment manager on behalf of the Fund,

(e) general reporting arrangements, and

(f) management fee, commission and other expenses payable to the investment manager.

45 (2) Notwithstanding *subsection (1)*, the Manager may be appointed by the Commission to invest and manage such portions of the Fund and on such terms and conditions as deemed appropriate by the Commission within the context of the investment strategy adopted by the Commission.

50 (3) The Commission may, from time to time, appoint persons (“custodians”) to act as custodians for the assets, or portions of the

assets, of the Fund on such terms and conditions as the Commission deems appropriate.

(4) In evaluating prospective investment managers or custodians for the purpose of this section, the Commission shall, *inter alia*, have due regard to their— 5

- (a) investment or custodianship expertise, as appropriate,
- (b) risk management systems and other information systems and technology, as appropriate,
- (c) corporate structure,
- (d) reporting capabilities, 10
- (e) financial strength,
- (f) internal ethical and compliance guidelines,
- (g) external regulatory obligations, and
- (h) management fee, commission and other expenses.

(5) The Commission shall seek to ensure in the contracts for the appointment of investment managers or custodians that they— 15

- (a) operate to the highest standards acting honestly and fairly, and with due skill, care, prudence and diligence, in conducting their business activities under the mandate given to them so as to promote the best interests of the Fund, 20
- (b) employ effectively the resources and procedures that are necessary for the proper performance of such business activities,
- (c) make every effort to avoid conflicts of interest and to declare any such conflict to the Commission, and 25
- (d) are subject to an appropriate regulatory regime.

(6) In appointing an investment manager, a custodian or the Manager for the purposes of this section, the Commission may include a provision in the relevant contract, or letter of appointment in the case of the Manager, enabling it to engage auditors, from time to time, to carry out an audit of the books, accounts and other financial statements of the investment manager, custodian or Manager, as the case may be, in so far as they relate to activities of the investment manager, custodian or Manager under this section. The investment manager, custodian or Manager, as the case may be, shall afford access to the auditors to all records, documents and accounts relevant to assets of the Fund under his or her control. 30 35

Expenses of Agency.

23.—The expenses of the Agency in the performance of its functions as Manager shall be charged on and paid out of the Central Fund or the growing produce thereof. 40

Laying of draft orders, regulations and rules under Part 3.

24.—A draft of every order, regulation or rule proposed to be made under this Part shall be laid before Dáil Éireann and the order, regulation or rule shall not be made until a resolution approving the draft has been passed by Dáil Éireann.

PART 4

Accountability and Reporting

5 **25.**—(1) The chairperson of the Commission shall appear before, and give evidence to, the Committee of Public Accounts at such times as the Committee may reasonably request.

Chairperson of Commission to appear before Committee of Public Accounts.

(2) Any evidence given under *subsection (1)* shall, subject to preserving confidentiality in relation to such commercially sensitive information, as determined by the Commission, relate to the policies of the Commission in relation to the Fund.

10 **26.**—(1) The Commission shall keep in such form as may be approved of by the Minister all proper and usual accounts of all moneys and other assets appropriate to the Fund. The accounts shall include a separate account of the administration fees and expenses incurred by the Commission in the operation of the Fund.

Accounts and audits.

15 (2) The audited accounts prepared under section 12 of the National Treasury Management Agency Act, 1990, shall note a record of expenses incurred by the Agency as the Manager.

20 (3) Accounts kept in pursuance of this section, signed by the chief executive officer of the Manager and by a commissioner authorised for that purpose, shall be formally adopted by the Commission and shall be submitted as soon as may be, but not later than 4 months, after the end of the financial year to which they relate by the Commission to the Comptroller and Auditor General for audit. A copy of the accounts as so audited shall be presented to the Minister as soon as may be and the Minister shall cause a copy of the accounts as so audited to be laid before each House of the Oireachtas.

25 (4) The chief executive officer of the Manager shall, whenever required by the Committee of Public Accounts, give evidence to that committee on—

30 (a) the regularity and propriety of the transactions recorded or required to be recorded in any book or other record of account subject to audit by the Comptroller and Auditor General which the Commission is required by or under statute to prepare,

35 (b) the economy and efficiency of the Commission and the Manager in the use of the resources made available to them under *sections 17* and *23*, respectively,

40 (c) the systems, procedures and practices employed by the Commission for the purposes of evaluating the effectiveness of its operations, and

45 (d) any matter affecting the Commission referred to in a special report of the Comptroller and Auditor General under section 11(2) of the Comptroller and Auditor General (Amendment) Act, 1993, or in any other report of the Comptroller and Auditor General (in so far as it relates to a matter specified in *paragraph (a)*, *(b)* or *(c)*) that is laid before Dáil Éireann.

50 (5) The chief executive officer of the Manager, if required under *subsection (4)* to give evidence, shall not question or express an opinion on the merits of any policy of the Commission or the objective of such a policy.

27.—(1) As soon as may be, but not later than 6 months, after the end of each financial year the Commission shall make a report to the Minister of its activities during that year and the Minister shall cause copies of the report to be laid before each House of the Oireachtas. 5

(2) Each report under *subsection (1)* shall, having regard to the need for open and transparent reporting on the operation of the Fund, but subject to preserving confidentiality in regard to commercially sensitive information, include the following for the year under review: 10

- (a) information on the investment strategy followed;
- (b) a report on the investment return achieved by the Fund;
- (c) a valuation of the net assets of the Fund and a detailed list of the assets of the Fund at the year end;
- (d) information about the investment management and custodianship arrangements in relation to the Fund; and 15
- (e) information on fees, commission and other expenses incurred by the Commission and by the Manager in the operation of the Fund.

(3) Each report under *subsection (1)* shall include information in such form and regarding such matters as the Minister may direct. 20

(4) The Minister may from time to time appoint a person to carry out an examination of any or all aspects of the operation of the Fund and the Commission and the Manager shall be required to assist this examination in every respect and to afford the person appointed by the Minister access to all records, books and accounts for this purpose. 25

PART 5

Dissolution of Temporary Holding Fund for Superannuation Liabilities 30

Transfer of moneys from Temporary Fund to Fund, dissolution of Temporary Fund and final accounts.

28.—(1) As soon as may be after the establishment day, all moneys in the Temporary Fund shall be transferred by the Agency to the Fund.

(2) When all moneys have been transferred under *subsection (1)*, the Minister shall by order dissolve the Temporary Fund. 35

(3) Final accounts of the Temporary Fund shall be drawn up by the Agency, in such form as may be required by the Minister, as soon as may be after the dissolution of the Temporary Fund under *subsection (2)*.

(4) Accounts prepared pursuant to *subsection (3)* shall be submitted as soon as may be by the Agency to the Comptroller and Auditor General for audit and, promptly after the audit, a copy of such accounts and a copy of the Comptroller and Auditor General's report on the accounts shall be presented to the Minister who shall cause copies thereof to be laid before each House of the Oireachtas. 40 45

Repeal.

29.—On the dissolution of the Temporary Fund under *section 28(2)*, the Temporary Holding Fund for Superannuation Liabilities Act, 1999, shall be repealed.

PART 6

Amendment of Taxes Consolidation Act, 1997

30.—The Taxes Consolidation Act, 1997, is amended— Taxation.

5 (a) in section 172A(1)(a), by the substitution of the following for subparagraph (i) of the definition of “relevant distribution”:

“(i) a distribution within the meaning of paragraph 1 of Schedule F in section 20(1), other than such a distribution made to—

10 (I) a Minister of the Government in his or her capacity as such Minister, or

(II) the National Pensions Reserve Fund Commission,
and”,

(b) by the insertion, after section 230, of the following section:

15 “National Pensions Reserve Fund Commission. 230A.—Notwithstanding any provision of the Corporation Tax Acts, profits arising to the National Pensions Reserve Fund Commission shall be exempt from corporation tax.”,

20 (c) in section 256(1), in paragraph (a) of the definition of “relevant deposit”, by the insertion, after subparagraph (iii), of the following:

“(iii*a*) the National Pensions Reserve Fund Commission,
25 (iii*b*) the State acting through the National Pensions Reserve Fund Commission,”,

(d) in Schedule 13, by the insertion, after paragraph 103, of the following:

“104. The National Pensions Reserve Fund Commission.”,
and

30 (e) in Schedule 15, in Part 1, by the insertion, after paragraph 33, of the following:

“34. The National Pensions Reserve Fund Commission.”.