



AN BILLE UM AER LINGUS 2003
AER LINGUS BILL 2003

EXPLANATORY MEMORANDUM

General

The purpose of this Bill is to give effect to the Employee Share Ownership Plan (ESOP) agreed by Government and Aer Lingus Unions and to provide a legal framework to facilitate any private sector investment process in the event that the Government embarks on such a process. The Bill also includes an enabling provision for the establishment of new pension schemes by Aer Lingus.

Section 1 deals with interpretation of terms used in the Bill.

Section 2 provides for the repeal of provisions, in whole or in part and on different days, contained in the Air Companies Acts 1966 to 1993 as detailed in the *Schedule* to the Bill.

Section 3 provides that the Minister for Finance may sell, exchange or dispose of his/her shares in Aer Lingus Group public limited company. The Minister for Finance is the major shareholder in the airline. Provision is also made that any funds received in respect of the sale or disposal of the State's shareholding in Aer Lingus will be paid into and disposed of for the benefit of the Exchequer.

Section 4 makes provision for Aer Lingus Group public limited company to issue new shares and to create shares of different classes with different rights, subject to the Companies Acts.

Section 5 provides enabling powers to facilitate a sale of all or part of the State's shareholding in Aer Lingus. Appropriate provisions are made to enable the Minister for Finance to enter one or more agreements in connection with the sale of the shares in the Company including customary provisions contained in a shareholders' or underwriting agreement as the Minister may wish.

Section 6, in order to facilitate ESOT Board representation, the terms of which have already been agreed between the parties and, where and when necessary, third party Board representation, provides for the full or partial disapplication from the Company of the Worker Participation Acts, for the retirement of directors upon such disapplication and for the Minister to appoint new directors to fill vacancies so created. The overall number of directors does not change.

Section 7 provides for employee shareholding schemes and their acquisition of shares in the Company.

Section 8 clarifies that Section 60 of the Companies Act which prohibits a company from giving financial assistance for a purchase of shares in the Company, does not apply to any warranties given, or financial obligations undertaken, by the Company in connection with the disposal of shares and, in addition, does not apply to any financial arrangement in connection with the purchase of shares by an Employee Share Ownership Trust.

Section 9 is an enabling provision to provide that Aer Lingus may establish one or more superannuation scheme(s) for their own employees. Under existing arrangements Aer Lingus share a common pension scheme — Irish Airlines (General Employees) Superannuation Scheme — with other employers.

Section 10 provides that the money needed for the costs related to carrying out disposal of shares will be provided by the Oireachtas.

Section 11 provides for the repayment by Aer Lingus Limited to the Exchequer of monies amounting to €6,348,690 (£5,000,000) advanced to Aerlinter (now Santain Developments Limited) under the Air Companies (Amendment) Act 1969, together with any outstanding interest.

Section 12, as a consequence of any future private sector investment process, makes provision to disapply certain legislation as may be necessary which currently applies to Aer Lingus. This includes the Ethics in Public Office Act 1995 and 2001, the Prompt Payment of Accounts Act 1997 and section 521 of the Taxes Consolidation Act 1997.

Section 13 provides for the short title of the Act. *Subsection (2)* provides for the commencement of the Act and provides that the Minister may, by order, bring different provisions into force at different times.

Financial Implications

There are no net additional Exchequer costs arising directly from these proposals.

Provision is made for Aer Lingus to repay monies advanced under the Air Companies (Amendment) Act 1969 at a time to be determined.

The costs of financing the disposal of shares, when this arises, will be met from the Vote of the Department of Transport.

An Roinn Iompair
Meán Fómhair 2003