



**AN BILLE IOMPAIR (IASACHTAÍ CHÓRAS IOMPAIR
ÉIREANN AGUS FOCHUIDEACHTAÍ), 2012
TRANSPORT (CÓRAS IOMPAIR ÉIREANN AND
SUBSIDIARY COMPANIES BORROWINGS) BILL 2012**

EXPLANATORY AND FINANCIAL MEMORANDUM

The Explanatory Memorandum does not form part of the Bill and does not purport to be a legal interpretation.

Purposes of the Bill

The purposes of the Bill are:

- (a) to increase CIÉ's borrowing powers for non-capital purposes, under the Transport Acts from €107 million to €300 million;
- (b) to include a provision allowing CIÉ to charge any borrowings of the Group to property held by it or its subsidiaries; and
- (c) to streamline CIÉ borrowing powers into a single enabling provision for all forms of borrowing undertaken by CIÉ for non-capital purposes.

Provisions of the Bill

The Bill contains five Sections. The following paragraphs contain a brief description and an outline of the principal changes proposed in each Section:

Section 1 Borrowing Powers of Board substitutes a new section 28 of the Transport Act 1950. At subsection (1) it allows the Minister for Transport, Tourism and Sport and the Minister for Public Expenditure and Reform to give consent to CIÉ to raise or borrow money for non-capital purposes and subsection (2) sets a ceiling of €300 million for such borrowing. Subsection (3) enables property to be used as security for borrowings, subject to compliance with section 67 of the Credit Institutions (Stabilisation) Act 2010 where Regulations are made under section 67(5) of that Act affecting CIÉ or its subsidiaries. Subsections (4) and (5) essentially restate previous provisions relating to the issue of stock for capital purposes contained in the existing section 28. Subsection (6) clarifies that amounts borrowed in foreign currency will be deemed to be equivalent to the Euro amount at the time the money was borrowed.

Section 2 *Borrowing by Company* provides for a consequential amendment of section 20 of the Transport (Reorganisation of Córas Iompair Éireann) Act 1986 to allow the Board of CIÉ to lend money to the subsidiary companies and for the subsidiary companies to borrow money, with the consent of the Board of CIÉ, subject to the total ceiling for all borrowings of €300 million. Subsection (3) enables property of the subsidiary companies to be used as security for borrowings by them, subject to compliance with section 67 of the Credit Institutions (Stabilisation) Act 2010 where Regulations are made under section 67(5) of that Act affecting the CIÉ subsidiaries.

Section 3 *Repeals* repeals sections 30 and 31 of the Transport Act 1950, which provided for the State guarantee of temporary borrowings and the laying of particulars of guarantees before the Houses of the Oireachtas. It also repeals sections 3 and 4 of the Transport Act 1987 which also previously dealt with CIÉ borrowing powers and State guarantee of borrowings by CIÉ.

Section 4 *Amendment of Schedule 2 to Ministers and Secretaries (Amendment) Act 2011* provides for an amendment to the Ministers and Secretaries (Amendment) Act 2011 to delete reference to section 28 of the 1950 Act as the new section inserted by section 1 of the Bill contains a reference to the Minister for Public Expenditure and Reform.

Section 5 *Short title* provides for the short title.

Financial Implications

There are no direct financial implications for the Exchequer.

*Department of Transport, Tourism and Sport,
October, 2012.*