Contents

Head 1 – Interpretation

Provide for the following definitions:

"Act of 1990" means the National Treasury Management Agency Act 1990;

"Act of 2000" means the Wildlife (Amendment) Act 2000;

"Act of 2014" means the National Treasury Management Agency (Amendment) Act 2014;

"Act of 2019" means the National Surplus (Reserve Fund for Exceptional Contingencies) Act 2019;

"Agency" means the National Treasury Management Agency;

"ICNF investment vehicle" means a company or other body corporate formed, or caused to be formed, pursuant to Head 16.8 for the purpose of holding, facilitating or managing investments of the ICNF;

"company" means -

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

(b) a body established under the laws of a state other than the State and corresponding to a body referred to in paragraph (a);

"contribution" means a payment into the Future Ireland Fund from the Central Fund or by the Minister for Finance in accordance with this Bill or a payment into the ICNF from the Central Fund or by the Minister for Finance in accordance with this Bill, as the context requires;

"custodians" means a custodian or custodians appointed under Head 15.7 to make appropriate arrangements for the safekeeping of assets of the Future Ireland Fund or the Infrastructure, Climate and Nature Fund;

"functions" includes powers and duties and references to the performance of functions include, as respects powers and duties, references to the exercise of the powers and the carrying out of the duties;

"Fund" means, for the purposes of Part 1 the Future Ireland Fund, for the purposes of Part 2 the Infrastructure, Climate and Nature Fund, and for the purposes of this section, Part 3, Part 4, Part 5 and Part 6 either or both of the funds as the context requires;

"Gross Domestic Product" means for the purposes of Head 5.1 the estimate of gross domestic product for the year preceding the year in which Contributions to the Fund are made;

"Infrastructure, Climate and Nature Fund" or "ICNF" means the fund established under Head 9;

"investment income" means with respect to a Fund, interest, dividend and other income deriving from the assets of the Fund but excluding any capital investment gain (realised or unrealised);

"investment manager" means a firm or firms appointed under Head 15.6 to manage in a fiduciary capacity the assets of the Future Ireland Fund and the Infrastructure, Climate and Nature Fund;

"investment return" means in relation to a Fund, with respect to any period, the Investment Income and capital investment gains or losses (realised or unrealised) received or accrued in favour of that Fund, or incurred by that Fund, in the relevant period net of expenses for the relevant period**;**

"Investment Strategy" means with respect to a Fund the investment strategy for that Fund determined in accordance with the relevant Head;

"ISIF" means the Ireland Strategic Investment Fund established under the Act of 2014;

"ISIF investment vehicle" means a company or other body corporate referred to in section 41(4)(d) of the Act of 2014.

"Future Ireland Fund" or "FIF" means the fund established under Head 2.

"FIF Capital" means at any time, an amount equal to the aggregate of all Contributions to the Future Ireland Fund up to that time, less any expenses paid under Head 19;

"FIF investment vehicle" means a company or other body corporate formed, or caused to be formed, pursuant to Head 16.8 for the purpose of holding, facilitating or managing investments of the Future Ireland Fund;

"Minister" means the Minister for Finance;

"National Reserve Fund" means the fund established under section 2 of the Act of 2019;

"rolling five-year withdrawal plan" is a five-year plan approved by the Minister on the recommendation of the Agency to determine the appropriate level of withdrawal from the Fund in line with the provisions of Head 7.3.

Explanatory Note

This Head will provide for relevant definitions and interpretations for the purposes of Act, some of which are indicated above. Further definitions and interpretations will need to be included in the dedicated drafting of the Bill.

PART 1 - FUTURE IRELAND FUND

Head 2 - Establishment and purpose of the Future Ireland Fund

2.1 There shall be established a new fund, to be known as the 'Future Ireland Fund'.

2.2 The purpose of the fund established by this section is to provide the widest benefits across society by consistently and sustainably supporting, from its prevailing investment return, Exchequer expenditure to defray costs incurred by the State.

2.3 The Future Ireland Fund shall be controlled and managed by the Agency, who shall have the functions set out in this Act in this regard.

2.4 Ownership of the Future Ireland Fund shall vest in the Minister.

Explanatory note

This Head provides for the establishment of the Future Ireland Fund on the commencement of this section.

It sets out the purpose of the Future Ireland Fund. The aim of the fund is to create a revenue stream from its investment returns, which can be used to supplement what is available for general Government spending.

There are pressures on both expenditure and revenue, which are likely to emerge over the next decade or so. These include the cost of an ageing population (pensions, health care and long term care); climate neutrality and wider healthcare costs. The creation of a long-term savings Fund will help ensure these costs can, in part, be alleviated. This would be achieved by the Fund contributing resources to the operation of the State, the fungibility of which would provide the possibility of increased or additional public expenditure or taxation changes in other policy areas.

As this Fund is intended to be multi-generational, as per Head 7, this will ensure that the Fund is sustained over time rather than being saved and spent in a single tranche or depleted in a shorter timeframe.

It also provides for the Fund to be managed and controlled by the Agency, and owned by the Minister replicating the approach taken in respect of the National Pensions Reserve Fund (NPRF) under sections 18(6) and (7) of the NPRF Act 2000 and in respect of ISIF under sections 41(1) and 38(3) of the NTMA (Amendment) Act 2014.

Head 3 – Investment policy for Future Ireland Fund

3.1 The Agency shall, in accordance with the provisions of this Act, hold or invest the assets of the Fund on a commercial basis, for the benefit of the Future Ireland Fund so as to seek to secure the optimal total financial return, as to both capital and income, having regard to the purpose of the Future Ireland Fund under Head 2.

3.2 The assets of the Future Ireland Fund may be invested by the Agency inside or outside the State.

3.3 The Agency shall invest the FIF responsibly in a manner, which is consistent with the Agency's obligations pursuant to Head 3.1.

3.4 The Agency shall determine the level of risk appropriate to the investment of the Future Ireland Fund, having regard to the purpose of the Fund.

3.5 All income, capital and other benefits received in respect of holdings or investments of the Fund shall be paid into the Fund and invested for the benefit of the Fund.

Explanatory note

This Head sets out the investment policy upon which the Agency is to develop the investment strategy (as opposed to requiring the development of a policy document). This mirrors the approach taken in s. 39 of the Act of 2014 in relation to the establishment of the Ireland Strategic Investment Fund (ISIF).

Head 3.1 provides that the assets of the Future Ireland Fund will be invested on a commercial basis so as to secure an optimal total financial return, as to both capital and income. This reflects the approach taken in section 18(1) of the NPRF Act 2000. It is intended that the fund is invested to provide long term income for the State.

Head 3.2 provides that assets of the Fund may be invested in or outside the State. While the geographic focus of investments would be global, Irish assets are a feature of global indices/ Exchange Traded Funds. The purpose of this provision is to allow for Irish exposures to be managed within global mandates rather than having an exclusionary policy in the legislation.

Head 3.3 provides that the investment of the Fund will be invested responsibly. The purpose of this provision is to require the NTMA to take account of ESG (Environmental, Social and Governance) considerations in the investment process.

Head 3.4 provides that the Agency will determine what level of risk is appropriate to Future Ireland Fund investments having regard to the purpose of the Fund as outlined under Head 2, i.e. the long term nature of the investment.

Head 3.5 provides that all income, capital and benefits received from holdings and investments of the Future Ireland Fund shall be paid into the Future Ireland Fund and invested for its benefit. This will allow the value of the Fund to increase at a greater pace.

Head 4 – Investment strategy for Future Ireland Fund

4.1 The Agency shall determine, monitor and keep under review the investment strategy for the assets of the Future Ireland Fund in accordance with Head 3. The strategy shall include:

(a) appropriate benchmarks, against which the Investment Return of the Future Ireland Fund can be assessed;

(b) a description of how the Agency incorporates responsible investment, including exclusions (or the basis on which these are to be determined), into its investment process for the Fund; and

(c) the classes of assets in which the Future Ireland Fund may be invested, including, without limiting the generality of the foregoing, such derivative or other financial instruments as the Agency may deem appropriate.

4.2 In determining and reviewing the Investment Strategy, the Agency shall consult the Minister (who may in turn consult such other Ministers as he/she may consider appropriate) and the Minster for Public Expenditure, National Development Plan Delivery and Reform and the Agency shall have regard to any views expressed by either Minister.

4.3 The Agency shall monitor and review the implementation of the investment strategy including performance against the benchmarks set therein.

4.4 The Agency shall review the investment strategy regularly.

4.5 The Agency shall publicly disclose the investment strategy determined from time to time in accordance with Heads 4.1 and 4.2.

4.6 A requirement in this Head to publicly disclose any matter shall be read as a requirement to make the matter available free of charge on the website of the Agency.

Explanatory Note

Head 4.1 provides that the NTMA is responsible for determining, monitoring and keeping under review the Future Ireland Fund investment strategy. The strategy must accord with the principles set out in Head 3 and include appropriate benchmarks, a description of how the Agency will invest responsibly, including with reference to investment exclusions or the basis for making such exclusions, the classes of assets in which the Fund may invest, including derivatives and other financial instruments deemed appropriate by the NTMA.

Head 4.2 provides that the NTMA must consult with the Minister for Finance and Minister for Public Expenditure National Development Plan Delivery and Reform in determining and reviewing the investment strategy and have regard to any views expressed by either Minister. The Minister for Finance may consult such other Ministers as he/she may consider appropriate.

Head 4.3 requires the NTMA to monitor and review the implementation of the Future Ireland Fund investment strategy including performance against benchmarks.

Head 4.4 requires the NTMA to review the investment strategy itself regularly.

Head 4.5 requires the Agency to publish the strategy.

Head 4.6 clarifies that it shall do so by making it available on its website.

Head 5 – Payments to Future Ireland Fund

5.1 In each year commencing in 2024 there shall be paid into the Future Ireland Fund from the Central Fund or the growing produce thereof a sum equivalent to 0.8 per cent of GDP, in up to four instalments per year, the contribution process to be agreed between the Minister and the Agency**.**

From 2036, the amount (if any) to be paid into the Future Ireland Fund in any year shall be determined in accordance with Head 6.

5.2 In 2024 there shall be paid into the Future Ireland Fund, the balance standing to the credit of the National Reserve Fund at the time of the dissolution of that Fund in accordance with Head 26 (other than the €2bn allocated to the ICNF under Head 12.1).

5.3 The Minister, with the approval of the Government and following a resolution passed by Dáil Éireann may make a payment into the Future Ireland Fund from the Central Fund, in any financial year, in addition to the payment already provided for in Head 5.1.

5.4 Contributions to the Fund shall not be amended or halted, in any year, other than pursuant to a resolution passed by Dáil Éireann, following a proposal made to that House by the Minister, and subject to Government approval.

5.5 The Minister shall undertake an evaluation to determine whether a significant deterioration in the public finances has occurred each year or where that deterioration persists in the case of years subsequent to a deterioration being established, in order to determine whether it is appropriate to amend or halt contributions to the Fund in the next fiscal year. In carrying out this evaluation the Minister will determine and outline the specific factors underpinning the deterioration.

5.6 Where the Minister is satisfied of the circumstances mentioned in subsection 5, he shall, prior to making a proposal referred to in subsection 4, consult with Minister for Public Expenditure, National Development Plan Delivery and Reform and shall have regard to the views of that Minister of the Government.

Explanatory note

Head 5 provides for the financing of the Future Ireland Fund.

Head 5.1 and 5.2 provides that 0.8 per cent of GDP will be invested in the Future Ireland Fund from 2024 to 2035 along with the partial proceeds of the balance from the dissolution of the National Reserve Fund.

Head 5.3 provides that where the Minister approves a payment (above any beyond what is provided in Head 5.1) and this is supported by a Dáil resolution, such a payment can be made to the Fund in any financial year.

Head 5.4 to 5.6 provides the mechanism to cease or vary the level of contributions to the Future Ireland Fund in a given year.

Each year, the Minister will be required to undertake an evaluation to determine whether there has been a "significant deterioration" in the public finances or if such a situation persists year-on-year, to determine whether the level of contributions should vary or cease in the following year. Where the Minister for Finance is satisfied based on the evaluation, he shall, prior to making a proposal of a Dáil resolution, seek the approval of Government. Before seeking government approval, he shall consult with Minister for Public Expenditure, National Development Plan Delivery and Reform and shall have regard to the views of that Minister of the Government. Where the fiscal conditions that gave rise to the varying or ceasing of the contributions to the Fund no longer apply, the Minister shall recommence contributions to the Fund at the rate set out in Head 5.1. It is the intention that unless the Minster takes the actions in Heads 5.3-5.6 in a given year that the default position would be that payments are made / resumed in line with head 5.1.

Head 6 – Payments to the Future Ireland Fund beyond 2035

6.1 By 30 June 2035, or as near as possible thereafter, the Minister shall, in consultation with the Minister for Public Expenditure, National Development Plan Delivery and Reform and the Agency, provide a report to Government having reviewed the level of contributions to the Future Ireland Fund and recommend whether to continue or amend (increase, reduce or cease) contributions to the Fund.

The Minister may carry out further similar reviews in line with the provisions of this Head, from time to time, after the review required under Paragraph 1.

6.2 A Report prepared under 6.1 shall have regard to:

(a) the long term impact of the level of contribution on the sustainability of the public finances;

(b) the optimal size of the Fund having regard to the purposes of the Fund provided for in Head 2; and

(c) any review prepared under Head 18.

6.3 The Minister shall lay a Report prepared under Head 6.1 before the Houses of the Oireachtas prior to the annual budgetary process.

6.4 On foot of the Report under 6.1, where the Government determines to amend contributions to the Fund, the Minister shall table a resolution before Dáil Éireann amending contributions to the Fund for a further specified period.

6.5 If, a resolution passed by Dáil Éireann approves the amending of the level of contribution, the Minister shall pay into the Fund that specified sum from the Central Fund or the growing produce thereof annually during that specified period.

Explanatory note

This Head provides for a review process by Government to determine whether additional contributions should be added to the Fund post 2035 or whether the Government should vary or cease the contribution to the Fund.

This review will include the Minister for Finance in consultation with the Minister for Public Expenditure National Development Plan Delivery and Reform presenting a report to Government having regard for the long term sustainability of the public finances, the optimum size of the Fund and any additional information from performance reviews.

There is also provision in respect of a similar further analysis by the Minister post 2035. This is to allow the Minister powers to carry out further analysis on the level of contributions to the Fund where he is not satisfied about the then prevailing rate that applies.

Based on the report, Government shall decide on whether to amend the contributions to the Fund. This will then require a Dáil resolution to amend (increase, decrease or cease) contributions for a further specified period.

Head 7 – Payments from Future Ireland Fund to Exchequer

7.1 No amount shall be drawn from the Future Ireland Fund until 2041.

7.2 After 2041, sums may be drawn from the Future Ireland Fund in accordance with the provisions of this Head, provided that no sum may be drawn which would cause the value of the Future Ireland Fund to fall below the value of the FIF Capital.

7.3 Moneys shall not be paid out of the Fund other than pursuant to a resolution passed by Dáil Éireann, following a proposal made to that House by the Minister and subject to Government approval.

7.4 By May 2041 and in each year thereafter the Agency shall make a report to the Minister setting out its advice as to the maximum sum it believes to be available to be drawn down from the Future Ireland Fund in that year, and in each of the four years thereafter, having regard to the long term sustainability of the Fund and the requirement to preserve the value of the Future Ireland Fund Capital; and

7.5 Having regard to the advice of the Agency provided in accordance with Head 7.3, and following consultation with the Minister for Public Expenditure, National Development Plan Delivery and Reform, the Minister shall determine what sum (if any) he will propose to Dáil Éireann should be drawn down from the Fund under Head 7.3 having regard to:

(a) the long term sustainability of the Fund and the requirement to preserve the value of the Future Ireland Fund Capital;

(b) the amount of Government expenditure which in the current year relates to, and will in the coming year relate to, the costs associated with the purposes of the Fund referred to in Head 2;

(c) the multi-generational basis upon which the Fund is established, being the intention that similar amounts of money will be available to be drawn down every year into the future.

7.6 Where Dáil Éireann passes a resolution approving the drawdown of funds proposed by the Minister in accordance with Head 7.5, the Minister shall direct the Agency to transfer the relevant amount to the Central Fund by 31 December of the following year.

7.7 In Budget documentation in respect of any year, the Minister shall make specific reference to any public expenditure to be made by the Exchequer during that year which will be funded in whole or in part from the resources of the Future Ireland Fund.

7.8 Nothing in these Heads shall prevent borrowing by the State pending the withdrawal and payment of such assets to the Exchequer to facilitate an orderly liquidation, where the assets of the Future Ireland Fund are temporarily unavailable or where the divestment of securities and assets of the Future Ireland Fund would entail a material cost.

Explanatory note

This Head deals with the terms of the withdrawal of the Future Ireland Fund. The Fund is intended to be multigenerational and provide benefits across a long period (20 years+), rather than having the income and capital drawn down from 2041 onwards and ultimately deplete and end the Fund.

Head 7.1 provides that no money shall be drawn from the Future Ireland Fund before 2041. The purpose of this is to provide for the growth of the Future Ireland Fund in the 2020s and early 2030s. Even if a decision is made in 2035 to cease contributions to the Future Ireland Fund, it can continue to grow throughout the 2030s through investment performance.

Head 7.2 provides that when drawdown begins in 2041 and the years thereafter, that sums may be drawn down provided that no sum may be drawn which would cause the value of the Future Ireland Fund to fall below the value of the Capital of the Fund. This will ensure that Capital of the Fund is not depleted over time.

Head 7.3 provides that moneys shall not be paid out of the Fund other than pursuant to a Dáil resolution, following a proposal made to that House by the Minister for Finance and subject to Government approval.

Head 7.4 to 7.5 provides for the process for determine the value of the drawdown. The National Treasury Management Agency is required to prepare a report to the Minister setting out its advice as to the maximum sum it believes to be available to be drawn down from the Future Ireland Fund in that year, and in each of the four years thereafter. This will ensure that consideration is given to the long term sustainability of the Fund and the requirement to preserve the value of the FIF Capital. Following the report, the Minister will consult with the Minister for Public Expenditure, National Development Plan Delivery and Reform and any other Minister he considers appropriate. Then, he shall determine the sum (if any) that he will propose to Dáil Éireann for drawdown while also taking into account the long term sustainability of the Fund, the amount of Government expenditure which in the current year relates to, and will in the coming year relate to and the multi-generational basis upon which the Fund is established. The intention of the "multigenerational benefits" is that there will be similar amounts of money available as far as possible to be drawn down every year into the future. Before bringing the proposal to Dáil Éireann, it is proposed that the Minister would seek Government approval to do so.

Head 7.6 provides that following the passing of a Dáil resolution under Head 7.3 that the Minister will direct the Agency to transfer the relevant amount to the Central Fund. The date of 31 December has been included to allow for the necessary transfer of resources to take place.

Head 7.7 provides that within the Budget documentation, that the Minister will make specific reference to the use of the resources of the Future Ireland Fund. This will allow for transparency to the use of the resources.

Head 7.8 provides that nothing in these Heads shall prevent the borrowing by the State pending the withdrawal and payment of such assets to the Exchequer where the assets of the Future Ireland Fund are temporarily unavailable or where the divestment of securities and assets of the Future Ireland Fund would entail a material cost.

Head 8 – Use of the capital of the Future Ireland Fund from 2041

8.1 The Minister may only direct the Agency to transfer FIF Capital [in whole or in part] to the Exchequer after 2041 based on a resolution of the Dáil and subject to Government approval.

8.2 By May 2041 and in each year thereafter the Agency shall make a report to the Minister setting out its advice as to whether the average return from the Future Ireland Fund over a ten-year period is less than alternative financing of the State through other fiscal measures.

8.3 Having regard to the advice of the Agency provided in accordance with Head 8.2, and following consultation with the Minister for Public Expenditure, National Development Plan Delivery and Reform, the Minister shall determine what sum (if any) he will propose to Dáil Éireann should be transferred from the FIF Capital having regard to:

(a) the long term sustainability of the Fund and the requirement to preserve the value of the FIF Capital;

(b) the amount of Government expenditure which in the current year relates to, and will in the coming year relate to, the costs associated with the purposes of the Fund referred to in Head 2;

(c) the multi-generational basis upon which the Fund is established, being the intention that similar amounts of money will be available to be drawn down every year into the future.

8.4 Where Dáil Éireann passes a resolution approving the transfer of the FIF Capital proposed by the Minister in accordance with Head 8.3, the Minister shall direct the Agency to transfer the relevant amount to the Central Fund by 31 December of the following year.

8.5 In Budget documentation in respect of any year, the Minister shall make specific reference to any public expenditure to be made by the Exchequer during that year which will be funded in whole or in part from the resources of the Future Ireland Fund.

8.6 Nothing in these Heads shall prevent borrowing by the State pending the withdrawal and payment of such assets to the Exchequer to facilitate an orderly liquidation, where the assets of the Future Ireland Fund are temporarily unavailable or where the divestment of securities and assets of the Future Ireland Fund would entail a material cost.

Explanatory note

This Head provides for the rules in respect of any withdrawal of capital from the Future Ireland Fund. The Minister may only direct the transfer of the Capital based on a resolution of the Dáil. The process mirrors the process for drawing down the investment returns from the Fund, though the reason for withdrawal is different.

Head 8.2 provides that the Minister can only make a proposal to reduce the level of capital in the Future Ireland Fund where the NTMA have advised that the average return from the Fund over a ten-year period is less than alternative financing arrangements e.g. borrowing. The intention is that only if the cost of borrowing is higher than the average ten return from the Fund that the Minister would seek to use the resources of the Fund, This is intended to preserve as much as possible the capital of the Fund but not to the extent that the State is borrowing at higher rates than the investment return on the Fund.

This Head also provides that following the passing of a Dáil resolution under Head 8.3 that the Minister will direct the Agency to transfer the relevant amount to the Central Fund. The date of 31 December of the following year has been included to allow for the necessary transfer of resources to take place.

Head 8.6 provides that nothing in these Heads shall prevent the borrowing by the State pending the withdrawal and payment of such assets to the Exchequer where the assets of the Future Ireland Fund are temporarily unavailable or where the divestment of securities and assets of the Future Ireland Fund would entail a material cost.

PART 2 - INFRASTRUCTURE, CLIMATE AND NATURE FUND

Head 9 – Establishment of the Infrastructure, Climate and Nature Fund

9.1 There shall be a fund, to be known as the Infrastructure, Climate and Nature Fund, for the purpose of providing support for:

(a) expenditure by the State in times of a significant deterioration in the public finances ; and

(b) individual projects that will contribute to the achievement climate and nature goals.

9.2 The Infrastructure, Climate and Nature Fund shall be controlled and managed by the Agency.

9.3 Ownership of the Infrastructure, Climate and Nature Fund shall vest in the Minister.

Explanatory note

This Head provides for the establishment of the Infrastructure, Climate and Nature Fund.

It outlines the twin objectives of this Fund, to support expenditure by the State in times of significant deterioration in the public finances, with the intention that the resources would be used support capital expenditure and to support projects to achieve climate and nature goals.

Heads 9.2 and 9.3 provide for the Infrastructure, Climate and Nature Fund to be managed and controlled by the NTMA, and owned by the Minister. This replicates the approach taken in respect of the NPRF under sections 18(6) and (7) of the NPRF Act 2000 and in respect of ISIF under sections 41(1) and 38(3) of the NTMA (Amendment) Act 2014.

Head 10 – Investment policy for Infrastructure, Climate and Nature Fund

10.1 The Agency shall, in accordance with the provisions of this Act, hold or invest the assets of the Infrastructure, Climate and Nature Fund on a commercial basis with a view to seeking to secure such rates of return as appear to the Agency appropriate having regard to the purpose of the Fund and the likely timing of withdrawals from the Fund.

10.2 The assets of the Fund may be invested by the Agency inside or outside the State.

10.3 The Agency shall invest the Fund responsibly in a manner which is consistent with its obligations pursuant to Head 10.1.

10.4 The Agency shall determine the level of risk appropriate to the Infrastructure, Climate and Nature Fund having regard to the purpose of the Fund.

10.5 All income, capital and other benefits received in respect of holdings or investments of the Fund shall be paid into the Fund and invested for the benefit of the Fund in accordance with this Act.

Explanatory Note

This Head sets out the principles to direct the Agency in developing the investment strategy.

Head 10.1 provides for the Fund to be invested on a commercial basis in line with its purposes under Head 9. The intention here is not to require the fund to be invested in particular investments related to the climate or nature, but rather to be invested on such a basis to allow for it to be drawn down in a timely manner in line with its purposes. While the FIF can be invested on a longer term basis, because its capital (and its returns) are not intended to be drawn down until at least 2041, the ICNF capital and returns can be drawn down in relatively large tranches for the purposes in Head 9.1.

Head 10.2 provides that assets of the Infrastructure, Climate and Nature Fund may be invested in or outside of the State. While the geographic focus of investments would be global, Irish assets are a feature of global indices/ ETFs. The purpose of this provision is to allow for Irish exposures to be managed within global mandates rather than having an exclusionary policy in the legislation.

Head 10.3.provides that the investment of the Fund will be invested responsibly. The purpose of this provision is to require the NTMA to take account of ESG (Environmental, Social and Governance) considerations in the investment process.

Head 10.4 provides for the Agency to determine the level of acceptable risk for the fund's investment, having regard to the time horizon over which it may be drawn down.

10.5 provides that all income, capital and benefits received from holdings and investments of the ICNF shall be paid into the ICNF and invested for its benefit

Head 11 – Investment strategy for Infrastructure, Climate and Nature Fund

11.1 The Agency shall determine, monitor and keep under review the investment strategy for the assets of the Infrastructure, Climate and Nature Fund in accordance with Head 10. The strategy shall include:

(a) appropriate benchmarks, against which the Investment Return of the Fund can be assessed;

(b) a description of how the Agency incorporates responsible investment, including exclusions (or the basis on which these are to be determined), into its investment process for the Fund; and

(c) 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 Agency may deem appropriate.

11.2 In determining and reviewing the investment strategy for the ICNF, the Agency shall consult the Minister (the Minister having consulted such other Ministers, as he may consider appropriate), the Minister for Public Expenditure, National Development Plan Delivery and Reform and the Agency shall have regard to any views expressed by the Minister.

11.3 The Agency shall review the investment strategy regularly.

11.4 The Agency shall publicly disclose the investment strategy determined from time to time in accordance with Heads 11.1 and 11.2.

11.5 A requirement in this Head to publicly disclose any matter shall be read as a requirement to make the matter available free of charge on the website of the Agency.

Explanatory note

Head 11.1 provides that the Agency is responsible for determining, monitoring and keeping under review the ICNF investment strategy, which must be in accordance with the Fund's investment policy and include appropriate benchmarks, a description of how the Agency will invest responsibly, including with reference to investment exclusions or the basis for making such exclusions,, the classes of assets in which the Fund may invest, including derivatives and other financial instruments deemed appropriate by the Agency.

Head 11.2 provides that the Agency must consult with the Minister for Finance in determining and reviewing the investment strategy and have regard to any views expressed by the Minister. The Minister may consult such other Ministers as he/she may consider appropriate.

Head 11.3 provides for the regular review of the investment strategy by the Agency.

Head 11.4 and Head 11.5 provide for the publication of the strategy on the Agency's website.

Head 12 – Payments to Infrastructure, Climate and Nature Fund

12.1 In 2024 there shall be €2 billion paid into the Infrastructure, Climate and Nature Fund from the dissolution of the National Reserve Fund under Head 26.

12.2 From 2025 to 2030, €2 billion shall be paid into Infrastructure, Climate and Nature Fund each year. The total of contributions from the Exchequer under 12.1 and 12.2 shall be no more than €14 billion by 2030.

12.3 Dáil Éireann may, on a proposal from the Minister, pass a resolution allowing additional funding above the annual contribution provided for in Head 12.2, to be provided to the Fund from the Central Fund. Where such funding is provided the total contribution to Infrastructure, Climate and Nature Fund shall not exceed €14 billion and in the event that the fund reaches €14 billion before 2030 the contribution process in Head 12.2 shall cease.

12.4 Contributions to the Fund shall not be amended or halted, in any year, other than pursuant to a resolution passed by Dáil Éireann, following a proposal made to that House by the Minister, and subject to Government approval.

12.5 The Minister shall undertake an evaluation to determine whether a significant deterioration in the public finances has occurred each year or where that deterioration persists in the case of years subsequent to a deterioration being established, in order to determine whether it is appropriate to amend or halt contributions to the Fund in the next fiscal year. In carrying out this evaluation the Minister will determine and outline the specific factors underpinning the deterioration.

12.6 Where the Minister is satisfied of the circumstances mentioned in subsection 5, he shall, prior to making a proposal referred to in subsection 4, consult with Minister for Public Expenditure, National Development Plan Delivery and Reform and shall have regard to the views of that Minister of the Government.

Explanatory note

Head 12 provides for the financing of the Infrastructure, Climate and Nature Fund.

The level of contribution to the Fund will be limited to €14 billion which equates to 5% of GNI*, the current annual target for capital expenditure under the National Development Plan.

Head 12.1 provides for the payment of €2 billion from the dissolution of the National Reserve Fund into the Infrastructure, Climate and Nature Fund.

Head 12.2 provides for the payment of €2 billion per annum between 2025 and 2030 from the Central Fund into the Infrastructure, Climate and Nature Fund until the total contributions to that fund reaches a total of €14 billion.

Head 12.3 provides that Dáil Éireann may on a proposal from the Minister pass a resolution allowing additional funding above the €2 billion annual contribution to be provided to the Fund from the Central Fund.

Head 12.4 to 12.6 provides the mechanism to cease or amend the level of contributions to the Fund in a given year.

Each year, the Minister will be required to undertake an evaluation to determine whether there has been a “significant deterioration” in the public finances or if such a situation persists year-on-year, to determine whether the level of contributions should vary or cease in the following year. Where the Minister for Finance is satisfied based on the evaluation, he shall, prior to making a proposal of a Dáil resolution, seek the approval of Government. Before seeking government approval, he/she shall consult with Minister for Public Expenditure, National Development Plan Delivery and Reform and shall have regard to the views of that Minister of the Government.

Where the fiscal conditions that gave rise to the varying or ceasing of the contributions to the Fund no longer apply, the Minister shall recommence contributions to the Fund at the rate set out in Head 12.1. It is the intention that unless the Minster takes the actions in Heads 12.3-12.6 in a given year that the default position would be that payments are made / resumed in line with head 12.2.

Head 13 – Payments to the Infrastructure, Climate and Nature Fund beyond 2030

13.1 By 30 June 2030 (or as near as possible thereafter), the Minister shall, in consultation with the Minister for Public Expenditure, National Development Plan Delivery and Reform, report to Government, with a review of the level of contributions to the Infrastructure, Climate and Nature Fund; the size of the Fund and in light of such decisions to recommend whether to continue the Fund or amend (increase, reduce or cease) contributions to the Fund.

The Minister may carry out further reviews in line with the provisions of this Head, from time to time, after the review required under Paragraph 1.

13.2 In preparing the Report under 13.1, the Minister shall have regard to:

(a) the long term impact of the level of contribution recommended on the sustainability of the public finances;

(b) the optimal size of the Fund; and

(c) the performance review prepared under [Head 18].

13.3 The Minister shall lay the Report before the Houses of the Oireachtas prior to the annual budgetary process.

13.4 On foot of the Report under 13.1, where the Government determines to amend contributions to the Fund and/or the overall size of the fund, the Minister shall propose a resolution to Dáil Éireann to vary or cease contributions to the Fund for a further specified period.

13.5 If, by a resolution passed by that House, Dáil Éireann approves the amendment of the level of contribution considering Head 13.2, the Minister shall pay into the Fund that specified sum from the Central Fund or the growing produce thereof annually during that specified period.

Explanatory note

This Head provides for reviews to be conducted in the future, and at least in 2030 of the future viability of the fund, and contributing to the and the optimal size of the Fund.

Head 13.2 provides for the considerations for the review which include the long term impact of the level of contribution recommended on the sustainability of the public finances; the optimal size of the Fund; and) the performance review.

Head 13.3 requires the Minister to lay the report of the review before the Houses of the Oireachtas prior to the annual budgetary process.

Head 13.4 to 13.5 provide for the mechanism of amending the level of contributions to the Fund. On foot of the report prepared under Head 13.1, following Government approval, the Minister may propose a resolution to Dáil Éireann to amend (increase, decrease or cease) the contributions to the Fund. Depending on the outcome of the report and the Dáil resolution, the Minister shall pay into the Fund that specified sum from the Central Fund or the growing produce thereof annually during that specified period or cease the contributions.

Head 14 – Payments from Infrastructure, Climate and Nature Fund to Exchequer for the purposes of Head 9.1(a)

14.1 For the purposes of Head 9.1(a) moneys shall not be paid out of the Fund, other than pursuant to a resolution passed by Dáil Éireann, following a proposal made to that House by the Minister on foot of a decision by Government.

14.2 The Minister will undertake an evaluation to determine whether a significant deterioration in the public finances has occurred each year in order to determine whether the resources of the Fund are required to be drawn down in the following year. In carrying out this evaluation the Minister will determine and outline the specific factors underpinning the deterioration.

14.3. Where the Minister is satisfied as mentioned in subsection 2, he shall, prior to making a proposal referred to in subsection 1, consult with Minister for Public Expenditure, National Development Plan Delivery and Reform and shall have regard to the views of that Minister of the Government.

14.4 Following the passing of a Dáil resolution under 14.1, the Minister shall direct the Agency to transfer from the Infrastructure, Climate and Nature Fund to the Exchequer an amount specified in the resolution.

14.5 Where a Dáil resolution has been passed under Head 14.1 in a given year, a Minister shall not bring a proposal for a Dáil resolution under Head 15.1. Nothing in this Head shall affect committed expenditure, approved by a Dáil resolution, provided for under Head 15.

14.6 Where any expenditure of the Exchequer during any year is to be funded in whole or in part from the resources of the Fund, the Minister and the Minister for Public Expenditure, National Development Plan Delivery and Reform shall indicate in a separate Budget document of that year, the allocation of the resources of the Fund.

14.7 Each Direction of the Minister pursuant to Head 14.4 shall require the Agency to transfer the relevant amount from the Fund to the Exchequer by 31 December in the year that the relevant expenditure is incurred (which date shall be specified in such direction).

14.8 Where assets of the Fund are to be transferred in accordance with Head 14.4 in any year, nothing in these Heads shall prevent borrowing by the State pending the withdrawal and payment of such assets to the Exchequer, in order to facilitate an orderly liquidation, where the assets of the Fund are temporarily unavailable or where the divestment of securities and assets of the Fund would entail a material cost.

14.9 In any year, no more than one quarter of the total value of the fund shall be paid out pursuant to this Head.

Explanatory note

The broad policy intention of making the money available through this fund is to provide for counter-cyclical investment in the economy. This Head provides for the process through which (a) money can be withdrawn from the Fund and (b) contributions to the Fund can be ceased, where there is a significant deterioration in the public finances.

The first sub-head requires a Dáil resolution to be passed to approve such drawdown and or halting of contributions. It is intended that the Minister for Finance would have to go through a process resulting in Government approval before he could table such a resolution.

The second sub-head requires the Minister to make an evaluation each year as to whether there has been a significant deterioration in the public finances.

Under the third sub-head, where the Minister is satisfied that the economic conditions exist; he is required to consult with the Minister for PENDPDR before seeking Government approval.

The fourth sub-head provides for the Minister to direct the Agency to make the necessary payments to the Exchequer from the Fund on foot of the Dáil resolution.

The fifth sub-head recognises that there are two different methods of withdrawing money from the Fund, and aims to manage the interaction between the two.

The intention here is to say that when money has been committed to projects under the climate and nature goals in the Head 15, that that money can continue to be drawn-down. The intention here is that where the economic criteria are invoked, all new climate and nature projects will be suspended and no further payments can be made with the exception of climate and nature liabilities already incurred and in payment. No commitments can be entered into which will provide for expenditure on the Fund post 2030 since this could incur a need for expenditure from the Exchequer which has not been approved by the Dáil.

The sixth sub-head is intended to require the Ministers for Finance and PENDPDR to be accountable in terms of the use of the funds.

The seventh and eighth sub-heads are included to address the cash flow out of the fund. The eighth sub-head takes account of the fact that the money can be committed to be used but would not need to be transferred to the Exchequer immediately. The ninth subhead is included to ensure that the Agency are not required to liquidate assets at short notice to make the payments from the fund to the Exchequer.

The final sub-head places a limit on the amount of money, which can be withdrawn from the fund in any year. This cap has several rationales. It ensures that the full fund cannot be drawn down in full without the Oireachtas amending the legislation. Instead, where the State does enter a recession the funding would be available to supplement spending over a number of years.

Head 15 - Payments from Infrastructure, Climate and Nature Fund to Exchequer for the purposes of Head 9.1(b)

15.1 For the purposes of Head 9.1(b), moneys shall not be paid out of the Fund other than pursuant to a resolution passed by Dáil Éireann following a proposal made to that House by the relevant Minister who has achieved Government approval for a project under this Head. A proposal under this Head may only be brought in the years 2026 to 2030.

15.2 In 2025, or in any year thereafter up to 2029, the Minister for Environment, Climate and Communications may report to government as to whether he is satisfied that Ireland will achieve the Green House Gas emission targets adopted in the 2026-2030 National Carbon Budget, based on the most recently published Environmental Protection Agency emissions projections at that time.

15.3 Where government has determined that Ireland is not expected to achieve the targets mentioned under Head 15.2, the Minister for Public Expenditure, National Development Plan Delivery and Reform, in consultation with relevant Ministers shall prepare a list of relevant projects.

15.4 Projects can only be included in this list which demonstrate:

- the achievement of specific $MTCO_2eq$ reductions that assist the achievement of sectoral targets agreed by Government under the five-year carbon budgets; or
- improved water quality;
- the achievement of targets under a Plan published under s. 59C of the Wildlife (Amendment) Act 2000.

15.5 Projects included in the list shall be subject to analysis and prioritisation in line with the requirements of the Public Spending Code through and administrative process that will be created by the Minister for Public Expenditure, National Development Plan Delivery and Reform, involving consulting with the Minister. The final list will be approved by Government.

15.6 Following the passing of the Dáil resolution under 15.1, the Minister shall direct the Agency to transfer from the Fund to the Exchequer an amount determined in accordance with this Head.

15.7 Each Direction of the Minister pursuant to Head 15.6 shall require the Agency to transfer the relevant amount from the Fund to the Exchequer by 31 December in the year that the relevant expenditure is incurred (which date shall be specified in such direction).

15.8 Where assets of the Fund are to be transferred in accordance with Head 15.5 in any year, nothing in these Heads shall prevent borrowing by the State pending the withdrawal and payment of such assets to the Exchequer to facilitate an orderly liquidation, where the assets of the Fund are temporarily unavailable or where the divestment of securities and assets of the Fund would entail a material cost.

15.9 In each year, no more than 22.5% of the total value of the fund shall be paid out pursuant to this Head in respect of existing commitments or new projects. By 2030, no more than €3.15bn shall be paid out of the Fund pursuant to this Head. No commitments can be entered into, which will provide for expenditure on the Fund post 2030.

Explanatory Note

The broad policy intent is to allow the Fund to be spent on the achievement of climate and nature goals, as well as to support the economy more generally in times where the public finances have deteriorated.

The first sub-head requires a Dáil resolution to be passed to approve such drawdown. It is intended that a Minister of Government would have to go through a process resulting in Government approval before he could table such a resolution.

The second sub-head requires the Minister for the Environment, Climate and Communications to report to Government in 2026 as to whether he is satisfied that Ireland will achieve certain climate targets.

The third sub-head requires, that where Ireland is not on track to achieve its 2030 targets, that the Minister for Public Expenditure, National Development Plan Delivery and Reform shall prepare a list of projects to be supported through the Fund.

The fourth sub-head sets down criteria for projects to be included in the list. They must demonstrate that they will achieve specific CO2 reductions, improve water quality or have already been included in the National Biodiversity Action Plan of the time.

The fifth sub-head ensures that the Public Spending Code is followed. The process of deciding on allocations has to remain, like all expenditure allocations, with DPENDR and Government.

The sixth, seventh and eighth sub-heads are included to address the cash flow out of the fund. The sixth and seventh sub-heads takes account of the fact that the money can be committed to be used but would not need to be transferred to the Exchequer immediately. The eighth subhead is included to ensure that the Agency are not required to liquidate assets at short notice to make the payments from the fund to the Exchequer.

The final sub-head places caps on the amount of money which can be withdrawn from the fund up to 2030.

PART 3 – MANAGEMENT OF THE FUNDS, EXPENSES

Head 16 – Management of the Funds

16.1 The Agency shall hold and invest the assets of the Future Ireland Fund in accordance with the provisions of these Heads, and the investment strategy prepared under Head 4.

16.2 The Agency shall hold and invest the assets of the Infrastructure, Climate and Nature Fund in accordance with the provisions of these Heads, and the investment strategy prepared under Head 11.

16.3 The Agency shall –

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

(b) accept payments made, or assets transferred, to each Fund under this Act, and

(c) accept funds or assets for the benefit of either Fund from sources other than the Central Fund, if so directed by the Minister.

16.4 The Agency may –

(a) hold the assets of each Fund in any such manner as it considers appropriate (including in bank accounts for each Fund opened and maintained by it, including accounts in currencies other than the currency of the State),

(b) invest the assets of each Fund, in accordance with the investment policy and investment strategy, in any such manner as it thinks appropriate (whether directly or through investment managers), including by borrowing or lending securities (including, but not limited to, equity and debt instruments), entering into contracts or other commitments of any description or purchasing and/or selling any investment products (including, in particular, options, futures or other derivative financial instruments).

(c) appoint investment managers, on any terms and conditions to undertake the investment of either or both Funds where the Agency considers it appropriate to do so. Different persons may be appointed to manage the investment of different parts of the Funds.

(d) appoint any person or persons to act as custodian for either or both Funds or any part of the Funds. A custodian must hold the property of each Fund, or that part of the property of each Fund for which they have been appointed, in their name or, with the agreement of the Agency, in the name of one or more nominees.

(e) form, or cause to be formed, companies or other bodies corporate for the purpose of holding, facilitating or managing investments of the Future Ireland Fund or investments of the ICNF (as the case may be).

16.5 Subject to Head 17, the Agency may, as controller and manager of the Funds, enter into joint ventures, partnerships, co-ownerships or other similar arrangements, and may enter into transactions of a normal banking nature, and act as an underwriter, lead manager or arranger, or in any other similar capacity (whether alone or with another person on a joint, several or joint and several basis) in relation to the issue of securities of any kind.

16.6 The Agency has the right to take or defend any legal actions in respect of the Funds.

16.7 The Agency may determine an annual budget for the administration costs to be charged to each Fund.

Explanatory Note

Section 4(2) of the NTMA Act 1990 gives the Agency all such powers as are necessary or expedient for the purpose of its functions. While this would extend to functions under this Act certain powers are expressly referred to in this Head.

This Head sets out the functions and powers of the Agency in connection with the management of the funds.

It reflects section 41 NTMA (Amendment) Act, 2014, which provided for specific functions in relation to the Ireland Strategic Investment Fund (ISIF) and is used here for the purposes of the Funds, with necessary amendments. From the 2014 Act, it includes Section 41 (2), (3) and (4) with the omission of (4)(e) and (4)(f) which were specific to the establishment of the Ireland Strategic Investment Fund as it had a more specific investment remit.

Head 17 – Controlling Interests

17.1 Subject to subsection (2), the Agency shall not maintain a controlling interest in any company or group of companies, nor shall the assets of the Minister under the management of the Agency include a percentage of voting rights that would require the Agency to seek a controlling interest in any company or group of companies in respect of investments inside or outside the State.

17.2 This section does not apply to an ISIF investment vehicle, a Future Ireland Fund investment vehicle or a ICNF investment vehicle but, for the avoidance of doubt, does apply to a company in which an ISIF investment vehicle, a Future Ireland Fund investment vehicle or a ICNF investment vehicle has an interest, as if the investments of the Agency that are held, facilitated or managed by the relevant investment vehicle were held directly by the Agency as controller and manager of the relevant Fund.

17.3 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 and the holding of such shares or possession of such voting rights results in the requirement for the first-mentioned company's financial statements to be consolidated with the financial statements of that person.

17.4 If a contravention of Head 17(1) arises (through inadvertence or otherwise), the Agency shall take reasonable steps to remedy the default as soon as practicable.

Explanatory Note

This Head provides that aggregate investments of the Minister which are under the management of the Agency must not include or result in a controlling interest of any company or group of companies, but this is stated to be subject to the Agency's right to establish and control investment vehicles under Head 16.8 (and ISIF investment vehicles under section 41(4)(d) of the NTMA (Amendment) Act 2014), albeit that the restriction will apply to any controlling interests held by such investment vehicles.

This Head also provides that if the restriction on holding a controlling interest under Head 17 (1) arises for any reason, the Agency shall take reasonable steps to remedy that default as soon as practicable.

Head 18 – Reviews

The Minister may from time to time, , appoint a person to carry out an examination of any or all aspects of the operation of any Fund and the Agency 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.

Explanatory Note

This Head provides for the Minister to require reviews of the funds to be carried out.

This provision is modelled on section 27(4) of the National Pension Reserve Fund Act 2000.

Head 19 – Expenses of Agency in relation to the Funds

Notwithstanding section 11 of the Act of 1990, expenses with respect to the operation of each Fund shall be drawn from that Fund.

Explanatory Note

The purpose of this head is to provide that the expenses related to the operation of the funds will be drawn down from the respective fund.

This is in keeping with the approach taken in relation to ISIF and the NPRF. The text is modelled on section 48 of the Act of 2014 which provided for same in relation to ISIF.

It reflects the commercial nature of the funds' activities and facilitates the measurement of the funds' performance relative to other funds and indices.

It should also help to maintain the independence of the management of the fund from the broader budgetary process. Given that the two funds are intended to provide an economic hedge or support to the government in the future, there is merit in ensuring that the resourcing of the funds remains independent and cannot be compromised due to deficit-related difficulties in the future.

The Act of 2014 accompanied the above provision with a textual amendment to section 11 of the Act of 1990. A similar amendment to take account of this Head is provided for in Head 24 below, which sets out amendments to the Act of 1990.

Head 20 – Investment in Fossil Fuel Undertakings

20.1 In this section—

'fellow subsidiary undertakings', 'higher holding undertaking', 'holding undertaking', 'subsidiary undertaking' and 'undertaking' have the respective meanings given to them by the Companies Act 2014;

'fossil fuel' means coal, oil, natural gas, peat or any derivative thereof intended for use in the production of energy by combustion;

'fossil fuel undertaking' means an undertaking which is -

(a) engaged, for the time being, in the exploration for or extraction or refinement of a fossil fuel where such activity accounts for 20 per cent or more of the turnover of that undertaking, as derived from its most recently published audited financial statements,

(b) a holding undertaking or, as the case may be, a higher holding undertaking of an undertaking of the kind referred to in subparagraph (a), or

(c) a holding undertaking or, as the case may be, a higher holding undertaking of undertakings engaged, for the time being, in the exploration for or extraction or refinement of a fossil fuel, where the aggregate turnover of such undertakings accounts for 20 per cent or more of the turnover of the group on a consolidated basis, as derived from its most recently published audited financial statements;

'group' means an undertaking together with any holding undertaking, higher holding undertaking, subsidiary undertaking and fellow subsidiary undertakings that such undertaking may have;

'indirect investment' means an investment of the assets of the Fund in an investment product or in a collective investment undertaking but does not include financial derivative instruments, exchange traded funds or hedge funds;

'national transition objective' has the meaning given by the Climate Action and Low Carbon Development Act 2015;

'State's climate change obligations' means the existing or future obligations of the State referred to in paragraphs (a) and (b) (insofar as the obligations of the State referred to in paragraph (b) relate to climate change) of section 2 of the Climate Action and Low Carbon Development Act 2015;

'turnover' in relation to an undertaking or a group of undertakings means the amount of revenue derived from the provision of goods and services falling within the ordinary activities of the undertaking or group of undertakings, after deduction of –

(a) trade discounts,

(b) value-added tax, and

(c) any other taxes based on the amounts so derived.

20.2

(a) The Agency shall endeavour to ensure that the assets of the Future Ireland Fund and the Infrastructure, Climate and Nature Fund are not directly invested in a fossil fuel undertaking.

(b) Where the Agency becomes aware that an undertaking in which the assets of the Future Ireland Fund and the Infrastructure, Climate and Nature Fund are directly invested is or becomes a fossil fuel undertaking, the Agency shall divest the assets of the Future Ireland Fund and the Infrastructure, Climate and Nature Fund from such investment as soon as practicable.

20.3 The Agency shall endeavour to ensure that the assets of the Future Ireland Fund and the Infrastructure, Climate and Nature Fund are not invested in an indirect investment at any time after the commencement of this section, unless it is satisfied on reasonable grounds that such indirect investment is unlikely to have in excess of 15 per cent of its assets, or such lower percentage as the Minister may prescribe by order made under this section, invested in a fossil fuel undertaking.

20.4 Notwithstanding subsections (2) and (3), the Agency may invest the assets of the Future Ireland Fund and the Infrastructure, Climate and Nature Fund in a fossil fuel undertaking or in a collective investment undertaking the assets of which are invested or will be invested in a fossil fuel undertaking, where the Agency has satisfied itself on reasonable grounds that the investment is intended to be consistent with –

(a) the achievement of the national transition objective,

(b) the implementation of the State's climate change obligations, and

(c) the policy of the Government, as may be communicated to the Agency from time to time by the Minister for Communications, Climate Action and the Environment, in relation to climate change and climate change objectives.

20.5 Where the Agency makes an investment which, but for subsection (4), it would be prohibited from making, it shall when publishing the fact of the investment and the name of the fossil fuel undertaking or collective investment undertaking concerned, publish the fact that the investment is made under subsection (4).

Explanatory Note

This Head provides for the policy implemented under the Fossil Fuel Divestment Act 2018 which inserted Section 49a of the 2014 Act to be replicated and applied to the Future Ireland Fund and the Infrastructure, Climate and Nature Fund for the divestment of Fossil Fuels. .

PART 4 - ACCOUNTS, REPORTS

Head 21 – Keeping of accounts

21.1 In accordance with section 12 of the Act of 1990, the Agency 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 each Fund.

21.2 The Comptroller and Auditor General is responsible for auditing the accounts of each Fund.

21.3 Accounts kept in pursuance of this section shall be signed by the Chief Executive of the Agency (who shall be the officer accountable for such accounts for the purposes of the Comptroller and Auditor General Acts) and an appointed member of the Agency.

21.4 Accounts kept in pursuance of this section shall be submitted by the Agency to the Comptroller and Auditor General for audit as soon as may be, but not later than 4 months, after the end of the financial year to which they relate.

21.5 A copy of the accounts of each Fund as so audited, shall together with a report from Comptroller and Auditor General be presented to the Minister as soon as may be and shall be laid by the Minister before each House of the Oireachtas.

Explanatory note

This head has been included for the completeness to show the intention in relation to the keeping of accounts in relation to the funds.

It is intended that Section 12 of the Act of 1990, which provides for the keeping of accounts by the Agency, will apply to the Funds established under this legislation.

Head 22 – Report and information to the Minister relating to the operation of the Funds

Subject to preserving confidentiality in regard to commercially sensitive information, each report of the Agency under section 13(1) of the Act of 1990 shall include the following information with respect to each of the Funds for the year to which the report relates:

a) the Investment Strategy pursued;
b) the investment return achieved by the Fund;
c) a valuation of the net assets of the Fund;
d) a detailed list of the assets of the Fund at the end of the year concerned;
e) the investment management and custodian arrangements;
f) a report on the performance of each Fund relative to the relevant benchmarks; and
g) a statement of key risks to the performance of the Fund and the action being taken to manage those risks.

Explanatory Note

Under section 13(1) of the Act of 1990, the Agency is required to prepare an annual report of its activities. The Minister is then required to lay that report before the Oireachtas.

Section 13(2) of the Act of 1990 provides for the report to contain such information as the Minister may direct.

The purpose of this Head is to require that certain information is always included in respect of each of the funds set up under this legislation.

The Head is modelled on section 49 of the Act of 2014, which specifies certain information which must be included in the annual report in respect of the Ireland Strategic Investment Fund (ISIF).

It excludes two elements of section 49 of the 2014 Act - an assessment on a regional basis of the impact of the Fund's investment in economic activity and employment; and an assessment on a regional basis of the distribution of the investments made by the Fund. These latter two requirements are not relevant to the Funds established under this legislation, but are relevant to ISIF.

The Head also includes some additional sets of information, (f) and (g), which are considered relevant to the funds established under this legislation.

PART 5 –TAXATION

Head 23 – Taxation measures

The Future Ireland Fund and the Infrastructure, Climate and Nature Fund will be exempt from domestic taxation.

Explanatory Note

This Head provides that the Future Ireland Fund and the Infrastructure, Climate and Nature Fund will be exempt from domestic taxation.

This is intended to operate similar to the provision of the Act of 2014 in relation to the tax treatment of the Ireland Strategic Investment Fund. In the case of that Fund, Schedule 1, Part 4 of the 2014 Act amended the Taxes and Consolidation Act 1997 and Schedule 1, Part 5 of the 2014 Act amended the Stamp Duties Consolidation Act 1999.

PART 6 - AMENDMENTS, REPEALS

Head 24 – Amendment of the Act of 1990

24.1 Section 3A(1)(a) of the Act of 1990 is amended by the substitution of “at least 6 but no more than 8 members” for “6 members”.

24.2 Section 11 of the Act of 1990 is amended by the substitution of a reference to Head 19 of this legislation after the references to the sections of the Act of 2014.

24.3 Section 5B of the Act of 1990 is amended to provide that a committee established by the Agency under that section (the “first committee”) may itself establish such committees (each a “sub-committee”) to perform such of the first committee’s functions as may be delegated to any such sub-committee.

24.4 Paragraph 1(1) of Schedule B of the Act of 1990 is amended to provide that the quorum for a meeting of the Agency is 5 or, if fewer than 6 members stand appointed by the Minister at any time, that the quorum shall then be 4 members until such time as at least 6 members are appointed.

Explanatory Note

This Head provides for amendments to the Act of 1990.

It provides for expanding the size of the Agency’s board to add two additional members, who are appointed by the Minister.

The purpose of this is to recognise the additional responsibilities related to the management of the two new funds.

It also provides for a consequential amendment to section 11 of the Act arising Head 19 which provides for the treatment of the expenses of the Agency.

Head 24.3 clarifies that any committee established by the Agency under section 5B of the Act of 1990 may itself establish committees.

Head 24.4 provides for the adjustment of quorums for a meeting of the Agency, depending on the number of members, which the Agency is comprised of at the time.

Head 25 – Amendments to the Act of 2014

25.1 Section 37 of the Act of 2014 is amended by the addition of the following definitions:

"Future Ireland Fund" means the fund established under Head 2 of the Future Ireland Fund and Infrastructure, Climate and Nature Fund Act 2024;

"Rolling five year withdrawal plan" means the five-year plan approved by the Minister to determine the appropriate level of withdrawal from the Fund in line with the provisions of Section 47(3B).

25.2 Section 40 of the Act of 2014 is amended;

By the insertion of the following subsections:

"(5) The Agency shall publicly disclose the investment strategy determined from time to time.

(6) The strategy shall include a description of how the Agency incorporates responsible investment, including exclusions (or the basis on which these are to be determined), into its investment process for the Fund.

(7) A requirement in this section to publicly disclose any matter shall be read as a requirement to make the matter available free of charge on the website of the Agency."

25.3 Section 47 of the Act of 2014 is amended:

In subsection (2) by the substitution of '2035' for '2025';

By the substitution of the following text for subsection (3):

(3) In 2030, and in any year thereafter, the Minister may with the agreement of Government and following a proposal by the Minister to Dáil Éireann and following a resolution of the Dáil direct the Agency to transfer an amount determined in accordance with subsection (3A) from the Fund to the Exchequer or the Future Ireland Fund.

(3A) The amount in any year to be paid from the Fund shall be such amount as is specified in respect of that year in the Rolling Five Year Withdrawal Plan.

(3B) Each year the Agency shall recommend and the Minister shall approve, a Rolling Five Year Withdrawal Plan, being such amounts as the Agency advises after consultation with the Minister as representing an appropriate amount for withdrawal having regard to the need for the Agency to continue to meet its mandate under section 39(1) of the Act of 2014.

Explanatory Note

Additional definitions are added to section 37 of the Act of 2014 where the Head proposed to introduce new terms in that legislation.

Section 40 of the Act of 2014 is amended to require that the investment strategy for the ISIF is published and will include a description of how the Agency incorporates responsible investment, including exclusions (or the basis on which these are to be determined), into its investment process for the Fund. This is to ensure that all of the Funds managed by the Agency are required to publish their responsible investment strategies.

Section 47 of the NTMA Act 2014 currently provides for the Minister to direct the NTMA to make transfers to the Exchequer from the Ireland Strategic Investment Fund (ISIF) from 2025 up to a limit of 4 per cent of the value of the assets of the ISIF.

The purpose of this Head is to align the review of withdrawals from the ISIF with the reviews of the financing and optimal sizes of the Future Ireland Fund in 2035.

At that point, it is intended that transfers could be made from ISIF to the Exchequer or to the Future Ireland Fund in the event that ISIF is considered to be excessively funded relative to its purposes.

Head 26 – Repeal of National Surplus (Reserve Fund for Exceptional Contingencies) Act 2019

26.1 The National Surplus (Reserve Fund for Exceptional Contingencies) Act 2019 is repealed with the exception of Section 7.

26.2 The assets of the National Reserve Fund shall transferred, whether in cash or in specie, in line with Heads 5.2 and 12.1.

26.3 The NTMA shall prepare a final set of accounts (as per section 4 National Surplus (Reserve Fund for Exceptional Contingencies) Act 2019).

Explanatory Note

This Head provides for the repeal of the National Surplus (Reserve Fund for Exceptional Contingencies) Act 2019, which had set up the National Surplus (Exceptional Contingencies) Reserve Fund.

Section 7 of the Act of 2019 amended the Act of 2014 by inserting a new section 47A. Section 47A provides for assets to be transferred from the Ireland Strategic Investment Fund (ISIF) to the Exchequer to meet exceptional circumstances. It is not intended to revisit that policy position in this legislation.

PART 7 – GENERAL PROVISIONS

Head 27 – Administration Fees and Expenses

Subject to Head 19 (Expenses of Agency in relation to the Funds), the expenses incurred by the Minister in the administration of the Act shall, to such extent as may be sanctioned by the Minister for Public Expenditure, National Development Plan Delivery and Reform, be paid out of monies provided by the Oireachtas.

Explanatory note

This Head is a standard provision.

Head 28 – Short Title and Commencement

1. This Act may be cited as the Future Ireland Fund and Infrastructure, Climate and Nature Fund Act 2024.

2. This Act shall come into operation on such day or days as, by order or orders made by the Minister under this section, may be fixed therefor either generally or with reference to any particular purpose or provision, and different days may be so fixed for different purposes and different provisions.

Explanatory note

This Head is a standard provision.