



EUROPEAN CENTRAL BANK

OPINION OF THE EUROPEAN CENTRAL BANK

of 1 February 2002

at the request of the Irish Department of Finance on a draft amendment to the Economic and Monetary Union Act 1998

(CON/2002/7)

1. On 11 January 2002 the European Central Bank (ECB) received a request from the Irish Department of Finance for an ECB opinion on a draft amendment to the Economic and Monetary Union Act 1998. On 25 January 2002 the ECB received an updated draft of the amendment.
2. The ECB's competence to deliver an opinion is based on Article 2 of Council Decision 98/415/EC of 29 June 1998 on the consultation of the European Central Bank by national authorities regarding draft legislative provisions¹, as the draft amendment contains provisions concerning a national central bank and currency matters. In accordance with the first sentence of Article 17.5 of the Rules of Procedure of the European Central Bank, this opinion has been adopted by the Governing Council of the ECB.
3. The draft amendment makes provision for the payment into the Irish Government's Exchequer by the Central Bank of Ireland (CBI), at the direction of the Minister for Finance, of (a) the accrued amount of the proceeds of the issue of coin paid into the CBI's general fund and carried therein to the credit of the CBI's currency reserve under various legislative enactments, plus (b) the accrued amount of the proceeds of the melting down of coins carried to the credit of the CBI's currency reserve, less (c) the accrued amount of sums required for the provision, issuance and redemption of coin, which are defrayed out of the CBI's general fund and debited therein to the CBI's currency reserve under such enactments. The amounts to be paid into the Exchequer would be calculated in a manner determined by the Minister for Finance, after consultation with the CBI. The draft amendment also takes account of the possibility that the net income from the issue of coin might be less than the sum required to be defrayed out of the CBI's general fund and debited therein to its currency reserve in respect of the provision of coins or in respect of the redemption of coins (including euro coins circulating in Ireland and issued by other Member States), in which case the Minister for Finance would be required to advance the balance to the CBI's general fund.

¹ OJ L 189, 3.7.1998, p. 42.

4. The ECB notes that the effect of this amendment would be to remove from the CBI's balance sheet that portion of its capital and reserves that is currently represented by the cumulative net proceeds to date from the issue of coin, which accounted for over 20% of the total capital and reserves (excluding revaluation account balances) reflected on the balance sheet as at 31 December 2000, as well as the net proceeds from the issue of coin in the future. The ECB notes that this change in the balance sheet treatment of coins issued by the Minister for Finance is consistent with the accounting treatment of euro coins issued by other participating Member States in accordance with Article 106 of the Treaty. It is understood that the proceeds will be applied towards the funding of the Irish Government's required contribution to the Irish National Pension Reserve Fund. In principle, the ECB has no objections to this particular amendment.
5. The ECB confirms that it has no objection to the competent national authorities making this opinion publicly available at their discretion.

Done at Frankfurt am Main on 1 February 2002.

The President of the ECB

[signed]

Willem F. DUISENBERG