

CITY OF BULAWAYO

Charter

for the creation of
the City of Bulawayo

Commercialized entities.

A CHARTER FOR THE CREATION OF THE CITY OF BULAWAYO COMMERCIALISED ENTITIES

Whereas there already exists a charter for the establishment of the Bulawayo Municipal Commercial Undertaking, the City of Bulawayo at its meeting as shareholders of BMCU resolved to revoke the said charter and replace it with the document following hereunder.

A charter is hereby granted by the City of Bulawayo, empowered by the Urban Councils Act, Chapter 29:15 establishing the City of Bulawayo Commercialised Entities (hereinafter referred to as CBCE) as autonomous units within the City Council of Bulawayo and under the control of a business committee.

Whereas the City of Bulawayo is desirous that some of its activities are managed as autonomous commercially operated business units,

And whereas the City Council of Bulawayo wishes to ensure that, as owners of various strategic business units as listed in annexure 'A', it continues to exercise a controlling influence over the units without the need to oversee the day to day management of the units,

And whereas the City Council of Bulawayo seeks that the business committee accepts its appointment on the basis that it oversees the successful commercialization of the various Council activities and on a continuing basis ensure that;

- ❖ Business is carried out in a manner that ensures an adequate return on the investment within the units as defined in the service delivery agreements.
- ❖ An adequate and competitive level of service is rendered to the units customers/ publics;
- ❖ A commercial basis of operation is established that takes into account the interests of the residents of Bulawayo

Now therefore it is resolved:

That this charter be and does hereby establish autonomous business units within the City Council of Bulawayo that are operated and managed within the terms of this Charter under the control of the business committee

DEFINITIONS

'Board'

- board in the context of this charter shall mean the board of the commercialized entities as appointed in terms of clause 4 of this charter.

'Chairman'

- chairman means chairman of the entities board as appointed in terms of this charter.

'General meeting'

- a general meeting shall be a meeting of the Council, meeting in their capacity as owners of the Bulawayo commercialized entities.

'Officer'

- an officer of the Council shall be, for the purpose of this charter, an employee of the City Council of Bulawayo as defined in the conditions of service of the City of Bulawayo.

'Research and- Contract Management Unit'

the Research and Contract Management shall be a unit appointed in terms of this charter.

'Shareholder'

- shareholder in the context of this charter means the Council of the City of Bulawayo as represented by elected representation in Council.

2. SERVICE DELIVERY AGREEMENT

The shareholder will enter into service delivery agreements with each of commercialized entities and such agreements shall provide among other issues for the:

- 2.1 Establishment of a dividend policy and the payment thereof to the shareholder
- 2.2 Implementation of the commercialized entities strategic and business plans
- 2.3 Doing of all such things as may be required by the business committee from time to time to achieve the overall objectives of the shareholder

3. THE BUSINESS COMMITTEE

A Business Committee to oversee all Council's commercialized entities shall be formed. This shall be composed of seven (7) Councillors who shall be appointed by the Council upon the recommendations of the Executive Committee

3.1 Functions of the Business Committee

- 3.1.1 To receive the strategic and operational plans of the entities.
- 3.1.2 To receive the conditions of service of employees of each of the commercialized entities.
- 3.1.3 To receive all contracts of major capital projects and of a threshold agreed in the service level agreement of each unit.
- 3.1.4 To continuously monitor and evaluate the commercialized entities.
- 3.1.5 To advise Council on policy issues relating to commercialized entities.
- 3.1.6 To receive audited accounts of each of the entities.
- 3.1.7 To approve the appointment of the Managerial Head of each commercialized entity.
- 3.1.8 To receive and approve the Service Delivery Agreements of each commercialized entity.

3.2 Disclosure of an interest by members of the Business Committee.

In respect of every Business Committee member, there shall be a duty to disclose to the Committee, as a whole, any interest in a business or businesses that the CBCE may deal or trade with. Such disclosure and interest may, depending on the nature of the non – disclosure be sufficient to warrant termination of membership of the person failing to make the disclosure.

4. The Entities Boards

There shall be formed Entities Boards which shall oversee the management of the commercialized entities.

4.1 Composition of the Boards

Each Board shall be composed of seven (7) members, who are neither Councillors nor Council staff and who are knowledgeable and skilled in business. The range of skills shall cover, but not limited to;

- Finance
- Business Management
- Human Resources
- Marketing
- Agriculture
- Engineering and Operations

4.2 Appointment of the Boards

The Boards shall be appointed by Council upon recommendation of the Business Committee.

4.3 Duties of the Boards

- 4.3.1 The formulation of the strategic and Operational plans of the entities
- 4.3.2 The overseeing of operations of the commercialized entities
- 4.3.3 The approval of all contracts
- 4.3.4 The appointment of the entities' Departmental Heads
- 4.3.5 The protection of the assets of the commercialized entity

4.4 Term of Office

The term of office for a board member shall be three years and can be renewed at the entire discretion of Council.

4.5 Vacation of office

A board member shall vacate office and be deemed to have resigned if:-

- a. He is adjudged insolvent or enters a formal scheme of arrangement with his creditors
- b. He is convicted of theft, fraud, forgery or uttering using a forged document for which he is sentenced to imprisonment without the option of a fine.
- c. He is not present at more than three consecutive meetings of the board without prior leave of the board or for a period of 18 months with or without leave
- d. He is certified insane
- e. He resigns from office, in writing, to the Council
- f. He is removed by any court for misconduct from any office of trust
- g. If he is removed by resolution of Council

5.2 Annual General Meeting

- 5.2.1 An annual general meeting of the Council, as owners of the CBCE shall be called within three months of the end of the financial year
- 5.2.2 The business of the Annual General Meeting shall be and transacted in the following order:-

- a. The reading of the notice convening the meeting
- b. The confirmation of the minutes of the previous meeting
- c. The Chairperson's annual report on the activities of the CBCE since the last annual general meeting.

- d. To receive and comment on quarterly financial and management reports of each entity
- e. Approval of dividends
- f. Amendment of the charter, if any
- g. The appointment of auditors for the year

5.2.3 Notice of the Annual General Meeting shall be issued in writing, to the shareholder not less than twenty – one (21) days before the date of such a meeting and the agenda, detailing the business to be transacted at such meeting

5.2.4 A quorum for an Annual General Meeting shall be two thirds (2/3) of the shareholders. Decision resolution shall be by simple majority. Voting shall be either by show of hands or secret ballot as determined by the Chair.

5.3 Special General Meeting

5.3.1 A Special General Meeting can be called upon receipt of a petition signed by 2/3 of the Councillors

5.3.2 A Special General Meeting can be called upon a resolution of such a meeting by the Business Committee

5.3.3 A Special General Meeting shall be called, in writing, upon seven days notice to the shareholders provided that, if it is considered that the matter is of extreme urgency, the meeting can be called on such notice as it may be deemed necessary but in any event not less than twenty four (24) hours.

5.3.4 At a Special General Meeting 2/3 (two thirds) of members shall form a quorum

6. Research and Contract Management Unit

The Town Clerk shall appoint a Research and Contract Management Unit, which shall oversee the management of the Service delivery agreements.

Terms of reference of the Research and Contract Management Unit

- To carry out research on various business opportunities and report to the Business Committee

- To agree on Business plans with Strategic Business Unit management
- To monitor SBU business plans on behalf of Council
- To draw up service delivery agreements with the entities
- To manage Service Delivery Agreements with the entities on behalf of Council
- To advise the Business Committee on issues affecting Strategic Business Units
- To receive monthly financial and management reports from SBUs
- To monitor the dividend policy and payments

7. GENERAL

7.1 General power of the CBCE to secure finance. The CBCE shall seek shareholder(s) written consent to raise or borrow or secure appropriate sums of money or engage or disengage in any joint venture for the purpose of effectively running the CBCE. This approval shall not be unreasonably withheld.

7.2 The commercialized entities shall produce quarterly financial reports to the Business Committee.

8. RESERVES

The Business Committee shall have power to revalue the assets of the CBCE from time to time, taking due regard to current market considerations. Any resultant capital appreciation or loss shall be transferred to capital reserve account.

9. CAPITALIZATION OF PROFITS

Subject to the provisions of the Service Delivery Agreement with regard to the dividend policy, the Business Committee may capitalize any un - appropriated profits

10. ACCOUNTS

10.1 The Business Committee shall cause proper books of accounts to be kept so as to give a true and fair view of the operations of CBCE and the state of their affairs as at year - end.

10.2 The audited accounts shall always be open to inspection by a Business Committee member or any serving Councillor or Council Official at the office of the shareholder.

11. INDEMNITY

Every Business Committee member, officer agent, employee of the CBCE shall be indemnified against all costs, losses and expenses he/she may become liable to pay or suffer in respect of any contract entered into, or any act done or undone by him/ her in the discharge of his/ her office, unless this was occasioned by negligence or through a breach of duty or trust. He/ she shall also be indemnified against any liability arising out of the defending of any proceedings, whether civil or criminal in which judgement is given.

12. DISSOLUTION

Any one of the Commercialized Entities may be dissolved by the shareholder on the recommendation of the Business Committee. At dissolution the assets of the entity shall revert to Bulawayo City Council.

**GIVEN UNDER MY HAND AND SEAL FOR AND ON
BEHALF OF THE CITY OF BULAWAYO.**

EXECUTIVE MAYOR

7 - AUG 2007

BULAWAYO CITY COUNCIL

EXECUTIVE MAYOR

TOWN CLERK



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