

CHAPTER 382

THE DISTRICT DEVELOPMENT CORPORATIONS ACT

[PRINCIPAL LEGISLATION]

ARRANGEMENT OF SECTIONS

Section

Title

PART I

PRELIMINARY PROVISIONS

1. Short title.
2. Interpretation.

PART II

DISTRICT DEVELOPMENT CORPORATIONS

3. Local authorities to establish District Development Corporations.
4. Shareholding in District Development Corporations.
5. Power of District Development Corporations.

6. Establishment of District Corporations
7. Appointment of General Manager and other employees of a District Development Corporation.
8. Salaries, etc., to be paid out of a District Development Corporation's funds.
9. Annual report.
10. Local government authority may give directions.
11. Establishment of office.
12. [Repealed.]
13. Accounts and audit.

PART III

DISSOLUTION OF DISTRICT DEVELOPMENT CORPORATIONS

14. Power of local government authority to dissolve District Development Corporations.
15. Rights of shareholders.
16. Employees of District Development Corporations.

PART IV

REGIONAL DEVELOPMENT CORPORATIONS AND REORGANISATION OF DISTRICT DEVELOPMENT CORPORATIONS

17. Minister may establish Regional Development Corporations.
18. Shareholding in Regional Development Corporations.
19. Application of the other provisions of this Act.
20. Power to reorganise District Development Corporations.

PART V

MISCELLANEOUS PROVISIONS

21. Delegation of Powers.
22. Regulations.
23. Local government authority may make consequential provisions.
24. Consequential and transitional provisions and vesting of shares.

SCHEDULE

CHAPTER 382

THE DISTRICT DEVELOPMENT CORPORATIONS ACT

An Act to confer upon the Minister power to establish District Development Corporations, to provide for the functions of District Development Corporations, and for related matters.

[8th March, 1974]

[G.N. No. 64 of 1974]

Acts Nos.

16 of 1973

18 of 1978

3 of 1986

6 of 1999

PART I

PRELIMINARY PROVISIONS (ss 1-2)

[PCh382s1]1. Short title Act No. 6 of 1999 s. 105

This Act may be cited as the District Development Corporations Act.

[PCh382s2]2. Interpretation Acts Nos. 3 of 1986; 18 of 1998; 6 of 1999 s. 106

(1) In this Act, unless the context otherwise requires—

"district" means all the area which is wholly within the jurisdiction of a local authority;

"District Corporation" means any public corporation established for any district, or any two or more districts, by an order made under section 3;

"District Development Corporation" means any company registered under the Companies Act * to carry on business of any description within the jurisdiction of a local authority and—

(a) the whole or any part of the share capital of which is vested in a local authority; or

(b) the management of which is vested in a local authority;

"local authority" means a district authority established under the Local Government (District Authorities) Act *, or an urban authority established under the Local Government Urban Authorities) Act *.

"Minister" means the minister for the time being responsible for regional administration and local government.

(2) A District Development Corporation shall be deemed to be carrying on business within a district if its principal place of business is within the district or if such business is being predominantly carried on within the district or notwithstanding that such Corporation carries on any ancillary or incidental business in any other district or districts.

PART II

DISTRICT DEVELOPMENT CORPORATIONS (ss 3-13)

[PCh382s3]3. Local authorities to establish District Development Corporations Act No. 6 of 1999 s. 107

(1) A local government authority or two or more local government authorities may, by instrument establish a district development corporation for the carrying on of the commercial or industrial activity or enterprise which may be specified in the establishment instrument.

(2) Every District Development Corporation established by an order made under this section shall—

(a) be known as the District Development Corporation of the district or districts for which it is established, or by such other name as the Minister may direct, and shall have perpetual succession and common seal;

(b) in its corporate name, be capable of suing and being sued;

(c) subject to the provisions of this Act, be capable of holding purchasing or otherwise acquiring, and disposing of, any property, movable or immovable, for the purposes of carrying out the functions conferred upon it by or under this Act or any other written law.

(3) Every order made under this section establishing a District Development Corporation shall specify the district or districts for which it is established and the functions of the Corporation.

[PCh382s4]4. Shareholding in District Development Corporations Acts Nos. 18 of 1978; 6 of 1999 s. 108

Where a District Development Corporation is established under section 3, the local authority of the district or local authorities of the districts for which the Corporation is established shall subscribe for all the shares of the Corporation.

[PCh382s5]5. Power of District Development Corporations

(1) Every District Development Corporation established under this Act shall have the power, for the purpose of carrying out its functions, to do all such acts and things as appear to be necessary, advantageous or convenient for or in connection with the proper discharge of those functions or to be incidental or conducive to such discharge, and may, with the approval of the Minister, carry on any activity in that behalf in association with the Government, a local authority, another District Development Corporation, a co-operative society or any other person or body of persons.

(2) The Minister may, by order published in the Gazette, confer upon a District Development Corporation powers additional to the powers conferred upon it by this section, and any such order may prescribe restrictions, limitations or conditions subject to which such additional powers may be exercised.

(3) Every District Development Corporation shall have the power, with the consent and subject to the directions of the Minister, to borrow money for the purpose of the carrying out of its functions:

Provided that the person lending money to a District Development Corporation shall not be required or bound to enquire whether such consent has been given or any such direction has been complied with.

[PCh382s6]6. Establishment of District Development Corporations

Where a local government authority or authorities establish any district corporation under the provisions of this Act; the local government authority or authorities shall by regulation provide for the management of the District Corporation.

[PCh382s7]7. Appointment of General Manager and other employees of a District Development Corporation Act No. 6 of 1999 s. 110

(1) The local government authority shall appoint for each District Development Corporation a suitable person to be the General Manager of the Corporation.

(2) The local government authority may delegate his functions under subsection (1) of this section to a Regional Commissioner in accordance with the provisions of section 21 of this Act.

(3) The General Manager of every District Development Corporation shall be the chief executive officer of the Corporation and shall be responsible to the Board of Directors of the Corporation in the management of the affairs of the Corporation.

(4) The terms and conditions of service of the General Manager shall be as the local government authority may specify in relation to his office.

(5) Subject to the provisions of sections 11 and 12 of this Act, the Board of Directors of every District Development Corporation may, appoint such other employees of the Corporation as it may consider necessary for the carrying out of the functions of the Corporation.

[s. 6A]

[PCh382s8]8. Salaries, etc., to be paid out of a District Development Corporation's funds Act No. 6 of 1999 s. 111

(1) Every District Development Corporation shall apply its funds for the following purposes—

(a) the payment of all the salaries fees and other allowances payable to employees of the Corporation and members of the Board of Directors:

Provided that no remuneration, fees or other allowances for expenses as may be expressly authorised by the local government authority, shall be paid to any member of the Board of Directors who is a public officer.

(b) the payment of the expenses and other charges duly incurred by the Corporation or for which the Corporation becomes liable in the course of the performance of its functions;

(c) such other purposes as the Board of Directors may approve.

(2) The Board of Directors of every District Development Corporation may invest all or any portion of any moneys which are surplus to its requirements in such securities as may be approved by the local government authority.

[s. 6B]

[PCh382s9]9. Annual report Act No. 6 of 1999 s. 112

(1) Board of Directors of every District Development Corporation shall, within six months after the close of each financial year, cause to be prepared a report on the activities and operations of the Corporation during that year.

(2) Every report prepared pursuant to the provisions of subsection (1) of this section shall be submitted to the local government authority together with a copy of the audited statement of accounts and the auditor's report, if any, referred to in subsection (3) of section 13 of this Act.

[s. 6C]

[PCh382s10]10. Local government authority may give directions Act No. 6 of 1999 s. 113

The local government authority may give to any person or body of persons entrusted with the management of any District Development Corporation directions of a general or specific character as to the exercise and performance by such person or body of persons of his or their functions, and every such direction shall be given effect to accordingly.

[s. 7]

[PCh382s11]11. Establishment of office Act No. 6 of 1999 s. 114

Subject to such exceptions as a local government authority may in any case allow, no district corporation shall establish an office for the corporation without the written consent of the local government authority.

[s. 8]

[PCh382s12]12. Repealed

[Repealed by Act No. 6 of 1999 s. 115.]

[s. 9]

[PCh382s13]13. Accounts and audit Act No. 6 of 1999 s. 116

(1) Every District Development Corporation shall keep and maintain proper accounts and other records in relation thereto, and shall in respect of each financial year of the Corporation prepare a statement of accounts in such manner and in such form as the local government authority may direct.

(2) The local government authority shall give directions as to the proper audit of the accounts of the District Development Corporations.

(3) As soon as the accounts of a District Development Corporation have been audited, and in any case not later than six months from the date of the completion of such audit, the person or body of persons entrusted with the management of the Corporation shall send a copy of any report made by the auditors to the local government authority, and the local government authority shall lay or cause to be laid a copy of every such statement of accounts and auditor's report before the National Assembly and may cause the same to be published for general information.

[s. 10]

PART III

DISSOLUTION OF DISTRICT DEVELOPMENT CORPORATIONS (ss 14-16)

[PCh382s14]14. Power of local government authority to dissolve District Development Corporations Act No. 6 of 1999 s. 117

(1) The local government authority may, by order published in the Gazette, dissolve any District Development Corporation and from the date specified in the order (hereinafter referred to as "the effective date") the District Development Corporation named in the order shall cease to exist and shall cease to perform the functions conferred upon it.

(2) Where an order is made under subsection (1), all the assets and liabilities which were vested in the District Development Corporation immediately before the effective date shall, by virtue of this section and without further assurance, vest in the United Republic.

(3) Notwithstanding the provisions of subsection (2), the local government authority may by order published in the Gazette—

(a) vest any function or power of the former District Development Corporation in any person or body of persons specified in the order and upon such order being made, such person or body of persons may, subject to the direction of the local government authority, exercise such function or power in the same manner and to the same extent as it could have been exercised by the District Development Corporation before the effective date;

(b) transfer any asset or liability of the District Development Corporation to any person or body of persons specified in the order, and upon such order being made the asset or

liability shall, by virtue of such order and without further assurance, vest in the person or body of persons with effect from the date specified in the order.

(4) Where any asset or liability of the District Development Corporation consists of or is evidenced by any right or claim under any contract, guarantee, bill of exchange, promissory note, cheque, agreement or any other instrument to which the District Development Corporation is a party, such instrument shall, in the event of the dissolution of the District Development Corporation under this Act, take effect as if—

(a) where no order under paragraph (b) of subsection (3) has been made in respect of such asset or liability or until such time as the order is made, the local government authority were substituted for the District Development Corporation as a party thereto;

(b) in the event of an order under paragraph (b) of subsection (3) being made in respect of such asset or liability, the person or body of persons specified in the order were substituted as a party thereto.

(5) This section shall not apply to any right or liability under any contract of service under which any person was employed by a District Development Corporation immediately before the effective date.

(6) The provisions of this section shall apply notwithstanding the provisions of the Companies Act *.

[s. 11]

[PCh382s15]15. Rights of shareholders Act No. 6 of 1999 s. 118

(1) In the event of the dissolution of any district development corporation under the provisions of this Act, the local government authority shall as soon as may be practicable after the effective date, cause the accounts and activities of the district development corporation to be fully examined by auditors appointed by the local government authority and the auditors shall prepare or cause to be prepared audited balance sheets of the corporation and profit and loss accounts for the period expiring on the effective date and the auditors shall submit their report of the balance sheets and profit and loss account to the local government authority.

(2) Every determination made by the local government authority under subsection (1) shall be certified by him in writing and the contents thereof shall be communicated to the member or members concerned.

(3) Where the local government authority in exercise of the powers conferred upon him by this section has certified that any sum of money be paid to any such former member by way of compensation, such sum of money shall constitute a charge on and be paid out of the funds of the local authority.

(4) Compensation payable under this section shall be paid in such manner and by such instalments as the local government authority may direct.

(5) Subject to the provisions of this section no former member of a District Development Corporation shall be entitled to any compensation or other payment by reason of the dissolution of a District Development Corporation and the vesting of its assets and liabilities in the United Republic or by reason of such dissolution and the transfer of the assets and liabilities of the former District Development Corporation to any person or body of persons.

[s. 12]

[PCh382s16]16. Employees of District Development Corporations Act No. 6 of 1999 s. 119

(1) Where the Minister dissolves any District Development Corporation under this Act, the Minister may, by order in the Gazette, transfer any person who was an employee of the District Development Corporation immediately before the effective date to the service of any existing District Development Corporation or any District Corporation specified in the order.

(2) Where by any order made under this section, the Minister transfers any person in consequence of the dissolution of a District Development Corporation to the service of any existing District Development Corporation or any District Corporation—

(a) such person shall, as from the effective date, be deemed to be an employee of the District Development Corporation or, as the case may be, the District Corporation to which he is transferred;

(b) the terms and conditions applicable to such employee after such transfer shall not be less favourable than those which were applicable to him immediately before the transfer, and for the purposes of determining any right to gratuity or any other superannuation benefit the service of such employee with the District Development Corporation or, as the case may be, the District Corporation to which he is transferred shall be regarded as continuous with his service immediately before the transfer; and

(c) the employment of such employee immediately prior to his transfer and his employment by the District Development Corporation or, as the case may be, the District

Corporation to which he is transferred shall be deemed to be continuous employment by one employer within the meaning of section 9 of the Severance Allowance Act *, and that Act shall apply to the parties in the same manner as it applies to the cases set out in subsection (1) of the said section 9.

[s. 13]

PART IV

REGIONAL DEVELOPMENT CORPORATIONS AND REORGANISATION OF DISTRICT DEVELOPMENT CORPORATIONS (ss 17-20)

[PCh382s17]17. Minister may establish Regional Development Corporations

(1) If in regard to any Region it appears that it is necessary or expedient in the public interest that a public corporation should be established for the Region in addition to, or in lieu of, any District Development Corporation or District Development Corporations existing in that Region, the Minister may, either on his own initiative and after consultation with the local authorities of the districts in that Region or at the request of those authorities or of the Regional Development Committee of the Region, by order in the Gazette, establish for that Region a Regional Development Corporation for the carrying on of such commercial or industrial activity or enterprise as may be specified in the order.

(2) Every Regional Development Corporation established by an order made under this section shall—

(a) be known as the Regional Development Corporation of the Region for which it is established or by such other name as the Minister shall specify, and shall have perpetual succession and an official seal;

(b) in its corporate name, be capable of suing and being sued;

(c) subject to the provisions of this Act, be capable of holding, purchasing or in any other way acquiring, and disposing of, any property, movable or immovable, for the purposes of carrying out the functions conferred upon it by this Act, or by any other written law.

(3) Every order made under this section establishing a Regional Development Corporation shall specify the Region for which it is established and the functions of the Corporation.

[s. 13A]

[PCh382s18]18. Shareholding in Regional Development Corporations

Where the Minister establishes a Regional Development Corporation the local authorities of the districts in the Region for which the Corporation is established shall subscribe for all the shares of the Corporation.

[s. 13B]

[PCh382s19]19. Application of the other provisions of this Act

All the other provisions of this Act relating to District Development Corporations shall apply, with necessary modifications and to the extent that they are applicable, in relation to every Regional Development Corporation established under this Act.

[s. 13C]

[PCh382s20]20. Power to reorganise District Development Corporations

(1) Where the Minister has established or establishes a Regional Development Corporation for the performance of any functions and the Minister is satisfied that there exists within the Region a District Development Corporation for the performance of all or any of the functions for which the Regional Development Corporation is or has been established, the Minister may, either on his own initiative and after consultation with the local authority of the district for which the District Development Corporation has been established or at the request of that local authority or of the Regional Development Committee, by order in the Gazette—

(a) provide that the District Development Corporation shall cease to exist or shall cease to perform all or any of the functions which are conferred upon the Regional Development Corporation;

(b) transfer any asset or liability of the District Development Corporation to the Regional Development Corporation;

(c) transfer any person who is an employee of the District Development Corporation to the service of the Regional Development Corporation.

(2) Where, by an order made under this section the Minister vests any asset or liability of a District Development Corporation in any Regional Development Corporation, the asset or liability to which the order relates shall, by virtue of that order and without further assurance, vest in the Regional Development Corporation.

(3) Where, by an order made under this section, the Minister transfers any employee of a District Corporation to the service of a Regional Development Corporation—

(a) the employee shall, from the date of the transfer, be deemed to be an employee of the Regional Development Corporation;

(b) the terms and conditions of service applicable to the employee after the transfer shall not be less favourable than those which were applicable to him immediately before the transfer, and for the purpose of determining any right to gratuity or any other superannuation benefit the service of the employee with the Regional Development Corporation shall be regarded as continuous with his service immediately preceding the transfer; and

(c) the employment of the employee by the District Development Corporation immediately prior to the transfer and his employment by the Regional Development Corporation shall be deemed to be continuous employment by one employer within the meaning of section 9 of the Severance Allowance Act *, and that Act shall apply to the parties in the same manner as it applies to the cases set out in subsection (1) of section 9.

(4) Where, by an order made under this section, the Minister vests any asset or liability of a District Development Corporation in a Regional Development Corporation, under any contract, guarantee, agreement, bond, authority, mortgage, charge, bill of exchange, promissory note, bank

draft, bank cheque, letter of credit or any other security or instrument, and may provide for the substitution of the Regional Development Corporation as the party to the security or instrument.

(5) The Minister may, in any order made under this section, make such supplementary, transitional or consequential provisions as he may deem necessary to give effect to the order.

[s. 13D]

PART V

MISCELLANEOUS PROVISIONS (ss 21-24)

[PCh382s21]21. Delegation of powers Act No. 6 of 1999 s. 120

(1) The Minister, or as the case may be the local government authority may by order published in the Gazette delegate any of their functions under this Act to any public officer.

(2) Notwithstanding subsection (1) the Minister or as the case may be the local government authority shall not delegate the power to establish or dissolve a district or regional development corporation.

[s. 14]

[PCh382s22]22. Regulations Act No. 18 of 1978 s. 6

(1) The Minister may make regulations generally for the better carrying out of the provisions of this Act and , without prejudice to this generality, may also make specific regulations in respect of anything which is permitted or required by this Act to be prescribed.

(2) All regulations made under this section shall be published in the Gazette and may be applicable to all District Development Corporations or any specified District Development Corporation.

[s. 15]

[PCh382s23]23. Local government authority may make consequential provisions Act No. 6 of 1999 s. 121

The local government authority may, where he dissolves any District Development Corporation, at any time before the expiry of six months from the effective date, by order in the Gazette make such consequential, transitional and supplementary provisions as he may consider necessary or expedient upon the dissolution of any District Development Corporation.

[s. 16]

[PCh382s24]24. Consequential and transitional provisions and vesting of shares

All the shares of the Government of the United Republic in every District Development Corporation established under this Act subsisting upon the commencement of this Act shall, by virtue of the provisions of this section and without further assurance, vest in the local authority or local authorities of the district or, as the case may be, districts for which the corporation was established.

[s. 17]

SCHEDULE

(Section 6(2))

1. Composition of Board of Directors

The Board of Directors shall consist of—

(a) a Chairman appointed by the President from among the names of two or three persons recommended by the local authority which for this purpose shall recommend not less than two and not more than three persons;

(b) two members representing employees of the District Development Corporation appointed or elected by the employees from among themselves in any manner approved by the Minister;

(c) not less than five and not more than seven other members appointed by the local authority.

2. Vice-Chairman

The members of the Board of Directors may elect a Vice-Chairman of the Board from among their number and any member elected as Vice-Chairman shall, subject to his continuing to be a member, hold office for a term of one year from the date of his election and shall be eligible for re-election.

3. Secretary

The Director-General of the District Development Corporation shall be the Secretary of the Board of Directors of the Corporation.

4. Tenure of office of members of Board of Directors

(1) A member of Board of Directors shall, unless his appointment is sooner terminated by the appointing authority or he ceases in any other way to be a member, hold office for the period specified in relation to his appointment or, if no period is so specified, for a period of three years from the date of his appointment and shall be eligible for re-appointment.

(2) Any member of the Board of Directors may at any time resign his office by giving notice in writing addressed to the appointing authority, and from the date specified in the notice or, if no date is so specified, from the date of the receipt of the notice by the appointing authority, he shall cease to be a member.

5. Appointment of temporary member of Board of Directors

When any member of the Board of Directors is by reason of absence from the United Republic or illness or other sufficient cause unable to perform his duties as a member of the Board, the appointing authority may appoint a temporary member in his place, and the temporary member shall hold office until the resumption of duty of the substantive member or until the term of office of the substantive member expires, whichever occurs first.

6. Meetings of Board of Directors

(1) The Board of Directors shall ordinarily meet for the transaction of business at the times and places decided upon by the Board, but shall meet at least once every three months.

(2) The Chairman, or in his absence the Vice-Chairman, may at any time call a special meeting of the Board of Directors, and shall call a special meeting upon a written request by a majority of the members of the Board of Directors in office.

(3) The Chairman, or in his absence the Vice-Chairman, shall preside at every meeting of the Board of Directors and in the absence of both the Chairman and the Vice-Chairman from any meeting, the members present shall appoint a member from among themselves to preside over that meeting.

(4) The Chairman, the Vice-Chairman or the temporary Chairman elected in accordance with the provisions of subparagraph (3) of this paragraph presiding at any meeting of the Board of Directors may invite any person who is not a member of the Board of Directors to participate in the deliberations of the Board of Directors, but any person so invited shall not be entitled to vote.

7. Quorum and procedure at meetings of Board of Directors

(1) A majority of the total number of the members of the Board of Directors in office shall form a quorum for a meeting of the Board of Directors.

(2) Questions proposed at a meeting of the Board of Directors shall be decided by a majority of the votes of the members present and voting, and in the event of an equality of votes the person presiding shall have a second or casting vote.

8. Minutes of meetings of Board of Directors

The Board of Directors shall cause to be recorded and kept minutes of all proceedings of its meetings, and the minutes of each meeting shall be confirmed by the Board of Directors at the next meeting and signed by the person presiding over that meeting.

9. Vacancies, etc., not to invalidate proceedings of Board of Directors

The validity of any act or proceeding of the Board of Directors shall not be affected by any vacancy among the members of the Board of Directors or by any defect in the appointment of any of the members of the Board of Directors.

10. The seal of a District Development Corporation and execution of documents

(1) The application of the official seal of a District Development Corporation to any document shall be authenticated by two signatures, namely—

(a) the signature of the Chairman of the Board of Directors or of some other member of the Board authorised by the Board of Directors for that purpose; and

(b) the signature of the Director-General of the Corporation or of some other employee of the Corporation authorised by the Board of Directors to act for that purpose in place of the Director-General.

(2) Any contract or other instrument which, if executed by a person other than a body corporate would not be required to be under seal, may be executed on behalf of a District Development Corporation by the Director-General of the Corporation or by any member of the Board of Directors who has previously been authorised, either specifically or generally by

resolution of the Board, to execute that particular contract or instrument or that class of contract or instrument.

(3) Every document purporting to be a document executed or issued by or on behalf of a District Development Corporation has to be—

(a) sealed with the official seal of the Corporation authenticated in the manner provided by the provisions of subparagraph (1) of this paragraph; or

(b) signed by the Director-General of the Corporation or by a member of the Board of Directors authorised in accordance with the provisions of subparagraph (2) of this paragraph to act for that purpose,

shall be deemed to be executed or issued until the contrary is proved.

11. Power of Board of Directors to delegate

(1) Subject to the provisions of subparagraph (4) of this paragraph, the Board of Directors may, by instrument in writing under the seal of the District Development Corporation, delegate to any committee of the Board of Directors or to any employee of the Corporation any of its function or power that may be exercised by the delegate in accordance with the terms of the instrument of delegation.

(2) A delegation under this paragraph may be made to the holder of an office under the District Development Corporation specifying the office but without naming the holder, and in that case each successive holder of the office in question and each person who performs the

duties of that office may, without further authority, exercise the delegated function and power in accordance with the delegation made.

(3) The Board of Directors may at any time revoke a delegation made under this paragraph and no delegation made under this paragraph shall prevent the Board from itself exercising the function or power delegated.

(4) The Board of Directors shall not delegate—

(a) its power of delegation; or

(b) the power to approve the annual budget or any supplementary budget, the annual balance sheet or any statement of account

12. Board of Directors may regulate its own proceedings

Subject to the provisions of this Schedule, the Board of Directors may regulate its own proceedings.