

THE AIR TANZANIA CORPORATION (RE-ORGANISATION  
AND VESTING OF ASSETS AND LIABILITIES) ACT, 2002

ARRANGEMENT OF SECTIONS

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*Title*

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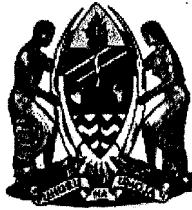
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No. 16 OF 2002

I ASSENT

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*President*

*27th June, 2002*  
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An Act to provide for the reorganisation of the Air Tanzania Corporation,, to vest its assets and liabilities into designated entities and to provide for related matters.

ENACTED by the Parliament of the United Republic of Tanzania.

PART I

PRELIMINARY PROVISIONS

1. This Act may be cited as the Air Tanzania Corporation (Re-organisation and Vesting of Assets and Liabilities) Act, 2002.

2.-(1) This Act shall come into operation on such date as the Minister may, by notice published in the *Gazette*, appoint.

(2) The Minister may appoint different dates for the commencement of different Parts or provisions of this Act, including provisions relating to repeals.

Interpre- tation	<p>3. In this Act, unless the context otherwise requires -</p> <p>"air transport services" means either or both the business of carriage of passengers and cargo between points within Tanzania and between points, in Tanzania and other countries;</p> <p>"Air Tanzania Company Limited" means the Company incorporated pursuant to subsection (1) of section 4;</p>
G.N No.45 of 1977	<p>"ATC Order" means the Air Tanzania Corporation (Establishment) Order, 1977;</p> <p>"chose in action" means a claim or debt upon which a recovery may be in law suit;</p> <p>"Corporation" means the Air Tanzania Holding Corporation established by subsection (1) of section 10;</p> <p>"former-corporation" means Air Tanzania Corporation, Corporation specified by the Public Corporations (Specified Corporations Declaration) Order, 1997;</p> <p>"effective date" means the date on which the Company commence business;</p>
G.N. No.463 of 1986 and Act No. 13 of 1977	<p>"Licensing Regulations" means in relation to subsection (4) of section 4, the Tanzania Licensing of Air Services Regulations, 1986 made under section 10 of the Civil Aviation Act, 1977;</p> <p>"Minister" means the Minister responsible for civil aviation;</p> <p>"vesting date" means the date or dates on which the Minister has specified by order that assets, rights and liabilities be transferred from ATC and vest in the ATC Holding Corporation and Air Tanzania Company Limited, respectively:</p> <p>Provided that, such order shall be issued prior to the date of completion of the share sale agreement between Air Tanzania Company Limited and the strategic investor;</p> <p>"property" includes any chose in action but excludes any property not used by the Corporation to provide air transport services.</p>

PART H

INCORPORATION OF AIR TANZANIA COMPANY LIMITED

4.-(1) Subject to this Act, there shall be incorporated a company to be known as Air Tanzania Company Limited; in its acronym ATC Ltd.

Incorporation of Air Tanzania Company Ltd.

(2) There shall be transferred from the former Corporation to the Company such property, rights and obligations as the Minister may determine.

(3) The Company shall have the powers to perform and exercise functions as are conferred under this Act, any other written laws and its Memorandum and Articles of Association.

(4) The airplanes used by the Company for air transport service shall bear the National Flag of the United Republic of Tanzania. :

(5) The Minister shall, by notice in the *Gazette*, appoint the effective date.

5. The principal objects of the Company shall be stated in its Memorandum and Articles of Association which shall include the following:

Objects

- (a) to take over, by operation of this Act or otherwise, the air transport functions of the former Corporation and certain property, rights and obligations transferred to it;
- (b) to provide facilities and services relating or incidental to air transport services; and
- (c) to make provision for, or undertake the training of, aircraft pilots, aircraft engineers and other personnel necessary for the carrying out of any of the functions of the Company.

6.-(1) There shall be included in the Memorandum and Articles of Association of the Company such other provisions, including borrowing powers as are necessary to enable the Company to discharge its functions.

Memorandum and Articles of Association

among the objects of the Company as stated in the Memorandum and Articles of Association objects and powers as are proper for or incidental or ancillary to the due attainment of its objects.

7.- (1) The whole of the issued share capital of the Company shall initially be held by the Treasury Registrar.

Authorised capital

(2) Subject to the Memorandum and Articles of Association of the Company, any natural or legal person, whether resident in Tanzania or otherwise, shall be entitled to purchase and hold shares in the Company.

Power to  
operate  
air  
transport  
services      8. The Company shall have all necessary and ancillary powers to operate air transport services, and no cause of action shall be effective to prevent or diminish the exercise of those powers.

Accounts  
and audit  
Cap 212      9.-(1) The Board shall ensure that the Company maintains such performance and accounting records as are necessary for compliance with the requirement of the Companies Ordinance.

(2) Not later than six months after the close of every financial year qualified accountants shall audit the accounts of the Company including the balance sheet and statement of income and expenditure relating to that financial year.

PART III  
ESTABLISHMENT OF AIR TANZANIA HOLDING CORPORATION

Establish-  
ment of  
ATHCO      10.- (1) There is established a Corporation to be known As the Air Tanzania Holding Corporation; in its acronym ATHCO.

- (2) The Corporation shall be a body corporate and shall -
- (a) have perpetual succession and a common seal;
  - (b) in its corporate name be capable of suing and being sued;
  - (c) subject to this Act, be capable of purchasing and otherwise acquiring or alienating any movable or immovable property.

Functions      11.-(1) The functions, of the Corporation shall be -

- (a) to take over property, rights and obligations of the former Corporation which are transferred to it;
- (b) to take over and continue to employ staff of the former Corporation who are transferred to it;
- (c) to dispose of property, rights and obligations of the former Corporation which are transferred to it.

(2) The Corporation may perform its functions either itself or through an agent or contractor employed by the Corporation in that behalf on such terms and conditions as the Board of the Corporation may approve.

(3) The Corporation shall perform its functions in the most efficient, safe and economic manner and in accordance with the best commercial practices, having regard at all times to the fact that the Corporation's main objective is to dispose of property, rights and obligations with a view to winding up the business of the Corporation.

12.-(1) The Corporation, shall be in existence for three years from the effective date unless, in the opinion of the Minister, there remains undisposed assets and undischarged liabilities of the former Corporation in which case he may grant the Corporation a new lease of life, which shall not exceed twelve months.

Tenure of  
office

(2) For the purposes of terminating the business of the Corporation in pursuance of subsection (1), the Minister shall make a dissolution order to be published in the *Gazette*.

13.-(1) The management of the Corporation is vested in the Board of Directors.

Management

(2) The Board shall consist of the following members:

- (a) a Chairman who shall be appointed by the President;
- (b) such other members being not less than three nor more than four who shall be appointed by the Minister.

(3) Subject to section 12, members of the Board shall hold offices for such period not exceeding three years.

(4) Through a competitive process, the Board shall appoint the General Manager of the Corporation on such terms and conditions as it may determine.

(5) The Board may from time to time appoint on such terms and conditions as it thinks fit such officers and servants of the Corporation as may be necessary for winding-up the business of the Corporation.

14. The Board shall ensure that, proper accounts and performance records are kept in relation to the revenue and expenditure of the Corporation and shall ensure that within six months of the end of each accounting year of the Corporation, or such longer period as the Minister may allow in any particular case, a statement of account of the Corporation is prepared in accordance with the accepted accounting principles and audited by qualified accountants.

Accounts  
and  
Performance  
Records

Remune-      15.-(1) Subject to the approval of the Minister, the Chairman and  
ration      other members of the Board shall be entitled to such allowances and at  
such rates as the Board may determine.

(2) All salaries, fees and other allowances payable to the Chairman,  
a member of the Board, the General Manager and other officers and  
servants of the Corporation, shall be borne by the Corporation.

Affixing of      16.-(1) The Seal of the Corporation shall be affixed by the Chair-  
seal      man or General Manager and witnessed by the Corporation Secretary.

(2) All contracts, guarantees, agreements, bonds, authorities, mort-  
gages, bills of exchange, promissory notes, bank drafts letters of credit,  
securities and other instruments to which the Corporation is a party,  
shall be executed on behalf of the Corporation -

(a) by the General Manager witnessed by the Corporation Secretary;

(b) by such other person or persons as maybe authorised by the  
Board in that behalf.

Meetings      17.- (1) The quorum at any meeting of the Board shall be three  
and Quo-      members.  
rum

(2) The Board shall regulate its procedure for the meetings.

(3) The Board may act notwithstanding any vacancy in the member-  
ship and no act or proceedings of the Board shall be invalid by reason  
only of some defect in the appointment of a member.

Sources of      18. Sources of funds for the Corporation shall consist of such sums  
funds      of money as may be -

(a) appropriated by the Parliament;

(b) realized from the proceeds of sale of the assets of the Company;

(c) received by way of loan, grant or donation.

*PART IV*

TRANSFER SCHEMES

19.-(1) The Minister may, by order effective on the vesting date and on such terms specified in the order, transfer to the Corporation and the Company such assets, rights and liabilities or clauses thereof from the former Corporations.

Minister's power to transfer property, rights and obligations,

(2) Subject to the provisions of subsection (1), upon such transfer, the property, rights and obligations specified in the order shall from that day stand transferred to the Company or the Corporation without further assurance.

(3) All property, rights and obligations transferred to the Company or the Corporation may be sued on, recovered or enforced by the Company or the Corporation and it shall be necessary for the Company or the Corporation to give notice to the person with respect of whose property, rights or obligations are so transferred.

(4) Where legal proceedings in relation to any property, right or obligation transferred under the provisions of this section to which the former Corporation is a party are pending on the vesting date such proceedings shall be continued with the substitution of the Company or the Corporation, as the case may be, for the former Corporation.

(5) An order made pursuant to the provisions of this section shall become effective on the date it was made.

20.-(1) The Minister may issue a certificate in respect of any contract or commitment or class of contract or commitment.

Issuance of certificate in respect of contract or commitment

(2) The certificate shall state that, the rights and liabilities accruing from any contract or commitment referred to in any order made or purported to be made under section 21 were or were not at the time the order was made rights or liabilities of the former Corporation and such rights or liabilities accordingly as the case may be, were or were not transferred to the Company or the Corporation under that section 2 1.

(3) Any certificate so issued shall be conclusive evidence of the facts so certified.

21.-(1) In order to facilitate the transfer of property, rights and obligations from the former Corporation to the Company or the Corporation, the Minister may, by Order effective on such date and on such terms as he may specify, transfer the property, rights and obligations specified in such Order from the former Corporation to the Company or the Corporation.

Transfer Orders



(2) On the date of coming into force of an Order under subsection (1), the property, rights and obligations that are the subject of the Order shall be transferred and vested in accordance with the Order.

(3) A transfer Order may define the property, rights and obligations to be transferred by specifying the property, rights or obligations in question or by referring to all the property, rights and obligations comprised in the whole or any specified part of the undertaking of the former Corporation.

(4) The Company or the Corporation shall receive a title free of any encumbrance save as otherwise provided in the transfer Order.

(5) For the avoidance of doubt, no stamp duty or other tax shall be chargeable on a transfer made under this section.

Certifi-  
cates

22.-(1) For the avoidance of doubt, the Minister may issue a certificate in respect of any property or class of property certifying that the property referred to in an Order was, at the time the Order was made, the property of the former Corporation and the certificate shall be conclusive evidence of the certified facts.

(2) Every chose-in-action transferred in accordance with subsection (1) may be sued upon and recovered or enforced by the Company or the Corporation and it shall not be necessary for the Company or the Corporation to give notice to the person who is bound by the chose-in-action of the transfer if effected.

Transfer  
of staff  
and  
their  
rights

23.-(1) The Minister may, by Order effective on the effective date, designate staff of the former Corporation to be transferred to the Company or the Corporation.

(2) Nothing in this section shall operate so as to prevent any employee of the former Corporation from resigning or being dismissed.

(3) The terms and conditions of employment of any employee transferred from the former Corporation to the Company or the Corporation shall not be less favourable than those enjoyed by that employee immediately prior to the date on which the transfer was made.

(4) The Minister may make an Order specifying that as at the date of the Order, certain employees be transferred from the former Corporation to the Company, or the Corporation.

24, (1) The former Corporation shall pay all outstanding remunerations including previous contributions to its employees who have been transferred to the Corporation or the Company.

Outstanding remuneration

(2) The service of any employee transferred from the former Corporation to the Company or the Corporation shall be deemed to be continuous for the entire period from the date of the commencement of the employment with the former Corporation and where such employee was a member of any statutory voluntary pension or other superannuation benefits scheme, the Company or the Corporation as the case may be, shall contribute to such scheme accordingly.

(3) Where an employee of the former Corporation is not transferred to the Company or the Corporation his services with the former Corporation shall be terminated and where such employee is a member of any statutory, voluntary pension or other superannuation benefits scheme such employee shall be paid terminal benefits in accordance with the laws and regulations governing such schemes immediately before such termination.

25.-(1) The Company shall have access to all documents and records of the former Corporation and the Corporation and shall have the right to keep originals of documents and or records which are necessary for the running of the Company and shall be entitled to make copies of the same.

Access to records of the Corporation

(2) The Corporation and the former Corporation and their staff shall co-operate with the Company by providing access to their records and documents and by providing further information as and when requested.

26. Notwithstanding anything to the contrary in any other law -

Protection of assets from execution or attachment

(a) where any judgement or order has been obtained against the former Corporation, no execution or attachment, or process in the nature thereof, shall be issued against the Company or the Corporation or against any property of the Company or the Corporation; but the chief executive officer of the Company or the Corporation shall cause to be paid out of the revenue of the Company or the Corporation such amounts as may, by the judgement or order, be awarded against the Company or the Corporation to the person who is entitled;

(b) no property of the Company or the Corporation shall be seized or taken by any person having, by law, power to attach or distrain property without the previous written permission of the chief executive officer of the Company or the Corporation.

Stamp duty and other taxes      **27.** No stamp duty or other tax shall be chargeable on any agreement, contract, conveyance, assignment, grant or other instrument of transfer giving effect to a delegation or sub-delegation or in relation to a transfer of property, rights and obligations made under the provisions of this Act.

Regulations      **28.** The Minister may make regulations for the better carrying out of the functions of the Corporation and without prejudice to the generality of the foregoing he may make regulations with respect to the quorum, proceedings and meetings of the Board, and with respect to the powers of the Management and the Board as to their respective limits of approving expenditure.

#### PART V

#### CONSEQUENTIAL REVOCATIONS AND AMENDMENTS

Revocation and amendments G.N. Nos.45 of 1977 and 463 of 1986      **29.**-(1) Subject to subsection (2) of section 2 of this Act, the Air Tanzania Corporation (Establishment) Order, 1977 is revoked.

(2) The Tanzania Licensing of Air Services Regulations, 1986 are amended as follows:

(a) by deleting Regulation 24 and substituting for it the following-

"24. For the purposes of this Regulation, the transfer of a controlling or any other interest in the business shall not, be assumed to include a transfer of the operating licence."

(b) by deleting Regulation 28 and substituting for it the following -

"28.-(1) The holder of a licence shall perform all such reasonable services as the Tanzania Posts Company may from time to time require in regard to the conveyance of mails and parcels upon air services operated under the licence.

(2) Without prejudice to sub-regulation (1), the Tanzania Posts Company and the holder of the licence may agree on the terms and conditions on which the conveyance of mails and parcels may be done."

Passed in the National Assembly on the 11th, June 2002.

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*Clerk of the National Assembly*