



## **CITY OF BULAWAYO**

### **UPDATE ON INGWEBU BREWERIES**

Since its inception in 1946, the Liquor Undertaking (known as Ingwebu Breweries) was a department of City of Bulawayo. In 1996, the City of Bulawayo created a wholly owned business entity called Bulawayo Municipal Commercial Undertaking trading as Ingwebu Breweries and Aisleby and Goodhope Farms with Council as the sole shareholder, a status that has been maintained to date. This was to allow Council to concentrate on its core activities.

During the late 1980s the economy was deregulated opening up opportunities to other players to enter the traditional beer market that was once a preserve of the Liquor Undertaking, effectively reducing Ingwebu's market share. The downturn in the economy also affected the performance of Ingwebu Breweries. It however managed to continue operating under difficult economic conditions and stiff competition.

The plant is now old and requires capital injection to bring the business to a viable position. Since inception, no major injection of fresh capital was made to modernise the plant.

For Council to better appreciate the extent of the funding needs and challenges facing the Brewery, a tour of the Brewery was undertaken during the first quarter of 2016 by City of Bulawayo's Councillors and management.

This was followed by meetings held between Ingwebu Breweries Management and City of Bulawayo's Management. These efforts culminated in City of Bulawayo advertising a tender seeking consultants to conduct a feasibility study of turning the entity into a private limited company.

In the last quarter of 2016, City of Bulawayo signed a contract engaging a consultant who produced a report which is now guiding Council on the best way to turn around Ingwebu Breweries' fortunes.

The consultants objectives were: -

- To recommend to the Shareholders modalities of converting Ingwebu Breweries into a financially sound Private Limited Company.
- To assess how Ingwebu Breweries can be developed to secure long term financial viability.
- To advise the Shareholder on the best sources of capital investment that will ensure growth of the business.
- Proposing a practical and implementable business model that can achieve the above while offering the best value for money.

In the past Ingwebu has failed to access funding from financiers who have questioned the legal status of the Brewery. The major thrust of the privatisation of the Brewery is to protect the Bulawayo City Council and stop the accumulation of further debts. It is also to allow Ingwebu to access new streams of funding from independent investors.

Bulawayo Municipal Commercial Undertaking trading as Ingwebu Breweries and Aisleby and Goodhope Farms has produced audited financial statements from inception and declared dividends in good times. The City of Bulawayo is proud that the Board and management of Ingwebu weathered all storms to remain one of the few local authority operated Breweries in the country.

At this stage, the City of Bulawayo, the Board and Management of Ingwebu Breweries are moving into the implementation programme to turn Ingwebu into a private company. All stakeholders are assured that business operations continue as usual.

Bulawayo Municipal Commercial Undertaking has played a key role in the social and economic development of Bulawayo and is an integral component of the City's history and economic legacy. This component of the City has been crucial in the development of Bulawayo's housing, health and social infrastructure.

Council remains committed to the full resuscitation of the BMCU for the development of Bulawayo.

*Siye Phambili!*

**Advert No. 5706**

**DATE: Wednesday, 8 February 2017**

**Sunday, 12 February 2017**

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