

HELSINKI REGION ENVIRONMENTAL SERVICES AUTHORITY

CHARTER

In 2009, the cities of Helsinki, Espoo, Vantaa and Kauniainen agreed to establish the Helsinki Region Environmental Services Authority joint municipal authority. The joint municipal authority operates as such within the meaning of Section 2 of the Act on Co-operation Between Municipalities in the Helsinki Metropolitan Area in Waste Management and Public Transport (829/2009).

This charter takes into account the requirements of Article 56 of the Local Government Act (410/2015) on the minimum content of a charter and replaces the previous 2009 charter.

1. CHAPTER. GENERAL

Section 1.

Name and registered office of the joint municipal authority

The name of the joint municipal authority is Helsinki Region Environmental Services Authority, Helsingin seudun ympäristöpalvelut -kuntayhtymä in Finnish, Samkommunen Helsingforsregionens miljötjänster in Swedish and its registered office is in Helsinki. The joint municipal authority is bilingual.

Section 2.

Member municipalities of the joint municipal authority

The member municipalities of the joint municipal authority are Helsinki, Espoo, Kauniainen and Vantaa.

A municipality of the Helsinki region may become a member of the joint municipal authority if it approves the provisions of this agreement and is approved by the HSY General Assembly as a member.

A municipality belonging to the Helsinki region wishing to become a member of the joint municipal authority must make a proposal to the Board of Directors of the joint municipal authority. The HSY General Assembly shall decide on the admission of a new member municipality, the date of accession and the amount of share capital payable, taking into account the provisions of this basic agreement and the agreement on the principles and conditions for the integration of water and sewerage operations in the Helsinki Metropolitan Area.

Section 3.

Duties of the joint municipal authority

The duties of the joint municipal authority are to:

1. manage waste management and related activities of their member municipalities in accordance with the Waste Act and other waste management tasks in accordance with separate agreements;
2. act as the water services provider within the meaning of the Water Services Act, managing water services in its area of activity and on the basis of separate agreements with municipalities on the sewerage of stormwater in the stormwater sewerage area;

3. carry out the tasks of monitoring air protection in their member municipalities in the fields of research, planning, training and raising awareness;
4. perform planning, monitoring, information services, advisory and communication tasks related to the joint climate and circular economy work in urban areas as well as provide energy advice for residents;
5. ensure regional information co-operation for the needs of the member municipalities, be responsible for the production and processing of regional information and information services;
6. perform the other common tasks assigned to it by the member municipalities in connection with the activities of the joint municipal authority.

The joint municipal authority may, on the basis of a contract, carry out tasks falling within its field of activity in non-member municipalities and may provide or organise related services to other municipalities, communities or companies.

The joint municipal authority may own or be a shareholder in limited liability companies and a member of other organisations.

2. CHAPTER. ORGANISATIONAL INSTITUTIONS

Section 4. Management of the joint municipal authority

The HSY General Assembly exercises the highest decision-making power of the joint municipal authority.

The decision-making power of the Board of Directors is specified in Sections 9 and 10 of this agreement and in the administrative rule of the joint municipal authority.

Other administration of the joint municipal authority is provided for in the administrative rule.

Section 5. HSY General Assembly

At the HSY General Assembly, each of the member municipalities has one representative exercising the voting rights of the member municipality.

However, the share of voting rights is allocated in proportion to the official population of the municipalities so that one municipality cannot have more than 50% of votes. The resulting number is rounded to the nearest whole number.

In 2019, the voting rights were: Helsinki 50%, Espoo 27%, Vantaa 22%, Kauniainen 1%. The share of the voting rights shall be reviewed annually in accordance with the principle set out in Section 2.

HSY General Assembly is held at least twice a year. The financial statement of the joint municipal authority will be approved by the HSY General Assembly held by the end of

May and the budget and financial plans by the HSY General Assembly held by the end of November at the latest.

The HSY General Assembly is provided for more precisely in the Local Government Act and in the administrative rule of the joint municipal authority.

Section 6. Duties of the HSY General Assembly

The spring HSY General Assembly will decide on

1. the approval of the financial statement, comprising the income statement, balance sheet, financial statement and the annual report of the Board of Directors;
2. measures to be taken according to the profit or loss according to the financial statements;
3. the amount and payment of interest on share capital, and
4. the discharge from liability.

The autumn HSY General Assembly will decide on

5. the adoption of the budget and the operating and financial plans and their objectives, and
6. the selection of the auditor (JHTT) and, where applicable, the deputy auditor (JHTT).

Other matters decided by the HSY General Assembly are

7. the adoption of the administrative rule and other necessary rules of the joint municipal authority;
8. increase and reduction of share capital;
9. approval of a new member municipality;
10. strategies and investment programs;
11. election of the President and Vice President of the Board of Directors and members and their deputies;
12. election of the Chairperson and Vice-Chairperson of the Audit Board and of members and their deputies;
13. criteria for financial benefits for elected representatives;
14. the dissolution of the joint municipal authority; and
15. any other matter referred to in the invitation to the HSY General Assembly submitted by the Board of Directors or the Audit Board.

Section 7. Convening of the HSY General Assembly and quorum

The invitation to the HSY General Assembly shall be sent, unless for special reasons it is necessary to comply with a shorter notice of invitation, at least one month before the meeting to the member municipalities and also to the members of the Board of Directors as a notification.

The HSY General Assembly has a quorum when more than half of the member municipalities entitled to vote and half of the votes of the HSY General Assembly are represented and information about the HSY General Assembly has been sent to the member municipalities within the time specified in subsection 1 above, but at least one week before the HSY General Assembly. More detailed provisions on the meeting procedure can be found in the administrative rule of the joint municipal authority.

Section 8. Annual Report

The Board of Directors must prepare an annual report on the administration of the joint municipal authority for each calendar year. The report of the Board of Directors must present a report on the implementation of the operational and financial objectives set by the HSY General Assembly and on risk management and internal monitoring. The report shall be submitted to the HSY General Assembly in connection with the closure of the accounts for the year in question.

Section 9. Board of Directors

The Board shall be responsible for the administration and financial management of the joint municipal authority and prepare and implement the decisions of the HSY General Assembly. The Board of Directors shall supervise the interests of the joint municipal authority and, unless otherwise provided in the administrative rule or if the task does not fall within the remit of another institution, the Executive Director or an official of the joint municipal authority, shall represent the joint municipal authority, conclude agreements, and perform other legal acts as well as exercise the right to speak on its behalf;

The Board of Directors has a maximum of 14 members and an equal number of personal deputies. However, the HSY General Assembly shall elect members and deputies representing the member municipalities in relation to the official population, so that at least one full member represents the group of municipalities consisting of member municipalities other than Helsinki, Espoo and Vantaa. However, members representing one municipality may not have more than half of the voting rights (7 members and 7 deputies) and at least one member or deputy must represent each member municipality.

A member representing the largest member municipality is elected as the President of the Board of Directors.

The composition of the Board of Directors will be reviewed following the approval of the new member municipality from the beginning of the next term.

The term of office of the Board of Directors is four years.

Section 10. Duties of the Board of Directors

In addition to the general authority referred to in Section 9 above, the duty of the Board of Directors is to:

1. organise the administration of the joint municipal authority and decide on the principles of operation;
2. appoint and dismiss the Executive Director of the joint municipal authority;
3. appoint and dismiss the senior officials mentioned in the administrative rule;
4. approve project plans within limits set by the HSY General Assembly; and
5. decide on procurements, unless otherwise provided in the Local Government Act or the administrative rule.

The decision-making power of the Board of Directors is specified in more detail in the administrative rule.

Section 11. Requesting comments from member municipalities

In addition to strategies and investment programs, the joint municipal authority must request written comments from the member municipalities on the budget and the operational and financial plans, as well as on the binding objectives to be adopted before they are adopted.

When preparing the financial plan, the member municipalities must be given the opportunity to make proposals in sufficient time to develop and adapt the activities of the joint municipal authority to the operational objectives and financial capacities of the member municipalities. A preliminary financial plan will be submitted to the member municipalities for comments in June.

Section 12. Signing and service

Agreements and commitments entered into on behalf of the joint municipal authority as well as other documents shall be signed in the manner specified in the administrative rule.

3. CHAPTER. CO-OPERATION PROCEDURE AND OWNERSHIP STEERING OF THE JOINT MUNICIPAL AUTHORITY

Section 13. Co-operative procedure

The management and member municipalities of the joint municipal authority have a co-operation procedure discussing the principles concerning the long-term planning and objectives of the joint municipal authority.

Section 14.

HSY Group guidelines

The joint municipal authority and its subsidiaries form a joint municipal authority HSY Group. The joint municipal authority has Group guidelines which are approved by the HSY General Assembly. The Group guidelines contain the operating principles used to manage, guide and supervise the HSY Group in order to achieve the objectives set by the HSY Group.

The joint municipal authority must ask the member municipalities for comments on the Group guidelines and amendments to the Group guidelines before approving them. Comments do not need to be requested in the case of a minor change, such as a technical correction.

4. CHAPTER. JOINT MUNICIPAL AUTHORITY FINANCES

Section 15.

Share capital and member municipalities' shares and liabilities

The share capital of the joint municipal authority totals EUR 505,000,000. It consists separately of the share capital of water services EUR 480,000,000 and other share capital of EUR 25,000,000.

The share capital of water services is distributed among municipalities as follows:

Helsinki 58.0%

Espoo 22.0%,3.0%

Vantaa 19.4%

Kauniainen 0.3%.

Other share capital is distributed among the member municipalities according to the official population so that the share of one municipality is not more than 50% and at least 1%.

The member municipality's share of the assets of the joint municipal authority and the liabilities and obligations are determined in proportion to the share capital.

The HSY General Assembly shall decide the interest to be paid on the share capital and its amount. Interest can be set separately for the share capital of the water services and other share capital.

The HSY General Assembly will decide the amount and date of payment of the share capital investment of a new member municipality and the increase of the share capital by transfer from other equity.

The joint municipal authority must keep a register of the share capital of the member municipalities.

Section 16.

Depreciations

The HSY General Assembly approves the basis for calculating planned depreciations.

Section 17.

Financing of activities

The joint municipal authority finances its operating expenses with payments for water services and waste management activities, municipal contributions and other income.

The joint municipal authority collects contributions from its member municipalities for tasks other than water services or waste management, as well as the part of the costs of support services not covered by the result of water services and waste management. Advance payments may be charged to member municipalities of their contributions.

However, the contributions are divided in proportion to the official population of the member municipalities so that the contribution of one municipality cannot be more than 50% and must be at least 1%. Compensation for the tasks the joint municipal authority performs on the basis of an agreement is defined in the agreement, the principles of which are approved by the Board of Directors.

The joint municipal authority may obtain capital financing as an equity investment of member municipalities or a loan from member municipalities or financial institutions.

The interest payable on member municipality loans, loan repayment programmes and other loan terms shall be determined on uniform terms.

Section 18.

Principles for the implementation and financing of the joint municipal authority's water service investments

The joint municipal authority is obliged to build and expand its water supply and water networks at its own expense according to the schedule and scope of each member municipality's own urban area development plan and, outside the urban areas, according to the schedule and scope of the water service development plan.

The joint municipal authority will carry out all new investments and renovations in its area of operation at its own expense. The joint municipal authority finances its investments with internal financing, loan financing or by increasing the share capital. If deviating from the above-mentioned principles, a member municipality wishes to implement water services investments in its region, the member municipality and the joint municipal authority separately agree on the member municipality's share to cover the investment costs.

The costs of water service changes caused by land-use planning have been agreed separately between the member municipalities in a framework agreement on municipal technology co-operation.

Section 19.

Principles of water and waste management fees

When determining the fees, the income received from them must in the long run cover investments and renovations in accordance with the plans and programmes of the strategies, as well as other operational and financial costs, taking into account the provisions of the Water Services Act and the Waste Act. Payments may not exceed a reasonable return on capital.

Section 20.

Financial statements

The financial statements are signed by the Board of Directors and the Executive Director of the joint municipal authority.

The financial statements must include a separate income statement and a balance sheet of water services.

Section 21.

Financial and operational monitoring system and reporting to member municipalities

The joint municipal authority has a current financial and activity monitoring system verifying the achievement of the set objectives or deviations from them. The realisation of operations and finances is reported to the member municipalities three times a year, one of which in connection with the approval of the financial statements.

Section 22.

Treatment and coverage of the deficit for the financial year

When discussing the financial statements, the HSY General Assembly may decide that the resulting deficit will be covered in full or in part by increasing fees and adjusting the finances, taking into account the principles of Section 19. Alternatively, the HSY General Assembly may decide to cover the deficit with fees charged to member municipalities in proportion to the share capital specified in Section 15. If the deficit cannot be covered by the above measures, the procedure provided for in Section 119 of the Local Government Act 119 shall be followed.

Section 23.

Duty of disclosure of the joint municipal authority

The joint municipal authority shall provide the municipal councils of the member municipalities with the information necessary to assess the financial position of the joint municipal authority and calculate the result of its operations at the intervals specified in Section 21 above.

Section 24.

Status of municipalities resigning from and continuing to operate in the joint municipal authority

If a member municipality resigns from the joint municipal authority, the municipality's share of the share capital or part of it shall be paid to it by the decision of the HSY General Assembly. If other member municipalities do not redeem the share capital of the resigning member, the share capital will be reduced. Compensation for the share capital will be paid in equal instalments over 10 years from the effective date of the resignation.

Section 25.

Administrative and financial audits

The auditing of the administration and finances complies with the provisions of the Local Government Act and the administrative rule of the joint municipal authority. A Chairperson, Vice-Chairperson and a maximum of 3 members are elected to the Audit Board. Each person shall have a personal deputy so that there is at least one member or

deputy member from every member municipality on the Audit Board.

The joint municipal authority has an internal audit function. The operation of the internal audit is specified in more detail in the administrative rule.

5. CHAPTER. OTHER PROVISIONS

Section 26.

Amendments to the charter

This charter may be amended if at least two-thirds of the member municipalities support it and have a population of at least half the total population of all the member municipalities.

A proposal to amend the basic agreement is prepared by the Board of Directors of the joint municipal authority and must be approved by the councils of the member municipalities. The Board of Directors shall, without undue delay, draw up a proposal to amend the basic agreement if at least half of the member municipalities so request.

Section 27.

Dissolution of the joint municipal authority and final settlement

The councils of the member municipalities decide on the dissolution of the joint municipal authority.

In the event of the dissolution of the joint municipal authority, the Board of Directors shall arrange for a final settlement, unless the member municipalities agree on another arrangement.

The assets of the joint municipal authority that are not needed to meet the costs and debts of the final settlement or to fulfil the commitments will be distributed to the member municipalities in proportion to the share capital. If the amount needed to meet costs and debts and to meet commitments is greater than the funds, the member municipalities are obliged to pay the difference in proportion to the above-mentioned proportions.

Section 28.

Entry into force and signatures

This charter shall enter into force after it has been approved by the councils of the member municipalities by unanimous decision.

Prior to the entry into force of this charter, the measures necessary for its implementation may be taken.

This charter is drawn up in four (4) originals, one for each party.

CITY OF HELSINKI

Helsinki, 22 October 2019

Jan Vapaavuori
Mayor

Sami Sarvilinna
City Manager

CITY OF ESPOO

Espoo, 4 November 2019

Jukka Mäkelä

CITY OF VANTAA

Vantaa, 18 December 2019

Ritva Viljanen

CITY OF KAUNIAINEN

Kauniainen, 7 January 2020

Cristoffer Masar