

PRESIDENTIAL INAUGURATION ADDRESS

PETER FOWLES - 25 AUGUST 2003

Mr Mayor, distinguished guests, ladies and gentlemen.

It is a great honour and privilege for me to be standing here as President of your Association for the next two years. The AMEU has an extremely rich and proud history and I, like my predecessors, will do everything within my power to uphold its ideals and objectives.

Let me begin by extending a few words of thanks.

Firstly to our immediate past president, John Ehrich. John, you have lived up to your commitment of 'change for the benefit of all' and I would like to thank you for your enthusiastic and dedicated leadership over the past two years.

I would also like to express my sincere thanks to the Council of the Msunduzi Municipality for their support and understanding of the demands of the Presidency, and for agreeing to host this Convention.

To my team in Pietermaritzburg . My thanks and appreciation for their efforts in preparing for this Convention and for their support while I am away on AMEU business.

For many years my wife Marilyn and daughters, Bridget and Ashleigh, have coped with my frequent absences from home for the AMEU. They have graciously accepted that this will continue for another two years and I wish to thank them with all my heart.

Ladies and Gentlemen, the various committees of the AMEU have addressed numerous issues of interest or concern to its members over the years. Without doubt though, the main issue that has challenged the minds of your Executive Council and indeed, most of our members, for a number of years now has been the restructuring of the electricity distribution industry. But are we any further forward on this issue than we were at the last Convention?

We have been privileged today to have had Phinde Nzimande share with us her vision and plans for the formation of the restructured industry. Her message is one of hope that perhaps at last we can see in the foreseeable future an electricity distribution industry comprising autonomous regional distributors that can best serve our customers in a business-like and commercial manner. I like to call this the 'high road' scenario.

There are though, still a number of uncertainties that could further delay the process and test our patience and resolve even more. A few of these are:

- With elections just around the corner, will the relevant national government politicians see the EDI restructuring as a top priority, and give Phinde and her team the necessary support?
- What is the intention of the drafters of the EDI Restructuring Bill in making the REDs municipal entities and then giving local authorities the choice as to whether they wish to join a RED or not?

- What will Eskom's reaction be to this intention to strip it of its distribution assets and hand them over to local authorities?

A number of alternate scenarios spring from an analysis of these and other uncertainties facing our industry.

One of these could be labelled the 'low road' scenario, in which little or no progress is made toward achieving the intended restructuring. In this case, a number of the smaller, and maybe not-so-small, municipal distributors stumble on with dwindling skill bases and a shortage of funds to adequately maintain their networks, never mind being able to carry out necessary system reinforcement and expansion, while being pressured by their customers and the NER to keep tariffs low and improve their quality of supply and service. Is it possible that some of these distributors may collapse and Eskom be required to take over their responsibilities? This is, I believe, the often postulated 'restructuring by default' scenario.

Perhaps there is a 'middle road' scenario. Here, a number of enlightened local authorities resolve to ringfence and corporatise their electricity service in the manner of City Power, and more recently Mangaung. To my knowledge, a number of others are actively considering this option. Those who do not follow this process may end up like those in the 'low road' scenario and we can picture the resulting industry structure as a larger Eskom distribution area together with a few strong corporatised municipal distributors.

A lot of water may still flow under the bridge but it is my conviction that we should aim for the 'high road'. Our major challenge then over the next few years is to determine how we can positively influence the achievement of Phinde's vision.

I therefore wish to convey to Phinde our very best wishes for success in her endeavours and assure her that the AMEU will be there to support her to roll out the best solution, just as the AMEU has supported the industry for the last 88 years.

In the meantime, the lights are kept burning and electricity services are being extended to many new areas in South Africa by dedicated men and women who carry out this essential service, often under-resourced in skills and funding. I think you are unsung heroes of our Country and I hope and pray that one day you will be rewarded for your efforts.

Ladies and Gentlemen. I hope that each and every one of you will leave this Convention having been enriched by the experience. It is my fervent wish that you enjoy your stay in our lovely city, Pietermaritzburg.

I look forward to being of service to you and the AMEU for the next two years.