

**PROPOSALS FOR INCORPORATION IN THE
WELCOME ADDRESS BY THE MAYOR, CLR G H ZONDI
AT THE 58TH AMEU CONVENTION :
PIETERMARITZBURG - 25 AUGUST 2003**

Mr President of the Association of Municipal Electricity Undertakings, Mr John Ehrich, Mr President-Elect, Peter Fowles, Members of the Executive Council, Distinguished Guests, Ladies and Gentlemen.

The Msunduzi Municipality is greatly honoured to be hosting the 58th Convention of your Association with the theme 'Electricity Powering South Africa'. I note that the last occasion this City hosted an AMEU Convention was in 1973 when the late Mr Jack Waddy was inducted as your President. The City is proud to note that we have also had two previous Presidents in Colonel Ewer in 1935 and Mr Charles Hallé in 1950.

The theme of your Convention is extremely appropriate as electricity is not only one of the basic services we are striving to deliver to all the people of South Africa to improve their quality of life, it is also a key factor in stimulating development.

The Msunduzi Municipality is making a concerted effort to attract new business to our area to stimulate our economy and provide much needed employment opportunities for the numerous poor and unemployed people in our area. To this end our Council organised an Investment Promotion Conference in Pietermaritzburg last week. We are very conscious that there are a number of factors that commercial and industrial developers use to evaluate an investment decision and that a reliable, quality supply of electricity at competitive tariffs is often high on their list of priorities.

We are very aware of the National Government decision to embark on a restructuring of the electricity distribution industry and I will be very interested to hear the presentation by your key note speaker, Ms Phindile Nzimande.

The Msunduzi Municipality area of jurisdiction includes almost 50 000 customers serviced by Eskom. From a political perspective this situation is far from ideal as we would like common tariffs and service standards for all our constituents.

The necessity to do something about this situation has been recognised by our Council and included as a flagship project in our Integrated Development Plan. Our requirement to investigate our electricity service delivery mechanism and prepare for the seemingly inevitable restructuring was included in the Msunduzi Municipality's application to National Treasury for restructuring grant funding.

Proposals will shortly be requested from service providers to take our Council through the Section 78 process required by the Municipal Systems Act. This will possibly be followed by a ringfencing and asset valuation exercise to prepare for the final restructuring model.

As a politician, I would like to appeal to you to keep in mind two very important aspects as the restructuring process develops:

One is the importance of the contribution of electricity revenue to municipal finances. Electricity income represents some 40% of our total revenue and the contribution to the Rates Fund some R50 million this financial year.

Then to bear in mind our constitutional obligation to provide services to our people and ultimately be answerable to them.

I wish you well over the next few days and on behalf of the Msunduzi Municipality, I extend a warm welcome to all delegates attending this Convention.

We are very proud that Peter Fowles will shortly be inducted as your new President and assure him of his Council's support over the next two years. I am sure that he will find it to be a rewarding experience.

Enjoy your stay with us.

Clr G H Zondi