

DEVELOPMENTAL LOCAL GOVERNMENT AND THE ELECTRICITY DISTRIBUTION INDUSTRY RESTRUCTURING

Developmental Local Government is about recognizing the developmental nature of local government functions, and the need to use revenue generating services and electricity surplus in particular to finance other services. Energy and the current Electricity Distribution Industry Restructuring process should be seen in the context of service delivery and development. At the global level, the United Nations has adopted eight (8) Millennium Development Goals (MDGs) to be achieved by 2015 in response to the world's main development challenges. Energy scarcity and poor supply condemns many women and children to collecting firewood, fetching water, and performing a number of daily tasks manually in addition to delaying development. Electricity can bring needed lighting to homes and schools creating a better environment for children to learn. Energy, therefore, is a vital input in reaching the second Millennium Development Goal, **achieve universal primary education**. In fact without access to reliable and affordable energy, people are denied basic health or education services and opportunities for improving their lives. Energy is again paramount to achieving all the eighth (8) Millennium Development Goals, from education, to health care, to gender equality and ensuring environmental sustainability.

People working in the Industry should not see their work in isolation to the overall impact of the Industry in the development of our communities and improving the quality of life. People working in the Industry are directly contributing towards better life for all and should not see the use of electricity surplus in other services as a problem, but a contribution of the industry in addressing the developmental needs of our communities.

Countries in Africa have different system of local government, and in some countries local government is not recognized as a distinct sphere of governance. The lack legislation framework, limited powers and functions and lack of accountability are amongst some of the key issues facing local government in Africa.

However, from the South African context it is important to start by pointing out that all spheres of government are distinct spheres of governance and plays a pivotal role in economic growth and development in all areas of South Africa. The overall government approach to service delivery shows that **planning and authority on the delivery of basic services is devolving to the implementation level**, which is developmental local government. This approach is clear from the restructuring of the transport sector, water, housing, etc, that have seen local government assuming more responsibilities.

The Constitution and the Municipal Systems Act, also provides for certain powers and functions be assigned to municipalities that have the capacity to undertake such functions. The powers and functions assigned to municipalities are inter alia influenced by the municipality's economic viability and position. Municipalities that are economically weaker do not have a sound source of revenue such as taxes and user charges.

Municipalities are variable in their capacity to discharge their constitutional mandate, and it must be noted that the level of governance, resources, capacity and systems differ from municipality to municipality. It should therefore be acknowledged that the impact of the REDS to municipalities will differ between categories of municipalities.

The SALGA Members Assembly which took place in Ethekewini in late June recommended that we Uphold, respect and recognize the following key principles that were agreed upon to guide the Electricity Industry Restructuring process;

- Restructuring must be conducted in accordance with the Constitution, taking into account that the responsibility of electricity reticulation is a municipal function;
- The Financial state of municipalities currently performing the electricity function must not be adversely affected;
- Any RED end-state model must meet the restructuring objectives set out in the EDI Blueprint that was approved by Cabinet earlier

The Restructuring of the Electricity Distribution Industry should be done in such a way that it does not impact on municipalities' ability to play their developmental role, and the achievement of the Millennium Development Goals (MDG's) and the National target of universal access to electricity by 2012 is dependent on municipalities being able to play their developmental role at the local level where people need service delivery.

End

By Russell Muhloti Baloyi