

**SPEECH BY MINISTER OF ENERGY, MS DIPUO PETERS, MP
AT THE OCCASION OF THE LAUNCH OF THE MBIZANA INTEGRATED ENERGY
CENTRE (IeC)
AT REDOUBT VILLAGE, EASTERN CAPE PROVINCE**

19 NOVEMBER 2012

SALUTATIONS

The Premier of the Eastern Cape Province, the Honourable Ms Noxolo Kiviet, as represented by the MEC for Economic Development, Environmental Affairs and Tourism – Mr. Mcebisi Jonas

All MECs of the Eastern Cape Province present

The Honourable Executive Mayors of:

Alfred Nzo District Municipality, Councillor Eunice Diko; and

Mbizana Local Municipality, Councillor Zoleka Busuku;

Executive Mayors of other Local Municipalities within the District;

His Majesty, King Zanozuko Sigcau of the AmaMpondo Kingdom;

The Chief Executive Officer of PetroSA, Ms Nosizwe Nokwe-Macamo;

Executive managers and representatives of other oil companies;

Government Officials;

Ladies and Gentlemen.

As the Government led by the African National Congress, we are gathered here today to launch the Mbizana Integrated Energy Centre (IeC) in the Imizizi Administrative area to ensure that the people of Mbizana, in particular, the residents of Redoubt Village,

have access to modern energy services. This could not have come at a more befitting time than now – a time when we are celebrating a hundred years of the existence of the African National Congress (ANC), making it the oldest liberation movement on the African Continent. However, it is not just the number of years that count but the positive difference that the ANC, which represents our struggle for freedom, has made and continues to make to improve the lives of the masses of our people.

The Alfred Nzo District Municipality is one of the 23 Rural Districts that have been identified by the Government for community (infrastructure) development. This decision by government will help South Africa to achieve the targets as set out in the Millennium Development Goals, and the 2012 Year of access for energy as declared by the General Council of the United Nations. Above all the infrastructure development programme addresses government's recognition of the need to prioritise rural development, poverty eradication and energy poverty as experienced by the majority of our people - especially in rural provinces such as the Eastern Cape, Limpopo, KwaZulu-Natal and the Northern Cape.

This Integrated Energy Centre is a special one as it marks the first ever retail service station in the country with the flag of the State Owned Company, PetroSA. This occasion will be recorded in the history books of this country as the day on which the first PetroSA leC, in partnership with the Department of Energy, was launched here in Mbizana. I would like to congratulate the CEO of PetroSA, Ms Nosizwe Nokwe-Macamo, and her team for achieving this milestone and encourage them to continue doing the same in other parts of the country.

The Mbizana leC was initiated in 2008, by the Department of Energy with PetroSA as the strategic partner, together with the Alfred Nzo District and Mbizana Local municipalities. Its implementation was delayed due to protracted negotiations around the transfer of the land to the community as well as the long Environmental Impact Assessment (EIA) process.

I am pleased to inform you that the co-operative was issued with site and retail licenses on the 22nd of February 2012. Furthermore, the Department of Energy, through the integrated National Electrification Programme (INEP) in conjunction with Eskom, has funded the installation of a 100kva transformer to supply electricity to the leC. PetroSA paid part of the deposit fee for the electrical connection of the leC.

What is an integrated energy centre (leC)?

An Integrated Energy Centre (leC) is **a one-stop energy shop owned and operated by a community Cooperative** and organised as a community project. It provides energy solutions to communities; access to affordable, safe and sustainable energy services; information on how to handle and utilise energy resources, including Illuminating Paraffin and LPGas. In addition, leCs promote the development of small businesses (SMMEs) through partnerships with key stakeholders, including but not limited to oil companies, the Small Enterprise Development Agency (SEDA), the National Development Agency (NDA), the Department of Rural Development and Land Reform, the Department of Cooperative Governance and Traditional Affairs (COGTA) and the Department of Trade and Industry (DTI).

Noting the critical role of energy in improving the quality of people's lives, leCs are targeted at rural hinterlands of our country (in line with the Comprehensive Rural Development Programme Priority Areas), which are generally plagued by energy poverty. The Department's partnership with the oil companies in respect of the leC Programme has thus far delivered a total of eight leCs – Five (5) leCs commissioned in partnership with Sasol Oil; two (2) with Total South Africa; and this one by PetroSA. These leCs are located in the Eastern Cape, Northern Cape, KwaZulu Natal, Limpopo and North West provinces. In all instances the cooperative model of ownership and operation is used.

Amongst other things, the manner in which this leC will be managed and operated would seek to address all the shortcomings previously experienced in other operational

leCs. For example, operating the leC on solid business principles is a key success factor and the lack thereof has been identified as one of the major factors that have impacted negatively on some of the existing leCs.

There are many direct and indirect benefits that the success of this leC will generate to the community. The service offering of the leC will include:

- Sale of diesel, petrol, illuminating paraffin and liquefied petroleum gas (LPGas);
- A training / information centre;
- A convenience store – including the selling of prepaid electricity and airtime;
- Car wash;
- Tyre repairs;
- Public telephones;
- ATM; and
- Opportunity for establishment of other SMMEs in line with the needs of this community.

Opportunities to partner with other service providers to expand and improve the service offering will be continually explored to maximize benefit to the community. Hence the leC will also serve as a trigger for further economic development in the area.

It is evident that the people of this area will be provided with information to utilise energy in a safer and more sustainable manner. They will enjoy easy and affordable access to modern energy services (because unnecessary distribution costs will be eliminated). For example, you will no longer walk long distance to fill up your LPGas cylinders or purchase your basic needs because the leC has brought these services closer to you. The leC will also provide a focal point for communication of energy and developmental matters to the community. Apart from the benefits that will directly result from the service offering of the leC, the success of this leC will also motivate other partners to come on board and invest in leCs in other parts of the country.

Job creation opportunities

A total number of 61 jobs were created during the construction period and a further 10 permanent jobs to operate the business. There is no doubt that the car wash and other SMMEs will create additional job opportunities for the local people.

Community involvement

I have been informed that the community of Mbizana, through the local Chief of Imizizi Area, donated land to the leC co-operative. The co-operative is made up of 39 members, 19 females, 20 are males and nine (9) out of the 39 are young people.

The Alfred Nzo District Municipality assisted in connecting the leC to a water supply at short notice – this is much appreciated. The Mbizana Local Municipality funded the construction of an access road leading to the site. The construction of this access road is under way.

The construction of the leC started in May 2012 and a total of 61 jobs were created during the construction period. A labour desk was established to facilitate the employment of people from the local community.

The assets on the leC site comprise: a convenience shop, a training centre, a car wash, a 23 000 litre underground tank for Unleaded Petrol (ULP); a 23 000 litre underground tank for Diesel; a 11 000 litre underground tank for Lead Replacement Petrol (LRP) and a 11 000 litre underground tank for illuminating paraffin (IP).

Programme Director and ladies and gentlemen, I am pleased to learn that the design of the leC will allow for the installation of solar systems in the near future. Through this system the leC will be able to make a 50% on electricity costs. This should encourage all of us to consider the use of alternative energy sources such as Solar for our homes, businesses, street lights and other needs. In the case of this leC that we are launching today, I'm sure that PetroSA will work with CEF to ensure that the centre is fitted with the Solar system soon!

The Mbizana Local Municipality has funded the recruitment and appointment of ten (10) permanent staff members to work at the leC. The staff compliment for the leC is as follows: one (1) leC Manager, two (2) Cashiers [with one of them being a Senior Cashier / Assistant leC Manager]; one (1) Shop Assistant and five (5) Petrol Attendants. All leC staff members are from the local community. The leC Manager and the Senior Cashier as well two officials from the Mbizana Local Municipality underwent training on Franchise Management, which was arranged by PetroSA. The inclusivity of processes leading to the staffing and training of the newly appointed staff can only be commended as a positive partnership to be replicated in future.

The envisaged benefits are consistent with the commitment made by the President of the ANC and the Republic of South Africa, Dr. Jacob Zuma. During the Centenary Celebration in Mangaung on Sunday, 08 January 2012, he highlighted the deepening of our democracy, the culture of human rights and people's participation in changing their lives for the better. He also emphasised the need to meet basic needs and develop human resources as well as build the economy and create jobs.

Status of Electrification in the Province

The Eastern Cape Province has, in total, an overall backlog in household connections (houses that don't have access to electricity) of 437 874, of which 4.64% (or 20 333) are in the Mbizana Local Municipality.

The Mbizana Local Municipality was allocated funds to address their network conditions as stipulated in the business plan submitted. The allocation for the 2013/14 financial year which would give us 1334 new connections will not be done as the Municipality is still busy with the backlog of the 2011/12 project.

The Municipality has been identified as a pilot project for the Development Bank of Southern Africa (DBSA) front-loading scheme for the 2013/14 financial year to advance the work outstanding.

The Department will continue to engage Eskom regarding cooperating with Municipalities in electrifying their areas, which fall under Eskom's areas of supply. Improvements in this regard will ensure a positive contribution to the development of the Province as a whole.

In addition the Department of Energy is convening a meeting in East London tomorrow (20 November 2012) with all provincial municipalities and the Department of Cooperative Governance and Traditional Affairs. The purpose of the meeting is to concretise strategies to expedite the implementation plans for the provision of sustainable electricity for the province.

In conclusion,

Before I close Programme Director and the community of Mbizana, it is important that I recognise the fact that this district is home to ANC stalwarts like the great OR Tambo, Mama Winnie Madikizela-Mandela, and of course Alfred Nzo himself. Without the sacrifices made by these Comrades we would not be gathered here today. I take this opportunity to salute their contributions towards the liberation of the people of South Africa.

I sincerely appreciate and thank both the district and the local municipalities involved for their cooperation with the Department of Energy in the Development of the leC thus far. I specifically thank the Mbizana Local Municipality for committing to the widening of the access road as well as the connection of water and electricity to the site.

The leCs are not just about integration of energy services. Rather, they are primarily about integration and cooperation amongst the three tiers and structures of Government for improved (energy) service delivery to the poorest of the poor. The cooperation amongst the various organs of State such as the Department of Trade and Industry, the Department of Cooperative Governance and Traditional Authority (COGTA), the Department of Rural Development and Land Reform, the Department of Trade and Industry, the Independent Development Trust (IDT), SEDA, and others is commendable and encouraged to continue with greater vigor.

I also appreciate and congratulate PetroSA for realizing their first Integrated Energy Centre. We look forward to the other oil companies playing their role in developing leCs across the country.

I humbly appeal to the community to treat these assets as well as all other infrastructure and equipment provided by Government for the Redoubt village as their own. We need to jealously guard them against vandalism, theft and other forms of misuse or abuse. The co-operative should never forget that they remain accountable to the community as this service point has been created for the benefit of the local people.

Lastly, I urge all of us to intensify our cooperation towards ensuring that this leC is sustainable. Together we can do more!!!

Thank you – Siyabulela!