

**SPEECH BY MINISTER OF ENERGY, MS DIPUO PETERS, MP  
AT THE OCCASION OF THE SOD TURNING CEREMONY  
OF THE MALUTI-A-PHOFUNG INTEGRATED ENERGY CENTRE (IeC)  
AT PHUTHADITJHABA, QWAQWA, FREE STATE PROVINCE**

**12 JANUARY 2012**

***SALUTATIONS***

Ms Winnie Madikizela-Mandela, MP

The Premier of the Free State Province, the Honourable Mr. Ace Magashule

The Chairperson of the National Council of Provinces, the Honourable Mr. Mninwa Mahlangu

All MECs of the Free State Province present

The Honourable Executive Mayors of:

Thabo Mofutsanyana District Municipality, Councillor Mzangwa; and  
Maluti-A-Phofung Local Municipality, Councillor Mopeli;

Executive Mayors of other Local Municipalities within the District;

Chairperson of the House of Traditional Leaders, Morena MF Mopeli;

His Majesty, King LC Mota;

His Majesty, King T Mopeli;

The Managing Director of Sasol Oil, Mr. Allen Cameron;

Chief Executive Officers and representatives of other oil companies;

Acting Chief Executive Officer of Maluti-A-Phofung Water, Mr. Limpho Letsela;

Ladies and Gentlemen.

As the Government led by the African National Congress, we are gathered here today to assure the people of Qwaqwa, in particular, the residents of Makwane Village, that the construction of the Maluti-A-Phofung (MAP) Integrated Energy Centre (IeC) will commence in a few weeks' time. This could not have come at a more befitting time than now – a time when we have just celebrated the hundred years of the existence of 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.

This sod-turning event is also a first of its kind for 2012.

The Maluti-A-Phofung IeC was initiated in 2008 by the Department of Energy with Sasol as the strategic partner together with the involved district and 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 very pleased to inform you that all the necessary approval processes have been finalised and construction work is expected to take about four (4) months, from the starting date, to complete. So rest assured that we will definitely come back to officially launch the project before the end of this year.

### ***What is an integrated energy centre (IeC)?***

An Integrated Energy Centre (IeC) 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, IeCs 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, IeCs are targeted at rural hinterlands of our country (in line with the Comprehensive Rural Development Programme Nodal Areas), which are generally plagued by energy poverty. The Department's partnership with the oil companies in respect of the IeC Programme has thus far delivered a total of seven IeCs – Five (5) IeCs developed in partnership with Sasol Oil and two (2) with Total South Africa. These IeCs 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 has been used.

The MAP IeC also marks a deepening of our partnership with Sasol Oil, as it will be Sasol Oil's 6<sup>th</sup> IeC developed to date. Amongst other things, the manner in which this IeC will be developed and operated would seek to

address all the shortcomings previously experienced. 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 (*Paraphrase in Sesotho*).

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 and liquefied petroleum gas (LPGas);
- A convenience store;
- Selling of prepaid electricity and airtime;
- Veggie tunnels to promote food security;
- Tyre repairs;
- Public telephones;
- ATM; and
- Bakery

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. The MAP leC is located in Ward 35 and is well-positioned to provide services to the whole of Makwane Village.

It is evident that communities in QwaQwa 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 currently have to travel about ten (10) kilometers to Phuthaditjhaba to buy LPGas but once the leC is operational LPGas will be brought closer to the

community. 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***

During its construction period, the leC will provide short-term employment to at least 60 local people and 8 to 12 permanent staff members when operational. The Department of Energy will mobilize other stakeholders to establish small businesses to support the leC once completed. This would create additional employment opportunities for the local people.

### ***Community involvement in MAP***

I have been informed that the Maluti-a-Phofung Municipality, through Ward Councillors, nominated thirty four (34) community members for training as prospective members of the cooperative. The MAP leC Cooperative comprises of 14 members, 7 males and 7 females, of which 43% is the youth. The community members were trained on the Co-operative Act, Franchising and Business Management by SEDA. All training sessions took place at the offices of the Free State Development Corporation in QwaQwa. The Co-operative is registered with CIPRO as a working co-operative of fourteen (14) members. Furthermore, some members of the cooperative went on a site visit to the Mutale leC in Limpopo to learn how to manage projects of this nature. We hope that the acquired skills will also find use in other economic development initiatives.

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, highlighting the deepening of our democracy, the culture of human rights and people's participation in changing their lives for the better; meeting basic needs and developing human resources; as well as building the economy and creating jobs..

### ***Status of Electrification in the Province***

Whereas there is a market for energy products in QwaQwa, a shortage of modern energy carriers exists. The 2010/11 Integrated Development Plan of the Maluti-Phofung Municipality indicates that households in the area use paraffin, candles, coal, wood and animal dung, electricity and, to a less extent, LPGas and solar power for their energy needs (lighting, cooking and space-heating). A major challenge to accessing these energy carriers is that they are sold at a premium to villagers thereby making them unaffordable.

Programme Director; I want to emphasise that the development of this leC should be considered as a one part of the broader objective of ensuring security of energy supply through diversification (broadening our energy mix). Improving the supply of solar energy and other alternative / renewable energy carriers whilst proceeding with our electrification programme are still firmly on our agenda. There has been a marked increase in the supply and roll out of electricity infrastructure to the community of MAP Municipality. As

a result, the use of coal, wood and animal dung for cooking purposes has decreased.

From 1994 till September 2011 about 350 000 new connections were made in the Free State Province. The backlog in the Free State Province is about 200 000, with 70 000 informal and 130 000 formal households not electrified. This Provincial backlog amounts to about 6% of the country's National backlog. The Provincial backlog is 13%; hence 87% of households have access to electricity in the province.

The estimated backlog in the Thabo Mofutsanyana District Municipality is about **61 313** households.

The Department of Energy's focus over the last few years has been on municipalities like Maluti-A-Phofung in order to decrease the large backlogs. In 2009/10 about 2 670 connections were made at a cost of R15, 5 million and 1 400 connections were made at a cost of R10 million in 2010/11. In Phumelela Local Municipality 75 connections were made at a cost of R270 000 in 2009/10. Meanwhile, the Mantsopa local municipality has also been allocated funds amounting to R810 000 for this financial year.

Eskom is also electrifying households in municipalities such as Setsoto (R2.09 million budgeted for 2011/12), Dihlabeng (R7, 461 million budgeted for 2011/12) and Maluti a Phofung (R 82 000 budgeted for 2011/12).

For this financial year, the Department of Energy has allocated an amount of R19.6 million for Maluti-A-Phofung District Municipality for 2450 new connections and R2.64 million for Phumelela Local Municipality for 330 connections. Furthermore, an additional R20 million was allocated to Maluti-A-Phofung as part of the re-gazetting of the 2011/12 funds, thereby bringing this financial year's (2011/12) allocation to R39.6 million. Over the next two financial years, an additional amount of R20 million will be allocated for each year for electrification projects in this municipality. However, this amount will only be made available if the current projects are completed successfully, being done according to the technical standards as agreed to between DoE and Maluti-A-Phofung Municipality.

***In conclusion,***

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 IeC thus far. I specifically thank Maluti-A-Phofung Local Municipality for committing R4 million for the leveling of the site, widening of the access road as well as the connection of water and electricity to the site. Without the execution of this commitment, the project will not be able to proceed (*paraphrase in SeSotho for emphasis*).

The IeCs 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, 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, Free State Development Corporation and others is commendable and encouraged to continue.

I also appreciate and congratulate Sasol Oil on its contribution as our partner in the leC Development Programme. We look forward to the other oil companies playing their role in developing leCs across the country.

I appeal to all of us to intensify our cooperation towards ensuring that this leC is launched before the end of the year as envisaged. Together we can do more!!!

Ke a leboha