

## ANALYSIS OF A MAJOR OFF-FARM ENTERPRISE : XIAOSUOQIAO HYDRO-ELECTRIC POWER STATION

There was a total of 110 off-farm enterprises in Mianchi township in 1990. Most of these are on a very small scale. Only five enterprises employ more than ten people and have an income of above 10 thousand *yuan*. Of the five enterprises, the Ziasuoqiao Hydro-electric Power Station is the largest and the most stable enterprise in Mianchi. All the employees of the Power Station are from Mianchi township.

### Type and Scale

Xiasuoqiao Hydro-electric Power Station is owned by Yangdian village. It is one of the biggest enterprises, both in terms of employees and income, in Mianchi township. This station is located in the lower reaches of the Chaopo River which runs through Yangdian village. Construction began in April, 1987, and the Power Station went into operation in June, 1988. At present, there are a total of 16 permanent workers in the enterprise, of which four are female. In addition, there are three temporary workers who are responsible for the supervision of the flow of water near the power station in the flood season and dry season. The net fixed assets of the Power Station are 514.7 thousand *yuan* which includes two generators with a total capacity of 420 kilowatt. A total of 2.85 million kWh of energy were generated in 1990. A revenue of 187.6 thousand *yuan* was realised in the same year.

### Organisation and Management

There are only two people in charge of the management of the enterprise. One is the Director who is responsible for all the activities concerning production, distribution, and marketing. The director is also the major technician. The other management person is the accountant who is mainly responsible for financial affairs. The director was elected by the village people when the station was constructed in 1987. He makes most of the decisions regarding the management of the power plant. However, the opinions and ideas of relevant village leaders are also sought.

For the management of the Power Station, a series of regulations were jointly adopted in 1989 by the director and the village leaders. These regulations concern the issues of employment, training, dismissal, rewards, and penalties. For example, the regulations stipulate that all the workers in the Plant should be from Yangdian village, and that all the workers receive training in relevant aspects before they join the enterprise.

After the station commenced operating in 1988, the director and other workers performed their own jobs well. As a result, the station has been operating very smoothly. However, currently the principal part of the profit goes to repay the loan. Therefore the average salary for each worker is only about 140 *yuan* per month, less than five *yuan* per day. The difference in salaries among different jobs in the enterprise is very small. This has caused some discontent among the workers. They expect the situation to improve when the loan repayment is complete.

## *Technology and Skill levels*

The workers in the Power Station are well qualified. All 16 workers are literate, nearly 70 per cent have six or more years of schooling. Five of the 16 workers are either technicians or skilled workers.

All the workers obtained basic training in related fields for one or two months before joining the enterprise. The training is supported by the village or the enterprise and is certified by the County Electricity Bureau. Also, some technicians from similar enterprises within the county were invited to provide on-the-job training to the workers. The training has helped to improve the technical competence of the workers. As a result most of the technical problems can be solved by the workers themselves.

The technology employed in the Power Station is not very sophisticated and would be considered of a medium level in the Chinese context.

## *Market*

All the electricity is directly transmitted to the electricity grid that belongs to Chaopo Hydro-electricity Station, a State-owned enterprise located only 300 metres away from Xiaosuoqiao Hydro-electricity station. All the electricity produced by this enterprise is sold to Chaopo Hydro-electricity Station at a price of 0.06 *yuan* per kWh. Through the Chaopo Hydro-electricity Station, the generated energy is transmitted to users both within and outside the county.

## *Extension and Support*

Ever since the construction of the power station, various types of support in the form of loans and technical training have been provided by many departments and enterprises. For example, a total of 675.5 thousand *yuan* was invested in the construction of Xiaosuoqiao Hydro-electricity Station. Out of this total, 337.5 thousand *yuan* or 50 per cent was in the form of a loan from the Agricultural Bank of Wenchuan County. Also, 58 thousand *yuan* or 8.6 per cent, was provided in the form of aid by the Hydro-electricity Administrative Bureau of Wenchuan County. The remaining 280 thousand *yuan* was paid by the State as compensation to 22 families who lost 30 *mu* of cultivated land contracted to them because of the construction of the Chaopo Power Project. This money was also used in the construction of the Power Station and arrangements were made to compensate those families through provision of employment and a share in profits.

The Xiaosuoqiao Power Station receives technical back-up and support from Shanjiang Hydro-electricity station, which is one of the major power stations in Wenchuan County, as well as the nearby Chaopo Hydro-electricity Station. This enterprise is less than a kilometre away from the Chengdu-Aba road. A dirt road connects it to this main road. However, no communication facilities are available in this enterprise.

The Xiaosuoqiao Power Station is an example of the use of a natural resource to enhance the income and employment conditions in a mountainous area. It has created 16 permanent and three temporary jobs. About 29,000 *yuan* are paid each year to the 22 families that provided the funds for this enterprise. In addition, a total of 25,000 *yuan* is paid to workers in salaries each year. The power station has helped improve the skill levels of workers and has contributed indirectly to opening up avenues for off-farm employment opportunities, particularly for those households that lost their land due to the construction of the Chaopo Hydro-electricity Station. The only problem with the power plant is that it does not provide enough employment for women. Currently, four of the workers are women. Young unmarried girls are not usually given priority for employment here because of the fact that the enterprise is under village ownership and young girls usually leave the village after they get married.