

Mayor's Speech at Ordinary Council Meeting on 24 February 2022

Good morning, Speaker, Aldermen, Councillors, Acting Municipal Manager, Directors, Officials, members of the Media and the Public

In the annual cycle of business for Local Government, the month of February heralds much activity as the Adjustment Budget is finalised for approval by Council and the draft Annual Budget for the next Medium-Term Revenue and Expenditure Framework period of three years is dealt with earnestly.

These processes follow on directly from January's business where the results for the first six months of the financial year are received along with the audited report and annual financial results for the year ended 30 June 2021 and the draft annual report for 2021 was tabled.

At the beginning of February, we once again encountered another round of loadshedding as Eskom continues to struggle to consistently supply electricity to an already weakened South African economy. During Friday, 4 February's loadshedding the flowback of raw water being pumped to our balancing dams on our Glass Reinforced Polymer (GRP) line caused damage to a valve gasket and the water chamber at the Garden Route Dam. This damage required an immediate decision to insert a special valve at the New Water Treatment Works to prevent loss of water from the balancing dams while work was undertaken to effect permanent repairs. This crucial work was completed on that Friday night. During this process, the Old Water Works had to be shut down and raw water reserves in the balancing dams were depleted.

The second older raw water line from the Garden Route Dam to the Water Treatment Works, an Asbestos Cement line along the Kat River, had previously been damaged during the floods but could not be repaired due to the risks of a potentially lengthy repair during a period where usage was extremely high.

The Acting Municipal Manager, the Civils & Engineering Services Directorate, the Portfolio Councillors and I experienced a tense weekend as we monitored on an hourly basis the depleting available water resources in our main reservoirs at the Water Works.

The Water Department team embarked on a pro-active process that weekend and in the ensuing days to manage water demand being made available to the network to reduce usage in relation to the maximum daily treatment capacity of 39ML. Over the past two weeks this process has ensured that the main purified water reservoirs are now at least 85-90% full on a consistent basis from being down to 5-10% two weeks earlier. It is hoped that this exercise will then help to stabilise usage at around 34-35ML per day, taking usage levels back to where we were towards the end of November 2021.

The repairs to the Kat River raw water line should be completed in the next few days as replacement fittings are put in place. Specialised valve fittings are being custom manufactured for the GRP line with the repair work on this line expected to be completed by the end of March 2022.

In the meantime, water restrictions were imposed to assist in conserving water resources which we trust will also assist in ensuring an adequate safety margin of treated water in our reservoirs for the foreseeable future. We thank those members of the public who have actively participated in reducing their usage to assist in averting reservoirs running dry.

In the almost 100 days since coming to office, the Water challenge amongst others has taught us the importance of remaining calm, of leadership, of working in teams in seeking remedies and solutions. We have also learnt how important it is to have access to data. The complex George water network as is the case with wastewater, extends over some 990 km, roughly the equivalent of both sides of the road from Knysna to Cape Town. We have learnt that as we modernise this network that it will be important to include more telemetry, meters and valves in the networks to ensure greater intelligence and management tools for the future.

Council is reminded that capital projects are underway to increase water treatment capacity from the present 39ML to 60ML per day. In addition, refurbishment will also be undertaken at the Old Water Works to increase their capacity by approximately 5ML per day which will provide additional relief over the next 18-24 months once these projects are undertaken and completed.

At the beginning of February, tenders to the value of R263m were signed to commence work on the Water Treatment Works project.

Mr Speaker

Over the past year we have intensified our attention on ageing infrastructure and the need to undertake the required refurbishment. We are regularly made aware of the predicaments of many municipalities across the country that are experiencing lengthy water and electricity outages or where refuse is not collected. To illustrate the need for effective operations and service delivery: Without electricity, we are unable to pump raw water to be treated or for sewerage treatment plants to be operated. Without water we are unable to operate networks to transport sewage to the treatment plants.

Infrastructure requires maintenance. It is also evident that good infrastructure attracts investment. A good example of this is the work that the Western Cape Government has done to improve the road infrastructure in the province to facilitate the export of agricultural produce. Even though the Western Cape only occupies approximately 10% of the SA land area, it produces over 20% of the agricultural produce and is responsible for 53% of agricultural produce exports in the country.

The floods of 22 November and subsequent heavy rains damaged infrastructure and resulted in a substantial claim of over R200m from disaster funds. Although these requests have been supported by Province, they still need to be approved by National Govt and if so, the indication is that such relief will only be paid over a three-year period.

In the meantime, the Municipality has already addressed the most critical issues such as water and sewerage network failures. A conscious decision has been taken in the Adjustment Budget for the 2021/22 year that is being presented to Council today to undertake over R19m worth of expenditure, for example regarding streets, sidewalks, stormwater to undertake repairs and maintenance. The funding for this work will be sourced out of retained reserves until the disaster relief funds is received.

The Electro-tech Directorate has requested and will receive funding to undertake preventative maintenance on the electricity over the next few months. Council will no doubt be aware that there have been numerous outages in recent months.

Of concern are the delays being experienced in the construction of the 66/11kv electrical substation in Thembaletu where community members are frustrating efforts of the contractors to undertake this project that is essential for stable electricity supply to Thembaletu. An amount of R15m has

had to be deferred from the budget to next year. I wish to urge Thembalethu councillors to assist in ensuring that this project is progressed and not delayed any further.

The focus in both the Adjustment Budget and the forthcoming Annual Budget is on transforming the budget to one that tackles the capital expenditure requirements of the municipality that on the one hand requires refurbishment of infrastructure that is ageing and/or requires upgrading, increasing capacity and, also on the other hand then to cater for the influx of residents re-locating to George from elsewhere in the country. Our recent experience of pressures on water usage reaching and exceeding treatment capacity is but one example.

Initial discussions on the capital expenditure needs of the various Directorates indicate that other than the capital works to be undertaken with the BFI funding, there are requests to spend in the vicinity of R750m while available resources may only permit 50-60% of this amount, which may require possibly R300m of spending to be deferred.

Some tough decisions will therefore need to be undertaken as projects get filtered down to the most critical. In the past few months, it has become evident that we should be looking at how we provide greater levels of safety for our citizens in the form of CCTV cameras, electronic detection of increasing levels of vandalism, how to manage illegal dumping more effectively, provide better maintenance for buildings, replace vehicles and equipment that have reached the end of their useful lives, upgrade sports fields, etc.

There is also an urgent need to review the entire Revenue base of the municipality. It has been a concern of mine for a number of years that increases in our various revenue streams are lower than the growth rates that are attributed to George once one has extracted inflation from the calculation. We will therefore need to address whether our tariffs are cost reflective. With refurbishment, replacement and upgrading of infrastructure, cost structures that were previously applied would need to reflect current replacement costs. There is also probably the need to make use of GIS (Geographic Information Systems) technology to interrogate whether all services are being correctly levied and accounted for on every erf within the municipal area. One of the burdens for local government has been that the electricity tariffs imposed on municipalities by Nersa approvals of Eskom tariffs are well above inflation rates have crowded out the ability to impose tariffs for other services that would be more cost reflective.

In the coming days and weeks much attention will therefore be paid to these various aspects as Directorates finalise their project plans. Budgets always require the rationing of scarce capital resources which are always limited.

Mr Speaker, in closing I would like to thank our staff, ably led by our acting Municipal Manager, Dr Gratz, for their dedication and perseverance in dealing with some difficult tasks this past month.

Leon van Wyk

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