

MAYOR'S SPEECH
FOR THE ORDINARY COUNCIL MEETING
ON 29 JUNE 2023

Good Morning

Speaker, Aldermen, Deputy Mayor, Chief Whip, Councillors, Municipal Manager, Directors, Officials, Members of the Public and the Media

Over the past few weeks, we have had much rain, wind, cloudy and cold weather that has tested our municipal services. We have been fortunate in being spared the amount of rain and damage that has been incurred in other municipalities including Stellenbosch, Drakenstein and Cedarberg.

On an overall basis, our infrastructure has held up remarkably well, which is a reflection on the work of our staff in ensuring that we have been ready for the winter and its rains. We experienced a fair amount of wind damage. This included the recovery work that was required for the over 100 trees that damaged the powerlines in the Rondebosch, Step-a-Side and Witfontein. We thank all our Services teams who worked long hours over many days.

In moving around the Wards, I have noted the amount of seepage water flowing through properties and into streets in areas such as Pacaltsdorp and Borchers as a result of groundwater coming to the surface. This adds to the inconvenience of many residents already living in uncomfortable circumstances. We should probably be exploring whether simple solutions could be found to channel this water safely into the stormwater systems.

As we approach the 2022/23 year-end tomorrow, there is much feverish activity within the Directorates to finalise work and to spend as much of the capital budget as possible. This speech will therefore only touch on some aspects prior to receiving a more precise picture in July.

With loadshedding, the sales of kilowatt-hours of Electricity per month have been 18% less on a month comparable basis from 2023 to 2022. With the current lower levels of loadshedding that we are experiencing the decline has reduced to about 12% for the time being.

Our Debtors collection rate remains below where we need to be at 95% with the present 12-month figure at approximately 92% when one includes June 2022 as a proxy for the present month.

This is a reflection of the tough economic times that we are experiencing where household costs have escalated beyond the inflation rate and salary increases.

Our top management and MMCs have been pushing Directorates to complete expenditure on Capital Budget for this financial year. We therefore trust that the invoices being processed during this final week will boost the figures. The capital budget for this financial year has been significantly higher than previously – and will stretch even further in the new year. Included in the current year is the R400 million plus that we received in Grants in late March being the end of the National and Provincial Government financial years. The figures will require adjustment to give a true reflection of our spending for the year.

In the course of the finalisation of our annual budget in May 2023, comments were made by account holders about high tariff increases being imposed. Suggestions were made to Finance to prepare a Briefing Sheet for circulation with the monthly accounts to reinforce the difficult decisions that we as Council had to make. Councillors should study the Briefing Sheet closely so that they can communicate and explain the tough choices to constituents.

The following should provide as a summary of the message within the Briefing Sheet:

The loadshedding that was incurred in 2022/23 resulted in significant declines in electricity sales, often at 18% per month, comparing to the previous year. As a result, we are forecasting a shortage (= loss) of R160m for the year ending 30 June 2023 which may well be higher. This is not sustainable, and many municipalities could be facing a liquidity / cash crisis shortly. This shortfall has been exacerbated by the costs of increased repairs and maintenance to infrastructure (an example being the flash-over at the Heather Park sub-station a few days ago), higher overtime, the costs of diesel to operate generators, cable theft, etc. Electricity used to help subsidise our Rates account with approximately R125m, being 20% of the total funds available. This subsidy has now been considerably depleted.

In the next year and in future, we can expect declines in electricity sales of kilowatt-hours as customers migrate to solar PV and batteries. We therefore had to take the decision to increase Rates effectively by an additional R23m mainly

from the higher valued properties. To balance the funding needed for the Rates account, Employee Related Costs are budgeted to only increase by 2% while Fixed and Operational Expenditure is being reduced by 2%. This implies a very tight budget for 2023/24.

The conscious decision that Council has made was not to reduce the level of Services offered to our citizens and especially those services funded by the Rates account being Streets and Stormwater, Cleansing, Environment, Community safety, Planning and Economic Development / Tourism, halls, social services, libraries and sport.

I would like to cover the state of some of the work being undertaken by Electro-technical:

18 high-mast lights have been erected in Thembaletu; with additional ones being erected in Parkdene, Lawaakamp and Borchards that will be switched on in July. Pacaltsdorp will also be receiving high-mast lights early in the new financial year.

Electrification of Informal Settlements: over 300 structures will receive electricity by the end of July.

Our second set of traffic lights is about to receive solar power as an additional boost of renewable power to their batteries.

Progress is being made on a number of solar installations that will be announced shortly.

Three 20MVA transformers (2 for Thembaletu and 1 for Glenwood) were delivered to site on last week.

Over the past couple of months, we have been fortunate to have hosted events in George that are of national and international significance, being the Outeniqua Harriers marathon with 1500 participants and the Mountain Ultra Trial as part of the Ultra Trail Month Blanc World Series with over 1400 entries with 10% being international participants. These events are examples of the scaling up of tourism into George adding to levels of business activity. Rugby's Craven Week is being held in George from Monday 3 July with 16 teams participating and television coverage which further adds to tourism spend.

The international company, EXL, has opened offices in George with 260 employees with plans to increase employment locally to 560-600 within the next

few months. This company is an American based insurance, analytics, digital, AI and contact centre group offering careers for entry level matriculants.

I would like to draw the attention of councillors to the Code of Conduct for Councillors Regulations that was published on 14 June 2023 and the draft Upper Limits for the Remuneration of Councillors. Hopefully the latter will be published shortly to deal with our remuneration for the 2022/23 financial year.

In closing, I wish to express my thanks and appreciation to the Municipal Manager, Dr Michele Gratz, the Directors, Deputy Directors, all managers and staff of George Municipality for the exceptional leadership and management over this past financial year in navigating this municipality through some tough times, in tackling the huge challenges facing local government whether in terms of infrastructure, service delivery, finances, managing the staff complement or governance; and for the accolades we have received as a result of the dedication and long hours for this 24/7 organisation.

Thank you

Alderman Leon van Wyk

29 June 2023