

MAYOR'S SPEECH FOR THE ORDINARY COUNCIL MEETING

ON 25 JANUARY 2024

Good Morning

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

The January Council meeting is the commencement of the cycle in local government when we as Council not only review the financial results of the first six months of the financial year, but also receive the audited annual financial statements for the year ended 30 June 2023 as incorporated in the draft annual report for the year. This also marks the commencement of the Adjustment Budget process to be completed in February and the Draft Budget process for the year commencing on 1 July 2024 that will be informed by the review of the Integrated Development Plan in the coming months.

We undertake this review in the context of the economic circumstances influencing George.

Towards the end of 2023, the Medium-Term Budget Policy Statement presented by the National Minister of Finance painted a bleak picture of budgetary cutbacks resulting from South Africa's poor economic prospects of virtually no growth and increasing national debt. The effect of this is that Provincial budgets have been reduced, for example directly reducing expenditure on Education and Health that also impacts George as probably the fastest growing intermediate city in the country.

In a study entitled Growth through Inclusion undertaken for National Treasury by Harvard University's reputed Growth Lab they chronicled our country's weakening in economic prospects from 47th position in 1995 to 70th in 2023. South Africa's income per capita has been falling for over a decade with unemployment at over 33%, the world's highest.

They attribute the causes to the collapse of state capacity across many government functions that are essential for a functioning economy, and to spatial exclusion. The collapse of state capacity is seen in electricity loadshedding, collapse of transport infrastructure, water and sanitation, security, as some examples, exacerbated by the consequences of corruption and preferential procurement policies. Spatial exclusion has resulted, under apartheid, where townships were separated from central business districts and economic infrastructure.

In their report they propose remedies to be undertaken through policy changes. In a few months we face a national election where the voters will have the opportunity to cast their votes either in favour of persisting to support the policies leading to the downward spiral or voting for a change to policies that will open up opportunities for all citizens. It is therefore critical that voters seeking change register to vote on 3 and 4 February 2024.

These broader economic and financial conditions naturally impact citizens in George as well, who also experience these tougher times.

In George however, the managing of the population growth that we are experiencing adds to the complexities that our Administration and Council faces in ensuring we uphold a delicate balance in dealing with a range of challenges, for example, the need to maintain aging infrastructure and upgrade capacity and modernise, dealing with the immense risks caused by a dysfunctional Eskom, the influx of persons semi-grating to the George, the extensive construction activity ranging from private

dwelling, to commercial buildings through to municipal and other government infrastructure work that runs into Billions of rands, the growth in economic activity and a busy tourism season.

It is important therefore for Council to reflect on these complexities as we need to become agile to adapt pro-actively where possible to anticipate the challenges we are encountering in George.

Yesterday, a columnist lamented the collapsing institutional capacity in the City of Johannesburg and the inability to undertake sufficient capital expenditure as a portion of total expenditure within the guidelines of National Treasury of 10-20%.

In George, citizens are fortunate that we are driving such spending at the upper end of the norm as we recognise the important connection between infrastructure and the resultant investment and employment that flows therefrom.

George experienced a busy holiday season over the December period through to the first half of January. Our Communications team has made numerous media releases to describe this activity.

A valuable barometer has been the data that passenger traffic through George Airport increased by 31% for December 2023 compared to the previous year with more than 83000 passengers travelling through the airport which points to a strong recovery of domestic travel to the Garden Route.

Statistics from a major shopping centre reflect an increase in retail spending of 8,5% year on year for December which is above the inflation rate of 5,1%. These statistics look worse elsewhere, in other areas of the country down to a 3% increase and also reflect situations of higher increases that indicate persons were staying at home over the holidays. Some individual stakeholders around George have performed considerably better than this especially where their offerings have been unique, well marketed and presented.

The performance of the tourism sector during high season has important ramifications for employment throughout the year. We constantly need to monitor and encourage tourism as this sector opens more opportunities for small businesses where it is pleasing to note the successful introduction of markets over the holiday period. Opportunities are therefore opening in the arts and crafts sector.

We wish to thank our staff and all the temporary employees who carried the flag for George with friendly, courteous and enthusiastic service working long hours under all weather conditions serving our visitors.

Given the structural difficulties within the South African policy and economic environment, it remains critical that Council constantly explores avenues of more economic opportunity in our local and regional economy that will result in increased employment.

As we continually engage with role-players it is evident that progress is being made to expand economic activity within for example the BPO sector and the creative film sector. With Ouma Sarie television series being produced locally, this augurs well for the future. We are also exploring how we attract light industry to George that can provide employment opportunities.

It is pleasing that the Go George route roll-out into Thembaletu is progressing as more commuters embrace the timetables, routes and the access and mobility provided by the service. Work is also progressing towards the benefits that can be achieved through the Neighbourhood Development Partnership Grant within Thembaletu.

We continue to engage with Provincial Government about the needs within the education and health sectors as well as tackling blockages in the logistics and transport sectors.

During the course of the Council meeting, I will expand further on other aspects during the tabling of the draft Annual Report and the report on the annual financial statements and six months results for the period ended 31 December 2023.

I wish to extend my thanks to our management team and staff for their dedication and commitment during the holiday season as they continue with their exemplary service. Thank you very much.

Thank you Speaker

Ald Leon van Wyk

Executive Mayor: George Municipality

25 January 2024