



HESSEQUA MUNICIPALITY

The Municipalities response to
Governance and Performance
Risks, Challenges and Opportunities

Date: 18 February 2026

Response to Key Issues / Recommendations

Governance: Agile, Accountable And Responsive

Risk/Opportunity	Municipal Response	Area for Collaboration
Standalone Infrastructure Investment and Capital Projects Policy	Infrastructure investment and Capital Projects are covered in Development Charges Policy; Budget Policy; and Borrowing, Funds & Reserves Policy. A CEF is currently being developed and the municipality can explore a Capital Infrastructure Development Policy as a spin-off from the CEF processes.	DLG And WCG Support on best-practice policy development.
Strengthen Strategic View on ICT	Municipality has increased its investment in ICT and also identified improved communication as a project. In process of appointing ICT Governance administrator.	Continued DLG Support in updating our ICT Governance Framework.

Governance: Agile, Accountable And Responsive

Risk/Opportunity	Municipal Response	Area for Collaboration
Updated the mSCOA Roadmap and reviews tabled to Council	Had Workshop with MFIP on 11 Feb; also received template from Vendor. Busy updating RoadMap for Budget Document inclusion and Council Approval on 25 March 2026.	Continued MFIP Support mSCOA upgrades costs money which exceeds the available FMG. New regulations will have a severe budget implication.
Invite PT/NT to standing mSCOA Steering Committees & upload minutes	mSCOA SC being reactivated and aligned with municipal calendar; Invites to be sent.	Continued MFIP Support
Attend mSCOA ICF and other engagement sessions	ICF invitations did not reach HLM. MFIP advisor introduced ICF, but just before last meeting. We do however attend all CIGFARO mSCOA webinars and free online sessions	Better Communication; Continued MFIP Support
Participate in the MFMIP verification workshop.	CFO is FMG Interns champion & attended last session with all 5 interns in Paarl.	N/A

Financial Sustainability and Performance

Risk/Opportunity	Municipal Response	Area for Collaboration
Revenue Credibility is under pressure.	Water & Elec revenue is 6 weeks behind for conventional billing & we are working on shortening the revenue lag. Cash-flow is however not affected materially.	PT to monitor s71 and s52(d) reports
	Property Rates continues to out-perform budget forecasts even when growth is factored. GV Delay linked to Municipality Budget & economic pressure, HLM to benefit long-term.	Monitoring of SV's and GV Processes by DLG.
Debt Management Weaknesses posing a risk to Cash flow sustainability	The office closed 24 December 2025 and only opened 02 January 2026. Receipting only occurred from 05 January 2026. These receipts resulted in collection rate dip. In January 2026, it recovered above 95%	PT Monitoring and Collaboration on Revenue enhancements / improvements. PT to ensure Arrear WCG departments pay accounts. Tenants houses disconnected.

Financial Sustainability and Performance

Risk/Opportunity	Municipal Response	Area for Collaboration
Debt Management Weaknesses posing a risk to Cash flow sustainability	The municipality is reviewing its impaired debt for collectability and recommending writing off of uncollectable debt.	None.
Capital Expenditure and Grant implementation delays threaten service delivery outcomes.	The municipality achieved a 98% Capital Expenditure for its biggest ever Capital Budget in 2024/25. 2025/26 is on par with 42,96% spent at mid year and MIG at 46,9% in Jan 2026,	None.

Strategic Procurement

Risk/Opportunity	Municipal Response	Area for Collaboration
Strengthen Procurement Planning	Deviations each has its unique circumstances and are based on merit; due diligence and due process. The planning will be refined to reduce deviations over time.	N/A
Structured Procurement Reporting Framework – align to LED objectives	We have developed a LED Strategy and established a reporting framework recently. Will use this mechanism to improve reporting.	PT Assist LED Aligned Strategic Procurement training and mechanisms.
Strengthen Integrated Procurement Planning	One-year plan reporting in place and monitored monthly. For three-year infrastructure plan, use is made of Framework Contracts. In process of building a CEF which will assist.	PT Assist with 3-year Demand Plan training and mechanisms.

Strategic Procurement

Risk/Opportunity	Municipal Response	Area for Collaboration
Demand Plan Reporting	Adherence to Demand Management / Procurement Plan is reported through CFO to MayCo monthly. Variations are minimal.	PT can review docs for suggestions on improvement.
Enhance MPAC Oversight	MPAC Structures in place, new Chair Appointed in 2025. UIF&W is zero, but past instances reported after s32 committee consideration. SCM reports goes to MayCo.	Capacitation of new MPAC after LGE2026/27
Contract Expenditure Monitoring	We are in discussions with our FMS service provider to improve this functionality. Performed manually.	N/A

Strategic Procurement

Risk/Opportunity	Municipal Response	Area for Collaboration
Inventory Management System linked to Project Management	Our projects generally run on time and stores function well. We only keep essential stock on hand to minimize risk. No internal issues have been identified.	Additional engagements with PT on identified deficiency – is it necessary?

Infrastructure Performance

Risk/Opportunity	Municipal Response	Area for Collaboration
Spatial Governance – Annual Performance Review & CEF Development / implementation	SDBIP – Planning Decisions (Delegated Authority, Tribunal, Appeal) and Quarterly reports include SPLUMA principle of Efficiency to promote land development and Good Administration (SDF completed 2025 and Revision of Hessequa Planning By Law). SDF Review part of IDP review. CEF to be completed by June 2026	DEA&DP gave input on Revision of Planning By Law; Guidance with compilation of SDF and on PSC of CEF.

Infrastructure Performance

Risk/Opportunity	Municipal Response	Area for Collaboration
Ecological Infrastructure	The municipality is actively investing funds into the ecology of the area. Examples are our active dune management programmes, nature reserve management and investment in tourism infrastructure as well as conservation services such as active invasive vegetation management within these reserves. Another is our collaborative relationship with the Gourits Cluster Biosphere Reserve, with ongoing clearing of invasive vegetation and rehabilitation of our water catchment areas.	Continued engagements with the Western Cape Government will be valued with the objective being increased support and coordination pertaining to municipal actions, as well as the alignment of budgets and planning. This will strengthen local service delivery outcomes related to disaster risk reduction, water security and climate resilience.

Infrastructure Performance

Risk/Opportunity	Municipal Response	Area for Collaboration
Waste Management – Review IWMP before expiry in 2025	Aggressive Recycling programme in place. Public awareness programmes in place. More focus on recycling in all informal areas. The Municipality is in the process to conduct research about building an incineration facility. The Municipality to apply for a material recovery facility (MRF) at the Steynskloof landfill site in Riversdale to reduce the amount of waste sent to the landfill site and therefore extend the life of the existing landfill site. IWMP plan to be amended to include the implementation strategies currently in process and planned until 2027.	Support and Assistance in reviewing / Amending Plan.

Infrastructure Performance

Risk/Opportunity	Municipal Response	Area for Collaboration
Waste Facilities & Compliance	The landfill sites are being monitored and upgraded to comply with license conditions. Air space is sufficient for our medium to long – term needs. Waste will be carted to Riversdale & Heidelberg.	Additional funding for Boreholes and other infrastructure requirements to ensure full compliance.
Air Quality & Environmental Oversight Strengthening	The administrative systems for licensing and controlled emitter registration primarily resides with the District Municipality, however Hessequa Municipality does enforce compliance and address nuisances as and when required.	Service Level Agreement with the Garden Route District Municipality. The municipality participates in all relevant forums.
Strategic Asset Management Plan	With the CEF compilation and the separate Capital Investment Policy, the SAMP will be considered.	PT to assist with expertise and baseline examples to be used.

Infrastructure Performance

Risk/Opportunity	Municipal Response	Area for Collaboration
Technical Planning; Lifecycle Costing; & Asset Condition Assessments	The AMP's are not well documented or updated. SOP's are in place and implemented but not captured into a well versed infrastructure Asset Management Plan document.	PT to assist with baseline examples for our Technical Services to formalize their IAMPs
Link FAR to Strategic Planning Frameworks	With the CEF compilation, the municipality has an opportunity to revisit its practices. We are systematically documenting our plans and practices to mature in respective fields	PT to assist with baseline examples for our Technical Services to formalize their planning documents.
Enhance Asset Management Capacity	Funding is limited for one unfunded vacancy in Finance and no vacancies exist in Technical Asset section. Asset Management is part of employee's daily tasks and must be monitored in that manner. Consultants assist with expertise.	Additional Training by PT, previous was not detailed enough.

Infrastructure Performance

Risk/Opportunity	Municipal Response	Area for Collaboration
Asset Management – Refurbishment vs Replacement	With the CEF compilation, the municipality has an opportunity to revisit its practices. We are systematically documenting our plans and practices to mature in respective fields From these processes, SOP's and KPI's can be developed and built into organizational scorecards and individual performance agreements.	PT Assistance in these areas.
Develop SOPs or Assets		
Define Asset KPI's and build Quarterly targets for improvement		