# HESSEQUA MUNISIPALITEIT

# AGENDA

## SPESIALE RAADSVERGADERING

## WOENSDAG 10 JUNIE 2026
## OM 14:00

5 Junie 2026

**Raadslede**
**Hessequa Munisipaliteit**
**Posbus 29**
**RIVERSDAL**
**6670**

Kennis geskied hiermee van 'n Spesiale Raadsvergadering van Hessequa Munisipaliteit wat gehou sal word op:

***WOENSDAG***

***10 JUNIE 2026***

***om 14:00***

in die Raadsaal, Burgersentrum, Van den Bergstraat, RIVERSDAL, om die ondergenoemde sake te bespreek.

Die uwe

**MNR ASA DE KLERK**
**MUNISIPALE BESTUURDER**

# AGENDA

**1. OPENING EN VERWELKOMING**

**2. KONSTITUERING / AANSOEKE OM VERLOF**

**3. VERKLARINGS EN MEDEDELINGS DEUR DIE SPEAKER**

**4. VERKLARINGS EN MEDEDELINGS DEUR DIE UITVOERENDE BURGEMEESTER**

**5. VERKLARING VAN BELANGE DEUR RAADSLEDE / AMPTENARE RAKENDE ITEMS WAT DIEN OP AGENDA**

**6. SAKE VIR BESPREKING**

# 6. SAKE VIR BESPREKING

## ***6.1 CORRECTION OF POLICY ANOMALY – SCARCE SKILLS ALLOWANCE***

File number / Verwysingsnommer: 4/8

Meeting date / Vergadering datum: 10 June 2026

Report by / Verslag deur: HR Administrator – Ms Z van Schalkwyk

**PURPOSE OF REPORT / DOEL VAN VERSLAG**

That Council approve an amendment to the wording of the Scarce Skills Policy.

**BACKGROUND AND DISCUSSION / AGTERGROND EN BESPREKING**

On 26 September 2023 the Council approved the Scarce Skills Policy.

The Policy defines "Scarce Skills Allowance" as follows:

*"**Scarce Skills Allowance** - means a temporary non-pensionable allowance calculated as a percentage of the employee's basic monthly salary, and payable on a monthly basis, for positions that have been designated as such in terms of this Policy."*

Later in the same policy, in section 9.3.5 is reads as follows:

*"9.3.5 Once the allowance is calculated, it becomes a fixed amount and does not increase with annual salary, increment or grading increases."*

The two sections are contradictory and has led to different interpretations. The correct interpretation should be that the percentage amount determined should be automatically adjusted in one with the employee's salary. In other words, the 10% must remain 10% of the annual salary, as adjusted. It was not the intention of the policy to determine a "once-off" fixed allowance and it then remain unchanged.

It is recommended that the policy anomaly be rectified and that section 9.3.5 be removed from the policy. The definition of "Scarce Skills Allowance" as outlined in the definition is correct.

There is no additional financial implication.

**SPECIAL EXECUTIVE MAYORAL COMMITTEE**

The item is tabled at the **Special Executive Mayoral Committee** meeting of **10 June 2026** and feedback will be given at the Special Council meeting on the same day.

**COMMENTS: MUNICIPAL MANAGER / KOMMENTAAR: MUNISIPALE BESTUURDER**

The recommendations are supported.

**COMMENTS: DIRECTOR CORPORATE MANAGEMENT / KOMMENTAAR: DIREKTEUR KORPORATIEWE BESTUUR**

**COMMENTS: DIRECTOR FINANCIAL MANAGEMENT / KOMMENTAAR: DIREKTEUR FINANSIËLE DIENSTE**

**COMMENTS: DIRECTOR DEVELOPMENT PLANNING / KOMMENTAAR: DIREKTEUR ONTWIKKELINGSBEPLANNING**

**COMMENTS: DIRECTOR TECHNICAL SERVICES / KOMMENTAAR: DIREKTEUR TEGNIESE DIENSTE**

**COMMENTS: DIRECTOR COMMUNITY SERVICES / KOMMENTAAR: DIREKTEUR GEMEENSKAPSDIENSTE**

**COMMENTS: MANAGER LEGAL SERVICES / KOMMENTAAR: BESTUURDER REGSDIENSTE**

**COMMENTS: OTHER / KOMMENTAAR: ANDER**

**RECOMMENDATION / AANBEVELING**

That the Scarce Skills Policy be amended by removing section 9.3.5.

**AGENDA ITEM APPROVED BY / AGENDA ITEM GOEDGEKEUR DEUR:**

Acting Director: Corporate Management – Mr Deon Lewis Michaels

**ATTACHMENTS / STAWENDE DOKUMENTE**

Yes. Amended Scarce Skills Policy.

# HESSEQUA

Munisipaliteit / Municipality

# SCARCE SKILLS POLICY

*"In terme van Hessequa Munisipaliteit se Anti-Korrupsie strategie en die implementering van Anti-Korrupsie prosedures in al die fasette van Administrasie is dit belangrik dat hierdie beleidsdokument aan die Raad se Anti-Korrupsie doelwitte voldoen en daarom vorm dit deel van die Hessequa Munisipaliteit se Anti-Korrupsie beleid."*

*"In terms of Hessequa Municipality's Anti-Corruption strategy and the implementation of the Anti-Corruption procedures in all the facets of Administration it is important that this policy document apply to the Council's Anti-Corruption aims and therefore form part of the Hessequa Municipality's Anti-Corruption policy."*

Goedgekeur / Approved: 26 September 2023

Raadsbesluit / Council's decision: 9.4

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## SUMMARY

The municipality regards its human resources to be the most critical asset to be utilized in providing services on a sustainable basis. The municipality is therefore committed to acquiring, developing, maintaining, nurturing, and retaining a qualified, competent, motivated, and dedicated workforce to meet the challenges faced in delivering quality, affordable and reliable services.

A great deal of time and money is invested in the recruitment, as well as the training and development of employees and as such, every effort must be made to retain those employees who have acquired scarce skills. This policy will contribute to a more competent and stable workforce to meet the Municipality's objectives.

## THE ROLE OF THE HUMAN RESOURCES DEPARTMENT

- To ensure that this policy is kept up to date in accordance with collective agreements and labour legislation.
- To assist with the identification of employees and vacancies which are considered as scarce skills.
- To keep a record of all employees who receive a scarce skills allowance.
- To annually submit a report to Council.

## THE ROLE OF THE DIRECTOR

- To make recommendations with regards to posts which should be deemed as scarce skills.
- To ensure that provisions are made for the payment of a scarce skills allowance on the budget.
- To provide inputs when the allocation of scarce skills allowance's is reviewed.

## 1. POLICY OBJECTIVES AND SCOPE

1.1 Scarce skills manifests' itself within the municipality as follows:

1.1.1 Certain positions have been vacant for long periods of time and cannot be filled despite several initiatives and attempts at recruitment.
1.1.2 Vacant positions are advertised, and very little interest is solicited from potential applicants through extensive advertising.
1.1.3 Advertisements of vacant positions attracts little or no qualified candidates who meet the minimum criteria.
1.1.4 Potential candidates withdraw their applications or are not interested when informed about the total remuneration package.
1.1.5 The factors listed above necessitate proactive and innovative human resources practices to ensure that the municipality can attract, develop, and retain competent and committed staff.

1.2 The Objectives of the Policy:

1.2.1 The Identifying of scare skills within the Municipality.
1.2.2 To provide a formal basis to declare the municipality's commitment to its staff and to attract a competent workforce to serve the community.
1.2.3 To identify a broad range of strategies, methodologies and practices that will assist with the attraction staff.
1.2.4 To provide policy guidelines for the designation of identified occupational groupings, positions, and individual cases as "scarce skills" for the application of this Policy.
1.2.5 To provide the formal basis of the institution and/or extension of other related human resources practices, including, inter alia, enhanced recruitment and selection processes, career planning, succession planning, mentorship and training and development.

## 2. LEGAL FRAMEWORK

Skills Development Act, Act 97 of 1998
Skills Development Levies Act, Act 9 of 1999
Labour Relations Act, Act 66 of 1995
Employment Equity Act, Act 55 of 1998
Municipal Finance Management Act, Act 56 of 2003
Basic Conditions of Employment Act, No. 75 of 1997
Local Government: Municipal Systems Act, Act 32 of 2000
SALGA Circulars
Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000), Local Government: Municipal Staff Regulations (Government Gazette, 20 September 2021 No 45181, GN No 890 & 891)

## 3. DEFINITIONS

**"Employer"** refers to the municipality that is established in terms of Provincial Notice 489 dated 22 September 2000 and the Local Government: Municipal Structures Act, Act No 117 of 1998.

**"External Candidate"** refers to an individual who is not employed by the municipality.

**"Internal candidate/employee"** means an employee who is permanently employed and has successfully completed a minimum of six months' probation period.

**"Job Evaluation"** means the process through which jobs within local government are evaluated through the TASK Job Evaluation System.

**"Labour Relations Act"** refers to the Labour Relations Act (Act No 66 of 1995) as amended.

**"MFMA"** refers to the Municipal Management Finance Act (Act 56 of 2003 as amended).

**"Numerical goals"** means designated goals based on relevant demographics whereby disadvantaged groups in the workforce achieve proportional representation in prescribed levels and categories.

**"Reasonable accommodation"** means any modification or adjustment to a job or to the working environment that will enable a person from a designated group to have access to or participate or advance in employment.

**"Relevant demographics"** means the most recent statistics of the economically active population of the Hessequa Municipality Area as provided by STATS SA (and if this is not readily available, the statistics of the Western Cape Province).

**"Remuneration"** means as set out and provided for in terms of the Basic Conditions of the Employment Act, the Labour Relations Act, and the relevant Collective Agreements within Local Government.

**"Scarce Skills"** means those skilled people with the required academic and/or technical qualifications, knowledge in their field of expertise, including those specialized supporting functions to essential services, with the appropriate work experience and/or supervisory/management skills that are not easily obtained and which, if not in supply or available, can seriously disrupt effective and efficient service delivery to the community.

**"Scarce Skills Allowance"** means a temporary non-pensionable allowance calculated as a percentage of the employee's basic monthly salary, and payable on a monthly basis, for positions that have been designated as such in terms of this Policy.

**"Scarce skills occupants"** means occupations within a municipality with which the employer experiences various degrees of difficulty to recruit and retain their services.

**"Serious Shortage"** means relative scarce skill and related experience.

**"Extreme or Severe Shortage"** means absolute scarce skills and related experience.

**"Skills Development Act"** refers to the Skills Development (Act No 97 of 1998) as amended.

**"Skills Development Levies Act"** refers to the Skills Development Levies Act (Act 9 of 1999) as amended.

**"Systems Act"** refers to the Municipality Systems Act (Act 32 of 2000) as amended.

**"Suitably qualified person"** means a person qualified as a result of any one-off, or any combination of that person's formal qualifications, prior learning, relevant experience, or capacity to acquire, within a reasonable time, the ability to do the job.

## 4. FUNDAMENTAL PRINCIPLES

The Scarce Skills Policy is based on the following fundamental principles:

4.1 It is the responsibility of the Council of the Municipality to determine the strategic and operational needs of the organization.

4.2 The Municipality must experience difficulty in attracting critical expertise in certain fields / jobs.

4.3 The Policy and its implementation must be fundamentally aimed at identifying those critical skills shortages and attracting individuals who have the required skills.

4.4 It is the responsibility of the Municipality to develop employees who have skills that are scarce and in high demand.

4.5 The principles and criteria of the payment of a scarce skills allowance will form part of the Employment Contract of all permanent Employees who are in posts identified as scarce skills posts.

## 5. GENERAL POLICY PROVISIONS

Cognisance must be taken of the following key principles when considering the application of the Scarce Skills Policy:

5.1 The nurturing of staff is not a once-off project, but a constant management tool interlinked with performance management, mentoring, training and development, succession, and career planning.

5.2 The principles of necessity, consistency and transparency must characterise all transactions relating to the interpretation and application of this Policy.

5.3 The payment of a Scarce Skills Allowance in terms of this Policy is a short or medium-term tactic to acquire quality staff; the long-term objective is to institute human resources practices across the board that typify the municipality as the "employer of choice" that attracts quality personnel on a continuous basis.

5.4 Financial affordability and sustainability serve as a key consideration when making decisions and when considering the application of this Policy.

## 6. IDENTIFYING SCARCE SKILLS

It is the responsibility of the Employer to identify certain posts and / or occupational groups affected by scarce skills challenges, using any or all the following criteria:

6.1 the turnover rate of employees in an occupation must be significantly above the average turnover experienced by the Municipality.

6.2 high vacancy rate.

6.3 the demand for a specific skill exceeds the supply.

6.4 there must be a shortfall for the identified skill in the local, provincial, and national government market, indicating strong factors attracting such employees into the private sector.

6.5 vacancies should be proven to be difficult to fill.

6.6 the skills must require an advanced knowledge in a field, science or discipline obtained through formal studies and / or specialized instruction and / or years of service or experience.

6.7 the skills / knowledge / experience must be critical to a specific project and / or service.

6.8 All normal recruitment processes must have been exhausted before a motivation is submitted for the payment of a scare skills allowance.

6.9 Lack of relevant experience (skills related).

6.10 New/Emerging occupation (skills related).

6.11 The above-mentioned are indicators that may illustrate scarcity in a specific occupational grouping of positions or specific position.

## 7. OCCUPATIONAL SHORTAGES AND HARD TO FILL VACANCIES

7.1 Hard-to-fill vacancies are vacancies where it takes more than six (6) months to find a suitably experienced and qualified candidate.

7.2 These skills shortages occur when the employer is unable to fill vacancies, or experience considerable difficulties in filling vacancies, due to the demand for workers in certain occupations being greater than the supply of workers who are available and willing to work under existing work and employment conditions.

7.3 Posts determined as scarce skills posts in terms of this Policy shall be reviewed every three (3) years to allow for the relevant adjustments, based on changing trends and to confirm whether the occupation remain scarce.

7.4 In terms of sub-section 1(5) of the Municipal Staff Regulations: Guidelines for Implementation, Chapter 2 (Guideline 2F), a committee of Council must monitor the implementation of the approved staff attraction strategy and plan.

## 8. REWARD STRATEGY

8.1 Directors requesting a scarcity allowance to be paid for an occupational group and / or a specific post must first determine if the post or occupation is listed as an occupational shortage.

8.2 If the occupation is listed as an occupational shortage, the Director must determine the degree to which the post is considered a scarce skills occupation and submit, bearing inter alia paragraph 6 above in mind, a motivation(s) to the Manager: Human Resources who will make a recommendation to the Municipal Manager for approval, provided that provision has been made on the budget.

8.3 The Municipal Manager will consider the merits of the application, the recommendations made by the relevant Director and Manager: Human Resources, apply the Policy and come to a decision on the degree of scarcity of the position, after consultation with the Director: Financial Services regarding the availability of funds in the specific Directorate's budget.

8.4 The decision of the Municipal Manager will be communicated by the Manager: Human Resources to the Employee and Manager: Expenditure.

8.5 The Manager: Human Resources will formally notify the employee of the decision and the conditions under which the scarce skills allowance is approved.

8.6 The Manager: Human Resources will ensure that proper record is kept.

8.7 The scarce skills allowance and list of occupational shortages will be reviewed annually before the end of February for implementation from 1 July of the following financial year to allow for the relevant adjustments, based on changing trends and to confirm whether the posts and / or occupational groups originally affected by a scarce skill remain a scarce taking.

8.8 The allowance will no longer be applicable for any new appointments or existing employees, should a skill no longer be identified as scarce by the Municipal Manager or should the employee fail to perform at the required level.

8.9 In the event of a post advertised with a scarcity allowance, the employment contract of the successful candidate shall stipulate that the payment of the scarcity allowance shall be reconsidered after the six months' probation period and thereafter as required in Clause 8.7 above. This stipulation shall also form part of the advertisement of the post.

8.10 The payment of the allowance will be reconsidered in the event of an unsuccessful completion of a six months' probation period and will be stipulated as such in the Employment Contract.

8.11 Should an employee vacate his/her current position, payment of a scarce skills allowance will be subject to the criteria of this Policy.

## 9. ALLOCATION OF A SCARCE SKILLS ALLOWANCE

Procedures for the allocation of a scarce skills allowance are the following:

Varying Degrees of Scarcity

9.1 A short-term Scarce Skills Allowance should be considered when there is a relative scarcity of the skills, i.e., suitably skilled people may be available, but do not meet the following employment criteria:

9.1.1 Geographical location – employees are unwilling to work in rural areas.

9.1.2 Equity considerations – there are few or no candidates with the requisite skills from specific groups available to meet the skills requirements of the municipality.

9.1.3 Replacement demand would reflect a relative scarcity if there were people in education and training [formal and workplace] who are in the process of acquiring the necessary skills [qualification and experience], but where the lead time will mean that they are not available in the short term to meet replacement demand.

9.1.4 The municipality is experiencing difficulty in attracting the services of individuals from designated and non-designated groups with scarce skills due to the obligation on the employer to adhere to the collective agreements regulating the salary scales and evaluation of jobs of occupations/designations within the municipality.

9.1.5 Occupational groups, designations and individual cases identified in terms of this Clause may be paid a temporary Scarce Skills Allowance

9.2 Longer-term Solution for attracting and retaining skills:

When the Municipality is experiencing difficulty in attracting the services of individuals from designated groups due to the high demand in the local and national market for these individuals and/or prolonged study/years of service required for a specific designation/occupation –

9.2.1 A bursary scheme should be put in place to which the municipality allocates a designated amount. The bursary should be designated for the training of learners or individuals who intends studying in the fields identified as scarce.

9.2.2 Employees who leave the employment of the municipality before they have worked back the years for which they received a bursary, is obliged to payback the relevant amount in accordance with the Bursary Policy (Clause 5.3 and 6.8).

9.2.3 The municipality must ensure that in consultation with the LGSETA internships in fields that have been identified as scarce are identified and funded/supplemented through the skills levy paid by the municipality in terms of its obligations under the Skills Development Levies Act.

9.2.4 The municipality must ensure that these internships are taken up and implemented to enable the municipality to attract individuals at an early stage in fields of scarce skills and where experience is a necessity for the performance of a function/job.

9.2.5 Internal employees who have demonstrated a desire to qualify themselves in fields where a scarce skill exists should be identified.

9.2.6 Such identified employees should be offered bursaries to enable them to study part time in the various identified fields with an obligation to work for the municipality after obtaining their required qualifications for the number of years they received a bursary.

9.2.7 Employees who are studying part time will be accommodated to enable them to attend classes and examinations where necessary during working hours in accordance with the relevant collective agreements and policies.

9.2.8 The municipality must put measures in place to ensure that a transfer of skills by employees with scarce skills takes place during their employment with the municipality.

9.2.9 The municipality must ensure that a sustainable pool of individuals is established and maintained.

9.3 Payment of scarcity allowance:

9.3.1 A scarcity allowance (non-pensionable) of 10% of the employee's annual basic salary or an amount as approved by the director after consultation with the human resources department in which event the allowance may not exceed 10% of the employee's annual basic salary provided that the same amount be paid to all employees should the scarce skills allowance be approved for a specific occupational group and may be payable following the provisions of Clauses 6 and 7 above.

9.3.2 Such allowance must allow for both the possession of skills and the extent of the utilization of the skills in the general performance of duties.

9.3.4 Discontinuation of allowance:

(a) Where the allowance is terminated in terms of Clauses 8.8, three months' notice will apply.

(b) After a regrade/re-evaluation, the new salary plus allowance is limited to the old salary plus allowance (allowance decreased).

~~9.3.5 Once the allowance is calculated, it becomes a fixed amount and does not increase with annual salary, increment or grading increases.~~

9.3.5 When an employee is on unpaid leave due to medical boarding, the employee will not be granted the allowance for the duration of the unpaid leave.

9.3.6 That the stipulations of this policy with regards to termination/discontinuation of the allowance be stipulated in the Employment Contract of an employee or in writing to an existing employee in the event of payment of a scarce skills allowance as an effort to retain qualified, skilled, and experienced employees.

9.3.7 Before the allowance is payable the employee must sign an undertaking that the payment of the allowance shall be terminated or reduced in the following circumstances:

9.3.7.1 If an identified scarce skills occupation or the degree to which the occupation is considered as a scarce skills occupation is no longer classified as a scarce skills occupation by the Municipal Manager in consultation with the relevant Director and the Manager: Human Resources.

9.3.7.2 If the employee is appointed, transferred, or promoted to a post in the same or another occupation with a lower or no classification in terms of the degree to which the occupation is considered as a scarce skills occupation, the scarce skills allowance may be reduced or terminated with effect from date of appointment, transfer, or promotion.

9.3.7.3 The Municipal Manager retains the right to terminate a scarce skills allowance of a specific post after consultation with the effective incumbent based on operational requirements or performance, provided that the payment of the allowance will only be terminated or reduced after the employee has been given three (3) months' written notice of the reclassification.

9.4 Quantum of scarce skills allowance:

The Municipal Manager, after consultation with the Manager: Human Resource Management and the Director: Financial Services, may approve a scarce skills allowance of up to 10%.

9.5 Performance of an employee in a job regarded as a scarce skill occupation, shall be taken into consideration when payment of a scarce skills allowance is considered. Employees with poor or substandard performance will not qualify for a scarce skills allowance.

## 10. ADJUSTMENT OF PERCENTAGE OF ALLOWANCE

10.1 The scarce skills allowance must be re-evaluated every three years, or such shorter intervals as may be determined by the Municipal Manager to allow for the relevant adjustments, based on changing trends and to confirm whether the posts and/or occupational groups originally affected by a scarce skills challenge remain scarce.

10.2 The Municipal Manager may at any stage, revise the percentage of the allowance, allocated per employee, provided that the percentage does not exceed the maximum of the category indicated in clause 9.4.

10.3 The allowance will no longer be applicable for any new appointments should a skill or post no longer be identified as scarce in terms of this Policy.

10.4 The performance of an employee who receives a scarce skills allowance must continuously be monitored by the relevant Director.

10.5 The percentage of the allowance must be adjusted accordingly and in some instances be discontinued, should his/her performance not be satisfactory. However, measures with regards to poor performance must be instituted against the said individual by the relevant Director prior to any change in the allowance as a result of poor performance being recommended for implementation to the Municipal Manager via the Director: Corporate Management. Such measures shall include formal discussions with the employee to identify areas of under/substandard performance and to investigate possible methods of capacitating the employee.

## 11. REPORTING

The Human Resources Division will submit an annual report to Council based on the review conducted in terms of Clause 8.7 of this Policy and make recommendations regarding the applications and/or amendment to the Scarce Skills Policy.

## 12. IMPLEMENTATION OF SCARCE SKILLS ALLOWANCE

The implementation date shall be the 1st of the month following the month in which the allowance is approved by the Municipal Manager, unless otherwise motivated by the relevant Director and approved by the Municipal Manager.

## *6.2 AWARDING OF A CONTRACT WHICH WILL INCUR FINANCIAL OBLIGATIONS BEYOND THE BUDGET CYCLE: HES-CORP 05/2526 - DESIGN, PROVISION AND MANAGEMENT OF AN INTEGRATED WIDE AREA NETWORK, INTERNET AND TELECOMMUNICATIONS FOR PERIOD OF 5 YEARS.*

File number / Verwysingsnommer: 6/3/1

Item date / Item datum: 10 June 2026

Report by / Verslag deur: Manager: ICT – Mr. J Kleinhans

**PURPOSE OF REPORT / DOEL VAN VERSLAG**

For Council to approve the contract in line with section 33 of the Municipal Finance Management Act, 56 of 2003.

**BACKGROUND AND DISCUSSION / AGTERGROND EN BESPREKING**

On the **2nd of June 2026** the Bid Adjudication Committee (BAC) awarded Tender HES-CORP 05/2526 to Wispernet (Pty) Ltd by for the design, provision and management of an integrated wide area network, internet and telecommunication service for a period of 5 years in the amount of R13 986 507.00, subject to completion of the process as prescribed by section 33 of the Municipal Finance Management Act, 56 of 2003 (MFMA).

The services under this tender include the following:

- Design, implementation, and management of an integrated Wide Area Network (WAN) connecting all municipal sites, including remote facilities and critical infrastructure.
- Provision of secure, high-availability internet connectivity and telecommunication services aligned to municipal and regulatory standards.
- Installation, integration, and maintenance of CCTV systems for surveillance, security, and infrastructure monitoring, with full lifecycle support over the five-year contract period
- Deployment and support of radio communication systems to enable effective operational coordination and emergency response.
- Implementation of telemetry systems for real-time monitoring, control, and data acquisition across water and wastewater infrastructure.

Motivation: Contract obligations beyond three financial years (5-year term)

- A 60-month, rental-based (“as-a-service”) model includes network, VoIP and core equipment refresh over the term.
- Rapid ICT change requires continuous upgrades and scalability to prevent solution obsolescence during the contract period.
- Business continuity needs mandated redundancy, backup and recovery to sustain critical municipal operations and services.
- Risk mitigation for theft/sabotage, disasters and outages is enforced through strict SLA response/resolution and monitoring.

- The Municipality lacks sufficient owned infrastructure and resources (e.g., high-sites/towers/fibre and maintenance capacity), requiring an end-to-end managed service.

As the proposed contract will impose financial obligations on the municipality beyond three (3) financial years, commencing on 1 July 2026 and terminating on 30 June 2031, the prescribed section 33 process as outlined in the MFMA must be complied with. Section 33 of the MFMA provides as follows:

**"*33. Contracts having future budgetary implications***

*(1) A municipality may enter into a contract which will impose financial obligations on the municipality beyond a financial year, but if the contract will impose financial obligations on the municipality beyond the three years covered in the annual budget for that financial year, it may do so only if—*

*(a) the municipal manager, at least 60 days before the meeting of the municipal council at which the contract is to be approved—*

*(i) has, in accordance with section 21A of the Municipal Systems Act—*

*(aa) made public the draft contract and an information statement summarising the municipality's obligations in terms of the proposed contract; and*

*(bb) invited the local community and other interested persons to submit to the municipality comments or representations in respect of the proposed contract; and*

*(ii) has solicited the views and recommendations of—*

*(aa) the National Treasury and the relevant provincial treasury;*

*(bb) the national department responsible for local government; and*

*(cc) if the contract involves the provision of water, sanitation, electricity, or any other service as may be prescribed, the responsible national department;*

*(b) the municipal council has taken into account—*

*(i) the municipality's projected financial obligations in terms of the proposed contract for each financial year covered by the contract;*

*(ii) the impact of those financial obligations on the municipality's future municipal tariffs and revenue;*

*(iii) any comments or representations on the proposed contract received from the local community and other interested persons; and*

*(iv) any written views and recommendations on the proposed contract by the National Treasury, the relevant provincial treasury, the national department responsible for local government and any national department referred to in paragraph (a)(ii)(cc); and*

*(c) the municipal council has adopted a resolution in which—*

*(i) it determines that the municipality will secure a significant capital investment or will derive a significant financial economic or financial benefit from the contract;*

*(ii) it approves the entire contract exactly as it is to be executed; and*

*(iii) it authorises the municipal manager to sign the contract on behalf of the municipality."*

In compliance with the requirements of section 33(1)(a) of the MFMA, the Municipal Manager has, in accordance with section 21A of the Municipal Systems Act, made public the draft contract (Annexure C) and information statement (Annexure D). The outcomes of this extensive consultation process are set out in the below table:

| **Legal Requirement** | **Date advertised** | **Comment Due Date** | **Public Participation Outcome** |
|---|---|---|---|
| Public Notice **(Annexure B)**<br>*Suid-Kaap Forum* | 27 March 2026 | 17 April 2026 | No comments received |
| Information Statement and Draft Contract made available at:<br>- Municipal offices<br>- Libraries<br>- Municipal Website<br>- SCM Office at ABSA Building | 27 March 2026 | 17 April 2026 | No comments received |
| Local Community and other interested persons | 27 March 2026 | 17 April 2026 | No comments received |
| Provincial Treasury and<br>National Treasury | 27 March 2026 | 17 May 2026 | No comments received |
| COGTA | 27 March 2026 | 26 May 2026 | No comments received |

In line with section 33(1)(b)(i) of the MFMA, the financial obligation of the municipality for each financial year is set out below:

| | | **Year 1** | **Year 2** | **Year 3** | **Year 4** | **Year 5** |
|---|---|---|---|---|---|---|
| | Fixed Monthly Costs for network and internet connectivity | R 1,262 688.00 | R 1,262 688.00 | R 1,262 688.00 | R 1,262 688.00 | R 1,262 688.00 |
| | Dedicated line for the disaster recovery site (DRS) | R 98 388.00 | R 98 388.00 | R 98 388.00 | R 98 388.00 | R 98 388.00 |
| | Power over Ethernet (POE) Switch Gear (60 Months). | R 78 300.00 | R 78 300.00 | R 78 300.00 | R 78 300.00 | R 78 300.00 |
| | (PABX) Server based system | R 712 680.00 | R 712 680.00 | R 712 680.00 | R 712 680.00 | R 712 680.00 |
| | (VoIP) Internet Connectivity | R 11 400.00 | R 11 400.00 | R 11 400.00 | R 11 400.00 | R 11 400.00 |
| | **Total Fixed cost (VAT Exclusive)** | **R 2 163 456.00** | **R 2 163 456.00** | **R 2 163 456.00** | **R 2 163 456.00** | **R 2 163 456.00** |

| | | | | | | |
|---|---|---|---|---|---|---|
| | Telecommunications usage charge (estimated variable cost) | R 154 980.96 | R 154 980.96 | R 154 980.96 | R 154 980.96 | R 154 980.96 |
| | Add-hoc support hours (estimated cost – hourly rate) | R 114 000.00 | R 114 000.00 | R 114 000.00 | R 114 000.00 | R 114 000.00 |
| | Sub total VAT Exclusive | R 2 423 436.00 | R 2 318 436.96 | R 2 318 436.96 | R 2 318 436.96 | R 2 318 436.96 |
| | VAT | R 364 865.40 | R 364 865.40 | R 364 865.40 | R 364 865.40 | R 364 865.40 |
| | Total Cost (VAT Inclusive) | R 2 797 301.40 | R 2 797 301.40 | R 2 797 301.40 | R 2 797 301.40 | R 2 797 301.40 |
| **Estimated total contract value (VAT Inclusive)** | | | | | | **R13 986 507.00** |

This amount will be incorporated into the Municipality's operational budgets and Medium-Term Revenue and Expenditure Framework (MTREF) for the duration of the contract. The expenditure is fully predictable due to the fixed rental and fixed cost-per-copy structure.

It is confirmed that the above financial obligations will have no impact on the municipality's future tariffs and revenue as contemplated in section 33(1)(b)(ii) of the MFMA.

As indicated above, no comments or representations were received from the local community and/or other interested persons as provided for in section 33(1)(b)(iii).

**SPECIAL EXECUTIVE MAYORAL COMMITTEE**

The item is tabled at the **Special Executive Mayoral Committee** meeting of **10 June 2026** and feedback will be given at the Special Council meeting on the same day.

**COMMENTS: MUNICIPAL MANAGER / KOMMENTAAR: MUNISIPALE BESTUURDER**

**COMMENTS: DIRECTOR CORPORATE MANAGEMENT / KOMMENTAAR: DIREKTEUR KORPORATIEWE BESTUUR**

**COMMENTS: DIRECTOR FINANCIAL SERVICES / KOMMENTAAR: DIREKTEUR FINANSIËLE DIENSTE**

The content of the item is noted and the recommendations are supported.

**COMMENTS: DIRECTOR DEVELOPMENT PLANNING / KOMMENTAAR: DIREKTEUR ONTWIKKELINGSBEPLANNING**

**COMMENTS: DIRECTOR TECHNICAL SERVICES / KOMMENTAAR: DIREKTEUR TEGNIESE DIENSTE**

The content of the item is noted and the recommendations are supported.

**COMMENTS: DIRECTOR COMMUNITY SERVICES / KOMMENTAAR: DIREKTEUR GEMEENSKAPSDIENSTE**

**COMMENTS: MANAGER LEGAL SERVICES / KOMMENTAAR: BESTUURDER REGSDIENSTE**

**COMMENTS: HEAD STRATEGIC SERVICES / KOMMENTAAR: HOOF STRATEGIESE DIENSTE**

**COMMENTS: OTHER / KOMMENTAAR: ANDER**

**RECOMMENDATION / AANBEVELING**

1. That Council note that no comments were received from Provincial Treasury and National Treasury on the contract.
2. That Council determine that the Municipality will secure a financial and economic benefit from entering into a long-term agreement for the design, provision and comprehensive management of an integrated Wide Area Network (WAN), internet connectivity and telecommunication services, ensuring reliable, secure connectivity across all municipal sites and supporting critical operational services over the full contract term.
3. That Council approve the entire contract as drafted, to be executed for a period of five (5) years, commencing 1 July 2026 and terminating 30 June 2031, subject to the Municipality's applicable SCM processes and legislative requirements governing long-term contracts.
4. That the Municipal Manager be authorised to sign the contract on behalf of the municipality.

**AGENDA ITEM APPROVED BY / AGENDA ITEM GOEDGEKEUR DEUR:**

Acting Director: Corporate Management – Mr D Lewis-Michaels

**ATTACHMENTS / STAWENDE DOKUMENTE**

Annexure A – BAC award

Annexure B – Public Notice in Suid-Kaap Forum

Annexure C – Draft Contract

Annexure D – Information Statement

HESSEQUA
Munisipaliteit/Municipality/U Masipala

RIVERSDALE
Tel. : 028-713 8000
P.O. Box 29, RIVERSDALE, 6670
E-pos : info@hessequa.gov.za

# INFORMATION STATEMENT

## SECTION 33 OF THE MFMA

## CONTRACT HAVING FUTURE BUDGETARY IMPLICATIONS:

DESIGN, PROVISION AND MANAGEMENT OF AN INTEGRATED WIDE AREA NETWORK, INTERNET AND TELECOMMUNICATIONS FOR HESSEQUA MUNICIPALITY FOR A PERIOD OF FIVE (5) YEARS

CONTENTS

## 1. BACKGROUND

Section 33 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) ("MFMA") requires a municipality to undertake a public participation process whenever it intends to enter into a contract that will impose financial obligations on the municipality for a period exceeding three financial years. This process includes publication of an information statement, making relevant documents available to the public, and soliciting comments from the local community, National Treasury, Provincial Treasury, and the relevant national departments.

Hessequa Municipality intends to enter into a contract for the design, provision and management of an integrated wide area network, internet and telecommunications for a period of five (5) years. The financial obligations extend beyond three financial years, thus invoking Section 33 of the MFMA.

## 2. SECTION 33 PROCESS:

In terms of Section 33(1) of the MFMA, the Municipal Manager must, at least 60 days before the matter is submitted to Council for approval:

- Issue an information statement summarising the Municipality's obligations under the proposed contract and invite comments from the local community and affected persons (Section 33(1)(a)(i)).

- Solicit written views from:
  - National Treasury
  - The relevant Provincial Treasury
  - The national department responsible for local government
  - The national department with functional responsibility for the service provided (Section 33(1)(a)(ii)(cc)).

Before approving the contract, Council must consider:
- The financial obligations for each financial year of the contract (Section 33(1)(b)(i)).
- The impact of these obligations on future municipal tariffs and revenues (Section 33(1)(b)(ii)).
- Any comments or representations received from the local community and other interested persons (Section 33(1)(b)(iii)).
- Written views and recommendations received from the National Treasury, relevant Provincial Treasury, the national department responsible for local government and any relevant national and provincial departments (Section 33(1)(b)(iv)).

Council must then adopt a resolution in terms of Section 33(1)(c) of the MFMA that:
- Determines that it will secure a significant capital investment or will derive a significant financial economic or financial benefit from the contract,
- Approves the entire contract exactly as it is to be executed, and
- Authorises the Municipal Manager to sign the contract on behalf of the municipality.

This information statement is issued in accordance with these statutory requirements.

## 3. PROPOSED SERVICE LEVEL AGREEMENT AND PROJECT BACKGROUND

Hessequa Municipality intends appointing Wispernet (Pty) Ltd as the preferred bidder under Tender HES-CORP 05/2526 for the design, provision and management of an integrated wide area network, internet and telecommunications solution for the period 1 July 2026 to 30 June 2031. The services include provision and management of connectivity across approximately 43 municipal sites:

- Various fibre bandwidth options, managed PoE Gigabit switching infrastructure,
- a server-based VoIP and PABX system (3CX with cloud failover), dedicated VoIP connectivity,
- Ongoing network monitoring, maintenance and support services
- Defined service levels (30-minute response and 12-hour resolution),
- Full lifecycle management of the Municipality's telecommunications infrastructure.

## 4. REASONS FOR CONTRACT EXTENDING BEYOND THREE FINANCIAL YEARS

The multi-year contract is required due to the long-term nature of telecommunications and network infrastructure, the capital investment required by the service provider, the need for stable and predictable pricing, operational efficiency, and the requirement for a single service provider to manage the integrated solution across its full lifecycle.

## 5. FINANCIAL IMPLICATIONS

The draft contract and award recommendation provide for an estimated total contract value of R 13 986 507.00 (VAT inclusive) over the 60-month period. Costs comprise (1) a fixed monthly amount for network, internet and telecommunications services, (2) variable charges based on actual VoIP usage, and (3) ad-hoc support services where required and subject to available budget.

### 5.1. Network and internet connectivity.

### 5.1.1. Fixed Monthly Costs (60 Months)

The following amounts represents the fixed amount over the 60 month time period for internet and network connectivity:

| Description | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|---|
| | Qty | Annual Cost (Year 1) Vat Excl. | Annual Cost (Year 2) Vat Excl. | Annual Cost (Year 3) Vat Excl.. | Annual Cost (Year 4) Vat Excl. | Annual Cost (Year 5) Vat Excl. |
| Municipal Connected Sites | 43 | R 972,000.00 | R 972,000.00 | R 972,000.00 | R 972,000.00 | R 972,000.00 |
| 300Mbps Fibre Connection | 1 | R 82,800.00 | R 82,800.00 | R 82,800.00 | R 82,800.00 | R 82,800.00 |
| 50Mbps Fibre Connection | 1 | R 15,588.00 | R 15,588.00 | R 15,588.00 | R 15,588.00 | R 15,588.00 |
| 48 Port Full Managed POE Gigabit Switch | 3 | R 31,860.00 | R 31,860.00 | R 31,860.00 | R 31,860.00 | R 31,860.00 |
| 24 Port Full Managed POE Gigabit Switch | 6 | R 39,600.00 | R 39,600.00 | R 39,600.00 | R 39,600.00 | R 39,600.00 |
| 16 Port Full Managed POE Gigabit Switch | 2 | R 6,840.00 | R 6,840.00 | R 6,840.00 | R 6,840.00 | R 6,840.00 |
| **30-minute response** time for support and the option of **12 hours resolution** time | N/A | R 114,000.00 | R 114,000.00 | R 114,000.00 | R 114,000.00 | R 114,000.00 |

| Sub Total (Vat Excl.) | R 1,262 688.00 | R 1,262 688.00 | R 1,262 688.00 | R 1,262 688.00 | R 1,262 688.00 |
|---|---|---|---|---|---|
| VAT 15% | R 189,403.20 | R 189,403.20 | R 189,403.20 | R 189,403.20 | R 189,403.20 |
| Grand Total (Vat Incl.) | R 1,452 091.20 | R 1,452 091.20 | R 1,452 091.20 | R 1,452 091.20 | R 1,452 091.20 |

Internet and network connectivity Total (Excl. VAT): R 6 313 440.00
Internet and network connectivity Total (Incl. VAT): R 7 260 456.00

### 5.1.2 Dedicated line for the disaster recovery site (DR- Site) (60 Months)

The following amounts represents the fixed amount over the 60-month time period for internet and network connectivity to the dedicated DRS.

| 2. | Site | Monthly Cost (Year 1) Vat Excl. | Monthly Cost (Year 2) Vat Excl. | Monthly Cost (Year 3) Vat Excl. | Monthly Cost (Year 4) Vat Excl. | Monthly Cost (Year 5) Vat Excl. |
|---|---|---|---|---|---|---|
| 2.1 | Riversdale | R 6,900.00 | R 6,900.00 | R 6,900.00 | R 6,900.00 | R 6,900.00 |
| 2.2 | 50Mbps Fibre Connection (secondary breakout) Riversdale-MPCC) | R 1,299.00 | R 1,299.00 | R 1,299.00 | R 1,299.00 | R 1,299.00 |
| Sub Total (Vat Excl.) | | R 8,199.00 | R 8,199.00 | R 8,199.00 | R 8,199.00 | R 8,199.00 |
| VAT 15% | | R 1,299.85 | R 1,299.85 | R 1,299.85 | R 1,299.85 | R 1,299.85 |
| Total (VAT Inclusive) | | R 9,428.85 | R 9,428.85 | R 9,428.85 | R 9,428.85 | R 9,428.85 |

DR- Site cost total over the term of the contract (Excl. VAT): R 491 940.00
DR- Site cost total over the term of the contract (Incl. VAT): R 565 731.00

### 5.1.3 Power over Ethernet (POE) Switch Gear (60 Months).

The following amounts represents the fixed amount over the 60-month time period for Power over Ethernet switch gear.

| Description | Qty | Unit Price | Year 1 Monthly Cost (Year 1) Vat Excl. | Year 2 Monthly Cost (Year 2) Vat Excl. | Year 3 Monthly Cost (Year 3) Vat Excl. | Year 4 Monthly Cost (Year 4) Vat Excl. | Year 5 Monthly Cost (Year 5) Vat Excl. |
|---|---|---|---|---|---|---|---|
| 48 Port Full Managed POE Gigabit Switch | 3 | R 885.00 | R 2,655.00 | R 2,655.00 | R 2,655.00 | R 2,655.00 | R 2,655.00 |
| 24 Port Full Managed POE Gigabit Switch | 6 | R 550.00 | R 3,300.00 | R 3,300.00 | R 3,300.00 | R 3,300.00 | R 3,300.00 |
| 16 Port Full Managed POE Gigabit Switch | 2 | R 285.00 | R 570.00 | R 570.00 | R 570.00 | R 570.00 | R 570.00 |
| Sub Total (Vat Excl.) | | | R 6,525.00 | R 6,525.00 | R 6,525.00 | R 6,525.00 | R 6,525.00 |
| VAT 15% | | | R 978.75 | R 978.75 | R 978.75 | R 978.75 | R 978.75 |
| Total (VAT Inclusive) | | | R 7,503.75 | R 7,503.75 | R 7,503.75 | R 7,503.75 | R 7,503.75 |

DRS cost Total (Excl. VAT): R 391 500.00
DRS Total (Incl. VAT): R 450 225.00

## 5.2. Telecommunications (60 Months)

### 5.2.1. Private Automatic Branch Exchange (PABX) Server based system – 3CX on-site server and failover server hosted in cloud

The following amounts represents the fixed amount over the 60-month time period for the PABX server-based system

| PABX: 3CX on on-site server and failover server hosted in the cloud | | | | | |
|---|---|---|---|---|---|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Monthly (VAT Excl.) | R 59 390.00 | R 59 390.00 | R 59 390.00 | R 59 390.00 | R 59 390.00 |
| Yearly cost (VAT Excl.) | R 712 680.00 | R 712 680.00 | R 712 680.00 | R 712 680.00 | R 712 680.00 |
| (VAT Incl.) | R 819 582.00 | R 819 582.00 | R 819 582.00 | R 819 582.00 | R 819 582.00 |

PABX cost total over the term of the contract (Excl. VAT): R 3 563 400.00
PABX cost total over the term of the contract (Incl. VAT): R 4 097 910.00

### 5.2.2. Voice over Internet Protocol (VoIP) Internet Connectivity

The following amounts represents the fixed amount over the 60-month time period for VoIP Internet Connectivity.

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|
| Monthly (VAT Excl.) | R 950.00 | R 950.00 | R 950.00 | R 950.00 | R 950.00 |
| Yearly (VAT Excl.) | R 11 400.00 | R 11 400.00 | R 11 400.00 | R 11 400.00 | R 11 400.00 |
| Yearly (VAT Incl.) | R 13 110.00 | R 13 110.00 | R 13 110.00 | R 13 110.00 | R 13 110.00 |

VoIP cost total over the term of the contract (Excl. VAT): R 57 000.00
VoIP cost total over the term of the contract (Incl. VAT) R 65 550.00

### 5.2.3 Telecommunications usage charge (Variable Cost)

The following amounts represents the variable charge that will be levied for actual usage amount over the 60-month time period for telephone cost.

| | | Tariff Landline to landline | | | | |
|---|---|---|---|---|---|---|
| 3. | Area | Cost (Year 1) Vat Excl. | Cost (Year 2) Vat Excl. | Cost (Year 3) Vat Excl. | Cost (Year 4) Vat Excl. | Cost (Year 5) Vat Excl. |
| 3.1 | Local | R0.18/min/sec | R0.18/min/sec | R0.18/min/sec | R0.18/min/sec | R0.18/min/sec |
| 3.2 | National | R0.18/min/sec | R0.18/min/sec | R0.18/min/sec | R0.18/min/sec | R0.18/min/sec |
| 3.3 | International | Country Specific | Country Specific | Country Specific | Country Specific | Country Specific |
| Sub Total (Vat Excl.) | | Can only be calculated if monthly billing fee is provided. Per second billing excluding VAT | | | | |
| VAT 15% | | | | | | |
| Total (VAT Inclusive) | | | | | | |
| | | Type of Billing (per second/per minute) | | | | |
| 4. | Tariff Landline to cell phone | Cost (Year 1) Vat Excl. | Cost (Year 2) Vat Excl. | Cost (Year 3) Vat Excl. | Cost (Year 4) Vat Excl. | Cost (Year 5) Vat Excl. |
| 4.1 | MTN/Vodacom | R0.48/min/sec | R0.48/min/sec | R0.48/min/sec | R0.48/min/sec | R0.48/min/sec |
| 4.2 | Cell C/Telkom | R0.50/min/sec | R0.50/min/sec | R0.50/min/sec | R0.50/min/sec | R0.50/min/sec |

| Sub Total (Vat Excl.) | Can only be calculated if monthly billing fee is provided. Per second billing excluding VAT | | | | |
|---|---|---|---|---|---|
| VAT 15% | | | | | |
| Total (VAT Inclusive) | | | | | |

It is estimated that the cost of service over the 60-month term period will be represented as follows.

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|
| Monthly (VAT Excl.) | R 12 915.08 | R 12 915.08 | R 12 915.08 | R 12 915.08 | R 12 915.08 |
| Yearly (VAT Excl.) | R 154 980.96 | R 154 980.96 | R 154 980.96 | R 154 980.96 | R 154 980.96 |
| Yearly (VAT Incl.) | R 178 228.11 | R 178 228.11 | R 178 228.11 | R 178 228.11 | R 178 228.11 |

Telephone usage fee estimated amount over the term of the contract (Excl. VAT): R 774 904.80
Telephone usage fee estimated amount over the term of the contract (Incl. VAT) R 891 140.55

## 5.3 ICT Support Hours on add-hoc Basis and as budget provisions allows

The following amounts represents the support hours should the need arise and as per available budget provisions.

Wispernet will provide the new CPE hardware for additional remote offices at no cost to the Municipality. This will remain the property of Wispernet.

All labour rates: Per hour or part thereof

| Description | Tariff | After hours | Saturday, Sunday and Public Holidays |
|---|---|---|---|
| Once-off installation fee** | R 950.00 | R 950.00 | R 950.00 |
| Call out fee | R 450.00 | R 650.00 | R 900.00 |
| Labour rate | R 500.00 | R 600.00 | R 1 000.00 |
| Travel rate per km | R 10.00 | R 10.00 | R 10.00 |

Travelling not applicable within the municipal boundary of Riversdale.
Cabling, network equipment (patch panels, etc) will be billed at actual cost. Quotation will be provided as and when required.

**Including labour, cabling and sundry items, excluding travelling

Additional IT Support for services not specified in tender eg. LAN support beyond the Wispernet network.

| Period | Time | Rate | Rate after hours |
|---|---|---|---|
| Monday to Friday | 08h00 to 17h00 | R 750.00 | R 1 150.00 |
| Saturdays | 08h00 to 13h00 | R 1 150.00 | R 1 350.00 |
| Sundays and Public Holidays | | R 1 500.00 | R 1 500.00 |

The travel and labour rates are linked to the economy, inflation- and exchange rates and are subject to change with prior notice to Hessequa Municipality.

** Labour and travel rate prices include 15% VAT

## 5.4 Overall Financial Commitment

The total projected financial obligation for the full 60-month contract (fixed and variable) is therefore:

| | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|---|
| 5.1.1 | Fixed Monthly Costs for network and internet connectivity | R 1,262 688.00 | R 1,262 688.00 | R 1,262 688.00 | R 1,262 688.00 | R 1,262 688.00 |
| 5.1.2 | Dedicated line for the disaster recovery site (DRS) | R 98 388.00 | R 98 388.00 | R 98 388.00 | R 98 388.00 | R 98 388.00 |
| 5.1.3 | Power over Ethernet (POE) Switch Gear (60 Months). | R 78 300.00 | R 78 300.00 | R 78 300.00 | R 78 300.00 | R 78 300.00 |
| 5.2.1 | (PABX) Server based system | R 712 680.00 | R 712 680.00 | R 712 680.00 | R 712 680.00 | R 712 680.00 |
| 5.2.2 | (VoIP) Internet Connectivity | R 11 400.00 | R 11 400.00 | R 11 400.00 | R 11 400.00 | R 11 400.00 |
| | Total Fixed cost (VAT Exclusive) | R 2 163 456.00 | R 2 163 456.00 | R 2 163 456.00 | R 2 163 456.00 | R 2 163 456.00 |
| 5.2.3 | Telecommunications usage charge (estimated variable cost) | R 154 980.96 | R 154 980.96 | R 154 980.96 | R 154 980.96 | R 154 980.96 |
| 5.3 | Add-hoc support hours (estimated cost – hourly rate) | R 114 000.00 | R 114 000.00 | R 114 000.00 | R 114 000.00 | R 114 000.00 |
| | Sub total VAT Exclusive | R 2 423 436.00 | R 2 318 436.96 | R 2 318 436.96 | R 2 318 436.96 | R 2 318 436.96 |
| | VAT | R 364 865.40 | R 364 865.40 | R 364 865.40 | R 364 865.40 | R 364 865.40 |
| | Total Cost (VAT Inclusive) | R 2 797 301.40 | R 2 797 301.40 | R 2 797 301.40 | R 2 797 301.40 | R 2 797 301.40 |
| | | | | | **Estimated total contract value (VAT Inclusive)** | **R 13 986 507.00** |

- Total Fixed cost over the 60-month term period: R 10 817 280.00 (VAT Exclusive)
- Total Fixed cost over the 60-month term period: R 1 344 904.80 (VAT Exclusive)

**Total Contract Obligation (60 months): R 13 986 507.00 (VAT Inclusive)**

This amount will be incorporated into the Municipality's operational budgets and Medium-Term Revenue and Expenditure Framework (MTREF) for the duration of the contract. The expenditure is fully predictable due to the fixed rental and fixed cost-per-copy structure.

## 6 ACCESS TO INFORMATION

The following documents are available for public inspection for the duration of the public comment period:

- The draft contract;
- This Information Statement, setting out the Municipality's obligations and anticipated financial implications as required by Section 33 of the MFMA; and
- Any other relevant documents that informed the Municipality's decision-making process.

These documents are accessible:

- On the Municipality's website at www.hessequa.gov.za;

- At the Supply Chain Management (SCM) Offices, Absa Building, Corner of Dickson and Church Street, Riversdale, during normal office hours;
- At all Hessequa Municipal satellite offices and public libraries during normal opening hours.

## 7 SUBMISSION OF COMMENTS

Members of the public and interested/affected parties are invited to submit written comments or representations by any of the following methods:

BY POST:
Supply Chain Management
Hessequa Municipality
P.O. Box 29
Riversdale
6670

BY HAND:
SCM Offices
Absa Building
Corner of Dickson & Church Street
Riversdale

BY EMAIL:
jonathan@hessequa.gov.za
hpienaar@hessequa.gov.za

All comments or representations must be received on or before Monday, 25 May 2026 at 13:00. The Municipality reserves the right not to consider late submissions.

## 8 NEXT STEPS

Following closure of the public comment period, Hessequa Municipality will:

1. Consider all comments and representations received;
2. Review the written views of National Treasury, Provincial Treasury and relevant national departments;
3. Finalise a comprehensive report to Council, including recommendations regarding approval of the contract;
4. Submit the matter to Council for final decision at the Council meeting of 27 May 2026 in accordance with Section 33 of the MFMA.

Drafted and issued by:

P.P.

**R. BENT**
MANAGER:, SCM, ASSETS AND INSURANCE

**HES-CORP 05/2526:**

**AGREEMENT FOR THE**

**DESIGN, PROVISION AND MANAGEMENT OF AN INTERGRATED WIDE AREA NETWORK, INTERNET, AND TELECOMMUNICATIONS FOR HESSEQUA MUNICIPALITY FOR A PERIOD OF FIVE (5) YEARS**

Between:

**Hessequa Municipality**

(a municipality duly established in terms of the Local Government Municipal Structures Act, 117/1998)

Herein represented by …………….. in his capacity as Municipal Manager, duly authorized thereto.

(hereinafter referred to as “the Municipality”)

And

Wispernet (Pty) Ltd. hereinafter referred to as ("Service Provider") and herein represented by

………………….. in his capacity as Managing Director



initial ..............................

## 1. Pre-amble

The Service Provider confirms that it possesses the resources and competencies required to deliver the Services and Systems as described in this Contract and its Annexures, provided that—where any provision of this Contract differs from, or is inconsistent with, the Tender Document—the Tender Document shall prevail and remain the governing instrument:

1.1 Ensure a secure reliable reliable and secure connectivity across the entire municipal geographical area, including but not limited to remote offices, camping sites, water and wastewater treatment works, pump stations, and reservoirs..

1.2 Provide the necessary innovative leadership and consultation when migration strategies are contemplated to improve service delivery to all our communities. Cognisance must also be taken of latest industry trends and regulatory requirements to ensure a best practice/futureproof approach when new architectures and/or technologies are considered.

1.3 In addition to standard network and telecommunication services, the solution must incorporate and support the following critical components:

- Radio communication systems for operational coordination and emergency response.
- Telemetry infrastructure for remote monitoring, data acquisition, and control of municipal assets.
- Closed-Circuit Television (CCTV) systems for surveillance, security, and infrastructure monitoring.

## 2. Recordal

To ensure synergy and full understanding between the Parties of all the statutory and regulatory requirements by which the Agreement between Service Provider and Hessequa will be managed, the following is recorded:

2.1 The MFMA 56 of 2003, Section 116 states the following compliance requirements when contracting with external Service Providers:

2.1.1 Contracts must be in writing;

2.1.2 Day-to-day contract and service delivery management;

2.1.3 Monthly performance reviews;

2.1.4 Periodic contracts reviews;

2.1.5 Any other matters as may be required;

2.1.6 Take reasonable steps to ensure that contract is enforced;

2.1.7 Dispute mechanisms must be in place;

2.1.8 Termination of contract in case of under-performance.

2.2 The Preferential Procurement Policy Framework Act 5 of 2000, section 15 states the terms and conditions:

2.2.1 When penalties may be raised against a Service Provider for consistent under-performance;

2.2.2 For early termination of the Contract or part of the Services, and

2.2.3 For the possible blacklisting of Service Providers in case of fraudulent or corrupt activities.

2.3 The Hessequa Supply Chain Management Policy specifically references both the MFMA and the PPPFA to give full effect and to ensure compliance in the execution of the procurement processes in the Hessequa.

2.4 The Service Provider acknowledges and agrees that the requirements of the Local Government: Municipal Finance Management Act, 56 of 2003 (MFMA); the Preferential Procurement Policy Framework Act, 5 of 2000 (PPPFA); and the Hessequa Municipality Supply Chain Management Policy, together with all related compliance and enforcement measures, form an integral part of this Contract. This compliance obligations apply to all Services rendered during the term of this Contract.

2.5 The Service Provider acknowledges and agrees that the requirements of the Local Government: Municipal Finance Management Act, 56 of 2003 (MFMA); the Preferential Procurement Policy Framework Act, 5 of 2000 (PPPFA); and the Hessequa Municipality Supply Chain Management Policy, together with all related compliance and enforcement measures, form an integral part of this Contract. These compliance obligations apply to all Services rendered during the term of this Contract.

2.6 To give full effect to the above compliance requirements in terms of the Agreement, both parties will provide the required resources, at their own cost, to ensure that applicable communication structures and management forums will be established between Service Provider and Hessequa to *"take reasonable steps to ensure that the contract is enforced"*.

2.7 Copies of any Acts, Regulations or Policy Frameworks referenced in this Agreement is available on the Hessequa Website for perusal by Service Provider.

## 3. Definitions and Interpretations

Unless a contrary intention appears, the following expressions shall have the indicated meanings and cognate expressions have corresponding meanings.

Definitions and interpretations included in the General Conditions of Contracting will stand as if also be included in this Agreement:

**"Agreement" or "Main Agreement"** has the same meaning as "Contract" or "Main Contract" and is used interchangeably for the form and structure of sentences.

**"Business Day"** means any day other than a Saturday, Sunday or statutory South African Public Holiday;

**"Commercially Reasonable Effort"** means, with respect to any objective referred to in this Agreement, prompt, accurate, complete, appropriate, responsive and diligent effort, made in a professional and workmanlike manner, using properly qualified individuals and, in any event, a level of effort to achieve such objective equal to or exceeding the level of effort to achieve the same or similar objectives generally used by other professional Information Technology companies providing similar services as the Services referred to in this Agreement and its Annexures;

"**Contract price**" means the amounts payable by the Municipality to the Service Provider in terms of this Agreement or where applicable as provided for in the tender

"**Corrupt practice**" means the offering, giving, receiving, or soliciting of anything of value to influence the action of a public official in the procurement process or contract execution;

"**CPI**" means the CPI average percentage as per the official Statistics South Africa information for the three months prior to the annual review date of the Main Agreement or Service Annexure as the case may be;

"**Data**" means all Business Records of Hessequa stored in digital format on magnetic, optical or other media and maintained by the Service Provider;

"**Day**" means a Calendar day unless specifically specified otherwise in this Agreement;

"**Delivery**" means delivery in compliance with the conditions of this Agreement and its Service Annexures.

"**Effective Date**" means 01 July 2026, notwithstanding the date of signature hereof; and shall remain in force for a period of five (5) years terminating on 30 June 2031 ("term").

"**General Conditions of Contracting**" (GCC) means the General Conditions of Contracting as prescribed by National Treasury and as applicable to all Suppliers and Service Providers of goods and services to Local Government institutions;

"**Intellectual Property**" means all patents, trademarks, service marks, design rights, copyright, know-how, trade or business names and other similar rights or obligations, whether or not registered or application for registration thereof has been made, used in or in connection with the Services;

"**Main Premises**" means Hessequa Municipality's head office at Van den Bergh Street, Riversdale, Western Cape, South Africa, 6670.

"**Nominated Service Representatives**" means the persons from both parties appointed for each party in terms of clause 11.1.1

"**Nominated Service Representative/s**" means one or more representatives representing the Service Provider and the relevant Hessequa Department in respect of each Service Annexure in terms of clause 11.1.2;

"**Prime Rate**" means the publicly quoted prime rate announced every quarter by the Reserve Bank of the Republic of South Africa, expressed as a nominal annual compounded monthly rate, calculated on a 365 (three hundred and sixty-five) day factor;

"**Parties**" means Hessequa and the Service Provider, and "Party" means either one of them;

"**Public Holiday**" means an official public holiday in the Republic of South Africa;

"**SCC**" means Special Conditions of Contracting for ICT related Services and Systems as specified in this document;



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"**Service**" or "**Services**" means a Services to be provided by the Service Provider to Hessequa, being a Service contained in a Service Annexure to be monitored monthly to ensure ongoing performance and compliance by the Service Provider;

"**Service Annexure**" means an Annexure to this main Agreement which, among other things provides: detailed descriptions of Services to be provided by the Service Provider; detailed pricing for Services; specific exclusions of certain services, that will not be provided as part of the contracted Services; Key performance areas of Service Provider; service levels for each Service; Objective measures to monitor quality of Services delivered; reporting requirements and all matters directly related to the Services as contracted;

"**Service Level**" means the qualitative and quantitative standards of performance according to which the Services are to be provided in terms of this Agreement and as specified in each Service Annexure;

"**Work Product**" means reports, plans, diagrams, schematics, flowcharts, studies, software, software programmes and all other documents or information or products specifically developed and provided by the Service Provider for Hessequa in connection with the provision of the Services or at the request of Hessequa and all amendments thereto.

## 4. Presentations and Undertakings by Service Provider

### 4.1 Presentations by Service Provider

Service Provider presents and warrants that it has adequate resources and the necessary skills and competencies to be able to provide the Services contemplated in this Agreement on a sustainable basis during the term of this Agreement.

### 4.2 Undertakings

Continuing throughout the term of the Main Agreement and each Service Annexure term, the Service Provider undertakes that it will at all times:

4.2.1 Use proven and current methodologies and technology of the best practice in the ICT industry to provide the Services, to the extent reasonably required by Hessequa, to take advantage of technology, and other advancements that will enable Hessequa to provide an efficient and sustainable service to all its stakeholders and residents;

4.2.2 Comply with all of the relevant policies, procedures and standards of Hessequa during the term of this Agreement;

## 5. Service Provider Duties and Obligations

Hessequa Municipality appoints the Service Provider to provide the Services in terms of this Agreement and the applicable Service Annexure hereto as it may be amended from time to time. Service Provider must discharge its duties and obligations as listed below with due skill, care and diligence, and according to the standards required by the Hessequa and any Service Annexure attached hereto.

### 5.1 Minimum Requirements for Service Annexures

To ensure compliance to the MFMA requirements as stated in Section 116, all Services and pricing for such Services must be documented in Service Annexures and in sufficient detail to enable Hessequa to determine the quantum and scope of Services received and paid for.

### 5.2 Cost Savings

Service Provider shall use its best endeavours to maximize cost efficiencies and cost savings in the provision of the Services, through all reasonable means, including:

5.2.1 Obtaining economies of scale through volume purchases or by allowing Hessequa to participate in the procurement of equipment, facilities and licensing to ensure that the most cost-effective pricing is obtained in respect thereof;

5.2.2 Exploiting the benefits of synergies resulting from the provision of the same or similar services to other clients.

5.2.3 The Municipality have access to a 200Mbps wireless internet breakout from the main site in Riversdale via the Provincial broadband (PWAN). It is envisaged that the connection will be upgraded to fibre technology in the next 12 – 24 months. The connection can be utilised and considered as part of the proposed solution, resulting in a cost saving on the overall solution.

### 5.3 Cooperation between Parties and with Third Parties

5.3.1 At the reasonable request of Hessequa, the Service Provider undertakes to fully cooperate with Hessequa or any other contracted party, or other entity or party, nominated by Hessequa, and also procure the same from its sub-contractors, to give effect to this Agreement, its Services and its Annexures attached hereto.

5.3.2 If Hessequa contracts with a third party (being any person other than a Party to this Agreement) to provide any service to it, other than the Services, then for as long as the services and activities of the third party do not interfere with the Services, and do not affect the Service Provider financially, then Service Provider shall co-operate with Hessequa and such third party to the extent reasonably required for the provision of those services by that third party.

### 5.4 Timeous Notification of Tele-communication, Internet, or Network Downtime

The Service provider agrees to immediately notify Hessequa Municipality of any downtime that may affect the tele-communication and network. Notifications will take place via Email and SMS or WhatsApp's to the following addresses:

itsupport@hessequa.gov.za

ICT Helpdesk Support –

Network Administrator –

ICT Manager –

Manager Admin & Legal

### Article I. Statutory and Regulatory Compliance

5.4.1 As part of the Services under this Agreement, the Service Provider shall ensure at all times full compliance of all its Services and facilities with all applicable legal, statuary and regulatory requirements, and obtaining and maintaining all applicable licences, authorizations, accreditations and permits as may be required from time to time to provide the Services;

5.4.2 Service Provider shall have financial responsibility for, and shall pay all applicable fees *to ensure continued compliance of all its Services and facilities with all applicable legal, statutory and regulatory requirements,* except where the software utilised is provided by Hessequa, or by a third party, or is part of the operating software or equipment provided by Hessequa, or is agreed to be a system enhancement via the User group mechanism and funded by the collective customer base:

5.4.3 At the request of the Hessequa, Service Provider shall provide proof of compliance with these provisions.

### 5.5 Conflict of Interests

In providing the Services, the Service Provider shall use its best endeavours not to do, or omit to do anything, knowingly or negligently, nor permit a situation to arise whereby a conflict may be created between the interests of Hessequa (or any of its employees) and those of Service Provider, and/or any other contractual party.

### 5.6 Systems Performance Monitoring Tools / Programmes

5.6.1 The parties agree that all the relevant system performance monitoring tools or programmes must be installed and maintained by the Service Provider.

5.6.2 The parties further agree that all back-ups will be performed by Hessequa Municipality as part of their maintenance responsibilities and that the Service Provider remains responsible for the maintenance, which includes the restoration of the router configurations and system performance monitoring solutions.

### 5.7 Appointment of Sub-contractors

5.7.1 The Service Provider may not utilise a sub-contractor or enter into a sub-contract with any person (other than an employee of the Service Provider or Affiliate of the Service Provider) for the provision of all or any part of the Services without Hessequa Municipality's prior written consent, which may not be unreasonably withheld or delayed, provided that all the provisions as set out in this Agreement and tender documents are complied with;

5.7.2 The Service Provider shall not be relieved of any of its duties in terms of this Agreement or any Service Annexure by entering into any agreement with a sub-contractor, and the Service Provider shall be liable for any acts performed by, or omissions by a sub-contractor and its employees to the same extent as if the Service Provider employee had so acted, and for purposes of this Agreement such act shall be deemed an act performed by the Service Provider;

## 6. Term of Agreement and Service Annexure

The appointment of the Service Provider shall be deemed to have commenced on **1 JULY 2026** irrespective of the Signature Date and shall continue until **30 JUNE 2031.** Irrespective any arrangements in any other documentation, it is hereby confirmed that both parties accept that **30 June 2031** will be the formal termination date and no further notification in this regard is required, unless the contract is cancelled prior to the said date due to any breach, default or other reason provided for in the contract.

## 7. Changes to Existing Services or Additional Services

### 7.1 Need for Changes or Additional Services

7.1.1 It is agreed and accepted by both Parties that during the term of this Agreement:

a) Business needs might change which might also require changes to the existing Services and/or to this Agreement;

b) Hessequa may at its sole discretion, appoint any third party to provide the envisioned additional service to it, or provide it internally.

### 7.2 Request for Additional Services

When an additional Service is required from Service Provider, or there is to be a change to an existing Service, the approved Supply Chain procedures, as applicable to Local Government, will be followed for all such events. The Service Provider will at the request of Hessequa, cooperate with Hessequa in providing proposals for additional Services, not yet included in a Service Annexure. The request for such approval shall be accompanied by:

7.2.1 Detailed specifications of all business/service requirements;

7.2.2 The Service Provider's proposed solution, in sufficient detail of Services to be provided and technical design specifications by the Service Provider, as may be required.

7.2.3 The pricing for such additional service should be in accordance with the transparency principles as set out elsewhere in this Agreement.

### 7.3 Projects

From time to time Hessequa and Service Provider may enter into an Agreement in respect of projects to change existing Services or implement new Services. All such projects will be defined in detail in a project charter and the project execution will be deemed to be a Service in terms of this Agreement. All Project deliverables and milestones will each be an activity to be performed and monitored according to the timetable to be agreed in the Project Charter. All new projects will be done in line with deliverables defined in the tender specifications and costing i.t.o. the pricing schedule as per the award made by the BAC.

## 8. Day-to-Day Service Delivery Management

To ensure that this Agreement and Services under this Agreement are managed effectively on a day-to-day basis, specific measures need to be established and mutually agreed between the nominated Service Representatives of both parties.

### 8.1 Central Call Logging System

All Service failures, its root cause, corrective actions and preventative measures to minimize re-occurrences of Service failures, should be logged in the centralised Call Logging System, as mutually agreed between the Parties. Any unresolved issues will be reviewed quarterly at a SLA meeting to ensure solutions are prioritised.

Calls should be logged respectively with:**Telephony & Network**

Customercare@wispernet.co.za

## 8.2 Severity of Service Failure Impact

8.2.1 The severity of a Service failure should also be reported by Hessequa to the Service Provider when a Service failure is logged in the Call Logging System. This is to ensure that Service Provider provide the required skills and focus to resolve the Service failure and Services are re-instated in acceptable timeframes as agreed in the relevant Service Annexures;

8.2.2 The service level metrics and corrective actions for Service failures are to be documented in the applicable Service Annexures and must be mutually agreed to between the Nominated Service Representatives for both parties prior to the effective date of the Service Annexure.

## 8.3 Service Credits for Service Failures

8.3.1 Service Provider agrees that its failure to provide Services as required in terms of this Agreement, and/or to meet Service Levels, may have a material and adverse impact on the business and operations of Hessequa and that the damage from Service Provider's failure to meet its Service Levels is not susceptible to precise determination;

8.3.2 Accordingly, in the event that Service Provider consistently fails to meet Service Levels, then Hessequa may elect, but will not be obliged, to recover service credits as a percentage of the total monthly Service fee as set out in the applicable Service Annexure:

8.3.3 Should there be no applicable monthly Service fee for the Service, then the appropriate annual fees will be apportioned to a monthly fee for the purpose of calculating the service credits:

8.3.4 Nothing in this clause shall be construed as a limitation of any of Hessequa Municipality's other rights and remedies if the Service Provider defaults, including the right to cancel this Agreement;

8.3.5 Service Credits must not be construed with penalties as may be applicable for non-delivery or non-compliance during project developments or implementation of additional Services. Penalties for such events will be negotiated separately between Service Provider and Hessequa on a case-by-case basis;

8.3.6 Any dispute which arises concerning the failure to meet Service Levels, or quantum of any Service Credits shall be determined by an expert mutually agreed to by both parties appointed in terms of this Agreement.

8.3.7 The expert shall be an impartial person mutually agreed upon between the Service Provider and Hessequa.

## 8.4 Service Failure Resolution

When a failure occurs in respect of a Service, duties or obligations under this Agreement and when such failure has been brought to the Service Provider's attention by Hessequa, the Service Provider shall, at its own cost and without limiting the right of Hessequa to any other remedies in terms of this Agreement:

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8.4.1 promptly commence to investigate the root cause(s) of the failure and communicate to Hessequa such root cause(s) as identified;

8.4.2 promptly advise Hessequa of the status of such corrective efforts and contingency plans;

8.4.3 complete correction of any failure within time frames mutually agreed between the parties;

8.4.4 Update Call Logging System and report to Hessequa when Service failure has been resolved.

### 8.5 Excused Performance

If any failure to meet a Service Level is directly or solely attributable to a Force Majeure Event, or a third-party service provider to Hessequa not under management control of Service Provider, or a failure of the facilities or equipment provided by Hessequa or a breach by Hessequa of this Agreement or a Service Annexure, then Hessequa shall not be entitled to a Service Credit, or any other remedy, to the extent, and for the period of such occurrence.

### 8.6 Disaster Events

8.6.1 When an event occurs, and is of such a nature that either one of the Parties consider the event to be a disaster, Act of God, riots or protest actions and strikes, as well as a national state of disaster or a national state of emergency, the parties shall communicate, on-site, telephonically or otherwise, in good faith within 4 hours to:

8.6.1.1 Assess the scope and impact on the delivery of the Services;

8.6.1.2 Agree on alternative work methods and processes to mitigate the impact of such an event;

8.6.1.3 Agree on an overall strategy to re-instate Services using commercially reasonable efforts by both parties;

8.6.2 Payment for services rendered by the Service Provider pursuant to a disaster event and which does not form part of the Services, the Service Provider will be remunerated for all direct expenses and costs at rates for ad hoc services as specified in the Service Annexure.

## 9. Service Reporting

### 9.1 Monthly Reporting

To assist Hessequa Municipality to effectively monitor, assess and measure the performance of services on a monthly basis, the Service Provider shall grant Hessequa Municipality permission and limited access to their monitoring systems to draw the relevant reports. The service provider will also be required to ensure Hessequa ICT staff obtain the required skills to effectively utilise all or any software solutions in-use to pull reports and monitor the service.

### 9.2 Facilities and Equipment



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9.2.1 Except for the facilities and equipment provided by Hessequa as expressly provided for in this Agreement, or in a Service Annexure, or as otherwise agreed in writing from time to time, the Service Provider shall provide, at its own expense, all of the facilities, personnel, software, services and any other resources necessary to provide the Services;

9.2.2 When this Agreement or a part thereof terminates, the Service Provider must return any facilities (and equipment if applicable) to Hessequa in the same condition as received, with reasonable fair wear and tear accepted. When the contract terminates or the equipment is no longer required, all Service Providerowned information, data, and equipment must be removed from Hessequa premises and returned to the Service Provider's control. Where equipment is installed on municipal high sites, removal must be carried out in accordance with the applicable highsite access and lease agreements.

9.2.3 Inspections and preventative maintenance will be executed by the Service Provider on quarterly basis and will not be billable.

9.2.4 The municipality through this agreement place a shared responsibility on the service provider to regulate access to municipal high sites used as part of their solution within the prescripts of Chapter 4, section 22 of the ECA which confers general rights to any ECNS licensees. The service provider will quarterly notify the municipality in writing on the status of high sites if any maintenance is required. All maintenance on municipal owned high-sites will be paid for by the Municipality. Approval for the use of Municipal high sites is subject to an administrative process which requires a high site agreement which must be signed by both parties.

## 10. Contract Governance and Services Management

### 10.1 Representatives for Agreements and Services

10.1.1 Service Provider and Hessequa shall each designate a representative known as its Nominated Service Representative whose purpose, in addition to what is set out elsewhere in this Agreement shall be to serve as a channel for communication and escalation to ensure that, at all times, matters of mutual interest relating to this Agreement or disputes, are promptly brought to the attention of the appropriate persons;

10.1.2 The Nominated Service Representatives shall have the authority to act on behalf of the Parties with respect to all matters relating to the day-to-day delivery of Services included in the Service Annexure and related Annexures for which they are appointed.

### 10.2 Service Provider Key Performance Areas

10.2.1 In compliance to the MFMA, Act 56 of 2003, Section 116, requirements to do "Monthly performance reviews" of the Services provided, the Parties shall agree on a set of pre-defined Key Performance Indicators (KPI's) to be implemented to serve as an objective measure to monitor the ongoing quality of the Services to be delivered by Service Provider;

10.2.2 The KPI's must be documented in the relevant Service Annexures as applicable for each Service separately, prior to the effective date of this Agreement.

10.2.3 For any additional Services agreed after the effective date of the Main Agreement, the KPI's for such additional Services must be documented in the relevant Service Annexures as applicable for each Service separately, prior to the effective date of such additional Services.

### 10.3 Service and Performance Review Meetings

The parties agree that quarterly service and performance review meetings will take place via MS TEAMS. Hessequa Municipality will be responsible to properly record and minute these meetings for record purposes.

The parties further agree that should a face-to-face meeting be required, that the meeting will take place at a location mutually agreed by both parties.

## 11. Invoices and Payment for Services

### 11.1 Minimum Requirements for Payments

11.1.1 Service Provider must submit all invoices to the applicable Nominated Service Representative of Hessequa, accompanied by a detailed statement of work done, or Services delivered, for the payment period;

11.1.2 All payments to Service Provider will only be processed when in compliance with the applicable Hessequa policies for such payments to be made.

### 11.2 Payment for Contracted Services

Each contracted Service must be invoiced separately and Hessequa shall pay Service Provider separately for all of the Contracted Services provided by Service Provider under this Agreement and any Service Annexure, the amounts set forth in each Service Annexure.

### 11.3 Payments for On-site Consultation and Support Services

11.3.1 Regardless of what is agreed elsewhere in this Agreement, its Annexures or any other attachments to this Agreement:

a) Payments will only be made for actual time spent on delivering the Services as agreed, with the proviso that the actual time spent may not exceed the time as agreed in the Service Annexure;

b) Amendments to the agreed times may be made from time to time, with the proviso that the agreed time may not be increased without a proper motivation and approval by Hessequa.

### 11.4 Payment for Additional Services and Expenses

No invoice with respect to additional services or out of pocket expenses will be paid unless such services or expenses were authorized in advance in writing by the Hessequa Nominated Service Representative of the Service for which the additional charges or expenses are claimed.

### 11.5 Payments for Projects

Payment in respect of projects agreed to in terms of clause 6.3 shall become due at the times and on the basis separately agreed for such projects.

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### 11.6 Service Credits and Penalties

To the extent Hessequa elects a Service Credit or is entitled to any other credit or penalty pursuant to this Agreement or any Service Annexure, Service Provider shall issue a separate credit note in favour of Hessequa, should any penalties be applicable, and will not be reflected on the same invoice as fees due for Services delivered.

### 11.7 Payments in Dispute

If Hessequa disputes in good faith any portion of an invoice, Hessequa shall pay the undisputed amount of such invoice when due to Service Provider and transfer the disputed portion into an internal account under the control of the Hessequa Manager: Finance pending resolution of the dispute. Upon resolving the dispute in favour of Service Provider, Hessequa shall pay to Service Provider such portion, if any, of the disputed amount determined to be owing to Service Provider.

## 12. Work Products

The Parties agree that the Service Provider may not use any Work Product specifically developed for Hessequa to deliver or provide any service, to any of its clients or customers at any time without Hessequa Municipality's prior consent.

## 13. Information Security and Confidentiality

13.1 The Service Provider will always comply with all of the relevant policies, procedures and standards of Hessequa during the term of this Agreement;

13.2 Amendments thereto from time to time will be supplied to the Service Provider,

13.3 Any Service Annexure may contain additional specific requirements concerning information technology security and confidentiality as may be applicable for certain Services.

## 14. No Assignment

Neither Party may cede or assign its rights and/or duties in terms of this Agreement without the prior written consent of the other Party, which may be withheld or provided on such conditions as the other Party in its discretion deems appropriate.

## 15. Indemnification and Limitation of Liabilities

Except in cases of criminal intent or wilful misconduct;

15.1 Both parties hereby agree that neither party shall hold the other party liable, whether under this Agreement or otherwise, for any indirect or consequential loss or damages, loss of production or loss of profits or interest costs, provided that this exclusion does not apply to any obligation under this Agreement to pay penalties or damages to the other party for Services not provided in terms of this Agreement;

15.2 Subject only to the limitations set forth in this clause, a Party who breaches any of its duties under this Agreement or any Service Annexure shall be liable to the other party for direct damages actually incurred by the other party as a result of such breach provided that for any claim or number of claims, each Party's aggregate liability shall be limited to the annual contract value of the Services provided under this Agreement. Direct damages shall include the following and neither party shall assert that they are consequential, indirect or special damages to the extent they result from a Party's failure to fulfil its duties in accordance with this Agreement:

15.2.1 Costs to recreate or reload any of Hessequa lost or damaged information utilising the latest available back-up data;

15.2.2 Costs to implement a workaround in respect of a failure to provide the Services, including salaries of employees for overtime worked;

15.2.3 Costs to replace lost or damaged equipment, hardware, software or other materials;

15.2.4 Costs and expenses incurred to correct errors in hardware or software maintenance and enhancements or modifications, if any, provided as part of the Services;

15.2.5 Costs and expenses incurred to procure the Services from an alternate source.

15.3 The Service Provider hereby indemnifies and shall hold harmless Hessequa:

15.3.1 Against all third-party claims of infringement of trademarks, industrial design, use of confidential information, or intellectual copy or patent rights, arising out, or in connection with the Services or any misappropriation by the Service Provider or any of its sub-contractors;

15.3.2 Unless otherwise expressly stated herein, the Service Provider shall be solely responsible for, and shall indemnify Hessequa against all sub-contractor claims for costs, losses and expenses of the Service Provider necessary to meet the Service Provider's duties arising under this Agreement and the Service Annexures;

15.4 Each Party shall have a duty to mitigate damages for which the other Party is liable.

15.5 In the case of equipment failure due to mains power fluctuations, Hessequa will be held liable for the cost of the replacement of the equipment.

15.6 Hessequa will be held liable for the costs incurred in the event where their personnel damages equipment or alter any installation or cabling causing unnecessary expenses required to rectify the system.

15.7 All equipment installed or operated by the Service Provider on Hessequa Municipality property must be fully insured by the Service Provider.

## 16. Termination for Default

### 16.1 Service Provider Event of Default

16.1.1 Hessequa, without prejudice to any other remedy for breach of this Agreement, by written notice of an event default sent to the Service Provider, may terminate this Agreement in whole or in part, If the Service Provider:



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a) Committed an act of insolvency within the meaning of section 8 of the Insolvency Act, 1936 or section 344 of the Companies Act, 1973. In this event, the terms as stated in the GCC, Clause 26, and as applicable to all Service Providers and Suppliers, will come into effect;

b) Consistently breaches this Agreement or any Service Annexure in a manner which reflects failure, whether through unwillingness, inability or otherwise, including, without limitation, a consistent failure to achieve the required Service Levels;

c) In the judgement of Hessequa, has engaged in corrupt or fraudulent practices in competing for, or in executing this Agreement or any of the Services under this Agreement;

### 16.2 Consequences in an Event of Default

In terms of the MFMA, 56 of 2003, Section 15, and pursuant to the GCC, Clause 23, as required by National Treasury, the terms and conditions as specified in the GCC shall apply when a Service Provider event of default occurs:

## 17. Force Majeure

17.1 Neither Party shall be liable for any failure or delay in the performance of its duties under this Agreement or any Service Annexure to the extent such failure or delay is caused, directly or indirectly, without fault by such Party, by force majeure or any other similar cause beyond the reasonable control of such Party which could not have been prevented by reasonable precautions and could not reasonably be circumvented by the non-performing Party., such event being a "Force Majeure Event";

17.2 If a Force Majeure Event causes a failure or delay in the provision of any Services for more than two (2) consecutive days, Hessequa may, at its sole discretion, and in addition to any rights Hessequa may have pursuant to this Agreement, procure such Services from an alternate Service Provider until the Service Provider is again able to provide such Services;

17.3 The Service Provider shall be liable for the cost incurred to procure such Services not provided by it;

17.4 If the Service Provider does not pay such other provider of the Services in terms of its payment requirements, Hessequa may pay such provider and deduct any amount so paid from any amount due to the Service Provider.

17.5 Notwithstanding any other provision of this clause, a Force Majeure Event shall not relieve the Service Provider of its duty to implement successfully all the Services relating to the Services that are included in any Service Annexure within the time period described in such Service Annexure;

17.6 Hessequa shall have the option, but not the duty, to cancel this Agreement, or one or more affected Service Annexures, or parts thereof, or categories of Services, to the extent that the Service Provider fails to provide any Services in any material respect because of the occurrence of a Force Majeure Event.

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## 18. Non-Solicitation

The Parties agree that for the duration of this Agreement and in the twelve months after expiration or cancellation thereof a Party may not, without the prior written consent of the other Party, offer employment to, or employ persons employed by the other Party, save where such offer to employ is made or such employment is pursuant to a general recruitment advertisement and not on the basis of or initiated through a personal approach.

## 19. Domicilium Citandi Et Executandi

19.1 A written notice to a Party in terms of this Agreement or any Service Annexure will be valid only if it is also given to the representatives listed in clause 11.1 designated by that party in terms of this Agreement;

19.2 Any Party may, by giving notice to the other Party change the physical address chosen as its domicilium citandi et executandi to another physical address where postal delivery occurs in the Republic of South Africa, or its postal address or its telefax number;

19.3 The Parties choose as their domicilia citandi et executandi for all purposes under this Agreement, whether in respect of court process, disputes, notices or other documents or communications of whatsoever nature, the following addresses:

**Hessequa Municipality**

ATT : Municipal Manager

Physical : Civic Centre, Van den Bergh Street, Riversdale, 6670

Postal : P O Box 29, Riversdale, 6670

Tel : (028) 713 8000

e-mail : mm@hessequa.gov.za

**Wispernet (Pty) Ltd**

ATT : General Manager

Physical : 33 Hibernia Street, George, 6530

Tel :

e-mail : admin@wispernet.co.za

19.4 Any notice or communication required or permitted to be given in terms of this Agreement shall be valid and effective only if in writing;

Any notice to a Party –

19.4.1 sent by prepaid registered post in a correctly addressed envelope to an address chosen as its domicilium citandi et executandi to which post is delivered shall be deemed to have been received on the 10th Business Day after posting;

19.4.2 delivered by hand to a Designated Representative during ordinary business hours at the physical address chosen as its domicilium citandi et executandi shall be deemed to have been received on the day of delivery; or

19.4.3 sent by telefax or e-mail to its chosen telefax number or e-mail address, shall be deemed to have been received on the first Business Day following the date of despatch (unless the contrary is proved).

**Dispute Resolution**

**20.1** In order to fast-track disputes rather than following the formal arbitration procedures provided for in the Arbitration Act of 1965, both parties agreed to follow the fast dispute resolution mechanism provided for in this Clause.

**20.2** Possible disputes which may arise during the extended period and have been divided into 2 (two) categories:

(i) disputes of a technical nature affecting the quality of the Services, Systems or Integration thereof and/or the specific obligations of each party in relation thereto ("Factual Disputes"); or

(ii) disputes relating to the interpretation of the of the specific technical requirements and/or obligations in relation to the Services, Systems or Integration thereof in accordance with the Agreement and the Parties' respective rights and remedies in relation thereto ("Legal Disputes").

**20.3** If there is any dispute as to whether a dispute is a Factual or Legal Dispute, the same shall be resolved by Counsel appointed in clause 21.5 below.

**20.4** The parties agree that, in the event that they have not been able to resolve a Factual or Legal Dispute, the following Resolution Procedure shall apply:

(i) For Factual Disputes, the parties shall, within 3 business days by mutual agreement appoint a senior information technology consultant who shall be a partner of an audit firm ("Expert") to act as expert in relation thereto, and whose decision shall be final and binding upon the Parties. If the parties are unable to agree the Expert, the President of the South African Chartered Accountants Council shall appoint the Expert to resolve the Factual Dispute.

(ii) Prior to the Expert taking up his appointment, he shall execute a confidentiality and restraint undertaking in a form acceptable to the Contractor and in terms of which the said Expert shall: -

a) acknowledge that he does not have an interest, nor his employer have any interest in any project which competes or may compete with the Service Provider and, more particularly, in relation to the supply, commissioning, maintenance of the Systems; and

b) undertake that all and any information and evidence supplied to him shall be kept strictly private and confidential and shall not be disclosed to any third party, excluding the Municipality, without the prior written consent of the Service Provider, and to the extent that any such disclosure is necessary, the Expert shall procure that any third party, excluding the Municipality, gives a corresponding confidentiality undertaking in a form acceptable to the Service Provider.



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**20.5** For Legal Disputes, same will be referred to Counsel by mutual agreement or, if he is unable to act, to any other specialist patent or IT Advocate or attorney appointed by the Chairperson of the Cape Bar Council ("Counsel"), who will be briefed by the Parties to resolve any such dispute. Such Counsel shall evaluate the dispute, make a finding relative to the interpretation of such Agreement and/or the tender and his finding shall be final and binding on the Parties. The provisions below shall mutatis mutandis apply.

(i) Such Expert or Counsel will determine liability for payment of the costs incurred as a result of the referral of such disputes to either the Expert or the Counsel, as the case may be.

(ii) In the management of potential disputes arising after the signing of this Agreement, such disputes will be incorporated in a Central Issue List and both Parties will endeavour to solve such potential disputes at the level of the Project Committee within 5 (five) Business Days, failing which, such potential disputes will escalate to the higher level being the Project Executive Forum. If same is not resolved by each respective committee within 5 (five) Business Days, the next level being the Principal Management Committee level, consisting of the most senior representatives of the respective Parties, who must resolve such potential disputes within 30 (thirty) Business Days, failing which, such remedies as provided for in this Clause may be utilised.

(iii) It is further agreed that both parties shall, prior to the escalation of any dispute, provide written reasons and appropriate details for the dispute, together with corresponding details of the obligation of the other party as contained in the Main Agreement and its relevant annexures, which the party in dispute purports has not been performed.

(iv) Any resolution made and agreed to by both Parties or as determined by the Expert or the Counsel on any issue contemplated above must be recorded in writing and shall be binding, whether or not such resolution or determination constitutes a deviation from the Tender Documentation.

**20.6** The dispute resolution provided for in this clause does not prevent any Party from exercising any other right or following any other remedy available to it in terms of this Agreement, Co-operation and Good Faith

**20.7** The parties undertake to co-operate with each other in all respects in order to give effect to the intent and import of this Agreement.

**20.8** In the implementation of this Agreement, the parties undertake to observe the utmost good faith and they warrant in their dealings with each other that they shall neither do anything nor refrain from doing anything which might prejudice or detract from the rights, assets or interest of any other(s) of them.

**Project Management Services**

As per the provisions of the tender, the following staff members are dedicated to support the Municipality and any changes will be communicated and agreed to with the Municipality prior to the event:

**21.1 Escalation procedures applicable in instances where:**

21.1.1 Any of parties to this agreement cannot provide a remedy i.t.o. the agreed timeframes.

21.1.2 Any of the parties is not satisfied with the progress attained; the following designated escalation procedure will apply to review the plan for addressing such Error. Both parties may utilise the procedure to escalate urgent matter if the plan of action does not demonstrate making commercially reasonable efforts to correct the Error considering its impact.

**Hessequa Representatives**

Escalation of Calls:

| Title | Name | Mobile Number | Home Number |
|---|---|---|---|
| Mr | | | |
| Ms | | | |
| Mr | | | |
| Mr | | | |

**Wispernet Representatives**

Escalation of Calls:

| Title | Name | Mobile Number | Home Number |
|---|---|---|---|
| Mr | | | |
| Mr | | | |
| Mr | | | |
| Mr | | | |
| Mr | | | |
| | | | |

**Training**

22.1. It is recorded that the Parties will agree to an annual training program based on train-the-trainer principle. This training program will include the associated costs aligned to the provisions of the tender documentation.

22.2 The training shall be carried out by qualified representatives of the Service Provider who have the requisite experience and expertise to provide training in all aspects and areas of the System to enable the relevant Users to satisfactorily operate, manage and monitor the System where applicable.

22.3 The Service Provider will provide the Municipality's Users with Training Manuals.

22.4 If the Municipality requires additional training for its staff and/or staff of any other organization within the ambit of the Municipality's responsibilities, same shall be provided by the Service Provider upon receiving reasonable notice in writing from the Municipality and the latter shall pay for such additional training on the basis agreed to by the Parties in writing.

22.5 Training will only be required when system changes are made, and the parties agree that training is essential to accommodate all personnel operating on the altered system.

**General**

23.1 This Agreement and any Annexure thereto contains the entire agreement between the parties in relation to the subject matter hereof;

23.2 No failure by a Party to enforce any provision of this Agreement shall constitute a waiver of such provision or affect in any way a Party's right to require the performance of such provision at any time in the future, nor shall a waiver of a subsequent breach nullify the effectiveness of the provision itself;

23.3 No agreement to vary, add to or cancel this Agreement shall be of any force and effect unless reduced to writing and signed on behalf of the Parties to this Agreement by their Nominated Contract Representatives;

23.4 No party may cede any of its rights or delegate any of its obligations under this Agreement without the prior written consent of the other party;

23.5 If any provision of this Agreement, which is not material to its effectiveness as a whole, is rendered void, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby;

23.6 Each Party will be responsible for its own costs which arise directly or indirectly out of or in connection with the negotiation, preparation and implementation of this Agreement.

**24. DATA PRIVACY AND SECURITY IN TERMS OF THE PROTECTION OF PERSONAL INFORMATION ACT (POPIA), 4 OF 2013**

24.1 OWNERSHIP

24.1.1 Any information and Personal Information ("data") provided by the Organisation to the Service Provider and used by the Service Provider directly or indirectly in the performance of this Agreement shall remain at all times the property of the Organisation. It shall be identified, clearly marked and recorded as such by the Service Provider on all media and in all documentation.

24.1.2 The Organisation will retain unrestricted rights to its data and retains ownership of any user created/loaded data and applications hosted on the Service Provider's infrastructure, as well as maintains the right to request full copies of these at any time.

24.1.3 The data must be available to the Organisation upon request within one working day or within the timeframe specified otherwise and shall not be used for any other purpose other than that specified herein. The Service Provider shall provide requested data at no additional cost to the Organisation.

24.2 COMPLIANCE WITH APPLICABLE LAWS

24.2.1 While processing Personal Information for or on behalf of the Organisation, the Service Provider shall comply with all Personal Information protection laws, rules, regulations, orders, conventions and ordinances applicable to the Organisation.

24.2.2 Without limiting the aforegoing, the Service Provider shall appoint an employee who will be accountable for ensuring such compliance and implementing and maintaining all Personal Information processing policies and procedures required under this Agreement.

24.3 AUDIT

24.3.1 The Service Provider will, upon reasonable request, provide the Organisation with all the information regarding the processing of the Personal Information for or on behalf of the Organisation that the Organisation determines is necessary or desirable, including, but not limited to:

a) Where the Organisation's Personal Information is stored?

b) Who has access to the Organisation's Personal Information and for what purposes?

c) What security measures are taken?

d) The length of time that the Organisation's Personal Information is maintained.

24.3.2 Upon the Organisation's request, the Service Provider, or at the Service Provider's expense, will cause an independent third party, reasonably acceptable to the Organisation to:

a) Confirm the performance of the Service Provider with the obligations set forth in this Agreement.

b) Provide evidence of such confirmation to the Organisation, which shall be satisfactory to the Organisation in its reasonable discretion.

24.3.3 In addition, the Service Provider will allow and assist in the audit of its obligations under this Agreement by the Organisation or its authorised representatives.

24.4 USE LIMITS

All Personal Information acquired by the Service Provider from the Organisation as part of this Agreement shall only be used for the purposes set out in this Agreement and shall not be further processed or disclosed for any secondary purpose without the explicit written consent of the Organisation.

24.5 ACCESS, REVIEW, CORRECTION AND CHOICE

24.5.1 The Service Provider recognises that the Organisation may have obligations to allow Data Subjects to access, correct or have deleted certain of their Personal Information, as well as to make and change certain choices with respect to the use of Personal Information.

24.5.2 The Service Provider further recognises that similar obligations may arise in the future either as a matter of law or as a consequence of representations made by the Organisation to Data Subjects.

24.5.3 In order that requests from Data Subjects in connection with these matters are expeditiously handled, the Service Provider agrees to take all the actions as may be required to respond to any request for access, change, correction, or choice modification of the Organisation's Personal Information made by or through the Organisation, or made pursuant to procedures established by the Organisation, in a manner which will result in completion of the action in a period (inclusive of any time required by the Service Provider's subsequent sub-contractors) no longer than 30 days or such period that may be imposed on the Organisation as a matter of applicable law; whichever is shorter.

24.5.4 Any access requests made to the Service Provider regarding the Organisation's Personal Information will be promptly forwarded to the Organisation. The Service Provider will follow any instructions provided by the Organisation for responding to the requests.

24.6 DISCLOSURE

24.6.1 The Service Provider must treat all Personal Information processed on behalf of the Organisation as confidential. This includes Personal Information provided by or on behalf of the Organisation and personal information collected directly from Data Subjects.

24.6.2 Except as prescribed by a lawful order of a court, such as a subpoena or court order or in response to a lawful access request by a law enforcement agency, no Personal Information shall be disclosed by the Service Provider without the written consent of the Organisation.

24.6.3 Unless otherwise prohibited by the court or law enforcement agency making the request, the Service Provider must inform the Organisation in writing of the receipt of a request for the disclosure of Personal Information within 2 working days after receipt thereof.

24.6.4 The Service Provider will notify the Organisation immediately of all communications it receives from any person or body which suggests that Personal Information is being processed in non-compliance with the Act.

24.6.5 The Service Provider will not enter into any communication or take action without the express agreement and authorisation of the Organisation in respect of such notification.

24.7 TRANSBORDER INFORMATION FLOWS

24.7.1 The processing of Personal Information, including but not limited to the transfer and storage of Personal Information on back-up tapes and archives, may not take place outside the boundaries of the Republic of South Africa, without the written prior approval of the Organisation.

24.7.2 The Organisation will not withhold approval if the Service Provider submits proof:

a) that the country where the Personal Information is to be processed has a law similar to the POPIA; or

b) that binding corporate rules, that effectively uphold the POPIA principles for processing of Personal Information, apply to the processing of Personal Information in question; and

c) either the law or the binding corporate rules have similar provisions relating to the further transfer of the Personal Information to a third party in a foreign country.

24.7.3 Where written approval is given to the Service Provider to process, transfer or store the Personal Information outside the boundaries of the Republic of South Africa, the Service Provider remains bound by the provisions of this Agreement.

24.8 SECURITY

24.8.1 The Service Provider shall take all reasonable precautions, including use of encryption technology and strong physical security measures to preserve the integrity and prevent any corruption or loss, damage or destruction of the Organisation's data and Personal Information.

24.8.2 The Service Provider shall be responsible for the following privacy and security safeguards:

a) As far as reasonably possible to safeguard against threats and hazards to the security, integrity, and confidentiality of any Personal Information collected and stored by the Service Provider.

b) If new or unanticipated threats or hazards are discovered by either the Organisation or the Service Provider, or if existing safeguards have ceased to function, the discoverer shall immediately bring the situation to the attention of the other party.

24.8.3 The Service Provider shall not publish or disclose in any manner, without the Organisation's written consent, the details of any organisational or technical safeguards either designed or developed by the Service Provider under this contract or otherwise provided by the Organisation.

24.8.4 The Service Provider shall ensure that appropriate administrative, technical, and physical safeguards are established to ensure the security and confidentiality of all Personal Information.

24.8.5 If the data that is processed and stored by the various applications within the network infrastructure contains personal information this shall be protected against unauthorised access, disclosure or modification, theft, or destruction.

24.8.6 The Service Provider shall ensure that the facilities that house the network infrastructure are physically secure.

24.8.7 Personnel working on any of the described tasks must sign formal non-disclosure and/or conflict of interest agreements to guarantee the protection and integrity of the Organisation's Personal information and documents.

24.8.8 Personnel working on any of the described tasks may, at the Organisation's request, be required to go through background screening checks.

24.8.9 The Service Provider shall generally, substantially, and in good faith follow the Organisation's security guidelines and guidance.

24.8.10In situations where there are no procedural guides, the Service Provider shall use generally accepted industry best practices for IT security.

24.9 THIRD PARTY EMPLOYEES

24.9.1 The Service Provider shall limit disclosure of or access to the Organisation's Personal Information to its employees who have legitimate business needs to know relating to this Agreement, and who have received proper training and instruction as to the requirements of this Agreement.

24.9.2 The Service Provider will advise any individual to whom any of the Organisation's Personal Information is disclosed or made accessible to of the provisions of this Agreement dealing with the protection of the Organisation's Personal Information.

24.9.3 The Service Provider accepts full liability for any breaches of this Agreement by any of its employees or agents as if the employees or agents were directly bound by this Agreement and the Service Provider had guaranteed their obligations hereunder.

24.10 SUB-CONTRACTING

24.10.1Unless the Organisation agrees in writing, the Service Provider may not use, in part or in full, the services of a sub-contractor or agent other than its full-time employee, in the processing of the Organisation's personal information.

24.10.2Where provision has been made for the use of sub-contractors or agents, the Service Provider must provide written confirmation to the Organisation, that the terms and conditions applicable to the Service Provider in terms of this Agreement are incorporated in the terms and conditions of the appointment of the sub-contractor or agent and provide the Organisation with a copy thereof.

24.10.3Despite any written approval to use a sub-contractor or agent, the Service Provider remains responsible for its liabilities or obligations under this Agreement.

24.11 INCIDENT PROCESSING AND BREACH RESPONSE

24.11.1The Service Provider will promptly inform the Organisation of any breach or suspected security breach as contemplated in terms of section 22(1) of POPIA involving personal information being processed on behalf of the Organisation.

24.11.2The Service Provider will notify the Organisation of any such suspected security breach within 72 hours of the breach coming to the Service Provider's notice.

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24.11.3In the event of any security breach, the Service Provider shall promptly use its best efforts to prevent a recurrence of any such security breach.

24.11.4Immediately following the Service Provider's notification to the Organisation of such a security breach, the parties shall coordinate with each other to investigate the security breach.

24.11.5The Service Provider agrees to [fully/reasonably] cooperate with the Organisation in the handling of the matter, including, without limitation:

a) Assisting with any investigation.

b) Providing the Organisation with physical access to the facilities and operations affected.

c) Facilitating interviews with the Service Provider's employees and others involved in the matter.

d) Making available all relevant records, logs, files, data reporting and other materials as otherwise [reasonably] required by the Organisation.

24.11.6The Service Provider shall reimburse the Organisation for actual [reasonable] costs incurred in providing individuals affected by a security breach with a notice of the breach as required in terms of section 22(4) of POPIA.

24.12 BUSINESS CONTINUITY

24.12.1The Service Provider will have and maintain a business continuity plan (the Plan) for the duration of this Agreement.

24.12.2The Plan will specifically address the Service Provider's ability to provide its services in the event of a business disruption.

24.12.3The Plan will provide a mechanism for the redundancy or backup of the Service Provider's business operations designed to keep the Service Provider's services from becoming unavailable for a significant amount of time due to an event and to permit the related business operations of the Organisation to be reinstituted in a time period that permits the ongoing operations and functionality of the Organisation to which the Service Provider's services relate.

24.12.4The Plan will address all the computer hardware, computer software, telecommunications capabilities and other similar or related items of automated, computerised and software systems and any other networks or systems that are used, or relied on, by the Service Provider in the provision of its services.

24.13 PROVIDING ASSISTANCE

24.13.1The Service Provider will assist the Organisation promptly with all the required information to respond to any enquiry received from the Information Regulator in connection with Personal Information being processed by the Service Provider for or on behalf of the Organisation.

24.13.2The Service Provider will assist the Organisation with all Data Subject access requests, rectification, objection, etc. which may be received from individuals whose Personal Information the Service Provider is processing on behalf of the Organisation.

24.14 INDEMNIFICATION

The Service Provider agrees to defend, indemnify and hold the organisation harmless from any liability, claims, damages, fines, penalties, costs, demands and expenses (including costs of defense, settlement and reasonable legal fees), arising from or related to any breach of this Agreement by the Service Provider or the Service Provider's employees, agents or, direct or indirect sub-contractors.

24.15 POST TERMINATION

24.15.1In the event of termination of this Agreement the Service Provider shall when directed to do so by the Organisation instruct all its agents and sub-contractors to erase all Personal Information processed by or on behalf of the Organisation and all copies of any part of the Personal Information provided by the Organisation from the Service Provider's information systems as well as the information systems of the Service Provider's agents and sub-contractors, whether in electronic or manual format.

24.15.2When the contract terminates or the equipment is no longer required, all Service Provider-owned information, data, and equipment must be removed from Hessequa premises and returned to the Service Provider's control. Where equipment is installed on municipal high sites, removal must be carried out in accordance with the applicable high-site access and lease agreements. Any data-bearing media must be sanitised or destroyed by the Service Provider following recognised industry best-practice standards to eliminate residual risk.

24.15.3The Service Provider will promptly amend, transfer or delete any Personal Information that the Service Provider is processing for the Organisation if required to do so.

24.15.4The disposition of all data will be at the written direction of the Organisation.

24.15.5This may include documents returned to the Organisation's control; destroyed; or held as specified until otherwise directed.

24.16 DAMAGES

24.16.1The Service Provider indemnifies and holds the Organisation harmless for any liability in connection with any breach of its obligations under this Agreement or POPIA.

24.16.2The Service Provider is strictly liable for the actions and omissions of its employees and subcontractors in this regard.

24.16.3This indemnity is for any legal action, including but not limited to: damages, fines, penalties, costs, legal fees, and any other claims arising from the Service Provider's breach of this Agreement.

24.17 TERM AND TERMINATION

24.17.1The Organisation may immediately terminate this Agreement without liability to the Service Provider if the Service Provider repudiates or breaches any of the terms of this Agreement and does not correct such failure or breach within 14 days after receipt of written notice from Organisation.

24.17.2Any termination of this Agreement will, at the option of Organisation, constitute a termination with respect to processing of Organisation Personal Information in effect between the parties at the time of termination.

24.17.3Termination for any reason shall not relieve such party from its obligations with respect to Organisation Personal Information previously imported, exported or re-exported.

24.17.4This Agreement will remain in full force and effect for as long as any processing of Organisation Personal Information remains in force and effect, unless terminated sooner under the provisions of this Section.

24.17.5The Organisation may immediately terminate this Agreement without liability to the Service Provider if the Service Provider repudiates or breaches any of the terms of this Agreement and does not correct such failure or breach within 14 days after receipt of written notice from Organisation.

24.17.6Any termination of this Agreement will, at the option of Organisation, constitute a termination of any processing of Organisation Personal Information in effect between the parties at the time of termination.

24.17.7Termination for any reason shall not relieve such party from its obligations previously in effect with respect to Organisation Personal Information transferred to the Service Provider.

**25. Acceptance and Sign-off**

SIGNED by the Parties duly authorised on the following dates and at the following places respectively:

| | |
|---|---|
| Signature on behalf **Hesseque Municipality**<br><br>................................................................ | Date:<br><br>Place: **Riversdale** |
| Name of signatory: | |
| Capacity of signatory: **Municipal Manager** | |
| Signature of witness<br><br>................................................................ | |
| Surname and first full name of witness: | |

| | |
|---|---|
| Signature on behalf of **Wispernet (Pty) Ltd**<br><br>................................................................ | Date:<br><br>Place: **George** |
| Name of signatory: | |
| Capacity of signatory: | |
| Signature of witness<br><br>................................................................ | |
| Surname and first full name of witness: | |

## Annexure 1 – Pricing Schedule

### DESIGN, PROVISION AND MANAGEMENT OF AN INTERGRATED WIDE AREA NETWORK, INTERNET AND TELECOMMUNICATIONS FOR HESSEQUA MUNICIPALITY

**Pricing Schedule**

| | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|---|
| **Connection Speed** | **Qty** | **Monthly Cost (Year 1) Vat Excl.** | **Monthly Cost (Year 2) Vat Excl.** | **Monthly Cost (Year 3) Vat Excl.** | **Monthly Cost (Year 4) Vat Excl.** | **Monthly Cost (Year 5) Vat Excl.** |
| 300Mbps | 1 | R 6,900.00 | R 6,900.00 | R 6,900.00 | R 6,900.00 | R 6,900.00 |
| 100Mbs | 2 | R 9,000.00 | R 9,000.00 | R 9,000.00 | R 9,000.00 | R 9,000.00 |
| 50Mbps | 8 | R 34,000.00 | R 34,000.00 | R 34,000.00 | R 34,000.00 | R 34,000.00 |
| 10Mbps | 37 | R 55,500.00 | R 55,500.00 | R 55,500.00 | R 55,500.00 | R 55,500.00 |
| 20 Mbps | 38 | R 79,800.00 | R 79,800.00 | R 79,800.00 | R 79,800.00 | R 79,800.00 |
| 20 Mbps | 40 | R 84,000.00 | R 84,000.00 | R 84,000.00 | R 84,000.00 | R 84,000.00 |
| **Sub Total (Vat Excl.)** | | **R 269,200.00** | **R 269,200.00** | **R 269,200.00** | **R 269,200.00** | **R 269,200.00** |
| **VAT 15%** | | **R 40,380.00** | **R 40,380.00** | **R 40,380.00** | **R 40,380.00** | **R 40,380.00** |
| **Total (VAT Inclusive)** | | **R 309,580.00** | **R 309,580.00** | **R 309,580.00** | **R 309,580.00** | **R 309,580.00** |

| **Description** | | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|---|---|
| | **Qty** | **Unit Price** | **Monthly Cost (Year 1) Vat Excl.** | **Monthly Cost (Year 2) Vat Excl.** | **Monthly Cost (Year 3) Vat Excl.** | **Monthly Cost (Year 4) Vat Excl.** | **Monthly Cost (Year 5) Vat Excl.** |
| 48 Port Full Managed POE Gigabit Switch | 3 | R 885.00 | R 2,655.00 | R 2,655.00 | R 2,655.00 | R 2,655.00 | R 2,655.00 |
| 24 Port Full Managed POE Gigabit Switch | 6 | R 550.00 | R 3,300.00 | R 3,300.00 | R 3,300.00 | R 3,300.00 | R 3,300.00 |
| 16 Port Full Managed POE Gigabit Switch | 2 | R 285.00 | R 570.00 | R 570.00 | R 570.00 | R 570.00 | R 570.00 |
| **Sub Total (Vat Excl.)** | | R | **R 6,525.00** | **R 6,525.00** | **R 6,525.00** | **R 6,525.00** | **R 6,525.00** |
| **VAT 15%** | | R | **R 978.75** | **R 978.75** | **R 978.75** | **R 978.75** | **R 978.75** |
| **Total (VAT Inclusive)** | | R | **R 7,503.75** | **R 7,503.75** | **R 7,503.75** | **R 7,503.75** | **R 7,503.75** |

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**Optic Fibre connections**

| 2. | Site | Monthly Cost (Year 1) Vat Excl. | Monthly Cost (Year 2) Vat Excl. | Monthly Cost (Year 3) Vat Excl. | Monthly Cost (Year 4) Vat Excl. | Monthly Cost (Year 5) Vat Excl. |
|---|---|---|---|---|---|---|
| 2.1 | Riversdale | R 6,900.00 | R 6,900.00 | R 6,900.00 | R 6,900.00 | R 6,900.00 |
| 2.2 | 50Mbps Fibre Connection (secondary) Riversdale-MPCC) | R 1,299.00 | R 1,299.00 | R 1,299.00 | R 1,299.00 | R 1,299.00 |
| **Sub Total (Vat Excl.)** | | **R 8,199.00** | **R 8,199.00** | **R 8,199.00** | **R 8,199.00** | **R 8,199.00** |
| **VAT 15%** | | **R 1,299.85** | **R 1,299.85** | **R 1,299.85** | **R 1,299.85** | **R 1,299.85** |
| **Total (VAT Inclusive)** | | **R 9,428.85** | **R 9,428.85** | **R 9,428.85** | **R 9,428.85** | **R 9,428.85** |

**Fixed Cost Table**

| Description | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|---|
| | Qty | Annual Cost (Year 1) Vat Excl. | Annual Cost (Year 2) Vat Excl. | Annual Cost (Year 3) Vat Excl.. | Annual Cost (Year 4) Vat Excl. | Annual Cost (Year 5) Vat Excl. |
| Municipal Connected Sites | 43 | R 972,000.00 | R 972,000.00 | R 972,000.00 | R 972,000.00 | R 972,000.00 |
| 200Mbps Fibre Connection | 1 | R 82,800.00 | R 82,800.00 | R 82,800.00 | R 82,800.00 | R 82,800.00 |
| 50Mbps Fibre Connection | 1 | R 15,588.00 | R 15,588.00 | R 15,588.00 | R 15,588.00 | R 15,588.00 |
| 48 Port Full Managed POE Gigabit Switch | 3 | R 31,860.00 | R 31,860.00 | R 31,860.00 | R 31,860.00 | R 31,860.00 |
| 24 Port Full Managed POE Gigabit Switch | 6 | R 39,600.00 | R 39,600.00 | R 39,600.00 | R 39,600.00 | R 39,600.00 |
| 16 Port Full Managed POE Gigabit Switch | 2 | R 6,840.00 | R 6,840.00 | R 6,840.00 | R 6,840.00 | R 6,840.00 |
| **30-min response** time and **12 hrs resolution** time | N/A | R 114,000.00 | R 114,000.00 | R 114,000.00 | R 114,000.00 | R 114,000.00 |
| **Sub Total (Vat Excl.)** | | **R 1,262 688.00** | **R 1,262 688.00** | **R 1,262 688.00** | **R 1,262 688.00** | **R 1,262 688.00** |
| **VAT 15%** | | **R 189,403.20** | **R 189,403.20** | **R 189,403.20** | **R 189,403.20** | **R 189,403.20** |
| **Grand Total (Vat Incl.)** | | **R 1,452 091.20** | **R 1,452 091.20** | **R 1,452 091.20** | **R 1,452 091.20** | **R 1,452 091.20** |

## Price Schedule : Telecommunications

### Server based system

| PABX Option 3 : 3CX on on-site server and failover server hosted in the cloud | | | | | |
|---|---|---|---|---|---|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Monthly | R 59 390.00 | R 59 390.00 | R 59 390.00 | R 59 390.00 | R 59 390.00 |
| Yearly cost | R 712 680.00 | R 712 680.00 | R 712 680.00 | R 712 680.00 | R 712 680.00 |

### VoIP internet connectivity (Dedicated port on SAS-D) – 10Mbps optic fibre

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|
| Monthly | R 950.00 | R 950.00 | R 950.00 | R 950.00 | R 950.00 |
| Yearly | R 11 400.00 | R 11 400.00 | R 11 400.00 | R 11 400.00 | R 11 400.00 |

| **Proposal** | **Year 1** | **Year 2** | **Year 3** | **Year 4** | **Year 5** |
|---|---|---|---|---|---|
| **Total** | **R 1 932 168.00** | **R 1 932 168.00** | **R 1 932 168.00** | **R 1 932 168.00** | **R 1 932 168.00** |

***Pricing excludes 15% VAT***

### Variable Cost

| **3.** | **Area** | **Tariff Landline to landline** | | | | |
|---|---|---|---|---|---|---|
| | | **Monthly Cost (Year 1) Vat Excl.** | **Monthly Cost (Year 2) Vat Excl.** | **Monthly Cost (Year 3) Vat Excl.** | **Monthly Cost (Year 4) Vat Excl.** | **Monthly Cost (Year 5) Vat Excl.** |
| 3.1 | Local | R0.18/min/sec | R0.18/min/sec | R0.18/min/sec | R0.18/min/sec | R0.18/min/sec |
| 3.2 | National | R0.18/min/sec | R0.18/min/sec | R0.18/min/sec | R0.18/min/sec | R0.18/min/sec |
| 3.3 | International | Country Specific | Country Specific | Country Specific | Country Specific | Country Specific |
| **Sub Total (Vat Excl.)** | | **Can only be calculated if monthly billing fee is provided. Per second billing excluding VAT** | | | | |
| **VAT 15%** | | | | | | |
| **Total (VAT Inclusive)** | | | | | | |



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| 4. | Tariff Landline to cell phone | Type of Billing (per second/per minute) | | | | |
|---|---|---|---|---|---|---|
| | | Cost (Year 1) Vat Excl. | Cost (Year 2) Vat Excl. | Cost (Year 3) Vat Excl. | Cost (Year 4) Vat Excl. | Cost (Year 5) Vat Excl. |
| 4.1 | MTN/Vodacom | R0.48/min/sec | R0.48/min/sec | R0.48/min/sec | R0.48/min/sec | R0.48/min/sec |
| 4.2 | Cell C/Telkom | R0.50/min/sec | R0.50/min/sec | R0.50/min/sec | R0.50/min/sec | R0.50/min/sec |
| 4.3 | | | | | | |
| 4.4 | | | | | | |
| **Sub Total (Vat Excl.)** | | **Can only be calculated if monthly billing fee is provided. Per second billing excluding VAT** | | | | |
| **VAT 15%** | | | | | | |
| **Total (VAT Inclusive)** | | | | | | |

| Provider Type | Porting Fee (Per Number) | Notes |
|---|---|---|
| N/a | N/a | N/a |

#### Additional Pricing Information

Wispernet will provide the new CPE hardware for additional remote offices at no cost to the Municipality. This will remain the property of Wispernet.

All labour rates: Per hour or part thereof

| Description | Tariff | After hours | Saturday, Sunday and Public Holidays |
|---|---|---|---|
| Once-off installation fee** | R 950.00 | R 950.00 | R 950.00 |
| Call out fee | R 450.00 | R 650.00 | R 900.00 |
| Labour rate | R 500.00 | R 600.00 | R 1 000.00 |
| Travel rate per km | R 10.00 | R 10.00 | R 10.00 |
| | | | |

- Travelling not applicable within the municipal boundary of Riversdale.
- Cabling, network equipment (patch panels, etc) will be billed at actual cost. Quotation will be provided as and when required.

*****Including labour, cabling and sundry items, excluding travelling***

Additional IT Support for services not specified in tender eg. LAN support beyond the Wispernet network.

| Period | Time | Rate | Rate after hours |
|---|---|---|---|
| Monday to Friday | 08h00 to 17h00 | R 750.00 | R 1 150.00 |
| Saturdays | 08h00 to 13h00 | R 1 150.00 | R 1 350.00 |
| Sundays and Public Holidays | | R 1 500.00 | R 1 500.00 |

The travel and labour rates are linked to the economy, inflation- and exchange rates and are subject to change with prior notice to Hessequa Municipality.

*** Labour prices include 15%VAT*

All the equipment will remain the property of Wispernet.

All costs to Hessequa Municipality reflect in the above costing schedules.

Sophos SD-RED Devices can be installed per office if required. This option wil cost and additional R350 (excl. VAT) per office per month. If this option is required, the Municipality must ensure that the main Sophos firewall at head office's standard license is renewed as per Hessequa Municipality's standard



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license agreement with the Sophos service provider. No additional licenses will be required for the Sophos SD-Red devices if the standard Sophos Firewall license is up to date.

**Should the number of facilities connected increase, please discuss the cost implications (including capex & opex considerations, once off setup costs, on-going recurring costs, etc.)**

Pricing will remain unchanged.

**Should the number of facilities connected decrease, please discuss the cost implications (including capital and operational expenditure considerations, once off setup costs, on-going recurring costs, etc.)**

Pricing will remain unchanged.



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## Annexure 2 - Service-Critical Aspects

**Expanded precedence clause**

Provided that—where any provision of this Contract differs from, or is inconsistent with, the Tender Document—the Tender Document shall prevail and remain the governing instrument, specifically for the service-critical aspects below whose dilution may adversely affect service delivery:

| (Tender anchor) | Risk if diluted (negative service impact) | Critical services affected |
| --- | --- | --- |
| Uptime targets per component (≥99.5% / ≥99.0%) | Increased outages and user downtime | Core Internet, WAN, VoIP, Emergency CC |
| Network performance thresholds (Latency ≤30ms P95; Jitter ≤30ms; Loss ≤0.5%; MOS ≥4.0) | Voice/data degradation; dropped/poor-quality calls | WAN, VoIP, Emergency CC |
| Incident response & resolution (P1 ≤30 min response; ≤12 h restore; defined RTO) | Prolonged outages; slow recovery | Core Internet, WAN, Emergency CC |
| Bi Annual - Auto-failover/DR posture (recording-enabled failover; "no downtime expected") | Loss of call-taking/recording; public safety risk | Emergency CC, VoIP |
| Monitoring & verification (provider tooling; municipal read-only access; NTP sync) | Unverifiable KPIs; disputes; blind spots | All components |
| Planned & emergency maintenance (5-day notice; 00:00–04:00; monthly caps) | Working-hours disruption; hidden downtime | All components |
| High-site governance & quarterly preventative maintenance | RF instability; increased link failures | High-sites, WAN |
| Configuration backups & restore testing; quarterly report by 5th BD | Extended MTTR; weak oversight and trend analysis | All components |
| Change control & annual review baselines (mutual agreement) | Unilateral weakening of guarantees | All components |

For the above aspects, any inconsistency shall be resolved in favour of the Tender Document's wording, metrics, thresholds, evidence, and application to safeguard service delivery.



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**GROUP EDITORS**

# PRO-FORMA INVOICE

2026/03/24 10:30:36 AM 

**REFERENCE:** **GE01-QG032074**

GE01 **GROUP EDITORS**
*P O BOX 806*
GEORGE
6530

**VAT No:** 4240105785
**Registration No:** 1963/002133/07
**Telephone:** 044 874-2424
**FAX No:** 044 874-1393

**SALES PERSON:** JC JUAN-MARE CONRADIE
jmc@groupeditors.co.za

**COMPANY BANKING DETAILS**
**BANK NAME:** FNB
**BRANCH CODE:** 210114
**BRANCH NAME:** GEORGE
**BANK ACCOUNT No:** 52291937427
*All Cheques must be completed with our FULL Account Name as above*

**CLIENT:** LAN80007 HESSEQUA MUNICIPALITY
**ADDRESS**
VAN DEN BERGSTRAAT
RIVERSDAL

RIVERSDALE
6670

**Registration No**

**VAT No**
4780193258

**Telephone No:** 028 713 8000

**QUOTATION DETAILS:** PUBLIC NOTICE
**FOR ATTENTION OF:** Leanne
**QUOTE DATE:** 2026/03/24
**EXPIRY DATE:** 2026/03/27
**EMAILS SENT TO:** leanne@hessequa.gov.za

| | PUBLICATION & SECTION | Details of Booking | Booking Description | Insertion Dates or the WEB Appearance Dates | B&W or Colour | Insert Count / Unit Price | PRICE (Ex. VAT) | VAT | TOTAL (Incl.) |
|---|---|---|---|---|---|---|---|---|---|
| 1 | SUID KAAP FORUM<br>MAIN BODY | LEGALS: 30 x 4 (300 x 131mm)<br>Print Order:3 000 R1.75 / copy. | *PUBLIC NOTICE* | 27/03 | B & W | 1 X<br>5 264.40 | 5 264.40 | 789.66 | R6 054.06 |
| 2 | www.suidkaapforum.com<br>FACEBOOK | Web Booking: : Units: 0 (2026/03/27 - 2026/03/27) | *PUBLIC NOTICE* | 2026/03/27 - 2026/03/27 | N/A | 1 X<br>0.00 | 0.00 | 0.00 | R0.00 |
| | | | | | | **TOTALS:** | 5 264.40 | 789.66 | R6 054.06 |

Ek sertifiseer dat goedere waarlik ontvang is / Dienste gelewer is, en dat die pryse volgens kontrak billik is.
Naam in drukskrif: Leanne Windvogel
Handtekening:
Werkstitel: Clerk: Tender Admin
Datum: 25/03/2026

Initial:

**ACCEPTED:** Date: 24/03/2026

Signature:

Print Name: Leanne Windvogel

Clerk : Tender Admin

| | |
|---|---|
| EX VAT VALUE: | R5 264.40 |
| VAT: | R789.66 |
| TOTAL INCLUDING VAT: | R6 054.06 |

**A Tax Invoice will be issued upon placement of your advertising campaign for your records.**

Ek sertifiseer dat goedere waarlik ontvang is / Dienste gelewer is, en dat die pryse volgens kontrak billik is.

Naam in drukskrif: Leanne Windvogel

Handtekening:

Werkstitel: Clerk: Tender Admin

Datum: 25/03/2026

Initial:

TERMS AND CONDITIONS

By accepting this quotation, or signing this document, you accept all of Group Editors' Terms and Conditions. Please refer to our Terms and Conditions for more details, which are available on our website at https://www.georgeherald.com/Pages/Disclaimers.

Ek sertifiseer dat goedere waarlik ontvang is / Dienste gelewer is, en dat die pryse volgens kontrak billik is.

Naam in drukskrif: Leanne Windvogel

Handtekening:

Werkstitel: Clerk: Tender Admin

Datum: 25/03/2026

Initial:

# HESSEQUA
Local Municipality

## PUBLIC NOTICE

**NOTICE IS HEREBY GIVEN, in terms of Section 33 of the Municipal Finance Management Act (MFMA), Act 56 of 2003, that Hessequa Municipality intends to enter into a contract that will impose financial obligations on the Municipality for a period exceeding three (3) financial years, for the DESIGN, PROVISION AND MANAGEMENT OF AN INTEGRATED WIDE AREA NETWORK, INTERNET AND TELECOMMUNICATIONS FOR HESSEQUA MUNICIPALITY FOR A PERIOD OF FIVE (5) YEARS under tender HES-CORP 05/2526**

**FURTHER NOTICE IS HEREBY GIVEN, in accordance with Section 21A of the Local Government: Municipal Systems Act, Act 32 of 2000, that:**

1. The local community and all interested or affected parties are invited to submit written comments or representations regarding the proposed draft contract and the Municipality's intended commitments in terms thereof.

2. The following documents are available for public inspection for the duration of the commenting period:
   - The draft contract;
   - The information statement summarising the Municipality's obligations and the anticipated financial implications of the contract as required by Section 33 of the MFMA; and
   - Any other relevant documents that informed the Municipality's decision-making process.

**These documents are accessible:**
- On the Municipality's official website at www.hessequa.gov.za;
- At the Supply Chain Management (SCM) Offices at the Absa Building, Corner of Dickson and Church Street, Riversdale, during normal office hours; and
- At all Hessequa Municipal satellite offices and public libraries during their normal opening hours.

**Members of the public may submit comments or representations by any of the following methods:**
- By post: Supply Chain Management, Hessequa Municipality, P.O. Box 29, Riversdale, 6670
- By hand delivery: SCM Offices, Corner of Dickson and Church Street, Riversdale
- By e-mail: jonathan@hessequa.gov.za or hpienaar@hessequa.gov.za

Enquiries may be directed to Mr. Jonathan Kleinhans at 028-713 8026, email: jonathan@hessequa.gov.za or Hendrik Pienaar at 028-713 7951, email: hpienaar@hessequa.gov.za.
**All comments or representations must be received on or before Friday, 17 April 2026 at 13:00.** The Municipality reserves the right not to accept or consider any submissions received after the closing date.

Ek sertifiseer dat goedere waarlik ontvang is / **Dienste gelewer is, en dat die pryse volgens kontrak billik is.**
Naam in drukskrif: Leanne Windvogel
Handtekening:
Werkstitel: Clerk: Tender Admin
Datum: 05/03/2026

# HESSEQUA
Plaaslike Munisipaliteit

## PUBLIEKE KENNISGEWING

**KENNIS GESKIED HIERMEE, ingevolge Artikel 33 van die Wet op Munisipale Finansiële Bestuurs Wet, Wet 56 van 2003,)** dat Hessequa Munisipaliteit beoog om 'n kontrak te sluit wat finansiële verpligtinge vir die Munisipaliteit sal meebring vir 'n tydperk wat drie (3) finansiële jare oorskry, vir die **ONTWERP, VOORSIENING EN BESTUUR VAN 'N GEÏNTEGREERDE WYE-AREA-NETWERK, INTERNET EN TELEKOMMUNIKASIE VIR HESSEQUA MUNISIPALITEIT VIR 'N TYDPERK VAN VYF (5) JAAR onder tender HES-CORP 05/2526**

**VERDERE KENNIS WORD HIERMEE GEGEE, ingevolge Artikel 21A van die Wet op Plaaslike Regering: Munisipale Stelsels Wet, Wet 32 van 2000, dat:**

1. Die plaaslike gemeenskap en alle belanghebbende of geaffekteerde partye uitgenooi word om skriftelike kommentaar of voorstelle in te dien rakende die voorgestelde konsepkontrak en die Munisipaliteit se voorgenome verpligtinge in terme daarvan..

2. Die volgende dokumente is vir die duur van die kommentaartydperk beskikbaar vir publieke inspeksie:
   - Die konsepkontrak;
   - Die inligtingsverklaring wat die Munisipaliteit se verpligtinge en die verwagte finansiële implikasies van die kontrak, soos vereis ingevolge Artikel 33 van die MFMA, uiteensit; en
   - Enige ander relevante dokumente wat die Munisipaliteit se besluitnemingsproses ingelig het.

**Hierdie dokumente is beskikbaar:**
- Op die Munisipaliteit se amptelike webtuiste by www.hessequa.gov.za;
- By die Voorsieningskanaalbestuur (VKB) kantore by die Absa-gebou, Hoek van Dickson- en Kerkstraat, Riversdal, gedurende normale kantoorure; en
- By al die Hessequa Munisipaliteit se satellietkantore en openbare biblioteke gedurende normale bedryfsure.

**Lede van die publiek kan kommentaar of voorstelle op enige van die volgende maniere indien:**
- Per pos: Voorsieningskanaalbestuur, Hessequa Munisipaliteit, Posbus 29, Riversdal, 6670
- Per hand afgelewer: SCM kantore, hoek van Dickson- en Kerkstraat, Riversdal
- Per e-pos: jonathan@hessequa.gov.za of hpienaar@hessequa.gov.za

Navrae in hierdie verband kan gerig word aan Mr. Jonathan Kleinhans by 028 713 8026, e-pos: jonathan@hessequa.gov.za, of Hendrik Pienaar by 028 713 7951, e-pos: hpienaar@hessequa.gov.za.

**Alle kommentaar of voorleggings moet ontvang word voor of op Vrydag, 17 April 2026 om 13:00.** Die Munisipaliteit behou die reg voor om enige voorleggings wat na die sluitingsdatum ontvang word, nie te oorweeg nie.

OR23579841_SA

HESSEQUA
Local Municipality

**PUBLIC NOTICE**

**NOTICE IS HEREBY GIVEN, in terms of Section 33 of the Municipal Finance Management Act (MFMA), Act 56 of 2003, that Hessequa Municipality intends to enter into a contract that will impose financial obligations on the Municipality for a period exceeding three (3) financial years, for the DESIGN, PROVISION AND MANAGEMENT OF AN INTEGRATED WIDE AREA NETWORK, INTERNET AND TELECOMMUNICATIONS FOR HESSEQUA MUNICIPALITY FOR A PERIOD OF FIVE (5) YEARS under tender HES-CORP 05/2526**

**FURTHER NOTICE IS HEREBY GIVEN, in accordance with Section 21A of the Local Government: Municipal Systems Act, Act 32 of 2000.**

**Click on the advert for full details**

HESSEQUA
Plaaslike Munisipaliteit

**PUBLIEKE KENNISGEWING**

**KENNIS GESKIED HIERMEE, ingevolge Artikel 33 van die Wet op Munisipale Finansiële Bestuurs Wet, Wet 56 van 2003,)** dat Hessequa Munisipaliteit beoog om 'n kontrak te sluit wat finansiële verpligtinge vir die Munisipaliteit sal meebring vir 'n tydperk wat drie (3) finansiële jare oorskry, vir die **ONTWERP, VOORSIENING EN BESTUUR VAN 'N GEÏNTEGREERDE WYE-AREA-NETWERK, INTERNET EN TELEKOMMUNIKASIE VIR HESSEQUA MUNISIPALITEIT VIR 'N TYDPERK VAN VYF (5) JAAR onder tender HES-CORP 05/2526**

**VERDERE KENNIS WORD HIERMEE GEGEE, ingevolge Artikel 21A van die Wet op Plaaslike Regering: Munisipale Stelsels Wet, Wet 32 van 2000.**

Kliek op die skakel vir volledige inligting.

**Ek sertifiseer dat goedere waarlik ontvang is / Dienste gelewer is, en dat die pryse volgens kontrak billik is.**

Naam in drukskrif: Leanne Windvogel

Handtekening:

Werkstitel: Clerk: Tender Admin

Datum: 25/03/2026

# HESSEQUA MUNICIPALITY

## BID ADJUDICATION COMMITTEE

**Minutes of the virtual Bid Adjudication Committee meeting (Goods and Services) meeting held on Tuesday, 02 June 2026 at 14:00, by means of the Microsoft Teams application**

## 1. WELCOMING AND OPENING

| | |
|---|---|
| Mr. G.J. Goliath | Chairperson |

## 2. MEMBERS TUNED IN

| | |
|---|---|
| Mr. G.J. Goliath | Chairperson |
| Mr. R. Manho | Vice Chairperson |
| Mr. H. Pienaar | Member |
| Mr. R. Heunis | Sub-Delegated Member |
| Ms. A. de Lange | Secretary |

## 3. REPRESENTATIVES

| | |
|---|---|
| Mr. T. Prins | ICT |

## 4. MEMBERS ABSENT WITH APOLOGY

Mr. D. Lewis-Michaels
Mr. H. Visser
Mr. R. Bent

## 5. AGENDA ITEMS RAISED FROM PREVIOUS MINUTES

### 5.1. HES-CORP 05/2526: DESIGN, PROVISION AND MANAGEMENT OF AN INTEGRATED WIDE AREA NETWORK, INTERNET AND TELECOMMUNICATIONS FOR HESSEQUA MUNICIPALITY FOR A PERIOD OF FIVE (5) YEARS

**Resolved:**

1. That the Bid Adjudication Committee acknowledges that the estimated total contract value amounts to R13 986 507.00 (VAT inclusive), which exceeds the R10 million threshold, and that the detailed cost breakdown over the five (5) year period be noted as follows:

| | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|---|
| 5.1.1 | Fixed Monthly Costs for network and internet connectivity | R1 262 688.00 | R1 262 688.00 | R1 262 688.00 | R1 262 688.00 | R1 262 688.00 |
| 5.1.2 | Dedicated line for the disaster recovery site (DRS) | R 98 388.00 | R 98 388.00 | R 98 388.00 | R 98 388.00 | R 98 388.00 |
| 5.1.3 | Power over Ethernet (POE) Switch Gear (60 Months). | R 78 300.00 | R 78 300.00 | R 78 300.00 | R 78 300.00 | R 78 300.00 |
| 5.2.1 | (PABX) Server based system | R 712 680.00 | R 712 680.00 | R 712 680.00 | R 712 680.00 | R 712 680.00 |
| 5.2.2 | (VoIP) Internet Connectivity | R 11 400.00 | R 11 400.00 | R 11 400.00 | R 11 400.00 | R 11 400.00 |
| | Total Fixed cost (VAT Exclusive) | R2 163 456.00 | R2 163 456.00 | R2 163 456.00 | R2 163 456.00 | R2 163 456.00 |
| 5.2.3 | Telecommunications usage charge (estimated variable cost) | R 154 980.96 | R 154 980.96 | R 154 980.96 | R 154 980.96 | R 154 980.96 |
| 5.3 | Add-hoc support hours (estimated cost – hourly rate) | R 114 000.00 | R 114 000.00 | R 114 000.00 | R 114 000.00 | R 114 000.00 |
| | Sub total VAT Exclusive | R2 423 436.00 | R2 318 436.96 | R2 318 436.96 | R2 318 436.96 | R2 318 436.96 |
| | VAT | R364 865.40 | R 364 865.40 | R 364 865.40 | R 364 865.40 | R364 865.40 |
| | Total Cost (VAT Inclusive) | R2 797 301.40 | R2 797 301.40 | R2 797 301.40 | R2 797 301.40 | R2 797 301.40 |
| | **Estimated total contract value (VAT Inclusive)** | | | **R 13 986 507.00** | | |

2. That the Bid Adjudication Committee resolves to amend its resolution taken on 02 March 2026 to align with the corrected and confirmed contract value as reflected in Resolution 1 above.
3. That the Bid Adjudication Committee recommends that the matter be referred to the Municipal Manager (Accounting Officer) for consideration, as the estimated total contract value exceeds the R10 million threshold.
4. That it is noted that the MBD5: Declaration for procurement above R10 million (all applicable taxes included) and the audited annual financial statements for the past three years have been duly completed and submitted.

Proposed by: Mr. H. Pienaar

Seconded by: Mr. R. Heunis

**Chairperson:** ___________________

**6. CONSIDERATION OF TENDERS**
None

**7. CONSIDERATION OF CONTRACT EXTENSION/CONTRACT EXPANSION**
None

**8. CONSIDERATION OF THE APPOINTMENT OF PROFESSIONALS AND CONSULTANTS**
None

**9. CONSIDERATION OF DEVIATIONS**
None

**10. CONSIDERATION OF REGULATION 31 APPOINTMENTS**
None

**11. CONSIDERATION OF REGULATION 32 APPOINTMENTS**
None

**12. OTHER**
None

**13. APPROVAL OF THE MINUTES OF THE MEETING HELD ON 02 JUNE 2026**

**Resolved:**

1. That the minutes of the meeting held on 02 June 2026 be approved unanimously.

**14. CONCLUSION**

The meeting adjourned at 14:09.

| | |
|---|---|
| ................................ | ................................ |
| Mr. G.J. Goliath | Ms. A. de Lange |
| Chairperson | Secretary |
| ................................ | ................................ |
| Date | Date |

## ***6.3 TAKING UP OF AN EXTERNAL LOAN 2025/26***

File number / Verwysingsnommer: 5/1/1/1

Meeting date / Vergadering datum:10 June 2026

Report by / Verslag deur: Accountant: Budget and Financial Reporting- Mr. L. Jansen

**PURPOSE OF REPORT / DOEL VAN VERSLAG**

To table the taking up of an external loan for 2025/26 to council for approval. The external loan will be used to partially fund the capital budget for 2025/26.

**BACKGROUND AND DISCUSSION / AGTERGROND EN BESPREKING**

With the approval of the 2025/26 MTREF budget on 28 May 2025, Council approved that an external loan with an amount of R50 million be taken up to partially finance the capital budget. The external loan amount remained unchanged with the approval of the adjustment budget in February 2026. The attached information statement (Annexure A) was advertised and made public. The public and the national- and provincial treasuries was invited to submit comments on the proposed long term borrowing of R50 million. A copy of the minutes of the Bid Adjudication Committee is attached as Annexure B. The comments received from National-and Provincial Treasuries are attached as Annexure C and the comments received from the community are attached as annexure D for deliberation by council before approving the loan.

**EXECUTIVE MAYORAL COMMITTEE**

The item is tabled at the **Special Executive Mayoral Committee** meeting of **10 June 2026** and feedback will be given at the **Special Council meeting** on the same day.

**COMMENTS: MUNICIPAL MANAGER / KOMMENTAAR: MUNISIPALE BESTUURDER**

The recommendations are supported.

**COMMENTS: DIRECTOR CORPORATE MANAGEMENT / KOMMENTAAR: DIREKTEUR KORPORATIEWE BESTUUR**

**COMMENTS: DIRECTOR FINANCIAL SERVICES / KOMMENTAAR: DIREKTEUR FINANSIËLE DIENSTE**

The prescribed tender processes regarding long- term debt was followed. The proposed amount to be taken up is R50 million, repayable bi- annually over 10 years. All the requirements as set out in the MFMA, no. 56 of 2003, was adhered to.

The appeal process and the public participation process was followed. The final award was made to Nedbank Limited for a quoted interest rate of 8.87%. However, the interest rate quoted by the financial institution during the tender process will be renegotiated on the date the loan is taken out.

No security will be provided for this loan. A loan table with the quoted interest rate of 8,87% is included in the information statement (Annexure “A”).

The loan was advertised in the South Cape Forum, on the municipal website and municipal notice boards. The public, national- and provincial treasuries was invited, as prescribed, to submit comments, with a deadline of 21 days after the publication of the advert and information statement. The deadline for comments was Friday, 08 May 2026.

A copy of the information statement, approval of the Municipal Manager, minutes regarding the approval of the 2025/26 Budget and the 2025/26 2nd Adjusted Budget are attached as Annexure A. A copy of the minutes of the Bid Adjudication Committee is attached as Annexure B, the comments received from National Treasury and Provincial Treasury are attached as Annexure C, and the comments received from the public are attached as Annexure D.

**COMMENTS: DIRECTOR DEVELOPMENT PLANNING / KOMMENTAAR: DIREKTEUR ONTWIKKELINGSBEPLANNING**

The recommendations are supported.

**COMMENTS: DIRECTOR TECHNICAL SERVICES / KOMMENTAAR: DIREKTEUR TEGNIESE DIENSTE**

The recommendations are supported.

**COMMENTS: DIRECTOR COMMUNITY SERVICES / KOMMENTAAR: DIREKTEUR GEMEENSKAPSDIENSTE**

**COMMENTS: MANAGER LEGAL SERVICES / KOMMENTAAR: BESTUURDER REGSDIENSTE**

**COMMENTS: OTHER / KOMMENTAAR: ANDER**

**RECOMMENDATION / AANBEVELING**

1. That an external loan to the amount of R50 million be taken up at Nedbank Limited during June 2026 to partly finance the 2025/26 capital budget.
2. That the loan be repayable bi- annually over a period of 10 years.
3. That the interest rate be renegotiated on the date the loan is taken up, and that this date is before 30 June 2026.
4. That Council note the minutes of the BAC and the tender documents attached as annexure B.
5. That Council note the comments provided by the National- and Provincial Treasuries attached as annexure C.
6. That Council note the comments provided by the local community attached as annexure D.

7. That the Municipal Manager and Director Finance is authorised to undersign the loan agreement on behalf of Council.

**AGENDA ITEM APPROVED BY / AGENDA ITEM GOEDGEKEUR DEUR:**

Director: Financial Services – Mr. G. Goliath

**ATTACHMENTS / STAWENDE DOKUMENTE**

Annexure A: Information Statement – The taking up of an external loan 2025/26

Annexure B: Copy of the Bid Adjudication Committee Minutes

Annexure C: Comments received from the National and Provincial Treasuries

Annexure D: Comments received from the local community

# HESSEQUA MUNICIPALITY - PUBLIC NOTICE

**NOTICE IS HEREBY GIVEN, in terms of Section 46 of the Municipal Finance Management Act (MFMA), Act 56 of 2003, that Hessequa Municipality intends to incur long-term debt under contract HES-FIN 03/2526 for the TAKING UP OF AN EXTERNAL LOAN.**

**FURTHER NOTICE IS HEREBY GIVEN, in accordance with Section 21A of the Local Government: Municipal Systems Act, Act 32 of 2000, that:**

1. The local community and all interested or affected parties are invited to submit written comments or representations regarding the Municipality's intention to incur long-term debt and the associated financial obligations.
2. The following documents are available for public inspection for the duration of the commenting period:
   - The information statement detailing the purpose of the debt, the total amount to be incurred, the anticipated cost, the proposed repayment terms, and any security to be provided, as required by Section 46(3) of the MFMA; and
   - Any other relevant documents that informed the Municipality's decision to incur long-term debt.

**These documents are accessible:**

- On the Municipality's official website at www.hessequa.gov.za;
- At the Supply Chain Management (SCM) Offices at the Absa Building, Corner of Dickson and Church Street, Riversdale, during normal office hours; and
- At all Hessequa Municipal satellite offices and public libraries during their normal opening hours.

**Members of the public may submit comments or representations by any of the following methods:**

- By post: Supply Chain Management, Hessequa Municipality, P.O. Box 29, Riversdale, 6670
- By hand delivery: SCM Offices, Corner of Dickson and Church Street, Riversdale
- By e-mail: leighton@hessequa.gov.za or hpienaar@hessequa.gov.za

Enquiries may be directed to Mr. Leighton Jansen at 028 713 7910, email: leighton@hessequa.gov.za or Hendrik Pienaar at 028 713 7951, email: hpienaar@hessequa.gov.za.

**All comments or representations must be received on or before Friday, 08 May 2026 at 15:30.** The Municipality reserves the right not to accept or consider any submissions received after the closing date.

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# HESSEQUA MUNISIPALITEIT – PUBLIEKE KENNISGEWING

**KENNIS GESKIED HIERMEE, ingevolge Artikel 46 van die Wet op Munisipale Finansiële Bestuurs Wet, Wet 56 van 2003,** dat Hessequa Munisipaliteit **beoog om langtermynskuld aan te gaan ingevolge kontrak HES-FIN 03/2526 vir die OPNAME VAN 'N EKSTERNE LENING.**

**VERDERE KENNIS WORD HIERMEE GEGEE,** ingevolge Artikel 21A van die Wet op Plaaslike Regering: Munisipale Stelsels Wet, Wet 32 van 2000, dat:

1. Die plaaslike gemeenskap en alle belanghebbende of geaffekteerde partye uitgenooi word om skriftelike kommentaar of voorstelle in te dien rakende die Munisipaliteit se voorneme om langtermynskuld aan te gaan en die Munisipaliteit se voorgenome verpligtinge in terme daarvan.
2. Die volgende dokumente is vir die duur van die kommentaartydperk beskikbaar vir publieke inspeksie:
   - Die inligtingsverklaring wat die doel van die lening, die totale bedrag, die verwagte koste, die voorgestelde terugbetalingsterme en enige sekuriteit wat verskaf sal word, uiteensit, soos vereis ingevolge Artikel 46(3) van die MFMA; en
   - Enige ander relevante dokumente wat die Munisipaliteit se besluitnemingsproses om langtermynskuld aan te gaan, ingelig het.

**Hierdie dokumente is beskikbaar:**

- Op die Munisipaliteit se amptelike webtuiste by www.hessequa.gov.za;
- By die Voorsieningskanaalbestuur (VKB) kantore by die Absa-gebou, Hoek van Dickson- en Kerkstraat, Riversdal, gedurende normale kantoorure; en
- By al die Hessequa Munisipaliteit se satellietkantore en openbare biblioteke gedurende normale bedryfsure.

**Lede van die publiek kan kommentaar of voorstelle op enige van die volgende maniere indien:**

- Per pos: Voorsieningskanaalbestuur, Hessequa Munisipaliteit, Posbus 29, Riversdal, 6670
- Per hand afgelewer: SCM kantore, hoek van Dickson- en Kerkstraat, Riversdal
- Per e-pos: leighton@hessequa.gov.za of hpienaar@hessequa.gov.za

Navrae in hierdie verband kan gerig word aan Mr. Leighton Jansen by 028 713 7910, e-pos: leighton@hessequa.gov.za, of Hendrik Pienaar by 028 713 7951, e-pos: hpienaar@hessequa.gov.za.

**Alle kommentaar of voorleggings moet ontvang word voor of op Vrydag, 08 Mei 2026 om 15:30.** Die Munisipaliteit behou die reg voor om enige voorleggings wat na die sluitingsdatum ontvang word, nie te oorweeg nie.

Hessequa Municipality

# INVITATION TO NATIONAL TREASURY AND PROVINCIAL TREASURY TO SUBMIT COMMENTS REGARDING:

# TENDER: HES-FIN 03/2526
# THE TAKING UP OF AN EXTERNAL LOAN

| **Appendixes** | |
|---|---|
| Appendix A | Information Statement |
| Appendix B | Purpose of loan |
| Appendix C | Notice – Raising of an external loan |
| Appendix D | Schedule of External Loans |
| Appendix E | Repayment schedule |
| Appendix F | Certification of long term borrowing |
| Appendix G | Approved budget |

## BACKGROUND

During the compilation and approval of the 2025/26 budget, it was determined that in order to achieve certain service delivery targets, additional funding will have to be acquired to meet those targets. After considering all the options it was decided that a long-term loan would be the best option.

Section 46 of the Municipal Finance Management Act (Act 56 of 2003) read with Section 83 of the Municipal Systems Act (Act 32 of 2000) provides for the procedures Council must follow to obtain external financing/Long term debt. With the approval granted at the Council Meeting where the 2025/26 budget was approved, Council complies with the provisions for public participation.

## INFORMATION REGARDING LONG-TERM DEBT

**1. Information Statement**

Information Statement attached as Appendix A

**2. Additional information to Information Statement**

2.1 Loan Amount: Refer to Appendix A

2.2 Purpose for Loan: Refer to Appendix B

2.3 Interest Rate: Refer Appendix A

2.4 Start and End Date:
Council plans to complete the borrowing by the end of June 2026. The first interest payment is expected to be paid on 31 December 2026, after which the remaining 19 interest and redemption payments will take place six-monthly and it will conclude on 30 June 2036

2.5 Tipe of instrument: The type of loan will be long term loan

2.6 Security: No security is offered. Refer to Appendix A

2.7 Source of Loan Funds:
Preceding this process, the SCM unit already requested loan proposals from prospective financial institutions. Once Council has approved the terms of the Loan (in conjunction with Public, National and Provincial Treasury) formal negotiations will proceed with the successful financial Institution.

**3. Schedule of Consultation**

The information statement will be published on Friday, 17 April 2026 on the notice boards of the Municipality and on the Municipal Website. A notice will also be published in the local newspaper to this effect. The closing date for comments was advertised for 08 May 2026. The loan details and comments received will be submitted to Council on a meeting scheduled for May 2026 for consideration

4. **Approved Budget**

A copy of the approved budget has been attached (Appendix G)

5. **The refinancing of existing long-term borrowing (debt)**

The loan will not be utilized to refinance existing long-term borrowing debt

6. **Source of funding**

The following existing funding sources will be used to repay the loan:

- Electricity tariffs
- Sewerage tariffs
- Refuse tariffs
- Water tariffs
- Rates tariffs
- Traffic fines
- Agency fees

7. **Schedule of all long-term borrowing(debt) obligations**

Refer to Appendix D

8. **Details of guarantee or security for Municipal entity**

This loan will not be utilized to fund expenditure of a municipal entity.

9. **Council's resolution approving borrowing (debt)**

The minutes of the Council resolution will be submitted after the meeting to be held in May 2026.

# Appendix A

# HESSEQUA MUNICIPALITY

## INFORMATION STATEMENT REGARDING THE RAISING OF AN EXTERNAL LOAN FOR THE 2025/26 CAPITAL PROGRAM

**PURPOSE**

The purpose of this information statement is to obtain comments from the public, National Treasury and Provincial Treasury regarding the anticipated raising of an external loan for the financing of Council's 2025/26 capital program.

**BACKGROUND**

Council intends to enter into a borrowing agreement to finance the municipality's capital program for the 2025/26 financial year. Council has already approved the proposed loan during the approval of the 2025/26 budget.

In terms of the Municipal Finance Management Act No 56 of 2003 section 46 (3):

"A municipality may incur long-term debt only if the accounting officer of the municipality:-

(a) has, in accordance with section 21A of the Municipal Systems Act-
    (i) at least 21 days prior to the meeting of the council at which approval for the debt is to be considered, made public an information statement setting out particulars of the proposed debt, including the amount of the proposed debt, the purposes for which the debt is to be incurred and particulars of any security to be provided; and
    (ii) invited the public, the national treasury and relevant provincial treasury to submit written comments or representations to the council in respect of the proposed debt; and

(b) has submitted a copy of the information to the municipal council at least 21 days prior to the meeting of council, together with particulars of-
    (i) the essential repayment terms, including the anticipated debt repayment schedule; and
    (ii) the anticipated total cost with such debt over the repayment period"

**PROPOSED DEBT**

Council Intends to enter into a borrowing agreement to finance the municipality's capital program for 2025/26. The table below reflects the amount, interest payable and total cost of the loan over the 10 year period,

**Loan**

**Total amount**: R50 000 000 **Loan Period**: 10 years

| Loan amount | Interest payable | Redemption payable | Total repayable |
|---|---|---|---|
| 50 000 000,00 | 26 470 313,52 | 50 000 000,00 | 76 470 313,52 |

The calculation above is based on a rate of 8,87%.

**STARTING DATE**

Council plans to complete the borrowing by the end of June 2026. The first interest and redemption payment is expected to commence in December 2026 after which the remaining 19 interest and redemption payments will take place in bi-annual instalments, and it will conclude in June 2036,

**SECURITY**

The Council does not envisage to, based on its current sound financial situation, provide any security on the proposed debt.

**LEGISLATIVE REQUIREMENTS**

Council adhered to the Terms of the Municipal Finance Management Act No 56 of 2003 & the Municipal Systems Act No 32 of 2000 regarding the prescribed procedures and processes.

**REPAYMENT**

Interest and redemption instalments will be paid bi-annually on 31 December and 30 June. Repayment schedules indicating dates and amounts payable will be part of the official loan documentation.

**BORROWING COST**

No additional borrowing cost Is foreseen for the repayment period.

**INSTRUMENT TYPE**

The type of loan will be a long-term loan with a fixed interest rate.

**SOURCE OF FINANCE**.

The instalments will be paid from revenue collected from rates and taxes.

**COUNCIL'S RESOLUTION**

Once comments and proposals have been received, it will be tabled to council in a meeting to be held in May 2026,

**WRITTEN COMMENTS TO BE ADDRESSED TO**:

The Municipal Manager
Hessequa Municipality
PO Box 29
Riversdale
6670

**EMAIL ADDRESS FOR QUERIES/ COMMENTS**:

Emailed queries or comments regarding the taking up of an external loan should be addressed to leighton@hessequa.gov.za

**CLOSING TIME FOR COMMENTS:**

Friday, 08 May 2026

**ASA DE KLERK**
**MUNICIPAL MANAGER**

# HESSEQUA MUNISIPALITEIT

**INLIGTINGSTAAT - AANGAAN VAN 'N EKSTERNE LANGTERMYN-LENING TER FINANSIERING VAN DIE KAPITAALPROGRAM VIR 2025/26**

**DOEL**

Die doel van hierdie Inligtingstaat is om kommentaar te verkry, vanaf die publiek, Nasionale - en Provinsiale Tesourie aangaande die voorneme vir die opneem van 'n langtermynlening ter finansiering van die Munisipaliteit se 2025/2026 kapitaal program.

**AGTERGROND**

Die Raad is van voorneme om 'n langtermyn leningsooreenkoms aan te gaan ter finansiering van die Munisipaliteit se 2025/2026 kapitaal program. Die Raad het alreeds die voorgestelde lening in konsep goedgekeur tydens die gœdkeuring van die 2025/26 begroting.

In ooreenstemming met die Wet op Munisipale Finansiële Bestuur, Wet Nr 56 van 2003 afdeling 46 (3):

"n Munisipaliteit kan langtermynskuld aangaan slegs indien die rekenpligtige beampte van die munisipaliteit-

(a) ooreenkomstig artikel 21A van die Wet op Munisipale Stelsels-

   (i) ten minste 21 dae voor die vergadering van die raad waarop goedkeuring vir die skuld oorweeg sal word, 'n inligtingstaat te openbaar wat die besonderhede van die voorgestelde skuld uiteensit, met inbegrip van die bedrag van die voorgestelde skuld, die doeleindes waarvoor die skuld aangegaan word en besonderhede van enige sekuriteit wat verskaf moet word; en

   (ii) die publiek, Nasionale Tesourie en die betrokke Provinsiale Tesourie uitgenooi het om skriftelike kommentaar of vertoë met betrekking tot die voorgestelde skuld aan die raad voor te lê; en

(b) ten minste 21 dae voor die vergadering van die raad 'n afskrif van die inligting-staat aan die munisipale raad voorgelê het, saam met besonderhede van:-

   (i) die wesenlike terugbetalingsbepalings, met inbegrip van die verwagte skuldbetalingskedule; en

   (ii) die verwagte totale koste verbonde aan sodanige skuld oor die terug-betalingsperiode"

**VOORGESTELDE SKULD**

Die Raad is van voorneme om 'n langtermyn leningsooreenkoms aan te gaan ter finansiering van die Munisipaliteit se 2025/26 kapitaal program. Die volgende tabel dui die leningsbedrag, rente betaalbaar en totale bedrag betaalbaar, aan.

**LENING**:

**Totale bedrag**: R50 000 000.00 **Lenings Tydperk**: 10 jaar

| Lenings bedrag | Rente betaalbaar | Delging betaalbaar | Totaal betaalbaar |
|---|---|---|---|
| 50 000 000,00 | 26 470 313,52 | 50 000 000,00 | 76 470 313,52 |

Bogenoemde berekeninge is gebaseer op 'n koers van 8,87%

**AANVANGSDATUMS**

Die Munisipaliteit beplan om die aangaan van die langtermynskuld te finaliseer voor die einde van Junie 2026. Die eerste rente-en delging paaiement word verwag om betaal te word in

Desember 2026 waarop die volgende 19 rente- en delgingspaaiemente ses-maandelks betaalbaar is en die laaste paaiement in Junie 2036 betaal sal word.

**SEKURITEIT**

Die Munisipailteit beoog om, op grond van sy gesonde finansiële posisie, geensins enige sekuriteit aan te bied ten opsigte van die voorgestelde lening nie.

**WETLIKE VEREISTES**

Die Munisipaliteit voldoen hiermee aan die bepalings van die Wet op Munisipale Finansiële Bestuur, Wet Nr 56 van 2003 asook die Wet op Munisipale Stelsels Nr 32 van 2000 rakende die voorgeskrewe prosedures en prosesse.

**TERUGBETALINGS**

Rente-en delgingspaaiemente sal half-jaarliks betaal word op 31 Desember en 30 Junie. Terugbetalingskedules wat datums en rente- en delgings paaiemente aandui, sal deel vorm van die brondokument van die lening.

**LENING UITGAWES**

Geen addisionele uitgawes word voorsien gedurende die termyn van die lening nie.

**LENINGS INSTRUMENT**

Vaste rentekoers lening oor tydperk van 10 Jaar.

**BRONNE VAN FINANSIERING**

Die lening sal terug betaal word deur middel van eiendomsbelasting en dienste gelde.

**RAADSGOEDKEURING**

Kommentaar en voorleggings ontvang sal aan die Raad voorgelê word vir oorweging op 'n vergadering geskeduleer in Mei 2026.

**SKRIFTELIKE KOMMENTAAR MOET GERIG WORD AAN:**

Die Munisipale Bestuurder
Hessequa Munisipaliteit
Posbus 29
RIVERSDAL
6670

**E- POS ADRES VIR DIE HANTERING VAN NAVRAE EN INDIENING VAN KOMMENTAAR:**

Navrae en kommentaar rakende die opneem van 'n eksterne lening moet gerig word aan leighton@hessequa.gov.za

**SLUITINGSDATUM VAN KOMMENTAAR:**

Vrydag, 08 Mei 2026.

**ASA DE KLERK**
**MUNISIPALE BESTUURDER**

| Vote No | Project Description | Wa | R | Adjustments Budget |
|---|---|---|---|---|
| 74106430420BBAYVZZ13 | REFURBISHMENT OF LADYSMITH SUBS STATION | 6,7,8 | R/D | 850 000 |
| 74106432020BBZF5ZZWM | TELEMETRY - HQ - ELEC | WM | W/M | 500 000 |
| 74106432420BBALFZZ11 | NETWORK EXTENSION AND REFURBISHMENT | 5,9 | H/B | 2 160 000 |
| 74106432420BBALFZZ13 | NETWORK EXTENSION AND REFURBISHMENT | 6,7,8 | R/D | 1 369 985 |
| 74106432420BBAQ9ZZ05 | NETWORK EXTENSIONS - DIEPKLOOF | 5 | H/B | 1 500 000 |
| 74106432420BBAT9ZZ02 | NETWORK EXTENSION AND REFURBISHMENT - A/B | 2 | A/B | 1 500 000 |
| 74106432420BBAZMZZ10 | REPLACE MS1 PREEKSTOEL 315 KVA | 1,3 | S/B | 599 586 |
| 74106432420BBAZPZZ10 | REPLACE MS3 BEVERLEY HILLS 315KVA | 1,3 | S/B | 663 127 |
| 74106432420BBN33ZZ10 | RMU AZALEA STR (MP 5.3.21 | 1,3 | S/B | 600 000 |
| 74106433420BBAKYZZWM | RENEWABLE ENERGY PLANT - H/Q | WM | W/M | 500 000 |
| 74106432020BBAYPZZ02 | MV - VRIES ST 5DE LAAN BOKMAKIERIE ST - | 2 | S/B | 894 386 |
| 74106436020BBBBWZZWM | MINISUB WITH RMU COASAL SPEC 630KVA | WM | W/M | 800 000 |
| 24106471420BBX76ZZHO | 1 X HYPER CONVERGE SERVER - ICT | HQ | H/Q | 1 677 711 |
| 72906420420BBBDHZZ11 | CIVIL SERVICES CAT DOZER D5B | 5,9 | H/B | 5 942 917 |
| 69106472420BBBCEZZWM | UPGRADE OF WALKWAY AND KERBS HESSEQUA | WM | W/M | 300 000 |
| 69106472420BBNJ2ZZ10 | WESTLY ROAD BYPAS (DEVELO | 1,3 | S/B | 3 000 000 |
| 69106472420BBNK1ZZ01 | UPGRADE ROADS & STORMWATER - G/M | 1 | G/M | 1 200 000 |
| 69106472420BBNK2ZZ01 | UPGRADE ROADS & STORMWATER - MHFT - S/B | 1 | S/B | 1 000 000 |
| 69106472420BBNK3ZZ01 | UPGRADE ROADS & STORMWATER - S/B EAST | 1 | S/B | 2 300 000 |
| 69106472420BBNK4ZZ02 | UPGRADE ROADS & STORMWATER - A/B | 2 | A/B | 1 500 000 |
| 69106472420BBNK8ZZ04 | UPGRADE ROADS & STORMWATER - S/R | 4 | S/R | 1 000 000 |
| 69106472420BBNK9ZZ04 | UPGRADE ROADS & STORMWATER - W/S | 4 | W/S | 1 000 000 |
| 69106472420BBNL3ZZ13 | UPGRADE ROADS & STORMWATER - WYK 7 - R/D | 6,7,8 | R/D | 2 000 000 |
| 69106472420BBNL5ZZ09 | UPGRADE ROADS & STORMWATER - WYK 9 - H/B | 9 | H/B | 8 000 000 |
| 69106472420BBNK6ZZ03 | UPGRADE ROADS & STORMWATER - S/B WEST | 3 | S/B | 1 249 999 |
| 69106473520BBARAZZ04 | UPGRADE GOV SLIPWAY PARKING W/S | 4 | W/S | 2 770 000 |
| 70106449420BBBCPZZ04 | UPGRADE OF THE W/S WWTW AND IRRIGATION L | 4 | W/S | 1 000 000 |
| 69106473020BBBDCZZ03 | STORMWATER & COLLECTION CHAMBERS & GABIO | 3 | S/B | 4 122 289 |
| **Grand Total** | | | | **50 000 000** |

# Appendix C

## HESSEQUA MUNICIPALITY - PUBLIC NOTICE

**NOTICE IS HEREBY GIVEN, in terms of Section 46 of the Municipal Finance Management Act (MFMA), Act 56 of 2003, that Hessequa Municipality intends to incur long-term debt under a contract for the TAKING UP OF AN EXTERNAL LOAN.**

**FURTHER NOTICE IS HEREBY GIVEN, in accordance with Section 21A of the Local Government: Municipal Systems Act, Act 32 of 2000, that:**

1. The local community and all interested or affected parties are invited to submit written comments or representations regarding the Municipality's intention to incur long-term debt and the associated financial obligations.
2. The following documents are available for public inspection for the duration of the commenting period:
   - The information statement detailing the purpose of the debt, the total amount to be incurred, the anticipated cost, the proposed repayment terms, and any security to be provided, as required by Section 46(3) of the MFMA; and
   - Any other relevant documents that informed the Municipality's decision to incur long-term debt.

**These documents are accessible:**

- On the Municipality's official website at www.hessequa.gov.za;
- At the Supply Chain Management (SCM) Offices at the Absa Building, Corner of Dickson and Church Street, Riversdale, during normal office hours; and
- At all Hessequa Municipal satellite offices and public libraries during their normal opening hours.

**Members of the public may submit comments or representations by any of the following methods:**

- By post: Supply Chain Management, Hessequa Municipality, P.O. Box 29, Riversdale, 6670
- By hand delivery: SCM Offices, Corner of Dickson and Church Street, Riversdale
- By e-mail: leighton@hessequa.gov.za or hpienaar@hessequa.gov.za

Enquiries may be directed to Mr. Leighton Jansen at 028 713 7910, email: leighton@hessequa.gov.za or Hendrik Pienaar at 028 713 7951, email: hpienaar@hessequa.gov.za.

**All comments or representations must be received on or before Friday, 08 May 2026 at 15:30**. The Municipality reserves the right not to accept or consider any submissions received after the closing date.

---

### HESSEQUA MUNISIPALITEIT – PUBLIEKE KENNISGEWING

**KENNIS GESKIED HIERMEE, ingevolge Artikel 46 van die Wet op Munisipale Finansiële Bestuurs Wet, Wet 56 van 2003, dat Hessequa Munisipaliteit beoog om langtermynskuld aan te gaan ingevolge 'n kontrak vir die OPNAME VAN 'N EKSTERNE LENING.**

**VERDERE KENNIS WORD HIERMEE GEGEE,** ingevolge Artikel 21A van die Wet op Plaaslike Regering: Munisipale Stelsels Wet, Wet 32 van 2000, dat:

1. Die plaaslike gemeenskap en alle belanghebbende of geaffekteerde partye uitgenooi word om skriftelike kommentaar of voorstelle in te dien rakende die Munisipaliteit se voorneme om langtermynskuld aan te gaan en die Munisipaliteit se voorgenome verpligtinge in terme daarvan.
2. Die volgende dokumente is vir die duur van die kommentaartydperk beskikbaar vir publieke inspeksie:
   - Die inligtingsverklaring wat die doel van die lening, die totale bedrag, die verwagte koste, die voorgestelde terugbetalingsterme en enige sekuriteit wat verskaf sal word, uiteensit, soos vereis ingevolge Artikel 46(3) van die MFMA; en
   - Enige ander relevante dokumente wat die Munisipaliteit se besluitnemingsproses om langtermynskuld aan te gaan, ingelig het.

**Hierdie dokumente is beskikbaar:**

- Op die Munisipaliteit se amptelike webtuiste by www.hessequa.gov.za;
- By die Voorsieningskanaalbestuur (VKB) kantore by die Absa-gebou, Hoek van Dickson- en Kerkstraat, Riversdal, gedurende normale kantoorure; en
- By al die Hessequa Munisipaliteit se satellietkantore en openbare biblioteke gedurende normale bedryfsure.

**Lede van die publiek kan kommentaar of voorstelle op enige van die volgende maniere indien:**

- Per pos: Voorsieningskanaalbestuur, Hessequa Munisipaliteit, Posbus 29, Riversdal, 6670
- Per hand afgelewer: SCM kantore, hoek van Dickson- en Kerkstraat, Riversdal

- Per e-pos: leighton@hessequa.gov.za of hpienaar@hessequa.gov.za

Navrae in hierdie verband kan gerig word aan Mr. Leighton Jansen by 028 713 7910, e-pos: leighton@hessequa.gov.za, of Hendrik Pienaar by 028 713 7951, e-pos: hpienaar@hessequa.gov.za.

**Alle kommentaar of voorleggings moet ontvang word voor of op Vrydag, 08 Mei 2026 om 15:30.** Die Munisipaliteit behou die reg voor om enige voorleggings wat na die sluitingsdatum ontvang word, nie te oorweeg nie.

**APPENDIX D**
**HESSEQUA LOCAL MUNICIPALITY**

**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2025**

| Details | Interest Rate | Loan Number | Redeemable | Balance at 30 June 2024 | Received during the Period | Interest Capitalised | Redeemed/ Written Off during Period | Balance at 30 June 2025 |
|---|---|---|---|---|---|---|---|---|
| | | | | R | R | | R | R |
| **ANNUITY LOANS** | | | | | | | | |
| ABSA Bank | 10.20% | 4068858722 | 30/06/2027 | 8,194,012 | - | (4,577) | (2,460,134) | 5,729,301 |
| Development Bank South Africa | 8.90% | 61007148 | 30/06/2023 | - | - | - | - | - |
| Development Bank South Africa | 9.98% | 61007233 | 30/06/2024 | - | - | - | - | - |
| Development Bank South Africa | 9.20% | 61007562 | 30/06/2029 | 18,319,253 | - | - | (3,028,655) | 15,290,598 |
| Standard Bank | 11.26% | 536633 | 30/06/2026 | 12,714,780 | - | - | (6,009,530) | 6,705,250 |
| Standard Bank | 7.78% | 606256 | 30/06/2030 | 20,318,353 | - | - | (2,767,314) | 17,551,039 |
| Standard Bank | 8.75% | 654745 | 30/06/2031 | 47,112,805 | - | - | (5,094,280) | 42,018,525 |
| Standard Bank | 11.54% | 797131 | 30/06/2033 | 37,712,801 | - | - | (2,545,844) | 35,166,957 |
| **Total Annuity Loans** | | | | **144,372,004** | **-** | **(4,577)** | **(21,905,757)** | **122,461,670** |
| | | | | | | | | |
| **TOTAL EXTERNAL LOANS** | | | | **144,372,004** | **-** | **(4,577)** | **(21,905,757)** | **122,461,670** |

# Appendix E

## LOAN TABLE

| | | | | | |
|---|---|---|---|---|---|
| | | | INTEREST RATE | | 8.87 |
| | | | TERM | | 20 |
| | | | LOAN AMOUNT | | 50 000 000 |
| | | | INSTALLMENT | | R -3 822 188.12 |
| INSTAL. NO | INSTALLMENT DATE | INTEREST | CAPITAL | INSTALLMENT | BALANCE |
| | 01 July 2026 | | | | 50 000 000.00 |
| 1 | 30 December 2026 | 2 217 500.00 | 1 604 688.12 | 3 822 188.12 | 48 395 311.88 |
| 2 | 30 June 2027 | 2 146 332.08 | 1 675 856.03 | 3 822 188.12 | 46 719 455.85 |
| 3 | 31 December 2027 | 2 072 007.87 | 1 750 180.25 | 3 822 188.12 | 44 969 275.60 |
| 4 | 30 June 2028 | 1 994 387.37 | 1 827 800.74 | 3 822 188.12 | 43 141 474.86 |
| 5 | 31 December 2028 | 1 913 324.41 | 1 908 863.71 | 3 822 188.12 | 41 232 611.15 |
| 6 | 30 June 2029 | 1 828 666.30 | 1 993 521.81 | 3 822 188.12 | 39 239 089.34 |
| 7 | 31 December 2029 | 1 740 253.61 | 2 081 934.50 | 3 822 188.12 | 37 157 154.84 |
| 8 | 30 June 2030 | 1 647 919.82 | 2 174 268.30 | 3 822 188.12 | 34 982 886.54 |
| 9 | 31 December 2030 | 1 551 491.02 | 2 270 697.10 | 3 822 188.12 | 32 712 189.44 |
| 10 | 30 June 2031 | 1 450 785.60 | 2 371 402.51 | 3 822 188.12 | 30 340 786.92 |
| 11 | 31 December 2031 | 1 345 613.90 | 2 476 574.22 | 3 822 188.12 | 27 864 212.71 |
| 12 | 30 June 2032 | 1 235 777.83 | 2 586 410.28 | 3 822 188.12 | 25 277 802.43 |
| 13 | 31 December 2032 | 1 121 070.54 | 2 701 117.58 | 3 822 188.12 | 22 576 684.85 |
| 14 | 30 June 2033 | 1 001 275.97 | 2 820 912.14 | 3 822 188.12 | 19 755 772.70 |
| 15 | 31 December 2033 | 876 168.52 | 2 946 019.60 | 3 822 188.12 | 16 809 753.11 |
| 16 | 30 June 2034 | 745 512.55 | 3 076 675.57 | 3 822 188.12 | 13 733 077.54 |
| 17 | 31 December 2034 | 609 061.99 | 3 213 126.13 | 3 822 188.12 | 10 519 951.41 |
| 18 | 30 June 2035 | 466 559.85 | 3 355 628.27 | 3 822 188.12 | 7 164 323.14 |
| 19 | 31 December 2035 | 317 737.73 | 3 504 450.38 | 3 822 188.12 | 3 659 872.76 |
| 20 | 30 June 2036 | 162 315.36 | 3 659 872.76 | 3 822 188.12 | 0.00 |

# Appendix F

## Certification for long term borrowing(debt)

Name of municipality – HESSEQUA MUNICIPALITY

Proposed borrowing (debt): R 50 000 000,00

We hereby certify that the proposed long-term borrowing(debt), as specified in the attached *information statement* and supplementary pages complies sections 17(2), 19, 46 and 108 of the MFMA and will be used for the purposes of capital expenditure on property, plant or equipment:

- for the purpose of achieving the objects of local government as set out in section 152 of the Constitution;
- capital expenditure is appropriated in an approved multi-year capital budget;
- repayments for the duration of the loan are affordable and will be appropriated in future budgets: and
- if the loan is required to refinance existing long-term borrowing (debt), that the original borrowing (debt) was lawfully incurred and the refinancing does not extend the term of the borrowing (debt) beyond the life of the asset for which the money was originally borrowed.

A copy of the council/board of director's resolution approving the loan will be forwarded to the National Treasury and relevant Provincial Treasury within 7 days of approval.

**Signatures:**

**Accounting Officer**

Name: Mr ASA de Klerk

Date: 15/4/2026

**Mayor/Chairperson of the Board**

Name: Clr G Riddles

Date: 16/4/2026

## HESSEQUA MUNISIPALITEIT

# UITTREKSEL UIT NOTULE

## RAADSVERGADERING

## WOENSDAG 28 MEI 2025
## OM 10:30

4780193258
MUNISIPALITEIT HESSEQUA
DEPARTEMENT FINANSIES
2025
U MASIPALA HESSEQUA
HESSEQUA MUNICIPALITY
FINANCIAL DEPARTMENT

## *9.1 FINAL BUDGET FOR THE MTREF 2025/2026 PERIOD*

File number / Verwysingsnommer: 5/1/1

Meeting date / Vergadering datum: 28 May 2025

Report by / Verslag deur: Director Financial Services: Gerard Goliath

**RESOLUTION / BESLUIT**

1. That the 2025/26 MTREF operating budget be approved as follows:

| Description | Budget Year 2025/26 | Budget Year 2026/27 | Budget Year 2027/28 |
|---|---|---|---|
| Total Revenue | 807 340 166 | 815 863 525 | 875 183 060 |
| Total Expenditure | 805 898 083 | 819 272 598 | 875 616 208 |
| **Surplus/(Deficit)** | 1 442 083 | -3 409 073 | -433 148 |
| Capital Transfers & Subsidies | 62 341 400 | 43 224 400 | 33 440 400 |
| **Surplus/(Deficit) after capital transfers** | 63 783 483 | 39 815 327 | 33 007 252 |

**(Including Capital Transfers Excluding internal Transfers)**

2. That the following tariff increases for 2025/26 be approved:

| | |
|---|---|
| PROPERTY RATES: | 5.9% |
| WATER: | 5.9% |
| SOLID WASTE: | 5.9% |
| SEWERAGE: | 5.9% |

ELECTRICITY

| | | |
|---|---|---|
| All customers except indigent customers | | Average 11.32% |
| Basic fees | | 11.32% |
| Indigent 0 – 50kwh | Tariffs Annexure A | Free |
| 51 – 350kwh | Tariffs Annexure A | 11.32% |

| | |
|---|---|
| SUNDRY TARIFFS: | 6 - 8% |
| RENTALS: | Per Contracts |

DEVELOPMENT CHARGES

1. Approval in terms of Hessequa Municipal Planning Bylaw of 2015 before 1 July 2023 **– unchanged from 2023/2024 and 2024/2025**

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DEPARTEMENT FINANSIES
28 MAY 2025
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HESSEQUA MUNICIPALITY
FINANCIAL DEPARTMENT

2. Approval in terms of Hessequa Municipal Planning Bylaw of 2015 after 1 July 2023 – as per table below (unchanged from 2023/2024 and 2024/2025):

| | | VAT excluded Rand | VAT included Rand |
|---|---|---|---|
| Water | Kiloliter per day | 31 726.00 | 36 484.90 |
| Sewerage | Kiloliter per day | 32 564.00 | 37 448.60 |
| Stormwater | Run-off Coeficient per hectare | 281 250.00 | 323 437.50 |
| Solid Waste | Removals per week | 12 800.00 | 14 720.00 |
| Roads | Vehicle trip generation per day | 3 267.00 | 3 757.05 |

3. That the tariffs as set out in Annexure A be approved with effect from 1 July 2025.
4. That the electricity tariffs be approved, **subject to NERSA's approval**.
5. The following positions are included in the MTREF budget for 2025/26.

| POST DESIGNATION | DEPARTMENT | DIRECTORATE | T-GRADING | COST TO COMPANY |
|---|---|---|---|---|
| GOVERNANCE AND SECURITY OFFICER | INFORMATION AND COMMUNICATION TECHNOLOGY | CORPORATE MANAGEMENT | T12 | R 571 461 |
| | | | | **R 571 461** |

6. That the 2025/26 MTREF capital budget be approved and financed as follows:

| | Budget 2025/26 | Budget 2026/27 | Budget 2027/28 |
|---|---|---|---|
| **Capital Expenditure** | **187 628 300** | **153 499 000** | **145 711 700** |
| **Finance Source** | | | |
| Internally Generated funds | 75 286 900 | 90 274 600 | 42 271 300 |
| Borrowing | 50 000 000 | 20 000 000 | 70 000 000 |
| Grants & Subsidies | 62 341 400 | 43 224 400 | 33 440 400 |

7. That the budget related policies and By-Laws as set out in Annexure B be approved.
   - Property Rates Policy & By-Law (B1)
   - Indigent Policy (B2)
   - Credit Control and Debt Collection Policy & By-Law (B3)
   - Principles and Policy on Tariffs and Free Basic Services & By-Law (B4)
   - Write-off Policy (B5)
   - Cash Management and Investment Policy (B6)
   - Asset Management Policy (B7)
   - SCM Policy (B8)
   - Virement Policy (B9)
   - Liquidity Policy (B10)
   - Borrowing Funds and Reserve Policy (B11)
   - Cost Containment Policy (B12)
   - Development Charges Policy (B13)

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28 MAY 2025
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- Budget Policy (B14)
- Long- Term Financial Policy (B15)

8. That the MTREF and National Treasury budget schedules attached as Annexure F, be approved.
9. That the capital procurement plan as per Annexure D, be approved.
10. That the Property Rates Reconciliation as per Annexure E, be approved.
11. That National Treasuries tariff tool as per Annexure L, be approved.
12. That the Provincial Government SIME report/ presentation and Councils response as per Annexure I, be noted.
13. That Councils response to comments received as per Annexure H, be approved.
14. That the locking of the budget immediately at the start of the new financial year on 01 July 2025, be approved.
15. That the mScoa Roadmap as per Annexure M, be approved.

Proposer Cllr G Riddles, seconded Cllr BD Smith

***The following Councillors requested that their concern regarding the escalation of tariffs being higher than the inflation, be noted:***

*Cllr ME Dayimani, Cllr LC February, Cllr NA Joseph, Cllr AP Daniëls and Cllr L Pieterse.*

***Cllr IT Mangaliso requested that his concern regarding the escalation of tariffs being higher than the inflation, be noted.***

**HESSEQUA MUNISIPALITEIT**

# UITTREKSEL UIT NOTULE

**RAADSVERGADERING**

**WOENSDAG 25 FEBRUARIE 2026**
**OM 10:30**

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DEPARTEMENT FINANSIES
27 FEB 2026
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HESSEQUA MUNICIPALITY
FINANCIAL DEPARTMENT

## 9.14 2ND ADJUSTMENT BUDGET FOR 2025/26

File number / Verwysingsnommer: 5/1/1/1

Meeting date / Vergadering datum: 25 February 2026

Report by / Verslag deur: Manager: Financial Statements, Budget & Financial Reporting - RR Erasmus

**RESOLUTION / BESLUIT**

1. That Total Revenue (Excluding Capital Transfers & Contributions) increase with R40 036 973 from R807 340 166 to R847 377 139 (see Annexure A attached).
2. That Total Expenditure increase with R33 285 293 from R805 898 083 to R839 183 376 (see Annexure A attached).
3. That the capital budget is decreased by R7 182 103 from R189 560 222 to R182 378 119 (see Annexure B attached).
4. That the capital budget is financed as follows:

| | R |
|---|---|
| External Loans | 50 000 000 |
| Capital Replacement Reserve | 77 208 844 |
| Transfers & Subsidies | 54 530 400 |
| Public Donations | 638 875 |
| | 182 378 119 |

5. That all amendments in Annexures A and B be approved.
6. That the Service Delivery and Budget Implementation Plan (SDBIP) be adjusted in line with the adjustment budget.
7. That the 2nd Adjustment budget (2025/2026) and National Treasury B- Schedules-Municipal Adjustment Budget & Supporting Tables be sent to the National- and Provincial Treasuries as required.

Proposer Cllr BD Smith, seconded Cllr B van Noordwyk

***The following Councillors requested that their countervote be noted for item 9.14:***

*Cllr ME Dayimani, Cllr CP Taute, Cllr LC February, Cllr AP Daniëls, Cllr NA Joseph and Cllr L Pieterse.*

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## IPM Shadow Credit Score

Hessequa was assessed for an IPM shadow credit score to provide information to management and to council as to the current risk rating that the municipality may receive from external lenders, which will determine the municipality's cost of funding. Any improvements to the shadow credit rating over time will result in more affordable lending rates.

Based on the FY2024/25 performance of Hessequa, the IPM credit model reflects a score of **7.7** which is comparable to an **A+** on a national ratings scale. This credit score is relatively high compared to other municipalities and is considered to be of **Investment Grade** - which means that Hessequa should be successful in accessing external borrowing at competitive rates.

The results obtained from the assessment, per module, are presented below:

TABLE 7: IPM CREDIT MODEL OUTCOMES

| Modules | 2025 (5) |
|---|---|
| Financial | 4,2 |
| Institutional | 4,5 |
| Socio-Economic | 2,7 |
| Infrastructure | 3,4 |
| Environmental | 3,8 |

The municipality performed exceptionally well in the infrastructure module of the credit model. Supply of household infrastructure services remains a key strength of the municipality. This is also linked to the municipality's ability to be cognisant of its environmental impact. The low degree of distribution losses contributed to the strong performance in this module.

The assessment indicates that the socio-economic module remains the main impediment to Hessequa achieving an even higher credit score. This is mainly linked to sluggish economic growth within the municipal area. The municipality must continue to invest in productive assets with the aim of stimulating the economy in order to improve this score over time.

The high score achieved in the financial module is driven by the maintenance of a high collection rate, a healthy liquidity position as well as sound financial performance.

The high score achieved under the institutional capacity module was driven by strong governance and prudent financial management. The municipality must maintain the clean audit report received from the Auditor General.

# HESSEQUA MUNICIPALITY

## BID ADJUDICATION COMMITTEE

**Minutes of the virtual Bid Adjudication Committee meeting held at 09:00 on Friday, 06 March 2026 by means of the Microsoft Teams application**

1. **Welcoming and Opening**

| | |
|---|---|
| Mr. G.J. Goliath | Chairperson |

2. **Members Tuned In**

| | |
|---|---|
| Mr. G.J. Goliath | Chairperson |
| Mr. R. Manho | Vice Chairperson |
| Mr. H. Pienaar | Member |
| Mr. R. Heunis | Sub-Delegated Member |
| Mr. H. Visser | Member |
| Ms. A. de Lange | Secretary |

3. **Representatives**

| | |
|---|---|
| Ms. C. Riddles | Assets, Insurance and Disposal Management |
| Ms. S. Kennedy | Civil Planning & Project Management |
| Mr. L. Jansen | Budget & Financial Reporting |
| Mr. S. Morris | Civil Infrastructure Services |

4. **Members absent with apology**

Mr. R. Bent
Mr. D. Lewis-Michaels

5. **Agenda items raised from previous minutes**

None

## 6. Consideration of Tenders

### 6.1. HES-FIN 02/2526: MANAGEMENT OF SHORTTERM INSURANCE PORTFOLIO FOR A PERIOD OF THREE (3) YEARS

**Resolved**

1. That tender *HES-FIN 02/2526*: *Management of Short-term Insurance Portfolio for a period of Three (3) Years*, be awarded to Sankofa Insurance Brokers (Pty) Ltd for the estimated amount of R6 469 563.05 (VAT Incl.) from 01 July 2026 to 30 June 2029 as follows:

| | | 2026/2027 | | | | 2027/2028 | | | | 2028/2029 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | CATEGORY | PREMIUM | BROKER FEE | VAT | TOTAL | PREMIUM | BROKER FEE | VAT | TOTAL | PREMIUM | BROKER FEE | VAT | TOTAL |
| 1 | BUILDING-COMBINED | R 117,589.96 | R 21,739.13 | R 20,899.25 | R 160,228.34 | R 121,587.92 | R 22,478.26 | R 21,609.93 | R 165,676.10 | R 125,721.91 | R 23,242.52 | R 22,344.66 | R 171,309.09 |
| 2 | ALL RISK | R 57,922.45 | | R 8,573.37 | R 55,495.82 | R 49,788.41 | | R 8,968.26 | R 58,756.67 | R 51,921.22 | | R 9,273.18 | R 71,094.40 |
| 3 | THEFT | R 2,226.09 | | R 333.91 | R 2,560.00 | R 2,301.77 | | R 345.27 | R 2,647.04 | R 2,380.03 | | R 357.01 | R 2,737.04 |
| 4 | GLASS | R 1,669.57 | | R 250.43 | R 1,920.00 | R 1,726.33 | | R 258.95 | R 1,985.28 | R 1,785.03 | | R 267.75 | R 2,052.78 |
| 5 | MONEY | R 5,565.22 | | R 834.78 | R 6,400.00 | R 5,754.43 | | R 863.17 | R 6,617.60 | R 5,950.09 | | R 892.51 | R 6,842.60 |
| 6 | FIDELITY | R 1,559.57 | | R 250.43 | R 1,920.00 | R 1,726.33 | | R 258.95 | R 1,985.28 | R 1,785.03 | | R 267.75 | R 2,052.78 |
| 7 | GOODS IN TRANSIT | R [illegible] | | R 156.96 | R 1,283.00 | R 1,150.89 | | R 172.63 | R 1,323.52 | R 1,190.02 | | R 178.50 | R 1,368.52 |
| 8 | GROUP PERSONAL ACCIDENT | R 3,784.35 | | R 557.65 | R 4,357.00 | R 3,913.02 | | R 586.95 | R 4,499.97 | R 4,046.06 | | R 506.91 | R 4,557.97 |
| 9 | STATED BENEFITS | R 124,335.72 | | R 18,650.35 | R 142,986.08 | R 128,563.14 | | R 19,284.47 | R 147,847.61 | R 137,934.28 | | R 19,940.14 | R 152,874.42 |
| 10 | ELECTRONIC EQUIPMENT | R 88,655.67 | | R 13,298.35 | R 101,954.02 | R 91,669.96 | | R 13,750.49 | R 105,420.45 | R 94,786.74 | | R 14,218.01 | R 109,004.75 |
| 11 | MOTOR FLEET | R 836,368.15 | R 86,956.52 | R 138,598.70 | R 1,061,923.37 | R 864,804.57 | R 89,913.04 | R 143,207.66 | R 1,097,925.37 | R 894,208.03 | R 92,970.09 | R 148,076.72 | R 1,135,254.83 |
| 12 | MARINE SMALL CRAFT | R 2,179.34 | | R 326.90 | R 2,506.24 | R 2,253.44 | | R 338.02 | R 2,591.45 | R 2,330.05 | | R 349.51 | R 2,679.56 |
| 13 | EMPLOYERS LIABILITY | R 24,347.83 | | R 3,652.17 | R 28,000.00 | R 25,175.65 | | R 3,776.35 | R 28,952.00 | R 26,031.62 | | R 3,904.74 | R 29,936.37 |
| 14 | AERODROME LIABILITY | R 26,086.96 | | R 3,913.04 | R 30,000.00 | R 26,973.91 | | R 4,046.09 | R 31,020.00 | R 27,891.03 | | R 4,183.65 | R 32,074.68 |
| 15 | D&O LIABILITY | R 17,391.30 | | R 2,608.70 | R 20,000.00 | R 17,982.61 | | R 2,697.39 | R 20,680.00 | R 18,594.02 | | R 2,789.10 | R 21,383.12 |
| 16 | PUBLIC LIABILITY | R 91,304.35 | | R 13,695.65 | R 105,000.00 | R 94,408.70 | | R 14,161.30 | R 108,570.00 | R 97,618.59 | | R 14,642.79 | R 112,261.38 |
| 17 | SASRIA COUNCIL | R 1,171.23 | | R 175.68 | R 1,346.91 | R 1,211.05 | | R 181.56 | R 1,392.73 | R 1,252.22 | | R 187.83 | R 1,440.06 |
| 18 | SASRIA GENERAL | R 399,437.50 | | R 44,915.63 | R 444,353.13 | R 309,618.38 | | R 46,442.75 | R 356,061.13 | R 320,145.40 | | R 48,021.81 | R 368,167.21 |
| 19 | HERITAGE ASSETS | R 1,484.72 | | R 222.71 | R 1,707.43 | R 1,535.20 | | R 230.28 | R 1,765.48 | R 1,587.40 | | R 238.11 | R 1,825.51 |
| | TOTAL PREMIUM | R 1,704,202.90 | R 108,695.65 | R 271,934.78 | R 2,084,833.33 | R 1,762,145.79 | R 112,391.30 | R 281,180.56 | R 2,155,717.66 | R 1,822,058.75 | R 116,212.61 | R 290,740.70 | R 2,229,012.06 |

2. The expenditure be financed from vote numbers as listed below:

| | |
|---|---|
| Vote Number | Refer to Annexure C of the Technical Report |
| Vote Description | OC:INSUR UNDER – PREMIUMS<br>OC:INSUR UNDER – PREMIUMS: VEHICLES |
| Available Budget | 2026/27: R 4 052 888.00 (Subject to Council approval)<br>2027/28: R 4256 010 (Subject to Council approval)<br>2028/29: Will be taken up in the next budget cycle and subject to Council approval) |
| Actual Amount | R 6 469 563.05 (Vat Incl.) |
| Amount already paid | N/A |
| Completion Period | 01 July 2026 - 30 June 2029 |

3. That no small acceptable deviations were applicable to the tender.
4. That the preferred bidder indicated the following own conditions:

**IMPORTANT NOTES:**

Terms of our quotations

- Our quotes are based on the information furnished to our offices by Hessequa Local Municipality.
- It is advised and confirmed that all Short-Term Insurance premium(s) are issued for a period of twelve (12) months as per the FAIS Act and Insurance Act governing the supply of insurance products.
- Our premiums and fee will increase by CPI which has been estimated at 3.4% for the purpose of this exercise and every year thereafter.
- Insurance premiums are dependent on the general insurance trends in terms of claims, Soft or Hard Markets, Market Capacity, insurer's willingness to underwrite a particular risk and the reinsurance costs associated with a particular risk.
- Insurance premiums may decrease or increase during the period of insurance due to any changes in the nature of the risk, more importantly due to adverse claims incurred by Hessequa Local Municipality.
- In terms of the South African Short-Term insurance market and Act, policies are only issued for a period of one year and then renewed yearly thereafter.
- The deletion and acquisition of Assets, the increase or decrease of insurance policy indemnity limits also does have an impact on the premium paid.
- The OMI quotation we presented to you is based on a R250, 000,000.00 Loss Limit. This means any single location with a sum insured above R200,000,000.00 must be declared otherwise a maximum for any one loss per location is limited to R250,000,000.00.
- In terms of the Aerodrome Owners / Operators Liability, whilst the proposal form requested higher limits of R 10m and R15m, the markets were not responsive.

5. The validity of claims and declarations are valid.
6. The potential risks and mitigation factors were pointed out by the Senior SCM Practitioner: Contract, Risk and Performance Management.
7. No Additional contractual issues were identified.
8. It should be noted that the Bid Adjudication Committee accepts the own terms and conditions made by the preferred bidder.
9. The following bids were regarded as non-responsive:

| **NON-RESPONSIVE BIDDERS**<br>**(after compliance with specifications, conditions and special conditions)** | | |
|---|---|---|
| 1 | KUNENE MAKOPO RISK SOLUTIONS (PTY) LTD | SECTION 2.1: SPECIAL CONDITIONS OF CONTRACT<br>**2.1.2** ***Premiums*** *must be submitted* ***per insurance section per year*** *in the format under 2.5.*<br>**2.1.14** *The tender must indicate the compensation limit in respect of the Broker's professional accountability.*<br><br>*Failure to adhere to the beforementioned may result in your tender being declared non-responsive.*<br><br>The bidder failed to indicate the required compensation limit and therefore did not adhere to the above Special Conditions of Contract. Bidder is therefore found non-responsive. |
| 2 | SIMAH RISK ADVISORS (PTY) LTD | SECTION 2.1: SPECIAL CONDITIONS OF CONTRACT<br>**2.1.2** ***Premiums*** *must be submitted* ***per insurance section per year*** *in the format under 2.5.*<br><br>*Failure to adhere to the beforementioned may result in your tender being declared non-responsive.*<br><br>The bidder failed to submit the premiums for Group Personal Accident, Employers Liability, Public liability and Heritage assets and therefore did not adhere to the above special conditions of contract. Bidder is therefore found non-responsive. |
| 3 | MPUMELELO SERVICES (PTY) LTD | SECTION 2.1: SPECIAL CONDITIONS OF CONTRACT<br>**2.1.3.** *Detailed information in respect of* ***excess fees*** *must be submitted* ***per insurance section per year.***<br>*Failure to adhere to the beforementioned may result in your tender being declared non-responsive.*<br><br>The bidder failed to submit excess fees and therefore did not adhere to the above special conditions of contract. Bidder is therefore found non-responsive. |
| 4 | LATERAL UNISON INSURANCE BROKERS (PTY) LTD | SECTION 2.1: SPECIAL CONDITIONS OF CONTRACT<br>**2.1.2** ***Premiums*** *must be submitted* ***per insurance section per year*** *in the format under 2.5.*<br><br>*Failure to adhere to the beforementioned may result in your tender being declared non-responsive.*<br><br>The bidder failed to submit the premium for Aerodrome liability and therefore did not adhere to the above special conditions of contract. Bidder is therefore found non-responsive. |
| **BIDDER NOT CONSIDERED** | | |

| |
|---|
| N/A |

10. None of the bidders indicated spouses or family members in service of the state.
11. The B-BBEE certificate of the preferred bidder have been checked and found in order.
12. The tax status of Sankofa Insurance Brokers (Pty) Ltd. was verified on 06 March 2026 at 09:00 and found to be compliant.

Proposed by: Mr. H. Visser

Seconded by: Mr. H. Pienaar

**Chairperson:** ____________________

**6.2. HES-TECH 04/2526: THE SUPPLY AND DELIVERY OF TWELVE (12) 2M3 SKIP BINS AND ONE (1) 3 TON DOUBLE AXLE UNIVERSAL SKIP LOADER**

**Resolved**

1. That tender *HES-TECH 04/2526: The Supply and Delivery of Twelve (12) 2m³ Skip Bins and one (1) 3 Ton Double Axle Universal Skip Loader,* be awarded to Memotek Trading CC for an amount of R 336 049.55 (VAT Incl.) and delivery period of 3 – 6 weeks, as follows:

**A) PRICING SCHEDULE**

| No. | Description | Amount (R.c) (Vat Excl.) |
|---|---|---|
| 1 | 12 x 2 (Two) cubic meter skip bin | R114 276,00 |
| 2 | Delivering Costs | R2 675,00 |
| **Sub-Total (Vat Excl.)** | | R16 951,00 |
| **Vat 15% (If registered)** | | R17 542,65 |
| **Total (Vat Incl.)** | | R134 493,65 |

**B) PRICING SCHEDULE**

| No. | Description | Amount (R.c) (Vat Excl.) |
|---|---|---|
| 1 | 1 x 3 (Three) Ton Double Axle Universal Loader Trailer UL2000C | R170 986,00 |
| 2 | Delivering Costs | R1 605,00 |
| 3 | Trailer Registered License | R2 675,00 |
| **Sub-Total (Vat Excl.)** | | R175 266,00 |
| **Vat 15% (If registered)** | | R26 289,90 |
| **Total (Vat Incl.)** | | R201 555,90 |

2. The amount will be financed from vote numbers as listed below:

| | |
|---|---|
| Vote Numbers | 72106450020IFATTZZWM<br>72106420420IFBCRZZWM |
| Vote Descriptions | 2 TON SKIPS X 6 - H/Q<br>3 TON SKIPLOADERS |
| Available Budget | R160 000 + R 300 000 = R 460 000 |
| Actual Amount | R336 049.55 (VAT Incl.) |
| Completion Period | 3-6 weeks |

3. It should be noted that no small acceptable deviations were applicable to the tender.
4. The preferred bidder does not require its own terms or conditions.
5. The Validity of claims and declarations are valid.
6. The potential risks and mitigation factors were pointed out by the Senior SCM Practitioner: Contract, Risk and Performance Management.
7. No Additional contractual issues were identified.
8. It should be noted that the Bid Adjudication Committee accepts any alternative offers, own terms and conditions made by the preferred bidder.

9. The Validity of claims and declarations are valid.
10. The potential risks and mitigation factors were pointed out by the Senior SCM Practitioner: Contract, Risk and Performance Management.
11. No Additional contractual issues were identified.
12. That none of the tenders were regarded as non-responsive.
13. None of the bidders indicated spouses or family members in service of the state
14. The B-BBEE certificate of the preferred bidder has been checked and found in order.
15. The tax status of Memotek Trading CC was verified on CSD website on 06 March 2026 at 09:02 and found to be compliant.

Proposed by: Mr. R. Heunis

Seconded by: Mr. H. Pienaar

**Chairperson:** ____________

## 6.3. HES-FIN 03/2526: TAKING UP OF AN EXTERNAL LOAN

**Resolved**

1. That it is recommended that tender *HES-FIN 03/2526*: *Taking Up of an External Loan,* be awarded to Nedbank Limited for the total loan amount of R50 000 000.00 at an interest rate of 8.87%.

| Loan Amount | Term | Instrument (eg. R213 etc.) | Base rate (%) | Margin (%) | All inclusive interest rate (%) | Total interest payable | Total amount repayable |
|---|---|---|---|---|---|---|---|
| R40 000 000.00 | 10 Years | NEDBANK INTEGRAL FUNDING CURVE | 7,33% | 1,54% | 8,87% | R21176250,81 | R61 176 250,81 |
| R45 000 000.00 | 10 Years | NEDBANK INTEGRAL FUNDING CURVE | 7,33% | 1,57% | 8,87% | R23823282,17 | R68 823 282,17 |
| R50 000 000.00 | 10 Years | NEDBANK INTEGRAL FUNDING CURVE | 7,33% | 1,54% | 8,87% | R26 470 313,54 | R76 470 313,52 |

2. That the following be noted:
   - **Fixed interest rates with defined <u>equal</u> instalments over the period will apply.** The interest rate will be finalised on the date on which the loan agreement is signed with the successful bidder.
3. The amount will be financed from vote numbers for various projects
4. It should be noted that no small acceptable deviations were applicable to the tender.
5. The preferred bidder requires their own terms or conditions – Refer to Annexure F of this report.
6. The Validity of claims and declarations are valid.
7. The potential risks and mitigation factors were pointed out by the Senior SCM Practitioner: Contract, Risk and Performance Management.
8. No additional contractual issues were identified.
9. It should be noted that the Bid Adjudication Committee accepts the own terms and conditions made by the preferred bidder.
10. The validity of claims and declarations are valid.
11. The potential risks and mitigation factors were pointed out by the Senior SCM Practitioner: Contract, Risk and Performance Management.
12. No additional contractual issues were identified.
13. That none of the tenders were regarded as non-responsive.
14. None of the bidders indicated spouses or family members in service of the state.
15. The B-BBEE certificate of the preferred bidder have been checked and found in order.
16. The tax status of the preferred bidder, Nedbank Limited, was verified on the CSD website on 06 March 2026 at 09:05 and found to be compliant.
17. That this recommendation be referred to the Accounting Officer for consideration and approval.
18. That the award of this tender is subject to section 46 prescripts of the MFMA.

Proposed by: Mr. H. Visser

Seconded by: Mr. R. Manho

**Chairperson:** ____________________

7. **Consideration of Contract Extension/Contract Expansion**
   None

8. **Consideration of the Appointment of Professionals and Consultants**
   None

9. **Consideration of Deviations**
   None

10. **Consideration of regulation 31 appointments**
    None

11. **Consideration of regulation 32 appointments**
    None

## 12. Other

### 12.1. RFQ 17: HIRING OF EXCAVATOR IN STILL BAY UNDER TENDER HES-TECH 08/2324: THE APPOINTMENT OF A PANEL OF SERVICE PROVIDERS FOR THE HIRING OF EARTH MOVING EQUIPMENT / CONSTRUCTION VEHICLES FOR A PERIOD OF THREE (3) YEARS

**Resolved**

1. It is recommended that **RFQ 17: Hiring of excavator in Still Bay** under tender *HES-TECH 08/2324: The appointment of a panel of service providers for the hiring of earth moving equipment / construction vehicles for a period of three (3) years* be awarded to Meyer Beton as follows:

| Item No. | Description | Quantity | Hours | Unit Price Vat Excl. | Total Price (Vat Excl.) |
|---|---|---|---|---|---|
| 1. | Excavator | 1 | 10 | **1 400** | **14 000.00** |
| 2. | Transport to and from site | Sum | Sum | | **6 500.00** |
| | | | | **Total Price Vat Excl.** | **20 500.00** |
| | | | | **VAT @ 15%** | **3 075.00** |
| | | | | **Total Price Vat Incl.** | **23 575.00** |

2. That the original allocation of 8 hours be increased to 10 hours, as the user department's budget permits this adjustment and the increase will be beneficial to the project as a whole.
3. That the increase in hours from 8 hours to 10 hours is justified in accordance with the conditions set out under SECTION 2.2: PRICING SCHEDULE, which states the following:
   "THE MUNICIPALITY RESERVE THE RIGHT TO INCREASE OR DECREASE THE HOURS FOR THE HIRING OF EXCAVATOR IN STILL BAY (IF THE BUDGET ALLOWS)."
4. That the expenditure be financed from the following vote number:

| | |
|---|---|
| Vote Number | 699023018701CMRCZZWM |
| Vote Description | OC: HIRE CHARGES |
| Available Budget | R38 603.00 |
| Actual Amount | R20 355.00 (VAT Incl.) |

5. Declaration of interest have been checked and found in order.
6. That the tax status of Meyer Beton have been verified on the CSD Website on 06 March 2026 at 09:08 and found to be compliant.

Proposed by: Mr. H. Pienaar

Seconded by: Mr. R. Heunis

Chairperson: ____________________

**13. Approval of the minutes of the meeting held on 06 March 2026**

**Resolved**

1. That the minutes of the meeting held on 06 March 2026 be approved unanimously.

**14. Conclusion**

The meeting adjourned at 09:16.

| | |
|---|---|
| ............................................ | ............................................ |
| Mr. G.J. Goliath | Ms. A. de Lange |
| Chairperson | Secretary |
| 11/03/2026 | 11/03/2026 |
| Date | Date |

Western Cape Government

Provincial Treasury
**Kenneth Mtshweni**
Director: Fiscal Policy
Kenneth.Mtshweni@westerncape.gov.za | Tel: 021 831 8758

**Reference:** PTR 16/1/21/1
**Enquiries:** Mr W Baatjies

Private Bag X9165
Cape Town,
8001

The Municipal Manager
Hessequa Municipality
PO Box 29
Riversdale
6600

Via email: mm@hessequa.gov.za

(**For attention**: Mr ASA de Klerk)

**WESTERN CAPE PROVINCIAL TREASURY COMMENTS ON THE LONG-TERM BORROWING PROPOSAL FOR THE HESSEQUA MUNICIPALITY**

Provincial Treasury (PT) has considered the long-term borrowing proposal of Hessequa Municipality and herewith provides comments based on compliance with the legislative requirements in terms of the Local Government: Municipal Finance Management Act (Act No. 56 of 2003) (MFMA) and the affordability of the proposed long-term borrowing proposal. These comments are required to be tabled in the Municipal Council.

**Compliance Assessment**

1. The Municipality released a statement of information detailing the proposed external financing for its capital program.

2. PT notes that the Municipality has submitted the required information as per MFMA Circulars 26 & 42.

3. The Municipality has set its goals in accordance with section 152 of the South African Constitution (Act No. 108 of 1996) and has ensured compliance with the MFMA and Municipal Supply Chain Management Regulations, based on the information that has been supplied to PT.

   Table 1 indicates the relevant sections in relation to the National Treasury (NT) Circulars which provide the necessary legislative guidelines and information required to make the needed comments as stated in section 46(3)(a) of the MFMA.

**Table 1:Compliance with MFMA in relation to MFMA Treasury Circular 26, 42 & 115 as issued by National & *Provincial Treasury***

| ***MFMA/ Treasury Circulars*** | ***Details*** | ***Compliance Yes/No*** |
|---|---|---|
| S46(3)(a)(i) and (ii) | The information statement and media advertisements were made public in the local newspaper, as well as in libraries, on notice boards of the Municipality and the Municipal Website on 17 April 2026. | Yes |
| S46(3)(b)(i) and (ii) | The loan funds will be sourced from financial institutions accredited in terms of the Banks Act. | Yes |
| S46(6), S17(2), S19 | The long-term loan is consistent with its Capital budget as referred to in section 17(2) of the MFMA. The total loan amount is for R50.00 million. | Yes |
| S46(5) | This section is not applicable, because the borrowing (debt) purpose is not for refinancing existing long-term borrowing (debt). | N/A |
| S19(1)(d) | The sources of the funding have been considered, are available and have not been committed for other purposes. | Yes |
| MFMA National Treasury Circular No.26/2005 | A schedule of all long-term borrowing (debt) obligations in the format of the QBMR showing principal and interest payments for the life of all loans and any associated investments set up as sinking funds etc. | Yes |
| MFMA Provincial Treasury Circular No. 42/2010 | The Long-Term Debt Certification to be dated and signed by the Municipal Manager (Accounting Officer) and the Executive Mayor/Chairperson of the Board. | Yes |
| S 18 of MFMA, Reg 22 of MBRR & MFMA National Treasury Circular 115 | The Annual Budget may only be funded by realistically anticipated revenues to be collected, cash-backed accumulated funds from previous years' surpluses not committed for other purposes, and borrowed funds, but only for capital budget referred to in section 17(2) of the MFMA.<br><br>An adjustments budget of a municipality must be appropriately funded. | Yes |

**Affordability Assessment**

4. The following affordability assessment is based on the 2023/24 and 2024/25 Audited Annual Financial Statements (AFS); the in-year monitoring (IYM) operating and capital expenditure reports for the 2025/26 financial year as at 28 February 2026; the cash flow actual performance for the same period; and the Municipality's approved 2025/26 Integrated Development Plan (IDP).

5. The purpose of the external loan is to raise R50.00 million over a 10-year term from a financial institution to fund infrastructure development and the renewal of ageing infrastructure, thereby improving service delivery.

6. The interest rate applicable to the loan is currently set at 8.87 per cent, which is below the prevailing prime lending rate of 10.25 per cent. At this rate, total finance charges over the term of the loan are estimated at R26.47 million, contributing to the overall cost of the external borrowing.

7. The borrowing repayments will be made on a semi-annual basis, with the first instalment scheduled for 30 December 2026 and the final instalment due on 30 June 2036.

8. In considering the affordability of the proposed loan, a selected number of financial ratios (based on the Audited AFS of 2023/24 and 2024/25) were considered which are depicted in Table 2.

**Table 2: Ratio analysis**

| Ratio | National Treasury Norm or acceptable range | Assessment | 2023/24 (Audited) | 2024/25 (Audited) | M08 February 2026 (In-year monitoring) |
|---|---|---|---|---|---|
| Current Ratio | 1.5:1 to 2 | Above NT norm | 2.7:1 | 3.5:1 | 3.5:1 |
| Debtors' collection period | 30 days | Not Within NT norm | 33 days | 32 days | 32 days |
| Capital Cost (Interest paid and redemption to total operating expenditure) | 6% - 8% | Below NT norm | 2.3:1 | 3.0:1 | 3.0:1 |
| Total Liabilities to Total Assets | <50% | Within NT norm | 26.5% | 20.6% | 19.80% |
| Cash and cash equivalents to Current liabilities | 1:1 | Above NT norm | 2.3:1 | 3.0:1 | 2.76:1 |
| Debt (Total Borrowings) to Total Operating Revenue[1] | 45% | Within NT norm | 19.4% | 13.5% | 13.10% |

[1] For M08 in-year monitoring calculation of this ratio, adjusted budgeted operating revenue is used.

9. The current ratio has improved from 2.7:1 in the 2023/24 financial year to 3.5:1 in the 2024/25 financial year and is within the NT's acceptable norm. The ratio indicates that the Municipality may have sufficient cash and cash equivalents to meet its short-term obligations.

10. The net debtor's collection has improved from 33 days in 2023/24 to 32 days in 2024/25 financial years, which is not within the acceptable NT norm of 30 days. The Municipality should strengthen its present credit management and debtor collection policies and processes to increase cash flow from outstanding debt and align the debtor collection duration within the NT's norms.

11. The interest paid and redemption to total operating expenditure ratio show a slight increase from 2.3 per cent in 2023/24 to 3.0 per cent in 2024/25 and remained favorably below the NT norm of 6-8 per cent. This is an indication that the Municipality has capacity to increase its borrowing. However, other future cashflow projections will have to be considered as part of the Municipality's long -term financial planning.

12. The total liabilities to total assets ratio results indicate a decrease from 26.5 per cent in 2023/24 to 20.6 per cent in 2024/25 and remains within the NT norm. This ratio result indicates that the Municipality has sufficient assets to cover its liabilities when they are due.

13. The cash and cash equivalents to current liabilities ratio improved from 2.3:1 in the 2023/24 financial year to 3.0:1 in the 2024/25 financial year, exceeding the National Treasury norm of 1:1. This improvement indicates that the Municipality possesses sufficient liquid resources to meet and settle its short-term financial obligations as they become due.

14. The debt to total operating revenue ratio has decreased from 19.4 per cent in the 2023/24 financial year to 13.5 per cent in the 2024/25 financial year but remains within the NT norm of 45 per cent. Overall, the outcome of the ratio suggests that the Municipality's gearing is low, and that the Municipality can raise additional borrowing to fund capital projects should it be required. Based on the 2025/26 annual budget and including the proposed long-term borrowing, the gearing ratio is projected to increase from 13.10 per cent to 21.59 per cent for the period ending 28 February 2026.

15. In addition to the financial ratios derived from the 2023/24 and 2024/25 audited AFS, further analyses were conducted using the 2025/26 section 71 data as at February 2026.

a) The operating revenue amounted to R514.62 million or 60.7 per cent of the adjusted budget of R847.38 million, with only 4.1 per cent underperformance from the YTD Budget of R536.68 million. With the year-to-date actual operating expenditure at R442.29 million or 52.7 per cent against the adjusted budget of R839.18 million, with only 7.7 per cent underperformance form the YTD Budget of R479.16 million as at 28 February 2026.

b) The reported total outstanding debtors as at 28 February 2026 amounts to R101.52 million indicating a month-on-month increase of R5.24 million (5.44 per cent) and a year-on-year increase of R4.65 million or 4.79 per cent. The Municipality is advised to intensify credit control measures and strengthen revenue management practices to curb short-term increases in arrears and protect cash flow sustainability.

c) In February 2026, the liquidity ratio decreased to 4.75 times from 4.85 times compared to January 2026. The ratio is above the National Treasury recommended norm of 1.1, indicating that the Municipality may meet and settle its short-term obligations immediately.

d) In February 2026, the cost coverage ratio increased to 9.03 times from 7.66 times compared to January 2026, indicating the municipality may have the ability to meet at least its monthly fixed operating commitments from cash and short-term investments without collecting any additional revenue.

e) The proposed borrowing aligns with the Municipality's budget, IDP and strategic objectives, addressing the Municipality's socio-economic reality, infrastructure demands and service delivery needs.

**Conclusion**

16. After assessing the proposed long-term borrowing and the current financial position of the municipality, PT draws attention to the following:

a) The proposed borrowings are integral to the funding mix to finance the approved 2025/26 capital programme of the Municipality. The intended loan will contribute towards the creation of new, and the expansion of existing, economic and social infrastructure that will improve the lives of citizens within the municipal area.

b) The Municipality should ensure that it sets an appropriate tariff structure which is affordable to ensure sufficient revenue is generated to sustain the long-term debt obligation.

c) The Municipality is advised to continue implementing stringent credit control and debt collection measures to enable timeous collection.

d) All factors considered; the PT concludes that the Municipality has the fiscal capacity to borrow money and service the loan. However, the Municipality should continue to carefully manage any potential risks due to current economic uncertainties, project implementation, affordability criteria, and the Municipality's solvency.

e) PT supports the loan application and advises the Municipality to consider the above comments/recommendations.

f) This letter should be presented to Council for review.

Kind regards

Owen Willcox Digitally signed by Owen Willcox Date: 2026.05.12 16:21:50 +02'00'

**MR. O. Willcox**
**CHIEF DIRECTOR: PUBLIC POLICY SERVICES**
**WESTERN CAPE PROVINCIAL TREASURY**

national treasury

Department:
National Treasury
**REPUBLIC OF SOUTH AFRICA**

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Mr Albertus de Klerk
The Municipal Manager
Hessequa Municipality
PO BOX 29
**RIVERSDALE**
6670

Per e-mail: mm@hessequa.gov.za

Dear Municipal Manager

**RE: HESSEQUA MUNICIPALITY: INVITATION TO NATIONAL TREASURY AND PROVINCIAL TREASURY TO SUBMIT COMMENTS REGARDING: TENDER: HES-FIN 03/2526 THE TAKING UP OF AN EXTERNAL LOAN**

Your correspondence requesting the National Treasury's comments in terms of section 46 of the MFMA refers.

The National Treasury have noted the contents of the letter. The municipality plans to enter into a long-term borrowing agreement to partly fund its 2025/26 capital program which includes critical infrastructure investments. The projects earmarked for funding are outlined in the 2025/26 Integrated Development Plan. The municipality has made sufficient provision for the borrowing in the 2025/26 annual budget. The National Treasury trust that the municipality has ensured compliance with the applicable procurement prescripts in appointing the service provider.

Section 46(3)(a) of the MFMA requires the municipality to, at least 21 days prior to the meeting of the council at which approval for the debt is to be considered, make public an information statement setting out particulars of the proposed debt, including the amount of the proposed debt, the purposes for which the debt is to be incurred and particulars of any security to be provided; and invite the public, the National Treasury and the relevant Provincial Treasury to submit written comments or representations to the council in respect of the proposed debt.

The National Treasury have noted the copy of the information statement setting out the details of the proposed arrangement as well as the public notice. The National Treasury trust that the municipality has published the documents in accordance with section 21A of the Municipal Systems Act as required.

The municipality intends to borrow R50 million at a fixed interest rate of 8,87 per cent. This rate is lower than the current prime lending rate of 10,25 per cent, which is typically applied to public borrowing. The relatively lower interest rate suggests that the municipality is considered a low-risk borrower and reflects a sound financial position. This assessment is supported by the municipality's IPM credit model score of 7,7 for the 2024/25 financial year, indicating the municipality's ability to access external funding at competitive rates. This is further reinforced by the municipality's low debt-to-revenue ratio of 18 per cent, which indicates that it is not over-leveraged and retains sufficient capacity to absorb additional debt without experiencing immediate financial strain.

Furthermore, the borrowing will have a tenure of 10 years, with both interest and principal repayments scheduled on a semi-annual basis. It is also noted that no security will be pledged for the proposed debt. In addition, the loan will not be used to refinance any of the municipality's existing long-term debt.

The municipality has indicated that revenue generated from rates and taxes will be used to service the loan repayments. It is therefore recommended that the municipality ensures that these revenue streams remain stable and sufficient to meet its debt obligations over the term of the loan. We have also taken note of the municipality's approved tariff increases for water, solid waste, sewerage, electricity and property rates, which are among the existing funding sources to be utilised for loan repayment. These tariff increases should enhance the municipality's revenue base and strengthen future cash flows, supporting its ability to service the debt.

As this borrowing will be utilised to achieve service delivery targets, it is considered appropriate, given the favourable loan terms, including a competitive interest rate and manageable repayment structure. However, the funding also introduces long-term cost implications that should be actively managed, alongside efficiency considerations that require careful oversight. We therefore expect the municipality to prudently manage the borrowed funds and ensure that the envisaged service delivery outcomes are achieved, while maintaining its ability to meet all debt servicing obligations.

The financial ratio analysis reflects a strong overall financial position, with notable improvements in liquidity, while debtor management remains generally sound with some areas for refinement. From a debtor management perspective, the municipality continues to perform well. The collection rate of 97 per cent exceeds the 95 per cent benchmark, indicating efficient revenue collection and strong billing systems. Net debtor days at 32 days are slightly above the 30-day norm, suggesting that cash conversion from billed revenue is relatively efficient. However, the bad debts written off at 24 per cent of provision remains significantly below the 100 per cent benchmark, which may indicate that the municipality is either conservative in writing off irrecoverable debt or that provisions are adequately covering expected losses. While this is not necessarily a weakness, it does suggest a need to review the alignment between provisioning and actual write-offs to ensure accuracy and transparency.

Improvements in liquidity are signalled by the cash/cost coverage ratio of 8 months which is well above the 1–3 months benchmark, indicating a very strong liquidity position and the municipality's ability to comfortably meet its short-term obligations. Similarly, the current ratio of 3.5:1 reflects strong solvency, although it may also indicate that resources are not being optimally utilised for service delivery or capital investment. While this strong liquidity position enhances financial resilience, it also raises considerations around the efficient deployment of surplus funds.

In terms of liability management, the municipality remains in a low-risk position. The capital cost ratio of 5 per cent is slightly below the 6 per cent to 8 per cent norm, indicating manageable debt servicing costs and limited pressure on the operating budget.

**RE: HESSEQUA MUNICIPALITY: INVITATION TO NATIONAL TREASURY AND PROVINCIAL TREASURY TO SUBMIT COMMENTS REGARDING: TENDER: HES-FIN 03/2526 THE TAKING UP OF AN EXTERNAL LOAN**

Overall, the municipality demonstrates strong financial health, excellent liquidity, and low debt exposure, but should focus on optimising the use of cash reserves and strengthening the alignment between debt provisioning and write-offs to enhance financial efficiency and transparency.

We trust that you will be guided accordingly.

Kind regards

**OGALALETSENG GAAREKWE**
**DEPUTY DIRECTOR-GENERAL: INTERGOVERNMENTAL RELATIONS**
Date**:** 09 May 2026

Cc: CFO- Mr Gerard Goliath
Email: gerard@hessequa.gov.za

Cc: WC MFMA Coordinator – Mr Steven Kenyon
Email: Steven.Kenyon@westerncape.gov.za

For more information contact:

**Name:** Wayne McComans
**Email:** MFMA@treasury.gov.za

**HESSEQUA MUNISIPALITEIT**

**TEGNIESE OPENBARE INSETTE: VOORGESTELDE EKSTERNE LENING**

**KONTRAK HES-FIN 03/2526**

Datum: 06 Mei 2026

Aan:

Die Munisipale Bestuurder / Voorsieningskanaalbestuur

Hessequa Munisipaliteit

Posbus 29

Riversdal

6670

E-pos: leighton@hessequa.gov.za / hpienaar@hessequa.gov.za

Geagte heer/dame

BETREFF: OPENBARE INSETTE – VOORNEME OM LANGTERMYN SKULD AAN TE GAAN INGEVOLGE ARTIKEL 46 VAN DIE MUNISIPALE FINANSIËLE BESTUURSWET (MFMA), WET 56 VAN 2003 (KONTRAK HES-FIN 03/2526)

Hiermee dien ek formele tegniese kommentaar in op die Hessequa Munisipaliteit se publieke kennisgewing rakende die voorneme om langtermynskuld aan te gaan vir die opname van 'n eksterne lening ingevolge kontrak HES-FIN 03/2526.

**1. Omvang en tydsberekening van beplande skuld**

Volgens die MTREF-kapitaalbefondsingstabel (bl. 59–61 van die Konsep-begroting 2026/27–2028/29) word die volgende eksterne lenings beplan:

2026/27: R20 000 000 (11,40% van kapitaalbegroting)

2027/28: R70 000 000 (49,71% van kapitaalbegroting)

2028/29: R34 600 000 (20,06% van kapitaalbegroting)

Totale nuwe skuld oor die MTREF-periode: ongeveer R124,6 miljoen.
Die huidige skuldlas is reeds ongeveer R122 miljoen. Die addisionele lenings sal die totale skuldvlakke aansienlik verhoog.

2. Risiko en opeenhoping van skuldverpligtinge

Daar bestaan 'n duidelike verskil tussen die spesifieke lening genoem in die publieke kennisgewing en die groter leningsbedrae wat in die MTREF, veral vir 2027/28, beplan word. Hierdie herprofilering verhoog die risiko van "op eenhoping van skuldverpligtinge wat toekomstige begrotings onder ernstige druk kan plaas.

**3. Kapitaalvraag versus bekostigbaarheid**

Die Langtermyn Finansiële Plan toon 'n strukturele gaping van meer as R1,2 miljard tussen die totale kapitaalvraag (± R2,882 miljard) en die bekostigbare kapitaal (± R1,620 miljard) oor 'n 10-jaar periode. Die gebruik van skuld as primêre instrument om hierdie gaping te oorbrug, verhoog langtermyn fiskale risiko.

**4. Volhoubaarheid in die lig van operasionele prestasie**

Die munisipaliteit se operasionele surplus vir 2026/27 is uiters beperk (± R625 000, of minder as 0,1% van operasionele inkomste). Daar is feitlik geen buffer vir rentekoersskokke, hoër inflasie of onverwagte uitgawes nie.

**5. Skuldverwante finansiële norme**

Volgens die Munisipaliteit se eie beleid mag rente- en aflossingskoste nie 8% van totale uitgawes oorskry nie, en totale langtermynskuld mag nie 35% van operasionele inkomste oorskry nie. Die voorgestelde leningspad sal hierdie perke verder toets.

**6. Operasionele en bestuursrisiko's**

Hoë personeelkoste, oormatige gekontrakteerde dienste, ongemagtigde uitgawes (soos aangetoon in Artikel 32-verslae) en voortgesette skuldherfinansiering verhoog die risiko. Verdere skuld is nie geregverdig terwyl daar duidelike geleenthede bestaan om uitgawes te rasionaliseer en inkomste te optimaliseer nie.

**7. Impak op tariewe en belastingbetalers**

In die lig van reeds bestaande tariefverhogings en 'n uiters dun operasionele surplus, is dit hoogs waarskynlik dat toekomstige tariefverhogings nodig sal wees om die addisionele skulddiens te dek.

Dit plaas 'n verdere las op inwoners se besteebare inkomste, veral inagenome die afgelope vyf jaar se bo-inflasdie verhogings van belastings en diensfooie.

**8. Aanbevelings**

Dit word aanbeveel dat:

1. 'n volledige, gedetailleerde skuldvolhoubaarheidsanalise (insluitende sensitiwiteitsanalise vir rentekoerse, inflasie en ekonomiese skokke) openbaar gemaak word voordat enige lening goedgekeur word.

2. Alternatiewe finansieringsopsies prioriteit geniet, insluitend:

Herprioritisering en fasering van kapitaalprojekte;

Verhoogde benutting van interne befondsing (bv. Kapitaalvervangingsreserwe);

Rasionalisering van gekontrakteerde dienste;

Verbetering van inkomste-optimalisering (vermindering van water- en elektrisiteitsverliese);

Ontwikkelaarbydraes en innoverende finansieringsmodelle.

3. Maatreëls ingestel word om uitgawes te verminder voordat addisionele skuld aangegaan word.

**Gevolgtrekking**

Terwyl Hessequa Munisipaliteit relatief stabiel funksioneer, is die voorgestelde skuld verhoging (veral die piek in 2027/28) riskant gegewe die beperkte operasionele buffer en strukturele uitdagings.

Ek versoek dat hierdie insette deeglik oorweeg word en dat groter deursigtigheid gebied word oor die spesifieke terme van kontrak HES-FIN 03/2526.

Ek vertrou daarop dat hierdie kommentaar in ag geneem sal word.

Hoogagtend

Adv. H.P. van Staden
Datum: 06 Mei 2026
Kontakbesonderhede: hpvans3@gmail.com

**HESSEQUA MUNICIPALITY TECHNICAL PUBLIC INPUT: PROPOSED EXTERNAL LOAN CONTRACT HES-FIN 03/2526**

Date: 06 May 2026

To: The Municipal Manager / Supply Chain Manager Hessequa Municipality P.O. Box 29 Riversdale 6670 Email: leighton@hessequa.gov.za / hpienaar@hessequa.gov.za

**Dear Sir/Madam**

**RE: PUBLIC INPUT – INTENTION TO INCUR LONG-TERM DEBT IN TERMS OF SECTION 46 OF THE MUNICIPAL FINANCE MANAGEMENT ACT (MFMA), ACT 56 OF 2003 (CONTRACT HES-FIN 03/2526)**

I hereby submit formal technical commentary on the Hessequa Municipality's public notice regarding its intention to incur long-term debt for the purpose of securing an external loan under contract HES-FIN 03/2526.

**1. Scope and Timing of Planned Debt**

According to the MTREF capital funding table (pp. 59–61 of the Draft Budget 2026/27–2028/29), the following external loans are planned:

2026/27: R20,000,000 (11.40% of capital budget)

2027/28: R70,000,000 (49.71% of capital budget)

2028/29: R34,600,000 (20.06% of capital budget)

Total new debt over the MTREF period: approximately R124.6 million. The current debt burden already stands at approximately R122 million. The additional loans will significantly increase total debt levels.

**2. Risk and Accumulation of Debt Obligations**

There is a clear discrepancy between the specific loan mentioned in the public notice and the larger loan amounts reflected in the MTREF, particularly for 2027/28. This reprofiling increases the risk of an accumulation of debt obligations that could place future budgets under severe pressure.

**3. Capital Demand versus Affordability**

The Long-Term Financial Plan reflects a structural gap of more than R1.2 billion between total capital demand (± R2.882 billion) and affordable capital (± R1.620 billion) over a 10-

year period. Reliance on debt as the primary instrument to bridge this gap heightens long-term fiscal risk.

**4. Sustainability in Light of Operational Performance**

The municipality's operational surplus for 2026/27 is extremely limited (± R625,000, or less than 0.1% of operating income). There is virtually no buffer against interest rate shocks, higher inflation, or unforeseen expenditures.

**5. Debt-Related Financial Norms**

According to the Municipality's own policy, interest and redemption costs may not exceed 8% of total expenditure, and total long-term debt may not exceed 35% of operating income. The proposed debt trajectory will further test these limits.

**6. Operational and Management Risks**

High personnel costs, excessive contracted services, unauthorised expenditure (as highlighted in Section 32 reports), and ongoing debt refinancing increase risk. Additional debt is not justified while clear opportunities exist to rationalise expenditure and optimise revenue.

**7. Impact on Tariffs and Taxpayers**

Given existing tariff increases and the extremely thin operational surplus, it is highly likely that future tariff hikes will be required to cover the additional debt service. This places a further burden on residents' disposable income, especially considering above-inflation increases in taxes and service charges over the past five years.

**8. Recommendations**

It is recommended that:

1. A comprehensive, detailed debt sustainability analysis (including sensitivity testing for interest rates, inflation, and economic shocks) be made public before any loan is approved.
2. Alternative financing options be prioritised, including:

   Reprioritisation and phasing of capital projects;

   Increased use of internal funding (e.g., Capital Replacement Reserve);

   Rationalisation of contracted services;

   Improved revenue optimisation (reducing water and electricity losses);

Developer contributions and innovative financing models.

3. Measures be implemented to reduce expenditure before incurring additional debt.

**Conclusion**

While Hessequa Municipality functions relatively stably, the proposed debt increase (particularly the peak in 2027/28) is risky given the limited operational buffer and structural challenges.

I request that these inputs be carefully considered and that greater transparency be provided regarding the specific terms of contract HES-FIN 03/2526.

Regards

Adv. H.P. van Staden
Datum: 06 Mei 2026
Kontakbesonderhede: hpvans3@gmail.com

Response to Adv. H.P. van Staden

1. **Scope and Timing of Planned Debt**: The proposed loan is for the current financial year (2025/26). It should therefore not be confused with the budgeted 2026/27 MTREF period.
2. **Risk and Accumulation of Debt Obligaions:** There is no reprofiling. The proposed loan is for the current financial year (2025/26).
3. **Capital Demand versus Affordability**: We agree that there is a gap between the capital demand and affordability in the Long-Term Financial Plan. This is not out of the ordinary and this is a global challenge that organizations face. External loans are factored into the Long-Term Financial Plan already, as effective and sustainable financial management requires that an optimal funding mix be utilized. An optimal funding mix aims to ensure that current and future capital investment sufficiently meets infrastructure demand whilst the municipality also remains sustainable over the long term. The affordable capital investment amount thus includes internal funding, external loans and transfers & subsidies:

TABLE 11: BASE CASE 10-YEAR CAPITAL FUNDING MIX

| Source | Rm | % |
|---|---|---|
| Public & Developers' Contributions | 0 | 0 % |
| Capital Grants | 391 | 24 % |
| Financing | 416 | 26 % |
| Cash Reserves and Funds | 813 | 50 % |
| Cash Shortfall | 0 | 0 % |
| **Capital Expenditure** | **1 620** | **100 %** |

4. **Sustainability in Light of Operational Performance**: Noted. Comment is related to the 2026/27 draft budget and not the 2025/26 external loan. The guidelines from National Treasury is that municipalities should table a credible budget. The Municipal Finance Management Act (MFMA) and Municipal Budget and Reporting Regulations (MBRR) makes provision for how municipalities should deal with unforeseen and unavoidable expenditures. A higher surplus would also mean higher tariffs since increases in budgeted expenditure has been kept to the bare minimum to ensure that the current service delivery standards be maintained.
5. **Debt-Related Financial Norms**: The proposed debt trajectory was planned for and is already included in the budgeted projections and the Long-term Financial Plan. Interest and Redemption as a percentage of Total Operating Expenditure is forecasted to be 4,1% in 2026/27 (including the proposed R50 million), 4,0% in 2027/28, and 5,0% in 2028/29 (2026/27 Draft Budget Report). The norm is 6% to 8%. The Municipality's Borrowing Funds and Reserves Policy is in line with the

norm. Operating below the norm indicates that the Municipality has the capacity to take on additional loans to invest in infrastructure projects.

6. **Operational and Management Risks**: No debt refinancing is taking place. The loans are also not used to finance operating expenditure. The proposed external loan will be taken up in terms of MFMA Section 46, which deals with long-term debt.
7. **Impact of Tariffs and Taxpayers**: On the contrary, the Long-Term Financial Plan and the utilization of an optimal funding mix aim to ensure that tariffs remain affordable, whilst also ensuring long-term financial sustainability.

Feedback on **Recommendations**

1. The Long-Term Financial Plan takes all these factors into consideration. It should also be noted that the Plan is not fixed and may be amended to account for any unexpected shocks. All the required information in terms of Section 21A of the Municipal Systems Act and Section 46 of the MFMA was made public.
2. Comment is noted.
   - Capital projects are phased already because of affordability constraints, as pointed out in the LTFP (Demand vs Affordability). The remaining projects are critical to service delivery. The municipality's maintenance plan also assist in extending the useful life of older assets until replacement is needed.
   - It is critical to long-term sustainability that the correct balance between internal funding and borrowing is maintained. In the current financial year the funding mix is as follows:
     1. Transfers & Subsidies: R55,2 million
     2. Borrowing: R50 million
     3. Internal funds: R77,2 million
   - The proposed loan is to partially finance the capital programme, and not for contracted services or any operational expenditure purposes.
   - we agree with the point on Developer contributions and innovative financing models. Alternative financing options are being considered.
3. Comment is noted. The additional debt being taken up is in line with the recommendations of the Long-Term Financial Plan and attests to responsible financial management.

Terugvoering vir Adv. H.P. van Staden

1. **Omvang en tydsberekening van beplande skuld**: Die voorgestelde lening is vir die huidige finansiële jaar (2025/26). Dit moet dus nie verwar word met die begrote 2026/27 MTREF-periode nie.
2. **Risiko en opeenhoping van skuldverpligtinge**: Daar is geen herfinansiering van skuld nie. Die voorgestelde lening is vir die huidige finansiële jaar (2025/26).
3. **Kapitaalvraag versus bekostigbaarheid**: Ons stem saam dat daar 'n gaping is tussen die kapitaalvraag en bekostigbaarheid in die Langtermyn Finansiële Plan. Dit is nie buitengewoon nie en dit is 'n algemene uitdaging wat organisasies in die gesig staar. Eksterne lenings word reeds in die Langtermyn Finansiële Plan in ag geneem, aangesien effektiewe en volhoubare finansiële bestuur vereis dat 'n optimale mengsel van finansieringsbronne gebruik word. 'n Optimale mengsel van finansieringsbronne het ten doel om te verseker dat huidige en toekomstige kapitaalbelegging aan die infrastruktuurvraag voldoen, terwyl die munisipaliteit ook oor die lang termyn volhoubaar bly. Die bekostigbare kapitaalbeleggingsbedrag sluit dus interne befondsing, eksterne lenings en oordragte en subsidies in:

TABLE 11: BASE CASE 10-YEAR CAPITAL FUNDING MIX

| Source | Rm | % |
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| Public & Developers' Contributions | 0 | 0 % |
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| Cash Shortfall | 0 | 0 % |
| **Capital Expenditure** | **1 620** | **100 %** |

4. **Volhoubaarheid in die lig van operasionele prestasie**: Neem kennis. Kommentaar hou verband met die konsepbegroting vir 2026/27 en nie die eksterne lening vir 2025/26 nie. Die riglyne van die Nasionale Tesourie is dat munisipaliteite 'n geloofwaardige begroting ter tafel moet lê. Die Wet op Munisipale Finansiële Bestuur (MFMA) en die Munisipale Begrotings- en Verslagdoeningsregulasies (MBRR) maak voorsiening vir hoe munisipaliteite onvoorsiene en onvermydelike uitgawes moet hanteer. 'n Hoër surplus sal ook hoër tariewe beteken, aangesien verhogings in begrote uitgawes tot die absolute minimum beperk is om te verseker dat die huidige diensleweringsstandaarde gehandhaaf word.
5. **Skuldverwante finansiële norme**: Die voorgestelde skuld is deel van die Langtermyn Beplanning van die munisipaliteit is reeds ingesluit in die begrote projeksies en die Langtermyn Finansiële Plan. Die verwagting is dat Rente en Delging as 'n persentasie van Totale Bedryfsuitgawes 4,1% sal wees in 2026/27

(ingesluit die voorgestelde R50 miljoen), 4,0% in 2027/28, en 5,0% in 2028/29 (2026/27 Konsepbegrotingsverslag). Die norm is 6% tot 8%. Die Munisipaliteit se Lenings en Reserwe beleid is in lyn met die norm. Deur onder die norm te wees, dui daarop dat die Munisipaliteit die kapasiteit het om bykomende lenings aan te gaan om in infrastruktuurprojekte te belê.

6. **Operasionele en bestuursrisiko's:** Geen skuldherfinansiering vind plaas nie. Die lenings word ook nie gebruik om bedryfsuitgawes te finansier nie. Die voorgestelde eksterne lening sal opgeneem word ingevolge MFMA Artikel 46, wat handel oor langtermynskuld.
7. **Impak op tariewe en belastingbetalers**: Inteendeel, die Langtermyn Finansiële Plan en die gebruik van 'n gebalanseerde finansieringsmengsel is daarop gemik om te verseker dat tariewe bekostigbaar bly, terwyl langtermyn finansiële volhoubaarheid ook verseker word.

Terugvoering op **Aanbevelings**

1. Die Langtermyn Finansiële Plan neem al hierdie faktore in ag. Daar moet ook gelet word daarop dat die Plan nie "onbuigbaar" is nie en gewysig kan word om enige onverwagte skokke in berekening te bring. Al die vereiste inligting ingevolge Artikel 21A van die Munisipale Stelselswet en Artikel 46 van die MFMA is openbaar gemaak.
2. Kennis word geneem van die kommentaar.
    - Kapitaalprojekte word reeds gefaseer weens bekostigbaarheidsbeperkings, soos uitgewys in die LTFP (Vraag teenoor Bekostigbaarheid). Die oorblywende projekte is van kritieke belang vir dienslewering. Die munisipaliteit se instandhoudingsplan help ook om die lewensduur van ouer bates te verleng totdat vervanging nodig is. Dit is van kritieke belang vir langtermyn volhoubaarheid dat die korrekte balans tussen interne befondsing en lenings gehandhaaf word. In die huidige finansiële jaar is die finansieringsmengsel soos volg:
        i. Oordragte en Subsidies: R55,2 miljoen
        ii. Lenings: R50 miljoen
        iii. Interne fondse: R77,2 miljoen
    - Die voorgestelde lening is om die kapitaalprogram gedeeltelik te finansier, en nie vir gekontrakteerde dienste of enige bedryfsuitgawes nie.
    - Daar word saamgestem met die punt oor Ontwikkelaarsbydraes en innoverende finansieringsopsies. Alternatiewe finansieringsopsies word oorweeg
3. Kennis word geneem van die kommentaar. Die skuld wat aangegaan word, is in lyn met die aanbevelings van die Langtermyn Finansiële Plan en getuig van verantwoordelike finansiële bestuur.

BESWAAR TEEN UITNEEM VAN N LENING

Summarize

Sollie Liebenberg <liebenbergsollie@

To Collab Info; Alexander Panzek

Cc Leighton Jansen

Reply | Reply All | Forward

Thu 2026/05/07 07:45

If there are problems with how this message is displayed, click here to view it in a web browser.
Click here to download pictures. To help protect your privacy, Outlook prevented automatic download of some pictures in this message.

**[External Mail] This email was sent outside of our organisation (Hessequa Municipality). DO NOT CLICK links or attachments unless you recognise the sender and know the content is safe.**

Ek teken beswaar aan teen die opneem van nog n LENING aangesien dit negatief gaan impak teen die Raad se begroting. Verduidelik asb hoekom die geld gebruik word om die erfbelasting te finansier.Was u inkomste Dan min te min of het die inkomste nie gerealiseer nie. Eiendomsbelasting is tog die primere bron van n Munisipaliteit. Dit bekommer my dat dit lyk of Raad n cash flow probleem ontwikkel het .

A. Die voorgestelde eksterne lening is nie om erfbelasting te finansier nie, maar om die 2025/26 kapitaalbegroting gedeeltelik te befonds. Die munisipaliteit het 'n goedgekeurde Langtermyn Finansiële Plan (LTFP). Die doel van die LTFP is om te verseker dat die munisipaliteit oor die lang termyn finansieël volhoubaar bly en terselfdertyd dienste bekostigbaar te hou vir inwoners. Goeie finansiële bestuur verg dat 'n gesonde mengsel van finansieringsbronne gebruik word om kapitaalbesteding te befonds. Hierdie mengsel sluit skenkings vanaf die Nasionale en Provinsiale Regerings, Publieke skenkings, Interne munisipale fondse, Ontwikkelingsbydraes ens. in. Die Raad is in 'n gesonde finansiële posisie en is daarom in staat om eksterne lenings teen lae rentekoerse op te neem.

Die skedule van terugbetaling toon n Groot bedrag van rente kan daar nie n beter koers beding word. En aangesien toekomstige uitgawes moeilik voorspel kan word plaas dit die belastingbetalers op risiko . U terugvoering sal waardeer word

A. Die voorgestelde rentekoers is 8,87%, wat 1,38% laer is as die prima koers van 10,25%. Die lae koers getuig van die goeie finansiële posisie waarin die munisipaliteit tans is. Daar moet ook gelet word dat die rentekoers vasgemaak word oor die 10 jaar. Die vaste voorgestelde betalings is alreeds in die begroting ingewerk en sal nie addisionele tariefverhogings tot gevolg hê nie.

A. Liebenberg

+0825259033

Objections to taking out another 50 million loan at the cost of Ratespayers

Summarize

AP Alexander Panzek <homeawayalex@gmail.com>

Reply | Reply All | Forward

To Leighton Jansen; Collab Info; Hessequa Speaker; Gerald Boezak; Grant Riddles; Albert de Klerk; Bernice Labuschagne; Fred Carelse; Hendrik van Staden; **+11 others**

Wed 2026/05/06 15:21

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**[External Mail] This email was sent outside of our organisation (Hessequa Municipality). DO NOT CLICK links or attachments unless you recognise the sender and know the content is safe.**

Subject: Objection to Proposed R50 Million Loan – Hessequa Municipality, deadline for public comment 8 May 2023

Good day Sir/Madam,

I hereby formally submit my objection to the proposal by Hessequa Municipality to take out an additional R50 million loan at the expense of ratepayers.

1. Lack of transparency

In the recent public advertisement, the Municipality failed to disclose key information, including:

The exact loan amount

The terms and conditions of the loan

The Municipality's current total loan liabilities

This continued practice of withholding critical information—forcing the public to search through additional documents or submit formal requests—is unacceptable and undermines meaningful public participation.

A. No information was withheld. The public notice fully complies with Section 21A of the Municipal Systems Act, Act 32 of 2000, and with Section 46 of the Municipal Finance Management Act (MFMA), Act 56 of 2003. The notice also indicates where the complete set of documents can be accessed and who to contact should any clarity be needed. The documents included the public notice, the detailed information statement which included the exact loan amount, the terms and conditions of the loan and the municipality's total loan liabilities as you mentioned above. In the name of transparency, it is of utmost importance that the public has access to the complete set of documents. Opportunity was then given to comment on the proposal from an informed perspective. Without giving access to all the relevant documents, it would not have made sense to invite the public to comment.

2. Financial mismanagement and wasteful expenditure

Hessequa Municipality has a track record of mismanaging public funds, including spending millions on internal and forensic investigations that resulted in no meaningful accountability.

Officials found guilty of misconduct, such as Mr Chris Onrust, were redeployed into other positions "from savings" and later allowed to retire.

Similarly, another official, Mr Rossouw, whose actions reportedly led to approximately R20 million in direct and indirect losses, faced no appropriate consequences.

This pattern reflects a lack of accountability and raises serious concerns about the Municipality's ability to responsibly manage additional debt.

A. The proposed external loan will partially finance the 2025/26 capital programme of the municipality, as stated in the information statement. The comments above have no link to the proposed external loan.

3. Excessive staffing and disproportionate expenditure

I have previously raised objections in IDP processes regarding the excessive number of political support staff, including:

9 assistants to councillors

5 personal assistants to the Mayor

3 personal assistants to the Speaker

These positions cost ratepayers millions annually, yet residents experience poor responsiveness and limited service delivery benefits.

Currently, approximately 36% of total municipal revenue is spent on staff costs, while only around 8% is allocated to repairs and maintenance. In a well-managed municipality, this ratio should be reversed or at least significantly improved, with a greater focus on infrastructure maintenance and service delivery, minimum 25% .

A. The proposed external loan will partially finance the 2025/26 capital programme of the municipality, as stated in the information statement. The comments above are noted but have no reference to the proposed external loan. It should however be noted that National Treasury's norm for repairs and maintenance expenditure is 8% as a percentage of property, plant and equipment. The municipality's percentage is within the norm. Repairs and Maintenance as a percentage of Total revenue (excluding capital revenue) is 15,5% in 2025/26.

4. Lack of oversight and governance failures

It is deeply concerning that since the departure of former MPAC Chair Mr Mangaliso, no Article 32 meetings have been held since 25 August 2025.

This indicates a breakdown in oversight and accountability. Furthermore, the current MPAC leadership by Cllr J. Hardnick has not demonstrated effective oversight, despite the significant R700,000 p.a. remuneration attached to the role. Ratepayers are entitled to functional and competent governance structures. It is scandalous that Hessequa Municipality has currently no oversight!

A. The proposed external loan will partially finance the 2025/26 capital programme of the municipality, as stated in the information statement. The comments above is not related to the proposed external loan.

5. Required disclosures

Before any consideration of additional borrowing, the Municipality must fully disclose the following (from 2022 to date, since the appointment of Municipal Manager Mr de Klerk):

* Total outstanding loan liabilities

* Total expenditure on litigation, legal opinions, and related services (staff and public matters)

* Total expenditure on suspended staff who continue to receive salaries, including the number of such staff

* Total salary costs for political support staff (councillors' assistants, and staff supporting the Mayor and Speaker)

I further refer to my formal complaint submitted to the Speaker on 15 August 2024, to which I have yet to receive any response. See attached to this objections.

A. The total outstanding loan liablilities was included in the information statement. The rest of the issues are operational and is not related to the proposed external loan.

6. Failure to respond to public engagement

It remains unacceptable that municipal officials consistently fail to respond to complaints, objections, and appeals from the public. This pattern erodes trust and renders public participation processes ineffective.

A. Not related to the proposed external loan.

Conclusion

Given the Municipality's ongoing issues with transparency, financial management, and governance, it would be irresponsible to approve additional borrowing at this time.

I strongly object to the proposed loan until full disclosure is made and demonstrable improvements in accountability and financial management are achieved.

Kind regards,

Alexander Panzek

Member – Garden Route Ratespayers Alliance

Hessequa Active Citizenry

Contact: 079 707 6401

HESSEQUA MUNICIPALITY - PUBLIC NOTICE

# TAKING UP OF AN EXTERNAL LOAN

**NOTICE IS HEREBY GIVEN**, in terms of Section 46 of the Municipal Finance Management Act (MFMA), Act 56 of 2003, that Hessequa Municipality intends to incur long-term debt under contract HES-FIN 03/2526 for the **TAKING UP OF AN EXTERNAL LOAN.**

**FURTHER NOTICE IS HEREBY GIVEN**, in accordance with Section 21A of the Local Government: Municipal Systems Act, Act 32 of 2000, that:

1. The local community and all interested or affected parties are invited to submit written comments or representations regarding the Municipality's intention to incur long-term debt and the associated financial obligations.
2. The following documents are available for public inspection for the duration of the commenting period:
   - The information statement detailing the purpose of the debt, the total amount to be incurred, the anticipated cost, the proposed repayment terms, and any security to be provided, as required by Section 46(3) of the MFMA; and
   - Any other relevant documents that informed the Municipality's decision to incur long-term debt.

**These documents are accessible:**

- On the Municipality's official website at www.hessequa.gov.za;
- At the Supply Chain Management (SCM) Offices at the Absa Building, Corner of Dickson and Church Street, Riversdale, during normal office hours; and
- At all Hessequa Municipal satellite offices and public libraries during their normal opening hours.

**Members of the public may submit comments or representations by any of the following methods:**

- By post: Supply Chain Management, Hessequa Municipality, P.O. Box 29, Riversdale, 6670
- By hand delivery: SCM Offices, Corner of Dickson and Church Street, Riversdale
- By e-mail: leighton@hessequa.gov.za or hpienaar@hessequa.gov.za

Enquiries may be directed to Mr. Leighton Jansen at 028 713 7910 or email: leighton@hessequa.gov.za or Hendrik Pienaar at 028 713 7951 or email: hpienaar@hessequa.gov.za.

**All comments or representations must be received on or before Friday, 08 May 2026 at 15:30.** The Municipality reserves the right not to accept or consider any submissions received after the closing date.

Formal objection to proposed municipal loan

Summarize

Gavin Stanbridge <gastanbridge@gmail.com>
To Leighton Jansen

Reply | Reply All | Forward

Wed 2026/05/06 11:36

If there are problems with how this message is displayed, click here to view it in a web browser.



Subject: Formal Objection to Proposed Municipal Loan

To Whom It May Concern,

I, Gavin Stanbridge, a member of the Hessequa community, wish to formally express my strong opposition to the proposed municipal loan.

In the current economic climate, this loan is both inappropriate and unsustainable. The burden of repayment will inevitably fall on the residents of Hessequa through increased rates and taxes. At a time when households are already under severe financial strain, any additional financial obligations will place undue pressure on our community.

Particularly concerning is the disproportionate impact this will have on the most vulnerable members of our society, including pensioners and individuals dependent on social grants. These groups are already struggling to meet basic living costs and cannot absorb further increases.

Furthermore, the continued rise in fuel prices has led to higher transport costs, which in turn drive up the price of food and essential goods. These increases are already exceeding inflation and have had a significantly negative impact on household affordability. Adding higher municipal charges on top of this will only deepen the financial hardship experienced by residents.

We also wish to highlight concerns regarding the existing electricity levy, which is linked to property value rather than actual consumption. This structure already places an unfair burden on homeowners, and any additional financial strain through increased rates is unacceptable.

In light of the above, we firmly believe that the community cannot afford further increases in rates and taxes to service this loan. We therefore strongly urge the municipality to reconsider and withdraw this proposal.

This loan, in its current form, is unacceptable and should not proceed.

Yours faithfully,

GAStanbridge

A. Your comments are noted. The last external loan the municipality took up was in 2022/23. No external loans were taken up in 2023/24 and 2024/25 due to higher interest rates. Interest rates have decreased in the meantime and the proposed interest rate for this particular loan is 8,87%, which is 1,38% lower than the prime rate of 10,25%. The interest rate will also be fixed for the entire 10-year repayment period. We want to assure you that affordability and sustainability is what we aim to achieve with the taking up of the proposed loan.

   External loans are factored into the Long-Term Financial Plan already, as effective and sustainable financial management requires that an optimal funding mix be utilized. An optimal funding mix aims to ensure that current and future capital investment sufficiently meets infrastructure demand whilst the municipality also remains sustainable over the long term. The affordable capital investment amount thus includes internal funding, external loans and transfers & subsidies:

**TABLE 11: BASE CASE 10-YEAR CAPITAL FUNDING MIX**

| Source | Rm | % |
|---|---|---|
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| Capital Grants | 391 | 24 % |
| Financing | 416 | 26 % |
| Cash Reserves and Funds | 813 | 50 % |
| Cash Shortfall | 0 | 0 % |
| **Capital Expenditure** | **1 620** | **100 %** |

The Municipality can afford to take up this external loan as indicated in the Long-Term Financial Plan and in both the comments received from the National- and Provincial Treasuries. Tariffs for 2026/27 will not increase above the 4,5% proposed in the draft budget (excluding electricity which increases by 7,01%), as all the repayments are already factored into the budget, as required.

It should be noted that the alternative to external loans (excluding grants and subsidies) is by utilising internal funds. This may require among others larger tariff increases and reduce the municipality's ability to negotiate fairer interest rates when loans are taken up future. Achieving affordability, long-term sustainability and optimally investing in infrastructure assets (ensuring service delivery) requires that a healthy mix of financing (including loans) be utilised to fund the municipality's capital programme.

Objection - Taking up of an external loan

Summarize

brenda@bcmsupplies.co.za
To Leighton Jansen; Hendrik Pienaar

Reply | Reply All | Forward

Wed 2026/05/06 09:41

If there are problems with how this message is displayed, click here to view it in a web browser.



**Subject: Formal Objection to Proposed Municipal Loan**

To Whom It May Concern,

I, the B Minné members of the Hessequa community, wish to formally express my strong opposition to the proposed municipal loan.

In the current economic climate, this loan is both inappropriate and unsustainable. The burden of repayment will inevitably fall on the residents of Hessequa through increased rates and taxes. At a time when households are already under severe financial strain, any additional financial obligations will place undue pressure on our community.

Particularly concerning is the disproportionate impact this will have on the most vulnerable members of our society, including pensioners and individuals dependent on social grants. These groups are already struggling to meet basic living costs and cannot absorb further increases.

Furthermore, the continued rise in fuel prices has led to higher transport costs, which in turn drive up the price of food and essential goods. These increases are already exceeding inflation and have had a significantly negative impact on household affordability. Adding higher municipal charges on top of this will only deepen the financial hardship experienced by residents.

We also wish to highlight concerns regarding the existing electricity levy, which is linked to property value rather than actual consumption. This structure already places an unfair burden on homeowners, and any additional financial strain through increased rates is unacceptable.

In light of the above, we firmly believe that the community cannot afford further increases in rates and taxes to service this loan. We therefore strongly urge the municipality to reconsider and withdraw this proposal.

This loan, in its current form, is unacceptable and should not proceed.

Yours faithfully,

Brenda Minnê

A. Your comments are noted. The last external loan the municipality took up was in 2022/23. No external loans were taken up in 2023/24 and 2024/25 due to higher interest rates. Interest rates have decreased in the meantime and the proposed interest rate for this particular loan is 8,87%, which is 1,38% lower than the prime rate of 10,25%. The interest rate will also be fixed for the entire 10-year repayment period. We want to assure you that affordability and sustainability is what we aim to achieve with the taking up of the proposed loan.
External loans are factored into the Long-Term Financial Plan already, as effective and sustainable financial management requires that an optimal funding mix be utilized. An optimal funding mix aims to ensure that current and future capital investment sufficiently meets infrastructure demand whilst the municipality also remains sustainable over the long term. The affordable capital investment amount thus includes internal funding, external loans and transfers & subsidies:

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| Cash Shortfall | 0 | 0 % |
| **Capital Expenditure** | **1 620** | **100 %** |

The Municipality can afford to take up this external loan as indicated in the Long-Term Financial Plan and in both the comments received from the National- and Provincial Treasuries. Tariffs for 2026/27 will not increase above the 4,5% proposed in the draft budget (excluding electricity which increases by 7,01%), as all the repayments are already factored into the budget, as required.

It should be noted that the alternative to external loans (excluding grants and subsidies) is by utilising internal funds. This may require among others larger tariff increases and reduce the municipality's ability to negotiate fairer interest rates when loans are taken up future. Achieving affordability, long-term sustainability and optimally investing in infrastructure assets (ensuring service delivery) requires that a healthy mix of financing (including loans) be utilised to fund the municipality's capital programme.