

15 March 2023

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From: MARRC

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MARRC REJECTS PROPOSED TARRIFF INCREASES, CALLS FOR COMPLETE TARIFF REVIEW

Msunduzi Association of Residents, Ratepayers and Civics (MARRC) strongly opposes the proposed increase as tabled in the *2023/24 draft Register of Tariffs and Charges*.

Each year we go through the same process which lacks proper public participation and merely requesting stakeholders to attend a public hearing and to make submission and is not what public participation entails.

We still have not had our submissions as far back as 2020 to date not being acknowledged and responded to. This demonstrates the lack of genuine public participation and non-compliance with s152 of the South African Constitution and the Municipal Systems Act s16 and s17 – provisions for public participation by Msunduzi Municipality.

But for the past two years (including the current), the municipality has not complied but only consulted the community on the draft rates and tariff charges. We need to ensure compliance by Msunduzi Municipality with its legal obligations to encourage the involvement of communities and community organisations in the affairs of the municipality.

Also, our perception is that the imbizo is not an effective and inclusive process; community submissions have no bearing on the prioritisation of development; no feedback is provided to communities on what is prioritised and how; and there is no process for communities to engage in the review and implementation of the IDP.

It must be noted that the Speaker's office is the champion of public participation but has actively discourages community involvement and has reneged on undertakings to advance the public participation agenda.

We are under administration for the past four years and we do not see any recovery by the municipality. It is disappointing to note of the municipality's regression to a qualified audit opinion for 2021/2022.

We have seen service delivery in Msunduzi Municipality has deteriorated significantly over several years and includes poor value for service that we pay for. This has resulted in widespread consumer frustration and anger, many negative media reports, customer complaints and the formation of Civic Associations.

We find the rates and tariff increases unwarranted and are always targeted to paying consumers. There needs to be a turnaround strategy that would provide solutions to all the challenges the city faces now.

The proposed Municipal Tariff increases for 2023/2024 come at a time when many households are in extremely difficult financial positions *with any increase in monthly expenditure* placing them in further difficulty. For this reason, we request further information on the following issues:

- We take note that National Energy Regulator of South Africa, NERSA, in reviewing Eskom's Retail Tariff and Structural Adjustments Application for April 2023 to March 2024, approved a 18,65% increase for Municipalities from the 1 July 2023. In view of this please could you justify why Council set this increase at 21,65% for consumers within Msunduzi Municipality.
- We note the 32% increase water by Umgeni Water and Msunduzi Municipality wants to increase water to 35%. In view of this please could you justify why Council set this increase at 35% for consumers within Msunduzi Municipality.

On the 3 February 2023 in the Witness, the Msunduzi Municipality commented that they were initially against the 32% from Umgeni Water but have backed tracked and now increasing the water to 35% which is totally unacceptable.

We want to find out, is the 35% increase to subsidise the multibillion-rand uMkhomazi Water Project. This is not a UW charge but a Water Affairs charge and why is the buck passed onto the consumer. Is it not possible for the National Water Affairs department to fund this project?

We find it alarming that the Msunduzi Municipality wants to charge this high-water rate when there are multiple water leaks that take place throughout PMB on a daily basis. Of these water leakages that are reported and to date are not repaired for years on end.

Both electricity and water increases are also unjustifiable above the CPI of 7% and cannot be supported.

- Please provide detailed information on how the municipality intends to improve their process of revenue collection from all consumers.
- We also find that residents who are lawfully paying their dues must dig deep into their pockets to cover costs of cutting verges, clean-ups, repairing potholes, etc which is the responsibility of the municipality.

MARRC urgently request that the Msunduzi Municipality to engage with resident and ratepayer associations to implement the Special Rating Areas. This would take the load off the municipality and provide much employment opportunities.

Further the municipality needs to as a matter of urgency to implement proactive and decisive steps to secure payments from the residents who are able to pay, but do not pay for services. In addition, indigent applications must be fast tracked immediately across the entire municipal area of jurisdiction. The two major interventions, securing non-compliant payments and efficient applications for indigent support would make up the shortfall in the budget and there is then no need to increase the tariffs.

Local government must recognize that it has a moral, legal, and constitutional mandate to ensure residents and ratepayers receive service of value in respect the fees being collected.

A case study report and proposals were submitted to the Msunduzi Municipality by MARRC in 2020 detailing many billing errors and examples of inefficiency, incompetency, and maladministration. To date no response has been received to this submission and thus evidently none of the proposals to improve service delivery, customer satisfaction or increase revenue from defaulters/illegal consumers have been implemented.

The municipality must utilize effective and efficient measures to operate in the best interests of residents and ratepayers who are effectively funding their salaries. Lean governance principles must be employed to reduce wasteful expenditure and maladministration.

We have noted that the Council is not able to play the oversight of managing the municipal budgets and is unable to prioritize service delivery to residents. The focus has been to prioritize unnecessary expenditures on vanity projects as follows of which could be channeled towards service delivery issues:

- R3million for New Year party – this resulted in no financial benefit to the city;
- R28million on sponsoring Maritzburg United;
- R1.8million for luxury vehicles;
- R75million on staff bonuses in 2022 – yet we still experience poor customer service, shoddy workmanship, staff sleeping on graves. Was a performance appraisal done on all staff before bonuses were awarded?;
- Mayor and four officials visit to Taiwan this month to a SMART summit at the expense by the ratepayers. Please provide a detailed cost of this trip.

MARRC would like to propose the following tariff increases as follows:

- 1. Rates and all other items as proposed at 7% be 5,5%**
- 2. Electricity 8,5%**
- 3. Water 7%**

We hope that the Council will support our suggested rates and tariff increases and to recognise the overwhelming financial challenges faced by consumers on a daily basis. MARRC believes that local government must recognize that it has a moral, legal, and constitutional mandate to ensure residents and ratepayers receive service of value in respect the fees being collected.

With these points in mind, it is clear that there are many other avenues to improve revenue rather than increasing the already large load on those residents and ratepayers who are already paying too much for poor service and governance.

We encourage the Speaker to become more proactive in the public participation process and to review the municipality's public participation policy with all stakeholders.

We look forward to contributing towards a positive process that would be beneficial to all and make our city a success.

We would appreciate your acknowledgement and response in compliance with Chapter 2, Section 5(1) (b) and Chapter 4, Section 17(2)(a) of the Municipal Systems Act.

Yours faithfully



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This submission is endorsed by:

Bellevue RRA
Bisley RRA
Claredon RRA
Cleland/Meadows RRA
Eastwood RRA
Greater Edendale Residents Association
Imbali Resident and Civic Association
Lincoln Meade RRA
Montrose RRA
Mountain Rise RRA
Northern Areas RRA
Sobantu RRA
Woodlands RRA