MARRC
Msunduzi Association of Residents, Ratepayers and Civics

16 February 2026

To: **Public Consultation** **Per email: public.consultation@msunduzi.gov.za**	**From:** **MARRC**

CC	**Mr Felani Mndebele** **Municipal Manager** **Per email: felani.mndebele@msunduzi.gov.za / Per email: mandyg@msunduzi.gov.za** **Mrs Nelisiwe Ngcobo** **CFO** **Per email: Nelisiwe.Ngcobo@msunduzi.gov.za** **Councillor Magubane** **MPAC Chairperson** **zwelinjanimagubane@gmail.com** **Mr Ravi Pillay** **Chairperson: Premier Msunduzi Working Group** **Per email: ravi.pillaykzn@gmail.com**

To Whom It May Concern,

Please find enclosed herewith the submission on behalf of Msunduzi Association of Residents Ratepayers and Civics (MARRC) for the Msunduzi Municipal rates and tariff charges for 2026/2027.

We hope our submission would be supported by the municipality when reviewing all submissions.

We are available to meet with the municipal officials to discuss our submission and please contact us as when required.

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 to the questions/comments which we raised.

Yours faithfully

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Msunduzi Association of Residents,
Ratepayers and Civics

MARRC SUBMISSION

(16 FEBRUARY 2026)

MSUNDUZI MUNICIPALITY RATES AND TARIFF CHARGES 2026/2027

1. EXECUTIVE SUMMARY

1.1 We, the paying residents and ratepayers, categorically reject the proposed tariff increases for the 2026/2027 financial year. We demand an immediate moratorium on tariff increases until all our concerns have been met.

1.2 Msunduzi's Financial Collapse Makes Tariff Increases Indefensible in terms of its latest 2024/2025 Annual Report out for public consultation this week.

1.3 Msunduzi is a municipality in severe financial crisis, with failures so extensive that proposed tariff increases cannot be justified under any circumstance.

Massive Service Losses Continue Unabated

1.4 Msunduzi recorded over R715 million in electricity losses and more than R116 million in water losses as reflected in its Draft 24/25 Annual Report currently also out for Public Comment which is evidence of a collapsing service infrastructure and unchecked technical and commercial losses. These losses alone undermine any proposal to raise tariffs on already overburdened residents.

Chronic Underspending While Communities Suffer

1.5 Despite urgent infrastructure needs, the municipality failed to spend nearly R95 million in conditional and infrastructure grants. This failure directly contradicts the narrative that increased tariffs are needed to maintain and improve services.

Write-Offs Reveal Years of Systemic Failure

1.6 Long-term write-offs continue to erode the municipality's financial base:

- R20 million written off for 41 indigent families.
- A further R233 million in planned indigent write-offs.
- An additional R20 million written off for 130 accounts under earlier relief programmes.

While these measures support vulnerable households, they also reflect the prolonged collapse of revenue management.

Royal AM Sponsorship: Unlawful, Irregular, Fruitless and Wasteful Expenditure

1.7 The High Court declared Msunduzi' s R27 million sponsorships of Royal AM unlawful and ordered the full repayment with interest. Despite this, the municipality incurred further legal fees defending the matter, even though ratepayers strongly objected. This is clear evidence of ongoing wasteful expenditure.

Operating Deficit Demonstrates Financial Collapse

1.8 The audited financials stated in the Draft 2024/25 Annual Report reveal a massive operating deficit of R517 954 304, showing that Msunduzi spends far more than it earns — even after tariff increases for that period.

1.9 No responsible leadership can ask residents to subsidise a deficit created by internal failures.

Additional Financial Concerns Require Forensic Audit

1.10 The audited financials stated in the Draft 2024/25 Annual Report in which oversight and internal monitoring have raised further serious red-flag items that do not appear in publicly available AGSA or Treasury reports and therefore require urgent independent auditing and immediate recovery of rate payer paid monies:

- **R4 536,802 million** allegedly linked to the Municipal Shooting Range project
- **R1,187,598 million** in alleged overpayments to senior managers
- **R126,088,658 million** in alleged fruitless and wasteful expenditure

Tariff Increases Cannot Be Justified

1.11 With:

- **R715 million in electricity losses**,
- **R116 million in water losses**,
- **hundreds of millions in write-offs**,
- **the Unlawful R27 million sponsorships and also defending the High Court outcome which were both not mandated by Residents and defending the,**
- **multiple large-scale financial irregularities and underspending on projects.**

Leadership failures — not revenue shortfalls — are driving Msunduzi's financial collapse.

Tariff increases are not justified.

They are an attempt to make residents pay for the municipality's mismanagement.

Until leadership restores financial discipline, enforces consequence management, and ends wasteful expenditure recovers all stolen ratepayer paid monies from unauthorised, fruitless, irregular and wasteful expenditure, residents cannot and should not be asked to carry the cost of this administrative failure.

2. BACKGROUND

2.1 Whilst we commend the efforts currently underway to collect municipal arrears, we emphasise that such efforts must be sustained and ongoing. The municipality should never have been allowed to reach a point where arrear amounts escalated to such levels. This situation reflects a clear failure of management and inadequate oversight over the Consolidated Billing system.
It is this very lack of oversight—and the ongoing absence of will—that continues to hinder the urgent resolution of long-standing issues affecting unbilled wards.

2.2 Further to this, leadership continues to appoint Municipal Managers, Ministerial Representatives, and Chief Financial Officers who are compromised—something already evident from numerous public reports.

2.3 Public Participation and Due Processes

Msunduzi municipality is not compliant with Chapter 4 of the Local Government Municipal Systems Act 32 of 2000 regarding public participation processes which provides for public input in the preparation of the annual budget. We note that preparing the rates and tariff increases are part of the budgeting process and the public need to be involved from the outset to be part of the determining the rates and tariff increases.

The public needs to be involved in the monitoring of the budget and paying ratepayers have a direct interest in determining the tariff increases but to monitor the income and expenditure. This will include what the municipality has done in the past year and what are proposed to reduce losses in the coming year.

We also note that due process that was followed by the municipality is flawed as the time from the adoption of the Draft Tariff Register for 2026/2027 at the Council meeting on 28 January 2026 to the public consultation on 10 February 2026 has been rushed. It must be noted that the notice for the public consultation was not advertised widely and the MARRC received mixed notices from various sources which did cause confusion as the date was also changed too.

The challenge has been not able to access the 2026/2027 tariff register from Msunduzi municipal website and request for the register had to be made with municipal staff.

We note the process has been rushed for the municipality to tick the box of complying with legislation. The public consultation on the 10 February 2026 with residents and ratepayer associations was a controlled event and the terms of engagement restricted.

2.4 Multi Billing Saga

2.4.1 The municipality implemented a multi-billing system on 31 March 2023 without public consultation, raising significant procedural and governance concerns. The stated purpose of the change was to stabilise municipal finances and ensure the timely payment of creditors, salaries, and other obligations. The rollout was accompanied by widespread uncertainty and confusion among residents and councillors alike. Councillors were dumbfounded and were not equipped to address concerns raised by rate payers despite approving a policy change that they did not understand themselves clearly exposing their lack of knowledge on handling financial matters.

2.4.2 Many households experienced unexpected double billing during the first month the multi billing system was implemented in many of the ward areas which created unintended arrears and financial strain. The very policies approved by this Council are the very policies that have put paying rate payers in arrears.

These factors contributed to mistrust and underscored the need for thorough planning, transparent communication, and strengthened oversight when introducing major system changes. Yet longstanding unbilled areas remained unaffected by the change in billing dates, highlighting systemic unwillingness and inconsistencies that require urgent attention.

2.4.3 The outcome has understandably been perceived as a severe injustice to compliant and paying ratepayers, who now bear the consequences of administrative shortcomings beyond their control.

2.5. The vital importance of Ratepayers

2.5.1 Residents are not merely ratepayers; they are key stakeholders whose trust and confidence are essential to the municipality's long-term stability and legitimacy. It is therefore critical that governance processes reflect transparency, accountability, and respect for the communities they serve.

2.5.2 Residents play a fundamental role in sustaining the municipality, both financially and socially. They deserve governance systems that acknowledge their importance, uphold their rights, and transparency response to their concerns.

2.6 Consequence of Msunduzi Leadership and Managements' poor decisions

2.6.1 Decisions are incoherent and what may seem like short term goals often have overlooked long term consequences in terms of improving revenue.

2.6.2 Leadership and management's ongoing refusal to acknowledge the findings of National Treasury, particularly the principle that "the figures do not lie," has significantly eroded trust in their leadership and decision-making processes.

2.6.3 A leadership and management team that dismisses National Treasury's guidance and directives is one that cannot be trusted. Their collective actions, failures in oversight, and mismanagement have directly contributed to bringing this municipality to its knees.

2.6.4 Leadership and management collectively demonstrate a clear lack of will to address the difficult issues confronting the municipality, largely because these matters carry political implications. However, it is precisely these issues—despite their political sensitivity—that remain central to resolving the financial shortfalls the municipal coffers currently face.

2.7 The Msunduzi Leadership and Management needs to:

The primary focus must now shift toward **restoring financial stability through improved revenue collection, equitable billing**, and compliance with legislative frameworks. This includes:

2.8 Applying its own Credit Control Policy holistically with the Inclusion of Unbilled and Non-Paying Wards in the Billing System

Msunduzi Leadership and Management must ensure that all unbilled areas are incorporated into the billing system and reflected in the General Valuation Roll. This is essential. This step is critical for increasing revenue, ensuring fairness, and establishing equality in the application of rates throughout the City.

2.9 Monitoring and Reducing Water Over-Consumption

The reduction and strict monitoring of over-consumption; particularly in unbilled areas and those areas receiving flat water rates must be prioritised. Consumption levels must be aligned with legislated limits. Achieving this will:

- Significantly reduce water losses,
- Prevent continuous tariff increases for already over-burdened paying residents who are not on flat-rate tariffs,

- Promote fairness and consistency in water tariffs across the municipality.

2.10 Revenue Recovery and Sustainability

Revenue generated from these corrective measures is necessary for reversing the decline highlighted by National Treasury, along with the many other concerns raised. A strategic, transparent, and accountable approach to revenue collection is essential for stabilising the City's finances and restoring public confidence.

2.11 Failure to Engage and Ongoing Disregard

Our October 2025 submission to the Municipal Manager was ignored. The Municipal Manager failed to acknowledge, respond, or convene the requested engagement session which has a direct bearing on the tariff process.

- Stakeholder consultation obligations have been violated.
- Recent High Court rulings reaffirm our concerns.
- This represents a serious failure of accountability and responsible governance.

2.12 Substantive Objections to Tariffs and Billing

2.12.1 Water Tariffs: Inequity Across Wards

Some wards enjoy flat-rate water billing; paying wards bear metered water charges. This creates unconstitutional inequality and financial injustice to paying residents.

2.12.2 Electricity: Winter Tariffs, NDA Charges

- The outdated Eskom Winter Tariff System by inflates electricity costs for paying wards within the Msunduzi supply area from April to September each year.

- Net Demand Ampere (NDA) charges add additional financial pressure on consumers. This charge also sees an increase in tariff along with the increase on the electricity consumption charges.

2.12.3 Failed electricity losses strategy

According to the draft annual report, the municipality has a medium-term strategy to deal with electricity losses which has been anchored on the 80/20 Pareto rule which says that 20 percent of the customer base brings in 80 percent of revenue which therefore further indicates that 80 percent of the customer base brings in 20 percent of revenue.

However, looking at the 2023/24 and 2024/25 financial years; respectively, completing it on 30 June 2025. The results of this strategy are poor and must be reviewed immediately. Electricity losses were 24% in 2022/23 and dropped to 18,78% in 2023/24 financial year. However, the losses increased to 23.32% in 2024/2025.

This strategy is not giving any positive results and the decrease in 2023/2024 may be attributable to load shedding and load reduction as opposed to the medium-term strategy based on 80/20 Pareto rule. Council has failed to come up with a solution. Sadly, those who are paying for the services must fund these losses by paying more tariffs.

2.13 Legal and Constitutional Basis: High Court Ruling on NERSA–Eskom Miscalculations / and PCB-NERSA

Unlawful 2024/2025 tariffs of charges

In January 2026, the Gauteng High Court ruled that the National Energy Regulator of South Africa (NERSA) must recalculate the 2024/25 electricity tariffs for the Msunduzi Municipality, along with several others, deeming the initial approval process "unlawful" and "unconstitutional". The judgment found that the tariffs were implemented without proper cost-of-supply (COS) studies, leading to unfair, discriminatory pricing. The ruling means consumers who were overcharged may receive credits.

May the municipality indicate a status update in this matter. Secondly, what is the reason for proposing tariff hike for 2026/2027 based on unlawful tariffs?

The High Court rulings on tariff miscalculations are binding. Constitutional principles of fairness, affordability, and non-discrimination have been violated. MFMA obligations regarding transparency, financial prudence, and public engagement have not been met.

- The recent High Court ruling confirms miscalculations between NERSA and Eskom, making it wholly inappropriate for Msunduzi to base increases on disputed or inaccurate figures.

- Proceeding with any tariff increases now guarantees incorrect and inflated charges are passed to ratepayers and pre-empts municipal adjustments jeopardising the City's budget allocation.

2.14 PMCB–NERSA Ruling Affecting 2024/2025

The Accounting Officer must legally make provision for the adjustments as per the High Court Ruling. Therefore, **no** new tariff increases must be imposed until compliance is completed.

The Leadership and Management must prepare a plan to address the corrective measures arising from this ruling to address the

- Reversals of incorrect charges,
- Credits to consumers, and
- Budgetary adjustments by Msunduzi.

2.15 Property Rates: Dual Increases During Valuation Year

A 2% increase was imposed in the same year as property valuation increases were affected. This created an affordability crisis and pushed paying households into arrears.

Therefore, we made a request for National Review of the Property Rates Act and Valuation System in our October 2025 submission to the Municipal Manager, as certain matters needed engagement at Provincial and National Level. We requested stakeholder engagement with National Departments to review the Property Rates Act and the national property valuation system.

We argued that the current Property Rates Act and Valuation System was rooted in pre-1994 structures designed for a socio-economic environment that no longer exists nor does this serve the democratic needs of affordable housing for most working-class rate payers.

This is not a Msunduzi-specific issue; therefore, we requested the Municipal Manager to convene a stakeholder engagement with all provincial and national stakeholders to address the collective affordability issues which local government did not have jurisdiction over as this is a national affordability crisis requiring urgent national policy intervention.

We requested:

- A national review of the Property Rates Act.
- Extension of the valuation cycle from 5 years to 15 or 20, or even 30 years, making rates, and home ownership for the middle-working class ratepayers affordable.
- A fair, modern, and economically realistic framework for property valuation. Addressing the affordability Crisis with realities on the ground,
- The current framework compounds the financial burden on households facing:
  - Annual tariff increases,
  - New valuation shocks every 5 years,
  - Rising fuel and transportation costs,
  - Escalating food prices,
  - Increases in school fees, medical aid, and insurance premiums,
  - Higher rental, levies and banking charges,
  - Bond repayments impacted by fluctuating interest rates, etc.

2.16 Cemeteries and Crematorium: Collapsing Services

- Tariff increases delivered no improvements at the cemeteries and crematoria.
- Cremations stopped due to no gas.
- Equipment failures disrupted services.
- Charging more for collapsing services is unethical and unacceptable.

2.17 Governance and Tariff Modelling Failures

- Tariff proposals exceed CPI without rational justification.
- Modelling lacks economic, actuarial, and analytical integrity.
- Ratepayers pay more while services deteriorate.

2.18 Ethical Accountability and Leadership Realignment

Msunduzi leadership continues making irrational financial decisions. Ratepayers cannot subsidise incompetence. Those lacking capacity or ethical grounding must step aside.

Examples:

- Sponsorships of Soccer Clubs Maritzburg United, Royal AM, no rentals received for use of Harry Gwala Stadium / Millions spent on sponsorships despite rate payer objections and defending the High Court case on Royal AM with rate payer money despite our objections.
- Millions of missing staff pension fund money
- Millions lost to unauthorised, irregular, fruitless, wasteful expenditure
- No consequence management against senior management, and no ratepayer paid monies recovered in these instances.

2.19 Councillor Voting Conflicts and Required Exclusions

This is another point we requested in our October 2025 submission to the Municipal Manager for a Provincial Stakeholder engagement as it was above the competency of local government:

- Councillors representing wards that do not receive electricity from Msunduzi and are not billed by Msunduzi electricity **must** be excluded from voting on electricity tariffs. Their wards get electricity from Eskom.

- Councillors from wards benefiting from flat-rate water billing must likewise be excluded from voting on water tariffs that affect the metered, paying wards.

2.20 Request for VAT Exemption on Municipal Services

As raised in the October 2025 letter to the Municipal Manager, we request engagement on VAT exemption or zero-rating for essential municipal services as this is above the competence of local government which required national engagement.

- VAT on essential services violates constitutional principles of equality, fairness, affordability, and access to basic services further inflated the municipal bill and adding to the financial strain of the rate payers.
- This request must be formally escalated to
  - National Treasury
  - SARS and
  - Relevant policy authorities.

2.21 External Oversight and Expected Intervention (COGTA and National Treasury)

We trust that Provincial and National COGTA and National Treasury are aware of Msunduzi' s failures and are carefully monitoring this rate payer consultation.

We expect them to:

- Engage directly with the Msunduzi Ratepayers & Civics Association,
- Address the unfulfilled October 2025 engagement request by MARRC sent to the Municipal Manager,
- Ensure municipal compliance with legal and administrative obligations.

2.22 Financial and Operational Impact on Ratepayers

- Unaffordable increases have pushed households into arrears.
- Paying wards subsidise failing areas and collapsing services.
- Property ownership is becoming unattainable due to irrational rates increases.
- Budget distortions caused by NERSA/Eskom miscalculations remain unresolved.

3. RECOMMENDATIONS

Immediate Actions request on behalf of ratepayers by MARRC:

3.1 Immediate moratorium on tariff increases.

3.2 Urgent Stakeholder engagement within 14 days as requested by MARRC in its October 2025 letter to the Municipal Manager, which remains not responded.

Water:

3.3 Provincial and National Engagement with Umgeni-uThukhela Water. Water is free and not owned. There needs to be a uniform equitable Water Infrastructure tariff structure and transparent cost-reflective model. All ratepayers must be on a Flat-Water Rate until such time of tariff restructuring making water affordable to all ratepayers as per the Constitution.

Electricity:

3.4 Provincial and National engagements with NERSA to abolish winter tariffs.

3.5 Independent review of NDA charges.

3.6 Communication Plan of Action by Msunduzi on the NERSA–Eskom miscalculations.

3.7 Communication Plan of Action by Msunduzi to Implement the PCB–NERSA ruling with reversals/credits.

3.8 Eskom study to take-over electricity supply from Msunduzi Municipality with a view to creating billing equity in all wards and saving on the NDA charges making access to electricity cheaper and equitable to the paying ratepayers.

Property Rates:

3.8 NO TARRIF INCREASES in a year that has Property Valuation Adjustments

3.9 Adopt / Amend Msunduzi Policy preventing dual increases during valuation years.

3.10 National review of the Rates Act; extend valuation cycle to 15–30 years making homeowner affordable in terms of the Constitution

Cemeteries and Crematorium:

3.11 Ring-fence funds for maintenance and gas at Crematoriums.

3.12 Leadership and Management to conduct a Site visit to Cedar Ridge Crematorium to understand the operations of a crematorium and budget for plans to upgrade the Mountain Rise Crematorium

3.13 Publish uptime standards and recovery plan for Crematoria.

Governance and Tariff Modelling:

3.14 Replace Msunduzi Municipality Tariff Modelling Team.

3.15 Appoint independent experts to review Msunduzi Tariff Modelling and provide rate payers with the outcome of their assessment and guidelines on Tariff Modelling which must be based on a National Guideline.

Leadership:

3.16 Competency-based realignment of management.

Councillor Voting:

3.17 Provincial and National Department of COGTA to review Msunduzi Leadership structure to exclude councillors from voting on tariffs where their wards do not pay Msunduzi electricity and are on flat water rates aligning voting to the jurisdiction of wards creating billing equity throughout the city.

VAT Exemption:

3.18 Engage formally and escalate to National Treasury and the SARS Commissioner for Municipal Services to be VAT Exempt making services affordable for all rate payers in terms of the Constitution of South Africa.

Transparency:

3.19 Compliance with all court rulings including the High Court Ruling on Royal AM which the Municipality was not mandated by the paying rate payers to defend in Court.

External Oversight:

3.20 Direct intervention from COGTA and National Treasury.

Consumer Relief

3.21 Debt relief for households pushed into arrears from the multi-billing implementation.

Public Participation processes

3.22 Msunduzi Municipality adopt the recommendations of the research report on public participation and to engage with the author of the report to work on the implementation of the recommendations.

4. CONCLUSION

Ratepayers will no longer tolerate unjustified increases, inequity, or mismanagement. We demand fairness, transparency, accountability, and lawful administration — not continued exploitation of paying residents.

We reject the proposed tariff increases for the 2026/2027 financial year and request that a moratorium be placed on future increases until such time that all our issues have been addressed.

Attachment: Refer to the letter to the Municipal Manager sent in October 2025: by MARRC.