MARRC
Msunduzi Association of Residents, Ratepayers and Civics

16 March 2026

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Dear Sir,

Msunduzi Municipality Annual Report 2024/2025

We note the Annual Report for the 2024/2025 financial year and hereby submit our observations, queries, proposed corrections, requests for clarity, recommendations, and insights for Leadership and Management to consider and improve upon, which we present as follows.

1. INTRODUCTION

The 2024/2025 Annual Report of Msunduzi Municipality paints a **deeply troubling picture of systemic failure**, financial mismanagement, collapsing oversight, and worsening service delivery — all at the direct expense of compliant, paying ratepayers. What emerges is not a Municipality struggling with isolated challenges, but an organisation **in chronic decline**, where maladministration has become entrenched, oversight has disintegrated, lack of consequence management and leadership refuses to confront reality.

Across every critical area – revenue, expenditure, governance, compliance, infrastructure, socio economic development and service delivery exposes severe weaknesses, major inconsistencies and in some cases outright negligence. Ward-level reporting is almost non-existent. Public submissions, including formal objections from rate payers are omitted. Key financial figures contradict each other. Capital budgets are unspent while services collapse on the ground. Millions in legal bills remain unexplained. Hundreds of millions in ratepayer taxes have been written off with minimal accountability not justifying tariff increases on the minority of paying ratepayers.

Meanwhile, the Municipality continues to force through **steep, above-inflation tariff increases**, transferring the cost of internal failures directly onto struggling households and businesses. The Annual Report confirms what ratepayers have long experienced:

- **Revenue projections are unrealistic**, based on flawed methodology while thousands of consumers remain unbilled.
- **R715 million in electricity losses** and **R116 million in water losses** reveal catastrophic operational failure.
- **Capital underspending** — including R95 million in unspent grants — strips communities of essential infrastructure upgrades.
- Financial controls are so weak that **overspending, unauthorised spending, and missing documentation** appear repeatedly with no consequence management.
- **Data inconsistencies** between pages undermine the credibility of the entire Report.
- **Creditor payments remain non-compliant**, despite higher tariffs.
- The Municipality continues to operate under a voluntary **Financial Recovery Plan**, yet no meaningful progress is evident confirming that the current Leadership and Management are both incapable of and unwilling to self-regulate or make the difficult political decisions required to restore financial stability and accountability.

This is not an accidental drift; it is a leadership and management choice. Oversight has collapsed. The Report shows that Council oversight structures lack the required financial and auditing expertise to perform basic fiduciary functions.

Ward committees remain largely dysfunctional. Yet across numerous wards, well established, functional, and fully operational Ratepayer Associations continue to provide consistent monitoring, oversight and community support. Ward Committee effectiveness raises serious questions about the structural relevance and performance of ward committees. This imbalance underscores the need for National CoGTA to urgently reconsider, align and overhaul the existing local government participatory governance framework to ensure functional, accountable community structures are recognised, empowered and integrated into formal municipal oversight processes – especially because these structures represent the ratepayers, who are the primary funders of the Municipality.

Despite all efforts to try address the many challenges within the municipality we note the following:

- Audit findings are not implemented.
- Legal bills are not taxed.
- The Auditor-General repeatedly flags concerns, yet Leadership fails to act.
- Even when courts rule against the Municipality — such as the High Court judgment invalidating the 2024/2025 electricity tariff — the leadership persists with the same behaviour.
- Ratepayer Concerns Are Ignored.
- Ratepayer associations, business chambers, and public participants are **completely excluded** from the Annual Report's public participation record AND tariff objections are ignored. Their objections, submissions, and warnings, all funded by their own hard-earned money are deleted from the official narrative. **It must be mandatory for the Municipality to include a full analysis of Ratepayer objections, together with clear reasons why Leadership chose to override the formal objections submitted by paying ratepayers.**

  Furthermore, a formal Service Level Agreement (SLA) between Paying Ratepayers and the incoming Leadership and Management must be established immediately after the changeover following the local government elections. This SLA is essential to safeguard accountability, transparency, and service standards. Currently, this requirement is entirely absent. The existing Leadership and Management continue to demonstrate a dismissive and flippant attitude toward paying ratepayers — frequently ignoring formal submissions from the very stakeholders who are the primary funders of Msunduzi.

  The Municipality only seeks input from ratepayers during formal public participation programmes, rather than integrating their submissions as mandatory, substantive components of oversight reports, budgeting, tariff setting, and decision-making processes.

- This is not transparency, this is not accountability, this is deliberate omission.

The Time for excuses is over. The most striking revelation across all findings is that **Leadership and Management have refused to accept responsibility for Msunduzi's financial collapse**, choosing instead to place the entire burden onto paying ratepayers. The Municipality's revenue cannot sustain its expenditure. Losses are spiralling. Billing remains incomplete for all wards. Oversight has failed. Millions are wasted or written off. **Yet Leadership continues to approve aggressive tariff increases every year.** This is not sustainable. This is not ethical. This is not lawful governance of public funds.

MSUNDUZI CANNOT BE RESCUED THROUGH TARIFFS INCREASES!!!!

IT CANNOT BE STABILISED THROUGH SUPERFICIAL REPORTING.

MSUNDUZI LEADERSHIP AND MANAGEMENT CANNOT REBUILD PUBLIC TRUST WITHOUT CONFRONTING THE DEPTH OF ITS FAILURES WITH THE CURRENT MANAGEMENT AND LEADERSHIP STRUCTURE.

Having scrutinized the Annual Report for 2024/2025 Ratepayers demand: -

- Immediate intervention by National Treasury,
- Competent oversight,
- Real consequence management, and
- Transparent engagement and genuine public participation with ratepayers, the Municipality's primary funders.

Ratepayers demand and deserve accountability, integrity, stability, and honesty.

This Report shows clearly that without decisive reform, Msunduzi Management and current Leadership will continue leading the Municipality on a downward spiral — and paying ratepayers will continue to carry the weight of dysfunction they did not create in the form of abusive unrealistic steep and unaffordable tariffs to subsidize their systematic failures and poor service delivery performance.

2. COMMENTS ON THE 2024/2025 ANNUAL REPORT

2.1	The Msunduzi Municipality's 2024/2025 Annual Report **fails to provide ward-level data on monthly consumption, revenue, and total debt,** undermining transparency and financial accountability.
2.2	Formal submissions and objections from Ratepayer Associations regarding the **2024/2025 tariff increases** are entirely omitted.
2.3	The Annual Report highlights significant deficiencies in **service delivery execution, infrastructure spending, and full compliance**. Key gaps include: • **Under-expenditure on Capital Projects:** The municipality failed to spend nearly R95 million on infrastructure and conditional grants, severely impacting service delivery. • **Infrastructure and Service Failures:** Despite budget allocations, there are persistent, critical failures in the crematorium, electricity supply, water supply and sanitation, leading to severe shortages. • **Audit Findings:** Although achieving an unqualified audit, it was with findings, indicating persistent material non-compliance with legislation. • **Financial Distress:** The municipality continues to operate under a financial recovery plan due to ongoing financial crises and sustainability concerns. • **Public Participation:** The municipality does not comply with Chapter 4 of the Municipal System Act and with its own public participation policy and merely consults just to be compliant and check the boxes. There are no genuine public participation processes with all stakeholders.
2.4	The underspending of grants at Msunduzi Municipality such as the failure to spend grants reported in late 2025 contrasts sharply with the high tariffs imposed on ratepayers for the 2024/2025 financial year. For many ratepayers and civic movements like the Msunduzi Association of Residents, Ratepayers and Civics (MARRC), this underspending makes the high tariffs harder to justify for the following reasons: • **Grant Forfeiture Risk:** Underspending grants puts the Municipality at risk of having future grant funding reduced by the National Treasury, which could further increase the financial burden on ratepayers to fund essential infrastructure. • **Impact on Services:** Under expenditure on capital projects directly correlates with declining service delivery, yet tariffs for these failing services have continued to rise. • **Wasted Opportunities:** While the city justifies high tariffs as "cost-reflective" to cover operational costs, failing to utilize available grants for infrastructure would reduce long-term maintenance costs and losses, such as the **60% water loss** currently being subsidized by paying residents, whilst flat-water rated areas over-consume creating contributing to this disparity. • **Debt and Losses:** The Municipality reportedly faces over **R2 billion in debt**. Ratepayers argue that high tariffs are being used to cover administrative inefficiencies and high technical losses rather than actual service costs.

- **Legal Challenges:** The Gauteng High Court recently ordered Msunduzi to redo its electricity tariff determinations for 2024/2025 because it failed to provide a valid cost-of-supply study, further fuelling claims that the hikes were unjustified. This must be clearly stated in the Annual Report, and the relevant adjustments must be made and published for ratepayers.
- **Self-Funding vs. Grants:** Tariffs are intended to recover the cost of providing services, while grants are typically for specific developmental projects. When grants are unspent, the city FAILS to improve the very infrastructure that might make services more efficient and affordable for the paying ratepayers and business communities.
- **Public Outcry:** Associations such as MARRC and the Pietermaritzburg and Midlands Chamber of Business maintain that until the municipality manages its existing revenue and grant funding efficiently, above-inflation tariff hikes remain unjustifiable.

2.5 The lack of ward reporting in the Msunduzi Municipality stems from chronic administrative instability, weak Council oversight, and poor communication infrastructure. Ongoing financial crises, dysfunctional ward committees (approx. 40% non-functional), and high turnover of senior management have led to a breakdown in service delivery reporting, with councillors often struggling to provide feedback to residents due to slow municipal response times.

Key factors contributing to the lack of reporting:

- Administrative Instability and Capacity Constraints: The municipality has been in and out of administration, causing a lack of continuity and expertise in strategic management and financial discipline, and a disciplined and dedicated labour force.

- Service Delivery Backlogs: The overwhelming nature of service delivery issues, combined with limited funds, leads to a backlog in, or failure to, report on repairs, such as in the case of electricity and water infrastructure and waste management.

- Poor Communication Infrastructure: Councillors frequently face delays in receiving feedback from the municipality, which frustrates residents and leaves them without information on service disruptions.

- Dysfunctional Ward Committees: Around 40% of ward committees are non-functional, which cripples the formal link between communities and the Council.

- Political Infighting: In-fighting among politicians and a focus on party interests rather than community needs has hindered consistent ward-level reporting.

- Weak Council Oversight: The Council is unable to effectively oversee the administration, leading to poor consequence management for failing to report service delivery issues. There is also a complete lack of reporting on the performance, effectiveness, and contributions of Council oversight structures. The Annual Report fails to outline what meaningful engagements, monitoring activities, or evaluation interventions these structures undertook to improve or stabilise revenue, strengthen internal controls, or enhance governance from a political point of view but prefer to challenge each other failing to put the needs of paying ratepayers as priority.

  - This omission undermines transparency and prevents the public from assessing whether the bodies tasked with providing oversight are fulfilling their mandates.

  - The Annual Report must comprehensively cover all structures, processes, and mechanisms that contribute to the functioning of the Municipality, including the extent to which Council Structures have acted — or failed to act — to address Msunduzi's governance, financial, and operational deficiencies.

	- The public regularly tunes into Council meetings via Facebook Live and is often left utterly flabbergasted by the state of governance and engagement. Meaningful inputs are restricted to only three minutes per speaker, severely undermining genuine participation. On numerous occasions, Council meetings have collapsed without any decisive intervention from National or Provincial authorities. It is increasingly evident that Provincial interventions at Msunduzi have failed, and the ongoing dysfunction confirms the urgent need for stronger, more effective oversight from National COGTA and National Treasury.
2.6	Page 9 under **The Mayor's forward on Financial Viability:** The stated 85% collection rate lacks essential **per-ward consumption, revenue, and arrear debt** detail, including Operation Qoqimali results per ward.
2.7	Pages 10, 11 and 27: Despite listing public consultation dates, the Report provides **no record of objections**, Council minutes considering these ratepayer submissions and objections, or how public inputs influenced the tariff or IDP/Budget outcomes. There is also no mention of any report to council considering the 2024/2025 tariff objections by the ratepayers and public inputs on the IDP/Budget. Making the annual report appear very lopsided. It is crucial to detail the number of objections received and what were the key findings of the objections and how these objections affected the outcome of the tariff increases and the IDP/Budget adjustments and reasons why the ratepayer concerns were not considered by the management and leadership of council for proper accountability to the ratepayers funding this Municipality.
2.8	Page 14: **Good governance and public participation**: whilst mentioned public participation on the IDP/Budget, **no** details were provided on the ratepayer participation and formal submissions. This under reporting is disappointing considering that the Ratepayer is the Key Stakeholder as it is ratepayer monies that the Annual Report is providing accountability for. There is no record of how many inputs were received, together with the formal submissions from the ratepayer associations and Pietermaritzburg Chamber of Commerce. The section on public participation excludes **ratepayer submissions**, despite ratepayers being the Municipality's primary funders. The municipal's public participation processes it completely flawed and does not include all stakeholders.
2.9	Page 21: Line 1: Total spending to Eliminate Backlogs: lacks evidence, authorisation details, invoice references, ward information, and justification for unbudgeted spending of **R194 446**. this needs more details on the backlog; DMM Name and the name of the person who gave the order, with an addendum for the stamped invoice detailing invoice numbers and supplier names Business Unit and ward number and location, with the call centre reference number. The budget figure reflects N/A **with the actual figure reflecting R194 446.** If this was not budgeted for why was this spent. We note this as a red flag.
2.10	Page 21: Line 1: Total Spending to eliminate Backlogs. More details required, as stated in 2.9 above. Budgeted expenditure of **R120 880.24** escalated to **R533 971.11** without explanation. The stamped invoice needed to be attached as an addendum (above per 2.9 above).

	We note this as a Red Flag.
2.11	Page 21: Line 3: Sanitation Backlogs: Backlogs to be eliminated. More details required as stated in 2.9 above Sanitation backlog spending of **R100 466.00** occurred without any budget allocation or supporting documentation. This shows there is no oversight on the actual expenditure being higher and a lack of Accountability by Leadership and Management. The stamped invoice needed to be attached as an addendum (as per 2.9 above). We note this as a Red Flag.
2.12	Page 22: Line 2: Total spending to Eliminate Backlog: Lack of details and ward information. Invoice information must be attached as an addendum. As stated in 2.9 above. R453884.81 was budgeted but the actual was higher at **R 687 093.40**. The stamped invoice needed to be attached as an addendum (as per 2.9 above). We are noting this as a red flag.
2.13	Page 24: Lines 3, 4 and 5: Multiple lines show actual expenditure exceeding approved budgets, reflecting **poor financial control and oversight.** This shows there is no oversight on the actual expenditure being higher and a lack of Accountability and consequence management by Leadership and Management.
2.14	Page 27: Public Accountability: the Annual report fails to detail the minute inputs by ratepayers. Are the public participation dates of 17 May 2025 applicable for the 2024/2025 financial year or the 2025/2026 financial year. Should the public participation dates not be 2024? Therefore, the Annual Report does not clarify whether the participation dates align with the correct financial year creating inconsistencies in public-input reporting.
2.15	Page 35: Lacks contract names, SCM numbers, and ward locations for listed projects.
2.16	Page 37: we are concerned about the note about **missing supplier records and collusion between staff and contractors.** This is worrying and it does not justify exorbitant tariff increases year on year for paying ratepayers when monies are being stolen through tender fraud and no consequence management on this issue.
2.17	Page 51: Chapter 3: noting the service delivery performance, a complete monthly breakdown of Call Centre logs per ward and business unit is absent, preventing reconciliation of stock, expenditure, and turnaround times.
2.18	Pages 207, 208, 210, 211: Infrastructure Services Business Unit: Water and Services Unit: Water and Sanitation reporting only reflects June 2025, omitting service performance from July 2024 to May 2025, with no ward-level breakdown. This needs to be rectified. Information must be broken into ward-data.

2.19	Page 225: Requires a table detailing wards on flat water rates, wards on metered water consumption rates, water revenue generated per ward, and sanitation and rates income to reconcile consumption vs billing. This will help Management reconcile total consumed versus total billed versus total revenue received.
2.20	Page 225 the actual households in 2021/2022 had decreased from 120000 to 59182 in 2024/2025. Why is there a drastic variance. The explanation for this variance in not captured in the Report. If the number of households are decreasing, why have annual tariff increases for paying ratepayers?
2.21	Pages 227 and 229 Omits costs, operational hours and revenue for the crematoria for the reporting period, despite severe service delivery failures.
2.22	Page 239: **Electricity Revenue Collection**: Must reflect per-ward electricity revenue for all wards (detailing wards which are Eskom) and distinguishing the ward consumption from ampere/MCB charges (as Council took a decision many years ago that the ampere/net Demand Charges were to be ring fenced for electricity infrastructure). R**evenue from Ampere/MCB charges is also subjected to tariff increases and is extremely high,** frequently queried by paying ratepayers. This fee was only ring-fenced for a two-year period according to the Council decision, yet its continued escalation and lack of transparent reporting raise serious governance and accountability concerns.
2.23	Page 253: **the Financial Overview for 2024/2025: Taxes, Levies and Tariffs** show an amount of **R 7 330 533**: not certain if this figure is correct. The Adjustment Budget reflects a figure of **R 7 259 598 895**. But the Actual Expenditure for this same line item shows figure of **R 4 968 678**. There was an overall deficit in the amount of (**R519998**). Massive discrepancies between the Adjustment Budget and the Actual Expenditure point to unrealistic budgeting and operational deficits. This shows that the management had planned to spend more and failed to study the prior years' actual expenditure on projects and revenue. Even though Management spent less than they planned, the total amount of revenue brought in (revenue) was still lower than the total amount spent (expenditure). The organisation has a budget deficit, meaning it spent more than it earned, requiring it to use reserves or borrow money to cover the gap. **Total Revenue Total Spending:** Revenue was still too low to cover expenses, resulting in a net negative result (a deficit). **Unrealistic Budgeting:** The budget was set too high (inflated). **Revenue Shortfall:** A significant drop in income (revenue) made even the lower spending result in a deficit.
2.24	Page 276: Prepaid electricity losses are not quantified.

	The report omits Total Prepaid Electricity sales and the number of prepaid electricity meters, and actions against prepaid electricity holders who are bypassing meters and those who are not purchasing prepaid electricity tokens – hence tackling electricity losses in the Msunduzi supply areas.
2.25	Page 400: No evidence exists in the Annual Report for 2024/2025 that all Internal Audit findings were addressed. This demonstrates a systematic failure of internal controls by Msunduzi Management and Leadership.
2.26	Page 591: Disclosure of Financial Interest: Disclosures of financial interests lack supporting documentation (e.g., SARS, CIPC, pension fund and property records confirmation from Registrar of Deeds Office). A simple one-page schedule is **not** sufficient. This undermines transparency, given prior concerns regarding senior management remuneration.
2.27	Page 599: Revenue projections in comparison to the actual spent are very high. Revenue projections far exceed actuals, revealing to ratepayers that Management is applying inaccurate tariff modelling and alarming variances across electricity, water, waste removal and rental income from fixed assets. This raises a critical question: what methodology is being applied to calculate Revenue Projects when Msunduzi Management is not billing every consumer? Such flawed modelling undermines financial planning, distorts tariff justification, and further erodes public confidence in the Municipality's financial governance.
2.28	Page 612: Lacks the Council Resolution for this loan and DBSA proof of payment details for the loan period.
2.29	Page 613: **Declaration of Returns** not made in time: the schedule does not have notes of explanation of entries – contains no notes, reasons, corrective measures, or reported consequence management for late statutory returns.
2.30	Page 686: the figures for June 2025 on Page 686 are <u>not</u> equating to the figures on the same items on Page 599. This indicates data integrity issues. This inconsistency further explains why compliant ratepayers have lost trust in the administration and leadership, who continue to demonstrate a lack of monitoring, true oversight and transparent accountability. These discrepancies create the impression of "fancy paperwork" engineered to balance facts and figures for box-ticking exercises, rather than presenting accurate honest financial reporting.
2.31	Page 687: **The Statement of Comparison** reflects a material Operating Deficit, confirming National Treasury's regression assessment. The Leadership and Management are complicit and accountable for refusing to confront the reality that the revenue generated is insufficient to sustain the Municipality's exorbitant and over-committed expenditure, further deepening financial instability and eroding governance credibility and failure to apply its own Credit Control policy throughout the entire Msunduzi jurisdiction.

<table>
<tr><td></td><td>Yet, Management and Leadership continue to have the audacity to push through steep, above-inflation tariff increases year after year, further burdening compliant ratepayers while avoiding the structural reforms required to restore financial stability and governance credibility at Msunduzi.</td></tr>
<tr><td>2.32</td><td>
Page 804: Between 2006/2007 and 2024/2025, the Municipality wrote-off R248 616 093 of ratepayer monies.
The wastage of such substantial amounts does not justify annual tariff increases, particularly when ridiculously large sums are being squandered by Leadership and Management.
This demonstrates a blatant lack of oversight, monitoring, transparency, and fiscal discipline by those entrusted with managing ratepayer funds.
Royal AM Football Club: R10 350 000 (Public outcry over this not captured)
Overpaid Senior Managers: R118 7598 (Confirmation of recovery is required)
Shooting Range: R4 536 802 (Confirmation of recovery is required)
Fruitless and Wasteful Expenditure: R126 088 658 (Confirmation of recovery is required)
Under Page 396, Section C.7.7.3: Debt to Revenue and Collection Rate on the 2024/2025 Draft IDP Document, the following matters require urgent clarification, relevant correction and alignment:
(a) Are the actuals for this schedule detailed in the 2024/2025 Annual Report, as required in terms of Section 121 of the Municipal Finance Management Act (MFMA) which prescribes accurate and comprehensive annual reporting?
(b) Are there corresponding Council Resolutions, as required by MFMA Section 32 and Section 64(2)(e), for the write-off of Consumer Bad Debt for all amounts and restated amounts, including:

R10 345 711
R20 930 221
R384 120 628
R23 558 600
R17114 042

These figures amount to a total write-off of approximately R456 069 202.
Furthermore, is there a complete, audited portfolio of evidence, as required by MFMA Sections 62(1)(d), 95(a), and 102, demonstrating that all reasonable and lawful steps were taken to recover these debts for the 2018/19, 2019/20, and 2020/21 financial years before write-off?
It is deeply concerning that the 2024/2025 Draft IDP/Budget is not aligned or cross-referenced with the figures reflected on Page 804 of the 2024/2025 Annual Report, which appears to contain understated amounts.
The lack of alignment between these statutory documents raises serious questions regarding:

Internal audit controls (as required by MFMA Section 165),
Risk management processes,
The Auditor-General’s review, as prescribed under MFMA Sections 45 and 131.

In terms of the Municipal Systems Act (MSA) Sections 26 and 41, the IDP must reflect accurate, measurable, and verifiable information, supported by audited evidence.
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	The write-off of hundreds of millions of rands—effectively the write-off of consumed services cannot be used to justify tariff increases imposed on compliant ratepayers. It is also necessary to state unequivocally that, **in the face of repeated annual debt write-offs amounting to hundreds of millions of rands,** it is **entirely unjustifiable to** expect compliant, paying ratepayers to be penalised with **annual above-inflation tariff increases.** These write-offs reflect consumed municipal services by non-paying consumers, yet the financial burden continues to be shifted onto the minority of households and businesses who consistently pay for services. The Municipality risks **eroding its remaining revenue base**, as the small cohort of paying ratepayers will eventually **<u>become unable to absorb continuous tariff increases</u>**, leading to further revenue decline and an even more unstable financial position. This constitutes a **serious governance failure** and highlights the absence of meaningful credit control enforcement, despite the requirements of the **Municipal Systems Act (MSA) and MFMA.**
2.33	Page 805 provides only three (3) paragraphs to explain major prescribed funds – wholly inadequate for proper accountability. If these monies are being prescribed, no justifiable tariff increase will change the situation, given the ongoing maladministration, and the persistent failure to enforce, implement and monitor strict internal controls such as the Shooting Range and the Royal AM matter to name a few, further eroding confidence in financial governance.
2.34	Page 806: **Electricity Losses of R715038054** and **Water Losses of R116774733** show severe operational failure, over-purchasing, and lack of technical controls. Despite these critical financial losses, Leadership and Management continue to shift the burden onto the paying ratepayers through above-inflation tariff increases, instead of addressing internal inefficiencies. This demonstrates a blatant lack of accountability by Leadership and Management and represents a serious misuse and waste of ratepayer funds, effectively penalising compliant residents of Msunduzi for managerial underperformance, lack of evaluation, monitoring and oversight by Leadership and systematic failures.
2.35	Page 807: there is a **note for the non-compliance with the MFMA for the non-payment of creditors**. Despite tariff increases, creditor payments remain non-compliant with the MFMA requirements, indicating weak cash-flow management and lack of accountability by Management, and a non-existent oversight structures. Council oversight structures lack the necessary financial expertise and auditing capabilities to provide fiduciary oversight, contributing directly to the continued failures in cash-flow control, expenditure monitoring and overall financial governance. Furthermore, the National and Provincial MEC for CoGTA must be urgently sensitized to this deficiency. Councillors appointed to oversight structures by each political party must include representatives with vetted accredited financial services and auditing professional expertise to provide credible oversight on terms of the National Credit Act, Financial Services Act, MFMA and MSA. The

	absence of such expertise within the leadership structure of Msunduzi is a root cause of many of the poor financial and governance failures currently facing Msunduzi Municipality.
2.36	Page 811 and 812: **Payments to Matthew Francis Attorneys** require urgent forensic investigation by National Treasury, confirmation of recovered amounts and proof of submission to the legal Taxing Officer. The Annual Report for 2024/2025 fails to indicate whether the Municipality has a formal approved policy governing the taxing of all legal bills, raising further concerns about the weak legal oversight and uncontrolled expenditure of ratepayer monies by both the Leadership and Management structures. If legal bills are not being taxed, it is critical to establish who is responsible, why mandatory controls were bypassed, and why Council oversight structures and the Auditor-General failed to detect or report this deviation on taxing of all legal bills. This represents a significant breakdown in governance, compliance and fiduciary accountability. Given the seriousness of these irregularities on this matter, we will be formally raising this matter with the KZN Law Society for independent review to either confirm the figures are correct or require Taxing being public monies. Amounts paid to Matthew Francis Attorneys: - R8321595 R3504897 R16219563 R9234442 R36129952 R4192732 The municipality has its own internal legal services, and we need an explanation on why there is a high budget expended on external legal services. Please explain the justification of external legal services.
2.37	Pages 813 and 815: **Salaries of Councillors and Deputy Municipal Managers: and Note 72**: The Annual Report for 2024/2025 omits that ratepayers opposed defending the Royal AM matter – raising questions about whose mandate is being followed, if not the paying ratepayers of Msunduzi.
2.38	Pages 816 to 824: Show numerous **financial corrections**, exposing inadequate oversight and weak financial management by Management and Leadership alike.
2.39	Page 829: **Going Concern: Financial Recovery Plan**: The Municipality remains in a financial decline with no progress on its own Financial Recovery Plan as per National Treasury confirming its deteriorating going-concern status.
2.40	The Annual Report for 2024/2025 lacks detailed ward-level data on Eskom billed wards, flat-rates for water versus water metered wards, unbilled refuse, unbilled properties (and lack thereof on the General Valuation Roll) – information critical to revenue accuracy.
2.41	The annual report for 2024/2025 failed to quantify income lost from unbilled wards and unmetered water, refuse, sanitation and rates contributing to multimillion-rand losses.

242	On **Page 430 of the Draft IDP 2024/2025**, several **Catalytic Projects** are listed. However, **the 2024/2025 Annual Report contains no reporting** on these projects. In terms of the **MSA Section 41**, a municipality is obligated to report on performance against IDP commitments. The absence of reporting on these Catalytic Projects; unless poorly titled or omitted is **highly concerning** and suggests a failure in statutory performance reporting processes.
243	Pages 247–249 on the draft Annual Report for 2024/2025 highlight persistent incidents of theft, fraud and financial misconduct by municipal employees. These breaches demonstrate a failure of management to enforce effective oversight and internal controls, as required under the **Municipal Finance Management Act (MFMA),** particularly Sections **62(1)(c)** and **95**, which obligate accounting officers and senior managers to maintain sound financial governance and prevent irregular, fruitless and wasteful expenditure. Furthermore, such conduct by employees violates the standards of ethical and lawful administration contemplated in the **Municipal Systems Act (MSA)** and the principles of accountable and transparent decision-making reinforced by the **Promotion of Administrative Justice Act (PAJA)**. Given these statutory obligations, the continued prevalence of financial misconduct cannot justify imposing excessive tariff increases on ratepayers, especially when management has not ensured compliance with the mandatory financial controls, and employees entrusted with public funds are engaging in conduct that undermines the financial integrity of the municipality.
244	There is a material disconnect between the information contained in the **Draft 2024/2025 Integrated Development Plan (IDP)** and the Draft **2024/2025 Annual Report**, resulting in a lack of transparency and incomplete financial disclosure. This omission undermines the statutory principles of openness, accountability and participation as required by the **Municipal Finance Management Act (MFMA), the Municipal Systems Act (MSA)** and the **Promotion of Administrative Justice Act (PAJA).** Page 612 of the 2024/2025 Annual Report reflects only the **R350 million loan for the Electrical Infrastructure Programme**, yet **no accompanying business plan**, as required under **MFMA Sections 19, 46 and 33**, is provided. These sections explicitly require a municipality to disclose the purpose, repayment terms, feasibility assessments, and expected financial commitments before any borrowing can be approved. The Annual Report also **omits progress reporting** on loan repayments referenced in the **Draft 2024/2025 IDP (Page 432)**, where **R200 million is identified as funded from borrowing**. This raises concern as MFMA Sections **121 and 122** require complete and accurate reporting of all financial commitments and liabilities in the Annual Report. Without full disclosure, ratepayers cannot verify whether the municipality is borrowing responsibly, whether repayments are being honoured, or whether management is committing expenditure **beyond available revenue,** contrary to **MFMA Section 18**, which prohibits budgeting for unfunded or unsustainable commitments. In the interest of transparency and lawful financial governance, the municipality must provide: 1. **A complete breakdown of all current loans**, including – Council-approved resolutions (MFMA Section 46),

	– Dates of approval, – Repayment schedules and instalment dates, and – Current statement balances. 2. **Approved business plans** for all existing and proposed loans, including confirmation that the loan amounts reconcile to **actual invoices and expenditure**, as required by MFMA supply-chain principles under **Sections 62(1)(c)** and **95(a)**. **3.** Clear confirmation of **whether public consultation has been undertaken**, as required by **MSA Chapter 4,** for **all proposed loan applications**. Borrowing that creates long-term financial commitments **cannot be undertaken without public participation and transparent disclosure** of the financial implications, as reinforced by **PAJA's requirements for lawful and procedurally fair administrative action.** The persistent failure to align the Draft IDP with the Annual Report, together with the omission of detailed loan information, erodes public trust and reinforces ratepayer concerns that management is **over-committing expenditure beyond its current revenue capacity**, in direct contravention of **MFMA Section 18**, which prohibits **budgeting on unfunded or unsustainable commitments**. This financial opacity, combined with leadership's ongoing failure to enforce equitable and consistent **Credit Control and Debt Collection measures** as required under **MSA Section 96 and 97**, places an unfair and disproportionate burden on the small percentage of ratepayers who do pay. In these circumstances, imposing **unrealistic and excessive tariff increases** on compliant ratepayers cannot be justified. The municipality's ongoing lack of financial foresight, absence of fiscal discipline, and systemic failure to recover revenue from all consumers — despite having the statutory authority to do so — demonstrates a profound lack of strategic direction by management and a concerning absence of political will to implement the lawful, equitable credit control measures required by the MSA and MFMA. Instead of enforcing collection from all consumers, leadership appears intent on "being the good guys," while tightening the noose around the City's financial sustainability through their own ineptitude and unwillingness to act decisively. Borrowing further funds, without full disclosure and without exhausting legally required revenue-recovery mechanisms, only deepens the financial risk to the municipality and its ratepayers. When **expenditure consistently exceeds revenue**, and the municipality resorts to borrowing to fund capital projects, this creates an **ongoing structural deficit**, further compounded by the **interest obligations** attached to such loans. These additional financial burdens directly give rise to **unwarranted tariff increases**, imposed on compliant ratepayers who were neither consulted nor informed through lawful **public participation processes**, contrary to the requirements of **MFMA Sections 21A and 46(3)(a)** and **MSA Chapter 4**. Going forward, management and leadership must correct this failure to engage the public meaningfully. Ratepayers — as the **primary funders of the municipality** — must be transparently consulted on any borrowing that affects the financial outlook, tariff setting, and long-term affordability for the community.

3. RECOMMENDATIONS

The following are recommendations for the Msunduzi Municipality to implement to address the disparities in the 2024/2025 annual report but overall challenges throughout the municipality. We also hope that the Msunduzi Council includes our submission into the resolution of the Council for approval on the 30 March 2026.

3.1	**Independent Service Delivery Audit** Include in the Annual Report 2024/2025 and going forward a full, independent audit of **actual on-the-ground service delivery performance** to determine: • The real impact of municipal failures on paying ratepayers, • Infrastructure condition and maintenance backlogs, • Service turnaround times and operational performance, • Whether the municipality is delivering value for money in relation to the revenue collected.
3.2	**Immediate National Treasury Intervention** Given the ongoing regression under current leadership, management, and COGTA oversight, National Treasury must: • Enforce the Financial Recovery Plan • Assume temporary control of financial management • Assume authority over **revenue collection in all wards** • Enforce the Credit Control Policy in all wards, • Enforce a credible and binding **Financial Recovery Plan**, • Deploy specialist intervention teams to stabilise billing, expenditure, cash flow, and asset management, and **provide expert training** to all finance staff. • Correct systemic audit and compliance failures.
3.3	**Address Critical Revenue System Failures** To prevent continued financial collapse, National Treasury must ensure that Msunduzi must urgently: • Bring **all unbilled and under-billed communities** into the billing system and general valuation roll, • Implement strict controls to curb **over-consumption** in wards receiving flat water rates, • Strengthen metering, enforcement, and accountability mechanisms, • Recognise that arrears collection efforts (including Operation Qoqimali) cannot succeed without comprehensive structural reforms to the revenue system for all wards.
3.4	**Protect Paying Ratepayers from an Unfair Burden** The Municipality must immediately: • End reliance on a minority of paying ratepayers to cross-subsidise the entire municipal system, • Stop the cycle of **"tariff increase creep" (like *tax creep*)**, where tariffs increase without service improvements, • Ensure all tariff proposals are linked to measurable, transparent performance outcomes.
3.5	**Additional Critical Issues:** • **Multi-billion System Failure:** Despite the introduction of a multi-billing system — imposed on paying ratepayers and requiring billing on the 15th of every month — the initiative may have brought in revenue mid-month but has **not increased overall revenue and payment of creditors**, due to management's continued failure to bill unbilled areas. As per National Treasury, finances have regressed.

	• **Financial Sabotage by Councillors:** COGTA and National COGTA failed to act against Msunduzi councillors who encouraged residents not to pay their municipal bills, and who actively prevented Revenue Management and municipal security from entering non-paying wards during audits and revenue collection initiatives. This constitutes financial sabotage and has directly accelerated the collapse of the municipality's finances. • **Councillor Recusal Required**: Ward councillors representing non-paying wards must be **recused** from decision-making on Budgets, Tariff Increases, Revenue Policies, and other fiscal matters affecting residents from paying wards that disproportionately affect compliant, paying wards. National and Provincial COGTA need to review this reporting structure.

3.6	**Establish a Multi-Pronged Billing and Valuation Recovery Team**
	Msunduzi must urgently establish a **dedicated, multi-disciplinary recovery team** mandated to:
	
	• **Begin billing all unbilled areas** for municipal services and property rates,
	• Update and correct the **General Valuation Roll (GVR)** to include all unlisted, unvalued, and previously unbilled properties,
	• Conduct field audits and property verifications to ensure completeness and accuracy,
	• Designate a team to address the high-level billing queries and disputes,
	• Assist financially struggling households to apply for **indigent status**, which must be:
	  ◦ Properly verified,
	  ◦ Regularly audited,
	  ◦ Accurately aligned with the **Equitable Share allocation**.
	This is essential to rebuild the revenue base and ensure long-term financial sustainability.

3.7	**Audit the Equitable Share Allocation and Publish the Results in the Annual Report 2024/2025 and for future Annual Reports** The Equitable Share allocation to Msunduzi must undergo a full audit to determine: • Whether it is calculated correctly based on a valid indigent register, • Whether funds are used in accordance with national policy, • Whether indigent support systems are properly administered. The results of this audit must be made public to ensure transparency, accountability, and public confidence in national transfers and local indigent management processes.
3.8	**Enforce Accountability for Leadership and Management** • Chronic non-performance must result in real governance consequences, • Municipal management must be held accountable for recurring audit findings and repeated failures to implement recovery plans, • Oversight structures must be strengthened to ensure transparency, discipline, and compliance.
3.9	**Mandatory Inclusion of Ratepayer Association Submissions** Effective immediately, Ratepayer Association submissions must be **formally included** in: • Oversight Reports on the **Annual Report**, • **Tariff Increase** proposals, • **IDP** and **Budget** Reports to Council. Submissions must be: • Documented, • Minuted, • Formally responded to,

	• Discussed with Msunduzi Leadership, Management, COGTA, and National Treasury. Given that ratepayer funds sustain the municipality's operations, salaries, AG fees, and creditor payments, these submissions must be treated as mandatory inputs, not optional commentary.
3.10	**Prevent Total Service Delivery Collapse** Urgent, structural intervention is required to: • Restore financial stability, • Stabilise critical infrastructure, • Slow escalating service failures, • Prevent Msunduzi from reaching a point where recovery becomes impossible and • Ensure annual maintenance plans are in place for all service delivery and revenue generating departments.
3.11	**Enforce Full Ward-Level Reporting (See attached Ward Schedule)** Require mandatory ward-level reporting of consumption, revenue, arrear debt, service logs, infrastructure performance, and unbilled areas across all municipal business units must be reported on in the Annual Report to reconcile revenue, development, crime stats as per Safe City reporting, expenditure and losses. We have *attached* a **Ward-Level Reporting Schedule (Appendix A)** for Management to implement as a compulsory monthly reporting tool. This schedule must be populated **each month** and incorporated into all **future Annual Reports** to ensure full transparency and accountability for how ratepayer funds are utilised. The purpose of this tool is to provide Management and Leadership with a **clear, accurate, and ward-specific synopsis** of actual revenue, expenditure, service delivery performance, and losses across all municipal business units and all wards, which is currently lacking in this format. This is essential for informed decision-making, credible oversight, and restoring financial accountability. In addition, **we recommend that all ward-level data be populated onto the attached Ward-Level Reporting Map**, which must be **linked directly from the Municipality's GIS System to the SAP financial system**. This integrated map must display **all revenue streams**—including property rates, number of households, number of indigent households, municipal wide projects in the wards, electricity, water, sanitation, refuse removal, municipal rental income—as well as **non-revenue and cost-related service indicators**, such as burst pipes, electricity outages, streetlight repairs, sewer blockages, and other service delivery incidents. This consolidated GIS-to-SAP integration Tool will allow Management, Leadership, and Community Oversight Structures to view: • Ward-by-ward revenue collection, • Outstanding debt and arrears, • Actual vs estimated consumption, • Service delivery failures and associated costs, • Losses arising from non-billing, under-billing, technical losses, and unmetered consumption. Furthermore, we expect that this **Ward-Level Reporting Map** be uploaded to the **Municipal Website** for continuous monitoring by **paying ratepayers—the primary funders of the Municipality**. Public visibility of this information will strengthen community oversight, reinforce accountability, and support the establishment of a credible combined assurance framework across the Municipality, Auditor General, Provincial and National Treasury.

3.12	**Compel Inclusion of All Public and Ratepayer Submissions** Ensure all tariff objections, IDP/Budget submissions, and ratepayer association inputs are formally captured, minuted, published, and reflected in Council decision-making.
3.13	**Fix the Revenue and Billing System** Implement urgent structural reforms to: • Bill all unbilled and under-billed areas • Update and correct the General Valuation Roll • Separate consumption charges from Ampere/MCB fees • Eliminate technical losses and unaccounted consumption • Validate indigent registers and align them to Equitable Share allocations • Improve turnaround times to respond to high level billing queries/disputes • Improve customer services at AS Chetty offices
3.14	**Strengthen Oversight and Governance** Reconstitute oversight structures to include members with **accredited financial and auditing qualifications**, ensuring compliance with the MFMA, MSA, National Credit Act, and Financial Services Act.
3.15	**Hold Leadership and Management Accountable** Implement consequence management for: • Overspending and unauthorised expenditure • Failure to implement audit findings • Procurement irregularities and document gaps • Infrastructure neglect and service delivery collapse.
3.16	**Forensic Review of All Legal Expenditure** Conduct a full forensic investigation into: • Payments to legal service providers • Absence or failure of taxing legal bills • Non-existence of a legal billing/taxing policy • Oversight failure by Council and the Auditor-General. Report the matter to the **KZN Law Society** for independent scrutiny and guidance.
3.17	**Correct Unrealistic Budgeting and Tariff Modelling** Require transparency on: • Methodology used for revenue projections • Tariff-setting frameworks in the absence of full billing • Major variances between budgeted and actual revenue • Deficits concealed through inflated revenue forecasts.
3.18	**Stop Passing Internal Failures to Paying Ratepayers** Halt above-inflation tariff increases until: • Losses are reduced • Billing accuracy is restored • Grants are fully utilised • Infrastructure investment improves • Internal inefficiencies and wastage are addressed.

3.19	**Investigate All Prescribed Funds and Write-Offs** Demand a full investigation into: • The R248 million written off • The legitimacy of prescribed debts and portfolio of evidence that all measures had been applied to recover, and vetted by the Auditor General prior to write off, and the announcement of which must be published for public comment prior to write off. • Decisions concerning Royal AM, the Shooting Range, and senior management overpayments must be announced publicly on the progress of recovery of ratepayer monies. • Consequence management for officials involved.
3.20	**Mandatory Publication of Key Financial Information** Require publishing of: • Ward-level revenues (electricity, water, refuse, rates) • Prepaid meter counts and prepaid revenue • Grant utilisation reports • Cash-flow statements and creditor payment age analysis • Monthly Call Centre service performance.
3.21	**Address Data Integrity and Reporting Accuracy** Implement strict controls to eliminate: • Contradicting figures between pages • Inconsistent financial statements • Missing invoices, SCM documents, and authorisations • Manipulated or incomplete reporting.
3.22	**Restore Transparency in Capital Expenditure** Enforce strict controls on: • Capital project procurement • SCM compliance • Contract naming, ward identification, and invoice publication • Budget vs actual spending justification.
3.23	**Protect Ratepayers from Mismanagement** Stop relying on compliant ratepayers to subsidise: • Unbilled consumption • Unmetered services • System inefficiencies • Wastage and administrative failures Require performance-linked tariff decisions tied to measurable service improvements.
3.24	**Strengthen Political Accountability** COGTA MEC (Provincial and National) must: • Overhaul oversight committees • Ensure skilled and professional councillors sit on financial and municipal public accounts committees • Remove councillors blocking audits, revenue collection, or billing enforcement • Intervene in political interference affecting municipal operations and collapse of council meetings.

3.25	**Stabilise Service Delivery Structures** Implement operational reforms to: • Reduce water and electricity losses • Restore basic infrastructure • Clear backlogs • Enforce maintenance schedules • Improve turnaround times.
3.26	**Prevent Total Municipal Collapse** Adopt urgent structural, administrative, and financial reforms to prevent further: • Fiscal deterioration • Service delivery collapse • Escalating debt • Governance regression.
3.27	The **Debt Write-Off figures on Page 396 of the Draft IDP** be **reconciled, directly linked, and reflected** to the understated figures reflected on **Page 804 of the Annual Report 2024/2025**. This reconciliation must include: • Correct audited figures, • Portfolio of evidence for recovery attempts, • The Council resolutions authorising the write-offs.
3.28	The **Annual Report 2024/2025 must be revised** to include: • Actual progress on all Catalytic Projects Schedule reflected on Page 430 of the Draft IDP 2024/2025 and any other IDP commitments, • Clear reference to relevant **page numbers** in the IDP, • Accurate, audited, and verifiable information as required by the MFMA **and** MSA. This is critical for ensuring transparency, accountability, and compliance with national legislation.
3.29	In view of the recurring **annual debt write-offs,** we recommend that Management adopt a **proactive, structured, and auditable approach** to recording and managing all affected households on the municipal billing system and other expenditure that require write-off. In addition, it must be stated that the **annual debt write-off currently has no effective control mechanisms**, nor does there appear to be any urgency and commitment from Leadership and Management to **reduce or prevent** these escalating write-offs. This ongoing failure directly contributes to the Municipality's financial deterioration. If **stringent Credit Control measures** as required under the **Municipal Systems Act (MSA) and MFMA** were rigorously enforced across **all wards**, a significant portion of these written-off amounts would, in fact, represent **recoverable revenue**. This lost revenue is the "**missing income**" that continues to undermine the Municipality's financial stability, further burdening compliant ratepayers while allowing non-payment patterns to persist unchallenged. A comprehensive **framework, set of guidelines, Standard Operating Procedures (SOPs), and a risk-assurance mechanism for Debt and Debt write-offs** must be developed to govern the identification, monitoring, and reporting of all accounts that are repeatedly written off each year. This framework must include:

	• The **mandatory monthly recording** of municipal service consumption for these households (electricity, water, refuse, sanitation, etc.);
	• Verification of whether these households fall **within the Free Basic Services (FBS)** provisions;
	• The implementation of **controls to curb over-expenditure**, misuse, or technical losses of such households;
	• Monthly population of this data for incorporation into the **2026/2027 Annual Report** and all future Annual Reports;
	• Use of this dataset as a **monitoring and reconciliation tool** against:
	  ◦ Total consumption versus municipal revenue losses,
	  ◦ The **Indigent Register**, and
	  ◦ The **National Treasury Equitable Share Allocation**.
	
	This recommendation ensures that longstanding non-payment and annual write-offs are not treated as routine administrative actions, but as **risk-sensitive financial events** requiring evidence, monitoring, and accountable oversight. Such a system will strengthen revenue management, improve financial integrity, and ensure compliance with MFMA and MSA reporting obligations.
	
	There must therefore be an **urgent intervention and full overhaul** of the Municipality's revenue and credit control framework. It is abundantly clear that the current management and leadership are **unwilling and beyond capable** of implementing the level of reform required. Consequently, this situation demands **direct National intervention**, supported by National Treasury and National CoGTA, to stabilise the Municipality, enforce compliance, and protect the financial sustainability of the institution.

3.30	It is recommended that Council **immediately strengthen its borrowing governance framework** in terms of the **Municipal Finance Management Act (MFMA)** and **the Municipal Systems Act (MSA)** to ensure responsible, transparent and participatory decision-making on all present and future loans. Specifically: 1. **No further borrowing should be considered or approved** until the Municipality provides a complete, publicly accessible breakdown of all existing loans, including: • Council-approved resolutions (MFMA s46) • Business plans for each loan (MFMA s19, s33, s46) • Repayment schedules, balances, and interest liabilities • Reconciliation of loan amounts to actual project invoices. 2. The municipality must **fully align all disclosures between the Annual Report and the Draft IDP**, as required under **MFMA s121-122**, to ensure that ratepayers receive accurate, consistent and transparent financial information. 3. Council must ensure that **all proposed loans undergo mandatory public participation** in accordance with **MFMA s21A and s46(3)(a) and MSA Chapter 4.** This must include: • Publication of proposed loan terms, business plans and financial impacts • Public hearings accessible to all communities • Written submissions from ratepayers • A record of consideration of public input prior to approval 4. Where **expenditure exceeds revenue and borrowing** is used to cover capital project obligations, Council must formally acknowledge that this **creates a structural deficit**, worsened by escalating interest costs. Tariff increases arising from this situation are **unwarranted and procedurally unfair** when compliant ratepayers were not consulted. 5. Council must therefore **reprioritise operational reforms** including full enforcement of **equitable Credit Control and Debt Collection** (MSA s96–97) before resorting to

	borrowing. The responsibility lies with Leadership and Management to recover revenue from all consumers, not to burden only compliant ratepayers. 6. Finally, Council must adopt a **Financial Sustainability and Borrowing Recovery Strategy** that includes: • A cap on borrowing until revenue collection stabilises • Quarterly public reporting on loan utilisation and repayment • Assurance that no loan will be sought without demonstrable affordability and public mandate. **This recommendation is necessary to restore financial integrity, rebuild ratepayer trust, and ensure that borrowing decisions are transparent, lawful and aligned with the Municipality's long-term sustainability.**
3.31	It is recommended that Council urgently strengthen and enforce **Consequence Management**, in accordance with the **Municipal Finance Management Act (MFMA), Municipal Systems Act (MSA),** and the **Municipal Regulations on Financial Misconduct**, to address the persistent theft, fraud, abuse of municipal resources, and financial misconduct by employees. 1. **Immediate implementation of strict disciplinary action** for all cases of theft, fraudulent overtime claims, fuel theft, abuse of municipal vehicles, and unauthorised or inflated salary payments to managers, as required under: 2. **• MFMA Sections 171–173** (financial misconduct and criminal proceedings), **• MSA Section 4(2)(e)** (duty to be accountable), and • The **Code of Conduct for Municipal Staff** (Schedule 2 of the MSA), which explicitly prohibits such behaviour. 3. **A formal written reminder to all municipal employees and leadership** that their salaries, benefits, vehicle usage, and operational resources are funded **entirely by a small percentage of compliant ratepayers,** and that any abuse of municipal resources is a direct theft of ratepayer-paid monies. This reminder must be incorporated into: • Induction programmes, •Ethics and compliance training, and Internal communication from the Accounting Officer. 4. **Strengthening of internal controls** to prevent and detect fraud and abuse, including: • Vehicle-tracking and fuel-usage audit systems, • Biometric and digital verification for overtime, • Monthly reconciliation of payroll against organograms and approved posts, • Surprise audits on depots and fleet yards. 5. **Leadership accountability**: The Municipal Manager and Deputy Municipal Managers must be held responsible for ensuring proper oversight, as required by **MFMA Sections 60–62**, which place a direct legal obligation on Management to prevent unauthorised, irregular, and wasteful expenditure and to safeguard municipal assets. 6. **Quarterly public reporting** of disciplinary cases and actions taken (without naming individuals), to restore ratepayer confidence through transparency and compliance with **PAJA** principles of fairness and accountability. **This recommendation is necessary to restore public trust, protect ratepayer funds, enforce lawful governance, and ensure that municipal employees respect the fact that their salaries and operational resources come from the contributions of a small, compliant portion of ratepayers. Any further tolerance of misconduct will worsen the municipality's financial instability and deepen distrust among the very ratepayers who sustain the institution.**
3.32	**Public Participation** A recent research project on public participation which used Msunduzi Municipality as a case study provides comprehensive recommendations on public participation. The Leadership and Management need to engage with the researcher to work on implementing the recommendations

	of public participation. The research report was circulated to the Leadership and Management of the municipality.
3.33	**Monitoring and Evaluation** The municipality needs to establish a monitoring and evaluation unit that would monitor and evaluate all departments on targets and identify challenges and make recommendations for improvements within the municipality. Implement systems to review and monitor the municipality and include feedback from all stakeholders and on the annual report.
3.34	**Service Level Agreement with Primary Funders being the Paying Ratepayers and The Leadership and Management in terms of Section 78 of the Municipal Systems Act, and Customer Charter** A **formal Service Level Agreement (SLA)** and Customer Charter between Paying Ratepayers and the incoming Leadership and Management must be **institutionalised and implemented immediately after the changeover** following the local government elections. This SLA and Charter must clearly define the Municipality's obligations regarding service delivery standards, financial accountability, billing accuracy, infrastructure maintenance, and communication protocols, for the Leadership, Management, Employees, Contractors and Sub-Contractors for a collective performance and accountability standards. The SLA and Charter are essential because **paying ratepayers are the primary funders of the Municipality**, yet their formal objections and submissions are routinely disregarded by the current Leadership and Management. Despite funding municipal operations, salaries, creditor payments, AG fees, and core services, paying ratepayers are only engaged during formal public participation processes, and their inputs are not meaningfully integrated into decision-making, oversight reports, tariff modelling, or budget adjustments. To restore public trust, strengthen accountability, and prevent further governance failures, the SLA and Customer Charter must be made a **mandatory governance instrument**, ensuring that: • Ratepayer submissions are formally acknowledged, analysed, responded to, and incorporated into municipal decision-making processes, and stipulated timeframes set out in the MSA, MFMA and Promotion of Administrative Justice Act (PAJA). • Leadership and Management are held accountable for commitments made to the communities that fund municipal operations. • Service delivery failures, billing inaccuracies, infrastructure backlogs, and financial mismanagement trigger mandatory remedial actions under the SLA framework. • Regular performance reporting against SLA commitments becomes compulsory and publicly available. This reform is necessary to prevent ongoing dismissiveness toward paying ratepayers, to ensure transparent governance, and align municipal performance with the expectations and rights of those who sustain the Municipality financially. This Service Level Agreement (SLA) and Customer Charter seek to formalise the obligations of the Municipality and the Paying Ratepayers. It must establish **legally binding minimum service standards**, accountability mechanisms, performance targets, and turnaround times. It must create enforceable commitments regarding service delivery, financial accountability, and payment responsibilities.

	The Service Level Agreement (SLA) and Customer Charter must clearly define the minimum service standards that the Municipality is legally obligated to provide under the Municipal Systems Act — including measurable performance levels and breakdown schedules water pressure, electricity provision, metering accuracy, refuse removal schedules, grass cutting cycles, sanitation responses, and 24/7 or scheduled service availability to name a few key service delivery areas — together with clear turnaround times for resolving complaints such as burst pipes, outages, sewer blockages, billing queries / account disputes and refuse collection, while also setting out the obligations of ratepayers to pay for services timeously, provide access for readings and inspections, and comply with municipal bylaws. The SLA must incorporate Section 78 service delivery agreements that govern external contractors, sub-contractors, and service providers, each with explicit performance targets, monitoring indicators, and accountability requirements, and must empower Ratepayer Associations to evaluate, monitor and report on contractor performance. It must also integrate Credit Control and Indigent Management Policies to define service levels, exceptional circumstances for estimated billing, consequences for non-payment, and enforcement protocols across all wards. In addition, the SLA and Charter must require advance public notices timeframes for planned maintenance, define communication channels for service disruptions contact numbers / email address / WhatsApp lines, and establish mechanisms for redress — including rebates, escalation, penalties and corrective action — when service standards are not met. The SLA and Customer Charter must be grounded in the Municipal Systems Act, PAJA and MFMA, failure by the Municipality, its leadership, or its contracted service providers to honour these commitments constitutes a breach of statutory duties and may be challenged through dispute resolution processes, National Treasury intervention or legal action in court. This SLA and Customer Charter also seek to regularise the manner in which Management implements decisions, particularly where proper approvals, transparent communication, and statutory notice periods have been ignored — as seen in the abrupt implementation of the multi-billing system in 2023, the double-invoicing of rates and service accounts in February 2026, and the unlawful use of shortened 14-day objection periods instead of the legally required 30-day periods. These recurring practices undermine administrative fairness, violate public participation principles, and highlight the urgent need for legally enforceable governance standards that ensure accountability, due process, and full transparency to paying ratepayers. **If this is currently in place, it must be published annually for public comment and must be approved and formally signed by all established Ratepayer Associations as custodians.** In its current form, the municipal communication system fails to provide meaningful public accountability, as ratepayer inputs and formal submissions routinely go unanswered by the Office of the Municipal Manager. This SLA and Customer Charter therefore seek to formalise communication channels and establish enforceable obligations to ensure that paying ratepayers receive timely, substantive responses to their submissions—an essential function that is currently non-existent within the Municipality and far beyond the administrative capacity of local councillors.

4. CLOSING REMARKS

A collective, holistic approach is urgently required to save and stabilise Msunduzi Municipality. Achieving improved annual reporting, credible governance, and ultimately clean audits depends on a unified effort in which paying ratepayers — as the primary funders of the Municipality — are recognised as core stakeholders whose voices and submissions must meaningfully shape municipal decision-making.

This recovery requires the alignment of dedicated and competent management, a unified and accountable leadership structure, a skilled and disciplined labour force, reliable contractors and subcontractors, and strong oversight by Provincial and National CoGTA, National Treasury, and the Auditor-General.

Only through this integrated and accountable partnership can Msunduzi prevent further financial deterioration, restore public trust, and protect critical revenue paid by compliant ratepayers.

It must be noted that our submission on the 2023/2024 Annual Report on the 16 March 2025 was not acknowledged and not responded to. The Council approved the 2023/2024 Annual Report without taking our submission for consideration. This is in contravention of the Municipal System Act.

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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