



MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2022/23 – 2024/25



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PART 1 – ANNUAL BUDGET

1. CHAIRPERSON'S REPORT

The Consolidated Medium Term Revenue and Expenditure Framework (MTREF) Budget of 2022/23 - 2024/25 budget is thus compiled in distressed global economic outlook. There is significant evidence of a decline in economic growth and employment due to COVID-19 pandemic. The microeconomic results show that the pandemic moves the income distribution curve such that more households fall under the poverty line while at the same time, inequality worsened. The pandemic hit South Africa's economy at a time that the economy was already under substantial strain.

South Africa's economy suffered a significant contraction during April, May and June, when the country operated under a widespread lockdown restriction in response to COVID-19.

Affordable and sustainable energy supply can unlock economic potential by encouraging investment in the city and the province and thereby propelling the province to an above national economic growth rate. The entity intends to work for other alternative energy sources during the coming year as part of its revenue enhancement strategy.

Given the sluggish growth and weak demand, the entity will concentrate the resources towards maintenance of the current network in order to minimise power outage and shorten supply disruption. Expansion programme will be held back; however, Service Delivery will be prioritised. Efforts to collect revenue will be strengthened and the entity will adopt zero tolerance on electricity theft, non-payment of bills, misuse of resources and network vandalism.

The revenue for the MTREF budget totals to an amount or projected revenue of R 3,610 billion in 2022/23, representing an increase of R 373 million or 10% on that of 2021/22 Adjustment Budget (R 3,236 billion.) The allocation for the two outer years of the MTREF period is R 3,768 billion in 2023/24 and R 3,938 billion in 2024/25.

The Operational Expenditure totals to projected expenditure of R 3,155 billion for 2022/23, representing an increase of R 243 million or 8% increase from that of the 2021/22 Adjustments Budget of (R 2,912 billion). The allocation for the two outer years of the MTREF period is R 3,288 billion in 2023/24 and R 3,428 billion in 2024/25.

The Capital budget of the Entity herewith presented amount to R 265 million for 2022/23, representing increase of R 14 million or 6% from 2020/21 Adjustments Budget of R 250 million. The allocation for the two outer years of the MTREF period is projected at R 276 million in 2023/24 and R 289 million in 2024/25.

The table below illustrates the above:

Details	APPROVED BUDGET 2021/22	ADJUSTMENT BUDGET 2021/22	Growth%	MTREF 2022/23	MTREF 2023/24	MTREF 2024/25
Revenue	3 236 287 734	3 236 958 734	10%	3 610 001 527	3 768 841 593	3 938 439 466
Operating Expenditure	2 813 932 275	2 912 294 996	8%	3 155 474 888	3 288 079 720	3 428 947 828
(Surplus)/Deficit	422 355 459	324 663 738	29%	454 526 639	480 761 873	509 491 638
Gains and Loss	10 473 341	10 473 341	64%	29 251 575	30 538 644	31 912 883
Capital Expenditure	217 751 825	250 451 825	6%	265 225 272	276 895 184	289 355 467
Surplus and or (Deficit)	215 076 975	84 685 254	89%	160 049 792	173 328 045	188 223 287

All the projects are derived from the parent municipality's integrated development plan and will be consolidated in the Municipal Budget. The entity is positioned to continue to perform on its mandate of assisting the parent municipality achieve its goals of making energy accessible to all communities within the metro boundaries.

Good governance and firm internal controls are maintained to ensure the retention of improved audit opinion from the Auditor General (AGSA) received in the previous year. The budget further takes cognizance of, and address issues raised by the AGSA in the previous financial years.

The 2022/23 MTREF is prepared within the parameters set by the Parent Municipality including Circular No 115 guidelines provided by National Treasury and NERSA on energy tariffs. Projects to accelerate service delivery and strengthen the entity's cash flow position are addressed in the proposed MTREF.

The 2022/23 budget of the entity is herewith presented to the parent municipality for consideration in terms of the MFMA 87 (2).

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CHAIRPERSON OF THE BOARD

2. EXECUTIVE SUMMARY

The purpose of the 2022/23 MTREF is to guide the entity's allocated resources to achieve its service delivery objectives as required by the Act MFMA (No 56 of 2003). The MTREF is a financial plan to enable the Municipal Entity to achieve its vision and mission as articulated in the Business Plan.

The Budget serves to bring to light the current priorities as outlined below:

- Financial sustainability
- Good Governance
- Refurbishment and upgrade of the network
- New infrastructure investment

The tabling of the draft budget is the start of a journey towards the final budget approval before implementation in the start of the new financial year. The draft budget is an instrument which the Municipality engages the communities of the Metro to ensure proper public participation, and also to ensure that the community's needs as captured in the Integrated Development Plan (IDP) are translated into the budget for implementation. It serves to initiate many processes both politically and administratively, amongst others, consultations with communities throughout the municipal area.

2.1 PAST AND CURRENT PERFORMANCE, ACHIEVEMENTS AND CHALLENGES (BUDGET IMPLEMENTATION)

2.1.1 PAST PERFORMANCE AND SPENDING LEVELS

1. Source of Funding

The Capital Budget projects of the entity have been funded as follows over the years

Funding Sources	Adjustment Budget 2018/19	Approved Budget 2019/20	Adjustment Budget 2019/20	Adjustment Budget 2020/21	Approved Budget 2021/22	Adjustment Budget 2021/22
	R'000	R'000	R'000	R'000	R'000	R'001
Integrated National Electrification Programme	15 450 000					
Urban Settlement Development Grant		26 000 000	61 475 301	57 499 976	20 466 030	20 466 030
Public Contributions	10 762 339	11 408 079	11 408 079	11 932 851	13 000 000	13 000 000
Revenue / Surplus (Internal funds)	159 823 019	108 230 742	46 275 441	100 292 174	184 285 795	216 985 795
TOTAL	186 035 358	145 638 821	119 158 821	169 725 001	217 751 825	250 451 825

2. Performance: Budget vs. Actual – Capital Expenditure

Financial Year	Approved Budget	Adjustments Budget	Actual Expenditure	% Spent Adjustments Budget
2013/14	156 588 364	262 587 391	224 227 621	85%
2014/15	298 963 243	299 093 299	283 233 659	95%
2015/16	325 356 851	246 122 724	242 344 543	98%
2016/17	200 739 976	233 176 385	222 562 922	95%
2017/18	116 468 682	97 110 329	118 986 263	123%
2018/19	96 647 180	186 035 358	178 299 145	96%
2019/20	145 638 821	119 158 821	110 238 627	93%
2020/21	169 725 001	177 717 074	129 106 054	73%

3. Capital Expenditure per Category

The table below indicate the Entity's breakdown of its capital expenditure over the past years. The bias in terms of the spending being towards infrastructural related projects.

Capital Expenditure	Actuals 2016/17	Actuals 2017/18	Actuals 2018/19	Actuals 2019/20	Actuals 2020/21
	R'000	R'000	R'000	R'000	R'000
IMPLEMBUSINESS CONT DISASTER RECOV INF	341 339				
SERVITUDES LAND (INCL INVEST REMUNE REG	338 509	25 975	75 158	186 280	
UPGRADING AND EXTENTION OF LV NETWORK	-	-	-	-	235 459
REFURBISHMENT OF HIGH MAST LIGHTS		2 097 321	471 911	4 013 235	641 829
SHIFTING OF CONNECTION AND REPLACEMENTS		1 285 179	1 794 997		
BOTSHABELO:ESTABLI OF 132KV CONN(VAALKRA					4 510 066
EXTENSION AND UPGRADING OF THE 11KV NETW	5 603 912	16 796 159	8 792 618	9 297 519	1 465 592
ELLITE SUBSTATION (AIRPORT NODE)		17 921 667	45 137 847		
INSTALL PREPAID METERS (INDIGENT)	195 217	58 297	5 515	58 397	61 194
ELECTRIFICATION (USDG GRANT)		20 159 955	13 822 419	23 964 187	42 776 076
METER REPLACEMENT PROJECT	13 295 680	3 197 793	4 129 172	10 019 714	18 475 539
SMART METERS ELECTRICITY	38 137 455				
OFFICE FURNITURE & EQUIPMENTS	516 140	2 599 437	2 630 857	4 998 015	313 933
FICHARDTPARK DC :132KV/11KV	39 384 827				
ELECTRIFICATION CONNECTIONS (INEP)	5 871 141				
PUBLIC ELECTRICITY CONNECTIONS	24 178 494	8 858 829	9 826 394	9 578 176	11 707 029
COMPUTER EQUIPMENT (COVID-19)				740 144	724 950
OFFICE BUILDING	3 814 681	4 627 983	3 455 539	1 728 503	194 993
VEHICLES	240 522		1 624 433		
TRAINING AND DEVELOPMENT	271 178	507 409	7 098 773	187 829	
BULK SMART METER REFURBISHMENT		167 600	644 700	553 550	176 782
TRANSFORMER REPLACE & OTHER RELATED EQUI		1 203 897		950 000	3 877 834
REP LOW VOLT DECREPIT 2/4/8 WAY BOXES			354 294	118 751	
S/LIGHTS REPLACE POLE TRNS POLES SECTION			2 207 259	4 852 605	5 772 275
REPLACEMENT OF 11KV SWITCHGEARS					1 762 846
REPLACEMENT OF 110KV BATTERIES			219 770		
REPLACEMENT OF 32V BATTERIES			3 120		
INSTALLATION OF PUBLIC LIGHTING	16 201 639	9 792 523	15 010 785	8 929 622	4 496 158
ELECTRIFICATION PROJECTS (INTERNAL)	13 950 362	4 813 335	3 281 215	11 604 446	8 375 441
REPLACEMENT OF BRITTLE OVERHEAD CONNECTION		139 513		42 890	

Capital Expenditure	Actuals 2016/17	Actuals 2017/18	Actuals 2018/19	Actuals 2019/20	Actuals 2020/21
REPLACEMENT OF DECREPIT HAMILTON	531 174				
REPLACEMENT OF DECREPIT 11KV CABLE	1 976 878	39 006			
NETWORK REFURBISHMENTS	8 805 287				
METERING SYSTEM	6 876 960				
CECELIA DC 132KV/11KV 30 MVA	17 931 741				
VANSTRADENSURUS PHASE 2 ELECTRIFICATION	2 555 511				
REPLACEMENT OF 110KV BATTERIES			219 770		
REPAIR MMM DIST DIST CENTRE			15 944 845		3 174 634
REPAIR VISTA DIST DIST CENTRE			1 251 427	2 280 076	10 465 466
REPLACEMENT OF 32V BATTERIES			3 120		
REPLACEMENT OF 2 & 4 WAY FIBREGLAS BOX IN SECTION H		176 374			
REP LOW VOLT DECREPIT 2/4/8 WAY BOXES			354 294	118 751	
REMEDIAL WORK 132KV SOUTHERN LINES		2 941 020			
BOTSHABELO: 132KV LINE FROM DC AROUND WESTERN SIDE TO SOUTH OF BOTSHABELO		9 346 983	25 234 677		
BOTSHABELO: 132KV LINES FROM DC AROUND	7 506 414				
VENDING BACK OFFICE	273 165				
REFURBISHMENT OF HIGH MAST LIGHTS		2 097 321	471 911	4 013 235	
UPGRADE AND REFURBISHMENT OF CENTLEC COMPUTER NETWORK		3 157 712	11 449 225	14 053 818	9 017 613
COMMUNICATION AND MARKETING	2 570 239				
SECURITY EQUIPMENT	1 368 429	352 008	2 582 992		880 343
REPLACEMENT OF 11KV SWITCHGEARS FOR MAGISTRATE		490 100			
SHIFTING OF CONNECTION AND REPLACEMENTS		1 285 179	1 794 997		
132KV NORTHERN RING FROM NOORDSTAD DC	1 004 093				
REFUR PROTEC & SCADA SYSTEMS DIST CENTRE			658 202	1 990 964	
SOLAR FARM GENERATION PLANT			591 000		
TOTAL	213 740 985	118 986 263	181 143 236	114 280 705	129 106 054

2.1.2 RISKS FACING MUNICIPAL ENTITY

- Declining revenue due to the constraints on supply side viz. customers heeding to energy conservation as well as the protracted economic climate resulting in suppressed demand in general.
- Maintenance backlogs in respect of service delivery infrastructure and utilities.
- The low economic growth impacting on collectability of debt.
- Unfilled vacancies that puts pressure on service delivery and prudent administration.

2.1.3 AUDIT OUTCOME 2020-2021

Centlec (SOC) Ltd Audit Report:

The entity's audit outcome for the 2020/21 financial year was an unqualified audit opinion.

2.2 BUDGET SUMMARY

2.2.1 CONSOLIDATED MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK OUTLOOK: 2022/23 – 2024/25

A. OPERATING REVENUE BUDGET - HIGHLIGHTS ON MAJOR CATERGORIES

For the Municipal Entity to continue with its quality service provision, it has to sustain high revenue collection levels and add other sustainable sources in the revenue streams. In the budget year the entity will seek to add other energy sources to its distribution licence.

The total revenue budget is projected at R 3,610 billion in 2022/23, representing an increase in revenue of R 373 million (10%) on the 2021/22 Adjustments Budget of

R 3,236 billion. The allocation for the outer two years of the MTREF period is R 3,768 billion and R 3,938 billion respectively. Revenue generated from services charges forms a significant part of the revenue basket of the entity. Services charges constitutes 98% (2023/24 - 97%) of the budgeted revenue (excluding capital grants and transfers) and 97% in 2024/25.

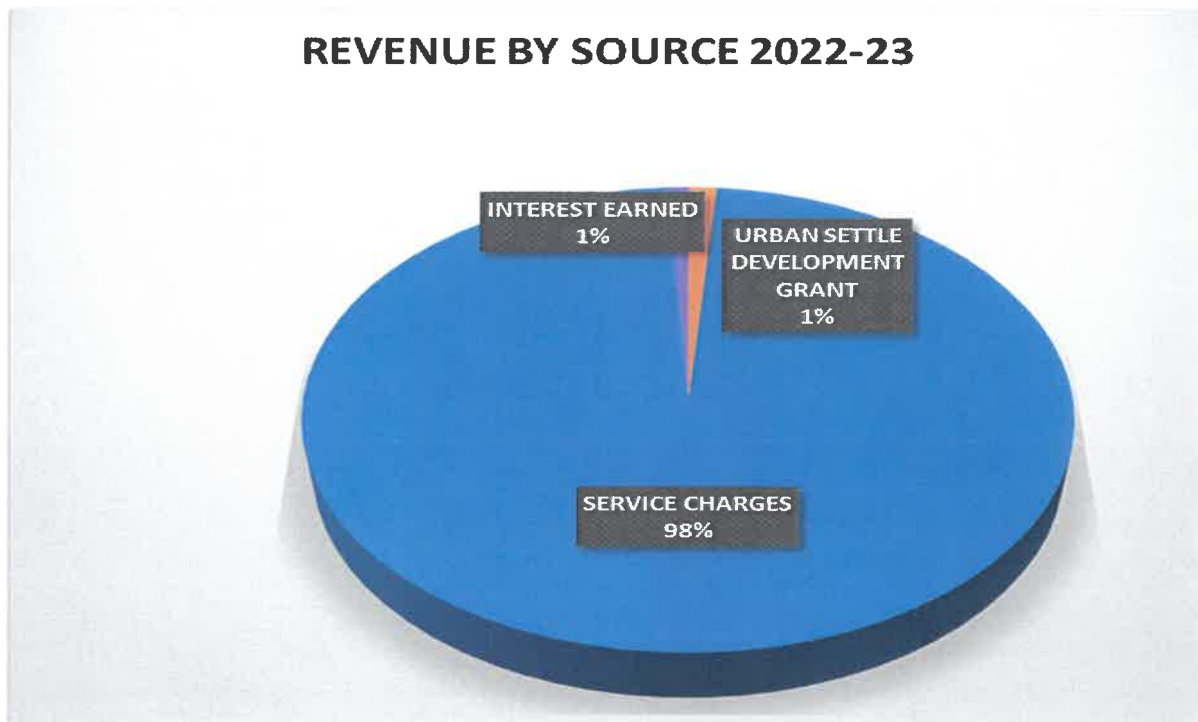
Details of the Revenue by Source are as outlined in the below table:

STATEMENT OF FINANCIAL PERFORMANCE - CENTLEC (ENTITY)					
REVENUE PER SOURCE			MTREF 2022-25		
	APPROVED MTREF 2021-22	ADJUSTMENT 2021-22	MTREF 2022-23	MTREF 2023-24	MTREF 2024-25
FINES AND PENALTIES	1 829 923	1 829 923	4 917 759	5 134 141	5 365 177
PUBLIC CONTRIBUTIONS	13 000 000	13 000 000	14 300 000	14 929 200	15 601 014
URBAN SETTLEMENT DEVELOPMENT GRANT	20 466 030	20 466 030	20 000 000	20 880 000	21 819 600
SERVICE CHARGES	3 157 614 418	3 157 614 418	3 511 410 375	3 665 912 431	3 830 878 491
INTEREST EARNED	32 649 090	32 649 090	34 335 298	35 846 052	37 459 124
OPERATIONAL REVENUE	2 354 567	2 354 567	11 626 163	12 137 714	12 683 911
OTHER INCOME	9 044 706	9 044 706	13 411 931	14 002 056	14 632 148
TOTAL INCOME	3 236 958 734	3 236 958 734	3 610 001 527	3 768 841 594	3 938 439 466

Details of the Gains and Losses are as outlined in the below table:

STATEMENT OF FINANCIAL PERFORMANCE -CENTLEC (ENTITY)					
GAINS AND LOSSES PER SOURCE			MTREF 2022-2025		
	APPROVED MTREF 2021-22	ADJUSTMENT BUDGET 2021- 22	MTREF 2022-23	MTREF 2023-24	MTREF 2024-25
GAINS AND LOSSES	10 473 341	10 473 341	29 251 575	30 538 644	31 912 883
INV - PHYSICAL & NET-REL VALUE LOSS/(GAINS)	-1 035	-1 035	-9 665 413	-10 090 692	-10 544 773
IMPAIRMENT LOSS/(GAINS)	10 474 376	10 474 376	38 916 988	40 629 336	42 457 656

The graph below illustrates the sources of the Entity's revenue over the MTREF period, as outlined above:



Operating Revenue Budget – Highlights on major categories:

Service Charges

The services charges revenue is projected at R 3,511 in 2022/23, representing an increase in revenue of R 353 million (11%) in 2021/22 Adjustments Budget of R 3,157 billion. The allocation for the outer two years of the MTREF period is R 3,665 billion and R 3,830 billion respectively.

Equitable Share from the Parent Municipality (FBE)

Included in the budgeted revenue of R 3,511 billion, is free basic electricity from the Parent Municipality totalling to R 26, 480 million for 2022/23. The allocations for the 2023/24 and 2024/25 budget years are R 27, 646 million and R 28, 890 million respectively. This is derived from the indigent register of the Parent Municipality.

Capital Grants and Subsidies (USDG)

Capital grants from the Provincial and National Governments amounts to R 20 million for 2022/23. The allocations for the 2023/24 is R 20,880 and R 21,819 million in 2024/25. The conditional grants allocation anticipating as gazetted, constitutes 0% of the budgeted revenue for the 2022/23 budget year.

B. OPERATING EXPENDITURE

The Municipal Entity's expenditure for the 2022/23 budget and MTREF is informed by the following:

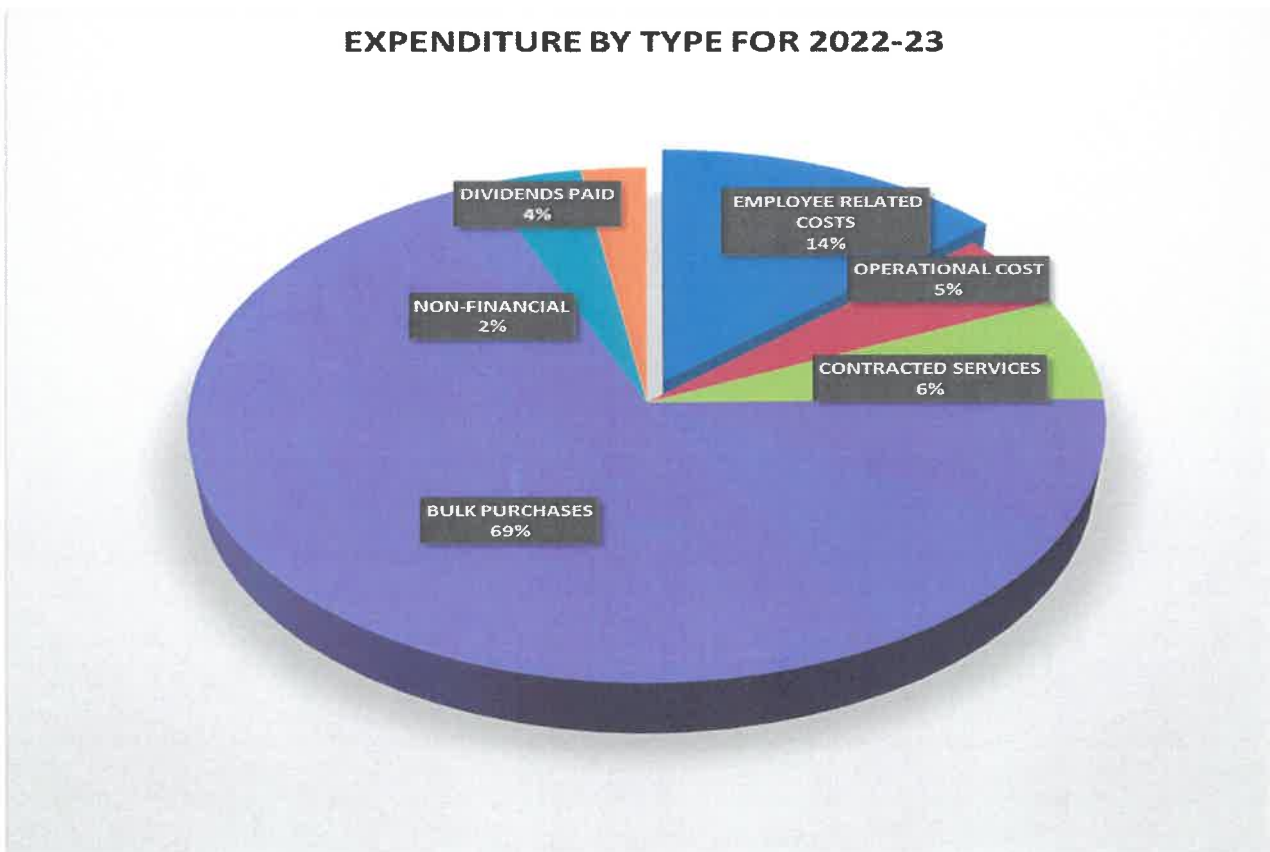
- Modelling of feasible and sustainable budgets over the medium term;
- National Treasury guidelines;
- NERSA tariffs guideline;
- Growth in the City and continued economic development;
- Cognisance of national and local economic and fiscal conditions;
- Expenditure limits driven by realistic and realisable revenue levels;
- Relevant (budget and other) legislative imperatives.

The operating expenditure budget increases from the adjustments budget amount of R 2,912 billion in 2021/22 to a new consolidated budget amount of R 3,155 billion (representing an increase of 8% (R 243 million) in 2022/23. The allocation of the outer two years of the MTREF period is R 3,288 billion and R 3,428 billion respectively.

The following table is a high level summary of the MTREF Budget for 2022/23 to 2024/25 (classified per main type of operating expenditure):

STATEMENT OF FINANCIAL PERFORMANCE - CENTLEC (ENTITY)			
EXPENDITURE PER TYPE	MTREF 2022-23	MTREF 2023-24	MTREF 2024-25
EMPLOYEE SALARIES AND WAGES	428 694 699	447 557 265	467 697 342
CONTRACTED SERVICES	204 101 817	213 082 297	222 671 000
OPERATIONAL COST	98 055 233	102 369 664	106 976 299
INVENTORY - MATERIALS & SUPPLIES	52 645 328	54 961 722	57 434 999
BULK PURCHASES	2 172 416 033	2 268 002 338	2 370 062 443
INTEREST ON FINANCE LEASES	240 806	55 645	0
DIVIDENDS PAID	120 000 000	120 000 000	120 000 000
OPERATING LEASES	2 729 052	2 088 824	545 490
DEPRECIATION AND AMORTISATION	76 591 921	79 961 966	83 560 254
TOTAL EXPENDITURE	3 155 474 888	3 288 079 720	3 428 947 828

The graph below illustrates the sources of the entity’s expenditure over the MTREF period, as outlined above



Operating Expenditure Budget – Highlights on major categories:

Salaries, Wages and Allowances:

Personnel costs increase by 11%, or R 48 million from the 2021/22 Adjustments Budget of R 379 million to R 427 million in 2022/23. The main reason for the increase is the normal annual increase and new appointments. This expenditure category constitutes 14% of the operating expenditure budget. The allocation for the two outer years of the MTREF period is R 446 million and R 466 million respectively.

Remuneration of Directors:

The budget of this line item is aligned to the Council determination resolution. The 2021/22 Adjustments budget of R 982,439 to R 785,496 in 2022/23. The allocation for the two outer years of the MTREF period is R 820,058 and R 856,960 respectively.

The cost associated with the remuneration of directors is determined as per the Councillor's Determination of the Parent Municipality. Further details regarding the remuneration of Directors can be obtained on Table SD4.

Operational Cost

The operational cost increased by R 19 million from the 2021/22 Adjustments Budget of R 79 million to R 98 million in the 2022/23 budget year. The allocation for the two outer years of the MTREF period is R 102 million and R 106 million respectively.

Bulk Purchases:

Bulk purchases increased by 8.6%, R 170 million against the 2021/22 Adjustments budget of 2,002 billion, to the proposed amount of R 2,172 billion for the 2022/22 budget year. The allocation for the two outer years of the MTREF period is R 2,268 billion and R 2,370 billion respectively. Bulk purchases constitute approximately 69% of the operating expenditure budget for 2022/23. The proposed growth is as per tariffs approved by NERSA.

Contracted Services

Contracted Services increased by R 38 million to R 204 million in the 2022/23 budget year from a base of R 166 million in the 2021/22 Adjustments budget. The allocation for the two outer years of the MTREF period is R 213 million and R 222 million respectively.

Inventory

The budgeted inventory decreased by 32 million to an amount of R 52 million for 2022/23 (Adjustments Budget 2021/22 - R 85 million). The allocated amount for the two outer years of the MTREF period is R 54 million and R 57 million respectively.

Operating leases

The budgeted operating leases amount is R 2,729 for 2022/23 (Adjustments Budget 2021/22 - R 5,663 million). The allocated amount for the two outer years of the MTREF period is R 2,088 and R 545 490 respectively.

Depreciation

The budgeted depreciation amount is R 76 million for 2022/23 (Adjustments Budget 2021/22 - R 72 million). The allocated amount for the two outer years of the MTREF period is R 79 million and R 83 million respectively.

C. CAPITAL BUDGET

The capital budget increased by R 14 million for the 2022/23 financial year to R 265 million as compared to the approved Adjustments Budget of R 250 million for the 2021/22 period. The projected capital expenditure budget for the two outer years of the MTREF period has been set at R 276 million and R 289 million respectively. The budget is funded mainly from internally generated sources augmented by conditional grant for electrification.

CAPITAL FUNDING BY SOURCE

Funding of the capital budget for the new budget cycle is as outlined below:

Funding Sources	APPROVED BUDGET 2021/22	ADJUSTMENT BUDGET 2021/22	MTREF-2022/23	MTREF-2023/24	MTREF-2024/25
Urban Settlement Development Grant	20 466 030	20 466 030	20 000 000	20 880 000	21 819 600
Public Contributions	13 000 000	13 000 000	14 300 000	14 929 200	15 601 014
Internal Projects	184 285 795	216 985 795	230 925 272	241 085 984	251 934 853
TOTAL	217 751 825	250 451 825	265 225 272	276 895 184	289 355 467

Conditional Grant Funding

The main projects to be undertaken out of the (USDG Funding) allocation are as outlined on the table below:

Funding Sources	APPROVED BUDGET 2021/22	ADJUSTMENT BUDGET 2021/22	MTREF-2022/23	MTREF-2023/24	MTREF-2024/25
Urban Settlement Development Grant	20 466 030	20 466 030	20 000 000	20 880 000	21 819 600
TOTAL	20 466 030	20 466 030	20 000 000	20 880 000	21 819 600

Public Contributions

The public contributions allocation is as outlined on the table below:

Funding Sources	APPROVED BUDGET 2021/22	ADJUSTMENT BUDGET 2021/22	MTREF-2022/23	MTREF-2023/24	MTREF-2024/25
Public Contributions	13 000 000	13 000 000	14 300 000	14 929 200	15 601 014
TOTAL	13 000 000	13 000 000	14 300 000	14 929 200	15 601 014

Own Funded Projects

Included in the capital budget are projects to the value of R 230 million for the 2022/23 year. The allocation of the two MTREF period outer years is R 241 million and R 251 million respectively.

Own Funded Projects

INTERNAL FUNDING PROJECTS	BUDGET 2021/22	ADJUSTMENT BUDGET 2021/22	MTREF 2022/2023	MTREF 2023/2024	MTREF 2024/2025
VENDING BACK OFFICE	-	-	5 000 000	5 220 000	5 454 900
UPGRADE & REFURB COMPUTER NETWORK	1 537 427	6 537 427	5 390 000	5 627 160	5 880 382
DIGITAL RADIO SYSTEM	-	-	3 000 000	3 132 000	3 272 940
IMPLEM BUSINESS CONT DISASTER RECOV INFRASTRUCTURE	2 800 000	2 800 000	2 730 000	2 850 120	2 978 375
COMPUTER EQUIPMENT (COVID-19)	1 004 297	1 004 297	-	-	-
VEHICLES	30 000 000	64 498 158	17 950 000	18 739 800	19 583 091
BULK SMART METER INSTALLATIONS	239 593	239 593	239 593	250 135	261 391
OFFICE BUILDING	2 718 850	2 718 850	8 418 850	8 789 279	9 184 797
FURNITURE AND OFFICE EQUIPMENT	515 100	515 100	2 250 000	2 349 000	2 454 705
BOTSH-E: EST NEW33/11KV 10MVA FIRM CAP	5 000 000	5 000 000	8 000 000	8 352 000	8 727 840
BOTSH: UPG SUB T (2ND TRANS SCADA EQUI	8 000 000	-	8 000 000	8 352 000	8 727 840
BOTSH: UPG SUB W(C/WORK B/W 2ND TRA S/D	10 000 000	10 000 000	8 000 000	8 352 000	8 727 840
BLOEM: C/Y-EST 33/11KV 20MVA FIRM SUPDC	10 000 000	-	8 000 000	8 352 000	8 727 840
BLOEM: N/STAD-UPG 132/11KV 20MVA FIRM DC	13 000 000	5 000 000	10 000 000	10 440 000	10 909 800
INFRA CATALYST PROJECTS	8 000 000	8 000 000	8 000 000	8 352 000	8 727 840
SECURITY EQUIPMENT (CCTV)	1 034 488	3 534 488	2 250 000	2 349 000	2 454 705
TRAINING & DEVELOPMENT	574 174	574 174	574 174	599 438	626 412
INSTALLATION OF OF PREPAID METERS (INDIGENTS)	100 000	300 000	500 000	522 000	545 490
SERVITUDES AND LAND	600 000	600 000	600 000	626 400	654 588
METER REPLACEMENT PROJECT	10 562 188	15 562 188	15 000 000	15 660 000	16 364 700
INSTALLATION OF PUBLIC LIGHTING	8 000 000	8 000 000	8 000 000	8 352 000	8 727 840
EXTENSION AND UPGRADING OF THE 11KV	5 000 000	20 133 919	5 000 000	5 220 000	5 454 900
SHIFTING OF CONNECTION AND REPLACEMENT SERVICES	1 005 275	1 005 275	1 005 275	1 049 507	1 096 735
UPGRADING AND EXTENTION OF LV NETWORK	3 000 000	3 000 000	3 000 000	3 132 000	3 272 940
REFURBISHMENT OF HIGH MAST LIGHTS	7 029 525	7 029 525	7 029 525	7 338 824	7 669 071
TRANSFORMER REPLACE & OTHER RELATED EQUI	9 800 000	9 800 000	13 000 000	13 572 000	14 182 740
BOTSHABELO: ESTABLISHMENT OF 132KV CONNECTION (INDUSTRIAL)	5 000 000	37 670	5 000 000	5 220 000	5 454 900
PROTECTION TEST EQUIPMENT	-	-	2 000 000	2 088 000	2 181 960
REP LOW VOLT DECREPIT 2/4/8 WAY BOXES	508 390	508 390	800 000	835 200	872 784
REP BRITTLE OVERHEAD CONNECTIONS	-	-	1 000 000	1 044 000	1 090 980
REMEDIAL WORK 132KV SOUTHERN LINES	200 000	200 000	9 000 000	9 396 000	9 818 820
REPLACEMENT OF 11KV SWITCHGEARS	1 858 403	1 858 403	2 250 000	2 349 000	2 454 705
REPLACEMENT OF OIL PLANT	200 000	200 000	500 000	522 000	545 490
S/LIGHTS REPLACE POLE TRNS POLES SECTION	2 077 195	2 077 195	2 176 900	2 272 684	2 374 955
INSTALLATION OF HIGH VOLTAGE TEST EQUIPMENT	-	-	2 500 000	2 610 000	2 727 450
REPLACEMENT OF 32V BATTERIES	510 827	510 827	2 000 000	2 088 000	2 181 960
REPLACEMENT OF 110V BATTERIES	1 557 553	1 557 553	2 250 000	2 349 000	2 454 705
REPAIRS OF MMM DISTRIBUTION CENTRE	11 133 919	4 000 000	12 247 311	12 786 193	13 361 571
REPAIRS OF VISTA DISTRIBUTION CENTRE	14 498 158	-	30 163 644	31 490 844	32 907 932
REFURBISHMENT OF PROTECTION AND SCADA SYSTEMS	789 241	789 241	1 000 000	1 044 000	1 090 980
INTERNAL ELECTRIFICATION PROJECTS:	6 431 192	29 393 522	7 100 000	7 412 400	7 745 958
TOTAL	184 285 795	216 985 795	230 925 272	241 085 984	251 934 853

Capital Budget per Cluster

The table below is giving an outline of where is the budget going to be spent within the municipal boundaries per cluster and wards:

CENTLEC CLUSTERS	CLUSTER	WARD NR's	CAPITAL ESTIMATES			
			ADJUSTMENT 2021/22	MTREF 2022/202	MTREF 2023/2024	MTREF 2024/2025
Bloemfontein Central	A	1, 2, 3, 4, 5				
Mangaung South	B	9,13, 14, 15,18	-	-	-	-
Bloemfontein South	C	6, 7, 10, 11, 12				
Bloemfontein East	D	8,17,45,46,16 and 47	300 000	500 000	522 000	545 490
Bloemfontein North	E	19,21,44 and 48	2 800 000	2 730 000	2 850 120	2 978 375
Bloemfontein West	F	20,22,23,24,25 and 26	9 800 000	13 000 000	13 572 000	14 182 740
Botshabelo North	G	27,28,29 and 30	7 029 525	7 029 525	7 338 824	7 669 071
Botshabelo East	H	31,32,33 and 35				
Botshabelo South	I	34,36 and 37				
Thaba Nchu Central	J	39,40 and 43				
Thaba Nchu Peri-Urban	K	1-45				
Not Determined (Utilization in all wards)	N	All	230 522 300	241 965 747	252 612 240	263 979 791
Totals			250 451 825	265 225 272	276 895 184	289 355 467

Capital Budget per Ward

CLUSTER	DETAIL OF EXPENDITURE	MTREF 2022-23 TO 2024-25				
		APPROVED BUDGET 2021/22	ADJUSTMENT BUDGET 2021/22	MTREF 2022/23	MTREF 2023/24	MTREF 2024/25
	HUMAN RESOURCE MANAGEMENT					
N	TRAINING & DEVELOPMENT	574 174	574 174	574 174	599 438	626 412
	ENGINEERING RETAIL					
N	DIGITAL RADIO SYSTEM	-	-	3 000 000	3 132 000	3 272 940
N	COMPUTER EQUIPMENT (COVID-19)					
E	IMPLEM BUSINESS CONT DISASTER RECOV INFRASTRUCTURE	2 800 000	2 800 000	2 730 000	2 850 120	2 978 375
N	UPGRADE & REFURB COMPUTER NETWORK	1 537 427	6 537 427	5 390 000	5 627 160	5 880 382
N	BULK SMART METER INSTALLATIONS	239 593	239 593	239 593	250 135	261 391
N	METER REPLACEMENT PROJECT	10 562 188	15 562 188	15 000 000	15 660 000	16 364 700
N	VENDING BACK OFFICE	-	-	5 000 000	5 220 000	5 454 900
N	COMPUTER EQUIPMENT (COVID-19)	1 004 297	1 004 297	-	-	-
	ENGINEERING WIRES					
N	BOTSHABELO: ESTABLISHMENT OF 132KV CONNECTION (INDUSTRIAL)	5 000 000	37 670	5 000 000	5 220 000	5 454 900
N	BOTSH-E: EST NEW 33/11KV 10MVA FIRM CAP	5 000 000	5 000 000	8 000 000	8 352 000	8 727 840
N	BOTSH: UPG SUB T (2ND TRANS SCADA EQUI	8 000 000	-	8 000 000	8 352 000	8 727 840
N	BOTSH: UPG SUB W(C/MWORK B/W 2ND TRA S/D	10 000 000	10 000 000	8 000 000	8 352 000	8 727 840
N	BLOEM: C/Y-EST 33/11KV 20MVA FIRM SUPDC	10 000 000	-	8 000 000	8 352 000	8 727 840
N	BLOEM: N/STAD-UPG 132/11KV 20MVA FIRM DC	13 000 000	5 000 000	10 000 000	10 440 000	10 909 800
N	INFRA CATALYST PROJECTS	8 000 000	8 000 000	8 000 000	8 352 000	8 727 840
N	ELECTRIFICATION INTERNAL PROJECTS	6 431 192	29 393 522	7 100 000	7 412 400	7 745 958
N	EXTENSION AND UPGRADING OF THE 11KV NETWORK	5 000 000	20 133 919	5 000 000	5 220 000	5 454 900
N	UPGRADING AND EXTENTION OF LV NETWORK	3 000 000	3 000 000	3 000 000	3 132 000	3 272 940
N	SERVITUDES AND LAND	600 000	600 000	600 000	626 400	654 588
N	INSTALLATION OF PUBLIC LIGHTING	8 000 000	8 000 000	8 000 000	8 352 000	8 727 840
D	INSTALLATION OF OF PREPAID METERS (INDIGENTS)	100 000	300 000	500 000	522 000	545 490
N	REMEDIAL WORK 132KV SOUTHERN LINES	200 000	200 000	9 000 000	9 396 000	9 818 820
N	SHIFTING OF CONNECTION AND REPLACEMENT SERVICES	1 005 275	1 005 275	1 005 275	1 049 507	1 096 735
G	REFURBISHMENT OF HIGH MAST LIGHTS	7 029 525	7 029 525	7 029 525	7 338 824	7 669 071
N	REP LOW VOLT DECREPIT 2/4/8 WAY BOXES	508 390	508 390	800 000	835 200	872 784
N	REP BRITTLE OVERHEAD CONNECTIONS	-	-	1 000 000	1 044 000	1 090 980
F	TRANSFORMER REPLACE & OTHER RELATED EQUI	9 800 000	9 800 000	13 000 000	13 572 000	14 182 740
N	REPLACEMENT OF 110V BATTERIES	1 557 553	1 557 553	2 250 000	2 349 000	2 454 705
N	REPLACEMENT OF 11KV SWITCHGEARS	1 858 403	1 858 403	2 250 000	2 349 000	2 454 705
N	REPLACEMENT OF 32V BATTERIES	510 827	510 827	2 000 000	2 088 000	2 181 960
N	REFURBISHMENT OF PROTECTION AND SCADA SYSTEMS	789 241	789 241	1 000 000	1 044 000	1 090 980
N	S/LIGHTS REPLACE POLE TRNS POLES SECTION	2 077 195	2 077 195	2 176 900	2 272 684	2 374 955
N	PROTECTION TEST EQUIPMENT	-	-	2 000 000	2 088 000	2 181 960
N	INSTALLATION OF HIGH VOLTAGE TEST EQUIPMENT	-	-	2 500 000	2 610 000	2 727 450
N	REPLACEMENT OF OIL PLANT	200 000	200 000	500 000	522 000	545 490
N	REPAIRS OF MMM DISTRIBUTION CENTRE	11 133 919	4 000 000	12 247 311	12 786 193	13 361 571
N	REPAIRS OF VISTA DISTRIBUTION CENTRE	14 498 158	-	30 163 644	31 490 844	32 907 932
N	ELECTRIFICATION CONNECTIONS (USDG)	20 466 030	20 466 030	20 000 000	20 880 000	21 819 600
N	PUBLIC ELECTRICITY CONNECTIONS	13 000 000	13 000 000	14 300 000	14 929 200	15 601 014
	COMPLIANCE AND PERFORMANCE					
N	VEHICLES	30 000 000	64 498 158	17 950 000	18 739 800	19 583 091
N	SECURITY EQUIPMENT (CCTV)	1 034 488	3 534 488	2 250 000	2 349 000	2 454 705
N	FURNITURE AND OFFICE EQUIPMENT	515 100	515 100	2 250 000	2 349 000	2 454 705
B	SOLAR FARM GENERATION PLANT					
N	OFFICE BUILDING	2 718 850	2 718 850	8 418 850	8 789 279	9 184 797
	TOTAL CAPITAL BUDGET	217 751 825	250 451 825	265 225 272	276 895 184	289 355 467

D. SUMMARY OF THE BUDGET

The projected financial outcome of this budget at the end of the 2022/23 budget year can be summarized as follows:

Centlec (Soc) Ltd - Table D1 Budget Summary

Description	2018/19	2019/20	2020/21	Current Year 2021/22			Medium Term Revenue and Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousands									
Financial Performance									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	2 392 451	2 567 898	2 660 509	3 157 614	3 157 614	3 157 614	3 511 410	3 665 912	3 830 878
Investment revenue	30 832	2 938	638	640	1 830	1 830	4 489	4 687	4 897
Transfers recognised - operational									
Other own revenue	9 117	37 525	44 883	44 569	35 968	35 968	69 468	72 524	75 788
Total Revenue (excluding capital transfers and contributions)	2 432 401	2 608 362	2 706 030	3 202 823	3 195 413	3 195 413	3 585 367	3 743 123	3 911 564
Employee costs	347 494	370 630	396 685	379 702	379 702	379 702	427 909	446 737	466 840
Remuneration of councillors	406	597	826	982	982	982	785	820	857
Depreciation & asset impairment	135 052	142 487	231 868	73 461	72 756	72 756	76 592	79 962	83 560
Finance charges	9 340	17 443	18	59	59	59	241	56	-
Inventory consumed and bulk purchases	1 532 654	1 707 755	1 791 261	2 039 583	2 087 327	2 087 327	2 225 061	2 322 964	2 427 497
Transfers and grants	-	-	12 000	120 000	120 000	120 000	120 000	120 000	120 000
Other expenditure	416 445	465 165	346 271	210 619	261 943	261 943	343 803	358 170	372 650
Total Expenditure	2 441 391	2 704 077	2 778 929	2 824 407	2 922 769	2 922 769	3 194 392	3 328 709	3 471 405
Surplus/(Deficit)	(8 990)	(95 716)	(72 899)	378 416	272 643	272 643	390 975	414 414	440 158
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	21 925	22 609	43 761	20 466	20 466	20 466	20 000	20 880	21 820
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	21 913	16 133	7 081	13 000	13 000	13 000	14 300	14 929	15 601
Surplus/(Deficit) after capital transfers & contributions	34 848	(56 974)	(22 058)	411 882	306 109	306 109	425 275	450 223	477 579
Taxation	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	34 848	(56 974)	(22 058)	411 882	306 109	306 109	425 275	450 223	477 579
Capital expenditure & funds sources									
Capital expenditure	110 239	179 285	129 106	217 752	250 452	250 452	265 225	276 895	289 355
Transfers recognised - capital	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-
Total sources of capital funds	-	-	-	-	-	-	-	-	-
Financial position									
Total current assets	937 402	3 676 233	3 639 202	1 178 969	1 178 969	1 178 969	811 252	846 947	885 060
Total non current assets	4 406 943	8 063 809	7 709 656	8 384 320	8 384 320	8 384 320	7 728 789	7 867 355	8 013 396
Total current liabilities	1 022 688	5 229 802	5 585 623	930 985	930 985	930 985	948 385	990 114	1 034 669
Total non current liabilities	687 953	1 504 032	1 414 886	1 628 688	1 628 688	1 628 688	1 564 910	1 633 766	1 707 286
Community wealth/Equity	3 633 703	5 006 209	4 348 349	7 003 616	7 003 616	7 003 616	6 026 746	6 090 422	6 156 501
Cash flows									
Net cash from (used) operating	153 685	191 519	216 025	115 540	115 540	115 540	405 682	309 301	323 258
Net cash from (used) investing	(157 213)	(95 948)	(164 284)	(211 097)	(211 097)	(211 097)	(294 678)	(307 644)	(321 488)
Net cash from (used) financing	(112 277)	(70 000)	(4 333)	(124 230)	(124 230)	(124 230)	-	-	-
Cash/cash equivalents at the year end	73 481	99 053	146 460	(144 686)	(73 327)	(73 327)	37 677	39 335	41 105

1. Table D1 is a budget summary and provides a concise overview of the consolidated Municipal entity's budget from all the major financial perspectives (operating, capital expenditure, financial position, cash flow and MFMA funding compliance).
2. The table provides an overview of the amount approved by Council for operating performance, resources deployed to capital expenditure, financial positions, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the entity's budget being funded. This requires the simultaneous assessment of the financial performance, financial position and cash flow budgets, along with the capital budget. The budget summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF period
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget
 - ii. Borrowing is incorporated in the net cash from financing on the cash flow budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the net cash from investing on the cash flow remains positive and is improving indicates that the necessary cash resources are available to fund the capital budget.

3. BUDGET RELATED RESOLUTIONS

- 3.1** That in terms of Section 24 of the Municipal Financial Management Act, 56 of 2003, the operating revenue of R 3,610 billion, operating expenditure of R 3,155 billion and capital expenditure of R 265 million for the financial year 2022/23 and allocations for the two projected outer years 2023/24 and 2024/25, be tabled as set out on the following tables:
- (a) Budgeted Financial Performance (revenue and expenditure): - Table D2,
 - (b) Multi-Year and Single-Year capital appropriations (by vote, standard classification and Associated funding by source): - Table D3
- 3.2** That the financial position, cash flow, asset management and basic service delivery targets be tabled as set in the following tables:
- (a) Budgeted Financial Position – Table D4
 - (c) Budgeted Cash-Flow – Table D5
- 3.3** Supply of electricity tariffs as set out in **(Annexure A)** attached, be noted for approval for the 2022/23 financial year
- 3.4** Supply of service tariffs as set out in **(Annexure B)** attached, be noted for approval for the 2022/23 financial year
- 3.5** That the Amendment Policy Register as set out in **(Annexure C)** be noted for approval for the 2022/23 financial year.
- 3.6** That the Training Tariffs as set out in **(Annexure D)** be noted for approval for the 2022/23 financial year.
- 3.7** That the Training Tariffs as set out in **(Annexure G)** be noted for approval for the 2022/23 financial year.
- 3.8** That the Bulk Purchases as set out in **(Annexure H)** be noted for approval for the 2022/23 financial year.

Table D2 - Budgeted Financial Performance (Revenue and Expenditure)

Table D2 gives an overview of the budgeted financial performance in relation to the revenue by source and expenditure by type. This table facilitates the view of the budgeted operating performance in relation to the sources of funding and on what activities are the scarce resources to be spend on.

Centlec (Soc) Ltd - Table D2 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousands										
Revenue by Source	1									
Property rates										
Service charges - electricity revenue		2 392 451	2 567 898	2 660 509	3 157 614	3 157 614	3 157 614	3 511 410	3 665 912	3 830 878
Service charges - water revenue										
Service charges - sanitation revenue										
Service charges - refuse revenue										
Rental of facilities and equipment		4 267								
Interest earned - external investments		30 832	2 938	638	640	1 830	1 830	4 489	4 687	4 897
Interest earned - outstanding debtors			25 405	23 122	25 094	25 094	25 094	29 846	31 160	32 562
Dividends received		2 974								
Fines, penalties and forfeits			1 574	2 592	1 830	1 830	1 830	4 918	5 134	5 365
Licences and permits										
Agency services										
Transfers and subsidies		21 925								
Other revenue		1 876	6 661	15 367	17 644	9 045	9 045	25 038	26 140	27 316
Gains			3 886	3 803	1	0	0	9 665	10 091	10 545
Total Revenue (excluding capital transfers and contributions)		2 454 325	2 608 362	2 706 030	3 202 823	3 195 413	3 195 413	3 585 367	3 743 123	3 911 564
Expenditure By Type										
Employee related costs		347 494	370 630	396 685	379 702	379 702	379 702	427 909	446 737	466 840
Remuneration of councillors		406	597	826	982	982	982	785	820	857
Debt impairment	4	(52 208)	87 129	17 791	10 358	10 474	10 474	38 917	40 629	42 458
Depreciation & asset impairment		135 052	142 487	231 868	73 461	72 756	72 756	76 592	79 962	83 560
Finance charges		9 340	17 443	18	59	59	59	241	56	-
Bulk purchases - electricity	2	1 501 610	1 675 544	1 756 201	2 002 153	2 002 153	2 002 153	2 172 416	2 268 002	2 370 062
Inventory consumed	5	31 043	32 211	35 060	37 430	85 174	85 174	52 645	54 962	57 435
Contracted services		157 052	105 601	92 359	123 737	166 094	166 094	204 102	213 082	222 671
Transfers and subsidies				12 000	120 000	120 000	120 000	120 000	120 000	120 000
Other expenditure	3	306 411	260 689	230 640	76 408	85 374	85 374	100 784	104 458	107 522
Losses		5 190	11 746	5 481	116					
Total Expenditure		2 441 391	2 704 077	2 778 929	2 824 407	2 922 769	2 922 769	3 194 392	3 328 709	3 471 405
Surplus/(Deficit)		12 935	(95 716)	(72 899)	378 416	272 643	272 643	390 975	414 414	440 158
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			22 609	43 761	20 466	20 466	20 466	20 000	20 880	21 820
(National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		21 913	16 133	7 081	13 000	13 000	13 000	14 300	14 929	15 601
Transfers and subsidies - capital (in-kind - all)										
contributions		34 848	(56 974)	(22 058)	411 882	306 109	306 109	425 275	450 223	477 579
Taxation										
Surplus/ (Deficit) for the year		34 848	(56 974)	(22 058)	411 882	306 109	306 109	425 275	450 223	477 579

Table D3 - Budgeted Capital expenditure by vote, standard classification and funding

Table D3 outlines a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations) capital expenditure by standard classification and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

GENTLEC (SoC)LTD - Table D3 Capital Budget by asset class and funding

Vote Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousands	1									
Capital expenditure by Asset Class/Sub-class										
Infrastructure		86 250	149 318	105 214	155 770	170 604	170 604	177 501	185 311	193 650
Electrical Infrastructure		86 250	149 318	105 214	155 770	170 604	170 604	177 501	185 311	193 650
Power Plants		-	1 000	-	-	-	-	-	-	-
HV Substations		-	9 526	880	2 792	5 292	5 292	16 000	16 704	17 456
HV Switching Station		-	-	-	-	-	-	-	-	-
HV Transmission Conductors		-	-	-	-	-	-	-	-	-
MV Substations		-	-	-	-	-	-	-	-	-
MV Switching Stations		-	-	-	-	-	-	-	-	-
MV Networks		24 396	28 917	20 169	32 629	65 763	65 763	38 090	39 766	41 555
LV Networks		61 854	109 874	84 166	120 349	99 549	99 549	123 412	128 842	134 640
Capital Spares		-	-	-	-	-	-	-	-	-
Community Assets		4 009	11 715	13 835	28 351	6 719	6 719	50 830	53 066	55 454
Community Facilities		4 009	11 715	13 835	28 351	6 719	6 719	50 830	53 066	55 454
Halls		-	-	-	-	-	-	-	-	-
Centres		4 009	11 715	13 835	28 351	6 719	6 719	50 830	53 066	55 454
Other assets		188	859	-	574	574	574	574	599	626
Operational Buildings		188	859	-	574	574	574	574	599	626
Training Centres		188	859	-	574	574	574	574	599	626
Computer Equipment		14 794	10 175	9 743	2 542	7 542	7 542	13 120	13 697	14 314
Computer Equipment		14 794	10 175	9 743	2 542	7 542	7 542	13 120	13 697	14 314
Furniture and Office Equipment		4 998	219	314	515	515	515	2 250	2 349	2 455
Furniture and Office Equipment		4 998	219	314	515	515	515	2 250	2 349	2 455
Machinery and Equipment		-	2 000	-	-	-	-	3 000	3 132	3 273
Machinery and Equipment		-	2 000	-	-	-	-	3 000	3 132	3 273
Transport Assets		-	5 000	-	30 000	64 498	64 498	17 950	18 740	19 583
Transport Assets		-	5 000	-	30 000	64 498	64 498	17 950	18 740	19 583
Total capital expenditure on assets	1	110 239	179 285	129 106	217 752	250 452	250 452	265 225	276 895	289 355
Funded by:										
National Government		23 964	50 492	47 286	20 466	20 466	20 466	20 000	20 880	21 820
Provincial Government										
Parent Municipality		9 578	11 933	11 707	13 000	13 000	13 000	14 300	14 929	15 601
District Municipality										
Transfers recognised - capital		33 542	62 425	58 993	33 466	33 466	33 466	34 300	35 809	37 421
Borrowing	3									
Internally generated funds		76 697	116 860	70 113	184 286	216 986	216 986	230 925	241 086	251 935
Total Capital Funding	4	110 239	179 285	129 106	217 752	250 452	250 452	265 225	276 895	289 355

Table D4 - Budgeted Financial Position

Table D4 is consistent with international standards of good financial management practice and improves understanding of the councillors and management of the impact of the budget on the statement of financial position (balance sheet).

Centlec (Soc) Ltd - Table D4 Budgeted Financial Position

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousands										
ASSETS										
Current assets										
Cash		13 556	32 388	15 812	87 568	87 568	87 568	36 900	38 524	40 257
Call investment deposits			5	9	1 182	1 182	1 182	777	811	848
Consumer debtors		768 845	866 024	557 337	924 326	924 326	924 326	601 109	627 558	655 798
Other debtors			2 670 040	3 069 498	66 710	66 710	66 710	75 420	78 739	82 282
Current portion of long-term receivables		67 337								
Inventory		87 664	107 776	(3 454)	99 182	99 182	99 182	97 045	101 315	105 875
Total current assets		937 402	3 676 233	3 639 202	1 178 969	1 178 969	1 178 969	811 252	846 947	885 060
Non current assets										
Long-term receivables	3	4 190								
Investments										
Investment property										
Investment in Associate			1 124	849						
Property, plant and equipment	1	3 851 457	6 684 549	6 333 690	6 985 685	6 985 685	6 985 685	6 408 353	6 495 716	6 587 010
Biological										
Intangible		96 883	81 638	86 214	102 393	102 393	102 393	92 826	90 315	87 691
Other non-current assets		454 433	1 296 498	1 288 904	1 296 242	1 296 242	1 296 242	1 227 610	1 281 324	1 338 695
Total non current assets		4 406 943	8 063 809	7 709 656	8 384 320	8 384 320	8 384 320	7 728 789	7 867 355	8 013 396
TOTAL ASSETS		5 344 345	11 740 042	11 348 858	9 563 289	9 563 289	9 563 289	8 540 041	8 714 302	8 898 456
LIABILITIES										
Current liabilities										
Bank overdraft				-						
Borrowing		20 282		-	25 252	25 252	25 252	26 464	27 629	28 872
Consumer deposits		115 053	127 725	125 968	125 211	125 211	125 211	125 906	131 446	137 361
Trade and other payables		855 978	5 066 052	5 415 771	744 229	744 229	744 229	757 980	791 331	826 941
Provisions	3	31 374	36 024	43 884	36 293	36 293	36 293	38 035	39 709	41 495
Total current liabilities		1 022 688	5 229 802	5 585 623	930 985	930 985	930 985	948 385	990 114	1 034 669
Non current liabilities										
Borrowing				5 313						
Provisions	3	687 953	1 504 032	1 409 574	1 628 688	1 628 688	1 628 688	1 564 910	1 633 766	1 707 286
Total non current liabilities		687 953	1 504 032	1 414 886	1 628 688	1 628 688	1 628 688	1 564 910	1 633 766	1 707 286
TOTAL LIABILITIES		1 710 641	6 733 833	7 000 509	2 559 673	2 559 673	2 559 673	2 513 295	2 623 880	2 741 955
NET ASSETS	2	3 633 704	5 006 209	4 348 349	7 003 616	7 003 616	7 003 616	6 026 746	6 090 422	6 156 501
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)		755 147	668 520	254 438	1 525 489	1 525 489	1 525 489	1 876 344	1 981 524	2 088 692
Reserves		2 878 556	4 337 689	4 093 911	5 478 128	5 478 128	5 478 128	4 150 402	4 108 898	4 067 809
TOTAL COMMUNITY WEALTH/EQUITY	2	3 633 703	5 006 209	4 348 349	7 003 616	7 003 616	7 003 616	6 026 746	6 090 422	6 156 501

Table D5 - Budgeted Cash Flow Statement

The budgeted cash flow statement is the first measurement in determining if the budget is funded. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

Centlec (Soc) Ltd - Table D5 Budgeted Cash Flow

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates										
Service charges		2 689 649	2 945 112	2 668 052	2 841 853	2 841 853	2 841 853	3 160 269	3 299 321	3 447 791
Other revenue		15 990		13 982	11 379	11 379	11 379	18 950	19 784	20 674
Transfers and Subsidies - Operational		4 077								
Transfers and Subsidies - Capital			3 183	69 433	33 466	33 466	33 466	60 300	62 953	65 786
Interest				17 086	29 308	29 308	29 308	25 412	26 530	27 724
Dividends										
Payments										
Suppliers and employees	2	(2 556 031)	(2 755 702)	(2 432 471)	(2 680 406)	(2 680 406)	(2 680 406)	(2 739 032)	(2 979 237)	(3 118 717)
Finance charges			(1 073)	(57)	(59)	(59)	(59)	(217)	(50)	
Dividends paid				(120 000)	(120 000)	(120 000)	(120 000)	(120 000)	(120 000)	(120 000)
Transfers and Grants										
NET CASH FROM/(USED) OPERATING ACTIVITIES		153 685	191 519	216 025	115 540	115 540	115 540	405 682	309 301	323 258
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE				349	122	122	122	329	343	359
Decrease (increase) in non-current receivables										
Decrease (increase) in non-current investments										
Payments										
Capital assets		(157 213)	(95 948)	(164 633)	(211 219)	(211 219)	(211 219)	(295 007)	(307 987)	(321 846)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(157 213)	(95 948)	(164 284)	(211 097)	(211 097)	(211 097)	(294 678)	(307 644)	(321 488)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans										
Borrowing long term refinancing										
Increase (decrease) in consumer deposits				(4 333)	(124 230)	(124 230)	(124 230)			
Payments										
Repayment of borrowing		(112 277)	(70 000)							
NET CASH FROM/(USED) FINANCING ACTIVITIES		(112 277)	(70 000)	(4 333)	(124 230)	(124 230)	(124 230)	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD	1	(115 805)	25 571	47 407	(219 787)	(219 787)	(219 787)	111 005	1 658	1 770
Cash/cash equivalents at the year begin:	2	189 287	73 481	99 053	75 102	146 460	146 460	(73 327)	37 677	39 335
Cash/cash equivalents at the year end:	2	73 481	99 053	146 460	(144 686)	(73 327)	(73 327)	37 677	39 335	41 105

SUPPLEMENTARY SCHEDULES TO TABLES D2 TO D5

a. Support Table SD1: Supporting details to Measurable Performance Targets

The table on Measurable Performance Objectives seeks to outline how the municipality entity intends to manage and monitor service delivery progress against identified strategic objectives and priorities by the respective directorates.

Refer to attached D-Schedules for SD1 Table on the Measurable Performance Targets

Centec (Soc) Ltd - Supporting Table SD1 Measurable performance targets										
Performance target description	Unit of measurement	2018/19	2019/20	2020/21	Current Year 2021/22			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<i>Insert measure/s description</i>										
Complete 1550 household connections identified for electrification in the MMM area	Monthly, quarterly progress report and proof of payments	Supplied electricity connections to one thousand and seventy one (1071) household in the MMM area by 30 June 2019.	Zero household connections	Zero household connections	1550 dwellings provided with electricity connections	Project put on hold due to prior year backlog	Project put on hold due to prior year backlog	Project put on hold due to prior year backlog	Project put on hold due to prior year backlog	Project put on hold due to prior year backlog
Erection of high mast lights within Mangaung	Monthly, quarterly progress report and proof of payments	Eight (8) high masts have been erected and commissioned within MMM by 30 June 2019.	14 high mast lights were erected	10 high mast lights were erected	15 erection of high mast lights within Mangaung	N/A	15 erection of high mast lights within Mangaung	15 erection of high mast lights within Mangaung	15 erection of high mast lights within Mangaung	15 erection of high mast lights within Mangaung
480 kilometers of 132kV lines inspections based on the maintenance plan	Monthly, quarterly progress report and proof of payments	346.33 Kilometers of the 132kV lines inspections were completed by 30 June 2019.	470.41 kilometers of 132kV lines inspections were completed	Not applicable	Not applicable for the year under review	Not applicable for the year under review	Not applicable for the year under review	Not applicable	Not applicable	Not applicable
346 DC Transformer inspections based on the maintenance plan to be completed	Monthly, quarterly progress report and proof of payments	338 DC Transformer inspections completed by 30 June 2019.	367 DC Transformer inspections completed	348 DC Transformers Short term maintenance completed.	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
504 Distribution Centre Panels to be tested based on the maintenance plan	Monthly, quarterly progress report and proof of payments	493 Distribution Centre Panels were tested by 30 June 2019.	505 504 Distribution Centre Panels completed	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Installed capacity of embedded generators on the Municipal Distribution Network	Monthly, quarterly progress report and proof of payments	Zero capacity installed on our network	Zero capacity installed on our network	Zero capacity installed on our network	Installed capacity of approved embedded generators on the municipal distribution network by June 2022	Installed capacity of approved embedded generators on the municipal distribution network by June 2022	Installed capacity of approved embedded generators on the municipal distribution network by June 2022	Installed capacity of approved embedded generators on the municipal distribution network by June 2022	Installed capacity of approved embedded generators on the municipal distribution network by June 2022	Installed capacity of approved embedded generators on the municipal distribution network by June 2022
Unplanned interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 047	Monthly, quarterly progress report and proof of payments	a) Calls within 1.5hrs =14.76% (30%) b) Calls within 3.5 hrs=43.19% (80%) c) Calls within 7.5hrs=74.02% (90%) d) Calls within 24hrs=98.46% (98%) e) Calls within a week=100.00% (100%)	a) Calls within 1.5hrs =11.31% (30%) b) Calls within 3.5 hrs=40.54% (80%) c) Calls within 7.5hrs=73.32% (90%) d) Calls within 24hrs=97.30% (98%) e) Calls within a week=100.00% (100%)	e) Calls within 1.5 hours 9.30% b) Calls within 3.5 hours 31.67% c) Calls within 7.5 hours 64.62% d) Calls within 24 hours 95.67% e) Calls within a week 100.00%	Unplanned interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 047	Unplanned interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 047	Unplanned interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 047	Unplanned interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 047	Unplanned interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 047	Unplanned interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 047
Planned scheduled interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 048 requirements	Monthly, quarterly progress report and proof of payments	One hundred and twelve (112) notices were submitted 2 days before planned interruptions took place. Seventy six (76) planned interruptions were restored as per Nersa license requirement and within the stipulated time frames as per notices communicated. Thirty six (36) planned interruptions were cancelled due to various reasons	One hundred and six y-nine (169) notices were submitted 2 days before planned interruptions took place.	76 notices were submitted 2 days before the execution of planned interruptions and the supply was restored as per NERSA license requirements in terms of NRS 048	Planned scheduled interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 048 requirements	Planned scheduled interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 048 requirements	Planned scheduled interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 048 requirements	Planned scheduled interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 048 requirements	Planned scheduled interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 048 requirements	Planned scheduled interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 048 requirements
Total number of valid customer applications for new electricity connections processed as a percentage in terms of municipal service standards	Monthly, quarterly progress report and proof of payments	Not applicable	Not applicable	Not applicable	Percentage of valid customer applications for new electricity connections processed in terms of municipal services by June 2022	Percentage of valid customer applications for new electricity connections processed in terms of municipal services by June 2022	Percentage of valid customer applications for new electricity connections processed in terms of municipal services by June 2022	Percentage of valid customer applications for new electricity connections processed in terms of municipal services	Percentage of valid customer applications for new electricity connections processed in terms of municipal services	Percentage of valid customer applications for new electricity connections processed in terms of municipal services

b. Supporting Table SD2: Financial and Non-Financial Indicators

The table below provides the benchmark ratios based on the actual results of the last three (3) financial years and the outlook for the MTREF period.

Centlec (Soc) Ltd - Supporting Table SD2 Financial and non-financial indicators

Description of indicator	Basis of calculation	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			Medium Term Revenue and Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Finance charges & Depreciation / Operating Expenditure		-2%	4%	1%	0%	0%	0%	-1%	-1%	-1%
Borrowed funding of capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing / Funds & Reserves		0%	0%	0%	0%	0%	0%	0%	0%	0%
Liquidity											
Current Ratio	Current assets / current liabilities		0.92	0.70	0.65	1.27	1.27	1.27	0.86	0.86	0.86
Current Ratio adjusted for debtors	Current assets/current liabilities less debtors > 90 days		0.92	0.70	0.65	1.27	1.27	1.27	0.86	0.86	0.86
Liquidity Ratio	Monetary Assets / Current Liabilities		0.01	0.01	0.00	0.10	0.10	0.10	0.04	0.04	0.04
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts / Last 12 Mths Billing			0%	0%	0%	0%	0%	0%	0%	0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			112.4%	114.7%	100.3%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue		34%	136%	134%	31%	31%	31%	19%	19%	19%
Longstanding Debtors Reduction Due To Recovery	Debtors > 12 Mths Recovered / Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))										
Creditors to Cash and Investments			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Funding of Provisions											
Percentage Of Provisions Not Funded	Unfunded Provisions/Total Provisions										
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)	1	155 707	144 173	127 757				121 297	115 485	110 054
	Total Cost of Losses (Rand '000)		137 790	138 097	138 777				137 320	136 270	135 358
	% Volume (units purchased and generated less units sold)/units purchased and generated		9%	9%	8%				7%	7%	6%
Water Distribution Losses (2)	Total Volume Losses (kt)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/Total Revenue - capital revenue		14.2%	14.2%	14.7%	12%	12%	12%	12%	12%	12%
Remuneration	Total remuneration/(Total Revenue - capital revenue)		9.4%	13.3%	13.7%	11.6%	11.1%	11.1%	10.7%	10.3%	9.9%
Repairs & Maintenance	R&M/Total Revenue - capital revenue		0.0%	0.0%	0.0%	0%	0%	0%	0%	0%	0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)		-1.7%	4.0%	0.7%	0%	0%	0%	-1%	-1%	-1%
Financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year		34.2	46 083.9	45 970.8	54 410.5	54 421.9	14 781.4	71 107.4	-	-
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services		35%	33.7%	20.9%	29%	29%	29%	17%	17%	17%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure		1%	0.0	0.0	0.1	0.1	0.1	0.0	0.0	0.0

c. Supporting Table SD3: Budgeted Investment Portfolio

The table below provides to the reader the monetary investment particulars by type and maturity.

CENTLEC (SoC)LTD - Supporting Table SD3 Budgeted Investment Portfolio

Investments by Maturity	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate	Expiry date of investment	Opening balance	Investment Top Up	Closing Balance
Name of institution & investment ID	Yrs/Months								
ABSA - 1 Day Account	February 2013	Call Account	No	Variable Interest	6%	n/a	640	3 849	4 489
							640	3 849	4 489

PROPOSED TARIFFS**Electricity Tariffs**

It is recommended:

- i. That Centlec electricity tariffs be increased by 7.47% for 2022/23 financial year,
- ii. That, the new electricity tariffs for 2022/23 be applicable from the consumer month of 1 July 2022;
- iii. That, for the calculation of electricity accounts the consumer month will be the period between the successive monthly readings irrespective of the period between reading dates and with a winter and summer component for all tariffs; and
- iv. That the following charges and prices, excluding VAT, in connection with the supply and consumption of electricity are submitted for approval:

ANNEXURE B**Service Tariffs**

It is recommended:

- i. That, the amendments of the policies as set out in Annexure B for the 2022/23 financial year be approved;
- ii. That, the service Tariffs for 2022/23 be implemented from the 1 July 2022.

ANNEXURE C**Policies**

It is recommended:

- i. That, the amendments of the policies as set out in Annexure C for the 2022/23 financial year be approved;
- ii. That, the newly approved policies for 2022/23 be implemented from the 1 July 2022.

ANNEXURE D**Training Tariffs**

It is recommended:

- i. That, the training tariffs as set out in Annexure D for the 2022/23 financial year be approved;
- ii. That, the training tariffs for 2022/23 be implemented from the 1 July 2022.

ANNEXURE G

Salaries

It is recommended:

- i. That, the Salaries as set out in Annexure G for the 2022/23 financial year be approved;
- ii. That, the Salaries for 2022/23 be implemented from the 1 July 2022.

ANNEXURE H

Bulk Purchases

It is recommended:

- i. That, the Bulk purchases tariffs as set out in Annexure H for the 2022/23 financial year be approved;
- ii. That, the Bulk Purchases tariffs for 2022/23 be implemented from the 1 July 2022.

PART 2 - SUPPORTING DOCUMENTATION

1. OVERVIEW OF ANNUAL BUDGET PROCESS

In terms of section 87 of MFMA The board of directors of a municipal entity must for each financial year submit a proposed budget for the entity to its parent municipality not later than 150 days before the start of the entity's financial year or earlier if requested by the parent municipality. This implies that the entity's budget must be submitted to the Municipality on or before the end of 20 January each year. The parent municipality must then consider the proposed budget by the entity, assess the entity's priorities and objectives and make recommendations.

The entity must then consider these recommendations and, if necessary, submit a revised budget to the parent municipality not later than 100 days before the start of the financial year which is approximately on or before the 15th of March each year. Thereafter the following will lead to the approval of the budget:

- The mayor of the parent municipality must table the proposed budget of the municipal entity in the council when the annual budget of the municipality for the relevant year is tabled.
- The board of directors of a municipal entity must approve the budget of the municipal entity not later than 30 days before the start of the financial year, taking into account any hearings or recommendations of the council of the parent municipality.

The framework within which the budget must be compiled is as follows:

- It must be balanced, deficit budget is not allowed;
- It must be consistent with any service delivery agreement or other agreement between the entity and the entity's parent municipality;
- it must be within any limits determined by the entity's parent municipality, including any limits on tariffs, revenue, expenditure and borrowing;
- it must include a multi-year business plan for the entity that—
 - sets key financial and non-financial performance objectives and measurement criteria as agreed with the parent municipality;
 - is consistent with the budget and integrated development plan of the entity's parent municipality;

- is consistent with any service delivery agreement or other agreement between the entity and the entity's parent municipality; and
- reflects actual and potential liabilities and commitments, including particulars of any proposed borrowing of money during the period to which the plan relates;

The above prescripts are as per the MFMA and directly also relates to Centlec as a municipal entity.

1.1 BUDGET PRINCIPLES:

The following budget principles shall apply:

- The budget shall be prepared on the Zero basis and combination method.
- The budget shall only be approved if it has been properly balanced
- All expenses, including depreciation expenses, shall be cash-funded.
- At least 7% of the operating budget component shall be set aside for maintenance.
- The budget for salaries, allowances and salaries-related benefits shall be separately prepared, and shall not exceed 30% of the aggregate operating budget component of the annual budget. For purposes of applying this principle, the remuneration of the Board of Directors shall be excluded from this limit.

1.2 BUDGET PROCESS PLAN:

CENTLEC BUDGET PROCESS PLAN FOR THE REVIEW/BUDGET 2022-23

BUDGET PHASES AND PERFORMANCE REPORTING	ACTIVITY	PLANNED DATES	FACILITATION
	Centlec - Budget Process Plan 2022/23 submission to the Board for approval	24-Aug-21	Office of the CFO
	MMM - Tabling of the IDP and Budget Process Plan for 2022/2023 financial year to Council	31-Aug-21	MMM
PREPARATION PHASE	Centlec - Budget Office start with preparation of budget framework in terms of NT Circulars and MMM parameters for the MTREF 2022/23 to 2024/25	02-Nov-21	Office of the CFO
	Centlec - User Departments to start preparing departmental adjustment budget aligning with the budget framework issued by Budget Office	08 November to 03 December 2021	User Departments
	Centlec - Budget Office start with preparation of budget framework in terms of NT Circulars and MMM parameters for the MTREF 2022/23 to 2024/25	08 November to 03 December 2021	Office of the CFO
	Centlec - Adjustment Budget 2021/22, 1st Draft MTREF Budget 2022/2025, Mid Year Report, Performance Assessment Report Section 88 as at 31 December 2021) to be considered by EXCO	23-Dec-21	Office of the CFO
	Centlec - Finance Committee to consider the Adjustment Budget 2021/22, 1st Draft MTREF Budget 2022/2025, Mid Year Report, Performance Assessment Report Section 88 as at 31 December 2021)	07-Jan-22	Office of the CFO
	Centlec - Board Sitting to consider the Adjustment Budget 2021/22, 1st Draft MTREF Budget 2022/2025, Mid Year Report, Performance Assessment Report Section 88 as at 31 December 2021)	12-Jan-22	Office of the CFO
	Centlec - Submission of the Adjustment Budget 2021/22, 1st Draft MTREF Summary Budget 2022/2025, Mid Year Budget, Performance Assessment Report Section 88 as at 31 December 2021)	20-Jan-22	Office of the CFO
	Centlec - Submission of the Adjustment Budget 2021/22, 1st Draft MTREF Detailed Budget 2022/2025, Mid Year Budget, Performance Assessment Report Section 88 as at 31 December 2021)	28-Jan-22	Office of the CFO
	Centlec - Review tariffs and budget related policies	07 to 11 Feb 2022	User Departments
	MMM - provides Centlec with comments on the Adjustment budget 2021/22	14-Feb-22	MMM
	Centlec - Revised Adjustment Budget 2021/22, Business Plan, SDBIP 2022/23, Budget Related Policies 2022/23 presented to EXCO	16-Feb-22	User Departments
	Centlec - Revised Adjustment Budget 2021/22, Business Plan, SDBIP 2022/23, Budget Related Policies 2022/23 presented to the Finance Committee	18-Feb-22	Office of the CFO

BUDGET PHASES AND PERFORMANCE REPORTING	ACTIVITY	PLANNED DATES	FACILITATION
	Centlec - Revised Adjustment Budget 2021/22, Business Plan, SDBIP 2022/23, Budget Related Policies 2022/23 presented to the BOARD	21-Feb-22	Office of the CFO
	Centlec - Submit the revised Adjustment Budget 2021/22, Business Plan, SDBIP 2022/23, Budget Related Policies 2022/23 to MMM	23-Feb-22	Office of the CFO
	MMM - Council approves the Adjustment Budget 2021/22	25-Feb-22	MMM
	Centlec - Publication of the approved Adjustment Budget 2021/22, Mid Year Report, Performance Assessment Report Section 88 as at 31 December 2021)	28-Feb-22	Office of the CFO
	MMM - provides Centlec with comments on Draft Business Plan and MTREF budget 2022-23 to 2024/2025	02-Mar-22	MMM
	Centlec - Submit the revised 2nd MTREF Budget 2022/23 to 2024/25 budget pack to EXCO	04-Mar-22	Office of the CFO
	Centlec - Submit the revised 2nd MTREF Budget 2022/23 to 2024/25 budget pack to the Finance Committee	08-Mar-22	Office of the CFO
	Centlec - Board to consider and approve the MTREF 2022/23 to 2024/25 budget pack for submission to MMM (Special Sitting)	15-Mar-22	Office of the CFO
	Centlec - Submission of the MTREF 2022/23 to 2024/25 budget pack and resolutions to the Parent Municipality (100 days before start of the new financial year)	18-Mar-22	Office of the CFO
	MMM - Tabling of the Draft including proposed revisions and MTREF 2022/23 to 2024/25 Budget and related resolutions MMM and Centlec	31-Mar-22	MMM
	Centlec & MMM - Public participation process including hearings on Draft IDP and MTREF Budgets	08 Apr -22 Apr 2022	MMM & CENTLEC
	MMM - Budget Steering Committee meeting to review progress on the IDP and Budget	22-Apr-22	MMM
	Centlec - Submit the Final MTREF Budget pack for 2022/23 to 2024/25 after the Public Participation to EXCO for consideration	06-May-22	Office of the CFO
	MMM - IDP Budget Lekgotla	11-May-22	MMM
	Centlec - Submit the Final MTREF 2022/23 to 2024/25 budget pack after the Public Participation to the Finance Committee	10-May-22	Office of the CFO

	ACTIVITY	PLANNED DATES	FACILITATION
APPROVAL PHASE	Centlec - Board Sitting to consider changes after Public Participation and approve the final MTREF for 2022/23 to 2024/25 budget pack (Special Sitting) 30 days before the start of new financial year	17-May-22	Office of the CFO
	Centlec - Submit the final MTREF for 2022/23 to 2024/25 budget 30 days before the start of new financial year to MMM	20-May-22	Office of the CFO
	MMM - Council meeting to approve IDP and MTREF budget by resolution, setting taxes and tariffs, approving changes to IDP and budget related policies, approving measurable performance objectives for revenue by source and expenditure by vote before start of budget year.	27-May-22	MMM
	Centlec - Publication of approved MTREF 2022/23 to 2024/25 Budget Pack, Annexures, D-schedules, Business Plan, SDBIP and policies on the website .	03-Jun-22	Office of the CFO
	Centlec - Budget Process Plan 2022/23 submission to the Board for approval	24-Aug-22	Office of the CFO
	MMM - Tabling of the IDP and Budget Process Plan for 2022/2023 financial year to Council	31-Aug-22	MMM

2. OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH SERVICE DELIVERY AGREEMENT

The entity remains wholly owned by the Mangaung Metropolitan Municipality as the parent municipality. There are no intentions by either parties to effect any changes to the control and ownership of the entity. The following are some of oversight processes instituted by the parent municipality:

- Approval of the entity's proposed budget in terms of MFMA sec.87
- Approval of the Mid-Year and performance assessment of the entity in terms of MFMA sec.88

In terms of schedule 1 of the Service Delivery Agreement between the entity and the parent municipality, the entity will act as the service provider and will execute on behalf of the parent municipality all services necessary as required by the electricity distribution licence conditions.

The budget of the entity will be funded from internal sources however a portion of capital expenditure will be funded by grants.

3. MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

The Measurable Performance Objectives of the Entity to manage and monitor service delivery progress against identified strategic objectives and priorities by the respective directorates is attached as Annexure SDBIP

4. OVERVIEW OF BUDGET RELATED POLICIES

Budget Related Policies:

- a. The budget should address priorities as identified in the Mangaung Metropolitan Municipality Integrated Development Plan;
- b. Operating costs should be funded from revenues;
- c. Revenue projections should be conservative;
- d. The Company must produce a balanced budget in line with legislation; and
- e. The Company should maintain its assets adequately to ensure reliable supply to its customers.

4.1 Approved Policies

The following policies that govern the entity's budget, compilation and/or implementation thereof were approved in the 2022-23 year and shall be subjected for review during this budget process:

- Bad Debts Policy
- Banking & Investments Policy
- Connection & Disconnection
- Estimation Policy
- Revenue Policy
- Service Connection Policy
- Tariff Policy
- Customer Care Policy
- Long-Term Debtors Policy
- Borrowings Policy
- Sundry Income Policy
- Pre-paid Electricity Vending Policy
- VAT Policy
- Petty Cash Policy
- Unauthorized, Irregular, Fruitless & Wasteful Expenditure
- Subsistence & Travel Policy
- Budget & Reporting Policy
- Service Connection Policy

The abovementioned policies are available on the Centlec website (www.centlec.co.za)

4.2 Budget Related Policy overview for amendments and submitted for approval

The following policies that govern the entity's budget, compilation and/or implementation thereof were amended and submitted for approval for the 2022-23 year (Annexure C):

- Assets Management Policy
- SCM Policy
- Credit Control & Debt Collection Policy

5. OVERVIEW OF BUDGET ASSUMPTIONS

5.1 Key Parameters

The following provisional growth rates and parameters were issued to directorates for compiling their operating budgets and tariffs;

The budget parameters were developed after the approval of the Budget Process Plan and issued to the department to kick start the planning process on the 31 August 2021. The parameters and the final budget outcome influenced by:

- The actual audit outcome especially in respect of the depreciation, debt impairment and interest on shareholders loan provisions.
- The outcome of the current 2021/22 Adjustment Budget projections.
- The outcome of the proposed tariff increase by NERSA.
- Consider National Treasury Budget Circular No 115.

The following headline inflation forecast underpins the current national MTREF period. General inflation outlook and its impact on the municipal activities.

PARAMETERS	2022/23	2023/24	2024/25
	MFMA CIRCULAR 115 & NERSA		
CPI inflation	4.80%	4.40%	4.50%
Revenue	4.80%	4.40%	4.50%
Expenditure	4.80%	4.40%	4.50%
Bulk Purchases	8.60%	4.40%	4.50%

Local government is expected to observe these inflation forecasts, as well as local economic conditions when determining their tariff rates and other charges when developing their budgets.

6. OVERVIEW OF BUDGET FUNDING

(a) The overview of budget funding must explain how the annual budget is to be funded, which must include at least the following –

a narrative summary of –

- (i) the funding of operating and capital expenditure;*
- (ii) financial plans;*
- (iii) reserves;*
- (iv) the fiscal viability of the municipal entity;*
- (v) the overall impact on rates and tariffs; and*
- (vi) allocations from or distributions to the parent municipality;*

The budget of the entity will be funded from the revenue raised internally as well as conditional Grants from Department of Energy. It is important to note that the energy bulk purchases represents more than 69% of the entity's operational budget. The revenue from the sale of electricity represents more than 98% of the operating revenue for the entity.

(b) Particulars of funding measures used to determine whether operating and Capital expenditure is funded in accordance with section 18 of the Act;

Details of the proposed tariffs on energy and Services are attached as Annexures

(c) Particulars of tariffs and other charges;

Details of the proposed tariffs on energy and Services are attached as Annexures

(d) The debtors' collection levels that have been estimated;

Electricity debtors collection rate set at 98% factored in the revenue projection

(e) Particulars of planned savings and efficiencies for the medium term as detailed in the multi-year business plan;

- Data Purification
- Meter maintenance
- Conversion to pre-paid metering
- Increase Automated Meter Reading (AMR)

- Streetlight Management (Smart)

(f) Particulars of the municipal entity's monetary investments by –

- (i) type, and
- (ii) maturity date;

CENTLEC (SoC)LTD - Supporting Table SD3 Budgeted Investment Portfolio

Investments by Maturity	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate	Expiry date of investment	Opening balance	Investment Top Up	Closing Balance
Name of institution & investment ID	Yrs/Months								
ABSA - 1 Day Account	February 2013	Call Account	No	Variable Interest	6%	n/a	640	3 849	4 489
							640	3 849	4 489

(g) Particulars of contributions and donations in cash or in-kind received planned to be received, specifically listing donor assistance secured by formal agreement or contract;

None

(h) Particulars of planned proceeds from the sale of assets;

- Retired fleet
- Redundant material

(i) Particulars of planned proceeds from the lease of assets, where the period of the lease is three years or more;

None

(j) Particulars of the planned use of previous years' cash backed accumulated surplus including –

(i) any shortfall between liabilities or provisions and cash reserves set aside for this purpose;

(ii) details of board decisions to set aside funds including time schedules for progressively meeting funding of provisions;

(iii) details of allowances made for working capital – defined as holding sufficient funds to meet any financial obligations as they fall due; and

(iv) details of non-statutory reserves;

None

(k) particulars of proposed future revenue sources;

Refer to (a) above for particulars

(l) particulars of planned use of any bank overdrafts and reasons therefore;

None

(m) particulars of any existing and any new borrowing proposed to be raised;

None

(n) particulars of allocations from or distributions to from the parent municipality;

Urban Settlement Developmental Grant

(o) particulars of any other transfers and grants to the municipal entity.

None

7. ALLOCATIONS OF GRANTS MADE BY THE MUNICIPALITY

The table D3 below outlines the allocation of grants to the municipal entity and the cash transfer to groups and individuals:

Funded by:										
National Government		23 964	50 492	47 286	20 466	20 466	20 466	20 000	20 880	21 820
Provincial Government										
Parent Municipality		9 578	11 933	11 707	13 000	13 000	13 000	14 300	14 929	15 601
District Municipality										
Transfers recognised - capital		33 542	62 425	58 993	33 466	33 466	33 466	34 300	35 809	37 421
Borrowing	3									
Internally generated funds		76 697	116 860	70 113	184 286	216 986	216 986	230 925	241 086	251 935
Total Capital Funding	4	110 239	179 285	129 106	217 752	250 452	250 452	265 225	276 895	289 355

BOARD MEMBER ALLOWANCES AND EMPLOYEE BENEFITS

The supporting table **SD4** below provides an indication of the total cost to employer of the Board and staff members over the MTREF period:

Centlec (Soc) Ltd - Supporting Table SD4 Board member allowances and staff benefits

Summary of Employee and Board Member remuneration	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
		A	B	C	D	E	F	G	H	I
R thousands										
Remuneration										
Board Members of Entities										
Basic Salaries and Wages		597	1 347	826	982	982	982	785	820	857
Sub Total - Board Members of Entities		597	1 347	826	982	982	982	785	820	857
% increase										
Senior Managers of Entities										
Basic Salaries and Wages		3 474	12 953		10 820	10 820	10 820	12 130	12 664	13 234
Pension and UIF Contributions		4	456		464	464	464			
Medical Aid Contributions		43	116		120	120	120			
Overtime										
Performance Bonus										
Motor Vehicle Allowance			539		554	554	554			
Cellphone Allowance		24	129		132	132	132	116	121	126
Housing Allowances										
Other benefits and allowances										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	1									
Sub Total - Senior Managers of Entities		3 544	14 192	-	12 089	12 089	12 089	12 246	12 784	13 360
% increase										
Other Staff of Entities										
Basic Salaries and Wages		217 254	167 141	229 889	212 307	212 307	212 307	248 765	259 711	271 398
Pension and UIF Contributions		37 158	37 502	39 329	39 860	39 860	39 860	46 280	48 316	50 490
Medical Aid Contributions		21 144	21 785	22 412	22 312	22 312	22 312	42 859	44 745	46 758
Overtime		22 014	22 108	22 561	37 956	37 956	37 956	33 155	34 614	36 171
Performance Bonus		817	798	835	18 782	18 782	18 782	19 551	20 411	21 330
Motor Vehicle Allowance		1 345	29 501	1 499	22 613	22 613	22 613	1 531	1 598	1 670
Cellphone Allowance		1 674	1 466	38 392	866	866	866	746	778	813
Housing Allowances		16 481	15 666	17 268	1 519	1 519	1 519	8 564	8 940	9 343
Other benefits and allowances		49 200	44 015	24 501	11 398	11 398	11 398	12 291	12 832	13 409
Payments in lieu of leave								1 923	2 007	2 098
Long service awards										
Post-retirement benefit obligations	1									
Sub Total - Other Staff of Entities		367 086	339 984	396 685	367 612	367 612	367 612	415 664	433 953	453 481
% increase										
Total Municipal Entities remuneration		371 227	355 522	397 511	380 684	380 684	380 684	428 695	447 557	467 697

The supporting table **SD5** below provides an indication of the summary of personnel numbers for the MTREF period:

Centlec (Soc) Ltd - Supporting Table SD5 Summary of personnel numbers

Summary of Personnel Numbers Number	Ref	2020/21			Current Year 2021/22			Budget Year 2022/23		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)										
Board Members of municipal entities	3	5	4							
Municipal entity employees	4									
CEO and Senior Managers	2	7		7		6			6	
Other Managers	6		45			43			43	
Professionals		-	254	-	-	352	-	-	352	-
Finance			75			55			55	
Spatial/town planning										
Information Technology			12							
Roads										
Electricity			167			297			297	
Water										
Sanitation										
Refuse										
Other						162			162	
Technicians		-	282	-	-	26	-	-	26	-
Finance										
Spatial/town planning										
Information Technology						26			26	
Roads										
Electricity			282							
Water										
Sanitation										
Refuse										
Other			64							
Clerks (Clerical and administrative)			34			68			68	
Service and sales workers						42			42	
Skilled agricultural and fishery workers						32			32	
Craft and related trades										
Plant and Machine Operators										
Elementary Occupations										
Total Personnel Numbers		12	683	7	-	731	-	-	731	-
% increase			5 591.7%	(99.0%)	(100.0%)	10 342.9%	(100.0%)	-	-	(100.0%)
Total entity employees headcount	5									
Finance personnel headcount	7									
Human Resources personnel headcount	7									

The supporting table **SD10** gives and insight into the size of the city staff establishment, outlining the required number of positions to be filled for effective service delivery. The Entity currently has no contracts having budgetary implications in the budget year.

10. MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

The Supporting Table **SD6** provides management and users of the budget with a monthly breakdown of the budget as contained in Tables D2 to D5. These tables are to be used as a measure of performance on the budget on a monthly basis. They are to be used on the monthly Section 87 report to track management’s actual implementation of the budget.

The following tables outline the monthly targets for revenue and expenditure, capital and cash flow are as follows:

Centlec (Soc) Ltd - Supporting Table SD6 Budgeted monthly cash and revenue/expenditure

Description	Budget Year 2022/23												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousands															
Operating Revenue By Source	0.10	0.09	0.08	0.08	0.07	0.07	0.07	0.07	0.07	0.07	0.10	0.11			
Property rates															
Service charges - electricity revenue	351 141	316 027	296 399	272 551	252 110	248 703	250 226	248 708	245 301	228 266	354 321	447 658	3 511 410	3 665 912	3 630 878
Service charges - water revenue													-	-	-
Service charges - sanitation revenue													-	-	-
Service charges - refuse revenue													-	-	-
Rental of facilities and equipment													-	-	-
Interest earned - external investments	74	74	74	74	74	74	74	74	74	74	74	3 674	4 489	4 687	4 897
Interest earned - outstanding debtors	2 487	2 279	2 279	2 279	2 279	2 279	2 279	2 279	2 279	2 279	2 279	4 571	29 846	31 160	32 562
Dividends received															
Fines, penalties and forfeits	160	160	160	160	160	160	160	160	160	160	160	3 160	4 918	5 134	5 365
Licences and permits													-	-	-
Agency services													-	-	-
Transfers and subsidies			15 075			15 075			15 075			(10 925)	34 300	35 809	37 421
Other revenue	2 087	2 178	2 276	1 878	1 960	2 049						12 610	25 038	26 140	27 316
Gains												9 665	9 665	10 091	10 545
Total Revenue (excluding capital transfers and contributions)	356 948	320 718	316 263	276 942	256 583	268 339	252 739	251 220	262 888	230 779	356 834	470 413	3 619 667	3 778 932	3 948 984
Operating Expenditure By Type	0.10	0.09	0.08	0.08	0.07	0.07	0.07	0.07	0.07	0.07	0.10	0.11			
Employee related costs	35 659	35 659	35 659	35 659	35 659	35 659	35 659	35 659	35 659	35 659	35 659	35 659	427 909	446 737	466 840
Remuneration of Board Members	65	65	65	65	65	65	65	65	65	65	65	65	785	820	857
Debt impairment	(1 815)	(1 815)	(1 815)	(1 815)	(1 815)	(1 815)	(1 815)	(1 815)	(1 815)	(1 815)	(1 815)	(1 815)	(21 778)	(31 630)	(30 541)
Depreciation & asset impairment	6 383	6 383	6 383	6 383	6 383	6 383	6 383	6 383	6 383	6 383	6 383	6 383	76 592	79 962	83 560
Finance charges	20	20	20	20	20	20	20	20	20	20	20	20	241	56	
Bulk purchases - electricity	217 242	195 517	183 374	168 620	155 974	153 866	154 808	153 869	151 761	141 222	219 209	276 954	2 172 416	2 268 002	2 370 062
Inventory consumed	4 387	4 387	4 387	4 387	4 387	4 387	4 387	4 387	4 387	4 387	4 387	4 387	52 645	54 962	57 435
Contracted services	16 958	16 958	16 958	16 958	16 958	16 958	16 958	16 958	16 958	16 958	16 958	16 958	203 502	212 456	222 016
Transfers and subsidies	10 000	10 000	10 000	10 000	10 000	10 000	10 000	10 000	10 000	10 000	10 000	10 000	120 000	120 000	120 000
Other expenditure	8 399	8 399	8 399	8 399	8 399	8 399	8 399	8 399	8 399	8 399	8 399	8 399	100 784	104 458	107 522
Losses															
Total Expenditure	297 298	275 574	263 431	248 677	236 030	233 923	234 865	233 925	231 818	221 279	298 266	357 011	3 133 097	3 255 824	3 397 753

Centlec (Soc) Ltd - Supporting Table SD6 Budgeted monthly cash and revenue/expenditure

Description	Budget Year 2022/23												Medium Term Revenue and Expenditure Framework			
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2022/23	+1 2023/24	+2 2024/25	
R thousands																
Capital expenditure by Asset Class/Sub-class																
Electrical Infrastructure	13 137	13 137	13 137	13 137	13 137	13 137	13 137	13 137	13 137	13 137	13 137	13 137	32 990	177 501	185 311	193 650
Power Plants	227	227	227	227	227	227	227	227	227	227	227	227	227			
HV Substations	266	266	266	266	266	266	266	266	266	266	266	266	266	16 000	16 704	17 456
MV Networks	3 563	3 563	3 563	3 563	3 563	3 563	3 563	3 563	3 563	3 563	3 563	3 563	(1 106)	38 090	39 766	41 555
LV Networks	9 082	9 082	9 082	9 082	9 082	9 082	9 082	9 082	9 082	9 082	9 082	9 082	23 514	123 412	128 842	134 640
Community Assets	2 156	2 156	2 156	2 156	2 156	2 156	2 156	2 156	2 156	2 156	2 156	2 156	27 114	50 830	53 066	55 454
Community Facilities	2 156	2 156	2 156	2 156	2 156	2 156	2 156	2 156	2 156	2 156	2 156	2 156	27 114	50 830	53 066	55 454
Halls													-	-	-	-
Centres	2 156	2 156	2 156	2 156	2 156	2 156	2 156	2 156	2 156	2 156	2 156	2 156	2 156	50 830	53 066	55 454
Other assets	48	48	48	48	48	48	48	48	48	48	48	48	48	574	599	626
Operational Buildings	48	48	48	48	48	48	48	48	48	48	48	48	48	574	599	626
Training Centres	48	48	48	48	48	48	48	48	48	48	48	48	48	574	599	626
Computer Equipment	212	212	212	212	212	212	212	212	212	212	212	212	10 790	13 120	13 697	14 314
Computer Equipment	212	212	212	212	212	212	212	212	212	212	212	212	212	13 120	13 697	14 314
Furniture and Office Equipment	43	43	43	43	43	43	43	43	43	43	43	43	1 778	2 250	2 349	2 455
Furniture and Office Equipment	43	43	43	43	43	43	43	43	43	43	43	43	43	2 250	2 349	2 455
Machinery and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	3 000	3 000	3 132	3 273
Machinery and Equipment													3 000	3 000	3 132	3 273
Transport Assets	2 550	2 550	2 550	2 550	2 550	2 550	2 550	2 550	2 550	2 550	2 550	2 550	(10 100)	17 950	18 740	19 583
Transport Assets	2 550	2 550	2 550	2 550	2 550	2 550	2 550	2 550	2 550	2 550	2 550	2 550	2 550	17 950	18 740	19 583
Total capital expenditure	18 146	18 146	18 146	18 146	18 146	18 146	18 146	18 146	18 146	18 146	18 146	18 146	65 619	265 225	276 895	288 355

Centlec (Soc) Ltd - Supporting Table SD6 Budgeted monthly cash and revenue/expenditure

Description	Budget Year 2022/23												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousands															
CASH FLOW FROM OPERATING ACTIVITIES															
Receipts															
Property rates												-	-	-	-
Service charges	263 356	283 008	239 882	220 581	204 037	201 280	202 513	201 284	198 527	184 740	252 015	709 047	3 160 269	3 299 321	3 447 791
Other revenue	1 579	1 579	1 579	1 579	1 579	1 579	1 579	1 579	1 579	1 579	1 579	1 579	18 950	19 784	20 674
Government - operating	-											-	-	-	-
Government - capital			15 075			15 075			15 075			15 075	60 300	62 953	65 786
Interest	2 118	2 118	2 118	2 118	2 118	2 118	2 118	2 118	2 118	2 118	2 118	2 118	25 412	26 530	27 724
Dividends												-	-	-	-
Payments															
Suppliers and employees	(278 994)	(252 100)	(226 254)	(208 050)	(192 446)	(189 845)	(191 008)	(189 849)	(187 248)	(174 245)	(262 190)	(339 431)	(2 711 570)	(2 822 191)	(2 949 977)
Finance charges	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(217)	(50)	
Dividends paid	(10 000)	(10 000)	(10 000)	(10 000)	(10 000)	(10 000)	(10 000)	(10 000)	(10 000)	(10 000)	(10 000)	(10 000)	(120 000)	(120 000)	(120 000)
Transfers and Grants															
NET CASH FROM/(USED) OPERATING ACTIVITIES	(21 670)	24 587	22 382	6 210	5 270	20 189	5 184	5 114	20 032	4 174	(36 496)	378 369	433 144	468 347	491 938
CASH FLOWS FROM INVESTING ACTIVITIES															
Receipts															
Proceeds on disposal of PPE	27	27	27	27	27	27	27	27	27	27	27	27	329	343	359
Payments															
Capital assets	(24 584)	(24 584)	(24 584)	(24 584)	(24 584)	(24 584)	(24 584)	(24 584)	(24 584)	(24 584)	(24 584)	(24 584)	(295 007)	(307 987)	(321 846)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(24 556)	(24 556)	(24 556)	(24 556)	(24 556)	(24 556)	(24 556)	(24 556)	(24 556)	(24 556)	(24 556)	(24 556)	(294 678)	(307 644)	(321 486)
NET INCREASE/ (DECREASE) IN CASH HELD	(46 426)	31	(2 175)	(18 346)	(19 286)	(4 368)	(19 373)	(19 443)	(4 524)	(20 383)	(61 053)	326 351	111 095	1 658	1 770
Cash/cash equivalents at the year begin:	152 996	106 540	106 571	104 396	86 049	66 763	62 395	43 022	23 580	19 055	(1 327)	(843 338)	(73 327)	37 677	39 335
Cash/cash equivalents at the year end:	106 540	106 571	104 396	86 049	66 763	62 395	43 022	23 580	19 055	(1 327)	(62 380)	(516 987)	37 677	39 335	41 105

11. CAPITAL EXPENDITURE DETAILS

The Supporting Table SD9 provides the details of Capital Expenditure by class and sub-class areas are provided below:

Centlec (Soc) Ltd - Supporting Table SD9 Detailed capital budget					
R thousand	Function	2022/23 Medium Term Revenue & Expenditure Framework			
		Current Year 2021/22 Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Entities:					
<i>List all capital projects grouped by Entity</i>					
	TRAINING & DEVELOPMENT	574	574	599	626
	DIGITAL RADIO SYSTEM	–	3 000	3 132	3 273
	COMPUTER EQUIPMENT (COVID-19)	1 004	–	–	–
	IMPLEM BUSINESS CONT DISASTER RECOV INF	2 800	2 730	2 850	2 978
	UPGRADE & REFURB COMPUTER NETWORK	6 537	5 390	5 627	5 880
	BULK SMART METER INSTALLATION	240	240	250	261
	METER REPLACEMENT PROJECT	15 562	15 000	15 660	16 365
	VENDING BACK OFFICE	–	5 000	5 220	5 455
	ELECTRIFICATION (USDG GRANT)	20 466	20 000	20 880	21 820
	BOTSHABELO:ESTAB OF 132KV CONN(INDU AREA	38	5 000	5 220	5 455
	ELECTRIFICATION INTERNAL PROJECTS	29 394	7 100	7 412	7 746
	EXTENSION AND UPGRADING OF THE 11KV NETW	20 134	5 000	5 220	5 455
	PUBLIC ELECTRICITY CONNECTIONS	13 000	14 300	14 929	15 601
	UPGRADING AND EXTENTION OF LV NETWORK	3 000	3 000	3 132	3 273
	SERVITUDES LAND (INCL INVEST REMUNE REG	600	600	626	655
	INSTALLATION OF PUBLIC LIGHTING	8 000	8 000	8 352	8 728
	INSTALL PREPAID METERS (INDIGENT)	300	500	522	545
	REMEDIAL WORK 132KV SOUTHERN LINES	200	9 000	9 396	9 819
	SHIFTING OF CONNECTION AND REPLACEMENT S	1 005	1 005	1 050	1 097
	REFURBISHMENT OF HIGH MAST LIGHTS	7 030	7 030	7 339	7 669
	REP LOW VOLT DECREPIT 2/4/8 WAY BOXES	508	800	835	873
	REP BRITTLE OVERHEAD CONNECTIONS	–	1 000	1 044	1 091
	S/LIGHTS REPLACE POLE TRNS POLES SECTION	2 077	2 177	2 273	2 375
	PROTECTION TEST UNIT	–	2 000	2 088	2 182
	REPLACEMENT OF 110V BATTERIES	1 558	2 250	2 349	2 455
	REPLACEMENT OF 11KV SWITCHGEARS	1 858	2 250	2 349	2 455
	REPLACEMENT OF 32V BATTERIES	511	2 000	2 088	2 182
	REFUR PROTEC & SCADA SYSTEMS DIST CENTR	789	1 000	1 044	1 091
	TRANSFORMER REPLACE & OTHER RELATED EQUI	9 800	13 000	13 572	14 183
	REP 2 & 4 WAY FIBREGLAS BOX (BOTS % TBAN)	–	–	–	–
	INSTALLATION OF HIGH VOLTAGE TEST EQUIPMENT	–	2 500	2 610	2 727
	REPLACEMENT OF OIL PLANT	200	500	522	545
	REPAIR MMM DIST DIST CENTRE	4 000	12 247	12 786	13 362
	REPAIR VISTA DIST DIST CENTRE	–	30 164	31 491	32 908
	VEHICLES	64 498	17 950	18 740	19 583
	SECURITY EQUIPMENT	3 534	2 250	2 349	2 455
	FURNITURE AND OFFICE EQUIPMENT	515	2 250	2 349	2 455
	OFFICE BUILDING	2 719	8 419	8 789	9 185
	BOTSHABELO-E: ESTABLISHMENT OF NEW 33/11KV,	5 000	8 000	8 352	8 728
	BOTSHABELO: UPGRADING OF SUB T (SECOND	–	8 000	8 352	8 728
	BOTSHABELO: UPGRADING OF SUB W (CIVIL WORK,	10 000	8 000	8 352	8 728
	BLOEMFONTEIN: COALYARD - ESTABLISHMENT OF	–	8 000	8 352	8 728
	BLOEMFONTEIN: NOORDSTAD- UPGRADINGOF	5 000	10 000	10 440	10 910
	INFRASTRUCTURE CATALYST PROJECTS	8 000	8 000	8 352	8 728
	Entity Capital expenditure	250 452	265 225	276 895	289 355

LEGISLATION COMPLIANCE STATUS

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In-Year Reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 87 reporting to the Executive Mayor (within 7 working days) has progressively improved and includes monthly published performance on the municipality's website.

2. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

3. Audit Committee

An Audit Committee has been established and is fully functional.

4. Risk Management

The Risk Management Committee has not been established and a Chief Risk Officer has not been appointed, however this aspect is catered under Internal Audit and Audit and Risk Committee.

5. Service Delivery and Implementation Plan

The detailed 2022/23 SDBIP document is at a draft stage and will be finalised after approval of the 2022/23 MTREF in May 2022 directly aligned and informed by the 2022/23 MTREF.

6. Annual Report

Annual Report is compiled in terms of the MFMA and National Treasury requirements.

QUALITY CERTIFICATION

Prepared By:

Print Name _____
Acting Chief Financial Officer of CENTLEC (SOC) LTD

Signature _____

Date _____

CHIEF EXECUTIVE OFFICER CERTIFICATION

Chief executive officer's certification:

I, Chief Executive Officer of Centlec (SOC) Ltd, hereby certify that the Annual Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the Regulations made under the Act, and that the annual budget and supporting documentation are consistent with the Integrated Development Plan of the Parent Municipality, the service delivery agreement with the Parent Municipality and the Business Plan of the Entity.


Print Name _____
Chief Executive Officer of CENTLEC (SOC) LTD

Signature _____

Date _____

QUALITY CERTIFICATION

Prepared By:

Print Name  S-221 MA

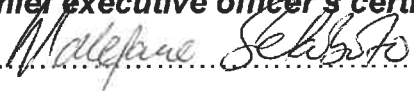
Acting Chief Financial Officer of CENTLEC (SOC) LTD

Signature 

Date 25/05/2022

CHIEF EXECUTIVE OFFICER CERTIFICATION

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I , Chief Executive Officer of Centlec (SOC) Ltd, hereby certify that the Annual Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the Regulations made under the Act, and that the annual budget and supporting documentation are consistent with the Integrated Development Plan of the Parent Municipality, the service delivery agreement with the Parent Municipality and the Business Plan of the Entity.

Print Name 

Chief Executive Officer of CENTLEC (SOC) LTD

Signature 

Date 25/05/2022