



MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2021/22 – 2023/24



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PART 1 – ANNUAL BUDGET

1. CHAIRPERSON'S REPORT

The Consolidated Medium Term Revenue and Expenditure Framework (MTREF) Budget of 2021/22 - 2023/24 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 it's 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 3,236 billion in 2021/22, representing an increase of R 395 million or 12% on that of 2020/21 Adjustment Budget (R 2,840 billion.) The allocation for the two outer years of the MTREF period is R 3,319 billion in 2022/23 and R 3,470 billion in 2023/24.

The Operational Expenditure totals to projected expenditure of R 2,961 billion for 2021/22, representing an increase of R 376 million or 13% increase from that of the 2020/21 Adjustments Budget of (R 2,447 billion). The allocation for the two outer years of the MTREF period is R 2,961 billion in 2022/23 and R 3,121 billion in 2023/24.

The Capital budget of the Entity herewith presented amount to R 38 million for 2021/22, representing increase of R 40 million or 18% from 2020/21 Adjustments Budget of R 179 million. The allocation for the two outer years of the MTREF period is projected at R 143 million in 2022/23 and R 126 million in 2023/24.

The table below illustrates the above:


Details	APPROVED BUDGET 2020/21	ADJUSTMENT BUDGET 2020/21	Growth %	MTREF 2021/22	MTREF 2022/23	MTREF 2023/24
Revenue	2 834 677 263	2 840 622 598	12%	3 236 287 741	3 319 519 984	3 470 132 051
Operating Expenditure	2 445 068 958	2 447 411 143	13%	2 824 290 577	2 961 368 128	3 121 944 002
(Surplus)/Deficit	389 608 305	393 211 455	5%	411 997 164	358 151 856	348 188 049
Gains and Loss	360 201	117 018	-2%	115 042	119 874	125 149
Capital Expenditure	169 725 001	179 285 774	18%	217 751 826	143 462 011	126 391 959
Surplus and or (Deficit)	220 243 505	214 042 699	-10%	194 130 296	214 569 971	221 670 941

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 2021/22 MTREF is prepared within the parameters set by the Parent Municipality including Circular No 108 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 2021/22 budget of the entity is herewith presented to the parent municipality for consideration in terms of MFMA 87 (2).


.....
CHAIRPERSON OF THE BOARD

2. EXECUTIVE SUMMARY

The purpose of the 2021/22 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	Adjustments Budget 2016/17	Adjustment Budget 2017/18	Adjustment Budget 2018/19	Adjustment Budget 2019/20	Approved Budget 2020/21	Adjustment Budget 2020/21
	R'000	R'000	R'000	R'000	R'000	R'000
Integrated National Electrification Programme	8 500 000	20 000 000	15 450 000			
Urban Settlement Development Grant				61 475 301	57 499 976	50 492 049
Public Contributions	23 141 686	6 000 000	10 762 339	11 408 079	11 932 851	11 932 851
Revenue / Surplus (Internal funds)	201 534 699	71 110 329	159 823 019	46 275 441	100 292 174	116 860 874
TOTAL	233 176 385	97 110 329	186 035 358	119 158 821	169 725 001	179 285 774

2. Performance: Budget vs. Actual – Capital Expenditure

Financial Year	Approved Budget	Adjustments Budget	Actual Expenditure	% Spent Adjustments Budget
2012/13	184 767 424	190 485 420	119 255 572	63%
2013/14	156 588 364	262 587 391	224 227 621	85%
2014/15	298 963 243	299 093 299	282 432 554	94%
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%

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 2014/15	Actuals 2015/16	Actuals 2016/17	Actuals 2017/18	Actuals 2018/19	Actuals 2019/20
	R'000	R'000	R'000	R'000	R'000	R'000
IMPLEM BUSINESS CONT DISASTER RECOV INF	495 634	904 442	341 339			
UPGRADE OF CURRENT PABX TO VOIP TELCOMMS	3 703 504	4 664 744				
SERVITUDES LAND (INCL INVEST REMUNE REG WEBSITE)	19 696	167 245	338 509	25 975	75 158	186 280
SCOA IMPLEMENTATION PROJECT	1 006 466					
REPLACEMENT OF OIL PLANT	902 734					
EXTENSION AND UPGRADING OF THE 11KV NETW ELLITE SUBSTATION (AIRPORT NODE)	6 168 462	6 417 588	5 603 912	16 796 159	8 792 618	9 297 519
INSTALL PREPAID METERS (INDIGENT)	878 362	39 743	195 217	58 297	5 515	58 397
ELECTRIFICATION (USDG GRANT)	21 360 913	26 315 711		20 159 955	13 822 419	23 964 187
METER PROJECT	63 633 076	33 236 925	13 295 680	3 197 793	4 129 172	10 019 714
SMART METERS ELECTRICITY	29 014 623	42 691 340	38 137 455			
OFFICE FURNITURE & EQUIPMENTS	2 083 713	544 157	516 140	2 599 437	2 630 857	4 998 015
FICHARDTPARK DC :132KV/11KV	2 277 764		39 384 827			
ELECTRIFICATION CONNECTIONS (INEP)	8 779		5 871 141			
PUBLIC ELECTRICITY CONNECTIONS	11 102 662	15 113 201	24 178 494	8 858 829	9 826 394	9 578 176
COMPUTER EQUIPMENT (COVID-19)						740 144
OFFICE BUILDING	2 120 157	1 226 096	3 814 681	4 627 983	3 455 539	1 728 503
VEHICLES	21 930 563	7 594 437	240 522	-	1 624 433	-
TRAINING AND DEVELOPMENT		256 944	271 178	507 409	7 098 773	187 829
BULK METER REFURBISHMENT				167 600	644 700	553 550
REPLACEMENT LAPTOPS FOR TECHNICIANS (12)						
NEW TEST VEHICLES EQUIPMENT	1 247 352					
TRANSFORMER REPLACEMENT	3 408 929	5 473 818		1 203 897		950 000
S/LIGHTS REPLACE POLE TRNS POLES SECTION					2 207 259	4 852 605
UPGRADING OF RIPPLE CONTROL EQUIPMENT						
INSTALLATION OF PUBLIC LIGHTING		14 325 933	16 201 639	9 792 523	15 010 785	8 929 622
ELECTRIFICATION PROJECTS (INTERNAL)		10 988 609	13 950 362	4 813 335	3 281 215	11 604 446
REPLACEMENT OF DECREPIT LOW VOLTAGE OVER	396 830	85 064				
REPLACEMENT OF BRITTLE OVERHEAD CONNECTION	738 134	780 436		139 513		42 890
REPLACEMENT OF DECREPIT HAMILTON	902 866	1 506 348	531 174			
REPLACEMENT OF DECREPIT 11KV CABLE	1 045 476	2 351 857	1 976 878	39 006		
NETWORK REFURBISHMENTS	21 262 346	3 999 476	8 805 287			
METERING SYSTEM			6 876 960			

Capital Expenditure	Actuals 2014/15	Actuals 2015/16	Actuals 2016/17	Actuals 2017/18	Actuals 2018/19	Actuals 2019/20
CECELIA DC 132KV/11KV 30 MVA	3 480 798	36 501 286	17 931 741			
VANSTRADENSURS PHASE 2 ELECTRIFICATION			2 555 511			
KHAYELITSHA ELECTRIFICATION / PHASE 7	20 746 527					
REPLACEMENT OF 11KV BATTERIES	435 745					
REPLACEMENT OF 110KV BATTERIES					219 770	
REPAIR MMM DIST DIST CENTRE					15 944 845	
REPAIR VISTA DIST DIST CENTRE					1 251 427	2 280 076
REPLACEMENT OF 32V BATTERIES	365 360				3 120	
REPLACEMENT OF 2 & 4 WAY FIBREGLAS BOX IN SECTION H	273 500	166 859		176 374		
REP LOW VOLT DECREPIT 2/4/8 WAY BOXES					354 294	118 751
REMEDIAL WORK 132KV SOUTHERN LINES AND H	8 603 989			2 941 020		
BOTSHABELO: 132KV LINE FROM DC AROUND WESTERN SIDE TO SOUTH OF BOTSHABELO	5 131 380			9 346 983	25 234 677	
MERITING DC: 132KV/11KV CD						
GROENVLEI DC 132/11KV 20 MVA DC	14 045 424	6 933 641				
TIBBIE VISSER 33/11 T1 5MVA	375 076					
BOTSHABELO: 132KV LINES FROM DC AROUND VENDING BACK OFFICE		402 561	7 506 414			
REFURBISHMENT OF HIGH MAST LIGHTS				2 097 321	471 911	4 013 235
UPGRADE AND REFURBISHMENT OF CENTLEC COMPUTER NETWORK	1 406 743	2 009 821		3 157 712	11 449 225	14 053 818
COMMUNICATION AND MARKETING		1 566 233	2 570 239			
SECURITY EQUIPMENT			1 368 429	352 008	2 582 992	
REPLACEMENT OF 11KV SWITCHGEARS FOR MAGISTRATE SUB	575 276			490 100		
SHIFTING OF CONNECTION AND REPLACEMENTS				1 285 179	1 794 997	
132KV NORTHERN RING FROM NOORDSTAD DC TO	14 694 052	5 256 171	1 004 093			
REFUR PROTEC & SCADA SYSTEMS DIST CENTR					658 202	1 990 964
SOLAR FARM GENERATION PLANT					591 000	
TOTAL	282 432 554	242 344 542	213 740 985	118 986 263	178 299 144	110 148 720

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 2019-2020

Centlec (SOC) Ltd Audit Report:

The entity's audit outcome for the 2019/20 financial year was an unqualified audit opinion.

2.2 BUDGET SUMMARY

2.2.1 CONSOLIDATED MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK OUTLOOK: 2021/22 – 2023/24

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 3,236 billion in 2021/22, representing an increase in revenue of R 395 million (12%) on the 2020/21 Adjustments Budget of

R 2,840 billion. The allocation for the outer two years of the MTREF period is R 3,319 billion and R 3,470 billion respectively. Revenue generated from services charges forms a significant part of the revenue basket of the entity. Services charges constitutes 98% (2022/23 - 98%) of the budgeted revenue (excluding capital grants and transfers) and 97% in 2023/24.

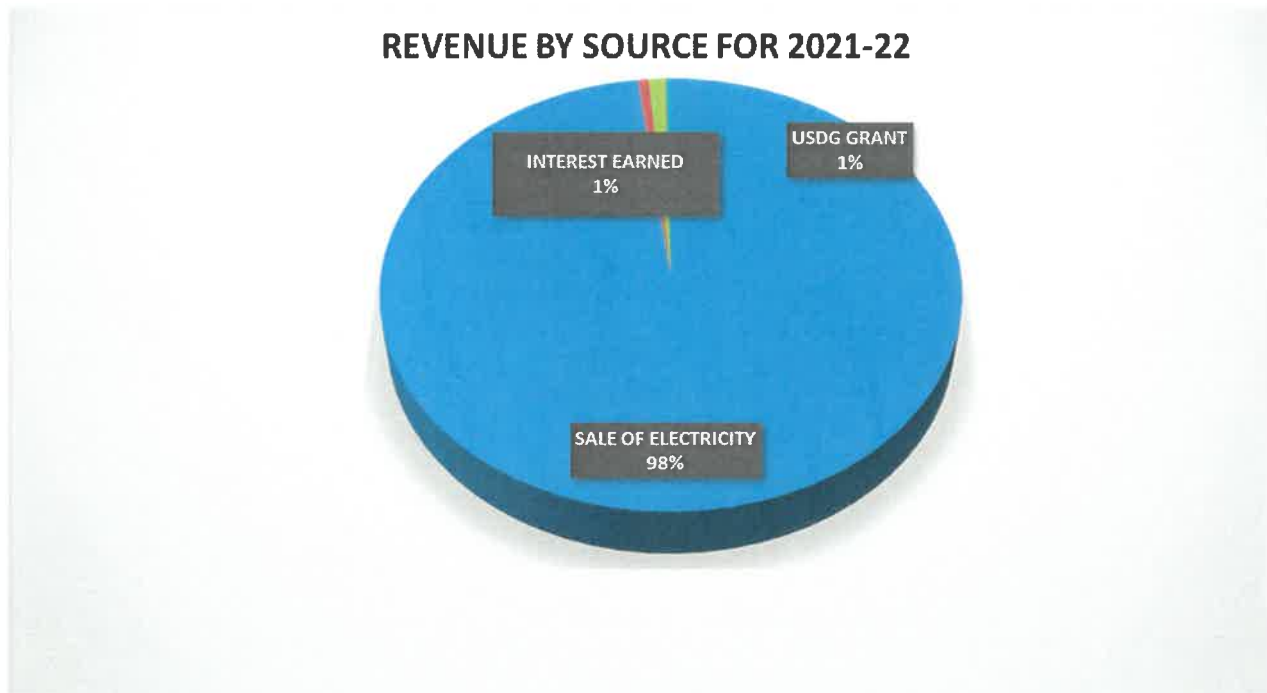
Details of the Revenue by Source are as outlined in the below table:

STATEMENT OF FINANCIAL PERFORMANCE - CENTLEC (ENTITY)					
REVENUE PER SOURCE			MTREF 2021-2024		
	APPROVED BUDGET 2020-21	ADJUSTMENT BUDGET 2020-21	MTREF 2021-22	MTREF 2022-23	MTREF 2023-24
FINES AND PENALTIES	- 6 800 752	- 3 800 752	- 1 829 923	- 1 939 718	- 2 056 101
PUBLIC CONTRIBUTIONS	- 11 932 851	- 11 932 851	- 13 000 000	- 13 417 170	- 13 847 727
URBAN SETTLE DEVELOPMENT GRANT	- 57 499 976	- 50 492 049	- 20 466 030	- 12 724 686	- 18 238 432
SERVICE CHARGES	- 2 719 965 155	- 2 719 965 155	- 3 157 614 425	- 3 238 134 231	- 3 380 612 137
INTEREST EARNED	- 24 064 504	- 30 517 540	- 32 564 090	- 34 517 935	- 41 847 988
INTEREST EARNED OUTSTANDING DEBTORS			- 25 093 802	- 26 599 430	- 33 454 373
OPERATIONAL REVENUE	- 5 045 501	- 5 045 501	- 2 354 567	- 2 495 841	- 2 645 591
OTHER INCOME	- 9 368 524	- 11 475 189	- 8 458 706	- 8 966 229	- 9 504 202
TOTAL INCOME	- 2 834 677 263	- 2 840 622 598	- 3 236 287 741	- 3 312 195 810	- 3 468 752 179

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 2021-2024			
	ADJUSTMENT BUDGET 2020-21	MTREF 2021-22	MTREF 2022-23	MTREF 2023-24
GAINS AND LOSSES	- 117 018	115 042	119 874	125 149
DISPOSAL OF FIXED AND INTANGIBLE ASSETS	- 117 018	115 042	119 874	125 149

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 3,157 in 2021/22, representing an increase in revenue of R 437 million (14%) in 2020/21 Adjustments Budget of R 2,719 billion. The allocation for the outer two years of the MTREF period is R 3,238 billion and R 3,380 billion respectively.

Equitable Share from the Parent Municipality (FBE)

Included in the budgeted revenue of R 3,157 billion, is free basic electricity from the Parent Municipality totalling to R 53 million for 2021/22. The allocations for the 2022/23 and 2023/24 budget years are R 57 million and R 60 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 20,466 million for 2021/22. The allocations for the 2022/23 is R 12,724 and R 18,238 million in 2023/24. The conditional grants allocation anticipating as gazetted, constitutes 0% of the budgeted revenue for the 2021/22 budget year.

B. OPERATING EXPENDITURE

The Municipal Entity's expenditure for the 2021/22 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.

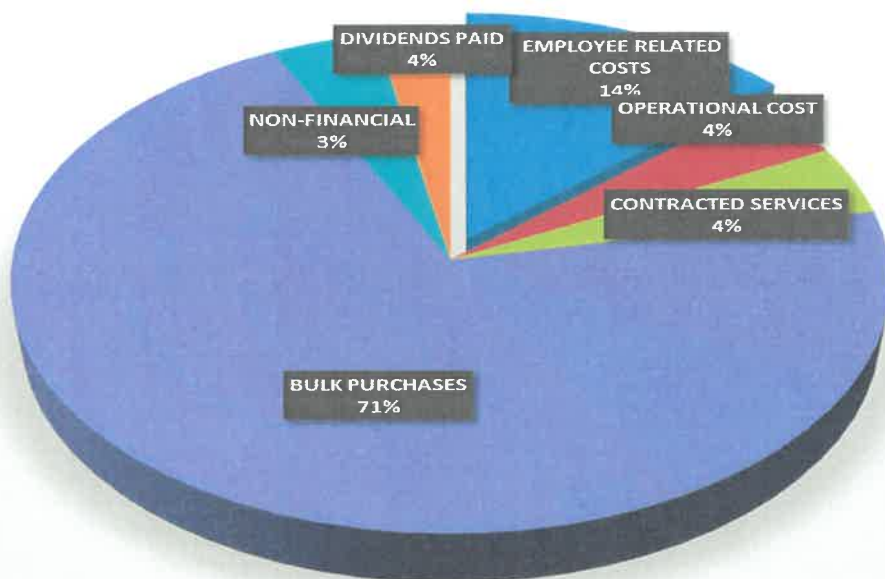
The operating expenditure budget increases from the adjustments budget amount of R 2,447 billion in 2020/21 to a new consolidated budget amount of R 2,824 billion (representing an increase of 13% (R 146 million) in 2021/22. The allocation of the outer two years of the MTREF period is R 2,961 billion and R 3,121 billion respectively.

The following table is a high level summary of the MTREF Budget for 2021/22 to 2023/24 (classified per main type of operating expenditure):

STATEMENT OF FINANCIAL PERFORMANCE - CENTLEC (ENTITY)					
EXPENDITURE PER TYPE	MTREF 2021-2024				
	APPROVED BUDGET 2020-21	ADJUSTMENT BUDGET 2020-21	MTREF 2021-22	MTREF 2022-23	MTREF 2023-24
EMPLOYEE SALARIES AND WAGES	369 359 817	354 175 886	379 701 892	390 333 545	401 262 884
REMUNERATION OF DIRECTORS	1 831 818	1 346 560	982 440	1 023 702	1 068 745
CONTRACTED SERVICES	126 998 812	120 692 646	123 737 066	128 934 022	130 747 120
OPERATIONAL COST	69 862 181	70 688 502	73 543 866	76 926 708	77 969 484
INVENTORY	30 334 813	30 179 580	37 429 990	39 002 050	40 218 140
BULK PURCHASES	1 641 072 238	1 703 353 306	2 002 152 946	2 115 278 758	2 265 103 341
FINANCE LEASES	56 654	56 654	58 864	61 336	64 035
CONTRIBUTION TO MMM	120 000 000	120 000 000	120 000 000	120 000 000	120 000 000
OPERATING LEASES	2 106 776	2 344 339	2 863 937	2 984 222	3 115 528
DEPRECIATION AND AMORTISATION	74 148 250	44 209 836	73 461 277	77 758 441	73 833 239
BAD DEBTS WRITTEN OFF	9 297 599	363 834	10 358 299	9 065 342	8 561 485
TOTAL EXPENDITURE	2 445 068 958	2 447 411 143	2 824 290 577	2 961 368 128	3 121 944 002

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

EXPENDITURE BY TYPE FOR 2021-22



Operating Expenditure Budget – Highlights on major categories:

Salaries, Wages and Allowances:

Personnel costs increase by 2.8%, or R 25 million from the 2020/21 Adjustments Budget of R 354 million to R 379 million in 2021/22. 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 390 million and R 401 million respectively.

Remuneration of Directors:

The budget of this line item is aligned to the Council determination resolution. The 2020/21 Adjustments budget of R 1,347 million to R 982,000 in 2021/22. The allocation for the two outer years of the MTREF period is R 1,023 million and R 1,068 million 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 3 million from the 2020/21 Adjustments Budget of R 73 million to R 76 million in the 2021/22 budget year. The allocation for the two outer years of the MTREF period is R 79 million and R 81 million respectively.

Bulk Purchases:

Bulk purchases increased by 15%, R 298 million against the 2020/21 Adjustments budget of 1,703 billion, to the proposed amount of R 2,002 billion for the 2021/22 budget year. The allocation for the two outer years of the MTREF period is R 2,115 billion and R 2,265 billion respectively. Bulk purchases constitute approximately 85% of the operating expenditure budget for 2021/22. The proposed growth is as per tariffs approved by NERSA.

Contracted Services

Contracted Services increased by R 3 million to R 123 million in the 2021/22 budget year from a base of R 120 million in the 2020/21 Adjustments budget. The allocation for the two outer years of the MTREF period is R 128 million and R 130 million respectively.

Inventory

The budgeted inventory increased by 7 million to an amount of R 37 million for 2021/22 (Adjustments Budget 2020/21 - R 30 million). The allocated amount for the two outer years of the MTREF period is R 39 million and R 40 million respectively.

Operating leases

The budgeted operating leases amount is R 58,864 for 2021/22 (Adjustments Budget 2020/21 - R 56,654 million). The allocated amount for the two outer years of the MTREF period is R 61,336 and R 64,035 respectively.

Depreciation

The budgeted depreciation amount is R 73 million for 2021/22 (Adjustments Budget 2020/21 - R 44 million). The allocated amount for the two outer years of the MTREF period is R 77 million and R 73 million respectively.

Transfer to Bad Debt Reserve

The budget amount for bad debt impairment is R 10 million in 2021/22. The allocated amount for the two outer years of the MTREF period is R 9 million and R 8 million respectively. This figures are conservative and it is management's view that it shall strive to maximize collection under the current economic conditions in order to maintain the required result. Should this position change figures will be adjusted accordingly.

C. CAPITAL BUDGET

The capital budget increased by R 38 million for the 2021/22 financial year to R 217 million as compared to the approved Adjustments Budget of R 179 million for the 2020/21 period. The projected capital expenditure budget for the two outer years of the MTREF period has been set at R 143 million and R 126 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 BY SOURCE	BUDGET 2020/21	ADJUSTMENT BUDGET 2020/21	MTREF 2021/22	MTREF 2022/23	MTREF 2023/24
ELECTRIFICATION (USDG GRANT)	57 499 976	50 492 049	20 466 030	12 724 686	18 238 432
PUBLIC ELECTRICITY CONNECTIONS	11 932 851	11 932 851	13 000 000	13 417 170	13 847 727
INTERNAL PROJECTS	100 291 454	116 860 154	184 285 796	117 320 155	94 305 800
TOTAL	169 724 281	179 285 054	217 751 826	143 462 011	126 391 959

Conditional Grant Funding

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

INTEGRATED NATIONAL ELECTRIFICATION GRANT	BUDGET 2020/21	ADJUSTMENT BUDGET 2020/21	MTREF 2021/2022	MTREF 2022/2023	MTREF 2023/2024
ELECTRIFICATION CONNECTIONS (USDG)	57 499 976	50 492 049	20 466 030	12 724 686	18 238 432
TOTAL	57 499 976	50 492 049	20 466 030	12 724 686	18 238 432

Public Contributions

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

PUBLIC CONNECTIONS	BUDGET 2020/21	ADJUSTMENT BUDGET 2020/21	MTREF 2021/2022	MTREF 2022/2023	MTREF 2023/2024
PUBLIC ELECTRICITY CONNECTIONS	11 932 851	11 932 851	13 000 000	13 417 170	13 847 727
TOTAL	11 932 851	11 932 851	13 000 000	13 417 170	13 847 727

Own Funded Projects

Included in the capital budget are projects to the value of R 184 million for the 2021/22 year. The allocation of the two MTREF period outer years is R 117 million and R 94 million respectively.

Own Funded Projects

INTERNAL PROJECTS:	BUDGET 2020/21	ADJUSTMENT BUDGET 2020/21	MTREF 2021/2022	MTREF 2022/2023	MTREF 2023/2024
UPGRADE & REFURBISHMENT COMPUTER NETWORK	5 381 000	5 381 000	1 537 427	1 601 999	1 672 487
DIGITAL RADIO SYSTEM	1 000 000	1 000 000			
IMPLEM BUSINESS CONT DISASTER RECOVERY INFRASTRUCTURE	3 292 880	3 292 880			
COMPUTER EQUIPMENT (COVID-19)	1 500 000	1 500 000	1 004 297	1 046 478	1 092 523
VEHICLES	5 000 000	20 000 000	30 000 000		
BULK SMART METER INSTALLATIONS	1 227 090	568 700	239 593	249 656	260 641
OFFICE BUILDING	2 214 675	2 214 675	2 718 850	2 770 042	2 825 924
FURNITURE AND OFFICE EQUIPMENT	218 997	218 997	515 100	515 734	516 427
SECURITY EQUIPMENT (CCTV)	2 026 214	2 026 214	1 034 488	1 035 936	1 037 517
TRAINING & DEVELOPMENT	858 964	858 964	574 174	591 989	611 437
INSTALLATION OF PREPAID METERS (INDIGENTS)	61 258	61 258	100 000	103 209	106 521
SERVITUDES AND LAND	581 559	281 559	600 000	619 245	639 126
METER REPLACEMENT PROJECT	10 460 000	12 687 090	10 562 188	10 299 800	10 204 991
INSTALLATION OF PUBLIC LIGHTING	5 000 000	5 000 000	8 000 000	4 256 720	4 521 678
EXTENSION AND UPGRADING OF THE 11KV	5 000 000	2 000 000	5 000 000	5 160 450	5 326 049
SHIFTING OF CONNECTION AND REPLACEMENT SERVICES	597 303	597 303	1 005 275	1 047 497	1 093 587
UPGRADING AND EXTENTION OF LV NETWORK	3 000 000	1 500 000	3 000 000	3 096 270	3 195 629
REFURBISHMENT OF HIGH MAST LIGHTS	6 000 000	3 000 000	7 029 525	4 198 765	4 383 511
BOTSHABELO: ESTABLISHMENT OF 132KV CONNECTION (VAALKRAAL)	5 000 000	5 000 000			
TRANSFORMER REPLACEMENT	5 000 000	5 000 000	10 000 000	3 658 404	3 819 374
BOTSHABELO: ESTABLISHMENT OF 132KV CONNECTION (INDUSTRIAL)	5 000 000	5 000 000	5 000 000	5 160 450	5 326 049
SOLAR FARM GENERATION PLANT	1 000 000	1 000 000			
BOTSHABELO-E: ESTABLISHMENT OF NEW 33/11KV, 10MVA FIRM CAPACITY DC			5 000 000		
BOTSHABELO: UPGRADING OF SUB T (SECOND TRASFORMER, SCADA, METERING, FEEDERS AND ASSOCIATED EQUIPEMNT			8 000 000		
BOTSHABELO: UPGRADING OF SUB W (CIVIL WORK, BUILDING WORK, SECOND TRASFORMER, SCADA, METERING, FEEDERS AND ASSOCIATED EQUIPEMNT			10 000 000	13 000 000	
BLOEMFONTEIN: COALYARD - ESTABLISHMENT OF 33/11KV, 20MVA FIRM SUPPLY DC			10 000 000	6 000 000	3 000 000
BLOEMFONTEIN: NOORDSTAD- UPGRADINGOF 132/11KV, 20MVA FIRM SUPPLY DC			13 000 000	9 000 000	
INFRASTRUCTURE CATALYST PROJECTS			8 000 000		
REP LOW VOLT DECREPIT 2/4/8 WAY BOXES	1 500 000	500 000	508 390	508 742	509 127
REP BRITTLE OVERHEAD CONNECTIONS	750 000	250 000			
REMEDIAL WORK 132KV SOUTHERN LINES	1 000 000	200 000	200 000	280 000	291 200
REPLACEMENT OF 11KV SWITCHGEARS	1 500 000	1 500 000	1 858 403	1 936 456	2 021 860
REPLACEMENT OF OIL PLANT	521 514	421 514			
S/LIGHTS REPLACE POLE TRNS POLES SECTION	3 500 000	1 500 000	2 077 195	2 164 437	2 259 673
REP 2 &4 WAY FIBREGLAS BOX (BOTS % TBAN)	1 000 000				
REPLACEMENT OF 32V BATTERIES	100 000	100 000	110 827	115 481	120 563
REPLACEMENT OF 110V BATTERIES	1 500 000	1 500 000	1 957 553	2 039 770	2 129 520
REPAIRS OF MANGAUNG DISTRIBUTION CENTRE	4 500 000	9 300 000	11 133 919	11 601 544	11 612 012
REPAIRS OF VISTA DISTRIBUTION CENTRE	5 000 000	15 900 000	14 498 158	14 840 788	15 271 793
REFURBISHMENT OF PROTECTION AND SCADA SYSTEMS	3 000 000	500 000	789 241	801 389	814 650
ELECTRIFICATION PROJECTS	7 000 000	7 000 000	9 231 192	9 618 902	9 642 134
TOTAL	100 291 454	116 860 154	184 285 796	117 320 155	94 305 800

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 2020/21	MTREF 2021/2022	MTREF 2022/2023	MTREF 2023/2024
Bloemfontein Central	A	1, 2, 3, 4, 5				
Mangaung South	B	9, 13, 14, 15, 18	1 000 000			
Bloemfontein South	C	6, 7, 10, 11, 12				
Bloemfontein East	D	8, 17, 45, 46, 16 and 47	61 258	100 000	103 209	106 521
Bloemfontein North	E	19, 21, 44 and 48	3 292 880			
Bloemfontein West	F	20, 22, 23, 24, 25 and 26	5 000 000	10 000 000	3 658 404	3 819 374
Botshabelo North	G	27, 28, 29 and 30	3 000 000	7 029 525	4 198 765	4 383 511
Botshabelo East	H	31, 32, 33 and 35				
Bothshabelo 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	166 930 916	200 622 301	135 501 632	118 082 553
Totals			179 285 054	217 751 826	143 462 011	126 391 959

Capital Budget per Ward

CLUSTER	DETAILS OF EXPENDITURE	MTREF 2020-21 TO 2022-24				
		BUDGET	ADJUSTMENT BUDGET 2020/21	MTREF 2021/22	MTREF 2022/23	MTREF 2023/24
	HUMAN RESOURCE MANAGEMENT					
N	TRAINING & DEVELOPMENT	858 964	858 964	574 174	591 989	611 437
	ENGINEERING RETAIL					
N	DIGITAL RADIO SYSTEM	1 000 000	1 000 000			
E	IMPLEM BUSINESS CONT DISASTER RECOV INFRASTRUCTURE	3 292 880	3 292 880			
N	UPGRADE & REFURB COMPUTER NETWORK	5 381 000	5 381 000	1 537 427	1 601 999	1 672 487
N	BULK SMART METER INSTALLATIONS	1 227 090	568 700	239 593	249 656	260 641
N	METER REPLACEMENT PROJECT	10 460 000	12 687 090	10 562 188	10 299 800	10 204 991
N	COMPUTER EQUIPMENT (COVID-19)	1 500 000	1 500 000	1 004 297	1 046 478	1 092 523
	ENGINEERING WIRES					
N	BOTSHABELO: ESTABLISHMENT OF 132KV CONNECTION (INDUSTRIAL)	5 000 000	5 000 000	5 000 000	5 160 450	5 326 049
N	BOTSHABELO: ESTABLISHMENT OF 132KV CONNECTION (VAALKRAAL)	5 000 000	5 000 000			
N	ELECTRIFICATION PROJECTS	7 000 000	7 000 000	9 231 192	9 618 902	9 642 134
N	EXTENSION AND UPGRADING OF THE 11KV	5 000 000	2 000 000	5 000 000	5 160 450	5 326 049
N	UPGRADING AND EXTENTION OF LV NETWORK	3 000 000	1 500 000	3 000 000	3 096 270	3 195 629
N	SERVITUDES AND LAND	581 559	281 559	600 000	619 245	639 126
N	INSTALLATION OF PUBLIC LIGHTING	5 000 000	5 000 000	8 000 000	4 256 720	4 521 678
D	INSTALLATION OF OF PREPAID METERS (INDIGENTS)	61 258	61 258	100 000	103 209	106 521
N	REMEDIAL WORK 132KV SOUTHERN LINES	1 000 000	200 000	200 000	280 000	291 200
N	SHIFTING OF CONNECTION AND REPLACEMENT SERVICES	597 303	597 303	1 005 275	1 047 497	1 093 587
G	REFURBISHMENT OF HIGH MAST LIGHTS	6 000 000	3 000 000	7 029 525	4 198 765	4 383 511
N	REP LOW VOLT DECREPIT 2/4/8 WAY BOXES	1 500 000	500 000	508 390	508 742	509 127
N	REP BRITTLE OVERHEAD CONNECTIONS	750 000	250 000			
F	TRANSFORMER REPLACEMENT	5 000 000	5 000 000	10 000 000	3 658 404	3 819 374
N	REPLACEMENT OF 110V BATTERIES	1 500 000	1 500 000	1 957 553	2 039 770	2 129 520
N	REPLACEMENT OF 11KV SWITCHGEARS	1 500 000	1 500 000	1 858 403	1 936 456	2 021 660
N	REPLACEMENT OF 32V BATTERIES	100 000	100 000	110 827	115 481	120 563
N	REFURBISHMENT OF PROTECTION AND SCADA SYSTEMS	3 000 000	500 000	789 241	801 389	814 650
N	S/LIGHTS REPLACE POLE TRNS POLES SECTION	3 500 000	1 500 000	2 077 195	2 164 437	2 259 673
N	REP 2 & 4 WAY FIBREGLAS BOX (BOTS % TBAN)	1 000 000				
N	REPLACEMENT OF OIL PLANT	521 514	421 514			
N	REPAIRS OF MANGAUNG DISTRIBUTION CENTRE	4 500 000	9 300 000	11 133 919	11 601 544	11 612 012
N	REPAIRS OF VISTA DISTRIBUTION CENTRE	5 000 000	15 900 000	14 498 158	14 840 788	15 271 793
N	BOTSHABELO-E: ESTABLISHMENT OF NEW 33/11KV, 10MVA FIRM CAPACITY DC			5 000 000		
N	BOTSHABELO: UPGRADING OF SUB T (SECOND TRASFORMER, SCADA, METERING, FEEDERS AND ASSOCIATED EQUIPEMNT			8 000 000		
N	BOTSHABELO: UPGRADING OF SUB W (CIVIL WORK, BUILDING WORK, SECOND TRASFORMER, SCADA, METERING, FEEDERS AND ASSOCIATED EQUIPEMNT			10 000 000	13 000 000	
N	BLOEMFONTEIN: COALYARD - ESTABLISHMENT OF 33/11KV, 20MVA FIRM SUPPLY DC			10 000 000	6 000 000	3 000 000
N	BLOEMFONTEIN: NOORDSTAD- UPGRADINGOF 132/11KV, 20MVA FIRM SUPPLY DC			13 000 000	9 000 000	
N	INFRASTRUCTURE CATALYST PROJECTS			8 000 000		
N	ELECTRIFICATION CONNECTIONS (INEP)					
N	ELECTRIFICATION CONNECTIONS (USDG)	57 499 976	50 492 049	20 466 030	12 724 686	18 238 432
N	PUBLIC ELECTRICITY CONNECTIONS	11 932 851	11 932 851	13 000 000	13 417 170	13 847 727
	COMPLIANCE AND PERFORMANCE					
N	VEHICLES	5 000 000	20 000 000	30 000 000		
N	SECURITY EQUIPMENT (CCTV)	2 026 214	2 026 214	1 034 488	1 035 936	1 037 517
N	FURNITURE AND OFFICE EQUIPMENT	218 997	218 997	515 100	515 734	516 427
B	SOLAR FARM GENERATION PLANT	1 000 000	1 000 000			
N	OFFICE BUILDING	2 214 675	2 214 675	2 718 850	2 770 042	2 825 924
	TOTAL CAPITAL BUDGET	169 724 281	179 285 054	217 751 826	143 462 011	126 391 959

D. SUMMARY OF THE BUDGET

The projected financial outcome of this budget at the end of the 2021/22 budget year can be summarized as follows:

- Table D1 Budget Summary

Description	2017/18	2018/19	2019/20	Current Year 2020/21			Medium Term Revenue and Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousands									
Financial Performance									
Property rates									
Service charges	2 193 333	2 392 451	2 567 898	2 724 359	2 719 965	2 719 965	3 157 614	3 238 134	3 380 612
Investment revenue	9 708	4 267	2 938	4 507	5 177	5 177	640	678	719
Transfers recognised - operational	17 507		22 609	57 500	50 492	50 492	20 466	12 725	18 238
Other own revenue	151 836	57 607	37 525	36 739	53 173	53 173	44 568	47 242	55 335
Total Revenue (excluding capital transfers and contributions)	2 372 384	2 454 325	2 630 970	2 823 105	2 828 807	2 828 807	3 223 288	3 298 779	3 454 904
Employee costs	302 451	347 494	370 630	369 360	354 176	354 176	379 702	390 334	401 263
Remuneration of councillors	1 263	406	597	1 832	1 347	1 347	982	1 024	1 069
Depreciation & asset impairment	134 199	135 052	142 487	74 148	44 210	44 210	73 461	77 758	73 833
Finance charges	117	9 340	17 443	57	57	57	59	61	64
Inventory consumed and bulk purchases	1 429 952	1 532 654	1 707 755	1 671 407	1 733 533	1 733 533	2 039 583	2 154 281	2 305 321
Transfers and grants	-			120 000	120 000	120 000	120 000	120 000	120 000
Other expenditure	327 960	416 445	465 185	208 265	194 089	194 089	210 618	218 030	220 519
Total Expenditure	2 195 932	2 441 391	2 704 077	2 445 069	2 447 411	2 447 411	2 824 406	2 961 488	3 122 069
Surplus/(Deficit)	176 452	12 935	(73 107)	378 036	381 396	381 396	398 882	337 291	332 835
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	17 507		22 609	57 500	50 492	50 492	20 466	12 725	18 238
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)	1 707	21 913	16 133	11 933	11 933	11 933	13 000	13 417	13 848
Surplus/(Deficit) after capital transfers & contributions	195 665	34 848	(34 365)	447 468	443 821	443 821	432 348	363 432	364 921
Taxation	46 179								
Surplus/ (Deficit) for the year	149 486	34 848	(34 365)	447 468	443 821	443 821	432 348	363 432	364 921
Capital expenditure & funds sources									
Capital expenditure	117 385	178 299	110 239	169 725	179 286	179 286	217 752	143 462	126 392
Transfers recognised - capital									
Borrowing									
Internally generated funds									
Total sources of capital funds									
Financial position									
Total current assets	888 230	937 402	3 676 233	1 001 771	1 132 535	1 132 535	1 178 969	1 230 644	1 286 232
Total non current assets	4 215 570	4 406 943	8 063 809	4 431 099	8 151 542	8 151 542	8 384 320	8 595 926	8 818 588
Total current liabilities	680 084	1 022 688	5 229 802	698 572	894 318	894 318	930 985	971 948	1 015 686
Total non current liabilities	584 245	687 953	1 504 032	654 341	1 564 542	1 564 542	1 628 688	1 700 351	1 776 866
Community wealth/Equity	3 829 471	3 633 703	5 006 209	4 079 957	6 825 217	6 825 217	7 003 616	7 154 471	7 312 268
Cash flows									
Net cash from (used) operating	123 087	153 685	191 519	216 025	261 648	261 648	115 540	142 936	126 637
Net cash from (used) investing	(13 100)	(157 213)	(95 948)	(164 284)	(172 059)	(172 059)	(211 097)	(139 031)	(122 467)
Net cash from (used) financing	(73 666)	(112 277)	(70 000)	(4 333)	(4 333)	(4 333)			
Cash/cash equivalents at the year end	189 287	73 481	99 053	47 407	184 308	184 308	88 751	92 656	96 825

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 3,236 billion, operating expenditure of R 2,824 billion and capital expenditure of R 217 million for the financial year 2021/22 and allocations for the two projected outer years 2022/23 and 2023/24, 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 2021/22 financial year
- 3 Supply of service tariffs as set out in **(Annexure B)** attached, be noted for approval for the 2021/22 financial year
- 3.4 That the Amendment Policy Register as set out in **(Annexure C)** be noted for approval for the 2021/22 financial year.
- 3.5 That the Training Tariffs as set out in **(Annexure D)** be noted for approval for the 2021/22 financial year.
- 3.6 That the Bulk Purchases as set out in **(Annexure H)** be noted for approval for the 2021/22 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 - Table D2 Budgeted Financial Performance (revenue and expenditure)									
Description	2017/18	2018/19	2019/20	Current Year 2020/21			Medium Term Revenue and Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Revenue by Source									
Property rates									
Service charges - electricity revenue	2 193 333	2 392 451	2 567 898	2 724 359	2 719 965	2 719 965	3 157 614	3 238 134	3 380 612
Interest earned - external investments	9 708	4 267	2 938	4 507	5 177	5 177	640	678	719
Interest earned - outstanding debtors	16 985	30 832	25 405	13 107	25 341	25 341	31 925	33 840	41 129
Dividends received									
Fines, penalties and forfeits	8 780	2 974	1 574	6 801	3 801	3 801	1 830	1 940	2 056
Licences and permits									
Agency services	2 327								
Transfers and subsidies									
Other revenue	123 744	21 925	6 661	16 471	23 914	23 914	10 813	11 482	12 150
Gains		1 876	3 886	360	117	117			
Total Revenue (excluding capital transfers and contributions)	2 354 877	2 454 325	2 608 362	2 765 605	2 778 315	2 778 315	3 202 822	3 286 054	3 436 666
Expenditure By Type									
Employee related costs	302 451	347 494	370 630	369 360	354 176	354 176	379 702	390 334	401 263
Remuneration of councillors	1 263	406	597	1 832	1 347	1 347	982	1 024	1 069
Debt impairment	24 223	(52 208)	87 129	9 298	364	364	10 358	9 085	8 561
Depreciation & asset impairment	134 199	135 052	142 487	74 148	44 210	44 210	73 461	77 758	73 833
Finance charges	117	9 340	17 443	57	57	57	59	61	64
Bulk purchases	1 429 509	1 501 610	1 675 544	1 641 072	1 703 353	1 703 353	2 002 153	2 115 279	2 285 103
Other materials	443	31 043	32 211	30 335	30 180	30 180	37 430	39 002	40 218
Contracted services	170 974	157 052	105 601	126 999	120 693	120 693	123 737	128 934	130 747
Transfers and subsidies				120 000	120 000	120 000	120 000	120 000	120 000
Other expenditure	131 841	306 411	260 689	71 969	73 033	73 033	76 408	79 911	81 085
Losses	911	5 190	11 746	-			115	120	125
Total Expenditure	2 195 932	2 441 391	2 704 077	2 445 069	2 447 411	2 447 411	2 824 406	2 961 488	3 122 069
Surplus/(Deficit)	158 945	12 935	(95 716)	320 536	330 904	330 904	378 416	324 566	314 597
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	17 507		22 609	57 500	50 492	50 492	20 466	12 725	18 238
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private)	1 707	21 913	16 133	11 933	11 933	11 933	13 000	13 417	13 848
Transfers and subsidies - capital (in-kind - all)									
Surplus/(Deficit) after capital transfers & contributions	178 159	34 848	(56 974)	389 969	393 328	393 328	411 882	350 708	346 683
Taxation	46 179								
Surplus/ (Deficit) for the year	131 980	34 848	(56 974)	389 969	393 328	393 328	411 882	350 708	346 683

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.

Table D3 Capital Budget by asset class and funding									
Vote Description	2017/18	2018/19	2019/20	Current Year 2020/21			Medium Term Revenue and Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousands									
Capital expenditure by Asset Class/Sub-class									
Infrastructure	99 163	134 844	86 250	140 758	149 319	149 319	157 649	112 395	94 716
Electrical Infrastructure	99 163	134 844	86 250	140 758	149 319	149 319	157 649	112 395	94 716
Power Plants	58	591		1 000	1 000	1 000	2 719	2 770	2 826
HV Substations	23 087	73 175		9 526	9 526	9 526	3 192	3 356	3 458
HV Switching Station									
HV Transmission Conductors									
MV Substations	490								
MV Switching Stations									
MV Networks	59 063	27 202	24 396	28 349	28 917	28 917	42 758	35 833	20 428
LV Networks	16 465	33 875	61 854	101 883	109 875	109 875	108 980	70 436	68 003
Capital Spares									
Community Assets			4 009	11 715	11 715	11 715	25 872	26 692	27 144
Community Facilities			4 009	11 715	11 715	11 715	25 872	26 692	27 144
Halls									
Centres			4 009	11 715	11 715	11 715	25 872	26 692	27 144
Sport and Recreation Facilities									
Indoor Facilities									
Outdoor Facilities									
Other assets	5 265	20 652	188	859	859	859	574	592	611
Operational Buildings	5 265	20 652	188	859	859	859	574	592	611
Municipal Offices	4 628	20 652							
Training Centres	637		188	859	859	859	574	592	611
Intangible Assets		7 099							
Servitudes									
Licences and Rights		7 099							
Unspecified		7 099							
Computer Equipment	10 313	11 449	14 794	10 175	10 175	10 175	2 542	2 648	2 765
Computer Equipment	10 313	11 449	14 794	10 175	10 175	10 175	2 542	2 648	2 765
Furniture and Office Equipment	2 644	2 631	4 998	219	219	219	515	516	516
Furniture and Office Equipment	2 644	2 631	4 998	219	219	219	515	516	516
Machinery and Equipment				1 000	2 000	2 000			
Machinery and Equipment				1 000	2 000	2 000			
Transport Assets		1 624		5 000	5 000	5 000	30 600	619	639
Transport Assets		1 624		5 000	5 000	5 000	30 600	619	639
Total capital expenditure on assets	117 385	178 299	110 239	169 725	179 286	179 286	217 752	143 462	126 392
Funded by:									
National Government	20 160	13 822	23 964	62 500	50 492	50 492	20 466	12 725	18 238
Provincial Government									
Parent Municipality	8 859	9 826	9 578	11 933	11 933	11 933	13 000	13 417	13 848
District Municipality									
Transfers recognised - capital	29 019	23 649	33 542	74 433	62 425	62 425	33 466	26 142	32 086
Borrowing									
Internally generated funds	89 967	154 650	76 696	95 292	116 860	116 860	184 286	117 320	94 306
Total Capital Funding	118 986	178 299	110 239	169 725	179 285	179 285	217 752	143 462	126 392

Table D4 - Budgeted Financial Position

MTREF 2021/22 – 2023/24

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).

Gentlec (Soc) Ltd - Table D4 Budgeted Financial Position

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousands										
ASSETS										
Current assets										
Cash		81 468	13 556	32 388	61 140	84 119	84 119	87 568	91 421	95 535
Call investment deposits		53 265		5	66 211	1 136	1 136	1 182	1 235	1 290
Consumer debtors		586 442	768 845	866 024	780 621	887 921	887 921	924 326	964 996	1 008 421
Other debtors		275		2 670 040		64 083	64 083	66 710	69 645	72 779
Current portion of long-term receivables		67 030	67 337							
Inventory		99 749	87 664	107 776	93 799	95 276	95 276	99 182	103 546	108 206
Total current assets		888 230	937 402	3 676 233	1 001 771	1 132 535	1 132 535	1 178 969	1 230 844	1 286 232
Non current assets										
Long-term receivables	3	4 566	4 190							
Investments										
Investment property										
Investment in Associate				1 124						
Property, plant and equipment	1	3 809 367	3 851 457	6 684 549	4 090 781	6 806 984	6 806 984	6 985 685	7 137 087	7 295 529
Biological										
Intangible		100 820	96 863	81 638	86 237	99 070	99 070	102 393	105 863	109 488
Other non-current assets		300 817	454 433	1 296 498	254 080	1 245 487	1 245 487	1 296 242	1 352 976	1 413 571
Total non current assets		4 215 570	4 406 943	8 063 809	4 431 099	8 151 542	8 151 542	8 384 320	8 595 926	8 818 588
TOTAL ASSETS		5 103 800	5 344 345	11 740 042	5 432 870	9 284 077	9 284 077	9 563 289	9 826 769	10 104 820
LIABILITIES										
Current liabilities										
Bank overdraft										
Borrowing			20 282		24 257	24 257	24 257	25 252	26 363	27 549
Consumer deposits		114 471	115 053	127 725	100 627	120 279	120 279	125 211	130 720	136 602
Trade and other payables		565 613	855 978	5 066 052	538 824	714 917	714 917	744 229	776 975	811 939
Provisions	3		31 374	36 024	34 864	34 864	34 864	36 293	37 890	39 595
Total current liabilities		680 084	1 022 688	5 229 802	698 572	894 318	894 318	930 985	971 948	1 015 686
Non current liabilities										
Borrowing										
Provisions	3	594 245	687 953	1 504 032	654 341	1 564 542	1 564 542	1 628 688	1 700 351	1 776 866
Total non current liabilities		594 245	687 953	1 504 032	654 341	1 564 542	1 564 542	1 628 688	1 700 351	1 776 866
TOTAL LIABILITIES		1 274 328	1 710 641	6 733 833	1 352 913	2 458 860	2 458 860	2 559 673	2 672 299	2 792 552
NET ASSETS	2	3 829 471	3 633 704	5 006 209	4 079 957	6 825 217	6 825 217	7 003 616	7 154 471	7 312 268
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)		2 369 341	755 147	668 520	1 424 153	1 291 755	1 291 755	1 525 489	1 731 124	1 943 155
Reserves		1 460 130	2 878 556	4 337 689	2 655 803	5 533 462	5 533 462	5 478 128	5 423 346	5 369 113
TOTAL COMMUNITY WEALTH/EQUITY	2	3 829 471	3 633 703	5 006 209	4 079 957	6 825 217	6 825 217	7 003 616	7 154 471	7 312 268

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 - Table D5 Budgeted Cash Flow

Description	2017/18	2018/19	2019/20	Current Year 2020/21			Medium Term Revenue and Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousands									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Properly rates									
Service charges	2 093 533	2 689 649	2 945 112	2 668 052	2 229 886	2 229 886	2 841 853	2 914 321	3 042 551
Other revenue		15 990		13 982	15 106	15 106	11 379	12 062	12 785
Transfers and Subsidies - Operational		4 077							
Transfers and Subsidies - Capital	21 885		3 183	69 433	62 425	62 425	33 466	41 007	42 975
Interest	26 893			17 086	27 466	27 466	29 308	31 066	37 663
Dividends									
Payments									
Suppliers and employees	(2 018 962)	(2 556 031)	(2 755 702)	(2 432 471)	(2 023 178)	(2 023 178)	(2 680 406)	(2 735 458)	(2 889 274)
Finance charges	(62)		(1 073)	(57)	(57)	(57)	(59)	(61)	(64)
Dividends paid				(120 000)	(50 000)	(50 000)	(120 000)	(120 000)	(120 000)
Transfers and Grants									
NET CASH FROM/(USED) OPERATING ACTIVITIES	123 087	153 685	191 519	216 025	261 648	261 648	115 540	142 936	126 637
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	712			349	326	326	122	127	133
Decrease (increase) in non-current receivables	(9 931)								
Decrease (increase) in non-current investments	109 456								
Payments									
Capital assets	(113 338)	(157 213)	(95 948)	(164 633)	(172 386)	(172 386)	(211 219)	(139 158)	(122 600)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(13 100)	(157 213)	(95 948)	(164 284)	(172 059)	(172 059)	(211 097)	(139 031)	(122 467)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans									
Borrowing long term/refinancing									
Increase (decrease) in consumer deposits	(73 666)			(4 333)	(4 333)	(4 333)			
Payments									
Repayment of borrowing		(112 277)	(70 000)						
NET CASH FROM/(USED) FINANCING ACTIVITIES	(73 666)	(112 277)	(70 000)	(4 333)	(4 333)	(4 333)	-	-	-
NET INCREASE/(DECREASE) IN CASH HELD	36 320	(115 805)	25 571	47 407	85 255	85 255	(95 557)	3 905	4 170
Cash/cash equivalents at the year begin:	152 966	189 287	73 481		99 053	99 053	184 308	88 751	92 656
Cash/cash equivalents at the year end:	189 287	73 481	99 053	47 407	184 308	184 308	88 751	92 656	96 825

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

Supporting Table SD1 Measurable performance targets										
Performance target description	Unit of measurement	2017/18	2018/19	2019/20	Current Year 2020/21			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Complete 1550 household connections identified for electrification in the MMM area by 30 June 2020.	Monthly, quarterly progress report and proof of payments				Complete 1550 household connections identified for electrification in the MMM area by 30 June 2021.	Complete 1550 household connections identified for electrification in the MMM area by 30 June 2021.	Complete 1550 household connections identified for electrification in the MMM area by 30 June 2021.	Complete 1550 household connections identified for electrification in the MMM area by 30 June 2022.	Complete 1550 household connections identified for electrification in the MMM area by 30 June 2023.	Complete 1550 household connections identified for electrification in the MMM area by 30 June 2024.
Erection of 23 high mast lights within Mangaung by 30 June 2020	Monthly, quarterly progress report and proof of payments				Erection of 23 high mast lights within Mangaung by 30 June 2021	Erection of 23 high mast lights within Mangaung by 30 June 2021	Erection of 23 high mast lights within Mangaung by 30 June 2021	Erection of 23 high mast lights within Mangaung by 30 June 2022	Erection of 23 high mast lights within Mangaung by 30 June 2023	Erection of 23 high mast lights within Mangaung by 30 June 2024
480 kilometers of 132kV lines inspections based on the maintenance plan from 1 st July 2019 to 30 June 2020.	Monthly, quarterly progress report and proof of payments				480 kilometers of 132kV lines inspections based on the maintenance plan from 1 st July 2020 to 30 June 2021.	480 kilometers of 132kV lines inspections based on the maintenance plan from 1 st July 2020 to 30 June 2021.	480 kilometers of 132kV lines inspections based on the maintenance plan from 1 st July 2020 to 30 June 2021.	480 kilometers of 132kV lines inspections based on the maintenance plan from 1 st July 2020 to 30 June 2022.	480 kilometers of 132kV lines inspections based on the maintenance plan from 1 st July 2021 to 30 June 2023.	480 kilometers of 132kV lines inspections based on the maintenance plan from 1 st July 2022 to 30 June 2024.
346 DC Transformer Inspections based on the maintenance plan to be completed from 1st of July 2018 to 30 June 2019.	Monthly, quarterly progress report and proof of payments				346 DC Transformer Inspections based on the maintenance plan to be completed from 1st of July 2020 to 30 June 2021.	346 DC Transformer Inspections based on the maintenance plan to be completed from 1st of July 2020 to 30 June 2021.	346 DC Transformer Inspections based on the maintenance plan to be completed from 1st of July 2020 to 30 June 2021.	346 DC Transformer Inspections based on the maintenance plan to be completed from 1st of July 2020 to 30 June 2022.	346 DC Transformer Inspections based on the maintenance plan to be completed from 1st of July 2021 to 30 June 2023.	346 DC Transformer Inspections based on the maintenance plan to be completed from 1st of July 2022 to 30 June 2024.
504 Distribution Centre Panels to be tested based on the maintenance plan from 1st of July 2018 to 30 June 2019.	Monthly, quarterly progress report and proof of payments				504 Distribution Centre Panels to be tested based on the maintenance plan from 1st of July 2020 to 30 June 2021.	504 Distribution Centre Panels to be tested based on the maintenance plan from 1st of July 2020 to 30 June 2021.	504 Distribution Centre Panels to be tested based on the maintenance plan from 1st of July 2020 to 30 June 2021.	504 Distribution Centre Panels to be tested based on the maintenance plan from 1st of July 2020 to 30 June 2022.	504 Distribution Centre Panels to be tested based on the maintenance plan from 1st of July 2021 to 30 June 2023.	504 Distribution Centre Panels to be tested based on the maintenance plan from 1st of July 2022 to 30 June 2024.
Unplanned interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 048 by 30 June 2020	Monthly, quarterly progress report and proof of payments				Unplanned interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 048 by 30 June 2021	Unplanned interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 048 by 30 June 2021	Unplanned interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 048 by 30 June 2021	Unplanned interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 048 by 30 June 2021	Unplanned interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 048 by 30 June 2022	Unplanned interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 048 by 30 June 2024
Planned scheduled interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 048 by 30 June 2020.	Monthly, quarterly progress report and proof of payments				Planned scheduled interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 048 by 30 June 2021.	Planned scheduled interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 048 by 30 June 2021.	Planned scheduled interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 048 by 30 June 2021.	Planned scheduled interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 048 by 30 June 2022.	Planned scheduled interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 048 by 30 June 2023.	Planned scheduled interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 048 by 30 June 2024.
Installed capacity of embedded generators on the Municipal Distribution Network	Monthly, quarterly progress report and proof of payments				Installed capacity of embedded generators on the Municipal Distribution Network	Installed capacity of embedded generators on the Municipal Distribution Network	Installed capacity of embedded generators on the Municipal Distribution Network	Installed capacity of embedded generators on the Municipal Distribution Network	Installed capacity of embedded generators on the Municipal Distribution Network	Installed capacity of embedded generators on the Municipal Distribution Network

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.

- Supporting Table SD2 Financial and non-financial indicators										
Description of indicator	Basis of calculation	2017/18	2018/19	2019/20	Current Year 2020/21			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Borrowing Management										
Credit Rating										
Capital Charges to Operating Expenditure	Finance charges & Depreciation / Operating Expenditure	1%	-2%	4%	0%	0%	0%	0%	0%	0%
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	1.31	0.92	0.70	1.43	1.27	1.27	1.27	1.27	1.27
Current Ratio adjusted for debtors	Current assets/current liabilities less debtors > 90 days	1.31	0.92	0.70	1.43	1.27	1.27	1.27	1.27	1.27
Liquidity Ratio	Monetary Assets / Current Liabilities	0.20	0.01	0.01	0.18	0.10	0.10	0.10	0.10	0.10
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)		95.4%	112.4%	114.7%	97.9%	82.0%	82.0%	90.0%	90.0%	90.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	28%	34%	136%	28%	34%	34%	31%	31%	31%
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/T total Provisions									
Other Indicators										
Electricity Distribution Losses (2)	Total Volume Losses (kWh)	155 706 800	144 172 798	127 757 457				121 296 611	115 485 081	110 054 367
	Total Cost of Losses (Rand '000)	137 789 865	138 097 200	138 776 833				137 320 194	136 270 427	136 358 213
	% 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 (kℓ)									
	Total Cost of Losses (Rand '000)									
	% Volume (units purchased and generated less units sold)/units purchased and generated									
Employee costs	Employee costs/T total Revenue - capital revenue	12.8%	14.2%	14.2%	13%	13%	13%	12%	12%	12%
Remuneration	Total remuneration/(T total Revenue - capital revenue)	9.8%	14.2%	14.2%	13.4%	12.8%	12.8%	11.9%	11.6%	11.2%
Repairs & Maintenance	R&M/T total Revenue - capital revenue	0.0%	0.0%	0.0%	0%	0%	0%	0%	0%	0%
Finance charges & Depreciation	FC&D/(T total Revenue - capital revenue)	1.0%	-1.7%	4.0%	0%	0%	0%	0%	0%	0%
Financial viability indicators										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	21.0	34.5	46 083.9	48 862.0	49 086.5	47 198.8	52 217.4	51 316.4	-
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	30%	35.1%	33.7%	29%	33%	33%	29%	30%	30%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	10%	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1

c. Supporting Table SD3: Budgeted Investment Portfolio

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

- 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	Interest to be realised	Closing Balance
Name of institution & investment ID	Yrs/Months								
ABSA - 1 Day Account	February 2013	Call Account	No	Variable Interest Rate	6.2%	n/a	4 507	981	5 487
							4 507		5 487

PROPOSED TARIFFS**Electricity Tariffs**

It is recommended:

- i. That Centlec electricity tariffs be increased by 14.59% for 2021/22 financial year,
- ii. That, the new electricity tariffs for 2021/22 be applicable from the consumer month of 1 July 2021;
- 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 2021/22 financial year be approved;
- ii. That, the service Tariffs for 2021/22 be implemented from the 1 July 2021.

ANNEXURE C**Policies**

It is recommended:

- i. That, the amendments of the policies as set out in Annexure C for the 2021/22 financial year be approved;
- ii. That, the newly approved policies for 2021/22 be implemented from the 1 July 2021.

ANNEXURE D**Training Tariffs**

It is recommended:

- i. That, the training tariffs as set out in Annexure D for the 2021/22 financial year be approved;
- ii. That, the training tariffs for 2021/22 be implemented from the 1 July 2021.

Bulk Purchases

It is recommended:

- i. That, the Bulk purchases tariffs as set out in Annexure H for the 2021/22 financial year be approved;
- ii. That, the Bulk Purchases tariffs for 2021/22 be implemented from the 1 July 2021.

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 30 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:

The following Budget Process Plan was approved by the Board of Directors

CENTLEC BUDGET PROCESS PLAN FOR THE REVIEW/BUDGET 2020-21

BUDGET PHASES AND PERFORMANCE REPORTING	ACTIVITY	PLANNED DATES	FACILITATION
PREPARATION PHASE	Centlec - Budget Office start with preparation of budget framework in terms of NT Circulars and MMM parameters for the MTREF 2021/22 to 2023/24	2-Nov-20	Office of the CFO
	Centlec - User Departments to start preparing departmental adjustment budget aligning with the budget framework issued by Budget Office	09 November to 04 December 2020	User Departments
	Centlec - Adjustment Budget 2020/21 to be considered by EXCO	14-Dec-20	Office of the Company Secretary
	Centlec - MTREF Budget 2021/2024 to be considered by EXCO	14-Dec-20	Office of the Company Secretary
	Centlec - EXCO to consider the (MTREF 2021/22 to 2023/24 Budget Pack, Adjustment Budgets 2020/21, Mid Year Budget, Performance Assessment Report Section 88 as at 31 December 2020) including 2nd Quarter Reports, Policies & Business Plan	6-Jan-21	Office of the Company Secretary
	Centlec - Finance Committee to consider the (MTREF 2021/22 to 2023/24 Budget Pack, Adjustment Budget 2020/21, Mid Year Budget, Performance Assessment Report Section 88 as at 31 December 2020) including 2nd Quarter Reports, Policies & Business Plan	11-Jan-21	Office of the CFO
	Centlec - Board Sitting to consider the 1st Draft for the Adjustment Budget for 2020/21 and 1st Draft MTREF 2021/22 to 2023/24 budget pack, Mid Year Budget, Performance Assessment Report Section 88 as at 31 December 2020) including 2nd Quarter Reports, Policies & Business Plan for submission to MMM	15-Jan-21	Office of the Company Secretary
	Centlec - Submission of Adjustment Budget for 2020/21 and 1st Draft MTREF 2021/22 to 2023/24 budget pack, Mid Year Budget, Performance Assessment Report, Section 88 as at 31 December 2020) including 2nd Quarter Reports, Policies & Business Plan for submission to the MMM	20-Jan-21	Office of the CFO

Centlec - Review tariffs from Nersa & budget related policies	08 to 12 Feb 2021	User Departments
MMM - provides Centlec with comments on the Adjustment budget 2020/21	12-Feb-21	MMM
Centlec - Draft MTREF 2021/22 to 2023/24 budget pack with all Annexures	15-Feb-21	User Departments
Centlec - Revised Adjustment Budget 2020/21, Draft MTREF 2021/22 to 2023/24; Business Plan, SDBIP 2021/22, Budget Related Policies 2021/22 presented to EXCO	17-Feb-21	Office of the Company Secretary
Centlec - Revised Adjustment Budget 2020/21, Draft MTREF 2021/22 to 2023/24; Business Plan, SDBIP 2021/22, Budget Related Policies 2021/22 presented to the Finance Committee	19-Feb-21	Office of the CFO
Centlec - Revised Adjustment Budget 2020/21, Draft MTREF 2021/22 to 2023/24; Business Plan, SDBIP 2021/22, Budget Related Policies 2021/22 presented to the Board	22-Feb-21	Office of the Company Secretary

Centlec - Submit the revised Adjustment Budget 2020/21, Draft MTREF 2021/22 to 2023/24; Business Plan, SDBIP 2021/22, Budget Related Policies 2021/22 to MMM	23-Feb-21	Office of the CFO
MMM - Council approves the Adjustment Budget 2020/20	26-Feb-21	MMM
MMM - provides Centlec with comments on Draft Business Plan and MTREF budget 2020-21 to 2022/2024	2-Mar-21	MMM
Centlec - Submit the revised 2nd draft MTREF 2020/20 to 2021/22 budget pack including MMM comments to EXCO to consider for submission to Finance Committee	4-Mar-21	Office of the Company Secretary
Centlec - Submit the revised 2nd draft MTREF 2020/20 to 2021/22 budget pack including MMM comments to the Finance Committee	12-Mar-21	Office of the CFO
Centlec - Board to consider and approve the MTREF 2021/22 to 2023/24 budget pack for submission to MMM (Special Sitting)	17-Mar-21	Office of the Company Secretary
Centlec - Submission of the MTREF 2021/22 to 2023/24 budget pack and resolutions to the Parent Municipality (100 days before start of the new financial year)	23-Mar-21	Office of the CFO
MMM - Tabling of the Draft including proposed revisions and MTREF Budget and related resolutions MMM and Centlec	30-Mar-21	MMM
Centlec & MMM - Public participation process including hearings on Draft IDP and MTREF Budgets	08 Apr -21 Apr 2021	MMM & CENTLEC
Centlec - Submission of 3rd quarter reports for the period ending 31 March 2020 on the implementation of the budget and financial state of affairs of the entity to EXCO for consideration on submission to Finance Committee	8-Apr-20	Office of the Company Secretary

Centlec - Submission of 3 rd quarter reports for the period ending 31 March 2021 on the implementation of the budget and financial state of affairs of the entity to the Finance Committee	22-Apr-21	Office of the CFO (Financial Information) / Office of the CEO (Non-Financial Performance)
MMM - Budget Steering Committee meeting to review progress on the IDP and Budget	23-Apr-21	MMM
Centlec - Board sitting to consider 3rd Quarter Reports	26-Apr-21	Office of the Company Secretary
Centlec - Submit the Final MTREF Budget pack for 2021/22 to 2023/24 after the Public Participation to EXCO for consideration	7-May-21	Office of the Company Secretary
MMM - IDP Budget Lekgotla	11-May-21	MMM
Centlec - Submit the Final MTREF 2021/22 to 2023/24 budget pack after the Public Participation to the Finance Committee	10-May-21	Office of the CFO
Centlec - Board Sitting to consider changes after Public Participation and approve the final MTREF for 2021/22 to 2023/24 budget pack (Special Sitting) 30 days before the start of new financial year	17-May-21	Office of the Company Secretary
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.	24-May-21	MMM
Centlec - Publication of approved MTREF 2021/22 to 2022/24 Budget Pack on the website .	3-Jun-21	Office of the CFO

Centlec - Submission of the 4 th quarter reports for the period ending 30 June 2021 on the implementation of the budget and financial state of affairs of the municipality to EXCO to consider submission to Finance Committee	9-Jul-21	Office of the Company Secretary
Centlec - Submission of the 4 th quarter reports for the period ending 30 June 2020 on the implementation of the budget and financial state of affairs of the municipality to the Finance Committee	20-Jul-21	Office of the CFO (Financial Information) / Office of the CEO (Non-Financial Performance)
Centlec - Board sitting to consider 4th Quarter Reports	27-Jul-21	Office of the CFO
Centlec - Budget Process Plan 2021/22 submission to the Board for approval	24-Aug-21	Office of the CFO
MMM - Tabling of the IDP and Budget Process Plan for 2021/2022 financial year to Council	31-Aug-21	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 2019-20 year and shall be subjected for review during this budget process:

- Asset Management Policy
- SCM Policy
- Bad Debts Policy
- Banking & Investments Policy
- Connection & Disconnection
- Estimation Policy
- Revenue Policy
- Credit Control & Debt Collection 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 Policies 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 2020-21 year (Annexure C):

- Bad Debts Policy
- Connection & Disconnection
- Credit Control & Debt Collection Policy
- Supply Chain Policy
- Assets Management Policy
- Virement Policy
- Banking & Investments Policy
- Connection 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 2020. 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 2020/21 Adjustment Budget projections.
- The outcome of the proposed tariff increase by NERSA.
- Consider National Treasury Budget Circular No 107.

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

MFMA CIRCULAR 108 & NERSA			
PARAMETERS	2021/22	2022/23	2023/24
CPI inflation	3.9%	4.2%	4.4%
Revenue	3.9%	4.2%	4.4%
Service Charges	14.59%	4.2%	4.4%
Expenditure	3.9%	4.2%	4.4%
Bulk Purchases	17.80%	8.9%	8.9%

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 71% of the entity's operational budget. The revenue from the sale of electricity represents more than 95% 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 97% 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;

- 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	Interest to be realised	Closing Balance
Name of institution & investment ID	Yrs/Months								
ABSA - 1 Day Account	February 2013	Call Account	No	Variable Interest Rate	6.2%	n/a	4 507	981	5 487
							4 507		5 487

(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	20,160	13,822	23,964	62,500	57,500	57,500	57,500	24,869	27,214
Provincial Government									
Parent Municipality	8,859	9,826	9,578	11,933	11,933	11,933	12,422	12,969	13,552
District Municipality									
Transfers recognised - capital	29,019	23,649	33,542	74,433	69,433	69,433	69,922	37,837	40,766
Borrowing									
Internally generated funds	89,967	154,650	76,696	95,292	108,284	108,284	121,002	128,639	135,263
Total Capital Funding	118,986	178,299	110,239	169,725	177,717	177,717	190,924	166,477	176,029

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:

- Supporting Table SD4 Board member allowances and staff benefits									
Summary of Employee and Board Member remuneration	2017/18	2018/19	2019/20	Current Year 2020/21			Medium Term Revenue and Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year	Budget Year +1	Budget Year +2 2023/24
R thousands	A	B	C	D	E	F	G	H	I
Remuneration									
Board Members of Entities									
Basic Salaries and Wages	1 051	406	597	1 832	1 347	1 347	982	1 024	1 069
Pension and UIF Contributions									
Medical Aid Contributions									
Overtime									
Performance Bonus									
Motor Vehicle Allowance									
Cellphone Allowance									
Housing Allowances									
Other benefits and allowances									
Board Fees									
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations									
Sub Total - Board Members of Entities	1 051	406	597	1 832	1 347	1 347	982	1 024	1 069
% increase									
Senior Managers of Entities									
Basic Salaries and Wages	26 307	3 284	3 474	12 953	12 953	12 953	10 815	11 118	11 429
Pension and UIF Contributions	1 865	4	4	456	456	456	468	481	495
Medical Aid Contributions	1 310	43	43	116	116	116	120	123	126
Overtime									
Performance Bonus									
Motor Vehicle Allowance	1 137			539	539	539	554	570	586
Cellphone Allowance	112	24	24	129	129	129	132	136	140
Housing Allowances									
Other benefits and allowances	291								
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations									
Sub Total - Senior Managers of Entities	31 022	3 354	3 544	14 192	14 192	14 192	12 090	12 428	12 776
% increase									
Other Staff of Entities									
Basic Salaries and Wages	166 841	196 588	217 254	211 224	167 141	167 141	212 769	212 769	212 769
Pension and UIF Contributions	9 364	34 345	37 158	34 000	37 502	37 502	39 860	39 860	39 860
Medical Aid Contributions	4 994	18 515	21 144	31 453	21 785	21 785	22 312	22 937	23 579
Overtime	7 737	20 452	22 014	18 328	22 108	22 108	46 839	46 839	46 839
Performance Bonus		815	817	876	798	798	18 782	19 308	19 848
Motor Vehicle Allowance	8 185	1 129	1 345	1 357	29 501	29 501	22 613	22 613	22 613
Cellphone Allowance	327	29 219	1 674	1 758	1 466	1 466	866	890	915
Housing Allowances	337	15 491	16 481	15 666	15 666	15 666	1 519	1 562	1 606
Other benefits and allowances	944	27 584	49 200	40 505	44 015	44 015	2 052	2 052	2 052
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations									
Sub Total - Other Staff of Entities	198 729	344 140	367 086	355 167	339 984	339 984	367 612	368 630	370 081
% increase									
Total Municipal Entities remuneration	230 801	347 900	371 227	371 192	355 522	355 522	380 684	382 282	383 926

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

- Supporting Table SD5 Summary of personnel numbers									
Summary of Personnel Numbers	2019/20			Current Year 2020/21			Budget Year 2021/22		
	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	8	5		5	4		5	4	
Municipal entity employees									
CEO and Senior Managers	7	6		7		7	7		7
Other Managers		45			45			45	
Professionals		28			254		-	254	-
Finance		28			75			75	
Spatial/town planning									
Information Technology					12			12	
Roads									
Electricity					167			167	
Water									
Sanitation									
Refuse									
Other		316							
Technicians		174			282		-	282	-
Finance									
Spatial/town planning									
Information Technology		15							
Roads									
Electricity		159			282			282	
Water									
Sanitation									
Refuse									
Other		64			64			64	
Clerks (Clerical and administrative)		34			34			34	
Service and sales workers									
Skilled agricultural and fishery workers									
Craft and related trades									
Plant and Machine Operators									
Elementary Occupations									
Total Personnel Numbers	15	672		12	683	7	12	683	7
% Increase		4 380.0%	(100.0%)				-	5 591.7%	(99.0%)
Total entity employees headcount									
Finance personnel headcount									
Human Resources personnel headcount									

9. CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

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:

Supporting Table SD6 Budgeted monthly cash and revenue/expenditure															
Description	Budget Year 2021/22												Medium Term Revenue and Expenditure Framework		
	July	August	Sept	October	November	December	January	February	March	April	May	June	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousands															
Operating Revenue By Source															
Service charges - electricity revenue	355 499	335 270	321 358	247 682	235 343	238 131	232 398	227 582	241 240	236 249	236 355	230 558	3 157 614	3 238 134	3 380 612
Interest earned - external investments	53	53	53	53	53	53	53	53	53	53	53	53	640	678	719
Interest earned - outstanding debtors	2 680	2 680	2 680	2 680	2 680	2 680	2 680	2 680	2 680	2 680	2 680	2 680	31 525	33 840	41 129
Fines, penalties and forfeits	152	152	152	152	152	152	152	152	152	152	152	152	1 830	1 940	2 068
Other revenue	901	901	901	901	901	901	901	901	901	901	901	901	10 813	11 462	12 150
Gains															
Total Revenue (excluding capital transfers and contributions)	359 285	339 038	333 492	251 429	239 110	250 264	236 165	231 329	253 373	240 016	240 122	262 692	3 236 288	3 312 196	3 480 752
Operating Expenditure By Type															
Employee related costs	31 642	31 642	31 642	31 642	31 642	31 642	31 642	31 642	31 642	31 642	31 642	31 642	379 702	390 334	401 263
Remuneration of Board Members	82	82	82	82	82	82	82	82	82	82	82	82	982	1 024	1 069
Debt impairment	863	863	863	863	863	863	863	863	863	863	863	863	10 358	9 065	8 561
Depreciation & asset impairment	6 122	6 122	6 122	6 122	6 122	6 122	6 122	6 122	6 122	6 122	6 122	6 122	73 461	77 758	73 833
Finance charges	5	5	5	5	5	5	5	5	5	5	5	5	59	61	64
Bulk purchases - electricity	166 846	166 846	166 846	166 846	166 846	166 846	166 846	166 846	166 846	166 846	166 846	166 846	2 002 153	2 115 279	2 285 103
Inventory consumed	3 119	3 119	3 119	3 119	3 119	3 119	3 119	3 119	3 119	3 119	3 119	3 119	37 430	39 002	40 216
Contracted services	10 311	10 311	10 311	10 311	10 311	10 311	10 311	10 311	10 311	10 311	10 311	10 311	123 737	128 934	130 747
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	6 367	6 367	6 367	6 367	6 367	6 367	6 367	6 367	6 367	6 367	6 367	6 367	76 408	79 911	81 085
Total Expenditure	235 367	235 367	235 367	235 367	235 367	235 367	235 367	235 367	235 367	235 367	235 367	235 367	2 824 406	2 961 488	3 122 688
Capital expenditure by Asset Class/Sub-class															
Infrastructure															
Power Plants	227	227	227	227	227	227	227	227	227	227	227	227	2 719	2 770	2 826
HV Substations	266	266	266	266	266	266	266	266	266	266	266	266	3 192	3 356	3 458
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	108 980	70 456	68 003
	2 156	2 156	2 156	2 156	2 156	2 156	2 156	2 156	2 156	2 156	2 156	2 156	25 872	26 692	27 144
Computer Equipment	43	43	43	43	43	43	43	43	43	43	43	43	515	516	515
Machinery and Equipment	2 550	2 550	2 550	2 550	2 550	2 550	2 550	2 550	2 550	2 550	2 550	2 550	30 600	619	639
Total capital expenditure															

• Supporting Table SD6 Budgeted monthly cash and revenue/expenditure

Description	Budget Year 2021/22												Medium Term Revenue and Expenditure Framework		
	July	August	Sept	October	November	December	January	February	March	April	May	June	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
CASH FLOW FROM OPERATING ACTIVITIES															
Receipts	311 427	283 000	230 982	220 581	204 037	201 280	202 513	201 284	198 527	184 740	252 015	342 539	2 941 853	2 914 321	3 042 551
Property rates	948	948	948	948	948	948	948	948	948	948	948	948	11 373	12 052	12 785
Service charges															
Other revenue			8 367			8 367			8 367			8 367	33 456	41 017	42 975
Government - operating	2 442	2 442	2 442	2 442	2 442	2 442	2 442	2 442	2 442	2 442	2 442	2 442	29 308	31 096	37 663
Government - capital															
Interest															
Dividends	(278 904)	(252 100)	(228 254)	(208 650)	(192 446)	(189 845)	(191 038)	(189 845)	(187 248)	(174 245)	(282 130)	(308 267)	(2 680 405)	(2 735 458)	(2 888 274)
Payments	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(59)	(61)	(64)
Suppliers and employees	(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)
Finance charges															
Dividends paid	25 998	24 294	15 380	5 917	4 977	13 187	4 880	4 821	13 031	3 881	(38 789)	38 044	115 540	142 936	126 637
Transfers and Grants															
NET CASH FROM (USED) OPERATING ACTIVITIES															
CASH FLOWS FROM INVESTING ACTIVITIES															
Receipts															
Proceeds on disposal of PPE	10	10	10	10	10	10	10	10	10	10	10	10	122	127	133
Capital assets	(17 602)	(17 602)	(17 602)	(17 602)	(17 602)	(17 602)	(17 602)	(17 602)	(17 602)	(17 602)	(17 602)	(17 602)	(211 219)	(139 158)	(122 600)
NET CASH FROM (USED) INVESTING ACTIVITIES	(17 591)	(17 591)	(17 591)	(17 591)	(17 591)	(17 591)	(17 591)	(17 591)	(17 591)	(17 591)	(17 591)	(17 591)	(211 097)	(139 031)	(122 467)
NET INCREASE/ (DECREASE) IN CASH HELD	8 317	6 708	(2 212)	(11 679)	(12 614)	(4 405)	(12 701)	(12 771)	(4 561)	(13 711)	(54 381)	18 452	(95 657)	3 906	4 170
Cash/cash equivalents at the year begin:	152 966	161 283	157 996	165 774	154 100	141 485	137 081	124 380	111 609	107 048	93 337	(1 332 742)	184 308	88 751	92 656
Cash/cash equivalents at the year end:	161 283	167 996	165 774	154 100	141 485	137 081	124 380	111 609	107 048	93 337	38 957	(1 314 290)	88 751	92 656	96 826

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	2021/22 Medium Term Revenue & Expenditure Framework			
		Current Year 2020/21 Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Entities:					
<i>List all capital projects grouped by Entity</i>					
TRAINING & DEVELOPMENT		519	574	592	611
COMPUTER EQUIPMENT (COVID-19)		-	1 004	1 046	1 093
IMPLEM BUSINESS CONT DISASTER RECOV INF		1 990	-	-	-
UPGRADE & REFURB COMPUTER NETWORK		3 253	1 537	1 602	1 672
METER REPLACEMENT PROJECT		8 549	10 562	10 300	10 205
ELECTRIFICATION (USDG GRANT)		50 492	20 466	12 725	18 238
BOTSHABELO:ESTAB OF 132KV CONN(INDU AREA		15 110	5 000	5 160	5 326
BOTSHABELO:ESTABLI OF 132KV CONN(VAALKRA		-	-	-	-
ELECTRIFICATION INTERNAL PROJECTS		8 851	9 231	9 619	9 642
EXTENSION AND UPGRADING OF THE 11KV NETW		3 022	5 000	5 160	5 326
PUBLIC ELECTRICITY CONNECTIONS		11 933	13 000	13 417	13 848
UPGRADING AND EXTENTION OF LV NETWORK		1 813	3 000	3 096	3 196
SERVITUDES LAND (INCL INVEST REMUNE REG		351	600	619	639
INSTALLATION OF PUBLIC LIGHTING		6 027	8 000	4 257	4 522
INSTALL PREPAID METERS (INDIGENT)		37	100	103	107
REMEDIAL WORK 132KV SOUTHERN LINES		604	200	280	291
SHIFTING OF CONNECTION AND REPLACEMENT S		361	1 005	1 047	1 094
REFURBISHMENT OF HIGH MAST LIGHTS		3 626	7 030	4 199	4 384
REP LOW VOLT DECREPIT 2/4/8 WAY BOXES		907	508	509	509
REP BRITTLE OVERHEAD CONNECTIONS		453	-	-	-
S/LIGHTS REPLACE POLE TRNS POLES SECTION		2 115	2 077	2 164	2 260
REPLACEMENT OF 110V BATTERIES		907	1 958	2 040	2 130
REPLACEMENT OF 11KV SWITCHGEARS		907	1 858	1 936	2 022
REPLACEMENT OF 32V BATTERIES		60	111	115	121
REFUR PROTEC & SCADA SYSTEMS DIST CENTR		3 022	789	801	815
TRANSFORMER REPLACE & OTHER RELATED EQUI		3 022	10 000	3 658	3 819
REP 2 & 4 WAY FIBREGLAS BOX (BOTS % TBAN)		604	-	-	-
REPLACEMENT OF OIL PLANT		315	-	-	-
REPAIR MMM DIST DIST CENTRE		11 786	11 134	11 602	11 612
REPAIR VISTA DIST DIST CENTRE		12 088	14 498	14 841	15 272
VEHICLES		21 072	30 000	-	-
SECURITY EQUIPMENT		1 225	1 034	1 036	1 038
FURNITURE AND OFFICE EQUIPMENT		132	515	516	516
SOLAR FARM GENERATION PLANT		1 813	-	-	-
OFFICE BUILDING		1 339	2 719	2 770	2 826
BULK SMART METER INSTALLATION			240	250	261
BOTSHABELO-E: ESTABLISHMENT OF NEW 33/11KV, 10MVA FIRM CAPACITY DC			5 000	-	-
BOTSHABELO: UPGRADING OF SUB T (SECOND TRANSFORMER, SCADA, METERING, FEEDERS AND ASSOCIATED			8 000	-	-
BOTSHABELO: UPGRADING OF SUB W (CIVIL WORK, BUILDING WORK, SECOND TRASFORMER, SCADA, METERING			10 000	13 000	-
BLOEMFONTEIN: COALYARD - ESTABLISHMENT OF 33/11KV, 20MVA FIRM SUPPLY DC			10 000	6 000	3 000
BLOEMFONTEIN: NOORDSTAD- UPGRADINGOF 132/11KV, 20MVA FIRM SUPPLY DC			13 000	9 000	-
INFRASTRUCTURE CATALYST PROJECTS			8 000	-	-
Entity Capital expenditure		178 306	217 752	143 462	126 392

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 2021/22 SDBIP document is at a draft stage and will be finalised after approval of the 2021/22 MTREF in May 2021 directly aligned and informed by the 2021/22 MTREF.


6. Annual Report

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

QUALITY CERTIFICATION

Prepared By:

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

Signature 

Date 27/05/2021

CHIEF EXECUTIVE OFFICER CERTIFICATION

Chief executive officer's certification:

I Melanie Sepeto, 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 Melanie Sepeto
Chief Executive Officer of CENTLEC (SOC) LTD

Signature 

Date 27/05/2021