



# MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2024/25 – 2026/27



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# LIST OF ACRONYMS

ESKOM	Electricity Supply Commission
NERSA	National Energy Regulator of South Africa
MTREF	Medium Term Revenue and Expenditure Framework
AGSA	Auditor-General of South Africa
mSCOA	Municipal Standard Chart of Accounts
IDP	Individual Development Plan
MMM	Mangaung Metropolitan Municipality

## **PART 1 – ANNUAL BUDGET**

### **1. CHAIRPERSON'S REPORT**

A budget within any organisation reflects the choices and decisions assembled as a monitoring tool to achieve its strategic, economic and development objectives. Furthermore, a budget outlines projected spending levels (expenditure) and anticipating income collection (revenue), to achieve its goals. Importantly a budget's prime purpose intends to assist an organisation to accomplish its goals through increasing' accountability relating to its mandate to improve the livelihoods of the citizens of this Country.

The Medium-Term Revenue and Expenditure Framework (MTREF) Budget of 2024/25 - 2026/27 is compiled in an recovered distressed global economic outlook, with an aim to focus on "key game changers" that must enable the Company's budget is funded, revenue management is optimised, assets management is efficient to the capacity, digitalized change management processes to align and adhered to the mSCOA reforms accurately and ensure that audited findings raised by AGSA are addressed.

In the context of weaker global growth and risks to the domestic outlook, it remains an obligation for the company to repositioning and remodeling its position in the energy landscape economically for sustainable growth and resilience. Furthermore, it is vital to emphasis that the combination of a stable macroeconomic framework, the rapid implementation of economic and structural reforms and improvements in state capacity remains central to achieving higher growth, employment and competitiveness.

Considering the macro-economic forecasts as published in the (Medium Term Budget Policy Statement: 2023); the economic challenges place pressure on households' ability to pay for municipal services; with that said the Eskom power cuts (loadshedding); operational challenges in freight rail and ports continue to disrupt economic activity and limit the country's export potential that indirectly affecting the sustainability of businesses which ultimately impacts the internal revenue base of the company. Comprehensive reforms are underway in these sectors, although it will take time to see recovery in growth. Statistical South Africa has proven the country has experienced over a decade of weak economic growth, the GDP has averaged only 0.8 per cent annually since 2012 (0.6% for

2023), entrenching high levels of unemployment (currently at 32.9%) and poverty. To turn the tide and raise economic growth sustainably, government is prioritising energy and logistics reforms, along with measures to arrest the decline in state capacity. Successful efforts to improve the fiscal position, complete structural reforms and bolster the capacity of the state will, in combination, reduce borrowing costs, raise confidence, increase investment and employment, and accelerate economic growth. Unfortunately, the pace of deceleration in South Africa has been slow relative to global prices. This can be attributed to a weaker rand exchange rate and elevated production costs. Household consumption expenditure is expected to decrease due to the cumulative effect of interest rate increases, elevated inflation and falling real disposable income, and generally weak consumer confidence. To accelerate GDP growth after an extended period of weak economic performance, it is evident that the country is in need of large-scale private investment. Government is working to improve the fiscal position, complete structural reforms and bolster the capacity of the state to reduce borrowing costs, raise confidence, increase investment, and put the economy on a higher job creating growth path.

It is evident that expeditious determined implementation of energy and logistics reforms remains critical to boosting economic growth. The company aid the remodeling towards automation of all business processes to reach full optimised transformation that will secure to function optimally, effectively, efficiently and transparently. Imp the company envisages to maximise their revenue generating potential and collect monies for services rendered concurrently to eliminate wasteful and non-core spending.

New infrastructure developments should be obliged to consider and incorporate energy efficiency sources of energy available such as solar or wind to respond to the ongoing global energy crisis. 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 company intends to venture into alternative energy sources during the coming medium term revenue and expenditure framework period as part of its revenue enhancement strategy.

Furthermore, the company will prioritise its resources towards maintenance of the current ageing network in order to minimise power outages and shorten supply disruption. Own funded expansion programs will be held back; however, service delivery will not be

compromised and be prioritised as the prime mandate for the company. Grant funded expansion programs. However, will be fully implemented and will carry a high priority.

Efforts to collect revenue will be strengthened and the company will adopt zero tolerance on electricity theft, non-payment of bills, misuse of resources and network vandalism.

In view of the above a brief summary of the Medium Term Revenue and Expenditure Framework (MTREF) Budget of 2024/25 - 2026/27:

The trading revenue for the MTREF budget totals to a projected revenue of R 4,2 billion in 2024/25, representing an increase of R 556 million or 15% on that of 2023/24 Adjustment Budget (R 3,7 billion.) with a regulated tariff increase of 12.72% on sale of electricity as the main component within the revenue stream. The allocation for the two outer years of the MTREF period is R 4,4 billion in 2025/26 and R 4,6 billion in 2026/27.

The operational expenditure totals to a projected expenditure of R 3,6 billion for 2024/25, representing an increase of R 416 million or 13% increase from that of the 2023/24 Adjustments Budget of (R 3,2 billion) with an approved bulk purchase tariff increase of 12.51% as the main component of the operating expenditure. The allocation for the two outer years of the MTREF period is R 3,8 billion in 2025/26 and R 4 billion in 2026/27.

The capital expenditure budget of the company herewith presented amount to R 278 million for 2024/25, representing increase of R 109 million or 65% from 2023/24 Adjustments Budget of R 169 million, with internal revenue generating projects still remains the 99% contributor oppose to the 1% conditional grant funding. The allocation for the two outer years of the MTREF period is projected at R 289 million in 2025/26 and R 302 million in 2026/27.

The table below illustrates the above synopsis of the high level overlook of the MTREF 2024-25 to 2026-27 budget:

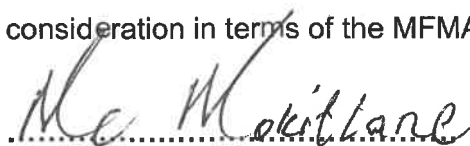
Details	MTREF 2023-24	ADJUSTMENT BUDGET 2023-24	Growth% as per MTREF 2024-25	MTREF 2024-25	MTREF 2025-26	MTREF 2026-27
Revenue	-3,704,008,709	-3,704,008,709	15%	-4,260,956,911	-4,454,253,369	-4,655,219,521
Operating Expenditure	3,216,255,581	3,255,839,227	13%	3,672,243,258	3,840,465,448	4,013,318,143
<b>(Surplus)/Deficit</b>	<b>-487,753,128</b>	<b>-448,169,482</b>	<b>31%</b>	<b>-588,713,653</b>	<b>-613,787,921</b>	<b>-641,901,378</b>
Capital Expenditure	208,693,446	169,109,800	65%	278,844,800	289,435,101	302,727,680
(Gains)/Loss	169,059,682	169,059,682	81%	306,277,869	320,366,651	334,783,150
<b>Surplus and or (Deficit)</b>	<b>-110,000,000</b>	<b>-110,000,000</b>	<b>-97%</b>	<b>-3,590,984</b>	<b>-3,986,169</b>	<b>-4,390,547</b>

Table 1.1: Overview of MTREF 2024-25. Source: D-Schedules Budget Statements

All the projects are derived from the parent municipality's integrated development plan and will be consolidated in the Municipal Budget. The company 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 2024/25 MTREF is prepared within the parameters set by all applicable prescripts, legislation, assessment of parent municipality including the MTREF Budget MFMA Circulars No.126 & 128 Guidelines, the Recommendations on the Budget Benchmarking Assessment provided by National Treasury, the Assessment on the D-Forms by the National Energy Regulator of South Africa (NERSA) on energy tariffs to accelerate service delivery and strengthen the company's cash flow position are addressed in the proposed MTREF.

The 2024/25 budget of the Company is herewith presented to the Parent Municipality for consideration in terms of the MFMA 87 (2).



**CHAIRPERSON OF THE BOARD**



## 2. EXECUTIVE SUMMARY

The purpose of the 2024/25 MTREF is to guide the company'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 company to achieve its vision and mission as articulated in the Strategic Business Plan. The Budget serves to bring to light the current institutional priorities in align to the sustainable pillars as outline in the Financial Recovery Plan:

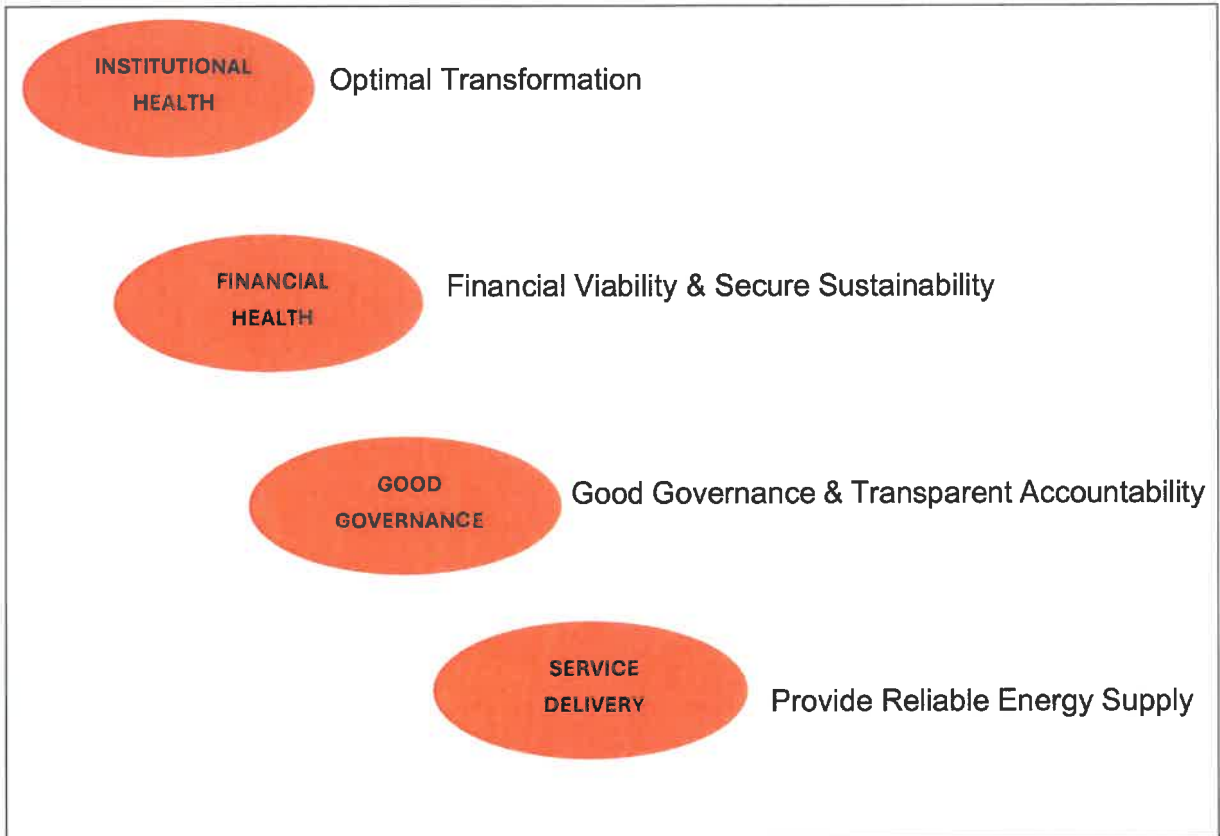


Table 1.2: Sustainable Pillars. Source: FRP2024/25

The tabling of the budget is the start of a journey towards the final approval stage before implementation in the start of the new financial year. The budget is an instrument which the Municipality and Municipal Companies engages the communities of the Metro to ensure proper public participation, and if any concerns and or needs raised, such community's needs be included in the Integrated Development Plan (IDP) and eventually 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

#### (i) Source of Funding

The below table provides the funding mix of capital expenditure budgeted projects of the company for the past three years as follows:

Funding Sources	Approved Budget 2021/22	Adjustment Budget 2021/22	Approved Budget 2022/23	Adjustment Budget 2022/23	Approved Budget 2023/24	Adjustment Budget 2023/24
	R'000	R'000	R'000	R'000	R'000	R'000
Urban Settlement Development Grant - (USDG)	20,466,030	20,466,030	20,000,000	26,000,000	25,000,000	25,000,000
Informal Settlements Upgrading Grant- (ISUPG)	-	-	-	21,276,390	28,000,000	28,000,000
Public Contributions	13,000,000	13,000,000	14,300,000	14,300,000	14,300,000	14,300,000
Revenue / Surplus (Internal funds)	184,285,795	216,985,795	230,925,272	162,014,576	141,393,446	101,809,800
<b>TOTAL</b>	<b>217,751,825</b>	<b>250,451,825</b>	<b>265,225,272</b>	<b>223,590,966</b>	<b>208,693,446</b>	<b>169,109,800</b>

Table 1.3: CAPEX-Funding Mix. Source: D-Schedule Budget Statements

#### (ii) Performance: Budget vs. Actual – Capital Expenditure

The below table illustrates the percentage performance of capital expenditure budget for the past ten years as follows:

Financial Year	Approved Budget	Adjustments Budget	Actual Expenditure	% Spent Adjustments Budget
2013/14	156,588,364	262,587,391	224,227,621	85%
2014/15	298,963,243	299,093,299	283,233,659	95%
2015/16	325,356,851	246,122,724	242,344,543	98%
2016/17	200,739,976	233,176,385	222,562,922	95%
2017/18	116,468,682	97,110,329	118,986,263	123%
2018/19	96,647,180	186,035,358	178,299,145	96%
2019/20	145,638,821	119,158,821	110,238,627	93%
2020/21	169,725,001	179,285,774	129,106,054	72%
2021/22	217,751,825	258,451,825	154,174,821	60%
2022/23	265,225,272	223,590,966	147,960,694	66%

Table 1.4: CAPEX - Performance. Source: D-Schedule Budget Statements

### (iii) Capital Expenditure per Category

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

Capital Expenditure	Actuals 2018/19	Actuals 2019/20	Actuals 2020/21	Actuals 2021/22	Actuals 2022/23
	R	R	R	R	R
IMPLEM BUSINESS CONT DISASTER RECOV INF	-	-	2,800,000	668,281	-
SERVITUDES LAND (INCL INVEST REMUNE REG	75,158	186,280	600,000	-	-
UPGRADING AND EXTENTION OF LV NETWORK	-	89,907	-	486,206	1,168,892
REFURBISHMENT OF HIGH MAST LIGHTS	471,911	4,013,235	-	2,593,090	5,936,001
SHIFTING OF CONNECTION AND REPLACEMENT S	1,794,997	-	1,005,275	824,930	1,058,836
BOTSHABELO: ESTABLISHMENT OF 132KV (INDU	-	-	5,000,000	37,670	-
REPLACEMENT OF OIL PLANT	-	-	200,000	-	-
EXTENSION AND UPGRADING OF THE 11KV NETW	8,792,618	9,297,519	-	4,187,261	4,716,301
ELLITE SUBSTATION (AIRPORT NODE)	45,137,847	-	-	-	-
INSTALL PREPAID METERS (INDIGENT)	5,515	58,397	300,000	100,523	499,142
ELECTRIFICATION (USDG GRANT)	13,822,419	23,964,187	20,466,030	25,211,072	24,801,458
ELECTRIFICATION PROJECTS (ISUPG)	-	-	-	-	12,748,530
ELECTRIFICATION PROJECTS ISUPG	-	-	-	-	7,354,408
METER PROJECT	4,129,172	10,019,714	-	12,780,903	24,778,907
FURNITURE AND OFFICE EQUIPMENT	2,630,857	4,998,015	515,100	219,137	1,210,420
PUBLIC ELECTRICITY CONNECTIONS	9,826,394	9,578,176	13,000,000	10,355,079	9,348,200
COMPUTER EQUIPMENT (COVID-19)	-	740,144	1,004,297	1,642,945	-
OFFICE BUILDING	3,455,539	1,728,503	2,718,850	-	854,462
VEHICLES	1,624,433	-	50,000,000	25,967,740	22,606,629
TRAINING & DEVELOPMENT	7,098,773	187,829	574,174	62,580	-
BULK METER REFURBISHMENT	644,700	553,550	-	-	-
REP LOW VOLT DECREPIT 2/4/8 WAY BOXES	354,294	118,751	-	290,766	115,104
S/LIGHTS REPLACE POLE TRNS POLES SECTION	2,207,259	4,852,605	-	2,374,949	2,970,385
REPLACEMENT OF 110V BATTERIES	219,770	-	-	-	2,557,179
INSTALLATION OF PUBLIC LIGHTING	15,010,785	8,929,622	8,000,000	10,713,235	10,135,120
ELECTRIFICATION INTERNAL PROJECTS	3,281,215	11,604,446	6,431,192	14,714,998	2,777,220
INFRA CATALYST PROJECTS	-	-	8,000,000	4,013,058	4,759,747
REP BRITTLE OVERHEAD CONNECTIONS	-	42,890	-	-	332,718
REPAIR MMM DIST DIST CENTRE	15,944,845	-	11,133,919	12,804,702	837,950
REPAIR VISTA DIST DIST CENTRE	1,251,427	2,280,076	-	-	-
REPLACEMENT OF 32V BATTERIES	3,120	-	-	23,498	1,546,710
UPGRADE & REFURB COMPUTER NETWORK	11,449,225	14,053,818	1,537,427	15,452,436	4,747,929
SECURITY EQUIPMENT (CCTV )	2,582,992	-	-	-	-
REPLACEMENT OF 11KV SWITCHGEARS	-	-	-	709,371	98,445
REFUR PROTEC & SCADA SYSTEMS DIST CENTR	658,202	1,990,964	-	-	-
SOLAR FARM GENERATION PLANT	591,000	-	-	-	-
TRANSFORMER REPLACE & OTHER RELATED EQUI	-	950,000	-	7,940,392	-
<b>TOTAL</b>	<b>178,299,144</b>	<b>110,238,627</b>	<b>129,106,084</b>	<b>154,174,822</b>	<b>147,960,694</b>

Table 1.5: CAPEX – Audited Performance. Source: D-Schedule Budget Statements

## **2.1.2 RISKS FACING THE COMPANY**

- 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 collection of debt.
- Unfilled vacancies that put pressure on service delivery and prudent administration.

## **2.1.3 AUDIT OUTCOME 2022-2023**

### **Centlec (SOC) Ltd Audit Report:**

- The audited outcome of the company for the 2022/23 financial year was an unqualified audit opinion.
- The company remains steadfast and thriving towards a clean audit.

## **2.2 BUDGET SUMMARY**

### **2.2.1 CONSOLIDATED MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK OUTLOOK: 2024/25 – 2026/27**

#### **A. OPERATING REVENUE BUDGET - HIGHLIGHTS ON MAJOR CATERGORIES**

For the Municipal Company to continue with its quality service provision, it must sustain high revenue collection levels and add other sustainable sources in the revenue streams. In the budget year the company will seek to add other energy sources to its distribution licence to secure financial sustainability. The total revenue budget is projected at R 4,2 billion in 2024/25, representing an increase in revenue of R 558 million (15%) on the 2023/24 Adjustments Budget of R 3,7 billion. The allocation for the outer two years of the MTREF period is R 4,4 billion and R 4,6 billion respectively. Revenue generated from services charges forms a significant part of the revenue basket of the company. Services charges constitutes 97% of the budgeted revenue for 2024-25, 2025-26 & 2026-27 which excludes capital grants and transfers.

The below table displays the details of all Revenues by source as outlined:

REVENUE PER SOURCE	MTREF 2023/24	ADJUSTMENT BUDGET 2023/24	Growth% as per MTREF 2024-25	MTREF 2024/25	% OF TOTAL REVENUE	MTREF 2025/26	MTREF 2026/27
FINES AND PENALTIES	3,833,276	3,833,276	36%	5,227,910	0.12%	5,468,394	5,714,472
PUBLIC CONTRIBUTIONS	15,057,900	15,057,900	3%	15,557,900	0.36%	16,273,563	17,005,874
CAPITAL CONDITIONAL GRANTS & SUBSIDIES (USDG)	25,000,000	25,000,000	-59%	10,360,000	0.24%	8,600,000	9,255,000
INFORMAL SETTLEMENTS UPGRADING GRANT _ ISUPG	28,000,000	28,000,000	-12%	24,700,000	0.58%	25,836,200	26,998,829
SERVICE CHARGES	3,578,588,912	3,578,588,912	16%	4,140,318,772	96.91%	4,330,773,436	4,525,658,241
INTEREST EARNED	34,573,213	34,573,213	25%	43,082,337	1.01%	44,593,125	46,856,565
OPERATIONAL REVENUE	9,117,482	9,117,482	31%	11,986,843	0.28%	12,538,238	13,102,459
RECONNECTION TEST AND REMOVAL - METERS	6,158,337	6,158,337	-15%	5,232,899	0.12%	5,473,612	5,719,924
SALES OF GOODS AND RENDERING OF SERVICES	3,679,589	3,679,589	22%	4,490,250	0.11%	4,696,802	4,908,158
DISPOSAL OF ASSETS (LOSS)/GAINS	10,177,682	10,177,681	11%	11,284,581	0.26%	11,803,672	12,334,837
<b>TOTALS</b>	<b>3,714,186,391</b>	<b>3,714,186,390</b>	<b>15%</b>	<b>4,272,241,492</b>	<b>100%</b>	<b>4,466,057,041</b>	<b>4,667,554,358</b>

Table 1.6: MTREF24/25 – Revenue. Source: D-Schedule Budget Statement

Subsequently, the statistical data of Table 1.6 graphically illustrates the Revenue sources of the company as projected over the MTREF period, as follows:

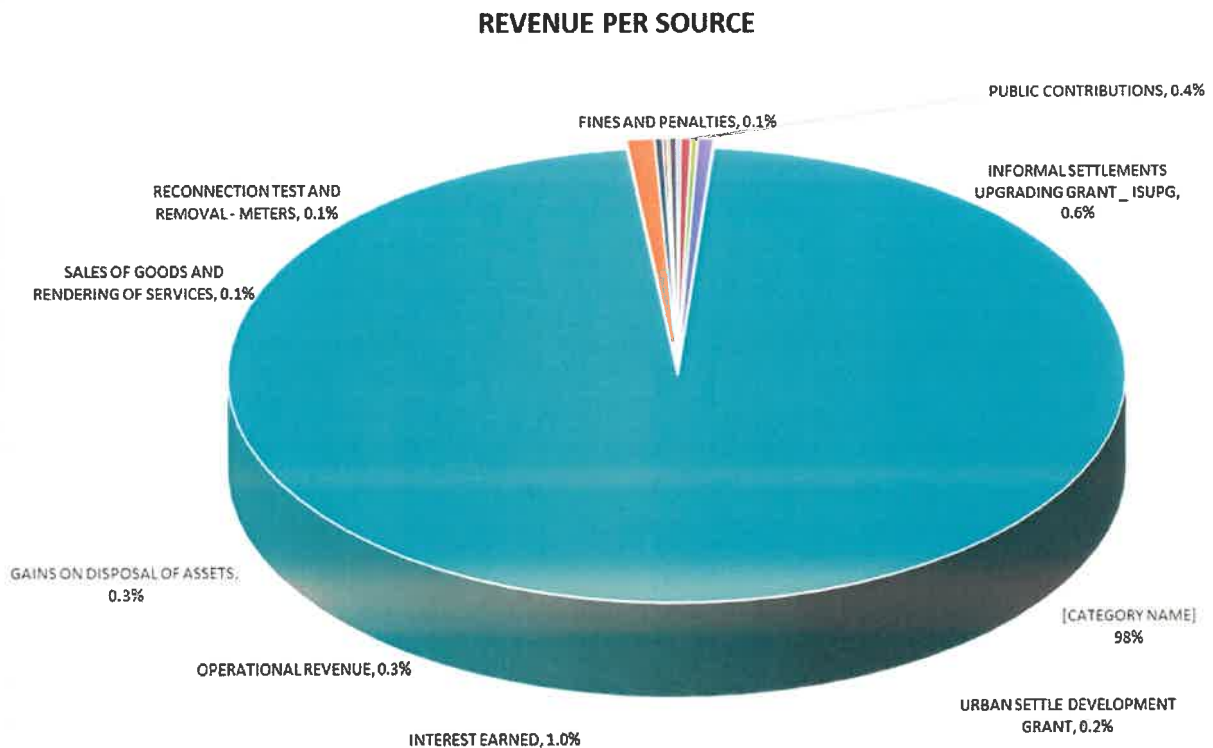


Table 1.7: MTREF24/25 – Revenue Source: Graph

## **Narration on the Operating Revenue Budget – Highlights on major categories:**

### **Service Charges**

The services charges revenue increased by R 561 million (15.70%) from the 2023/24 adjustments budget of R 3,5 billion. This increase is a combination of factors however main contributors remains the regulatory tariff increase approval by NERSA, the growth in the number of indigents, the demand in growth within the spatial planning framework of the city, besides the ESKOM electricity bulk purchases increase of 12.51% for 2024/25. This dispense the nett-effect tariff increase of 2.98% (15.70% minus 12.72%) that is station below the current CPI rate of 4.90%. The allocation for the outer two years of the MTREF period is R 4,3 billion and R 4,5 billion respectively. The service charges constitute 96.91% of the total budgeted revenue for the 2024/25 budget year.

### **Capital Grants and Subsidies (USDG)**

Capital grants from the Provincial and National Governments category decreased by R 14,7 million from the 2023/24 adjustment budget of R 25 million. The total USDG capital grant is allocated to the Parent Municipality within the gazetted allocation for the metro as per the DORA. Mangaung as the municipality in turn allocates a portion of the USDG to Centlec (SOC) Ltd. The total allocation for USDG from MMM decreased by R14,7 million to a value of R10,3 million. The allocations for the 2025/26 is R 8 million and R 9 million in 2026/27. The conditional grants allocation constitutes 0.24% of the total budgeted revenue for the 2024/25 budget year.

### **Capital Grants and Subsidies (ISUPG)**

Capital grants from the Provincial and National Governments decreased by R 3,3 million from the 2023/24 adjustment budget of R 28 million. The total USDG capital grant is allocated to the Parent Municipality within the gazetted allocation for the metro as per the DORA. Mangaung as the municipality in turn allocates a portion of the USDG to Centlec (SOC) Ltd. The total allocation for ISUPG from MMM decreased by R 3,3 million to a value of R 24,7 million. The allocations for the 2025/26 is R 25,8 million and R 26,9 million in 2026/27. The conditional grants allocation constitutes 0.58% of the total budgeted revenue for the 2024/25 budget year.

### **Other Operational Revenues (excluding Grants & Service Charges)**

All other operating revenues as detailed in Table 1.6 above was increased or decreased respectively based on the 2024/25 year to date actual values, estimated projections and historic trends. On average all other operating revenues excluding Capital Grants and Service Charges in total increased by 16% and in total combined constitutes 2.27% of the total budgeted revenue for the 2024/25 budget year.

## **B. OPERATING EXPENDITURE**

The Municipal Company's expenditure for the 2024/25 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 3,2 billion in 2023/24 to R 3,6 billion (representing an increase of 13% (R 416 million) in 2024/25. The allocation of the outer two years of the MTREF period is R 3,8 billion and R 4,0 billion respectively.

The following table is a high level summary of the MTREF Budget for 2024/25 to 2026/27 (classified per main type of operating expenditure):

EXPENDITURE BY TYPE	ADJUSTMENT BUDGET 2023/24	Growth% as per MTREF 2024-25	MTREF 2024/25	% OF TOTAL EXPENDITURE	MTREF 2025/26	MTREF 2026/27
EMPLOYEE RELATED COSTS	475,296,414	6%	503,859,873	14%	527,037,428	550,754,112
REMUNERATION OF DIRECTORS	450,000	184%	1,277,126	0.03%	1,335,874	1,395,988
OPERATIONAL COST	135,406,950	2%	138,556,254	4%	144,699,842	150,986,335
CONTRACTED SERVICES	171,372,213	-4%	164,831,737	4%	172,413,997	180,172,627
BULK PURCHASES	2,199,931,730	17%	2,569,190,283	70%	2,687,373,036	2,808,304,822
INVENTORY - CONSUMABLES	64,871,650	15%	74,340,340	2%	77,759,996	81,259,196
DIVIDENDS PAID	120,000,000	0%	120,000,000	3%	120,000,000	120,000,000
INTEREST ON FINANCE LEASES	253,569	-78%	55,645	0.002%	58,204	60,823
DEPRECIATION AND AMORTISATION	85,000,001	10%	93,500,000	3%	102,850,000	113,135,000
OPERATING LEASES	3,256,700	104%	6,632,000	0.18%	6,937,072	7,249,240
<b>TOTALS</b>	<b>3,255,839,227</b>	<b>13%</b>	<b>3,672,243,258</b>	<b>100%</b>	<b>3,840,465,448</b>	<b>4,013,318,143</b>

Table 1.8: MTREF24/25 – Expenditure (OPEX). Source: D-Schedule Budget Statement

Subsequently, the statistical data of Table 1.8 graphically illustrates the Expenditure spending levels of the company as projected over the MTREF period, as follows:

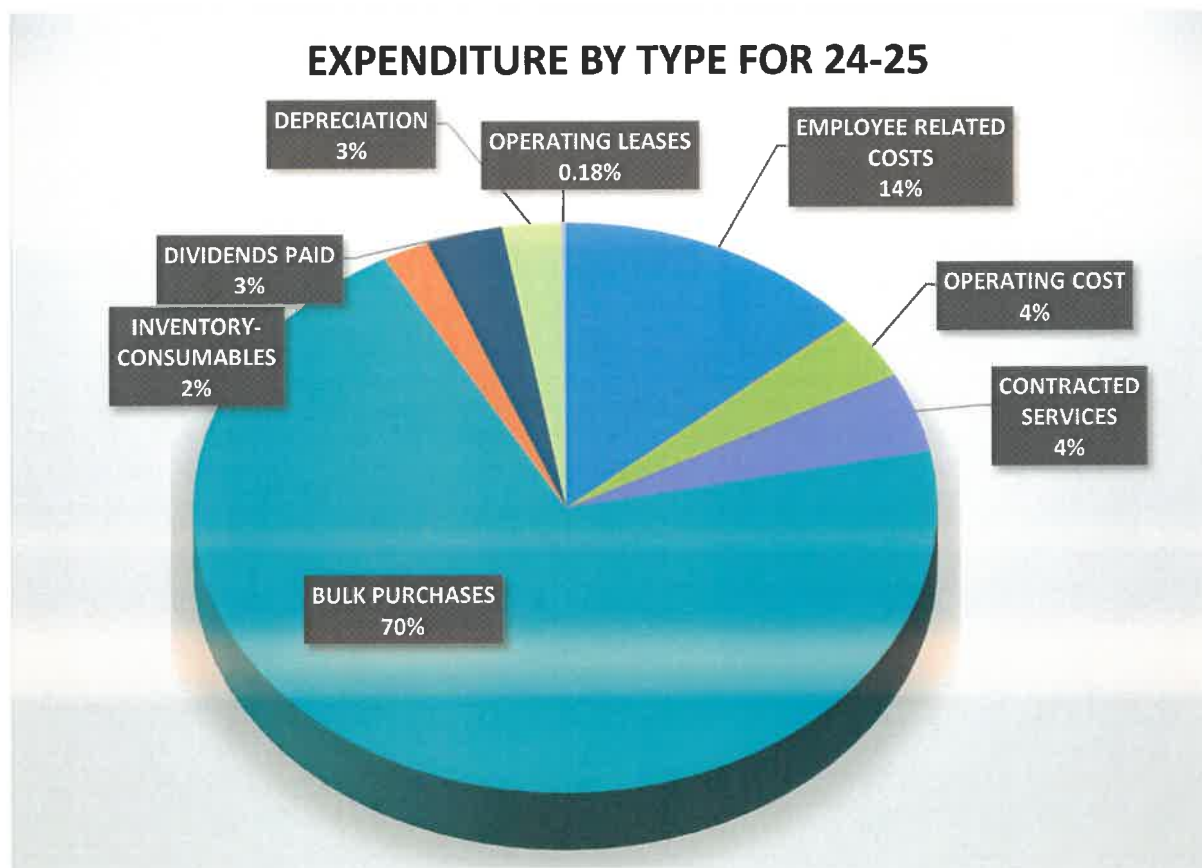


Table 1.9: MTREF24/25 – Expenditure (OPEX). Source: Graph



## **Narration on the Operating Expenditure Budget – Highlights on major categories:**

### **Salaries, Wages and Allowances**

Employee costs increased by R 28 million from the 2023/24 Adjustments Budget of R 475 million to R 503 million in 2024/25. The main reason for the 6% increase is to make provision for the normal annual increase, expected new appointments, expected retirements and disaster management employee related costs. The allocation for the two outer years of the MTREF period is R 527 million and R 550 million respectively. Total employee related costs constitute 14% of the total budgeted operating expenditure for the 2024/25 budget year. This is well within the budget principal parameter of not exceeding 30% of the aggregate operating expenditure budget component of the annual budget.

### **Remuneration of Directors**

The budget of this line item is aligned to the Determination Resolution. The 2023/24 Adjustments budget of R 450,000 increased to R 1,2 million in 2024/25. The allocation for the two outer years of the MTREF period is R 1,3 million and R 1,4 million respectively. The 184% increase is mainly due to the new appointment of a full Board of Directors in November 2023 and resulting in provision having to be made for increased directors' remuneration as per the Determination of Board of Directors meeting fees.

### **Operational Cost**

The operational cost increased by R 3 million from the 2023/24 Adjustments Budget of R 135 million to R 138 million in the 2024/25 budget year. This 2% increase was based on the 2024/25 year to date actual values, estimated projections and historic trends. The allocation for the two outer years of the MTREF period is R 144 million and R 150 million respectively. Cost Containment principles as outlined in the MFMA Circular No. 82 has been used as a guiding tool in the projections.

### **Contracted Services**

Contracted Services decreased by R 7 million to R 164 million in the 2024/25 budget year from a base of R 171 million in the 2023/24 Adjustments budget. This 4% decrease was based on the 2024/25 year to date actual values, estimated projections and historic trends. The allocation for the two outer years of the MTREF period is R 172 million and R 180 million respectively.

### **Bulk Purchases**

Bulk purchases increased by R 369 million against the 2023/24 Adjustments budget of R2,2 billion, to the proposed amount of R 2,5 billion for the 2024/25 budget year. This 17% increase was based on the NERSA approved ESKOM bulk purchases increase of 12.51%, factoring in a CPI growth rate of 4.90% and taking into account the possible reduction of the NMD costs. The allocation for the two outer years of the MTREF period is R 2,6 billion and R 2,8 billion respectively.

### **Inventory (Consumables)**

The budgeted consumable inventory increased by R9 million against the 2023/24 adjustments budget of R64 million to an amount of R 74 million for 2024/25. This 15% increase was based on the 2024/25 year to date actual values, estimated projections, historic trends and higher total expected repairs & maintenance costs during 2024/25. The allocated amount for the two outer years of the MTREF period is R 77 million and R 81 million respectively.

### **Interest on Finance Leases**

The budgeted interest on finance leases decreased by R 200 thousand against the 2023/24 adjustments budget of R 253 thousand to an amount of R 55 thousand for 2024/25. This 78% decrease was due to fact that most of the finance lease agreements are coming to a close within the 2024-25 financial year resulting in a decreased finance liability and subsequent interest expense.

### **Depreciation and Amortisation**

The budgeted depreciation increased by R 8 million from a 2023-24 adjustment budget value of R85 million to an amount of R 93 million for 2024/25. The main reason for the 10% increase is to align the budget with the audited outcomes, however remains suppressed with the parameters as set out by the Parent Municipality. The allocated amount for the two outer years of the MTREF period is R 102 million and R 113 million respectively.

### **Operating leases**

The budgeted operating leases increased by R 3,37 million from a 2023-24 adjustment budget value of R3,25 million to an amount of R 6,63 million for 2024/25. This 104% increase was based on the 2024/25 year to date actual values, estimated projections, historic trends

and to make provision for new planned lease agreements in 2024/25. The allocated amount for the two outer years of the MTREF period is R 6,93 million and R 7,24 million respectively.

### C. CAPITAL BUDGET

The capital budget increased by R 109 million for the 2024/25 financial year to R 278 million as compared to the approved Adjustments Budget of R 169 million for the 2023/24 period. The projected capital expenditure budget for the two outer years of the MTREF period has been set at R 289 million and R 302 million respectively. The 2024-25 capital expenditure budget for projects is funded mainly from internally generated sources and augmented by conditional grant funding.

#### CAPITAL FUNDING BY SOURCE

The table below display the capital budget by finding sources for the new budget cycle as follows:

FUNDING BY SOURCE	MTREF 2023/2024	ADJUSTMENT BUDGET 2023/24	MTREF 2024/2025	MTREF 2025/2026	MTREF 2026/2027
ELECTRIFICATION (USDG GRANT)	25,000,000	25,000,000	10,360,000	8,600,000	9,255,000
PUBLIC ELECTRICITY CONNECTIONS	14,300,000	14,300,000	14,000,000	14,644,000	15,302,980
ELECTRIFICATION PROJECTS (ISUPG)	28,000,000	28,000,000	24,700,000	25,836,200	26,998,829
REVENUE / SURPLUS (INTERNAL FUNDS)	273,627,464	101,809,800	229,784,800	240,354,901	251,170,871
<b>TOTAL</b>	<b>340,927,464</b>	<b>169,109,800</b>	<b>278,844,800</b>	<b>289,435,101</b>	<b>302,727,680</b>

Table 1.9: MTREF24/25 – Expenditure (CAPEX). Source: D-Schedule Budget Statement

#### Conditional Grant Funding (USDG)

Within the total capital budget the table below illustrates the main priority to be undertaken out of the (USDG conditional grant) allocation as follows:

URBAN SETTLEMENTS DEVELOPMENT GRANT	MTREF 2023/2024	ADJUSTMENT BUDGET 2023/24	MTREF 2024/2025	MTREF 2025/2026	MTREF 2026/2027
ELECTRIFICATION (USDG GRANT)	25,000,000	25,000,000	10,360,000	8,600,000	9,255,000
<b>TOTAL</b>	<b>25,000,000</b>	<b>25,000,000</b>	<b>10,360,000</b>	<b>8,600,000</b>	<b>9,255,000</b>

Table 1.10: MTREF24/25 – Expenditure (CAPEX). Source: D-Schedule Budget Statement

### Conditional Grant Funding (ISUPG)

Within the total capital budget the table below illustrates the main priority to be undertaken out of the (ISUPG conditional grant) allocation as follows:

INFORMAL SETTLEMENTS UPGRADING PARTNERSHIP GRANT	MTREF 2023/2024	ADJUSTMENT BUDGET 2023/24	MTREF 2024/2025	MTREF 2025/2026	MTREF 2026/2027
ELECTRIFICATION PROJECTS (ISUPG)	28,000,000	28,000,000	24,700,000	25,836,200	26,998,829
<b>TOTAL</b>	<b>28,000,000</b>	<b>28,000,000</b>	<b>24,700,000</b>	<b>25,836,200</b>	<b>26,998,829</b>

Table 1.11: MTREF24/25 – Expenditure (CAPEX). Source: D-Schedule Budget Statement

### Public Contributions

The public contributions allocation is outline in the table below as follows:

PUBLIC CONTRIBUTIONS	MTREF 2023/2024	ADJUSTMENT BUDGET 2023/24	MTREF 2024/2025	MTREF 2025/2026	MTREF 2026/2027
PUBLIC ELECTRICITY CONNECTIONS	14,300,000	14,300,000	14,000,000	14,644,000	15,302,980
<b>TOTAL</b>	<b>14,300,000</b>	<b>14,300,000</b>	<b>14,000,000</b>	<b>14,644,000</b>	<b>15,302,980</b>

Table 1.12: MTREF24/25 – Expenditure (CAPEX). Source: D-Schedule Budget Statement

## Own Funded Projects

Included in the capital budget are internally revenue generated funded projects to the value of R 229 million for the 2024/25 year. The allocation of the two MTREF period outer years is R 240 million and R 251 million respectively as follows:

STATEMENT OF FINANCIAL PERFORMANCE - CENTLEC (ENTITY)					
CAPITAL EXPENDITURE OWN FUNDED PROJECTS	MTREF 2023-24	ADJUSTMENT BUDGET	MTREF 2024-25	MTREF 2025-26	MTREF 2026-27
<b>SUPPORT PROJECTS:</b>	<b>55,900,000</b>	<b>32,400,000</b>	<b>71,200,000</b>	<b>74,475,200</b>	<b>77,826,584</b>
VENDING BACK OFFICE	-	-	6,000,000	6,276,000	6,558,420
TRAINING & DEVELOPMENT	800,000	800,000	800,000	836,800	874,456
DIGITAL RADIO SYSTEM	1,100,000	1,100,000	1,100,000	1,150,600	1,202,377
IMPLEM BUSINESS CONT DISASTER RECOV INF	2,000,000	500,000	500,000	523,000	546,535
UPGRADE & REFURB COMPUTER NETWORK	2,500,000	7,000,000	4,000,000	4,184,000	4,372,280
VEHICLES	7,000,000	7,000,000	7,000,000	7,322,000	7,651,490
FURNITURE AND OFFICE EQUIPMENT	1,000,000	2,500,000	1,700,000	1,778,200	1,858,219
BOTSH-E: EST NEW 33/11KV 10MVA FIRM CAP	5,500,000	750,000	-	-	-
BOTSH: UPG SUB T (2ND TRANS SCADA EQUI	5,500,000	750,000	-	-	-
BOTSH: UPG SUB W (C/WORK B/W 2ND TRA S/D	5,500,000	750,000	15,000,000	15,690,000	16,396,050
BLOEM: C/Y-EST 33/11KV 20MVA FIRM SUPDC	6,000,000	1,500,000	21,000,000	21,966,000	22,954,470
BLOEM: N/STAD-UPG 132/11KV 20MVA FIRM DC	6,500,000	1,500,000	5,000,000	5,230,000	5,465,350
INFRA CATALYST PROJECTS	6,500,000	3,250,000	-	-	-
SECURITY EQUIPMENT (CCTV )	1,000,000	1,000,000	2,000,000	2,092,000	2,186,140
OFFICE BUILDING	3,500,000	3,500,000	5,000,000	5,230,000	5,465,350
EMPLOYMENT EQUITY EQUIPMENT	-	-	100,000	104,600	109,307
PROTECTION TEST UNIT	1,500,000	500,000	2,000,000	2,092,000	2,186,140
<b>SERVICE DELIVERY PROJECTS:</b>	<b>30,134,800</b>	<b>30,434,800</b>	<b>51,234,800</b>	<b>53,591,601</b>	<b>56,003,223</b>
METER PROJECT	10,000,000	15,000,000	30,000,000	31,380,000	32,792,100
EXTENSION AND UPGRADING OF THE 11KV NETW	3,500,000	3,500,000	4,000,000	4,184,000	4,372,280
SERVITUDES LAND (INCL INVEST REMUNE REG	600,000	600,000	700,000	732,200	765,149
INSTALLATION OF PUBLIC LIGHTING	8,000,000	2,000,000	6,000,000	6,276,000	6,558,420
INSTALL PREPAID METERS (INDIGENT)	500,000	600,000	500,000	523,000	546,535
UPGRADING AND EXTENTION OF LV NETWORK	1,500,000	1,500,000	3,000,000	3,138,000	3,279,210
SHIFTING OF CONNECTION AND REPLACEMENT S	1,005,275	1,005,275	2,005,275	2,097,518	2,191,906
REFURBISHMENT OF HIGH MAST LIGHTS	5,029,525	6,229,525	5,029,525	5,260,883	5,497,623
<b>REPAIRS AND MAINTENANCE PROJECTS:</b>	<b>11,300,000</b>	<b>11,250,000</b>	<b>26,300,000</b>	<b>27,509,800</b>	<b>28,747,741</b>
BOTSHABELO: ESTABLISHMENT OF 132KV (INDU	3,500,000	750,000	12,300,000	12,865,800	13,444,761
INSTALLATION OF HIGH VOLTAGE TEST EQUIPM	1,300,000	500,000	2,500,000	2,615,000	2,732,675
TRANSFORMER REPLACE & OTHER RELATED EQUI	6,500,000	10,000,000	11,500,000	12,029,000	12,570,305
<b>REFURBISHMENT PROJECTS (renewal)</b>	<b>36,958,646</b>	<b>24,175,000</b>	<b>75,050,000</b>	<b>78,502,300</b>	<b>82,034,904</b>
REP LOW VOLT DECREPIT 2/4/8 WAY BOXES	800,000	700,000	700,000	732,200	765,149
REP BRITTLE OVERHEAD CONNECTIONS	1,000,000	550,000	850,000	889,100	929,110
S/LIGHTS REPLACE POLE TRNS POLES SECTION	1,500,000	3,000,000	3,000,000	3,138,000	3,279,210
REPLACEMENT OF 110V BATTERIES	1,500,000	2,000,000	1,500,000	1,569,000	1,639,605
REPLACEMENT OF 11KV SWITCHGEARS	1,250,000	625,000	2,000,000	2,092,000	2,186,140
REPLACEMENT OF OIL PLANT	500,000	500,000	1,000,000	1,046,000	1,093,070
REPLACEMENT OF 32V BATTERIES	1,500,000	750,000	1,500,000	1,569,000	1,639,605
REFUR PROTEC & SCADA SYSTEMS DIST CENTR	1,000,000	250,000	1,000,000	1,046,000	1,093,070
REPAIR MMM DIST DIST CENTRE	4,444,485	1,500,000	2,500,000	2,615,000	2,732,675
REPAIR VISTA DIST DIST CENTRE	15,964,161	5,000,000	26,000,000	27,196,000	28,419,820
REMEDIAL WORK 132KV SOUTHERN LINES	7,500,000	9,300,000	10,000,000	10,460,000	10,930,700
RENEWABLE PROJECTS	-	-	5,000,000	5,230,000	5,465,350
UPGRADE 132/11KV, 20MVA DC, SHANNON B	-	-	8,000,000	8,368,000	8,744,560
REPLACEMENT OF DECRIPIT CABLES ( MV-HV)	-	-	12,000,000	12,552,000	13,116,840
<b>INTERNAL ELECTRIFICATION PROJECTS:</b>	<b>7,100,000</b>	<b>3,550,000</b>	<b>6,000,000</b>	<b>6,276,000</b>	<b>6,558,420</b>
ELECTRIFICATION INTERNAL PROJECTS	7,100,000	3,550,000	6,000,000	6,276,000	6,558,420
<b>TOTAL OWN FUNDED PROJECTS</b>	<b>141,393,446</b>	<b>101,809,800</b>	<b>229,784,800</b>	<b>240,354,901</b>	<b>251,170,871</b>

Table 1.13: MTREF24/25 – Expenditure (CAPEX). Source: D-Schedule Budget Statement

## Capital Budget per wards and GPS Co-ordinates

The table below is giving an outline of where the budget is going to be spent within the municipal boundaries per wards & GPS Co-ordinates:

Description	Ward Location	GPS CO-ORDINATES	MTREF 2024/25	MTREF 2025/26	MTREF 2026/27
TRAINING & DEVELOPMENT	Ward (19)	S29.127093, 26.224371	800,000	836,800	874,456
EMPLOYMENT EQUITY	Ward (19)	S29.127093, 26.224371	100,000	104,600	109,307
DIGITAL RADIO SYSTEM	Ward (19)	S29.127093, 26.224371	1,100,000	1,150,600	1,202,377
IMPLEM BUSINESS CONT DISASTER RECOV INF	Ward (19)	S29.127093, 26.224371	500,000	523,000	546,535
UPGRADE & REFURB COMPUTER NETWORK	Ward (19)	S29.127093, 26.224371	4,000,000	4,184,000	4,372,280
METER PROJECT	Wards (1 - 51)	multiple locations	30,000,000	31,380,000	32,792,100
VENDING BACK OFFICE	Ward (19)	S29.127093, 26.224371	6,000,000	6,276,000	6,558,420
ELECTRIFICATION (USDG GRANT)	Wards (1, 5, 6, 7,11, 12, 17,37, 39,40, 46, 51)	multiple locations	10,360,000	8,600,000	9,255,000
ELECTRIFICATION PROJECTS (ISUPG)	Ward (27, 51)	S29,224647,26,256804;	24,700,000	25,836,200	26,998,829
BOTSHABELO: ESTABLISHMENT OF 132KV (INDU	Ward (30)	S29.197988, 26.694160	12,300,000	12,865,800	13,444,761
ELECTRIFICATION INTERNAL PROJECTS	Ward (11, 16, 17)	S29.297927, 26.705297;	6,000,000	6,276,000	6,558,420
EXTENSION AND UPGRADING OF THE 11KV NETW	Ward (1 - 51)	multiple locations	4,000,000	4,184,000	4,372,280
BOTSH: UPG SUB W (C/WORK B/W 2ND TRA S/D	Ward (36)	S29.257080, 26.680982	15,000,000	15,690,000	16,396,050
BLOEM: C/Y-EST 33/11KV 20MVA FIRM SUPDC	Ward (19)	S29.127093, 26.224371	21,000,000	21,966,000	22,954,470
BLOEM: N/STAD-UPG 132/11KV 20MVA FIRM DC	Ward (48)	S29.054360, 26.227047	5,000,000	5,230,000	5,465,350
PUBLIC ELECTRICITY CONNECTIONS	Ward (1 - 51)	Various - Dependant on customer address	14,000,000	14,644,000	15,302,980
UPGRADING AND EXTENTION OF LV NETWORK	Ward (1 - 51)	multiple locations	3,000,000	3,138,000	3,279,210
SERVITUDES LAND (INCL INVEST REMUNE REG	Ward (1 - 51)	multiple locations	700,000	732,200	765,149
INSTALLATION OF PUBLIC LIGHTING	Ward (1 - 51)	multiple locations	6,000,000	6,276,000	6,558,420
INSTALL PREPAID METERS (INDIGENT)	Ward (1 - 51)	multiple locations	500,000	523,000	546,535
RENEWABLE PROJECTS	Ward (17)	S29.142442, 26.414702	5,000,000	5,230,000	5,465,350
Upgrade 132/11kv, 20MVA DC, Shannon B	Ward (47)	S29.189758, 26.295717	8,000,000	8,368,000	8,744,560
REMEDIAL WORK 132KV SOUTHERN LINES	Kwaggafontein Area, Ferreira Road Max Steel	S29°07'48.6"S,26°08'26.9"E S29°11'23.4"S,26°10'38.8"E S29°17'2640,26,2136260	10,000,000	10,460,000	10,930,700
SHIFTING OF CONNECTION AND REPLACEMENT S	Ward (1 - 51)	multiple locations	2,005,275	2,097,518	2,191,906
REFURBISHMENT OF HIGH MAST LIGHTS	Van Stadensrus - Ward (50)	S29°59'38",27°2'8",325°	5,029,525	5,260,883	5,497,623
	Bloemfontein - Batho	S29°8'7",26°13'50"			
	Bloemfontein - Ward (3)	S29°9'25",26°14'17"			
	Bloemfontein - Ward (5)	S29°9'48",26°14'18"			
	Bloemfontein - Ward (14)	S29°11'50",26°14'22"			
	Botshabelo - Ward (67)	S29°15'50",26°40'41"			
	Botshabelo - Section (F)	S29°13'3",26°40'55"			
	Botshabelo - Section (W)	S29°15'14",26°40'55"			
	Thaba Nchu - Ward (49)	S29°11'15",26°50'34"			
	Thaba Nchu - Ward (46)	S29°11'38",26°48'35"			
REP LOW VOLT DECREPIT 2/4/8 WAY BOXES	Ward (1 - 51)	multiple locations	700,000	732,200	765,149
REP BRITTLE OVERHEAD CONNECTIONS	Ward (1 - 51)	multiple locations	850,000	889,100	929,110
REPLACE DECRYPT CABLES MV-HV (NETWORKS)	Ward (1 - 51)	multiple locations	7,000,000	7,322,000	7,651,490
S/LIGHTS REPLACE POLE TRNS POLES SECTION	Ward (1 - 51)	multiple locations	3,000,000	3,138,000	3,279,210
REPLACE DECRYPT CABLES MV-HV (SFS & THABA NCHU)	Ward (1 - 51)	multiple locations	5,000,000	5,230,000	5,465,350
PROTECTION TEST UNIT	Ward (1 - 51)	multiple locations	2,000,000	2,092,000	2,186,140
REPLACEMENT OF 110V BATTERIES	Ward (1 - 51)	multiple locations	1,500,000	1,569,000	1,639,605
REPLACEMENT OF 11KV SWITCHGEARS	Ward (1 - 51)	multiple locations	2,000,000	2,092,000	2,186,140
REPLACEMENT OF 32V BATTERIES	Ward (1 - 51)	multiple locations	1,500,000	1,569,000	1,639,605
REFUR PROTEC & SCADA SYSTEMS DIST CENTR	Ward (1 - 51)	multiple locations	1,000,000	1,046,000	1,093,070
TRANSFORMER REPLACE & OTHER RELATED EQUI	Ward (1 - 51)	S29 04 31.5 E26 14 43.3	11,500,000	12,029,000	12,570,305
INSTALLATION OF HIGH VOLTAGE TEST EQUIPM	Ward (19)	multiple locations	2,500,000	2,615,000	2,732,675
REPLACEMENT OF OIL PLANT	Ward (20)	S29 07 31.2 E26 13 29.8	1,000,000	1,046,000	1,093,070
REPAIR MMM DIST DIST CENTRE	Ward (6)	S29 10 14.5 E26 14 34.4	2,500,000	2,615,000	2,732,675
REPAIR VISTA DIST DIST CENTRE	Ward (19)	S29 10 38.7 E26 12 48.7	26,000,000	27,196,000	28,419,820
VEHICLES	Ward (19)	S29.127093, 26.224371	7,000,000	7,322,000	7,651,490
SECURITY EQUIPMENT (CCTV )	Ward (19)	S29.127093, 26.224371	2,000,000	2,092,000	2,186,140
FURNITURE AND OFFICE EQUIPMENT	Ward (19)	S29.127093, 26.224371	1,700,000	1,778,200	1,858,219
OFFICE BUILDING	Ward (19)	S29.127093, 26.224371	5,000,000	5,230,000	5,465,350
<b>TOTAL CAPEX</b>			<b>278,844,800.00</b>	<b>289,435,100.80</b>	<b>302,727,680.34</b>

## D. SUMMARY OF THE BUDGET

The projected financial outcome of this budget at the end of the 2024/25 budget year can be summarized as follows:

- Table D1 Budget Summary

Description	2020/21	2021/22	2022/23	Current Year 2023/24			Medium Term Revenue and Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
<b>Financial Performance</b>									
Service charges	2,596,825	2,807,119	2,814,545	3,578,589	3,578,589	3,578,589	4,140,319	4,330,773	4,525,658
Investment revenue	23,122	24,515	24,796	29,846	29,846	29,846	37,394	38,643	40,639
Other own revenue	112,404	134,502	166,868	37,693	37,693	37,693	43,911	46,171	48,484
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>2,732,351</b>	<b>2,966,136</b>	<b>3,006,209</b>	<b>3,646,128</b>	<b>3,646,128</b>	<b>3,646,128</b>	<b>4,221,624</b>	<b>4,415,588</b>	<b>4,614,781</b>
Employee costs	396,685	412,994	450,649	450,588	475,296	475,296	503,860	527,037	550,764
Remuneration of councillors	826	-	-	827	450	450	1,277	1,336	1,396
Depreciation and Debt impairment	249,660	309,709	219,454	264,237	264,237	264,237	411,062	436,020	460,253
Finance charges	205,826	219,620	283,737	254	254	254	56	58	61
Inventory consumed and bulk purchases	1,794,776	2,085,460	2,169,740	2,256,223	2,264,803	2,264,803	2,643,531	2,765,133	2,889,564
Transfers and subsidies	-	-	-	120,000	120,000	120,000	120,000	120,000	120,000
Other expenditure	172,758	234,254	271,601	303,363	310,036	310,036	310,020	324,291	338,895
<b>Total Expenditure</b>	<b>2,820,531</b>	<b>3,262,037</b>	<b>3,395,181</b>	<b>3,395,493</b>	<b>3,435,077</b>	<b>3,435,077</b>	<b>3,969,806</b>	<b>4,172,876</b>	<b>4,360,923</b>
<b>Surplus/(Deficit)</b>	<b>(88,180)</b>	<b>(295,902)</b>	<b>(388,973)</b>	<b>250,636</b>	<b>211,052</b>	<b>211,052</b>	<b>231,818</b>	<b>242,712</b>	<b>253,859</b>
Transfers and subsidies - capital (monetary allocations)	43,761	24,753	41,110	68,058	68,058	68,058	50,618	50,710	53,260
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(44,419)</b>	<b>(271,149)</b>	<b>(347,863)</b>	<b>318,693</b>	<b>279,110</b>	<b>279,110</b>	<b>282,436</b>	<b>293,421</b>	<b>307,118</b>
<b>Surplus/ (Deficit) for the year</b>	<b>(22,058)</b>	<b>(191,422)</b>	<b>(251,046)</b>	<b>318,693</b>	<b>279,110</b>	<b>279,110</b>	<b>282,436</b>	<b>293,421</b>	<b>307,118</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>129,106</b>	<b>154,175</b>	<b>147,961</b>	<b>208,693</b>	<b>169,110</b>	<b>169,110</b>	<b>278,845</b>	<b>289,435</b>	<b>302,728</b>
Transfers recognised - capital	54,483	35,566	54,253	67,300	67,300	67,300	49,060	49,080	51,557
Internally generated funds	-	118,609	93,708	141,393	101,810	101,810	229,785	240,355	251,171
<b>Total sources of capital funds</b>	<b>129,106</b>	<b>154,175</b>	<b>147,961</b>	<b>208,693</b>	<b>169,110</b>	<b>169,110</b>	<b>278,845</b>	<b>289,435</b>	<b>302,728</b>
<b>Financial position</b>									
Total current assets	767,802	774,040	832,884	816,841	816,841	816,841	854,416	893,719	937,512
Total non current assets	7,709,381	7,658,177	7,600,484	7,579,109	7,579,109	7,579,109	7,604,854	7,631,874	8,005,836
Total current liabilities	830,201	1,014,345	1,018,830	1,076,833	1,076,833	1,076,833	1,126,367	1,178,180	1,235,911
Total non current liabilities	3,068,445	3,042,668	3,276,769	1,465,600	1,465,600	1,465,600	1,532,185	1,603,631	1,682,209
Community wealth/Equity	4,578,537	4,375,204	4,137,769	5,853,517	5,853,517	5,853,517	5,800,717	5,743,783	6,025,228
<b>Cash flows</b>									
Net cash from (used) operating	170,800	137,925	180,591	228,177	252,473	252,473	240,455	244,400	255,501
Net cash from (used) investing	(128,831)	(149,148)	(157,641)	(219,599)	(219,599)	(219,599)	(230,360)	(240,956)	(251,799)
Net cash from (used) financing	(58,656)	(1,584)	(1,659)	(1,774)	(1,774)	(1,774)	(1,861)	(1,947)	(2,034)
<b>Cash/cash equivalents at the year end</b>	<b>15,821</b>	<b>3,013</b>	<b>24,295</b>	<b>31,099</b>	<b>55,394</b>	<b>31,099</b>	<b>32,529</b>	<b>34,026</b>	<b>35,693</b>

1. Table D1 is a budget summary and provides a concise overview of the consolidated company'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 company'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 4,2 billion, operating expenditure of R 3,9 billion and capital expenditure of R 278 million for the financial year 2024/25 and allocations for the two projected outer years 2025/26 and 2026/27, 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 2024/25 fiscal year.
- 3.4 Supply of service tariffs as set out in **(Annexure B)** attached, be noted for approval for the 2024/25 fiscal year.
- 3.5 That the Amendment Policy Register as set out in **(Annexure C)** be noted for approval for the 2024/25 financial year.
- 3.6 That the Training Tariffs as set out in **(Annexure D)** be noted for approval for the 2024/25 fiscal year.
- 3.7 That the Conditional Grants allocation as set out in **(Annexure E)** be noted for approval for the 2024/25 fiscal year.
- 3.8 That the Employee Related Costs as set out in **(Annexure G)** be noted for approval for the 2024/25 fiscal year.
- 3.9 That the Bulk Purchases as set out in **(Annexure H)** be noted for approval for the 2024/25 fiscal 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.

- Table D2 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
<b>Revenue</b>	1										
<b>Exchange Revenue</b>											
Service charges - Electricity		2,596,825	2,807,119	2,814,545	3,578,589	3,578,589	3,578,589		4,140,319	4,330,773	4,525,658
Sale of Goods and Rendering of Services		97,595	123,957	136,283	3,680	3,680	3,680		4,490	4,697	4,908
Agency services		6,444	5,942	6,228							
Interest earned from Receivables		638	784	2,347	4,727	4,727	4,727		5,688	5,950	6,217
Interest earned from Current and Non Current Assets		23,122	24,515	24,796	29,846	29,846	29,846		37,394	38,643	40,639
<b>Non-Exchange Revenue</b>											
Fines, penalties and forfeits					3,833	3,833	3,833		5,228	5,468	5,714
Operational Revenue		7,727	3,818	22,010	15,276	15,276	15,276		17,220	18,252	19,309
Gains on disposal of Assets					10,178	10,178	10,178		11,285	11,804	12,335
Discontinued Operations											
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>2,732,351</b>	<b>2,966,136</b>	<b>3,006,208</b>	<b>3,646,128</b>	<b>3,646,128</b>	<b>3,646,128</b>	<b>-</b>	<b>4,221,624</b>	<b>4,415,588</b>	<b>4,614,781</b>
<b>Expenditure</b>											
Employee related costs		396,685	412,994	450,649	450,588	475,296	475,296		503,880	527,037	550,754
Remuneration of councillors		826	-	-	827	450	450		1,277	1,336	1,396
Bulk purchases - electricity	2	1,780,067	2,061,863	2,140,676	2,199,932	2,199,932	2,199,932		2,569,190	2,687,373	2,808,305
Inventory consumed	5	14,709	23,597	29,064	56,291	64,872	64,872		74,340	77,766	81,259
Debt impairment	4	18,759	77,201	(56,752)	179,237	179,237	179,237		317,562	332,170	347,118
Depreciation and asset impairment		230,900	232,507	276,206	85,000	85,000	85,000		93,500	102,850	113,135
Finance charges		205,826	219,620	283,737	254	254	254		56	58	61
Contracted services		71,250	91,490	101,599	189,196	171,372	171,372		164,832	172,414	180,173
Transfers and subsidies					120,000	120,000	120,000		120,000	120,000	120,000
Operational costs	3	98,482	133,302	141,720	114,168	138,664	138,664		145,188	151,877	158,722
Losses on disposal of Assets		2,026	9,463	28,282							
<b>Total Expenditure</b>		<b>2,820,531</b>	<b>3,262,037</b>	<b>3,395,181</b>	<b>3,395,493</b>	<b>3,435,077</b>	<b>3,435,077</b>	<b>-</b>	<b>3,989,808</b>	<b>4,172,876</b>	<b>4,360,923</b>
<b>Surplus/(Deficit)</b>		<b>(88,180)</b>	<b>(295,902)</b>	<b>(388,973)</b>	<b>250,636</b>	<b>211,052</b>	<b>211,052</b>	<b>-</b>	<b>231,818</b>	<b>242,712</b>	<b>253,859</b>
Transfers and subsidies - capital (monetary allocations)		43,761	24,753	41,110	68,058	68,058	68,058		50,618	50,710	53,280
Transfers and subsidies - capital (in-kind)											
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(44,419)</b>	<b>(271,149)</b>	<b>(347,863)</b>	<b>318,693</b>	<b>279,110</b>	<b>279,110</b>	<b>-</b>	<b>282,436</b>	<b>293,421</b>	<b>307,118</b>
Income Tax		(22,361)	(79,727)	(96,817)							
<b>Surplus/(Deficit) after income tax</b>		<b>(22,058)</b>	<b>(191,422)</b>	<b>(251,046)</b>	<b>318,693</b>	<b>279,110</b>	<b>279,110</b>	<b>-</b>	<b>282,436</b>	<b>293,421</b>	<b>307,118</b>
Share of Surplus/Deficit attributable to Joint Venture											
Share of Surplus/Deficit attributable to Minorities											
<b>Surplus/(Deficit) attributable to municipality</b>		<b>(22,058)</b>	<b>(191,422)</b>	<b>(251,046)</b>	<b>318,693</b>	<b>279,110</b>	<b>279,110</b>	<b>-</b>	<b>282,436</b>	<b>293,421</b>	<b>307,118</b>
Share of Surplus/Deficit attributable to Associate											
Intercompany/Parent subsidiary transactions											
<b>Surplus/ (Deficit) for the year</b>		<b>(22,058)</b>	<b>(191,422)</b>	<b>(251,046)</b>	<b>318,693</b>	<b>279,110</b>	<b>279,110</b>	<b>-</b>	<b>282,436</b>	<b>293,421</b>	<b>307,118</b>

### 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	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
<b>R thousands</b>										
<b>Capital expenditure by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		105,214	95,521	117,703	168,885	139,710	139,710	222,145	230,127	240,788
Electrical Infrastructure		105,214	95,521	117,703	168,885	139,710	139,710	222,145	230,127	240,788
<i>HV Substations</i>		880	38	2,557	2,500	3,000	3,000	3,600	3,661	3,826
<i>HV Transmission Conductors</i>		-	-	(190)	7,500	9,300	9,300	10,000	10,460	10,931
<i>MV Networks</i>		20,169	27,576	8,069	21,350	19,175	19,175	32,000	33,472	35,016
<i>LV Networks</i>		84,166	67,908	107,267	137,535	108,235	108,235	176,645	182,534	191,016
<b>Community Assets</b>		13,835	14,640	1,692	23,909	10,000	10,000	33,500	35,041	36,618
Community Facilities		13,835	14,640	1,692	23,909	10,000	10,000	33,500	35,041	36,618
Centres		13,835	14,640	1,692	23,909	10,000	10,000	33,500	35,041	36,618
<b>Other assets</b>		-	63	-	800	800	800	800	837	837
Operational Buildings		-	63	-	800	800	800	800	837	837
Training Centres		-	63	-	800	800	800	800	837	837
<b>Computer Equipment</b>		9,743	17,764	4,748	4,500	7,500	7,500	4,500	4,707	4,919
Computer Equipment		9,743	17,764	4,748	4,500	7,500	7,500	4,500	4,707	4,919
<b>Furniture and Office Equipment</b>		314	219	1,210	1,000	2,500	2,500	7,800	8,169	8,526
Furniture and Office Equipment		314	219	1,210	1,000	2,500	2,500	7,800	8,169	8,526
<b>Machinery and Equipment</b>		-	-	-	1,100	1,100	1,100	1,100	1,151	1,202
Machinery and Equipment		-	-	-	1,100	1,100	1,100	1,100	1,151	1,202
<b>Transport Assets</b>		-	25,968	22,607	8,500	7,500	7,500	9,000	9,414	9,838
Transport Assets		-	25,968	22,607	8,500	7,500	7,500	9,000	9,414	9,838
<b>Total capital expenditure on assets</b>	1	129,106	154,175	147,961	208,693	169,110	169,110	278,845	289,435	302,728
<b>Funded by:</b>										
National Government		42,776	25,211	44,904	53,000	53,000	53,000	35,060	34,436	36,254
Provincial Government										
Parent Municipality		11,707	10,355	9,348	14,300	14,300	14,300	14,000	14,644	15,303
District Municipality										
Transfers recognised - capital		54,483	35,566	54,253	67,300	67,300	67,300	49,060	49,080	51,557
<b>Borrowing</b>	3	74,623								
Internally generated funds			118,609	93,708	141,393	101,810	101,810	229,785	240,355	251,171
<b>Total Capital Funding</b>	4	129,106	154,175	147,961	208,693	169,110	169,110	278,845	289,435	302,728

## Table D4 - Budgeted Financial Position

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

- Table D4 Budgeted Financial Position

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
<b>ASSETS</b>											
<b>Current assets</b>											
Cash and cash equivalents		15,821	3,013	24,295	31,099	31,099	31,099		32,529	34,026	35,693
Trade and other receivables from exchange transactions	1	551,355	512,823	533,983	589,107	589,107	589,107		616,205	644,551	676,134
Receivables from non-exchange transactions	1	103,765	132,878	147,360	93,330	93,330	93,330		97,623	102,114	107,117
Inventory	2	96,587	125,051	127,054	103,306	103,306	103,306		108,068	113,029	118,567
Other current assets		275	274	191							
<b>Total current assets</b>		<b>767,802</b>	<b>774,040</b>	<b>832,884</b>	<b>816,841</b>	<b>816,841</b>	<b>816,841</b>	<b>-</b>	<b>854,416</b>	<b>893,719</b>	<b>937,512</b>
<b>Non current assets</b>											
Investments	3		300	108							
Property, plant and equipment		6,324,672	6,219,525	6,087,345	6,213,973	6,213,973	6,213,973		6,191,959	6,168,932	6,471,210
Intangible assets	1	95,231	95,574	98,177	85,169	85,169	85,169		74,254	62,838	65,917
Other non-current assets		1,289,477	1,342,778	1,414,854	1,279,967	1,279,967	1,279,967		1,338,640	1,400,104	1,468,709
<b>Total non current assets</b>		<b>7,709,381</b>	<b>7,658,177</b>	<b>7,600,484</b>	<b>7,579,109</b>	<b>7,579,109</b>	<b>7,579,109</b>	<b>-</b>	<b>7,604,854</b>	<b>7,631,874</b>	<b>8,005,836</b>
<b>TOTAL ASSETS</b>		<b>8,477,183</b>	<b>8,432,217</b>	<b>8,433,368</b>	<b>8,395,950</b>	<b>8,395,950</b>	<b>8,395,950</b>	<b>-</b>	<b>8,459,270</b>	<b>8,525,594</b>	<b>8,943,348</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Financial liabilities		1,813	1,988	1,511	27,708	27,708	27,708		28,982	30,316	31,801
Consumer deposits		127,043	130,374	160,496	123,143	123,143	123,143		128,808	134,733	141,335
Trade and other payables from exchange transactions	4	523,017	655,760	602,132	886,159	886,159	886,159		926,922	969,561	1,017,069
Provision		1,831	2,489	613	39,823	39,823	39,823		41,554	43,571	45,706
VAT		169,842	217,130	247,523	-	-	-				
Other current liabilities		6,655	6,604	6,554	-	-	-				
<b>Total current liabilities</b>		<b>830,201</b>	<b>1,014,345</b>	<b>1,018,830</b>	<b>1,076,833</b>	<b>1,076,833</b>	<b>1,076,833</b>	<b>-</b>	<b>1,126,367</b>	<b>1,178,180</b>	<b>1,235,911</b>
<b>Non current liabilities</b>											
Financial liabilities	6	853,594	854,289	830,628							
Provision	7	2,214,852	2,188,379	2,446,141	1,465,600	1,465,600	1,465,600		1,532,185	1,603,631	1,682,209
<b>Total non current liabilities</b>		<b>3,068,445</b>	<b>3,042,668</b>	<b>3,276,769</b>	<b>1,465,600</b>	<b>1,465,600</b>	<b>1,465,600</b>	<b>-</b>	<b>1,532,185</b>	<b>1,603,631</b>	<b>1,682,209</b>
<b>TOTAL LIABILITIES</b>		<b>3,898,647</b>	<b>4,057,013</b>	<b>4,295,599</b>	<b>2,542,433</b>	<b>2,542,433</b>	<b>2,542,433</b>	<b>-</b>	<b>2,658,553</b>	<b>2,781,811</b>	<b>2,918,120</b>
<b>NET ASSETS</b>	2	<b>4,578,537</b>	<b>4,375,204</b>	<b>4,137,769</b>	<b>5,853,517</b>	<b>5,853,517</b>	<b>5,853,517</b>	<b>-</b>	<b>5,800,717</b>	<b>5,743,783</b>	<b>6,025,228</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated surplus/(deficit)	8	464,626	213,373	(37,673)	1,381,440	1,381,440	1,381,440		1,353,940	1,326,069	1,391,047
Reserves and funds	9	4,093,911	4,161,831	4,175,442	4,472,077	4,472,077	4,472,077		4,446,777	4,417,714	4,634,181
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>4,578,537</b>	<b>4,375,204</b>	<b>4,137,769</b>	<b>5,853,517</b>	<b>5,853,517</b>	<b>5,853,517</b>	<b>-</b>	<b>5,800,717</b>	<b>5,743,783</b>	<b>6,025,228</b>

## 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.

• Table D5 Budgeted Cash Flow

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates											
Service charges		2,636,799	2,868,571	2,974,169	3,399,585	3,399,585	3,399,585		3,566,165	3,730,208	3,898,068
Other revenue					20,560	20,560	20,560		21,567	22,559	23,574
Transfers and Subsidies - Operational	1				67,300	67,300	67,300		70,598	73,845	77,168
Transfers and Subsidies - Capital	1	51,488	28,571	63,120					-	-	-
Interest		23,760	25,299	27,143	32,619	32,619	32,619		34,217	35,791	37,401
<b>Payments</b>											
Suppliers and employees	2	(2,529,383)	(2,774,842)	(2,834,697)	(3,171,657)	(3,147,362)	(3,147,362)		(3,325,971)	(3,486,082)	(3,642,853)
Finance charges		(11,863)	(9,675)	(49,144)	(229)	(229)	(229)		(240)	(251)	(262)
Transfers and Subsidies					(120,000)	(120,000)	(120,000)		(125,880)	(131,670)	(137,596)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>170,800</b>	<b>137,925</b>	<b>180,591</b>	<b>228,177</b>	<b>252,473</b>	<b>252,473</b>	<b>-</b>	<b>240,455</b>	<b>244,400</b>	<b>255,501</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		275	275	274	9,285	9,285	9,285		9,740	10,188	10,646
<b>Payments</b>											
Capital assets		(122,106)	(149,423)	(157,914)	(228,884)	(228,884)	(228,884)		(240,100)	(251,144)	(262,446)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(128,831)</b>	<b>(149,148)</b>	<b>(157,641)</b>	<b>(219,599)</b>	<b>(219,599)</b>	<b>(219,599)</b>	<b>-</b>	<b>(230,360)</b>	<b>(240,956)</b>	<b>(251,799)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Increase (decrease) in consumer deposits		(58,656)	(1,584)	(1,669)	(1,774)	(1,774)	(1,774)		(1,861)	(1,947)	(2,034)
<b>Payments</b>											
Repayment of borrowing											
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(58,656)</b>	<b>(1,584)</b>	<b>(1,669)</b>	<b>(1,774)</b>	<b>(1,774)</b>	<b>(1,774)</b>	<b>-</b>	<b>(1,861)</b>	<b>(1,947)</b>	<b>(2,034)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	1	<b>(16,686)</b>	<b>(12,808)</b>	<b>21,282</b>	<b>6,804</b>	<b>31,099</b>	<b>31,099</b>	<b>-</b>	<b>8,234</b>	<b>1,496</b>	<b>1,667</b>
Cash/cash equivalents at the year begin:	2	32,508	15,821	3,013	24,295	24,295	-	24,295	24,295	32,529	34,026
Cash/cash equivalents at the year end:	2	15,821	3,013	24,295	31,099	55,394	31,099	24,295	32,529	34,026	35,683

## 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 company 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	2020/21	2021/22	2022/23	Current Year 2023/24				Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
400 dwellings provided with electricity connections by 30 June 2024	Monthly, quarterly progress report and proof of payments	Zero household connections	1550 dwellings not provided with electricity connections	Indicator exempted for reporting by National Treasury for 2022/23 FY	400 dwellings provided with electricity connections by 30 June 2024	400 dwellings provided with electricity connections by 30 June 2024	400 dwellings provided with electricity connections by 30 June 2024	400 dwellings provided with electricity connections by 30 June 2024	800 dwellings provided with electricity connections by 30 June 2025	800 dwellings provided with electricity connections by 30 June 2026	800 dwellings provided with electricity connections by 30 June 2027
70% of valid customer applications for new electricity connections processed as a percentage in terms of municipal service standards by June 2024	Monthly, quarterly progress report and proof of payments	The Percentage of valid customer applications is 73.86 %. Two hundred and sixty (260) new electricity connections processed and completed; however, ninety-two application connections (92) are not yet constructed	The Percentage of valid customer applications is 45.37%. Two hundred and eighty-four (284) completed and three hundred and forty-eight (348) applications are not yet constructed.	54% of valid customer applications for new electricity connections processed as a percentage in terms of municipal service standards by June 2023	70% of valid customer applications for new electricity connections processed as a percentage in terms of municipal service standards by June 2024	70% of valid customer applications for new electricity connections processed as a percentage in terms of municipal service standards by June 2024	70% of valid customer applications for new electricity connections processed as a percentage in terms of municipal service standards by June 2024	70% of valid customer applications for new electricity connections processed as a percentage in terms of municipal service standards by June 2024	90% of valid customer applications for new electricity connections processed as a percentage in terms of municipal service standards by 30 June 2025	90% of valid customer applications for new electricity connections processed as a percentage in terms of municipal service standards by 30 June 2026	90% of valid customer applications for new electricity connections processed as a percentage in terms of municipal service standards by 30 June 2027
Unplanned interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 047 (2019) by 30 June 2024 a) After unplanned interruptions which affects more than one customer i.e., multiple customer interruption/outage, the customers supply should be restored as follows: a) 30% within 1,5 hours b) 60% within 3.5 hours c) 90% within 7,5 hours and d) 98% within 24 hours and e) 100% within a week as per NERSA requirement by 30 June 2024 b) After an unplanned interruption which affects a single i.e., individual customer interruption / outage, the customers supply should be restored as follows: a) 20 % within 1,5h b) 50 % within 3,5h c) 80 % within 7,5h d) 98 % within 24h, and e) 100% within 168 h as per NERSA requirement by 30 June 2024	Monthly, quarterly progress report	a) Calls within 1, 5 hours 9.39% b) Calls within 3, 5 hours 31.67% c) Calls within 7, 5 hours 64.62% d) Calls within 24 hours 95.57% e) Calls within a week 100.00%	a)25.65% b)56.63% c)91.47% d)100.00%	Indicator exempted for reporting by National Treasury for 2022/23 FY	a) After unplanned interruptions which affects more than one customer i.e., multiple customer interruption/outage, the customers supply should be restored as follows: a) 30% within 1.5 hours b) 60% within 3.5 hours c) 90% within 7.5 hours and d) 98% within 24 hours and e) 100% within a week as per NERSA requirement by 30 June 2024	a) After unplanned interruptions which affects more than one customer i.e., multiple customer interruption/outage, the customers supply should be restored as follows: 98% within 24 hours and as per NERSA requirement by 30 June 2024	a) After unplanned interruptions which affects more than one customer i.e., multiple customer interruption/outage, the customers supply should be restored as follows: 98% within 24 hours and as per NERSA requirement by 30 June 2024	a) After unplanned interruptions which affects more than one customer i.e., multiple customer interruption/outage, the customers supply should be restored as follows: 98% within 24 hours and as per NERSA requirement by 30 June 2024	a) After unplanned interruptions which affects more than one customer i.e., multiple customer interruption/outage, the customers supply should be restored as follows: 98% within 24 hours and as per NERSA requirement by 30 June 2025	a) After unplanned interruptions which affects more than one customer i.e., multiple customer interruption/outage, the customers supply should be restored as follows: 98% within 24 hours and as per NERSA requirement by 30 June 2026	a) After unplanned interruptions which affects more than one customer i.e., multiple customer interruption/outage, the customers supply should be restored as follows: 98% within 24 hours and as per NERSA requirement by 30 June 2027
	Monthly, quarterly progress report			Indicator exempted for reporting by National Treasury for 2022/23 FY	b) After an unplanned interruption which affects a single i.e., individual customer interruption / outage, the customers supply should be restored as follows: a) 20 % within 1.5h b) 50 % within 3.5h c) 80 % within 7.5h d) 98 % within 24h, and e) 100% within 168 h as per NERSA requirement by 30 June 2024	b) After an unplanned interruption which affects a single i.e., individual customer interruption / outage, the customers supply should be restored as follows: 98 % within 24h as per NERSA requirement by 30 June 2024	b) After an unplanned interruption which affects a single i.e., individual customer interruption / outage, the customers supply should be restored as follows: 98 % within 24h as per NERSA requirement by 30 June 2024	b) After an unplanned interruption which affects a single i.e., individual customer interruption / outage, the customers supply should be restored as follows: 98 % within 24h as per NERSA requirement by 30 June 2024	b) After an unplanned interruption which affects a single i.e., individual customer interruption / outage, the customers supply should be restored as follows: 98 % within 24h as per NERSA requirement by 30 June 2025	b) After an unplanned interruption which affects a single i.e., individual customer interruption / outage, the customers supply should be restored as follows: 98 % within 24h as per NERSA requirement by 30 June 2026	b) After an unplanned interruption which affects a single i.e., individual customer interruption / outage, the customers supply should be restored as follows: 98 % within 24h as per NERSA requirement by 30 June 2027

- Supporting Table SD1 Measurable performance targets

Performance target description	Unit of measurement	2020/21	2021/22	2022/23	Current Year 2023/24				Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Planned scheduled interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 047 (2019) - 4.5.5.1 by 30 June 2024	Monthly, quarterly progress report	76 notices were submitted 2 days before the execution of planned interruptions and the supply was restored as per NERSA license requirements in terms of NRS 048	One hundred forty-nine (149) planned interruptions were restored as per NRS 047 requirements, only three (3) were not restored within the required timeframe.	One hundred and forty-two (142) notices were issued as per NERSA license requirement in terms of NRS 047 (2019) - 4.5.5.1. One hundred and thirty-seven (137) notices were submitted 48 hours before the execution of planned interruptions. Ninety one (91) notices, power was restored as per NERSA license requirement in terms of NRS 047 (2019) - 4.5.5.1. The average percentage success reported was 94%.	95% of Planned scheduled interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 047 (2019) - 4.5.5.1 requirements by 30 June 2024	95% of Planned scheduled interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 047 (2019) - 4.5.5.1 requirements by 30 June 2024	95% of Planned scheduled interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 047 (2019) - 4.5.5.1 requirements by 30 June 2024	95% of Planned scheduled interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 047 (2019) - 4.5.5.1 requirements by 30 June 2024	Complete % of planned maintenance by 30 June 2025	Complete % of planned maintenance by 30 June 2026	Complete % of planned maintenance by 30 June 2027
Total capacity (MVA) of all commissioned embedded generation plants on the Municipal network by 30 June 2024	Monthly, quarterly progress report and proof of payments	zero capacity installed on our network	750 KVA Installed capacity small-scale embedded generators on the municipal distribution network.	Four (4) installations of approved and commissioned embedded generation plants with a total capacity of 0.9 MVA	Total capacity (MVA) of all commissioned embedded generation plants on the Municipal network by 30 June 2024	Total capacity (MVA) of all commissioned embedded generation plants on the Municipal network by 30 June 2024	Total capacity (MVA) of all commissioned embedded generation plants on the Municipal network by 30 June 2024	Total capacity (MVA) of all commissioned embedded generation plants on the Municipal network by 30 June 2024	Total capacity of one (1) MVA commissioned embedded generation plants on the Municipal network by 30 June 2025	Total capacity of one (1) MVA commissioned embedded generation plants on the Municipal network by 30 June 2026	Total capacity of one (1) MVA commissioned embedded generation plants on the Municipal network by 30 June 2027

## 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	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			Medium Term Revenue and Expenditure Framework			
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
<b>Borrowing Management</b>												
Capital Charges to Operating Expenditure	Finance charges & Depreciation / Operating Expenditure		15%	14%	16%	3%	2%	2%	0%	2%	2%	3%
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%	0.0%
<b>Safety of Capital</b>												
Gearing	Long Term Borrowing / Funds & Reserves		19%	20%	20%	0%	0%	0%	0%	0%	0%	0%
<b>Liquidity</b>												
Current Ratio	Current assets / current liabilities		0.92	0.76	0.82	0.76	0.76	0.00	0.00	0.76	0.76	0.76
Current Ratio adjusted for debtors	Current assets/current liabilities less debtors > 90 days		0.92	0.76	0.82	0.76	0.76	0.00	0.00	0.76	0.76	0.76
Liquidity Ratio	Monetary Assets / Current Liabilities		0.02	0.00	0.02	0.03	0.03	0.00	0.00	0.03	0.03	0.03
<b>Revenue Management</b>												
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts / Last 12 Mths Billing			2702%	2314%	2182%	92390%	92390%	92390%	0%	79420%	79420%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			97.9%	97.9%	100.8%	94.9%	94.9%	94.9%	0.0%	0.0%	90.0%	89.9%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue		24%	22%	23%	19%	19%	19%	0%	17%	17%	17%
<b>Other Indicators</b>												
Electricity Distribution Losses (Z)	Total Volume Losses (kW)	1	157,540	167,996	142,862	156,129	156,129	156,129		148,479	141,649	135,275
	Total Cost of Losses (Rand '000)		182,695	241,915	213,877	212,829	212,829	212,829		202,400	193,060	184,401
	% Volume (units purchased and generated less units sold)/units purchased and generated		10.05%	10.96%	9.81%	10.27%	10.27%	10.27%		9.77%	9.32%	8.90%
Employee costs	Employee costs/Total Revenue - capital revenue		14.6%	13.9%	15.0%	12%	13%	13%	0%	12%	12%	12%
Remuneration	Total remuneration/(Total Revenue - capital revenue)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Repairs & Maintenance	R&M/Total Revenue - capital revenue		4.1%	3.7%	3.8%	3%	3%	3%	0%	3%	3%	3%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)		16.0%	15.2%	16.6%	2%	2%	2%	0%	2%	2%	2%
<b>Financial viability indicators</b>												
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year		282.4	60.4	13,141.0	15,936.3	-	-	-	16,818.3	16,833.5	-
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services		25%	23.0%	24.2%	19%	19%	19%	0%	17%	17%	17%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure		408%	3.8	3.7	3.4	3.4	-	-	-	3.0	3.0

## 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	Ref	Period of Investment	Type of Investment	Interest Rate	Opening balance	Partial / Premature Withdrawal	Closing Balance
		Yrs/Months					
Name of institution & Investment ID							
ABSA - 1 Day Account		February 2013	Call Account	7.05%	40,937	(35,249)	5,688
	1			0	40,937	(35,249)	5,688



**PROPOSED TARIFFS**

**Electricity Tariffs**

It is recommended:

- i. That Centlec electricity tariffs be increased by 12.72% for 2024/25 financial year;
- ii. That, electricity tariffs set out in Annexure A for 2024/25 financial year be approved;
- iii. That, the new electricity tariffs for 2024/25 be implemented from 1 July 2024.
- iv. 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 winter and summer component for all tariffs; and

**Service Tariffs**

It is recommended:

- i. That, the amendments of the service charges as set out in Annexure B for the 2024/25 financial year be approved;
- ii. That, the service Tariffs for 2024/25 be implemented from 1 July 2024.

**Policies**

It is recommended:

- i. That, the amendments of the policies as set out in Annexure C for the 2024/25 financial year be approved;
- ii. That, the newly approved policies for 2024/25 be implemented from 1 July 2024.

**Training Tariffs**

It is recommended:

- i. That, the training tariffs as set out in Annexure D for the 2024/25 financial year be approved;
- ii. That, the training tariffs for 2024/25 be implemented from 1 July 2024.

## **ANNEXURE E**

### **Conditional Grants Allocation**

It is recommended:

- i. That, the conditional grants as set out in Annexure E for the 2024/25 financial year be approved;
- ii. That, the conditional grants for 2024/25 be implemented from 1 July 2024.

## **ANNEXURE G**

### **Employee Related Cost**

It is recommended:

- i. That, the Employee Related Costs as set out in Annexure G for the 2024/25 financial year be approved;
- ii. That, the Salaries for 2024/25 be implemented from 1 July 2024.

## **ANNEXURE H**

### **Bulk Purchases**

It is recommended:

- i. That, the Bulk purchases tariffs as set out in Annexure H for the 2024/25 financial year be approved;
- ii. That, the Bulk Purchases tariffs for 2024/25 be implemented from 1 July 2024.

## **PART 2 - SUPPORTING DOCUMENTATION**

### **1. OVERVIEW OF ANNUAL BUDGET PROCESS**

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

The entity must then consider these recommendations and, if necessary, submit a revised budget to the parent municipality not later than 100 days before the start of the financial year which is approximately on or before the 15<sup>th</sup> 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—
    - (i) sets key financial and non-financial performance objectives and measurement criteria as agreed with the parent municipality;
    - (ii) is consistent with the budget and integrated development plan of the entity's parent municipality;

- (iii) is consistent with any service delivery agreement or other agreement between the entity and the entity's parent municipality; and
  - (iv) 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 stated owned company.

### **1.1 BUDGET PRINCIPLES:**

The following budget principles shall apply:

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

**1.2 BUDGET PROCESS PLAN:**

## CENTLEC BUDGET PROCESS PLAN FOR THE REVIEW/BUDGET 2023-2024

BUDGET PHASES AND PERFORMANCE REPORTING	ACTIVITY	PLANNED DATES	FACILITATION	Status
<b>BUDGET PROCESS PLAN</b>	Centlec - Budget Process Plan 2024/25 submission to the Board for approval	24-Aug-23	Office of the CFO	Done
	MMM - Tabling of the IDP and Budget Process Plan for 2024/2025 financial year to Council	31-Aug-23	MMM	Done
<b>ADJUSTMENT BUDGET PREPARATION PHASE</b>	Centlec - Budget Office start with preparation of budget framework in terms of NT Circulars and MMM parameters for the MTREF 2024/25 to 2026/27	2-Nov-23	Office of the CFO	Done
	<b>Centlec</b> - User Departments to start preparing departmental adjustment budget aligning with the budget framework issued by Budget Office	08 November to 04 December 2023	User Departments	Done
	Centlec - Budget Office start with preparation of budget framework in terms of NT Circulars and MMM parameters for the MTREF 2023/24 to 2025/26	08 November to 04 December 2023	Office of the CFO	Done
	Centlec - Adjustment Budget 2023/24, 1st Draft MTREF Budget & SDBIP 2024/2025, revised 2023-24 SDBIP, annexures, policies & Mid- Year Report as at 31 December	21-Dec-23	Office of the CFO	Done

2023 to be considered by EXCO			
Centlec - Finance Committee to consider the Adjustment Budget 2023/24, 1st Draft MTREF Budget & SDBIP 2024/2025, revised 2023-24 SDBIP, Annexures, policies & Mid-Year Report as at 31 December 2023.	9-Jan-24	Office of the CFO	Done
Centlec - Board Sitting to approve the Adjustment Budget 2023/24, 1st Draft MTREF Budget & SDBIP 2024/2025, revised 2023-24 SDBIP, Annexures, policies & Mid-Year Report as at 31 December 2023.	11-Jan-24	Office of the CFO	Done
Centlec - Submission of the Adjustment Budget 2023/24, 1st Draft MTREF Budget & SDBIP 2024/2025, revised 2023-24 SDBIP, Annexures, policies & Mid-Year Report as at 31 December 2023 to MMM.	19-Jan-24	Office of the CFO	Done (Submitted 15 January 2024)
<b>Centlec</b> - Review tariffs and budget related policies	01-07 February 2024	User Departments	Done
MMM - provides Centlec with comments on the Adjustment budget 2023/24	9-Feb-24	MMM	Done (No comments or adjustments requested from MMM)

Centlec - Revised Adjustment Budget 2023/24, revised SDBIP 2023/24, Budget Related Policies & annexures presented to EXCO	12-Feb-24	Office of the CFO	Done (No adjustments to original submission on 15 Jan 2024 requested from MMM)
Centlec - Revised Adjustment Budget 2023/24, revised SDBIP 2023/24, Budget Related Policies & annexures presented to Finance Committee.	15-Feb-24	Office of the CFO	Done (No adjustments to original submission on 15 Jan 2024 requested from MMM)
Centlec - Board Sitting to approve the Revised Adjustment Budget 2023/24, revised SDBIP 2023/24, Budget Related Policies & annexures.	19-Feb-24	Office of the CFO	Done (No adjustments to original submission on 15 Jan 2024 requested from MMM)
Centlec - Submission of the Revised Adjustment Budget 2023/24, revised SDBIP 2023/24, Budget Related Policies & annexures to MMM.	23-Feb-24	Office of the CFO	Done (No adjustments to original submission on 15 Jan 2024 requested from MMM)
MMM - Council approves the Adjustment Budget 2023/24, revised 2023/24 SDBIP, Annexures & Policies.	27-Feb-24	MMM	Done (Approved by council on 6 March 2024)
Centlec - Publication of the approved Adjustment Budget 2023/24, revised 2023/24 SDBIP, Annexures, Policies & Mid-Year Report as at 31 December 2023.	1-Mar-24	Office of the CFO	Done

<b>MTREF BUDGET PREPARATION PHASE</b>	MMM - provides Centlec with comments on the 1st draft MTREF budget & SDBIP 2024-25.	4-Mar-24	MMM	Done
	Centlec - Submit the 2nd draft MTREF Budget pack, SDBIP & Business Plan for 2024-25 to EXCO.	6-Mar-24	Office of the CFO	Done
	Centlec - Submit the 2nd draft MTREF Budget pack, SDBIP & Business Plan for 2024-25 to the Finance Committee.	8-Mar-24	Office of the CFO	Done (11 March 2024)
	Centlec - Board to consider and approve the 2nd draft MTREF budget pack, SDBIP & Business Plan for 2024/25 for submission to MMM (Special Sitting)	12-Mar-24	Office of the CFO	Done
	Centlec - Submission of the 2nd MTREF budget pack, SDBIP & Business Plan for 2024/25 to the Parent Municipality (100 days before start of the new financial year)	15-Mar-24	Office of the CFO	Done (Submitted on 15 March 2024)
	<b>MMM</b> - Tabling of the Draft including proposed revisions and MTREF 2024/25 & Budget related policies-MMM & Centlec.	28-Mar-24	MMM	Done
	<b>Centlec &amp; MMM</b> - Public participation process including hearings on Draft IDP and MTREF Budgets	08 Apr -22 Apr 2024	MMM & CENTLEC	Done
	<b>MMM</b> - Budget Steering Committee meeting to review progress on the IDP and Budget	22-Apr-24	MMM	Done
	Centlec - Submit the Final MTREF Budget pack for 2024/25 to 2026/27 after the Public Participation to EXCO for consideration	6-May-24	Office of the CFO	Done (13 May 2024 due to MMM delays)



	Centlec - Submit the Final MTREF 2024/25 to 2026/27 budget pack after the Public Participation to the Finance Committee	9-May-24	Office of the CFO	Done (15 May 2024 due to MMM delays)
	Centlec - Board Sitting to consider changes after Public Participation and approve the final MTREF for 2024/25 to 2026/27 budget pack (Special Sitting) 30 days before the start of new financial year	13-May-24	Office of the CFO	Done (15 May 2024 due to MMM delays)
	Centlec - Submit the final MTREF for 2024/25 to 2026/27 budget 30 days before the start of new financial year to MMM	16-May-24	Office of the CFO	To be done
	<b>MMM</b> - 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.	28-May-24	MMM	To be done (New date proposed of 24 May 2024)
	Centlec - Publication of approved MTREF 2024/25 to 2026/27 Budget Pack, Annexures, D-schedules, Business Plan, SDBIP and policies on the website .	5-Jun-24	Office of the CFO	To be done
<b>BUDGET PROCESS PLAN</b>	Centlec - Budget Process Plan 2024/25 submission to the Board for approval	23-Aug-24	Office of the CFO	To be done
	MMM - Tabling of the IDP and Budget Process Plan for 2024/2025 financial year to Council	30-Aug-24	MMM	To be done

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

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

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

In terms of schedule 1 of the Service Delivery Agreement between the company and the parent municipality, the company 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 company 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 company 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 company's budget, compilation and/or implementation thereof were not amended in 2024-25 year.

NO	POLICY DETAILS	POLICY NATURE
1	Whistle Blowing Policy	Non-Budget Policy
2	Consequence Management Policy	Non-Budget Policy
3	Internal Audit Policy	Non-Budget Policy
4	Delegation of Powers Policy	Non-Budget Policy
5	ICT Change Management Policy	Non-Budget Policy
6	ICT Facility and Environmental Control Policy	Non-Budget Policy
7	ICT Firewall Security Policy	Non-Budget Policy
8	ICT Governance Framework	Non-Budget Policy
9	ICT Strategic Plan	Non-Budget Policy
10	ICT Incident Management Policy	Non-Budget Policy
11	ICT Patch Management Policy	Non-Budget Policy
12	Asset Management Policy	Budget Related Policy
13	Revenue Policy	Budget Related Policy
14	Bad Debts Policy	Budget Related Policy
15	Banking Investment Policy	Budget Related Policy
16	Borrowings Policy	Budget Related Policy
17	Budget Reporting Policy	Budget Related Policy
18	Connections & Disconnection Policy	Budget Related Policy
19	Customer Care Policy	Budget Related Policy
20	Estimation Policy	Budget Related Policy
21	Long Terms Debtors Policy	Budget Related Policy
22	Petty Cash Policy	Budget Related Policy
23	Prepaid Electricity Policy	Budget Related Policy
24	Subsistence & Travel Policy	Budget Related Policy
25	Sundry Income Policy	Budget Related Policy
26	Tariffs Policy	Budget Related Policy
27	Unauthorised, Irregular & Fruitless	Budget Related Policy
28	VAT Policy	Budget Related Policy
29	Commitments Policy	Non-Budget Policy
30	Provisions Contingent Accrual Policy	Non-Budget Policy
31	Related Parties Policy	Non-Budget Policy
32	Subsequent Events Policy	Non-Budget Policy
33	Contract Management Policy	Non-Budget Policy
34	ICT Back-Up Policy	Non-Budget Policy
35	ICT Business Continuity Policy	Non-Budget Policy
36	ICT Disaster Discovery Policy	Non-Budget Policy

NO	POLICY DETAILS	POLICY NATURE
37	ICT Security Policy	Non-Budget Policy
38	Indigent Policy	Non-Budget Policy
39	Service Connection Policy	Budget Related Policy
40	Small Scale Embedded Generation (SSEG) Policy	Non-Budget Policy
41	Electrical Infrastructure Maintenance Policy	Non-Budget Policy
42	Provision of Bulk Infrastructure by Developers Policy	Non-Budget Policy
43	Employment Policy	Non-Budget Policy
44	Employment Equity Policy	Non-Budget Policy
45	HRM & D Strategy	Non-Budget Policy
46	Internship Work Integrated Learning Policy	Non-Budget Policy
47	Occupational Health and Safety Policy on Personal Protective Equipment (PPE)	Non-Budget Policy
48	Recognition of Prior Learning (RPL) Policy	Non-Budget Policy
49	Skills Development Policy	Non-Budget Policy
50	Task Job Evaluation Policy	Non-Budget Policy
51	Control of Official Firearm Policy	Non-Budget Policy
52	Risk Management Policy	Non-Budget Policy

#### 4.2 Budget Related Policy overview for amendments and submitted for approval

The following policies that govern the company's budget, compilation and/or implementation thereof were amended and submitted for approval for the 2024-25 year (Annexure C):

NO	POLICY DETAILS	POLICY NATURE
1	Supply Chain Management Policy	Budget Related Policy
2	Credit Control Debt Collection Policy	Budget Related Policy
3	Virement Policy	Budget Related Policy
4	ICT Identity Password Management Policy	Non-Budget Policy
5	ICT - User Access Policy	Non-Budget Policy
6	Cell phone Allowance Policy	Budget Related 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 to kick start the planning process on 31 August 2023. The parameters and the final budget outcome influenced by:

- a. The actual audit outcome especially in respect of the depreciation, debt impairment and interest on shareholders loan provisions.
- b. The audited outcomes of the 2022/23 financial year.
- c. The outcome of the current 2023/24 Adjustment Budget projections.
- d. The outcome of the proposed tariff increase by NERSA.
- e. The determination approval of the proposed bulk purchases increase by ESKOM.
- f. The consideration of all National Treasury Budget MFMA Circulars No. 126 and 128 including the recommendation from the Budget Benchmarking Assessment.

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

### Macroeconomic Projections 2024 - Circular 126

PARAMETERS	2024/25	2025/26	2026/27
	MFMA CIRCULAR 126 & NERSA		
CPI inflation	4.9%	4.6%	4.5%

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 –**

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

The budget of the company 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 represent more than 70% of the company's operational budget. The revenue from the sale of electricity represents more than 96% of the operating revenue for the company.

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

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

**(c) Particulars of tariffs and other charges;**

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

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

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

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

- Data Purification through big-data analytics as part of the AI-programs
- Meter audits for maintenance
- Conversion to pre-paid metering

- Effective implementation of Automated Meter Reading (AMR)
- Smart Streetlight Management (SSM)
- Seamless Integration of all standalone systems to a (ERP) reform

**(f) Particulars of the company's monetary investments by –**

(i) type, and

(ii) maturity date;

- Supporting Table SD3 Budgeted Investment Portfolio

Investments by Maturity	Ref	Period of Investment	Type of Investment	Interest Rate	Opening balance	Partial / Premature Withdrawal	Closing Balance
Name of institution & investment ID		Yrs/Months					
ABSA - 1 Day Account		February 2013	Call Account	7,05%	40 937	(35 249)	5 688
							-
							-
							-
	1			0	40 937	(35 249)	5 688

**(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
- Obsolete and/or Redundant material
- Scrap

**(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 (USDG)
- Informal Settlements Upgrading Partnership Grant (ISUPG)

**(o) particulars of any other transfers and grants to the company.**

- None

**7. ALLOCATIONS OF GRANTS MADE BY THE MUNICIPALITY**

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

- Table D3 Capital Budget by asset class and funding

Vote Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
<b>R thousands</b>	1									
<b>Funded by:</b>										
National Government		42,776	25,211	44,904	53,000	53,000	53,000	35,060	34,436	36,254
Provincial Government										
Parent Municipality		11,707	10,355	9,348	14,300	14,300	14,300	14,000	14,644	15,303
District Municipality										
Transfers recognised - capital		54,483	35,566	54,253	67,300	67,300	67,300	49,060	49,080	51,557
<b>Borrowing</b>	3	74,623								
Internally generated funds			118,609	93,708	141,393	101,810	101,810	229,785	240,355	251,171
<b>Total Capital Funding</b>	4	<b>129,106</b>	<b>154,175</b>	<b>147,961</b>	<b>208,693</b>	<b>169,110</b>	<b>169,110</b>	<b>278,845</b>	<b>289,435</b>	<b>302,728</b>



## 8. 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	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
		A	B	C	D	E	F	G	H	I
<b>R thousands</b>										
<b>Remuneration</b>										
<b>Board Members of Entities</b>										
Basic Salaries and Wages		826	-	-	827	450	450	1,277	1,336	1,396
<b>Sub Total - Board Members of Entities</b>		<b>826</b>	<b>-</b>	<b>-</b>	<b>827</b>	<b>450</b>	<b>450</b>	<b>1,277</b>	<b>1,336</b>	<b>1,396</b>
<b>Senior Managers of Entities</b>										
Basic Salaries and Wages		5,607	2,488	7,223	11,647	10,950	10,950	14,149	14,800	15,466
Pension and UIF Contributions		71	117	105	16	11	11			
Motor Vehicle Allowance		771	959	965	1,313	1,313	1,313			
Cellphone Allowance		85	85	85	116	89	89	162	169	177
Other benefits and allowances					1	1	1			
<b>Sub Total - Senior Managers of Entities</b>		<b>6,534</b>	<b>3,649</b>	<b>8,378</b>	<b>13,093</b>	<b>12,364</b>	<b>12,364</b>	<b>14,311</b>	<b>14,969</b>	<b>15,643</b>
<b>Other Staff of Entities</b>										
Basic Salaries and Wages		228,355	234,534	250,268	249,590	258,444	258,444	288,448	301,716	315,293
Pension and UIF Contributions		39,329	42,975	46,059	62,491	67,094	67,094	48,915	51,165	53,467
Medical Aid Contributions		22,412	24,409	26,508	41,360	43,950	43,950	46,240	48,367	50,543
Overtime		38,392	51,665	62,177	28,241	33,155	33,155	47,423	49,604	51,836
Performance Bonus		17,268	18,757	20,032	18,632	19,784	19,784	20,567	21,514	22,482
Motor Vehicle Allowance		22,561	23,596	26,783	18,134	21,320	21,320	23,673	24,761	25,876
Cellphone Allowance		835	742	726	718	757	757	1,808	1,892	1,977
Housing Allowances		1,469	1,594	1,771	8,358	8,876	8,876	10,993	11,498	12,016
Other benefits and allowances		5,699	6,468	5,411	8,508	8,089	8,089			
Payments in lieu of leave		8,197	817	760	1,463	1,463	1,463	1,483	1,551	1,621
Long service awards		5,605	3,769	1,775						
<b>Sub Total - Other Staff of Entities</b>		<b>390,151</b>	<b>409,345</b>	<b>442,270</b>	<b>437,495</b>	<b>462,932</b>	<b>462,932</b>	<b>489,549</b>	<b>512,068</b>	<b>535,111</b>
<b>Total Municipal Entities remuneration</b>		<b>397,511</b>	<b>412,994</b>	<b>450,649</b>	<b>451,416</b>	<b>475,746</b>	<b>475,746</b>	<b>505,137</b>	<b>528,373</b>	<b>552,150</b>

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	Ref	2022/23			Current Year 2023/24			Budget Year 2024/25		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>										
Board Members of municipal entities	3	7		2	6		6	6		6
<b>Municipal entity employees</b>	4									
CEO and Senior Managers	2	7		6	7	3	4	7	3	4
Other Managers	6		30			47			47	
Professionals		-	312	27	-	280	-	-	353	-
Finance			73			44			54	
Spatial/town planning										
Information Technology			13			13			20	
Roads										
Electricity			133	25		177			205	
Water										
Sanitation										
Refuse										
Other			93	2		46			74	
Technicians		-	313	-	-	384	11	-	476	13
Finance						13			18	
Spatial/town planning										
Information Technology										
Roads										
Electricity			131			167	1		201	3
Water										
Sanitation										
Refuse										
Other			182			204	10		257	10
Clerks (Clerical and administrative)			34			68			76	
<b>Total Personnel Numbers</b>		14	689	35	13	782	21	13	955	23
<b>% increase</b>			4 821.4%	(94.9%)	(62.9%)	2 134.3%	(40.0%)	(38.1%)	7 246.2%	(97.6%)

## 9. CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

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

- Supporting Table SD10 Long term contracts

External mechanism	Ref	Period of agreement 1	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2
Name of organisation		Years/months			
R thousands					
					-

## 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 2024/25												Medium Term Revenue and Expenditure Framework			
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year	Budget Year+1	Budget Year+2	
<b>R thousands</b>																
<b>Operating Revenue By Source</b>																
<b>Exchange Revenue</b>																
Service charges - Electricity	419,286	417,658	333,852	317,566	321,637	316,752	315,530	313,495	301,281	297,434	294,196	491,631	4,140,319	4,330,773	4,525,658	
Sale of Goods and Rendering of Services	374	374	374	374	374	374	374	374	374	374	374	374	4,490	4,697	4,908	
Interest earned from Receivables	474	474	474	474	474	474	474	474	474	474	474	474	5,688	5,950	6,217	
Interest earned from Current and Non Current Assets	3,116	3,116	3,116	3,116	3,116	3,116	3,116	3,116	3,116	3,116	3,116	3,116	37,394	38,643	40,639	
<b>Non-Exchange Revenue</b>																
Fines, penalties and forfeits	436	436	436	436	436	436	436	436	436	436	436	436	5,228	5,468	5,714	
Operational Revenue	1,435	1,435	1,435	1,435	1,435	1,435	1,435	1,435	1,435	1,435	1,435	1,435	17,220	18,252	19,309	
Gains on disposal of Assets	940	940	940	940	940	940	940	940	940	940	940	940	11,285	11,804	12,335	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>426,062</b>	<b>424,433</b>	<b>340,627</b>	<b>324,342</b>	<b>328,413</b>	<b>323,527</b>	<b>322,306</b>	<b>320,270</b>	<b>308,056</b>	<b>304,210</b>	<b>300,971</b>	<b>498,407</b>	<b>4,221,624</b>	<b>4,415,588</b>	<b>4,614,781</b>	
<b>Operating Expenditure By Type</b>																
Employee related costs	41,988	41,684	41,684	41,684	41,684	41,684	41,684	41,684	41,684	41,684	41,684	45,036	503,860	527,037	550,754	
Remuneration of councillors	106	106	106	106	106	106	106	106	106	106	106	106	1,277	1,336	1,396	
Bulk purchases - electricity	268,697	266,128	210,674	200,397	202,966	199,883	199,112	197,828	190,120	177,416	165,096	290,874	2,569,190	2,687,373	2,808,305	
Inventory consumed	6,195	6,195	6,195	6,195	6,195	6,195	6,195	6,195	6,195	6,195	6,195	6,195	74,340	77,760	81,259	
Debt impairment	26,464	25,446	25,446	25,446	25,446	25,446	25,446	25,446	25,446	25,446	25,446	36,639	317,562	332,170	347,118	
Depreciation and asset impairment	7,792	7,792	7,792	7,792	7,792	7,792	7,792	7,792	7,792	7,792	7,792	7,792	93,500	102,850	113,135	
Finance charges	5	5	5	5	5	5	5	5	5	5	5	5	56	58	61	
Contracted services	13,736	13,736	13,736	13,736	13,736	13,736	13,736	13,736	13,736	13,736	13,736	13,736	164,832	172,414	180,173	
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	
Operational costs	12,099	11,682	11,682	11,682	11,682	11,682	11,682	11,682	11,682	11,682	11,682	16,286	145,188	151,877	158,722	
<b>Total Expenditure</b>	<b>387,082</b>	<b>382,774</b>	<b>327,319</b>	<b>317,043</b>	<b>319,612</b>	<b>316,529</b>	<b>315,758</b>	<b>314,473</b>	<b>306,766</b>	<b>294,062</b>	<b>281,742</b>	<b>426,648</b>	<b>3,989,806</b>	<b>4,172,876</b>	<b>4,360,923</b>	

- Supporting Table SD6 Budgeted monthly cash and revenue/expenditure

Description	Budget Year 2024/25												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year	Budget Year +1	Budget Year +2
<b>R thousands</b>															
<b>Capital expenditure by Asset Class/Sub-class</b>															
<b>Infrastructure</b>	18,512	14,412	14,412	14,412	14,412	14,412	14,412	14,412	14,412	14,412	14,412	59,512	222,145	230,127	240,788
<i>HV Substations</i>	292	292	292	292	292	292	292	292	292	292	292	292	3,500	3,661	3,826
<i>HV Transmission Conductors</i>	833	833	833	833	833	833	833	833	833	833	833	833	10,000	10,469	10,931
<i>MV Networks</i>	2,667	2,275	2,275	2,275	2,275	2,275	2,275	2,275	2,275	2,275	2,275	6,583	32,000	33,472	35,016
<i>LV Networks</i>	14,720	11,012	11,012	11,012	11,012	11,012	11,012	11,012	11,012	11,012	11,012	51,804	176,645	182,534	191,016
<b>Community Assets</b>	2,792	1,708	1,708	1,708	1,708	1,708	1,708	1,708	1,708	1,708	1,708	13,625	33,500	35,041	36,618
<i>Centres</i>	2,792	1,708	1,708	1,708	1,708	1,708	1,708	1,708	1,708	1,708	1,708	13,625	33,500	35,041	36,618
<b>Other assets</b>	67	67	67	67	67	67	67	67	67	67	67	67	800	837	837
<i>Training Centres</i>	67	67	67	67	67	67	67	67	67	67	67	67	800	837	837
<b>Computer Equipment</b>	375	375	375	375	375	375	375	375	375	375	375	375	4,500	4,707	4,919
<i>Computer Equipment</i>	375	375	375	375	375	375	375	375	375	375	375	375	4,500	4,707	4,919
													-	-	-
<b>Furniture and Office Equipment</b>	650	642	642	642	642	642	642	642	642	642	642	733	7,800	8,159	8,526
<i>Furniture and Office Equipment</i>	650	642	642	642	642	642	642	642	642	642	642	733	7,800	8,159	8,526
													-	-	-
<b>Machinery and Equipment</b>	92	100	100	100	100	100	100	100	100	100	100	8	1,100	1,151	1,202
<i>Machinery and Equipment</i>	92	100	100	100	100	100	100	100	100	100	100	8	1,100	1,151	1,202
													-	-	-
<b>Transport Assets</b>	750	750	750	750	750	750	750	750	750	750	750	750	9,000	9,414	9,838
<i>Transport Assets</i>	750	750	750	750	750	750	750	750	750	750	750	750	9,000	9,414	9,838
<b>Total capital expenditure</b>	23,237	18,064	18,064	18,064	18,064	18,064	18,064	18,064	18,064	18,064	18,064	75,070	278,845	289,435	302,728
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>															
<b>Receipts</b>															
<i>Property rates</i>													-	-	-
<i>Service charges</i>	367,259	365,833	292,426	278,161	281,727	277,448	278,378	274,595	263,896	260,527	257,691	370,226	3,566,165	3,730,208	3,898,068
<i>Other revenue</i>	1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797	21,567	22,568	23,574
<i>Transfers and subsidies - operating</i>	5,883	5,883	5,883	5,883	5,883	5,883	5,883	5,883	5,883	5,883	5,883	5,883	70,598	73,845	77,168
<i>Interest</i>	2,851	2,851	2,851	2,851	2,851	2,851	2,851	2,851	2,851	2,851	2,851	2,851	34,217	35,791	37,401
<i>Dividends</i>													-	-	-
<b>Payments</b>															
<i>Suppliers and employees</i>	(340,021)	(338,700)	(270,737)	(257,531)	(260,832)	(256,870)	(255,860)	(254,229)	(244,324)	(241,205)	(238,579)	(367,063)	(3,325,971)	(3,486,082)	(3,642,853)
<i>Finance charges</i>	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(240)	(251)	(262)
<i>Dividends paid</i>													-	-	-
<i>Transfers and Subsidies</i>	(10,490)	(10,490)	(10,490)	(10,490)	(10,490)	(10,490)	(10,490)	(10,490)	(10,490)	(10,490)	(10,490)	(10,490)	(125,880)	(131,670)	(137,596)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	27,260	27,154	21,710	20,652	20,916	20,599	20,520	20,387	19,594	19,344	19,134	3,185	240,455	244,400	256,501
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>															
<b>Receipts</b>															
<i>Proceeds on disposal of PPE</i>	812	812	812	812	812	812	812	812	812	812	812	812	9,740	10,188	10,646
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	812	812	812	812	812	812	812	812	812	812	812	(239,288)	(230,360)	(240,956)	(251,799)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>															
<b>Receipts</b>															
<i>Short term loans</i>													-	-	-
<i>Borrowing long term/refinancing</i>													-	-	-
<i>Increase (decrease) in consumer deposits</i>	(155)	(155)	(155)	(155)	(155)	(155)	(155)	(155)	(155)	(155)	(155)	(155)	(1,861)	(1,947)	(2,034)
<b>Payments</b>															
<i>Repayment of borrowing</i>													-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	(155)	(155)	(155)	(155)	(155)	(155)	(155)	(155)	(155)	(155)	(155)	(155)	(1,861)	(1,947)	(2,034)
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	27,917	27,811	22,366	21,308	21,573	21,256	21,176	21,044	20,261	20,001	19,790	(236,258)	8,234	1,496	1,667
<i>Cash/cash equivalents at the year begin:</i>	32,508	60,424	88,235	110,601	131,910	153,483	174,738	195,915	216,958	237,209	257,210	(1,634,895)	24,295	32,529	34,026
<i>Cash/cash equivalents at the year end:</i>	60,424	88,235	110,601	131,910	153,483	174,738	195,915	216,958	237,209	257,210	277,000	(1,871,153)	32,529	34,026	35,693

## 11. CAPITAL EXPENDITURE DETAILS

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

- Supporting Table SD9 Detailed capital budget						
R thousand	Function	Ward Location	GPS Longitude	2024/25 Medium Term Revenue & Expenditure Framework		
				Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
	TRAINING & DEVELOPMENT	Ward (19)	S29.127093, 26.224371	800	837	874
	EMPLOYMENT EQUITY	Ward (19)	S29.127093, 26.224371	100	105	109
	DIGITAL RADIO SYSTEM	Ward (19)	S29.127093, 26.224371	1,100	1,151	1,202
	IMPLEM BUSINESS CONT/DISASTER RECOV INF	Ward (19)	S29.127093, 26.224371	500	523	547
	UPGRADE & REFURB COMPUTER NETWORK	Ward (19)	S29.127093, 26.224371	4,000	4,184	4,372
	METER PROJECT	Wards (1 - 51)	multiple locations	30,000	31,360	32,792
	VENDING BACK OFFICE	Ward (19)	S29.127093, 26.224371	6,000	6,276	6,558
	ELECTRIFICATION (JSDG GRANT)	Wards (1, 5, 6, 7, 11, 12, 17, 37, 39, 40, 46, 51)	multiple locations	10,360	8,600	9,255
	ELECTRIFICATION PROJECTS (ISUPG)	Ward (27, 51)	S29.224647, 26.256804;	24,700	25,836	26,999
	BOTSHABELO: ESTABLISHMENT OF 132KV (INDU	Ward (30)	S29.197988, 26.694160	12,300	12,866	13,445
	ELECTRIFICATION INTERNAL PROJECTS	Ward (11, 16, 17)	S29.297927, 26.705297;	6,000	6,276	6,558
	EXTENSION AND UPGRADING OF THE 11KV NETW	Ward (1 - 51)	multiple locations	4,000	4,184	4,372
	BOTSH: UPG SUB W (C)WORK B/W 2ND TRA S/D	Ward (36)	S29.257060, 26.680982	15,000	15,690	16,396
	BLOEM: C/Y-EST 33/11KV 20MVA FIRM SUPDC	Ward (19)	S29.127093, 26.224371	21,000	21,966	22,954
	BLOEM: N/STAD-UPG 132/11KV 20MVA FIRM DC	Ward (48)	S29.054360, 26.227047	5,000	5,230	5,465
	PUBLIC ELECTRICITY CONNECTIONS	Ward (1 - 51)	Various - Dependant on customer address	14,000	14,644	15,303
	UPGRADING AND EXTENTION OF LV NETWORK	Ward (1 - 51)	multiple locations	3,000	3,138	3,279
	SERVITUDES LAND (INCL INVEST REMUNE REG	Ward (1 - 51)	multiple locations	700	732	765
	INSTALLATION OF PUBLIC LIGHTING	Ward (1 - 51)	multiple locations	6,000	6,276	6,558
	INSTALL PREPAID METERS (INDIGENT)	Ward (1 - 51)	multiple locations	500	523	547
	RENEWABLE PROJECTS	Ward (17)	S29.142442, 26.414702	5,000	5,230	5,465
	Upgrade 132/11KV, 20MVA DC, Shannon B	Ward (47)	S29.189758, 26.295717	8,000	8,368	8,745
	REMEDIAL WORK 132KV SOUTHERN LINES	Kwaggafontein Area, Ferreira Road Max Steel	S29°07'48.6"S, 26°08'26.9"E S29°11'23.4"S, 26°10'38.8"E S29°17'2640,26,2136260	10,000	10,460	10,931
	SHIFTING OF CONNECTION AND REPLACEMENT S	Ward (1 - 51)	multiple locations	2,005	2,098	2,192
	REFURBISHMENT OF HIGH MAST LIGHTS	Van Stadensrus - Ward (50)	S29°59'38", 27°28", 325°	5,030	5,261	5,498
		Bloemfontein - Batho	S29°87", 26°13'50"			
		Bloemfontein - Ward (3)	S29°9'25", 26°14'17"			
		Bloemfontein - Ward (5)	S29°9'48", 26°14'18"			
		Bloemfontein - Ward (14)	S29°11'50", 26°14'22"			
		Botshabelo - Ward (67)	S29°15'50", 26°40'41"			
		Botshabelo - Section (F)	S29°13'3", 26°40'55"			
		Botshabelo - Section (W)	S29°15'14", 26°40'55"			
		Thaba Nchu - Ward (49)	S29°11'15", 26°50'34"			
		Thaba Nchu - Ward (46)	S29°11'38", 26°48'35"			
	REP LOW VOLT DECREPIT 2/4/8 WAY BOXES	Ward (1 - 51)	multiple locations	700	732	765
	REP BRITTLE OVERHEAD CONNECTIONS	Ward (1 - 51)	multiple locations	850	888	929
	REPLACE DECRYPT CABLES MV-HV (NETWORKS)	Ward (1 - 51)	multiple locations	7,000	7,322	7,651
	S/LIGHTS REPLACE POLE TRNS POLES SECTION	Ward (1 - 51)	multiple locations	3,000	3,138	3,279
	REPLACE DECRYPT CABLES MV-HV (SFS & THABA NCHU)	Ward (1 - 51)	multiple locations	5,000	5,230	5,465
	PROTECTION TEST UNIT	Ward (1 - 51)	multiple locations	2,000	2,092	2,186
	REPLACEMENT OF 110V BATTERIES	Ward (1 - 51)	multiple locations	1,500	1,569	1,640
	REPLACEMENT OF 11KV SWITCHGEARS	Ward (1 - 51)	multiple locations	2,000	2,092	2,186
	REPLACEMENT OF 32V BATTERIES	Ward (1 - 51)	multiple locations	1,500	1,569	1,640
	REFUR PROTEC & SCADA SYSTEMS DIST CENTR	Ward (1 - 51)	multiple locations	1,000	1,046	1,093
	TRANSFORMER REPLACE & OTHER RELATED EQUI	Ward (1 - 51)	S29 04 31.5 E26 14 43.3	11,500	12,029	12,570
	INSTALLATION OF HIGH VOLTAGE TEST EQUIPM	Ward (19)	multiple locations	2,500	2,615	2,733
	REPLACEMENT OF OIL PLANT	Ward (20)	S29 07 31.2 E26 13 29.8	1,000	1,046	1,093
	REPAIR MMM DIST DIST CENTRE	Ward (6)	S29 10 14.5 E26 14 34.4	2,500	2,615	2,733
	REPAIR VISTA DIST DIST CENTRE	Ward (19)	S29 10 38.7 E26 12 48.7	26,000	27,196	28,420
	VEHICLES	Ward (19)	S29.127093, 26.224371	7,000	7,322	7,651
	SECURITY EQUIPMENT (CCTV )	Ward (19)	S29.127093, 26.224371	2,000	2,092	2,186
	FURNITURE AND OFFICE EQUIPMENT	Ward (19)	S29.127093, 26.224371	1,700	1,778	1,858
	OFFICE BUILDING	Ward (19)	S29.127093, 26.224371	5,000	5,230	5,465
	<b>Entity Capital expenditure</b>			<b>278,845</b>	<b>289,435</b>	<b>302,728</b>

## **12. LEGISLATION COMPLIANCE STATUS**

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

### **12.1 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.

### **12.2 Budget and Treasury Office**

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

### **12.3 Audit Committee**

An Audit Committee has been established and is fully functional.

### **12.4 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.

### **12.5 Service Delivery and Implementation Plan**

The detailed 2024/25 SDBIP document is submitted for consideration for approval as part of the 2024/25 MTREF in May 2024 directly aligned and informed by the 2024/25 MTREF.

### **12.6 Annual Report**

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


**13. QUALITY CERTIFICATION AND APPROVAL**

**CHIEF FINANCIAL OFFICER CERTIFICATION**

**Prepared By:**

I Z. Williams, Chief Financial Officer of Centlec (SOC) Ltd, hereby confirm 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 Company.

Print Name Zoe Williams  
**CHIEF FINANCIAL OFFICER OF CENTLEC (SOC) LTD**


Signature   
Date 16/05/2024

**CHIEF EXECUTIVE OFFICER CERTIFICATION**

**Approved By:**

I Malefane Sebisofo, 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 Company.

Print Name Malefane Sebisofo  
**CHIEF EXECUTIVE OFFICER OF CENTLEC (SOC) LTD**

Signature   
Date 2024/05/16