



CENTLEC (SOC) LTD

MEDIUM TERM REVENUE & EXPENDITURE
FRAMEWORK
2026/27 TO 2028/29



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LIST OF ACRONYMS

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

PART 1 – ANNUAL BUDGET

1. CHAIRPERSON’S REPORT

A budget within any organisation reflects the strategic choices and decisions made to guide performance and support the achievement of its strategic, economic, and developmental objectives. It serves as a key monitoring and planning tool, outlining projected spending levels (expenditure) and anticipated income collection (revenue) required to fulfil organisational goals. Importantly, the primary purpose of a budget is to support the organisation in fulfilling its mandate through enhanced accountability and responsible resource allocation, ultimately contributing to improved service delivery and the advancement of the livelihoods of the citizens of this country.

The Medium-Term Revenue and Expenditure Framework (MTREF) Budget for 2026/27 – 2028/29 has been compiled within the context of a recovering yet previously distressed global economic environment. The budget aims to prioritise reforms that ensure the Entity’s financial sustainability by securing a fully funded budget, optimising revenue management, and strengthening asset management to operate at optimal capacity. Furthermore, the budget underscores the importance of digitised change-management processes to ensure accurate alignment with and adherence to the mSCOA reforms, while also addressing audit findings previously raised by the Auditor-General of South Africa (AGSA).

In the context of weaker global growth and increasing risks to the domestic economic outlook, it remains essential for the Entity to reposition and remodel its role within the energy landscape to ensure sustainable growth and long-term resilience. Furthermore, it is important to emphasise that a combination of a stable macroeconomic framework, the accelerated implementation of economic and structural reforms, and strengthened state capacity remains central to achieving higher levels of growth, employment creation, and national competitiveness. As per the Budget Review in February 2026, public finances are emerging from the fiscal wilderness. A nascent confidence is reflected in the investment and borrowing environment. Over the next three years real GDP growth is expected to average 1.8 per cent and inflation expectations are shifting lower in line with the 3 per cent target. Public-sector infrastructure initiatives have begun to attract significant private

investment. The MTREF focusing on growth in maintaining macroeconomic stability; speeding up structural reforms; boosting capability; and increasing infrastructure investment in the energy sector.

The economy has proven resilient, reforms to increase growth have made notable progress and confidence is being restored.

Considering the macroeconomic forecasts, National Treasury has revised South Africa's 2026 economic growth projection upwards to 3.7 per cent, from the 3.3 per cent anticipated in the 2026/27 Budget Review. This adjustment reflects stronger-than-expected performance, characterised by stop-start economic growth and persistent inflationary pressures.

As outlined in the February 2026 Budget Forecast Review, South Africa's real GDP growth is projected at 1.6% in 2026/27. The economic outlook remains constrained by persistent logistics challenges, heightened political uncertainty, and elevated borrowing costs. Although growth is expected to rise moderately to 1.6% in 2026, real GDP growth is forecast to average 1.8% over the medium term, reaching 2% by 2028. These projections highlight the urgent need for rapid and effective implementation of structural reforms to accelerate economic growth and job creation. The continuation of a more stable power supply may help strengthen business confidence and support growth. However, global risks have intensified in recent months, including rising financial market volatility and deteriorating global growth prospects. New trade barriers may increase inflationary pressures and prolong the environment of high interest rates, while tighter financial conditions elevate debt-distress risks in emerging markets. Additionally, geopolitical tensions continue to influence global investment flows and may alter patterns of foreign direct investment.

Inflation is projected to rise from 3.2% in 2025 to 3.4% in 2026, primarily driven by higher food prices, especially meat, as supply disruptions linked to foot-and-mouth disease continue to affect the sector. Thereafter, inflation is expected to ease slightly to 3.3% in 2027 and 3.2% in 2028. Despite this moderating trend, risks remain elevated due to geopolitical tensions, exchange rate volatility, administered price increases, and recurring

animal disease outbreaks. The recent reduction of the inflation target to 3%, with a 1 percentage-point tolerance band, is expected to support structurally lower inflation over time. This shift will help protect real household incomes and improve the credibility of monetary policy. Collectively, these dynamics are anticipated to continue shaping and underpinning South Africa's economic performance over the medium term.

Household consumption growth is projected to reach 3.1% in 2025 before moderating to 1.8% in 2026. This reflects a normalisation from previous above-trend growth, as inflation eases and temporary income boost such as the once-off benefits associated with the two-pot retirement system gradually unwind. Between 2026 and 2028, household consumption is expected to average 2%, supported by rising wages, lower inflation, gradual interest rate reductions, a more stable power supply, and improved consumer sentiment. Despite the uplift in consumer confidence resulting from an improving economic environment, many households continue to struggle with meeting their municipal account obligations. This persistent affordability pressure negatively affects municipal own-revenue collection and may constrain the financial sustainability of local governments.

To accelerate GDP growth after an extended period of weak economic performance, it is clear that South Africa requires large-scale private investment. As an entity we are fostering to strengthen the fiscal position, advance structural reforms, and enhance state capacity. These actions are aimed at reducing borrowing costs, restoring confidence, attracting investment, and placing the economy on a more sustainable, job-creating growth path.

The entity supports the national drive by remodelling and automating all business processes to achieve full optimisation and digital transformation. This shift seeks to ensure that operations function optimally, effectively, efficiently, and transparently. Furthermore, the organisation aims to maximise its revenue-generating potential and improve the collection of monies for services rendered, while concurrently eliminating wasteful expenditure and reducing non-core spending.

New infrastructure developments should be required to consider and incorporate energy-efficient and renewable energy technologies, such as solar or wind power, to

respond effectively to the ongoing global energy crisis. Access to affordable and sustainable energy has the potential to unlock significant economic opportunities by attracting investment into the city and the province, thereby enabling the province to achieve an economic growth rate above the national average.

In alignment with this vision, the company intends to invest in alternative energy sources over the upcoming Medium-Term Revenue and Expenditure Framework (MTREF) period as part of its broader revenue enhancement strategy. This approach is expected to strengthen energy resilience, reduce operational costs, and expand the organisation's ability to generate sustainable revenue.

Furthermore, the entity will prioritise resources towards the maintenance of the current ageing electricity network to minimise power outages and reduce the duration of supply disruptions. While own-funded network expansion programmes will follow a phased approach, service delivery will remain uncompromised and will continue to be upheld as the entity's primary mandate. Grant-funded expansion initiatives including those supported through the newly introduced Urban Development Finance Grant will focus on increasing investment in resilient infrastructure and spatially targeted urban development, supporting both economic growth and service reliability.

In addition, revenue-collection efforts will be intensified, with the entity adopting a zero-tolerance stance on electricity theft, non-payment of bills, resource misuse, and network vandalism. These measures aim to protect infrastructure, safeguard revenue streams, and enhance long-term financial sustainability.

In view of the above a brief summary of the Medium Term Revenue and Expenditure Framework (MTREF) Budget of 2026/27 - 2028/29:

The trading revenue for the MTREF budget totals to a projected revenue of R 5,2 billion in 2026/27, representing an increase of R 556 million or 12% on that of 2025/26 Adjustment Budget (R 4,7 billion.) with a regulated tariff increase of 9,90% 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 5,5 billion in 2027/28 and R 5,6 billion in 2028/29.

The operational expenditure totals to a projected expenditure of R 4,7 billion for 2026/27, representing an increase of R 415 million or 10% increase from that of the 2025/26 Adjustments Budget of (R 4,3 billion) with an approved bulk purchase tariff increase of

9,01% as the main component of the operating expenditure. The allocation for the two outer years of the MTREF period is R 4,9 billion in 2027/28 and R 5,0 billion in 2028/29.

The capital expenditure budget of the company herewith presented amount to R 387 million for 2026/27, representing increase of R 87 million or a 29% increase from 2025/26 Adjustments Budget of R 300 million, with internal revenue generating projects being a 49% contributor and 51% relating to conditional grant funding. The allocation for the two outer years of the MTREF period is projected at R 448 million in 2027/28 and R 445 million in 2028/29.

The table below illustrates the above synopsis of the high level overlook of the MTREF 2026-27 to 2028-29 budget:

STATEMENT OF FINANCIAL PERFORMANCE OF THE ENTITY						
DESCRIPTION	2025-26 MTREF	2025-26 ADJ BUDGET	DRAFT MTREF 2026-27	MTREF 2027-28	MTREF 2028-29	
TOTAL INCOME	-R 4 652 812 852	-R 4 652 812 852	-R 5 209 318 687	-R 5 462 944 270	-R 5 645 470 871	
TOTAL EXPENDITURE	R 4 247 794 621	R 4 269 454 534	R 4 684 867 188	R 4 868 363 762	R 5 051 006 484	
(SURPLUS)/DEFICIT	-R 405 018 231	-R 383 358 318	-R 524 451 499	-R 594 580 508	-R 594 464 387	
DISPOSAL OF ASSETS LOSS/(GAIN)	-R 11 781 103	-R 11 781 103	-R 12 069 860	-R 12 468 166	-R 12 867 147	
IMPAIRMENT LOSS/(GAIN)	R 88 182 302	R 88 182 302	R 142 358 555	R 152 594 135	R 156 408 988	
GRANT FUNDED PROJECTS	R 81 500 000	R 81 500 000	R 195 727 712	R 232 508 522	R 283 266 478	
INTERNAL FUNDING PROJECTS	R 240 160 000	R 218 500 087	R 191 453 000	R 216 113 222	R 162 431 162	
LOSS/(SURPLUS)	-R 6 957 032	-R 6 957 032	-R 6 982 093	-R 5 832 795	-R 5 224 906	

Table 1.1: Overview of MTREF 2026-27. Source: D-Schedules Budget Statements

All projects are derived from the parent municipality’s Integrated Development Plan (IDP); the Entity’s Business Strategy, Business Plan including the Service Delivery Budget Implementation Plan (SDBIP) and will be consolidated into the overall Municipal Budget. The entity remains positioned to fulfil its mandate of supporting the parent municipality in achieving its objectives of providing accessible and reliable energy services to all communities within the metropolitan boundaries.

The entity continues to uphold principles of good governance and maintain robust internal controls, thereby sustaining the improved audit opinion received from the Auditor-General of South Africa (AGSA) in the previous financial year. Furthermore, the budget takes cognisance of issues previously raised by the AGSA and incorporates the necessary corrective measures within financial planning, operational processes, and strategic implementation to ensure continuous improvement and strengthened accountability.

The 2026/27 MTREF has been prepared in accordance with all applicable legislative prescripts and regulatory requirements and incorporates the assessments and guidance issued by the parent municipality. The budget is aligned with the MFMA Circular No. 132 & 134 MTREF Budget Guidelines, the recommendations arising from the National Treasury Budget Benchmarking Assessment, and the assessment of the D-Forms by the National Energy Regulator of South Africa (NERSA). These inputs particularly those relating to energy tariff compliance and affordability, have been integrated to support accelerated service delivery and to strengthen the Company’s overall cash-flow position.

The proposed MTREF therefore reflects the comprehensive application of regulatory directives, strategic guidance, and sector-specific requirements, ensuring that the financial plan remains credible, sustainable, and responsive to both operational needs and long-term service delivery commitments.

The **2026/27 MTREF Budget** of the Entity is hereby presented to the Parent Municipality for consideration in terms of **Section 87(2)** of the **Municipal Finance Management Act (MFMA)**.

.....
CHAIRPERSON OF THE BOARD

2. EXECUTIVE SUMMARY

The purpose of the 2026/27 to 2028/29 MTREF is to guide the Entity's allocated resources toward the achievement of its service delivery objectives as required by the Municipal Finance Management Act (MFMA), Act No. 56 of 2003. In fostering inclusive growth, the Entity strives to achieve faster and sustainable development, anchored on the following four pillars:

- Maintaining macroeconomic stability
- Implementing structural reforms
- Improving state capability
- Accelerating infrastructure investment

Maintaining macroeconomic stability, supported by prudent fiscal policy, is essential for ensuring stable prices, lowering borrowing costs, and strengthening the country's resilience to external shocks. These conditions create a predictable and favourable environment for investment, ultimately fostering sustainable and inclusive economic growth.

Furthermore, the effective implementation of structural reforms is critical to removing barriers to economic expansion and establishing a solid foundation for higher and more sustained long-term growth. Enhancing institutional capability remains central to improving service delivery outcomes by ensuring that public institutions operate efficiently, remain accountable, and are equipped to meet evolving developmental needs.

At the same time, accelerated infrastructure investment is vital for long-term development. It enhances productivity, stimulates economic activity, and supports broader socio-economic progress by improving access to services, enabling business expansion, and driving local economic development.

The annual MTREF Budget also reinforces the Entity's institutional priorities, which are aligned with the sustainable pillars outlined in the Financial Recovery Plan. These priorities focus on strengthening governance, enhancing financial sustainability, and improving operational efficiency to ensure long-term organisational stability and the effective delivery of services.

The following figure illustrates the four sustainable pillars on which the Entity has based the MTREF:

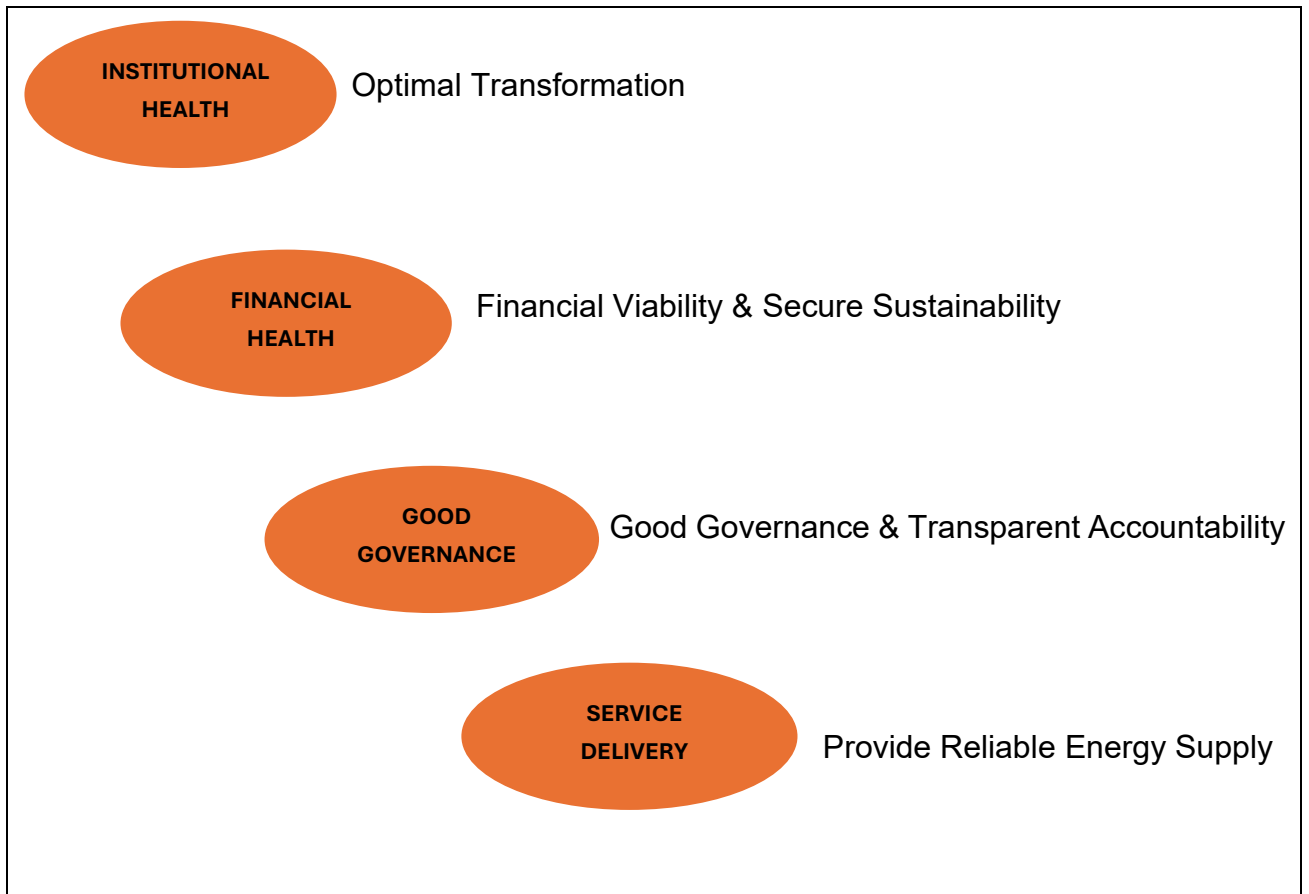


Table 1.2: Sustainable Pillars. Source: FRP2024/25

The tabling of the budget marks the beginning of the journey toward its final approval ahead of implementation at the start of the new financial year. The budget serves as a critical instrument through which the Parent Municipality and its Municipal Entity engage with communities across the Metro to ensure meaningful and participatory public involvement. Inputs received through these engagements whether concerns, priorities, or service delivery needs are carefully considered and incorporated into the Integrated Development Plan (IDP), ultimately being translated into the budget for operationalisation. This process initiates a series of political and administrative activities, including extensive consultations with communities throughout the municipal area. The objective is to ensure that the budget is responsive, inclusive, and aligned with the developmental objectives of the Parent Municipality. Through this approach, the Entity reinforces its commitment to transparency, accountability, and participatory governance.

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:

CAPITAL PROJECTS	APPROVED BUDGET 2023-24	ADJUSTMENT BUDGET 2023-24	APPROVED BUDGET 2024-25	ADJUSTMENT BUDGET 2024-25	APPROVED BUDGET 2025-26	ADJUSTMENT BUDGET 2025-26
CAPITAL CONDITIONAL GRANTS & SUBSIDIES (USDG)	R 25 000 000	R 25 000 000	R 10 360 000	R 25 360 000	R 33 000 000	R 33 000 000
CAPITAL CONDITIONAL GRANTS & SUBSIDIES (ISUPG)	R 28 000 000	R 28 000 000	R 24 700 000	R 37 700 000	R 34 000 000	R 34 000 000
PUBLIC ELECTRICITY CONNECTIONS	R 14 300 000	R 14 300 000	R 14 000 000	R 14 000 000	R 14 500 000	R 14 500 000
INTERNAL FUNDING PROJECTS OUT OF SURPLUS	R 141 393 446	R 101 809 800	R 229 784 800	R 266 584 800	R 240 160 000	R 218 500 087
TOTAL	R 208 693 446	R 169 109 800	R 278 844 800	R 343 644 800	R 321 660 000	R 300 000 087

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	ADJUSTMENT BUDGET	ACTUAL EXPENDITURE	% SPENT ADJUSTMENT BUDGET
2014/15	R 298 963 243	R 299 093 299	R 283 233 659	95%
2015/16	R 325 356 851	R 246 122 724	R 242 344 543	98%
2016/17	R 200 739 976	R 233 176 385	R 222 562 922	95%
2017/18	R 116 468 682	R 97 110 329	R 118 986 263	123%
2018/19	R 96 647 180	R 186 035 358	R 178 299 145	96%
2019/20	R 145 638 821	R 119 158 821	R 110 238 627	93%
2020/21	R 169 725 001	R 179 285 774	R 129 106 054	72%
2021/22	R 217 751 825	R 258 451 825	R 154 174 821	60%
2022/23	R 265 225 272	R 223 590 966	R 147 960 694	66%
2023/24	R 208 693 446	R 169 109 800	R 155 271 306	92%
2024/25	R 278 844 800	R 343 644 800	R 321 103 972	93%

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 2020/21	Actuals 2021/22	Actuals 2022/23	Actuals 2023/24	Actuals 2024/25
	R	R	R	R	R
IMPLEM BUSINESS CONT DISASTER RECOV INF	2 800 000	668 281	-	-	65 504 067
SERVITUDES LAND (INCL INVEST REMUNE REG	600 000	-	-	-	-
UPGRADING AND EXTENTION OF LV NETWORK	-	486 206	1 168 892	839 415	2 671 210
REFURBISHMENT OF HIGH MAST LIGHTS	-	2 593 090	5 936 001	5 218 529	5 709 129
SHIFTING OF CONNECTION AND REPLACEMENT S	1 005 275	824 930	1 058 836	560 840	484 559
BOTSHABELO: ESTABLISHMENT OF 132KV (INDU	5 000 000	37 670	-	-	12 086 188
REPLACEMENT OF OIL PLANT	200 000	-	-	-	-
EXTENSION AND UPGRADING OF THE 11KV NETW	-	4 187 261	4 716 301	-	3 110 270
INSTALL PREPAID METERS (INDIGENT)	300 000	100 523	499 142	457 441	443 519
ELECTRIFICATION (USDG GRANT)	20 466 030	25 211 072	24 801 458	25 848 047	24 915 444
ELECTRIFICATION PROJECTS (ISUPG)	-	-	20 102 938	52 680 511	37 524 612
METER PROJECT	-	12 780 903	24 778 907	17 731 403	41 588 304
FURNITURE AND OFFICE EQUIPMENT	515 100	219 137	1 210 420	14 123 531	8 265 695
PUBLIC ELECTRICITY CONNECTIONS	13 000 000	10 355 079	9 348 200	9 710 010	6 980 560
COMPUTER EQUIPMENT (COVID-19)	1 004 297	1 642 945	-	-	-
DIGITAL RADIO SYSTEM	-	-	-	-	495 000
OFFICE BUILDING	2 718 850	-	854 462	175 134	8 514 290
VEHICLES	50 000 000	25 967 740	22 606 629	-	-
TRAINING & DEVELOPMENT	574 174	62 580	-	-	-
REP LOW VOLT DECREPIT 2/4/8 WAY BOXES	-	290 766	115 104	658 555	2 402 426
S/LIGHTS REPLACE POLE TRNS POLES SECTION	-	2 374 949	2 970 385	4 138 299	13 376 585
REPLACEMENT OF 110V BATTERIES	-	-	2 557 179	1 317 680	-
INSTALLATION OF PUBLIC LIGHTING	8 000 000	10 713 235	10 135 120	1 156 048	5 855 198
ELECTRIFICATION INTERNAL PROJECTS	6 431 192	14 714 998	2 777 220	1 124 416	5 959 352
INFRA CATALYST PROJECTS	8 000 000	4 013 058	4 759 747	-	-
REP BRITTLE OVERHEAD CONNECTIONS	-	-	332 718	-119 646	169 586
REPLACE DECRYPT CABLES MV-HV	-	-	-	-	4 838 922
REPAIR MMM DIST DIST CENTRE	11 133 919	12 804 702	837 950	-	4 458 375
REPAIR VISTA DIST DIST CENTRE	-	-	-	-	16 306 622
REPLACEMENT OF 32V BATTERIES	-	23 498	1 546 710	-	-
REMEDIAL WORK 132KV SOUTHERN LINES	-	-	-	753 594	462 188
BLOEM: N/STAD-UPG 132/11KV 20MVA FIRM DC	-	-	-	-	5 880 359
BLOEM: C/Y-EST 33/11KV 20MVA FIRM SUPDC	-	-	-	-	9 600 247
UPGRADE & REFURB COMPUTER NETWORK	1 537 427	15 452 436	4 747 929	7 657 936	22 118 871
SECURITY EQUIPMENT	-	-	-	-	305 812
REPLACEMENT OF 11KV SWITCHGEARS	-	709 371	98 445	894 802	91 689
TRANSFORMER REPLACE & OTHER RELATED EQUI	-	7 940 392	-	10 344 759	10 894 892
TOTAL	129 106 084	154 174 822	147 960 694	155 271 306	321 013 972

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

2.1.2 RISKS FACING THE COMPANY

- Declining customer base 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.
- NERSA tariff increases not CPI related.

2.1.3 AUDIT OUTCOME 2024-2025

Centlec (SOC) Ltd Audit Report:

- The audited outcome of the company for the 2024/25 financial year was an unqualified audit opinion.
- The company remains steadfast and striving towards a clean audit.

2.2 BUDGET SUMMARY

2.2.1 CONSOLIDATED MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK OUTLOOK: 2026/27 – 2028/29

A. OPERATING REVENUE BUDGET - HIGHLIGHTS ON MAJOR CATERGORIES

For the Municipal Entity 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 5,3 billion in 2026/27, representing an increase in revenue of R 680 million (13%) on the 2025/26 Adjustments Budget of R 4,6 billion. The allocation for the outer two years of the MTREF period is R 5,5 billion and R 5,7 billion respectively. Revenue generated from services charges forms a significant part of the revenue basket of the company. Services charges constitutes 88% of the budgeted revenue for 2026-27, 2027-28 & 2028-29 which excludes capital grants and transfers.

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

REVENUE PER TYPE	2025-26 MTREF	2025-26 ADJUSTMENT BUDGET	GOWTH% AS PER MTREF 2026-27	DRAFT MTREF 2026-27	% OF TOTAL REVENUE	MTREF 2027-28	MTREF 2028-29
FINES AND PENALTIES	R 5 457 938.00	R 5 457 938.00	3.57%	R 5 659 881.71	0.11%	R 5 846 657.80	R 6 033 750.85
PUBLIC CONTRIBUTIONS	R 16 242 448.00	R 16 242 448.00	-8.28%	R 15 000 000.00	0.29%	R 15 495 000.00	R 15 990 840.00
INFORMAL SETTLEMENTS UPGRADING GRANT ISUPG	R 34 000 000.00	R 34 000 000.00	-23.13%	R 27 612 712.00	0.53%	R 40 000 000.00	R 34 000 000.00
URBAN SETTLEMENT DEVELOPMENT GRANT USDG	R 33 000 000.00	R 33 000 000.00	-100.00%	R -	0.00%	R -	R -
URBAN DEVELOPMENT FINANCING GRANT UDFG	R -	R -	100.00%	R 153 115 000.00	2.93%	R 177 013 522.00	R 233 275 638.00
ESKOM DEBT WAIVED	R 128 940 293.00	R 128 940 293.00	0.00%	R 128 940 293.00	2.47%	R -	R -
SERVICE CHARGES	R 4 366 383 583.00	R 4 366 383 583.00	7.98%	R 4 745 285 159.59	90.88%	R 5 086 471 162.57	R 5 213 632 941.63
RECONNECTION TEST AND REMOVAL - METERS	R 8 896 948.00	R 8 896 948.00	3.57%	R 9 226 135.08	0.18%	R 9 530 597.53	R 9 835 576.65
INTEREST EARNED	R 50 784 304.00	R 50 784 304.00	-13.96%	R 44 561 980.39	0.85%	R 46 032 525.74	R 47 505 566.57
OPERATIONAL REVENUE	R 4 258 998.00	R 4 258 998.00	6.17%	R 4 539 085.58	0.09%	R 4 688 875.40	R 4 838 919.41
SALES OF GOODS AND RENDERING OF SERVICES	R 4 848 340.00	R 4 848 340.00	93.57%	R 75 378 439.97	1.44%	R 77 865 928.49	R 80 357 638.20
DISPOSAL OF ASSETS (LOSS)/GAIN	R 11 781 103.00	R 11 781 103.00	2.39%	R 12 069 860.25	0.23%	R 12 468 165.63	R 12 867 146.93
TOTAL	R 4 664 593 955.00	R 4 664 593 955.00	11%	R 5 221 388 547.56	100%	R 5 475 412 435.16	R 5 658 338 018.24

Table 1.6: MTREF2026/27 – 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:

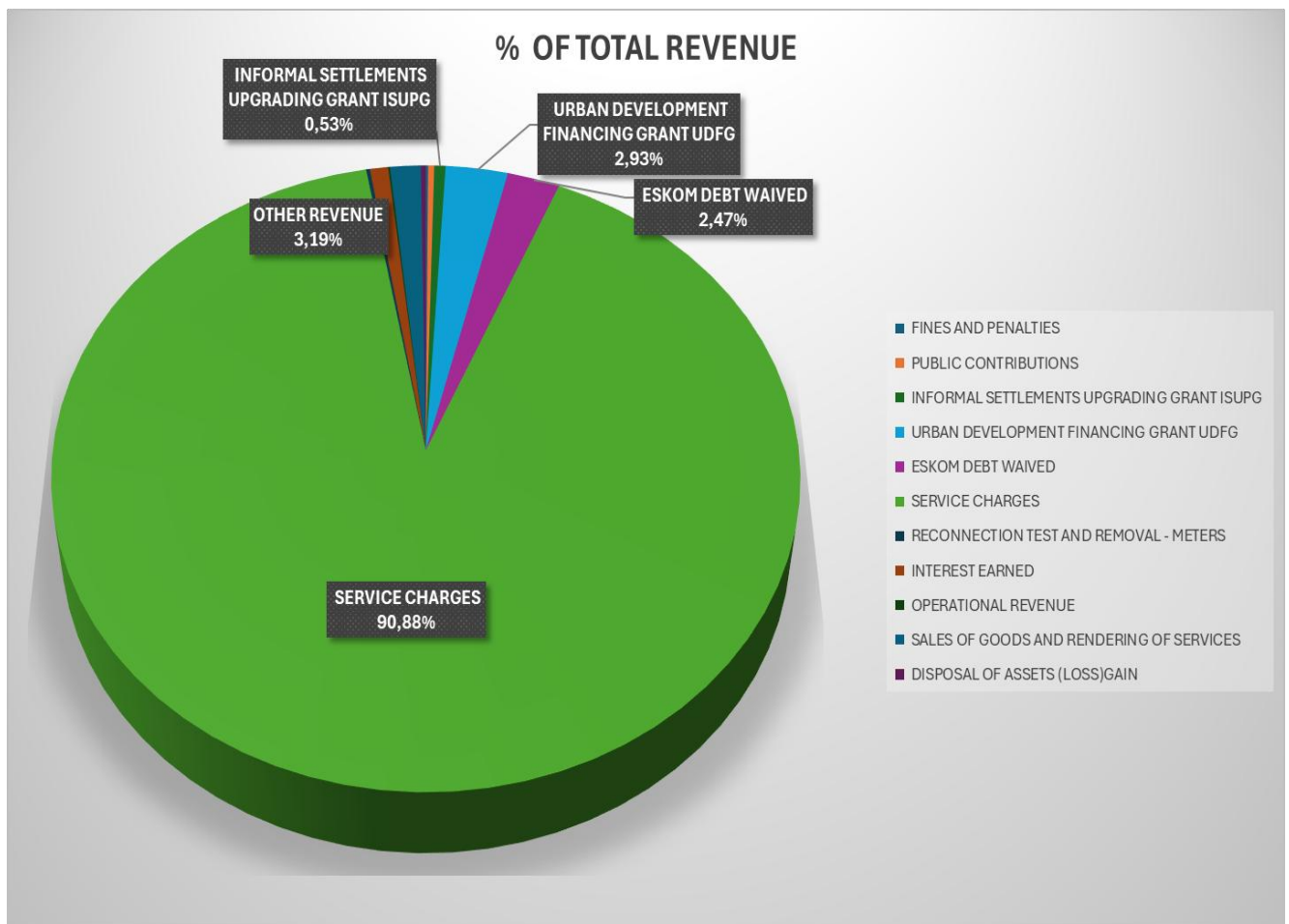


Table 1.7: MTREF 2026/27 – Revenue Source: Graph

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

Service Charges

The service charges revenue increases by R379 million (7.98%) from the 2025/26 Adjustments Budget of R4.4 billion. This growth is driven by several factors, with the primary contributors being the regulated tariff increase approved by NERSA, the continued rise in the number of indigent households, and the expanding demand for services within the City's spatial planning framework. In addition, the Eskom bulk electricity purchase increase of 9.01% for 2026/27 has a significant impact on the overall service-charge revenue requirement.

The revenue allocation for the outer two years of the MTREF period is projected at R5.0 billion and R5.2 billion, respectively. Service charges constitute 90.88% of the total budgeted revenue for the 2026/27 financial year, underscoring the Entity's strong dependence on the sale of electricity as its primary source of income.

Capital Grants and Subsidies (USDG)

Capital grants from the Provincial and National Governments relating to the USDG category were reduced by R33 million from the 2025/26 Adjustments Budget allocation of R33 million, effectively resulting in a complete cut-off for the Entity. Capital grants under the UDFG category have since replaced the USDG allocation. In terms of the gazetted DORA allocations for the metro, the total USDG grant is allocated directly to the Parent Municipality, which in turn allocates a portion to Centlec (SOC) Ltd. For the 2026/27 budget year, however, there was no USDG allocation received from the Mangaung Metropolitan Municipality (MMM).

Capital Grants and Subsidies (ISUPG)

Capital grants from the Provincial and National Governments relating to the ISUPG decreased by R6.4 million from the 2025/26 Adjustments Budget allocation of R34 million. In accordance with the gazetted DORA allocations for the metro, the total ISUPG grant is allocated directly to the Parent Municipality, which subsequently allocates a portion to Centlec (SOC) Ltd. For the 2026/27 financial year, the total ISUPG allocation from the Mangaung Metropolitan Municipality (MMM) therefore decreased by R6.4 million, resulting in a revised allocation of R27.6 million.

For the outer years of the MTREF period, the ISUPG allocations are projected at R40 million in 2027/28 and R34 million in 2028/29. Overall, conditional grant allocations constitute 0.5% of the total budgeted revenue for the 2026/27 budget year.

Capital Grants and Subsidies (UDFG)

Capital grants from the Provincial and National Governments relating to the UDFG amount to R153 million for the 2026/27 financial year. In line with the gazetted DORA allocation for the metro, the total UDFG grant is allocated to the Parent Municipality, which subsequently allocates a portion to Centlec (SOC) Ltd. The total UDFG allocation received from the Mangaung Metropolitan Municipality (MMM) for 2026/27 is therefore R153 million.

For the outer years of the MTREF period, UDFG allocations are projected at R177 million in 2027/28 and R233 million in 2028/29. Overall, conditional grants constitute 2.93% of the total budgeted revenue for the 2026/27 financial year.

Other Operational Revenues (excluding Grants & Service Charges)

All other operating revenue items, as detailed in Table 1.7 above, were adjusted either increased or decreased based on the 2025/26 year-to-date actuals, estimated projections, and historic trends. On average, these revenue categories (excluding Capital Grants and Service Charges) increased by 2%. Collectively, they constitute 5.37% of the total budgeted revenue for the 2026/27 financial year.

B. OPERATING EXPENDITURE

The Municipal Company's expenditure for the 2026/27 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 4,3 billion in 2026/27 to R 4,7 billion (representing an increase of 9% (R 415 million) in 2026/27. The allocation of the outer two years of the MTREF period is R 4,9 billion and R 5,1 billion respectively.

The following table is a high level summary of the MTREF Budget for 2026/27 to 2028/29 (classified per main type of operating expenditure):

STATEMENT OF FINANCIAL PERFORMANCE - CENTLEC (ENTITY)							
EXPENDITURE PER TYPE	2025-26 MTREF	2025-26 ADJ BUDGET	GROWTH % AS PER MTREF 2026-27	DRAFT MTREF 2026-27	% OF TOTAL EXPENDITURE	MTREF 2027-28	MTREF 2028-29
EMPLOYEE SALARIES AND WAGES	591 645 426.00	603 413 147.00	2.97%	621 885 215.96	13%	638 548 819.94	655 364 177.01
CONTRACTED SERVICES	186 118 728.00	197 790 557.00	6.19%	210 844 837.78	5%	217 802 717.43	224 772 404.39
OPERATIONAL COST	160 481 554.00	154 148 917.00	0.73%	155 274 941.80	3%	160 399 014.88	165 531 783.35
INVENTORY - MATERIALS & SUPPLIES	110 020 175.00	114 573 175.00	10.28%	127 702 400.00	3%	131 916 579.20	136 137 909.73
BULK PURCHASES	2 932 253 350.00	2 932 253 350.00	6.01%	3 119 815 413.71	67%	3 260 207 107.32	3 406 916 427.15
INTEREST ON FINANCE LEASES	58 093.00	58 093.00	-2416.27%	2 308.69	0%	2 384.88	2 461.19
MMM CONTRIBUTIONS	120 000 000.00	120 000 000.00	0.00%	120 000 000.00	3%	120 000 000.00	120 000 000.00
OPERATING LEASES	5 500 000.00	5 500 000.00	0.00%	5 500 000.00	0%	5 681 500.00	5 863 308.00
DEPRECIATION AND AMORTISATION	141 717 295.00	141 717 295.00	56.24%	323 842 069.88	7%	333 805 638.03	336 418 012.99
TOTAL EXPENDITURE	4 247 794 621.00	4 269 454 534.00	9%	4 684 867 187.82	100%	4 868 363 761.67	5 051 006 483.82

Table 1.8: MTREF 2026/27 – 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:

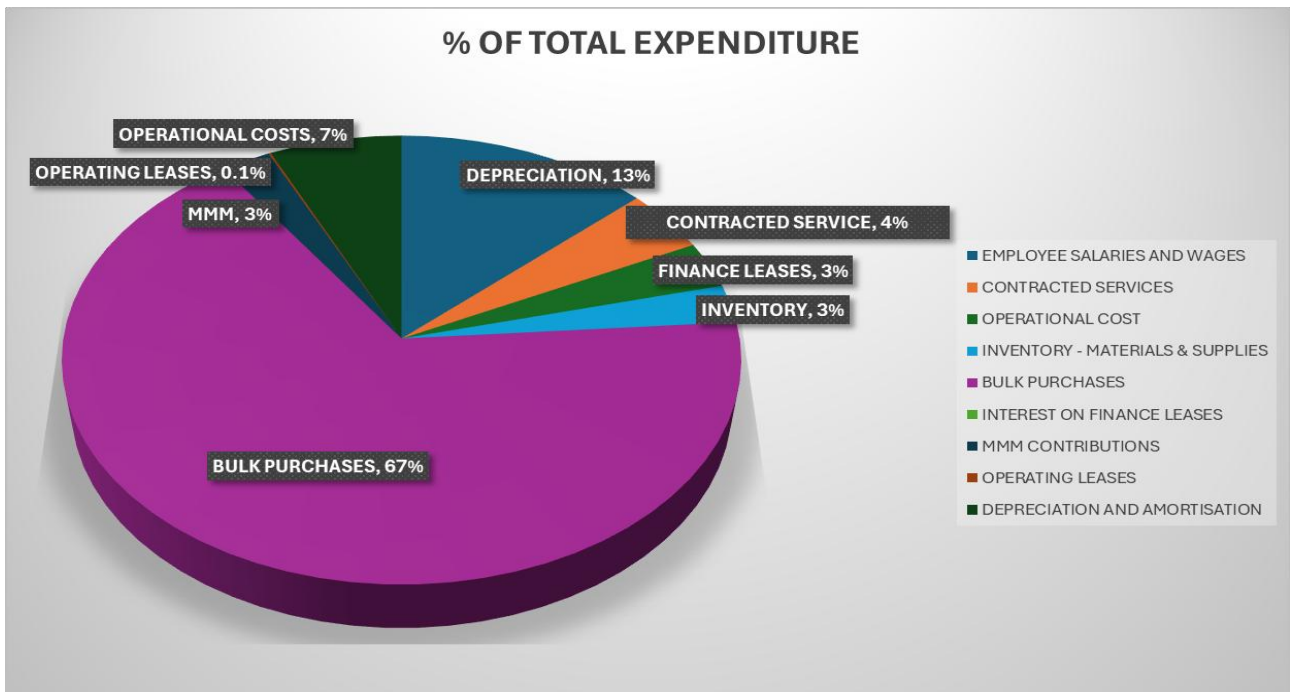


Table 1.9: MTREF 2026/27 – Expenditure (OPEX). Source: Graph

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

Salaries, Wages and Allowances

Employee costs increase by R18.5 million, rising from the 2024/25 Adjustments Budget amount of R603 million to R622 million in 2026/27. The 2.97% increase is primarily attributed to provisions for the normal annual salary adjustments, anticipated new appointments, expected retirements, and disaster-management-related employee costs. The allocations for the outer two years of the MTREF period are R639 million in 2027/28 and R655 million in 2028/29. Total employee-related costs constitute 13% of the total budgeted operating expenditure for the 2026/27 financial year, which remains well within the budget principle parameter of not exceeding 30% of the aggregate operating expenditure component of the annual budget.

The budget for director remuneration is aligned with the applicable Determination Resolution. The 2025/26 Adjustments Budget amount of R665 thousand increases to R3.5 million in 2026/27, with allocations of R3.51 million in 2027/28 and R3.63 million in 2028/29 for the two outer MTREF years.

Operational Cost

The operational cost increases by R1.1 million, rising from the 2025/26 Adjustments Budget amount of R154 million to R155 million in the 2026/27 budget year. This 0.73% increase is based on the 2026/27 year-to-date actuals, estimated projections, operational plans, and historic trends. The allocations for the outer two years of the MTREF period are R160 million in 2027/28 and R165 million in 2028/29.

Cost Containment principles, as outlined in MFMA Circular No. 82, have been applied as a guiding tool in preparing these projections.

Contracted Services

Contracted Services increase by R13 million, rising from R198 million in the 2025/26 Adjustments Budget to R210 million in the 2026/27 budget year. This 6.19% increase is informed by 2026/27 year-to-date actuals, estimated projections, operational plans, and historic trends. The allocations for the outer two years of the MTREF period are R217 million in 2027/28 and R224 million in 2028/29.

Bulk Purchases

Bulk purchases increase by R188 million, rising from the 2025/26 Adjustments Budget amount of R2.9 billion to a proposed R3.1 billion for the 2026/27 budget year. This 6.01% increase is driven primarily by the NERSA-approved Eskom bulk purchase tariff increase of 9.01%, combined with a CPI growth assumption of 3.70%, as well as current and projected consumption patterns within the customer base. The allocations for the outer two years of the MTREF period are R3.3 billion in 2027/28 and R3.4 billion in 2028/29, respectively.

Inventory (Consumables)

The budgeted consumable inventory increases by R13 million, rising from the 2025/26 Adjustments Budget amount of R115 million to R127 million for the 2026/27 financial year. This 10.28% increase is informed by 2026/27 year-to-date actuals, estimated projections, operational plans, historic trends, and the anticipated rise in repairs and maintenance requirements during the year. The allocated amounts for the outer two years of the MTREF period are R131 million in 2027/28 and R136 million in 2028/29, respectively.

Interest on Finance Leases

The budgeted interest on finance leases decreases by R55 thousand, from the 2025/26 Adjustments Budget amount of R58 thousand to R2 thousand in 2026/27. This decrease results from the finance lease agreements relating to the printing machines reaching maturity during the MTREF period. Although the machines are expected to remain in use for an estimated 2–3 years after the initial lease term concludes, no further finance-lease or related interest expenses will be incurred. Only maintenance costs will apply going forward.

Depreciation and Amortisation

The budgeted depreciation increases by R182 million, rising from the 2025/26 Adjustments Budget amount of R141 million to R323 million in 2026/27. The 56% increase is primarily due to the alignment and normalisation of the budget with the audited outcomes and the revalued asset base, although it remains constrained within the parameters set by the Parent Municipality. The allocated depreciation amounts for the outer two years of the MTREF period are R333 million in 2027/28 and R336 million in 2028/29.

Operating leases

The budgeted operating leases remain unchanged from the 2025/26 Adjustments Budget amount of R5.5 million. This is due to fixed-term lease agreements with predetermined payment terms that will remain in effect until the leases reach maturity. The allocated amounts for the outer two years of the MTREF period are R5.7 million in 2027/28 and R5.9 million in 2028/29, respectively.

C. CAPITAL BUDGET

The capital budget increases by R87 million in the 2026/27 financial year, rising to R387 million compared to the 2025/26 Adjustments Budget of R300 million. The projected capital expenditure allocations for the outer two years of the MTREF period are R448 million in 2027/28 and R445 million in 2028/29.

The 2026/27 capital expenditure budget is funded through an almost equal mix of internally generated revenue and conditional grant funding, ensuring a balanced and sustainable capital funding framework.

CAPITAL FUNDING BY SOURCE

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

CAPITAL PROJECTS	2025-26 MTREF	2025-26 ADJUSTMENT BUDGET	DRAFT MTREF 2026-27	MTREF 2027-28	MTREF 2028-29
CAPITAL CONDITIONAL GRANTS & SUBSIDIES (USDG)	R 33 000 000	R 33 000 000	R -	R -	R -
CAPITAL CONDITIONAL GRANTS & SUBSIDIES (ISUPG)	R 34 000 000	R 34 000 000	R 27 612 712	R 40 000 000	R 34 000 000
CAPITAL CONDITIONAL GRANTS & SUBSIDIES (UDFG)	R -	R -	R 153 115 000	R 177 013 522	R 233 275 638
PUBLIC ELECTRICITY CONNECTIONS	R 14 500 000	R 14 500 000	R 15 000 000	R 15 495 000	R 15 990 840
INTERNAL FUNDING PROJECTS OUT OF SURPLUS	R 240 160 000	R 218 500 087	R 191 453 000	R 216 113 222	R 162 431 162
TOTAL	R 321 660 000	R 300 000 087	R 387 180 712	R 448 621 744	R 445 697 640

Table 1.10: MTREF 2026/27 – 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:

CAPITAL PROJECTS	2025-26 MTREF	2025-26 ADJUSTMENT BUDGET	DRAFT MTREF 2026-27	MTREF 2027-28	MTREF 2028-29
CAPITAL CONDITIONAL GRANTS & SUBSIDIES (USDG)	R 33 000 000	R 33 000 000	R -	R -	R -
TOTAL	R 33 000 000	R 33 000 000	R -	R -	R -

Table 1.11: MTREF 2026/27 – 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:

CAPITAL PROJECTS	2025-26 MTREF	2025-26 ADJUSTMENT BUDGET	DRAFT MTREF 2026-27	MTREF 2027-28	MTREF 2028-29
CAPITAL CONDITIONAL GRANTS & SUBSIDIES (ISUPG)	R 34 000 000	R 34 000 000	R 27 612 712	R 40 000 000	R 34 000 000
TOTAL	R 34 000 000	R 34 000 000	R 27 612 712	R 40 000 000	R 34 000 000

Table 1.12: MTREF 2026/27 – Expenditure (CAPEX). Source: D-Schedule Budget Statement

Conditional Grant Funding (UDFG)

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

CAPITAL PROJECTS	2025-26 MTREF	2025-26 ADJUSTMENT BUDGET	DRAFT MTREF 2026-27	MTREF 2027-28	MTREF 2028-29
CAPITAL CONDITIONAL GRANTS & SUBSIDIES (UDFG)	R -	R -	R 153 115 000	R 177 013 522	R 233 275 638
TOTAL	R -	R -	R 153 115 000	R 177 013 522	R 233 275 638

Table 1.13: MTREF 2026/27 – Expenditure (CAPEX). Source: D-Schedule Budget Statement

Public Contributions

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

CAPITAL PROJECTS	2025-26 MTREF	2025-26 ADJUSTMENT BUDGET	DRAFT MTREF 2026-27	MTREF 2027-28	MTREF 2028-29
PUBLIC ELECTRICITY CONNECTIONS	R 14 500 000	R 14 500 000	R 15 000 000	R 15 495 000	R 15 990 840
TOTAL	R 14 500 000	R 14 500 000	R 15 000 000	R 15 495 000	R 15 990 840

Table 1.14: MTREF 2026/27 – 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 191 million for the 2026/27 year. The allocation of the two MTREF period outer years is R 216 million and R 162 million respectively as follows:

INTERNAL FUNDED CAPITAL PROJECTS	2025-26 MTREF	2025-26 ADJUSTMENT BUDGET	DRAFT MTREF 2026-27	MTREF 2027-28	MTREF 2028-29
SUPPORT PROJECTS:	107 825 000.00	99 325 000.00	103 970 000.00	126 782 783.00	73 250 148.76
VENDING BACK OFFICE	500 000.00	21 000 000.00	-	12 642 886.50	10 320 000.00
TRAINING & DEVELOPMENT	-	720 000.00	720 000.00	743 760.00	767 560.32
DIGITAL RADIO SYSTEM	1 500 000.00	450 000.00	1 500 000.00	1 500 000.00	1 500 000.00
IMPLEM BUSINESS CONT DISASTER RECOV INF	40 000 000.00	5 650 000.00	33 000 000.00	30 000 000.00	18 000 000.00
UPGRADE & REFURB COMPUTER NETWORK	10 000 000.00	4 250 000.00	6 000 000.00	6 000 000.00	5 000 000.00
BULK SMART METER INSTALLATION	500 000.00	450 000.00	-	12 642 886.50	10 062 596.00
VEHICLES	8 000 000.00	7 000 000.00	20 000 000.00	20 000 000.00	7 833 478.44
FURNITURE AND OFFICE EQUIPMENT	200 000.00	3 850 000.00	4 000 000.00	4 000 000.00	2 000 000.00
BOTSH: UPG SUB W (C/WORK B/W 2ND TRA S/D	9 675 000.00	-	-	-	-
BLOEM: C/Y-EST 33/11KV 20MVA FIRM SUPDC	9 000 000.00	24 287 500.00	-	-	-
BLOEM: N/STAD-UPG 132/11KV 20MVA FIRM DC	4 500 000.00	9 887 500.00	-	-	-
INFRA CATALYST PROJECTS	7 650 000.00	7 650 000.00	5 000 000.00	5 000 000.00	4 000 000.00
SECURITY EQUIPMENT	3 000 000.00	5 700 000.00	10 000 000.00	10 000 000.00	4 000 000.00
OFFICE BUILDING	10 000 000.00	5 500 000.00	15 000 000.00	15 495 000.00	5 000 000.00
EMPLOYMENT EQUITY	-	-	250 000.00	258 250.00	266 514.00
PROTECTION TEST EQUIPMENT	1 800 000.00	1 580 000.00	1 500 000.00	1 500 000.00	1 500 000.00
COMPUTER EQUIPMENT	1 500 000.00	1 350 000.00	7 000 000.00	7 000 000.00	3 000 000.00
		-		-	-
SERVICE DELIVERY PROJECTS:	57 770 000.00	47 268 087.00	61 100 000.00	62 621 300.00	63 145 181.60
METER REPLACEMENT PROJECT	35 000 000.00	31 500 000.00	33 000 000.00	34 089 000.00	35 179 848.00
EXTENSION AND UPGRADING OF THE 11KV NETW	3 600 000.00	3 600 000.00	5 000 000.00	5 000 000.00	4 000 000.00
SERVITUDES LAND (INCL INVEST REMUNE REG	630 000.00	535 500.00	700 000.00	723 100.00	746 239.20
INSTALLATION OF PUBLIC LIGHTING	5 040 000.00	2 040 000.00	4 750 000.00	4 906 750.00	5 063 766.00
INSTALL PREPAID METERS (INDIGENT)	450 000.00	450 000.00	300 000.00	309 900.00	319 816.80
UPGRADING AND EXTENTION OF LV NETWORK	3 150 000.00	677 500.00	2 350 000.00	2 427 550.00	2 505 231.60
SHIFTING OF CONNECTION AND REPLACEMENT S	2 250 000.00	1 725 000.00	-	-	-
REFURBISHMENT OF HIGH MAST LIGHTS	7 650 000.00	6 740 087.00	10 000 000.00	10 000 000.00	10 000 000.00
REP STREETLIGHT VANDALISED UNDERGROUND CABLES	-	-	5 000 000.00	5 165 000.00	5 330 280.00
REPAIRS AND MAINTENANCE PROJECTS:	28 800 000.00	30 750 000.00	1 125 000.00	1 162 125.00	1 199 313.00
BOTSHABELO: ESTABLISHMENT OF 132KV (INDU	4 050 000.00	-	-	-	-
INSTALLATION OF HIGH VOLTAGE TEST EQUIPMENT	2 250 000.00	2 250 000.00	1 125 000.00	1 162 125.00	1 199 313.00
TRANSFORMER REPLACE & OTHER RELATED EQUI	22 500 000.00	28 500 000.00	-	-	-
REFURBISHMENT PROJECTS (renewal)	41 715 000.00	37 714 500.00	19 258 000.00	19 547 014.00	19 836 518.45
REP LOW VOLT DECREPIT 2/4/8 WAY BOXES	1 890 000.00	1 417 500.00	1 417 500.00	1 464 277.50	1 511 134.38
REP BRITTLE OVERHEAD CONNECTIONS	1 125 000.00	1 975 000.00	1 500 000.00	1 549 500.00	1 599 084.00
S/LIGHTS REPLACE POLE TRNS POLES SECTION	3 150 000.00	7 172 000.00	7 500 000.00	7 500 000.00	7 500 000.00
REPLACEMENT OF 110V BATTERIES	1 800 000.00	2 800 000.00	-	-	-
REPLACEMENT OF 11KV SWITCHGEARS	3 150 000.00	150 000.00	-	-	-
REPLACEMENT OF OIL PLANT	900 000.00	400 000.00	400 000.00	413 200.00	426 422.40
REPLACEMENT OF 32V BATTERIES	1 800 000.00	2 800 000.00	-	-	-
REFUR PROTEC & SCADA SYSTEMS DIST CENTR	900 000.00	4 750 000.00	-	-	-
REPAIR MMM DIST DIST CENTRE	1 800 000.00	-	5 440 500.00	5 620 036.50	5 799 877.67
REPAIR VISTA DIST DIST CENTRE	4 500 000.00	7 500 000.00	-	-	-
REMEDIAL WORK 132KV SOUTHERN LINES	7 200 000.00	1 000 000.00	-	-	-
RENEWABLE PROJECTS	2 250 000.00	-	3 000 000.00	3 000 000.00	3 000 000.00
UPGRADE 132/11kv, 20MVA DC, SHANNON B	2 700 000.00	-	-	-	-
REPLACEMENT OF DECREPT CABLES (MV-HV)	6 300 000.00	7 750 000.00	-	-	-
REPLACEMENT OF DECREPT CABLES (MV-HV)	2 250 000.00	-	-	-	-
INTERNAL ELECTRIFICATION PROJECTS:	4 050 000.00	3 442 500.00	6 000 000.00	6 000 000.00	5 000 000.00
ELECTRIFICATION INTERNAL PROJECTS	4 050 000.00	3 442 500.00	6 000 000.00	6 000 000.00	5 000 000.00
TOTAL OWN FUNDED PROJECTS	240 160 000.00	218 500 087.00	191 453 000.00	216 113 222.00	162 431 161.81

Table 1.15: MTREF 2026/27 – 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:

Project Description	Ward Location	GPS Co-Ordinates	DRAFT MTREF 2026-27	MTREF 2027-28	MTREF 2028-29
Remedial Work 132kv Southern Lines	Kwaggafontein Area,	S29°07'48.6"S,26°08'26.9"E	10 000 000	11 560 822	15 235 322
	Ferreira Road	S29°11'23.4"S,26°10'38.8"E			
	Max Steel	S29°17'12640,26,2136260			
Extension And Upgrading Of The 11kv Netw	Ward (1 - 51)	Multiple locations	5 000 000	5 000 000	4 000 000
Refur Protec & Scada Systems Dist Centr	Ward (1 - 51)	Multiple locations	5 940 500	6 867 706	9 050 543
Replacement Of Oil Plant	Ward (20)	S29 07 31.2 E26 13 29.8	400 000	413 200	426 422
Refurbishment Of High Mast Lights	Van Stadensrus - Ward (50)	S29°59'38",27°2'8",325°	10 000 000	10 000 000	10 000 000
	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"			
Upgrading And Extention Of Lv Network	Ward (1 - 51)	Multiple locations	2 350 000	2 427 550	2 505 232
Renewable Projects	Ward (1 - 51)	Multiple locations	3 000 000	3 000 000	3 000 000
Security Equipment (Cctv)	Ward (19)	S29.127093, 26.224371	10 000 000	10 000 000	4 000 000
Electrification Internal Projects	Ward (11, 16, 17)	S29.297927, 26.705297;	6 000 000	6 000 000	5 000 000
Bloem: C/Y-Est 33/11kv 20mva Firm Supdc	Ward (19)	S29.127093, 26.224371	14 000 000	16 185 150	21 329 451
Bloem: N/Stad-Upg 132/11kv 20mva Firm Dc	Ward (48)	S29.054360, 26.227047	8 000 000	9 248 657	12 188 258
Botsh: Upg Sub T (2ND TRANS SCADA EQUI)	Ward (36)	S29.257080, 26.680982	10 000 000	11 560 822	15 235 322
Botsh: Upg Sub W (C/Work B/W 2nd Tra S/D)	Ward (36)	S29.257080, 26.680982	14 000 000	16 185 150	21 329 451
Electrification Projects (Isupp)	Ward (27, 51)	S29.224647,26.256804;	27 612 712	40 000 000	34 000 000
Infra Catalyst Projects	Ward (1 - 51)	Multiple locations	5 000 000	5 000 000	4 000 000
Install Prepaid Meters	Ward (1 - 51)	Multiple locations	300 000	309 900	319 817
Installation Of Public Lighting	Ward (1 - 51)	Multiple locations	4 750 000	4 906 750	5 063 766
Meter Replacement Project	Ward (1 - 51)	Multiple locations	33 000 000	34 089 000	35 179 848
Public Electricity Connections	Ward (1 - 51)	Various - Dependant on customer address	15 000 000	15 495 000	15 990 840
Rep Brittle Overhead Connections	Ward (1 - 51)	Multiple locations	1 500 000	1 549 500	1 599 084
Replace Decrypt Cables Mv-Hv	Ward (1 - 51)	Multiple locations	8 200 000	9 479 874	12 492 964
Replace Decrypt Cables Mv-Hv	Ward (1 - 51)	Multiple locations	2 600 000	3 005 814	3 961 184
S/Lights Replace Pole Trns Poles Section	Ward (1 - 51)	Multiple locations	7 500 000	7 500 000	7 500 000
Rep S/Lights Vandalised Underground Cables	Ward (1 - 51)	Multiple locations	5 000 000	5 165 000	5 330 280
Rep Overhead Line Equipment and S/Lights Poles	Ward (1 - 51)	Multiple locations	15 000 000	17 341 233	22 852 984
Servitudes Land (Incl Invest Remune Reg	Ward (1 - 51)	Multiple locations	700 000	723 100	746 239
Computer Equipment	Ward (19)	S29.127093, 26.224371	7 000 000	7 000 000	3 000 000
Implem Business Cont Disaster Recov Inf	Ward (19)	S29.127093, 26.224371	33 000 000	30 000 000	18 000 000
Upgrade & Refurb Computer Network	Ward (19)	S29.127093, 26.224371	6 000 000	6 000 000	5 000 000
Furniture And Office Equipment	Ward (19)	S29.127093, 26.224371	4 000 000	4 000 000	2 000 000
Vending Back Office	Ward (19)	S29.127093, 26.224371	-	12 642 887	10 320 000
Digital Radio System	Ward (19)	S29.127093, 26.224371	1 500 000	1 500 000	1 500 000
Protection Test Unit	Ward (1 - 51)	Multiple locations	1 500 000	1 500 000	1 500 000
Vehicles	Ward (19)	S29.127093, 26.224371	20 000 000	20 000 000	7 833 478
Replacement Of 110v Batteries	Ward (1 - 51)	Multiple locations	3 811 000	4 405 829	5 806 181
Bulk Meter Refurbishment	Ward (1 - 51)	Multiple locations	-	12 642 887	10 062 596
Replacement Of 11kv Switchgears	Ward (1 - 51)	Multiple locations	5 200 000	6 011 627	7 922 368
Replacement Of 32v Batteries	Ward (1 - 51)	Multiple locations	3 200 000	3 699 463	4 875 303
Transformer Replace & Other Related Equi	Ward (1 - 51)	S29 04 31.5 E26 14 43.3	30 512 500	35 274 957	46 486 777
Installation Of High Voltage Test Equipm	Ward (19)	Multiple locations	1 125 000	1 162 125	1 199 313
Rep Low Volt Decrepit 2/4/8 Way Boxes	Ward (1 - 51)	Multiple locations	1 417 500	1 464 278	1 511 134
Repair Mmm Dist Dist Centre	Ward (6)	S29 10 14.5 E26 14 34.4	5 440 500	5 620 037	5 799 878
Repair Vista Dist Dist Centre	Ward (19)	S29 10 38.7 E26 12 48.7	22 651 000	26 186 417	34 509 529
Office Building	Ward (19)	S29.127093, 26.224371	15 000 000	15 495 000	5 000 000
Training & Development	Ward (19)	S29.127093, 26.224371	720 000	743 760	767 560
Employment Equity	Ward (19)	S29.127093, 26.224371	250 000	258 250	266 514
TOTAL CAPEX			387 180 712	448 621 744	445 697 640

D. SUMMARY OF THE BUDGET

The projected financial outcome of this budget at the end of the 2025/26 budget year can be summarized as follows:

Centlec - Table D1 Budget Summary

Description	2022/23	2023/24	2024/25	Current Year 2025/26			Medium Term Revenue and Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Financial Performance									
Service charges	2 814 545	3 203 117	3 550 035	4 375 281	4 375 281	4 375 281	4 745 285	5 086 471	5 213 633
Investment revenue	2 347	3 651	5 329	11 745	11 745	11 745	4 078	4 212	4 347
Other own revenue	189 316	182 282	328 417	194 326	194 326	194 326	276 298	152 220	157 091
Total Revenue (excluding capital transfers and contributions)	3 006 208	3 389 050	3 883 781	4 581 352	4 581 352	4 581 352	5 025 661	5 242 904	5 375 072
Employee costs	450 649	524 377	584 858	590 980	602 747	602 747	618 485	635 037	651 740
Remuneration of board members	-	1 138	774	666	666	666	3 400	3 512	3 625
Depreciation and Debt impairment	219 454	301 990	422 134	229 900	229 900	229 900	466 201	486 400	492 827
Finance charges	283 737	280 116	331 987	58	58	58	2	2	2
Inventory consumed and bulk purchases	2 169 740	2 509 079	2 800 433	3 042 274	3 046 827	3 046 827	3 247 518	3 392 124	3 543 054
Transfers and subsidies	-	-	-	120 000	120 000	120 000	120 000	120 000	120 000
Other expenditure	271 601	300 144	363 172	352 100	357 439	357 439	371 620	383 883	396 167
Total Expenditure	3 395 181	3 916 845	4 503 358	4 335 977	4 357 637	4 357 637	4 827 226	5 020 958	5 207 415
Surplus/(Deficit)	(388 973)	(527 795)	(619 577)	245 375	223 715	223 715	198 435	221 946	167 656
Transfers and subsidies - capital (monetary allocations)	41 110	72 174	54 835	83 242	83 242	83 242	195 728	232 509	283 266
Surplus/(Deficit) after capital transfers & contributions	(347 863)	(455 621)	(564 742)	328 617	306 957	306 957	394 163	454 455	450 923
Income Tax	(96 817)	(141 611)	(161 771)	-	-	-	-	-	-
Surplus/ (Deficit) for the year	(251 046)	(314 010)	(402 972)	328 617	306 957	306 957	394 163	454 455	450 923
Capital expenditure & funds sources									
Capital expenditure	147 961	155 271	321 014	321 660	300 000	300 000	387 181	448 622	445 698
Transfers recognised - capital	54 253	88 239	69 421	81 500	81 500	81 500	195 728	232 509	283 266
Internally generated funds	93 708	67 033	251 593	240 160	218 500	218 500	191 453	216 113	162 431
Total sources of capital funds	147 961	155 271	321 014	321 660	300 000	300 000	387 181	448 622	445 698
Financial position									
Total current assets	832 884	898 462	984 078	817 001	817 001	817 001	860 391	875 101	898 761
Total non current assets	7 600 484	7 630 733	14 277 541	7 747 803	7 747 803	7 747 803	13 682 852	13 801 146	14 014 979
Total current liabilities	1 018 830	1 590 120	2 296 159	1 559 939	1 559 939	1 559 939	1 654 513	1 616 302	1 580 995
Total non current liabilities	3 276 769	3 211 965	4 415 174	1 335 469	1 335 469	1 335 469	2 119 987	2 080 887	2 042 509
Community wealth/Equity	4 137 769	3 727 109	8 550 285	5 669 396	5 669 396	5 669 396	10 768 743	10 979 057	11 290 235
Cash flows									
Net cash from (used) operating	180 591	140 576	354 888	237 442	237 442	237 442	182 018	211 434	157 567
Net cash from (used) investing	(157 641)	(152 193)	(324 382)	(229 825)	(229 825)	(229 825)	(179 383)	(203 645)	(149 564)
Net cash from (used) financing	(1 669)	(1 567)	(2 619)	(6 186)	(6 186)	(6 186)	(6 415)	(6 626)	(6 838)
Cash/cash equivalents at the year end	24 295	11 111	38 998	33 961	33 961	33 961	35 217	36 379	37 544

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 5,2 billion, operating expenditure of R 4,7 billion and capital expenditure of R 387 million for the financial year 2026/27 and allocations for the two projected outer years 2027/28 and 2028/29, be tabled as set out on the following tables:
- (a) Table D2 - Budgeted Financial Performance (revenue and expenditure)
 - (b) Table D3 - Multi-Year and Single-Year capital appropriations (by vote, standard classification and Associated funding by source)
- 3.2 That the financial position, cash flow, asset management and basic service delivery targets be tabled as set in the following tables:
- (a) Table D4 - Budgeted Financial Position
 - (c) Table D5 - Budgeted Cash-Flow
- 3.3 Supply of electricity tariffs as set out in **(Annexure A)** attached, be noted for approval for the 2026/27 fiscal year.
- 3.4 Supply of service tariffs as set out in **(Annexure B)** attached, be noted for approval for the 2026/27 fiscal year.
- 3.5 That the Amendment Policy Register as set out in **(Annexure C)** be noted for approval for the 2026/27 financial year.
- 3.6 That the Training Tariffs as set out in **(Annexure D)** be noted for approval for the 2026/27 fiscal year.
- 3.7 That the Conditional Grants allocation as set out in **(Annexure E)** be noted for approval for the 2026/27 fiscal year.
- 3.8 That the Data Centre Tariff as set out in **(Annexure F)** be noted for approval for the 2026/27 fiscal year.
- 3.9 That the Employee Related Costs as set out in **(Annexure G)** be noted for approval for the 2026/27 fiscal year.
- 3.10 That the Bulk Purchases as set out in **(Annexure H)** be noted for approval for the 2026/27 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.

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

Description	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Revenue									
Exchange Revenue									
Service charges - Electricity	2 814 545	3 203 117	3 550 035	4 375 281	4 375 281	4 375 281	4 745 285	5 086 471	5 213 633
Sale of Goods and Rendering of Services	132 286	135 906	148 426	9 107	9 107	9 107	89 144	92 085	95 032
Agency services	6 228	7 279	2 392	-	-	-	-	-	-
Interest earned from Receivables	24 796	37 808	39 548	39 040	39 040	39 040	40 484	41 820	43 158
Interest earned from Current and Non Current Assets	2 347	3 651	5 329	11 745	11 745	11 745	4 078	4 212	4 347
Non-Exchange Revenue									
Fines, penalties and forfeits	22 010	1 133	9 110	5 458	5 458	5 458	5 660	5 847	6 034
Gains on disposal of Assets	-	-	-	10 335	10 335	10 335	12 070	12 468	12 867
Other Gains	3 997	156	128 940	130 386	130 386	130 386	128 940	-	-
Discontinued Operations									
Total Revenue (excluding capital transfers and contributions)	3 006 208	3 389 050	3 883 781	4 581 352	4 581 352	4 581 352	5 025 661	5 242 904	5 375 072
Expenditure									
Employee related costs	450 649	524 377	584 858	590 980	602 747	602 747	618 485	635 037	651 740
Remuneration of board members	-	1 138	774	666	666	666	3 400	3 512	3 625
Bulk purchases - electricity	2 140 676	2 470 251	2 750 468	2 932 253	2 932 253	2 932 253	3 119 815	3 260 207	3 406 916
Inventory consumed	29 064	38 828	49 965	110 020	114 573	114 573	127 702	131 917	136 138
Debt impairment	(56 752)	68 360	103 138	88 182	88 182	88 182	142 359	152 594	156 409
Depreciation and asset impairment	276 206	233 630	318 996	141 717	141 717	141 717	323 842	333 806	336 418
Finance charges	283 737	280 116	331 987	58	58	58	2	2	2
Contracted services	101 599	130 004	150 464	186 119	197 791	197 791	210 845	217 803	224 772
Transfers and subsidies	-	-	-	120 000	120 000	120 000	120 000	120 000	120 000
Operational costs	141 720	166 830	192 282	165 982	159 649	159 649	160 775	166 081	171 395
Losses on disposal of Assets	28 282	3 310	20 426	-	-	-	-	-	-
Total Expenditure	3 395 181	3 916 845	4 503 358	4 335 977	4 357 637	4 357 637	4 827 226	5 020 958	5 207 415
Surplus/(Deficit)	(388 973)	(527 795)	(619 577)	245 375	223 715	223 715	198 435	221 946	167 656
Transfers and subsidies - capital (monetary allocations)	41 110	72 174	54 835	83 242	83 242	83 242	195 728	232 509	283 266
Surplus/(Deficit) after capital transfers & contributions	(347 863)	(455 621)	(564 742)	328 617	306 957	306 957	394 163	454 455	450 923
Income Tax	(96 817)	(141 611)	(161 771)	-	-	-	-	-	-
Surplus/(Deficit) after income tax	(251 046)	(314 010)	(402 972)	328 617	306 957	306 957	394 163	454 455	450 923
Surplus/ (Deficit) for the year	(251 046)	(314 010)	(402 972)	328 617	306 957	306 957	394 163	454 455	450 923

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.

Centlec - Table D3 Capital Budget by asset class and funding

Vote Description	2022/23	2023/24	2024/25	Current Year 2025/26			Medium Term Revenue and Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousands									
Capital expenditure by Asset Class/Sub-class									
Infrastructure	117 703	133 315	195 351	241 860	237 150	237 150	270 119	317 675	350 201
Electrical Infrastructure	117 703	133 315	195 351	241 860	237 150	237 150	270 119	317 675	350 201
Power Plants	–	–	–	2 250	–	–	3 000	3 000	3 000
HV Substations	2 557	1 318	12 392	8 850	8 500	8 500	13 811	14 406	9 806
HV Transmission Conductors	(190)	754	462	7 200	1 000	1 000	10 000	11 561	15 235
MV Networks	8 069	13 203	20 056	37 400	40 593	40 593	56 253	75 910	87 824
LV Networks	107 267	118 040	162 441	186 160	187 058	187 058	187 055	212 799	234 335
Community Assets	1 692	175	29 279	16 300	13 720	13 720	44 062	48 303	46 343
Community Facilities	1 692	175	29 279	16 300	13 000	13 000	43 092	47 301	45 309
Centres	1 692	175	29 279	16 300	13 000	13 000	43 092	47 301	45 309
Training Centres	–	–	–	–	720	720	970	1 002	1 034
Computer Equipment	4 748	7 658	87 623	51 500	11 250	11 250	46 000	43 000	26 000
Computer Equipment	4 748	7 658	87 623	51 500	11 250	11 250	46 000	43 000	26 000
Furniture and Office Equipment	1 210	14 124	8 266	700	23 850	23 850	4 000	16 643	12 320
Furniture and Office Equipment	1 210	14 124	8 266	700	23 850	23 850	4 000	16 643	12 320
Machinery and Equipment	–	–	495	1 500	450	450	1 500	1 500	1 500
Machinery and Equipment	–	–	495	1 500	450	450	1 500	1 500	1 500
Transport Assets	22 607	–	–	9 800	13 580	13 580	21 500	21 500	9 333
Transport Assets	22 607	–	–	9 800	13 580	13 580	21 500	21 500	9 333
Total capital expenditure on assets	147 961	155 271	321 014	321 660	300 000	300 000	387 181	448 622	445 698
Funded by:									
National Government	44 904	78 529	62 440	67 000	67 000	67 000	180 728	217 014	267 276
Public Contributions	9 348	9 710	6 981	14 500	14 500	14 500	15 000	15 495	15 991
Transfers recognised - capital	54 253	88 239	69 421	81 500	81 500	81 500	195 728	232 509	283 266
Internally generated funds	93 708	67 033	251 593	240 160	218 500	218 500	191 453	216 113	162 431
Total Capital Funding	147 961	155 271	321 014	321 660	300 000	300 000	387 181	448 622	445 698

Table D4 - Budgeted Financial Position

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

Centlec - Table D4 Budgeted Financial Position

Description	2022/23	2023/24	2024/25	Current Year 2025/26			Medium Term Revenue and Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousands									
ASSETS									
Current assets									
Cash and cash equivalents	24 295	11 111	38 998	33 961	33 961	33 961	35 217	36 379	37 544
Trade and other receivables from exchange transactions	533 983	449 346	448 696	515 810	515 810	515 810	504 625	489 354	474 546
Receivables from non-exchange transactions	147 360	195 435	222 956	131 611	131 611	131 611	146 835	181 385	224 066
Inventry	127 054	221 628	254 433	135 619	135 619	135 619	155 422	150 293	145 483
VAT	-	20 876	18 995	-	-	-	18 292	17 689	17 123
Other current assets	191	66	-	-	-	-	-	-	-
Total current assets	832 884	898 462	984 078	817 001	817 001	817 001	860 391	875 101	898 761
Non current assets									
Investments	108	-	-	-	-	-	-	-	-
Property, plant and equipment	6 087 345	5 998 987	11 204 794	6 178 930	6 178 930	6 178 930	11 268 132	11 382 948	11 492 228
Intangible assets	98 177	97 327	102 738	101 609	101 609	101 609	105 369	108 846	112 329
Other non-current assets	1 414 854	1 534 419	2 970 009	1 467 264	1 467 264	1 467 264	2 309 351	2 309 351	2 410 421
Total non current assets	7 600 484	7 630 733	14 277 541	7 747 803	7 747 803	7 747 803	13 682 852	13 801 146	14 014 979
TOTAL ASSETS	8 433 368	8 529 195	15 261 619	8 564 804	8 564 804	8 564 804	14 543 243	14 676 246	14 913 740
LIABILITIES									
Current liabilities									
Financial liabilities	1 511	-	2 364	30 258	30 258	30 258	31 377	32 413	33 450
Consumer deposits	160 496	158 707	156 759	165 690	165 690	165 690	171 821	177 491	183 171
Trade and other payables from exchange transactions	602 132	1 128 897	1 827 376	1 079 225	1 079 225	1 079 225	1 119 157	1 082 225	1 047 593
Provision	613	1 970	3 392	43 487	43 487	43 487	45 096	46 585	48 075
VAT	247 523	273 259	298 092	241 278	241 278	241 278	287 062	277 589	268 706
Other current liabilities	6 554	27 286	8 176	-	-	-	-	-	-
Total current liabilities	1 018 830	1 590 120	2 296 159	1 559 939	1 559 939	1 559 939	1 654 513	1 616 302	1 580 995
Non current liabilities									
Financial liabilities	1 112 809	985 874	1 137 604	-	-	-	-	-	-
Provision	1 333 331	1 311 285	2 582 734	1 335 469	1 335 469	1 335 469	2 119 987	2 080 887	2 042 509
Long term portion of trade payables	830 628	914 806	694 837	-	-	-	-	-	-
Total non current liabilities	3 276 769	3 211 965	4 415 174	1 335 469	1 335 469	1 335 469	2 119 987	2 080 887	2 042 509
TOTAL LIABILITIES	4 295 599	4 802 085	6 711 333	2 895 409	2 895 409	2 895 409	3 774 500	3 697 189	3 623 505
NET ASSETS	4 137 769	3 727 109	8 550 285	5 669 396	5 669 396	5 669 396	10 768 743	10 979 057	11 290 235
COMMUNITY WEALTH/EQUITY									
Accumulated surplus/(deficit)	(37 673)	(442 397)	(501 871)	(113 780)	(113 780)	(113 780)	(107 708)	346 746	797 669
Reserves and funds	4 175 443	4 169 506	9 052 156	5 783 175	5 783 175	5 783 175	10 876 451	10 632 311	10 492 566
TOTAL COMMUNITY WEALTH/EQUITY	4 137 769	3 727 109	8 550 285	5 669 396	5 669 396	5 669 396	10 768 743	10 979 057	11 290 235

Table D5 - Budgeted Cash Flow Statement

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

Centlec - Table D5 Budgeted Cash Flow

Description	2022/23	2023/24	2024/25	Current Year 2025/26			Medium Term Revenue and Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousands									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Service charges	2 974 169	3 058 149	3 344 124	4 115 525	4 115 525	4 115 525	4 602 927	4 933 877	5 057 224
Other revenue	-	-	-	23 552	23 552	23 552	24 423	25 229	26 036
Transfers and Subsidies - Capital	63 120	41 811	38 563	77 094	77 094	77 094	79 947	82 585	85 228
Interest	27 143	41 458	7 147	50 784	50 784	50 784	44 562	46 033	47 506
Payments									
Suppliers and employees	(2 834 697)	(2 993 399)	(2 995 352)	(3 909 251)	(3 909 251)	(3 909 251)	(4 449 569)	(4 756 009)	(4 938 137)
Finance charges	(49 144)	(7 443)	(39 593)	(262)	(262)	(262)	(272)	(281)	(290)
Transfers and Subsidies	-	-	-	(120 000)	(120 000)	(120 000)	(120 000)	(120 000)	(120 000)
NET CASH FROM/(USED) OPERATING ACTIVITIES	180 591	140 576	354 888	237 442	237 442	237 442	182 018	211 434	157 567
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	274	234	(1 806)	10 335	10 335	10 335	12 070	12 468	12 867
Payments									
Capital assets	(157 914)	(152 427)	(322 576)	(240 160)	(240 160)	(240 160)	(191 453)	(216 113)	(162 431)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(157 641)	(152 193)	(324 382)	(229 825)	(229 825)	(229 825)	(179 383)	(203 645)	(149 564)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Increase (decrease) in consumer deposits	(1 669)	(1 567)	(2 619)	(6 186)	(6 186)	(6 186)	(6 415)	(6 626)	(6 838)
Payments									
Repayment of borrowing	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES	(1 669)	(1 567)	(2 619)	(6 186)	(6 186)	(6 186)	(6 415)	(6 626)	(6 838)
NET INCREASE/(DECREASE) IN CASH HELD	21 282	(13 185)	27 887	1 431	1 431	1 431	(3 780)	1 162	1 164
Cash/cash equivalents at the year begin:	3 013	24 295	11 111	32 529	32 529	32 529	38 998	35 217	36 379
Cash/cash equivalents at the year end:	24 295	11 111	38 998	33 961	33 961	33 961	35 217	36 379	37 544

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.

Centlec - Supporting Table SD1 Measurable performance targets

Performance target description	Unit of measurement	2022/23	2023/24	2024/25	Current Year 2025/26				Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
1500 dwellings provided with electricity connections	Monthly, quarterly progress report	Indicator exempted for reporting by National Treasury for 2022/23 FY	479 dwellings provided with electricity connections	1521 dwellings provided with electricity connections	1500 dwellings provided with electricity connections	1500 dwellings provided with electricity connections	1500 dwellings provided with electricity connections	1500 dwellings provided with electricity connections	790 dwellings provided with electricity connections	790 dwellings provided with electricity connections	790 dwellings provided with electricity connections
90% of valid customer applications for new electricity connections processed as a percentage in terms of municipal service standards	Monthly, quarterly progress report	54% of valid customer applications for new electricity connections processed as a percentage in terms of municipal service	58% (89/153) of valid customer applications for new electricity connections processed	76%. [54/71] Valid customer applications processed.	90% of valid customer applications for new electricity connections processed as a percentage in terms of municipal service	90% of valid customer applications for new electricity connections processed as a percentage in terms of municipal service	90% of valid customer applications for new electricity connections processed as a percentage in terms of municipal service	90% of valid customer applications for new electricity connections processed as a percentage in terms of municipal service	90% of valid customer applications for new electricity connections processed as a percentage in terms of municipal service	90% of valid customer applications for new electricity connections processed as a percentage in terms of municipal service	90% of valid customer applications for new electricity connections processed as a percentage in terms of municipal service
Complete 95% of planned maintenance	Monthly, quarterly progress report	Not applicable for the year	Not applicable for the year	99.27% Percentage of planned maintenance performed	Complete 95% of planned maintenance	Complete 95% of planned maintenance	Complete 95% of planned maintenance	Complete 95% of planned maintenance	Complete 95% of planned maintenance	Complete 95% of planned maintenance	Complete 95% of planned maintenance
30 new high mast lights installed within Mangaung Metropolitan Municipality, area of supply	Monthly, quarterly progress report	47 new high mast lights installed within Mangaung Metropolitan Municipality, area of supply	47 new high mast lights installed within Mangaung Metropolitan Municipality, area of supply	40 new high mast lights installed within Mangaung Metropolitan Municipality, area of supply	30 new high mast lights installed within Mangaung Metropolitan Municipality, area of supply	30 new high mast lights installed within Mangaung Metropolitan Municipality, area of supply	30 new high mast lights installed within Mangaung Metropolitan Municipality, area of supply	30 new high mast lights installed within Mangaung Metropolitan Municipality, area of supply	6 new high mast lights installed within Mangaung Metropolitan Municipality, area of supply	6 new high mast lights installed within Mangaung Metropolitan Municipality, area of supply	6 new high mast lights installed within Mangaung Metropolitan Municipality, area of supply

Performance target description	Unit of measurement	2022/23	2023/24	2024/25	Current Year 2025/26				Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<p>Unplanned interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 047 (2019)</p> <p>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 as per NERSA requirement</p> <p>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</p>	Monthly, quarterly progress report	Indicator exempted for reporting by National Treasury for 2022/23 FY	94.37%	95.72% Percentage of unplanned outages	a) After unplanned interruptions which affects more than one customer i.e., multiple customer interruption/outage, the customers supply should be restored as follows: d) 98% within 24 hours as per NERSA requirement	a) After unplanned interruptions which affects more than one customer i.e., multiple customer interruption/outage, the customers supply should be restored as follows: d) 98% within 24 hours as per NERSA requirement	a) After unplanned interruptions which affects more than one customer i.e., multiple customer interruption/outage, the customers supply should be restored as follows: d) 98% within 24 hours as per NERSA requirement	a) After unplanned interruptions which affects more than one customer i.e., multiple customer interruption/outage, the customers supply should be restored as follows: d) 98% within 24 hours as per NERSA requirement	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% and as per NERSA requirement	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% and as per NERSA requirement	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% and as per NERSA requirement
		Indicator exempted for reporting by National Treasury for 2022/23 FY	77.27%	84.29% Percentage of unplanned outages	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	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	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	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	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	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	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

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

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

Centlec - Supporting Table SD2 Financial and non-financial indicators

Description of indicator	Basis of calculation	Ref	2022/23	2023/24	2024/25	Current Year 2025/26			Medium Term Revenue and Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Borrowing Management											
Capital Charges to Operating Expenditure	Finance charges & Depreciation / Operating Expenditure		16%	13%	14%	3%	3%	3%	7%	7%	6%
Borrowed funding of capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing / Funds & Reserves		27%	26%	13%	0%	0%	0%	0%	0%	0%
Liquidity											
Current Ratio	Current assets / current liabilities		0.82	0.57	0.43	0.52	0.52	0.52	0.52	0.54	0.57
Current Ratio adjusted for debtors	Current assets/current liabilities less debtors > 90 days		0.82	0.57	0.43	0.52	0.52	0.52	0.52	0.54	0.57
Liquidity Ratio	Monetary Assets / Current Liabilities		0.02	0.01	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Revenue Management											
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			100.9%	91.6%	90.4%	93.9%	93.9%	93.9%	179.7%	102.1%	97.7%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue		23%	19%	17%	14%	14%	14%	13%	13%	13%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)	1	142 852	109 506	136 287	104 688	104 688	104 688	99 977	97 478	95 041
	Total Cost of Losses (Rand '000)		213 877	202 219	274 000	193 322	193 322	193 322	184 622	180 007	175 506
	% Volume (units purchased and generated less units sold)/units purchased and generated		9.81%	7.67%	9.68%	7.33%	7.33%	7.33%	7.00%	6.83%	6.66%
Employee costs	Employee costs/Total Revenue - capital revenue		15.0%	15.5%	15.1%	13%	13%	13%	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%
Repairs & Maintenance	R&M/Total Revenue - capital revenue		3.7%	4.9%	5.4%	4%	4%	4%	4%	4%	4%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)		18.6%	15.2%	16.8%	3%	3%	3%	6%	6%	6%
Financial viability indicators											
i. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services		24%	20.1%	18.9%	15%	15%	15%	14%	13%	13%
ii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure		3.2	3.3	5.5	2.7	2.7	2.7	8.8	4.5	4.4

c. Supporting Table SD3: Budgeted Investment Portfolio

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

Centlec - Supporting Table SD3 Budgeted Investment Portfolio

Investments by Maturity	Type of Investment	Variable or Fixed interest rate	Interest Rate	Opening balance	Interest to be realised	Partial / Premature Withdrawal	Investment Top Up	Closing Balance
Name of institution & investment ID								
ABSA - 1 Day Account	Call Account	Variable	0% - 7.05%	25 834	1 537	(1 441 368)	1 428 611	14 614
Total				25 834	1 537	(1 441 368)	1 428 611	14 614

PROPOSED TARIFFS

Electricity Tariffs

It is recommended:

- i. That the preliminary tariff increase of 9,90% for 2026/27 financial year be approved subject to the final approval of NERSA in May/June 2026.
- ii. That, electricity tariffs set out in the attached Annexure A for 2026/27 financial year be approved;
- iii. That, the new electricity tariffs for 2026/27 be implemented from 1 July 2026.
- 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

ANNEXURE B

Service Tariffs

It is recommended:

- i. That, the amendments of the draft service charges as set out in the attached Annexure B for the 2026/27 financial year be approved;
- ii. That, the service Tariffs for 2026/27 be implemented from 1 July 2026.

ANNEXURE C

Policies

It is recommended:

- i. That, the amendments of the draft policies as set out in the attached Annexure C for the 2026/27 financial year be approved;
- ii. That, the newly approved policies for 2026/27 be implemented from 1 July 2026.

ANNEXURE D

Training Tariffs

It is recommended:

- i. That, the draft training tariffs as set out in the attached Annexure D for the 2026/27 financial year be approved;
- ii. That, the training tariffs for 2026/27 be implemented from 1 July 2026.

ANNEXURE E

Conditional Grants Allocation

It is recommended:

- i. That, the draft conditional grants as set out in the attached Annexure E for the 2026/27 financial year be approved;
- ii. That, the conditional grants for 2026/27 be implemented from 1 July 2026.

ANNEXURE F

Data Centre Tariff

It is recommended:

- i. That, the data centre tariff as set out in the attached Annexure F for the 2026/27 financial year be approved;
- ii. That, the data centre tariff for 2026/27 be implemented from 1 July 2026.

ANNEXURE G

Employee Related Cost

It is recommended:

- i. That, the draft Employee Related Costs as set out in the attached Annexure G for the 2026/27 financial year be approved;
- ii. That, the Salaries for 2026/27 be implemented from 1 July 2026.

ANNEXURE H

Bulk Purchases

It is recommended:

- i. That, the draft Bulk purchases tariffs as set out in the attached Annexure H for the 2026/27 financial year be approved;
- ii. That, the Bulk Purchases tariffs for 2026/27 be implemented from 1 July 2026.

PART 2 - SUPPORTING DOCUMENTATION

2.1. 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 21st 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.

2.1.1. 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 8% 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.

2.1.2. BUDGET PROCESS PLAN:

BUDGET PHASES AND PERFORMANCE REPORTING	ACTIVITY	PLANNED DATES	FACILITATION
	MMM -Initiate Public Participation process in line with MTREF 2026/27 to solicit inputs and comments from MMM public for the review of IDP and its sectoral plan	Jul-25	MMM
	Centlec - Submission of 4th quarter reports for the period ending 30 June 2025 to EXCO	08-Jul-25	Office of the Company Secretary
	Centlec - Submission of 4th quarter reports for the period ending 30 June 2025 on the implementation of the budget and financial state of affairs of the entity to Finance Committee	25-Jul-25	Office of the CFO (Financial Information) / Office of the CEO (Non-Financial Performance)
	Centlec - ARC sitting to consider 4th Quarter Reports	31-Jul-25	Office of the Company Secretary
	Centlec - Ordinary Board sitting to consider 4th Quarter Reports	08-Aug-25	Office of the Company Secretary
PREPARATION PHASE	Centlec - Budget Process Plan 2026/27, Draft AFS & Performance submission to the Finance Committee	22-Aug-25	Office of the Company Secretary
	Centlec - ARC sitting to consider the draft Annual Financial Statements, Performance and Compliance reports	25-Aug-25	Office of the Company Secretary
	Centlec - Board sitting to consider the draft Annual Financial Statements, Performance and Compliance reports	27-Aug-25	Office of the Company Secretary
	MMM - Tabling of the IDP and Budget Process Plan for 2026/2027 financial year to Council	28-Aug-25	MMM

BUDGET PHASES AND PERFORMANCE REPORTING	ACTIVITY	PLANNED DATES	FACILITATION
	Centlec - User Departments to start preparing departmental adjustment budget aligning with the budget framework issued by Budget Office	02 Sept 2025 to 29 Sept 2025	User Departments
	Centlec - Submission of the 1st Quarter Financial Reports ending 30 September 2025 to EXCO for consideration and be submitted to Finance Committee	16-Oct-25	Office of the Company Secretary
	Centlec - Submission of the 1 st Quarter Financial Reports for the period ending 30 September 2025 on the implementation of the budget and financial state of affairs of the entity to the Finance Committee	30-Oct-25	Office of the CFO (Financial Information) / Office of the CEO (Non-Financial Performance)
	Centlec - Budget Office start with preparation of budget framework in terms of NT Circulars and MMM parameters for the MTREF 2026/27 to 2028/29	04-Nov-25	Office of the CFO
	Centlec - ARC sitting to consider 1st Quarter Reports	11-Nov-25	Office of the Company Secretary
	Centlec - User Departments to start preparing MTREF budgets TREF 2026/27 to 2028/29 aligning with the budget framework issued by Budget Office	12 Nov 2025 to 28 Nov 2025	User Departments
	Centlec - Board Approves the 1st Quarter Reports	13-Nov-25	Office of the Company Secretary
	Centlec - Special Audit Risk & Finance Committee sitting to consider draft Audit & Management Report	26-Nov-25	Office of the Company Secretary
	Centlec - Board sitting to consider draft Audit & Management Report	28-Nov-25	Office of the Company Secretary

BUDGET PHASES AND PERFORMANCE REPORTING	ACTIVITY	PLANNED DATES	FACILITATION
STRATEGY PHASE	MMM -Initiate Public Participation process in line with 2026/27 Budget and Budget Related Policies	November 2025 - May 2026	MMM
	Centlec - Adjustment Budget 2025/26 to be considered by EXCO	08-Dec-25	Office of the CFO
	Centlec - MTREF Budget 2026/27 to be considered by EXCO	08-Jan-26	Office of the CFO
	Centlec - Finance Committee to consider the (MTREF 2026/27 to 2028/29 Budget Pack, Adjustment Budgets 2025/26 , Mid-Year Budget and Performance Assessment Report Section 88 as at 31 December 2025)	13-Jan-26	Office of the Company Secretary
	Centlec - Special Audit & Risk Committee to consider the (MTREF 2026/27 to 2028/29 Budget Pack, Adjustment Budget 2025/26 , Mid-Year Budget and Performance Assessment Report Section 88 as at 31 December 2025) including 2nd Quarter Reports	15-Jan-26	Office of the Company Secretary
	Centlec - Board Sitting to consider the Adjustment Budget for 2025/26 and 1st Draft MTREF 2026/27 to 2028/29 budget pack for submission to the MMM	16-Jan-26	Office of the Company Secretary
	Centlec - Submission of Mid-Year & Adjustment Budget 2025/26, MTREF budget for 2026/27 to 2028/29 ,Business Plans and Performance Assessment Report for 2025/26 financial year to the MMM as legislated	20-Jan-26	Office of the CFO

BUDGET PHASES AND PERFORMANCE REPORTING	ACTIVITY	PLANNED DATES	FACILITATION
	MMM: Table in Council the 2024/25 Annual report, AFS of the city and Centlec	January 2026.	MMM
	Centlec - Review tariffs and budget related policies	04 Febr 2026 to 21 Feb 2026	User Departments
	EXCO to consider Q2 Reports	09-Feb-26	Office of the Company Secretary
	Centlec - 1st Draft MTREF 2026/27 to 2028/29 Budget Pack with all Annexures, Policies, Frameworks	18-Feb-26	User Departments
	Finance Committee to consider Q2 Reports	18-Feb-26	Office of the Company Secretary
	MMM - provides Centlec with comments on the Adjustment budget 2025/26	18-Feb-26	MMM
	Centlec -Submit the revised draft MTREF 2026/27 to 2028/29 Budget Pack	24-Feb-26	Office of the CFO
	MMM - Council approves the Adjustment Budget 2025/26	26-Feb-26	MMM

BUDGET PHASES AND PERFORMANCE REPORTING	ACTIVITY	PLANNED DATES	FACILITATION
	Centlec - Audit & Risk Committee to consider Q2 Reports	27-Feb-26	Office of the Company Secretary
	Centlec - Ordinary Board Meeting - Q2 Reporting	02-Mar-26	Office of the Company Secretary
	Centlec - Submit the revised 2nd draft MTREF 2026/27 to 2028/29 budget pack including MMM comments to EXCO to consider for submission to Finance Committee	09-Mar-26	Office of the Company Secretary
	Centlec - Submit the revised 2nd MTREF 2026/27 to 2028/29 budget pack to the Finance Committee (Special Sitting)	12-Mar-26	Office of the Company Secretary
	Centlec - Audit & Risk Committee to consider Draft MTREF Budget	16-Mar-26	Office of the Company Secretary
	Centlec - Board to consider and approve the MTREF 2026/27 to 2028/29 budget pack for submission to MMM (Special Sitting)	19-Mar-26	Office of the Company Secretary
	Centlec - Submission of the MTREF 2026/27 to 2028/29 budget pack and resolutions to the Parent Municipality (100 days before start of the new financial year)	23-Mar-26	Office of the CFO
	MMM - Tabling of 2026/2027 - 2028/2029 Draft including proposed revisions and MTREF Budget and related resolutions MMM and Centlec	26 March 2026.	MMM

BUDGET PHASES AND PERFORMANCE REPORTING	ACTIVITY	PLANNED DATES	FACILITATION
	MMM - provides Centlec with comments on draft business plan and MTREF budget	April-May 2026	MMM
	Centlec & MMM - Public participation process including hearings on Draft IDP and MTREF Budgets	07 April 2026 -18 Apr 2026	MMM & CENTLEC
	Centlec - Submission of 3 rd quarter reports for the period ending 31 March 2026 on the implementation of the budget and financial state of affairs of the entity to EXCO for consideration on submission to Finance Committee	13-Apr-26	Office of the Company Secretary
	Centlec - Submission of 3 rd quarter reports for the period ending 31 March 2026 on the implementation of the budget and financial state of affairs of the entity to Finance Committee	20-Apr-26	Office of the CFO (Financial Information) / Office of the CEO (Non-Financial Performance)
	MMM - Budget Steering Committee meeting to review progress on the IDP and Budget	April-May 2026	MMM
	Centlec - ARC sitting to consider the 3rd Quarter Reports	28-Apr-26	Office of the Company Secretary
	Centlec - Board sitting to consider 3rd Quarter Reports	29-Apr-26	Office of the Company Secretary
	Centlec - Submit the Final MTREF Budget pack for 2026/27 to 2028/29 after the Public Participation to EXCO for consideration	07-May-26	Office of the Company Secretary
	MMM - IDP Budget Lekgotla	15-May-26	MMM
APPROVAL PHASE	Centlec - Submit the Final MTREF 2026/27 to 2028/29 budget pack after the Public Participation to Finance Committee	18-May-26	Office of the Company Secretary

BUDGET PHASES AND PERFORMANCE REPORTING	ACTIVITY	PLANNED DATES	FACILITATION
	Centlec - ARC sitting to consider the (MTREF 2026/27 to 2028/29 Budget Pack	20-May-26	Office of the Company Secretary
	Centlec - Board Sitting to consider changes after Public Participation and approve the final MTREF for 2026/27 to 2028/29 budget pack (Special Sitting) 30 days before the start of new financial year	22-May-26	Office of the Company Secretary
	MMM - Council meeting to approve IDP and MTREF budget by resolution, setting taxes and tariffs, approving changes to IDP and budget related policies, approving measurable performance objectives for revenue by source and expenditure by vote before start of budget year.	28-May-26	MMM
	Centlec - Upload of the 2026-27/2028-29 MTREF Budget	30-Jun-26	Office of the CFO
	Centlec - Publication of approved MTREF 2026/27 to 2028/29 Budget Pack on the website .	07-Jul-26	Office of the CFO
	Centlec - Submission of the 4 th quarter reports for the period ending 30 June 2026 on the implementation of the budget and financial state of affairs of the municipality to EXCO to consider submission to Finance Committee	09-Jul-26	Office of the Company Secretary
	Centlec - Submission of the 4 th quarter reports for the period ending 30 June 2026 on the implementation of the budget and financial state of affairs of the municipality to the Finance Committee	17-Jul-26	Office of the CFO (Financial Information) / Office of the CEO (Non-Financial Performance)
	Centlec - Board sitting to consider 4th Quarter Reports	28-Jul-26	Office of the Company Secretary
	Centlec - Budget Process Plan 2027/28 submission to the Board for approval	21-Aug-26	Office of the Company Secretary
	MMM - Tabling of the IDP and Budget Process Plan for 2027/2028 financial year to Council	31-Aug-26	MMM

2.2. 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.

2.3. 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

2.4. 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.

2.4.1. Approved Policies

The following policies that govern the company's budget, compilation and/or implementation thereof were reviewed and no amended was needed for the 2026-27 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	Supply Chain Management Policy	Budget Related Policy
13	Asset Management Policy	Budget Related Policy
14	Revenue Policy	Budget Related Policy
16	Bad Debts Policy	Budget Related Policy
17	Banking Investment Policy	Budget Related Policy
18	Borrowings Policy	Budget Related Policy
19	Budget Reporting Policy	Budget Related Policy
20	Connections & Disconnection Policy	Budget Related Policy
21	Customer Care Policy	Budget Related Policy
22	Estimation Policy	Budget Related Policy
23	Long Terms Debtors Policy	Budget Related Policy
24	Petty Cash Policy	Budget Related Policy
25	Prepaid Electricity Policy	Budget Related Policy
27	Sundry Income Policy	Budget Related Policy
29	Unauthorised, Irregular & Fruitless	Budget Related Policy
30	VAT Policy	Budget Related Policy
31	Virement Policy	Budget Related Policy
32	Commitments Policy	Non-Budget Policy
33	Provisions Contingent Accrual Policy	Non-Budget Policy
34	Related Parties Policy	Non-Budget Policy
35	Subsequent Events Policy	Non-Budget Policy
36	Contract Management Policy	Non-Budget Policy
37	ICT Back-Up Policy	Non-Budget Policy
38	ICT Business Continuity Policy	Non-Budget Policy

NO	POLICY DETAILS	POLICY NATURE
39	ICT Disaster Discovery Policy	Non-Budget Policy
40	ICT Identity Password Management Policy	Non-Budget Policy
41	ICT - User Access Policy	Non-Budget Policy
42	ICT Security Policy	Non-Budget Policy
43	Indigent Policy	Non-Budget Policy
48	Cell phone Allowance Policy	Budget Related Policy
49	Employment Policy	Non-Budget Policy
50	Employment Equity Policy	Non-Budget Policy
51	HRM & D Strategy	Non-Budget Policy
52	Internship Work Integrated Learning Policy	Non-Budget Policy
53	Occupational Health and Safety Policy on Personal Protective Equipment (PPE)	Non-Budget Policy
54	Recognition of Prior Learning (RPL) Policy	Non-Budget Policy
55	Skills Development Policy	Non-Budget Policy
56	Task Job Evaluation Policy	Non-Budget Policy
57	Control of Official Firearm Policy	Non-Budget Policy
58	Risk Management Policy	Non-Budget Policy
59	Creditors Payment Policy	Budget Related Policy
60	PPPFA Policy	Budget Related Policy

2.4.2 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 reviewed, amended and submitted for approval for the 2026-27 year (Annexure C):

NO	POLICY DETAILS	POLICY NATURE
15	Credit Control Debt Collection Policy	Budget Related Policy
26	Subsistence & Travel Policy	Budget Related Policy
28	Tariffs Policy	Budget Related Policy
44	Electricity Connection and Service Policy	Budget Related Policy
45	Small Scale Embedded Generation (SSEG) Policy	Non-Budget Policy
46	Electrical Infrastructure Maintenance Policy	Non-Budget Policy
47	Provision of Bulk Infrastructure by Developers Policy	Non-Budget Policy

2.5. OVERVIEW OF BUDGET ASSUMPTIONS

2.5.1 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 2025. 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 2024/25 financial year.
- c. The outcome of the current 2025/26 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, 128, 129, 132 and 134 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.

BUDGET CATERGORIES	BUDGET PARAMETERS			PARAMETER SOURCE
	2026-27	2027-28	2028-29	
CPI Inflation rate	3.70%	3.30%	3.20%	MFMA Circular No. 132
General Expenditure	3.70%	3.30%	3.20%	MFMA Circular No. 132
Contracted Services	3.70%	3.30%	3.20%	MFMA Circular No. 132
Employee Costs	3.70%	3.30%	3.20%	MFMA Circular No. 132
Other Expenditure	3.70%	3.30%	3.20%	MFMA Circular No. 132
Service Charges	9.1%	4.50%	4.50%	NERSA Guidelines / Economic Growth / Tariff Structure
Training Tariffs	3.70%	3.30%	3.20%	MFMA Circular No. 132
Debt impairment	3% of Total Service Charges	3% of Total Service Charges	3% of Total Service Charges	MMM Budget Parameter

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.

2.6. 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 Provincial and National Governments. 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 94% 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 95% 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;

Centlec - Supporting Table SD3 Budgeted Investment Portfolio

Investments by Maturity	Type of Investment	Variable or Fixed interest rate	Interest Rate	Opening balance	Interest to be realised	Partial / Premature Withdrawal	Investment Top Up	Closing Balance
Name of institution & investment ID								
ABSA - 1 Day Account	Call Account	Variable	0% - 7.05%	25 834	1 537	(1 441 368)	1 428 611	14 614
Total				25 834	1 537	(1 441 368)	1 428 611	14 614

(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 Development Finance Grant (UDFG)
- Informal Settlements Upgrading Partnership Grant (ISUPG)

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

- None

2.7. 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:

Centlec - Table D3 Capital Budget by asset class and funding

Vote Description	2022/23	2023/24	2024/25	Current Year 2025/26			Medium Term Revenue and Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousands									
Funded by:									
National Government	44 904	78 529	62 440	67 000	67 000	67 000	180 728	217 014	267 276
Public Contributions	9 348	9 710	6 981	14 500	14 500	14 500	15 000	15 495	15 991
Transfers recognised - capital	54 253	88 239	69 421	81 500	81 500	81 500	195 728	232 509	283 266
Internally generated funds	93 708	67 033	251 593	240 160	218 500	218 500	191 453	216 113	162 431
Total Capital Funding	147 961	155 271	321 014	321 660	300 000	300 000	387 181	448 622	445 698

2.8. 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:

Centlec - Supporting Table SD4 Board member allowances and staff benefits

Summary of Employee and Board Member remuneration	2022/23	2023/24	2024/25	Current Year 2025/26			Medium Term Revenue and Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousands	A	B	C	D	E	F	G	H	I
Remuneration									
Board Members of Entities									
Basic Salaries and Wages	-	1 138	774	666	666	666	3 400	3 512	3 625
Sub Total - Board Members of Entities	-	1 138	774	666	666	666	3 400	3 512	3 625
Senior Managers of Entities									
Basic Salaries and Wages	7 223	9 504	10 900	13 009	13 009	13 009	15 771	16 292	16 813
Pension and UIF Contributions	105	114	138	15	15	15	11	11	11
Motor Vehicle Allowance	965	946	1 039	-	-	-	-	-	-
Cellphone Allowance	85	51	139	154	154	154	132	136	141
Sub Total - Senior Managers of Entities	8 378	10 615	12 216	13 177	13 177	13 177	15 914	16 439	16 965
Other Staff of Entities									
Basic Salaries and Wages	250 268	276 467	317 061	375 318	375 318	375 318	370 914	383 154	395 415
Pension and UIF Contributions	46 059	50 888	55 245	61 145	61 145	61 145	68 165	70 415	72 668
Medical Aid Contributions	26 508	29 657	32 910	35 646	35 646	35 646	43 221	44 647	46 076
Overtime	62 177	72 372	63 895	39 823	51 591	51 591	58 464	56 534	54 725
Annual Bonus	20 032	22 514	24 682	25 527	25 527	25 527	26 065	26 925	27 786
Motor Vehicle Allowance	26 783	23 845	27 147	27 154	27 154	27 154	28 777	29 726	30 678
Cellphone Allowance	726	738	1 469	1 648	1 648	1 648	1 547	1 598	1 649
Housing Allowances	1 771	1 968	2 789	2 305	2 305	2 305	2 086	2 155	2 224
Other benefits and allowances	5 411	11 142	11 148	9 237	9 237	9 237	3 333	3 443	3 553
Payments in lieu of leave	760	5 235	2 793	-	-	-	-	-	-
Long service awards	1 775	4 448	18 157	-	-	-	-	-	-
Post-retirement benefit obligations	-	14 490	15 347						
Sub Total - Other Staff of Entities	442 270	513 763	572 642	577 803	589 570	589 570	602 571	618 598	634 775
Total Municipal Entities remuneration	450 649	525 516	585 632	591 645	603 413	603 413	621 885	638 549	655 364

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

Centlec - Supporting Table SD5 Summary of personnel numbers

Summary of Personnel Numbers Number	2024/25			Current Year 2025/26			Budget Year 2026/27		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Board Members of municipal entities	7		7	7		7	7		7
Municipal entity employees									
CEO and Senior Managers	7	3	3	8	5	3	8	6	2
Other Managers					48			52	
Professionals	-	682	23	-	701	-	-	726	-
Finance		68	9		77			82	
Information Technology		20			20			22	
Electricity		324	11		330			343	
Other		270	3		274			279	
Technicians	-	64	2	-	68	-	-	-	-
Electricity		64	2		68			76	
Total Personnel Numbers	14	749	35	15	822	10	15	860	9

2.9. CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

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

Centlec - Supporting Table SD10 External mechanisms

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

2.10. MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

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

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

Centlec - Supporting Table SD6 Budgeted monthly cash and revenue/expenditure

Description	Budget Year 2026/27												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousands															
Operating Revenue By Source															
Exchange Revenue															
Service charges - Electricity	564 251	521 812	409 384	411 266	404 281	403 004	403 341	331 968	259 655	255 095	332 388	448 840	4 745 285	5 086 471	5 213 633
Interest earned from Receivables	3 374	3 374	3 374	3 374	3 374	3 374	3 374	3 374	3 374	3 374	3 374	3 374	40 484	41 820	43 158
Interest earned from Current and Non Current Assets	340	340	340	340	340	340	340	340	340	340	340	340	4 078	4 212	4 347
Non-Exchange Revenue															
Fines, penalties and forfeits	472	472	472	472	472	472	472	472	472	472	472	472	5 660	5 847	6 034
Gains on disposal of Assets	1 006	1 006	1 006	1 006	1 006	1 006	1 006	1 006	1 006	1 006	1 006	1 006	12 070	12 468	12 867
Other Gains	10 745	10 745	10 745	10 745	10 745	10 745	10 745	10 745	10 745	10 745	10 745	10 745	128 940	-	-
Total Revenue (excluding capital transfers and contributions)	580 609	538 170	425 742	427 624	420 639	419 382	419 700	348 326	276 013	271 454	348 746	464 776	5 025 661	5 242 904	5 375 072
Operating Expenditure By Type															
Employee related costs	51 540	51 540	51 540	51 540	51 540	51 540	51 540	51 540	51 540	51 540	51 540	51 540	618 485	635 037	651 740
Remuneration of councillors	283	283	283	283	283	283	283	283	283	283	283	283	3 400	3 512	3 625
Bulk purchases - electricity	359 464	379 098	292 223	218 945	233 272	243 018	222 639	210 042	178 937	229 860	238 222	314 095	3 119 815	3 260 207	3 406 916
Inventory consumed	10 642	10 642	10 642	10 642	10 642	10 642	10 642	10 642	10 642	10 642	10 642	10 642	127 702	131 917	136 138
Debt impairment	11 863	11 863	11 863	11 863	11 863	11 863	11 863	11 863	11 863	11 863	11 863	11 863	142 359	152 594	156 409
Depreciation and asset impairment	26 987	26 987	26 987	26 987	26 987	26 987	26 987	26 987	26 987	26 987	26 987	26 987	323 842	333 806	336 418
Finance charges	0	0	0	0	0	0	0	0	0	0	0	0	2	2	2
Contracted services	17 570	17 570	17 570	17 570	17 570	17 570	17 570	17 570	17 570	17 570	17 570	17 570	210 845	217 803	224 772
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	13 398	13 398	13 398	13 398	13 398	13 398	13 398	13 398	13 398	13 398	13 398	13 398	160 775	166 081	171 395
Total Expenditure	501 748	521 382	434 507	381 229	375 556	385 302	364 924	352 327	321 221	372 145	380 506	456 379	4 827 226	5 020 958	5 207 415

Centlec - Supporting Table SD6 Budgeted monthly cash and revenue/expenditure

Description	Budget Year 2026/27												Medium Term Revenue and Expenditure Framework			
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29	
R thousands																
Capital expenditure by Asset Class/Sub-class																
Infrastructure	22 510	22 510	22 510	22 510	22 510	22 510	22 510	22 510	22 510	22 510	22 510	22 510	22 510	270 119	317 675	350 201
Electrical Infrastructure	22 510	22 510	22 510	22 510	22 510	22 510	22 510	22 510	22 510	22 510	22 510	22 510	22 510	270 119	317 675	350 201
Power Plants	250	250	250	250	250	250	250	250	250	250	250	250	250	3 000	3 000	3 000
HV Substations	1 151	1 151	1 151	1 151	1 151	1 151	1 151	1 151	1 151	1 151	1 151	1 151	1 151	13 811	14 406	9 806
HV Transmission Conductors	833	833	833	833	833	833	833	833	833	833	833	833	833	10 000	11 561	15 235
MV Networks	4 688	4 688	4 688	4 688	4 688	4 688	4 688	4 688	4 688	4 688	4 688	4 688	4 688	56 253	75 910	87 824
LV Networks	15 588	15 588	15 588	15 588	15 588	15 588	15 588	15 588	15 588	15 588	15 588	15 588	15 588	187 055	212 799	234 335
														-	-	-
Community Assets	3 672	3 672	3 672	3 672	3 672	3 672	3 672	3 672	3 672	3 672	3 672	3 672	3 672	44 062	48 303	46 343
Community Facilities	3 672	3 672	3 672	3 672	3 672	3 672	3 672	3 672	3 672	3 672	3 672	3 672	3 672	44 062	48 303	46 343
Centres	3 591	3 591	3 591	3 591	3 591	3 591	3 591	3 591	3 591	3 591	3 591	3 591	3 591	43 092	47 301	45 309
Training Centres	81	81	81	81	81	81	81	81	81	81	81	81	81	970	1 002	1 034
														-	-	-
Computer Equipment	3 833	3 833	3 833	3 833	3 833	3 833	3 833	3 833	3 833	3 833	3 833	3 833	3 833	46 000	43 000	26 000
Computer Equipment	3 833	3 833	3 833	3 833	3 833	3 833	3 833	3 833	3 833	3 833	3 833	3 833	3 833	46 000	43 000	26 000
														-	-	-
Furniture and Office Equipment	333	333	333	333	333	333	333	333	333	333	333	333	333	4 000	16 643	12 320
Furniture and Office Equipment	333	333	333	333	333	333	333	333	333	333	333	333	333	4 000	16 643	12 320
														-	-	-
Machinery and Equipment	125	125	125	125	125	125	125	125	125	125	125	125	125	1 500	1 500	1 500
Machinery and Equipment	125	125	125	125	125	125	125	125	125	125	125	125	125	1 500	1 500	1 500
														-	-	-
Transport Assets	1 792	1 792	1 792	1 792	1 792	1 792	1 792	1 792	1 792	1 792	1 792	1 792	1 792	21 500	21 500	9 333
Transport Assets	1 792	1 792	1 792	1 792	1 792	1 792	1 792	1 792	1 792	1 792	1 792	1 792	1 792	21 500	21 500	9 333
														-	-	-
Total capital expenditure	32 265	32 265	32 265	32 265	32 265	32 265	32 265	32 265	32 265	32 265	32 265	32 265	32 265	387 181	448 622	445 698

CASH FLOW FROM OPERATING ACTIVITIES

Receipts																
Service charges	547 324	506 158	397 103	398 928	382 153	390 914	391 241	322 009	251 865	247 442	322 416	435 374	4 602 927	4 933 877	5 057 224	
Other revenue	2 035	2 035	2 035	2 035	2 035	2 035	2 035	2 035	2 035	2 035	2 035	2 035	24 423	25 229	26 036	
Transfer and subsidies - capital	6 662	6 662	6 662	6 662	6 662	6 662	6 662	6 662	6 662	6 662	6 662	6 662	79 947	82 585	85 228	
Interest	3 713	3 713	3 713	3 713	3 713	3 713	3 713	3 713	3 713	3 713	3 713	3 713	44 562	46 033	47 506	
Payments																
Suppliers and employees	(529 088)	(489 294)	(383 872)	(385 637)	(379 087)	(377 890)	(378 206)	(311 280)	(243 474)	(239 198)	(311 674)	(420 869)	(4 449 569)	(4 756 009)	(4 938 137)	
Finance charges	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(272)	(281)	(290)	
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)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	20 624	19 252	15 619	15 680	15 454	15 413	15 423	13 117	10 780	10 632	13 130	16 894	182 018	211 434	157 567	

CASH FLOWS FROM INVESTING ACTIVITIES

Receipts															
Proceeds on disposal of PPE	1 006	1 006	1 006	1 006	1 006	1 006	1 006	1 006	1 006	1 006	1 006	1 006	12 070	12 468	12 867
Payments															
Capital assets	(15 954)	(15 954)	(15 954)	(15 954)	(15 954)	(15 954)	(15 954)	(15 954)	(15 954)	(15 954)	(15 954)	(15 954)	(191 453)	(216 113)	(162 431)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(14 949)	(14 949)	(14 949)	(14 949)	(14 949)	(14 949)	(14 949)	(14 949)	(14 949)	(14 949)	(14 949)	(14 949)	(179 383)	(203 645)	(149 564)

CASH FLOWS FROM FINANCING ACTIVITIES

Receipts															
Increase (decrease) in consumer deposits	(535)	(535)	(535)	(535)	(535)	(535)	(535)	(535)	(535)	(535)	(535)	(535)	(6 415)	(6 626)	(6 838)
Payments															
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES	(535)	(535)	(535)	(535)	(535)	(535)	(535)	(535)	(535)	(535)	(535)	(535)	(6 415)	(6 626)	(6 838)

NET INCREASE/ (DECREASE) IN CASH HELD

Cash/cash equivalents at the year begin:	38 998	44 138	47 907	48 043	48 239	48 210	48 139	48 080	45 713	41 010	36 159	33 807	38 998	35 217	36 379
Cash/cash equivalents at the year end:	44 138	47 907	48 043	48 239	48 210	48 139	48 080	45 713	41 010	36 159	33 807	35 217	35 217	36 379	37 544

2.11. CAPITAL EXPENDITURE DETAILS

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

Centlec - Supporting Table SD9 Detailed capital budget

Project Description	Ward Location	GPS Longitude	2026/27 Medium Term Revenue & Expenditure Framework		
			Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
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°17'12640,26,2136260	10 000	11 561	15 235
Extension And Upgrading Of The 11kv Netw	Ward (1 - 51)	Multiple locations	5 000	5 000	4 000
Refur Protec & Scada Systems Dist Cent	Ward (1 - 51)	Multiple locations	5 941	6 868	9 051
Replacement Of Oil Plant	Ward (20)	S29 07 31.2 E26 13 29.8	400	413	426
Refurbishment Of High Mast Lights	Van Stadensrus - Ward (50)	S29°59'38",27°2'8",325°	10 000	10 000	10 000
	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"			
Upgrading And Extension Of Lv Network	Ward (1 - 51)	Multiple locations	2 350	2 428	2 505
Renewable Projects	Ward (1 - 51)	Multiple locations	3 000	3 000	3 000
Security Equipment (Cctv)	Ward (19)	S29.127093, 26.224371	10 000	10 000	4 000
Electrification Internal Projects	Ward (11, 16, 17)	S29.297927, 26.705297;	6 000	6 000	5 000
Bloem: C/Y-Est 33/11kv 20mva Firm Supdc	Ward (19)	S29.127093, 26.224371	14 000	16 185	21 329
Bloem: N/Stad-Upg 132/11kv 20mva Firm Dc	Ward (48)	S29.054360, 26.227047	8 000	9 249	12 188
Botsh: Upg Sub T (2ND TRANS SCADA EQUI)	Ward (36)	S29.257080, 26.680982	10 000	11 561	15 235
Botsh: Upg Sub W (C/Work B/W 2nd Tra S/D	Ward (36)	S29.257080, 26.680982	14 000	16 185	21 329
Electrification (Usdg Grant)	Wards (1, 5, 6, 7, 11, 12, 17, 37, 3	Multiple locations	-	-	-
Electrification Projects (Issup)	Ward (27, 51)	S29,224647,26,256804;	27 613	40 000	34 000
Infra Catalyst Projects	Ward (1 - 51)	Multiple locations	5 000	5 000	4 000
Install Prepaid Meters	Ward (1 - 51)	Multiple locations	300	310	320
Installation Of Public Lighting	Ward (1 - 51)	Multiple locations	4 750	4 907	5 064
Meter Replacement Project	Ward (1 - 51)	Multiple locations	33 000	34 089	35 180
		Various - Dependant on customer address			
Public Electricity Connections	Ward (1 - 51)		15 000	15 495	15 991
Rep Brittle Overhead Connections	Ward (1 - 51)	Multiple locations	1 500	1 550	1 599
Replace Decrypt Cables Mv-Hv	Ward (1 - 51)	Multiple locations	8 200	9 480	12 493
Replace Decrypt Cables Mv-Hv	Ward (1 - 51)	Multiple locations	2 600	3 006	3 961
S/Lights Replace Pole Trns Poles Section	Ward (1 - 51)	Multiple locations	7 500	7 500	7 500
Rep S/Lights Vandalised Underground Cables	Ward (1 - 51)	Multiple locations	5 000	5 165	5 330
Rep Overhead Line Equipment and S/Lights Poles	Ward (1 - 51)	Multiple locations	15 000	17 341	22 853
Servitudes Land (Incl Invest Remune Reg	Ward (1 - 51)	Multiple locations	700	723	746
Computer Equipment	Ward (19)	S29.127093, 26.224371	7 000	7 000	3 000
Implem Business Cont Disaster Recov Inf	Ward (19)	S29.127093, 26.224371	33 000	30 000	18 000
Upgrade & Refurb Computer Network	Ward (19)	S29.127093, 26.224371	6 000	6 000	5 000
Furniture And Office Equipment	Ward (19)	S29.127093, 26.224371	4 000	4 000	2 000
Vending Back Office	Ward (19)	S29.127093, 26.224371	-	12 643	10 320
Digital Radio System	Ward (19)	S29.127093, 26.224371	1 500	1 500	1 500
Protection Test Unit	Ward (1 - 51)	Multiple locations	1 500	1 500	1 500
Vehicles	Ward (19)	S29.127093, 26.224371	20 000	20 000	7 833
Replacement Of 110v Batteries	Ward (1 - 51)	Multiple locations	3 811	4 406	5 806
Bulk Meter Refurbishment	Ward (1 - 51)	Multiple locations	-	12 643	10 063
Replacement Of 11kv Switchgears	Ward (1 - 51)	Multiple locations	5 200	6 012	7 922
Replacement Of 32v Batteries	Ward (1 - 51)	Multiple locations	3 200	3 699	4 875
Transformer Replace & Other Related Equi	Ward (1 - 51)	S29 04 31.5 E26 14 43.3	30 513	35 275	46 487
Installation Of High Voltage Test Equipm	Ward (19)	Multiple locations	1 125	1 162	1 199
Rep Low Volt Decrepit 2/4/8 Way Boxes	Ward (1 - 51)	Multiple locations	1 418	1 464	1 511
Repair Mmm Dist Dist Centre	Ward (6)	S29 10 14.5 E26 14 34.4	5 441	5 620	5 800
Repair Vista Dist Dist Centre	Ward (19)	S29 10 38.7 E26 12 48.7	22 651	26 186	34 510
Office Building	Ward (19)	S29.127093, 26.224371	15 000	15 495	5 000
Training & Development	Ward (19)	S29.127093, 26.224371	720	744	768
Employment Equity	Ward (19)	S29.127093, 26.224371	250	258	267
			387 181	448 622	445 698

2.12. LEGISLATION COMPLIANCE STATUS

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

2.12.1 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.

2.12.2 Budget and Treasury Office

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

2.12.3 Audit & Risk Committee

An Audit Committee has been established and is fully functional.

2.12.4 Service Delivery and Implementation Plan

The detailed draft 2026/27 SDBIP document is submitted for consideration for approval as part of the 2026/27 MTREF in May 2026 directly aligned and informed by the 2026/27 MTREF.

2.12.5 Annual Report

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

2.13. QUALITY CERTIFICATION AND APPROVAL

CHIEF FINANCIAL OFFICER CERTIFICATION

Prepared By:

I, 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 _____
CHIEF FINANCIAL OFFICER OF CENTLEC (SOC) LTD

Signature _____

Date _____

CHIEF EXECUTIVE OFFICER CERTIFICATION

Approved By:

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

Print Name _____
CHIEF EXECUTIVE OFFICER OF CENTLEC (SOC) LTD

Signature _____

Date _____