



MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2018/19 – 2020/21

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PART 1 – ANNUAL BUDGET

1. CHAIRPERSON'S REPORT

The slowdown in global economic growth has negative ripple effect in the domestic economies felt more severely by emerging markets. The slow growth in Chinese economy and the rising interest rate in the United States are cited as the main economic drawbacks. *"Electricity supply constraints, falling commodity prices and lower confidence levels have resulted in our growth forecasts being revised lower. Investment growth will be just 1.2 per cent this year. Limited employment growth and household income constraints are holding back consumption."* MTBPS 2015. The country's economic growth outlook remains deem with forecast for 2018 projected at 1.0 per cent.

The Consolidated Medium Term Revenue and Expenditure Framework (MTREF) Budget of 2018/19 - 2020/21 budget is thus compiled in the environment of weak consumption appetite and thus stunted demand.

Affordable and sustainable energy supply can unlock economic potential by encouraging investment in the city and the province and thereby propelling the province to an above national economic growth rate. Towards this objective, in the current MTREF period the entity will explore alternative energy sources. Licencing and piloting of "Green Energy" sources are set as the targets for the current MTREF.

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

The revenue for the MTREF budget totals to an amount or projected revenue of R 2,431 billion in 2018/19, representing an increase of R 129,461 million or 5.62% on that of 2017/18 Adjustment Budget (R 2,302 billion.) The allocation for the two outer years of the MTREF period is R 2,585 billion in 2019/20 and R 2,740 billion in 2020/21.

The Operational Expenditure totals to projected expenditure of R 2,338 billion for 2018/19, representing an increase of R 133,361 million or 6.05% increase from that of the 2017/18 Adjustments Budget of (R 2,205 billion). The allocation for the two outer years of the MTREF period is R 2,479 billion for 2019/20 and R 2,628 billion for the 2020/21.

The Capital budget of the Entity herewith presented amount to R 93,197 million for 2018/19, representing decrease of R 3,913 million or -4.03% reduction in the 2017/18 Adjustments Budget of R 97,110 million. The allocation for the two outer years of the MTREF period is projected at R 105,663 million for 2019/20 and R 111,474 million for 2020/21.

The table below illustrates the above:

Details	Approved Budget 2017/18	Adjustment Budget 2017/18	2018/19	Growth%	2019/20	2020/21
Revenue	2,336,756,346	2,302,504,217	2,431,965,832	5.62%	2,585,273,144	2,740,496,597
Operating Expenditure	2,220,106,868	2,205,213,092	2,338,574,541	6.05%	2,479,402,737	2,628,800,567
(Surplus) /Deficit	116,649,478	97,291,125	93,391,291	-4.01%	105,870,407	111,696,030
Gains and Loss	308,810	308,810	324,868	5.20%	342,736	361,586
Capital Expenditure	116,468,682	97,110,329	93,197,176	-4.03%	105,663,021	111,474,487
Surplus and or (Deficit)	489,606.00	489,606.00	518,982.85	6.00%	550,122.43	583,129.21

All the projects are derived from the parent municipality's integrated development plan and will be consolidated in the Municipal Budget. The entity is positioned to continue perform on its mandate of assisting the parent municipality achieve its goals of making energy accessible to all communities within the metro boundaries. As early as 2011 the metro had electrified more than 90% of its residents.

The 2018/19 MTREF is prepared within the parameters set by the Parent Municipality including the guidelines (Circular No 89) provided by National Treasury and NERSA on energy tariffs. Projects to accelerate service delivery and strengthen the Entity's cash flow

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

The 2018/2019 budget of the entity is herewith presented to the parent municipality for consideration in terms of MFMA 87 (2).

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Chairperson of the Board

2. EXECUTIVE SUMMARY

The purpose of the 2018/19 MTREF is to guide the entity's allocated resources to achieve its service delivery objectives as required by the Act MFMA (No 56 of 2003). The MTREF is a financial plan to enable the Municipal Entity to achieve its vision and mission as articulated in the Business Plan.

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

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

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

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

2.1.1 PAST PERFORMANCE AND SPENDING LEVELS

1. Source of Funding

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

Funding Sources	Approved Budget 2013/14	Adjustments Budget 2013/14	Approved Budget 2014/15	Adjustments Budget 2014/15	Approved Budget 2015/16	Adjustments Budget 2015/16	Approved Budget 2016/17	Adjustments Budget 2016/17	Approved Budget 2017/18	Adjustment Budget 2017/18
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Integrated National Electrification Programme	42,000,000	36,842,105	26,491,228	26,491,228	26,315,789	26,315,789	8,500,000	8,500,000	20,000,000	20,000,000
Public Contributions	11,888,364	17,676,161	19,267,015	15,767,015	20,952,879	20,952,879	23,141,686	23,141,686	24,761,603	6,000,000
Revenue / Surplus (Internal funds)	42,700,000	148,220,000	253,205,000	256,835,056	278,088,182	198,854,055	169,098,290	201,534,699	71,707,079	71,110,329
TOTAL	156,588,364	262,387,389	298,963,243	299,093,299	325,356,850	246,122,723	200,739,976	233,176,385	116,468,682	97,110,329

2. Performance: Budget vs. Actual – Capital Expenditure

Financial Year	Approved Budget	Adjustments Budget	Actual Expenditure	% Spent Adjustments Budget
2012/13	184,767,424	190,485,420	169,660,186	89%
2013/14	156,588,364	262,587,391	224,426,894	85%
2014/15	298,963,243	299,093,299	282,585,610	94%
2015/16	325,356,851	246,122,724	242,344,543	98%
2016/17	200,739,976	233,176,385	223,638,659	96%

3. Capital Expenditure per Category

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

Capital Expenditure	Actuals 2013/14	Actuals 2014/15	Actuals 2015/16	Actuals 2016/17
	R'000	R'000	R'000	R'000
IMPLEMENTATION OF BUSINESS CONTINUITY &		495,634	904,442	367,876
IMPLEMETATION OF WORKFLOW CRM & QUATATIO				
UPGRADE OF CURRENT PABX TO VOIP TELCOMMS		3,703,504	4,664,744	
SERVITUDES AND LAND (INCLUDING INVESTIGA		19,696	167,245	338,509
WEBSITE		243,985		
SCOA IMPLEMENTATION PROJECT		1,006,466		
REPLACEMENT OF OIL PLANT		902,734		
EXTENSION AND UPGRADING OF THE 11KV OVER		6,168,462	6,417,588	5,603,912
ELLITE SUBSTATION (AIRPORT NODE)		10,500,000	10,823,860	
INSTALLATION OF PREPAID METERS (INDIG	811,330	878,362	39,743	195,213
ELECTRIFICATION CONNECTIONS DME		21,360,913	26,315,711	
METER PROJECT	31,724,569	63,633,076	33,236,925	12,584,556
SMART METERS ELECTRICITY		29,014,623	42,691,340	40,954,705
OFFICE FURNITURE & EQUIPMENTS	6,613,150	2,083,713	544,157	516,140
FICHARDT PARK DC :132KV/11KV		2,277,764		39,384,827
ELECTRIFICATION CONNECTIONS DME		8,779		5,871,141
PUBLIC ELECTRICITY CONNECTIONS	22,608,870	11,102,662	15,113,201	20,454,460
OFFICE BUILDING	2,947,541	2,120,157	1,226,096	3,814,681
VEHICLES	37,786,178	21,930,563	7,594,437	729,456
TRAINING AND DEVELOPMENT			256,944	289,918
UPGRADE DESKTOP COMPUTERS IN THE CONTROL	199,273			
REPLACEMENT LAPTOPS FOR TECHNICIANS (12)	104,481			
NEW TEST VEHICLES EQUIPMENT		1,247,352		
TRANSFORMER REPLACEMENT		3,408,929	5,473,818	1,055,652
UPGRADING OF RIPPLE CONTROL EQUIPMENT (43,015			
INSTALLATION OF PUBLIC LIGHTING			14,325,933	23,762,194
ELECTRIFICATION PROJECTS			10,988,609	13,950,362
REPLACEMENT OF DECREPIT LOW VOLTAGE OVER	1,149,234	396,830	85,064	
REPLACEMENT OF BRITTLE OVERHEAD CONNECTI	349,490	738,134	780,436	983,524
COMPUTER AND PRINTER (REPLACEMENT - MEDI	1,791,728			
REPLACEMENT OF DECREPIT HAMILTON	1,444,568	902,866	1,506,348	531,174
REPLACEMENT OF DECREPIT 11KV CABLE		1,045,476	2,351,857	3,708,165
NETWORK REFURBISHMENTS	5,059,245	21,262,346	3,999,476	4,607,101
METERING SYSTEM				4,902,750

Capital Expenditure	Actuals 2013/14	Actuals 2014/15	Actuals 2015/16	Actuals 2016/17
SYSTEMS INTEGRATION				119,419.00
CECELIA DC 132KV/11KV 30 MVA		3,480,798	36,501,286	17,931,741
ELECTRICITY CONNECTIONS	5,324,290			
ELECTRIFICATION CONNECTIONS DME	8,767,189			
VANSTRADENS RUS PHASE 2 ELECTRIFICATION				2,555,511
KHAYELITSHA ELECTRIFICATION / PHASE 7	17,611,055	20,746,527		
REPLACEMENT OF 11KV BATTERIES		435,745		654,466
REPLACEMENT OF 32V BATTERIES		365,360		196,413
REPLACEMENT OF 2 & 4 WAY FIBREGLAS BOX IN	197,293	273,500	166,859	456,512
REMEDIAL WORK 132KV SOUTHERN LINES		8,603,989		1,535,217
REPLACEMENT OF 240mm XLPE BETWEEN SUB A	13,183,628	5,845,657		
BOTSHABELO: 132KV LINE FROM DC AROUND	11,087,756	5,131,380		
BOTSHABELO: 132KV/33/11KV DC SUB F	20,230,215			
MERITING DC: 132KV/11KV CD	11,302,810			
GROENVLEI DC 132/11KV 20 MVA DC		14,045,424	6,933,641	
SHANNON A DC: 132KV/11KV DC	7,483,256			
TIBBIE VISSER 33/11 T1 5MVA		375,076		
BOTSHABELO: 132KV LINES FROM DC AROUND	11,547,605			7,506,414
VENDING BACK OFFICE	3,494,262		402,561	273,166
UPGRADE AND REFURBISHMENT OF CENTLEC	261,690	1,406,743	2,009,821	
COMMUNICATION AND MARKETING			1,566,233	3,304,855
SECURITY EQUIPMENT (CCTV)				1,517,663
REPLACEMENT OF 11KV SWITCHGEARS FOR	1,303,171	575,276		1,976,878
CLOVER DC: 132KV/11KV 30MVA DC		153,056		
132KV NORTHERN RING FROM NOORDSTAD DC TO		14,694,052	5,256,171	1,004,093
Total	224,426,894	282,585,610	242,344,542	223,638,660

2.1.2 RISKS FACING MUNICIPAL ENTITY

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

2.1.3 AUDIT OUTCOME 2016-2017

Centlec (SOC) Ltd Audit Report:

The Entity's audit outcome for the 2016/17 financial year was an unqualified audit opinion.

2.2 BUDGET SUMMARY

2.2.1 CONSOLIDATED MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK OUTLOOK: 2018/19 – 2020/21

A. OPERATING REVENUE BUDGET - HIGHLIGHTS ON MAJOR CATERGORIES

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

The total revenue budget is projected at R 2,431 billion in 2018/19, representing an increase in revenue of R 129 million (5.62%) on the 2017/18 Adjustments Budget of R 2,302 billion. The allocation for the outer two years of the MTREF period is R 2,585 billion and R 2,740 billion respectively. Revenue generated from services charges forms a significant part of the revenue basket of the Entity. Services charges constitutes 97% (2017/18 - 95%) of the budgeted revenue (excluding capital grants and transfers) in the 2018/19 budget year.

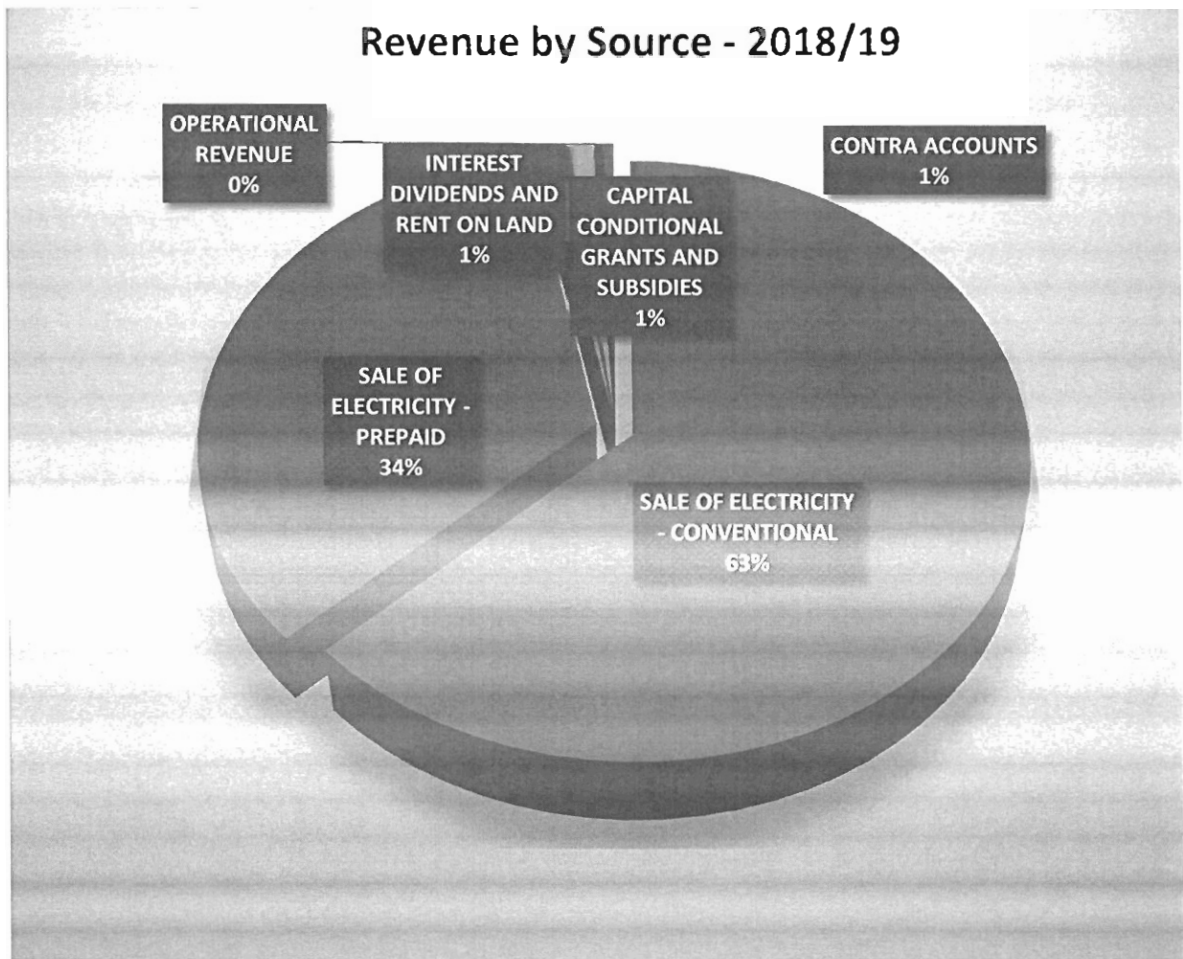
Details of the Revenue by Source are as outlined in the below table:

STATEMENT OF FINANCIAL PERFORMANCE - CENTLEC (ENTITY)						
REVENUE PER SOURCE	MTREF BUDGET 2018-19 TO 2020-21					
	APPROVED BUDGET 2017-18	ADJUSTMENT BUDGET 2017- 18	GROWTH %	MTREF 2018/19	MTREF 2019/20	MTREF 2020/21
FINES PENALTIES AND FORFEITS	-2,537,782	-5,830,471	5.20%	-6,133,656	-6,471,140	-6,827,053
TRANSFERS AND SUBSIDIES	-44,761,603	-26,000,000	-27.84%	-18,762,339	-27,136,490	-28,628,997
SALE OF ELECTRICITY - CONVENTIONAL	-1,460,449,851	-1,460,449,851	6.00%	-1,548,076,842	-1,640,961,452	-1,739,419,139
SALE OF ELECTRICITY - PREPAID	-786,361,772	-786,361,772	6.00%	-833,543,478	-883,556,087	-936,569,452
RECONNECTION TEST AND REMOVAL - METERS	-1,266,077	-1,266,077	6.00%	-1,342,041	-1,422,564	-1,507,117
INTEREST DIVIDENDS AND RENT ON LAND	-43,365,999	-24,582,784	6.63%	-26,213,417	-27,957,709	-29,911,074
OPERATIONAL REVENUE	-4,293,000	-4,293,000	6.00%	-4,550,580	-4,823,615	-5,113,032
SALES OF GOODS AND RENDERING OF SERVICES	-4,466,973	-4,466,973	6.00%	-4,734,991	-5,019,090	-5,320,236
COST OF FREE BASIC SERVICES	10,746,710	10,746,710	6.00%	11,391,512	12,075,003	12,799,503
TOTAL INCOME	-2,336,756,346	-2,302,504,217	5.62%	-2,431,965,832	-2,585,273,144	-2,740,496,597

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

STATEMENT OF FINANCIAL PERFORMANCE - CENTLEC (ENTITY)						
GAINS AND LOSSES PER SOURCE	MTREF BUDGET 2018-19 TO 2020-21					
	APPROVED BUDGET 2017-18	ADJUSTMENT BUDGET 2017- 18	GROWTH %	MTREF 2018/19	MTREF 2019/20	MTREF 2020/21
GAINS AND LOSSES	-308,810	-308,810	5.20%	-324,868	-342,736	-361,586
DISP OF FIXED AND INTANGIBLE ASSETS	-308,810	-308,810	5.20%	-324,868	-342,736	-361,586

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



Operating Revenue Budget – Highlights on major categories:

Service Charges

The services charges revenue is projected at R 2,381 billion in 2018/19, representing an increase in revenue of R 135 million (5.66%) in 2017/18 Adjustments Budget of R 2,246 billion. The allocation for the outer two years of the MTREF period is R 2,524 billion and R 2,675 billion respectively.

Equitable Share from the Parent Municipality (FBE)

Included in the budgeted revenue of R 2,431 billion, is free basic electricity from the Parent Municipality totalling to R 11,391 million for the 2018/19. The allocations for the 2019/20 and 2020/21 budget years are R 12,075 million and R 12,799 million respectively. This derives from the indigent register of the Parent Municipality.

Capital Grants and Subsidies (INEP)

Capital grants from the Provincial and National Governments amounts to R 12,000 million for 2018/19 (2017/18 Adjustments Budget - R 20,000 million). The allocations for the 2019/20 is R 20,000 and R 20,100 million in 2020/21. The conditional grants allocation anticipating as gazetted, constitutes 0.49% of the budgeted revenue for the 2018/19 budget year.

B. OPERATING EXPENDITURE

The Municipal Entity's expenditure for the 2018/19 budget and MTREF is informed by the following:

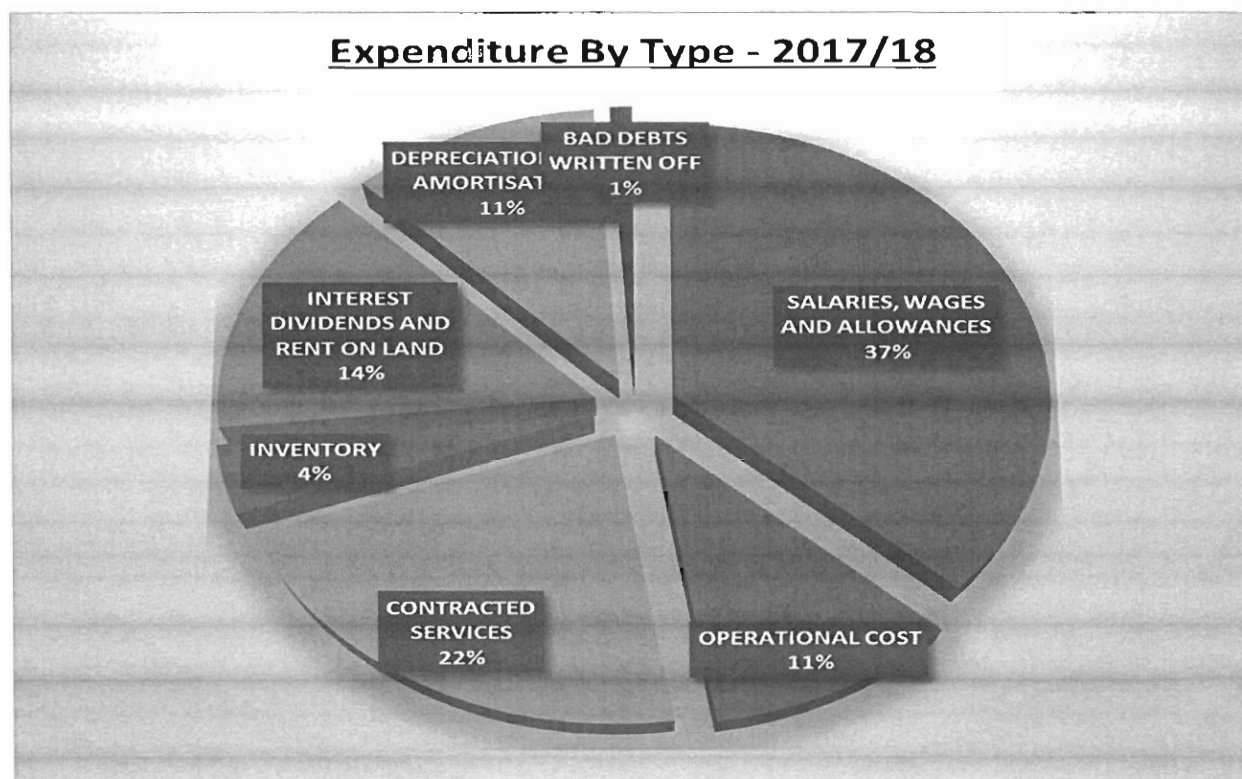
- Modelling of feasible and sustainable budgets over the medium term;
- National Treasury guidelines;
- NERSA tariffs guideline
- Growth in the City and continued economic development;
- Cognisance of national and local economic and fiscal conditions;
- Expenditure limits driven by realistic and realisable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

The operating expenditure budget increases from the adjustments budget amount of R 2,205 billion in 2017/18 to a new consolidated budget amount of R 2,338 billion (representing an increase of 5.32% (R 133 million) in 2018/19. The allocation of the outer two years of the MTREF period is R 2,479 billion and R 2,628 billion respectively.

The following table is a high level summary of the MTREF Budget for 2018/19 to 2020/21 (classified per main type of operating expenditure):

STATEMENT OF FINANCIAL PERFORMANCE - CENTLEC (ENTITY)						
EXPENDITURE PER TYPE	MTREF BUDGET 2018-19 TO 2020-21					
	APPROVED BUDGET 2017-18	ADJUSTMENT BUDGET 2017- 18	GROWTH %	MTREF 2018/19	MTREF 2019/20	MTREF 2020/21
EMPLOYEE SALARIES AND WAGES	303,563,212	303,563,212	6.12%	322,148,524	343,130,514	368,160,183
REMUNERATION OF DIRECTORS	1,751,260	1,751,260	7.00%	1,873,849	2,023,757	2,205,895
CONTRACTED SERVICES	173,125,966	180,167,232	5.20%	189,544,709	199,969,668	210,967,999
OPERATIONAL COST	104,939,723	80,095,850	5.20%	84,263,563	88,898,058	93,787,452
INVENTORY	32,885,181	32,880,010	5.21%	34,593,095	36,495,716	38,502,980
BULK PURCHASES	1,376,930,866	1,376,930,866	6.69%	1,469,051,259	1,549,849,078	1,635,090,778
INTEREST DIVIDENDS AND RENT ON LAND	120,048,801	60,048,801	6.00%	120,051,339	120,054,163	120,057,142
OPERATING LEASES	8,790,416	8,790,416	5.20%	9,247,517	9,756,131	10,292,718
DEPRECIATION AND AMORTISATION	90,070,162	152,984,164	1.83%	99,383,339	120,345,352	140,366,703
BAD DEBTS WRITTEN OFF	8,001,280	8,001,280	5.20%	8,417,347	8,880,301	9,368,717
TOTAL EXPENDITURE	2,220,106,868	2,205,213,092	6.05%	2,338,574,541	2,479,402,737	2,628,800,567

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



Operating Expenditure Budget – Highlights on major categories:

Salaries, Wages and Allowances:

Personnel costs increase by 6.12%, or R 18,585 million from the 2017/18 Adjustments Budget of R 303,563 million to R 322,148 million in 2018/19. This expenditure category constitutes 13.78% of the operating expenditure budget. The allocation for the two outer years of the MTREF period is R 343,130 million and R 368,160 million respectively.

Remuneration of Directors:

The budget of this line item is aligned to the Council approval. The 2017/18 Adjustments budget of R 1,751 million to R 1,873 million in 2018/19. The allocation for the two outer years of the MTREF period is R 2,023 million and R 2,205 million respectively.

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

Operational Cost

The operational cost increased with R 4,167 million from the 2017/18 Adjustments Budget of R 80,095 million to R 84,263 million in the 2018/19 budget year. The allocation for the two outer years of the MTREF period is R 88,898 million and R 93,787 million respectively.

Bulk Purchases:

Bulk purchases increased by 6.69%, R 92,120 million against the 2017/18 Adjustments budget, to the proposed amount of R 1,469 billion for the 2018/19 budget year. The allocation for the two outer years of the MTREF period is R 1,549 billion and R 1,635 billion respectively. Bulk purchases constitute approximately 62.82% of the operating expenditure budget for 2018/19. The proposed growth is as tariffs initially approved by NERSA for supplier Eskom. (Circular 89 increase)

Contracted Services

Contracted Services increased by 8.11%, R 9,377 million to R 189,544 million in the 2018/19 budget year from a base of R 180,167 million in the 2017/18 Adjustments budget. The allocation for the two outer years of the MTREF period is R 199,969 million and R 210,967 million respectively.

Inventory

The budgeted inventory increased with 1.48% to an amount of R 34,593 million for 2018/19 (Adjustments Budget 2017/18 - R 32,880 million). The indicative allocated amount for the two outer years of the MTREF period is R 36,495 million and R 38,502 million respectively.

Operating leases

The budgeted operating leases amount is R 9,247 million for 2018/19 (Adjustments Budget 2017/18 - R 8,790 million). The indicative allocated amount for the two outer years of the MTREF period is R 9,756 million and R 10,292 million respectively.

Depreciation

The budgeted depreciation amount is R 99,384 million for 2018/19 (Adjustments Budget 2017/18 - R 92,984 million). The indicative allocated amount for the two outer years of the MTREF period is R 120,345 million and R 140,362 million respectively. The increase in the budget allocation emanates from the actual audited outcome of 2016/17 financial year.

Transfer to Bad Debt Reserve

The budget amount for bad debt impairment is R 8,417 million in 2018/19. The indicative allocated amount for the two outer years of the MTREF period is R 8,880 million and R 9,368 million respectively. This figures are conservative and it is management's view that it shall strive to maximize collection under the current economic conditions in order to maintain the required result. Should this position change figures will be adjusted accordingly.

C. CAPITAL BUDGET

The capital budget decrease by R 3,913 million for the 2018/19 financial year to R 93,197 million as compared to the approved Adjustments Budget of R 97,110 million for the 2017/18 period. The projected capital expenditure budget for the two outer years of the MTREF period has been set at R 105,663 million and R 111,474 million respectively.

The budget is funded mainly from internally generated sources augmented by conditional grant for electrification. It is important to note that no USDG grant funding has been allocated to the Entity to fund projects as from the 2014-15 budget year.

CAPITAL FUNDING BY SOURCE

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

FUNDING BY SOURCE	Original Budget 2017/2018	Approved Adjustment Budget 2017/2018	2018/2019	2019/2020	2020/2021
Integrated National Electrification Programme Grant	20,000,000	20,000,000	12,000,000	20,000,000	21,100,000
Public Contributions	24,761,603	6,000,000	6,318,000	6,665,490	7,032,092
Revenue / Surplus (Internal funds)	71,707,079	71,110,326	74,879,180	78,997,532	83,342,394
TOTAL	116,468,682	97,110,326	93,197,180	105,663,022	111,474,486

Integrated National Electrification Programme Grant Funding

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

INTEGRATED NATIONAL ELECTRIFICATION GRANT	Original Budget 2017/2018	Approved Adjustment Budget 2017/2018	2018/2019	2019/2020	2020/2021
ELECTRIFICATION CONNECTIONS	20,000,000	20,000,000	12,000,000	20,000,000	21,100,000
TOTAL	20,000,000	20,000,000	12,000,000	20,000,000	21,100,000

Public Contributions

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

PUBLIC CONNECTIONS	Original Budget 2017/2018	Approved Adjustment Budget 2017/2018	2018/2019	2019/2020	2020/2021
PUBLIC ELECTRICITY CONNECTIONS	24,761,603	6,000,000	6,318,000	6,665,490	7,032,092
TOTAL	24,761,603	6,000,000	6,318,000	6,665,490	7,032,092

Own Funded Projects

Included in the capital budget are projects to the value of R 74,879 million for the 2018/19 year. The allocation of the two MTREF period outer years is R 78,997 million and R 83,342 million respectively. The key highlights of the own funded projects for 2018/19 budget year are:

INTERNAL FUNDING (from Surplus)	Original Budget '2017/2018	Approved Adjustment Budget 2017/2018	2018/2019	2019/2020	2020/2021
BOTSHABELO: 132KV ESKOM CONNECTIONS	8,157,500	2,157,500	2,271,848	2,396,799	2,528,623
ELITE SUBSTATION (AIRPORT NODE)	2,500,000	8,500,000	8,950,500	9,442,778	9,962,130
EXTENSION AND UPGRADING OF THE 11KV OVERHEAD	8,637,500	8,280,373	9,096,288	9,595,528	10,123,282
DIGITAL RADIO SYSTEM		600,000	631,800	666,549	703,209
FURNITURE AND OFFICE EQUIPMENT	378,218	378,218	398,263	420,167	443,277
INSTALLATION OF OF PREPAID METERS (INDIGENTS)	527,500	527,500	555,458	586,008	618,238
METER PROJECT	6,646,500	6,646,500	6,998,765	7,383,697	7,789,800
OFFICE BUILDING	5,000,000	5,000,000	5,265,000	5,554,575	5,860,077
REMEDIAL WORK 132KV SOUTHERN LINES	1,055,000	1,055,000	1,110,915	1,172,015	1,236,476
REPLACEMENT OF 110V BATTERIES	580,250	580,250	611,003	644,608	680,062
REPLACEMENT OF 11KV SWITCHGEARS	685,750	685,750	722,095	761,810	803,710
REPLACEMENT OF 2 & 4 WAY FIBREGLAS BOX	667,815	667,815	703,209	741,886	782,689
REPLACEMENT OF 32V BATTERIES	263,750	263,750	277,729	293,004	309,119
REPLACEMENT OF BRITTLE OVERHEAD CONNECTIONS	527,500	527,500	555,458	586,008	618,238
REPLACEMENT OF LOW VOLTAGE DECREPIT 2,4,8 WAY BOXES	363,975	363,975	383,266	404,345	426,584
REPLACEMENT OF OIL PLANT	448,375	448,375	472,139	498,107	525,502
SERVITUDES AND LAND	500,000	500,000	526,500	555,458	586,008
SHIFTING OF CONNECTION AND REPLACEMENT SERVICES	1,750,000	1,750,000	1,842,750	1,944,101	2,051,027
UPGRADING AND EXTENTION OF LV NETWORK	2,500,000	2,500,000	2,256,448	2,380,553	2,511,484
REFURBISHMENT OF HIGH MAST LIGHTS	2,500,000	2,500,000	2,632,500	2,777,288	2,930,038
REPLACEMENT OF DAMAGED SWITCHGEAR AND EQUIPMENT	5,000,000	5,000,000	526,500	555,458	586,008
TRAINING & DEVELOPMENT	738,500	738,500	777,641	820,411	865,533
ELECTRIFICATION PROJECTS	5,000,000	5,000,000	5,265,000	5,554,575	5,860,077
INSTALLATION OF PUBLIC LIGHTING	4,845,848	4,845,848	9,841,178	10,382,443	10,953,477
TRANSFORMER REPLACEMENT	4,391,250	4,391,250	4,623,986	4,878,305	5,146,612
UPGRADE AND REFURBISHMENT OF CENTLEC NETWORK	172,222	1,372,222	1,444,950	1,524,422	1,608,265
REFURBISHMENT OF PROTECTION AND SCADA SYSTEM	2,637,500	2,637,500	2,777,288	2,930,038	3,091,190
SECURITY EQUIPMENT	1,610,000	1,610,000	1,695,330	1,788,573	1,886,945
SOLAR FARM GENERATION PLANT	527,500	527,500	555,458	586,008	618,238
BULK METER REFURBISHMENT	1,055,000	1,055,000	1,110,915	1,172,015	1,236,476
TOTAL	71,707,079	71,110,326	74,879,180	78,997,532	83,342,394

Capital Budget per Cluster

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

CENTLEC CLUSTERS	CLUSTER	WARD NR's	CAPITAL ESTIMATES			
			APPROVED ADJUSTMENT BUDGET 2017/2018	BUDGET 2018/2019	BUDGET 2019/2020	BUDGET 2020/2021
Bloemfontein Central	A	1, 2, 3, 4, 5				
Mangaung South	B	9, 13, 14, 15, 18				
Bloemfontein South	C	6, 7, 10, 11, 12				
Bloemfontein East	D	8, 17, 45, 46, 16 and 47				
Bloemfontein North	E	19, 21, 44 and 48	6,646,500	6,998,765	7,383,697	7,789,800
Bloemfontein West	F	20, 22, 23, 24, 25 and 26				
Botshabelo North	G	27, 28, 29 and 30	3,207,225	3,377,208	3,562,954	3,758,916
Botshabelo East	H	31, 32, 33 and 35				
Botshabelo South	I	34, 36 and 37				
Thaba Nchu Central	J	39, 40 and 43				
Thaba Nchu Peri-Urban	K	1-45	2,135,250	2,248,418	2,372,081	2,502,545
Not Determined (Utilization in all wards)	N	All	85,121,354	80,572,285	92,344,289	97,423,224
Totals			97,110,329	93,196,676	105,663,021	111,474,485

Capital Budget per Ward

CAPITAL EXPENDITURE	WARD No's	ADJUSTMENT BUDGET 2017-18	BUDGET 2018/2019	BUDGET 2018/2019	BUDGET 2020/21
UPGRADE AND REFURBISHMENT OF CENTLEC COMPUTER NETWORK	19	1,372,222	1,444,950	1,524,422	1,608,265
METER PROJECT	All	6,646,500	6,998,765	7,383,697	7,789,800
DIGITAL RADIO SYSTEM		600,000	631,800	666,549	703,209
BULK METER REFURBISHMENT	All	1,055,000	1,110,915	1,172,015	1,236,476
NETWORK OPERATION & MAINTENANCE					
REFURBISHMENT OF HIGH MAST LIGHTS	All	2,500,000	2,632,500	2,777,288	2,930,038
REPLACEMENT OF LOW VOLTAGE DECREPIT 2,4,8 WAY BOXES	1 - 47	363,975	383,266	404,345	426,584
REPLACEMENT OF BRITTLE OVERHEAD CONNECTIONS	1 - 47	527,500	555,458	586,008	618,238
REMEDIAL WORK 132KV SOUTHERN LINES	1 - 47	1,055,000	1,110,915	1,172,015	1,236,476
SHIFTING OF CONNECTION AND REPLACEMENT SERVICES	1 - 47	1,750,000	1,842,750	1,944,101	2,061,027
REPLACEMENT OF DECREPIT 11KV LINES AND CABLES	1 - 47	-	-	-	-
SFS AND OTHER MUNICIPALITIES (BOTSHABELO AND THABANCHU)					
REPLACEMENT OF 2&4 WAY FIBREGLAS BOX	30	667,815	703,209	741,886	782,689
REPLACEMENT OF DAMAGE SWITCHGEAR AND EQUIPMENT	30	500,000	526,500	555,458	586,008
PLANNING					
PUBLIC ELECTRICITY CONNECTIONS	All	6,000,000	6,318,000	6,665,490	7,032,092
ELECTRIFICATION CONNECTIONS (INEP)	45, 17	20,000,000	12,000,000	20,000,000	21,100,000
UPGRADING AND EXTENSION OF LV NETWORK	All	2,142,876	2,256,448	2,380,553	2,511,484
INSTALLATION OF OF PREPAID METERS (INDIGENTS)	All	527,500	555,458	586,008	618,238
SERVITUDES AND LAND (INCLUDING INVESTIGATION, REMUNERATION, REGISTRATION)	45, 14	500,000	526,500	555,458	586,008
EXTENSION AND UPGRADING OF THE 11KV NETWORK	All	8,637,500	9,095,288	9,595,528	10,123,282
ELITE SUBSTATION (AIRPORT NODE)	47	8,500,000	8,950,500	9,442,778	9,962,130
BOTSHABELO: 132KV/33/11KV DC SUB F	27	2,157,500	2,271,848	2,396,799	2,528,623
ELECTRIFICATION INTERNAL PROJECTS	All	5,000,000	5,265,000	5,554,575	5,860,077
INSTALLATION OF PUBLIC LIGHTING	All	9,345,848	9,841,178	10,382,443	10,953,477
SYSTEM UTILIZATION & SYSTEM ENGINEERING					
REPLACEMENT OF OIL PLANT	All	448,375	472,139	498,107	525,502
REPLACEMENT OF DECREPIT HAMILTON SUBSTATION	All	-	-	-	-
REPLACEMENT OF 110V BATTERIES	All	580,250	611,003	644,608	680,062
REPLACEMENT OF 11KV SWITCHGEARS	All	685,750	722,095	761,810	803,710
REPLACEMENT OF 32V BATTERIES	All	263,750	277,729	293,004	309,119
TRANSFORMER REPLACEMENT & OTHER RELATED EQUIPMENT	All	4,391,250	4,623,986	4,878,305	5,146,612
REFURBISHMENT OF PROTECTION AND SCADA SYSTEMS AT DISTRIBUTION CENTRE AND SUB-STATIONS INCLUDING TEST EQUIPMENT	All	2,637,500	2,777,288	2,930,038	3,091,190
TRAINING & DEVELOPMENT	All	738,500	777,641	820,411	865,533
FURNITURE AND OFFICE EQUIPMENT	All	378,218	398,263	420,167	443,277
SECURITY EQUIPMENT (CCTV)	All	1,610,000	1,695,330	1,788,573	1,886,945
SOLAR FARM GENERATION PLANT	All	527,500	555,458	586,008	618,238
OFFICE BUILDING	All	5,000,000	5,265,000	5,554,575	5,860,077
TOTAL		97,110,329	93,197,176	105,663,021	111,474,487

D. SUMMARY OF THE BUDGET

The projected financial outcome of this budget at the end of the 2018/19 budget year can be summarized as follows:

CENTLEC (SoC)LTD - Table D1 Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18			Medium Term Revenue and Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousands									
Financial Performance									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	1,804,991	2,017,033	2,163,286	2,237,331	2,237,331	2,237,331	2,371,571	2,513,865	2,664,696
Investment revenue	97,695	(14,898)	18,577	26,725	7,942	7,942	8,574	9,260	10,094
Transfers and subsidies	-	8,726	-	-	-	-	-	-	-
Other own revenue	74,300	47,593	33,372	28,248	31,540	31,540	33,383	35,354	37,439
Total Revenue (excluding capital transfers and contributions)	1,976,987	2,058,454	2,215,236	2,292,304	2,276,813	2,276,813	2,413,528	2,558,479	2,712,229
Employee costs	72,151	229,751	203,601	303,563	303,563	303,563	322,149	343,131	368,160
Remuneration of Board Members	1,272	1,051	1,161	1,751	1,751	1,751	1,874	2,024	2,206
Depreciation & asset impairment	120,962	143,398	141,355	90,070	92,984	92,984	99,383	120,345	140,367
Finance charges	271,792	146,097	210,208	49	49	49	51	54	57
Materials and bulk purchases	1,174,952	1,413,752	1,478,240	1,409,816	1,409,811	1,409,811	1,503,644	1,566,345	1,673,594
Transfers and subsidies	-	8,908	-	120,000	120,000	120,000	120,000	120,000	120,000
Other expenditure	279,018	156,395	305,382	294,857	277,055	277,055	291,473	307,504	324,417
Total Expenditure	1,920,147	2,099,350	2,339,947	2,220,107	2,205,213	2,205,213	2,338,575	2,479,403	2,628,801
Surplus/(Deficit)	56,841	(40,896)	(124,711)	72,197	71,600	71,600	74,954	79,077	83,429
Transfers and subsidies - capital (monetary allocations)	68,157	26,316	7,456	20,000	20,000	20,000	12,000	20,000	21,100
Contributions recognised - capital & contributed assets	25,665	17,293	12,811	24,762	6,000	6,000	6,762	7,136	7,529
Surplus/(Deficit) after capital transfers & contributions	150,663	2,713	(104,443)	116,959	97,600	97,600	93,716	106,213	112,058
Taxation									
Surplus/ (Deficit) for the year	150,663	2,713	(104,443)	116,959	97,600	97,600	93,716	106,213	112,058
Capital expenditure & funds sources									
Capital expenditure	229,073	282,577	246,123	116,469	97,110	97,110	93,197	105,663	111,474
Transfers recognised - capital	68,150	26,492	26,316	20,000	20,000	20,000	12,000	20,000	21,100
Public contributions & donations	22,609	11,103	20,953	24,762	6,000	6,000	6,318	6,565	7,032
Borrowing									
Internally generated funds	138,314	244,982	198,854	71,707	71,600	71,600	74,879	78,998	83,342
Total sources of capital funds	229,073	282,577	246,123	116,469	97,600	97,600	93,197	105,663	111,474
Financial position									
Total current assets	861,639	1,037,549	909,166	803,766	843,153	843,153	444,477	469,046	495,621
Total non current assets	3,812,821	4,002,933	4,187,419	4,517,763	4,155,731	4,155,731	4,140,374	4,117,759	4,079,971
Total current liabilities	408,122	540,074	614,353	585,766	636,936	636,936	670,056	706,910	745,790
Total non current liabilities	2,048,205	2,211,009	2,256,245	2,502,636	2,274,616	2,274,616	2,297,189	2,321,120	2,314,623
Community wealth/Equity	2,218,132	2,289,398	2,225,986	2,233,126	2,087,333	2,087,333	1,617,605	1,558,775	1,515,180
Cash flows									
Net cash from (used) operating	246,991	91,413	225,335	279,507	418,188	418,188	413,589	374,655	405,738
Net cash from (used) investing	(429,289)	(20,402)	(279,259)	(110,346)	(91,955)	(91,955)	(91,930)	(118,826)	(142,438)
Net cash from (used) financing	(250)	94,623	(154,639)	(111,924)	(240,709)	(240,709)	(238,911)	(246,506)	(253,464)
Cash/cash equivalents at the year end	163,232	328,866	120,302	144,997	85,523	85,523	167,271	176,594	186,430

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

3. BUDGET RELATED RESOLUTIONS

- 3.1** That in terms of Section 24 of the Municipal Financial Management Act, 56 of 2003, the operating revenue of R 2,431 billion, operating expenditure of R 2,338 billion and capital expenditure of R 93,197 million for the financial year 2018/19 and indicative allocations for the two projected outer years 2019/20 and 2020/21, be tabled as set out on the following tables:
- (a) Budgeted Financial Performance (revenue and expenditure): - Table D2,
 - (b) Multi-Year and Single-Year capital appropriations (by vote, standard classification and Associated funding by source): - Table D3
- 3.2** That the financial position, cash flow, asset management and basic service delivery targets be tabled as set in the following tables:
- (a) Budgeted Financial Position – Table D4
 - (c) Budgeted Cash-Flow – Table D5
- 3.3** Supply of electricity tariffs as set out in **(Annexure A)** attached, be noted for approval for the 2018/19 financial year
- 3.4** That the General Tariffs as set out in the Tariffs Booklet **(Annexure B)** be noted for approval for the 2018/19 financial year.
- 3.5** That the Amendment Policy Register as set out in **(Annexure C)** be noted for approval for the 2018/19 financial year.
- 3.6** That the Training Tariffs as set out in **(Annexure D)** be noted for approval for the 2018/19 financial year.

Table D2 - Budgeted Financial Performance (Revenue and Expenditure)

Table D2 give 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 indicates the sources of funding and on what activities are the scarce resources to be spend on.

CENTLEC (SoC)LTD - Table D2 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousands										
Revenue by Source	1									
Property rates										
Service charges - electricity revenue		1,804,991	2,017,033	2,163,286	2,237,331	2,237,331	2,237,331	2,371,571	2,513,865	2,664,696
Interest earned - external investments		97,695	(14,898)	18,577	26,725	7,942	7,942	8,574	9,260	10,094
Interest earned - outstanding debtors		28,106	7,709	14,220	11,492	11,492	11,492	12,181	12,912	13,685
Dividends received										
Fines, penalties and forfeits			170	12,016	2,538	5,830	5,830	6,134	6,471	6,827
Licences and permits										
Agency services		4,725	4,788	3,844	5,149	5,149	5,149	5,458	5,785	6,132
Transfers and subsidies			8,726							
Other revenue		41,469	34,925	3,293	8,760	8,760	8,760	9,286	9,843	10,433
Gains on disposal of PPE					309	309	309	325	343	362
Total Revenue (excluding capital transfers and contributions)		1,976,987	2,058,454	2,215,236	2,292,304	2,276,813	2,276,813	2,413,528	2,558,479	2,712,229
Expenditure By Type										
Employee related costs		72,151	229,751	203,601	303,563	303,563	303,563	322,149	343,131	368,160
Remuneration of Directors		1,272	1,051	1,161	1,751	1,751	1,751	1,874	2,024	2,206
Depreciation & asset impairment	4	96,079	143,398	141,355	90,070	92,984	92,984	99,383	120,345	140,367
Debt impairment		24,883	(70,254)	(16,677)	8,001	8,001	8,001	8,417	8,880	9,369
Finance charges		271,792	146,097	210,208	49	49	49	51	54	57
Bulk purchases	2	1,104,235	1,330,374	1,452,061	1,376,931	1,376,931	1,376,931	1,469,051	1,549,849	1,635,091
Other materials	5	70,717	83,377	26,179	32,885	32,880	32,880	34,593	36,496	38,503
Contracted services		100,667	144,593	58,099	173,126	180,167	180,167	189,545	199,970	210,968
Transfers and subsidies			8,908	-	120,000	120,000	120,000	120,000	120,000	120,000
Other expenditure	3	178,333	81,041	262,836	113,730	88,886	88,886	93,511	98,654	104,080
Loss on disposal of PPE		18	1,014	1,123						
Total Expenditure		1,920,147	2,099,350	2,339,947	2,220,107	2,205,213	2,205,213	2,338,575	2,479,403	2,628,801
Surplus/(Deficit)		56,841	(40,896)	(124,711)	72,197	71,600	71,600	74,954	79,077	83,429
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		68,157	26,316	7,456	20,000	20,000	20,000	12,000	20,000	21,100
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Transfers and subsidies - capital (in-kind - all)		25,665	17,293	12,811	24,762	6,000	6,000	6,762	7,136	7,529
contributions		150,663	2,713	(104,443)	116,959	97,600	97,600	93,716	106,213	112,058
Taxation				(24,281)						
Surplus/ (Deficit) for the year		150,663	2,713	(80,162)	116,959	97,600	97,600	93,716	106,213	112,058

Table D3 - Budgeted Capital expenditure by vote, standard classification

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

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousands	1									
Capital expenditure by Asset Class/Sub-class										
Infrastructure		150,001	192,790	201,950	109,680	88,521	88,521	84,153	96,121	101,408
Electrical Infrastructure		150,001	192,790	201,950	109,680	88,521	88,521	84,153	96,121	101,408
Power Plants		-	-	-	528	528	528	1,111	1,172	1,236
HV Substations		-	-	-	12,848	12,848	12,848	17,077	18,017	19,007
HV Switching Station		-	-	-	-	-	-	-	-	-
HV Transmission Conductors		-	-	-	1,055	1,055	1,055	-	-	-
MV Substations		-	-	-	1,846	950	950	722	762	804
MV Switching Stations		-	-	-	-	-	-	-	-	-
MV Networks		-	-	-	47,864	47,864	47,864	44,108	53,874	56,837
LV Networks		150,001	192,790	201,950	45,091	24,829	24,829	21,135	22,297	23,524
Capital Spares		-	-	-	448	448	448	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property		-	-	-	-	-	-	-	-	-
Unimproved Property		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property		-	-	-	-	-	-	-	-	-
Unimproved Property		-	-	-	-	-	-	-	-	-
Other assets		31,725	63,653	29,572	5,739	5,739	5,739	6,043	6,375	6,726
Operational Buildings		31,725	63,653	29,572	5,739	5,739	5,739	6,043	6,375	6,726
Municipal Offices		31,725	63,653	29,572	5,000	5,000	5,000	5,265	5,555	5,860
Pay/Enquiry Points		-	-	-	-	-	-	-	-	-
Building Plan Offices		-	-	-	-	-	-	-	-	-
Training Centres		-	-	-	739	739	739	778	820	866
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		2,948	2,120	8,000	500	500	500	527	555	586
Servitudes		2,948	2,120	8,000	500	500	500	527	555	586
Licences and Rights		-	-	-	-	-	-	-	-	-
Computer Software and Applications		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	172	1,972	1,972	2,077	2,191	2,311
Computer Equipment		-	-	-	172	1,972	1,972	2,077	2,191	2,311
Furniture and Office Equipment		6,613	2,084	600	378	378	378	398	420	443
Furniture and Office Equipment		6,613	2,084	600	378	378	378	398	420	443
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		37,786	21,931	6,000	-	-	-	-	-	-
Transport Assets		37,786	21,931	6,000	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total capital expenditure on assets	1	229,073	282,577	246,123	116,469	97,110	97,110	93,197	105,663	111,474

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). This format of presenting the statement of financial position is aligned to GRAP 1, which is generally aligned to the international version which presents Assets fewer liabilities as 'accounting' Community Wealth. The order of items which each group illustrates items is order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

CENTLEC (SoC)LTD - Table D4 Budgeted Financial Position

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			Medium Term Revenue and Expenditure Framework		
R thousands		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
ASSETS										
Current assets										
Cash		21,311	251,908	44,058	52,666	27,581	27,581	55,405	58,452	61,667
Call investment deposits		429,482	109,622	163,811	92,331	57,942	57,942	111,866	118,142	124,762
Consumer debtors		280,210	522,156	569,159	500,274	612,053	612,053	124,058	130,882	139,734
Other debtors		296	296	275						
Current portion of long-term receivables		63,204	65,829	57,608	74,442	60,373	60,373	63,512	67,005	70,691
Inventory		67,137	87,739	74,255	84,052	85,205	85,205	89,635	94,565	99,766
Total current assets		861,639	1,037,549	909,166	803,766	843,153	843,153	444,477	469,046	495,621
Non current assets										
Long-term receivables	3	3,738	146,346	232,236	164,115	232,236	232,236	231,645	231,370	231,094
Investments										
Investment property										
Investment in Associate										
Property, plant and equipment	1	3,634,942	3,757,148	3,851,355	4,241,391	3,832,183	3,832,183	3,830,581	3,822,131	3,799,273
Agricultural										
Biological										
Intangible		105,943	99,439	103,828	112,257	91,313	91,313	78,147	64,258	49,604
Other non-current assets		68,198								
Total non current assets		3,812,821	4,002,933	4,187,419	4,517,763	4,155,731	4,155,731	4,140,374	4,117,759	4,079,971
TOTAL ASSETS		4,674,460	5,040,482	5,096,585	5,321,528	4,998,885	4,998,885	4,584,850	4,586,804	4,575,592
LIABILITIES										
Current liabilities										
Bank overdraft										
Borrowing										
Consumer deposits		70,797	127,743	115,353	140,471	113,984	113,984	119,911	126,506	133,464
Trade and other payables		337,326	412,331	499,000	445,295	522,952	522,952	550,145	580,403	612,326
Provisions	3									
Total current liabilities		408,122	540,074	614,353	585,766	636,936	636,936	670,056	706,910	745,790
Non current liabilities										
Borrowing		2,048,205	2,211,009	2,256,245	2,502,636	2,274,616	2,274,616	2,297,189	2,321,120	2,314,623
Provisions	3									
Total non current liabilities		2,048,205	2,211,009	2,256,245	2,502,636	2,274,616	2,274,616	2,297,189	2,321,120	2,314,623
TOTAL LIABILITIES		2,456,327	2,751,084	2,870,598	3,088,402	2,911,552	2,911,552	2,967,245	3,028,029	3,060,413
NET ASSETS	2	2,218,132	2,289,398	2,225,986	2,233,126	2,087,333	2,087,333	1,617,605	1,558,775	1,515,180
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)		1,066,897	1,155,958	1,114,510	1,135,275	578,965	578,965	552,294	515,428	493,797
Reserves		1,151,235	1,133,441	1,111,476	1,097,851	1,508,368	1,508,368	1,055,311	1,043,347	1,021,383
Share capital										
TOTAL COMMUNITY WEALTH/EQUITY	2	2,218,132	2,289,398	2,225,986	2,233,126	2,087,333	2,087,333	1,617,605	1,558,775	1,515,180

Table D5 - Budgeted Cash Flow Statement

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

CENTLEC (SoC) LTD - Table D5 Budgeted Cash Flow

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousands										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates										
Service charges		2,104,698	1,955,565	2,173,121	2,186,165	2,189,359	2,189,359	2,300,424	2,438,449	2,584,755
Government - operating		41,579	71,806							
Government - capital				7,456	44,762	26,000	26,000	18,762	27,136	28,629
Interest		44,875	39,393	32,797	37,071	18,851	18,851	20,756	22,172	23,779
Payments										
Suppliers and employees	2	(1,944,156)	(1,975,344)	(1,987,805)	(1,988,443)	(1,815,976)	(1,815,976)	(1,926,302)	(2,113,049)	(2,231,369)
Finance charges		(4)	(8)	(234)	(46)	(46)	(46)	(51)	(54)	(57)
Transfers and Grants										
NET CASH FROM/(USED) OPERATING ACTIVITIES		246,991	91,413	225,335	279,507	418,188	418,188	413,588	374,655	405,738
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		3,110	664	1,064	300	300	300	325	343	362
Decrease (increase) other non-current receivables		(738)	1,579							
Decrease (increase) in non-current investments		(126,904)	254,897	(54,903)						
Payments										
Capital assets		(304,757)	(277,542)	(225,420)	(110,645)	(92,255)	(92,255)	(92,255)	(119,168)	(142,800)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(429,289)	(20,402)	(279,259)	(110,346)	(91,955)	(91,955)	(91,930)	(118,826)	(142,438)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans			95,607							
Borrowing long term/refinancing				(8,245)						
Increase (decrease) in consumer deposits				(12,390)	8,076	(120,709)	(120,709)	(119,911)	(126,506)	(133,454)
Payments										
Repayment of borrowing		(250)	(983)	(134,003)	(120,000)	(120,000)	(120,000)	(120,000)	(120,000)	(120,000)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(250)	94,623	(154,639)	(111,924)	(240,709)	(240,709)	(239,911)	(246,506)	(253,464)
NET INCREASE/(DECREASE) IN CASH HELD	1	(182,547)	165,634	(208,564)	57,238	85,523	85,523	81,747	9,323	9,836
Cash/cash equivalents at the year begin:	2	345,779	163,232	328,866	87,760			85,523	167,271	176,594
Cash/cash equivalents at the year end:	2	163,232	328,866	120,302	144,997	85,523	85,523	167,271	176,594	186,429

SUPPLEMENTARY SCHEDULES TO TABLES D2 TO D5

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

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

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

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

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

CENTLEC (SoC)LTD - Supporting Table SD2 Financial and non-financial indicators

Description of indicator	Basis of calculation	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			Medium Term Revenue and Expenditure		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2
Borrowing Management											
Borrowing to Asset Ratio	Total Long-term Borrowing/ Total Assets		43.8%	43.9%	44.3%	47.0%	45.5%	45.5%	50.1%	50.6%	50.6%
Capital Charges to Operating Expenditure	Finance charges & Depreciation / Operating Expenditure		15%	14%	15%	4%	4%	4%	4%	5%	5%
Borrowed funding of capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions		0.0%	0.0%	4.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision / Funds & Reserves		107.5%	114.6%	123.8%	132.0%	134.0%	134.0%	176.0%	186.1%	193.2%
Gearing	Long Term Borrowing / Funds & Reserves		92%	97%	101%	112%	109%	109%	142%	149%	153%
Liquidity											
Current Ratio	Current assets / current liabilities		2.11	1.92	1.48	1.37	1.32	1.32	0.66	0.66	0.66
Current Ratio adjusted for debtors	Current assets/current liabilities less debtors > 90 days		2.11	1.92	1.48	1.37	1.32	1.32	0.66	0.66	0.66
Liquidity Ratio	Monetary Assets / Current Liabilities		1.10	0.67	0.34	0.25	0.13	0.13	0.25	0.25	0.25
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts / Last 12 Mths Billing			0%	0%	0%	0%	0%	0%	0%	0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue		18%	36%	39%	32%	40%	40%	17%	17%	16%
Funding of Provisions											
Percentage Of Provisions Not Funded	Unfunded Provisions/Total Provisions										
Other Indicators											
Electricity Distribution Losses	% Volume (Total units purchased + generated less total units sold)/Total units purchased + generated	f	12.07%	12.88%	13.23%	13.23%	12.00%	12.00%	11.75%	11.50%	11.25%
Employee costs	Employee costs/Total Revenue - capital revenue		3.6%	11.2%	9.2%	13%	13%	13%	13%	13%	14%
Repairs & Maintenance	R&M/Total Revenue - capital revenue		0.0%	0.0%	0.0%	0%	0%	0%	0%	0%	0%
Interest & Depreciation	I&D/Total Revenue - capital revenue		18.6%	14.1%	15.9%	4%	4%	4%	4%	5%	5%
Financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year		1,994.7	15.3	18.5	19.1	19.0	19.0	20.1	21.3	-
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services		19%	36.4%	39.7%	33%	40%	40%	18%	17%	17%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure		41%	0.3	0.2	0.1	0.1	0.1	0.1	0.1	0.1

c. Supporting Table SD3: Budgeted Investment Portfolio

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

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

Investments by maturity Name of institution & investment ID R thousands	Ref	Budget Year 2018/19						
		Period of investment	Type of investment	Expiry date of investment	Market value		Interest	
		Months			Begin	End	Fully accrued	Yield %
ABSA - 1 Day Account		February 2013	Call Account	n/a	13,070	13,129	886	5.54%
ABSA Dynamic Fixed deposit		July 2017	12 Months Account	30 June 2019	48,506	51,901	3,589	5.54%
Standard Bank		February 2018	12 Months Account	30 June 2019	50,290	53,112	4,099	5.54%
	1				111,866	118,142	8,574	

PROPOSED TARIFFS**Electricity Tariffs**

It is recommended:

- i. That Centlec electricity tariffs be increased by 6.84% for the 2018/19 financial year,
- ii. That, the new electricity tariffs for 2018/19 be applicable from the consumer month of 1 July 2018;
- iii. That, for the calculation of electricity accounts the consumer month will be the period between the successive monthly readings irrespective of the period between reading dates and with a winter and summer component for all tariffs; and
- iv. That the following charges and prices, excluding VAT, in connection with the supply and consumption of electricity are submitted for approval:

ANNEXURE B**Services Tariffs**

It is recommended:

- i. That, the services tariffs as set out in Annexure B for the 2018/19 financial year be approved;
- ii. That, the services tariffs for 2018/19 be implemented from the consumer month of 1 July 2018.

ANNEXURE C**Policies**

It is recommended:

- i. That, the amendments of the policies as set out in Annexure C for the 2018/19 financial year be approved;
- ii. That, the newly approved policies for 2018/19 be implemented from the 1 July 2018.

ANNEXURE D**Training Tariffs**

It is recommended:

- i. That, the training tariffs as set out in Annexure D for the 2018/19 financial year be approved;
- ii. That, the training tariffs for 2018/19 be implemented from the 1 July 2018.

PART 2 - SUPPORTING DOCUMENTATION

1. OVERVIEW OF ANNUAL BUDGET PROCESS

In terms of section 87 of MFMA The board of directors of a municipal entity must for each financial year submit a proposed budget for the entity to its parent municipality not later than 150 days before the start of the entity's financial year or earlier if requested by the parent municipality. This implies that the Entity's budget must be submitted to the Municipality on or before the end of 30 January each year. The parent municipality must then consider the proposed budget by the entity, assess the entity's priorities and objectives and make recommendations.

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

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

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

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

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

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

1.1 BUDGET PRINCIPLES:

The following budget principles shall apply:

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

1.2 BUDGET PROCESS PLAN:

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

BUDGET PHASES AND PERFORMANCE REPORTING	ACTIVITY	PLANNED DATES	FACILITATION	ACTUAL DATE	ACTUAL PERFORMANCE	ACTUAL PERFORMANCE
PREPARATION PHASE	Centlec - Budget Process Plan 2018/19 submission to the Board for approval	25-Aug-17	Office of the Company Secretary	24-Aug-17	DONE	The process plan was submitted to EXCO for board approval on the 24th August 2017
	MMM - Tabling of the IDP and Budget Process Plan for 2018/2019 financial year to Council	31-Aug-17	MMM	31-Aug-17	DONE	Budget process and IDP for 2018/19 was tabled to council on the 31 August 2017
	Centlec - Training to user Departments in terms of budgeting on the the Budget Tool	14 to 18- Sept-17	Office of the CFO	26 to 29 Sept 2017	DONE	User departments were trained on how to budget using the budget tool
	MMM - Provide budget priorities and key projects for the MTREF period for inclusion in the budget parameters IDP/MSCOA projects alignment	20-09-17	MMM	12-Dec-17	DONE	MMM submitted the budget parameters to the entity on the 12th December 2017
	Centlec - Submission of the 1 st Quarter Financial Reports ending 30 September to 2017 EXCO to consider for submission to Finance Committee	11-Oct-17	Office of the Company Secretary	12&13 Oct-17	DONE	Financial Reports for the 1st quarter was submitted to EXCO on the 12 and 13 October 2017
	Centlec - Submission of the 1 st Quarter Financial Reports for the period ending 30 September 2017 on the implementation of the budget and financial state of affairs of the entity to the Finance Committee	18-Oct-17	Office of the CFO (Financial Information) / Office of the CEO (Non-Financial Performance)	23-Oct-17	DONE	Finance Committee considered the Financial Reports for the 1st quarter on the 23 October 2017
	Centlec - Board Approves the 1st Quarter Reports	27-Oct-17	Office of the Company Secretary	10-Nov-17	DONE	Board meeting for the approval the 1st quarter reports was on 10th November 2017
	Centlec - Budget Office start with preparation of budget framework in terms of NT Circulars and MMM parameters for the MTREF 2018/19 to 2020/21	31-Oct-17	Office of the CFO	1-Nov-17	DONE	MMM provided the Centlec with budget parameters on the 1st November 2017
	Centlec - User Departments to start preparing departmental budgets on the budget tool aligning with the budget framework issued by Budget Office	15-Nov to 12-Dec-17	User Departments	17 Nov to 12 Dec-17	DONE	Budget Office discussed with the MTREF budget and adjustment budget with the user department on the 17 Nov to 12 Dec 2017
	Centlec - User Departments to start preparing departmental Adjustment Budget for 2017-18 on the budget tool using the 5 months performance report as a baseline for Adjustment Budget	4 Dec to 8 Dec-2017	User Departments	8-Dec-17	DONE	User departments submitted their adjustment budget inputs for 2017-18

BUDGET PHASES AND PERFORMANCE REPORTING	ACTIVITY	PLANNED DATES	FACILITATION	ACTUAL DATE	ACTUAL PERFORMANCE	ACTUAL PERFORMANCE
STRATEGY PHASE	Centlec - Finance to assess all the departmental budget inputs from Directorates for MTREF 2018-19 to 2020-21 on the Budget Tool	14-Dec-17	Office of the CFO	14-Dec-17	DONE	Budget office consolidated all the adjustment budget inputs for the CFO consideration
	Centlec - Finance to assess all departmental Adjustment Budget for 2017/18 on the Budget Tool	18-Dec-17	Office of the CFO	18-Dec-17	DONE	Proposed adjustment budget was loaded on the budget as a requirement of NT
	Centlec - EXCO to consider the (MTREF 2018/19 to 2020/21 Budget Pack, Adjustment Budgets 2017/18, Mid Year Budget and Performance Assessment Report Section 88 as at 30 December 2017) including 2nd Quarter Reports	10-Jan-18	Office of the Company Secretary	15-Jan-18	DONE	Adjustment budget, Mid term and quarter 2 reports were discussed in EXCO for finance committee consideration on the 15 January 2018
	Centlec - Finance Committee to consider the (MTREF 2018/19 to 2020/21 Budget Pack, Adjustment Budget 2017/18, Mid Year Budget and Performance Assessment Report Section 88 as at 30 December 2017) including 2nd Quarter Reports	16-Jan-18	Office of the Company Secretary	17-Jan-18	DONE	The Finance committee meeting was on the 17 January 2018 for the consideration of the mid year, adjustment budget and quarter 2 reports for board approval
	Centlec - Board Sitting to consider the Adjustment Budget for 2017/18 and MTREF 2018/19 to 2020/21 budget pack for submission to the MMM	18-Jan-18	Office of the Company Secretary	19-Jan-18	DONE	The Board approved adjustment budget and the mid year reports through Round Robin
	Centlec - Submission of (Mid-Year Budget, Adjustment Budget 2017/18 and Performance Assessment Report for 2017/18 financial year	19-Jan-18	Office of the CFO	19-Jan-18	DONE	The adjustment budget pack was submitted to the parent municipality on the 19th January 2018
	Centlec - Submission of draft MTREF 2018/19 to 2020/21 budget pack to MMM	31-Jan-18	Office of the CFO	19-Jan-18	DONE	The Draft MTREF budget pack was submitted to the parent municipality on the 19th January 2018
	MMM - Provides Centlec with comments on draft Business Plan and Budget (2018/18 to 2020/21)	13-Feb-18	MMM	31-Jan-18	DONE	The draft business plan was noted on the special council meeting that was held on the 31 January 2018
	MMM - Council approves the Adjustment Budget 2017/18	23-Feb-18	MMM	7-Mar-18	DONE	The adjustment budget was approved by council on the 7th of March 2018

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

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

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

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

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

3. MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

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

4. OVERVIEW OF BUDGET RELATED POLICIES

Budget Related Policies:

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

4.1 Approved Policies

The following policies that govern the Entity's budget, compilation and/or implementation thereof were approved in the 2017-18 year and shall be subjected for review during this budget process:

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

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

4.2 Budget Related Policies overview for amendments and submitted for approval

The following policies that govern the Entity's budget, compilation and/or implementation thereof were amendments and submit for approval for the 2018-19 year:

- Asset Management Policy
- SCM Policy
- Bad Debts Policy
- Banking & Investments Policy
- Connection & Disconnection

- Estimation Policy
- Revenue Policy
- Credit Control & Debt Collection Policy
- Tariff Policy
- Customer Care Policy
- Long-Term Debtors Policy
- Borrowings Policy
- Sundry Income Policy
- Pre-paid Electricity Vending Policy
- VAT Policy
- Petty Cash Policy
- Unauthorized, Irregular, Fruitless & Wasteful Expenditure
- Subsistence & Travel Policy
- Budget & Reporting Policy
- Virement Policy
- Service Connection Policy

5. OVERVIEW OF BUDGET ASSUMPTIONS

5.1 Key Parameters

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

The budget parameters were developed after the approval of the Budget Process Plan and issued to the department to kick start the planning process on the 12 August 2017.

The parameters and the final budget outcome influenced by:

- The actual audit outcome especially in respect of the depreciation, debt impairment and interest on shareholders loan provisions.
- The outcome of the current 2016/17 Adjustment Budget projections.
- The outcome of the proposed tariff increase by NERSA.
- Consider National Treasury Budget Circular No 85 & No 86.

The following provisional indicative growth rate was issued to departments for compiling their operating budget and tariffs proposals:

Revenue by Source:

BUDGET PARAMETERS FOR THE MTREF 2018 - 2021				
STATEMENT OF FINANCIAL PERFORMANCE - CENTLEC (ENTITY)				
REVENUE PER SOURCE	MTREF 2018-19 TO 2020-21			
	References of Source Documentation	2018/19	2019/20	2020/21
NON-EXCHANGE REVENUE				
FINES, PENALTIES AND FORFEITS				
FINES AND PENALTIES	Tariff Policy 2017/18 & Service Tariff Charges + CPI in Outer Years	6,133,655	6,471,007	6,826,912
FORFEITS (CONSUMER DEPOSITS)				
CAPITAL - MONETARY				
PUBLIC CONTRIBUTIONS	Guideline on how much connections intent to x Tariff	6,312,000	6,659,160	7,025,414
EXCHANGE REVENUE				
SERVICE CHARGES				
SALE OF ELECTRICITY - CONVENTIONAL	Nersa Guideline / Economic Growth / Tariff Structure	1,548,076,842	1,640,961,453	1,739,419,140
SALE OF ELECTRICITY - PREPAID	Nersa Guideline / Economic Growth / Tariff Structure	833,543,478	883,556,087	936,569,452
RECONNECTION TEST AND REMOVAL - METERS	MFMA Budget Circular 89	6.00%	6.00%	6.00%
INTEREST DIVIDENDS AND RENT ON LAND				
INTEREST EARNED EXTERNAL INVESTMENTS	MFMA Budget Circular 89 / Current/ Fix Interest rate	7.99%	8.00%	9.00%
INTEREST EARNED OUTSTANDING DEBTORS	Prime Rate + 1 for Outer years	7.00%	8.00%	9.00%
SERVICES RENDERED TO OTHER MUNICIPALITIES	Specific Budgets as per Costing Model + CPI Outer years	6,457,857	5,766,329	5,785,329
OPERATIONAL REVENUE	MFMA Budget Circular 89	6.00%	6.00%	6.00%
SALES OF GOODS AND RENDERING OF SERVICES				
CONTRA ACCOUNTS				
COST OF FREE BASIC SERVICES	Nersa Guideline / Economic Growth / Tariff Structure	11,391,513	12,075,003	12,799,504
GAINS AND LOSSES				
DISP OF FIXED AND INTANGIBLE ASSETS	NT Circular 89 + CPI in Outer Years	6.00%	6.00%	6.00%

Expenditure per Type:

BUDGET PARAMETERS FOR THE MTREF 2018 - 2021				
STATEMENT OF FINANCIAL PERFORMANCE - CENTLEC (ENTITY)				
EXPENDITURE PER TYPE	References of Source Documentation	2018/19	2019/20	2020/21
EMPLOYEE SALARIES AND WAGES				
SM - SALARIES ALLOWANCES AND SERVICES BENEFITS	MFMA Budget Circular 86+89+CPI (outer years)	7.00%	8.00%	9.00%
MS - SALARIES ALLOWANCES AND SERVICES BENEFITS	MFMA Budget Circular 86+89+CPI (outer years)	7.00%	8.00%	9.00%
EMPLOYEE SOCIAL CONTRIBUTIONS				
SM - SOCIAL CONTRIBUTIONS	MFMA Budget Circular 86+89+CPI (outer years)	7.00%	8.00%	9.00%
MS - SOCIAL CONTRIBUTIONS	MFMA Budget Circular 86+89+CPI (outer years)	7.00%	8.00%	9.00%
REMUNERATION OF COUNCILLORS AND DIRECTORS	Council Resolution (CNL 57A.7) + CPI in Outer years	1,873,849	2,005,018	2,185,470
CENTLEC SECONDED EMPLOYEES SALARIES	Approved Collective Agreement + CPI in Outer years	8.00%	9.00%	9.00%
CENTLEC SECONDED EMPLOYEES SOCIAL CONTRIBUTIONS	Approved Collective Agreement + CPI in Outer years	8.00%	9.00%	9.00%
CONTRACTED SERVICES				
OUTSOURCE SERVICES	MFMA Budget Circular 89	5.20%	5.50%	5.50%
CONSULTANTS AND PROFESSIONAL SERVICES	MFMA Budget Circular 89	5.20%	5.50%	5.50%
CONTRACTORS	SEIFSA Price Indexes / Contract Register + CPI in Outer Years	5.20%	5.50%	5.50%
OPERATIONAL COST				
GENERAL EXPENDITURE	MFMA Budget Circular 89	5.20%	5.50%	5.50%
INVENTORY	SEIFSA Price Indexes + CPI in Outer years	5.20%	5.50%	5.50%
BULK PURCHASES	Nersa Guidelines / D-Forms / Eskom correspondence	1,448,531,271	1,528,200,491	1,612,251,518
OPERATING LEASES				
RENTAL OFFICES	Respective Contracts + Escalation+Budget Circular 89	5.20%	5.50%	5.50%
HIRE-EQUIPMENT	Respective Contracts + Escalation+Budget Circular 89	5.20%	5.50%	5.50%
DEPRECIATION AND AMORTISATION	Audit outcome +10%	99,383,339	120,345,352	140,366,703

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

Fiscal Year	2017/18	2018/19	2019/20	2020/21
	Forecast	MFMA CIRCULAR 89		
Headline CPI	5.30%	5.20%	5.50%	5.50%
Revenue	8.00%	6.00%	6.00%	6.00%
Expenditure	6.00%	5.20%	5.50%	5.50%

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

6. OVERVIEW OF BUDGET FUNDING

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

a narrative summary of –

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

The budget of the entity will be funded from the revenue raised internally as well as conditional Grants from Department of Energy. It is important to note that the energy bulk purchases represents more than 62.82% of the entity's operational budget. The revenue from the sale of electricity represents more than 97.93% of the operating revenue for the entity.

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

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

(c) Particulars of tariffs and other charges;

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

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

Electricity debtors collection rate set at 97% factored in the revenue projection

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

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

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

(i) type, and

(ii) maturity date;

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

Investments by maturity		Budget Year 2018/19						
Name of institution & investment ID	Ref	Period of investment	Type of investment	Expiry date of investment	Market value		Interest	
		Months			Begin	End	Fully accrued	Yield %
R thousands								
ABSA - 1 Day Account		February 2013	Call Account	n/a	13,070	13,129	886	5.54%
ABSA Dynamic Fixed deposit		July 2017	12 Months Account	30 June 2019	48,506	51,901	3,589	5.54%
Standard Bank		February 2018	12 Months Account	30 June 2019	50,290	53,112	4,099	5.54%
	f				111,866	118,142	8,574	

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

None

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

- Retired fleet
- Redundant material

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

None

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

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

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

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

(iv) details of non-statutory reserves;

None

(k) particulars of proposed future revenue sources;

Refer to (a) above for particulars

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

None

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

None

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

Integrated National Electrification Programme (INEP)

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

None

7. ALLOCATIONS OF GRANTS MADE BY THE MUNICIPALITY

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

Vote Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousands	1									
Funded by:										
National Government		-	-	-	-	-	-	-	-	-
Provincial Government		-	-	-	-	-	-	-	-	-
Parent Municipality		68,150	26,492	26,316	20,000	20,000	20,000	12,000	20,000	21,100
District Municipality		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		68,150	26,492	26,316	20,000	20,000	20,000	12,000	20,000	21,100
Public contributions & donations	6	22,609	11,103	20,953	24,762	6,000	6,000	6,318	6,665	7,032
Borrowing	3	-	-	-	-	-	-	-	-	-
Internally generated funds		138,314	244,982	198,854	71,707	71,110	71,110	74,879	78,998	83,342
Total Capital Funding	4	229,073	282,577	246,123	116,469	97,110	97,110	93,197	105,663	111,474

BOARD MEMBER ALLOWANCES AND EMPLOYEE BENEFITS

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

CENTLEC (SoC)LTD - Supporting Table SD4 Board member allowances and staff benefits

Summary of Employee and Board Member remuneration	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousands		A	B	C	D	E	F	G	H	I
Remuneration										
Board Members of Entities										
Basic Salaries and Wages		1,248	1,162	1,051	1,751	1,751	1,751	1,874	2,024	2,206
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance										
Cellphone Allowance										
Housing Allowances										
Other benefits and allowances										
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
Sub Total - Board Members of Entities		1,248	1,162	1,051	1,751	1,751	1,751	1,874	2,024	2,206
% increase			(0)	(0)	0	0	0	0	0	9.0%
Senior Managers of Entities										
Basic Salaries and Wages		5,582	15,579	26,307	11,280	11,280	11,280	12,630	13,545	14,683
Pension and UIF Contributions			761	1,665	13	13	13	14	15	16
Medical Aid Contributions			368	1,310	366	366	366	392	423	461
Overtime										
Performance Bonus			195	-						
Motor Vehicle Allowance			645	1,137	475	475	475	508	549	598
Cellphone Allowance				112	112	112	112	120	130	142
Housing Allowances										
Other benefits and allowances				291	15	15	15	16	17	19
Payments in lieu of leave		781								
Long service awards										
Post-retirement benefit obligations										
Sub Total - Senior Managers of Entities		6,364	17,549	31,022	12,262	12,262	12,262	13,680	14,679	15,919
% increase			0	0	(0)	(0)	(0)	0	0	8.4%
Other Staff of Entities										
Basic Salaries and Wages		71,505	160,707	166,841	183,985	183,985	183,985	195,514	206,460	219,270
Pension and UIF Contributions		8,800	5,940	9,364	27,886	27,886	27,886	29,838	32,225	35,126
Medical Aid Contributions		12,456	3,515	4,994	26,001	26,001	26,001	27,821	30,047	32,751
Overtime		10,163	7,938	7,737	9,397	9,397	9,397	10,055	10,860	11,837
Performance Bonus					13,316	13,316	13,316	14,248	15,387	16,772
Motor Vehicle Allowance		5,732	5,643	8,185	15,662	15,662	15,662	16,759	18,099	19,728
Cellphone Allowance				327	752	752	752	805	869	947
Housing Allowances		622	156	337	1,163	1,163	1,163	1,245	1,344	1,465
Other benefits and allowances		585	989	944	2,680	2,680	2,680	2,867	3,097	3,375
Payments in lieu of leave					8,071	8,071	8,071	8,636	9,327	10,166
Long service awards					637	637	637	682	736	802
Post-retirement benefit obligations										
Sub Total - Other Staff of Entities		109,864	184,886	198,729	289,550	289,550	289,550	308,469	328,452	352,241
% increase			0	0	0	0	0	0	0	7.2%
Total Municipal Entities remuneration		117,476	203,597	230,801	303,563	303,563	303,563	324,022	345,154	370,366

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

CENTLEC (SoC)LTD - Supporting Table SD5 Summary of personnel numbers

Summary of Personnel Numbers		2016/17			Current Year 2017/18			Budget Year 2018/19		
Number	Ref	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)										
Board Members of municipal entities	3	8			8			8	5	
Municipal entity employees	4									
CEO and Senior Managers	2		17			17				2
Other Managers	6								40	2
Professionals			62			184			150	
Finance			20			53			58	
Spatial/town planning										
Information Technology			6			9			12	4
Roads										
Electricity			36			122			193	47
Water										
Sanitation										
Refuse										
Other			99	115		397	41			31
Technicians		-	-	-	-	-	-	-	12	8
Finance										1
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other										
Clerks (Clerical and administrative)									246	
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators										
Elementary Occupations										
Total Personnel Numbers		8	178	115	8	598	41	8	716	87
% increase			2,125.0%	(35.4%)	(93.0%)	420.0%	(64.3%)	(80.5%)	8,850.0%	(87.8%)
Total entity employees headcount	5									
Finance personnel headcount	7									
Human Resources personnel headcount	7									

9. CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

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

10. MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

The Supporting Table **SD6** provides management and users of the budget with a monthly breakdown of the budget as contained in Tables D2 to D5. These tables are to be used as a measure of performance on the budget on a monthly basis. They are to be used on the monthly Section 87 report to track management's actual implementation of the budget. The following tables outline the monthly targets for revenue and expenditure, capital and cash flow are as follows:

CENTLEC (SoC) LTD - Supporting Table SD6 Budgeted monthly cash and revenue/expenditure

Description	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
	July	August	Sept	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2
R thousands															
Revenue By Source															
Property rates															
Service charges - electricity revenue	282,653	262,937	215,130	103,581	229,943	143,420	143,420	179,275	191,227	191,227	203,178	244,343	2,390,333	2,541,002	2,692,325
Interest earned - external investments	715	715	715	715	715	715	715	715	715	715	715	715	8,574	9,260	10,094
Interest earned - outstanding debtors	1,015	1,015	1,015	1,015	1,015	1,015	1,015	1,015	1,015	1,015	1,015	1,015	12,181	12,912	13,685
Fines, penalties and forfeits	511	511	511	511	511	511	511	511	511	511	511	511	6,134	6,411	6,827
Agency services	455	455	455	455	455	455	455	455	455	455	455	455	5,458	5,785	6,137
Other revenue	774	774	774	774	774	774	774	774	774	774	774	774	9,265	9,843	10,433
Gains on disposal of PPE	27	27	27	27	27	27	27	27	27	27	27	27	325	343	362
Total Revenue (excluding capital transfers and contributions)	286,149	266,433	218,626	107,077	233,440	146,916	146,916	182,771	194,723	194,723	206,673	247,840	2,432,291	2,585,616	2,740,858
Expenditure By Type															
Employee related costs	26,846	26,846	26,846	26,846	26,846	26,846	26,846	26,846	26,846	26,846	26,846	26,846	322,149	343,131	368,160
Remuneration of Board Members	156	156	156	156	156	156	156	156	156	156	156	156	1,874	2,024	2,206
Debt impairment	701	701	701	701	701	701	701	701	701	701	701	701	8,417	8,862	9,369
Depreciation & asset impairment	7,982	7,982	7,982	7,982	7,982	7,982	7,982	7,982	7,982	7,982	7,982	7,982	99,383	120,345	140,367
Finance charges	4	4	4	4	4	4	4	4	4	4	4	4	51	54	57
Bulk purchases	165,232	137,693	123,924	110,154	110,154	82,616	123,924	110,154	96,385	96,385	123,924	188,505	1,469,051	1,549,849	1,635,091
Other materials	2,883	2,740	2,740	2,740	2,740	2,740	2,740	2,740	2,740	2,740	2,740	2,740	34,593	36,496	38,503
Contracted services	2,883	2,883	2,883	2,883	2,883	2,883	2,883	2,883	2,883	2,883	2,883	2,883	189,545	199,910	210,968
Transfers and subsidies													120,000	120,000	120,000
Other expenditure	12,793	12,793	12,793	12,793	12,793	12,793	12,793	12,793	12,793	12,793	12,793	12,793	93,511	98,654	104,080
Loss on disposal of PPE															
Total Expenditure	219,479	191,798	178,029	164,260	164,260	136,721	178,029	164,260	150,490	150,490	178,029	242,811	2,338,575	2,479,403	2,628,801
Capital expenditure															
Capital assets	9,706	9,706	9,706	9,706	9,706	9,706	9,706	9,706	9,706	9,706	9,706	9,706	93,197	105,663	111,474
Total capital expenditure	9,706	9,706	9,706	9,706	9,706	9,706	9,706	9,706	9,706	9,706	9,706	9,706	93,197	105,663	111,474
Cash flow															
Ratepayers and other	229,935	251,132	235,581	199,004	192,753	138,025	149,528	161,630	172,532	184,034	190,935	195,536	2,300,424	2,438,443	2,584,755
Grants	1,564	1,564	1,564	1,564	1,564	1,564	1,564	1,564	1,564	1,564	1,564	1,564	18,762	27,136	28,629
Interest	1,730	1,730	1,730	1,730	1,730	1,730	1,730	1,730	1,730	1,730	1,730	1,730	20,756	22,172	23,779
Suppliers, employees and other	(195,019)	(202,369)	(217,530)	(57,880)	(245,679)	(115,578)	(125,210)	(134,841)	(144,473)	(154,104)	(159,883)	(163,736)	(1,926,302)	(2,113,049)	(2,231,368)
Finance charges	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(51)	(54)	(57)
Dividends paid															
NET CASH FROM/(USED) OPERATING ACTIVITIES	38,204	52,051	21,740	134,413	(49,637)	25,736	27,807	29,477	31,348	33,219	34,341	35,089	413,588	374,855	405,738
Proceeds on disposal of PPE	27	27	27	27	27	27	27	27	27	27	27	27	325	343	362
Capital assets	(7,688)	(7,688)	(7,688)	(7,688)	(7,688)	(7,688)	(7,688)	(7,688)	(7,688)	(7,688)	(7,688)	(7,688)	(92,255)	(119,168)	(142,800)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(7,661)	(7,661)	(7,661)	(7,661)	(7,661)	(7,661)	(7,661)	(7,661)	(7,661)	(7,661)	(7,661)	(7,661)	(91,930)	(118,825)	(142,438)
Borrowing long term/financing short term															
Repayment of borrowing	(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)
Increase in consumer deposits	(9,993)	(9,993)	(9,993)	(9,993)	(9,993)	(9,993)	(9,993)	(9,993)	(9,993)	(9,993)	(9,993)	(9,993)	(119,911)	(126,506)	(133,464)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(19,993)	(19,993)	(19,993)	(19,993)	(19,993)	(19,993)	(19,993)	(19,993)	(19,993)	(19,993)	(19,993)	(19,993)	(219,911)	(246,506)	(253,464)
NET INCREASE/(DECREASE) IN CASH HELD	10,551	24,398	(5,914)	106,780	(77,291)	(1,917)	(47)	1,824	3,695	5,565	6,688	7,435	81,747	9,323	9,836

11. CAPITAL EXPENDITURE DETAILS

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

CENTLEC (SoC)LTD - Supporting Table SD9 Detailed capital budget

Municipal Vote/Capital project	Ref	2017/18		Medium Term Revenue and Expenditure Framework			Project Information	
		Original Budget	Adjustment Budget	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location	New or renewal
R thousands								
HUMAN RESOURCE DEVELOPMENT								
TRAINING & DEVELOPMENT		739	739	778	820	866	All	N
REVENUE AND CUSTOMER MANAGEMENT								
DIGITAL RADIO SYSTEM			600	632	667	703	All	N
UPGRADE & REFURB COMPUTER NETWORK		172	1,372	1,445	1,524	1,608	19	R
METER PROJECT		6,647	6,647	6,999	7,384	7,790	All	R
BULK METER REFURBISHMENT		1,055	1,055	1,111	1,172	1,236	All	N
WIRES- PLANNING								
ELECTRIFICATION CONNECTIONS (INEP)		20,000	20,000	12,000	20,000	21,100	All	N
SERVITUDES LAND (INCL INVEST REMUNE REG		500	500	527	555	586	45	N
PUBLIC ELECTRICITY CONNECTIONS		24,762	6,000	6,318	6,665	7,032	All	N
EXTENSION AND UPGRADING OF THE 11KV NETW		8,638	8,638	9,095	9,595	10,123	All	N
FICHARDTPARK DC: 132KV/11KV 20MVA DC		2,800	27,800				25	N
CECELIA DC: 132KV/11KV 30MVA DC		10,000	18,000				26	N
BOTSHABELO: ESTABLISHMENT OF 132KV CONNE		2,158	2,158	2,272	2,397	2,529	30	N
132KV NOR RING NOORD DC TO HARVARD DC		5,000	3,000				44	N
ELITE SUBSTATION (AIRPORT NODE)		8,500	8,500	8,951	9,443	9,962	30	N
SHIFTING OF CONNECTION AND REPLACEMENT SERVICES		1,750	1,750	1,843	1,944	2,051	All	R
UPGRADING AND EXTENSION OF LV NETWORK		2,500	2,143	2,256	2,381	2,511	All	R
REFURBISHMENT OF HIGH MAST LIGHTS		2,500	2,500	2,633	2,777	2,930	All	R
REPLACEMENT OF DAMAGED SWITCHGEAR AND EQUIPMENT		500	500	527	555	586	All	R
ELECTRIFICATION INTERNAL PROJECTS		5,000	5,000	5,265	5,555	5,860	All	N
MAPHIKELA DC 132/11KV		3,000	1,000				All	N
INSTALLATION OF OF PREPAID METERS (INDIG		528	528	555	586	618	All	N
SMART STREETLIGHTS (BLOEMFONTEIN)		15,000	35,000				All	N
INSTALLATION OF PUBLIC LIGHTING		9,346	9,346	9,841	10,382	10,953	All	N
WIRES- NETWORK SERVICES								
REPLACEMENT OF DECREPIT 11KV LINES & CAB		1,143					1-45	N
REP LOW VOLT DECREPIT 2/4/8 WAY BOXES		364	364	383	404	427	1-45	R
REP BRITTLE OVERHEAD CONNECTIONS		528	528	555	586	618	1-45	R
REMEDIAL WORK 132KV SOUTHERN LINES		1,055	1,055	1,111	1,172	1,236	1-45	R
ENGINEERING								
REPLACEMENT OF 11KV SWITCHGEARS		686	686	722	762	804	1-45	R
EQUIPMENT		4,391	4,391	4,624	4,878	5,147	1-45	N
DISTRIBUTION CENTRE		2,638	2,638	2,777	2,930	3,091	1-45	N
REPLACEMENT OF OIL PLANT		448	448	472	498	526	1-45	R
REPLACEMENT DECREPIT HAMILTON SUB		897					All	R
REP 2 & 4 WAY FIBREGLAS BOX (BOTS % TBAN)		668	668	703	742	783	All	R
REPLACEMENT OF 32V BATTERIES		264	264	278	293	309	1-45	R
REPLACEMENT OF 110V BATTERIES		580	580	611	645	680	1-45	R
PERFORMANCE & COMPLIANCE								
SECURITY EQUIPMENT (CCTV)		1,610	1,610	1,695	1,789	1,887	All	N
FURNITURE AND OFFICE EQUIPMENT		378	378	398	420	443	All	R
SOLAR FARM GENERATION PLANT		528	528	555	586	618	All	N
REVITALIZATION OLD P/STATIONS (FORTST)		675	675				All	N
OFFICE BUILDING		5,000	5,000	5,265	5,555	5,860	All	R
Total Capital expenditure	1	116,469	97,110	93,197	105,663	111,474		

LEGISLATION COMPLIANCE STATUS

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

1. In-Year Reporting

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

2. Budget and Treasury Office

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

3. Audit Committee

An Audit Committee has been established and is fully functional.

4. Risk Management

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

5. Service Delivery and Implementation Plan

The detailed 2018/19 SDBIP document is at a draft stage and will be finalised after approval of the 2018/19 MTREF in June 2018 directly aligned and informed by the 2017/18 MTREF.

6. Annual Report

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

QUALITY CERTIFICATION

Prepared By:

Print Name _____
Acting Chief Financial Officer of Centlec (SOC) Ltd

Signature _____

Date _____

CHIEF EXECUTIVE OFFICER CERTIFICATION

Chief executive officer's certification:

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

Print Name _____
Chief Executive Officer of Centlec (SOC) Ltd

Signature _____

Date _____

CENTLEC : ELECTRICITY SERVICES COSTS - ELECTRICITY TARIFFS
2018-19 TO 2020-21

Annexure A

Prepayment Inclining Block for Indigents Tariff		2017/2018		% Increase (for 2018/19)		2018/2019		% Increase (for 2019/20)		2019/2020		% Increase (for 2020/21)	
		Summer	Winter			Summer	Winter			Summer	Winter	Summer	Winter
Indigent (1 to 50) Free Basic Electricity		R	1.00	1.27	0.50%	R	1.01	1.28	6.60%	R	1.07	1.36	6.60%
Indigent (51 to 350) Lifeline Tariff		R	1.06	1.36	0.54%	R	1.07	1.36	6.60%	R	1.14	1.45	6.60%
Indigent (> 350) Lifeline Tariff		R	1.39	1.54	5.00%	R	1.46	1.62	6.60%	R	1.56	1.72	6.60%
Overall					2.01%				6.60%				6.60%
Pre Payment Inclining Block Tariff		2017/2018		% Increase (for 2018/19)		2018/2019		% Increase (for 2019/20)		2019/2020		% Increase (for 2020/21)	
		Summer	Winter			Summer	Winter			Summer	Winter	Summer	Winter
Block 1 (1 - 350kWh)		R	1.21	1.49	6.84%	R	1.29	1.59	6.60%	R	1.37	1.70	6.60%
Block 2 (351kWh and above)		R	1.39	1.81	6.85%	R	1.50	1.89	6.60%	R	1.60	2.01	6.60%
Overall (including indigent Tariffs)					6.84%				6.60%				6.60%
Conventional Inclining Block		2017/2018		% Increase (for 2018/19)		2018/2019		% Increase (for 2019/20)		2019/2020		% Increase (for 2020/21)	
		Summer	Winter			Summer	Winter			Summer	Winter	Summer	Winter
Block 1 (1 - 350kWh)		R	1.21	1.49	6.84%	R	1.29	1.59	6.60%	R	1.37	1.70	6.60%
Block 2 (351kWh and above)		R	1.39	1.81	6.85%	R	1.50	1.89	6.60%	R	1.60	2.01	6.60%
Overall					6.84%				6.60%				6.60%
Homeflex Tariff		2017/2018		% Increase (for 2018/19)		2018/2019		% Increase (for 2019/20)		2019/2020		% Increase (for 2020/21)	
		Summer	Winter			Summer	Winter			Summer	Winter	Summer	Winter
Single Phase Basic Charge		R	128.47	128.47	6.84%	R	137.26	137.26	6.60%	R	146.32	146.32	6.60%
Three Phase Basic Charge		R	367.57	367.57	6.84%	R	392.71	392.71	6.60%	R	418.63	418.63	6.60%
Peak Energy (kWh)		R	1.68	3.09	6.84%	R	1.79	3.30	6.60%	R	1.91	3.52	6.60%
Standard Energy (kWh)		R	1.26	1.70	6.84%	R	1.34	1.81	6.60%	R	1.43	1.93	6.60%
OffPeak Energy (kWh)		R	1.06	2.64	6.84%	R	1.13	1.75	6.60%	R	1.21	1.86	6.60%
Overall					6.84%				6.60%				6.60%
Pre Payment Flat Business Tariff		2017/2018		% Increase (for 2018/19)		2018/2019		% Increase (for 2019/20)		2019/2020		% Increase (for 2020/21)	
		Summer	Winter			Summer	Winter			Summer	Winter	Summer	Winter
Units (kWh)		R	1.80	1.89	6.88%	R	1.92	2.01	6.60%	R	2.05	2.14	6.60%
Overall					6.88%				6.60%				6.60%
Rotary Flat Business Tariff (EL0005)		2017/2018		% Increase (for 2018/19)		2018/2019		% Increase (for 2019/20)		2019/2020		% Increase (for 2020/21)	
		Summer	Winter			Summer	Winter			Summer	Winter	Summer	Winter
Units (kWh)		R	1.80	1.89	6.88%	R	1.92	2.01	6.60%	R	2.05	2.14	6.60%
Overall					6.88%				6.60%				6.60%

Complex	2017/2018		% Increase (for 2018/19)		2018/2019		% Increase (for 2019/20)		2019/2020		% Increase (for 2020/21)		2020/2021	
	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter
	R	R	R	R	R	R	R	R	R	R	R	R	R	R
E1CHDP/ELCHDP	Single Phase Basic Charge	147.02	147.02	10.00%	161.72	161.72	6.60%	172.40	172.40	6.60%	183.77	183.77	6.60%	183.77
	Three Phase Basic Charge	441.08	441.08	10.00%	485.19	485.19	6.60%	517.21	517.21	6.60%	551.35	551.35	6.60%	551.35
	Peak Energy (kWh)	2.28	3.38	7.32%	2.45	3.63	6.60%	2.61	3.87	6.60%	2.78	4.12	6.60%	2.78
	Standard Energy (kWh)	1.27	2.07	9.33%	1.40	2.22	6.60%	1.49	2.37	6.60%	1.59	2.52	6.60%	1.59
	Off-Peak (kWh)	1.18	1.52	7.32%	1.27	1.63	6.60%	1.35	1.74	6.60%	1.44	1.85	6.60%	1.44
Overall				8.79%			6.60%				6.60%			
Elecflex 1	Basic Charge	2,868.43	2,868.43	7.32%	3,078.40	3,078.40	6.60%	3,281.57	3,281.57	6.60%	3,498.16	3,498.16	6.60%	3,498.16
	Access Charge (kVA)	38.98	38.98	7.32%	41.83	41.83	6.60%	44.59	44.59	6.60%	47.54	47.54	6.60%	47.54
	Max Demand (kVA)	108.63	108.63	7.32%	116.58	116.58	6.60%	124.28	124.28	6.60%	132.48	132.48	6.60%	132.48
	Peak Energy (kWh)	1.34	2.63	7.32%	1.44	2.82	6.60%	1.53	3.01	6.60%	1.63	3.21	6.60%	1.63
	Standard Energy (kWh)	0.88	1.35	7.32%	0.94	1.44	6.60%	1.00	1.54	6.60%	1.07	1.64	6.60%	1.07
Overall				7.32%			6.60%				6.60%			
Elecflex 2	Basic Charge	1,900.66	1,900.66	7.32%	2,039.79	2,039.79	6.60%	2,174.41	2,174.41	6.60%	2,317.93	2,317.93	6.60%	2,317.93
	Access Charge (kVA)	43.18	43.18	7.32%	46.34	46.34	6.60%	49.40	49.40	6.60%	52.66	52.66	6.60%	52.66
	Max Demand (kVA)	117.18	117.18	7.32%	125.76	125.76	6.60%	134.06	134.06	6.60%	142.91	142.91	6.60%	142.91
	Peak Energy (kWh)	1.34	2.63	7.32%	1.44	2.82	6.60%	1.53	3.01	6.60%	1.63	3.21	6.60%	1.63
	Standard Energy (kWh)	0.88	1.34	7.32%	0.94	1.44	6.60%	1.00	1.54	6.60%	1.07	1.64	6.60%	1.07
Overall				7.32%			6.60%				6.60%			
Elecflex 3	Basic Charge	1,481.55	1,481.55	7.32%	1,590.00	1,590.00	6.60%	1,694.94	1,694.94	6.60%	1,806.81	1,806.81	6.60%	1,806.81
	Access Charge (kVA)	45.11	45.11	7.32%	48.41	48.41	6.60%	51.61	51.61	6.60%	55.01	55.01	6.60%	55.01
	Max Demand (kVA)	126.56	126.56	7.32%	135.82	135.82	6.60%	144.79	144.79	6.60%	154.34	154.34	6.60%	154.34
	Peak Energy (kWh)	1.41	2.77	5.99%	1.51	2.82	6.60%	1.61	3.01	6.60%	1.71	3.21	6.60%	1.71
	Standard Energy (kWh)	0.92	1.41	5.96%	0.99	1.44	6.60%	1.05	1.53	6.60%	1.12	1.64	6.60%	1.12
Overall				6.63%			6.60%				6.60%			

Bulk Resell 2		2017/2018		% Increase (for		2018/2019		% Increase (for		2019/2020		% Increase (for		2020/2021	
		Summer	Winter	2018/19		Summer	Winter	2019/20		Summer	Winter	2020/21		Summer	Winter
		R	R	R	R	R	R	R	R	R	R	R	R	R	R
ELK004	Basic Charge	2,375.60	2,375.60	9.45%	2,600.09	18.63	2,600.09	18.63	2,600.09	19.86	2,771.70	19.86	2,771.70	2,954.63	2,954.63
ELHP04	Max Demand (kVA)	17.17	17.17	8.52%	18.63	18.63	18.63	18.63	18.63	19.86	19.86	19.86	19.86	21.17	21.17
ELHS04	Peak Energy (kWh)	1.49	2.15	8.58%	1.62	2.31	1.62	2.31	1.73	2.46	2.46	2.46	2.46	1.84	2.63
ELH004	Standard Energy (kWh)	1.19	1.53	8.58%	1.30	1.64	1.30	1.64	1.38	1.75	1.75	1.75	1.75	1.47	1.87
ELH004	Off-Peak Energy (kWh)	0.88	1.29	8.58%	0.96	1.39	0.96	1.39	1.02	1.48	1.48	1.48	1.48	1.09	1.58
	Overall			8.74%					6.60%					6.60%	
Bulk Resell 3		2017/2018		% Increase (for		2018/2019		% Increase (for		2019/2020		% Increase (for		2020/2021	
		Summer	Winter	2018/19		Summer	Winter	2019/20		Summer	Winter	2020/21		Summer	Winter
		R	R	R	R	R	R	R	R	R	R	R	R	R	R
ELK005	Basic Charge	2,472.00	2,472.00	7.32%	2,652.95	13.16	2,652.95	13.16	2,652.95	14.03	2,828.05	14.03	2,828.05	3,014.70	3,014.70
ELHP05/ELP005	Max Demand (kVA)	12.26	12.26	7.32%	13.16	13.16	13.16	13.16	14.03	14.03	14.03	14.03	14.03	14.95	14.95
ELHS05	Peak Energy (kWh)	1.52	2.16	7.32%	1.63	2.32	1.63	2.32	1.74	2.47	2.47	2.47	2.47	1.86	2.64
ELH005	Standard Energy (kWh)	1.24	1.79	7.32%	1.33	1.92	1.33	1.92	1.42	2.05	2.05	2.05	2.05	1.51	2.18
ELH005	Off-Peak Energy (kWh)	0.89	1.25	7.32%	0.96	1.34	0.96	1.34	1.02	1.43	1.43	1.43	1.43	1.09	1.52
	Overall			7.32%					6.60%					6.60%	
Sport Stadiums on ToU		2017/2018		% Increase (for		2018/2019		% Increase (for		2019/2020		% Increase (for		2020/2021	
		Summer	Winter	2018/19		Summer	Winter	2019/20		Summer	Winter	2020/21		Summer	Winter
		R	R	R	R	R	R	R	R	R	R	R	R	R	R
MHPD01	Peak Energy (kWh)	2.38	4.27	6.84%	2.55	4.56	2.55	4.56	2.72	4.86	4.86	4.86	4.86	2.89	5.18
MHS001	Standard Energy (kWh)	1.51	2.31	6.84%	1.61	2.47	1.61	2.47	1.72	2.63	2.63	2.63	2.63	1.83	2.81
MHO001	Off-Peak Energy (kWh)	1.28	2.08	6.84%	1.37	2.22	1.37	2.22	1.46	2.37	2.37	2.37	2.37	1.56	2.52
	Overall			6.84%					6.60%					6.60%	
Centlec Departmental on ToU		2017/2018		% Increase (for		2018/2019		% Increase (for		2019/2020		% Increase (for		2020/2021	
		Summer	Winter	2018/19		Summer	Winter	2019/20		Summer	Winter	2020/21		Summer	Winter
		R	R	R	R	R	R	R	R	R	R	R	R	R	R
	Peak Energy (kWh)	1.45	2.72	6.84%	1.55	2.91	1.55	2.91	1.65	3.10	3.10	3.10	3.10	1.76	3.30
	Standard Energy (kWh)	0.93	1.55	6.84%	0.99	1.65	0.99	1.65	1.06	1.76	1.76	1.76	1.76	1.13	1.88
	Off-Peak Energy (kWh)	0.82	1.48	6.84%	0.87	1.58	0.87	1.58	0.93	1.68	1.68	1.68	1.68	0.99	1.79
	Overall			6.84%					6.60%					6.60%	
Departmental		2017/2018		% Increase (for		2018/2019		% Increase (for		2019/2020		% Increase (for		2020/2021	
		Summer	Winter	2018/19		Summer	Winter	2019/20		Summer	Winter	2020/21		Summer	Winter
		R	R	R	R	R	R	R	R	R	R	R	R	R	R
	kWh (Centlec)	1.37	1.37	6.84%	1.46	1.46	1.46	1.46	1.55	1.55	1.55	1.55	1.55	1.66	1.66
	Overall			6.84%					6.60%					6.60%	
Net Metering		2017/2018		% Increase (for		2018/2019		% Increase (for		2019/2020		% Increase (for		2020/2021	
		Summer	Winter	2018/19		Summer	Winter	2019/20		Summer	Winter	2020/21		Summer	Winter
		R	R	R	R	R	R	R	R	R	R	R	R	R	R
	kWh (Centlec)	0.80	1.04	6.84%	0.85	1.11	0.85	1.11	0.91	1.18	1.18	1.18	1.18	0.97	1.26
	Overall			6.84%					6.60%					6.60%	
Alternative Resell Tariff		2017/2018		% Increase (for		2018/2019		% Increase (for		2019/2020		% Increase (for		2020/2021	
		Summer	Winter	2018/19		Summer	Winter	2019/20		Summer	Winter	2020/21		Summer	Winter
		R	R	R	R	R	R	R	R	R	R	R	R	R	R

Basic	R	673.72	R	673.72	6.84%	R	719.80	R	719.80	6.60%	R	767.31	R	767.31	6.60%	R	817.95	R	817.95
kWh	R	1.51	R	1.63	6.84%	R	1.61	R	1.74	6.60%	R	1.72	R	1.86	6.60%	R	1.83	R	1.98
Overall					6.84%					6.60%					6.60%				
Non Profit Organizations																			
Block 1 (1 - 350kWh)	2017/2018		% Increase (for		2018/2019		% Increase (for		2019/2020		% Increase (for		2020/2021						
	Summer	Winter	(for 2018/2019)		Summer	Winter	(for 2019/2020)		Summer	Winter	(for 2020/21)		Summer	Winter					
Block 2 (351kWh and above)			R		R	1.20	R	1.50	New	R	New		1.36	R					
			R		R	1.29	R	1.55	New	R	1.38		1.47	R					