



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

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PART 1 – ANNUAL BUDGET

1. CHAIRPERSON'S REPORT

The Consolidated Medium Term Revenue and Expenditure Framework (MTREF) Budget of 2021/22 - 2023/24 budget is thus compiled in distressed global economic outlook. There is significant evidence of a decline in economic growth and employment due to COVID-19 pandemic. The microeconomic results show that the pandemic moves the income distribution curve such that more households fall under the poverty line while at the same time, inequality inclines. The pandemic hit South Africa's economy at a time that the economy was already under substantial strain.

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

Affordable and sustainable energy supply can unlock economic potential by encouraging investment in the city and the province and thereby propelling the province to an above national economic growth rate. 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 held back; however, Service Delivery will be prioritised. Efforts to collect revenue will be strengthened and the entity will adopt zero tolerance on electricity theft, non-payment of bills, misuse of resources and network vandalism.

The revenue for the MTREF budget totals to an amount or projected revenue of R 2,748 billion in 2021/22, representing an increase of R 157 million or 6% on that of 2020/21 Adjustment Budget (R 2,591 billion.) The allocation for the two outer years of the MTREF period is R 2,887 billion in 2022/23 and R 3,061 billion in 2023/24.

The Operational Expenditure totals to projected expenditure of R 2,556 billion for 2021/22, representing an increase of R 144 million or 6% increase from that of the 2020/21 Adjustments Budget of (R 2,412 billion). The allocation for the two outer years of the MTREF period is R 2,719 billion in 2022/23 and R 2,883 billion in 2023/24.

The Capital budget of the Entity herewith presented amount to R 190 million for 2021/22, representing increase of R 13 million or 7% from 2020/21 Adjustments Budget of R 177 million. The allocation for the two outer years of the MTREF period is projected at R 166 million in 2022/23 and R 176 million in 2023/24.

The table below illustrates the above:

Details	APPROVED BUDGET 2020/21	ADJUSTMENT BUDGET 2020/21	Growth %	MTREF 2021/22	MTREF 2022/23	MTREF 2023/24
Revenue	2 834 677 263	2 591 178 965	6%	2 748 686 841	2 887 145 053	3 061 220 273
Operating Expenditure	2 445 068 958	2 412 820 611	6%	2 556 855 258	2 719 417 837	2 883 525 637
(Surplus)/Deficit	389 608 305	178 358 354	8%	191 831 583	167 727 216	177 694 637
Gains and Loss	360 201	117 018	4%	121 816	127 176	132 899
Capital Expenditure	169 725 001	177 717 074	7%	190 924 147	166 476 586	176 029 247
Surplus and or (Deficit)	220 243 505	758 298	36%	1 029 252	1 377 806	1 798 288

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

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

The 2021/22 MTREF is prepared within the parameters set by the Parent Municipality including Circular No 107 guidelines provided by National Treasury and NERSA on energy tariffs. Projects to accelerate service delivery and strengthen the Entity's cash flow position are addressed in the proposed MTREF.

The 2021/22 budget of the entity is herewith presented to the parent municipality for consideration in terms of MFMA 87 (2).

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Chairperson of the Board

2. EXECUTIVE SUMMARY

The purpose of the 2021/22 MTREF is to guide the entity's allocated resources to achieve its service delivery objectives as required by the Act MFMA (No 56 of 2003). The MTREF is a financial plan to enable the Municipal Entity to achieve its vision and mission as articulated in the Business Plan.

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

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

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

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

2.1.1 PAST PERFORMANCE AND SPENDING LEVELS

1. Source of Funding

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

Funding Sources	Adjustments Budget 2016/17	Adjustment Budget 2017/18	Approved Budget 2018/19	Adjustment Budget 2018/19	Approved Budget 2019/20	Adjustment Budget 2019/20	Approved Budget 2020/21	Adjustment Budget 2020/21
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Integrated National Electrification Programme	8 500 000	20 000 000	9 450 000	15 450 000				
Urban Settlement Development Grant					26 000 000	61 475 301	57 499 976	50 492 049
Public Contributions	23 141 686	6 000 000	6 318 000	10 762 339	11 408 079	11 408 079	11 932 851	11 932 851
Revenue / Surplus (Internal funds)	201 534 699	71 110 329	80 879 180	159 823 019	108 230 742	46 275 441	100 292 174	115 292 174
TOTAL	233 176 385	97 110 329	96 647 180	186 035 358	145 638 821	119 158 821	169 725 001	177 717 074

2. Performance: Budget vs. Actual – Capital Expenditure

Financial Year	Approved Budget	Adjustments Budget	Actual Expenditure	% Spent Adjustments Budget
2012/13	184 767 424	190 485 420	119 255 572	63%
2013/14	156 588 364	262 587 391	224 227 621	85%
2014/15	298 963 243	299 093 299	282 432 554	94%
2015/16	325 356 851	246 122 724	242 344 543	98%
2016/17	200 739 976	233 176 385	222 562 922	95%
2017/18	116 468 682	97 110 329	118 986 263	123%
2018/19	96 647 180	186 035 358	178 299 145	96%
2019/20	145 638 821	119 158 821	110 238 627	93%

3. Capital Expenditure per Category

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

Capital Expenditure	Actuals 2014/15	Actuals 2015/16	Actuals 2016/17	Actuals 2017/18	Actuals 2018/19	Actuals 2019/20
	R'000	R'000	R'000	R'000	R'000	R'000
IMPLEM BUSINESS CONT DISASTER RECOV INF	495 634	904 442	341 339			
UPGRADE OF CURRENT PABX TO VOIP TELCOMMS	3 703 504	4 664 744				
SERVITUDES LAND (INCL INVEST REMUNE REG	19 696	167 245	338 509	25 975	75 158	186 280
WEBSITE	243 985					
SCOA IMPLEMENTATION PROJECT	1 006 466					
REPLACEMENT OF OIL PLANT	902 734					
EXTENSION AND UPGRADING OF THE 11KV NETW	6 168 462	6 417 588	5 603 912	16 796 159	8 792 618	9 297 519
ELLITE SUBSTATION (AIRPORT NODE)	10 500 000	10 823 860		17 921 667	45 137 847	
INSTALL PREPAID METERS (INDIGENT)	878 362	39 743	195 217	58 297	5 515	58 397
ELECTRIFICATION (USDG GRANT)	21 360 913	26 315 711		20 159 955	13 822 419	23 964 187
METER PROJECT	63 633 076	33 236 925	13 295 680	3 197 793	4 129 172	10 019 714
SMART METERS ELECTRICITY	29 014 623	42 691 340	38 137 455			
OFFICE FURNITURE & EQUIPMENTS	2 083 713	544 157	516 140	2 599 437	2 630 857	4 998 015
FICHARDTPARK DC :132KV/11KV	2 277 764		39 384 827			
ELECTRIFICATION CONNECTIONS (INEP)	8 779		5 871 141			
PUBLIC ELECTRICITY CONNECTIONS	11 102 662	15 113 201	24 178 494	8 858 829	9 826 394	9 578 176
COMPUTER EQUIPMENT (COVID-19)						740 144
OFFICE BUILDING	2 120 157	1 226 096	3 814 681	4 627 983	3 455 539	1 728 503
VEHICLES	21 930 563	7 594 437	240 522	-	1 624 433	-
TRAINING AND DEVELOPMENT		256 944	271 178	507 409	7 098 773	187 829
BULK METER REFURBISHMENT				167 600	644 700	553 550
REPLACEMENT LAPTOPS FOR TECHNICIANS (12)						
NEW TEST VEHICLES EQUIPMENT	1 247 352					
TRANSFORMER REPLACEMENT	3 408 929	5 473 818		1 203 897		950 000
S/LIGHTS REPLACE POLE TRNS POLES SECTION					2 207 259	4 852 605
UPGRADING OF RIPPLE CONTROL EQUIPMENT						
INSTALLATION OF PUBLIC LIGHTING		14 325 933	16 201 639	9 792 523	15 010 785	8 929 622
ELECTRIFICATION PROJECTS (INTERNAL)		10 988 609	13 950 362	4 813 335	3 281 215	11 604 446
REPLACEMENT OF DECREPIT LOW VOLTAGE OVER	396 830	85 064				
REPLACEMENT OF BRITTLE OVERHEAD						
CONNECTION	738 134	780 436		139 513		42 890
REPLACEMENT OF DECREPIT HAMILTON	902 866	1 506 348	531 174			
REPLACEMENT OF DECREPIT 11KV CABLE	1 045 476	2 351 857	1 976 878	39 006		
NETWORK REFURBISHMENTS	21 262 346	3 999 476	8 805 287			
METERING SYSTEM			6 876 960			

Capital Expenditure	Actuals 2014/15	Actuals 2015/16	Actuals 2016/17	Actuals 2017/18	Actuals 2018/19	Actuals 2019/20
CECELIA DC 132KV/11KV 30 MVA	3 480 798	36 501 286	17 931 741			
VANSTRADENSUS PHASE 2 ELECTRIFICATION			2 555 511			
KHAYELITSHA ELECTRIFICATION / PHASE 7	20 746 527					
REPLACEMENT OF 11KV BATTERIES	435 745					
REPLACEMENT OF 110KV BATTERIES					219 770	
REPAIR MMM DIST DIST CENTRE					15 944 845	
REPAIR VISTA DIST DIST CENTRE					1 251 427	2 280 076
REPLACEMENT OF 32V BATTERIES	365 360				3 120	
REPLACEMENT OF 2 & 4 WAY FIBREGLAS BOX IN SECTION H	273 500	166 859		176 374		
REP LOW VOLT DECREPIT 2/4/8 WAY BOXES					354 294	118 751
REMEDIAL WORK 132KV SOUTHERN LINES	8 603 989			2 941 020		
AND H	5 845 657					
BOTSHABELO: 132KV LINE FROM DC AROUND WESTERN SIDE TO SOUTH OF BOTSHABELO	5 131 380			9 346 983	25 234 677	
MERITING DC: 132KV/11KV CD						
GROENVLEI DC 132/11KV 20 MVA DC	14 045 424	6 933 641				
TIBBIE VISSER 33/11 T1 5MVA	375 076					
BOTSHABELO: 132KV LINES FROM DC AROUND			7 506 414			
VENDING BACK OFFICE		402 561	273 165			
REFURBISHMENT OF HIGH MAST LIGHTS				2 097 321	471 911	4 013 235
UPGRADE AND REFURBISHMENT OF CENTLEC COMPUTER NETWORK	1 406 743	2 009 821		3 157 712	11 449 225	14 053 818
COMMUNICATION AND MARKETING		1 566 233	2 570 239			
SECURITY EQUIPMENT			1 368 429	352 008	2 582 992	
REPLACEMENT OF 11KV SWITCHGEARS FOR MAGISTRATE SUB	575 276			490 100		
SHIFTING OF CONNECTION AND REPLACEMENTS				1 285 179	1 794 997	
132KV NORTHERN RING FROM NOORDSTAD DC TO	14 694 052	5 256 171	1 004 093			
REFUR PROTEC & SCADA SYSTEMS DIST CENTR					658 202	1 990 964
SOLAR FARM GENERATION PLANT					591 000	
TOTAL	282 432 554	242 344 542	213 740 985	118 986 263	178 299 144	110 148 720

2.1.2 RISKS FACING MUNICIPAL ENTITY

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

2.1.3 AUDIT OUTCOME 2019-2020

Centlec (SOC) Ltd Audit Report:

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

2.2 BUDGET SUMMARY

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

A. OPERATING REVENUE BUDGET - HIGHLIGHTS ON MAJOR CATERGORIES

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

The total revenue budget is projected at R 2,748 billion in 2021/22, representing an increase in revenue of R 157 million (6%) on the 2020/21 Adjustments Budget of

R 2,591 billion. The allocation for the outer two years of the MTREF period is R 2,887 billion and R 3,061 billion respectively. Revenue generated from services charges forms a significant part of the revenue basket of the Entity. Services charges constitutes 95% (2022/23 - 96%) of the budgeted revenue (excluding capital grants and transfers) and 96% in 2023/24.

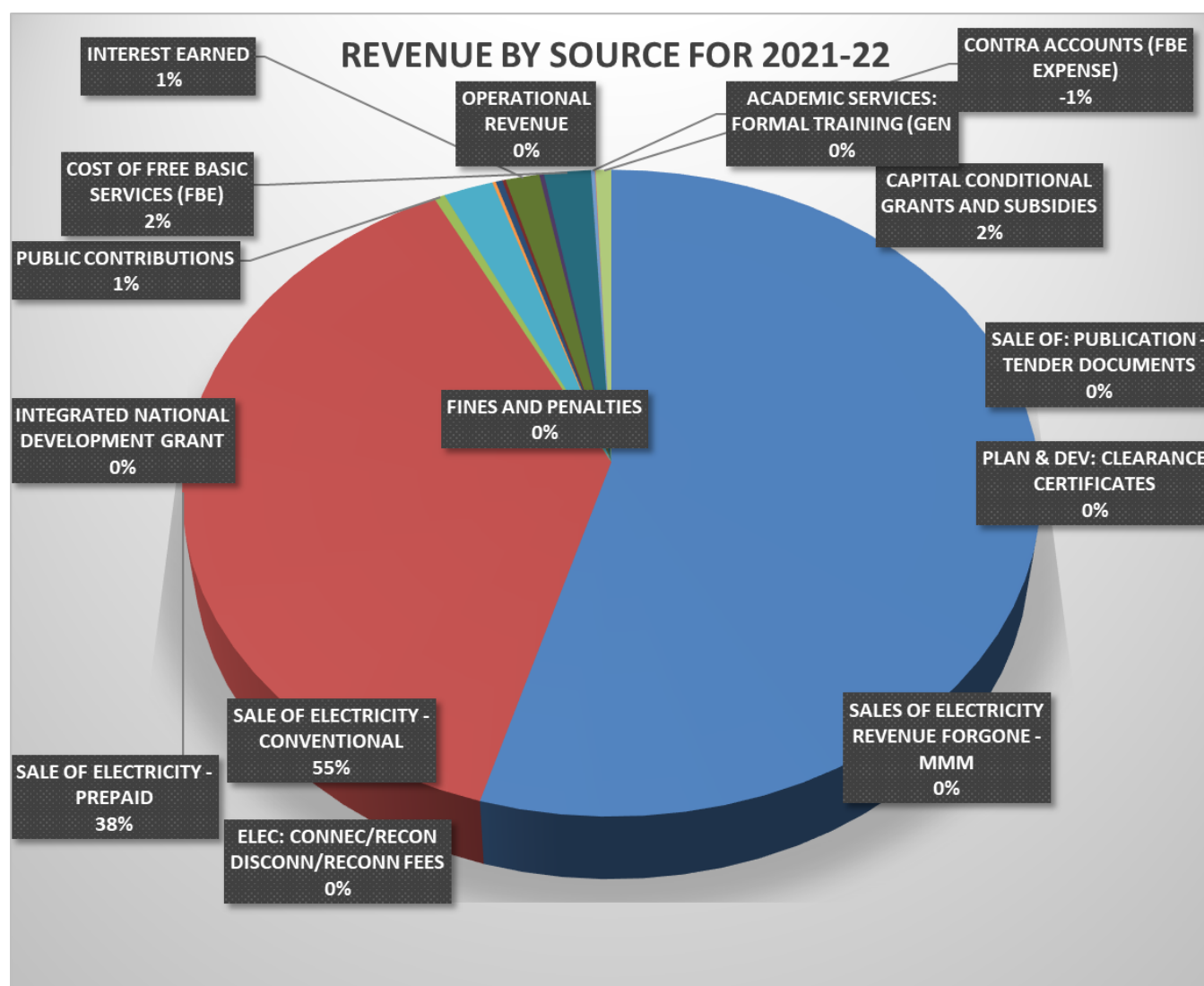
Details of the Revenue by Source are as outlined in the below table:

REVENUE PER SOURCE	ADJUSTMENT BUDGET 2020-21	DRAFT MTREF 2021-2024		
	ADJUSTMENT BUDGET 2020-21	MTREF 2021-22	MTREF 2022-23	MTREF 2023-24
FINES AND PENALTIES	-3,800,752	(3,956,583)	(4,130,672)	(4,316,553)
PUBLIC CONTRIBUTIONS	-11,932,851	(12,648,822)	(13,407,751)	(14,212,216)
URBAN SETTLE DEVELOPMENT GRANT	-50,492,049	(57,499,976)	(24,868,551)	(27,214,151)
SERVICE CHARGES	- 2,470,521,521	- 2,617,150,719	- 2,784,095,514	- 2,951,425,285
SALE OF ELECTRICITY - CONVENTIONAL	- 1,435,897,482	- 1,522,051,331	- 1,613,374,411	- 1,710,176,876
SALE OF ELECTRICITY - PREPAID	- 1,002,993,654	- 1,063,173,274	- 1,126,963,670	- 1,194,581,490
SALES OF ELECTRICITY REVENUE FORGONE - MMM	-4,916,538	3,869,173	(5,524,222)	(5,855,675)
CONTRA ACCOUNTS (FBE EXPENSE)	24,166,545	18,137,928	18,935,997	19,788,116
COST OF FREE BASIC SERVICES	-50,880,391	(53,933,215)	(57,169,207)	(60,599,360)
INTEREST EARNED	- 36,967,766	- 39,185,832	- 41,536,982	- 44,029,201
INTER: BANK ACCOUNTS	-670,000	(710,200)	(752,812)	(797,981)
OPERATIONAL REVENUE	- 5,045,501	- 5,303,494	- 5,582,486	- 5,879,051
OTHER INCOME	- 12,418,524	- 12,941,415	- 13,523,095	- 14,143,816
TOTAL INCOME	-2,591,178,965	-2,748,686,841	-2,887,145,053	-3,061,220,273

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

GAINS AND LOSSES PER SOURCE	ADJUSTMENT BUDGET 2020-21	DRAFT MTREF 2021-2024		
	ADJUSTMENT BUDGET 2020-21	MTREF 2021-2	MTREF 2022-23	MTREF 2023-24
GAINS AND LOSSES	-117,018	-121,816	-127,176	-132,899
DISPOSAL OF FIXED AND INTANGIBLE ASSETS	-117,018	(121,816)	(127,176)	(132,899)

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 2,617 in 2021/22, representing an increase in revenue of R 146 million (6%) in 2020/21 Adjustments Budget of R 2,470 billion. The allocation for the outer two years of the MTREF period is R 2,784 billion and R 2,951 billion respectively.

Equitable Share from the Parent Municipality (FBE)

Included in the budgeted revenue of R 2,748 billion, is free basic electricity from the Parent Municipality totalling to R 53 million for 2021/22. The allocations for the 2022/23 and 2023/24 budget years are R 57 million and R 60 million respectively. This is derived from the indigent register of the Parent Municipality.

Capital Grants and Subsidies (USDG)

Capital grants from the Provincial and National Governments amounts to R 57,499 million for 2021/22. The allocations for the 2022/23 is R 24,868 and R 27,214 million in 2023/24. The conditional grants allocation anticipating as gazetted, constitutes 2% of the budgeted revenue for the 2021/22 budget year.

B. OPERATING EXPENDITURE

The Municipal Entity's expenditure for the 2021/22 budget and MTREF is informed by the following:

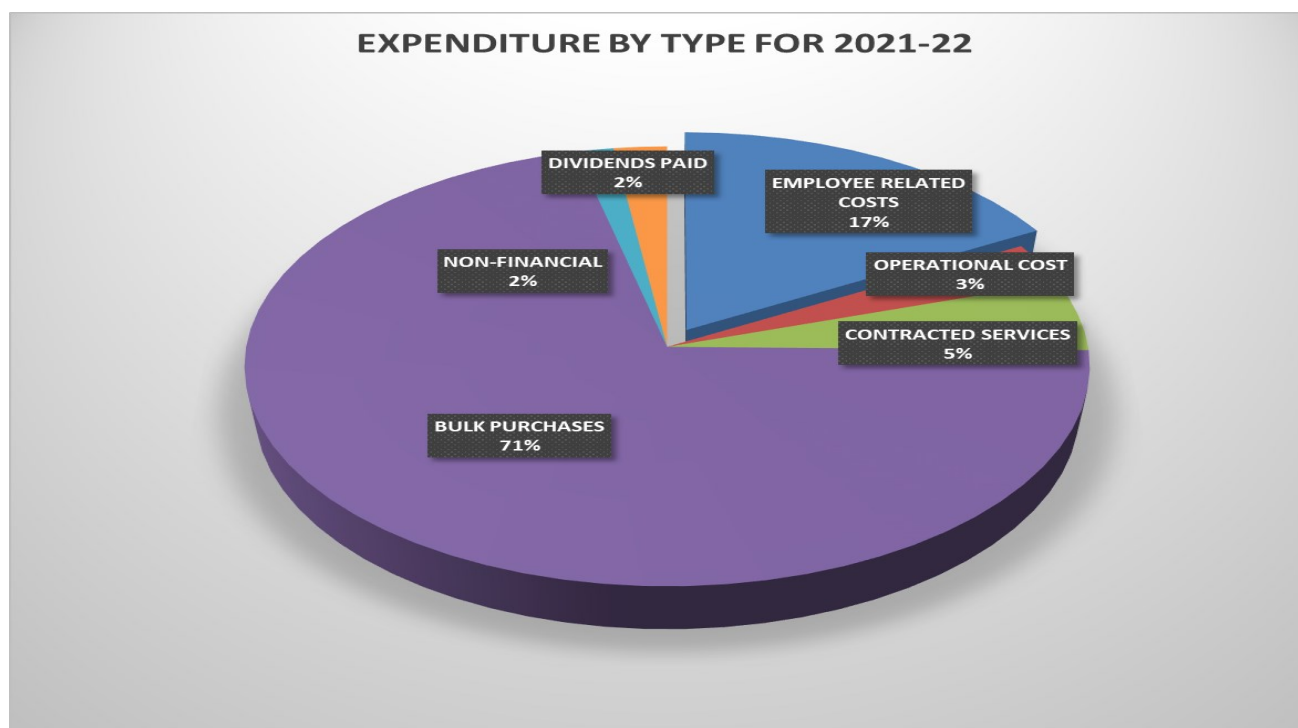
- Modelling of feasible and sustainable budgets over the medium term;
- National Treasury guidelines;
- NERSA tariffs guideline
- Growth in the City and continued economic development;
- Cognisance of national and local economic and fiscal conditions;
- Expenditure limits driven by realistic and realisable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

The operating expenditure budget increases from the adjustments budget amount of R 2,412 billion in 2020/21 to a new consolidated budget amount of R 2,556 billion (representing an increase of 6% (R 146 million) in 2021/22. The allocation of the outer two years of the MTREF period is R 2,724 billion and R 2,891 billion respectively.

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

STATEMENT OF FINANCIAL PERFORMANCE - CENTLEC (ENTITY)				
EXPENDITURE PER TYPE	ADJUSTMENT BUDGET 2020-21	MTREF 2021-2024		
	ADJUSTMENT BUDGET 2020-21	Proposed Budget 2021/22	Proposed Budget 2022/23	Proposed Budget 2023/24
EMPLOYEE SALARIES AND WAGES	379 653 425	433 382 189	459 385 176	486 948 346
REMUNERATION OF DIRECTORS	1 346 560	1 420 621	1 505 858	1 596 210
CONTRACTED SERVICES	126 833 989	131 759 234	135 556 640	139 156 689
OPERATIONAL COST	50 910 659	53 270 174	55 620 474	58 129 789
INVENTORY	24 277 468	25 568 044	26 956 543	28 431 446
BULK PURCHASES	1 725 240 736	1 814 953 254	1 952 484 094	2 089 755 178
FINANCE LEASES	56 654	58 977	61 572	64 343
CONTRIBUTION TO MMM	50 000 000	39 707 099	28 615 445	17 546 159
OPERATING LEASES	2 344 339	2 440 457	2 547 837	2 662 490
DEPRECIATION AND AMORTISATION	43 764 684	45 559 036	47 563 634	49 703 997
BAD DEBTS WRITTEN OFF	8 392 097	8 736 173	9 120 565	9 530 990
TOTAL EXPENDITURE	2 412 820 611	2 556 855 258	2 719 417 837	2 883 525 637

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 12%, or R 53 million from the 2020/21 Adjustments Budget of R 379 million to R 433 million in 2021/22. The main reason for the increase is the normal annual increase and new appointments. This expenditure category constitutes 2% of the operating expenditure budget. The allocation for the two outer years of the MTREF period is R 459 million and R 486 million respectively.

Remuneration of Directors:

The budget of this line item is aligned to the Council determination resolution. The 2020/21 Adjustments budget of R 1,346 million to R 1,420 million in 2021/22. The allocation for the two outer years of the MTREF period is R 1,505 million and R 1,596 million respectively. The cost associated with the remuneration of directors is determined as per the Councillor's Determination of the Parent Municipality. Further details regarding the remuneration of Directors can be obtained on Table SD4.

Operational Cost

The operational cost increased by R 2 million from the 2020/21 Adjustments Budget of R 51 million to R 53 million in the 2021/22 budget year. The allocation for the two outer years of the MTREF period is R 55 million and R 58 million respectively.

Bulk Purchases:

Bulk purchases increased by 5%, R 89 million against the 2020/21 Adjustments budget of 1,725 billion, to the proposed amount of R 1,814 billion for the 2021/22 budget year. The allocation for the two outer years of the MTREF period is R 1,952 billion and R 2,089 billion respectively. Bulk purchases constitute approximately 71% of the operating expenditure budget for 2021/22. The proposed growth is as per tariffs approved by NERSA.

Contracted Services

Contracted Services increased by R 5 million to R 131 million in the 2021/22 budget year from a base of R 126 million in the 2020/21 Adjustments budget. The allocation for the two outer years of the MTREF period is R 135 million and R 139 million respectively.

Inventory

The budgeted inventory increased by 1 million to an amount of R 25 million for 2021/22 (Adjustments Budget 2020/21 - R 24 million). The indicative allocated amount for the two outer years of the MTREF period is R 26 million and R 28 million respectively.

Operating leases

The budgeted operating leases amount is R 2,499 million for 2021/22 (Adjustments Budget 2020/21 - R 2,400 million). The indicative allocated amount for the two outer years of the MTREF period is R 2,609 million and R 2,726 million respectively.

Depreciation

The budgeted depreciation amount is R 45 million for 2021/22 (Adjustments Budget 2020/21 - R 43 million). The indicative allocated amount for the two outer years of the MTREF period is R 47 million and R 49 million respectively.

Transfer to Bad Debt Reserve

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

C. CAPITAL BUDGET

The capital budget increased by R 13 million for the 2021/22 financial year to R 190 million as compared to the approved Adjustments Budget of R 177 million for the 2020/21 period. The projected capital expenditure budget for the two outer years of the MTREF period has been set at R 166 million and R 176 million respectively. The budget is funded mainly from internally generated sources augmented by conditional grant for electrification.

CAPITAL FUNDING BY SOURCE

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

FUNDING BY SOURCE	MTREF 2020/21	APPROVED ADJUSTMENT BUDGET 2020/21	MTREF 2021/22	MTREF 2022/23	MTREF 2023/24
ELECTRIFICATION (USDG GRANT)	57 499 976	50 492 049	57 499 976	24 868 551	27 214 151
PUBLIC ELECTRICITY CONNECTIONS	11 932 851	11 932 851	12 422 098	12 968 670	13 552 260
REVENUE / SURPLUS(INTERNAL FUNDS)	100 292 174	115 292 174	121 002 073	128 639 364	135 262 836
TOTAL	169 725 001	177 717 074	190 924 147	166 476 586	176 029 247

Conditional Grant Funding

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

FUNDING BY SOURCE	BUDGET 2020/21	APPROVED ADJUSTMENT BUDGET 2020/21	MTREF 2021/22	MTREF 2022/23	MTREF 2023/24
ELECTRIFICATION (USDG GRANT)	57 499 976	50 492 049	57 499 976	24 868 551	27 214 151
PUBLIC ELECTRICITY CONNECTIONS	11 932 851	11 932 851	12 422 098	12 968 670	13 552 260
REVENUE / SURPLUS(INTERNAL FUNDS)	100 292 174	115 292 174	121 002 073	128 639 364	135 262 836
TOTAL	169 725 001	177 717 074	190 924 147	166 476 586	176 029 247

Public Contributions

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

PUBLIC CONNECTIONS	BUDGET 2020/21	APPROVED ADJUSTMENT BUDGET 2020/21	MTREF 2020/2021	MTREF 2021/2022	MTREF 2022/2023
PUBLIC ELECTRICITY CONNECTIONS	11 932 851	11 932 851	12 422 098	12 968 670	13 552 260
TOTAL	11 932 851	11 932 851	12 422 098	12 968 670	13 552 260

Own Funded Projects

Included in the capital budget are projects to the value of R 151 million for the 2021/22 year. The allocation of the two MTREF period outer years is R 158 million and R 164 million respectively. The key highlights of the own funded projects for 2021/22 budget year are:

Own Funded Projects

INTERNAL FUNDING PROJECTS	BUDGET 2020/21	APPROVED ADJUSTMENT BUDGET 2020/21	MTREF 2021/22	MTREF 2022/23	MTREF 2023/24
UPGRADE & REFURB COMPUTER NETWORK	3 252 697	5 381 720	5 602 371	5 848 875	6 112 074
DIGITAL RADIO SYSTEM	604 397				
IMPLEM BUSINESS CONT DISASTER RECOV INFRASTRUCTURE	1 990 207	3 292 880	3 427 888	3 578 715	3 739 757
COMPUTER EQUIPMENT (COVID-19)		1 500 000	1 561 500	1 630 206	1 703 565
VEHICLES	6 071 774	20 000 000	20 812 000	23 607 728	25 525 076
BULK SMART METER INSTALLATIONS	741 650				
OFFICE BUILDING	1 338 543	2 214 675	2 305 477	2 406 918	2 515 229
FURNITURE AND OFFICE EQUIPMENT	132 361	218 997	227 976	238 007	248 717
SECURITY EQUIPMENT (CCTV)	1 224 638	2 026 214	2 109 289	2 202 097	2 301 192
TRAINING & DEVELOPMENT	519 155	858 964	894 182	933 526	975 534
INSTALLATION OF OF PREPAID METERS (INDIGENTS)	37 024	61 258	63 770	66 575	69 571
SERVITUDES AND LAND	351 493	581 559	605 403	632 041	660 482
METER REPLACEMENT PROJECT	6 321 995	12 687 090	13 207 261	13 788 380	14 408 857
INSTALLATION OF PUBLIC LIGHTING	6 027 012	5 000 000	5 205 000	5 434 020	5 678 551
EXTENSION AND UPGRADING OF THE 11KV	3 021 986	5 000 000	5 205 000	5 434 020	5 678 551
SHIFTING OF CONNECTION AND REPLACEMENT SERVICES	361 008	597 303	621 792	649 151	678 363
UPGRADING AND EXTENTION OF LV NETWORK	1 813 192	3 000 000	3 123 000	3 260 412	3 407 131
REFURBISHMENT OF HIGH MAST LIGHTS	3 626 383	6 000 000	6 246 000	6 520 824	6 814 261
BOTSHABELO: ESTABLISHMENT OF 132kV CONNECTION (VAALKRAAL)		5 000 000	5 205 000	5 434 020	5 678 551
TRANSFORMER REPLACEMENT	3 021 986	5 000 000	5 200 000	5 340 000	5 560 000
BOTSHABELO: ESTABLISHMENT OF 132kV CONNECTION (INDUSTRIAL)	15 109 930	5 000 000	5 205 000	5 434 020	5 678 551
SOLAR FARM GENERATION PLANT	1 813 192	1 000 000	1 041 000	1 086 804	1 135 710
REP LOW VOLT DECREPIT 2/4/8 WAY BOXES	906 596	1 500 000	1 561 500	1 630 206	1 703 565
REP BRITTLE OVERHEAD CONNECTIONS	453 298	750 000	780 750	815 103	851 783
REMEDIAL WORK 132KV SOUTHERN LINES	604 397	1 000 000	1 041 000	1 086 804	1 135 710
REPLACEMENT OF 11KV SWITCHGEARS	906 596	1 500 000	1 561 500	1 630 206	1 703 565
REPLACEMENT OF OIL PLANT	315 201	521 514	542 896	566 784	592 289
REPLACEMENT OF POLE MOUNTED TRANSFORMER	2 115 390	3 500 000	3 643 500	3 803 814	3 974 986
REP 2 & 4 WAY FIBREGLAS BOX (BOTS % TBAN)	604 397	1 000 000	1 041 000	1 086 804	1 135 710
REPLACEMENT OF 32V BATTERIES	60 440	100 000	104 100	108 680	113 571
REPLACEMENT OF 110V BATTERIES	906 596	1 500 000	1 561 420	2 152 122	2 248 968
REPAIRS OF MANGAUNG DISTRIBUTION CENTRE	11 785 745	4 500 000	4 684 500	4 890 618	5 110 696
REPAIRS OF VISTA DISTRIBUTION CENTRE	12 087 944	5 000 000	5 205 000	5 434 020	5 678 551
REFURBISHMENT OF PROTECTION AND SCADA SYSTEMS	3 021 986	3 000 000	4 119 000	4 300 236	4 493 747
INTERNAL ELECTRIFICATION PROJECTS:	8 850 792	7 000 000	7 287 000	7 607 628	7 949 971
TOTAL	100 000 001	115 292 174	121 002 073	128 639 364	135 262 836

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			
			ADJUSTMENT 2020/21	MTREF 2021/2022	MTREF 2022/2023	MTREF 2023/2024
Bloemfontein Central	A	1, 2, 3, 4, 5				
Mangaung South	B	9, 13, 14, 15, 18	1,000,000	1,041,000	1,086,804	1,135,710
Bloemfontein South	C	6, 7, 10, 11, 12				
Bloemfontein East	D	8, 17, 45, 46, 16 and 47	61,258	63,770	66,575	69,571
Bloemfontein North	E	19, 21, 44 and 48	3,292,880	3,427,888	3,578,715	3,739,757
Bloemfontein West	F	20, 22, 23, 24, 25 and 26	5,000,000	15,201,000	15,869,844	16,583,987
Botshabelo North	G	27, 28, 29 and 30	3,000,000	3,123,000	3,260,412	3,407,131
Botshabelo East	H	31, 32, 33 and 35				
Botshabelo South	I	34, 36 and 37				
Taba Nchu Central	J	39, 40 and 43				
Taba Nchu Peri-Urban	K	1-45				
Not Determined (Utilization in all wards)	N	All	105,938,036	128,564,415	134,215,250	139,252,854
Totals			118,292,174	151,421,073	158,077,600	164,189,010

Capital Budget per Ward

CLUSTER	DETAIL OF EXPENDITURE	MTREF 2020-21 TO 2022-24				
		BUDGET	ADJUSTMENT BUDGET 2020/21	MTREF 2021/22	MTREF 2022/23	MTREF 2023/24
	HUMAN RESOURCE MANAGEMENT					
N	TRAINING & DEVELOPMENT	519 155	858 964	894 182	933 526	975 534
	ENGINEERING RETAIL					
N	DIGITAL RADIO SYSTEM	604 397				
N	UPGRADE & REFURB COMPUTER NETWORK	3 252 697	5 381 720	5 602 371	5 848 875	6 112 074
N	BULK SMART METER INSTALLATIONS	741 650				
N	METER REPLACEMENT PROJECT	6 321 995	12 687 090	13 207 261	13 788 380	14 408 857
	ENGINEERING WIRES					
N	BOTSHABELO: ESTABLISHMENT OF 132kV CONNECTION (INDUSTRIAL)	15 109 930	5 000 000	5 205 000	5 434 020	5 678 551
N	BOTSHABELO: ESTABLISHMENT OF 132kV CONNECTION (VAALKRAAL)		5 000 000	5 205 000	5 434 020	5 678 551
N	ELECTRIFICATION PROJECTS	8 850 792	7 000 000	7 287 000	7 607 628	7 949 971
N	EXTENSION AND UPGRADING OF THE 11KV	3 021 986	5 000 000	5 205 000	5 434 020	5 678 551
N	UPGRADING AND EXTENTION OF LV NETWORK	1 813 192	3 000 000	3 123 000	3 260 412	3 407 131
N	SERVITUDES AND LAND	351 493	581 559	605 403	632 041	660 482
N	INSTALLATION OF PUBLIC LIGHTING	6 027 012	5 000 000	5 205 000	5 434 020	5 678 551
D	INSTALLATION OF OF PREPAID METERS (INDIGENTS)	37 024	61 258	63 770	66 575	69 571
N	REMEDIAL WORK 132KV SOUTHERN LINES	604 397	1 000 000	1 041 000	1 086 804	1 135 710
N	SHIFTING OF CONNECTION AND REPLACEMENT SERVICES	361 008	597 303	621 792	649 151	678 363
G	REFURBISHMENT OF HIGH MAST LIGHTS	3 626 383	6 000 000	6 246 000	6 520 824	6 814 261
N	REP LOW VOLT DECREPIT 2/4/8 WAY BOXES	906 596	1 500 000	1 561 500	1 630 206	1 703 565
N	REP BRITTLE OVERHEAD CONNECTIONS	453 298	750 000	780 750	815 103	851 783
F	TRANSFORMER REPLACEMENT	3 021 986	5 000 000	5 200 000	5 340 000	5 560 000
N	REPLACEMENT OF 110V BATTERIES	906 596	1 500 000	1 561 420	2 152 122	2 248 968
N	REPLACEMENT OF 11KV SWITCHGEARS	906 596	1 500 000	1 561 500	1 630 206	1 703 565
N	REPLACEMENT OF 32V BATTERIES	60 440	100 000	104 100	108 680	113 571
N	REFURBISHMENT OF PROTECTION AND SCADA SYSTEMS	3 021 986	3 000 000	4 119 000	4 300 236	4 493 747
N	REPLACEMENT OF POLE MOUNTED TRANSFORMER	2 115 390	3 500 000	3 643 500	3 803 814	3 974 986
N	REP 2 & 4 WAY FIBREGLAS BOX (BOTS % TBAN)	604 397	1 000 000	1 041 000	1 086 804	1 135 710
N	REPLACEMENT OF OIL PLANT	315 201	521 514	542 896	566 784	592 289
N	REPAIRS OF MANGAUNG DISTRIBUTION CENTRE	11 785 745	4 500 000	4 684 500	4 890 618	5 110 696
N	REPAIRS OF VISTA DISTRIBUTION CENTRE	12 087 944	5 000 000	5 205 000	5 434 020	5 678 551
	COMPLIANCE AND PERFORMANCE					
N	VEHICLES	6 071 774	20 000 000	20 812 000	23 607 728	25 525 076
N	SECURITY EQUIPMENT (CCTV)	1 224 638	2 026 214	2 109 289	2 202 097	2 301 192
N	FURNITURE AND OFFICE EQUIPMENT	132 361	218 997	227 976	238 007	248 717
B	SOLAR FARM GENERATION PLANT	1 813 192	1 000 000	1 041 000	1 086 804	1 135 710
N	OFFICE BUILDING	1 338 543	2 214 675	2 305 477	2 406 918	2 515 229
	TOTAL CAPITAL BUDGET	100 000 001	115 292 174	121 002 073	128 639 364	135 262 836

D. SUMMARY OF THE BUDGET

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

- Table D1 Budget Summary

Description	2017/18	2018/19	2019/20	Current Year 2020/21			Medium Term Revenue and Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousands									
Financial Performance									
Property rates									
Service charges	2,193,333	2,392,451	2,567,898	2,724,359	2,477,915	2,477,915	2,617,151	2,784,096	2,951,425
Investment revenue	9,708	4,267	2,938	4,507	5,177	5,177	5,487	5,817	6,166
Transfers recognised - operational	17,507		22,609	57,500	50,492	50,492	57,500	24,869	27,214
Other own revenue	151,836	57,607	37,525	36,379	46,022	46,022	56,022	59,084	62,336
Total Revenue (excluding capital transfers and contributions)	2,372,384	2,454,325	2,630,970	2,822,744	2,579,606	2,579,606	2,736,160	2,873,864	3,047,141
Employee costs	302,451	347,494	370,630	369,360	379,651	379,651	433,382	459,385	486,948
Remuneration of councillors	1,263	406	597	1,832	1,347	1,347	1,421	1,506	1,596
Depreciation & asset impairment	134,199	135,052	142,487	74,148	43,765	43,765	45,559	47,564	49,704
Finance charges	117	9,340	17,443	57	57	57	59	62	64
Inventory consumed and bulk purchases	1,429,952	1,532,654	1,707,755	1,671,407	1,749,518	1,749,518	1,840,521	1,979,441	2,118,187
Transfers and grants				120,000	50,000	50,000	39,707	28,615	17,546
Other expenditure	327,950	416,445	465,165	208,265	188,727	188,727	196,206	202,846	209,480
Total Expenditure	2,195,932	2,441,391	2,704,077	2,445,069	2,413,064	2,413,064	2,556,855	2,719,418	2,883,526
Surplus/(Deficit)	176,452	12,935	(73,107)	377,675	166,543	166,543	179,305	154,447	163,615
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	17,507		22,609	57,500	50,492	50,492	57,500	24,869	27,214
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational	1,707	21,913	16,133	11,933	11,933	11,933	12,649	13,408	14,212
contributions	195,665	34,848	(34,365)	447,108	228,967	228,967	249,453	192,723	205,042
Taxation	46,179								
Surplus/ (Deficit) for the year	149,486	34,848	(34,365)	447,108	228,967	228,967	249,453	192,723	205,042
Capital expenditure & funds sources									
Capital expenditure	118,986	178,299	110,239	169,725	177,717	177,717	190,924	166,477	176,029
Transfers recognised - capital	29,019	23,649	33,542	74,433	69,433	69,433	69,922	37,837	40,766
Borrowing									
Internally generated funds	89,967	154,650	76,696	95,292	108,284	108,284	121,002	128,639	135,263
Total sources of capital funds	118,986	178,299	110,239	169,725	177,717	177,717	190,924	166,477	176,029
Financial position									
Total current assets	888,230	937,402	3,676,233	1,001,771	1,132,535	1,132,535	1,178,969	1,230,844	1,286,232
Total non current assets	4,215,570	4,406,943	8,063,809	4,431,099	8,151,542	8,151,542	8,384,320	8,595,926	8,818,588
Total current liabilities	680,084	1,022,688	5,229,802	698,572	894,318	894,318	930,985	971,948	1,015,686
Total non current liabilities	594,245	687,953	1,504,032	654,341	1,564,542	1,564,542	1,628,688	1,700,351	1,776,866
Community wealth/Equity	3,829,471	3,633,703	5,006,209	4,079,957	6,825,217	6,825,217	7,003,616	7,154,471	7,312,268
Cash flows									
Net cash from (used) operating	123,087	153,685	191,519	216,025	261,648	261,648	89,517	165,260	174,785
Net cash from (used) investing	(13,100)	(157,213)	(95,948)	(164,284)	(172,059)	(172,059)	(185,075)	(161,355)	(170,615)
Net cash from (used) financing	(73,666)	(112,277)	(70,000)	(4,333)	(4,333)	(4,333)			
Cash/cash equivalents at the year end	189,287	73,481	99,053	127,352	184,308	184,308	88,751	92,656	96,825

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

3. BUDGET RELATED RESOLUTIONS

- 3.1** That in terms of Section 24 of the Municipal Financial Management Act, 56 of 2003, the operating revenue of R 2,748 billion, operating expenditure of R 2,556 billion and capital expenditure of R 190 million for the financial year 2021/22 and indicative allocations for the two projected outer years 2022/23 and 2023/24, be tabled as set out on the following tables:
- (a) Budgeted Financial Performance (revenue and expenditure): - Table D2,
 - (b) Multi-Year and Single-Year capital appropriations (by vote, standard classification and Associated funding by source): - Table D3
- 3.2** That the financial position, cash flow, asset management and basic service delivery targets be tabled as set in the following tables:
- (a) Budgeted Financial Position – Table D4
 - (c) Budgeted Cash-Flow – Table D5
- 3.3** Supply of electricity tariffs as set out in **(Annexure A)** attached, be noted for approval for the 2021/22 financial year
- 3.4** That the Amendment Policy Register as set out in **(Annexure C)** be noted for approval for the 2021/22 financial year.
- 3.5** That the Training Tariffs as set out in **(Annexure D)** be noted for approval for the 2021/22 financial year.
- 3.6** That the Bulk Purchases as set out in **(Annexure H)** be noted for approval for the 2021/22 financial year.

Table D2 - Budgeted Financial Performance (Revenue and Expenditure)

Table D2 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 - Table D2 Budgeted Financial Performance (revenue and expenditure)									
Description	2017/18	2018/19	2019/20	Current Year 2020/21			Medium Term Revenue and Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Revenue by Source									
Property rates									
Service charges - electricity revenue	2 193 333	2 392 451	2 567 898	2 724 359	2 477 915	2 477 915	2 617 151	2 784 096	2 951 425
Service charges - water revenue									
Service charges - sanitation revenue									
Service charges - refuse revenue									
Rental of facilities and equipment	9 708	4 267	2 938	4 507	5 177	5 177	5 487	5 817	6 166
Interest earned - external investments	16 985	30 832	25 405	13 107	25 341	25 341	26 861	28 473	30 181
Interest earned - outstanding debtors									
Dividends received	8 780	2 974	1 574	6 801	3 801	3 801	3 957	4 131	4 317
Fines, penalties and forfeits									
Licences and permits	2 327								
Agency services									
Transfers and subsidies									
Other revenue	123 744	21 925	6 661	16 471	16 521	16 521	25 082	26 353	27 705
Gains		1 876	3 886	360	360	360	122	127	133
Total Revenue (excluding capital transfers and contributions)	2 354 877	2 454 325	2 608 362	2 765 605	2 529 114	2 529 114	2 678 660	2 848 996	3 019 927
Expenditure By Type									
Employee related costs	302 451	347 494	370 630	369 360	379 651	379 651	433 382	459 385	486 948
Remuneration of councillors	1 263	406	597	1 832	1 347	1 347	1 421	1 506	1 596
Debt impairment	24 223	(52 208)	87 129	9 298	8 392	8 392	8 736	9 121	9 531
Depreciation & asset impairment	134 199	135 052	142 487	74 148	43 765	43 765	45 559	47 564	49 704
Finance charges	117	9 340	17 443	57	57	57	59	62	64
Bulk purchases	1 429 509	1 501 610	1 675 544	1 641 072	1 725 241	1 725 241	1 814 953	1 952 484	2 089 755
Other materials	443	31 043	32 211	30 335	24 277	24 277	25 568	26 957	28 431
Contracted services	170 974	157 052	105 601	126 999	126 577	126 577	131 759	135 557	139 157
Transfers and subsidies				120 000	50 000	50 000	39 707	28 615	17 546
Other expenditure	131 841	306 411	260 689	71 969	53 512	53 512	55 711	58 168	60 792
Losses	911	5 190	11 746		245	245			
Total Expenditure	2 195 932	2 441 391	2 704 077	2 445 069	2 413 064	2 413 064	2 556 855	2 719 418	2 883 526
Surplus/(Deficit)	158 945	12 935	(95 716)	320 536	116 050	116 050	121 805	129 578	136 401
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	17 507		22 609	57 500	50 492	50 492	57 500	24 869	27 214
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	1 707	21 913	16 133	11 933	11 933	11 933	12 649	13 408	14 212
Transfers and subsidies - capital (in-kind - all)									
Surplus/(Deficit) after capital transfers & contributions	178 159	34 848	(56 974)	389 969	178 475	178 475	191 953	167 854	177 828
Taxation	46 179								
Surplus/ (Deficit) for the year	131 980	34 848	(56 974)	389 969	178 475	178 475	191 953	167 854	177 828

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

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

- Table D3 Capital Budget by asset class and funding									
Vote Description	2017/18	2018/19	2019/20	Current Year 2020/21			Medium Term Revenue and Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousands									
Capital expenditure by Asset Class/Sub-class									
Infrastructure	100 764	134 844	86 250	140 758	148 750	148 750	146 203	117 908	124 420
Electrical Infrastructure	100 764	134 844	86 250	140 758	148 750	148 750	146 203	117 908	124 420
Power Plants	58	591		1 000	1 000	1 000	1 041	1 087	1 136
HV Substations	23 087	73 175		8 526	8 526	8 526	3 671	4 354	4 550
HV Switching Station									
HV Transmission Conductors				1 000	1 000	1 000	1 041	1 087	1 136
MV Substations	490								
MV Switching Stations	-								
MV Networks	59 063	27 202	24 396	28 349	28 349	28 349	27 142	28 248	29 499
LV Networks	16 465	33 875	61 854	101 883	109 875	109 875	113 308	83 132	88 100
Capital Spares	1 601								
Community Assets			4 196	12 574	12 574	12 574	13 089	13 665	14 280
Community Facilities			4 009	11 715	11 715	11 715	12 195	12 732	13 304
Halls									
Centres			4 009	11 715	11 715	11 715	12 195	12 732	13 304
Sport and Recreation Facilities			188	859	859	859	894	934	976
Indoor Facilities									
Outdoor Facilities			188	859	859	859	894	934	976
Other assets	5 265	20 652							
Operational Buildings	5 265	20 652							
Municipal Offices	4 628	20 652							
Training Centres	637								
Intangible Assets		7 099							
Servitudes									
Licences and Rights		7 099							
Unspecified		7 099							
Computer Equipment	10 313	11 449	14 794	10 175	10 175	10 175	10 592	11 058	11 555
Computer Equipment	10 313	11 449	14 794	10 175	10 175	10 175	10 592	11 058	11 555
Furniture and Office Equipment	2 644	2 631	4 998	219	219	219	228	238	249
Furniture and Office Equipment	2 644	2 631	4 998	219	219	219	228	238	249
Machinery and Equipment				1 000	1 000	1 000			
Machinery and Equipment				1 000	1 000	1 000			
Transport Assets		1 624		5 000	5 000	5 000	20 812	23 608	25 525
Transport Assets		1 624		5 000	5 000	5 000	20 812	23 608	25 525
Total capital expenditure on assets	118 986	178 299	110 239	169 725	177 717	177 717	190 924	166 477	176 029
Funded by:									
National Government	20 160	13 822	23 964	62 500	57 500	57 500	57 500	24 869	27 214
Provincial Government									
Parent Municipality	8 859	9 826	9 578	11 933	11 933	11 933	12 422	12 969	13 552
District Municipality									
Transfers recognised - capital	29 019	23 649	33 542	74 433	69 433	69 433	69 922	37 837	40 766
Borrowing									
Internally generated funds	89 967	154 650	76 696	95 292	108 284	108 284	121 002	128 639	135 263
Total Capital Funding	118 986	178 299	110 239	169 725	177 717	177 717	190 924	166 477	176 029

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.

- Table D4 Budgeted Financial Position									
Description	2017/18	2018/19	2019/20	Current Year 2020/21			Medium Term Revenue and Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
ASSETS									
Current assets									
Cash	81 468	13 556	32 388	61 140	84 119	84 119	87 568	91 421	95 535
Call investment deposits	53 265		5	66 211	1 136	1 136	1 182	1 235	1 290
Consumer debtors	586 442	768 845	866 024	780 621	887 921	887 921	924 326	964 996	1 008 421
Other debtors	275		2 670 040		64 083	64 083	66 710	69 645	72 779
Current portion of long-term receivables	67 030	67 337							
Inventory	99 749	87 664	107 776	93 799	95 276	95 276	99 182	103 546	108 206
Total current assets	888 230	937 402	3 676 233	1 001 771	1 132 535	1 132 535	1 178 969	1 230 844	1 286 232
Non current assets									
Long-term receivables	4 566	4 190							
Investments									
Investment property									
Investment in Associate			1 124						
Property, plant and equipment	3 809 367	3 851 457	6 684 549	4 090 781	6 806 984	6 806 984	6 985 685	7 137 087	7 295 529
Biological									
Intangible	100 820	96 863	81 638	86 237	99 070	99 070	102 393	105 863	109 488
Other non-current assets	300 817	454 433	1 296 498	254 080	1 245 487	1 245 487	1 296 242	1 352 976	1 413 571
Total non current assets	4 215 570	4 406 943	8 063 809	4 431 099	8 151 542	8 151 542	8 384 320	8 595 926	8 818 588
TOTAL ASSETS	5 103 800	5 344 345	11 740 042	5 432 870	9 284 077	9 284 077	9 563 289	9 826 769	10 104 820
LIABILITIES									
Current liabilities									
Bank overdraft									
Borrowing		20 282		24 257	24 257	24 257	25 252	26 363	27 549
Consumer deposits	114 471	115 053	127 725	100 627	120 279	120 279	125 211	130 720	136 602
Trade and other payables	565 613	855 978	5 066 052	538 824	714 917	714 917	744 229	776 975	811 939
Provisions		31 374	36 024	34 864	34 864	34 864	36 293	37 890	39 595
Total current liabilities	680 084	1 022 688	5 229 802	698 572	894 318	894 318	930 985	971 948	1 015 686
Non current liabilities									
Borrowing									
Provisions	594 245	687 953	1 504 032	654 341	1 564 542	1 564 542	1 628 688	1 700 351	1 776 866
Total non current liabilities	594 245	687 953	1 504 032	654 341	1 564 542	1 564 542	1 628 688	1 700 351	1 776 866
TOTAL LIABILITIES	1 274 328	1 710 641	6 733 833	1 352 913	2 458 860	2 458 860	2 559 673	2 672 299	2 792 552
NET ASSETS	3 829 471	3 633 704	5 006 209	4 079 957	6 825 217	6 825 217	7 003 616	7 154 471	7 312 268
COMMUNITY WEALTH/EQUITY									
Accumulated Surplus/(Deficit)	2 369 341	755 147	668 520	1 424 153	1 291 755	1 291 755	1 525 489	1 731 124	1 943 155
Reserves	1 460 130	2 878 556	4 337 689	2 655 803	5 533 462	5 533 462	5 478 128	5 423 346	5 369 113
TOTAL COMMUNITY WEALTH/EQUITY	3 829 471	3 633 703	5 006 209	4 079 957	6 825 217	6 825 217	7 003 616	7 154 471	7 312 268

Table D5 - Budgeted Cash Flow Statement

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

Centlec - Table D5 Budgeted Cash Flow									
Description	2017/18	2018/19	2019/20	Current Year 2020/21			Medium Term Revenue and Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates									
Service charges	2 093 533	2 689 649	2 945 112	2 668 052	2 229 886	2 229 886	2 355 436	2 505 686	2 656 283
Other revenue		15 990		13 982	15 106	15 106	22 574	23 718	24 935
Transfers and Subsidies - Operational		4 077							
Transfers and Subsidies - Capital	21 885		3 183	69 433	62 425	62 425	70 149	38 276	41 426
Interest	26 693			17 086	27 466	27 466	29 114	30 861	32 712
Dividends									
Payments									
Suppliers and employees	(2 018 962)	(2 556 031)	(2 755 702)	(2 432 471)	(2 023 178)	(2 023 178)	(2 347 989)	(2 404 603)	(2 562 961)
Finance charges	(62)		(1 073)	(57)	(57)	(57)	(59)	(62)	(64)
Dividends paid				(120 000)	(50 000)	(50 000)	(39 707)	(28 615)	(17 546)
Transfers and Grants									
NET CASH FROM/(USED) OPERATING ACTIVITIES	123 087	153 685	191 519	216 025	261 648	261 648	89 517	165 260	174 785
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	712			349	326	326	122	127	133
Decrease (increase) in non-current receivables	(9 931)								
Decrease (increase) in non-current investments	109 456								
Payments									
Capital assets	(113 338)	(157 213)	(95 948)	(164 633)	(172 386)	(172 386)	(185 196)	(161 482)	(170 748)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(13 100)	(157 213)	(95 948)	(164 284)	(172 059)	(172 059)	(185 075)	(161 355)	(170 615)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans									
Borrowing long term/refinancing									
Increase (decrease) in consumer deposits	(73 666)			(4 333)	(4 333)	(4 333)			
Payments									
Repayment of borrowing		(112 277)	(70 000)						
NET CASH FROM/(USED) FINANCING ACTIVITIES	(73 666)	(112 277)	(70 000)	(4 333)	(4 333)	(4 333)			
NET INCREASE/ (DECREASE) IN CASH HELD	36 320	(115 805)	25 571	47 407	85 255	85 255	(95 557)	3 905	4 170
Cash/cash equivalents at the year begin:	152 966	189 287	73 481	79 944	99 053	99 053	184 308	88 751	92 656
Cash/cash equivalents at the year end:	189 287	73 481	99 053	127 352	184 308	184 308	88 751	92 656	96 825

SUPPLEMENTARY SCHEDULES TO TABLES D2 TO D5

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

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

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

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

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

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

- Supporting Table SD2 Financial and non-financial indicators										
Description of indicator	Basis of calculation	2017/18	2018/19	2019/20	Current Year 2020/21			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<u>Borrowing Management</u>										
Credit Rating										
Capital Charges to Operating Expenditure	Finance charges & Depreciation / Operating Expenditure	1%	-2%	4%	0%	0%	0%	0%	0%	0%
Borrowed funding of capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>										
Gearing	Long Term Borrowing / Funds & Reserves	0%	0%	0%	0%	0%	0%	0%	0%	0%
<u>Liquidity</u>										
Current Ratio	Current assets / current liabilities	1.31	0.92	0.70	1.43	1.27	1.27	1.27	1.27	1.27
Current Ratio adjusted for debtors	Current assets/current liabilities less debtors > 90 days	1.31	0.92	0.70	1.43	1.27	1.27	1.27	1.27	1.27
Liquidity Ratio	Monetary Assets / Current Liabilities	0.20	0.01	0.01	0.18	0.10	0.10	0.10	0.10	0.10
<u>Revenue Management</u>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts / Last 12 Mths Billing		0%	0%	0%	0%	0%	0%	0%	0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other Outstanding Debtors to Revenue		95.4%	112.4%	114.7%	97.9%	90.0%	90.0%	90.0%	90.0%	90.0%
	Total Outstanding Debtors to Annual Revenue	28%	34%	136%	28%	38%	38%	37%	36%	36%
Longstanding Debtors Reduction Due To Recovery	Debtors > 12 Mths Recovered / Total Debtors > 12 Months Old									
<u>Creditors Management</u>										
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))									
Creditors to Cash and Investments		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Funding of Provisions</u>										
Percentage Of Provisions Not Funded	Unfunded Provisions/Total Provisions									
<u>Other Indicators</u>										
Electricity Distribution Losses (2)	Total Volume Losses (kW)	155 706 800	144 172 798	127 757 457				121 296 611	115 485 081	110 054 367
	Total Cost of Losses (Rand '000)	137 789 865	138 097 200	138 776 833				137 320 194	136 270 427	135 358 213
	% Volume (units purchased and generated less units sold)/units purchased and generated	9%	9%	8%				7%	7%	6%
Water Distribution Losses (2)	Total Volume Losses (kℓ)									
	Total Cost of Losses (Rand '000)									
	% Volume (units purchased and generated less units sold)/units purchased and generated									
Employee costs	Employee costs/Total Revenue - capital revenue	12.8%	14.2%	14.2%	13%	15%	15%	16%	16%	16%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	9.8%	14.2%	14.2%	13.4%	14.8%	14.8%	16.2%	16.2%	16.2%
Repairs & Maintenance	R&M/Total Revenue - capital revenue	0.0%	0.0%	0.0%	0%	0%	0%	0%	0%	0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	1.0%	-1.7%	4.0%	0%	0%	0%	0%	0%	0%
<u>Financial viability indicators</u>										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	21.0	34.5	46 083.9	48 862.0	44 683.7	42 883.2	43 504.7	44 278.6	-
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	30%	35.1%	33.7%	29%	36%	36%	35%	35%	34%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	10%	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1

c. Supporting Table SD3: Budgeted Investment Portfolio

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

- Supporting Table SD3 Budgeted Investment Portfolio									
Investments by Maturity	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate	Expiry date of investment	Opening balance	Interest to be realised	Closing Balance
Name of institution & investment ID	Yrs/Months								
ABSA - 1 Day Account	February 2013	Call Account	No	Variable Interest Rate	6.2%	n/a	4 507	981	5 487
							4 507		5 487

PROPOSED TARIFFS**Electricity Tariffs**

It is recommended:

- i. That Centlec electricity tariffs be increased by 5.6% for 2021/22 financial year,
- ii. That, the new electricity tariffs for 2021/22 be applicable from the consumer month of 1 July 2021;
- iii. That, for the calculation of electricity accounts the consumer month will be the period between the successive monthly readings irrespective of the period between reading dates and with a winter and summer component for all tariffs; and
- iv. That the following charges and prices, excluding VAT, in connection with the supply and consumption of electricity are submitted for approval:

Policies

It is recommended:

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

Training Tariffs

It is recommended:

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

Bulk Purchases

It is recommended:

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

PART 2 - SUPPORTING DOCUMENTATION

1. OVERVIEW OF ANNUAL BUDGET PROCESS

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

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

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

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

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

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

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

1.1 BUDGET PRINCIPLES:

The following budget principles shall apply:

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

1.2 BUDGET PROCESS PLAN:

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

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

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

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

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

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

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

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

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

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

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

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

3. MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

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

4. OVERVIEW OF BUDGET RELATED POLICIES

Budget Related Policies:

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

4.1 Approved Policies

The following policies that govern the Entity's budget, compilation and/or implementation thereof were approved in the 2019-20 year and shall be subjected for review during this budget process:

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

- Budget & Reporting Policy
- 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 amended and submitted for approval for the 2020-21 year (Annexure C):

- Bad Debts Policy
- Connection & Disconnection
- Credit Control & Debt Collection 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 31 August 2020. The parameters and the final budget outcome influenced by:

- The actual audit outcome especially in respect of the depreciation, debt impairment and interest on shareholders loan provisions.
- The outcome of the current 2020/21 Adjustment Budget projections.
- The outcome of the proposed tariff increase by NERSA.
- Consider National Treasury Budget Circular No 107.

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

PARAMETERS	2021/22	2022/23	2023/24
	MFMA CIRCULAR 107		
Headline CPI inflation	4.10%	4.40%	4.50%
Revenue	8.00%	8.00%	8.00%
Expenditure	4.10%	4.40%	4.50%
Bulk Purchases	5.20%	8.90%	8.90%

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

6. OVERVIEW OF BUDGET FUNDING

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

a narrative summary of –

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

The budget of the entity will be funded from the revenue raised internally as well as conditional Grants from Department of Energy. It is important to note that the energy bulk purchases represents more than 71% of the entity's operational budget. The revenue from the sale of electricity represents more than 95% of the operating revenue for the entity.

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

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

(c) Particulars of tariffs and other charges;

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

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

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

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

- Data Purification
- Meter maintenance
- Conversion to pre-paid metering

- Increase Automated Meter Reading (AMR)
- Streetlight Management (Smart)

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

(i) type, and

(ii) maturity date;

- Supporting Table SD3 Budgeted Investment Portfolio									
Investments by Maturity	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate	Expiry date of investment	Opening balance	Interest to be realised	Closing Balance
Name of institution & investment ID	Yrs/Months								
ABSA - 1 Day Account	February 2013	Call Account	No	Variable Interest Rate	6.2%	n/a	4 507	981	5 487
							4 507		5 487

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

None

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

- Retired fleet
- Redundant material

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

None

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

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

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

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

(iv) details of non-statutory reserves;

None

(k) particulars of proposed future revenue sources;

Refer to (a) above for particulars

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

None

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

None

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

Urban Settlement Developmental Grant

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

None

7. ALLOCATIONS OF GRANTS MADE BY THE MUNICIPALITY

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

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

BOARD MEMBER ALLOWANCES AND EMPLOYEE BENEFITS

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

- Supporting Table SD4 Board member allowances and staff benefits									
Summary of Employee and Board Member remuneration	2017/18	2018/19	2019/20	Current Year 2020/21			Medium Term Revenue and Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year	Budget Year +1	Budget Year +2 2023/24
R thousands	A	B	C	D	E	F	G	H	I
Remuneration									
Board Members of Entities									
Basic Salaries and Wages	1 051	406	597	1 832	1 347	1 347	1 421	1 506	1 596
Pension and UIF Contributions									
Medical Aid Contributions									
Overtime									
Performance Bonus									
Motor Vehicle Allowance									
Cellphone Allowance									
Housing Allowances									
Other benefits and allowances									
Board Fees									
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations									
Sub Total - Board Members of Entities	1 051	406	597	1 832	1 347	1 347	1 421	1 506	1 596
% increase									
Senior Managers of Entities									
Basic Salaries and Wages	26 307	3 284	3 474	12 953	12 953	12 953	13 665	14 485	15 354
Pension and UIF Contributions	1 865	4	4	456	456	456	464	492	521
Medical Aid Contributions	1 310	43	43	116	116	116	123	130	138
Overtime									
Performance Bonus									
Motor Vehicle Allowance	1 137			539	539	539	569	603	639
Cellphone Allowance	112	24	24	129	129	129	136	144	153
Housing Allowances									
Other benefits and allowances	291						17	18	19
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations									
Sub Total - Senior Managers of Entities	31 022	3 354	3 544	14 192	14 192	14 192	14 973	15 871	16 824
% increase									
Other Staff of Entities									
Basic Salaries and Wages	166 841	196 588	217 254	211 224	186 603	186 603	264 875	280 768	297 614
Pension and UIF Contributions	9 364	34 345	37 158	34 000	37 502	37 502	39 564	41 938	44 455
Medical Aid Contributions	4 994	18 515	21 144	31 453	21 785	21 785	22 984	24 363	25 824
Overtime	7 737	20 452	22 014	18 328	22 108	22 108	31 124	32 991	34 971
Performance Bonus		815	817	876	798	798	15 709	16 651	17 650
Motor Vehicle Allowance	8 185	1 129	1 345	1 357	29 501	29 501	23 324	24 723	26 206
Cellphone Allowance	327	29 219	1 674	1 758	1 466	1 466	842	893	946
Housing Allowances	337	15 491	16 481	15 666	15 666	15 666	1 547	1 640	1 738
Other benefits and allowances	944	27 584	49 200	40 505	44 015	44 015	18 440	19 547	20 720
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations									
Sub Total - Other Staff of Entities	198 729	344 140	367 086	355 167	359 446	359 446	418 409	443 514	470 125
% increase									
Total Municipal Entities remuneration	230 801	347 900	371 227	371 192	374 985	374 985	434 803	460 891	488 545

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

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

9. CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

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

10. MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

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

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

- Supporting Table SD6 Budgeted monthly cash and revenue/expenditure																
Description	Budget Year 2021/22												Medium Term Revenue and Expenditure Framework			
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year	Budget Year +1	Budget Year +2 2023/24	
R thousands																
Operating Revenue By Source																
Service charges - electricity revenue	268 036	235 544	227 692	209 372	193 669	191 052	192 222	191 056	188 438	175 353	272 187	272 530	2 617 151	2 784 096	2 951 425	
Interest earned - external investments	457	457	457	457	457	457	457	457	457	457	457	457	5 487	5 817	6 166	
Interest earned - outstanding debtors	2 238	2 238	2 238	2 238	2 238	2 238	2 238	2 238	2 238	2 238	2 238	2 238	26 861	28 473	30 181	
Fines, penalties and forfeits	330	330	330	330	330	330	330	330	330	330	330	330	3 957	4 131	4 317	
Other revenue	7 936	7 936	7 936	7 936	7 936	7 936	7 936	7 936	7 936	7 936	7 936	7 936	95 231	64 629	69 132	
Gains	10	10	10	10	10	10	10	10	10	10	10	10	122	127	133	
Total Revenue (excluding capital transfers and contributions)	279 007	246 515	238 664	220 344	204 641	202 023	203 193	202 027	199 410	186 324	283 159	283 502	2 748 809	2 887 272	3 061 353	
Operating Expenditure By Type																
Employee related costs	36 115	36 115	36 115	36 115	36 115	36 115	36 115	36 115	36 115	36 115	36 115	36 115	433 382	459 385	486 948	
Remuneration of Board Members	118	118	118	118	118	118	118	118	118	118	118	118	1 421	1 506	1 596	
Debt impairment	728	728	728	728	728	728	728	728	728	728	728	728	8 736	9 121	9 531	
Depreciation & asset impairment	3 797	3 797	3 797	3 797	3 797	3 797	3 797	3 797	3 797	3 797	3 797	3 797	45 559	47 564	49 704	
Finance charges	5	5	5	5	5	5	5	5	5	5	5	5	59	62	64	
Bulk purchases - electricity	185 879	163 346	157 901	145 196	134 307	132 492	131 883	130 068	129 672	120 993	185 126	198 090	1 814 953	1 952 484	2 089 755	
Inventory consumed	2 131	2 131	2 131	2 131	2 131	2 131	2 131	2 131	2 131	2 131	2 131	2 131	25 568	26 957	28 431	
Contracted services	10 980	10 980	10 980	10 980	10 980	10 980	10 980	10 980	10 980	10 980	10 980	10 980	131 759	135 557	139 157	
Transfers and subsidies	3 309	3 309	3 309	3 309	3 309	3 309	3 309	3 309	3 309	3 309	3 309	3 309	39 707	28 615	17 546	
Other expenditure	4 643	4 643	4 643	4 643	4 643	4 643	4 643	4 643	4 643	4 643	4 643	4 643	55 711	58 168	60 792	
Total Expenditure	247 704	225 171	219 726	207 021	196 132	194 317	193 708	191 893	191 497	182 819	246 952	259 916	2 558 855	2 719 418	2 883 526	

Capital expenditure by Asset Class/Sub-class	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework			
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year	Budget Year	Budget Year +2 2022/23	
Infrastructure																
Roads Infrastructure	12 108	12 108	12 108	12 108	12 108	12 108	12 108	12 108	12 108	12 108	12 108	13 015	146 203	117 908	124 420	
Power Plants	12 108	12 108	12 108	12 108	12 108	12 108	12 108	12 108	12 108	12 108	12 108	13 015	146 203	117 908	124 420	
HV Substations	87	87	87	87	87	87	87	87	87	87	87	87	1 041	1 087	1 136	
HV Switching Station	306	306	306	306	306	306	306	306	306	306	306	306	3 671	4 354	4 550	
MV Substations	87	87	87	87	87	87	87	87	87	87	87	87	1 041	1 087	1 136	
LV Networks	1 821	1 821	1 821	1 821	1 821	1 821	1 821	1 821	1 821	1 821	1 821	7 115	27 142	28 248	29 499	
Capital Spares	9 808	9 808	9 808	9 808	9 808	9 808	9 808	9 808	9 808	9 808	9 808	5 421	113 308	83 132	88 100	
Community Facilities	1 048	1 048	1 048	1 048	1 048	1 048	1 048	1 048	1 048	1 048	1 048	1 563	13 089	13 665	14 280	
Halls	976	976	976	976	976	976	976	976	976	976	976	1 457	12 195	12 732	13 304	
Indoor Facilities	72	72	72	72	72	72	72	72	72	72	72	107	894	934	976	
Computer Equipment																
Computer Equipment	848	848	848	848	848	848	848	848	848	848	848	1 265	10 592	11 058	11 555	
Furniture and Office Equipment																
Furniture and Office Equipment	18	18	18	18	18	18	18	18	18	18	18	27	228	238	249	
Machinery and Equipment																
Machinery and Equipment	83	83	83	83	83	83	83	83	83	83	83	(917)				
Transport Assets																
Transport Assets	417	417	417	417	417	417	417	417	417	417	417	16 229	20 812	23 608	25 525	
Total capital expenditure	14 144	14 144	14 144	14 144	14 144	14 144	14 144	14 144	14 144	14 144	14 144	14 144	190 924	166 477	176 029	

CASH FLOW FROM OPERATING ACTIVITIES	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year	Budget Year	Budget Year +2 2022/23
Receipts															
Property rates															
Service charges	241 232	211 989	204 923	188 435	174 302	171 947	168 287	167 238	164 882	153 105	252 015	257 081	2 355 436	2 505 686	2 656 283
Other revenue	1 881	1 881	1 881	1 881	1 881	1 881	1 881	1 881	1 881	1 881	1 881	1 881	22 574	23 718	24 935
Government - operating															
Government - capital			17 537			17 537			17 537			17 537	70 149	38 276	41 426
Interest	2 426	2 426	2 426	2 426	2 426	2 426	2 426	2 426	2 426	2 426	2 426	2 426	29 114	30 861	32 712
Dividends															
Payments															
Suppliers and employees	(240 470)	(211 319)	(204 275)	(187 839)	(173 751)	(171 403)	(167 755)	(166 709)	(164 361)	(152 621)	(251 218)	(256 268)	(2 347 989)	(2 404 603)	(2 562 961)
Finance charges	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(59)	(62)	(64)
Dividends paid	(3 309)	(3 309)	(3 309)	(3 309)	(3 309)	(3 309)	(3 309)	(3 309)	(3 309)	(3 309)	(3 309)	(3 309)	(39 707)	(28 615)	(17 546)
Transfers and Grants															
NET CASH FROM/(USED) OPERATING ACTIVITIES	1 756	1 664	19 179	1 589	1 545	19 074	1 526	1 522	19 052	1 478	1 790	19 343	89 517	165 260	174 785
CASH FLOWS FROM INVESTING ACTIVITIES															
Receipts															
Proceeds on disposal of PPE	10	10	10	10	10	10	10	10	10	10	10	10	122	127	133
Decrease (increase) in non-current debtors															
Decrease (increase) other non-current receivables															
Decrease (increase) in non-current investments															
Payments															
Capital assets	(15 433)	(15 433)	(15 433)	(15 433)	(15 433)	(15 433)	(15 433)	(15 433)	(15 433)	(15 433)	(15 433)	(15 433)	(185 196)	(161 482)	(170 748)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(15 423)	(15 423)	(15 423)	(15 423)	(15 423)	(15 423)	(15 423)	(15 423)	(15 423)	(15 423)	(15 423)	(15 423)	(185 075)	(161 355)	(170 615)
NET INCREASE/(DECREASE) IN CASH HELD	(13 667)	(13 759)	3 756	(13 834)	(13 878)	3 651	(13 897)	(13 901)	3 629	(13 945)	(13 633)	3 921	(95 557)	3 905	4 170
Cash/cash equivalents at the year begin:															
Cash/cash equivalents at the year end:	(13 667)	(13 759)	3 756	(13 834)	(13 878)	3 651	(13 897)	(13 901)	3 629	(13 945)	(13 633)	3 921	(95 557)	3 905	4 170

11. CAPITAL EXPENDITURE DETAILS

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

- Supporting Table SD9 Detailed capital budget					
R thousand			2021/22 Medium Term Revenue & Expenditure Framework		
	Function	Audited Outcome 2019/20	Current Year 2020/21 Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23
Entities:					
Entity A					
Water project A					
Entity B					
Electricity project B					
TRAINING & DEVELOPMENT		859	894	934	976
DIGITAL RADIO SYSTEM		1 000			
IMPLEM BUSINESS CONT DISASTER RECOVERY		3 293	3 428	3 579	3 740
UPGRADE & REFURB COMPUTER NETWORK		5 382	5 602	5 849	6 112
BULK SMART METER INSTALLATIONS		1 227			
METER REPLACEMENT PROJECT		10 460	13 207	13 788	14 409
ELECTRIFICATION (USDG GRANT)		57 500	57 500	24 869	27 214
BOTSHABELO: ESTABLISHMENT OF 132KV CONNECTION (INDUSTRIAL)		5 000	5 205	5 434	5 679
BOTSHABELO: ESTABLISHMENT OF 132KV CONNECTION (VAALKRAAL)		5 000	5 205	5 434	5 679
ELECTRIFICATION INTERNAL PROJECTS		7 000	7 287	7 608	7 950
EXTENSION AND UPGRADING OF THE 11KV NETWORK		5 000	5 205	5 434	5 679
PUBLIC ELECTRICITY CONNECTIONS		11 933	12 422	12 969	13 552
UPGRADING AND EXTENTION OF LV NETWORK		3 000	3 123	3 260	3 407
SERVITUDES LAND		582	605	632	660
INSTALLATION OF PUBLIC LIGHTING		5 000	5 205	5 434	5 679
INSTALL PREPAID METERS		61	64	67	70
REMEDIAL WORK 132KV SOUTHERN LINES		1 000	1 041	1 087	1 136
SHIFTING OF CONNECTION AND REPLACEMENTS		597	622	649	678
REFURBISHMENT OF HIGH MAST LIGHTS		6 000	6 246	6 521	6 814
REPL LOW VOLT DECREPIT 2/4/8 WAY BOXES		1 500	1 562	1 630	1 704
REP BRITTLE OVERHEAD CONNECTIONS		750	781	815	852
SLIGHTS REPLACE POLE TRNS POLES SECTION		3 500	3 644	3 804	3 975
REPLACEMENT OF 110VBATTERIES		1 500	1 561	2 152	2 249
REPLACEMENT OF 11KVSWITCHGEARS		1 500	1 562	1 630	1 704
REPLACEMENT OF 32VBATTERIES		100	104	109	114
REFURPROTEC & SCADA SYSTEMS DIST CENTRE		3 000	4 119	4 300	4 494
TRANSFORMER REPLACE & OTHER RELATED EQUIPMENT		5 000	5 200	5 340	5 560
REP 2 & 4 WAY FIBREGLAS BOX (BOTS % TBAN)		1 000	1 041	1 087	1 136
REPLACEMENT OF OIL PLANT		522	543	567	592
REPAIR MMM DIST DIST CENTRE		4 500	4 685	4 891	5 111
REPAIR VISTA DIST DIST CENTRE		5 000	5 205	5 434	5 679
VEHICLES		5 000	20 812	23 608	25 525
SECURITY EQUIPMENT (CCTV)		2 026	2 109	2 202	2 301
FURNITURE AND OFFICE EQUIPMENT		219	228	238	249
SOLAR FARM GENERATION PLANT		1 000	1 041	1 087	1 136
OFFICE BUILDING		2 215	2 305	2 407	2 515
COMPUTER EQUIPMENT (COVID-19)		1 500	1 562	1 630	1 704
Entity Capital expenditure		169 725	190 924	166 477	176 029

LEGISLATION COMPLIANCE STATUS

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

1. In-Year Reporting

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

2. Budget and Treasury Office

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

3. Audit Committee

An Audit Committee has been established and is fully functional.

4. Risk Management

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

5. Service Delivery and Implementation Plan

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

6. Annual Report

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

QUALITY CERTIFICATION

Prepared By:

Print Name _____
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 _____