



MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2023/24 – 2025/26

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PART 1 – ANNUAL BUDGET

1. CHAIRPERSON'S REPORT

The Consolidated Medium Term Revenue and Expenditure Framework (MTREF) Budget of 2023/24 - 2025/26 budget is thus compiled in distressed global economic outlook. There is significant evidence of a decline in economic growth and employment due to COVID-19 pandemic. The microeconomic results show that the pandemic moves the income distribution curve such that more households fall under the poverty line while at the same time, inequality worsened. The pandemic hit South Africa's economy at a time that the economy was already under substantial strain. The country's economy is also under severe pressure from macro-economic factors such as rapidly increased interest rates and increased load shedding.

Affordable and sustainable energy supply can unlock economic potential by encouraging investment in the city and the province and thereby propelling the province to an above national economic growth rate. The entity intends to work for other alternative energy sources during the coming year as part of its revenue enhancement strategy.

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

The revenue for the MTREF budget totals to an amount or projected revenue of R 3,714 billion in 2023/24, representing an increase of R 271 million or 7% on that of 2022/23 Adjustment Budget (R 3,442 billion.) The allocation for the two outer years of the MTREF period is R 3,875 billion in 2023/24 and R 4,054 billion in 2025/26.

The Operational Expenditure totals to projected expenditure of R 3,391 billion for 2023/24, representing an increase of R 268 million or 8% increase from that of the 2022/23 Adjustments Budget of (R 3,120 billion). The allocation for the two outer years of the MTREF period is R 3,540 billion in 2023/24 and R 3,707 billion in 2025/26.

The Capital budget of the Entity herewith presented amount to R 240 million for 2023/24, representing increase of R 38 million or 16% from 2022/23 Adjustments Budget of R 202 million. The allocation for the two outer years of the MTREF period is projected at R 247 million in 2024/25 and R 254 million in 2025/26.

The table below illustrates the above:

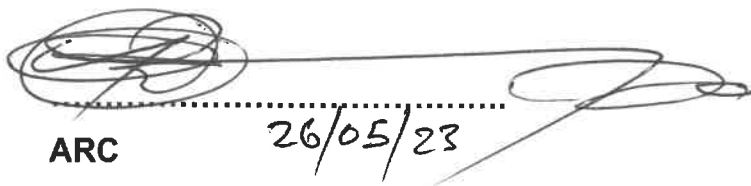
Details	APPROVED BUDGET 2022/23	ADJUSTMENT BUDGET 2022/23	Growth % As Per Adjustment Budget	Growth% as per MTREF 2023-24	MTREF 2023-24	MTREF 2024-25	MTREF 2025-26
Revenue	-3 593 185 966	-3 442 396 116	-4%	7%	-3 714 186 398	-3 875 150 374	-4 054 461 961
Operating Expenditure	3 167 910 898	3 120 755 354	-2%	8%	3 391 255 589	3 540 222 748	3 707 479 664
(Surplus)/Deficit	-425 275 068	-321 640 762	-6%	15%	-322 930 809	-334 927 626	-346 982 297
Capital Expenditure	265 225 272	223 590 966	-19%	7%	240 930 809	247 725 626	254 971 005
Surplus and or (Deficit)	-160 049 796	-98 049 796	-63%	-20%	-82 000 000	-87 202 000	-92 011 292

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 2023/24 MTREF is prepared within the parameters set by the Parent Municipality including Circular No 123 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 2023/24 budget of the entity is herewith presented to the parent municipality for consideration in terms of the MFMA 87 (2).

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke, is positioned above a dotted line. Below the dotted line, the date "26/05/23" is handwritten in black ink. To the left of the date, the letters "ARC" are printed in a bold, black, sans-serif font.

ARC 26/05/23

2. EXECUTIVE SUMMARY

The purpose of the 2023/24 MTREF is to guide the entity's allocated resources to achieve its service delivery objectives as required by the Act MFMA (No 56 of 2003). The MTREF is a financial plan to enable the Municipal Entity to achieve its vision and mission as articulated in the Business Plan.

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

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

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

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

2.1.1 PAST PERFORMANCE AND SPENDING LEVELS

1. Source of Funding

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

Funding Sources	Approved Budget 2021/22	Adjustment Budget 2021/22	Approved Budget 2022/23	Adjustment Budget 2022/23
	R'000	R'000	R'000	R'000
Integrated National Electrification Programme				
Urban Settlement Development Grant - (USDG)	20 466 030	20 466 030	20 000 000	26 000 000
Informal Settlements Upgrading Grant- (ISUPG)				21 276 390
Public Contributions	13 000 000	13 000 000	14 300 000	14 300 000
Revenue / Surplus (Internal funds)	184 285 795	216 985 795	230 925 272	162 014 576
TOTAL	217 751 825	250 451 825	265 225 272	223 590 966

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	283 233 659	95%
2015/16	325 356 851	246 122 724	242 344 543	98%
2016/17	200 739 976	233 176 385	222 562 922	95%
2017/18	116 468 682	97 110 329	118 986 263	123%
2018/19	96 647 180	186 035 358	178 299 145	96%
2019/20	145 638 821	119 158 821	110 238 627	93%
2020/21	169 725 001	177 717 074	129 106 054	73%
2021/22	217 751 825	258 451 825	154 174 821	60%

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 2017/18	Actuals 2018/19	Actuals 2019/20	Actuals 2020/21	Actuals 2021/22
	R'000	R'000	R'000	R'000	R'000
IMPLEM BUSINESS CONT DISASTER RECOV INF					2 341 661
UPGRADE OF CURRENT PABX TO VOIP TELCOMMS				-	6 842 619
SERVITUDES LAND (INCL INVEST REMUNE REG	25 975	75 158	186 280		2 650
UPGRADING AND EXTENTION OF LV NETWORK	-	-	-	235 459	2 153 275
SCOA IMPLEMENTATION PROJECT				-	
REFURBISHMENT OF HIGH MAST LIGHTS	2 097 321	471 911	4 013 235	641 829	3 004 498
SHIFTING OF CONNECTION AND REPLACEMENTS	1 285 179	1 794 997			839 671
BOTSHABELO: ESTABLISHMENT OF 132KV (INDU				-	37 670
BOTSHABELO: ESTABLISHMENT OF 132KV (INDU				4 510 066	
EXTENSION AND UPGRADING OF THE 11KV NETW	16 796 159	8 792 618	9 297 519	1 465 592	9 961 525
ELLITE SUBSTATION (AIRPORT NODE)	17 921 667	45 137 847			
INSTALL PREPAID METERS (INDIGENT)	58 297	5 515	58 397	61 194	100 523
ELECTRIFICATION (USDG GRANT)	20 159 955	13 822 419	23 964 187	42 776 076	20 466 030
METER PROJECT	3 197 793	4 129 172	10 019 714	18 475 539	13 218 913
FURNITURE AND OFFICE EQUIPMENT	2 599 437	2 630 857	4 998 015	313 933	59 350
PUBLIC ELECTRICITY CONNECTIONS	8 858 829	9 826 394	9 578 176	11 707 029	12 809 349
COMPUTER EQUIPMENT (COVID-19)			740 144	724 950	15 850
OFFICE BUILDING	4 627 983	3 455 539	1 728 503	194 993	1 173 438
VEHICLES		1 624 433			10 685 909
TRAINING & DEVELOPMENT	507 409	7 098 773	187 829		62 580
BULK METER REFURBISHMENT	167 600	644 700	553 550	176 782	
TRANSFORMER REPLACE & OTHER RELATED EQUI	1 203 897		950 000	3 877 834	7 410 341
REP LOW VOLT DECREPIT 2/4/8 WAY BOXES		354 294	118 751		297 764
S/LIGHTS REPLACE POLE TRNS POLES SECTION		2 207 259	4 852 605	5 772 275	2 077 653
REPLACEMENT OF 11KV SWITCHGEARS				1 762 846	817 156
REPLACEMENT OF 110KV BATTERIES		219 770			992 094
REPLACEMENT OF 32V BATTERIES		3 120			23 498
INSTALLATION OF PUBLIC LIGHTING	9 792 523	15 010 785	8 929 622	4 496 158	11 099 314
ELECTRIFICATION INTERNAL PROJECTS	4 813 335	3 281 215	11 604 446	8 375 441	33 231 745
INFRA CATALYST PROJECTS				-	5 700 000
REP BRITTLE OVERHEAD CONNECTIONS	139 513		42 890		2 185
REPLACEMENT OF DECREPIT 11KV CABLE	39 006				
REPLACEMENT OF 110KV BATTERIES		219 770			
REPAIR MMM DIST DIST CENTRE		15 944 845		3 174 634	7 448 855
REPAIR VISTA DIST DIST CENTRE		1 251 427	2 280 076	10 465 466	
REPLACEMENT OF 32V BATTERIES		3 120			
REPLACEMENT OF 2 & 4 WAY FIBREGLAS BOX IN SECTION H	176 374				
REP LOW VOLT DECREPIT 2/4/8 WAY BOXES		354 294	118 751		
REMEDIAL WORK 132KV SOUTHERN LINES	2 941 020				
REPLACEMENT OF 240mm XLPE BETWEEN SUB A AND H					
BOTSHABELO: 132KV LINE FROM DC AROUND WESTERN					
SIDE TO SOUTH OF BOTSHABELO	9 346 983	25 234 677			
REFURBISHMENT OF HIGH MAST LIGHTS	2 097 321	471 911	4 013 235		
UPGRADE & REFURB COMPUTER NETWORK	3 157 712	10 400 131	14 053 818	9 017 613	
OC:ADV/PUB/MARK - CORP & MUN ACT MARKETI					
SECURITY EQUIPMENT (CCTV)	352 008	2 582 992		880 343	738 186
REPLACEMENT OF 11KV SWITCHGEARS	490 100				
REFUR PROTEC & SCADA SYSTEMS DIST CENTR		658 202	1 990 964		560 519
SOLAR FARM GENERATION PLANT		591 000			
TOTAL	118 986 263	178 299 145	114 280 705	129 106 054	154 174 821

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 2021-2022

Centlec (SOC) Ltd Audit Report:

The entity's audit outcome for the 2021/22 financial year was an unqualified audit opinion.

2.2 BUDGET SUMMARY

2.2.1 CONSOLIDATED MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK OUTLOOK: 2023/24 – 2025/26

A. OPERATING REVENUE BUDGET - HIGHLIGHTS ON MAJOR CATERGORIES

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

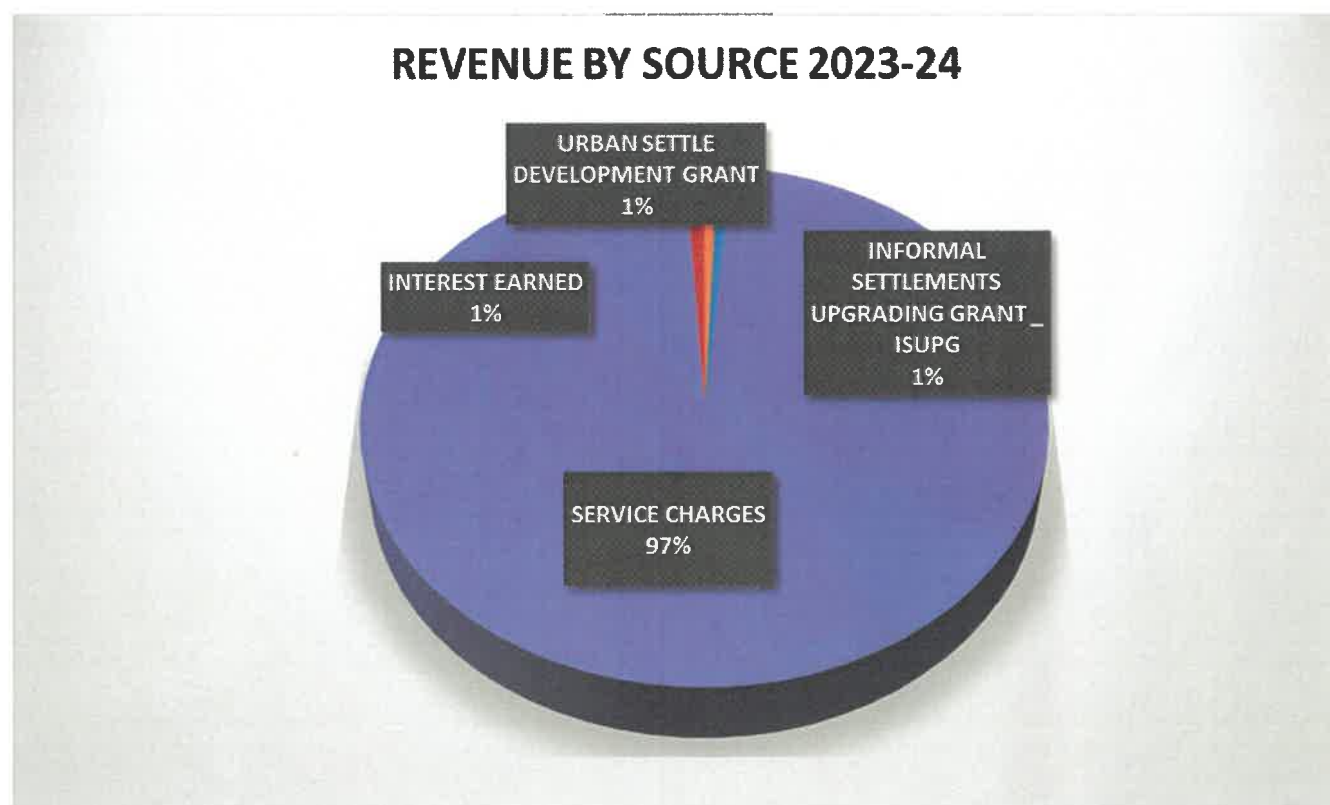
The total revenue budget is projected at R 3,714 billion in 2023/24, representing an increase in revenue of R 271 million (7%) on the 2022/23 Adjustments Budget of

R 3,442 billion. The allocation for the outer two years of the MTREF period is R 3,875 billion and R 4,054 billion respectively. Revenue generated from services charges forms a significant part of the revenue basket of the entity. Services charges constitutes 97% (2023/24 - 97%) of the budgeted revenue (excluding capital grants and transfers) and 97% in 2025/26.

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

REVENUE PER TYPE	APPROVED MTREF 2022-23	PROPOSED ADJUSTMENT 2022-23	MTREF 2023-24	MTREF 2024-25	MTREF 2025-26
FINES AND PENALTIES	-4 917 759	-4 917 759	-3 833 277	-4 021 108	-4 210 100
PUBLIC CONTRIBUTIONS	-14 300 000	-14 300 000	-15 057 900	-15 795 737	-16 538 137
INFORMAL SETTLEMENTS UPGRADING GRANT _ ISUPG	0	-21 276 390	-28 000 000	-25 000 000	-22 000 000
URBAN SETTLEMENT DEVELOPMENT GRANT	-20 000 000	-26 000 000	-25 000 000	-26 150 000	-27 352 900
SERVICE CHARGES	-3 484 929 397	-3 309 163 160	-3 578 588 914	-3 736 515 933	-3 914 878 621
RECONNECTION TEST AND REMOVAL - METERS	-9 917 542	-9 917 542	-6 158 338	-6 460 096	-6 763 721
INTEREST EARNED	-34 335 298	-34 335 298	-34 573 215	-37 106 982	-37 485 240
OPERATIONAL REVENUE	-11 626 163	-11 626 163	-9 117 482	-9 564 238	-10 013 757
SALES OF GOODS AND RENDERING OF SERVICES	-3 494 389	-3 494 389	-3 679 592	-3 859 892	-4 041 307
DISPOSAL OF ASSETS LOSS/(GAINS)	-9 665 415	-7 365 415	-10 177 682	-10 676 388	-11 178 179
TOTAL INCOME	-3 593 185 963	-3 442 396 116	-3 714 186 398	-3 875 150 374	-4 054 461 961

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 service charges revenue is projected at R 3,578 in 2023/24, representing an increase in revenue of R 269 million (8%) in 2022/23 Adjustments Budget of R 3,309 billion. The allocation for the outer two years of the MTREF period is R 3,736 billion and R 3,914 billion respectively.

Capital Grants and Subsidies (USDG & ISUPG)

Capital grants from the Provincial and National Governments amounts to R 53 million for 2023/24. The allocations for the 2024/25 is R 51 and R 49 million in 2025/26. The conditional grants allocation anticipating as gazetted, constitutes 1% of the budgeted revenue for the 2023/24 budget year.

Capital Grants and Subsidies (USDG)

Capital grants from the Provincial and National Governments amounts to R 53 million for 2023/24. The allocations for the 2024/25 is R 51 and R 49 million in 2025/26. The conditional grants allocation anticipating as gazetted, constitutes 1% of the budgeted revenue for the 2023/24 budget year.

B. OPERATING EXPENDITURE

The Municipal Entity's expenditure for the 2023/24 budget and MTREF is informed by the following:

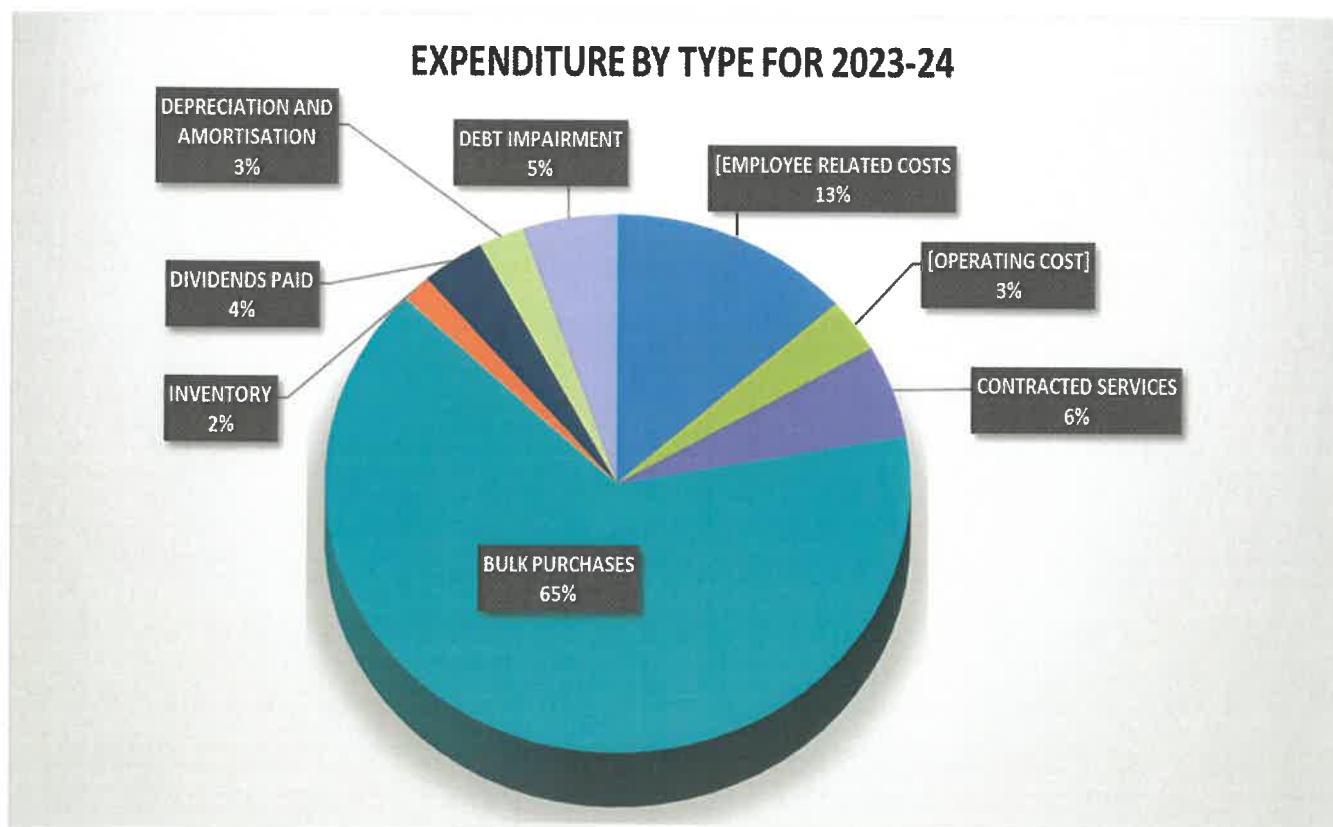
- Modelling of feasible and sustainable budgets over the medium term;
- National Treasury guidelines;
- NERSA tariffs guideline;
- Growth in the City and continued economic development;
- Cognisance of national and local economic and fiscal conditions;
- Expenditure limits driven by realistic and realisable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

The operating expenditure budget increases from the adjustments budget amount of R 3,391 billion in 2022/23 to a new consolidated budget amount of R 3,120 billion (representing an increase of 8% (R 270 million) in 2023/24. The allocation of the outer two years of the MTREF period is R 3,540 billion and R 3,707 billion respectively.

The following table is a high level summary of the MTREF Budget for 2023/24 to 2025/26 (classified per main type of operating expenditure):

EXPENDITURE PER TYPE	APPROVED MTREF 2022-23	PROPOSED ADJUSTMENT 2022-23	MTREF 2023-24	MTREF 2024-25	MTREF 2025-26
EMPLOYEE SALARIES AND WAGES	427 909 204	427 909 204	450 588 392	472 667 223	495 335 582
REMUNERATION OF DIRECTORS	785 495	785 495	827 126	867 655	908 435
CONTRACTED SERVICES	204 086 817	192 127 235	189 195 712	191 128 732	201 425 858
OPERATIONAL COST	98 120 233	100 632 621	109 911 061	115 296 703	120 715 648
INVENTORY - MATERIALS & SUPPLIES	52 595 327	60 495 595	56 291 299	55 902 573	58 529 994
BULK PURCHASES	2 145 935 055	2 101 176 437	2 199 931 730	2 301 128 590	2 406 980 505
INTEREST ON FINANCE LEASES	240 806	240 806	253 569	265 994	278 495
DIVIDENDS PAID	120 000 000	120 000 000	120 000 000	120 000 000	120 000 000
OPERATING LEASES	2 729 052	4 179 052	4 256 700	4 465 278	4 675 146
DEPRECIATION AND AMORTISATION	76 591 921	76 591 921	85 000 000	93 000 000	102 000 000
DEBT IMPAIRMENT	38 916 988	36 616 988	175 000 000	185 500 000	196 630 000
TOTAL EXPENDITURE	3 167 910 898	3 120 755 354	3 391 255 589	3 540 222 748	3 707 479 664

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 increased by R 22 million from the 2022/23 Adjustments Budget of R 427 million to R 450 million in 2023/24. The main reason for the increase is the normal annual increase and new appointments. The allocation for the two outer years of the MTREF period is R 472 million and R 495 million respectively.

Remuneration of Directors:

The budget of this line item is aligned to the Council determination resolution. The 2022/23 Adjustments budget of R 785,495 to R 827,126 in 2023/24. The allocation for the two outer years of the MTREF period is R 867,655 and R 908,435 respectively.

Operational Cost

The operational cost increased by R 9 million from the 2022/23 Adjustments Budget of R 100 million to R 109 million in the 2023/24 budget year. The allocation for the two outer years of the MTREF period is R 115 million and R 120 million respectively. The main increase is due to an increased need for advertising, software licenses and insurance premiums.

Bulk Purchases:

Bulk purchases increased by R 98 million against the 2022/23 Adjustments budget of 2,101 billion, to the proposed amount of R 2,199 billion for the 2023/24 budget year. The allocation for the two outer years of the MTREF period is R 2,301 billion and R 2,406 billion respectively. The increase is mainly due to increased Eskom tariffs.

Contracted Services

Contracted Services decreased by R 3 million to R 189 million in the 2023/24 budget year from a base of R 192 million in the 2022/23 Adjustments budget. The allocation for the two outer years of the MTREF period is R 191 million and R 201 million respectively. The main reason is to align the budget with the projected expected contracted services expenditure.

Inventory- Materials & Suppliers

The budgeted inventory- Materials & Suppliers decreased by 4 million to an amount of R 56 million for 2023/24 (Adjustments Budget 2022/23 - R 60 million). The allocated amount for the two outer years of the MTREF period is R 55 million and R 58 million respectively. The main reason is to curb expenditure for fuel.

Operating leases

The budgeted operating leases increased by R 77,648 to an amount of R 4,2 million for 2023/24 (Adjustments Budget 2022/23 - R 4,1 million). The allocated amount for the two outer years of the MTREF period is R 4,4 million and R 4,6 million respectively. The main reason for the increase is to accommodate the financing of new photo copier leases.

Depreciation

The budgeted depreciation increased by R 9 million to an amount of R 85 million for 2023/24 (Adjustments Budget 2022/23 - R 76 million). The allocated amount for the two outer years of the MTREF period is R 93 million and R 102 million respectively. The main reason is to align the budget with expected projections

C. CAPITAL BUDGET

The capital budget increased by R 17 million for the 2023/24 financial year to R 240 million as compared to the approved Adjustments Budget of R 223 million for the 2022/23 period. The projected capital expenditure budget for the two outer years of the MTREF period has been set at R 247 million and R 254 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	APPROVED MTREF 2022-23	PROPOSED ADJUSTMENT 2022-23	MTREF 2023-24	MTREF 2024-25	MTREF 2025-26
CAPITAL CONDITIONAL GRANTS & SUBSIDIES (USDG)	20 000 000	26 000 000	25 000 000	26 150 000	27 352 900
CAPITAL CONDITIONAL GRANTS & SUBSIDIES (ISUPG)		21 276 390	28 000 000	25 000 000	22 000 000
PUBLIC ELECTRICITY CONNECTIONS	14 300 000	14 300 000	14 300 000	14 957 800	15 645 859
TOTAL	34 300 000	61 576 390	67 300 000	66 107 800	64 998 759

Conditional Grant Funding (USDG)

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

FUNDING BY SOURCE (USDG)	APPROVED MTREF 2022-23	PROPOSED ADJUSTMENT 2022-23	MTREF 2023-24	MTREF 2024-25	MTREF 2025-26
CAPITAL CONDITIONAL GRANTS & SUBSIDIES (USDG)	20 000 000	26 000 000	25 000 000	26 150 000	27 352 900
TOTAL	20 000 000	26 000 000	25 000 000	26 150 000	27 352 900

Conditional Grant Funding (ISUPG)

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

FUNDING BY SOURCE (ISUPG)	APPROVED MTREF 2022-23	PROPOSED ADJUSTMENT 2022-23	MTREF 2023-24	MTREF 2024-25	MTREF 2025-26
CAPITAL CONDITIONAL GRANTS & SUBSIDIES (ISUPG)		21 276 390	28 000 000	25 000 000	22 000 000
TOTAL	0	21 276 390	67 300 000	66 107 800	64 998 759

Public Contributions

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

FUNDING BY SOURCE (PUBLIC ELECTRICITY CONNECTIONS)	APPROVED MTREF 2022-23	PROPOSED ADJUSTMENT 2022-23	MTREF 2023-24	MTREF 2024-25	MTREF 2025-26
PUBLIC ELECTRICITY CONNECTIONS	14 300 000	14 300 000	14 300 000	14 957 800	15 645 859
TOTAL	20 000 000	26 000 000	25 000 000	26 150 000	27 352 900

Own Funded Projects

Included in the capital budget are projects to the value of R 173 million for the 2023/24 year. The allocation of the two MTREF period outer years is R 181 million and R 189 million respectively.

Own Funded Projects

OWN FUNDED PROJECTS	APPROVED MTREF 2022-23	PROPOSED ADJUSTMENT 2022-23	MTREF 2023-24	MTREF 2024-25	MTREF 2025-26
SUPPORT PROJECTS:	99 802 617	49 052 617	69 668 850	72 873 617	76 225 803
VENDING BACK OFFICE	5 000 000	5 000 000	0	0	0
TRAINING & DEVELOPMENT	574 174	574 174	1 000 000	1 046 000	1 094 116
DIGITAL RADIO SYSTEM	3 000 000	1 000 000	1 500 000	1 569 000	1 641 174
IMPLEMBUSINESS CONT DISASTER RECOV INF	2 730 000	2 730 000	3 000 000	3 138 000	3 282 348
UPGRADE & REFURB COMPUTER NETWORK	5 390 000	5 390 000	2 000 000	2 092 000	2 188 232
BULK SMART METER INSTALLATION	239 593	239 593	0	0	0
VEHICLES	17 950 000	17 950 000	10 000 000	10 460 000	10 941 160
FURNITURE AND OFFICE EQUIPMENT	2 250 000	1 250 000	1 250 000	1 307 500	1 367 645
BOTSH-E: EST NEW 33/11KV 10MVA FIRM CAP	8 000 000	0	6 500 000	6 799 000	7 111 754
BOTSH: UPG SUB T (2ND TRANS SCADA EQUI	8 000 000	0	6 500 000	6 799 000	7 111 754
BOTSH: UPG SUB W (C/WORK B/W 2ND TRA S/D	8 000 000	0	6 500 000	6 799 000	7 111 754
BLOEM: C/Y-EST 33/11KV 20MVA FIRMSUPDC	8 000 000	0	6 500 000	6 799 000	7 111 754
BLOEM: N/STAD-UPG 132/11KV 20MVA FIRM DC	10 000 000	0	8 000 000	8 368 000	8 752 928
INFRA CATALYST PROJECTS	8 000 000	8 000 000	8 000 000	8 368 000	8 752 928
SECURITY EQUIPMENT	2 250 000	1 500 000	1 500 000	1 569 000	1 641 174
OFFICE BUILDING	8 418 850	5 418 850	5 418 850	5 668 117	5 928 850
PROTECTION TEST EQUIPMENT	2 000 000	0	2 000 000	2 092 000	2 188 232
COMPUTER EQUIPMENT (COVID-19)	0	0	0	0	0
MARKETING & COMMUNICATION	0	0	0	0	0
SERVICE DELIVERY PROJECTS:	40 134 800	56 634 800	44 134 800	46 165 001	48 288 591
METER REPLACEMENT PROJECT	15 000 000	25 000 000	16 000 000	16 736 000	17 505 856
EXTENSION AND UPGRADING OF THE 11KV NETW	5 000 000	5 000 000	5 000 000	5 230 000	5 470 580
SERVITUDES LAND (INCL INVEST REMUNE REG	600 000	600 000	600 000	627 600	656 470
INSTALLATION OF PUBLIC LIGHTING	8 000 000	14 500 000	11 000 000	11 506 000	12 035 276
INSTALL PREPAID METERS (INDIGENT)	500 000	500 000	500 000	523 000	547 058
UPGRADING AND EXTENTION OF LV NETWORK	3 000 000	3 000 000	3 000 000	3 138 000	3 282 348
SHIFTING OF CONNECTION AND REPLACEMENT S	1 005 275	1 005 275	1 005 275	1 051 518	1 099 887
REFURBISHMENT OF HIGH MAST LIGHTS	7 029 525	7 029 525	7 029 525	7 352 883	7 691 116
REPAIRS AND MAINTENANCE PROJECTS:	19 500 000	14 500 000	16 500 000	17 259 000	18 052 914
BOTSHABELO: ESTABLISHMENT OF 132KV (INDU	5 000 000	0	5 000 000	5 230 000	5 470 580
INSTALLATION OF HIGH VOLTAGE TEST EQUIPMENT	2 500 000	2 500 000	2 500 000	2 615 000	2 735 290
TRANSFORMER REPLACE & OTHER RELATED EQUI	12 000 000	12 000 000	9 000 000	9 414 000	9 847 044
REFURBISHMENT PROJECTS (RENEWAL)	64 387 855	34 727 159	36 227 159	37 893 608	39 636 714
REP LOW VOLT DECREPIT 2/4/8 WAY BOXES	800 000	800 000	800 000	836 800	875 293
REP BRITTLE OVERHEAD CONNECTIONS	1 000 000	1 000 000	1 000 000	1 046 000	1 094 116
S/LIGHTS REPLACE POLE TRNS POLES SECTION	2 176 900	2 176 900	2 176 900	2 277 037	2 381 781
REPLACEMENT OF 110V BATTERIES	2 750 000	2 750 000	2 750 000	2 876 500	3 008 819
REPLACEMENT OF 11KV SWITCHGEARS	2 250 000	2 250 000	2 250 000	2 353 500	2 461 761
REPLACEMENT OF OIL PLANT	500 000	0	500 000	523 000	547 058
REPLACEMENT OF 32V BATTERIES	2 500 000	2 500 000	2 500 000	2 615 000	2 735 290
REFUR PROTEC & SCADA SYSTEMS DIST CENTR	1 000 000	1 000 000	1 000 000	1 046 000	1 094 116
REPAIR MMM DIST DIST CENTRE	12 247 311	2 837 950	2 286 098	2 358 366	2 455 349
REPAIR VISTA DIST DIST CENTRE	30 163 644	10 412 309	10 964 161	11 501 405	12 041 971
REMEDIAL WORK 132KV SOUTHERN LINES	9 000 000	9 000 000	10 000 000	10 460 000	10 941 160
INTERNAL ELECTRIFICATION PROJECTS:	7 100 000	7 100 000	7 100 000	7 426 600	7 768 224
ELECTRIFICATION INTERNAL PROJECTS	7 100 000	7 100 000	7 100 000	7 426 600	7 768 224
TOTAL	230 925 272	162 014 576	173 630 809	181 617 826	189 972 246

Capital Budget per wards and GPS co-ordinates

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

DESCRIPTION	GPS CO-ORDINATES	WARD					
			BUDGET 2022/23	ADJUSTMENT 2022/23	MTREF 2023/24	MTREF 2024/25	MTREF 2025/26
BOTSH-E: EST NEW 33/11KV 10MVA FIRM CAP	-29.250986, 26.714119	Ward 32	8 000 000	6 500 000	6 500 000	6 799 000	7 111 754
BOTSH: UPG SUB T (2ND TRANS SCADA EQUI	-29.272449, 26.712158	Ward 34	8 000 000	6 500 000	6 500 000	6 799 000	7 111 754
BOTSH: UPG SUB W (C/WORK B/W 2ND TRA S/D	-29.257080, 26.680982	Ward 36	8 000 000	6 500 000	6 500 000	6 799 000	7 111 754
BLOEM: C/Y-EST 33/11KV 20MVA FIRM SUPDC	-29.124885, 26.224757	Ward 19	8 000 000	6 500 000	6 500 000	6 799 000	7 111 754
BLOEM: N/STAD-UPG 132/11KV 20MVA FIRM DC	-29.054360, 26.227047	Ward 48	10 000 000	8 000 000	8 000 000	8 368 000	8 752 928
INFRA CATALYST PROJECTS		All	8 000 000	8 000 000	8 000 000	8 368 000	8 752 928
EXTENSION AND UPGRADING OF THE 11KV NETW		All	5 000 000	5 000 000	5 000 000	5 230 000	5 470 580
SERVITUDES LAND (INCL INVEST REMUNE REG		All	600 000	600 000	600 000	627 600	656 470
INSTALLATION OF PUBLIC LIGHTING		All	8 000 000	14 500 000	11 000 000	11 506 000	12 035 276
INSTALL PREPAID METERS (INDIGENT)		All	500 000	500 000	500 000	523 000	547 058
UPGRADING AND EXTENTION OF LV NETWORK		All	3 000 000	3 000 000	3 000 000	3 138 000	3 282 348
REFURBISHMENT OF HIGH MAST LIGHTS			7 029 525	7 029 525	7 029 525	7 352 883	7 691 116
Van Stadensrus	-29°59'38",27°2'8",325°						
Bloemfontein	-29°8'7",26°13'50"	Batho					
	-29°9'25",26°14'17"	Ward 3					
	-29°9'48",26°14'18"	Ward 5					
	-29°11'50",26°14'22"	Ward14					
Botshabelo	-29°15'50",26°40'41"	Ward 67					
	-29°13'3",26°40'55"	F Section					
	-29°15'14",26°40'55"	W Section					
		Ward 49					
Thaba Nchu	-29°11'15",26°50'34"	Mokwena					
	-29°11'38",26°48'35"	Ward 46					
BOTSHABELO: ESTABLISHMENT OF 132KV (INDU	-29.197988, 26.694160	Ward 30	5 000 000	5 000 000	5 000 000	5 230 000	5 470 580
TRANSFORMER REPLACE & OTHER RELATED EQUI	S29 04 31.5 E26 14 43.3		12 000 000	12 000 000	9 000 000	9 414 000	9 847 044
	S29 10 14.5 E26 14 34.4						
	S29 03 44.8 E26 19 56.5						
REPLACEMENT OF 110V BATTERIES	S29 07 39.9 E26 10 04.3		2 750 000	2 750 000	2 750 000	2 876 500	3 008 819
	S29 06 24.5 E26 12 34.4						
	S29 07 26.6 E26 09 33.3						
	S29 07 08.7 E26 13 07.9						
	S29 06 58.5 E26 13 36.8						
	S29 06 58.5 E26 13 36.8						
	S29 01 46.2 E26 19 42.5						
	S29 07 46.4 E26 14 25.1						
REPLACEMENT OF 11KV SWITCHGEARS	S29 04 55.5 E26 14 59.7		2 250 000	2 250 000	2 250 000	2 353 500	2 461 761
	S29 08 43.2 E26 12 39.5						
	S29 07 00.4 E26 13 27.1						
	S29 06 59.3 E26 13 05.2						
	S29 08 44.8 E26 15 31.8						

DESCRIPTION	GPS CO-ORDINATES	WARD					
			BUDGET 2022/23	ADJUSTMENT 2022/23	MTREF 2023/24	MTREF 2024/25	MTREF 2025/26
REPLACEMENT OF OIL PLANT	S29 07 31.2 E26 13 29.8		500 000	-	500 000	523 000	547 058
REPLACEMENT OF 32V BATTERIES	S29 10 07.2 E26 13 37.5		2 500 000	2 500 000	2 500 000	2 615 000	2 735 290
	S29 10 44.5 E26 13 08.0						
	S29 06 38.0 E26 11 55.6						
	S29 06 28.9 E26 11 58.8						
	S29 08 44.1 E26 15 47.8						
	S29 12 38.5 E26 50 33.1						
	S29 08 24.2 E26 14 46.7						
	S29 14 01.2 E26 42 25.5						
	S29 08 18.9 E26 16 11.6						
	S29 08 03.3 E26 14 19.6						
	S29 09 07.8 E26 15 24.4						
	S29 09 50.6 E26 13 14.8						
REFUR PROTEC & SCADA SYSTEMS DIST CENTR			1 000 000		1 000 000	1 046 000	1 094 116
REPAIR MMM DIST DIST CENTRE	S29 10 14.5 E26 14 34.4		12 247 311	2 837 950	2 837 950	2 968 496	3 105 047
REPAIR VISTA DIST DIST CENTRE	S29 10 38.7 E26 12 48.7		30 163 644	10 412 309	10 412 309	10 891 275	11 392 274
REMEDIAL WORK 132KV SOUTHERN LINES	-29°07'48.6"S, 26°08'26.9"E	Kwaggafontein Area	9 000 000	9 000 000	10 000 000	10 460 000	10 941 160
	-29°11'23.4"S, 26°10'38.8"E	Ferreira Road					
	-29°17'12.640, 26,2136260	Max Steel					
ELECTRIFICATION INTERNAL PROJECTS	-29.297927, 26.705297; -29.193759, 26.256349; -29.711006, 27.008451; and -29.167719, 26.269267		7 100 000	7 100 000	7 100 000	7 426 600	7 768 224
PUBLIC ELECTRICITY CONNECTIONS		All	14 300 000	14 300 000	14 300 000	14 957 800	15 645 859
TOTALS			171 940 480	140 779 784	135 779 784	142 025 654	148 558 834

D. SUMMARY OF THE BUDGET

The projected financial outcome of this budget at the end of the 2023/24 budget year can be summarized as follows:

- Table D1 Budget Summary									
Description	2019/20	2020/21	2021/22	Current Year 2022/23			Medium Term Revenue and Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Financial Performance									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	2 503 722	2 660 509	2 886 778	3 484 929	3 309 163	3 309 163	3 578 589	3 736 516	3 914 879
Investment revenue	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational	-	-	-	-	-	-	-	-	-
Other own revenue	127 053	45 521	47 851	73 957	73 957	73 957	67 540	71 689	73 692
Total Revenue (excluding capital transfers and contributions)	2 630 775	2 706 030	2 934 629	3 558 886	3 383 120	3 383 120	3 646 128	3 646 128	3 808 205
Employee costs	370 630	396 685	424 688	427 909	427 909	427 909	450 588	472 667	494 883
Remuneration of councillors	597	826	-	785	785	785	827	868	908
Depreciation and Debt impairment	224 620	249 660	310 348	115 509	115 509	115 509	260 000	278 500	298 630
Interest	-	18	10 091	241	241	241	254	266	278
Inventory consumed and bulk purchases	1 741 222	1 791 261	2 106 339	2 198 580	2 161 672	2 161 672	2 256 223	2 357 031	2 465 510
Transfers and subsidies	259 229	12 000	-	120 000	120 000	120 000	120 000	120 000	120 000
Other expenditure	141 048	328 480	317 519	304 886	296 939	296 939	303 363	310 891	326 817
Total Expenditure	2 737 346	2 778 929	3 168 984	3 167 911	3 123 055	3 123 055	3 391 256	3 540 223	3 707 027
Surplus/(Deficit)	(106 571)	(72 899)	(234 355)	390 975	260 064	260 064	254 873	105 906	101 178
Transfers and subsidies - capital (monetary allocations)	22 609	43 761	24 753	20 000	47 276	47 276	53 000	51 150	49 353
Transfers and subsidies - capital (in-kind - all)	6 183	7 081	20 089	14 300	14 300	14 300	15 058	15 796	16 538
Surplus/(Deficit) after capital transfers & contributions	(77 779)	(22 058)	(189 513)	425 275	321 641	321 641	322 931	172 851	167 069
Income Tax	(25 006)	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	(52 773)	(22 058)	(189 513)	425 275	321 641	321 641	322 931	172 851	167 069
Capital expenditure & funds sources									
Capital expenditure	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-
Total sources of capital funds	-	-	-	-	-	-	-	-	-
Financial position									
Total current assets	1 087 612	767 802	795 847	722 065	722 065	722 065	816 841	854 416	893 719
Total non current assets	7 747 573	7 709 381	7 673 700	7 728 789	7 728 789	7 728 789	7 579 109	7 604 854	7 631 874
Total current liabilities	819 583	830 201	1 032 235	872 965	872 965	872 965	1 076 833	1 126 367	1 178 180
Total non current liabilities	3 145 541	3 068 445	3 042 668	1 564 910	1 564 910	1 564 910	1 465 600	1 532 185	1 603 631
Community wealth/Equity	4 870 062	4 578 537	4 394 643	6 012 979	6 012 979	6 012 979	5 853 517	5 800 717	5 743 783
Cash flows									
Net cash from (used) operating	55 439	170 800	151 712	405 682	405 682	405 682	129 212	221 393	227 635
Net cash from (used) investing	(105 078)	(128 831)	(153 693)	(294 678)	(294 678)	(294 678)	(219 599)	(225 627)	(232 064)
Net cash from (used) financing	68 477	(58 656)	(1 584)	-	-	-	(1 774)	5 665	5 925
Cash/cash equivalents at the year end	32 508	15 821	12 256	123 260	123 260	123 260	31 099	32 529	34 026

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

3. BUDGET RELATED RESOLUTIONS

- 3.1** That in terms of Section 24 of the Municipal Financial Management Act, 56 of 2003, the operating revenue of R 3,714 billion, operating expenditure of R 3,442 billion and capital expenditure of R 290 million for the financial year 2023/24 and allocations for the two projected outer years 2023/24 and 2025/26, 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 2023/24 financial year
- 3.4** Supply of service tariffs as set out in **(Annexure B)** attached, be noted for approval for the 2023/24 financial year
- 3.5** That the Amendment Policy Register as set out in **(Annexure C)** be noted for approval for the 2023/24 financial year.
- 3.6** That the Training Tariffs as set out in **(Annexure D)** be noted for approval for the 2023/24 financial year.
- 3.7** That the Salaries as set out in **(Annexure G)** be noted for approval for the 2023/24 financial year.
- 3.8** That the Bulk Purchases as set out in **(Annexure H)** be noted for approval for the 2023/24 financial year.

Table D2 - Budgeted Financial Performance (Revenue and Expenditure)

Table D2 gives an overview of the budgeted financial performance in relation to the revenue by source and expenditure by type. This table facilitates the view of the budgeted operating performance in relation to the sources of funding and on what activities are the scarce resources to be spend on.

- Table D2 Budgeted Financial Performance (revenue and expenditure)												
Description		Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue &			
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Revenue		1										
Exchange Revenue												
Service charges - Electricity			2 503 722	2 660 509	2 886 778	3 484 929	3 309 163	3 309 163		3 578 589	3 736 516	3 914 879
Agency services			5 567									
Interest			2 964	638	784	4 489	4 489	4 489		4 727	4 959	5 192
Interest earned from Receivables			25 379	23 122	24 515	29 846	29 846	29 846		29 846	32 148	32 294
Interest earned from Current and Non Current Assets												
Non-Exchange Revenue												
Property rates		2										
Surcharges and Taxes												
Fines, penalties and forfeits			2 778	2 592	4 218	4 918	4 918	4 918		6 158	6 460	6 764
Operational Revenue			90 365	15 367	11 257	25 038	25 038	25 038		16 630	17 445	18 265
Gains on disposal of Assets				3 803	7 078	9 665	9 665	9 665		10 178	10 676	11 178
Other Gains												
Discontinued Operations												
Total Revenue (excluding capital transfers and contributions)			2 630 775	2 706 030	2 934 629	3 558 886	3 383 120	3 383 120		3 646 128	3 808 205	3 988 571
Expenditure												
Employee related costs			370 630	396 685	424 688	427 909	427 909	427 909		450 588	472 667	494 883
Remuneration of councillors			597	826		785	785	785		827	868	908
Bulk purchases - electricity		2	1 692 795	1 756 201	2 038 346	2 145 935	2 101 176	2 101 176		2 199 932	2 301 129	2 406 981
Inventory consumed		5	48 427	35 060	67 992	52 645	60 496	60 496		56 291	55 903	58 530
Debt impairment		4	74 389	17 791	76 856	38 917	38 917	38 917		175 000	185 500	196 630
Depreciation and asset impairment			150 231	231 868	233 492	76 592	76 592	76 592		85 000	93 000	102 000
Interest			-	18	10 091	241	241	241		254	266	278
Contracted services			105 601	92 359	109 618	204 102	192 127	192 127		189 196	191 129	201 426
Transfers and subsidies			259 229	12 000		120 000	120 000	120 000		120 000	120 000	120 000
Irrecoverable debts written off												
Operational costs		3	25 800	230 640	192 806	100 784	104 812	104 812		114 168	119 762	125 391
Losses on disposal of Assets			9 647	5 481	15 094							
Other Losses												
Total Expenditure			2 737 346	2 778 929	3 168 984	3 167 911	3 123 055	3 123 055		3 391 256	3 540 223	3 707 027
Surplus/(Deficit)			(106 571)	(72 899)	(234 355)	390 975	260 064	260 064		254 873	267 982	281 544
Transfers and subsidies - capital (monetary allocations)			22 609	43 761	24 753	20 000	47 276	47 276		53 000	51 150	49 353
Transfers and subsidies - capital (in-kind)			6 183	7 081	20 089	14 300	14 300	14 300		15 058	15 796	16 538
Surplus/(Deficit) after capital transfers & contributions			(77 779)	(22 058)	(189 513)	425 275	321 641	321 641		322 931	334 928	347 435
Income Tax			(25 006)									
Surplus/(Deficit) after income tax			(52 773)	(22 058)	(189 513)	425 275	321 641	321 641		322 931	334 928	347 435
Share of Surplus/Deficit attributable to Joint Venture												
Share of Surplus/Deficit attributable to Minorities												
Surplus/(Deficit) attributable to municipality			(52 773)	(22 058)	(189 513)	425 275	321 641	321 641		322 931	334 928	347 435
Share of Surplus/Deficit attributable to Associate												
Intercompany/Parent subsidiary transactions												
Surplus/ (Deficit) for the year			(52 773)	(22 058)	(189 513)	425 275	321 641	321 641		322 931	334 928	347 435

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

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

- Table D3 Capital Budget by asset class and funding										
Vote Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousands	1									
<u>Capital expenditure by Asset Class/Sub-class</u>										
Infrastructure		86 168	105 214	95 521	178 501	172 028	172 028	203 012	208 108	213 531
Roads Infrastructure										
Electrical Infrastructure		86 168	105 214	95 521	178 501	172 028	172 028	203 012	208 108	213 531
Power Plants		2 500								
HV Substations		7 026	880	38	2 750	2 750	2 750	4 250	4 446	4 650
HV Switching Station										
HV Transmission Conductors					9 000	9 000	9 000	10 000	10 460	10 941
MV Substations										
MV Switching Stations		8 396	5 817							
MV Networks		15 097	14 351	27 576	30 590	30 090	30 090	27 350	28 608	29 924
LV Networks		53 149	84 166	67 908	136 162	130 188	130 188	161 412	164 595	168 016
Capital Spares										
Community Assets		11 715	13 835	14 640	50 830	18 669	18 669	18 669	19 528	20 426
Community Facilities		11 715	13 835	14 640	50 830	18 669	18 669	18 669	19 528	20 426
Centres		11 715	13 835	14 640	50 830	18 669	18 669	18 669	19 528	20 426
Other assets		859	–	63	574	574	574	1 000	1 000	1 046
Operational Buildings		859		63	574	574	574	1 000	1 000	1 046
Training Centres		859		63	574	574	574	1 000	1 046	1 094
Computer Equipment		10 175	9 743	17 764	8 120	8 120	8 120	5 000	5 230	5 471
Computer Equipment		10 175	9 743	17 764	8 120	8 120	8 120	5 000	5 230	5 471
Furniture and Office Equipment		219	314	219	7 250	6 250	6 250	1 250	1 308	1 368
Furniture and Office Equipment		219	314	219	7 250	6 250	6 250	1 250	1 308	1 368
Machinery and Equipment		2 000								
Machinery and Equipment		2 000								
Transport Assets		5 000		25 968	19 950	17 950	17 950	12 000	12 552	13 129
Transport Assets		5 000		25 968	19 950	17 950	17 950	12 000	12 552	13 129
Total capital expenditure on assets	1	116 136	129 106	154 175	265 225	223 591	223 591	240 931	247 726	254 971
Funded by:										
National Government		23 964	47 286	25 211	20 000	47 276	47 276	53 000	51 150	49 353
Provincial Government										
Parent Municipality		15 762	11 707	10 355	14 300	14 300	14 300	14 300	14 958	15 646
District Municipality										
Transfers recognised - capital		39 726	58 993	35 566	34 300	61 576	61 576	67 300	66 108	64 999
Borrowing	3									
Internally generated funds		76 410	70 113	118 609	230 925	162 015	162 015	173 631	181 618	189 972
Total Capital Funding	4	116 136	129 106	154 175	265 225	223 591	223 591	240 931	247 726	254 971

Table D4 - Budgeted Financial Position

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

- Table D4 Budgeted Financial Position											
Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				Medium Term Revenue and Expenditure Framework		
R thousands		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
ASSETS											
Current assets											
Cash and cash equivalents		32 393	15 821	12 256	37 677	37 677	37 677		31 099	32 529	34 026
Trade and other receivables from exchange transactions	1	868 551	551 355	509 308					589 107	616 205	644 551
Receivables from non-exchange transactions	1	78 891	103 765	148 957	601 127	601 127	601 127		93 330	97 623	102 114
Current portion of non-current receivables											
Inventory	2	107 776	96 587	125 051	83 260	83 260	83 260		103 306	108 058	113 029
VAT											
Other current assets			275	274							
Total current assets		1 087 612	767 802	795 847	722 065	722 065	722 065		816 841	854 416	893 719
Non current assets											
Investments	3	849		300							
Investment property											
Property, plant and equipment		6 426 342	6 324 672	6 235 019	6 408 353	6 408 353	6 408 353		6 213 973	6 191 959	6 168 932
Biological assets											
Living and non-living resources											
Heritage assets											
Intangible assets	1	95 878	95 231	95 603	92 826	92 826	92 826		85 169	74 254	62 838
Trade and other receivables from exchange transactions											
Non-current receivables from non-exchange transactions											
Other non-current assets		1 224 505	1 289 477	1 342 778	1 227 610	1 227 610	1 227 610		1 279 967	1 338 640	1 400 104
Other non-current assets											
Total non current assets		7 747 573	7 709 381	7 673 700	7 728 789	7 728 789	7 728 789		7 579 109	7 604 854	7 631 874
TOTAL ASSETS		8 835 185	8 477 183	8 469 546	8 450 854	8 450 854	8 450 854		8 395 950	8 459 270	8 525 594
LIABILITIES											
Current liabilities											
Bank overdraft											
Financial liabilities			1 813	1 988	26 464	26 464	26 464		27 708	28 982	30 316
Consumer deposits		128 776	127 043	130 374	124 918	124 918	124 918		123 143	128 808	134 733
Trade and other payables from exchange transactions	4	545 497	523 017	670 805	683 548	683 548	683 548		886 159	926 922	969 561
Trade and other payables from non-exchange transactions	5										
Provision		3 271	1 831	2 489	38 035	38 035	38 035		39 823	41 654	43 571
VAT		135 342	169 842	219 974							
Other current liabilities		6 697	6 655	6 604							
Total current liabilities		819 583	830 201	1 032 235	872 965	872 965	872 965		1 076 833	1 126 367	1 178 180
Non current liabilities											
Financial liabilities	6	911 545	853 594	854 289							
Provision	7	2 233 995	2 214 852	2 188 379	1 564 910	1 564 910	1 564 910		1 465 600	1 532 185	1 603 631
Long term portion of trade payables											
Other non-current liabilities											
Total non current liabilities		3 145 541	3 068 445	3 042 668	1 564 910	1 564 910	1 564 910		1 465 600	1 532 185	1 603 631
TOTAL LIABILITIES		3 965 123	3 898 647	4 074 903	2 437 875	2 437 875	2 437 875		2 542 433	2 658 553	2 781 811
NET ASSETS	2	4 870 062	4 578 537	4 394 643	6 012 979	6 012 979	6 012 979		5 853 517	5 800 717	5 743 783
COMMUNITY WEALTH/EQUITY											
Accumulated surplus/(deficit)	8	712 804	484 626	301 236	1 862 577	1 862 577	1 862 577		1 700 133	1 688 867	1 673 052
Reserves and funds	9	4 157 258	4 093 911	4 093 407	4 150 402	4 150 402	4 150 402		4 153 384	4 111 850	4 070 731
Other											
TOTAL COMMUNITY WEALTH/EQUITY	2	4 870 062	4 578 537	4 394 643	6 012 979	6 012 979	6 012 979		5 853 517	5 800 717	5 743 783

Table D5 - Budgeted Cash Flow Statement

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

- Table D5 Budgeted Cash Flow											
Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousands											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Properly rates											
Service charges		2 412 995	2 636 799	2 867 851	3 160 269	3 160 269	3 160 269		3 399 585	3 555 966	3 719 541
Other revenue					18 950	18 950	18 950		20 560	21 505	22 495
Transfers and Subsidies - Operational	1								67 300	66 108	64 999
Transfers and Subsidies - Capital	1	28 792	51 488	28 571	60 300	60 300	60 300				
Interest		28 343	23 760	25 299	25 412	25 412	25 412		32 619	34 119	35 688
Dividends											
Payments	2										
Suppliers and employees		(2 397 245)	(2 529 383)	(2 760 334)	(2 739 032)	(2 739 032)	(2 739 032)		(3 270 622)	(3 336 066)	(3 494 837)
Finance charges		(17 446)	(11 863)	(9 675)	(217)	(217)	(217)		(229)	(239)	(250)
Transfers and Subsidies					(120 000)	(120 000)	(120 000)		(120 000)	(120 000)	(120 000)
NET CASH FROM/(USED) OPERATING ACTIVITIES		55 439	170 800	151 712	405 682	405 682	405 682		129 212	221 393	227 635
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		3 066	275	275	329	329	329		9 285	9 712	10 159
Decrease (increase) in non-current receivables											
Decrease (increase) in non-current investments											
Payments											
Capital assets		(108 144)	(129 106)	(153 968)	(295 007)	(295 007)	(295 007)		(228 884)	(235 339)	(242 222)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(105 078)	(128 831)	(153 693)	(294 678)	(294 678)	(294 678)		(219 599)	(225 627)	(232 064)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing		68 477	(58 656)	(1 584)							
Increase (decrease) in consumer deposits									(1 774)	5 665	5 925
Payments											
Repayment of borrowing											
NET CASH FROM/(USED) FINANCING ACTIVITIES		68 477	(58 656)	(1 584)					(1 774)	5 665	5 925
NET INCREASE/(DECREASE) IN CASH HELD	1	18 838	(16 686)	(3 565)	111 005	111 005	111 005		(92 162)	1 431	1 496
Cash/cash equivalents at the year begin:	2	13 670	32 508	15 821	12 256	12 256	12 256		123 260	31 099	32 529
Cash/cash equivalents at the year end:	2	32 508	15 821	12 256	123 260	123 260	123 260		31 099	32 529	34 026

SUPPLEMENTARY SCHEDULES TO TABLES D2 TO D5

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

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

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

- Supporting Table SD1 Measurable performance targets											
Performance target description	Unit of measurement	2019/20	2020/21	2021/22	Current Year 2022/23				Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year	Budget Year +1 2024/25	Budget Year +2 2025/26
Complete 800 household connections identified for electrification in the MMM area by 30 June 2023	Monthly, quarterly progress report and proof of payments	Zero household connections	Zero household connections	1550 dwellings not provided with electricity connections	Complete 800 household connections identified for electrification in the MMM area by 30 June 2023	Complete 200 household connections identified for electrification in the MMM area by 30 June 2023	Complete 200 household connections identified for electrification in the MMM area by 30 June 2023	Complete 800 household connections identified for electrification in the MMM area by 30 June 2023	Complete 800 household connections identified for electrification in the MMM area by 30 June 2024	Complete 800 household connections identified for electrification in the MMM area by 30 June 2025	Complete 800 household connections identified for electrification in the MMM area by 30 June 2026
Erection of 10 high mast lights within Mangaung by 30 June 2023	Monthly, quarterly progress report and proof of payments	14 high mast lights were erected	10 high mast lights were erected	Fifteen (15) erected and commissioned high mast lights	Erection of 10 high mast lights within Mangaung by 30 June 2023	N/A	Erection of 10 high mast lights within Mangaung by 30 June 2023	Erection of 10 high mast lights within Mangaung by 30 June 2023	Erection of 40 high mast lights within Mangaung by 30 June 2024	Erection of 15 high mast lights within Mangaung by 30 June 2025	Erection of 15 high mast lights within Mangaung by 30 June 2026
477.92 kilometers of 132kV lines inspections based on the maintenance plan from 1st July 2022 to 30th June 2023	Monthly, quarterly progress report and proof of payments	470.43 kilometers of 132kV lines inspections were completed	Not applicable	Not applicable	477.92 kilometers of 132kV lines inspections based on the maintenance plan from 1st July 2022 to 30th June 2023	505.12 kilometers of 132kV lines inspections based on the maintenance plan from 1st July 2022 to 30th June 2023	505.12 kilometers of 132kV lines inspections based on the maintenance plan from 1st July 2022 to 30th June 2023	505.12 kilometers of 132kV lines inspections based on the maintenance plan from 1st July 2022 to 30th June 2023	505.12 kilometers of 132kV lines inspections based on the maintenance plan from 1st July 2023 to 30th June 2024	505.12 kilometers of 132kV lines inspections based on the maintenance plan from 1st July 2024 to 30th June 2025	505.12 kilometers of 132kV lines inspections based on the maintenance plan from 1st July 2025 to 30th June 2026
348 DC Transformer Inspections based on the maintenance plan to be completed from 1st of July 2022 to 30 June 2023	Monthly, quarterly progress report and proof of payments	367 DC Transformer Inspections completed	348 DC Transformer's Short term maintenance completed.	Not applicable	348 DC Transformer Inspections based on the maintenance plan to be completed from 1st of July 2022 to 30 June 2023	348 DC Transformer Inspections based on the maintenance plan to be completed from 1st of July 2022 to 30 June 2023	348 DC Transformer Inspections based on the maintenance plan to be completed from 1st of July 2022 to 30 June 2023	348 DC Transformer Inspections based on the maintenance plan to be completed from 1st of July 2022 to 30 June 2023	348 DC Transformer Inspections based on the maintenance plan to be completed from 1st of July 2023 to 30 June 2024	348 DC Transformer Inspections based on the maintenance plan to be completed from 1st of July 2024 to 30 June 2025	348 DC Transformer Inspections based on the maintenance plan to be completed from 1st of July 2025 to 30 June 2026

Performance target description	Unit of measurement	2019/20	2020/21	2021/22	Current Year 2022/23				Medium Term Revenue and Expenditure Framework		
		Audited Outcome 506 504	Audited Outcome Not applicable	Audited Outcome Not applicable	Original Budget 504	Adjusted Budget 325	Full Year Forecast 325	Pre-audit outcome 325	Budget Year 325	Budget Year +1 2024/25 325	Budget Year +2 2025/26 325
504 Distribution Centre Panels to be tested based on the maintenance plan from 1st of July 2022 to 30 June 2023	Monthly, quarterly progress report and proof of payments	Distribution Centre Panels completed			Distribution Centre Panels to be tested based on the maintenance plan from 1st of July 2022 to 30 June 2023	Distribution Centre Panels to be tested based on the maintenance plan from 1st of July 2022 to 30 June 2023	Distribution Centre Panels to be tested based on the maintenance plan from 1st of July 2022 to 30 June 2023	Distribution Centre Panels to be tested based on the maintenance plan from 1st of July 2022 to 30 June 2023	Distribution Centre Panels to be tested based on the maintenance plan from 1st of July 2022 to 30 June 2023	Distribution Centre Panels to be tested based on the maintenance plan from 1st of July 2024 to 30 June 2025	Distribution Centre Panels to be tested based on the maintenance plan from 1st of July 2025 to 30 June 2026
a) After unplanned interruptions which affects more than one customer i.e., multiple customer interruption/outage, the customers supply should be restored as follows: a) 30% within 1,5 hours b) 60% within 3.5 hours c) 90% within 7,5 hours and d) 98% within 24 hours and e) 100% within a week as per NERSA requirement by 30 June 2023	Monthly, quarterly progress report	a) Calls within 1.5hrs =11.31% (30%) b) Calls within 3.5 hrs=40.54% (60%) c) Calls within 7.5hrs=73.32% (90%) d)Calls within 24hrs=97.30% (98%) e)Calls within a week=100.00% (100%)	a) Calls within 1, 5 hours 9.39% b) Calls within 3, 5 hours 31.67% c) Calls within 7, 5 hours 64.62% d) Calls within 24 hours 95.57% e) Calls within a week 100.00%	a) Calls within 1, 5 hours = 26% b) Calls within 3.5 hrs = 57% c) Calls within 7, 5 hours = 91% d) Calls within 24 hours = 100% e) Calls within a week =100%	a) After unplanned interruptions which affects more than one customer i.e., multiple customer interruption/outage, the customers supply should be restored as follows: a) 30% within 1,5 hours b) 60% within 3.5 hours c) 90% within 7,5 hours and d) 98% within 24 hours and e) 100% within 7,5 hours and	a) After unplanned interruptions which affects more than one customer i.e., multiple customer interruption/outage, the customers supply should be restored as follows: a) 30% within 1,5 hours b) 60% within 3.5 hours c) 90% within 7,5 hours and d) 98% within 24 hours and e) 100% within 7,5 hours and	a) After unplanned interruptions which affects more than one customer i.e., multiple customer interruption/outage, the customers supply should be restored as follows: a) 30% within 1,5 hours b) 60% within 3.5 hours c) 90% within 7,5 hours and d) 98% within 24 hours and e) 100% within 7,5 hours and	a) After unplanned interruptions which affects more than one customer i.e., multiple customer interruption/outage, the customers supply should be restored as follows: a) 30% within 1,5 hours b) 60% within 3.5 hours c) 90% within 7,5 hours and d) 98% within 24 hours and e) 100% within 7,5 hours and	a) After unplanned interruptions which affects more than one customer i.e., multiple customer interruption/outage, the customers supply should be restored as follows: a) 30% within 1,5 hours b) 60% within 3.5 hours c) 90% within 7,5 hours and d) 98% within 24 hours and e) 100% within 7,5 hours and	a) After unplanned interruptions which affects more than one customer i.e., multiple customer interruption/outage, the customers supply should be restored as follows: a) 30% within 1,5 hours b) 60% within 3.5 hours c) 90% within 7,5 hours and d) 98% within 24 hours and e) 100% within 7,5 hours and	a) After unplanned interruptions which affects more than one customer i.e., multiple customer interruption/outage, the customers supply should be restored as follows: a) 30% within 1,5 hours b) 60% within 3.5 hours c) 90% within 7,5 hours and d) 98% within 24 hours and e) 100% within 7,5 hours and
b) After an unplanned interruption which affects a single i.e., individual customer interruption / outage, the customers supply should be restored as follows: a) 20 % within 1.5h b) 50 % within 3,5h c) 80 % within 7,5h d) 98 % within 24h; and e) 100% within 168 h as per NERSA requirement by 30 June 2023					b) After an unplanned interruption which affects a single i.e., individual customer interruption / outage, the customers supply should be restored as follows: a) 20 % within 1.5h b) 50 % within 3,5h c) 80 % within 7,5h d) 98 % within 24h; and e) 100% within 168 h as per NERSA requirement	b) After an unplanned interruption which affects a single i.e., individual customer interruption / outage, the customers supply should be restored as follows: a) 20 % within 1.5h b) 50 % within 3,5h c) 80 % within 7,5h d) 98 % within 24h; and e) 100% within 168 h as per NERSA requirement	b) After an unplanned interruption which affects a single i.e., individual customer interruption / outage, the customers supply should be restored as follows: a) 20 % within 1.5h b) 50 % within 3,5h c) 80 % within 7,5h d) 98 % within 24h; and e) 100% within 168 h as per NERSA requirement	b) After an unplanned interruption which affects a single i.e., individual customer interruption / outage, the customers supply should be restored as follows: a) 20 % within 1.5h b) 50 % within 3,5h c) 80 % within 7,5h d) 98 % within 24h; and e) 100% within 168 h as per NERSA requirement	b) After an unplanned interruption which affects a single i.e., individual customer interruption / outage, the customers supply should be restored as follows: a) 20 % within 1.5h b) 50 % within 3,5h c) 80 % within 7,5h d) 98 % within 24h; and e) 100% within 168 h as per NERSA requirement	b) After an unplanned interruption which affects a single i.e., individual customer interruption / outage, the customers supply should be restored as follows: a) 20 % within 1.5h b) 50 % within 3,5h c) 80 % within 7,5h d) 98 % within 24h; and e) 100% within 168 h as per NERSA requirement	b) After an unplanned interruption which affects a single i.e., individual customer interruption / outage, the customers supply should be restored as follows: a) 20 % within 1.5h b) 50 % within 3,5h c) 80 % within 7,5h d) 98 % within 24h; and e) 100% within 168 h as per NERSA requirement

Performance target description	Unit of measurement	2019/20	2020/21	2021/22	Current Year 2022/23				Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year	Budget Year +1 2024/25	Budget Year +2 2025/26
Planned scheduled interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 047 (2019) - 4.5.5.1 by 30 June 2023.	Monthly, quarterly progress report	One hundred and sixty-nine (169) notices were submitted 2 days before planned interruptions took place.	76 notices were submitted 2 days before the execution of planned interruptions and the supply was restored as per NERSA license requirements in terms of NRS 048	One hundred forty-nine (149) planned interruptions were restored as per NRS 047 requirement s, only three (3) were not restored within the required timeframe.	Planned scheduled interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 047 (2019) - 4.5.5.1 by 30 June 2023.	Planned scheduled interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 047 (2019) - 4.5.5.1 by 30 June 2023.	Planned scheduled interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 047 (2019) - 4.5.5.1 by 30 June 2023.	Planned scheduled interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 047 (2019) - 4.5.5.1 by 30 June 2023.	Planned scheduled interruptions of the supply should be restored as per NERSA license requirement s in terms of NRS 047 (2019) - 4.5.5.1 by 30 June 2024	Planned scheduled interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 047 (2019) - 4.5.5.1 by 30 June 2025.	Planned scheduled interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 047 (2019) - 4.5.5.1 by 30 June 2026.
4 Installations of approved and commissioned embedded generation plants on the Municipal network by June 2023	Monthly, quarterly progress report and proof of payments	zero capacity installed on our network	zero capacity installed on our network	750 KVA Installed capacity small-scale embedded generators on the municipal distribution network.	4 Installations of approved and commissioned embedded generation plants on the Municipal network by June 2023	4 Installations of approved and commissioned embedded generation plants on the Municipal network by June 2023	4 Installations of approved and commissioned embedded generation plants on the Municipal network by June 2023	4 Installations of approved and commissioned embedded generation plants on the Municipal network by June 2023	4 Installations of approved and commissioned embedded generation plants on the Municipal network by June 2024	4 Installations of approved and commissioned embedded generation plants on the Municipal network by June 2025	4 Installations of approved and commissioned embedded generation plants on the Municipal network by June 2026

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

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

• Supporting Table SD2 Financial and non-financial indicators												
Description of indicator	Basis of calculation	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				Medium Term Revenue and Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<u>Borrowing Management</u>												
Credit Rating												
Capital Charges to Operating Expenditure	Finance charges & Depreciation / Operating Expenditure		5%	8%	8%	2%	2%	2%	0%	3%	3%	3%
Borrowed funding of capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions		90%	-84%	-1%	0%	0%	0%	0%	0%	0%	0%
<u>Safety of Capital</u>												
Gearing	Long Term Borrowing / Funds & Reserves		19%	19%	19%	0%	0%	0%	0%	0%	0%	0%
<u>Liquidity</u>												
Current Ratio	Current assets / current liabilities		133%	92%	77%	83%	83%	0%	0%	76%	76%	76%
Current Ratio adjusted for debtors	Current assets/current liabilities less debtors > 90 days		133%	92%	77%	83%	83%	0%	0%	76%	76%	76%
Liquidity Ratio	Monetary Assets / Current Liabilities		4%	2%	1%	4%	4%	0%	0%	3%	3%	3%
<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%	0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other)			96%	99%	99%	91%	96%	96%	0%	0%	99%	100%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue		36%	24%	22%	17%	18%	18%	0%	19%	19%	19%
<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%
Employee costs	Employee costs/Total Revenue - capital revenue		14%	15%	14%	12%	13%	13%	0%	12%	12%	12%
Remuneration	Total remuneration/(Total Revenue - capital revenue)		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Repairs & Maintenance	R&M/Total Revenue - capital revenue		4%	4%	4%	1%	3%	3%	0%	3%	3%	3%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)		6%	9%	8%	2%	2%	2%	0%	2%	2%	3%
<u>Financial viability indicators</u>												
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)		22176%	27969%	1354079%	1642120%	0%	0%	0%	1523735%	1521479%	0%
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services		38%	25%	23%	17%	18%	18%	0%	19%	19%	19%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure		429%	419%	385%	358%	377%	0%	0%	0%	345%	332%

c. Supporting Table SD3: Budgeted Investment Portfolio

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

- Supporting Table SD3 Budgeted Investment Portfolio									
Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate	Opening balance	Investment Top Up	Closing Balance
Name of institution & investment ID		Yrs/Months							
ABSA - 1 Day Account		February 2013	Call Account	No	Variable Interest Rate	6%	56	4 671	4 727
	1				-	0	56	4 671	4 727

ANNEXURE A

PROPOSED TARIFFS

Electricity Tariffs

It is recommended:

- i. That Centlec electricity tariffs be increased by 15.1% for 2023/24 financial year;
- ii. That, electricity tariffs set out in Annexure A for 2023/24 financial year be approved;
- iii. That, the new electricity tariffs for 2023/24 be implemented from the 1 July 2023.
- iv. That, for the calculation of electricity accounts the consumer month will be the period between the successive monthly readings irrespective of the period between reading dates and with winter and summer component for all tariffs; and

ANNEXURE B

Service Tariffs

It is recommended:

- i. That, the amendments of the policies as set out in Annexure B for the 2023/24 financial year be approved;
- ii. That, the service Tariffs for 2023/24 be implemented from the 1 July 2023.

ANNEXURE C

Policies

It is recommended:

- i. That, the amendments of the policies as set out in Annexure C for the 2023/24 financial year be approved;
- ii. That, the newly approved policies for 2023/24 be implemented from the 1 July 2023.

ANNEXURE D

Training Tariffs

It is recommended:

- i. That, the training tariffs as set out in Annexure D for the 2023/24 financial year be approved;
- ii. That, the training tariffs for 2023/24 be implemented from the 1 July 2023.

ANNEXURE G

Salaries

It is recommended:

- i. That, the Salaries as set out in Annexure G for the 2023/24 financial year be approved;
- ii. That, the Salaries for 2023/24 be implemented from the 1 July 2023.

ANNEXURE H

Bulk Purchases

It is recommended:

- i. That, the Bulk purchases tariffs as set out in Annexure H for the 2023/24 financial year be approved;
- ii. That, the Bulk Purchases tariffs for 2023/24 be implemented from the 1 July 2023.

PART 2 - SUPPORTING DOCUMENTATION

1. OVERVIEW OF ANNUAL BUDGET PROCESS

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

The entity must then consider these recommendations and, if necessary, submit a revised budget to the parent municipality not later than 100 days before the start of the financial year which is approximately on or before the 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:

CENTLEC BUDGET PROCESS PLAN FOR 2023-24

BUDGET PHASES AND PERFORMANCE REPORTING	ACTIVITY	PLANNED DATES	FACILITATION
	Centlec - Budget Process Plan 2023/24 submission to the Board for approval	29-Aug-22	Office of the CFO
	MMM - Tabling of the IDP and Budget Process Plan for 2023/2024 financial year to Council	31-Aug-22	MMM
PREPARATION PHASE	Centlec - Budget Office start with preparation of budget framework in terms of NT Circulars and MMM parameters for the MTREF 2023/24 to 2025/26	02-Nov-22	Office of the CFO
	Centlec - User Departments to start preparing departmental adjustment budget aligning with the budget framework issued by the Budget Office	08 November to 03 December 2022	User Departments
	Centlec - Adjustment Budget 2022/23, 1st Draft MTREF Budget 2023/2024, Mid Year Report, Performance Assessment Report Section 88 as at 31 December 2022) to be considered by EXCO	23-Dec-22	Office of the CFO
	Centlec - Finance Committee to consider the Adjustment Budget 2022/23, 1st Draft MTREF Budget 2023/2024, Mid Year Report, Performance Assessment Report Section 88 as at 31 December 2021)	09-Jan-23	Office of the CFO
	Centlec - Board Sitting to consider the Adjustment Budget 2022/23, 1st Draft MTREF Budget 2023/2024, Mid Year Report, Performance Assessment Report Section 88 as at 31 December 2022)	12-Jan-23	Office of the CFO
	Centlec - Submission of the Adjustment Budget 2022/23, 1st Draft MTREF Summary Budget 2023/2024, Mid Year Report, Performance Assessment Report Section 88 as at 31 December 2022)	20-Jan-23	Office of the CFO

BUDGET PHASES AND PERFORMANCE REPORTING	ACTIVITY	PLANNED DATES	FACILITATION
	Centlec - Submission of the Adjustment Budget 2022/23, 1st Draft MTREF Detailed Budget 2023/2026, Mid Year Budget, Performance Assessment Report Section 88 as at 30 December 2022)	27-Jan-23	Office of the CFO
	Centlec - Review tariffs and budget related policies	07 to 13 Feb 2023	User Departments
	MMM - provides Centlec with comments on the Adjustment budget 2022/23	14-Feb-23	MMM
	Centlec - Revised Adjustment Budget 2022/23, Business Plan, SDBIP 2023/24, Budget Related Policies 2023/24 presented to EXCO	17-Feb-23	User Departments
	Centlec - Revised Adjustment Budget 2022/23, Business Plan, SDBIP 2023/24, Budget Related Policies 2023/24 presented to the Finance Committee	20-Feb-23	Office of the CFO
	Centlec - Revised Adjustment Budget 2022/23, Business Plan, SDBIP 2023/24, Budget Related Policies 2023/24 presented to the BOARD	22-Feb-23	Office of the CFO
	Centlec - Submit the revised Adjustment Budget 2022/23, Business Plan, SDBIP 2023/24, Budget Related Policies 2023/24 to MMM	24-Feb-23	Office of the CFO
	MMM - Council approves the Adjustment Budget 2022/23	27-Feb-23	MMM
	Centlec - Publication of the approved Adjustment Budget 2022/23, Mid Year Report, Performance Assessment Report Section 88 as at 31 December 2022)	28-Feb-23	Office of the CFO
	MMM - provides Centlec with comments on the Draft Business Plan and MTREF budget 2023-24 to 2025/2026	02-Mar-23	MMM
	Centlec - Submit the revised 2nd MTREF Budget 2023/24 to 2025/26 budget pack to EXCO	06-Mar-23	Office of the CFO
	Centlec - Submit the revised 2nd MTREF Budget 2023/24 to 2025/26 budget pack to the Finance Committee	09-Mar-23	Office of the CFO
	Centlec - Board to consider and approve the MTREF 2023/24 to 2025/26 budget pack for submission to MMM (Special Sitting)	14-Mar-23	Office of the CFO
	Centlec - Submission of the MTREF 2023/24 to 2025/26 budget pack and resolutions to the Parent Municipality (100 days before start of the new financial year)	16-Mar-23	Office of the CFO
	MMM - Tabling of the Draft including proposed revisions and MTREF 2023/24 to 2025/26 Budget and related resolutions MMM and Centlec	31-Mar-23	MMM

BUDGET PHASES AND PERFORMANCE REPORTING	ACTIVITY	PLANNED DATES	FACILITATION
APPROVAL PHASE	MMM - Tabling of the Draft including proposed revisions and MTREF 2023/24 to 2025/26 Budget and related resolutions MMM and Centlec	31-Mar-23	MMM
	Centlec & MMM - Public participation process including hearings on Draft IDP and MTREF Budgets	06 Apr -22 Apr 2023	MMM & CENTLEC
	Centlec - Submission of the 3rd quarter reports for the period ending 31 March 2023 on the implementation of the budget and financial state of affairs of the entity to EXCO for consideration on submission to the Finance Committee	11-Apr-23	Office of the Company Secretary
	Centlec - Submission of the 3rd quarter reports for the period ending 31 March 2023 on the implementation of the budget and financial state of affairs of the entity to the Finance Committee	23-Apr-23	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-23	MMM
	Centlec - Submit the Final MTREF Budget pack for 2023/24 to 2025/26 after the Public Participation to EXCO for consideration	09-May-23	Office of the CFO
	MMM - IDP Budget Lekgotla	11-May-23	MMM
	Centlec - Submit the Final MTREF 2023/24 to 2025/26 budget pack after the Public Participation to the Finance Committee	12-May-23	Office of the CFO
	Centlec - Board Sitting to consider changes after Public Participation and approve the final MTREF for 2023/24 to 2025/26 budget pack (Special Sitting) 30 days before the start of new financial year	16-May-23	Office of the CFO
	Centlec - Submit the final MTREF for 2023/24 to 2025/26 budget 30 days before the start of new financial year to MMM	19-May-23	Office of the CFO
	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.	30-May-23	MMM
	Centlec - Publication of approved MTREF 2023/24 to 2025/26 Budget Pack, Annexures, D-schedules, Business Plan, SDBIP and policies on the website .	14-Jun-23	Office of the CFO
	Centlec - Submission of the 4th quarter reports for the period ending 30 June 2023 on the implementation of the budget and financial state of affairs of the municipality to EXCO to consider submission to Finance Committee	10-Jul-23	Office of the CFO
	Centlec - Submission of the 4th quarter reports for the period ending 30 June 2023 on the implementation of the budget and financial state of affairs of the municipality to the Finance Committee	13-Jul-23	Office of the CFO (Financial Information) / Office of the CEO (Non-Financial Performance)
	Centlec - Budget Process Plan 2024/25 submission to the Board for approval	24-Aug-23	Office of the CFO
	MMM - Tabling of the IDP and Budget Process Plan for 2024/2025 financial year to Council	31-Aug-23	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 not amended in 2022-24 year.

- Bad Debts Policy
- Banking & Investments Policy
- Connection & Disconnection
- Estimation Policy
- Revenue Policy
- Service Connection 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
- Assets Management Policy

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

4.2 Budget Related Policy 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 2023-24 year (Annexure C):

- SCM Policy
- Credit Control & Debt Collection Policy
- Small scale embedded generation policy
- ICT Business Continuity Plan Policy
- ICT Identity Management Password Policy
- ICT Security Policy
- ICT Backup Policy
- ICT Strategy Plan Policy
- ICT Incident Management Plan Policy
- ICT Disaster Recovery Plan Policy
- Connection Service Policy

5. OVERVIEW OF BUDGET ASSUMPTIONS

5.1 Key Parameters

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

The budget parameters were developed after the approval of the Budget Process to kick start the planning process on the 31 August 2022. 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 2022/23 Adjustment Budget projections.
- The outcome of the proposed tariff increase by NERSA.
- Consider National Treasury Budget Circular No 123.

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

Macroeconomic projections 2023- Circular 123			
Description	2023-24	2024-25	2025-26
CPI Inflation	5.3%	4.9%	4.7%

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 represent more than 65% of the entity's operational budget. The revenue from the sale of electricity represents more than 97% 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 98% factored in the revenue projection

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

- Data Purification
- 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	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate	Opening balance	Investment Top Up	Closing Balance
Name of institution & investment ID		Yrs/Months							
ABSA - 1 Day Account		February 2013	Call Account	No	Variable Interest Rate	6%	56	4 671	4 727
	1				-	0	56	4 671	4 727

(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:

- Table D3 Capital Budget by asset class and funding										
Funded by:										
National Government		23 964	47 286	25 211	20 000	26 000	26 000	53 000	51 150	49 353
Provincial Government										
Parent Municipality		15 762	11 707	10 355	14 300	14 300	14 300	14 300	14 958	15 646
District Municipality										
Transfers recognised - capital		39 726	58 993	35 566	34 300	40 300	40 300	67 300	66 108	64 999
Borrowing	3									
Internally generated funds		76 410	70 113	118 609	230 925	162 015	162 015	173 631	181 618	189 972
Total Capital Funding	4	116 136	129 106	154 175	265 225	202 315	202 315	240 931	247 726	254 971

BOARD MEMBER ALLOWANCES AND EMPLOYEE BENEFITS

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

- Supporting Table SD4 Board member allowances and staff benefits											
Summary of Employee and Board Member remuneration	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			Medium Term Revenue and Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
		A	B	C	D	E	F		G	H	I
R thousands											
Remuneration											
Board Members of Entities											
Basic Salaries and Wages		597	826	142	785	785	785		827	868	908
Sub Total - Board Members of Entities		597	826	142	785	785	785	-	827	868	908
% increase						0			-	0	4.7%
Senior Managers of Entities											
Basic Salaries and Wages		3 474		2 488	12 130	12 130	12 130		12 773	13 399	14 028
Pension and UIF Contributions		4		4							
Medical Aid Contributions		43									
Overtime											
Performance Bonus											
Motor Vehicle Allowance				514							
Cellphone Allowance		24		28	116	116	116		122	128	134
Housing Allowances											
Other benefits and allowances					-	-	-				
Sub Total - Senior Managers of Entities		3 544	-	3 034	12 246	12 246	12 246	-	12 895	13 526	14 162
% increase						0			-	0	4.7%
Other Staff of Entities											
Basic Salaries and Wages		217 254	229 889	251 548	248 765	248 765	248 765		261 950	274 785	287 700
Pension and UIF Contributions		37 158	39 329	42 856	46 280	46 280	46 280		48 733	51 120	53 523
Medical Aid Contributions		21 144	22 412	24 409	42 859	42 859	42 859		45 131	47 342	49 567
Overtime		22 014	38 392	40 893	33 155	33 155	33 155		34 912	36 623	38 344
Performance Bonus		817	17 268	18 757	19 551	19 551	19 551		20 587	21 596	22 611
Motor Vehicle Allowance		1 345	22 561	24 555	1 531	1 531	1 531		1 612	1 691	1 770
Cellphone Allowance		1 674	835	827	746	746	746		785	823	862
Housing Allowances		16 481	1 499	1 594	8 564	8 564	8 564		9 017	9 459	9 904
Other benefits and allowances		49 200	10 699	11 488	12 291	12 291	12 291		12 943	13 577	14 215
Payments in lieu of leave			8 197	817	1 923	1 923	1 923		2 025	2 124	2 224
Long service awards			5 605	3 769	-	-	-				
Post-retirement benefit obligations	1										
Entertainment											
Scarcity											
Acting and postrelated allowance											
In kind benefits											
Sub Total - Other Staff of Entities		367 086	396 685	421 512	415 664	415 664	415 664		437 694	459 141	480 720
% increase			0	0		(0)			-	-	4.7%
Total Municipal Entities remuneration		371 227	397 511	424 688	428 695	428 695	428 695		451 416	473 535	495 791

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

- Supporting Table SD5 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2021/22			Current Year 2022/23			Budget Year 2023/24		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)										
Board Members of municipal entities	3	7		2	7		2	7		
Municipal entity employees	4									
CEO and Senior Managers	2	7		6	7		6			6
Other Managers	6		30			30			48	
Professionals			39		-	39	-	-	435	
Finance			73	1		73			68	
Spatial/town planning										
Information Technology			13			13			25	
Roads										
Electricity			133	25		133	25		342	1
Water										
Sanitation										
Refuse										
Other			93	2		93	2			
Technicians			58		-	58	-	-	32	
Finance										
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other			182			182			130	1
Clerks (Clerical and administrative)			34			34			74	
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators										
Elementary Occupations										
Total Personnel Numbers		14	558	40	14	558	39	7	687	8
% Increase		-	-	-	(65.0%)	3 885.7%	(93.0%)	(82.1%)	9 714.3%	(98.8%)
Total entity employees headcount	5									
Finance personnel headcount	7									
Human Resources personnel headcount	7									

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.

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

9. 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 2023/24												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousands															
CASH FLOW FROM OPERATING ACTIVITIES															
Receipts															
Property rates													-	-	-
Service charges	339 619	291 589	290 124	268 567	264 488	263 468	261 768	251 569	234 759	218 457	353 791	361 386	3 389 585	3 555 966	3 719 541
Other revenue	1 713	1 713	1 713	1 713	1 713	1 713	1 713	1 713	1 713	1 713	1 713	1 713	20 560	21 505	22 495
Transfers and subsidies - operating			428			428			428			66 015	67 300	66 108	64 999
Transfer and subsidies - capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	2 718	2 718	2 718	2 718	2 718	2 718	2 718	2 718	2 718	2 718	2 718	2 718	32 619	34 119	35 688
Dividends												-	-	-	-
Payments															
Suppliers and employees	(334 187)	(273 557)	(272 597)	(264 272)	(260 258)	(259 254)	(256 877)	(258 618)	(231 005)	(214 953)	(348 132)	(296 902)	(3 270 622)	(3 336 066)	(3 494 837)
Finance charges	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(229)	(239)	(250)
Dividends paid	(10 036)														
Transfers and Subsidies	(10 000)	(10 000)	(10 000)	(10 000)	(10 000)	(10 000)	(10 000)	(10 000)	(10 000)	(10 000)	(10 000)	(10 000)	(120 000)	(120 000)	(120 000)
NET CASH FROM/(USED) OPERATING ACTIVITIES	(10 192)	12 444	12 368	(1 292)	(1 357)	(945)	(697)	(12 636)	(1 405)	(2 094)	71	134 947	129 212	221 393	227 635
CASH FLOWS FROM INVESTING ACTIVITIES															
Receipts															
Proceeds on disposal of PPE												9 285	9 285	9 712	10 159
Payments															
Capital assets	(19 074)	(19 074)	(19 074)	(19 074)	(19 074)	(19 074)	(19 074)	(19 074)	(19 074)	(19 074)	(19 074)	(19 074)	(228 884)	(235 339)	(242 222)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(19 074)	(19 074)	(19 074)	(19 074)	(19 074)	(19 074)	(19 074)	(19 074)	(19 074)	(19 074)	(19 074)	(9 789)	(219 599)	(225 627)	(232 064)
CASH FLOWS FROM FINANCING ACTIVITIES															
Receipts															
Increase (decrease) in consumer deposits	(148)	(148)	(148)	(148)	(148)	(148)	(148)	(148)	(148)	(148)	(148)	(148)	(1 774)	5 665	5 925
Payments															
Repayment of borrowing												-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES	(148)	(148)	(148)	(148)	(148)	(148)	(148)	(148)	(148)	(148)	(148)	(148)	(1 774)	5 665	5 925
NET INCREASE/(DECREASE) IN CASH HELD	(29 413)	(6 777)	(6 854)	(20 514)	(20 579)	(20 167)	(19 918)	(31 858)	(20 626)	(21 315)	(19 151)	125 010	(92 162)	1 431	1 496
Cash/cash equivalents at the year begin:	12 256	(17 157)	(23 934)	(30 788)	(51 302)	(71 881)	(92 048)	(111 966)	(143 824)	(164 450)	(185 765)	1 004 120	123 260	31 099	32 529
Cash/cash equivalents at the year end:	(17 157)	(23 934)	(30 788)	(51 302)	(71 881)	(92 048)	(111 966)	(143 824)	(164 450)	(185 765)	(204 916)	1 129 130	31 099	32 529	34 026

10. CAPITAL EXPENDITURE DETAILS

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

R thousand					2023/24 Medium Term Revenue & Expenditure Framework		
Function	Ward Location	GPS Longitude	Audited Outcome	Current Year 2022/23	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Entities:							
<i>List all capital projects grouped by Entity</i>							
VENDING BACK OFFICE				5 000	-	-	-
TRAINING & DEVELOPMENT			63	574	1 000	1 046	1 094
DIGITAL RADIO SYSTEM				3 000	1 500	1 569	1 641
IMPLEM BUSINESS CONT DISASTER RECOV INF			2 342	2 730	3 000	3 138	3 282
UPGRADE & REFURB COMPUTER NETWORK			6 843	5 390	2 000	2 092	2 188
BULK SMART METER INSTALLATION				240	-	-	-
VEHICLES			10 686	17 950	10 000	10 460	10 941
FURNITURE AND OFFICE EQUIPMENT			59	2 250	1 250	1 308	1 368
BOTSH-E: EST NEW 33/11KV 10MVA FIRM CAP	Ward 32	-29.250986, 26.714119		8 000	6 500	6 799	7 112
BOTSH: UPG SUB T (2ND TRANS SCADA EQUI	Ward 34	-29.272449, 26.712158		8 000	6 500	6 799	7 112
BOTSH: UPG SUB W (C/WORK B/W 2ND TRA S/D	Ward 36	-29.257080, 26.688982		8 000	6 500	6 799	7 112
BLOEM: C/Y-EST 33/11KV 20MVA FIRM SUPDC	Ward 19	-29.124885, 26.224757		8 000	6 500	6 799	7 112
BLOEM: N/STAD-UPG 132/11KV 20MVA FIRM DC	Ward 48	-29.054360, 26.227047		10 000	8 000	8 368	8 753
INFRA CATALYST PROJECTS	All		5 700	8 000	8 000	8 368	8 753
SECURITY EQUIPMENT			738	2 250	1 500	1 569	1 641
OFFICE BUILDING			1 173	8 419	5 419	5 668	5 929
PROTECTION TEST EQUIPMENT				2 000	2 000	2 092	2 188
METER REPLACEMENT PROJECT			13 219	15 000	16 000	16 736	17 506
EXTENSION AND UPGRADING OF THE 11KV NETW	All		9 962	5 000	5 000	5 230	5 471
SERVITUDES LAND (INCL INVEST REMUNE REG	All		3	600	600	628	656
INSTALLATION OF PUBLIC LIGHTING	All		11 099	8 000	11 000	11 506	12 035
INSTALL PREPAID METERS (INDIGENT)	All		101	500	500	523	547
UPGRADING AND EXTENTION OF LV NETWORK	All		2 153	3 000	3 000	3 138	3 282
SHIFTING OF CONNECTION AND REPLACEMENT S			840	1 005	1 005	1 052	1 100
REFURBISHMENT OF HIGH MAST LIGHTS			3 004	7 030	7 030	7 353	7 691
	Batho	-29°59'38", 27°2'8", 325°					
	Ward 3	-29°8'7", 26°13'50"					
	Ward 5	-29°9'25", 26°14'17"					
	Ward 14	-29°9'48", 26°14'18"					
	Ward 37	-29°11'50", 26°14'22"					
	F Section	-29°15'50", 26°40'41"					
	W section	-29°13'3", 26°40'55"					
	Ward 49 Mokwena	-29°15'14", 26°40'55"					
	Ward 46	-29°11'15", 26°50'34"					
	Ward 30	-29°11'38", 26°48'35"					
BOTSHABELO: ESTABLISHMENT OF 132KV (INDU	Ward 30	-29.197988, 26.694160	38	5 000	5 000	5 230	5 471
INSTALLATION OF HIGH VOLTAGE TEST EQUIPMENT				2 500	2 500	2 615	2 735
TRANSFORMER REPLACE & OTHER RELATED EQUI		S29 04 31.5 E26 14 43.3 S29 10 14.5 E26 14 34.4 S29 03 44.8 E26 19 56.5	7 410	12 000	9 000	9 414	9 847

- Supporting Table SD9 Detailed capital budget

R thousand Function	Ward Location	GPS Longitude	2023/24 Medium Term Revenue & Expenditure Framework				
			Audited Outcome	Current Year 2022/23	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
REP LOW VOLT DECREPIT 2/4/8 WAY BOXES			298	800	800	837	875
REP BRITTLE OVERHEAD CONNECTIONS			2	1 000	1 000	1 046	1 094
S/LIGHTS REPLACE POLE TRNS POLES SECTION			2 078	2 177	2 177	2 277	2 382
REPLACEMENT OF 110V BATTERIES		S29 07 39.9 E26 10 04.3	992	2 750	2 750	2 877	3 009
		S29 06 24.5 E26 12 34.4					
		S29 07 26.6 E26 09 33.3					
		S29 07 08.7 E26 13 07.9					
		S29 06 58.5 E26 13 36.8					
		S29 06 58.5 E26 13 36.8					
		S29 01 46.2 E26 19 42.5					
		S29 07 46.4 E26 14 25.1					
REPLACEMENT OF 11KV SWITCHGEARS		S29 04 55.5 E26 14 59.7	817	2 250	2 250	2 354	2 462
		S29 08 43.2 E26 12 39.5					
		S29 07 00.4 E26 13 27.1					
		S29 06 59.3 E26 13 05.2					
		S29 08 44.8 E26 15 31.8					
REPLACEMENT OF OIL PLANT		S29 07 31.2 E26 13 29.8		500	500	523	547
REPLACEMENT OF 32V BATTERIES		S29 10 07.2 E26 13 37.5	23	2 500	2 500	2 615	2 735
		S29 10 44.5 E26 13 08.0					
		S29 06 38.0 E26 11 55.6					
		S29 06 28.9 E26 11 58.8					
		S29 08 44.1 E26 15 47.8					
		S29 12 38.5 E26 50 33.1					
		S29 08 24.2 E26 14 46.7					
		S29 14 01.2 E26 42 25.5					
		S29 08 18.9 E26 16 11.6					
		S29 08 03.3 E26 14 19.6					
		S29 09 07.8 E26 15 24.4					
		S29 09 50.6 E26 13 14.8					
REFUR PROTEC & SCADA SYSTEMS DIST CENTR			561	1 000	1 000	1 046	1 094
REPAIR MMM DIST DIST CENTRE		S29 10 14.5 E26 14 34.4	7 449	12 247	2 838	2 968	3 105
REPAIR VISTA DIST DIST CENTRE		S29 10 38.7 E26 12 48.7		30 164	10 412	10 891	11 392
REMEDIAL WORK 132KV SOUTHERN LINES	Kwaggafontein Area, Ferreira	-29°07'48.6"S,26°08'26.9"E -29°11'23.4"S,26°10'38.8"E -29°17'12640,26,2136260		9 000	10 000	10 460	10 941
ELECTRIFICATION INTERNAL PROJECTS		-29.297927, 26.705297; -29.193759,	33 232	7 100	7 100	7 427	7 768
CAPITAL CONDITIONAL GRANTS & SUBSIDIES (USDG)	All		20 466	20 000	25 000	26 150	27 353
CAPITAL CONDITIONAL GRANTS & SUBSIDIES (ISUPG)					28 000	25 000	22 000
PUBLIC ELECTRICITY CONNECTIONS			12 809	14 300	14 300	14 958	15 646
COMPUTER EQUIPMENT (COVID)			16				
Entity Capital expenditure			154 175	265 225	240 931	247 726	254 971

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 2023/24 SDBIP document is at a draft stage and will be finalised after approval of the 2023/24 MTREF in May 2023 directly aligned and informed by the 2023/24 MTREF.

6. Annual Report

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

QUALITY CERTIFICATION

Prepared By:

Print Name MOTLALEPUE JEANETTE LENGA

Acting Chief Financial Officer of CENTLEC (SOC) LTD

Signature 

Date 2023/05/19

CHIEF EXECUTIVE OFFICER CERTIFICATION

Chief executive officer's certification:

I Malefane Sekosito, 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 Malefane Sekosito

Chief Executive Officer of CENTLEC (SOC) LTD

Signature 

Date 2023/05/23