

**2024/25**



# **CENTLEC (SOC) LTD.**

## **ANNUAL PERFORMANCE REPORT**

## **Table of contents**

<b>Legislation Covering Financial and Administrative Management: .....</b>	<b>10</b>
<b>CHAPTER 1: FOREWORD AND EXECUTIVE SUMMARY .....</b>	<b>17</b>
1.1 Foreword by the Interim Chairperson of the Board .....	17
1.2 Overview by the Chief Executive Officer .....	18
1.3 Mission .....	23
1.4 Values .....	24
1.5 CENTLEC`s Organisational structure as at 30 June 2025.....	25
1.6 Legal requirements .....	26
1.7 Purpose of an Annual Report.....	26
1.8 Scope of report .....	26
1.9 Functions, population, and service delivery overview.....	26
1.10 Financial health overview.....	28
<b>CHAPTER 2: GOVERNANCE .....</b>	<b>32</b>
2.1. Intergovernmental Relations Recipients.....	32
2.1.1. Introduction to co-operative governance and intergovernmental relations .....	32
2.2. Public accountability and participation .....	33
2.2.1. Overview.....	33
2.2.2. Public meetings .....	34
2.3. Ethical leadership .....	35
2.4. CENTLEC`s Board of Directors.....	36
2.4.2. Board meetings .....	38
2.4.3 Board meeting attendance .....	38
2.4.4.1 Audit and Risk Committee.....	39
Table 10: Audit and Risk Committee meeting attendance .....	40
2.4.4.2 Finance Committee .....	41
2.4.4.3. Human Resources and Remuneration Committee .....	41
2.4.4.4 Social and Ethics Committee .....	42
2.4.4.6. ICT and Engineering Committee.....	42
2.4.4.7. Governance Committee .....	43
2.4.4.8 Meetings of Board Committees .....	43
2.4.4.9 Board decision-making.....	45
2.5. Administrative Governance.....	45
2.5.1 The Executive Committee.....	45

<b>2.5.1.1</b>	<b>Executive Committee Meetings .....</b>	<b>46</b>
<b>2.5.2</b>	<b>Remuneration .....</b>	<b>46</b>
<b>2.5.3</b>	<b>Corporate Governance .....</b>	<b>46</b>
<b>2.5.4</b>	<b>Corporate citizenship .....</b>	<b>47</b>
<b>2.5.5</b>	<b>Compliance with laws, rules, codes, and standards .....</b>	<b>47</b>
<b>2.6.</b>	<b>Internal Audit and Risk Management .....</b>	<b>48</b>
<b>2.6.1.</b>	<b>Internal Audit .....</b>	<b>48</b>
<b>2.6.2</b>	<b>Risk Management .....</b>	<b>50</b>
<b>2.6.3</b>	<b>Anti-Corruption and Fraud Strategy .....</b>	<b>51</b>
<b>2.7</b>	<b>Supply Chain Management .....</b>	<b>51</b>
<b>2.8</b>	<b>Bids awarded as at 30 June 2025: .....</b>	<b>52</b>
<b>2.9</b>	<b>Policies and Frameworks .....</b>	<b>52</b>
<b>2.10</b>	<b>By-laws .....</b>	<b>52</b>
<b>2.11</b>	<b>Public participation in drafting of by-laws .....</b>	<b>53</b>
<b>2.12</b>	<b>Website .....</b>	<b>53</b>

## **CHAPTER 3: SERVICE DELIVERY PERFORMANCE ..... 56**

<b>3.1.</b>	<b>Objectives and strategies .....</b>	<b>56</b>
<b>3.2.</b>	<b>Pre-Determined Objectives .....</b>	<b>56</b>
<b>3.2.1.</b>	<b>The annual performance summary of Executive managers .....</b>	<b>56</b>
<b>3.2.2.</b>	<b>THE ANNUAL COMPANY'S PERFORMANCE OF THE MFMA CIRCULAR 88 INDICATORS .....</b>	<b>58</b>
<b>3.2.3</b>	<b>OFFICE OF THE CHIEF EXECUTIVE OFFICER .....</b>	<b>64</b>
<b>3.2.4</b>	<b>OFFICE OF THE COMPANY SECRETARY .....</b>	<b>66</b>
<b>3.2.4</b>	<b>HUMAN RESOURCES DIRECTORATE .....</b>	<b>70</b>
<b>3.2.5</b>	<b>FINANCE DIRECTORATE .....</b>	<b>73</b>
<b>3.2.6</b>	<b>ENGINEERING WIRES DIRECTORATE .....</b>	<b>77</b>
<b>3.2.7</b>	<b>ENGINEERING RETAIL DIRECTORATE .....</b>	<b>79</b>
<b>3.2.8</b>	<b>PERFORMANCE &amp; COMPLIANCE DIRECTORATE .....</b>	<b>82</b>
	<b>Conditional Grant Funding (USDG) .....</b>	<b>87</b>
	<b>Conditional Grant Funding (ISUPG) .....</b>	<b>88</b>
	<b>Public Contributions .....</b>	<b>88</b>
	<b>Own Funded Projects .....</b>	<b>89</b>

## **CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE ..... 91**

<b>4.1</b>	<b>Introduction .....</b>	<b>91</b>
<b>4.2</b>	<b>Workforce profile (including people with disabilities) .....</b>	<b>91</b>
<b>4.3</b>	<b>Employees with Disabilities only .....</b>	<b>92</b>
<b>4.4</b>	<b>Employee Age Analysis .....</b>	<b>92</b>



<b>4.4.1</b>	<b><i>Human Resource policies</i></b> .....	<b>93</b>
<b>4.4.2</b>	<b><i>Health and Safety and Environmental Issues</i></b> .....	<b>93</b>
<b>4.4.3</b>	<b><i>Training Costs</i></b> .....	<b>97</b>
<b>4.4.4</b>	<b><i>Financial competency development</i></b> .....	<b>97</b>

## **CHAPTER 5: FINANCIAL PERFORMANCE ..... 99**

<b>5.1</b>	<b>Revenue</b> .....	<b>99</b>
<b>5.2</b>	<b>Expenditure</b> .....	<b>99</b>
<b>5.2.1</b>	<b>Deficit</b> .....	<b>100</b>
<b>5.3</b>	<b>Financial position</b> .....	<b>100</b>
<b>5.4</b>	<b>Budget</b> .....	<b>100</b>

## **CHAPTER 6: AUDITOR-GENERAL'S FINDINGS ON PRIOR YEAR ISSUES ..... 101**

<b>6.1</b>	<b>Purpose of the report</b> .....	<b>101</b>
<b>6.1.1</b>	<b><i>Progress on matters reported in the audit report</i></b> .....	<b>101</b>
<b>6.2</b>	<b>Introduction and background</b> .....	<b>101</b>
<b>6.3</b>	<b>Executive Summary: Implementation of the Audit Action Plan</b> .....	<b>102</b>
<b>6.3.1</b>	<b>Improvements to the internal control environment</b> .....	<b>102</b>
<b>6.3.2</b>	<b><i>Progress on matters reported in the audit report</i></b> .....	<b>102</b>
<b>6.3.3</b>	<b>Auditor General findings on non-compliance with legislation</b> .....	<b>103</b>

## **7 APPENDICES ..... 106**

<b>7.1</b>	<b>APPENDIX A: BOARD MEMBERS; COMMITTEE ALLOCATION AND ATTENDANCE</b> .....	<b>106</b>
<b>7.2</b>	<b>APPENDIX B: COMMITTEES AND COMMITTEE PURPOSES</b> .....	<b>106</b>
<b>7.3</b>	<b>APPENDIX C: THIRD TIER ADMINISTRATIVE STRUCTURE</b> .....	<b>106</b>
<b>7.4</b>	<b>APPENDIX D: FUNCTIONS OF COMPANY</b> .....	<b>106</b>
<b>7.5</b>	<b>APPENDIX E: WARD REPORTING</b> .....	<b>106</b>
<b>7.6</b>	<b>APPENDIX F: WARD INFORMATION</b> .....	<b>106</b>
<b>7.7</b>	<b>APPENDIX G: RECOMMENDATIONS OF THE AUDIT COMMITTEE</b> .....	<b>106</b>
<b>7.8</b>	<b>APPENDIX H: LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS</b> .....	<b>106</b>
<b>7.9</b>	<b>APPENDIX I: COMPANY PERFORMANCE SCHEDULE</b> .....	<b>106</b>
<b>7.10</b>	<b>APPENDIX J: DISCLOSURES OF FINANCIAL INTERESTS</b> .....	<b>106</b>
<b>7.11</b>	<b>APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE</b> .....	<b>106</b>
<b>7.12</b>	<b>APPENDIX L: CONDITIONAL GRANTS RECEIVED</b> .....	<b>106</b>
<b>7.13</b>	<b>APPENDIX M and N: CAPITAL EXPENDITURE</b> .....	<b>106</b>
<b>7.14</b>	<b>APPENDIX O: CAPITAL PROGRAMME BY PROJECT BY WARD</b> .....	<b>106</b>
<b>7.15</b>	<b>APPENDIX P: SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS</b> .....	<b>106</b>

7.16	APPENDIX Q: SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION .....	106
7.17	APPENDIX R: DECLARATION OF LOANS AND GRANTS MADE.....	106
7.18	APPENDIX S: DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71 .....	106
7.19	APPENDIX T: ANNUAL FINANCIAL STATEMENTS.....	106
7.20	APPENDIX U: REPORT OF THE AUDITOR-GENERAL ON CENTLEC (SOC) LTD.....	106

## **Tables and Figures**

Table 1:	Abbreviations/acronyms.....	11
Table 2:	Glossary.....	13
Table 3:	Customer tariff group .....	28
Table 4:	Financial health summary .....	29
Table 5:	Capital Expenditure.....	30
Table 6:	Board Members .....	36
Table 7:	Board meetings .....	38
Table 8:	Board meeting attendance .....	38
Table 9:	Audit and Risk Committee.....	40
Table 10:	Audit and Risk Committee meeting attendance.....	40
Table 11:	Finance Committee .....	41
Table 12:	Human Resources and Remuneration Committee.....	41
Table 13:	Social and Ethics Committee .....	42
Table 14:	ICT and Engineering Committee .....	43
Table 15:	Governance Committee .....	43
Table 16:	Meetings of Board Committees held.....	44
Table 17:	Executive Committee .....	45
Table 18:	Executive Committee Meetings.....	46
Table 19:	Bids awarded.....	52
Table 20:	Approved Amended Policies and Frameworks .....	52
Table 21:	Documents published on website.....	53
Table 22:	Annual performance .....	57
Table 23:	Annual performance: MFMA Circular 88 .....	57
Table 24:	MTREF.....	86
Table 25:	Workforce profile.....	90
Table 26:	Employees with disabilities .....	91
Table 27:	Employee age analysis .....	91
Table 28:	Training Costs .....	96

<b>Table 29: Finance division .....</b>	<b>96</b>
<b>Table 30: SCM .....</b>	<b>96</b>
<b>Table 31: Auditor General findings on Non-compliance.....</b>	<b>102</b>
<b>Figure 1: Mission .....</b>	<b>23</b>
<b>Figure 2: Values.....</b>	<b>24</b>
<b>Figure 3: Organisational Structure.....</b>	<b>25</b>
<b>Figure 4: <i>Revenue for 2024/25</i>.....</b>	<b>30</b>
<b>Figure 5: Capital Expenditure .....</b>	<b>31</b>

<b>Registered Name of State-Owned Company</b>	CENTLEC (SOC) Ltd
<b>Company Registration Number</b>	2003/011612/30
<b>Country of Incorporation and Domicile</b>	South Africa
<b>Nature of Business and Principal Activities</b>	Electricity Distribution
<b>Chief Executive Officer (CEO)</b>	M.S Sekoboto
<b>Chief Financial Officer (CFO)</b>	Z.S.N Williams
<b>Directors</b>	M.C Mokitlane (Chairperson) M.B Mfanta (Deputy Chairperson) G D.R Barlow N T Baloyi M.A Mopeli G. Mohanoe E.D Markus
<b>Registered Office</b>	30 Rhodes Avenue Oranjesig Bloemfontein 9301
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**Controlling Company**

Mangaung Metropolitan Municipality

**Bankers**

ABSA

**Auditors**

Auditor-General of South Africa (AGSA)

**Company Secretary**

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Bomela Attorneys Incorporated  
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Peyper Attorneys  
Phatshoane Henney  
Rampai Attorneys  
Raynard and Associates Inc  
Thabo Malgas Attorneys  
Tshangana Attorneys  
Zwelibanzi Ngqugu Incorporated



**COMPANY SECRETARY'S CERTIFICATE TO THE SHAREHOLDERS OF CENTLEC (SOC) LTD**

In accordance with the provisions of the Companies Act 71 of 2008, the Company Secretary of CENTLEC (SOC) Ltd, confirms that:

For the reporting period ending 30 June 2025, the company has submitted all returns and notices prescribed by the Act, to the Commissioner of the Companies and Intellectual Property Commission (CIPC) all such returns and notices prescribed by the Act, were accurate, correct, and up to date.



**K.C TSITSI**

**COMPANY SECRETARY OF CENTLEC (SOC) Ltd**

**Date: 12 December 2025**

## **CHIEF EXECUTIVE OFFICER'S QUALITY CERTIFICATION**

I, Malefane Sekoboto, CEO of CENTLEC (SOC) Ltd, confirms that:

The Annual Report for the 2024/25 financial year has been prepared in accordance with the Municipal Systems Act 32 of 2000) and the Municipal Finance Management Act 56 of 2003 (MFMA) and regulations made under these Acts.



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**M.S SEKOBOTO**  
**CHIEF EXECUTIVE OFFICER**

**Date: 12 December 2025**

## **Legislation Covering Financial and Administrative Management:**

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- 1) The Constitution of the Republic of South Africa 1996 (Act 108 of 1996).
- 2) Basic Conditions of Employment Act (Act 15 of 1997 and regulations thereto).
- 3) Labour Relations Act (Act 66 of 1995).
- 4) South African Bargaining Council Main Collective Agreement 2015/2020.
- 5) Occupational Health and Safety Act (Act 85 of 1993 and regulations thereto).
- 6) Companies Act (Act 71 of 2008, Chapter 8 and regulations thereto).
- 7) Municipal Finance Management Act (Act 56 of 2003 and regulations thereto).
- 8) Municipal Systems Act (Act 32 of 2000 and regulations thereto).
- 9) Value Added Tax Act (Act 84 of 1991).
- 10) Electricity Regulations Act (Act 4 of 2006).
- 11) National Energy Regulator Act (Act 40 of 2004).
- 12) King III Code of Corporate Governance (until April 2017).
- 13) King IV Report on Corporate Governance for South Africa, 2016 (effective from April 2017).
- 14) NRS048 – 2:2003, second edition, Electricity Supply – Quality of Supply.
- 15) NRS047 – 1:2005, third edition, Electricity Supply – Quality of Service.
- 16) Supply Chain Management: A Guide for Accounting Officers of Municipalities and Municipal Entities, October 2005.
- 17) National Key Point Act (Act 102 of 1980 and regulations thereto).
- 18) Employment Equity Act (Act 55 of 1998 and regulations thereto).
- 19) Municipal Structures Act (Act 117 of 1998 and regulations thereto).
- 20) Compensation for Occupational Injuries and Diseases Act (Act 130 of 1993 and regulations thereto).
- 21) Unemployment Insurance Act (Act 63 of 2001 and regulations thereto).
- 22) Promotion of Administrative Justice Act (Act 3 of 2000).
- 23) Skills Development Act (Act 97 of 1998 and regulations thereto).
- 24) Broad-based Black Economic Empowerment Act (Act 53 of 2003).
- 25) Cross-boundary Municipalities Laws Repeal and Related Matters Act (Act 23 of 2005).
- 26) Municipal Fiscal Powers and Functions Act (Act 12 of 2007).
- 27) Intergovernmental Fiscal Relations Act (Act 97 of 1997).
- 28) Intergovernmental Fiscal Regulations Framework.
- 29) And other applicable legislations.

**Table 1: Abbreviations/acronyms:**

Abbreviation/Acronym	Explanation/Description
AFS	Annual Financial Statements
AGSA	Auditor-General South Africa
AET	Adult Educational Training
ARPL	Artisan Recognition of Prior Learning
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIPC	Companies and Intellectual Property Commission
CUT	Central University of Technology
DEA	Department of Environmental Affairs
EDI	Electricity Distribution Industry
EM	Executive Manager
EPMDS	Employee Performance Management and Development System
EME	Emerging Micro Enterprise
EXCO	Executive Committee
EWDs	Employees With Disabilities
GM	General Manager
GRAP	Generally Recognised Accounting Practices
HDI	Historically Disadvantaged Individuals
ICT	Information and Communication Technology
IDP	Integrated Development Plan
ISUPG	Informal Settlements Upgrading Partnership Grant
INEP	Integrated National Electrification Programme
KPA	Key Performance Area
KPI	Key Performance Indicator
KRA	Key Result Area
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MFP	Municipal Finance Planning
MMM	Mangaung Metropolitan Municipality

Abbreviation/Acronym	Explanation/Description
MTREF	Medium-Term Revenue and Expenditure Framework
NERSA	National Energy Regulator of South Africa
PMR	Professional Marketing Research
PMS	Performance Management System
POE	Portfolio of Evidence
RED	Regional Electricity Distributor
REMCO	Human Resources and Remuneration Committee
SALGA	South African Local Government Association
SAWMU	South African Municipal Workers Union
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SHREQ	Safety, Health, Risk, Environment and Quality
SMME	Small, Medium and Micro Enterprise
SOC	State-Owned Company
USDG	Urban Settlements Development Grant
WIL	Work Integrated Learning
WSP	Workplace Skills Plan



**Table 2: Glossary**

<b>Accessibility indicators:</b>	<b>Explore whether the intended beneficiaries are able to access services or outputs.</b>
Accountability documents:	Documents used by executive authorities to provide “full and regular” reports on the matters under their control to Parliament and provincial legislatures as mandated by the Constitution (1996). These include plans, budgets, in-year, and Annual Reports.
Activities:	The processes or actions that use a variety of inputs to generate the intended outputs and ultimately, outcomes. Essentially, activities describe “what we do”.
Adequacy indicators:	The quantity of input or output relative to the need or demand.
Annual Report:	A report to be prepared and submitted annually in accordance with the regulations set out in Section 121 of the Municipal Finance Management Act (MFMA, 2003). This report must include the annual financial statements as submitted to, and approved by, the Auditor-General South Africa (AGSA).
Annual Financial Statements	The Annual Financial Statements (AFS) of a municipality as audited by the Auditor-General and approved by council or a provincial or national executive.
Baseline:	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service:	Municipal services that are essential for ensuring an acceptable and reasonable quality of life for citizens within that specific area. If these services are not provided, it may endanger public health and safety or the environment.
Budget year:	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators:	The overall cost or expenditure of producing a specified quantity of outputs.

<b>Accessibility indicators:</b>	<b>Explore whether the intended beneficiaries are able to access services or outputs.</b>
Distribution indicators:	The distribution of capacity to deliver services.
General Key Performance Indicators (KPIs):	After consultation with Members of the Executive Council (MECs) for local government, the Minister may prescribe general KPIs that are appropriate and applicable to local government in general.
Impact:	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs:	All the resources that contribute to the production and delivery of outputs. Inputs are <i>"what we use to do the work"</i> . They include finances, personnel, equipment, and buildings.
Integrated Development Plan (IDP):	Sets out municipal goals and development plans.
National Key Performance Areas (KPA's):	<ul style="list-style-type: none"> <li>• Service delivery and infrastructure.</li> <li>• Economic development.</li> <li>• Municipal transformation and institutional development.</li> <li>• Financial viability and management.</li> <li>• Good governance and community participation.</li> </ul>
Outcomes:	Medium-term results for specific beneficiaries as a consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives as set out in its plans. Outcomes are <i>"what we wish to achieve"</i> .
Outputs:	Outputs are the final products, or goods and services produced for delivery. Outputs may be defined as <i>"what we produce or deliver"</i> . Outputs are defined as concrete achievements (i.e. such as a passport, a presentation, immunisation, or a service such as processing an application) that contribute to the achievement of a Key Result Area (KRA).



<b>Accessibility indicators:</b>	<b>Explore whether the intended beneficiaries are able to access services or outputs.</b>
Performance indicator:	Indicators should be clearly defined to measure performance in relation to input, activities, outputs, outcomes, and impacts. An indicator is a form of information used to assess the degree to which an output has been accomplished (such as a policy developed, a presentation delivered, or a service provided).
Performance information:	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with 'performance measure'.
Performance standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this Employee Performance Management and Development System (EPMDS), performance standards are divided into indicators and the time factor.
Performance targets:	The level of performance that municipalities and their employees strive to achieve. Performance targets are based on current baselines and express a specific level of performance that a municipality aims to achieve within a given time-period.
Service delivery and budget implementation plan:	A detailed plan approved by the mayor for implementing the municipality's delivery of services. This includes projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.

<b>Accessibility indicators:</b>	<b>Explore whether the intended beneficiaries are able to access services or outputs.</b>
Vote:	<p>One of the main segments into which a municipality's budget is divided for the appropriation of money for the different departments or functional areas of the municipality. The vote specifies the total amount appropriated for a specific department or functional area.</p> <p>Section 1 of the MFMA (2003) defines a "vote" as:</p> <ul style="list-style-type: none"> <li><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></li> <li><i>b) Which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.</i></li> </ul>

## **CHAPTER 1: FOREWORD AND EXECUTIVE SUMMARY**

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### **1.1 Foreword by the Interim Chairperson of the Board**

**M.J NTSHUDISANE**  
**THE INTERIM CHAIRPERSON OF THE BOARD**

For the period under review the Board experienced a period of turmoil which rendered it dysfunctional.

This compromised the foundational principles of good corporate governance, which provides for separation of duties and responsibilities between the board and executive management.

To address the dysfunctionality, the parent municipality put measures in place which unfortunately did not yield positive outcomes. As a result, the Board was dissolved on 31 July 2025 by the Council of Mangaung Metropolitan Municipality (MMM) but after three of its members had voluntarily tendered their resignations.

On dissolving the Board, Council on 28 August 2025 resolved to appoint an Interim Board in the interim period as a stop gap measure until a permanent Board is appointed.

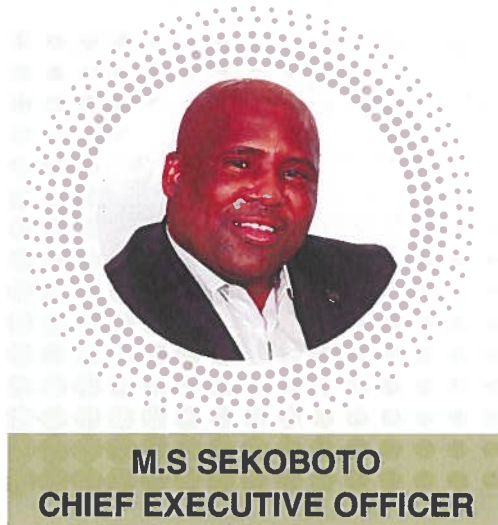


**INTERIM CHAIRPERSON OF THE BOARD**

**M.J NTSHUDISANE**



## **1.2 Overview by the Chief Executive Officer**



### **Introduction**

CENTLEC (SOC) Ltd, entrusted with enhancing electricity access and driving socio-economic upliftment, has made significant strides in fulfilling its mission during the 2024/2025 financial year. The company's unwavering commitment to community care and customer-centricity has been instrumental in its achievements.

The large tariff increases awarded to Eskom impact CENTLEC's customers and are likely to change consumption patterns. Secondly, the discrepancy between the tariff increases awarded to Eskom and those awarded to municipalities for their electricity sales has a negative impact on CENTLEC's margins. Addressing this complex interplay is pivotal in our strategic plan to ensure financial sustainability and customer satisfaction. Furthermore, the ongoing challenges related to infrastructure vandalism pose a significant threat to the integrity of CENTLEC's infrastructure.

### **Alignment with Strategic Pillars and Objectives**

Securing Revenue and Securing Supply were the two main pillars on which CENTLEC decided to strategically concentrate going forward. These pillars will be strengthened

by giving the organisation three major strategic imperatives: procuring finance, building systems that will empower employees, and improving grid functionality.

As CENTLEC began implementing the Integrated Development Plan (IDP) in accordance with the Mangaung Metropolitan Municipality's agenda, the last year was a crucial one. The company's budget, business strategy, service delivery, and budget implementation plan (SDBIP), and five-year business plan were all carefully created to support the IDP's service delivery objectives and strategic goals.

### **Community Engagement**

CENTLEC increased communication efforts, interacted with communities via community radio stations and ward initiatives, and used social media to run successful awareness campaigns.

### **Infrastructure Upgradation**

The company commenced the critical prepayment meter software upgrade for TID (Token Identifier), which is due to expire in November 2024, ensuring service continuity and customer satisfaction. The rollover will continue to other towns within the CENTLEC area of supply to upgrade all prepayment meters before November 2024. While CENTLEC has performed admirably in several capital programs, the infrastructure is ageing, and as a result, CENTLEC is still facing infrastructure backlogs.

CENTLEC Upgraded the CENTLEC Online Prepayment Vending System to enhance performance and reliability.

Pre-payment/Time of Use meter Replacement: Replacement of 4358 meters that were older than 10 years and/or meters that were faulty, ensuring improved accuracy and reliability in energy measurement

## **Service Delivery**

CENTLEC installed 40 X 40m high mast lights to promote neighbourhood safety, finished electrifying 1521 household connections, and maintained infrastructure to increase energy delivery. This project supports international initiatives to embrace renewable energy sources and lessen dependency on conventional power sources. More funding is required in this sector to speed up an infrastructure renovation program and clear the existing backlog. This will assist CENTLEC in reducing losses and enhancing infrastructure performance. A substantial investment is required for the Bulk Infrastructure Replacement Program in order to improve the Company's capacity to differentiate between planned and unscheduled repairs. CENTLEC achieved mixed results in the delivery of services to the communities that it serves. It is imperative to note that increased load shedding has greatly impacted electricity restoration times and has put a strain on the ageing infrastructure.

## **Human Capital Development**

The company obtained for Workplace Accreditation from LGSETA on the qualification Occupational Certificate: Electricians and invested in employee development through Artisan Recognition of Prior Learning (ARPL), Sixty-six (66) employees enrolled on the programme. Further, Entity partnered with the Central University of Technology (CUT), where thirty-seven (37) students have been placed under Work Integrated Learning (WIL) programs to build a skilled and competent future workforce. CENTLEC, in partnership with the Central University of Technology, successfully upskilled thirty (30) employees through higher certificate programs in renewable energy, while also securing an EWSETA grant to enroll an additional thirty employees in similar programs for the 2024/25 financial year.

Fifty (50) employees were successfully promoted through six internal vacancy bulletins, supporting career progression and talent retention within the organisation. A total of twenty-one (21) senior managers successfully completed an Executive Leadership Management Development Programme for Executives at the Central University of Technology

### **Challenges and Mitigation**

CENTLEC faced significant challenges, including rampant cable theft, vandalism, and illegal connections, which impacted revenue, service delivery, and public safety. The company implemented measures to mitigate these challenges, such as increased security, revenue enhancement initiatives, and community awareness campaigns. The company collaborated with community police forums (CPFs) and the South African Police Services (SAPS).

### **Financial Performance**

Despite revenue challenges posed by factors like decreased bulk energy purchases and prepaid sales, CENTLEC demonstrated financial resilience through cost control and revenue optimisation. The company's commitment to sustainable operations ensured financial stability. The amounts owed by government departments and public entities continue to rise, and it is a cause for concern. CENTLEC continues to collaborate with the parent municipality's Revenue management division to intensify collection efforts and ensure that collection levels are met.

### **Outlook and Appreciation**

CENTLEC is unwavering in its dedication to enhancing consumer service, advancing socioeconomic advancement, and expanding access to power. The business plans to build on the successes of the previous year by making more infrastructure investments, improving service delivery, and fortifying community ties.

I want to sincerely thank the CENTLEC Executive Management Team, the Board of Directors, the Mangaung Metropolitan Municipality, and every employee for their commitment and unwavering support. Their combined efforts would not have allowed for the success that was attained.

The 2024/2025 financial year has been a period of significant progress for CENTLEC. Despite challenges, the company has demonstrated resilience, innovation, and a strong commitment to its mission. With a focused approach and the support of stakeholders, CENTLEC is poised to achieve even greater heights in the coming years.

Significant advancements have been made by CENTLEC throughout the 2024/2025 fiscal year. Notwithstanding obstacles, the business has proven to be resilient, innovative, and deeply committed to its goal. In the upcoming years, CENTLEC is expected to reach even higher heights with the help of stakeholders and a targeted approach



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**CHIEF EXECUTIVE OFFICER**

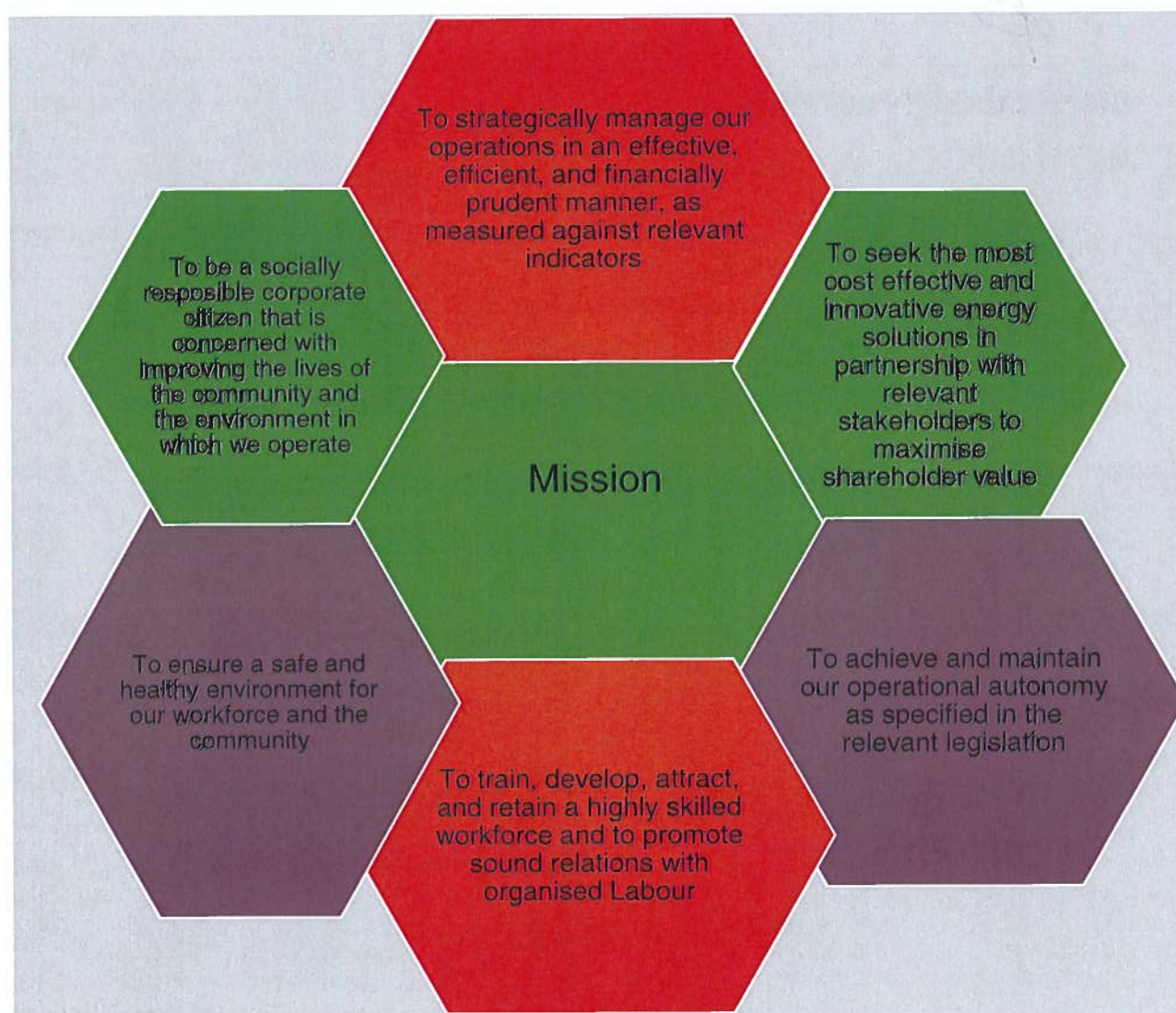
**M.S SEKOBOTO**



## Vision

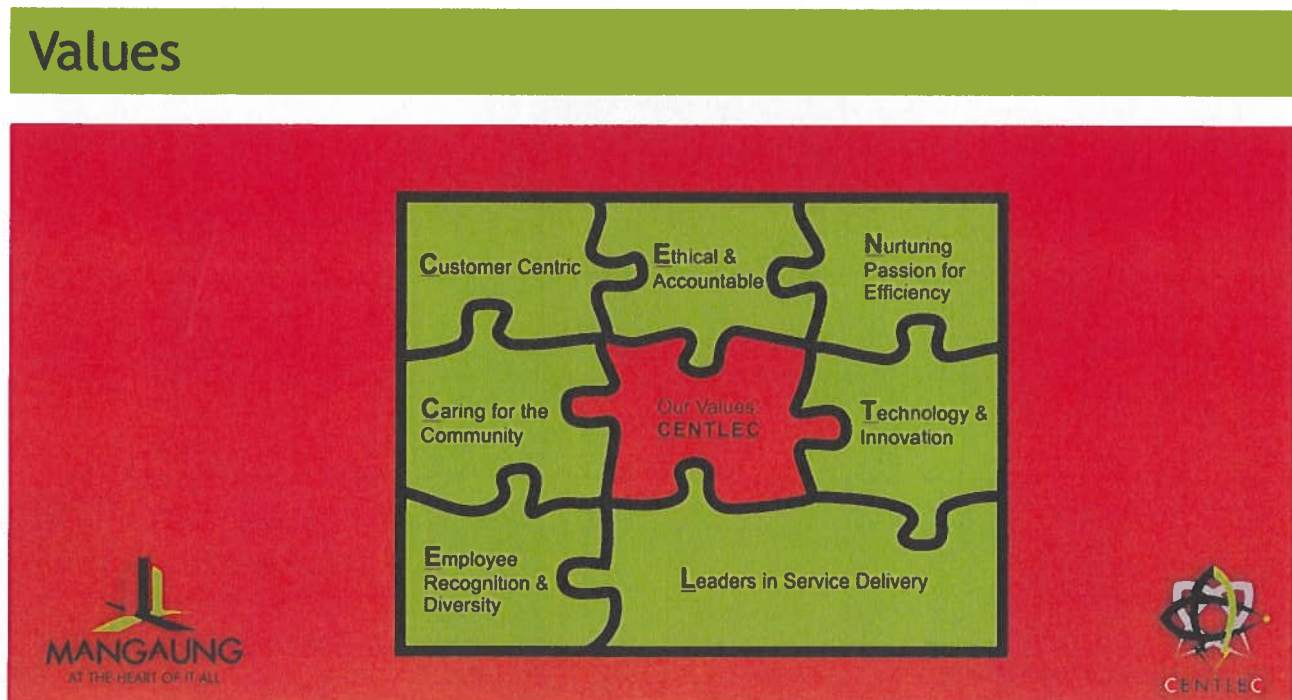
**“To be a reliable energy utility of choice that enables social and economic upliftment”.**

## **1.3 Mission**



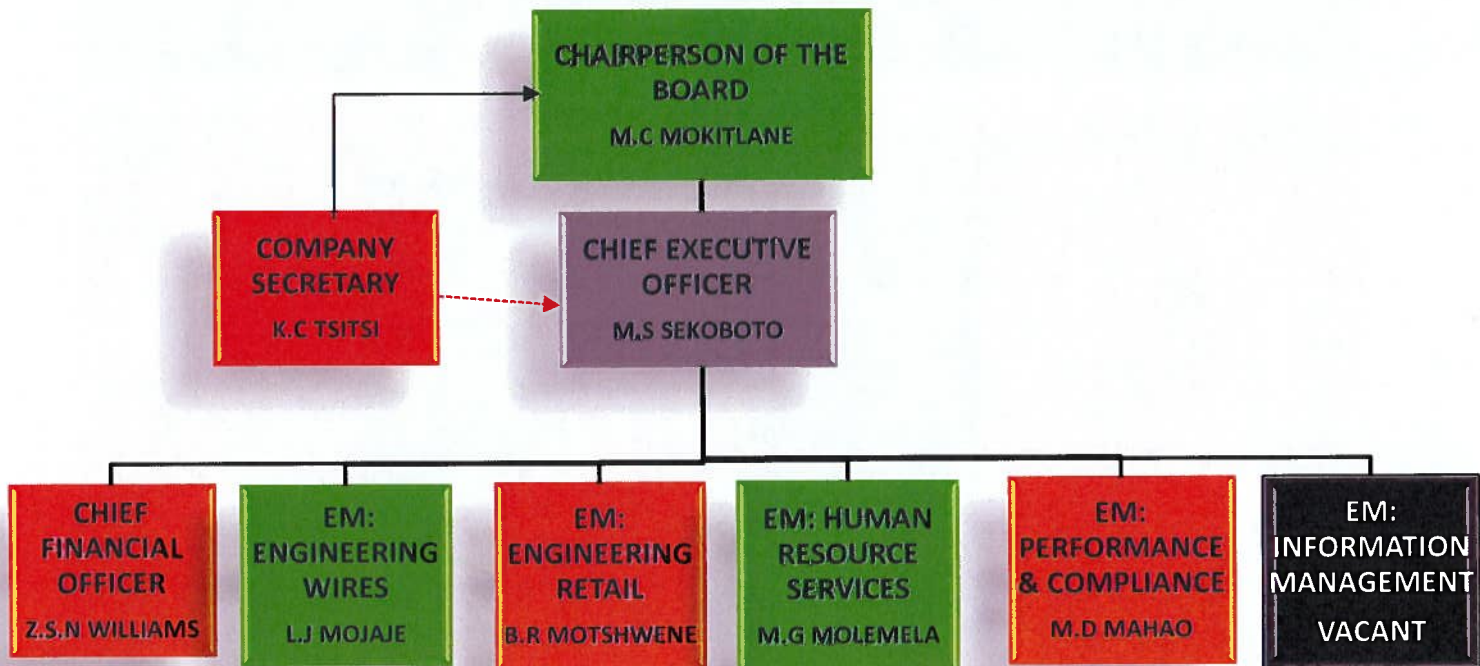
**Figure 1: Mission**

## 1.4 Values



**Figure 2: Values**

### 1.5 CENTLEC's Organisational structure as at 30 June 2025



**Figure 3: Organisational Structure**

## **1.6 Legal requirements**

In terms of Section 121(1) of the MFMA (2003), *“every municipality and every municipal entity must prepare an annual report for each financial year. The Council of a municipality must, within nine months after the end of a financial year, deal with the annual report of the municipality and of any municipal entity under the Municipality’s sole or shared control in accordance with Section 129”*. In compliance with Section 45(1)(b) of the Municipal System Act the results of performance measurements in terms of Section 41(1)(c) must be audited annually by the AGSA.

## **1.7 Purpose of an Annual Report**

In terms of Section 121(2) of the MFMA, the purpose of an annual report is:

- a) *to provide a record of activities of the municipality or municipal entity during the financial year to which the report relates.*
- b) *to provide a report on performance against the budget of the municipality or municipal entity for that financial year; and*
- c) *to promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.*

## **1.8 Scope of report**

This annual report covers CENTLEC (SOC) Ltd’s governance, financial performance, service delivery, and environmental, broader economic and overall sustainability performance information for the financial year 2024/2025. It provides an account of the Company’s progress as at the end of June 2025 and offers a forward-looking perspective in terms of future plans and value-generating strategies.

## **1.9 Functions, population, and service delivery overview**

The Company is mandated to provide electricity services to all its customers. As the electricity distribution service provider of the MMM, the Company’s core competency is to purchase, distribute and sell electricity within its geographical footprint.



CENTLEC (SOC) Ltd was established as a fully owned Company by MMM in terms of the Municipal Systems Act (Act 32 of 2000) and the Companies Act, (Act 71 of 2008).

- **Electricity distribution/energy services:** The Company distributes electricity to Mangaung municipal area by purchasing its energy from Eskom supply points. The supply areas include Bloemfontein, Botshabelo, Thaba Nchu, Dewetsdorp, Van Stadensrus and Wepener.
- **Construction of electrical networks:** All new electrification networks and the upgrading of existing networks is managed by the Company's design and construction Sections. Additional capacity is obtained through the supply chain processes and the appointment of private companies.
- **Operation, maintenance, and extension of networks:** The maintenance of electricity distribution networks form a large part of the Company's operations. A 24-hour standby service ensures that customers are not inconvenienced by long power outages. Ongoing evaluation of existing networks is performed to detect any overloading or failure, and this is addressed through upgrading and/or extension of the network.
- **Metering, pre-payment vending and billing services:** Modern metering systems are used to measure different categories of customers. We offer pre-payment and credit metering options. Extensive pre-payment vending facilities are available to customers ensuring convenience and availability. Credit meter reading and billing has been done in-house.

The Company serves approximately 193 430 consumers within Mangaung Metropolitan Municipality (MMM), ranging from domestic to commercial and industrial properties, as detailed below.



**Table 3: Customer tariff group**

TARIFF GROUP	MANGAUNG
Indigent	41 545
Inclining Block (Conventional & Prepaid)	146 918
Flat Rate Business (Conventional & Prepaid)	2 998
Bulk Resell 2	32
Bulk Resell 3	180
Centlec departmental ToU	7
Comflex - Single Phase	73
Comflex - Three Phase	715
Elecflex 1	3
Elecflex 2	166
Elecflex 3	553
Homeflex - Single Phase	38
Homeflex - Three Phase	194
Sport Stadiums	8
<b>Total Connections</b>	<b>193 430</b>

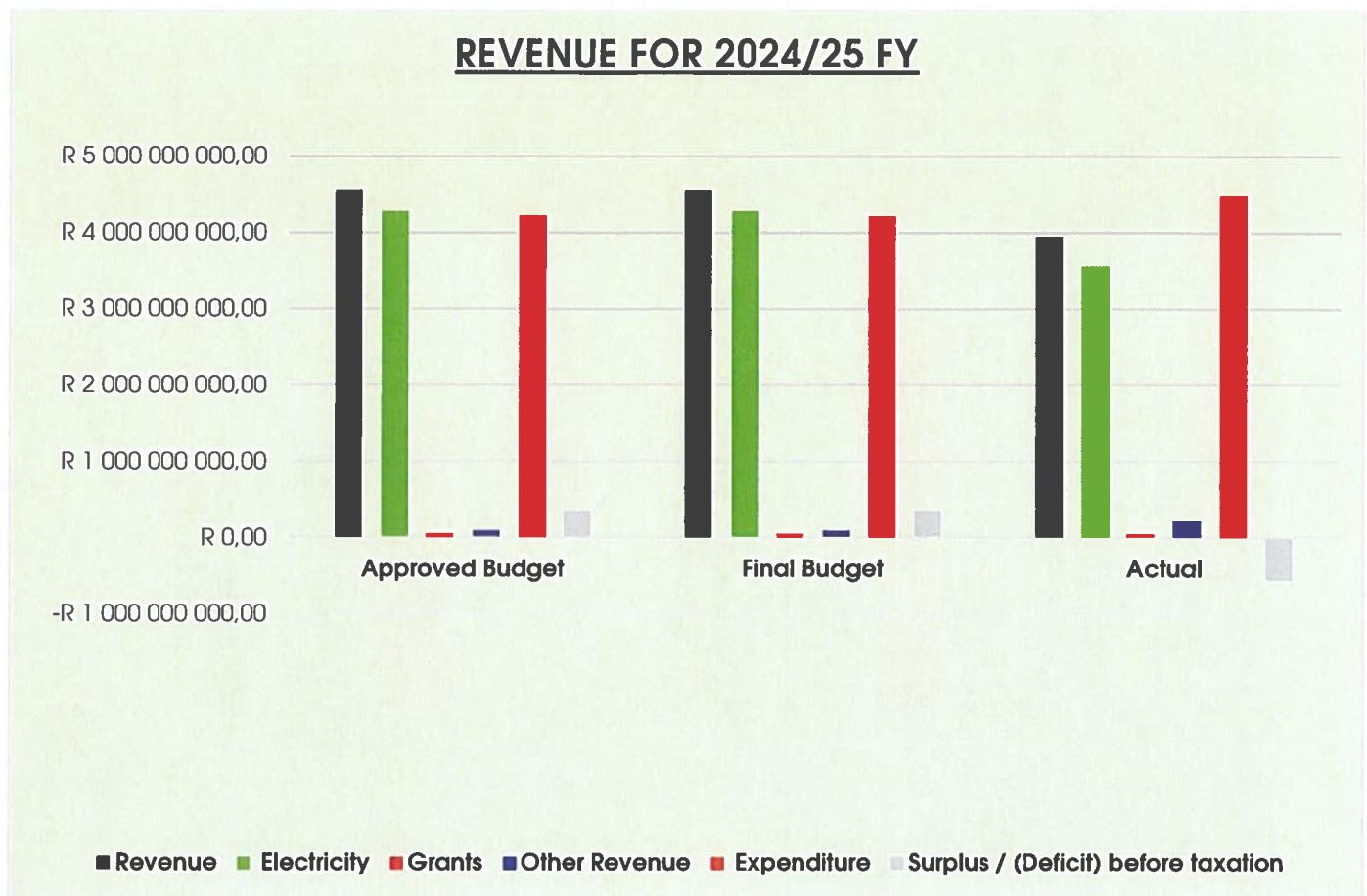
### **1.10 Financial health overview**

Although the Company has been able to honour its financial commitments, financial viability remains one of the major challenges faced by municipalities and municipal entities. The main challenges that have an impact on the financial viability of the Company are:

- Debt collection.
- Low revenue growth.
- Above-inflation increase in bulk purchases.
- Distribution losses (mainly due to theft).
- Cable theft.
- High unemployment.

**Table 4: Financial health summary**

Details	Approved Budget ( R ) 2024/25	%	Final Budget ( R ) 2024/25	%	Actual ( R ) 2024/25	Variance (Adj. Budget less Actual)	%
<b>Revenue</b>	<b>4 549 857 479</b>	<b>100%</b>	<b>4 549 857 479</b>	<b>100%</b>	<b>3 938 615 619</b>	<b>611 241 860</b>	<b>16%</b>
Electricity	4 272 279 047	94%	4 272 279 047	94%	3 550 035 450	722 243 597	20%
Grants	63 060 000	1%	63 060 000	1%	54 834 783	8 225 217	15%
ESKOM Debt relief write off	128 940 293		128 940 293		128 940 293		
Other Revenue	85 578 139	2%	85 578 139	2%	204 805 093	- 119 226 954	-58%
<b>Less:</b>	<b>4 202 621 695</b>	<b>100%</b>	<b>4 202 621 695</b>	<b>100%</b>	<b>4 503 358 111</b>	<b>- 300 736 416</b>	<b>-7%</b>
Expenditure	4 213 906 276	100%	4 213 906 276	100%	4 490 931 952	- 277 025 676	-6%
Profit / (Loss) on disposal of assets	- 9 899 800	0%	- 9 899 800	0%	20 426 482	- 30 326 282	-148%
Inventories losses / write- downs	- 1 384 781	0%	-1 384 781	0%	- 8 000 323	6 615 542	-83%
<b>Surplus / (Deficit) before taxation</b>	<b>347 235 784</b>	<b>8%</b>	<b>347 235 784</b>	<b>8%</b>	<b>- 564 742 492</b>	<b>911 978 276</b>	<b>-161%</b>

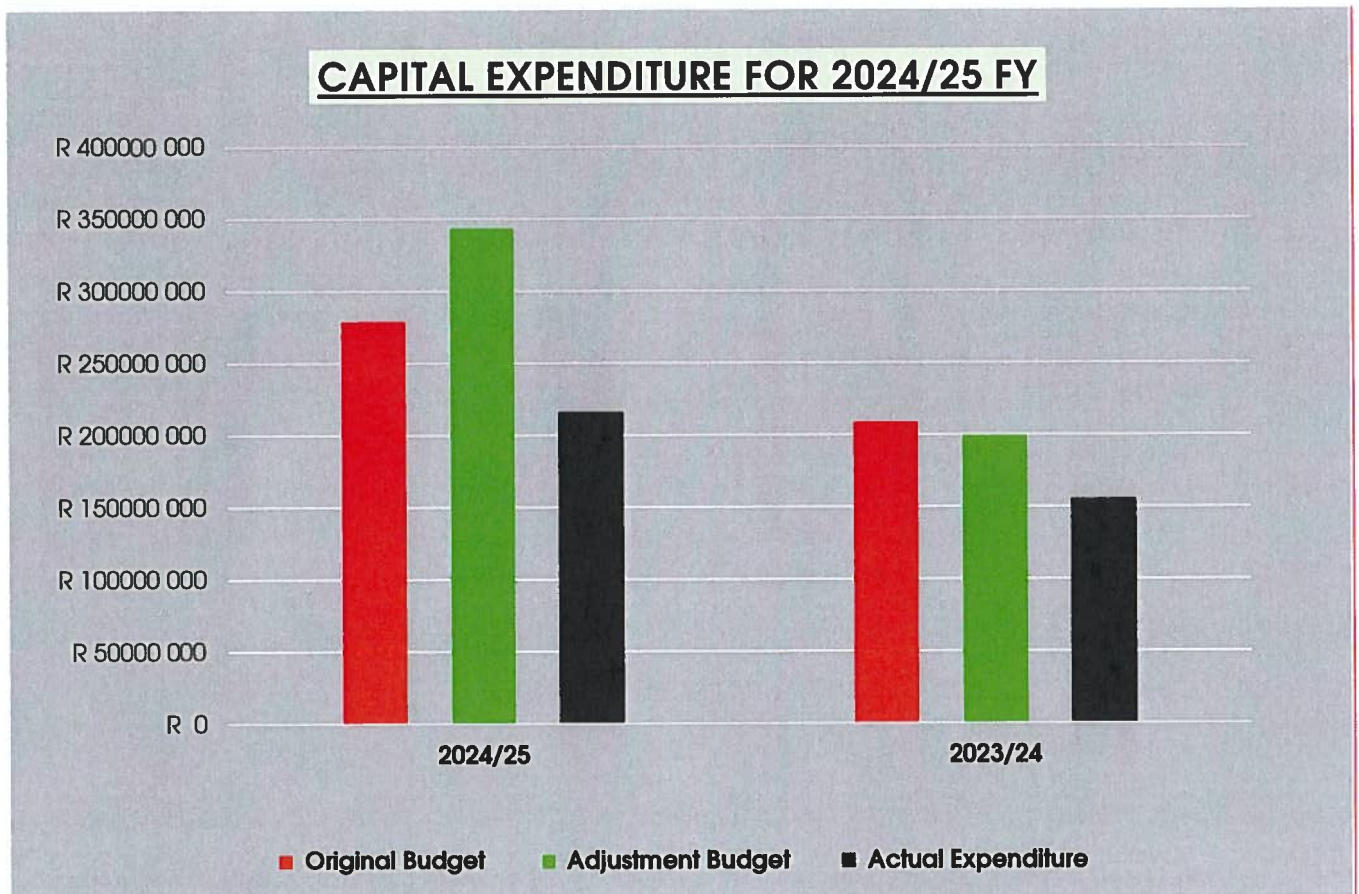


**Figure 4: Revenue for 2024/25**

**Table 5: Capital Expenditure**

Details	Capital Expenditure	
	2024/25	2023/24
Original Budget	R 278 844 800	R 208 693 446
Adjustment Budget	R343 644 800	R199 109 800
Actual Expenditure	R 215 810 236	R 155 271 306





**Figure 5: Capital Expenditure**

## CHAPTER 2: GOVERNANCE

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### 2.1. Intergovernmental Relations Recipients

#### 2.1.1. *Introduction to co-operative governance and intergovernmental relations*

CENTLEC (SOC) Ltd management understands the importance of good governance in ensuring effective service delivery. They are committed to doing the right thing in the right way, with a focus on being timely, participatory, inclusive, open, and accountable.

In terms of co-operative governance, guidance is provided through structures and forums established in accordance with the Intergovernmental Fiscal Relations Act (Act 97 of 1997) and the Intergovernmental Fiscal Regulations Framework. Service delivery aligns with national KPAs, which ultimately becomes municipal KPAs and eventually KPIs.

- National intergovernmental structures:  
The Company participates in national forums, which helps in properly allocating resources to address service backlogs.
- Provincial intergovernmental structure:  
The Company had a service delivery agreement with one (1) neighbouring municipality (Kopanong) for electricity distribution and maintenance, improving service delivery to communities, but was terminated around October 2024.
- Relationships with the parent municipality:  
Effective functioning of a well-organised interactive governance arrangement that promotes consultation, deliberation, design and co-delivery amongst the key stakeholders in the governance of the Company is essential for co-creating and co-producing outcomes that are in the Company's interest.

Decisions are made by the Board, IDP programmes and interventions from municipalities, along with the allocated budget to execute these decisions.



Performance agreements are entered into with all Executive managers in line with the SDBIP, which forms part of the municipal SDBIP. The progress and performance of these Executive managers are reported on monthly and quarterly basis in accordance with Section 87 of the MFMA.

Policies of the Company are aligned with those similar policies of MMM.

- Intergovernmental structures:

The South African Local Government Association (SALGA) Provincial Office plays a vital role in ensuring that regular meetings are held, including local and district municipalities, to enhance service delivery co-ordination.

## **2.2. Public accountability and participation**

### **2.2.1. Overview**

In terms of Section 15(1) and (2)(b) of the Municipal System Act (Act no. 32 of 2000), a municipality is mandated to create and review by-laws as needed. Section 16(1)(a)(i) of the Municipal System Act (Act 32 of 2000) requires a municipal entity to establish a system of governance that complements formal representative governance with a system of participatory governance. In view of this, the Company participates in the following activities:

- IDP meetings.
- Performance management monthly reporting.
- Community participation in the budget process.
- Planning tribunal

Provision is made in terms of the budget to execute Section 16(1)(c) of the Municipal System Act (2000). Section 18(1)(d) of the Municipal System Act (2000) requires the municipality to provide the community information about municipal governance, management, and development. The Company fulfils this requirement through various public meetings held with the community.

### **2.2.2. Public meetings**

In terms of Section 152(1)(e) of the Constitution, one of the objects of local government is to encourage the involvement of the communities and community-based organizations in the local government matters.

Furthermore, chapter 4 of the Municipal Systems Act deals with community participation. According to the Systems Act, the municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance.

In response to the constitutional and legislative imperatives outlined above, various Public Participation activities, listed below, were undertaken during the 2024/25 financial year:

- Mangaung Social Compact Imbizo.
- Crime Prevention Imbizo with the SAPS.
- Social Compact Imbizo.
- Token Identifier (TID) consultation meeting with Councilors and Ward Committees in their respective wards.
- Qibing Education and Development Foundation Annual Event Celebration (Wepener)
- Consumer Education (Bochabela)
- Community Meeting: Arcata Service Delivery
- Batho Health Community Meeting Health Department
- Infrastructure Summit
- Investment Summit
- Community Media Summit
- Road Show (MPAC) Van Stadensrus, Wepener & Dewetsdorp
- IDP Meetings in various wards
- Community Meeting- Mothusi Primary School-Rocklands
- Community Meeting-JB Mafora
- Park Road SAPS & CPF Imbizo-Lourierpark
- Community Meeting-Kort Niemann
- Community Meeting-Grassland

- ICROP Community Meeting

In addition, Section 18 of the Municipal Systems Act, 32 of 2000 further encourages communication of information concerning public participation while Section 21 outlines the different ways in which communications to the local community can be undertaken.

Various radio interviews were conducted during the 2024/25 financial year focusing, amongst other topics, the following:

- The Spate of cable theft and vandalism within Mangaung.
- Electricity related problems.
- Court case between CENTLEC and a farmer who connected electricity illegally.
- Accident involving two CENTLEC employees.
- Arrest of one of our employees involved in job scamming.
- Tariff Change.
- Token Identifier (TID) Roll-over.
- Electricity Tempering.
- TID Deadline Extension.
- Electricity Tariffs (Annual Increment).
- Electricity Tariffs (Winter Tariffs).
- Electrification of informal settlements.
- CENTLEC disconnecting power to defaulting customers.
- 08 April 2025 Vending related problems Lesedi FM.

### **2.3. Ethical leadership**

Since its establishment in 2003, the Company has been known for its responsible leadership, characterised by values such as accountability, responsibility, fairness, and transparency. Since the management of the Company is conscious of its impact on society and the economy, it strives to maintain ethical relationships with all stakeholders. In order to ensure that there are consequences for not adhering to these values, the management has taken steps to integrate ethical leadership into the formulation of its strategy. The Company upholds high ethical standards, and the Management leads with

effectiveness from a foundation of principles. To foster an ethical culture, the management has implemented procedures and guidelines.

The primary objective of the Company is to be a sustainable entity that takes into account the short- and long-term impacts of its operations on the economy, society, and environment, all while conducting business ethically. When making decisions, the management considers the interests and expectations of its stakeholders and takes appropriate action to align them with the Company's values.

## 2.4. CENTLEC's Board of Directors

Seven members, with varying skills and experience, were appointed to the Board by the Shareholder. The Board consists of two females and five males.

The Board meets regularly and retains full control of the Company. The Board remains accountable to MMM (the Company's sole shareholders) and its stakeholders, including the citizens of Mangaung and the other areas where electricity is distributed.

Non-Executive Directors provide an independent perspective on matters under consideration, enhancing the Board's depth of experience. The roles of Chairperson and CEO of the Company are separated, with distinct responsibilities. The Chairperson has no executive functions. Members of the Board have unrestricted access to the Company Secretary, who advises the Board and its committees on matters including compliance with Company rules and procedures, statutory regulations and best corporate practices.

The Board or any of its members may, under appropriate circumstances and at the expense of the Company, seek advice from independent professionals.

### 2.4.1 Board Members as at 30 June 2025

**Table 6: Board Members**

Initials and Surname	Designation	Race	Gender
M.C Mokitlane	Chairperson	African	Male
M.B Mfanta	Deputy Chairperson	African	Female

Initials and Surname	Designation	Race	Gender
D.R Barlow	Non-Executive Director	Coloured	Male
M.A Mopeli	Non-Executive Director	African	Male
G. Mohanoe	Non-Executive Director	African	Female
N.T Baloyi	Non-Executive Director	African	Male
E.D Markus	Non-Executive Director	African	Male

#### 2.4.1.1. Duties of Directors

Section 93H of the Municipal System Act stipulates that:

- (1) *The board of directors of a municipal entity must:*
- a) *provide effective, transparent, accountable, and coherent corporate governance, and conduct effective oversight of the affairs of the municipal entity.*
  - b) *ensure that the municipal entity complies with all applicable legislation and agreements.*
  - c) *communicate openly and promptly with the parent municipality of the municipal entity; and*
  - d) *deal with the parent municipality of the municipal entity in good faith.*

#### 2.4.1.2. Statement of Compliance

The Board of Directors and Management acknowledge and are dedicated to upholding the principles of transparency, integrity and accountability outlined in the *King IV, Report on Corporate Governance for South Africa, 2016* (effective April 2017). This commitment ensures that the shareholders and other stakeholders are assured that the Company is being managed ethically within prudent risk parameters in line with widely accepted corporate practices. Monitoring the Company's compliance with King IV is part of the Audit and Risk Committee responsibilities. The



Company has largely complied with the Code during the year under review, except for instances detailed in the financial statements regarding non-compliance with legislation.

#### 2.4.2. Board meetings

**Table 7: Board meetings**

Type of meeting	Date	Venue
Ordinary	08 August 2024	CENTLEC (SOC) LTD 30 Rhodes Avenue
Special	30 August 2024	CENTLEC (SOC) LTD 30 Rhodes Avenue
Special	17 September 2024	CENTLEC (SOC) LTD 30 Rhodes Avenue
Special	08 October 2024	CENTLEC (SOC) LTD 30 Rhodes Avenue
Special	09 October 2024	CENTLEC (SOC) LTD 30 Rhodes Avenue
Special	29 November 2024	CENTLEC (SOC) LTD 30 Rhodes Avenue
Special	11 December 2024	CENTLEC (SOC) LTD 30 Rhodes Avenue
Special	17 January 2025	CENTLEC (SOC) LTD 30 Rhodes Avenue
Special	14 March 2025	CENTLEC (SOC) LTD 30 Rhodes Avenue
Ordinary	09 May 2025	CENTLEC (SOC) LTD 30 Rhodes Avenue

#### 2.4.3 Board meeting attendance

**Table 8: Board meeting attendance**

Names of Directors	08/08/2024 ORDINARY	30/08/2024 SPECIAL	17/09/2024 SPECIAL	08/10/2024 SPECIAL	09/10/2024 SPECIAL	29/11/2024 SPECIAL	11/12/2024 SPECIAL	17/01/2025 SPECIAL	14/03/2025 SPECIAL	09/05/2025 ORDINARY	Total
M.C Mokitlane (Chair)	x	√	√	√	√	√	√	√	√	√ (Virtual)	09/10
M.B Mfanta (Deputy Chair)	√	√	√	√	√	√	√	√	√	√ (Virtual)	10/10
G Mohanoe	√	√	√ (Virtual)	√	√	√ (Virtual)	√	x	√	√ (Virtual)	9/10
M.A Mopeli	√	√	√	√	x	√	x	√	√	√ (Virtual)	8/10

Names of Directors	08/08/2024 ORDINARY	30/08/2024 SPECIAL	17/09/2024 SPECIAL	08/10/2024 SPECIAL	09/10/2024 SPECIAL	29/11/2024 SPECIAL	11/12/2024 SPECIAL	17/01/2025 SPECIAL	14/03/2025 SPECIAL	09/05/2025 ORDINARY	Total
D.R Barlow	√	√	√	√	√	√	√	√	√	√ (Virtual)	10/10
T.N Baloyi	√	√	√	√	√	√	√	√	√ (Virtual)	√ (Virtual)	10/10
E.D Markus	√	x	x	√	√	√	√	√	√	√ (Virtual)	8/10

√ Present

x Absent

## 2.4.4 Board Committees

The Board had the following committees during the period under review:

- Audit and Risk Committee.
- Finance Committee.
- Human Resources and Remuneration Committee.
- Social and Ethics Committee.
- ICT and Engineering Committee; and
- Governance Committee.

### 2.4.4.1 Audit and Risk Committee

The Audit and Risk Committee is a statutory committee mandated in terms of Section 94(7) of the Companies Act 2008, and Section 166 of the Municipal Finance Management Act, 2003. The Committee operates according to its Terms of Reference, which aligned with legislative requirements. The committee is an independent advisory body accountable to both the Board and the shareholders.

The Council of Parent Municipality appointed the Audit and Risk Committee which consist of five (5) members was appointed on the 1<sup>st</sup> of June 2024 which will serve for three (3) years.

## Audit and Risk Committee Members

**Table 9: Audit and Risk Committee as at 30 June 2025**

Initials and Surname	Designation	Race	Gender
Adv. M.R Tsupa	Chairperson	African	Male
Dr. N.C Skeepers	Member	Coloured	Female
L Lankalebalela	Member	African	Male
A Latchu	Member	Indian	Male
M.B Mfanta	Member	African	Female

**Table 10: Audit and Risk Committee meeting attendance**

The Audit and Risk Committee held meetings as follows during the period under review:

Member	30/07/2024 SPECIAL	28/08/2024 ORDINARY	04/11/2024 SPECIAL	28/11/2024 SPECIAL	16/01/2025 SPECIAL	27/02/2025 ORDINARY	13/03/2025 SPECIAL	15/04/2025 SPECIAL	08/05/2025 ORDINARY	Total
Adv. M.R Tsupa	√ (Virtual)	√	√	√ (Virtual)	√ (Virtual)	√ (Virtual)	√	√ (Virtual)	√ (Virtual)	9/9
Dr. N.C Skeepers	√ (Virtual)	√ (Virtual)	√ (Virtual)	√ (Virtual)	X	√ (Virtual)	√ (Virtual)	√ (Virtual)	√ (Virtual)	8/9
L Lankalebalela	√	√ (Virtual)	√ (Virtual)	√ (Virtual)	√ (Virtual)	√ (Virtual)	√	√ (Virtual)	√	9/9
A Latchu	√ (Virtual)	√ (Virtual)	√ (Virtual)	√ (Virtual)	√ (Virtual)	√ (Virtual)	√ (Virtual)	√ (Virtual)	√ (Virtual)	9/9
M.B Mfanta	√	√	√	√ (Virtual)	√ (Virtual)	X	√	√ (Virtual)	√ (Virtual)	8/9

√: Present

X: Absent

**NB:** The induction was held for ARC members on the 8<sup>th</sup> of July 2024.

#### **2.4.4.2 Finance Committee**

The role of the Committee is to assist the Board in fulfilling its responsibility of oversight with respect to all governance aspects including financial management and financial accounting. This includes overseeing CENTLEC (SOC) Ltd's financial position, financing plans and programmes, cash management, investment management, employee retirement plans, insurance management and reviewing of financial and procurement policies.

**Table 11: Finance Committee**

Initials and Surname	Designation
D.R Barlow	Chairperson
N.T Baloyi	Member
M.B Mfanta	Member
CEO	Ex officio
CFO	Ex officio

#### **2.4.4.3 Human Resources and Remuneration Committee**

The role of the Committee is to assist the Board in ensuring that the Company remunerates Directors and Executives fairly and responsibly and that the disclosure of Directors and remuneration is accurate, complete, and transparent.

**Table 12: Human Resources and Remuneration Committee**

Initials and Surname	Designation
M.A Mopeli	Chairperson
N.T Baloyi	Member
D.R Barlow	Member
CEO	Ex officio

Initials and Surname	Designation
CFO	Ex officio
Executive Manager: Human Resources	Invitee

#### 2.4.4.4 *Social and Ethics Committee*

The role of the committee is to assist the Board with oversight of social and ethical matters and to ensure that members of the Board and Company employees adhere to the established Code of Conduct. This includes adherence to Schedule 1 and 2 of Municipal Systems Act, No. 32 of 2000, as amended, the Municipal Finance Management Act, No. 56 of 2003, and any other relevant legislation, as well as good governance principles as outlined in the King IV™, report on corporate governance for South Africa 2016 (effective April 2017).

**Table 13: Social and Ethics Committee**

Initials and Surname	Designation
G. Mohanoe	Chairperson
M.A. Mopeli	Member
M.C. Mokitlane	Member
CEO	Ex officio
CFO	Ex officio

#### 2.4.4.6 *ICT and Engineering Committee*

The role of the Committee is to oversee the implementation, monitoring, and review of CENTLEC (SOC) Ltd's policies, procedures, practices, and guidelines aimed at meeting the Information and Communication Technology (ICT) and Engineering requirements as stipulated in the Terms of Reference.



**Table 14: ICT and Engineering Committee**

Initials and Surname	Designation
M.B Mfanta	Chairperson
G. Mohanoe	Member
N.T Baloyi	Member
CEO	Ex officio
CFO	Ex officio

#### **2.4.4.7. Governance Committee**

The Committee's responsibility is to oversee the implementation, monitoring, and review of CENTLEC (SOC) Ltd policies, procedures, practices, and guidelines to meet the legislative requirements.

**Table 15: Governance Committee**

Initials and Surname	Designation
D.R Barlow	Chairperson
G. Mohanoe	Member
M.C. Mokitlane	Member
CEO	Ex officio
CFO	Ex officio

#### **2.4.4.8 Meetings of Board Committees**

The Board Committees held meetings on the dates listed below during the period under review:

**Table 16: Meetings of Board Committees held**

Committee	No. of meetings	Dates of meetings
Audit and risk	9	30 July 2024 28 August 2024 04 November 2024 28 November 2024 16 January 2025 27 February 2025 13 March 2025 15 April 2025 08 May 2025
Finance	8	23 July 2024 26 August 2024 31 October 2024 14 January 2025 15 January 2025 25 February 2025 12 March 2025 07 May 2025
Human Resource and Remuneration	5	15 July 2024 18 October 2024 25 February 2025 01 April 2025 17 April 2025
Social and Ethics Committee	3	26 July 2024 25 October 2024 07 May 2025
ICT and Engineering Committee	3	24 July 2024 01 November 2024 05 May 2025
Governance Committee	3	23 July 2024 21 October 2024 30 April 2025

#### **2.4.4.9 Board decision-making**

Section 66(1) of the Companies Act of 71 of 2008 states that the business and affairs of a Company must be managed by, or under the direction of its Board which has the authority to exercise all the powers and perform any of the Company functions, except as provided otherwise in this Act or the Company's Memorandum of Incorporation.

In addition, clause 12.6 and 12.8 of the Memorandum of Incorporation provides guidance on meetings in relation to the business of the Company.

### **2.5. Administrative Governance**

The Company's administration is divided into several functional areas, including the Office of the CEO, Office of the Company Secretary, Human Resources, the Office of the CFO, Engineering: Wires, Engineering: Retail, and Performance and Compliance. The Company has a total of 788 staff members. The Chief Executive Officer leads the entire administration and is accountable to the Board of Directors.

#### **2.5.1 The Executive Committee**

The Chief Executive Officer and the Executive Management Team constitutes the Executive Committee of the Company. The following individuals were members of the Executive Committee during the reviewed period:

**Table 17: Executive Committee**

Initials and surname	Designation	Race	Gender
M.S Sekoboto	CEO	African	Male
K.C Tsitsi	Company Secretary	African	Male
M.G Molemela	EM: Human Resources	African	Female
Z.S.N Williams	CFO	Coloured	Female
L.J Mojaje	EM: Engineering Wires	African	Male
B.R Motshwene	EM: Engineering Retail	African	Female
M.D Mahao	EM: Performance & Compliance	African	Male

### 2.5.1.1 Executive Committee Meetings

The Executive Committee held various meetings during the year under review.

**Table 18: Executive Committee Meetings**

Type of meeting	Date	Representative(s)
Extended EXCO	09 July 2024	As per attendance
Extended EXCO	14 August 2024	As per attendance
Extended EXCO	07 October 2024	As per attendance
Extended EXCO	08 January 2025	As per attendance
Extended EXCO	09 January 2025	As per attendance
Extended EXCO	13 January 2025	As per attendance
Ordinary EXCO	21 January 2025	As per attendance
Special Extended EXCO	24 February 2025	As per attendance
Extended EXCO	03 March 2025	As per attendance
Extended EXCO	10 March 2025	As per attendance
Extended EXCO	04 April 2025	As per attendance
Extended EXCO	10 April 2025	As per attendance
Extended EXCO	16 April 2025	As per attendance
Extended EXCO	02 May 2025	As per attendance
Extended EXCO	14 May 2025	As per attendance
Extended EXCO	11 June 2025	As per attendance
Extended EXCO	20 June 2025	As per attendance

### 2.5.2 Remuneration

Independent Audit and Risk Committee members' fees are paid in accordance with the council's approved fee structure. Non-Executive Directors were paid R 773 853 in remuneration, while Executive Management received R 12 215 69. In addition, R165 935 was paid to officials as acting allowances. See Note 45 and 28 respectively in the Annual Financial Statements for details.

### 2.5.3 Corporate Governance

The Board of Directors has adopted a Board Charter, which includes matters of ethics, procedure and conduct of members. The charter is aligned with the Mangaung Metropolitan Municipality (MMM) Charter. Registers are maintained and updated on

the disclosure and declaration of interests of Directors and Senior Management. The Board and Senior Management ensure full compliance with all relevant legislation. The Company's Secretary has certified that all statutory returns were submitted to the Companies and Intellectual Property Commission (CIPC) in accordance with Section 268(d) of the Companies Act (Act of 2008).

The Board of Directors subscribes to the MMM corporate governance protocol which, regulates its relationship with MMM as its sole shareholder and parent municipality to ensure good corporate governance and ethical practices.

The Company's practices align with the principles outlined in the *King IV Report on Corporate Governance for South Africa, 2016* (effective April 2017). The Board continually reviews the Company's progress to ensure improvements in corporate governance. During the review period, the Company entrenched its risk management reviews. Reporting and compliance assessments were carried out in accordance with the Companies Act (2008) and the MFMA (2003).

#### **2.5.4 Corporate citizenship**

The Board and Executive Management acknowledge that the Company operates within a political framework. Therefore, it has a social and moral role in society, along with accompanying responsibilities. The Board is therefore accountable for ensuring that the Company safeguards, enhances, and invests in the well-being of the economy, society, and the natural environment. It should also conduct its activities within the limits of social, political, and environmental responsibilities outlined in the international conventions on human rights. The Board has established a Social and Ethics Committee tasked with ensuring that the Company strives to be a good corporate citizen.

#### **2.5.5 Compliance with laws, rules, codes, and standards**

The Board and Management are responsible for ensuring that the Company complies with relevant laws and considers adhering to non-binding rules, codes, and standards.



The Board has an Audit and Risk Committee that is responsible for overseeing compliance.

## **2.6. Internal Audit and Risk Management**

Internal Auditors are required to submit quarterly internal audit reports to the Audit and Risk Committee (ARC) and Senior Management. This is in accordance with the committee's approved annual and three-year rolling Strategic Internal Audit Plan, as well as the King IV Report on Corporate Governance. This is required by the MFMA, the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing, and the King IV Report on Corporate Governance.

### **2.6.1. Internal Audit**

During the review period, the Internal Audit Unit executed audit engagements based on risks identified during the planning phase and ad hoc requests from governance structures. Of the twenty-three (23) audits planned for the 2024–2025 financial year, one (1) was reprioritised and three (3) were deferred. All other audits were completed in line with the approved Annual Internal Audit Operational Plan

#### ***Internal Audit operational plan for the year:***

1. Asset Management
2. Audit of Quarter 4 Performance Information 2023-2024
3. Audit of Quarter 1 Performance Information 2024-2025
4. Audit of Quarter 2 Performance Information 2024-2025
5. Audit of Quarter 3 Performance Information 2024-2025
6. Corporate Governance
7. Final Year End Stock take 2024-2025
8. Fleet Management
9. Follow Up on Data Centre and Back Up
10. Follow-up on AGSA Findings 2023-2024
11. Human Resources: Leave Compliance
12. ICT General Governance
13. Meter Management

14. OHS Compliance
15. Revenue Management
16. Review of the Draft Annual Financial Statements 2023–2024
17. Review of the Draft Annual Performance Report 2023–2024
18. Supply Chain Management
19. User Account Management

### ***Audits not yet completed***

#### **Audit Activities deferred during the Financial Year**

The below Audit Activities deferred during the Financial Year based on the reasons document below, however the hours allocated were adjusted to other critical audits during the year and the revised plan was submitted to the Audit and Risk Committee and was approved.:

<b>Audit Activity</b>	<b>Comments</b>
<b>Employee Overtime</b>	The audit was deferred as management has implemented new overtime controls and workforce planning measures. Internal Audit advised the ARC that testing now would add limited value; the review will be conducted in the next financial year once controls are embedded.
<b>Ethics Management</b>	The audit was deferred pending finalisation of the revised Whistleblowing Policy. Conducting it earlier would have limited value; interim coverage was provided under the Corporate Governance Audit.
<b>ICT Vulnerability Assessment</b>	The audit could not be performed within the reporting period as ICT management is in the middle of rolling out critical security patches, infrastructure upgrades, and system enhancements. Performing the vulnerability assessment during this transitional phase would have produced incomplete or unreliable results and risked duplication of effort. Deferring the audit until system stabilisation ensures a more accurate evaluation of residual risks, enhances the cost-effectiveness of the engagement, and strengthens assurance over ICT resilience.
<b>Reprioritised: Budget Management Compliance</b>	The planned hours were reprioritised to the review of the Draft Annual Financial Statements, as budget compliance procedures had already been incorporated into the Performance Information review, mid-term adjustments, and MTREF preparation under Finance, Performance and Compliance.

### **2.6.2 Risk Management**

CENTLEC SOC Ltd is committed to conducting its operations with integrity, transparency, and ethical leadership. A sound risk management process is fundamental to good corporate governance and is embedded throughout the organisation in alignment with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Enterprise Risk Management Framework (2017) and International Organization for Standardization (ISO) 31000:2018 Risk Management Guidelines.

In accordance with our approved Risk Management Framework and Policy, CENTLEC conducts quarterly risk assessments to identify, evaluate, and monitor both existing and emerging risks. These risks are categorised as high, medium, or low, enabling effective prioritisation and targeted resource allocation especially toward risks that may hinder the achievement of strategic objectives.

Based on these assessments, risk registers are developed per division, outlining key risks, mitigation controls, and clear implementation timelines. Risk ownership is decentralised, with each division responsible for managing its risks and ensuring accountability through designated risk owners.

To support oversight and ensure transparency, quarterly risk reports are submitted to both the Audit and Risk Committee and the Board of Directors. These reports assess the organisation's overall risk profile and the effectiveness of internal controls.

The Risk Management Unit provides structured quarterly reporting on the following key areas:

- Strategic Risk Assessment
- Information and Communication Technology (ICT) Risk
- Fraud Risk Assessment

CENTLEC's alignment with COSO and ISO 31000 ensures that risk management supports strategic decision-making, promotes resilience, and adds value across all levels of the organisation.

### **2.6.3 Anti-Corruption and Fraud Strategy**

Our approved Fraud and Anti-Corruption Policy as well as our Whistle-blowing Protection Policy, encourages officials to make confidential disclosures about suspected fraud and corruption within the organisation. *The policy also outlines the procedure that should be followed in the reported event of fraud or corruption.* CENTLEC (SOC) Ltd has a Fraud Hotline administered by an internal team within the Compliance and Performance Directorate. The Company follows up on reports received and investigates if necessary.

### **2.7 Supply Chain Management**

All the bid committees as per the SCM Policy and National Treasury Guidelines have been established by the CEO and convened regularly to perform their functions. This addresses the MFMA (2003) requirement in Section 112.

Consistent with the SCM Policy of the Company, none of the Directors or officers entered into any commercial transaction with the Company during the period under review.

Supply Chain and Expenditure Management reports are submitted to the Audit and Risk Committee. The following committees administer procurement within the Company:

- Bid Specification Committee
- Bid Evaluation Committee
- Bid Adjudication Committee

## 2.8 Bids awarded as at 30 June 2025:

**Table 19: The following bids were awarded during the year:**

Total number of Bids Awarded	Total number of Awarded bidders/ Service providers	Black Owned	Women / Africans Ownership	Black Youth	Disabilities	Military Veterans	Locality	Rural or underdeveloped areas
23	41	98%	27%	5%	0%	0%	68%	0%

## 2.9 Policies and Frameworks

Various budget-related policies and frameworks were submitted to the council for approval. The table below outlines the approved policies and frameworks for 2024/25:

**Table 20: Approved Budget Annexures**

No.	Approved Budget Annexures	Date of Council approval
1	Annexure A (Service Charges)	31 May 2024
2	Annexure B (Electricity Service Charges)	
3	Annexure C (Amended Policy Register)	
	• Cell phone Policy	
	• Identity Management Password Policy	
	• Information and Communication Technology (ICT) User Access Management Policy	
	• Credit control and Debt Collection policy	
	• Virement Policy	
	• Supply Chain Management Policy	
4	Annexure D (Training tariffs)	
5	Annexure E (Grant Funded Projects Application)	
6	Annexure G (Salaries)	
7	Annexure H (Bulk Charges)	

## 2.10 By-laws

There is an electricity by-law which was published in the Government Gazette on 28 August 1998, under notice 116.



## 2.11 Public participation in drafting of by-laws

The Company participates in public hearings in terms of amendments of by-laws. Electricity by-laws are revised on an annual basis and await supporting legislation in terms of small-scale solar generation.

## 2.12 Website

The Company developed its own website, intending to save costs. The fully functional and effective website is divided into tabs, providing detailed information to our valued customers.

Visit us at our new web address [www.centlec.co.za](http://www.centlec.co.za).

The Company's website has been functional and accessible during the period under review.

**Table 21: Documents published on website**

Documents published on the Company's website	Published/not published
<b>Bids</b> <ul style="list-style-type: none"> <li>Available bids</li> <li>Bids awarded and errata</li> <li>Available quotations</li> <li>Awarded quotations.</li> <li>Public notices</li> </ul>	Published
<b>Service Delivery Budget Implementation Plan (SBDIP)</b> <ul style="list-style-type: none"> <li>Revised SDBIP 2023/24</li> <li>Revised SDBIP 2024/25</li> </ul>	Published
<b>Performance agreements</b> <ul style="list-style-type: none"> <li>2023/24</li> <li>2024/25</li> </ul>	Published
<b>Business plan</b> <ul style="list-style-type: none"> <li>Multi-year Business Plan 2022- 2027</li> </ul>	Published

Documents published on the Company's website	Published/not published
<b>Budgets</b> <ul style="list-style-type: none"> <li>Adjustment budget for 2023/24</li> <li>Adjustment budget for 2024/25</li> <li>Medium-Term Revenue and Expenditure Framework (MTREF) 2023/24</li> <li>Medium-Term Revenue and Expenditure Framework (MTREF) 2024/25</li> </ul>	Published
<b>Annual Report</b> <ul style="list-style-type: none"> <li>2022/23</li> <li>2023/24</li> </ul>	Published
<b>Mid-Year Reports</b> <ul style="list-style-type: none"> <li>Mid-year Performance Report 31 December 2023</li> <li>Mid-year Performance Report 31 December 2024</li> </ul>	Published
<b>Tariffs</b> <ul style="list-style-type: none"> <li>NERSA Approved Mangaung Electricity Tariffs for the period 01 July 2023 – 30 June 2024.</li> <li>NERSA Approved MMM Electricity Tariffs for the period 1 July 2024 - 30 June 2025</li> <li>Annexure A</li> <li>Adjusted Annexure H</li> </ul>	Published
<b><u>Reviewed Policies 2024/25</u></b> <ul style="list-style-type: none"> <li>Annexure C - Policy Amendments Register 2024-2025</li> <li>Adjusted Annexure C (Accompanied with Revised Policies)</li> <li>Asset Management Impairment Methodology</li> <li>Asset Management Policy</li> <li>Budget and reporting policy</li> <li>Banking and Investment Policy</li> <li>Bad Debts Policy</li> <li>Borrowings Policy</li> </ul>	

Documents published on the Company's website	Published/not published
<ul style="list-style-type: none"> <li>• Connection and Disconnection Policy</li> <li>• Credit Control and Debt Collection Policy</li> <li>• Customer Care Policy</li> <li>• Electricity Connection and Disconnection Policy</li> <li>• Electricity Consumption Estimates Policy</li> <li>• Information and Communication Technology Disaster Recovery Plan</li> <li>• Long-term Debtors Policy</li> <li>• Prepaid Electricity Vending Policy</li> <li>• Petty Cash Policy</li> <li>• Revenue Policy</li> <li>• SCM Policy</li> <li>• Sundry Income Policy</li> <li>• Subsistence &amp; Travel Policy</li> <li>• Tariffs Policy</li> <li>• Unauthorised, Irregular, Fruitless and Wasteful Expenditure Policy</li> </ul>	

## **CHAPTER 3: SERVICE DELIVERY PERFORMANCE**

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The parent municipality needs to ensure that the annual performance objectives and indicators for the Company is established in agreement with the Company and included in the Company's multi-year business plan in accordance with Section 87(5) (d) of the MFMA (2003).

### **3.1. Objectives and strategies**

In line with Section 87(5) (d) of the MFMA (2003), the Company has developed a multi-year business plan that outlines the objectives for the financial year 2024/25. The developmental strategies as advocated in the Company's Business Plan are directly linked to specific developmental needs and objectives which must be measured in the Organisational Performance Management System (PMS) and be effective in achieving that targets/goals of the SDBIP.

### **3.2. Pre-Determined Objectives**

Details of pre-determined objectives are provided in Section 3.2.2 of this report.

#### **3.2.1. The annual performance summary of Executive managers**

CENTLEC (SOC) Ltd understands that performance information is crucial for effective management, including planning, budgeting, implementation, monitoring, and reporting. Performance information also promotes accountability, allowing the public and other interested stakeholders to monitor progress, identify areas needing improvement and gain a better understanding of the issues involved. The Company has achieved an annual performance rate of 77% for the period under review. Moving forward CENTLEC (SOC) Ltd will strive to achieve a rate of 100% for all KPIs set.

*The following tables presents the key performance of the relevant executives.*

**Table 22: Annual performance (Municipal Indicators)**

Directorate	Total no. of KPIs	KPIs achieved for the year	KPIs not achieved for the year
Office of the CEO	2	2	0
Office of the Company Secretary	4	2	2
Human Resources	3	3	0
Chief Financial Officer	5	3	2
Engineering Wires	1	1	0
Engineering Retail	2	2	0
Performance & Compliance	4	3	1
The total no. of KPIs	21	16	5
Percentage	100%	76%	24%

**Annual performance of the MFMA Circular 88 indicators.**

**Table 23: Annual performance: MFMA Circular 88**

Directorate	Total no. of KPIs	KPIs achieved for the year	KPIs not achieved for the year
Finance	1	1	0
Engineering Wires	5	3	2
Engineering Retail	3	3	0
Totals	9	7	2
Total %	100%	78%	22%



### 3.2.2. THE ANNUAL COMPANY'S PERFORMANCE OF THE MFMA CIRCULAR 88 INDICATORS

CIRCULAR 88 KEY PERFORMANCE INDICATORS									
PRESCRIBED NATIONAL INDICATORS ISSUED BY NATIONAL TREASURY									
Ref No.	Performance Indicator (Output Level Only)	Baseline (Annual Performance of 2023/24 Estimated)	Annual Target For 2024/25	Planned Annual Budget	Actual Expenditure Output	Actual Output	Variation	Reason(s) For Variation	Remedial Action
							[2 - 16]		
		1	2			16	17	18	19
FINANCE									
4.1	95% revenue collection rate as per Circular 71 to be maintained monthly during 2024/25.	102% of revenue collection rate	Monthly revenue collection rate of 95% on all outstanding Debt during 2024/25	R2 200 000	R 88 827.32	Collection rate for the quarter is 97.95% which is 2.95% higher than the quarterly target of 95% as per MFMA Circular 71 ratio calculation	There is a variance of 2.95% which is higher than the target of 95%	The positive variance is due to warning notices issued to all Customers with the outstanding balance.  More stringent measures are being followed to collect, and such measures include disconnections, legal action taken and converting bulk meters to prepaid meters.  Furthermore, undertaking and commitment by Provincial Public	Not required

**CIRCULAR 88 KEY PERFORMANCE INDICATORS**

**PRESCRIBED NATIONAL INDICATORS ISSUED BY NATIONAL TREASURY**

Ref No.	Performance Indicator (Output Level Only)	Baseline (Annual Performance of 2023/24 Estimated)	Annual Target For 2024/25	Planned Annual Budget	Actual Expenditure Output	Actual Output	Variation	Reason(s) For Variation	Remedial Action
		1	2			16	17	18	19
								Works to settle the current accounts until the next allocation.	

**ENGINEERING WIRES**

5.1	Installations of commissioned embedded generators on the municipal distribution network	Commissioning of installations (Embedded Generation) totalling to 3.183 MVA	Commissioning of installations (Embedded Generation) totalling to one (1) MVA	CENTLEC Internal Resources were utilised on all activities	CENTLEC Internal Resources were utilised on all activities	1,13MVA Commissioning of installations (Embedded Generation) totalling to one (1) MVA	0,13MVA	The overachievement is due to the KPI being customer driven.	Not required
5.2	Percentage of unplanned outages that are restored to supply within industry standard timeframes	<b>Area faults</b> 94% within 24hrs as per NERSA	a) After unplanned interruptions which affects more than one customer i.e., multiple customer interruption/outage, the customers supply should be restored as follows: 98% within 24	CENTLEC Internal Resources were utilised on all activities	CENTLEC Internal Resources were utilised on all activities	95.72% Percentage of unplanned outages	2.28%	Infrastructure vandalism and repairs thereof, Cable theft, Cable faults and Cable repairs	1. Perform regular planned and preventative maintenance. 2. CENTLEC is in collaboration with the SAPS, Private Security Companies,



**CIRCULAR 88 KEY PERFORMANCE INDICATORS**

**PRESCRIBED NATIONAL INDICATORS ISSUED BY NATIONAL TREASURY**

Ref No.	Performance Indicator (Output Level Only)	Baseline (Annual Performance of 2023/24 Estimated)	Annual Target For 2024/25	Planned Annual Budget	Actual Expenditure Output	Actual Output	Variation	Reason(s) For Variation	Remedial Action
		1	2			16	[2 - 16]	18	19
			hours as per NERSA requirement						Neighbourhood Watchers and Community of Mangaung in efforts to combat cable theft and vandalism of essential infrastructure.
		<u>Single complaints</u> 98% within 24hrs as per NERSA	b) After an unplanned interruption which affects a single i.e., individual customer interruption/outage, the customers supply should be restored within 24h as per NERSA requirement	CENTLEC Internal Resources were utilised on all activities	CENTLEC Internal Resources were utilised on all activities	84.29% Percentage of unplanned outages	13.71%	Infrastructure vandalism and repairs thereof, Cable theft, Cable faults and Cable repairs	1. Perform regular planned and preventative maintenance. 2. CENTLEC is in collaboration with the SAPS, Private Security Companies, Neighbourhood Watchers and Community of Mangaung in efforts to combat

**CIRCULAR 88 KEY PERFORMANCE INDICATORS**

**PRESCRIBED NATIONAL INDICATORS ISSUED BY NATIONAL TREASURY**

Ref No.	Performance Indicator (Output Level Only)	Baseline (Annual Performance of 2023/24 Estimated)	Annual Target For 2024/25	Planned Annual Budget	Actual Expenditure Output	Actual Output	Variation	Reason(s) For Variation	Remedial Action
		1	2			16	[2 - 16]	18	19
									cable theft and vandalism of essential infrastructure.
5.3	Percentage of planned maintenance performed	New KPI	Complete 95% of planned maintenance	Internal Resources	Internal Resources	99.27% Percentage of planned maintenance performed	4.27%	Positive variation due to adequate resource allocation to planned maintenance.	Not required
5.4	Percentage of valid customer applications for new electricity connections processed in terms of municipal services	58% of new electricity connections processed	90% of valid customer applications for new electricity connections processed in terms of municipal services	90% of valid customer applications for new electricity connections processed as a percentage in terms of municipal services	R415 350,53	76%. [54/71] Valid customer applications processed.	14%	Delayed due to customer readiness with completion of installation of their own cable, this cable is called the customer cable, which is the sole duty of the customer to install.	Follow up with the customer to ensure they inform Centlec once they have completed the installation of the cable, then Centlec will proceed with its processes of installing the meter and energising the connection for



**CIRCULAR 88 KEY PERFORMANCE INDICATORS**

**PRESCRIBED NATIONAL INDICATORS ISSUED BY NATIONAL TREASURY**

Ref No.	Performance Indicator (Output Level Only)	Baseline (Annual Performance of 2023/24 Estimated)	Annual Target For 2024/25	Planned Annual Budget	Actual Expenditure Output	Actual Output	Variation	Reason(s) For Variation	Remedial Action
		1	2			16	[2 - 16]	18	19
5.5	Number of dwellings provided with connections to the mains electricity supply of the municipality	479 Number of dwellings provided with connections	1500 dwellings provided with electricity connections	R100 000 000,00	R 56 697 940,98	1521 dwellings provided with electricity connections	21	Variation is as result of community members who moved into the area which was in the process of being electrified.	Not required

**ENGINEERING RETAIL**

6.1	Provision of 3% of total residential electricity allocated as Free Basic Electricity by 30 June 2025	3.85% of total residential electricity provision allocated as Free Basic Electricity	3% of residential electricity provision allocated as Free Basic Electricity (FBE) by 30 June 2025	CENTLEC Internal Resources were utilised on all activities	CENTLEC Internal Resources were utilised on all activities	4.6%	-1.6%	-1,6% Effective registration of qualifying households into the vending system and higher customer collection rate	Not required
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**CIRCULAR 88 KEY PERFORMANCE INDICATORS**

**PRESCRIBED NATIONAL INDICATORS ISSUED BY NATIONAL TREASURY**

Ref No.	Performance Indicator (Output Level Only)	Baseline (Annual Performance of 2023/24 Estimated)	Annual Target For 2024/25	Planned Annual Budget	Actual Expenditure Output	Actual Output	Variation	Reason(s) For Variation	Remedial Action
							[2 - 16]		
		1	2			16	17	18	19
6.2	Monitor and report the variance of the Distribution Losses based on the NERSA guidelines for the entire financial year 2024/25	7.67% of total distribution losses Monitor that the	Monitor that the Distribution Losses are below the 12% threshold as per the NERSA guidelines	CENTLEC Internal Resources were utilised on all activities	CENTLEC Internal Resources were utilised on all activities	The distribution losses for the year is 9.68% which is below threshold of 12%.	2.32%	Regular meter inspections conducted to detect tampering and illegal connections, and electrical infrastructure refurbishment attributed to maintain the losses below 12%.	Not required
6.3	Municipal electricity consumption per 10 000 of the population by 30 June 2025	New KPI	Municipal electricity consumption per 10 000 of the population by 30 June 2025	CENTLEC Internal Resources were utilised on all activities	CENTLEC Internal Resources were utilised on all activities	311 951,63 kWh	None	Not applicable	Not required

### 3.2.3 OFFICE OF THE CHIEF EXECUTIVE OFFICER

- The CEO is appointed in terms of Section 93J of the Municipal Systems Act 32 (Act of 2000).
- The CEO is responsible and accountable for all the duties and functions of an accounting officer as outlined in Section 55 of the Municipal Systems Act.
- The CEO of the Company is accountable to the Board of Directors for the management of the Company.

MUNICIPAL INDICATORS									
OFFICE OF THE CEO									
Ref No.	Performance Indicator (Output Level Only)	Baseline (Annual Performance of 2023/24 Estimated)	Annual Target For 2024/25	Planned Annual Budget	Actual Expenditure Actual Output for the 2024/25	Actual Output for 2024/25	Variation	Reason(s) For Variation	Remedial Action
		1	2			16	[2 - 16] 17	18	19
STRATEGIC SDBIP									
1.1 (a)	Annual risk assessment conducted during the 2024/25 financial year.	Annual Risk assessment FY 2023/24.	Conduct annual risk assessment workshop completed by 30 June 2025.	CENTLEC Internal Resources will be utilised on all activities.	CENTLEC Internal Resources were utilised on all activities.	Risk assessments were conducted for COSEC, Engineering Wires, Finance, HR, Engineering Retail / ICT and Performance and Compliance.	None	Not applicable	Not required
1.1 (b)	Ensure the performance assessment of Executives should be assessed as	2023/24 performance assessment.	Ensure the performance assessment of Executives should be assessed as per performance	CENTLEC Internal Resources will be utilised on all activities.	CENTLEC Internal Resources were utilised on all activities.	Performance assessments of the Executives for 2024/25 financial year were assessed effectively as per	None	Not applicable	Not required

## MUNICIPAL INDICATORS

### OFFICE OF THE CEO

Ref No.	Performance Indicator (Output Level Only)	Baseline (Annual Performance of 2023/24 Estimated)	Annual Target For 2024/25	Planned Annual Budget	Actual Expenditure Actual Output for the 2024/25	Actual Output for 2024/25	Variation	Reason(s) For Variation	Remedial Action
		1	2			16	[2 - 16] 17	18	19
STRATEGIC SDBIP									
	per performance agreements of FY 2024/25.		agreements of FY 2024/25.			signed performance agreements.			



### **3.2.4 OFFICE OF THE COMPANY SECRETARY**

Section 88 of the Companies Act (2008) stipulates the duties of the Company Secretary:

- (1) A Company's Secretary is accountable to the company's Board.
- (2) A Company Secretary's duties include, but are not restricted to —
  - (a) Providing the Directors of the company collectively and individually with guidance as to their duties, responsibilities and powers.
  - (b) Making the Directors aware of any law relevant to or affecting the company.
  - (c) Reporting to the company's Board any failure on the part of the company or a director to Comply with the Memorandum of Incorporation or rules of the company or this Act.
  - (d) Ensuring that minutes of all shareholders meetings, Board meetings and the meetings of any committees of the Directors, or of the company's Audit Committee, are properly recorded in accordance with this Act.
  - (e) Certifying in the company's AFS whether the company has filed required returns and notices in terms of this Act, and whether all such returns and notices appear to be true, correct and up to date.
  - (f) Ensuring that a copy of the AFS is sent, in accordance with this Act, to every person who is entitled to it.
  - (g) Carrying out the functions of a person designated in terms of Section 33 (3).

## MUNICIPAL INDICATORS

### OFFICE OF THE COMPANY SECRETARY

Ref No.	Performance Indicator (Output Level Only)	Baseline (Annual Performance of 2023/24 Estimated)	Annual Target For 2024/25	Planned Annual Budget	Actual Expenditure Output	Actual Output	Variation	Reason(s) For Variation	Remedial Action
		1	2			16	[2 - 16] 17	18	19

### STRATEGIC SDBIP

2.1	Submit the 2024 Statutory Annual Return of the company to CIPC as required by the Companies Act No. 71 of 2008 by 24 May 2025	2023 Statutory Annual Return	Submit the 2024 Statutory Annual Return of the company to CIPC as required by the Companies Act No. 71 of 2008 by 24 May 2025	CENTLEC Internal Resources will be utilised on all activities	CENTLEC Internal Resources will be utilised on all activities	Statutory Annual Return were submitted to CIPC on the 13 <sup>th</sup> of May 2025.	N/A	N/A	N/A
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## MUNICIPAL INDICATORS

### OFFICE OF THE COMPANY SECRETARY

Ref No.	Performance Indicator (Output Level Only)	Baseline (Annual Performance of 2023/24 Estimated)	Annual Target For 2024/25	Planned Annual Budget	Actual Expenditure Output	Actual Output	Variation	Reason(s) For Variation	Remedial Action
		1	2			16	[2 - 16] 17	18	19
2.2	Company policies including Board Charter and Terms of Reference for Board Committees are reviewed and approved by CENTLEC Board by 30 June 2025.	New KPI	Ensure all Company policies including Board Charter are reviewed and approved by CENTLEC Board by 30 June 2025.	CENTLEC Internal Resources will be utilised on all activities	CENTLEC Internal Resources will be utilised on all activities	Company policies including Board Charter were reviewed and approved by the Board on the 9th of May 2025	N/A	The Board referred back the Terms of Reference for further review & inputs.	N/A
2.3	Board procedures are followed and regularly reviewed by 30 June 2025	New KPI	Board procedures are followed and regularly reviewed by 30 June 2025	CENTLEC Internal Resources will be utilised on all activities	CENTLEC Internal Resources will be utilised on all activities	The board procedures were followed: notice of meetings, agenda for the meetings, attendance register and declaration of interest.	None	Not applicable	Not required

## MUNICIPAL INDICATORS

### OFFICE OF THE COMPANY SECRETARY

Ref No.	Performance Indicator (Output Level Only)	Baseline (Annual Performance of 2023/24 Estimated)	Annual Target For 2024/25	Planned Annual Budget	Actual Expenditure Output	Actual Output	Variation	Reason(s) For Variation	Remedial Action
		1	2			16	[2 - 16] 17	18	19
2.4	Training for Board members is conducted by 30 June 2025.	New KPI	Annual training for Board members by 30 June 2025	CENTLEC Internal Resources will be utilised on all activities	CENTLEC Internal Resources will be utilised on all activities	Training for Board member was conducted	None	Not applicable	Not required

The Human Resources Directorate, led by the Executive Manager of Human Resources, is crucial to the organisation. It focuses on cultivating a performance-driven culture and maintaining an effective organisational structure. It supports the CEO and other executives by ensuring the workforce is motivated and aligned with the company's strategic goals. This directorate plays a key role in reinforcing the business framework and aligning it with the organisation's objectives, setting and monitoring business goals while implementing best practices in human resources management.

Apart from its structural and cultural responsibilities, the directorate also optimises the management of knowledge and business processes. It oversees the continuous improvement of these systems, ensuring they are robust and efficient, thus contributing to the overall strategic success of the organisation. Through these efforts, the Human Resources Directorate ensures that the company's HR practices are both effective and aligned with its long-term goals.



## MUNICIPAL INDICATORS

### HUMAN RESOURCES

Ref No.	Performance Indicator (Output Level Only)	Baseline (Annual Performance of 2023/24 Estimated)	Annual Target For 2024/25	Planned Annual Budget	Actual Expenditure Output	Actual Output	Variation	Reason(s) For Variation	Remedial Action
		1	2			16	[2 - 16] 17	18	19

### STRATEGIC SDBIP

3.1	Conduct workshop per directorate on collective agreements, condition of service and employee benefits by 30 June 2025	Workshops were conducted for all directorates on collective agreements, condition of service and employee benefits	a) Conduct one (1) workshop on agreements, conditions of service and employee benefits as per the schedule authorized by the Executive Manager: by 30 June 2025  b) Conduct one (1) workshop per quarter on collective agreements and disciplinary procedures as per schedule authorized by the Executive Manager by 30 June 2025	CENTLEC Internal Resources will be utilised on all activities	CENTLEC Internal Resources will be utilised on all activities	All directorates were workshopped on conditions of service and employee benefits during 2024/25 FY	None	Not applicable	Not required
				CENTLEC Internal Resources will be utilised on all activities	CENTLEC Internal Resources will be utilised on all activities	All directorates were workshopped on collective agreements and disciplinary procedures during 2024/25FY	None	Not applicable	Not required

## MUNICIPAL INDICATORS

### HUMAN RESOURCES

Ref No.	Performance Indicator (Output Level Only)	Baseline (Annual Performance of 2023/24 Estimated)	Annual Target For 2024/25	Planned Annual Budget	Actual Expenditure Output	Actual Output	Variation	Reason(s) For Variation	Remedial Action
		1	2			16	[2 - 16]		
							17	18	19

### STRATEGIC SDBIP

3.2	Development and approval of institutional development plan by 30 September 2024	New KPI	Submission of institutional development plan to Exco for approval by 30 September 2024	CENTLEC Internal Resources will be utilised on all activities	CENTLEC Internal Resources will be utilised on all activities	Institutional development plan was developed and approved	None	Not applicable	Not required
3.3	Implement the institutional development plan by 30 June 2025	New KPI	Implement institutional plan by 30 June 2025	R8 443 000	R5 752 900.93	There were forty five (45) Trainings approved as per the institutional development plan for 2024/25 FY, however, only thirty eight (38) programmes were implemented.	7	1. The unimplemented programmes were included in the training plan based on Discretionary grant from LGSETA which was not received. 2. Security Video monitoring was deferred based on the new security system that has been installed.	Trainings will be deferred over into the new Institutional Development Plan for 2025/26 FY.



### **3.2.5 FINANCE DIRECTORATE**

*Section 81 of Municipal Finance Management Act (2003) stipulates the role of the CFO of a municipality:*

- (a) Is administratively in charge of the budget and treasury office.
- (b) Must advise the accounting officer on the exercise of powers and duties assigned to the accounting officer in terms of this Act.
- (c) Must assist the accounting officer in the administration of the municipality's bank accounts and, in the preparation, and implementation of the municipality's budget.
- (d) Must advise senior managers and other senior officials in the exercise of powers and duties assigned to them in terms of Section 78 or delegated to them in terms of Section 79.
- (e) Must perform such budgeting, accounting, analysis, financial reporting, cash management, debt management, SCM, financial management, review, and other duties as may in terms of Section 79 be delegated by the accounting officer to the CFO.

## MUNICIPAL INDICATORS

### FINANCE

Ref No.	Performance Indicator (Output Level Only)	Baseline (Annual Performance of 2023/24 Estimated)	Annual Target For 2024/25	Planned Annual Budget	Actual Expenditure Actual	Actual Output	Variation	Reason(s) for Variation	Remedial Action
							[2-16]		
		1	2			16	17	18	19

### STRATEGIC SDBIP

4.2	98% actual readings in the amount billed per month throughout the 2024/25 financial year	98.66% actual readings in the amount billed per month	98% actual readings in the amount billed per month throughout 2024/25 FY year	CENTLEC Internal Resources were utilised on all activities	CENTLEC Internal Resources were utilised on all activities	99.58 % actual readings in the amount billed per month throughout 2024/25 FY year	There is a variance of 1.58% which is higher than the target of 98%	There were fewer invalid meter readings from the meter readers which resulted in less estimates.	Not required
4.3	Monthly financial reports in terms of Section 87 of the Municipal Finance Management Act, No. 56 of 2003, submitted to the Parent Municipality	2023/24 twelve (12) monthly Financial Reports	Twelve (12) signed-off monthly financial reports in terms of Sections 87 of the Municipal Finance Management Act, No. 56 of 2003, submitted to the Parent Municipality	CENTLEC Internal Resources were utilised on all activities	CENTLEC Internal Resources were utilised on all activities	Eleven (11) signed-off monthly financial reports in terms of Sections 87 of the Municipal Finance Management Act, No. 56 of 2003, submitted within seven working days to the Parent Municipality	One (1) section 87 report was submitted on the 8 <sup>th</sup> day after stipulated submission of seven (7) working days.	The set timeframe for submission of section 87 report to MMM and the SDBIP submission date being very close to each other and sometimes overlapping which results in the section 87 report not always being available in time for sufficient review.	Management will adjust the submission processes to Mangaung (MMM) in such a way that adequate review and the report is timeously submitted.

## MUNICIPAL INDICATORS

### FINANCE

Ref No.	Performance Indicator (Output Level Only)	Baseline (Annual Performance of 2023/24 Estimated)	Annual Target For 2024/25	Planned Annual Budget	Actual Expenditure Actual	Actual Output	Variation	Reason(s) for Variation	Remedial Action
							[2-16]		
		1	2			16	17	18	19

### STRATEGIC SDBIP

4.4	Compile and submit one (1) Mid-term performance & budget assessment report by 20 January 2025 as per Section 88 (1) (a) and (b) of the MFMA.	2023/24 Mid-term performance & budget assessment report	Compile and submit one (1) Mid-term performance & budget assessment report by 20 January 2025 as per Section 88 (1) (a) and (b) of the MFMA.	CENTLEC Internal Resources were utilised on all activities	CENTLEC Internal Resources were utilised on all activities	Compile and submit one (1) Mid-term performance & budget assessment report for 2024/25 per Section 88 (1) (a) and (b) of the MFMA	None	Not applicable	Not required
4.5	Prepare 2023/24 Annual Financial Statements in accordance with the South African Standards of Generally Recognized Accounting Practices	2022/23 Audited Annual Financial statements and the 2022/23 audit file	Prepare 2023/24 Annual Financial Statements in accordance with the South African Standards of Generally Recognized Accounting Practices (GRAP) and Section 122 of	CENTLEC Internal Resources were utilised on all activities	CENTLEC Internal Resources were utilised on all activities	The Annual Financial Statements with supporting documents as prescribed by Generally Recognised Accounting Practice (GRAP) and Section 12 of	None	Not applicable	Not required



## MUNICIPAL INDICATORS

### FINANCE

Ref No.	Performance Indicator (Output Level Only)	Baseline (Annual Performance of 2023/24 Estimated)	Annual Target For 2024/25	Planned Annual Budget	Actual Expenditure Actual	Actual Output	Variation	Reason(s) for Variation	Remedial Action
							[2-16]		
		1	2			16	17	18	19

### STRATEGIC SDBIP

	(GRAP) and Section 122 of the MFMA along with an audit file that supports the financial statements by 31 August 2024		the MFMA along with an audit file that supports the financial statements by 31 August 2024			the MFMA were submitted to the AGSA on 31 August 2024.			
4.6	100% disconnections as per Circular 71 to be maintained monthly during 2024/25.	New KPI	Monthly Disconnection rate of 100% on all outstanding Debt during 2024/25	CENTLEC Internal Resources were utilised on all activities	CENTLEC Internal Resources were utilised on all activities	The average overall percentage is 66.51% of disconnections for 2024/25 FY	There is a variance of 33.49% in the disconnections (Excl PG and GP) which is lower than the target of 100% according to circular 71	The variance is due to: 1. Court cases 2. Meter conversion 3. Meter Disputes 4. Default customers with outstanding amounts.	Strict measures to be followed to collect and such measures include disconnections across the board, legal action taken against robust consumers, notice to government letters

### **3.2.6 ENGINEERING WIRES DIRECTORATE**

**Engineering Wires** is a directorate that comprises of the asset creation under Planning, operations and maintenance of the electricity distribution systems. This directorate is crucial for ensuring that the entity meets its service delivery mandates and executes projects listed and approved in the IDP. In general, the directorate is responsible for asset creation, network operations and maintenance, as well as service delivery to the communities. Further, the directorate carries this mandate through three divisions within it, namely: Planning, (Network Operations & Maintenance) and (System Utilization & Process Engineering).

**Planning** division is accountable for the planning, design, and development of infrastructure within CENTLEC's jurisdiction.

**The Network Operation and Maintenance** division is responsible for providing preventative and corrective maintenance on the low voltage, medium voltage and high voltage electricity networks serving the areas covered by CENTLEC Distribution License.

**The System Utilisation and Process Engineering** division primarily manages infrastructure construction, maintenance, refurbishment, network operation and control throughout CENTLEC (SOC) Ltd distribution area.



## MUNICIPAL INDICATORS

### ENGINEERING WIRES

Ref No.	Performance Indicator (Output Level Only)	Baseline (Annual Performance of 2023/24 Estimated)	Annual Target For 2024/25	Planned Annual Budget	Actual Expenditure Output	Actual Output	Variation	Reason(s) For Variation	Remedial Action
		1	2			16	[2 - 16]		
						17		18	19

### STRATEGIC SDBIP

5.6	Number of new high mast lights installed within Mangaung Metropolitan Municipality area of supply	Forty-seven (47) high mast installed within Mangaung Metropolitan Municipality.	Forty (40) new high mast lights installed within Mangaung Metropolitan Municipality area of supply	R35 200 000	R25 978 193,00	Forty (40) high mast lights installed within Mangaung Metropolitan Municipality area of supply	None	Not applicable	Not required
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\*Note: These indicators from the Engineering Wires Directorate are also reported by MMM (parent municipality) as agreed upon with the Company based on the business plan and SDBIP submitted.

### **3.2.7 ENGINEERING RETAIL DIRECTORATE**

Engineering Retail Directorate is responsible for the trading of electricity, Metering Infrastructure, the development of Software's as per Directorates requirements and providing ICT support services to the Company.

The Directorate has three Sub-Directorates that play a crucial role in ensuring that CENTLEC provides excellent service delivery to the community:

- Customer Services & Revenue Management: Handles all customer related issues, and metering with associated functions.
- Energy and Trading Services: The main objective of this sub-directorate is to manage the Eskom bulk purchase accounts, all sales systems, and metering. The Sub Directorate safeguards CENTLEC revenue through well-maintained metering infrastructure.
- Systems Engineering: This sub-directorate focuses on technology and ensuring that all system integrations happen, and that CENTLEC (SOC) Ltd transforms to a smart organization.

## MUNICIPAL INDICATORS

### ENGINEERING RETAIL

Ref No.	Performance Indicator (Output Level Only)	Baseline (Annual Performance of 2023/24 Estimated)	Annual Target For 2024/25	Planned Annual Budget	Actual Expenditure Output	Actual Output	Variation	Reason(s) For Variation	Remedial Action
		1	2			16	[2 - 16] 17	18	19

### STRATEGIC SDBIP

6.4	Conduct inspection on Time of Use (ToU) connections to ensure optimum functionality by 30 June 2025.	1890 Time of Use (ToU) inspected.	Inspection of 1880 Time of Use (ToU) connections 30 June 2025	R0.00 CENTLEC Internal Resources were utilised on all activities	R0.00 CENTLEC Internal Resources were utilised on all activities	Inspected 2011-meter connections.	Inspected -131 more meters than the set target.	The total meters inspected for the year under review is 2011 which is inclusive of - 131 bulk meters which were converted to ToU during the year.	Not required
6.5	Ensure that the performance	Performance assessment	Ensure that the performance	R0.00	R0.00	A request for assessment was	None	Not applicable	Not required



## MUNICIPAL INDICATORS

### ENGINEERING RETAIL

Ref No.	Performance Indicator (Output Level Only)	Baseline (Annual Performance of 2023/24 Estimated)	Annual Target For 2024/25	Planned Annual Budget	Actual Expenditure Output	Actual Output	Variation	Reason(s) For Variation	Remedial Action
		1	2			16	[2 - 16] 17	18	19

### STRATEGIC SDBIP

	assessment of the Executive Manager Engineering Retail is conducted as per performance agreement (Paragraph 7) by the 30 June 2025	report of FY 2023/24	assessment of the Executive Manager Engineering Retail is conducted as per performance agreement (Paragraph 7) by the 30 <sup>th</sup> of June 2025	CENTLEC Internal Resources were utilised on all activities	CENTLEC Internal Resources were utilised on all activities	sent on the 10 <sup>th</sup> of July 2024 and Performance assessment was completed on the 19 <sup>th</sup> of July 2024.			
6.6	98% actual readings in the amount billed per month throughout the 2024/25 year	98.78% actual readings	98% actual meter readings in the amount billed per month throughout 2024/25 FY year	R0.00 CENTLEC Internal Resources were utilised on all activities	R0.00 CENTLEC Internal Resources were utilised on all activities	99.54%	There is a variance of -1.54% which is higher than the target of 98%.	Efficient use of the Automated Meter Reading (AMR) system and improved scheduling for manual meter reading.	Not required



### **3.2.8 PERFORMANCE & COMPLIANCE DIRECTORATE**

The functions of the Performance and Compliance directorate consist of Organisational Performance, Compliance, Security, Fleet and Facilities Management.

The Performance and Compliance Directorate's primary areas of responsibility include and revolve around:

- Developing, establishing, and coordinating performance management processes (IDP, SDBIP, Business Plan, Performance Agreements, and Annual Report) as well as guiding the implementation of measurement approaches and tools, ensuring that the organisation is in substantial compliance with its internal operating policies and procedures and external legal, regulatory, and corporate governance codes.
- Protection of the institution's integrity, people, processes, and assets from loss, ensuring business continuity crisis management by responding within our area of supply and ensuring a safe and secure environment in our workplace.
- Repairs and maintenance of facilities to ensure a conducive and productive work environment.
- Ensuring that CENTLEC (SOC) Ltd has reliable fleet.

## MUNICIPAL INDICATORS

### PERFORMANCE & COMPLIANCE

Ref No.	Performance Indicator (Output Level Only)	Baseline (Annual Performance of 2023/24 Estimated)	Annual Target For 2024/25	Planned Annual Budget	Actual Expenditure Output	Actual Output	Variation	Reason(S) For Variation	Remedial Action
		1	2			16	[2 - 16] 17	18	19
<b>STRATEGIC SDBIP</b>									
7.1	Maintain the Fleet according to the 2024/25 Maintenance Plan by 30 June 2025	One hundred and fifty-seven (157) vehicles maintained as per maintenance schedule	The number of fleet maintained as per the maintenance schedule by 30 <sup>th</sup> of June 2025	R 2 800 000	R3 239 142.39	Planned fleet maintenance for the FY 2024/25 was Two hundred and thirty-five (235) fleet as per maintenance schedule. However, only One hundred and ninety-eight (198) vehicles maintained as per maintenance schedule.	37	1. Three vehicles were not due for service during the year. 2. Services completed - SCM closed, SP to submit invoice in July 2025 for six vehicles. 3. Engines parts on back-order - could not complete works in current FY for three vehicles. 4. Major repairs to be completed for nine vehicles- work in progress and/or awaiting new orders (engine, radiator, etc.),	To systematically phase out fleet assets that have exceeded their serviceable duration and introduce replacements as scheduled

## MUNICIPAL INDICATORS

### PERFORMANCE & COMPLIANCE

Ref No.	Performance Indicator (Output Level Only)	Baseline (Annual Performance of 2023/24 Estimated)	Annual Target For 2024/25	Planned Annual Budget	Actual Expenditure Output	Actual Output	Variation	Reason(S) For Variation	Remedial Action
		1	2			16	[2 - 16] 17	18	19

### STRATEGIC SDBIP

7.2	Compile and submit reviewed SDBIP FY 24/25, Mid-term report	2023/24 Performance	Compile and submit reviewed SDBIP FY 24/25, Mid-term report performance	CENTLEC Internal Resources will be utilised on all activities	CENTLEC Internal Resources will be utilised on all activities	Compiled and submitted reviewed SDBIP 24/25 FY, Mid-term performance report 24/25 FY to	None	Not applicable	Not required
								5. Two Accident repairs (Insurance Claims) in progress, service schedules upon completion. 6. Eight trailers, work in progress. 7. Four vehicles were not in daily use, hence not serviced. 8. Two vehicle were auctioned during the year. =37 Vehicles	



## MUNICIPAL INDICATORS

### PERFORMANCE & COMPLIANCE

Ref No.	Performance Indicator (Output Level Only)	Baseline (Annual Performance of 2023/24 Estimated)	Annual Target For 2024/25	Planned Annual Budget	Actual Expenditure Output	Actual Output	Variation	Reason(S) For Variation	Remedial Action
		1	2			16	[2 - 16]	18	19

### STRATEGIC SDBIP

	24/25, FY 24/25 and first Draft FY 25/26 SDBIP to Mangaung Metropolitan Council by 20 January 2025		24/25 FY Mangaung Metropolitan Council by 20 <sup>th</sup> January 2025	CENTLEC Internal Resources will be utilised on all activities	CENTLEC Internal Resources will be utilised on all activities	Compiled and submitted first Draft SDBIP 25/26 FY to Mangaung Metropolitan Council by 20 <sup>th</sup> of January 2025	None	Not applicable	Not required
7.3	Submit final draft Multi-Year Business Plan and SDBIP FY 2025/26 to Mangaung Metropolitan	2023/24 Multi-Year Business Plan, SDBIPs	Submit final draft Multi-Year Business Plan and SDBIP FY 2025/26 to Mangaung Metropolitan	CENTLEC Internal Resources will be utilised on all activities	CENTLEC Internal Resources will be utilised on all activities	Submitted final draft Multi-Year Business Plan and SDBIP FY 2025/26 to Mangaung Metropolitan Council by 31 <sup>st</sup> of March 2025	None	Not applicable	Not required



## MUNICIPAL INDICATORS

### PERFORMANCE & COMPLIANCE

Ref No.	Performance Indicator (Output Level Only)	Baseline (Annual Performance of 2023/24 Estimated)	Annual Target For 2024/25	Planned Annual Budget	Actual Expenditure Output	Actual Output	Variation	Reason(S) For Variation	Remedial Action
		1	2			16	[2 - 16] 17	18	19

### STRATEGIC SDBIP

	Council by 31 <sup>st</sup> March 2025		Council by 31 <sup>st</sup> of March 2025						
7.4	Signed Performance agreement of Executives for FY 2024/25 submitted to Marketing to be posted on CENTLEC website by 31 <sup>st</sup> of July 2024	2023/24 signed performance agreements	Signed Performance agreement of Executives for FY 2024/25 submitted to Marketing to be posted on CENTLEC website by 31 <sup>st</sup> of July 2024	CENTLEC Internal Resources will be utilised on all activities	CENTLEC Internal Resources will be utilised on all activities	The Performance agreements of Executives for FY 2024/25 were posted on the CENTLEC Website on the 31 <sup>st</sup> of July 2024	None	Not applicable	Not required

## Capital Funding by Source

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

Table 24: MTREF

FUNDING BY SOURCE	MTREF 2024/2025	ADJUSTMENT BUDGET 2024/25	MTREF 2025/2026	MTREF 2026/2027	MTREF 2027/2028
ELECTRIFICATION (USDG GRANT)	10 360 000	25 360 000	33 000 000	34 485 000	35 347 125
PUBLIC ELECTRICITY CONNECTIONS	14 000 000	14 000 000	14 500 000	15 152 500	15 531 313
ELECTRIFICATION PROJECTS (ISUPG)	24 700 000	37 700 000	34 000 000	35 530 000	36 418 250
REVENUE / SURPLUS (INTERNAL FUNDS)	229 784 800	266 584 800	240 160 000	231 243 200	194 183 893
<b>TOTAL</b>	<b>278 844 800</b>	<b>343 644 800</b>	<b>321 660 000</b>	<b>316 410 700</b>	<b>281 480 580</b>

## Conditional Grant Funding (USDG)

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

URBAN SETTLEMENTS DEVELOPMENT GRANT	MTREF 2024/2025	ADJUSTMENT BUDGET 2024/25	MTREF 2025/2026	MTREF 2026/2027	MTREF 2027/2028
ELECTRIFICATION (USDG GRANT)	10 360 000	25 360 000	33 000 000	34 485 000	35 347 125
<b>TOTAL</b>	<b>10 360 000</b>	<b>25 360 000</b>	<b>33 000 000</b>	<b>34 485 000</b>	<b>35 347 125</b>

### Conditional Grant Funding (ISUPG)

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

INFORMAL SETTLEMENTS UPGRADING PARTNERSHIP GRANT	MTREF 2024/2025	ADJUSTMENT BUDGET 2024/25	MTREF 2025/2026	MTREF 2026/2027	MTREF 2027/2028
ELECTRIFICATION PROJECTS (ISUPG)	24 700 000	37 700 000	34 000 000	35 530 000	36 418 250
<b>TOTAL</b>	<b>24 700 000</b>	<b>37 700 000</b>	<b>34 000 000</b>	<b>35 530 000</b>	<b>36 418 250</b>

### Public Contributions

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

PUBLIC CONTRIBUTIONS	MTREF 2024/2025	ADJUSTMENT BUDGET 2024/25	MTREF 2025/2026	MTREF 2026/2027	MTREF 2027/2028
PUBLIC ELECTRICITY CONNECTIONS	14 000 000	14 000 000	14 500 000	15 152 500	15 531 313
<b>TOTAL</b>	<b>14 000 000</b>	<b>14 000 000</b>	<b>14 500 000</b>	<b>15 152 500</b>	<b>15 531 313</b>



### Own Funded Projects

Included in the capital budget are internally revenue generated funded projects to the value of R 240 million for the 2025/26 year. The allocation of the two MTREF period outer years is R 231 million and R 194 million respectively as follows:

STATEMENT OF FINANCIAL PERFORMANCE - CENTLEC (ENTITY)					
CAPITAL EXPENDITURE OWN FUNDED PROJECTS	MTREF 2024-25	ADJUSTMENT BUDGET	MTREF 2025-26	MTREF 2026-27	MTREF 2027-28
<b>SUPPORT PROJECTS:</b>	<b>71 200 000</b>	<b>109 300 000</b>	<b>107 825 000</b>	<b>87 974 625</b>	<b>55 912 491</b>
VENDING BACK OFFICE	6 000 000	23 000 000	500 000	522 500	535 563
TRAINING & DEVELOPMENT	800 000	-	-	-	-
DIGITAL RADIO SYSTEM	1 100 000	2 100 000	1 500 000	1 250 000	1 000 000
IMPLEM BUSINESS CONT DISASTER RECOV INF	500 000	10 000 000	40 000 000	10 000 000	5 000 000
UPGRADE & REFURB COMPUTER NETWORK	4 000 000	4 500 000	10 000 000	10 450 000	2 000 000
BULK SMART METER INSTALLATION	-	-	500 000	522 500	535 563
VEHICLES	7 000 000	-	8 000 000	8 360 000	4 000 000
FURNITURE AND OFFICE EQUIPMENT	1 700 000	2 200 000	200 000	209 000	214 225
BOTSH: UPG SUB W (CWORK B/W 2ND TRA S/D	15 000 000	-	9 675 000	10 110 375	10 363 134
BLOEM: C/Y-EST 33/11KV 20MVA FIRM SUPDC	21 000 000	34 000 000	9 000 000	9 405 000	9 640 125
BLOEM: N/STAD-UPG 132/11KV 20MVA FIRM DC	5 000 000	20 000 000	4 500 000	4 702 500	4 820 063
INFRA CATALYST PROJECTS	-	-	7 650 000.00	7 994 250	6 194 106
SECURITY EQUIPMENT	2 000 000	3 500 000	3 000 000	6 000 000	3 075 000
OFFICE BUILDING	5 000 000	8 000 000	10 000 000	15 000 000	5 000 000
PROTECTION TEST UNIT	2 000 000	2 000 000	1 800 000	1 881 000	1 928 025
COMPUTER EQUIPMENT	-	-	1 500 000	1567500	1606687.5
<b>SERVICE DELIVERY PROJECTS:</b>	<b>51 234 800</b>	<b>58 424 800</b>	<b>57 770 000</b>	<b>60 369 650</b>	<b>58 714 310</b>
METER PROJECT	30 000 000	36 000 000	35 000 000	36 575 000	37 489 375
EXTENSION AND UPGRADING OF THE 11KV NETW	4 000 000	4 000 000	3 600 000	3 762 000	3 856 050
SERVITUDES LAND (INCL INVEST REMUNE REG	700 000	700 000	630 000	658 350	674 809
INSTALLATION OF PUBLIC LIGHTING	6 000 000	6 000 000	5 040 000	5 266 800	5 398 470
INSTALL PREPAID METERS (INDIGENT)	500 000	500 000	450 000	470 250	482 006
UPGRADING AND EXTENTION OF LV NETWORK	3 000 000	3 000 000	3 150 000	3 291 750	3 374 044



STATEMENT OF FINANCIAL PERFORMANCE - CENTLEC (ENTITY)					
CAPITAL EXPENDITURE OWN FUNDED PROJECTS	MTREF 2024-25	ADJUSTMENT BUDGET	MTREF 2025-26	MTREF 2026-27	MTREF 2027-28
<b>SUPPORT PROJECTS:</b>	<b>71 200 000</b>	<b>109 300 000</b>	<b>107 825 000</b>	<b>87 974 625</b>	<b>55 912 491</b>
SHIFTING OF CONNECTION AND REPLACEMENT S	2 005 275	2 005 275	2 250 000	2 351 250	2 410 031
REFURBISHMENT OF HIGH MAST LIGHTS	5 029 525	6 219 525	7 650 000	7 994 250	5 029 525
<b>REPAIRS AND MAINTENANCE PROJECTS:</b>	<b>26 300 000</b>	<b>27 300 000</b>	<b>28 800 000</b>	<b>31 896 000</b>	<b>30 661 594</b>
BOTSHABELO: ESTABLISHMENT OF 132KV (INDU	12 300 000	12 300 000	4 050 000	6 032 250	4 151 250
INSTALLATION OF HIGH VOLTAGE TEST EQUIPM	2 500 000	4 500 000	2 250 000	2 351 250	2 410 031
TRANSFORMER REPLACE & OTHER RELATED EQUI	11 500 000	10 500 000	22 500 000	23 512 500	24 100 313
<b>REFURBISHMENT PROJECTS (renewal)</b>	<b>75 050 000</b>	<b>65 560 000</b>	<b>41 715 000</b>	<b>46 770 675</b>	<b>44 557 442</b>
REP LOW VOLT DECREPT 2/4/8 WAY BOXES	700 000	4 200 000	1 890 000	1 975 050	2 024 426
REP BRITTLE OVERHEAD CONNECTIONS	850 000	850 000	1 125 000	1 175 625	1 205 016
S/LIGHTS REPLACE POLE TRNS POLES SECTION	3 000 000	6 000 000	3 150 000	3 291 750	3 374 044
REPLACEMENT OF 110V BATTERIES	1 500 000	1 500 000	1 800 000	1 881 000	1 928 025
REPLACEMENT OF 11KV SWITCHGEARS	2 000 000	4 000 000	3 150 000	3 291 750	3 374 044
REPLACEMENT OF OIL PLANT	1 000 000	1 000 000	900 000	940 500	964 013
REPLACEMENT OF 32V BATTERIES	1 500 000	1 500 000	1 800 000	1 881 000	1 928 025
REFUR PROTEC & SCADA SYSTEMS DIST CENTR	1 000 000	2 200 000	900 000	940 500	964 013
REPAIR MMM DIST DIST CENTRE	2 500 000	2 500 000	1 800 000	1 881 000	1 928 025
REPAIR VISTA DIST DIST CENTRE	26 000 000	26 000 000	4 500 000	4 702 500	4 820 063
REMEDIAL WORK 132KV SOUTHERN LINES	10 000 000	5 000 000	7 200 000	7 524 000	7 712 100
RENEWABLE PROJECTS	5 000 000	-	2 250 000	2 351 250	2 410 031
UPGRADE 132/11kv, 20MVA DC, SHANNON B	8 000 000	-	2 700 000	6 000 000	2 767 500
REPLACEMENT OF DECRYPT CABLES ( MV-HV)	7 000 000	7 000 000	6 300 000	6 583 500	6 748 088
REPLACEMENT OF DECRYPT CABLES ( MV-HV)	5 000 000	3 810 000	2 250 000	2 351 250	2 410 031
<b>INTERNAL ELECTRIFICATION PROJECTS:</b>	<b>6 000 000</b>	<b>6 000 000</b>	<b>4 050 000</b>	<b>4 232 250</b>	<b>4 338 056</b>
ELECTRIFICATION INTERNAL PROJECTS	6 000 000	6 000 000	4 050 000	4 232 250	4 338 056
<b>TOTAL OWN FUNDED PROJECTS</b>	<b>229 784 800</b>	<b>266 584 800</b>	<b>240 160 000</b>	<b>231 243 200</b>	<b>194 183 893</b>

## CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

### 4.1 Introduction

The Company highly regards its employees and aims to create a fair and equal workplace. The Company has committed to implementing employment equity strategies to promote equality and enhance the development of its workforce.

### 4.2 Workforce profile (including people with disabilities)

The Company is guided by its Employment Equity Plan which serves as a guideline on the categories to be catered for that are underrepresented.

**Table 25: Workforce profile**

WORKFORCE INCLUDING PERSONS WITH DISABILITIES													
Occupational Levels	MALE				FEMALE				PWD's		FOREIGN NATIONALS		TOTAL
	A	C	I	W	A	C	I	W	Male	Female	Male	Female	
Top management	4	0	0	0	1	1	0	0	0	1	0	0	7
Senior management	8	0	0	1	3	0	0	0	0	0	0	0	12
Professionally qualified and experienced specialists and mid-management	52	3	0	15	52	0	0	2	1	0	0	0	125
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	119	4	0	12	80	2	0	1	0	0	0	0	218
Semi-skilled and discretionary decision making	105	4	0	1	65	2	0	0	1	2	0	0	180
Unskilled and defined decision making	126	3	0	2	115	0	0	0	0	0	0	0	246
<b>TOTAL</b>	<b>414</b>	<b>14</b>	<b>0</b>	<b>31</b>	<b>316</b>	<b>5</b>	<b>0</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>788</b>

### 4.3 Employees with Disabilities only

The percentages are calculated based on the total number of staff establishment. The Company had 788 employees as of 30 June 2025. According to the table below, the Company needs to appoint more disabled employees to comply with the legislation.

**Table 26: Employees with disabilities**

WORKFORCE FOR ONLY PERSONS WITH DISABILITIES													
Occupational Levels	MALE				FEMALE				PWD's		FOREIGN NATIONALS		TOTAL
	A	C	I	W	A	C	I	W	Male	Female	Male	Female	
Top management Force	0	0	0	0	0	0	0	0	0	1	0	0	1
Senior management	0	0	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	1	0	0	0	0	0	0	0	0	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	0	0	0	0	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	1	0	0	0	2	0	0	0	0	0	0	0	3
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>5</b>

### 4.4 Employee Age Analysis

The table below depicts the age analysis of the Company's workforce as at the 30<sup>th</sup> of June 2025.

**Table 27: Employee age analysis**

No	Number of Employees	Age Category
1	8	19-23
2	250	24-39



No	Number of Employees	Age Category
3	293	40-49
4	182	50-59
5	33	60 & above
<b>Total</b>	<b>766</b>	

Note: The employee age analysis represents the permanent employees, excluding contract employees.

#### 4.4.1 Human Resource policies

The Company utilised the policies of MMM during 2024/25 FY.

#### 4.4.2 Health and Safety and Environmental Issues

CENTLEC(SOC) Ltd continues to manage Health, Safety, and Environmental issues through strict compliance with the Occupational Health and Safety Act (Act 85 of 1993) and its incorporated regulations (OHS Act).

1. Hazard Identification and Risk Assessment continues to form the foundation of our health and safety programme. The Entity believes in order to mitigate or eliminate risks to the Health and Safety of its employees, risks must be identified, evaluated, and precautionary measures be implemented. CENTLEC took an initiative by analysing, identifying, ranking and mitigating (controls) processes developed for each identified risk(s). The Risk Assessment is updated when there is new equipment introduced in the system, when an incident occurs, when there are changes due to amendments in the act(s) or regulation(s) and when new employees are appointed.
2. All the injuries on duty and occupational diseases are reported to the Compensation Commissioner as required by the COID Act. There are processes in place that indicate when and how reporting should go about, from the reporting by Control Office until the matter is attended to by the SHERQ Office. Incidents are reported to the Department of Employment and Labour within receipt of the first medical report, and that has to happen after the pre-liminary investigation report. The Compensation Commissioner is informed within the prescribed and



required period of reporting, unless the injured person felt the pains later after the accident happened it will be reported to the Department of Employment and Labour after dealing with the injured employee.

3. Incidents and accidents that involved a public member(s) are all reported to the Control Room, which in turn will responsible Sections including SHERQ Office to attend and investigate. A report will be generated based on the investigations, monitoring of the stated recommendations and update the risk assessment.
4. SHERQ Office reviewed the related policies and shared same with the internal stake holders for review and finalisation. The policies include but are not limited to:

#### 4.1 **Safety:**

Preventing accidents, injuries, and unsafe conditions in workplaces and public spaces. Conduct random inspections within the workplace and the area of our supply. GMR2 appointee is responsible for managing Network and its status and send deviations to the responsible Directorate with the Executive informed.

#### 4.2 **Health:**

**Protecting physical and mental well-being, including managing exposure to harmful substances, promoting hygiene, and preventing occupational illnesses:**

It is still difficult to arrange testing of the employees when entering the workplace as there is issue between LLF and Centlec as the matter is still not tabled for testing employees against the harmful substances. As Centlec we try our level best to ensure that employees are aware of any chemical(s) that might be of negative effect to their lives.

#### 4.3 **Environment: Minimizing ecological harm through pollution control, waste reduction, and sustainable resource use.**

Pollution is controlled by allowing proper maintenance that is conducted by the responsible sections. Lack of maintenance lead to transformer leaks to different areas of our supply.

#### **4.4 Impact on the Public**

SHE issues have far-reaching effects on society:

##### **4.4.1 Public Health:**

Poor SHE practices can lead to increased rates of illness, respiratory problems, or long-term health conditions due to pollution or unsafe working conditions. Employees are provided with appropriate PPE to enhance their safety, and standard procedures are reviewed on a regular basis, as they expire every two years.

##### **4.4.2 Environmental Degradation:**

Neglecting environmental safeguards can result in air and water pollution, loss of biodiversity, and climate change, affecting ecosystems and human livelihoods. There is a continuing conversation with the Facility Office about adequate arrangements for the Old Transformer bays, which will codon the old transformer storage before they are disposed of for auction. Each directorate with infrastructure has its own maintenance schedule that must be adhered to.

##### **4.4.3 Economic Costs:**

Workplace accidents and environmental disasters can lead to significant financial losses, affecting not only companies but also communities and economies at large. Directorates are responsible for ensuring that work is completed safely and without exposing themselves or community members to any major hazards. Investigations are conducted on a regular basis to prevent such incidents from occurring again, and a strategy has been developed to handle post-incident situations. Risk assessments are updated on a regular basis, and SOPs are held every second year, with refresher SOP training available in response to the trend of incidents occurring. The HIRA Committee has been officially created, with representatives from both the employer and the employee participating. Debriefing session is planned for any future incidents that may arise going forward.

#### **4.4.4 Social Inequality:**

Marginalized communities often bear the brunt of SHE failures, facing higher exposure to hazards and limited access to healthcare and safe environments. The Directorate takes a long time to respond to deviations that are brought to their attention, which results in litigation. There are procedures in place within the Assets Directorate to assist community members who have been affected by our equipment in filing complaints for insurance purposes.

### **4.5 Importance of SHE Management**

#### **4.5.1 Risk Reduction:**

Identifying and mitigating potential hazards before they cause harm. The SHERQ office is in charge of updating Risk Assessments, which help to improve failed controls and reduce the risk rating to a lower level.

#### **4.5.2 Legal Compliance:**

Adhering to laws and regulations to avoid penalties and protect public interests. SHERQ office makes every effort to ensure that we comply with all legislation that we enforce for network compliance and the protection of our employees and the general public.

#### **4.5.3 Sustainable Development:**

Ensuring that economic growth does not come at the expense of health and environmental integrity. The responsible directorate must take a stand for employees who do not follow safety, health, and environmental standards.

#### **4.5.4 Corporate Responsibility:**

Demonstrating a commitment to ethical practices and social accountability. Different Directorates attend community meetings to discuss the network status and the impact of the community on one's own risks. Community members frequently cut stay wires for entrances and recontraction of the build(s), unsafe status of the equipment(s) and vandalism of infrastructure.

#### 4.4.3 Training Costs

The Entity provided various training programmes to develop and capacitated the employees during the 2024/25 financial year.

**Table 28: Training Costs**

Total amount of training costs incurred during 2024/25 FY	Total number of employees trained		
	Male	Female	Total
<b>R 4 103 418</b>	<b>207</b>	<b>132</b>	<b>339</b>

#### 4.4.4 Financial competency development

In terms of the *Guideline for Municipal Competency Levels: Finance officials at Middle Management Level* the Company conducted the minimum competency assessments as required by Sections 107 and 119 of the MFMA (2003). Identified officials attended the MFMP training and assessment, however, as at year-end, the process was still ongoing to ensure that all officials attend the training within the specified period.

**Table 29: Finance division**

	Total number of employees in Finance as per Staff Establishment	Total number of employees completed MFMP Course	Total number employees not yet registered for MFMP Course
Total number of employees	66	53	13
Percentage (%)	100%	80%	20%

**Table 30: SCM**

	Total number of employees in Supply Chain as per Staff Establishment	Total number of employees completed MFMP Course	Total number employees not yet registered for MFMP Course
Total number of employees	15	11	4
Percentage (%)	100%	73%	27%

The Company has sixty six (66) employees in Finance department which comprise of fifteen (15) employees in Supply Chain as of the last year under review.



Eighty percent (80%) of the employees in Finance have completed the Municipal Financial Management Programme (MFMP) and seventy three percent 73% of employees in Supply Chain completed the MFMP course. The remaining 21% of the employees will be registered for the program in future.

## CHAPTER 5: FINANCIAL PERFORMANCE

### 5.1 Revenue

The Company's total revenue from exchange transactions increased by 11% to R 3 753 731 199 in 2024/25. This increase in revenue attributable to annual tariff increases, efforts to curb illegal connections, meter tampering / bypassing and stringent measures implemented which includes disconnections, legal action taken and converting bulk meters to prepaid meters.

Grant income decreased by 24% due to the decrease in ISUP grant allocation for the current year, compared to R 72 173 913 in the prior year.

#### REVENUE

- 11% Increase in total revenue
- 24% decrease in grant income

### 5.2 Expenditure

As in prior periods, the most significant expense disclosed by the Company relates to its bulk electricity purchases. This expenditure represents 61% of the Company's total expense.

Expenditure increased, in total by 15% as compared to the prior expenditure.

Employee related costs increased by 11%. The increase is due to the normal annual salary increase, high level of new staff appointments and notch increments made during the year.

#### EXPENDITURE

- 15% increase in expenditure
- 31% increase in depreciation and amortisation
- 65% increase in Impairment
- 11% increase in employee related costs.

### 5.2.1 Deficit

The Company had a deficit of R 564 742 492 for the year, compared to R 322 250 406 deficit for the 2023/24 year.

### 5.3 Financial position

In the 2024/25 financial year, the Company improved its financial position, as evident from the following line items on the statement of financial position:

- An increase of cash and cash equivalents of R 27 887 059.
- Liquidity - current liabilities exceeded current assets by approximately R 1 132 081 278.
- Solvency - total assets exceeded total liabilities by R 8 388 514 365 at the end of 2024/25.

### 5.4 Budget

The Company's final approved budget for 2024/25 indicated a profit of R 347 235 784. However, the actual amount on a comparable basis resulted in a deficit of R 402 971 778.

## CHAPTER 6: AUDITOR-GENERAL'S FINDINGS ON PRIOR YEAR ISSUES

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### 6.1 Purpose of the report

To inform the public and relevant stakeholders about the progress made in implementing the Audit Action Plan, which was developed in response to the findings and recommendations raised in the audit and management reports for the financial year ended 30 June 2025.

To provide insight into the current state of the organisation's internal control environment and to outline the corrective actions and improvements undertaken during the 2024-2025 financial year to strengthen governance, accountability, and operational effectiveness.

#### 6.1.1 *Progress on matters reported in the audit report.*

As of June 30, 2025, **83%** of the agreed-upon management action plans have been fully implemented. This successful implementation addresses all compliance findings, including those detailed in the audit report and other related issues. The remaining **17%** of the plans are being addressed through a detailed process designed to enhance internal controls. The internal audit will continue to be review, and feedback will be provided to ensure ongoing improvement..

### 6.2 Introduction and background

CENTLEC (SOC) Ltd has maintained its resolute commitment to addressing the audit findings raised by the Office of the Auditor-General during the 2024–2025 financial year. The primary objective in implementing and monitoring the Audit Action Plan has been to improve audit outcomes compared to previous years, aligned with the Company's goal of achieving a clean audit opinion.

Accordingly, management developed a comprehensive Audit Action Plan, which has been rigorously implemented and continuously monitored with active involvement from all



Directorates, the Internal Audit Unit, the Audit and Risk Committee, and the Board of Directors.

Progress on the Audit Action Plan was reported weekly to the Extended Executive Management Team and quarterly to the Audit and Risk Committee and the Board, with particular focus on matters requiring coordinated action from user directorates.

Moreover, the progress reports were tabled for deliberation and consideration by the Audit and Risk Committee and the Board. The Office of the Auditor-General was also kept fully informed of ongoing progress and provided with continuous feedback throughout the process.

### **6.3 Executive Summary: Implementation of the Audit Action Plan**

The findings raised in the Auditor-General's reports are actively tracked and followed up to ensure that corrective action is implemented by Management. Internal Audit continuously monitors unresolved findings to verify that root causes are adequately addressed, thereby mitigating the risk of recurrence of the control deficiencies.

The follow-up process on the resolution of external audit findings is typically conducted monthly. However, during the 2024–2025 financial year, this frequency was increased to a bi-weekly cycle, and Management convened Internal Audit Steering Committee meetings to specifically address these findings.

#### **6.3.1 Improvements to the internal control environment**

From the 2023–2024 management report issued by the Auditor-General's Office (AGSA), many of the findings raised were resolved during the external audit process. Management subsequently analysed the report's findings and identified areas requiring immediate attention to further improve the 2023–2024 audit outcome.

#### **6.3.2 Progress on matters reported in the audit report.**

As of 30 June 2025, a total of 77% of the agreed management action plans had been fully implemented, with compliance findings both those affecting the audit report and

other related matters addressed by management. The remaining 23% primarily related to year-end processes that significantly impacted the preparation of the Annual Financial Statements and the Annual Performance Report.

### 6.3.3 Auditor General findings on non-compliance with legislation

**Table 31: Auditor General findings on Non-compliance as at 30 June 2024**

Auditor General finding on previous year non-compliance with legislation	
Non-Compliance	Remedial Action Taken
<b>Expenditure management</b>  Money owed by the Company was not always paid within 30 days, as required by section 99(2)(b) of the MFMA.	The Company acknowledges non-compliance with Section 99(2)(b) of the MFMA, mainly due to cash flow constraints caused by the high-value Eskom account. Notably, excluding the Eskom bill, the Company successfully paid all other creditors within 30 days in certain months. To address this, the Company has strengthened cash flow forecasting, implemented a prioritised creditor payment schedule, and continued to engage Eskom on possible payment arrangements. Oversight has been enhanced through monthly compliance reporting, and cost control measures have been introduced to improve liquidity and ensure future compliance with MFMA payment requirements.
The irregular expenditure incurred constitutes non-compliance with section 87(8) of the MFMA. As disclosed in note 47 to the financial statements, irregular expenditure of R 469 454 086 (2023: R156 118 406)	The Company has strengthened its procurement and financial management controls to prevent future irregularities. This includes enhanced training on procurement regulations, rigorous monitoring of contract awards, and improved oversight by the Audit and Risk Committee. All

### Auditor General finding on previous year non-compliance with legislation

Non-Compliance	Remedial Action Taken
<p>was incurred, mainly due to overspending on the budget</p>	<p>instances of irregular expenditure are thoroughly investigated, with corrective measures and accountability enforced in line with the MFMA. Where officials are found responsible for irregular expenditure, consequence management is strictly applied. Regular reporting on irregular expenditure and compliance progress is provided to executive management and relevant oversight bodies.</p> <p>To further enhance financial discipline, stricter budget monitoring and control measures have been implemented, including real-time tracking of expenditure against approved budgets. Financial managers and relevant staff received targeted training on budget compliance and authorization procedures, while expenditure approvals are now subject to enhanced oversight by Executive Management and the Audit and Risk Committee to prevent overspending. Regular budget variance reports ensure timely corrective action and adherence to MFMA requirements.</p> <p>Importantly, the issue that led to expenditure exceeding the approved budget was identified and corrected during the 2025–2026 budget preparations, reinforcing the Company's commitment to sound fiscal management.</p>

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## 7 APPENDICES

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7.1	APPENDIX A:	BOARD MEMBERS; COMMITTEE ALLOCATION AND ATTENDANCE
		- See paragraph 2.4.
7.2	APPENDIX B:	COMMITTEES AND COMMITTEE PURPOSES
		- See paragraph 2.4.
7.3	APPENDIX C:	THIRD TIER ADMINISTRATIVE STRUCTURE
		- See paragraph 1.6.
7.4	APPENDIX D:	FUNCTIONS OF COMPANY
		- See paragraphs 1.3, 1.4, 1.5 and 1.10.
7.5	APPENDIX E:	WARD REPORTING
		- Not applicable
7.6	APPENDIX F:	WARD INFORMATION
		- Not applicable
7.7	APPENDIX G:	RECOMMENDATIONS OF THE AUDIT COMMITTEE
		- See paragraph 6.3.
7.8	APPENDIX H:	LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS
		- Not applicable
7.9	APPENDIX I:	COMPANY PERFORMANCE SCHEDULE
		- Not done in full compliance with reporting requirements.
7.10	APPENDIX J:	DISCLOSURES OF FINANCIAL INTERESTS
		- See paragraph 10 of the Directors Report in the Annual Financial Statements attached as Appendix T
7.11	APPENDIX K:	REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE
		- See Notes 24, 25, 26, 30, 31, 32 of the Annual Financial Statements attached as Appendix T
7.12	APPENDIX L:	CONDITIONAL GRANTS RECEIVED
		- See Note 30 of the Annual Financial Statements attached as Appendix T
7.13	APPENDIX M and N:	CAPITAL EXPENDITURE
		- See Notes 9 and 10 the Annual Financial Statements attached as Appendix T
7.14	APPENDIX O:	CAPITAL PROGRAMME BY PROJECT BY WARD
		- Not applicable
7.15	APPENDIX P:	SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS
		- Not applicable
7.16	APPENDIX Q:	SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION
		- Not applicable
7.17	APPENDIX R:	DECLARATION OF LOANS AND GRANTS MADE
		- Not applicable
7.18	APPENDIX S:	DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71
		- Not applicable
7.19	APPENDIX T:	ANNUAL FINANCIAL STATEMENTS
		- Pages to follow (Pg. 101 to 236)
7.20	APPENDIX U:	REPORT OF THE AUDITOR-GENERAL ON CENTLEC (SOC) LTD
		- Pages to follow (Pg. 238 to 244)

