

UMDONI LOCAL MUNICIPALITY



Department	
Policy Name	Draft Asset Management Policy
Policy Number	Mar-24
Status	Review
Date	15 March 2024
Approved By	
Date Approved	
Date Last Amended	n/a
Date for Next Review	
Date Published on Intranet & Website	

Contents

1.	PURPOSE OF THIS DOCUMENT	3
2.	BACKGROUND	5
3.	ACCOUNTING STANDARDS	6
4.	MANAGEMENT OF INFRASTRUCTURE AND COMMUNITY ASSETS	7
5.	OBJECTIVES	8
6.	APPROVAL AND EFFECTIVE DATE	8
7.	DELEGATIONS AND KEY RESPONSIBILITIES	9
7.4	Asset Manager	11
7.4.1	Asset Manager, or his delegate, shall be responsible for ensuring that:	11
8.	POLICY AMENDMENT	12
9.	RELATIONSHIP WITH OTHER POLICIES	13
10.	POLICY FORMAT	13
11.	FIXED ASSET ACCOUNTING	14
11.1	RECOGNITION OF IMMOVABLE AND MOVABLE ASSETS	14
11.1.1	Definitions and rules.....	14
12.	INSURANCE OF ASSETS	55
13.	SAFEGUARDING OF ASSETS	56
14.	LIFE-CYCLE MANAGEMENT OF IMMOVABLE PPE ASSETS	58
15.	RESIGNATION OF OFFICIALS	63
16.	POLICY IMPLEMENTATION	63
	ANNEXURE A: FIXED ASSETS EXPECTED USEFUL LIVES	64
	ANNEXURE B: ASSETS RESIDUAL VALUES.....	64

ABBREVIATIONS

AMP	Asset Management Plan
AO	Accounting Officer
ASB	Accounting Standards Board
CFO	Chief Financial Officer
CMIP	Comprehensive Municipal Infrastructure Plan
CoGTA	Department of Co-operative Governance and Traditional Affairs
CRC	Current Replacement Cost
DRC	Depreciated Replacement Cost
EPWP	Expanded Public Works Program
EUL	Estimated Useful Life
FAR	Fixed Asset Register
GIAMA	Government-wide Immoveable Asset Management Act
GRAP	Generally Recognised Accounting Practice
HOD	Head of Department
IAMP	Infrastructure Asset Management Plan
IDP	Integrated Development Plan
IIMM	International Infrastructure Management Manual
ISO	International Standards Organisation
MFMA	Municipal Finance Management Act
MSA	Municipal Systems Act
ODRC	Optimised Depreciated Replacement Cost
OHSA	Occupational Health and Safety Act
PPE	Property, Plant and Equipment
RUL	Remaining Useful Life
RV %	Residual Value Percentage
SDBIP	Service Delivery and Budget Implementation Plan
VAT	Value Added Tax

1. PURPOSE OF THIS DOCUMENT

- 1.1 This document indicates the policy framework for the management of municipal movable and immovable Property Plant and Equipment (PPE), investment property, intangible and heritage assets.

- 1.2 The South African Constitution requires municipalities to strive, within their financial and administrative capacity, to achieve the following objectives:
- *Providing democratic and accountable government for local communities;*
 - *Ensuring the provision of services to communities in a sustainable manner;*
 - *Promoting social and economic development;*
 - *Promoting a safe and healthy environment; and*
 - *Encouraging the involvement of communities and community organisations in matters of local government.*
- 1.3 In terms of the Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA), the accounting officer is responsible for managing the assets and liabilities of the municipality, including the safeguarding and maintenance of its assets.
- 1.2 The MFMA further requires the accounting officer to ensure that:
- *The municipality has and maintains a management, accounting and information system that accounts for its assets and liabilities;*
 - *The municipality's assets are valued in accordance with standards of generally recognised accounting practice; and*
 - *The municipality has and maintains a system of internal control of assets and liabilities.*
- 1.3 The Occupational Health and Safety Act requires the municipality to provide and maintain a safe and healthy working environment, and in particular, to keep its infrastructure assets safe.
- 1.5 The MFMA was introduced with the objective of improving accounting in the local government sector in keeping with global trends. Good asset management is critical to any business environment whether in the private or public sector.
- 1.6 With an accrual system the assets are incorporated into the books of accounts and systematically written off over their expected useful lives. This necessitates that a record is kept of the cost of the assets, the assets are verified periodically, and the assets can be traced to their suppliers via invoices or other such related delivery documents.
- 1.7 This ensures good financial discipline and allows decision makers greater control over the management of assets. An Asset Management Policy should promote efficient and

effective monitoring and control of assets.

1.8 According to the MFMA, the Accounting Officer in the Municipality should ensure:

- *That the municipality has and maintains an effective and efficient and transparent system of financial and risk management and internal control;*
- *The effective, efficient and economical use of the resources of the municipality;*
- *The management (including safeguarding and maintenance) of the assets of the municipality;*
- *That the municipality has and maintains a management, accounting and information system that accounts for the assets and liabilities of the municipality;*
- *That the municipality's assets and liabilities are valued in accordance with standards of GRAP; and*
- *That the municipality has and maintains a system of internal control of assets and liabilities, including an asset and liabilities register, as may be prescribed.*

1.9 The objectives of an asset management policy are to ensure that the municipality:

1.9.1 Has consistent application of asset management principles;

1.9.2 Implements accrual accounting;

1.9.3 Complies with MFMA, Treasury Regulations, GRAP and other related legislation;

1.9.4 Safeguards and controls the assets of the municipality; and

1.9.5 Optimises asset usage.

1.10 The municipality is committed to providing municipal services for which the municipality is responsible, in a transparent, accountable and sustainable manner and in accordance with sound infrastructure management principles.

2. BACKGROUND

2.1 The manner in which a municipality manages its Property, Plant and Equipment (PPE), investment property, intangible assets and heritage assets are central to meeting the challenges listed in the purpose of the document.

2.2 Accordingly, the Municipal Systems Act, 2000 (MSA) section 2(d) specifically highlights

the duty of municipalities to provide services in a manner that is sustainable, and the Municipal Finance Management Act (MFMA) requires municipalities to utilise and maintain their assets in an effective, efficient, economical and transparent manner. The MFMA specifically places responsibility for the management of municipal assets with the Accounting Officer (AO).

- 2.3 The Occupational Health and Safety Act (OHSA) requires municipalities to provide and maintain a safe and healthy working environment, and in particular, to keep its Property Plant and Equipment safe.
- 2.4 Whereas section 14 of the MFMA determines that a municipal council may not dispose of assets required to provide minimum services, and whereas the Municipal Asset Transfer Regulations (Government Gazette 31346 dated 22 August 2008) has been issued.
- 2.5 And whereas the municipal council wishes to adopt a policy to guide the municipal manager in the management of the municipality's assets.
- 2.6 And whereas the municipal manager as custodian of municipal funds and assets is responsible for the implementation of the asset management policy which regulate the acquisition, safeguarding and maintenance of all assets in terms of Section 63 of the MFMA.
- 2.7 And whereas these assets must be protected over their useful life and may be used in the production or supply of goods and services or for administrative purposes.
- 2.8 Now therefore the municipal council adopts the asset management policy as set out below.

3. ACCOUNTING STANDARDS

- 3.1 The MFMA requires municipalities to comply with the Standards of Generally Recognised Accounting Practice (GRAP).
- 3.2 The Accounting Standards Board (ASB) has approved a number of Standards of GRAP. When compiling the asset register in accordance with the accounting

standards, the requirements of GRAP 17 cannot be seen in isolation. Various other accounting standards impact on the recognition and measurement of assets within the municipal environment and should be taken into account during the compilation of a GRAP compliant asset register. The applicable standards of GRAP are noted in section 8.

4. MANAGEMENT OF INFRASTRUCTURE AND COMMUNITY ASSETS

- 4.1 Effective management of infrastructure and community facilities is central to the municipality providing an acceptable standard of services to the community. Infrastructure impacts on the quality of the living environment and opportunities to prosper. Not only is there a requirement to be effective, but the manner in which the municipality discharges its responsibilities as a public entity is also important. The municipality must demonstrate good governance and customer care, and the processes adopted must be efficient and sustainable. Councilors and officials are custodians on behalf of the public of infrastructure assets, the replacement value of which amounts to several hundred million Rand.
- 4.2 Key themes of the latest generation of national legislation introduced relating to municipal infrastructure management include:
- 4.2.1 long-term sustainability and risk management;
 - 4.2.2 service delivery efficiency and improvement;
 - 4.2.3 performance monitoring and accountability;
 - 4.2.4 community interaction, transparent processes and reporting;
 - 4.2.5 priority development of minimum basic services for all; and
 - 4.2.6 the provision of financial support from central government in addressing the needs of the poor.
- 4.3 Legislation has also entrenched the Integrated Development Plan (IDP) as the principal strategic planning mechanism for municipalities. However, the IDP cannot be compiled in isolation – for the above objectives to be achieved, the IDP needs to be informed by robust, relevant and holistic information relating to the management of the municipality's infrastructure.
- 4.4 There is a need to direct limited resources to address the most critical needs, to achieve a balance between maintaining and renewing existing infrastructure whilst also addressing backlogs in basic services and facing on-going changes in demand. Making effective decisions on service delivery priorities requires a team effort, with inputs

provided by officials from a number of departments of the municipality.

4.5 **CoGTA** has prepared guidelines in line with international practice, that propose that an Infrastructure Asset Management Plan (IAMP) is prepared for each sector (such as Community Assets, roads etc.). These plans are used as inputs into a Comprehensive Municipal Infrastructure Plan (CMIP) that presents an integrated plan for the municipality covering all infrastructure. The arrangements outlined in the CoGTA guidelines are further strengthened by the provision of National Treasury's Local Government Capital Asset Management Guidelines. This is in line with the practice adopted in national and provincial spheres of government in terms of the Government-wide Immoveable Asset Management Act (GIAMA).

4.6 Accordingly, the asset register adopted by a municipality meet not only financial compliance requirements, but also set a foundation for improved infrastructure asset management practice.

5. OBJECTIVES

The objective of this policy is for the municipality to:

- 5.1 implement prevailing accounting standards; and
- 5.2 apply asset management practice in a consistent manner and in accordance with legal requirements and recognised good practice.
- 5.3 understanding all costs including acquisition, maintenance, operational and disposal costs therefore developing better plans of minimising the life-cycle cost of an asset.
- 5.4 have the ability to communicate effectively with the public about balancing levels of services, risk, and funding and thus inform subsequent policy trade-offs and decisions.
- 5.5 support those conversations with real data and analysis, not only anecdotal stories.
- 5.6 extending the life of asset by maintenance, rehabilitation and replacement prioritisation based on strong understanding of asset condition deterioration
- 5.7 improved emergency response
- 5.8 secure and safeguard assets
- 5.9 reduce Capital expenditure and operational cost
- 5.10 meet service delivery requirements

6. APPROVAL AND EFFECTIVE DATE

6.1 The CFO is responsible for the submission of the Policy to Council to consider its

adoption after consultation with the AO.

6.2 Council shall indicate the effective date for implementation of the policy.

7. DELEGATIONS AND KEY RESPONSIBILITIES

7.1 Accounting Officer

7.1.1 The Accounting Officer (AO) is responsible for the management of the assets of the municipality, including the safeguarding and the maintenance of those assets.

7.1.2 The AO shall ensure that:

- a. The municipality has and maintains a management, accounting and information system that accounts for the assets of the municipality;
- b. The municipality's assets are valued in accordance with the standard of generally recognised accounting practice;
- c. That the municipality has and maintains a system of internal control for assets, including an asset register; and
- d. The HODs and their respective departments comply with this policy.

7.1.3 The Accounting Officer of the municipality shall be the principal custodian of the entire municipality's assets and shall be responsible for ensuring that this policy is effectively applied on adoption by Council. To this end, the AO shall be responsible for the preparation, in consultation with the Chief Financial Officer (CFO) and Heads of Department (Senior Official) (HOD), of procedures to effectively and efficiently apply this policy.

7.1.4 In accordance with the MFMA, the AO of the municipality and all designated officials are accountable to him / her. The AO is therefore accountable for all transactions entered into by his / her delegates. The overall responsibility of asset management lies with the AO. However, the day-to-day handling of assets will be the responsibility of all officials in terms of delegated authority reduced in writing. The AO may delegate or otherwise assign responsibility for performing these functions but will remain accountable for ensuring these activities are performed. All delegations in terms of this policy must be recorded in writing.

7.2 Chief Financial Officer

7.2.1 The Chief Financial Officer (CFO) is responsible to the AO to ensure that the financial

investments in the municipality's assets are safeguarded and maintained.

7.2.2 The CFO, as one of the HODs of the municipality, shall also ensure in exercising his financial responsibilities that:

- a. Appropriate systems of financial management and internal control are established and carried out diligently;
- b. The financial and other resources of the municipality are utilised effectively, efficiently, economical and transparently;
- c. Any unauthorised, irregular, fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented;
- d. All revenue due to the municipality is collected, for example rental income relating to immovable assets;
- e. The systems, procedures and registers required to substantiate the financial values of the municipality's assets are maintained to standards sufficient to satisfy the requirements of the Accounting Standards;
- f. Financial processes are established and maintained to ensure the municipality's financial resources are optimally utilised through appropriate asset plans, budgeting, purchasing, maintenance and disposal decisions;
- g. The AO is appropriately advised on the exercise of powers and duties pertaining to the financial administration of assets;
- h. The HODs and senior management teams are appropriately advised on the exercise of their powers and duties pertaining to the financial administration of assets; and
- i. This policy and support procedures are established, maintained and effectively communicated.

7.2.3 In terms of section 82 read with section 81(1)(e) of the MFMA the CFO may delegate or otherwise assign responsibility for performing these functions but will remain accountable for ensuring these activities are performed.

7.2.4 The CFO shall be the fixed asset registrar of the municipality, and shall ensure that a complete, accurate and up-to-date computerised fixed asset register is maintained.

7.2.5 No amendments, deletions or additions to the fixed asset register shall be made other than by the CFO or by an official acting under the written instruction of the CFO.

7.3 Head of Department (Senior Official)

7.3.1 HODs are managers who report directly to the AO shall ensure that:

- a. The municipal resources assigned to them are utilized effectively, efficiently, economically and transparently;
- b. Procedures are adopted and implemented in conformity with this policy to produce reliable data to be input to the municipal fixed asset register;
- c. Any unauthorised, irregular or fruitless or wasteful utilisation, and losses resulting from criminal or negligent conduct, are prevented;
- d. The asset management, processes and controls can provide an accurate, reliable and up to date account of assets under their control;

7.3.2 They can manage and justify that the asset management framework include:

- a. Asset Management plans,
- b. IDP, budgets and SDBIP
- c. Demand Management plans including Acquisitions (New, replacement and upgrade of Assets)
- d. Maintenance Plans
- e. Asset Risk Management Plans
- f. Disposal decisions
- g. Optimally achieve the municipality's strategic objectives

7.3.3 Manage asset life-cycle transactions to ensure that they comply with the plans, legislative and municipal requirements.

7.3.4 HODs may delegate or otherwise assign responsibility for performing these functions but they shall remain accountable for ensuring these activities are performed.

7.4 Asset Manager

7.4.1 Asset Manager, or his delegate, shall be responsible for ensuring that:

- An asset management system for each asset under his or her control is established, which is appropriate, accurate and reliable;
- The asset management system for the assets within the Asset Manager's responsibility is carried out so as to ensure that the assets are used and managed effectively, efficiently, economically and transparently;
- Steps are taken to prevent losses resulting from criminal or negligent conduct, unauthorized, irregular, fruitless or wasteful expenditure;
- He or she is able to satisfactorily justify that their asset plans and budgets achieve the objectives set out by the Municipality in this Policy; and

- Sufficient controls exist over the assets under his or her control and recorded in his or her registers to substantiate the asset(s)' quantity, value, location and condition.
- Complete and accurate records of asset items are kept, verified and balanced regularly.
- All movable assets are properly tagged and accounted for
- Physical asset verification is performed once every quarter with a minimum target of 33,3% achieved for each quarter by all departments in conjunction with Asset Management Unit to verify the assets on the asset register. The results of this verification must be reported to the Municipal Manager and Council.
- Upon completion of the physical verification cycle, ensure that a verification report is compiled. The report shall –
 - a. Reflect a complete list of all assets found during the verification;
 - b. Reflect whether appropriate records have been maintained indicating what assets should have been found during verification;
 - c. Reflect any discrepancies (gaps) between the assets found during verification and the record referred to above
- Shall ensure adequate bar-codes, descriptions, name-plates etc. to exercise the function relating to assets control are available always.
- The Auditor-General (AG) or his personnel, on request within the indicated reporting/response period, is provided with the financial records relating to assets belonging to Council as recorded in the assets management system.
- All audit queries related to assets are resolved in a timeous manner.
- Asset acquisitions are allocated to the correct asset code.
- Before accepting an obsolete or damaged asset(s) or asset inventory item(s), a completed asset disposal form, countersigned by the Asset Management Unit, is presented.
- A verifiable record is kept of all obsolete, damaged and unused asset or asset inventory items received from the departments.
- A list of the items to be auctioned is prepared in accordance with their guidelines in the Supply Chain Management (SCM) Policy.
- A list of unused assets is compiled and circulated to enable other Departments to obtain items that are of use to them.
- The Supply Chain Management is notified of any auctioning or disposing of or written-off asset(s) or asset inventory item(s).
- An Asset Manager remains accountable for ensuring that these responsibilities are performed regardless of a delegation of any of these responsibilities. An Asset Managers shall be responsible for establishing and maintaining an additional register or database to record the physical management of the assets under his or her control.

8. POLICY AMENDMENT

This policy should be reviewed annually to ensure continued compliance with the relevant legislation and accounting standards. Changes to this document shall only be applicable if

approved by Council. Any proposals in this regard shall be motivated by the CFO in consultation with the AO and respective HODs. The recommendations of the CFO shall be considered for adoption by Council.

9. RELATIONSHIP WITH OTHER POLICIES

9.1 This policy, once effective, will replace the pre-existing Asset Management Policy with respect to the scope of assets covered by this policy.

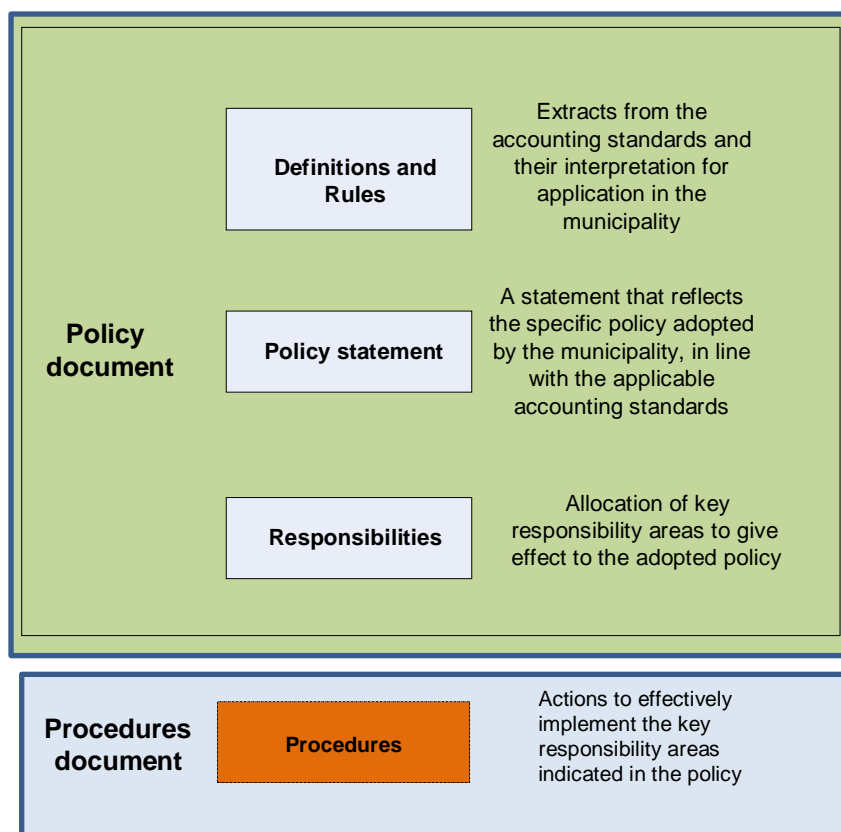
9.2 This policy needs to be read in conjunction with other relevant adopted policies of the municipality, including the following:

- a. Delegation of Powers;
- b. Accounting Policy;
- c. Insurance Policy;
- d. Enterprise Risk Management Policy;
- e. Disaster Management Policy;
- f. Supply Chain Management Policy;
- g. Tariff Policy;
- h. Property Rates Policy;
- i. Funding and Reserves Policy;
- j. Borrowing Policy;
- k. Cash Management and Investment Policy
- l. Long Term Financial Plan Policy;
- m. Infrastructure Investment and Capital Projects Policy;
- n. Indigents Policy;
- o. Provision of Free Basic Services Policy;
- p. Budget Implementation and Monitoring Policy; and
- q. Asset Disposal Policy.

10. POLICY FORMAT

Figure 1 gives an overview to the format of presentation of this policy document, and how it links to a separate document that provides the procedures. Procedures should be prepared and adopted to give effect to this policy.

Figure 1 - Interaction between the policy and the procedures



11. FIXED ASSET ACCOUNTING

11.1 RECOGNITION OF IMMOVABLE AND MOVABLE ASSETS

11.1.1 Definitions and rules

a) Asset

An asset is defined as a resource controlled by an entity, as a result of past events from which future economic benefits or service potential associated with the item will flow to the entity.

b) Fixed Asset

A fixed asset (also referred to as a “non-current asset”) is an asset with an expected useful life greater than 12 months.

c) Property, Plant and Equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, for rentals to others, or for administrative

purposes; and are expected to be used during more than one reporting period. This includes items necessary for environmental or safety reasons to leverage the economic benefits or service potential from other assets. Insignificant items may be aggregated. Property, plant and equipment are broken down into groups of assets of a similar nature or function in the municipality's operations for the purposes of disclosure in the financial statements.

d) Immovable Property Plant and Equipment

Immoveable Property Plant and Equipment are fixed structures such as buildings and roads. A plant that is built-in to the fixed structures and is an essential part of the functional performance of the primary asset is considered an immovable asset (though it may be temporarily removed for repair).

e) Movable Property Plant and Equipment

Movable assets are items owned or leased by the municipality such as office equipment and furniture, motor vehicles and mobile plant.

f) Investment property

Investment property is defined as property (land and/or a building, or part thereof) held (by the owner or the lessee under a finance lease) to earn rentals or capital appreciation, or both (rather than for use in the production or supply of goods or services or for administration purposes or sale in the ordinary course of operations). Examples of investment property are Block of offices that are rented out. There is no asset hierarchy for investment property; each functional item will be individually recorded. Land held for a currently undetermined use is recognised as investment property until such time as the use of the land has been determined.

g) Intangible assets

Identifiable non-monetary assets, without physical substance are intangible assets, for examples licenses or rights (such as water licenses), servitudes and software. An asset meets the criterion of being identifiable in the definition of an intangible asset when it:

- i. is separable, i.e., is capable of being separated or divided from the municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability, or
- ii. arises from contractual rights (including rights arising from binding

arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable and separable from the municipality or from other rights and obligations.

h) Capital Spares (Major Spare Parts)

Spares and materials used on a regular basis in the ordinary course of operations are usually carried as inventory (i.e., they are not usually considered fixed assets) and are expensed when consumed. Major spares that constitute an entire or significant portion of a component type, or a specific component, defined in the immovable Property Plant and Equipment asset hierarchy are considered capital spare parts and are recognised as an item of Property Plant and Equipment as they are expected to be used for more than one reporting period or they can only be used in connection with an item of Property Plant and Equipment.

i) Useful Life

The period over which an asset is expected to be available for use by an entity, or the number of production units expected to be obtained from the asset by an entity.

j) Major inspections

A condition of continuing to operate an item of Property Plant and Equipment may be to perform regular major inspections for faults regardless of whether parts of the item are replaced (for example, Occupational Health and Safety Act no. 85 of 1993 requires lifting equipment to be inspected once a year). When each major inspection is performed, its cost is recognised in the carrying amount of the item of Property Plant and Equipment as a replacement if the recognition criteria are satisfied. Any remaining carrying amount of the cost of the previous inspection (as distinct from physical parts) is de-recognised. This occurs regardless of whether the cost of the previous inspection was identified in the transaction in which the item was acquired or constructed. If necessary, the estimated cost of a future similar inspection may be used as an indication of what the cost of the existing inspection component was when the item was acquired or constructed.

k) Control

An item is not recognised as an asset unless the entity has the capacity to control the service potential or future economic benefit of the asset, is able to deny or regulate access of others to that benefit and has the ability to secure the future economic benefit of that asset. Legal title and physical possession are good

indicators of control but are not infallible.

l) Past transactions or events

Assets are only recognised from the point when some event or transaction transferred control to an entity.

m) Probability of the flow of benefits or service potential

The degree of certainty that any economic benefits or service potential associated with an item will flow to the municipality is based on the judgement. The CFO shall exercise such judgement on behalf of the municipality, in consultation with the respective HOD.

n) Economic benefits

Economic benefits are derived from assets that generate net cash inflows.

o) Service Potential

An asset has service potential if it has the capacity, singularly or in combination with other assets, to contribute directly or indirectly to the achievement of an objective of the municipality, such as the provision of services.

p) Leased assets

A lease is an agreement whereby the lessor conveys to the lessee (in this case, the municipality) the right to use an asset for an agreed period of time in return for a payment or series of payments. Leases are categorised into finance and operating leases. A finance lease is a lease that transfers substantially all the risks and rewards incident to ownership of an asset, even though the title may not eventually be transferred (substance over form). Where the risks and rewards of ownership of the asset are substantially transferred to the municipality, the lease is regarded as a finance lease and the asset recognised by the municipality. Where there is no substantial transfer of risks and rewards of ownership to the municipality, the lease is considered an operating lease and payments are expensed in the income statement on a systematic basis (straight line basis over the lease term).

q) Asset custodian

The department that controls an asset, as well as the individual (asset custodian) or post that is responsible for the operations associated with such asset in the department, is identified by the respective HOD, recorded, and communicated on recognition of the asset.

r) Reliable measurement

Items are recognised that possess a cost or fair value that can be reliably measured in terms of this policy.

s) Capitalisation criteria

No item with an initial cost or fair value of less than R1000-00 (One Thousand rands), or such other amount as the Council of the municipality may from time to time determine on the recommendation of the municipal manager, shall be recognised as a fixed asset. If the item has a cost or fair value lower than this capitalization benchmark, it shall be treated as an ordinary operating expense, however, where the asset meets a definition of a fixed asset as defined in section 11.1.1b, such an asset will be reported in the Minor Register.

t) Level of Componentisation

Due to the complexity of Immovable Assets, the municipality has developed a Level of Componentisation (LOC) document to ensure that there is consistency in how Immovable assets are broken down into components for reporting purposes and to ensure measurable verification processes. **See annexure C.**

11.1.2 Policy statement

The municipality shall recognise all movable and immovable assets existing at the time of adoption of this policy and the development of new, upgraded and renewed assets on an on-going basis. Such assets shall be capitalised in compliance with prevailing accounting standards.

11.1.3 Responsibilities

- a. The CFO, in consultation with the AO and HODs, shall determine effective procedures for the recognition of existing and new assets.
- b. Every HOD shall ensure that all assets under their control are correctly recognised as assets.
- c. The CFO shall keep a lease register with the following minimum information: name of the lessor, description of the asset, fair value of the asset at inception of the lease, lease commencement date, lease termination date, economic useful life of the asset, lease payments, and any restrictions in the lease agreement.

11.2 CLASSIFICATION OF ASSETS

11.2.1 Definitions and rules

a) Fixed asset categories

- i. Property, plant and equipment (which is broken down into groups of assets of a similar nature or function in the municipality's operations) (GRAP 17);
- ii. Intangible assets (GRAP 31);
- iii. Heritage assets (GRAP 103);
- iv. Capital Finance Lease assets (GRAP 13); and
- v. Investment property (GRAP 16)

b) Class of Property Plant and Equipment

A class of Property Plant and Equipment is defined as a group of assets of a similar nature or function. The total balance of each class of assets is disclosed in the notes to the financial statements.

c) Property Plant and Equipment Asset hierarchy

An asset hierarchy is adopted for Property Plant and Equipment which enables separate accounting of parts (components) of the asset that are considered significant to the municipality from a financial point of view, and for other reasons determined by the municipality, including risk management (in other words, taking into account the criticality of components) and alignment with the strategy adopted by the municipality in asset renewal (for example the extent of replacement or rehabilitation at the end of life). In addition, the municipality may aggregate relatively insignificant items to be considered as one asset. The structure of the hierarchy recognises the functional relationship of assets and components.

d) Property Plant and Equipment: Infrastructure

- i. Infrastructure assets are immovable assets which are part of a network of similar assets that jointly provide service potential. These assets usually display some or all of the following characteristics:
 - they are part of a system or network;
 - they are specialised in nature and do not have alternative uses;

- they are immovable; and
 - they may be subject to constraints on disposal.
- ii. Examples of infrastructure assets include road networks, sewer systems, water and power supply systems and communication networks.

e) Property Plant and Equipment: Community Property

Community property is immovable assets contributing to the general well-being of the community, such as community halls and recreation facilities.

f) Property Plant and Equipment: Land and Buildings

Buildings that are used for municipal operations such as administration buildings and rental stock or housing not held for capital gain.

g) Property Plant and Equipment: Other Assets

Movable assets are by nature stand-alone assets which are not directly attached or associated with an item of immovable assets and are utilised in an enabling or assisting role on a day-to-day basis.

h) Heritage assets

Heritage assets are assets of cultural, environmental, historical, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations, such as monuments, nature reserves, and works of art. Some heritage assets have more than one purpose, e.g., an historical building which, in addition to meeting the definition of a heritage asset, is also used as office accommodation. The CFO, on behalf of the municipality, must use his/her Discretion to determine whether the asset will be accounted for as a operational building or a heritage asset. The asset should be accounted for as a heritage asset if, and only if, the definition of a heritage asset is met, and only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. If a significant portion is used for production, administrative purposes or supply of services or goods, the asset shall be accounted for in accordance with the Standard of GRAP on Property Plant and Equipment.

i) Investment property

Investment property is defined as property (land and/or a building, or part thereof) held (by the owner or the lessee under a finance lease) to earn rentals or capital appreciation, or both (rather than for use in the production or supply of goods or services or for administration purposes or sale in the ordinary course of operations). Examples of investment property are office parks that are rented out. There is no asset hierarchy for investment property; each functional item will be individually recorded. Land held for a currently undetermined use is recognised as investment property until such time as the use of the land has been determined.

j) Intangible assets

- i. Identifiable non-monetary assets, without physical substance are intangible assets, for examples licenses or rights (such as water licenses), servitudes and software.
- ii. An asset meets the criterion of being identifiable in the definition of an intangible asset when it:
 - is separable, i.e., is capable of being separated or divided from the municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability, or
 - arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable and separable from the municipality or from other rights and obligations.
- iii. However, if the municipality is of the opinion that even though a servitude may meet the definition of an intangible asset, it is essential to the operation of a tangible asset. For example, where the municipality would not be able to construct or operate infrastructure on land that it does not own without acquiring certain rights from the landowner. Therefore, the municipality may be of the opinion that it would be more appropriate to include the cost of the servitude in the cost of the tangible asset rather than recognising a separate intangible asset. In such cases servitudes will be accounted for as Property Plant and Equipment by applying GRAP 17, and componentisation may be required as the values, nature and the useful life of the servitude and the tangible asset are different.

k) Servitudes

- i. Where municipalities establish servitudes as part of the registration of a township, the associated rights are granted in statute and are specifically excluded from the standard on intangible assets. Such servitudes cannot be sold, transferred, rented or exchanged freely and are not separable from the municipality. Consequently, such servitudes are not recognised in the asset register.
- ii. Servitudes that are created through acquisition (including by way of expropriation or agreement) can be recognised as either intangible assets or Property Plant and Equipment at cost. The municipality may include the cost of the servitude in the cost of the Property Plant and Equipment if it is essential to the construction or operation of the asset (such as in the case of pipes).

l) Discontinued Operation

A component of a municipality comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the municipality. In other words, a component of a municipality will have been a cash-generating unit, a group of cash-generating units or non-cash-generating assets while being held for use.

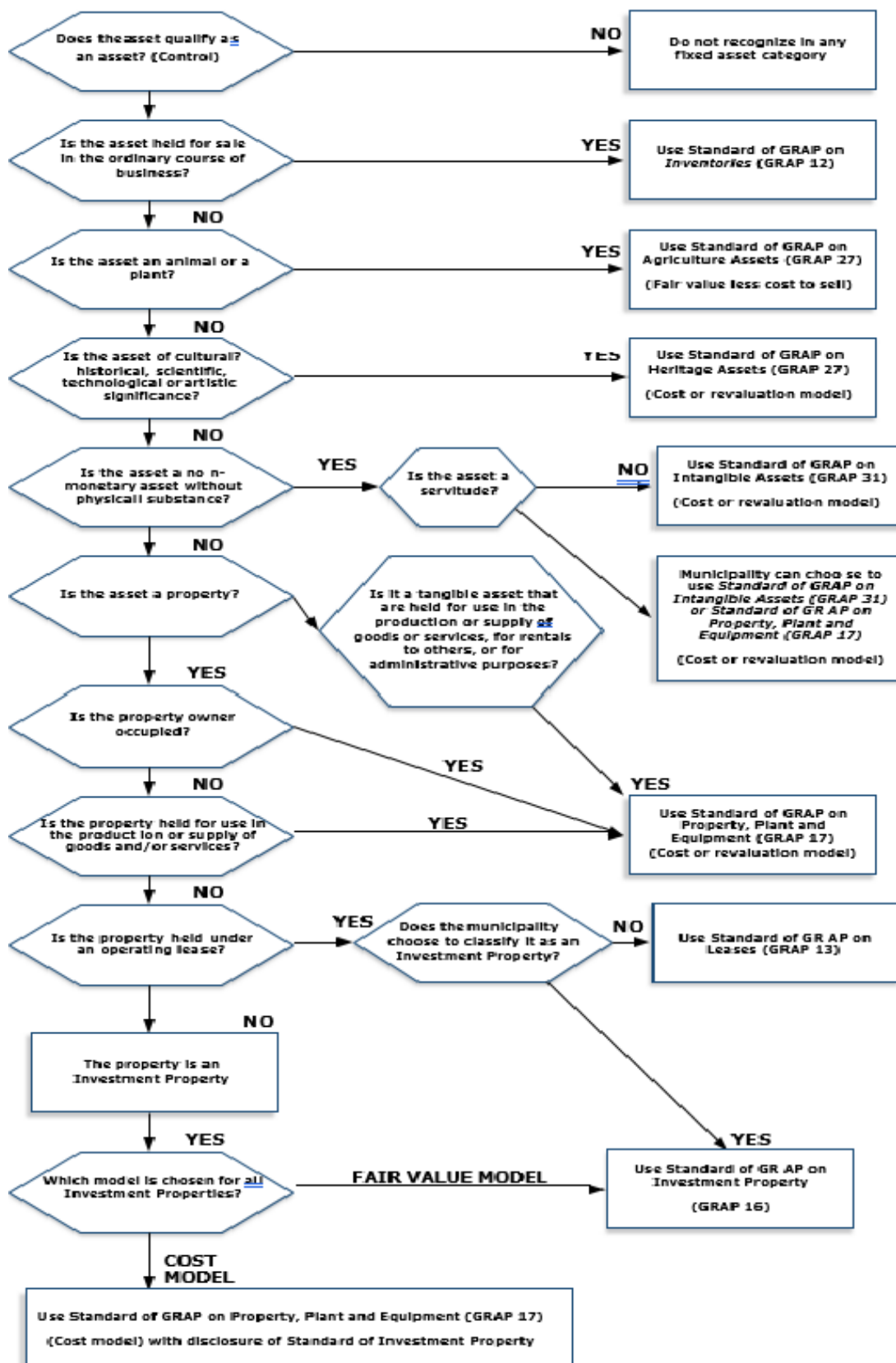
A discontinued operation's carrying amount will either be abandoned, transferred or recovered principally through a sale transaction rather than through continuing use. A disposal operation shall be reclassified as a current asset, and its assets will therefore be taken off the Main Asset Register. This provision does not apply to immovable assets that are abandoned.

If the criteria are only met after the reporting date, the municipality shall not classify the immovable asset as held for sale in those financial statements when issued. However, when those criteria are met after the reporting date but before the authorisation date for the financial statements to be issued, the municipality shall disclose a description of the immovable asset; a description of the facts and circumstances of the sale, or leading to the expected disposal, and the expected manner and timing of disposal; and if applicable, the segment in which the asset (or disposal group) is presented. Non-current assets held for sale are not similar to inventory. Inventory refers to assets held for trading purposes, assets manufactured or purchased to be sold for a profit. If a management decision has been made to sell a non-current asset, that asset will be classified as a non-current asset held for sale.

11.2.2 Policy statement

- a) Asset hierarchies shall be adopted for each of the asset groups, separately identifying items of Property Plant and Equipment at component level that are significant from a financial or risk perspective, and, where applicable, grouping items that are relatively insignificant. Investment Property and Intangible assets are not required to be componentised.
- b) Property Plant and equipment shall be disclosed in the financial statements at the sub-category level.
- c) A committee to be nominated by Council will consider the recognition of assets as heritage assets and motivate their recommendation for adoption by Council.

Figure 2 – Decision tree – Classification of assets



11.2.3 Responsibilities

- a) The CFO shall ensure that the classification of fixed assets adopted by the municipality complies with the statutory requirements.
- b) The CFO shall consult with the HOD responsible for Property Plant and Equipment to determine an effective and appropriate asset hierarchy for each asset class of Property Plant and Equipment to component level and record such in the asset management procedures document.
- c) Every HOD shall ensure that all fixed assets under their control are classified correctly within the classification adopted by the municipality.
- d) Every HOD shall advise the CFO when assets should be re-classified.

11.3 IDENTIFICATION OF ASSETS

11.3.1 Definitions and rules

a) Immovable asset coding

An asset Global ID as obtained from GIS and similar platforms will be utilised by the municipality to uniquely identify each immovable asset (at the lowest level in the adopted asset hierarchy) to ensure that it can be accounted for on an individual basis. Refer to Annexure A for asset hierarchy.

b) Barcoding system

A barcoding system will be used for movable assets as how the municipality is able to uniquely identify each movable asset to ensure that it can be accounted for on an individual basis, which will also assist with the subsequent verification process of movable assets.

11.3.2 Policy statement

An asset Global ID as obtained from GIS and similar platforms will be utilised to enable each item of immovable assets (with Property Plant and Equipment at the lowest level in the adopted asset hierarchy) to be uniquely and readily identified. Similarly, a barcoding system shall be adopted for movable assets.

11.3.3 Responsibilities

- a) The AO shall develop and implement an immovable asset coding system in consultation with the CFO and other HODs to meet the policy objectives

- b) HODs shall ensure that all the immovable assets under their control are correctly coded.
- c) HODs shall ensure that all the movables assets under their control are barcoded.

11.4 ASSET REGISTER

11.4.1 Definitions and rules

a) Asset register

A fixed asset register is a database with information relating to each asset. The fixed asset register is structured in line with the adopted classification structure. The scope of data in the register is sufficient to facilitate the application of the respective accounting standards for each of the asset classes, and the strategic and operational asset management needs of the municipality.

b) Procurement of assets

All assets acquired must be in terms of the capital budget and assets must be procured in such a way that:

- a proper need for the asset was identified and total business plan for the acquisition of the asset
- procurement documentation supports the format adopted for the asset register and the asset hierarchy; and
- proper and approved procurement procedures are adhered to in terms of the Supply Chain Management Policy.

Authorisation for procurement should be as per the Municipalities' delegation of authority and payment for assets should be in accordance with the financial policies and regulations of the Council.

11.4.2 Policy statement

A fixed asset register shall be established to provide the data required to apply the applicable accounting standards, as well as other data considered by the municipality to be necessary to support strategic asset management planning and operational management needs. The asset register shall be updated and reconciled to the

general ledger on a regular basis, which will be reconciled to the financial statements at year end.

11.4.3 Responsibilities

- a) The CFO shall define the format of the fixed asset register in consultation with the AO and the HODs and shall ensure that the format complies with the prevailing accounting standards and disclosure requirements.
- b) HODs shall provide the CFO with the data required to establish and update the asset register in a timely fashion.
- c) The CFO shall establish procedures to control the completeness and integrity of the asset register data.
- d) The CFO shall ensure proper application of the control procedures.

11.5 MEASUREMENT AT RECOGNITION

11.5.1 Definitions and rules

a) Measurement at recognition of Property Plant and Equipment

An item of Property Plant and Equipment that qualifies for recognition is measured at cost. Where an asset is acquired at no or nominal cost (for example in the case of donated or developer-created assets), its cost is deemed to be its fair value at the date of acquisition. In cases where it is impracticable to establish the cost of an item of Property Plant and Equipment, such as on recognising Property Plant and Equipment for which there are no records, or records cannot be linked to specific assets, its cost is deemed to be its fair value.

b) Measurement at recognition of investment property

Investment property will be measured at cost including transaction cost at initial recognition. However, where an investment property was acquired through a non-exchange transaction (i.e., where the investment property was acquired for no or nominal value), its cost is its fair value at the date of acquisition.

c) Measurement at recognition of intangible assets

Intangible assets will be measured at cost at initial recognition. Where assets are acquired for no or nominal consideration, the cost is deemed to equal the fair value

of the asset on the date acquired.

d) Measurement at recognition of heritage assets

Heritage assets will be measured at cost at initial recognition. Where assets are acquired for no or nominal consideration, the cost is deemed to equal the fair value of the asset on the date acquired.

If the municipality holds an asset that might be regarded as a heritage asset but which, on initial recognition, does not meet the recognition criteria of a heritage asset because it cannot be reliably measured, relevant and useful information about it shall be disclosed in the notes to the financial statements as follows:

- A description of the heritage asset or class of heritage assets.
- The reason why the heritage asset or class of heritage assets could not be measured reliably.
- On disposal of the heritage asset or class of heritage assets, the compensation received and the amount recognised in the statement of financial performance.

e) Fair value

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market based evidence by appraisal can be used where there is an active and liquid market for assets (for example land and some types of plant and equipment). In the case of specialised buildings (such as community buildings) and infrastructure where there is no such active and liquid market, a depreciated replacement cost (DRC) approach may be used to identify the fair value. The appraisal of the fair value of assets is normally undertaken by a member of the valuation profession, who holds a recognised and relevant professional qualifications and appropriate knowledge and experience in valuation of the respective assets.

f) Depreciated replacement cost

If no evidence is available to determine the market value in an active and liquid market of an item of property, the fair value of the item may be established by reference to other items with similar characteristics, in similar circumstances and location. In many cases, the depreciated replacement cost of an asset can be established by reference to the buying price of a similar asset with similar remaining service potential in an active and liquid market. In some cases, an asset's reproduction cost will be the best indicator of its replacement cost. For example, in the event of loss, a parliament

building may be reproduced rather than replaced with alternative accommodation because of its significance to the community.

g) Costs associated with heritage assets

Costs incurred to enhance or restore a heritage asset to preserve its indefinite useful life should be capitalised as part of the cost of the asset. Such costs should be recognised in the carrying amount of the heritage asset as incurred.

h) Changes in the existing decommissioning or restoration cost included in the cost of an item

Changes in the measurement of an existing decommissioning cost or restoration cost as a result of changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, should be treated as follows:

If the cost model is used –

- Changes in the liability shall be added to or deducted from the cost of the related asset.
- If the amount deducted from the cost of the asset exceeds the carrying amount of the asset, the excess shall be recognised immediately in surplus or deficit.
- If the adjustment results in an addition to the cost of an asset, the municipality should consider whether this is an indication that the carrying amount may not be recoverable. In this case the municipality should test the asset for impairment.
- If the revaluation model is used -
 - A decrease in the liability shall be credited to the revaluation surplus, except that it shall be recognised in the surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in the surplus or deficit; and
 - an increase in the liability shall be recognised in surplus or deficit, except that it shall be debited to the revaluation surplus to the extent that any credit balance may exist in the revaluation surplus in respect of asset.
 - If the decrease in liability exceeds the carrying amount that would have been recognised if the asset has been carried under the cost model, the excess shall be recognised immediately in the surplus or deficit.

- If the change in liability is an indication that the asset may have to be revalued to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation shall be considered in determining the amounts to be taken to surplus or deficit and net assets as discussed above. If a revaluation is necessary, all assets of that class shall be revalued.
- The change in the revaluation surplus arising from the change in the liability shall be separately identified and disclosed on the face of the statement of changes in net assets.

i) Finance leases

At the commencement of a lease term, the municipality (the lessee) shall recognise a finance lease as an asset and liability in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate to be used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease contract, if this is practicable to determine; if not, the lessee's incremental borrowing rate shall be used. Any initial direct cost of the lessee is added to the amount recognised as an asset.

j) Self-constructed immovable Property Plant and Equipment

Self-constructed assets relate to all assets constructed by the municipality itself or another party on instructions from the municipality. All assets that are constructed by the municipality should be recorded in the asset register and each component that is part of this immovable Property Plant and Equipment should be depreciated over its estimated useful life for that category of asset.

Proper records are kept such that all costs associated with the construction of these assets are completely and accurately accounted for as capital under construction, and upon completion of the asset, all costs (both direct and indirect) associated with the construction of the asset are summed and capitalised as an asset.

Construction of future investment property

If property is developed for future use as an investment property, such property shall in every respect be accounted for as investment property.

k) Borrowing costs

Borrowing costs are interest and other costs incurred by the municipality from borrowed funds. The items that are classified as borrowing costs include interest on bank overdrafts and short- term and long-term borrowings, amortisation of premiums or discounts associated with such borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings; finance charges in respect of finance leases and foreign exchange differences arising from foreign currency borrowings when these are regarded as an adjustment to interest costs. Borrowing costs shall be capitalised if related to construction of a qualifying asset (one that necessarily takes a substantial period of time to get ready for its intended use or sale) and external funding is sourced to fund the project.

In the following cases it is inappropriate to capitalise borrowing costs:

- It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirement of the municipality directly to the nature of the expenditure to be funded i.e., capital or current. In such case, the municipality shall expense those borrowing costs related to a qualifying asset directly to the statement of financial performance.
- In exceptional cases the municipality is allowed to expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. It may be difficult for the municipality to identify a direct relationship between an asset and borrowing costs incurred because the financing activity is controlled centrally and it will not always be possible to keep track of the specific borrowing costs which should be allocated to the qualifying asset. As a result, the reasonable effort and cost may outweigh the benefit of presenting the information, making it inappropriate to capitalise the cost.

l) Discontinued operations: Non-current assets

Immovable assets included in the discontinued operations shall be measured at the lower of its carrying value and its fair value less cost to sell immediately before meeting the criteria for such classification.

If discontinued operations holding non-current assets ceases to meet the criteria for such classification, the assets are recognised in the asset register and measured at

the lower of:

- their carrying amount before the assets were classified as discontinued, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as discontinued, or
- its recoverable amount or recoverable service amount at date of the subsequent decision not to sell.

The municipality shall include any required adjustment to the carrying amount of an immovable asset that ceases to be in the discontinued operations in revenue of the continuing operations in the period in which the criteria to be in discontinued operations are no longer met. The municipality shall present that adjustment in the same caption in the Statement of Financial Performance used to present a gain or loss.

m) Deferred payment

The cost of an asset is the cash equivalent at the recognition date. If the payment of the cost price is deferred beyond normal credit terms, the difference between the cash price equivalent (the total cost price is discounted to the asset's present value as at the transaction date) and the total payment is recognised as an interest expense over the period of credit unless such interest is recognised in the carrying value of the asset in accordance with the Standard on Borrowing Costs, GRAP 5.

n) Exchanged Property Plant and Equipment Assets

In cases where assets are exchanged, the cost is deemed to be the fair value of the acquired asset and the disposed asset is de-recognised. If the acquired asset is not measured at its fair value, its cost price will be the carrying amount of the asset given up.

o) Cost of an item of Property Plant and Equipment

The capitalisation value comprises of;

- (i) the purchase price,
- (ii) any directly attributable costs necessary to bring the asset to its location and condition necessary for it to be operating in the manner intended by the

municipality, and

- (iii) an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

VAT is excluded (unless the municipality is not allowed to claim input VAT paid on purchase of such assets - in such an instance, the municipality should capitalise the cost of the asset together with VAT).

p) Direct attributable costs

Directly attributable costs are defined as:

- Cost of employee benefits arising directly from the construction or acquisition of the item of immovable Property Plant and Equipment, and intangible assets.
- costs of site preparation (in the case of Property Plant Equipment assets);
- initial delivery and handling costs (in case of Property PPE infrastructure, PPE community assets and PPE heritage assets);
- installation and assembly costs, cost of testing whether the immovable Property Plant and Equipment or associated intangible asset is functioning properly, after deducting the net proceeds from selling any item produced while bringing the asset to that location and condition;
- commissioning (cost of testing the asset to see if the asset is functioning properly, after deducting the net proceeds from selling any item produced while bringing the asset to its current condition and location)
- professional fees (for example associated with design fees, supervision, and environmental impact assessments) (in the case of all asset classes); and
- proper transfer taxes (in the case of all asset classes).

11.5.2 Policy statement

Property Plant and Equipment, intangible assets, heritage assets and investment property that qualify for recognition shall be capitalised **at cost**. Interest on deferred payments will be expensed. Biological assets that qualify for recognition shall be capitalised at **fair value less costs to sell**.

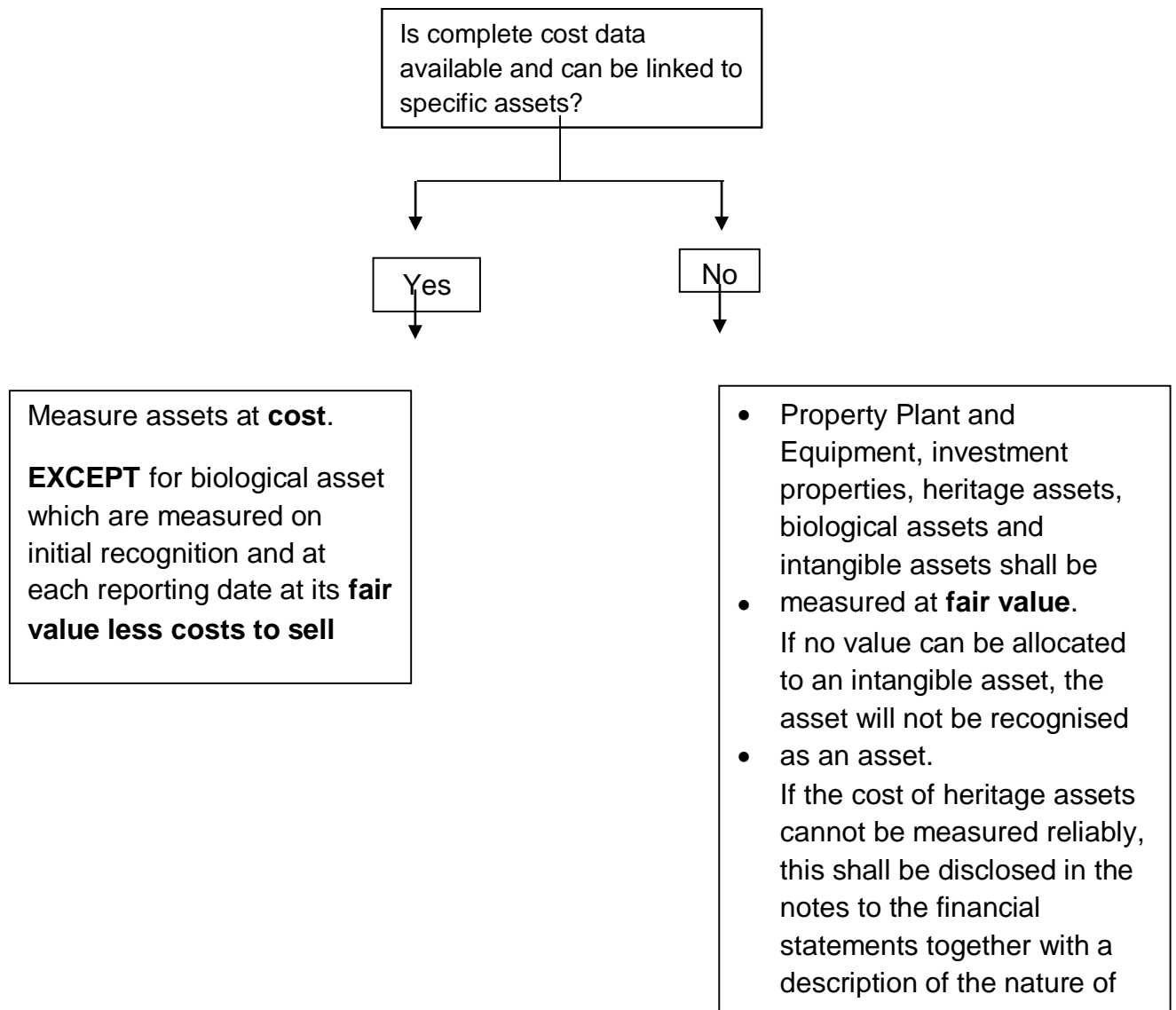
In cases where complete cost data is not available or cannot be reliably linked to specific assets:

- The fair value of Property Plant and Equipment infrastructure, community

property and building property shall be adopted on the basis of depreciated replacement cost;

- If the cost of heritage assets cannot be measured reliably, this shall be disclosed in the notes to the financial statements together with a description of the nature of the asset; and
- Investment property and intangible assets shall be measured at fair value on the date of acquisition. If no fair value can be allocated to the intangible asset, the asset will not be recognised as an asset.

Figure 3: Measurement at initial recognition



11.5.3 Responsibilities

- a) The CFO, in consultation with the AO and HODs, shall determine effective procedures for the capitalisation of assets on recognition.
- b) Every HOD shall ensure that all assets under their control are correctly capitalised.
- c) Every HOD shall advise the CFO of any deferred payments from the municipality, providing the relevant details of such.

11.6 MEASUREMENT AFTER RECOGNITION

11.6.1 Measurement after recognition shall be on the following basis:

- Property Plant and Equipment: cost model
- Heritage: cost model
- Investment property: cost model
- Intangible assets: cost model
- Biological assets: cost model

a) Cost model

Cost model is when asset after recognition is carried at its cost less accumulated depreciation and any accumulated impairment.

b) Statutory inspections

The cost of a statutory inspection that is required for the municipality to continue to operate immovable Property Plant and Equipment is recognised at the time the cost is incurred, and any previous statutory inspection cost is de-recognised.

c) Expenses to be capitalized

Expenses incurred in the enhancement of Property Plant and Equipment (in the form of improved or increased services or benefits flowing from the use of such asset), or in the material extension of the useful operating life of assets are capitalised. Such expenses are recognised once the municipality has beneficial use of the asset (be it new, upgraded, and/or renewed) – prior to this, the expenses are recorded as work-in-progress. Expenses incurred in the maintenance or repair (reinstatement) of Property Plant and Equipment that ensures that the useful operating life of the asset is attained, are considered as operating expenses and are not capitalised, irrespective of the quantum of the expenses concerned.

d) Spares

The location of capital spares shall be amended once they are placed in service, and re-classified to the applicable Property Plant and Equipment asset sub-category. Depreciation on the capital spares will commence once the items are placed in service as this is when they are in the location and condition necessary for them to be capable of operating in the manner intended by management.

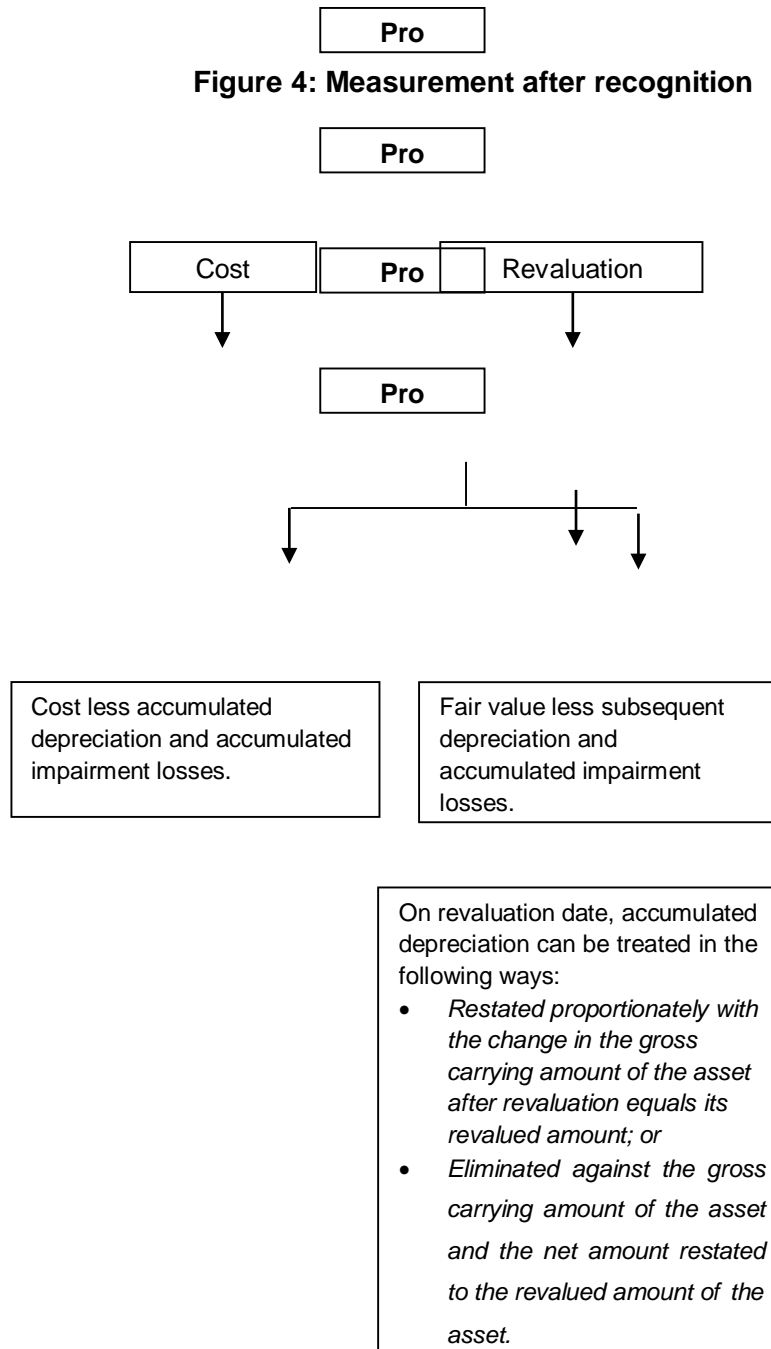
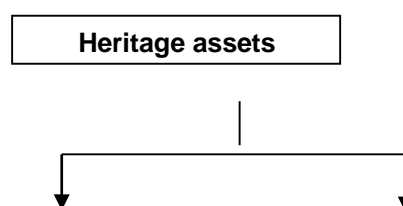


Figure 5: Measurement after recognition



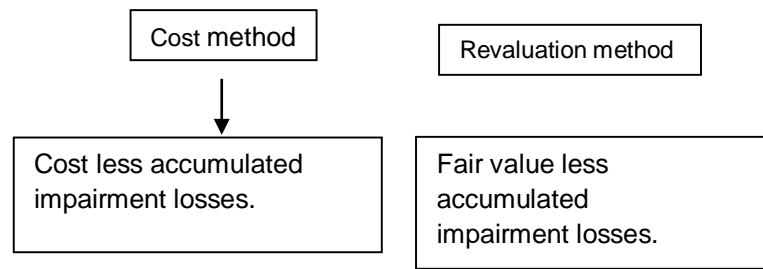


Figure 6: Measurement after recognition

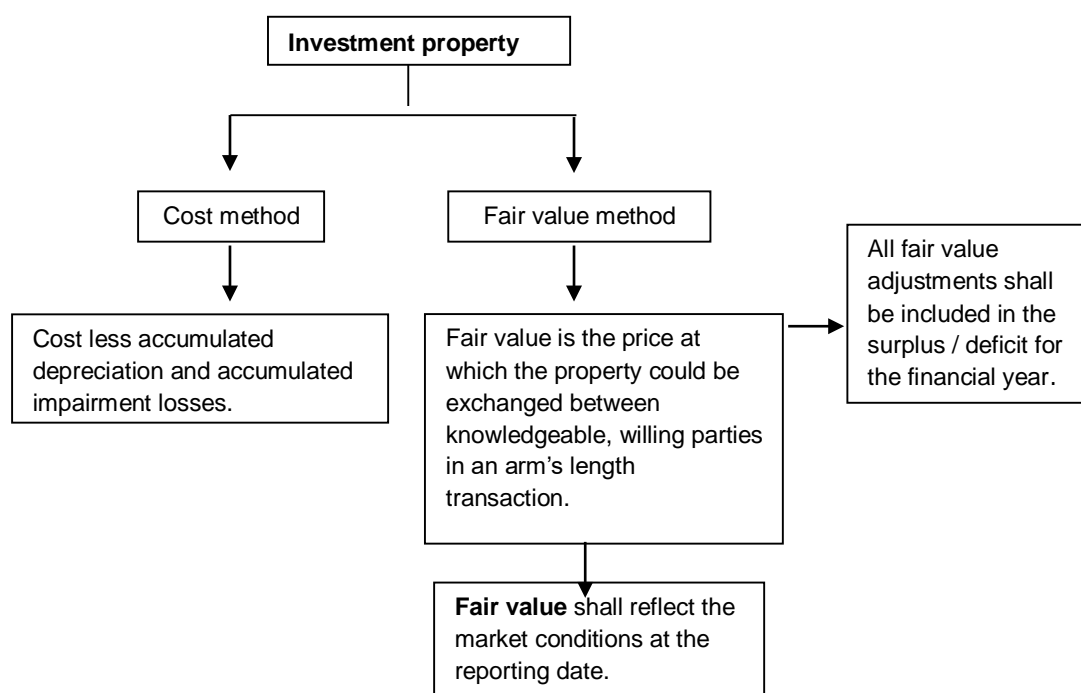
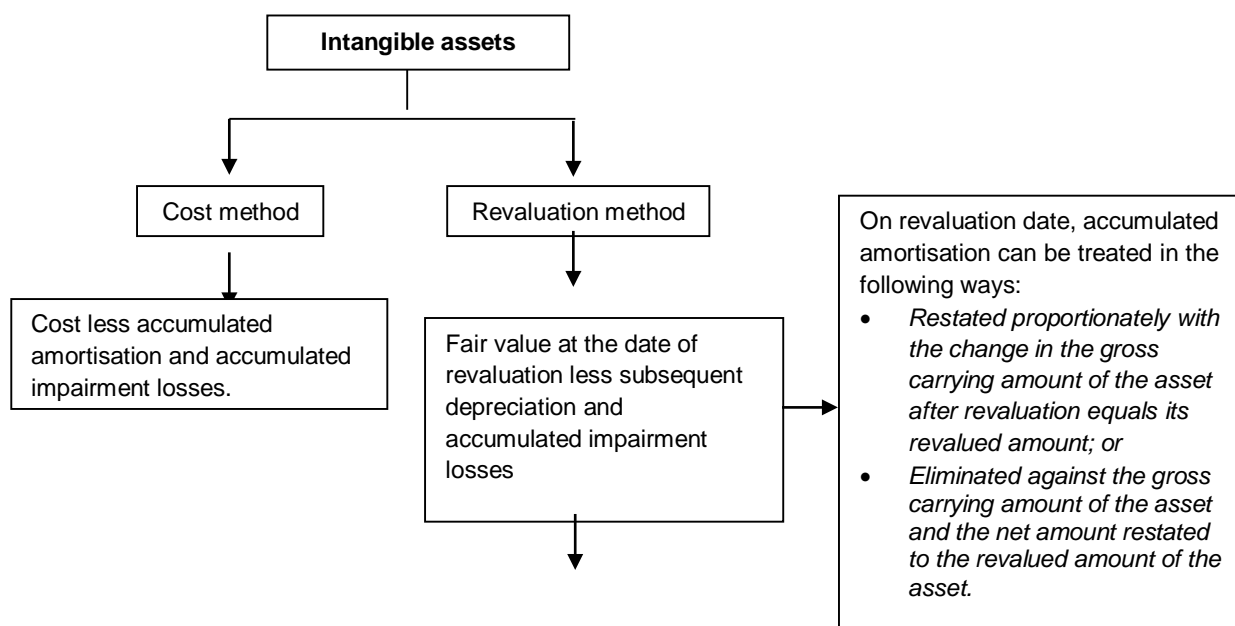


Figure 7: Measurement after recognition



- **Fair value** shall reflect the market conditions at the reporting date.
- If the fair value of a revalued intangible assets can no longer be determined by reference to an active market, the asset shall be carried at its cost less any accumulated amortisation and impairment losses.

11.6.2 Responsibilities

- The CFO, in consultation with the AO and HODs, shall determine effective procedures for the on-going capitalisation of assets after recognition.
- Every HOD shall ensure that all capital expenses associated with assets under their control are correctly capitalised.
- Every HOD shall ensure that revaluations and fair value adjustments are conducted where applicable to immovable infrastructure under their control.

11.7 DEPRECIATION

11.7.1 Definition and rules

a. Depreciation

Depreciation is the systematic allocation of the depreciable amount of an asset over its remaining useful life. The amortisation of intangible assets is identical.

Land and servitudes are considered to have unlimited life; therefore, they are not depreciated. Heritage assets and investment property are also not depreciated.

b. Depreciable amount

The depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value and accumulated depreciation.

c. Residual value

The residual value is the estimated amount that the municipality would currently obtain from disposal of the asset after deducting the estimated costs of disposal if the asset were already of the age and in the condition expected at the end of its useful life.

The residual values of assets are indicated in **Annexure B**. In the case of assets measured after recognition on the cost model, the percentage is of the initial cost of acquisition. In the case of assets measured after recognition on the revaluation model, the percentage is of the revalued cost.

d. Intangible assets with an indefinite useful life

An intangible asset with an indefinite useful life will not be amortised. Impairment testing shall be performed on these assets on an annual basis and whenever there is an indication that the assets might be impaired, comparing its recoverable amount with its carrying amount.

e. Remaining useful life

The remaining useful life (RUL) of a depreciable Property Plant and Equipment asset is the time remaining until an asset ceases to provide the required standard of performance or economic usefulness. The remaining useful life of all depreciable immovable Property Plant and Equipment assets at initial recognition is the same as the expected useful life indicated in **Annexure A** below. The remaining useful life of all

depreciable movable Property Plant and Equipment assets that are new, or are considered to have been renewed, at initial recognition is the same as the expected useful life indicated in **Annexure A**.

f. Annual review of remaining useful life

The remaining useful lives of depreciable Property Plant and Equipment are reviewed every year at the reporting date. Changes may be required as a result of new, updated or more reliable information being available. Changes may also be required as a result of impairments (as contemplated in **Section** of this policy). Depreciation charges in the current and future reporting periods are adjusted accordingly and are accounted for as a change in an accounting estimate.

g. Depreciation method

Depreciation of Property Plant and Equipment is applied at the component level. The municipality uses a straight line method. *Depreciation charge*

Depreciation starts once an asset is available for use, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an assets ceases at the date the asset is de-recognised.

h. Change in depreciation model

Depreciation on assets whose useful lives were changed will be calculated on the diminishing balance method.

i. Carrying amount

The carrying amount is the cost price/fair value amount after deducting any accumulated depreciation and accumulated impairment losses

j. Finance lease

Depreciable assets financed through a finance lease will give rise to a depreciation expense and finance cost which will occur for each accounting period. The depreciation policy for depreciable leased assets shall be consistent with the policy of depreciable owned assets, and the depreciation recognised shall be calculated in accordance with the Standard on Property, Plant and Equipment, GRAP 17. If there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and

its useful life. If there is certainty that the municipality will obtain ownership by the end of the lease term, the asset will be fully depreciated over the asset's useful life.

11.7.2 Responsibilities

- a. The HODs shall ensure that a budgetary provision is made for the depreciation of the immovable Property Plant and Equipment in the ensuing financial year, in consultation with the CFO.
- b. The CFO shall indicate a fixed annual date for the review of the remaining useful life of immovable Property Plant and Equipment under the control of the respective HODs.
- c. Every HOD shall annually review the remaining useful life as well as the expected useful life and residual values stated in **Annexures A and B** and the depreciation method of Property Plant and Equipment that are under their control and motivate to the AO and CFO any adjustments if these are required, in the judgement of the HOD.
- d. Changes should not be made on a continuous basis because the accounting principle of consistency would be violated.
- e. The CFO shall report changes made to the remaining useful life of immovable Property Plant and Equipment in the asset register to the AO and Council.
- f. The CFO shall ensure that depreciation charges are debited monthly and that the fixed asset register is reconciled with the general ledger.

11.8 IMPAIRMENT

11.8.1 Definition and rules

a) Impairment

Impairment is defined as the loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.

b) Indications of impairment

The municipality must review assets for impairment when one of the indicators below occurs or at least at the end of each reporting period. In assessing whether there is any indication that an asset may be impaired, an entity shall consider as a minimum the following indicators:

External sources of information:

- decline or cessation in demand;
- significant long-term changes in the technological, legal or government policy

environment;

- the carrying amount of the net assets of the entity is more than its market capitalisation;
- market interest rates have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially; or
- a halt in construction could indicate an impairment. Where construction is delayed or postponed to a specific date in the future, the project may be treated as work in progress and not considered as halted.

Internal sources of information:

- evidence of physical damage;
- evidence of obsolescence;
- significant changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or a manner in which, an asset is used or is expected to be used, including an asset becoming idle, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;
- cash flow for acquiring an asset or maintenance cost thereafter is higher originally budgeted;
- the actual net cash flow or operating profit or loss flowing from an asset are significantly worse than those budgeted;
- a significant decline in budgeted net cash flow or operating profit, or a significant increase in the budget loss, flowing from the asset; or
- operating losses or net cash outflows for the asset when current period amounts are aggregated with budgeted amounts for the future.

Other indications, such as loss of market value.

c) Impairment of projects under construction

In assessing whether a halt in construction would trigger an impairment test, it should be considered whether construction has simply been delayed or postponed, whether the intention to resume construction in the near future or whether the construction work will not be completed in the foreseeable future. Where construction is delayed or postponed to a specific future date, the project

may be treated as work in progress and is not considered as halted.

d) Intangible assets

The municipality must test all intangible assets associated with immovable Property Plant and Equipment not yet available for use or which have an indefinite useful life for impairment. This impairment test may be performed at any time during the reporting period provided it is performed at the same time every year.

e) Recoverable amounts

The events and circumstances in each instance must be recorded. Where there are indications of impairment, the municipality must estimate the recoverable service amount of the asset and consider adjustment of the remaining useful life, residual value, and method of depreciation.

f) Impairment loss

An impairment loss of a non-cash-generating unit or asset is defined as the amount by which the carrying amount of an asset exceeds its recoverable service amount. The recoverable service amount is the higher of the fair value less costs to sell and its value in use.

An impairment loss of a cash-generating unit (smallest group of assets that generate cash inflows) or asset is the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and its value in use.

g) Non-cash generating unit

Non-cash-generating units are those assets (or group of assets) that are not held with the primary objective of generating a commercial return. This would typically apply to assets providing goods or services for community or social benefit. The recoverable service amount is the higher of the asset's fair value less cost to sell and its value in use. It may be possible to determine the fair value even if the asset is not traded in an active market. If there is no binding sales agreement or active market for an asset, the fair value less cost to sell is based on the best information available to reflect the amount that an entity could obtain. However, sometimes it will not be possible to determine the fair value less cost to sell because there is no basis for making reliable estimates of the amount obtainable. For non-cash generating assets which are held on an on-going basis to provide specialised services or public goods to the community, the value in use of the assets is likely

to be greater than the fair value less cost to sell. In such cases the municipality may use the asset's value in use as its recoverable service amount. The value in use of a non-cash generating unit/asset is defined as the present value of the asset's remaining service potential.

This can be determined using any of the following approaches:

- the Depreciated Replacement Cost (DRC) approach (and where the asset has enduring and material over-capacity, for example in cases where there has been a decline in demand, the Optimised Depreciated Replacement Cost (ODRC) approach may be used);
- the restoration cost approach (the Depreciated Replacement Cost less cost of restoration) – usually used in cases where there has been physical damage; or
- the service units' approach (which could be used for example where a production units model of depreciation is used).

Where the present value of an asset's remaining service potential (determined as indicated above) exceeds the carrying value, the asset is not impaired.

h) Cash-generating unit

Cash-generating units are those assets held with the primary objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity. Holding an asset to generate a "commercial return" indicates that an entity intends to generate positive cash inflows from the asset (or from part of the cash-generating unit of which the asset is a part) and earn a commercial return that reflects the risk involved in holding the asset. When the cost model is adopted, fair value is determined in accordance with the rules indicated for measurement after recognition. Costs to sell are the costs directly attributable to the disposal of the asset (for example agents fees, legal costs), excluding finance costs and income tax expenses. The value in use is determined by estimating the future cash inflows and outflows from the continuing use of the asset and net cash flows to be received or (paid) for the disposal of the assets at the end of its useful life, including factors to reflect risk in the respective cash-flows and the time value of money.

i) Judgement

The extent to which the asset is held with the objective of providing a commercial

return needs to be considered to determine whether the asset is a cash generating or non-cash generating asset. An asset may be held with the primary objective of generating a commercial return even though it does not meet that objective during a reporting period. Conversely, an asset may be a non-cash-generating asset even though it may be breaking even or generating a commercial return during a reporting period. In some cases, it may not be clear whether the primary objective of holding an asset is to generate a commercial return. In such cases it is necessary to evaluate the significance of the cash flows. It may be difficult to determine whether the extent to which the asset generates cash flows is so significant that the asset is a non-cash- generating- or a cash-generating asset. Judgement is needed in these circumstances.

j) Recognition of impairment

The impairment loss is recognised as an expense when incurred (unless the asset is carried at a re-valued amount, in which case the impairment is carried as a decrease in the Revaluation Reserve, to the extent that such reserve exists). After the recognition of an impairment loss, the depreciation charge for the asset is adjusted for future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

When no future economic benefit is likely to flow from an asset, it is de-recognised and the carrying amount of the asset at the time of de-recognition, less any economic benefit from the de-recognition of the asset, is debited to the Statement of Financial Performance as a "Loss on Disposal of Asset".

In the event of compensation received for damages to an item of Property Plant and Equipment, the compensation is considered as the asset's ability to generate income and is disclosed under Sundry Revenue; and the asset is impaired/ de-recognised.

k) Reversing an impairment loss

The municipality must assess each year from the sources of information indicated above whether there is any indication that an impairment loss recognised in previous years may no longer exist or may have decreased. In such cases, the carrying amount is increased to its recoverable amount (providing that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior periods). Any reversal of an impairment loss is

recognised as a credit in surplus or deficit.

11.8.2 Policy statement

Impairment of assets shall be recognised as an expense in the Statement of Financial Performance when it occurs or at least at every reporting date. Ad-hoc impairment shall be identified as part of normal operational management as well as scheduled annual inspections of the assets.

All assets relating to these assets which are held with the primary objective of generating a commercial return. Consequently, the municipality adopts the impairment treatment for cash generating units in the impairments of its Property Plant and Equipment and associated intangible assets that relate to these assets.

All these assets whose primary objective is to provide goods and services for community or social benefit, and where positive cash flows are generated, these are with the view to support the primary objective rather than for financial return to equity holders. Consequently, the municipality adopts the impairment treatment for non-cash generating units in the impairments of its Property Plant and Equipment and associated intangible assets that relate to these asset classes.

11.8.3 Responsibilities

- The CFO shall indicate a fixed annual date for the review of any impairment that may have occurred on assets under the control of the respective HODs.
- The HODs shall review any impairment on the Property Plant and Equipment under their control at the annual review date, and from time to time as a result of any events that come to their attention that may have a material negative effect on the performance of these assets. The HOD shall motivate to the CFO proposed changes to the performance of such assets and the necessary impairments that needs to be recognised on such assets.
- The HOD should evaluate all the immovable Property Plant and Equipment for impairment, taking into consideration any discussions with the senior accountants and operating managers.
- The Asset register administrator should update the fixed asset register with the information received, relating to the impairment, from the financial management system where the impairment journals have been processed.
- The CFO shall report changes made to the carrying values of these assets in the asset register to the AO and Council.

11.9 DE-RECOGNITION

De-recognition

Assets are de-recognised on disposal or when no future economic benefits or service potential are expected from its use or disposal. Where assets exist that have reached the end of their useful life yet they pose potential liabilities, the assets will not be de-recognised until the obligations under the potential liabilities have been settled.

The gain or loss arising from de-recognition of an item of immovable assets shall be included in surplus of deficit when the item is de-recognised.

Property Plant and Equipment that is associated with the provision of basic services cannot be disposed without the approval of Council. Government Gazette no.31346, Municipal asset transfer regulations, sets out the regulations regarding municipal asset transfers and disposals, for example type of assets that need approval to be disposed or transferred, timeframes, possible public participation requirements, considerations in approving the transfer or disposal and Council approval.

Read in conjunction with the Municipal Finance Management Act (MFMA) it is clear that a municipality may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of a capital asset needed to provide the minimum level of basic municipal services unless that transfer is to an organ of state, and the following conditions must be met:

- Ownership in the capital asset (including replacements, upgrading and improvements made by the organ of state) must immediately revert to the municipality should the organ of state for any reason cease to or is unable to render the service;
- The organ of state may not without the written approval of the municipality:
 - Transfer, dispose of or encumber the capital asset (including replacements, upgrading and improvements made by the organ of state) in any way;
 - Grant a right to another person to use, control or manage the capital asset (including replacements, upgrading and improvements made by the organ of state);
- The transfer agreement must reflect the conditions above; and
- The organ of state must demonstrate the ability to adequately maintain and safeguard the asset.

If the combined value of any non-exempt capital assets a municipality intends to

transfer or dispose of in any financial year exceeds 5% of the total value of its assets, as determined from its latest available audited AFS, a public participation process must be conducted to facilitate the determinations of the municipal council, in relation to all the non-exempt capital assets proposed to be transferred or disposed of during the year.

11.10 Disposal of assets

11.10.1 Disposal

In compliance with the principles and prescriptions of the Municipal Financial Management and Municipal Asset Transfer Regulations, the transfer of ownership of any fixed asset shall be fair, equitable, transparent, competitive and consistent with the municipality's supply chain management policy. (Note the transfer of land during housing schemes are not deemed to be a disposal and can therefore be transferred at a cost deemed appropriate by management and within the objectives of the housing scheme)

Every Head of Department shall report in writing to the Asset Management Unit and the Chief Financial Officer on a quarterly basis on all fixed assets controlled or used by the department concerned which such Head of Department wishes to dispose by public auction or public tender. The Chief Financial Officer shall thereafter consolidate the requests received from the various departments and shall promptly report such consolidated information to the Council or the Municipal Manager of the municipality, as the case may be, recommending the process of disposal to be adopted.

Any items declared obsolete or damaged will be handed in to the Asset Management Unit for safekeeping. No items will be received by the Asset Management Unit without a completed asset disposal form counter-signed by the Asset Management Unit, describing the status of the item and the reason for writing-off the item.

Each Department must take the necessary steps to ensure that all their obsolete or damaged assets are disposed of in the correct and approved manner. It is the responsibility of each Department to ensure that all such assets to be disposed of are delivered to and received at the Asset Management Unit.

The Council shall ensure that the disposal of any fixed asset takes place in compliance with Section 14 of Municipal Financial Management Act of 2004 and the Supply Chain Management Policy and the Disposal of Immovable Property Policies.

Every General manager of a Department shall ensure that any incident of loss, theft, destruction, or material impairment of any fixed asset controlled or used by the Department in question is promptly reported in writing to the Insurance Section as well as the Asset Management Unit by using the asset disposal form. Such incidents must also be reported to the Internal Audit Unit and, in cases of suspected theft or malicious damage, also to the South African Police Services.

Once the fixed assets are disposed, the Asset Manager shall remove the relevant records from the fixed asset register.

The Council shall delegate to the Municipal Manager the authority to approve the alienation of any fixed asset with a carrying value less than R50 000.00 (Fifty Thousand Rand).

It is important to note that a disposal of an asset must comply with the following requirements:

- a. Capital assets needed to provide the minimum level of basic municipal services may not be disposed of.
- b. Capital assets may only be disposed of after the municipal council in a meeting open to the public:
 - i. Has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal service, and
 - ii. Has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset.

11.10.2 Replacement of components

The replacement of components that reached the end of its useful life or where management has elected to replace a component does not constitute a disposal. It is viewed as part of the life cycle management activities of the main asset. It is on main asset level where the considerations of the preceding paragraph are relevant.

11.10.3 Demolishment of immovable assets

Any demolishing or disposals in terms of refurbishments or upgrades that was approved as part of the budget and Strategic Asset Management Plan is deemed to be approved in terms of those plans and need not be approved by the Municipal Manager or Council.

In the event of the approval of a refurbishment, upgrade or demolition of an asset that was not part of the original plans approval needs to be obtained from Council or as delegated in terms of the delegations. The approval will be deemed to include all the component attached to that asset.

11.10.4 Demolition and dumping of movable assets

Where it has been determined that the general condition of movable assets to be disposed have deteriorated to such an extent that it will not be possible to obtain the required market value for them, they may be destroyed under observation and dumped at a public dumping site and destroyed in an environmentally friendly manner (photographic evidence required).

11.10.5 Asset Management Committee

The Asset Management committee will deliberate on recommendations from

Departments for the disposal and transfer of all movable and immovable assets including land and leases.

The committee will report to the Accounting Officer their recommendations regarding the disposal and transfer of municipal assets. Thereafter the Accounting Officer shall submit considerations and recommendations of the disposal and transfers to the appropriate portfolio committee for their recommendations and final approval.

The Asset Management Committee shall comprise at least the following core officials:

- Chairperson and Deputy Chairperson at director level or his or her delegate, appointed by the Municipal Manager
- It shall consist of all Managers Reporting Directly to the Municipal Managers and Middle Management.
- One representative from each directorate, nominated by the Director of each directorate
- Where applicable, a representative from the procurement office
- Where applicable, a representative from Internal Audit
- The Asset Manager

11.10.6 Identification of assets for disposal

During the regular physical verification of assets, Asset Management officials will assess the physical condition of all assets and verify their existence and location. A schedule of all assets that are identified as disposable is drawn and attached to the physical verification report. These assets are placed together in a secured and suitable storeroom/location for further inspection.

Identification of movable assets to be reflected on physical verification report:

- been damaged and cannot be repaired economically
- parts removed from it and it cannot be repaired economically
- reached the end of its useful life and it cannot be maintained or refurbished economically
- become excessive
- become obsolete due to:
 - the advent of new technology, making it non-compatible with existing systems and it cannot be redeployed in the Department
 - changed service delivery demands and it cannot be used or redeployed in the Department
 - changes in legislation on use of the movable asset

The Municipality should continuously identify excessive movable assets and movable assets not suitable for service delivery. Movable assets to be withdrawn from service and disposed must be identified by the user and approved by the asset manager.

11.10.7 Methods of disposal

The methods of disposal must be fair, equitable, transparent and cost effective. All movable assets will be disposed of in accordance with municipal standards.

The following disposal methods, among others, may be applied when departmental movable assets are disposed of:

- Sale by public auction or bidding process
- Transfer to another municipality
- Transfer to other government institutions at market related prices
- Donation to public educational and/or other public institutions
- Sold as scrap / **Disposed as scrap**
- Sale by private treaty (for example PPP contract)
- Write-off
- Assets attached by the Sheriff
- Sale of Properties to staff

11.10.8 Public auction

All assets earmarked for write off shall be sold by public auction or tender after compliance with the following procedural steps:

- A notice of intention to sell the asset by the Municipality must have been published in a local newspaper;
- The Municipality must have appointed an independent appraiser to determine a minimum selling price;
- The Municipality must have appointed an independent auctioneer to carry out the public auction; and
- The prescribed tender procedures of the Municipality must have been followed in the case of a public tender.
- The relevant head of department under whose control the assets vests shall complete and forward the "ADRI" asset disposal form to the asset controller together with the necessary supporting documentation to effect the disposal.
- Auctioneering services may be sourced from any qualifying company. Service fees and related expenses incurred by the service provider appointed to dispose the movable assets by auction will be set off against the proceeds from such auctions.

11.10.9 Write-off of assets

- Assets may only be written off when it is no longer proving the necessary minimum level of basic municipal services.
- Any other assets can only be written off when the relevant approval is obtained from the Council of the Municipality (or in terms of delegated authority) after the Council has:
 - Considered a report from the Accounting Officer indicating that:

-

- The useful life of the asset has expired;
 - The asset is not needed to provide the minimum level of basic municipal services;
 - The asset has been destroyed;
 - The asset is outdated or obsolete; or the asset has been sold.
- Had a meeting open to the public and considered:
 - Whether the asset is in fact not needed to provide the minimum level of basic municipal services;
 - The fair market value of the asset; and
 - The economic and community value to be received in exchange for the asset.
- The decision that an asset can be written off may not be reversed by the Municipality after that asset has been sold, transferred or otherwise disposed of.
 - The Council may prescribe circumstances in terms of which the Accounting Office may approve the disposal of a PPE item.
 - When an asset has been damaged or destroyed in circumstances which are beyond the control of the Municipality, then the Accounting Officer must ascertain whether a third party/ parties or a municipal employee was involved and whether the Municipality has any right of recourse against such third party or employee.
 - An asset is written off against the accumulated surplus of the Municipality and at the value reflected in the asset register of the Municipality less any proceeds received.
 - The relevant head of department under whose control the asset to be written-off falls, shall complete and forward an asset disposal form to the asset manager or controller together with the necessary supporting documentation to effect the write off.

11.10.10 Proceeds / Loss on Disposal of Assets

Gains or losses arising from the retirement or disposal of an item of PPE shall be determined as the difference between the estimated net disposal proceeds and the carrying amount of the assets. For the purposes of disclosure in the financial statements, the gain or loss shall be included in the statement of financial performance as an item of revenue or expense, as appropriate.

11.10.11 Disclosure of Assets Disposed of

The carrying value of the asset disposed of is removed from the records and will not reflect on the Statement of Financial Position as part of the balance on Property, Plant and Equipment under Non- Current assets.

The gain or loss will be reflected in the Statement of Financial Performance.

11.10.12 Policy statement

Fixed assets for which no future economic benefits or service potential are expected

shall be identified and methods of disposal and the associated costs or income considered by Council. The carrying amount of the asset shall be de-recognised when no future economic benefits or service potential are expected from its use or its disposal. Where assets exist that have reached the end of their useful life, yet they pose potential liabilities, the assets will not be de-recognised until the obligations under the potential liabilities have been settled.

11.10.13 Responsibilities

- Fixed assets shall be de-recognised only on the recommendation of the HOD controlling the asset, and with the approval of the AO.
- Every HOD shall report to the CFO on assets which such HOD wishes to have de- recognised, stating in full the reason for such recommendation, indicating whether or not the assets are associated with the provision of basic services. The CFO shall consolidate all such reports and shall promptly make a submission to the Disposals Committee with a copy to the AO on the Property Plant and Equipment to be de-recognised, the proposed method of disposal, and the estimated cost or income from such disposal. The Disposals Committee shall consider the submission and make recommendations to the Council for adoption.
- Assets that are replaced in the nominal course of the life-cycle renewal should be de- recognised and removed from the asset register.
- The AO, in consultation with the CFO and other HODs shall formulate norms and standards from the replacement of all Property Plant and Equipment.

12. INSURANCE OF ASSETS

12.1 Insurance

The Accounting Officer and Chief Financial Officer shall periodically, but at least annually, review and consider the insurable risks for fixed assets and report to the Council of the Municipality, so that the value and assets which should be insured, are protected. All assets should be insured at their current replacement cost.

The risk assessment should be based on a probable loss analysis basis and shall be supported by professional opinions, if necessary.

The municipal officials responsible for procuring the necessary insurance has an obligation to ensure that the premiums payable are within the expenditure limits set for insurance on the assets. In doing so, the relevant municipal officials should consider insuring the assets internally by way of self-insurance or laying-off of the risk

externally with insurers It may be economically viable to increase the excess or first loss that Council is prepared to meet.

All insurance claims should be assessed by Council or an official charged with the responsibility, so that a determination can be made as to whether or not the damage to the assets are attributable to and recoverable from possible third parties involved.

All insurance claims, the progress with insurers, excesses payable and ultimate disposition shall be recorded in an insurance register, which shall be regularly reviewed, approved and signed off by a senior finance official.

12.2 Policy statement

The municipality should adhere to the disaster management plan for prevention and mitigation of disaster in order to be able to attract the disaster management contribution during or after disaster. The Council shall decide on insurance cover for assets each financial year based on the recommendation from the AO after consultation with the CFO.

12.3 Responsibilities

- The AO and the CFO will ensure that all assets are insured at current replacement value. The approach shall take due cognisance of the budgetary resources of the municipality, and where applicable asset classes shall be prioritised in terms of their risk exposure and value.
- The AO shall advise Council on the insurance approach taken.

13. SAFEGUARDING OF ASSETS

13.1 Definitions and rules

- a. The municipality applies controls and safeguards to ensure that assets are protected against improper use, loss, theft, malicious damage or accidental damage.
- b. The existence of assets is physically verified from time-to-time, and measures adopted to control their use.
- c. Every General manager of a Department shall be directly responsible for the physical safekeeping of any fixed asset controlled or used by the Department in question.

In exercising this responsibility, every General manager of a Department shall

adhere to any written directives issued by the Municipal Manager to the Department in question, or generally to all Departments regarding the control of or safekeeping of the Municipality's fixed assets.

13.2 Other risk reducing methods

Departmental regulations or "operating policies" can also reduce risks. Departments should investigate their operations and set operating policies as to how personnel should operate and use property, plant and equipment to minimize risk. Examples are as follows:

- a. Only authorised personnel should be allowed in areas where expensive equipment is kept;
- b. Only authorised personnel should be allowed to operate plant or vehicles;
- c. The keys for office vehicles should be controlled in a central office during the day, and employees should sign when they take the keys;
- d. Ensure that drivers or operators have the necessary qualifications and licenses;
- e. It should be part of service conditions that employees incur personal liability if they drive while under the influence of alcohol, drugs, medication, and so forth; or if they leave the vehicle unattended and unlocked;
- f. Physical access to buildings, or areas within buildings, should be restricted, especially after hours.

13.3 Policy statement

- a. An asset safeguarding plan shall be prepared for all assets indicating measures that are considered effective to ensure that all immovable assets under control of the municipality are appropriately safeguarded from inappropriate use or loss, including the identification of asset custodians for all assets. The impact of budgetary constraints on such measures shall be reported to Council. The existence, condition and location of these assets shall be verified annually (in line with the assessment of impairment).

13.4 Responsibilities

- a. Each HOD shall prepare and submit to the CFO, upon request, an annual asset safeguarding plan for the assets under the control of their respective departments, indicating the budget required.
- b. The CFO shall confirm the available budget, and in consultation with the respective HOD, determine the impact of any budget shortfall. The CFO shall report the impacts to the AO for review and advise Council.

- c. Each HOD shall implement the safeguarding plan within the resources made available.
- d. Each HOD shall report, within the time frame indicated by the CFO, the existence, condition, location and appropriate use of assets under the control of their respective departments at the review date.
- e. Malicious damage, theft, and break-ins must be reported to the AO or delegated person within 24 hours of its occurrence or awareness by the respective HOD.
- f. The AO must report criminal activities to the South African Police Service.

14. LIFE-CYCLE MANAGEMENT OF IMMOVABLE PPE ASSETS

14.1 Definitions and rules

(a) Service delivery

Immovable Property Plant and Equipment assets (such as infrastructure and community facilities) are the means by which the municipality delivers a range of essential municipal services. Consequently, the management of such assets is critical to meeting the strategic objectives of the municipality and in measuring its performance.

(b) Asset management

The goal of asset management of immovable Property Plant and Equipment is to meet a required level of service, in the most cost-effective manner, through the management of assets for present and future customers.

The core principles are:

- taking a life-cycle approach;
- developing cost-effective management strategies for the long-term;
- providing a defined level of service and monitoring performance;
- understanding and meeting the impact of growth through demand management and infrastructure investment;
- managing risks associated with asset failures;
- sustainable use of physical resources; and
- continuous improvement in the immovable Property Plant and Equipment asset management practices.

14.2 Policy statement

The municipality shall provide municipal services for which the municipality is responsible, at an appropriate level, and in a transparent, accountable and sustainable manner, in pursuit of legislative requirements and in support of its strategic

objectives, according to the following core principles:

a. Effective governance

The municipality shall strive to apply effective governance systems to provide for consistent asset management and maintenance planning in adherence to and compliance with all applicable legislation to ensure that asset management is conducted properly, and municipal services are provided as expected.

To this end, the municipality shall:

- continue to adhere to all constitutional, safety, health, systems, financial and asset- related legislation;
- regularly review updates and amendments to the above legislation;
- review and update its current policies and by-laws to ensure compliance with the requirements of prevailing legislation; and
- effectively apply legislation for the benefit of the community.

b. Sustainable service delivery

The municipality shall strive to provide to its customers services that are technically, environmentally and financially sustainable. To this end, the municipality shall:

- Identify a suite of levels and standards of service that conform with statutory requirements and rules for their application based on long-term affordability to the municipality;
- identify technical and functional performance criteria and measures, and establish a commensurate monitoring and evaluation system;
- identify current and future demand for services, and demand management strategies;
- set time-based targets for service delivery that reflect the need to newly construct, upgrade, renew, and dispose infrastructure assets, where applicable in line with national targets;
- apply a risk management process to identify service delivery risks at asset level and appropriate responses;
- prepare and adopt a maintenance strategy and plan to support the achievement of the required performance;
- allocate budgets based on long-term financial forecasts that take cognisance of the full life- cycle needs of existing and future infrastructure assets and the risks to achieving the adopted performance targets;
- strive for alignment of the financial statements with the actual service delivery potential of the infrastructure assets; and implement its tariff and

credit control and debt collection policies to sustain and protect the affordability of services by the community.

c. Social and economic development

The municipality shall strive to promote social and economic development in its municipal area by means of delivering municipal services in a manner that meet the needs of the various customer user-groups in the community. To this end, the municipality shall:

- regularly review its understanding of customer needs and expectations through effective consultation processes covering all service areas;
- implement changes to services in response to changing customer needs and expectations where appropriate;
- foster the appropriate use of services through the provision of clear and appropriate information;
- ensure services are managed to deliver the agreed levels and standards; and
- create job opportunities and promote skills development in support of the national Expanded Public Work Program (EPWP).

d. Custodianship

The municipality shall strive to be a responsible custodian and guardian of the community's assets for current and future generations. To this end, the municipality shall:

- establish a spatial development framework that takes cognisance of the affordability to the municipality of various development scenarios;
- establish appropriate development control measures including community information;
- cultivate an attitude of responsible utilisation and maintenance of its assets, in partnership with the community;
- ensure that heritage resources are identified and protected; and
- ensure that a long-term view is considered in infrastructure asset management decisions.

e. Transparency

The municipality shall strive to manage its infrastructure assets in a manner that is transparent to all its customers, both now and in the future. To this end, the

municipality shall:

- develop and maintain a culture of regular consultation with the community regarding its management of infrastructure in support of service delivery;
- clearly communicate its service delivery plan and actual performance through its Service Delivery and Budget Implementation Plan (SDBIP);
- avail immovable Property Plant and Equipment asset management information on a ward basis; and
- continuously develop the skills of councilors and officials to effectively communicate with the community regarding service levels and standards.

f. Cost-effectiveness and efficiency

The municipality shall strive to manage its infrastructure assets in an efficient and effective manner. To this end, the municipality shall:

- assess life-cycle options for proposed new infrastructure in line with the Supply Chain Management Policy;
- regularly review the actual extent, nature, utilisation, criticality, performance and condition of infrastructure assets to optimise planning and implementation works;
- assess and implement the most appropriate maintenance of infrastructure assets to achieve the required network performance standards and to achieve the expected useful life of infrastructure assets;
- continue to secure and optimally utilise governmental grants in support of the provision of free basic services;
- implement new and upgrading construction projects to maximized the utilisation of budgeted funds;
- ensure the proper utilisation and maintenance of existing assets subject to availability of resources;
- establish and implement demand management plans;
- timeously renew infrastructure assets based on capacity, performance, risk exposure, and cost;
- timeously dispose of infrastructure assets that are no longer in use;
- review management and delivery capacity, and procure external support as necessary;
- establish documented processes, systems and data to support effective life-cycle infrastructure asset management;
- strive to establish a staff contingent with the required skills and capacity, and procure external support as necessary; and

- conduct regular and independent assessments to support continuous improvement of infrastructure asset management practice.

14.3 *Responsibilities*

- a) Upon adoption of this policy by Council, the AO shall meet regularly with the CFO and HODs and to take measures to effectively implement this policy, and to report to Council on progress made at a frequency indicated by Council.
- b) HODs shall develop, and update at regular intervals to be determined by the AO in consultation with the CFO and HODs, an Asset Management Plan (AMP) for each service involving immovable Property Plant and Equipment that shall assess levels and standards of service, future demand, risk, determine a lifecycle plan for a minimum 10 year planning horizon, and identify management practice improvement needs (3-year horizon). The AMPs will be submitted through the AO to Council for adoption. AMPs shall be used to inform the preparation of a CMIP and budgets through the IDP process. The time frame for the first-time implementation of this will be determined by the AO in consultation with the CFO and HODs.
- c) The CFO shall, in consultation with HODs, determine grading scales for the measurement of asset condition, performance, cost-of-operation, and utilisation for that are common and applicable to all services. Where necessary, the HODs shall interpret the grading scales for the immovable Property Plant and Equipment assets under their control. HODs shall determine the grading of all immovable Property Plant and Equipment assets under their control at a level of accuracy considered appropriate to the municipality's resources, at intervals to be determined by the AO in consultation with the CFO and HODs.
- d) HODs shall prepare, and review at regular intervals to be determined by the AO in consultation with the CFO and HODs, an Operations and Maintenance Strategy and Plan, and submit such, through the AO, to Council for adoption. The municipality shall engage contractors when necessary to support in the implementation of maintenance actions and adopt a system that assists in managing such maintenance. The time frame for the first time implementation of this will be determined by the AO in consultation with the CFO and HODs.
- e) HODs shall determine detailed service performance measures (differentiated, where applicable for identified customer groups), and submit such, through the AO, to Council for adoption and inclusion in the Services Delivery and Budget Implementation Plan. HODs shall establish a monitoring regime and report actual

performance each financial year. The time frame for the first time implementation of this will be determined by the AO in consultation with the CFO and HODs.

- f) The AO shall establish procedures to ensure that legislative requirements regarding the management of immovable Property Plant and Equipment assets, including but not limited to health and safety, and environmental protection, are documented and advised to HODs. HODs shall address legislative needs in their strategies and plans, and shall enforce implementation.
- g) Review the municipality's Risk Management framework to ensure that it is effective for the management of physical risks to infrastructure and buildings. Important actions shall be identified and implemented. The HODs shall report risk exposure relating to their respective assets each financial year.

15. RESIGNATION OF OFFICIALS

When an official resigns, a termination of service form is received from Human Resources. A list of assets allocated to the official is printed from the system and forwarded to the appropriate department. This should be signed by the official and supervisor as proof that the assets have been handed over in good order. This should then be returned to the asset section.

16. POLICY IMPLEMENTATION

Procedures should be prepared and adopted by the AO, in consultation with the CFO and HODs, to give effect to this policy.

ANNEXURE A: FIXED ASSETS EXPECTED USEFUL LIVES

Property, Plant and Equipment					Useful Life In Years			
Class Code	Asset Class	Sub Code	Sub Asset Class	Asset Group	Min	Average	Max	Recommended
100 00	LAND	110 00	DEVELOPED LAND	DEVELOPED LAND	-	-	-	-
100 00	LAND	120 00	UNDEVELOPED LAND	UNDEVELOPED LAND	-	-	-	-
200 00	BUILDINGS	210 00	DWELLINGS	CARAVANS	5	-	10	10
200 00	BUILDINGS	210 00	DWELLINGS	CHILDREN'S HOMES	25	-	30	30
200 00	BUILDINGS	210 00	DWELLINGS	FOREIGN MISSION DWELLINGS	25	-	30	30
200 00	BUILDINGS	210 00	DWELLINGS	HOMES FOR THE AGED	25	-	30	30
200 00	BUILDINGS	210 00	DWELLINGS	HOSTELS	25	-	30	30
200 00	BUILDINGS	210 00	DWELLINGS	MILITARY PERSONNEL DWELLINGS	25	-	30	30
200 00	BUILDINGS	210 00	DWELLINGS	MOBILE HOMES	5	-	10	10
200 00	BUILDINGS	210 00	DWELLINGS	PLACES OF SAFETY (CHILDREN)	25	-	30	30
200 00	BUILDINGS	210 00	DWELLINGS	PRISONS AND REHABILITATION FACILITIES	25	-	30	30
200 00	BUILDINGS	210 00	DWELLINGS	RESIDENCES (PRESIDENTIAL, EMBASSIES)	25	-	30	30
200 00	BUILDINGS	210 00	DWELLINGS	RESIDENCES (PERSONNEL) INCLUDE GARAGES AND PARKING	25	-	30	30
200 00	BUILDINGS	210 00	DWELLINGS	SECURE CARE CENTRES	25	-	30	30
200 00	BUILDINGS	220 00	NON-RESIDENTIAL DWELLINGS	AIRPORT AND ASSOCIATED BUILDINGS(CON TROL TOWERS, TRANSFER HALLS, PARKING, HANGERS AND	25	-	30	25

				WAREHOUSING				
200 00	BUILDINGS	220 00	NON- RESIDENTIA L DWELLINGS	BORDER AND CUSTOM CONTROL POINTS	25	-	30	25
200 00	BUILDINGS	220 00	NON- RESIDENTIA L DWELLINGS	BUS TERMINALS	25	-	30	25
200 00	BUILDINGS	220 00	NON- RESIDENTIA L DWELLINGS	BUS SHELTERS	10	-	15	15
200 00	BUILDINGS	220 00	NON- RESIDENTIA L DWELLINGS	CIVIC THEATRES	25	-	30	25
200 00	BUILDINGS	220 00	NON- RESIDENTIA L DWELLINGS	CLINICS AND COMMUNITY HEALTH FACILITIES	25	-	30	25
200 00	BUILDINGS	220 00	NON- RESIDENTIA L DWELLINGS	COMMUNITY CENTRES AND PUBLIC ENTERTAINMEN T BUILDINGS	25	-	30	25
200 00	BUILDINGS	220 00	NON- RESIDENTIA L DWELLINGS	DRIVER AND VEHICLE TESTING CENTRES	25	-	30	25
200 00	BUILDINGS	220 00	NON- RESIDENTIA L DWELLINGS	FIRE STATIONS	25	-	30	25
200 00	BUILDINGS	220 00	NON- RESIDENTIA L DWELLINGS	FOREIGN MISSION OFFICES	25	-	30	25
200 00	BUILDINGS	220 00	NON- RESIDENTIA L DWELLINGS	HOSPITALS AND AMBULANCE STATIONS	25	-	30	25
200 00	BUILDINGS	220 00	NON- RESIDENTIA L DWELLINGS	INDUSTRIAL BUILDINGS	20	-	30	25
200 00	BUILDINGS	220 00	NON- RESIDENTIA L DWELLINGS	LABORATORIES	25	-	30	25
200 00	BUILDINGS	220 00	NON- RESIDENTIA L DWELLINGS	LIBRARIES	25	-	30	25

200 00	BUILDINGS	220 00	NON- RESIDENTIA L DWELLINGS	MORTUARIES	25	-	30	25
200 00	BUILDINGS	220 00	NON- RESIDENTIA L DWELLINGS	MUSEUMS AND ART GALLERIES	25	-	30	25
200 00	BUILDINGS	220 00	NON- RESIDENTIA L DWELLINGS	OFFICE BUILDINGS (INCLUDING AIR CONDITIONING SYSTEMS)	25	-	30	25
200 00	BUILDINGS	220 00	NON- RESIDENTIA L DWELLINGS	PUBLIC PARKING (COVERED AND OPEN)	25	-	30	25
200 00	BUILDINGS	220 00	NON- RESIDENTIA L DWELLINGS	POLICE STATIONS (AND ASSOCIATED BUILDINGS)	25	-	30	25
200 00	BUILDINGS	220 00	NON- RESIDENTIA L DWELLINGS	RAILWAY AND ASSOCIATED BUILDINGS	25	-	30	25
200 00	BUILDINGS	220 00	NON- RESIDENTIA L DWELLINGS	RESEARCH FACILITIES (INCLUDING WEATHER)	25	-	30	25
200 00	BUILDINGS	220 00	NON- RESIDENTIA L DWELLINGS	STADIUMS	25	-	30	25
200 00	BUILDINGS	220 00	NON- RESIDENTIA L DWELLINGS	TAXI RANKS	10	-	15	15
200 00	BUILDINGS	220 00	NON- RESIDENTIA L DWELLINGS	UNIVERSITIES, COLLEGES, SCHOOLS ETC.	25	-	30	25
200 00	BUILDINGS	220 00	NON- RESIDENTIA L DWELLINGS	WAREHOUSES (STORAGE FACILITIES, INCLUDING DATA)	25	-	30	25
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	310 00	ELECTRICIT Y	COOLING TOWERS	25	-	30	30
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	310 00	ELECTRICIT Y	MAINS	15	-	20	20
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	310 00	ELECTRICIT Y	METERS - PREPAID	10	-	20	20

300 00	INFRASTRUCTUR E - OTHER STRUCTURES	310 00	ELECTRICIT Y	METERS - CREDIT	20	-	25	25
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	310 00	ELECTRICIT Y	POWER STATIONS - COAL	50	-	60	60
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	310 00	ELECTRICIT Y	POWER STATIONS - GAS	50	-	60	60
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	310 00	ELECTRICIT Y	POWER STATIONS - HYDRO	50	-	60	60
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	310 00	ELECTRICIT Y	POWER STATIONS - NUCLEAR	60	-	80	80
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	310 00	ELECTRICIT Y	SUPPLY/RETICU LATION	15	-	25	25
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	310 00	ELECTRICIT Y	TRANSFORMER S	25	-	50	50
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	310 00	ELECTRICIT Y	LINES - UNDERGROUND	25	-	45	45
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	310 00	ELECTRICIT Y	LINES - OVERHEAD	20	-	30	30
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	310 00	ELECTRICIT Y	CABLES	25	-	45	45
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	310 00	ELECTRICIT Y	SUBSTATIONS - SWITCHGEAR	20	-	30	30
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	310 00	ELECTRICIT Y	SUBSTATIONS - EQUIPMENT(OU TDOOR)	20	-	30	30
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	310 00	ELECTRICIT Y	SUBSTATIONS - EQUIPMENT(GIS)	15	-	30	30
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	310 00	ELECTRICIT Y	SUBSTATIONS - EQUIPMENT(IND OOR)	30	-	40	40
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	310 00	ELECTRICIT Y	ELECTRICAL PANELS	3	-	5	5
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	310 00	ELECTRICIT Y	TELEMETRY	7	-	15	15
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	320 00	ROADS	VEHICLES :	-	-	-	-
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	320 00	ROADS	BRIDGES - CONCRETE	60	-	80	60
300	INFRASTRUCTUR	320	ROADS	BRIDGES -	40	-	50	40

00	E - OTHER STRUCTURES	00		STEEL				
300 00	INFRASTRUCTURE - OTHER STRUCTURES	320 00	ROADS	BRIDGES - TIMBER	25	-	40	25
300 00	INFRASTRUCTURE - OTHER STRUCTURES	320 00	ROADS	PEDESTRIAN:	-	-	-	-
300 00	INFRASTRUCTURE - OTHER STRUCTURES	320 00	ROADS	BRIDGES - CONCRETE	60	-	80	60
300 00	INFRASTRUCTURE - OTHER STRUCTURES	320 00	ROADS	BRIDGES – STEEL	40	-	50	40
300 00	INFRASTRUCTURE - OTHER STRUCTURES	320 00	ROADS	BRIDGES – TIMBER	25	-	40	25
300 00	INFRASTRUCTURE - OTHER STRUCTURES	320 00	ROADS	RAILWAY:	-	-	-	-
300 00	INFRASTRUCTURE - OTHER STRUCTURES	320 00	ROADS	BRIDGES - CONCRETE	60	-	80	60
300 00	INFRASTRUCTURE - OTHER STRUCTURES	320 00	ROADS	BRIDGES – STEEL	40	-	50	40
300 00	INFRASTRUCTURE - OTHER STRUCTURES	320 00	ROADS	BRIDGES – TIMBER	25	-	40	25
300 00	INFRASTRUCTURE - OTHER STRUCTURES	320 00	ROADS	REINFORCED RETAINING WALLS:	-	-	-	-
300 00	INFRASTRUCTURE - OTHER STRUCTURES	320 00	ROADS	EARTH	10	-	15	15
300 00	INFRASTRUCTURE - OTHER STRUCTURES	320 00	ROADS	CONCRETE	25	-	30	30
300 00	INFRASTRUCTURE - OTHER STRUCTURES	320 00	ROADS	EXPANSION AND CONSTRUCTION JOINTS	15	-	20	20
300 00	INFRASTRUCTURE - OTHER STRUCTURES	320 00	ROADS	KERB AND CHANNELS	40	-	50	50
300 00	INFRASTRUCTURE - OTHER STRUCTURES	320 00	ROADS	MUNICIPAL ROADS:	-	-	-	-
300 00	INFRASTRUCTURE - OTHER STRUCTURES	320 00	ROADS	ASPHALT SURFACE	20	-	30	30
300 00	INFRASTRUCTURE - OTHER STRUCTURES	320 00	ROADS	ASPHALT LAYER	20	-	30	30
300	INFRASTRUCTURE	320	ROADS	CONCRETE	20	-	30	30

00	E - OTHER STRUCTURES	00		SURFACE				
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	320 00	ROADS	CONCRETE LAYER	20	-	30	30
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	320 00	ROADS	GRAVEL SURFACE	10	-	15	15
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	320 00	ROADS	NATIONAL ROADS:	-	-	-	-
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	320 00	ROADS	ASPHALT SURFACE	40	-	50	50
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	320 00	ROADS	ASPHALT LAYER	40	-	50	50
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	320 00	ROADS	CONCRETE SURFACE	40	-	50	50
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	320 00	ROADS	CONCRETE LAYER	40	-	50	50
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	320 00	ROADS	GRAVEL SURFACE	10	-	15	15
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	320 00	ROADS	PROVINCIAL ROADS:	-	-	-	-
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	320 00	ROADS	ASPHALT SURFACE	30	-	40	40
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	320 00	ROADS	ASPHALT LAYER	30	-	40	40
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	320 00	ROADS	CONCRETE SURFACE	30	-	40	40
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	320 00	ROADS	CONCRETE LAYER	30	-	40	40
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	320 00	ROADS	GRAVEL SURFACE	10	-	15	15
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	320 00	ROADS	CREASH BARRIERS	10	-	30	30
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	320 00	ROADS	RETAINING WALL	30	-	50	50
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	320 00	ROADS	OVERLOAD CONTROL CENTRES	15	-	20	20
300 00	INFRASTRUCTUR E - OTHER	320 00	ROADS	ELECTRONIC HARDWARE	10	-	15	15

	STRUCTURES							
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	320 00	ROADS	OTHER EQUIPMENT	10	-	20	20
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	320 00	ROADS	PEDESTRIAN FOOTPATHS	15	-	30	30
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	320 00	ROADS	STREET LIGHTING	15	-	25	25
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	320 00	ROADS	SUBWAYS	40	-	50	50
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	320 00	ROADS	TRAFFIC ISLANDS	40	-	50	50
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	320 00	ROADS	TRAFFIC LIGHTS	15	-	25	25
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	320 00	ROADS	TRAFFIC LIGHTS – COASTAL	10	-	15	15
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	320 00	ROADS	TRAFFIC SIGNS	5	-	15	15
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	320 00	ROADS	TOLL ROAD PLAZAS	20	-	30	30
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	330 00	STORMWAT ER	CULVERTS	25	-	40	40
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	330 00	STORMWAT ER	CULVERTS - CONCRETE	40	-	60	60
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	330 00	STORMWAT ER	CULVERTS - ARMCO	25	-	40	40
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	330 00	STORMWAT ER	DRAINS:	-	-	-	-
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	330 00	STORMWAT ER	EARTHWORKS	80	-	10 0	100
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	330 00	STORMWAT ER	CONCRETE LINING	25	-	50	50
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	330 00	STORMWAT ER	STOP BANKS	40	-	50	50
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	330 00	STORMWAT ER	PIPES	25	-	50	50
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	330 00	STORMWAT ER	COASTAL	-	-	-	-

300 00	INFRASTRUCTUR E - OTHER STRUCTURES	330 00	STORMWAT ER	STRUCTURE (RETAINING WALLS)	20	-	30	30
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	330 00	STORMWAT ER	PIERS	60	-	80	80
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	330 00	STORMWAT ER	STORM WATER OUTFALLS	60	-	80	80
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	340 00	AIRPORTS	AIRPORTS AND RADIO BEACONS	25	-	30	30
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	340 00	AIRPORTS	APRONS	25	-	30	30
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	340 00	AIRPORTS	RUNWAYS	15	-	20	20
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	340 00	AIRPORTS	TAXIWAYS	15	-	20	20
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	340 00	AIRPORTS	SPECIALISED EQUIPMENT	-	-	-	-
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	340 00	AIRPORTS	LUGGAGE MOVEMENT EQUIPMENT	20	-	25	25
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	340 00	AIRPORTS	COMMUNICATIO N EQUIPMENT	10	-	15	15
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	350 00	WATER	DAMS STRUCTURE	-	-	-	-
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	350 00	WATER	CONCRETE	80	-	10 0	100
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	350 00	WATER	EARTH	30	-	50	50
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	350 00	WATER	MECHANICAL AND ELECTRICAL	15	-	40	40
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	350 00	WATER	METERS	10	-	20	20
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	350 00	WATER	STANDPIPES	5	-	20	20
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	350 00	WATER	METALWORK (STEEL STAIRS, LADDERS, HANDRAILS, WEIRS)	10	-	30	30
300 00	INFRASTRUCTUR E - OTHER	350 00	WATER	PUMP STATIONS	-	-	-	-

	STRUCTURES							
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	350 00	WATER	STRUCTURE	30	-	55	55
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	350 00	WATER	ELECTRICAL	15	-	40	40
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	350 00	WATER	MECHANICAL	15	-	40	40
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	350 00	WATER	PERIMETER PROTECTION	10	-	25	25
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	350 00	WATER	RESERVOIRS	-	-	-	-
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	350 00	WATER	STRUCTURE	30	-	50	50
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	350 00	WATER	ELECTRICAL	15	-	40	40
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	350 00	WATER	MECHANICAL	15	-	40	40
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	350 00	WATER	PERIMETER PROTECTION	10	-	25	25
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	350 00	WATER	SUPPLY/RETICU LATION	20	-	50	50
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	350 00	WATER	UNDERGROUND CHAMBERS	-	-	-	-
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	350 00	WATER	VALVES	15	-	25	25
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	350 00	WATER	METERS	10	-	20	20
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	350 00	WATER	TRANSITION	10	-	15	15
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	350 00	WATER	OTHER	10	-	15	15
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	350 00	WATER	WATER PURIFICATION WORKS	-	-	-	-
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	350 00	WATER	STRUCTURE	30	-	55	55
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	350 00	WATER	ELECTRICAL	15	-	40	40

300 00	INFRASTRUCTUR E - OTHER STRUCTURES	350 00	WATER	MECHANICAL	15	-	40	40
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	350 00	WATER	PERIMETER PROTECTION	10	-	25	25
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	350 00	WATER	METERS	10	-	15	15
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	350 00	WATER	TELEMETRY	10	-	15	15
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	360 00	SEWERAGE	BULK PIPELINES (OUTFALL SEWERS)	-	-	-	-
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	360 00	SEWERAGE	RISING MAINS	40	-	50	50
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	360 00	SEWERAGE	GRAVITY MAINS	40	-	50	50
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	360 00	SEWERAGE	SEWERAGE PUMP STATIONS	-	-	-	-
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	360 00	SEWERAGE	STRUCTURE	30	-	55	55
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	360 00	SEWERAGE	ELECTRICAL	15	-	40	40
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	360 00	SEWERAGE	MECHANICAL	15	-	40	40
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	360 00	SEWERAGE	PERIMETER PROTECTION	10	-	25	25
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	360 00	SEWERAGE	METALWORK	10	-	30	30
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	360 00	SEWERAGE	SEWERS/RETIC ULATION	30	-	60	60
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	360 00	SEWERAGE	WASTE PURIFICATION WORKS	-	-	-	-
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	360 00	SEWERAGE	STRUCTURE	30	-	55	55
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	360 00	SEWERAGE	ELECTRICAL	15	-	40	40
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	360 00	SEWERAGE	MECHANICAL	15	-	40	40

300 00	INFRASTRUCTUR E - OTHER STRUCTURES	360 00	SEWERAGE	PERIMETER PROTECTION	10	-	25	25
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	360 00	SEWERAGE	METERS	10	-	15	15
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	370 00	SOLID WASTE DISPOSAL	<i>COLLECTION:</i>	-	-	-	-
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	370 00	SOLID WASTE DISPOSAL	VEHICLES	5	-	10	10
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	370 00	SOLID WASTE DISPOSAL	CONTAINERS/BI NS	10	-	15	15
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	370 00	SOLID WASTE DISPOSAL	<i>TRANSFER STATIONS AND PROCESSING FACILITIES:</i>	-	-	-	-
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	370 00	SOLID WASTE DISPOSAL	STRUCTURE	30	-	55	55
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	370 00	SOLID WASTE DISPOSAL	ELECTRICAL	15	-	40	40
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	370 00	SOLID WASTE DISPOSAL	MECHANICAL	15	-	40	40
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	370 00	SOLID WASTE DISPOSAL	PERIMETER PROTECTION	10	-	25	25
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	370 00	SOLID WASTE DISPOSAL	<i>LANDFILL SITE:</i>	-	-	-	-
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	370 00	SOLID WASTE DISPOSAL	EARTHMOVING AND COMPACTION EQUIPMENT	10	-	15	15
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	370 00	SOLID WASTE DISPOSAL	LANDFILL PREPARATION	-	-	-	-
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	370 00	SOLID WASTE DISPOSAL	STRUCTURE	30	-	55	55
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	370 00	SOLID WASTE DISPOSAL	WEIGHBRIDGE - MECHANICAL	15	-	40	40
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	370 00	SOLID WASTE DISPOSAL	WEIGHBRIDGE - ELECTRICAL	15	-	40	40
300 00	INFRASTRUCTUR E - OTHER STRUCTURES	370 00	SOLID WASTE DISPOSAL	PERIMETER PROTECTION	10	-	25	25
300 00	INFRASTRUCTUR E - OTHER	380 00	RAILWAYS	POWER SUPPLY UNITS	25	-	30	30

	STRUCTURES							
300 00	INFRASTRUCTURE - OTHER STRUCTURES	380 00	RAILWAYS	RAILWAY SIDINGS	25	-	30	30
300 00	INFRASTRUCTURE - OTHER STRUCTURES	380 00	RAILWAYS	RAILWAY TRACKS	15	-	20	20
300 00	INFRASTRUCTURE - OTHER STRUCTURES	380 00	RAILWAYS	SIGNALLING SYSTEMS	15	-	20	20
300 00	INFRASTRUCTURE - OTHER STRUCTURES	380 00	RAILWAYS	SHUNTING YARDS	25	-	30	30
300 00	INFRASTRUCTURE - OTHER STRUCTURES	390 00	GAS SUPPLY SYSTEMS	STRUCTURE	40	-	50	50
300 00	INFRASTRUCTURE - OTHER STRUCTURES	390 00	GAS SUPPLY SYSTEMS	ELECTRICAL	20	-	25	25
300 00	INFRASTRUCTURE - OTHER STRUCTURES	390 00	GAS SUPPLY SYSTEMS	MECHANICAL	20	-	25	25
300 00	INFRASTRUCTURE - OTHER STRUCTURES	390 00	GAS SUPPLY SYSTEMS	PERIMETER PROTECTION	10	-	15	15
300 00	INFRASTRUCTURE - OTHER STRUCTURES	390 00	GAS SUPPLY SYSTEMS	STATIONS:	-	-	-	-
300 00	INFRASTRUCTURE - OTHER STRUCTURES	390 00	GAS SUPPLY SYSTEMS	TRUNK RECEIVING	40	-	50	50
300 00	INFRASTRUCTURE - OTHER STRUCTURES	390 00	GAS SUPPLY SYSTEMS	DISTRIC REGULATING	40	-	50	50
300 00	INFRASTRUCTURE - OTHER STRUCTURES	390 00	GAS SUPPLY SYSTEMS	MAINS/PIPELINES	15	-	20	20
300 00	INFRASTRUCTURE - OTHER STRUCTURES	390 00	GAS SUPPLY SYSTEMS	METERS	15	-	20	20
300 00	INFRASTRUCTURE - OTHER STRUCTURES	390 00	GAS SUPPLY SYSTEMS	STORAGE FACILITIES	15	-	20	20
300 00	INFRASTRUCTURE - OTHER STRUCTURES	390 00	GAS SUPPLY SYSTEMS	SUPPLY/RETICULATION	15	-	20	20
300 00	INFRASTRUCTURE - OTHER STRUCTURES	391 00	CEMETERIES	CEMETERIES	25	-	30	30
400 00	CAPITAL/INFRASTRUCTURE WORK IN PROGRESS	410 00	BUILDINGS	N/A	-	-	-	-
400 00	CAPITAL/INFRASTRUCTURE WORK	410 00	INFRASTRUCTURE	N/A	-	-	-	-

	IN PROGRESS							
400 00	CAPITAL/INFRASTRUCTURE WORK IN PROGRESS	410 00	OTHER	N/A	-	-	-	-
500 00	OTHER	510 00	MACHINERY AND EQUIPMENT	AUDIOVISUAL EQUIPMENT	5	-	10	10
500 00	OTHER	510 00	MACHINERY AND EQUIPMENT	AIR CONDITIONING SYSTEMS	15	-	30	30
500 00	OTHER	510 00	MACHINERY AND EQUIPMENT	CELLULAR PHONES (OVER R5 000)	2	-	3	3
500 00	OTHER	510 00	MACHINERY AND EQUIPMENT	CELLULAR ROUTERS	2	-	3	3
500 00	OTHER	510 00	MACHINERY AND EQUIPMENT	DOMESTIC EQUIPMENT (NON KITCHEN APPLIANCES)	3	-	5	5
500 00	OTHER	510 00	MACHINERY AND EQUIPMENT	ELECTRIC WIRE AND POWER DISTRIBUTION EQUIPMENT (COMPRESSORS, GENERATORS & ALLIED EQUIPMENT)	5	-	7	7
500 00	OTHER	510 00	MACHINERY AND EQUIPMENT	EMERGENCY/RESCUE EQUIPMENT	5	-	10	10
500 00	OTHER	510 00	MACHINERY AND EQUIPMENT	ELEVATOR SYSTEMS	15	-	20	20
500 00	OTHER	510 00	MACHINERY AND EQUIPMENT	FARM/AGRICULTURAL EQUIPMENT	5	-	15	15
500 00	OTHER	510 00	MACHINERY AND EQUIPMENT	FIRE FIGHTING EQUIPMENT	3	-	5	5
500 00	OTHER	510 00	MACHINERY AND EQUIPMENT	GARDENING EQUIPMENT	3	-	5	5
500 00	OTHER	510 00	MACHINERY AND EQUIPMENT	IRRIGATION EQUIPMENT	10	-	15	15
500 00	OTHER	510 00	MACHINERY AND EQUIPMENT	KITCHEN APPLIANCES	5	-	10	10
500 00	OTHER	510 00	MACHINERY AND EQUIPMENT	LABORATORY EQUIPMENT - AGRICULTURAL	5	-	7	7

500 00	OTHER	510 00	MACHINERY AND EQUIPMENT	LABORATORY EQUIPMENT - MEDICAL TESTING	5	-	7	7
500 00	OTHER	510 00	MACHINERY AND EQUIPMENT	LABORATORY EQUIPMENT - ROADS AND TRANSPORT	5	-	7	7
500 00	OTHER	510 00	MACHINERY AND EQUIPMENT	LAUNDRY EQUIPMENT AND INDUSTRIAL SEWING MACHINES	10	-	15	15
500 00	OTHER	510 00	MACHINERY AND EQUIPMENT	LEARNING, TRAINING SUPPORT AND LIBRARY MATERIAL (CURRICULUM EQUIPMENT)	5	-	10	10
500 00	OTHER	510 00	MACHINERY AND EQUIPMENT	MACHINES FOR METALLURGY	5	-	10	10
500 00	OTHER	510 00	MACHINERY AND EQUIPMENT	MACHINES FOR MINING AND QUARRYING	5	-	10	10
500 00	OTHER	510 00	MACHINERY AND EQUIPMENT	MACHINES FOR TEXTILE PRODUCTION	10	-	15	15
500 00	OTHER	510 00	MACHINERY AND EQUIPMENT	MEDICAL AND ALLIED EQUIPMENT	5	-	10	10
500 00	OTHER	510 00	MACHINERY AND EQUIPMENT	MUSIC INSTRUMENTS	5	-	10	10
500 00	OTHER	510 00	MACHINERY AND EQUIPMENT	PHOTOGRAPHI C EQUIPMENT	5	-	7	7
500 00	OTHER	510 00	MACHINERY AND EQUIPMENT	PUMPS, PLUMBING, PURIFICATION AND SANITATION EQUIPMENT	5	-	10	10
500 00	OTHER	510 00	MACHINERY AND EQUIPMENT	RADIO EQUIPMENT	5	-	7	7
500 00	OTHER	510 00	MACHINERY AND EQUIPMENT	ROAD CONSTRUCTIO N AND MAINTENANCE EQUIPMENT	10	-	15	15
500 00	OTHER	510 00	MACHINERY AND	SADDLES AND OTHER TACK	5	-	7	7

			EQUIPMENT					
500 00	OTHER	510 00	MACHINERY AND EQUIPMENT	SECURITY EQUIPMENT/SY STEMS/ MATERIALS - FIXED	3	-	5	5
500 00	OTHER	510 00	MACHINERY AND EQUIPMENT	SECURITY EQUIPMENT/SY STEMS/ MATERIALS - MOVABLE	3	-	5	5
500 00	OTHER	510 00	MACHINERY AND EQUIPMENT	SHIP AND MARINE EQUIPMENT	5	-	10	10
500 00	OTHER	510 00	MACHINERY AND EQUIPMENT	SPORT AND RECREATIONAL EQUIPMENT	5	-	10	10
500 00	OTHER	510 00	MACHINERY AND EQUIPMENT	SURVEY EQUIPMENT	5	-	7	7
500 00	OTHER	510 00	MACHINERY AND EQUIPMENT	TELECOMMUNI CATION EQUIPMENT	3	-	5	5
500 00	OTHER	510 00	MACHINERY AND EQUIPMENT	TENTS, FLAGS AND ACCESSORIES	5	-	10	10
500 00	OTHER	510 00	MACHINERY AND EQUIPMENT	WOODWORKIN G MACHINERY AND EQUIPMENT	5	-	10	10
500 00	OTHER	510 00	MACHINERY AND EQUIPMENT	WORKSHOP EQUIPMENT AND LOOSE TOOLS - FIXED	5	-	10	10
500 00	OTHER	510 00	MACHINERY AND EQUIPMENT	WORKSHOP EQUIPMENT AND LOOSE TOOLS - MOVABLE	3	-	5	5
500 00	OTHER	510 00	FURNITURE AND OFFICE EQUIPMENT	ADVERTISING BOARDS	5	-	10	10
500 00	OTHER	510 00	FURNITURE AND OFFICE EQUIPMENT	AIR CONDITIONERS (INDIVIDUAL FIXED & PORTABLE)	5	-	7	7
500 00	OTHER	510 00	FURNITURE AND OFFICE EQUIPMENT	CUTLERY AND CROCKERY	3	-	5	5
500 00	OTHER	510 00	FURNITURE AND OFFICE EQUIPMENT	DOMESTIC AND HOSTEL FURNITURE	7	-	12	12
500 00	OTHER	510 00	FURNITURE AND OFFICE	LINEN AND SOFT	5	-	10	10

			EQUIPMENT	FURNISHINGS				
500 00	OTHER	510 00	FURNITURE AND OFFICE EQUIPMENT	OFFICE EQUIPMENT (INCLUDING FAX MACHINES)	5	-	7	7
500 00	OTHER	510 00	FURNITURE AND OFFICE EQUIPMENT	OFFICE FURNITURE	7	-	12	12
500 00	OTHER	510 00	FURNITURE AND OFFICE EQUIPMENT	PAINTINGS, SCULPTURES, ORNAMENTS (HOME AND OFFICE)	5	-	10	10
500 00	OTHER	510 00	COMPUTER EQUIPMENT	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	5	-	10	10
500 00	OTHER	510 00	COMPUTER EQUIPMENT	NETWORKS	5	-	10	10
500 00	OTHER	510 00	TRANSPOR T ASSETS	AIRCRAFT	10	-	15	15
500 00	OTHER	510 00	TRANSPOR T ASSETS	AIRCRAFT ENGINES	5	-	7	7
500 00	OTHER	510 00	TRANSPOR T ASSETS	AIRPORT TRANSPORT EQUIPMENT (STAIRS AND LUGGAGE)	10	-	15	15
500 00	OTHER	510 00	TRANSPOR T ASSETS	BUSSES	10	-	15	15
500 00	OTHER	510 00	TRANSPOR T ASSETS	CYCLES	4	-	7	7
500 00	OTHER	510 00	TRANSPOR T ASSETS	EMERGENCY VEHICLES (AMBULANCES AND FIRE ENGINES)	5	-	10	10
500 00	OTHER	510 00	TRANSPOR T ASSETS	MOBILE CLINICS	10	-	15	15
500 00	OTHER	510 00	TRANSPOR T ASSETS	MOTOR VEHICLES	5	-	10	10
500 00	OTHER	510 00	TRANSPOR T ASSETS	RAILWAY ROLLING STOCK	10	-	15	15
500 00	OTHER	510 00	TRANSPOR T ASSETS	SHIPS	15	-	20	20
500 00	OTHER	510 00	TRANSPOR T ASSETS	SHIPS ENGINES	5	-	7	7
500 00	OTHER	510 00	TRANSPOR T ASSETS	TRAILERS AND ACCESSORIES	5	-	10	10
500 00	OTHER	510 00	TRANSPOR T ASSETS	TRUCKS	5	-	10	10
600 00	HERITAGE ASSETS	610 00	HERITAGE ASSETS	ARCHIVES				-

600 00	HERITAGE ASSETS	610 00	HERITAGE ASSETS	AREAS OF LAND OF HISTORIC OR SPECIFIC SIGNIFICANCE (I.E. WORLD	-	-	-	-
600 00	HERITAGE ASSETS	610 00	HERITAGE ASSETS	CULTURALLY SIGNIFICANT BUILDINGS (PARLIAMENTA RY BUILDINGS)	-	-	-	-
600 00	HERITAGE ASSETS	610 00	HERITAGE ASSETS	NATIONAL MONUMENTS	-	-	-	-
600 00	HERITAGE ASSETS	610 00	HERITAGE ASSETS	NATIONAL PARKS/RESERV ES (I.E. KRUGER PARK)	-	-	-	-
600 00	HERITAGE ASSETS	610 00	HERITAGE ASSETS	PAINTINGS	-	-	-	-
600 00	HERITAGE ASSETS	610 00	HERITAGE ASSETS	SCULPTURES	-	-	-	-
600 00	HERITAGE ASSETS	610 00	HERITAGE ASSETS	MUNICIPAL JEWELLERY	-	-	-	-
600 00	HERITAGE ASSETS	610 00	HERITAGE ASSETS	WORKS OF ART	-	-	-	-
600 00	HERITAGE ASSETS	610 00	HERITAGE ASSETS	OTHER ANTIQUES AND COLLECTIONS	-	-	-	-
700 00	BIOLOGICAL OR CULTIVATED ASSETS	710 00	BIOLOGICAL OR CULTIVATE D ASSETS	DAIRY CATTLE	-	-	-	-
700 00	BIOLOGICAL OR CULTIVATED ASSETS	710 00	BIOLOGICAL OR CULTIVATE D ASSETS	FEATHERED ANIMALS (FOR EGGS AND FEATHERS)	-	-	-	-
700 00	BIOLOGICAL OR CULTIVATED ASSETS	710 00	BIOLOGICAL OR CULTIVATE D ASSETS	FORESTS AND PLANTATIONS	-	-	-	-
700 00	BIOLOGICAL OR CULTIVATED ASSETS	710 00	BIOLOGICAL OR CULTIVATE D ASSETS	FRUIT TREES	-	-	-	-
700 00	BIOLOGICAL OR CULTIVATED ASSETS	710 00	BIOLOGICAL OR CULTIVATE D ASSETS	GAME ANIMALS	-	-	-	-
700	BIOLOGICAL OR	710	BIOLOGICAL	ANIMALS FOR	-	-	-	-

00	CULTIVATED ASSETS	00	OR CULTIVATED ASSETS	REPRODUCTION (CATTLE, GOATS, SHEEP, PIGS)				
700 00	BIOLOGICAL OR CULTIVATED ASSETS	710 00	BIOLOGICAL OR CULTIVATED ASSETS	ANIMALS FOR WOOL OR MILK (GOATS AND SHEEP)	-	-	-	-
700 00	BIOLOGICAL OR CULTIVATED ASSETS	710 00	BIOLOGICAL OR CULTIVATED ASSETS	DOGS (LAW ENFORCEMENT AND SECURITY)	-	-	-	-
700 00	BIOLOGICAL OR CULTIVATED ASSETS	710 00	BIOLOGICAL OR CULTIVATED ASSETS	HORSES (LAW ENFORCEMENT AND WORKING)	-	-	-	-
700 00	BIOLOGICAL OR CULTIVATED ASSETS	710 00	BIOLOGICAL OR CULTIVATED ASSETS	PLANTS (FOR PRODUCTION OF SEEDS)	-	-	-	-
700 00	BIOLOGICAL OR CULTIVATED ASSETS	710 00	BIOLOGICAL OR CULTIVATED ASSETS	VINES	-	-	-	-
700 00	BIOLOGICAL OR CULTIVATED ASSETS	710 00	BIOLOGICAL OR CULTIVATED ASSETS	OTHER ANIMALS	-	-	-	-
800 00	INVESTMENT PROPERTY	810 00	INVESTMENT PROPERTY	LAND MAIN INVESTMENT	-	-	-	-
800 00	INVESTMENT PROPERTY	810 00	INVESTMENT PROPERTY	FARMS	15	-	30	30
800 00	INVESTMENT PROPERTY	810 00	INVESTMENT PROPERTY	MINERAL RIGHTS OFFICE	15	-	30	30
800 00	INVESTMENT PROPERTY	810 00	INVESTMENT PROPERTY	PARKS	15	-	30	30
800 00	INVESTMENT PROPERTY	810 00	INVESTMENT PROPERTY	SHOPPING CENTERS HOUSING	15	-	30	30
800 00	INVESTMENT PROPERTY	810 00	INVESTMENT PROPERTY	SCHEMES	15	-	30	30
900 00	INTANGIBLE ASSETS	910 00	INTANGIBLE ASSETS	CAPITALISED DEVELOPMENT COSTS	-	-	-	-

900 00	INTANGIBLE ASSETS	910 00	INTANGIBLE ASSETS	COMPUTER SOFTWARE	2	-	5	5
900 00	INTANGIBLE ASSETS	910 00	INTANGIBLE ASSETS	MASTHEADS AND PUBLISHING TITLES	-	-	-	-
900 00	INTANGIBLE ASSETS	910 00	INTANGIBLE ASSETS	PATENTS, LICENCES, COPYRIGHTS, BRAND NAMES AND TRADEMARKS	-	-	-	-
900 00	INTANGIBLE ASSETS	910 00	INTANGIBLE ASSETS	RECIPES, FORMULAE, PROTOTYPES, DESIGNS AND MODELS	-	-	-	-
900 00	INTANGIBLE ASSETS	910 00	INTANGIBLE ASSETS	SERVICE AND OPERATING RIGHTS	-	-	-	-
900 00	INTANGIBLE ASSETS	910 00	INTANGIBLE ASSETS	OTHER INTANGIBLES	-	-	-	-

ANNEXURE B: ASSETS RESIDUAL VALUES

Asset Class	Residual Value	Comment
Land	None	No depreciation on land
Buildings: Dwelling Non- Residential	None None	Not trading in open market Not trading in open market
Infrastructure: Electricity Roads Solid Waste – Bins and Containers Solid Waste – Collection trucks	None None None 10%	Not trading in open market Not trading in open market Scrap metal value 10% of the cost price The municipality does not replace vehicles after a fixed period, but rather once the vehicle has reached the end of its functional life.

Other Assets: Furniture and Office equipment Machinery and Equipment Computer Equipment Motor vehicles	None	Typical internal tender proceed
	None	Typical internal tender proceed
	None	Computers have no scrap value due to frequent changes in technology. No active market 10% of the cost price
	None	The municipality does not replace vehicles after a fixed period, but rather once the vehicle has reached the end of its functional life.
Heritage Assets:	None	No active market
Intangible Assets: Software	None	Software have no scrap value due to frequent changes in technology. No active market
Any Asset with a cost less than R1000.00	None	Will not be capitalised to the FAR.