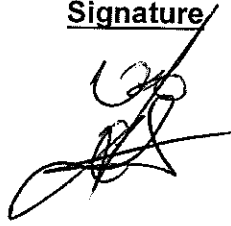
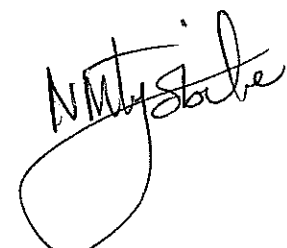
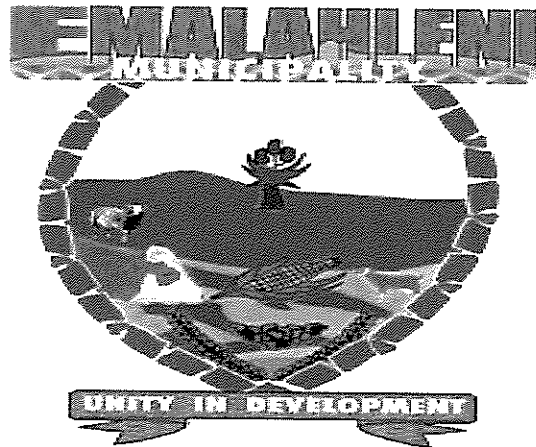


**Policy Title**

**ASSET MANAGENT POLICY**

**Policy Version**

<b><u>Role &amp; Process</u></b>	<b><u>Responsible Individual</u></b>	<b><u>Responsibility Accepted</u></b>
	<b><u>Name and/or Date</u></b>	<b><u>Signature</u></b>
<b>MUNICIPAL MANAGER</b>	<b>Mr. VC Makedama</b>	
Policy Custodian	CFO	
Policy Author	BTO	
LLF Consultation Date	22 <sup>nd</sup> June 2022	
<b>HONOURABLE SPEAKER</b>	<b>Cllr. N. Mtyhobile</b>	
Policy Approved	30 <sup>th</sup> June 2022	
Policy Inception Date	1 <sup>st</sup> July 2022	
Policy Maintenance	As and when need arise	
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Review Start Date	06 <sup>th</sup> April 2022	
Review Completion Date	29 <sup>th</sup> June 2022	
Legislative Completion Date	N/A	
Policy Review "Triggers"	Trends	
<b>Comments</b>		



## **1 ASSET MANAGEMENT POLICY**

### **1. INTRODUCTION**

- This Policy for the management of assets has been designed to assist management and officials of the Emalahleni Local Municipality with the description of management procedures for Property, Plant and Equipment, Investment Property, Agricultural Assets, and Intangible Assets. It also should assist with the capacity to differentiate between activities, which are acceptable in terms of general authorization, supervisory responsibilities, and limits of authority to the management of assets and functions of the organization.
- This Policy will provide certainty with respect to the handling of asset management procedures undertaken within the organization and will ensure that management and employees understand their respective responsibilities and duties.
- The purpose of the Asset Management Policy is to govern the management of assets owned by ELM (both operationally and financially) to ensure that they



are managed, controlled, safeguarded, and used in an efficient and effective manner.

- **For the purpose of this policy, assets exclude inventory and monetary assets such as debtors.**

## 2. OBJECTIVE OF THIS POLICY

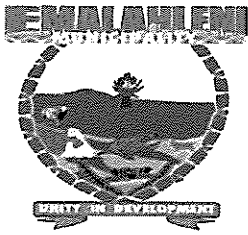
3. The objective of this policy is to ensure that assets of the Municipality are properly managed and accounted for by: -

- a. The accurate recording of essential asset information;
- b. The accurate recording of asset movements;
- c. Exercising strict physical controls over all assets;
- d. Treating the assets correctly in the Municipality's financial statements;
- e. Providing accurate and meaningful management information;
- f. Compliance with the Council's accounting policies and Generally Recognised Accounting Practices;
- g. Adequate insuring of assets;
- h. Maintenance of Council's assets;
- i. Ensuring that managers are aware of their responsibilities with regard to the assets; and
- j. Setting out the standards of management, recording and internal controls so as to safeguard the assets against inappropriate utilisation or loss.
- k. To ensure accuracy of the depreciation charge

To ensure a formal set of procedures that can be implemented to ensure that fixed assets and financial policies are achieved and are in compliance with the MFMA.

## **UPDATING THE POLICY**

The policy shall be reviewed and updated on an annual basis.



#### 4. DEFINITIONS

**Accounting officer** means the municipal manager appointed in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) and being the head of administration and accounting officer in terms of section 60 of the Local Government: Municipal Systems Act 2000 (Act No. 32 of 2000).

**Agricultural Activity** is the management by an entity of the biological transformation of biological assets for sale, into agricultural produce, or into additional biological assets.

**Agricultural Produce** is the harvested product of the entity's biological assets.

**A Biological Asset** is a living animal or plant.

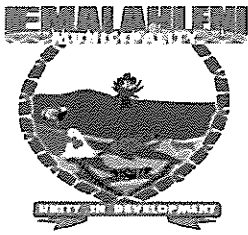
**Assets** are resources controlled by the municipality as a result of past events and from which future economic benefit or service potential are expected to flow. However for the purpose of this policy exclude inventory and other monetary assets.

**Asset management** asset management encompasses planning/demand management, acquisitions, use, maintenance, and disposal of assets.

**Biological Transformation** comprises the processes of growth, degeneration, production and procreation that cause qualitative or quantitative changes to a biological asset.

**Carrying amount** is the amount at which an asset is recognized after deducting any accumulated depreciation and accumulated impairment losses.

**Chief Financial Officer** means an officer of a municipality designated by the municipal manager to be administratively in charge of the budgetary and treasury functions.



***Class of property, plant and equipment*** means a grouping of assets of a similar nature or function in a municipality's operations that is shown as a single item for the purpose of disclosure in the financial statements.

***Community assets*** are defined as any asset that contributes to the community's well-being. Examples are parks, libraries and fire stations.

***Cost*** is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or where applicable, the amount attributed to that asset when initially recognized in accordance with the specific requirements of Standards of GRAP.

***Depreciable amount*** is the cost of an asset, or other amount substituted for cost in the financial statements, less its residual value.

***Depreciation*** is the systematic allocation of the depreciable amount of an asset over its useful life.

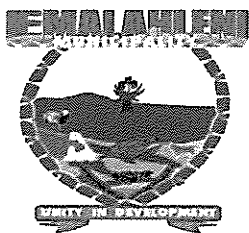
***Fair value*** is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

***Heritage assets*** are defined as culturally significant resources. Examples are works of art, historical buildings and statues.

### ***IMPAIRMENT LOSS***

An ***impairment loss*** of a cash generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An ***impairment loss*** of non-cash generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.



**Infrastructure assets** are defined as any asset that is part of a network of similar assets. Examples are roads, water reticulation schemes, sewerage purification and trunk mains, transport terminals and car parks.

**Intangible assets** are identifiable non-monetary assets without physical substance.

**Investment properties** are defined as property (land or a building-or part of a building-or both) held (by the owner or by lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

- (a) use in the production and supply of goods or services or for administrative purposes; or
- (b) sale in the ordinary course of business.

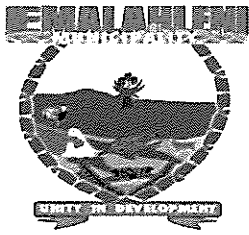
**Municipal valuation** means the official valuation of an immovable property as reflected in the Municipality's valuation roll.

**Other assets** are defined as assets utilized in normal operations. Examples are plant and equipment, motor vehicles and furniture and fittings.

**Property, plant and equipment** are tangible assets that:-

- are held by a municipality for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and
- are expected to be used during more than one period.

**Recoverable amount** is the higher of a cash-generating asset's net selling price and its future value in use.



**Recoverable service amount** is the higher of a non-cash-generating asset's fair value less costs to sell and its future value in use.

**Residual value** of an asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and condition expected at the end of its useful life.

**Useful life is:-**

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality's accounting officer.

#### 4. STATUTORY AND REGULATORY FRAMEWORK

The Municipality shall comply with all relevant legislative requirements and shall comply with the relevant accounting standards applicable. The relevant accounting standards include:

- GRAP 1 – Presentation of Financial Statements;
- GRAP 13 – Leases;
- GRAP 16 – Investment Property;
- GRAP 17 – Property, Plant and Equipment;
- GRAP 100 – Non-Current Assets Held for Sale and Discontinued Operations;
- GRAP 101 – Agriculture; and
- GRAP 102 – Intangible Assets.

#### RELATED POLICIES, PROCESSES AND PROCEDURES

The following policies, processes and procedures are recommended to be adopted to ensure an effective and efficient asset management system:

- Supply Chain Management Policy
- Delegation of powers



- Payment Policy
- Fleet Management Policy
- Insurance Policy
- Security Policy
- Property portfolio management

## 2. BACKGROUND

The utilization and management of property, plant and equipment, investment property, intangible assets and agricultural assets is the prime mechanism by which the Municipality can fulfil its constitutional mandates for: -

- Delivery of sustainable services.
- Social and economic development.
- Promoting safe and healthy environments; and
- Fulfilling the basic needs to the community.

As trustees on behalf of the local community, the Municipality has a legislative and moral obligation to ensure it implements policies to safeguard the monetary value and future service provision invested in assets.

The policy for the management of assets deals with the Municipal rules required to ensure the enforcement of appropriate stewardship of assets. Stewardship has two components being the:-

- Financial administration by the Chief Financial Officer; and
- Physical administration by the relevant managers.





Statutory provisions are being implemented to protect public property against arbitrary and inappropriate management or disposals by local government.

Accounting standards have been approved by the Accounting Standards Board to ensure the appropriate financial treatment for property, plant and equipment, investment property, intangible assets and agricultural assets. The requirements of these new accounting standards include:-

- The compilation of asset registers covering all assets controlled by the Municipality.
- Accounting treatment for the acquisition, disposal, recording and depreciation / amortisation of assets.
- The standards to which financial records must be maintained to comply with the new accounting standards.

## 6.DELEGATION OF POWERS

This policy should be applied with due observance of the Municipality's policy with regard to delegated powers. Such delegations refer to delegations between the Municipal Manager and other responsible officials as well as between the Council and the Executive Mayor and the Council and the Municipal Manager. All delegations in terms of this policy must be recorded in writing.

In accordance with the Local Government: Municipal Finance Management Act (Act 56 of 2003) (MFMA), the Municipal Manager is the accounting officer of the Municipality and therefore all designated officials are accountable to him/her. The Municipal Manager is therefore accountable for all transactions entered into by his/her designates.



The overall responsibility of asset management lies with the Municipal Manager. However, the day to day handling of assets should be the responsibility of all officials in terms of delegated authority reduced in writing.

## **EFFECTIVE ASSET MANAGEMENT**

### **MUNICIPAL MANAGER**

#### **7.1 Responsibilities**

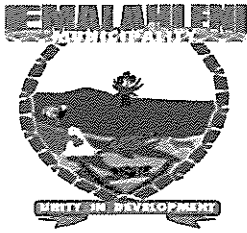
The AO of a municipality is responsible for the management of the assets of that municipality in terms of section 63 of the MFMA which prescribes the following:

- The Municipality has and maintains a management, accounting and information system that accounts for the assets of the Municipality.
- The Municipality's assets are valued in accordance with standards of Generally Recognized Accounting Practice (GRAP).
- The Municipality has and maintains a system of internal control of assets, including an asset register.
- Senior managers and their teams comply with this policy.

### **CHIEF FINANCIAL OFFICER**

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

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



The Chief Financial Officer is responsible to the Municipal Manager to ensure that the financial investment in the Municipality's assets is safeguarded and maintained. He/she may delegate or otherwise assign responsibility for performing these functions, but he/she will remain accountable for ensuring that these activities are performed. He/she must ensure that:-

5. Appropriate systems of financial management and internal control are established and carried out diligently.
6. The financial and other resources of the Municipality assigned to him/her are utilized effectively, efficiently, economically and transparently.
7. Any unauthorized, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented.
8. The systems, processes and registers required to substantiate the financial values of the Municipality's assets are maintained to standards sufficient to satisfy the requirements of effective management.
9. Financial processes are established and maintained to ensure the Municipality's financial resources are optimally utilized through appropriate asset plan, budgeting, purchasing, maintenance and disposal decisions.
10. The Municipal Manager is appropriately advised on the exercise of powers and duties pertaining to the financial administration of assets.
11. The senior managers and senior management teams are appropriately advised on the exercise of their powers and duties pertaining to the financial administration of assets.

#### **HEADS OF DEPARTMENT**

Section 78(1) of the MFMA prescribes the following areas of responsibility for senior managers (HOD's) relating to asset management.



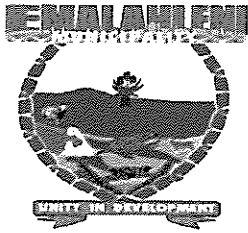
Each senior manager of a municipality and each official of a municipality exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure that:

- Appropriate systems of physical management and control are established and carried out for assets in their area of responsibility.
- The Municipal resources assigned to them are utilized effectively, efficiently, economically and transparently.
- Any unauthorized, irregular or fruitless or wasteful utilization and losses resulting from criminal or negligent conduct are prevented.
- Their management systems and controls can provide an accurate, reliable and up to date account of assets under their control.
- They are able to justify that their plans, budgets, purchasing, maintenance and disposal decisions for assets optimally achieve the Municipality's strategic objectives.

The senior managers may delegate or otherwise assign responsibility for performing these functions but they will remain accountable for ensuring that these activities are performed.

Each senior manager should report to the Municipal Manager on issues that will significantly impede the item of asset capabilities to provide the required level of service or economic benefit.

The responsibility for the physical control of assets rests with the relevant senior manager to whom the responsibility was delegated to in terms of section 79 of the Municipal Finance Management Act, No 56 of 2003.



Each senior manager shall ensure that assets entrusted to him / her are adequately maintained, properly used and insured and ensure that section 78 of the Municipal Finance Management Act, No 56 of 2003, is adhered to.

The Chief Financial Officer must approve any transfer of assets between departments after arrangements between the relevant senior managers were made.

Upon the resignation / retirement of an employee, the applicable senior manager must inform the Chief Financial Officer and Corporate Service Department in writing that the asset items entrusted to that employee to execute his / her duties are in good order and returned. When necessary the applicable senior manager must inform the Corporate Services Department of any losses and the value of such losses. The ultimate responsibility of any losses lies with the relevant senior manager.

## **7.2 Asset Register**

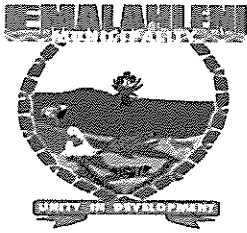
### **Establishment and Management of the Register of Assets**

The Chief Financial Officer will establish and maintain the Register containing key financial data on each item of Property, Plant or Equipment, Investment Property, Intangible Assets and Agricultural Assets that satisfies the criterion for recognition.

Senior managers are responsible for establishing and maintaining any additional register or database required to demonstrate their physical management of their assets.

Each senior manager is responsible to ensure that sufficient controls exist to substantiate the quantity, value, location, and condition of all assets in their registers.

### **Contents of the Asset Register**



- The measurement based used (Cost or Fair Value)
- The depreciation methods used.
- The original useful live;
- The revised useful live;
- The residual value;
- Depreciation charged for the period;
- The accumulated depreciation;
- The gross carrying amount;
- Date of acquisition or brought into use;
- Date of disposal (if applicable);
- Increases or the decreases resulting from revaluations (if applicable);
- Date of last revaluation;
- Method of calculating recoverable amount (when impairment tests are required in terms of GRAP);
- Any restrictions on title to the asset;
- Location;
- Source of finance;
- Condition of the asset;
- Method of calculating the recoverable amount (when impairment losses are required in terms of GRAP);
- Strategic purpose and if it is required to provide minimum basic services; and
- Responsible Functional Manager/ department/ vote.
- Impairment losses incurred during the financial year (and the reversal of such losses, where applicable)
- Whether the asset is required to perform basic municipal services
- Whether the asset has been used to secure any debt, and – if so - the nature and duration of such security arrangements
- The title deed number, in the case of fixed property



All senior managers under whose control any fixed asset falls shall promptly provide the Chief Financial Officer in writing with any information required to compile the fixed asset register, and shall promptly advise the Chief Financial Officer in writing of any material change which may occur in respect of such information.

A fixed asset shall be capitalised, that is, recorded in the fixed assets register, as soon as it is acquired. A fixed asset shall remain in the fixed assets register for as long as it is in physical existence. A capitalisation threshold of **R 3 000** including VAT shall apply to enable the municipality to expense trivial items of PPE in the year of purchase.

### **7.3 Classification of Assets**

In compliance with the requirements of the National Treasury, the Chief Financial Officer shall ensure that all assets are classified under the following headings in the Fixed Assets Register, and Heads of Departments shall in writing provide the Chief Financial Officer with such information or assistance as is required to compile a proper classification: -

#### **7.3.1 Property, Plant and Equipment**

- Land (not held as investment assets).
- Infrastructure assets (assets which are part of a network of similar assets).
- Community assets (assets contributing to the general well-being of the community).
- Heritage assets (culturally significant assets).



- Other assets (ordinary operational assets).
- Housing (rental stock or housing stock not held for capital gain).

Save for land and buildings other assets shall be classified under the following headings:

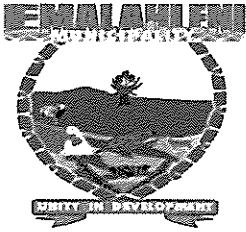
- Computer equipment;
- Office equipment;
- Furniture and fittings;
- Radio Equipment;
- Plant and machinery;
- Motor Vehicles; and
- Emergency Equipment.

### **7.3.2 Investment Property**

Investment assets (resources held for capital or operational gain and which are not used by the Municipality). Properties occupied by the Municipality, Councilors or officials are classified as owner-occupied property and are therefore not classed as investment property

Investment properties will be treated in accordance with GRAP 16 and will separately be classified in the Statement of Financial Position. Investment properties will not be depreciated but will annually be revalued.





### **7.3.3 Intangible Assets**

Intangible assets are identifiable non-monetary assets without physical substance.

Intangible assets will be treated in accordance with GRAP 102 and will separately be classified in the Statement of Financial Position. Intangible assets shall be valued at cost less any accumulated amortization and any impairment losses.

### **7.3.4 Agricultural Assets**

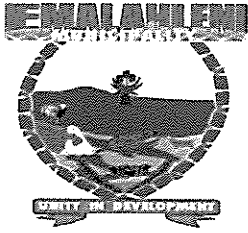
Agricultural Assets will be treated in accordance with GRAP 101 and will separately be classified in the Statement of Financial Position

### **7.3.5 Assets Treated as Inventory**

Any land or buildings owned or acquired by the municipality with the intention of selling such property in the ordinary course of business, or any land or buildings owned or acquired by the municipality with the intention of developing such property for the purpose of selling it in the ordinary course of business, shall be accounted for as inventory, and not included in either property, plant and equipment or investment property in the municipality's statement of position.

Such inventories shall, however, be recorded in the fixed assets register in the same manner as other fixed assets, but a separate section of the fixed assets register shall be maintained for this purpose.

The Chief Financial Officer shall use the classifications indicated in the Annexure on estimated lives of assets, as a guideline and in the case of an item of assets not



appearing in the Annexure shall use the classification applicable to the asset most closely comparable in the Annexure.

## **7.4 Recognition of Assets**

### **7.4.1 Recognition of Heritage Assets**

If no original costs or fair values are available in the case of one or more or all heritage assets, the Chief Financial Officer may, if it is believed that the determination of a fair value for the assets in question will be a laborious or expensive undertaking, record such asset or assets in the fixed asset register without an indication of the costs or fair value concerned.

For Statement of Financial Position purposes, the existence of such heritage assets shall be disclosed by means of an appropriate note.

### **7.4.2 Recognition of Donated Assets**

Where a fixed asset is donated to the municipality, or a fixed asset is acquired by means of an exchange of assets between the municipality and one or more other parties, the asset concerned shall be recorded in the fixed asset register at its fair value, as determined by the Chief Financial Officer.

## **7.5 Capitalisation Criteria**

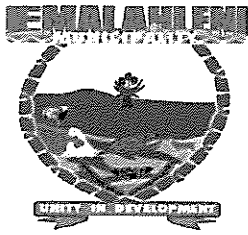
### **7.5.1 Material Value**



### PPE and Intangible Assets

All assets may only be acquired in terms of council's Supply Chain Management Policy and in terms of the budgetary provisions. The responsibility for the purchase of assets would be delegated in terms of council's Delegation Framework and Supply Chain Management Policy. Depending on the cost of the asset to be purchased the following procedure for purchasing an asset must be followed:

- Senior managers shall at all times ensure that there are enough funds in their departmental budgets before requesting approval to any requisition to purchase an asset;
- Senior managers shall ensure that the correct vote and expenditure line item are used and recorded on the requisition requesting approval to purchase an asset;
- Tenders or quotations as required in terms of council's Supply Chain Management policy should be obtained and where required submitted to council's tender committee for approval;
- The tender committee resolution of the approved tender or recommended quotation should be attached to the requisition signed by the relevant head of department;
- The order would then be generated by the Budget and Treasury department;
- Once delivered the asset must be labeled / bar-coded by the Budget and Treasury department before such asset is put into use;
- The senior manager should endorse receipt of the asset on the invoice and forward it for payment to the Budget and Treasury department; and
- The Budget and Treasury department would then generate payment.



The completion of any immovable asset by or under control of every head of department should promptly be declared to the Chief Financial Officer in writing stating the full details required for recording in the assets register.

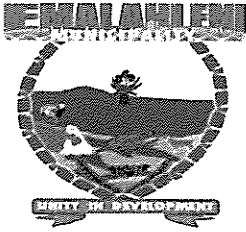
All PPE and intangible assets shall be carried in the asset register, and appropriately recorded in the annual financial statements, at their original cost or fair value less any accumulated depreciation or amortisation in the case of intangible assets.

The original cost of an item of PPE or intangible assets may include:

- Cost price;
- Financing costs (MFMA section 46(4));
- Import tax;
- Non-claimable purchase tax; and
- Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

When payment for an item of PPE or intangible assets is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is recognized as an interest expense over the period of credit.

When an item of PPE is acquired to be exchanged or partly exchanged for a dissimilar item of PPE or other asset, the cost of such item is measured at the fair value of the asset received, which is equivalent to the fair value of the asset given up adjusted by the amount of any cash or cash equivalents paid additional. For the purpose hereof,



“fair value” shall be determined by the council with due regard to the definition ascribed to fair value in paragraph 2 hereof.

The only exceptions to this rule shall be revalued items of PPE (see part 7.9 below) and heritage assets in respect of which no depreciation is recorded in the fixed asset register

Subsequent expenditure relating to an asset that has already been capitalized, should only be added to the carrying amount of the asset when it is probable that future economic benefits or potential service delivery, in excess of the originally assessed standard of performance of the existing asset, will flow to the municipality.

#### Investment Property

An investment property shall be measured initially at its cost. Transaction costs shall be included in the initial measurement. The cost of purchased investment property includes all directly attributable expenditure (professional fees for legal services, property transfer taxes and other transaction costs).

When payment for an investment property is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is recognized as an interest expense over the period of credit.

When investment property is acquired to be exchanged or partly exchanged for a dissimilar investment property or other asset, the cost of such item is measured at the fair value of the asset received, which is equivalent to the fair value of the asset given up adjusted by the amount of any cash or cash equivalents paid additional. For the purpose hereof, “fair value” shall be determined by the council with due regard to the definition ascribed to fair value in paragraph 2 hereof.



After initial recognition investment property will be measured at fair value. A gain or loss arising from a change in fair value shall be recognized as a profit or loss in the Statement of Financial Performance in the period in which it arises. The fair value of investment property shall reflect market conditions at reporting date.

In terms of GRAP 16 transfers to and from investment property shall be made when there is a change in use:

- (a) Commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
- (b) Commencement of development with a view to sale, for a transfer from investment property to inventories;
- (c) End of owner-occupation, for a transfer from owner-occupied property to investment property; or
- (d) Commencement of an operating lease to another party, for a transfer from inventories to investment property.

When an investment property is transferred to inventory or owner-occupied property, the property's deemed cost is the fair value of the property at the date of the change in use.

For a transfer from inventories to investment property, that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognized in the Statement of Financial Performance.

#### Reinstatement, Maintenance and Other Expenses



Only expenses incurred in the enhancement of a fixed asset (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 a fixed asset shall be capitalised.

Expenses incurred in the maintenance or reinstatement of a fixed asset shall be considered as operating expenses incurred in ensuring that the useful operating life of the asset concerned is attained, and shall not be capitalised, irrespective of the quantum of the expenses concerned.

Expenses, which are reasonably ancillary to the bringing into operation of a fixed asset, may be capitalised as part of such fixed asset. Such expenses may include but need not be limited to import duties, forward cover costs, transportation costs, installation, assembly and communication costs.

#### **7.5.2 Intangible Items**

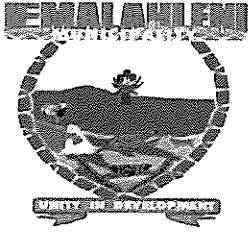
Assets that meet the criteria of GRAP 102 (Intangible Assets) shall be recognized as Intangible Assets at cost.

### **7.6 Depreciation**

#### **7.6.1 Depreciation of PPE**

All PPE, except land and heritage assets, shall be depreciated – or amortised in the case of intangible assets.

Depreciation may be defined as the monetary quantification of the extent to which PPE is used or consumed in the provision of economic benefits or the delivery of services.



Depreciation shall generally take the form of an expense both calculated and debited on an annual basis against the appropriate line item in the department or vote in which the item of PPE is used or consumed.

However, depreciation shall initially be calculated from the day following the day in which an item of PPE is acquired or – in the case of construction works and plant and machinery – the day following the day in which the item is brought into use, until the end of the year concerned. Thereafter, depreciation charges shall be calculated annually.

Each Head of Department, acting in consultation with the Chief Financial Officer, shall ensure that reasonable budgetary provision is made annually for the depreciation of all applicable PPE controlled or used by the department in question or expected to be so controlled or used during the ensuing financial year.

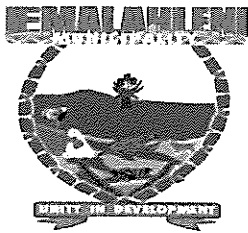
The procedures to be followed in accounting and budgeting for the amortisation of intangible assets shall be identical to those applying to the depreciation of other PPE.

#### **7.6.2 Rate of Depreciation and Amortisation**

The Chief Financial Officer shall assign a useful operating life to each depreciable item of PPE recorded on the Municipality's asset register. In determining such a useful life the Chief Financial Officer shall use to the useful lives set out in the annexure to this document as a guideline.

In the case of an item of PPE which is not listed in this annexure, the Chief Financial Officer shall determine a useful operating life, if necessary, in consultation with the Head of Department who shall control or use the item in question, and shall be guided





in determining such useful life by the likely pattern in which the item's economic benefits or service potential will be consumed.

The procedures to be followed in accounting and budgeting for the amortisation of intangible assets shall be identical to those applying to the depreciation of other PPE.

### **7.6.3 Method of Depreciation**

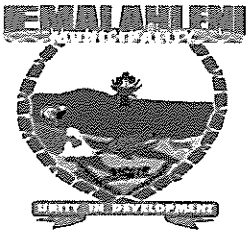
The Chief Financial Officer shall allocate the depreciable amount of all depreciable PPE and intangible on a systematic basis over its useful life.

The residual value and useful life of an asset shall be reviewed at least at each reporting date and, if expectations differ from previous estimates, the changes shall be accounted for as a change in accounting estimate in accordance with GRAP 3.

### **7.7 Amendment of Asset Lives and Diminution in the Value of PPE**

Only the Chief Financial Officer may amend the useful operating life assigned to any PPE, and when any material amendment occurs the Chief Financial Officer shall inform the Council of such amendment.

The Chief Financial Officer shall amend the useful operating life assigned to any item of PPE if it becomes known that such item has been materially impaired or improperly maintained to such an extent that its useful operating life will not be attained, or any other event has occurred which materially affects the pattern in which the item's economic benefits or service potential will be consumed.



If the value of an item of PPE or intangible assets has been diminished to such an extent that it has no or a negligible further useful operating life or value such item shall be fully depreciated or eradicated in the financial year in which such diminution in value occurs.

Similarly, if an item of PPE has been lost, stolen or damaged beyond repair, it shall be fully depreciated in the financial year in which such event occurs, and if the item has physically ceased to exist, it shall be written off in the fixed asset register.

In all of the foregoing instances, the additional depreciation expenses shall be debited to the department or vote controlling or using the item of PPE or intangible asset in question.

If any of the foregoing events arises in the case of a normally non-depreciable item of PPE, and such item has been capitalised at a value other than a purely nominal value, such item shall be partially or fully depreciated, as the case may be, as though it were an ordinary depreciable item of PPE, and the department or vote controlling or using the item in question shall bear the full depreciation expenses concerned.

Additional depreciation not budgeted for as a result of unforeseeable or unavoidable circumstances must be provided for in an adjustments budget and, if such circumstances arises close to the end of the financial year and there will not be time for Council to consider the adjustments before the end of the financial year, may in advance be approved by the Mayor in terms of Section 29 of the MFMA, provided that any other provisions of the MFMA be complied with.



### **7.8 Funding of PPE and Reserves**

The purchase of assets may be funded from the raising of external loans, leases, government- and public contributions, the Capital Replacement Reserve, and surplus cash.

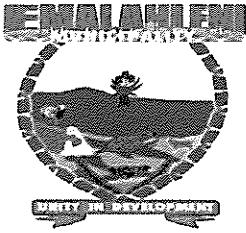
The Chief Financial Officer shall ensure that in respect of all assets financed from grants or subsidies or contributions received from other spheres of government or from the public at large, as well as in respect of fixed assets donated to the Municipality, a government grants reserve or public contribution reserve for future depreciation is created equal in value to the capitalised value of each item of asset in question.

The Chief Financial Officer shall thereafter ensure that in the case of depreciable PPE an amount equal to the annual depreciation expenses of the items concerned are transferred each year from such reserve to the Municipality's accumulated surplus.

### **7.9 Revaluation of items of PPE**

All land and buildings recorded in the Municipality's asset register shall be revalued when the Council is of the opinion that economic conditions have had a substantial impact on the on the value of land and buildings within the municipal area. Under such circumstances a sworn valuer will be appointed to perform a valuation of all land and buildings.

The Chief Financial Officer shall adjust the carrying value of the land and buildings concerned to reflect in each instance the value of the items as recorded in the valuation roll, provided the Chief Financial Officer is satisfied that such value reflects the fair value of the land and buildings concerned.



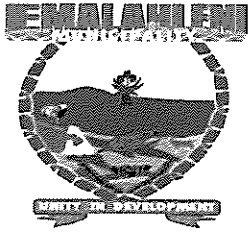
The Chief Financial Officer shall also, where applicable, create a revaluation reserve for each such item equal to the difference between the value as recorded in the valuation roll and the carrying value of the item before the adjustment in question.

The buildings concerned shall thereafter be depreciated on the basis of its revalued amount, over its remaining useful operating life, and such increased depreciation expenses shall be budgeted for and debited against the appropriate line item in the department or vote controlling or using the buildings in question.

The Chief Financial Officer shall ensure that an amount equal to the difference between the new (enhanced) annual depreciation expense and the depreciation expenses determined in respect of such buildings before the revaluation in question is transferred each year from the revaluation reserve to the Municipality's appropriation account. An adjustment of the aggregate transfer shall be made at the end of each financial year, if necessary.

If the amount recorded by the valuer is less than the carrying value of the item of land or buildings recorded in the fixed asset register, the Chief Financial Officer shall adjust the carrying value of such item by increasing the accumulated depreciation of the item in question by an amount sufficient to adjust the carrying value to the value as recorded by the valuer. such additional depreciation expenses shall form a charge, in the first instance, against the balance in any revaluation reserve previously created for such item, and to the extent that such balance is insufficient to bear the charge concerned, an immediate additional charge against the department or vote controlling or using the item of land or building in question

Revalued land and buildings shall be carried in the fixed asset register, and recorded in the annual financial statements, at their revalued amount, less accumulated depreciation (in the case of buildings)



#### **7.10 Other Write-offs of PPE**

An item of PPE, even though fully depreciated, shall be written off when it can no longer be used, in consultation with the Head of Department controlling or using the item concerned.

Every Head of Department shall report to the Chief Financial Officer on 31 October and 30 April of each financial year on any item of PPE which such Head of Department wishes to have written off, stating in full the reason for such recommendation.

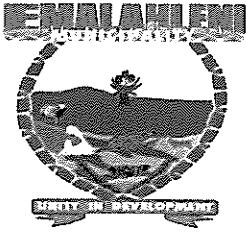
The Chief Financial Officer shall consolidate all such reports, and shall promptly notify the Council on the PPE to be written off.

The Municipal Manager can authorise the disposal of movable assets which are lost, damaged beyond a usable state or stolen after satisfying him/herself of the following:

- The incident has been reported to the police
- The incident has been reported to the insurance for possible indemnity
- The custodian has written an internal memorandum detailing the events leading to loss/damage
- The asset was not necessary to provide the minimum level of basic municipal services to the community

The only reasons for writing off PPE, other than the alienation of such item of PPE, shall be the loss, theft, and destruction or material impairment of the PPE in question.

If an item of PPE must be written off as a result of an occurrence out of the control of the municipality, such as malicious damage, theft or destruction, the municipal



manager must determine whether a third party or an employee was involved in the loss and take all reasonable steps to recover such loss, including reporting the incident to the South African Police Services and the Auditor General, the insurance as well as institute disciplinary steps against any employee who might have been involved in such incident.

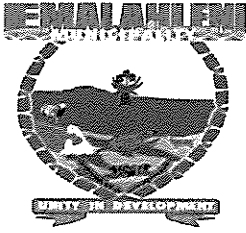
In every instance where a not fully depreciated item of PPE is written off, the Chief Financial Officer shall immediately debit to such department or vote, as additional depreciation expenses, the full carrying value of the item concerned.

## **7.11 Management and Operation of Assets**

### **7.11.1 Accountability to manage assets**

Each Senior Manager is accountable to ensure that Municipal resources assigned to them are utilized effectively, efficiently, economically and transparently. This will include:-

- Developing appropriate management systems, procedures, processes and controls for managing assets;
- Providing accurate, reliable and up to date account of assets under their control; and
- The development and motivation of relevant strategic asset management plans and operational budgets that optimally achieve the Municipality's strategic objectives.



### **7.11.2 Contents of a strategic management plan**

Senior Managers need to manage assets under their control to provide the required level of service or economic benefit at the lowest possible long-term cost. To achieve this, the Senior Manager will need to develop strategic asset management plans that cover:-

- Alignment with the Integrated Development Plan;
- Operational guidelines;
- Performance monitoring;
- Maintenance programs;
- Renewal, refurbishment and replacement plans;
- Disposal and Rehabilitation plans;
- Operational, financial and capital support requirements, and
- Risk mitigation plans including insurance strategies

The operational budgets are the short to medium term plan for implementing this strategic asset management plan.

### **7.11.3 Reporting on Emerging Issues**

Each Functional Manager should report to the Municipal Manager on issues that will significantly impede the item of asset capabilities to provide the required level of service or economic benefit.



#### **7.11.4 Verification of Assets**

The Municipality shall at least once during every financial year undertake on a date as determined by the CFO a comprehensive verification of all moveable assets controlled or used by all the departments of the Municipality.

Every Head of Department shall promptly and fully report in writing to the Chief Financial Officer, in the format determined by the Chief Financial Officer, all relevant results of such verification, provided that each such item of asset verification shall be undertaken and completed during 30 June of each financial year, and that the resultant report shall be submitted to the Chief Financial Officer not later than 30 June of the year in question.

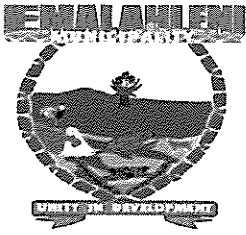
#### **7.11.5 Movement of Assets**

Every Head of Department shall promptly and fully report in writing to the Chief Financial Officer, in the format determined by the Chief Financial Officer, all transfers from its original location of assets (including minor assets items) within 5 working days after transfer of such item

#### **7.12 Alienation of Assets**

In compliance with the principles and prescriptions of the Municipal Finance Management Act, the transfer of ownership of any fixed asset shall be fair, equitable, transparent, competitive and consistent with the municipality's supply chain management policy and the Municipal Asset Transfer Regulations





Every head of department shall report in writing to the Chief Financial Officer on 30 April of each financial year on all fixed assets controlled or used by the department concerned which such head of department wishes to alienate by public auction or public tender.

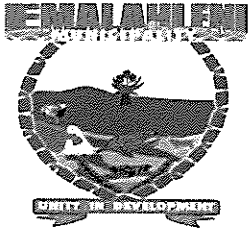
The Chief Financial Officer shall thereafter consolidate the requests received from the various departments, and shall promptly report such consolidated information to the council or the municipal manager of the municipality, as the case may be, recommending the process of alienation to be adopted.

The council shall delegate to the municipal manager the authority to approve the alienation of any moveable asset with a carrying value less than R50 000 (fifty thousand rand). The council shall ensure that the alienation of any asset with a carrying value equal to or in excess of R50 000 (fifty thousand rand) takes place in compliance with Section 14 of the Municipal Finance Management Act, 2004.

In terms of Section 14 of the Municipal Finance Management Act, 2004 the Municipality may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of assets needed to provide the minimum level of basic municipal services.

The Municipality may transfer ownership or otherwise dispose of assets other than one contemplated above, but only after the Council, in a meeting open to the public:-

- has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal services; and
- has considered the fair market value of the item and the economic and community value to be received in exchange for the asset.



The decision that a specific asset is not needed to provide the minimum level of basic municipal services, may not be subsequently reversed by the Municipality after that asset has been sold, transferred or otherwise disposed of.

Once the fixed assets are alienated, the Chief Financial Officer shall treat the disposal of the items in terms of GRAP and amend the relevant records of the fixed asset register. If the proceeds of the alienation are less than the carrying value recorded in the fixed asset register, such difference shall be recognised as a loss in the Statement of Financial Performance of the department or vote concerned.

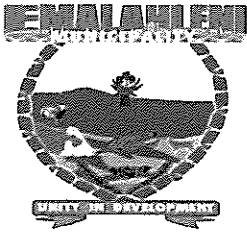
If the proceeds of the alienation, on the other hand, are more than the carrying value of the fixed asset concerned, the difference shall be recognised as a gain in the Statement of Financial Performance of the department or vote concerned.

All gains realised on the alienation of fixed assets shall be appropriated annually to the municipality's Capital Replacement Reserve (except in the cases outlined below), and all losses on the alienation of fixed assets shall remain as expenses on the Statement of Financial Performance of the department or vote concerned.

If, however, both gains and losses arise in any one financial year in respect of the alienation of the fixed assets of any department or vote, only the net gain (if any) on the alienation of such fixed assets shall be appropriated to the Capital Replacement Reserve.

Transfer of fixed assets to other municipalities, municipal entities (whether or not under the municipality's sole or partial control) or other organs of state shall take place in accordance with the Municipal Asset Transfer Regulations.

### **7.13 Maintenance**



#### **7.13.1 Maintenance Plans**

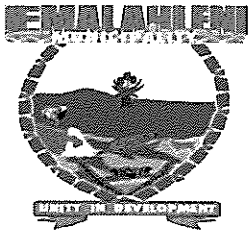
Every Head of Department shall ensure that a maintenance plan in respect of every new infrastructure asset with a value of R100 000 (one hundred thousand rand) or more is promptly prepared and submitted to the Council for approval.

If so directed by the Municipal Manager, the maintenance plan shall be submitted to the Council prior to any approval being granted for the acquisition or construction of the infrastructure asset concerned.

The Head of Department controlling or using the infrastructure asset in question, shall annually report to the Council, not later than in July or the earliest Council meeting thereafter, of the extent to which the relevant maintenance plan has been complied with, and of the likely effect which any non-compliance may have on the useful operating life of the item concerned.

#### **7.13.2 Deferred Maintenance**

If there is material variation between the actual maintenance expenses incurred and the expenses reasonably envisaged in the approved maintenance plan for any infrastructure asset, the Chief Financial Officer shall disclose the extent of and possible implications of such deferred maintenance in an appropriate note to the annual financial statements. Such note shall also indicate any plans which the Council has approved in order to redress such deferral of the maintenance requirements concerned.



If no such plans have been formulated or are likely to be implemented, the Chief Financial Officer shall re-determine the useful operating life of the fixed asset in question, if necessary in consultation with the Head of Department controlling or using such item, and shall recalculate the increased annual depreciation expenses accordingly.

### **7.13.3 General Maintenance of Assets**

Every Head of Department shall be directly responsible for ensuring that all assets (other than infrastructure assets which are dealt with in part 7.13.1 and part 7.13.2 above) are properly maintained and in a manner which will ensure that such item attain their useful operating lives.

### **7.14 Replacement Strategy**

The Municipal Manager, in consultation with the Chief Financial Officer and other Heads of Departments, shall formulate norms and standards for the replacement of all normal operational assets. Such norms and standards shall be incorporated in a formal strategy, which shall be submitted to the Council for approval. This strategy shall cover the replacement of motor vehicles, furniture and fittings, computer equipment, and any other appropriate operational items.

Such strategy shall also provide for the replacement of assets which are required for service delivery but which have become uneconomical to maintain.

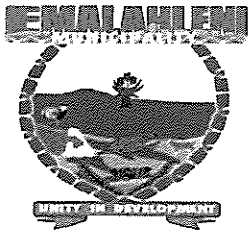


### **7.15 Insurance of Assets**

The municipal manager or heads of departments to whom the responsibility of the assets have been delegated shall ensure that all movable assets are insured at least against fire and theft, and that all municipal buildings are insured at least against fire and allied perils. The municipal manager and heads of department will annually revise council insurance portfolio to ensure that all assets are adequately insured. The services of an insurance broker would be required in terms of council's Supply Chain Management policy.

Any theft, loss or damage to an asset should immediately be reported to council's insurance brokers by the relevant head of department under whose responsibility the asset falls. A copy of the insurance claim submitted should be forwarded to the Chief Financial Officer who must record such claim in the insurance register. It is the responsibility of the relevant head of department to ensure that all documents / information for the completion of the claim is forwarded to council's insurance brokers and that copies thereof is forwarded to the Chief Financial Officer. The head of department should in writing request the replacement of the asset which can only be authorized, if sufficient provision for the replacement of the asset is on the capital budget, by the Municipal Manager after consultation with the Chief Financial Officer. If sufficient provision is not on the capital budget the asset can only be replaced if provision for the replacement is made on an Adjustments budget. In the case where an asset must be replaced as an emergency measure, the Mayor may authorize such expenditure, subject to compliance with Section 29 of the MFMA.

Third-party (insurance) pay-outs must be treated as revenue when the amount is certain and may not be offset against the cost of replacing the item. The carrying value of items lost, stolen or damaged beyond repair must be treated as impairment against



the relevant department or vote. The full cost of the replacement item must then be capitalised.

If the municipality operates a self-insurance reserve, the Chief Financial Officer shall annually determine the premiums payable by the departments or votes after having received a list of the assets and insurable values of all relevant assets from the heads of departments concerned.

The municipal manager shall recommend to the council of the municipality, after consulting with the Chief Financial Officer, the basis of the insurance to be applied to each type of fixed asset: either the carrying value or the replacement value of the fixed assets concerned. Such recommendation shall take due cognisance of the budgetary resources of the municipality.

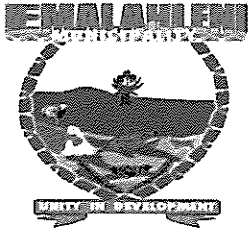
The Chief Financial Officer shall annually submit a report to the council of the municipality on any reinsurance cover which it is deemed necessary to procure for the municipality's self-insurance reserve.

#### **7.16 Impairment of Assets**

The accounting treatment relating to impairment losses is outlined in GRAP 17.

The carrying amount of an item or a group of identical items of property, plant and equipment should be reviewed periodically in order to assess whether or not the recoverable amount has declined below the carrying amount.

When such a decline has occurred, the carrying amount should be reduced to the recoverable amount. The amount of the reduction should be recognised as an expense immediately, unless it reverses a previous revaluation in which case it should be charged to the Revaluation Reserve.



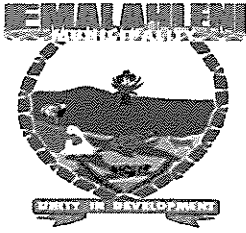
The recoverable amount of individual assets, or groups of identical assets, is determined separately and the carrying amount reduced to the recoverable amount on an individual asset, or group of identical assets, basis. However, there may be circumstances when it may not be possible to assess the recoverable amount of an asset on this basis, for example when all of the plant and equipment in a sewerage purification works is used for the same purpose. In such circumstances, the carrying amount of each of the related assets is reduced in proportion to the overall decline in recoverable amount of the smallest grouping of assets for which it is possible to make an assessment of the recoverable amount.

The following may be indicators that an asset is impaired:

- The asset has been damaged.
- The asset has become technologically obsolete.
- The asset remains idle for a considerable period either prior to it being put into use or during its useful life.
- Land is purchased at market value and is to be utilized for subsidized housing developments, where the subsidy is less than the purchase price.

The following steps will have to be performed regularly during the year to account for impairment losses:

- Departments will identify and inform the Chief Financial Officer of assets that:
  - Are in a state of damage at year end.
  - Are technologically obsolete at year end. .
  - Have remained idle for a considerable period either prior to them being put into use at year end or during their useful life.



- Are subject to impairment losses because the subsidies to be received in exchange for assets are less than the carrying amounts.
- The recoverable amounts of these assets need to be determined by calculating the net selling price per asset as defined above.
- The impairment loss per asset is the difference between the net selling price and the carrying value of the asset.
- The impairment loss needs to be accounted for by identifying the relevant funding source.

#### -ACQUISITION OF ASSETS

##### Pre-acquisition Planning

Before a capital project is included in the budget for approval, the Chief Financial Officer must demonstrate that he/she has considered the following:

- The projected cost over all the financial years until the project is operational.
- The future operational costs and revenue on the project, including the tax and tariff implications.
- The financial sustainability of the project over its life including revenue generation and subsidization requirements.
- The physical and financial stewardship of that asset through all stages of its life including acquisition, installation, maintenance, operations, disposal and rehabilitation.
- The inclusion of the capital project in the Integrated Development Plan and future budgets; and
- Alternatives to the capital purchase.





The heads of department are accountable to ensure that the Chief Financial Officer receives all reasonable assistance, guidance, and explanation to enable him to achieve his planning requirements.

#### Approval to Acquire Property, Plant and Equipment

Money can only be spent on a project if:

- The money has been appropriated in an approved budget.
- The project, including the total cost has been approved by the Council.
- The Chief Financial Officer confirms that funding is available for that specific project; and
- Any contract that will impose financial obligations beyond two years after the budget year is appropriately disclosed.

#### Funding of Capital Projects

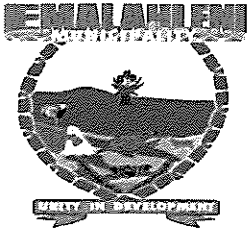
Within the Municipality's ongoing financial, legislative or administrative capacity, the Chief Financial Officer must establish and maintain the funding strategies that optimise the municipality's ability to achieve its strategic objectives as stated in the Integrated Development Plan. The acquisition of assets may not be funded over a period longer than the useful life of that asset.

#### -PURCHASE OR HIRE OF IMMOVABLE PROPERTY



The municipality may acquire by purchase, or by hire, immovable property within- or outside the municipal boundary provided it complies with the requirements of the MFMA and the Supply Chain Management policy and subject to the following:

- The cost of the purchase or hire had been budgeted for; and
- The intention to buy or hire the immovable property had been advertised for public comment.
- After consideration of any public comments/objections the Council will: -
  - In the case of the following paragraph complies with the requirements of that paragraph; and
  - In the case of all other immovable property, finally resolve to continue with the purchase or hire and apply the supply chain management processes
- The Council will not continue with the purchase or hire of any immovable property where:
  - The price is in excess of the market value thereof as assessed by an appraiser; or
  - The rental which, when calculated per annum in the case of:
    - Immovable property hired for agricultural purposes, exceeds six percent; and
    - Immovable property hired for any other purpose, exceed twelve percent of the market value of the property, as assessed by an appraiser.



The Council may accept a gift or conveyance of immovable property either for the municipality or in trust for charitable or other public purposes not connected with public worship and hold the same in such trust or for such purpose as may be declared by such donors and may administer, utilize and improve such property.

The trustees of any immovable property held in trust for any township village of settlement which has become a municipality or part of a municipality may transfer such property to the Council, subject to any special trusts in their deeds of title and upon conditions not at variance therewith.



## **2.DISPOSAL POLICY**

### **2.1 Application**

This policy applies to Municipal employees.

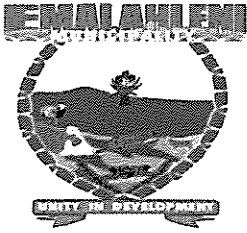
### **2.2 General principles**

2.2.1 A municipality may not transfer ownership as a result of a sale or other transaction, or otherwise permanently dispose of any capital asset needed to provide a minimum level of basic municipal services.

2.2.2 Municipality may transfer ownership or otherwise dispose of a capital asset, firstly in terms of the delegations contained in the asset management policy or after the council meeting has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal services; and has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset.

### **2.3 Planning for disposals**

2.3.1 Budget and Treasury department are responsible for the strategic planning for the disposal of assets that cause the municipality not to perform service delivery efficiently and effectively.



2.3.2 Planning for disposals shall be conducted by Budget and Treasury on an annual basis and revised on quarterly basis and shall be submitted to the council for approval.

2.3.3 The planning should involve a detailed assessment of assets Identified as surplus, redundant, or obsolete.

2.3.4 Surplus, obsolete, or redundant assets shall include the following:

- (a) Assets not required for the delivery of services, either currently, or over the longer planning period.
- (b) Assets that have become uneconomical to maintain or to operate.
- (c) Assets that is not suitable for service delivery.

## **2.4 Assessing disposals**

2.4.1 The BTO standing committee shall be responsible for assessing the disposals proposed by the Budget and Treasury Office of the Municipality.

2.4.2 The BTO standing committee shall also consider the following factors:

- (a) Whether there are net disposal benefits, either in financial or other forms.
- (b) Whether there are secondary service obligations associated with the asset which dictates its retention.
- (c) Whether a disposal can be carried out without adverse impacts on the physical environment

2.4.3 The disposals shall not be for a financial gain, but other opportunities and gains shall be taken into consideration, for examples:

- (a) When swapping one asset for another.
- (b) Construction of a facility for the municipality in return for the asset.

## **2.5 Method of disposal**

2.5.1 The disposal of Municipal assets shall take place on an equitable basis and all shall be given equal opportunity to purchase the asset, and the best possible return for the municipality shall be achieved in this regard.

2.5.2 The municipality shall document a clear stipulation of the basis on the decision taken to dispose of an asset.

2.5.3 The following methods of disposal shall be used:



**(a) Auction**

Benefits under auction shall be as follows:

- Process shall be straightforward and open to public scrutiny
- In some circumstances an auction may generate a higher price.
- Municipal officials and any other related parties to the municipality may not participate in an action.

**(b) Tender**

- This method of disposal shall be preferred where more control over the actual disposal of the asset is required or where the credentials of the purchaser need to be assessed in detail.
- This method shall be preferable if an objective of the disposal is to achieve black economic empowerment by the transfer of the asset.

**(c) Trade in - method**

**(d) Donation**

**2.6. Procedures to be followed when disposing an asset.**

2.6.1 When an asset of the Municipality is no longer in use, the following procedures shall be followed:

- (a) Asset(s) that are economical to maintain or operate must be identified.
- (b) The user department must write a Memo clearly motivate the reasons for the disposal of such asset(s) to budget and treasury office.
- (c) If the item is of a technical nature e.g. computer equipment, a request must be forwarded to IT Unit to check the status of the equipment and submit a report to Budget and Treasury Office.
- (d) Based on the reports and motivation submitted by the IT division a motivation shall then be submitted to the Budget and Treasury Office for recommendations.



### **3.IMPLEMENTATION OF THIS POLICY**

This policy shall be implemented once approved by Council. All future asset management must be done in accordance with this policy

This policy must be reviewed whenever it is a required in terms of operational- or legislative changes or because of audit requirements.



## APPENDIX A

### SCHEDULE OF EXPECTED USEFUL LIVES OF ASSETS

	<u>ASSET</u> <u>LIFE</u>		<u>ASSET</u> <u>LIFE</u>
<b>INFRASTRUCTRE ASSETS</b>			
<b>ELECTRICITY:</b>		<b>GAS:</b>	
Power stations	30	Meters	20
Cooling towers	30	Main supply	20
Transformer kiosks	30	Storage tanks	20
Meters	20	Supply and reticulation networks	20
Load control equipment	20		
Switchgear	20	<b>SEWERAGE:</b>	
Supply and reticulation networks	20	Sewer mains	20
Main supply	20	Outflow sewers	20
		Sewerage purification works	20
<b>ROADS:</b>		Sewerage pumps	15





Motorways	15	Sludge machines	15
Other roads	10		
Traffic islands	10	<b>PEDESTRAIN MALLS:</b>	
Traffic lights	20	Footways	20
Street lights	25	Kerbing	20
Overhead bridges	30	Paving	20
Storm water drains	20		
Bridges, subways and culverts	30		
Car parks	20	Taxiways	20
Bus terminals	20	Runways	20

## **WATER**

Meters	15
Mains	20
Rights	20
Supply and reticulation networks	20
Reservoirs and storage tanks	20

## **SECURITY**

Fencing	3
Security systems	5
Access control systems	5



## **COMMUNITY ASSETS**

### **RECREATIONAL FACILITIES**

Bowling greens

20

Tennis courts

20

Swimming pools

20

Golf courses

Jukskei pitches

20

Outdoor sport facilities

20

Organ

20

Lakes and dams

20

Fountains

20

Flood lights

20

## **COMMUNITY ASSETS**

### **BUILDINGS**

Ambulance stations

30

Aquariums

30

Beach developments

30

Care centres

30

Cemeteries

30

Civic theatres and  
community centres

30

Clinics and hospitals

30

Game reserves and rest  
camps

30

Stadiums and indoor  
sports

30

Museums and galleries

30



Parks and public conveniences	30
Recreational centres and zoo	30

#### SCHEDULE OF EXPECTED USEFUL LIVES OF ASSETS

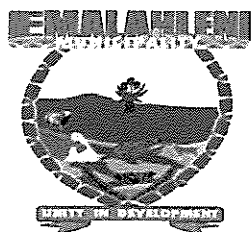
##### **OTHER ASSETS**

##### **OTHER ASSETS**

##### **BUILDINGS**

##### **EMERGENCY EQUIPMENT**

Abattoirs	30	Other firefighting equipment	15
Asphalt plant	30	Ambulances	5-10
Cable stations	30	Fire hoses	5
Caravan Parks	30	Emergency lights	5
Bioscope	30		
Compacting stations	30	<b>MOTOR VEHICLES</b>	
Hostels for public / tourists	30	Fire engines	20



Hostels for employees	30	Buses	15
Housing schemes	30	Motor vehicles	5-7
Kilns	30	Motorcycles	3
Laboratories	30	Trucks and light delivery vehicles	5-7
Markets	30		
Nurseries	30	<b>AIRCRAFT</b>	15
Office buildings	30		
Old age homes	30	<b>WATERCRAFT</b>	15
Quarries	30		
Tip sites	30	<b>PLANT AND EQUIPMENT</b>	
Training centres	30	Graders	10-15
Transport facilities	30	Tractors	10-15
Workshops and depots	30	Mechanical horses	10-15
		Farm equipment	5
		Lawn mowers	2



## OFFICE EQUIPMENT

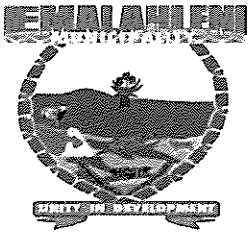
Computer hardware	5	Compressors	5
Computer software	3-5	Laboratory equipment	5
Office machines	3-5	Radio equipment	5
Air conditioners	5-7	Firearms	5
		Telecommunication equipment	5
		General	5

## FURNITURE AND FITTINGS

Chairs	7-10	Cable cars	15
Tables and desks	7-10	Irrigation systems	15
Cabinets and cupboards	7-10	Cremators	15
Sundry	7-10	Lathes	15
		Machining equipment	15
		Conveyors	15

## BINS AND CONTAINERS

Household refuse bins	5	Feeders	15
Bulk refuse containers	10	Tippers	15



**DATE ADOPTED**

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**DATE REVISED**

\_\_\_\_\_

**EFFECTIVE DATE**

\_\_\_\_\_