



Policy Title

DISPOSAL POLICY

Policy Version

Role & Process

MUNICIPAL MANAGER

Policy Custodian

Policy Author

LLF Consultation Date

HONOURABLE SPEAKER

Policy Approved

Policy Inception Date

Policy Maintenance

Review Cycle Period

Review Start Date

Review Completion Date

Legislative Completion Date

Policy Review "Triggers"

Comments

Responsible Individual

Name and/or Date

Ms. POB Makoma

CFO

BTO

May 2023

Cllr. N Mtyobile

31st March 2023

1st July 2023

As and when need arise

Annually

31st March 2023

31st May 2023

N/A

Trends

Responsibility Accepted

Signature



8.DISPOSAL POLICY

8.1 Application

This policy applies to Municipal employees.

8.2 General principles

4.1 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.

4.2 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.

8.3 Planning for disposals

4.1 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.



4.2 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.

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

4.4 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.

8.4 Assessing disposals

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

5.2 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

5.3 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.

8.5 Method of disposal

6.1 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.

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

6.3 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

8.6. Procedures to be followed when disposing an asset.

8.6.1 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.

9.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>
INFRASTRUCTRE ASSETS			
ELECTRICITY:		GAS:	
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	SEWERAGE:	
Supply and reticulation networks	20	Sewer mains	20
Main supply	20	Outflow sewers	20
		Sewerage purification works	20
ROADS:		Sewerage pumps	15



Motorways	15	Sludge machines	15
Other roads	10		
Traffic islands	10	PEDESTRAIN MALLS:	
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
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Recreational centres and zoo	30
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SCHEDULE OF EXPECTED USEFUL LIVES OF ASSETS

OTHER ASSETS

OTHER ASSETS

BUILDINGS

EMERGENCY EQUIPMENT

Abattoirs	30	Other firefighting equipment	15
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Asphalt plant	30	Ambulances	5-10
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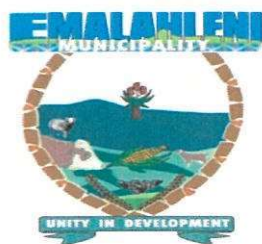
Cable stations	30	Fire hoses	5
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Caravan Parks	30	Emergency lights	5
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Bioscope	30		
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Compacting stations	30	MOTOR VEHICLES	
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Hostels for public / tourists	30	Fire engines	20
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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	AIRCRAFT	15
Office buildings	30		
Old age homes	30	WATERCRAFT	15
Quarries	30		
Tip sites	30	PLANT AND EQUIPMENT	
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