



EMFULENI
LOCAL MUNICIPALITY

Vaal River City, the Cradle of Human Rights

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Vaal River City, the Cradle of Human Rights

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APPROVAL OF POLICY

Please note that the implementation of the policy contained in this document is subject to approval and signing off by all relevant Heads, Committees and Council. The CFO is responsible for the submission of the Policy to Council to consider its adoption after consultation with the Municipal Manager (MM). Council shall indicate the effective date for implementation of the policy.

CONTENTS

1	Purpose	1
2	Scope	1
3	Definitions.....	1
3.1	Abbreviations	1
3.2	Definitions And Rules.....	2
3.3	Overview	2
3.4	Recognition.....	2
3.5	Classification of Assets.....	4
3.6	Identification of Assets	5
3.7	Asset Register	6
3.8	Measurement at Recognition	6
3.9	Measurement after Recognition.....	10
3.10	Depreciation	11
3.11	Impairment	13
3.12	De-Recognition	16
3.13	Insurance	18
3.14	Safeguarding.....	19
3.15	Life-Cycle Management of Immovable PPE Assets	20
4	Principles.....	21
4.1	Overview	21
4.2	Constitutional And Legal Framework.....	21
4.3	Accounting Standards.....	22
4.4	Management Of Infrastructure And Community Assets.....	22
4.5	Relationship With Other Policies	23
4.6	References.....	23
5	Policy Provisions.....	24
5.1	Policy For Fixed Asset Accounting	24
5.1.1	Recognition	24

5.1.2	Classification of Assets	24
5.1.3	Identification of Assets.....	24
5.1.4	Asset Register	25
5.1.5	Measurement at Recognition.....	25
5.1.6	Measurement after Recognition	25
5.1.7	Depreciation.....	25
5.1.8	Impairment	26
5.1.9	De-Recognition.....	26
5.1.10	Insurance	26
5.2	Policy for Safeguarding	26
5.3	Policy for Life-Cycle Management of Immovable PPE Assets	27
6	Procedures	29
6.1	Top Management Responsibilities.....	29
6.1.1	Municipal Manager	29
6.1.2	Chief Financial Officer	29
6.1.3	Executive directors & Chief Directors.....	30
6.2	Implementation Responsibilities	30
1.	Overview.....	30
6.2.1	Recognition	30
6.2.2	Classification of Assets	30
6.2.3	Identification of Assets.....	30
6.2.4	Asset Register	30
6.2.5	Measurement at Recognition.....	31
6.2.6	Measurement after Recognition	31
6.2.7	Depreciation.....	31
6.2.8	Impairment	31
6.2.9	De-Recognition.....	31
6.2.10	Insurance	32
6.2.11	Safeguarding	32

6.2.12	Life-Cycle Management of Immovable PPE Assets.....	33
6.3	Policy Amendment	33
6.4	Detailed Procedures	33
7	Delegations	34
	Annexure A: Asset Hierarchy for Immovable Assets	35
	Annexure B: Asset Hierarchy For Movable Assets	39
	Movable PPE.....	39
	Movable intangible assets	40
	Annexure C: Expected Useful Lives And Residual Values Of Immovable Assets.....	41
	Annexure D: Expected Useful Lives And Residual Values Of Moveable Assets	44

1 PURPOSE

This document indicates the policy of Emfuleni Local Municipality (ELM) for the management of its movable and immovable assets. The policy commits the municipality to establishing and maintaining an asset register that complies with the latest accounting standards and managing the assets in a way that is aligned with the municipality's strategic objectives and recognised good practice. Detailed procedures for immovable asset management are provided in a separate document.

2 SCOPE

This policy applies to all movable (financed leased vehicles, computer equipment, furniture and office equipment, machinery and equipment and transport assets) and immovable assets (infrastructure, community facilities, building property, heritage assets, investment property and associated land and intangible assets) under the control of the municipality.

3 DEFINITIONS

3.1 ABBREVIATIONS

AM	Asset Management
AMS	Asset Management System
CFO	Chief Financial Officer
CMIP	Comprehensive Municipal Infrastructure Plan
COGTA	Department of Co-operative Governance and Traditional Affairs
MM	Municipal Manager
ED	Executive Director
CD	Chief Director
DRC	Depreciated Replacement Cost
ELM	Emfuleni Local Municipality
EPWP	Expanded Public Works Program
EUL	Estimated Useful Life
GIAMA	Government-wide Immoveable Asset Management Act
GIS	Geographical Information System
GRAP	Generally Recognised Accounting Practice
IAM	Infrastructure Asset Management

IAMP	Infrastructure Asset Management Plan
IAS	International Accounting Standards
IDP	Integrated Development Plan

3.2 DEFINITIONS AND RULES

3.3 OVERVIEW

The following sections indicate the definitions and interpretation of terms, which apply to the respective policy provisions for ELM.

3.4 RECOGNITION

Asset	An asset is defined as a resource controlled by the municipality as a result of past events and from which future economic benefits or service potential associated with the item will flow to the municipality.
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.
PPE (GRAP17)	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.
Immovable PPE	Immoveable assets are fixed structures such as buildings, land and infrastructure. 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 immoveable asset (though it may be temporarily removed for repair).
Movable PPE	Movable assets are the stock of equipment owned or leased by the municipality such as office equipment, vehicles and mobile plant.
Investment property (GRAP16)	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). An example of investment property is 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 recognized as investment property until such time as the use of the land has been determined.
Intangible assets (GRAP1)	Intangible assets are defined as identifiable non-monetary assets, without physical substance. Examples are licenses/ rights, (such as water licenses), servitudes and software.
Capital Spares	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. However, major spares that are available for use and constitute an entire or

	significant portion of a component type, or a specific component, defined in the immovable PPE asset hierarchy are considered major spare parts and are recognised as an item of PPE if they are expected to be used for more than one period or they can only be used in connection with an item of PPE.
Major inspections	A condition of continuing to operate an item of PPE 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 recognized in the carrying amount of the item of PPE 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 derecognised. 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.
Items used irregularly	Tangible items that are used in the production or supply of goods or services on an irregular basis (such as standby equipment) are recognized as items of PPE.
Useful Life	Useful life is defined as the period over which an asset is expected to be available for use by the municipality, or the number of production or similar units expected to be obtained from the asset by the municipality.
Control	An item is not recognized as an asset unless the municipality has the capacity to control the service potential or future economic benefit of the asset, or 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 is good indicators of control but are not absolute.
Past transactions or events	Assets are only recognized from the point when some event or transaction transferred control to the municipality.
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 judgment. The Municipal Manager shall exercise such judgment on behalf of the municipality, in consultation with the CFO and respective ED or CD.
Economic benefits	Economic benefits are derived from assets that generate net cash inflows.
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.
Leased assets (GRAP13)	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 assets 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).
Asset custodian (MFMAsection78)	The department that controls an asset, as well as the individual (asset custodian) that is responsible for the operations associated with such asset in the department, is identified by the respective DMM, recorded, and communicated on recognition of the asset.

Reliable measurement	Items are recognised if they possess a cost or fair value that can be reliably measured in terms of this policy.
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3.5 CLASSIFICATION OF ASSETS

Asset categories	<p>The accounting categories of assets are as follows:</p> <ol style="list-style-type: none"> 1. Property, plant and equipment (GRAP17) (which is broken down into groups of assets of a similar nature or function in the municipality's operations, that is shown as a single class for the purposes of disclosure in the financial statements); 2. Intangible assets (GRAP31); 3. Heritage assets (GRAP103); and 4. Investment property (GRAP16).
Class of PPE	A class of PPE is defined as a group of assets of a similar nature or function in the municipality's operations. The total balance of each class of assets is disclosed in the notes to the financial statements.
PPE Asset Hierarchy	An asset hierarchy is adopted for PPE which enables separate accounting of parts (or 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 recognizes the functional relationship of assets and components.
PPE: Infrastructure	Infrastructure assets are immovable assets which are part of a network of similar assets that jointly provide service potential.
PPE: Community Property	Community property assets are immovable assets contributing to the general well-being of the community, such as community halls and recreation facilities.
Heritage assets	Heritage assets are ones that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations. 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 asset will 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 GRAP 17 on PPE.
PPE: Building Property	PPE building property assets are buildings that are used for municipal operations such as administration buildings and rental stock or housing not held for capital gain.
PPE: Other Assets	Movable assets are by nature standalone 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.
Intangible assets	Intangible assets are defined as identifiable non-monetary assets without physical substance. Examples are licenses/rights, (such as water licenses), servitudes, and software.

	<p>An asset meets the criterion of being identifiable in the definition of an intangible asset when it:</p> <p>a) 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</p> <p>b) 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.</p>
Servitudes	<p>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.</p> <p>Servitudes that are created through acquisition (including by way of expropriation or agreement) can be recognised as an intangible asset at cost. The municipality may include the servitude in the cost of the PPE if it is essential to the construction or operation of the asset (such as in the case of pipes).</p>
Investment property	<p>Investment property is defined as property (land and/or a building, or apart thereof) held (by the owner or the lessee under a finance lease) to earn rentals or for 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). An example of investment property is 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.</p> <p>A property is only classified as investment property if the main purpose and most significant use of the property is to earn rental or for capital appreciation. For example, when a municipality owns a building, mainly used for the delivery of social housing but rents out a floor of the building to shops, banks and other external parties, the building should be accounted for as property, plant and equipment as its main purpose and most significant use is the provision of social services. This should be the case irrespective of whether the rental earned from the one floor of the building is significant in relation to the rental earned from the remainder of the building.</p>

3.6 IDENTIFICATION OF ASSETS

Immovable asset coding	An asset coding system is the means by which the municipality is able to uniquely identify each immovable asset (at the lowest level in the adopted asset hierarchy) in order to ensure that it can be accounted for on an individual basis. This will be a unique number allocated to an asset in the asset register. Fixed assets are not marked due to the nature of the asset.
Barcoding system	A barcoding system will be used for movable assets as the means by which the municipality is able to uniquely identify each movable asset in order to ensure that it can be accounted for on an individual basis, this will also assist with the verification process of movable assets.
Verification	A review to confirm the existence and availability for use of assets, recognizing the uncertainty of consumption of useful life due to different operational environments – with a particular focus on assets that are: 1) expected to be close to the end of their life (to check if

	this is indeed the case); 2) new or renewed assets to confirm effective commissioning, and 3) assets of short life as they can be expected to deteriorate at a more rapid pace.
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3.7 ASSET REGISTER

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.
Updating data in the asset register	The fixed asset register is updated by an Asset Controller only when authorised and instructed to. The Asset Controller is precluded from being a custodian of any asset.
Procurement of Assets	<p>All assets acquired must be in terms of the capital budget and assets must be procured in such a way that:</p> <ul style="list-style-type: none"> • a proper need for the asset was identified; • 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. <p>Authorisation for procurement should be as per the Municipality's delegation of authority and payment for assets should be in accordance with the financial policies and regulations of the Council.</p>

3.8 MEASUREMENT AT RECOGNITION

Measurement at recognition of PPE	An item of PPE 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 PPE, such as recognizing of PPE for which there are no records or records cannot be linked to specific assets, its cost is deemed to be its fair value. Assets established through RBIG and INEP grants assets will be recognised at cost only when the municipality has control. If reliable cost data is not available, fair value will be used.
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 an on-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.
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.
Measurement at recognition of Heritage Assets	<p>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.</p> <p>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</p>

	<p>be reliably measured, relevant and useful information about it shall be disclosed in the notes to the financial statements as follows:</p> <ul style="list-style-type: none"> • 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.
Fair value	<p>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 qualification and has appropriate knowledge and experience in valuation of the respective assets. A professionally registered Civil Engineer is considered to have the relevant professional qualification in order to determine the CRC and DRC of specialised buildings and infrastructure.</p>
Cost of an item of PPE	<p>The capitalisation value comprises of:</p> <ul style="list-style-type: none"> • the purchase price including import duties and non-refundable purchase taxes after deducting trade discount and rebates and • 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, plus • an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. <p>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>
Costs associated with Heritage Assets	<p>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.</p> <p>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:</p> <ul style="list-style-type: none"> • 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.
Directly attributable costs	<p>Directly attributable costs are defined as:</p> <ul style="list-style-type: none"> • cost of employee benefits arising directly from the construction or acquisition of the item. • costs of site preparation; • initial delivery and handling; • installation and assembly costs;

	<ul style="list-style-type: none"> • 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).
Changes in the existing decommissioning or restoration cost included in the cost of an item	<p>Most PPE are considered assets in perpetuity in that they will generally be renewed or replaced at the end of their useful life. In the event that there is a statutory (and material) obligation to decommission or restore an asset at the end of its useful life (such as at a landfill site), provision has to be made for such costs. 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:</p> <p>1. If the cost model is used -</p> <ul style="list-style-type: none"> • 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. <p>2. If the revaluation model is used -</p> <ul style="list-style-type: none"> • 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 re-valued in order 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 taken into account 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 in the face of the statement of changes in net assets.
Exchanged PPE 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.
Finance leases	<p>A finance lease is recognized by the municipality (the lessee) at the commencement of a lease term 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.</p> <p>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</p>

	<p>lessee's incremental borrowing rate shall be used. Any initial direct cost of the lessee is added to the amount recognized as an asset.</p>
Depreciated Replacement Cost	<p>The Depreciated Replacement Cost (DRC) approach requires information on the expected useful life (EUL), residual value (RV), Current Replacement Cost (CRC), and remaining useful life (RUL) of each of the asset components. The CRC is the product of a unit rate and the extent of the component and represents the cost of replacing the asset, and in cases where the existing asset is obsolete, the replacement with a modern equivalent. The depreciable portion of an asset is determined by subtracting the residual value from the CRC. The Depreciated Replacement Cost (DRC) is established by proportionately reducing the depreciable portion based on the fraction of the remaining useful life over the expected useful life.</p> <p>Accordingly, the following formula is used:</p> $DRC = ((CRC - RV) \times RUL / EUL) + RV$ <p>"Brown-field" replacement costs are determined recognizing material differences in cost to "greenfield". Capital unit costs vary from site to site and provision is made for site specific influencing factors (e.g. topography). Capital unit costs are also influenced by macro-economic driving forces such as "supply-and-demand", economy of scale, financial markets and availability of contractors, and the impact of these factors are reflected in the capital unit rates where applicable. Adjustments of rates for escalation to the valuation date are applied.</p> <p>The expected useful life and residual values are estimates informed by industry norms and actual asset performance in the area of the municipality. The remaining useful life is informed by the expected useful life, the age of the component since becoming available for use, its condition, and any committed plans for upgrading or de-commissioning.</p>
Self-constructed PPE	<p>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</p> <p>And each component that is part of this asset should be depreciated over its estimated useful life for that category of asset.</p> <p>Proper records should be kept such that all costs associated with the establishment 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 aggregated and capitalised in the asset register.</p>
Construction of future investment property	<p>If property is developed for future use as an investment property, such property shall in every respect be accounted for as investment property.</p>
Borrowing costs	<p>Borrowing costs are interest and other costs incurred by the municipality from borrowed funds. The items that are classified as borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of finance leases and service concession arrangements and exchange differences arising from foreign currency borrowings, to the extent that they are regarded as an adjustment to interest costs.</p> <p>There are two treatments of borrowing costs allowed under GRAP5:</p> <p>Benchmark treatment - recognise all borrowing costs as an expense in the period in which they are incurred; or</p> <p>Allowed alternative treatment – recognize borrowing costs as an expense in the period in which they are incurred, except to the extent that they are capitalised. Borrowing costs may</p>

	<p>be capitalised if they are directly attributable to the acquisition, construction, or production of a qualifying asset as part of the cost of that asset.</p> <p>Where an entity adopts the allowed alternative treatment, that treatment shall be applied consistently to all borrowing costs that are directly attributable to the acquisition, construction, or production of all qualifying assets of the entity.</p> <p>Where the allowed alternative treatment is applied, the following borrowing costs are eligible for capitalisation:</p> <ul style="list-style-type: none"> • To the extent that the municipality borrows funds specifically for the purpose of obtaining a qualifying asset, the municipality shall determine the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period, less any investment income on the temporary investment of those borrowings. • To the extent that the municipality borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the municipality shall determine the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate shall be the weighted average of the borrowing costs applicable to the borrowings of the municipality that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs that a municipality capitalizes during a period shall not exceed the amount of borrowing costs it incurred during that period.
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.

3.9 MEASUREMENT AFTER RECOGNITION

Options	<p>Accounting standards allow measurement after recognition of assets as follows:</p> <ul style="list-style-type: none"> • PPE, Heritage Assets and Intangible Assets: on either a cost or revaluation model; and • Investment Property: either Cost Model or the Fair Value model. • Different models can be applied, providing the treatment is consistent per asset class.
Cost Model	When the Cost Model is adopted, a fixed asset is carried after recognition at its cost less any accumulated depreciation and any accumulated impairment losses.
Revaluation Model	<p>When the Revaluation Model is adopted an asset is carried after recognition at a re-valued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. When revaluations are conducted, the entire class of assets should be re-valued.</p> <p>If the carrying amount of an asset is increased as a result of a revaluation, the increase shall be credited directly to a revaluation surplus. However, the increase shall be recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.</p>

	<p>If the carrying amount of an asset is decreased as a result of a revaluation, the decrease shall be recognised in surplus or deficit. However, the decrease shall be debited directly in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised directly in net assets reduces the amount accumulated in net assets under the heading revaluation surplus.</p> <p>When an asset is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:</p> <ul style="list-style-type: none"> • Restated proportionately with the change in the gross carrying amount of the asset after revaluation equals its revalued amount. This method is often used when an asset is revalued by means of applying an index to its depreciated replacement cost. • Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset. <p>The Revaluation Surplus is transferred to the Accumulated Surpluses/ (Deficits) Account on de-recognition of an asset. An amount equal to the difference between the new (enhanced) depreciation expense and the depreciation expenses determined in respect of such asset before the revaluation in question may be transferred from the Revaluation Reserve to the municipality's Accumulated Surplus/Deficit Account. An adjustment of the aggregate transfer is made at the end of each financial year.</p>
Investment Property	When the fair value model is adopted, all investment property should be measured at its fair value except when the fair value cannot be determined reliably on a continuing basis. The gain or loss from the change in fair value of investment property shall be included in the surplus or deficit for the period in which it arises. The fair value of the investment property shall reflect market conditions at the reporting date. Investment property shall be valued on an annual basis. All fair value adjustments shall be included in the surplus or deficit for the financial year.
Major Inspections	Major Inspections will be measured at the value of the inspection.
Expenses to be capitalised	Expenses incurred in the enhancement of PPE (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 PPE 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 PPE 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.
Spares	The municipality shall amend the location of capital spares once they are placed in service, and re-classified to the applicable PPE asset category description.

3.10 DEPRECIATION

Depreciation	<p>Depreciation is the systematic allocation of the depreciable amount of an asset over its remaining useful life. The amortization of intangible assets is identical.</p> <p>Land is considered to have unlimited life; therefore, it is not depreciated. Heritage assets and investment property is also not depreciated.</p>
Depreciable amount	The depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

Residual value	<p>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.</p> <p>The residual values of assets are indicated in Annexures C and D in the form of a percentage. 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 modern equivalent replacement value.</p>
Expected useful lives and estimated useful lives	<p>Expected Useful Life (EUL) - the life expected from new to end of use (based on expert judgment or scientific data analysis) - taking into consideration asset/component type, informed by the general operating environment and industry norms for design, construction and maintenance which is</p> <ul style="list-style-type: none"> • the period over which an asset is expected to be available for use by an entity, or • the number or production of similar units expected to be obtained from the asset by an entity. <p>Estimated Useful Life - the total life to date (age) plus the assessed Remaining Useful Life (RUL)</p>
Depreciation method	<p>Depreciation of PPE is applied at the component level. A range of depreciation methods exist and can be selected to model the consumption of service potential or economic benefit (for example the straight-line method, fixed percentage on reducing balance method, sum of the year digits method, production unit method). The approach used should reflect the consumption of future economic benefits</p> <p>Or service potential, and should be reviewed annually where there has been a change in the pattern of consumption.</p>
Remaining Useful Life	<p>The remaining useful life of a depreciable PPE asset is the time remaining until a cease to provide the required standard of performance or economic usefulness.</p> <p>The remaining useful life of all depreciable immovable PPE 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 C. These figures have been established using available information on industry norms, experience of local influencing factors (such as climate, geotechnical conditions, and operating conditions), the life-cycle strategy of the municipality, potential technical obsolescence, and any legal limits on the use of the immovable assets. The remaining useful life of all depreciable movable PPE 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 D.</p>
Annual review of Remaining Useful Life	<p>The remaining useful lives of depreciable PPE 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 the impairment 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.</p>
Depreciation charge	<p>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 and ceases when it is de-recognised.</p> <p>Depreciation is initially calculated from the day when an item of PPE is acquired or—in the case of construction works and plant and machinery—the day in which the PPE is available for use, until the end of the calendar month concerned. Thereafter, depreciation charges are calculated monthly.</p>

Carrying amount	The carrying amount is the cost price/fair value amount after deducting any accumulated depreciation and accumulated impairment losses.
Capital spares	The depreciation of capital spares commences immediately when they are available and, in the location, and condition necessary for it to be capable of operating in the manner intended by management. The depreciation continues once they are placed in service, or subsequently removed from service.
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.

3.11 IMPAIRMENT

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.
Indications of impairment	<p>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, the municipality shall consider as a minimum the following indicators:</p> <p>i. External sources of information:</p> <ul style="list-style-type: none"> ▪ 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 municipality ▪ is more than its market capitalisation; or ▪ 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. ▪ 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. <p>ii. Internal sources of information:</p> <ul style="list-style-type: none"> ▪ evidence of physical damage; ▪ evidence of obsolescence; ▪ significant changes with an adverse effect on the municipality 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 than originally budgeted;

	<ul style="list-style-type: none"> ▪ 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. <p>iii. Other indications, such as loss of market value.</p>
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.
Intangible assets	The municipality must test all intangible assets 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.
Investment Property on the fair value model	Investment property that is measured at fair value is specifically excluded from the scope of GRAP 21 and GRAP 26 (impairment standards). Any impairment would be reflected in the annual review of fair value.
Significance	The municipality must only record impairments that are significant. 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 also consider adjustment of the remaining useful life, residual value, and method of depreciation.
Impairment loss	<p>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.</p> <p>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.</p>
Non-cash-generating units	<p>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 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 are 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 the municipality 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:</p> <ul style="list-style-type: none"> • 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

	<p>demand, the Optimised Depreciated Replacement Cost (ODRC) approach may be used);</p> <ul style="list-style-type: none"> • 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 <p>(determined as indicated above) exceeds the carrying value, the asset is not impaired – this will normally be the case unless there has been a significant event as indicated above.</p>
Cash-generating units	<p>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 municipality. Holding an asset to generate a “commercial return” indicates that the municipality 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.</p> <p>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 particular 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 particular 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. Judgment is needed in these circumstances.</p>
Recognition of impairment	<p>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.</p> <p>When no future economic benefit is likely to flow from an asset, it is derecognised 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”.</p> <p>In the event of compensation received for damages to an item of PPE, 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.</p>
Reversing an impairment loss	<p>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</p>

	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.
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3.12 DE - RECOGNITION

Disposal	<p>“Disposal” in relation to a capital asset, includes -</p> <ul style="list-style-type: none"> • the demolition, dismantling or destruction of the capital asset; or • any other process applied to a capital asset which results in loss of ownership of the capital asset otherwise than by way of transfer of ownership;
Exempt assets	Capital assets transferred to another municipality or to a municipal entity or to a national or provincial organ of state in circumstances and in respect of categories of assets approved by the National Treasury, provided that such transfers are in accordance with a prescribed framework in terms of the Municipal Asset Transfer Regulations.
Non-exempt assets	Assets other than exempt assets.
De-recognition	<p>Assets are derecognized 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 derecognized until the obligations under the potential liabilities have been settled.</p> <p>The carrying amount of the asset and the net disposal proceeds (or cost of de-commissioning and/or disposal of the asset) shall be included in the surpluses or (deficits) for the year when the item is derecognised.</p> <p>PPE that is associated with the provision of basic services cannot be disposed without the approval of Council.</p> <p>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:</p> <ul style="list-style-type: none"> • 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. <p>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</p>

	<p>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.</p> <p>Council may delegate the following powers and responsibilities to the MM:</p> <ul style="list-style-type: none">• The decision as to whether the non-exempt capital asset is needed to provide a basic service;• The power to approve in-principle that the non-exempt capital asset may be transferred or disposed of; and• The authority to approve in-principle of the granting of a right to use a capital asset. This delegation does not extend however, to cover long-term high-value transactions. <p>Disposal of assets should be at fair value. If payment for the item is deferred, the consideration received is recognised initially at the cash price equivalent (the total proceeds discounted to the present value as at the transaction date). The difference between the nominal amount of the consideration and the cash price equivalent is recognised as interest revenue.</p>
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3.13 INSURANCE

Insurance	<p>Insurance provides selected coverage for the accidental loss of asset value. Generally, government infrastructure is not insured against disasters because relief is provided from the Disaster Fund through National Treasury. The municipality can however elect to insure certain infrastructure risks, though approval must be obtained from the Council. The CFO must conduct a risk assessment of all assets and after considering the risks involved, report to Council, which assets must be insured. The risk assessment must be based on a loss probability analysis and if there is no capacity within the municipality to conduct the analysis, the CFO should be authorised to obtain external professional assistance.</p> <p>The municipality may elect to operate a self-insurance reserve, in which case the CFO shall annually determine the premiums payable by the departments or votes after having received a list of assets and insurable values of all relevant assets from the DMMs concerned.</p> <p>Assets must be insured internally or externally and coverage must be based on the loss probability analysis. All insurance claims must be assessed by an official, charged with the responsibility for the insurance of assets, to determine whether the damage to the assets can be recovered from possible third parties involved.</p> <p>If the damage was caused by an identifiable third party the CFO should compile a report advising the Municipal Manager of the facts thereof and any possible further action.</p>
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3.14 SAFEGUARDING

Safeguarding	<p>The municipality is responsible for applying controls and safeguards to ensure that assets are protected against improper use, loss, theft, malicious damage or accidental damage.</p> <p>The existence of immovable assets must be physically verified from time- to-time, and measures adopted to control their use, as follows:</p> <ul style="list-style-type: none"> • All above ground assets should be verified for existence and any changes in condition at least once a year. These inspections should be formally recorded and signed off and, where possible, shall be worked into the routine maintenance inspections. These inspections may be prioritised on a risk basis to give emphasis to assets approaching the end of their useful life and assets with a high value in relation to total assets (the threshold for high value will be determined by the CFO), whereas a sample basis may be adopted for long life or multiple assets of a similar nature; • Performance data shall be reviewed for buried assets to identify possible changes in condition; and • A detailed road condition survey shall be conducted every 5 years. <p>Every DMM shall at least once during every financial year undertake a comprehensive verification of all movable PPE controlled by or used by the department concerned. Every DMM shall promptly and fully report in writing to the CFO, in the format determined by the CFO, all relevant results of such verification. This report in respect of the annual physical verification of movable assets shall: -</p> <ul style="list-style-type: none"> • Confirm the location of the asset; • Confirm the physical description of the asset; • Confirm the level of utilisation of the asset; • Indicate the assessment of the condition of the asset (Condition Grade); • Indicate the expected useful life of the asset (RUL); and • The existence or absence of any physical impairment of the asset. <p>The municipality may allocate day-to-day duties relating to such control, verification and safekeeping to asset custodians, and record such in the asset register.</p>
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3.15 LIFE-CYCLE MANAGEMENT OF IMMOVABLE PPE ASSETS

Service delivery	Immovable PPE 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.
Asset management	<p>The goal of asset management of immovable PPE is to meet a required level of service, in the most cost-effective manner, through the management of assets for present and future customers.</p> <p>The core principles are:</p> <ul style="list-style-type: none"> • 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 PPE asset management practices.

4 PRINCIPLES

4.1 OVERVIEW

The principles adopted in the preparation of this policy to achieve the stated purpose are:

- compliance with the prevailing constitutional and legal framework;
- compliance with the prevailing accounting standards; and
- effective strategic management of infrastructure assets in line with recognised good practice.

4.2 CONSTITUTIONAL AND LEGAL FRAMEWORK

The South African Constitution requires municipalities to strive, within their financial and administrative capacity, to achieve the following objects:

- 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.

The manner in which a municipality manages its Property, Plant and Equipment (PPE) is central to meeting the above challenges. Accordingly, the Municipal Systems Act (MSA) 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 utilize and maintain their assets in an effective, efficient, economical and transparent manner. The MFMA specifically places responsibility for the management of municipal infrastructure assets with the Municipal Manager.

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 PPE safe.

4.3 ACCOUNTING STANDARDS

The MFMA requires municipalities to comply with the Standards of Generally Recognised Accounting Practice (GRAP), in line with international practice.

As a high capacity municipality, ELM was required to convert to applicable standards of GRAP on 1 July 08. 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 Directive 7 (Application of Deemed Cost) issued in December 2009, allows the municipalities to use deemed cost, where the acquisition cost of an asset is not available on the adoption of the Standards of GRAP or on transfer date. The other applicable standards of GRAP are noted in section 4.6.

4.4 MANAGEMENT OF INFRASTRUCTURE AND COMMUNITY ASSETS

Effective management of infrastructure and community assets 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. Councillors and officials are custodians on behalf of the public of infrastructure assets, the replacement value of which amounts to several hundred million Rand.

- Key themes of the latest generation of national legislation introduced relating to municipal infrastructure management include:
- long-term sustainability and risk management;
- service delivery efficiency and improvement;
- performance monitoring and accountability;
- community interaction and transparent processes;
- priority development of minimum basic services for all; and
- the provision of financial support from central government in addressing the needs of the poor.

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.

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, including infrastructure, community services, financial planning, and corporate services.

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 potable water, 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 infrastructures. 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).

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

Recognised good practice in the management of infrastructure assets from across the globe has been increasingly documented over the past 10 to 15 years. In 2000, the World Bank cited practice in Australasia as representative of best practice and this has been captured in the International Infrastructure Management Manual (IIMM), and regularly updated with case studies

from across the globe, including South Africa. In 2008 the British Standards Institute issued PAS 55 (a publicly available specification on asset management).

The International Standards Organisation (ISO) drew on these documents to establish an international standard for infrastructure asset management (ISO 55000 series) that was published in January 2014. These ISO's were adopted in South Africa as SANS 55000 and SANS 55001 in terms of the Standards Act. Progressive entities are expected to pursue a road to compliance with the proposed ISO as a benchmark for practice.

4.5 RELATIONSHIP WITH OTHER POLICIES

This policy, once effective, will replace the pre-existing Asset Management Policy.

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

- Delegation of Powers;
- Supply Chain Management Policy;
- Inventory Management Policy
- Credit Control and Debt Collection Policy;
- Accounting Policy;
- Insurance Policy;
- Property Rates Policy;
- Enterprise Risk Management Policy;
- Disaster Management Policy; and
- Investment and Borrowing of Funds Policy.

4.6 REFERENCES

The following references were observed in compiling this document and shall inform the preparation of detailed procedures (separate document):

- Asset Management Framework, National Treasury, 2004
- Guidelines for Infrastructure Asset Management in Local Government, Department of Provincial and Local Government, 2006
- Municipal Finance Management Act, 2003
- Disaster Management Act, 2002
- Municipal Systems Act, 2000
- Municipal Structures Act, 1998
- MFMA Circular 18 & 44
- Local Government Capital Asset Management Guidelines, National Treasury, 2008
- Government Gazettes (30013 & 31021)
- Generally, Recognised Accounting Practice as issued by the Accounting Standards Board (1-14, 16, 17, 19, 21, 23-27 and 100-104).
- Interpretations of the standards of GRAP issued by the Accounting Standards Board (ASB) (IGRAP 1- 17)
- Municipal transfer and disposal regulations, Government Gazette no.31346
- Government Gazette, 30 May 2005, No. 27636 on disposal
- Directives issued by the Accounting Standards Board (ASB)
- Accounting guideline issued by National Treasury relating to intangible assets
- SANS 55001 – Requirements for an Asset Management System

5 POLICY PROVISIONS

5.1 POLICY FOR FIXED ASSET ACCOUNTING

51 RECOGNITION

The municipality has recognised all movable and immovable assets under the control of the municipality, and the development of new, upgraded and renewed assets shall be capitalised in compliance with prevailing accounting standards on an on-going basis.

52 CLASSIFICATION OF ASSETS

- The asset categories, sub-categories and groups as indicated in Annexures A and B shall be used at the highest level of the classification structure for immovable and movable assets respectively.
- Asset hierarchies shall be adopted for each of the PPE asset groups, separately identifying items of PPE at component level that are significant from a financial perspective (material effect on depreciation) or strategic perspective (for risk management or asset replacement strategies / or separate significant components), and conversely, where applicable, grouping items that are relatively insignificant. Land associated with Infrastructure and Buildings shall be included under the “Land” classification. Investment Property and Intangible Assets are shall be required to be componentised.
- PPE shall be disclosed in the financial statements at the category level.

53 IDENTIFICATION OF ASSETS

- A coding system shall be adopted and applied that will enable each immovable asset (with PPE 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. The STANDARD CHART OF ACCOUNTS (MSCOA)-MSCOA comprises the coding of items used for classification, budgeting, recording and reporting of receipts and payments within the financial system. It serves to facilitate and systematise the recording of all transactions and is directly linked to the Economic Reporting Format (ERF). The coding structure comprises eight segments. A selection must be made from each of these segments when a transaction is recorded in the financial system; i.e. all segments must be used for recording any given transaction.

- MSCOA SYSTEM OF SEGMENTATION

SEGMENT	MAIN PURPOSE	CONSIDERATIONS TO ESTABLISH APPROPRIATE CLASSIFICATION CODE IN THE SEGMENTS
<i>Infrastructure segment</i>	To identify whether or not a spending item relates to infrastructure and to show the type of infrastructure it relates to	Does the transaction relate to an? infrastructure or non-infrastructure asset?
<i>Project segment</i>	To identify whether or not a payment is part of a project	Does the transaction relate to a? specific project and if so, what type of project?
<i>Objective segment</i>	To identify the programme / activity against which any given transaction should be recorded. The segment reflects a department’s programme and sub-programme structure in as much detail as is required both for reporting and management purposes	Against which programme / activity should the transaction be recorded?
<i>Fund segment</i>	To identify the source of funding from which payments are effected, and the nature of receipts	Against which source of funding should the payment be allocated? and against which source should the receipt be allocated?
<i>Item segment</i>	To record receipt and payment transactions as well as transactions in assets and liabilities	What is the nature of the payment and what is the nature of the receipt?

<i>Asset segment</i>	To identify asset classes to which a transaction is allocated when the purpose relates to an asset or the use of an asset.	Does the transaction relate to an asset or the use of an asset and if so, which class of asset?
<i>Responsibility segment</i>	To identify the cost center of any given transaction. As the location of cost centers vary across departments, depending on their organizational structure, this segment is not standardized and each department maintains the segment	To which cost center should the transaction be allocated?
<i>Regional segment</i>	To identify which region benefits from government spending	In which region does the service get delivered and in which region is the beneficiary that benefits from the transaction?

54 ASSET REGISTER

- A fixed asset register shall be established in an electronic system to provide the data required by the municipality to effectively 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.

55 MEASUREMENT AT RECOGNITION

- PPE, heritage assets, intangible assets and investment property that qualify for recognition shall be capitalised at cost. Borrowing costs will be expensed under the benchmark treatment as per GRAP 5.
- In cases where complete cost data is not available or cannot be reliably linked to specific assets:
- Where PPE assets were acquired before the GRAP implementation date or where they were acquired through a non-exchange transaction, the fair value of PPE infrastructure, community facilities, building property and movable assets shall be adopted on the basis of depreciated replacement cost.
- If the cost of heritage assets cannot be measured reliably, this should be disclosed in the notes to the financial statements together with a description of the nature of the asset.
- Investment property and intangible assets (associated with assets) shall be measured at fair value on date of acquisition.
- Donor-created assets shall be measured at Fair value on the date of acquisition
- Transferred assets from other government department shall be measured cost on the date of acquisition

56 MEASUREMENT AFTER RECOGNITION

- The municipality shall measure assets after recognition on the following basis: -
- Immoveable and movable PPE: cost model.
- Heritage assets: cost model.
- Investment property: fair value model (as established in each update of the Valuation Roll – and adjusted annually based on sales trends between valuation roll assessments).
- Intangible assets: cost model.

57 DEPRECIATION

- All PPE, except land, servitudes and heritage assets, shall be depreciated over their remaining useful lives. All intangible assets, other than intangibles with an indefinite useful life, shall be amortised over their remaining useful lives. The method of depreciation / amortisation shall be reviewed on an annual basis, though the straight-line basis shall be used in all cases unless Council determines otherwise. Servitudes and Investment Property shall not be depreciated.
- Depreciation or amortisation is initially calculated from the day when an item of PPE is acquired or – in the case of construction works and plant and machinery – the day in which the PPE is available for use, until the end of the calendar month concerned. Thereafter, depreciation charges shall be calculated monthly.
- Depreciation shall stop when residual value is greater than carrying value and when assets are derecognised.
- The municipality shall assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the expected useful of a component type have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

58 IMPAIRMENT

- The municipality considers itself an entity whose primary objective is to provide goods and services for community or social benefit, and where positive cash flows are generated (such as from sale of trading services such as water services), 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 impairment of its PPE and associated intangible assets.
- An entity to assess, at each reporting date (during annual review meetings), whether there are any indications (data driven as inputs not what is in the current register) that an asset may be impaired, examples include vandalism, acts of God (lightning, sinkholes, floods), occupation (so the facility cannot be used for its intended purpose), fire, accident damage, usage not as planned at the design stage ("white elephant"), performance not as planned at the design stage (for example, excessive outage) and change in legislation (rendering existing facility unusable) to mention but a few
- Irrespective of whether there is any indication of impairment, the municipality will also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.
- The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset and impairment loss will be reversed or increased.
- Impairment of fixed 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 review of the assets.

59 DE-RECOGNITION

- 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 derecognised until the obligations under the potential liabilities have been settled

510 INSURANCE

- The municipality shall 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 Municipal Manager shall decide on insurance cover for assets each financial year based on consultation with the CFO, and advise Council accordingly. The Municipal Manager shall ensure that all Municipal buildings are insured at least against fire and allied perils.

5.2 POLICY FOR SAFEGUARDING

An asset safeguarding plan shall be prepared for all assets indicating measures that are considered effective to ensure that all 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 assets shall be verified annually (in line with the assessment of impairment).

5.3 POLICY FOR LIFE-CYCLE MANAGEMENT OF IMMOVABLE PPE ASSETS

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:

- **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.
- **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 cognizance 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.
- **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;
 - promote job opportunities and promote skills development in support of the national EPWP.
- **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 cognizance 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 taken into account in infrastructure asset management decisions.
- 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 with regard to 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 salient information on asset management performance and planning; and
 - continuously develop the skills of Councillors and officials to effectively communicate with the community with regard to service levels and standards.
- 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 maximize the utilization 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 condition, 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.

6 PROCEDURES

6.1 TOP MANAGEMENT RESPONSIBILITIES

61 MUNICIPAL MANAGER

The Municipal Manager is responsible for the management of the assets of the municipality, including the safeguarding and the maintenance of those assets.

The Municipal Manager shall ensure that:

- 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 the standard of generally recognized accounting practice;
- That the municipality has and maintains a system of internal control for assets, including an asset register; and
- Each ED and/or CD and their teams comply with this policy.

As Accounting Officer of the municipality, the Municipal Manager 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 Municipal Manager shall be responsible for the preparation, in consultation with the CFO, ED's and/or CD's, of procedures to effectively and efficiently apply this policy.

In accordance with the 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 delegates.

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

62 CHIEF FINANCIAL OFFICER

The Chief Financial Officer (CFO) is responsible to the Municipal Manager to ensure that the financial investment in the municipalities' assets are safeguarded and maintained.

The CFO, in exercising his financial responsibilities shall ensure that:

- Appropriate systems of financial management and internal control is established and carried out diligently;
- The financial and other resources of the municipality are utilised effectively, efficiently, economical and transparently;
- Any unauthorised, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented;
- All revenue due to the municipality is collected, for example rental income relating to assets;
- The systems, procedures and registers required to substantiate the financial values of the municipalities' assets are maintained to standards sufficient to satisfy the requirements of the Auditor-General;
- 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;
- The Municipal Manager is appropriately advised on the exercise of powers and duties pertaining to the financial administration of assets;
- The DMMs and senior management teams are appropriately advised on the exercise of their powers and duties pertaining to the financial administration of assets; and
- This policy and support procedures are established, maintained and effectively communicated.
- The functionality of the asset register system is maintained and that the data is secure.

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. The CFO has the responsibility to ensure that a complete, accurate and up-to-date computerised fixed asset register is maintained. 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.

6B EXECUTIVE DIRECTORS & CHIEF DIRECTORS

Each ED and/or CD (the managers directly accountable to the Municipal Manager) shall ensure that:

- The municipal resources assigned to them are utilised effectively, efficiently, economically and transparently;
- Procedures are adopted and implemented in conformity with this policy to produce reliable data to be input to the municipal fixed asset register;
- Any unauthorised, irregular or fruitless or wasteful utilisation, and losses resulting from criminal or negligent conduct, are prevented;
- The asset management system, processes and controls can provide an accurate, reliable and up to date account of assets under their control;
- They are able to manage and justify that the asset plans, budgets, purchasing, maintenance and disposal decisions optimally achieve the municipality's strategic objectives; and
- Manage the asset life-cycle transactions to ensure that they comply with the plans, legislative and municipal requirements.

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

6.2 IMPLEMENTATION RESPONSIBILITIES

1. OVERVIEW

The following sections indicate the responsibilities that apply to the respective policy provisions.

6A RECOGNITION

- Every DMM shall ensure that all assets under their control are correctly recognised as assets.
- The CFO, in consultation with the Municipal Manager, ED's and/or CD's, shall determine effective procedures for the recognition of existing and new assets.
- The CFO shall keep a lease register with the following minimum information: name of the lessor, type of lease (operating or finance), 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

6B CLASSIFICATION OF ASSETS

- The CFO shall ensure that the classification of assets adopted by the municipality complies with the statutory requirements.
- The CFO shall consult with each ED and/or CD responsible for assets to determine an effective and appropriate asset hierarchy for each class of assets to component level and record such in the AM procedures document.
- Each ED and/or CD shall ensure that all assets under their control are classified correctly.
- Each ED and/or CD shall advise the CFO when assets should be re-classified.

6C IDENTIFICATION OF ASSETS

- The Municipal Manager shall develop and implement an asset coding system in consultation with the CFO, ED's and CD's to meet the policy objective.
- Each ED and/or CD shall ensure that all the immovable assets under their control are correctly coded.
- Each ED and/or CD shall ensure that all the movables assets under their control are barcoded.

6D ASSET REGISTER

- CFO shall define the format of the asset register in consultation with the Municipal Manager, ED's and/or CD's, and shall ensure that the format complies with the prevailing accounting standards and disclosure requirements.

- Each ED and/or CD shall provide the CFO with the data required to establish and update the asset register in a timely fashion as required.
- The CFO shall establish procedures to control the completeness and integrity of the asset register data.
- The CFO shall ensure proper application of the control procedures.

65 MEASUREMENT AT RECOGNITION

- The CFO, in consultation with the Municipal Manager, ED's and/or CD's, shall determine effective procedures for the capitalisation of assets on recognition.
- Every ED and/or CD shall ensure that all assets under their control are correctly capitalised.
- Every ED and/or CD shall advise the CFO of any deferred payments from the municipality, providing the relevant details of such.

66 MEASUREMENT AFTER RECOGNITION

- The CFO, in consultation with the Municipal Manager, ED's and CD's, shall determine effective procedures for the on-going capitalisation of PPE after recognition.
- Every ED and/or CD shall ensure that all capital expenses associated with PPE under their control is correctly capitalised.
- Every ED and/or CD shall ensure that revaluations and fair value adjustments are conducted where applicable to land, buildings and investment property under their control.

67 DEPRECIATION

- Every ED and/or CD shall ensure that a budgetary provision is made for the depreciation of PPE assets under their control in the ensuing financial year, in consultation with the CFO.
- The CFO shall indicate a fixed annual date for the review of the remaining useful life of PPE under the control of the respective ED's and/or CD's.
- Every ED and/or CD shall annually review the expected useful life and residual values stated in Annexures C and D and the depreciation method of PPE that are under their control and motivate to the Municipal Manager and CFO any adjustments if, in the judgement of the ED's and/or CD's, such are not considered appropriate. Changes
- The CFO shall report changes made to the remaining useful life of PPE in the asset register to the Municipal Manager and Council.
- The CFO shall ensure that depreciation charges are debited as required and that the fixed asset register is reconciled with the general ledger.

68 IMPAIRMENT

- 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 ED's and/or CD's.
- Every ED and/or CD shall review any impairment on the PPE 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. Each ED and/or CD shall motivate to the CFO proposed changes to the performance of such assets and the necessary impairments that need to be recognised on such assets.
- The CFO shall ensure that the fixed asset register is updated 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 Municipal Manager and Council.

69 DE-RECOGNITION

- The Municipal Manager, in consultation with the CFO, ED's and/or CD's shall formulate norms and standards from the replacement of all assets.
- Assets that are replaced in the nominal course of the life-cycle renewal should be de-recognised and removed from the asset register. The CFO shall, in consultation with the ED's and/or CD's, identify assets that are replaced or renewed on a regular basis in the course of on-going life-cycle management, and recommend standardised disposal

arrangements for the approval of the MM, Council and the disposals committee. Each ED and/or CD shall report to the CFO and MM at the end of each financial year on the assets disposed in accordance with the standard arrangements.

- Assets shall be derecognised only on the recommendation of the ED's and/or CD's of the clusters controlling the asset, and with the approval of Council. Where disposals for the year exceed 5% of the value of the total asset value, public participation is required for consideration of Council in approving the disposal or transfer.
- Immovable assets derecognised due to construction of projects as per the approved budget and IDP and for developer created assets don't have to be approved by Council;
- Assets to be derecognised due to insurance claims don't have to be approved by Council;
- Every ED and/or CD shall report to the CFO and the CFO to confirm assets which such ED and/or CD wishes to have de-recognised on 15 June and 30 November each financial year, 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 Municipal Manager on the assets to be de-recognised, the proposed method of disposal (including, where applicable, making safe and preventing misuse), and the estimated cost or income from such disposal. The Disposals Committee shall consider the submission and make recommendations to Council for adoption. Where disposals for the year exceed 5% of the value of the total asset value, public participation is required for consideration of Council in approving the disposal or transfer
- Every ED and/or CD shall advise the CFO of any deferred payments to the municipality, providing the relevant details of such.

620 INSURANCE

- The Municipal Manager shall consult with the CFO on the basis of insurance to be applied to each type of asset: either the carrying value or the replacement value of the asset concerned. The approach shall take due cognizance of the budgetary resources of the municipality, and where applicable asset classes shall be prioritised in terms of their risk exposure and value.
- The Municipal Manager shall advise Council on the insurance approach taken.
- In the event that the CFO is directed by Council to establish a self-insurance reserve, the CFO shall annually submit a report to the Council on any reinsurance cover which it is deemed necessary to procure for the municipality's self-insurance reserve.

621 SAFEGUARDING

- Each ED and/or CD 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. The CFO shall confirm the available budget, and in consultation with the respective ED and /or CD, determine the impact of any budget shortfall. The CFO shall report the impacts to the Municipal Manager for review and advise Council. Each ED and/or CD shall implement the safeguarding plan within the resources made available.
- Each ED and/or CD shall report, within the time frame indicated by the CFO, the existence, condition, location and appropriate use of immovable assets under the control of their respective departments at the review date.
- Every ED and/or CD shall at least once during every financial year undertake a comprehensive verification of all movable PPE controlled by or used by the department concerned.
- Every ED and/or CD shall promptly and fully report in writing to the CFO, in the format determined by the CFO, all relevant results of such movable asset verification.
- The CFO shall establish procedures for the effective management of movement of assets from one location to another (both internal and external), transfers of assets from one custodian to another, and reporting damage, in consultation with the ED's and/or CD's.
- Each ED and/or CD shall enforce the application of the procedures for controlling the movement of assets as prescribed by the CFO.
- Each ED and/or CD shall ensure that rented assets shall not be moved, unless by duly authorised staff.
- Malicious damage, theft, and break-ins must be reported to the Municipal Manager or delegated person within 48 hours of its occurrence or awareness by the respective ED and/or CD.
- The Municipal Manager must report criminal activities to the South African Police Service.

LIFE-CYCLE MANAGEMENT OF IMMOVABLE PPE ASSETS

Upon delegation from Council, the Municipal Manager shall establish measures to effectively drive and monitor the progress in the implementation of this policy, and to report to Council on progress made at a frequency indicated by Council.

On adoption of the policy, and in consultation with the CFO, ED's and/or CD's, the Municipal Manager shall determine a program for implementation of the following:

- Develop, and update at least every 5 years thereafter, an Asset Management Plan (AMP) for each service involving immovable PPE that shall assess actual and target levels and standards of service, future demand, risk, determine a lifecycle plan for a minimum 10-year planning horizon, assess financial and budget implications, and identify management practice improvement needs (3-year horizon). The AMPs will be submitted through the Municipal Manager to Council for adoption. AMPs shall be used to inform the preparation of a Comprehensive Municipal Infrastructure Plan and budgets through the IDP process.
- Determine grading scales for the measurement of asset condition, performance, cost-of-operation, and utilisation for that are common and applicable to all services, at a level of accuracy considered appropriate to the municipality's resources, and review at least every 5 years.
- Prepare, and review at least every 5 years thereafter, an Operations and Maintenance Strategy and Plan per sector, and submit such, through the Municipal Manager, to Council for adoption.
- Document detailed service performance measures (differentiated, where applicable for identified customer groups), and submit such, through the Municipal Manager, to Council for adoption and inclusion in the Services Delivery and Budget Implementation Plan. ED's and/or CD's shall establish a monitoring regime and report actual performance each financial year.
- Establish procedures to ensure that legislative requirements regarding the management of immovable PPE assets, including but not limited to health and safety, and environmental protection, are documented and advised by the CFO, ED's and/or CD's. Directors shall address legislative needs in their strategies and plans and shall enforce implementation.
- Prepare and review at least every 5 years thereafter, a Comprehensive Municipal Infrastructure Plan that consolidates and integrates the strategic and long-term aspects of true service specific Asset Management Plans for all infrastructure in the municipality, together with summarised development scenarios and strategic matters for consideration, to be submitted through the Municipal Manager for consideration by council.

6.3 POLICY AMENDMENT

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 Municipal Manager and respective ED's and/or CD's. The recommendations of the CFO shall be considered for adoption by Council.

6.4 DETAILED PROCEDURES

Detailed procedures shall be prepared for immovable asset management and adopted by the Municipal Manager, in consultation with the CFO, ED's and/or CD's. The CFO, ED's and/or CD's to give effect to this policy.

7 DELEGATIONS

This policy should be applied with due observance of the municipality's policy with regard to delegated powers and identify the appropriate delegations required for implementation in writing.

ANNEXURE A: ASSET HIERARCHY FOR IMMOVABLE ASSETS

Asset Sub Category	Asset Group Type	Asset Type
Heritage assets		
Monuments	National Monuments	National Monuments
Works of art	Sculptures / Statues	Sculptures / Statues
Intangible assets		
Servitudes	Servitudes	Servitudes
Investment property		
Investment property	Improved property	Improved property
	Unimproved property	Unimproved property
Community assets		
Community facilities	Cemeteries/crematoria	Buildings
		Civil structures
		External facilities
		Land
	Clinics/care centres	Buildings
		External facilities
		Land
		Pavements
	Fire/ambulance stations	Buildings
		External facilities
		Land
		Pavements
	Halls	Buildings
		Drainage
		External facilities
		Land
		Pavements
		Service connections on site
	Libraries	Buildings
		Civil structures
		Electrical equipment
		External facilities
		Land
		Metal work
		Pavements
	Service connections on site	
	Outdoor facilities	Buildings
		Civil structures
		Electrical equipment
		External facilities
		Land
		Mechanical equipment
		Metal work
		Pavements
		Pipe work
		Public lighting
		Service connections on site
	Parks	Buildings
		Civil structures
		Drainage
		External facilities
		Land
Metal work		
Pavements		
Pedestrian bridges		
Public lighting		
Service connections on site		
Police		Land
Public open space	Buildings	
	Land	
	Pavements	

Asset Sub Category	Asset Group Type	Asset Type	
	Taxi ranks / bus terminals	Land	
	Testing stations	Buildings	
		External facilities	
		Mechanical equipment	
		Pavements	
Sport and recreation facilities	Indoor facilities	Buildings	
		Sports facilities	
	Outdoor facilities	Buildings	
		Civil structures	
		External facilities	
		Land	
		Pavements	
		Public lighting	
		Sports facilities	
		Infrastructure	
Electrical infrastructure	HV substations	Buildings	
		Electricity bulk meters	
		HV substations	
		HV switching station equipment	
	HV transmission conductors	HV cables	
		HV overhead lines	
	LV networks	Electricity meters	
		LV Conductors	
		Municipal service connections	
		Public lighting	
	MV networks	Communication equipment	
		Land	
		MV conductors	
		MV mini-substations	
	MV substations	MV transformers	
		Buildings	
		Control and instrumentation	
		DC systems	
		Electrical equipment	
		External facilities	
		MV substation equipment	
		MV substations	
	MV transformers		
	Roads infrastructure	Road furniture	External facilities
		Road structures	Road furniture
			Civil structures
		Roads	Road bridges
Land			
Sanitation infrastructure		Pump stations	Pavements
	Buildings		
	Civil structures		
	Control and instrumentation		
	Electrical equipment		
	External facilities		
	Mechanical equipment		
	Metal work		
	MV transformers		
	Pavements		
	Pipe work		
	Service connections on site		
	Reticulation		Civil structures
		Municipal service connections	
		Pipe work	
	Waste-water treatment works (WWTW)	Buildings	
		Civil structures	
		Control and instrumentation	
		Electrical equipment	
	External facilities		

Asset Sub Category	Asset Group Type	Asset Type
		Land
		Mechanical equipment
		MV substation equipment
		Pavements
		Pipe work
Solid waste infrastructure	Landfill sites	Buildings
		Civil structures
		Drainage
		Earthworks
		External facilities
		Land
		Mechanical equipment
		Pavements
		Pipe work
		Provisions
	Public lighting	
	Service connections on site	
	Waste-transfer stations	Buildings
		Civil structures
		Drainage
		External facilities
		Mechanical equipment
		Pavements
		Pipe work
		Provisions
Public lighting		
Service connections on site		
Storm-water infrastructure	Drainage collection	Civil structures
	Pump stations	Buildings
		Electrical equipment
		Mechanical equipment
		Service connections on site
	Storm-water conveyance	Civil structures
		Drainage
		External facilities
		Metal work
		Pipe work
		Service connections on site
	Water infrastructure	Borehole
Bulk mains		Civil structures
		Pipe work
Distribution		Control and instrumentation
		External facilities
		Municipal service connections
		Pipe work
Pump stations		Buildings
		Civil structures
		Electrical equipment
		Mechanical equipment
		Pipe work
Reservoirs		Civil structures
		Drainage
		External facilities
		Pavements
		Pipe work
		Service connections on site
Water treatment works (WTW)		Buildings
		Civil structures
	Control and instrumentation	
	Electrical equipment	
	Mechanical equipment	
	Pipe work	
Other Assets		
Housing	Social housing	Buildings

Asset Sub Category	Asset Group Type	Asset Type
		External facilities
		Land
	Staff housing	Buildings
		External facilities
		Land
Operational buildings	Municipal offices	Buildings
		External facilities
		Civil structures
		Control and instrumentation
		Electrical equipment
		External facilities
		Land
		MV switching station equipment
		Pavements
		Stores
	Training centres	Land
	Workshops	Buildings
		Civil structures
		Land
		MV switching station equipment

ANNEXURE B: ASSET HIERARCHY FOR MOVABLE ASSETS

MOVABLE PPE

AssetCategory	AssetSub-category	AssetGroup	
Buildings	Dwellings	Caravans	
		Mobile homes	
Finance leased assets	Finance leased assets	Financeleasedassets-36months	
		Financeleasedassets-60months	
Heritage assets	Heritage assets	Municipal jeweler	
		Other antiques and collections	
		Paintings	
		Sculptures/statues	
		Works of art	
Other	Computer equipment	Computer hardware including operating systems Computer networks	
	Furniture and office equipment	Advertising boards	
		Air conditioners individual fixed and movable	
		Cutlery and crockery	
		Domestic and hostel furniture	
		Office equipment including fax/copying/printing machines	
		Office furniture	
	Machinery and equipment	Audio-visual equipment	
		Cellular phones	
		Domestic equipment (non- kitchen appliances)	
		Electric wire and power distribution equipment (compressors/generators)	
		Emergency/rescue equipment	
		Farm/agricultural equipment	
		Fire fighting equipment	
		Gardening equipment	
		Irrigation equipment	
		Kitchen appliances	
		Laboratory equipment agricultural	
		Laboratory equipment medical testing	
		Laboratory equipment roads and transport	
		Laundry equipment and industrial sewing machines	
		Learning, training support and library material	
		Machines for mining and quarrying	
		Medical and allied equipment	
		Music instruments	
		Photographic equipment	
		Pumps, plumbing, purification and sanitation equipment	
		Radio equipment	
		Road construction and maintenance equipment	
		Security equipment/-systems/-material fixed	
		Security equipment/-systems/-material movable	
		Sport and recreational equipment	
		Survey equipment	
		Telecommunication equipment	
		Tents, flags and accessories	
		Wood working machinery and equipment	
	Workshop equipment and loose tools fixed		
	Workshop equipment and loose tools movable		
	Transport assets	Busses	
		Cycles	
		Emergency vehicles	
		Mobile clinics	
		Motor vehicles	
		Trailers and accessories	
		Trucks	
	Other structures (infrastructure)	Solid waste disposal	Collection containers/Skip bins

MOVABLE INTANGIBLE ASSETS

Asset Category	Asset Sub-category	Asset Group
Intangible assets	Intangible assets	Computer software

ANNEXURE C: EXPECTED USEFUL LIVES AND RESIDUAL VALUES OF IMMOVABLE ASSETS

Component Type	EUL	RV
Aerator	20-40	0%
Air conditioning	5	0%
Anchored wall	50	0%
Antenna	25	0%
Basketball court	30	0%
Battery charger	30	0%
Battery tripping unit	30	0%
Bearing	40	0%
Borehole - Complete Installation	50	0%
Bowling green	30	0%
Building - Complete Installation	30	0%
Capacitor bank	30	0%
Carport	7-15	0%
Cathodic protection	15	0%
Channel	30	0%
Chlorine dosing	40	0%
Commuter shelter	25	0%
Compressor	5-40	0%
Control panel	30	0%
Conventional electricity meter	25	0%
Culvert	60	0%
Current transformer	50	0%
Distributed control system	30	0%
Doser	40	0%
Earth structure	50	0%
Earthworks	100	50%
Electrical service connection	60	0%
Electricity bulk meter	25	0%
Electricity servitude	NA	0%
Electricity transmission reserve	0	0%
Engine	15	0%
External furniture	20-30	0%
External Lighting	30	0%
Extraction blower	5	0%
Fabricated steel	20-55	0%
Filter	10	0%
Filter media	55	0%
Footpath	30	0%
Gearbox	15	0%
Generator	15-30	0%
GIS switchgear	30	0%
Grid inlet	30-50	0%
Guard rail	25	0%
High mast light	25	0%
HV cable	45	0%
HV circuit breaker	30	0%
HV isolator	30	0%
HV overhead line conductor	30	0%
HV transformer	50	0%
Hydrant	20	0%
Irrigation	10	0%
Jujskei court	30	0%
Kerb	50	0%
Kerb inlet	20	0%
Land	0	0%
Landfill restoration	0-5	0%
Landscaping	30-50	0%
Lifts	20-30	0%
Lining – landfill	50	0%
LV cable	50	0%

Component Type	EUL	RV
LV circuit breaker	30-40	0%
LV kiosk	25	0%
LV overhead line	30	0%
Masonry structure	50	0%
Mini roundabout	30	0%
Mixer	20	0%
Monument	NA	NA
Motor	15	0%
MV cable	45	0%
MV circuit breaker	30-40	0%
MV isolator	50	0%
MV overhead line	45	0%
MV transformer	50	0%
Netball court	15	0%
Network control kiosk	30	0%
Operating systems	30	0%
Parking meter	30	0%
Paving	30	0%
Pedestrian bridge superstructure	30	0%
Perimeter protection	25	0%
Pipe - sewer	40	0%
Pipe - storm water	50-80	0%
Pipe - water	50	0%
Prepaid electricity meter	25	0%
Process instrumentation	40	0%
Pump – hand	10	0%
Pump – sewer	10	0%
Pump - submersible	10	0%
Pump – water	10	0%
RC structure	50	0%
Retaining wall	60	0%
Ring main unit	30	0%
Road bridge superstructure	80	0%
Road Reserve	NA	NA
Road structural layer	80	0%
Road surface	7-30	0%
Rollers	30	0%
SCADA	25	0%
Scale	40	0%
Screen	30	0%
Screw	40	0%
Security system	5	0%
Septic tank	30	0%
Sewerage servitude	NA	NA
Sign – general	2-25	0%
Sign – regulatory	7	0%
Small building/enclosure	25-50	0%
Spectator stand	7	0%
Speed hump	30	0%
Sports field	30	0%
Statue	NA	NA
Steel structure	40	0%
Storm-water servitude	NA	NA
Street lights	45	0%
Subsoil drain	50-55	0%
Swimming pool	30	0%
Tank	30-55	0%
Telemetry	15	0%
Tennis court	30	0%
Testing Rollers	30	0%
Traffic island	30	0%
Traffic signal units	20	0%
Transformer NER	40-45	0%
Valve – gas	55	0%

Component Type	EUL	RV
Valve - sewer	25	0%
Valve - water	30	0%
Volleyball court	30	0%
Voltage transformer	50	0%
Walls	30	0%
Water meter	18	0%
Water servitude	NA	NA
Weighbridge	20	0%
Wheels clarifier	40	0%

ANNEXURE D: EXPECTED USEFUL LIVES AND RESIDUAL VALUES OF MOVEABLE ASSETS

Components	Description	EUL years	RV%
Access control system		5	0%
Advertising boards		5	0%
Air conditioner portable		5	0%
Air conditioners		5	0%
Aluflex leads 60mm		5	0%
Aluminum door		7	0%
Amplifier		10	0%
Analyser tester		7	0%
Analyser with sound level meter		10	0%
WIFI		5	0%
Antenna		5	0%
Apparatus acute asthma medical		10	0%
Apparatus blood pressure medical		10	0%
Apparatus suction units		10	0%
Apparatus tango meter		10	0%
Apparatus tester eye medical		10	0%
Ashtray standing		7	0%
Audiovisual with conference table		10	0%
Autoclave		10	0%
Auto sheet feeder		5	0%
Automatic numbering machine		5	0%
Answering machine		7	0%
Backpack spray poison		4	0%
Backpack suction heats		10	0%
Bain Marie		10	0%
Barcode code reader		5	0%
Battery pack		5	0%
Batteryradio2way		7	0%
Bed		15	0%
Bell315sgtlb2006ca		10	17%
Bench		7	0%
Bench garden		15	0%
Bench work with vice		5	0%
Bicycle		7	17%
Bin waste		7	0%
Bin waste metal		15	0%
Binder books		7	0%
Blinds vertical		7	0%
Block and tackle		5	0%
Block starting		5	0%
Blower		4	0%
Blower mower fulcon		10	0%
BOARD (CART, display, drawing, magnetic white, map, notice, pin)		7	0%
Board iron		15	0%
Bookcase		7	0%
Bookshelf		7	0%
Bosch dig detector		7	0%
Bosch laser finder		7	0%
Box bible		7	0%
Box books		7	0%
Box cash/money		7	0%
Box steel		7	0%
Box tender		7	0%
Box wood		7	0%
BP desktop mercury		5	0%
Broom mechanical		15	0%
Bullet proof glass		5	0%
Bus library		15	17%
Bush cutters/ lawnmower ps&cd		4	0%
Cabinet		7	0%

Components	Description	EUL years	RV%
Cable fault finding		5	0%
CALCULATOR(desk,pocket)		7	0%
Call centre equipment		7	0%
Camera bag		7	0%
Camera digital		7	0%
Camera infra- red flukether movie wti30		5	0%
Camera lens		7	0%
Camera photo		7	0%
Camera video		7	0%
Canopy		10	17%
Car lifter zipo		10	0%
Carpet protector		7	0%
Carpets fitted		7	0%
Carry bag laptop		7	0%
Case attachment		7	0%
Cash register electronic		7	0%
Caterpillar		15	17%
Cd player		10	0%
Cellotape holder		7	0%
Cell phone		2	0%
Chainsaw		4	0%
Chair		7	0%
Chair kitchen		15	0%
Charger		5	0%
Charger battery radio handheld		7	0%
Cherry picker		15	0%
Cherry wood room divider		7	0%
Chipper wood		10	17%
Clamp		10	0%
Clamp meter		5	0%
Cleaner high pressure		5	0%
Cleaner vacuum		5	0%
Clinic equipment		10	0%
Clock wall		7	0%
Cocktail unit with 3doors		7	0%
Compactor		15	0%
Complete build in kitchen		15	0%
Compressor		10	17%
Computer cpu		5	0%
Computer data switch		10	0%
Computer external hard drive		5	0%
Computer fibre adapter		5	0%
Computer hardware		5	0%
Computer hub		10	0%
Computer keyboard		5	0%
Computer keyboard holder		5	0%
Computer kiosk		5	0%
Computer link		5	0%
Computer memory chip		5	0%
Computer modem		5	0%
Computer monitor		5	0%
Computer motherboard		5	0%
Computer mouse		5	0%
Computer net blazerst		5	0%
Computer operating		5	0%
Computer pre-paid card programmer		5	%
Computer printer		5	0%
Computer repeater		5	0%
Computer server web		5	0%
Computer software		5	0%
Computer software	Monitoring-vehicle	5	17%
Computer sound blaster		5	0%

Components	Description	EUL years	RV%
Computer speaker		5	0%
Computer stiffer drive		5	0%
Computer switch		5	0%
Computer systems/software/hardware /lies/enetic/traffic			0%
Computer tape drive		5	0%
Computer work station		5	0%
Concrete cylinder		5	0%
Container		10	0%
Container plans		7	0%
Container plastic		7	0%
Container pot plant		7	0%
Control panel		7	0%
Control panel pumps		10	0%
Cooler 2 doors hinged		7	0%
Cooler water		10	0%
Couch		15	0%
Counter		7	0%
Counter bar		15	0%
Counter money		7	0%
Counter reception		7	0%
Counter wood		7	0%
Car Annie		10	0%
Crane collimator		7	17%
Credenza		7	0%
Credit card pay point		5	0%
Cupboard		7	0%
Cupboard kitchen		15	0%
Current transformer		7	0%
Cutoff machine		10	0%
Cutter		5	0%
Cutter big		10	0%
Cutter brush		4	0%
Cutter edge		4	0%
Cutter pipe		10	0%
Cutter rough		4	0%
Cutter steel		5	0%
Cutter tree		4	0%
Decoder		10	0%
Decollator		7	0%
Defibrillator		10	0%
Demineralization plant		7	0%
Desensitizer books		7	0%
Desk		7	0%
Desk		7	0%
Detector gas		5	0%
Detector metal		5	0%
Dicer machine		10	0%
Digital loop		7	0%
Digital megger		7	0%
Digital system		7	0%
Disc		15	17%
Dishwasher		10	0%
Disk holder		7	0%
Dispenser hand towel		7	0%
Dispenser hot and cold water		10	0%
Dispenser soap		5	0%
Displayunittowershowcase4shelves			0%
Domestic equipment		15	0%
Do-meter		7	0%
Door		15	0%
Dompted		7	17%
Double door gate		5	0%

Components	Description	EUL years	RV%
Drawer cash		7	0%
Drawer top retriever filer		7	0%
Drier hair		15	0%
Drier hand		5	0%
Drill		5	0%
Dust installation		10	0%
Dumpy level automatic		7	0%
DVD player		10	0%
Dymotape		7	0%
Dynamic cone penetrometer		7	0%
Emergency rescue equipment		10	0%
Engraver		10	0%
Entset machine		7	0%
Equipment electric		10	0%
Equipment it		5	0%
Equipment sewer		5	0%
Excavator		10	17%
Exchange		5	0%
Executive office set with wall unit		7	0%
Extension		7	0%
Extinguisher fire		5	0%
FAN (CEILING, cooler water, desk, portable, roof, standing,wallmounted)		7	0%
Fan heat transforming machine		5	0%
Fax machine		7	0%
Fibre install computer section		10	0%
FILINGSYSTEM (4bay,8BAYS,buddy)		7	0%
Fire engine		10	17%
Fire hydrants		5	0%
Fire safety equipment		5	0%
First aid equipment		10	0%
Fitness & work test bike		10	0%
Fittings		5	0%
Floor polisher		5	0%
Forklift		7	17%
Freezer		10	0%
Fridge		10	0%
Gang carrier		10	17%
Gas bottle		5	0%
Gas torch auto		5	0%
Gas welding torch		5	0%
Gasoline air breaker		5	0%
Gauge pressure		5	0%
Gazebo		10	0%
Generator		7	0%
Generator		10	17%
Geyser		5	0%
Gig set		7	0%
Gas hardware		5	0%
Glass jugs		10	0%
Gluko meter		10	0%
Gapsmap76cx		7	0%
Gapsnavy200w		10	0%
Grader		15	17%
Grader		10	17%
Granite table top		7	0%
Grass cutter hopper		4	17%
Grease gun air		5	0%
Griller steak		10	0%
Grinder		5	0%
Grinder patrolmen		10	0%
Grinding wheel		5	0%
Grindstone		5	0%

Components	Description	EUL years	RV%
Gauge		5	0%
Guillotine		7	0%
Gun Hilti		10	0%
Gym ergo meter		10	0%
Gym leg extension		10	0%
Gym leg flexion		10	0%
Gym pull up		7	0%
Gym rehab		10	0%
Gym shoulder		10	0%
Gym surfer		10	0%
Gym total		10	0%
Hydraulic Jack		5	0%
Hand crimper		5	0%
Hand towel holder		7	0%
Hartwig smoke meter		5	0%
Heater		5	0%
High flow blower		5	0%
Hoist		5	0%
Holder toilet paper		15	0%
Hollow trainer		10	0%
Horn		5	0%
Hose accessories		5	0%
Hose fire		5	0%
Hose winder		5	0%
Hot serving trays		10	0%
Hipusb cable		5	0%
Hydraulic crimper		5	0%
Hydraulic die set		10	0%
Hydro boil		10	0%
Ice bucket stainless steel		10	0%
Improve to wcv's licence-reitsprt(migpr)		5	0%
Incinerator		10	0%
Incubator		10	0%
Indicator locks		7	0%
Installation security equipment/ system		5	0%
Intercom		5	0%
Inverco mobile clinic		15	17%
Irrigation jo-jo tank	Jo-jo tank, motor	15	0%
Itand telephone equipment		7	0%
It security hardware(library)		5	0%
Jack 5ton		5	0%
Jack hammer equipment		5	0%
Jack hydraulic		5	0%
Jack lift for vehicle		5	0%
Jack mobi-jack		5	0%
Jaws of life wiscon		10	0%
Jigsaw		5	0%
Kettle		10	0%
Keyboard drawer		7	0%
Kitchen equipment		10	0%
Kitchen table & chairs		15	0%
Ladder		5	0%
Laminator		7	0%
Lamp standing		7	0%
Landis & gyr		7	0%
Laptop cable		5	0%
Laptops		5	0%
Laser speed measuring machine		7	0%
Lawnmower		4	0%
Lawnmower ride on john deere	John deere, snapper rear rider	4	17%
Lead		5	0%
LETTERTRAY(mesh,wood)		7	0%
Lettering system		7	0%

Components	Description	EUL years	RV%
Library books		As Per Library Department Policy	
Light medical examination		10	0%
Light ultraviolet		10	0%
Lights & charger		5	0%
Lifts		300	0%
Link		7	0%
Link stick		5	0%
Loader backhoe		15	17%
Locker		7	0%
Loose tools		5	0%
MACHINE(BABCOCK,banknotecounter,coincounter,cardprogammer,c lockcard,envelopeopener,labeling,papersorting,perforator,stamps)		7	0%
Machine air cooled breaker gasoline		5	0%
Machine and fabricate plugs		5	0%
Machine bush brem kraft meter		5	0%
Machine carpet washer		5	0%
Machine check sign		5	0%
Machine clock fingerprint reader		5	0%
Machine coffee		10	0%
Machine compactor roller		5	0%
Machine compressor		5	0%
Machine cut off		5	0%
Machine cutter & trolley		5	0%
Machine cutter cement		5	0%
Machine cutter steel		5	0%
Machine cutter tar road		15	0%
Machine ditchwitch		5	0%
Machine drill		5	0%
Machine ecg		10	0%
Machine grinder buff		5	0%
Machine higher/lower hydrolic		5	0%
Machine hollow tyner		5	0%
Machine ice making		10	0%
Machine lathe		5	0%
Machine line marker		5	0%
Machine microu.veraser		5	0%
Machine milling		5	0%
Machine oxygen		10	0%
Machine plug cleaning/testing		5	0%
Machine sandblaster		5	0%
Machine saw		5	0%
Machine sharpner		5	0%
Machine sif		5	0%
Machine skaaf wood		5	0%
Machine smoke meter mk3		5	0%
Machine tester smoke		5	0%
Machine thread cutter		5	0%
Machine tyre repair		5	0%
Machine vacuum leafs		4	0%
Machine vertilizer destributer		4	0%
Machine vibrator		5	0%
Machine weighbridge		5	0%
Machine wheel alignment indicator		5	0%
Magnetic perpetual year planner		7	0%
Magnetic stirrer		7	0%
Man3000 telephone management system		5	0%
Managerial core unit		7	0%
Master converter		5	0%
Measure tape		5	0%
Medical equipment		10	0%

Components	Description	EUL years	RV%
Medicine chest		10	0%
Melaminekitchentablewith&chairs		15	0%
Meter		5	0%
Meter cars counting		7	0%
Microfiche reader		7	0%
Microphone		10	0%
Microwave oven		10	0%
Mirage lawnmower		4	0%
Mixer concrete		5	17%
Mixer concrete petrol		15	17%
Mobile clinic VEHICLE		15	17%
Mobile office		10	0%
Mobi lift		5	0%
Monitor air pollution station		5	0%
Monitor cctv		5	0%
Monitor heart		10	0%
Monitor vital signs		10	0%
Motor vehicle tractor		15	17%
Motor vehicles		7	17%
Motorcycle		7	17%
Moving vilation recorder		5	0%
Multi meter		5	0%
Multi plug		5	0%
Municipal jewellery	Chain, deputy mayor chain, mayor medal	NA	NA
Name in/outboard magnetic		7	0%
Nebuliser		10	0%
Network library		10	0%
Noise level meter		5	0%
Notice board		7	0%
Oak lecturn		7	0%
Off furniture-leewkuil chemical lab		7	0%
Office equipment		7	0%
Onboard vehicle computers		5	0%
Optical mux		7	0%
Oscillator		7	0%
Other antiques and collections	Heritage locomotive	NA	NA
Oven		10	0%
Oxygen garge		10	0%
P12 led screen		10	0%
Pa system		5	0%
Pabx upgrading		5	0%
Paintings		NA	NA
Paper cutter		7	0%
Partition		7	0%
Pedenza		7	0%
Pedestal		7	0%
Permanent caravan		10	0%
Phillips conference system		5	0%
Photocopier		7	0%
Piano		15	0%
Pipe accessories		5	0%
Pipe cutter		5	0%
Pipe wrench heavy duty		5	0%
Pistol 9mm parabellum c 275		5	0%
Playe tape		10	0%
Plough		15	0%
Plugin		15	0%
Podium		7	0%
Pole pruner chain oil		5	0%
Polychell chairs		7	0%
Pots stainless steel		10	0%
Power supply		7	0%
Power saw		5	0%

Components	Description	EUL years	RV%
Prepaid meters		5	0%
Press hydraulic		5	0%
Press linen		15	0%
Press metal		5	0%
Press printing		7	0%
Printer		7	0%
Printer cheques Pitney bower		5	0%
Pro4 channel mixer		10	0%
Projector		10	0%
Pruner		4	0%
Pruner pole		5	0%
Pull down screen		10	0%
Pump		5	0%
Pump floating		10	0%
Pump trash		10	0%
Pump water spray(road)		15	17%
Punch		7	0%
Puppet house		15	0%
Rack		7	0%
Rack wire		5	0%
Radio cb		7	0%
Radio double tapedeck recorder		7	0%
Radio hand held		7	0%
Radio home base		7	0%
Radio two way		7	0%
Rake mechanical		15	0%
Ransomes gang mower		4	0%
Reader barcode wand		7	0%
Reader for the blind.		10	0%
Receiver		7	0%
Rechargeable battery		5	0%
Record		10	0%
Record ranger		5	0%
Recorder		10	0%
Refurbishment of leeukuil laboratory		7	0%
Refuse compactor		15	0%
Register cash		7	0%
Register cash keyboard		7	0%
Ring binder		7	0%
Rodder power		5	0%
Roller road		15	0%
Rollers		15	0%
Rotator		5	0%
Rotovator		4	0%
Router		5	0%
Safe		5	0%
Salad bowls		10	0%
Salt & pepper set stainless steel		10	0%
Sander		5	0%
Saw		5	0%
Security system		5	0%
Scaffolding		5	0%
Scale		7	0%
Scale		10	0%
Scale weighbridge		5	0%
Scanner		7	0%
Scanner money		7	0%
Schlumberger		5	0%
Scraper mechanical		5	0%
Screen examination medical		10	0%
Screen mechanical Huber		30	0%
Screen conveyor		40	0%
Screen safety		5	0%

Components	Description	EUL years	RV%
Screen conveyor inlet		40	0%
Screen conveyor Huber		40	0%
Screen filter		7	0%
Screw Grit Classifier		400	0%
Sculptures/statues	Giovann ibrons, sculptures, emblems	NA	NA
Self calculating bridge		5	0%
Sensor		5	0%
Server		5	0%
Sharpener desktop		7	0%
Shelving		7	0%
Shredder		5	0%
Signs		7	0%
Sink		5	0%
Skalar system		7	0%
Skip type containers		15	0%
Skip loader		15	0%
Speaker		10	0%
Spectrophotometer		7	0%
Spotlight		5	0%
Sprayer		4	0%
Sprayer poison		15	0%
Sprayer poison tractor		5	0%
Stainless steel bucket		5	0%
Stand		7	0%
Stand oxygen		5	0%
Stand projector		7	0%
Stand television		7	0%
Stand trolley drip		10	0%
Stand welding		5	0%
Stapler		7	0%
Starting blocks (pool)		10	0%
Statscope		7	0%
Steps		5	0%
Sterilizer		10	0%
Stickers auto		7	0%
Stool bar		15	0%
Stool foot		7	0%
Stool library		7	0%
Stool piano		15	0%
Stool wood		7	0%
Stove		10	0%
Sts system(fire)		5	0%
Suitcase		7	0%
Switch		10	0%
Switchbox		7	0%
System alarm		5	0%
System buffer telephone		5	0%
System hi-fi		10	0%
System intercom control unit		5	0%
System p.a. sound and light		10	0%
System Pac		10	0%
System power Meissner mp103		7	0%
System security cctv		5	0%
System security control		5	0%
System security switch		5	0%
System speaker		10	0%
Systemscupboard3shelves		7	0%
Table		7	0%
Table coffee		15	0%
Table kitchen		15	0%
Table plastic small creche		15	0%
Table pool		10	0%
Table school		15	0%

Components	Description	EUL years	RV%
Table tennis		10	0%
Tank poison sprayer		5	0%
Tanker water		5	17%
Tapestry		7	0%
Traffic island		30	0%
Telephone		5	0%
Telephone switchboard		5	0%
Telescopic links		5	0%
Television		10	0%
Test meter		5	0%
Tester alcohol		10	0%
Tester gas(exhaust)		5	0%
Tester ground		5	0%
Tester injector		5	0%
Tester loop		5	0%
Tester mini graph		5	0%
Tester vehicle headlight		5	0%
Testing tables		5	0%
Testing Rollers		30	0%
Tigerring net unit		5	0%
Tile cutter		5	0%
Tissue holder		7	0%
Toaster		10	0%
Tool shed		5	0%
Toolbox		5	0%
Toolbox class kitchen equipment		10	0%
Toolbox class medical equipment		10	0%
Tools electric		5	0%
Torch aluminum-law unit(rg)		5	0%
Tot measure		5	0%
Tractor		15	17%
Trailer		10	17%
Transformer		10	17%
Transformer NEC		50	0%
Transformer pole		10	17%
Transformer table		10	17%
Transistor tester		5	0%
Tray		7	0%
Treadmill		10	0%
Trencher ditch witch		10	17%
Tripod		10	0%
Trolley		5	0%
Trolley		7	0%
Trolley food		10	0%
Trolley kick about with bucket		5	0%
Trolley linen		15	0%
Trolley medicine		10	0%
Troxler instrument		5	0%
Truck		10	17%
Truck		7	17%
Tumble dryer		15	0%
Typewriter		7	0%
Uninterruptible power supply		7	0%
Upgrade voicemail & telephone system (gr		5	0%
Urn		10	0%
Usb memory stick		5	0%
User license & media kit		10	0%
Vacuum cleaner		5	0%
Various equipment demand management		5	0%
Vehicle headlight		5	0%
Vehicleona36- m o n t h financelease		3	17%
Vehicleona60- m o n t h financelease		5	17%

Components	Description	EUL years	RV%
Veneerwith2hingedoor&5drawers		7	0%
Ventilator positive pressure		10	0%
Vice		5	0%
Vice grip		7	0%
Voice equipment		7	0%
Volt ohm meter		5	0%
Wacker rammer		5	0%
Wall clocks		7	0%
Wall unit		7	0%
Washing machine		15	0%
Water pump diafr		5	0%
Weed eater 1000w		4	17%
Welder		5	0%
Wheelbarrow		5	0%
Wheel measuring		5	0%
Works of art		NA	NA
Workstation		7	0%
Worktops		7	0%
Wringer		5	0%
X-ray viewing box		10	0%
Zellweger uster		5	0%
Zink stainless steel		7	0%