



**ASSET MANAGEMENT POLICY**  
**2022/2023 FINANCIAL YEAR**



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## **ABBREVIATIONS**

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

## **1. PURPOSE OF THIS DOCUMENT**

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

## **2. BACKGROUND**

### **2.1 CONSTITUTIONAL AND LEGAL FRAMEWORK**

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

- providing democratic and accountable government for local communities;
- ensuring the provision of services to communities in a sustainable manner;
- promoting social and economic development;
- promoting a safe and healthy environment; and
- encouraging the involvement of communities and community organisations in matters of local government.

The manner in which a municipality manages its Property, Plant and Equipment (PPE), investment property, biological assets, intangible assets and heritage assets are central to meeting the above challenges. Accordingly, the Municipal Systems Act, 2000 (MSA) Chapter 2 section 4(d) specifically highlights the duty of municipalities to provide services in a manner that is sustainable, and the Municipal Finance Management Act (MFMA) requires municipalities to utilise and maintain their assets in an effective, efficient, economical and transparent manner. The MFMA specifically places responsibility for the management of municipal assets with the Accounting Officer (AO).

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.

### **2.2 ACCOUNTING STANDARDS**

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

The Accounting Standards Board (ASB) has approved a number of Standards of GRAP. When compiling the asset register in accordance with the accounting standards, the requirements of GRAP 17 cannot be seen in isolation. Various other accounting standards impact on the recognition and measurement of assets within the municipal environment and should be taken

into account during the compilation of a GRAP compliant asset register. The applicable standards of GRAP are noted in section 8.

### **2.3 MANAGEMENT OF INFRASTRUCTURE AND COMMUNITY ASSETS**

Effective management of infrastructure and community facilities is central to the municipality providing an acceptable standard of services to the community. Infrastructure impacts on the quality of the living environment and opportunities to prosper. Not only is there a requirement to be effective, but the manner in which the municipality discharges its responsibilities as a public municipality 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, transparent processes and reporting;
- 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.

**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 infrastructure. The arrangements outlined in the CoGTA guidelines are further strengthened by the provision of National Treasury's Local Government Capital Asset Management Guidelines. This is in line with the practice adopted in national and provincial spheres of government in terms of the Government-wide Immoveable Asset Management Act (GIAMA).

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.

### **3. OBJECTIVES**

The objective of this policy is for the municipality to:

- implement prevailing accounting standards; and
- apply asset management practices in a consistent manner and in accordance with legal requirements and recognised good practice.



#### **4. APPROVAL AND EFFECTIVE DATE**

The CFO is responsible for the submission of the Policy to Council to consider its adoption after consultation with the AO.

## 5. DELEGATIONS AND KEY RESPONSIBILITIES

### ***Accounting Officer***

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

The AO 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 recognised accounting practice;
- That the municipality has and maintains a system of internal control for assets, including an asset register; and
- The HODs and their teams comply with this policy.

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

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

## ***Chief Financial Officer***

The Chief Financial Officer (CFO) is responsible to the AO to ensure that the financial investment in the municipality's assets are safeguarded and maintained.

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

- Appropriate systems of financial management and internal control are 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 immovable assets;
- The systems, procedures and registers required to substantiate the financial values of the municipality's assets are maintained to standards sufficient to satisfy the requirements of the Accounting Standards;
- 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 AO is appropriately advised on the exercise of powers and duties pertaining to the financial administration of assets;
- The HODs and senior management teams are appropriately advised on the exercise of their powers and duties pertaining to the financial administration of assets; and
- This policy and support procedures are established, maintained and effectively communicated.

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 shall be responsible for the fixed asset register of the municipality, and shall 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.

The Chief Financial Officer must prepare the annual financial statements in such a manner that it discloses all compulsory disclosures as required by the relevant standards of GRAP.

### ***Head of Department (Senior Official)***

HODs are managers who report directly to the AO 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, 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 asset life-cycle transactions to ensure that they comply with the plans, legislative and municipal requirements.

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

## **6. POLICY AMENDMENT**

This policy should be reviewed annually to ensure continued compliance with the relevant legislation and accounting standards.

Changes to this document shall only be applicable if approved by Council.

Any proposals in this regard shall be motivated by the CFO in consultation with the AO and respective HODs.

The recommendations of the CFO shall be considered for adoption by Council.

## **7. RELATIONSHIP WITH OTHER POLICIES**

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

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

- Delegation of Powers;
- Accounting Policy;
- Insurance Policy;
- Enterprise Risk Management Policy;
- Disaster Management Policy;
- Supply Chain Management Policy;
- Credit Control and Debt Collection Policy;
- Tariff Policy;
- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Cash Management and Investment Policy
- Long Term Financial Plan Policy;
- Infrastructure Investment And Capital Projects Policy;
- Indigents Policy;
- Provision of Free Basic Services Policy;
- Budget Implementation and Monitoring Policy;
- Managing Electricity and Water Distribution Losses; and
- Asset Disposal Policy.

## 8. REFERENCES

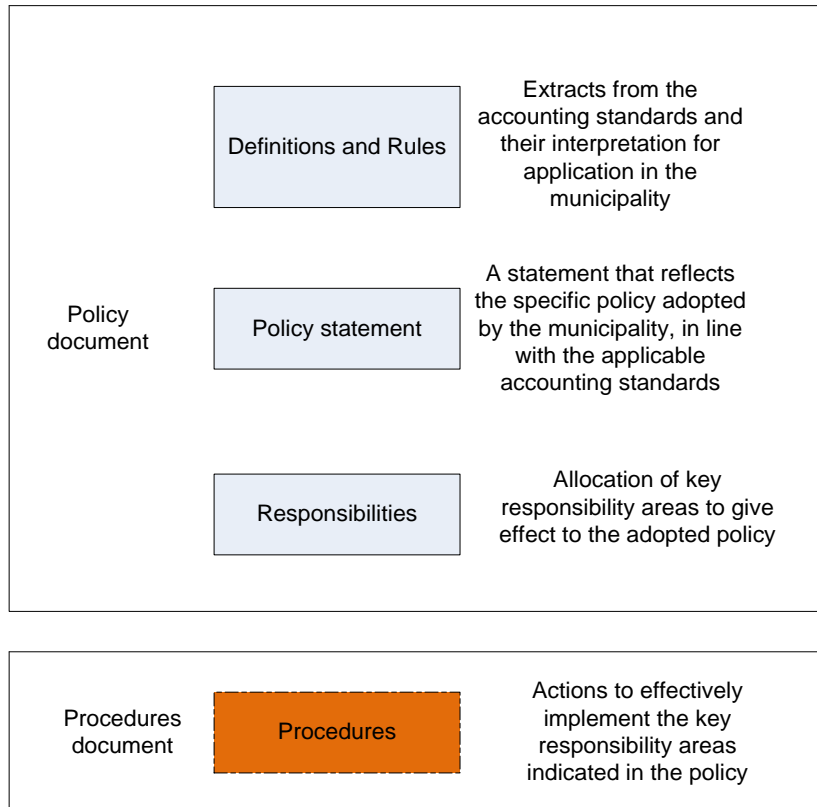
The following references were observed in compiling this document:

- The Constitution of the Republic of South Africa, 1996
- 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
- Accounting Standards Board
- Local Government Capital Asset Management Guidelines, National Treasury, 2008
- Generally Recognised Accounting Practice (1-14, 16, 17, 19-21, 23-27, 31, 32 and 100-104, 108 - 110)
- Interpretations of the standards of GRAP issued by the Accounting Standards Board (ASB) (IGRAP 1- 19)
- Directives issued by the ASB
- Municipal transfer and disposal regulations, No. 878 of 2008 (Government Gazette No. 31346)
- Accounting guideline issued by National Treasury relating to intangible assets
- Supply Chain Management Regulations No. 868 of 2005 (Government Gazette, 30 May 2005, No. 27636 on disposal)

## 9. POLICY FORMAT

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

**Figure 1 - Interaction between the policy and the procedures**





## **10. POLICY FOR FIXED ASSET ACCOUNTING**

### **10.1 RECOGNITION OF IMMOVABLE AND MOVABLE ASSETS**

#### ***(a) Definitions and rules***

##### Asset

An asset is defined as a resource controlled by an 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

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

##### Movable PPE

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

### Investment property

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

### Intangible assets

Identifiable non-monetary assets, without physical substance are intangible assets, for examples licenses or rights (such as water licenses), servitudes and software.

An asset meets the criterion of being identifiable in the definition of an intangible asset when it:

- (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, regardless of whether the municipality intends to do so or;
- (b) arises from binding arrangements regardless of whether those rights are transferable and separable from the municipality or from other rights and obligations.

### Biological Assets

Biological assets are living animals or plants as per the definition in the GRAP Standard on Agriculture.

### Capital Spares (Major Spare Parts)

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

### Useful Life

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

### 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 85 of 1993 requires lifting equipment to be inspected once a year). When each major inspection is performed, its cost is recognised in the carrying amount of the item of 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 de-recognised. This occurs regardless of whether the cost of the previous inspection was identified in the transaction in which the item was acquired or constructed. If necessary, the estimated cost of a future similar inspection may be used as an indication of what the cost of the existing inspection component was when the item was acquired or constructed.

### Control

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

### Past transactions or events

Assets are only recognised from the point when some event or transaction transferred control to an 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 judgement. The CFO shall exercise such judgement on behalf of the municipality, in consultation with the respective HOD.

### 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

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

### Asset custodian

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

### Reliable measurement

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

#### Heritage assets

Heritage assets are defined as assets that have cultural, environmental, historical, natural, scientific, technological, or artistic significance and are held indefinitely for the benefit of present and future generations.

### **(b) Policy statement**

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

### **(c) Responsibilities**

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

## **10.2 CLASSIFICATION OF ASSETS**

### **(a) Definitions and rules**

#### Fixed asset categories

- Property, plant and equipment (which is broken down into groups of assets of a similar nature or function in the municipality's operations) (GRAP 17);
- Intangible assets (GRAP 31);
- Heritage assets (GRAP 103);

- Biological assets (/27 and GRAP 110);
- Capital Finance Lease Assets (GRAP 13); and
- Investment Property (GRAP 16).

### Class of PPE

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

PPE, assets should be classified under the following heading in the Asset Register:

- Land
- Transport assets
- Infrastructure assets
- Machinery and equipment
- Computer equipment
- Community assets
- Other assets

### PPE Asset hierarchy

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

### PPE: Infrastructure

Infrastructure assets are immovable assets which are part of a network of similar assets that jointly provide service potential.

General characteristics of infrastructure assets are that they:

- a) Are part of a system or network;
- b) They are specialised in nature and do not have alternative uses;
- c) They are immovable; and
- d) They may be subjected to constraints on disposals

### PPE: Community Property

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

### PPE: Other Assets

PPE which is defined as capital assets utilised in normal operations administrative function of the municipality, for example, office buildings.

### PPE Land:

PPE which is defined as capital assets utilised in normal operations administrative function of the municipality, for example, land.

The definition of an asset is met when the resource is controlled by the municipality as a result of past events and from which future economic benefits or service potential is expected to flow to the municipality. To satisfy the recognition criteria, it should be probable that future economic benefits or service potential associated with the item will flow to the municipality, and the cost or fair value of the item can be measured reliably.

A municipality must control the resource. Control of the resource is evidenced by the municipality's ability to use the resource, or direct other parties to use it, so as to benefit from the future economic benefits or service potential embodied in the resource.

The principle **of substance over form** acknowledges that the substance of transactions or other events is not always consistent with that which is apparent from their legal form. Legal ownership is one method to demonstrate control of land, but the ability to generate future economic benefits or the right to service potential may exist without legal ownership of land. As a result, although the capacity of a municipality to control benefits is usually the result of legal rights, an item may nonetheless satisfy the definition of an asset even when there is no legal ownership. The municipality should assess whether it controls land using the following criteria. Control is evidenced by the rights and obligations arising from a binding agreement. Judgement should be used to assess:

1) Control is evidenced by the rights and obligations arising from a binding arrangement. Control of land is evidenced by the following criteria:

- (a) legal ownership; and/or
- (b) the right to direct access to land, and to restrict or deny the access of others to land.

At each reporting date, the municipality needs to assess whether there are any changes to the binding arrangement that may impact its assessment of control.

PPE Machinery and equipment:

PPE which is defined as capital assets utilised in normal operations administrative function of the municipality, for example, toolboxes and generators.

PPE Furniture and office equipment:

PPE which is defined as capital assets utilised in normal operations administrative function of the municipality, for example, office tables and chairs.

PPE Computer equipment

PPE which is defined as capital assets utilised in normal operations administrative function of the municipality, for example, laptops and desktops.

PPE: Transport assets.

PPE which is defined as capital assets utilised in normal operations administrative function of the municipality, for example, motor vehicles.

### Heritage assets

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



### Investment property

Investment property is defined as property (land and/or a building, or part thereof) held (by the owner or the lessee under a finance lease) to earn rentals or capital appreciation, or both (rather than for use in the production or supply of goods or services or administration purposes or sale in the ordinary course of operations). Examples of investment property are office parks that are rented out. The municipality may need to consider, on an ongoing basis, substance over form in assessing whether land and/or buildings are used to deliver on its mandated functions if the asset is used to deliver goods/services in accordance with its mandated function it will be accounted for under GRAP 17. 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 an investment property until the use of the land has been determined.

The land is held for a currently undetermined future use when

- a) The municipality has not determined that it will use the land as owner-occupied property
- b) A municipality does not hold the land for sale in the ordinary course of operations
- c) An municipality has not determined that it holds the land for strategic purposes which will be accounted for in accordance with GRAP 17.

### Intangible assets

Identifiable non-monetary assets, without physical substance are intangible assets, for examples licenses or rights (such as water licenses), servitudes and software.

An asset meets the criterion of being identifiable in the definition of an intangible asset when it:

- 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, regardless of whether the municipality intends to do so or;
- b) Arises from binding arrangements regardless of whether those rights are transferable and separable from the municipality or from other rights and obligations.

*However, if the municipality is of the opinion that even though a servitude may meet the definition of an intangible asset, it is essential to the operation of a tangible asset. For example, where the*

*municipality would not be able to construct or operate infrastructure on land that it does not own without acquiring certain rights from the landowner. Therefore the municipality may be of the opinion that it would be more appropriate to include the cost of the servitude in the cost of the tangible asset rather than recognising a separate intangible asset. In such cases servitudes will be accounted for as PPE by applying GRAP 17, and componentisation may be required as the values, nature and the useful life of the servitude and the tangible asset are different.*

### Servitudes

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. Costs incurred to register these servitudes (if any) are expensed.

Servitudes that are created through acquisition (including by way of expropriation or agreement) can be recognised as *either intangible assets or PPE* at cost. The municipality use judgement whether to include the cost of 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).

### Biological Assets

Biological assets are living animals or plants as per the definition in the GRAP on Agriculture.

### **(b) Policy statement**

Asset hierarchies shall be adopted for each of the asset groups, separately identifying items of PPE at component level that are significant from a financial or risk perspective, and, where applicable, grouping items that are relatively insignificant. Investment Property and Intangible assets are not required to be componentised.

PPE shall be disclosed in the financial statements at the sub-category level.

A committee to be nominated by Council will consider the recognition of assets as heritage assets and motivate their recommendation for adoption by Council.

Figure 2 – Decision tree – Classification of assets

**(c) Responsibilities**

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

### **10.3 IDENTIFICATION OF ASSETS**

**(a) Definitions and rules**

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.

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, which will also assist with the subsequent verification process of movable assets.

**(b) Policy statement**

A coding system shall be adopted and applied that will enable each asset of immovable assets (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.

**(c) Responsibilities**

- The AO shall develop and implement an immovable asset coding system in consultation with the CFO and other HODs to meet the policy objective.
- HODs shall ensure that all the immovable assets under their control are correctly coded.

- HODs shall ensure that all the movables assets under their control are barcoded.

## **10.4 ASSET REGISTER**

### ***(a) Definitions and rules***

#### ***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.

#### ***Procurement of assets***

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

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

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

**(b) Policy statement**

A fixed asset register shall be established to provide the data required to apply the applicable accounting standards, as well as other data considered by the municipality to be necessary to support strategic asset management planning and operational management needs. The asset register shall be updated and reconciled to the general ledger on a regular basis, which will be reconciled to the financial statements at year end.

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

The Asset Manager is responsible for establishing and maintaining any additional register or database required by the managers to demonstrate the physical management of their assets.

The asset register shall be maintained in the format determined by the Chief Financial Officer, which format shall comply with the requirements of GRAP and any other accounting requirements which may be prescribed.

The details in the asset register must, as far as possible, include:

- A unique identification number;
- GIS identification number in the case of infrastructure;
- A short but meaningful description of each asset;
- Date of acquisition of the date that the asset was ready for use;
- Location of the asset;
- The responsible manager and department(s) or vote(s) within which the asset will be used;
- The title deed number, in the case of fixed property;
- The erf number, in the case of fixed property;
- The measurement basis of the asset (Cost or Fair Value);
- The original useful life of the asset;
- The revised useful life of the asset;
- The residual value of the asset;
- The revised residual value of the asset;
- The historical cost or revalued amount or fair value, where no cost is available;
- The accumulated depreciation to date;
- Depreciation charged for the current financial year;
- The carrying value of the asset;
- The depreciation methods and rate used;
- Impairment losses incurred during the financial year (and the reversal of such losses, where applicable);
- Method of calculating recoverable amount (in the case where an impairment is required in terms of GRAP);
- Source of finance;
- Condition of the asset;
- Current insurance arrangements/agreements;
- Whether the asset is required to perform basic municipal services;
- Whether the asset has been used to secure any debt, and – if so - the nature and duration of such security arrangements;

- Security arrangements;
- Date and value of disposal;
- Selling price; and
- The date on which the asset is retired from use, if not disposed of.

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

An asset shall be recorded in the assets register as soon as it is acquired. If the asset is constructed over a period of time, it shall be recorded as work-in-progress until it is available for use, where after it shall be appropriately capitalised as a fixed asset. The fact that an asset has been fully depreciated shall not in itself be a reason for deleting it from the register.

Controls relating to the asset register should be sufficient to provide HOD's with an accurate, reliable and up-to-date account of assets under their control, in line with the standards specified by the Chief Financial Officer and as required by relevant legislative and other requirements.

These controls must include:

- Details of the physical management;
- The recording of all acquisitions, assignments, transfers, losses and disposals of assets;
- Regular stock-takes; and
- Systems audit to confirm the accuracy of the records.

The Chief Financial Officer must establish a system to ensure that each moveable asset bears a unique identification number/ barcode which shall be recorded in the asset register.

HOD's must ensure that the asset identification system approved for use by the municipality is scrupulously applied to all assets controlled or used by the department in question.

**(c) Responsibilities**

- The CFO shall define the format of the fixed asset register in consultation with the AO and the HODs, and shall ensure that the format complies with the prevailing accounting standards and disclosure requirements.
- HODs shall provide the CFO with the data required to establish and update the asset register in a timely fashion.
- 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.

## 10.5 MEASUREMENT AT RECOGNITION

### **(a) Definitions and rules**

#### Measurement at recognition of PPE

An item of PPE that qualifies for recognition is measured at cost. Where an asset is acquired through a non-exchange transaction (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 on recognising PPE for which there are no records or records cannot be linked to specific assets, its cost is deemed to be its fair value and should the principles of GRAP 17 be applied to determine the fair value.

#### Measurement at recognition of investment property

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

#### Measurement at the recognition of intangible assets

Intangible assets will be measured at cost at initial recognition. Where assets are acquired for through a non-exchange transaction (no or nominal consideration) the cost is deemed to equal the fair value of the asset on the date acquired.

#### Measurement at the recognition of heritage assets

Heritage assets will be measured at cost at initial recognition. Where assets are acquired through a non-exchange transaction (for no or nominal consideration) the cost is deemed to equal the fair value of the asset on the date acquired.

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

- A description of the heritage asset or class of heritage assets.

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

#### Measurement at recognition of biological assets

Biological assets shall be measured on initial recognition and at each reporting date at its fair value less costs to sell. Where the fair value cannot be measured reliably the principles of GRAP 27 should be followed.

#### Fair value

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

#### Depreciated replacement cost

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

#### Costs associated with heritage assets

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



amount of the heritage asset as incurred when the recognition criteria of a heritage asset are met.

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

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

10.5.1 If the cost model is used –

- Changes in the liability shall be added to or deducted from the cost of the related asset.
- If the amount deducted from the cost of the asset exceeds the carrying amount of the asset, the excess shall be recognised immediately in surplus or deficit.
- If the adjustment results in an addition to the cost of an asset, the municipality should consider whether this is an indication that the carrying amount may not be recoverable. In this case the municipality should test the asset for impairment.

10.5.2 If the revaluation model is used -

- A decrease in the liability shall be credited to the revaluation surplus, except that it shall be recognised in the surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in the surplus or deficit; and
- an increase in the liability shall be recognised in surplus or deficit, except that it shall be debited to the revaluation surplus to the extent that any credit balance may exist in the revaluation surplus in respect of asset.
- If the decrease in liability exceeds the carrying amount that would have been recognised if the asset has been carried under the cost model, the excess shall be recognised immediately in the surplus or deficit.
- If the change in liability is an indication that the asset may have to be revalued 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 on the face of the statement of changes in net assets.

### Finance leases

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

### Self-constructed immovable PPE

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

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

### Construction of future investment property

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

### Borrowing costs

Borrowing costs are interest and other costs incurred by the municipality from borrowed funds. The items that are classified as borrowing costs may include

- a) Interest expense calculated using the effective interest method as described in the Standard of GRAP on Financial instruments;
- b) Finance charges in respect of finance leases and service concession arrangements; and

- c) Exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

The municipality shall recognise borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset as part of the cost of the asset. The amount of borrowing cost eligible for capitalisation shall be determined in accordance with the GRAP 5.

#### Deferred payment

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

#### 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.

#### Cost of an item of PPE

The capitalisation value comprises of;

- (i) the purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- (ii) any directly attributable costs necessary to bring the asset to its location and condition necessary for it to be operating in the manner intended by the municipality, and
- (iii) an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

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).

### Directly attributable costs

Examples of directly attributable costs are defined as:

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

### **(b) Policy statement**

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

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

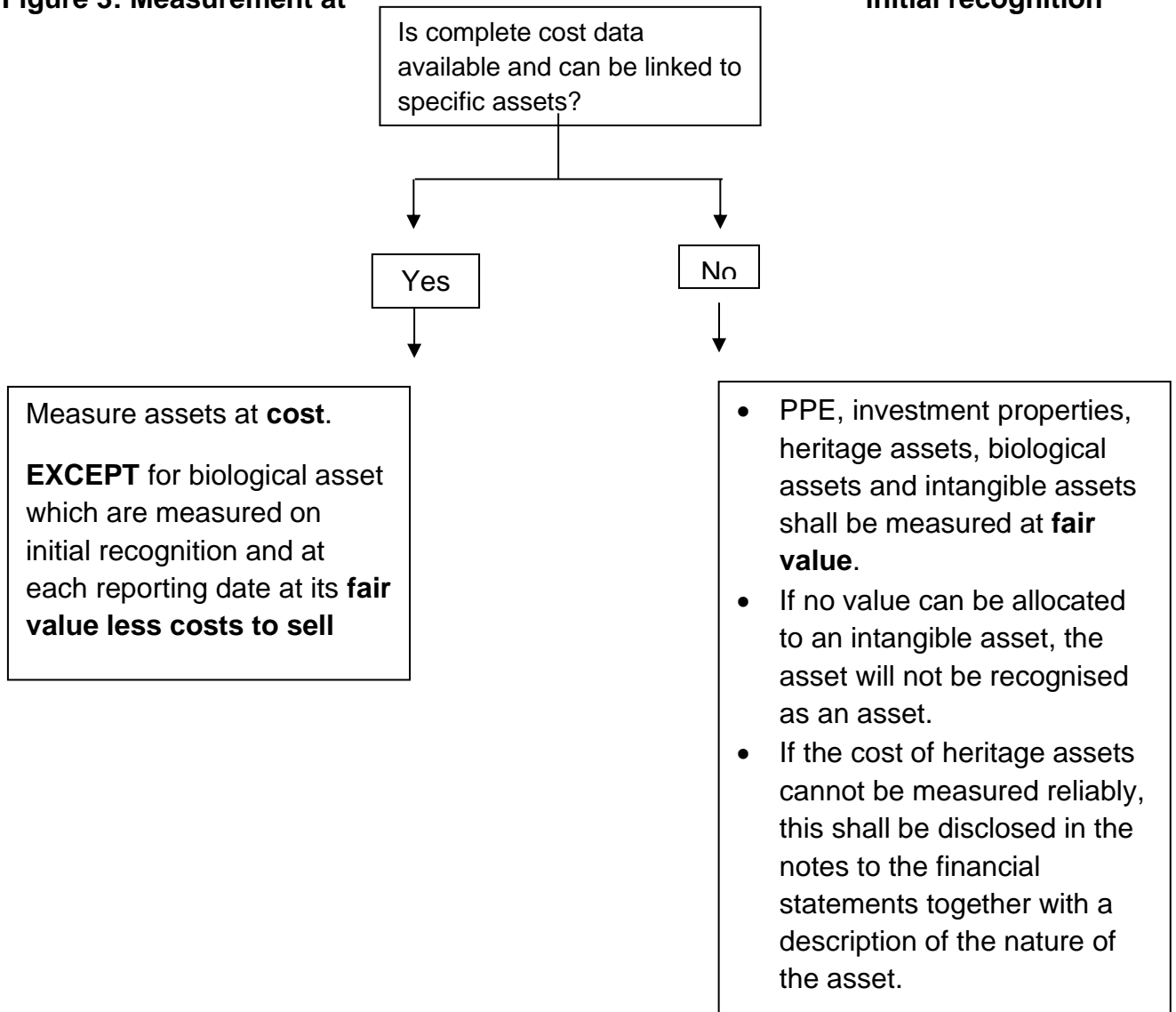
- The fair value of PPE shall be adopted on the basis of depreciated replacement cost;
- If the cost of heritage assets cannot be measured reliably, the Chief Financial Officer may, if it is believed that the determination of fair value for the assets in question will be a laborious or expensive undertaking, record such asset/assets in the asset register without an indication of the costs or fair value concerned. This shall be disclosed in the notes to the financial statements together with a description of the nature of the asset; and
- Investment property and intangible assets shall be measured at fair value on the date of acquisition. If no fair value can be allocated to the intangible asset, it will not be recognised as an asset.

In cases where the fair value for biological assets cannot be measured reliably:

- The biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses.
- Once the fair value becomes reliably measurable the municipality shall measure it at its fair value less cost to sell.
- Additional disclosure requirements include the following:
  - A description of the biological assets;
  - An explanation of why fair value cannot be measured reliably;
  - If possible, the range of estimates within which fair value is highly likely to lie;
  - The depreciation method used;
  - The useful lives or the depreciation rates used; and
  - The gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and the end of the period.

**Figure 3: Measurement at**

**initial recognition**



**(c) Responsibilities**

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

## 10.6 MEASUREMENT AFTER RECOGNITION

### **(a) Definitions and rules**

#### Options

Accounting standards allow measurement after recognition on immovable assets as follows:

- PPE, heritage assets and intangible assets: on either a cost or revaluation model;
- Biological assets: fair value less costs to sell; 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, the asset is carried after recognition at its cost less any accumulated depreciation and any accumulated impairment losses.

#### Revaluation model

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. The appraisal of the fair value of assets is normally undertaken by a member of the valuation profession, who holds a recognised and relevant professional qualifications and appropriate knowledge and experience in valuation of the respective assets.

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.

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.

When an asset is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- 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 DRC.
- Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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. *If this option is selected, an adjustment of the aggregate transfer is made at the end of each financial year.*

#### Statutory inspections

The cost of a statutory inspection that is required for the municipality to continue to operate immovable PPE is recognised at the time the cost is incurred if the recognition criteria are satisfied and any previous statutory inspection cost is de-recognised.

#### 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 assets are capitalised. Such expenses are recognised once the municipality has beneficial use of the asset (be it new, upgraded, and/or renewed) – prior to this, the expenses are recorded as work-in-progress. Expenses incurred in the maintenance or repair (reinstatement) of 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

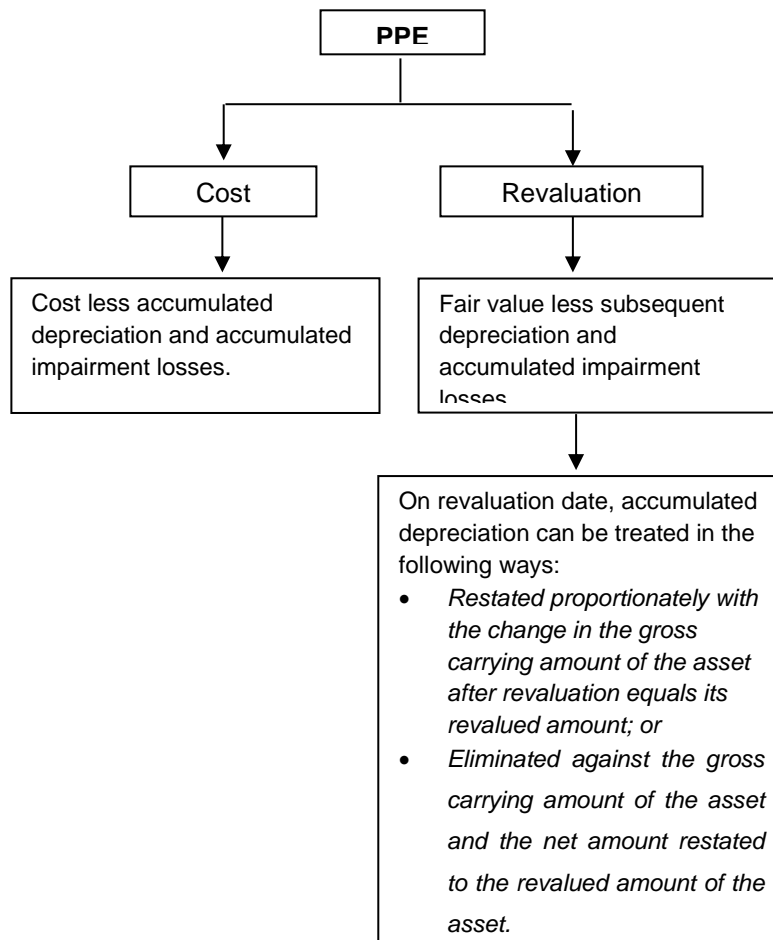
The location of capital spares shall be amended once they are placed in service, and re-classified to the applicable PPE asset sub-category. Depreciation on the capital spares will commence once the items are placed in service as this is when they are in the location and condition necessary for them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

#### **(b) Policy statement**

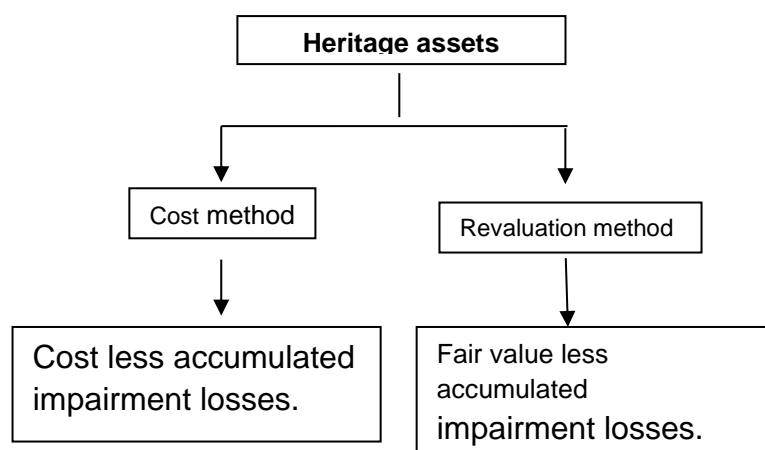
Measurement after recognition shall be on the following basis:

- PPE: *cost model*
- Heritage: *cost model*
- Investment property: *cost model*
- Intangible assets: *cost model*
- Biological assets: *fair value less cost to sell*

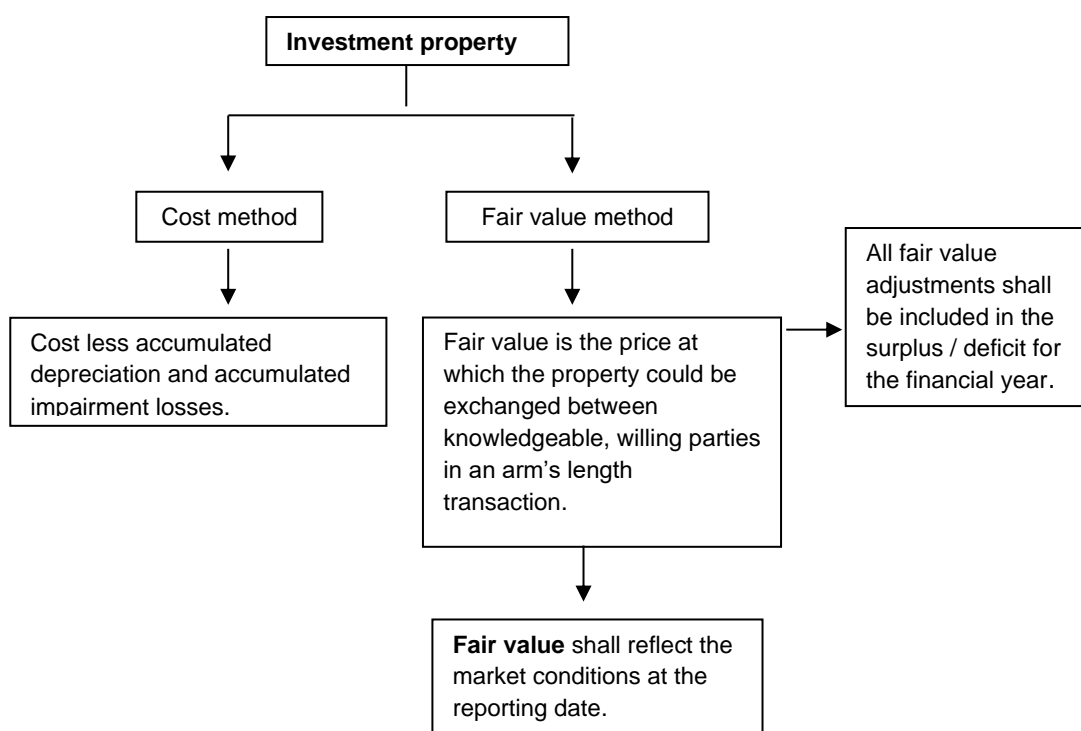
**Figure 4: Measurement after recognition**



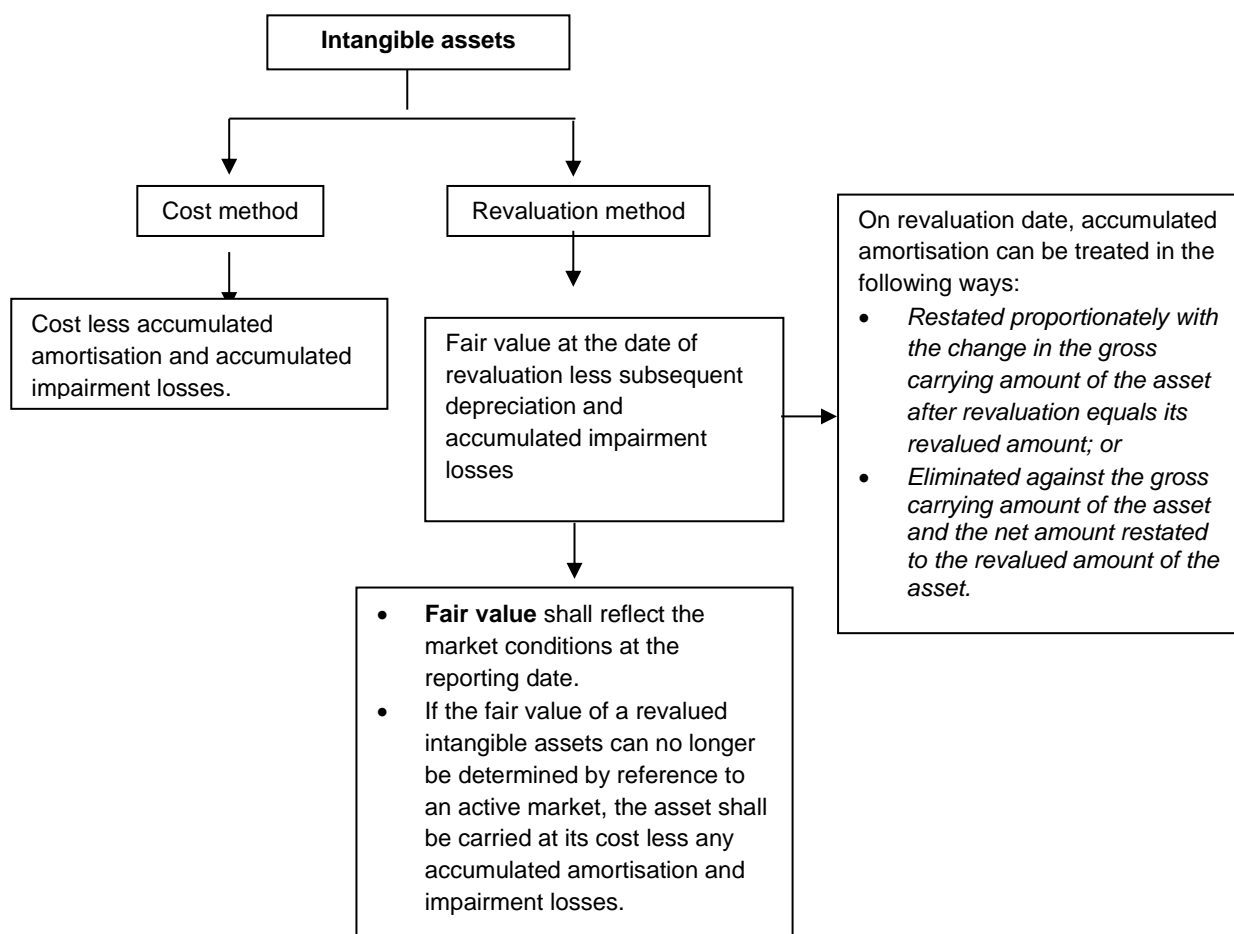
**Figure 5: Measurement after recognition**



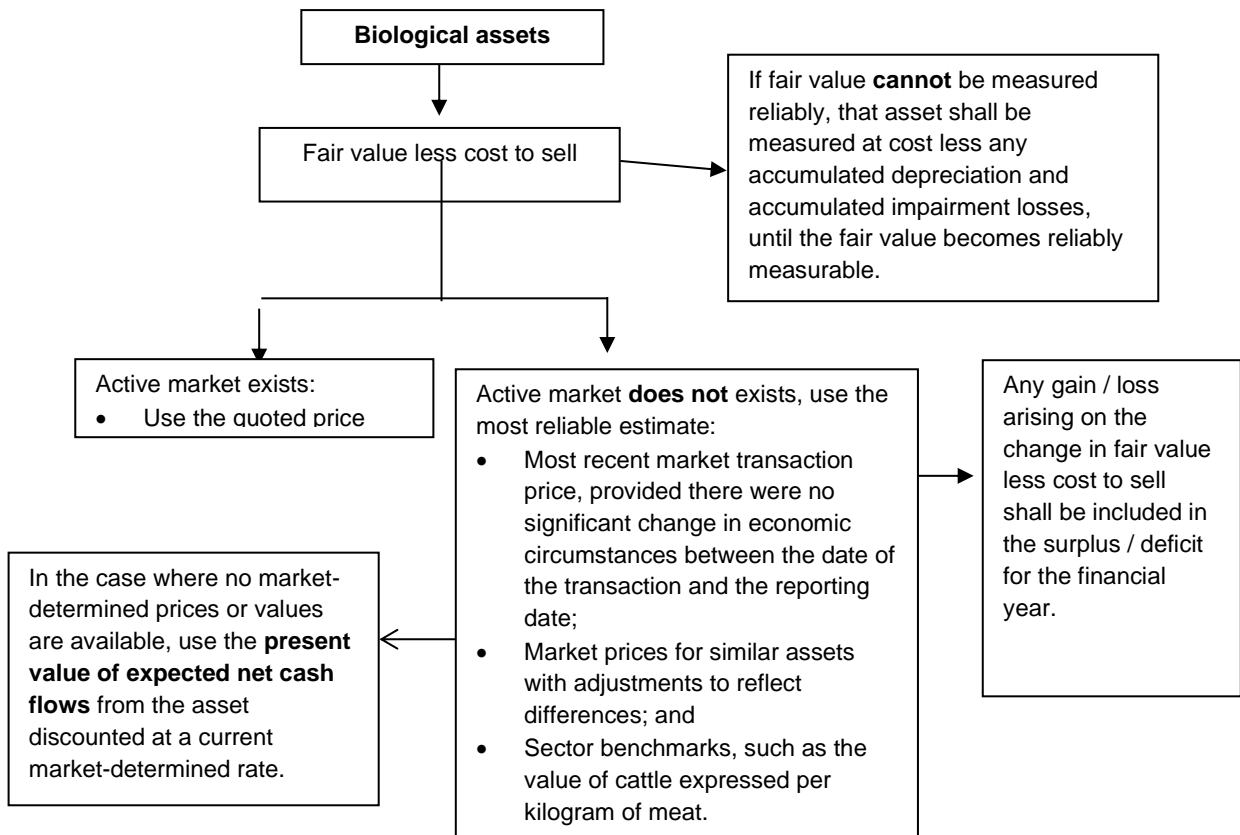
**Figure 6: Measurement after recognition**



**Figure 7: Measurement after recognition**



**Figure 8: Measurement after recognition**



**(c) Responsibilities**

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

## 10.7 DEPRECIATION

### (a) *Definition and rules*

#### Depreciation

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

Land and servitudes are considered to have unlimited life; therefore they are not depreciated. Heritage assets, biological assets, agricultural assets and assets under construction are also not depreciated.

#### Depreciable amount

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

#### Residual value

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

In assessing whether there is any indication that the expected residual value of an asset has changed, the municipality shall consider where there has been any change in the expected timing of disposal of the assets, as well as any relevant indicators.

The residual values of assets are indicated in **Annexure B** 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 revalued cost.

#### Intangible assets with an indefinite useful life

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

The useful life of an intangible asset that is not being amortised shall be reviewed each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite shall be accounted for as a change in accounting estimate in accordance with GRAP 3.

#### Remaining useful life

The remaining useful life (RUL) of a depreciable PPE asset is the time remaining until an asset ceases to provide the required standard of performance or economic usefulness.

The remaining useful life of all depreciable immovable PPE assets at initial recognition is the same as the expected useful life indicated in **Annexure A** above. 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 A**.

The estimation of the useful life of assets is a matter of judgement based on the experience of the municipality with similar assets. The municipality considers all facts and circumstances in estimating the useful lives of assets, which includes the consideration of financial, technical and other factors.

#### Annual review of remaining useful life

The municipality shall assess at each reporting date whether there is any indication that the municipality's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality shall revise the expected useful life and/or residual value accordingly. The change(s) shall be accounted for as a change in accounting estimate in accordance with GRAP 3.

In assessing whether there is any indication that the expected useful life of an asset has changed, the municipality considers the following indications:

- a) The composition of the asset changed during the reporting period, i.e. the significant components of the asset changed.
- b) The use of the asset has changed, because of the following:
  - i) The municipality has changed the manner in which the asset is used.
  - ii) The municipality has changed the utilisation rate of the asset.

- iii) The municipality has made a decision to dispose of the asset in a future reporting period(s) such that this decision changes the expected period over which the asset will be used.
  - iv) Technological, environmental, commercial, or other changes that occurred during the reporting period that have, or will, change the use of the asset.
  - v) Legal or similar limits placed on the use of the asset have changed.
  - vi) The asset was idle or retired from use during the reporting period.
- c) The asset is approaching the end of its previously expected useful life.
  - d) Planned repairs and maintenance on, or refurbishments of, the asset and/or its significant components either being undertaken or delayed.
  - e) Environmental factors, e.g. increased rainfall or humidity, adverse changes to temperatures or increased exposure to pollution.
  - f) There is evidence that the condition of the asset improved or declined based on assessments undertaken during the reporting period.
  - g) The asset is assessed and is being impaired in accordance with GRAP 21/26.

In assessing whether there is any indication that the expected residual value of an asset has changed, an municipality shall consider whether there has been any change in the expected timing of disposal of the asset, as well as any relevant indicators as listed above.

#### Depreciation method

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, diminishing amount 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 or service potential, and should be reviewed annually where there has been a significant change in the expected pattern of consumption.

#### Depreciation charge

Depreciation starts once an asset is available for use when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the date that the asset is derecognised. Depreciation does not cease

when the asset becomes idle or it is retired from active use and held for disposal unless that asset is fully depreciated.

#### Change in useful life

Where the remaining useful life of the asset has changed, the carrying value of the asset will be written off over the revised remaining useful life of the asset.

#### Carrying amount

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

#### 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 and Intangible assets GRAP 31. 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.

#### **(b) Policy statement**

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 municipality shall assess at each reporting date whether there is any indication that the municipality's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality shall revise the expected useful life and/or residual value accordingly. The change(s) shall be accounted for as a change in accounting estimate in accordance with GRAP 3.

#### **(c) Responsibilities**

- The HODs shall ensure that a budgetary provision is made for the depreciation of the



- assets in the ensuing financial year, in consultation with the CFO.
- HODs shall assess at each reporting date whether there is any indication that the municipal expectations about the residual value (Annexure B) and the useful life (Annexure A) of the asset have changed since the preceding reporting date. If such an indication exists the HODs shall motivate to the AO and CFO any adjustments to the revised the useful life and residual value.
- The depreciation method will also be reviewed annually by the HODs and if any adjustment is needed it should be motivated to the AO and CFO. Changes should not be made on a continuous basis because the accounting principle of consistency would be violated.
- The CFO shall ensure that depreciation charges are debited on a monthly basis and that the fixed asset register is reconciled with the general ledger.

## 10.8 IMPAIRMENT

### (a) *Definition and rules*

#### 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

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

#### 10.8.1 External sources of information:

- decline or cessation in demand;
- significant long-term changes in the technological, legal or government policy environment;
- the carrying amount of the net assets of the municipality is more than its market capitalisation;
- market interest rates have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially; or

- a halt in construction could indicate an impairment. Where construction is delayed or postponed to a specific date in the future, the project may be treated as work in progress and not considered as halted.

#### 10.8.2 Internal sources of information:

- 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;
- 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.

#### 10.8.3 Other indications, such as loss of market value.

##### 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 should with in accordance with GRAP 21 and GRAP 26 test intangible assets with an indefinite useful life or an intangible asset not yet available for use for impairment by

comparing its recoverable service amount, as appropriate, with its carrying amount annually and whenever there is an indication that the intangible asset may be impaired.

#### Recoverable amount

The recoverable amount of a cash or non-cash generating unit is the higher of its fair value less cost to sell and its value in use. The events and circumstances in each instance must be recorded. Where there are indications of impairment, the municipality must estimate the recoverable amount of the asset and also consider adjustment of the remaining useful life, residual value, and method of depreciation.

#### Impairment loss

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

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

#### Non-cash generating unit

Non-cash-generating units are those assets (or group of assets) that are not held with the primary objective of generating a commercial return. This would typically apply to assets providing goods or services for community or social benefit. The recoverable service amount is the higher of the asset's fair value less cost to sell and its value in use. It may be possible to determine the fair value even if the asset is not traded in an active market. If there is no binding sales agreement or active market for an asset, the fair value less cost to sell is based on the best information available to reflect the amount that an 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:

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

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

### Cash-generating unit

Cash-generating units are those assets held with the primary objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented municipality. Holding an asset to generate a “commercial return” indicates that an 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.

### Judgement

The extent to which the asset is held with the objective of providing a commercial return needs to be considered to determine whether the asset is a cash generating or non-cash generating asset. An asset may be held with the primary objective of generating a commercial return even though it does not meet that objective during a 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. Judgement is needed in these circumstances.

### Recognition of impairment

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

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

In the event of compensation received for damages to an item of 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.

### Reversing an impairment loss

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

determined had no impairment loss been recognised in prior periods). Any reversal of an impairment loss is recognised as a credit in surplus or deficit.

**(b) Policy statement**

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

The municipality must review assets for impairment at the end of each reporting period by assessing whether there is any indication that an asset may be impaired.

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

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

**(c) Responsibilities**

- The CFO shall indicate a fixed annual date for the review of any impairment that may have occurred on assets under the control of the respective HODs.
- HODs shall assess at each reporting date whether there is any indication that an asset may be impaired. The HOD shall motivate to the CFO the proposed changes in the performance of such assets and the necessary impairment that needs to be recognised on such assets indications
- The HOD should evaluate all the immovable PPE for impairment, taking into consideration any discussions with the senior accountants and operating managers.
- The Asset register administrator should update the fixed asset register with the information received, relating to the impairment, from the financial management system where the impairment journals have been processed.

- The CFO shall report changes made to the carrying values of these assets in the asset register to the AO and Council.

## **10.9 DE-RECOGNITION**

### ***(a) Definition and rules***

#### *Exempt assets*

Capital assets transferred to another municipality or to a municipal municipality 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*

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

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

PPE that is associated with the provision of basic services cannot be disposed without the approval of Council.

Government Gazette No. 31346, Municipal asset transfer regulations, sets out the regulations regarding municipal asset transfers and disposals, for example type of assets that need approval to be disposed or transferred, timeframes, possible public participation requirements, considerations in approving the transfer or disposal and Council approval.

Read in conjunction with the Municipal Finance Management Act (MFMA) it is clear that a municipality may not transfer ownership as a result of a sale or other transaction or otherwise

permanently dispose of a capital asset needed to provide the minimum level of basic municipal services unless that transfer is to an organ of state, and the following conditions must be met:

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

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

Council may delegate the following powers and responsibilities to the AO:

- 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.

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.



### Disposal Management System

An effective system of disposal management for disposal or letting of assets, including unserviceable, redundant or obsolete assets, must be provided for in the Supply Chain Management Policy.

This must specify the ways in which assets may be disposed of, including by:

- transfer the asset to another organ of state in terms of a provision of the MFMA enabling the transfer of assets;
- transferring the assets to another organ of state at market related value or, when appropriate, free of charge;
- selling the asset; or
- destroying the asset.

PPE may be sold only at market related prices except when it is in the public interest or to alleviate the plight of the poor. When assets are traded in for other assets, the highest possible trade-in price must be negotiated.

### Revaluation model

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 immovable 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.

### **(b) Policy statement**

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

Where an asset being de-recognised was previously revalued, the revaluation surplus is transferred to the Accumulated Surpluses / (Deficits) Account on de-recognition of an asset.

**(c) Responsibilities**

- Fixed assets shall be de-recognised only on the recommendation of the HOD controlling the asset, and with the approval of the AO.
- Every HOD shall report to the CFO on assets which such HOD wishes to have de-recognised, stating in full the reason for such recommendation, indicating whether or not the assets are associated with the provision of basic services. The CFO shall submit a report to the Mayoral Committee on an annual basis for consideration of asset disposals.
- Assets that are replaced in the nominal course of the life-cycle renewal should be de-recognised and removed from the asset register.
- The AO, in consultation with the CFO and other HODs shall formulate norms and standards from the replacement of all PPE.

**10.10 INSURANCE OF ASSETS**

**(a) Definition and rules**

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.

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 HODs concerned. This will be reflected in the accumulated surplus and will be cash backed.

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. If the damage was caused by an identifiable third party the CFO or HOD of the department should compile a report advising the AO of the facts thereof and any possible further action.

**(b) Policy statement**

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

**(c) Responsibilities**

- The AO will 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 immovable asset concerned. The approach shall take due cognisance of the budgetary resources of the municipality, and where applicable asset classes shall be prioritised in terms of their risk exposure and value.
- The AO shall advise Council on the insurance approach taken.

**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.**

## 11. POLICY FOR SAFEGUARDING

### **(a) Definitions and rules**

The municipality applies controls and safeguards to ensure that assets are protected against improper use, loss, theft, malicious damage or accidental damage.

The existence of assets is physically verified from time-to-time, and measures adopted to control their use, as follows:

- All above ground assets should be verified for existence and any changes in condition at least once a year by means of workstreams done by an independent service provider. 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.

Every HOD 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 HOD 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:-

- 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.

## Transfers between HOD's:

- **Permanent transfers to another HOD**

A HOD may transfer an asset under his control provided that another HOD agrees in writing to accept responsibility for that asset. Copies of such approvals must be submitted to the Financial Department.

The Financial Department must appropriately amend the Asset register by recording all approved transfers.

The HOD to whom the asset is transferred must assume accountability for the transferred asset from a date specified in the written communication referred to above.

A HOD must ensure that assets are appropriately safeguarded for loss, damage, or misuse wherever they are located. Safeguarding includes ensuring reasonable physical restrictions.

- **Relocation or Reassignment of Assets**

A HOD must advise the Chief Financial Officer, in writing, whenever an asset is relocated or reassigned from the location (or base) or cost centre as recorded in the Asset Register.

In the case of assets such as vehicles being utilized in the normal course of operations away from its base such reporting is not necessary.

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.

### **(b) Policy statement**

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 these assets shall be verified annually (in line with the assessment of impairment).

**(c) Responsibilities**

- Each HOD shall prepare and submit to the CFO, upon request, an annual asset safeguarding plan for the assets under the control of their respective departments, indicating the budget required.
- The CFO shall confirm the available budget, and in consultation with the respective HOD, determine the impact of any budget shortfall. The CFO shall report the impacts to the AO for review, and advise Council.
- Each HOD shall implement the safeguarding plan within the resources made available.
- Each HOD shall report, within the time frame indicated by the CFO, the existence, condition, location and appropriate use of assets under the control of their respective departments at the review date.
- Every HOD 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 HOD 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.
- Malicious damage, theft, and break-ins must be reported to the AO or delegated person within 48 hours of its occurrence or awareness by the respective HOD.
- The AO must report criminal activities to the South African Police Service.

**12. POLICY FOR LIFE-CYCLE MANAGEMENT OF IMMOVABLE PPE ASSETS**

**(a) Definitions and rules**

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

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.

The core principles are:

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

***(b) Policy statement***

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

*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 cognisance of the full life-cycle needs of existing and future infrastructure assets and the risks to achieving the adopted performance targets;
- strive for alignment of the financial statements with the actual service delivery potential of the infrastructure assets; and
- implement its tariff and credit control and debt collection policies to sustain and protect the affordability of services by the community.

#### *Social and economic development*

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

To this end, the municipality shall:

- regularly review its understanding of customer needs and expectations through effective consultation processes covering all service areas;
- implement changes to services in response to changing customer needs and expectations where appropriate;
- foster the appropriate use of services through the provision of clear and appropriate information;



- ensure services are managed to deliver the agreed levels and standards; and
- create job opportunities and promote skills development in support of the national Expanded Public Work Program (EPWP).

### Custodianship

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

To this end, the municipality shall:

- establish a spatial development framework that takes cognisance of the affordability to the municipality of various development scenarios;
- establish appropriate development control measures including community information;
- cultivate an attitude of responsible utilisation and maintenance of its assets, in partnership with the community;
- ensure that heritage resources are identified and protected; and
- ensure that a long-term view is 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 immovable PPE asset management information 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 maximise the utilisation of budgeted funds;
- ensure the proper utilisation and maintenance of existing assets subject to availability of resources;
- establish and implement demand management plans;
- timeously renew infrastructure assets based on capacity, performance, risk exposure, and cost;
- timeously dispose of infrastructure assets that are no longer in use;
- review management and delivery capacity, and procure external support as necessary;
- establish documented processes, systems and data to support effective life-cycle infrastructure asset management;
- strive to establish a staff contingent with the required skills and capacity, and procure external support as necessary; and
- conduct regular and independent assessments to support continuous improvement of infrastructure asset management practice.

**(c) Responsibilities**

- Upon adoption of this policy by Council, the AO shall meet regularly with the CFO and HODs and to take measures to effectively implement this policy, and to report to Council on progress made at a frequency indicated by Council.
- HODs shall develop, and update at regular intervals to be determined by the AO in consultation with the CFO and HODs, an Asset Management Plan (AMP) for each service

involving immovable PPE that shall assess levels and standards of service, future demand, risk, determine a lifecycle plan for a minimum 10 year planning horizon, and identify management practice improvement needs (3 year horizon). The AMPs will be submitted through the AO to Council for adoption. AMPs shall be used to inform the preparation of a CMIP and budgets through the IDP process. The time frame for the first time implementation of this will be determined by the AO in consultation with the CFO and HODs.

- The CFO shall, in consultation with HODs, determine grading scales for the measurement of asset condition, performance, cost-of-operation, and utilisation for that are common and applicable to all services. Where necessary, the HODs shall interpret the grading scales for the immovable PPE assets under their control. HODs shall determine the grading of all immovable PPE assets under their control at a level of accuracy considered appropriate to the municipality's resources, at intervals to be determined by the AO in consultation with the CFO and HODs.
- HODs shall prepare, and review at regular intervals to be determined by the AO in consultation with the CFO and HODs, an Operations and Maintenance Strategy and Plan, and submit such, through the AO, to Council for adoption. The municipality shall engage contractors when necessary to support in the implementation of maintenance actions and adopt a system that assists in managing such maintenance. The time frame for the first time implementation of this will be determined by the AO in consultation with the CFO and HODs.
- HODs shall determine detailed service performance measures (differentiated, where applicable for identified customer groups), and submit such, through the AO, to Council for adoption and inclusion in the Services Delivery and Budget Implementation Plan. HODs shall establish a monitoring regime, and report actual performance each financial year. The time frame for the first time implementation of this will be determined by the AO in consultation with the CFO and HODs.
- The AO shall 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 to HODs. HODs shall address legislative needs in their strategies and plans, and shall enforce implementation.
- Review the municipality's Risk Management framework to ensure that it is effective for the management of physical risks to infrastructure and buildings. Important actions shall be

identified and implemented. The HODs shall report risk exposure relating to their respective assets each financial year.

### **13. SELLING OF REDUNDANT MOVABLE ASSETS**

All assets earmarked to be written off must be sold by public auction or tender after the following steps have been followed:-

- a notice of the intention of the municipality to sell the asset has been published in a local newspaper;
- in the case of a public auction, the municipality has appointed an independent auctioneer to conduct the auction; and
- in the case of a tender, the prescribed tender procedures of the municipality has been followed.

#### **14. RESIGNATION OF OFFICIALS**

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

#### **15. POLICY IMPLEMENTATION**

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

## ANNEXURE A: INDICATIVE USEFUL LIFE OF FIXED ASSETS

Level 1		Level 2		Level 3		life (years)	
GROUP		GROUP		GROUP		MIN	MAX
10000	LAND	11000	LAND	11001	DEVELOPED LAND	0	
10000	LAND	11000	LAND	11002	UNDEVELOPED LAND	0	
20000	BUILDINGS	21000	DWELLINGS	21001	CARAVANS	5	10
20000	BUILDINGS	21000	DWELLINGS	21002	CHILDREN'S HOMES	25	30
20000	BUILDINGS	21000	DWELLINGS	21003	FOREIGN MISSION DWELLINGS	25	30
20000	BUILDINGS	21000	DWELLINGS	21004	HOMES FOR THE AGED	25	30
20000	BUILDINGS	21000	DWELLINGS	21005	HOSTELS	25	30
20000	BUILDINGS	21000	DWELLINGS	21006	MILITARY PERSONNEL DWELLINGS	25	30
20000	BUILDINGS	21000	DWELLINGS	21007	MOBILE HOMES	5	10
20000	BUILDINGS	21000	DWELLINGS	21008	PLACES OF SAFETY	25	30
20000	BUILDINGS	21000	DWELLINGS	21009	PRISONS AND REHABILITATION FACILITIES	25	30
20000	BUILDINGS	21000	DWELLINGS	21010	RESIDENCES (PRESIDENTIAL, EMBASSIES)	25	30
20000	BUILDINGS	21000	DWELLINGS	21011	RESIDENCES (PERSONNEL) INCL GARAGES AND PARKING	25	30
20000	BUILDINGS	21000	DWELLINGS	21012	SECURE CARE CENTRES	25	30
20000	BUILDINGS	21000	DWELLINGS	21013	RECREATIONAL / HOLIDAY ACCOMMODATION	25	30
20000	BUILDINGS	21000	DWELLINGS	21014	RESIDENTIAL PERIMETER PROTECTION	10	25
20000	BUILDINGS	21000	DWELLINGS	21015	LOW COST HOUSING	25	30
20000	BUILDINGS	22000	NON RESIDENTIAL STRUCTURES	22001	AIRPORT AND ASSOCIATED BUILDINGS	25	30
20000	BUILDINGS	22000	NON RESIDENTIAL STRUCTURES	22002	BORDER AND CUSTOM CONTROL POINTS	25	30
20000	BUILDINGS	22000	NON RESIDENTIAL STRUCTURES	22003	BUS TERMINALS	25	30
20000	BUILDINGS	22000	NON RESIDENTIAL STRUCTURES	22004	BUS SHELTERS	10	15
20000	BUILDINGS	22000	NON RESIDENTIAL STRUCTURES	22005	CIVIC THEATERS	25	30
20000	BUILDINGS	22000	NON RESIDENTIAL STRUCTURES	22006	CLINICS AND COMMUNITY HEALTH FACILITIES	25	30
20000	BUILDINGS	22000	NON RESIDENTIAL STRUCTURES	22007	COMMUNITY CENTRES AND PUBLIC ENTERTAINMENT BUILDINGS	25	30

20000	BUILDINGS	22000	NON RESIDENTIAL STRUCTURES	22008	DRIVER AND VEHICLE TESTING CENTRES	25	30
20000	BUILDINGS	22000	NON RESIDENTIAL STRUCTURES	22009	FIRE STATIONS	25	30
20000	BUILDINGS	22000	NON RESIDENTIAL STRUCTURES	22010	FOREIGN MISSION OFFICES	25	30
20000	BUILDINGS	22000	NON RESIDENTIAL STRUCTURES	22011	HOSPITALS AND AMBULANCE STATIONS	25	30
20000	BUILDINGS	22000	NON RESIDENTIAL STRUCTURES	22012	INDUSTRIAL BUILDINGS	25	30
20000	BUILDINGS	22000	NON RESIDENTIAL STRUCTURES	22013	LABORATORIES	25	30
20000	BUILDINGS	22000	NON RESIDENTIAL STRUCTURES	22014	LIBRARIES	25	30
20000	BUILDINGS	22000	NON RESIDENTIAL STRUCTURES	22015	MORTUARIES	25	30
20000	BUILDINGS	22000	NON RESIDENTIAL STRUCTURES	22016	MUSEUMS AND ART GALLERIES	25	30
20000	BUILDINGS	22000	NON RESIDENTIAL STRUCTURES	22017	OFFICE BUILDINGS (INCL AIR CONDITIONING SYSTEMS)	25	30
20000	BUILDINGS	22000	NON RESIDENTIAL STRUCTURES	22018	PUBLIC PARKING (COVERED AND OPEN)	25	30
20000	BUILDINGS	22000	NON RESIDENTIAL STRUCTURES	22019	POLICE STATIONS (AND ASSOCIATED BUILDINGS)	25	30
20000	BUILDINGS	22000	NON RESIDENTIAL STRUCTURES	22020	RAILWAY AND ASSOCIATED BUILDINGS	25	30
20000	BUILDINGS	22000	NON RESIDENTIAL STRUCTURES	22021	RESEARCH FACILITIES (INCLUDING WEATHER)	25	30
20000	BUILDINGS	22000	NON RESIDENTIAL STRUCTURES	22022	STADIUMS	25	30
20000	BUILDINGS	22000	NON RESIDENTIAL STRUCTURES	22023	TAXI RANKS	10	15
20000	BUILDINGS	22000	NON RESIDENTIAL STRUCTURES	22024	UNIVERSITIES, COLLEGES, SCHOOLS	25	30
20000	BUILDINGS	22000	NON RESIDENTIAL STRUCTURES	22025	WAREHOUSES (STORAGE FACILITIES INCLUDING DATA)	25	30
20000	BUILDINGS	22000	NON RESIDENTIAL STRUCTURES	22026	SPORT AND RECREATIONAL FACILITIES	25	30
20000	BUILDINGS	22000	NON RESIDENTIAL STRUCTURES	22027	NON RESIDENTIAL PERIMETER PROTECTION	10	25
20000	BUILDINGS	22000	NON RESIDENTIAL STRUCTURES	22028	ABLUTION / PUBLIC FACILITIES	25	30
20000	BUILDINGS	22000	NON RESIDENTIAL STRUCTURES	22029	CAR PORTS / GAEAGE	10	15
20000	BUILDINGS	22000	NON RESIDENTIAL STRUCTURES	22030	WORKSHOPS / STORE ROOMS	25	30
20000	BUILDINGS	22000	NON RESIDENTIAL STRUCTURES	22031	MARKETS / SHOPS	25	30

20000	BUILDINGS	22000	NON RESIDENTIAL STRUCTURES	22032	STRUCTURES FOR AGRICULTURAL PURPOSES	25	30
20000	BUILDINGS	22000	NON RESIDENTIAL STRUCTURES	22033	NURSERIES	25	30
20000	BUILDINGS	22000	NON RESIDENTIAL STRUCTURES	22034	INTERNAL ROADS	10	20
30000	OTHER STRUCTURES (INFRASTRUCTURE)	31000	ELECTRICITY	31001	COOLING TOWERS	25	30
30000	OTHER STRUCTURES (INFRASTRUCTURE)	31000	ELECTRICITY	31002	MAINS	15	20
30000	OTHER STRUCTURES (INFRASTRUCTURE)	31000	ELECTRICITY	31003	METERS PREPAID	10	20
30000	OTHER STRUCTURES (INFRASTRUCTURE)	31000	ELECTRICITY	31004	METERS CREDIT	20	25
30000	OTHER STRUCTURES (INFRASTRUCTURE)	31000	ELECTRICITY	31005	POWER STATIONS COAL	50	60
30000	OTHER STRUCTURES (INFRASTRUCTURE)	31000	ELECTRICITY	31006	POWER STATIONS GAS	50	60
30000	OTHER STRUCTURES (INFRASTRUCTURE)	31000	ELECTRICITY	31007	POWER STATIONS HYDRO	50	60
30000	OTHER STRUCTURES (INFRASTRUCTURE)	31000	ELECTRICITY	31008	POWER STATIONS NUCLEAR	60	80
30000	OTHER STRUCTURES (INFRASTRUCTURE)	31000	ELECTRICITY	31009	ELECTRICITY SUPPLY / RETICULATION	15	25
30000	OTHER STRUCTURES (INFRASTRUCTURE)	31000	ELECTRICITY	31010	TRANSFORMERS	25	50
30000	OTHER STRUCTURES (INFRASTRUCTURE)	31000	ELECTRICITY	31011	LINES UNDERGROUND	25	45
30000	OTHER STRUCTURES (INFRASTRUCTURE)	31000	ELECTRICITY	31012	LINES OVERHEAD	20	30
30000	OTHER STRUCTURES (INFRASTRUCTURE)	31000	ELECTRICITY	31013	CABLES	25	45
30000	OTHER STRUCTURES (INFRASTRUCTURE)	31000	ELECTRICITY	31014	SUBSTATION SWITCHGEAR	20	30
30000	OTHER STRUCTURES (INFRASTRUCTURE)	31000	ELECTRICITY	31015	SUBSTATION EQUIPMENT OUTDOOR	20	30
30000	OTHER STRUCTURES (INFRASTRUCTURE)	31000	ELECTRICITY	31016	SUBSTATION EQUIPMENT GIS	15	30
30000	OTHER STRUCTURES (INFRASTRUCTURE)	31000	ELECTRICITY	31017	SUBSTATION EQUIPMENT INDOOR	30	40
30000	OTHER STRUCTURES (INFRASTRUCTURE)	31000	ELECTRICITY	31018	ELECTRICAL PANELS	3	5
30000	OTHER STRUCTURES (INFRASTRUCTURE)	31000	ELECTRICITY	31019	TELEMETRY	7	15
30000	OTHER STRUCTURES (INFRASTRUCTURE)	31000	ELECTRICITY	31020	ELECTRICITY PERIMETER PROTECTION	10	25
30000	OTHER STRUCTURES (INFRASTRUCTURE)	31000	ELECTRICITY	31021	STRUCTURE FOR ELECTRICAL PURPOSE	20	35



30000	OTHER STRUCTURES (INFRASTRUCTURE)	31000	ELECTRICITY	31022	HIGH MAST LIGHTS	10	15
30000	OTHER STRUCTURES (INFRASTRUCTURE)	31000	ELECTRICITY	31023	RING MAIN UNIT	30	50
30000	OTHER STRUCTURES (INFRASTRUCTURE)	31000	ELECTRICITY	31024	BUILDING FOR ELECTRICAL PURPOSE	20	30
30000	OTHER STRUCTURES (INFRASTRUCTURE)	31000	ELECTRICITY	31025	MINI SUB STATION	20	30
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32101	BRIDGES VEHICLE CONCRETE	60	80
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32102	BRIDGES VEHICLE STEEL	40	50
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32103	BRIDGES VEHICLE TIMBER	25	40
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32104	BRIDGES PEDESTRIAN CONCRETE	60	80
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32105	BRIDGES PEDESTRIAN STEEL	40	50
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32106	BRIDGES PEDESTRIAN TIMBER	25	40
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32107	BRIDGES RAILWAY CONCRETE	60	80
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32108	BRIDGES RAILWAY STEEL	40	50
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32109	BRIDGES RAILWAY TIMBER	25	40
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32110	BRIDGES REINFORCED RETAINING WALLS EARTH	10	15
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32111	BRIDGES REINFORCED RETAINING WALLS CONCRETE	25	30
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32112	BRIDGES EXPANSION AND CONSTRUCTION JOINTS	15	20
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32201	STORM WATER CULVERTS	25	40
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32202	STORM WATER CULVERTS CONCRETE	40	60
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32203	STORM WATER CULVERTS ARCO	25	40
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32204	STORM WATER DRAINS EARTHWORKS	80	100
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32205	STORM WATER DRAINS CONCRETE LINING	25	50
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32206	STORM WATER STOP BANKS	40	50
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32207	STORM WATER PIPES	25	50
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32208	STORM WATER COASTAL STRUCTURE	20	40

30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32209	STORM WATER COASTAL PIERS	60	80
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32210	STORM WATER COASTAL OUTFALLS	60	80
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32401	ROADS KERB AND CHANNELS	40	50
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32301	ROADS MUNICIPAL ASPHALT SURFACE	10	20
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32302	ROADS MUNICIPAL ASPHALT BASIS/STRUCTURE	30	50
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32303	ROADS MUNICIPAL CONCRETE SURFACE	10	30
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32304	ROADS MUNICIPAL CONCRETE BASIS/STRUCTURE	30	50
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32305	ROADS MUNICIPAL GRAVEL SURFACE	3	10
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32306	ROADS NATIONAL ASPHALT SURFACE	10	20
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32307	ROADS NATIONAL ASPHALT BASIS/STRUCTURE	30	50
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32308	ROADS NATIONAL CONCRETE SURFACE	10	30
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32309	ROADS NATIONAL CONCRETE BASIS/STRUCTURE	30	50
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32310	ROADS NATIONAL GRAVEL SURFACE	3	10
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32311	ROADS PROVINCIAL ASPHALT SURFACE	10	20
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32312	ROADS PROVINCIAL ASPHALT BASIS/STRUCTURE	30	50
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32313	ROADS PROVINCIAL CONCRETE SURFACE	10	30
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32314	ROADS PROVINCIAL CONCRETE BASIS/STRUCTURE	30	50
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32315	ROADS PROVINCIAL GRAVEL SURFACE	3	10
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32402	ROADS CRASH BARRIERS	10	30
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32403	ROADS RETAINING WALLS	30	60
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32404	ROADS OVERLOAD CONTROL CENTRES	15	20
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32405	ROADS OVERLOAD ELECTRONIC HARDWARE	10	15
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32406	ROADS OVERLOAD EQUIPMENT OTHER	10	20
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32407	ROADS PEDESTRIAN FOOTPATHS	15	30

30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32408	ROADS STREET LIGHTING	25	40
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32409	ROADS SUBWAYS	40	50
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32410	ROADS TRAFFIC ISLANDS	40	50
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32411	ROADS TRAFFIC LIGHTS	15	20
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32412	ROADS TRAFFIC LIGHTS COASTAL	10	15
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32413	ROADS TRAFFIC SIGNS	5	15
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32414	ROADS TOLL ROAD PLAZAS	20	30
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32316	ROADS PAVED (BRICKS) SURFACE	20	30
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32317	ROADS PAVED (BRICKS) BASIS/STRUCTURE	20	30
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32415	ROAD CALMING MEASURES	20	30
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32416	ROAD PERIMETER PROTECTION	15	20
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32417	ROAD RESERVES	0	0
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32418	ATTENUATION PONDS	20	25
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32419	ROADS UNPAVED INFORMAL SURFACE	3	10
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32420	ROADS GRASSBLOCK SURFACE	20	30
30000	OTHER STRUCTURES (INFRASTRUCTURE)	32000	ROADS	32421	ROADS MIXED SURFACE SURFACE	3	10
30000	OTHER STRUCTURES (INFRASTRUCTURE)	33000	AIRPORTS	33001	AIRPORTS AND RADIO BEACONS	25	30
30000	OTHER STRUCTURES (INFRASTRUCTURE)	33000	AIRPORTS	33002	APRONS	25	30
30000	OTHER STRUCTURES (INFRASTRUCTURE)	33000	AIRPORTS	33003	RUNWAYS	15	20
30000	OTHER STRUCTURES (INFRASTRUCTURE)	33000	AIRPORTS	33004	TAXIWAYS	15	20
30000	OTHER STRUCTURES (INFRASTRUCTURE)	33000	AIRPORTS	33005	SPECIALIZED EQUIPMENT LUGGAGE MOVEMENT	20	25
30000	OTHER STRUCTURES (INFRASTRUCTURE)	33000	AIRPORTS	33006	SPECIALIZED EQUIPMENT COMMUNICATION	10	15
30000	OTHER STRUCTURES (INFRASTRUCTURE)	33000	AIRPORTS	33007	AIRPORT PERIMETER PROTECTION	10	25
30000	OTHER STRUCTURES (INFRASTRUCTURE)	34000	WATER	34101	DAMS STRUCTURE CONCRETE	80	100

30000	OTHER STRUCTURES (INFRASTRUCTURE)	34000	WATER	34102	DAMS STRUCTURE EARTH	30	50
30000	OTHER STRUCTURES (INFRASTRUCTURE)	34000	WATER	34103	DAMS MECHANICAL AND ELECTRICAL	15	40
30000	OTHER STRUCTURES (INFRASTRUCTURE)	34000	WATER	34001	WATER METERS	10	20
30000	OTHER STRUCTURES (INFRASTRUCTURE)	34000	WATER	34002	STANDPIPES	5	20
30000	OTHER STRUCTURES (INFRASTRUCTURE)	34000	WATER	34003	WATER METALWORK	10	30
30000	OTHER STRUCTURES (INFRASTRUCTURE)	34000	WATER	34201	PUMP STATIONS STRUCTURE	30	55
30000	OTHER STRUCTURES (INFRASTRUCTURE)	34000	WATER	34202	PUMP STATIONS ELECTRICAL	15	40
30000	OTHER STRUCTURES (INFRASTRUCTURE)	34000	WATER	34203	PUMP STATIONS MECHANICAL	15	40
30000	OTHER STRUCTURES (INFRASTRUCTURE)	34000	WATER	34204	PUMP STATIONS PERIMETER PROTECTION	10	25
30000	OTHER STRUCTURES (INFRASTRUCTURE)	34000	WATER	34301	RESERVOIR STRUCTURE	30	50
30000	OTHER STRUCTURES (INFRASTRUCTURE)	34000	WATER	34302	RESERVOIR ELECTRICAL	15	40
30000	OTHER STRUCTURES (INFRASTRUCTURE)	34000	WATER	34303	RESERVOIR MECHANICAL	15	40
30000	OTHER STRUCTURES (INFRASTRUCTURE)	34000	WATER	34304	RESERVOIR PERIMETER PROTECTION	10	25
30000	OTHER STRUCTURES (INFRASTRUCTURE)	34000	WATER	34004	WATER SUPPLY / RETICULATION	20	50
30000	OTHER STRUCTURES (INFRASTRUCTURE)	34000	WATER	34401	UNDERGROUND CHAMBERS VALVES	15	25
30000	OTHER STRUCTURES (INFRASTRUCTURE)	34000	WATER	34402	UNDERGROUND CHAMBERS METERS	10	20
30000	OTHER STRUCTURES (INFRASTRUCTURE)	34000	WATER	34403	UNDERGROUND CHAMBERS TRANSITION	10	15
30000	OTHER STRUCTURES (INFRASTRUCTURE)	34000	WATER	34404	UNDERGROUND CHAMBERS OTHER	5	10
30000	OTHER STRUCTURES (INFRASTRUCTURE)	34000	WATER	34501	WATER PURIFICATION WORKS STRUCTURE	30	55
30000	OTHER STRUCTURES (INFRASTRUCTURE)	34000	WATER	34502	WATER PURIFICATION WORKS ELECTRICAL	15	40
30000	OTHER STRUCTURES (INFRASTRUCTURE)	34000	WATER	34503	WATER PURIFICATION WORKS MECHANICAL	15	40
30000	OTHER STRUCTURES (INFRASTRUCTURE)	34000	WATER	34504	WATER PURIFICATION WORKS PERIMETER PROTECTION	10	25
30000	OTHER STRUCTURES (INFRASTRUCTURE)	34000	WATER	34505	WATER PURIFICATION WORKS METERS	10	15
30000	OTHER STRUCTURES (INFRASTRUCTURE)	34000	WATER	34005	WATER TELEMETRY	10	15

30000	OTHER STRUCTURES (INFRASTRUCTURE)	34000	WATER	34006	BOREHOLES	20	50
30000	OTHER STRUCTURES (INFRASTRUCTURE)	34000	WATER	34007	BULK PIPELINES	40	50
30000	OTHER STRUCTURES (INFRASTRUCTURE)	35000	SEWERAGE	35101	BULK PIPELINES RISING MAINS	40	50
30000	OTHER STRUCTURES (INFRASTRUCTURE)	35000	SEWERAGE	35102	BULK PIPELINES GRAVITY MAINS	40	50
30000	OTHER STRUCTURES (INFRASTRUCTURE)	35000	SEWERAGE	35201	SEWERAGE PUMP STATIONS STRUCTURE	30	55
30000	OTHER STRUCTURES (INFRASTRUCTURE)	35000	SEWERAGE	35202	SEWERAGE PUMP STATIONS ELECTRICAL	15	40
30000	OTHER STRUCTURES (INFRASTRUCTURE)	35000	SEWERAGE	35203	SEWERAGE PUMP STATIONS MECHANICAL	15	40
30000	OTHER STRUCTURES (INFRASTRUCTURE)	35000	SEWERAGE	35204	SEWERAGE PUMP STATIONS PERIMETER PROTECTION	10	25
30000	OTHER STRUCTURES (INFRASTRUCTURE)	35000	SEWERAGE	35301	WASTE PURIFICATION WORKS STRUCTURE	30	55
30000	OTHER STRUCTURES (INFRASTRUCTURE)	35000	SEWERAGE	35302	WASTE PURIFICATION WORKS ELECTRICAL	15	40
30000	OTHER STRUCTURES (INFRASTRUCTURE)	35000	SEWERAGE	35303	WASTE PURIFICATION WORKS MECHANICAL	15	40
30000	OTHER STRUCTURES (INFRASTRUCTURE)	35000	SEWERAGE	35304	WASTE PURIFICATION WORKS PERIMETER PROTECTION	10	25
30000	OTHER STRUCTURES (INFRASTRUCTURE)	35000	SEWERAGE	35305	WASTE PURIFICATION WORKS METERS	10	15
30000	OTHER STRUCTURES (INFRASTRUCTURE)	35000	SEWERAGE	35001	SEWERS / RETICULATION	30	60
30000	OTHER STRUCTURES (INFRASTRUCTURE)	36000	SOLID WASTE DISPOSAL	36001	COLLECTION VEHICLES	5	10
30000	OTHER STRUCTURES (INFRASTRUCTURE)	36000	SOLID WASTE DISPOSAL	36002	COLLECTION CONTAINERS / BINS	10	15
30000	OTHER STRUCTURES (INFRASTRUCTURE)	36000	SOLID WASTE DISPOSAL	36101	TRANSFER STATIONS AND PROCESSING FACILITIES STRUCTURE	30	55
30000	OTHER STRUCTURES (INFRASTRUCTURE)	36000	SOLID WASTE DISPOSAL	36102	TRANSFER STATIONS AND PROCESSING FACILITIES ELECTRICAL	15	40
30000	OTHER STRUCTURES (INFRASTRUCTURE)	36000	SOLID WASTE DISPOSAL	36103	TRANSFER STATIONS AND PROCESSING FACILITIES MECHANICAL	15	40
30000	OTHER STRUCTURES (INFRASTRUCTURE)	36000	SOLID WASTE DISPOSAL	36104	TRANSFER STATIONS AND PROCESSING FACILITIES PERIMETER PROTECTION	10	25
30000	OTHER STRUCTURES (INFRASTRUCTURE)	36000	SOLID WASTE DISPOSAL	36201	LANDFILL SITE EARTHMOVING AND COMPACTION EQUIPMENT	10	15
30000	OTHER STRUCTURES (INFRASTRUCTURE)	36000	SOLID WASTE DISPOSAL	36202	LANDFILL SITE PREPARATION	0	0
30000	OTHER STRUCTURES (INFRASTRUCTURE)	36000	SOLID WASTE DISPOSAL	36203	LANDFILL SITE STRUCTURE	30	55
30000	OTHER STRUCTURES (INFRASTRUCTURE)	36000	SOLID WASTE DISPOSAL	36204	LANDFILL SITE WEIGHBRIDGE MECHANICAL	15	40

30000	OTHER STRUCTURES (INFRASTRUCTURE)	36000	SOLID WASTE DISPOSAL	36205	LANDFILL SITE WEIGHBRIDGE ELECTRICAL	15	40
30000	OTHER STRUCTURES (INFRASTRUCTURE)	36000	SOLID WASTE DISPOSAL	36206	LANDFILL SITE PERIMETER PROTECTION	10	25
30000	OTHER STRUCTURES (INFRASTRUCTURE)	37000	RAILWAYS	37001	RAILWAY POWER SUPPLY UNITS	20	30
30000	OTHER STRUCTURES (INFRASTRUCTURE)	37000	RAILWAYS	37002	RAILWAY SIDINGS	25	30
30000	OTHER STRUCTURES (INFRASTRUCTURE)	37000	RAILWAYS	37003	RAILWAY TRACKS	15	20
30000	OTHER STRUCTURES (INFRASTRUCTURE)	37000	RAILWAYS	37004	RAILWAY SIGNALING SYSTEM	15	20
30000	OTHER STRUCTURES (INFRASTRUCTURE)	37000	RAILWAYS	37005	RAILWAY SHUNTING YARDS	25	30
30000	OTHER STRUCTURES (INFRASTRUCTURE)	37000	RAILWAYS	37006	RAILWAY PERIMETER PROTECTION	10	25
30000	OTHER STRUCTURES (INFRASTRUCTURE)	38000	GAS SUPPLY SYSTEMS	38001	GAS SUPPLY SYSTEMS STRUCTURE	40	50
30000	OTHER STRUCTURES (INFRASTRUCTURE)	38000	GAS SUPPLY SYSTEMS	38002	GAS SUPPLY SYSTEMS ELECTRICAL	20	25
30000	OTHER STRUCTURES (INFRASTRUCTURE)	38000	GAS SUPPLY SYSTEMS	38003	GAS SUPPLY SYSTEMS MECHANICAL	20	25
30000	OTHER STRUCTURES (INFRASTRUCTURE)	38000	GAS SUPPLY SYSTEMS	38004	GAS SUPPLY SYSTEMS PERIMETER PROTECTION	10	15
30000	OTHER STRUCTURES (INFRASTRUCTURE)	38000	GAS SUPPLY SYSTEMS	38005	GAS SUPPLY SYSTEMS STATION TRUNK RECEIVING	40	50
30000	OTHER STRUCTURES (INFRASTRUCTURE)	38000	GAS SUPPLY SYSTEMS	38006	GAS SUPPLY SYSTEMS STATION DISTRICT REGULATING	40	50
30000	OTHER STRUCTURES (INFRASTRUCTURE)	38000	GAS SUPPLY SYSTEMS	38007	GAS SUPPLY SYSTEMS MAINS / PIPELINE	15	20
30000	OTHER STRUCTURES (INFRASTRUCTURE)	38000	GAS SUPPLY SYSTEMS	38008	GAS SUPPLY SYSTEMS METERS	15	20
30000	OTHER STRUCTURES (INFRASTRUCTURE)	38000	GAS SUPPLY SYSTEMS	38009	GAS SUPPLY SYSTEMS SUPPLY / RETICULATION	15	20
30000	OTHER STRUCTURES (INFRASTRUCTURE)	38000	GAS SUPPLY SYSTEMS	38010	GAS SUPPLY SYSTEMS STORAGE FACILITIES	15	20
30000	OTHER STRUCTURES (INFRASTRUCTURE)	39000	CEMETERIES	39001	CEMETERIES	25	30
30000	OTHER STRUCTURES (INFRASTRUCTURE)	39000	CEMETERIES	39002	CEMETERIES PERIMETER PROTECTION	10	15
30000	OTHER STRUCTURES (INFRASTRUCTURE)	39000	CEMETERIES	39003	INTERNAL ROADS	10	15
40000	OTHER	41000	MACHINERY AND EQUIPMENT	41001	AUDIOVISUAL EQUIPMENT	5	10
40000	OTHER	41000	MACHINERY AND EQUIPMENT	41002	BUILDING AIR CONDITIONING SYSTEMS	10	15
40000	OTHER	41000	MACHINERY AND EQUIPMENT	41003	CELLULAR PHONES	0	2
40000	OTHER	41000	MACHINERY AND EQUIPMENT	41004	CELLULAR ROUTERS	3	
40000	OTHER	41000	MACHINERY AND EQUIPMENT	41005	DOMESTIC EQUIPMENT (NON KITCHEN APPLIANCES)	3	5

40000	OTHER	41000	MACHINERY AND EQUIPMENT	41006	ELECTRIC WIRE AND POWER DISTRIBUTION EQUIPMENT (COMPRESSORS / GENERATORS)	5	7
40000	OTHER	41000	MACHINERY AND EQUIPMENT	41007	EMERGENCY / RESCUE EQUIPMENT	5	10
40000	OTHER	41000	MACHINERY AND EQUIPMENT	41008	ELEVATOR SYSTEMS	15	20
40000	OTHER	41000	MACHINERY AND EQUIPMENT	41009	FARM / AGRICULTURAL EQUIPMENT	5	15
40000	OTHER	41000	MACHINERY AND EQUIPMENT	41010	FIRE FIGHTING EQUIPMENT	3	5
40000	OTHER	41000	MACHINERY AND EQUIPMENT	41011	GARDENING EQUIPMENT	2	4
40000	OTHER	41000	MACHINERY AND EQUIPMENT	41012	IRRIGATION EQUIPMENT	10	15
40000	OTHER	41000	MACHINERY AND EQUIPMENT	41013	KITCHEN APPLIANCES	5	10
40000	OTHER	41000	MACHINERY AND EQUIPMENT	41014	LABORATORY EQUIPMENT AGRICULTURAL	5	7
40000	OTHER	41000	MACHINERY AND EQUIPMENT	41015	LABORATORY EQUIPMENT MEDICAL TESTING	5	7
40000	OTHER	41000	MACHINERY AND EQUIPMENT	41016	LABORATORY EQUIPMENT ROADS AND TRANSPORT	5	7
40000	OTHER	41000	MACHINERY AND EQUIPMENT	41017	LAUNDRY EQUIPMENT AND INDUSTRIAL SEWING MACHINES	10	15
40000	OTHER	41000	MACHINERY AND EQUIPMENT	41018	LEARNING, TRAINING SUPPORT AND LIBRARY MATERIAL	5	10
40000	OTHER	41000	MACHINERY AND EQUIPMENT	41019	MACHINES FOR METALLURGY	5	10
40000	OTHER	41000	MACHINERY AND EQUIPMENT	41020	MACHINES FOR MINING AND QUARRYING	5	10
40000	OTHER	41000	MACHINERY AND EQUIPMENT	41021	MACHINES FOR TEXTILE PRODUCTION	10	15
40000	OTHER	41000	MACHINERY AND EQUIPMENT	41022	MEDICAL AND ALLIED EQUIPMENT	5	10
40000	OTHER	41000	MACHINERY AND EQUIPMENT	41023	MUSIC INSTRUMENTS	10	15
40000	OTHER	41000	MACHINERY AND EQUIPMENT	41024	PHOTOGRAPHIC EQUIPMENT	5	7
40000	OTHER	41000	MACHINERY AND EQUIPMENT	41025	PUMPS, PLUMBING, PURIFICATION AND SANITATION EQUIPMENT	5	10
40000	OTHER	41000	MACHINERY AND EQUIPMENT	41026	RADIO EQUIPMENT	5	7
40000	OTHER	41000	MACHINERY AND EQUIPMENT	41027	ROAD CONSTRUCTION AND MAINTENANCE EQUIPMENT	10	15
40000	OTHER	41000	MACHINERY AND EQUIPMENT	41028	SADDLES AND OTHER TACK	5	7
40000	OTHER	41000	MACHINERY AND EQUIPMENT	41029	SECURITY EQUIPMENT/ - SYSTEMS / - MATERIAL FIXED	3	5
40000	OTHER	41000	MACHINERY AND EQUIPMENT	41030	SECURITY EQUIPMENT/ - SYSTEMS / - MATERIAL MOVABLE	3	5
40000	OTHER	41000	MACHINERY AND EQUIPMENT	41031	SHIP AND MARINE EQUIPMENT	5	10
40000	OTHER	41000	MACHINERY AND EQUIPMENT	41032	SPORT AND RECREATIONAL EQUIPMENT	5	10
40000	OTHER	41000	MACHINERY AND EQUIPMENT	41033	SURVEY EQUIPMENT	5	7
40000	OTHER	41000	MACHINERY AND EQUIPMENT	41034	TELECOMMUNICATION EQUIPMENT	3	5
40000	OTHER	41000	MACHINERY AND EQUIPMENT	41035	TENTS, FLAGS AND ACCESSORIES	5	10
40000	OTHER	41000	MACHINERY AND EQUIPMENT	41036	WOODWORKING MACHINERY AND EQUIPMENT	5	10
40000	OTHER	41000	MACHINERY AND EQUIPMENT	41037	WORKSHOP EQUIPMENT AND LOOSE TOOLS FIXED	5	10
40000	OTHER	41000	MACHINERY AND EQUIPMENT	41038	WORKSHOP EQUIPMENT AND LOOSE TOOLS MOVABLE	3	5

40000	OTHER	42000	FURNITURE AND OFFICE EQUIPMENT	42001	ADVERTISING BOARDS	3	5
40000	OTHER	42000	FURNITURE AND OFFICE EQUIPMENT	42002	AIR CONDITIONERS INDIVIDUAL FIXED AND MOVABLE	3	5
40000	OTHER	42000	FURNITURE AND OFFICE EQUIPMENT	42003	CUTLERY AND CROCKERY	5	10
40000	OTHER	42000	FURNITURE AND OFFICE EQUIPMENT	42004	DOMESTIC AND HOSTEL FURNITURE	10	15
40000	OTHER	42000	FURNITURE AND OFFICE EQUIPMENT	42005	LINEN AND SOFT FURNISHING	5	10
40000	OTHER	42000	FURNITURE AND OFFICE EQUIPMENT	42006	OFFICE EQUIPMENT INCLUDING FAX MACHINES	5	7
40000	OTHER	42000	FURNITURE AND OFFICE EQUIPMENT	42007	OFFICE FURNITURE	5	7
40000	OTHER	42000	FURNITURE AND OFFICE EQUIPMENT	42008	PAINTINGS SCULPTURES ORNAMENTS	5	10
40000	OTHER	43000	COMPUTER EQUIPMENT	43001	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	3	5
40000	OTHER	43000	COMPUTER EQUIPMENT	43002	COMPUTER NETWORKS	5	10
40000	OTHER	44000	TRANSPORT ASSETS	44001	AIRCRAFT	10	15
40000	OTHER	44000	TRANSPORT ASSETS	44002	AIRCRAFT ENGINES	5	7
40000	OTHER	44000	TRANSPORT ASSETS	44003	AIRPORT TRANSPORT EQUIPMENT	10	15
40000	OTHER	44000	TRANSPORT ASSETS	44004	BUSSES	10	15
40000	OTHER	44000	TRANSPORT ASSETS	44005	CYCLES	4	7
40000	OTHER	44000	TRANSPORT ASSETS	44006	EMERGENCY VEHICLES	5	10
40000	OTHER	44000	TRANSPORT ASSETS	44007	MOBILE CLINICS	10	15
40000	OTHER	44000	TRANSPORT ASSETS	44008	MOTOR VEHICLES	4	7
40000	OTHER	44000	TRANSPORT ASSETS	44009	RAILWAY ROLLING STOCK	10	15
40000	OTHER	44000	TRANSPORT ASSETS	44010	SHIPS	15	20
40000	OTHER	44000	TRANSPORT ASSETS	44011	SHIPS ENGINES	5	7
40000	OTHER	44000	TRANSPORT ASSETS	44012	TRAILERS AND ACCESSORIES	5	10
40000	OTHER	44000	TRANSPORT ASSETS	44013	TRUCKS	5	7
50000	HERITAGE ASSETS	51000	HERITAGE ASSETS	51001	AREAS OF LAND OF HISTORIC OR SPECIFIC SIGNIFICANCE	0	
50000	HERITAGE ASSETS	51000	HERITAGE ASSETS	51002	CULTURALLY SIGNIFICANT BUILDINGS	0	
50000	HERITAGE ASSETS	51000	HERITAGE ASSETS	51003	NATIONAL MONUMENTS	0	
50000	HERITAGE ASSETS	51000	HERITAGE ASSETS	51004	NATIONAL PARKS / RESERVES	0	
50000	HERITAGE ASSETS	51000	HERITAGE ASSETS	51005	PAINTINGS	0	
50000	HERITAGE ASSETS	51000	HERITAGE ASSETS	51006	SCULPTURES / STATUES	0	
50000	HERITAGE ASSETS	51000	HERITAGE ASSETS	51007	MUNICIPAL JEWELLERY	0	



50000	HERITAGE ASSETS	51000	HERITAGE ASSETS	51008	WORKS OF ART	0	
50000	HERITAGE ASSETS	51000	HERITAGE ASSETS	51009	OTHER ANTIQUES AND COLLECTIONS		
60000	BIOLOGICAL OR CULTIVATED ASSETS	61000	BIOLOGICAL OR CULTIVATED ASSETS	61001	DAIRY CATTLE	0	
60000	BIOLOGICAL OR CULTIVATED ASSETS	61000	BIOLOGICAL OR CULTIVATED ASSETS	61002	FEATHERED ANIMALS	0	
60000	BIOLOGICAL OR CULTIVATED ASSETS	61000	BIOLOGICAL OR CULTIVATED ASSETS	61003	FORESTS AND PLANTATIONS	0	
60000	BIOLOGICAL OR CULTIVATED ASSETS	61000	BIOLOGICAL OR CULTIVATED ASSETS	61004	FRUIT TREES	0	
60000	BIOLOGICAL OR CULTIVATED ASSETS	61000	BIOLOGICAL OR CULTIVATED ASSETS	61005	GAME	0	
60000	BIOLOGICAL OR CULTIVATED ASSETS	61000	BIOLOGICAL OR CULTIVATED ASSETS	61006	ANIMALS FOR REPRODUCTION	0	
60000	BIOLOGICAL OR CULTIVATED ASSETS	61000	BIOLOGICAL OR CULTIVATED ASSETS	61007	ANIMALS FOR WOOL OR MILK	0	
60000	BIOLOGICAL OR CULTIVATED ASSETS	61000	BIOLOGICAL OR CULTIVATED ASSETS	61008	DOGS LAW ENFORCEMENT AND SECURITY	0	
60000	BIOLOGICAL OR CULTIVATED ASSETS	61000	BIOLOGICAL OR CULTIVATED ASSETS	61009	HORSES LAW ENFORCEMENT AND WORKING	0	
60000	BIOLOGICAL OR CULTIVATED ASSETS	61000	BIOLOGICAL OR CULTIVATED ASSETS	61010	PLANTS FOR PRODUCTION OF SEEDS	0	
60000	BIOLOGICAL OR CULTIVATED ASSETS	61000	BIOLOGICAL OR CULTIVATED ASSETS	61011	VINES	0	
70000	INTANGIBLE ASSETS	71000	INTANGIBLE ASSETS	71001	CAPITALIZED DEVELOPMENT COST	0	
70000	INTANGIBLE ASSETS	71000	INTANGIBLE ASSETS	71002	COMPUTER SOFTWARE	2	5
70000	INTANGIBLE ASSETS	71000	INTANGIBLE ASSETS	71003	MASTHEADS AND PUBLISHING TITLES	0	
70000	INTANGIBLE ASSETS	71000	INTANGIBLE ASSETS	71004	PATENTS, LICENSES, COPYRIGHTS, BRAND NAMES AND TRADEMARKS	0	
70000	INTANGIBLE ASSETS	71000	INTANGIBLE ASSETS	71005	RECIPES, FORMULAE, PROTOTYPES, DESIGNS AND MODELS	0	
70000	INTANGIBLE ASSETS	71000	INTANGIBLE ASSETS	71006	SERVICE AND OPERATING RIGHTS	0	
70000	INTANGIBLE ASSETS	71000	INTANGIBLE ASSETS	71007	SERVITUDE	0	
80000	INVESTMENT PROPERTY	81000	UNDEVELOPED LAND	81001	LEASED	0	
80000	INVESTMENT PROPERTY	81000	UNDEVELOPED LAND	81002	UNDEFINED	0	
80000	INVESTMENT PROPERTY	82000	DEVELOPED LAND	82001	LEASED	0	
80000	INVESTMENT PROPERTY	82000	DEVELOPED LAND	82002	UNDEFINED	0	
80000	INVESTMENT PROPERTY	83000	DWELLINGS	83001	LEASED	30	
80000	INVESTMENT PROPERTY	83000	DWELLINGS	83002	UNDEFINED	30	
80000	INVESTMENT PROPERTY	84000	NON RESIDENTIAL STRUCTURES	84001	LEASED	30	
80000	INVESTMENT PROPERTY	84000	NON RESIDENTIAL STRUCTURES	84002	UNDEFINED	30	

## ANNEXURE B: ASSETS RESIDUAL VALUES

Asset Class	Residual Value	Comment
<b>Land</b>	None	No depreciation on land
<b>Buildings:</b>		
Dwelling	None	Not trading in open market
Non- Residential	None	Not trading in open market
<b>Infrastructure:</b>		
Electricity	None	Not trading in open market
Roads	None	Not trading in open market
Sewer	None	Not trading in open market
Water	None	Not trading in open market
Telkom sleeves	None	Not trading in open market
Solid Waste – Bins and Containers – Collection trucks	R100.00 10%	Scrap metal value 10% of the cost price The municipality does not replace vehicles after a fixed period, but rather once the vehicle has reached the end of its functional life.
<b>Other Assets:</b>		
Furniture and Office equipment	R50.00	Typical internal tender proceed
Machinery and Equipment	R50.00	Typical internal tender proceed
Computer Equipment	None	Computers have no scarp value due to frequent changes in technology. No active market
Motor vehicles	10%	10% of the cost price The municipality does not replace vehicles after a fixed period, but rather once the vehicle has reached the end of its functional life.
<b>Heritage Assets:</b>	None	No active market
<b>Intangible Assets:</b>		
Software	None	

		Computers have no scarp value due to frequent changes in technology. No active market
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