

# UMZIMVUBU LOCAL MUNICIPALITY



**UMZIMVUBU**  
— LOCAL MUNICIPALITY —

# **FIXED ASSETS**

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### **PART 1 DEFINITION OF A FIXED ASSET**

An asset is defined in GRAP 17 as a tangible item of property, plant or equipment held by a municipality for use in the productions or supply of goods or services, for rental to others, or for administrative purposes, and which is expected to be used during more than one reporting period (financial year).

A fixed asset is thus an asset, either movable or immovable, under the control of the municipality, and from which the municipality reasonably expects to derive economic benefits, or reasonably expects to use in service delivery, over a period extending beyond one financial year.

To be recognized as a fixed asset, an asset must also meet the criteria referred to in parts 13, 14 and 15 below.

An asset held under a finance lease, shall be recognized as a fixed asset, as the municipality has control over such an asset even though it does not own the asset.

#### **1.1 STATUTORY REGULATIONS AND FRAMEWORK**

The Constitution of the Republic of South Africa, 1996

Municipal Structures Act, 1998

Municipal Systems Act, 2000

Division of Revenue Act (enacted annually)

Municipal Finance Management Act No 56 of 2003

GRAP STANDARDS

GRAP 17 Property, plant or equipment

GRAP 16 Investment property

GRAP 12 Inventory

GRAP 13 Leases

GRAP 100 Non -Current Assets (Discontinued Operations)

GRAP 31 Intangibles

GRAP 103 Heritage Assets

GRAP 27 Agriculture

GRAP 21 & 26 Impairment

#### **PART 2 ROLE OF MUNICIPAL MANAGER**

As accounting officer of the municipality, the municipal manager shall be the principal custodian of all the municipality's assets, and shall be responsible for ensuring that the fixed asset management policy is scrupulously applied and adhered to.

#### **PART 3 ROLE OF CHIEF FINANCIAL OFFICER**

The chief financial officer shall be the fixed asset registrar of the municipality, and shall ensure that a complete, accurate and up-to-date computerized fixed asset register is maintained.

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

## **PART 4 FORMAT OF FIXED ASSET REGISTER**

The fixed asset register shall be maintained in the format determined by the chief financial officer, which format shall comply with the requirements of generally recognised accounting practice (GRAP) and generally accepted municipal accounting practice (GAMAP) and any other accounting requirements which may be prescribed.

The fixed asset register shall reflect the following information:

- a brief but meaningful description of each asset
- the date on which the asset was acquired or brought into use
- the location of the asset
- asset class and subclass per MSCOA requirement
- the title deed number, in the case of fixed property
- the stand number, in the case of fixed property
- where applicable, the identification number, as determined in compliance with part 11 below
- the original cost, or the revalued amount determined in compliance with part 26 below, or the fair value if no costs are available
- the (last) revaluation date of the fixed assets subject to revaluation
- the revalued value of such fixed assets
- who did the (last) revaluation
- accumulated depreciation to date
- the depreciation charge for the current financial year
- the carrying value of the asset
- the method and rate of depreciation
- impairment losses incurred during the financial year (and the reversal of such losses, where applicable)
- the source of financing
- the current insurance arrangements
- whether the asset is required to perform basic municipal services

whether the asset has been used to secure any debt, and . if so . the nature and duration of such security arrangements

the date on which the asset is disposed of  
the disposal price

the date on which the asset is retired from use, if not disposed of.

All heads of department under whose control any fixed asset falls shall promptly provide the chief financial officer in writing with any information required to compile the fixed asset register, and shall promptly advise the chief financial officer in writing of any material change which may occur in respect of such information.

A fixed asset shall be capitalised, that is, recorded in the fixed assets register, as soon as it is acquired. 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.

A fixed asset shall remain in the fixed assets register for as long as it is in physical existence. The fact that a fixed asset has been fully depreciated shall not in itself be a reason for writing-off such an asset.

## **PART 5 CLASSIFICATION OF FIXED ASSETS**

In compliance with the requirements of the National Treasury, the chief financial officer shall ensure that all fixed assets are classified under the following headings in the fixed assets register, and heads of departments shall in writing provide the chief financial officer with such information or assistance as is required to compile a proper classification:

### **PROPERTY, PLANT AND EQUIPMENT**

land (not held as investment assets)

infrastructure assets (assets which are part of a network of similar assets)

- community assets (resources contributing to the general well-being of the community)
- Operational Buildings and housing assets will be disclosed as other assets in the PPE note per MSCOA requirements
- heritage assets (culturally significant resources)
- Movable assets will be disclosed as Computer equipment, Furniture and office equipment, machinery and equipment, and transport assets in the PPE note per MSCOA requirements
- Libraries will be disclosed separately

## **INVENTORY**

- housing (rental stock or housing stock not held for capital gain)

## **INVESTMENT PROPERTY**

- investment assets (resources held for capital or operational gain)

The chief financial officer shall adhere to the classifications indicated in the annexure on fixed asset lives (see part 33 below), and in the case of a fixed asset not appearing in the annexure shall use the classification applicable to the asset most closely comparable to the asset in question.

## **PART 6 INVESTMENT PROPERTY**

Investment assets shall be accounted for in terms of GRAP 16 and shall not be classified as property, plant and equipment for purposes of preparing the municipality's statement of position.

Investment assets shall comprise land or buildings (or parts of buildings) or both held by the municipality, as owner or as lessee under a finance lease, to earn rental revenues or for capital appreciation or both.



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

Investment assets shall not be depreciated, but shall be annually valued on balance sheet date to determine their fair (market) value. Investment assets shall be recorded in the balance sheet at such fair value. Adjustments to the previous year's recorded fair value shall be accounted for as either gains (revenues) or losses (expenses) in the accounting records of the department or service controlling the assets concerned.

An expert valuer shall be engaged by the municipality to undertake such valuations.

If the council of the municipality resolves to construct or develop a property for future use as an investment property, such property shall in every respect be accounted for as an ordinary fixed asset until it is ready for its intended use – whereafter it shall be reclassified as an investment asset.

#### **PART 7 FIXED ASSETS TREATED AS INVENTORY**

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

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

## **PART 8 RECOGNITION OF HERITAGE ASSETS IN THE FIXED ASSET REGISTER**

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

For balance sheet purposes, the existence of such heritage assets shall be disclosed by means of an appropriate note.

## **PART 9 RECOGNITION OF DONATED ASSETS AND ASSETS IDENTIFICATION**

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

### **Asset Identification**

An asset identification system is a means to uniquely identify each asset in the municipality in order to ensure that each asset can be accounted for on an individual basis. Movable assets are usually identified using a barcode system by attaching a barcode to each item. Immovable assets are usually identified by means of an accurate description of their physical location.

## **PART 10 SAFEKEEPING OF ASSETS**

Every head of department shall be directly responsible for the physical safekeeping of any fixed asset controlled or used by the department in question.

In exercising this responsibility, every head of department shall adhere to any written directives issued by the municipal manager to the department in question, or generally to all departments, in regard to the control of or safekeeping of the municipality's fixed assets.

## **PART 11 IDENTIFICATION OF FIXED ASSETS**

The municipal manager shall ensure that the municipality maintains a fixed asset identification system which shall be operated in conjunction with its computerised fixed asset register.

The identification system shall be determined by the municipal manager, acting in consultation with the chief financial officer and other heads of departments, and shall comply with any legal prescriptions, as well as any recommendations of the Auditor-General as indicated in the municipality's audit report(s), and shall be decided upon within the context of the municipality's budgetary and human resources.

Every head of department shall ensure that the asset identification system approved for the municipality is scrupulously applied in respect of all fixed assets controlled or used by the department in question.

## **PART 12 PROCEDURE IN CASE OF LOSS, THEFT, DESTRUCTION, OR IMPAIRMENT OF FIXED ASSETS**

Every head of department shall ensure that any incident of loss, theft, destruction, or material impairment of any fixed asset controlled or used by the department in question is promptly reported in writing to the chief financial officer, to the internal auditor, and in cases of suspected theft or malicious damage also to the South African Police Service.

## **PART 13 CAPITALISATION CRITERIA: REINSTATEMENT, MAINTENANCE AND OTHER EXPENSES**

Only expenses incurred in the enhancement of a fixed asset (in the form of improved or increased services or benefits flowing from the use of such asset) or in the material extension of the useful operating life of a fixed asset shall be capitalised.

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

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

## **PART 14 MAINTENANCE PLANS**

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

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

The head of department controlling or using the infrastructure asset in question, shall annually report to the council, not later than in July, of the extent to which the relevant maintenance plan has been complied with, and of the likely effect which any noncompliance may have on the useful operating life of the asset concerned.

#### **PART 15 DEFERRED MAINTENANCE**

If there is material variation between the actual maintenance expenses incurred and the expenses reasonably envisaged in the approved maintenance plan for any infrastructure asset (see part 13 above), the chief financial officer shall disclose the extent of and possible implications of such deferred maintenance in an appropriate note to the financial statements. Such note shall also indicate any plans which the council of the municipality has approved in order to redress such deferral of the maintenance requirements concerned.

If no such plans have been formulated or are likely to be implemented, the chief financial officer shall redetermine the useful operating life of the fixed asset in question, if necessary in consultation with the head of department controlling or using such asset, and shall recalculate the annual depreciation expenses accordingly.

#### **PART 16 GENERAL MAINTENANCE OF FIXED ASSETS**

Every head of department shall be directly responsible for ensuring that all assets (other than infrastructure assets which are dealt with in part 13 and part 14 above) are properly maintained and in a manner which will ensure that such assets attain their useful operating lives.

## **PART 17 DEPRECIATION OF FIXED ASSETS**

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

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

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

However, depreciation shall initially be calculated from the day following the day in which a fixed asset is acquired or . in the case of construction works and plant and machinery . the day following the day in which the fixed asset is brought into use, until the end of the calendar month concerned. Thereafter, depreciation charges shall be calculated monthly.

Each head of department, acting in consultation with the chief financial officer, shall ensure that reasonable budgetary provision is made annually for the depreciation of all applicable fixed assets controlled or used by the department in question or expected to be so controlled or used during the ensuing financial year.

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

## **PART 18 RATE OF DEPRECIATION**

The chief financial officer shall assign a useful operating life to each depreciable asset recorded on the municipality's fixed asset register. In determining such a useful life the chief financial officer shall adhere to the useful lives set out in the annexure to this document (see part 31 below).

In the case of a fixed asset which is not listed in this annexure, the chief financial officer shall determine a useful operating life, if necessary in consultation with the head of department who shall control or use the fixed asset in question, and shall be guided in determining such useful life by the likely pattern in which the asset's economic benefits or service potential will be consumed.

## **PART 19 METHOD OF DEPRECIATION**

Except in those cases specifically identified in part 20 below, the chief financial officer shall depreciate all depreciable assets on the straight-line method of depreciation over the assigned useful operating life of the asset in question.

## **PART 20 AMENDMENT OF ASSET LIVES AND DIMINUTION IN THE VALUE OF FIXED ASSETS**

Only the chief financial officer may amend the useful operating life assigned to any fixed asset, and when any material amendment occurs the chief financial officer shall inform the council of the municipality of such amendment.

The chief financial officer shall amend the useful operating life assigned to any fixed asset if it becomes known that such asset has been materially impaired or improperly maintained to such an extent that its useful operating life will not be attained, or any

other event has occurred which materially affects the pattern in which the asset's economic benefits or service potential will be consumed.

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

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

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

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

#### **PART 21 ALTERNATIVE METHODS OF DEPRECIATION IN SPECIFIC INSTANCES**

The chief financial officer may employ the sum-of-units method of depreciation in the case of fixed assets which are physically wasted in providing economic benefits or delivering services.

The chief financial officer shall only employ this method of depreciation if the head of department controlling or using the fixed asset in question gives a written undertaking to the municipal manager to provide:



- estimates of statistical information required by the chief financial officer to prepare estimates of depreciation expenses for each financial year; and
- actual statistical information, for each financial year.

The head of department concerned shall moreover undertake to provide such statistical information at the specific times stipulated by the chief financial officer.

Where the chief financial officer decides to employ the sum-of-units method of depreciation, and the requirements set out in the preceding paragraph have been adhered to, the chief financial officer shall inform the council of the municipality of the decision in question.

#### **PART 22 CREATION OF NON-DISTRIBUTABLE RESERVES FOR FUTURE DEPRECIATION**

*NOTE: Part 22 has been prepared on the assumption that these reserves are allowed.*

The chief financial officer shall ensure that in respect of all fixed assets financed from the municipality's asset financing reserve, or from grants or subsidies or contributions received from other spheres of government or from the public at large, as well as in respect of fixed assets donated to the municipality, a non-distributable reserve for future depreciation is created equal in value to the capitalised value of each fixed asset in question.

The chief financial officer shall thereafter ensure that in the case of depreciable fixed assets an amount equal to the monthly depreciation expenses of the fixed asset concerned is transferred each month from such non-distributable reserve to the municipality's appropriation account. Where there is a difference between the budgeted monthly depreciation expenses and the actual total depreciation expenses for each

financial year, the chief financial officer shall appropriately adjust the aggregate transfer from the non-distributable reserve for the year concerned.

### **PART 23 CARRYING VALUES OF FIXED ASSETS**

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

The only exceptions to this rule shall be revalued assets (see part 24 below) and heritage assets in respect of which no value is recorded in the fixed asset register (see part 8 above).

### **PART 24 VERIFICATION OF FIXED ASSETS**

Every head of department shall at least once during every financial year undertake a comprehensive verification of all fixed assets controlled or used by the department concerned.

Every head of department shall promptly and fully report in writing to the chief financial officer in the format determined by the chief financial officer, all relevant results of such fixed asset verification, provided that each such asset verification shall be undertaken and completed as closely as possible to the end of each financial year, and that the resultant report shall be submitted to the chief financial officer not later than 30 June of the year in question.

### **PART 25 ALIENATION OF FIXED ASSETS**

*NOTE: The reference to the asset financing reserve below is based on the assumption that the reserve is allowed.*

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

Every head of department shall report in writing to the chief financial officer on 31 October and 30 April of each financial year on all fixed assets controlled or used by the department concerned which such head of department wishes to alienate by public auction or public tender. The chief financial officer shall thereafter consolidate the requests received from the various departments, and shall promptly report such consolidated information to the council or the municipal manager of the municipality, as the case may be, recommending the process of alienation to be adopted.

Once the fixed assets are alienated, the chief financial officer shall delete the relevant records from the fixed asset register.

If the proceeds of the alienation are less than the carrying value recorded in the fixed asset register, such difference shall be recognised as a loss in the income statement of the department or vote concerned. If the proceeds of the alienation, on the other hand, are more than the carrying value of the fixed asset concerned, the difference shall be recognised as a gain in the income statement of the department or vote concerned.

All gains realised on the alienation of fixed assets shall be appropriated annually to the municipality's asset financing reserve (except in the cases outlined below), and all losses on the alienation of fixed assets shall remain as expenses on the income statement of the department or vote concerned. If, however, both gains and losses arise in any one financial year in respect of the alienation of the fixed assets of any department or vote, only the net gain (if any) on the alienation of such fixed assets shall be appropriated.

Transfer of fixed assets to other municipalities, municipal entities (whether or not under the municipality's sole or partial control) or other organs of state shall take place in accordance with the above procedures, except that the process of alienation shall be by private treaty.

#### **PART 26 OTHER WRITE-OFFS OF FIXED ASSETS**

A fixed asset even though fully depreciated shall be written off only on the recommendation of the head of department controlling or using the asset concerned, and with the approval of the council of the municipality.

Every head of department shall report to the chief financial officer on 31 October and 30 April of each financial year on any fixed assets which such head of department wishes to have written off, stating in full the reason for such recommendation. The chief financial officer shall consolidate all such reports, and shall promptly submit a recommendation to the council of the municipality on the fixed assets to be written off.

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

In every instance where a not fully depreciated fixed asset is written off, the chief financial officer shall immediately debit to such department or vote, as additional depreciation expenses, the full carrying value of the asset concerned (see also part 22).

#### **PART 27 REPLACEMENT NORMS**

The municipal manager, in consultation with the chief financial officer and other heads of departments, shall formulate norms and standards for the replacement of all normal

operational fixed assets. Such norms and standards shall be incorporated in a formal policy, which shall be submitted to the council of the municipality for approval. This

Accounting for biological assets shall take place in accordance with the requirements of GRAP 27.

policy shall cover the replacement of motor vehicles, furniture and fittings, computer equipment, and any other appropriate operational items. Such policy shall also provide for the replacement of fixed assets which are required for service delivery but which have become uneconomical to maintain.

#### **PART 28 INSURANCE OF FIXED ASSETS**

The municipal manager shall ensure that all movable fixed assets are insured at least against fire and theft, and that all municipal buildings are insured at least against fire and allied perils.

If the municipality operates a self-insurance reserve (assuming such reserve to be allowed), the chief financial officer shall annually determine the premiums payable by the departments or votes after having received a list of the fixed assets and insurable values of all relevant fixed assets from the heads of departments concerned.

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

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

#### **PART 29 BIOLOGICAL ASSETS**

The chief financial officer, in consultation with the head(s) of department concerned, shall ensure that all biological assets, such as livestock and crops, are valued at 30 June each year at fair value less estimated point-of-sales costs. Such valuation shall be undertaken by a recognised valuer in the line of the biological assets concerned. Any losses on such valuation shall be debited to the department or vote concerned as an operating expense, and any increase in the valuation shall be credited to the department or vote concerned as an operating revenue.

If any biological asset is lost, stolen or destroyed, the matter – if material – shall be reported in writing by the head of department concerned in exactly the same manner as though the asset were an ordinary fixed asset.

Records of the details of biological assets shall be kept in a separate section of the fixed assets register or in a separate accounting record altogether, and such details shall reflect the information which the chief financial officer, in consultation with the head of department concerned and the internal auditor, deems necessary for accounting and control purposes.

The chief financial officer shall annually insure the municipality's biological assets, in consultation with the head(s) of department concerned, provided the council of the municipality considers such insurance desirable and affordable.

Accounting for biological assets shall take place in accordance with the requirements of GRAP 27.

## **PART 30 ANNEXURE: FIXED ASSET LIVES**

### **INFRASTRUCTURE, COMMUNITY, BUILDING ASSETS**

The following is the list of infrastructure, community and building assets, with the estimated useful life in years indicated in brackets in each case.

Asset Type	Component Type	Descriptor Type	EUL (Years)
Bridge	Pedestrian Bridge	Concrete	80
Bridge	Pedestrian Bridge	Steel	50
Bridge	Pedestrian Bridge	Timber	30
Bridge	Vehicle Bridge	Concrete	80
Bridge	Vehicle Bridge	Culvert Bridge	80
Bridge	Vehicle Bridge	Steel	80
Bridge	Weigh Bridge		80
Building	Asbestos & Fibre Cement (Wall & Roof)		30
Building	Centralised Airconditioning		15
Building	Face Brick & Asbestos Roof (Fibre Cement Roof)		50
Building	Face Brick & Bobcrete (Concrete) Roofing Slab		50
Building	Face Brick & Thatch (Grass) Roof		50
Building	Face Brick & Tile Roof		50
Building	Face Brick & Zinc Roof		50
Building	Lapa - Wood Poles & Thatch (Grass) Roof		25
Building	Round Hut (Ronddawel)		25
Building	Safari Tent		15
Building	Wendy (Wood) House		25
Building	Zinc Roof & Zinc Walls over Steel Frame - Closed Sides		25
Civil Structure	Brick Wall - Other Structures		25
Civil Structure	Bridge Clarifier (Incl. Steel Structure, Handrailings, Regtagrid, DC Board, Electrical Motor, Basin)		50
Civil Structure	Chamber		50
Civil Structure	Clarifier / Digester / Biological Filter / Aerator / Pasveer / Reactors / Drying Beds		50
Civil	Concrete Slab		50



Structure			
Civil Structure	Concrete Steps		50
Civil Structure	Dam Wall/Weir Structure	Concrete	80
Civil Structure	Dam Wall/Weir Structure		80
Civil Structure	Dam Wall/Weir Structure	Earth - Earthworks Only	50
Civil Structure	Dam Wall/Weir Structure		50
Civil Structure	Gabions		50
Civil Structure	Manhole		50
Civil Structure	Oxidation Ponds & Dams		50
Civil Structure	Pressure Filter Tanks & Pipework		20
Civil Structure	Retaining Blocks		30
Civil Structure	Sandfilters		20
Civil Structure	Sewer Pump Civil & Pipes		50
Civil Structure	Sumps / Sedimentation Tanks / Sand Filters		50
Civil Structure	Water Pump Civil & Pipes		50
Civil Structure	Water Reservoir	Concrete	50
Civil Structure	Water Reservoir	Steel	50
Civil Structure	Water Reservoir		50
Civil Structure	Water Tower Concrete		50
Electrical Distribution	Distribution Kiosks		40
Electrical Distribution	Mini - Substation		45
Electrical Distribution	Pole (no light)	Concrete	40
Electrical Distribution	Pole (no light)	Steel / Galvanised	40

Electrical Distribution	Pole (no light)	Wood	40
Electrical Distribution	Transformers		45
Electrical Equipment	Distribution Boards		30
Electrical Equipment	Electricity Meter		20
Electrical Equipment	Protection Panel Design (Buscouplers / Feeders / Bussection / Transformers)		45
Electrical Equipment	Sewer Pump Electrical - Motor		15
Electrical Equipment	Telemetry - Main Unit		15
Electrical Equipment	Telemetry - Pump Station		15
Electrical Equipment	Telemetry - Reservoir		15
Electrical Equipment	Telemetry - Substation		15
Electrical Equipment	Telemetry - Waterworks		15
Electrical Equipment	Water Pump Electrical - Motor		15
External Facility	Bench	Concrete	15
External Facility	Bench	Concrete and Wood	15
External Facility	Bench	Steel	15
External Facility	Bench	Wood or Plastic	15
External Facility	Bollard Poles - 0.5m High		15
External Facility	Boom Gates		30
External Facility	Braaier (Brick)		15
External Facility	Compressor		10
External Facility	Concrete Table		15
External Facility	Diesel Tanks		30
External Facility	Electrical Gate Motors		10

Facility			
External Facility	Flagpole		10
External Facility	Fuel Pump		15
External Facility	Generator (incl diesel tank, electrical)		15
External Facility	Handrailings - Total on Site		30
External Facility	Lightning Conductor - Steel Pole		20
External Facility	Perimeter Protection	Brick Wall	25
External Facility	Perimeter Protection	Clear VU (Invisible Wall)	25
External Facility	Perimeter Protection	Concrete Brick Wall Pillars with Steel Pallasade	20
External Facility	Perimeter Protection	Concrete Pallasade	25
External Facility	Perimeter Protection	Concrete Wall - Vibre - Crete	20
External Facility	Perimeter Protection	Diamond Mesh and Concrete Poles	20
External Facility	Perimeter Protection	Diamond Mesh and Steel Poles	20
External Facility	Perimeter Protection	Diamond Mesh and Timber Poles	20
External Facility	Perimeter Protection	Electrified Fencing - 2.5m High	10
External Facility	Perimeter Protection	Electrified Fencing on top of Existing Fence	10
External Facility	Perimeter Protection	Green Tennis Court Fence	20
External Facility	Perimeter Protection	Single Line Barb Wire (Farm)	20
External Facility	Perimeter Protection	Steel Pallasade	25
External Facility	Perimeter Protection	Wood Pole and Timber Shoot	20
External Facility	Perimeter Protection	Wood Poles and Planks	20
External Facility	Perimeter Protection	Wood Poles and	20

Facility		Rail - 1.2m High	
External Facility	Radio and TV Equipment		7
External Facility	Radio Equipment		15
External Facility	Satelite Dish		15
External Facility	Satelite Tower		15
External Facility	Shelter or Carport		15
External Facility	Solar Panels		15
External Facility	Steel Cage		30
External Facility	Steel Container		20
External Facility	Table and Bench (Unit)		15
External Facility	VIP Toilet		10
External Facility	Water Tanks - Plastic		15
External Facility	Windsocks		10
LV Feeders	Overhead Lines		45
LV Feeders	Underground Cables		40
Mechanical Equipment	Airblower Complete with Motor & Blower		15
Mechanical Equipment	Brush Aerator (Complete with Motor and Metal Brush)		15
Mechanical Equipment	Chlorine Station Complete with Tanks, Motors and Meters		15
Mechanical Equipment	Control Panel Dosing Equipment with Chlorine Dosing Equipment & Dosing Pumps (Without Lime Hopper)		15
Mechanical Equipment	Control Panel Dosing Equipment with Chlorine Dosing Equipment & Dosing Pumps & Lime Hoppers		15
Mechanical Equipment	Handpump		15
Mechanical Equipment	Lift		20
Mechanical Equipment	Lister Diesel Engin (Incl. Tank)		15

Mechanical Equipment	Mechanical Mixer Complete with Gearbox		15
Mechanical Equipment	Package Plant (Including Tanks, Motors, Pumps, Meters and Pipework)		15
Mechanical Equipment	Screen Press Complete with Motors and DC Boards		15
Mechanical Equipment	Screw Conveyor Complete with Motors and DC Boards		15
Mechanical Equipment	Sewer Pump - Submersible Pump		15
Mechanical Equipment	Sewer Pump Mechanical - Pump		15
Mechanical Equipment	Sludge Dewatering Equipment - Belt Press		15
Mechanical Equipment	Smart Units		15
Mechanical Equipment	Waste Gas Flare (Burner) Complete Unit		15
Mechanical Equipment	Water Pump - Submersible Pump		15
Mechanical Equipment	Water Pump - Submersible Pump (Mechanical Only)		15
Mechanical Equipment	Water Pump Mechanical - Pump		15
Mechanical Equipment	Windpump		15
MV Feeders	Overhead Lines		45
MV Feeders	Underground Cables		40
Pipe work	Actuator		15
Pipe work	Bulk Water Meter		15
Pipe work	Flow Meter		15
Pipe work	Isolation valve		15
Pipe work	Non return valve		15
Pipe work	Pressure control valve		15
Pipe work	Rectagrid		50
Pipe work	Sewer Pipes - Gravity	Concrete	50
Pipe work	Sewer Pipes - Gravity	uPVC	70
Pipe work	Sewer Pipes - Rising Mains	HDPE(PE100)	90
Pipe work	Sewer Pipes - Rising Mains	uPVC	70
Pipe work	Sluice gate		15
Pipe work	Water House Connection (incl meter)		15
Pipe work	Water Pipe (incl. hydrants & valves)	Steel(X42)	90
Pipe work	Water Pipe (incl. hydrants & valves)	uPVC	70

Playground Facility	Jungle Gym (Klimraam)		20
Playground Facility	Seesaw (Wipplank)		20
Playground Facility	Slide (Glyplank)		20
Playground Facility	Spinwheel (Spinwiel)		20
Playground Facility	Swing (Swaai)		20
Public Lighting	Flood Lights including galvanized lamp post		30
Public Lighting	Flood Lights including wooden pole		30
Public Lighting	High Mast Light		30
Public Lighting	Street Lights		40
Road Furniture	Busstop Concrete		15
Road Furniture	Footpaths or Pavements	Asphalt	20
Road Furniture	Footpaths or Pavements	Brick	30
Road Furniture	Footpaths or Pavements	Concrete	30
Road Furniture	Footpaths or Pavements	Gravel	10
Road Furniture	Footpaths or Pavements	Wooden Walkway or Deck	20
Road Furniture	Guard Rails Steel		15
Road Furniture	Road Signs		10
Road Furniture	Road Signs	Gantry Unit - Arch/Bridge Type	80
Road Furniture	Road Signs	Gantry Unit - Cantilever	80
Road Furniture	Waste Bin	Concrete	15
Road Furniture	Waste Bin	Metal	15
Road Furniture	Waste Bin	Plastic	8
Road	Concrete Barriers		50
Structure			

Road Structure	Kerbing		50
Road Structure	Road Surface	Asphalt	20
Road Structure	Road Surface	Brick	30
Road Structure	Road Surface	Concrete	30
Road Structure	Road Surface	Gravel	10
Road Structure	Roads Base Structure	Asphalt	50
Road Structure	Roads Base Structure	Brick	50
Road Structure	Roads Base Structure	Concrete	50
Road Structure	Speed Humps & Bumps		20
Road Structure	Stone Pitched Surface		10
Sports Facility	Astro Turf		20
Sports Facility	Athletics Track - Tartan		20
Sports Facility	Cricket Pitch & Nets		20
Sports Facility	Jukskei Pitch/Put		20
Sports Facility	Pavilion		40
Sports Facility	Sports Posts		10
Sports Facility	Swimming Pool		20
Sports Facility	Tennis / Netball / Volley Ball Court		20
Stormwater Drainage	Culvert		50
Stormwater Drainage	Stormwater Channel	Block	50
Stormwater Drainage	Stormwater Channel	Concrete	50
Stormwater Drainage	Stormwater Channel	Concrete (Flat)	50

Stormwater Drainage	Stormwater Channel	Grass	10
Stormwater Drainage	Stormwater Channel	Stone Pitched	50
Stormwater Drainage	Stormwater Channel	Unlined	10
Stormwater Drainage	Stormwater Inlet		50
Stormwater Drainage	Stormwater Pipes		50
Substation	Busbars Conductor (ACSR Bull)		50
Substation	Busbars Isolators		50
Substation	Busbars Isolators Standpost & Gantry		50
Substation	Capbank		45
Substation	Circuit Breakers		45
Substation	Ripple Control - Computer & Controller, Type MPC		45
Substation	Ripple Control - Load Cells		45
Substation	Ripple Control - Transmitter (ENERMET SFU - K203)		45
Substation	Static Power - Battery (Alcad Nickel / YAP 13 (2V) / YCP 17 (2V))		45
Substation	Static Power - Charger		45
Substation	Transformers		45
Switching Station	Switchgear - Big		45
Switching Station	Switchgear - Earth Switch		45
Switching Station	Switchgear - Interswitch B202		45
Switching Station	Switchgear - Small		45
Traffic Management	Cameras Law Enforcement		15
Traffic Management	Parking Meters		10
Traffic Management	Traffic Lights		15



## **HERITAGE ASSETS**

The following is a list of at least some typical heritage assets encountered in the municipal environment (no asset lives are given, of course, as no ordinary depreciation will be charged against such assets):

- Museum exhibits
- Works of art (which will include paintings and sculptures)
- Public statues
- Historical buildings or other historical structures (such as war memorials)
- Historical sites (for example, an Iron Age kiln, historical battle site or site of a historical settlement)

## **OTHER ASSETS**

The following is a list of other assets, again showing the estimated useful life in years in brackets:

*	Please also refer to above for buildings classified as other in the PPE note per MSCOA requirement.	
	Abattoirs	(30)
	Asphalt plant	(30)
	Cable stations	(30)
	Caravan parks	(30)
	Compacting stations	(30)

Hostels used to accommodate the public  
or tourists

(30)

	Hostels for municipal employees	(30)
	Housing schemes	(30)
	Kilns	(30)
	Laboratories	(30)
	Fresh produce and other markets	(30)
	Nurseries	(30)
	Office buildings	(30)
	Old age homes	(30)
	Quarries	(30)
	Tip sites	(30)
	Training centres	(30)
	Transport facilities	(30)
	Workshops and depots	(30)
*	Office equipment	
	Computer hardware	(5)
	Computer software	(3)
	Office machines	(3)
	Air conditioners	(5)
*	Furniture and fittings	
	Chairs	(7)
	Tables and desks	(7)
	Cabinets and cupboards	(7)
*	Bins and containers	
	Household refuse bins	(5)
	Bulk refuse containers	(10)
*	Emergency equipment	

	Fire hoses	(5)
	Other fire-fighting equipment	(15)
	Emergency lights	(5)
*	Motor vehicles	
	Ambulances	(5)
	Fire engines	(20)
	Buses	(15)
	Trucks and light delivery vehicles	(5)
	Ordinary motor vehicles	(5)
	Motor cycles	(3)
*	Plant and equipment	
	Graders	(10)
	Tractors	(10)
	Mechanical horses	(10)
	Farm equipment	(5)
	Lawn mowers	(2)
	Compressors	(5)
	Laboratory equipment	(5)
	Radio equipment	(5)
	Firearms	(5)
	Telecommunication equipment	(5)
	Cable cars	(15)
	Irrigation systems	(15)
	Cremators	(15)
	Lathes	(15)
	Filling equipment	(15)
	Conveyors	(15)

Feeders	(15)
Tippers	(15)

\* Emergency equipment

	Pulverising mills	(15)
*	Other	
	Aircraft	(15)
	Watercraft	(15)

**PART 32 ANNEXURE: PARAPHRASE OF SECTION 14 OF THE MUNICIPAL FINANCE MANAGEMENT ACT 2003**

A municipality may not alienate any capital asset required to provide a minimum level of basic municipal services.

A municipality may alienate any other capital asset, but provided

- the council, in a meeting open to the public, has first determined that the asset is not required to provide a minimum level of basic municipal services, and
- the council has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset.

**EXAMPLES OF ASSET TYPES NOT CAPITALISED DUE TO THEM BEING UTILISED LESS THAN 12 MONTHS**

- Kitchenware, eg. Kettles, toasters, two-plate stove, etc.
- Stationery equipment, eg. Punches (not heavy duty), staplers (not heavy duty), etc.
- Garden equipment, eg. Brooms, rakes, spade, etc.
- Machines (not heavy duty), eg. Spanners, screw drivers, etc.
- Electrical equipment, eg. Extension lead, multi plug, etc.
- Other, as may be determined by management

**APPROVAL OF THE POLICY**

The Municipal Council has approved this policy and amendments thereof.

**AUTHENTICATION**

The amendments of the policy and or the new policy was adopted by the Council on the  
23/01/2020.....

As per Council Resolution number 215/19/20.....

Signed off

  
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**Mr. G.P.T. Nota**

**Municipal Manager**

  
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**Cllr. N.F Ngonyolo**

**Speaker of the Council**

