THEMBISILE HANI LOCAL MUNICIPALITY

ASSET MANAGEMENT POLICY 2026/2027

Version 3 –

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ABBREVIATIONS

AM	Asset Management
AMS	Asset Management System
CFO	Chief Financial Officer
CoGTA	Deputy Co-operative Governance and TraditionalAffairs
EPWP	Expanded Public Work Program
GIS	Geographical InformationSystem
GRAP	Standards of Generally Recognised AccountingPractice
HR	Human Resource
IAM	Infrastructure Asset Management
IAMP	Infrastructure Asset Management Plan
IAMS	Infrastructure Asset Management Strategy
IAR	Infrastructure Asset Register
IAS	International Accounting Standards
IDP	Integrated Development Plan
IT	Information Technology
KPI	Key Performance Indicators
LM	Local Municipality
MFMA	Municipal Finance Management Act
OHSA	Occupational Health and Safety Act
O&M	Operation and Maintenance
R	Rand
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SOE	Statement Of Existence
THLM	Thembisile Hani Local Municipality
TOR	Terms of Reference
VAT	Value Added Tax

1. PURPOSE OF THIS DOCUMENT

This document indicates the policy of Thembisile Hani Local Municipality (THLM) for the management of its immovable and movable assets (infrastructure, public amenities, investment properties, plant & equipment, furniture & fittings, IT Equipment, office equipment, motor vehicles and land). Detailed procedures are provided in a separate document. The policy commits the municipality to establishing and maintaining an asset register that complies with the latest Generally Recognised Accounting Standards, directives and Interpretations applicable to Local Government Municipal Management Act 56 of 2003, as set out by National Treasury and the relevant legislations. Managing the assets in a way that is aligned with the municipality's strategic objectives and recognised good practice.

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 infrastructure assets is central to meeting the above challenges. Accordingly, the Municipal Systems Act (MSA) specifically highlights the duty of municipalities to provide services in a manner that is sustainable, and the Municipal Finance Management Act (MFMA) requires municipalities to utilise and maintain their assets in an effective, efficient, economical and transparent manner. The MFMA specifically places responsibility for the management of municipal immovable assets with the Municipal Manager.

The OHSA requires municipalities to provide and maintain a safe and healthy working environment, and in particular, to keep its infrastructure safe.

2.2 ACCOUNTING STANDARDS

The accounting standards that apply to municipalities are in transition. The MFMA requires municipalities to comply with the Standards of Generally Recognised Accounting Practice (GRAP), in line with international practice.

Key changes include the recognition of depreciation of assets as an expense, and conditional grants as revenue when it is utilised. Immoveable assets are unbundled and each significant component is recognised and accounted for individually. Immovable PPE are measured at cost, though in cases where it is impracticable to establish the cost (e.g. where there are no reliable records, or records cannot be linked to specific assets), the cost is deemed to be the

fair value of the immovable PPE. Specialised buildings (such as community facilities) and infrastructure (such as a water supply network) are valued using a depreciated replacement cost. Significant changes in the value of immovable property, plant and equipment over time may be reflected through periodic revaluation if the revaluation model is applied.

As a low capacity municipality, THLM was required to convert to GRAP from 1 July 08, with a transitional provision to comply with the measurement requirements of GRAP 17. When the GRAP standards are implemented all asset balances will be adjusted retrospectively according to the Accounting Standard on Changes in accounting policies, Changes in estimates and errors, unless it will be impracticable to do so. With applying the retrospective treatment the asset balances are adjusted as if the accounting standard always applied.

2.3 MANAGEMENT OF INFRASTRUCTURE 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 itsresponsibilities as a public entity is also important. The municipality must demonstrate good governance and customer care, and the processes adopted must be efficient and sustainable. Councillors and officials are custodians on behalf of the public of infrastructure assets, the replacement value of which amounts to several hundred million Rand.
Key themes of the latest generation of national legislation introduced relating to municipal infrastructure management include:

- long-term sustainability and risk management;
- service delivery efficiency and improvement;
- performance monitoring and accountability;
- community interaction and transparent processes;
- priority development of minimum basic services for all; and
- the provision 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 ongoing changes in demand. Making effective decisions on service delivery priorities requires a team effort, with inputs provided by officials from a number of departments of the municipality, including infrastructure, community services, financial planning, and corporate services.

CoGTA (formerly dplg) has prepared guidelines in 2007 in line with international practice that propose that an Infrastructure Asset Management Plan (IAMP) is prepared for each sector (such as potable water, roads). These plans are used as inputs into a Comprehensive Municipal Infrastructure Plan (CMIP) that presents an integrated plan for the municipality covering all infrastructure. 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), and more specifically the Capital Asset Management Guidelines for Local Government issued by National Treasury.

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

Recognised good practice in the management of infrastructure assets from across the globe has been increasingly documented over the past 10 to 15 years. In 2000, the World Bank cited practice in Australasia as representative of best practice and this has been captured in the International Infrastructure Management Manual (IIMM) and regularly updated with case studies from across the globe, including South Africa. In 2008 the British Standards Institute issued PAS 55 (a publicly available specification on asset management). There is now an initiative by the International Standards Organisation (ISO) to draw on these documents to establish an international standard for infrastructure asset management (ISO 55000 series) that is expected to be issued in 2014. Recognised good practice in infrastructure asset management has matured significantly over the past two decades, transitioning from guideline-based approaches to globally standardised, outcomes-driven management systems. Early leadership from Australasia, captured in the International Infrastructure Management Manual (IIMM), laid the foundation for structured lifecycle management and

continues to inform practice internationally, including within South Africa.

This evolution was formalised through the development of PAS 55 by the British Standards Institution, which established the first widely adopted specification for asset management systems. Building on this foundation, the ISO 55000 series was published in 2014 and has since become the globally recognised benchmark for asset management.

The ISO 55000 series (comprising ISO 55000, ISO 55001 and ISO 55002) provides a comprehensive framework for establishing, implementing, maintaining and continually improving an asset management system. It emphasises the alignment of asset management objectives with organisational strategy, the balancing of cost, risk and performance, and the delivery of value from assets over their entire lifecycle.

Since its publication, ISO 55000 has been widely adopted and embedded into leading practice across both the public and private sectors. It is further supported by global collaboration platforms such as the Global Forum on Maintenance and Asset Management, which has consolidated international best practice into the Asset Management Landscape, and by sector-specific guidance, including national frameworks such as South Africa's infrastructure delivery and asset management standards.

In the South African context, asset management practice is increasingly aligned with regulatory and governance frameworks such as the Municipal Finance Management Act (MFMA), National Treasury guidelines (including CIDMS), and audit expectations from the Auditor-General. These frameworks reinforce the importance of credible asset registers, lifecycle planning, and sustainable service delivery.

Progressive organisations are therefore no longer viewing asset management as a compliance exercise, but as a strategic capability that enables:

- improved service delivery outcomes;
- long-term financial sustainability;
- proactive risk management; and
- evidence-based investment planning.

Accordingly, alignment with ISO 55000 principles and the broader body of international good practice is now widely regarded as a benchmark for effective and responsible infrastructure asset management.

Progressive entities are expected to set compliance with the proposed ISO as a benchmark for practice.

3. OBJECTIVES

The objective of this policy is for the municipality to:

- implement prevailing accounting standards; and
- apply asset management practice 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 this document to Council to consider its adoption after consultation with the Municipal Manager. Council shall indicate the effective date for implementation of the policy.

5. KEY RESPONSIBILITIES

Municipal Manager

The Municipal Manager is responsible for the management of the immovable assets of the municipality, including the safeguarding and the maintenance of those assets.
The Municipal Manager shall ensure that:

- The municipality has and maintains a management, accounting and information system that accounts for the immovable assets of the municipality;
- The municipality's PPE are valued in accordance with the standard of generally recognised accounting practice (GRAP17);
- The municipality's investment properties are valued in accordance with the standard of generally recognised accounting practice (GRAP 16);
- The municipality's intangible assets are valued in accordance with the standard of generally recognised accounting practice (GRAP 31);
- That the municipality has and maintains a system of internal control for the immovable assets, including an asset register; and
- The Head of Departments and their teams comply with this policy.

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 this policy is effectively applied on adoption by Council. To this end, the Municipal Manager shall be responsible for the preparation, in consultation with the CFO and Head of Departments, of procedures to effectively and efficiently apply this policy.

Chief Financial Officer

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

The CFO, as one of the Heads of Department of the municipality, shall also ensure, in exercising his 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 utilized effectively, efficiently, economical and transparently;
- Any unauthorized, 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 municipalities' immovable assets are maintained to standards sufficient to satisfy the requirements of the Auditor-General;
- Financial processes are established and maintained to ensure the municipality's financial resources are optimally utilised through appropriate asset plans, budgeting, purchasing, maintenance and disposal decisions;
- The Municipal Manager is appropriately advised on the exercise of powers pertaining to the financial administration of immovable assets;
- The Heads of Department and senior management teams are appropriately advised on the exercise of their powers and duties pertaining to the financial administration of immovable assets;
- The functionality of the system is maintained and back-ups of data and the system are regularly made; and
- This policy and support procedures are established, maintained and effectively communicated.

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 the fixed asset registrar 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.

Heads of Department

Heads of Department (the managers directly accountable to the Municipal Manager) shall ensure that:

- The municipal resources assigned to them are utilized effectively, efficiently, economically and transparently;

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

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

Chief Information Officer

The Chief Information Officer shall ensure that:

- The functionality of the asset register system is maintained and that the data is secure.

6. POLICY AMENDMENT

Changes to this document shall only be applicable if approved by Council. Any proposals in this regard shall be motivated by the CFO in consultation with the Municipal Manager and respective Head of Departments. 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 and Insurance 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
- SCM Policy
- Accounting Policies as per the Annual Financial Statements
- Property Rates Policy

8. REFERENCES

The following references were observed in compiling this document:

- Public Finance and Management Act, 1999
- 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
- MFMA Circular 18 & 44
- Local Government Capital Asset Management Guidelines, National Treasury, 2008
- Government Gazettes (30013 & 31021)
- Generally Recognised Accounting Practice (1-14, 16 , 17, 21, 31 and 102).
- Exposure drafts 44 – 46 and 28
- International Accounting Standards (IAS 16)
- Municipal transfer and disposal regulations, Government Gazette no.31346

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.

Definitions and Rules Policy statement Responsibilities Procedures Extracts from the accounting standards and their interpretation for application in the municipality A statement that reflects the specific policy adopted by the municipality, in line with the applicable accounting standards Allocation of key responsibility areas to give effect to the adopted policy Actions to effectively implement the key responsibility areas indicated in the policy/Policy document Procedures document

This policy document is structured to promote clarity and effective application. It begins with **Definitions and rules**, which establish a common understanding of key terms and guiding principles from the accounting standards and their interpretation for application in the municipality. This is followed by the **Policy statement**, which sets out the specific policy adopted by the municipality, in line with the applicable accounting standards. Lastly, the **Responsibilities** section assigns accountability by clearly outlining the roles and duties of relevant officials to ensure the policy is implemented and adhered to. Detailed procedures are provided in a separate document.

10. POLICY FOR IMMOVABLE ASSET ACCOUNTING

10.1 RECOGNITION OF IMMOVEABLE ASSETS

(a) Definitions and rules

Asset

An asset is defined as a resource controlled by an entity as a result of past events and from which future economic benefits or service potential associated with the item will flow to the entity.

Movable Assets

Movable assets are assets which are used in the operation of the municipality, e.g. motor vehicles, furniture & fittings and IT equipment.

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 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 is broken down into groups of assets of a similar nature or function in the municipality’s operations for the purposes of disclosure in the financial statements.

Immovable PPE

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

Investment Property

Investment property is identified 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 the 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, shopping centres and housing financed and managed by the municipality (or jointly with other parties). 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.

Spares

Spares and materials used on a regular basis in the ordinary course of operations are usually carried as inventory (i.e. they are not usually considered fixed assets) and are expensed when consumed. 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 immediately that they are available for use (e.g. in the stores).

Intangible Asset

An intangible asset is an identifiable non-monetary asset without physical substance. 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, or

(b) arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable and separable from the municipality or from other rights and obligations.

Items used irregularly

Tangible items that are used in the production or supply of goods or services on an irregular basis (such as standby equipment) are recognised as items of PPE.

Useful Life

Useful life is defined as the period over which an asset is expected to be available for use by an entity, or the number of production or similar units expected to be obtained from the asset by an entity.

Control

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

Past transactions or events

Assets are only recognised from the point when some event or transaction transferred control to an entity.

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 the judgement. The Municipal Manager shall exercise such judgement on behalf of the municipality, in consultation with the CFO and respective Head of Department.

Economic benefits

Economic benefits are derived from immovable assets that generate net cash inflows.

Service Potential

Immovable PPE have service potential if they have 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 immovable asset is substantially transferred to the municipality, the lease is regarded as a finance lease and the asset recognised by the municipality as an immovable asset. 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 immovable 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 Head of Department, recorded, and communicated on recognition 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.

(b) Policy statement

The municipality shall recognise all immovable assets existing at the time of adoption of this policy and the development or acquisition of new, upgraded and renewed immovable 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 Municipal Manager and Head of Departments, shall determine effective procedures for the recognition of existing and new assets.

- Every Head of Department shall ensure that all immovable assets under their control are correctly recognised as immovable 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 are one of the accounting categories of fixed assets, as follows:

- Property, plant and equipment (which is broken down into groups of assets of a similar nature or function in the municipality's operations, that is shown as a single class for the purposes of disclosure in the financial statements);
- Intangible assets; and
- Investment property.

Class of immovable assets

A class of immovable asset is defined as a group of assets of a similar nature or function in the municipality's operations. The total balance of each class of assets is disclosed in the notes to the financial statements.

PPE asset hierarchy

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

recognises the functional relationship of assets and components.

PPE: Infrastructure

Infrastructure assets are immoveable assets which are part of a network of similar assets.

PPE: Community Property

Community properties are immoveable assets contributing to the general well-being of the community, such as community halls and recreation facilities.

PPE: Heritage assets

Heritage assets are assets of cultural, historic or environmental significance, 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 municipality must use its 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.

PPE: Building Property

PPE building property assets are buildings that are used for municipal operations such as administration buildings and rental stock or housing not held for capital gain.

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 freelyand are not separable from the municipality. Consequently, such servitudes are not recognised in the asset register.

However, servitudes that are created through acquisition (including by way of expropriation

or agreement) are recognised as an intangible asset at cost. The municipality may include the cost of the servitude in the cost of the PPE if it is essential to the construction or operation of the asset.

Non-current assets held for sale

A non-current asset (or disposal group) is considered to be “held for sale” if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. An immovable asset classified as a “non-current asset held for sale” shall be reclassified as a current asset and will therefore be taken off the Asset Register. This provision does not apply to immovable assets that are abandoned.

To be classified as “held for sale”, the asset must be available for immediate sale (i.e. to be completed within a year) in its present condition, and it must be highly probable that the sale will take place (management must be committed to a plan to sell the asset and an active programme to locate a buyer must have been initiated). Sale transactions include exchanges of immovable assets for other non-current assets when the exchange has commercial substance. If the municipality acquires an immovable asset exclusively for the purpose of selling it, it shall be classified as a “non-current asset held for sale” at its acquisition date only if all the above requirements are met.

An extension of the period required to complete the sale does not preclude an asset from being classified as held for sale if the delay is caused by events or circumstances beyond the municipality’s control and there is sufficient evidence that the municipality remains committed to its plan to sell the asset. However, if the municipality has classified an asset asheld for sale, but the criteria are no longer met, the municipality shall cease to classify the asset as held for sale.

If the criteria are only met after the reporting date, the municipality shall not classify the immovable asset as held for sale in those financial statements when issued. However, when those criteria are met after the reporting date but before the authorisation date for the financial statements to be issued, the municipality shall disclose a description of the immovable asset; a description of the facts and circumstances of the sale, or leading to the expected disposal, and the expected manner and timing of disposal; and if applicable, the segment in which the asset (or disposal group) is presented.

(b) Policy statement

The following asset categories, sub-categories and groups shall be used at the highest level of the classification structure for immoveable assets: **Asset Category**	**Asset Sub-Category**	**Asset Group**
Community Property	Community Facilities (incl land)	Bus / Taxi terminal buildings
Cemeteries		
Halls / Centres		
Landfill sites		
Libraries		
Parks		
Public open space		

Stalls / LED facilities		
Transfer stations		
Sport and Recreation Facilities (incl Land)	Game reserves	
Sports facilities		
Heritage Assets	Heritage Assets (incl Land)	Historic building
Monuments		
Nature reserve		
Other heritage		
Works of art		
Infrastructure Assets	Road and Storm Water Network	Road furniture
Road structures		
Roads		
Stormwater		
Sanitation Network	Outfall sewers	
Pump station		
Reticulation		
Waste water treatment works (WWTW)		

Asset Category	**Asset Sub-Category**	**Asset Group**
Water Supply Network	Borehole	
Bulk mains		
Distribution		
Pump station		
Reservoir		
Water treatment works (WTW)		
Capital Spares	Capital spares	
Intangible Assets	Servitudes	Servitude - Sanitation
Servitude - Water		
Investment Property	Investment property	Improved

Unimproved
Other Property Buildings (incl land) Abattoirs
Depots / workshops / stores
Municipal offices and precincts
Testing Station
Housing (incl land) Social Housing
Staff Housing

Asset hierarchies shall be adopted for each of the immovable asset groups as presented in table below, 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.

Land for Community Property, Heritage Assets and Building Property shall be included at component level in the respective asset group. Investment Property and servitudes are not required to be componentised.

Assets 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.

Assets shall be disclosed in the financial statements as indicated by the table below:

Accounting Group	**Accounting Sub-group**	**Asset Class**	**Asset Group Type**	**AFS Class disclosure**
Property, plant and equipment	Movable Assets	Computer Equipment	Computer Equipment	IT equipment
Property, plant and equipment	Movable Assets	Furniture And Office Equipment	Furniture and Fittings	Furniture and office equipment
Property, plant and equipment	Movable Assets	Furniture And Office Equipment	Office Equipment	Furniture and office equipment
Property, plant and equipment	Movable Assets	Machinery And Equipment	Gym Equipment	Machinery and equipment
Property, plant and equipment	Movable Assets	Machinery And Equipment	Plant and Equipment	Machinery and equipment
Property, plant	Movable Assets	Transport assets	Motor Vehicle	Transport assets

Accounting Group	Accounting Sub-group	Asset Class	Asset Group Type	AFS Class disclosure
and equipment				
Property, plant and equipment	Movable Assets	Library books	Library books	Libraries
Property, plant and equipment	Community Assets	Community Facilities	Abattoirs	Community Assets
Property, plant and equipment	Community Assets	Community Facilities	Abattoirs	Land: General Plant
Property, plant and equipment	Community Assets	Community Facilities	Cemeteries / Crematoria	Community Assets
Property, plant and equipment	Community Assets	Community Facilities	Cemeteries / Crematoria	Land: General Plant
Property, plant and equipment	Community Assets	Community Facilities	Halls / Centres	Community Assets
Property, plant and equipment	Community Assets	Community Facilities	Halls / Centres	Land: General Plant
Property, plant and equipment	Community Assets	Community Facilities	Markets / Stalls / Shops	Community Assets
Property, plant and equipment	Community Assets	Community Facilities	Markets / Stalls / Shops	Land: General Plant
Property, plant and equipment	Community Assets	Community Facilities	Museums / Galleries / Theatres / Libraries	Land: General Plant
Property, plant and equipment	Community Assets	Community Facilities	Museums / Galleries / Theatres / Libraries	Libraries
Property, plant and equipment	Community Assets	Community Facilities	Parks	Community Assets
Property, plant and equipment	Community Assets	Community Facilities	Parks	Land: General Plant
Property, plant and equipment	Community Assets	Sport and recreation facilities	Outdoor facilities	Community Assets
Property, plant and equipment	Community Assets	Sport and recreation facilities	Outdoor facilities	Land: General Plant
Property, plant and equipment	Infrastructure Assets	Roads Infrastructure	Road	Land: General Plant
Property, plant and equipment	Infrastructure Assets	Roads Infrastructure	Road	Roads Infrastructure
Property, plant and equipment	Infrastructure Assets	Roads Infrastructure	Road Furniture	Roads Infrastructure

Accounting Group	Accounting Sub-group	Asset Class	Asset Group Type	AFS Class disclosure
Property, plant and equipment	Infrastructure Assets	Roads Infrastructure	Road Structures	Roads Infrastructure
Property, plant and equipment	Infrastructure Assets	Roads Infrastructure	Stormwater Conveyance	Roads Infrastructure
Property, plant and equipment	Infrastructure Assets	Sanitation Infrastructure	Pump Stations	Land: General Plant
Property, plant and equipment	Infrastructure Assets	Sanitation Infrastructure	Pump Stations	Sanitation Infrastructure
Property, plant and equipment	Infrastructure Assets	Sanitation Infrastructure	Reticulation	Sanitation Infrastructure
Property, plant and equipment	Infrastructure Assets	Sanitation Infrastructure	Waste Water Treatment Works (WWTW)	Land: General Plant
Property, plant and equipment	Infrastructure Assets	Sanitation Infrastructure	Waste Water Treatment Works (WWTW)	Sanitation Infrastructure
Property, plant and equipment	Infrastructure Assets	Solid Waste Infrastructure	Landfill Sites	Land: General Plant
Property, plant and equipment	Infrastructure Assets	Solid Waste Infrastructure	Landfill Sites	Solid Waste Infrastructure
Property, plant and equipment	Infrastructure Assets	Storm Water Infrastructure	Drainage Collection	Storm water Infrastructure
Property, plant and equipment	Infrastructure Assets	Storm Water Infrastructure	Stormwater Conveyance	Storm water Infrastructure
Property, plant and equipment	Infrastructure Assets	Water Supply Infrastructure	Boreholes	Land: General Plant
Property, plant and equipment	Infrastructure Assets	Water Supply Infrastructure	Boreholes	Water Supply Infrastructure: Boreholes
Property, plant and equipment	Infrastructure Assets	Water Supply Infrastructure	Bulk Mains	Water Supply Infrastructure: Bulk Mains
Property, plant and equipment	Infrastructure Assets	Water Supply Infrastructure	Distribution	Water Supply Infrastructure: Distribution
Property, plant and equipment	Infrastructure Assets	Water Supply Infrastructure	Pump Stations	Land: General Plant
Property, plant and equipment	Infrastructure Assets	Water Supply Infrastructure	Pump Stations	Water Supply Infrastructure: Pump Stations
Property, plant and equipment	Infrastructure Assets	Water Supply Infrastructure	Reservoirs	Land: General Plant
Property, plant	Infrastructure	Water Supply	Reservoirs	Water Supply

Accounting Group	Accounting Sub-group	Asset Class	Asset Group Type	AFS Class disclosure
and equipment	Assets	Infrastructure		Infrastructure: Reservoirs
Property, plant and equipment	Infrastructure Assets	Water Supply Infrastructure	Water Treatment Works WTW)	Water Supply Infrastructure: Water Treatment Works WTW
Property, plant and equipment	Other Assets	Housing	Social Housing	Land: General Plant
Property, plant and equipment	Other Assets	Land	Land	Land: General Plant
Property, plant and equipment	Other Assets	Operational Buildings	Municipal Offices	Community Assets
Property, plant and equipment	Other Assets	Operational Buildings	Municipal Offices	Land: General Plant
Property, plant and equipment	Other Assets	Operational Buildings	Testing Stations	Community Assets
Property, plant and equipment	Other Assets	Operational Buildings	Testing Stations	Land: General Plant
Property, plant and equipment	Other Assets	Operational Buildings	Workshops / stores	Community Assets
Property, plant and equipment	Other Assets	Operational Buildings	Workshops / stores	Land: General Plant
Property, plant and equipment	Other Assets	Operational Buildings	Yards / Depots	Community Assets
Property, plant and equipment	Other Assets	Operational Buildings	Yards / Depots	Land: General Plant
Intangible Assets	Computer Software	Intangible Assets	Software	Computer software, other
Investment Property	Investment Property	Investment Property	Improved property	Investment Property
Investment Property	Investment Property	Investment Property	Unimproved property	Investment Property

(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 Heads of Department 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 AM procedures document.

- Every Head of Department shall ensure that all immovable assets under their control are classified correctly.
- Every Head of Department shall advise the CFO when assets should be re-classified.

10.3 IDENTIFICATION OF IMMOVEABLE 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 asset immovable PPE (at the lowest level in the adopted asset hierarchy) in order to ensure that it can be accounted for on an individual basis.

(b) Policy statement

A coding system shall be adopted and applied that will enable each asset of immovable PPE (at the lowest level in the adopted asset hierarchy) to be uniquely and readily identified.

(c) Responsibilities

- The Municipal Manager shall develop and implement an immovable assets coding system in consultation with the CFO and other Heads of Department to meet the policy objective.
- Heads of Department shall ensure that all the immovable assets under their control are correctly coded.

10.4 ASSET REGISTER

(a) Definitions and rules

Asset register

A fixed asset register is a database with information relating to each immovable asset (at the lowest level in the immovable PPE hierarchy). 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 or through the process of Donations received. Assets must be procured in such a way that:

- a proper need for the asset was identified; and
- proper and approved procurement procedures are adhered to.

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

Completeness of data

It is recognised that it may not be practicable to complete all the required fields when compiling the initial asset register when converting to the new GRAP standards of accounts. However, processes have to be established so that all the data fields can be completed on an on-going basis on adoption of this policy.

Updating data in the asset register

The fixed asset register is updated by an Asset Management Administrator only when authorised and instructed to do so by the CFO. The Asset Management Administrator is precluded from being a custodian of any asset.

(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 benecessary to support strategic asset management planning and operational management needs. The fixed asset register shall be updated and reconciled to the general ledger on a monthly basis.

(c) Responsibilities

- The CFO shall define the format of the fixed asset register in consultation with the Municipal Manager and the Heads of Department and shall ensure that the format complies with the prevailing accounting standards and disclosure requirements.
- Heads of Department 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 immovable PPE that qualifies for recognition is measured at cost. Where an asset is acquired at no or nominal cost (for example in the case of donated or developer-created assets), its cost is deemed to be its fair value at the date of acquisition. In cases where it is impracticable to establish the cost of an item of immovable PPE, such as on recognising immovable PPE for which there are no records, or records cannot be linked to specific assets, its cost is deemed to be its fair value.

Measurement at recognition of investment property

Investment property will be measured at cost including transactional 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 a nominal value) its cost is its fair value at the date of acquisition.

Measurement at recognition of intangible assets

Intangible assets will be measured at cost at initial recognition. Where assets are acquired for no or a nominal consideration, the cost is deemed to equal the fair value of the date

acquired.

Measurement at recognition of servitudes

Servitudes that meet the criterion for recognition will be initially be measured at the transaction price, i.e. the compensation paid to the landowner and any other associated costs that can be capitalised to the cost of the asset.

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 immovable 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 amember of the valuation profession, who holds a recognised and relevant professional qualifications and appropriate knowledge and experience in valuation of the respective assets.

Cost of an item of PPE

The capitalisation value comprises (i) the purchase price and (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, plus (iii) an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. VATis 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).

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.

Directly attributable costs

Directly attributable costs are defined as:

- cost of employee benefits arising directly from the construction or acquisition of the immovable asset;
- costs of site preparation;
- initial delivery and handling costs;
- installation and assembly costs;
- 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); and
- professional fees (for example associated with design fees, supervision, and environmental impact assessments).

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:

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.

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 existin the revaluation surplus in respect of asset.

- If the decrease in liability exceeds the carrying amount that would have been recognised if the asset has been carried under the cost model, the excess shall be recognised immediately in the surplus or deficit.
- If the change in liability is an indication that the asset may have to be re-valued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation shall be taken into account in determining the amounts to be taken to surplus or deficit and net assets as discussed above. If a revaluation is necessary, all assets of that class shall be revalued.

Exchanged assets

In cases where assets are exchanged, the cost is deemed to be the fair value of the acquired asset and the disposed asset is de-recognised. If the acquired asset is not measured at its fair value, its cost price will be the carrying amount of the asset given up.

Finance leases

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. Any initial direct cost of the lessee is added to the amount recognised as an asset.

Depreciated replacement cost

The depreciated replacement cost (DRC) approach requires information on the expected useful life (EUL), residual value (RV), current replacement cost (CRC), and remaining useful life (RUL) of each of the asset components. The CRC is the product of a unit rate and the extent of the component and represents the cost of replacing the asset, and in cases where the existing asset is obsolete, the replacement with a modern equivalent. The depreciable portion of an asset is determined by subtracting the residual value from the CRC. The

depreciated replacement cost (DRC) is established by proportionately reducing the depreciable portion based on the fraction of the remaining useful life over the expected useful life.

Accordingly, the following formula is used:

DRC = ((CRC – RV) x (RUL/EUL)) + RV

Replacement costs are “green field”, unless there is evidence of definite cost variance due to “brown-field” modifications. Capital unit costs vary from site to site and provision is made for site specific influencing factors (e.g. topography). Capital unit costs are also influenced by macro-economic driving forces such as “supply-and-demand”, economy of scale, financial markets and availability of contractors, and the impact of these factors are reflected in the capital unit rates where applicable. Adjustments of rates for escalation to the valuation date are applied.

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 PPE should be depreciated over its estimated useful life for that category of asset. 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 include at interest on bank overdrafts and

short-term and long-term borrowings, amortisation of premiums or discounts associated with such borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings; finance charges in respect of finance leases and foreign exchange differences arising from foreign currency borrowings when these are regarded as an adjustment to interest costs. Borrowing costs shall be capitalised if related to construction of a qualifying asset (one that necessarily takes a substantial period of time to get ready for its intended use or sale) and external funding is sourced to fund the project, i.e. “interest during construction”. When considering the capitalisation of borrowing costs, the municipality shall take cognisance of the following:

- It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirement of the municipality directly to the nature of the expenditure to be funded i.e. capital or current. In such case, the municipality shall expense those borrowing costs related to a qualifying asset directly to the statement of financial performance.
- In exceptional cases the municipality is allowed to expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. It may be difficult for the municipality to identify a direct relationship between an asset and borrowing costs incurred because the financing activity is controlled centrally and it will not always be possible to keep track of the specific borrowing costs which should be allocated to the qualifying asset. As a result the reasonable effort and cost may outweigh the benefit of presenting the information, making it inappropriate to capitalise the borrowing cost.

Non-current assets held for sale

Assets classified as non-current assets held for sale shall be measured at the lower of its carrying value and its fair value less cost to sell immediately before meeting the criteria for such classification. In the event that a non-current asset held for sale ceases to meet the criteria for such classification, it is recognised in the asset register and measured at the lower of:

- its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held for sale, or
- its recoverable amount or recoverable service amount at date of the subsequent decision not to sell.

The municipality shall include any required adjustment to the carrying amount of an immovable asset that ceases to be classified as held for sale in revenue of the continuing operations in the period in which the criteria to be held for sale are no longer met. The municipality shall present that adjustment in the same Statement of Financial Performance used to present a gain or loss.

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 allowed alternative treatment in the Standard on Borrowing Costs, GRAP 5.

(b) Policy statement

PPE that qualify for recognition shall be capitalised at cost. Investment property shall be recognised at cost including transaction cost. Interest on deferred payments will be expensed.

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

- The fair value of PPE movables, infrastructure, community facilities, building property shall beadopted on the basis of depreciated replacement cost.
- If the cost of heritage assets cannot be measured reliably, this should be disclosed in the notes to the financial statements together with a description of the nature of the asset.
- Investment property and intangible assets (associated with assets) shall be measured at fair value on date of acquisition.

(c) Responsibilities

- The CFO, in consultation with the Municipal Manager and Head of Departments, shall determine effective procedures for the capitalisation of immovable assets on recognition.
- Every Head of Department shall ensure that all immovable assets under their control

are correctly capitalised.

- Every Head of Department 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 of assets as follows:

- Immovable PPE, heritage assets and intangible assets: on either a cost or revaluation model; and
- Investment Property: either cost model or the fair value model.

Different models can be applied, providing the treatment is consistent per asset class.

Cost model

When the cost model is adopted, 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 immovable 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.

Any change to an asset's carrying amount as a result of revaluation, is credited (or deducted from any surplus from previous revaluations if the re-valued amount decreased from the

previous re-valued amount) in the Revaluation Reserve.

When an immovable 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 depreciated replacement cost.
- 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 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.

If the carrying amount based on the revaluation is less than the carrying value of the immovable asset recorded in the fixed asset register, the carrying value of such asset is adjusted by increasing the accumulated depreciation of the immovable asset in question by an amount sufficient to adjust the carrying value to the value based on the revaluation. Such additional depreciation expenses form a charge, in the first instance, against the balance in any Revaluation Reserve previously created for such asset, and to the extent that such balance is insufficient to bear the charge concerned, an immediate additional charge against the department or vote controlling or using the asset in question.

Investment property

When the fair value model is adopted, all investment property should be measured at its fair value except when the fair value cannot be determined reliably on a continuing basis. The gain or loss from the change in fair value of investment property shall be included in the surplus or deficit for the period in which it arises. The fair value of the investment property shall reflect market conditions at the reporting date. Investment property shall be valued on an annual basis. All fair value adjustments shall be included in the surplus or deficit for the financial year.

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, 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 immovable 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.

(b) Policy statement

Measurement after recognition shall be on the following basis:-

- Immoveable PPE: revaluation cost model.
- Heritage assets: cost model.
- Investment property: fair value model.
- Intangible assets: revaluation cost model.

Changes in asset value as a result of revaluation shall be reflected in a Revaluation Reserve. The restatement method will be applied to proportionately restate the accumulated depreciation to be in line with the gross replacement cost or CRC of the revalued asset.

(c) Responsibilities

- The CFO, in consultation with the Municipal Manager and Head of Departments,

shall determine effective procedures for the on-going capitalisation of PPE after recognition.

- Every Head of Department shall ensure that all capital expenses associated with PPE under their control are correctly capitalised.

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 heritage assets are considered to have unlimited life and are 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 were already of the age and in the condition expected at the end of its useful life.
The residual values of immovable assets are indicated in **Annexure A** in the form of a percentage. In the case of assets measured after recognition on the cost model, the percentage is of the initial cost of acquisition. In the case of assets measured after recognition on the revaluation model, the percentage is of the modern equivalent replacement value.

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 orservice potential and should be reviewed annually where there has been a change in the pattern of consumption.

Remaining useful life

The remaining useful life 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**. These figures have been established using available information on industry norms, experience of local influencing factors (such as climate, geotechnical conditions, and operating conditions), the life-cycle strategy of the municipality, potential technical obsolescence, and any legal limits on the use of the immovable PPE.

Annual review of remaining useful life

The estimated useful lives of depreciable PPE are reviewed every year at the reporting date. Changes may be required as a result of new, updated or more reliable information being available. Changes in estimated useful lives and remaining useful lives are to be approved by the CFO. Changes may also be required as a result of impairments (as contemplated in **Section 10.8** of this policy). Depreciation charges in the current and future reporting periods are adjusted accordingly and are accounted for as a change in an accounting estimate.

Depreciation charge

Depreciation starts once an asset is available for use and ceases when it is de-recognised. Depreciation is initially calculated from the day when a PPE is acquired or – in the case of construction works and plant and machinery – the day in which the PPE is available for use, until the end of the calendar month concerned. Thereafter, depreciation charges are calculated monthly.

Carrying amount

The carrying amount is the amount at which a PPE is recognised after deducting any accumulated depreciation and accumulated impairment losses.

Capital spares

The depreciation of capital spares commences immediately when they are available in the stores. The production unit depreciation method must be used to calculate depreciation while capital parts are in the stores. By using this method the depreciation charges allocated to capital spares will be zero. Once the capital spares are placed in service the depreciation method can be changed to a more appropriate depreciation method. When the depreciation method is changed to a more appropriate depreciation method the Standard on Changes in policy, changes in estimate and errors will be applied. A change in estimate will never be adjusted retrospectively but prospectively, meaning the depreciation method shall be changed from that point in time onwards.

Finance lease

Depreciable assets financed through a finance lease will give rise to a depreciation expense and finance cost which will occur for each accounting period. The depreciation policy for depreciable leased assets shall be consistent with the policy of depreciable owned assets, and the depreciation recognised shall be calculated in accordance with the Standard on Property, Plant and Equipment, GRAP 17. If there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life. If there is certainty that the municipality will obtain ownership by the end of the lease term, the asset will be fully depreciated over the asset's useful life.

(b) Policy statement

All PPE, except land, shall be depreciated over their remaining useful lives. The method of depreciation shall be reviewed on an annual basis, though the straight-line basis shall be used in all cases except capital spares (for which the production unit method will be used) unless Council determines otherwise. Servitudes, Heritage assets and Investment Property will not be depreciated. The method of amortisation on intangible assets shall be on the straight-line basis over their remaining useful lives.

Movable assets are typically utilised until they reach the point of complete failure. At the end of their useful life, such assets are either decommissioned and disposed of at a landfill site or, in limited cases, made available for auction where they are sold for a nominal amount, often as part of a batch of items. As a result, these assets do not have a reliably measurable residual value, although a marginal return may occasionally be realised upon disposal.
It is also recognised that these assets are frequently retained in service beyond their

expected useful lives, with this extended usage being accommodated through adjustments to the remaining useful life (RUL).

Historically, differing residual values were applied to these assets; however, these values could not be consistently substantiated or supported by evidence. In acknowledging that a marginal residual value may exist, but that there is no reliable basis on which to determine or measure such value, a token residual value of R1 was adopted for movable assets. This approach appropriately recognises the possibility of a residual value while reflecting its immaterial and nominal nature.

The estimated useful lives determined for immovable, movable and intangible assets are included in **Annexure A** of this policy document.

(c) Responsibilities

- Every Head of Department shall ensure that a budgetary provision is made for the depreciation of the PPE under their control in the ensuing financial year, in consultation with the CFO.
- The CFO shall indicate a fixed annual date for the review of the remaining useful life of PPE under the control of the respective Head of Departments.
- Every Head of Department shall annually review the expected useful life and residual values stated in **Annexure A** and the depreciation method of PPE that are under their control and motivate to the Municipal Manager and CFO any adjustments if, in the judgement of the Head of Department, such are not considered appropriate. Changes should not be made on a continuous basis because the accounting principle of consistency would be violated.
- The CFO shall report changes made to the remaining useful life of PPE in the asset register to the Municipal Manager and Council.
- The CFO shall ensure that depreciation charges are debited on a monthly basis and that the fixed asset register is reconciled with the general ledger.

10.8 IMPAIRMENT

(a) Definition

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 entity shall consider as a minimum the following indicators:

1. External sources of information:
    - decline or cessation in demand;
    - changes in the technological, legal or government policy environment;
    - the carrying amount of the net assets of the entity is more than its market capitalisation; or
    - market interest rates have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.
    - a halt in construction could indicate an impairment. Where construction is delayed or postponed to a specific date in the future, the project may be treated as work in progress and not considered as halted.

2. Internal sources of information:
    - evidence of physical damage;
    - evidence of obsolescence;
    - significant changes with an adverse effect on the entity 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.

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 must test all intangible assets not yet available for use or which have an indefinite useful life for impairment. This impairment test may be performed at any time during the reporting period provided it is performed at the same time every year.

Investment property on the fair value model

Investment property that is measured at fair value is specifically excluded from the scope of GRAP 21 and GRAP 26 (impairment standards). Any impairment would be reflected in the annual review of fair value.

Significant and enduring nature

The municipality must only record impairments that are significant and have an enduring adverse effect (material and long-term impact). The events and circumstances in each instance must be recorded. Where there are indications of impairment, the municipality must estimate the recoverable service amount of the asset and also consider adjustment of the remaining useful life, residual value (if any), 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 units

Non-cash-generating units are those assets (or group of assets) that are not held with the primary objective of generating a commercial return. This would typically apply to assets providing goods or services for community or social benefit. The recoverable amount is the higher of the asset's fair value less cost to sell and its value in use. It may be possible to determine the fair value even if the asset is not traded in an active market. If there 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 entity 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 ongoing 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 – this will normally be the case unless there has been a significant and enduring event as indicated above.

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 entity. Holding an asset to generate a "commercial return" indicates that an entity 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 derecognised and the carrying amount of the asset at the time of de-recognition, less any economic benefit from the de-recognition of the asset, is debited to the Statement of Financial Performance as a

"Loss on Disposal of Asset".

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

In this regard, the municipality considers itself an entity whose primary objective is to provide goods and services for community or social benefit, and where positive cash flows are generated (such as from sale of trading services such as water services), these are with the view to support the primary objective rather than for financial return to equity holders. Consequently the municipality adopts the impairment treatment for non-cash generating units in the impairment of its PPE and associated intangible assets.
Ad-hoc impairment shall be identified as part of normal operational management as well as scheduled annual review of the assets. Significant impairment of immovable assets shall be recognised as an expense in the Statement of Financial Performance when it occurs.

(c) Responsibilities

- The CFO shall indicate a fixed annual date for the review of any impairment that may have occurred on PPE under the control of the respective Heads of Department.
- The Heads of Department shall review any impairment on the PPE under their control at the annual review date, and from time to time as a result of any events that come to their attention that may have a material negative effect on the performance of these assets. The Head of Department shall motivate to the CFO proposed changes to the performance of such assets and the necessary impairments that needs to be recognised on such assets.
- The Head of Department should evaluate all the 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 Municipal Manager and Council.

10.9 DE-RECOGNITION

(a) Definition and rules

Exempt assets

Capital assets transferred to another municipality or to a municipal entity or to a national or provincial organ of state in circumstances and in respect of categories of assets approved by the National Treasury, provided that such transfers are in accordance with a prescribed framework in terms of the Municipal Asset Transfer Regulations.

Non-exempt assets

Assets other than exempt assets.

De-recognition

Immovable assets are derecognised 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 derecognised until the obligations under the potential liabilities have been settled.
The gain or loss arising from the de-recognition of an item of immovable assets shall be included in surplus of deficit when the item is derecognised.

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

Disposal Management System

The municipality may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of a noncurrent asset needed to provide the minimum level of basic municipal services, subject to stipulations in the Municipal Asset Transfer Regulations.
The municipality may transfer ownership or otherwise dispose of a non-current asset other than one contemplated above, but only after the Council, in a meeting open to the public:

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

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

The Municipal Manager may approve the disposal of an item of property, plant and equipment as per the approved Delegations of Authority.

The disposal of an item of property, plant and equipment must be fair, equitable, transparent, competitive and cost effective and consistent with the municipality's supply chain management policy.

Transfer of assets to other municipalities, municipal entities, national departments or provincial departments is excluded from these provisions, but must be done in accordance with a prescribed framework (Municipal Asset Transfer Regulations).

Asset managers are responsible to prepare a list of redundant or obsolete assets and/or inventory items at least once per annum.

The criteria for the disposal of letting of assets, including unserviceable, redundant or obsolete assets, subject to section 14 of the Act, are as follow:

(a) Movable assets:

(i) the asset is uneconomical to repair;
(ii) the asset is irreparable;
(iii) the relevant department has no further use for the assets; and
(iv) no other department requires the asset.

(b) Immovable assets:

(i) the relevant department has no further use for the asset;
(ii) no other department requires the asset;
(iii) a member of the public wishing to acquire the asset can utilize the asset to the advantage of the community; and
(iv) where created specifically for sale or rental to public.

The disposal of assets must:

(a) be one of the following methods:

(i) transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
(ii) transferring the asset to another organ of state at market related value or, when appropriate for a lesser amount or free of charge;
(iii) selling the asset; or
(iv) destroying the asset.

(b) provided that –

(i) immovable assets may be sold at not less than market related prices except when the public interest or the plight of the poor demands otherwise, by means of public tenders, public auction or over the counter on a first come first serve basis;

(ii) movable assets may be sold wither by way of written price quotations, publictenders, public auction whichever is the most advantageous;

(iii) in the case of the free disposal of computer equipment, the provincial Department of Education must first be approached to indicate within thirty (30)days whether any of the local schools are interested in the equipment; and

(iv) in the case of the disposal of firearms, the National Conventional Arms ControlCommittee has to approve any sale or donation of firearms to any person or institution within or outside the Republic.

(c) furthermore, ensure that –

(i) immovable property is let at market related rates except when the public interestor the plight of the poor demands otherwise; and

(ii) all fees, charges, rates, tariffs, scales of fees or other charges relating to theletting immovable property are annually reviewed.

(d) ensure that where assets are traded in for other assets, the highest possible trade-inprice is negotiated.

The disposal of immovable assets are further subject to the following principles:

(aa) payment of the full purchase price and all estimated costs pertaining to the transaction upon signature of the deed of sale, in cash; and

(bb) all costs (advertising, rezoning, obtaining of a valuation, etc.) pertaining to the transaction shall be borne by the purchaser.

Asset Disposal Committee

To enhance control over the disposal of assets, a two-tier Asset Disposal Committee structure be formed as follows:

(i) asset disposal sub-committee will be responsible to physically inspect assets to ensure that assets to be disposed of are authentic.

This committee should be formed by the following incumbents:
- relevant departmental director;
- relevant sectional head and/or asset champion; at least two (2)

of the following:

- Assistant Director : Budget Office;
- Accountant : Asset Management;
- Sub-Accountant : Inventory Control.

(ii) asset disposal main committee will be responsible to address issues that may not be resolved by the subcommittee. Members of this committee should be the following incumbents:

- Relevant executive director;
- Executive Director Financial Services;
- at least one (1) member of the sub-committee of relevant department;
- at least one (1) member of the sub-committee from Directorate Financial Services.

Responsibilities of Asset Disposal Committee:

(i) ensure that the items identified to be written off, are indeed redundant and/or obsolete;

(ii) ensure that the written off items are stored safely and separately from assets in use;

(iii) ensure proper control over such items at the date of delivery at the supply chain unit;

(iv) ensure proper record keeping takes place so that only approved items are disposed of through an approved and applicable method; and

(v) timeously resolve any other issues which might result in discrepancies during the disposal process.

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

Immovable 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 derecognised when no future economic benefits or service potential are expected from its use or its disposal.
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

- Immovable assets shall be derecognised only on the recommendation of the Head of Department of the department controlling the asset, and with the approval of the Municipal Manager.
- Every Head of Department shall report to the CFO on immovable assets which such Head of Department wishes to have derecognised, stating in full the reason for such recommendation, indicating whether or not the assets are associated with the provision of basic services. The CFO shall consolidate all such reports, and shall promptly make a submission to the Disposals Committee with a copy to the Municipal Manager on the immovable assets to be derecognised, the proposed method of disposal, and the estimated cost or income from such disposal. The Disposals Committee shall consider the submission and make recommendations to the Council for adoption.
- Assets that are replaced should be derecognised and removed from the asset register.
- The Municipal Manager, in consultation with the CFO and other Head of Departments shall formulate norms and standards from the replacement of all PPE.
- Every Head of Department shall advise the CFO of any deferred payments to the municipality, providing the relevant details of such.

10.10 INSURANCE OF IMMOVABLE

(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 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 immovable assets and insurable values of all relevant assets from the Head of Departments concerned.

(b) Policy statement

The municipality must 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 immovable assets each financial year based on the recommendation from the Municipal Manager.

(c) Responsibilities

- The Municipal Manager shall recommend to the Council, after consulting with the CFO, the basis of the insurance to be applied to each type of immovable asset: either the carrying value or the replacement value of the immovable asset concerned. Such recommendation 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 CFO will arrange the necessary insurance cover, including cover for assets that are removed from Council property.
- 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 immovable assets are protected against improper use, loss, theft, malicious damage or accidental damage. The existence of immovable 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. 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 relationto 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.

Budgetary constraints may however constrain the measures adopted.
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 immovable assets indicating measures that are considered effective to ensure that all immovable 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 Head of Department shall prepare and submit to the CFO, upon request, an annual asset safeguarding plan for the immovable 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 Heads of Department, determine the impact of any budget shortfall. The CFO shall report the impacts to the Municipal Manager for review, and advise Council. Each Head of Department shall implement the safeguarding plan within the resources made available.

- Each Head of Department 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.
- Malicious damage, theft, and break-ins must be reported to the Municipal Manager or delegated person within 48 hours of its occurrence or awareness by the respective Head of Department.
- The Municipal Manager must report criminal activities to the South African Police Service.
- The CFO and Municipal Manager should inform the Council of the acquisition or disposal of a significant asset, and the relevant particulars of the transaction have to be submitted to Council for approval.
- The Heads of Department must ensure that a physical verification of each asset is carried out at least once every financial year. A Statement of Existence (SOE) must be issued for assets declaring that all assets listed are on hand and are in a useful working condition. The SOE must be sent to the CFO.

12. POLICY FOR LIFE-CYCLE MANAGEMENT OF IMMOVABLE PPE

(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 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 on a ward basis; 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 instruction from the Council, the Municipal Manager shall establish an Asset Management Steering Committee to meet regularly and to take measures to effectively implement this policy, and to report to Council on progress made at a frequency indicated by Council.
- Heads of Department shall develop, and update every year thereafter, 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 first complete set of AMPs shall be developed within 2

financial years of the adoption of this policy. The AMPs will be submitted through the Municipal Manager to Council for adoption. AMPs shall be used to inform the preparation of a Comprehensive Municipal Infrastructure Plan and budgets through the IDP process.

- The CFO shall, in consultation with Heads of Department, determine grading scales for the measurement of asset condition, performance, cost-of–operation, and utilisation that are common and applicable to all services. Where necessary, the Heads of Department shall interpret the grading scales for the immovable PPE assets under their control. Heads of Department 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 least every 5 years.
- Within 2 financial years of the adoption of this policy, Heads of Department shall prepare, and review at least every 3 years thereafter, an Operations and Maintenance Strategy and Plan, and submit such, through the Municipal Manager, to Council for adoption. The municipality shall engage contractors when necessary tosupport in the implementation of maintenance actions and adopt a system that assists in managing such maintenance.
- Within 2 financial years of the adoption of this policy, Heads of Department shall determine detailed service performance measures (differentiated, where applicable for identified customer groups), and submit such, through the Municipal Manager, to Council for adoption. Heads of Department shall establish a monitoring regime, and report actual performance each financial year.
- The Municipal Manager 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 Heads of Department. Heads of Department shall address legislative needs in their strategies and plans and shall enforce implementation.

13. POLICY IMPLEMENTATION

Detailed procedures shall be prepared and adopted by the Municipal Manager, in consultation with the CFO and Heads of Department, to give effect to this policy.

ANNEXURE A: EXPECTED USEFUL LIVES AND RESIDUAL VALUES OF IMMOVABLE PPE

ANNEXURE A: EXPECTED USEFUL LIVES AND RESIDUAL VALUES OF IMMOVABLE PPE Component Type	Descriptor Type	Descriptor Class	EUL (yrs)	Residual Value(%)
Air conditioning	Standard installation		5	0
Anchored wall			50	0
Billboards	Shade net		15	0
Carports			7	0
Channel	Lined open (lined area)		30	0
Channel	Unlined open		5	0
Compressor	Workshop type - fixed		10	0
Commuter shelter			15	0
RC Structure	Above ground structure		50	0
RC Structure	Below ground structure		50	0
RC Structure	Mass concrete		50	0
RC Structure	Shuttered RC eng structure - water retaining		50	0
Control panel	Equipment control panel		50	0
Culvert			60	0
Current			45	10

Transformer				
Electrical installation			30	0
Engine	Petrol / diesel		15	0
Erosion Protection	Gabions		50	0
Erosion Protection	Rip Rap		20	0
Earth Structure			50	50
Earthworks	Arterial / Distributor Road		50	50
Earthworks	Canals		100	50
Earthworks	Collector / Access Road		100	50
Earthworks	Construction platform		100	50
External furniture			20	0
Fabricated steel	Galvanised steel		20	0
Fabricated steel	Mild steel	Aggressive exposure	10	0
Fabricated steel	Mild steel	Mild exposure	20	0
Fabricated steel	Stainless steel	Aggressiv eexposure	20	0
Fabricated Steel	Stainless steel	Mild exposure	40	0
Filter media	Silica sand		10	0

Movable and intangible assets:

Asset class	**EUL (Years)**
Computer Equipment	3 - 10
Furniture and Fittings	3 - 10
Gym Equipment	3 - 10
Motor Vehicle	5 - 20
Office Equipment	3 - 10
Plant and Equipment	3 - 10
Computer Software	3 - 5
Library books	10

Immovable assets: EUL

Component type	***Descriptor Type***	***Descriptor Class***	***EUL (Years)***
Above ground structure	*Manholes*		*50*
Air conditioning	*Standard installation (wall or split units)*		*5 - 20*
Blower			*15*
Carport	*Shade net*		*7 - 50*
Carport	*Sheet iron roof*		*20*
Channel	*Lined open (lined area)*		*30 - 50*
Channel	*Unlined open*		*5*
Chlorometer	*Inline chlorine feeder*	*Klorman inline chlorine feeder*	*3*
Communal standpipe - Pedestal			*10*
Communal standpipe - Tap			*5 - 80*
Compressor	*Workshop type - fixed*		*10*
Control panel			*30*
Control panel	*Equipment control panel*	*Pumps & Motors*	*20 - 30*
Control panel	*Network and equipment control panel*	*Electromechanical relays*	*50*
Control panel	*Network and equipment control panel*	*Electronic relays*	*50*
Culvert	*1200x1200*		*60*
Culvert	*1200x900*		*60*
Culvert	*1500x1500*		*60*
Culvert	*1800x1800*		*60*
Culvert	*2400x2400*		*60*
Culvert	*3000x3000*		*60*

Component type	*Descriptor Type*	*Descriptor Class*	*EUL (Years)*
Culvert	*450x450*		*60*
Culvert	*600x600*		*60*
Culvert	*900x900*		*60*
Earth Structure			*50*
Earthworks	*Flat terrain*		*100*
Earthworks	*Flat terrain*	*Arterial / Distributor Road*	*50*
Earthworks	*Flat terrain*	*Canals*	*100*
Earthworks	*Flat terrain*	*Collector / Access Road*	*100*
Earthworks	*Flat terrain*	*Construction platform*	*100*
Earthworks	*Mountainous terrain*	*Arterial / Distributor Road*	*50*
Earthworks	*Mountainous terrain*	*Collector / Access Road*	*100*
Earthworks	*Mountainous terrain*	*Construction platform*	*100*
Earthworks	*Rolling terrain*	*Arterial / Distributor Road*	*50*
Earthworks	*Rolling terrain*	*Collector / Access Road*	*100*
Earthworks	*Rolling terrain*	*Construction platform*	*100*
Electrical installation			*20 - 30*
Electrical service connection	*LV Overhead*	*3 phase*	*50*
Electrical service connection	*LV Overhead*	*single phase*	*45 - 50*
Electrical service connection	*LV Overhead*		*20*
Electrical service connection	*LV Underground*	*3 phase*	*45*
Electrical service connection	*LV Underground*	*Per facility*	*50*
Electrical service connection	*LV Underground*	*single phase*	*45*
Electrical service	*LV Underground*		*45 - 50*

Component type	Descriptor Type	Descriptor Class	EUL (Years)
connection			
Erosion Protection	Gabions		50
Erosion Protection	Rip Rap		20
External furniture	concrete bench		20
External furniture	Playground equipment		20
External lighting	Bollard-type		45
External lighting	Floodlights		20 - 30
External lighting	PV Solar lights		80
Fabricated Steel	Galvanised steel		20
Fabricated Steel	Mild steel		20
Fabricated Steel	Mild steel	Aggressive exposure	10
Fabricated Steel	Mild steel	Mild exposure	20
Fabricated Steel	Mild steel	Mild exposure	80
Fabricated Steel	Stainless steel	Aggressive exposure	20
Fabricated Steel	Steel Cage		20
Fabricated Steel	Steel palisade fencing	Mild exposure	20
Finishes, fixtures & fittings	Civic centres, community halls, chambers		15
Finishes, fixtures & fittings	General offices, libraries, etc		15 - 20
Finishes, fixtures & fittings	Stores, workshops, garages, depots		15 - 20
Fire protection	Extinguishers, hose reels only		20
Fire protection	Hose reels		20
Floor	RC surface bed		20 - 50
Floor	Shuttered RC suspended floor slab		50
Flower beds,Shrub & trees			50
Gate valve			10
Gearbox	Drive motor		15
Generator			20
Generator	Perkins 100 KVA/ Volvo 275 KVA/ John Deere 100 KVA		20
Guard rail	Steel		20
Guard rail	Wood		15
Hand Pump			12
High mast			45
Hydrant	Above Ground - \"Woodlands\" type	n/a	20
Irrigation			10
Kerb	Barrier kerb	Access Road	50
Kerb	Barrier kerb	Arterial /	20

Component type	*Descriptor Type*	*Descriptor Class*	*EUL (Years)*
		Distributor	
Kerb	*Barrier kerb*	*Collector / Access*	*50*
Kerb	*Barrier kerb*	*Collector Road*	*50*
Kerb	*Barrier kerb*	*Distributor Road*	*20*
Kerb	*Mountable kerb*		*50*
Kerb	*Mountable kerb*	*Access Road*	*50*
Kerb	*Mountable kerb*	*Arterial / Distributor*	*20*
Kerb	*Mountable kerb*	*Collector / Access*	*50*
Kerb Inlet			*20*
Land		*Agricultural holdings*	*indefinite*
Land		*Farms (commercial)*	*indefinite*
Land		*Formal residential (low income)*	*indefinite*
Land		*Formal residential (medium income)*	*indefinite*
Land		*Industrial and commercial*	*indefinite*
Land		*Informal residential*	*indefinite*
Land		*Institutions*	*indefinite*
Land		*Open space (developable land)*	*indefinite*
Land		*Open space (un-developable land)*	*indefinite*
Landscaping	*Flower beds, shrubs & trees*		*30*
Landscaping	*Lawns*		*50*
Latrine	*Double*		*10*
Latrine	*Single*		*10*
Lawns			*50*

Component type	Descriptor Type	Descriptor Class	EUL (Years)
Lining	Geo-membrane		30 - 50
Masonry structure	General		50
Masonry structure	Manhole		50
Motor	Compressor		15
Motor	sewer		15
Motor	water		15
Motor	water - with VSD		15
Motor			15
Paving	Gravel		20
Paving	Paved area		20
Paving	Paved area / Stones		20
Pedestrian bridge substructure			50
Perimeter Protection	1.2m high diamond mesh		15
Perimeter Protection	1.8m high brick wall		30
Perimeter Protection	1.8m high Clear view fencing		30
Perimeter Protection	1.8m high diamond mesh		15 - 30
Perimeter Protection	1m high brick wall		30
Perimeter Protection	Clearview fencing		15 - 30
Perimeter Protection	Concrete palisade fencing		15 - 30
Perimeter Protection	Diamond mesh		30
Perimeter Protection	Razor mesh		15 - 30
Perimeter Protection	Razor wire		30
Perimeter Protection	Steel palisade fencing		15 - 30
Pipe - sewer	Clay (green field/rural incl manholes)		100
Pipe - sewer	Clay (green field/rural incl manholes)	Per pipe	50
Pipe - sewer	Steel		40
Pipe - sewer	Steel (green field/rural excl manholes)		40
Pipe - sewer	Steel (green field/rural incl manholes)		40
Pipe - sewer	uPVC (green field/rural incl manholes)		80
Pipe - sewer	uPVC (green field/rural incl valves & hydrants, excl meters)		80
Pipe - sewer	uPVC (suburban excl manholes)		80
Pipe - stormwater	Channel		50
Pipe - stormwater	Concrete (green field/rural incl manholes)		50 - 80
Pipe - stormwater	uPVC (green field/rural incl valves & hydrants, excl meters)		80
Pipe - water	AC (green field/rural incl valves & hydrants, excl meters)		40
Pipe - water	Gate (stand alone)		80

Component type	*Descriptor Type*	*Descriptor Class*	*EUL (Years)*
Pipe - water	*GRP (green field/rural incl valves & hydrants, excl meters)*		*80*
Pipe - water	*HDPE (CBD excl valves, hydrants & meters)*		*80*
Pipe - water	*HDPE (green field/rural excl valves, hydrants & meters)*		*80*
Pipe - water	*HDPE (green field/rural incl valves & hydrants, excl meters)*		*80*
Pipe - water	*HDPE (green field/rural incl valves & hydrants, excl meters)*	*Per pipe*	*50*
Pipe - water	*HDPE (suburban excl valves, hydrants & meters)*		*80*
Pipe - water	*HDPE (suburban incl valves & hydrants, excl meters)*		*80*
Pipe - water	*mPVC (green field/rural excl valves, hydrants & meters)*		*80*
Pipe - water	*Steel (CBD excl valves, hydrants & meters)*		*80*
Pipe - water	*Steel (CBD incl valves & hydrants, excl meters)*		*80*
Pipe - water	*Steel (green field/rural excl valves, hydrants & meters)*		*80*
Pipe - water	*Steel (green field/rural incl valves & hydrants, excl meters)*		*80*
Pipe - water	*unknown (assumed HDPE, green field/rural incl valves & hydrants, excl meters)*		*80*
Pipe - water	*unknown (assumed uPVC, green field/rural incl valves & hydrants, excl meters)*		*80*
Pipe - water	*uPVC (CBD incl valves & hydrants, excl meters)*		*60*
Pipe - water	*uPVC (green field/rural excl valves, hydrants & meters)*		*60*
Pipe - water	*uPVC (green field/rural excl valves, hydrants & meters)*		*80*
Pipe - water	*uPVC (green field/rural incl valves & hydrants, excl meters)*		*80*
Pipe - water	*uPVC (suburban excl valves, hydrants & meters)*		*60*
Pipe - water	*uPVC (suburban incl valves & hydrants, excl meters)*		*60*

Component type	Descriptor Type	Descriptor Class	EUL (Years)
Plumbing	standard installation		20 - 80
Pole Transformer	Pole transformer		45
Pole Transformer	Pole transformer	6.6-11kV/420V	45
Portable Water Treatment Works (Moloto)	n/a	n/a	30
Pump - hand			15
Pump - sewer			15
Pump - submersible			12
Pump - water			15
Pump - water	Submersible		15
PV Solar system	Non grid tied system		20
RC Structure	Above ground structure		50
RC Structure	Below ground structure		50
RC Structure	Mass concrete		50
RC Structure	Shuttered RC eng structure		50
RC Structure	Shuttered RC eng structure - water retaining		50
Retaining wall			60
Road bridge abutment			80
Road bridge side barrier			80
Road bridge substructure			80
Road marking	Bituminous (Medium)	Access	2
Road marking			2
Road reserve		Formal residential (low income)	indefinite
Road reserve		Formal residential (medium income)	indefinite
Road reserve		Open space (developable land)	indefinite
Road structural layer		Access	80
Road structural layer		Arterial / Distributor	30
Road structural layer		Arterial / Distributor Road	30
Road structural layer		Collector	50
Road structural layer			30

Component type	*Descriptor Type*	*Descriptor Class*	*EUL (Years)*
Road structural layer	*Gravel*	*Access*	*80*
Road surface	*Bituminous (Medium)*		*5*
Road surface	*Bituminous (Medium)*	*Access*	*7*
Road surface	*Bituminous (Medium)*	*Collector*	*5 - 9*
Road surface	*Bituminous (Medium)*	*Collector / Access Road*	*5*
Road surface	*Bituminous (Thick)*		*20*
Road surface	*Bituminous (Thick)*	*Arterial / Distributor*	*12*
Road surface	*Bituminous (Thin)*	*Access*	*7*
Road surface	*Concrete*		*20*
Road surface	*Concrete block surface*		*15*
Road surface	*Concrete block surface*	*Access*	*7*
Road surface	*Concrete block surface*	*Arterial / Distributor Road*	*15*
Road surface	*Concrete surface*		*15*
Road surface	*Gravel*		*5 - 20*
Road surface	*Gravel*	*Access*	*7*
Road surface	*Gravel*	*Collector*	*9*
Roof	*flat concrete (170mm thick)*		*30 - 40*
Roof	*Sheet metal*		*20 - 30*
Roof	*Thatch*		*40*
Roof	*Tile*		*30 - 40*
Security and access control	*CCTV Camera*		*50*
Security device	*CCTV (intrusion detection)*		*5*
Security system	*Security and access control*		*5 - 20*
Septic Tank			*40 - 50*
Sign - general	*Large*		*15*
Sign - general	*Standard*		*15 - 20*
Sign - regulatory	*Large*		*7*
Sign - regulatory	*Standard*		*7*
Small building / enclosure	*Brick, block & other roof*		*20*
Small building / enclosure	*Brick, block walls & concrete roof slab*		*50*
Small building / enclosure	*Brick, block walls & other roof*		*20 - 50*
Small building / enclosure	*Steel Cage*		*20*
Small building / enclosure	*Steel shed*		*20*
Small building / enclosure			*20*
Speed hump			*50*
Sports field	*Netball / basketball*		*15*

Component type	*Descriptor Type*	*Descriptor Class*	*EUL (Years)*
Sports field	*Rugby / soccer*		*30 - 50*
Sports field	*Tennis court*		*15*
Stadium	*Brick structure with roof and terraces*		*50*
Stadium	*Structure with roof and stepped terraces*		*50*
Street Light	*Streetlight shared with LV network*		*45*
Street Light	*Streetlight with its own network*		*45*
Sub-soil drain	*Dewatering sub-soil drain*		*50*
Sub-soil drain	*Dewatering sub-soil drain*	*French Drain*	*50*
Sub-soil drain	*HPDE, Geotextile & Natural Perrmeable*		*50 - 80*
Swimming pool	*25m x 20m*		*20*
Tank	*Galvanised steel panel*		*30*
Tank	*Jojo Tank*		*15 - 50*
Tank	*Plastic*		*15 - 20 - 30 - 80*
Tank	*Steel*		*15*
Telemetry	*Advanced system*		*15*
Telemetry	*Intermediate system*		*15*
Telemetry	*Standard system*		*15*
Transformer		*3 phase*	*50*
Valve -	*Pressure Reducing (stand alone)*		*15*
Valve - water	*Air release (incl chamber/box)*		*15*
Valve - water	*Air release (stand alone)*		*15*
Valve - water	*Air valve*		*15 - 20*
Valve - water	*Butterfly (incl chamber/box)*		*20*
Valve - water	*Butterfly (stand alone)*		*20*
Valve - water	*Gate (incl chamber/box)*		*20*
Valve - water	*Gate (stand alone)*		*20*
Valve - water	*Gate valve*		*15*
Valve - water	*Meter*		*15*
Valve - water	*Non-return*		*20*
Valve - water	*Non-return (incl chamber/box)*		*15*
Valve - water	*Non-return (stand alone)*		*15*
Valve - water	*Pressure Reducing (incl chamber/box)*		*15*
Valve - water	*Pressure Reducing (stand alone)*		*15*
Valve - water	*Resilient seal*		*15 - 20*
Vending Station			*10*
VIP Latrine	*Single*		*10 - 20*
Walls	*Complete building (internal and external)*		*20 - 60*

Component type	*Descriptor Type*	*Descriptor Class*	*EUL (Years)*
Walls	*Complete building (internal and external)*	*dense internal (eg offices, housing)*	*60*
Walls	*Complete building (internal and external)*	*dense internal (eg offices, housing)*	*80*
Walls	*Complete building (internal and external)*	*rudimentary eg depots, sheds*	*60*
Walls	*Face brick*		*60*
Walls	*Fibre cement board, timber frame, plaster board*		*60*
Walls	*Plastered brick*		*60*
Water Meter	*Flow meter*		*10 - 80*
Water Meter	*Mag-flow*		*10*
Water Meter	*Mechanical*		*10*
Water Meter	*Prepaid*		*10*
Weigh bridge	*12m*		*15*
Well	*Well & lining*		*30*
Windmill	*Windmill*		*12*