BELA-BELA LOCAL MUNICIPALITY

ASSET MANAGEMENT POLICY

DRAFT

2026/2027

Contents

1. Abbreviations

Set out below are the abbreviations used in the policy together with their detailed descriptions:

AM	Asset Management
AMS	Asset Management System
CFO	Chief Financial Officer
CoGTA	Cooperative Governance and Traditional Affairs
EPWP	Expanded Public Work Program
GIS	Geographical Information System
GRAP	Generally Recognised Accounting Practice
HR	Human Resource
IAM	Infrastructure Asset Management
IAMP	Infrastructure Asset Management Plan
IAMS	Infrastructure Asset Management Strategy
IAR	Infrastructure Asset Register
IDP	Integrated Development Plan
IT	Information Technology
KPI	Key Performance Indicators
MFMA	Municipal Finance Management Act
OHSA	Occupational Health and Safety Act
O&M	Operation and Maintenance
R	Rand
SDBIP	Service Delivery and Budget Implementation Plan
SCM	Supply Chain Management
TOR	Terms of Reference
VAT	Value Added Tax

2. Objectives

2.1. To ensure the effective and efficient control, utilisation, safeguarding and management of Bela-Bela Local Municipality's property, plant and equipment.

2.2. To ensure Asset Managers are aware of their responsibilities in regards of property, plant and equipment.

2.3. To set out the standards of physical management, recording and internal controls to ensure property, plant and equipment are safeguarded against inappropriate loss or utilisation.

2.4. To specify the process required before expenditure on property, plant and equipment occurs.

2.5. To prescribe the accounting treatment for property, plant and equipment in Bela-Bela Local Municipality's accounting records.

a) The criteria to be met before expenditure can be capitalised as an item of property, plant and equipment,
b) The criteria for determining the initial cost of the different items of property, plant and equipment,
c) The method of calculating depreciation for different items of property, plant and equipment,
d) The criteria for capitalising subsequent expenditure on property, plant and equipment,
e) The policy for scrapping and disposal of property, plant and equipment,
f) The classification of property, plant and equipment.
g) The assessment of economic useful lives of property, plant and equipment and the subsequent analysis of residual useful lives of each item of property, plant and equipment at each reporting date.

3. Statement

3.1. The Bela-Bela Local Municipality believes that an Asset Management Policy is important to ensure effective and efficient utilization of public funds and accountability thereof is heavily dependent on accurate recording and accounting treatment.

4. Background & Definitions

4.1. **Background**

4.2. The utilisation and management of property, plant and equipment is the prime mechanism by which a municipality can fulfil its constitutional mandates for:

a) Delivery of sustainable services,
b) Social and economic development,
c) Promoting safe and health environments and,
d) Providing the basic needs to the community

4.3. The municipality has a legislative mandate and an obligation to take all reasonable steps to ensure that the municipality has and maintains a management, accounting and information system that accounts for the assets and liabilities of the municipality.

4.4. Stewardship has two components being the:

a) Physical management by the Asset Managers, and Individuals
b) Financial administration by the Chief Financial Officer
c) Both above will be under delegated powers from the Municipal Manager

4.5. Accounting standards as promulgated by the Accounting Standards Board ensures the appropriate financial treatment for property, plant and equipment. The requirements of the accounting standards include:

a) The compilation of a GRAP compliant asset register covering all property, plant and equipment controlled by the municipality.
b) Accounting treatment for the acquisition, disposal, recording and depreciation of property, plant and equipment.
c) The standards to which these financial records must be maintained.

4.6. **Definitions**

4.6.1. "**Assets**" are resources controlled by an entity as the result of past events and from which future economic benefits or future service potential are expected to flow to the entity.

4.6.2. "**Asset Manager**" is the "senior manager" who has the functional accountability for and control of the physical management of a particular set of assets to achieve the municipality's strategic objectives relevant to his/her directorate. The execution of this responsibility will require the Asset Manager to plan and control the acquisition, utilisation, management and disposal of this set of assets to optimize the achievement of these objectives.

4.6.3. **"Class of assets"** means a grouping of assets of a similar nature or function in an entity's operations, that is shown as a single item for the purpose of disclosure in the financial statements The Chief financial Officer must ensure that all assets are as prescribed by the current standards, classified under the following headings in the Asset Register:

4.6.4. **Property, Plant & Equipment** - defined as tangible assets that are held by a municipality for use in the production of goods or supply of goods as services, for rental to others for administrative purpose and are expected to be used for more than one period.

4.6.4.1. **Community assets** - defined as any asset that contributes to the community's well-being. Examples are parks, libraries and fire stations.

4.6.4.2. **Infrastructure Assets** – defined as assets that are part of a network or similar assets.

a) Are specialized in nature and do not have alternative use.
b) They are immovable and / or
c) They may be subject to constraints on disposal. Example – Roads, water, reticulation schemes, sewer purification, electricity assets and trade mains.

4.6.4.3. **Other assets -** defined as assets utilized in operations, except any land or buildings owned or acquired by the municipality with the intention of selling such property in the ordinary cause of business; or Land or buildings owned by the municipality with the intention of developing such property for the purpose of selling it in t he ordinary cause of business, shall be accounted for as inventory, and not included as either PPE or Investment Property. Example – Plant & Equipment.

4.6.5. **Heritage assets** - defined as assets held indefinitely for the benefit of present and future generations and has a cultural, environmental, historical, natural, scientific terminology and significant resources. Examples are works of art, historical buildings and statues.

4.6.6. **Investment property** – is property (land or a building – or part of a building – or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

a) use in the production or supply of goods or services or for administrative purposes; or
b) sale in the ordinary course of operations.

4.6.7. **Intangible Asset** - is an identifiable non-monetary asset without physical substance.

4.6.8. **Lease Assets -** A lease is an agreement whereby the lessor conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period of time. Leases are categorised into finance and operating leases. A finance lease is a lease t hat transfers substantially all the risks and rewards incident to ownership of an asset, even though the title may or may not eventually be transferred (substance over form). Where the risks and rewards of ownership of an asset are substantially transferre d, the asset in respect of that finance lease is recognised as a fixed asset. Where there is no substantial transfer of risks and rewards of ownership, 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.

4.6.9. **Active market** - is a market in which all the following conditions exist:

a) the items traded in the market are homogeneous.
b) willing buyers and sellers can normally be found at any time; and
c) prices are available to the public.

4.6.10. **“Research**” is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding.

4.6.11. “**Development**” is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of production or use.

4.6.12. “**Amortisation**” is the systematic allocation of the depreciable amount of an intangible asset over its useful life.

4.6.13. “A **binding arrangement** ” is an arrangement that confers enforceable rights and obligations on the parties to the arrangement as if it were in the form of a contract. It includes rights from contracts or other legal rights.

4.6.14. “**Maintenance**” is considered operating expenses incurred in ensuring that the useful operating life of assets are attained.

4.6.15. “**Preventative maintenance”** is maintenance which is required on a systematic basis to ensure that the original assessed future economic benefit or potential service portion or relevant asset is realized hence that the fixed asset reaches its estimated useful life.

4.6.16. **“Replacement value**” defined as the amount that the municipality would have to pay to replace an asset at the present time according to its current worth.

4.6.17. **“Cash-generating assets”** are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

4.6.18. **“Non-cash-generating assets”** are assets other than cash-generating assets and when its objective is not to use the asset to generate a commercial return but to deliver services.

4.6.19. “**Recoverable service amount”** is the higher of an asset’s fair value less costs to sell and its value in use.

4.6.20. **“Value in use of a non-cash-generating asset”** is the present value of the asset’s remaining service potential.

4.6.21. **“Value in use of a cash-generating asset”** is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

4.6.22. **“Fair value less costs to sell”** is the amount obtainable from the sale of an asset in an arm’s length transaction between knowledgeable, willing parties, less the costs of disposal.

4.6.23. “**Capitalisation**” is the recognition of expenditure as an Asset in the Fixed Asset Register.

4.6.24. “**Carrying amount”** is the amount at which an asset is included in the statement of financial position after deducting any accumulated depreciation thereon.

4.6.25. “**Cost**” is the amount of cash or cash equivalents paid, or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction plus cost incidental to the acquisition or acquirement, also known as historical cost / value.

4.6.26. “**Cost of acquisition”** is all the costs incurred in bringing an item of plant, property or equipment to the required condition and location for its intended use.

4.6.27. “**Depreciation**” is the systematic allocation of the depreciable amount of an asset over its useful life and therefore reflects the consumption of economic benefit or service potential of the asset.

4.6.28. “**Depreciable amount** ” is the cost of an asset, or other amount of an asset, or other amount substituted for cost in the financial statements, less its residual value.

4.6.29. **“Fair value”** is the amount for which an asset could be exchanged between knowledgeable willing parties in an arm’s length transaction.

4.6.30. “**GRAP**” stand for “generally recognised accounting practice”.

4.6.31. “**Recoverable amount”** is the amount that the municipality expects to recover from the future use of an asset, including its residual value on disposal.

4.6.32. “**Residual value”** is the net amount that the municipality expects to obtain for an asset at the end of its useful life after deducting the expected costs of disposal.

4.6.33. **“Senior manager”** is a manager referred to in section 56 of the Municipal Systems Act being someone reporting directly to the Municipal Manager.

4.6.34. “Stewardship” is the act of taking care of and managing property, plant or equipment on behalf of another.

4.6.35. “**Useful life”** is either:

a) The estimated period over which the future economic benefits or future service potential embodied in an asset are expected to be consumed by the municipality, Or
b) The estimated total service potential expressed in terms of production or similar units that is expected to be obtained from the asset by the municipality.

4.6.36. “**Deferred maintenance”** is the extent of preventative maintenance that has not been performed.

4.6.37. **An impairment** is a 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.

4.6.38. “**Asset custodian”** is an employee to whom the asset(s) has been allocated and is directly responsible for those assets.

5. Statutory and regulatory framework

5.1. This policy must comply with all relevant legislative requirements including:

a) Constitution of the Republic of South Africa, 1996

b) Asset Management Framework, National Treasury, 2004;

c) Guidelines for Infrastructure Asset Management in Local Government, CoGTA, 2006;

d) Municipal Finance Management Act, 2003;

e) Municipal Systems Act, 2000;

f) Municipal Structures Act, 1998;

g) Relevant accounting standards;

h) MFMA Circulars;

i) Local Government Capital Asset Management Guidelines, National Treasury, 2008;

j) Government Gazettes (30013 & 31021).

5.2. Also, this policy must comply with the standards specified by the Accounting Standards Board. The relevant currently recognised accounting standards include:

a) GRAP 13 – Leases

b) GRAP 16 - Investment Properties.

c) GRAP 17 - Property Plant and Equipment.

d) GRAP 21 – Impairment of Non-Cash-generating assets.

e) GRAP 26 – Impairment of Cash-generating assets.

f) GRAP 31 – Intangible assets.

g) IGRAP 18 - Recognition and Derecognition of Land

h) Directive 7 – Deemed cost

i) Guideline on accounting for landfill site

5.3. This policy will be updated annually or whenever legislative or accounting standard amendments significantly change the requirements pertaining to asset management in general and the administration of property, plant and equipment.

5.4. This policy does not overrule the requirement to comply with other policies like procurement, tendering or budget policies. The Chief Financial Officer will provide guidance or adjust this policy where an apparent conflict exists between this policy and other policies, legislation or regulations. In any event legislative requirements take precedence over any local policy.

6. Accountabilities and Responsibilities

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

6.2. The Municipal Manager must ensure that:

a) The municipality has and maintains a management, accounting and information system that accounts for the assets of the municipality.

b) The municipality's assets are valued in accordance with standards of generally recognised accounting practice.

c) That the municipality has and maintains a system of internal control of assets, including an asset register.

d) That senior managers and their teams comply with this policy; and

e) Approve temporary and / or permanent transfers of moveable assets between departments.

6.3. Under the scheme of delegation, The **Chief Financial Officer** is responsible to ensure that the financial investment in the municipalities' assets is safeguarded and maintained.

6.4. The Chief Financial Officer must ensure that:

a) Appropriate systems of financial management and internal control are established and carried out diligently.

b) Systems are established in order that the financial and other resources of the municipality are utilised effectively, efficiently, economically and transparently.

c) Systems are established to prevent any unauthorised, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct.

d) The systems, processes and GRAP compliant registers required to substantiate the financial values of the municipalities' assets are maintained .

e) Financial processes are established and maintained to ensure the municipality's financial resources are optimally utilised through appropriate asset plan, budgeting, purchasing, maintenance and disposal decisions.

f) The Municipal Manager is advised on the exercise of powers and duties pertaining to the financial administration of assets.

g) The senior managers and senior management teams are advised on the exercise of their powers and duties pertaining to the financial administration of assets.

h) This policy and any supporting procedures or guidelines are established, maintained and effectively communicated.

i) Within the scheme of delegation, the Chief Financial Officer may delegate or otherwise assign responsibility for performing these functions but will remain accountable for ensuring these activities are performed.

j) Approve reclassification of assets as alternative items and subsequent transfer of such items to departmental attractive item register.

6.5. **Asset Manager** must ensure that:

a) Appropriate systems of physical management and control are established and carried out for assets in their area of responsibility.

b) The municipal resources assigned to them are utilised effectively, efficiently, economically and transparently.

c) Any unauthorised, irregular or fruitless or wasteful utilisation, and losses resulting from criminal or negligent conduct, are prevented.

d) Their asset management systems and controls can provide an accurate, reliable and up to date account of assets under their control.

e) They can justify that their asset plans, budgets, purchasing, maintenance and disposal decisions optimally achieve the municipality's strategic objectives.

f) Within the scheme of delegation, the Asset Manager may delegate or otherwise assign responsibility for performing these functions, but they will remain accountable for ensuring these activities are performed.

g) To certify in writing at each financial year -end that he / she has assessed all assets under his / her control for impairment, and review of useful lives.

h) The full facts of cases are reported in writing to the Chief Financial Officer, Accounting Officer and subsequently to the Council in the event of an asset or attractive item being demolished, destroyed, damaged or any occurrence of any other event materially affecting its value.

i) Approve the temporary or permanent transfers of a moveable asset between departments as determined in the "Powers of Delegation" of the municipality.

j) The Chief Financial Officer is informed in writing at least once per annum, of all moveable and immoveable property, plant and equipment to be included for insurance purposes.

k) An annual stock take of property, plant and equipment as part of the annual reporting process, required by regulatory and legislator prescriptions in co - ordination with the Chief Financial Officer, is done.

6.6. **Asset custodian is** directly responsible for those assets allocated to him/her and must ensure that:

a) No movement of those assets from his/her custody takes place without the approval form from the delegated authority

b) Physical assets correspond with assets inventory lists as well as asset register in terms of descriptions and asset identification numbers

c) Any losses, damages and discrepancies are immediately reported to the asset managers.

7. Financial Management

7.1. **Pre-Acquisition Planning**

7.2. Before a capital project is included in the budget for approval, the Asset Manager must demonstrate that they have considered:

a) The projected cost over all the financial years until the project is operational.

b) The future operational costs and revenue on the project, including tax and tariff implications.

c) The financial sustainability of the project over its life including revenue generation and subsidisation requirements.

d) The physical and financial stewardship of that asset through all stages in its life including acquisition, installation, maintenance, operations, disposal and rehabilitation.

e) The inclusion of this capital project in the integrated development plan and future budgets: and

f) Alternatives to this capital purchase.

7.3. The Chief Financial Officer is accountable to ensure the Asset Manager receives all reasonable assistance, guidance and explanation to enable them to achieve their planning requirements.

7.4. **Approval to Acquire Property Plant and Equipment**

7.5. Money can only be spent on a capital project if:

a) The funds have been appropriated in the capital budget,

b) The project, including the total operational and capital costs, has been approved by the Council,

c) The CFO confirms that funding is available for that specific project.

d) Any contract that will impose financial obligations beyond two years after the budget year is appropriately disclosed.

e) The spending would not result in overspending unless the virement procedures have been applied.

f) Every department procuring any items on capital votes or projects should ensure that evidence thereof is kept at hand.

g) Evidence of procurement is necessary for the recording of details in the Fixed Asset Register to ensure completeness of the audit trail and is required.

h) On receiving procured assets, departments must ensure that they inform the Finance Department accordingly, to aid the updating of inventory lists on an ongoing basis.

7.6. **Funding of capital projects**

7.7. Within the municipality’s ongoing financial, legislative or administrative capacity, the Chief Financial Officer will establish and maintain the funding strategies that optimise the municipality’s ability to achieve its strategic objectives as stated in the Integrated Development Plan.

7.8. The acquisition of assets WILL NOT be funded over a period longer than the useful life of that asset.

7.9. **Disposal of property plant and equipment.**

7.10. The municipality may not transfer ownership because of a sale or other transaction or otherwise permanently dispose of a non-current asset needed to provide the minimum level of basic municipality services, subject to stipulation in the municipal assets transfer regulations.

7.11. 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

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

7.12. 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.

7.13. Within the scheme of delegation, the Municipal Manager may approve the disposal of an item of property, plant and equipment

7.14. The disposal of an item of property, plant and equipment must be fair, equitable, transparent, competitive and cost effective and comply with any prescribed regulatory framework for municipal supply chain management.

7.15. Transfer of assets to another Municipality, Municipal Entity, National Department or Provincial Department is excluded from these provisions but must be done in accordance with a prescribed framework (Municipal Transfer Regulations).

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

7.17. Assets not found for 2 consecutive years during the verification period, are considered as assets no longer in use and most probably do not exist. Therefore, they are disposed of after the second verification exercise.

8. Asset registers

8.1. **Establishment and Management of the Asset Register**

a) The Chief Financial Officer is responsible for establishing and maintaining the Council's Asset Register.

b) The Chief Financial Officer is responsible for ensuring the maintenance of that part of the Asset Register containing key financial data on each item of Property, Plant or Equipment that satisfies the criterion for recognition.

c) Asset Managers are responsible for ensuring the establishment and maintenance of entries in the Asset Register for assets within their control. They will also be responsible for establishing and maintaining any additional register or database required to demonstrate their physical management of their assets.

d) Each Asset Manager is responsible to ensure that sufficient controls exist to substantiate the quantity, value, location and condition of all assets in their registers.

9. Financial components of the Asset Register

9.1. **Contents of the Fixed Asset Register**

9.2. A **GRAP-compliant asset register** is a structured record of an entity's assets that aligns with the Generally Recognized Accounting Practice (GRAP) standards, which are used in South Africa for public sector financial reporting. This register ensures that assets are properly classified, valued, and accounted for in compliance with GRAP principles.

9.3. The details included in the asset register, amongst others, will include:

a) The measurement bases used.
b) The depreciation methods used.
c) The useful life.
d) Depreciation charged (current year)
e) The gross carrying amount
f) The accumulated depreciation.
g) Date of acquisition
h) Acquisition cost / fair value
i) Date of disposal (if relevant)
j) increases or the decreases resulting from revaluations (if relevant)
k) Method of calculating recoverable amount.
l) Any restrictions on title to the asset and title deed number.
m) Location (cost centre) and physical location
n) The Responsible Asset custodian
o) Cost centre of user department
p) Classifications
q) Identification number where applicable
r) Impairment losses
s) Source of finance
t) Stand number (property/SG code)
u) Valuation (if applicable)
v) Date of valuation
w) Assets used to secure debts (if applicable).
x) Residual value (if applicable).

9.4. **Contents Internal Controls over the Fixed Asset Registers**

9.5. Asset Managers must ensure that controls around their asset registers are sufficient to provide an accurate, reliable and up to date account of assets under their control to the standards specified by the Chief Financial Officer and required by the Auditor-General.

9.6. These controls will include physical management and recording of all acquisitions, assignments, transfers, losses and disposals of their assigned assets as well as regular stock-takes and systems audits to confirm the adequacy of their controls.

10. Physical Receipting and Management

10.1. **Responsibilities of the Asset Manager**

10.2. The Asset Manager must ensure that the purchase of property, plant of equipment complies with all municipals policies and procedures.

10.3. The Asset Manager must ensure all moveable property, plant and equipment is duly processed and identified before it is received into their stewardship.

10.4. The Asset Manager must ensure all moveable assets received into their stewardship are appropriately safeguarded for inappropriate use or loss. This will include appropriate control over the physical access to these assets and regular stock takes to ensure any losses have not occurred. Any know losses should be immediately reported to the Chief Financial Officer to update the asset register and the Director Administration & Resource Management to process insurance claims.

10.5. The Asset Manager will do an annual stock take of property, plant and equipment as part of the annual reporting processes coordinated by the Chief Financial Officer.

10.6. The Asset Manager must ensure that property, plant and equipment is appropriately utilised for the purpose that the municipality acquired them.

10.7. The results of annual stock take, in hard copy format, must be signed by the Asset Manager or his / her delegate in terms of Delegations of Authority and be displayed in relevant locations.

10.8. Losses in assets due to theft or damage should be reported in writing to the Director Administration & Resource Management and subsequently to the Accounting Officer and Chief Financial Officer.

10.9. Asset Managers must, on an ongoing basis, keep record of assets which are redundant and / or obsolete to be written off

10.10. The Asset Manager must ensure that all moveable property, plant and equipment is duly checked, processed and identified (marked with a unique label number) before it is received into their stewardship.

10.11. The Asset Manager must ensure that all moveable assets received into their stewardship are appropriately safeguarded against inappropriate use or loss. This will include appropriate control over the physical access to these assets, as well as regular stock takes to control and prevent losses from occurring. Losses are to be dealt with in accordance with the responsibilities and accountabilities.

10.12. The Asset Manager must ensure that no private property, plant or equipment is used for Council activities, as Council will not be held responsible for any loss or injury that might occur through non-compliance hereof.

10.13. The Asset Manager must annually assess all assets under his / her control for impairment and review of useful lives and review of residual amounts in collaboration with the Chief Financial Officer.

10.14. The Asset Manager must on termination of employee's service, ensure that the respective assets and inventory items lists indicating all items entrusted to the specific asset user, is confirmed to be existent and returned in good order, prior to the final salary payment being made to the employee.

10.15. Receipt of property plant and equipment

10.16. The receipting of property, plant and equipment will be managed by the Supply Chain Management Unit.

10.17. The process of receipting will include:

a) Review of the authority to purchase including compliance with all procurement policies and budgetary limits.
b) Review of all details required to write the asset on to the asset register.
c) Assignment of the asset to the appropriate Asset Manager.

10.18. The date of acquisition

10.19. The date of acquisition of property, plant and equipment is deemed to be the time when legal title and / or control passes to the municipality.

10.20. This may vary for different categories of assets but is accounted for on the accrual basis and are recorded when a transaction occurs rather than when payment is received or made for the items of property, plant and equipment.

11. Transfers to another Asset Manager

11.1. **Permanent transfers to another Asset Manager**

11.2. An Asset Manager retains managerial accountability and control for a particular asset unless.

a) Another Senior manager agrees in writing to accept responsibility for that asset, and
b) This transfer is endorsed by the Chief Financial Officer.

11.3. The Finance department appropriately amends the financial element of the Asset Register for all approved transfers.

11.4. The new Asset Manager accept all the accountabilities of the previous Asset Manager.

11.5. The Manager: Assets & Inventory appropriately amends the Fixed Asset Register for all approved transfers, where after such physical transfer are only permitted to take place.

11.6. The new Asset Manager has made the necessary budget provision to cater for accompanying cost of such asset register.

11.7. **Relocation or Reassignment of Property, Plant or Equipment**

11.8. The Asset Manager must ensure that the asset is appropriately safeguarded for loss, damage or misuse wherever it is located. Safeguarding includes ensuring reasonable physical restrictions and delegated management is implemented.

11.9. The Asset Manager must advise the Chief Financial Officer whenever an asset is permanently relocated or reassigned from the location (or base), or cost centre recorded in the Fixed Asset Register.

11.10. The Asset Manager must advise the Chief Financial Officer whenever an asset is temporarily relocated or reassigned from the location (or base) or cost centre recorded in the Fixed Asset Register. It this case, the Asset Manager must also advise the Chief Financial Officer when this asset is returned.

12. Management and Operation of property, plant and equipment

12.1. **Accountability to manage property plant and equipment**

12.2. Each Asset Manager is accountable to ensure that municipal resources assigned to them are utilised effectively, efficiently, economically and transparently. This would include.

a) Developing appropriate asset management systems, procedures, processes and controls for managing assets,
b) Providing an accurate, reliable and up to date account of assets under their control,
c) The development and motivation of relevant strategic asset management plans and operational budgets that optimally achieve the municipality's strategic objectives.

13. Contents of a strategic asset management plan

13.1. Asset Managers need to manage assets under their control to provide the required level of service or economic benefit at the lowest possible long-term cost. To achieve this, Asset Manager will need to develop strategic asset management plans that cover:

a) Alignment with the Integrated Development Plan
b) Operational guidelines,
c) Performance monitoring,
d) Fit for purpose and alternative delivery option assessments,
e) Maintenance programs,
f) Renewal, refurbishment and replacement plans,
g) Disposal and Rehabilitation plans,
h) Operational, financial and capital support requirements, and
i) Risk mitigation plans including insurance strategies
j) The operational budgets are the short to medium term plan for implementing this strategic asset management plan.

14. Reporting on Emerging Issues

14.1. Each Asset Manager should report to the Municipal Manager on issues that will significantly impede the assets capability to provide the required level of service or economic benefit.

15. Classification, Aggregations & Components

15.1. **Classification of property plant and equipment**

15.2. Any asset recognised as an asset under this policy will be classified according to national recognised categories.

15.3. These categories will be specified by the Accounting Standards Board and currently are included in GRAP 17 and other applicable standards.

15.4. The Chief Financial Officer with the relevant Asset Manager may agree to subdivide these classifications further. This decision will be noted as an amendment to the classification schedule of the municipality and endorsed by the Municipal Manager, the Chief Financial Officer and the relevant Asset Manager.

16. Investment Property

16.1. In determining the classification of a property, the following factors are considered as required in GRAP 16 .

a) The use of the property.
b) The level of ancillary services provided to property by the municipality as it pertains to the maintenance of the property.
c) The ability of property to be disposed or leased out separately.

16.2. **Initial Recognition**

16.3. An investment property shall be measured initially at its cost (transaction costs shall be included in this initial measurement).

16.4. Where an investment property is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

16.5. **Subsequent measurement**

16.6. After initial recognition, the municipality applies the fair value model and shall measure all its investment property at fair value.

16.7. A gain or loss arising from a change in the fair value of investment property shall be included in surplus or deficit for the period in which it arises.

16.8. **Transfers**

16.9. The municipality shall transfer assets to or from investment property only when, there is a change in use, evidenced by:

a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property.
b) commencement of development with a view to sale, for a transfer from investment property to inventories.
c) end of owner-occupation, for a transfer from owner-occupied property to investment property; or
d) commencement of an operating lease (on a commercial basis) to another party, for a transfer from inventories to investment property.

17. Intangible Assets

17.1. In assessing the classification of asset as intangible asset the following factors should be met:

a) It is a resource that is controlled by the municipality. Control arises when the municipality has power to obtain future economic benefits or service from an underlying resource and can restrict the access of others t those benefits.
b) It lacks physical substance and
c) It is identifiable.

17.2. **Initial Recognition**

17.3. Sufficient certainty that the future economic benefits or service potential will flow to the municipality necessitates an assurance that the risks and rewards associated with the asset have passed to the municipality and that this represents management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

17.4. **Expenditure on an intangible item:**

a) shall be recognised as an expense when it is incurred unless it forms part of the cost of an intangible asset that meets the recognition criteria; and
b) expenditure that was initially recognised as an expense shall not be recognised as part of the cost of an intangible asset later

17.5. **Initial Measurement**

17.6. An intangible asset acquired separately shall be measured initially at cost. Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition, shall be measured at its fair value as at that date.

17.7. Subsequent expenditure on an acquired in-process research and development project are treated as internally generated intangible assets of which research cost as expenses and development are assessed if the meet conditions for recognition.

17.8. **Subsequent Measurement.**

17.9. After initial recognition, the municipality chooses the cost model and shall measure all its an intangible asset shall be carried at its cost less any accumulated amortisation and any accumulated impairment losses

17.10. Useful Life

17.11. The municipality shall assess whether the useful life of an intangible asset is finite or indefinite and, if finite, the length of, or number of production or similar units constituting, that useful life.

17.12. An intangible asset shall be regarded by the municipality as having an indefinite useful life when, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for, or provide service potential to, the entity.

17.13. The useful life of an intangible asset that arises from binding arrangements shall not exceed the period of the binding arrangement, but

a) may be shorter depending on the period over which the municipality expects to use the asset.
b) May be over the limited term that can be renewed plus the renewal period(s) only if there is evidence to support renewal by the municipality without significant cost.

17.14. The following factors are to be considered in determining the useful life of an intangible asset, including:

a) the expected usage of the asset by the entity and whether the asset could be managed efficiently by another management team.
b) typical product life cycles for the asset and public information on estimates of useful lives of similar assets that are used in a similar way.
c) technical, technological, commercial or other types of obsolescence.
d) the stability of the industry in which the asset operates and changes in the market demand for the products or services output from the asset.
e) expected actions by competitors or potential competitors.
f) the level of maintenance expenditure required to obtain the expected future economic benefits or service potential from the asset and the entity’s ability and intention to reach such a level.
g) the period of control over the asset and legal or similar limits on the use of the asset, such as the expiry dates of related leases; and
h) whether the useful life of the asset is dependent on the useful life of other assets of the entity.

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

17.16. The amortisation period and the amortisation method for an intangible asset with a finite useful life shall be reviewed at least at each reporting date. If there is a change in the expected useful life or the amortisation method such changes shall be accounted for as changes in accounting estimates in accordance with GRAP 3.

17.17. **Amortisation**

17.18. An intangible asset with an indefinite useful life shall not be amortised.

17.19. An Intangible asset with finite useful life shall amortise the depreciable amount of an intangible asset with a finite useful life shall be allocated on a systematic basis over its useful life as follows:

a) Amortisation shall begin when the asset is available for use in the manner intended by management.
b) Amortisation shall cease at the date that the asset is derecognised.
c) The amortisation method used shall reflect the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity.
d) The amortisation charge for each period shall be recognised in surplus or deficit unless this or another Standard permits or requires it to be included in the carrying amount of another asset.

18. Heritage Assets

18.1. A heritage asset that qualifies for recognition as an asset shall be measured at its cost.

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

18.3. **Subsequent Measurement**

18.4. After recognition as an asset, a class of heritage assets shall be carried at its cost less any accumulated impairment losses.

19. Accounting for Property, Plant and Equipment

19.1. **Recognition of property, plant and equipment**

19.2. An item of property, plant and equipment will be recognised as an asset when:

a) It is probable that future economic benefits or potential service delivery associated with the asset will flow to the municipality,
b) The cost of the asset to the municipality can be measured reliably,
c) The municipality has gained control over the asset, and
d) The asset is expected to be used during more than one financial year.

19.3. All capital assets shall be correctly recognised as assets and capitalised at the correct value in its significant components.

19.4. **Initial measurement**

19.5. Property, plant and equipment assets that qualify for recognition shall be capitalised at cost in accordance to the cost model.

19.6. An item of property, plant and equipment that qualifies for recognition as a non-current asset should be initially measured at its "cost of acquisition".

19.7. This "cost of acquisition" will include all costs required to bring the asset to the proper working condition and position for its intended use. These costs usually include the following:

a) Purchase costs (less any discounts given)
b) Delivery costs and handling costs (initial)
c) Installation and assembly cost
d) Professional fees for architects and engineers
e) Import duties
f) Non-refundable taxes
g) Site development costs
h) Contractor fees
i) Finance cost (interest) in accordance with the applicable accounting standards
j) Capitalization of costs stops / seizes when the asset in the condition and location necessary for it to be capable of operating in the manner intended by management.

19.8. **Subsequent measurement**

19.9. After initial recognition, the municipality chooses the cost model and shall measure all its Property, plant and equipment at cost less any accumulated depreciation and any accumulated impairment losses.

19.10. Donations or exchanges

19.11. Where an asset is acquired by municipality through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

19.12. Where an asset is acquired under a finance lease its cost shall be recognised at the lower of the fair value of the property and the present value of the minimum lease payments. An equivalent amount shall be recognised as a liability in accordance with that same paragraph.

19.13. Carrying amount on property plant and equipment

19.14. After initial recognition as an asset, an item of property, plant and equipment should be carried at its cost less any accumulated depreciation, subject to the requirement to write an asset down to its recoverable amount or any subsequent revaluation.

19.15. Depreciation

19.16. The depreciable amount of an item of property, plant and equipment should be allocated on a systematic basis over its useful life.

19.17. The depreciation method used should reflect the pattern in which economic benefits or potential service provisions are consumed by the municipality.

19.18. The depreciation charge for each period will be recognised as an expense against the budget of the relevant Asset Manager unless it is included in the carrying amount of another asset.

19.19. The depreciation method will be straight line unless the Chief Financial Officer is convinced that another method is more appropriate.

19.20. Depreciation of an asset will commence once the asset is available for use through:

a) Being in the location for it to be capable of operating in the manner intended.
b) Being in the condition for it to be capable of operating in the manner intended.

19.21. **Residual Value.**

19.22. The residual value of an asset shall be reviewed at least at each reporting date and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

19.23. Currently residual values are deemed to be zero, since the municipality is a service delivery orientated entity and most assets are hardly ever recovered through sale, but rather through use of the asset until the end of its economic useful life.

19.24. **Initial determination useful life.**

19.25. The Municipality needs to determine the useful life of a particular item or class property, plant and equipment through the development of a strategic asset management plan that forecasts the expected useful life that asset. This should be developed as part of the Pre-Acquisition Planning that would consider the following factors as required by GRAP 17.

a) The composition of the asset changed during the reporting period, i.e. the significant components of the asset changed.
b) The use of the asset has changed, because of the following:
    1. The entity has changed the way the asset is used.
    2. The entity has changed the utilisation rate of the asset.
    3. The entity has decided to dispose of the asset in a future reporting period(s) such that this decision changes the expected period over which the asset will be used.

4. Technological, environmental, commercial or other changes that occurred during the reporting period that have, or will, change the use of the asset.
5. Legal or similar limits placed on the use of the asset have changed.
6. The asset was idle or retired from use during the reporting period.

c) The asset is approaching the end of its previously expected useful life.
d) Planned repairs and maintenance on, or refurbishments of, the asset and/or its significant components either being undertaken or delayed.
e) Environmental factors, e.g. increased rainfall or humidity, adverse changes in temperatures or increased exposure to pollution.
f) There is evidence that the condition of the asset improved or declined based on assessments undertaken during the reporting period.
g) The asset is assessed as being impaired in accordance with GRAP 21 and GRAP 26.

19.26. **Change/revision of expected useful life and residual value.**

19.27. If any such indication exists, the entity shall revise the expected useful life and/or residual value accordingly. The change(s) shall be accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors (GRAP 3).

19.28. **Review of useful life (Impairment).**

19.29. The useful life of an item property, plant and equipment should be reviewed annually and if expectations are significantly different from previous estimates, the depreciation charge for the current and future periods should be adjusted.

19.30. **Impairment indicators.**

19.31. The Municipality must each year test assets for impairment losses if, and only if, there has been an indication of any of the following;

19.32. **External sources of information**

a) Cessation, or near cessation, of the demand or need for services provided by the asset.
b) Significant long-term changes with an adverse effect on the entity have taken place during the period or will take place soon, in the technological, legal or government policy environment in which the entity operates.
c) During the period, an asset's market value has declined significantly more than would be expected because of the passage of time or normal use.
d) Market interest rates or other market rates of return on investments 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.

19.33. **Internal sources of information**

a) Evidence is available of obsolescence or physical damage of an asset.
b) Significant long-term 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 manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of

an asset before the previously expected date and reassessing the useful life of an asset as finite rather than indefinite.

c) A decision to halt the construction of the asset before it is complete or in a usable condition.

d) Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

19.34. **Review of depreciation method**

19.35. The depreciation method applied to property, plant and equipment should be reviewed annually, and if there has been a significant change in the expected pattern of economic benefits or potential service delivery from those assets, the method should be changed to reflect the changed pattern.

19.36. When such a change in depreciation method is necessary the change should be accounted for as a change in estimate and the depreciation charge for the current future periods should be adjusted.

19.37. Subsequent expenditure on property plant and equipment

19.38. Subsequent expenditure relating to an item of property, plant and equipment that has already been recognised should be added to the carrying amount of the asset when it is probable that future economic benefits or potential service delivery, more than the originally assessed standard of performance of the existing asset, will flow to the municipality.

19.39. All other expenditure should be recognised as an expense in the period in which it occurred.

19.40. Before allowing the capitalisation of subsequent expenditure, the Chief Financial Officer must be satisfied that this expenditure significantly:

a) Increases the life of that asset beyond that stated in the asset register, or
b) Increases the quality of service that asset beyond the existing level of service, or
c) Increases the quantity of services that asset can provide, or
d) Reduces the future assessed costs of maintaining that asset.

19.41. Expenditure that is proposed to be capitalized must also conform to recognition criteria for non-current assets and should also be appropriately included in the approved capital budget.

19.42. Where it is desired to capitalize future component replacements, refurbishments or renewals, then please refer to the section on major components in this policy.

19.43. **Revaluation of property plant and equipment**

19.44. The municipality will not revalue property plant and equipment under this current version of the asset management policy.

20. Accounting treatment on Disposal (all Assets)

20.1. An item of property, plant and equipment should be eliminated from the balance sheet on disposal or when the asset is permanently withdrawn from use and no future economic benefits or potential service delivery are expected from its disposal.

20.2. Gains or losses arising from the retirement or disposal of an item of property, plant and equipment should be determined as the difference between the actual or estimated net disposal proceeds and the carrying amount of the asset and should be recognised as revenue or expense in the statement of financial performance.

20.3. The fact that the fixed asset might be fully depreciated is not a reason for disposal of the asset.

20.4. Compensation from third parties for investment property that was previously derecognised because of impairment, lost or given up shall be recognised as income in the statement of financial position when the compensation becomes receivable.

21. Optional Treatment for Major Component

21.1. An Asset Manager may, with agreement of the Chief Financial Officer, treat specified major components of an item of property plant or equipment as a separate asset for the purposes of this policy.

21.2. The major components may be identified by the physical parameters of its financial parameters.

21.3. These major components may be defined by its physical parameters (e.g. a reservoir roof) of its financial parameters (e.g. a road surface).

21.4. In agreeing to these treatments, the CFO must be satisfied that these components:

a) Have significantly a different useful life or usage pattern to the main asset,
b) Align with the asset management plans,
c) The benefits justify the costs of separate identification,
d) It is probable that future economic benefits or potential service delivery associated with the asset will flow to the municipality,
e) The cost of the asset to the municipality can be measured reliably,
f) The municipality has gained control over the asset,
g) and
h) The asset is expected to be used during more than one financial year.

21.5. All such decisions and agreements will be confirmed before the beginning of the financial year and submitted for approval with the budget. Any amendments will only be permitted as part of a budget review.

21.6. Once a major component is recognised as a separate asset, it may be acquired, depreciated and disposed of as if it were a separate asset.

21.7. All other replacements, renewals of refurbishments of components will be expensed.

21.8. All other replacements, renewals or refurbishments of significant components will be expensed.

21.9. Recognition of network asset

21.10. The Asset Manager is accountable for the management of the registers required to financially verify the value of a network asset.

21.11. A network asset is a collection of assets and their subsequent components, which operates to deliver a specified service or economic benefit, for e.g. electrical network, roads network, IT system network, etc.

21.12. It should be possible to identify a network asset with all its different components on the asset register.

22. Financial Disclosure

22.1. The financial statements should disclose, in respect of each class of property, plant and equipment classified under the categories of infrastructure, community, heritage, investment properties and other assets:

a) The measurement bases used for determining the gross carrying amount. When more than one basis has been used, the gross carrying amount for that basis in each category should be disclosed.
b) The depreciation methods used.
c) The useful lives or the depreciation rates used.
d) Depreciation charged in arriving at net surplus or deficit for the period.
e) The gross carrying amount and the accumulated depreciation at the beginning and the end of the period.
f) a reconciliation of the carrying amount at the beginning and end of the period showing:
    1. additions
    2. disposal
    3. acquisition through business combinations
    4. increases or the decreases resulting from revaluations
    5. deductions in carrying amount
    6. amounts written back
    7. depreciation
    8. other movements

22.2. The financial statement should also disclose:

a) Whether or not, in determining the recoverable amount of items of property, plant and equipment, expected future cash flows have been discounted to their present values.
b) The existence and amounts of restrictions on title and property, plant and equipment pledged as security for liabilities.
c) The accounting policy for restoration costs relating to items of property, plant and equipment.
d) the amount of expenditures on account of property, plant and equipment during construction, and
e) The amount of commitments for the acquisition of property, plant and equipment.

22.3. When items of property are stated at revalued amounts, the financial statements should disclose:

a) The basis used to revalue the assets.
b) The effective date of revaluation.
c) Whether an independent value was involved.
d) The nature of any indices used to determine replacement cost.
e) The carrying amount of each class of property, plant and equipment that would have been included in the financial statements had the assets been carried at cost less depreciation.
f) The revaluation surplus, detailing the movement for the period.
g) The portion of the depreciation charge relating to the revaluation.

22.4. As part of the reconciliation of the carrying amount at the beginning and end, the following should be included:

a) impairment losses recognised in surplus or deficit in accordance with GRAP 21 or GRAP 26, as appropriate (if any).
b) impairment losses reversed in surplus or deficit in accordance with GRAP 21 or GRAP 26, as appropriate (if any).

23. The financial statements shall disclose the following for Property, Plant and Equipment, where applicable:

a) if it is not disclosed separately on the face of the statement of financial performance, the amount of compensation from third parties for items of property, plant and equipment that were impaired, lost or given up that is included in surplus or deficit.
b) The carrying value of property, plant and equipment that is taking a significantly longer period to complete than expected, including reasons for any delays.
c) The carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s). The entity shall also disclose reasons for halting the construction or development of the asset and indicate whether any impairment losses have been recognised in relation to these assets.
d) An entity shall separately disclose expenditure incurred to repair and maintain property, plant, and equipment in the notes to the financial statements.

24. The financial statements shall disclose the following for Investment Property , where applicable:

    a) whether it applies the fair value model or the cost model.
    b) when classification is difficult, the criteria it uses to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations.
    c) the amounts recognised in surplus or deficit for:
        1. rental revenue from investment property.
        2. direct operating expenses, separately disclosing repairs and maintenance arising; and
        3. direct operating expenses, separately disclosing repairs and maintenance arising.
    d) the existence and amounts of restrictions on the realizability of investment property or the remittance of revenue and proceeds of disposal; and
    e) contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.
    f) in the notes to the financial statements in relation to investment property which is in the process of being constructed or developed:
        1. The cumulative expenditure recognised in the carrying value of investment property.
        2. The carrying value of investment property that is taking a significantly longer period to complete than expected, including reasons for any delays.
        3. The carrying value of investment property where construction or development has been halted either during the current or previous reporting period together with the reasons for halting the construction or development and any impairment losses recognised in relation to that property.

25. The financial statements shall disclose the following for Intangible Assets , where applicable:

    a) The aggregate amount of research and development expenditure recognised as an expense during the period.
    b) For an intangible asset assessed as having an indefinite useful life, the carrying amount of that asset and the reasons supporting the assessment of an indefinite useful life.
    c) For each class of intangible assets, distinguishing between internally generated intangible assets and other intangible assets:
        1. whether the useful lives are indefinite or finite and, if finite, the useful lives or the amortisation rates used.
        2. the amortisation methods used for intangible assets with finite useful
        3. the gross carrying amount and any accumulated amortisation at the beginning and end of the period.
        4. the line items of the statement of financial performance in which any amortisation of intangible assets is included; and

5. details on intangible assets whose title is restricted and are pledged as security for liabilities.
6. the amount of contractual commitments for the acquisition of intangible assets.
7. a reconciliation of the carrying amount at the beginning and end of the period showing:
   I. additions, indicating separately those from internal development and those acquired separately.
   II. impairment losses recognised or reversed during the period.
   III. any amortisation recognised during the period; and

26. The financial statements shall disclose the following for Heritage Assets, where applicable:

    a) The cumulative expenditure recognised in the carrying value of such heritage assets. These expenditures shall be disclosed in aggregate per class of heritage asset.
    b) An analysis of the carrying value of heritage assets that are taking a significantly longer period to complete than expected, including reasons for any delays.
    c) An analysis of the carrying value of heritage assets where construction or development has been halted. The entity shall also disclose reasons for halting the construction or development of the asset and indicate whether any impairment losses have been recognised in relation to these assets.
    d) an entity shall decide how to present the information required, i.e. individually or in aggregate, for example per project, per class or another relevant basis.

27. An entity shall separately disclose expenditure incurred to repair and maintain heritage assets in the notes to the financial statements.

28. The financial statements shall also disclose for each class of heritage assets recognised in the financial statements:

    a) the existence and amounts of restrictions on title and disposal of heritage assets.
    b) heritage assets pledged as securities for liabilities.
    c) the amount of contractual commitments for the acquisition, maintenance and restoration of heritage assets; and
    d) if it is not disclosed separately on the face of the statement of financial performance, the amount of compensation from third parties for items of heritage assets that were impaired, lost or given up that is included in surplus or deficit.

29. The financial statements shall disclose the following in the event of Impairment Loss, where applicable:

30. Non-cash generating assets

31. An entity shall disclose the following for each material impairment loss recognised or reversed during the period:

a) the events and circumstances that led to the recognition or reversal of the impairment loss.
b) the amount of the impairment loss recognised or reversed.
c) the nature of the asset.
d) if the entity reports segment information in accordance with GRAP 18, the reportable segment to which the asset belongs.
e) whether the recoverable service amount of the asset is its fair value less costs to sell or its value in use.
f) if the recoverable service amount is fair value less costs to sell, the basis used to determine fair value less costs to sell (such as whether fair value was determined by reference to an active market).
g) if the recoverable service amount is value in use, the method and significant assumptions applied, including the discount rate(s) used in the current estimate and previous estimate (if any) of value in use; and
h) whether an independent valuer was used to determine the recoverable service amount.

32. An entity shall disclose the following information for the aggregate of impairment losses and aggregate reversals of impairment losses recognised during the period for which no information is disclosed:

a) the main classes of assets affected by impairment losses (and the main classes of assets affected by reversals of impairment losses); and
b) the main events and circumstances that led to the recognition of these impairment losses and reversals of impairment losses.

33. An entity shall disclose in the notes information about the key assumptions used to determine the recoverable service amount of assets during the period that have a significant risk of causing a material adjustment to the carrying amounts of assets.

34. Cash generating assets

35. An entity shall disclose the following for each material impairment loss recognised or reversed during the period for an asset or a cash-generating unit:

a) the events and circumstances that led to the recognition or reversal of the impairment loss.
b) the amount of the impairment loss recognised or reversed.
c) for a cash-generating asset:
d) the nature of the asset; and

e) if the entity reports segment information in accordance with GRAP 18, the reportable segment to which the asset belongs.
f) whether the recoverable amount of the asset is its fair value less costs to sell or its value in use.
g) if the recoverable amount is fair value less costs to sell, the basis used to determine fair value less costs to sell (such as whether fair value was determined by reference to an active market).
h) if the recoverable amount is value in use, the methods and significant assumptions applied including the discount rate(s) used in the current estimate and previous estimate (if any) of value in use.; and
i) whether an independent valuer was used to determine the recoverable amount.

36. An entity shall disclose the following information for the aggregate impairment losses and the aggregate reversals of impairment losses recognised during the period for which no information is disclosed:

a) the main classes of assets affected by impairment losses and the main classes of assets affected by reversals of impairment losses; and
b) the main events and circumstances that led to the recognition of these impairment losses and reversals of impairment losses.

37. An entity shall disclose in the notes information about the key assumptions used to determine the recoverable amount of assets during the period that have a significant

38. Useful life of assets

38.1. As per Local Government Capital Asset Management Guidelines attached as Annexure "A" of this policy

Item	Average useful life	
Infrastructure		
Roads and paving	3-80	Years
Anchored wall	50	Years
Auxiliary Equipment	60	Years
Billboards	15	Years
Bin/Container	10	Years
Bowling green	20	Years
Carports	7	Years
Lined Channel	30	Years
Unlined Channel	5	Years
Chemical Toilet	10	Years
Circuit Breaker Panel	50	Years
Communal standpipe-pedestal	10	Years
Commuter Shelter	15	Years
Control Cable	50	Years
Control Panel	50	Years
Culvert	60	Years
Current Transformer	45	Years
Earth Structure	50	Years
Access Earthworks	50	Years
Arterial Earthworks	50	Years
Distributor Earthworks	30	Years
Collector Earthworks	100	Years
Electrical Installation	30	Years
Electrical Service Connection	50	Years
Electricity Meter	20	Years
Erosion Protection	50	Years
External Furniture	20	Years
External Lighting	45	Years
Mild fabricated steel exposure	10	Years
Mild fabricated aggressive exposure	20	Years
Stainless fabricated mild exposure	20	Years
Stainless fabricated aggressive exposure	40	Years
Fibre	50	Years
Filter media	10	Years
Finishes, fixtures & fittings	15	Years
Fire Protection	20	Years
Floor	50	Years
Gas installation	20	Years
Grind Inlet	30	Years
Guard rail	20	Years
High mast	45	Years

HV Busbar Indoor	60	Years
HV Busbar Outdoor	60	Years
HV Cable	50	Years
HV overhead line conductor	50	Years
HV overhead line insulator	50	Years
HV overhead line support structure	50	Years
HV Switchgear-isolating Link	50	Years
HV Power Transformer	50	Years
HV Switchgear-circuit breaker	50	Years
HV Switchgear-isolating Link	50	Years
Hydrant	20	Years
Irrigation	10	Years
Arterial Kerb	20	Years
Collector Kerb	50	Years
Kerb Inlet	20	Years
Landscaping	50	Years
Lifts	30	Years
Lining-landfill	50	Years
Load control set	20	Years
Local Transformer	45	Years
LV cable	60	Years
LV overhead line	60	Years
LV switchgear-Circuit breaker	30	Years
Masonry Structure	50	Years
Mini round-about	20	Years
Mini sub	45	Years
MV Busbar Indoor	60	Years
MV Busbar Outdoor	60	Years
MV Cable	50	Years
MV overhead line	45	Years
MV Power transformer	45	Years
MV Switchgear-Breakers	45	Years
Mv Switchgear-Circuit Breaker	45	Years
MV Switchgear-Isolating Link	30	Years
MV Switchgear-Isolators	30	Years
Paving	20	Years
Pedestrian bridge substructure	50	Years
Pedestrian bridge superstructure	50	Years
Perimeter Protection	30	Years
Pilot Cables	50	Years
Asbestos/cement sewer pipe	40	Years
uPVC,HDPE concrete sewer pipe	80	Years
Clay Sewer pipe	100	Years
Stormwater pipe	50	Years
Asbestos/cement water pipe	40	Years
General water pipe	80	Years
Plumbing	20	Years
Points (Rail)	15	Years
Pole Transformer	45	Years
Power factor equipment	50	Years

Pump-hand	15	Years
Pump-sewer	15	Years
Pump-Submersible	8	Years
Pump-water	15	Years
RC Structure	80	Years
Retaining Wall	60	Years
Ring Main Unit	80	Years
Road bridge side barrier	80	Years
Road bridge super-structure	80	Years
Road bridge sub structure	80	Years
Arterial road structural layer	30	Years
Distributor road structural layer	30	Years
Collector road structural layer	30	Years
Access road structural layer	80	Years
Thin Bitumen Road surface	7	Years
Medium Bitumen Road surface	9	Years
Thick Bitumen Road surface	12	Years
Gravel road surface	5	Years
Sheet metal roof	30	Years
Tile,Thatch,Flat concrete roof	40	Years
Septic Tank	40	Years
General sign	15	Years
Regulatory sign	7	Years
Small building/enclosure	50	Years
Speed hump	50	Years
Sport field	30	Years
Squash court	15	Years
Stadium	50	Years
Storage Area Network	10	Years
Streetlight	45	Years
Street rubbish bin	10	Years
Sub-soil drain	50	Years
Swimming Pool	20	Years
Switch	10	Years
Telemetry	15	Years
Tennis Court	15	Years
Timber structure	15	Years
Traffic Island	30	Years
Traffic signal	15	Years
Transformer NEC	45	Years
Transformer NER	40	Years
Valve	20	Years
Voltage Transformer	45	Years
Walls	60	Years
Water meter	10	Years
Well	30	Years
Wireless Access Point	5	Years
Intangible assets		
Computer software	3-5	Years
Finance leased assets		

Office equipment	3-15	Years
Heritage assets		
Historical Buildings/ Sites	None	None
Paintings and artifacts	None	None
Works of art	None	None
Public statutes	None	None
Museum exhibits	None	None
OTHER ASSETS		
Office Equipment		
Computer hardware	3-5	Years
Office Machines	3-5	Years
Air Conditioners	3-5	Years
Furniture and Fittings		
Chairs	7-10	Years
Tables and Desks	7-10	Years
Other/Genera	7-10	Years
Cabinets and Cupboards	7-10	Years
Bins and Containers		
Household refuse bins	5	Years
Bulk refuse containers	10	Years
Emergency equipment		
Fire hoses	5	Years
Other fire-fighting equipment	5	Years
Emergency lights	15	Years
Motor Vehicles		
Tankers	20	Years
Trucks and Lights delivery vehicles	5-7	Years
Ordinary Motor Vehicles	5-7	Years
Motorcycles	3	Years
Plant and equipment		
Chlorination Equipment	5	Years
Compactors	5	Years
Electronic Equipment	5	Years
General	5	Years
Generators	5	Years
Graders	10-15	Years
Mobile Pumps	5	Years
Other Fire Fighting Equipment	5	Years
Pumps	5	Years
Tractors	10-15	Years
Trailers	5	Years
Mechanical horses	10-15	Years
Lawnmowers	5	Years
Compressors	5	Years

Laboratory Equipment	5	Years
Radio Equipment	5	Years
Firearms	5	Years
Telecommunication equipment	5	Years
Irrigation systems	15	Years
Conveyors	15	Years
Feeders	15	Years
Tippers	15	Years
Workshop Equipment	5	Years
Pulverisng mills	15	Years