



MUNISIPALITEIT DAWID KRUIPER MUNICIPALITY

POLICY 04/2017 RAADSBELEID

SUBJECT/ONDERWERP: ASSET MANAGEMENT POLICY

REFERENCE/VERWYSING: 5.21.1

RESOLUTION NR/BESLUIT NO: 19.5/03/2017 DATE/DATUM: 30 March 2017

1. PREAMBLE

- 1.1 Whereas Section 14 of the Local Government: Municipal Finance Management Act, 2003 (Act no. 56 of 2003) determines that a Municipal Council may not dispose of assets required to provide minimum services, and whereas the Municipal Asset Transfer Regulations (Government Gazette 31346 dated 22 August 2008) has been issued.
- 1.2 And whereas the Municipal Council of **Dawid Kruijer** Municipality wishes to adopt a policy to guide the Municipal Manager in the management of the municipality's assets.
- 1.3 And whereas the Municipal Manager as custodian of municipal funds and assets is responsible for the implementation of the asset management policy which regulate the acquisition, safeguarding and maintenance of all assets.
- 1.4 And whereas these assets must be protected over their useful life and may be used in the production or supply of goods and services or for administrative purposes.
- 1.5 Now therefore the Municipal Council of the **Dawid Kruijer** Municipality adopts the following Asset Management Policy (AMP).

2. DEFINITIONS

- 2.1 **Accounting Officer** means the Municipal Manager appointed in terms of Section 82 of the Local Government: Municipal Structures Act, 1998 (Act no. 117 of 1998) and being the head of administration and Accounting Officer in terms of Section 55 of the Local Government: Municipal Systems Act 2000 (Act no. 32 of 2000).
- 2.2 **Agricultural Produce** is the harvested product of the municipality's biological assets.
- 2.3 **Biological Assets** are defined as living animals or plants.
- 2.4 **Capital Assets** are items of Biological Assets, Intangible Assets, Investment Property or Property, Plant or Equipment defined in this Policy.

- 2.5 **Capital Spares** is spares and materials used on a regular basis in the ordinary course of operations. This is usually carried as inventory (i.e. they are not usually considered as 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 a capital spare part and are recognised as an item of PPE immediately that they are available for use and in a location and condition necessary for it to be capable of operating in a manner intended by management.
- 2.6 **Carrying Amount** is the amount at which an asset is recognised after deducting any accumulated depreciation (or amortisation) and accumulated impairment losses thereon.
- 2.7 **Chief Financial Officer (CFO)** means an officer of a municipality designated by the Municipal Manager to be administratively in charge of the budgetary and treasury functions.
- 2.8 **Community Assets** are defined as any asset that contributes to the community's well-being. Examples are parks, libraries and fire stations.
- 2.9 **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, or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.
- 2.10 **Depreciable Amount** is the cost of an asset, or other amount substituted for cost in the financial statements, less its residual value.
- 2.11 **Depreciation** is the systematic allocation of the depreciable amount of an asset over its useful life.
- 2.12 **Fair Value** is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.
- 2.13 **GAAP** is standards of Generally Accepted Accounting Practice.
- 2.14 **GRAP** is standards of Generally Recognised Accounting Practice.
- 2.15 **Heritage Assets** are defined as culturally significant resources. Examples are works of art, historical buildings and statues.
- 2.16 **Immovable Assets** are defined as an item of property, plant and equipment that cannot be moved without destroying or altering it – property that is fixed to the erf.
- 2.17 **Infrastructure Assets** are defined as any asset that is part of a network of similar assets. Examples are roads, water reticulation schemes, sewerage purification and trunk mains, transport terminals and car parks.
- 2.18 **Intangible Assets** are defined as identifiable non-monetary assets without physical substance.
- 2.19 **Investment Properties** are defined as properties (land or buildings) that are acquired for economic and capital gains. Examples are office parks and undeveloped land acquired for the purpose of resale in future years.
- 2.20 **MFMA** refers to the Local Government: Municipal Finance Management Act (Act no. 56 of 2003).
- 2.21 **Movable Assets** are assets other than immovable assets.
- 2.22 **Other Assets** are defined as assets utilised in normal operations. Examples are plant and equipment, motor vehicles and furniture and fittings.

- 2.23 **Property, Plant and Equipment (PPE)** are tangible assets that:-
- (a) Are held by a municipality for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and
 - (b) Are expected to be used during more than one period.
- 2.24 **Recoverable Amount** is the higher of a cash-generating asset's net selling price and its value in use.
- 2.25 **Recoverable Service Amount** is the higher of a non-cash generating asset's fair value less cost to sell and its value in use.
- 2.26 **Residual Value** of an asset is the estimated amount that an entity 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.
- 2.27 **Useful Life** is:-
- (a) The period of time over which an asset is expected to be used by the municipality; or
 - (b) The number of production or similar units expected to be obtained from the asset by the municipality's Accounting Officer.

3. OBJECTIVE

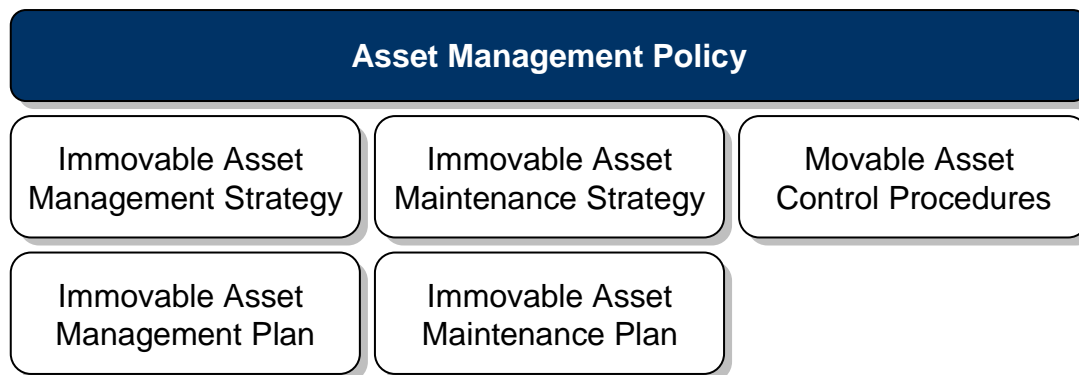
- 3.1 The MFMA was introduced with the objective of improving accounting in the municipality's sector in keeping with global trends. Good asset management is critical to any business environment whether in the private or public sector.
- 3.2 With an accrual system, as prescribed through GRAP 17, the assets are incorporated into the books of accounts and systematically written off over their anticipated useful lives. This necessitates that a record is kept of the cost of the assets, the assets are verified periodically, and the assets can be traced to their suppliers via invoices or other such related delivery documents. This ensures good financial discipline, and allows decision makers greater control over the management of assets. An ASP should promote efficient and effective monitoring and control of assets.
- 3.3 According to the MFMA, the Accounting Officer in the Municipality should put asset management procedures in place to ensure:
- (a) That the municipality has and maintains an effective and efficient and transparent system of financial and risk management and internal control;
 - (b) The effective, efficient and economical use of the resources of the municipality;
 - (c) The management (including safeguarding and maintenance) of the assets of the municipality;
 - (d) That the municipality has and maintains a management, accounting and information system that accounts for the assets and liabilities of the municipality;
 - (e) That the municipality's assets and liabilities are valued in accordance with standards of generally recognised accounting practice; and
 - (f) That the municipality has and maintains a system of internal control of assets and liabilities, including an asset and liabilities register, as may be prescribed.

- 3.4 The objective of this AMP is to ensure that the municipality:
- (a) Has consistent application of asset management principles;
 - (b) Implements accrual accounting;
 - (c) Complies with the MFMA, Treasury Regulations, GAAP, GRAP and other related legislation; and
 - (d) Safeguards and controls the assets of the municipality; and optimises asset usage.

4. POLICY FRAMEWORK

- 4.1 The main challenges associated with managing fixed assets can be characterised as follows:
- (a) Moveable assets: controlling acquisition, location, use, and disposal (over a relatively short term lifespan); and
 - (b) Immovable assets: life-cycle management (over a relatively long-term lifespan).
- 4.2 The policy approach has been to firstly focus on the financial treatment of assets, which needs to be consistent across both the movable and immovable assets, and secondly to focus on the management of immovable assets as a fundamental departure point for service delivery. This arrangement is summarised in Figure 1.

Figure 1: Proposed Policy and Strategic Framework.



5. ASSET RECOGNITION

5.1 CLASSIFICATION OF CAPITAL ASSETS

5.1.1 General

- (a) When accounting for capital assets, the municipality should follow the various standards of GRAP relating to the capital assets. An item is recognised in the statement of financial position as a capital asset if it satisfies the definition and the criteria for recognition of capital assets. The first step in the recognition process is to establish whether the item meets the definition of a capital asset. Secondly, the nature of the capital asset should be determined, and thereafter the recognition criterion is applied. Capital assets are classified into the following categories for financial reporting purposes:

5.1.2 Property, Plant and Equipment (GRAP 17)

- (a) Land and Buildings (land and buildings not held as investment) used for municipal operations such as administration buildings;

- (b) Infrastructure Assets such as immovable assets that are part of a network of similar assets (roads, storm water, electricity, water, sewerage, etcetera) which are used to provide basic services;
- (c) Community Assets (resources contributing to the general well-being of the community) such as community halls and recreational facilities;
- (d) Housing Assets (rental stock or housing stock not held for capital gain);
- (e) Heritage Assets (culturally significant resources); and
- (f) Other Assets (ordinary operational resources, i.e. vehicles and equipment).

5.1.3 Intangible Assets (GRAP 102)

- (a) Intangible Assets (assets without physical substance held for ordinary operational resources, i.e. computer software).

5.1.4 Investment Property (GRAP 16)

- (a) Investment Assets (resources held for capital or operational gain).

5.1.5 Biological Assets (GRAP 101)

- (a) Biological Assets (livestock and plants held).

5.1.6 Non-current assets classified as Held-for-Sale (GRAP 100)

- (a) Non-current Assets Held-for-Sale (assets identified to be sold in the next 12 months and that is not reclassified as Inventory).
- (b) Non-current assets (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. A fixed 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 assets that are abandoned.
- (c) 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 non-current assets for other non-current assets when the exchange has commercial substance. If the municipality acquires a fixed assets 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.
- (d) 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 as held for sale, but the criteria are no longer met, the municipality shall cease to classify the assets as held for sale.
- (e) If the criteria are only met after the reporting date, the municipality shall not classify the non-current asset held for sale in those financial years when issued. However, when those criteria are met after reporting date but before the authorisation date for the financial statements to be issued, the municipality shall disclose a description of the non-current 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 non-current asset (or disposal group) is presented.

5.1.7 Inventory Property (GRAP 12)

- (a) Inventory Property (land or buildings owned or acquired with the intention of selling such property in the ordinary course of business within the next 12 months)

5.1.8 Further asset classification has been defined in GRAP. The classifications used for infrastructure are limited and do not represent all asset types. However, these classifications are used for financial reporting consistency and should be used.

5.1.9 To facilitate the practical management of infrastructure assets and asset register data, infrastructure assets have been further classified. The recommended classifications are provided in **the accounting policy**.

5.1.10 Policy Statement

- (a) The asset classification specified by GRAP shall be adhered to as a minimum standard. The extended asset classification specified in **the accounting policy** shall be adopted.
- (b) The Accounting Officer shall have the delegated powers to adjust or add asset groups, asset classes and asset components to **the accounting policy**.

5.2 RECOGNITION OF ASSETS

5.2.1 Measurement at Recognition

(a) Definitions and Rules

(i) Measurement at Recognition of PPE

An item of PPE that qualifies for recognition is measured at cost. Where an asset is acquired at no or nominal cost (for example in the case of donated or developer-created assets), its cost is deemed to be its fair value at the date of acquisition. In cases where it is impracticable to establish the cost of an item of PPE, such as recognising PPE for which there are no records or records cannot be linked to specific assets, its cost is deemed to be its fair value.

(ii) Measurement at Recognition of Investment Property

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

(iii) Measurement at Recognition of Intangible Assets

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

(iv) Fair Value of an Assets

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

values obtained from a qualified valuer 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. Assessments of fair value are to be made by professionals with qualifications and appropriate knowledge and experience in valuation of the respective assets.

(v) Cost of an Asset

The cost of an asset comprises the purchase price and any directly attributable costs necessary to bring the asset to its location and condition necessary for it to be operating in the manner intended by the municipality, plus an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. VAT is excluded (unless the municipality is not allowed to claim input VAT paid on purchase of such assets. In such an instance, the municipality should capitalise the cost of the asset together with VAT).

(vi) 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.

(vii) Directly Attributable Costs

Directly attributable costs are defined as:

- (a) Cost of employee benefits arising directly from the construction or acquisition of the item;
- (b) Costs of site preparation;
- (c) Initial delivery and handling;
- (d) Installation and assembly costs, cost of testing whether the asset is functioning properly, less the net proceeds from selling any item produced while bringing the asset to that location and condition;
- (e) Commissioning costs (cost of testing the asset to see if the asset is functioning properly, less the net proceeds from selling any item produced while bringing the asset to its current condition and location);
- (f) Professional fees (for example associated with design fees, supervision, and environmental impact assessments) (in the case of all asset classes).
- (g) Proper transfer taxes (in the case of all asset classes); and
- (h) Interest costs when incurred on a qualifying asset in terms of GRAP 5

(viii) 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 when the cost model is used:

- (a) Changes in the liability shall be added to or deducted from the cost of the related asset.
- (b) 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.
- (c) 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.

(ix) Exchanged PPE Assets

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

(x) Finance Leases

A finance lease is recognised by the municipality (the lessee) at the commencement of a lease term as an asset and liability in the Statement of Financial Position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. 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.

(xi) Depreciated Replacement Cost

(a) 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 RV from the CRC. The DRC is established by proportionately reducing the depreciable portion based on the fraction of the RUL over the EUL.

(b) Accordingly, the following formula is used:

$$\text{DRC} = ((\text{CRC} - \text{RV}) \times \text{RUL}/\text{EUL}) + \text{RV}$$

(c) 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.

(xii) Self-Constructed PPE

Self-constructed assets relate to all assets constructed by the municipality itself or another party on instructions from the municipality. All assets that can be classified as fixed assets and that are constructed by the municipality should be recorded in the asset register and each component that is part of this asset 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.

(xiii) 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 PPE until it is ready for its intended use – then it shall be reclassified as an investment property.

(xiv) Borrowing Costs

- (a) Borrowing costs are interest and other costs incurred by the municipality from borrowed funds. The items that are classified as borrowing costs include 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". Borrowing costs shall only be capitalised until the day before the starting date when the qualifying asset is being used for its intended use.
- (b) In the following cases it is inappropriate to capitalise borrowing costs:
- (i) 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.
 - (ii) 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.

(xv) Non-Current Assets Held-for-Sale

- (a) 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:
- (i) 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
 - (ii) It's recoverable amount or recoverable service amount at date of the subsequent decision not to sell the asset.
- (b) The municipality shall include any required adjustment to the carrying amount of a fixed 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.

(xvi) 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

- (i) Fixed assets that qualify for recognition shall be capitalised at cost. Interest on deferred payments will be expensed.
- (ii) In cases where complete cost data is not available or cannot be reliably linked to specific assets:-
 - (a) Unless where available, the fair value of PPE infrastructure, community property and building property shall be adopted on the basis of depreciated replacement cost.
 - (b) 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.
 - (c) Investment property and intangible assets shall be measured at fair value on date of acquisition.

(c) Responsibilities

- (i) The CFO, in consultation with the Municipal Manager and Directors, shall determine effective procedures for the capitalisation of fixed assets on recognition.
- (ii) Every Director shall ensure that all fixed assets under their control are correctly capitalised.
- (iii) Every Director shall advise the CFO of any deferred payments from the municipality, providing the relevant details of such.

5.2.2 Measurement after Recognition

(a) Definitions and Rules

(i) Options

Accounting standards allow measurement after recognition of assets as follows:

- (a) PPE and Intangible Assets: on either a cost or revaluation model; and
- (b) Investment Property: either cost model or the fair value model.

Different models can be applied, providing the treatment is consistent per asset class. **Dawid Kruiper** has opted **not to apply the revaluation model** on PPE and Intangible Assets.

(ii) Cost Model

When the **cost model is adopted (which is the case in Dawid Kruiper Municipality)**, a fixed asset is carried after recognition at its cost less any accumulated depreciation and any accumulated impairment losses.

(iii) **Revaluation Model**

- (a) When the **revaluation model is adopted (which is not the case in Dawid Kruiper Municipality)** an asset is carried after recognition at a re-valued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. When revaluations are conducted, the entire class of assets should be re-valued. Revaluation is to be executed by persons with suitable professional qualifications and experience. 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.
- (b) The revaluation surplus is transferred to the Accumulated Surplus / (Deficit) 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.

(iv) **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 **the indicator based approach**. All fair value adjustments shall be included in the surplus or deficit for the financial year.

(v) **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.

(vi) **Expenses to be Capitalised**

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

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.

(vii) Capital Spares

The location of capital spares shall be amended once they are placed in service, and re-classified to the applicable immovable PPE asset sub-category.

(b) Policy Statement

Measurement after recognition shall be on the following basis:-

- (i) Immoveable PPE: Cost model.
- (ii) Moveable PPE: Cost model.
- (iii) Heritage Assets: Cost model.
- (iv) Investment Property: Fair value model (as established in each update of the Valuation Roll).
- (v) Intangible Assets: Cost model.

(c) Responsibilities

- (i) The CFO, in consultation with the Municipal Manager and Directors, shall determine effective procedures for the ongoing capitalisation of immovable PPE after recognition.
- (ii) Every Director shall ensure that all capital expenses associated with immovable PPE under their control are correctly capitalised.
- (iii) Every Director shall ensure that revaluations and fair value adjustments are conducted where applicable to immovable infrastructure under their control.

5.3 IDENTIFICATION OF ASSETS

5.3.1 General

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

5.3.2 Policy Statement

- (a) An asset identification system shall be operated and applied in conjunction with an asset register. Every individual asset shall have a unique identification number (barcode, serial number, registration number or GPS co-ordinate)

5.4 ASSET REGISTER

5.4.1 General

- (a) An asset register is a database of information related to all the assets under the control of the municipality. The asset register consists of an inventory of all the assets, with each asset having a unique identifying number. Data related to each asset should be able to be stored in the asset register. The data requirements for the asset register are depicted in the procedures.
- (b) Assets remain in the asset register for as long as they are in physical existence or until being written off. The fact that an asset has been fully depreciated is not in itself a reason for writing-off such an asset.

- (c) The asset register does not include assets that belong to other third parties. These assets may be included as separable entities for control purposes.

5.4.2 Policy Statement

- (a) An asset register shall be maintained for all assets. In some cases, such as Investment Properties and Intangible Assets, separate asset registers will have to be maintained. The format of the asset register shall include the data needed to comply with the applicable accounting standards and data needed for the technical management of the assets. The moveable asset register should be continuously updated and asset records should be reconciled to the general ledger on a monthly basis. All other registers will be updated and reconciled on year end.

5.5 LEVEL OF DETAIL OF COMPONENTISATION

- (a) For the technical management of infrastructure, the most effective level of management is at the maintenance item level (maintenance of assets at component level). It is at this level that work orders can be executed and data collected. This data is useful for maintenance analysis to improve infrastructure management decision making. This level in most cases coincides with the level that means the accounting criteria of different effective lives and materiality. However, the collection of data at this of detail can be very costly when dealing with assets that are very numerous in nature e.g. water meters, street signs, household connections, etc. It is therefore prudent to balance the value of the information with the cost of collecting the data. The different levels of detail are shown below:
 - (i) Level 1: Service level (e.g. Water, Electricity)
 - (ii) Level 2: Network level (e.g. Abraham Holbors September Purification Plant)
 - (iii) Level 3: Facility level (e.g. Abraham Holbors September Purification Plant Pump Station)
 - (iv) Level 4: Maintenance item level (Asset / Component) (E.g. Pump 1 at Abraham Holbors September Purification Plant Pump Station)
- (b) The preferred level of detail for the accounting and technical management of infrastructure is Level 4 above.
- (c) The compilation of a detailed infrastructure asset register in one financial term is a costly and onerous exercise. To ensure the practicality of implementing asset registers (and asset management planning as a whole), the International Infrastructure Management Manual (IIMM) recommends the adoption of a continuous improvement process as a practical implementation approach. This approach recognises the value of limited data above no data and enables the municipalities to slowly, but steadily, increase their knowledge in the assets they own. The improvement principles of the IIMM recommend starting with complete coverage of the infrastructure types at a low level of detail (e.g. level 2 or 3) and then improving the level of detail over a period of several years, starting with the high risk assets, such as pump stations, treatment works, etc. Guidance on the improvement plan is provided in **Appendix B**.

6. ASSET TYPES

6.1 PROPERTY, PLANT AND EQUIPMENT: LAND AND BUILDINGS

6.1.1 General

- (a) Land and Buildings comprise any land and buildings held (by the owner or by the lessee under a finance lease) by the municipality to be used in the production or supply of goods or for administrative purposes. Land held for a currently undetermined future use, should not be included in PPE: Land and Buildings, but should be included in Investment Properties. For this class of Land and Buildings there is no intention of developing or selling the property in the normal course of business. This land and buildings include infrastructure reserves.

- (b) The **Dawid Kruiper** Municipality shall choose the **cost model as its accounting policy** and shall apply that policy to an entire class of property, plant and equipment.
- (c) In terms of the cost model applied for Land and Buildings; Land and Buildings shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.
- (d) In terms of the **revaluation model (which is not the case for Dawid Kruiper Municipality)** for its Land and Buildings; Land and Buildings whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations shall be 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.

6.1.2 Policy Statement

- (a) Land and buildings shall be treated using the **cost model**. Land shall initially be accounted for at cost price, or fair value in cases where cost price is not known, and shall not be depreciated. Land on which infrastructure and community assets are located shall be listed separately in the asset register.

6.2 PROPERTY, PLANT AND EQUIPMENT: INFRASTRUCTURE ASSETS

6.2.1 General

- (a) Infrastructure Assets comprise assets used for the delivery of infrastructure-based services. These assets typically include electricity, sanitation, solid waste, storm water, transport, and water assets. Many infrastructure assets form part of a greater facility e.g. a pump in a pump station.

6.2.2 Policy Statement

- (a) The infrastructure asset register shall ensure complete representation of all infrastructure asset types. The level of detail of componentisation shall be defined to a level that balances the cost of collecting and maintaining the data with the benefits of minimising the risks of the municipality. An improvement plan stipulating the level of detail and the timing of improvements shall be prepared. Infrastructure assets should be valued at cost less accumulated depreciation and accumulated impairment. If cost can however not be established, then infrastructure assets will be valued at depreciated replacement cost. Depreciated replacement cost is an accepted fair value calculation for assets where there is no active and liquid market. Depreciation shall be charged against such assets over their expected useful lives. The remaining useful life and residual value of, infrastructure assets should be reviewed **using the indicator based approach**.
- (c) Infrastructure Assets shall be recorded under the following main categories:
 - (i) Airports;
 - (ii) Electricity;
 - (iii) Gas;
 - (iv) Pedestrian Malls;
 - (v) Roads;
 - (vi) Sanitation;
 - (vii) Security Measures;
 - (viii) Sewerage; and
 - (ix) Water.

6.3 PROPERTY, PLANT AND EQUIPMENT: COMMUNITY ASSETS

6.3.1 General

- (a) Community Assets include a variety of assets used to provide services to the community. These assets include building assets such as aquariums, cemeteries, clinics, hospitals, game reserves, museums, parks, etc. Community assets also include recreational assets such as tennis courts, swimming pools, golf courses, outdoor sports facilities, etc.

6.3.2 Policy Statement

- (a) Community assets are valued at cost less accumulated depreciation and accumulated impairment losses. Depreciation shall be charged against such assets over their expected useful lives.
- (b) Community Assets shall be recorded under the following main categories:
 - (i) Recreational Facilities;
 - (ii) Sporting Facilities; and
 - (iii) Other Facilities.

6.4 PROPERTY, PLANT AND EQUIPMENT: HOUSING ASSETS

6.4.1 General

- (a) Housing Assets have their origin from housing units erected in terms of the Housing Act, funded from loans granted by Government and comprise of rental stock or selling stock not held for capital gain. This also include houses build through RDP-funding, but due to legal and other constraints transfers of these houses have not yet materialised.

6.4.2 Policy Statement

- (a) Housing assets are valued at cost less accumulated depreciation and accumulated impairment losses. Depreciation shall be charged against such assets over their expected useful lives.
- (b) Housing Assets shall be recorded under the following main categories:
 - (i) Social Housing;
 - (ii) Rental Schemes;
 - (iii) Selling Schemes;
 - (iv) Staff Housing; and
 - (v) Staff housing and hostels.

6.5 PROPERTY, PLANT AND EQUIPMENT: HERITAGE ASSETS

6.5.1 General

- (a) A Heritage Asset is an asset that has historical, cultural or national importance and needs to be preserved. The following is a list of some typical heritage assets encountered in the municipal environment:
 - (i) Archaeological sites;
 - (ii) Conservation areas;
 - (iii) Historical buildings or other historical structures (such as war memorials);
 - (iv) Historical sites (for example, an Iron Age kiln, historical battle site or site of a historical settlement);
 - (v) Museum exhibits;
 - (vi) Public statues; and

(vii) Works of art (which will include paintings and sculptures).

6.5.2 Policy Statement

- (a) Heritage assets are valued at cost less accumulated impairment losses. No depreciation shall be charged against such assets. If the cost prices of heritage assets are not known, then the heritage asset will be valued at fair value.

6.6 PROPERTY, PLANT AND EQUIPMENT: OTHER ASSETS

6.6.1 General

- (a) Other Assets include a variety of assets that are of indirect benefit to the communities they serve. These assets include office equipment, furniture and fittings, bins and containers, emergency equipment, motor vehicles, plant and equipment.

6.6.2 Policy Statement

- (a) Other assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation shall be charged against such assets over their expected useful lives. Other assets are not re-valued.

- (b) Other Assets shall be recorded under the following main categories:

- (i) Aircraft;
- (ii) Bins and Containers;
- (iii) Emergency Equipment;
- (iv) Furniture and Fittings;
- (v) Motor Vehicles;
- (vi) Office Equipment;
- (vii) Plant and Equipment;
- (viii) Specialised Vehicles;
- (ix) Watercraft; and
- (x) Other Assets.

6.7 INTANGIBLE ASSETS

6.7.1 General

- (a) Intangible Assets can be purchased, or can be internally developed, by the municipality and includes, but are not limited to, computer software, website development cost, servitudes and mining rights.

6.7.2 Policy Statement

- (a) Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Such assets are amortised over the best estimate of the useful life of the intangible asset. If an intangible asset is generated internally by the municipality, then a distinction should be made between research and development costs. Research costs should be expensed and development costs may be capitalised if all the criteria set out in GRAP 31 has been met.

6.8 INVESTMENT PROPERTY

6.8.1 General

- (a) Investment Property comprise of land or buildings (or parts of buildings) or both, held by the municipality as owner, or as lessee under a finance lease, to earn rental revenues or for capital appreciation or both. Investment property does not include property used in the production or

supply of service or for administration. It also does not include property that will be sold in the normal course of business. Typical investment properties include:

- (i) Office parks (which have been developed by the municipality itself or jointly between the municipality and one or more other parties);
- (ii) Shopping centres (developed along similar lines); and
- (iii) Housing developments (developments financed and managed by the municipality itself, with the sole purpose of selling or letting such houses for profit).

6.8.2 Policy Statement

- (a) Investment Properties shall be accounted for in terms of GRAP 16 and shall not be classified as PPE for purposes of preparing the municipality's Statement of Financial Position. Investment Property shall initially be measured at its cost. Transaction costs shall be included in this initial measurement. Where an investment property is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition.
- (b) If the Council of the municipality resolves to construct or develop a property for future use as an investment property, such property shall in every respect be accounted for as PPE until it is ready for its intended use, where after it shall be reclassified as an investment asset.
- (c) After initial recognition, all investment property shall be measured at fair value, except in the cases described in GRAP 16.61. The fair value of investment property shall be determined **on the indicator based approach**. The fair value should reflect market conditions and circumstances as at the reporting date. A gain or loss arising from changes in the fair value of investment property should be included in the net surplus / deficit for the period in which it arises.

6.9 BIOLOGICAL ASSETS

6.9.1 General

- (a) Biological Assets are living plants and animals such as trees in a plantation or orchard, cultivated plants, sheep and cattle. Managed agricultural activity such as raising livestock, forestry, annual or perennial cropping, fish farming that are in the process of growing, degenerating, regenerating and / or procreating which are expected to eventually result in agricultural produce. Such agricultural produce is recognised at the point of harvest. Future economic benefits must flow to the municipality from its ownership or control of the asset.
- (b) Point-of-sale costs include commissions to brokers and dealers, levies by regulatory agencies and commodity exchanges, and transfer taxes and duties. Point-of-sale costs exclude transport and other costs necessary to get assets to the market.
- (c) Where the municipality is unable to measure the fair value of biological assets reliably, a biological asset should be measured at cost less any accumulated depreciation and accumulated impairment losses.

6.9.1 Policy Statement

- (a) Biological assets, such as livestock and crops, shall be valued annually at fair value less estimated point-of-sales costs.

6.10 ASSETS CLASSIFIED AS HELD-FOR-SALE (GRAP 100)

6.10.1 General

- (a) A non-current asset shall be classified as Assets Held-for-Sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable.
- (b) For the sale to be highly probable, management must be committed to a plan to sell the asset, and an active programme to locate a buyer and complete the plan must have been initiated. Further, the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

6.10.2 Policy Statement

- (a) Assets identified for disposal by way of a sale transaction, be it by public auction, bidding process or sales agreement, within 12 months of the date of identification shall be classified as assets held-for-sale and transferred from the home asset category to held-for-sale category. Such assets shall be measured at the lower of its carrying amount and fair value less costs to sell and is not depreciated any further upon classification as held-for-sale.
- (b) The municipality shall not classify a non-current asset that is to be abandoned as held-for-sale because its carrying amount will be recovered principally through continuing use.

6.11 INVENTORY PROPERTY (GRAP 12)

6.11.1 General

- (a) Inventory Property comprises any land or buildings owned or acquired by the municipality with the intention of selling such property in the ordinary course of business, or any land or buildings owned or acquired by the municipality with the intention of developing such property for the purpose of selling it in the ordinary course of business.

6.11.2 Policy Statement

- (a) Inventory land and buildings shall be accounted for as inventory, and not included in either PPE or Investment Property in the municipality's Statement of Financial Position. Inventory property shall be valued **on the indicator based approach** at the lower of its carrying value or net realisable value, except where they are held for:
 - (i) Distribution at no charge or for a nominal charge, or
 - (ii) Consumption in the production process of goods to be distributed at no charge or for a nominal charge; then they shall be measured at the lower of cost and current replacement cost.

6.12 MINOR ASSETS

6.12.1 General

- (a) Minor Assets comprise of movable assets not capitalised. However, these assets must still be controlled, safeguarded and verified by the municipality. Minor Assets are not capitalised because the number of assets compared to their value does not warrant the complex procedures applicable to asset management, rendering a manageable asset register by concentrating on what is material and significant to the municipality's operation. Minor Assets like staplers, punches, glasses, cups, sources, picks, spades, drill bits, etcetera will be specified and placed into relevant toolboxes within the assets register.

6.12.2 Policy Statement

- (a) Minor Assets shall be expensed in the Statement of Financial Performance and not be capitalised. However, these assets shall be listed for identification purposes. These assets shall not be depreciated or tested for impairment and shall not generate any further transactions, except in the cases where losses are recovered by means of insurance claims or recoveries from disciplinary actions.

7. ASSET ACQUISITION

7.1 ACQUISITION OF ASSETS

7.1.1 General

- (a) Acquisition of assets refers to the purchase of assets by buying, building (construction) or leasing.

7.1.2 Policy Statement

- (a) Should the municipality decide to acquire a capital asset, the following fundamental principles should be carefully considered prior to acquisition of such an asset:
- (i) The purpose for which the asset is required is in keeping with the objectives of the municipality and will provide significant, direct and tangible benefit to it;
 - (ii) The asset fit the definition of a Capital Asset (as defined in GRAP 16, GRAP 17, GRAP 101 and GRAP 102);
 - (iii) The asset has been budgeted for;
 - (iv) The future annual operations and maintenance needs have been calculated and have been budgeted for in the operations budget;
 - (v) The purchase is absolutely necessary as there is no alternative municipal asset that could be economically upgraded or adapted;
 - (vi) The asset is appropriate to the task or requirement and is cost-effective over the life of the asset;
 - (vii) The asset is compatible with existing equipment and will not result in unwarranted additional expenditure on other assets or resources;
 - (viii) Space and other necessary facilities to accommodate the asset are in place; and
 - (ix) The most suitable and appropriate type, brand, model, etc. has been selected.

7.2 CREATION OF NEW INFRASTRUCTURE ASSETS

7.2.1 General

- (a) Creation of new infrastructure assets refers to the purchase and / or construction of totally new assets that has not been in the control or ownership of the municipality in the past.

7.2.2 Policy Statement

- (a) The cost of all new infrastructure facilities (not additions to or maintenance of existing infrastructure assets) shall be allocated to the separate assets making up such a facility and values may be used as a basis for splitting up construction costs of new infrastructure into the component parts, each of which have an appropriate useful life.
- (b) Work in progress shall be flagged as such in the asset register until such time that the facility is completed. Depreciation will commence when the construction of the asset is finalised and the asset is in the condition necessary for to operate in the manner intended by management.
- (c) Each part of an item of infrastructure with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

7.3 SELF-CONSTRUCTED ASSETS

7.3.1 General

- (a) Self-constructed assets relate to all assets constructed by the municipality itself or another party on instructions from the municipality.

7.3.2 Policy Statement

- (a) All assets that can be classified as assets and that are constructed by the municipality should be recorded in the asset register and depreciated over its estimated useful life for that category of asset. Work in progress shall be flagged as such in the asset register until such time that the facility is completed. Depreciation will commence when the construction of the asset is finalised and the asset is in the condition necessary for to operate in the manner intended by management.

7.4 DONATED ASSETS

7.4.1 General

- (a) A donated asset is an item that has been given to the municipality by a third party in government or outside government without paying or actual or implied exchange.

7.4.2 Policy Statement

- (a) Donated assets should be valued at fair value, reflected in the asset register, and depreciated as normal assets.

8. ASSET REGISTER MAINTENANCE

8.1 USEFUL LIFE OF ASSETS

8.1.1 General

- (a) Useful Life of assets is defined in paragraph 2 of the Policy and is basically the period or number of production units for which an asset can be used economically by the municipality.
- (b) National Treasury (NT) published its Local Government Asset Management Guideline in August 2008 that includes directives for useful lives of assets, but municipalities must use their own judgement based on operational experience and in consultation with specialists where necessary in determining the useful lives for the particular classes of assets. Should the municipality decide on a useful life outside the given parameters, the OAG of National Treasury should be approached and provided with a motivation, for its agreement of the rate utilised. The calculation of useful life is based on a particular level of planned maintenance.

8.1.2 Policy Statement

- (a) Useful lives shall be determined at initial recognition for each asset (or component per asset) based on the periods as set out in **the accounting policy**.
- (b) The remaining useful life of immovable assets shall be reviewed **using the indicator based approach**. All immovable assets' condition will be assessed using the following parameters as set out in Table 1 below.
- (c) Asset managers shall inform the CFO on the written request of the CFO of any changes of the remaining useful life of immovable assets under their control. Changes emanating from such reviews should be accounted for as a change in accounting estimates in terms of GRAP 3.

Table 1: Immovable Assets Condition Rating Parameters

CONDITION RATING		DETAILED DESCRIPTION	REMAINING USEFUL LIFE (%)
Grade	Description		
1	Very Good	New, sound structure or appearance, well maintained. Continue with planned maintenance.	96% - 100%
2	Good	Performance acceptable with minor deterioration. Normal planned maintenance continues.	86% - 95%
3	Fair	Clearly evident deterioration. Significant maintenance required, consider impairment.	70% - 85%
4	Poor	Significant deterioration in structure appearance. Significant impairment of performance. Significant maintenance required.	51% - 69%
5	Very Poor	Unsound, does not perform. Reconstruction or replacement required.	0% - 50%

8.2 RESIDUAL VALUE OF ASSETS

8.2.1 General

- (a) The Residual Value of an asset 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.

8.2.2 Policy Statement

- (a) Residual values should be determined upon the initial recognition (capture) of assets. However, this will only be applicable to assets that are normally disposed of by selling them once the municipality does not have a need for such assets anymore, e.g. motor vehicles. Assets typically not sold by the municipality are infrastructure and community assets, which assets will have a residual value of zero, allowing the asset to be fully depreciated over its useful life cycle.
- (b) The residual value of assets shall be reviewed **based on the indicator based approach**. Changes in depreciation charges emanating from such reviews should be accounted for as a change in accounting estimates in terms of GRAP 3.

8.3 DEPRECIATION OF ASSETS

8.3.1 General

- (a) Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. Depreciation therefore recognises the gradual exhaustion of the asset's service capacity. The depreciable amount is the cost of an asset, or other amount substituted for cost in the financial statements, less its residual value.

- (b) The depreciation method used must reflect the pattern in which economic benefits or service potential of a capital asset is consumed by the municipality. The following are the allowed alternative depreciation methods that can be applied by the municipality:
 - (i) Straight-line Method;
 - (ii) Diminishing Balance Method; and
 - (iii) Sum of the Units Method.

8.3.2 Policy Statement

- (a) All assets, except land and heritage assets, shall be depreciated over their reasonable useful lives. The depreciation method shall be reviewed at each reporting date. The straight-line depreciation method will be applied by **Dawid Kruijer** Municipality with the sum of units' depreciation method as an alternative method. Reasonable budgetary provisions shall be made annually for the depreciation of all applicable assets controlled or used by the municipality, or expected to be so controlled or used during the ensuing financial year.

- (b) Depreciation shall take the form of an expense both calculated and debited on a monthly basis against the appropriate line item in the department or vote in which the asset is used or consumed. Depreciation of an asset should begin when the asset is ready to be used, i.e. the asset is in the location and condition necessary for it to be able to operate in the manner it is intended by management. Depreciation of an asset ceases when the asset is derecognised. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use and held for disposal unless the asset is fully depreciated. However, under certain methods of depreciation the depreciation charge can be zero while there is no production.

- (c) In the case of intangible assets being included as assets, the procedures to be followed in accounting and budgeting for the amortisation of intangible assets shall be identical to those applying to the depreciation of other assets.

8.4 IMPAIRMENT LOSSES

8.4.1 General

- (a) Impairment is 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. For example:
 - (i) Significant decline in market value;
 - (ii) Carrying amount of an asset far exceeds the recoverable amount or market value;
 - (iii) There is evidence of obsolescence (or physical damage);
 - (iv) The deterioration of economic performance of the asset concerned; and
 - (v) 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 (such as through inadequate maintenance).

- (b) The impairment amount is calculated as the difference between the carrying value and the recoverable service value. The recoverable service value is the higher of the asset's value in use or its net selling price. Where the recoverable service amount is less than the carrying amount, the carrying amount should be reduced to the recoverable service amount by way of an impairment loss. The impairment loss should be recognised as an expense when incurred unless the asset is carried at re-valued amount.
- (c) If the asset is carried at a re-valued amount (in the case of investment property, infrastructure and community assets) the impairment should be recorded as a decrease in the revaluation reserve. Where immovable property, plant and equipment surveys are conducted, the recoverable service value is determined using the depreciated replacement costs method by assessing the remaining useful life.

8.4.2 Policy Statement

- (a) Assets shall be reviewed **on the indicator based approach** for impairment. Impairment of assets shall be recognised as an expense. The reversal of previous impairment losses recognised as an expense is recognised as an income.

8.5 MAINTENANCE OF ASSETS AND THE ASSET REGISTER

8.5.1 General

- (a) Maintenance refers to all actions necessary for retaining an asset as near as practicable to its original condition in order for it to achieve its expected useful life, but excluding rehabilitation or renewal. This includes all types of maintenance – corrective and preventative maintenance.
- (b) For linear infrastructure assets, such as pipes and roads, the following test is applied to differentiate between maintenance and renewal when partial sections of linear assets are renewed:
 - (i) If a future renewal of the entire pipe will include the renewal of the partial section that is now renewed, then the renewal of the partial section is treated as maintenance.
 - (ii) If a future renewal of the entire pipe will retain the partial section that is now renewed, then the renewal of the partial section is treated as renewal and the pipe is split into two separate assets.
- (c) The splitting of linear infrastructure has a data management implication, but it is the easiest method that maintains the data integrity over time.
- (d) Maintenance analysis is an essential function of infrastructure management to ensure cost-effective and sustainable service delivery. In order to analyse maintenance data, maintenance actions undertaken against individual infrastructure assets should be recorded against such assets.

8.5.2 Policy Statement

- (a) Maintenance actions performed on infrastructure assets shall be recorded against the individual assets that are individually identified in the asset register.

8.6 Renewal of Assets

8.6.1 General

- (a) Asset Renewal is restoration of the service potential of the asset. Asset renewal is required to sustain service provision from infrastructure beyond the initial or original life of the asset. If the service provided by the asset is still required at the end of its useful life, the asset must be renewed. However if the service is no longer required, the asset should not be renewed. Asset renewal projections are generally based on forecast renewal by replacement, refurbishment, rehabilitation or reconstruction of assets to maintain desired service levels.

8.6.2 Policy Statement

- (a) Assets renewal shall be accounted for against the specific asset. The renewal value shall be capitalised against the asset and the expected life of the asset adjusted to reflect the new asset life.

8.7 REPLACEMENT OF ASSETS

8.7.1 General

- (a) This paragraph deals with the complete replacement of an asset that has reached the end of its useful life so as to provide a similar or agreed alternative level of service.

8.7.2 Policy Statement

- (a) Assets that are replaced shall be written off at their carrying value. The replacement asset shall be accounted for as a separate new asset. All costs incurred to replace the asset shall be capitalised against the new asset.

9. ASSET DISPOSAL

9.1 TRANSFER OF ASSETS

9.1.1 General

- (a) The processes and rules for the transfer of a capital asset to another municipality, municipal entity or national / provincial organ of state are governed by the MFMA regulation namely "*The Local Government: Municipal Asset Transfer Regulations*".
- (b) Transfer of assets or inventory items refers to the internal transfer of assets within the municipality or from the municipality to another entity. Procedures need to be in place to ensure that the Asset Control Department can keep track of all assets and ensure that the fixed asset register is updated with all changes in asset locations. These procedures must be followed and apply to all transfers of assets from:
- (i) One Department to another Department;
 - (ii) One location to another within the same Department;
 - (iii) One building to another; and
 - (iv) One entity to another.

9.1.2 Policy Statement

- (a) The transfer of assets shall be controlled by a transfer process and the asset register shall be updated.

9.2 EXCHANGE OF ASSETS

9.2.1 General

- (a) According to GRAP 17.33 an item of PPE may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets. The cost of such an item of property, plant and equipment is measured at fair value unless:
 - (i) The exchange transaction lacks commercial substance; or
 - (ii) The fair value of neither the asset received nor the asset given up is reliably measurable.
- (b) If the acquired item is not measured at fair value, its cost is measured at the carrying amount of the asset given up.

9.2.2 Policy Statement

- (a) The cost of assets acquired in exchange for another asset shall be measured at the fair value of the asset received, which is equivalent to the fair value of the asset given up, adjusted by the amount of any cash or cash equivalents transferred.

9.3 ALIENATION / DISPOSAL OF ASSETS

9.3.1 General

- (a) Alienation/Disposal of Assets is a process of disowning redundant and obsolete assets by transferring ownership or title to another owner, which is external to the municipality.
- (b) The MFMA (section 14 and 90) and the Municipal Supply Chain Management Regulation No. 27636 have specific requirements regarding the disposal of capital assets. Specifically:
 - (i) A municipality may not “*permanently dispose of a capital asset needed to provide the minimum level of basic municipal services*”; and
 - (ii) Where a Municipal Council has decided that a specific asset is not needed to provide the minimum level of basic services, a transfer of ownership of an asset must be fair, equitable, transparent, competitive and consistent with the municipality’s supply chain management policy.

9.3.1 Policy Statement

- (a) There are various methods of disposal. Different disposal methods will be needed for different types of assets. Before deciding on a particular disposal method, the following should be considered:
 - (i) The nature of the asset;
 - (ii) The potential market value;
 - (iii) Other intrinsic value of the asset;
 - (iv) Its location;
 - (iii) Its volume;
 - (iv) Its trade-in price;
 - (v) Its ability to support wider Government programmes;
 - (vi) Environmental considerations;
 - (vii) Market conditions; and
 - (viii) The asset’s life

- (b) Appropriate means of disposal may include:
 - (i) Public auction;
 - (ii) Public tender;
 - (iii) Transfer to another institution;
 - (iv) Sale to another institution;
 - (v) Letting to another institution;
 - (vi) Trade-in; and
 - (vii) Controlled dumping (for items that have low value or are unhygienic).
- (c) Alienated assets shall be written-off in the asset register.

9.4 SELLING OF ASSETS

9.4.1 General

- (a) Selling of assets refers to the public sale of municipal assets approved for alienation.

9.4.2 Policy Statement

- (a) All assets earmarked for sale must be sold in a fair, equitable, transparent and competitive manner consistent with the Supply Chain Management Policy of the **Dawid Kuiper** Municipality.
- (b) Assets earmarked for sale, shall be reclassified as Assets Held-for-Sale in terms of paragraph 6.10 of this Policy and shall not attract any further depreciation.
- (c) Sold assets shall be written-off in the asset register.

9.5 WRITING-OFF OF ASSETS

9.5.1 General

- (a) The writing-off of assets is the process to permanently remove the assets from the asset register. Assets can be written-off after approval of the Municipal Manager of a report indicating that:
 - (i) The useful life of the asset has expired;
 - (ii) The asset has been destroyed;
 - (iii) The asset is out dated;
 - (iv) The asset has no further useful life;
 - (v) The asset does not exist anymore;
 - (vi) The asset has been sold; and
 - (vii) Acceptable reasons have been furnished leading to the circumstances set out above.

9.5.2 Policy Statement

- (a) The only reasons for writing off assets, other than the sale of such assets during the process of alienation, shall be the loss, theft, destruction, material impairment, or decommissioning of the asset in question.

10. ASSET PHYSICAL CONTROL

10.1 PHYSICAL CONTROL / VERIFICATION

10.1.1 General

(a) Movable assets require physical control and verification of existence.

10.1.2 Policy Statement

(a) All movable assets shall be actively controlled, including an annual verification and condition assessment process using the following parameters as set out in Table 2 below.

Table 2: Movable Assets Condition Assessment Parameters

CONDITION RATING		DETAILED DESCRIPTION	REMAINING USEFUL LIFE (%)
GRADE	DESCRIPTION		
1	Very Good	New, sound structure or appearance, well maintained. Continue with planned maintenance.	96% - 100%
2	Good	Performance acceptable with minor deterioration. Normal planned maintenance continues.	86% - 95%
3	Fair	Clearly evident deterioration. Significant maintenance required, consider impairment.	70% - 85%
4	Poor	Significant deterioration in structure appearance. Significant impairment of performance. Significant maintenance required.	51% - 69%
5	Very Poor	Unsound, does not perform. Reconstruction or replacement required.	0% - 50%

10.2 INSURANCE OF ASSETS

10.2.1 General

(a) Insurance provides selected coverage for the accidental loss of the asset value. Generally, government infrastructure is not insured against disasters because relief is provided from the Disaster Fund through National Treasury.

10.2.2 Policy Statement

(a) Assets that are material in value and substance shall be insured at least against destruction, fire and theft. All municipal buildings shall be insured at least against fire and allied perils.

10.3 SAFEKEEPING OF ASSETS

10.3.1 General

(a) Asset safekeeping is the protection of assets from damage, theft, and safety risks.

10.3.2 Policy Statement

(a) Directives for the safekeeping of assets shall be developed and the safekeeping of assets shall be actively undertaken.

11. ASSET FINANCIAL CONTROL

11.1 CAPITAL REPLACEMENT RESERVE (CRR)

11.1.1 General

- (a) The Capital Replacement Reserve is a reserve account to set aside funds for the financing of property, plant and equipment. The CRR is therefore an asset financing source that represents an alternative to the other funding sources available to the municipality, namely external loans (interest bearing borrowings) and government grants & subsidies. The value of this reserve is not represented by any values of assets under the municipality's control and shall be cash-backed.

11.1.2 Policy Statement

- (a) It is the policy of Council to annually make contributions to the CRR (provided it is cash-backed) to ensure that the CRR remains a capital funding source for the future. The municipality will determine its future capital financing requirements and transfer sufficient cash to its CRR in terms of this determination. The Integrated Development Plan, the municipality's ability to raise external finance and the amount of government grants and subsidies that will be received in future will need to be taken into account in determining the amount that must be transferred to the CRR.
- (b) Whenever an asset is sold by the municipality, the proceeds on the sale of the assets must be transferred from the Accumulated Surplus to the CRR.
- (c) All proceeds on the sale of land will be transferred from the Accumulated Surplus to the CRR.
- (d) Whenever an asset is purchased out of the CRR an amount equal to the cost price of the asset purchased, is transferred from the CRR into accumulated surplus.

11.2 NON-DISTRIBUTABLE RESERVES (PUBLIC CONTRIBUTIONS, DONATIONS AND CAPITALISATION RESERVE)

11.2.1 General

- (a) The Public Contributions and Donations Reserve and the Capitalisation Reserve are reserve accounts dedicated towards funding the future depreciation of assets. The value of these reserves is equal to the carrying values of all depreciable assets under the municipality's control that was funded from Public Contributions / Donations or Internal Advances.
- (b) An amount equal to the monthly depreciation expenses and impairment losses recognised is transferred from the non-distributable reserve to the municipality's appropriation account (retained income) on a monthly basis.
- (c) For all new assets capitalised which are funded from Public Contributions / Donations, an amount equal to the capitalisation amount is appropriated to the Public Contributions and Donations Reserve from the Appropriation Account.
- (d) Since Internal Advances are not allowed anymore, no assets will be acquired from this source with the result that the Capitalisation Reserve will become totally depleted once the assets funded through Internal Advances under IMFO standards, are fully depreciated.

11.2.2 Policy Statement

- (a) The CFO shall ensure that the asset financing non-distributable reserves are created equal in value to the carrying value of all assets under the municipality's control funded from public contributions / donations and internal advances. The CFO shall thereafter ensure that in the case of depreciable assets, an amount equal to the monthly depreciation expenses and impairment losses recognised of the assets concerned is transferred each month from such non-distributable reserve to the municipality's appropriation account. For acquisitions of depreciable assets funded from public contributions / donations, an amount equal to the capitalisation amount is appropriated to the reserve from the municipality's appropriation account.

11.2.3 Procedures and Rules

- (a) The CFO is responsible for creating and maintaining the non-distributable reserves for asset financing.
- (b) The CFO must ensure the monthly transfers from the non-distributable reserves to the municipality's appropriation account.
- (c) The CFO must ensure the transfers to the non-distributable reserves from the municipality's appropriation account for depreciable acquisitions.
- (d) Where there is a difference between the budgeted monthly depreciation expenses and the actual total depreciation expenses for each financial year, the CFO shall appropriately adjust the aggregate transfers from the non-distributable reserves for the year concerned.

11.3 GOVERNMENT GRANTS RESERVE

11.3.1 General

- (a) The Government Grants Reserve is a reserve account dedicated towards funding the future depreciation of assets. The value of this reserve is equal to the carrying values of all depreciable assets under the municipality's control that was funded from Government Grants.
- (b) An amount equal to the value of Government Grants spent on capital assets (conditions met) is recorded as revenue. The amount is then transferred from the accumulated surplus account to the Government Grant Reserve. Monthly depreciation expenses and impairment losses recognised is released from the reserve to the municipality's accumulated surplus.

11.3.2 Policy Statement

- (a) The CFO shall ensure that the Government Grant Reserve is created equal in value to the carrying value of all assets under the municipality's control funded from government grants. The CFO shall thereafter ensure that in the case of depreciable assets, an amount equal to the monthly depreciation expenses and impairment losses recognised of the assets concerned is released each month from the government grant reserve to the municipality's accumulated surplus. For acquisitions of depreciable assets funded from government grants, revenue is recorded and an amount equal to the capitalisation amount is transferred from the accumulated surplus to the Government Grant Reserve.

11.4 BORROWING COSTS (GRAP 5)

11.4.1 General

- (a) Borrowing costs are interest and other costs incurred by the municipality from borrowed funds. The items that are classified as borrowing costs include 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.
- (b) The capitalisation of borrowing costs should take place when borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress.
- (c) During extended periods in which development of an asset is interrupted, the borrowing costs incurred over that time period should be recognised as an expense when incurred. Capitalisation of borrowing costs should cease when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

11.4.2 Policy Statement

- (a) Borrowing costs shall be capitalised, if related to the construction of an asset, when the construction of an asset is expected to take a substantial period of time to get ready for its intended use or resale and an outside agency is used to finance the project.

11.5 FUNDING SOURCES

11.5.1 General

- (a) The Municipal Finance Management Act (MFMA) provides guidelines on how to utilise funds in financing assets (Section 19 of MFMA). The municipality shall utilise any of the following sources to acquire and / or purchase assets:
 - (i) Grants, Subsidies and Public Contributions;
 - (ii) Revenue Contributions;
 - (iii) Capital Replacement Reserve;
 - (iv) Cash Surplus; and / or
 - (v) External / Donor Funds.

12 MANAGEMENT OF IMMOVABLE ASSETS

12.1 LEGAL FRAMEWORK

- (a) A municipality exercises its legislative and executive authority by, among others, developing and adopting policies, plans, strategies and programmes, including setting targets for delivery (section 11(3) of the MSA).
- (b) Participation by the local community in the affairs of the municipality must take place through, among others, generally applying the provisions for participation as provided for in the MSA (section 17(1) of the MSA).
- (c) A municipality must communicate to its community information concerning, among others, municipal governance, management and development (section 18(1) of the MSA).

- (d) As head of administration the Municipal Manager is, subject to the policy directions of the Municipal Council, responsible and accountable for, among others, the following:
 - (i) The management of the provision of services to the local community in a sustainable and equitable manner;
 - (ii) Advising the political structures and political office bearers of the municipality (section 55(1) of the MSA); and
 - (iii) Providing guidance and advice on compliance with the MFMA to the political structures, political office-bearers and officials of the municipality (section 60 of the MFMA).
- (e) As Accounting Officer of the municipality the Municipal Manager is responsible and accountable for, among others, all the assets of the municipality (section 55(2) of the MSA).
- (f) The Municipal Manager must take all reasonable steps to ensure, among others, that the resources of the municipality are used effectively, efficiently and economically (section 62(1) of the MFMA).

12.2 RATIONALE FOR MANAGEMENT OF ASSETS

- (a) The South African Constitution requires municipalities to strive, within their financial and administrative capacity, to achieve the following objectives:
 - (i) Providing democratic and accountable government for local communities;
 - (ii) Ensuring the provision of services to communities in a sustainable manner;
 - (iii) Promoting social and economic development;
 - (iv) Promoting a safe and healthy environment; and
 - (v) Encouraging the involvement of communities and community organisations in matters of local government.
- (b) In terms of the MFMA, the accounting officer is responsible for managing the assets and liabilities of the municipality, including the safeguarding and maintenance of its assets.
- (c) The MFMA further requires the accounting officer to ensure that:
 - (i) The municipality has and maintains a management, accounting and information system that accounts for its assets and liabilities;
 - (ii) The municipality's assets are valued in accordance with standards of generally recognised accounting practice; and
 - (iii) The municipality has and maintains a system of internal control of assets and liabilities.
- (d) The OHS Act requires the municipality to provide and maintain a safe and healthy working environment, and in particular, to keep its infrastructure assets safe.

12.3 PRINCIPLES OF ASSET MANAGEMENT

- (a) According to the International Infrastructure Management Manual (IIMM), the goal of infrastructure asset management 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 of infrastructure asset management are:
 - (i) Taking a life-cycle approach;
 - (ii) Developing cost-effective management strategies for the long-term;
 - (iii) Providing a defined level of service and monitoring performance;
 - (iv) Understanding and meeting the impact of growth through demand management and infrastructure investment;

- (v) Managing risks associated with asset failures;
- (vi) Sustainable use of physical resources; and
- (vii) Continuous improvement in asset management practices.

12.4 POLICY OBJECTIVE

- (a) The municipality is committed to providing municipal services for which the municipality is responsible, in a transparent, accountable and sustainable manner and in accordance with sound infrastructure management principles.

12.5 POLICY PRINCIPLES

12.5.1 The following policy principles serve as a framework for the achievement of the policy objective stated above:

- (a) Effective Governance

The municipality strives 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 will:

- (i) Adhere to all constitutional, safety, health, systems, financial and asset-related legislation;
- (ii) Regularly review and update amendments to the above legislation;
- (iii) Review and update its current policies and by-laws to ensure compliance with the requirements of prevailing legislation; and
- (iv) Effectively apply legislation for the benefit of the community.

- (b) Sustainable Service Delivery

The municipality strives to provide to its customers services that are technically, environmentally and financially sustainable. To this end, the municipality will:

- (i) Identify levels and standards of service that conform with statutory requirements and rules for their application based on the long-term affordability to the municipality;
- (ii) Identify technical and functional performance criteria and measures, and establish a commensurate monitoring and evaluation system;
- (iii) Identify current and future demand for services, and demand management strategies;
- (iv) Set time-based targets for service delivery that reflects the need to newly construct, upgrade, renew, and dispose assets, where applicable in line with national targets;
- (v) Apply a risk management process to identify service delivery risks at asset level and appropriate responses;
- (vi) Prepare and adopt an immovable (infrastructure) asset management strategy and immovable (infrastructure) asset management plans to support the achievement of the required performance;
- (vii) Prepare and adopt an immovable (infrastructure) asset maintenance strategy and immovable (infrastructure) asset maintenance plans to execute maintenance timeously;
- (viii) Allocate budgets based on long-term (20 year) financial forecasts that take cognisance of the full life-cycle needs of existing and future assets and the risks to achieving the adopted performance targets; and
- (ix) Implement its Tariff and Credit Control and Debt Collection Policies to sustain and protect the affordability of services by the community.

(c) Social and Economic Development

The municipality strives 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 will:

- (i) Regularly review its understanding of customer needs and expectations through effective consultation processes covering all service areas;
- (ii) Implement changes to services in response to changing customer needs and expectations where appropriate;
- (iii) Foster the appropriate use of services through the provision of clear and appropriate information;
- (iv) Ensure services are managed to deliver the agreed levels and standards; and
- (v) Create job opportunities and promote skills development in support of the national EPWP.

(d) Custodianship

The municipality strives to be a responsible custodian and guardian of the community's assets for current and future generations. To this end, the municipality will:

- (i) Establish a spatial development framework that takes cognisance of the affordability to the municipality of various development scenarios;
- (ii) Establish appropriate development control measures including community information;
- (iii) Cultivate an attitude of responsible utilisation and maintenance of its assets, in partnership with the community;
- (iv) Ensure that heritage resources are identified and protected; and
- (v) Ensure a long-term view and life-cycle costs are taken into account in immovable asset management decisions.

(e) Transparency

The municipality strives to manage its immovable assets in a manner that is transparent to all its customers, both now and in the future. To this end, the municipality will:

- (i) Develop and maintain a culture of regular consultation with the community with regard to its management of immovable assets in support of service delivery;
- (ii) Clearly communicate its service delivery plan and actual performance through its Service Delivery and Budget Implementation Plan (SDBIP);
- (iii) Avail asset management information on a ward basis; and
- (iv) Continuously develop the skills of councillors and officials to effectively communicate with the community with regard to service levels and standards.

(f) Cost-effectiveness and Efficiency

The municipality strives to manage its immovable assets in an efficient and effective manner. To this end, the municipality will:

- (i) Assess life-cycle options for proposed new immovable assets;
- (ii) Regularly review the actual extent, nature, utilisation, criticality, performance and condition of immovable assets to optimise planning and implementation works;
- (iii) 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 immovable assets;
- (iv) Ensure the proper utilisation and maintenance of existing assets;
- (v) Establish and implement demand management plans;

- (vi) Timeously renew immovable assets based on capacity, performance, risk exposure, and cost;
- (vii) Timeously dispose of immovable assets that are no longer in use;
- (viii) Establish documented processes, systems and data to support effective life-cycle immovable asset management;
- (ix) Strive to establish a staff contingent with the required skills and capacity, and procure external support as necessary; and
- (x) Conduct annual assessments to support continuous improvement of immovable asset management practice.

APPENDICES

APPENDIX A

ABBREVIATIONS

AM	Asset Management
AMP	Asset Management Policy
AMS	Asset Management System
AR	Asset Register
CFO	Chief Financial Officer
CRC	Current Replacement Cost
DM	District Municipality
DRC	Depreciated Replacement Cost
EPWP	Expanded Public Work Program
EUL	Expected Useful Life
GAMAP	Generally Accepted Municipal Accounting Practice
GIS	Geographical Information System
GRAP	Standards of Generally Recognised Accounting Practice
HR	Human Resource
IAM	Infrastructure Asset Management
IAMP	Infrastructure Asset Management Plan
IAR	Infrastructure Asset Register
IAS	International Accounting Standards
IDP	Integrated Development Plan
IIMM	International Infrastructure Management Manual
MFMA	Municipal Finance Management Act
MSA	Municipal Systems Act
NT	National Treasury
OAG	Office of the Accountant General
OHSA	Occupational and Health Safety Act
O&M	Operation and Maintenance
PPE	Property, Plant and Equipment
LM	Local Municipality
RUL	Remaining Useful Life
RV	Residual Value
SCM	Supply Chain Management

INFRASTRUCTURE ASSET REGISTER IMPROVEMENT PLAN

Hierarchy levels

For facility based assets:

Level 1: Service level (e.g. water, electricity infrastructure, etcetera)

Level 2: Network level (e.g. Abraham Holbors September Purification Plant)

Level 3: Facility level (e.g. Abraham Holbors September Purification Plant Pump Station)

Level 4: Maintenance item level (asset/component) (e.g. Pump 1 at Abraham Holbors September Purification Plant Pump Station)

For network based assets:

Level 1: Service level (e.g. water, electricity infrastructure, etcetera)

Level 2: Network level (e.g. water reticulation networks, etcetera)

Level 3: Facility level (e.g. water bulk supply network, etcetera)

Level 4: Maintenance item level (asset / component) (e.g. meters, valves, pipes and fittings, etcetera)

Note: Level 4 is the preferred lowest level of defining an infrastructure asset.

ASSET CLASS/SERVICE LEVEL (LEVEL 1)	ASSET GROUP / NETWORK LEVEL (LEVEL 2)	LEVEL AT 30 JUNE 2009	LEVEL AT 30 JUNE 2010	LEVEL AT 30 JUNE 2011
Electricity	Generation	2	2	4
	HV Network	2	2	4
	MV Network	2	2	4
	LV Network	2	2	4
	Connections	2	2	4
	Public Lighting	2	2	4
Roads, Pavements, Bridges and Storm Water	Bridges	2	2	4
	Storm Water	2	2	4
	Roads	2	2	4
Roads, Pavements, Bridges and Storm Water	Road Reserve Furniture	2	2	4
	Traffic Management	2	2	4
	Subways	2	2	4
Water	Water Source	2	2	4
	Storage	2	2	4
	Reticulation	2	2	4
	Connections	2	2	4
Sewerage	Reticulation	2	2	4
	Pump Stations	2	2	4
	Waste Water Treatment Works	2	2	4
Sanitation	Collection	2	2	4

	Transfer Stations and Processing Facilities	2	2	4
	Landfill Site	2	2	4
Railways	Railway Sidings	2	2	4
	Railway Tracks	2	2	4
	Signalling Systems	2	2	4
	Shunting Yards	2	2	4
Buildings	Dwellings	3	3	4
	Non-Residential Buildings	3	3	4
Recreational Facilities	Swimming Pools	3	3	4
Sporting Facilities	Grass Sport Fields	3	3	4
	Tennis Courts	3	3	4
Parks	Public parks	3	3	4