

KWADUKUZA MUNICIPALITY BUSINESS UNIT: FINANCE BUSINESS UNIT	
C	COUNCIL : 29/09/2022
SUBJECT:	REQUEST FOR APPROVAL TO DISPOSE REDUNDANT MOVABLE ASSETS.

PURPOSE

To obtain Council's approval to dispose redundant assets within the Municipality as per the attached listing.

BACKGROUND AND DISCUSSION

The disposal of assets is the last step in the asset life cycle and Supply Chain Management processes. This is outlined on the SCM Policy under disposal management.

In addition, section 14 of the Municipal Finance Management Act (MFMA) indicates that; a municipality may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of a capital asset needed to provide the minimum level of basic municipal services.

The approved standard operating procedure on disposal of Municipal assets states that annually in October and March Council will undertake disposal of assets. This was to ensure effective asset management and a reduction of unverified assets in future.

In line with the SOP on disposal of assets, Business Units are responsible to submit a list of redundant assets to their respective Portfolio Committees recommending disposal of assets to Council. The Finance Business Unit will collate the recommendations from the various Portfolio Committees and submit a consolidated listing to Council for approval.

Attached is the consolidated list of redundant assets from the Business Units which is presented to Council for consideration and approval to commence the auction process.

The following Business Units submitted the reports:

1. *Corporate Services* –
Attached as **Annexure A**, is FLPA resolution (FLPA89) and the list of redundant assets for Corporate Services.
2. *Finance* –
Attached as **Annexure B**, is FLPA resolution (FLPA 81) and the list of redundant assets for Finance Business Unit.
3. *Community Services and Public Amenities* –

Attached as **Annexure C**, is MS resolution (MS 121) and the list of redundant assets for Community Services.

4. *Civil Engineering and Human Settlements –*

Attached as **Annexure D**, is IAT resolution (IAT 58) and the list of redundant assets for CEHS.

5. *Electrical Engineering –*

Attached as **Annexure E**, is IAT resolution (IAT 37) and the list of redundant assets for Electrical Engineering.

6. *Community Safety –*

Attached as **Annexure F**, is MS resolution (MS 143) and the list of redundant assets for Community Safety.

7. *Economic Development and Planning –*

Attached as **Annexure G**, is ESY resolution (ESY 41) and the list of redundant assets for Economic Development and Planning.

Below is a summary (per Business Unit) of the historical cost and net book values of these redundant assets:

Business Unit	Purchase price	Net book values
Community Services & Public Amenities	R521 364.31	R100 845.02
Finance	R813 482.47	R58 998.54
Economic Development and Planning	R10 881.22	R911.73
Civil Engineering and Human Settlements	R196 167	R49 330.28
Corporate Services	R625 440.55	R21 145.23
Electrical Engineering	R7 336 846.09	R1 637 429.55
Community Safety	R315 556.19	R16 581.88
TOTAL	R9 819 737.83	R1 885 242.23

No reports have been received in relation to Office of the Municipal Manager and Youth Development. Should an auction of their assets be required, such assets should form part of the second auction to be undertaken in March 2023

STRATEGIC AND LEGAL IMPLICATIONS:

- To ensure compliance with the Municipal Finance Management Act. Local Government Capital Asset Management Guidelines and Generally Recognized Accounting Practice.
- To ensure effective asset management within KwaDukuza Municipality

CONSULTATIONS:

1. Asset Management Committee ,
2. Finance and LPA Portfolio Committee ,
3. Municipal Services Portfolio Committee ,

4. Infrastructure and Technical Portfolio Committee ,
5. Economic Development, Planning, Special Programmes and Youth affairs Portfolio Committee , and
6. All Executive Directors.

RECOMMENDATIONS:

1. **THAT** Council **NOTE** the report dealing with disposal of redundant assets.
2. **THAT** Council **APPROVE** disposal of redundant assets (as per annexure A) through public auction for Corporate Services Business Unit.
3. **THAT** Council **APPROVE** disposal of redundant assets (as per annexure B) through public auction for Finance Business Unit.
4. **THAT** Council **APPROVE** disposal of redundant assets (as per annexure C) through public auction for Community Services and Public Amenities Business Unit.
5. **THAT** Council **APPROVE** disposal of redundant assets (as per annexure D) through public auction for Civil Engineering & Human Settlements Business Unit.
6. **THAT** Council **APPROVE** disposal of redundant assets (as per annexure E) through public auction for Electrical Engineering Business Unit.
7. **THAT** Council **APPROVE** disposal of redundant assets (as per annexure F) through public auction for Community Safety Business Unit.
8. **THAT** Council **APPROVE** disposal of redundant assets (as per annexure G) through public auction for Economic Development and Planning Business Unit.
9. **THAT** Council note that should any assets be required to be auctioned from the following Business Units this be attended to in March 2023:
 - Corporate Governance
 - Youth Development
10. **THAT** Supply Chain Management Unit undertake an auction of redundant assets in October 2022 in accordance with Supply Chain Management policy and SOP on disposal of Municipal assets.
11. **THAT** Supply Chain Management Unit report back to Council in November 2022 on the outcome of the auction.

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SM RAJCOOMAR
CHIEF FINANCIAL OFFICER
DATE: 21/09/2022

Endorsed:

NJ MDAKANE
MUNICIPAL MANAGER
DATE: 21/09/2022