



DEPARTMENT OF TRANSPORT
UMNYANGO WEZOKUTHUTHA

Enquiries : Mrs G Orsmond
Extension : 1828
Reference : T6/17/P

20 SEP 2007

TO: ALL HEADS OF DEPARTMENT
ALL MEMBERS OF THE MOTOR TRANSPORT ADVISORY COMMITTEE
ALL DEPARTMENTAL TRANSPORT OFFICERS

PROVINCIAL TRANSPORT MANAGEMENT (PTM) CIRCULAR NO 8 OF 2007: CALCULATION OF DEPRECIATION FOR OFFICIAL VEHICLES ON THE HARDCAT ASSET MANAGEMENT SYSTEM

1. With the implementation of the Asset Management Framework at all KZN departments in 2003 and the subsequent 3 year reform process driven by Provincial Treasury which commenced in 2005, all Departments are expected to have a comprehensive Asset Register covering all assets within their Department.
2. Inasmuch as the Department of Transport maintains a Provincial Asset Register of official vehicles in the Province, Departments are compelled in terms of the Asset Management Framework to capture their official vehicles onto the Hardcat system. With assets being reflected on the Hardcat system, such would be an effective means of verification of statistics by Departments, as Departments would be in a position to verify their existing assets against new acquisitions and disposals, thereby also giving Departments the necessary tools to keep track of their assets.
3. The Hardcat system also provides a depreciation module for the depreciation of assets. As you are aware, the Policy on the calculation of depreciation of official vehicles in the Province, was approved by the Director-General: KwaZulu-Natal on 7 February 2006. It was however mentioned at a meeting held recently with Provincial Treasury that the aforementioned Policy cannot effectively be implemented on the HardCat Asset Management System. Provincial Treasury have therefore recommended that the 25% residual be removed and that all State owned vehicles be depreciated using the straight line method over a period of 4 years with the residual value being set at R1.00, as opposed to a residual of 25% being assigned of the vehicle purchase price, as is currently reflected in the approved Policy. Correspondence will accordingly be addressed to the DG: KZN via the Acting Head: Transport for an amendment to the Policy.
4. It is mentioned that once the HardCat Asset Management System has been populated with all the assets and the reconciliation between asset purchases on BAS with the HardCat system is achieved, Provincial Treasury can be requested to process the Depreciation Module. All capital assets recorded on the register will then be depreciated according to the predetermined useful life and residual value. Information regarding the depreciation, and/or accumulated depreciation can then be extracted from HardCat using the various reporting fields. Further, any Department that has not yet implemented the HardCat Asset register in their department would have to manually apply the calculation of depreciation to their current asset register.

2/...

MOTOR TRANSPORT SERVICES DIRECTORATE

Street Address: 230 Prince Alfred Street, Pietermaritzburg, 3201, Republic of South Africa
Postal Address: Private Bag X9013, Pietermaritzburg, 3200, Republic of South Africa
Tel: (27) (33) 3951 800 – Fax: (27) (33) 345 5325
Internet: <http://www.kzntransport.gov.za/home.htm>

5. It is therefore imperative that Departments implement the HardCat Asset Management System in their Departments as soon as possible. Departments will be informed once approval has been obtained from the D-G for the amendment to the Depreciation Policy. Provincial Treasury would then implement the depreciation module onto the HardCat Asset Management system.
6. Submitted for your information and further attention, please.



For Head: Transport

h: policies/circulars/ circ 2007/ PTM Circular 8 of 2007 Calculation of depreciation on Hardcat

MOTOR TRANSPORT SERVICES DIRECTORATE

Street Address: 230 Prince Alfred Street, Pietermaritzburg, 3201, Republic of South Africa

Postal Address: Private Bag X9013, Pietermaritzburg, 3200, Republic of South Africa

Tel: (27) (33) 3951 800 – Fax: (27) (33) 345 5325

Internet: <http://www.kzntransport.gov.za/home.htm>