

Policy Title	Disposal of Council Assets
Council Resolution	Item 15 (30 July 2018) as per Council Minutes
Responsible Directorate	Corporate Governance
Due for Review	Four (4) years from Council Resolution Date
Strategic Plan Reference	<u>Leading our Community</u> 4.1 Govern in the best interests of our community 4.1.1 Manage Council for maximum efficiency, accountability and transparency 4.1.2 Manage the City’s assets soundly for the long-term benefit of the Community 4.1.3 Maximise regulatory compliance in Council and the community through our systems and processes
ECM	Council Policy

PURPOSE

This policy sets out the principles and processes which to the disposal of Council Assets.

SCOPE

The policy applies to all disposals of Council Assets.

It does not apply to:

- the disposal of Real Property Assets under Part 12, Division 1 of the *Local Government Act 1993* (**the Act**), and
- the sale of land for unpaid rates under section 137 of the Act.

Where the disposal of assets or items which are not owned by Council is required in accordance with a statutory procedure (e.g. the sale of an abandoned vehicle or trailer under section 45 of the *Local Government (Highways) Act 1982*), this Policy applies only to the extent that the statutory procedure does not prescribe how the disposal is to occur.

STATUTORY REQUIREMENTS

Acts	<i>Local Government Act 1993</i>
Regulations	n/a
Australian/International Standards	n/a

DEFINITIONS

asset	Unless expressly stated otherwise, use of the term ‘asset’ in this Policy means a Council Asset.
Asset Capitalisation Threshold	The minimum value (threshold) of a Council Asset, or grouped Council Assets, when purchased or created that must be met to be capitalised as a financial record. The current Asset Capitalisation Threshold is \$1,500.

asset management department	The Council department responsible for the management of Council Assets and the maintenance of asset registers.
Council Asset	<p>Any physical item owned by Council other than the items listed in paragraph (b) (below), irrespective of whether the items are recognised in an asset register, including (but not limited to):</p> <ul style="list-style-type: none"> (i) buildings, plant, machinery, equipment, furniture, fittings, hardware, computer hardware and computer software, and (ii) assets with a Low Disposal Value. <p>The following are not Council Assets for the purpose of this Policy:</p> <ul style="list-style-type: none"> • Real Property Assets • cash (or cash equivalents) • debtors and receivables, and • financial investments and/or finance related activities.
Donation	As set out in section 3 of this Policy.
Grant	As set out in section 3 of this Policy.
Low Disposal Value	<p>A value lower than the Asset Capitalisation Threshold.</p> <p>Certain assets, including (but is not limited to) scrap, loose tools, store items, furniture, out-dated or obsolete computer equipment, or items removed from Council buildings (such as air conditioners, bricks, pavers or cabling) are likely to have a Low Disposal Value.</p>
Real Property Assets	Land and other real property owned or administered by Council, including 'property' and 'public property' within the meaning of Part 12, Division 1 of the Act.

POLICY STATEMENT

1. Introduction

This Policy seeks to:

- set the framework for the development of detailed practices and procedures directed for the disposal of Council Assets to achieve the above aims.
- define the methods by which Council disposes of Council Assets
- ensure that Council's resources are managed appropriately and in accordance with community expectations, and that Council is accountable to ratepayers.

2. Decisions to Dispose of Council Assets

Responsibility

The responsibility for deciding whether to dispose of a Council Asset, lies with the Council officer responsible for the day-to-day custody or management of the Council Asset, in consultation with their supervisor. That Council officer is responsible for ensuring that the asset management department is notified and all relevant information is provided, in accordance with any approved asset disposal procedures.

The asset management department will maintain records of all disposals

Where a procedure developed and approved under this Policy sets out particular responsibilities for the disposal of certain types of Council Assets, that procedure applies over the above requirement.

Matters for consideration

When deciding whether to dispose of a Council Asset, Council must take the following into account:

- the usefulness of the item, any alternative future use and its remaining useful life
- any duplication of the item or the service it provides
- positive and negative impacts the sale or disposal may have on the community (including results from a community consultation process) and/or operations of the Council
- any cultural or historical significance of the Council Asset
- long term plans and strategic direction of the Council (for example meeting the objectives of the Council’s Strategic Management Plan, Long-term Financial Plan and Asset Management Plans)
- benefit and risk analysis of the proposed disposal, and the annual cost of its maintenance

Council Assets may be disposed of to a member of Council staff only where the general public has been given the same opportunity to purchase (or otherwise) receive the Council Asset.

3. Asset Disposal Methods

The following methods may be used for the sale or disposal of Council Assets, as considered appropriate by the Council officer making the decision to dispose of the Council Asset:

Disposal Method	Description
Donation	<p>The provision of assets to a community based organisation for use by that organisation, where no obligations are imposed on the recipient and little or no return is expected by Council.</p> <p>Where the Disposal Value of an asset is:</p> <ul style="list-style-type: none"> • up to \$1,000, the donation must be approved by either a Manager or Director, and • over \$1,000, the donation must be approved by the General Manager.
Expressions of interest	Seeking expressions of interest from prospective purchasers.
Grant	The provision of assets to a community based organisation through a formally recognised program for a specified purpose, for which there is an agreed outcome.
Open tender	Openly seeking tenders or buyers through a formal tender process, initiated by a public advertisement.
Public auction	<p>By appointment of a suitably qualified auctioneer with an established reserve price.</p> <p>Public auction is preferred for fleet assets, or for items which may be in demand from the public.</p>
Scrapping	To be used when the asset cannot be easily disposed by another

Disposal Method	Description
	<p>method.</p> <p>Under this Policy, the following disposal methods are treated as the item having been Scrapped, and are not considered to be Donations:</p> <ul style="list-style-type: none"> • giving the asset to a refuse re-use shop (tip shop) • disposing of the asset in landfill • giving the asset to an organisation to recycle in exchange for a nominal return (for example, giving excess data cables to a metal recycling firm), and • lawfully disposing of excess assets by another method that does provides no or a nominal return to Council, in a way that does not constitute a Donation. <p>A Council Asset must only be Scrapped where it has little to no disposal value. Consideration must be given to any disposal or transportation cost associated with the Scrapping of the asset.</p>
Select tender	Seeking tenders from a selected group of persons or companies. Not to be used for assets with a Low Disposal Value.
Sell	Selling direct to a supplier where public auction or scrapping is not the effective method. Items to be sold will usually be lower value items that can be easily resold by a second-hand furniture, equipment, or antique shop (or similar)
Trade-in	Trading-in items to suppliers when purchasing a replacement for the Council Asset (e.g. used vehicle trade-ins).

When determining which disposal method to use, the responsible officer must take the following into consideration:

- the estimated market value of the Council Asset and full cost of the disposal method
- public demand and interest, and
- compliance with statutory and other obligations.

4. Asset Disposal Principles

In each case where a decision is made to dispose of a Council Asset, Council officers must have regard to the following principles:

Open and effective competition

Disposal of Council Assets should be open and result in effective competition. Council must give fair and equitable consideration to all prospective purchasers.

Value for Money

Council must aim to achieve the best value for money in disposing of Council Assets. The concept of value for money is not restricted to price alone. The value for money assessment must include consideration, as applicable, of all costs and risks either tangible or intangible as well as contribution to Council’s Strategic and Annual plans and other priorities

Ethical Behaviour and Fair Dealing

Council officials involved in disposal are to:

- behave with impartiality, fairness, independence, openness, integrity, and professionalism in their discussions and negotiations with prospective purchasers and their representatives particularly through open and competitive processes of sale where practical and appropriate
- provide all prospective purchasers with equal opportunity to make an offer
- use straight-forward and user-friendly documentation (including tender documentation, where applicable)
- adopt clear and easy to understand evaluation criteria and methodology
- maintain consistent processes and feedback on decisions
- offer access to a timely and effective complaints procedure, and
- ensure effective communication and provision of information to all prospective purchasers.

Probity, Accountability, Transparency and Reporting

Council requires that all its Council officials are answerable for their plans and actions and for the outcomes. Any disposal must be undertaken in a manner that ensures:

- clearly established roles and responsibilities
- appropriate record keeping and documentation
- transparency of decisions made
- adherence to all legislation and Council's codes of conduct
- identification and management of actual or potential conflicts of interest, and
- confidentiality of all commercial information.

Environmental Protection

Council promotes environmental protection through its disposal procedures. In undertaking any disposal activities, Council will encourage environmentally responsible activities.

5. Asset Disposal Procedures

Internal Council departments must establish and document formal procedures for the disposal of Council Assets. Each procedure must provide for the requirements of this Policy to be met and must be reviewed and approved by the council's Asset Management Coordinator (or equivalent).

For some types of Council Assets, Council-wide procedures may be implemented in accordance with this policy, which would apply over other procedures.

BACKGROUND

In accordance with Council's functions and obligations under the *Local Government Act 1993* Council must ensure that it disposes of any surplus assets in a way that is consistent with the standard expected of a responsible, accountable and transparent public body, promotes fairness, and maximises value for money.