

Asset Disposal Policy

Policy Details

Policy Category	Council Policy
Date Adopted	23 rd February 2022
Resolution Number	0222/014
Approval Authority	Council
Effective Date	17 th December 2016
Policy Version Number	3
Policy Owner	Manager Finance and Administration
Contact Officer	Jade Nacario

Supporting documentation

Legislation	<ul style="list-style-type: none"> • <i>Local Government Act 2009</i> • <i>Local Government Regulation 2012</i> • <i>Electrical Safety Regulation 2013</i>
Policies	<ul style="list-style-type: none"> • Code of Conduct for Councillors • Code of Conduct for Employees • Fraud and Corruption Prevention Policy • Gifts and Benefits Policy • Non-Current Asset Policy
Delegations	<ul style="list-style-type: none"> • Nil
Forms	<ul style="list-style-type: none"> • Asset Disposal Form
Supporting Documents	<ul style="list-style-type: none"> • Nil

Version History:

Version	Adopted	Comment	eDRMS #
1	17/12/2016	Council Resolution 1216/011	
2	26/02/2020	Council Resolution 0220/016	
3	23/2/2022	Council Resolution 0222/014	

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Intent

To provide a framework consistent with legislative requirements that provides clear guidelines relating to the sale or disposal of assets or materials surplus to the operational needs of Council, in a manner that:

- achieves value for money; and
- promotes fair and effective competition; and
- considers any potential benefit to the community.

Scope

This policy applies to all Council staff who are involved in any aspect of disposal of Council property or assets.

Policy

During the normal course of business operations, there will be instances when Council identifies assets that are no longer required which is the result of obsolescence or surplus to requirements. At these times it may be appropriate for Council to dispose of these assets and the disposal process will be undertaken in accordance with relevant legislation and this policy.

[Recommendation for Disposal](#)

Before any asset is disposed, it is necessary to determine that it is appropriate for disposal and staff must consider the following common criteria for determining whether assets may be suitable for disposal:

- Consultation to ensure the asset is not suitable for re-use internally
- Surplus to current or immediately foreseeable requirements
- Non-compliance to Workplace Health and Safety standards
- Unserviceable or beyond economic repair
- Technologically obsolete
- Operationally inefficient
- Part of an asset replacement program
- Contains any environmentally sensitive or hazardous material

Upon determination that an asset is suitable for disposal, staff will need to submit in writing to their Director the reasons for disposal and recommended option for disposal and obtain written approval prior to proceeding.

Ideally staff would use the Asset Disposal Form but may attach a list of items on a separate page for multiple assets.

Otherwise, operational items, surplus to Council's requirements may be set aside for Council Auction and collated in an auction register.

A list of disposed items is to be returned to Finance to remove from Council's asset register.

Disposing of the Asset

Section 224(7) of the *Local Government Regulation 2012* states that –

A valuable non-current asset is: -

- (a) Land; or
- (b) Another non-current assets that has an apparent value that is equal to or more than a limit set by the local government.

Further, section 224(8) states that –

A limit set by the local government cannot be more than the following amount -

- (a) for plant or equipment - \$5,000;
- (b) for another type of non-current asset - \$10,000.

Council has set the limits to be the same as the *Local Government Regulation 2012* in Council's Non-Current Asset Policy. The limits are:

Asset Class	Amount
Road Infrastructure	\$10,000
Sewerage Infrastructure	\$10,000
Water Infrastructure	\$10,000
Buildings	\$10,000
Other Infrastructure Assets	\$10,000
Land and Improvements	\$1
Plant and Equipment	\$5,000

The disposal method is determined by the relevant Director on a case by case basis considering:

- market forces and impact on return from the sale of the asset;
- purchase price, lifecycle maintenance costs and remaining useful life to maximise where possible the return on investment of the asset;
- strategic worth of the asset and its long term benefit to the community;
- Community need for the asset and alternative resources; and
- how the funds received from the disposal of the asset are to be allocated.

The accepted means of disposal under this category as per section 227 and section 236 of the *Local Government Regulation 2012* may include, but not limited to:

- Public Tender;
- Public Auction;
- Can be sold in any way as long as the sale price is more than the highest bid received at a previous tender or auction. Noting in this instance the asset must have been the subject of an earlier tender/auction process;
- Trade-in;
- Disposal to another government agency; or
- Disposal to a community organisation.

There are exceptions under section 236 of the *Local Government Regulation 2012*.

All information available to determine the relevant value should be documented and retained with disposal records. Copies of all disposal records are to be forwarded to the Manager of Finance and Administration for audit purposes.

Disposal of Data Storing Equipment / Devices

It is a requirement that when disposing any type of computer equipment or any device storing Council data or containing Council software programs (e.g. hard drives, usb drives, photocopiers, etc.) that the Council information and any software licenced to Council is confirmed by ICT as being permanently removed prior to disposal.

Donations to Community Organisations

Assets can only be donated to another organisation if that organisation can:

- Provide written acknowledgement of receipt of the asset;
- Acknowledge Council will not be responsible for any repair or maintenance of the asset;
- Acknowledge all copyright or licensed content has been removed (for example computer software); and
- Take responsibility for the timely removal of the asset and any associated costs that arise from the asset's removal.

Purchaser's Responsibilities

Irrespective of the disposal method applied, all prospective purchasers are to be advised that the assets being sold are on an "as is where is" basis and are to rely on their own due diligence investigations regarding the condition and workability of the assets for sale. Council will not be responsible for any costs upon change of ownership.

Disposal of Electrical Equipment

Staff responsible for the disposal of any electrical equipment must ensure compliance with all relevant conditions detailed in the *Electrical Safety Regulation 2013* for the sale of electrical equipment prior to disposal of the asset.

All faulty electrical equipment is to be rendered physically inoperable (e.g. cut and removal; of electrical cords and plug or removal of a vital operational component) prior to disposal at the nearest transfer station or regulated recycling point.

Documentation

The relevant Director, or their delegate, is to ensure:

- The disposal methodology is fully documented, and all documentation is filed under the appropriate disposal file in Council's recordkeeping system; and
- A copy of the documentation is to be forwarded to the Manager of Finance and Administration to make any necessary adjustments to Council's Asset Registers; and
- Any conflict-of-interest issues, perceived or otherwise, in relation to the chosen means of disposal or with employees involved in the disposal process should be declared and registered in accordance with the Code of Conduct.

Definitions

TERM	DEFINITION
Asset	A resource controlled by Council e.g., infrastructure assets, real property, motor vehicles, plant and equipment, furniture, inventory.
Asset Disposal	A process where Council divests itself of an asset in a systematic and authorised manner as directed by this policy.
Carrying Value	The amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses. Also known as written down value.
Community organisation	As defined in the Local Government Regulation 2012: (a) An entity that carries on activities for a public purpose; or (b) Another entity whose primary object is not directed at making a profit.
Surplus Materials	Materials and items of plant and equipment that have not been capitalised as an asset, but have been expensed by Council and may still have a residual value that may be achieved if disposed of by Council (e.g. scrap and low value assets).
Scrap	When an asset (or material) no longer functions, is obsolete (is legally out of date), or has been deemed non-compliant by Workplace Health and Safety regulations.
Staff	Any person who has been an employee of Council (permanent, part-time and/or casual), volunteers, work experience, contractors or consultants either current or past.
Valuable Non-Current Asset	Section 224 of the <i>Local Government Regulation 2012</i> provides the following definition – Is land or another non-current asset that has an apparent value that is equal, or more than a limit set by the local government.

Adopted by Council 23 February 2022 by Resolution 0222/014.

Mark Crawley
Chief Executive Officer