

O3 Asset Disposal Policy

Purpose	This policy sets out the methods by which Council may dispose of surplus council assets, excluding real property.
Department	Infrastructure
File No.	ASM/0400
Council Meeting Date	
Minute Number	
Next Review Date	Four (4) years from Council Resolution Date

1. Definitions

<u>Asset</u>	Any physical item that Council owns and is able to dispose of. This includes plant, machinery, equipment, tools, furniture, computer hardware and all other physical objects. It does not include land or buildings,
<u>Beyond economical repair</u>	A classification given to an asset where that asset requires repairs likely to be more expensive than its replacement value.
<u>Obsolescence</u>	The asset is outdated and no longer used or needed.

2. Objective

To achieve asset disposal methods that are:

- a) consistent with the standard expected of a responsible, accountable and transparent public body;
- b) fair and equitable;
- c) value for money; and
- d) in accordance with community expectations.

3. Scope

This policy applies to all assets owned by Council, except real property (land and buildings) which is prescribed by Part 12, Division 1 of the *Local Government Act 1993*.

4. Policy

4.1. Reasons for Disposal

A decision to dispose of an asset may be based on one or more of the following:

- a) obsolescence;
- b) no longer-compliant with occupational health and safety standards;
- c) no longer able to provide an acceptable level of service;
- d) no use expected in the foreseeable future;
- e) no usage in the previous 6 months (stores stock items);

- f) optimum time to maximise return;
- g) duplication of the item or the service it provides;
- h) discovery of hazardous chemicals or materials present in the asset; and/or
- i) uneconomical to repair.

4.2. Disposal Considerations

When determining which disposal method to use, Council officers must take the following into consideration:

- a) the estimated market value of the Council asset and full cost of the disposal method;
- b) the method most likely to return the highest revenue;
- c) community demand and interest; and
- d) compliance with statutory and other obligations.

4.3. 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 recommendation to dispose of the Council Asset:

Disposal Method	Description
a) Donation	The provision of assets to a community-based, not-for-profit organisation for use by that organisation, where no obligations are imposed on the recipient and little or no return is expected by Council. Council will only consider donations in response to a formal written request.
b) 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.
c) Open tender / Expression of Interest (EOI)	Openly seeking tenders or buyers through a formal tender, or EOI process, initiated by a public advertisement.
d) Public auction	By appointment of a suitably qualified auctioneer with an established reserve price. Public auction is preferred for items which maybe in demand from the public.
e) Scrapping	A council asset may be scrapped when it is classified to be uneconomical to repair and it cannot be easily disposed by another method. Consideration must also be given to any disposal or transportation cost associated with the scrapping of the asset. The following disposal methods are treated as the item having been scrapped, and are not considered to be donations: <ul style="list-style-type: none"> • the asset may be destroyed; • given to the Tip Shed; or • disposed of in landfill.

f) Trade-in	Trading-in items to suppliers when purchasing a replacement for the Council Asset (e.g. used vehicle trade-ins).
-------------	--

4.4. Disposal Conditions

Things will be sold on an 'as is - where is' basis, and Council does not provide any guarantee as to its fitness for purpose, nor does it include any warranties or guarantees.

4.5. 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:

4.5.1. *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.

4.5.2. *Conflict of Interest*

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

4.5.3. *Ethical Behaviour and Fair Dealing*

Council is obligated to manage community property transparently and ethically. In all matters dealing with asset disposal, Council officers will conduct themselves according to the code of conduct.

4.5.4. *Probity, Accountability, Transparency and Reporting*

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

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

5. Procedure

This policy is to be read in conjunction with the Asset Disposal Procedure.

6. Legislation

Local Government Act 1993

7. Responsibility

The General Manager has delegated power under this policy to implement decisions of Council relating to disposal of assets in accordance with section 73(c) of the *Local Government Act 1993*.

If the disposal of an asset holds considerable public interest, the General Manager may consult with council prior to authorisation of the disposal.

DRAFT