

## ASSET DISPOSAL POLICY

### 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.

### SCOPE

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

### DEFINITIONS

TERM	DEFINITION
<b>Asset</b>	An asset is a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity.
<b>Community Organisation</b>	Schedule 8 of the <i>Local Government Regulation 2012</i> provides the following definition - Is an entity that carries on activities for a public purpose or an entity whose primary object is not directed at making a profit.
<b>Surplus to Requirements</b>	When the asset (or material) is functioning (or in use) and has economic benefit, but has no application in Council operations, or where the asset has no economic benefit (its use incurs more cost than benefit derived).
<b>Scrap</b>	When an asset (or material) no longer functions, is obsolete (is legally out of date), or has been deemed non-compliant by Workplace Health and Safety regulations.

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TERM	DEFINITION
<b>Staff</b>	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.
<b>Valuable Non-Current Asset</b>	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.

## ***POLICY STATEMENT***

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 outcomes deem 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.

### **VALUE OF THE ASSET**

When disposing of an asset, the relevant value is that of the carrying value in Council's Non-Current Asset Register. If a carrying value is not available for the asset, an estimation of value of the asset should be made having regard to:-

- The potential to sell the asset
- The perceived value of the asset to a buyer
- Its age and condition

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- A rapidly diminishing sale value
- Continuing insurance, registration and maintenance costs
- Potential for obsolescence
- Usefulness for future needs

All information available to determine the relevant value should be documented and retained with disposal records.

#### **DISPOSAL OF ASSET - VALUE BELOW VALUABLE NON-CURRENT ASSET LIMIT**

The relevant Director will be responsible for approving the most appropriate option for disposal when the asset value is below the limit set by Council for valuable non-current assets. In doing so the following principles will guide the disposal option decision:

- The disposal method will not adversely affect the reputation of Council; and
- No individual or entity will receive an unfair advantage; and
- The disposal will maximise the return for Council.

That above does not preclude donation of the asset to a community organisation should it be determined that such a donation is in the best interest of Council and the community. To facilitate the donation, the organisation will be required to:

- Affirm in writing they are an entity that carries on activities for a public purpose or that their primary object is not directed at making a profit;
- Provide written acknowledgement of receipt of the asset;
- Acknowledge that Council will not be responsible for any ongoing costs (e.g. repairs or maintenance) of the asset;
- Acknowledge that all copyright or licensed content has been removed (e.g. computer software); and
- Take responsibility for the timely removal of the asset and any associated costs that arise from the asset's removal.

#### **DISPOSAL OF ASSET - VALUE ABOVE VALUABLE NON-CURRENT ASSET LIMIT AND ANY LAND**

For assets with a carrying value greater than the valuable non-current asset limit, the disposal method will be determined by the relevant Director on a case-by-case basis with consideration to:-

- Market forces and impact on return from the sale of the asset;
- The purchase price, lifecycle maintenance costs and remaining useful life to maximise where possible the return on investment of the asset;
- The 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.

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Section 227 of the *Local Government Regulation 2012* states that for valuable non-current assets, a contract cannot be entered into unless it first invites written tenders or is offered by for sale by auction.

The legislation also provides when exceptions to this rule may apply and these exceptions are detailed in Section 236 of the *Local Government Regulation 2012*. It should be noted that before an asset disposal can proceed by exception, a Council resolution is required.

### **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.

## **KEY RESPONSIBILITIES**

<b>RESPONSIBLE OFFICER</b>	<b>RESPONSIBILITY</b>
<b>Directors</b>	To ensure compliance with all relevant legislation and this policy when approving disposal of assets.
<b>Managers and staff</b>	To ensure that all aspects of each asset disposal is fully documented, legislatively compliant and satisfies audit requirements.

## **REFERENCES, LEGISLATION AND GUIDELINES**

*Local Government Act 2009, section 104*

*Local Government Regulation 2012, section 224*

*Electrical safety Regulation 2013*

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## **RELATED DOCUMENTS**

Code of Conduct for Councilors in Queensland  
Code of Conduct for Employees  
Fraud and Corruption Prevention Policy

## **IMPLEMENTATION/COMMUNICATION**

Upon adoption by Council the requirements of this policy will be communicated to all staff who may have a role in the disposal of assets.

## **APPROVED BY**

Council resolution 2022/265

## **REVIEW**

<b>SPONSOR:</b>	Director Organisational Business Services
<b>OFFICER RESPONSIBLE FOR REVIEW:</b>	Chief Financial Officer
<b>ADOPTION DATE:</b>	22 November 2022
<b>REVIEW DATE:</b>	October 2024

***THIS POLICY IS TO REMAIN IN FORCE UNTIL OTHERWISE DETERMINED BY COUNCIL***

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## AMENDMENT HISTORY

VERSION	AMENDMENT DETAILS	AMENDMENT DATE	APPROVAL
V5		13 October 2020	Council Resolution 2020/258
V6	Revision – policy content not amended	22 November 2022	Council Resolution 2022/265

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