



1. ACQUISITION AND DISPOSAL OF ASSETS

Policy 1.3

ASSET DISPOSAL

Version 4

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1.3 ASSET DISPOSAL

OBJECTIVE:

To ensure when Council has determined an asset will be disposed of that there is adequate consideration of the method of disposal.

POLICY:

1. The "apparent value" of assets shall be determined by the relevant Manager as listed in this policy who has carriage of management of the asset.
2. "Apparent value" will be determined by the Manager with consideration of the book value, and/ or the replacement value of the asset and/or an assessment of the market value of the asset made by taking into consideration the potential to sell the assets, the perceived value of the asset to a buyer, its life stage and condition, potential for obsolescence and usefulness for future needs.
3. The Manager should detail the assumptions they use in estimating the asset's value in preparing their recommendation to dispose of the asset.

ASSETS WITH AN APPARENT VALUE OF LESS THAN \$1,000

1. Assets with an apparent value of less than \$1,000 each will be disposed of using a method that maximises the return to Council
2. Assets with an apparent value of less than \$1,000 shall be disposed of by a method determined by the relevant Manager who must document the process of determining the asset disposal methodology and ensure full documentation is placed on Council's records management system detailing the decision making process and actions taken
3. The Manager shall ensure the Finance Department is aware of the disposal of the asset
4. The Manager must be aware and have control of the process of disposal of these assets and be aware and conduct the disposal in light of risk assessment considerations and must ensure no conflict of interest issues are present in the means of disposal chosen.

ASSETS WITH AN APPARENT VALUE OF MORE THAN \$1,000

1. Assets disposal will be assessed on a case by case basis for assets with an apparent value of more than \$1,000 by the relevant Manager and the attached memo will be completed to be considered by the General Manager.

2. Managers will consider the following in their assessment and formulation of recommendations to dispose of an asset provided in the memo:
 - Market forces and impact on return from the sale of the asset should be considered and commented upon
 - Community need for the asset and alternative resources which could be considered to be substitutes should be assessed
 - The strategic worth of the asset and its long term benefit to the community should be assessed
 - The purchase price and maintenance costs incurred over the lifespan of the asset should be assessed to determine, where possible, a return on investment of a particular asset
 - That the funds raised from the sale of an asset should be considered as to their use and this must be reflected in the Council's Operational Plan and Delivery Program and include in the recommendation how this will be achieved

METHODS OF DISPOSAL

1. Assets of significant apparent value (being more than \$150,000) are to be disposed of either by auction or tender
2. Real property (land and buildings) disposal methodology will always be determined by Council, via a resolution
3. All motor vehicles and plant, except those on novated leases, shall be disposed of via public auction, trade-in or tender processes. Motor vehicles will not be made available to council staff or councillors in private sale arrangements. Vehicles under novated lease are excluded from this restriction as the lease is in the name of the employee and shall be dealt with in accordance with lease provisions
4. For other assets, the Manager who has carriage of the assets will provide to the General Manager a recommended method of disposal which shall be made after assessing the means to maximise the return to Council
5. The General Manager will determine the manner of disposal for information technology (IT) assets, office furniture, stores items and scrap materials (including scrap metal) on each occasion disposal is recommended by a Manager
6. Spoil materials shall be dealt with under the Council's Policy 10.19 "Roadworks - Provision of Unusable Materials to Property Owners"
7. Where a recommendation for destruction of an asset is made, the Manager will provide the General Manager with the assessment criteria used to determine that the asset has no potential to realise a return for Council and will detail the method of destruction and name of the officer who will be charged with the responsibility of ensuring the asset is destroyed

8. If after offering an asset for sale, if no interest in purchasing the asset is shown, the relevant Manager may recommend to the General Manager the asset be dumped and provide the recommended best means for managing the dumping process to ensure environmental management conditions are observed
9. Dumping or destroying of assets shall be undertaken after consideration of the environmental issues so that any hazardous substances shall be assessed to ensure safe disposal
10. Assets can only be donated to other organisations if the organisation can:
 - affirm in writing their status as a non-profit organisation
 - provide written acknowledgement of receipt of the asset
 - acknowledge Council will not be responsible for any repair or maintenance of the asset
 - acknowledge that all copyright or licensed content has been removed (for example, software on computers)
 - take responsibility for the timely removal of the asset and any associated costs that arise from the assets removal
 - acknowledge council's donation to the organisation via a media release that Council approves.

PROCEEDS FROM ASSET DISPOSAL

1. Proceeds of the disposal of IT Assets will be placed into a reserve for the specific purpose of purchasing new IT equipment unless the General Manager specifically determines an alternative
2. Proceeds of all motor vehicle and plant sales will be placed in the Plant Reserve unless the General Manager specifically determines funds are to be otherwise allocated
3. Proceeds from the sale of scrap materials shall be placed into the Plant Reserve unless the General Manager specifically determines funds are to be otherwise allocated
4. The funds raised from the sale of land and/or buildings will be internally restricted for future strategic asset acquisitions or assets improvements programs
5. The accounting treatment and reserving of proceeds from sale from any other asset will be assessed on a case by case basis and approved by the General Manager
6. The proceeds shall be reflected in Council's financial statements and reported to Council in quarterly reviews as they arise.

ASSETS CARRIAGE FOR PURPOSES OF DISPOSAL

The following staff are determined to have carriage of assets and are responsible for the assessment and recommendations to dispose of assets:

Motor vehicles and plant items	Plant and Depot Manager
Information technology assets	Information Technology Manager
Real property (land and buildings)	General Manager
Office furniture	Finance Manager
Clothing	Plant and Depot Manager
Stores items	Plant and Depot Manager
Scrap metal	Operations Manager
Stationary	Finance Manager

DOCUMENTATION OF ASSET DISPOSAL PROCESSES

1. Documentation detailing decisions made on asset disposal is to be archived in Council's records management system by the relevant Manager
2. Receipt of the disposal of materials to a licensed scrap dealer or contracted engineer are to be included in the documentation
3. The Finance Department is to be informed by the relevant Manager of the disposal of all assets in order that the assets register can be updated and accounting treatments for disposed assets initiated
4. Where a councillor or member of Council's staff or members of the immediate family of a councillor or member of staff purchase an asset, the General Manager is to countersign the documentation that specifies the price paid for the asset and the method used in determining the price paid.

Maintained by Department:	Policy and Planning	Approved by:	Council		
Reference:	Policy Register	Council Policy No:	1.3	Effective Date:	4 Nov 08
Min No:	06-349 (V1) P08-05 (V2) P08-136 (V3) V4 - 13-432	Version No:	4	Reviewed Date:	Nov 2009 August 2013
Attachments:	1. Memo providing General Manager with recommendation on asset disposal				

Memorandum

To: General Manager
 From: [Click here and type name]
 Date: [Click here and type date]
 Subject: Disposal of Assets – Recommended Actions

Asset number(s):	
Asset(s) description:	
Asset type	<input type="checkbox"/> IT asset <input type="checkbox"/> Plant or motor vehicle <input type="checkbox"/> Scrap metal <input type="checkbox"/> Other - specify _____ _____ _____
Reason requesting approval to dispose of asset(s):	<input type="checkbox"/> Technically obsolete or inefficient <input type="checkbox"/> Identified as part of assets replacement program in Management Plan <input type="checkbox"/> Unserviceable – beyond economic repair <input type="checkbox"/> Surplus to current and foreseeable future needs <input type="checkbox"/> Other - specify _____ _____ _____ _____

If failing, cost of repair – attach quotation(s)	
Cost of replacement if required – indicate new vs second hand options assessed – also purchase vs lease options etc attach quotation(s):	
Recommended method of disposal:	<input type="checkbox"/> Tender – Council resolution will be required and Manager to determine Open or Selective Tendering processes <input type="checkbox"/> Expression of interest <input type="checkbox"/> Public auction <input type="checkbox"/> Destruction - include details of reasons for recommending destruction, method of destruction and officer who will be responsible for the destruction as per policy requirements in an attachment to this memo <input type="checkbox"/> Other – specify _____
General Manager comments - required for assets where the Manager has determined an apparent value >\$1,000	<input type="checkbox"/> Approved <input type="checkbox"/> Rejected Signed: _____ Date: _____
Advice to Finance Department sent – required for all assets regardless of apparent value – attach advice to Finance Department to this memo when archiving	Relevant Manager: _____ Date: _____

NB: A completed memo is to be archived on Council's records management system by the author of this memo along with all quotations and associated documentation relating to the disposal of the asset(s)