

Title:	Asset Disposal Policy
Type:	Council
Adopted:	18 December 2019
File No:	SF/103
Attachments:	
Review Date:	30 September 2020

1. Purpose

To provide a systematic, transparent and accountable method for the disposal of Council-owned assets in accordance with Council policies and all appropriate legislation and accounting standards.

2. Rationale

Council aims to achieve advantageous disposal outcomes by:

- Enhancing value for money by encouraging competition in disposal practices and using competitive disposal processes;
- Promoting the use of resources in an efficient, effective and ethical manner;
- Ensuring fair and equitable processes and decisions;
- Work with Council's environmental policies;
- Appropriately managing risk; and
- Promoting compliance with all relevant legislation.

3. Scope

This policy applies to all assets and property of the Murrindindi Shire Council including minor and major plant and equipment (which would include office furniture, IT equipment and vehicles) and land and buildings. The policy excludes library books and any goods which come into Council's possession and are not owned by the Council, such as impounded items, stock, domestic animals and abandoned vehicles.

4. Definitions

Reference Term	Definition
Asset	Means any physical item that Council owns and that has at any time been treated pursuant to the Australian Accounting Standards as an 'asset' and includes major plant and equipment and minor plant and equipment. It does not include financial investments or finance-related activities.
Land	Includes community land, vacant land, operational land, road reserves, any legal interest in land, and any other land-related assets, including all buildings (community and operational).
Fleet, Plant and equipment	Includes all major and minor machinery and equipment owned by Council. It includes all vehicles, trucks, graders, other operating machinery and major plant items. It also includes all loose tools, store items, IT equipment and furniture. Major plant is denoted as \$1001 or greater in value, minor plant is denoted as \$1000 or less in value.

5. Policy

The following principles are to be applied in all disposal activities:

Open and Effective Competition

Disposal of 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 assets. The concept of value for money is not restricted to price alone. The value for money assessment must include consideration, as applicable, of:

- The contribution to the Council Plan and other priorities;
- Financial considerations including all relevant direct and indirect benefits both tangible and intangible;
- Efficiency and effectiveness;
- The cost of various disposal methods;
- Internal administration cost;
- Risk exposure;
- Any associated environmental benefits.

Ethical Behaviour and Fair Dealing

Council will behave with impartiality, fairness, independence, openness and integrity in all discussions and negotiations.

Environment

In undertaking any disposal activities, Council will encourage environmentally-responsible activities and ensure all disposal activities comply with relevant law.

Consideration Prior to Disposal of Assets

A decision to dispose of an asset should only be made after a benefit and risk analysis of the proposed disposal, including consideration of the following factors:

- The current market value of the asset;
- The usefulness of the asset;
- Its remaining useful life;
- Any alternative future use of the asset;
- The annual cost of maintenance;
- Any duplication of the asset or the service provided by the asset;
- The positive and negative impacts the sale or disposal of the asset may have on the community;
- The benefits of community organisation ownership compared to those resulting from the asset remaining in Council ownership;
- Any cultural or historical significance of the asset;
- The positive and negative impacts the sale or disposal of an asset may have on the operations of Council including any impact on the human rights of any community members;
- The long term plans and strategic direction of the Council (for example, meeting the objectives of the Council Plan, Strategic Resource Plan and Asset Management Plans);
- The results of any community consultation process;
- Any restrictions on the proposed disposal; and
- Any other relevant Council policies.

Asset Disposal Policy

Before deciding whether to sell land and buildings, Council will receive and consider a report from the Executive Management team. The report will include an assessment of relevant factors including those outlined above.

Preparing Assets for Disposal or Sale

A check must be carried out to ensure assets do not contain:

- Additional items not intended for sale;
- Confidential documents (records, files, papers);
- Documents on Council letterhead or which may be used for fraudulent purposes;
- Hard drives which have contained Council-operated software (which could lead to a breach of licences or contain private or confidential data) are to be physically destroyed; and
- Hazardous materials.

As far as is practical, any 'Murrindindi Shire Council' identifying mark or logo should be removed or obliterated prior to disposal.

Process to be Applied

- **Sale of Land**

All sales, exchanges and transfers of land are required to comply with the provisions of the Local Government Act 1989 ('LG Act'). Sales are to be conducted through a public process (ie, public auction, public tender or by registration of expressions of interest) unless circumstances exist that justify an alternative method of sale, (eg, the sale or exchange of land by private treaty).

Sales and exchanges of land or land and buildings should occur at not less than the market value assessed by Council's valuer. However, if it is proposed to sell land for less than the market value or to exchange that land for land of a lesser value, a report to Council will explain the reasons which led to the recommendation to accept a sale price that is less than market value or to exchange land for other land with a lower value.

Prior to selling or exchanging land, Council must comply with Section 189 of the LG Act and;

- give at least four weeks' public notice of an intention to sell or exchange land and allow interested persons to make a submission under Section 223 of the Local Government Act on the proposed sale or exchange; and
- obtain from a person who holds the qualifications or experience specified under Section 13DA(2) of the Valuation of Land Act 1960 a valuation of the land which is made not more than six months prior to the sale or exchange.

If the land to be sold forms part of a road that has been discontinued as a result of Council exercising its powers under clause 3 of Schedule 10 of the LG Act, the requirement to allow interested persons to make a submission under Section 223 is provided for under Section 207A(a) rather than Section 189(3).

Council may also resolve to gift land, if this land is to be used for community use.

- **Sale of Fleet, Plant and Equipment**

The sale or disposal of fleet, major plant and equipment will be the responsibility of the Manager Community Assets. The sale or disposal of minor plant and equipment will be the responsibility of the manager responsible for the asset.

The Council will, where appropriate, dispose of assets through one of the following methods:

- Trade-in the equipment to suppliers;
- Obtaining expressions of interest from interested buyers;

Responsible Officer: Manager Community Assets

18 December 2019

TRIM Reference: 19/53434

Asset Disposal Policy

- Selective tender from an identified group of buyers
 - Public tender – openly seeking buyers using the tender process;
 - Public auction – via a professional auctioning company or advertisement for auction procuring the services of an auctioneer.
- Disposal – asset of no or little value (eg, recycling or landfill).

Selection of a suitable method will include consideration of the method most likely to return the highest revenue when considering the cost of disposal compared with the expected revenue.

Dumping

Goods may be dumped (deposit or disposed of by either recycling, E-waste or landfill) if they are of little or no value. Dumping of goods is to be treated as any other disposal method including the requirement to maintain appropriate records. Recycling of goods is to be considered prior to disposing to landfill.

Donation

Donations of surplus or redundant assets may only be made with the authorisation of the Chief Executive Officer and only after exploring all avenues for recouping a fair value for the Council or any alternative use within Council. Donations to a community group or not-for-profit organisation will be favoured in priority to other individuals or organisations. Council staff should only consider donations in response to a written submission.

Buyers Risk

Irrespective of the disposal methods applied, purchasers or donation/charity recipients of assets must be required to agree in writing that before purchasing or receipt of any asset that no warranty is given or implied by the Council in respect of the suitability and condition of the asset for the purchaser or recipient and that Council will not be responsible for the asset in any respect following the sale.

Elected Members and Employees

Elected members, employees, volunteers or contractors of the Council will not be permitted to take assets at no cost. Nor will they be able to purchase assets unless the purchase is via an open tender process or a public auction, and the tender submitted or bid made is the highest. In such circumstances, the officer responsible for the disposal of the asset must ensure the principles of impartiality and confidentiality with respect to the process and outcome of the purchase are strictly observed.

6. Related Policies, Strategies and Legislation

- Procurement Policy
- Conflict of Interest Policy
- Fraud Prevention and Control Policy
- Asset Management Policy
- Fleet Management Policy

7. Council Plan

This item relates to the Council Plan 2017-2021 strategic objection under Our Promise - 'A Council that is transparent and accountable.'

8. Management and Review

This policy will be implemented by the Manager Community Assets and monitored by the Director Assets and Development.

The policy will be reviewed by the Manager Community Assets in September 2022

Responsible Officer: Manager Community Assets

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9. Consultation

Nil

10. Human Rights Charter

This policy has been developed with consideration of the requirements under the Charter of Human Rights and Responsibilities.