

Procedure:

Asset Disposal & Rationalisation

Enabling Policy: Policy No. 128

1. PURPOSE

The purpose of this procedure is to provide due diligence and direction to Council staff in the efficient and effective implementation of Council Policy 128 – Asset Disposal and Rationalisation. The effective application of this procedure will ensure that any disposal or rationalisation of Council's assets is carried out in a transparent, fair, independent and open manner. This procedure also ensures that all asset disposals and rationalisation decisions are reflected in Council's Asset Register, Geographic Information System (GIS) and financial records and that asset information remains accurate and auditable.

2. APPLICATION

This procedure applies to any person or persons responsible for the identification of assets that are no longer 'fit for purpose' and require disposal or rationalisation.

3. CONSIDERATIONS PRIOR TO REQUEST TO DISPOSE OF OR RATIONALISE AN ASSET

Before any request to dispose of or rationalise an asset, the relevant operational area Asset Manager and Manager Council Assets must ensure that the request is appropriate and must consider (where applicable) the following:

- Underutilisation of the asset;
- Usability of the asset;
- Effect on adopted Levels of Service;
- Consistency with relevant Asset Management Plans;
- Current market value of the asset;
- Whole-of-life costs of retaining versus disposing of the asset;
- Asset criticality and operational dependency;
- Policy change;
- Appropriate timing of disposal to maximise return to council;
- Any duplication of the asset or the service provided by the asset;
- Potential risk of ownership, e.g. contains environmentally sensitive or hazardous material;
- Current and future community demand;
- Any cultural or historical significance of the asset;
- Council's long-term plans and strategic direction;
- The remaining useful life of the asset;

- Compliance with Council's procurement policy;
- Alignment with Council Plan, Community Vision and Long-Term Financial Plan;
- Climate resilience and adaptation considerations;
- Donating or gifting of assets when the asset is no longer fit for Council purposes, or when the financial realisation of the asset is minimal (e.g. <\$1,000) donation of assets to community groups/charities is permitted with Chief Executive Officer (CEO) approval;
- Risk analysis of the proposed asset disposal or rationalisation;
- Outcomes of any community consultations;
- Any restrictions on the proposed disposal or rationalisation;
- How identifying marks or insignia that directly relate to Council can be removed from the asset;
- The asset does not contain confidential documents, software, licencing implications or associated material;
- Hazardous materials (ensure that any dangerous goods are disposed of in an authorised manner);
- Conflict of interest (that the officers involved in the disposal process have no conflict of interest);
- Any other relevant Council policies or associated Service Level Plans;
- The zoning of land and whether any rezoning will be required; and
- Internal financial controls and prudent management;
- Financial reporting implications including written down value, asset revaluation reserve, impairment and disposal gains or losses.

4. METHODS OF DISPOSAL

Council officers will manage, where appropriate, the disposal or rationalisation of the asset in the most cost-effective manner, through one of the following methods:

Disposal Method	Rationale
Trade-In:	Trading in equipment as part of another purchase or plant rationalisation process
Expression of interest:	Seeking expressions of interest from buyers
Open tender:	Openly seeking bids through a tender process
Sale or Public auction:	Upon obtaining a current valuation, procure the services of a real estate agent or auctioneer and advertising for sale or auction through the local paper and where appropriate, a paper circulating in Victoria, ensuring open and effective competition that maximises returns for Council (following compliance with Council's Procurement Policy)
Demolish/Recycle:	Depending on the condition and usability of the asset, the value of the asset may be removed from the Asset Register following disposal and accounted for in accordance with applicable accounting standards, and the asset disposed of if the asset is beyond economical repair
Charity/Gifting:	Donation of Council owned assets to a non-profit organisation or another Government authority/agency
Land exchange:	A land exchange by private treaty between Council and another party will be considered when there is an identified mutual benefit that also contains significant community benefit and when the market value of the land is commensurate, or if not commensurate, then the community benefit is quantifiable to equalise the value in accordance with the <i>Local Government Act 2020</i> .

The disposal or rationalisation of an asset will be expedited in accordance with the Responsibility and Authorisation Matrix on Page 3 of this document and should include the development of an asset disposal or rationalisation proposal. (Land Assessment - Attachment 1)
(Other Asset Assessment – Attachment 2).

Selection of a suitable disposal method will include consideration of:

- the public demand and interest in the asset;
- the method most likely to return best overall value to Council;
- the value of the asset;
- whether it is light vehicle or heavy plant and equipment;
- the costs of the disposal method compared to the expected returns; and
- compliance with statutory and other obligations.

Councillors and Council officers will not be permitted to purchase assets being disposed of by Council unless the purchase is via an open tender or public auction process and where no conflict of interest exists.

Purchasers or donation/charity recipients of assets must agree in writing before purchasing or being in receipt of any asset that no warranty is given or implied by 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 or donation.

Donations of surplus or redundant assets may only be made with the authority of the CEO or Council resolution and only after exploring all avenues for recouping a fair value for Council or any alternate use within Council. Council officers should only consider donations in response to a formal written submission. In considering any submission, officers should keep in mind the following:

- Community groups should receive equitable treatment to avoid possible claims of bias;
- The Manager Council Assets will investigate to ensure the group is not a disguised business operation providing funds or remuneration to the principals;
- The Manager Council Assets will investigate to ensure the group is non-profit and that the intended use of the asset is non-commercial (i.e. non-profit);
- Where the donation is seen as appropriate but there is a potential claim of bias, the matter should be referred to the operational area responsible Director, who will adjudicate the claim or refer the matter to the CEO; and
- The charity/community group should facilitate the removal of the asset themselves.

5. SALE OF LAND AND PROPERTY

To commence the process of selling land and property (including structures), a report to Council seeking a resolution under the *Local Government Act 2020* and outlining Council's obligations must be developed. Council officers must record and provide justification for utilising a specific disposal method where it uses a disposal method other than a tendering process.

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 which may be used for fraudulent purposes;
- Hard drives with Council specific software still installed (which could lead to a breach of licences or contain confidential data);
- Hazardous materials;
- Any identifying Council logos or marks that must be removed prior to sale; and
- All spare parts relating to the asset for sale must be included in the advertised 'asset for sale' package.

Upon the sale of an asset, it is the responsibility of the operational area Asset Manager to inform Manager Council Assets, the Finance department, GIS & Asset Systems Officer and any other affected business system owners of the sale

to ensure that all financial and asset registers are updated to reflect the sale. Where disposal forms part of a capital project, disposal shall occur as part of the formal asset handover process.

6. CONSULTATION

Council must undertake public consultation in respect of its proposed disposals or rationalisation in accordance with the *Local Government Act 2020* and with the intent of the Council Plan 2025-2029.

7. DELEGATIONS

Authority to dispose of Council owned assets is as follows:

- Manager Council Assets/Operational Area Asset Managers/Manager Projects and Design
- Director
- CEO/Council

RESPONSIBILITY AND AUTHORISATION MATRIX				
Disposal Type	\$1 - \$1,000	\$1,000-\$20,000	\$20,001 - \$100,000	\$100,001 >
Trade-in EOI Open Tender Sale Public Auction Demolish/Recycle	Responsibility: Operational Area Asset Managers Authority: Manager Council Assets	Responsibility: Operational Area Asset Managers Authority: Manager Council Assets	Responsibility: Manager Council Assets Authority: Director	Responsibility: Manager Council Assets Authority: Council resolution
Charity/Gifting	CEO	CEO	Council Resolution	Council Resolution
Land Exchange or Sale	Council Resolution	Council Resolution	Council Resolution	Council Resolution

8. BUYER'S RISK

Irrespective of the disposal method applied, all prospective buyers must be advised in writing that the asset is disposed of, with any faults, at the buyer's risk ('as is where is'). Buyers are to rely on their own investigations regarding the condition and function of the asset and Council will not be responsible for any repairs to or maintenance of the asset.

ATTACHMENT 1

LAND (PROPERTY) DISPOSAL OR RATIONALISATION ASSESSMENT AND EVALUATION REPORT

Asset identification: (Confirm system)	
Council Property No:	
Street Address:	
Parcel description: (Vacant/Non Vacant) (Attributes)	
Title Details:	
Total Area of Land:	
Zoning:	
Current Council Valuation:	\$
Current land use:	
Estimated cost of disposal or rationalisation:	\$
Estimated market value:	\$
Proposed method of disposal or rationalisation:	

Recommendation: (Use appropriate descriptors to outline the recommendation fully)

That the parcel of land as described is deemed to be no longer required to meet Council's agreed services or there is no clear need for Council to retain ownership of the asset.

Justification:

(Additional comments and justification for proposing to dispose of or rationalise the asset)

Name of person making the assessment

.....Position.....

Signature:.....Date ____/____/____

Approval of Manager Council Assets (Approval by Manager Council Assets confirms that the disposal has been assessed from an asset management, governance and asset register perspective)

.....Date ____/____/____

DECISION: The above disposal/rationalisation is: (please circle) APPROVED NOT APPROVED

I,.....certify that the above asset was disposed of/rationalised in accordance with Council Policy 128 – Asset Disposal and Rationalisation.

Signature:.....Date ____/____/____

Approval of Director

Name:.....Signature:.....Date____/____/____

Approval of Chief Executive Officer (if required)

Name:.....Signature:.....Date____/____/____

Date and number of Council Resolution (if required)

Date____/____/____ Resolution No.....



ATTACHMENT 2

PHYSICAL (NON-PROPERTY) ASSET DISPOSAL OR RATIONALISATION ASSESSMENT AND EVALUATION REPORT

Asset Class / Asset Sub-class	
Asset identification: (Asset Register / Asset Vision system)	
Asset Location:	
Asset description: (Attributes)	
Ownership Details:	
Asset formally used for: (Describe)	
Valuation of Asset (Replacement cost / WDV):	Replacement Cost - \$ WDV - \$
Estimated cost of disposal or rationalisation:	\$
Estimated market value:	\$
Reason for Disposal or rationalisation:	
Proposed method of disposal or rationalisation:	

Recommendation: (Use appropriate descriptors to outline the recommendation fully)
That the asset as described is deemed to be no longer required to meet Council's agreed services or there is no clear need for Council to retain ownership of the asset.

Justification:

(Additional comments and justification for proposing to dispose of or rationalise the asset)

Name of person making the assessment

.....Position.....

Signature:.....Date___/___/___

Approval of Manager Council Assets (Approval by Manager Council Assets confirms that the disposal has been assessed from an asset management, governance and asset register perspective)

DECISION: The above disposal/rationalisation is: (please circle) APPROVED NOT APPROVED

I,.....certify that the above asset can be disposed of/rationalised in accordance with Council Policy 128 – Asset Disposal and Rationalisation.

Signature:.....Date___/___/___

Approval of Director

Name:.....Signature:.....Date___/___/___

Approval of Chief Executive Officer (if required)

Name:.....Signature:.....Date____/____/____

Date of Council Resolution (if required)

Date____/____/____

