



Procedure Manual for Council Policies WEST WIMMERA SHIRE COUNCIL

PROCEDURE

ASSET DISPOSAL PROCEDURE 2022

Procedure No:

Adopted:

[date]

Next review date:

[date]

Senior Manager:

Director Infrastructure Development & Works.
Director Corporate and Community Services.

Responsible Officer:

Assets ~~Managers and GIS Coordinator.~~

Functional Area:

Asset Management.
Financial Services.

Introduction &
Background

This document outlines the procedures for implementing Council's Asset Disposal Policy.

The Asset Disposal Policy is the framework that enables strategic, quality governance of Council controlled assets. The policy meets the relevant Council Plan objectives pertaining to Asset Management and service delivery.

Purpose &
Objectives

The purpose of this procedure is to give direction for the disposal of Council assets, when the assets are no longer required to meet agreed services

Or

when there is no clear need for Council to retain ownership of the asset

Or

When the projected lifecycle cost can no longer be justified.

This procedure provides direction for identifying, assessing and making decisions that will inform the Council of their responsibilities in the disposal process.

The primary objective of this procedure is 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.

Response to the
Overarching
Governance
Principles of the

Section 9 of the Local Government Act 2020 states that a Council must in the performance of its role give effect to the overarching governance principles.



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Local Government Act 2020	<p>This policy is in response to the following overarching governance principle/s of the Local Government Act 2020:</p> <p>Financial management principles (section 101)</p> <p>Restriction of power to sell or exchange land (section 114)</p> <p>Lease Land (section 115)</p> <p>Transfer, exchange or lease of land without consideration (section 116)</p>
<p>Definitions</p>	<p>Disposal: Actions necessary to decommission and dispose of assets that are no longer required.</p> <p>Lifecycle: The time interval that commences with the identification of the need for an asset and terminates with the disposal of the asset or any liabilities thereafter.</p> <p>Carrying amount: The amount at which an asset is recognised in the balance sheet after deducting any accumulated depreciation—/ amortisation and accumulated impairment losses.</p> <p>Lifecycle Cost: The total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal costs.</p> <p>Council Officers: These include Council employees (Including full-time; part-time temporary and casual), CContractors, VVolunteers or the employees of anybody providing services on the Council's behalf.</p>
<p>Procedure Details</p>	
<p>1.</p>	<p>Application.</p> <p>This procedure applies to any person or persons responsible for the identification of assets that are no longer 'fit for purpose' and require disposal.</p>
<p>2.</p>	<p>Considerations prior to the request to dispose of an asset.</p> <p>Before any request to dispose of an asset, the relevant Manager and Assets Manager and GIS Coordinator must ensure that the request is appropriate and must consider (where applicable) the following:</p> <ul style="list-style-type: none"> • Underutilisation of the asset; • Usability of the asset; • Current market value of the asset; • Annual cost of maintenance; • Policy change; • Appropriate timing of disposal to maximise return to Council;



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	<ul style="list-style-type: none"> Any duplication of the asset or the service provided by the asset; Potential risk of ownership, eg contains environmentally sensitive or hazardous material; Any impact the disposal of the asset may have on the community; Any cultural or historical significance of the asset; The positive and negative impacts the disposal of the asset may have on Council's operations; Council's long term plans and strategic direction; The remaining useful life of the asset; Compliance with Council's Procurement Policy; Risk analysis of the proposed asset disposal; Outcomes of any community consultation; Any restrictions on the proposed disposal; 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. 										
3.	<p>Methods of disposal.</p> <p>Council will manage, where appropriate, the disposal of the asset in the most cost <u>effectivecost-effective</u> manner, through one of the following methods:</p> <table border="1"> <thead> <tr> <th>Disposal Method</th><th>Rationale</th></tr> </thead> <tbody> <tr> <td>Trade-In</td><td>Trading in equipment as part of another purchase or plant rationalisation process</td></tr> <tr> <td>Expression of interest</td><td>Seeking expressions of interest from buyers</td></tr> <tr> <td>Open tender</td><td>Openly seeking bids through a tender process</td></tr> <tr> <td>Sale or Public auction</td><td>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</td></tr> </tbody> </table>	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
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		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 written off and the asset disposed of if the asset is beyond economical repair
	Charity/Gifting	Donation of Council owned assets to a non-profit organisation. <u>Note: Transfer exchange or lease of land without consideration must done in accordance with s116 of Local Government Act 2020.</u>
	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. <u>and when the market value of the land is commensurate, or if not commensurate, then the community benefit is quantifiable to equalise the value. The exchange must be done in accordance with S114 494 of the Local Government Act 2020/1989.</u>
4.	<p>Carrying amount of the asset.</p> <p>When disposing of an asset, the relevant value is that of the carrying amount in Council's Asset Register. Written approval to dispose of an asset must be given by a Council Officer who has the appropriate financial delegation at the level of the carrying amount of the asset to be disposed.</p> <p>If a carrying amount is not available for the asset, an estimation of value of the asset should be made having regard to:</p> <ul style="list-style-type: none"> • The potential to sell the asset; • The perceived value of the asset to a buyer; • Its age and condition; • Potential for obsolescence; and • Usefulness for future needs. 	
5.	<p>Assets (Excluding Land) with a carrying amount of less than \$5,000 (Exc GST).</p> <p>The relevant Council Officer is responsible for approving the appropriate method for the disposal of assets with a carrying amount of less than \$5,000. The method used for the disposal of assets will maximise the return to Council.</p> <p>The accepted means of disposal under this category may include, but not limited to:</p> <ul style="list-style-type: none"> • Internal quotation; • External quotation; • Public Auction; • Donation to a community organisation. 	
6.	<p>Assets with a carrying amount of greater than \$5,000 (Exc GST), including any land.</p> <p>For assets with a carrying amount greater than \$5,000, the disposal method is determined by the relevant Council Officer on a case by case basis considering:</p>	



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	<ul style="list-style-type: none"> • 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; • How the funds received from the disposal of the asset are to be allocated. <p><u>Council must undertake public consultation in respect of its disposal of assets in accordance with the Local Government Act 2020. Methods of disposal include: The accepted means of disposal under this category as per section 227 and section 236 of the Local Government Regulation 2012 may include, but is not limited to:</u></p> <ul style="list-style-type: none"> • Public Tender; • Public Auction; • Can be sold in any way <u>as long as if</u> the sale price is more than the highest bid received at a previous tender or auction. Noting in this instance the asset must have been the subject of an earlier tender/auction process; • Trade-in; • Disposal to another government agency; • Disposal to a community organisation.
7.	<p>Notifying disposal of assets.</p> <p>Following the disposal of an asset, it is the responsibility of the relevant Council Officer, to notify the:</p> <ul style="list-style-type: none"> • <u>Chief Financial Officer and Assets Manager and GIS Coordinator</u> to ensure the asset register is updated and accounting treatments are recorded; and • Relevant Manager to determine any impact on Council's insurance policies. <p><u>Finance Manager to determine any impact on Council's Financial System.</u></p> <p><u>The responsible officer for the disposal must forward an invoice with the following details to the Chief Financial Officer</u></p> <ul style="list-style-type: none"> -Asset sold -Date of sale -Sale price -GST details -Details of purchase •
8.	Assets disposed as part of a capital project proceeding.

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	<p>In respect of replacement and upgrade infrastructure projects, the carrying amount of the asset should be reduced to reflect that component of the asset that is no longer providing economic benefit. These adjustments will be recorded as a write-off of assets in Council's financial statements.</p> <p>Whilst approval by Council for the write-off is inherent in the approval of a new or upgrade project, the impacts of the capitalised projects are to be submitted by the Asset team in a quarterly report to the CEO and Finance Manager, for their approval.</p>
9.	<p>Buyer's risk.</p> <p>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.</p>
10.	<p>Conditions on donations to community organisations.</p> <p>Assets can only be donated to another organisation if that organisation can:</p> <ul style="list-style-type: none">• 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 repair or maintenance of the asset;• Acknowledge that all copyright or licensed content has been removed (eg. computer software); and• Take responsibility for the timely removal of the asset and any associated costs that arise from the asset's removal.



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Procedure Adopted by Chief Executive Officer; Senior Management Group:	[date]	RecFind
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