



SHIRE COUNCIL
Blayney

Disposal of Assets

Policy	3J
Officer Responsible	Director Corporate Services
Last Review Date	20/02/2024

Strategic Policy

Objectives

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

1. POLICY:

This policy and its procedures apply to all Blayney Shire Council operations and are designed to achieve advantageous disposal outcomes through:

- implementing Council's Asset Management Policy and asset management plans
- ensuring the disposal or rationalisation of Council's assets is carried out in a transparent, fair, and independent manner
- enhancing value for the community by using competitive disposal processes
- promoting the use of resources in an efficient, effective and ethical manner
- ensuring decision making is consistent, fair and equitable
- making decisions with probity, accountability and transparency
- satisfying Council's economic, social and environmental policies
- appropriately managing risk
- compliance with all relevant legislation.

2. APPLICATION OF THIS POLICY

This policy and its procedures apply to any person or body responsible for the identification of assets that require disposal or rationalisation. Councillors, Council employees, volunteers and contractors must comply with the following principles in all disposal of asset activities:

- a) Consistency with Council's Asset Management Policy and asset management plans.

A decision to dispose of an asset must be consistent with Council's Asset Management Policy and any relevant asset management plan that applies to the category or type of asset.

- b) Open and effective competition

Disposal of assets should be undertaken in an open manner, resulting in effective competition and in a way that stands up to public scrutiny. Fair and equitable consideration must be given to all prospective purchasers.

- c) Independence in the method of disposal

Assets must be disposed of in a way that avoids the disposal of any asset to a Councillor, staff member or contractor without an independent, public and competitive process being undertaken.

d) Maximising community value

Council must aim to achieve best value for the community when disposing of assets, which is not limited to monetary value alone. The assessment of community value must include consideration, as applicable, of:

- a. Whether the asset being disposed of requires replacement and if so, what new assets will be acquired
- b. consistency with the Council Plan and other strategic priorities
- c. financial considerations including all relevant direct and indirect benefits
- d. efficiency and effectiveness
- e. the costs of various disposal methods
- f. internal administration costs
- g. risk exposure
- h. any associated environmental benefits.

e) Ethical behaviour and fair dealing

Council is to behave with impartiality, fairness, independence, openness and integrity in all decisions, discussions, and negotiations.

f) Sound record keeping

Officers are responsible for completing the necessary forms and documentation outlined in this policy and its procedures to ensure the disposal of assets can be tracked and independently audited.

g) Sustainability objectives

In undertaking any disposal activities Council will act in a sustainable manner.

3. FACTORS TO BE CONSIDERED WHEN ASSESSING IF AN ASSET IS DUE FOR DISPOSAL

The following factors must be considered when identifying an asset that is due for disposal:

- how the disposal of the asset implements the Council Community Strategic Plan, Delivery Program, Operational Plan and long-term financial plan objectives
- the relevant Asset Management Plan's provisions for asset renewal and disposal
- whether the asset is underutilised and future demand / need of the asset including assessment of future capital expenditure and works programs
- useability of the asset
- the remaining useful life of the asset
- current market value
- any duplication of the asset that supports its disposal

- annual maintenance costs
- cost of repair or replacement for a similar asset
- appropriate timing for the disposal to maximise community benefit
- any impacts, positive or negative, of the disposal of the asset on the community
- the service provided by the asset, whether it requires replacement to meet service needs and how its replacement will be funded
- potential risk of ownership (e.g. contains hazardous materials), including health and safety risks for operators or the community
- cultural or historical significance of the asset
- the outcome of any community consultation processes
- any restrictions on the proposed asset disposal
- any other relevant Council policies
- where or for what purpose the proceeds of the asset's sale will be allocated or spent.
- obligation under Local Government Act s.8B - Principles of sound financial management

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

- a) Assets with an apparent value of less than \$1,000 each will be disposed of using a method that maximises the return to Council;
- h) 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;
- i) The Manager shall ensure the Chief Financial Officer is aware of the disposal of the asset;
- j) 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.

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

- a) 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;
- b) 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;
- c) Community need for the asset and alternative resources which could be considered to be substitutes should be assessed;
- d) The strategic worth of the asset and its long term benefit to the community should be assessed;

- e) 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;
- f) 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.

6. METHODS OF DISPOSAL

- a) Assets of significant apparent value (being more than \$150,000) are to be disposed of either by auction or tender;
- b) Real property (land and buildings) disposal methodology will always be determined by Council, via a resolution;
- c) 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.
- d) 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;
- e) 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;
- f) 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.
- g) If after offering an asset for sale, if no interest in purchasing the asset is shown, the Manager may recommend to the General Manager the asset be scrapped and provide the recommended best means for managing the process to ensure environmental management conditions are observed
- h) Destruction of assets shall be undertaken after consideration of the environmental issues so that any hazardous substances shall be assessed to ensure safe disposal
- i) 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.

7. PROCEEDS FROM ASSET DISPOSAL

- a) Where not applied to the purchase of replacement vehicles or plant, proceeds of all motor vehicle and plant sales will be restricted for the purpose of Plant Replacement or as approved by Council in approval of such a transfer.
- b) The funds generated from the sale of land and/or buildings will be internally restricted for the purpose of Property Development or as determined by Council in approval of such a transfer.

8. 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	Director Infrastructure Services
Information technology assets	Manager Information Technology
Real property (land and buildings)	General Manager
Office furniture	Chief Financial Officer
Stores items	Director Infrastructure Services
Scrap metal	Manager Operations

9. SALE TO COUNCILLORS, COUNCIL OFFICERS OR CONTRACTORS

The disposal of any surplus or end of life Council assets should not be limited to employees or to elected members or contractors.

At the General Manager discretion disposal of any surplus or end of life assets may be sold to employees / Elected Members in a transparent market tested process, where these have been a tool of trade. All items will be incorporated into a sale register.

10. BUYER'S RISK

Regardless of the disposal method used all prospective buyers must be advised in writing that the asset is disposed of, without 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 or maintenance of the asset.

11. EXEMPTIONS IN EXCEPTIONAL CIRCUMSTANCES

From time to time there may be exceptional circumstances that arise where the processes and guidance outlined in this Policy will not deliver the best outcome for Council or the community.

Should this be the case, the waiver of the requirements of this policy must be subject to a resolution of Council to ensure maximum transparency and accountability to the community.

12. DOCUMENTATION OF ASSET DISPOSAL PROCESSES

- a) Documentation detailing decisions made on asset disposal is to be archived in Council's records management system by the relevant Manager;
- b) Receipt of the disposal of materials to a licensed scrap dealer or contracted engineer are to be included in the documentation;
- c) The Finance Department is to be informed, by completion of the attached notification, 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. Where the sale of the asset is identified in Council's Operational Plan (e.g. plant) a copy of the replacement schedule detailing the method of disposal approved by the Director is to be furnished to the Chief Financial Officer.
- d) 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 authorise countersign the documentation that specifies the price.

13. RELATED POLICIES AND LEGISLATION

EXTERNAL REFERENCES

Local Government Act

RELATED COUNCIL DOCUMENTS

Councillor Code of Conduct

Asset Management Strategy

Fraud and Corruption Policy and Plan

Procurement Policy

Staff Code of Conduct

Various Asset Management Plans

Council Delegations Register



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): (where applicable)	
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 asset replacement in Operational 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 / Director 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 and Asset sections sent – required for all assets regardless of apparent value – attach advice to Finance and Asset sections 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).

End of Policy

Adopted:	15/02/2016	1602/015
Lasted Reviewed:	15/02/2016	1602/015
	19/03/2018	1803/014
	21/11/2022	2211/010
	20/02/2024	2402/011
Next Review:	19/05/2025	