



SALE/DISPOSAL OF COUNCIL ASSETS OR ITEMS POLICY

1. BACKGROUND

Council requires the Sale/Disposal of Council Assets or Items Policy to provide a clear and standardised approach to managing and administering the sale and/or disposal of assets/property. The Sale/Disposal of Council Assets or Items Policy was part of the Policy for Procurement and Sale of Assets or Items Policy and now operates as a standalone policy.

2. PURPOSE

The purpose of the Sale/Disposal of Council Assets or Items Policy and associated procedures is to provide a clear and standardised approach to managing and administering the sale and/or disposal of assets/property/items and ensuring that an appropriate level of discipline and compliance with any legal or policy requirements is applied across the organisation.

3. OBJECTIVE

The objectives of this Policy are to ensure that:

- I. All Council staff understand clearly their responsibilities, accountabilities and reporting requirements.
- II. Council service delivery objectives are supported to maximise the use of Council assets or items and reduce associated service and operational costs resulting in increased asset performance and a lower total cost of ownership.
- III. Assets or items are only sold or disposed of where they meet identified criteria for disposal and that appropriate planning and approval is undertaken prior to any asset sale or disposal as identified in this policy.
- IV. An appropriate level of discipline for asset or item sale or disposal, and compliance with any legal or policy requirements, is applied across the organisation.
- V. Best practice asset management principles are upheld.
- VI. Any sale and/or disposal complies with Council's position and responsibilities on sustainability and environmentally friendly practices.
- VII. Council staff consider the repurposing of its assets, items or equipment within council/LGA if possible before sale and or disposal of them.

4. SCOPE

This scope of this policy applies to all assets or items and applies to all staff at all levels of the Council.

5. REFERENCES AND LEGISLATION

- *Local Government Act 1993*
- NSW Local Government (General) Regulation 2021



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6. ROLES AND RESPONSIBILITIES

Position	Responsibility
The Elected Council	The elected Council must act in accordance with the Policy and abide by any determination made as a result of this Policy.
General Manager	Principal delegate of all major sale and disposal of real assets (land and buildings) following Council approval.
Director Corporate Services	The delegate for all information technology assets, office furniture, stores and stationery.
Director Infrastructure	The delegate for all motor vehicles, machinery and plant assets and scrap metals.
Director Environmental Services	The delegate for all Council buildings, subject to Council resolution.
Employees	Employees are responsible for carrying out sale/disposal of assets in an appropriate manner with regard to any training undertaken.
General Public	The general public must act in accordance with this policy and abide by any determination made as a result of this policy.

7. POLICY

7.1 THE PRINCIPLES OF ASSET OR ITEMS SALE AND/OR DISPOSAL

7.1.1 From time to time (and at least once every council term) for individual and classes of properties, a taskforce (to be determined as necessary), chaired by the Director of Corporate Services is to be formed for the purpose of reviewing Council's landholdings, regardless of tenure, reclassification, and making recommendations to the Council through the Finance and Budget Committee. The taskforce will comprise officers from each directorate and other such professional advisors as deemed appropriate. Refer also to the Procedures.

7.1.2 Land and buildings that are identified by the Taskforce as being in need of review are to be tested against a number of criteria to recommend whether the property is retained and developed for community use or developed or sold to realise its commercial potential. The seven (7) criteria contained in the assessment are:

- statutory influences (restrictions or limitations)
- existing usage
- potential future use (including repurposing)
- spatial distribution/size
- conservation value
- site constraints and opportunities
- maintenance issues



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- 7.1.3 The outcome of this process will be a decision whether to develop the asset for its community opportunities or its commercial potential including the reclassification of land.
- 7.1.4 Under s. 31 of the Local Government Act 1993, before Council acquires land, or within 3 months after it acquires land, council should resolve that the land be classified as operational land, unless otherwise stated to allow for streamlined processes for the sale and disposal of council assets. A community use of an asset may result in a number of alternatives by which this potential can be realised:
- Development of infrastructure, e.g. park, drainage facility, parking facility.
 - Delivery of a community service or program either by outsourcing to a community group or by a direct resource. **Note:** *The purpose of this policy and the Taskforce is to determine whether a site is more suitable to be developed for a community purpose and then 'hand over' the site to the relevant service area for that purpose, for example, Works and Infrastructure Services or Community Services, rather than dispose of by other means*
- 7.1.5 Commercial use of an asset may likewise result in a number of options by which its potential can be realised:
- Sale
 - Ground or Site Lease
 - Building Lease
 - Development or Joint Venture.
- 7.1.6 Acknowledging that the commercial options contain unique characteristics, selection will reflect the current and projected financial or economic position of the Council and the region at the time. Factors to be considered will include the accumulation of reserves for Capital Works, Forward Works Programs, and Projected Financial Plans, which collectively will determine whether short term gain or long term revenue is the preferred outcome.
- 7.1.7 In the event that any asset is to be sold, commensurate with the size of the asset (Refer to Procedures), leased or developed an independent current valuation of the asset must be obtained from a registered valuer within the period of six months prior to the disposal or other change of ownership/leasehold of the asset.

7.2 ASSET SALE AND/OR DISPOSAL

- 7.2.1 The apparent value (AV) of assets shall be determined by the Director Corporate Services/Director Infrastructure/Director Environmental Services as listed in this Policy (at 6.8) who has carriage of management of the asset.
- 7.2.2 Apparent value will be determined by the relevant Directorate(s) per 6.3.1 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



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to a buyer, its life stage and asset rating, potential for obsolescence and usefulness for future needs.

- 7.2.3 The above Directorate(s) per 6.3.1 should detail the assumptions they use in estimating the asset's value in preparing their recommendation to the sale and/or disposal of the asset.

7.3 ASSETS (ITEMS) WITH AN APPARENT VALUE OF LESS THAN \$1,000

- 7.3.1 Items with an AV of less than \$1,000 each will be disposed or repurposed of using a method that maximises the return to Council.
- 7.3.2 Items with an AV of less than \$1,000 shall be disposed or repurposed of by a method determined by the delegate(s). The delegate(s) must document the process of determining the Item disposal methodology and ensure full documentation is captured in Council's corporate records management system detailing the decision making process and actions taken. Refer to Procedures for further guidance).
- 7.3.3 Organic items like wood and garden organics are disposed onsite for environmental habitat or taken to the waste management facility or subject to the approval of the Director of Infrastructure.
- 7.3.4 The details (both technical and financial) of any items sold and/or disposed of by Council will be amended in the applicable Asset Register, and included in Council's corporate Asset Management Systems as appropriate and per the Procedures guidelines.
- 7.3.5 The delegate(s) 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.

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

- 7.4.1 Assets disposal will be assessed on a case by case basis for assets with an AV of more than \$1,000 by the Directorate(s) and the attached memo will be completed to be considered by the General Manager (refer to Procedures).
- 7.4.2 The Directorate(s) will consider the following in their assessment and formulation of recommendations to dispose of an asset provided in the memo:
- I. Market forces and impact on return from the sale of the asset should be considered and commented upon
 - II. Community need for the asset and alternative resources which could be considered to be substitutes should be assessed and commented upon
 - III. The strategic worth of the asset and its long-term benefit to the community should be assessed and commented upon (including repurposing the asset internally)
 - IV. The purchase price and maintenance costs incurred over the lifecycle of the asset should be assessed to determine, where possible, a return on investment of a particular asset



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That the funds raised from the sale of an asset should be considered as to their use (repurchase and or retain proceeds) and this subsequently must be reflected in the Council's next Operational Plan, Delivery Program and or Asset Management Plan as appropriate. This needs to be then included in the recommendation on use of the funds.

7.5 METHODS OF SALE/DISPOSAL

- 7.5.1 Assets of significant AV (being more than \$150,000) are to be sold or disposed of either by auction or tender.
- 7.5.2 All motor vehicles and plant (except those on novated leases) shall be sold or 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.
- 7.5.3 For other assets, the Director who has carriage of the assets will provide to the General Manager a recommended method of sale and/or disposal which shall be made after assessing the means to maximise the return to Council.
- 7.5.4 The General Manager will determine the manner of sale or disposal for information technology (IT) assets, office furniture, stores items and scrap materials (including scrap metal) - on each occasion disposal is recommended by a respective Director.
- 7.5.5 Where a recommendation for destruction of an asset is made, the Director 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 Council Officer who will be charged with the responsibility of ensuring the asset is destroyed.
- 7.5.6 If after offering an asset for sale, if no interest in purchasing the asset is shown, the relevant Director 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 and / or legislative requirements are observed.
- 7.5.7 Dumping or destroying of assets shall be undertaken after consideration of the environmental issues and / or legislative requirements so that any hazardous substances shall be assessed to ensure safe disposal.
- 7.5.8 Assets can only be donated to other organisations if the organisation can:
- I. affirm in writing their status as a non-profit organisation
 - II. provide written acknowledgement of receipt of the asset
 - III. acknowledge Council will not be responsible for any repair or maintenance of the asset
 - IV. acknowledge that all copyright or licensed content has been removed (for example, software on computers)
 - V. take responsibility for the timely removal of the asset and any associated costs that arise from the assets removal



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- VI. acknowledge Council’s donation to the organisation via a media release that Council approves.

7.6 PROCEEDS FROM ASSET SALE AND DISPOSAL

- 7.6.1 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.
- 7.6.2 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.
- 7.6.3 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.
- 7.6.4 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.
- 7.6.5 The proceeds shall be reflected in Council’s financial statements and reported to Council in quarterly reviews as they arise (the Quarter Budget Review Statement - QBRs process).

7.7 ASSETS CARRIAGE FOR PURPOSES OF SALE AND/OR DISPOSAL

- 7.7.1 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
Information technology assets	Director Corporate Services
Real property (land and buildings)	General Manager/Director Environmental Services
Office Furniture	Director Corporate Services
Clothing/Stores Items	Director Corporate Services
Scrap Metal	Director Infrastructure
Stationary	Director Corporate Services
Quarries/Pits	Director Infrastructure

- 7.7.2 Real Property (land and buildings) requires approval from Council.
- 7.7.3 Motor vehicles and plant items that are greater than contract value of \$150,000 will require approval from Council.

7.8 DOCUMENTATION OF ASSET SALE AND DISPOSAL PROCESS

- 7.8.1 Documentation detailing decisions made on asset disposal is to be archived in Council’s corporate records management system by the relevant Manager.
- 7.8.2 The relevant Director will update the assets details in the applicable Asset Register, and will provide documentation detailing the technical and financial



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information relating to any assets sold/disposed of by Council to Council's Asset and Project Engineer and Team Leader Finance (or similar) to enable the amendment in Council's corporate Asset Management Systems, including accounting treatments for sold and/or disposed assets initiated.

- 7.8.3 Receipt of the sale and/or disposal of materials to a licensed scrap dealer or contracted engineer are to be included in the documentation.
- 7.8.4 Where a Councillor, 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.

8. RELATED DOCUMENTS

- Sale or Disposal of Land and Assets Procedure
- Asset Handover form
- Item Disposal Form (Value below \$1,000)
- Attachment 1 Assets Sale and Disposal Form
- Contract Management Procedures

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9. BREACHES OF POLICY

A breach of this policy will be dealt with and responded to in accordance with adopted codes and/or relevant legislation.

10. DEFINITIONS

Key Terms	Meaning
Assets	means any resource owned or controlled by the Council, from which the Council expects to derive economic benefits or use for service delivery to the general public during its useful life.
Items	means items costing less than \$1,000 and considered as low-value under the Australian Accounting Standards.
Building	is any structure or part of a structure, but does not include a moveable dwelling or associated structure or part of a moveable dwelling or associated structure.
Procurement	describes the over-arching process concerned with developing and implementing strategies to manage an organisations spend in a way as to contribute to the organisations overall goals and to maximise value and/or minimise the total cost of ownership.
Beyond economic repair	means a classification given to an asset where that asset requires repairs likely to be more expensive than its replacement value.
Value for Money	as detailed by the Tendering Guidelines for NSW Local Government, value for money is determined by considering all the factors that are relevant to the proposed procurement and may include: experience, quality, reliability, timeliness, service, risk profiles and initial and ongoing costs. These are all factors that can make a significant impact on benefits and costs. Value for money does not automatically mean the 'lowest price'. Value for money is a comparison of the apparent benefits of the proposed procurement activity with the whole-of-life costs.



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Title: Sale/disposal of Council Assets or Items Policy																	
Department: Corporate Services																	
Version	Date	Author															
1.30.1	21 May 2022	Council															
Revised number	8 May 2024	Finance and Governance Specialist															
01.30.01 Adopted	18 July 2024 Resolution 142/24																
<p>This policy may be amended or revoked at any time and must be reviewed at least three (3) years since its adoption (or latest amendment). The Director Corporate Services will be responsible for the review of this policy. Review of this policy will incorporate relevant legislation, documentation released from relevant state agencies and best practice guideline.</p> <p>Review Date: 2027</p> <p>Amendments in the release</p> <table border="1"> <thead> <tr> <th>Amendment History</th> <th>Date</th> <th>Detail</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table> <p>Annexure Attached:</p>			Amendment History	Date	Detail												
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<p>Noreen Vu General Manager</p>																	