



# Asset Disposal Policy

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## 1. PURPOSE

1.1 The purpose of this policy is to:

- 1.1.1 Outline the responsibilities and controls relating to the identification and disposal of Council owned assets and consumable materials, including plant and equipment, hereafter called Property and Equipment.

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## 2. SCOPE

2.1 This policy provides guidance to any persons who have responsibility for the identification of Council assets that are no longer 'fit for purpose' and which are required to be disposed of in the approved manner.

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## 3. POLICY STATEMENT

### 3.1 *Disposal Authority*

The authorisation and notification of Property and Equipment that is 'no longer fit for purpose' to the Councils requirements must be in accordance with functional level of disposal authority and final approval by the Finance Manager.

Requests for disposals are based on the functional level of employees (refer to disposal table below). The department responsible will notify the Finance Manager of the proposed disposal method and then seek final approval from the Director Corporate Services prior to disposal of the asset.

### 3.2 *Responsibility and Disposal Methods*

Details of the 'no longer fit for purpose' assets should be provided in writing to the area responsible for disposal – refer to the below table.

The responsible area will determine the most appropriate disposal method and determine the process for sale and/or physical disposal.

In determining the most appropriate process, the following key policy parameters apply for all disposals;

- 3.2.1 Maximising the net return to Golden Plains Shire Council, after considering disposal costs.
- 3.2.2 Community or Council benefit opportunities derived from asset transfer to volunteer and not for profit organisations.
- 3.2.3 Legislative and Government requirements.
- 3.2.4 Environmentally responsible disposal.
- 3.2.5 The safety of Golden Plains Shire Council's employees, customers and members of the general public.
- 3.2.6 Assurance of security and protection of Golden Plains Shire Council's data, customer information and intellectual property.

## 4. PROCEDURES

### 4.1 *Disposal Responsibility*

The following table summarises the functionality disposal responsibility, asset types and appropriate disposal methods available:

| Asset type   | Responsible owner for Disposal   | Disposal method<br>(refer below for further information on these methods)   |
|--|--|---|
| Communications equipment<br>Computer Hardware & Software<br>Stock – <i>including</i> scrap metal<br>Survey equipment<br><br>Vehicles<br>Plant (includes mowers etc)<br>Printing & Photographic equipment | ICT and Digital Transformation department<br>ICT and Digital Transformation department<br>Finance department<br><br>ICT and Digital Transformation department<br>Finance (Fleet) department<br>Finance (Fleet) department<br><br>ICT and Digital Transformation department | Public auction, tender or Expressions of Interest<br>Selective tender<br>Trade in<br>Dumping<br>Scrap/Salvage<br>Approved Community Group   |
| Land & Buildings   | Corporate Services – Governance  | Public auction, tender or Expressions of Interest<br>Private treaty   |
| Furniture & Fittings   | Finance department   | Public auction, tender or Expressions of Interest<br>Selective tender<br>Trade in<br>Dumping<br>Scrap/Salvage   |
| Infrastructure (Portable & fixed)  | Works department   | Replacement contract that includes disposal<br><br>Public auction, tender or Expressions of Interest<br>Community Group submission and transfer<br>Selective tender<br>Trade in<br>Demolition<br>Dumping<br>Scrap/Salvage |

## 4.2 **Disposal Methods**

**Please Note: Specific requirements for each disposal method are outlined below:**

### 4.2.1 *Public Auction, Tender or Expressions of Interest*

The principles of an “arm’s length” process must be adhered to. Appropriate public advertising, marketing, timing and notice for sale are to be considered.

### 4.2.2 *Selective Tender*

Selective Tender may be used for disposal of Property and Equipment under the following provisions:

- Items with a market value up to \$2,500 require at least one [1] verbal quotation and the approval of the Director Corporate Services.
- Items with a market value between \$2,501 and \$33,000 require at least two [2] written quotations.
- Items with a market value between \$33,001 and \$149,999 require at least three [3] written quotations.

### 4.2.3 *Trade-in*

An estimate of market value of the Property and Equipment must be determined prior to proceeding with purchase of the replacement item.

The purchase of the replacement item will be undertaken in accordance with the Procurement Policy.

Alternative disposal options should be considered in conjunction with “trade-in” to ensure the best possible return to Council.

### 4.2.4 *Land and Buildings - Public Auction or Tender / Private Treaty*

The internal approval process for land and building sales is defined in Golden Plains Shire Council’s Instrument of Delegation;

Golden Plains Shire Council must ensure that sale of land transactions are at all times transparent to the community, in accordance with the Local Government Best Practice Guideline for the Sale, Exchange, and Transfer of Land, and wish section 189 of the Local Government Act 1989.

[https://www.localgovernment.vic.gov.au/\\_data/assets/pdf\\_file/0028/48628/Local-Government-Best-Practice-Guideline-for-the-Sale-and-Exchange-of-Land.pdf](https://www.localgovernment.vic.gov.au/_data/assets/pdf_file/0028/48628/Local-Government-Best-Practice-Guideline-for-the-Sale-and-Exchange-of-Land.pdf)

### 4.2.5 *Dumping / Recycling*

Dumping / Recycling may be undertaken for assets where the market value, taking into consideration all associated disposal costs, makes it uneconomical for sale.

Dumping does not include the salvage and sale of scrap.

Disposal to employees is not permitted in lieu of dumping, scrap or salvage. Employees are not permitted to access dumped, scrap or salvaged Plant and Equipment for personal/private use.

Consideration of environmental, safety and security aspects must be made.

#### 4.2.6 **Scrap / Salvage**

Scrap / Salvage refers to the provision of material, such as scrap material that has a salvageable value to a third party merchant.

- Items under \$2,500 require at least one [1] verbal quotation and the approval of the Director Corporate Services.
- Items with a value between \$2,501 and \$33,000 require at least two [2] written quotations.
- Items over \$33,000 require at least three [3] written quotations.

Employees are not permitted under any circumstances to access or purchase for personal / private use Plant and Equipment (including scrap / surplus material) identified for scrap or salvaging.

#### 4.2.7 **Replacement Contract Includes Disposal**

It is acknowledged that the replacement or refurbishment of major items of infrastructure will in many cases involve a single contract for the upgrade/replacement and removal of the asset and not involve a separate process of disposal.

Costs incurred for disposal of the asset are recurrent in nature and should not be included as capital expenditure.

#### 4.2.8 **Community Groups**

Council may provide community groups the opportunity to submit an expression of interest for assets that have reached their useful life at Council in accordance with Council's asset management policy.

Where Council identifies an asset that is no longer 'fit for purpose' however, believes may provide benefit to a community group or a volunteer group, this asset may be offered to individual or multiple groups. This process will be consistent with the community grant process whereby following notification the community group submits its request to Council for a particular asset and the item will be granted to the Community group.

The preferred community group is to arrange collection of assets from the Council.

If plant and equipment is being transferred to a Community or Volunteer group then all equipment is to be transferred fully serviced and fit for use unless otherwise agreed. Any obsolete attachments or spare parts associated with equipment being transferred, will be included with the transfer.

Community groups who are 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.

In considering any submission, officers should keep in mind the following:

- Community groups should receive equitable treatment to avoid possible claims of bias;
- Where the community group is seen as appropriate but there is a potential claim of bias, the matter should be referred to Director Corporate Services, who will adjudicate the claim or refer the matter to the CEO; and
- The community group must facilitate the removal of the asset themselves.

*Note: The sale of assets direct to employees is not an approved method of asset disposal. Employees interested in purchase of assets being disposed of, where appropriate, will need to go through the selected market process – ie, auction or public tender – and must not have any involvement in the disposal process.*

### 4.3 **Transferring Assets Within Council**

Where practicable and reasonable, the relevant Department will notify all departments of the Plant & Equipment identified as surplus for possible utilisation and transfer within the Council.

#### 4.3.1 *Notification of Assets for Disposal & Transferred Assets*

Notification must be forwarded to the Finance Department of all Plant & Equipment disposals and transfers, including all asset details – ie, description, asset number, etc.

### 4.4 **Thefts and Losses**

The requirements in relation to thefts and losses are prescribed in the Theft and Losses Rules, issued pursuant to the Financial Management Act 1994, issued by Department Treasury & Finance (DTF);

The following outlines the main considerations once a theft or loss is discovered;

- Notify the Police immediately if criminal activity suspected. A police report should be obtained.
- Involve Internal Audit in the process, especially if fraud or theft is suspected.
- Fraud or theft must be reported to the Department Manager who will advise the Finance Manager.
- Contact Corporate Services, People and Culture for appropriate insurance claim follow-up.

#### 4.5 **Regulatory Requirements for Disposal of Plant**

Departments disposing of plant must ensure copies of risk assessments, plant manuals and any operational information is provided with the item of plant.

If plant is to be sold for scrap metal the supplier of plant must advise in writing to the receiver that the plant is intended for use as scrap material.

#### 4.6 **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.

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### 5. **RESPONSIBILITIES**

#### **Compliance, monitoring and review**

5.1 This policy sits in the Directorate of Corporate Services, with the Finance Manager responsible for ensuring the policy:

- aligns with Australian Accounting Standards, relevant legislation, government policy and Council's requirements;
- is implemented and monitored (i.e. the policy is followed, reflects the changing policy environment, and emerging issues are identified); and
- is reviewed to evaluate its continuing effectiveness (e.g. achieving its purpose, remains relevant/current.)

#### **Reporting**

5.2 No additional reporting is required.

#### **Records Management**

5.3 Council must maintain all records relevant to administering this policy in accordance with the *Public Records Act 1973*.



## 6. DEFINITIONS OF TERMS OR ABBREVIATIONS USED

### Terms and definitions

| Term                    | Definition   |
|-------------------------|--|
| <i>Asset</i>            | <i>A resource with economic value that Council owns or controls with the expectation that it will provide a future benefit</i>   |
| <i>Disposal</i>         | <i>The process of getting rid of by giving or selling to someone else</i>  |
| <i>Trade-In</i>         | <i>A used article accepted as part payment for another item</i>  |
| <i>Public Auction</i>   | <i>An auction held on behalf of a government in which the property to be auctioned is either property owned by the government, or property which is sold under the authority of a court of law or a government agency with similar authority</i> |
| <i>Selective Tender</i> | <i>A procedure whereby only tenderers selected by the Council may tender for the Contract</i>  |

## 7. RELATED LEGISLATION AND DOCUMENTS

*Local Government Act 1989, Section 189*

Local Government Best Practice Guidelines for the Sale, Exchange and Transfer of Land

Australian Accounting Standards

Golden Plains Shire Council;

- Procurement Policy
- Community Grants Program Policy
- Asset Management Policy
- Asset recognition, Valuation and Revaluation Policy

## 8. POLICY OWNER

8.1 Manager Finance is the policy owner.

**9. DOCUMENT INFORMATION**

|                          |  |
|--------------------------|--|
| DOCUMENT TYPE:           | Council Policy document  |
| DOCUMENT STATUS:         | Approved   |
| DOCUMENT OWNER POSITION: | Manager Finance  |
| APPROVED BY:             | Council  |
| DATE ADOPTED:            | 24 September 2019  |
| VERSION NUMBER:          | 1  |
| REVIEW DATE:             | 24 September 2023  |
| DATE RESCINDED:          | N/A  |
| EVIDENCE OF APPROVAL:    | <br>Signed by Chief Executive Officer |
| FILE LOCATION:           | INT19/7BA7E5C1<br><br>G:\Finance\FINANCIAL SERVICES\AAAAAA-Finance Unit Manual\Manual\Accounting Policy                |
| NOTES:                   |  |

# 10. ATTACHMENT 1 - PHYSICAL (NON-PROPERTY) ASSET DISPOSAL ASSESSMENT AND EVALUATION REPORT

|   |    |
|---|----|
| Asset identification: (Confirm system)          |    |
| Asset Location:                                 |    |
| Asset description: (Attributes)                 |    |
| Ownership Details:                              |    |
| Asset formally used for: (Describe)             |    |
| Valuation of Asset:                             | \$ |
| Estimated cost of disposal or rationalisation:  | \$ |
| Estimated market value:                         | \$ |
| Reason for Disposal or rationalisation:         |    |
| Proposed method of disposal or rationalisation: |    |

Recommendation: (Υστε αππροπριατε δεσχριπτορσ το ουτλινε τηε ρεχομμενδατιον φυλλψ)  
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:  
(Αδδιτιοναλ χομμεντσ ανδ φυστιφιχατιον φορ προποσινγ το δισποσε οφ ορ ρατιοναλισε τηε ασσετ)

Name of person making the assessment  
.....Position.....Date \_\_\_\_/\_\_\_\_/\_\_\_\_

Approval of Manager Projects and Property  
DECISION: The above disposal/rationalisation is: (please circle) APPROVED NOT APPROVED

I,.....certify that the above asset can be disposed of  
in accordance with Council Asset Disposal Policy.

Signature:.....Date \_\_\_\_/\_\_\_\_/\_\_\_\_

Approval of Director  
Name:.....Signature:.....Date \_\_\_\_/\_\_\_\_/\_\_\_\_

Approval of Chief Executive Officer  
Name:.....Signature:.....Date \_\_\_\_/\_\_\_\_/\_\_\_\_

Date and number of Council Resolution (if required)  
Date \_\_\_\_/\_\_\_\_/\_\_\_\_ Resolution No.....

## 12. ATTACHMENT 2 - LAND (PROPERTY) DISPOSAL OR RATIONALISATION ASSESSMENT AND EVALUATION REPORT

|  |    |
|--|----|
| Asset identification: (Confirm system)                     |    |
| Council Property No:                                       |    |
| Street Address:  |    |
| Parcel description:<br>(Vacant/Non Vacant)<br>(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:                               |    |

Recommendation:

Justification:

Name of person making the assessment

.....Position.....

Approval of Responsible Department Manager

.....Date \_\_\_\_/\_\_\_\_/\_\_\_\_

DECISION: The above disposal/rationalisation is: (please circle)

APPROVED/ NOT APPROVED

I,.....certify that the above asset was disposed of in accordance with Council Asset Disposal Policy.

Signature:.....ate \_\_\_\_/\_\_\_\_/\_\_\_\_

Approval of Responsible Director

Name:.....Signature:.....Date \_\_\_\_/\_\_\_\_/\_\_\_\_

Approval of Chief Executive Officer

Name:.....Signature:.....Date \_\_\_\_/\_\_\_\_/\_\_\_\_

Date and number of Council Resolution (if required)

Date \_\_\_\_/\_\_\_\_/\_\_\_\_ Resolution No.....