

ASSET DISPOSAL POLICY

ADMINISTRATIVE POLICY



1 Scope

This policy applies to Rockhampton Regional Council employees involved in the disposal of Council assets.

This policy does not apply to any process of selling land for arrears of rates and charges or selling of stock in the normal course of operations.

2 Purpose

The purpose of this policy is to provide unambiguous and transparent direction for the disposal of assets to:

- (a) Promote fair and effective competition to the greatest possible extent;
- (b) Consider any potential benefit to the community;
- (c) Ensure best value for money is achieved; and
- (d) Ensure the same accountability for disposal of assets as that of purchasing assets.

3 Related Documents

3.1 Primary

Nil

3.2 Secondary

Electrical Safety Regulation 2013

Local Government Act 2009

Local Government Regulation 2012

Asset Capitalisation Policy

Asset Disposal by Internal Quotation Procedure – Plant and Equipment Valued at Less Than \$5,000

Code of Conduct

Fleet Management Policy – Plant and Vehicle Asset Renewals, Extensions and Reductions

Framework for the Preparation and Presentation of Financial Statements (Australian Government, Australian Accounting Standards Board)

Non-Current Asset Register

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Adopted/Approved:	Adopted, 24 March 2015	Department:	Corporate Services
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4 Definitions

To assist in interpretation, the following definitions apply:

Asset	<p>As defined in paragraph 49(a) of the Framework for the Preparation and Presentation of Financial Statements:</p> <p>A resource controlled by Council as a result of past events and from which future economic benefits are expected to flow to Council (for example real property, motor vehicles, plant and equipment, art works, etc).</p> <p>Key features of an asset include:</p> <p>(a) Council must have control over the future economic benefits of the asset;</p> <p>(b) There was a past transaction or event which gave rise to the control of the future economic benefits; and</p> <p>(c) There must be future economic benefits expected to flow to Council.</p>
Asset Disposal	A process where Council divests itself of an asset in a systematic and authorised manner as directed by this policy.
Best Value	Obtaining the best possible return for the goods it sells in financial, social, economic and environmental terms.
Carrying Value	The amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses. Also known as written down value.
CEO	<p>Chief Executive Officer</p> <p>A person who holds an appointment under section 194 of the <i>Local Government Act 2009</i>. This includes a person acting in this position.</p>
Community Organisation	<p>As defined in the <i>Local Government Regulation 2012</i>:</p> <p>(a) An entity that carries on activities for a public purpose; or</p> <p>(b) Another entity whose primary object is not directed at making a profit.</p>
Council	Rockhampton Regional Council
Employee	<p>Local government employee:</p> <p>(a) The chief executive officer; or</p> <p>(b) A person holding an appointment under section 196 of the <i>Local Government Act 2009</i>.</p>
Exc GST	Excluding goods and services tax
Financial Delegation	A formal delegation (consisting of a financial band level and an instrument of sub-delegation (financial)) allowing an employee to authorise/approve the expenditure or reimbursement of money within their approved budget and delegation limit. This delegation allows an employee with responsibility for a budget to manage that budget.
GM	General Manager
Government Agency	<p>As defined in the <i>Local Government Regulation 2012</i>:</p> <p>(a) The State, a government entity, a corporatised business entity or another local government; or</p> <p>(b) Another Australian government or an entity of another Australian government; or</p> <p>(c) A local government of another State.</p>
Infrastructure Assets	Assets contained within Councils water, sewerage, roads, stormwater drainage, airport and bridge asset classes.

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Non-current Assets	An asset of Council, other than land, that is not a current asset and has been recognised under Council's Asset Capitalisation Policy.
Plant and Vehicle Asset	A Council asset, leased or owned, that is above the \$5,000 capitalisation threshold and is generally under the following categories: (a) Light passenger and commercial vehicles; (b) Trucks and trailers; (c) Construction and materials handling equipment; (d) Grounds care equipment; (e) Boats, marine craft; or (f) Motorcycles including quad bikes.
Senior Managers	CEO, GMs or managers

5 Policy Statement

Council is committed, as far as practical, to the open, transparent and systematic disposal of Council's assets.

Non-current assets are originally recognised and recorded in Council's Non-Current Asset Register in line with Council's Asset Capitalisation Policy.

5.1 Recommendation to Dispose

Before any asset is disposed of, it is necessary to determine that it is appropriate for disposal. Once determining the estimate or carrying value of the asset (refer to paragraph 5.2), employees must consider the following common criteria for determining whether assets may be suitable for disposal:

- (a) No longer required;
- (b) Unserviceable or beyond economic repair;
- (c) Technologically obsolete;
- (d) Operationally inefficient;
- (e) Surplus to current or immediately foreseeable needs;
- (f) Part of an asset replacement program; and/or
- (g) Contains any environmentally sensitive or hazardous material.

In deciding and recommending an asset for disposal, senior managers should consider the needs of other departments, sections or units. This could take the form of a notice communicating surplus assets.

5.1.1 Plant and Vehicle Assets

Operational areas seeking plant and vehicle asset reductions are required to complete a business case, which includes investigation into service delivery and consultation, in accordance with the Fleet Management Policy – Plant and Vehicle Asset Renewals, Extensions and Reductions.

5.2 Carrying Value of the Asset

When disposing of an asset, the relevant value is that of the carrying value in Council's Non-Current Asset Register. Written approval to dispose of an asset must be given by an employee who has the appropriate financial delegation at the level of the carrying value of the asset to be disposed.

If a carrying value is not available for the asset, an estimation of value of the asset should be made having regard to:

- (a) The potential to sell the asset;
- (b) The perceived value of the asset to a buyer;

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- (c) Its age and condition;
- (d) Potential for obsolescence; and
- (e) Usefulness for future needs.

5.3 Assets (Excluding Land) with a Carrying Value of Less Than \$5,000 (Exc GST)

The relevant GM is responsible for approving the appropriate method for the disposal of assets with a carrying value of less than \$5,000. The method used for the disposal of assets will maximise the return to Council.

The accepted means of disposal under this category may include, but not limited to:

- (a) Internal quotation;
- (b) External quotation;
- (c) Public Auction; or
- (d) Donation to a community organisation.

5.4 Assets with a Carrying Value of Greater Than \$5,000 (Exc GST), including Land

For assets with a carrying value greater than \$5,000, the disposal method is determined by the relevant GM on a case by case basis considering:

- (a) Market forces and impact on return from the sale of the asset;
- (b) The purchase price, lifecycle maintenance costs and remaining useful life to maximise where possible the return on investment of the asset;
- (c) The strategic worth of the asset and its long term benefit to the community;
- (d) Community need for the asset and alternative resources; and
- (e) How the funds received from the disposal of the asset are to be allocated.

The accepted means of disposal under this category as per section 227 and section 236 of the *Local Government Regulation 2012* may include, but not limited to:

- (a) Public Tender;
- (b) Public Auction;
- (c) Can be sold in any way as long as 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;
- (d) Trade-in;
- (e) Disposal to another government agency; or
- (f) Disposal to a community organisation.

5.5 Notifying Disposal of Assets

Following the disposal of an asset, it is the responsibility of the relevant GM, or their delegate, to notify the:

- (a) Chief Financial Officer to ensure the asset register is updated and accounting treatments are recorded; and
- (b) Manager Corporate and Technology Services to determine any impact on Council’s insurance policies.

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5.6 Infrastructure Assets Disposed as Part of a Capital Project Proceeding

In respect of replacement and upgrade infrastructure capital projects, the carrying value of the asset should be reduced to reflect that component of the asset that is no longer providing economic benefit. These adjustments are recorded as a write-off of non-current assets in Council's financial statements.

Whilst approval by Council for the write-off is inherent in the approval of a new or upgrade capital project, the impacts of the capitalised projects are to be submitted by the Financial Accounting team in a quarterly report to the CEO and Chief Financial Officer, for their approval.

5.7 Buyer's Risk

Irrespective of the disposal method applied, all prospective buyers must be advised in writing that items are 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 workability of the items and Council will not be responsible for any repairs or maintenance of the asset.

5.8 Disposal of Electrical Equipment

The senior manager responsible for the disposal of any electrical equipment must ensure compliance with all relevant conditions detailed in the *Electrical Safety Regulation 2013* for the sale of electrical equipment prior to disposal of the asset.

5.9 Conditions on Donations to Community Organisations

Assets can only be donated to another organisation if that organisation can:

- (a) Affirm in writing they are an entity that carries on activities for a public purpose or their primary object is not directed at making a profit;
- (b) Provide written acknowledgement of receipt of the asset;
- (c) Acknowledge Council will not be responsible for any repair or maintenance of the asset;
- (d) Acknowledge all copyright or licensed content has been removed (for example computer software); and
- (e) Take responsibility for the timely removal of the asset and any associated costs that arise from the asset's removal.

5.10 Documentation and Declarations

The relevant GM, or their delegate, is to ensure:

- (a) The disposal methodology is fully documented and all documentation is filed under the appropriate disposal file in Council's recordkeeping system; and
- (b) Any conflict of interest issues, perceived or otherwise, in relation to the chosen means of disposal or with employees involved in the disposal process should be declared and registered in accordance with the Code of Conduct.

6 Review Timelines

This policy is reviewed when any of the following occur:

- (a) The related information is amended or replaced; or
- (b) Other circumstances as determined from time to time by the Council.

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7 Document Management

Sponsor	Chief Executive Officer
Business Owner	Deputy Chief Executive Officer
Policy Owner	Chief Financial Officer
Policy Quality Control	Legal and Governance



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