





Murrumbidgee
COUNCIL

Asset Disposal Policy

Revision 1

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1. PURPOSE

Council is committed to ensuring an open, fair, transparent and accountable process in the disposal of Council's surplus assets, whilst obtaining best value for money and avoiding any conflicts of interest, whether real or perceived.

2. SCOPE & OBJECTIVE

This Policy is to provide clear guiding principles for the disposal of Council owned assets including, but not limited to: plant, equipment, materials and stock items; office equipment and furniture; information technology, software and hardware; real estate (land and buildings).

This Policy applies to all Councillors and employees of Murrumbidgee Council.

3. POLICY STATEMENT

Council's disposal of asset related activities shall be conducted in a manner that complies with these general Policy statements:

- 3.1 Disposal of land and other assets will be consistent with Council's economic, social and/or environmental objectives.
- 3.2 At all times, the disposal of land and other assets will be conducted in a manner that maximises returns whilst ensuring open and effective competition.
- 3.3 Generally, Council will dispose of land and other assets through adoption of the following practices: public tender; public auction; expressions of interest; trade-in; direct sale; disposal of inventory land by a single offer; transfer; recycled or destroyed (*see Method of Disposal*).
- 3.4 The disposal of assets to Councillors and employees of Murrumbidgee Council must not occur outside of a public process.
- 3.5 Commercial confidentiality will apply to negotiations for disposal of land and other asset transactions where appropriate, unless Council determines otherwise.
- 3.6 All Councillors and employees of Murrumbidgee Council are required to consistently apply and implement Council's disposal policies and procedures. Appropriate action may be taken for non-compliance.
- 3.7 Buyers of Council's disposed assets are to rely on their own enquiries regarding the condition and workability of an asset. No warranty or after sale service is to be offered on any asset disposed of.
- 3.8 If a non-land asset sale value is \$250,000.00 or greater, the *Local Government (General) Regulation 2005* (the Regulation) must be followed. Pursuant to section 55 (3) (d) of the *Local Government Act 1993* (the Act), Council is not required to follow a tender process for the sale or acquisition of land but may utilise this process if deemed to be the most appropriate method.

4. DELEGATION

The General Manager has delegated authority to dispose of Council owned assets, excluding land, unless the land is held as inventory land.

5. DEFINITIONS

For the purposes of this Policy the following terms are defined as stated below:

- 5.1 “*Real estate*” includes land as a physical entity including buildings, structures or improvements to land or land covered by water or a strata lot or unit. Land also includes a legal estate or interest such as a leasehold estate.
- 5.2 “*Other assets*” includes any goods and materials owned by Council.

6. REASONS FOR DISPOSAL

A decision to dispose of a Council owned asset may be based on one or more of the following:

- i) No longer required;
- ii) Unserviceable or beyond economic repair;
- iii) Technologically obsolete and operationally inefficient;
- iv) Non-compliant with work health and safety standards;
- v) Surplus to current or immediately foreseeable needs;
- vi) Optimum time for maximum return;
- vii) Part of an asset replacement program; or
- viii) Inventory land (developed for the purpose of sale).

7. DECISION MAKING PROCESS

Approval to commence the disposal of an asset, inclusive of land held as inventory, must be obtained from the General Manager or Council. Approval to dispose of land (other than inventory land) must be obtained from Council. Prior to disposal, all reasonable efforts are to be made to ensure no other department within Council has a need for the asset.

Land held as inventory to be sold, can be disposed of under the authority of the General Manager or delegate providing Council has fixed the price of the parcel or, if the land has been identified as inventory and no price has been determined, then the price must be determined by a registered valuer, to determine the market price for the inventory.

At least every three years, Council must seek the assessment of the market value of a registered valuer, and determine the price of each parcel using the valuer’s determination as a guide.

8. METHODS OF DISPOSAL

The principal methods for disposal of assets are:

8.1 *Public Tender*

All assets with an estimated value between \$2,000 and \$250,000 may be disposed of by tender; all non-land assets with an estimated value of \$250,000 or greater must be disposed

of by tender. Tendering for the disposal of goods is to be conducted in accordance with the Act and Regulation.

8.2 Public Auction

Assets with an estimated value between \$2,000 and \$250,000.

Public auction maximises the opportunity for public participation in the disposal process and is the appropriate method when:

- i) there is public demand for the items;
- ii) alternative disposal methods are unlikely to realise higher revenue; or
- iii) the costs associated with the auction can be justified in relation to the expected revenue from the sale.

8.3 Expressions of Interest

Council may dispose of items by advertising for expressions of interest where:

- i) the asset is of relatively low value (under \$2,000.00);
- ii) the costs of disposal are disproportionate to the expected returns; or
- iii) there is very limited interest.

8.4 Trade-in

Trading-in goods can be an efficient means of disposal, and a convenient way to upgrade equipment such as plant. However, trade-in prices do not always provide the best return. Any decision to trade-in goods must be based on a clear analysis of the benefits of the trade-in as opposed to separate sale/auction/tender of the goods.

8.5 Direct sale or transfer of land

Subject to a resolution of Council, land may be disposed of via direct sale when no other method is considered appropriate (for example when only one potential purchaser is identified, land held as inventory land can be sold to a single offer, provided it meets the requirements of Clause 7 above).

8.6 Writing off the value of the goods (Recycling or Destruction)

The value of an asset may be written off and the item recycled or destroyed if it is deemed:

- i) to have no value;
- ii) to be unserviceable or beyond economical repair; or
- iii) that the disposal cost is higher than the likely return.

Where a recommendation to write off an asset is made, the relevant 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.

Dumping/recycling or destroying of assets shall be undertaken after consideration of the environmental issues so that any hazardous substances shall be assessed to ensure safe disposal.

9. OBJECTIVE CRITERIA & EXCESS APPLICATIONS

In resolving to dispose of Council assets through public tender or expressions of interest then, prior to undertaking that process, Council should adopt objective criteria by which each tender or expression of interest will be assessed. This will enable Council to assess the suitability of each applicant against that objective criterion to determine whether the relevant tender or expression of interest should be accepted.

This will also assist in ensuring the process that is undertaken by Council is seen to be open and transparent and that Council is not making any subjective determination as to the tenders or expressions of interest that are lodged.

Depending on the circumstances of the asset disposal, Council may receive valid tenders or expressions of interest in excess of the assets available to sell. In these circumstances, Council should consider the following options:

- i) Conducting a ballot involving all applicants who lodged valid tenders or expressions of interest and sell the assets to the first applicant(s) chosen in that ballot.
- ii) Undertaking a selective auction (with or without a reserve) at which only applicants that lodged valid tenders or expressions of interest would be permitted to bid.

10. UTILISING THE SERVICES OF AN AGENT FOR DISPOSAL OF COUNCIL ASSETS

If Council determines that an agent is required for the sale of any asset, Council should seek to engage an appropriately qualified/licensed agent on commercial terms for the conduct of that sale/auction and any associated marketing of the asset.

11. DISPOSAL OF REAL ESTATE

Before any real estate is disposed of, it is necessary to obtain Council approval to proceed with the disposal.

Issues Council should consider when disposing of real estate include:

- The number of known potential purchasers;
- The original intention for the use of the land or asset when purchased, where relevant;
- The present and preferred future use of the land;
- The opportunity to promote economic growth and development;
- The urgency of the sale;
- Compliance with statutory and other obligations.

The disposal method chosen must be appropriate to the situation and promote fair and effective competition to the greatest extent possible. Where practical, a competitive disposal method should be selected.

Any Council real estate offered for disposal by whatever method shall first be assessed by a suitably qualified and registered real estate agent. The valuation provided shall become the reserve price for the property.

Property transfer and legal costs will be borne by the purchaser unless otherwise determined by Council resolution.

12. DISPOSAL OF MOTOR VEHICLES & PLANT

All motor vehicles and plant shall be disposed of via public auction, trade-in or tender processes. Motor vehicles will not be made available to Council employees or Councillors in private sale arrangements.

13. DOCUMENTATION OF ASSET DISPOSAL PROCESSES

Documentation detailing decisions made on asset disposal is to be archived in Council's records management system by the relevant Director, Chief Financial Officer or Manager.

The Chief Financial Officer is to be informed by the relevant Manager of the disposal of an asset and relevant details provided in order that the assets register can be updated and accounting treatments for disposed assets effected.

14. CONFLICTS OF INTEREST

Councillors and Council officers involved in the disposal of assets are responsible for disclosing any actual or perceived conflicts of interest that may arise in the performance of their duties. All perceived and actual conflicts of interest are to be reported/referred to the General Manager.

15. REVIEW

This policy:

- To be reviewed within the first year of the new Council term;
- May be reviewed and amended at any time at Council's discretion (or if legislative or State Government policy changes occur).