



ASSETS DISPOSAL POLICY

(Property and Other Assets)

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ASSETS DISPOSAL POLICY (Property and Other Assets)

PART A REAL PROPERTY ASSETS – (LAND AND BUILDINGS)

1. POLICY OBJECTIVE

To provide clear guidance as to the ongoing use of council property – land and/or buildings, its possible reclassification and disposal.

2. GOVERNING LEGISLATION

- Local Government Act 1993 Chapter 6 Part 2 Public land and Chapter 8 Part 1 Acquisition of land
- Local Government (General) Regulations 2005 Part 4 Community Land

3. DEFINITIONS

In this policy:

“Building” includes part of a building and 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.

4. POLICY STATEMENT

To ensure decisions made in relation to the future use of property, that is, land and buildings are made to provide maximum return to the community either by realising the strongest financial return or by fulfilling a community service need aligned to the visions of the Ashfield Council.

4.1 Strategic Alignment

The acquisition and disposal of property should align with the Strategic Plan and relate to the provision of an attractive community, presentation of the natural environment and local economic development: it should support Ashfield to be a desirable place to live, work and play.

This policy acknowledges that land and buildings can facilitate the attainment of those visions. It also acknowledges that assets which are not performing or have no potential in this regard need to be reviewed and that acquisitions of land or properties should also be aligned to the achievement of the visions in the Strategic Plan.

4.2 Community Consultation

No formal community consultation is required, apart from compliance with provisions of the Local Government Act 1993 principally regarding classification of the land between operational and community or vice versa.

Uses of a land the site are subject to management plans and any public consultation process that they may contain. It is important that the community is

informed of the need to review the real estate assets. This policy acknowledges that need and has been prepared to make the public better informed of the guiding principles that have been adopted for this purpose.

4.3 The Principles

(a) From time to time for individual and classes of properties, a taskforce, chaired by the Director of Corporate and Community Services is to be formed for the purpose of reviewing Ashfield Council landholdings, regardless of tenure, and make recommendations to the Council through the Budget and Operations Committee. The taskforce will comprise officers from each directorate and other such professional advisors as deemed appropriate.

(b) 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
- spatial distribution/size
- conservation value
- site constraints and opportunities
- maintenance issues

(c) The outcome of this process will be a decision whether to develop the asset for its community opportunities or its commercial potential.

(d) 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.

(e) 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

- (f) Acknowledging that the commercial options contain unique characteristics, selection will reflect the current and projected financial or economic position of the Municipality 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.
- (g) In the event that any asset is to be sold, 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.

4.4 Property Classification

The categories have been determined regardless of tenure as any parcel of land has the potential to be developed for whatever purpose. When it comes to drawing from the categories, the most suitable sites will be considered first. For example, if commercial return is to be pursued freehold land within a category would be given priority.

Category 1:

Land held exclusively for community use.

Example : established sporting or cultural facilities.

Category 2:

Land held exclusively for infrastructure development and not suitable for any other use. Example : road reserves, some drainage sites, most local parks.

Category 3:

Land held for potential community use which has short-term commercial opportunity. (Note Category 3 properties will normally have a maximum lease term be five (5) years).

Category 4:

Land held for future potential commercial use which may have short term community use potential. (Note: properties will normally have a maximum lease term be five (5) years).

Category 5:

Land holdings not required for community or infrastructure use, which may be disposed of by:

- Medium or long term commercial lease of land and/or buildings
- Development or Joint Venture arrangements
- Other disposal opportunities that may exist at the time, including sale with proceeds going to the land and property reserve.

PART B. DISPOSAL OF NON PROPERTY ASSETS

5. POLICY OBJECTIVE

To provide a systematic and accountable method for the disposal of surplus assets, excluding real property, and to ensure the process is transparent and complies with Council's Code of Conduct, particularly with respect to conflict of interest.

6. GOVERNING LEGISLATION

There is no governing legislation applicable to this part of the policy

7. DEFINITIONS

In this policy:

"Asset" means any asset item recorded in Council's Asset Register (excluding real property i.e. land or buildings).

"Beyond economical repair" means a classification given to an asset where that asset requires repairs likely to be more expensive than its replacement value.

"Motor vehicle" means a passenger sedan or station wagon, motor cycle or commercial motor vehicle including vans, utilities, buses and trucks.

8. POLICY STATEMENT

Council's assets will be disposed of in a responsible, transparent and accountable manner.

8.1 Introduction

Delegated Authority

With respect to the disposal of assets, the General Manager has delegated authority to:

- (a) approve disposal of assets under the control of the Delegate that are surplus to requirements;
- (b) approve disposal of assets under the control of the delegate that are surplus to requirements with a book value of less than \$2,500.

The General Manager has sub-delegated this authority to the following Council officers:

- Director Corporate and Community Services (a)
- Director Works and infrastructure Services (a)
- Director Planning and Environment (a)
- Managers as specified under delegations of authority (b).

All Directors/Managers must report to EMG on quarterly providing a list of all assets disposed of during the previous quarter, specifying the description, asset number, disposal method and book value as at disposal date. A copy of this report is to be lodged with finance on a quarterly basis for verification purposes.

With respect to the disposal of plant, the General Manager has delegated authority to dispose of surplus Council plant by auction or secure electronic tendering/auction.

The General Manager has sub-delegated this authority to the following Council officers:

- Director Works and Infrastructure Services
- Engineering Property Officer

Disposal rules

At all times, surplus assets or materials should be disposed of in a way that maximises returns whilst maximising open, transparent and effective competition. Most commonly this will be through publicly competitive process of public auction or through a secure electronic tendering/ auctioning facility.

Prior to disposal, a reasonable effort is to be made to ensure no other Council Directorate has a need for the asset. Items of historical or cultural significance should be given special regard and any dangerous goods disposed of only in an authorised and safe manner. No warranty is to be offered on assets sold.

Conflict of Interest

The officer responsible for the disposal of any Council asset and the relevant Director must ensure that no conflict of interest occurs in or as a result of the asset disposal process.

Reasons for disposal

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

- Obsolescence.
- Non-compliance with occupational health and safety standards.
- No use expected in the foreseeable future.
- No usage in the previous 6 months (Stores Stock items).
- Optimum time to maximise return.
- Discovery of hazardous chemicals or materials present in the asset.
- Uneconomical to repair.

Preparing assets for sale

A check must be carried out to ensure assets do not contain:

- Additional items not intended for sale
- Confidential documents (records, files, papers)
- Documents on Council letterhead or which may be used for fraudulent purposes
- Software (which could lead to a breach of licence or contain confidential data)
- Hazardous materials

As much as is practical, any "Ashfield Municipal Council" identifying mark should be removed or obliterated. Spare parts held for a particular item should be disposed of in one parcel with the asset.

8.2 Asset Disposal Methods

Methods of disposal of assets

The principal methods of disposal of assets are:

- (a) auction public or electronic (for items of significant value a reserve price will be agreed to between the relevant officer and the auctioneer prior to the auction) or by public tender.
- (b) dumping – assets of no or little value only
- (c) donation to a registered charity or community organisation.

Sale to staff/Councillors

As a general principle, sale of assets to staff is **NOT** to occur outside of a public process.

The Independent Commission Against Corruption (ICAC) recommends that invitations to bid for the purchase of any surplus Council assets should not be limited to staff or to elected officials. Members of the public must also be allowed to compete for the purchase.

However, it is recognised that there will be individual instances where sale to a staff member may be the most practical or fair and reasonable manner of disposal. In these instances, authority for disposal will rest with the General Manager. All decisions and the reasons for the decisions must be documented.

Donations to Community Groups/Charities

(Note: this method of disposal may not be used for asset with an estimated value of more than \$2,000). Scrap materials salvaged from works e.g. pavers etc. which are unsuitable for new Council projects may be “donated” to charities/sporting bodies with the authority of the relevant Director. Donations of other old assets may only be made with the authority of the relevant Director and only after exploring all avenues for recouping a fair value for the Council. Council staff should only consider donations in response to a formal written request. In considering any request, staff should keep in mind the following:

- Community groups should receive equitable treatment to avoid possible claims of bias.
- A check should be made to ensure the group is not a disguised business operation providing funds or remuneration to the principals.
- A check should be made to ensure the group is non-profit and that the intended use of the asset is non-commercial (i.e. non-profit).
- Where the donation is seen as appropriate but there is a potential claim of bias, the matter should be referred to the General Manager.
- The charity/community group must remove the asset themselves and at no cost to the Council.

Destruction of assets classified as beyond economical repair

Where an asset is classified as beyond economical repair the asset must be destroyed, with the destruction being witnessed by another responsible officer nominated by the responsible Director.

Sale of Information Technology (IT)/computer equipment

External disposal agents are to be used to remove all goods intended for disposal, as approved by the Manager IT Services. The agents are contractually bound to wipe all Ashfield Municipal Council data and software applications from any hard drives they remove. They also remove external asset tags and labels connecting a machine to Ashfield Municipal Council. The Manager IT Services will contact three disposal agencies for an estimate of the value of the goods. Each company will provide a quote for the purchase of the goods (if they have any value) or for the cost of removal. The most competitive quote will be awarded the work.

Sale of motor vehicles

Motor vehicles are to be sold either via auction, tender or electronic tender. Any asset to be disposed of by auction is required to be auctioned by a suitably qualified auctioneer.

Sale of office furniture

The Facilities Manager is responsible for the disposal of all office furniture. The furniture is to be either sold by public auction or tender.

Sale of major assets

Where assets of significant value (being more than \$150,000) are to be sold, the sale is to be by either public auction or tender.

8.3 Asset Disposal Procedures

Condition for the disposal of assets

Where possible, assets must be disposed of by public auction, using a State Government Contracted Auctioneer.

Disposal Process

- (a) The Director or Manager of the relevant area as determined under delegation identifies assets that are in excess of Council requirements and are suitable for disposal. Only Directors or Managers with delegated authority are to initiate a disposal process.
- (b) The Director or Manager of the relevant area completes the disposal of minor assets form and seeks the appropriate approval prior to disposal.
- (c) The Director or Manager arranges disposal of the assets in accordance with this policy.
- (d) If no-one offers to purchase the asset at a public auction and the asset is of no or little value, the asset will be disposed of by dumping in the manner described above. If no-one offers to purchase the asset at a public auction and the asset is of significant value the relevant Director

will determine how to best dispose of the asset in order to maximise the return to Council whilst ensuring open and effective competition. For accountability and audit reasons, the basis of the decision must be documented (see attached Asset Disposal Form).

- (e) Complete "Assets Disposal Form" Form (at Attachment 1).
- (f) The Director or Manager from the relevant area (with appropriate delegated authority) approves the disposition of a particular asset and signs the "Asset Disposal Form" (at Attachment 1).
- (g) The Assets Disposal Form to be countersigned by the General Manager in cases of sales to staff/Councillors or donations to charities/community groups (where a potential claim of bias exists).
- (h) The original Assets Disposal Form is to be forwarded to Finance unit for adjustment of Assets Register and a copy to the Director of Works and Infrastructure for adjustment of their asset records.

Documents required in support of disposal of assets

Either a copy of receipt or other proof of disposal from the contracted auctioneer, the licensed scrap dealer or the tip site, or a letter acknowledging receipt of asset and its nominal value from the recipient of the asset is required to be attached to the Assets Disposal Form.

If being destroyed the officer witness signature to its destruction:

.....
Signature Date

Amount received on disposal: \$

Receipt No: Date:

Signature:..... Date:

Asset Register updated:

Finance Asset Register updated on Date:

.....
Signature Date

DWIS Records updated on Date:

.....
Signature Date

Note: Please ensure supporting documentation such as a receipt of sale clearly identifying the purchaser or recipient is attached to this form.