

# Gladstone Regional Council

## Corporate Standard

<b>Title</b>	<b>ASSET DISPOSAL</b>
<b>Corporate Standard No.</b>	<b>CS-2021-01</b>
<b>Business Unit/s</b>	<b>STRATEGIC ASSET PERFORMANCE</b>
<b>Date of Approval by CEO</b>	
<b>Date of Effect</b>	
<b>Review Date</b>	
<b>Date Repealed</b>	

### 1.0 PURPOSE:

This corporate standard outlines how Gladstone Regional Council (Council) will dispose of its surplus assets and materials in accordance with legislative requirements to support consistent and financially sustainable asset management.

### 2.0 SCOPE:

This corporate standard applies to the disposal of all financial non-current assets and non-financial non-current assets and materials owned by Council.

This corporate standard excludes:

- the sale of services;
- the sale of any item detailed in Council's Fees and Charges Register;
- the sale of land or property pertaining to rates arrears.

### 3.0 RELATED LEGISLATION:

- *Local Government Act 2009*; and
- *Local Government Regulation 2012*.

### 4.0 RELATED DOCUMENTS:

- Asset Disposal Form;
- Asset Management Policy;
- Asset Transfer Form;
- Corporate Property Policy;
- Declaration of a Conflict of Interest Form;
- Financial Delegation Register;
- Financial Non-Current Asset Accounting Policy;
- Financial Non-Current Asset Accounting Corporate Standard;
- Procurement Policy;
- Procurement Corporate Standard;
- Register of Administrative Delegations – Chief Executive Officer to Other Positions;

- Register of Delegations – Exercise of Statutory Powers – Council to Chief Executive Officer;
- Register of Delegations – Exercise of Statutory Powers – Chief Executive Officer to Other Positions.

## 5.0 DEFINITIONS:

To assist in interpretation of this corporate standard, the following definitions apply:

**"Asset"** means an item that provides value to Council.

**"Community Organisation"** means an entity that carries on activities for a public purpose or another entity whose primary object is not directed at making a profit.

**"Current Asset"** means an item that provides value to Council for which the full value is realised within one (1) year.

**"Financial Non-Current Asset"** means land or another non-current asset that has an apparent value that is equal to or more than the asset recognition threshold identified in the Financial Non-Current Asset Accounting Corporate Standard.

**"Leader"** means the Executive Team, Managers, Team Leaders and any other supervisory position that reports to a General Manager (i.e. Specialists) of the business.

**"Materials"** means surplus and scrap items such as off cut pipes and cables, surplus timber, packaging, and seconds.

**"Non-Current Asset"** means an item that provides value to Council but for which the full value will not be realised within one (1) year.

**"Non-Financial Non-Current Asset"** means non-current assets, other than land, that have an apparent value that is less than the asset recognition threshold identified in the Financial Non-Current Asset Accounting Corporate Standard.

**"Obsolete"** means an asset that is technologically outdated and functions without economic benefit.

**"Regulation"** means the Local Government Regulation 2012.

**"Reallocation"** means the disposal of an asset from one team to another within the same business unit.

**"Relocation"** means the disposal of an asset from one business unit to another.

**"Surplus"** means an asset that is functioning and of economic benefit but has no application in the business's operations.

**"Worn Out"** means an asset that no longer functions, including an unreliable asset or an asset which is beyond economic repair.

## 6.0 CORPORATE STANDARD STATEMENT:

Council operates under the *Default Contracting Procedures* for financial (valuable) non-current asset contracts as set out in Chapter 6, Part 3 of the Regulation.

### 6.1 Overarching Principles

This corporate standard aims to:

- demonstrate compliance with the business's legislative obligations;
- assist Council to achieve its goals and objectives outlined in the corporate and operational plans;
- ensure fairness, integrity, transparency and competition; and
- demonstrate efficient use of resources by ensuring best value for money is gained from procurement activities.

### 6.2 Reason for Disposal

An asset may be disposed of for the following reasons:

- no longer required;
- unable to be used for another purpose;
- unserviceable or beyond economic repair;
- cost of continued repairs and maintenance;
- technologically obsolete;
- availability of substitute assets;
- operationally inefficient;
- surplus to current or immediately foreseeable needs;
- waste products;
- deteriorated, perished or worn out; or
- part of an asset replacement plan.

### 6.3 Recommendation to Dispose

Prior to recommending an asset for disposal, a review must be undertaken to ensure that the asset is obsolete, surplus or worn out (in accordance with section 6.2). The review will also identify the cost considerations and assess the methods of disposal available.

Furthermore, assets proposed for disposal as part of a capital works project will be identified in the report seeking budget endorsement of the capital project by Council.

#### 6.3.1 Factors for Consideration

When identifying an asset for disposal, the review should consider:

- the asset's:
  - management plan;
  - purpose;
  - usefulness, including remaining useful life;
  - location;
  - annual maintenance costs;
  - alternative uses;

- duplication with other assets;
- impact of the disposal on the community and the business's operational needs and service delivery objectives;
- cultural and historical significance; and
- ability to be utilised for another purpose by the business;
- strategic planning;
- risk;
- policies and corporate standards;
- market conditions; and
- any other factor deemed relevant to the circumstances.

### 6.3.2 Cost Considerations

The accurate recognition of costs associated with an asset's disposal will provide realistic expectations for the disposal of the asset and will support the identification of the most appropriate method of disposal.

During the review process there are a number of costs that require consideration including:

- estimated value (gross cost less accumulated depreciation);
- current market value;
- trade-in value;
- costs to repair the asset (including the reinstatement of or removal of logos and identifiable business information);
- cost of disposal (including advertisement and transportation);
- costs to adhere to environmental regulations; and
- other inherent costs (including copyright, heritage, or cultural).

Independent valuations may be obtained for larger or more significant assets (i.e. land).

### 6.3.3 Disposal Method

To maintain accountability and transparency, the review process must assess the disposal methods reasonably available for an asset to identify the most appropriate disposal method for the circumstance.

The review will consider the best net return to the business and best overall use of public property whilst ensuring fairness, integrity, transparency and competition.

The disposal methods available for non-financial non-current assets, financial non-current assets, and materials include:

- auction;
- tender;
- spare parts;
- commercial recycling;
- donation; and
- waste.

### **6.3.3.1 Mandatory Disposal Requirements – Financial Non-Current Assets (including Land)**

The disposal of financial non-current assets must be undertaken in accordance with Chapter 6, Part 3 of the Regulation.

Accordingly, the recommended disposal method must comply with the business's legislation obligations under the Regulation.

### **6.3.3.2 Auction or Tender**

Non-financial non-current assets, financial non-current assets and materials may be disposed of via auction or tender.

The resources expensed to dispose of an asset via this method should not exceed the value expected to be recouped. In circumstances where this is not achievable, but disposal via auction or tender is the most advantageous method, it may be appropriate to hold an asset for disposal until such time as multiple assets are available for disposal via this method.

To maintain consistency and transparency, the disposal of all assets via tender will be undertaken in accordance with the provisions of section 228 of the Regulation.

### **6.3.3.3 Spare Parts**

An asset may be used for spare parts where:

- value for money can be achieved; and
- the use of these parts will extend the useful life of another asset.

Factors to be considered when reviewing the appropriateness of this disposal method to the circumstance include:

- the availability and cost of spare parts acquired via other means;
- the resources required and costs incurred for dismantling, refurbishing and storing the parts; and
- the estimated extension of useful life to be realised for another asset.

### **6.3.3.4 Donation**

Assets and materials may be disposed of via donation to a community organisation.

Prior to acceptance of receipt of the disposed asset by the community organisation, the following must be disclosed to that organisation:

- the condition of the asset;
- the location of the asset and the organisation's timeframe and responsibilities (i.e. cost) associated with the removal and collection of the asset; and
- that the organisation is responsible for the ongoing maintenance and other costs of the asset.

The Legal Team must be notified in circumstances where this disposal method is proposed to be used. An agreement with indemnities will be developed which the community organisation must sign prior to receipt of the asset.

The assessment of this disposal method must also include identification of the community organisations perceived to have an interest in acquisition of the asset.

In circumstances where more than one community organisation is identified as having a perceived interest in the asset, the review must also identify the selection criteria to be used for selection of the most appropriate organisation to maintain fairness, integrity, and transparency.

#### **6.3.3.5 Commercial Recycling**

Commercial recycling is a disposal method most suitable for materials and low value assets. As a general rule, materials are not recorded in the asset register i.e. off cut pipes and cables, surplus timber, packaging, and seconds.

Where an item is considered to have value, the disposal method should be reflective of revenue being received by the business for the disposed item.

#### **6.3.3.6 Waste**

An asset may be dumped where all other disposal methods have been investigated and deemed unsuitable.

The means of dumping must not be environmentally unsound, hazardous, or wasteful.

### **6.4 Relocation or Reallocation of an Asset**

Where the current use or purpose of a non-financial non-current asset, financial non-current asset or material is identified as being no longer required or surplus to the current or immediately foreseeable use, the asset may be relocated or reallocated within the business.

A recommendation to relocate or reallocate an asset is requested and approved via the Asset Transfer Form.

### **6.5 Approval to Dispose**

A recommendation to dispose is requested and approved via the Asset Disposal Form.

#### **6.5.1 Financial Non-Current Assets (including Land)**

Prior to any disposal action commencing, approval must be sought for the commencement of the disposal action from a delegated employee.

The delegation details the powers that a position is authorised to enact and the conditions to which the delegation is subject.

When an employee is acting in a position with a delegation, the employee takes on that delegation for the purposes of conducting the roles and responsibilities of that position for the duration of the acting arrangements.

#### **6.5.2 Non-Financial Non-Current Assets and Materials**

Whilst the Regulation and delegation reference financial non-current assets, the same approval process will be applied to all non-financial non-current assets.

An Asset Disposal Form is not required for materials disposed of via commercial recycling or waste. In these circumstances, approval is required from the Leader.

### **6.6 Effect the Disposal**

Following approval to dispose of an asset, the disposal is deemed to have taken effect after:

- consideration (where appropriate) has been received;
- the asset has been removed from the business's possession; and
- the approved Asset Disposal Form or Asset Transfer Form has been processed in the asset and financial systems of the business.

#### **6.6.1 Disposal of Equipment and Devices Storing Data**

Prior to the disposal of computer equipment and devices which store the business's data, or which contain the business's software program/s (i.e. hard drives, photocopiers, mobile phones, etc), that data and licenced software must be permanently removed.

#### **6.6.2 Conditions of Sale**

In circumstances where an asset is proposed to be disposed of via auction, tender, or donation to a community organisation, the Legal Team must be notified. Conditions of sale or transfer will be developed which the buyer must sign prior to receipt of the asset.

### **6.7 Lost and Stolen Assets**

The Ethics, Integrity and Audit Team must be notified if an employee is aware of a loss or reasonably suspects there has been a loss.

### **6.8 Conflict of Interest**

If an actual or perceived conflict of interest arises before or during the asset disposal process, that person must immediately notify their leader and complete the Declaration of a Conflict of Interest Form.

### **7.0 ATTACHMENTS:**

Nil.

## 8.0 REVIEW TRIGGER:

This corporate standard will be reviewed when any of the following occur:

1. The related legislation or governing documents are amended or replaced; or
2. Other circumstances as determined by resolution of Council or the CEO; or
3. Three years from date of effect.

TABLE OF AMENDMENTS		
Document History	Date	Notes (including the prior CS No, precise of change/s, etc)
Originally Approved	19 July 2011	Council Resolution No. G/5.7.1 P-3.02.08 – Asset Disposal Policy
Amendment 1	5 November 2013	Council Resolution No. G/13/1777 P-2013/18 – Asset Disposal Policy
Amendment 2	21 June 2016	Council Resolution No. G/16/2824 (FCGC/16/0021 - 13/06/2016) P-2016/15 – Asset Disposal Policy
Amendment 3		Amendment from a policy to a corporate standard.

## APPROVED:

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**LEISA DOWLING**  
**CHIEF EXECUTIVE OFFICER**