

# DISPOSAL OF ASSETS POLICY

**Responsible Department:** Financial Services  
**Responsible Section:** Financial Services  
**Responsible Officer:** Chief Financial Officer

## Objective

To establish a policy for which Narrabri Shire Council can obtain the best possible return for the asset that are being disposed as well as maintaining probity and transparency throughout the process.

## Introduction

This policy and procedure is for the disposal of asset and applies to all levels of Narrabri Shire Council with the exception of the disposal of Council Vehicles and Operational Plant which come under the Motor Vehicle Policy and Plant Management Plan.

An "asset" is of value to Council; only in so much as it continues to cost effectively support the delivery of the Council's services. Assets that are no longer needed should be disposed of promptly.

The "disposal" must achieve best value for money on return. In addition to price, the disposal process is to include consideration of other relevant factors.

The disposal method that is chosen must promote fair and effective competition to the greatest extent possible, and disposals should be conducted in an ethical manner.

## Policy

### 1. Definitions

Term	Definition
Asset	Any object, whether physical, digital, animate, or inanimate
Disposal	The sale, destruction, recycling, gifting, or otherwise removing of an asset from Council's possession, title, and use.

### 2. Disposal of Assets generally

- 2.1. The decision to dispose of an asset involves the identification of the asset as no longer being required by Council.
- 2.2. All disposal of assets within Council must be authorised by a decision maker in accordance with this policy.
- 2.3. Decision makers are to consider the criteria for disposal as set out in this policy.
- 2.4. There shall be a form used within Council for the disposal of assets. The General Manager shall ensure that this form is current, effective, and available to all staff.

### 3. Decision Makers

3.1. The following people may authorise the disposal of assets up to the values below:

Value	Approval Authority
<b>\$0-\$150,000.00</b>	General Manager or their delegate
<b>\$150,000.01 or more</b>	Council

- 3.2. Delegations by the General Manager will generally be in accordance with the delegate's financial delegation.
- 3.3. Water sales between \$150,000 and \$250,000 may be authorised by the General Manager, notwithstanding the above.
- 3.4. Where the Council is the approval authority, the General Manager is to ensure that a report is brought to Council at an Ordinary Council Meeting. This report must include sufficient information to satisfy Council as to the matters relevant to the disposal decision under this policy.

### 4. Determining Value

- 4.1. Decision makers are to satisfy themselves of the value of the asset being disposed.
- 4.2. Where reasonably practicable, a valuation should be obtained for assets to be disposed. The nature and extent of that valuation will depend on the likely value of the asset in the circumstances.

### 5. Criteria for Disposal

- 5.1. The following are criteria for disposal of an asset. An asset may be disposed where it is:
- (a) No longer compliant with WHS standards;
  - (b) Obsolete due to changed procedures, functions, or usage;
  - (c) Found to contain hazardous material;
  - (d) Damaged beyond economical repair;
  - (e) At its optimum selling time to maximise returns;
  - (f) No longer compliant with other legislative requirements;
  - (g) A stock item with no use in the previous financial year; or
  - (h) Excess water sales from water allocations.
- 5.2. The above list is non-exhaustive. There may be other reasons for an asset to be disposed.

### 6. Factors to consider

- 6.1. Decision makers should also consider the following before deciding to dispose of an asset:
- (a) The market available for the asset;
  - (b) Time considerations;
  - (c) Resources required to manage disposal;

- (d) Cost associated with different disposal methods;
- (e) Size, portability, and number of the asset;
- (f) Benefits and risks of different disposal methods;
- (g) The social and environmental effect of the various disposal methods;
- (h) Other special factors such as heritage or cultural interest in the asset.

6.2. The above list is non-exhaustive. There may be other factors that require consideration in the circumstances.

## 7. Disposal Methods

7.1. Assets may be disposed of using different methods depending on their value.

7.2. The methods of disposal are set out below:

Value	Valuation Method	Method of Disposal
<b>No value or not economical to dispose by sale</b>	<ul style="list-style-type: none"> <li>• Verbal quotes</li> <li>• Desktop valuation</li> <li>• Damage reports</li> <li>• Formal valuation</li> <li>• Loss assessment</li> </ul>	<ul style="list-style-type: none"> <li>• Destruction</li> <li>• Recycling</li> <li>• Waste disposal</li> </ul>
<b>Up to \$1,000</b>	<ul style="list-style-type: none"> <li>• Verbal quotes</li> <li>• Desktop valuation</li> </ul>	<ul style="list-style-type: none"> <li>• Negotiated sales</li> </ul>
<b>\$1,000.01 to \$150,000.00</b>	<ul style="list-style-type: none"> <li>• Written quotes</li> <li>• Desktop valuation</li> <li>• Formal valuation</li> </ul>	<ul style="list-style-type: none"> <li>• Auction via a commercial auction house in accordance with Council's Procurement Policy.</li> <li>• Publicly advertised offers for direct sale</li> </ul>
<b>\$150,000.01 or more</b>	<ul style="list-style-type: none"> <li>• Formal Valuation</li> </ul>	<ul style="list-style-type: none"> <li>• Public Tender</li> </ul>
<b>Water Sales up to \$250,000</b>	<ul style="list-style-type: none"> <li>• Formal Valuation</li> </ul>	<ul style="list-style-type: none"> <li>• Decision of disposal to be approved by Council</li> <li>• Publicly advertised EOI through accredited agent.</li> </ul>

7.3. Decision makers are to use the most appropriate valuation method in the circumstances.

## 8. Effectiveness of Disposal

- 8.1. Assets should be adequately prepared for disposal.
- 8.2. Except where otherwise mandated by law or explicitly stated in any agreement for disposal or sale, Council gives no warranty in relation to disposed assets, and sales are at the buyer's risk.
- 8.3. After disposal of Council assets, the proceeds from the sale of the assets will be placed in the account nominated by the Section.
- 8.4. The details for the disposal should include the current written down value (Asset Register), estimated and actual sale prices and the purchaser's details.

## 9. Review

9.1. This policy will be reviewed within 12 months of an Ordinary Council Election or from time-to-time on an as-needs basis.

## References

- *Local Government Act 1993* (NSW)
- *Local Government (General) Regulation 2021* (NSW).

## History

Minute Number	Meeting Date	Description of Change
359/2014	June 3, 2014	Adopted
173/2017	August 15, 2017	Adopted
	October, 27 2020	Rebranded
336/2022	October 18, 2022	Adopted