



WARRNAMBOOL
CITY COUNCIL

Asset Disposal Policy

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Page 2 of 9

Responsible Branch: City Infrastructure | Approved Date: December 2024 | Review Date: November 2028

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TABLE OF CONTENTS

1. INTRODUCTION	4
1.1. Purpose	4
1.2. Scope	4
1.3. Definitions	4
2. POLICY STATEMENT	4
3. POLICY	5
3.1. Considerations when determining if an asset is to be disposed	5
3.2. Authority to Dispose	5
3.3. Disposal Methods	6
3.3.1. Disposal method consideration	6
3.3.2. Acceptable Methods of Disposal	6
3.3.3. Examination prior to disposal	7
3.3.4. Reasoning for Disposal	7
3.4. Condition of Sale or Donation	7
3.4.1. Buyers Risk	7
3.5. Low-value or no value Assets	8
3.6. Purchases by Councillors and Council Officers	8
4. REFERENCES AND RELATED DOCUMENTS	8
5. GOVERNANCE	9
5.1. Owner	9
5.2. Review	9
5.3. Compliance Responsibility	9
5.3.1. Council	9
5.3.2. Executive Management Team (Chief Executive and Directors)	9
5.3.3. All Employees	9

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Page 3 of 9

Responsible Branch: City Infrastructure | Approved Date: December 2024 | Review Date: November 2028

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1. INTRODUCTION

1.1. Purpose

This Asset Disposal Policy (Policy) defines methods allowable for the disposal of Council owned assets where a process for disposal is not otherwise governed by legislation, regulations, or other policies, plans or practices specific to the individual asset class, for example roads, which are governed by the Road Management Act 2004 applies.

Where an asset is proposed to be disposed of, this Policy is to be considered to ensure disposal procedures of Council assets are executed correctly.

1.2. Scope

This Policy applies to all Council officers, Councillors, purchasers of Council assets, and non-for-profits who receive assets donated by Council.

This policy does not apply to the sale of land which is outlined in the Sale and Acquisition of Land Policy and is the *Local Government Act 2020*, or any other asset class that is governed by legislation, regulations, or other policies, plans or practices specific to the individual asset class.

1.3. Definitions

Term	Definition
Council	Refers to Warrnambool City Council.
Asset	Item or property of value owned by a person or company
Not-for-profit (NFP)	Not-for-profit organisations that provide services to the community and do not operate to make a profit for its members, with profits instead going back into the services the organisation provides. Not-for-profit organisations include charities.
Market value	The value of an asset that it would achieve if sold. Market value can be determined by having the asset appraised, considering the asset against other like assets that may be for sale or has recently been sold via a similar process, or by letting the market determine the value of an asset via an open process such as an Expression of Interest or Auction, where the highest bid wins.

2. POLICY STATEMENT

Warrnambool City Council will dispose of Council assets in a fair and transparent manner with consideration given to the condition and compliance of the asset, its market value, and

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Page 4 of 9

Responsible Branch: City Infrastructure | Approved Date: December 2024 | Review Date: November 2028

Document Set ID: 12006024

Version: 2, Version Date: 06/12/2024

the ongoing need or purpose of the asset in determining the most appropriate method of disposal.

3. POLICY

This Policy provides guidance on asset disposal and the factors for determining whether a Council asset is applicable for disposal.

The following principles apply to the disposal of assets at Warrnambool City Council:

- Assets should be disposed of in a fair and transparent manner.
- Where possible and appropriate, a reasonable return on the asset should be sought by selling the asset at current market value
- Assets that have no market value can be considered for gifting to a not-for-profit organisation, however, this should be done in a fair and transparent manner such as through an Expression of Interest (EOI) process where expressions are sort from all relevant NFPs.
- Any relevant legislation or policies must first be considered before applying this policy to the disposal of an asset. Any specific policies or legislation relevant to a specific asset class will supersede this policy.

3.1. Considerations when determining if an asset is to be disposed

- Condition of the asset
- Current market value of the asset (can be determined through market appraisal, valuation, or benchmarking processes, or via asset information, etc.)
- Current and ongoing maintenance costs
- Current or future liabilities (i.e. heritage protection, EPA or other statutory body requirements or regulations)
- Frequency of use of asset
- Purpose of asset
- Any cultural significance
- Gender Equity and Intersectionality implications or impacts
- Potential risks associated with the asset being disposed
- Financial impacts if asset is disposed
- Council's long term and strategic plans
- Conflict of interests

3.2. Authority to Dispose

The authorisation to dispose of an asset must be provided by the relevant Council Officers in accordance with current financial delegations. The financial delegations, as set out in the Procurement Policy, outline which roles have the authority to make a decision to dispose of an asset based on the current market or replacement value of the asset.

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A secondary sign off on the disposal of an asset is required by the relevant Manager, Director, CEO or Council.

Financial Delegation Amounts*	Authorised Council Officer
\$400,000 +	Council
<\$400,000	Chief Executive Officer
<\$200,000	Director
<\$100,000	Manager

*These figures are taken from the Procurement Policy.

Where an asset is deemed to have no market value or is considered suitable for donation, where suitable, the CEO can approve a direct donation to a not-for-profit without an Expression of Interest process being required.

An email or Council resolution must be recorded in Council's records management system showing two parties with relevant authority and/or the Council via resolution have agreed to the disposal prior to the disposal taking place.

3.3. Disposal Methods

3.3.1. Disposal method consideration

Consideration of the appropriate disposal method should include the below;

- Value of the asset
- Financial losses, if any, as a result of disposal of an asset
- Compliance with relevant standards, and current condition of the asset and any potential or actual health and safety issues/risks
- Community demand for the asset
- Revenue to Council

3.3.2. Acceptable Methods of Disposal

Disposal Method	Process
Public Tender	Openly seeking bids through a fair tender process
Sale or Auction	Upon obtaining a current valuation or price appraisal, procure the services of an auctioneer or auction service to facilitate a sale by auction (in compliance with Council's Procurement Policy), or undertake a public sale process where the item is offered openly for sale at market value.

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Expression of interest	Seeking expression of interest from a potential buyers
Donation	A Council owned asset is donated to a non-profit organisation to be done through a transparent and competitive process.
Destroyed/Recycled	Depending on the condition and usability of the asset, the asset may hold no value resulting in recycling or writing off the asset due to it being beyond its repair period or no longer meets required standards or compliance requirements.
Trade-in	Trading in an asset as part of a process to purchase another item, such as via a MAV Panel in the case of heavy plant, or direct with a supplier.

3.3.3. Examination prior to disposal

All relevant assets are required to be checked for any of the below prior to being disposed:

- Confidential information or files
- Unsafe materials
- Extra add-ons not intended to be disposed
- Any organisational logos; must be removed prior
- Any software programs or hard drives installed in equipment; must be removed prior
- Any damage to an asset that will affect future use
- Compliance with any relevant standards or codes.

3.3.4. Reasoning for Disposal

Goods can be disposed due to the following;

- No longer required by the organisation
- Asset no longer meet the need of the original purpose purchased for
- Asset does not comply with health and safety or other relevant standards anymore
- Asset is required to be updated or renewed
- Best value will be obtained from trading the asset in and replacing it

3.4. Condition of Sale or Donation

Upon accepting a donated or sold asset, the recipient is acknowledging that no form of insurance or warranty is provided by Council and that Council are not accountable for the asset in any way once transition of ownership of the asset has occurred.

3.4.1. Buyers Risk

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Recipients are responsible for completing an inspection of the state of assets, Council is not accountable for any repairs or maintenance once asset ownership has occurred. Any faults with the asset are at the buyer's risk.

3.5. Low-value or no value Assets

In the case of an asset that has a market or written down value below \$1000, and that is not in good condition or holds no market value or there simply isn't any interest or market for the asset to be sold or donated, the asset can be considered for direct destruction, recycling or broken down into parts for an alternate use.

3.6. Purchases by Councillors and Council Officers

Councillors, Council officers, or any member of a Councillor or Council officer's household are not permitted to purchase or claim assets being disposed of by Council, unless the purchase is via a public tender or public auction process.

The Councillor or Council officer must not have been involved in the decision to dispose of the asset, or involved in any process to determine the market value of the asset prior to sale if they intend to bid on a Council asset that is for sale.

Section 128 of the *Local Government Act 2020*, material conflicts of interest, apply to the disposal of Council Assets. If any Councillor or Council Officer intends to bid on a Council Asset, they should consider seeking guidance for the Manager Governance prior to the sale.

4. REFERENCES AND RELATED DOCUMENTS

- Sale and Acquisition of Land Policy
- Asset Management Policy
- Procurement Policy
- Fleet Policy
- Asset Management Strategy
- Asset Plan 2022-2032
- Asset Accounting Policy
- Annual Budgets and Business Plans
- Risk Management Policy, Plans and Strategy
- Asset Management Plans (various)
- Local Government Act 2020
- Privacy and Data Protection Act 2014
- Road Management Act 2004

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Page 8 of 9

- Gender Equality Act 2020

5. GOVERNANCE

5.1. Owner

The Manager Strategic Assets, Property and Projects is responsible for this policy.

5.2. Review

The Policy will be monitored regularly to ensure its relevance, Council goals and targets and statutory requirements.

The Policy will be reviewed at intervals not greater than 4 years.

5.3. Compliance Responsibility

The responsibilities and relationships associated with asset disposal within Council are:

5.3.1. Council

- Provide leadership and consider asset management principles, the Asset Management Policy, and any other policies, legislation or regulations when considering disposal of an asset.
- To review and adopt the Asset Disposal Policy.

5.3.2. Executive Management Team (Chief Executive and Directors)

- Ensure this policy is understood, applied and observed within the organisation
- Provide leadership and consider asset management principles, the Asset Management Policy, and any other policies, legislation or regulations when considering disposal of an asset.
- To support Council with informed decision making through providing accurate and timely information on any asset disposal decisions put to Council for consideration.

5.3.3. All Employees

- Employees who are responsible for an asset and its potential disposal are to act in accordance with this policy.
- Confirmation of appropriate authority and approval to dispose of the asset must be recorded in Council's records management system.
- Notification of the disposal of the asset must be issued to the Strategic Asset Management Team.

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Page 9 of 9