

1. POLICY CERTIFICATION

Policy title:	Asset Disposal Policy
Policy number:	FIN009
Category:	Policy
Classification:	Finance
Status:	Approved 3/9/2012 & Amended 25/9/2025

2. PURPOSE

The purpose of this policy is to provide a framework consistent with legislative requirements that provides clear guidelines relating to the sale or disposal of assets or materials surplus to the operational needs of Roper Gulf Regional Council.

The Policy will ensure asset disposal is:

- in the best interests of Council's constituency;
- performed with diligence; and
- timely, accountable and transparent.

Council has a responsibility to manage its assets in a manner that will be cost effective in the delivery of council services.

3. SCOPE

The Asset Disposal Policy has been prepared as a part of the Operational policy of Roper Gulf Regional Council and this Policy shall apply to:

- all current and non-current assets and items surplus to Council requirements;
- and
- all employees of Council.

4. POLICY STATEMENT

Section 267(1) of the *Local Government Act 2019* (the Act) provides that "Subject to the Minister's guidelines, a council may deal with or dispose of property of which the Council is the owner". Sale and disposal of land and other assets should be consistent with the council's economic, social and/or environmental objectives.

When considering options for the sale and disposal of land and other assets, council should look for opportunities to advance the objectives of the council's strategic plan. Commercial confidentiality should apply to negotiations for sale and disposal of land and other asset transactions unless council decides otherwise.

In the event of a conflict between this Policy and the *Local Government Act 2019* (and statutory instruments) it is the Act that prevails to the extent of the conflict.

5. DEFINITIONS

For the purposes of this Policy, the following definitions apply:

Asset	applies to the terms 'asset(s)', 'stores', 'item(s)', 'equipment', 'furnishings' and 'goods' as used throughout this policy and refers to items with an original purchase value of more than
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	\$5,000 (excl. GST) or an estimated residue value of more than \$1,000 (excl. GST) at the time of disposal.
Useful life	The useful life of an asset is the period over which an asset is expected to be available for use by the Council.
Depreciable amount	The depreciable amount is the cost of an asset, or fair value less its residual value.
Residual value	The residual value is the estimated amount that Council would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.
Conflict of Interest	a conflict of interest as a situation in which a person has a private or personal interest sufficient to appear to influence the objective exercise of his or her official duties as, say, a public official, an employee, or a professional.

6. PRINCIPLES

6.1 Disposal Outline

A “good” is of value to Council; only in so much as it continues to cost effectively support the delivery of the Council’s services. Goods that are no longer needed should be disposed of promptly. The “disposal” method must achieve best value for money such that Council obtains the best possible return for the goods it sells.

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. The disposal process should be as follows:

- Decision to dispose
- Estimate the value
- Factors to consider in disposal
- Select the appropriate disposal method
- Obtain approval for disposal process
- Effect disposal
- Evaluate the disposal process

In circumstances where there is a sale or disposal other than by tender process, as may be considered and determined by council on individual case merits, the reasons for entering into such contracts should be documented.

6.2 Considerations Prior to Disposal

- Hazardous Materials: Any dangerous goods are to be disposed of only in an authorised manner
- Conflict of Interest: Council staff involved in disposal need to understand their responsibility to disclose actual or perceived conflicts of interest that may arise in the performance of their duties. A conflict of interest is defined in definitions section of this document (section 5). An example of a conflict of interest is

would be if an employee's brother-in-law expressed an interest in purchasing assets by tender and that particular employee is on the tender panel then this would constitute a "conflict of interest".

- Council staff should check and declare that there is no conflict of interest on their behalf prior to the commencement of each disposal activity. If there is a conflict of interest the staff member should seek advice from their General Manager.
- Other Uses: Ensure no other Council Department has a need for the asset.
- Identifying marks: As much as is practical, any Council identifying mark should be removed or obliterated.
- Spare Parts: Any spare parts held for a particular item should be disposed of in one parcel with the asset.
- Provision of relevant information related to changes or alterations made to a vehicle or plant.
- 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 and papers)
 - Software (which could lead to a breach of licence or contain confidential data)
 - Hazardous materials

6.3 Method of Disposal

The disposal method chosen must be compliant with the *Local Government Act 2019* and Ministerial Guideline 4, and be appropriate to the value, nature, quantity and location of the goods, and to promote fair and effective competition to the greatest extent possible. The disposal methods available are:

- (1) Destruction / Land fill – where items are of no value.
- (2) direct sale – advertisement for sale and the nature of the advertisement i.e. public notice, local paper etc;
- (3) quotation – seeking quotations for the sale of land and other assets;
- (4) selected tender – seeking tenders from a selected group of persons, companies, organisations, or other interested parties;
- (5) open tender – openly seeking, through advertisement, tenders, or buyers for Council, land and other assets;
- (6) Auction – advertisement for auction; auction can be professional auction house
- (7) Trade-in – to trade-in if part of the asset replacement program;
- (8) Insurer declared 'Write Off' with Insurance compensation; or
- (9) other means as deemed appropriate by council or the CEO (provided disposal has been authorised by council).

6.4 Other Factors in the Disposal Process

There are factors apart from the monetary value of the goods that can affect the choice of disposal method, including:

- the market available for the goods

- time considerations
- Council resources required to manage the disposal
- the costs associated with the different disposal methods, i.e. administration and transport cost to Council
- the size, portability and number of goods

In any event, the methods of disposal and reasons should be documented and filed according to the monetary value of the goods in question.

Irrespective of the disposal method, it is essential that all prospective buyers are advised in writing that items are disposed of, with any faults and at the buyer's risk. Buyers are to rely on their own enquiries regarding the condition and workability of the items.

6.5 Disposal to Employees and their Family and Friends

Negotiated assets sales and internal expressions of interest for sales of asset to staff and their family and friends will not be allowed. None of the Council goods are to be disposed to any employee of Council unless the disposal has been publicly tendered and in the General Manager's opinion, the offer from the employee is the most advantageous to Council and all other guidelines for the disposal of goods are to be complied with.

6.6 Obtaining Approval for Disposal

Having chosen the most appropriate method of disposal, the council officer must seek approval from the appropriate General Manager for permission to proceed with the disposal. This must be in writing via an appropriate email or memo.

Regardless of the method of disposal, probity must be maintained and any changes to the disposal process, terms and conditions must be communicated to all potential participating parties.

6.7 Authorisation of Disposals

Goods excess to Council requirements must be disposed of in accordance with the delegated authority and policy including delegations in OCEO002 Financial Delegations Manual.

The following positions have delegated authority for approval to dispose of property in excess of Council's requirements: -

POSITION	DISPOSAL LIMIT
General Manager plus CEO	To dispose of equipment, stores or other property of Council which is obsolete, worn out of no further use.

To determine which items of plant, machinery and vehicles are to be offered as trade-ins or for sale and to dispose of such equipment.

To dispose of plant that is surplus to Council's requirements and to determine appropriate method of disposal.

Council To dispose of assets other than approved above eg. land, walkway and buildings.

6.8 Asset Register

For all disposals, irrespective of whether the goods are written off, the asset registers must reflect the relevant details and the accounting records must be adjusted. This can be done through the Finance Section and such advice should be in writing.

6.9 Accounting for Disposal

When an asset is sold and its selling price varies from the carrying amount in Council's balance sheet, a gain or loss on disposal will be recognised directly to the Income Statement in accordance with AASB 116 – Property, Plant & Equipment. If an asset is disposed before it has been fully depreciated, the carrying amount represents a loss on disposal and will be expensed. Where an asset disposed of has been subject to revaluation, the net increment in the asset revaluation reserve relating to the disposed asset will be transferred to Accumulated Surplus. The amount transferred must not exceed the balance of the asset revaluation. Partial renewal/replacement of an asset is recognised by adding the renewal/replacement cost to the existing asset value. The useful life of the asset will be adjusted, if necessary, at the time of reviewing the useful lives.

6.10 Proceeds from Sale of Assets & Insurance compensation for written off Assets

Proceeds from the sale of assets should be applied to:

- The reduction of any debt associated with the asset acquisition or upgrade since the original purchase or construction; or
- Offset the cost of replacement assets required for operations arising from asset sale; or
- A specific Reserve Fund namely to the “Asset Replacement Reserve”.

7. REFERENCES

Acknowledgements (original author/source documents)	<ul style="list-style-type: none">• <i>Local Government Act 2019</i>• <i>Local Government (General) Regulations 2021</i>• <i>Ministerial Guideline 4: Assets</i>
Related Policies	OCEO002 Financial Delegations Manual

Related Publications	<i>Nil</i>
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8. DOCUMENT CONTROL

Policy number	FIN009
Policy Owner	General Manager Corporate Services and Sustainability
Endorsed by	FCM
Date approved	03/09/2012
Revisions	25/9/2025
Amendments	25/09/2025
Next revision due	September 2029

9. CONTACT PERSON

Position **Manager Corporate Compliance**
Contact number **08 8972 9000**