

## FINANCE / ACCOUNTING

### F4.6 Asset Disposal

<i>Responsible Department</i>	Corporate Services
<i>Resolution Number</i>	C.4720
<i>Resolution Date</i>	19/04/2023
<i>Next Scheduled Review</i>	2025
<i>Related Shire Documents</i>	Annual Budget & Annual Report W5.7 Asset Management Policy
<i>Related Legislation</i>	Local government Act 1995, S3.58 Local Government (Functions and General) Regulations 1996 Environmental Protection Act 1986

### OBJECTIVE

To establish protocols for the disposal of assets owned by the Shire of Northam in accordance with the requirements of section 3.58 of the *Local Government Act 1995* ensuring the best possible financial, environmental and community outcome is obtained in a process that has accountability and transparency.

### SCOPE

The Shire of Northam is responsible for a vast number of public assets which includes infrastructure and non-infrastructure assets to a significant value. The whole life-cycle management of all assets includes exercising due diligence in the disposal of assets owned by the Shire. The policy provides staff, in particular Executive Officers and Asset Custodians, with the protocols for correct disposal of assets which no longer belong to, or are required by the Shire.

### POLICY

#### Policy Statement

The following principles apply to the disposal of property (assets) activity.

- (a) Asset disposal decisions, including reasons for such action are to be recorded in the Shire's asset registers and associated accounting records.
- (b) The financial treatment of the disposal of fixed assets such as land, property, plant, equipment, furniture and fittings is to be determined by market demand.

- (c) Disposal of assets by private treaty must demonstrate that the most advantageous price was achieved.
- (d) Assets that are approved to be written off will be disposed of from the asset register at their written down value as of the date of write off.
- (e) Environmental considerations are paramount when considering disposal of assets to landfill sites, therefore the *Environmental Protection Act 1986* and the Department of Environment Guidelines for “*Landfill Waste Classification and Waste Definitions 1996 (as amended 2018)*” are to be complied with.

## Content

Section 3.58 of the *Local Government (Functions and General) Regulations 1996* establish the methodologies by which local governments may dispose of property (assets) and are applicable to any asset disposal contemplated by the Shire. The following disposal approaches are to be followed by Executive Managers in accordance this policy.

- (a) Vehicles shall be either traded in against the replacement vehicle as part of a public tender/quote process or disposed of by public auction. Executive Manager Corporate Services is responsible for vehicle disposals in accordance with this policy.
- (b) Heavy Plant shall be either traded in against the replacement piece of plant through a public tender process or sold by public auction. The Executive Manager Engineering Services is responsible for heavy plant disposals in accordance with this policy.
- (c) Minor Plant items are the responsibility of the Executive Manager Engineering Services for disposal in accordance with this policy.
- (d) Land is the responsibility of the Chief Executive Officer.
- (e) Buildings are to be disposed of in accordance with this policy and are the responsibility of the Executive Manager Engineering Services.
- (f) Furniture and Equipment located in buildings are to be disposed of in accordance with this policy and are the responsibility of the departments Executive Manager.
- (g) Infrastructure assets are to be disposed of in accordance with this policy and are the responsibility of the Executive Manager Engineering Services
- (h) Information technology assets are to be disposed of in accordance with this policy and are the responsibility of the Executive Manager Corporate Services.
- (i) Artwork assets within the Shire of Northam are the responsibility of Council.

## Authority to Dispose of Property

Assets to be disposed of shall be included in the annual budget, adopted by Council or be a value of less than \$5,000 and recorded in the delegated authority register.

## Reasons for disposal

- (a) Has reached its pre-determined economic life in order to maximise the realisable market value;
- (b) Is no longer required due to a change in functionality or usage patterns;
- (c) Has reached the end of its expected useful life and has been confirmed by an appropriate condition assessment as to be disposed and/or replaced;
- (d) No longer complies with workplace health and safety standards or is determined as environmentally unviable, subject to risk assessment;
- (e) Is beyond repair and no longer in operable condition;
- (f) Is no longer able to provide an acceptable level of service to the community;
- (g) Is stolen, lost or damaged (to be written off, asset register).

## Methods of Disposal

The disposal method chosen must comply with the requirements of section 3.58 of the *Local Government Act 1995* and be appropriate to the value, nature, quantity and location of the goods, and where applicable promote fair and effective competition to the greatest extent possible. The disposal methods available are:

- (a) Trade-in – as part of a public tender process and only where it is part of the asset replacement program.
- (b) Public Tender – advertising in the local newspapers circulated in Western Australia
- (c) Auction – advertisement in the local newspapers circulated in Western Australia and be a licenced auctioneer.
- (d) Destruction or landfill – this applies where items are of no commercial value and no longer required by Shire.
- (e) Contribution or donation as approved by Council
- (f) Other means as resolved by Council.

## Roles and Responsibilities

### Chief Executive Officer

- (a) The CEO is the chief custodian of assets and has limited delegated authority to authorise dispose of property as detailed in the Shire's Delegated Authority Register
- (b) The CEO is responsible for ensuring that Executive Managers comply with legislation and implement this policy when undertaking the disposal of assets.

### Executive Managers

- (c) Executive Managers have limited delegated authority from the CEO to authorise the disposal of property as detailed in the Shire's Delegated Authority Register.
- (d) Executive Managers are responsible for ensuring that Managers and Officers of the Shire comply with the legislation and this policy when undertaking the disposal of assets.