



# Council Policy Manual

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## CP 9.14 Disposal of Property

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### POLICY OBJECTIVE

Key objectives of this policy are:

- to establish protocols for the disposal of assets owned by or vested in the City in accordance with the requirements of Section 3.58 of the Local Government Act 1995;
- to achieve the best possible financial, environmental and community outcomes when disposing of the City’s assets; and
- to ensure that transparency and accountability is achieved in the disposal of the City’s assets.

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### PREAMBLE

- (1) The City of Perth 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, leased by or vested in the City.
- (2) This policy provides staff, in particular project officers and asset custodians, with the protocols for correct disposal of assets which no longer belong to or are required by the City.
- (3) For the purpose of clarity the term “Property” and “Asset” are interchangeable to ensure alignment with the Local Government Act 1995 and Council Policy 9.12 - Asset Management. The following definitions, extracted from section 3.58 of the Local Government Act 1995 are also relevant:
  - (a) Disposal: includes to sell, lease or otherwise dispose of, whether absolutely or not; and
  - (b) Property: includes the whole or any part of the interest of a local government in property, but does not include money.

### 1. POLICY STATEMENT

The following principles apply to disposal of property (assets) activities:

- (a) Asset disposal decisions, including reasons for such action are to be recorded in the City’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 calculated using fair value determined by market demand.
- (c) Disposal of assets by private treaty must demonstrate that the most advantaged price was achieved.
- (d) **Under no circumstances** are items to be donated to staff.
- (e) Planned maintenance disposal by the custodian of infrastructure assets such as drainage, roads, footpaths and lighting are to be stated in the respective asset management plan.
- (f) The financial treatment for the disposal of infrastructure assets is to be calculated using written down values.



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- (g) 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.
- (h) Assessment of risks and identification of areas most susceptible to fraud when disposing of assets is to be considered and reported as part of the decision to dispose of property.
- (i) Donation of no longer required assets to “Not for Profit Organisations” may be determined in accordance with delegated authority within the limits and conditions detailed in the Delegated Authority Register.
- (j) Environmental considerations are paramount when considering disposal of assets to landfill sites, therefore the Environmental Protection Act 1986 Part V and the Department of Environment Guidelines for “Landfill Waste Classification and Waste Definitions 1996” are to be complied with.

### 2. POLICY FRAMEWORK

This Policy is part of the City’s Asset Management Framework established in Council Policy 9.12 – Asset Management.

### 3. POLICY INSTRUCTION IN ACCORDANCE WITH THE LOCAL GOVERNMENT ACT 1995

- (1) 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 City.
- (2) Having taken clause 6 into account, the following disposal approaches are to be followed by responsible officers in accordance this policy:
  - (a) **Start of a new project** - this applies to assets being replaced, relocated or made redundant as part of capital works program. At the beginning of any concept designs and throughout the design process, the appointed Project Officer or Design Officer is to engage with asset custodians and identify all existing City assets impacted by the proposed works and to implement appropriated planning for the disposal of assets that will be affected by the new work.
  - (b) **End of a Project** – assets identified for disposal and the disposal methodology shall be clearly documented in the capital works close-out report authorised by the Project Officer.
  - (c) **Vehicles** shall be either traded in against the replacement vehicle as part of a public tender process or disposed of by public auction. The Manager Plant and Equipment is responsible for vehicle disposals in accordance with this policy.



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- (d) **Heavy Plant** shall be either traded in against the replacement piece of plant through a public tender process or sold by public auction. The Manager Plant and Equipment is responsible for heavy plant disposals in accordance with this policy.
- (e) **Minor Plant** items are the responsibility of the Manager Plant and Equipment for disposal in accordance with this policy.
- (f) **Land** is the responsibility of the Manager Properties.
- (h) **Buildings** are to be disposed of in accordance with this policy and are the responsibility of the Manager Properties.
- (i) **Furniture and Equipment** located in buildings are to be disposed of in accordance with this policy and are the responsibility of the Manager Properties.
- (j) **Infrastructure assets** are to be disposed of in accordance with this policy and are the responsibility of the Project Officer, Design Officer or the designated asset class custodian.
- (k) **Information technology assets** are to be disposed of in accordance with this policy and are the responsibility of the Manager Information Technology.
- (l) **City of Perth Parking Assets** is to be disposed of in accordance with this policy and is the responsibility of the Manger Commercial Parking.
- (m) **Compliance assets** are to be disposed of in accordance with this policy and are the responsibility of the Manager Community Amenity and Safety.
- (n) **Artwork assets** within the City of Perth Art and Public Art Collections are the responsibility of the Manager Arts, Culture and Heritage.

#### 4. AUTHORITY TO DISPOSE OF PROPERTY

- (1) Decisions on the disposal of property (assets) may only be made in accordance with Delegated Authority detailed in the City's Delegated Authority Register or by resolution of Council.
- (2) For major project work where disposal of property (assets) is likely to exceed the delegated authority limit, a Council resolution is required that details full financial and asset management implications associated with the disposal(s).



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- (3) In instances where major projects requiring Council approval and include as part of the works disposal of existing assets, there is an obligation to disclose the written down value under financial implications of the Council report.

### 5. REASONS FOR DISPOSAL

In accordance with clauses 7.1 to 7.6 (inclusive) and 7.8.2 of Council Policy 9.12 – Asset Management Policy the following are the reasons by which a decision to dispose of property (assets) may be made. The property (assets):

- (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 subject of a Council decision to provide the property as a contribution or donation by the City to a construction project where the assets is vital to the project proceeding or to a charitable organisation to facilitate charitable purposes;
- (h) is made of hazardous materials and/or contains dangerous goods and as such must be disposed of in an authorised manner and in accordance with legislation;
- (i) is stolen, lost or damaged.

### 6. METHOD 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) Public Tender – advertising in the local newspapers circulated in Western Australia.



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

## **7. ROLES AND RESPONSIBILITIES**

### **7.1 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 City’s Delegated Authority Register
- (b) The CEO is responsible for ensuring that Directors comply with legislation and implement this policy when undertaking the disposal of assets.

### **7.2 Directors**

- (a) Directors have limited delegated authority from the CEO to authorise the disposal of property as detailed in the City’s Delegated Authority Register.
- (b) Directors are responsible for ensuring that Managers and Officers of the City comply with the legislation and this policy when undertaking the disposal of assets.

### **7.3 Manager Finance**

- (a) The Manager Finance has limited sub-delegated authority from the CEO to authorise the disposal of property detailed in the City’s Delegated Authority Register.
- (b) The Manager Finance is responsible for:
  - i. Ensuring that Managers and Officers of the City comply with legislation and this policy when undertaking disposal of property activities.
  - ii. Maintenance of the corporate asset register retained in the Hansen software system.



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### 7.4 Managers

- (a) Managers have limited sub-delegated authority from the CEO to authorise the disposal of property as detailed in the City's Delegated Authority Register.
- (b) Managers are responsible for ensuring that Custodians of an Asset Class comply with the legislation and this policy when undertaking the disposal of assets.

### 7.5 Chief Accountant

- (a) To ensure the recording of asset disposal complies with the Local Government Act (1995) and the Australian Accounting Standards.
- (b) Ensures all revaluation amounts pertaining to assets disposed of are treated in accordance with the Australian Accounting Standards.
- (c) Maintenance of the asset register retained in the Finance One software system.

### 7.6 Design Officers / Project Developers

Design Officers are responsible for:

- (a) Preparation of designs, identifying existing assets that are required to be disposed of in the course of a new project development, inclusive of the current value record in the Asset Register and the likely material value at time of disposal. Assistance will be provided by the Coordinator of Asset Management in composition of this information.
- (b) Liaising with asset custodians and ensure appropriate planning for the implications of the assets identified for disposal.
- (c) Ensuring that asset disposal implications and considerations are documented and communicated to relevant asset custodians.
- (d) Identify and record the value of all asset classes to be disposed of and where necessary organise condition assessment of the assets identified for disposal.

### 7.7 Project Officers

Project Officers are responsible for:

- (a) Arranging for the physical disposal of surplus assets associated with a project under their control in accordance with the legislation and this policy.
- (b) Obtain appropriate decisions for the disposal of any asset;



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- (c) To communicate in advance the disposal of any City of Perth asset to the relevant asset custodians.
- (d) Clearly record and provide written advice on quantity of disposed assets in the capital close-out report including “As Constructed Drawings” when applicable.

### 7.8 Asset Custodian

Asset custodians of a particular asset classes are responsible for:

- (a) Identifying and managing the disposal of assets under their care and control;
- (b) Obtain appropriate decisions for the disposal of any asset;
- (c) Account for the costs of undertaking disposal options within the asset register and the financial systems as appropriate;
- (d) Providing written advice when necessary to the Coordinator Asset Management for the purpose of amending the asset registers when disposal has occurred during maintenance administration period.

### 7.9 Asset Management Coordinator

The role of the Coordinator Asset Management is to ensure that the data retained in the Asset Management Register is maintained at a high degree of accuracy. In doing so, the following tasks relating to disposal are to be upheld:

- (a) To ensure receipt of the Approval for Disposal of Assets with all relevant information supplied by Project Officers as part of the project close-out report.
- (b) Ensure disposal of assets have been approved before disposing them.
- (c) Dispose and expire assets from Hansen asset register and update GIS.

Document Control Box	
<b>Document Responsibilities:</b>	
<b>Custodian:</b> Coordinator Asset Management	<b>Custodian Unit:</b> Contracts & Asset Management
<b>Decision Maker:</b>	Council
<b>Compliance Requirements:</b>	
<b>Legislation:</b>	Section 3.58 of the Local Government Act 1995 Regulations 30 and 31 of the Local Government (Functions and General) Regulations 1996
<b>Industry:</b>	Department of Local Government - Asset Management Framework and Guidelines
<b>Organisational:</b>	Council Policy 9.12 Asset Management





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Document Management:							
Risk Rating:	Medium	Review Frequency:	Biennial	Next Due:	2016	TRIM Ref:	
Version #	Decision Reference:	Synopsis:					
1.	OCM 18/11/14 (509/14)	New Policy to control the disposal of all City property (assets). Replaces revoked Council Policy 16.2 Plant and Vehicles - Disposal Of					
2.	OCM 30/04/15 (161/15)	Amended position titles due to organisational restructure					
3.							