

General Policy

Burke Shire Council

Asset Disposal Policy



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Version History

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1. Purpose

The purpose of this policy is to provide unambiguous and transparent direction for the disposal of assets to:

- (a) Promote fair and effective competition to the greatest possible extent;
- (b) Consider any potential benefit to the community;
- (c) Ensure best value for money is achieved; and
- (d) Ensure the same accountability for disposal of assets as that of purchasing assets.

2. Scope

This policy applies to Burke Shire Council employees involved in the disposal of Council assets.

This policy does not apply to any process of selling land for arrears of rates and charges or selling of stock in the normal course of operations.

3. Date of Policy

This Policy applies from the date adopted by Council.

4. Definitions

Act	means the <i>Local Government Act 2009 (QLD)</i> .
Asset	As defined in paragraph 49(a) of the Framework for the Preparation and Presentation of Financial Statements: A resource controlled by Council as a result of past events and from which future economic benefits are expected to flow to Council (for example real property, motor vehicles, plant and equipment, art works, etc).
Asset Disposal	A process where Council divests itself of an asset in a systematic and authorised manner as directed by this policy.
Best Value	Obtaining the best possible return for the goods it sells in financial, social, economic and environmental terms.
Carrying Value	The amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses. Also known as written down value.
CEO	Means Chief Executive Officer A person who holds an appointment under section 194 of the <i>Local Government Act 2009</i> . This includes a person acting in this position.

Community Organisation	As defined in the <i>Local Government Regulation 2012</i> : a) an entity that carries on activities for a public purpose; or b) another entity whose primary object is not directed at making a profit.
Council	Shall mean the Mayor and Councillors of Burke Shire Council.
Councillor	Shall mean a Councillor of a Burke Shire Council within the meaning of the Local Government Act 2009, includes the Mayor.
Employees	Shall mean all persons employed at Burke Shire Council on a permanent, temporary, volunteer or casual basis and may include persons engaged under a contract of service.
Exc GST	Excluding goods and services tax
Financial Delegation	A formal delegation (consisting of a financial band level and an instrument of sub-delegation (financial)) allowing an employee to authorise/approve the expenditure or reimbursement of money within their approved budget and delegation limit. This delegation allows an employee with responsibility for a budget to manage that budget.
Government Agency	As defined in the <i>Local Government Regulation 2012</i> : a) the State, a government entity, a corporatised business entity or another local government; or b) another Australian government or an entity of another Australian government; or c) a local government of another State.
Infrastructure Assets	Assets contained within council's water, sewerage, roads, stormwater drainage, and other structures asset classes.
Non-current Assets	An asset of Council, other than land, that is not a current asset and has been recognised under Council's Non-current Asset Policy.
Regulation	Means the Local Government Regulation 2012 (Qld).

5. Policy Provisions

Council is committed, to the open, transparent and systematic disposal of Council's assets.

5.1 Recommend to Dispose

Before any asset is disposed of, it is necessary to determine that it is appropriate for disposal. In deciding and recommending an asset for disposal, employees must consider the following common criteria for determining whether assets may be suitable for disposal:

- (a) No longer required;
- (b) Unserviceable or beyond economic repair;

- (c) Technologically obsolete;
- (d) Operationally inefficient (either from a productivity or financial standpoint);
- (e) Surplus to current or immediately foreseeable needs;
- (f) Part of an asset replacement program; and/or
- (g) Contains any environmentally sensitive or hazardous material.

In deciding and recommending an asset for disposal, managers and officers should consider the needs of all Council programs. This could take the form of a notice communicating surplus assets.

5.2 Carrying Value of the Asset

When disposing of an asset, the relevant value is that of the carrying value in Council's Non-current Asset Register. Written approval to dispose of an asset must be given by an employee who has the appropriate financial delegation at the level of the carrying value of the asset to be disposed.

If a carrying value is not available for the asset, an estimation of value of the asset should be made having regard to:

- (a) The potential to sell the asset;
- (b) The perceived value of the asset to a buyer;
- (c) Its age and condition;
- (d) Potential for obsolescence; and
- (e) Usefulness for future needs.

5.3 Assets (Excluding Land) with a carrying value of less than \$5,000 (ex-GST)

The relevant manager is responsible for approving the appropriate method for the disposal of assets with a carrying value of less than \$5,000. The method used for the disposal of assets will maximise the return to Council.

The accepted means of disposal under this category may include, but not limited to:

- (a) Internal quotation;
- (b) External quotation;
- (c) Public Auction (including online platforms such as Pickles, eBay, and Gumtree); or
- (d) Donation to a community organisation.

5.4 Assets with a carrying value of greater than \$5,000 (ex-GST) including land

For assets with a carrying value greater than \$5,000, the disposal method is determined by the relevant Director or Manager on a case-by-case basis considering:

- (a) Market forces and impact on return from the sale of the asset;
- (b) The purchase price, lifecycle maintenance costs and remaining useful life to maximise where possible the return on investment of the asset;
- (c) The strategic worth of the asset and its long-term benefit to the community;

- (d) Community need for the asset and alternative resources; and
- (e) How the funds received from the disposal of the asset are to be allocated.

The accepted means of disposal under this category as per section 227 and section 236 of the *Local Government Regulation 2012* may include, but not limited to:

- (a) Public Tender;
- (b) Public Auction;
- (c) Assets can be sold in any way as long as the sale price is more than the highest bid received at a previous tender or auction. Noting in this instance the asset must have been the subject of an earlier tender/auction process;
- (d) Trade-in;
- (e) Disposal to another government agency;
- (f) Disposal to a community organisation; or
- (g) Ministerial exemption applies.

5.5 Notification of Disposal of Assets

Following the disposal of an asset, it is the responsibility of the relevant Director or Manager, or their delegate, to notify the Finance department:

- (a) to ensure the asset register is updated and accounting treatments are recorded; and
- (b) to determine any impact on Council's insurance policies.

5.6 Infrastructure Assets Disposed as part of a Capital Project Proceeding

In respect of replacement and upgrade infrastructure capital projects, the carrying value of the asset should be reduced to reflect that component of the asset that is no longer providing economic benefit.

These adjustments are recorded as a write-off of non-current assets in Council's financial statements.

5.7 Buyer's Risk

Irrespective of the disposal method applied, all prospective buyers must be advised in writing that items are disposed of, with any faults, at the buyer's risk ('as is where is'). Buyers are to rely on their own investigations regarding the condition and workability of the items and Council will not be responsible for any repairs or maintenance of the asset.

5.8 Disposal of Electrical Equipment

The relevant manager responsible for the disposal of any electrical equipment must ensure compliance with all relevant conditions detailed in the *Electrical Safety Regulation 2013* for the sale of electrical equipment prior to disposal of the asset.

5.9 Conditions on Donations to Community Organisations

Assets can only be donated to another organisation if that organisation can:

- (a) Affirm in writing they are an entity that carries on activities for a public purpose or their primary object is not directed at making a profit;
- (b) The organisation has up to date audited financial statements
- (c) Provide written acknowledgement of receipt of the asset;
- (d) Acknowledge Council will not be responsible for any repair or maintenance of the asset;
- (e) Acknowledge all copyright or licensed content has been removed (for example computer software);
- (f) Take responsibility for the timely removal of the asset and any associated costs that arise from the asset's removal; and
- (g) The donation of the asset is approved and confirmed with the 'council' by means of council resolution.

5.10 Conditions on Donations to Community Organisations

The relevant manager, or their delegate, is to ensure:

- (a) The disposal methodology is fully documented and all supporting documentation is filed under the appropriate disposal file in Council's recordkeeping system.
- (b) Any conflict-of-interest issues, perceived or otherwise, in relation to the chosen means of disposal or with employees involved in the disposal process should be declared and registered in accordance with the Code of Conduct.

6. Review of Policy

This policy will be reviewed when any of the following occur:

- 1. The related documents are amended or replaced.
- 2. Other circumstances as determined from time to time by a resolution of Council.

Notwithstanding the above, this policy is to be reviewed annually.

7. Key Responsibilities

Position	Responsibility
Mayor	To lead councillors in their understanding of, and compliance with, this policy.
CEO	To lead staff (either directly or through delegated authority) in their understanding of, and compliance with, this policy.
Directors	To communicate, implement and comply with this policy.

Position	Responsibility
Managers and Supervisors	To implement this policy and related procedures.
All Council staff	To comply with this policy and consider its implications for related projects and programs.

8. Related Documents

Legislation/Regulations	Awards	BSC Policies	Procedures
Local Government Act 2009, section 104 Local Government Regulation 2012, section 224 Electrical Safety Regulation 2013			