

ASSET DISPOSAL POLICY



TITLE: ASSET DISPOSAL POLICY

ADOPTED BY: COUNCIL

RESPONSIBILITY: CHIEF EXECUTIVE OFFICER

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1			DRAFT
2			
3			
4			

ASSET DISPOSAL POLICY

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The Asset Disposal Policy (~~Policy~~) relates to Katherine Town Council (~~Katherine Town Council~~).

COMMENCEMENT OF POLICY

This Policy will commence from 28/07/2015. It replaces all other policies, if any, relating to Asset Disposal (whether written or not).

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PART A – REAL PROPERTY ASSETS (LAND AND BUILDINGS)

1. POLICY OBJECTIVE

To provide clear guidance as to the ongoing use of Council property . land, land under roads and/or buildings, its possible reclassification and disposal.

2. GOVERNING LEGISLATION

Local Government Act Chapter 12 Part 12.1

Local Government Act (Accounting) Regulations Part 10 Section 23

3. DEFINITIONS

- a) **Asset** - A resource with economic value that Council owns or controls with the expectation that it will provide future benefit.
- b) **Property** . anything that is owned by a person or entity. Property can be divided into two types: %real property+which is any interest in land, real estate, improvements on land or real estate, and %personal property+which is everything else. %Public Property+refers to ownership by a government body such as the federal, state or local governments or their agencies.
- c) **Building** . Building refers to and includes part of a building and any other structure or part of a structure, but does not include a moveable dwelling or associated structure or part of a moveable dwelling or associated structure.
- d) **Land**- the part of the Earth's surface not covered by water. In this policy Land can be described as:

A **property** is defined as land under common occupation particularly for the purpose of rating, billing or habitation. Properties are typically described by street address or a "rate assessment number" allocated by an authority, eg local government or utility. A property can consist of one parcel (eg a suburban house block); many parcels (eg a farm); or part of a parcel (eg a shop in a development). Council's view of property is usually seen as being definitive

Land Under Roads can be described as a %Road Reserve+that includes the road surfaces, land under footpaths, nature strips and median strips as well as the land between the facing land parcels that adjoin the %Road Reserve+.

4. POLICY STATEMENT

To ensure decisions made in relation to the future use of property, that is, land and buildings are made to provide maximum return to the community either by realising the strongest financial return or by fulfilling a community service need. All decisions made need to be aligned to the strategies of Katherine Town Council.

4.1 Strategic Alignment

The acquisition and disposal of property should align with the Municipal Plan and Long Term Financial Plan and relate to the provision of an attractive community, preservation, presentation of the natural environment and local economic development. It should also support Council's Municipal Plan and Long Term Financial Plan objectives.

This policy acknowledges that land and buildings can facilitate the attainment of those objectives. It also acknowledges that assets which are not performing nor have no potential in this regard need to be reviewed and that acquisitions of land or properties should also be aligned to Council's Municipal Plan and Long Term Financial Plan.

4.2 Community Consultation

No formal community consultation is required. However, compliance with Council's Community Engagement Strategy should be considered along with compliance with the *Local Government Act*.

Council use of land is subject to strategic plans, land use plans, etc. It is important that the community is kept informed of the need to review the assets. This policy acknowledges this need and ensures that Council is prepared to make the public better informed of the guiding principles that have been adopted for this purpose.

4.3 The Principles

From time to time for these individual classes of assets, Council is to review Katherine Town Council's landholdings, regardless of tenure, and make recommendations to Council.

Land and buildings that are identified as being in need of review are to be tested against a number of criteria to recommend whether the property is retained and developed for community use or developed or sold to realise its potential. The assessment criteria is made up of but not limited to:

- ✓ Statutory influences (restrictions or limitations)
- ✓ Existing usage
- ✓ Potential future use
- ✓ Spatial distribution and/or size
- ✓ Conservation value
- ✓ Site constraints and opportunities
- ✓ Maintenance

The outcome of this process will be a determination on whether or not to develop the asset for its community or other potential.

- ✓ Development of infrastructure . i.e. parks, drainage, parking, etc
- ✓ Delivery of community services either by outsourcing or direct resource

Other use of an asset may likewise result in a number of options by which its potential can be realised including but not limited to:

- ✓ Sale
- ✓ Ground or site lease
- ✓ Building lease
- ✓ Development or Joint Venture

Acknowledging that other options can contain unique characteristics, selection will reflect the current and projected financial or economic position of Council. Factors to be considered will include accumulation of reserves for Capital Works, Forward Works Program and Projected Long Term Financial Plan. These collectively will determine whether short term gain or long term revenue is the preferred outcome.

In the event that any asset is to be sold, leased or developed, an independent current valuation of the asset must be obtained from a registered valuer within the times frames laid out in the Report to Council prior to the disposal or other change of ownership/leasehold of the asset. Time frames are to be defined as part of the strategic financially planning as determined by Council.

4.4 Property Classification

The categories (zones) have been determined regardless of tenure as any parcel of land has the potential to be developed for whatever purpose. When it comes to drawing from the categories, the most suitable sites will be considered first.

Category (Zone) Community Purpose - CP:

Land held exclusively for community use (public open space).

Category (Zone) General Industry/Light Industry . GI/LI:

Land held exclusively for infrastructure (general/light industry) development and not suitable for any other use.

Category (Zone) Commercial - C:

Land held for potential community use which has short term commercial opportunity (community purpose).

Category (Zone) Future Development - FD:

Land held for future potential (crown land/future development) use which may have short term community use potential.

Category (Zone) Other . All other classifications under the Northern Territory Planning Scheme:

Land holdings not required for community or infrastructure use, which may be disposed of by:

- Medium or long term commercial lease
- Development of Joint Venture
- Sale with proceeds going to reserves

PART B – DISPOSAL OF NON PROPERTY ASSETS

5. POLICY OBJECTIVE

To provide clear guidance as to the ongoing use of Council assets . excluding land and/or buildings, its possible reclassification and disposal.

6. GOVERNING LEGISLATION

Local Government Act Chapter 12 Part 12.1

Local Government Act (Accounting) Regulations Part 10 Section 23

7. DEFINITIONS

Asset . Any asset item recorded in Council's Asset Register (excluding real property . i.e. land or buildings)

Beyond Economic Repair . Classification given to an asset where that asset requires repairs likely to be more expensive than its replacement value.

Motor Vehicle . A passenger sedan or station wagon, motor cycle or commercial motor vehicle including but not limited to vans, utilities, buses and trucks.

Auction . any asset to be disposed of by auction is required to be auctioned by a suitably qualified auctioneer.

Public Tender . any asset to be disposed of by public tender is to be conducted under Katherine Town Council's Procurement Policy.

Obsolescence - is the state of being which occurs when an object, service, or practice is no longer wanted even though it may still be in good working order.

8. POLICY STATEMENT

Council's assets will be disposed of in a responsible, transparent and accountable manner.

8.1 Introduction

Delegated Authority . With respect to the disposal of assets, the Chief Executive Officer will report to Council for authorisation on the approval to dispose of assets that are surplus to requirements. This report is to include the process that the disposal is to occur (i.e. auction, public tender, etc).

Disposal Rules . At all times, surplus assets or materials should be disposed of in a way that maximises returns whilst maximizing open, transparent and effective competition. Most commonly this will be through publicly competitive process of auction or tender.

Prior to disposal, a reasonable effort is to be made to ensure that no other Council Department has a need for the asset. Items of historical or cultural significance should be given special regard and any dangerous goods disposed of only in an authorised and safe manner. No warranty is to be offered on assets sold.

Conflict of Interest . The officer responsible for the disposal of any Council asset and the relevant Director must ensure that no conflict of interest occurs in or as a result of the asset disposal process.

Reasons for Disposal . A decision to dispose of an asset may be based on one or more of the following:

- ✓ Obsolescence
- ✓ Non-compliance with work health safety standards
- ✓ No use expected in the foreseeable future
- ✓ No usage in the previous six (6) months
- ✓ Optimum time to maximise return
- ✓ Discovery of hazardous chemicals or materials present in the asset
- ✓ Beyond economic repair

Preparing Assets for Sale . Checks must be carried out to ensure assets do not contain:

- ✓ Additional items not intended for sale
- ✓ Confidential documents
- ✓ Documents on Council letterhead or which may be used for fraudulent purposes
- ✓ Software (which could lead to a breach of licence or contain confidential data)
- ✓ Hazardous materials

As much as is practical, any Katherine Town Council identifying marks should be removed. Spare parts held for a particular item should be disposed of in one parcel with the asset.

8.2 Asset Disposal Methods

Methods of Disposal of Assets . the principal methods of disposal of assets are:

- a) Auction or public tender.
- b) Disposal (dumping) . assets of little or no value (eg: broken).
- c) Donation to a registered charity or not-for-profit community organisation.

Sale to Employees and/or Elected Members . as a general principle, sale of assets to staff and/or Elected Members is not to occur outside the auction or public tender process. The Independent Commission Against Corruption recommends that invitations to bid for the purchase of any surplus Council assets should not be limited to staff and/or elected members. Members of the public must also be allowed to compete for the purchase.

Donations to Registered Charities or Not-for-Profit Community

Organisations . Any asset deemed to be suitable for use by registered charities or not-for-profit community organisations may be made with the authority of Council. When determining suitability Council should keep in mind the following:

- ✓ Registered charities and not-for-profit community organisations should receive equitable treatment to avoid possible claims of bias.
- ✓ Investigations should occur to ensure that the group is not a disguised business.
- ✓ Ensure that the disposed of asset is to be used for non-commercial use.
- ✓ Where the donation is seen as appropriate but there is a potential claim of bias, the matter should be referred to the Chief Executive Officer.
- ✓ The registered charity or not-for-profit community organisation must remove the asset at no cost to Council.

Destruction of Assets Classified as Beyond Economic Repair . where an asset is classified beyond economical repair the asset must be destroyed at the Waste Management Facility.

Sale of Information Technology and/or Computer Equipment . all assets under this descriptor are to have all Katherine Town Council data and software applications removed from hard drives before disposal.

Sale of Motor Vehicles . motor vehicles are to be sold either by auction or public tender.

Sale of Furniture . any furniture is to be sold either by auction or public tender.

Sale of Major Assets . where assets of significant value (being more than \$100,000 . as per *Local Government Act*) are to be sold, the sale is to be by either auction or public tender.

KATHERINE TOWN COUNCIL CONTACT

Any questions about this Policy should be directed to Chief Executive Officer 8972 5500.

VARIATIONS

Katherine Town Council reserves the right to vary, replace or terminate this Policy from time to time.

ASSOCIATED DOCUMENTS

- Northern Territory *Local Government Act* (including Financial Regulations)
- Katherine Town Council Revenue Policy
- Katherine Town Council Investment Policy
- Katherine Town Council Fraud Protection Policy
- Katherine Town Council Long Term Financial Plan
- Katherine Town Council Procurement Policy
- Katherine Town Council Asset Management Plan
- Katherine Town Council Vehicle Policy
- Katherine Town Council Community Engagement Strategy

POLICY VERSION AND REVISION INFORMATION

Policy Authorised by: Robert Jennings
Title: Chief Executive Officer
Policy Maintained by: Scott Mannion
Title: Airport & Contracts Manager
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