

Policy

ASSET DISPOSAL POLICY

TEAM:	Business Support
RESPONSIBILITY:	Group Manager-Business Support
ADOPTED:	27 February 2020
REVIEW:	Every five years, or as required
CONSULTATION:	None required
RELATED DOCUMENTS:	Local Government Act 2002, Public Finance Act 1989, Consumer Guarantees Act 1993, Fair Trading Act 1986 ADC Delegations Manual, Procurement Policy, Significance and Engagement Policy, Property Holdings Policy,

Policy Objective

The objective of this policy is to ensure that Council disposes of assets by observing the principles of the Policy.

Definitions

Asset: Includes, but is not limited to, equipment, furniture and fittings, collections, livestock, plant, vehicles, land and buildings for which Council may have legal title.

Community Group means a not-for-profit community organisation based in the Ashburton District. This definition excludes Reserve Boards and Memorial Hall Boards, which have been included in the 'Managers' definition.

Council means Ashburton District Council.

Disposal: The sale, retirement or exchange of Council assets that are surplus to requirements. Disposal excludes the sale or transfer of assets to another Council team, reserve board or memorial hall committee.

Managers: includes all activity and budget managers, Group managers and the Chief Executive. It also includes Reserve Boards and Memorial Hall Boards who manage public assets on behalf of Council under delegated authority.

Write off: Specifically refers to the removal of the asset from the Council's asset register at nil value.

Policy Principles

These principles underpin the intent and implementation of this asset disposal policy:

1. Council manages asset disposal by meeting its statutory and legal duties
2. Council maximises the value gained from all asset disposal
3. Council undertakes asset disposal in an open, fair, transparent and accountable manner
4. Council manages risk associated with asset disposal in an appropriate manner
5. Council minimises disposal costs.

Policy Statement

1. Surplus Assets

Managers are responsible for determining when assets are surplus to business requirements, and for organising their disposal, subject to clauses 2, 3, 4, 5, 6, 7 and 8 of this Policy, as applicable. Assets considered surplus to business requirements should be disposed of promptly, avoiding prolonged storage and loss of value.

Managers responsible for organising the disposal of assets shall seek approval in writing by the Finance Manager or any member of the Executive Team.

Managers must inform other parts of the organisation, including all Reserve Boards and Memorial Hall Boards of the availability of assets for transfer at an agreed price.

Managers must establish wherever practicable the likely market value of any asset considered surplus to requirements, in a manner that reflects the nature and likely value of the asset. Managers must also consider likely levels of public interest or sensitivity when seeking approval for asset disposal.

2. Authority to approve the write-off or disposal of any asset

The disposal or write-off of any asset must be approved by the Finance Manager or any member of the Executive Team, under the Council's Delegations Manual. The approving manager will consider:

1. the reasons for declaring the asset surplus,
2. the steps taken to ensure that the asset is surplus to the business needs of the organisation;
3. the method recommended for its disposal; and
4. the level of public interest in the disposal of the asset.

Disposal or write-off of an asset likely to be of high public interest or with a value exceeding the financial delegation of the Chief Executive must be referred to the relevant Council Committee for recommendation to Council for approval.

3. Strategic Assets

Council retains a register of strategic assets in its Significance and Engagement Policy.

Under s.97 of the Local Government Act 2002, any decision to transfer the ownership or control of a strategic asset to or from the Council can only be taken if explicitly provided for in Council's Long-Term Plan or through an amendment to the current Long-Term Plan.

4. Transferring Ownership

Managers may transfer asset ownership internally when the value of the asset is less than \$1,000. Assets over a value of \$1,000 may be transferred at the discretion of the Chief Executive. Internal transfer includes transfer to Reserve Boards and Memorial Hall Boards.

5. Methods of Asset Disposal

Surplus assets with an estimated market value of \$200 or more must be disposed of by public tender, auction or other such means to ensure a transparent and competitive disposal process (unless of a value up to \$1,000 to a community group as below). This does not include assets identified for internal transfer of ownership under clause 4 of this policy.

The method chosen for asset disposal should be efficient in terms of time and cost, proportionate to the approximate value of the item.

Managers will either first offer surplus assets with an estimated market value of less than \$200 to Council employees for purchase or for disposal to a community group as below.

Where a community group approaches Council for preferential access to surplus asset, the Manager can approve disposal up to a value of \$200. The Chief Executive can approve disposal of assets to a community group up to \$1,000.

6. Disposal of real property

Council must dispose of land and buildings by following the Property Holdings Policy and the Council Delegations Manual.

The Council must obtain an independent valuation before offering real property to the market for sale.

7. Disposal of vehicles and plant

Council vehicles and plant must be disposed of by trade-in, public auction or tender, carried out under the Procurement Policy.

8. Record Keeping

All sales of surplus assets require the generation of a Council invoice. Invoices must be approved by the manager of the Council Team which owns the asset, and an appropriate member of the Finance team.

If an asset is traded in, the supplier's invoice must show the total cost of the new item and the allowance for the traded item separately.

The Finance Manager is responsible for ensuring that the disposal, transfer or write-off of Council assets is appropriately recorded in the Council's asset register.