

	COUNCIL POLICY	
	Asset Disposal Policy	
	Policy Number	CP094
	Directorate	Organisational Services
	Owner	Executive Manager, Financial Services
	Last Approved	26 March 2025
	Review Due	26 March 2027

1. PURPOSE

This policy establishes a structured framework for the disposal of assets by Fraser Coast Regional Council (Council), ensuring that disposals are conducted transparently, accountably, and in compliance with relevant legislation, Queensland local government regulations, and Australian Accounting Standards. This includes special procedures for portable and attractive assets, aiming to prevent misuse or misappropriation.

2. SCOPE

This policy applies to all Fraser Coast Regional Council employees, officers, and contractors involved in the disposal of Council-owned assets. It encompasses various categories of assets, including fleet, plant, equipment, office furniture, library items, and IT hardware and software. Exclusions from this policy are land sales for recovery of unpaid rates, and specific infrastructure assets, which fall under other procedures or departments.

3. TERMS AND DEFINITIONS

- **Asset:** Any item recognised as an asset under Australian Accounting Standards, including tangible and intangible items.
- **Portable and Attractive Items:** Items not classified as high-value but considered high-risk due to their portability or desirability, such as electronics or tools.
- **Asset Disposal:** The process of divesting an asset through sale, transfer, donation, or write-off.
- **Carrying Amount:** The value at which an asset is recognised on the balance sheet, per AASB 116.
- **Best Value:** Achieving the most advantageous outcome for Council in financial, social, and environmental terms.
- **Community Interest Asset:** An asset that provides significant social, cultural or economic benefits to the community

4. POLICY STATEMENT

Council commits to fair and transparent disposal of assets, ensuring compliance with Australian Accounting Standards, specifically AASB 116 (Property, Plant and Equipment) and AASB 13 (Fair Value Measurement). Disposals should maximise returns and meet accountability standards, with specific attention to the secure handling of portable and attractive items and compliance with legislative requirements for land disposals.

4.1 Compliance with Australian Accounting Standards

Disposals are conducted according to AASB 116 and AASB 13, ensuring all assets are accurately valued at fair value prior to disposal, and gains or losses are recognised in financial statements.

4.2 Valuation Prior to Disposal

Assets will be measured at fair value at disposal, with adjustments reflected in Council's financial statements. Valuation for portable and attractive assets will include security assessments based on asset desirability and risk factors.

4.3 Methods of Disposal

Disposal methods include:

- **Public Auction:** Ensures competitive and transparent pricing.
- **Tender Process:** Suitable for high-value or non-standard assets.
- **Donation to Charitable Organisations:** When aligned with community goals.
- **Trade-In:** Primarily for plant and equipment replacements.
- **Scrapping/Destruction:** When the asset holds no residual value or utility.

4.4 Criteria for Disposal

An asset may be disposed of if it:

- Has reached the end of its useful life.
- Is surplus to operational needs.
- Is obsolete, outdated, damaged beyond repair, or uneconomical to maintain.
- Is replaced by a newer asset.

4.5 Special Considerations for Portable and Attractive Items

Given their portability and desirability, these assets require additional controls:

1. Approval from the Executive Manager or delegated authority before disposal.
2. Preference for disposal methods that offer transparency, such as auction or tender, especially for electronics, tools, or items valued above a set threshold.
3. Recording details of each portable and attractive asset disposal in the asset register.

4.6 Sale of Land

In accordance with the Local Government Regulation 2012, the disposal of land owned by the Council is subject to the following requirements:

4.6.1 Default Disposal Methods

Public Auction or Tender:

- Council land is generally sold through public auction or tender to ensure competitive pricing, fairness, and transparency (Section 227).

4.6.2 Exemptions to Auction or Tender

Land may be disposed of through alternative methods if specific criteria are met (Section 236):

1. Disposal to a Government Agency:
 - Land can be transferred to another government body or agency.
2. Disposal to a Community Organisation:
 - Land may be sold or leased to a non-profit or community organisation for purposes aligned with Council's goals.
3. Adjoining Landowner Sale:
 - Land that is not independently marketable due to its size, shape, or location may be sold directly to an adjoining landowner.
4. Other Circumstances (including listing for sale):
 - Subject to Council resolution providing any required justification.

4.6.3 Approval and Record-Keeping

- Any disposal of land must be approved by Council, with a resolution passed in a public meeting for any exemption to auction or tender unless delegated authority is in place for specific transactions.
- All details of the disposal, including the valuation, method, and justification for exemptions, must be recorded and retained for audit purposes.

4.6.4 Valuation Requirements

- Land should be valued at market value prior to disposal to ensure the best financial outcome for the community.
- If most recent land revaluation (at market value) for financial statement purposes is for the preceding financial year-end prior to commencing the sale, it may be used for marketing or listing purposes.

4.6.5 Community Consultation

- Where appropriate, Council may engage the community for input on land disposals, particularly for properties with significant community interest or use.

4.7 Recording and Reporting

All disposals are recorded in Council's asset register, with disposals of portable and attractive items flagged for additional scrutiny. Gains or losses are recognised in financial statements per AASB 116, and outcomes are reported to Council.

5. ACCOUNTING TREATMENT

5.1 Derecognition of Assets

Assets are derecognised when no future economic benefits are expected, and their carrying amounts are removed from Council's balance sheet.

5.2 Gain or Loss on Disposal

The gain or loss is calculated as the difference between disposal proceeds and the asset's carrying amount, recognised in the income statement.

5.3 Impairment

If an asset is impaired before disposal, the impairment loss is recognised per AASB 136, ensuring an accurate carrying amount.

6. RESPONSIBILITIES

Estimated asset disposal limits for approvals:

- **Executive Managers** - estimated disposal value up to \$200,000
- **Directors** – estimated disposal value between \$200,001 and \$500,000
- **Executive Leadership Team** - estimated disposal value \$500,001 and \$1,000,000
- **Council**
 - estimated disposal value of greater than \$1,000,000 and/or
 - a community interest asset and/or
 - an asset disposal plan for a group of assets

Other responsibilities:

- **Executive Leadership Team:** Oversees disposal policy adherence.
- **Asset Custodians:** Identify assets for disposal, implement appropriate disposal methods, and ensure compliance.
- **Executive Manager Financial Services:** Maintains oversight of financial reporting for disposals.

7. DISPOSAL PROCEDURES

7.1 Decision to Dispose

Assets may be disposed of based on criteria including obsolescence, replacement needs, or non-compliance with safety standards.

7.2 Preparing Assets for Disposal

Staff must ensure assets are free from sensitive information or materials before disposal. Portable and attractive items must be securely cleared of any Council-specific branding or information.

7.3 Disposal Methods

- **Auction or Tender:** Preferred for high-value or risk-prone items.
- **List for Sale** – Land assets only with Council approval
- **Donations:** Limited to non-profit community groups via Expression of Interest or by Council resolution, following financial assessments.
- **Recycling or Destruction:** For assets deemed of negligible value.

Where applicable, a signed declaration should be sought from purchasers, noting that items are sold “as-is”, with no warranty implied.

8. CONFLICTS OF INTEREST

All asset disposal activities must be conducted in a manner that upholds the principles of integrity, impartiality, promoting the public good, commitment to the system of government, accountability and transparency to prevent actual, potential, or perceived conflicts of interest.

- Councillors, employees, and any other individuals involved in the disposal process must declare any conflicts of interest—whether financial, personal, or professional—before participating in asset disposal decisions.
- Individuals with a conflict of interest must not be involved in any aspect of the asset disposal process, including valuation, tender evaluation, auction procedures or approvals.
- Local government employees, councillors, and their close associates (including family members and business partners) are prohibited from purchasing assets directly from the council, unless through a publicly advertised, competitive process open to all members of the public, with any exemptions to this requirement (e.g. personal use electronic items such as mobile phones or tablets) to be approved by the Chief Executive Officer accompanied by formal documentation.

By adhering to these measures, the council ensures that asset disposals are conducted fairly, ethically, and in the best interest of the community.

9. LEGISLATIVE AND REGULATORY FRAMEWORK

This policy is consistent with:

- **Local Government Act 2009 including:**
 - **Section 104:** Accountability and transparency in asset disposal processes.
- **Local Government Regulation 2012, including:**
 - **Section 227:** Methods of sale (auction/tender).
 - **Section 236:** Exceptions to auction or tender.
- **Australian Accounting Standards Board:**
 - AASB 116 Property, Plant and Equipment
 - AASB 13 Fair Value Measurement
 - AASB 136 Impairment of Assets

9. RELATED DOCUMENTS

- Non-Current Asset Policy
- Code of Conduct
- Conflict of Interest
- Fleet Management Policy
- Library Collection Development Statement
- Procurement Policy
- Electrical Safety Regulation (for disposal of electrical items)

10. REVIEW

This Policy will be reviewed when related legislation/documents are amended or replaced, other circumstances as determined from time to time by Council or at intervals of no more than two years.

Version Control

Version Number	Key Changes	Approval Authority	Approval Date	Document Number
1	Original	Council	26/03/2025	#5151960