



1. ACQUISITION AND DISPOSAL OF ASSETS

Policy 1.2

ASSET ACQUISITION

Version 4

1. ACQUISITION AND DISPOSAL OF ASSETS

1.2 ASSET ACQUISITION

OBJECTIVE:

To ensure Council considers the full life cost of all asset acquisitions prior to entering into any process to acquire / develop future assets.

This Policy relates to Council's infrastructure assets, and excludes acquisition of Council's land assets.

INTERACTION WITH OTHER POLICIES

- Asset Management Policy 1.5
- Asset Disposal Policy 1.3

POLICY:

1. When considering the acquisition and / or development of assets, Council will take into consideration:
 - The comparative long-term ownership costs of the asset
 - Evidence of community demand for the provision or retention of the asset
 - Whether the land is suitable for its intended use in accordance with the strategy "ensuring Council land is suitable for its intended use", in the Operational Plan and Delivery Program
 - Whether the land is suitable for its intended use in terms of levels of contamination
 - The strategic worth of the asset and its community benefit
 - Whether the asset provides Council a positive return on the investment
 - The extent to which the asset is subsidised by the community, through the use of general rate revenue.
2. The long-term ownership costs of the asset acquisition and / or development must take into account;
 - Acquisition and / or development costs
 - The cost of providing finance (i.e. opportunity costs and interest charges)
 - Any warranty period applicable
 - The length, value and cost of any applicable maintenance agreements
 - The lifetime maintenance profile and costs
 - Energy consumption and projected costs
 - Any residual value (where applicable)
 - An investigation of alternative acquisition arrangements, eg. Purchase, lease, rent, public partnership or resource sharing

- An investigation as to alternative financing arrangements, eg. User pay, grants, loan funds or private sector
 - Taxation issues under competition policy.
3. Reports to Council on the acquisition and / or development of assets must include commentary on the above points as well as including details of;
 - Community demand
 - Strategic worth to the community
 - Asset return
 - A comparison of long-term ownership costs.
 4. Guidance from the Division of Local Governments Capital Expenditure Guidelines and Circular 10.34 should be applied where applicable. Where projects are less than \$1Million (GST exclusive) but expenditure is still expected to be significant, the Guidelines should be considered.
 5. The full details (both technical and financial) of any new assets acquired by Council will be added to the applicable Asset Register, and included in Council's corporate Asset Management Systems.

Maintained by Department:	Operations	Approved by:	Council	Exhibition	
Reference:	Dataworks: Policy Register	Council Policy No:	1.2	Effective Date:	16 February 2009
Min No:	06-349 V1 P08-136 O09-67 V3 - 13-432 V4 -	Version No:	4	Reviewed Date:	February 2009 August 2013 April 2017
Attachments:					



1. ACQUISITION AND DISPOSAL OF ASSETS

Policy 1.3

ASSET DISPOSAL

Version 5

1. ACQUISITION AND DISPOSAL OF ASSETS

1.3 ASSET DISPOSAL

OBJECTIVE:

To ensure when Council has determined an asset will be disposed of that there is adequate consideration of the method of disposal.

This Policy relates to Council's infrastructure assets, and excludes disposal of Council's land assets.

INTERACTION WITH OTHER POLICIES

- Asset Management Policy 1.5
- Asset Acquisition Policy 1.2

POLICY:

1. The apparent value (AV) of assets shall be determined by the relevant Manager as listed in this Policy who has carriage of management of the asset.
2. Apparent value will be determined by the Manager with consideration of the book value, and / or the replacement value of the asset and / or an assessment of the market value of the asset made by taking into consideration the potential to sell the assets, the perceived value of the asset to a buyer, its life stage and asset rating, potential for obsolescence and usefulness for future needs.
3. The Manager should detail the assumptions they use in estimating the asset's value in preparing their recommendation to dispose of the asset.

ASSETS WITH AN APPARENT VALUE OF LESS THAN \$1,000

1. Assets with an AV of less than \$1,000 each will be disposed of using a method that maximises the return to Council.
2. Assets with an AV of less than \$1,000 shall be disposed of by a method determined by the relevant Manager. The Manager must document the process of determining the asset disposal methodology and ensure full documentation is captured in Council's corporate records management system detailing the decision making process and actions taken.
3. The details (both technical and financial) of any assets disposed of by Council will be amended in the applicable Asset Register, and included in Council's corporate Asset Management Systems.
4. The Manager must be aware and have control of the process of disposal of these assets and be aware and conduct the disposal in light of risk assessment considerations and must ensure no conflict of interest issues are present in the means of disposal chosen.

ASSETS WITH AN APPARENT VALUE OF MORE THAN \$1,000

1. Assets disposal will be assessed on a case by case basis for assets with an AV of more than \$1,000 by the relevant Manager and the attached memo will be completed to be considered by the General Manager.
2. Managers will consider the following in their assessment and formulation of recommendations to dispose of an asset provided in the memo:
 - Market forces and impact on return from the sale of the asset should be considered and commented upon
 - Community need for the asset and alternative resources which could be considered to be substitutes should be assessed and commented upon
 - The strategic worth of the asset and its long-term benefit to the community should be assessed and commented upon
 - The purchase price and maintenance costs incurred over the lifecycle of the asset should be assessed to determine, where possible, a return on investment of a particular asset
 - That the funds raised from the sale of an asset should be considered as to their use and this must be reflected in the Council's Operational Plan and Delivery Program and include in the recommendation how this will be achieved.

METHODS OF DISPOSAL

1. Assets of significant AV (being more than \$150,000) are to be disposed of either by auction or tender.
2. All motor vehicles and plant (except those on novated leases) shall be disposed of via public auction, trade-in or tender processes. Motor vehicles will not be made available to Council staff or Councillors in private sale arrangements. Vehicles under novated lease are excluded from this restriction as the lease is in the name of the employee and shall be dealt with in accordance with lease provisions.
3. For other assets, the Manager who has carriage of the assets will provide to the General Manager a recommended method of disposal which shall be made after assessing the means to maximise the return to Council.
4. The General Manager will determine the manner of disposal for information technology (IT) assets, office furniture, stores items and scrap materials (including scrap metal) on each occasion disposal is recommended by a Manager.
5. Spoil materials shall be dealt with under the Council's Policy 10.19 "Roadworks - Provision of Unusable Materials to Property Owners".

6. Where a recommendation for destruction of an asset is made, the Manager will provide the General Manager with the assessment criteria used to determine that the asset has no potential to realise a return for Council and will detail the method of destruction and name of the Council Officer who will be charged with the responsibility of ensuring the asset is destroyed.
7. If after offering an asset for sale, if no interest in purchasing the asset is shown, the relevant Manager may recommend to the General Manager the asset be dumped and provide the recommended best means for managing the dumping process to ensure environmental management conditions and / or legislative requirements are observed.
8. Dumping or destroying of assets shall be undertaken after consideration of the environmental issues and / or legislative requirements so that any hazardous substances shall be assessed to ensure safe disposal.
9. Assets can only be donated to other organisations if the organisation can:
 - affirm in writing their status as a non-profit organisation
 - provide written acknowledgement of receipt of the asset
 - acknowledge Council will not be responsible for any repair or maintenance of the asset
 - acknowledge that all copyright or licensed content has been removed (for example, software on computers)
 - take responsibility for the timely removal of the asset and any associated costs that arise from the assets removal
 - acknowledge Council's donation to the organisation via a media release that Council approves.

PROCEEDS FROM ASSET DISPOSAL

1. Proceeds of the disposal of IT Assets will be placed into a reserve for the specific purpose of purchasing new IT equipment unless the General Manager specifically determines an alternative.
2. Proceeds of all motor vehicle and plant sales will be placed in the Plant Reserve unless the General Manager specifically determines funds are to be otherwise allocated.
3. Proceeds from the sale of scrap materials shall be placed into the Plant Reserve unless the General Manager specifically determines funds are to be otherwise allocated.
4. The accounting treatment and reserving of proceeds from sale from any other asset will be assessed on a case by case basis and approved by the General Manager.
5. The proceeds shall be reflected in Council's financial statements and reported to Council in quarterly reviews as they arise.

ASSETS CARRIAGE FOR PURPOSES OF DISPOSAL

The following staff are determined to have carriage of assets, and are responsible for the assessment and recommendations to dispose of assets:

Motor vehicles and plant items	Plant and Depot Manager
Information technology assets	Information Technology Manager
Real property (land and buildings)	General Manager
Office furniture	Finance Manager
Clothing	Plant and Depot Manager
Stores items	Plant and Depot Manager
Scrap metal	Works Manager
Stationary	Finance Manager

DOCUMENTATION OF ASSET DISPOSAL PROCESSES

1. Documentation detailing decisions made on asset disposal is to be archived in Council's corporate records management system by the relevant Manager.
2. The relevant Manager will update the assets details in the applicable Asset Register, and will provide documentation detailing the technical and financial information relating to any assets disposed of by Council to Council's Asset and Project Engineer and Accountant to enable the amendment in Council's corporate Asset Management Systems, including accounting treatments for disposed assets initiated.
3. Receipt of the disposal of materials to a licensed scrap dealer or contracted engineer are to be included in the documentation.
4. Where a Councillor, member of Council's staff, or members of the immediate family of a Councillor or member of staff purchase an asset, the General Manager is to countersign the documentation that specifies the price paid for the asset and the method used in determining the price paid.

Maintained by Department:	Operations	Approved by:	Council		
Reference:	Policy Register	Council Policy No:	1.3	Effective Date:	4 Nov 08
Min No:	06-349 (V1) P08-05 (V2) P08-136 (V3) V4 - 13-432 V5 -	Version No:	5	Reviewed Date:	Nov 2009 August 2013 April 2017
Attachments:	1. Memo providing General Manager with recommendation on asset disposal				

If failing, cost of repair – attach quotation(s)	
Cost of replacement if required – indicate new vs second hand options assessed – also purchase vs lease options etc attach quotation(s):	
Recommended method of disposal:	<input type="checkbox"/> Tender – Council resolution will be required and Manager to determine Open or Selective Tendering processes <input type="checkbox"/> Expression of interest <input type="checkbox"/> Public auction <input type="checkbox"/> Destruction - include details of reasons for recommending destruction, method of destruction and officer who will be responsible for the destruction as per policy requirements in an attachment to this memo <input type="checkbox"/> Other – specify _____
General Manager comments - required for assets where the Manager has determined an apparent value >\$1,000	<input type="checkbox"/> Approved <input type="checkbox"/> Rejected Signed: _____ Date: _____
Advice to Assets and Project Engineer and Accountant sent – required for all assets regardless of apparent value – attach advice to this memo when archiving	Relevant Manager: Date: _____

NB: A completed memo is to be archived on Council's corporate records management system by the author of this memo along with all quotations and associated documentation relating to the disposal of the asset(s)



1. ACQUISITION AND DISPOSAL OF ASSETS

Policy 1.5

ASSET MANAGEMENT

Version 3

1. ACQUISITION AND DISPOSAL OF ASSETS

1.5 ASSET MANAGEMENT

OBJECTIVE:

This Policy has been created to set guidelines for implementing consistent asset management processes across all activities undertaken by Lithgow City Council.

This Policy relates to Council's infrastructure assets, and excludes management of Council's land assets.

This Policy will ensure adequate provision is made for the long-term replacement of major infrastructure assets by:

- Ensuring that Council's services and infrastructure are provided in a sustainable manner, with appropriate levels of service to residents, visitors and the environment;
- Safeguarding Council's assets including physical assets and employees by implementing appropriate asset management strategies and allocating appropriate financial resources to those assets;
- Creating an environment where all Council employees are an integral part and play a proactive role in overall management of Council assets by creating and sustaining an asset management awareness throughout the organisation by training and development;
- Meet all legislative requirements of asset management;
- Ensure resources and operational capabilities are identified and responsibility for asset management is allocated;
- Demonstrate transparent and responsible asset management processes that align with appropriate best practice; and
- Implementing procedures that will ensure that:
 - The right assets are built, rebuilt or disposed of;
 - The assets are managed well; and
 - There is a balance between Council operations, new assets and existing assets.

INTERACTION WITH OTHER POLICIES

- Asset Acquisition Policy 1.2
- Asset Disposal Policy 1.3

BACKGROUND:

- Council is committed to implementing a systematic asset management methodology in order to apply appropriate asset management best practices across all areas of the organisation. This includes ensuring that assets are planned, created, operated, maintained, renewed and disposed of in accordance with Council's priorities for service delivery.
- Council owns and maintains a range of non-current assets to support its core business of delivery of service to the community.
- Asset management practices impact directly on the core business of the organisation and appropriate asset management is required to achieve Council's strategic service delivery objectives.
- Adopting asset management principles will assist Council in achieving its Strategic Longer-Term Plan and Long Term Financial objectives.
- A strategic approach to asset management will ensure that the Council delivers the highest appropriate level of service through its assets. This will provide positive impact on;
 - Members of the public and staff;
 - Council's financial position;
 - The ability of Council to deliver the expected level of service and infrastructure;
 - The political environment in which Council operates; and
 - The legal liabilities of Council.

PRINCIPLES

- A consistent Asset Management Strategy must exist for implementing systematic asset management and appropriate asset management best-practice throughout all Departments of Council.
- This Policy covers all elected members of the Lithgow City Council, all personnel employed by Lithgow City Council, any person or organisation contracted to or acting on behalf of the Lithgow City Council, any person or organisation employed to work on Lithgow City Council premises or facilities and all activities of the Lithgow City Council. This policy does not confer any delegated authority upon any person.
- Council, as custodian of Lithgow City Council assets, will:
 - Ensure the Council's legal obligations are met;
 - Represent the community who pay for and use the assets ; and
 - Ensure the asset / service is maintained for use by present and future generations on a sustainable basis.
- As part of Council's consideration of infrastructure asset management, Lithgow City Council will:
 - Manage its infrastructure and assets in a systematic and sustainable manner;
 - Engage with the community, stakeholders and service providers when determining service standards / level of service every four (4) years (as part of the Community Strategic Plan review), within the first year of each newly elected Council;

- Set levels of service, risk and cost standards after balancing competing demands and considering integrated planning matters;
- Allocate appropriate resources to ensure the timely maintenance and renewal of built and natural assets, so that “life cycle” costs are optimised (existing and new assets);
- Meet legislative requirements for asset management;
- Update asset management plans annually to reflect the position in the Operational Plan for the upcoming financial year;
- Audit progress in Asset Management Plans and strategies on an internal basis every two (2) years;
- All relevant legislative requirements together with political, social and economic environments are to be taken into account in asset management.
- Asset management principles will be integrated within existing planning and operational processes.
- Asset Management Plans will be developed for major service / asset categories. The Plans will be informed by community consultation and financial planning and reporting.
- An inspection regime will be used as part of asset management to ensure agreed service levels are maintained and to identify asset renewal priorities.
- Asset renewals required to meet agreed service levels and identified in adopted asset management plans and long term financial plans which align with the priority objectives of the Community Strategic Plan will be given high priority for funding in the annual budget estimates, with the service and risk consequences of variations in defined asset renewals and budget resources documented in budget documentation.
- Service levels defined in adopted asset management plans will form the basis of annual budget estimates, with the service and risk consequences of variations in defined services levels and budget resources documented in budget documentation.
- Asset renewal plans will be prioritised and implemented progressively based on agreed service levels and the effectiveness of the current assets to provide that level of service.
- Systematic and cyclic reviews will be applied to all asset classes and will ensure that the assets are managed, valued and depreciated in accordance with appropriate best practice and applicable Australian Standards.
- Future life cycle costs will be reported and the ability to fund those costs considered in all decisions relating to new services and assets, and upgrading of existing services and assets. Those lifecycle costs will include the eventual disposal / decommissioning costs.
- Future service levels will be determined in consultation with the community.
- Training in asset and financial management will be provided for Councillors and relevant staff.

RESPONSIBILITIES

To achieve this policy, the following key roles and responsibilities and commitments are identified:

- **Council**
Councillors are responsible for adopting the policy, allocation of resources, providing high level oversight of the delivery of the organisation's asset management strategy and plan and maintaining accountability mechanisms to ensure that organisational resources are appropriately utilised to address the organisation's strategic plans and priorities.
- **General Manager**
The General Manager has overall responsibility for developing an asset management strategy, plans and procedures and reporting on the status and effectiveness of asset management within Council.

The General Manager shall also ensure that Lithgow City Council's organisational structure identifies responsibility and accountability for implementation of Council's role for custodian of the community's infrastructure assets and meet the associated stewardship requirements.

- **Executive Management Team (EMT)**
The Executive Management (EMT) has the responsibility of:
 - Ensuring a review of the risks and opportunities involved in the Strategic Asset Management Plan is undertaken;
 - Ensuring resources and funding for Asset Management activities are made available to integrate Asset Management into the corporate governance framework;
 - Reviewing Asset Management Plans annually; and
 - Ensuring that timely, accurate and reliable asset information is presented to Council to allow informed decision-making.
- **Asset Management Working Group (AMWG)**
The Asset Management Working Group (AMWG) has the responsibility of:
 - Assisting EMT to develop and implement the Asset Management Policy and procedures;
 - Maintaining momentum and co-ordination of the implementation of this Policy and Lithgow City Council's Strategic Asset Management Plan; and
 - Encouraging continuous improvement, innovation and cost effective methods to improve asset management practices.

Maintained by Department:	Operations	Approved by:	Council	Exhibition Date:	24 June 2012
Reference:	Policy Register	Council Policy No:	1.5	Effective Date:	4 June 2012
Min No:	V1 - 12-182 V2 - 13-432 V3 -	Version No:	3	Reviewed Date:	June 2012 July 2013 April 2017
Attachments:					