

## **7. Disposal of Property**

### **1. Objectives**

The process for the sale and disposal of land and other assets should be considered, fair and transparent to ensure council obtains the best outcomes and price.

### **2. Background**

Section 182(1) of the *Local Government Act 2008* provides that, “*Subject to the Minister's guidelines, a council may deal with or dispose of property of which the council is the owner.*”

### **3. General**

- (1) Sale and disposal of land and other assets should be consistent with the council's economic, social and/or environmental objectives.
- (1) When considering options for the sale and disposal of land and other assets, council should look for opportunities to advance the objectives of the council's strategic plan.
- (2) Commercial confidentiality should apply to negotiations for sale and disposal of land and other asset transactions unless council decides otherwise.
- (3) In circumstances where there is a sale or disposal other than by tender process, as may be considered and determined by council on individual case merits, the reasons for entering into such contracts should be documented.

### **4. Authority to Dispose of Property**

- (1) Property which has been purchased, or the purchase of which has been contributed to, by a funding source, may not be disposed of unless the terms of the funding agreement have been met. This includes any requirement to gain approval from the funding body to dispose of property.
- (2) Decisions for sale or disposal of real property must be made by council resolution unless council has delegated this authority.
- (3) Council may delegate authority under s32 of *the Local Government Act 2008*. For example, the CEO may be given a delegation to approve the sale or disposal of certain property.
- (4) Where council delegates such authority the delegation should be limited. For example, the CEO may have a delegation to dispose of property that fits certain criteria.

## **5. Method to be Used**

Generally, council will sell or dispose of land and other assets through adoption of the following practices:

- (1) direct sale – advertisement for sale and the nature of the advertisement i.e. public notice, local paper etc;
- (2) quotation – seeking quotations for the sale of land and other assets;
- (3) selected tender – seeking tenders from a selected group of persons, companies, organisations, or other interested parties;
- (4) open tender – openly seeking, through advertisement, tenders, or buyers for Council, land and other assets; or
- (5) other means as deemed appropriate by council or the CEO (provided disposal has been authorised by council).

## **6. Considerations**

- (1) In considering the method of disposal of an asset, council should consider a number of issues, for example:
  - (i) The potential for the council to obtain the best price.
  - (ii) The number of known potential purchasers of the land or assets.
  - (iii) The current and possible preferred future use of the land or assets.
  - (iv) The existence of local purchasers of the land or asset.
  - (v) The opportunity to promote local economic growth and development.
  - (vi) The total estimated value of the sale.
  - (vii) Delegation limits taking into consideration accountability, responsibility, operational efficiency and urgency of the sale.
  - (viii) Compliance with statutory and other obligations
- (2) Council or its officers with delegated authority shall, when making decisions, act in accordance with the council's budget, relevant policies, plans, resolutions, and all relevant statutory or common law requirements.

## **7. Proceeds from Sale of Assets**

Proceeds from the sale of assets (capital revenue) should be applied to purposes approved under council policy, for example the policy could include that proceeds are applied:

- (1) to the reduction of any debt associated with the asset acquisition or upgrade since the original purchase or construction; or
- (2) to offset the cost of replacement assets required for operations arising from identified asset sale; or
- (3) to a specific Reserve Fund if appropriate or to the asset replacement reserve.