

SECTION 3 Asset Management
PART 3.9 Council Plant and Equipment

	POLICY NO:	3.9.9
	POLICY TITLE:	Disposal of Assets Policy
	DATE ADOPTED:	28/10/2013
	RESOLUTION NO:	407/2013
	SUPERCEDES:	
	PROPOSED REVIEW DATE:	28/10/2016

POLICY

This policy has been developed to ensure the disposal of assets surplus to council requirements is carried out in a manner that promotes obtaining best value for money; accountability; sustainability; fairness and impartiality; and avoids any conflict of interest.

Assets referred to in this policy encompass all items of value to Council.

At all times surplus assets or materials will be disposed of in a way that maximises returns whilst ensuring open and effective competition. This will normally be through publicly competitive processes (i.e. auction, tender or quotation) unless it is clearly more cost effective and reasonable to use an alternate method. If an alternative option is chosen, it must result from a commonsense consideration of the issues.

Prior to disposal reasonable efforts are taken to ensure no other Council department has a need for the asset. Where a need or use is found, the departments concerned are at liberty to negotiate an internal transfer price.

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

Items of historical or cultural significance should be given special regard.

Any dangerous or hazardous goods are to be disposed of only in the authorised manner.

It is to be made clear to all prospective buyers that assets are sold as-is and at the buyers risk. Buyers are to rely on their own enquiries regarding the condition and workability of assets. No warranty or after sale service is to be offered on any assets disposed of.

Plant however, must be sold with a risk assessment or sold as scrap.

VERIFIED BY:

VERIFIED BY:

DEFINITIONS

Low value assets and scrap materials	Can include: Consumable materials- sand, gravel, chemicals, paint, turf, hardware items, pavers; Off-cut materials- pipe, cables, timber, plumbing fittings; Recyclable metals- scrap metals, steel posts, brass, street signs; Technology- IT equipment, mobile phones, cameras, calculators, computers, printers, batteries etc Plant and equipment- obsolete and unserviceable items such as old trailers, lawn mowers, powered tools; Office furniture – surplus and obsolete office chairs, desks, tables etc.
Plant	Includes machinery, vehicle, equipment, appliance, implement or tool and any component or fitting thereof or accessory thereto.
Housing	
Uneconomic to repair	Means a classification given to an asset where that an asset requires repairs likely to be more expensive than its replacement value.
Weeding	This is the removing of materials from a library collection in a systematic and deliberate way. It is an ongoing collection management activity that aims to ensure library materials are relevant, current and appealing. Stock which is out of date, in poor condition, aged or no longer in demand is removed.

PROCEDURES

Decision to Dispose

Approval to commence the disposal process must be obtained from a council official with the delegation to dispose of assets.

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

- Obsolete and /or operationally inefficient
- Non-compliance with workplace health and safety standards
- Past expiry date
- No use expected in the foreseeable future
- No use in the previous 18 months (store stock items)

- Optimum time to maximise return/part of asset replacement program
- Discovery of hazardous chemicals or materials present in the asset
- Uneconomical to repair

Accountability

All decisions and the reason for the decisions must be documented and recorded in Council's Dataworks record management system and kept by the responsible officer for audit purposes. The value and type of asset involved will determine the amount of detail required.

Methods of Disposal

As a general rule, sale of assets to staff/councillors is not to occur outside of a public process. However, it is recognised that there will be individual instances where sale to a staff member/councillor may be the most practical or fair reasonable manner of disposal. In these instances, authority for disposal will rest with the General Manager. Example: Sale of a filing cabinet to a Councillor not re-elected at the end of a four year term.

The disposal method chosen must be appropriate to the nature, quantity and location of goods, and promote fair and effective competition to the greatest extent possible. Where practical, a competitive disposal method should be selected, particularly for the disposal of high value goods or large quantities of similar goods. The principles of waste hierarchy are to be applied with all options to reduce, reuse and recycle being considered.

DISPOSAL METHODS AUTHORISED FOR USE BY COUNCIL ARE:

1. Public Tender

Tendering for the disposal of goods is to be conducted in accordance with the same principles as Council's Tendering Guidelines Policy.

2. Public Auction

Public auction maximises the opportunity for public participation in the disposal process and is the appropriate method when:

- There is public demand for the items;
- Alternative disposal methods are unlikely to realise higher revenue; and
- The costs associated with the auction can be justified in relation to the expected revenue from the sale.

3. Sale by online auction

This method is suitable for items that are "unusual" and traditional auction methods are not effective.

The advantage of this method is that items of plant are sold without the need to transport the item to the auction house.

4. Expression of Interest/Quotations/ Auction

Council may determine to dispose of items by auction, advertising for expressions of interest or quotations where:

- The items are of low value;
- The costs of disposal are disproportionate to the expected returns; or
- There is very limited interest

5. Trade-in

Trading in surplus goods can be an efficient means of disposal, and a convenient way to upgrade equipment such as plant. Any decision to trade-in surplus goods must be based on a clear analysis of the benefits of the trade-in as opposed to separate sale of the surplus goods.

6. Sale or Transfer to Other Agencies

There may be occasions when Council may consider selling or transferring surplus goods to another council or similar organisation, before offering them for sale on the open market. For example, it may decide to give surplus office furniture to a Section 355 committee or cooperative organisations in which Council is a participant.

7. Donation to Charities or Community Organisations

Low value assets and scrap material with an estimated cumulative value under \$2000, which are unsuitable for new Council projects may be “donated” to charities or Community organisations with authority of the relevant Manager.

If Council should receive requests from the community, charity or work creation organisations seeking the donation or concessional sales of surplus goods. Council may invite such organisations to submit proposals for the donation of surplus or obsolete goods.

In considering any request, staff should keep in mind the following:

- Community groups should receive equitable treatment to avoid possible claims of bias.
- A check should be made to ensure the group is not a disguised business operation providing funds or remuneration to the principles.
- A check should be made to ensure the group is non-profit and that the intended use of the asset is non-commercial (i.e. non-profit).
- Where the donation is seen as appropriate but there is a potential claim of bias, the matter should be referred to the General Manager.
- The charity/community group must remove the asset themselves and at no cost to Council.

8. Writing off the Value of the Goods (Recycling or Destruction)

The value of an item may be written off and the item recycled or destroyed if it is deemed:

- To have no value;
- To be unserviceable or beyond economical repair; or
- That the disposal cost is higher than that the likely return.

The principles of waste hierarchy are to be applied with all options to reduce, reuse and recycle being considered in preference to destruction where feasible.

9. Sale of Major Assets

Where assets of significant value (being more than \$150, 000) are to be sold, the provision of Section 55 of the Local Government Act 1993 (NSW) are to apply.

10. Sale of Plant

All plant including motor vehicles, shall be disposed of via public auction, online auction, trade-in, expression of interest or tender processes.

11. Library

Weeding of collections may occur under the protocols that apply under the Library collection development policy.

Donated material not selected for inclusion in the collection will be sold in the Library's second hand book sales, recycled or disposed of in other ways in accordance with this policy.

RELATED POLICIES

VARIATIONS

Council retains the right to review, vary or revoke this policy at any time.

The General Manager has the right to review or vary any related procedures.

Presented to Manex: 8/10/2013

Policy Adopted by Council: 28/10/2013