

# ASSET DISPOSAL

## Policy | Finance

This policy outlines the principles and requirements for the disposal of surplus Council assets in a responsible and accountable manner.

<b>Policy No:</b>	POL/6010	<b>Version:</b>	4
<b>Service Unit:</b>	Finance		
<b>Responsible Officer:</b>	Director Business and Corporate Services		
<b>Responsible Director:</b>	Director Business and Corporate Services		
<b>Authorisation Date:</b>	19 July 2021	<b>Review Date:</b>	June 2023
<b>Minute No:</b>	123/21		

### Printing Disclaimer

If you are viewing a printed copy of this document it may not be current. Printed copies of this document are not controlled.

Before utilising a printed copy of this document, verify that it is the most current version by referencing Council's intranet.

## Table of Contents

<b>1</b>	<b>Background.....</b>	<b>4</b>
1.1	Title of the Policy and Commencement Date.....	4
1.2	Purpose of the Policy .....	4
<b>2</b>	<b>Objective .....</b>	<b>4</b>
2.1	Objectives and Coverage of the Policy .....	4
<b>3</b>	<b>Application.....</b>	<b>4</b>
3.1	Application of this Policy .....	4
<b>4</b>	<b>Definitions .....</b>	<b>5</b>
<b>5</b>	<b>Principles/Body .....</b>	<b>5</b>
5.1	Procedural Statement.....	5
5.1.1	Decision to Dispose .....	5
5.1.2	Accountability .....	6
5.1.3	Methods of Disposal.....	6
5.2	Disposal methods authorised for use by Council are:.....	6
5.2.1	Public Tender .....	6
5.2.2	Public Auction .....	6
5.2.3	Sale by online auction.....	6
5.2.4	Expressions of Interest/Quotations.....	6
5.2.5	Trade-in .....	7
5.2.6	Sale or Transfer to Other Agencies .....	7
5.2.7	Donation to Charities or Community Organisations .....	7
5.2.8	Writing off the Value of the Goods (Recycling or Destruction).....	7
5.2.9	Sale of major assets.....	8
5.2.10	Sale of Plant.....	8
5.2.11	Library .....	8
<b>6</b>	<b>Relevant Legislation.....</b>	<b>8</b>
<b>7</b>	<b>Document Information .....</b>	<b>8</b>
7.1	Related Documents.....	8
<b>8</b>	<b>Responsible Officer / Policy Owner .....</b>	<b>8</b>
<b>9</b>	<b>Responsibilities .....</b>	<b>9</b>
<b>10</b>	<b>Approval.....</b>	<b>9</b>
<b>11</b>	<b>Monitoring .....</b>	<b>9</b>
<b>12</b>	<b>Review Date .....</b>	<b>9</b>
<b>13</b>	<b>Record Keeping, Confidentiality and Privacy .....</b>	<b>9</b>
<b>14</b>	<b>Breaches and Sanctions .....</b>	<b>9</b>



<b>15 Document History.....</b>	<b>10</b>
<b>Appendix A - Asset Disposal Process Map .....</b>	<b>11</b>



# **1 Background**

## **1.1 Title of the Policy and Commencement Date**

The Asset Disposal Policy takes effect from the date of adoption by Council.

## **1.2 Purpose of the Policy**

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

# **2 Objective**

## **2.1 Objectives and Coverage of the Policy**

To provide a systematic and accountable method for the disposal of surplus assets and ensure the process is transparent and complies with Council's Code of Conduct, particularly with respect to conflict of interest.

# **3 Application**

## **3.1 Application of this Policy**

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 any alternative option is chosen, it must be documented as to why the methods outlined in section 5.2 was not suitable.

Prior to disposal reasonable efforts are to be taken to ensure no other Council Group has a need for the asset. Where a need or use is found, the Groups 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 donated material is to be offered back to the donor in the first instance.

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 the 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 appropriate documentation (eg. roadworthy certificates) or sold as scrap.



## 4 Definitions

For the purposes of this policy:

Term	Meaning
Asset	Is a resource controlled by Council as a result of past events and from which future economic benefits are expected to flow to the Council. Such items are recorded in Council's Asset Register.
Asset Disposal	Is the process whereby Council divests itself of any asset in an organised and authorised manner.
Best Value	Is the process whereby Council obtains the best possible return for the goods it sells in financial, social, economic and environmental terms.
Beyond economical repair	Is a classification given to an asset where that asset requires repairs likely to be more expensive than its replacement value.
De-selection	Is the removing of materials from a library collection in a systemic and deliberate way.
Plant	Includes machinery, vehicle, equipment, appliance, implement or tool and any component or fitting thereof or accessory.

## 5 Principles/Body

### 5.1 Procedural Statement

#### 5.1.1 Decision to Dispose

Approval to commence the disposal process must be obtained from the relevant Director or Manager 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 (stores stock items);
- Optimum time to maximise return/part of asset replacement program;
- Discovery of hazardous chemicals or materials present in the asset; and/or
- Uneconomical to repair.



### **5.1.2 Accountability**

All decisions and the reason for the decisions must be documented and recorded in Council's Electronic Document and Records 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.

### **5.1.3 Methods of Disposal**

The sale of assets to staff/councillors are not to occur outside of a public process.

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.

## **5.2 Disposal methods authorised for use by Council are:**

### **5.2.1 Public Tender**

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

### **5.2.2 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.

### **5.2.3 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.

### **5.2.4 Expressions of Interest/Quotations**

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

- The items are of low value;
- The costs of disposal are disproportionate to the expected returns;
- The item may have a specialised market, eg heritage; or
- There is very limited interest.



### **5.2.5 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.

### **5.2.6 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.

### **5.2.7 Donation to Charities or Community Organisations**

Low value assets and scrap material with an estimated cumulative value under \$2,000, which are unsuitable for new Council projects may be “donated” to charities or Community organisations with the authority of the relevant Director or Manager.

Council occasionally receives requests from community, charity or work creation organisations seeking the donation or concessional sales of surplus goods. At times 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 principals;
- A check should be made to ensure the group is not for profit and that the intended use of the asset is non-commercial (i.e. not for 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; and
- The charity/community group must remove the asset themselves and at no cost to the Council.

### **5.2.8 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 the likely return.

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



### 5.2.9 Sale of major assets

Where assets of significant value (being more than \$250,000) are to be sold, the provisions of section 55 of the *Local Government Act 1993 (NSW)* are to apply.

### 5.2.10 Sale of Plant

All plant including motor vehicles, shall be disposed of via public auction, online auction, trade-in or tender processes. Motor vehicles will not be made available to council staff or councillors in private sale arrangements.

### 5.2.11 Library

De-selection of library stock occurs under the protocols that apply under the Library Resource Development Plan. 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.

## 6 Relevant Legislation

- *Local Government Act 1993 (NSW)*
- *Local Government (General) Regulations 2005 (NSW)*
- *Tendering Guidelines for NSW Local Government*

## 7 Document Information

Related documents and reference information in this section provides a single reference point to develop and maintain site compliance information.

### 7.1 Related Documents

Related documents, listed in **Table 7-1** below, are internal documents directly related to or referenced from this document.

Number	Title
1011	Code of Conduct
POL/6001	Procurement Policy and Procedures

Table 7-1 – Related documents

## 8 Responsible Officer / Policy Owner

Ownership of this policy rests with the Director Business and Corporate Services.





## 9 Responsibilities

Parties or Persons	Responsibilities
General Manager	<ul style="list-style-type: none"> <li>To lead staff (either directly or through delegated authority) in their understanding of and compliance with this policy. To make decisions in regards to any application for the sale of assets to/staff/councillors outside of a public process.</li> </ul>
Directors	<ul style="list-style-type: none"> <li>To communicate, the content of this policy to managers within the group and ensure that decisions to dispose of assets are made in accordance with this policy.</li> </ul>
Managers	<ul style="list-style-type: none"> <li>To ensure that any requests for disposal of assets submitted to them are carefully considered prior to requesting a delegate's approval.</li> </ul>
Officers in positions with delegated authority to dispose of assets	<ul style="list-style-type: none"> <li>To ensure that any requests submitted to them for the disposal of assets comply with the principles of this policy and that decisions are made and documented accordingly.</li> </ul>
All Council officials	<ul style="list-style-type: none"> <li>To comply with this policy when considering the disposal of assets.</li> </ul>

## 10 Approval

As per cover sheet.

## 11 Monitoring

This policy will be monitored by the Financial Controller to ensure compliance.

## 12 Review Date

This policy, once adopted, is to remain in force until it is reviewed by Council. This policy is to be reviewed approximately every two (2) years to ensure that it meets legislative requirements.

## 13 Record Keeping, Confidentiality and Privacy

This policy is to be made available for public viewing as required under the *Government Information (Public Access) 2009, NSW*.

## 14 Breaches and Sanctions

Any breaches of this Policy will be referred to the General Manager for appropriate action.



## 15 Document History

The below table provides a summary of changes and amendments to this document.

Version	Date Amended	Author	Comments (e.g. reasons for review)
4	04/06/2021	A Egan	<p>Scheduled review:</p> <ul style="list-style-type: none"><li>• Cover Page - Updated policy number, titles of Responsible Director and dates</li><li>• Updated wording of Section 1.1</li><li>• Updated value in Section 5.2.9</li><li>• Changed Director title throughout document</li><li>• Inclusion of Document History table.</li></ul>



# Appendix A - Asset Disposal Process Map

