

POLICY NO AM15 ASSET DISPOSAL

DEPARTMENT:	Works and Infrastructure
RESPONSIBLE OFFICER:	Manager Works and Infrastructure
LINK TO STRATEGIC PLAN:	Build capacity to improve community spirit and enhance a sense of wellbeing
STATUTORY AUTHORITY:	Nil.
OBJECTIVE:	The objectives of this policy are to ensure Council's processes for calling of tenders for the sale and disposal of assets are fair and transparent, and define those circumstances with reasons for sale and disposal methods other than by tender.
POLICY INFORMATION:	Adopted 21 August 2014 - Minute No. 08/14.12.4.239 Amended 21 November 2016 – Minute No.11/16.12.6.256

POLICY

1. PURPOSE

The purpose of this policy is to provide a systematic and accountable method for the disposal of surplus assets, excluding real property, and to ensure the process is transparent and complies with Council's Code of Conduct.

Council aims to achieve advantageous disposal outcomes by:

- a) enhancing value for money by encouraging competition in disposal practices and using competitive disposal processes
- b) promoting the use of resources in an efficient, effective and ethical manner
- c) ensuring fair and equitable process and decisions
- d) making decisions with probity, accountability and transparency
- e) advancing and/or working within Council's economic, social and environmental policies and/or Agreements in accord with Council's Strategic Management Plan
- f) appropriately managing risk
- g) promoting compliance with all relevant legislations and regulations

2. SCOPE

This policy applies to all assets owned and maintained by Council, except real property (land and buildings).

Examples of assets owned, leased or controlled by Council and therefore covered by this policy include but are not limited to; artworks, IT equipment, pavers, motor vehicles, office furniture, machinery etc.

3. DEFINITIONS

“**Asset**” means any item that Council owns and that is recognised by the Council’s accounting system as an asset. This includes plant, machinery, equipment, tools, furniture and all other physical objects. In this policy, it does not include land, buildings, financial investments or finance related activities.

“**Major plant / equipment**” are assets that include trucks, graders, other operating machinery, motor vehicles and small plant items.

“**Minor plant / equipment**” are assets that include loose tools, store items, furniture, old computers, second hand items removed from other assets (such as air conditioners, bricks, pavers and exercise equipment), where the individual value of each plant or equipment is less than \$2,000.

“**Beyond economical repair**” means a classification given to an asset where that asset requires repairs likely to be more expensive than its replacement value.

4. PRINCIPLES

Delegation

The following staff have authority to approve the disposal of assets under their control that are surplus to requirements:

- General Manager
- Senior Managers

Disposal rules

At all times, surplus assets or materials should be disposed of in a way that maximises returns whilst maximising open, transparent and effective competition. Most commonly this will be through publicly competitive process of public auction, public tender or through a secure electronic tendering/auctioning facility.

Prior to disposal, a reasonable effort is to be made to ensure no other Council area has a need for the asset.

Items of historical or cultural significance should be given special regard and any dangerous goods disposed of only in an authorised and safe manner.

No warranty is to be offered on assets sold.

Conflict of Interest

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.

Reasons for disposal

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

- Obsolescence
- Non-compliance with occupational health and safety standards
- No use expected in the foreseeable future
- No usage in the previous 6 months (Stores Stock items)
- Optimum time to maximise return
- Discovery of hazardous chemicals or materials present in the asset
- Uneconomical to repair

Preparing assets for sale

A check must be carried out to ensure assets do not contain:

- Additional items not intended for sale
- Confidential documents (records, files, papers)
- Documents on Council letterhead or which may be used for fraudulent purposes
- Software (which could lead to a breach of licence or contain confidential data)
- Hazardous materials

As much as is practical, any “Break O’Day Council” identifying mark should be removed or obliterated. Spare parts held for a particular item should be disposed of in one parcel with the asset.

Destruction of assets classified as beyond economical repair

Where an asset is classified as beyond economical repair and council is unable to dispose of it through normal processes, the asset may be destroyed or removed to a waste disposal facility.

Sale of Information Technology (IT)/computer equipment

Council is bound to wipe all Council data and software applications from all hard drives, and remove external asset tags and labels connecting a machine to the Council.

5. MAJOR PLANT / EQUIPMENT DISPOSAL

Methods of disposal of assets

As appropriate, any of the following methods may be used for the sale or disposal of major plant/equipment:

- a) trade in - trading in goods to equipment suppliers
- b) expressions of interest - seeking expressions of interest from buyers
- c) select tender - seeking tenders from a selected group of persons or companies
- d) open tender - openly seeking, through advertisement, tenders or buyers
- e) public auction - by appointment of a suitably qualified auctioneer with an established reserve price

Selection of a suitable option will include consideration of:

- the public demand and interest in the asset
- the method most likely to return the highest revenue
- the value of the asset
- the costs of the disposal method compared to the expected return
- compliance with statutory and other obligations

Disposal Conditions

- The reasons for selecting the method of sale, including the reasons for using anything other than a tender process, will be documented in Council’s records management system
- Council Members and employees of the Council will not be permitted to purchase major plant/equipment unless the purchase is through public auction or open tender
- Where relevant, purchasers will be required to acknowledge in writing that no warranty is given in respect of the suitability and condition of the item before purchasing any item of major plant/equipment

6. MINOR PLANT / EQUIPMENT DISPOSAL

Community Groups

Council is often approached by many charities, community groups and schools who are seeking excess computer equipment or other Council property for their use.

Council authorises the sale or gifting of minor plant and equipment to these organisations.

Methods of disposal of assets

As appropriate, the following methods will be used for the sale or disposal of minor plant/equipment:

- a) *public auction* - sale of goods through public open process (for example for items grouped into lots such as IT equipment, phones, etc)
- b) *expressions of interest* - seeking expressions of interest

Disposal Conditions

- Price of individual items is to be determined by the relevant Manager
- The reasons for selecting the method of sale will be documented in Council's records management system
- Council Members and employees of the Council will not be permitted to purchase minor major plant/equipment
- Where relevant, purchasers will be required to acknowledge in writing that no warranty is given in respect of the suitability and condition of the item before purchasing any item of minor plant/equipment
- Community groups should receive equitable treatment to avoid possible claims of bias
- A check should be made to ensure the group is non-profit and that the intended use of the asset is non-commercial (ie non-profit)
- The charity/community group must remove the asset themselves and at no cost to the Council
- Where items remain unsold or no interest is received by community groups, they are to be disposed by public auction to the general public

Donations

- Scrap materials salvaged from works eg pavers which are unsuitable for new Council projects may be "donated" to charities/sporting bodies with the authority of the General Manager
- Donations of other old assets may only be made with the authority of the General Manager and only after exploring all avenues for recouping a fair value for the Council. Council should only consider donations in response to a formal written request.

8. MONITORING AND REVIEW

This Policy will be reviewed every three (3) years in line with the Council's Policy Framework or earlier in the event of major changes to legislation or related policies, procedures or if deemed necessary by the Mayor and the General Manager.