

POLICY:-	
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PROCEDURES/GUIDELINES:-	
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Procedure/guideline reference number:	N/A

RESPONSIBILITY:-	
Draft Policy developed by:	Director of Finance and Administration
Committee/s (if any) consulted in the development of this Policy:	N/A
Responsibility for implementation:	Director of Infrastructure
Responsibility for review of Policy:	Director of Finance and Administration

OBJECTIVE

Goods that are no longer required by Council should be disposed of promptly. The disposal must achieve best value for money such that Council obtains the best possible return for the good it sells. In addition to price, the disposal process must include consideration of the Council's social, economic and environmental objectives.

The disposal method chosen must promote fair and effective competition to the greatest possible extent, and disposals must be conducted in an ethical manner. The process of disposal is as important as the outcome as it reflects Council's level of commitment to fairness and equity.

1. APPLICATION

This policy covers the disposal of all Council owned surplus or unserviceable items, except the disposal of real property (i.e. land and buildings).

2. DEFINITIONS

2.1 Asset

An 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 (e.g. office equipment, furniture and fittings, motor vehicles, plant and other mechanical equipment, art works, etc.).

2.2 Asset Disposal

Asset disposal is the process whereby Council divests itself of any asset in an organised and authorised manner.

2.3 Best Value

Best value is a process whereby Council obtains the best possible return for the goods it sells in financial, social, economic and environmental terms.

3. THE DISPOSAL PROCESS

The typical disposal process is as follows:-

- (a) Decision to dispose;
- (b) Estimate the value;
- (c) Factors to consider in disposal;
- (d) Select appropriate disposal method;
- (e) Obtain approval for disposal;
- (g) Effect disposal; and
- (h) Evaluate disposal process.

4. DECISION TO DISPOSE

Before any assets are disposed of, it is necessary to certify and approve that they are appropriate for disposal. Approval to commence the disposal process must be obtained from the relevant Departmental Director or Manager.

The common criteria for determining that goods may be suitable for disposal include:-

- (a) No longer required;
- (b) Unserviceable or beyond economic repair;
- (c) Technologically obsolete and operationally inefficient;
- (d) Surplus to current or immediately foreseeable needs; and/or
- (e) Part of an asset replacement program.

Once a decision has been made to dispose of an asset, the process is to be managed by Council's Director of Infrastructure or his delegate.

5. VALUATION

An accurate valuation of the goods to be disposed of is important in selecting the most appropriate method of disposal. The value of a good is dependent on:-

- (a) The market; and
- (b) The perceived advantages of the good to buyers in the market.

Low sale value goods can be assessed by surveying the market. In the case of any goods that may have a high sale value, a registered valuer must provide an independent assessment and recommend the most appropriate means of disposal.

6. FACTORS FOR CONSIDERATION

Some important considerations to be made at the commencement of the disposal process are:

6.1 Conflict of Interest

- (a) Staff involved in disposal must disclose to the Assets and Risk Coordinator actual or perceived conflicts of interest that may arise should they participate in the disposal process;
- (b) The Assets and Risk Coordinator must record the disclosure and implement procedures for the management and control of the conflict including the withdrawal of the conflicted officer from the process.

6.2 Other Factors

Apart from monetary value, the following factors should be considered:

- (a) The market available for the goods;
- (b) Time considerations;
- (c) Council resources required to manage the disposal;
- (d) Costs associated with the different disposal methods, such as transport and administration costs;
- (e) The size, portability and number of goods; and
- (f) Benefits of the different disposal methods.

7. DISPOSAL METHODS

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. Disposal methods authorised for use by Council are as follows:-

7.1 Public Tender

Tendering for the disposal of goods is to be conducted in accordance with the following principles as follows:-

- (a) Preparation of tender, including a list of the goods for sale, the conditions of the sale, the assessment criteria for evaluating offers, and a closing time and place.
- (b) Public advertisement of the sale in a manner most likely to capture the anticipated market. This may involve advertising locally or nationally and on the internet, in newspapers or trade magazines, etc. Include in the advertisement the conditions of sale and a clause stating that items will be sold, with any faults, at the buyer's risk.
- (c) Provide bidders with sufficient information to formulate a proper bid, including arrangements to inspect the goods if appropriate.
- (d) Ensure that bidders are dealt with equally, and that any changes or clarifications to the disposal arrangements are promptly communicated.
- (e) Close and evaluate tenders with the utmost probity.
- (f) Accept the tender that most closely meets the assessment criteria, provided it is considered reasonable.
- (g) Seek Council's endorsement of the decision.
- (h) Notify the successful tenderer in writing.
- (i) Notify the unsuccessful tenderers in writing, and provide them with the opportunity for a debriefing.

7.2 Public Auction

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

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

The process for conducting the auction should be:-

- (a) Obtain competitive quotes on a commission basis from potential auctioneers by advertising for expression of interest from auctioneers;
- (b) Select an auctioneer based upon:-
 - (i) The commission rates;
 - (ii) Whether the auctioneer is licensed;
 - (iii) Whether the auctioneer has adequate premises, at a suitable location;
 - (iv) The past performance and/or industry reputation of the auctioneer.
- (c) Prior to the auction ensure that each item or category of items has been valued, and where appropriate ensure that the auctioneer is aware of any reserve prices.

7.3 Expressions of Interest/Quotations

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

- (a) The items are of low value;
- (b) The costs of disposal are disproportionate to the expected returns; or
- (c) There is very limited interest.

The following process must be followed in the case of a negotiated sale:-

- (a) All stages of the negotiation process must be documented, including all discussions and agreements;
- (b) The Director of Infrastructure must certify that the accepted prices are fair and reasonable.

7.4 Trade-in

Trading in surplus goods can be an efficient means of disposal, and a convenient way to upgrade equipment such as motor vehicles. However, trade-in prices do not always provide the best return as the purchase price of an item not on a State Contract may have been inflated to offset the trade-in value offered by the supplier.

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.

Council's Plant Co-ordinator is responsible for obtaining this information and recommending whether or not to trade-in. This information shall be detailed in Council's Operational Plan, for all fleet vehicles, plant and equipment replacement schedules.

7.5 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, fittings and equipment to a Section 355 Committee or a co-operative organisation in which Council is a participant. Authorisation is required from the Council General Manager before such a sale or transfer can be undertaken for a good that has a material dollar value.

7.6 Donation to Charities or Community Organisations

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 to the General Manager for the donation of surplus or obsolete goods.

The following factors must be considered in such cases:-

- (a) The revenue that could otherwise be realised through a sale or auction;
- (b) The costs of donation or disposal compared to the benefits;
- (c) The credibility and reputation of the charity or organisation.

However, the following processes must be followed once the decision is made:-

- (a) The cost of removing the goods should be borne by the recipient;
- (c) A receipt must be obtained from the recipient;
- (d) All records of the process must be retained for audit purposes.

7.7 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:-

- (a) To have no value;
- (b) To be unserviceable or beyond economical repair; or
- (c) That the disposal cost is higher than the likely return.

The process of writing-off an asset is as follows:-

- (a) An appropriately qualified person must certify that the item is unserviceable, is beyond economical repair, and has no scrap value;

- (b) The Finance and Administration Department must be informed that the item has been certified as unserviceable and it must be removed from the Asset Register;
- (c) The item must be destroyed or disposed of in appropriate manner, in compliance with any relevant environmental guidelines, and this action must be certified. The item is not to be retained by any Council employee for personal use.

7.8 Motor Vehicle Auctions

Unless there is a clear benefit to Council by either trading in or selling privately, the preferred method of disposal of Council motor vehicles and plant fleet should be by public auction under Government Contract arrangements (i.e. Pickles Auctions and Graysonline Auctions).

8. EFFECTING THE DISPOSAL

In effecting the disposal, the following procedures will be followed:-

8.1 Obtaining Approval

The decision to dispose of a good must be approved by the appropriately delegated person or persons:-

- (a) Goods Valued at \$40,000 or less – the General Manager has the delegation to approve the disposal of goods valued under \$40,000.
- (b) Goods Valued over \$40,000 – a report must be made to Council for its approval to dispose of goods valued at over \$40,000. This does not apply in the case of goods that are traded-in as this is part of the purchase arrangement and/or outdated and used plant and equipment.

In the cases of transfers to other agencies, sale to Council staff member or donation to community organisations, Council's approval by way of a Council Resolution must also be sought prior to the disposal being completed.

- (c) The above Clauses 8.1 (a) and (b) excludes Council motor vehicle and plant fleet trade-ins that are included in Council's Operational Plan.

8.2 Preparing Goods for Disposal

Staff involved in the disposal must check that goods to be disposed of do not contain material that is not intended for disposal. Examples of material that must be removed before disposal include:-

- (a) Stationary – particularly printed stationery, which could be misused;
- (b) Software – unauthorised transfer could breach license agreements;
- (c) Classified information contained on electronic media; i.e. CD, DVD, USB, file servers, laptops, PC computers, iPads, Notepads, smart phones, mobile telephone devices, and portable hard drives;

- (d) Records, files, papers or whiteboards containing information which, if disclosed, could breach privacy legislation, and/or cause embarrassment or potential problems for Council;
- (e) Environmentally sensitive or hazardous stores; and
- (f) Council logos etc, from clothing and equipment.

8.3 Informing Interested Parties

Once an asset has been disposed of, it is the responsibility of the Director of Infrastructure or his delegate to inform Council's Manager of Finance and Administration of the disposal so that the Council assets register and insurance policies are updated.

8.4 Buyers Risk

Irrespective of the disposal method applied, all prospective buyers must be advised in writing that items are disposed of, with any faults, at the buyer's risk. Buyers are to rely on their own inquiries regarding the condition and workability of the items.

9. EVALUATION

Each disposal action must be reviewed to see if it has achieved its desired outcome. In particular, the Director of Infrastructure should determine whether the disposals have:-

- (a) Achieved value for money;
- (b) Been carried out in a fair and effective manner; and
- (c) Whether the estimations of the value of the goods and the cost of administering the disposal were accurate.

10. NON-COMPLIANCE WITH THIS POLICY

Failure to comply with the terms of this policy may lead to disciplinary procedures being implemented against the responsible staff member. Any instances of corrupt conduct can lead to dismissal and/or criminal prosecution.

RELEVANT LEGISLATION AND COUNCIL POLICIES

The following legislation and Council policies relevant to the operation of this policy:-

- Local Government Act 1993;
- Local Government (General) Regulation 2005;
- Independent Commission against Corruption Act 1988 and ICAC Guidelines;
- NSW Ombudsman Act 1974;
- Government Information (Public Access) Act 2009 (GIPA);
- A New Tax System (Goods and Services Tax) Act 1999;
- Anti Discrimination Act 1977;

- Privacy and Personal Information Protection Act 1998;
- Environmental Planning and Assessment Act 1979;
- Work Health and Safety Act 2011;
- State Records Act 1998;
- Trade Practices Act 1974;
- Crimes Act 1900;
- Tendering Guidelines for NSW Local Government;
- Council's Code of Conduct;
- Council's Code of Business Practice;
- Disposal of Council Real Estate Policy;
- Designated Person Disclosing Interest Returns Policy;
- Complaints Management Policy;
- Grievance Policy;
- Disciplinary Policy;
- GIPA Policy;
- Fraud and Corruption Prevention Policy;
- Purchasing – Acquisition of Goods and Services Policy;
- Delegations of Authority Policy; and
- Bribes, Gifts and Benefits Policy.

12. VARIATION

That Council reserves the right to vary the terms and conditions of this policy to ensure it meets the requirements of the relevant legislation.