



Asset Disposal Policy

Date policy was adopted by Council:	28 January 2009
Resolution number:	019/09
Previous Policy review date:	August 2013
Next Policy review date:	4 July 2016
Reference number:	C13105921

1. OBJECTIVE:

To ensure when Council has determined an asset will be disposed of that there is adequate consideration of the method of disposal.

2. POLICY:

- (a) The “apparent value” of assets shall be determined by the relevant Manager as listed in this policy who has carriage of management of the asset.
- (b) “Apparent value” will be determined by the Manager with consideration of the book value, and/ or the replacement value of the asset and/or an assessment of the market value of the asset made by taking into consideration the potential to sell the assets, the perceived value of the asset to a buyer, its life stage and condition, potential for obsolescence and usefulness for future needs.
- (c) The Manager should detail the assumptions they use in estimating the asset’s value in preparing their recommendation to dispose of the asset.

3. DEFINITIONS

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. real property, motor vehicles, plant and equipment, art works, etc.

Asset Disposal

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

Best Value

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

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 Director with the concurrence of the General Manager. 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
- (e) Part of an asset replacement program.

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:

Conflict of Interest

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

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:

Public Tender

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

In general, the process will be 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. Will include in the advertisement and conditions of sale 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 to dispose of assets with a value in excess of \$50,000 that are not part of the Annual Management Plan.
- (h) Notify the successful tenderer in writing.
- (i) Notify the unsuccessful tenderers in writing, and provide them with the opportunity for a debriefing.

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 normally be:

- (a) Obtain competitive quotes on a commission basis from potential auctioneers;
- (b) Select an auctioneer based upon:
 - the commission rates
 - whether the auctioneer is licensed
 - whether the auctioneer has adequate premises, at a suitable location
 - the past performance and/or industry reputation of the auctioneer
 - whether the auctioneer is pre-approved under the NSW State Government Contract.
- (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.

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 authorising officer must certify that the accepted prices are fair and reasonable.

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 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. The respective Director is responsible to obtain this information and recommend on whether or not to trade-in.

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 a co-operative organisation in which Council is a participant.

This will be determined by the General Manager after discussions with the Mayor.

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 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.

Any requests for donation of surplus or obsolete goods will be determined by the General Manager after discussion with the Mayor. 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;
- (b) A receipt must be obtained from the recipient;
- (c) All records of the process must be retained for audit purposes.

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 Manager Finance 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.

8. ASSETS WITH AN APPARENT VALUE OF LESS THAN \$1,000

- (a) Assets with an apparent value of less than \$1,000 each will be disposed of using a method that maximises the return to Council;
- (b) Assets with an apparent value of less than \$1000 shall be disposed of after approval of the General Manager by a method determined by the relevant Director who must document the process of determining the asset disposal methodology and ensure full documentation is placed on Council's records management system detailing the decision making process and actions taken;
- (c) The Director shall ensure the Manager, Internal Services, is aware of the disposal of the asset;
- (d) The Director must be aware and have control of the process of disposal of these assets and be aware and conduct the disposal in light of risk assessment considerations and must ensure no conflict of interest issues are present in the means of disposal chosen.

9. ASSETS WITH AN APPARENT VALUE OF MORE THAN \$1,000

- (a) Assets disposal will be assessed on a case by case basis for assets with an apparent value of more than \$1,000 by the relevant Director and the attached memo will be completed to be considered by the General Manager.
- (b) Directors will consider the following in their assessment and formulation of recommendations to dispose of an asset provided in the memo:
- Market forces and impact on return from the sale of the asset should be considered and commented upon;
 - Community need for the asset and alternative resources which could be considered to be substitutes should be assessed;
 - The strategic worth of the asset and its long term benefit to the community should be assessed;
 - The purchase price and maintenance costs incurred over the lifespan of the asset should be assessed to determine, where possible, a return on investment of a particular asset;
 - That the funds raised from the sale of an asset should be considered as to their use and this must be reflected in the Council's Management Plan and include in the recommendation how this will be achieved.

10. METHODS OF DISPOSAL

- (a) Assets of significant apparent value (being more than \$150,000) are to be disposed of either by auction or tender;
- (b) Real property (land and buildings) disposal methodology will always be determined by Council, via a resolution;
- (c) All motor vehicles and plant, shall be disposed of via public auction, trade-in or tender processes. Motor vehicles will not be made available to council staff or councillors in private sale arrangements. (Refer Plant and Vehicle Replacement Policy)
- (d) For other assets, the Director who has carriage of the assets will provide to the General Manager a recommended method of disposal which shall be made after assessing the means to maximise the return to Council;
- (e) The General Manager will determine the manner of disposal for information technology (IT) assets, office furniture, stores items and scrap materials (including scrap metal) on each occasion disposal is recommended by a Director;
- (f) Spoil materials shall be dealt with to achieve the best economical return or least cost to Council.
- (g) Where a recommendation for destruction of an asset is made, the Director will provide the General Manager with the assessment criteria used to determine that the asset has no potential to realise a return for Council and will detail the method of destruction and name of the officer who will be charged with the responsibility of ensuring the asset is destroyed;
- (h) If after offering an asset for sale, if no interest in purchasing the asset is shown, the relevant Director may recommend to the General Manager the asset be dumped and provide the recommended best means for managing the dumping process to ensure environmental management conditions are observed;
- (i) Dumping or destroying of assets shall be undertaken after consideration of the environmental issues so that any hazardous substances shall be assessed to ensure safe disposal;
- (j) Assets can only be donated to other organisations if the organisation can:
- affirm in writing their status as a non-profit organisation;
 - provide written acknowledgement of receipt of the asset;

- acknowledge Council will not be responsible for any repair or maintenance of the asset;
 - acknowledge that all copyright or licensed content has been removed (for example, software on computers);
 - take responsibility for the timely removal of the asset and any associated costs that arise from the assets removal;
 - acknowledge council's donation to the organisation via a media release that Council approves;
- (k) At no time shall an asset be repaired, refurbished or improved once the decision to dispose of it has been made.

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

Informing Interested Parties

Once an asset has been disposed of, it is the responsibility of the Director concerned to inform Council's Manager Finance of the disposal so that the Assets Register can be updated. Council's Manager Internal Services must also be informed in case Council's insurance policies are affected.

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.

12. PROCEEDS FROM ASSET DISPOSAL

- (a) Proceeds of the disposal of IT Assets will be placed into a reserve for the specific purpose of purchasing new IT equipment unless the General Manager specifically determines an alternative;
- (b) Proceeds of all motor vehicle and plant sales will be placed in the Plant Reserve unless the General Manager specifically determines funds are to be otherwise allocated;
- (c) Proceeds from the sale of scrap materials shall be placed into the Plant Reserve unless the General Manager specifically determines funds are to be otherwise allocated;
- (d) The funds raised from the sale of land and/or buildings will be internally restricted for future strategic asset acquisitions or assets improvements programs;
- (e) The accounting treatment and reserving of proceeds from sale from any other asset will be assessed on a case by case basis and approved by the General Manager;
- (f) The proceeds shall be reflected in Council's financial statements and reported to Council in quarterly reviews as they arise.

13. ASSETS CARRIAGE FOR PURPOSES OF DISPOSAL

The following staff are determined to have carriage of assets and are responsible for the assessment and recommendations to dispose of assets:

Real property (land and buildings)	General Manager
Information technology assets	Manager ITCS
Office furniture	Manager Internal Services
Stationary	Manager Internal Services
Clothing Plant Manager	Manager, Engineering Operations
Stores items Manager	Manager, Engineering Operations
Scrap metal Manager	Manager, Engineering Operations
Motor vehicles and plant items	Fleet Officer

14. DOCUMENTATION OF ASSET DISPOSAL PROCESSES

- (a) Documentation detailing decisions made on asset disposal is to be archived in Council's records management system by the relevant Director;
- (b) Receipt of the disposal of materials to a licensed scrap dealer or contracted engineer are to be included in the documentation;
- (c) Internal Services is to be informed by the relevant Director of the disposal of all assets in order that the assets register can be updated and accounting treatments for disposed assets initiated;
- (d) Where a councillor or member of Council's staff or members of the immediate family of a councillor or member of staff purchase an asset, the General Manager is to countersign the documentation that specifies the price paid for the asset and the method used in determining the price paid.

15. DELEGATIONS

Council delegates' authority to the General Manager to make decisions regarding the matters covered in this policy as defined below:

Asset Category	Council Requirements	Delegations \$
Land & Buildings	Minute of council to approve sale/disposal	To be determined by Council on a case by case Basis
Major Plant and Equipment	Either Specific Minute of Council Or Inclusion and identification of sale/disposal within the adopted annual budget	As per delegation
Minor Plant, Equipment and Other Items	No specific requirements	As per delegation

Council or its officers with delegation authority will, when making decisions under this Policy, act in accordance with the Councils Budget, relevant policies, plans, industrial awards, agreements, resolutions, etc.

Council acknowledges that the General Manager may sub-delegate matters related to this Policy to staff or other persons employed or engage by Council.

16. DISPOSAL OF MINOR ASSETS

Approval is sought to dispose of the following:

Qty	Asset ID No	Description	Net Book Value	Estimated cost of disposal	Estimated market value

Reasons for Disposal

- Obsolete
- Other (provide details)

Proposed Method of Disposal

- Auction
- Other (provide details)

Signature Date/...../.....

Approval

The above disposal is approved/not approved.

Signature Date/...../.....

Disposal

I,, certify that the above goods were disposed of on/...../.....

\$ received on disposal: \$

Receipt No.: Date/...../.....

Signature Date/...../.....

Asset Registers

Finance Asset Register updated on/...../.....

“Matman” Asset Register updated on/...../.....

Signature Date/...../.....

UPON COMPLETION THIS FORM MUST BE SCANNED AND SAVED IN COUNCIL’S EDM (TRIM) SYSTEM

Note: Ensure you attach supporting documentation where appropriate

i.

POLICY:-	
Policy No:	
Policy Title:	Asset Disposal Policy
Date Policy was adopted by Council:	28 January 2009
Resolution Number:	019/09
Previous Policy Review Date:	August 2013
Next Policy Review Date:	4 July 2016
PROCEDURES/GUIDELINES:-	
Date Procedure/Guideline (if any) was developed:	Nil
RECORDS:-	
Container Reference in TRIM: Policy	SF080616
Container Reference in TRIM: Procedure	Nil
Other locations of Policy:	Intranet (linked to TRIM Container)
Other locations of Procedures/Guidelines:	Nil
DELEGATION (if any):-	
RESPONSIBILITY:-	
Draft Policy developed by:	General Manager
Committees (if any) consulted in the development of the Draft Policy:	Nil
Responsibility for Implementation:	Group Manager City Infrastructure
Responsibility for Review of Policy:	Group Manager City Infrastructure

INTEGRATED PLANNING FRAMEWORK:	
Community Strategic Plan:	Strategic Priority No.
Delivery Program Title:	
Operational Plan:	Program No.

Senior Authorising Officer	Position General Manager	Signature/Date  28 January 2009
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ACTION	COUNCIL MEETING DATE	RESOLUTION NUMBER	REPORT ITEM NUMBER
NEW/RECONFIRMED/ AMENDED			
New	28 January 2009	019/09	Item 16

DATE REVIEWED	REVIEWER POSITION	REVIEWER NAME
11 July 2012	Manager Engineering Services	Derek Tooth
August 2013	Manager Engineering Services	Derek Tooth