

# Council Policy



## Disposal of Assets Policy March 2015

### Introduction

This policy gives direction for the decommissioning and disposal of Council owned assets. It covers Council's requirements and obligations in the disposal process and will inform the Asset manager of their responsibilities in the disposal process.

Council must have regard to the following principles in its disposal of Assets:

- a. Encouragement of open and effective competition.
- b. Obtaining value for money.
- c. Ensure best outcome for community is achieved.

### Purpose

To provide a systematic, transparent and accountable method for the disposal of Council owned assets in accordance with Council Policies and the Council's Code of Conduct Policies.

This policy seeks to:

- a. define the methods by which Major and Minor Assets are disposed of;
- b. obtain value for money in the expenditure of public money;
- c. demonstrate probity, accountability and responsibility in all disposal processes;
- d. be fair and equitable treatment of all participants;
- e. enable all processes to be monitored and recorded; and,
- f. ensure that the best possible outcome is achieved for Council and Community.

### Scope

This policy includes all assets which are:

- Registered on the financial asset register.
- Registered on the road asset register.
- Registered on the heavy plant register.
- Registered on the light fleet register.
- Registered on the minor plant register.
- Unregistered assets that has reached the end of its useful life, but has residual value, such as urban seats, playground equipment, building materials etc.

This policy excludes:

- Goods which are not owned by Council, such as abandoned vehicles.
- Disposal via sale of any item that poses a threat of physical or environmental harm.
- Council Land and Buildings (refer to *Sale of Council Land and Building Policy*).
- Financial investments or finance related activities (refer to *Investment Policy*).

It is considered that this Policy does not impact negatively on any rights identified in the *Charter of Human Rights Act (2006)*"

## **Definitions**

**Asset Manager:** The Manager within which department the assets reside and is used. All Managers within Corangamite Shire are asset managers and have responsibility under this policy.

**Asset:** Physical item that is owned by the Council and that has at any time been treated pursuant to the Australian Accounting Standards as an 'asset', or has residual value at the end of its useful life. It does not include financial investments or finance related activities.

**Purchased Value:** Is the value of the asset in present day dollars. This value is only used in this policy as a decision point on level of authority for donation or gifting assets to community groups.

**Residual Value:** Is the value of the asset to be disposed of at the end of its useful life. Residual value will always be market tested and evidence provided to support this estimate. It will not be based on officer opinion.

## **References**

Heavy Plant Fleet Policy and Procedures (2013).

Fleet Asset Management Guide (2013).

Light Fleet Policy (2014).

Sale of Council Land and Building Policy (2013).

*Conflict of Interest – A Guide for Council Staff.* Department of Planning and Community Development (2011)

## **Policy Detail**

### Considerations Prior to Decision to Dispose

Before any asset is disposed of, the relevant Asset Manager must ensure that disposal is appropriate by considering:

- The usefulness of the asset.
- Results of any community consultation.
- The current market value of the asset.
- The ongoing annual cost of maintenance of the asset.
- The remaining useful life of an asset.
- Any alternative Council use of the asset.
- Any duplication of the asset or the service provided by the asset.
- Any impact the disposal of the asset may have on the community.
- Any cultural or historical significance of the asset.
- Council's long term plans and strategic direction.
- Other restrictions on the proposed disposal.

### Preparing Assets for Disposal

The Assets Manager is responsible for the checking the assets for disposal prior to disposal for:

- Additional items not intended for sale are not included within the asset for disposal.
- Records, files and papers containing Council information.
- Digital information is not contained with the item or has been effectively deleted and is no longer accessible. This includes emails, text messages, pictures, videos, and any other digital information in memory or on hard drives.
- Hazardous materials.
- Any Corangamite Shire mark or logo.

Ancillary parts and spare parts held for that particular item, and no longer any use to Council, will be disposed of with the assets as part of the item.

If the item for disposal is defective and/or poses a safety risk the item will be disposed of by “destroying and dumping”. Asset Managers will seek advice from the Human Resources Department in this regard.

#### Disposal Methods

Council Asset Managers will dispose of assets through one of the following methods:

- a. **Trade-in:** trading in assets to suppliers.
- b. **Expressions of interest:** seeking expression of interest from buyers.
- c. **Open tender:** openly seeking bids through tenders.
- d. **Public auction:** advertising for auction through local paper or procuring the services of an auctioneer.
- e. **Destroy or Decommission:** destroying or decommissioning the asset so that it can not be used for its intended purpose.
- f. **Donation or Gifting:** donation or gifting of Council owned assets to a non-profit organisation.

The disposal of assets will be the responsibility of the Asset Manager for those assets. Advice will be sought from the Procurement Officer for the correct procedure on each of the disposal methods.

Selection of a suitable method will include consideration of:

- The public demand and interest of the asset.
- The method most likely to return the highest revenue.
- The cost of the disposal method compared to the expected returns.
- Compliance with other statutory and/or other obligations.

#### Purchase of Assets by Council Employees and Councillors

Council employees and Councillors will only be permitted to purchase assets if the disposal method is:

- a. The highest bid through an open tender; or,
- b. The highest bid at a Public Auction.

If purchased through this method Council employees will follow the Code of Conduct policy, including declaring a conflict of interest (if relevant) and not being involved in the decision making process.

Council employees cannot obtain assets by Expressions of Interest or Donation/Gifting methods of disposal.

### Donation or Gifting Assets to Non-Profit Organisations

Asset Managers should only consider donation/gifting in response to a written submission.

In considering any request the following criteria are relevant:

- Community groups will receive equitable treatment to avoid claims of bias.
- The non-profit basis of the organisation should be considered to ensure that the intended use of the asset is non-commercial.
- Removal of the asset is at the full cost of the receiving group/organisation.
- Any ongoing maintenance will be the responsibility of the group

Donations of surplus Council assets with a purchased value of \$0 to \$20K may only be made with the authority of C.E.O.

Donation of surplus Council assets with a purchased value of greater than \$20K may only be made by resolution of Council.

Where removal of a donated asset is to be carried out by the receiving group/organisation the Asset Manager must undertake a risk assessment to ensure it is being done in a safe manner. This will include removal or dismantling by person qualified to do so. The Risk Management Coordinator can provide support.

### Destroy or Decommission

Destruction or decommissioning of an asset will result in component parts that have residual value, can be recycled or require disposal at landfill. Preference will be given to reuse and recycling.

- a. Residual value – where asset components have residual value and can not be used by Council they must be disposed of in line with this policy.
- b. Recycled – recycling of all assets must be done through Council's scrap or recycling contracts.
- c. Landfill – if asset components have no residual value they must be disposed of at Council landfill.

No component parts may be taken by staff members under any circumstances. Recycled asset components cannot be sold for the benefit of individual staff members, staff social clubs or fundraising.

### Buyer's Risk

Under Occupational Health and Safety Act 2004 (section 30) and Regulations (part 3.5) Council has obligations to ensure the safety of used plant. Council is deemed a "supplier" under the Act and has the following duties:

- Ensure that the plant is safe to use, so far as is reasonably practicable, and does not create risks to the health of people who might use it or be exposed to it.
- Provide the purchaser with all relevant information about the purpose for which the plant was designed manufactured and supplied; information about any conditions necessary for safe use; and any existing service records.

These supplier duties apply where the plant is to be used in a workplace. This policy recommends that this is good practice to follow if it is known to be used exclusively by a private user.

If the item can be ensure that the plant is safe to use the Asset Manager will dispose of the asset by Destroying or Decommissioning.

More detail and guidance on this issue is available through WorkSafe document “Information for Suppliers of Used Agricultural Plant at Clearing Sales (October 2009).

Whilst these requirements apply to “plant” this policy recommends that it be applied to other assets such as minor equipment, where manuals and service records are available.

All purchasers of disposed assets must agree in writing that before taking possession of any Council Asset, that no warranty is given by Council in respect of the condition of the Asset and Council will not be responsible for the maintenance, repair or breakdown following the disposal. Buyers are to rely on their own investigations regarding the condition prior to purchase.

#### Exemptions From This Policy

There may be emergencies, or disposals of assets, in which the process outlined will not deliver the best outcome for Council.

For disposal of assets with a purchased value of over \$20K no exemptions from this policy is possible.

For disposal of assets with a purchased value of under \$20K an exemption is possible providing the following conditions are met:

- a. Preparation of a business case clearly outlining the reasons for seeking exemption from this policy.
- b. C.E.O. approval.
- c. Recording in Council records system.

#### Notifying Of Disposal

The Asset Manager is responsible for ensuring that the disposed asset is removed from the:

- Finance Asset register.
- Road Asset register.
- Heavy Plant register.
- Light Fleet register.
- Plant and equipment register.

These registers need to be maintained in an up to date manner to reflect Council’s asset holding and financial status. This is required by the Australian Accounting Standards Board and Victorian Auditor General.

#### Records

It is the responsibility of the Asset Manager to record the reason for using a specific disposal method and all records associated with that method. All records must be recorded in Council records system.

Delegations Matrix

Authority to dispose of assets resides with:

- Asset Manager
- C.E.O.
- Council Resolution

<b>Disposal Type</b>	<b>\$0 - \$20,000</b>	<b>&gt; \$20,000</b>
a. Trade-in b. Expressions of Interest c. Open Tender d. Public Auction e. Destroy or Decommission	Asset Manager	Asset Manager
f. Donation or Gifting	C.E.O.	Council Resolution

**Review Date**

Disposal of Assets Policy will be reviewed every 4 years.

