

Policy

Title: Disposal of Surplus Goods and Equipment Policy

Category: Corporate Governance

Date Last Adopted: 18 December 2017

1. Objectives

To provide guidance in the disposal of Council owned assets including, but not limited to: plant, vehicles, equipment, materials and stock items, structures which have salvage value as an item or as separable components or materials, office equipment and furniture; information technology, software and hardware.

This policy does not apply to:

- The process of selling land including the process of selling land for unpaid rates.
- The process of disposing of Council significant infrastructure assets e.g. roads, stormwater and buildings, which are managed based on the City's 5 year Strategic Asset Management Plans.
- Assets that are demolished or dismantled to reinstate sites or make way for replacement assets are not subject to this policy provided that there is no residual value contained within the components or materials comprising the asset which are considered obsolete or surplus to requirements.

The disposal of antiques, public art, valuables or collectables, and land and buildings is to be considered by Council only.

This Policy:

- Outlines the methods by which assets are disposed of;
- Demonstrates Council's accountability to the community;
- Seeks to be fair and equitable to all parties involved;
- Enables all asset disposal processes to be recorded;
- Seeks to ensure probity, accountability and transparency in all asset disposal processes;
- Seeks to ensure that the best outcome is achieved for Council and the community; and
- Applies to all Council Officers and Aldermen.

2. Background

The Council is required from time to time to dispose of equipment and goods that have become surplus to requirements.

3. Policy Statement

Council's disposal of assets is to be conducted in a manner that is consistent with the following policy statements:

- Encouragement of open and effective competition;
- Obtaining Value for Money;
 - This is not restricted to price alone.
 - An assessment of value for money must include consideration of (where applicable):
 - the contribution to Council's long term financial management plan and strategic plan;
 - any relevant direct and indirect benefits to Council, both tangible and intangible;
 - efficiency and effectiveness;
 - the costs of various disposal methods;
 - internal administration costs;
 - risk exposure; and
 - the value of any associated environmental benefits.
- Ethical behaviour and fair dealing;
- Probity, accountability, transparency and reporting;
- Council will generally dispose of its assets using the methods outlined in this policy; and
- Disposal of assets to Aldermen and employees of Council should generally not occur outside of a public process.

4. Policy

Approval

Approval must be sought for permission to proceed with the disposal of surplus assets and the disposal method to be used.

The General Manager is authorised to approve the disposal of assets. The General Manager has sub-delegated this authority to Directors-

Directors have delegated authority to dispose of assets that meet disposal criteria and have an individual book value of less than \$10,000.

The Manager Information and Communication Technology has the authority to recommend disposal of IT assets. The Manager Fleet and Support Services has the

authority to recommend disposal of fleet assets. These Managers, as well as recommending specific classes of assets for disposal will also be responsible for recommending the appropriate disposal method.

Once approved the Delegate will allocate the action to dispose of the asset to an appropriate Officer.

4.1 Asset Disposal Criteria

In deciding and recommending an asset for disposal, Directors should ensure all reasonable efforts are made to ensure no other area of Council needs the asset. This could take the form of an email communicating surplus assets to the *Asset Disposal* email group.

The following criteria should be considered when determining whether assets are suitable for disposal:

- No longer required or obsolete;
- Unserviceable or uneconomical to repair;
- Surplus to requirements;
- Technologically obsolete and/or operationally inefficient;
- Non-compliant with workplace health and safety standards;
- No use expected in the foreseeable future;
- No usage in the previous 12 months;
- Waste products;
- Deteriorated or perishable;
- Part of an asset replacement program; and/or
- Contains environmentally sensitive or hazardous material.

Before any asset is disposed the value of the asset should be determined as best as practicable as this may impact upon the method of disposal.

As a general principle, disposal of assets to Aldermen and employees of Council should not occur outside of a public process. However, it is recognised that on occasion there may be circumstances where sale to an Alderman or employee of Council may be the most practical or reasonable manner of disposal.

It may be reasonable that a motor vehicle that has been assigned to an employee for their full private use during the course of their employment with Council may be able to be procured following external valuation and through an auction house.

In this instance, the General Manager alone is to approve the disposal of a motor vehicle to the employee.

It may be also reasonable that an asset (e.g. personal computer, IPAD or mobile phone) that has been assigned to the employee or Alderman for use during the course

of their employment with Council, may be able to be procured directly from the City at market rate / estimate by that employee or Alderman.

In these instances, the General Manager or the Deputy General Manager is to approve the disposal of assets to an Alderman or employee of Council.

All decisions and reasons for such decisions are to be documented and recorded in Council's record management system.

Conflict of Interest

Aldermen and Council officers involved in the disposal of assets are responsible for disclosing any actual or perceived conflicts of interest that may arise in the performance of their duties. All perceived and actual conflicts of interest are to be referred to the General Manager. The officer responsible for the disposal of any Council asset and the relevant Director must ensure that no conflict of interest occurs in or as a result of the asset disposal process.

4.2 Selecting a Disposal Method

When selecting a disposal method the following should be considered:

- Any Council decisions relevant to the disposal;
- The public demand and interest in the item;
- The method most likely to return the highest revenue;
- The value of the Asset;
- The condition of the Asset;
- The costs of the disposal method compared to the expected returns;
- Environmental and sustainability factors; and
- Any legislative requirements.

4.3 Methods of Disposal

The disposal method chosen must be appropriate to the value of assets, size and portability, quantity, timeframe considerations, costs associated with disposal method, including transport and storage of assets, workload and resource implications of managing the disposal and location of the goods. The following disposal methods may be utilised:

Public Process

- Assets with a value between \$150,000 and \$249,999 may be disposed of by a public process that would usually occur via an auction house; all assets with a value of \$250,000 or greater must be disposed of by a public process.
- A public process for the disposal of goods is to be conducted in a manner ensuring a fair and transparent process with the auction house receiving an appropriate brief to ensure such.

Public Auction

- Any assets, including plant, vehicles or equipment with a value between \$1,000 and \$249,999 may be disposed of by public auction e.g. small items such as electrical equipment and small plant, and the big items such as the waste compactor and street sweepers.
- Public auction is an appropriate disposal method when:
 - there is likely to be public demand for the items;
 - alternative disposal methods are unlikely to result in higher revenue for the City; and
 - the costs associated with the auction are less than the expected returns.

Expressions of Interest

- Council may dispose of items by advertising for expressions of interest from buyers where:
 - the value of the asset is under \$10,000;
 - the costs of disposal are less than the expected returns; or
 - there is very limited interest.
- All prospective buyers of Council's disposed assets must be advised in writing that items are to be disposed of, with any faults, at the buyer's risk. Buyers are to rely on their own investigations regarding the condition and workability of the items and Council will not be responsible for any repairs or maintenance of the asset.
- No warranty or after sale service will be offered on any asset disposed of.
- Where an Alderman or Council employee, or members of their immediate family, purchase an asset from Council, approval must be received from the General Manager. All decisions, the reasons for the decisions and the disposal method chosen must be documented.
- A written record of the sale is to be prepared for signature by both parties.

Recycle or Destroy (Write off Assets)

- The value of an asset may be written off and the item recycled or destroyed if it is deemed:
 - to have no value to anyone in Council;
 - to be unserviceable or beyond economical repair; or
 - that the disposal cost is higher than the likely return.
- Where a recommendation to write off an asset is made, the relevant Officer will provide the Delegate 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.
- Dumping/recycling 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.

Trade-in

- Trade-in should only be considered for the disposal of plant, vehicles and equipment controlled under Council's Fleet Management procedures.

- Trading-in goods can be an efficient means of disposal, and a convenient way to upgrade equipment such as plant. However, trade-in prices do not always provide the best return. Any decision to trade-in goods other than plant, vehicles and equipment must be based on a clear analysis of the benefits of the trade-in as opposed to separate sale/auction/tender of the goods.

Sale via Resource Work Cooperative (Tip Shop)

- Allowable for goods with an estimated value of less than \$1,000.

Donation to a Charity or Non-Profit Organisation

- The donation of surplus goods and equipment to recognised charitable organisations may be considered for assets with an estimated value of less than \$1,000.
- Excess materials from projects / works which are unsuitable for new Council projects may be donated to charities, non-profit organisations only with the authority of the relevant Director.
- In considering a request from a charity or non-profit organisation, the following should be undertaken:
 - A fair process to determine which charity receives surplus assets to avoid possible claims of bias.
 - A check that the organisation is a charity / non-profit organisation, carries out the activities for a public purpose and that their primary object is not commercial or aimed at making a profit;
- The charitable organisation should acknowledge that Council will not be responsible for any repair or maintenance of the asset and take responsibility for the timely removal of the asset and at no cost to Council.
- In instances where a charitable organisation approaches Council seeking donations, the General Manager alone is to approve the disposal of assets to charitable or non-profit organisations.

Plant, Vehicles and Equipment Assets

It is Council's preference that plant, vehicles and equipment controlled under Council's Fleet Management procedures are disposed of by public auction.

However, if tenders/quotations are called for the replacement of items of plant, vehicles and equipment, tenderers may be invited to submit prices:

- for the supply of the item without any trade-in.
- for the supply of the item less trade-in allowance on the item that is being replaced.

Tenders may be invited for the purchase only of the items which are to be replaced.

4.4 Authority to Dispose of Assets

Written approval of the Asset disposal method must be obtained by an officer with the delegation to dispose of the Asset:

Additionally, the following requirements apply:

- Disposal of all Assets with a value over \$250,000 must be by a public process unless resolved otherwise by Council.
- Only Assets with a value of less than \$1,000 can be sold via the Resource Work Cooperative (Tip Shop).
- All donations must be approved by a Director. Assets with a value of \$1,000 or more generally cannot be donated but may be donated at the discretion of the General Manager.

If there is any doubt about the value of the Asset, consideration should be given to obtaining an independent valuation.

4.5 Preparing Assets for Disposal

A check of the asset to be disposed of must be carried out to ensure assets do not contain:

- Confidential information (records, files, papers);
- Documents on Council letterhead or which may be used for fraudulent purposes;
- Additional items not intended for disposal;
- Software (which may lead to a breach of licence or contain confidential data); or
- Hazardous materials - any dangerous or hazardous goods are to be disposed of only in the authorised manner.

As far as practical, any Council branding or identifying marks should be removed.

Spare parts held for a particular asset should be disposed of in one lot with the asset.

Items of cultural or historical significance should first be discussed with Council's Senior Cultural Heritage Officer.

4.6 Physical Disposal of Assets

Collection points for assets to be disposed of are already in place at the Store, the Council Centre and Town Hall. Council officers can place items at these locations where a consignment approach to disposal would be better than disposing of items singly.

4.7 Asset Disposal Notification and Reporting

After an asset has been disposed of, the relevant Director or their delegate is responsible for notifying the following Officers via the *Asset Disposal* email group, as appropriate:

- Manager Asset Services and Manager Finance to ensure Council’s Asset Register and Asset Management Plans are updated and relevant financial accounting treatments are recorded;
- Principal Advisor Risk and Audit Systems to determine any impact on Council’s insurance policies; and
- Group Manager Rates and Procurement to determine any impact on Council’s maintenance contracts.
- Stores and Procurement Coordinator to determine any impact on Council’s inventory.

The relevant Director or their delegate is to ensure that the disposal process is documented and all documentation is saved in Council’s records management system.

Where appropriate items disposed of should be entered on the Council’s Disposal Register.

Where disposal results in a grant or benefit to a person or organisation, this should be recorded in Council’s financial system and disclosed within Council’s Annual Report. Please refer to Council Policy – Grants and Benefits Disclosure on the CBC at: <https://www.hobartcity.com.au/Council/About-Council/Council-policies>, for more information.

5. Legislation, Terminology and References

Local Government (General) Regulations 2015

Local Government Act 1993

City of Hobart Code of Conduct

City of Hobart Fraud and Corruption Control Plan

City of Hobart Code for Tenders and Contracts

Council’s Delegations Register

Council Policy – Asset Management

Responsible Officer: Director Financial Services

Policy first adopted by the Council: 8/2/1999

History

Amended by Council	10/4/2006
Amended by Council	10/12/2012
Amended by Council	8/9/2014

Next Review Date	March 2017
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