



Policy:

Disposal of Assets

2021

INFORMATION ABOUT THIS DOCUMENT

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Document History

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1	August 2021	Policy adopted after public exhibition period. Resolution number 14.08/21

Further Document Information and Relationships

Related Legislation*	NSW Local Government Act 1993 NSW Local Government (General) Regulation 2005
Related Policies	Infrastructure Asset Management Code of Conduct Procurement Policy Fraud and Corruption Prevention Policy Supplier Code of Conduct
Related Procedures/ Protocols, Statements, documents	Disposal of Assets Procedure

Note: Any reference to Legislation will be updated in the Policy as required. See website <http://www.legislation.nsw.gov.au/> for current Acts, Regulations and Environmental Planning Instruments.

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1. OBJECTIVES

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

2. SCOPE

This policy applies to the disposal of all Council assets, excluding real property.

3. DEFINITIONS

Asset For the purpose of this policy, Council assets encompass all items of value to Council. This includes, but is not limited to, plant and equipment, office equipment, office furniture, stock items and software.

4. STATEMENT

This policy should be read in conjunction with all applicable Asset Management Plans. Assets will be disposed to the best advantage of Council, considering the whole of life costs and replacement needs.

All disposals must be on a competitive basis and Council will comply with any funding agreements or other legal and contractual requirements in relation to assets. Council will also seek the best value result for any other parties that might have an interest in asset disposals.

4.1 Principles

Assets surplus to Council requirements will be disposed of in a manner which promotes obtaining best value for money, accountability, fairness and impartiality, and avoids any conflicts of interest.

Prior to the disposal, assets will be reviewed in order to ascertain whether they have alternative uses within Council, contain hazardous materials or identifying marks.

Council's Supplier Code of Conduct sets out the high ethical standards expected of suppliers and contractors.

4.2 Delegation

The General Manager has delegated authority to dispose of surplus Council assets, excluding land which may only be disposed of by resolution of Council.

The Chief Financial Officer and Director Infrastructure and Development have delegated authority to dispose of Council owned plant/fleet assets where the plant/fleet is marked for replacement in the Asset Management Plan.

4.3 Conflict of Interest

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. Council officers must consider this prior to the commencement of each disposal activity. All perceived and actual conflicts of interest are to be referred to the General Manager.

4.4 Reason for Disposal

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

- Obsolescence;
- Non-compliance with workplace health and safety standards;
- Nil utilisation estimates in foreseeable future;
- Nil usage in previous 6 months (stock items - 18 months);
- Optimum time for maximum return;
- Uneconomical to repair; or
- Replacement of an existing asset, e.g. plant.

4.5 Disposal Methods

The principal methods for disposal of assets are:

- Destruction – where assets are deemed to have no value, are beyond economical repair or the disposal cost is higher than the likely return..
- Donation to registered charities or community organisations – where estimated asset value does not exceed \$1,000. Registered charities or community organisations should receive equitable treatment to avoid possible claims of bias.
- Negotiated sales – where estimated asset value does not exceed \$2,000 or to Rural Fire Service or to other Local Government entities (councils).
- Expression of Interest/Request for Quotation – assets with an estimated value between \$2,000 and \$50,000 may be disposed of by Expression of Interest or Request for Quotation.
- Auction – assets with an estimated value between \$2,000 and \$250,000 may be disposed of by public auction.
- Tender – all assets with an estimated value between \$2,000 and \$250,000 may be disposed of by tender. All assets with an estimated value greater than \$250,000 must be disposed of by tender.

Section 55 of the *NSW Local Government Act 1993* sets out the requirements for Tendering, and should be referenced and complied with, where relevant.

4.6 Reporting

The process for reporting the disposal of assets will be completed in accordance with Local Government Code of Accounting Practice and Financial Reporting. The Finance Team will ensure that appropriate financial management practices are followed and Council records are maintained, including the Council financial accounts and asset register.

5. LEGISLATIVE AND STRATEGIC CONTEXT

This policy relates to the goals of the Community Strategic Plan 2017-2027:

- 4.1 A strong, accountable and representative Council
- 4.2 An effective and efficient organisation

Asset disposal should align with the Asset Management Plan (AMP) and Asset Management Strategy documents. The AMP will be reviewed on a regular basis and should disclose assets requiring replacement or redundancy.

6. RESPONSIBILITIES

The Chief Financial Officer and Coordinator Governance and Risk are primarily responsible for the implementation, compliance of, monitoring, evaluating, reviewing and providing advice on this policy.

Managers and all relevant employees are responsible for complying with this policy.