



MANAGEMENT DIRECTIVE

Adopted: 28 February 2014
Amended: 9 December 2014

FILE NO: PSC2009-02488
TITLE: ASSET DISPOSAL (OTHER THAN PROPERTY)
RESPONSIBLE OFFICER: FINANCIAL SERVICES MANAGER

BACKGROUND

The Asset Disposal management directive supports the Asset Disposal policy and prescribes the considerations and processes to be applied in the disposal of assets.

As part of good governance, it is necessary for Council to manage its assets in a lawful, efficient and transparent manner.

When an asset no longer plays a viable role in supporting the service delivery it was acquired for, its worth lies only in the benefits to be gained from its disposal.

The disposal of assets under Council's control or where Council's funds have been used to purchase the asset (eg. 335C Committees) must be in accordance with Council's procedures.

In meeting the requirements of the Local Government Act, all goods must be sold in an open and public forum. That is – no goods can be sold within the organisation.

OBJECTIVE

To provide:

- 1) Definitions of terms, roles and responsibilities;
- 2) Considerations to be made prior to the disposal of assets;
- 3) Processes to follow when it is decided to dispose of an asset; and
- 4) Directions to sources of further guidance.

PRINCIPLES

To provide processes that:

- 1) Implement Council's Asset Disposal (other than property) policy;
- 2) Provide clearly defined steps for staff to follow; and
- 3) Lead to the proper and optimum method of disposal of an asset.

Assets may become surplus to Council's requirements for a range of reasons including:

- Obsolescence and/or operationally inefficient;
- Non-compliance with occupational health and safety standards;
- No use expected in the foreseeable future;
- Optimum time to maximise return/part of asset replacement program;
- Discovery of hazardous chemicals or materials present in the asset;
- Uneconomical to repair.

Once assets are deemed surplus they must be disposed of in a manner that complies with relevant legislation, is transparent and environmentally sustainable and maximises financial returns to Council.

A number of factors need to be considered prior to making the decision to dispose of an asset (refer 'Factors to Be Considered Prior to Disposal') and in choosing the appropriate method of disposal (refer 'Methods of Disposal').

STATEMENT

An asset may be suitable for disposal if:

- 1) It is obsolete and/or operationally inefficient;
- 2) It does not comply with occupational health and safety standards;
- 3) It has no use expected in the foreseeable future;
- 4) It is the optimum time to maximise the return from the asset as part of asset replacement program;
- 5) Hazardous chemicals or materials are discovered in the asset; or
- 6) It is uneconomical to repair.

Prior to applying for the disposal of an asset, the following factors should be considered:

Factors To Be Considered Prior To Disposal

Other Uses	Prior to disposal, a reasonable effort is to be made to ensure that the asset is not required or cannot be reallocated to another section within Council or Committee.
Hazardous Materials	Any dangerous goods are to be disposed of only in an authorised manner.
Conflict of Interest	The officer responsible for the disposal of any Council asset and the relevant Group Manager must ensure that no conflict of interest occurs in or as a result of the asset disposal process.
Identifying marks	As much as is practical, any Council identifying mark should be removed or obliterated.
Spare Parts	Spare parts held for a particular item should be disposed of in one parcel with the asset.

Preparing assets for sale	<p>A check must be carried out to ensure assets do not contain:</p> <ul style="list-style-type: none"> • Additional items not intended for sale; • Confidential documents (records, files, papers); • Software (which could lead to a breach of licence or contain confidential data); • Hazardous materials.
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Methods of Disposal

As a general principle the sale of assets to staff is NOT to occur outside of a public process.

The Independent Commission Against Corruption (ICAC) recommends that invitations to bid for the purchase of any surplus Council assets should not be limited to staff or to elected officials. Members of the public must also be allowed to compete for the purchase.

At all times, surplus assets or materials should be disposed of in a way that maximises returns whilst ensuring open and effective competition.

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	Assets valued at \$150,000 or greater are to be disposed of by Public Tender in accordance with Council's tendering policy.
Public Auction or Tender Centre	<p>Public auction and Tender Centres maximise the opportunity for public participation in the disposal process and is the appropriate method when:</p> <ul style="list-style-type: none"> • There is public demand for the items; • Alternative disposal methods are unlikely to realise higher revenue; • The costs associated with the auction can be justified in relation to the expected revenue from the sale. • Auction Delivery docket referenced as (ATTACHMENT 2).
Trade-in	Trading in surplus 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 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.

Re-use Centre	< \$500.
Scrap Dealers	<ul style="list-style-type: none"> • Any metal-based assets that are not transferred to another section within Council or sold will be considered for recycling; • Goods Disposal notice referenced as • (ATTACHMENT 3).
Recycling or Destruction	<p>An asset may be recycled or destroyed if it is deemed:</p> <ul style="list-style-type: none"> • To have no value; • To be unserviceable or beyond economical repair; or • That the disposal cost is higher than the likely return.

Disposal Processes

Assets valued at \$150,000 or more	Disposed of via Public Tender in accordance with Council's Tendering Process – refer Manager Financial Services
Fleet - Current Vehicle	Refer to Deployment Flowchart.
Fleet Plant	Refer to Deployment Flowchart.
Holiday Park Cabin	Refer to Deployment Flowchart.
ICT Asset	Refer to Deployment Flowchart.
Small Asset, Recycling, Scrapping	Refer to Deployment Flowchart.

PLANT WHS

All items of plant must be disposed of having regard to Council's obligations as a seller or transferor of plant (ie. machinery, equipment or appliance) under the Work Health & Safety Act 2011.

With the exception of fleet and ICT equipment, the asset owner must retain the following information until the asset is disposed of and upon transferring or disposal of machinery, equipment or appliance items provide the information to the new owner:

- 1) All of the manufacturer's information eg. operating manual, instructions, certificates;
- 2) All Council service/maintenance records;
- 3) A notation regarding any faults detected in the plant.

And for fleet/plant:

- 1) The manufacturers risk assessment;
- 2) The manufacturers operating procedures.

Fleet Management and ICT shall have responsibility for maintaining the above information for their respective items. Fleet Management will not maintain information for minor plant (this is the responsibility of the asset owner).

Where the asset owner cannot provide the documents above or where an asset has reached its useable life, the asset owner must note on the Transfer/Disposal form (ATTACHMENT 1) that the asset is only suitable for disposal as spare parts or scrap.

RELATED POLICIES &/OR MANAGEMENT DIRECTIVES

- 1) Code of Conduct;
- 2) Procurement policy;
- 3) Fraud and Corruption Control policy;
- 4) Statement of Business Ethics.

REVIEW DATE

- 1) 01 September 2016.

RELEVANT LEGISLATIVE PROVISIONS

- 1) *Local Government Act 1993*;
- 2) *Local Government (General) Regulation 2005*;
- 3) *Competition and Consumer Act 2010 (Cth)*;
- 4) *Work Health & Safety Act 2011*;
- 5) *Work Health and Safety Regulations 2011*;
- 6) *NSW Government Procurement Code of Practice*;
- 7) *NSW Government Sustainability policy*.

IMPLEMENTATION RESPONSIBILITY

- 1) All asset custodians and asset owners.

PROCESS OWNER

- 1) Contracts Coordinator.

ATTACHMENTS

- 1) Transfer & Disposal of Surplus/Obsolete Goods, Furniture and Equipment form;
- 2) Auction Delivery Docket;
- 3) Goods Disposal Notice.



TRANSFER OR DISPOSAL OF SURPLUS/OBSOLETE GOODS, FURNITURE AND EQUIPMENT FORM

NB THIS FORM IS NOT TO BE USED FOR PLANT ITEMS THAT HAVE A FLEET NUMBER

To: Fleet Administration
 Details of Asset to be transferred/disposed

Quantity	Asset Number (if applicable)	Asset Description	Action Required Transfer or Disposal

Reason for transfer or disposal:

Have you supplied supporting plant WHS documentation Yes/No: _____

If Yes, to the above, state the documents:

TRANSFER: *Asset to be transferred to (if applicable)*

Service _____ Unit: _____

Service _____ Element: _____

Date of Transfer: _____

DISPOSAL BY: *Please tick box.*

Public Auction	<input type="checkbox"/>	Trade In	<input type="checkbox"/>	Public Tender	<input type="checkbox"/>
Donation to Charities or Community Organisations	<input type="checkbox"/>	Expressions of Interest/Quotations	<input type="checkbox"/>	Sale or Transfer to Other Agencies	<input type="checkbox"/>
Recycled Internally	<input type="checkbox"/>	Scrap Dealer	<input type="checkbox"/>		

Officer initiating the asset disposal/transfer: _____

Authorised by (Service Unit manager): _____



STORE USE ONLY
Auction Delivery Docket

Company: _____ Date: _____

Number: _____

Quantity	Description	Comments	Council Reference

Print Name

Signature

Date



**GOODS
DISPOSAL
NOTICE**

Council advises that this item is sold in accordance with the WHS Regulations 2011, Part 5.1, Division 5, Clause 200.

- (a) The plant is sold or transferred for use as scrap or for spare parts for other plant only; and
- (b) The plant in its current state must not be used for work but may be used only as scrap or for spare parts.

Name & Title	Signature
Fleet Administration	
Dealer	

Port Stephens Council
GOODS DISPOSAL NOTICE

Council advises that this item is sold in accordance with the WHS Regulations
2011, Part 5.1, Division 5, Clauses 198 and 199.

(A) In respect of used plant – the purchaser or new owner of the Plant is
provided with;

(i) all available information concerning health and safety about the plant
received by the person from the designer and manufacturer (see
below).

(ii) If available, any record kept by the previous owner of the plant in
accordance with the requirements of this Regulation, (see below)

(iii) The purchaser or owner of the plant is provided with any information,
data or certificate provided or kept in accordance with the standards
specified in Schedule 1 (Standards covering design or manufacture of
plant) (see below)

Authorised Council officer

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Fleet Administration