

# Kyogle Council

## Asset Disposal Policy



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## ASSET DISPOSAL

### 1. Title

This Policy may be cited as Kyogle Council's Asset Disposal Policy.

### 2. Validity

This policy derives its validity from Council Resolution 170907/22.

### 3. Policy Objectives

The objective of this policy is to:

- provide a systematic and transparent method for the disposal of surplus assets
- ensure that best value for money is achieved
- promote fair and effective competition to the greatest possible extent.

### 4. Applicability

This policy applies to resources controlled by Council. All items exceeding \$1000 in value must be recorded in Council's Asset Register (excluding land and buildings).

### 5. Decision to Dispose

Approval to commence the disposal process must be obtained from the General Manager. Common criteria for determining that goods may be suitable for disposal include:

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

- Obsolete 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.
- 1. Discovery of hazardous chemicals or materials present in the asset.
- Uneconomical to repair.

### 6. Factors to be considered prior to disposal

#### Other Uses

Prior to disposal, a reasonable effort is to be made to ensure no other Council Department has a need for the asset.

#### 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 Director 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

A check must be carried out to ensure assets do not contain:

- 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.

## **7. Methods of Disposal**

As a general principle, 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

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

#### 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.

#### 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.

#### 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.

#### 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.

Authorisation by way of a resolution of Council is required before such a sale or transfer can be effected.

#### Donation to Charities or Community Organisations

(Note: this method of disposal may not be used for asset with an estimated value of more than \$2,000).

Council occasionally receives requests from community, charity or workcreation 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.

In considering any request, staff should keep in mind the following:

- Community groups should receive equitable treatment to avoid possible claims of bias.
- A check should be made to ensure the group is not a disguised business operation providing funds or remuneration to the principals.

- A check should be made to ensure the group is non-profit and that the intended use of the asset is non-commercial (i.e. non-profit).
- Where the donation is seen as appropriate but there is a potential claim of bias, the matter should be referred to the General Manager.
- The charity/community group must remove the asset themselves and at no cost to the Council.

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.