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# **Cessnock City Council**

## **Disposal of Assets (excluding Infrastructure or Property Assets) Policy**

Date Adopted **20/05/2020** Revision: **2**

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### **1. POLICY OBJECTIVES**

1.1. The objective of the policy is to:

- 1.1.1. Provide direction for the decommissioning and disposal of surplus Council owned Assets;
- 1.1.2. Ensure the best value for money is achieved; and
- 1.1.3. Promote fair and effective competition to the greatest possible extent.

### **2. POLICY SCOPE**

- 2.1. This policy applies to all Council Officials.
- 2.2. The policy applies to the decommissioning and disposal of Council owned Assets i.e. furniture and equipment, plant and equipment.
- 2.3. This policy does not apply to the decommissioning and disposal of land and buildings which is covered by the Property Management Policy.
- 2.4. This policy does not apply to the decommissioning and disposal of Infrastructure Assets which is covered under a relevant Asset Management Plan.

### **3. POLICY STATEMENT**

- 3.1. Section 55 of the Act requires that Council's financial management systems have regard to the sound contracting principles when entering into a contract for the disposal of Council owned Assets.
- 3.2. To ensure these requirements are satisfied, the following sound contracting principles, outlined in more detail in clause 5, will be considered when undertaking disposal activities and making decisions about disposals:
  - 3.2.1. Value for money; and
  - 3.2.2. Open and effective competition. This means sale of Assets to Council Officials is NOT to occur outside of a public process; and
  - 3.2.3. The development of competitive local business and industry; and
  - 3.2.4. Environmental protection; and
  - 3.2.5. Ethical behaviour and fair dealing.

## 4. VALUE FOR MONEY

- 4.1. Disposal processes and decisions will be made by Council Officials with the proper authority, delegations and financial authorisations and will be based on sound judgement as to the likely costs and benefits of available options.
- 4.2. Disposal methods of Assets are:
  - 4.2.1. Public or electronic auction or by public tender. For items of any monetary value a Reserve Price will be agreed between the Council Official and the Approved Auctioneer prior to the auction;
  - 4.2.2. Recycling or waste disposal – appropriate only for Assets of no or little monetary value only;
  - 4.2.3. Donation to a registered charity or community organisation as outlined in clause 5.1.5.
- 4.3. It should be noted that an EOI may need to be advertised if more than one charity is involved.
- 4.4. Where it is considered there may be interest from local businesses or industry, the disposal processes will be advertised on Council's website and/or in local media.
- 4.5. Disposals by donation to local not-for-profit organisations may be considered for items (e.g. computers, furniture) which are of use to those organisations but unlikely to generate more than 10% of its market value if sold.

## 5. DISPOSAL RULES

- 5.1. Reasons for, and manner of, disposal
  - 5.1.1. A decision to dispose of an Asset may be based on one or more of the following:
    - a) Obsolescence;
    - b) Non-compliance with Work Health and Safety standards;
    - c) No use expected in the foreseeable future;
    - d) The Asset was not used in the last 6 months before identification for disposal (i.e. inventory);
    - e) Optimum time to maximise return and avoid depreciation;
    - f) Discovery of hazardous chemicals or materials present in the Asset;
    - g) Beyond Economical Repair.
  - 5.1.2. At all times, surplus Assets or materials should be disposed of in a way that maximises returns whilst enhancing open, transparent and effective competition. Most commonly, this will be through publicly competitive process of public auction or through a secure electronic tendering/ auctioning facility.
  - 5.1.3. Prior to disposal, a reasonable effort is to be made to ensure no other Council Directorate has a need for the Asset.
  - 5.1.4. Items of historical or cultural significance should be given special regard and any dangerous goods including hazardous chemicals or materials are to be disposed of only in an authorised and safe manner. No warranty is to be offered on Assets sold.

- 5.1.5. Assets being disposed of must be in sound condition and must not pose any

risk of personal injury or other damage to an individual or items.

## **5.2. Library Stock**

- 5.2.1. Library stock considered to be of no further use may be offered for sale at a book fair or donated to a local not-for-profit organisation based on an analysis of expected return on Asset.

## **5.3. Fleet and Plant Items**

- 5.3.1. Spare parts held for particular items should be disposed of in one parcel with the Asset at disposal.
- 5.3.2. Trading in surplus fleet and plant 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 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.
- 5.3.3. Items of plant valued at over \$10,000 must go to auction.

## **5.4. Environmental Protection**

- 5.4.1. Wherever practicable, disposal processes will promote the re-use or recycling of goods. Disposal by transfer to landfill will be used where:
  - a) Re-use or recycling is not economically viable as agreed by the Council Official wanting to dispose of the Asset and Council's Operations Accountant; or
  - b) The goods could pose an unacceptable health or safety risk to purchasers; or
  - c) where environmental legislation may otherwise prevent recycling reuse or disposal by sale.

## **5.5. Ethical and Fair Dealing**

- 5.5.1. Council Officials must declare in writing any potential conflict of interest which may arise by their involvement in a disposal.
- 5.5.2. Disposal processes will not be structured to favour Council Officials or their family, friend's business partners or other associates.
- 5.5.3. Council recognises that in addition to its statutory obligations, it has a strong moral obligation to establish disposal processes and to ensure that disposal decisions are made with appropriate level of probity and in the public interest.

# **6. ROLES AND RESPONSIBILITIES**

## **6.1. Finance and Administration Manager**

- 6.1.1. Responsible for the compliance, monitoring and review of this policy.
- 6.1.2. Responsible for ensuring that Council's asset register is completed and reported correctly as part of Council's annual financial statements.

## **6.2. Operations Accountant**

- 6.2.1. In consultation with the Contracts and Tendering Team Leader, the Operation Accountant will determine the best way of disposal or redeployment of the Asset excluding Plant and Library stock.

- 6.2.2. Disposal will be based on achieving the best value for money for Council while considering the structural integrity, heritage and value of the Asset.
- 6.2.3. Communicate the confirmation of the disposal process/action that will maximise returns if applicable, and ensure open, transparent and effective competition principals are maintained.
- 6.2.4. Maintain communication with the selected auction house if this is the preferred method of disposal excluding where the asset is a Plant item.

### **6.3. Contracts and Tendering Team Leader**

- 6.3.1. Ensure that an inspection of an Asset to be disposed has been undertaken and documented to ensure that the Asset does not contain:
  - a) Additional items not intended for sale;
  - b) Confidential documents (records, files, papers);
  - c) Software (which could lead to a breach of licence or contain confidential data); or
  - d) Hazardous materials.
- 6.3.2. Ensure that a register of declaration of interests is maintained.
- 6.3.3. Ensure that any conflicts of interest are escalated appropriately.
- 6.3.4. Where it is considered the Asset can be disposed of locally, the Contracts and Tendering Team Leader will ensure that the Asset is advertised in an open market.

### **6.4. Stores Team Leader**

- 6.4.1. Is responsible for the collection and collation of Assets for disposal except for the responsibilities listed in clauses 5.2 and 5.3.
- 6.4.2. Will ensure that Assets (except Plant and Fleet) are taken to the auction house as required.
- 6.4.3. Is responsible for collating all the relevant paperwork for a disposal of an Asset and maintain it centrally i.e. have a register.
- 6.4.4. Is responsible for identifying Council marks on Assets as much as is practical, and having any such marks be removed or obliterated.

### **6.5. Plant Superintendent**

- 6.5.1. With respect to the disposal of Council Plant and Fleet, Council's Fleet Superintendent is responsible for reporting of the disposal via Council's Fleet Register in Authority.
- 6.5.2. Maintain communication with the selected auction house if this is the preferred method of disposal where the asset is a Plant item.
- 6.5.3. Determine the best way of disposal or redeployment of the Plant asset

### **6.6. Library Services Coordinator**

- 6.6.1. Will consider the appropriate method for the disposal of library books which are deemed to be disposed of, in accordance with this policy.

## 7. RECORDS MANAGEMENT

- 7.1. Staff must maintain all records relevant to administering this policy in accordance with Council's Records Management Policy.
- 7.2. Examples of receipts and documents may include the following:
- 7.2.1. Either a copy of receipt or other proof of disposal from the contracted Auctioneer, the licensed scrap dealer or the tip site, or
- 7.2.2. A letter acknowledging receipt of Asset and its nominal value from the recipient of the Asset is required to be attached to the Assets Disposal Form.

## 8. POLICY DEFINITIONS

<b>Act</b>	means the <i>Local Government Act 1993</i> (NSW).
<b>Asset</b>	A resource which has future economic value that can be measured and can be expressed in dollars, excluding land and buildings.
<b>Auctioneer</b>	means the approved disposal organisation representative as selected from a procurement tender process.
<b>Beyond Economical Repair</b>	means a classification given to an Asset where that Asset requires repairs likely to be more expensive than its replacement value.
<b>Council</b>	means Cessnock City Council.
<b>Council Official</b>	means Councillors and their delegates, Council staff, volunteers and contractors.
<b>EOI</b>	Expression of Interest – Advertising in an open market for interest
<b>Feet and Plant</b>	Means a passenger sedan or station wagon, motor cycle or commercial Motor Vehicle including vans, utilities, buses and trucks/ plant
<b>Reserve Price</b>	means the minimum auction sale price.

## 9. POLICY ADMINISTRATION

<b>Business Group</b>	Finance and Administration
<b>Responsible Officer</b>	Finance and Administration Manager
<b>Associated Procedure (if any)</b>	Nil
<b>Policy Review Date</b>	Three years from date of adoption unless legislated otherwise
<b>File Number / Document Number</b>	Add the DOC number of the old policy
<b>Relevant Legislation (reference specific sections)</b>	This policy supports Council's compliance with the following legislation: <ul style="list-style-type: none"> <li>▪ Section 55, <i>Local Government Act 1993</i> (NSW)</li> </ul>

<b>Relevant desired outcome or objectives as per Council's Delivery Program</b>	Objective 5.3: Making Council more responsive to the community <u>Strategic Direction</u> - Our Council's processes are efficient and transparent.
<b>Related Policies / Protocols / Procedures / Documents</b>	<ul style="list-style-type: none"> <li>▪ Procurement Policy (DOC2013/047731)</li> <li>▪ Procurement Guidelines (DOC2020/023663)</li> <li>▪ Property Management Policy (DOC2014/002384)</li> <li>▪ Records Management Policy (DOC2019/038769)</li> <li>▪ Asset Disposal register (DOC2019/019533)</li> <li>▪ Asset Register – Located in Authority</li> <li>▪ Asset Disposal Form (DOC2020/066891)</li> </ul>

## 10. POLICY AUTHORISATIONS

No.	Authorised Function	Authorised Business Unit / Role(s)
	Consider Library stock whether it would be of any further use and may be offered for sale at a book fair or donated to a local not-for-profit organisation in accordance with clause 5.1	Community and Cultural Engagement Manager Library Services Coordinator
	Determine an appropriate method and manner of disposal of Assets in accordance with this policy	Finance and Administration Manager Operations Accountant
	Determine the reasons for disposal of Assets in accordance with this policy	Finance and Administration Manager Operations Accountant Council Official wanting to dispose of an Asset
	Negotiate a Reserve Price between the Auctioneer and the Council Official wanting to dispose of an Asset	Finance and Administration Manager Operations Accountant
	Determine method and manner of disposal of spare parts, Plant, Fleet and equipment in accordance with this policy	Works and Delivery Manager Plant Superintendent

## 11. POLICY HISTORY

Revision	Date Approved / Authority	Description Of Changes
1	29 April 2020	Minor revision of policy: Further details on roles and responsibilities provided
2	20 May 2020 CC43/2020	New policy adopted

## 12. Appendices