

Disposal of Assets Policy

Corangamite Shire

December 2022



**CORANGAMITE
SHIRE**

Council Policy



Disposal of Assets Policy

Introduction

This policy gives direction for the decommissioning and disposal of Council owned assets. It covers Council's requirements and obligations in the disposal process and will inform the Asset manager of their responsibilities in the disposal process.

Council must have regard to the following principles in its disposal of Assets:

- a. Encouragement of open and effective competition.
- b. Obtaining value for money.
- c. Ensure best outcome for community is achieved.
- d. Circular Economy and maximising the re-use of items at their highest value.

Purpose

To provide a systematic, transparent and accountable method for the allocation of Council owned assets for re-use and re-purposing before considering disposal in accordance with Council Policies and the Council's Code of Conduct Policies.

This policy seeks to:

- a. define the methods by which major and minor assets can be provided to a third party to be recycled and repurposed or if no other option is available disposed of;
- b. Implement circular economy principles at the core of every decision
- c. obtain value for money in the expenditure of public money;
- d. demonstrate probity, accountability and responsibility in all disposal processes;
- e. be fair and equitable treatment of all participants;
- f. enable all processes to be monitored and recorded; and,
- g. ensure that the best possible outcome is achieved for Council, Environment and Community.

Scope

This policy includes all assets which are registered on Council's asset register and any unregistered asset that has reached the end of its useful life, but has residual value, re-use or recyclability such as building materials etc.

This policy excludes:

- Goods which are not owned by Council, such as abandoned vehicles.
- Disposal via sale of any item that poses a threat of physical or environmental harm.
- Council Land and Buildings (refer to *Sale of Council Land and Building Policy*).
- Financial investments or finance related activities (refer to *Investment Policy*).

Definitions

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|----------------|---|
| Asset Manager | The Manager within which department the assets reside and is used. All Managers within Corangamite Shire are asset managers and have responsibility under this policy. |
| Asset | Physical item that is owned by the Council and that has at any time been treated pursuant to the Australian Accounting Standards as an 'asset', or has residual value at the end of its useful life. It does not include financial investments or finance related activities. |
| Discard | Disposing of a destroyed or decommissioned asset by depositing in waste bin, scrap metal bin or at landfill. |
| Residual Value | Is the value of the asset to be disposed of at the end of its useful life. Residual value will always be market tested and evidence provided to support this estimate. It will not be based on officer opinion. |

References

Asset Management Policy
Employee Code of Conduct
Conflict of Interest – A Guide for Council Staff. Department of Planning and Community Development (2011)
Heavy Plant Fleet Policy and Procedures.
Vehicle Light Fleet Policy and Procedures INFRA 46-01
Attractive and Valuable Minor (Portable) Assets Procedure

Policy Detail

Responsibilities of Council Officers

Asset managers and their responsibility of particular assets are defined in Council's Asset Management Policy. This does not preclude other Council staff from being responsible under this policy if they are custodian of a Council asset.

Considerations Prior to Decision to Dispose

Before any asset is disposed of, the relevant Asset Manager must ensure that disposal is appropriate by considering:

- The usefulness of the asset.
- Ability of the item to be re-used or recycled for Council purposes.
- Results of any community consultation.
- The current market value of the asset.
- The ongoing annual cost of maintenance of the asset.
- The remaining useful life of an asset.
- Any alternative Council use of the asset.
- If the asset can be redeployed within Council.
- Any duplication of the asset or the service provided by the asset.
- Any impact the disposal of the asset may have on the community.
- Any cultural or historical significance of the asset.
- Council's long term plans and strategic direction.
- Other restrictions on the proposed disposal.

Preparing Assets for Disposal

The Asset Manager is responsible for checking the assets are suitable for disposal, including but not limited to:

- Additional items not intended for sale are not included within the asset for disposal.
- Records, files and papers containing Council information are removed.
- Digital information is not contained with the item or has been effectively deleted and is no longer accessible. This includes emails, text messages, pictures, videos, and any other digital information in memory or on hard drives.
- Hazardous materials are removed.
- Any Corangamite Shire mark or logo is removed.
- Electrical Items are labelled second-hand and have been tested and tagged or, in the case they have not been inspected, are labelled not safe for use in accordance with Energy Safe Victoria's guidance <https://www.esv.vic.gov.au/technical-information/electrical-appliances-and-equipment/sale-and-supply-of-second-hand-equipment/>

Ancillary parts and spare parts held for that particular item, and no longer any use to Council, will be disposed of with the assets as part of the item.

If the item for disposal is defective and/or poses a safety risk the item will be disposed of by destroying or decommissioning and discarding in an appropriate manner. Advice is available from the HR Department in the case there may be a health and safety risk in the handling or disposing of the asset.

Consideration of Disposal Methods

Council Asset Managers will dispose of assets through one of the following methods:

- a. **Trade-in:** trading in assets to suppliers.
- b. **Expressions of interest:** seeking expression of interest from buyers.
- c. **Open tender:** openly seeking bids through tenders.
- d. **Public auction:** advertising for auction through local paper or procuring the services of an auctioneer.
- e. **Destroy or Decommission:** destroying or decommissioning the asset so that it can not be used for its intended purpose.
- f. **Donation or Gifting:** donation or gifting of Council owned assets to a non-profit organisation or recycler relevant to that product.

The disposal of assets will be the responsibility of the Asset Manager for those assets. Advice will be sought from the Procurement Officer for the correct procedure on each of the disposal methods.

Selection of a suitable method will include consideration of:

- The public demand and interest of the asset.
- The method most likely to return the highest revenue.
- The cost of the disposal method compared to the expected returns.
- Compliance with other statutory and/or other obligations.

Purchase of Assets by Council Employees and Councillors

Council employees and Councillors will only be permitted to purchase assets if the disposal method is:

- a. open tender; or,
- b. Public Auction.
- c. Public EOI

If purchased through this method Council employees will follow the Code of Conduct policy, including declaring a conflict of interest (if relevant) and not being involved in the decision making process.

Council employees cannot obtain assets by Donation/Gifting methods of disposal.

Donation or Gifting Assets to Non-Profit Organisations

Asset Managers should only consider donation/gifting assets which have been identified for disposal, in response to a written submission.

In considering any request the following criteria are relevant:

- Community groups will receive equitable treatment to avoid claims of bias.
- The non-profit basis of the organisation should be considered to ensure that the intended use of the asset is non-commercial.
- Removal of the asset is at the full cost of the receiving group/organisation.
- Any ongoing maintenance will be the responsibility of the group

Donations of surplus Council assets with a residual value of \$0 to \$20,000 may only be made with the authority of the Chief Executive Officer.

Donation of surplus Council assets with a residual value of greater than \$20,000 may only be made by resolution of Council.

Where removal of a donated asset is to be carried out by the receiving group/organisation the Asset Manager must undertake a risk assessment to ensure it is being done in a safe manner. This will include removal or dismantling by person qualified to do so. The group should provide evidence of all relevant insurances. The Risk Management Coordinator can provide support.

Destroy or Decommission

Destruction or decommissioning of an asset will result in that asset no longer able to be used for its intended purpose. The asset should be discarded appropriately.

In some instances the asset may have component parts that have residual value which can be recycled or reused.

Preference will be given to reuse and recycling.

- a. Residual value – where asset components have residual value and can not be used by Council they must be disposed of in line with this policy. Where parts are retained for reuse should be managed in accordance with Council's Attractive and Valuable Minor (Portable) Assets Procedure.
- b. Recycled – recycling of all assets must be done through Council's scrap or recycling contracts **or through a reputable recycling collection and support service e.g. Planet Ark (businessrecycling.com.au).**

No component parts may be taken by staff members under any circumstances. Recycled asset components cannot be sold for the benefit of individual staff members, staff social clubs or fundraising.

Council Obligations

Under Occupational Health and Safety Act 2004 (section 30) and Regulations (part 3.5) Council has obligations to ensure the safety of used plant. Council is deemed a “supplier” under the Act and has the following duties:

- Ensure that the plant is safe to use, so far as is reasonably practicable, and does not create risks to the health of people who might use it or be exposed to it.
- Provide the purchaser with all relevant information about the purpose for which the plant was designed manufactured and supplied; information about any conditions necessary for safe use; and any existing service records.

These supplier duties apply where the plant is to be used in a workplace. This policy recommends that this is good practice to follow if it is known to be used exclusively by a private user.

If the item is not safe to use, the Asset Manager will dispose of the asset by Destroying or Decommissioning.

More detail and guidance on this issue is available from WorkSafe.

Whilst these requirements apply to “plant” this policy recommends that it be applied to other assets such as minor equipment, where manuals and service records are available.

Buyer’s Risk

All purchasers of disposed assets must agree in writing that before taking possession of any Council Asset, that no warranty is given by Council in respect of the condition of the Asset and Council will not be responsible for the maintenance, repair or breakdown following the disposal. Buyers are to rely on their own investigations regarding the condition prior to purchase.

Exemptions From This Policy

There may be emergencies, or disposals of assets, in which the process outlined will not deliver the best outcome for Council.

The following conditions should be met:

- a. Preparation of a business case clearly outlining the reasons for seeking exemption from this policy.
- b. Chief Executive Officer approval.
- c. Recording in Council records system.

Notifying Of Disposal

The Asset Manager (or custodian, where this is the case) is responsible for ensuring that the disposed asset is reported to the relevant officer so that the asset is disposed of from Council’s asset register.

This register needs to be maintained in an up to date manner to reflect Council’s asset holding and financial status. This is required by the Australian Accounting Standards Board and Victorian Auditor General.

The Asset Manager must also ensure Council’s Finance Department is advised of the disposal price and, in the case of a trade in the full cost of the new asset and the amount that was received for a trade in, to ensure that any revenue generated by Council is accurately recorded.

Refer Appendix 1 Asset Disposal Approval And Notification Form.

Records

It is the responsibility of the Asset Manager to record the reason for using a specific disposal method and all records associated with that method. All records must be recorded in Council asset register and records system.

Delegations Matrix

Authority to dispose of assets resides with the following personnel subject to secondary approval by their Manager or Director using the Asset Disposal Approval and Notification Form (Appendix 1).

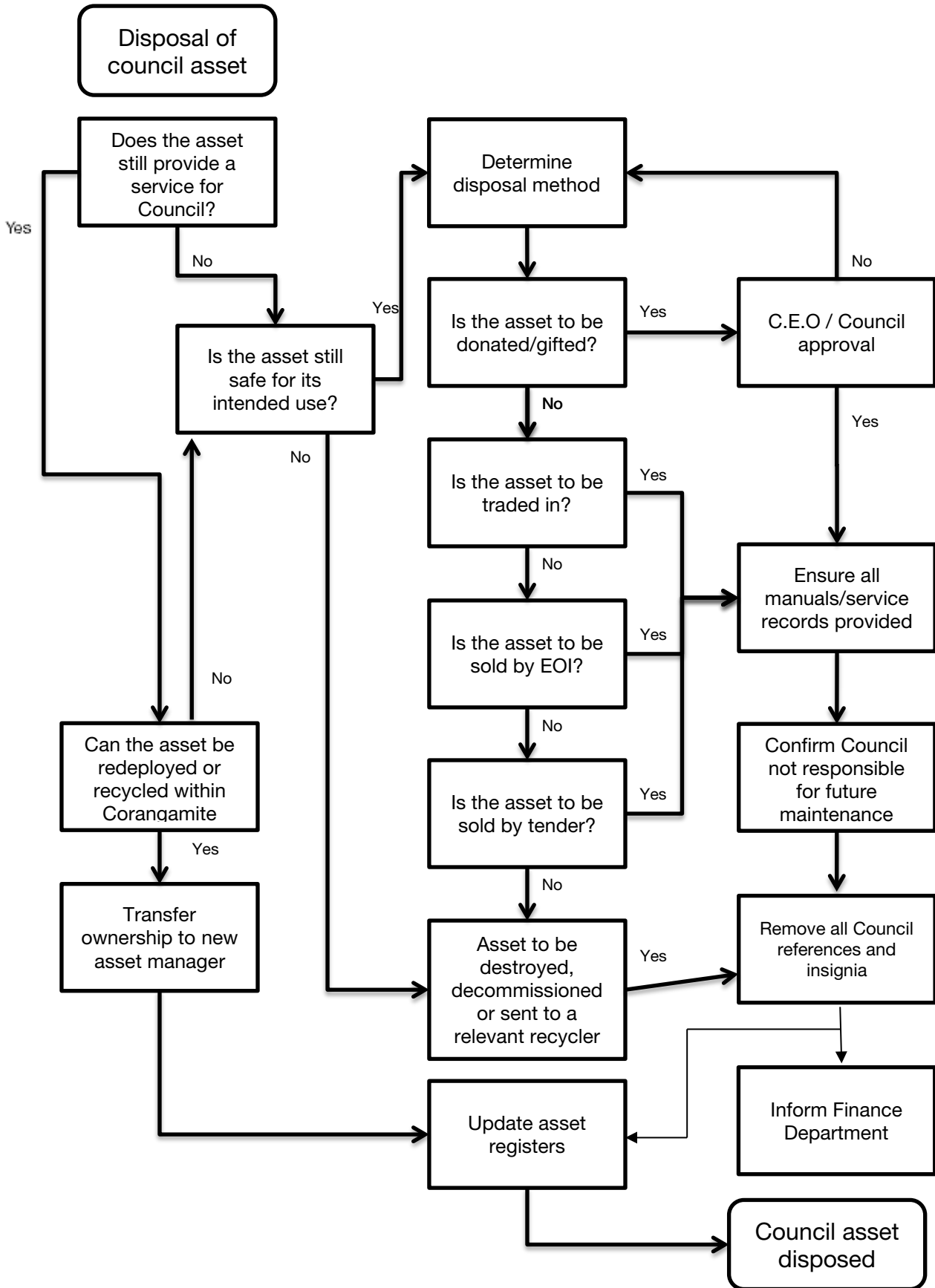
Where an asset is to be disposed of by donation or gifting the residual value of the asset in question will apply.

| Disposal Type | \$0 - \$20,000 | > \$20,000 |
|--|-------------------------|----------------------|
| a. Trade-in b. Expressions of Interest c. Open Tender d. Public Auction e. Destroy or Decommission | Asset Manager | Asset Manager |
| f. Donation or Gifting | Chief Executive Officer | Council Resolution |

Review Date

Disposal of Assets Policy will be reviewed every 4 years.

It is considered that this Policy does not impact negatively on any rights identified in the *Charter of Human Rights and Responsibilities Act 2006*.



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| Corangamite Shire Asset Disposal Approval and Notification Form |
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1. APPROVAL TO DISPOSE OF ASSET

Please complete and provide to the relevant personnel to provide secondary authorisation

Approval for disposal of Council’s asset as detailed below, is given to:

ASSET: _____

ASSET ID: _____

Reason: _____

Method of Disposal: _____

Estimated Value: _____

ASSET MANAGER: _____

POSITION: _____

APPROVED BY: _____ **DATE:** _____
Name of Manager or Director

POSITION: _____

SIGNATURE: _____

2. NOTIFICATION OF ASSET DISPOSAL

Please complete and provide to the relevant personnel to update Council’s asset register and finance records

The above asset was disposed of as per details above:

Yes / No **ASSET MANAGER signature:** _____

The asset register has been updated to record this asset as disposed:

Yes / No **STAFF MEMBER signature:** _____ **DATE:** _____
Name of Staff updating register

Council’s Finance Department has been advised of the asset disposal and derived revenue:

Yes / NA **STAFF MEMBER signature:** _____ **DATE:** _____
Name of Staff updating register

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| This completed form must be filed in Council’s central filing system. |
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