

## **DISPOSAL OF ASSETS POLICY**

<b>Responsible Department:</b>	Corporate and Community Services
<b>Responsible Section:</b>	Financial Services
<b>Responsible Officer:</b>	Manager Financial Services

### **Objective**

To establish a policy and procedure for which Narrabri Shire Council can obtain the best possible return for the asset that are being disposed as well as maintaining probity and transparency throughout the process.

### **Introduction**

This policy and procedure is for the disposal of asset and applies to all levels of Narrabri Shire Council with the exception of the disposal of Council Vehicles and Operational Plant which come under the Motor Vehicle Policy and Plant Management Plan.

An "asset" is of value to Council; only in so much as it continues to cost effectively support the delivery of the Council's services. Assets that are no longer needed should be disposed of promptly.

The "disposal" must achieve best value for money on return. In addition to price, the disposal process is to include consideration of the economic environment, Council's Code of Conduct, Sustainability and Work Health & Safety Policies.

The disposal method that is chosen must promote fair and effective competition to the greatest extent possible, and disposals should be conducted in an ethical manner. The disposal process should follow as below;

### **Policy**

#### **1. Decision to Dispose**

- 1.1. The decision to dispose of assets involves the identification of the "asset" as no longer being required by Council.
- 1.2. Before any disposal action can be taken, it is necessary to seek approval for the disposal of the asset. Some common criteria for determining that the asset may be suitable for disposal include:
  - No longer compliant with Work Health & Safety Standards;

- Obsolete due to changed procedures, functions or usage;
- Found to contain hazardous material;
- Reaching optimum selling time to maximise returns;
- Beyond economical repair;
- Stock item with no year to date movement for the past financial year;
- Excess water sales from river bore allocations.

## 2. Estimate the Value

- 2.1. An accurate valuation of the asset assists in selecting the most appropriate method of disposal, and identifying the necessary level of approval.
- 2.2. Valuation is dependent upon the market and the perceived advantages of the good to buyers in the market.

## 3. Factors to Consider in Disposal

- The market available for the asset;
- Time considerations (water sales are time sensitive-market will determine optimum sale period);
- Council resources required to manage the disposal;
- The costs associated with the different disposal methods, i.e. administration and transport cost to council;
- The size, portability and number of asset;
- Benefits of the different disposal methods;
- Special factors to be considered in the disposal process are - Heritage or cultural interest items and/or Hazardous or polluting substances.

## 4. Disposal Method

- 4.1. Methods of disposal include;
  - Negotiated Sales and Verbal Quotes - for asset valued up to \$1,000 may be negotiated sales and verbal quotes
  - Auction - Asset valued up to \$150,000 may be disposed of by auction. Written Quotations - asset valued over \$1,000 but not exceed \$150,000 may be disposed of by publicly advertised Quotations
  - Asset valued over \$150,000 - if the estimated value of the asset exceeds \$150,000 it may be publicly advertised for Tenders and needs approval from the Council before handing over the asset.
  - Destruction - writing off the value of the asset and recycling or destroying the item.
  - Donation to Charities or Community/Non-profit Organisations.

- Water sales up to value of \$250,000, will be approved by General Manager. All water sales will be publicly advertised by an accredited sale agent. Expressions of Interest will be called for water sales in writing by an accredited agent. All sales will be advertised locally.

## 5. Obtain Approval for Disposal Process

- 5.1. Approval must be given before proceeding with the disposal. to proceed with the disposal.
- 5.2. This must be in writing using the Disposal of "Asset" Request Form. (Attachment 1)
- 5.3. Authorised approvals are;
 

Up to \$75,000	Director
\$75,000 to \$150,000	General Manager
\$150,000 and onwards	Council (with the exception of water sales greater than \$150,000 and less than \$250,000 which will be approved by the General Manager. Water sales above \$150,000 and approved by the General Manger.
- 5.4. The completed and signed form should then be forwarded to the Procurement Officer to organise disposal of asset.
- 5.5. Regardless of the method of disposal, probity must be maintained and any changes to the disposal process, terms and conditions must be communicated to all potential participating parties.
- 5.6. In the case of external tenders, the section that benefits from the proceeds of the sale will be responsible for advertising costs. Tenders will be open for fourteen (14) days. Once the tender is closed, a Tender Committee is formed to open the tenders and record the details.
- 5.7. Once the Committee has met, the section is advised of the tender results and approves the final disposal. The successful bidder is advised by letter from Council. The purchaser is required to pay the purchase price to Council's Cashier and must present the receipt to the responsible officer prior to collection of asset.

## 6. Effectiveness of the Disposal

- 6.1. Council employees are to ensure that the assets are properly prepared for disposal and that it is made clear to potential buyers that the assets are being sold at the buyer's risk. Buyers are to rely on their own enquiries regarding the condition and workability of the items.
- 6.2. After disposal of Council assets, the proceeds from the sale of the assets will be placed in the account nominated by the Section.

- 6.3. The details for the disposal should include the current written down value (Asset Register), estimated and actual sale prices and the purchaser's details.
- 6.4. Council staff involved in disposal need to understand their responsibility to disclose actual or perceived conflicts of interest that may arise in the performance of their duties. If there is a conflict of interest the staff member should seek advice from their Departmental Director.

## History

Minute Number	Meeting Date	Description of Change
359/2014	June 3, 2014	Adopted
173/2017	August 15, 2017	Adopted
	October, 27 2020	Rebranded

## DISPOSAL OF "ASSETS" REQUEST FORM

**Tender/Quote Number:**

**Closing Date:**

**Brief Description of Assets being disposed:**

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**Current Written Down Value = \$**  
(as per Asset Register)

**Estimated Value = \$**  
(For Disposal)

**Method of Disposal:** *(please circle applicable)*

**Scrap**

**Auction**

**Donation**

**Tender**

**Negotiated Sale**

<b>Preferred Buyer:</b>
<b>Reason for Selection:</b>

**Disposal Approval Authorisation:**

<b>Name:</b>	<b>Position:</b>
<b>Signature:</b>	<b>Date:</b>

**Relevant Asset Owner:**

<b>Advertisement Required: Yes / No</b>	<b>Tax Invoice Number:</b>
<b>Successful Buyer:</b>	<b>Actual Sale Price: \$</b>
<b>Buyer's Address:</b>	
	<b>Sale details/price written in Asset Register Yes / No</b>
<b>Signature:</b>	<b>Date:</b>