

| ASSET PURCHASE AND DISPOSAL POLICY | | | |
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| This document is to be reviewed once every Council term. Next review date: April 2018 | | | |
| RESPONSIBLE OFFICER | | | General Manager |

PART 1: INTRODUCTION

1.1 Policy Objective

The purpose of this policy is to ensure that:

- (a) Assets purchased by Council are best suited for the intended purpose
- (b) There is accountability and transparency in the selection, purchase and disposal of assets; and
- (c) Council obtains value for money for asset purchases.

1.2 Scope of Policy

This policy applies to all assets, including plant and vehicles, owned by Council

1.3 Definitions

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| The Act- | Refers to the Local Government Act 1993. |
| Light Vehicles- | All sedans, wagons, utilities and light trucks under 4.5 tonne. |
| Trucks- | All trucks over 4.5 tonne. |
| Tender- | As defined in the Local Government Act. May take the form of Open or Selective Tenders. |
| Invitation- | Request for Tender, Quote or Offer for the purchase or sale of assets. |
| Open Invitation- | The invitation to Tender, Quote or offer is advertised appropriately in relation to the value of the contract. |

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| Selective Invitation- | Preparation of a short list of Invitees following a call for Expressions of Interest advertised appropriately in relation to the contract. |
| Heavy Plant- | Includes but not limited to loaders, graders and backhoes. |
| Small Plant- | Included but not limited to mowers, brush cutters pumps and chainsaws |

1.4 Related Documents

Local Government Act 1993
 Local Government (General) Regulation 2005
 Asset Management Policy
 Code of Conduct
 Fraud and Corruption Policy
 Independent Commission Against Corruption Act 1998
 Statement of Business Ethics

PART 2: Policy Content –

PLANT AND VEHICLES

2.1 General Principles

Riverina Water operates a range of plant and vehicles to enable it to best serve the customers in the provision and distribution of water.

This Policy is intended to ensure that the most suitable plant is purchased, balanced with best value principles. It is also provided to ensure that plant and vehicles are replaced in a transparent manner and in accordance with legislative provisions and guidelines issued by the Division of Local Government and ICAC.

Council will maintain a plant replacement program to ensure effective management of all plant and vehicles. This program shall schedule all vehicles and plant to be replaced each year with estimated replacement value. The allocation required shall be included in the annual budget.

2.2 Policy Provisions

The provisions of this policy are set out below;

2.2.1 *Criteria relating to purchase of plant and vehicles*

Vehicles and plant are to be selected for purchase on the following factors;

- (a) Suitability for the intended purpose of the item, make or model
- (b) Reliability, service costs, operator preference, reputation and running costs
- (c) Purchase cost and resale potential

2.2.2 *Replacement Frequency*

Vehicles- changeover will be based on optimum replacement timing in order to achieve the lowest average annual cost during the life of the vehicle.

Plant- replacement of earthmoving plant and trucks will generally be between two years and twelve years following an individual assessment of deterioration, reliability, frequency of use, and improved technology.

This criteria recognises that some plant items need not be replaced due to age where an assessment of serviceability has been conducted and a determination made that the item of plant is serviceable.

2.2.3 Method of Purchase

Vehicles

Vehicles requiring replacement will be advertised locally and /or specification sheets will be given to local motor dealers.

Quotations received will be determined after consideration of criteria as set out in 2.2.1 of this policy.

As an alternative, this policy reserves the option to replace vehicles under the NSW Procurement Contract.

Minor Plant

The annual replacement program will provide an allocation for the purchase and replacement of minor plant such as pumps, mowers, chainsaws etc. Quotations in accordance with councils purchasing policy shall be obtained prior to the purchase of minor plant.

Heavy Plant

Major plant purchases are advertised under tender arrangements.

2.2.4 Method of Disposal for Plant and Vehicles

Vehicles and plant will be disposed of using the most financially advantageous method. Acceptable methods include;

- (a) Auction. (Reserves set at market values)
- (b) Dealer Trade.(Minimum of 3 trade prices required)
- (c) Private sale by sealed tender following approved procedures.

No process favouring disposal to staff will be permitted.

OTHER ASSETS

2.3 General Principles

Purchase of other assets is covered by the provisions of Councils Purchasing Policy (Policy 1.19)

2.4 Method of Disposal for Other Assets

2.4.1 General Principles

Whilst the same principles and standards that apply to the purchasing process equally apply to the process of selling or disposing of other assets, the following have specific application to the sale or disposal of assets:

- Transparency and accountability in sale and disposal practices and procedures.
- Thorough community consultation on proposed sale or disposal of significant and important assets.
- The equitable distribution of and access to quality physical assets within Riverina Water County Council service area.
- Recognition of opportunities to enhance local economic development and growth.
- The benefits of quality physical asset management including better service delivery, optimising the utilisation of assets, higher return on investments and creating opportunities to facilitate new facilities and services.
- Compliance with all statutory obligations. Commercial confidentiality.
- Consideration of ecological impact.
- Equitable, efficient and defective practices and decisions.

2.4.2 *Criteria*

The following criteria should be considered in deciding which method to use for the sale or disposal of land and assets:

- The number and type of known potential purchasers of the land or assets.
- The original intention for the use of the land or asset when purchased.
- The original method and intent of Council in obtaining ownership or custodianship of the asset.
- The current and possible preferred future use of the land or assets.
- Potential for development and local economic growth. Estimated value of the asset.
- The level of public interest in the disposal.

2.4.3 *Methods of Disposal*

The following general methods of sale or disposal of Council's assets are acceptable:

- a) Relocation of an asset which is surplus from one area within Council to another area within Council which can utilise the asset.
- b) Trade-in on new Assets.
- c) Sale by public auction.
- d) Open invitation to quote to staff in specific circumstances such as the disposal of obsolete equipment that has no significant market value.
- e) Open invitation to tender or quote to the public through advertisements in the media.
- f) Direct approach to potential purchasers in specific circumstances, such as:
 - Prior ownership of the land or asset
 - The owners of land adjoining the parcel of land for sale
 - Direct relationship with an asset
 - Prior contractual arrangement.
- g) Donation to charitable institutions or local community service organisations, such as the SES.
- h) Disposal at a Registered Tip.
- i) Scrapping of obsolete assets via disposal at a Registered Tip or Recycling Facility.

Council staff may only purchase assets being disposed of through an arm's length competitive process, such as calling of expressions of interests from staff or public auction. Assets will not be sold to individual staff by private treaty unless extenuating circumstances apply and only then with the express consent of the General Manager. Assets being scrapped are only to be taken by Council staff with the consent of the General Manager.

2.4.5 *Tenders*

Should Council determine to invite tenders or expressions of interest for the sale or disposal of other assets, the same procedures that apply to the purchasing process equally apply to the process of selling or disposing of land or assets.