

# Asset Disposal Policy

## Purpose

The purpose of this policy is to ensure:

- Accountability and transparency in the disposal of Riverina Water owned assets;
- Compliance with Riverina Water's Code of Conduct, particularly with respect to conflict of interest; and
- Riverina Water's assets are disposed of in a responsible, transparent, and accountable manner in accordance with all relevant applicable legislation (in particular, the Local Government Act 1993 (NSW)).

## Scope

This policy applies to all assets owned and maintained by Riverina Water, and hence is applicable to all Divisions. Examples of assets owned, leased, or controlled by Riverina Water and therefore covered by this policy include but are not limited to plant, vehicles, buildings, land, ICT equipment, motor vehicles, office furniture, machinery, and measuring devices such as water meters.

## Definitions

Asset	Any item of property owned by Riverina Water.
Asset Disposal	The removal of an asset from Riverina Water's ownership.
Beyond economical repair	Classification given to an asset where that asset requires repairs likely to be more expensive than its replacement value.
GST	Goods and Services Tax.
Plant	Includes but not limited to loaders, graders, and backhoes.
Invitation	Request for Tender, Quote or Offer for the purchase or sale of assets.
Light Vehicles	All sedans, wagons, utilities, and light trucks under 4.5 tonne.
Low Value Assets	Assets with a value of \$1,000 or less.
Obsolete	An asset no longer being used because it can't produce value for Riverina Water.

Small Plant	Included but not limited to mowers, brush cutters, pumps, and chainsaws.
Trucks	All trucks over 4.5 tonne.
Tender	As defined in the Local Government Act 1993. May take the form of open or selective tenders.
The Act	Refers to the Local Government Act 1993.

## Principles

### 1. General Principles

#### 1.1 Delegated Authority

With respect to the disposal of assets that are surplus to Riverina Water requirements, the following delegated approval applies:

- a) Where the disposal is valued at \$250,000 or over (including GST), or is the sale of Riverina Water owned land, only the Board has delegated authority to approve.
- b) In addition to the delegated authority to approve disposals up to the value of \$249,999 (including GST), only the Chief Executive Officer (CEO) has delegated authority to approve disposal of assets for a nil cost.
- c) In accordance with delegated authority, Directors can authorise the disposals to the value of their purchasing delegation. This excludes assets being sold for nil cost.
- d) In accordance with delegated authority, Manager Projects can authorise the disposal of fleet and plant assets in accordance with this policy. This excludes assets being sold for nil cost.
- e) In accordance with delegated authority, Manager Information & Technology can authorise the disposal of ICT assets in accordance with this policy. This excludes assets being sold for nil cost.

All requests for disposal are to be made to the relevant Riverina Water official using the Disposal of Assets Request Form.

#### 1.2 Reasons for Disposal

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

- Obsolete.
- Non-compliance with occupational health and safety standards.
- No use expected in the foreseeable future.

- No usage in the previous 24 months.
- Optimum time to maximise return and/or to minimise life-cycle costs.
- Uneconomical to repair.

### **1.3 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).
- Documents on Riverina Water letterhead or which may be used for fraudulent purposes.
- Software (which could lead to a breach of licence or contain confidential data).
- Hazardous materials.

A declaration of reason(s) for disposal is to be completed and approved by an authorised approver, together with the checklist to demonstrate compliance of disposal rules (refer Section 1.4).

As much as practicable, any Riverina Water identifying mark or logo should be removed or obliterated.

Spare parts held for a particular item should be disposed of in one parcel with the asset.

### **1.4 Disposal Rules**

At all times, surplus assets or materials should be disposed of in a way that maximises returns whilst ensuring open and effective competition.

Prior to disposal, a reasonable effort is to be made to ensure no other department has a need for the asset. Items of historical or cultural significance should be given special regard and any dangerous goods disposed of only in an authorised manner.

Advice is to be sought from the Manager Finance & Sourcing regarding the GST and financial accounting implications of the sale of the asset, noting assets with a residual written down value will impact the financial statements of Riverina Water.

No warranty is to be offered on assets sold.

#### **1.4.1 Disposal of Information & Communication Technology (ICT)/ Computer Equipment**

All information technology/computer equipment intended for disposal is to be approved by the Manager Information & Technology. All Riverina Water data and software applications

are to be removed from any hard drives as well as external asset tags and labels connecting a machine to Riverina Water.

The Manager Information & Technology will arrange for the disposal of equipment in accordance with this policy.

## **1.5 Asset Disposal Methods**

### **1.5.1 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.

### **1.5.2 Method of Disposal for Other Assets**

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

- a) Trade-in on new Assets (in line with same number of quotes required for value in purchasing policy).
- b) Sale by public auction.
- c) Open invitation to quote/ tender to staff in specific circumstances such as the disposal of low value assets or obsolete equipment that has no significant market value.
- d) Open invitation to tender or quote to the public through advertisements in the media.
- e) 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
- f) Donation to charitable institutions or local community service organisations, such as the SES.
- g) Scrapping of obsolete assets via disposal at a Registered Tip or Recycling Facility.

### **1.5.3 Sale of Major Assets**

Should Riverina Water 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.

#### **1.5.4 Recording of Sold Assets**

Riverina Water's Finance and Assets team are to be informed of the disposal of an asset, together with all relevant details so that Riverina Water's Asset Register can be updated and appropriate accounting treatments for disposed assets effected.

Upon completion of the Disposal of Assets Form, the form and supporting documentation is to be saved electronically in appropriate location in Riverina Water's electronic document management system (EDRMS).

## **2 Sale to staff/ Board members**

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 Riverina Water assets should not be limited to staff or to elected officials. Members of the public must also be allowed to compete for the purchase.

Riverina Water staff may only purchase assets being disposed of through an arm's length competitive process, such as calling of expressions of interests from staff (for low value assets) 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 CEO. Assets being scrapped are only to be taken by Riverina Water staff with the consent of the CEO.

### **Policy Implementation**

This policy will be implemented immediately upon adoption. A copy will be available on Riverina Water's website and internal intranet.

There are no specific reporting requirements for this policy.

### **Conflict of Interest**

The officer responsible for the disposal of any Riverina Water asset and the relevant Manager must ensure that no conflict of interest occurs in or because of the asset disposal process and must disclose to the CEO any actual or perceived conflict of interest that may arise in the performance of their duties as soon as identified.

The CEO will record the disclosure and implement procedures for the management of control of the conflict including the withdrawal of the conflicted officer from the process, if necessary.

The non-disclosure of an identified conflict of interest will be considered a breach of Riverina Water's Code of Conduct and may lead to disciplinary action.

## **Non-Compliance**

Regular monitoring of compliance with this policy, relevant legislation and Riverina Water policies and procedures will be undertaken and documented by the responsible officer for this policy.

Breaches of this policy are breaches of Riverina Water's Code of Conduct and notification will be made to the CEO.

**Policy number**
**4.02**

Responsible area	Finance & Sourcing
Approved by	Riverina Water Board – Res 23/014
Approval date	23 February 2023
Legislation or related strategy	Local Government Act 1993 Local Government (General) Regulation 2021 Independent Commission Against Corruption Act 1998
Documents associated with this policy	Asset Management Policy Code of Conduct Fraud and Corruption Policy Statement of Business Ethics Procurement Policy Asset Disposal Form
Policy history	28 Aug 1994 Original publication 27 Apr 2011 Res 11/37 15 Oct 2014 Res 14/135 22 June 2016 Res 16/83
Review schedule	Once every Council term.

Policy details may change prior to review date due to legislative or other changes, therefore this document is uncontrolled when printed.

## END OF POLICY STATEMENT