

### 19.3 DISPOSAL OF ASSET

**Objective Reference:****Authorising Officer:** John Oberhardt, General Manager Organisational Services**Responsible Officer:** John Oberhardt, General Manager Organisational Services**Report Author:** Glynn Henderson, Chief Information Officer**Attachments:** Nil

The Council is satisfied that, pursuant to Section 275(1) of the *Local Government Regulation 2012*, the information to be received, discussed or considered in relation to this agenda item is:

(c) *the local government's budget*

(e) *contracts proposed to be made by it.*

**PURPOSE**

The purpose of this report is to request that Council resolve to dispose of an asset in accordance with the best value from three quotes without the need for a tender or auction.

The asset is described as an 'elevated work platform' (EWP) with a written down value of \$194,000 with the best value offer to buy at \$210,000 in excess of an estimated auction sale of up to \$70,000.

**BACKGROUND**

The asset was purchased on 17 December 2013 and is used for operational purposes, particularly for tree trimming and removal. The asset has been subject to a number of mechanical repairs and is recognised for disposal by auction or sale.

Council officers sought quotations to repair or sell in or auction the asset which were received as summarised as follows:

1. Offer 1: By Sherrin Equipment (preferred contractor) to purchase equipment as is, where is for \$210,000 + GST
2. Offer 2: By ACM (current vendor) for the repair cost and logistic totalling \$25,000
3. Offer 3: By Pickles Auctions for an estimate \$60,000 - \$70,000 less Auctions Costs

Council officers recommend the disposal to Sherrin Equipment as the preferred contractor for the amount of \$210,000 + GST without a public tender or auction so as to obtain a better value for money as consistent with the *Local Government Act 2009* (section 104 sound contracting principles), *Local Government Regulation 2012* (section 236 Exceptions for disposal of valuable non-current asset contracts).

**ISSUES**

Over the 5 years of service, this elevated work platform has multiple outages due to mechanical and electrical failure. This has required Fleet Services to hire in a replacement unit for lengthy periods of time at a cost of \$2400 per week. As the vehicle is no longer under warranty, all repair costs are now the responsibility of Council in full. Due to the unreliability of this asset and

potential future exposure to repairs, Fleet Services is recommending early disposal to ensure Council can recover the written down value of the EWP.

The asset is recognised for disposal in accordance with the sound contracting principles by considering (a) value for money; and (b) open and effective competition; and (c) the development of competitive local business and industry; and (d) environmental protection; and (e) ethical behaviour and fair dealing.

The asset is proposed to be sold at its highest value to a local business by first considering the three quotes including independent tender appraisal of what may be obtained at a market auction.

## STRATEGIC IMPLICATIONS

### Legislative Requirements

The disposal is consistent with the *Local Government Act 2009* (section 104 sound contracting principles) and *Local Government Regulation 2012* (section 236 Exceptions for disposal of valuable non-current asset contracts).

### Risk Management

The disposal is consistent with disposal procedures to manage operational and financial risks associated with the continued ownership and use of the asset.

### Financial

The asset disposal price is greater than the written down value of the asset.

### People

There are no staff implications from the report and resolution.

### Environmental

There are no environmental implications from the report and resolution.

### Social

There are no social implications from the report and resolution.

### Alignment with Council's Policy and Plans

The recommendation is consistent with Council's Policy and Plans to obtain better asset disposal values by considering alternative options than standard tenders or auctions.

## CONSULTATION

Consulted	Consultation Date	Comments/Actions
Procurement	15 May 2019	Recommended for Council Resolution.
Legal	14 May 2019	Recommended for Council Resolution under <i>Local Government Regulation 2012</i> (section 236 Exceptions for disposal of valuable non-current asset contracts).

## OPTIONS

### Option One

That Council resolves to:

1. dispose the asset to the preferred contractor; and
2. ensure that the report and annexures remain confidential until the finalisation disposal contract, subject to maintaining the confidentiality of legally privileged, private and commercial in confidence information.

**Option Two**

That Council resolves to:

1. not to dispose the asset to the preferred contractor; and
2. request further to be provided to a future council meeting regarding the operational, financial and market information regarding the asset disposal.

**OFFICER'S RECOMMENDATION**

That Council resolves to:

1. dispose the asset to the preferred contractor; and
2. ensure that the report and annexures remain confidential until the finalisation of the disposal contract, subject to maintaining the confidentiality of legally privileged, private and commercial in confidence information.