DISPOSAL OF GOODS SCHEDULE

Contents

NOTES:

- Terms used throughout this schedule have the same meaning as defined in the *Public Finance and Audit Act 1987*, *Treasurer's Instructions 18 – Procurement,* and the Procurement Glossary.
- All values identified in the framework are in Australian Dollars and are GST inclusive.

Purpose

This schedule details the minimum requirements for the disposal of surplus goods with an estimated total value greater than $55,000.

This schedule does not apply to the sale or lease of real property (land and buildings) or government businesses.

Principles for disposing of goods

Public authorities will apply the key procurement principles detailed in the Procurement Governance Policy when disposing of goods. This includes seeking to achieve value for money and achieving environmentally sensitive, low carbon, socially just outcomes.

To achieve value for money through a disposal process, public authorities will seek to get the best possible return for the goods. This may be a financial return to the public authority or a non-financial return e.g. a benefit to the community through the donation of goods.

Public authorities will dispose of goods in a manner that is lawful, efficient, economical, and ethical.

Records management

Disposals will comply with the *Information and Records Schedule* and with internal records management policies and may need to be recorded in the public authority's asset register.

Public authorities will consider information security when disposing of record storage goods including non-ICT goods (e.g. office equipment) and ensure all physical records are removed prior to disposal.

Steps for disposing of goods

Step 1. Estimation of disposal value

The public authority will estimate the value of the disposal based on the estimated market value of the goods and any costs associated with the disposal such as:

- decommissioning and/or pre-sale treatments, such as cleaning or repairs
- transport
- auction and/or valuation fees
- agent commissions.

The value of disposal is defined by *Treasurer's Instructions 18 - Procurement* as the estimated total value of the goods determined in accordance with any guidance issued by Procurement SA, and any costs associated with the disposal. Determination of the value of a disposal may require a professional valuation for high value or complex goods.

DISPOSAL OF GOODS SCHEDULE

Estimated total value of disposal =

estimated total value of goods (amount expected to be received)

+ estimated costs associated with disposal (amount expected to be spent)

Step 2. Risk and complexity assessment

Public authorities will assess the risk and complexity of the disposal in accordance with the public authority's risk management framework and procurement complexity scale.

Step 3. Selection of disposal method

Public authorities will consult with key stakeholders and select the most suitable method of disposal based on the value and complexity of the disposal.

Disposal methods may include the following.

METHOD	INSTRUCTIONS TO PUBLIC AUTHORITIES
Transfer to another state government entity	Consider whether the goods can be used by another state government entity prior to considering other methods of disposal.
Tender or written quote	Follow the same approach to market as for an acquisition of goods based on the value and complexity of the disposal.
Donation to an Aboriginal Community-Controlled Organisation (ACCO) or SA community based not-for-profit organisation	See 'Donation of goods' section below for further details. Consider government donation programs currently in place.
Public auction	Consider if an existing standing offer with an auction house can be used
Trade-in	Consider the value that could be achieved through the sale of the goods, and acquisition of updated goods separately.
Destruction/recycling	Consider the use of environmentally sustainable methods of destruction or recycling. The destruction of goods or removal to landfill can only be used where the goods: • cannot be refurbished, reused or recycled • have no resale value • cannot be disposed of in any other way, due to a law, government policy or public safety.
Sale to a government employee	Government employees must not derive an advantage through purchasing goods. The decision to dispose of goods to a government employee will only be made by the public authority's Chief Executive (or authorised person), in accordance with the public authority's Internal Procurement Framework or other appropriate departmental policy. All decisions (and reasons for the decisions) will be documented and stored in the public authority's records management system.

DISPOSAL OF GOODS SCHEDULE

Goods with additional disposal considerations and requirements

GOODS	INSTRUCTIONS TO PUBLIC AUTHORITIES
ICT hardware (e.g. laptops, copiers, printers and personal computers)	Consider security, privacy, and records management principles, and residual capital value. Public officers will refer to the Information and Records Schedule and seek advice from in-house ICT areas. All sensitive information will be removed from electrical equipment before disposal.
Vehicles	Dispose of passenger and light commercial vehicles in accordance with arrangements established by the South Australian Financing Authority.
Firearms	Dispose of firearms for destruction in accordance with arrangements established by South Australia Police. Where there is a disposal of a firearm through sale or transfer of ownership, the Chief Executive is responsible for ensuring that any requirements under the *Firearms Act 2015* are complied with and any risks and liabilities are adequately addressed.
Hazardous goods	Dispose of hazardous goods in a manner that adheres to all legislative requirements and safeguards against environmental, and health and safety risks. It is the responsibility of the public authority to make all necessary enquiries to ensure compliance with all relevant legislative requirements. Advice may be sought from the Environment Protection Agency on policy and environmental considerations.
Faulty goods	Goods that are known to be faulty cannot be sold without express, complete disclosure of the fault. There are legally binding obligations which cannot be voided through a contract and which a blanket 'exclusionary' statement may not limit or exclude. Public authorities will contact the Crown Solicitor's Office for advice where required. Public authorities are responsible for identifying whether particular goods are subject to legislation such as the Competition and Consumer Act 2010 or the Fair Trading Act 1987, which may give rise to statutory liability.

Step 4. Development of disposal plan

Public authorities will develop a disposal plan commensurate with the value and complexity of the disposal. For **complex** and **strategic** disposals the disposal plan will document at least:

- description of the goods
- category of the goods (e.g. ICT hardware, office furniture)
- reasons for disposal
- estimated total value and details of how that value was estimated
- risk of the disposal
- selected disposal method and reasons for the selected disposal method.

Step 5. Approval of disposal plan

Public authority Chief Executives can approve the disposal of goods up to any value and may choose to delegate this authority in line with their public authority's system of authorisations to issue procurement approvals.

Approval authority is based on the **estimated total value** of the disposal.

Step 6. Disposal and evaluation

Public authorities will dispose of the goods in accordance with the approved disposal plan.

Disposal contracts, warranties and disclaimers

Public authorities will contact the Crown Solicitor's Office for advice about disposal contracts where required. Public authorities will not make representations to prospective purchasers about the standard, quality or value of goods and should not provide any form of warranty.

Potential purchasers must be made aware that the SA government provides no warranty as to the condition of goods it sells. Purchasers may need to sign a disclaimer that includes a warranty clause. Any residual liabilities associated with the goods will be identified and disclosed to the purchaser.

Evaluating a disposal

All disposal actions will be documented and evaluated against expected outcomes (e.g. estimated total value).

Donation of goods

Public authorities may dispose of goods by way of donation to an ACCO, SA community based not-for-profit organisation, or other similar initiative as deemed appropriate by the public authority.

Public authorities are encouraged to include a plan for donating surplus goods in their internal procurement framework. This may include establishing an initiative for the regular donation of common goods, similar to the government's digital donation program. Approval of such initiative(s) will be obtained from the public authority Chief Executive, or the Treasurer for any across-government initiatives.

Where appropriate, public authorities will undertake research to identify such a community organisation or organisations and apply the principles of equity and fairness when selecting which organisation(s) to donate the goods to.

Public authorities will be aware that the transfer of ownership of goods through the act of a donation does not necessarily remove any liability associated with its continued use. Public authorities may seek advice from the Crown Solicitor's Office on the risks faced by the public authority as a result of continued use of the goods by other parties prior to making a donation.

Risk management

Public authorities will ensure high standards of probity, accountability and transparency are maintained throughout the disposal process. The risk of corruption in the disposal of goods will be managed through robust controls and procedures, in accordance with the public authority's risk management framework.

Public authorities are responsible for adhering to appropriate accounting standards and procedures as part of the disposal process to ensure accurate and transparent financial reporting. The disposal of goods will be undertaken by people with suitable skills and experience.