

Salvage and Disposal Policy Directive

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**Government
of South Australia**

SA Health

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Salvage and Disposal Policy Directive

1. Policy Statement

This policy provides a clear framework for the salvage and disposal of SA Health owned goods and assets (excluding real property i.e. land and buildings), which are obsolete, end of life or surplus to requirement. It is applicable to all operations across SA Health including the Department for Health and Wellbeing (DHW), Local Health Networks (LHN) and South Australian Ambulance Service (SAAS).

The disposal of real property (i.e. land and buildings) is not dealt with in this policy. For information regarding compliance requirements, responsibilities and procedures refer to the Premier and Cabinet [Circular PC114 Government Real Property Management](#).

This policy excludes disposal of Fleet Vehicles, investments and patents.

2. Roles and Responsibilities

2.1 Procurement and Supply Chain Management

Procurement and Supply Chain Management (PSCM) are responsible for the development and maintenance of SA Health procurement policies, procedures and templates.

Provide advice in areas including Approval Authority, Roles & Responsibility, Disposal Process, Authorities/Delegations and Records Management.

2.2 Chief Executive Officers, Local Health Networks

Chief Executive Officers are responsible for:

- > The establishment of regional systems that align with the SA Health Salvage and Disposal Policy and Fact Sheets;
- > The assignment/delegation of disposal authority to responsible officers within the health network; and
- > Ensuring all registers are in place and maintained.

Where an asset is disposed of, or transferred, the Fixed Asset Team, Finance and Corporate Services, DHW must be notified via a completed and approved [Fixed Asset Update Form](#) and sent to Fixed Asset team at OracleFixedAssets@health.sa.gov.au

LHN's must provide a [Fixed Asset Update Form](#) (for items >\$10k) to the Finance and Accounts team with a Disposal Plan attached.

A [Disposal Plan](#) is only required if the current market value or written down value of an asset is \$10,000 or above.

For items <\$10K, the local Attractive Items register must be updated.

For further assistance and to obtain a value estimate, contact the Fixed Asset team at OracleFixedAssets@health.sa.gov.au.

2.3 Fixed Asset Team

Part of Financial Accounting, Corporate and System Support Services Division is responsible as the custodian of the Oracle Fixed Asset Register, including updating the Asset Register when Fixed Asset Update Forms are sent to them.

2.4 SA Health Staff

SA Health Staff are required to dispose of any goods / assets in accordance with the requirements outlined in this policy and the Salvage and Disposal fact sheets.

3. Policy Requirements

3.1 Principles

In disposing of surplus goods and assets, SA Health must have regard for the principles outlined in the Disposal Guideline issued by Procurement Services SA, namely:

- > Obtaining value for money
- > Providing for ethical and fair treatment of participants
- > Ensuring accountability, probity and transparency in Salvage and Disposal operations
- > Ensuring that persons involved in undertaking the disposal process are appropriately capable (i.e. they have suitable skills and experience).

Therefore the objectives of the SA Health disposal process include:

- > Obtaining a reasonable net return to SA Health
- > Treating the risk of liability issues arising as a result of the disposal
- > Ensuring the process is in line with [South Australia's Waste Strategy 2020-2025](#)
- > Recycling goods wherever possible
- > Ensuring ethical and fair treatment of all participants
- > Maintaining probity, accountability and transparency
- > Complying with across-government and SA Health policy requirements including Workplace Health & Safety.

3.2 Disposal

Disposal is an important stage of the procurement cycle. Consideration should be given during procurement planning as to whether there are existing goods or assets that must be disposed of and the most appropriate method of disposal. In addition, consideration should be given to the expected life cycle and the disposal implications of any new items being procured.

In many circumstances it may also be necessary to undertake a disposal independently of a formal procurement process. In all circumstances, the requirements outlined in this policy and the associated Salvage & Disposal fact sheets apply.

3.3 Disposal Approval

In accordance with Treasurer's Instruction 18 Procurement, the procurement authority to dispose of assets has been delegated to the Chief Executive, SA Health.

The Chief Executive, SA Health has delegated responsibility for the approval of the disposal process to key staff within SA Health. Approval authority is based on the estimated gross market value of the disposal (i.e. before taking into account any related disposal costs and expenses). The procurement delegations relating to the approval of Salvage and Disposal for DHW staff are shown in the Governance and Delegations System (GADS) under Procurement Process, Salvage and Disposal. LHN delegations are reflected in each LHN's delegations register.

3.4 Finance Approval

Treasurer's Instruction 2, clause 2.12.1 states that the Chief Executive must "establish authorisations to empower authorised persons to approve asset and liability recognition and de-recognition (e.g. asset disposal/write off)."

Distinct from the procurement approval, financial approval for DHW staff must also be obtained in accordance with the Governance and Delegation System(GADS) to approve the asset de-recognition (e.g. asset disposal/write offs). This delegation is

shown in GADS under Accounting Delegations, General Operations, and Authority to Approve Asset & Liability Recognition & De-recognition (e.g. asset disposal & write-offs). Financial approval must be obtained prior to the disposal of the asset.

3.5 Disposal Process

The disposal process incorporates a number of distinct stages, which must be followed to correctly dispose of an asset. These are detailed in the Salvage and Disposal, Disposal Process Fact Sheet and include:

- > Decision to Dispose
- > Estimation of Value
- > Risk Assessment
- > Selection of Appropriate Disposal Method
- > Obtain Approval
- > Decommission
- > Undertake Disposal.

3.6 Disposal Method Selection

The disposal method will be determined by the type of asset to be disposed, its estimated value, and the residual risks associated with the asset.

When determining the disposal method, the Business Unit may contact Procurement and Supply Chain Management for specific advice on the most appropriate disposal method.

Disposal methodologies may include:

- > Public Auction
- > Public Tender
- > Private Treaty
- > Pre Priced Sales
- > Sale or Transfer To Another Business Unit
- > Sale to Scrap Merchants
- > Trade In
- > Retention for Spare Parts
- > Donating
- > Recycling
- > Dumping.

3.7 Special Considerations

A number of specialised assets have their own specific disposal requirements that must be adhered to. These specialised assets include:

- > Vehicles leased through Fleet SA
- > Hazardous goods
- > Biomedical equipment
- > ICT equipment

Detail regarding the specific disposal requirements for these assets can be found in the associated SA Health Salvage and Disposal fact sheets.

3.7.1 Vehicles

SA Government will continue to be responsible for funding and ownership of the fleet, provide ongoing policy, contract management, ongoing responsibility for accident management claims and repairs and the short term vehicle pool.

Pickles Auctions will be responsible for:

- > Fair Wear & Tear assessment of returned vehicle
- > Disposal of vehicles.

3.7.2 Biomedical Equipment

The disposal of biomedical equipment (including disposal method) must be determined and managed by SA Biomedical Engineering (SA BME). This will ensure that:

- > Adequate care is taken to ensure the safe disposal of medical devices containing potentially hazardous materials and medical devices that may inflict injury in the hands of untrained individuals. In some instances, equipment may need to be decontaminated before disposing
- > Data is erased prior to disposal from systems containing sensitive clinical / patient information
- > Proper research and risk management is undertaken by the biomedical engineering service provider.

For further advice please contact your local biomedical engineering provider.

3.7.3 Hazardous and Pollutant Stores

Stocks of hazardous or potentially pollutant stores requiring disposal must be disposed of in a safe and environmentally responsible manner. Care must be exercised to ensure that there is no health risk to employees, members of the public or the environment when disposing of hazardous and/or pollutant stores.

Advice should be obtained prior to the disposal from the relevant authority, such as the EPA, local council, or manufacturer on local regulations, safe handling and disposal options, and collection or processing facilities.

In addition, officers disposing of known hazardous substances should check requirements from Material Safety Data Sheets (MSDS).

External expertise should be engaged where appropriate to ensure the hazardous goods are disposed of in a safe manner, in accordance with regulatory requirements. In particular, such expertise should be engaged when moving or disposing of stores which have remained undisturbed for lengthy periods and may pose some hazard.

3.7.4 ICT Equipment

On 27 November 2017, some computing services provided to SA Health staff have transitioned to an external provider, DXC Technology, as part of a new whole of government service contract.

These services, known as End User Computing (EUC), involve the provision, support, and **disposal of tablets, laptops and desktop computers**. For more information on the disposal of such assets, please contact eHealth Systems Service Desk on 1300 138 913.

3.8 Special Categories

Procurement of Reusable Items

Business Units/Health Sites should consider the purchase of products which are resource and energy efficient in both production and use, are recyclable, and minimise pollution.

Some items assessed as unserviceable can be refurbished or repaired. Business Units/Health Sites should consider this option before deciding to dispose of goods. As goods that are broken or unserviceable bring little if any return when sold, Business Units/Health Sites should establish proper asset management practices to monitor asset performance with a view to repairing, refurbishing, or replacing items before they become unserviceable.

There are also goods that can be returned to the manufacturer for refurbishment and resale. Items include, but are not limited to:

- > LPG, oxygen and acetylene cylinders
- > Tyres
- > Toner cartridges.

These, and other returnable items, would normally be sold at their market value to the original supplier unless assessed as having no resale value or unless provision was made in the original purchase contract for the return of items.

Some high value assets may have been purchased under a contract, giving the supplier the option of first refusal. This information should be included on the asset register and checked before the asset is sold on the open market.

3.9 Write Off the Value of Assets

Where a Business Unit/Health Site considers goods to be worthless, and where their disposal will produce no offsetting revenue, it should write the goods off.

It is not necessary to write off assets sold or donated; however the fixed asset register should reflect the relevant details.

In order to update the fixed asset register a [Fixed Asset Update form](#) must be sent to the Fixed Asset Team, Finance and Corporate Services, DHW, where an asset has been disposed of.

3.10 Liability

In the event that a sale through auction, tender or otherwise, or donation is conducted, no warranty is to be provided as to the condition of the assets to be sold. Goods are purchased at the buyer's risk. The sale tender, auction catalogues or any other sale documentation should provide a full description of the asset, specify that the asset is sold 'as is, where is' and invite prospective buyers to inspect the asset before the sale.

The responsible officer undertaking the disposal must not engage in conduct that is misleading, deceptive and should not make representations to prospective purchasers concerning standard, quality or value of goods.

3.11 Sale Transaction

In certain circumstances it will be appropriate to vet buyers to avoid the possibility of the asset being used for purposes or in circumstances contrary to the public interest or government policy.

Successful buyers are to sign the [Agreement for the Sale and Purchase of Goods](#) to consent to the conditions of the sale prior to collecting the purchased asset. However, where a disposal is complex or of high value, a tailored disposal contract may be appropriate. This should be determined early in the disposal process. In such circumstances, Procurement and Supply Chain Management should be consulted prior to disposal.

Following the selection of the successful buyer, ensure that all sale requirements, including dates for payment, are met. Delays in payment can signal financing difficulties, which may ultimately result in the failure of the sale.

3.12 Document Management

Key decisions, data and discussions during the disposal process must be documented and filed. Accurate and detailed records must be kept to enable subsequent reviews and audits to understand the justification for key decisions. Documentation may include:

Acquisition Plan

- > Detail assets that will become surplus to requirements as a result of this procurement process
- > Identify how the surplus assets will be disposed
- > Estimate the value of the surplus items.

Disposal Plan

- > Valuation
- > Risk Assessment
- > Decommission documentation / certification
- > Disposal Method
- > Approvals.

Sale by Tender Documentation

- > Responses
- > Approved sale instructions
- > Signed 'Condition of Acceptance of Goods' form
- > Acceptance and removal from premises
- > Fixed Asset Update Form
- > Oracle Fixed Asset Register.

Procurement related documentation (including Acquisition Plans, Purchase Requisitions, and Sale by Tender Documents) and Response documents must be treated confidentially and stored in a secure location. The level of document security should be commensurate with the nature of the disposal.

3.13 Financial Requirement

Disposal of assets must be reflected in the general ledger and the Oracle Fixed Asset Register (FAR). Proceeds from the asset disposal may be put back against DHW funds, however it must be clearly identified that the original purchase was funded from the same location and the allocation of the proceeds must be approved as part of the financial approval.

On disposal, if the market value of the asset is greater than \$10,000, or has a depreciation value greater than \$10,000, a Fixed Asset Update Form must be completed and attached to the Disposal Plan and sent to the Fixed Asset team. Refer to the [Disposal Process Fact Sheet](#) for further information.

Also refer to the [Plant and Equipment Retirement Policy Directive](#) and the [Capitalisation of Plant & Equipment Policy Directive](#).

4. Implementation & Monitoring

All agencies are expected to comply with the Salvage & Disposal Policy and its associated documents.

An exemption to any aspect of the Salvage & Disposal Policy can only be sought by written request to the Executive Director, PSCM.

5. National Safety and Quality Health Service Standards

N/A

6. Definitions

In the context of this document:

- **Asset** means: a resource controlled by SA Health from which future economic benefits are expected to flow. Assets range from cash to buildings and major items of equipment. Assets are normally considered to have a value exceeding \$10,000 except for Attractive Items (see below) or can be a group of similar items with similar characteristics that have an individual value of less than \$10,000 but when grouped together, represent a total value, which is a significant value of the entities' assets.
- **Attractive Item** means: an asset of a non-consumable nature and individually costing less than \$10,000. The record of Attractive Items is maintained in the Attractive Items Register. Attractive Items are usually portable and can be easily removed or concealed and due to their nature, are susceptible to loss or theft. Attractive Items can be easily converted to cash (resale) or attractive for personal use. Examples include CD players, videos, cameras, projectors, mobile telephones, laptop computers, printers, office machines and photocopiers.
- **Goods** means: any other items not defined as an Asset or an Attractive Item that individually or as a group of similar items have a realisable value and would provide a return over and above the costs of salvage or disposal action to SA Health.
- **Asset Decommission** means: the process undertaken to ensure an asset is fit for disposal, which may include the removal of hazardous components, safety inspection and certification, and the removal of confidential material (ie data and intellectual property).
- **Donation** means: a voluntary transfer by the donor to the donee without compensation or benefit flowing from the donee to the donor. A donation is a transfer that is motivated by detached or disinterested generosity or out of affection, respect, admiration, charity, or similar impulses. Generally, donations are irrevocable, and beyond a possible designation of use, the donor does not impose contractual requirements or subsequent reports as a condition of the donation.
- **Not for Profit (NFP) Organisation** means: an organisation that is operating for its purpose and not for the profit or gain (either direct or indirect) of its individual members. NFP organisations include charities, community service organisations, sporting and recreational clubs and Commonwealth Government or local government council.

7. Associated Policy Directives / Policy Guidelines and Resources

The following documents are either referenced or related to this document:

Whole of Government - Compliance

- > [Green Industries Waste Act 2004 \(Formerly Zero Waste SA Act 2004\)](#)

Whole of Government

- > [Zero Waste SA – South Australia's Waste Strategy 2020-2025](#)
- > [Department of Treasury and Finance, Treasurer's Instruction 2, Financial Management](#)
- > [Department of Treasury and Finance, Treasurer's Instruction 18, Procurement](#)

SA Health

- > [SA Health Internal Procurement Framework](#)
- > [Procurement and Supply Chain Management Policies and Guidelines](#)
- > [SA Health Disposal Policy](#)
- > [SA Health Disposal Fact Sheets](#)
- > [Plant and Equipment Retirement Policy Directive](#)
- > [Capitalisation of Plant & Equipment Policy Directive](#)
- > [Agreement for the Sale and Purchase of Goods](#)
- > Oracle Assist- <http://in.health.sa.gov.au/OracleAssist>
- > [Fixed Assets Definition Factsheet](#)

8. Document Ownership & History

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Approval Date	Version	Who approved New/Revised Version	Reason for Change
7/7/2021	V3	Deputy Chief Executive, Corporate and System Support Services	Amendments related to the new <i>SA Government Procurement Policy Framework</i> , including <i>Treasurer's Instruction 18 Procurement</i> . Added out of scope items (i.e. real property, fleet vehicles, investments & patents).
19/02/2018	V2	Executive Director, Procurement and Supply Chain Management	Formally reviewed in line with 1-5 year scheduled timeline for review.
30/1/2013	V1	PE	Original approved version.