




Disposal Strategy

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1. Introduction

The Department shall dispose of redundant and obsolete assets aligned with the prescripts of Treasury Regulations, 2005, issued in terms of the Public Finance Management Act 01 of 1999 as amended by Act 29 of 1999, chapter 16A, section 7.

Disposal of moveable assets shall be at market value. Disposals shall be done by way of price quotations, competitive bids or public auction, whichever is most advantageous to the state, unless determined otherwise by the Northern Cape Provincial Treasury.

However, redundant assets shall also be disposed of by means of donation to nonprofit organisations that that have been issued with a valid registration number in terms of the Nonprofit Organisations Act, no 71 of 1997.

2. Definitions

The disposal phase is initiated when the economic life of an asset has expired, or when the need for the service provided by an asset no longer exists.

2.1. An asset is regarded as redundant when:

- It would have ceased to operate or provide the intended service for which it was initially acquired for.

2.2. An asset is regarded as obsolete when:

- It is beyond economic repair.
- It is irreparable.

3. Means of Disposal – Redundant and Obsolete Moveable Assets

3.1. Free of charge transfer of redundant assets to another provincial department. The receiving department shall collect the assets from the Department of Transport, Safety and Liaison.

3.2. Donation of redundant assets to nonprofit organisations (NPOs) registered in terms of the Nonprofit Organisations Act, no 71 of 1997, which are rendering services to communities.

3.3. For obsolete assets three (3) other means of disposal are preferred, i.e.:

3.4. Public auctioning



3.5. Price quotations

3.6. Competitive bidding process.

4. Disposal Committee

4.1. The Head of Department shall appoint a Chairperson, Secretariat and members of the disposal committee for a period of two (2) years.

5. Roles and Responsibilities

5.1. Official(s) of the asset management unit, programme managers at provincial office, district and traffic station managers are to physically check and verify the future usefulness and condition of office furniture i.e. whether office furniture is redundant or obsolete.

5.2. The asset management unit is responsible for compiling the disposal list report of recommendation in respect of the assets earmarked for disposal.

5.3. Disposal reports are tabled to the disposal committee with a view of advising whether assets are indeed redundant or obsolete.

5.4. The disposal committee shall decide upon the means of disposal i.e.

5.4.1. Transfer to another provincial department – in the case of redundant assets – based on a written request.

5.4.2. Donation to nonprofit organisations (NPOs) registered in terms of the Nonprofit Organisations Act, no 71 of 1997 – in the case of redundant assets, provided a written request for the donation of redundant assets has been received.

5.4.3. Obsolete assets e.g. office furniture and computer equipment, shall be auctioned by an auction house.

5.4.4. Price quotations – e.g. vehicles, with specific reference to the vehicle of the Member of the Executive Council.

5.4.5. Public auction – e.g. vehicles

5.4.6. Competitive bids – e.g. vehicles.



6. Disposal Procedures other than Donation

6.1. A competitive bidding or closed price quotation process will only be followed if the estimated proceeds justify the advertising costs related to competitive bidding and price quotations as means of disposal.

6.2. Both competitive bidding and closed price quotations processes entail somewhat cumbersome administrative processes, i.e.:

- ✓ Viewing of assets by prospective bidders
- ✓ Closing dates
- ✓ Management of bids received
- ✓ Cost analysis
- ✓ Recommendation by Disposal Committee
- ✓ Approval by Head of Department
- ✓ Inform highest bidder of success
- ✓ Highest bidder deposit monies in Department's bank account
- ✓ Removal of obsolete assets by highest bidder

6.3 Obsolete assets shall rather be disposed of by means of publication auction. The auctioneer collects and remove obsolete assets to the auction house where it is divided in lots, kept on the floor and sold to the highest bidder. Once all assets have been sold, process are either deposited into the department's bank account or a cheque issued to the Department.

6.4 Officials may also acquire obsolete assets through competitive bidding at a public auction. Should an official be the highest bidder – provided that the auction was free from collusion, the official is to pay the bidding price, whereafter goods may be removed from auction house.

7. Disposal Procedures – Computer Equipment

7.1. The Departmental Information Technology Unit has the expertise to advise the disposal committee whether IT assets are redundant or obsolete.

7.2. The Asset Management Unit shall request the IT Unit to assess apparent redundant and obsolete computer equipment for classification per each of the disposal categories.

7.3. Asset movement sheets shall be completed each time that computer equipment is relocated and the name of the asset holder amended.

7.4. The Departmental Information Technology Unit shall make a written recommendation on each IT asset regarding its condition and proposed means of disposal i.e. donation if redundant and auctioned if obsolete.

7.5. Lists of computer equipment earmarked for disposal shall be tabled at the next disposal committee meeting for ratification and proper recording.

8. Review and Distribution

8.1. The Chief Financial Officer is responsible for this Strategy and for ensuring that it is reviewed and updated.

8.2. This Strategy will be reviewed after 18 months but no later than 3 years of the last publication date. If necessary an updated version will be issued, if not a formal cover letter will be issued to supplement the cover of this Strategy (identifying a revised publication date).

8.3. The senior manager for Policy & Planning will distribute updated versions to:

- Member of the Executive Council
- Head of Department
- All senior managers who will in turn distribute to their staff as appropriate

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