

Sale of Materials Policy

TasNetworks Policy

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Authorisations

Action	Name	Date	Signature
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Reviewed by	Jason Morman		
Authorised by	Michelle Downham		
Review cycle	Every two years		

Document Control

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10/03/2015	1.0	Initial	Helen Franklin	Michelle Downham
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Sale of Materials Policy

1. Introduction and Purpose

The purpose of this policy is to establish TasNetworks' policy position in relation to the sale of Non-Fixed Assets to external parties, and provide minimum requirements for ensuring that activities relating to the sale of Non-fixed Assets are conducted in a manner, consistent with TasNetworks' expected behaviours.

2. Scope

This policy sets out the circumstances under which TasNetworks will sell materials to external parties as well as stipulating how items will be priced to ensure consistency and fairness.

3. Policy Revision

This Policy will be reviewed and endorsed every two years or when there is a significant change to the business that impacts this Policy.

4. Policy Detail

4.1. Overview

TasNetworks sells materials to various external parties (such as customers or contractors) for private electrical infrastructure or contestable works. Items sold may include transformers, cable and other supporting materials and often this occurs due to contractors not being able to readily source materials without experiencing long lead times. In doing so, TasNetworks gains comfort that approved items are being installed on the network.

This policy outlines the business processes for sale of materials described within and the authorisation of such sales.

4.1.1. Criteria

TasNetworks is not obliged to sell any materials to external contractors and will consider doing so at its sole discretion.

All of the following criteria must be met in order for TasNetworks to sell materials to an external party:

- TasNetworks must have sufficient stock of the item(s) requested for purchase. TasNetworks works program must take precedence at all times and TasNetworks will only sell an item(s) to external parties for which adequate surplus stock is held, at TasNetworks discretion;
- Any item(s) which needs to be ordered by TasNetworks will be subject to the supplier's lead-times plus two (2) weeks and TasNetworks shall not be held liable should there be any further delays to the provision of said item(s).
- TasNetworks imposes a minimum order quantity of whole or part drums of overhead conductor or underground cable, however, we will not cut to length.
- The item(s) requested for purchase are required to form part of a specific job lot. However, individual items that are not issued within a job lot maybe sold at TasNetworks sole discretion;
- The item(s) must be in proper working order such that TasNetworks would be comfortable to use the items within TasNetworks works program;
- The Purchaser must have signed a Sale Agreement with TasNetworks in a form approved by Legal Services.

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- All provisions of the Sale Agreement must be complied with prior to release and or collection of the item(s).

4.1.2. Pricing Methodology

In pricing material sales to External Parties TasNetworks will apply a consistent pricing methodology of cost (inclusive of on-cost) + 30%, with the exception of Hydro Tasmania or unless separate contract arrangement exists. Cost is determined by reference to the on-costed unit rate shown against the item in TasNetworks materials management/accounting system.

The application of a 30% margin is representative of the cost to TasNetworks in ordering, and handling the goods, including administration.

Purchasers will be responsible for arranging transport of items (or collection from TasNetworks Cambridge depot). Where TasNetworks is requested to manage transport of the item(s), the cost will be passed on to the purchaser of the item(s).

4.1.3. Controls

TasNetworks is committed to operating its business honestly, efficiently, fairly and in accordance with ethical standards and legal requirements. The TasNetworks Code of Conduct, Public Interest Disclosure (“Whistleblower”) Policy and Procedures, and expected behaviours reflect the importance the company places on responsible behaviour.

There are a number of controls in place supported by processes and procedures which promote and specify this responsible behaviour. These are further considered within this policy.

Team members are encouraged to report any suspected fraudulent or corrupt activity in accordance with TasNetworks Fraud and Corruption Control Policy and the Public Interest Disclosure Procedures (Whistleblowers Procedures).

4.2. Approvals

Sale of materials is subject to approval under the Delegations Framework. Refer to the Delegations Framework - Approve Sale of Assets.

4.2.1. Sale of Items to Employees

The sale of items directly to employees of TasNetworks is prohibited.

4.2.2. Record Keeping

All team members and agents of TasNetworks are responsible for complying with the TasNetworks Information Management Policy. In addition to the general record keeping responsibilities, individual contracts with external service providers for the disposal of scrap, valuable waste or salvageable material indicate the documentation required by each party for each transaction.

5. Whistle blowing Statement

If an individual is concerned about consequences associated with reporting a serious breach of this Policy, that individual should refer to the Public Interest Disclosures (“Whistleblowers”) Policy and Procedures available on the TasNetworks intranet.

6. Compliance Statement

Non-compliance with this Policy will be dealt with in accordance with TasNetworks’ disciplinary process which may include dismissal.

7. References

- TasNetworks Delegations Framework/Manual
- TasNetworks Code of Conduct
- TasNetworks Information Management Policy
- TasNetworks Public Interest Disclosure Procedures (Whistle-blowers Procedures)
- TasNetworks Fraud and Corruption Control Policy

8. Definitions

Term	Definition
Contract	A formal agreement or arrangement between parties (or a document setting out a formal agreement) that is enforceable by law and describes the rights and obligations of the parties to the contract.
Delegations Framework	TasNetworks’ Delegation Framework approved by the Board.
External Service Provider	Entity engaged on contract to perform works for TasNetworks
Obsolete Stock	Inventory items identified that are no longer required for construction of maintenance activities.
Non-Fixed Assets	Any TasNetworks asset that is not real property (land), a Fixed Asset or a motor vehicle.

9. Contact for enquiries (policy custodian)

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