Parliament of Australia
Department of Parliamentary Services

DPS ref: 11/6

11 October 2011

Ms Christine McDonald
Secretary
Senate Finance and Public Administration Legislation Committee
Parliament House
Canberra ACT 2600

Dear Ms McDonald

Supplementary information about Parliament House heritage issues, DPS Disposal policies and practices, and terracotta pots

I wish to provide supplementary information to your Committee about three issues, as set out below.

Heritage issues

At the May 2011 Senate Estimates hearings, various questions were raised about heritage related matters for Parliament House. Senator Faulkner also requested further information about heritage issues in Senate Question on Notice 682.

Amongst other matters, we had advised the Committee that DPS would be seeking the views of the Department of Sustainability, Environment, Water, Population and Communities (**DSEWPAC**) about the draft Heritage Management Framework that had been prepared by DPS.

DSEWPAC has recently responded to DPS about this matter. I forward a copy of the letter to your Committee (**Attachment A**).

DPS will work with DSEWPAC to finalise the Heritage Management Framework. We will then develop the more detailed supporting documents.

Disposal issues

In a letter of 4 July 2011 to the Committee Chair, Senator Polley, I indicated that DPS would initiate a major review of DPS policies and practices for disposal of surplus items and assets. The review was to build on the audit investigation into the disposal of two billiard tables in 2010, conducted by PricewaterhouseCoopers.

The review of DPS disposal policies and procedures, undertaken by Mr Robert Tonkin, is now complete and I attach a copy of the report (**Attachment B**). DPS has accepted all of the recommendations. For convenience, the detailed DPS responses are included in the report.

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Amongst other matters, I note that effective from 7 October 2011 DPS has committed to disclose the provenance of all items and assets being disposed of by sale, ensuring that they are labelled as "*being disposed of by the Department of Parliamentary Services*". The only exception to this approach will be IT equipment.

Terracotta pots

In June 2011, Senator Faulkner lodged a series of questions on notice about various items and assets around the building (QoN 682). One set of issues related to terracotta pots (682(b)). We provided answers to these questions, based upon the knowledge that we had available at the time. In recent weeks, DPS has become aware that some terracotta pots may have been disposed of via public auction around 1995/1996 by the Joint House Department.

While we can find no record of the transaction, we have become aware that the Parliament House Construction Authority originally acquired around 1,300 pots. Current DPS records indicate that we have around 900. The estimated date of disposal is based upon information provided by former staff members.

I will also provide the same information about the terracotta pots to the Senate Table Office.

DPS officers will be pleased to provide further information about all three of these matters at the upcoming Estimates Committee hearings.

Yours sincerely

Alan Thompson
Secretary

Australian Government

Department of Sustainability, Environment, Water, Population and Communities

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Secretary
Dept of Parliamentary Services

Mr Alan Thompson
Secretary, Department of Parliamentary Services
Parliament House
PO Box 6000
CANBERRA ACT 2600

Alan
Dear Mr Thompson

Thank you for your letter of 7 September 2011 following our meeting in late August about heritage protection for Parliament House.

As we discussed, I am aware that Parliament House is under the control and management of the Presiding Officers who have the authority to administer the House's own affairs under a number of parliamentary Acts. As a result, the Department of the Parliamentary Services as a Commonwealth agency is not obliged to prepare a Heritage Strategy or subject to other heritage provisions of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act).

I appreciate that your office has prepared the draft Heritage Management Framework in the spirit of the EPBC Act for the management of the potential National and Commonwealth Heritage values of the Parliament House. The establishment of the Heritage Advisory Board, the Central Reference Document and the 12 actions identified in the draft Framework will be good tools to protect and manage the heritage values of Parliament House into the future. I note that the draft Framework is consistent with the National and Commonwealth Heritage management principles (as contained in the *Environment Protection and Biodiversity Conservation Regulations 2000*) and the *Burra Charter* principles.

Officers from the Heritage South Branch have reviewed the draft Framework and prepared comments at Attachment A. Officers would be pleased to discuss the document and the possible development of a conservation management plan with your department. The departmental contact officer is Ms Ilse Wurst, who may be contacted at ilse.wurst@environment.gov.au.

Yours sincerely

Peter Burnett
First Assistant Secretary
Heritage and Wildlife Division

29 September 2011

Comments:

In general, the Heritage Management Framework:

- is consistent with the National and Commonwealth Heritage management principles;
- uses the National and Commonwealth Heritage values identified and assessed by the Australian Heritage Council; and
- uses the *Burra Charter* principles and guidelines for assessment and management of heritage places.

8. Parliament House Heritage Advisory Board

- It is noted that the Heritage Advisory Board will provide advice to the Presiding Officers on any heritage related issues and actions with respect to Parliament House. It would benefit the Board to include one member with heritage expertise in order to provide independent heritage advice, particularly on the assessment of heritage impacts from key proposals and any mitigation measures to avoid potentially significant adverse impact.

- It is recommended that there should be an in-house heritage officer (if there is not already a position in place), who will manage/advise on day-to-day heritage related issues at Parliament House.

9. Managing Change

The methodology using 'Levels of Tolerance' against the heritage significance identified in Tables 3 and 4 (pp.16-23) is considered to be a useful tool to assist in the maintenance and management of Parliament House. It should be remembered however that the assessed heritage values are not ranked or assigned relative degrees of significance so care should be taken in applying this methodology.

Figure 1: Draft plans for levels of tolerance for change to Parliament House are also considered useful visual tools.

10. Decision making process

It is not clear whether the 'Strategy and Communication Section' referred to in figure 3 (p.29) provides for a heritage officer or heritage expert to undertake the heritage impact assessment of planning works or activities.

12. Heritage framework principles and actions

We recommend that this section (pp.30-37) be moved ahead of section 9 'Managing Change' (p.15). This structure would establish the primacy of the principles and policies, followed by the strategy for managing change, with the tolerance for change tables (pp.16-23) following to guide day to day activities.

REVIEW OF DEPARTMENT OF PARLIAMENTARY SERVICES ASSET DISPOSAL POLICIES AND PRACTICES

Robert Tonkin

6 October 2011

6 October 2011

Mr David Kenny
Deputy Secretary
Department of Parliamentary Services
PO Box 6000
Canberra
ACT 2600

Dear Mr Kenny

Attached for your consideration is my report of the review of the asset disposal policies and practices of the Department of Parliamentary Services.

This report builds on the findings of the PricewaterhouseCoopers internal audit report of June 2011 into the Disposal of Equipment from the Former Staff Recreation Room.

I would like to record my appreciation for the most cooperative and helpful attitude of the staff of the Department who I have consulted during the course of this review. Their commitment to the performance of their responsibilities and their openness to the development and consideration of new approaches is to be commended.

I would also like to thank the officers of the Department of Finance and Deregulation and the Museum of Australian Democracy at Old Parliament House for their assistance.

In particular I would like to thank Ms Naone Carrel for her excellent organisational assistance and guidance in the conduct of this review. Any errors or omissions in this report are, of course, my own.

Yours sincerely

Robert Tonkin

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B. Officers of the Department of Parliamentary Services and other Persons interviewed during the conduct of this review

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D. Proposed Revision to Financial Paper No 4 – Chief Executive's Procedures: CEP 4.3 – Disposal of Public Property

1. Executive Summary

1.1 Overview

This report into the asset disposal policies and practices of the Department of Parliamentary Services (DPS) has been prepared at the request of the Department in response to issues arising from the Senate Finance and Administration Legislation Committee Estimates hearings of February and May 2011. These issues concerned perceived shortcomings in either the adequacy of departmental asset disposal policies and practices or the application of those policies and practices.

This report builds on the findings of the PricewaterhouseCoopers internal audit report of June 2011 into the Disposal of Equipment from the Former Staff Recreation Room.

The requested scope of the review is set out at **Appendix A**.

In summary, this review has examined DPS disposal policies and practices, available better practice guidance on asset management and disposals, the definition of assets, the structure of delegations and authorisations in relation to disposal, existing instructions and procedures, mechanisms for disposal, the disclosure/non-disclosure of the provenance of items and staff training and skills requirements.

The issues raised at the Senate Committee Estimates hearings of February and May 2011 and in the subsequent internal audit report have resulted in improvements in the overall departmental procedures for the management of disposals, particularly in relation to assets or items of established or possible heritage value or significance. However there remains a need for further clarification and improvement of departmental asset management and disposal policies and procedures.

This review has found that the revised departmental disposal procedures continue to rely on the judgement of the individual members of staff proposing a disposal that a particular item may have heritage or cultural value. It is this judgement that triggers the consideration of the possible arts, heritage and cultural significance of the item.

The effective and considered disposal of assets and other items of value or significance is dependent on the comprehensiveness and effectiveness of the department's overall arrangements for the acquisition, identification and ongoing management of assets and other items of value or significance. If items of particular value or significance have not been identified at the time they were acquired or taken on as the responsibility of the Department, it is not possible to ensure that their subsequent maintenance and eventual disposal will be managed effectively.

The overall asset disposal process should be clear, accountable and efficient. This report proposes a series of changes and improvements to achieve these objectives.

1.2 Summary of Findings and Recommendations

Issues Arising from the Internal Audit Report into Disposal of Equipment from the Former Staff Recreation Room

Finding 1: As recommended in the PricewaterhouseCoopers internal audit report the Department of Parliamentary Services' disposals policy and related instructions and procedures require revision and strengthening.

Finding 2: The Department has already taken some measures to provide additional guidance and protections relating to the possible disposal of items of heritage or cultural significance:

- A draft amendment to CEP 4-3 *Disposal of public property* has been prepared by the Department to clarify the roles of the various officers involved in the disposals process and to include additional safeguards to assess the heritage and cultural significance of items proposed for disposal.
- The *Declaration of surplus or unservicable items form* has been revised to include a requirement that where items with possible heritage or cultural value are declared surplus, such items must be assessed by the Strategy and Communications Section in advance of any final disposal decision.
- The development of a Parliament House Heritage Management Framework that was distributed in draft form for consultation in June 2011.
- The conduct of a preliminary survey to identify moveable and semi-moveable items that have some heritage or historical connection and are not already managed as part of the Parliament House Art Collection group of cultural and heritage items.

Finding 3: While additional measures introduced by the Department go some way to improving the safeguards relating to the possible disposal of items of heritage or cultural significance, a number of weaknesses remain.

Finding 4: The revised departmental disposal procedures continue to rely on the judgement of the individual members of staff proposing a disposal that a particular item may have heritage or cultural significance. It is this judgement that triggers the consideration of the possible heritage or cultural significance of the item. In addition, no definition of heritage or guidelines for the conduct of any initial assessment of such significance is provided.

Finding 5: What is needed to confidently address the heritage and cultural risk issues in asset disposal is a clear definition of heritage or cultural significance that is available to and understandable by all DPS staff; and a comprehensive database of all assets and items of significance that will automatically prompt the consideration of heritage and cultural significance issues when an item on that database is being proposed for disposal.

Recommendation 1: The Department develop, adopt and promulgate a definition of heritage or cultural significance with particular reference to the requirements and circumstances of Parliament House; and apply this definition in heritage and asset management, including disposals policies and procedures.

Departmental Response: DPS agrees with this recommendation and:

- has adopted a definition for cultural heritage items and objects – see **Attachment E**;
- has a comprehensive catalogue of items which comprise the Parliament House Art Collection (PHAC) and the Parliamentary Library Collection;
- has completed a preliminary survey of other moveable items and objects with cultural or heritage significance.

Departmental Instructions and Procedures

Finding 6: The legislative authority of the various series of Department of Parliamentary Services instructions and procedures needs to be more clearly set out.

Recommendation 2: Governance Paper No 1 and Financial Paper No 1 be amended to clarify the legislative authority on which the Department of Parliamentary Services' series of instructions and procedures are based.

> **Departmental Response**—Agreed. Revisions to GP No.1 and FP No.1 will be completed by January 2011, clarifying the legislative authority for the various instructions and procedures.

Asset Management

Finding 7: This review has identified a number of significant limitations and issues in relation to the management of assets and items of heritage or cultural significance at Parliament House that have consequential impacts on asset disposals. Some of these issues are not limited to the Department of Parliamentary Services.

In summary, these limitations and issues are:

- An undetermined but potentially significant number of (generally) movable items within Parliament House are not on any asset register or are not controlled in any way.
- The lack of one asset database for the whole building (including Senate and House of Representatives but excluding tenancy areas) is a serious control shortcoming.
- The financial accounting definition of "assets" is a source of confusion, particularly in relation to the control and disposal of significant or portable or attractive items that fall below the asset threshold.
- Staff perception and awareness is the only current effective safeguard against a repeat of the billiard table issue for any presently uncontrolled or unrecorded item.

Recommendation 3: The Department amend its asset management arrangements to include all items, regardless of value, that have already been classified as being of heritage or cultural significance and all other items, that might be judged to potentially be in that category as such additional items are identified.

> **Departmental Response:** Agreed. DPS will develop a database which includes all assets and items with cultural or heritage significance. DPS is assessing whether this database should be an extension of the current PHAC database and the Library catalogue, or should be a new database able to include other important data about assets and items within Parliament House.

Recommendation 4: A consistent heritage assessment process be established to determine which additional items should be identified, recorded and managed as being items of heritage or cultural significance.

> **Departmental Response:** Agreed. The assessment process will be the responsibility of the Strategy and Communications Section.

Finding 8: The lack of a common asset database for the Parliamentary Departments invites a number of potential risks:

- There is a risk that items of significance can be lost under the presumption that they are included on one of the other asset databases.
- Items can be moved, in a uncontrolled way, from one area of the building to another, with that movement not being recorded. This situation can particularly be the case when items are replaced but not disposed of.
- There is a risk that differing approaches may be applied to items of a similar asset class or significance. An example might be in the replacement of initial furniture items from

Members and Senators offices when such furniture reaches the end of its economic life or no longer complies with OH&S requirements.

Recommendation 5: The Department consult with the Departments of the House of Representatives and the Senate with the view to the establishment of a common policy and set of procedures and databases for the management of assets and items of heritage and cultural significance within Parliament House.

> **Departmental Response:** Agreed. DPS will initiate discussions with the Chamber Departments in the upcoming summer parliamentary recess.

Recommendation 6: The coverage of the Art Services database be extended to include all items of cultural or heritage significance under the control or responsibility of the Department of Parliamentary Services; with the database being retitled the Arts and Heritage database.

> **Departmental Response:** Agreed in principle. However, as mentioned in the response to Recommendation 3, DPS is considering whether a new database should be established which records heritage attributes and also allows other important data to be recorded.

Asset Disposal

Finding 9: The procedures for the management of asset disposals remain somewhat unclear, particularly in terms of the sequence of decision making when an item is declared surplus, the respective responsibilities of the various officers involved in the process, the documentation of reasons for proposals and decisions at each stage of the process, and heritage considerations.

Finding 10: In most instances of proposed disposal by sale, the current asset valuation of the item may provide a suitable reserve price. However, where an item may be of particular significance than an independent valuation to determine an appropriate reserve price would be desirable.

Finding 11: The disposals form needs to be sufficiently detailed to provide guidance on the overall disposal process and to require the provision of sufficient information to inform and support disposal decisions.

Recommendation 7: The *Declaration of Surplus or unserviceable items form* be revised as illustrated at Appendix C to include guidance on the required sequence of disposal actions and decisions, and the required documentation of reasons for recommendations and decisions.

> **Departmental Response:** Agreed. Amendments to the disposal form and to CEP 4.3 are to be finalised by the end of October 2011, building on the draft document at Appendix D. Amongst other matters, the revised version of CEP 4.3 will require the Disposal Administrator to seek valuation advice from expert valuers where the price at sale has the potential to exceed written down values.

Recommendation 8: Chief Executive Procedures 4.3 *Disposal of public property* be revised as proposed at Appendix D to reflect best practice in asset disposal and to clearly and comprehensively detail the asset disposal process.

> Departmental Response: See response to Recommendation 7.

Disclosure of the Provenance of Items for Disposal

Finding 12: Where the disclosure of the Parliament House origin or provenance of an item for sale is likely to result in an increase in the realisable return from the sale of that item, and the disclosure would not be detrimental to the interests of the Department, then disclosure of the Parliament House origin provenance of the item is supported. In the case of the

Department of Parliamentary Services, such items are most likely to be furniture and fittings, or items approved for de-accessioning from the Parliament House Art Collection.

Recommendation 9: The Department's procedures for the disposal of public property be amended to require the disclosure of the origin or provenance of items proposed for sale where such disclosure would not be detrimental to the interests of the Department and is expected to increase the realisable return from the sale of that item; and where the Parliament House origin or provenance of such items is clear.

> **Departmental Response:** Agreed. The DPS Executive has agreed that all items and assets to be sold by DPS should be clearly marked as "being disposed of by the Department of Parliamentary Services". The only exception to this provision is IT equipment, which will not have any origin acknowledged.

Staff Training and Skills

Recommendation 10: Additional training and awareness programs be developed to support the introduction and operation of the recommended revised asset disposal procedures and the related changes to asset recognition and recording and heritage assessment.

> **Departmental Response:** Agreed. DPS will initiate new training programs in early 2012.

2 Review Report

2.1 Background

This report into the asset disposal policies and practices of the Department of Parliamentary Services (DPS) has been prepared at the request of the Department in response to issues arising from the Senate Finance and Administration Legislation Committee Estimates hearings of February and May 2011. These issues concerned perceived shortcomings in either the adequacy of departmental asset disposal policies and practices or the application of those policies and practices.

This report builds on the findings of the PricewaterhouseCoopers internal audit report of June 2011 into the Disposal of Equipment from the Former Staff Recreation Room. The relevant findings and recommendations of that audit are addressed in this report at Section 2.3.

The requested scope of the review is set out at **Appendix A**.

2.2 Approach

The conduct of this review and the development of the resulting report has been undertaken through the following approach:

- An examination of background issues and concerns – including an examination of relevant documentation (Hansard, responses to questions on notice and the PricewaterhouseCoopers internal audit report); and interviews with relevant key departmental staff. The aim was to obtain a comprehensive understanding of perceived issues with, and shortfalls in, existing departmental asset disposal policies and procedures.
- Consultation with external and departmental stakeholders on their perceptions of asset disposal issues that need to be addressed by the Department.
- An examination of available best practice Australian Government documentation on asset disposal, with particular reference to the Australian National Audit Office and the Department of Finance and Deregulation; and the practices in other relevant national institutions. The consideration of national institutions practices has focused on the disposal mechanisms, disclosure of the provenance of assets and staff training.
- An examination of the Department's relevant existing policies and procedures.
- An examination of the interaction of other relevant Departmental asset management policies and practices (asset classification, recording, control, valuation, depreciation and maintenance) with asset disposal issues and processes. Consideration has been given to the need to revise relevant policies and procedures in these areas to support any proposed changes to asset disposal policies and practices.
- Consultation with all relevant Departmental staff to document their perceptions, issues and suggestions for the improvement of asset disposal practices.
- Based on the information derived from the above activities, revised asset disposal policies and procedures have been developed to address:
    - disposal principles and policies;
    - provenance issues;
    - disposal procedures and related delegations; and
    - staff training, awareness and skills.

In total, thirty interviews were conducted involving 37 officers. These interviews have covered all areas of the Department of Parliamentary Services, plus the Offices of the President of the Senate and the Speaker of the House of Representatives, the Departments of the Senate and House of Representatives, the Department of Finance and Deregulation (in relation to model Chief Executive Instructions) and the Museum of Australian Democracy and Old Parliament House (in relation to heritage and disposal issues). A list of the officers interviewed is at **Appendix B**.

2.3 Issues Arising from the Internal Audit Report into Disposal of Equipment from the Former Staff Recreation Room

The audit found that the disposal of the billiard tables was carried out in accordance with existing procedures (CEP 4-3 *Disposal of public property*)[1]. However, the audit found a number of deficiencies in the disposals policy and in the documentation retained by the Department when disposing of items.[2]

Summary of Policy and Procedural Proposals
The audit recommended that the DPS disposal policy be revised and strengthened by:

- inclusion of a formal definition of heritage/cultural/significant assets;
- improved guidance on the process for the identification and disposal of heritage/cultural/significant assets, including the appropriate documentation of decisions; and
- revision of the disposal form to capture all required information.[3]

As discussed in this Section and the following Sections of the report, this review addresses and builds on these audit recommendations.

Finding 1: As recommended in the PricewaterhouseCoopers internal audit report the Department of Parliamentary Services' disposals policy and related instructions and procedures require revision and strengthening.

Measures to address these issues are discussed at Sections 2.5 and 2.6 of this report.

Finding 2: The Department has already taken some measures to provide additional guidance and protections relating to the possible disposal of items of heritage or cultural significance:

- A draft amendment to CEP 4-3 *Disposal of public property* has been prepared by the Department to clarify the roles of the various officers involved in the disposals process and to include additional safeguards to assess the heritage and cultural significance of items proposed for disposal. This amendment is in addition to that issued on 1 July 2011 which added the requirement that the Strategy and Communications Section is to be consulted on whether an item with possible heritage or cultural value can be identified "by design or any other permanent marking as having Parliament House origin, or have any other cultural or heritage significance." [4] The publication of the subsequent proposed revision to these procedures has been deferred pending the outcomes of this review. However, the additional safeguards are being applied through the use of the revised *Declaration of surplus or unserviceable items form* discussed immediately below.
- The *Declaration of surplus or unservicable items form* has been revised to include a requirement that where items with possible heritage or cultural value are declared surplus, such items must be assessed by the Strategy and Communications Section in advance of any final disposal decision. That assessment is in addition to the exisiting check to ensure that the item proposed for disposal is not recorded on the Art Services database. This revised form is in use.
- The development of a Parliament House Heritage Management Framework that was distributed in draft form for consultation in June 2011.

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[1] PricewaterhouseCoopers, 2011, *Department of Parliamentary Services – Disposal of Equipment from the Former Staff Recreation Room,* Internal Audit Report, Canberra, p.4.
[2] ibid.
[3] ibid.
[4] Department of Parliamentary Services, 2011, *Financial Paper No 4 – Chief Executive's Procedures CEP 4.3 – Disposal of public property,* para. 19.

- The conduct of a preliminary survey to identify moveable and semi-moveable items that have some heritage or historical connection and are not already managed as part of the Parliament House Art Collection group of cultural and heritage items. The scope of this preliminary survey has been limited to items located within Department of Parliamentary Services work areas or areas of Parliament House that are in the control of the Department. The report of this survey was provided to the Secretary of the Department of Parliamentary Services on 15 August 2011.[5]

Finding 3: While additional measures introduced by the Department go some way to improving the safeguards relating to the possible disposal of items of heritage or cultural significance, a number of weaknesses remain.

Finding 4: The revised departmental disposal procedures continue to rely on the judgement of the individual members of staff proposing a disposal that a particular item may have heritage or cultural significance. It is this judgement that triggers the consideration of the possible heritage or cultural significance of the item. In addition, no definition of heritage or guidelines for the conduct of any initial assessment of such significance is provided.

At best, such an arrangement relies for success on the experience of individual members of staff and on the natural caution of staff resulting from the issues associated with the disposal of the staff recreation room billiard tables. Over time, this caution is likely to diminish, while the continued availability of staff with long-term experience of Parliament House cannot be guaranteed.

The second weakness in the current departmental disposal safeguards is related and concerns the lack of an available definition of "heritage" in the Department's suite of instructions and procedures. I note that the report on the identification of heritage assets for Parliament House also recommends the development and adoption of such a definition - specific to the requirements of Parliament House.[6] A further consideration would be to ensure that such a definition accords with guidance such as those referred to in the draft Parliament House Heritage Management Framework;[7] and guidance on the determination of significance published by the Department of Sustainability, Environment, Water, Population and Communities.[8]

Finding 5: What is needed to confidently address the heritage and cultural risk issues in asset disposal is a clear definition of heritage or cultural significance that is available to and understandable by all DPS staff; and a comprehensive database of all assets and items of significance that will automatically prompt the consideration of heritage and cultural significance issues when an item on that database is being proposed for disposal.

Recommendation 1: The Department develop, adopt and promulgate a definition of heritage or cultural significance with particular reference to the requirements and circumstances of Parliament House; and apply this definition in heritage and asset management, including disposals policies and procedures.

Departmental Response: DPS agrees with this recommendation and:

- has adopted a definition for cultural heritage items and objects – see **Attachment E**;

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[5] Scroope, K, Stewart, R, 2011, *Identification of heritage assets for Parliament House (DPS)*, Department of Parliamentary Services, Canberra.

[6] ibid., p.4.

[7] Department of Parliamentary Services, 2011, *Parliament House Heritage Management Framework, Draft Version 2*, Canberra, p.3. [The *Burra Charter*]

[8] Russell, R, Winkworth, K, 2010, *Significance 2.0; a guide to assessing the significance of collections*, Canberra.

- has a comprehensive catalogue of items which comprise the Parliament House Art Collection (PHAC) and the Parliamentary Library Collection;
- has completed a preliminary survey of other moveable items and objects with cultural or heritage significance.

The issues in relation to asset management databases are discussed at Section 2.5.

Asset Valuation
The audit noted that the billiard tables were valued on a fair value basis by the Australian Valuation Office [as part of the overall office furniture asset class]. The audit recommended that for future disposals a market value approach be considered.[9] The audit also noted that the reserve price for the billiard tables did not consider the heritage/cultural/situation value and was not documented.[10] The valuation of assets for disposals is addressed at Section 2.6 of this report.

Provenance Issues
The audit noted that the billiard tables were not advertised as being from Parliament House; and that this approach may have advantaged DPS staff who purchased them and may have resulted in the full value not being realised.[11] Provenance issues are addressed in detail at Section 2.7 of this report.

Disposal Ethics Issue
The audit also noted that DPS policy does not prohibit DPS staff from purchasing DPS assets at public auction.[12] This issue is linked to the treatment of provenance and is also addressed at Section 2.7.

Internal Audit Recommendations
The other specific recommendations contained in the internal audit report are addressed in the relevant sections of this report.

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[9] PricewaterhouseCoopers, 2011, *Op.cit.*, p.5.
[10] ibid.
[11] ibid. pp.5-6.
[12] Ibid. p.6.

2.4 Departmental Instructions and Procedures

Governance

The Department of Parliamentary Services series of policies and procedures provide the basis for the direction and guidance of all departmental staff on asset disposal issues. These policies and procedures are clearly and accessibly set out on the Department's intranet <http://dpsstaffportal.parl.net/> While the range of instructions and procedures is quite comprehensive the authority of some individual instructions and procedures is not sufficiently clear.

The covering "instructions" which describe the various series of instructions and procedures do not make absolutely clear the legislative authority base for each series, while the various Chief Executive's Procedures relating to asset management and disposal, for example, do not make clear the policy and authority on which they are based.

Finding 6: The legislative authority of the various series of Department of Parliamentary Services instructions and procedures needs to be more clearly set out.

The authority of each set of departmental instructions and procedures needs to be clear so as to provide an effective basis for effective governance, accountability and staff management.

The responsibility of the Secretary of the Department of Parliamentary Services for the effective management of asset disposal policies and practices (and all other financial management matters) derives from Part 7, Section 44 of the Financial Management and Accountability Act 1997:

> "A Chief Executive must manage the affairs of the Agency in a way that promotes proper use of the resources for which the Chief Executive is responsible. [Proper use means efficient, effective, economical and ethical use that is not inconsistent with the policies of the Commonwealth.]"[13]

The authority of the Secretary to issue Chief Executive's Instructions derives from Section 52 of the Act, while the Secretary's authority to delegate his/her powers under this Act is set out at Section 53.[14]

The Secretary's authority to issue other instructions for the management of the Department, including all non-financial policies and instructions derives from Section 57 of the Parliamentary Service Act 1999.[15]

Governance Paper No 1 – Policy – DPS Document Series[16] outlines the general structure of the Department's series of instructions, procedures and guidelines, and distinguishes between those that are directive (policy and procedures) and those that are advisory in nature (guidelines). However, this governance paper does not describe the legislative authority on which these instructions and procedures are based. This situation can be rectified by the inclusion of a section in Governance Paper No 1 after "Definitions" that could read as follows:

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[13] Austlii, Commonwealth Consolidated Acts, *Financial Management and Accountability Act 1997*, viewed 13 September 2011, http://www.austlii.edu.au/au/legis/cth/consol_act/fmaaa1997321/.

[14] ibid.

[15] Austlii, Commonwealth Consolidated Acts, *Parliamentary Service Act 1999*, viewed 13 September 2011, http://www.austlii.edu.au/au/legis/cth/consol_act/psa1999235/.

[16] Department of Parliamentary Services, 2011, *Governance Paper No 1 – Policy – DPS Document Series.*

> "**Authority**
> The policies, procedures and guidelines issued within DPS are based on the responsibility of the Secretary for the management of the Department under Section 57 of the Parliamentary Service Act, and the requirements of clause 5 of the Parliamentary Service Code of Conduct.[17]"

Finance Paper No 1 – Financial management framework[18] similarly set out the structure for the Department's series of financial instructions, namely the set of Chief Executive's Instructions and related Chief Executive's Procedures, and subordinate advisory guides. While Finance Paper No 1 discusses the legislative basis for these instructions in general terms it does not set out the specific basis for the Secretary's authority to issue Chief Executive Instructions, nor the basis of the authority of Chief Executive Procedures. This limitation can be rectified by the amendment of paragraph 5 of Finance Paper No 1 to read as follows:

> "Chief Executive Instructions (CEIs) and supplementary Chief Executive Procedures (CEPs) are issued under the authority of Section 52 of the *Financial Management and Accountability Act 1997*. The provisions of the CEIs and CEPs apply to all DPS employees; while designated DPS employees are authorised to exercise some of the powers or perform some of the functions under specific CEIs."

Recommendation 2: Governance Paper No 1 and Financial Paper No 1 be amended to clarify the legislative authority on which the Department of Parliamentary Services' series of instructions and procedures are based.

DPS Response—Agreed. Revisions to GP No.1 and FP No.1 will be completed by January 2011, clarifying the legislative authority for the various instructions and procedures.

[17] Austlii, Commonwealth Consolidated Acts, *Parliamentary Service Act 1999*, Section 13.

[18] Department of Parliamentary Services, 2008, *Financial Paper No. 1 – Financial management framework.*

2.5 Asset Management

The effective and considered disposal of assets and other items of value or significance is dependent on the comprehensiveness and effectiveness of the department's overall arrangements for the acquisition, identification and ongoing management of assets and other items of value or significance. If assets etc. have not been identified at the time they were acquired or taken on as the responsibility of the Department, it is not possible to ensure that their subsequent maintenance and eventual disposal will be managed effectively.

Finding 7: This review has identified a number of significant limitations and issues in relation to the management of assets and items of heritage or cultural significance at Parliament House that have consequential impacts on asset disposals. Some of these issues are not limited to the Department of Parliamentary Services.

In summary, these limitations and issues are:

- An undetermined but potentially significant number of (generally) movable items within Parliament House are not on any asset register or are not controlled in any way.
- The lack of one asset database for the whole building (including Senate and House of Representatives but excluding tenancy areas) is a serious control shortcoming.
- The financial accounting definition of "assets" is a source of confusion, particularly in relation to the control and disposal of significant or portable or attractive items that fall below the asset threshold.
- Staff perception and awareness is the only current effective safeguard against a repeat of the billiard table issue for any presently uncontrolled or unrecorded item.

Asset Recognition Threshold

Information provided in interviews conducted during the review have confirmed that not all the items of value or significance under the custodianship of the Department of Parliamentary Services are recorded on the Department's asset register or arts database. There would appear to be two principal reasons for this situation.

Firstly, the financial accounting definition of 'assets' and the application of the asset recognition threshold to overall Departmental asset management policy has resulted in items of potential heritage or cultural significance not being recorded on the Department's asset database.

In the Department's asset management and financial policies, assets are defined as:

> "land, building, infrastructure, plant, equipment and intangibles with an estimated useful life of 12 months or more."[19]

The asset recognition threshold for individual items is set at an initial cost of $2000, or where the individual cost of similar items is more than $500 and the total cost exceeds $25,000.[20] The Department's asset recognition threshold policy also allows for the Department to record portable and attractive items individually for fraud control and management purposes. Portable and attractive items are defined as items that cost more than $500 and less than $2000 and are included in the portable and attractive items list.[21] At present, furniture, heritage or otherwise, is not included on that list.[22]

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[19] Department of Parliamentary Services, 2011, *Governance Paper No. 33 – Caring for Parliament's Assets*, para 7

[20] Department of Parliamentary Services, 2008, *Financial Paper No 2 – Accounting policy 2.1 – Property, plant and equipment and intangibles*, para 30 and Attachment C.

[21] ibid., para 31.

[22] Ibid., Attachment D.

While most items of furniture may not immediately be considered to be portable it is not all that uncommon to sight furniture from Old Parliament House in Parliament House, or to sight category "b" furniture items – initially provided for other areas - in staff offices. This observation is not intended to criticise such use as it is both economical and sensible - but rather to demonstrate how attractive items can "move" and be lost from future scrutiny and management.

In relation to asset recognition, the ANAO *Better Practice Guide on the Strategic and Operational Management of Assets by Public Sector Entities* comments that where assets do not meet the asset threshold, agencies can define criteria for recording portable and attractive items.[23] It is therefore open to the Department to widen the classification of portable and attractive items to include all items within the overall custodianship of the Department (departmental and administered) that have already been classified as being of heritage or cultural significance and all other items that might be judged to potentially be in that category as such items are located and identified.

The need for such an approach is reinforced by the fact that the internal audit report noted that the Art Services database may not be a comprehensive list of items with cultural or heritage significance.[24]

The second reason why not all the items of significance are recorded on the Department's asset register or arts database is that not all the items (principally furniture) that were acquired by the Parliament House Construction Authority for the initial set up of Parliament House were recorded and transferred to the records of the then Parliamentary Departments. This is simply a matter of history and, noting the cost implications, it is not proposed that this situation be rectified with the exception of those items that might be judged to be potentially of heritage or cultural value.

Recommendation 3: The Department amend its asset management arrangements to include all items, regardless of value, that have already been classified as being of heritage or cultural significance and all other items, that might be judged to potentially be in that category as such additional items are identified.

Departmental Response: Agreed. DPS will develop a database which includes all assets and items with cultural or heritage significance.

Heritage Assessment

Following the establishment of a definition of heritage or cultural significance as proposed at Recommendation 1, a process will be needed to determine which items, under the custodianship of the Department, should be identified, recorded and managed as being items of heritage or cultural significance.

Some care will be needed in the management of such a process to ensure that the outcomes are both consistent and measured, noting the potential costs of the retention of a wide range of identified heritage and cultural items into the future. In addition, the heritage assessment process should not be designed around or dependent on the individual qualifications and skills of current members of staff. The procedure that has been used for the current preliminary survey to identify items that have some heritage or historical connection – the *Significance Methodology*,[25] would seem to provide an appropriate starting point.

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[23] Australian National Audit Office, 2010, *Better Practice Guide on the Strategic and Operational Management of Assets by Public Sector Entities, p. 78.*

[24] PricewaterhouseCoopers, 2011, *Op.cit.*, p.18.

[25] Scroope, K, Stewart, R, 2011, *Op.cit.*, pp. 6-8.

Recommendation 4: A consistent heritage assessment process be established to determine which additional items should be identified, recorded and managed as being items of heritage or cultural significance.

Departmental Response: Agreed. The assessment process will be the responsibility of the Strategy and Communications Section.

Asset Databases

As noted above, the lack of a single asset database for all Parliamentary Departments is a serious control shortcoming. This is particularly the case for the management of items of heritage or cultural significance. The continuation of separate database arrangements is surprising given the use of shared arrangements for other support services and the general pressure for the reduction of overall operating costs.

Finding 8: The lack of a common asset database for all three Parliamentary Departments invites a number of potential risks:

- There is a risk that items of significance can be lost under the presumption that they are included on one of the other asset databases.
- Items can be moved, in a uncontrolled way, from one area of the building to another, with that movement not being recorded. This situation can particularly be the case when items are replaced but not disposed of.
- There is a risk that differing approaches may be applied to items of a similar asset class or significance. An example might be in the replacement of initial furniture items from Members and Senators offices when such furniture reaches the end of its economic life or no longer complies with OH&S requirements.

Recommendation 5: The Department consult with the Departments of the House of Representatives and the Senate with the view to the establishment of a common policy and set of procedures and databases for the management of assets and items of heritage and cultural significance within Parliament House.

Departmental Response: Agreed. DPS will initiate discussions with the Chamber Departments in the upcoming summer parliamentary recess.

This review has not extended to an examination of the management of the Parliament House Art Collection that is well documented in the Department's Operating Policies and Procedures.[26] However, consideration has been given to the application of the Art Services' database in asset management and disposal. As discussed in the following section of the report, the Art Services' database (commonly referred to as the Arts Database) is examined when it is proposed to dispose of an item of verified or possible cultural or heritage value. That database includes commissioned artist-made furniture, gifts and significant archival material, in addition to the Parliament's collection of artworks.[27]

The Arts database is one of the key points of reference in the checks that are made before the disposal of assets and items of significance. The inclusion of any additional items of significance on this database would provide an additional safeguard in the disposals process, while making use of an available capability. To promote staff awareness that the Art Services database contains more than the Parliamentary artwork collections, the name of the database could be changed to Arts and Heritage database.

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[26] Department of Parliamentary Services, 2007, *Operating Policies and Procedures No.17 – Parliament House Art Collection.*

[27] *ibid.*, p.1.

Recommendation 6: The coverage of the Art Services database be extended to include all items of cultural or heritage significance under the control or responsibility of the Department of Parliamentary Services; with the database being retitled the Arts and Heritage database.

Departmental Response: Agreed in principle. However, as mentioned in the response to Recommendation 3, DPS is considering whether a new database should be established which records heritage attributes and also allows other important data to be recorded.

2.6 Asset Disposal

Current Policies and Instructions
The Department's present asset disposal policies and procedures are set out in Chief Executive Instruction 4.3 *Disposal of public property*[28] and Chief Executive Procedures 4.3 *Disposal of Public Property*.[29] The current CEP has recently been updated to address heritage issues (with a further revision having been prepared in draft form).

Internal Audit Recommendations
The internal audit recommended that a number of additional measures be incorporated into the Department's current disposal policies and procedures.[30] These measures included:

- Clear definitions of the roles of each official involved in the disposal process – including delegations. The further draft revision of CEP 4.3 *Disposal of Public Property* substantially addresses these issues.
- A specific policy procedure relating to the disposal of heritage/cultural/significant assets be established. A procedure to address this issue has been included in the recent published revision of CEP 4.3 *Disposal of Public Property*.[31] As noted in Section 2.3 of this report the revised procedures continue to rely on the judgement of the individual members of staff proposing a disposal that a particular item may have heritage or cultural value. It is this judgement that triggers the consideration of the possible arts, heritage and cultural significance of the item.
- A list of considerations to decide the disposal method. While the presentation could be clarified, these considerations are addressed in the current CEP.
- A requirement to document the reasons for disposal and how the chosen method for disposal was selected. The reasons for disposal are addressed – in a limited way – on the current *Declaration of Surplus or Unserviceable Items Form*, but the CEP and this form do need to be revised to provide for the documentation of the reasons for the selection of a particular disposal method.

These recommended changes are reflected in the proposed full revision of CEP 4.3 that is discussed later in this section of the report and set out at Appendix C.

Finding 9: The procedures for the management of asset disposals remain somewhat unclear, particularly in terms of the sequence of decision making when an item is declared surplus, the respective responsibilities of the various officers involved in the process, the documentation of reasons for proposals and decisions at each stage of the process, and heritage considerations.

Commonwealth Government Policy
As a general principle, agency instructions should seek to reflect best practice guidance where such guidance is generally applicable to the specific requirements of the agency. In the case of disposals policy, that guidance is provided by the new Model Chief Executive Instruction on the disposal of public property. [32]

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[28] Department of Parliamentary Services, 2010, Chief Executive Instruction 4.3 *Disposal of public property*.

[29] Department of Parliamentary Services, 2011, Financial Paper No 4 – Chief Executive's Procedures, CEP 4.3 – *Disposal of public property*.

[30] PricewaterhouseCoopers, 2011, *Op.cit., pp.20-21*.

[31] Department of Parliamentary Services, 2011, Financial Paper No 4 – Chief Executive's Procedures, CEP 4.3 – *Disposal of public property*, para 19.

[32] Department of Finance and Deregulation, 2011, *The Model CEIs*, viewed 16 September 2011 < http://www.finance.gov.au/publications/finance-circulars/2011/docs/model_ceis.pdf>, p.68.

An assessment of the current version of CEP 4.3 *Disposal of Public Property*, reveals a number of areas where improvements to the CEP could be made:

- The current CEP does not clearly reflect the requirement that wherever it is economical to do so, public property should be sold at market price or transferred (with or without payment) to another Commonwealth entity with a need for the property.
- The current CEP also does not clearly set out the requirement that staff must not improperly dispose of public property. In the current CEP the emphasis is on the effective use of public property to meet the goals and abjectives of the Department.[33]
- The policy requirements in relation to making a gift of public property are set out at Chief Executive Instruction 4.4 *Gifting of public property*.[34] However, while that instruction is referred to in the CEP, and a general discussion of disposal by gift is included,[35] these specific requirements are not restated.
- While the current published CEP includes a description of the responsibilities of the Disposals Official, [36] the roles and responsiblities of other involved officials, including the Declaring Official, the Disposal Administrator (who holds the disposal delegation) and the Disposals Officer are not specified. A number of these deficiencies were addressed in the revised draft instruction that has been withheld pending the completion of this review.
- While there is reference to valuation fees as a cost of sale in the current CEP,[37] processes for the determination of market value or reserve price prior to sale are not addressed.

The above issues are addressed in the proposed full revision of CEP 4.3 discussed later in this Section of the report.

Accountable Officers

As noted above the CEP on the disposal of public property needs to state clearly the officials who have responsibilities in the conduct of the disposal process and the nature of these responsibilities. These officials are:

- The Declaring Official who identifies that an item is no longer required, initiatesw the proposed disposal process, raises the Declaration of surplus or unservicable items form and recommends appropriate action.
- The Assistant Secretary with Custodian Responsibility for the items proposed for disposal. This officer recommends the proposed disposal action.
- The Disposals Administrator - the officer whose position has the delegation to approve a disposal.
- The Disposals Officer who is responsible for providing advice on appropriate methods of disposal, for the management of the actions following the approval of a disposal and for the maintenance of the required documentation.

The roles of these officers are set out in the proposed revised CEP and in the proposed revised disposals form.

Mechanisms for Disposal

The internal audit report noted that the asset disposal policy should be updated to require valuations of unusual sale items prior to them being disposed of and that DPS should consider the use of specialised auction agents for assets that may be may be unusual or have cultural or

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[33] Department of Parliamentary Services, 2011, Financial Paper No 4 – Chief Executive's Procedures, CEP 4.3 – *Disposal of public property*, para.2.

[34] Department of Parliamentary Services, 2010, Chief Executive Instruction 4.4 *Gifting of public property*.

[35] Department of Parliamentary Services, 2011, Financial Paper No 4 – Chief Executive's Procedures, CEP 4.3 – *Disposal of public property*, para.41.

[36] *ibid*., para 13.

[37] *ibid.*, para 33.

heritage significance to ensure the best net return for the Commonwealth.[38]The internal audit also recommended that a defined process be established for the selection of any disposal agents.[39]

The current CEP on disposal policy already allows for the use of specific disposal processes such as sale by tender or private treaty where an item may appeal to a specialised market and thus yield a higher return if offered for sale in a way relevant to such a market. The CEP also cautions about the potential additional administrative costs of such an approach.[40] Some judgement will always be required in coming to an assessment on such case-by-case issues; and it would be unwise to be too prescriptive.

Finding 10: In most instances of proposed disposal by sale, the current asset valuation of the item may provide a suitable reserve price. However, where an item may be of particular significance than an independent valuation to determine an appropriate reserve price would be desirable.

The use of the Declaration of Surplus or unserviceable items form

The *Declaration of Surplus or unserviceable items form*, generally referred to as the Disposals form, has a central role in the management of the overall disposal process.

Finding 11: The disposals form needs to be sufficiently detailed to provide guidance on the overall disposal process and to require the provision of sufficient information to inform and support disposal decisions.

A proposed revised form is attached at **Appendix C** with the proposed changes for the existing form being highlighted. The principal changes are:

- Inclusion of guidance on the sequence in which the various actions and decisions required in the disposals process should be undertaken – steps 1 to 5.
- The inclusion of emphasis on when and where supporting reasons for recommendations and decisions are to be provided.

These proposed changes also addresses the related issues raised in the internal audit report.[41] In addition to the changes included in the revised form at Appendix C, a further step 6 should be included on the form to record the completion of the disposal process by the Disposals Officer.

While only a minor point, the administration of the overall disposal process would also be made easier if disposal forms are completed on line – thus ensuring consistency of approach and legibility.

Recommendation 7: The *Declaration of Surplus or unserviceable items form* be revised as illustrated at Appendix C to include guidance on the required sequence of disposal actions and decisions, and the required documentation of reasons for recommendations and decisions.

Departmental Response: Agreed. Amendments to the disposal form and to CEP 4.3 are to be finalised by the end of October 2011, building on the draft document at Appendix D. Amongst other matters, the revised version of CEP 4.3 will require the Disposal Administrator to seek valuation advice from expert valuers where the price at sale has the potential to exceed written down values.

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[38] PricewaterhouseCoopers, 2011, *Op.cit.*, p.16.

[39] *ibid.*, p.21.

[40] Department of Parliamentary Services, 2011, Financial Paper No 4 – Chief Executive's Procedures, CEP 4.3 – *Disposal of public property*, paras. 37-38.

[41] PricewaterhouseCoopers, Op.cit., p. 23.

Revised CEP on Disposal of Public Property
This report has demonstrated that while changes have been made to CEP 4.3 *Disposal of public property*, primarily to reflect heritage concerns, further changes are required to more comprehensively set out the requirements for a more effective and better managed and documented property disposal process.

In particular, these procedures need to be revised to:

- clarify the responsibilities of the various positions that are involved in the disposals process,
- provide a clear statement of the expected sequence of events in the consideration and implementation of a proposed disposal,
- set out the requirements for the documentation of disposal recommendations and decisions,
- integrate the proposed changes in the manage of asset recording into the initial stages of the disposal process,
- integrate the proposed changes to the definition and management of heritage issues and consideration of the disclosure of provenance into the relevant stages of the disposal process, and
- avoid overregulation, additional cost and delay.

The proposed revision to CEP 4.3 *Disposal of public property* at **Appendix C** reflects the above principles and the related findings and recommendations set out in this report.

Recommendation 8: Chief Executive Procedures 4.3 *Disposal of public property* be revised as proposed at Appendix C to reflect best practice in asset disposal and to clearly and comprehensively detail the asset disposal process.

Departmental Response: See response to Recommendation 7.

2.7 Disclosure of the Provenance of Items for Disposal

The internal audit report recommended that the Department introduce a policy that formalises the Department's stance on whether to advertise that items are from Parliament House. The audit noted that the Australian Government does not have a policy on this general issue.[42] This audit finding is supported.

In seeking to develop a policy in relation to the disclosure of the provenance of assets during a disposal process, a number of factors need to be considered.

Firstly, there is the general requirement under the Financial Management and Accountability Act, cited earlier, to manage the affairs of the Agency in a way that promotes proper use of resources." [43] This requirement is expanded under the new Model Chief Executive Instructions that, in relation to the disposal of public property, suggest that agency instructions may include a requirement that staff members obtain the best net financial outcome for the Commonwealth when disposing of property.[44]

Secondly, there is the related consideration that disclosure of the Parliament House origin or provenance of some types of items (particularly furniture and fittings) may result in a higher sales return because of the perceived uniqueness or possibly quality of such items. In most instances it may be sufficient for the item simply to be described as being of Parliament House origin. In other more specific cases, a more complete description of the provenance of an item would be appropriate to both maximise potential revenue and to ensure that prospective purchasers have a clear understanding of the nature of the item.

Thirdly, there is a need to ensure that the disposal process for the Department is of the highest ethical standards. The non-disclosure of the Parliament House origin or provenance of potentially valuable, attractive or identifiable items could lead to accusations of impropriety if such items where purchased – even at public auction - by Departmental staff who might then obtain a future financial advantage through the resale of such items. In addition, disclosure of the Parliament House origin of items would eliminate any concerns about departmental staff being able to purchase DPS assets at public auctions or through other open sales mechanisms.

Finally, there is a need to ensure that the concerns and any controls about origin or provenance are only applied where relevant. For example, IT equipment and plant and machinery that has been replaced under a technical refresh or repairs and maintenance program are not considered to be items that would attract origin or provenance concerns. In addition, there is not considered to be any potential additional benefit to be gained from the disclosure of the Parliament House origin of such classes of items.

The predominant view of the officers interviewed during this review supported the disclosure of the Parliament House origin or provenance of relevant items that are proposed for disposal, with probity and the maximisation of revenue being the reasons most often raised in support of this view.

The principal contrary view was based on the concern that the disclosure of the Parliament House origin of an item might attract a requirement or expectation that the Department would be warranting the validity of that provenance and thus would need to provide supporting documentary evidence. It has been argued that such a circumstance would involve both additional administrative effort and potential additional risk to the Department.

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[42] PricewaterhouseCoopers, 2011, *Op.Cit.*, p.16.

[43] Austlii, Commonwealth Consolidated Acts, *Financial Management and Accountability Act 1997*, Section 44.

[44] Department of Finance and Deregulation, 2011, *The Model CEIs*, p.68.

While these concerns are noted, the source of most items to be sold with identified Parliament House origin should be clear from the relevant database. Similar items with particular provenance are already identified and documented on the Arts Database. No additional documentation should be required. Where origin or provenance is not clear it should not be claimed.

Finding 12: Where the disclosure of the Parliament House origin or provenance of an item for sale is likely to result in an increase in the realisable return from the sale of that item, and the disclosure would not be detrimental to the interests of the Department, then disclosure of the Parliament House origin provenance of the item is supported. In the case of the Department of Parliamentary Services, such items are most likely to be furniture and fittings, or items approved for de-accessioning from the Parliament House Art Collection.

Recommendation 9: The Department's procedures for the disposal of public property be amended to require the disclosure of the origin or provenance of items proposed for sale where such disclosure would not be detrimental to the interests of the Department and is expected to increase the realisable return from the sale of that item; and where the Parliament House origin or provenance of such items is clear.

2.8 Staff Training and Skills

The internal audit report recommended that the Department should ensure that staff are aware of the requirements of CEP 4.3 – *Disposal of public property* when undertaking disposals. To do so the internal audit report proposed that the Department should consider providing disposal training to staff who may be required to undertake a disposal.[45]

From the interviews conducted with staff involved in the disposals process, it is clear that they have a very good understanding of the requirements of their part of the disposal process. Where additional training and awareness is required is in the promotion of a wider understanding of the overall disposal process and the need for improved documentation of recommendations and decisions.

The other area where further training and awareness programs will be required is in the implementation of the recommended changes to asset recognition and recording and to heritage assessment, and how those changes will impact on the assessment and management of proposed disposal of assets and items of significance. These additional training and awareness programs will need to be made available to all staff who could be potentially involved in the disposal process, including staff whose role may be limited to the development of disposal proposals.

Recommendation 10: Additional training and awareness programs be developed to support the introduction and operation of the recommended revised asset disposal procedures and the related changes to asset recognition and recording and heritage assessment.

Departmental Response: Agreed. DPS will initiate new training programs in early 2012.

[45] PricewaterhouseCoopers, 2011, *Op.Cit.*, p.23.

Appendix A

Review of Asset Disposals – Scope

DPS has committed to a comprehensive review of its asset disposal policies and practices, including involving staff with relevant qualifications, as appropriate. DPS is seeking advice from an independent person, with in-depth knowledge of, and extensive experience in, public sector finances, governance and accountability and with a solid reputation in this field. It is intended that the review will:

(a) build upon the findings of the internal audit on the Disposal of Equipment from the Former Staff Recreation Room, undertaken by PricewaterhouseCoopers in June 2011;

(b) make recommendations about specific aspects of DPS disposal policies and practices, including:

(i) alignment with better practice in the Commonwealth public sector;

(ii) clearer categorisation of assets which are beyond the strictly utilitarian, including:

- "full" cultural and heritage assets (in accordance with the Finance Minister's Orders); and
- other assets with some cultural, heritage or historical value;

(iii) clearly identify which DPS officials should have authority to dispose of assets, taking into consideration the categories listed in (i), including reviewing the current financial delegations and authorisations in relation to disposal of assets;

(iv) preferred mechanisms for disposal (to maximise return to the Commonwealth);

(v) disclosure/non-disclosure of the provenance of assets being disposed of;

(vi) relevant changes to Chief Executive Procedures to ensure the policy intent is codified;

(vii) staff training/staff skills;

(viii) other relevant matters considered appropriate by the consultant.

Appendix B

Interviews Conducted during the Review

Department of Parliamentary Services	
Alan Thompson	Secretary
David Kenny	Deputy Secretary
Roxanne Missingham	Parliamentary Librarian
Dr Dianne Heriot	Assistant Secretary Research
Judy Hutchinson	Assistant Secretary Information Access
Karen Sheppard	Assistant Secretary Corporate Services
Liz Bryant	Assistant Secretary Projects
Freda Hanley	Assistant Secretary Infrastructure Services
Bronwyn Graham	Assistant Secretary Building Services
Karen Greening	Assistant Secretary Content Management
Nick Tate	Director Projects
Judy Tahapehi	Director Strategy & Communications
Tristan Hoffmeister	Heritage Officer
Kylie Scroope	Director Art Services
Cindy Kenny	Director Finance
Robyn Kealey	Director Procurement & Contract Management
Gary Lilley	Director Governance & Business. Management
John Harrison	Director Maintenance Services
Vincent McDonagh	Director Maintenance Strategy & Planning
Ralph Wese	Director Communication Networks
Peter Collins	Director EOIT Transition
Denys Batten	Director Facilities
Murray Thompson	Director Security
Maria Wasson	Registrar, Art Services
Bob Raadts	Assistant Director Procurement
Les Downs	Senior Procurement Officer
Robert Arganese	Manager Assets & Projects
Mark O'Donohue	Assets Official
Wayne Evans	Manager, Loading Dock
Office of the President of the Senate	
Chris Paterson	Senior Adviser
Office of the Speaker of the House of Representatives	
Quinton Clements	Senior Adviser

Department of the Senate	
Brien Hallett	Usher of the Black Rod
Department of the House of Representatives	
Robyn McClelland	Serjeant-at-Arms
Museum of Australian Democracy at Old Parliament House	
Jenny Anderson	Director
Andrew Harper	Deputy Director Corporate & Heritage
Karen Hogan	Chief Financial Officer
Department of Finance and Deregulation	
Kerry Markoulli	Assistant Secretary Financial Framework Policy

Appendix C

Proposed Revision to Declaration of surplus or unserviceable items form

Parliament of Australia
Department of Parliamentary Services

Declaration of surplus or unserviceable items form

Date:

Reference No:

(To be allocated by DPS Logistics Area)

CONDITION CODES:

N - New	1 - Excellent
E – Used Reconditioned	2 - Good
O – Used Without Repairs	3 -Fair
UR – Unrepairable	4 - Poor
R - Used Repairs Required	

Line No.	Asset No., PE No or Stock code.	Short Description	Serial No.	Qty	Unit of Measure	Surplus/ Damaged/ Obsolete	Condition Code	Recommended action				
								Retain:		**Dispose of as is:**		
								Reuse	Reduce to Components	Sales	Gift	Destroy
a	b	c	d	e	f	g	h	i	j	k	l	m
1												
2												
3												
4												
5												
6												
7												
8												
9												
10												

Step 1: Declaring Official (Official declaring the item(s) are surplus or unserviceable).
The listed items are surplus to requirements. I have examined the items and recorded in column h the appropriate condition code for the items. I have recommended an action as shown in columns i to m and provided an explanation on the following page as to the reason the asset is being disposed, and the reason why the particular retention or disposal action is proposed

Signature: Printed Name: Date: / /

Step 2 (if relevant): IT Services (IT equipment)
I have examined the computer equipment listed on this form. Where the equipment contains a hard drive or other non-volatile memory it has been erased of all applications and data. I have also reviewed the condition of the equipment and agree with the assessment in column h (if applicable)
Signature: Printed Name: Date: / /

Step 3 A (if applicable): Heritage/Cultural Assessment (Art Services database)
I have examined the listed items and reviewed them against the Art Services database. I agree with the above recommended action. (If not agreed I have provided detailed reasons in the notes on the following page).
Art Services Section Agreed Not Agreed
Signature: Printed Name: Date: / /

Step 3B (if applicable): Heritage/Cultural Assessment (Heritage, Cultural, Furniture, items of significance)
I have examined the listed items and assessed them against the Department's heritage management framework. I agree with the above recommended action. (If not agreed I have provided detailed reasons in the notes on the following page).
Strategy and Communication section: Agreed Not Agreed
Signature: Printed Name: Date: / /

Step 4: Assistant Secretary Custodian Authorisation

The listed items are surplus damaged or obsolete and are of no further use to my branch. I recommend the proposed disposal.

Signature: Printed Name: Date: / /

Step 5: Disposal Administrator

Recommended action in accordance with CEI 4.3.1**:** Approved ☐ Not Approved ☐

Signature: Printed Name: Date: / /

CERTIFICATE OF DESTRUCTION:

The items listed in column m have been destroyed under my personal supervision,

on: / / .by..... means.

Disposal Officer:

Signature: Printed Name: Date: / /

Witness:

Signature: Printed Name: Date: / /

ASSET MANAGER CERTIFICATE:

I certify that the Asset Register has been updated.

Signature: Printed Name: Date: / /

DATA MAINTENANCE OFFICER CERTIFICATE:

I certify that the Equipment Catalogue has been updated

Signature: Printed Name: Date: / /

DECLARING OFFICIAL: Please provide an explanation as to why the assets are being disposed of and the reason for the particular proposed retention or disposal action.

NOTES re HERITAGE/CULTURAL ASSESSMENT

Appendix D

Proposed Revision to Financial Paper No 4 – Chief Executive Procedures: CEP 4.3 – Disposal of Public Property

Parliament of Australia

Department of Parliamentary Services

Financial Paper No 4—Chief Executive's Procedures
CEP 4.3—Disposal of public property

Date:		**Review:**	
Approved:	Secretary	**File No:**	06/01
Contact:	Director Finance	**Extn:**	8953

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This policy incorporates matters related to ethical behaviour. Attached to this policy is **Appendix A** that you should read regarding the department's expectations of staff in matters of ethics.

Introduction

1 These procedures are based on the requirements set out in *Chief Executive Instruction 4.3 – Disposal of public property*; and are to be followed when items of public property are identified as obsolete, unserviceable, worn out or surplus to requirements, and are proposed for disposal.

2 All DPS employees have a responsibility to ensure public property is used in a manner that most effectively meets the goals and objectives of DPS. Wherever it is economical to do so, public property should be sold at market price or transferred (with or without payment) to another Commonwealth entity with a need for the property. Staff also must not improperly dispose of public property.

3 Users of this document should familiarise themselves with the following:

(a) *Chief Executive Instruction 2.2 Receiving public money*;

(b) *Chief Executive Instruction 3.1 Approving proposals to spend public money*;

(c) *Chief Executive Instruction 4.2 Loss of public property*;

(d) *Chief Executive Instruction 4*.3 *Disposal of public property*;

(e) *Chief Executive Instruction 4.4 Gifting public property; and*

(f) *Operating Policy and Procedure No.17 – Parliament House Art Collection*.

4 In this document:

(a) **public property** means any item purchased or acquired by the department, including all assets recorded on the assets register or other items in use by the department;

(b) items of public property include:

(i) office equipment (photocopiers, faxes, microwave ovens, fridges, TVs, VCRs and DVDs);

(ii) non-specialist IT equipment (PCs, printers and monitors);

(iii) office furniture;

(iv) collection items used by the Parliamentary Library;

(v) specialist equipment used by Landscape Services, Electrical Services, Mechanical, Building Fabrics, Security, Nurses Centre, Works Management or Broadcasting; and

(vi) building fittings and fixtures, plant and equipment and broadcasting infrastructure.

Disposal of public property

Definition

5 Disposal refers to the trade-in, sale, transfer between Commonwealth agencies, gifting, swap, destruction, recycling or dumping of public property.

Steps in the Disposal Process

6 The consideration and actioning of the disposal of an item of public property involves a number of clear stages and requires the involvement of a number of designated officers. These stages and designated officers are summarised below and then detailed in subsequent sections of these procedures:

(a) A particular item of public property is assessed as no longer being required. That assessment can be made within any area of the department that has the current responsibility for that item. The officer who makes this assessment is the **Declaring Official** who can be any staff member of the area involved, or may be an officer who has been allocated that specific role.

(b) The initiation of the *Declaration of Surplus and Unserviceable Items form* – the Disposals Form (**DF**) by the Declaring Official. The Disposals Form can be found on the DPS staff portal. A copy of the Disposals Form is attached to these procedures for information. For each item listed on the Disposals Form the Declaring Official describes the item, provides a reason for declaring each item surplus, provides an assessment of the condition of the item and recommends what should be done with the item – either retention or some form of disposal.

(c) If the item proposed for disposal is a piece of IT equipment with a memory capability, arrangements must be made for the memory to be deleted.

(d) If the item proposed for disposal has been identified on the asset system as being an item of heritage or cultural significance or is considered by the Declaring Official to be an item that might fall into that category, the item is referred to the Art Services Section and to the Strategy and Communications Section for assessment.

(e) Following these assessments, the **Assistant Secretary with custodial responsibility** for the item recommends the proposed disposal.

(f) The **Disposal Administrator,** as the delegate, then reviews the proposed disposal and either approves or does not approve the proposal.

(g) The **Disposals Officer** then manages the actions required to implement the disposal and ensures that the required disposals documentation is completed.

(h) Finally, the **Assets Official** will remove the relevant items from the assets register and record the proceeds of sale (if any).

Responsibilities of the Declaring Officer

7 The *Declaring Official* is the official responsible for assessing when a particular item of public property is no longer required. The Declaring Official is to initiate the completion of the Declaration of Surplus and Unserviceable Items Form (Disposals form (**DF**)) that can be found on the DPS portal – FORMS - Finance forms. The Disposals Form is to be filled in on-line to ensure legibility.

Declaring items as obsolete, unserviceable, worn out or surplus to requirements

8 The Declaring Official is to include the following information for each item on the Disposals Form:

(a) the asset or plant and equipment (**PE**) number (if allocated);

(b) a description of the item, including any serial number – the description is to be in sufficient detail to enable the subsequent identification of the items by other officers and may include photographic evidence of required;

(c) the reason for declaring the item, including sufficient information to support the recommendation;

(d) the condition of the item (using a combination of the codes listed on the form); and

(e) the recommended action or disposal method taken from the following options:

(i) retain, item is suitable for reuse;

(ii) retain but reduce to components (to be used for spares);

(iii) sell or trade-in;

(iv) gift; or

(v) destroy.

Trading-in equipment

9 When an item is being replaced by a similar item, consideration should be given to trading-in the older item by requesting a trade value from the supplier during price negotiations. The delegate authorising the purchase of the new equipment has the authority to accept trade-in offers, but must be able to demonstrate that the trade proposal represents the best value for money to the Commonwealth.

10 The details of the trade (asset number and value of trade-in) must be noted in the text area on the purchase requisition and included in the notes area of the Disposals Form. Purchasing officials will alert the Assets officials to the trade-in when processing the requisition. Assets officials will use this information to record the disposal of the item traded in and ensure the item purchased is added to the asset register at the full value.

IT, Heritage or Cultural Items

11 If the item is an IT asset or an item of heritage or cultural significance or furniture (excluding melamine furniture), additional action is required before the form is sent to the **Custodial Assistant Secretary**:

(a) IT assets – where the equipment contains a hard drive or other non-volatile memory, all data and, if appropriate, software must be deleted from the equipment prior to sale. The sanitisation of IT equipment must be arranged through Client Support (2020).

(b) Heritage, cultural assets, artworks and/or furniture (excluding melamine furniture). When items with possible heritage or cultural value are declared surplus to requirements the "declaring official" must seek advice from Art Services Section AND the Strategy and Communication Section, as set out in paragraphs (a), (b) and (c) below to determine:

(i) if the item is listed on the Art Services' Parliament House Art Collection (**PHAC**) database and if so whether it needs to be returned to Art Services;

(ii) if the item is not on the PHAC database, the Strategy and Communication Section is to advise whether the item has any cultural or heritage significance;

(iii) if the item does have cultural or heritage significance the Disposal Administrator and the Assistant Secretary Corporate Services will consult with Art Services Section and Strategy and Communication Section to identify an appropriate future for the item. Options may include:

- retention within Parliament House; or
- lending of the items(s) on a long-term basis to an appropriate institution or donating/gifting the item(s); or
- returning the item(s) to the original designer/maker; or
- destruction; or
- seeking expressions of interest for either the reuse of item(s) or sale.

Identification of items containing hazardous substances

12 When an item containing a hazardous substance or pollutant is declared as obsolete, unserviceable, worn out or surplus to requirements, it is the responsibility of the custodian of the item to render it safe for disposal and inform Disposals Officer as to the existence and the nature of the hazard. The Disposals Officer will then assume the responsibility to arrange for the safe disposal of the items. Any additional costs associated with the disposal are to be borne by the branch that is the custodian of the item.

Security items

13 The department's Agency Security Advisor (**ASA**) should be consulted before security containers, locks or other security related equipment are disposed of. The ASA will be asked to confirm that the equipment is of no further use to the department and that there are no restrictions on disposal of the equipment.

Responsibilities of the Custodial Assistant Secretary

14 The **Assistant Secretary with custodial responsibility** for the items proposed for disposal receives the Disposal Form from the Declaring Official, and then reviews the proposal and recommends the proposed disposal.

15 Following the Assistant Secretary's recommendation, the **Disposals Officer** should be contacted to arrange movement of the items. The location of

any assets will be changed to the “at disposal” location and all items securely stored until they are re-issued or sent for disposal.

Responsibilities of the Disposals Officer

16 The Disposals Officer (the Manager of the Loading Dock) is responsible for:

(a) assessment of items declared obsolete, unserviceable, worn out or surplus to requirements to determine whether such assessments are reasonable;

(b) liaison with branches/sections to advise on appropriate methods of disposal;

(c) preparing items for disposal;

(d) arranging the disposals;

(e) maintaining required documentation (including the original Disposal Form);

(f) arranging for the offset of the costs for construction waste, eg recycling metal, against the specific project.

Disposal Administrator

17 In accordance with CEI 4.3.1, the Secretary has nominated the Chief Finance Officer who has sub-delegated this authority to the Director Finance to undertake the role of **Disposals Administrator.** The Disposals Administrator is responsible for:

(a) oversighting the disposal of public property procedures;

(b) seeking the appropriate approvals to gift items;

(c) regularly reviewing items recorded as “at disposal”;

(d) reviewing the performance of auction houses;

(e) prompt banking and reconciliation of proceeds; and

(f) maintaining required documentation.

18 The Disposals Administrator is to have regard to the latest guidelines or advice from the Department of Finance and Deregulation on disposal of assets and amend processes accordingly. The Disposals Administrator’s recision on the proposed disposal is recorded on the Disposals Form.

19 The Disposals Administrator is to seek independent valuation advice for any items or assets being considered for sale, where the sale price is likely to be significantly different from written down values.

Immediate destruction

20 When immediate destruction is necessary for health and safety reasons, the Disposals Administrator may authorise the destruction of the items in advance of formal approval. The authorisation and its reasons are to be attached to the DF.

Mistreatment

21 Where the unserviceability of an item is assessed as being due to other than fair wear and tear, such as mistreatment, the Disposals Official will prepare a report to the Disposal Administrator to consider if action should be instigated in accordance with *CEI 4.2—Loss of Public Property.*

Reuse

22 When an item is identified as suitable for reuse, the Disposals Officer will endeavour to find a user for that item. Generally the reused item will replace a similar item of lesser condition. Where an item is not a replacement, but an addition, the gaining branch must be able to justify the requirement.

Agree disposal method

23 If the Disposals Officer believes a disposal method different to that supported by the responsible Assistant Secretary will deliver the best net outcome for DPS, the Disposals Officer must:

(a) discuss the proposed change with the Disposal Administrator;

(b) contact the appropriate Assistant Secretary to explain the reasons for the change; and

(c) note this change on the Disposal Form.

24 The Disposals Official can then agree the disposal method by signing the Disposal Form in the appropriate area. The Disposals Officer will arrange the disposal of the items.

Preparing items for disposal

25 The Disposals Officer is responsible for preparing items for disposal. The Disposals Officer must ensure that any data disk drives have been sanitised, all software has been cleared from IT items and that there are no papers left in filing containers or furniture draws. Insignias must also be removed from uniforms. Any cost associated with preparing items for disposal is the responsibility of the Branch disposing of the items.

Assets register and equipment catalogue

26 The Disposals Officer will retain the original Disposal Form documentation and scan a copy of the documentation onto a shared workgroup. Asset officials in the Finance Section will assess all assets to ensure that have been correctly identified. Assets officials will use the Disposal Form as the authority to change the location of an asset to the “at disposal” location.

27 Where applicable, the Disposals Officer will send a copy of any Disposal Form which lists plant equipment items to Maintenance Services.

Disposal methods

28 The Commonwealth Procurement Guidelines state that accountability and transparency are the primary considerations throughout the procurement process from the initial identification of need through to the final disposal of any property.

29 The Commonwealth should obtain, and be seen to obtain, the best possible net return for the public property it sells. The disposal process must be efficient, effective economical and ethical, and must be able to withstand public scrutiny. Officials will be held accountable for their actions and decisions in these matters.

30 DPS has a responsibility to ensure that resources are not used and disposed of to the detriment of the environment. Disposal by dumping at landfill sites will be a last resort. Wherever possible the disposal method will be either sale, recycle, reuse or gift.

31 A guide to the typical disposal methods by type of item is at **Attachment A**.

Reduce to components

32 Items should be reduced to components where parts can be economically salvaged for reuse (including the cost of staff time). Items should not be reduced to components if the value of the salvaged items plus the staff time involved, is less than the likely return if the item was disposed of complete. The availability and cost of spare parts can also influence the decision whether or not to reduce to components.

Commonwealth liability

33 DPS should offer no warranty on the condition of items it sells or gifts. The request for tender, auction catalogues or any other sales documentation should provide a full description of the items, specify that the goods are “ex work” or “as is, where is” and invite prospective buyers to inspect the goods prior to sale. DPS should also offer no warranty on the items it gifts and the gift recipient is required to acknowledge, in writing, acceptance of the items on those terms.

Origin of goods

34 IT items and assets, notwithstanding the sanitisation process detailed in Paragraph 10(a), are not to be sold with any listing of origin.

35 All other items and assets are to be clearly identified during the sale process as “being disposed of by the Department of Parliamentary Services”, to ensure maximum transparency in the sale process and the maximum possible return from the sale of such items.

36 For items being disposed of which have some cultural connection to the building, then a further brief summary of provenance should be provided, including a statement that DPS provides no warranty in relation to the claimed provenance of such items.

Disposal by sale

37 Public property should only be sold when the anticipated return is likely to be higher than the costs incurred i.e. auction fees, valuation fees, transportation and administrative costs. Where the proposed sale items are considered to be of particular interest or value, a separate assessment of their potential market value is to be obtained prior to sale.

38 In the interests of promoting probity, fair dealing and openness, public property will not be sold directly to DPS staff outside the public process without the specific approval of the Secretary. The Secretary may also consider direct sale where transport and selling costs outweigh the potential sale receipts and that direct sale will give an increased return to the Commonwealth.

39 If the method of disposal chosen is sale, there are a number of options available that may return the best outcome for DPS as set out below. The type and condition of the item will influence the choice of the method of sale.

Auction

40 The Disposals Administrator will select an auctioneer to achieve the best return for DPS:

(a) turnaround time is acceptable;

(b) charges for commission, transport and other costs are appropriate;

(c) reports on sold and unsold goods are in the required format;

(d) revenue from auctions is received within an acceptable timeframe; and;

(e) the auctioneer agrees to clearly identify the origin of each item as "being disposed of by the Department of Parliamentary Services".

Tender

41 Where the Disposals Administrator and an equipment custodian agree that the best financial outcome for DPS would be to dispose of equipment to a wider or specialised market, equipment can be disposed of through an open or select tender process. In choosing this method of disposal, the Disposals Administrator should be aware of the likely administrative cost of the process.

Private Treaty

42 A private treaty is a sale negotiated directly between an agency or its agent and the buyer outside the competitive process used in auctions or tenders. Private treaty sales may be appropriate in circumstances where:

(a) the market is limited and a single buyer is identified and is willing to pay the price set by DPS;

(b) the broader interests of the Commonwealth are served by selling to a particular company, group or individual; or

(c) items are located at the buyer's premises on a hire, free-use basis or for operational reasons, and it would be reasonable to give the custodian first option to procure the item at market rates.

43 All proposals to dispose of equipment by private treaty are to be discussed with the Disposals Administrator and the Assistant Secretary Corporate Services.

Other

44 Other methods of disposal may be arranged in agreement with the Disposals Administrator from time to time to ensure the best value for money for

disposals. This may include, pre-price sale, transfer to other Commonwealth agencies, sale through an agent or sale through a broker.

Disposal by gift

45 Items may be gifted where the cost of disposal by another method is likely to outweigh any return to the department. Officers proposing to dispose of an item by gift are to comply with the requirements of *CEI 4.4 Gifting of public property*. In selecting a charity to receive a gift, DPS will seek not to favour one charity, group or organisation over another. All proposals to gift items must be approved in writing by the Secretary or, for Library collection material, by the Parliamentary Librarian.

46 No items are to be gifted to Parliamentary Service officers or their relatives without specific approval of the Secretary.

Disposal by destruction, dumping or scrapping

47 Disposal by destruction will only be considered when the items being disposed of have little or no sale value and cannot be recycled or gifted. Disposal by destruction and dumping must be in accordance with ACT and Commonwealth Regulations.

48 It is the responsibility of employees destroying the items to do so in such a way that further use is impossible. The destruction is to be witnessed by an employee appointed by the Disposal Administrator. The Disposal Officer and the witness are to complete the Certificate of Destruction on the back of the DF.

49 In making recommendations concerning items which are identified for destruction or sale as scrap, the Disposals Officer must consider the feasibility of reclaiming or reconditioning components for use, transfer or sale. Clearly, if components can be economically recovered they should not be destroyed or scrapped.

Reconciliation of funds from the proceeds of disposal

50 Proceeds from sale should be sent to Receiver of Public Money for prompt banking.

51 An Assets Official will reconcile the advice received from disposal agents with the relevant DF. Once reconciled, a copy of the disposal advice will be kept on the shared workgroup and the original sales advice will be retained by the Assets Official. The Assets Official will remove the relevant assets from the assets register, record the proceeds of sale and advise the Disposal Officer of the completion. The Disposal Officer moves the disposal from “waiting to be finalised” to “finalised” and transfers the documentation to the completed file.

Alan Thompson
Secretary

Attachment A—Disposal Methods

Equipment type	Typical disposal methods	Comment
General IT	Sale through auction or private treaty, gift, dump.	When IT equipment cannot be sold, the auction house will contact DPS to seek further instructions.
Specialist IT equipment	Sale through auction, agents or private treaty, gift, dump.	When specialist IT equipment cannot be sold it should be gifted.
Office equipment	Sale through auction, dump, trade-in.	Generally, office equipment should be traded-in as this method can provide the best outcome for the Commonwealth.
Furniture	Melamine furniture - Sale through auction or private treaty, recycle, dump. Heritage furniture refer to paragraph 23.	Where melamine office furniture is not suitable for sale, it will be dumped/recycled. All other furniture MUST have a heritage assessment prior to any disposal methodology being determined.
Electrical	Sale through auction or private treaty, recycle, dump, reduce to components.	Faulty electrical equipment sent for disposal is usually not worth repairing. Wherever possible, it will be sent to a recycling company.
Fabrics	Sale through auction or private treaty, recycle, gift, dump, reduce to components	Carpet that is not suitable for sale due to excessive wear will be gifted or dumped. When it can be sold it will go to auction. Tools will generally be kept for parts or sold at auction.
Mechanical	Sale through auction private treaty or agent, recycle, dump, reduce to components.	Equipment from Mechanical Services, eg replaced pumps, valves and water taps, are which are beyond repair and, where appropriate, items will be taken for recycling, otherwise they will be dumped. Specialised equipment will usually be reduced to components, or sold at auction.

Equipment type	Typical disposal methods	Comment
Broadcasting	Sale through auction, tender, private treaty or agents, recycle, gift, dump, reduce to components.	Broadcasting equipment is mostly specialised and will be sold through auction, brokers, tender or private treaty. Non-specialised equipment, such as TVs and VCRs, will be sold at auction.
Medical Equipment	Gifting, destruction, sale through private treaty.	Specialised medical equipment that can be sold would generally be sold through private treaty.
Security	Gifting, sale through auction or private treaty.	Security guard uniforms will be gifted to a local charity. Specialised security equipment will be sold either through private treaty or at auction.
Gardening	Sale through auction, trade-in, gift.	Most gardening equipment will be traded-in against new equipment, otherwise it will be sold at auction.
Serials and Monographs	Gift, recycle.	Serials and monographs will normally be gifted to charity. Material that is not suitable for gifting will be recycled.
Art works	In consultation with the Director, Art Services.	

Appendix A—Ethical behaviour for DPS officers

The purpose of this appendix is to remind all DPS officers that they must undertake their duties to the highest ethical standards.

Parliamentary Service Values and Code of Conduct

DPS employees must at all times behave in a way that upholds the Parliamentary Service Values and Parliamentary Service Code of Conduct, as set out in below:

Parliamentary Service Act 1999

Parliamentary Service Values

(a) the Parliamentary Service provides professional advice and support for the Parliament independently of the Executive Government of the Commonwealth;

(b) the Parliamentary Service provides non-partisan and impartial advice and services to each House of the Parliament, to committees of each House, to joint committees of both Houses and to Senators and Members of the House of Representatives;

(c) the Parliamentary Service has the highest ethical standards;

(d) the Parliamentary Service performs its functions with probity and is openly accountable for its actions to the Parliament;

(e) the Parliamentary Service has leadership of the highest quality;

(f) employment decisions in the Parliamentary Service are based on merit;

(g) the Parliamentary Service provides a workplace that is free from discrimination and recognises and utilises the diversity of the Australian community;

(h) the Parliamentary Service establishes workplace relations that value communication, consultation, co-operation and input from employees on matters that affect their workplace;

(i) the Parliamentary Service provides a fair, flexible, safe and rewarding workplace;

(j) the Parliamentary Service focuses on achieving results and managing performance;

(k) the Parliamentary Service uses Commonwealth resources properly and cost-effectively;

(l) the Parliamentary Service promotes equity in employment;

(m) the Parliamentary Service provides a reasonable opportunity to all eligible members of the community to apply for Parliamentary Service employment;

(n) the Parliamentary Service is a career-based service to enhance the effectiveness and cohesion of Australia's democratic system of government;

(o) the Parliamentary Service provides a fair system of review of decisions taken in respect of Parliamentary Service employees.
2 For the purposes of paragraph (1)(f), a decision relating to engagement or promotion is based on merit if:

(a) an assessment is made of the relative suitability of the candidates for the duties, using a competitive selection process; and

(b) the assessment is based on the relationship between the candidates' work-related qualities and the work-related qualities genuinely required for the duties; and

(c) the assessment focuses on the relative capacity of the candidates to achieve outcomes related to the duties; and

(d) the assessment is the primary consideration in making the decision.

Parliamentary Service Code of Conduct

(1) A Parliamentary Service employee must behave honestly and with integrity in the course of Parliamentary Service employment.

(2) A Parliamentary Service employee must act with care and diligence in the course of Parliamentary Service employment.

(3) A Parliamentary Service employee, when acting in the course of Parliamentary Service employment, must treat everyone with respect and courtesy, and without harassment.

(4) A Parliamentary Service employee, when acting in the course of Parliamentary Service employment, must comply with all applicable Australian laws. For this purpose, ***Australian law*** means:

(a) any Act (including this Act), or any instrument having effect under an Act; or

(b) any law of a State or Territory, including any instrument having effect under such a law.

(5) A Parliamentary Service employee must comply with any lawful and reasonable direction given by someone in the Department in which he or she is employed who has authority to give the direction.

(6) A Parliamentary Service employee must maintain appropriate confidentiality about dealings that the employee has with either House of the Parliament, with any committee of either House, with any joint committee of both Houses, with any Senator or Member of the House of Representatives or with the staff of any Senator or Member.

(7) A Parliamentary Service employee must disclose, and take reasonable steps to avoid, any conflict of interest (real or apparent) in connection with Parliamentary Service employment.

(8) A Parliamentary Service employee must use the resources of the Commonwealth in a proper manner.

(9) A Parliamentary Service employee must not provide false or misleading information in response to a request for information that is made for official purposes in connection with the employee's Parliamentary Service employment.

(10) A Parliamentary Service employee must not make improper use of:

(a) inside information; or

(b) the employee's duties, status, power or authority;

in order to gain, or seek to gain, a benefit or advantage for the employee or for anyone else.

(11) A Parliamentary Service employee must at all times behave in a way that upholds the Parliamentary Service Values and the integrity and good reputation of the Parliamentary Service.

(12) A Parliamentary Service employee on duty overseas must at all times behave in a way that upholds the good reputation of Australia. Parliament of Australia Department of Parliamentary Services 2 DPS code of conduct.doc

(13) A Parliamentary Service employee must comply with any other conduct requirement that is made by either House of the Parliament or by determinations.

All DPS officers who are:

- exercising authority in recruitment, managing and evaluating staff;
- managing DPS funds and property; and/or
- managing other resources, including various contracts for supply of goods and services

need to reflect very carefully on the listed Values and Code of Conduct.

What does this mean for individual DPS officers?

In undertaking their duties for DPS, all officers must:

- *be honest, and ensure Commonwealth finances and property are not misused or stolen;*
- *not use DPS property for personal or commercial gain;*
- *ensure the taxpayer gets value for money from the services provided by our contractors;*
- *be diligent, and ensure the taxpayer gets value for money from the salaries and any other benefits each person receives from DPS;*
- *not claim for benefits they are not entitled to;*
- *ensure employment decisions are based on merit, especially focussing on the requirements of the position;*
- *prevent and avoid discrimination in the workplace;*
- *avoid conflicts of interest.*

What is conflict of interest?

Conflict of interest occurs when the duties of the officer on behalf of DPS could be in conflict with the personal interests of the officer, including financial and personal relationships.

Because of the relatively small size of Canberra there is a higher likelihood of perceived conflicts of interest than would be the case in (say) Sydney.

If there is any possibility of real or perceived conflict of interest between your work duties and your other interests/relationships, it is essential that you declare these conflicts of interest to your supervisor. In some circumstances it will be preferable to immediately excuse yourself from certain duties.

Practical examples of conflict of interest

Set out below are some potential situations where DPS officers need to take action to avoid or minimise conflicts of interest.

Tenders and Contracts

If relatives or close friends are employed by any of the bidding organisations, and especially if you have a shareholding in any of the bidding companies, then it is not appropriate for you to be involved in any aspect of the tender process, including development of the specification. Furthermore, if the contract is ultimately awarded to a company which employs relatives or close friends, or if you have shareholdings in the company, then it is not appropriate for you to be administering the contract.

It is also not appropriate to receive gifts or hospitality without prior approval from your Assistant Secretary.

Staff management

For staff recruitment or promotion processes, it is not appropriate for you to participate in these processes when any of your relatives or close friends are applicants for the position(s). Furthermore, you should not be involved in decisions about reward and recognition (including pay adjustments) for staff who are relatives or close friends.

It is also recognised that staff may be related to other staff within DPS; for various reasons this can (occasionally) lead to situations where a family member reports directly, or through the chain of management, to another family member. This can lead to perceptions of conflict of interest within the work group. Such situations may be manageable in the short term, but are unlikely to be satisfactory to the related officers, or their work colleagues, in the longer term. If such a situation arises it is desirable that the relevant family members discuss the situation with a senior manager to identify an acceptable solution.

Conflict of Interest—procedural matters

If you believe that you or your staff could have conflicts of interest, it is important that these be declared. The detailed process for making these declarations is set out in *Personnel/HR Paper No. 28—Conflicts of Interest*.

What can you do if you observe non-ethical behaviour?

If you are a supervisor and you believe you are observing non-ethical behaviour amongst your subordinates (including conflict of interest or non-compliance with any of the Values or Code of Conduct) you should raise your concerns with the staff member(s) involved, requesting an immediate change in behaviour. For any "non-minor" breaches, you should also provide a report to your manager.

If you believe you are observing non-ethical behaviour amongst any of your work colleagues (including conflicts of interest, or non-compliance with any of the Values or Code of Conduct) you should report this behaviour to your supervisor or the Director of HR Services.

Officers who receive reports of potential non-compliance should do the following:

- Promptly consider the claims/reports and report the claim if it appears to be substantiated.
- Ensure the report of any claims is passed to the Director HR who will then provide advice as necessary to the Secretary and/or to the Internal Audit Committee.
- Where appropriate suspected cases of breaches of the Code of Conduct will be investigated in accordance with Personnel/HR paper No. 6 – Procedures for determining breaches of the Code of Conduct.

Appendix E

Department of Parliamentary Services – Definition of Cultural Heritage Items

Cultural heritage items and objects for Parliament House

Preamble

Parliament House Canberra is an iconic Australian building. It is a place where many events of national significance occur; it is central to Australia's democratic heritage, and much of Australia's cultural heritage.

Within and around Parliament House there are many items and objects that have cultural heritage significance or might acquire these values over time.

Definition

The cultural heritage items for Parliament House comprise.....

(c) *items which are a symbol of the functions of Parliament House as a ceremonial place of national importance;*

(d) *items which have a role in telling the story of the development and operation of Parliament House as a workplace for the Australian Parliament;*

(e) *artworks and documents within the Parliament House Art Collection;*

(f) *items which have been specifically designed for Parliament House;*

(g) *items which have permanent Parliament House markings.*

The assessment of the significance of cultural heritage items and objects will be undertaken against the following primary criteria, and taking into consideration the supporting comparative criteria.

Primary criteria

Items and objects may be classified as having cultural heritage **significance** for the Parliament or Parliament House if they meet one or more of the following primary criteria.

- Historic significance
- Artistic or aesthetic significance
- Scientific or research significance (research potential) and/or
- Social or spiritual significance (demonstrated contemporary attachment between the item or collection and a group or community).

Comparative criteria

Four comparative criteria are used to evaluate the **degree** of significance. These criteria interact with the primary criteria and may increase or decrease significance.

- Provenance (who created, made, owned or used the item or collection?)
- Rarity or representativeness.
- Condition or completeness.
- Interpretive capacity (Does it help to interpret aspects of its place or context?).

Managing items of cultural heritage significance

Items and objects which meet the above criteria should

(a) Be provided with a statement of significance

(b) Be recorded in the relevant database

(c) Be subject to a day-by-day management regime that respects and preserves the cultural heritage values.

(d) Only be considered for disposal after assessment by the Heritage Management team in the Strategy and Communication section, or the Art Services Section (for items in the PHAC).

Statement of significance

For all objects and items which are assessed to have cultural heritage significance, a statement of significance needs to be prepared.

A statement of significance is a reasoned, readable summary of the values, meaning and importance of an item or collection. It is more than a description of what the item or collection looks like. A statement of significance summarises **how** and **why** the item or collection is important. It is supported by research and evidence assembled through the assessment process.

For more information on assessing significance see:

- Parliament House Heritage Management Framework (draft); and
- Significance 2.0 a guide to assessing the significance of collections. http://www.environment.gov.au/heritage/publications/significance2-0/index.html

Databases

DPS will maintain three key databases for items of cultural heritage significance.

- Parliament House Art Collection (PHAC), which includes:
    - Rotational collection;
    - Historic memorials collection;
    - Gifts collection;
    - Architectural Commissions(including status A furniture); and
    - Archive Collection

As of mid-2011, the PHAC database is based on the Vernon CMS system

- Integrated Library Management System (catalogue), which includes:
    - the rare book collection;
    - Parliament of Australia Hansard set;
    - Parliamentary author collection; and
    - Political party materials collections (including speeches and policies).
- New database to be developed for other identified cultural heritage items which are not recorded by the PHAC database or the Library catalogue. This new database will include identification technology and all listed cultural heritage items will be tagged accordingly.

Where there are large numbers of identical items and objects identified in and around the building (notably, status B furniture), judgement will be required for including individual items versus representative example of items in the relevant database.