

Chapter 2

Sale of Parliament House billiard tables

Introduction

2.1 As noted in chapter 1, during the Estimates hearings of February and May 2011, the committee identified significant concerns with the disposal, in 2010, of two billiard tables from Parliament House. This chapter explores in depth the events surrounding the disposal of the billiard tables; the evidence provided to the committee during the Estimates hearings; and flaws identified in Department of Parliamentary Services (DPS) disposal practices.

Disposal process

2.2 DPS advised that on 26 June 1989 there were six billiard tables in Parliament House: two in the House of Representatives alcove; two in the Senate Alcove; and two in the Staff Recreation Room. There was also one pool table of unknown origin.

2.3 The tables housed in the Senate and House of Representatives Alcoves had been brought up from Old Parliament House in 1988. The Senate Alcove tables were returned to Old Parliament House in February 2000.

2.4 In 2009, DPS commenced plans to convert the Staff Recreation Room area to office accommodation. The Joint House Committee considered the proposed relocation of the Staff Recreation Room and its equipment on 14 September 2009 and 21 June 2010. The discussion included where the billiard tables might be transferred to and consultation with staff prior to any final decision being made about the future of the billiard tables. At its June 2010 meeting, the Joint House Committee noted that DPS had agreed on the disposal of the two billiard tables and pool table, having established that there were no bookings for the pool or billiards tables over the period November 2009 to May 2010. There was no discussion at either meeting of the Joint House Committee of any potential heritage value of the billiard tables or the pool table.¹

2.5 The billiard tables in the Staff Recreation Room and the pool table were removed on 22 July 2010.² DPS sold the tables through a Canberra-based auction company AllBids. The first table was advertised for sale on 26 July 2010 with bids closing on 9 August 2010 and the second table was advertised on 12 August 2010 with bids closing on 26 August 2010.³

1 Department of Parliamentary Services, *Answers to questions on notice taken at hearing of 2 May 2012*, No 5, received 15 May 2012.

2 Mr David Kenny, Deputy Secretary, Department of Parliamentary Services, *Estimates Hansard*, 23 May 2011, p. 65.

3 PriceWaterhouseCoopers, *Disposal of equipment from the former staff recreation room, Final Report*, July 2011, p. 13.

2.6 DPS indicated that it used AllBids for the majority of assets sales as it 'provides a good and quick return on the auction items; and clear paperwork'.⁴ The listing on the AllBids website did not mention the Parliament House connection as AllBids does not disclose vendor details.⁵ However, DPS advised that 'a DPS staff member has stated he bought one of the billiard tables' while the other was also purchased by another DPS employee.⁶

2.7 DPS put a reserve of \$2,500 on the billiard tables and \$2,000 on the pool table.⁷ The pool table sold for \$2,000. One of the billiard tables sold for \$2,500 and although the other did not meet the reserve it was sold for \$2,488.⁸ Subsequent advice indicated that \$2,500 was paid to AllBids for the second table. However, due to an error in calculating the sale price plus buyer's premium, AllBids underpaid DPS by \$11.12 and has undertaken to reimburse DPS for that amount.⁹ DPS explained:

In the case of the apparent under-reserve sale of one of the billiard tables, an offer was made on the table for the full reserve, which was accepted by All Bids staff. When the person came in to pay, the sale price plus 12.5% buyer's premium was incorrectly calculated. All Bids has undertaken to reimburse DPS for \$11.12 underpayment.¹⁰

2.8 DPS also advised that:

The items sold were administered assets and, as such, the funds realised by the sale were returned to the Official Public Account.

The sale of all three tables was settled on 6 September 2010. Records available to DPS indicated that the billiard tables were purchased by the [Parliament House Construction Authority] for Parliament House and, prior to the 2010 sale, were owned by DPS. DPS has found no records about the acquisition of the pool table.¹¹

4 Budget Estimates 2011–12, Department of Parliamentary Services, *Answers to questions on notice*, No. 30.

5 Budget Estimates 2011–12, Department of Parliamentary Services, *Answers to questions on notice*, No. 31.

6 *Senate Hansard*, 16 August 2011, Question on Notice, No. 682, p. 4580; PriceWaterhouseCoopers, *Disposal of equipment from the former staff recreation room, Final Report*, July 2011, p. 6.

7 Ms Judy Konig, Chief Finance Officer, Department of Parliamentary Services, *Additional Estimates Hansard*, 21 February 2011, pp 42–43.

8 Ms Judy Konig, Chief Finance Officer, Department of Parliamentary Services, *Additional Estimates Hansard*, 21 February 2011, p. 43.

9 Budget Estimates 2011–12, Department of Parliamentary Services, *Answers to questions on notice*, No. 32.

10 Budget Estimates 2011–12, Department of Parliamentary Services, *Answers to questions on notice*, No. 33.

11 *Senate Hansard*, 16 August 2011, Question on Notice, No. 682, p. 4580.

2.9 In an answer to a question on notice about the original cost of the billiard tables in 1989, DPS advised that '[of] the six billiard tables previously located in Parliament House: (a) four tables cost \$2,860 each; and (b) two tables cost \$5,800 each'.¹² At the Budget Estimates of May 2011, the committee was advised that the tables originally costing \$5,800 each had been sold.¹³

2.10 The 'original cost' figures are those listed in the 'Register of all furniture installed in the new Parliament House' (the Register) created in 1988 by the Parliament House Construction Authority (PHCA). It shows that six billiard tables were installed, with date of acquisition as 04/26/89, supplier (Heiron & Smith), value and location. The location is given as area 4C.2.006 (House of Representatives Alcove); two in area 4A.2.005 (Senate Alcove) and two in area 4C.G.110 (staff recreation room). The relevant page of the Register is reproduced at appendix 3.

2.11 The committee was told that the book value of the tables sold was \$1,500. A valuation of the tables was undertaken by the Australian Valuation Office (AVO) in 2009–10. In explaining the way in which the book value was arrived at, Mr David Kenny, Deputy Secretary, DPS, stated that it was decided within the Chief Finance Officer's Branch. Further:

The AVO from time to time provides us with valuation advice, and then we have a depreciation schedule that is pretty standard in terms of the way accountants work. But that work is done within the CFO branch, also known as the Finance branch and about to be known as the Corporate branch.¹⁴

2.12 DPS noted that the valuation met the financial reporting requirements and standards of the Department of Finance and Deregulation and the Australian National Audit Office. The Finance Minister's Orders for heritage and cultural assets include the following:

37.2 Only assets that are primarily used for purposes that relate to their cultural, environmental or historical significance are to be accounted for as heritage and cultural assets.¹⁵

2.13 DPS noted that the tables were primarily used for recreational purposes. The AVO valuation report in 2009–10 did not contain any reference to heritage considerations.¹⁶

12 Additional Estimates 2010–11, Department of Parliamentary Services, *Answers to questions on notice*, No. 25.

13 Mr David Kenny, Deputy Secretary, Department of Parliamentary Services, *Budget Estimates Hansard*, 23 May 2011, p. 50.

14 Mr David Kenny, Deputy Secretary, Secretary, Department of Parliamentary Services, *Budget Estimates Hansard*, 23 May 2011, p. 67.

15 Department of Finance and Deregulation, *Finance Minister's Orders for Financial Report*.

16 Budget Estimates 2011–12, Department of Parliamentary Services, *Answers to questions on notice*, No. 29 and No. 34; see also Mr David Kenny, Deputy Secretary, *Budget Estimates Hansard*, 23 May 2011, pp 52–53.

Heritage assessment of tables

2.14 Of particular concern to the committee was the possible disposal of Parliament House assets which may have a significant heritage value without appropriate evaluation of the asset.

2.15 In an answer to a question on notice following the 2 May 2012 committee hearing, DPS stated that at the time that the billiard tables were removed in July 2010, DPS projects staff noted the tables were cedar, 'nothing special' and had a date of either 1987 or 1989. At that time, Projects Branch staff examined the tables in the House of Representatives Alcove and noted that they were older and made from silky wood.¹⁷

2.16 The answer went on further to state:

On 26 August 2010, the evening that the final AllBids auction had closed, a DPS staff member had a telephone conversation with Mr Kenny about the auction, and wondered if the auction could be extended to allow for a potential bid. Mr Kenny advised this would not be possible.

On 10 September 2010, an email from a DPS staff member included a comment that the Staff Recreation Room billiard tables "did not have any heritage value to Parliament House but did have historic value to [Old Parliament House]". This was the first time that the potential heritage value, or otherwise, was drawn to Mr Kenny's attention.

In September 2010, two DPS staff members raised concerns about the potential heritage value of the Staff Recreation Room billiard tables with Projects and CFO Branch staff. Projects staff confirmed there were no issues. That is, the "special tables" remained in the House of Representatives Alcove.

In October 2010, the CFO Branch Estimates brief documented that the billiard tables were general assets and did not have heritage value attributed to them.¹⁸

2.17 At the Additional Estimates hearing of 21 February 2011, the committee received evidence from Ms Judy Konig, then Chief Financial Officer, DPS, concerning DPS disposal policies:

We have a policy that requires a heritage assessment of any items that the department is getting rid of or that have been declared surplus. In this case, these [two billiard tables] were assessed as having no heritage value.¹⁹

17 Department of Parliamentary Services, *Answers to questions on notice taken at hearing of 2 May 2012*, No. 4, received 15 May 2012.

18 Department of Parliamentary Services, *Answers to questions on notice taken at hearing of 2 May 2012*, No. 4, received 15 May 2012; the Estimates briefs were also received 15 May 2012.

19 Ms Judy Konig, Chief Finance Officer, Department of Parliamentary Services, *Additional Estimates, Committee Hansard*, 21 February 2011, p. 42.

2.18 Further, Ms Konig stated that DPS had to comply with the *Environment Protection and Biodiversity Conservation Act 1999* and 'the requirement to get the best outcome for the Commonwealth when we dispose of any goods'.²⁰

2.19 Ms Konig was very confident that a heritage assessment had been undertaken in relation to the two billiard tables sold by DPS.²¹

2.20 At the hearing, the committee sought a copy of the heritage assessment that was said to be undertaken. What was provided in answer to a question on notice to the committee on 6 June 2011 consisted of a handwritten, undated annotation alongside the entry for all the billiard tables on the 'Register of all furniture installed in the new Parliament House' (the Register).²² The annotation is signed by the Disposal Delegate.

2.21 The annotation reads:

Given tables purchased by PHCA around 1989 and are about 20 yrs old, thus no heritage value.²³

2.22 At the May 2011 Budget Estimates, the committee again questioned DPS about the date that the heritage assessment was undertaken. Mr Alan Thompson, Secretary, DPS, was initially unable to provide this information to the committee.²⁴ Following investigation of the matter during the committee's proceedings, Mr Kenny stated that the 'heritage assessment' had been undertaken 'earlier this year'. Later in the hearing, Mr Kenny provided further information:

The unsigned document that you are talking about earlier was signed. The recollection of the officer is that it was signed after 21 February, so it was after the estimates hearing in February. He says the reason it was not dated is that it was an oversight. He is not sure exactly when it was signed, but it was not long after the estimates hearings and probably around the time he received this email, which I can read out an excerpt from, which is to Judy Konig from the manager of heritage and ICT, which is an interesting combination, at the Museum of Australian Democracy. It said:

I can now confirm that the two billiard tables in our collection were manufactured circa 1930, were reconditioned by Heiron and Smith, to be relocated in the new Australian parliament building for 1998 and will return to OPH.

20 Ms Judy Konig, Chief Finance Officer, Department of Parliamentary Services, Additional Estimates, *Committee Hansard*, 21 February 2011, p. 42.

21 Ms Judy Konig, Chief Finance Officer, Department of Parliamentary Services, Additional Estimates, *Committee Hansard*, 21 February 2011, p. 43.

22 Additional Estimates 2010–11, Department of Parliamentary Services, *Answers to questions on notice*, No. 27, Attachment B.

23 Additional Estimates 2010–11, Department of Parliamentary Services, *Answers to questions on notice*, No. 27, Attachment B.

24 Mr Alan Thompson, Secretary, Department of Parliamentary Services, *Budget Estimates Hansard*, 23 May 2011, pp 34–35.

So our officers assessed that—confirmed their understanding that the old billiard tables with history had been returned to Old Parliament House, Museum of Australian Democracy, quite some time ago.²⁵

2.23 DPS has informed the committee that the email noted by Mr Kenny was the first contact with Old Parliament House regarding the billiard tables.²⁶

2.24 Mr Thompson added:

In this case our understanding of what had happened was that the disposal officer had received advice, like Mr Kenny has referred to, that the old tables had been returned to Old Parliament House. That information is true—they have been returned—but it is also clear that the relevant officer was not aware of it.²⁷

2.25 Mr Kenny concluded that the advice given to the committee at the Additional Estimates concerning the heritage assessment was incorrect. He went on to say that he had only just become aware that the advice was incorrect. Mr Kenny also added:

You raised the matter, and, as we said before lunch, there was some more investigation being done internally as to the history, noting that the history of all the billiard tables, in terms of the records available to us, was not clear—therefore it took a little bit longer to work through—but at about 20 past one I was advised that the heritage assessment had not been done at the time of the sale.²⁸

2.26 In addition, the committee sought evidence in relation to the Disposal Delegate's expertise in heritage matters. Mr Kenny was unable to say whether or not the Delegate had such expertise but noted that:

Our expectation is that officers like this officer will check to assess whether there is heritage. We are not driven by revenue or anything like that; we are simply trying to create the space and then achieve a reasonable return to the Australian taxpayer.²⁹

2.27 Mr Kenny went on to state:

I think we need to have a look at our disposal processes to ensure that those staff who do have the appropriate qualifications have an opportunity to be

25 Mr David Kenny, Deputy Secretary, Secretary, Department of Parliamentary Services, *Budget Estimates Hansard*, 23 May 2011, p. 62; see also Mr Alan Thompson, Secretary, Department of Parliamentary Services, *Budget Estimates Hansard*, 23 May 2011, p. 52.

26 *Senate Hansard*, 16 August 2011, Question on Notice, No. 682, p. 4580.

27 Mr Alan Thompson, Secretary, Department of Parliamentary Services, *Budget Estimates Hansard*, 23 May 2011, p. 64.

28 Mr David Kenny, Deputy Secretary, Department of Parliamentary Services, *Budget Estimates Hansard*, 23 May 2011, p. 63.

29 Mr David Kenny, Deputy Secretary, Department of Parliamentary Services, *Budget Estimates Hansard*, 23 May 2011, p. 51.

involved, noting that we do dispose of a large volume of items from time to time.³⁰

Reviews and other investigations of the disposal of the billiard tables

2.28 On 4 July 2011, Mr Thompson wrote to the committee and outlined four actions taken as a result of the matters raised at the Estimates hearings: an internal audit investigation; asset disposal policy improvements; survey of heritage and cultural items; and a review of disposal practices.³¹ In addition, an internal Code of Conduct investigation was undertaken.

Internal audit

2.29 DPS advised that it would commission an internal audit of the disposal process for the billiard tables and indicated that it would be provided to the committee.³² Subsequently, two reports from PriceWaterhouseCoopers (PwC) were provided to the committee.³³

2.30 The first report on the disposal process provided a history of the billiard tables in Parliament House from the records held by DPS. This clearly identified that four tables had been transferred from Old Parliament House, after being refurbished by Heiron and Smith, and that two new tables had been purchased in 1988.³⁴

2.31 The audit found that the disposal of the billiard tables had been carried out in accordance with the Chief Executive Procedure (CEP) 4.3 – Disposal of Public Property. However, it identified a number of deficiencies. For example, the CEP required items, which may have some heritage value, be referred to the Art Services section to ascertain if the item was on the Art Services database. The focus of the database is the art collections and 'may not be a comprehensive list of items with cultural or heritage value within DPS'.³⁵ In addition, no documentation could be provided to support claims that discussions had taken place with the CFO about the potential for the tables to be identified as having Parliament House origin (section 20, CEP 4.3).³⁶

30 Mr David Kenny, Deputy Secretary, Department of Parliamentary Services, *Budget Estimates Hansard*, 23 May 2011, p. 51.

31 Budget Estimates 2011–12, Additional information, Department of Parliamentary Services, *Letter relating to the evidence provided to the committee on billiard tables*, dated 4 July 2011.

32 Mr Alan Thompson, Secretary, Department of Parliamentary Services, *Budget Estimates Hansard*, 23 May 2011, p. 68; see also Budget Estimates 2011–12, Department of Parliamentary Services, *Answers to questions on notice*, No. 35.

33 Mr Alan Thompson, Secretary, Department of Parliamentary Services, *Supplementary Budget Estimates Hansard*, 17 October 2011, p. 13.

34 PriceWaterhouseCoopers, *Disposal of equipment from the former staff recreation room, Final Report*, July 2011.

35 PriceWaterhouseCoopers, *Disposal of equipment from the former staff recreation room, Final Report*, July 2011, p. 8.

36 PriceWaterhouseCoopers, *Disposal of equipment from the former staff recreation room, Final Report*, July 2011, p. 5.

2.32 PwC's recommendations included that the policies and procedures used to carry out disposals be revised and strengthened particularly in relation to heritage/cultural/significant assets. The recommendations of the audit and DPS's response were provided in an answer to a question on notice arising from the Additional Estimates, February 2012. This is reproduced at appendix 4.

2.33 In its second report, PwC investigated the age and sought opinion on the value of the billiard tables from the makers of the tables and another billiard table making company as well as an independent valuer. In relation to the tables sold by DPS, the report stated that:

- the tables had a value between \$1,500 and \$3,000;
- the \$2,500 received for each table by auction was in line with the market estimates for this type of table;
- in the valuer's opinion, the tables had no real heritage weighting to them due to their homogeneous character, age and as they seemed to be of a standard stock; and
- the replacement cost of similar tables would be around \$10,000.³⁷

2.34 In relation to the two tables remaining in Parliament House, the report stated that:

- the tables were estimated to be more than 50 years old;
- they appear to be in the design style of Old Parliament House but further work would be required to determine whether they were conceptual original pieces or commissioned at a later date;
- the estimated fair value of the tables was in the vicinity of \$10,000 each, the estimate formed by applying a heritage weighting or celebrity ownership value; and
- the replacement costs for a similar table would be in excess of \$12,000.³⁸

Review of DPS disposal practices

2.35 In addition to the two PwC reports, the committee was advised that DPS had initiated a review of the DPS disposal policies and practices.³⁹ This review was

37 PriceWaterhouseCoopers, *Department of Parliamentary Services: Valuation of Billiard Tables Located in Parliament House*, Final Report, September 2011, p. 5.

38 PriceWaterhouse Coopers, *Department of Parliamentary Services: Valuation of Billiard Tables Located in Parliament House*, Final Report, September 2011, p. 5; see also Mr Alan Thompson, Secretary, Department of Parliamentary Services, *Supplementary Budget Estimates Hansard*, 17 October 2011, p. 17.

39 Budget Estimates 2011–12, Additional information, Department of Parliamentary Services, *Letter relating to the evidence provided to the committee on billiard tables*, dated 4 July 2011.

undertaken by Mr Robert Tonkin at a cost of \$30,000.⁴⁰ This review was undertaken as:

...it became very clear there were some deficiencies in the overall framework that had been in place for a number of years, and so it was time to ask somebody to come in from outside and give us an overview of our disposal processes and whether our staff were trained adequately.⁴¹

2.36 The Tonkin Review noted that as result of the issues raised during the estimates hearings and internal audit report, there had been 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, the review 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'. The report proposed a series of changes and improvements to achieve a clear, accountable and effective asset disposal process.⁴² DPS agreed to all four recommendations made and as at February 2012 three were completed and the fourth (updating of the DPS Disposal Policy) was expected to be completed in June 2012.⁴³ The recommendations of the Tonkin Review and DPS's response are provided at appendix 4.

Survey of heritage and cultural items

2.37 The committee was advised in July 2011 that DPS was undertaking an internal survey of heritage and cultural items as part of its response to the Tonkin Review.⁴⁴ Mr Thompson noted that DPS and its predecessors had categorised heritage and cultural items in accordance with the definitions provided through Finance Orders, in particular paragraph 37.2 (see para 2.12 above). It was noted that using this definition, the audited value of these assets over which DPS has stewardship was some \$77.6 million in 2009–10. These assets comprise the Parliament House Art Collection, the Historic Memorials Collection and the Gifts Collection. Mr Thompson went on to comment:

40 Mr Alan Thompson, Department of Parliamentary Services, *Estimates Hansard*, 17 October 2011, pp 13, 18.

41 Mr Alan Thompson, Department of Parliamentary Services, *Estimates Hansard*, 17 October 2011, p. 17.

42 Mr R Tonkin, *Review of Department of Parliamentary Services Asset Disposal Policies and Practices*, 6 October 2011.

43 Additional Estimates 2011–12, Department of Parliamentary Services, *Answers to question on notice*, No. 60.

44 Mr Alan Thompson, Secretary, Department of Parliamentary Services, *Estimates Hansard*, 17 October 2011, p. 18; Budget Estimates 2011–12, Additional information, Department of Parliamentary Services, *Letter relating to the evidence provided to the committee on billiard tables*, dated 4 July 2011.

However, it is clear that some other items in and around Parliament House will have heritage, cultural or historic significance, even though they do not fall within the definition of heritage and cultural assets of paragraph 37.2.⁴⁵

2.38 The committee was provided with a copy of the preliminary survey of heritage assets in September 2011. The survey identified 170 'new' items or groups of items. A number of recommendations were also put forward including that a comprehensive definition for items associated with Parliament House that have cultural or heritage significance be created.⁴⁶

Code of conduct investigation

2.39 In addition to the reviews noted above, the committee was also advised that a code of conduct investigation was undertaken to determine whether there was a breach of the Parliamentary Service Code of Conduct by a DPS employee (Ms König, CFO) in relation to the sale of the billiard tables. Following advice from Dr Dianne Heriot, Acting Parliamentary Librarian, that the circumstances warranted an inquiry into a possible breach of the code by Ms König, Mr Thompson appointed an external investigator (Mr Peter Long, Centre for Public Management) to undertake an investigation.⁴⁷

2.40 The investigation report found that the former CFO, Ms König, had breached the code of conduct in relation to the *Parliamentary Service Act 1999*:

- subsection 13(1) – behaving honestly and with integrity in the course of Parliamentary Service employment;
- subsection 13(2) – acting with care and diligence;
- subsection 13(9) – not providing false and misleading information in response to a request for information that is made for official purposes; and
- subsection 13(11) – behaving in a way that upholds the Parliamentary Service Values and the integrity and good reputation of the Parliamentary Service.⁴⁸

2.41 The code of conduct investigation report recommended a reprimand and a fine by salary deduction.

2.42 The code of conduct investigation also considered whether or not the Disposal Delegate added the annotation on his own volition. Dr Heriot stated:

...there are some contested views about the circumstances of the annotation, but it would be fair to say that he [the Disposal Delegate] was asked to write his understanding of the heritage status.⁴⁹

45 Budget Estimates 2011–12, Additional information, Department of Parliamentary Services, *Letter relating to the evidence provided to the committee on billiard tables*, dated 4 July 2011.

46 Department of Parliamentary Services, *Identification of heritage assets for Parliament House (DPS)*, Additional information, dated 20 September 2011.

47 Dr Diane Heriot, Acting Parliamentary Librarian, *Committee Hansard*, 2 May 2012, p. 23.

48 Dr Diane Heriot, Acting Parliamentary Librarian, *Committee Hansard*, 2 May 2012, p. 26.

49 Dr Diane Heriot, Acting Parliamentary Librarian, *Committee Hansard*, 2 May 2012, p. 25.

2.43 Dr Heriot further stated that the Delegate had been asked to add the annotation by Ms Konig.⁵⁰ There was no consideration in the code of conduct investigation of whether any request to add the annotation had been made to Ms Konig by a more senior officer of DPS.

2.44 Upon reviewing the investigator's recommendations, Dr Heriot explained that she recommended not accepting the finding of four breaches and not imposing a fine, instead she recommended finding two breaches and imposing a lesser sanction, that is, a reprimand.⁵¹ The reprimand was given and a note recorded on the file.⁵² In coming to this recommendation, Dr Heriot noted that:

I think the issue was that while the information was incorrect there was an evidentiary issue around intention and knowingly providing false information. The evidence received by the investigator was not consistent in this regard and, as committees of privilege have often found when they consider the issue of false and misleading information, witness intention is a difficult evidentiary issue.⁵³

2.45 The lesser sanction was agreed and approved by Mr Thompson. Ms Konig has since retired from DPS.

Costs to date

2.46 At the February 2012 Additional Estimates, DPS tabled the final costs associated with the sale of the billiard tables and subsequent audits and reviews.⁵⁴ The total expenses of the actual sale were \$3,015.34 as set out in Table 2.1.

Table 2.1: Expenses associated with disposal of billiard tables

Commission paid to auctioneer*	\$1,292.94
Dismantling and removal from staff dining room#	\$1,665.00
Labour, storage, advertising and administration paid to auctioneer	\$3.00
Item reserve price fees paid to auctioneer	\$54.00
Bidder SMS notifications paid to auctioneer	\$0.40
Total Expenses (GST exclusive)	\$3, 015.34

* Commission charged at 18.5%

50 Dr Diane Heriot, Acting Parliamentary Librarian, *Committee Hansard*, 2 May 2012, p. 25.

51 Dr Diane Heriot, Acting Parliamentary Librarian, *Committee Hansard*, 2 May 2012, p. 26.

52 Mr David Kenny, Deputy Secretary, *Committee Hansard*, 2 May 2012, p. 27.

53 Dr Diane Heriot, Acting Parliamentary Librarian, *Committee Hansard*, 2 May 2012, p. 26.

54 Department of Parliamentary Services, *Billiard table disposal and subsequent investigations*, tabled, Additional Estimates, 13 February 2012.

2.47 The expenses incurred by DPS in relation to audits, reviews and the code of conduct investigation totalled \$94,168.14.

Table 2.2: Expenses associated with audits, reviews and code of conduct investigation

PriceWaterhouseCoopers audit, <i>Disposal of equipment from the former staff recreation room</i>	\$30,000.00
PriceWaterhouseCoopers audit, <i>Valuation of Billiard Tables located in Parliament House</i>	\$6,442.07
Mr Robert Tonkin, <i>Review of DPS Asset Management Policies and Practices</i>	\$30,000.00
Parliament House Cultural Heritage Items, Preliminary Survey*	\$5,300.00
The Centre for Public Management, <i>Code of Conduct Investigation</i>	\$22,467.07
Total expenses (GST exclusive)	\$94,168.14

* Estimated DPS staff cost

2.48 In summary, the total net cost of the disposal of the billiard tables to DPS was \$92,183.48 (revenue from the sale of tables was \$5,000 and total costs were \$97,183.48).

Committee comments and conclusion

2.49 The disposal of two tables from Parliament House by DPS in 2010 was the initial event which led to the referral of the performance of DPS to the committee. The disposal of an asset by a Commonwealth agency is an everyday occurrence; the control and disposals of assets must be in accordance with Department of Finance and Deregulation regulations and an agency's own procedures.

2.50 The disposal of the billiard tables by DPS has exposed major weaknesses in the way in which DPS conducts its stewardship of assets within Parliament House on behalf of both the Parliament and the people of Australia. It included the unprecedented and unacceptable actions of a parliamentary department providing a Senate committee with misleading information and creation of an annotation on a file to support that evidence after it was given.

Disposal of the billiard tables

2.51 At the February 2011 Estimates, the committee was clearly told that a heritage assessment had been conducted before the billiard tables had been sold. It is apparent from the evidence received since that hearing, that no such assessment had been undertaken.

2.52 At the committee's public hearing of 2 May 2012, Mr Kenny noted that there was no heritage assessment, rather 'the annotation on the computer printout'.⁵⁵ Mr Kenny also agreed that by the May 2011 Budget Estimates, it had become clear that the information provided at the February 2011 Additional Estimates was not correct.⁵⁶ While the committee notes these comments, it was not until *during* the May Budget Estimates hearing, when difficult questions were being asked, that the DPS Executive sought clarification from the Disposal Delegate. It is obvious that little work had been undertaken, between the estimates hearings of February 2011 and May 2011, to undertake a full investigation of the disposal.

2.53 This lack of interest in investigating the matters surrounding the disposal of the tables and their possible heritage value is also evident from the very beginning of the disposal process. The committee notes that the Joint House Committee was not informed of any potential heritage value of the billiards tables. Another opportunity was ignored when the disposal of the tables came to the notice of DPS staff. In answer to the question on notice provided on 15 May 2012, DPS advised that:

In September 2010, two DPS staff members raised concerns about the potential heritage value of the Staff Recreation Room billiard tables with Projects and CFO Branch staff. Projects staff confirmed there were no issues. That is, the "special tables" remained in the House of Representatives Alcove.

2.54 The answer provided to the committee states that it was Projects Branch staff who confirmed that there were 'no issues'. The answer does not indicate, nor in any other evidence received is it indicated, that DPS heritage officers were consulted or involved in the decision to sell the tables.

2.55 The committee also notes that DPS advised the committee at the May Budget Estimates 2011 that the tables costing \$5,800 were sold and that the tables had been purchased new for Parliament House. However, the PwC in its audit report stated that:

At the time of disposal, DPS had been unable to accurately determine whether the billiard tables were purchased new for Parliament House, or whether they were transferred from Old Parliament House. Additional documentation was located in July 2011 which provides evidence that the billiard tables sold at auction were those purchased new by the Parliament House Construction Authority in 1989 for the Staff Recreation Room.⁵⁷

2.56 As noted by PwC, until further documentation was located in July 2011, there was no certainty that the tables sold had been purchased in 1989. In addition, the committee notes the following comments from Mr Thompson:

55 Mr David Kenny, Deputy Secretary, Department of Parliamentary Services, *Committee Hansard*, 2 May 2012, p. 20.

56 Mr David Kenny, Deputy Secretary, Department of Parliamentary Services, *Committee Hansard*, 2 May 2012, p. 21.

57 PriceWaterhouse Coopers, *Disposal of equipment from the former staff recreation room, Final Report*, July 2011, p. 4.

You are asking about why we sold off the dearer ones. I would make the point again that the two tables that are up in the House of Representatives side, at the top, are in very good condition. I looked around them carefully. I actually come from a family that used to rehabilitate billiard tables. So they are in good nick. The cost of moving those out and then moving the other ones up there would far outweigh any difference in revenue you might get. They are big and they are expensive to move and there would be no logic from the taxpayer's viewpoint in getting rid of those ones, and they are in very good condition.⁵⁸

2.57 The tables in the House of Representatives Alcove that Mr Thompson is referring to are tables which came from Old Parliament House. According to the PwC report, these tables at the very least were made to the style of Old Parliament House and in fact may be 'conceptual original pieces'. The committee is indeed thankful that these tables were viewed as being too expensive to move as their sale would have been a significant loss of assets originally from Old Parliament House.

2.58 In addition, the committee notes that an incorrect date was included in the Supplementary Estimates brief prepared for the Secretary, that is, that the 'public auction on 22 July 2010 realised \$6,990 for the three tables'.⁵⁹ The first table auction for the first table closed on 9 August and the second on 26 August 2010.

2.59 The examination of the disposal of the billiard tables exposes a series of events which at best can be called slipshod and at worst a complete lack of understanding of the duties of officers of the Parliament and custodians of the assets of the Parliament. It opens staff of DPS to questions about competence and motivation. The committee considers it is important to state that it has no doubt that the Disposal Delegate acted as directed; rather, it is the failure of the leadership of senior level officers who must bear the fallout of this unedifying episode.

2.60 Senior level officers of DPS discussed matters with the Joint House Committee but did not discuss heritage issues. Estimates briefs were prepared and finalised by senior officers. In this regard, the committee notes that the brief for the Supplementary Estimates of 2010 contained incorrect information about the dates of sale of the tables. The Budget Estimates 2011 brief stated that there were no written records concerning the tables, yet two months later the PwC review was able to find documentation confirming the history of the tables.

2.61 The committee is concerned that senior level officers failed to adequately check the answers to the questions on notice before they were submitted to the committee. DPS received only 24 questions on notice at the Additional Estimates 2011, the answers to which the committee presumes should have been checked by senior officers. It seems incomprehensible to the committee that anyone reviewing the answers from the Additional Estimates of February 2011 would have believed that the

58 Mr Alan Thompson, Secretary, Department of Parliamentary Services, *Budget Estimates Hansard*, 23 May 2011, p. 53.

59 Department of Parliamentary Services, Additional information, *Supplementary Budget Estimates Brief, October 2010*, received 15 May 2012.

annotation of the Asset Register constituted an acceptable heritage assessment raising questions about how the approval occurred. The committee also notes that the draft answers were provided to the President of the Senate. In effect, DPS sought to have the President approve an answer which contained fabricated evidence.

Response to problems identified

2.62 The committee notes that since the reviews, DPS has moved to improve its disposal procedures. DPS has also instituted a review of the heritage assets of Parliament House. Prior to the disposal of the billiard tables, it appears that if an asset was not listed on the Art Services database there was no need to discuss possible cultural and heritage value assets with Art Services.⁶⁰ The committee considers that this was a significant flaw in DPS policies. The committee also notes that the same problem occurred in relation to the terracotta planter pots removed from Senators' and Members' suites. The four large pots for the Members' Hall were commissioned as part of the art program. The same ceramicist also made the terracotta planter pots. However, the planter pots were not included in art program and indeed, not even included on the DPS assets register.⁶¹

2.63 The committee is pleased that the recommendations of the Tonkin review are being implemented and notes that they should be fully in place before the end of this financial year.⁶²

2.64 While acknowledging the work done so far to change practices and implement new policies, the committee is of the view that it is only the pursuit of the billiard tables matter that has led to this outcome. Without the continued interest of the committee and this inquiry, the committee wonders if flawed disposal practices would have continued within DPS. It also raises questions about previous disposals and what Parliament House assets may have been lost forever.

2.65 In conclusion, the committee considers that the disposal of the billiard tables from Parliament House in 2010 has resulted in significant expense for DPS at a time of significant budget restraint and brought to light some very questionable practices in a department servicing the Parliament where only the highest levels of conduct should be maintained and only the best example set.

60 PriceWaterhouseCoopers, *Disposal of equipment from the former staff recreation room, Final Report*, July 2011, p. 4.

61 *Senate Hansard*, 16 August 2011, Question on Notice, No. 682, pp 4593–94; see also Ms Pamille Berg, *Committee Hansard*, 16 November 2011, p. 7.

62 Mr David Kenny, Deputy Secretary, Department of Parliamentary Services, *Committee Hansard*, 2 May 2012, p. 28; see also Mr Judy Tahapehi, Director, Department of Parliamentary Services, *Committee Hansard*, 2 May 2012, p. 45.