

# Chapter 5

## Asset management and disposal policies and practices

### Introduction

5.1 The assets of Parliament House are not small: the book value of Parliament House and its contents was some \$2.3 billion in 2011.<sup>1</sup>

5.2 The role that DPS undertakes in relation to those assets is one of stewardship, albeit with guidance from the Presiding Officers. This means that DPS must preserve the assets that make up Parliament House on behalf of the Parliament and the people of Australia. DPS has commented that 'effective asset management is a significant component of the responsibilities of DPS, and it is a role that we take very seriously'.<sup>2</sup> Indeed, as previously noted, the DPS asset management principle is promulgated as:

**Protect what we have** – we need to maintain the design integrity and heritage values of this building and preserve cultural heritage assets that have unique national historic significance.<sup>3</sup>

5.3 However, the sale of the billiard tables from the Staff Recreation Room in 2010 has cast doubt on DPS asset management and disposal policies and practices.

5.4 As noted in the committee's interim report, the sale of billiard tables went ahead because of inadequate recognition of their potential heritage or cultural value. This arose as DPS has taken a very narrow view of cultural and heritage items in Parliament House; principally that if the item was not listed on Parliament House Art Collection database, little or no consideration of the heritage value need be given before a disposal action takes place. DPS has recognised that 'it is clear that some further work is required to fully detail the heritage, cultural or historic values of various items in and around Parliament House which are not within the [Parliament House Art Collection]'.<sup>4</sup> This action has only arisen as a result of the investigation into the disposal of the billiard tables.

5.5 This chapter provides an overview of DPS asset management policies and practices and the implementation of recommendations to improve asset management. The committee also provides details of asset disposal processes which appear to have been undertaken with little consideration to heritage values.

### Parliament House Art Collection

5.6 DPS has stewardship over the following heritage and cultural assets which, as at mid 2010, had a total value of \$77.4 million and are referred to collectively as the Parliament House Art Collection (PHAC):

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1 Department of Parliamentary Services, *Submission 3*, p. 12.

2 Department of Parliamentary Services, *Submission 3*, p. 12.

3 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, p. 4600.

4 Department of Parliamentary Services, *Submission 3*, p. 14.

- rotational art collection;
- architectural commissions (which comprise artworks commissioned during the design of the building, including some furniture);
- historical memorials collections;
- official gifts collection;
- constitutional documents; and
- archive materials.<sup>5</sup>

5.7 Every four years, the PHAC is independently re-valued. In 2005 and 2009 the valuations were conducted by the Australian Valuation Office.<sup>6</sup>

5.8 Following a review of the PHAC in 2004, conducted by Ms Betty Churcher AO, DPS stated that it progressively implemented a range of recommendations to protect and manage the collection. For example, current facilities were not originally intended for storing art and the next priority is a major upgrade of the storage facility as part of the capital works program for 2011–12 and 2012–13.<sup>7</sup> DPS described the improvements made over the last several years to the management of the PHAC:

Many important items were either not previously listed as part of the collection, or their listing was incomplete or inaccurate. Artworks and gifts have been fully catalogued and described; independent formal valuations have been conducted; and policies and guidelines relating to their care and use developed and implemented. This has also led to better conservation and maintenance outcomes, and improved inventory control for these items.<sup>8</sup>

5.9 DPS concluded that 'effective management and curatorial quality systems are now in place'.<sup>9</sup>

#### ***Asset register for PHAC***

5.10 A catalogue database of PHAC items is maintained by DPS Art Services. The collection management system records comprehensive details of the assets held:

Collection items are registered in the system by staff at the time of their acquisition (whether by purchase or gift) and updated as appropriate (for example, movement/location details are updated every time an item is moved). There are currently over 6000 records in the database; but not all 6000 records represent individual items. Some records represent 'parent' and 'child' components of items; and some items are listed for tracking and information management purposes, but are not assets that belong to DPS. Examples of these are the Tom Roberts painting, which is owned by the

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5 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, pp 4573–74.

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

7 Department of Parliamentary Services, *Submission 3*, p. 8.

8 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, p. 4574.

9 Department of Parliamentary Services, *Submission 3*, p. 3.

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Royal Collection; and the Yirrkala Petitions, which are owned by the Department of the House of Representatives. The PHAC itself encompasses around 5000 artworks assets that are owned by DPS.<sup>10</sup>

### ***PHAC policies and procedures***

5.11 DPS outlined the following policies relating to the management of the PHAC and provided copies of the documents:

- *Operating Policy and Procedure No. 17–Parliament House Art Collection* (incorporates the Rotational Collection Acquisition Policy);
- *Operating Policies and Procedures No. 19–Allocation of artworks to Members of Parliament*;
- Official Gifts Collection Policy;
- Historic Memorials Collection: Guidelines for the selection of artists and processes for the procurement of portraits;
- Parliament House Art Collection De-accessioning Policy;
- Art Advisory Committee Terms of Reference; and
- Parliament House Art Collection-Stocktake procedures.<sup>11</sup>

5.12 According to the PHAC De-accessioning Policy, the following key principles apply:

- a) De-accessioning of items will only be undertaken with the overall objective of improving the PHAC, so that it continues to fulfil its stated purpose in accordance with the current PHAC Acquisitions Policy.
- b) De-accessioning will not take place in response to current trends or on the basis of personal taste.
- c) Items previously acquired in accordance with the PHAC Acquisition Policy will be de-accessioned in consultation with the artist or maker where appropriate, and will take account of any specific contractual obligations that are still in effect.
- d) Moral Rights obligations set out in the *Copyright Act 1968* will be adhered to when de-accessioning artworks.<sup>12</sup>

5.13 The PHAC De-accessioning Policy also describes the criteria for de-accessioning, the approval process (involving a written submission to be prepared by the Director, Art Services, through the Secretary of DPS to the Presiding Officers) and the disposal methods. The criteria for consideration of de-accessioning are:

- a) the item properly forms an integral part of the collection, building fabric and or heritage significance of another collecting institution;

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10 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, p. 4581.

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

12 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, Attachment R, p. 1.

- b) the item is duplicated elsewhere in the collection;
- c) the item is a copy which has been replaced by a better copy;
- d) the item has become a danger to the safety of staff and or other materials in the collection-e.g. due to chemical decomposition;
- e) the item has been lost or stolen and has not been recovered;
- f) the item does not satisfy the current collection Acquisition Policy;
- g) the provenance or authenticity of the item is questionable; or
- h) the item as deteriorated or been damaged to such an extent that:
  - i. retention and preservation of the content by migration or copying is not practicable; or
  - ii. the ongoing costs associated with conservation, storage and maintenance of the item are disproportionate to its assessed value and significance.<sup>13</sup>

5.14 The written submission to the Presiding Officers should include the reasons for the proposed removal of the item from the PHAC; the circumstances of the original acquisition of the item; significance of the item to the PHAC; value; effect of removal of the item on the integrity of the PHAC; and recommended method or option for disposal. The submission recommending de-accessioning should also satisfy the Presiding Officers that:

- there is no legal restriction on disposal of the item;
- consideration has been given to the full range of implications of disposing of an item from the collection; and
- every reasonable effort has been made to consult the commissioned artist, the donor, the trustee or their legal representative where relevant.<sup>14</sup>

5.15 Under 'Disposal methods', the Policy states that the disposal method selected 'must take into account the protection of the public interest as well as the interests of the collection'. Methods of disposal include transfer or donation to another collecting institution; return to the artist/maker or donor when they can be located; sale; or physical destruction.<sup>15</sup>

5.16 In relation to provenance, the Policy states that 'where appropriate, the Presiding Officers may require any person or organisation arranging the sale of the de-accessioned item to keep its provenance confidential'. The Policy also states very clearly that no parliamentarians, nor anyone associated with DPS, should be able to acquire a de-accessioned item:

Under no circumstances should a de-accessioned item be purchased by or have their ownership transferred to staff of the Department of Parliamentary

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13 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, Attachment R, p. 2.

14 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, Attachment R, pp 2–3.

15 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, Attachment R, p. 3.

Services, parliamentarians, office holders of organisations affiliated with the collection, or to members of the staff or immediate family of any of those persons.<sup>16</sup>

5.17 Finally, the Policy requires that 'complete records of each de-accessioned item and the circumstances of its de-accessioning and disposal will be maintained in the Art Services Collection Management System (CMS) database as well as on the file registry'.<sup>17</sup>

### ***Art Advisory Committee***

5.18 The PHAC is also overseen by the Art Advisory Committee. Membership comprises the President of the Senate and Speaker of the House, the Deputy President and Chairman of Committees, the Deputy Speaker and the Secretary of DPS. An independent advisor from the National Gallery of Australia also advises the committee. The committee's responsibilities include:

providing guidance on the Rotational Collection Acquisition Policy, and setting short-term priorities for acquisitions;

assessing acquisition proposals in accordance with the Acquisition Policy and priorities; and

providing advice on other matters related to the display and management of artworks in the Parliament House Art Collection as considered necessary by the Presiding Officers.<sup>18</sup>

### ***PHAC stocktake procedures***

5.19 DPS Art Services conducts a stocktake of the PHAC annually, using a sampling approach of approximately 10 per cent of the entire collection. The last stocktake of 100 per cent of the collection was undertaken in 2005. DPS explained:

The practice of undertaking annual 100% stocktakes of the PHAC has been discontinued, as it was very resource-intensive relative to the levels of risk, and had a major impact on normal service delivery.<sup>19</sup>

5.20 For the years 2006 to 2010, there were no missing items identified during the sample stocktakes. There were, however, 'mislocated' items (i.e. incorrect location details recorded) found: 11 in 2006; seven in 2007; one in 2009 and three in 2010. The location details for these items have been subsequently corrected.<sup>20</sup>

### ***Disposals and de-accessioned items from the PHAC***

5.21 DPS provided details of de-accessioned items since 2000. The accompanying explanation stated:

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16 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, Attachment R, p. 4.

17 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, Attachment R, p. 4.

18 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, Attachment S, p. 1.

19 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, p. 4581.

20 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, p. 4581.

Many of the de-accessioning actions listed date from between 2003 and 2005—this relates to the progressive introduction (between 2001 and 2004) of a comprehensive catalogue database of items in the PHAC, and implementation of more rigorous stocktake procedures. Consequently, it was identified that a number of items had been 'registered' in the collection prior to (or in) 1988, but had either been missing for some time, or had never been physically transferred to Parliament House (some were also listed in asset registers of other cultural agencies).<sup>21</sup>

5.22 DPS also advised that there were some items 'pending' for de-accessioning in 2011, including:

- a glass plate and ceramic bowl that have been damaged beyond repair;
- three items that were identified as missing in the 2002 and 2004 stocktakes (one craft item, one photograph, and one furniture item); and
- a number of items that have been identified as highly suitable for transfer to the Museum of Australian Democracy at Old Parliament House. These items originate from Old Parliament House (and some are physically located there), and records suggest they were never intended for permanent transfer to the new Parliament House, but final decisions were held off until the ongoing status of Old Parliament House was resolved.<sup>22</sup>

### **Management of assets outside the PHAC**

5.23 DPS admitted that classifying and listing other items in Parliament House (apart from the PHAC) that may have heritage value 'has been an iterative process' and that the department has 'inherited responsibility for items that were not registered as assets, or items that were registered as assets but were very poorly described and controlled'.<sup>23</sup>

5.24 DPS reported that, to date, it had generally used a definition of cultural and heritage assets as set out in the Finance Minister's Orders. However, DPS also recognised that there are other items that may have a cultural, heritage or historic value which do not fit this definition and a survey is underway to identify them. The results of the survey are discussed below.

#### ***Internal procedures and policies***

5.25 The internal procedures and policies for managing non-PHAC assets were outlined by DPS in an answer to a question on notice:

DPS has asset accounting policies and procedures that comply with the *Financial Management and Accountability Act 1997* (FMA) and Regulations, the Finance Minister's Orders and the requirements of Australian Accounting Standards. Governance arrangements are set out in a range of documents including a set of DPS Chief Executive's Instructions

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21 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, p. 4581.

22 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, pp 4581–82.

23 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, p. 4574.

(CEIs)...which underpin the internal financial management practices of DPS; and Chief Executive Procedures (CEPs), which expand and underlie some of the CEIs. There is a specific CEP (4.3)...governing disposal of public property.<sup>24</sup>

5.26 DPS provided copies of the relevant documents as part of its answer. According to *CEI 4.5—Accounting for assets*, officials in DPS with responsibility for accounting for DPS assets must:

- maintain the DPS asset registers;
- determine methods for valuing departmental assets; and
- undertake regular stocktakes in accordance with the CEPs.<sup>25</sup>

5.27 The commentary on this instruction states that 'the maintenance of departmental asset registers is an important element of being able to account for, and report on, the assets that DPS controls'.<sup>26</sup>

5.28 DPS *Financial Paper No. 4—Chief Executive's Procedures (CEP) 4.3—Disposal of Public Property*<sup>27</sup> details the steps to be taken 'when items of public property are identified as obsolete, unserviceable, worn out or surplus to requirements and are proposed for disposal'.<sup>28</sup> This paper was reviewed following the recommendations of the Tonkin Review (see below). The following provides an overview of revised CEP 4.3.

5.29 CEP 4.3 outlines the disposal process including the stages of disposal and the designated official; responsibilities for each DPS employee engaged in the disposal process including the declaring official (the official responsible for assessing when an item is no longer required); the Assistant Secretary with custodial responsibility for the items; the disposals official and disposals administrator; disposal methods; and reconciliation of funds from the proceeds of the disposal.

5.30 The revised CEP 4.3 now includes information on special categories of items. If items proposed for disposal fall into these categories, additional action is required. These categories are:

- IT assets;
- heritage, cultural assets, artworks and/or furniture;
- items containing hazardous substances; and
- security items.

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24 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, p. 4585.

25 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, Attachment U, p. 94.

26 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, Attachment U, p. 94.

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

28 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, Attachment V, p. 2.

5.31 In the old CEP 4.3, a section on how to deal with heritage and cultural interest items was included and stated:

19. It is important to preserve items of genuine heritage and cultural value for future generations of Australians. 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:

- a) if the item is listed on the Art Services' database and if so whether it needs to be returned to Art Services;
- b) if the item is not on the Art Services' database, the Strategy and Communication Section is to advise whether the item can be identified by design or any other permanent making as having Parliament House origin, or has any other cultural or heritage significance;
- c) if the item does have cultural or heritage significance the Disposal Administrator and the AS Corporate will consult with Art Services Section and Strategy and Communication Section to identify an appropriate future for the item. Options include:
  - i. retention within Parliament House; or
  - ii. lending of the item(s) on a long-term basis to an appropriate institution or donating/gifting the item(s); or
  - iii. returning the item(s) to the original designer/maker; or destruction; or
  - iv. seeking expressions of interest for either the reuse of the item(s) or sale through a public auction.<sup>29</sup>

5.32 The revised CEP 4.3 now states in relation to heritage, cultural assets, artworks and/or furniture:

(b) *Heritage, cultural assets, artworks and/or furniture (excluding exempt items identified in the table at b(iv) below)*. 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 sub-paragraphs (i), (ii) and (iii) 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 Disposals 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.

(iv) Categories of items exempt from Heritage Assessment are provided in the following table:

Exempted category	Exempted items
Generic Information Technology equipment	Computers, keyboards, monitors, laptops, printers, scanners, tap drivers, docking stations, toner cartridges, servers, racks, phones, PDA's, switches, and cables
Generic Audio Visual equipment	Televisions, Video/DVD recorders, Broadcasting monitors, racks, servers, cameras, lens, switches, radio protons, controllers, amplifiers, audio and video patch panels, (excluding items removed from areas of high significance, e.g. chambers)
Library Collection items	Journals, serials, magazines, monographs, DVDs, videos and maps
Melamine furniture	Chairs, desks, tables, cabinets, and bookcases.

5.33 Another internal paper, *Financial Paper No. 2—Accounting Policy 2.1 Property, Plant and Equipment and Intangibles* (last revised in March 2010), outlines the 'revaluation cycle' for DPS assets. DPS advised that valuations of its assets are conducted regularly 'by independent, appropriately qualified valuers' from the Australian Valuation Office.<sup>30</sup>

5.34 The accounting policy paper discusses the valuation of heritage and cultural assets:

Valuation of heritage and cultural assets may raise particular measurement difficulties; however, the measurement principles for assets generally apply

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30 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, p. 4585.

also to these assets. Some heritage and cultural assets may be unique, in that they cannot be replaced and there is no market evidence for their value. For such assets, it may be impossible to find a reliable value. Where no reliable value can be obtained for cultural or heritage assets, the notes to the financial statements will explain the reasons.

Other heritage and cultural assets will instead be representative, i.e. the asset is merely one of a type that is traded. In such cases, it should be possible to arrive at a reliable value based on market evidence. Where a reliable value can be ascribed to a heritage or cultural asset, that value will be included in the relevant asset class in the financial statements.<sup>31</sup>

### ***Asset register***

5.35 DPS maintains an asset register with items recorded under 17 specific asset classes:

Five of these classes relate to administered assets, one of which is the Cultural and Heritage class, where items that are determined as having cultural or heritage significance are recorded. All artworks in Parliament House are recorded in this class. Records are updated as required for: new acquisitions, retirements/disposals, revaluations and (through an asset movement advice form) a change to the location or the responsible person. Any discrepancies found in asset stocktakes are also accounted for in the asset register. The Australian National Audit Office (ANAO) performs audits on the asset ledger records and accounting controls in place every year as part of the interim and annual financial statements audits. There are some 6,000 Administered asset records and 6,000 Departmental asset records in the assets register.<sup>32</sup>

### ***Stocktakes***

5.36 Stocktakes are conducted by DPS staff in accordance with *Financial Paper No. 2—Accounting Policy 2.1 Property, Plant and Equipment and Intangibles* and with *Financial Paper No.4—Chief Executive's Procedures CEP 4.5.1—Stocktaking Framework*. DPS advised that its internal auditor, WalterTurnbull, conducted an audit in May 2010 of DPS Financial Processing and Assets Stocktakes and noted that the audit had found that the 'method of stocktaking currently being undertaken (including asset barcoding and scanning) to be robust'.<sup>33</sup>

5.37 Recent stocktakes have identified missing items including books from the Parliamentary Library stocktake for 2009–10, (six items with a total value of \$297 from 897 of 107,272 asset items sampled); a 'stocktake variance' of 852 items (total value \$8,588 out of a total value of \$225,000) in the Parliament Shop; five items of 180 Administered items sampled; of 11 items on personal issue missing in 2010 two

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31 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, Attachment W, pp 10–11.

32 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, p. 4585.

33 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, p. 4586.

were found and nine were written off; and departmental assets of \$5,935 from the stocktake of 2009–10 were still missing and written-off.<sup>34</sup>

5.38 DPS commented in relation to Administered items:

Often it is difficult to identify an Administered asset—particularly furniture—based on the descriptions of the asset, because different people may use different descriptions. We have now implemented a process for recording all new Administered furniture purchased. A photo of the item is linked to the asset record in the financial management information system to make it easier to identify the asset in the future.<sup>35</sup>

5.39 In relation to items on personal issue, DPS noted:

As a result of the 2009–10 stocktake, procedures were changed and a more secure room with restricted access was selected for storing laptops. In addition, all laptop movements are documented in greater detail and every laptop is assigned to a position or officer, and must be signed for.<sup>36</sup>

5.40 For IT assets, the July 2010 stocktake of 100 per cent of the 1,048 system assets identified no missing items.<sup>37</sup>

5.41 DPS outlined the ways in which missing assets may be located including checking disposal forms and individual work areas. If the asset cannot be located at that time, the asset is then written-off in the financial management system.<sup>38</sup>

*Records of disposals of original Parliament House items*

5.42 When asked whether the department could provide details of any original Parliament House items disposed of since 2000, DPS responded:

Asset information acquired from PHCA and maintained prior to 2004 by the former parliamentary departments is incomplete. This may be due to different accounting policies at that time. It may also be because we are not able to access old records because, in the majority of cases, the paper records have not been kept beyond the mandatory seven years retention period. In addition, we are not able to access the legacy Financial Management Information Systems that were used by the former departments. Available records show that, since 2000, the following original Parliament House items, which came from OPH, were gifted back to OPH:

- a) two billiard tables (2000) and
- b) a barber's chair (2009).<sup>39</sup>

34 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, p. 4587–88.

35 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, p. 4588.

36 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, p. 4588.

37 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, p. 4588.

38 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, p. 4588.

39 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, pp 4588–89.

## **Furniture in Parliament House**

5.43 The furniture in Parliament House is intended to reflect the design ethos and philosophy of Parliament House. The Parliament House Furniture Collection is classified into three classes, depending on where the furniture is located. Status A furniture is found in all areas of Public and/or VIP status which require a unique and comprehensive design service for loose furniture and furnishings. These areas will lend themselves to the accommodation of highly crafted, custom-made and specialised furniture item.<sup>40</sup>

5.44 Status B areas include all other Ministerial offices, Members' and Senators' offices and areas which require special design and/or selection services for a limited range of standard items of loose furniture and furnishings that will be duplicated within all areas of similar status throughout the building.<sup>41</sup>

5.45 Furniture in Status C areas includes all items apart from those listed under Status A and Status B and in these areas, there are ready-manufactured items that provide a range of standard elements for loose furniture and furnishings within each area of similar status. Such office spaces within this classification are the House of Representatives Department office spaces, Senate Department office spaces, Parliamentary Library and other DPS office spaces. General office furniture under Status C is replaced as required for OHS and functional reasons, due to deterioration associated with age.<sup>42</sup>

5.46 DPS outlined the 'known Status B and C furniture replacements' since 1988. Details on the outdoor Bertoia furniture are included under case studies later in the chapter.

### **Black Leather Lounges**

Black Leather Lounges were replaced in two stages for a total cost of \$255,614. Stage one (2002-03) consisted for 65 lounges (60 single-seaters and 5 two-seaters). Stage two (2003-04) consisted of 32 Lounges (28 single-seaters and 4 two-seaters) at a final cost of \$83,512. The existing lounges were replaced because the leather and cushioning were in poor condition and in need of replacement.

### **Cabinet Suite Executive Chairs**

A total of 64 chairs—36 high-back and 28 low-back chairs—were replaced in 2006, at a total cost of \$179,656. The Cabinet Suite flood in 2004 damaged many of the Cabinet Suite Executive Chairs. The remaining chairs were in poor condition and it was more cost effective to replace all of the chairs at the same time. \$94,315 was recovered from the insurance claim—leaving a cost to DPS of \$85,341.

### **MG 63 Meeting Room Chairs**

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40 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, p. 4589.

41 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, p. 4589.

42 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, p. 4589.

16 Wilkhahn committee room chairs were replaced in 2010, due to poor condition, notably the deterioration of the chair upholstery. They were replaced with 18 Wilkhahn chairs @ a total cost of \$51,700.

### **Status C furniture**

From 2008–09, DPS spent \$735,862 on Status C furniture replacement in existing work areas...Workstations were replaced for either OHS or for functional reasons (ie where the functional role of an area had substantially changed). Chairs were replaced because they were worn out and where repair was not economical. The budget for 2011–12 is \$200,000.<sup>43</sup>

## **Reviews of asset disposal and management policies in DPS**

5.47 Following the May 2011–12 Budget Estimates hearings, DPS indicated that it was undertaking:

...an internal audit investigation into the disposal of two billiard tables; a review of asset disposal policies; and a survey to identify and assess items with potential heritage values (beyond the Parliament House Art Collection). These activities will supplement work that DPS had already commenced to finalise a Heritage Management Framework for Parliament House.<sup>44</sup>

### **Internal audits**

5.48 As noted in the committee's interim report, PriceWaterhouseCoopers (PwC) undertook two internal audits in relation to the sale of the billiard tables. The audit in relation to the disposal of the billiard tables pointed to a number of deficiencies in DPS disposal practices and found:

- under the disposal process in place at the time of disposal of the billiard tables, staff were required to discuss possible cultural and heritage value assets with Art Services to determine if the asset is on the Art Services database, and if so to seek advice from Art Services on the disposal. While Art Services were contacted before the disposal, as the billiard tables were not in the database, no further action on heritage was undertaken;
- DPS staff held a variety of views on how to define and manage Parliament House assets, in relation to their potential culture and heritage value; and
- weaknesses were found in DPS policies for the disposal of public property.

5.49 PwC recommendations included introduction of a policy to formalise DPS's stance on whether to advertise that items are from Parliament House; updating of the assets disposal policy to require valuations of unusual sale items prior to them being disposed of; and DPS should consider the use of specialised auction agents. PwC also made recommendations addressing documentation and policy weaknesses regarding disposals and addressing heritage issues.

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43 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, pp 4589–90.

44 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, p. 4574.

5.50 In relation to addressing heritage issues, PwC recommended defining cultural and heritage value. It was also noted that some assets may not meet the definition of cultural or heritage, 'but could nevertheless be considered significant by sections of the community and a policy which guides their management, including disposal practices, should be developed'.<sup>45</sup>

5.51 DPS agreed to all of the PwC recommendations which were to be implemented by June 2012. In particular, DPS stated that it was:

- undertaking a comprehensive review of disposal practices; and
- initiating a survey of Parliament House to identify further moveable items which may have cultural and heritage significance.<sup>46</sup>

### ***The Tonkin Review***

5.52 A review of DPS asset disposal practices was initiated by DPS in response to the PwC internal audit recommendations and was completed by Mr Robert Tonkin in October 2011 (Tonkin Review). Building upon the audit investigation into the disposal of the billiard tables by PwC, this review 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.<sup>47</sup>

5.53 The review noted that since the Senate Estimates hearings of February and May 2011 and the subsequent internal audit report, there had been 'improvements in the overall departmental procedures' in managing asset disposals. However, the review identified a remaining 'need for further clarification and improvement of departmental asset management and disposal policies and procedures'.<sup>48</sup>

5.54 Overall, the report concluded that DPS's asset disposal process should be 'clear, accountable and efficient' and proposed a number of improvements to current processes.<sup>49</sup>

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

46 Senate Finance and Public Administration Legislation Committee, Additional Estimates 2010–11, Department of Parliamentary Services, *Answer to question on notice No. 60*. Contains full list of recommendations and DPS response.

47 Department of Parliamentary Services, Additional Information dated 11 October 2011, Attachment B, Mr Robert Tonkin, *Review of Department of Parliamentary Services Asset Disposal Policies and Practices*, 6 October 2011, p. 4.

48 Department of Parliamentary Services, Additional Information dated 11 October 2011, Attachment B, Mr Robert Tonkin, *Review of Department of Parliamentary Services Asset Disposal Policies and Practices*, 6 October 2011, p. 4.

49 Department of Parliamentary Services, Additional Information dated 11 October 2011, Attachment B, Mr Robert Tonkin, *Review of Department of Parliamentary Services Asset Disposal Policies and Practices*, 6 October 2011, p. 4.

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*Issues arising from the PwC audit*

5.55 The Tonkin review acknowledged that DPS had already taken measures to strengthen its asset disposal practices, including the following:

- 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 unserviceable 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.<sup>50</sup>

5.56 Despite these improvements, the review also highlighted a number of remaining weaknesses, particularly the reliance upon individual staff members' judgment when discerning a need to consider an item's heritage significance:

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 cultural or heritage 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.<sup>51</sup>

5.57 To address this deficiency, the Tonkin review called for:

- a clear definition of heritage or cultural significance that is available to and understandable by all DPS staff; and

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50 Department of Parliamentary Services, Additional Information dated 11 October 2011, Attachment B, Mr Robert Tonkin, *Review of Department of Parliamentary Services Asset Disposal Policies and Practices*, 6 October 2011, p. 5.

51 Department of Parliamentary Services, Additional Information dated 11 October 2011, Attachment B, Mr Robert Tonkin, *Review of Department of Parliamentary Services Asset Disposal Policies and Practices*, 6 October 2011, p. 5.

- 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.<sup>52</sup>

5.58 The review also found that the legislative authority of various DPS instructions and procedures lacked clarity, particularly Governance Paper No 1 and Financial Paper No 1.<sup>53</sup>

5.59 Regarding asset management, the review identified some significant limitations to DPS practice, summarised as follows:

- 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.<sup>54</sup>

5.60 The review recommended that the department ensure the inclusion in its asset management arrangements of 'all items, regardless of value, that have already been classified as being of heritage or cultural significance' as well as those that 'might be judged to potentially be in that category'. A further recommendation was for a 'consistent heritage assessment process' to be established to determine which items should be recorded on the new database.<sup>55</sup>

5.61 The lack of a common asset database across parliamentary departments was also raised as a potential risk to proper asset management including loss of items. The review therefore recommended that DPS consult with the Chamber departments to

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52 Department of Parliamentary Services, Additional Information dated 11 October 2011, Attachment B, Mr Robert Tonkin, *Review of Department of Parliamentary Services Asset Disposal Policies and Practices*, 6 October 2011, p. 5.

53 Department of Parliamentary Services, Additional Information dated 11 October 2011, Attachment B, Mr Robert Tonkin, *Review of Department of Parliamentary Services Asset Disposal Policies and Practices*, 6 October 2011, p. 6.

54 Department of Parliamentary Services, Additional Information dated 11 October 2011, Attachment B, Mr Robert Tonkin, *Review of Department of Parliamentary Services Asset Disposal Policies and Practices*, 6 October 2011, p. 6.

55 Department of Parliamentary Services, Additional Information dated 11 October 2011, Attachment B, Mr Robert Tonkin, *Review of Department of Parliamentary Services Asset Disposal Policies and Practices*, 6 October 2011, p. 6.

determine whether a common policy and set of procedures and databases would be worth establishing to mitigate the risks of items being lost or moved.<sup>56</sup>

5.62 The final recommendation relating to asset management was that the coverage of the Art Services database should be retitled as the 'Arts and Heritage database' and that it include all items of cultural or heritage significance under the control or responsibility of DPS. The department agreed in-principle to this recommendation, noting that it was still considering whether to establish a new stand-alone database 'which records heritage attributes and also allows other important data to be recorded'.<sup>57</sup>

#### *Asset disposal*

5.63 The review found that DPS's current procedures for asset disposal were '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.<sup>58</sup>

5.64 In relation to asset valuation, the review found:

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 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.<sup>59</sup>

5.65 Two recommendations were made with a view to improving asset disposal:

- that the *Declaration of Surplus or Unserviceable Items Form* be revised to include guidance on 'the required sequence of disposal actions and decisions, and the required documentation of reasons for recommendations and decisions'; and

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56 Department of Parliamentary Services, Additional Information dated 11 October 2011, Attachment B, Mr Robert Tonkin, *Review of Department of Parliamentary Services Asset Disposal Policies and Practices*, 6 October 2011, p. 7.

57 Department of Parliamentary Services, Additional Information dated 11 October 2011, Attachment B, Mr Robert Tonkin, *Review of Department of Parliamentary Services Asset Disposal Policies and Practices*, 6 October 2011, p. 7.

58 Department of Parliamentary Services, Additional Information dated 11 October 2011, Attachment B, Mr Robert Tonkin, *Review of Department of Parliamentary Services Asset Disposal Policies and Practices*, 6 October 2011, p. 7.

59 Department of Parliamentary Services, Additional Information dated 11 October 2011, Attachment B, Mr Robert Tonkin, *Review of Department of Parliamentary Services Asset Disposal Policies and Practices*, 6 October 2011, p. 7.

- that CEP 4.3 – *Disposal of public property* paper be revised to 'reflect best practice in asset disposal and to clearly and comprehensively detail the asset disposal process'.<sup>60</sup>

*Disclosure of the provenance of items for disposal*

5.66 The review supported the disclosure of the provenance of items for sale from Parliament House stating that:

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.<sup>61</sup>

5.67 The review recommended that the DPS procedures for the disposal of public property be amended to require the disclosure of provenance.<sup>62</sup>

5.68 The review's final recommendation was for additional training and awareness programs to be developed to underpin the revised asset management, disposal and heritage assessment procedures.<sup>63</sup>

*Preliminary survey of items of possible heritage value*

5.69 On 20 September 2011, DPS provided to the committee a copy of a preliminary survey of 'moveable and semi-moveable items' of possible heritage value not already managed as part of the PHAC group of cultural and heritage assets.

5.70 The scope of the survey was described in the departmental minute to the Secretary of DPS:

The focus of this preliminary survey was on items located within DPS work areas, or in the control of DPS staff. The Chamber Departments have not been approached about items of significance in their control; however, we consider it highly likely that significant Parliament House heritage material will also be held by those departments.

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60 Department of Parliamentary Services, Additional Information dated 11 October 2011, Attachment B, Mr Robert Tonkin, *Review of Department of Parliamentary Services Asset Disposal Policies and Practices*, 6 October 2011, p. 7.

61 Department of Parliamentary Services, Additional Information dated 11 October 2011, Attachment B, Mr Robert Tonkin, *Review of Department of Parliamentary Services Asset Disposal Policies and Practices*, 6 October 2011, p. 7–8.

62 Department of Parliamentary Services, Additional Information dated 11 October 2011, Attachment B, Mr Robert Tonkin, *Review of Department of Parliamentary Services Asset Disposal Policies and Practices*, 6 October 2011, p. 8.

63 Mr Robert Tonkin, *Review of Department of Parliamentary Services Asset Disposal Policies and Practices*, 6 October 2011, Attachment B, p. 8, Additional information provided by DPS, dated 11 October 2011.

Virtually all areas of DPS yielded some items that merited listing.

Items were identified across a range of different media/material types, including photographs; documents; architectural material (drawings/models); technology/tools/equipment; furniture; artwork; plants, samples (e.g. building fabric); uniforms and ephemera.<sup>64</sup>

5.71 The minute also advised that a 'Significance Methodology' (recognised by the Department of Sustainability, Environment, Water Pollution and Communities) was used when surveying items; however, it was noted that the 'significance criteria have been used as guiding principles only' and that detailed assessments of significance had not been conducted.<sup>65</sup>

*List of 'new' items*

5.72 The survey initially uncovered 170 'new' items. Some of the items identified were said to 'clearly warrant classification as cultural and heritage assets' and required the 'imposition of more rigorous control and management systems' similar to those used for the PHAC.<sup>66</sup>

5.73 The minute noted that four categories had been developed for an 'indicative grading' for items in the preliminary survey: highly significant; significant; items of interest; and flagging for future attention.

5.74 In summary, there were 22 highly significant items found including silver ceremonial spades used for sod turning; 53 significant items found including a set of carpet design drawings; 71 items of interest found including teak outdoor furniture benches; and 16 items for future attention found including recording machines used in the Chambers.

5.75 At the committee's hearing of 30 October, Ms Carol Mills, Secretary, DPS, commented on the new items and observed that some are 'absolutely heritage items' but had not been included on any asset register because their value was less than \$5,000. Other items required review to ensure that they fell within the criteria. An independent consultant will review and validate the list. In addition, the consultant will undertake work for the Chamber departments in relation to items of a cultural or heritage nature that they hold.<sup>67</sup>

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64 Department of Parliamentary Services, Additional Information dated 20 September 2011, Attachment 2, Ms Judy Tahapehi and Ms Kylie Scroope, 'Identification of heritage assets for Parliament House (DPS)', 30 August 2011, p. 1.

65 Department of Parliamentary Services, Additional Information dated 20 September 2011, Attachment 2, Ms Judy Tahapehi and Ms Kylie Scroope, 'Identification of heritage assets for Parliament House (DPS)', 30 August 2011, p. 1.

66 Department of Parliamentary Services, Additional Information dated 20 September 2011, Attachment 2, Ms Judy Tahapehi and Ms Kylie Scroope, 'Identification of heritage assets for Parliament House (DPS)', 30 August 2011, p. 1. See also Ms Carol Mills, Secretary, Department of Parliamentary Services, *Committee Hansard*, 30 October 2012, p. 9.

67 Ms Carol Mills, Secretary, Department of Parliamentary Services, *Committee Hansard*, 30 October 2012, pp 9–10.

*Recommendations from the survey*

5.76 As a result of the survey, it was recommended that DPS undertake the following actions:

- a) create a comprehensive definition for items associated with Parliament House that have cultural and heritage significance;
- b) catalogue the works listed in appendix B [of the minute];
- c) photograph each item to form part of the above mentioned catalogue;
- d) advise all DPS asset custodians...of the heritage items they are responsible for and their requirement to protect them;
- e) advise all DPS asset custodians of the requirement to consult with our heritage specialist before any action to dispose of the item;
- f) Art Services Section should assess if any of the identified items listed...should be transferred to the Parliament House Art Collection or possible other institutes such as OPH;
- g) ensure the catalogue has information about maintenance/preservation; and
- h) develop a clearer policy or process to update the cultural and heritage register as items;
  - i. are acquired;
  - ii. gain heritage significance as a result of events in and around Parliament;
  - iii. are moved or disposed (including method of disposal), and including standard stocking procedures.<sup>68</sup>

***Implementation of the recommendations of the Tonkin Review***

5.77 In September 2012, Ms Mills indicated that the majority of the recommendations of the Tonkin review had been fully implemented by DPS including training to support the revised asset recognition procedures for items that may have heritage value.

5.78 Ms Mills also stated that she is continuing to closely monitor the implementation of all outstanding actions from the review. In relation to the preliminary survey of items, Ms Mills indicated that a draft procedure for identifying and recording heritage items had been reviewed by heritage management staff of Old Parliament House, the Department of Sustainability, Environment, Water, Population and Communities and the Department of Finance and Deregulation. Ms Mills also

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68 Department of Parliamentary Services, Additional Information dated 20 September 2011, Attachment 2, Ms Judy Tahapehi and Ms Kylie Scroope, 'Identification of heritage assets for Parliament House (DPS)', 30 August 2011, pp 2–3.

commented that DPS was holding discussions with the Departments of the Senate and House of Representatives to develop a common heritage policy and procedures.<sup>69</sup>

5.79 As noted above, *Financial Paper No. 4—Chief Executive's Procedures CEP 4.3—Disposal of public property* has been revised following the Tonkin Review. The new procedure clarifies the responsibilities of all staff engaged in each step of the disposal process. It also now makes clear the requirements in relation to items not on the PHAC database including those that may have heritage or cultural value.<sup>70</sup>

5.80 Ms Mills also provided the committee with an overview of changes to disposal practices and noted that work had been undertaken to provide a much more robust process of decision making that draws on the recommendations of the Tonkin Review, a more rigorous assessment of officers who have delegation to make decisions, and a process of training those staff. As an example of the changed practices, Ms Mills pointed to the recent disposal process of equipment undertaken as part of the Parliamentary Library refurbishment project: some items were retained because the heritage assessment indicated their value; some were retained in the building but in a different location; and some were disposed of as being surplus to need.<sup>71</sup>

### **Case studies of disposal of Parliament House assets**

5.81 The committee has already addressed the disposal of the billiard tables in its interim report. However, there are a number of other disposal processes which were also brought to the committee's attention. For example, Mr Romaldo Giurgola told the committee that there were instances where 'specially designed and procured lifetime furniture' has been decommissioned including terracotta planters and custom light fittings with some being sold.<sup>72</sup> Mr Hal Guida also reported that on several occasions he had received emails from people who recognised items from the building in the rubbish. He detailed two instances that had occurred in 2011 involving a door pull specifically designed for Parliament House and a light fixture from the Staff Dining Room. In such cases he indicated that he passed the information to DPS. Mr Guida noted that DPS has responded positively and assured him that every effort was being made to address the issue.<sup>73</sup>

5.82 Below are some examples of case studies regarding disposal of assets raised in evidence. Comments related to the disposal of fixtures and fittings from Parliament House are discussed in chapter 4.

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69 Ms Carol Mills, Secretary, Department of Parliamentary Services, letter to the committee dated 6 September 2012; see also Ms Carol Mills, Secretary, Department of Parliamentary Services, *Committee Hansard*, 30 October 2012, p. 11.

70 *Financial Paper No. 4—Chief Executive's Procedures CEP 4.3—Disposal of public property*, p. 5.

71 Ms Carol Mills, Secretary, Department of Parliamentary Services, *Committee Hansard*, 30 October 2012, p. 11.

72 Mr Romaldo Giurgola, *Committee Hansard*, 16 November 2011, p. 2.

73 Mr Hal Guida, *Committee Hansard*, 16 November 2011, p. 12.

### ***Original outdoor furniture***

5.83 In an answer to a question on notice, DPS provided details about the original outdoor furniture at Parliament House, which consisted of:

- two styles of Bertioia chairs (in the courtyards and on balconies);
- metal-legged jarrah tables (in the courtyards and on the balconies);
- jarrah benches (near the tennis courts); and
- teak benches—gift of the Burmese Government and People (on the Queen's Terrace).<sup>74</sup>

5.84 The Parliament House Construction Authority (PHCA) had purchased 466 Bertioia plastic coated chairs:

There were two types of chair—the Side (dining) Chair and the Diamond (lounge) Chair. Bertioia chairs had been standard furniture items manufactured by Knoll Inc. of the USA. The chairs purchased by the PHCA were made in Australia by George Pockett and Sons (under licence from Knoll Inc). They each cost \$185.60 and \$241.60, respectively, according to PHCA records.<sup>75</sup>

5.85 The original chairs underwent rejuvenation in 1994 as it was found that the plastic feet on the bottom of the chairs was wearing through damaging the plastic coating and allowing weather to penetrate and rust the wire. There was also inadequate fixing of the seat mounts resulted in fracturing of the plastic causing further rusting. The Joint House Department (JHD) had sought to replace the wire chairs with a more serviceable chair. However, JHD stated:

...after researching the market place, it became apparent the only outdoor chair available was a bulky design, which when grouped together gave a visual impression of a 'sea' of white or grey chairs. This was clearly not the intention of the PHCA when designing outdoor furniture. It was obvious that the wire design was selected as a practical soft design.<sup>76</sup>

5.86 JHD therefore repaired the chairs rather than replace them. A further 300 Bertioia chairs were purchased in March 2000, bringing the total number of Bertioia chairs acquired to 766.<sup>77</sup>

5.87 DPS indicated that 107 chairs were destroyed in March 2000.<sup>78</sup> DPS also sought to replace the Bertioia chairs during 2004–05 as much of the old outdoor

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74 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, p. 4592.

75 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, p. 4592.

76 Department of Parliamentary Services, *Answer to question on notice No D*, dated 26 April 2012, Attachment P, Joint House Department, *Note for file*, dated 15 December 1993.

77 Senate Finance and Public Administration Legislation Committee, Budget Estimates 2012–13, Department of Parliamentary Services, *Answer to question on notice No 53*.

78 Senate Finance and Public Administration Legislation Committee, Budget Estimates 2012–13, Department of Parliamentary Services, *Answer to question on notice No 53*.

furniture presented safety concerns as well as being expensive to maintain.<sup>79</sup> However, the tender process did not identify a product that satisfied requirements. An inspection of the chairs in May 2005 found that 170 of the chairs were in poor condition and required immediate replacement or removal from services, 140 were in poor to average condition and the remaining 85 were in good condition.<sup>80</sup> It was recommended that a complete replacement of the chairs be undertaken:

...and a value for money outcomes will be achieved by replacement of the group of 400 outdoor chairs in one procurement process by either:

- (a) the purchase of the complete group of 400 chairs. As some other projects planned for 2005–06 have not been approved we have uncommitted administered funds to fund the purchase; or
- (b) a standing offer arrangement staged to purchase the chairs as required.<sup>81</sup>

5.88 DPS provided the following details of the disposal of the Bertioia chairs:

A total of 245 Bertioia outdoor chairs have been sold; 198 were destroyed. The 245 chairs were sold because, even though they were still stable, their condition was deteriorating (specifically, they had elements of rust and some of the plastic coating had come off). The 198 were destroyed because they were assessed as unstable and unsafe; specifically, they had large amounts of rust, and/or their frames and/or joints were broken.

June 2008 sale of 42 chairs realised \$154.

January 2009 sale of 92 chairs realised \$625.

March 2009 sale of 13 chairs realised \$43.

July 2009 sale of 27 chairs realised \$600.

March 2011 sale of 29 Side chair realised \$873.

March 2011 sale of 19 Diamond chairs realised \$1,514.

June 2011 sale of 3 chairs realised \$78.<sup>82</sup>

5.89 The committee notes that the vendor remittances provided by DPS show that the lots were listed as 'outdoor chairs'.<sup>83</sup>

5.90 DPS advised that the Bertioia chairs had not been listed as heritage and cultural assets and that no heritage assessment had been undertaken before disposal. Nor were any valuations performed on these items as they had not been included on

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79 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, p. 4592.

80 Department of Parliamentary Services, *Answer to question on notice No D*, dated 26 April 2012, Attachment S.

81 Department of Parliamentary Services, *Answer to question on notice No D*, dated 26 April 2012, Attachment S.

82 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, p. 4593.

83 Department of Parliamentary Services, *Answer to question on notice No D*, dated 26 April 2012, Attachments K–O.

the asset register. The chairs were not recorded on the asset register of the former JHD and as such were not transferred to the DPS asset register. However, DPS also stated that it was satisfied 'value for money was achieved' for the chairs that had been sold by public online auction (using Dola On-line Auctions and AllBids auction houses). DPS also advised that no reserve was set for the items put up for sale.<sup>84</sup>

5.91 The identity of the purchasers of the chairs was not provided to DPS. However, DPS said that 'it is understood that a former DPS staff member had purchased several of the chairs'.<sup>85</sup>

5.92 Regarding those items of furniture that have been retained, DPS stated:

DPS has retained one Diamond (lounge) chair and 23 Bertioia Side (dining) chairs. The one Diamond chair and 16 of the Side chairs are now held in the Furniture Store. These have been kept as part of the furniture collection to reference the original design of the chairs. Another five Side chairs are in use on a Senate tearoom balcony and two weathered Side chairs are located in the Gardeners compound. The original jarrah tables and benches remain in use (courtyards, balconies and/or near tennis courts), as do the teak benches on the Queen's Terrace.<sup>86</sup>

5.93 DPS also provided details of new outdoor furniture that had been acquired:

In November 2007, 370 outdoor Hee Hay dining chairs and 30 outdoor Hee Hay lounge chairs were purchased to replace the Bertioia chairs, for a total price of \$106,470. These chairs were selected as they matched the evaluation criteria well and were significantly cheaper than other short-listed proposals.<sup>87</sup>

5.94 The committee also notes the comments in an email of 8 December 2006 relaying the DPS Finance committee approval to purchase new chairs. The Finance committee 'considered that there was no need for the chairs to be identical to the current chairs. The SOR should be rewritten to allow for minor differences'.<sup>88</sup>

5.95 Submitters raising the issue of the sale of the Bertioia chairs pointed to the value of original chairs and suggested to the committee that single chairs from Parliament House now sell on the open market for \$250 each.<sup>89</sup>

5.96 The committee also notes that in the replacement process undertaken by DPS there appears to have been no consideration of the 'visual impression' and the intentions of the PHCA as JHD had done in 1993 when the decision was made to

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84 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, pp 4592–93.

85 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, p. 4592.

86 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, p. 4592.

87 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, p. 4592.

88 Department of Parliamentary Services, *Answer to question on notice No D*, dated 26 April 2012, Attachment W.

89 *Confidential submission*.

rejuvenate the original chairs rather than replace them with bulky outdoor furniture which was then on the market.

### ***Terracotta pots***

5.97 Terracotta pot plant holders were located throughout Parliament House. In early 2010 the pot plant holders were removed from all parliamentarians' offices and DPS offices. DPS indicated that this arose as a cost saving measure in relation to potted plants with DPS saving approximately \$120,000 per year.<sup>90</sup> Some 719 pots were removed from parliamentarians' offices and are being stored in various areas in the building and in the Landscape Services area.<sup>91</sup>

5.98 DPS provided further information which indicated that 22 terracotta pots were being maintained in the public areas of the building. 184 pots were being maintained in the private areas including the Members' Guests Dining Room, Staff Dining Room and circulation areas not accessible to the public.<sup>92</sup>

5.99 DPS indicated that the total values listed for the original terracotta pots in the PHCA Register of Furniture for New Parliament House is \$234,928. The terracotta pots were not recorded on the asset register as transferred to DPS in accordance with the accounting policy of the former JHD. DPS went on to state that as the pots are not on the DPS assets register, no valuation has been made.<sup>93</sup>

5.100 At that time of the removal of the pots, it was suggested that it was proposed to dispose of the pots. Witnesses expressed concern at the possible sale of the pots. At the committee's 2011 hearing, Ms Pamille Berg took the opportunity to explain the history of the terracotta planter pots throughout Parliament House:

Each of you know when you walk through the Members Hall that there are the four huge pots that sit in the corner. They were commissioned through the art program as a special commission to a ceramicist named Cameron Williams, who at that time as an AFL footballer was the only person in Australia who had long enough arms to be able to raise pots nearly a metre-and-a-half high. They are by themselves a remarkable feat. Those were protected under the art program and have continued to be known and protected under the art collection. Cameron was also commissioned through the furniture program to specially design and hand fabricate hundreds upon hundreds of the terracotta planters that are used in the seating groups. They came from the same person, they were designed for the building and had the same care and the same quality. But because those were seen as part of a procurement process they have not had the degree of protection that the

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90 Mr Alan Thompson, Secretary, Department of Parliamentary Services, *Additional Estimates Hansard*, 8 February 2010, p. 30.

91 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, p. 4593; see also Ms Carol Mills, Secretary, Department of Parliamentary Services, *Committee Hansard*, 30 October 2012, p. 10.

92 Senate Finance and Public Administration Legislation Committee, *Additional Estimates 2009–10*, Department of Parliamentary Services, *Answer to question on notice, No. P13*.

93 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, pp 4593–94.

items that were actually commissioned under the art program did, even though it was the same person who did this similar quality of work. That is where the knowledge of the accomplishments of hundreds and thousands of people in this building needs to underpin those decisions about, 'What can you get rid of? What should you get rid of? What should you save?' As Aldo says, simply trying to understand things as heritage requirements is not a way that is going to pick up those kinds of fundamental issues.<sup>94</sup>

5.101 However, DPS commented that there has been no program to dispose of the terracotta pots and DPS had no record of any disposal. However, DPS also commented that there are several hundred pots and it was possible that one or two have been broken and scrapped over the years.<sup>95</sup>

5.102 DPS supplied further information to the committee in October 2011:

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.<sup>96</sup>

5.103 This matter was also explored at the committee's hearing in October 2012. Ms Mills stated that the terracotta pots were now included on the list of new items of cultural or heritage interest. Ms Mills also provided the following information in response to questions about whether there was any record of a proposed sale of the terracotta pots:

Anecdotal advice from former employees indicates that some terracotta pots had been disposed of during the time of the former Joint House Department.

In addition, in late 2009, DPS explored options for the large number of terracotta pots in store. One option was disposing of some of the pots. Mr Thompson alluded to this at the Additional Estimates hearing on 8 February 2010 (F&PA p.34).

**Senator FERGUSON**—...So what is going to happen to the pots eventually? Are you just storing them?

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94 Ms Pamille Berg, *Committee Hansard*, 16 November 2011, p. 9.

95 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, p. 4593.

96 Department of Parliamentary Services, Additional Information, dated 11 October 2011, p. 2.

**Mr Thompson**—At the moment they are in store. I think from our perspective we were going to then try to assess the future budget outlook for DPS on behalf of the parliament and once that had become clearer, one way or the other, then we might well look at a path towards disposal.

The former Secretary decided to retain all the pots then in use or in store.<sup>97</sup>

### ***Furniture from the former staff recreation room***

5.104 As described in an earlier chapter, the two billiard tables that were sold through an online auction site came from the former staff recreation room. DPS provided details concerning the other furniture, fixtures and fittings from that room:

- i. pool table: sold at auction.
- ii. ping pong tables: one relocated to Health and Recreation Centre, and one in storage.
- iii. dartboard and cupboard: relocated to DPS Building Fabrics Services (BFS) for storage and future reuse in APH.
- iv. trophy cabinet and trophies – cabinet brass: returned to DPS BFS for future reuse in APH (spares); medium density fibreboard carcass and glass: disposed to scrap; trophies: returned to DPS BFS for storage.
- v. piano: relocated to childcare centre for use with the children
- vi. tables: relocated to furniture store for storage and future reuse in APH
- vii. chairs: relocated to furniture store for storage and future reuse in APH.
- viii. light fixtures—down lights: reinstalled in Staff Dining Room; pendant lights: 4 x returned to DPS Electrical for future reuse in APH (spares), 1 x returned to DPS Building Information for records, 16 x disposed to scrap.<sup>98</sup>
- ix. carpet: Staff Dining Room: most carpet retained in place; but, where replaced with parquetry, the carpet was disposed to landfill (being too worn for re-use). Staff Recreation Room: disposed to landfill (being too worn for re-use).
- x. accessories: Snooker Table rules: relocated to NG 61 (new office area that incorporates former Staff Recreation Room) to be hung on wall.

5.105 DPS also provided a list of other items either disposed of (for example, MDF skirting) or retained for future use (for example, brass skirting board trim, cupboard and door hardware, clocks).<sup>99</sup>

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97 Department of Parliamentary Services, *Answer to question on notice No. 3*, dated 12 November 2012.

98 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, p. 4578.

99 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, pp 4578–49.

5.106 In response to a question about whether any of the items disposed of had undergone any heritage assessment, or whether any significance or expert advice was obtained before disposal, DPS advised, at August 2011:

The existing internal guidelines for DPS in CEP 4.3 make provision for consultation with DPS Art Services before disposal of any items with possible cultural and heritage values. However, none of the subject items for disposal were listed in the cultural and heritage asset class in the DPS asset registers.<sup>100</sup>

### **Committee comments**

5.107 The committee welcomes the changes made to DPS's asset management and disposal practices and notes the new Secretary's interest in progressing all the recommendations made in the PriceWaterhouseCooper and Tonkin reviews. It is unfortunate that these changes have been made only as a consequence of the very costly reviews undertaken following the exposure of the sale of the billiard tables. Had that unsavoury episode not been exposed, the committee questions how long inadequate disposal processes would have continued in DPS and how many more Parliament House assets of potential cultural or heritage value would have been lost.

5.108 It is not only the loss of the assets that is a major concern, but also the sale of items without adequate assessment of their true value with the sale of the Bertioia chairs being a case in point. DPS stated that value for money had been received. The committee acknowledges that many of the chairs appeared to have sustained significant wear and tear. However, without the chairs being listed showing their provenance, and without the chairs being listed as original Bertioia chairs, the committee considers that DPS was in no position to be able to state that value for money was received. The committee also notes that the Parliament House collection was possibly the largest single collection of Bertioia chairs in the world. Indeed, the Power House Museum has only two original Bertioia chairs.

5.109 Another matter of concern is that the Bertioia chairs were classified as 'global furniture', that is, status B furniture.<sup>101</sup> The Parliament House Heritage Management Framework notes that this is 'important, high-quality furniture'.<sup>102</sup> It appears that the replacement of important outdoor furniture was undertaken with more regard to cost than design integrity.

5.110 The committee also points to the difference in approaches of JHD and DPS in the consideration of the replacement of the outdoor furniture: JHD took into account the 'visual impression' and the intentions of the PHCA, while DPS appears only to have been interested that the replacement chairs matching the evaluation criteria well and were significantly cheaper than other short-listed proposals.

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100 *Senate Hansard*, 16 August 2011, Question on Notice No. 682, p. 4579.

101 Status B are primarily part of the Global Furniture Collection though some Status A items fall under this level of classification. *Parliament House Office Furniture Style Guide*, p. 7.

102 Department of Parliamentary Services, *Parliament House Heritage Management Framework*, p. 45.

5.111 In relation to the terracotta pots, the committee acknowledges that they were not sold and most are now in storage. While the committee welcomes this outcome, it may have been only timely questioning during the committee's estimates hearings that prevented the pots from being sold by DPS.

5.112 The disposal of items with possible heritage and cultural significance appears to have been a distressingly all too frequent occurrence under DPS's stewardship of parliamentary assets. The committee considers that the processes put in place following the Tonkin Review will significantly improve asset management within DPS. However, the committee believes that there is still some further work to be undertaken in relation to disposal practices and the recording of heritage and cultural assets in Parliament House. The committee looks to the new leadership of DPS to continue to progress this matter.



