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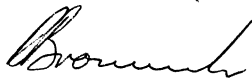
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ETHICAL CONSIDERATIONS FOR CHRISTMAS SEASON OFFERS

1. As the Christmas season approaches, it is not uncommon for the private sector to offer gifts or hospitality as 'thank you' gestures in the spirit of celebrating the festive season. Gestures like these are the norm in many private sector entities and form part of overall marketing strategies aimed at building and maintaining business relationships. These offers can take many forms and can be perceived as being intended to influence the recipient to react positively to the entity making the offer.
2. The Defence and the Defence Materiel Organisation (DMO) position is clear—there is an expectation that no solicitations will be made by Defence or DMO personnel for gifts or hospitality and that no gift or hospitality will be given to Defence or DMO personnel in response to any such solicitation.
3. [Defence Instruction \(General\) PERS 25–6—Conflict of Interest and Acceptance of Offers of Gifts and Hospitality](#) provides policy guidance to both Defence and DMO personnel in reaching sound, ethical and defensible decisions. Personnel should also familiarise themselves with relevant aspects of the following policies, noting that there are some minor differences between the processes and procedures for Defence and DMO officials when they are offered gifts or benefits.
4. Defence officials must act in accordance with [Chief Executive Instruction \(CEI\) 6.2—'Receiving and Gifting Gifts'](#) and the associated [Finance Manual 5 \(FINMAN\), chapter 6.2.3—'Receiving Gifts \(including Hospitality\)'](#). Two pertinent messages in the policy are:
 - Officials (all Defence personnel are 'officials') must not solicit gifts or benefits for themselves or any other person or group, or give the appearance of a conflict of interest with their official duties and responsibilities (CEI 6.2.1.1); and
 - Officials must exercise care to ensure that their actions in receiving gifts or benefits (including hospitality) do not lead to a perception of personal benefit, undue influence, conflict of interest, preferential treatment or an unfair competitive advantage (FINMAN 5, 6.2.3.4).
5. DMO officials must act in accordance with [DMO CEI 6.8—'Receiving and Accepting Gifts'](#), and [Defence Materiel Instruction \(Finance\) \(DMI \(FIN\)\) 01–0–033—'Acceptance of Gifts and/or Benefits by DMO Officials'](#).
6. In the vast majority of situations, the acceptance of offers of gifts or hospitality by Defence and DMO personnel would not be appropriate but there are limited situations where acceptance may be appropriate. To further assist personnel to reach a decision about whether or not to accept an offer of gifts or hospitality, [annex A](#) provides a list of factors to consider before making such a decision.
7. While the offer of a small gift by a Defence or DMO contractor to a member or members of a Defence or DMO team working closely with the contractor may seem relatively innocuous, acceptance of the gift has the potential to create a perception of personal benefit or conflict of interest in the eyes of the public or other Defence or DMO personnel. It can also be perceived by competitors of the contractor as an indicator of privileged commercial standing or even improper influence. Politely declining the offer will not diminish good working relationships between Defence and DMO and the business concerned and will enhance our reputation for integrity and ethical dealings.
8. Another situation may arise when Defence or DMO personnel approach local businesses or suppliers/contractors soliciting donations for social club Christmas parties or children's functions. There is a prohibition on this type of activity under Defence and DMO CEIs and this includes situations where the recipients of the solicited benefit are indirectly connected to Defence or DMO through social clubs or family members (children) of Defence or DMO personnel.
9. The Defence and DMO CEIs do not, however, prevent personnel who are part of an integrated workplace with Defence and DMO suppliers/contractors from participating in shared events such as Christmas parties. If the event is organised in a way that all attendees contribute to the cost and organisation of the event in a fair and equitable way, then personnel will be able to maintain their professional independence and integrity.

10. Gifts received by Defence officials in the course of, or associated with, their duties are regarded as public property and are to be recorded in a gifts register immediately upon receipt by the Group Assets Officer (FINMAN 5, 6.2.3.1). DMO officials must act in accordance with DMI (FIN) 01-0-033—'Acceptance of Gifts and/or Benefits by DMO Officials'. An example might be an artefact or a painting worth several hundred dollars presented to an official in circumstances where the normal refusal of the gift was not practicable; the gift automatically becomes public property, must be declared, entered on a gift register and disposed of in accordance with formal and transparent processes. CEI 6.2 and FINMAN 5, chapter 6.2 (for DMO officials DMI (FIN) 01-0-033 paragraphs 55-63) provide further explicit instructions about the handling of such property.

11. If you require any further advice regarding the acceptance of Gifts and Hospitality please email: ethics.training@defence.gov.au.



Ray Bromwich

Inspector General

Office of the Secretary and Chief of the Defence Force

Annex:

A. [Factors to consider on deciding whether or not to accept an offer of gifts or hospitality](#)

Distribution: 1, 2, 3, 4, 5, 6, 9A, 12, 14

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FACTORS TO CONSIDER ON DECIDING WHETHER OR NOT TO ACCEPT AN OFFER OF GIFTS OR HOSPITALITY

The following provides a list of examples that Defence and Defence Materiel Organisation personnel should consider before deciding whether or not to accept an offer of hospitality or an invitation to a social event run by a Defence supplier/contractor:

- there is no clear reason why the official should NOT accept the invitation, such as an apparent conflict of interest (eg during a tender evaluation process relating to the supplier, or a contract renewal process, in which the Defence official is involved);
- there is no solicitation of the invitation or the hospitality on the part of a Defence official;
- that there is a reasonable and unsolicited invitation made by the supplier, for the official to attend a modest social function; and
- that in all the circumstances it is reasonable for the Defence official to accept the invitation, attend the social function/receive the hospitality.

What is 'reasonable' might be assessed against the following considerations:

- the nature of the relationship between the official and the supplier; ie there should be a demonstrable nexus between the official's duties and their attendance at the function/event;
- there is a clear benefit to Defence in the official attending the function/accepting the hospitality (eg it is regarded as part of the professional engagement with the supplier; it is an appropriate networking and relationship building exercise; it maintains an existing good relationship between Defence and the supplier; attendance would avoid giving offence to the supplier);
- there is no suggestion of 'favouritism' afforded to the supplier;
- the nature of the invitation/hospitality/social event is reasonable in the context of the business relationship between Defence and the supplier, and is modest and not lavish;
- the frequency of Defence officials attending such events is reasonable; and
- there are no adverse resource implications for Defence as a result of an official's acceptance of such invitations (ie attendance/frequency of attendance does not adversely impact on the ability of the official, or the official's work unit, to efficiently, effectively and ethically carry out their official functions.)