

Accepting Gifts, Benefits & Hospitality: Policy Framework for the Northern Territory Public Sector



Developed in co-operation with:
Department of the Chief Minister
Department of Lands, Planning
and the Environment
Department of Infrastructure

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Contents

1. Introduction	1
1.1 Why we regulate gifts, benefits and hospitality	1
2. Legal requirements	4
2.1 PSEMA and Code of Conduct	4
2.2 Financial and tax implications	5
2.3 Agency specific guidelines/policy.....	5
2.4 Drafting your Benefits Policy.....	6
3. Defining what kinds of benefits your policy covers.....	7
4. Benefit to whom?	8
4.1 Making your policy relevant.....	8
4.2 Benefit to the officer	8
4.3 Benefit to family member	9
4.4 Benefit to friends and associates	9
4.5 Benefit to other staff.....	9
4.6 Benefit to the Agency.....	10
4.7 Benefit received in a private capacity	11
5. Setting the bar - Substantiality	12
5.1 Monetary value	12
5.2 Non-monetary value	13
5.3 Cumulative value.....	13
5.4 Declarable benefit.....	13
6. Acceptance	14
6.1 Tailoring the message	14
6.2 General provisions	14
6.3 Other relevant factors.....	15
6.4 Key ingredients.....	15
7. Ownership and Disposal.....	16
7.1 Ownership and control	16
7.2 Disposal	16
8. Reporting	17
8.1 Reporting a Benefit	17
8.2 Questions and concerns.....	17
9. Recording - Benefits Register.....	18
10. Management monitoring and review	20
11. Some specific situations	21
11.1 Familiarisation benefits.....	21
11.2 Sponsored travel and accommodation	21
11.3 Ceremonial gifts	22
11.4 'Thank you' gifts	22
12. Enabling polite refusal of benefits	23
13. Promoting awareness and adherence	24
14. Conferring benefits on staff.....	25
14.1 Recognising staff contributions.....	25
14.2 Hospitality	25
14.3 Alcohol	26
15. Acknowledgements	27
APPENDIX 1 - The GIFT Test	28
APPENDIX 2 – Sample declaration form	29
APPENDIX 3 - The HOST Test	30

1. Introduction

Every day, public sector officers in the Northern Territory make decisions and take actions that impact on members of the community and the community as a whole. The community has an expectation that government functions will be conducted with integrity and impartiality — and without public sector officers being influenced by their personal interests.

From time to time, the Office of the Ombudsman receives complaints that raise integrity issues, including issues relating to the acceptance of gifts, benefits and hospitality. Issues relating to gifts, benefits and hospitality are also regularly reported in the media.¹

To facilitate agency development and review of individual guidelines and policies, the Office of the Ombudsman has developed this Framework, in co-operation with the Department of the Chief Minister, the Department of Lands, Planning and the Environment and the Department of Infrastructure.

The Framework is intended to provide a broad structure to help government agencies identify what issues they should consider in the development and review of appropriate guidelines/policies and provide some background to inform that process.

While the provisions referred to in the Framework relate to public servants under the [Public Sector Employment and Management Act](#), the Framework provides useful guidance for all public sector organisations, including local government councils.

For the sake of brevity, the Framework will often simply refer to gifts, benefits and hospitality as ‘benefits’ and to agency guidelines, policies and procedures as the ‘Benefits policy’.

The Framework is primarily about accepting benefits rather than decisions to give benefits, although it is acknowledged that they intersect when a decision is made that involves a public sector officer being given a benefit by an agency.

1.1 *Why we regulate gifts, benefits and hospitality*

The giving and receiving of gifts, benefits and hospitality are commonplace and pleasing aspects of everyday life. Gifts may be offered to say thanks for good service, reward a special achievement or celebrate an important event. In business, gifts may be offered to build relationships, mark the opening of a joint venture or further professional development.

Why then do we need a policy on gifts, benefits and hospitality?

Fundamentally, it comes down to a matter of public trust and confidence. As public officers, we are acting for the people of the Northern Territory. We need to act in a way that reinforces that trust.

¹ See for example:

<http://www.abc.net.au/news/2015-06-03/icac-finds-ausgrid-engineer-phillip-cresnar-corrupt-conduct/6518538>
<http://www.abc.net.au/news/2015-05-21/bhp-billiton-fine-a-warning-on-corporate-hospitality/6486930>
<http://www.abc.net.au/news/2015-02-20/barnett-criticises-healthway27s-use-of-perks/6163332>

This is reflected in a variety of provisions. So, for example, the NTPS *Code of Conduct* provides:

7. Standards

7.1. In order to maintain public confidence in the integrity of the Northern Territory Public Sector, a Public Sector Officer must exhibit, and be seen to exhibit the highest ethical standards in carrying out his or her duties, and must pursue, and be seen to pursue, the best interests of the people of the Northern Territory.

8. Trust and Confidence

8.1. It is essential for the proper working of Government that a Public Sector Officer retains the trust and confidence of his or her employer, colleagues and clients in the manner in which he or she discharges his or her official responsibilities.

If we are to maintain that public trust and confidence as individual officers and for the NT Government as a whole, we cannot put ourselves in a position where our personal interests are in conflict or are seen to be in conflict with our role as impartial public officers.

Accepting gifts, benefits or hospitality can give the impression that an employee may favour or has favoured a particular person or organisation when making decisions or taking action. It can cause people to wonder or conclude that the employee has or will put their personal interests ahead of their public duty.

This may not be the intention of either the employee or the donor but impressions are important. Members of the community cannot read the mind of the employee concerned and cannot be expected to simply trust that the employee will 'do the right thing'. The public has a right to expect that public sector employees will make the right choices based on a fair and impartial assessment of the facts and law – not to have a decision unnecessarily complicated by some feeling of obligation to one person or the potential for some personal gain if there is a particular outcome.

In that regard, it is important to appreciate that a sense of gratitude is a natural outcome of being given a gift or benefit. It is natural to feel some sense of obligation to the giver. A public sector officer might well be confident in their ability to make a final decision without a gift influencing them. But perhaps, the giver might be given an extra chance to explain an anomaly in a proposal or an extra meeting to put their case forward. Or a quick phone call to give them a 'heads up' about an issue they need to address. After all, isn't that just being fair to them?

There is always the chance of intentional or unintentional 'capture' by the gift giver: small favours that make the job of the gift giver easier but are not necessarily accorded to others. These small favours can easily result in unfair processes and decisions, or at the very least in giving that impression to others.

Agencies must protect themselves and their officers against falling into such traps.

Another way of looking at the issue is by describing the risks involved in accepting gifts and benefits. They include:

- risks to the individual officer regarding their reputation within the public sector and the community, whether or not the officer is actually influenced by acceptance of the benefit;
- risks to the individual officer that they may face disciplinary action or criminal prosecution if they do the wrong thing or are suspected of doing the wrong thing; and
- risks to the reputation of the agency and government generally.

These risks must be carefully managed by agencies and by individual officers.

In addition, there can be financial implications for government in relation to some gifts, benefits and hospitality. In some cases, for example, attendance at work-subsidised functions, there may be a direct cost to government. In other cases, acceptance of a benefit may give rise to a Fringe Benefits Tax (FBT) liability on government even if the benefit is provided by a third party. So, acceptance of a benefit may well come at a cost to the public purse.

We therefore need to have a system in place to deal with gifts, benefits and hospitality in order to ensure that:

- public sector officers make decisions and take actions in the public interest, and are not influenced by personal interests;
- employees and the reputation of the agency are protected by reducing the likelihood of perceptions by business or the public that public sector officers might favour one party (who offers a benefit) over another;
- public resources are appropriately committed; and
- taxation obligations are complied with.

2. Legal requirements

There will be a number of existing legal requirements that an organisation must bear in mind in the development of a Benefits policy. These may vary from agency to agency. There may also be some agency specific obligations in addition to general laws or codes of conduct.

You should identify the relevant legal frameworks for your organisation which affect how gifts and benefits will be dealt with. Look for frameworks that define acceptable behaviour generally, disciplinary actions that can be taken for unacceptable behaviour, as well as policies that may address stakeholder engagement or customer service.

The discussion below relates primarily to requirements on NT Government agencies.

2.1 PSEMA and Code of Conduct

The [Public Sector Employment and Management Act](#) sets out the performance and conduct principle for public sector employees. Among other things, it requires employees to carry out their duties with objectivity, impartiality, professionalism, and integrity — in accordance with any applicable code of conduct — to avoid any actual or apparent conflict of interest — and ensure their personal conduct does not adversely affect the performance of their duties or bring the agency into disrepute (section 5F).

The [NTPS Code of Conduct](#) sets out specific requirements of public sector employees in relation to gifts and benefits:

Judgement and responsibility

20.1. The acceptance of gifts or benefits by Public Sector Officers is an area requiring sound judgement. Benefits include offers of cash, gifts, free travel, substantial hospitality, accommodation or entertainment. Accepting such gifts or benefits is a matter of judgement for the individual Public Sector Officer concerned who must be satisfied that his or her responsibilities will not in any way be compromised or appear to be compromised by acceptance. The Public Sector Officer will bear personal responsibility for any decision to accept a gift or benefit.

Guiding principles

20.2. In deciding whether to accept gifts or benefits, a Public Sector Officer will be guided by the following principles:

- a) a Public Sector Officer must not solicit or accept any gifts or benefits, the receipt or expectation of which might in any way tend to influence, or appear to tend to influence, the Public Sector Officer in his or her official capacity;*
- b) in the event that any substantial gift, offer or suggestion of such is made directly or indirectly to a Public Sector Officer, the facts shall be reported at the first opportunity to the Chief Executive Officer;*
- c) a Public Sector Officer must avoid all situations in which the appearance may be created that any person or body, through the provision of hospitality or benefits of any kind is securing, or attempting to secure, the influence or favour of the Public Sector Officer; and*
- d) a Public Sector Officer must take all reasonable steps to ensure that his or her spouse, children or dependents, or staff members, are not the recipients of benefits which could give the appearance of an indirect attempt to secure the influence or favour of a Public Sector Officer.*

Permission to accept a gift

20.3. In any event, a Public Sector Officer accepting a gift or benefit of a substantial nature must have the specific permission of the Chief Executive Officer.

2.2 Financial and tax implications

There are financial implications for government organisations in relation to some gifts, benefits and hospitality. Attendance at work-subsidised functions will give rise to a direct cost to government. Acceptance of a benefit may also give rise to an FBT liability on government even if the benefit is provided by a third party.

The Department of Corporate and Information Services has produced [Corporate Tax Policy Advice no. 6](#), which deals with Fringe Benefits Tax application to gifts received by Northern Territory Government employees.

The Advice provides guidance on when FBT is likely to be payable in relation to a benefit and when a benefit should be recorded in an agency's Benefits Register. There are some exclusions and exemptions, for example, modest hospitality in the form of light refreshments provided in the course of a business meeting at the office or token gifts handed out at a conference, but the Advice lists many circumstances in which benefits received must be reported and recorded.

FBT may be payable on a benefit provided by government or a benefit provided from an external source in connection with an officer's employment. In either case, there will be a cost to government.

Agencies need to consider FBT and other financial implications in the development a Benefits policy. An agency should ensure that the substance of the Advice is reflected in its policy.

2.3 Agency specific guidelines/policy

The *NTPS Code of Conduct* sets out the parameters for agency specific guidelines/policy in relation to gifts and benefits:

20.4. A Chief Executive Officer may issue agency guidelines/policy regarding the acceptance of gifts and benefits by Public Sector Officers, consistent with the Code. These should give consideration to the following:

- a) the relationship of the agency to the donor;*
- b) the primary business of the donor;*
- c) the likelihood of further contact with the donor;*
- d) whether the gift is being accepted as part of a formal exchange of gifts between official representatives of the Northern Territory and another Government;*
- e) the possible adverse consequences to the Northern Territory's interests which may result from the acceptance or refusal of a gift; and*
- f) the type of gift or benefit which in the context of the agency's operations can be seen as inconsequential or trivial.*

20.5. The agency guidelines/policy do not form part of the Code or the legislation.

2.4 Drafting your Benefits Policy

When drafting your Benefits policy, refer to the legal and policy requirements you have identified in a preamble or at other relevant points.

You should ensure that your Benefits policy aligns with existing frameworks, or any potential conflicts or differences are noted and either explained or resolved.

Example

Provisions in the Local Government Act concerning conflicts of interest do not require a member or officer of a Council to declare an interest in a non-profit organisation. However, Council X wants its Code of Conduct to require members and officers to declare gifts and benefits received from any organisation, including non-profits. There are non-profit organisations in the community which clearly benefit particular groups in the community, and accepting gifts and benefits from them could erode community confidence in the Council's impartiality. To avoid confusion, Council X should note that despite accepting gifts from non-profits not being an offence under the Local Government Act, it requires all members and staff to declare or refuse gifts from non-profit organisations. It should make clear that failure to declare or refuse gifts will be a breach of the Code of Conduct, even if it would not be an offence.

3. Defining what kinds of benefits your policy covers

Your policy should cover a broad range of gifts and benefits including:

- gifts - including money, things, and promises of future gifts
- benefits - meaning something that gives an advantage or profit, including preferential treatment, privileged access, favours, invitations, free tickets, access to discounts and loyalty programs, and promises of new jobs.
- hospitality - meaning the reception and treatment of guests or staff, ranging from offers of light refreshments at a business meeting to restaurant meals and sponsored travel and accommodation.

Gifts and Benefits come in all shapes and sizes. There is no particular need to distinguish between gifts, benefits and hospitality from an integrity perspective but the FBT provisions discussed in the *Corporate Tax Policy Advice* (see 2.2 above) contain some relatively detailed points of distinction that need to be addressed as part of policy development.

All of them encompass an element of a gratuitous benefit, something that is being provided outside the course of standard regulations and procedures and without the beneficiary having a legal entitlement.

4. Benefit to whom?

Your policy needs to make it clear that issues relating to receipt of benefits can be raised in a broad range of circumstances, involving a broad range of potential recipients.

The most obvious benefits are those given direct to the officer concerned. However, a comprehensive policy must also apply in cases where there may be no direct benefit to the officer but a benefit to his or her family, friends, associates, workmates or even to his or her agency.

In such cases, the officer concerned obtains an indirect benefit by being able to help out other people or an organisation he or she has a relationship or association with. Or he or she may put the reputation of the agency at risk by accepting a corporate benefit that raises a perception of partiality on the agency's part.

4.1 Making your policy relevant

Different organisations encounter gifts and benefits in different kinds of environments. To be most effective, your policy should identify and provide case examples of handling the particular kinds of difficult situations your staff are likely to encounter.

To prepare effective examples, you can:

- gather case studies from staff in your organisation to inform the development of your policy;
- prepare de-identified case studies and 'hypotheticals', along with clear guidance of your expectations of staff in those circumstances.

The process of liaising with staff and including their experiences will have the added benefit of raising awareness of the issues and improving buy-in to the Benefits policy.

The balance of this section provides some examples to illustrate the depth and breadth of situations that a comprehensive policy may have to cover.

In the hypothetical examples in this Framework, Ando and Briony work for government Agency X.

4.2 Benefit to the officer

- *Ando has gone above and beyond to rush through a permit for a builder who is facing penalties for late completion of a job. The builder thanks Ando and says he deserves a carton of beer for his efforts. The builder is too busy to purchase the carton and return to the Office, so he hands over \$40 to Ando and tells him to shout his (Ando's) colleagues after work.*
- *Ando is handling a number of complaints against builder M. Builder M is impressed with Ando's fairness and the way he has handled each complaint. He tells Ando they are going to set up a complaints branch in the company next year and offers Ando a job managing the branch. Ando is keen but the job won't start for six months.*
- *Builder M tells Ando that he has organised someone to come up from Adelaide for a two week Development Protocols training course for his staff and staff of fellow developers. Builder M says he has one spot he can't fill and offers it to Ando at no cost. Ando is*

desperate to move into this area and has been trying without luck to talk his supervisor into paying for it. He is happy to take recreation leave to do the course. However, he knows it will slow down the progress of a number of complaints he is investigating, including one against Builder M. He decides he has to take the chance while he can.

- Briony is about to finish a report on a development application from Builder M. It has been a huge job which has taken about 3 months. She has worked closely with Builder M throughout. To celebrate its finalisation, Builder M invites Briony to the private tent he has secured for the next Tiwi Islands Grand Final. Briony loves footy and, as she is just putting the finishing touches on the report, knows it won't change the outcome of the report.

4.3 Benefit to family member

- Builder M keeps offering Ando free tickets to concerts. Ando always declines but when the offer of tickets and accommodation at the Kimberley Moon Festival comes in, he thinks twice. His wife loves Michael Bubl  and would possibly never talk to Ando again if she knew he turned down a chance to see him. Ando is busy and so can't go but his wife and Builder M's wife have met socially. Ando proposes that Builder M's wife might call Ando's wife and suggest that the two of them go the Festival together.
- Briony's daughter has just finished school. She got good marks but hasn't got a job anywhere yet. One day in a development approval meeting Briony is boasting to Builder M about how bright her daughter is. Builder M says he has a vacancy in one of his site offices and would be happy to give her a trial for a month.

4.4 Benefit to friends and associates

- Ando is a committee member of the Old Crocs Basketball Club. At a meeting to discuss a complaint, Builder M says he is looking to put some money into sponsorship to raise his community profile. He says he has about \$10,000 to spare. The Crocs have just been evicted from their old clubhouse. The money would be just enough to do up an old shed in the rural area as a new clubhouse. Ando tells Builder M about the Crocs and his involvement with them. They then negotiate a sponsorship deal.
- Briony has been a committed RSPCA member for 20 years. She has cat pictures and animal welfare awards all over her office. On a visit to discuss a development application, she and Builder M chat about her idea for a Fabulous Feline Funding Festival. Builder M suggests that the RSPCA could use the development site (which is right in town) free of charge for the first festival. Briony puts Builder M in touch with the RSPCA Director to discuss.

4.5 Benefit to other staff

In some cases, a benefit enjoyed by other staff may give rise to a perception of favouritism or bias.

- Private company M has a two year contract with Agency X to supervise public parking on its extensive properties. Briony, who is on the panel monitoring the performance of the company, negotiates an informal arrangement with company M to waive parking tickets for Agency X employees who park in an official or private capacity. Briony never parks on the properties but knows a number of staff who have built up sizeable penalties.

- *Phil from private company M has a regular catch-up with Briony to discuss the ongoing contract. At one meeting Briony informs him of the ongoing woes of the office Social Club. Someone has been pilfering funds and to make matters worse, their fridge has just broken down. Phil tells Briony that company M are shifting offices and leaving all their old stuff behind. He says he can probably arrange to have the old fridge delivered for social club use and may be able to throw in a spare espresso machine as well.*
- *The staff of Company M and Agency X have to work closely together. Company M decides to sponsor the Agency's corporate sports day, putting on lunch and drinks for 20 Company M staff who will attend the day and 100 Agency X employees.*
- *Ando feels his staff are underappreciated and need to be rewarded regularly because of the huge demands that are always placed on them. He also wants to improve relationships with major stakeholders. He decides to implement a monthly 'stakeholder dinner', where up to six representatives of a stakeholder organisation (a different one each time) can get together with the eight staff in his section and discuss business. Ando pays for all meals with his government credit card.*

4.6 Benefit to the Agency

Sometimes, a benefit may, on its face at least, be a benefit to the workplace with little or no benefit to the individual officer. The initial reaction in such cases may be to say that as long as the NT Government is receiving the benefit, where is the harm. However, the receipt of such gifts and benefits can still raises issues of perception of favouritism or bias and must be considered.

- *Part of Ando's job in assessing tenders for road works is to consider the suitability of safety signage and equipment for particular jobs. Private company M is in stiff competition with company G to supply safety gear to road contractors. Company M frequently supplies samples of safety gear to Ando's unit so they can be familiar with the quality of the product. Agency X employees often use the gear when they are on site or doing minor work themselves.*
- *Agency X is considering putting out a tender for all its stationery needs for the next three years. Private company L contacts Briony to inform her that it has a great new range of products. It sends her a stock of 200 mock up pens and 200 notepads (all printed with Agency X's logo) which Briony distributes for trialling around the office.*
- *Overseas company K is seeking to secure major development status for a project in the Territory. It wishes to develop the largest iguana farm in the world. It already has a working farm in Thailand but wishes to expand operations. It tells Ando that the best way to assess their operations is for the three people on his team to visit the farm in Thailand. Company K says they should spend at least a week there. It is happy to pay for accommodation but there is none on site. They will have to stay at a nearby beach resort and be helicoptered in each day.*

4.7 *Benefit received in a private capacity*

Sometimes gifts are given or exchanged in the course of a private relationship or association. It is natural that a person will from time to time receive gifts and hospitality from their wife, husband, sister, brother, child, mother or father. The same is true of close friends.

However, things can become complicated when there is also a business or service relationship between the two. This can arise, for example, if the other party works for a firm that does business or is seeking to do business with the agency.

The potential for such associations is greater in the Northern Territory because of the relatively smaller and more closely knit community.

Example

Briony works in the procurement section of Agency X. Her boyfriend of six months, Ted, runs a small business that has been supplying office goods to Agency X for three years. She met Ted through work. She has been keeping the relationship a secret because he used to go out with another girl who works at Agency X. Ted's business is booming and their relationship is blossoming. He regularly gives her expensive gifts.

Example

Ando and Ted have been golfing buddies for years. Every fortnight, they head out to Ted's exclusive resort golf club to play a round. Members are allowed one guest at no charge so it does not cost Ted anything extra. Ando has been tasked with setting up a new business unit for Agency X and is considering who should provide the office furniture.

Issues of this type may be dealt with as part of broader considerations relating to conflict of interests but should also be considered in the development of a Benefits policy.

There should be a requirement for relationships or associations that may give rise to a conflict of interests to be disclosed to the agency. But also, the giving of personal benefits may demonstrate or contribute to a conclusion that an association is close enough to give rise to a conflict of interests. In that context, there should be consideration as to when a 'personal' benefit should be disclosed.

Any reference to these issues in a Benefits policy should be linked to the agency's conflict of interests policy.

5. Setting the bar - Substantiality

In developing a Benefits policy, you will need to consider whether there are any circumstances in which acceptance of a benefit will be allowed and, if so, whether there will be minor benefits that can be accepted without declaring them to the agency.

One approach to dealing with gifts, benefits and hospitality issues is to preclude the acceptance of any gift, benefit or hospitality, whatever its value or significance. However, to do so, would preclude the acceptance of a glass of water or cup of tea at a meeting or a small ceremonial gift being offered by a visiting delegation.

Taking a rigid approach may be practical in some work areas or parts of work areas. However, many agencies will find that a total ban on gifts and hospitality is impractical or unrealistic. They may have frequent contact with clients, students, patients, foreign dignitaries and members of the public; have a low risk profile and a high probability of receiving gifts. In some areas of business the exchange of gifts and hospitality may be intrinsic to the fulfilment of the roles and functions of the unit or agency.

There will usually be a point below which no reasonable person would consider that the offer of a minor gift, courtesy or hospitality is in any way likely to influence the approach, actions or decisions of a public sector officer.

If there is to be some allowance for acceptance of benefits, your policy will need to address when a benefit is substantial enough to warrant reporting and regulation by the agency; and how substantiality should be measured. One obvious measure of substantiality is monetary value. However, in some cases it may not be easy or possible to assign a monetary value.

5.1 Monetary value

There is no set or commonly agreed value above which a gift or hospitality becomes substantial.² The challenge may be to establish a value that allows the acceptance of a small token of gratitude without requiring unnecessary formality and paperwork but which leaves minimal room for concern or suspicion that the benefit might influence government action or decision making.

Bearing in mind the varying attitudes of members of the public, it may be appropriate not to set the bar too low but to be reasonably conservative. A requirement to report a benefit and discuss it with a supervisor or other senior manager does not mean that the benefit must necessarily be refused.

For items with obvious monetary value, guidance should be provided in the Benefits policy as to how value is to be determined or estimated. One approach would be to adopt the lowest ascertainable retail value at the date the benefit is given. For many standard consumer goods, this may be easily established through an internet search or a visit to a local store. For minor everyday items such as a box of chocolates or a bunch of flowers, past experience may be enough of a guide.

For other goods, for example jewellery or other unique items, establishing a value may prove more challenging. In such cases it may be possible to explain the situation and ask the giver for details. However, it should be recognised that, in some cases, this may appear impolite. If in doubt about the best way to establish an estimate, staff should be encouraged to consult their supervisor.

² There is a 'minor benefit exemption' level for FBT purposes, currently \$300, but this is not necessarily translatable for all agency Benefits policy purposes.

There may also be cases where an item has some token or ceremonial value but little utility beyond that, for example, a gift of a plaque or other token from a visiting delegation. In such cases, where a value cannot be established and the gift is to remain with the agency, it may be appropriate to simply record the value as 'nominal'.

5.2 Non-monetary value

In some cases, it may not be possible to assign a simple monetary value to a benefit.

Example

Briony and her spouse have been having great difficulty getting a permit to house their four beloved dogs on the suburban block they have just purchased. Briony has handled a number of development applications from Company M and knows that the chief executive has connections on Council. She begs him to do something and he says he will see what he can do. Sure enough, the next day, the approval for the dog licence comes through.

It is important to provide for such cases by a catch-all that includes instances where a reasonable person would consider that the benefit is otherwise of significant or substantial value.

5.3 Cumulative value

There will also be cases where there are a series of benefits given over time. Each instance taken individually may not be of substantial value but the combination may amount to a substantial gift or benefit.

One way to deal with this situation is to set a cumulative value for benefits from the same source in a defined period. The cumulative value could be set at the same level as the individual value or a higher level in recognition of the potential for a number of small gifts over time. For example, if the limit for a single benefit is \$50, a higher limit of perhaps \$150 could be set for benefits from any one source (including associates) in any one calendar year.

5.4 Declarable benefit

If there is to be a threshold for reporting benefits, it may be appropriate to adopt and define a term such as 'declarable benefit', to simplify discussion of the topic. Use of 'reportable benefit' may lead to confusion as the term is already used for FBT purposes.

Example

'declarable benefit' means:

- a benefit with a value of greater than \$n;
- a series of benefits obtained from one source (including associates of that source) over the course of a calendar year with a value of greater than \$n;
- any significant or substantial non-monetary benefit or series of benefits;
- any benefit required to be recorded in the Benefits Register of the agency for Fringe Benefits Tax purposes (see [Corporate Tax Policy Advice no. 6](#), Fringe Benefits Tax application to gifts received by Northern Territory Government employees);
- any other benefit the receipt or expectation of which might in any way tend to influence, or appear to tend to influence, a public sector officer in his or her official capacity.

6. Acceptance

6.1 Tailoring the message

General considerations relating to acceptance that should be addressed in a Benefits policy are discussed below. Again, the approach should be tailored as much as possible to the particular functioning of the agency. It will be preferable to provide a range of specific examples and scenarios that are likely to arise in the setting of the agency. This not only gives more practical guidance but is more likely to engage staff of the agency.

The Benefits policy will require a practical system for consultation and decision-making on whether to accept a particular benefit. This will include consideration of who can authorise the acceptance of benefits.

It will usually be helpful to designate one or more senior officers within the agency to provide advice and/or authorise acceptance of benefits in more complex cases. This provides for the development of expertise and consistency in the area as well as ensuring that problematic decisions receive high level consideration.

6.2 General provisions

The NTPS *Code of Conduct* requires that a public sector officer:

- be satisfied that his or her responsibilities will not in any way be compromised or appear to be compromised by acceptance of a benefit;
- not solicit or accept any gifts or benefits, the receipt or expectation of which might in any way tend to influence, or appear to tend to influence, the officer in his or her official capacity;
- avoid all situations in which the appearance may be created that any person or body, through the provision of hospitality or benefits of any kind is securing, or attempting to secure, the influence or favour of the officer;
- take all reasonable steps to ensure that his or her spouse, children or dependents, or staff members, are not the recipients of benefits which could give the appearance of an indirect attempt to secure the influence or favour of an officer;
- report any substantial gift, offer or suggestion of such to the chief executive officer;
- have the specific permission of the chief executive officer to accept a gift or benefit of a substantial nature.

The NTPS *Code of Conduct* also provides that a chief executive officer should give consideration to the following in developing a Benefits policy:

- the relationship of the agency to the donor;
- the primary business of the donor;
- the likelihood of further contact with the donor;
- whether the gift is being accepted as part of a formal exchange of gifts between official representatives of the Northern Territory and another Government;

- the possible adverse consequences to the Northern Territory's interests which may result from the acceptance or refusal of a gift; and
- the type of gift or benefit which in the context of the agency's operations can be seen as inconsequential or trivial.

6.3 *Other relevant factors*

Where there is discretion as to acceptance, other factors that may be relevant include:

- the employee's position and whether they have any decision making responsibilities that affect the giver;
- the openness of giving the benefit. Was the benefit given in secret or in an open forum?
- the value of the benefit;
- the frequency of gift giving;
- any benefit to the Northern Territory;
- how comfortable would the officer and their chief executive be with disclosing acceptance of the benefit?

The GIFT Test, shown at Appendix 1, may be helpful in reminding employees of important things to consider when making decisions.

6.4 *Key ingredients*

The following are key ingredients in the development of policy regarding decisions on acceptance:

1. The Benefits policy must spell out as clearly as possible the expectations the agency holds of its officers.
2. The important question is not whether a benefit is given in an attempt to influence the employee or whether the employee might actually be influenced, but what a reasonable and fair-minded person in possession of the facts would believe.
3. Where practicable, there should be clear and explicit guidance on what can and cannot be accepted. Black and white rules may not be able to deal with all situations but may be able to cover many common scenarios.
4. Where there is a level of individual discretion, guidance must be given as to the type of factors that should be considered.
5. Simply accepting and declaring a benefit is not a substitute for appropriate exercise of discretion. Transparency is important but does not validate acceptance of a benefit.
6. Good decision making about acceptance/refusal will almost always be facilitated by discussion with a supervisor or other designated agency adviser.
7. Good decision making about acceptance/refusal will be facilitated if officers are informed about how to politely refuse a benefit.

7. Ownership and Disposal

A benefit that is not immediately utilised could potentially be disposed of in a variety of ways. It might be utilised or retained by the person who was offered the benefit, it might be shared between staff in a business unit, it might be kept for a special work occasion or in a display area within the agency, or it might be donated to a charity or other worthy cause.

7.1 *Ownership and control*

The Benefits policy should address whether the individual or agency takes ownership or control of an accepted benefit and what options are open for disposal.

Generally, any substantial benefit provided to a public officer, in the course of their duties, should be treated as being under the ownership and control of the agency. This would include situations where an officer attends a conference as a participant or guest speaker and obtains a substantial gift or benefit from that attendance. It would include fees for speaking, financial grants and prizes. It would also include any substantial benefit of cultural value presented by a visiting delegation.

To simplify the approach for token, non-declarable benefits, the agency may decide to implement a standing rule that the recipient officer can deal with them as his or her own property. This would not, of course, prevent the officer from sharing such items, for example, a box of chocolates, with other staff.

7.2 *Disposal*

It will be necessary to consider who can make decisions about disposal of an accepted benefit which has been not immediately consumed or otherwise disposed of.

Will it be a matter for the individual who was given the benefit? Or should the supervisor of the unit or the chief executive have that discretion? Does it make a difference if the individual was given the benefit in recognition of the services provided by the whole unit? One option may be to consider a tiered approach within the agency.

8. Reporting

8.1 Reporting a Benefit

Whoever enjoys the benefit, it will be necessary to develop rules for reporting benefits that have been offered and recording them.

There may be minor or token benefits that are not considered substantial enough to report or record. These will need to be spelled out clearly, perhaps as part of defining a declarable benefit.

For declarable benefits, there will need to be a system developed for reporting and recording. It will be important for this system to reflect the content of the *Corporate Tax Policy Advice* discussed in section 2.2, *Financial and tax implications*.

It will usually be prudent to develop a single declaration form that is easily identifiable and accessible to all staff. A sample declaration form is set out at Appendix 2.

8.2 Questions and concerns

It will be important to provide a clear path for officers who are offered a benefit to consult about what they should do. Some agencies may provide that queries should be directed, at least in the first instance, to a supervisor.

However, there is also merit in providing a path for consultation with one, or a few, designated senior officers. For example, this could be to the Human Resources Director or to one or more Executive Directors. This will allow for expertise to be built up in addressing such issues and a level of consistency throughout the agency.

It is also important to have a path for an officer who may be concerned about the acceptance of a benefit by another officer to raise concerns about the matter. The *NTPS Code of Conduct* provides that a public sector officer has a duty to report to any unethical behaviour, corrupt act or wrongdoing by any other officer (clause 25).

There should be a widely published and clearly understood mechanism for raising concerns about acceptance of benefits. This mechanism may well be contained in another policy document but should be sufficiently outlined in the Benefits policy.

9. Recording - Benefits Register

An important part of any Benefits policy is the creation of a Benefits Register to record the essential details regarding each accepted benefit. These are commonly called Gifts Registers but it may be appropriate to use the broader term to make it clear that they do not only apply to physical gifts.

There should be a record of all benefits accepted that meet the substantiality threshold. It should record at least:

- *Nature of the benefit*
- *When received*
- *Estimated value, including basis for estimate*
- *Who gave the benefit*
- *Who accepted the benefit*
- *What happened to the benefit*
- *The circumstances in which it was given*
- *Any way that the officer who took the benefit might be involved in decision making relating to the giver or associates of the giver.*

Example

Benefit	Date	Value	Giver	Recipient	Disposal	When given	Involvement
1 bottle of champagne	8/1/11	\$50 Internet search	Company A	Briony Brooks AGS 12345678	Retained by Briony	Won door prize at party to celebrate one year of operations.	Monitor Company A contract. Likely to be involved in tender process.
Attended party	8/1/11	\$150	Company A	Briony Brooks AGS 12345678	Briony	Party to celebrate one year of operations.	Monitor Company A contract. Likely to be involved in tender process.
Cufflinks	6/2/11	\$100 Advised by giver	Michelle (works for Company A)	Aldo Mark AGS 12345679	Retained by Aldo	Birthday party (She is my girlfriend.)	On selection panel for tender process.
Ceremonial plaque	7/3/11	Nominal	Timor Leste delegation	Aldo Mark	Retained by Office	Visit by dignitaries	Hosted dignitaries for two days.

Online links to other examples of gifts and benefits registers are set out below:

<https://www.treasury.qld.gov.au/publications-resources/gifts-and-benefits-register/index.php>

<http://dpc.sa.gov.au/gift-and-benefits-register>

It will often be possible to identify an estimated value for standard consumer goods by an online or in store search. For some items, particularly of a unique or ceremonial nature, it may be more problematic. In cases of doubt, an officer should consult with their supervisor.

For the Benefits Register to have greatest value, it will be important for a designated senior officer to take responsibility for its maintenance and monitoring.

It is also important to capture information about substantial benefits that have been offered but not accepted. The *Code of Conduct* requires a public sector officer to “*report any substantial gift, offer or suggestion of such to the chief executive officer*”. Whether such declined offers are entered into the Benefits Register or captured by some other process is a matter for consideration by the agency.

Consideration needs to be given as to whether some or all of the contents of the Benefits Register are made public. Certainly, doing so enhances the accountability of the agency and the officers concerned.

If there is public disclosure, there are again options. For example, full details could be disclosed, including the name of the officer who utilised the benefit, or the published details might simply name the officer’s business unit.

10. Management monitoring and review

Effective monitoring and reporting is essential for agencies to understand the nature and extent of their gifts, benefits and hospitality activities, communicate this information to relevant stakeholders and adequately identify, assess and treat the associated risks (Victorian Auditor –General’s Report on *Implementing the Gifts , Benefits and Hospitality Framework*, December 2015, p.17).

This encompasses two elements, both of which should be addressed in the Benefits policy.

One element is testing that the Benefits Register is effectively and accurately recording all declarable benefits. Are all declarable benefits being recorded? Are descriptions and value estimates accurate? Are process improvements needed? This can be assessed through regular and spot audits of the Register itself and of business units that have a higher likelihood of receipt of benefits.

The other element is analysis and review of the information provided in the Register to establish what messages the information has for the management of the agency.

This is likely to involve regular reporting to the senior management group, including:

- analysis of overall trends of gifts, benefits and hospitality activities;
- noting any specific higher risk or ‘red flag’ issues;
- description of potential or implemented improvements in control processes; and
- how substantial risks have been or are being managed.

The regular review of gifts, benefits and hospitality activities enables scrutiny of the nature and frequency of the gifts, benefits and hospitality received by individuals over time.

11. Some specific situations

11.1 Familiarisation benefits

In some cases, the proponent of a major development may want to introduce public sector officers to a new approach or an innovative idea. One good way of doing so is to expose the officer to a similar existing operation that is running elsewhere. In other cases, a supplier of goods or services may want to do the same thing in circumstances where an introductory factsheet or video presentation will not have the same impact as a site visit. This can give rise to offers for public sector officers to travel and stay at the expense of the proponent or supplier.

In the latter case, the need to ensure scrupulously fair procurement processes will be immediately apparent to officers involved. In the former case, where there are not necessarily any direct competitors involved, the need to ensure equity is just as great. In those cases, the competition is not with direct competitors in the particular line of business of the proponent but with anyone seeking government support or preferment, financial and otherwise.

It is important that agencies involved in major procurement and major development facilitation and approval processes specifically address these issues in their Benefits policy.

Suppliers of goods and services may also provide a variety of free items for the purposes of familiarisation. For example, a stationary supplier may do up a complimentary range of pens, pencils and notebooks bearing an agency logo. Or a provider of work safety gear may pass on a number of safety vests, boots, clothes and signs to show the quality of their merchandise. Some of these items may be useful for either work or personal purposes.

Agencies must ensure that the acceptance of such benefits is carefully managed. A practice of accepting such items that is not closely regulated may well be seen to contaminate procurement processes and affect the reputation of the agency.

Even relatively minor items such as writing pads, computer mats, coffee cups or drink coasters bearing the corporate logo of a business may give the wrong impression to a competitor who is visiting a government workplace.

11.2 Sponsored travel and accommodation

At times public officers may be offered travel or accommodation to attend an industry function, conference or the like. Consideration needs to be given to public perception and whether or not this arrangement may create a conflict of interests.

Even if the officer concerned does not work in a unit that has dealings with the business making the offer, there may be a potential for damage to the reputation for the agency if another part of the agency does have dealings with the business.

In such cases, if attendance would be in the public interest consideration needs to be given to the agency paying the costs of attendance.

11.3 Ceremonial gifts

International and inter-state visitors may offer a public officer a ceremonial gift on behalf of their country, state or organisation. Such gifts are usually a mark of respect and a recognition of the time and effort an agency has put in to hosting the visitor. As a mark of respect in return, such goods should normally be retained by the agency regardless of their intrinsic value, and displayed in an appropriate setting.

11.4 'Thank you' gifts

Some literature in this area suggests that a distinction can be drawn between a gift received prior to a decision or action and a gift received as a thank you for good service or a good outcome.

In practical terms, it is risky to adopt such an approach. There will often be little practical prospect of establishing whether a substantial post-decision gift was discussed or hinted at prior to the decision being made. There will always be the room for perception that the outcome of the decision was the result of some pre-arrangement.

And there will almost always be the potential for future dealings with the giver, leaving open the perception that the giving of that gift or the prospect of future gifts may influence the decision maker the next time.

It is prudent to regard gifts proffered before or after a decision in the same way.

12. Enabling polite refusal of benefits

In many cases, people genuinely wish to give gifts as a thank you for the level of service provided. They may or may not be likely to have a continuing relationship with the agency. In other cases, businesses may give gifts with every order as a token of appreciation or gifts for loyalty. They want to encourage the agency to use their goods and services and to become a loyal repeat customer.

In some situations, an agency may consider that a policy of not accepting gifts will make compliance easier and avoid any risk of perception of impropriety.

The Benefits policy should make it easier for staff to say “Thank you but no”.

To cater for such cases, or to generally prepare staff to say “no”, an agency can do a number of things:

- *Where there is a strict non-acceptance policy, this should be communicated publicly. This can be done on the agency’s webpage, in newsletters and correspondence with likely donors, in signs or notices at the front counter.*
- *Staff need to be made aware of the rules and regularly reminded.*
- *Consider alternative ways that people can recognise good service, for example utilising a feedback form, a feedback box or an online Compliments and complaints form.*
- *For the most common situations, thought can be put into developing a script for staff. For example it might thank the donor and explain that the offer is greatly appreciated — that the offer of a gift is welcome — but that in order to make sure no one can raise concerns about the integrity or impartiality of the agency, the agency has a general rule in place that no benefits will be accepted — and that, if they wish, they can show their appreciation by filling out a feedback form which will be seen by the chief executive of the agency.*

By adequately preparing staff, the agency can put them in a position where it is much easier to politely decline an offer, thus avoiding any issues that might arise.

13. Promoting awareness and adherence

Developing a written policy is only a small part of the equation. Awareness and acceptance of the NTPS and agency-specific requirements must be actively supported and promoted if they are to be effective.

Numerous steps can be taken to promote awareness and adherence, including:

- open and regular support by senior management for the principles underlying the policy;
- senior management modelling expected behaviour;
- appointment of a senior manager with responsibility for ongoing administration and promotion of all aspects of the policy;
- publication of the policy and any related materials in a variety of formats, for example on websites, in hard copy, and by links and references in other publications;
- making the process for reporting an offer or acceptance accessible, straightforward and non-threatening;
- regular ongoing references and links to the policy in agency publications, eg, topical stories from time to time in the agency newsletter or e-bulletin;
- making the Benefits Register available to staff;
- incorporating the policy into induction training;
- incorporating the policy into ongoing training initiatives for existing staff;
- encouraging staff to discuss hypothetical instances of benefit giving with supervisors and other staff in order to develop their analytical skills;
- regularly reinforcing *Code of Conduct* integrity requirements with all staff;
- producing and disseminating information for staff on how to politely refuse the offer of a benefit;
- producing and disseminating information for suppliers, contractors and other likely donors explaining the agency's policy on acceptance and refusal of benefits;
- regularly reviewing and analysing at an agency level, the types of benefits that are offered and accepted, in order to identify potential improvements in the policy and its application.

The Benefits policy should provide detailed descriptions of mechanisms for ongoing promotion of awareness and adherence.

14. Conferring benefits on staff

This Framework is about the acceptance of benefits.

Public sector officers and agencies not only receive gifts, benefits and hospitality but also give them. However, deciding whether an agency should confer a benefit and deciding whether to accept a benefit are two distinct matters that should be considered separately.

Issues relating to an agency giving benefits are more likely to be primarily dealt with in policies relating to financial approvals and delegations. Dealing with both matters in the Benefits policy could lead to confusion and distraction from the main focus of the Benefits policy. If they are both dealt with in the Benefits policy it would be prudent to include them in distinct parts of the document.

In some cases consideration of conferral of a benefit will overlap with decisions about acceptance of the benefit. For example, a public sector officer may authorise hospitality for a group that includes public sector officers at a meeting with industry representatives or a celebratory function.

It is appropriate to discuss such 'overlap' cases in a Benefits policy even though the main focus in the policy should remain on the acceptance of benefits rather than on the conferral of benefits. With that in mind, a brief discussion of issues relevant to conferral of benefits on staff follows.

14.1 *Recognising staff contributions*

There may be various circumstances in which an agency will consider a giving a gift or benefit to a staff member or their family, for example:

- reward and recognition programs, including hospitality for a group of staff to recognise their achievements;
- a gift or event celebrating length of service milestones or retirement;
- a token, such as a card or flowers, sent to family members to acknowledge an employees' contribution to the workplace in the event of their death.

Any gift or benefit given in these circumstances must be reasonable and proportional and must be given in accordance with NTPS and agency requirements. Agencies should be cognisant of the potential for such recognition to raise concerns of unwarranted favouritism. Agencies should ensure that they have clear policies in place to guide delegated decision makers as to the circumstances in which conferral of such benefits can and can take place.

Any agency policy should explain the rationale for such benefit giving and provide for consistent application across the agency or justify differences in approach where they are required.

14.2 *Hospitality*

A level of modest hospitality is commonly provided by an agency for guests in the workplace, for example, light refreshments, tea and coffee. Light meals may also be served in the course of an extended business meeting that is held at a meal time. This is often a matter of courtesy for guests and of making reasonable provision for all involved.

From time to time an agency may hold an event where hospitality is provided, for example in the course of a public consultation process or as a thank you to members of the public who have volunteered in the community.

These cases will frequently involve hospitality being enjoyed not only by external attendees but also incidentally by staff involved in the meeting or attending to help run the event. In some cases, the delegate authorising the hospitality may also partake in it.

Financial delegates who authorise hospitality must comply with all relevant NTPS and agency requirements. In each case, it is important for the authorising delegate to be satisfied that the provision of hospitality is a reasonable and justifiable use of public resources. In all cases, hospitality should be proportionate to the occasion.

The nature, extent and frequency of incidental benefits enjoyed by public sector officers in such cases should be carefully considered. Delegates should be careful to avoid the appearance that substantial hospitality is being provided by an agency for the primary benefit of public sector officers.

The HOST test, set out at Appendix 3, may be helpful in reminding delegates of important things to consider when making decisions about hospitality.

14.3 Alcohol

At times an agency may consider providing alcohol at an event. The supply of alcohol at any event can lead to increased risks, including the risk of anti-social behaviour, drink driving, etc, and risks to the reputation of both individuals and the agency alike.

An agency policy should clearly define the circumstances (if any) in which public funds may be considered for the purchase of alcohol and the appropriate delegation required to approve such expenditure.

15. Acknowledgements

We gratefully acknowledge the following organisations whose publications were researched and relied on in developing this Framework.

- >State Government of Victoria, State Services Authority, Public Sector Standards Commissioner
Gifts, Benefits and Hospitality Policy Framework
<http://vpsc.vic.gov.au/resources/gifts-benefits-and-hospitality-policy-framework/>
- >Northern Territory Department of Chief Minister,
Managing Gifts and Benefits Policy (draft)
- >NSW Ombudsman
- >Victorian Ombudsman
- >Queensland Public Service
Directive number 22/09, *Gifts and Benefits*
<http://www.psc.qld.gov.au/publications/directives/assets/2009-22-gifts-benefits.pdf>

The Ombudsman's Office also acknowledges the input of staff from the Departments of the Chief Minister, Lands, Planning and the Environment and Infrastructure who committed their time and expertise to the development of this Framework.

APPENDIX 1 - The GIFT Test



TAKE THE GIFT TEST

The GIFT test is a good reminder of what to think about when deciding whether to accept or decline a gift, benefit or hospitality. Take the GIFT test and when in doubt ask your manager.

GIVER: WHO IS PROVIDING THE GIFT, BENEFIT OR HOSPITALITY AND WHAT IS THEIR RELATIONSHIP TO ME?

Does my role require me to select contractors, award grants, regulate industries, manage waiting lists or determine government policies? Could the person or organisation benefit from a decision I make?

INFLUENCE: ARE THEY SEEKING TO INFLUENCE MY DECISIONS OR ACTIONS?

Has the gift, benefit or hospitality been offered to me publicly or privately? Is it a courtesy, a token of appreciation or highly valuable? Does its timing coincide with a decision I am about to make?

FAVOUR: ARE THEY SEEKING A FAVOUR IN RETURN FOR THE GIFT, BENEFIT OR HOSPITALITY?

Has the gift, benefit or hospitality been offered honestly? Has the person or organisation made several offers over the last 12 months? Would accepting it create an obligation to return a favour?

TRUST: WOULD ACCEPTING THE GIFT, BENEFIT OR HOSPITALITY DIMINISH PUBLIC TRUST?

How would I feel if the gift, benefit or hospitality became public knowledge? What would my colleagues, family, friends or associates think?

Reproduced from the Victorian Public Sector Commission, *Gifts, Benefits and Hospitality Policy Framework*.

APPENDIX 2 – Sample declaration form

Gifts Declaration

Completed by the recipient of a reportable gift within 14 days of the offer

Date offered:

Offered to:

Name:

Role:

Organisation:

Offered by:

Name:

Role:

Organisation:

Reason gift was offered:

Description of gift:

Estimated value of gift:

First time offer or Previous offer(s) within last 12 months by this individual
Cumulative value of gifts offered by this individual within the last 12 months

Decision regarding gift:

Declined or Retained or Transferred to organisation's ownership

Signature of recipient Date / /

Noted by authorised delegate

Signature

Name Date / /

Gifts Register updated

Signature

Name Date / /

Reproduced from the Victorian Public Sector Commission, *Gifts, Benefits and Hospitality Policy Framework*.

APPENDIX 3 - The HOST Test



TAKE THE HOST TEST

The HOST test is a good reminder of what to think about when deciding whether to provide hospitality or gifts to staff or stakeholders. Take the HOST test and when in doubt ask your manager.

HOSPITALITY: TO WHOM IS THE GIFT OR HOSPITALITY BEING PROVIDED?

Will recipients be external business partners, or employees of the host organisation?

OBJECTIVES: FOR WHAT PURPOSE WILL HOSPITALITY BE PROVIDED?

Is the hospitality being provided to further the conduct of official business? Will it promote and support government policy objectives and priorities? Will it contribute to staff wellbeing and workplace satisfaction?

SPEND: WILL PUBLIC FUNDS BE SPENT?

What type of hospitality will be provided? Will it be modest or expensive, and will alcohol be provided? Will the costs incurred be proportionate to and less than the benefits obtained?

TRUST: WILL PUBLIC TRUST BE ENHANCED OR DIMINISHED?

Could you publicly explain the rationale for providing the gift or hospitality? Will the event be conducted in a manner which upholds the reputation of the public sector? Have records in relation to the gift or hospitality been kept in accordance with reporting and recording procedures?

Reproduced from the Victorian Public Sector Commission, *Gifts, Benefits and Hospitality Policy Framework*.