

## CIRCULAR MEMORANDUM NO 53/98

13 October 1998

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### GUIDANCE ON CONFLICT OF INTEREST ISSUES FOR DEFENCE PERSONNEL

#### Purpose

1. The purpose of this Circular Memorandum (CM) is to remind staff again of the importance of avoiding at all costs behaviour that could give rise to the reality or appearance of conflicts of interest. These are vitally important issues affecting both the reputation of the Organisation as a whole and individuals.

#### Gifts and benefits

2. Several defence industry members have complained recently about requests from Defence personnel to sponsor, or make financial contributions to, a range of charity drives and mess-related fundraising activities. It is understood that, in some instances, where requests were politely refused, the refusals were met with inappropriate responses.

3. While the motives behind such requests may seem laudable, they could easily be interpreted as Defence personnel using their positions to pressure a firm to contribute to a cause, when otherwise it may not have done so. Many such companies feel they are being placed in an awkward position by such approaches. They perceive that an unwillingness to cooperate with these kinds of requests might prejudice their relationships with Defence and affect their capacity to win tenders or maintain other contractual relationships with Defence. It is not, of course, implied that this would be so, however, their perceptions only serve to underline the importance of appearances when it comes to conflict of interest matters.

4. Such a situation is unacceptable and has the potential to undermine the proper relationship developed over the years between Defence and industry. This relationship requires that Defence personnel and industry, in doing business together, conduct themselves in a manner which will clearly stand up to public scrutiny.

5. Civilian and Defence Force members are reminded that **they should never solicit gifts or benefits for themselves or any another person or body**, or give even the appearance of a conflict of interest—past, present or future—with their official duties and responsibilities. Accepting anything which could be interpreted as having been offered to secure some favour or preferential treatment could lead to disciplinary action being taken against the personnel concerned.

#### Hospitality and entertainment

6. Funds are available within Defence for official hospitality purposes to further the conduct of public business. Expenditure on official hospitality must be publicly defensible. The primary purpose of the event must be work related. Some examples of acceptable official hospitality are:

- a. 'working meals', where a meeting has been scheduled over a normal meal-break and there are cost advantages in continuing the meeting; or
- b. hospitality to overseas visitors where Defence has an interest in, or some obligation towards, facilitating the visit.

7. Defence personnel working in commercial environments are likely to be exposed to offers of hospitality from sources outside the public service. **Where those offers have even the slightest potential to give rise to the appearance of a conflict of interest they should be politely refused.**

## Travel and accommodation

8. It is possible that in the course of performing their duties Defence personnel will be offered free travel and/or accommodation. Since the acceptance of such offers could compromise, or appear to compromise, the good reputation of Defence for probity and fair dealing, **offers of free travel and/or accommodation should ordinarily be refused**. Where there are extraordinary and compelling reasons why an offer of free travel and/or accommodation should not be refused automatically, the offer should be referred to the relevant Group Manager for consideration. Since approval to accept an offer of free travel and/or accommodation is likely to be granted only in the most exceptional circumstances, the approval of the delegate should never be assumed.

## Frequent Flyer points

9. It is Government policy that Frequent Flyer (FF) points accrued from publicly funded travel must not be used for private travel, or to upgrade publicly funded travel above a traveller's entitlement. Also, such points are not to be redeemed after a member leaves the Australian Public Service or the Australian Defence Force (ADF). This policy applies, irrespective of whether the FF membership has been paid from public or private funds. FF points accrued through publicly funded travel must be redeemed only for subsequent official travel.

10. It is the individual's responsibility to ensure that their publicly funded and privately funded points are segregated. All Defence staff are required to advise their travel administration areas on the FF points they have accrued as a consequence of official, publicly-funded travel. Members must not build up or retain large numbers of FF points, but must use those points immediately they are accrued in sufficient numbers to redeem a flight or upgrade to the entitled class.

11. FF statements are issued every two months, and Defence personnel are required to provide advice on their FF points accrued through publicly-funded travel at this same frequency. Booking clerks and travel delegates must exercise care to preserve the privacy of a traveller's personal identification number and the personally funded points.

## Additional guidance

12. The guidance contained in this CM is based on successive Government decisions about appropriate approaches to the avoidance of conflicts of interest. More detailed guidance is contained in DI(G) PERS 25-1—*Public Duty and Private Interest—Guidelines for Members of the Defence Force*, and in *Guidelines on Official Conduct of Commonwealth Public Servants*.



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EARLIER DEPARTMENTAL CIRCULAR MEMORANDUM CANCELLED: Nil