

Purpose

This policy sets out information regarding conflict of interest related to HNECC-convened groups and includes the definition; roles and responsibilities; declaration and management of conflicts of interest.

Scope

This policy applies to members of all groups convened by HNECC in the performance of their duties. The groups include but are not limited to:

- Councils
- Advisory groups; and
- Selection, evaluation and reference panels

Henceforth all of the above will be referred to collectively as *groups*.

Policy Objectives

This Policy aims to provide a clear understanding of the principles to apply and the procedures to follow in relation to the management of conflicts of interest. It aims to achieve a balance between:

- All members being encouraged to bring to discussions and deliberations the benefit of their individual backgrounds (in terms of their professional involvements, skills, experience and interests); and
- The careful, consistent and transparent management of the potential for the individual backgrounds of members to lead to damaging conflicts of interest, whether actual, potential or perceived.

Policy Statement

Group members are expected to:

- Contribute fully and frankly to the discussions and work of HNECC, drawing on their individual backgrounds, including their professional involvements, skills, experience and interests
- Provide transparency and consistency in the reporting and management of conflicts of interest. This is essential in ensuring the ongoing confidence in the work of the groups as well as in the prevention and detection of fraudulent, dishonest and/or unethical behaviour¹; and
- Avoid conflicts of interest which may arise as a result of some aspect of their individual background conflicting, having the potential to conflict or being perceived to conflict with their work for an HNECC group.

Definition of Conflict of Interest

A conflict of interest is a conflict between a group member's:

¹ Australian Standard AS 8000-2003, Good Governance Principles, Standards Australia International ISBN 0 7337 5303 5.

- **Public duty** to act in the best interests of the organisation; and
- **Private interests** and/or
- **Duty to another organisation.**

1. Real, potential or perceived

A conflict of interest exists whether it is:

Actual conflict of interest	Perceived conflict of interest	Potential conflict of interest
You hold a position on an official HNECC group where right now you can be influenced by your private interests when carrying out your duties.	You hold a position on an official HNECC group where you may appear to be influenced by your private interests when carrying out your duties.	You hold a position on an official HNECC group where you may in future be influenced by your private interests when carrying out your duties.

2. Direct or indirect

A private interest can be **direct** or **indirect**. A direct interest is held by the group member. An indirect interest is held by a relative or close associate, for example:

- A member of the group member's **immediate family** (e.g. spouse, partner, parent, sibling, child)
- A regular member of his/her **household**; or
- Another close **associate** (e.g. friend, relative, business associate, rival/enemy).

3. Private interests

A private interest can be **pecuniary** (i.e. financial) or **non-pecuniary** (i.e. non-financial), or a mixture of both. It can arise from a wide range of personal or professional/business-related sources.

Pecuniary interests - include actual, potential, or perceived financial gain or loss. Money does not need to change hands. The interest exists if the group member (or a relative or close associate):

- Owns property
- Holds shares, investments or other business interests
- Has a position in a company bidding for government work
- Receives benefits such as concessions, discounts, gifts or hospitality from a particular source; or
- Has any other relevant financial interest, for example:
 - Is entitled to receive income derived from a contract
 - Is a beneficiary or trustee of a trust (e.g. in which a family member is a beneficiary)
 - Is entitled to receive income from an office held for payment/reward or from a trade, vocation, or profession
 - Holds office in a corporation (public, private or trustee), an incorporated association, or other entity.

Non-pecuniary interests - may arise from personal or family relationships, or from involvement in sporting, social, or cultural activities, etc. They include a tendency towards favour or prejudice resulting from friendship, animosity, or other personal involvement with another person or group. If personal

values are likely to impact on the proper performance of public duty, this can also lead to a conflict of interest. Enmity as well as friendship can give rise to a conflict of interest.

4. Duty to another organisation

A 'conflict of duty' (also known as a 'conflict of role') is a conflict of interest that can occur *even if the group member does not have any private interest at stake*. It is a conflict between a group member's:

- **Public duty** to act in the best interests of the organisation; and
- **Duty to another public or private organisation**, including another public sector organisation. It exists due to the group member's role with the other organisation (e.g. as a committee member, employee, volunteer, or organisation member).

Roles and Responsibilities

1. HNECC

HNECC has responsibility for:

- Establishing a system for managing conflicts of interest
- Communicating the system to all panel, council and group members
- Review of this policy and conflict of interest management systems that support the HNECC groups
- Receipt and investigation of complaints and grievances regarding conflicts of interest
- Reporting breaches to external agencies, where applicable; and
- Reporting to the CEO on any notifications of conflict of interest or breaches.

2. Risk and Compliance Manager

The Risk and Compliance Manager is the nominated Responsible Officer for the management of conflicts of interest within HNECC Limited including:

- Ensuring the conflicts of interest policy is kept current
- Providing a point of contact for anyone wanting information or advice about its meaning or application
- Providing a point of contact for anyone wanting assistance in identifying a conflict of interest and/or the type of conflict
- Receiving complaints and grievances of possible breaches of the conflicts of interest policy, investigating these and enforcing policy compliance; and
- Ensuring that the conflicts of interest policy is communicated to all group members.

3. The Group Secretary

The secretary of the panel, council or advisory group is responsible for maintaining records of the groups' conflict of interest including:

- Organising initial circulation of the Conflict of Interest Policy and Declaration Form
- Ensuring Conflict of Interest Declarations are submitted
- Maintaining the register of conflicts of interest for that group

4. Groups

All groups are collectively responsible for:

- Determining whether a conflict of interest is material
- Determining how to manage conflicts of interest

5. Individual Group Members

All members of HNECC-convened groups are responsible for:

- Declaring conflict of interest on appointment
- Declaring additional conflicts of interest as they arise in meetings
- Following the strategies to manage conflict of interest

Supporting Procedures

1. Declaring conflicts on appointment

Prior to commencing as a group member (or as soon as practicable thereafter), a group member will lodge a Conflict of Interest Declaration with the chair using the form in Appendix 2.

All group members will review their Declaration of Private Interests form annually. In addition, a group member will update his/her declaration if his/her circumstances change. Updated forms will be provided to the chair.

2. Declaring conflicts at the start of a meeting

At the start of each group meeting, the chair will ask if any group member present has an **interest** (i.e. a private interest or a duty to another organisation) in respect to any matter on the agenda. If a group member has an interest, he or she will **declare** it, including the nature of the interest and the conflict that results, or may result, from it.

A group member is required to declare a conflict of interest that relates to an item on the agenda even if he or she has already declared it on his/her Conflict of Interest Declaration form.

If, during the meeting, a group member becomes aware that he/she has an undeclared interest, he/she will declare it immediately.

If any declared conflicts of interest are not on the register it is the responsibility of the group secretary to add the details as soon as practicable after the meeting.

1.1 Assisting other group members

If the chair or a group member becomes aware that another group member may have an undeclared interest, he/she will raise the matter immediately, so that the other group member can declare the interest, if it exists.

3. Determining whether a conflict is material

If a conflict of interest is declared by a group member, the group will determine whether the conflict is **material**, taking into account all the relevant factors, including the:

- **Nature** and **functions** of the organisation
- **Issue** that is to be discussed and determined by the group

- **Nature** and **severity** of the conflict, for example:
 - whether it is real, potential, or perceived
 - for pecuniary interests, the quantum, scope, and likelihood of the expected benefit
 - the degree to which the interest could compromise, or reasonably be seen to compromise, the group member's ability to make an impartial decision in the public interest; and
- Likelihood that the **public will perceive** that a conflict of interest exists, and the extent to which this may affect **public confidence** in the integrity of the group and its decisions.

4. Determining how to manage a conflict

4.1 Recommended procedure

Whether or not a conflict is material, it will usually be in the **public interest** for the group member to:

- Leave the room at the start of the relevant agenda item and not return until the start of the next agenda item
- Not discuss the matter at all with any other group member (either in the meeting or elsewhere); and
- Not participate in any group decision on the matter.

The recommended (i.e. standard) procedure will be followed unless the group determines and documents clear reasons why it would not be in the public interest.

4.2 Strategies to manage conflict of interest

At HNECC all instances of conflict of interest must follow the first strategy to register the conflict, regardless of the perceived level of seriousness. There are a number of additional strategies the group may follow to help manage conflict of interest effectively and transparently.

Strategy	What this strategy means	When it is most suitable
Register	You formally register details of the existence of a possible or potential conflict of interest.	<ul style="list-style-type: none"> • For very low-risk conflicts of interest • Where recording the conflict of interest is sufficient to maintain transparency
Restrict	Restrictions are placed on your involvement in the matter to oversee part or all of the process that deals with the matter.	<ul style="list-style-type: none"> • You can be effectively separated from parts of the activity or process. • The conflict of interest is not likely to arise frequently.
Recruit	Recruit an independent third party to oversee part or all of the process that deals with the matter.	<ul style="list-style-type: none"> • It is not feasible or desirable for you to remove yourself from the decision-making process. • In small or isolated communities where your particular expertise is necessary and genuinely not easily replaced.
Remove	You choose to remove yourself completely from the matter.	<ul style="list-style-type: none"> • For ongoing serious conflicts of interest, where restriction or recruitment of others is not appropriate.
Relinquish	You relinquish the private interest that is creating conflict of interest.	<ul style="list-style-type: none"> • Where your commitment to public duty outweighs your attachment to private interest.
Resign	You resign from your position with the group.	<ul style="list-style-type: none"> • No other options are available. • Where you cannot or will not relinquish your conflicting private work.

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| | | <ul style="list-style-type: none">• Where you prefer this course as a matter of personal principle. |
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5. Recording in minutes

If a group member declares a conflict of interest, the following information will be recorded in the minutes:

- A **description** of the interest and the conflict (the dollar value of a financial interest does not need to be included)
- Whether the conflict is **material**
- The **action** that the group has determined will be taken to manage the conflict in the **public** interest
- Where the group member leaves the room during discussion and/or decision-making on the conflicted issue, the time that he/she leaves and returns and the item (or part of the item) for which he/she was absent.

6. Register of Interests

An up-to-date register of group members' conflict of interest declarations will be maintained that includes details of both the direct and indirect interests of each group member.

7. Possible breach of this policy

A group member who becomes aware that he or she may have breached this policy will immediately follow the steps in item 7.2 'Required action'.

7.1 Possible breach by another group member

A group member who becomes aware that another group member may have breached this policy but has not taken steps in accordance with item 11.2 will approach the other group member as soon as practicable. The matter will be discussed and the following will occur:

- If the other group member agrees that a breach may have occurred, he/she will follow the steps in item 7.2; or
- If the other group member does not agree that a breach may have occurred, he/she will state why and:
 - If the group member who raised the matter is satisfied that no breach has occurred the matter is at an end; or
 - If the group member who raised the matter is still of the view that a breach may have occurred, the group member who may have breached this policy will follow the steps in item 7.2.

Alternatively, if in all the circumstances it is not appropriate to approach another group member, the matter will be brought to the attention of the chair, to be dealt with in accordance with this policy. Or if the matter concerns a possible breach by the chair, to the attention of the deputy chair (or other nominated board member).

7.2 Required action

A group member who may have breached this policy will report the matter to the chair as soon as possible. The group will determine on an urgent basis, and record in the minutes, whether a breach has occurred and, if so, whether it relates to a material conflict.

The chair will notify the Risk and Compliance Manager in writing as soon as possible of any breach of this policy, including whether the breach relates to a material conflict

Document Control

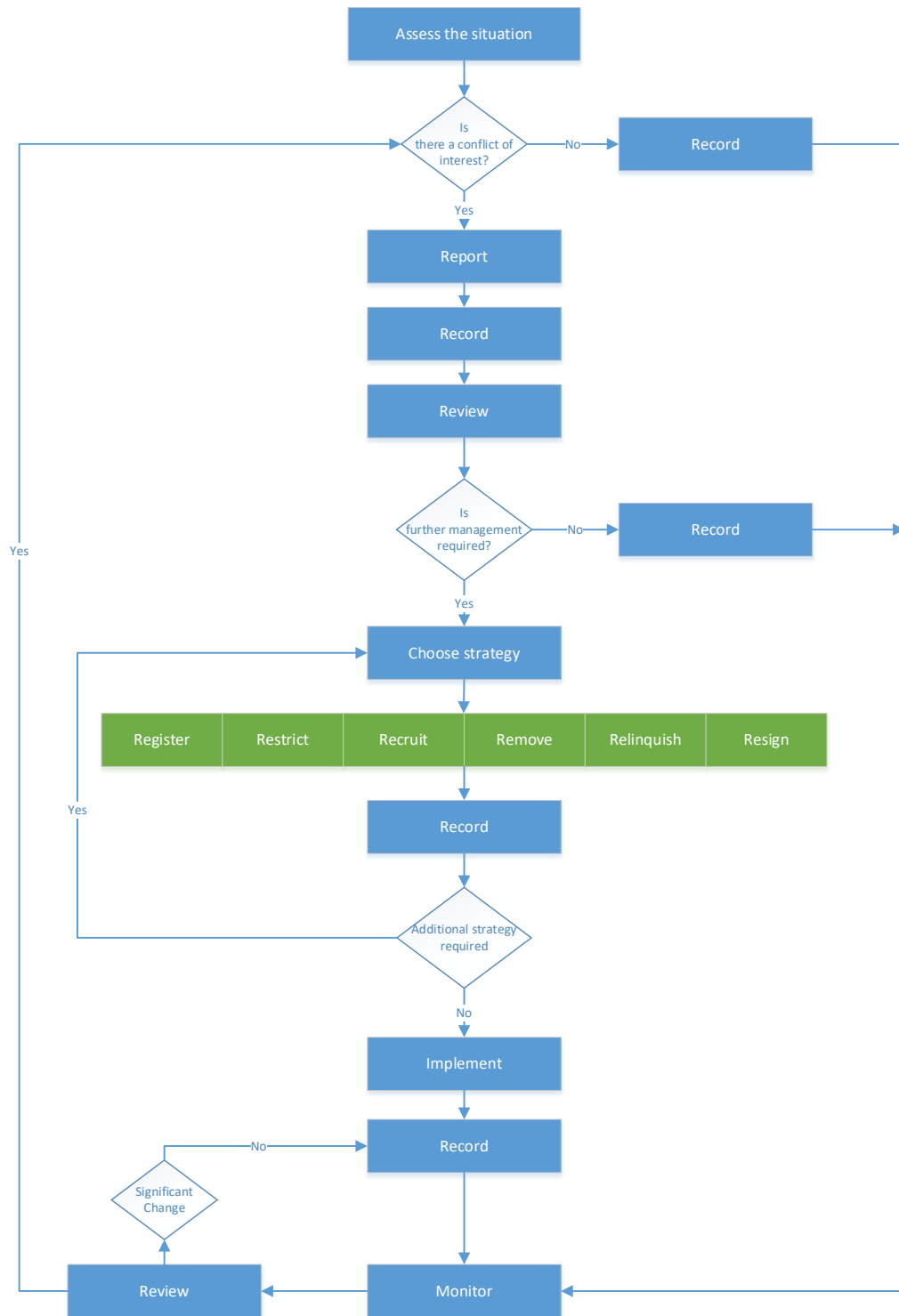
Policy Sponsor:	Risk and Compliance Manager
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Revision History

Version	Status *	Author	Date	Reason for amendment
V0.0	Draft	Maureen Beckett	03/02/2016	First draft
V0.1	Amended	Maureen Beckett	24/03/2016	Inclusion of DEPI info
V0.2	Amended	Maureen Beckett	09/05/2016	Inclusion of staff feedback
V1.0	Approved	Maureen Beckett	31/05/2016	Reviewed and approved for circulation
V2.0	Reviewed	Maureen Beckett	05/12/2019	Reviewed, updated and re-issued
V2.1	Amended	Maureen Beckett	01/12/2020	Rebranded

- *Status: Draft/ Approved/ Amended/ Rescinded

Appendix 1: Procedure



Conflict of Interest Declaration Form

I, [full name], understand that the purpose of the HNECC Limited Conflict of Interest Policy is to:

- Protect the integrity of HNECC in its governance role;
- Enable others affected by my decisions to have confidence in the integrity of those decisions; and
- Protect the reputations of all group members and staff in carrying out their collective responsibilities to HNECC and its stakeholders.

I will respect its spirit as well as its wording.

Described below are all material business, financial and other relationships, positions or circumstances in which I am currently involved and believe do, or reasonably could be expected to, result in a conflict of interest:

Type of Interest Business/ financial/ relationship/ duty	Description of Interest	Nature of Interest Real/ apparent/ potential	Is interest current?

I certify that the information set out above is true and complete to the best of my knowledge.

Name: Signature Date

