

Policy – Conflict of Interest

Policy

The first duty of an employee in his/her employment with Southern Rural Water (SRW) is to SRW.

Employees must minimise, and where possible, eliminate personal interests and situations that conflict with their duty as an employee of SRW. If a conflict of interest arises, the conflict, whether real, perceived or potential, must:

- be declared;
- be recorded in SRW's conflicts register; and
- be managed in accordance with this policy.

In all cases the responsibility rests with the employee to declare conflicts.

If there is any uncertainty about a conflict of interest, employees must refer the matter to the Managing Director or Corporation Secretary.

Definitions

Conflict of interest

A conflict of interest is a conflict between an employee's:

- **public duty** to act in the best interests of SRW; and
- their **private interests**.

where the employee has the capacity to improperly influence the performance of his/her official duties and responsibilities to benefit the private interests.

A conflict of interest exists whether it is:

- **real** – it currently exists;
- **potential** – it may arise, given the circumstances; or
- **perceived** – members of the public could reasonably form the view that a conflict exists, or could arise.

Private interest

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

- an immediate family member (e.g. spouse, partner, child, parent, sibling);
- a regular household member (e.g. someone who normally resides with the board member); or
- another close associate (e.g. friend, relative, business associate, rival, enemy).

A private interest can be:

- pecuniary - financial gain or loss
- non-pecuniary - personal involvement with another person or group; and/or

- a duty to another organisation - resulting from a role with another organisation

A private interest does not include those situations described by S110 of the Water Act 1989, including the following:

- as a person who receives a service from SRW in common with other persons who receive a service from SRW; or
- as a member of a club or other association (incorporated or not) that is conducted primarily for charitable, benevolent, recreational or community purposes; or
- as a member of an employers' or employees' association; or
- only because he or she has a beneficial interest in the shares of a body, and if the total nominal value of those shares is not more than \$2000 or 1 per cent of the total nominal value of the issued share capital of the body (whichever is less).

Nominated officer

SRW staff with a Level 1 or Level 2 delegation, and the Corporation Secretary, are nominated officers in terms of s113.

Instruction

Employees must:

- abstain from involvement in decisions and actions associated with their private interests;
 - avoid private action in which they could be seen to have an improper advantage from inside information they might have access to because of their official duties;
 - not use their official position or government resources for private gain;
 - ensure that there can be no perception that they have received an improper benefit that may influence the performance of their official duties;
 - not take improper advantage of their official position or privileged information gained in that position when seeking employment outside the public sector; and
 - when appointed to a recruitment or tender evaluation panel, and prior to the performance of these duties, complete a Conflict of Interest declaration for approval by their respective manager.
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Reporting

The Corporation Secretary is responsible for record keeping matters relating to this policy.

Whenever an employee takes action to avoid a conflict of interest, this matter must be declared to the Corporation Secretary for recording in the Conflicts Register

The Conflicts Register is to be referred annually to the Remuneration & Corporate Governance Committee for noting, and subsequent referral to the board should the committee consider referral is required.

In terms of S113 of the Water Act 1989, a nominated officer must lodge:

- a primary return to the register of interests within 30 days of becoming a nominated officer; and
- an ordinary return to the register of interests by 31 July each year.

The primary and ordinary return templates are provided as attachment 1.

Breach of policy

Breaches of compliance with this policy are to be reported as follows, with advice provided on the cause of the breach, the consequences involved and action taken on eliminating/minimising repetition:

- All breaches must be reported to the Managing Director;
 - Major breaches are to be reported by the Managing Director to the board as soon as possible.

Major breaches are events having a major or catastrophic consequence as set out SRW's Risk Management Policy.
 - Other breaches are to be reported to the next board meeting in accordance with the reporting of events having minor or significant consequences as set out in SRW's Risk Management Policy.
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Effective date and review date

This policy takes effect on 2 February 2016.

It is due for board review in March 2020.

Who is affected

This policy applies to SRW employees.

Rationale

The objective of this policy is to provide a framework that:

- promotes high levels of ethical behaviour;
 - complies with statutory and regulatory requirements; and
 - protects SRW's reputation
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Contact

For more information on this policy, contact the Corporation Secretary

Related documents

- *Water Act* 1989, sections 113 – 114 (for nominated officers) setting out:
 - the requirements of who must make a return to the register of interests,
 - the times at which returns must be made, and
 - the nature of detail that must be disclosed in returns.
- *Public Administration Act* 2004, section 7(1)(b)(iv) with its requirement to

avoid any real or apparent conflicts of interest.

- Code of Conduct for Victorian Public Sector Employees (2015), issued by the Public Sector Standards Commissioner (for employees), made under and binding in accordance with section 63 of the *Public Administration Act 2004* (for employees).
- Conflict of Interest, an Overview (2015), issued by the Department of Environment, Land, Water and Planning.

**Communicat-
ions**

This policy will be made available on SRW's website.
