

8 July 2016

Sadie Ford

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Ref: 2016-OIA-13

Dear Ms Ford

Thank you for your email of 26 May 2016, partially transferred to Callaghan Innovation on 1 June 2016 concerning an Official Information Act 1982 (the Act) request for the following information:

1. *The formal policies for the senior leadership teams at Ministry of Business, Innovation & Employment, Callaghan Institute and NZ Trade & Enterprise for holding non executive directorships positions (both paid and not paid)*
2. *A list of the declared possible conflict of interests for the entire senior leadership teams at Ministry of Business, Innovation & Employment, Callaghan Institute, NZ Trade & Enterprise.*
3. *The salary bands for the individuals with declared conflict of interest and the associated directorship fees these individuals receive.*

In response to your first request I have attached Callaghan Innovation's *Managing Conflicts of Interest Policy*, which applies to our Executive Leadership Team. Also attached is a copy of the document *Employee Appointments to External Board*.

In response to your second and third requests, there are two members of Callaghan Innovation's executive leadership team, Dr Mary Quin, Callaghan Innovation Chief Executive and a General Manager, that have declared interests and a current conflict management plan in place. In regards to Dr Quin's Westpac directorship appointment, advice was sought from the State Services Commission and the Callaghan Innovation Board.

In order to be helpful, information regarding Callaghan Innovation's Chief Executive salary is publicly available and can be found at: www.ssc.govt.nz/rem-senior-state-sector-staff-to-30june15.

The remaining information regarding your second and third requests is withheld under sections 9(2)(a) of the Act in order to protect the privacy of natural persons. In making the decision to withhold some of the information, we have considered the public interest under section 9(1) of the Act. You have the right to request a review of this response, and the information withheld, by the Ombudsman at www.ombudsman.parliament.nz or 0800 802 602.

Please contact ministerialservices@callaghaninnovation.govt.nz if you require any further information.

Yours sincerely



Esther Livingston
GM People and Capability

Managing Conflicts of Interest policy

Purpose

This policy sets out our requirements for declaring and managing conflicts of interest.

Scope

Applies to all permanent, fixed term and casual employees, agency staff, independent directors of the Boards of any subsidiary companies, members of committees, Board members and contractors.

Policy

We are bound by the State Sector Standards of Integrity and Conduct which sets out the expected standards of behaviour for Public Servants and the associated guidance material. Also the Office of the Auditor General has issued guidelines and examples of how they can be applied in practice.

A conflict of interest can arise where two different interests overlap. They are real or perceived, and are an inevitable part of running an organisation. We will effectively and efficiently manage any declared conflicts of interests as it is essential to maintain the public's trust through being seen to be unbiased in our deliberations and decisions.

We value your integrity and commitment to the interests of Callaghan Innovation and rely on you to act at all times in an open and honest manner and in a way that does not interfere or conflict with your employment obligations. You must ensure that there is no actual, or perceived, conflict between your personal interests and your work duties and responsibilities.

If you believe that a conflict of interest does, or may, exist then you must declare it in writing using the Conflict of Interest Declaration form. A decision will be made about whether or not a conflict exists, and the ways in which it can be best managed or mitigated. It is your responsibility to update your reporting manager if there is a change or as soon as you become aware of that possibility.

Candidates are required to declare any potential conflicts when applying for positions and prior to commencing employment – see Recruitment and Selection policy. Employment Agreements also identify specific requirements to disclose any actual or potential conflicts of interests.

Some Examples of Conflicts of Interest (but not an exhaustive list):

- Direct or close working relationships: having a direct reporting or close working relationship between people who have a domestic relationship (marriage, civil union or de facto, parent or child, or grandparent and grandchild, siblings, and other close family relationships) outside of work. This may also arise where two people who work together form a relationship.
- Contracting, consulting or secondary employment: having a business relationship with Callaghan Innovation, or an outside business relationship which would affect independence. Secondary employment may be inappropriate for other reasons – see Secondary Employment policy.
- Gifts and hospitality (see Gifts, Koha and Donations policy): receiving gifts and hospitality such as meals, travel, shows/events tickets can create a conflict or if potentially involved in decisions related to the gifting party/organisation.
- Voluntary interests: being involved in political or social causes which may be closely aligned to Callaghan Innovation's business, or situations in which your involvement may create reputational risk for Callaghan Innovation. This may also depend on

seniority and/or the position held. See separate guidance for public servant's involvement in political activity.

- Unpaid and hobby activity: creating a business opportunity or intellectual property in own time which is closely related to that of paid employment. Callaghan Innovation time and resources should not be used to further these private interests. Or being involved in any decision making for grants or potential clients where the nature of the decision might be perceived as being influenced by such outside of work activities.
- Recruitment: being involved in short listing or recruitment and selection decisions involving family members, personal friends, business associates or any other forms of private relationship.
- Procurement, regulatory, funding or sponsorship: being involved in decision making where it has, or potentially has, any financial or personal relationship impacted by the outcome of these decisions.
- Financial: having any private financial interests (company directorships, shareholdings, ownership) where it could be seen to influence your actions in an official capacity.

Options to Manage a Conflict of Interest

The way in which a conflict is managed will depend on both the seriousness of the conflict (significance of the issue or decision involved, risk, size of financial interest or closeness of relationship for example) and the available options for managing it. There may also be existing legal or other policy requirements which must be applied.

Any one or a number of the following options (not an exhaustive list) may apply:

- The declaration itself may be sufficient to protect you and Callaghan Innovation from perceptions of bias in decision making.
- Avoidance of the conflict, i.e. sale of shares, resignation from another body or otherwise eliminating the external conflict.
- Exclusion from decision making, i.e. a manager may transfer decision making to another manager.
- Seeking consent from those affected by the issue or decision.
- Changing reporting lines, reassigning responsibilities, or putting in place additional processes to ensure impartiality when performing certain duties.
- Providing additional oversight or quality assurance.

If you do not declare any conflicts of interest or potential conflicts of interests this may result in disciplinary action up to and including dismissal.

A breach of this policy by individuals, contractors or entities who are not employees may result in the termination of their contract with Callaghan Innovation.

Procedures

- Complete a Conflict of Interest Declaration form and give it to your reporting manager as soon as you are aware of a conflict or a potential conflict exists. If you do not wish to advise your reporting manager for privacy reasons you can provide the form to the General Manager People and Capability.
- If you feel another employee/party may have a conflict you should raise this with your reporting manager or Group Manager. Alternatively if you wish to do so anonymously, you can advise the General Manager People and Capability.
- Your reporting manager will prepare a summary of the best ways to manage or mitigate the conflict and forward the completed form to the Group Manager.

- If the conflict is minor or inconsequential the Group Manager will advise you and your reporting manager in writing that s/he is aware of the conflict then will send a copy of the completed documentation to the General Manager People and Capability for inclusion in the Conflict of Interests Register.
- For all other conflicts of interests the Group Manager will seek advice as appropriate from the General Manager People and Capability, Legal Counsel, the Chief Executive, and/or other Group Managers to identify the best way to manage the conflict.
- The Group Manager will advise you and your reporting manager in writing of the agreed steps to manage the conflict, then send a copy of the completed documentation to the General Manager People and Capability for inclusion in the Conflict of Interests Register.
- If circumstances change, or other conflicts of interest arise, or the conflict no longer exists you will advise your reporting manager in writing. Otherwise we will require you to declare any conflicts annually, generally at the start of each financial year. The People and Capability team will coordinate this process.
- If a conflict of interest involves an independent member of any committee (or similar) formed by Callaghan Innovation, or the Chief Executive, the Conflict of Interest Declaration form should be forwarded to the Chair of the Board.
- The Chair of the Board will confirm the outcomes of his/her consideration of the conflict in writing to the potentially conflicted person. A copy of this documentation will be provided to the General Manager People and Capability for inclusion in the Conflicts of Interest Register.
- The General Manager People and Capability will manage and maintain the Conflicts of Interest Register.

Declaration

I, have read and understood this Managing Conflicts of Interest policy.

I declare that: ***(please select one)***

- I have no actual, perceived or potential conflicts of interest to disclose.
- I wish to disclose the following actual, perceived or potential conflicts of interest. Please describe below. (Attach further information if necessary).

I understand that this offer of employment is subject to any conflicts relating to my employment with Callaghan Innovation being appropriately managed or mitigated.

I agree to advise Callaghan Innovation immediately if circumstances change.

Signed: _____

Date: _____

Callaghan Innovation

External Board Appointments Guidelines for Employees

Callaghan Innovation's guidelines regarding the appointment of employees to Boards are set out below. These guidelines were developed following consultation with the SSC, and should be read in conjunction with our Conflicts of Interest and Secondary Employment policies and guidelines.

- Employees can accept appointments to boards in a private capacity (i.e. not as a consequence or result of their employment with Callaghan Innovation) and as an individual on the basis that appropriate approvals have been obtained prior to accepting the appointment. In approving the appointment, particular care as to whether or not this appointment could give rise to either a real or perceived conflict of interest must be taken. Consideration must also be given to the potential impact in terms of time required to attend to Board duties and any impacts this may have on the employee's ability to perform effectively in their role.
- Where individuals are appointed to boards in a private capacity, the employee can retain directors' fees, but must take any time required to attend to the responsibilities of this Board as either annual leave or leave without pay. If the employee does not wish to take annual leave or leave without pay, then the Directors' fees must be remitted to Callaghan Innovation.
- In the event that an employee is appointed to a board as part of their role with Callaghan Innovation, the employee is not eligible for payment of fees, but will be paid by Callaghan Innovation for the time spent on executing responsibilities of the Board appointment. Callaghan Innovation may require that the employee undertake appropriate governance training in relation to such appointments.