



RETIREMENT BENEFITS FUND BOARD

POLICY SUMMARY

DELEGATED OFFICER CONFLICT OF INTEREST

Version 1.0
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Delegated Officer Conflict of Interest

Approved: Communication, Infrastructure & Governance Committee,
17 August 2005

Conflicts of interest arise when officers have outside personal, financial, business or professional interests or responsibilities that conflict (or appear to conflict) with their duties to the RBF. While an exhaustive list of situations is not possible, the following are intended to provide some guidance:

Personal Interests:

These interests fall into the category of either family or associates. In either case, the officer must consider the amount and nature of contact with an individual. It should be noted, however, that a familial relationship may be perceived (by a third party) to be closer than it actually is. The term 'associates' is quite broad and can include work colleagues, business partners, friends, neighbours and members of clubs to which an officer may belong.

Financial Interests:

Financial interests include all investments made and managed by an officer in a personal (rather than business) capacity, whether on their own behalf or on behalf of another person (e.g. a parent or child of the officer). The obvious measure of importance is the cost price of the investment. As a guideline, any investment of \$10,000 or more (for example) could be considered to cause a potential conflict of interest.

Business or Professional Interests:

Such interests would include other employers, organisations owned or controlled (fully or partially) and organisations of a professional, social or service nature. A potential conflict of interest would almost always exist with respect to any of these and may involve 'associates'. 'Associates' of an entity would include clients, customers, debtors, creditors, suppliers, business partners (e.g. in a joint venture) and patrons or sponsors of the entity involved.

The officer involved must decide whether the association is strong enough to constitute a potential conflict of interest, but the following would be considered as significant:-

- For traders in goods and 'non-professional' services, a customer or supplier that is involved with more than 10% of the total trading volume;
- Providers of 'professional' services (e.g. legal, medical, financial), whether as an individual or in partnership, may owe their clients extra duties of care and confidentiality;
- All business partners and official patrons; and

- Sponsors who provide more than 10% of an organisation's revenue, although trading relationships with sponsors would also have to be factored in.

Classification of Conflicts of Interest

An officer should first consider whether his or her decision will actually be affected by the conflict. If so, the conflict should be classified as major. If not, the officer should also consider how the situation would appear to a reasonable independent person. Where such a person, upon being given the details of the situation, would most likely believe that the officer's decision will not be affected, then the conflict can be classified as minor.

Responses to Conflicts of Interest

In the exercise of any delegation, the use of the delegated power by the Board shall be limited to situations where there is no *major* conflict of interest.

Where a major conflict of interest exists, the decision must be referred to an alternative delegate.

If all delegated officers had a major conflict of interest, the matter must be referred to the Board to seek approval for the power to be delegated to another officer who does not have a major conflict of interest.

In the event that there is no suitable officer who does not have a major conflict of interest in the matter, the Board will be required to make a decision on the matter.