# Te rūnanga o Arowhenua

# Conflicts Of Interest

## Policy Description

Sometimes only a few individuals may possess critical skills and therefore are sought for a number of potentially conflicting tasks. As a consequence, the potential for conflicts of interest may be unavoidable in a reasonable number of Board appointments – they are often the price of appointing people with knowledge of and expertise in governance.

A conflict of interest will not necessarily bar an appointment to a Board, although if a serious conflict exists, a candidate may not be suitable for an appointment, or may resign from a conflicting post in order to take up appointment on the Board. It is commonplace that potential conflicts are identified and managed, in order to protect the decision-making integrity of the Runanga and retain member confidence.

The key points in respect of conflict of interest are identification and management. Whenever a Board appointment is made, the Board should be confident that:

1. every actual or potential conflict of interest is identified
2. where a conflict of interest has been identified, an acceptable mechanism or system has been proposed or established to deal with the conflict appropriately.

This policy outlines the key points on conflict of interest and sets the policy for ensuring all potential and existing Board members understand the requirements around identifying and declaring conflicts of interest.

## Definitions of Conflicts of Interest

***Ethical Context***

Conflicts of interest should be viewed within an ethical context of good faith, honesty and impartiality:

* good faith: members of the Board have an obligation to act at all times in good faith and in the best interests of the Board to which they have been appointed
* honesty: members of the Board have an obligation to act honestly at all times in relation to all matters concerning the Board to which they have been appointed
* impartiality: members of the Board must observe the principles of fairness and impartiality in all dealings. No individual or organisation with which Board members are involved may be given improper preferential treatment – whether by access to goods and services, or access to information or anything similar

A conflict of interest arises where a prospective or existing Board has an interest which conflicts – or might conflict, or might be perceived to conflict – with the interests of the Rūnanga itself. The key question to ask when considering whether an interest might create conflict is:

*Does the interest create an incentive for the Board to act in a way which may not be in the best interests of the Rūnanga?*

If the answer is yes, a conflict of interest exists. The existence of the incentive is sufficient to create a conflict. Whether or not the Board would actually act on the incentive is irrelevant.

**Types of Conflict of Interest**

A conflict of interest may take a number of forms. It may be financial or non-financial. It may be direct or indirect. It may be professional or family related. A conflict of interest may arise from:

* directorships or Trusteeships or other employment with other entities;
* beneficial interests in Trusts;
* personal associations with other groups; and
* family relationships

A conflict may be more perceived than actual. Perception is a very important factor in Te Ao Maori and in the community – the processes of the Board must be seen to be fair and ethical, and must be very clearly seen to be so.

In identifying conflicts of interest, those involved should focus on interests that are specific to the Board appointee, rather than to the Runanga as a whole. Examples of conflicts of interest are:

* A trustee holds shares in a company that is in direct competition with the Runanga
* A Board is a partner in an Accountancy firm which regularly undertakes consultancy work for the Organisation
* A Board is the partner of the Kaihautu

## How to avoid or manage the risk of conflicts of interest

Many conflicts fall into the category of “manageable” risk. The main methods of managing risks are:

1. divestment – the Board agrees to divest themselves from the interest they have elsewhere that is creating the conflict
2. severing connections – the Board may leave an employment position or an organisation that is creating the conflict
3. confidentiality agreements – the Board signs an agreement not to release any information they learn within the Organisation
4. Declarations of Conflict of Interest – signing a Declaration of Conflict of Interest and tabling these with the Board members
5. Abstaining from voting – Board agrees not to vote on any matter where they may have a conflict
6. Withdrawing from discussion – the Board may leave any meeting which is discussing the matter of their interest
7. Non-receipt of information – the Organisation’s Board may decide not to provide information to the Board member who may have a conflict of interest in a matter

## Procedures

The Board requires ALL new and existing Board members to sign a Declaration of Conflict of Interest at the time they take up office, and to update this 6 monthly.

The Board members will declare all and any other interests they may have, and the Organisations Board will decide whether any of these interests may fall within the definitions of Conflict of Interest contained in this policy. Even where there are no perceived conflicts, Board members will sign the Declaration confirming this.

All Declarations will be held on separate Board files (which shall also contain a copy of the Board Job Description, completed tax IRD form, Board profile).

Updated: \_\_\_\_\_\_9th August 2015\_\_\_\_\_\_

Due for Review: \_\_\_\_\_August 2016\_\_\_\_\_\_\_\_\_\_

