

# Identifying **Conflicts of Interest** in the Public Sector

In performing your public sector duties you may find yourself confronted with a conflict of interest. Having the conflict of interest is not necessarily a problem, it is how it is managed that is important.

As a public official you have a responsibility to perform your role efficiently, effectively and fairly. Your personal situation, inclination or preferences, or those of your family, friends and associates should not influence you when making decisions in a public capacity.

### WHAT IS A CONFLICT OF INTEREST?

A conflict of interest occurs when your private interests interfere, or *appear* to interfere, with your duty to put the public interest first. For the purposes of defining a conflict of interest, your private interests could include those of your family, friends and associates.

There are three types of conflicts of interest:

- **Actual conflict of interest:** involves a direct conflict between a public official's current duties and responsibilities and their existing private interests. In situations where the private interest actually motivates or influences the partial exercise of public duty, the conflict of interest can lead to corruption.
- **Perceived (or apparent) conflict of interest:** where it could be perceived by others that a public official's private interests could improperly influence the performance of their public duties – whether or not this is in fact the case.
- **Potential conflict of interest:** arises when a public official has private interests that could interfere with their official duties in the future.

### PECUNIARY OR NON-PECUNIARY?

Conflicts of interest can also be classified into **pecuniary** and **non-pecuniary** interests, depending on whether there is a financial advantage involved.

A **pecuniary** interest is a situation where you could generate a personal **monetary** interest from your official duties (or there is the potential to gain financially from your public position). A pecuniary interest might result from:

- owning property
- having unpaid debts to others
- receiving hospitality or travel.

Remember, you do not need to directly experience the financial gain or loss to give rise to a pecuniary conflict of interest in your role as a public official. It will remain a conflict of interest if a family member, close associate or someone with some proximity to you has the pecuniary interest.

**Non-pecuniary** interests do not have a financial component but may arise from personal or family relationships or involvement in sporting, social or cultural activities. They include any tendency toward favour or prejudice resulting from friendship, animosity or other personal involvement that could bias your judgement or decisions even though there is no financial benefit to you.

## HOW DO YOU KNOW YOU HAVE A CONFLICT OF INTEREST?

Just because you have a personal interest outside of work, it doesn't automatically mean that there is going to be a conflict of interest. If something arises at work that is associated with those interests, then you may have a conflict of interest.

There are a number of factors that you need to consider when making a decision about whether your public duty and your private interests are in conflict. These include whether you have:

- financial and economic interests, such as debts or assets
- a family or private business
- a secondary employment commitment
- affiliations with for-profit and non-profit organisations, sporting bodies, clubs and associations
- affiliations with political, trade union or professional organisations, and other personal interests
- obligations to professional, community, ethnic, family or religious groups in a personal or professional capacity, or relationships to people living in the same household
- enmity towards or competition with another individual or group
- significant family or other relationships with clients, contractors or other staff working in the same (or a related) organisation
- highly specialist skill(s) in an area where demand for the skill(s) frequently exceeds supply
- future employment prospects or plans (i.e. post-separation employment).

It is not always possible to avoid having a conflict of interest, particularly in smaller communities or specialist industries. What is important is what you do or don't do once you become aware of the conflict of interest.

Check if your organisation has a conflicts of interest policy. It should have a number of ways to resolve conflicts of interest and explain the process for disclosing.

Remember, it is always better that you disclose and discuss a possible conflict of interest than conceal the matter.

A good test to help you to decide whether you have a conflict of interest is to ask yourself:

- would I be happy if my colleagues became aware of my involvement?
- would I be happy if my involvement appeared in the local newspaper?

## FREQUENTLY ASKED QUESTIONS ABOUT CONFLICTS OF INTEREST

### **Why should I worry about conflicts of interest?**

Managing conflicts of interest is important because the public has entrusted you and others with powers and public resources, and expects you to carry out your official duties without bias.

### **Isn't it better to keep quiet about conflicts of interest?**

No, conflicts of interest are better if they are managed with transparency. Things kept behind closed doors are more likely to attract suspicion and allegations of possible misconduct.

### **What can I be asked to do if I have a conflict of interest?**

You can be asked to register the interest, to discuss it with your supervisor, and come to some agreement about how the interest will be managed.

### **Do I still need to disclose a conflict of interest if there is no financial benefit or loss involved?**

Yes, conflicts of interest cover a range of activity that is wider than financial concerns – therefore your personal relationships, feelings and associations should also be taken into account.

## **WHERE DO I GET MORE INFORMATION ABOUT CONFLICTS OF INTEREST?**

*Managing Conflicts of Interest in the Public Sector: Guidelines and Toolkit* have been produced jointly by the Independent Commission Against Corruption (ICAC) and the Crime and Misconduct Commission (CMC) to help public sector organisations develop and implement effective policies and procedures for managing conflicts of interest, and to help individual public officials identify, manage and monitor conflicts of interest.

Resources can be accessed in hard copy and electronically from the ICAC at [www.icac.nsw.gov.au](http://www.icac.nsw.gov.au) and the CMC at [www.cmc.qld.gov.au](http://www.cmc.qld.gov.au).

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