

Chief Executive Gifts, Benefits and Expenses



New Zealanders need to be able to have trust and confidence in Public Servants and the Public Service. The Code of Conduct for the State Services makes it clear that it is unacceptable for any State Servant to use their role to advance private business interests or seek any sort of personal benefit.

— Peter Hughes, State Services Commissioner

Chief executives hold privileged positions as stewards of the New Zealand Public Service. They make a commitment to serve in the best interests of New Zealand and New Zealanders - to act in the spirit of service at all times.

The positions chief executives hold come with very high expectations for standards of integrity and conduct. Chief executives must always put the interests of the Public Service and their organisation before their own personal interests to maintain the trust and confidence of New Zealanders.

Chief executives will, as is right, incur expenses as they carry out their role and they will be offered gifts and benefits, including hospitality. The decisions they make about these matters carry significant weight as they are subject to higher levels of public scrutiny than other public servants. Because of this, chief executives are expected to exercise the highest standard of judgement when accepting gifts and benefits or incurring expenses.

Chief executives are expected to use these standards when deciding whether to incur expenses or accept gifts and benefits, including hospitality.

SCOPE OF THE STANDARDS

While each chief executive must follow their own agency policies in deciding whether to incur expenses or accept gifts and benefits, these standards set out a higher expectation of Public Service chief executives.

There are four key elements to these standards:

1. **Getting the foundations right from the start:** ensuring chief executives are aware of the different policies and guidance which govern gifts, benefits and expenses.
2. **Decision making is robust:** taking an active approach to the consideration of where public money is spent and the perceived benefits or consequences of accepting or declining gifts and benefits.
3. **Processes are in place:** ensuring a central record of decisions regarding expenses, gifts and benefits is kept and is up-to-date.
4. **Disclosures are consistent:** ensuring chief executives comply with the expense disclosure guidance by SSC including the publishing of disclosures online within the specified timeframes.

GETTING THE FOUNDATIONS RIGHT FROM THE START

Policies

There are a range of policies and guidance which all public servants, including chief executives, need to be aware of and comply with.

Each agency will have policies to cover such situations. These model standards set out the higher expectations of chief executives.

Model standards:

Chief Executives comply with the following guidance and policies to inform how they exercise their judgement when making decisions:

- State Services Standards of Integrity and Conduct
- Auditor-General's guidance on sensitive expenditure
- Conflicts of Interest model standards
- Individual agency policies.

DECISION MAKING IS ROBUST

Gifts and benefits

Chief executives must exercise the highest judgement when deciding to accept any gifts and benefits, including hospitality from third parties. It is not acceptable for chief executives to use their position for personal gain, or be perceived to be doing so.

There will always be a public perception of influence or personal benefit if chief executives accept gifts, benefits, or hospitality. It is critical to maintaining public confidence that the integrity and motivations of chief executives are not called into question.

The opportunity to 'network' is not a sufficient reason for accepting hospitality that is unrelated to a chief executive's core role. For example, and regardless of who is in attendance, any offers that are not directly related to fulfilling the obligations of their role should be declined. This could include tickets to sports matches or concerts.

If gifts, benefits or hospitality are accepted, they must be publicly disclosed through the annual chief executive disclosure process. This process promotes transparency and ensures we are being open with New Zealanders about exactly what we are accepting from who.

Model standards:

- It is expected that when gifts and benefits are accepted there will be a transparent process of registration and declaration.
- All gifts and benefits with a value greater than \$50 that are accepted must be disclosed through the annual chief executive expense disclosure process. Chief executives may choose to share gifts under this value with their staff or donate it to charity.
- Chief executives should decline gifts or benefits from a third party that places them under any obligation or influence, both real and perceived.
- Gifts and benefits that are declined should be disclosed.
- When presented with ceremonial gifts, these are expected to remain the property of the organisation rather than the chief executive. This reflects the relationship that gave rise to the gift.
- The disclosure must specify what was done with the gift or benefit.

Expenses

Expenses, including domestic and international travel, are part of the role chief executives hold.

Chief executive expenses should be modest as they have an obligation to use public resources prudently.

Chief executives may choose to meet some costs personally, such as lunch when travelling for the day or hospitality provided at staff functions, rather than claim them.

Chief executives give consideration to how claims may be perceived, for example the public would expect chief executives cover nominal expenses such as coffee, bus fares or short taxi rides.

Model standards:

- Nominal expenses are met by the chief executives themselves.
- Travel costs are kept to a minimum at all times and opportunities are taken to reduce costs where practicable.
- Hospitality costs are appropriate for the guest(s) and the occasion.
- Chief Executives ensure their expenses are reviewed by an appropriate person, such as a Risk and Audit Committee member, Board Chair (for Crown Entities) or the Chief Financial Officer.

Involvement of other agencies

While chief executives are ultimately responsible for their own decisions, there are some circumstances where it is expected that they will consult and/or advise other agencies in order to make an informed decision.

Training and Development

There is a requirement that chief executives consult with the State Services Commission (or their Board Chair) on any training and development expenses they wish to incur to ensure it is relevant to their role.

Diplomatic Events

Chief executives should advise the Ministry of Foreign Affairs and Trade on any international or diplomatic invitations - whether they are for an event held in New Zealand or overseas. MFAT is best placed to provide advice on any relevant protocols, as well as on New Zealand's diplomatic relationships with other nations.

Invitation to Partners

In the rare circumstance where it could be justifiable for a partner to incur expense (for example, where non-attendance of the partner risks causing offense, a breach of protocol or etiquette, or embarrassment), chief executives should consult the State Services Commission.

Unsure?

In any situation where a decision is unclear, chief executives are expected to consult the State Services Commission for advice.

PROCESSES ARE IN PLACE

Documentation

Centralised record keeping by chief executives will support them to disclose gifts, benefits and expenses accurately, on time and in full. This will be particularly helpful where different aspects are dealt with by different people.

Centralised record keeping requires chief executives to be able to log and provide auditable details.

There may also be valid national security reasons that result in some gifts, benefits and expenses not being disclosed, however these should still be recorded internally by the agency.

Model standards:

- Chief executives maintain a central, up-to-date record of all gifts, benefits and expenses.
- Chief executives must record the rationale behind all decisions made.
- Chief executives must record a clear monetary value against all records. Where the monetary value is unknown, an estimated value should be provided.
- For gifts and benefits:
 - Chief executives must also record how any gifts have been used
 - Chief executives must record any gifts or benefits declined and the rationale for this.
- Chief executives should include documentation of who reviewed their expenses.

DISCLOSURES ARE CONSISTENT

Disclosing expenses, gifts and benefits

Chief executives publicly disclose all items experienced or used or declined in performing their role. Guidance on making these disclosures is separate and is available at <http://www.ssc.govt.nz/ce-expenses-disclosure>

Publishing clear and detailed disclosures is integral in building and maintaining the public's trust and confidence in the State services.

Model standards:

- Disclosures should be reviewed by an appropriate person, such as a Risk and Audit Committee member, Board Chair (for Crown Entities) or the Chief Financial Officer.
- Disclosures must be formally approved by the chief executive personally.
- Gifts, benefits and expense disclosures are published in full and on time as per the State Services Commission's disclosure guidance.
- Chief executives will publish both accepted and declined gifts and benefits as part of their yearly disclosures.