

GIFTS, BENEFITS AND HOSPITALITY

1. Purpose

This policy sets out East Gippsland Water's (EGW) standard and procedures for responding to offers of gifts benefits and hospitality; and providing gifts benefits and hospitality.

This policy is intended to support individuals and EGW to avoid conflicts of interest and maintain high levels of integrity and public trust. The policy applies to all workplace participants; these include Board members, employees, contractors, consultants and any individuals or groups undertaking activity for or on behalf of EGW.

2. Key principles and accountabilities

This policy has been developed in accordance with requirements outlined in the minimum accountabilities for the management of gifts, benefits and hospitality issued by the Victorian Public Sector Commission.

EGW is committed to and will uphold the following principles in applying this policy:

- **Impartiality** – individuals will place the public interest above their private interests when carrying out their official functions. They will not accept gifts, benefits or hospitality that could raise a reasonable perception of, or actual bias or preferential treatment. Individuals will not accept offers from those about whom they are likely to make business decisions.
- **Accountability** – individuals are accountable for:
 - declaring all non-token offers of gifts, benefits and hospitality
 - declaring non-token offers of gifts, benefits and hospitality, or where an exception applies under this policy, seeking approval to accept the offer
 - the responsible provision of gifts, benefits and hospitality.
- **Integrity** – individuals strive to earn and sustain public trust through providing or responding to offers of gifts, benefits and hospitality in a manner that is consistent with community expectations. Individuals will refuse any offer that may lead to an actual, perceived, or potential conflict of interest.
- **Risk-based** – EGW, through its policies and procedures and the Audit and Risk Committee, will ensure gifts, benefits and hospitality risks are appropriately assessed and managed. Individuals with direct reports will ensure they are aware of the risks inherent in their teams' work and functions and monitor the risks to which their direct reports are exposed.

3. Definitions

Business Associate – An individual or body that the public sector organisation has, or plans to establish, some form of business relationship with or who may seek commercial or other advantages by offering gifts, benefits and hospitality.

Benefits – Benefits include preferential treatment, privileged access, favours or other advantages offered to an individual. They may include invitations to sporting, cultural or social events, access to discounts and loyalty programs and promises of a new job.

The value of benefits may be difficult to define in dollars, but as they are valued by the individual, they may be used to influence an individual's behaviour.

Ceremonial Gifts – Ceremonial gifts are official gifts provided as part of the culture and practices of communities and government, within Australia or internationally. Ceremonial gifts are usually provided when conducting business with official delegates or representatives from another organisation, community or foreign government.

Ceremonial gifts are the property of EGW, irrespective of value, and should be accepted by individuals on behalf of the organisation. The receipt of ceremonial gifts should be recorded on the register but does not need to be published online.

Conflict of Interest – Conflicts may be:

- Actual: There is a real conflict between an employee's public duties and private interest.
- Potential: An employee has private interests that could conflict with their public duties. This refers to circumstances where it is foreseeable that a conflict may arise in the future and steps should be taken now to mitigate that future risk.
- Perceived: The public or a third party could reasonably form the view that an employee's private interests could improperly influence their decisions or actions; now or in the future.

Gifts – Gifts are free or discounted items or services and any item or service that would generally be seen by the public as a gift. These include items of high value (e.g. artwork, jewellery, or expensive pens), low value (e.g. small bunch of flowers), consumables (e.g. chocolates) and services (e.g. painting and repairs). Fundraising by public sector organisations that is consistent with relevant legislation and any government policy is not prohibited under the minimum accountabilities.

Hospitality – Hospitality is the friendly reception and entertainment of guests. Hospitality may range from light refreshments at a business meeting to expensive restaurant meals and sponsored travel and accommodation.

Legitimate Business Benefit – A gift, benefit or hospitality may have a legitimate business benefit if it furthers the conduct of official business or other legitimate goals of EGW, the public sector or the State.

Public Official – Public official has the same meaning as section 4 of the *Public Administration Act 2004* and includes, public sector employees, statutory office holders and directors of public entities.

Public Register – A public register is a record, preferably digital, of a subset of the information contained in a register, for publication as required by the minimum accountabilities. Guidance regarding the information that should be published is provided in the Victorian Public Sector Commission Policy Guide.

Register – A register is a record, preferably digital, of all declarable gifts, benefits and hospitality. Guidance regarding the information that should be recorded is provided in the Policy Guide.

Token Offer – A token offer is a gift, benefit or hospitality that is of inconsequential or trivial value to both the person making the offer and the recipient (such as basic courtesy). The minimum accountabilities state that token offers cannot be worth more than \$50.

Non-token Offer – A non-token offer is a gift, benefit or hospitality that is, or may be perceived to be by the recipient, the person making the offer or by the wider community, of more than inconsequential value. All offers worth more than \$50 are non-token offers and must be recorded on a gift, benefit and hospitality register.

4. Management of offers of gifts, benefits and hospitality

This section sets out the process for accepting, declining and recording offers of gifts, benefits and hospitality. Any exceptions to this process must have prior written approval by the Governance Department, Executive and Board Operations Officer.

Conflict of interest and reputational risks

When deciding whether to accept an offer, individuals should first consider if the offer could be perceived as influencing them in performing their duties or lead to reputational damage. The more valuable the offer, the more likely that a conflict of interest or reputational risk exists.

Figure 1 is a useful tool when considering how to respond to a gift offer.

Figure 1 – Gift Test

G	Giver	<p>Who is offering the gift, benefit or hospitality and what is their relationship to me?</p> <p>Does my role require me to select contractors, award grants, regulate industries or determine government policies? Could the person or organisation benefit from a decision I make?</p>
I	Influence	<p>Are they seeking to gain an advantage or influence my decisions or actions?</p> <p>Has the gift, benefit or hospitality been offered to me publicly or privately? Is it a courtesy or a token of appreciation or valuable non-token offer? Does its timing coincide with a decision I am about to make or my endorsement of a product or service?</p>
F	Favour	<p>Are they seeking a favour in return for the gift, benefit or hospitality?</p> <p>Has the gift, benefit or hospitality been offered honestly? Has the person or organisation made several offers over the last 12 months? Would accepting it create an obligation to return a favour?</p>
T	Trust	<p>Would accepting the gift, benefit or hospitality diminish public trust?</p> <p>How would the public view acceptance of this gift, benefit or hospitality? What would my colleagues, family, friends or associates think?</p>

Requirement for refusing offers

Individuals should consider the GIFT test at Figure 1 and the requirements below to help decide whether to refuse an offer.

Individuals are to refuse offers:

- likely to influence them, or be perceived to influence them, in the course of their duties or that raise an actual, potential or perceived conflict of interest
- could bring them, EGW or the public sector into disrepute
- made by a person or organisation about which they will likely make or influence a decision, particularly offers:
 - made by a current or prospective supplier
 - made during a procurement or tender process by a person or organisation involved in the process
- likely to be a bribe or inducement to make a decision or act in a particular way
- that extend to their relatives or friends
- of money, or used in a similar way to money, or something easily converted to money
- where, in relation to hospitality and events, the organisation will already be sufficiently represented to meet its business needs
- where acceptance could be perceived as endorsement of a product or service, or acceptance would unfairly advantage the sponsor in the future procurement decisions
- made by a person or organisation with a primary purpose to lobby Ministers, Members of Parliament or public sector organisations
- made in secret.

If an individual considers they have been offered a bribe or inducement, the offer must be reported to the Managing Director and reported to Victoria Police or the Independent Broad-based Anti-corruption Commission.

Token offers

A token offer is an offer of a gift, benefit or hospitality that is of inconsequential or trivial value to both the person making the offer and the individual. It may include promotional items such as pens and note pads, and modest hospitality that would be considered a basic courtesy, such as light refreshments during a meeting.

Individuals may generally accept token offers without approval or declaring the offer on EGW's register, as long as the offer does not create a conflict of interest or lead to reputational damage.

Non-token offers

Individuals can only accept non-token offers if they have a legitimate business benefit. All accepted non-token offers must be approved in writing by the Managing Director or Governance Department, recorded in the gifts, benefits and hospitality register and be consistent with the following requirements:

- it does not raise an actual, potential or perceived conflict of interest or have the potential to bring the individual, EGW or the public sector into disrepute

- there is a legitimate business reason for acceptance. It is offered in the course of the individual's official duties, relates to the individual's responsibilities and has a benefit to EGW, the public sector or the State

Individuals may be offered a gift or hospitality where there is no opportunity to seek written approval from the Managing Director prior to accepting. For example, they may be offered a wrapped gift that they later identify as being a non-token gift. In these cases, the individual must seek approval from their Managing Director within five business days.

Where the gift would likely bring you or the organisation into disrepute, the organisation should return the gift. If it represents a conflict of interest for you, the organisation should either return the gift or transfer ownership to the organisation to mitigate this risk.

Recording non-token offers of gifts, benefits and hospitality

All non-token offers, whether accepted or declined, must be recorded in EGW's gifts, benefits and hospitality register. The business reason for accepting the non-token offer must be recorded in the register with sufficient detail to link the acceptance to the individual's work functions and benefit to EGW, public sector or State.

Individuals should consider the following examples of acceptable and unacceptable levels of detail to be included in EGW's register when recording the business reason.

Unacceptable

- Networking
- Maintaining stakeholder relationships

Acceptable

- Individual is responsible for evaluating and reporting on the outcomes of EGW's sponsorship of Event A. Individual attended Event A in an official capacity and reported back to EGW on the event.
- Individual presented to a visiting international delegation. The delegation presented the individual with a cultural item worth an estimated \$200.00. Declining the gift would have caused offence. The gift was accepted on behalf of EGW.

Access to the register is restricted to the Governance Department.

EGW's Audit and Risk Committee will receive a report annually on the administration and quality assurance of the gifts, benefits and hospitality policy, processes and register. The report will include analysis of EGW's gifts, benefits and hospitality risks (including multiple offers from the same source and offers from business associates), risk mitigation measures and any proposed improvements.

The public register will contain a subset of the information detailed in EGW's internal register.

Ownership of gifts offered to individuals

Non-token gifts with a legitimate business benefit that have been accepted by an individual for their work or contribution may be retained by the individual where the gift is not likely to bring them or EGW into disrepute, and where the Managing Director or Governance Department has provided written approval.

Repeat offers

Receiving multiple offers (token or non-token) from the same person or organisation can generate a stronger perception that the person or organisation could influence you. Individuals should refuse repeat offers from the same source if they create a conflict of interest or may lead to reputational damage.

Ceremonial gifts

Ceremonial gifts are official gifts provided as part of the culture and practices of communities and government, within Australia or internationally. Ceremonial gifts are the property of the organisation, irrespective of value, and should be accepted by individuals on behalf of EGW. The receipt of ceremonial gifts should be recorded on EGW's register but this information does not need to be published online.

5. Provision of offers of gifts, benefits and hospitality

This section sets out the process for provision of gifts, benefits and hospitality. Any exceptions to this process must have prior written approval by the Governance Department, Executive and Board Operations Officer.

When deciding whether to provide gifts, benefits or hospitality or the type of gift, benefit or hospitality to provide, individuals must ensure:

- any gift, benefit or hospitality is provided for a business reason that furthers the conduct of official business or other legitimate organisational goals, or promotes and supports government policy objectives and priorities;
- that any costs are proportionate to the benefits obtained for the State, and would be considered reasonable in terms of community expectations (the 'HOST' test at Figure 2 is a good reminder of what to think about in making this assessment); and
- it does not raise an actual, potential or perceived conflict of interest.

Figure 2. HOST test

H	Hospitality	<p>To whom is the gift or hospitality being provided? Will recipients be external business partners, or individuals of the host organisation?</p>
O	Objectives	<p>For what purpose will hospitality be provided? Is the hospitality being provided to further the conduct of official business? Will it promote and support government policy objectives and priorities? Will it contribute to staff wellbeing and workplace satisfaction?</p>
S	Spend	<p>Will public funds be spent? What type of hospitality will be provided? Will it be modest or expensive, and will alcohol be provided as a courtesy or an indulgence? Will the costs incurred be proportionate to the benefits obtained?</p>
T	Trust	<p>Will public trust be enhanced or diminished? Could you publicly explain the rationale for providing the gift or hospitality? Will the event be conducted in a manner which upholds the reputation of the public sector? Have records in relation to the gift or hospitality been kept in accordance with reporting and recording procedures?</p>

Containing costs

Individuals should contain costs involved with providing gifts, benefits and hospitality wherever possible, and should comply with the financial probity and efficient use of resources guidance outlined in the Code of Conduct for Victorian Public Sector Employees. The following questions may be useful to assist individuals to decide on the type of gift, benefit or hospitality to provide:

- Will the cost of providing the gift, benefit or hospitality be proportionate to the potential benefits?
- Is an external venue necessary or does the organisation have facilities to host the event?
- Is the proposed catering or hospitality proportionate to the number of attendees?
- Does the size of the event and number of attendees align with intended outcomes?
- Is the gift symbolic, rather than financial, in value?
- Will providing the gift, benefit or hospitality be viewed by the public as excessive?

All purchases of gifts or hospitality must be approved by the Managing Director or Governance Department this includes catering for employees or for office functions as well as purchases for rewards and recognition programs.

Purchase of alcohol is strictly prohibited except when hosting external guests as part of a business function and approved by the Managing Director or Governance Department. The purchase of alcohol must be associated with a meal and service of alcohol will not exceed two hours.

6. Official business events

An official business event is when an event hosted by an external organisation is in the public interest for an employee to attend. These invitations are different to gifts, benefits and hospitality offers and include seminars, conferences and working lunches.

Official business events need to have a tangible connection to an employee's role and be directly related to the agency's work.

Most official business events fall under five categories:

- *funded service delivery* – opportunities to observe the delivery of programs funded by state government grants
- *stakeholder engagement* – opportunities to develop networks with people interested in EGW's activities
- *sector knowledge* – opportunities to develop a deeper knowledge of the industry and to improve government programs
- *business leveraging* – opportunities to network with partners interested in investment and collaboration
- *professional knowledge* – opportunities to maintain knowledge relating to a qualification (e.g. *CPD points*), build expertise in a technical field or become acquainted with industry changes.

In addition to those five categories, there are situations where it is in the public interest for the public service to be represented in some capacity. Those include:

- *state functions* – attending an event or function hosted by the Government or the Governor
- *accompanying the Minister* – supporting a government spokesperson (including Ministers and Parliamentary Secretaries) in the execution of their duties
- *government events* – attending a function organised and hosted by another government agency or public sector entity
- *industry stakeholders* – attending an event hosted by industry or community stakeholders where attendance provides a legitimate business benefit.

Employees are required to declare their attendance at official business events.

Employees can attend an official business event when:

- the invitation was extended by the event host rather than a third party

- the event is directly related to their official duties at EGW
- it is for a business purpose consistent with EGW's functions and objectives
- it is in the public interest and the best interests of EGW to be represented at the event
- the activities and level of hospitality at the event is consistent with community expectations
- there is no conflict of interest (real, potential or perceived) for the employee to attend
- attending the event will not bring the employee, EGW or the public service into disrepute
- the host does not have an interest in any business decision the employee is likely to make or influence as part of their official duties.

Before an official business event invitation is accepted, consider:

- whether the employee is the most appropriate person to attend
- the number of people from EGW attending
- what the employee's purpose to attend is – to present, develop work skills or purely out of interest
- if the event is a gift offer rather than an official business event attendance.

Events that provide a personal benefit or are limited to providing hospitality and serve no business purpose can be regarded as an official business event only if non-attendance would bring EGW into disrepute.

REVIEW

This policy will be reviewed biennially.