

## Boards of major DELWP agencies

This is an overview of the integrity framework (consolidated code of conduct) that applies to your board.

### Why have an integrity framework?

The Victorian Public Sector Commission (VPSC) has issued the Directors' Code of Conduct. Why have an integrity framework?

#### Answer

- Other integrity obligations also apply to your board, some of which are a higher source than the Directors' Code of Conduct – e.g. s 7, 8, 13A, 79, 80, 81, 82, and 85 of the Public Administration Act 2004 (PAA).
- The framework is a **consolidated code of conduct**. It incorporates the integrity standards that board members must comply with into a single, easy to read policy.
- Section 81 of the PAA requires boards to have a code of conduct.

## Introduction

This guidance note is for boards of the over 100 major agencies (e.g. large public entities) in the Department of Environment, Land, Water and Planning (DELWP) portfolio, including category 1 and 2 committees of management of Crown land reserves.<sup>1</sup>

It is recommended for inclusion in **induction kits**.

### Your obligations

The Victorian public sector has strict requirements in relation to integrity. As a board member, you must:

- act and make decisions in the **public interest** (best interests of the agency)
- comply with the **integrity standards** for public sector board members.

### Your board's policy

Your board should have an integrity framework (consolidated code of conduct) for board members.

The board's integrity framework should be consistent with the **DELWP model policy on Integrity framework**, which replaces the *Code of conduct* model policy previously issued by DELWP. It incorporates:

- integrity obligations in the Public Administration Act 2004 (PAA)
- [Code of Conduct for Directors of Victorian Public Entities](#) (Directors' Code of Conduct)
- other public sector integrity obligations and good practice.<sup>2</sup>

<sup>1</sup> For small, 'category 3' committees of management, see [www.delwp.vic.gov.au/committees](http://www.delwp.vic.gov.au/committees).

<sup>2</sup> The model policy is available from DELWP's governance website, On Board ([www.delwp.vic.gov.au/onboard](http://www.delwp.vic.gov.au/onboard)).

## Key elements of framework

The public sector values in s 8 of the PAA are the cornerstone of the board's integrity framework. Related obligations in or under the PAA flow from these values.

The board's integrity framework also includes any applicable obligations in laws (e.g. the agency's establishing Act), regulations, government policy, directions, guidelines and/or statements of expectation or obligation issued by the Minister or the Secretary of DELWP, the board's own policies, and relevant policies, processes or documentation of the agency.

See the diagram in Appendix 2.

## Public sector values

You have a fundamental obligation to comply with the public sector values in s 7 of the PAA and to incorporate these values into your decision-making.

The values, which are responsiveness, integrity, impartiality, accountability, respect, leadership, and human rights, are set out in Appendix 1.

## Directors' code of conduct

You must comply with the [Directors' Code of Conduct](#), issued under the PAA by the Victorian Public Sector Commission (VPSC). It includes integrity requirements that reinforce the public sector values and related obligations in the PAA, in particular:

- **individual board members** (s 79)
- the **board collectively** (s 13A, 80, 81, 82, 85).

## 'Duties of directors' (s 79)

You must act consistently with the 'duties of directors' (board members) in s 79 of the PAA. These duties expand on the public sector values, requiring you to:

- **Performance of duties:** act honestly; in good faith in the best interests of the agency; with integrity; in a financially responsible manner; with a reasonable degree of care, diligence and skill; and in compliance with the establishing Act and any subordinate instrument.

- **Confidentiality:** maintain confidentiality, even after your appointment expires or otherwise terminates.
- **Use of information:** avoid improperly using your position or any information acquired in your role as a board member to gain advantage for yourself or another person or to cause detriment to the agency.
- **Elections:** if standing for election to parliament (federal, state or territory) or local council:
  - formally notify the board, for recording in the minutes
  - avoid using any resources of the agency in connection with your candidature.<sup>3</sup>

## Board's collective integrity

The board must comply with its collective integrity obligations, including:

- **Functions and powers:** the board must ensure that all its actions and decisions are consistent with:
  - the functions and powers in the establishing Act
  - the agency's strategic plans, business plans, and related documents.<sup>4</sup>
- **Accountability to the Minister:** the board must act in accordance with its collective accountability to the Minister.<sup>5</sup>
- **Major risks:** the board must inform the Minister and the Secretary of DELWP of all known major risks, existing and emerging, to the effective operation of the agency and of the management systems that are in place to address those risks.<sup>6</sup>
- **Information to the Minister and Secretary:** unless prohibited by law, the board must provide any information relating to the agency or its operations that the Minister or Secretary of DELWP requests.<sup>7</sup>
- **Loans:** the board must not make loans, directly or indirectly, to any board member or relative of a board

<sup>3</sup> If standing for election, see DELWP's guidance note on this topic in [Terms and Conditions of Appointment](#) ([www.delwp.vic.gov.au/onboard](http://www.delwp.vic.gov.au/onboard)).

<sup>4</sup> Consistent with s 81(1)(a) of the PAA.

<sup>5</sup> Consistent with s 85(1) of the PAA.

<sup>6</sup> Consistent with s 81(1)(b) of the PAA.

<sup>7</sup> Consistent with s 13A and s 81(1)(c) of the PAA.

member, or provide a loan guarantee or security for them.<sup>8</sup>

## Establishing Act

You must comply with any integrity obligations (e.g. conflict of interest requirements) specified in the establishing Act or related regulations.

## Board policies

You must comply with the board's policies and procedures. Of particular relevance are its integrity policies on:

- Conflict of interest
- Gifts, benefits and hospitality
- Board meetings and decisions.

The chair should ensure that up to date copies of all board policies (and other policies of the agency) are provided or readily accessible to you.<sup>9</sup>

## Advice

If you are unsure of the application of the board's integrity framework, or any integrity matter, seek advice from the chair. The Secretary of DELWP can provide advice on integrity matters to the chair, or, if the chair's conduct is the subject of the query, to a board member.

## Breach of framework

A breach of your integrity obligations may constitute misconduct and may result in you being removed from the board. Depending on the obligation breached and the nature and severity of the breach, it may also result in civil and/or criminal proceedings.

## Employees and integrity

### Employment principles

The board must treat the CEO and other employees in accordance with the public sector employment principles in s 8 of the PAA and related [employment standards](#) and ensure that the CEO has mechanisms in place to apply and promote the principles throughout the agency. The relevant principles are:

- (a) employment decisions must be based on merit
- (b) employees must be treated fairly and reasonably
- (c) there must be equal opportunity employment
- (ca) Victoria's Charter of Human Rights and Responsibilities must be upheld
- (d) employees must have a reasonable avenue of redress against unfair or unreasonable treatment.

### Employees' integrity obligations

The board must ensure that the CEO complies with the public sector values, the [Code of Conduct for Victorian Public Sector Employees](#), and related employee integrity obligations (e.g. in the agency's policies) and has mechanisms in place to:

- assist executives and other employees to understand that the agency is part of the Victorian public sector and that, as public sector employees, they must also comply with those obligations
- promote compliance with employee integrity obligations, including providing each new employee with a copy of the [Code of Conduct for Victorian Public Sector Employees](#) as part of their induction
- ensure that employees understand that a breach of their integrity obligations may constitute misconduct.<sup>10</sup>

### 'In house' contractors and consultants

Contracts for 'in house' contractors and consultants, including those engaged through an employment firm, must explicitly state that the person is bound by the [Code of Conduct for Victorian Public Sector Employees](#) and by the integrity (e.g. conflict of interest) and other relevant policies that apply to the agency's employees.

<sup>8</sup> Consistent with s 82 of the PAA.

<sup>9</sup> Consistent with s 80 of the PAA.

<sup>10</sup> Consistent with section 7(2) of the PAA.

This applies to contracts with all contractors/consultants who:

- supervise employees of the agency
- undertake work similar in nature to that undertaken by employees of the agency at a premises or location generally regarded as a workplace of the agency, or
- use or have access to the agency's resources or information not normally accessible or available to the public.

## Culture of integrity

### Processes and reporting

The board must ensure that the CEO has suitable processes in place to meet the agency's integrity and related reporting obligations, including the CEO's own obligation to report to the Independent Broad-based Anti-corruption Commission any conduct that he or she suspects on reasonable grounds is corrupt.

### Speaking up

It is essential that board members, employees, and external stakeholders are supported to raise integrity issues, including queries and issues relating to their own conduct or that of others.

## Further information

### On Board

For further information see the [Integrity framework](#) support module on DELWP's governance website, **On Board** ([www.delwp.vic.gov.au/onboard](http://www.delwp.vic.gov.au/onboard)). It includes the model policy, this guidance note, and links to this topic on the VPSC website.

### DELWP relationship manager and team

DELWP supports its agencies through its divisions and regional offices. Please contact your agency's usual DELWP relationship manager or team or phone the Customer Service Centre on 136 186.

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This document is also available on the internet at [www.delwp.vic.gov.au/onboard](http://www.delwp.vic.gov.au/onboard).

## Appendix 1 – Public sector values

The public sector values, as set out in s 7 of the Public Administration Act 2004, are:

- (a) **responsiveness** — public officials should demonstrate responsiveness by:
  - (i) providing frank, impartial and timely advice to the Government; and
  - (ii) providing high quality services to the Victorian community; and
  - (iii) identifying and promoting best practice;
- (b) **integrity** — public officials should demonstrate integrity by:
  - (i) being honest, open and transparent in their dealings; and
  - (ii) using powers responsibly; and
  - (iii) reporting improper conduct; and
  - (iv) avoiding any real or apparent conflicts of interest (see footnote);<sup>11</sup> and
  - (v) striving to earn and sustain public trust of a high level;
- (c) **impartiality** — public officials should demonstrate impartiality by:
  - (i) making decisions and providing advice on merit and without bias, caprice, favouritism or self-interest; and
  - (ii) acting fairly by objectively considering all relevant facts and fair criteria; and
  - (iii) implementing Government policies and programs equitably;
- (d) **accountability** — public officials should demonstrate accountability by:
  - (i) working to clear objectives in a transparent manner; and
  - (ii) accepting responsibility for their decisions and actions; and
  - (iii) seeking to achieve best use of resources; and
  - (iv) submitting themselves to appropriate scrutiny;
- (e) **respect** — public officials should demonstrate respect for colleagues, other public officials and members of the Victorian community by:
  - (i) treating them fairly and objectively; and
  - (ii) ensuring freedom from discrimination, harassment and bullying; and
  - (iii) using their views to improve outcomes on an ongoing basis;
- (f) **leadership** — public officials should demonstrate leadership by actively implementing, promoting and supporting these values;
- (g) **human rights** — public officials should respect and promote the human rights set out in the Charter of Human Rights and Responsibilities by:
  - (i) making decisions and providing advice consistent with human rights; and
  - (ii) actively implementing, promoting and supporting human rights.

<sup>11</sup> Where it is not possible to avoid a conflict of interest, it must be declared by the board member and managed by the board in accordance with its policy on Conflict of Interest.

## Appendix 2 – Diagram

