

Senate Standing Committee on Economics
ANSWERS TO QUESTIONS ON NOTICE
Innovation, Industry, Science and Research Portfolio
Supplementary Budget Estimates 2011-2012
19 October 2011

AGENCY/DEPARTMENT: COMMONWEALTH SCIENTIFIC AND INDUSTRIAL RESEARCH ORGANISATION

TOPIC: CONFLICTS OF INTEREST

REFERENCE: Written Question – Senator Colbeck

QUESTION No.: SI-56

In relation to real or perceived conflicts of interest involving the CSIRO Chief Executive, any member of the CSIRO Board or any member of the CSIRO Senior Executive team, what processes and guidelines exist for those conflicts to be notified to the Minister?

ANSWER

CSIRO processes and guidelines for managing conflicts of interest

Transactions involving CSIRO and entities associated with our Board members occur in the ordinary course of CSIRO's business since the Board includes members actively involved in Research, Development, Government, Universities and Industry. The CSIRO Chief Executive is a member of the CSIRO Board.

The CSIRO Board process for managing Conflicts of Interest is set out in the CSIRO Board Charter, which is publicly available through the CSIRO internet. The Charter is consistent with the requirements of the *Commonwealth Authorities and Companies Act (1997)* (the CAC Act). CSIRO's processes for identifying, disclosing, avoiding and /or managing Board member and Executive actual or perceived conflicts of interest operates at the following levels.

1. The process for appointments to the CSIRO Board requires:
 - a. the provision of a CV that is considered by the Minister as part of the appointment process. Key aspects of the CV are included in the media release announcing the appointment and Board member details are published on the CSIRO website; and
 - b. that each nominee provide a signed and completed Private Interests Declaration form. This form requires the nominee to declare against the following question:

“Do you or your immediate family have any financial interest in any company or business, or are you or your immediate family employed or engaged by any company or business, which might have dealings with, or an interest in the decisions of, the office to which you may be appointed?”

This information is provided to the Government as part of the process of approving appointments to the CSIRO Board. This process is managed by the Department of Industry, Innovation, Science and Research.

2. The CSIRO Chief Executive is appointed by the CSIRO Board in consultation with the Minister. Section 10F of the Science and Industry Research Act 1949 states “*The Chief Executive shall give written notice to the Board of all direct or indirect pecuniary interests that the Chief Executive has or may have in any business or in any body corporate carrying on a business.*”.
3. CSIRO maintains a register of standing declarations of interests by Board members (Section 27G of the CAC Act). The Board Charter requires the disclosure to CSIRO of all other directorships held, both public and private. Where it is considered that an actual or potential conflict of interest exists, the board papers relating to that matter are withheld from the affected Board member.
4. The register is reviewed prior to the adoption of the CSIRO Annual Report. Board member details and related party disclosures are included in the Annual Report (refer to note 32 to the financial statements). The Annual Report and financial statements are approved by resolution of the Board and the Minister responsible for CSIRO, the Minister for Innovation, Industry, Science and Research (the Minister).
5. There is a standing item at the beginning of all Board meetings requiring individual Board members to declare and have documented (Section 27(3) of the CAC Act) any potential conflict of interest both generally and relating to a transaction to be considered at the meeting. Where any member has a material personal interest in matters to be discussed by the CSIRO Board (Sections 27F & 27J of the CAC Act) the CSIRO Board Charter reinforces that the Board member must absent themselves from the meeting while that item is being considered, and that they will not vote in relation to that matter.
6. Parts of Division 4 of the CAC Act also apply to members of CSIRO Executive Team. Members of the Executive Team are subject to CSIRO’s Code of Conduct and Conflict of Interest policy. The CSIRO Code of Conduct is publicly available through the CSIRO internet. There is also a standing item at the beginning of senior executive meetings requiring committee members to declare and have documented any potential conflict of interest.
7. Executive Team members notify the Chief Executive of real or apparent conflicts of interest.
8. The CSIRO Code of Conduct requires all staff members to:
 - a. “*avoid any real or apparent conflicts of interest related to your work for CSIRO, including making a declaration of such conflicts of interest;*
 - b. *disclose, and take reasonable steps to avoid, any real or apparent conflicts of interest in connection with your CSIRO employment;*
 - c. *declare any interests held by you or a member of your immediate family which conflict, or may appear to conflict, with the interests of CSIRO;*
 - d. *declare any interests held by you or a member of your immediate family which conflict, or may appear to conflict, with the interests of CSIRO*”.