



## Definitions of conflict of interest used in Canada and New Zealand



Public Procurement Principle: **Integrity**



Procurement Stage: **Pre-tendering**



Audience: **Procuring entity, Civil society, Policy maker, Private sector**

### Description

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#### Canada

Canada's Conflict of Interest Act (S.C. 2006, co., sq.) states that "a public office holder is in a conflict of interest when he exercises an official power, duty or function that provides an opportunity to further his private interests or those of his relatives or friends or to improperly further another person's private interests" (Article 4). In addition, Article 5 specifies the general duty expected of public servants. "Every public office holder shall arrange his private affairs in a manner that will prevent the public office holder from being in a conflict of interest." While the Conflict of Interest Act is primarily aimed at elected and other senior officials, the Treasury Board Code of Values and Ethics applies this definition and similar responsibilities to every public servant in government.

#### New Zealand

The definition of conflict of interest is tailored to targeted groups, such as public servants, ministers or board members of crown companies. Nevertheless, these definitions contain common features. For example, they all cover actual and perceived conflicts of interest, as well as direct and indirect conflicts. In addition to the general definitions developed for these targeted groups, other documents list possible types of situations where conflicts of interest arise, together with concrete practical examples.

- Public servants: "Conflicts of interest are defined as any financial or other interest or undertaking that could directly or indirectly compromise the performance of their duties, or the standing of their department in its relationships with the public, clients, or ministers. This would include any situation where actions taken in an official capacity could be seen to influence or be influenced by an individual's private interests (e.g. company directorships, shareholdings, offers of outside employment).
- Ministers: "Conflicts of interest can arise because of the influence and power they wield – both in the individual performance of their portfolio responsibilities and as members of Cabinet. Ministers must conduct themselves at all times in the

knowledge that their role is a public one; appearances and propriety can be as important as actual conflict of interest in establishing what is acceptable behaviour. A conflict of interest may be pecuniary (that is, arising from the Minister's direct financial interests) or nonpecuniary (concerning, for example, a member of the Minister's family) that may be either direct or indirect" (Cabinet Manual).

- Members of the Board of Crown Companies: Conflict of interest is defined as a situation in which a board member is "party to, or will or may derive a material financial benefit from" a transaction involving his or her company (The Companies Act 1993, Part VIII, Sections 138 and 139).

*Source: (OECD, 2004)*

OECD (2021), Public Procurement in the State of Mexico: Enhancing Efficiency and Competition, OECD Public Governance Reviews, OECD Publishing, Paris, <https://doi.org/10.1787/cc1da607-en>.

