



# Summary of our report

## Queenstown Lakes District Council: Managing a conflict of interest in a proposed special housing area

This report sets out findings from our inquiry into how the Queenstown Lakes District Council (the Council) and its chief executive managed the chief executive's conflict of interest in a proposal for land owned by his family to become a special housing area.

Becoming a special housing area allows streamlining of resource consent processes for property development and can save landowners time and money.

In May 2015, we decided to begin the inquiry in response to concerns that some people in Queenstown had raised. In our view, the concerns raised matters of trust and confidence in the Council's processes and about how a chief executive could participate in one of those processes.

The report sets out our findings and comments.

We concluded that:

- The chief executive supported the Council having a process to consider the need for special housing areas in the Queenstown Lakes district and was involved in that process. However, he did not influence or contribute to the main aspects of the Council's policy, such as the targets for the number of special housing areas, their location, the decision to seek expressions of interest, or the criteria for evaluating the expressions of interest.
- The Mayor and Council officers acted appropriately to manage the conflict of interest after the chief executive declared it. The chief executive evaluated no expressions of interest and took no part in Council decisions about them or related recommendations.
- The Council, the chief executive, and senior staff acted responsibly and tried to manage the conflict appropriately.

The chief executive acted appropriately by disclosing his conflict of interest to the Mayor and senior council officers. The Mayor took appropriate steps to tell councillors and us, including seeking our views on the proposed approach to managing the conflict of interest.

The Mayor and chief executive relied on our general comments about being comfortable with the proposed approach for managing the conflict. It was reasonable for them to rely on our broad support of the steps they proposed to take to manage the conflict.

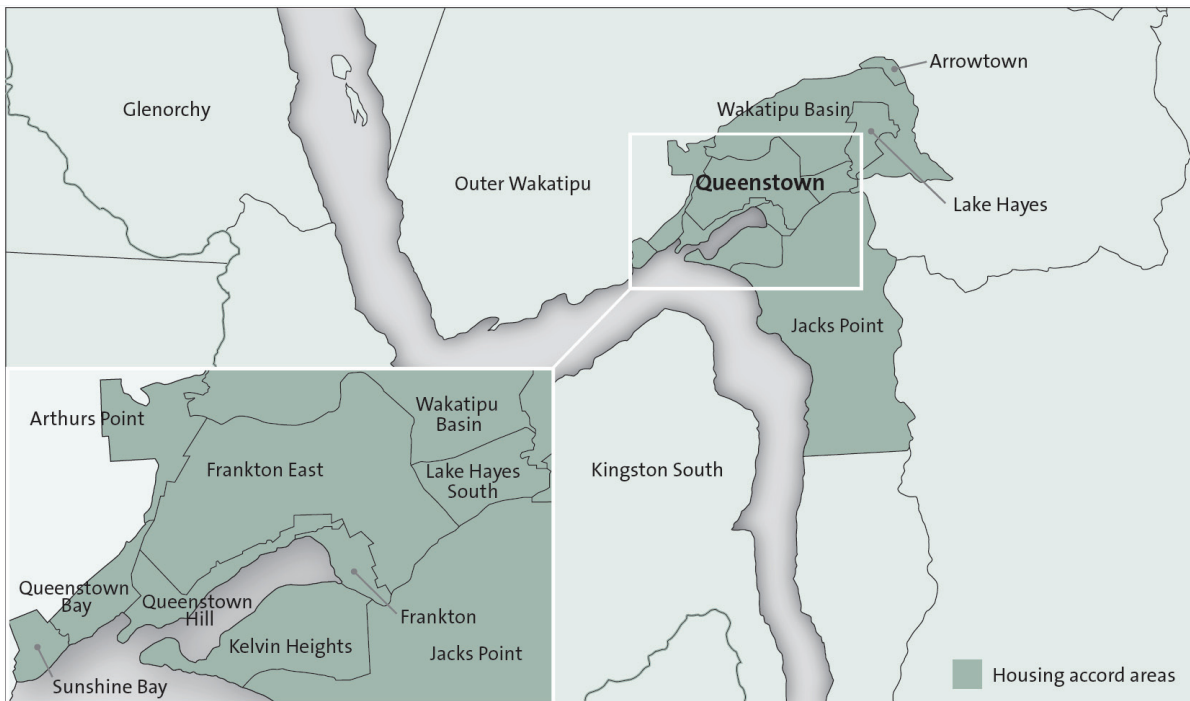
However, we found that they could have done some things better. They should have considered more the likely effects of the conflict on the chief executive's ability to meet his responsibilities under section 42 of the Local Government Act 2002.

Legal advice could have helped to decide whether impediments to the chief executive's ability to meet all those responsibilities, particularly advising members and leading staff, were likely.

### Vital statistics:

- 64 pages
- Presented to Parliament on Friday 16 October 2015
- Contact: [reports@oag.govt.nz](mailto:reports@oag.govt.nz)

### Housing accord areas in Queenstown Lakes district



In our view, the conflict has affected the chief executive's ability to meet his responsibilities. He has not been able to advise the Council about special housing areas and has not been able to provide leadership to Council staff in this area. However, the Council has filled the gaps.

Through family and friends, elected members and local authority officers will often have many connections in their communities. From time to time, they will be conflicted when matters come before their local authority for decision. Conflicts are inevitable in a small country and do not have to be a problem if they are declared and properly managed.

Perception is important. Most often, what needs to be managed (and seen to be managed) is the risk of adverse public perception that could arise from overlapping interests. A conflict between a private interest and public duty can look wrong, even if properly managed.

A senior local authority employee should consider carefully the effect of choosing to pursue a private interest, where that interest creates a conflict with their ability to do their job. This requires judgement and thinking through possible scenarios, including whether the conflict might affect other spheres of responsibility.

This is especially so for a chief executive, because of statutory responsibilities to advise councillors and lead staff.

The employee's manager – for a chief executive, the Mayor – should think through the implications and be comfortable with the plan to manage those implications. They should consider the employment contract and the local authority's applicable rules and policies.

Although all employees of local authorities have the same rights and privileges as private individuals, those rights and privileges must be considered in the light of their responsibilities to the local authority. Sometimes, a choice might have to be made.