

Policy Type	Corporate
Function	Financial Management
Policy Owner	Manager Financial and Administrative Services
Policy Contact	Financial Accountant Systems
Effective Date	25 June 2024

## Purpose

To provide guidance in the application and compliance with the Australian Accounting Standard AASB124 Related Party Disclosures and the Australian Implementation guidance for not-for-profit public sectors.

## Scope

This policy applies to related party transactions which occur between Council, Key Management Personnel (KMP) and related parties.

## Policy Statement

Council will have regard to relevant Australian Accounting Standards and Local Government legislation definitions of KMP and senior management. Council will also consider its organisational structure in determining who are KMPs.

Council will identify any entities and KMP that fall within these definitions and Council will require a KMP to disclose:

- close family members;
- entities they or their close family members control or jointly control; and
- entities they have significant influence over or are a member of the KMP of the entity.

Council will at a minimum annually review the related parties of Council and capture changes during the period.

KMPs will complete a self-declaration of related parties in the Related Party Transaction Notification form (RPT Notification), which is in addition to the disclosures of interests required under the *Local Government Act 2009* and *Local Government Regulation 2012*. They will be required to annually confirm their related parties and advise the Manager Financial and Administrative Services or the Financial Accountant (Systems) within 30 days of any changes to their related parties.

In addition to the self-declaration Council will undertake additional processes to capture potential related parties.

Council will determine which financial transactions can be classified as ordinary citizen transactions (OCTs). These transactions are those which are generally immaterial and are undertaken with Council's related parties on the same terms and conditions offered to the general public.

KMP will determine the listing of OCTs taking into consideration the below principles:

- The terms and conditions are the same as offered to the general public.
- The value of the transaction is immaterial i.e. of low value.
- The transaction would be unlikely to influence the decisions of users of Council's financial statements.

The listing should be reviewed by the Audit Committee and approved by Council every two years in alignment with the review of this policy.

The following **will** be identified as related party transactions:

- transactions not on normal terms and conditions to the general public;
- infrastructure charges;
- development applications;
- writing off bad debt;
- purchase of goods or services, regardless of conditions.

Council will prepare and report related party disclosures in accordance with AASB 124 Related Party Disclosures.

## Exceptions

Nil.

## Objectives

The main objective of this policy is to ensure compliance with Australian Accounting Standards and Interpretations and Legislation in relation to Related Party Disclosures required for Council's annual financial statements.

## Privacy

Information provided by KMP, and other related parties is retained for Council's compliance and legal obligations and shall be disclosed where required for compliance or legal reasons only. Applications seeking access to information within either Related Party Disclosure Forms or information in the Register of Related Party transactions will be considered, assessed and determined in accordance with the Right to Information Act 2009 and the Information Privacy Act 2009.

## Risk Management

The policy supports Council's strong commitment to transparency, accountability and adherence to the governance framework.

The policy mitigates the risk of non-disclosure of related party transactions (financial and non-financial) in Council's annual Financial Statements.

The policy also mitigates the risk of unauthorised access to personal information of Key Management Personnel and other related parties.

## Legislation

*Australian Accounting Standards and Interpretations – AASB 124 Related Party Disclosures*

*Information Privacy Act 2009*

*Local Government Act 2009*

*Local Government Regulation 2012*

*Right to Information Act 2009*

## Definitions and Abbreviations

**Related Party** is a person or entity that is related to Council.

<b>Related</b>	<p>is a person or a close member of that person's family is related to the reporting entity (Council) if that person:</p> <ul style="list-style-type: none"> <li>• has control or joint control of the reporting entity;</li> <li>• has significant influence over the reporting entity; or</li> <li>• is a member of the key management personnel of the reporting entity or of the parent of the reporting entity.</li> </ul>
<b>Related Entity</b>	<p>is a subsidiary, associate or joint venture or any other entity that is controlled or jointly controlled by related persons.</p>
<b>Related Entity to Council</b>	<p>is an entity that is controlled by Council, jointly controlled by Council or over which Council has significant influence. A post-employment benefit plan for the benefit of employees of either Council or an entity related to Council is also a related entity.</p>
<b>Related Person</b>	<p>includes Key Management Personnel (KMP) of Council and close family members of KMPs.</p>
<b>Related Party Transaction</b>	<p>is a transfer of resources, services or obligations between Council and a related party, regardless of whether a price is charged. Examples of related party transactions are:</p> <ul style="list-style-type: none"> <li>• purchases or sales of goods;</li> <li>• purchases or sales of property and other assets;</li> <li>• rendering or receiving of services;</li> <li>• rendering or receiving of goods;</li> <li>• development applications;</li> <li>• leases;</li> <li>• provision of guarantees or collateral;</li> <li>• commitments to do something if a particular event occurs or does not occur in the future;</li> <li>• settlement of liabilities on behalf of Council or by Council on behalf of that related party.</li> </ul>
<b>Close members of a family</b>	<p>of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with Council and include:</p> <ul style="list-style-type: none"> <li>• that person's children and spouse or domestic partner;</li> <li>• children of that person's spouse or domestic partner;</li> <li>• dependants of that person or that person's spouse or domestic partner</li> </ul>
<b>Control</b>	<p>is the power to govern the financial and operating policies of any entity so as to obtain benefits from its activities.</p>
<b>Key Management Personnel (KMP)</b>	<p>are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.</p>
<b>Significant influence</b>	<p>is the power to participate in the financial and operating policy decisions of an entity, but is not control or joint control of those policies. Significant influence may be gained by share ownership, statute or agreement.</p>
<b>Senior management</b>	<p>are those officers defined as such in the <i>Local Government Act 2009</i> s201 and Schedule 4 definition of senior executive management and any other person occupying or acting in their position.</p>

## Related Documents

Reference Number	Document Title
FIN-FMI-0001	Privacy Collection Notice - Related Party Transactions disclosures by Key Management Personnel (KMP)
FIN-FMI-0003	Related Party Transaction Notification by Key Management Personnel (KMP)
FIN-FMI-0004	Confirmation of Related Party Transaction Notification by Key Management Personnel (KMP)
FIN-FMI-0002	Relieving Position Notification Form
FIN-FAC-0001	Fact Sheet - Human Resources Related Party Disclosures
FIN-FAC-0002	Fact Sheet - Related Party Disclosure - Ordinary Citizen Transactions
FIN-FAC-0003	Fact Sheet Related Parties to Council through Key Management Personnel (KMP)
FIN-FAC-0004	Fact Sheet - Related Entities to Council

## Document History and Version Control

<b>Title of Document</b>	Related Party Disclosure Policy
<b>Document Reference Number</b>	FIN-POL-0002 Rev 11
<b>Review Schedule</b>	24 months
<b>Council Meeting Date</b>	25 June 2024
<b>Council Resolution Number</b>	1820366