

Related Party Disclosures Policy

1 Purpose

The objective of the Policy is to ensure that the existence of certain related party relationships, related party transactions and information about the transactions, necessary for users to understand the potential effects on the Financial Statements are properly identified, recorded in Council's systems, and disclosed in Council's General Purpose Financial Statements in compliance with AASB 124, the Privacy and Personal Information Protection Act 1998 [PPIPA] and the Government Information (Public Access) Act 2009 [GIPAA].

2 Policy

2.1 AASB 124 Disclosure Requirements

2.1.1 Disclosures

To comply with AASB 124, for annual periods beginning on or after 1 July 2016, Council will make the following disclosures in its General Purpose Financial Statements:

- (a) Relationships between Council and its subsidiaries, irrespective of whether there have been transactions between them.
- (b) Key management personnel (KMP) compensation in total and for each of the following categories:
 - (i) short-term employee benefits;
 - (ii) post-employment benefits;
 - (iii) other long term benefits; and
 - (iv) termination benefits.
- (c) Amounts incurred by Council for the provision of KMP services that are provided by a separate management entity.
- (d) The information specified in Section 2.1.2 for related party transactions with the following persons during the periods covered by the Financial Statement:
 - (i) Council subsidiaries;
 - (ii) entities who are associates of Council or of a Council subsidiary;
 - (iii) joint ventures in which Council or a Council subsidiary is a joint venturer;
 - (iv) Council's KMP;
 - (v) other related parties, comprising:
 - (vi) a close family member of a KMP of Council;
 - (vii) entities controlled or jointly controlled by a KMP of Council;
 - (viii) entities controlled or jointly controlled by a close family member of a KMP of Council;
 - (ix) other entities as specified in AASB 124, paragraph 9(b)(iii), (iv), (v) and (viii),

2.1.2 Disclosed Information

For each category of related party transactions specified in Section 2.1.1(d), Council will disclose the following information in Council's General Purpose Financial Statements:

- (a) the nature of the related party relationship;
- (b) the amount of the transactions;
- (c) the amount of outstanding balances, including commitments, and:
 - (i) their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and
 - (ii) details of any guarantees given or received;
- (d) provisions for doubtful debts related to the amount of outstanding balances; and
- (e) the expense recognised during the period in respect of bad or doubtful debts due from.

2.1.3 Disclosed in Aggregate or Separate

For each related party category specified in Section 2.1.1(d), Council will disclose information specified in Section 2.1.2 for related party transactions of a similar nature in aggregate except when separate disclosure is necessary for an understanding of the effects of related party transactions on the Financial Statements of Council, having regard to the following criteria:

- (a) the nature of the related party relationship;
- (b) the significance of the transaction (individually or collectively) in terms of size or value (including where the materiality arises due to the fact that no consideration for the transaction is given or received by Council);
- (c) whether the transaction is carried out on non-arm's length terms;
- (d) whether the nature of the transaction is outside normal day-to-day business operations, based on the factors and thresholds under the direction of the Responsible Accounting Officer in consultation with Council's external auditor.

2.2 Identifying Council Related Party Relationships and Transactions

2.2.1 Identification

The Responsible Accounting Officer is responsible for identifying Council subsidiaries, associates and joint ventures (incorporated and unincorporated) from the Related Entities Register, a document which is prepared to substantiate Note 19 of the Financial Statements "Interests in Other Entities".

2.2.2 Control or Joint Control

To determine whether Council has control or joint control of an entity, the Responsible Accounting Officer is responsible for applying Australian Accounting Standards AASB 10 Consolidated Financial Statements and AASB 11 Joint Arrangements.

2.2.3 Associate or Joint Venture

To determine whether an entity is an associate of, or in a joint venture with, Council or a Council subsidiary the Responsible Accounting Officer is responsible for applying AASB 128 investments in associates and joint ventures.

2.2.4 Electronic Investigation

The Responsible Accounting Officer is responsible for investigating through Council's business system whether any identified Council subsidiaries, associates or joint ventures have an existing related party transaction with Council.

2.2.5 Information Extraction

The Responsible Accounting Officer is responsible for identifying and extracting information specified in Section 2.1.2 against each existing related party transaction in Council's business systems for the purpose of recording the related party transactions and associated information in a register of related party transactions.

2.2.6 Manual Investigation and Recording of Information

For related party transactions that are not captured by Council's business systems, the Responsible Accounting Officer is responsible for manually reviewing the transactional documentation and record the information specified in Section 2.1.2 for the subject transaction in the register of related party transactions.

2.3 Identifying Related Party Transactions with KMP and Their Close Family Members

2.3.1 Related Party Disclosures

KMP must provide a related party disclosure in the form set out in Attachment A, notifying any existing or potential related party transactions between Council and either themselves, their close family members or entities controlled or jointly controlled by them or any of their close family members, subject to Section 2.3.5, to the Group Leader Governance Services by no later than the following periods during a financial year (specified notification period):

- (a) 30 days after the commencement of the application of this Policy;
- (b) 30 days after a KMP commences their term or employment with Council;
- (c) 30 November each year;
- (d) 30 June each year.

2.3.2 Related Party Disclosure Form

At least 30 days before a specified notification period, the Group Leader Governance Services will provide KMP with a Related Party Disclosure Form and a Privacy Collection Notice.

2.3.3 Suspected Related Party Transaction

If a KMP suspects that a transaction may constitute a related party transaction, the KMP should provide a related party disclosure to the Group Leader Governance Services for consideration and determination.

2.3.4 Other Notifications

The notification requirements in Section 2.3 are in addition to the notifications a KMP must make to comply with:

- (a) for Councillors, the Code of Conduct Policy; and
- (b) for the General Manager and other Senior Executive Officers who are KMP, the Code of Conduct Policy; and
- (c) the disclosure of interests in a written return pursuant to section 450A of the Local Government Act 1993 and Local Government (General) Regulation 2005.

2.3.5 Exclusions

The notification requirements in Section 2.3 do not apply to:

- (a) related party transactions that are ordinary citizen transactions not assessed as being material as determined under Section 4; and
- (b) the Mayor and Councillors expenses incurred and facilities provided during the financial year under Councillor Expenses and Facilities Policy, the particulars of which are contained in Council's Annual Report pursuant to the Local Government (General) Regulation 2005, clause 217.

2.3.6 Information Extraction

The Responsible Accounting Officer is responsible for identifying information specified in Section 2.1.2 against each notified related party transaction in Council's business systems for the purpose of recording the related party transactions and associated information in the register of related party transactions.

2.3.7 Other Sources of Information

To ensure all related party transactions are captured and recorded, the Responsible Accounting Officer is responsible for reviewing, if required, other sources of information held by Council including, without limitation:

- (a) a register of interests of a KMP and of persons related to the KMP;
- (b) minutes of Council and committee meetings;
- (c) Council's Contracts' Register.

2.3.8 Manual Investigation and Recording of Information

For notified related party transactions that are not captured by Council's business systems, the Responsible Accounting Officer is responsible for manually reviewing the transactional documentation and record the information specified in Section 2.1.2 for the subject transaction in the register of related party transactions.

2.4 Ordinary Citizens Transactions

2.4.1 Non-material in Nature

A KMP is not required to notify in a related party disclosure and Council will not disclose in its Financial Statements, related party transactions that are ordinary citizen transactions assessed to be not material in nature.

2.4.2 Material in Nature

A KMP is required to notify in a related party disclosure and Council will disclose in its Financial Statements in accordance with Section 2.1, related party transactions that are ordinary citizen transactions assessed to be material in nature.

2.4.3 Materiality Assessment

The Responsible Accounting Officer is responsible for reviewing and assessing the materiality of related party transactions that are ordinary citizen transactions to determine whether the disclosure of such transactions are necessary for an understanding of the effects of the related party transactions on the Financial Statements having regard to the criteria specified in Section 2.1.3.

As a general rule, Council will utilise \$10,000 as the threshold for materiality.

2.4.4 Information Extraction

The Responsible Accounting Officer is responsible for identifying information specified in Section 1.2 against each notified related party transaction that is an ordinary citizen transaction assessed as being material in nature in Council's business systems for the purpose of recording the related party transactions and associated information in a register of related party transactions.

2.5 Register of Related Party Transactions

2.5.1 Maintain a Register

The Responsible Accounting Officer is responsible for maintaining and keeping up to date a register of related party transactions that captures and records the information specified in Section 2.1.2 for each existing or potential related party transaction (including ordinary citizen transactions assessed as being material in nature) during a financial year.

2.5.2 Contents of Register

The contents of the register of related party transactions must detail for each related party transaction:

- (a) the description of the related party transaction;
- (b) the name of the related party;
- (c) the nature of the related party's relationship with Council;
- (d) whether the notified related party transaction is existing or potential;
- (e) a description of the transactional documents the subject of the related party transaction;
- (f) the information specified in Section 2.1.2.

The Responsible Accounting Officer is responsible for ensuring that the information specified in Section 2.1.2 is disclosed in Council's Financial Statements to the extent, and in the manner stipulated by AASB 124, subject to Section 2.1.3.

2.6 Information Privacy

2.6.1 Confidential

The following information is classified as confidential and is not available for inspection by or disclosure to the public, including through a GIPAA application:

- (a) information (including personal information) provided by a KMP in a related party disclosure; and
- (b) personal information contained in a register of related party transactions.

2.6.2 When Consent is Required

Except as specified in this Policy, Council and other permitted recipients will not use or disclose personal information provided in a related party disclosure by a KMP or contained in a register of related party transactions for any other purpose or to any other person except with the prior written consent of the subject KMP.

2.6.3 Permitted Recipients

The following persons are permitted to access, use and disclose the information (including personal information) provided in a related party disclosure or contained in a register of related party transactions for the purposes specified in Section 2.6.4:

- (a) the General Manager;
- (b) the Responsible Accounting Officer, Director Business Services;
- (c) Group Leader Governance Services;

- (d) Professional Conduct Coordinator;
- (e) an Auditor of Council (including an Auditor from the NSW Auditor General's Office);
- (f) Other Officers as delegated by the General Manager.

2.6.4 Permitted Purposes

A person specified in Section 2.6.3 may access, use and disclose information (including personal information) in a related party disclosure or contained in a register of related party transactions for the following purposes:

- (a) to assess and verify a notified related party transaction;
- (b) to reconcile identified related party transactions against those notified in a related party disclosure or contained in a register of related party transactions;
- (c) to comply with the disclosure requirements of AASB 124;
- (d) to verify compliance with the disclosure requirements of AASB 124.

An individual may access their personal information provided by a KMP in a related party disclosure or contained in a register of related party transactions in accordance with Council's Privacy Management Plan.

2.7 Government Information (Public Access) [GIPAA] Status

2.7.1 No Public Inspection

The following documents are not open to or available for inspection by the public:

- (a) related party disclosures provided by a KMP; and
- (b) a register of related party transactions.

2.7.2 Not GIPAA - accessible

A GIPAA application seeking access to:

- (a) a document or information (including personal information) provided by a KMP in a related party disclosure; or
- (b) personal information contained in a register of related party transactions;

will be refused on the grounds the document or information comprises information for which there is an overriding public interest against disclosure pursuant to Section 14 of GIPAA.

2.7.3 Transactional Documentation

A GIPAA application seeking access to and release of transactional information and documentation the subject of a related party transaction with Council will be considered, assessed and decided in accordance with Council's usual procedures regarding applications made under GIPAA.

3 Definitions

Each of the following expressions in bold bears the meaning shown below:

Arm's length terms: Terms between parties that are reasonable in the circumstances of the transaction that would result from:

- (a) neither party bearing the other any special duty or obligation; and
 - (b) the parties being unrelated and uninfluenced by the other; and
- each party having acted in its own interest.

Associate: In relation to an entity (*the first entity*), an entity over which the first entity has significant influence.

Close family members or close members of the family: In relation to a KMP, family members who may be expected to influence, or be influenced by that KMP in their dealings with Council will include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

For the purpose of AASB 124, close family members could include extended members of a family (such as, without limitation, parents, siblings, grandparents, uncles/aunts or cousins) *if* they could be expected to influence, or be influenced by, the KMP in their dealings with Council.

Control: Control of an entity is present when there is:

- (a) power over the entity; and
 - (b) exposure or rights to variable returns from involvement with the entity; and
 - (c) the ability to use power over the entity to affect the amount of returns received
- as determined in accordance with AASB 10 *Consolidated Financial Statements, Paragraphs 5 to 18, Appendices A (Defined Terms) and B (Application Guidance)*.

Joint control: The contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint venture: An arrangement of which two or more parties have joint control and have right to the net assets of the arrangement.

Joint venture: A party to a joint venture that has joint control of that joint venture.

KMP: Person(s) having authority and responsibility for planning, directing and controlling the activities of Council.

Specifically, KMP of Council are the:

- (a) Mayor;
- (b) Councillors;
- (c) General Manager;
- (d) Directors;
- (e) Public Officer.

Ordinary citizen transactions: Transactions that an ordinary citizen would undertake with Council, which is undertaken on arm's length terms and in the ordinary course of carrying out Council's functions and activities. Examples of ordinary citizen transactions assessed to be not material in nature are:

- (a) paying rates and utility charges;
- (b) using Council's public facilities after paying the corresponding fees.

Related party: A person or entity that is related to Council pursuant to the definition contained in AASB 124, Paragraph 9.

Examples of related parties of Council are:

- (a) Council subsidiaries;
- (b) KMP;
- (c) close family members of KMP;
- (d) entities that are controlled or jointly controlled by KMP or their close family members.

Related party transaction: A transfer of resources, services or obligations between the Council and a related party, regardless of whether a price is charged.

Examples of related party transactions are:

- (a) purchases or sales of goods;
- (b) purchases or sales of property and other assets;
- (c) rendering or receiving of services;
- (d) rendering or receiving of goods;
- (e) leases;
- (f) transfers under licence agreements;
- (g) transfers under finance arrangements (example: loans);
- (h) provision of guarantees (given or received);
- (i) commitments to do something if a particular event occurs or does not occur in the future;
- (j) settlement of liabilities on behalf of Council or by Council on behalf of that related party.

Related party disclosure: A document entitled *Related Party Disclosure by Key Management Personnel* form (Appendix A).

Significant influence: The power to participate in the financial and operating policy decisions of another entity but is not control or joint control of those policies, as determined in accordance with Australian Accounting Standard *AASB 128 Investments in Associates and Joint Ventures, Paragraphs 3, 5 and 6.*

4 Key Responsibilities

- The General Manager has overall responsibility for the Policy.
- The Group Leader Financial Services and Logics is responsible for the implementation of this Policy.

5 References (laws, standards and other Council documents)

- Government Information (Public Access) Act 2009
- Local Government Act 1993 and Regulations
- Privacy and Personal Information Protection Act 1998

6 Details of Approval and revision

- **Approval date: 8/06/2017**
- **Responsible Section: N/A**
- **Superseded policies/procedures: N/A**
- **Next review date: 8/06/2021**

Table of amendments

Amendment	Authoriser	Approval ref	Date

7 Appendix A - Related Party Disclosure by Key Management Personnel Form

Private and Confidential

Related Party Declaration by Key Management Personnel

Name of Key Management Person: *(insert name)*.....

Position of Key Management Person: *(insert name)*.....

List details of known close family members, entities that are controlled/jointly controlled by KMP and entities that are controlled/jointly controlled by the close family members of KMP)

Name of Person or Entity	Relationship
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I, *(insert position)*..... declare that the above list includes all my close family members and the entities controlled, or jointly controlled, by myself or my close family members. I make this declaration after reading the fact sheet supplied by council which details the meaning of the words “close family members” and “entities controlled, or jointly controlled, by myself or my close family members”.

Declared at on the

Signature of KMP:

Name of KMP

Date: