

1. Policy Statement

In compliance with Australian Accounting Standards, Council will record and disclose in its audited annual financial statements, the existence of related party relationships and any transactions or outstanding balances with such parties.

Principles

From 1 July 2016 the Australian Accounting Standards Board has determined that AASB 124 'Related Party Disclosures' will apply to government entities, including local governments, for the purpose of increasing transparency and improving the quality of financial reporting processes and statements.

Council is committed to complying with the requirements under this Standard and disclosing the required related party information.

2. Scope

This policy applies to related party relationships and transactions that exist between Council and a related party.

Under Accounting Standards, there are three broad types of related parties that apply to Council:

- Persons – Key Management Personnel (KMP) and Close Family Members (CFM) of Key Management Personnel as defined under the Accounting Standards;
- Entities directly related to Council; and
- Entities indirectly related to Council (controlled or jointly controlled by related persons).

This Policy applies to transactions made between Related Parties and Council. Ordinary Citizen Transactions are exempt from this reporting requirement.

3. Responsibility

Council is responsible for the approval of this Policy.

The Chief Executive Officer (CEO), assisted by the Chief Financial Officer (CFO), is responsible for ensuring that this policy is maintained and applied in accordance with Australian Accounting Standards.

The Governance Support Officer is responsible for maintaining all Related Party Transaction (RPT) records, based on information provided by KMP, including maintaining a register of entities that are Related Parties. All formal records associated with this policy will be kept in a confidential manner, with appropriate disclosures made.

The CFO is responsible for ensuring correct disclosure of all RPTs in the annual financial statements.

KMP are responsible for advising the Governance Support Officer in writing, on a timely basis, of all relevant RPTs, and are required to approve recorded RPTs during, and at the end of, each financial year.

4. Definitions

Close Family Members (CFM) are individuals who can reasonably be expected to influence, or be influenced by, a KMP. Examples include spouse/partner, children, dependents, children or dependents of spouse/partner, parents, grandparents, brothers and sisters.

Entities directly related to Council includes entities controlled, or jointly controlled, by Councillors over which Council has significant influence. Significant influence can exist in many forms, the most common of which are:

- Council holds, directly or indirectly, 20% of the voting power;
- Board representation;
- Participation in policy making;
- Presence of material transactions;
- Interchange of management personnel; or
- Provision of essential technical information.

Entities indirectly related to Council are the same as entities directly related to Council but instead of being directly related to Council, these entities are controlled, jointly controlled or those over which significant influence can be borne, by related persons.

Key Management Personnel (KMP) have authority and responsibility for planning, directing and controlling the activities of Council, directly or indirectly. The Mayor, Councillors, CEO, CFO and Executive Manager of People and Culture are KMP. Any other officer who occupies any of these positions on a temporary basis for 90 days or more in a financial year is considered a KMP. The CEO may deem other officers to be KMP based on individual circumstances where that officer plays a significant role in the planning, directing and controlling activities of Council.

Ordinary Citizen Transactions (OCT) are those activities conducted by related parties that are unlikely to be of interest to users of financial statements. These transactions include the use of Council's assets e.g. swimming pools, parks, gardens, libraries, galleries etc. where their use is on 'normal terms'. Where the related party enjoys concessions in the use of these assets then this does not constitute an OCT. Paying 'normal' Council rates and fines is an OCT; paying such amounts that have been specially discounted due to the payee being a related person is NOT an OCT.

Materiality under this policy means factors and thresholds determined by the CFO in consultation with Council's external auditors, unless otherwise specified in this policy.

Related Party includes KMP, their CFM and entities that are related to Council and/or KMP or their CFM.

Related Party Transactions (RPT) is the term used to describe activity between a KMP and Council. The disclosure related to RPTs includes transactions but also includes outstanding balances, including commitments.

5. Policy

5.1 Record Keeping

Records of all KMP and related entities will be maintained by the Governance Support Officer each financial year. KMPs are required to approve related party transactions during, and at the end of each financial year. All KMP shall advise the Governance Support Officer of their respective RPTs throughout each financial year.

5.2 Remuneration

The total remuneration paid to all KMP must be disclosed, with Council generally only required to disclose any other related party transaction where the transaction is material either in nature or size. For the purposes of this Policy, Council considers that ALL related party transactions are material, regardless of their size.

As Council has determined that, due to their nature, all related party transactions are material, each transaction included in these totals is to be itemised.



5.3 Information Privacy

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

- Information (including personal information) provided by a KMP in a RPT Notification; and
- Personal information contained in a register of related party transactions.

Except as specified in this Policy, Council and other permitted recipients will not use or disclose personal information provided in a RPT Notification 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.

6. Legal Parameters

- *Crime and Corruption Act 2001*;
- *Local Government Act 2009*;
- Local Government Regulation 2012;
- *Public Interest Disclosure Act 2010*;
- *Public Sector Ethics Act 1994*; and
- AASB 124 Related Party Disclosures.

7. Associated Documents

- Code of Conduct; and
- Enterprise Risk Management Policy.

DOCUMENT HISTORY AND STATUS			
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