Related Party Disclosures

Head of Power

Local Government Regulation 2012

Related Legislation and Council Policy:
Australian Accounting Standard AASB 124
Information & Communication Technology Security Policy 2150-072

Objective

To provide Council with a framework to ensure its general purpose financial statements comply with Australian Accounting Standard AASB 124 - Related Party Disclosures.

Definitions

“AASB 124” - means Australian Accounting Standard AASB 124 - Related Party Disclosures;

“Close Members of the Family” (of KMP) means family members who may be expected to influence, or be influenced by, KMP in their dealings with Council and include any:

- spouse, domestic partner or children of KMP;
- children of a KMP’s spouse or domestic partner; and
- dependants of a KMP or of a KMP’s spouse or domestic partner.

“Control” (of an Entity) means having each of the following:

- power over the Entity to direct its activities;
- exposure, or rights, to variable returns from involvement with the Entity; and
- the ability to use power over the Entity to affect the amount of those returns.

“Entity” includes a company, trust, incorporated and unincorporated association such as a club or charity, joint venture and partnership;

“Key Management Personnel” means those persons having authority and responsibility for planning, directing and controlling the activities of an Entity, directly or indirectly;

“KMP” (of Council) means the Mayor, Councillors, the CEO and the Council’s Executive Management Team;

“Questionnaire” means Council’s related party disclosures questionnaire and declaration;

“Related Party” has the meaning given to it in AASB 124 (and in Council’s case, will include those parties listed at paragraph 4.a-4.e of this policy);

“Related Party Transaction” means a transfer of resources, services or obligations between Council and a Related Party, regardless of whether a price is charged;

“Significant Influence” (over an Entity) means being able to participate in the financial and operating policy decisions of the Entity.

Application

This policy is effective from 1 July 2016.
Policy Statement

1. The purpose of AASB 124 is to ensure that Council’s general purpose financial statements contain the disclosures necessary to draw attention to the possibility that Council’s financial position and performance may have been affected by the existence of Related Parties and Related Party Transactions.

2. Subject to paragraph 4 of this policy, the Financial and Project Services Department will be responsible for identifying any Entities that meet the definition of a “Related Party” and for ensuring that the relevant disclosure of Related Party Transactions is made in accordance with AASB 124.

3. For the purposes of AASB 124, the Key Management Personnel of Council are the Mayor, Councillors, the CEO and the Council’s Executive Management Team (KMP).

4. Each member of the KMP will be required to complete a Questionnaire to enable the Financial and Project Services Department to satisfy those requirements of AASB 124 which require the disclosure of Related Party Transactions between Council and:
   a. KMP;
   b. an Entity under the Control or joint Control of KMP;
   c. Close Members of the Family of KMP;
   d. an Entity under the Control or joint Control of Close Members of the Family of KMP; and
   e. (for Councillors) Entities that the Councillor has Significant Influence over, or entities for which the Councillor is a KMP.

5. Each member of the KMP must complete a Questionnaire twice annually to advise the Financial and Project Services Department of any Related Party Transactions which they are aware of, that have occurred in the preceding six months.

6. The Financial and Project Services Department will be responsible for establishing a Related Parties report to collect Related Party transactional information across Council’s corporate systems.

7. Information collected and stored under this policy is classified as confidential and is not available for public inspection or Right to Information disclosure and must adhere to Council’s Information & Communication Technology Security Policy 13-2150-072.

8. Any material relevant to a KMP’s Questionnaire proposed to be disclosed in Council’s general purpose financial statements will be provided to KMP for their review and comment (but this will not prevent any disclosure which is required under AASB 124).

9. In accordance with the requirements of AASB 124 compensation information pertaining to KMP will be disclosed in the Council’s general purpose financial statements, as will other information required to be disclosed under AASB 124.

Review Triggers

This Policy is reviewed internally for applicability, continuing effect and consistency with related documents and other legislative provisions when any of the following occurs:

(1) The related documents are amended.
(2) The related documents are replaced by new documents.
(3) Amendments are made to the head of power which affect the scope and effect of this Policy.
(4) Other circumstances as determined from time to time by a resolution of Council.

Notwithstanding the above, this Policy is to be reviewed annually for relevance and to ensure that its effectiveness is maintained.
Responsibility

This Policy is to be:

1. implemented by the Manager Financial and Project Services.
2. reviewed and amended in accordance with the "Review Triggers" by the Manager Financial and Project Services.

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<td><strong>Version</strong></td>
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**Related Links:**
- Policy Directive 2160-022 - Related Party Disclosures
- Privacy Collection Notice: Related Party Transactions Disclosure by Key Management Personnel (A14247164)
- Related Party Disclosures Questionnaire (A14247174)