Policy 2.10 Related Party Disclosures

Department | Strategy and Business Services
Responsible Officer | Director

Scope
This Related Party Disclosures policy will be applied to:

i. Identify related party relationships, as well as relationships identifying ordinary citizen transactions which concern key management personnel, their close family members and entities controlled or jointly controlled by any of them.

ii. Identify information about the related party transactions for disclosure.

iii. Establish systems which capture and record the related party transactions and relevant information.

iv. Identify the circumstances in which disclosure of the items in points (i) and (ii) is required.

v. Determine the disclosures to be made in the general purpose financial statements for the purpose of complying with AASB124.

Purpose
The purpose of this Policy is to help Council comply with disclosure requirements under the Australian Accounting Standard AASB124 Related Party Disclosures and the Australian implementation guidance for not-for-profit public sector entities (AASB.124), the Privacy and Personal Information Protection Act [PPIP] (1998), and the Government Information Public Access Act [GIPA] (2009).

The disclosures of interest within this Policy pertain to Councillors; key management personnel; their close family members; as well as any entity controlled or jointly controlled by any of them.

Policy Statement
In order to comply with AASB.124, Council will:

- Identify related party relationships, related party transactions and ordinary citizen transactions;
- Identify information about the related party transaction for disclosure;
- Capture and record the related party transactions and information about those transactions as specified in Procedure 2.10.1 Related Party Disclosures.
- Identify the circumstances in which disclosure regarding related party relationships, related party transactions’ and ordinary citizen transactions; as well as information about the related party transaction itself is required; and
- Determine the disclosure(s) to be made about the items in the General Purpose Financial Statements in order to comply with AASB 124.
## Definitions

<table>
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<tr>
<th>Term</th>
<th>Definition</th>
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| 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  
   c. Each party having acted in its own interest |
| Associate                 | In relation to any entity (the first entity), an entity over which the first entity has significant influence.                                                                                           |
| Close family members      | In relation to a key management person, family members who may be expected to influence, or be influenced by, that key management person in the dealings with Council. This will include:  
   a. That person's children and spouse or domestic partner  
   b. Children of that person's spouse or domestic partner  
   c. Dependents of that person or that person's spouse or domestic partner.  
   Close family members may also include extended members of family (including siblings, grandparents, uncles/aunts or cousins, and potentially even good friends). This is the case if any of these individuals could be expected to influence, or be influenced by, the key management person in their dealings with Council. |
| Control                   | Relates to the “control” of an entity where 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 |
| 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 2 or more parties have joint control and have the right to the net assets of the arrangement.                                                                                       |
| Joint Venturer            | A party to a joint venture that has joint control of that joint venture.                                                                                                                                  |
| Key Management Personnel (KMP) | Person(s) having authority and responsibility for planning, directing and controlling the activities of Council. Key management personnel include (but are not limited to):  
   a. The Mayor  
   b. Councillors  
   c. General Manager  
   d. Directors/Executive Manager  
   e. Any other staff required to complete a Pecuniary Interests Return |
| Ordinary citizens 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 water/sewer 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 AASB124, paragraph 9. Examples of related parties of Council are:  
   a. Key management personnel  
   b. Close family members of key management personnel  
   c. Entities that are controlled or jointly controlled by key management personnel or their close family members |
d. Council subsidiaries

<table>
<thead>
<tr>
<th>Related party transaction</th>
<th>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:</th>
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<tbody>
<tr>
<td>a. Purchases or sales of goods</td>
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<tr>
<td>b. Purchases or sales of property and other assets</td>
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<td>c. Rendering or receiving of services</td>
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<tr>
<td>d. Rendering or receiving of goods</td>
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<tr>
<td>e. Leases</td>
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<td>f. Transfers under licence agreements</td>
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<tr>
<td>g. Transfers under finance arrangements (example, loans)</td>
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<tr>
<td>h. Provision of guarantees (given or received)</td>
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<tr>
<td>i. Commitments to do something if a particular event occurs or does not occur in the future</td>
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<tr>
<td>j. Settlement of liabilities on behalf of Council or by Council on behalf of that related party</td>
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**Related party transactions return (RPT Return)**

The Council form entitled Related Party Transactions Return provided by Key Management Personnel as set out in Attachment 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 entities as determined in accordance with AASB128 Investments in Associates and Joint Ventures, paragraphs 3, 5 and 6.

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**Legislative requirements**

- *Local Government Act 1993*
- *Local Government Regulation (2005)*
- Australian Accounting Standards

**Procedures, guidelines and supporting documents**

- Policy 5.06 Financial management
- Policy 5.12 Access to Information
- Procedure 5.02.1 Model Code of Conduct
- Procedure 5.12.1 GIPA Act Guidelines
- Procedure 5.12.2 Privacy management plan
- Procedure 5.12.3 Privacy code of practice
Policy Version Control

<table>
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<td>Policy No.</td>
<td>2.10</td>
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<tr>
<td>Department</td>
<td>Strategy and Business Services</td>
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<tr>
<td>Function</td>
<td>Governance, Compliance, Financial Reporting</td>
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<tr>
<td>Key theme area</td>
<td>Strategy and Business Services</td>
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<td>CSP Position Statement(s)</td>
<td>All</td>
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<tr>
<td>Responsible Officer</td>
<td>Director</td>
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<tr>
<td>Version</td>
<td>1</td>
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<td>Adopted</td>
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<td>Next revision</td>
<td>May 2021</td>
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Note: Policy details may change prior to review date due to legislative changes. For the most up-to-date version please refer to Council’s website: [www.begavalley.nsw.gov.au](http://www.begavalley.nsw.gov.au)