

Policy No. PP011

# Related Party Disclosure Policy

## Related Party Disclosure Policy

### 1 INFORMATION ABOUT THIS POLICY

#### POLICY INFORMATION

<b>Date Adopted by Board</b> 24 April 2025	<b>Board Resolution No.</b> 25/029
<b>Policy Responsibility</b> Corporate Services Manager	
<b>Review Timeframe</b> 4 Yearly	
<b>Last Review</b> April 2025	<b>Next Scheduled Review</b> April 2029

#### DOCUMENT HISTORY

DOCUMENT NO.	DATE AMENDED	SUMMARY OF CHANGES
	24/04/2025	Significant rewrite of policy including definitions, reporting requirements and privacy
	DD/MM/YYYY	
	DD/MM/YYYY	
	DD/MM/YYYY	
	DD/MM/YYYY	
	DD/MM/YYYY	
	DD/MM/YYYY	

#### FURTHER DOCUMENT INFORMATION AND RELATIONSHIPS

<b>Related Legislation</b>	<b>Local Government Act 1993</b> <b>Local Government (General) Regulation 2021</b> <b>Privacy Act 1988</b>
<b>Related Policies</b>	<b>Privacy Management Plan</b> <b>Privacy Policy</b>
<b>Related Procedures, Protocols, Statements and Documents</b>	<b>AASB 124 Related Party Disclosures</b> <b>Local Government Code of Accounting Practice and Financial Reporting</b> <b>Related Party Transactions Notification</b> <b>Privacy and Personal Information Protection Act 1998 [PPIPA]</b> <b>Government Information (Public Access) Act 2009 [GIPAA]</b>

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## Related Party Disclosure Policy

### 3 PURPOSE

The purpose of this policy is to provide guidance in complying with the Local Government Act 1993 s413(3) which requires council to prepare its General-Purpose Financial Statements in compliance with Australian Accounting standards. The relevant standard is AASB 124 Related Party Disclosures, July 2015 (AASN 124).

this policy is intended to ensure that required information is captured about related party relationships and transactions concerning key management personnel, their close family members and entities they control or jointly control, to enable disclosure in Council's financial statements. The disclosures allow users of Council's financial statements to understand potential effects related party transactions may have on its financial position.

### 4 SCOPE

This policy applies to those who have authority and responsibility for planning, directing and controlling the activities of Council and entities controlled by Council, including elected Board Members, the CEO, Directors, and close family members who can be expected to influence or be influenced by the aforementioned key management persons.

### 5 DEFINITIONS

Item	Definition
Related Parties	A person or entity that is related to the entity that is preparing its financial statements. For the purpose of this policy related parties are entities related to Council, KMP and close family members of KMP of Goldenfields Water County Council.
Key Management Personnel (KMP)	People that have authority and responsibility for planning, directing and controlling the activities of the entity, either directly or indirectly. For the purposes of this policy key management personnel are elected members, the general manager, directors and managers. Persons acting in a KMP position will not be considered KMP unless they are acting for a period of more than five consecutive weeks.
Arm's Length Transactions	A transaction between two related parties that is conducted as if they were unrelated, so that there is no question of conflict of interest.
Ordinary Citizen Transactions	Transactions that are made on an arm's length basis between the Council and KMP and their close family members that an ordinary citizen of the community would transact with the Council. This would include non-material Water Rates on properties they own. These transactions are exempt from notification under this policy.
Normal Terms and Conditions	The standard rules governing transactions between Council and all external bodies. These can be governed by policies, legislation or accepted business practices.
Materiality	The assessment of whether the transaction, either individually or in aggregate with other transactions, by omitting it or misstating it could influence decisions that users make on the basis of an entity's financial statements. For the purpose of this policy council will utilise \$10000.00 as the threshold for materiality.

## **6 POLICY BACKGROUND**

From 1 July 2016, the Australian Accounting Standards Board (AASB) determined that AASB 124 related party disclosures would apply to government entities, inclusive of local governments. AASB 124 requires local governments to disclose in the general-purpose financial statements particular related party relationships and transactions, including information about the transactions. This policy has been developed to provide guidance in meeting this requirement.

## **7 IDENTIFYING RELATED PARTIES AND TRANSACTIONS**

KMP are responsible for identifying their related party relationships and notifying Goldenfields Water County Council of any related party transactions. The Corporate Services Manager is responsible for maintaining related party information and is also responsible for preparing disclosure requirements in order to comply with the Local Government Act, the Local Government Regulation, the NSW Code of Accounting Practice and Australian Accounting Standards.

### **7.1 Related Party Relationships**

Council will identify any entities and KMP that fall within the definition of a related party.

For the purposes of this policy, related parties of Council are:

- a. entities related to Council
- b. KMP of Council
- c. close family members of KMP
- d. possible close family members of KMP's, and
- e. entities or persons that are controlled or jointly controlled by KMP, or their close family members, or their possible close family members.

Also, a person or entity is a related party of Council if any of the following apply:

- a. they are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others)
- c. they are an associate or belong to a joint venture of which Council is part of
- d. they and Council are joint ventures of the same third party.
- e. they are part of a joint venture of a third party and council is an associate of the third party.
- f. they are a post-employment benefit plan for the benefit of employees of either Council or an
- g. entity related to Council.
- h. they are controlled or jointly controlled by close members of the family of a person
- i. they are identified as a close or possibly close member of the family of a person with
- j. significant influence over Council or a close or possibly close member of the family of a
- k. person who is a KMP of Council; or
- l. they or any member of a group of which they are a part, provide KMP services to Council.

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### **7.2 Related Party Transactions**

A related party transaction is a transfer of resources, services or obligations between Council and a related party, regardless of whether a price is charged. Examples of transactions that are captured for analysis and are included for disclosure, but are not limited to:

- Purchases or sales of goods, property and other assets
- Rendering or receiving goods and / or services
- Development Applications and Infrastructure Contributions
- Leases
- Commitments to do something if a particular event occurs or does not occur in the future.
- Settlement of liabilities on behalf of Council or by Council on behalf of the related party
- Compensation made to KMP.
- Quotations and / or tenders

Further information regarding Related Party Transactions may be sourced from Council's accounts payable, accounts receivable, applications, payroll, and document management systems.

### **7.3 Notification**

KMP must provide a Related Party Transactions Notification form, 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, to the Corporate Services Manager. Notification forms must be provided no later than 14 July each year, for the previous financial year.

The notification requirement above does not apply to:

- a) Related party transactions that are transactions in common with the general public, not assessed as being material (e.g. Water Rates); and
- b) For Councilors, expenses incurred, and facilities provided to a Councilor during the financial year, under Council's Councilor Expenses and Facilities Policy, the particulars of which are contained in Council's Annual Report.

### **7.4 Materiality**

All transactions involving related parties will be captured and reviewed to determine materiality and significance. The following matters must be considered in determining the materiality and significance of any related party transactions;

1. Significance of transactions in terms of size
2. Whether the transaction was carried out on non-market terms
3. Whether the transaction is outside normal day-to-day business operations, such as purchase and sale of assets.

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4. Whether the transaction is disclosed to regulatory or supervisory authorities
5. Whether the transaction has been reported to senior management
6. Whether the transaction was subject to Council approval
7. Whether the transaction provides a financial benefit which is not available to the general public

## 8 DISCLOSURE

### 8.1 Required Disclosures and Reporting

AASB124 provides that Council must disclose the following financial information in its financial statements for each financial year:

- a) Disclosure of any related party relationship – must disclose in the annual financial statements its relationship with any related parties or subsidiaries (where applicable), whether or not there have been transactions within the relevant reporting period.
- b) KMP Compensation Disclosures – must disclose in the annual financial statements KMP for each of the following categories of compensation in total:
  - a. Short-term employee benefits
  - b. Post-employment benefits
  - c. Other long-term benefits
  - d. Termination benefits

### 8.2 Related Party Transaction Disclosures

Council must disclose all material and significant Related Party Transactions in its annual financial statements. Disclosures shall include:

1. The nature of the related party relationships; and
2. Information about transactions and outstanding balances including:
  - a. The amount of the transactions;
  - b. 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;
  - c. Provisions for doubtful debts related to the amount of outstanding balances; and
  - d. The expense recognised during the period in respect of bad or doubtful debts due from related parties.

## 9 INFORMATION PRIVACY

- Information (including personal information) provided by a KMP in a notification form is classified as confidential and is not available for inspection or disclosure to the public, including a GIPA request.

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- A GIPA request for access to information about a KMP Notification will be refused on the grounds that the document or information comprises information the disclosure of which would, on balance, be contrary to the public interest.
- Except as specified in this policy, Council and other permitted recipients will not use or disclose personal information provided in a notification by a KMP, for any other purpose or to any other person except with the prior written consent of the subject KMP.
- The following persons are permitted to access, use and disclose the information (including personal information) provided in a notification:
  - KMP for information about themselves;
  - Officers of Council's Corporate Services Department responsible for maintaining related party information and preparing financial reports;
  - Members of Council's audit committee;
  - Auditors of Council.
- A KMP can request access to their records as long as it doesn't breach the privacy of any other person or entity.

Collection and storage of personal information is governed by Council's Privacy Management Plan, the Privacy and Personal Information Protection Act 1998 and the Government Information (Public Access) Act 2009. Information provided by Council's KMP, and other related parties shall be held for the purpose of compliance with Council's legal obligations and shall be disclosed where required for compliance or legal reasons only.