

Related Party Disclosure Policy

AASB 124 Related Parties Disclosure & Information Privacy Act 2009

1. Policy Statement

The objective of this policy is to ensure related party relationships and transactions are adequately identified and disclosed in order to meet the objectives of the Australian Accounting Standards, whilst also considering the *Information Privacy Act 2009* and *Right to Information Act 2009*.

2. Principles

Townsville City Council (Council) is committed to complying with the Australian Accounting Standards. Disclosure of relevant related party information will continue to provide transparency in the financial reporting process.

3. Scope

This policy applies to all related party transactions which occur between Council and a related party.

4. Responsibility

Councillors, the Chief Executive Officer (CEO) and Directors are responsible for ensuring that this policy is understood and complied with.

Key Management Personnel (KMP) are responsible for identifying their related party relationships and notifying any related party transactions to Council.

Commercial and Financial Services is responsible for maintaining related party information and for preparing disclosure requirements to comply with the Australian Accounting Standards.

5. Definitions

Employees - includes any persons employed directly by Townsville City Council but does not include volunteers, contractors, labour hire or contract personnel.

Key Management Personnel (KMP) - means person(s) having authority and responsibility for planning, directing, and controlling the activities of Council, directly or indirectly. KMP of Council are the:

- Mayor;

- Councillors;
- CEO and Directors; and/or,
- Persons acting in a KMP position for a period of more than five consecutive weeks.

Ordinary Citizen Transactions - transactions that an ordinary citizen would undertake with Council on arm's length terms and in the ordinary course of carrying out Council's functions and activities. Examples of ordinary citizen transactions include:

- (a) paying rates and utility charges.
- (b) using Council's public facilities after paying the corresponding fees.
- (c) fees and charges approved by Council that are on terms and conditions consistent with the general public.

Related Party - is a person or entity that is related to Council. Examples of related parties are:

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

Related Party Transactions - mean a transfer of resources, services or obligations between the Council and a related party, regardless of whether a price is charged.

6. Policy

6.1. Related Party Relationships

KMP must provide a related party declaration, in the form set out in the Related Party Disclosure Relationship Guide by no later than the following periods during a financial year (specified notification period):

- (a) 30 days after a KMP commences their term or employment with Council;
- (b) 30 days after any material changes in the KMPs declaration; or,
- (c) at least annually.

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

- for Councillors, sections 172 and 173 of the *Local Government Act 2009* in relation to material personal interests and conflicts of interest;
- for the CEO and Directors, the Code of Conduct; and,
- the recording of interests in a register of interests kept under the *Local Government Regulation 2012*.

6.2. Related Party Transactions

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) development applications;

- (f) leases;
- (g) commitments to do something if a particular event occurs or does not occur in the future;
or,
- (h) settlement of liabilities on behalf of Council or by Council on behalf of that related party.

Commercial and Financial Services will maintain a current register of related party transactions that captures and records information required for disclosure purposes for each existing or potential related party transaction during a financial year.

Ordinary citizen transactions will not be recorded for disclosure purposes.

6.3. 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:

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

Council and Financial Services employees will not use or disclose personal information provided in a Related Party Declaration or contained in a register of related party transactions, for any other purpose than the below (without the prior written consent of the subject KMP):

- (a) to assess and verify related party relationships and transactions; or
- (b) to comply with the disclosure requirements of the Australian Accounting Standards.

7. Legal Parameters

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Information Privacy Act 2009

Local Government Act 2009

Local Government Regulation 2012

Right to Information Act 2009

8. Associated Documents

Code of Conduct

Information Privacy Policy

Related Party Disclosure Relationship Guide

Right to Information Policy