

# Related Party Disclosure Policy

## Information Privacy Act 2009

### 1. POLICY STATEMENT

Council will implement a system and processes to identify, monitor and disclose related party transactions to manage the risk of non-compliance with the related party disclosure objectives of the Australian Accounting Standards.

### 2. PRINCIPLES

Council is committed to complying with the disclosure requirements for related party transactions under the Australian Accounting Standards. Disclosure of relevant related party information will provide greater transparency and improve the quality of the financial reporting process.

### 3. SCOPE

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

### 4. RESPONSIBILITY

All Councillors, CEO and Directors are responsible for ensuring that this policy is understood and complied with. Key Management Personnel are responsible for identifying their related party relationships and notifying any related party transactions to council. Financial Services is responsible for maintaining related party information and for preparing disclosure requirements in order to comply with AASB124.

### 5. DEFINITIONS

**AASB124** – *Australian Accounting Standard 124 Related Party Disclosures*

**Close family members or close members of the family**<sup>1</sup> – In relation to a key management person, family members who may be expected to influence, or be influenced by, that key management person in their dealings with council and include:

- a) that person's children and spouse or domestic partner;
- b) children of that person's spouse or domestic partner;
- c) dependants of that person or that person's spouse or domestic partner.

For the purposes of AASB124, close family members could include extended members of a family (such as, without limitation, parents, siblings, grandparents, uncles/aunts or cousins) *if* they could be expected to influence, or be influenced by, the key management person in their dealings with council.

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<sup>1</sup> The definition of "close members of the family of a person" as contained in the AASB124 is broader than the definition of "related" in relation to a person for the purpose of a register of interests under the *Local Government Regulation*.

**Control** – means the control of an entity is present when 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,

as determined in accordance with AASB10 *Consolidated Financial Statements, paragraphs 5 to 18, and Appendices A (Defined Terms) and B (Application Guidance)*.

**Joint Control** – means 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.

**Key Management Personnel or Key Management Person or KMP** – means the person(s) having authority and responsibility for planning, directing and controlling the activities of council, directly or indirectly. Specifically, KMP of council includes the Mayor, Councillors, the Chief Executive Officer and Directors. Other persons may be considered KMP of council if they meet the definition requirements. Persons acting in a KMP position will not be considered KMP unless they meet the definition requirements or are acting for a period of more than five consecutive weeks.

**Manager** – includes persons appointed to positions with the title, Team Manager, General Manager, Principal, Director and Chief.

**Materiality** – means factors and thresholds determined by the Team Manager Financial Services in consultation with council's external auditors.

**Ordinary citizen transactions (OCTs)** – means the 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 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 to the general public and by their nature or amount are not material.

**Related Party** – means a person or entity that is related to council as defined in AASB124, paragraph 9. Examples of related parties are:

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

**Related Party Transaction** – is 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:

- 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;
- h) settlement of liabilities on behalf of council or by council on behalf of that related party.

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**Related Party Transaction Notification or RPT Notification** – A document entitled Related Party Transaction Notification by KMP in the prescribed form.

**Workers** – includes employees, contractors, volunteers and all others who perform work on behalf of council.

## 6. POLICY

Council will prepare and report related party disclosures in accordance with Australian Accounting Standard requirements. To do this, council will implement a system to identify and capture related party transactions.

### 6.1 RELATED PARTY RELATIONSHIPS

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

### 6.2 RELATED PARTY TRANSACTIONS

Key Management Personnel must provide a Related Party Transactions Notification (RPT Notification), 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 Financial Services.

The notification requirement above does not apply to:

- a) related party transactions that are ordinary citizen transactions not assessed as being material; and
- b) for councillors, expenses incurred and facilities provided to a Councillor during the financial year, under council's Councillor Expenses Reimbursement Policy and Councillor Facilities Policy, the particulars of which are contained in council's annual report pursuant to Section 186 of the *Local Government Regulation*.

### 6.3 REGISTER OF RELATED PARTY TRANSACTION

Council will maintain and keep up to date a register of related party transactions that captures and records information required for disclosure purposes for each existing or potential related party transaction (including ordinary citizen transactions assessed as being material in nature) during a financial year.

### 6.4 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 key management person in a RPT Notification; and
- b) 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.

The following persons are permitted to access, use and disclose the information (including personal information) provided in a RPT Notification or contained in a register of related party transactions for the purposes specified in section 6.4.4:

- a) KMP for information about themselves;
- b) officers of Financial Services are responsible for maintaining related party information;
- c) officers of Financial Services are responsible for the preparation of financial reporting;

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- d) members of council's audit committee;
- e) an auditor of council (including an auditor from the Queensland Audit Office).

A person specified in 6.4.3 above may access, use and disclose information (including personal information) in a RPT Notification or contained in a register of related party transactions for the following purposes:

- a) to assess and verify a notified related party transaction;
- b) to reconcile identified related party transactions against those notified in a RPT Notification or contained in a register of related party transactions;
- c) to comply with the disclosure requirements of AASB 124;
- d) to verify compliance with the disclosure requirements of AASB 124.

An individual may access their personal information provided by a KMP in a RPT Notification or contained in a register of related party transactions in accordance with Council's Information Privacy Policy.

## 6.5 RIGHT TO INFORMATION STATUS

The following documents are not open to or available for inspection by the public:

- a) RPT Notifications provided by a KMP; and
- b) a register of related party transactions.

An RTI application seeking access to or release of:

- a) a document or information (including personal information) provided by a KMP in a RPT Notification; or
- b) personal information contained in a register of related party transactions;

will be refused on the grounds the document or information comprises information the disclosure of which would, on balance, be contrary to the public interest under sections 48 and 49 of the *Right to Information Act*, item 8 of schedule 3 and items 2, 3 and 16 of part 3, schedule 4.

An RTI application seeking access to and release of transactional information and documentation the subject of a related party transaction with Council will be considered, assessed and decided in accordance with Council's usual procedures regarding applications made under the *Right to Information Act*.

## 7. LEGAL PARAMETERS

*Local Government Act 2009*

*Local Government Regulations 2012*

*AASB124 Related Party Disclosures*

*Information Privacy Act 2009*

*Right to Information Act 2009*

## 8. ASSOCIATED DOCUMENTS

Right to Information Policy

Information Privacy Policy

Code of Conduct for Staff

Related Party Disclosure Administrative Directive

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