Related Party Disclosure Policy

Policy Type	Governance Policy	Version	2.0
Responsible Officer	Chief Executive Officer	Date Approved	02/12/2022
Review Officer	Director Corporate and Community Services	Review Due	02/11/2026
Author	Director Corporate and Community Services	Commencement	02/12/2022

1. PURPOSE

To provide guidance to Council to achieve compliance with the *Australian Accounting Standard AASB 124 – Related Party Disclosures*.

2. SCOPE

This policy applies to related parties of Council and their transactions with Council.

3. POLICY STATEMENT

3.1 IDENTIFICATION OF RELATED PARTIES AND TRANSACTIONS

A related party is a person or entity that is related to the Council.

For the purpose of this policy, related parties of Council are;

- A subsidiary, associate or joint venture of Council
- Key Management Personnel (KMP)
- Close family members of KMP
- Any entities controlled or jointly controlled by KMP or their close family members.

3.1.1 *Subsidiary, associated or joint venture of Council*

These are entities that are controlled by Council, jointly controlled by Council or over which Council has significant influence.

For the purpose of this policy, Council does not have any entities in this category.

3.1.2 *Key Management Personnel (KMP)*

Key Management Personnel (KMP) are persons having authority and responsibility for planning, directing and controlling the activities of Council either directly or indirectly.

KMP's for the Council are considered to be;

- Councillors (including the Mayor)
- Chief Executive Officer
- Directors
- A person acting in the Chief Executive Officer or Director position (that are not already identified as a KMP).

Council requires all KMP's to fill out a Related Party Declaration form (as per **Appendix 1**) identifying the following:

- their close family members
- entities that they control or are associated with; and
- entities that their close family members control or jointly control.

Declarations are required bi-annually each financial year. Should an individual's circumstances materially change between these periods a new declaration must be completed.

3.1.3 *Close family members of KMP*

Close family members are people who may be expected to influence or be influenced by, that person in their dealings with Council and include:

- that person's children and spouse or domestic partner
- children of that person's spouse or domestic partner
- dependants of that person or that person's spouse or domestic partner.

KMP will identify close family members through the Related Party Declaration form.

3.1.4 *Entities controlled or jointly controlled by KMP or their close family members*

Entities include companies, trust, joint ventures, partnerships and non-profit associations such as sporting clubs.

Key management personnel will identify all entities through the Related Party Declaration form.

Transactions between Council and related parties, whether monetary or not, are required to be identified. The types of transactions may include:

- Grants and Subsidy payments made to associated entities of Council
- Non-monetary transactions between Council and related parties
- Goods and services provided by Council to related parties
- Purchase of materials and services from related parties
- Compensation made to key personnel
- Fees and charges charged to related parties
- Infrastructure contributions and application fees from related parties.

3.2 ASSESSMENT OF RELATED PARTY TRANSACTIONS AND DISCLOSURES

Once the related party transactions have been identified they will be analysed by the Manager Finance and Manager Development and Governance. Where transactions are found to be of material or significant nature, they will be disclosed in the financial statements.

The following matters must be considered in determining the materiality and significance of any related party transactions:

- Significance of transaction in terms of size
- Whether the transaction was carried out on non-market terms
- Whether the transaction is outside normal day-to-day business operations, such as the purchase and sale of assets
- Whether the transaction is disclosed to regulatory or supervisory authorities
- Whether the transaction has been reported to senior management
- Whether the transaction was subject to Council approval.

Transactions or balances that occur within an ***ordinary citizen transaction*** shall be excluded from the detailed disclosures. An exception to this would be if the terms and conditions differ from those offered to the general public the transaction may be material therefore a disclosure would be required.

4. REPORTING

Related Party Dissclosures are reported in Council's Annual Report.

5. DEFINITIONS

Close family members of a person are those family members who may be expected to influence or be influenced by, that person in their dealings with Council and include;

- that person's children and spouse or domestic partner
- children of that person's spouse or domestic partner
- dependants of that person or that person's spouse or domestic partner

Entities include companies, trusts, incorporated and unincorporated associations, joint ventures, control or joint controlled entities and partnerships.

Key Management Personnel are defined in Section 3.1.2 of this policy.

Materiality means the assessment will be assessed on a case by case basis assessing if the amount and/or nature of the transaction would be considered beneficial to the related party.

Ordinary citizen transactions means a transaction that an ordinary citizen of the community would undertake in the ordinary course of business with Council.

Related Party is defined in Section 3.1 of this policy.

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

6. RELATED DOCUMENTS AND REFERENCES

The sources of legal obligations behind this Policy are:

- Local Government Act 2009
- Local Government Regulation 2012
- AASB 124 Related Party Disclosures

7. REVIEW

It is the responsibility of the Director Corporate and Community Services to monitor the adequacy of this policy and implement and approve appropriate changes. This policy will be formally reviewed every four (4) years or as required by Council.

APPENDIX 1

Mareeba SHIRE COUNCIL

Declaration

Related Party Declaration for Key Management Personnel

PRIVATE AND CONFIDENTIAL

Name of Key Management Person: _____

Position of Key Management Person: _____

(List details of known close family members, entities that are controlled/jointly controlled by KMP and entities that are controlled/jointly controlled by the close family members of KMP)

Name person or entity	**Relationship**

(attach separate sheet if required)

I, _____
(insert full name and position)

declare that the above list includes all my close family members and the entities controlled, or jointly controlled, by myself or my close family members. I make this declaration after reading the fact sheet supplied by council which details the meaning of the words "close family members" and "entities controlled, or jointly controlled, by myself or my close family members".

Declared at: _____ **on the:** _____

Signature of KMP: _____

Name of KMP: _____