

POLICY REGISTER

RELATED PARTY DISCLOSURES

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RESPONSIBLE OFFICER		Manager Corporate Services	

PART 1: INTRODUCTION

1.1 Purpose

The purpose of this policy is to define the parameters for Related Party Transactions and the level of disclosure and reporting required for Riverina Water County Council (Council) to achieve compliance with *AASB124 - Australian Accounting Standard 124 Related Party Disclosures*. The Standard ensures that Council's financial statements contain disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and transactions with them.

1.2 Scope of Policy

This policy shall apply to Related Parties of Council and Related Party Transactions.

1.3 Legislative Context

- Local Government Act 1993;
- Local Government (General) Regulation 2005;
- AASB124 Related Party Disclosures;
- Policy 1.15 Public Access to Information
- Policy 1.20 Privacy

1.4 Definitions

AASB 124 – Australian Accounting Standard 124 Related Party Disclosures

Close family members of the family or person – in relation to a key management person, family members who may be expected to influence, or be influenced by, that person in their dealings with the Council and include:

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

Key management personnel (KMP) – person(s) having authority and responsibility for planning, directing and controlling the activities of Council, directly or indirectly. Specifically, KMP of Council includes the Chairperson, Councillors, the General Manager and Director of Engineering. 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.

KMP Related Party Transactions Notification (Notification) – notification form to be used to report Related Party Transactions to the General Manager.

Materiality – means 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, it is not considered appropriate to set either a dollar value or a percentage value to determine materiality.

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

Related Party: a person or entity that is related to Council as defined in AASB124, paragraph 9. Examples include:

- 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: a transfer of resources, services or obligations between Council and a related party, regardless of whether a price is charged. Examples include:

- 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.

PART 2: POLICY PROVISIONS

2.1 Policy Statement

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 with related parties.

2.2 Related Party Relationships

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

2.3 Related Party Transactions

Key Management Personnel must provide a KMP Related Party Transactions 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 the General Manager.

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 and Facilities Policy, the particulars of which are contained in Council's Annual Report.

2.4 Required Disclosures & 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
 - e. Share-based payment

2.5 Related Party Transaction Disclosures

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

- a) The nature of the related party relationship; and
- b) 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.

Related Party Transactions that are to be disclosed if they are of a material and significant nature include, but not limited to:

- a) Purchases or sales of goods;
- b) Purchases or sales of property and other assets;
- c) Rendering or receiving of services;
- d) Leases;
- e) Settlement of liabilities on behalf of Council or by Council on behalf of the related party;
- f) Quotations and/or tender; and
- g) Commitments.

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

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

Regard must also be given for transactions that are collectively, but not individually significant.

All transactions involving Related Parties will be captured and reviewed to determine materiality and significance.

2.6 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.

- 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.

KMP RELATED PARTY TRANSACTIONS NOTIFICATION

[Note: This document is confidential and is not RTI-accessible. See Council’s Related Party Disclosure Policy]

Name of Key Management Person:

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Position of Key Management Person:

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Please read the Privacy Collection Notice provided with this notification, which explains what is a related party transaction and the purposes for which Council is collecting, and will use and disclose, the related party information provided by you in this notification.

Please complete the table below for each related party transaction with Council that you, or a close member of your family, or an entity related to you or a close member of your family:

- (a) has previously entered into and which will continue in the ____/____ financial year; or
- (b) has entered into, or is reasonably likely to enter into, in the ____/____ financial year.

Description of Related Party Transaction	Related Name	Party’s	Related Relationship	Party’s

Notification

I _____ notify that, to the best of my knowledge, information and belief, as at the date of this notification, the above list includes all existing and potential related party transactions with Council involving myself, close members of my family, or entities controlled or jointly controlled by me or close members of my family, relevant to the ____/____ financial year. I make this notification after reading the Related Party Disclosures Policy provided by Riverina Water County Council, which details definitions and the purposes for which this information will be used and disclosed. I permit the General Manager and Manager Corporate Services to access information about the interests of me and persons related to me and to use this information for the purposes specified in that policy.

Signature of named Key Management Person: _____

Dated: _____