

Related Party Disclosures

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 AASB 124 - 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.

Policy Statement

Council will prepare and report related party disclosures in accordance with Australian Accounting Standard requirements. To do this, Council will:

- Identify related party relationships, related party transactions and ordinary citizen transactions
- Identify information about the related party transactions for disclosure
- implement a system to identify and capture related party transactions with related parties.
- Identify the circumstances in which disclosure of the items in the first two points above are required and
- Determine the disclosures to be made about those items in the General-Purpose Financial Statements for the purpose of complying with AASB 124

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.

Definitions

AASB 124

Australian Accounting Standard 124 Related Party Disclosures

Close members of the family of a person	<p>Those family members who may be expected to influence, or be influenced by, your dealings with Riverina Water County Council, including:</p> <ul style="list-style-type: none"> • your children and spouse or domestic partner • children of your spouse or domestic partner • dependants of yourself or your spouse or domestic partner.
Compensation	<p>All employee benefits (as defined in AASB 119 'Employee Benefits'). Employee benefits are all forms of consideration paid, payable or provided by Riverina Water, or on behalf of Riverina Water, in exchange for services rendered to council. It also includes such consideration paid on behalf of a parent of the entity in respect of the entity.</p> <p>Compensation includes:</p> <ul style="list-style-type: none"> • short-term employee benefits, such as wages, salaries and Centrelink contributions, paid annual leave and paid sick leave, profit-sharing and bonuses (if payable within twelve months of the end of the reporting period) and non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for current employees • post-employment benefits such as pensions, other retirement benefits, post-employment life insurance and post-employment medical care • other long-term employee benefits, including long-service leave, long-term disability benefits and, if they are not payable wholly within twelve months after the end of the reporting period, profit-sharing, bonuses and deferred compensation • termination benefits

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Control	The exposure, right or ability to affect variable returns through the exercise of power.
Director	<ul style="list-style-type: none"> a person who is a director under the Corporations Act a person who, regardless of the name that is given to the position, is appointed to the position of member of the governing body, council, commission or authority.
Jointly controlled entity	<p>Typically when you and/or any close family members exercise effective control (whether singularly or combined) through the shareholding and/or voting power in the entity. Examples of entities controlled or jointly controlled by you and/or any close family members could be:</p> <ul style="list-style-type: none"> A company where you and/or close family members control more than 50% of the voting power A company where you have a 30% shareholding and your spouse has a 30% shareholding A company where you have a 40% shareholding and the remaining shareholding is widely dispersed A partnership of two people where your spouse is one of the partners A superannuation fund self-managed by you or your spouse (including through a corporate trustee) <p>Examples of entities not controlled or jointly controlled by you and/or any close family members could be:</p> <ul style="list-style-type: none"> A company where you have a 25% shareholding and your spouse has a % shareholding A partnership of three people where your spouse is one of the partners A large consultancy practice with multiple partners where your son is a partner Blind trusts

Key Management Personnel (KMP)	<p>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.</p>
Materiality	<p>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 \$10,000 as the threshold for materiality.</p>
Related Party	<p>A person or entity that is related to the entity that is preparing its financial statements ('reporting entity').</p> <p>A person or a close member of that person's family is related to a reporting entity if that person:</p> <ul style="list-style-type: none"> • has control or joint control over the reporting entity • has significant influence over the reporting entity • is a member of the key management personnel of the reporting entity or of a parent of the reporting entity. <p>For further detail on conditions that apply to related parties see AASB 124. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form</p>
Related party transaction	<p>Transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.</p>
Senior Position	<p>Any person employed (permanent or temporary) as a 'General Manager or Other Senior Staff' under the <i>Local Government Act 1993</i> (or equivalent legislation) anytime during the financial year.</p>

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**Significant
Influence**

The power to participate in the financial and operating policy decisions of an entity but is not control or joint control of those policies.

Principles

1. AASB 124 Disclosure Requirements

1.1 Disclosures

To comply with AASB 124 Council will make the following disclosures in its General Purpose Financial Statements:

- a) Relationships between Council and its subsidiaries, irrespective of whether there have been transactions between them.
- b) Key management personnel (KMP) compensation in total and for each of the following categories:
 - a. Short-term employee benefits;
 - b. Post employment benefits;
 - c. Other long-term benefits; and
 - d. Termination benefits
- c) The information specified in Section 1.2 for related party transactions with the following persons during the period covered by the Financial Statement:
 - a. Council subsidiaries;
 - b. Entities who are associates of Council or of a Council subsidiary;
 - c. Joint ventures in which Council or a Council subsidiary is a joint venturer;
 - d. Council's KMP
 - e. Other related parties (as per definition)
- c) The information specified in Section 1.2 for related party transactions with the following persons during the period covered by the Financial Statement:

The notification requirement above does not apply to:

- 1. Related party transactions that are transactions in common with the general public, not assessed as being material (eg water rates); and

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2. For Board members, expenses incurred and facilities provided to a Board member during the financial year, and the Board Member Expenses and Facilities Policy, the particulars of which are contained in council's annual report.

1.2 Information to be disclosed

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 relationship
- (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 expenses recognised during the period in respect of bad or doubtful debts due from related parties

1.3 Materiality and Significance

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.

3.2 Related Party Disclosure Form

At least 30 days before a specified notification period, the Director Corporate Services will provide KMP with a Related Party Disclosure Form (Attachment 2) and Privacy Collection Notice (Attachment 1).

3.3 Suspected Related Party Transactions

If a KMP suspects that a transaction may constitute a related party transaction, the KMP should provide a related party disclosure to the Director Corporate Services for consideration and determination.

3.4 Other Notifications

The notification requirements in Section 3 are in addition to the notifications a KMP must comply with:

- (a) For councillors, the Code of Conduct, and

- (b) Senior Executive Officers who are KMP, the Code of Conduct, and
- (c) The disclosure of interests in a written return pursuant to Section 450A of the Local Government Act 1993 and Local Government (General) Regulation 2005.

2. Information Privacy

2.1 Confidential

The following information is classified as confidential and is not available for inspection by or disclosure to the public, including through a Government Information (Public Access) Act 2009 (GIPA Act) application:

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

2.2 When Consent is Required

Except as specified in the policy, Council and other permitted recipients will not use or disclose personal information provided in a related party disclosure by a KMP or contained in a register of a related party transactions for any other purpose or to any other person except with the prior written consent of the subject KMP.

2.3 Permitted Recipients

The following persons are permitted to access, use, and disclose the information (including personal information) provided in a related party disclosure or contained in a register of related party transactions for the purposes specified in Section 6.4:

- (a) KMP for information about themselves
- (b) Officers of Riverina Water's Corporate Services Department responsible for maintaining related party information and preparing financial reports (normally the Responsible Accounting Officer)
- (d) Professional Conduct Reviewers
- (e) an Auditor of Council (including an Auditor from the NSW Auditor General's Office)

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g) other Council Officers as delegated by the CEO.

2.4 Permitted Purpose

A person specified in Section 6.3 may access, use and disclose information (including personal information) in a related party disclosure 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 related party disclosure or contained in a register of related party transactions
- (c) to comply with the disclosure requirements of AASB 124
- (d) to verify compliance with disclosure requirements of AASB 124.

3. Government Information (Public Access) Act (GIPA Status)

3.1 No Public Inspection

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

- (a) related party disclosures provided by a KMP; and
- (b) a register of related party transactions.

3.2 Not GIPA – accessible

A GIPA application seeking access to:

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

will be refused on the grounds the document contains information for which there is an overriding public interest against disclosure, pursuant to Section 14 of the GIPA Act.

Non Compliance

Non-compliance with adopted policy may be considered a breach under the Code of Conduct. As such, any suspected or known non-compliance will be reported to the CEO.

Privacy Collection Notice: Related Party Disclosures by Key Management Personnel**Purpose of Collection, Use and Disclosure**

Effective for annual periods beginning on or after 1 July 2016, Council must disclose certain related party relationships and related party transactions together with information associated with those transactions in its general purpose financial statements, in order to comply with *Australian Accounting Standard AASB 124 Related Party Disclosures July 2015* (AASB 124).

Related parties include Council's key management personnel (KMP), their close family members, and any entities that they or any of their close family members control or jointly own.

A related party transaction is any transaction (whether a transfer of resources, services or obligations) between the reporting local government and any of the related parties, whether monetary or not.

If there is a related party transaction with Council applicable to a reporting financial year, AASB 124 requires Council to disclose in the financial statements the nature of the related party relationship and information about the transaction, including outstanding balances and commitments associated with the transaction. Disclosure in the financial statements may be in the aggregate and/or made separately, depending on the materiality of the transaction.

For more information about Council's disclosure requirements under AASB 124, please refer to Council's Related Party Disclosure Policy.

Notifications by Key Management Personnel**1. Why are we doing this?**

The Australian Accounting Standards Board extended the scope of Australian Accounting Standard AASB 124 *Related Party Disclosures* (AASB 124) to include not-for-profit public sector entities.

All public sector entities will be required to disclose related party transactions and outstanding balances in their annual financial statements, in the same way as for-profit public sector and private sector entities. For not-for-profit public sector entities, these requirements apply from the annual financial reporting period beginning 1 July 2016.

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This will mean that every NSW public sector entity will need to disclose, in their annual financial statements, 'material' transactions and balances outstanding with:

- Key Management Personnel (KMP)
- Close family members of KMP, and
- Entities controlled/jointly controlled by KMP or their close family members

The notification form has been developed to enable compliance with AASB 124 disclosure requirements.

2. What information will be collected?

This notification requires each KMP to:

- Provide details of relationships with close family members, and entities controlled/jointly controlled by yourself and/or your close family members; and
- Answer questions aimed at:
 - a. Understanding the types of transactions:
 - Each KMP and/or
 - Close family members of the KMP and/or
 - Entities controlled/jointly controlled by the KMP or close family members

may have entered into with Riverina Water County Council during the year.

- b. Identify outstanding balances at year end involving Riverina Water County Council and the KMP/their close family member/controlled or jointly controlled entities.

You will not be required to provide information about transactions that are 'in common with the general public'. This includes Water Rates on properties you own, that are not material.

If you have answered 'yes' to any of the questions in Attachment 3, you will need to provide further details about each transaction.

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This notification will require you to declare that the information provided is accurate and complete to the best of your knowledge. It will also require you to ask your close family members about their activities with Riverina Water County Council.

Where you have disclosed information in the notification relating to a family member, he/she will need to consent to the provision of information. To demonstrate their consent, each family member mentioned in the notification will need to complete and sign the consent form at Attachment 5. The form should be returned along with the rest of the notification.

3. Notification process

Any person who was a KMP at any time between 1 July and 30 June each year is to complete and return the notification form by 14 July for the previous financial year.

The notification should be returned to the Director Corporate Services at the Administration Building, 91 Hammond Ave, Wagga Wagga.

4. How the information provided is used

Not all information provided in the certificate will be disclosed in the financial statements. This is because the accounting standards require entities to disclose only 'material' related party transaction and outstanding balances. Materiality is subject to professional judgement and goes beyond the dollar value of the transactions/balance.

Further information provided might be incorporated into disclosures that aggregate a number of transactions, rather than disclosed separately.

The notification requests disclosure of all known transactions with Riverina Water County Council during the period covered by the notification. If you are unsure whether a close family member or a controlled/jointly controlled entity has had transactions with Riverina Water County Council, we *strongly recommend* you include their details in the notification for completeness.

Due to the sensitive nature of collected information, a secure process will be in place to:

- Review, assess and filter the information provided; and
- Maintain confidentiality of the information

Attachment 2

KMP – Notification for 1 July 20__ to 30 June 20__

1. Close Family Members

Please provide details of all your close family members. Please refer to **Definitions** for clarification.

First Name	Last Name	Date of Birth	Relationship to You

2. Entities controlled/jointly controlled by yourself and/or your close family members

Please provide details of all entities controlled/jointly controlled by either yourself or your close family members. Please refer to **Definitions** for clarification.

Entity Name	ABN / ACN	Nature of Interest

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KMP – Notification for 1 July 20__ to 30 June 20__

Please complete the following table to the best of your knowledge. If you are unsure whether a close family member or a controlled/jointly controlled entity had transactions with Riverina Water County Council, we *strongly recommend* you include their details for completeness. If you answer 'yes' to any of these questions, please complete Attachment 4. For clarification of definitions, please refer to **Definitions**.

#	Question	Question Response		KMP Sign Off
		YES	NO	
	During the stated period, in respect of Riverina Water:			
1	Were any of your close family members employed in a senior position?			
2	Did you/a close family member/any entity controlled/jointly controlled by you and/or a close family member have any transaction or arrangement on terms or conditions that were more favourable than those entered into at an arm's length?			
3	Did you/a close family member/ any entity controlled/jointly controlled by you and/or close family member receive any grants, subsidies, ex-gratia payments or loans?			
4	Did you/a close family member/ any entity controlled/jointly controlled by you and/or close family member have any debts forgiven or partially forgiven?			

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5	Did you/a close family member/ any entity controlled/jointly controlled by you and/or close family member provide or receive any collateral, guarantee indemnity or commitment?			
6	Did you/a close family member/ any entity controlled/jointly controlled by you and/or close family member enter into any contractual agreements to purchase, sell, lease or transfer assets and licences, or to provide, purchase or transfer goods and services with a total contract value greater than \$10,000 (ex GST)?			
7	Are there any outstanding balances above \$10,000 (ex GST) brought forward from a transaction or arrangement entered into prior to 1 July 2016, between you/a close family member/any entity controlled/jointly controlled by you and/or a close family member and Riverina Water County Council?			

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Transactions for 1 July 20__ to 30 June 20__

Please complete the table below for each individual transaction that has, or may have, occurred during the stated period; and outstanding balances brought forward from previous financial years that are still outstanding.

If you are unsure of the transaction we *strongly recommend* that you include them in the table for completeness. Where you are unsure please state that you are unsure. If additional space is required, please insert additional pages.

	Transaction 1	Transaction 2	Transaction 3
Type of transaction Please provide details and nature of the transaction. Example of types of transactions: <ul style="list-style-type: none">• Employment• Provision of goods or services• Purchase, sale or transfer of property, other assets or licenses• Leasing arrangement• Provision of guarantee or collateral• Settlement of liabilities• Outstanding balance brought forward from previous financial year			
Is the transaction/outstanding balance directly between you and Riverina Water County Council? Yes / No			

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<p>If not, please provide details of the related party, their relationship with you, and Riverina Water County Council involved</p> <p><i>Please include person's name / entity name and ABN, relationship with person / entity</i></p>			
Transaction Amount for the Financial Year (ex GST)			
Total Agreed / Contracted Amount (if extends beyond financial year) (ex GST)			
<p>Terms and Conditions of the Transaction</p> <p><i>Please provide details of the significant terms and conditions including whether it is secured, and the nature of the consideration to be provided in settlement</i></p>			

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Attachment 5

KMP DECLARATION and SIGN OFF

I have made inquiries of my close family members and to the best of my knowledge, the information provided in this Notification is complete and accurate for the period 1 July 20____ to 30 June 20____. I understand this information is collected for the purpose of preparing note disclosures for inclusion in the financial statements of Riverina Water County Council.

Signed: _____

Name: _____

Title: _____

Date: _____

CLOSE FAMILY MEMBERS – CONSENT FORM

(to be completed by each family member whose information is disclosed in this questionnaire. If additional copies of the form are required, please make copies for each close family member)

I authorise Riverina Water County Council to provide personal information about me in respect of transactions between me, or entities controlled / jointly controlled by me, and Riverina Water County Council.

For the purposes of s26(2) of the Privacy and Personal Information Protection Act 1998, I hereby consent to Riverina Water County Council collecting, using and disclosing my personal information for the purpose of meeting its financial reporting obligations.

Signed: _____

Name: _____

Date: _____

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Policy number**1.28**

Responsible area

Corporate Services

Approved by

Approval date

Legislation or related strategy

Local Government Act 1993

Local Government (General Regulation) 2021

Privacy & Personal Information Protection Act
1998

Government Information (Public Access) Act 2009

Accounting Standard AASB 124 July 2015

Documents associated with
this policy

Code of Conduct Policy 1.01

Board Member Expenses and Facilities Policy 1.10

Privacy Policy 1.20

Corruption Prevention and Fraud Control Policy
1.14

Policy history

Adopted 26 April 2017 Res 17/61

Review schedule

Every 4 years

Policy details may change prior to review date due to legislative or other changes, therefore this document is uncontrolled when printed.

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END OF POLICY STATEMENT

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