

# Related Party Disclosure Policy

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<b>Policy Type</b>	<i>Council Policy</i>
<b>Policy Owner</b>	<i>Chief Financial Officer</i>
<b>Link to Corporate Plan</b>	<i>Sustainable Organisation</i>
<b>Review Date</b>	<i>July 2024</i>
<b>Related Legislation</b>	<i>Local Government Act 2009            Local Government Regulation 2012            AASB 124 Related Party Disclosures            AASB 10 Consolidated Financial Statements            AASB 11 Joint Arrangements            AASB 128 Investments in Associates and Joint Ventures            Right to Information Act 2009</i>
<b>Related Documents</b>	<i>Register of Interests            Register of Local Laws and Subordinate Laws            DILGRMA Related Party Disclosure Bulletin Appendices 1 - 8            Fact Sheet – Related Party Disclosures for Key Management Personnel            Related Party Declaration by Key Management Personnel            Identification of Related Party Transactions</i>

<b>Policy Version</b>	<b>Approval Date</b>	<b>Adopted/Approved</b>
<i>1</i>	<i>19 April 2017</i>	<i>Ordinary Meeting of Council</i>
<i>2</i>	<i>18 August 2021</i>	<i>Ordinary Meeting of Council</i>

*This policy may not be current as Council regularly reviews and updates its policies. The latest controlled version can be found in the policies section of Council's intranet or Website. **A hard copy of this electronic document is uncontrolled.***

# Related Party Disclosure Policy

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## PURPOSE

This policy sets out the guidelines for identifying key management personal and related parties and the reporting of related party transactions to meet Council's financial reporting obligations under *AASB 124 Related Party Disclosures*.

## SCOPE

From 1 July 2016, the Australian Accounting Standards Board has determined that *AASB 124 Related Party Disclosures* will apply to government entities, including local governments.

Related parties under this standard may differ to those listed on Council's Register of Interest required under the *Local Government Regulation 2012*.

Local governments must disclose related party relationships, transactions and outstanding balances, including commitments, in the annual financial statements.

This information will be audited as part of the annual external audit by Queensland Audit Office.

## POLICY

Related parties include both related entities and related persons.

The following are related parties of Council:

- Entities controlled by Council, jointly controlled by Council or over which Council has a significant influence are related parties of Council.
- Key Management Personnel (KMP) including the Mayor, Councillors, Chief Executive Officer (CEO) and the General Managers.
- Close family members of KMP who are able to influence, or be influenced, by the KMP in their dealings with Council.
- Entities that are controlled or jointly controlled by KMP or their close family members as described above.

Any transaction between Council and these parties, whether monetary or not, may need to be identified and disclosed.

Key definitions relating to this policy are provided at the end of this policy.

### Identification and recording of related parties and related party relationship

- Related parties for the entity, Western Downs Regional Council will be determined by the Chief Financial Officer
- Related parties for KMP's will be identified by self-assessment. KMP of Council will make a regular declaration of their related parties. Council's Office of the Chief Executive will be responsible for providing information to assist KMP in making this declaration.
- Council's Office of the Chief Executive will be responsible for implementing a suitable system to record related party relationships and notifying staff of any changes to this policy.

### Identification of Ordinary Citizen Transactions

Ordinary Citizen Transactions (OCT) are those transactions that an ordinary citizen would undertake with Council.

OCTs that do not require disclosure under this policy are:

- Rates and utility charges
- Fees and charges included in Council's register of fees and charges



# Related Party Disclosure Policy

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- Fines and Penalties included in Council's Register of Local Laws and Subordinate Local Laws
- Attendance at Council functions which are open to the general public, or
- Visiting Council facilities which are open to the general public.

OCT's listed above are excluded from non-disclosure if:

- the terms and conditions of the OCT are different to those offered to the general public, or
- they have a financial value, either individually or collectively, of more than \$200,000 (a material OCT).

## Disclosures in Financial Statements

WDRC will disclose the following in its general-purpose financial statements:

- Relationships between Council and its subsidiaries, irrespective of whether there have been transactions between them.
- KMP compensation in total and for each of the following categories:
  - short-term employee benefits
  - post-employment benefits
  - other long-term benefits, and
  - termination benefits.
- Amounts incurred by Council for the provision of KMP services that are provided by a separate management entity (this is unlikely that Council would enter into such an arrangement but it is an arrangement smaller local governments enter into).
- For related party transactions during the financial statements' period, the minimum disclosure will be:
  - the nature of the related party relationship
  - the amount of the transactions
  - the amount of outstanding balances, including commitments and
    - their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement and
    - details of any guarantees given or received;
  - provisions for doubtful debts related to the amount of outstanding balances; and
  - the expense recognised during the period in respect of bad or doubtful debts due from related parties.

The disclosures required under AASB 124 above will be made separately for each of the following:

- Council subsidiaries
- entities which are associates of Council or of a Council subsidiary with joint control or significant influence over the entity
- joint ventures in which Council or a Council subsidiary is a joint venture partner
- KMP of Council, and
- other related parties including:
  - a close family member of a KMP of Council (this would include the number of close family members in aggregate and the fact that their employment was through an arm's length process). A close family member is defined in Definitions of this policy, and
  - entities controlled or jointly controlled by a close family member of a KMP.

## Register of Related party Transactions

The Office of the Chief Executive will maintain and keep up to date, a register of related party transactions. It will record the information for each existing or potential related party transaction (including OCTs assessed as being material in nature) during a financial year. The register for each transaction will include:

- the description of the related party transaction
- the name of the related party
- the nature of the related party's relationship with Council
- whether the notified related party transaction is existing or potential



# Related Party Disclosure Policy

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- a description of transactional documents giving rise to the related party transaction and
- the following:
  - the amount of the transactions
  - the amount of outstanding balances, including commitments and
    - their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement and
    - details of any guarantees given or received;
  - provisions for doubtful debts related to the amount of outstanding balances; and
  - the expense recognised during the period in respect of bad or doubtful debts due from related parties.

## Responsibilities/accountabilities

Related party declarations by KMP will be made annually in May. Declarations will also be required within six weeks of the occurrence of the following events:

- Council approval of the policy and any subsequent changes to the policy
- Local government elections
- Appointment of a new CEO or General Manager
- Corporate Restructure which changes KMP, or
- KMP enters into a new relationship which would meet the definition of a “related party”.

Council’s policy on the privacy of this information can be found in the Information Privacy Policy.

## Public Access to Information

- **No Public Inspection** - The following documents are not open to or available for inspection by the public:
  - Related party transaction notifications provided by KMP; and
  - A register of related party transactions
- **Not Right to Information (RTI) accessible** - A RTI application seeking access to or release of:
  - A document or information (including personal information) provided by a KMP in a related party transaction notification; or
  - Personal information contained in a register of related party transactions.

These requests will be refused on the ground 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.

- **Transactional Documentation** - A 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*.



# Related Party Disclosure Policy

## Definitions

Term	Definition
Close Family Members	<p>These are family members that may expected to influence or be influenced by, that person in their dealings with Council. Typically, this includes:</p> <ul style="list-style-type: none"> <li>• the person's children and spouse or domestic partner;</li> <li>• children of that person's spouse or domestic partner;</li> <li>• parents, grandparents and other family members;</li> <li>• dependents of that person or that person's spouse or domestic partner.</li> </ul>
Key Management Personnel (KMP)	<p>Persons having authority and responsibility for planning, directing and controlling the activities of Council, directly or indirectly, being;</p> <ul style="list-style-type: none"> <li>- Mayor</li> <li>- Councillors</li> <li>- Chief Executive Officer</li> <li>- General Managers</li> </ul>
Ordinary Citizen Transactions (OCT)	Transactions that an ordinary citizen would undertake with Council.
Related Entity	<p>An entity is related if:</p> <ul style="list-style-type: none"> <li>- it is controlled or jointly controlled by Council</li> <li>- it is or can be significantly influenced by Council</li> <li>- it is controlled or jointly controlled by a related person of Council</li> <li>- a related person of Council has significant influence over it or is a KMP of the entity</li> <li>- the entity is a post-employment benefit plan for the benefit of employees of Council or entities related to Council.</li> </ul>
Related Party	A person or entity that is related to Council.
Related Party Transaction	A transfer of resources, services or obligations between Council and a related party, regardless of whether a price is charged.
Related Person	<p>A person or close family member that has control or joint control of Council, has significant influence over Council, or is a member of the KMP of Council.</p> <p>May be different to those persons for whom a register of interests is kept under <i>Local Government Regulation 2012</i>.</p>

