



RELATED PARTY DISCLOSURES POLICY

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RELATED STRATEGIC DOCUMENTS, POLICIES OR PROCEDURES:	Councillor Expenses and Support Policy Councillor Code of Conduct Staff and Contractors Code of Conduct Procurement Policy
RELATED LEGISLATION:	Local Government Act 2020 Local Government Act 1989 AASB 124 Related Party Disclosures Freedom of Information Act 1982 Australian Implementation Guidance for Not-for-profit Public Sector Entities Local Government – Accounting for Related Party Disclosures

EVIDENCE OF APPROVAL:

Signed by Chief Executive Officer

FILE LOCATION: K:\EXECUTIVE\Strategies policies and procedures\Policies - adopted PDF and Word\POL Related party disclosures policy v4.docx

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This document is available in alternative formats (e.g. larger font) if requested.

1 PURPOSE

The purpose of this policy is to provide guidance in the application of and compliance with the Australian Accounting Standard AASB 124 Related Party Disclosures (AASB 124) and the Australian Implementation Guidance for Not-for-profit Public Sector Entities.

2 SCOPE

This policy applies to staff and Councillors who have related party transactions which occur between Council, Key Management Personnel (KMP) and related parties.

3 POLICY

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

3.1 Related party relationships

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

3.2 Related party transactions

KMP must provide to the Manager Financial Services a completed Related Party Disclosure Form (RPD Form), 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.

The notification requirement above does not apply to:

- related party transactions that are ordinary citizen transactions not assessed as being material; and
- for Councillors, expenses incurred and facilities provided to a councillor during the financial year, under Council's Councillor Expenses and Support Policy.

3.3 Register of related party transactions

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.

3.4 Information privacy

Information provided by KMP and other related parties shall be held for the purpose of compliance with Council's legal obligation and shall be disclosed where required for compliance, financial audit or legal reasons only.

4 DEFINITIONS OF TERMS OR ABBREVIATIONS USED

Definitions included in the table below may not be contained within this policy.

They have been included to provide clarification on the topic as they may exist within the associated return forms or reference paperwork.

Term	Definition
AASB 124	<i>AASB 124 Related Party Disclosures.</i>
Arm's length terms	Terms between parties that are reasonable in the circumstances of the transactions that would result from: <ul style="list-style-type: none"> • neither party bearing the other any special duty or obligation; and • the parties being unrelated and uninfluenced by the other; and • each party having acting in its own interest.
Associate	In relation to an entity (the first entity), and entity over which the first entity has a significant influence.
Close family members or close family members of the family	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: <ul style="list-style-type: none"> • that person's children and spouse or domestic partner; • children of that person's spouse or domestic partner; and • dependants of that person or that person's spouse or domestic partner. <p>For the purpose of the <i>AASB 124</i>, close family members could include extended members of a family (such as, without limitation, parents, siblings, grandparents, uncles/aunts or cousins) <i>if</i> they could be expected to influence, or be influenced by, the key management person in their dealings with Council.</p>
Control	Control of an entity is present when there is: <ul style="list-style-type: none"> • power over the entity; and • exposure or rights to variable returns from involvement with the entity; and • the ability to use power over the entity to affect the amount of returns received. <p>(as determined in accordance within <i>AASB 10 Consolidated Financial Statements.</i>)</p>
Joint control	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.
Joint venture	An arrangement of which two or more parties have joint control and have right to the net assets of the arrangement.
Joint venturer	A party to a joint venture that has joint control of that venture

Term	Definition
Key management personnel or Key management person	<p>Person(s) having authority and responsibility for planning, directing and controlling the activities of Council.</p> <p>Specifically, key management personnel of Council are:</p> <ul style="list-style-type: none"> • the mayor; • councillors; • the chief executive officer; • the directors.
Ordinary citizen transactions	<p>Transactions that an ordinary citizen would undertake with Council, which is undertaken on arm's length and in the ordinary course of carrying out Council's functions and activities.</p> <p>Examples of ordinary citizen transactions assessed to be not material in nature are:</p> <ul style="list-style-type: none"> • paying rates and utility charges • using Council's public facilities after paying the corresponding fees.
Related party	<p>A person or entity that is related to Council pursuant to the definition contained in <i>AASB 124</i>, paragraph 9.</p> <p>Examples of related parties of Council are:</p> <ul style="list-style-type: none"> • Council subsidiaries; • key management personnel; • close family members of key management personnel; • entities that are controlled or jointly controlled by key management personnel or their close family members.
Related party transaction	<p>A transfer of resources, services or obligations between the Council and a related party, regardless of whether a price is charged.</p> <p>Examples of related party transactions are:</p> <ul style="list-style-type: none"> • purchases or sales of goods; • purchases or sales of property and other assets; • rendering or receiving of services; • rendering or receiving of goods; • leases; • transfers under licence agreements; • transfers under finance arrangements • provision of guarantees (given or received); • commitments to do something if a particular event occurs or does not occur in the future; • settlement of liabilities on behalf of Council or by Council on behalf of that related party.
Significant influence	<p>The power to participate in the financial and operating policy decision of another entity but is not control or joint control of those policies, as determined in accordance with <i>AASB 128 Investments in Associated and Joint Ventures</i>.</p>

5 HUMAN RIGHTS STATEMENT

It is considered that this policy does not impact negatively on any rights identified in the Charter of Human Rights Act. Loddon Shire Council is committed to consultation and cooperation between management and employees. The Council will formally involve elected employee Health and Safety Representatives in any workplace change that may affect the health and safety of any of its employees.

6 REVIEW


The Manager Financial Services will review this policy for any necessary amendments no later than 2 years after adoption of this current version.

7 ATTACHMENTS

Attachment 1 – Disclosure form template

Attachment 2 – Flow Chart – How to identify a related person

APPENDIX 1 – DISCLOSURE FORM TEMPLATE

 <p>LODDON SHIRE</p>	<h3>Related Party Disclosure Financial Year 20XX/XX</h3>
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Councillor / Responsible Officer									
Surname:				Title	Mr	Mrs	Miss	Ms	Cr
First name:									
Street:									
Town:				State:			Postcode:		
Phone numbers:	Work:			Home:			Mobile:		

Please complete the questions below	
1. Do you as a Councillor / Responsible Officer	
(a) have control or joint control of an entity or	
(b) have significant influence over the entity or	
(c) hold a key management position in the entity	<input type="checkbox"/> Yes <input type="checkbox"/> No
(e.g. Chairperson of a sporting or community body)	
Details:	
2. Are you as a Councillor / Responsible Officer aware of any 'responsible person related parties' transactions with Council? (e.g. Spouse, son or daughter or their spouse is a business supplier to Council)	
	<input type="checkbox"/> Yes <input type="checkbox"/> No
Details:	

Signature

Signature: _____ Date: _____

<p>Loddon Shire Council 41 High Street, Wedderburn, Victoria PO Box 21, Wedderburn, Vic 3518 Telephone: (03) 5494 1200 Facsimile: (03) 5494 3003 Email: loddon@loddon.vic.gov.au Web: www.loddon.vic.gov.au</p>	<p>Privacy statement Personal information collected by Council is held securely and used in accordance with the <i>Privacy and Data Protection Act 2014</i>. Council may disclose this information to other organisations if required or permitted by legislation. Should you wish to access or modify this information, please contact Council on (03) 5494 1200 or email loddon@loddon.vic.gov.au</p>
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APPENDIX 2 – FLOW CHART – HOW TO IDENTIFY A RELATED PARTY PERSON

This flow chart will assist staff with identifying whether a person would be considered a related party of the reporting entity.

For the purposes of this flow chart, 'person' means the KMP or their close family member.

