On Exhibition

PUBLIC NOTIFICATION

Draft Related Parties Disclosure Policy

At the Ordinary Meeting of Council held 22 September 2026 it was resolved that the draft Related Parties Disclosure Policy be placed on public exhibition for 28 days. Council is required to notify the public and provide the opportunity for submissions regarding this policy.

The draft Related Parties Disclosure Policy may be viewed at the Council Chambers, 1 Benerembah Street Griffith, the Griffith City Library and on Council's website.

Anyone wishing to make comment on the draft policy can do so in writing addressed to the General Manager, Griffith City Council, PO Box 485, GRIFFITH NSW 2680 or visit connect.griffith.nsw.gov.au to provide an online submission.

Submissions received will be included in a report to be presented to an Ordinary Meeting of Council. As such, copies of all submissions (including the writer's name and address) will form part of Council's Business Paper and be available to the public. Should you wish to have your contact details withheld it is recommended that you request this in your submission.

Comments or submissions will be received up to **4.00 pm, 22 October 2026.**

CLAUSE CL03

TITLE Endorsement of FS-CP-102 Related Parties Disclosure for Public Exhibition

FROM Matthew Hansen, Director Business, Cultural & Financial Services

TRIM REF 26/91021

SUMMARY

This report seeks Council's endorsement of a revised Related Parties Disclosures Policy (FS-CP-102) for public exhibition.

The revision responds directly to feedback provided by the NSW Audit Office at the interim audit for the year ended 30 June 2026. It aligns the policy with the disclosure requirements of AASB 124 Related Party Disclosures and simplifies it for the key management personnel (KMP) who rely on it.

The draft policy was reported to Council's Audit, Risk and Improvement Committee at its meeting of 27 August 2026.

RECOMMENDATION

That Council:

(a) Endorse the draft Related Parties Disclosures Policy (FS-CP-102) for public exhibition for a period of 28 days;

(b) Note that where no submissions are received during the exhibition period, the policy will be adopted without further report to Council; and

(c) Note that where submissions are received, a further report will be brought to Council for consideration of those submissions prior to adoption.

REPORT

Background

FS-CP-102 supports Council's compliance with AASB 124, which has applied to local government since annual reporting periods beginning on or after 1 July 2016. The policy was last reviewed in July 2022 (Minute 22/171).

The policy requires Key Management Personnel (KMP), defined as the Mayor, Councillors, General Manager, Directors and Public Officer, to notify related party information so that Council can make the disclosures required in its general purpose financial statements.

Reason for the review

At the interim audit for the year ended 30 June 2026, the NSW Audit Office identified that the policy's notification and disclosure obligations were triggered only by related party transactions. AASB 124 (paragraphs 13 and 14) requires related party relationships involving control or joint control to be disclosed irrespective of whether any transaction has occurred. Under the current drafting, a KMP who controls or jointly controls an entity that has had no dealings with Council is not required to notify that relationship.

The Audit Office also noted that the policy is silent on KMP compensation, which AASB 124 (paragraph 17) requires to be disclosed in the financial statements.

Together, these gaps create a risk of incomplete or non-compliant financial statement disclosures and of adverse external audit findings.

Nature of the changes

The draft policy is attached in marked-up form. The extent of the mark-up overstates the extent of the change. Most of it reflects renumbering, restructuring and the rewriting of existing obligations in plain English so that the policy is easier for KMP to follow. The substantive changes are limited to the following:

- Notification duty (clause 4.3 and Attachment A): KMP must notify controlling and jointly controlled relationships whether or not a transaction has occurred, in addition to transactions – directly closing the gap identified by the Audit Office.
- Relationship disclosure (clause 4.2.1): a standalone obligation to disclose control and joint control relationships in the financial statements, consistent with AASB 124 paragraphs 13 and 14.
- KMP compensation (clause 4.2.2): a new disclosure obligation, analysed by category, consistent with AASB 124 paragraph 17.
- Notification form (Attachment A): restructured into Part 1 (relationships) and Part 2 (transactions), with a plain-language declaration.

No change is proposed to the categories of staff and officials who are treated as KMP, to the notification timeframes, or to the treatment of ordinary citizen transactions.

Public exhibition

It is proposed that the draft policy be placed on public exhibition for 28 days, consistent with Council's practice for public policies. The draft will be available on Council's website and at the Administration Centre, and submissions will be invited during the exhibition period.

Where no submissions are received, the policy will be adopted at the close of the exhibition period without a further report. Where submissions are received, they will be reported to Council with any recommended amendments prior to adoption.

OPTIONS

OPTION 1

The Recommendation as written.

OPTION 2

Any other Recommendation.

POLICY IMPLICATIONS

This is proposed to replace the existing policy.

FINANCIAL IMPLICATIONS AND RISK

There are no direct financial costs. Implementation and exhibition are met within existing resources.

Minor Low Risk: Low financial loss <$10,000

COMPLIANCE / LEGAL / STATUTORY IMPLICATIONS AND RISK

The revision strengthens compliance with AASB 124 and reduces the risk of qualification or restatement of Council's related party disclosures. It supports Council's obligations under the Local Government Act 1993 and the applicable Codes of Conduct.

Minor Low Risk: Policy or regulatory breach has no impact.

ENVIRONMENTAL IMPLICATIONS AND RISK

Minor Low Risk: Minimal environmental impact handled internally.

REPUTATION / COMMUNITY IMPLICATIONS AND RISK

Minor Low Risk: Limited adverse public/staff reaction and/or negative publicity.

SERVICE DELIVERY IMPLICATIONS AND RISK

Minor Low Risk: Nil impact to service delivery.

WHS / HR IMPLICATIONS AND RISK

Minor Low Risk: No injuries/Nil impact to service delivery.

LINK TO STRATEGIC PLAN

This item links to Council’s Strategic Plan item 3.1 Undertake Council activities within a clear framework of risk management, strategic planning, policies, procedures and service standards to enhance accountability, resilience and informed decision making.

CONSULTATION

Senior Management Team

Audit Risk and Improvement Committee

ATTACHMENTS

(a) DRAFT - FS-CP-102 Related Parties Disclosure Policy (under separate cover)

(b) CURRENT - FS-CP-102 Related Parties Disclosure Policy (under separate cover)

DRAFT Related Parties Disclosures Policy

FS-CP-102

(PUBLIC POLICY)

1 Policy History

Revision No.	Council Meeting Date	Minute No.	Adoption Date
1	13/06/2017	17/144	13/06/2017 Effective from 1/07/2017
2	13/02/2018	18/046	16/03/2018
3	26/07/2022	22/171	26/07/2022
4	xxxx	26/XXX	xx/xxx/xx

2 Policy Objective

The objective of this policy is to make sure that related party relationships and related party transactions are properly identified, recorded in Council's systems, and disclosed in Council's general purpose financial statements.

This includes relationships and transactions involving Council's key management personnel (KMP), their close family members, and entities controlled or jointly controlled by any of them. Disclosure is made so that users of the financial statements can understand the potential effects of these relationships and transactions on those statements.

The policy is designed to comply with AASB 124 Related Party Disclosures (including the Australian implementation guidance for not-for-profit public sector entities), the *Privacy and Personal Information Protection Act 1998* and the *Privacy and Personal Information Protection Regulation 2014*.

3 Policy Scope

This policy applies to identifying, recording and disclosing related party information for the purpose of complying with AASB 124. In particular, it applies to:

- identifying related party relationships (including relationships involving control or joint control), related party transactions, and ordinary citizen transactions involving KMP, their close family members and entities controlled or jointly controlled by any of them;
- identifying key management personnel compensation;
- identifying the information about those relationships and transactions that must be disclosed;
- establishing systems to capture and record that information;
- identifying the circumstances in which disclosure is required; and
- determining the disclosures to be made in Council's general purpose financial statements.

4 Policy Statement

4.1 General Principle

Council will comply with the disclosure requirements of AASB 124 Related Party Disclosures concerning its key management personnel, their close family members, and entities controlled or jointly controlled by any of them.

Consistent with AASB 124, Council will disclose:

- related party relationships that involve control or joint control, whether or not any transactions have taken place between the parties;
- key management personnel compensation; and
- related party transactions and the associated information required by AASB 124.

Detailed guidance for KMP on how to identify related parties, controlled entities and reportable relationships and transactions will be issued separately to support this policy.

4.2 What Council discloses under AASB 124

4.2.1 Related party relationships involving control or joint control

Council will disclose a related party relationship that involves control or joint control in its general purpose financial statements whether or not there have been any transactions between the parties. This includes:

a) relationships between Council and any entity it controls or jointly controls (for example, a Council subsidiary), and between Council and its ultimate controlling entity (if any); and
b) control or joint control of an entity by a KMP, or by a close family member of a KMP.

For each such relationship, Council will disclose the nature of the relationship. This obligation exists independently of section 4.1.3, which deals with transactions.

(This reflects AASB 124 paragraphs 13 and 14: relationships involving control are disclosed even where no transaction has occurred.)

4.2.2 Key Management Personnel compensation

Council will disclose key management personnel compensation in total and, where required by AASB 124, analysed by category:

a) short-term employee benefits;
b) post-employment benefits;
c) other long-term benefits;
d) termination benefits; and
e) share-based payment (if any).

Where KMP services are provided by another entity (for example, a management entity), Council will disclose the amounts it incurred for those services.

(This reflects AASB 124 paragraphs 17 and 18A.)

4.2.3 Related party transactions

Where there have been related party transactions during the reporting period, Council will disclose those transactions in its general purpose financial statements. The related parties to whom this applies include:

a) Council's key management personnel;
b) other related parties, comprising:
   i. a close family member of a KMP of Council;
   ii. entities controlled or jointly controlled by a KMP of Council; and
   iii. entities controlled or jointly controlled by a close family member of a KMP of Council.

4.2.4 Information disclosed for related party transactions

For each category of related party transaction in section 4.2.3, Council will disclose:

a) the nature of the related party relationship;
b) the amount of the transactions;
c) 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;
d) provisions for doubtful debts relating to the outstanding balances; and
e) the expense recognised during the period for bad or doubtful debts due from related parties.

4.2.5 Disclosed in aggregate or separately

For each related party category in section 4.1.3, Council will disclose transactions of a similar nature in aggregate, except where separate disclosure is necessary to understand the effect of the transactions on Council's financial statements. In deciding this, Council will have regard to:

a) the nature of the related party relationship;
b) the significance of the transaction (individually or collectively) in terms of size or value, including where materiality arises because no consideration is given or received;
c) whether the transaction is carried out on non-arm's length terms; and
d) whether the transaction is outside normal day-to-day business operations, based on factors and thresholds determined by the Director – Business, Cultural & Financial Services in consultation with the General Manager and Council's internal audit committee.

4.3 Notifications by key management personnel

4.3.1 What KMP must notify

Each KMP must give Council a Related Party Notification (**Notification**), in the form set out in Attachment A, that notifies both of the following, subject to section 4.3.6:

a) **any entity that the KMP, or a close family member of the KMP, controls or jointly controls** — whether or not that entity has had any dealings with Council; and
b) **any existing or potential related party transaction** between Council and the KMP, a close family member of the KMP, or an entity controlled or jointly controlled by any of them.

Notification of controlling relationships under (a) is required even where there is no transaction, because AASB 124 requires those relationships themselves to be disclosed.

(This is the key change from the previous version, which only required transactions to be notified.)

4.3.2 When notifications are due

A KMP must give a Notification by no later than each of the following times in a financial year (each a specified notification period):

a) 30 days after this policy first begins to apply;
b) 30 days after the KMP commences their term or employment with Council;
c) 30 November; and
d) 30 June

4.3.3 Notification form

At least 30 days before a specified notification period, the Finance Department will provide KMPs with a RPT Notification form. The form includes a Privacy Collection Notice.

4.3.4 Notifying new information or changes during year

During a financial year, if a KMP becomes aware of any of the following, they must give an additional notification within 30 days of becoming aware of it:

a) a new or existing controlling or jointly controlled relationship not already notified;
b) a new or potential related party transaction that is, or is likely to be, required to be disclosed; or
c) any change to a previously notified relationship or transaction.

4.3.5 If in doubt

If a KMP is unsure whether something is a related party relationship transaction, they should still provide a RPT Notification (or contact the General Manager) so the matter can be considered and determined. It is better to notify and have Council assess it than to leave it out.

4.3.6 What does not need to be notified

The notification requirements in this section 4.3 do not apply to:

a) related party transactions that are ordinary citizen transactions (see section 4.4); and
b) for Councillors, expenses incurred and facilities provided to a Councillor during the financial year under Council's Payment of Fees & Expenses arrangements.

4.3.7 Other obligations still apply

The notification requirements in section 4.3 are in addition to any other notifications a KMP must make, including:

a) Section 449 of the *Local Government Act 1993* (disclosure of interests); and
b) the applicable Code of Conduct (Councillors, or Staff) – including conflicts of interests and gifts and benefits.

4.4 Identifying and recording related party information

4.4.1 Digital identification

The Finance Department will use Council's computerised business systems to and extract the information in section 4.2.4 for each notified related party transaction, so it can be recorded in the register of related party transactions .

4.4.2 Other sources of information

To make sure all reportable relationships and transactions are captured, the Finance Department may review other information held by Council including (without limitation):

a) a Disclosure of Interests Return (under s449 of the *Local Government Act 1993*) of a KMP and of persons related to the KMP;
b) minutes of Council and committee meetings.

4.4.2 Manual review

For notified transactions not captured by Council's computerised business systems, the Finance Department will manually review the transactional documents and record the information specified in 4.2.4 in the register of related party transactions.

4.5 Ordinary Citizen Transactions

A KMP does not need to notify, and Council will not disclose, related party transactions that are ordinary citizen transactions, provided the terms and conditions are no different to those available to the general public.

If an Ordinary Citizen Transaction occurs on terms and conditions that are different to those offered to the general public, the transaction will be captured, and if required, disclosed in the financial statements.

4.5 Register of Related Party Information

4.6.1 Maintaining the register

The Finance Manager must keep up to date a register that records, for each financial year, both the controlling and jointly controlled relationships notified under section 4.2.2(a) and the information specified in 4.2.4 for each existing or potential related party transaction.

4.6.2 Contents of the register

For each related party relationship and transaction, the register must record:

a) the name of the related party;
b) the nature of the related party's relationship with Council (including any control or joint control);
c) a description of the related party transaction (if any);
d) whether a notified transaction is existing or potential;
e) a description of the transactional documents relating to the transaction (if any)

4.6.3 Contents of the register

The Finance Manager is responsible for ensuring that the relationships, compensation and transactions specified in section 4.2 is disclosed in Council's financial statements to the extent, and in the manner, required by AASB124.

4.7 Information Privacy

4.7.1 Confidential information

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

a) information (including personal information) provided by a KMP in a Notification; and
b) personal information contained in the register of related party information.

4.7.2 When consent is required

Except as set out in this policy, Council and other permitted recipients will not use or disclose personal information provided in a Notification, or contained in the register, for any other purpose or to any other person except with the prior written consent of the KMP concerned.

4.7.3 Permitted recipients

The following people may access, use and disclose the information in a Notification or the register for the purposes in section 4.7.4:

a) A Councillor
b) the General Manager;
c) the Director Business, Cultural & Financial Services (responsible for preparing financial reports);
d) financial officers within Council's finance department responsible for preparing financial reports, as authorised by the Director Business, Cultural & Financial Services;
e) members of Council's internal audit committee;
f) an auditor of Council (including an auditor from the Audit Office of New South Wales).

4.7.4 Permitted purposes

A person specified in section 4.7.3 may access, use and disclose the information only for the following purposes:

a) to assess and verify a notified relationship or transaction;
b) to reconcile identified relationships or transactions against those notified or recorded in the register;
c) to comply with the disclosure requirements of AASB 124; and
d) to verify compliance with the disclosure requirements of AASB 124.

4.7.4 Access by the individual

An individual may access their personal information provided in a Notification or contained in the register by making a written request to the General Manager.

4.8 Government Information (Public Access) [GIPA] Status

4.8.1 Not open to public inspection

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

a) Notifications provided by a KMP; and
b) the register of related party transactions.

4.8.2 GIPA applications for KMP information

A GIPA application seeking access to or release of a document or information (including personal information) provided by a KMP in a Notification; or personal information in the register; will be refused on the ground that there is an overriding public interest against disclosure pursuant to Section 14 of the *Government Information (Public Access) Act*.

4.8.3 GIPA applications for transactional documents

A GIPA application seeking access to, and release of, transactional information and documentation that are the subject of a related party transaction with Council will be considered, assessed and decided in accordance with Council's usual procedures for applications under the Government Information (Public Access) Act 2009.

5 Definitions

Definitions

arm's length terms	Terms between parties that are reasonable in the circumstances of the transaction and that would result from: a) neither party bearing the other any special duty or obligation; and b) the parties being unrelated and uninfluenced by the other; and c) each party acting in its own interest.
associate	In relation to an entity (the first entity), an entity over which the first entity has significant influence.
close family members	In relation to a KMP, family members who may be expected to influence, or be influenced by, that key management person in their dealings with Council and include: a) the KMP's children and spouse or domestic partner; b) children of the KMP's spouse or domestic partner; and c) dependants of the KMP or that person's spouse or domestic partner; and For the purpose of AASB 124, close family members may also include other family members (for example, parents, siblings, grandparents, uncles/aunts or cousins) if they could be expected to influence, or be influenced by, the KMP in their dealings with Council.
compensation	All employee benefits, as defined in AASB 119, including short-term benefits, post-employment benefits, other long-term benefits, termination benefits and share-based payment, given in exchange for services rendered to Council.
control	Control of an entity exists when there is: a) power over the entity; and b) exposure, or rights to, variable returns from involvement with the entity; and c) the ability to use power over the entity to affect the amount of those returns, as determined in accordance with AASB 10 Consolidated Financial Statements, paragraphs 5 -18, and Appendices A and B
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 rights to the net assets of the arrangement.
joint venturer	A party to a joint venture that has joint control of that joint venture.
key management personnel (KMP)	Persons having authority and responsibility for planning, directing and controlling the activities of Council, directly or indirectly. For Council, KMP are: a) the Mayor; b) Councillors; c) the General Manager d) the Directors of each department, and e) the Public Officer.
ordinary citizen transaction	A transaction that an ordinary citizen would undertake with Council, on arm's length terms and in the ordinary course of Council's functions and activities. Examples assessed as not material include: a) paying rates and annual charges; and b) using Council's public facilities after paying the corresponding fees.
related party	A person or entity that is related to under AASB 124, paragraph 9. Examples include: a) Council subsidiaries (if any); b) key management personnel; c) close family members of KMP; 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, property or other assets; b) rendering or receiving of goods and services;

	c) leases; d) transfers under licence or finance agreements (for example, loans); e) provision of guarantees (given or received); f) commitments contingent on future events; g) settlement of liabilities on behalf of another party.
RPT Notification (Notification)	A document in the form set out in Attachment A, provided by a KMP, notifying controlling relationships and related party transactions
significant influence	The power to participate in the financial and operating policy decisions of another entity but which is not control or joint control of those policies, as determined by AASB 128 Investments in Associates & Joint Ventures, (paragraphs 3, 5 and 6).

6 Exceptions

None

7 Legislation

- *Local Government Act 1993* and Regulation
- *Privacy and Personal Information Protection Act 1998 and Regulation*
- *Government Information (Public Access) Act 2009*
- AASB 124 Related Party Disclosures
- AASB 10 Consolidated Financial Statements
- AASB 128 Investments in Associates and Joint Ventures

8 Related Documents

- Code of Conduct – Councillors; Code of Conduct – Staff
- Payment of Fees & Expenses (Councillors)
- KMP guidance material supporting this policy (to be developed)

9 Directorate

Business Cultural and Financial Services

ATTACHMENT A – Related Party Transactions Notification

DECLARATION BY KEY MANAGEMENT PERSONNEL (KMP)

Name of Key Management Person:.....

Position:.....

Please read the Privacy Collection Notice provided with this notification. It explains what is a related party relationship and a related party transaction are, and why Council collects, uses and discloses the information you provide.

Part 1 – Controlling relationships. *List your close family members, and any entities that you or your close family members control or jointly control. Complete this part whether or not there have been any dealings with Council.*

Name of person or entity	Relationship/Nature of control

Part 2 – Controlling relationships.. *List any existing or potential transactions between Council and you, a close family member, or an entity you or they control or jointly control (other than ordinary citizen transactions)*

Name of person or entity	Relationship/Nature of control

I....., ... declare that the above list
(insert full name) *(insert position)*
includes all my close family members and all entities controlled, or jointly controlled by me or my close family members, and all reportable related party transactions I am aware of. I make this declaration after reading the information supplied by Council which details the meaning of the words "close family members" and "entities controlled, or jointly controlled ".

I also declare that if any of these circumstances change during the year, I will contact Council within 30 days and complete an amended declaration.

Declared at ..... on the.....
(insert place) *(insert date)*

.....*(signature)*

PRIVACY COLLECTION NOTICE
RELATED PARTY DISCLOSURES BY KEY MANAGEMENT PERSONNEL (KMP)

Why Council collects this information

For annual periods beginning on or after 1 July 2016, Council must disclose certain related party relationships, key management personnel compensation, and related party transactions (with associated information) in its general purpose financial statements to comply with *AASB 124 Related Party Disclosures.*

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

A related party transaction is any transfer of resources, services or obligations between Council and a related party, whether or not a price is charged and whether or not it is monetary.

Importantly, AASB 124 requires Council to disclose related party relationships involving control or joint control even where there has been no transaction. That is why this Notification asks you to list controlling relationships as well as transactions.

Notifications by KMP

Each KMP must give Council a Notification, in the approved form, disclosing controlling relationships and any existing or potential related party transactions by no later than:
- 30 days after this policy first begins to apply;
- 30 days after a KMP commences their term or employment with Council;
- 30 November each year; and
- 30 June each year.

These requirements are in addition to the notifications KMPs are required to comply with:
- for Councillors, the Code of Conduct – Councillors; and
- for other KMPs, the Code of Conduct – Staff.

Council's Auditors may audit related party information as part of the annual external audit.

For privacy and public-access status of this information, please refer to Council's Related Party Disclosure Policy.

Who are KMP?

KMPs are persons with authority and responsibility for planning, directing and controlling the activities of Council, directly or indirectly.
For Council, these include the:

- Mayor
- Councillors
- General Manager

- Directors
- Public Officer.

Who are close family members?

Close family members are family members who may be expected to influence, or be influenced by, you in your dealings with Council. They definitely include:

a) your spouse or domestic partner;
b) your children
c) your dependents, and
d) the children and dependents of your spouse or domestic partner

They may also include your siblings, parents, grandparents, aunts, uncles, cousins, nieces and nephews, or any other family member, if they could be expected to influence, or be influenced by, you in your dealings with Council.

What is an entity that I, or my close family, control or jointly control?

Entities include companies, trusts, incorporated and unincorporated associations (such as clubs and charities), joint ventures and partnerships.

Control

You control an entity if you have:

a) power over the entity;
b) exposure, or rights, to variable returns from your involvement with the entity; and
c) the ability to use your power over the entity to affect the amount of your returns.

You jointly control an entity where control is shared under a contractual arrangement and decisions about the relevant activities require the unanimous consent of the parties sharing control

Example (control): Fred is the Mayor and owns 100% of the voting shares in a development company. Fred controls the company because he has the power to affect the company's decisions and the return that he will get from the company.

Fred will need to include the company on his related party disclosure.

Example (joint control): Fred owns 50% of the voting shares and his brother Stan owns the other 50%; they are the only directors, with equal voting rights, and decisions need both to agree.

Fred and Stan have joint control of the company because any decisions require the unanimous consent of them both. Fred must to include the company in his Notification.

If you are unsure whether you, or a close family member, controls or jointly controls an entity then you should contact the General Manager for a confidential discussion. Further KMP guidance material supporting this policy will be made available.

Related Parties Disclosures Policy
FS-CP-102
(PUBLIC POLICY)

1 Policy History

Revision No.	Council Meeting Date	Minute No.	Adoption Date
1	13/06/2017	17/144	13/06/2017 Effective from 1/07/2017
2	13/02/2018	18/046	16/03/2018
3	26/07/2022	22/171	26/07/2022

2 Policy Objective

The objective of the policy is to ensure that the existence of certain related party relationships and related party transactions concerning key management personnel, (as defined on page 10 of this policy), their close family members and entities controlled or jointly controlled by any of them, and information about the transactions, necessary for users to understand the potential effects on the financial statements are properly identified, recorded in Council's systems, and disclosed in Council's general purpose financial statements in compliance with the AASB 124, the *Privacy and Personal Information Protection Act 1998* and the *Personal Information Protection Regulation 2014.*

3 Policy Statement

The Related Party Disclosure Policy aims to assist Council in complying with disclosure requirements concerning key management personnel, their close family members and entities controlled or jointly controlled by any of them stipulated under the *Australian Accounting Standard AASB 124 Related Party Disclosures and the Australian implementation guidance for not-for-profit public sector entities* (***AASB 124).***

4 Policy Scope

This policy is to be applied in:

- identifying related party relationships; related party transactions, and ordinary citizen transactions concerning key management personnel, their close family members and entities controlled or jointly controlled by any of them;
- identifying information about the related party transactions for disclosure;
- establishing systems to capture and record the related party transactions and information about those transactions;
- identifying the circumstances in which disclosure of the items in dot points 1 and 2 above are required; and
- determining the disclosures to be made about those items in the general purpose financial statements for the purpose of complying with the AASB124.

4.1 AASB 124 Disclosure Requirements

4.1.1 Disclosures

Relevant to this policy, to comply with the AASB 124, for annual periods beginning on or after 1 July 2016, Council will disclose in its general purpose financial statements the information specified in 4.1.2 for related party transactions with, amongst others, the following persons during the periods covered by the financial statements:

(a) Council's Key Management Personnel;
(b) other related parties, comprising:

i. a close family member of a key management person of Council;
ii. entities controlled or jointly controlled by a key management person of Council;
iii. entities controlled or jointly controlled by a close family member of a key management person of Council.

4.1.2 Disclosed Information

For each category of related party transactions specified in 4.1, Council will disclose the following information in Council's general purpose financial statements:

(a) the nature of the related party relationship;
(b) the amount of the transactions;
(c) 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;
(d) provisions for doubtful debts related to the amount of outstanding balances; and
(e) the expense recognised during the period in respect of bad or doubtful debts due from related parties.

4.1.3 Disclosed In Aggregate or Separate

For each related party category specified in 4.1, Council will disclose information specified in 4.1.2 for related party transactions of a similar nature in aggregate except when separate disclosure is necessary for an understanding of the effects of related party transactions on the financial statements of Council, having regard to the following criteria:

(a) the nature of the related party relationship;
(b) the significance of the transaction (individually or collectively) in terms of size or value (including where the materiality arises due to the fact that no consideration for the transaction is given or received

by Council);
(c) whether the transaction is carried out on non-arm's length terms;
(d) whether the nature of the transaction is outside normal day-to-day business operations based on the factors and thresholds determined by the Director – Business, Cultural & Financial Services in consultation with the General Manager and Council's internal audit committee.

4.2 Identifying Related Party Transactions with Key Management Personnel and their Close Family Members

4.2.1 Related Party Transactions Notifications

Key management personnel ***(KMP)*** must provide a Related Party Transactions Notification ***(RPT Notification),*** in the form set out in Attachment A. 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, subject to 4.2.6, to the General Manager by no later than the following periods during a financial year ***(specified notification period):***

(a) 30 days after the commencement of the application of this policy;
(b) 30 days after a KMP commences their term or employment with Council;
(c) 30 November;
(d) 30 June.

4.2.2 RPT Notification Form

At least 30 days before a specified notification period, the Finance Department will provide KMPs with a RPT Notification form which includes a Privacy Collection Notice.

4.2.3 Additional RPT Notifications

During a financial year, if a KMP knows of:

(a) any new or potential related party transaction that is required or likely to be required to be disclosed in Council's financial statements; or
(b) any change to a previously notified related party transaction (including a change to a related party relationship),

The KMP must provide additional RPT Notifications notifying of the new or potential related party transactions or changes, by no later than 30 days after the KMP knows of the transaction or change.

4.2.4 Suspected Related Party Transaction

If a KMP suspects that a transaction may constitute a related party transaction, the **KMP** should provide a RPT Notification to the General Manager for consideration and determination.

4.2.5 Other Notifications

The notification requirements in this 4.2 are in addition to the notifications a KMP must make to comply with:

(a) Section 449 of the *Local Government Act 1993* in relation to the disclosure of interests; and
(b) for the General Manager and other senior executive officers who are KMPs, the Employee Code of Conduct; and

4.2.6 Exclusions

The notification requirements in this 4.2 do not apply to:

(a) related party transactions that are ordinary citizen transactions; and
(b) for Councillors, expenses incurred and facilities provided to a Councillor during the financial year, under Council's Payment of Fees & Expenses.

4.2.7 Digital Extraction

The Finance Department will digitally identify and extract information specified in 4.1.2 against each notified related party transaction in Council's computerised business systems for the purpose of recording the related party transactions and associated information in the register of related party transactions.

4.2.8 Other Sources of Information

To ensure all related party transactions are captured and recorded, the Finance Department may review other sources of information held by Council including, without limitation:

(a) a Disclosure of Interests Return (under s449 of the Local Government **Act** 1993) of a KMP and of persons related to the KMP;
(b) minutes of Council and committee meetings.

4.2.9 Manual Investigation and Recording of Information

For notified related party transactions that are not captured by Council's computerised business systems, the Finance Department will manually review the transactional documentation and record the information specified in 4.1.2 for the subject transaction in the register of related party transactions.

4.3 Ordinary Citizen Transactions

4.3.1 A KMP is not required to notify in a RPT Notification, and Council will not disclose in its financial statements, related party transactions that are ordinary citizen transactions, so long as the terms and conditions are no different to those available to the general public. If an Ordinary Citizen Transaction occurs on terms and conditions that are different to those offered to the general public, the transaction will be captured and if required reported in the financial statements.

4.4 Register of Related Party Transactions

4.4.1 Maintain a Register

The Finance Manager must maintain and keep up to date a register of related party transactions that captures and records the information specified in 4.1.2 for each existing or potential related party transaction during a financial year.

4.4.2 Contents of Register

The contents of the register of related party transactions must detail for each related party transaction:

(a) the description of the related party transaction;
(b) the name of the related party;
(c) the nature of the related party's relationship with Council;
(d) whether the notified related party transaction is existing or potential;
(e) a description of the transactional documents the subject of the related party transaction; and

4.4.3 The Finance Manager is responsible for ensuring that the information specified in 4.1.2 is disclosed in Council's financial statements to the extent, and in the manner, stipulated by AASB124, subject to 4.1.3.

4.5 Information Privacy

4.5.1 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* **(GIPA)** application:

(a) information (including personal information) provided by a key management person in a RPT Notification; and
(b) personal information contained in a register of related party transactions.

4.5.2 When Consent Required

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

4.5.3 Permitted Recipients

The following persons are permitted to access, use and disclose the information (including personal information) provided in a RPT Notification or contained in a register of related party transactions for the purposes specified in section 4.5.4:

(a) A Councillor
(b) the General Manager;
(c) the Director – Business, Cultural & Financial Services being responsible for the preparation of financial reports;
(d) financial officers within Council's finance department responsible for the preparation of financial reports authorised by the Director – Business, Cultural & Financial Services;
(e) members of Council's internal audit committee;
(f) an auditor of Council (including an auditor from the Audit Office of New South Wales).

4.5.4 Permitted Purposes - A person specified in section 4.5.3 may access, use and disclose information (including personal information) in a RPT Notification 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 RPT Notification or contained in a register of related party transactions;

(c) to comply with the disclosure requirements of the AASB 124;
(d) to verify compliance with the disclosure requirements of the AASB 124.

4.5.5 An individual may access their personal information provided by a KMP in a RPT Notification or contained in a register of related party transactions if requested in writing to the General Manager.

4.6 Government Information (Public Access) [GIPA] Status

4.6.1 No Public Inspection

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

(a) RPT Notifications provided by a KMP; and
(b) a register of related party transactions.

4.6.2 Not GIPA-accessible

A GIPA application seeking access to or release of:

(a) a document or information (including personal information) provided by a KMP in a RPT Notification; or
(b) personal information contained in a register of related party transactions; will be refused on the grounds the document or information comprises information for which there is an overriding public interest against disclosure pursuant to Section 14 of the Government Information (Public Access) Act.

4.6.3 Transactional Documentation

A GIPA 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 *Government Information (Public Access) Act.*

5 Definitions

Definitions

arm's length terms	Terms between parties that are reasonable in the circumstances of the transaction that would result from: a) neither party bearing the other any special duty or obligation; and b) the parties being unrelated and uninfluenced by the other; and c) each party having acted in its own interest.
associate	In relation to an entity (the first entity), an entity over which the first entity has significant influence.
close family members or close 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: 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 souse or domestic partner; and d) for the purpose of the AASB 124, close family members could include extended members of a family (such as, without limitation, parents, siblings, grandparents, uncles/aunts or cousins) if they could be expected to influence, or be influenced by, the key management person in their dealings with Council.
control	Control of an entity is present when there is: a) power over the entity; and

	b) exposure or rights to variable returns from involvement with the entity; and c) the ability to use power over the entity to affect the amount of returns received, d) as determined in accordance with AASB 10 Consolidated Financial Statements, paragraphs 5 to 18, and Appendices A (Defined Terms) and B (Application Guidance).
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 2 or more parties have joint control and have rights to the net assets of the arrangement.
joint venturer	A party to a joint venture that has joint control of that joint venture.
key management personnel or key management person or KMP	Person(s) having authority and responsibility for planning, directing and controlling the activities of Council. Specifically, key management personnel of Council are: a) the Mayor; b) Councillors; c) the General Manager d) the Directors of each department. e) Public Officer.
ordinary citizen transaction	Transactions that an ordinary citizen would undertake with Council, which are undertaken on arm's length terms and in the ordinary course of carrying out Council's functions and activities. Examples of ordinary citizen transactions assessed to be not material in nature are: a) paying rates and annual charges

	b) using Council's public facilities after paying the corresponding fees.
related party	A person or entity that is related to Council pursuant to the definition contained in the AASB 124, paragraph 9. Examples of related parties of Council are: a) Council subsidiaries (if applicable); b) key management personnel; c) close family members of key management personnel; d) entities that are controlled or jointly controlled by key management personnel or their close family members.
related party transaction	A transfer of resources, services or obligations between the Council and a related party, regardless of whether a price is charged. Examples of related party transactions are: 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) leases; f) transfers under licence agreements; g) transfers under finance arrangements (e.g. loans); h) provision of guarantees (given or received); i) commitments to do something if a particular event occurs or does not occur in the future; j) settlement of liabilities on behalf of Council or by Council on behalf of that related party.

related party transactions notification or RPT **Notification**	A document entitled Related Party Transactions Notification provided by Key Management Personnel in the form set out in Attachment A.
significant influence	The power to participate in the financial and operating policy decisions of another entity but is not control or joint control of those policies, as determined in accordance with Australian Accounting Standard AASB 128 *Investments in Associates & Joint Ventures, paragraphs 3, 5 and 6.*

6 Exceptions

None

7 Legislation

Local Government Act 1993 and Regulation
Accounting Standard AASB 124 Related Party Disclosures
Privacy and Personal Information Protection Act 1998
Privacy and Personal Information Protection Regulation 2014
Government Information (Public Access) Act 2009

8 Related Documents

None

9 Directorate

Business Cultural and Financial Services

ATTACHMENT A – Related Party Transactions Notification

DECLARATION BY KEY MANAGEMENT PERSONNEL (KMP)

Name of Key Management Person:.....

Position of Key Management Person:.....

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

Please list details of known close family members, entities controlled/jointly controlled by KMP and entities that are controlled/jointly controlled by the close family members of KMP

Name of person or entity	Relationship

I....., ... declare that the above list
(insert full name) *(insert position)*
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 information 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".
I also declare that if any circumstances change throughout the year in relation to the above, that I am to contact Council within 30 days and complete an amended declaration.

Declared at ..... on the.....
(insert place) *(insert date)*

.....*(signature)*

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

In order to comply with AASB 124, Council has adopted a policy that requires all members of its KMP to periodically provide notifications to the Governance Manager of any existing or potential related party transactions between council and any of their related parties during a financial year, and any changes to previously notified related party relationships and transactions relevant to the subject financial year.

To this end, each KMP must provide a Related Parties Disclosure, in the approved form, notifying any existing or potential related party transactions between Council and any related parties of the KMP, to the General Manager and Information by no later than the following periods during a financial year:

- 30 days after the commencement of the application of this policy;
- 30 days after a KMP commences their term or employment with Council;
- 30 November(each year); and
- 30 June (each year).

Note, these related party disclosure requirements are in addition to the notifications KMPs are required to comply with:

- for Councillors, the Code of Conduct – Councillors; and
- for other KMPs, the Code of Conduct – Staff.

This includes disclosures relating to Conflicts of Interest (Pecuniary and Non Pecuniary) and Gifts and Benefits.

Council's Auditors may audit related party information as part of the annual external audit.

For privacy and right to information status of this information, please refer to Council's Related Party Disclosure Policy.

Who are KMPS?

KMPs are persons having authority and responsibility for planning, directing and controlling the activities of Council, directly or indirectly.
For Council, KMPs include the:

- Mayor
- Councillors
- General Manager
- Directors
- Public Officer.

Who are close family members of a KMP Person?

Close family members, or close members of the family, of a KMP are family members who may be expected to influence, or be influenced by, that person in their dealing with 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.

Under AASB 124, close family members could include extended members of a family (such as, without limitation, a parent, grandparent, siblings, etc) if they could be expected to influence, or be influenced by, the KMP in their dealings with Council.
The following table may assist you in identifying your close family members.

Definitely a close family member	**Maybe a close family member**
Your spouse/domestic partner	Your brothers and sisters, if they could be expected to influence, or be influenced by, you in their dealings with Council
Your children	Your aunts, uncles and cousins, if they could be expected to influence, or be influenced by, you in their dealings with council
Your dependants	Your parents and grandparents, , if they could be expected to influence, or be influenced by, you in their dealings with council
Children of your spouse/domestic partner	Your nieces and nephews, if they could be expected to influence, or be influenced by, you in their dealings with council
Dependants of your spouse/domestic partner	Any other member of your family, if they could be expected to influence, or be

influenced by, you in their dealings with council

What is an entity that I, or my close family, control or jointly control?

Entities include companies, trusts, incorporated and unincorporated associations such as clubs and charities, joint ventures and partnerships.

Control

You control an entity if you have:
(a) power over the entity;
(b) exposure, or rights, to variable returns from your involvement with the entity; and
(c) the ability to use your power over the entity to affect the amount of your returns.

Example of control

Fred is the Mayor of Sunny Shire Council and owns 100% of the ordinary shares in Sunny Development Company Pty Ltd (the company).

The ordinary shares are the only shares in the company that have voting rights.

Fred controls the company because he has the power to affect the company's decisions and the return that he will get from the company.

Fred will need to include the company on his related party disclosure.

Joint Control

Example of joint control

Fred is the Mayor of Sunny Shire Council and owns 50% of the ordinary shares in Sunny Development Company Pty Ltd (the company).

Fred's brother Stan owns the other 50% of the ordinary shares.

Fred and Stan are the only Directors of the company and equal voting rights on the board.

Fred and Stan have joint control of the company because any decisions require the unanimous consent of them both. Fred will need to include the company on his related party disclosure and the entity related party relationship with Fred and Stan.

To jointly control an entity there must be contractually agreed sharing of control of the entity, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

In some cases, it will be obvious that you or a family member control or have joint control over an entity. In other cases it will be less clear.

If you are unsure whether you, or a close family member, has control or joint control of an entity then you should contact the Governance Manager for a confidential discussion.