

MURRAY RIVER COUNCIL  
COUNCIL POLICY

**RELATED  
PARTY  
DISCLOSURES  
POLICY**

POL-110.V#2



murray river  
council

## TABLE OF CONTENTS

<b>1.</b>	<b>INTRODUCTION</b> .....	<b>3</b>
<b>2.</b>	<b>PURPOSE</b> .....	<b>3</b>
<b>3.</b>	<b>SCOPE</b> .....	<b>3</b>
<b>4.</b>	<b>LEGISLATION</b> .....	<b>3</b>
<b>5.</b>	<b>POLICY STATEMENT</b> .....	<b>4</b>
<b>5.1</b>	<b>RELATED PARTY</b> .....	<b>4</b>
	5.1.1`Entities related to Council.....	5
	5.1.2 Key Management Personnel (KMP) .....	5
	5.1.3 Close family members of Key Management Personnel (KMP) .....	5
<b>5.2</b>	<b>RELATED PARTY TRANSACTIONS (RPT)</b> .....	<b>6</b>
<b>5.3</b>	<b>AASB124 DISCLOSURE REQUIREMENTS</b> .....	<b>6</b>
	5.3.1 Council disclosures.....	6
	5.3.2 Related Party & Key Management Personnel (KMP) disclosures .....	7
	5.3.3 Notifications by Key Management Personnel (KMP) .....	8
	5.3.4 Exclusions.....	9
	5.3.5 Ordinary citizens transactions .....	9
	5.3.6 Materiality .....	9
<b>5.4</b>	<b>REGISTER OF RELATED PARTY TRANSACTIONS (RPT)</b> .....	<b>9</b>
<b>5.5</b>	<b>PROCESS</b> .....	<b>10</b>
<b>5.6</b>	<b>PRIVACY &amp; ACCESS TO INFORMATION</b> .....	<b>10</b>
	5.6.1 Government Information (Public Access) Act 2009 (GIPA Act) applications .....	10
<b>6.</b>	<b>ROLES AND RESPONSIBILITIES</b> .....	<b>11</b>
<b>7.</b>	<b>EVALUATION AND REVIEW</b> .....	<b>11</b>
<b>8.</b>	<b>NON COMPLAINE</b> .....	<b>11</b>
<b>9.</b>	<b>TRAINING AND COMMUNICATION</b> .....	<b>11</b>
<b>10.</b>	<b>ASSOCIATED DOCUMENTS, DEFINITIONS AND ACRONYMS</b> .....	<b>12</b>
<b>11.</b>	<b>DOCUMENT CONTROL</b> .....	<b>14</b>
<b>APPENDIX A:</b>	Related Party Transactions Disclosure by Key Management Personnel Form .....	15
<b>APPENDIX B:</b>	Privacy Collection Notice .....	17
<b>APPENDIX C:</b>	Related Party Relationships Notifications by Key Management Personnel Form .....	19
<b>APPENDIX D:</b>	Related Party Transactions Register .....	21

## 1. INTRODUCTION

All Councils in New South Wales (NSW) must produce annual financial statements that comply with Australian Accounting Standards. The Australian Accounting Standards Board (AASB) has determined that AASB 124 will apply to government entities, including local government.

Council is required to disclose Related Party Relationships (RPR) and Related Party Transactions (RPT), as well as Key Management Personnel (KMP) compensation in its Annual Financial Statements, in accordance with the Accounting Standard AASB 124 – Related Party Disclosures.

Murray River Council (the 'Council') recognises that RPT can present potential or actual conflicts of interest and may raise questions about whether they are in the best interests of the organisation.

It is therefore important that KMP act honestly and with reasonable care and diligence whilst avoiding improper use of their position and information. It is equally important that KMP of the Council are subject to a high level of accountability, including appropriate disclosure of their transactions with Council in the annual financial statements.

## 2. PURPOSE

The purpose of this Related Party Disclosures Policy (the 'Policy') is to:

- ▶ Define the parameters for RPT and the level of disclosure and reporting required for Council to achieve compliance with the Australian Accounting Standard AASB 124; and
- ▶ Ensure that Council's related party relationships are disclosed, irrespective of whether there have been transactions between them.

## 3. SCOPE

This Policy shall be applied by Council and its auditors in:

- ▶ Identifying related parties and relevant transactions – RPT and ordinary citizens' transactions concerning KMP, their close family members and entities controlled or jointly controlled by any of them;
- ▶ Identifying outstanding balances, including commitments, between Council and its related parties;
- ▶ Establishing systems to capture and record the RPT and information about those transactions;
- ▶ Identifying the circumstances in which disclosure of the items in Clauses 1 and 2 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 AASB 124.

This Policy applies to all Council Officials of Murray River Council.

## 4. LEGISLATION

- ▶ Local Government Act 1993
- ▶ Local Government (General) Regulation 2021
- ▶ Corporations Act 2001
- ▶ Government Information (Public Access) Act 2009
- ▶ Privacy and Personal Information Protection Act, 1998

## 5. POLICY STATEMENT

Council is committed to responsible corporate governance, including compliance with laws and regulations governing RPT.

RPR are a normal feature of commerce and business. Entities frequently carry on parts of their activities through subsidiaries, joint ventures and associates. In those circumstances, there is the possibility of the entity having the ability to affect the financial and operating policies of the organisation through the presence of control, joint control or significant influence.

A RPR could influence the normal business operations of Council even if RPT do not occur. The mere existence of the relationship may be sufficient to affect the transactions of Council with other parties. Alternatively, one party may refrain from trading with Council because of the significant influence of another.

For these reasons, knowledge of Council's transactions and outstanding balances may affect assessments of Council's operations by users of financial statements, including assessments of the risks and opportunities facing the Council.

AASB 124 provides that Council must disclose all material and significant RPT and outstanding balances, including commitments, in its Annual Financial Statements. Generally, disclosure will only be made where a transaction has occurred between Council and a related party of Council. In addition, the transaction must be material in nature or size when considered individually or collectively.

When assessing whether such transactions are significant, the following factors will be taken into consideration:

- ▶ Significance in terms of size;
- ▶ Was it carried out on non-market terms?;
- ▶ Is it outside normal day-to-day Council operations?;
- ▶ Was it subject to Council approval?;
- ▶ Did it provide a financial benefit not available to the general public?; and/or
- ▶ Was the transaction likely to influence decisions of users of the Annual Financial Statements?

To enable Council to comply with AASB 124, Council's KMP are required to declare full details of any related parties and RPT. Such information will be retained and reported, where necessary, in Council's Annual Financial Statements.

### 5.1 RELATED PARTY

A related party is a person or entity that is related to the entity that is preparing its financial statements.

For the purposes of this Policy, related parties of Council are:

- ▶ Entities related to Council;
- ▶ Key Management Personnel (KMP) of Council;
- ▶ Close family members of Key Management Personnel (KMP);
- ▶ Possible close family members of Key Management Personnel (KMP); and
- ▶ Entities or persons that are controlled or jointly controlled by Key Management Personnel (KMP), or their close family members, or their possible close family members.

## **5.1.1. Entities related to Council**

Entities controlled by Council, jointly controlled by Council or over which Council has significant influence are related parties of Council. Council will need to identify transactions with these entities and may need to make extra disclosure about them in Council's financial statements. When assessing whether Council has control or joint control over an entity, Council must consider AASB 10 and AASB 11. AASB 128 details the criteria for determining whether Council has significant influence over an entity.

Council's Contracts Register, Legal Register for Leases and Licenses and the Schedule of Debts Written Off will be reviewed to identify RPT and related parties. This information will be included in the RPR which will include all joint arrangements and updated on a regular basis.

## **5.1.2 Key Management Personnel (KMP)**

AASB 124 defines KMP as:

those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether Executive or otherwise) of the entity.

KMP for Council are considered to include:

- ▶ Councillors (including the Mayor);
- ▶ Chief Executive Officer;
- ▶ Senior Executive Officers/Directors
- ▶ Public Officer; and
- ▶ Responsible Accounting Officer.

Also a person or entity is a related party of Council if any of the following apply:

- ▶ they are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- ▶ they are an associate or belong to a joint venture of which Council is part of;
- ▶ they and Council are joint ventures of the same third party;
- ▶ they are part of a joint venture of a third party and council is an associate of the third party;
- ▶ they are a post-employment benefit plan for the benefit of employees of either Council or an entity related to Council;
- ▶ they are controlled or jointly controlled by close members of the family of a person;
- ▶ they are identified as a close or possibly close member of the family of a person with significant influence over Council or a close or possibly close member of the family of a person who is a KMP of Council; or
- ▶ they or any member of a group of which they are a part, provide KMP services to Council.

## **5.1.3 Close family members of Key Management Personnel (KMP)**

Close family members of KMP are family members who may be expected to influence, or be influenced by, that person in their dealings with Council.

The definition of close members of the family of a person for the purpose of the AASB 124 is broader than the definition of "related" in relation to a person for the purpose of a register of interests under the Regulation.

**Definitely** a close family member

- ▶ Your spouse/domestic partner;
- ▶ Your children;
- ▶ Your dependants;
- ▶ Children of your spouse/domestic partner; and
- ▶ Dependants of your spouse/domestic partner.

**Maybe** a close family member

(if they could be expected to influence, or be influenced by, you in their dealings with Council)

- ▶ Your brothers and sisters;
- ▶ Your aunts, uncles and cousins;
- ▶ Your parents and grandparents;
- ▶ Your nieces and nephews; and
- ▶ Any other member of your family.

Entities that are controlled or jointly controlled by KMP or their close family members may include companies, trusts, joint ventures, partnerships and non-profit associations such as sporting clubs.

## 5.2 RELATED PARTY TRANSACTIONS (RPT)

Related Party Transactions (RPT) are required to be disclosed, regardless of whether a price is charged. Such transactions may include:

- ▶ purchase or sale of goods (finished or unfinished);
- ▶ purchase or sale of property and other assets;
- ▶ rendering or receiving services;
- ▶ leases;
- ▶ transfers of research and development;
- ▶ transfers under licence agreements;
- ▶ transfers under finance arrangements (including loans and equity contributions in cash or in kind);
- ▶ provision of guarantees or collateral;
- ▶ commitments to do something if a particular event occurs or does not occur in the future, including executory contracts (recognised and unrecognised);
- ▶ quotations and/or tenders;
- ▶ settlements of liabilities on behalf of Council or by Council on behalf of the related party ;
- ▶ expense recognised during the period in respect of bad debts; and
- ▶ provision for doubtful debts relating to outstanding balances.

## 5.3 AASB 124 DISCLOSURE REQUIREMENTS

### **5.3.1 Council disclosures**

AASB 124 provides that Council must disclose all material and significant RPT of a similar nature in aggregate except when separate disclosure is necessary for an understanding of the effects of RPT on the Annual Financial Statements.

Having regard to the following details:

- ▶ the nature of the Related Party Relationship (RPR)
- ▶ relevant information about the transactions including:
  - the amount of the transaction;
  - 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 the settlement.
    - details of any guarantee given or received;
  - provision 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.

All transactions involving related parties will be captured and reviewed to determine materiality or otherwise of such transactions, if the transactions are ordinary citizen transactions, and to determine the significance of each of the transactions.

Generally, transactions with amounts receivable from and payable to KMP or their related parties which occur within normal employee, customer or supplier relationships and at arm's length are not material or significant.

These shall be excluded from detailed disclosures; they will be disclosed in the financial statements by general description. Disclosures that RPT were made on terms equivalent to an arms-length transaction can only be made if such terms can be substantiated.

### **5.3.2 Related Party and Key Management Personnel (KMP) disclosures**

The types of disclosure that are required are as follows:

- ▶ Relationships between a parent and its subsidiaries, irrespective of whether there have been transactions between them.
- ▶ Key Management Personnel Compensation (KMPC) (remuneration) relate to all forms of consideration paid, payable, or provided in exchange for services provided in total and for each of the following categories:
  - Short-term employee benefits, such as wages, salaries and social security contributions, paid annual leave and paid sick leave, profit sharing and bonuses (if payable within 12 months of the end of the period) and non-monetary benefits (such as medical care, housing, cars and free and 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 or sabbatical leave, jubilee or other long-service benefits, long-term disability benefits and, if they are not payable wholly within 12 months after the end of the period, profit sharing, bonuses and deferred compensation
  - Termination benefits.
- ▶ Where RPT have occurred:
  - The nature of the RPR
  - Information about the transactions, outstanding balances and commitments, including terms and conditions.
- ▶ Separate disclosure for each category of the related party.
- ▶ For the types of transactions to be disclosed refer to RPT section in this Policy.

KMP declarations must be made annually by 30 June by using the Related Party Transaction (RPT) Disclosures by Key Management Personnel (KMP) Form (refer Appendix A).

**Note:** these Related Party Transaction (RPT) Notification requirements are in addition to the notifications Key Management Personnel (KMP) are required to make to comply with the pecuniary interests and conflicts of interest obligations in the Local Government Act 1993 and Code of Conduct.

A Related Party Transaction (RPT), as opposed to the Register of Pecuniary Interests, the related party and relationship must be disclosed for both the Key Management Personnel (KMP) and their close family member even if the same related party entity is held jointly or in common by them.

The New South Wales Auditor General Office may audit related party information as part of the annual external audit.

### **5.3.3 Notifications by Key Management Personnel (KMP)**

In order to comply with the AASB 124, Council has adopted a Policy that requires all members of its KMP to periodically provide notifications to the Responsible Accounting Officer of any existing or potential RPT between Council and any of their related parties during a financial year, and any changes to previously notified RPR and transactions relevant to the subject financial year.

KMP must complete the Related Party Relationships Notification by Key Management Personnel (KMP) Form (refer Appendix C), notifying any existing or potential RPR between Council and any related parties of the KMP to the Responsible Accounting Officer 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; and
- ▶ 30 June annually.

During the financial year, KMP must proactively notify of any new or potential RPR that the person knows of or any changes to previously notified RPR to the Responsible Accounting Officer by no later than 30 days after the person knows of the transaction or change.

At least 30 days before a specified notification period, the Responsible Accounting Officer will provide KMP with a Related Party Transaction Notification Form and a Privacy Collection Notice (refer Appendix B).

These notification requirements are in addition to the notifications a KMP must make to comply with Sections 451 and 459 of the Act that relate to material personal interests and conflicts of interest and Council's Code of Conduct Policy (POL101, 102 and 103).

The Responsible Accounting Officer is responsible for identifying information against each notified RPT in Council's business systems for the purpose of recording the RPT and associated information in the Register of Related Party Transactions (RPT).

To ensure all RPT are captured and recorded, the Responsible Accounting Officer is responsible for reviewing, if required, other sources of information held by Council including, without limitation:

- ▶ a register of interests of KMP and of persons related to KMP;
- ▶ minutes of Council and committee meetings; and
- ▶ Council's Contracts Register.



## **5.3.4 Exclusions**

The notification requirements do not apply to:

- ▶ RPT 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 & Facilities Policy (POL103), the particulars of which are contained in Council's Annual Report pursuant to the Regulation, Part 8.

## **5.3.5 Ordinary citizen transactions**

RPT excluded from disclosure requirements on the basis of ordinary citizen transactions are:

- ▶ Any valid discounts and fee waivers that are available to the party as an ordinary citizen and is available to any ordinary citizen in the same circumstance;
- ▶ Any service or benefit occurring within normal employee, customer or supplier relationships and at arm's length; and
- ▶ Are not material or significant.

## **5.3.6 Materiality**

Materiality thresholds will be reviewed annually as part of the audit process.

The following matters must be considered in determining the materiality and significance of any RPT:

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

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

Disclosures that RPT were made on terms equivalent to those that prevail in arm's length transactions can only be made if such terms can be substantiated.

## **5.4 REGISTER OF RELATED PARTY TRANSACTIONS (RPT)**

The Responsible Accounting Officer is responsible for maintaining and keeping up to date a Register of Related Party Transactions that captures and records the information for each existing or potential RPT (including ordinary citizen transactions assessed as being material in nature) during a financial year.

The contents of the Register of Related Party Transactions must detail for each RPT:

- ▶ the description of the RPT;
- ▶ the name of the related party;
- ▶ the nature of the related party's relationship with Council;
- ▶ whether the notified RPT is existing or potential;
- ▶ a description of the transactional documents the subject of the RPT; and
- ▶ the information specified in the section on Council disclosures.

## 5.5 PROCESS

The method for identifying the close members and associated entities of KMP will be by KMP self-assessment. KMP have an ongoing responsibility to advise Council immediately of any RPT.

The preferred method of reporting is for KMP to provide details of related parties and RPT to the Responsible Accounting Officer. The information provided will be reviewed in accordance with the Council's operational requirements and held on a centralised Register of Related Party Transactions (refer Appendix D) and will also be located in Council's document management system.

Should a KMP have any uncertainty as to whether a transaction may constitute a RPT they should contact the Responsible Accounting Officer who will, in consultation with the Director Corporate Services, make a determination.

If a KMP suspects that a transaction may constitute a Related Party disclosure to the Responsible Accounting Officer for consideration and determination.

## 5.6 PRIVACY AND ACCESS TO INFORMATION

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

Council and other permitted recipients will not use or disclose personal information provided in a related party disclosure by 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.

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 this Policy:

- ▶ the Chief Executive Officer (CEO);
- ▶ the Responsible Accounting Officer;
- ▶ Director Corporate Services;
- ▶ Public Officer
- ▶ an Auditor of Council (including an Auditor from the NSW Auditor General's Office); and
- ▶ Other Council Officers, as delegated by the CEO.

Such persons 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:

- ▶ to assess and verify a notified related party transaction;
- ▶ to reconcile identified related party transactions against those notified in a related party disclosure or contained in a register of related party transactions;
- ▶ to comply with the disclosure requirements of AASB 124;
- ▶ to verify compliance with the disclosure requirements of AASB 124.

An individual may access their personal information provided by a KMP in a related party disclosure or contained in a Register of Related Party Transactions in accordance with Council's Privacy Management Plan (POL-206) or at the discretion of the CEO.

### **5.6.1 Government Information (Public Access) Act (GIPA Act) applications**

Disclosures, Notifications and the Register of Related Party Transactions are not available for public access under the Government Information (Public Access) Act 2009 (the 'GIPA Act'). Documents and/or information gathered under the execution of this Policy will not be released on the grounds that it comprises information for which there is an overriding public interest against disclosure pursuant to Section 14 of the GIPA Act.

A GIPA application seeking access to and release of transactional information and documentation the subject of a RPT with Council will be considered, assessed and decided in accordance with Council's usual procedures regarding applications made under the GIPA Act.

## 6. ROLES AND RESPONSIBILITIES

Position	Responsibility
Councillors	<ul style="list-style-type: none"> <li>▶ Provision of information as required in this Policy;</li> <li>▶ Ongoing responsibility to advise Council immediately of any RPT.</li> </ul>
Chief Executive Officer (CEO)	<ul style="list-style-type: none"> <li>▶ Provision of information as required in this Policy;</li> <li>▶ Ongoing responsibility to advise Council immediately of any RPT.</li> </ul>
Directors	<ul style="list-style-type: none"> <li>▶ Provision of information as required in this Policy;</li> <li>▶ Ongoing responsibility to advise Council immediately of any RPT.</li> </ul>
Managers	<ul style="list-style-type: none"> <li>▶ Provision of information as required in this Policy;</li> <li>▶ Ongoing responsibility to advise Council immediately of any RPT.</li> </ul>
Responsible Accounting Officer	<ul style="list-style-type: none"> <li>▶ Make the necessary disclosures in Council's annual financial statements of any RPT.</li> <li>▶ Coordinate information gathering of related party relationships and maintain the <u>Related Party Disclosure Register</u>.</li> </ul>

## 7. EVALUATION AND REVIEW

It is the responsibility of the Director Corporate Services to monitor the adequacy of this Policy and recommend appropriate changes.

A review of KMP and their related parties will be completed on formal adoption of this Policy and then at intervals not exceeding 12 months.

This Policy will also be reviewed when any of the following occur:

- ▶ a change of Councillors, CEO or other KMP;
- ▶ corporate restructure;
- ▶ the related legislation/documents are amended or replaced;
- ▶ as a result of changes to the Office of Local Government (OLG) Local Government Code of Accounting Practice and Financial Reporting;
- ▶ changes to AASB 124; and
- ▶ other circumstances as determined from time to time by a resolution of the Council.

## 8. NON-COMPLIANCE

Failure to disclose RPT will be deemed a breach of this Policy and will be followed by disciplinary action. If applicable, criminal proceedings will be brought against the offender.

## 9. TRAINING AND COMMUNICATION

This Policy will be provided to KMP in the initial awareness raising and data collection and as part of Councillor inductions.

Internal training on supporting this Policy will be scheduled as required.

## 10. ASSOCIATED DOCUMENTS, DEFINITIONS & ACRONYMS

### External:

- ▶ AASB 124 – Related Party Disclosures (July 2015)
- ▶ OLG - Local Government Code of Accounting Practice and Financial Reporting

### Internal:

- ▶ MRC Policy - Code of Conduct (POL100)
- ▶ MRC Policy - Privacy Management Plan (POL206)
- ▶ MRC Policy - Councillor Expenses & Facilities Policy (POL103)
- ▶ MRC Form - Related Party Transaction (RPT) Disclosures by Key Management Personnel (KMP) Form (Appendix A)
- ▶ MRC Form - Privacy Collection Notice (Appendix B)
- ▶ MRC Form Related Party Relationships Notification by Key Management Personnel (KMP) Form (Appendix c)
- ▶ MRC Register - Related Party Transactions Register
- ▶ MRC Register – Contract Register
- ▶ MRC Register – Legal Documents
- ▶ MRC Document – Annual Report

### Definitions:

Term	Definition
Act	Local Government Act 1993. (NSW)
AASB	Australian Accounting Standards Board
AASB 10	AASB 10 – Consolidated Financial Statements – details the criteria for determining whether Council has significant influence over an entity.
AASB 11	AASB 11 – Joint Arrangements – details the criteria for determining whether Council has significant influence over an entity.
AASB 124	AASB 124 – Related Party Disclosures Standard – under Section 334 of the Corporations Act 2001.
AASB 128	AASB 128 – Investments in Associates and Joint Ventures – details the criteria for determining whether Council has significant influence over an entity.
Close members of the family of a person	Those family members who may be expected to influence, or be influenced by, that person in their dealings with the Council and include: <ul style="list-style-type: none"> <li>▶ that person’s children and spouse or domestic partner;</li> <li>▶ children of that person’s spouse or domestic partner; and</li> <li>▶ dependents of that person or person’s spouse or domestic partner.</li> </ul>

Control or Joint Control	<p>A person or entity is deemed to have control if they have:</p> <ul style="list-style-type: none"> <li>▶ power over the entity;</li> <li>▶ exposure, or rights, to variable returns from involvement with the entity; and</li> <li>▶ the ability to use power over the entity to affect the amount of returns.</li> </ul> <p>To jointly control, a person or entity must have contractual rights or 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.</p>
Council Official	Includes Councillors, Council employees, administrators, contractors and consultants, Council Committee members and delegates of Council.
Entity	Can include a body corporate, a partnership or a trust, incorporated association or unincorporated group or body.
Financial Benefit	<p>Includes giving a financial benefit indirectly through an interposed entity, making an informal, oral or non-binding agreement to give the benefit, and giving a benefit that does not involve paying money.</p> <p>Examples (not limited) of “giving a financial benefit” to a related party include the following:</p> <ul style="list-style-type: none"> <li>▶ Giving or providing the related party finance or property</li> <li>▶ Buying an asset from or selling an asset to the related party</li> <li>▶ Leasing an asset from or to the related party</li> <li>▶ Supplying services to or receiving services from the related party</li> <li>▶ Issuing securities or granting an option to the related party</li> <li>▶ Taking up or releasing an obligation of the related party.</li> </ul>
Key Management Personnel (KMP)	Those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether Executive or otherwise) of the entity.
Material (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.</p> <p>For the purpose of this Policy, it is not considered appropriate to set either a dollar value or a percentage value to determine materially.</p>
Ordinary Citizen Transaction	A transaction that an ordinary citizen of the community would undertake in the ordinary course of business with Council.
Possible (possibly) close members of the family of a person	<p>Those family members who could be expected to influence, or be influenced by, that person in their dealings with the Council and include:</p> <ul style="list-style-type: none"> <li>▶ that person’s brothers’ and sisters’</li> <li>▶ aunts’, uncles’ and cousins’ of that person’s spouse or domestic partner</li> <li>▶ dependents of those persons’ or that person’s spouse or domestic partner as stated in dot point 2 above</li> <li>▶ that person’s or that person’s spouse or domestic partners’, parents’ and grandparents’.</li> </ul>
Regulation	The Local Government (General) Regulation 2021

Related Party (RP)	Any person or entity that is related to the entity that is preparing its financial statements (referred to in this Policy as the 'reporting entity').
Related Party Transaction (RPT)	A transfer of resources, services or obligations between Council and a related party, regardless of whether a price is charged.
RPR	Related Party Relationships
Significant (significance)	Likely to influence the decisions that users of the Council's financial statements make, having regard to both the extent (value and frequency) of the transactions, and that the transactions have occurred between the Council and related party outside a public service provider/taxpayer relationship.

## 11. DOCUMENT CONTROL

Version No.	Details	Dates	CM9 Reference	Resolution No.
1	Initial Issue	16 April 2019 to 25 July 2023	VF/19/526	1100419
2	Reviewed and updated to reflect the current adopted format for policies and changes to position descriptions	25 July 2023 to today	VF/19/526	090723

Council reserves the right to review, vary or revoke this policy at any time  
This Policy is scheduled for review in before 2027

### NOTE:

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### DISCLAIMER:

This document was formulated to be consistent with Murray River Council's legislative obligations and with the scope of Council's powers. This document should be read in conjunction with relevant legislation, guidelines and codes of practice. In the case of any discrepancies, the most recent legislation should prevail. This document does not constitute legal advice. Legal advice should be sought in relation to particular circumstances and liability will not be accepted for losses incurred as a result of reliance on this document.

## Appendix A:



### Related Party Transactions Disclosure Form

Linked to Related Party Disclosures Policy – POL-110

Note: This document is confidential and only accessible to the Council Officials nominated in the Related Party Disclosure Policy

Name: \_\_\_\_\_

Position: \_\_\_\_\_

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

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

**1. has previously entered into and which will continue in the \_\_\_\_\_ financial year;**

Description of Related Party Transaction	Is transaction existing/potential?	Related Party's Name (Individual's or entity's name)	Related Party's Relationship/ Reasons why related	Description of Transaction Documents or Changes to the Related Party Relationship



### Related Party Transactions Disclosure Form

**2. has entered into, or is reasonably likely to enter into, in the \_\_\_\_\_ financial year.**

Description of Related Party Transaction	Is transaction existing/potential?	Related Party's Name (Individual's or entity's name)	Related Party's Relationship/ Reasons why related	Description of Transaction Documents or Changes to the Related Party Relationship

#### Key Management Personnel (KMP) Compensation (remuneration) in total and for each of the following categories

Type of Remuneration	Short-term Employee Benefits	Post-Employment Benefits	Other Long-Term Benefits	Termination Benefits

(Add more rows for any of the sections if required)



Related Party Transactions Disclosure Form

Notification			
I _____, (Full name) _____ (Position)			
<p>notify that, to the best of my knowledge, information and belief, as at the date of this notification, the above list includes all existing and potential related party transactions with Council involving myself, close members of my family, or entities controlled or jointly controlled by me or close members of my family, relevant to the _____ financial year.</p> <p>I make this notification after reading the Privacy Collection Notice provided by Murray River Council, which details the meaning of the words "related party", "related party transaction", "close members of the family of a person" and, in relation to an entity, "control" or "joint control", and the purposes for which this information will be used and disclosed.</p> <p>I permit the Responsible Accounting Officer and the other permitted recipients specified in Council's Related Party Disclosure Policy to access the register of interests of me and persons related to me and to use the information for the purposes specified in that policy.</p>			
Signature of named Key Management Person:		Dated:	



## Appendix B:

## PRIVACY COLLECTION NOTICE

Linked to Related Party Disclosures Policy – POL-110

### RELATED PARTY TRANSACTION DISCLOSURES BY KEY MANAGEMENT PERSONNEL (KMP)

#### **Purpose of Collection, Use and Disclosure**

Effective for annual periods beginning on or after 1 July 2016, in order to comply with Australian Accounting Standard AASB 124 Related Party Disclosures, 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.

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

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, the 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.

#### **Notifications by Key Management Personnel**

In order to comply with the AASB 124, Council has adopted a policy that requires all members of its key management personnel (KMPs) to periodically provide notifications, to Council's Responsible Accounting Officer, 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 key management person (a *KMP*) must provide a Related Party Transactions Notification, in the approved form, notifying any existing or potential related party transactions between Council and any related parties of the KMP, to the Chief Executive Officer 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; and
- 30 June.

Also, during a financial year, Key Management Personnel (KMP) must proactively notify of any new or potential Related Party Transactions (RPT) that the person knows of, or any changes to previously notified related party relationships or transactions, relevant to the subject financial year by providing, to the Responsible Accounting Officer, additional Related Party Transactions Notifications by no later than 30 days after the person knows of the transaction or change.

Note, these related party transaction notification requirements are in addition to the notifications Key Management Personnel (KMP) must make to comply with Section 451 and 459 of the Local Government Act 1993 that relate to material personal interests and conflicts of interest and Council's Code of Conduct.

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

#### **Who are Key Management Personnel (KMP)?**

Key Management Personnel (KMP) are persons having authority and responsibility for planning, directing and controlling the activities of Council, directly or indirectly.

For Council, KMPs include:

- Councillors (including the Mayor)
- Chief Executive Officer (CEO)
- Senior Executive Officers / Directors
- Public Officer; and
- Responsible Accounting Officer

#### **Who are Close Family Members of Key Management Personnel (KMP) ?**

Close family members of Key Management Personnel (KMP) are family members who may be expected to influence, or be influenced by, that person in their dealings with Council.

The definition of close members of the family of a person for the purpose of the AASB 124 is broader than the definition of "related" in relation to a person for the purpose of a register of interests under the Local Government (General) Regulation 2005 (the Regulation).

## PRIVACY COLLECTION NOTICE

### Definitely a close family member

- Your spouse/domestic partner
- Your children
- Your dependants
- Children of your spouse/domestic partner
- Dependants of your spouse/domestic partner

### Maybe a close family member

(if they could be expected to influence, or be influenced by, you in their dealings with Council)

- Your brothers and sisters,
- Your aunts, uncles and cousins,
- Your parents and grandparents,
- Your nieces and nephews,
- Any other member of your family

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

Entities that are Controlled or Jointly Controlled by Key Management Personnel (KMP) or their close family members may include companies, trusts, joint ventures, partnerships and non-profit associations such as sporting clubs.

### Control

You control an entity if you have:

- Power over the entity;
- Exposure, or rights, to variable returns from your involvement with the entity; and
- 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 transaction notification.

### Joint control

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.

#### **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 have 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 transaction notification and the entity's related party relationship with Fred and Stan.

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 Responsible Accounting Officer for a confidential discussion.





## Related Party Relationships Disclosure Form

**Disclosure**

I \_\_\_\_\_, (Full name)

\_\_\_\_\_ (Position)

notify that, to the best of my knowledge, information and belief, as at the date of this disclosure, the above information includes all existing and potential related party transactions with Council involving myself, close members of my family, or entities controlled or jointly controlled by me or close members of my family, relevant to the \_\_\_\_\_ financial year.

I make this notification after reading the Related Party Disclosures Policy provided by Murray River Council, which details the meaning of the words "related party", "related party transaction", "close members of the family of a person" and, in relation to an entity, "control" or "joint control", and the purposes for which this information will be used and disclosed.

I permit the Responsible Accounting Officer and the other permitted recipients specified in Council's Related Party Disclosure Policy to access the register of interests of me and persons related to me and to use the information for the purposes specified in that policy.

Signature of named Key Management Person:

Date:

## Appendix D:

### Related Party Register

Linked to Related Party Disclosures Policy – POL-110

Name	Relationship	Nature of Transactions	Terms and Conditions	Reference - Supporting Evidence

### Related Party Register

Name	Relationship	Nature of Transactions	Terms and Conditions	Reference - Supporting Evidence