

Attachment 1 - Related Party Disclosures Policy 2022**Related Party Disclosures Policy**

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| Policy Title | Related Parties |
| Policy Category | Administrative Policy |
| Number & Version | SVC-FIN-PO-019-02 |
| Policy Owner | Chief Financial Officer |
| Approval by | Council |
| Effective date | 1 July 2022 |
| Date for review | December 2024 |

1. Strategic Purpose

The Purpose of this policy is to provide guidance in complying with Section 413 (3) of the *Local Government Act 1993* which requires Councils to prepare General Purpose Financial Statements in accordance with the Australian Accounting Standards.

2. Policy Statement

This policy is required under Australian Accounting Standard *AASB 124 Related Party Transactions*.

AASB 124 states that the objective of this standard is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties.

3. Definitions

Arms-length transaction: a transaction between two related parties that is conducted as if they were unrelated so that there is no question of conflict of interest. That is, the transaction is consistent with what would result from:

- Neither party bearing the other any special duty or obligation
- The parties being unrelated and uninfluenced by the other; and
- Each party acted in its own interest.

Close members of the family of a person: are those family members who may be expected to influence, or be influenced by, that person in their dealings with the Council and include:

- That person's children and spouse or domestic partner;
- Children of that person's spouse or domestic partner; and
- Dependants of that person or that person's spouse or domestic partner.

For the purpose of AASB124, close family members may 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.

- Spouse / Domestic Partner – married, de facto, Civil Union partnership (excludes separated or divorced spouses or partners);
- Dependents - Financially supported by a Key Management Personnel or their spouse/ domestic partner
- Children – Step children, dependent, nondependent, adult children and not living at home (unless they are estranged).

Key Management Personnel: Person(s) having authority and responsibility for planning, directing, and controlling the activities of Council, either directly or indirectly. Specifically, key management personnel of Council are the:

- Councillors (including the Mayor and Deputy Mayor)
- Chief Executive Officer
- Directors
- Public Officer
- Responsible Accounting Officer
- Any Council staff required to act or seconded to a key management personnel role for a period of more than 3 months

Related party: A related party is a person or entity that is related to Council. Related parties are:

- Entities related to Council.
- Key management Personnel of Council.
- Close family members of Key Management Personnel.
- Entities or persons that are controlled or jointly controlled by Key Management Personnel, or their close family members.
- Also, a person or entity is a related party of Council if any of the following apply:
 - they are members of the same group
 - 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 member of the family of a person with significant influence over Council or a close member of the family of a person who is a key management person of Council; or
 - they or any member of a group of which they are a part, provide Key Management Personnel services to Council.

Related party transaction: A transfer of resources, services or obligations between a Council and a related party, regardless of whether a price is charged. Examples of related party transactions are:

- Purchases or sales of goods;
- Purchases or sales of property and other assets;
- Rendering or receiving of services;
- Rendering or receiving of goods;
- Leases;
- Transfers under licence agreements;
- Transfers under finance arrangements (example: loans);
- Provision of guarantees (given or received);
- Commitments to do something if a particular event occurs or does not occur in the future;
- Settlement of liabilities on behalf of Council or by Council on behalf of that related party.

Related party disclosure: A document entitled Related Party Disclosure by Key Management Personnel in the form set out in Attachment A.

Ordinary citizen transactions: A transaction that an ordinary citizen would undertake with Council, which is undertaken on an arm's length basis and in the ordinary course of carrying out Council's functions and activities.

Control: the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control of an entity is present when there is:

- power over the entity
- exposure or rights to variable returns from involvement with the entity
- the ability to use power over the entity to affect the amount of returns received.

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.

4. Content

This policy applies to all key management personnel of Snowy Valleys Council. AASB 124 provides that Council must disclose all material and significant related party transactions and outstanding balances, including commitments, in its annual financial statements.

Key principles

A. Disclosures - To comply with AASB 124, for annual periods, Council will make the following disclosures in its General-Purpose Financial Statements:

- (a) Relationships between Council and its subsidiaries, irrespective of whether there have been transactions between them
- (b) Key management personnel (KMP) compensation in total and for each of the following categories:
 - (i) short-term employee benefits.
 - (ii) post-employment benefits
 - (iii) other long-term benefits
 - (iv) termination benefits
- (c) Amounts incurred by Council for the provision of key management personnel services that are provided by a separate management entity
- (d) The information specified in the disclosed information for related party transactions with the following persons during the periods covered by the Financial Statement.
 - (i) Council subsidiaries
 - (ii) entities who are associates of Council or of a Council subsidiary
 - (iii) joint ventures in which Council or a Council subsidiary is a joint venturer
 - (iv) Council's Key Management Personnel
 - (v) other related parties, comprising:
 - a close family member of a key management personnel of Council
 - entities controlled or jointly controlled by a key management personnel of Council
 - entities controlled or jointly controlled by a close family member of a key management personnel of Council
 - other entities as specified in AASB 124, paragraph 9(b)(iii), (iv), (v) and (viii).

B. Disclosed Information – 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
 - (ii) details of any guarantees given or received
- (d) provisions for doubtful debts related to the amount of outstanding balances

- (e) the expense recognised during the period in respect of bad or doubtful debts due from related parties

C. Disclosed in Aggregate or Separate – Council will disclose information specified in section B 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 under the direction of the Responsible Accounting Officer in consultation with Council's external auditor

D. Related Party Disclosures – Key Management Personnel must provide a related party disclosure 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 to the Financial Accounting Team 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 each year
- (d) 30 June each year

E. Maintain a Register – The Financial Accounting team is responsible for maintaining and keeping up to date a register of related party transactions that captures and records the information specified in section B or each existing or potential related party transaction (including ordinary citizen transactions assessed as being material in nature) during a financial year.

F. 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
- (f) the information specified in the disclosed information section

The Financial Accounting Team is responsible for ensuring that the information specified in section B is disclosed in Council's Financial Statements to the extent, and in the manner stipulated by AASB 124, subject to section C.

5. Superseding Policy/Procedure

Related Party Disclosures – Policy SVC–FIN–PO–019-01

6. Associated Legislation

Australian Accounting Standard AASB124 Related Party Disclosures (AASB124)

Local Government Act 1993

Local Government (General) Regulation 2005

Privacy and Personal Information Protection Act 1998 (PPIPA)

Government Information (Public Access) Act 2009 (GIPPA)

7. Associated Council Documents

Council Code of Conduct Policy

Payment of Expenses and Provision of Facilities to Administrator

Privacy Management Plan

8. History

| Date | Action | Name | Policy Number | Resolution Date | Resolution Number |
|-----------|----------|----------------------------------|-------------------|-----------------|-------------------|
| 27/7/2017 | Approval | Related Party Disclosures Policy | SVC-FIN-PO-019-01 | 27/7/2017 | M98/17 |
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Attachment A

Related Party Disclosure by Key Management Personnel

Name of Key Management Personnel:

Position of Key Management Personnel:

Please read the Privacy Collection Notice provided with this notification, which explains what 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:

- a) has previously entered into and which will continue in the financial year;
- b) 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 |
|--|------------------------------------|--|---|---|
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Declaration

I, notify that, to the best of my knowledge, information

(Full Name)

(Position)

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.

I make this notification after reading the Related Party Disclosures Policy, which defines 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 the Policy to access the register of interests of me and persons related to me and to use the information for the purposes specified.

Signature of Key Management Personnel:

Dated :