



Related Party Disclosures Policy

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Policy Objectives

The Related Parties Disclosures 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 *Australian implementation guidance for not-for-profit public sector entities (AASB 124)*.

Council is committed to complying with these disclosure requirements and this Policy aims to ensure that all information regarding related party transactions necessary for users to understand their potential effects is properly identified, recorded and disclosed in Council's general purpose financial statements.

This Policy does not replace or meet the obligation on Councillors and staff to disclose a conflict of interest under Council's Code of Conduct.

Definitions

Term	Meaning
AASB 10	The Australian Accounting Standard – Consolidated Financial Statements.
AASB 11	The Australian Accounting Standard – Joint Arrangements.
AASB 124	The Australian Accounting Standard – Related Party Disclosures.
AASB 128	The Australian Accounting Standard – Investments in Associates and Joint ventures
Close family members / close members of the family	<p>In relation to a <i>key management person</i>, family members who may be expected to influence, or be influenced by, that key management person in their dealings with Council including:</p> <ul style="list-style-type: none"> a) that person's children and spouse or domestic partner; b) children of that person's spouse or domestic partner; c) dependants of that person or that person's spouse or domestic partner. <p>For the purposes of <i>AASB 124</i>, close family members could include extended members of a family (such as, without limitation, parents, siblings, grandparents, aunts, uncles or cousins) if they could be expected to influence, or be influenced by, the key management person in their dealings with Council.</p>
Control	<p>Control of an entity is present when there is:</p> <ul style="list-style-type: none"> 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 as determined in accordance with <i>AASB 10 – Consolidated Financial Statements</i> (paragraphs 5 to 18 and Appendices A and B).

<p>Joint Control</p>	<p>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.</p>
<p>Compensation</p>	<p>Compensation includes all employee benefits (as defined in AASB 119 <i>Employee Benefits</i> including benefits to which AASB2 <i>Share-based Payment</i> applies. Employee benefits are all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered to the entity.</p> <p>Compensation includes:</p> <ul style="list-style-type: none"> a) short-term benefits such as wages and salaries, paid annual and sick leave and non-monetary benefits (cars) for current employees; b) post-employment benefits such as pensions and other retirement benefits; c) other long-term benefits including long-service leave or other long-service benefits if they are not payable wholly within twelve months after the end of the period; d) termination benefits; and e) share-based payments.
<p>Key Management Personnel or Key Management Person (KMP)</p>	<p>Person(s) having authority and responsibility for planning, directing and controlling the activities of Council, directly or indirectly. Specifically, KMP of Council are:</p> <ul style="list-style-type: none"> • The Mayor and Councillors • The General Manager • Directors <p>Other persons may be considered KMP if they meet the definition requirements including persons acting in a KMP position even if for a short period of time.</p>
<p>Local Government Code of Accounting Practice and Financial Reporting</p>	<p>The Code issued by the Office of Local Government annually prescribing and guiding the content of Council's general purpose financial statements.</p>
<p>Material (materiality)</p>	<p>Factors and thresholds determined by Council's Responsible Accounting Officer in consultation with Council's external auditor.</p>
<p>Ordinary citizen transactions</p>	<p>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 by the Responsible Accounting Officer to be not material in nature are:</p> <ul style="list-style-type: none"> • paying Council Rates; and • using a Council hall after paying the applicable fees.
<p>Related Party</p>	<p>A person or entity that is related to Council as defined in AASB 124 (paragraph 9), for example:</p> <ul style="list-style-type: none"> • Entities related to Council; • KMP; • close family members of KMP; • entities that are controlled or jointly controlled by KMP or their close family members.

Related Party Transaction (RPT)	A transfer of resources, services or obligations between Council and a related party, regardless of whether a price is charged, for example: <ul style="list-style-type: none"> • purchases or sales of goods; • purchases or sales of property and other assets; • rendering or receiving of services; • rendering or receiving of goods; • leases; • 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 Relationship Notification (RPRN)	A form entitled Related Party Notification as shown in Annexure 1 to this Policy.
Related Party Transaction Notification (RPTN)	A form entitled Related Party Transaction Notification as shown in Annexure 2 to this Policy.
Responsible Accounting Officer (RAO)	A member of Council staff designated by the General Manager to fulfil the duties of the role (<i>cl.196 Local Government (General) Regulation 2005</i>) – Council's Chief Financial Officer.

Scope

This Policy applies to all related party transactions which occur between Council and a related party.

Disclosures made under this Policy do not replace or meet the obligation on Councillors and staff to disclose a conflict of interest under Council's Code of Conduct.

Policy Content

Introduction

All Councillors, the General Manager and Directors are responsible for ensuring that this Policy is understood and complied with.

KMP are responsible for identifying their related parties and notifying Council of any related party transactions.

Council will prepare and report related party disclosures in accordance with *AASB 124* and the *Local Government Code of Accounting Practice and Financial Reporting*. To do so, Council will maintain a system to identify and capture related party relationships and transactions with related parties.

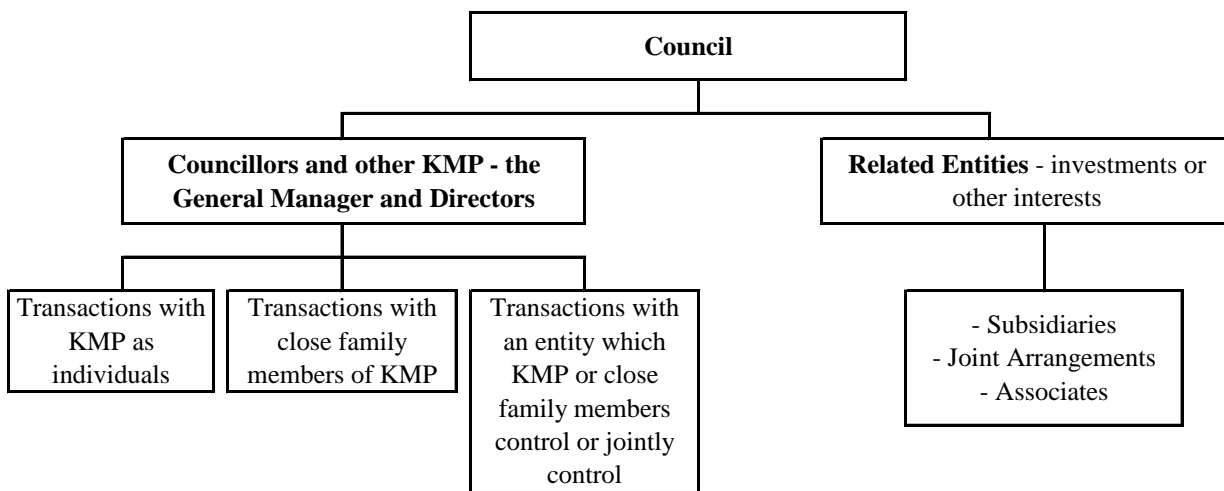
Council's Governance Department is responsible for maintaining related party information while the Finance Department is responsible for preparing relevant disclosures in order to

comply with AASB 124 based on the information maintained by the Governance Department.

Related Party Transactions

Related Parties of Council are:

- Entities related to Council
- KMP of Council
- close family members of KMP;
- entities that are controlled or jointly controlled by KMP or their close family members.



Key Management Personnel

In order to comply with AASB 124, this Policy requires all KMP to periodically provide notifications to the Governance Department of any existing or potential related party transactions between Council and any of their related parties during a financial year, and any changes to related party relationships.

KMP must complete the Related Party Relationship Notification form (Annexure 1) notifying the Governance Department of any existing or potential related party relationships between the Council and any related parties of the KMP by no later than:

- 30 days after the commencement of the application this Policy
- 30 days after a KMP commences their term on, or employment with, Council

During the financial year, a KMP must proactively notify the Governance Department of any new or potential related party relationships that the person knows of, or any changes to previously notified relationships, by no later than 30 days after the person knows of the relationship or change.

KMP must also provide a Related Party Transaction Notification (Annexure 2), notifying any existing or likely related party transactions between Council and themselves, their close family members or entities controlled or jointly controlled by them or any of their close family

members, to the Council's Governance Department annually by 30 June or an earlier time as requested.

The notification requirements do not apply to transactions such as:

- a) related party transactions that are ordinary citizen transactions assessed by the RAO as being not material. Queries can be directed to the RAO;
- b) for Councillors, income received through payment of the Mayoral Allowance and Councillor Fees;
- c) also for Councillors, expenses incurred, reimbursement received or facilities provided under Council's *Payment of Expenses and Provision of Facilities to the Mayor, Deputy Mayor and Councillors Policy*, the particulars of which are contained in Council's Annual Report.

"NIL" returns are required to be made when a KMP has no related party relationships or related party transactions to disclose.

It should be noted that Council's external auditor (the NSW Auditor General) may audit related party information as part of the annual external audit.

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 its financial statements. When assessing whether it 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.

This information will be included in the Register of Related Party Transactions and updated on an annual basis.

Register of Related Party Transactions

Council will maintain a Register of Related Party Transactions (Annexure 3) that records information advised by RPT Notifications which will provide the basis for disclosing related party transactions in Council's annual general purpose financial statements.

Information Privacy

Any application seeking access to information either provided in a RPT Notification or information contained in the Register of Related Party Transactions will be considered, assessed and determined in accordance with Council's *Information Guide* prepared in accordance with the Government Information (Public Access) Act 2009.

Except as specified in this Policy, Council and other permitted recipients will not use or disclose personal information provided in a RPT Notification or contained in the 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 RPT Notification or contained in the Register of Related Party Transactions for the purposes specified below:

- a) KMP for information about themselves;
- b) Council's RAO;
- c) officers of Council responsible for maintaining related party information and preparation of the general purpose financial statements;
- d) members of Council's Audit & Assurance Committee;
- e) an auditor of Council, including an auditor contracted by the Audit Office of New South Wales.

A person specified above may access, use and disclose information (including personal information) in a RPT Notification or contained in the Register of Related Party Transactions for the following purposes:

- a) to assess and verify a related party transaction;
- b) to reconcile related party transactions against those notified in a RPT Notification or contained in the Register of Related Party Transactions;
- c) to comply with the disclosure requirements of *AASB 124* and the *Local Government Code of Accounting Practice and Financial Reporting*;
- d) to verify compliance with the disclosure requirements of *AASB 124* and the *Local Government Code of Accounting Practice and Financial Reporting*.

An individual may access their personal information provided in a RPT Notification or contained in the Register of Related Party Transactions in accordance with Council's *Privacy Management Plan*.

Applicable Legislation (including relevant sections/clauses)(where relevant)

Local Government Act 1993
AASB 124 – Related Party Disclosures
Local Government Code of Accounting Practice and Financial Reporting
Government Information (Public Access) Act 2009

Related Policies and Procedures

Payment of Expenses and Provision of Facilities to the Mayor, Deputy Mayor and Councillors Policy.

Woollahra Municipal Council Information Guide (prepared in accordance with the Government Information (Public Access) Act 2009).

Woollahra Municipal Council Privacy Management Plan.

Woollahra Municipal Council Code of Conduct.

Links to the Delivery Program and Operational Plan (DPOP) and Other Corporate Documents

This policy is related to the following DPOP Themes:-

Theme:	Community leadership and participation
Goal:	Well managed Council
Strategy:	Maintain Council's strong financial position
Priority:	Effective management of Council's finances

Review of this Policy

This Policy will be reviewed every two years or as required in the event of legislative changes. The Policy may also be changed as a result of other amendments that are to the advantage of that Council and in the spirit of this Policy. Any amendment to the Policy must be by way of a Council Resolution or the approval of the General Manager.

Policy Amendments

Date	Responsible Officer	Description
14 Nov 2016	Don Johnston	Preparation of draft Policy
6 Jan 2017	Don Johnston	Update following comments provided by external auditor
28 Mar 2017	Don Johnston	Update during Committee report preparation – Objectives clarification

**ANNEXURE 1
Related Party Relationship Notification**

Name of Key Management Person: _____

Position / Office of Key Management Person: _____

Details of Person or Entity	Relationship

Notification:

I, _____, _____
(Full Name) (Position / Office)

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 relationships involving myself, or entities controlled or jointly controlled by me of close members of my family, relevant for the period I hold the above position / office or until I advise the relationship has ceased.

I make this notification having read Woollahra Municipal Council’s Related Parties Disclosure Policy which details the meaning of the terms “related party”, “related party transaction”, “close members of the family” and, in relation to an entity, “control” and “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 Related Parties Disclosure Policy to access the register of interest of me and persons related to me and to use that information for the purposes specified in that Policy.

Signature of Key Management Person: _____

Date:

ANNEXURE 2
Related Party Transactions Notification

Name of Key Management Person: _____

Position / Office of Key Management Person: _____

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

- a) has entered into previously and continues in the 2016/17 financial year; and/or
- b) has entered into during the 2016/17 financial year; and/or
- c) has entered into, or is reasonably likely to enter into, in the 2017/18 financial year

Description of Related Party Transaction	Value of Transaction or equivalent	Related Party's Name (individual's or entity's name)	Related Party's Relationship / Reasons why related

Notification

I, _____, _____
(Full Name) (Position / Office)

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 likely related party transactions between Woollahra Municipal Council and myself, close members of my family, or entities controlled or jointly controlled by me or close members of my family relevant to the 2016/17 financial year.

I make this notification having read Woollahra Municipal Council's Related Parties Disclosure Policy which details the meaning of the terms "related party", "related party transaction", "close members of the family" and, in relation to an entity, "control" and "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 Related Parties Disclosure Policy to access the register of interest of me and persons related to me and to use that information for the purposes specified in that Policy.

Signature of Key Management Person: _____

Date: _____

**ANNEXURE 3
Woollahra Council**

REGISTER OF RELATED PARTY TRANSACTIONS

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