



Blackall-Tambo

Regional Council

Related Party Disclosure Policy

Policy Number: Admin 39	Effective Date: 21 September 2022
Version Number: Two	Review Date: 17 August 2026
Policy Compiled by: Chief Executive Officer	
Procedure Approved by: Chief Executive Officer	

INTENT:

The intent of this policy is to ensure Council complies with its obligations under the *Local Government Act 2009*, the *Local Government Regulation 2012* and the Australian Accounting Standard AASB 125 *Related Party Disclosures* (the Standard).

SCOPE:

This policy applies to all key management personnel employees and Councillors as defined by the Standard and this policy.

REFERENCE:

Legislation

Local Government Act 2009
Local Government Regulation 2012

Other

Australian Accounting Standards Board (AASB):

AASB 124 Related Party Disclosures
AASB 10 Consolidated Financial Statements
AASB 11 Joint Arrangements
AASB 128 Investments in Associates and Joint Venture

PROVISIONS

The following sets out the framework for Council compliance with related party disclosure requirements under legislation and relevant Australian Accounting Standards.

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DEFINITIONS

Close Family Members are family members who may be expected to influence, or be influenced by, that person in their dealings with Council and includes the family members listed in the Standard.

Ordinary Citizen Transactions (OCTs) are transactions that occur during the course of delivering Council's public service objectives and which occur on no different terms to that of the general public.

Entity – can include a body corporate, a partnership or a trust, incorporated association or unincorporated group or body.

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

A **related party** is a person or entity that is related to Council. Examples of related parties are:

- a) A member of the KMP and close family members of the KMP.
- b) Entities controlled or jointly controlled by a member of the KMP or their close family members.
- c) Any person who has significant influence over the reporting entity.

A **related party transaction** is a transfer of resources, services or obligation between the entity and a related party, regardless of whether a price is charged. Examples of related party transactions are:

- a) Purchase or sale of goods.
- b) Purchase or sale of property and other assets.
- c) Rendering or receiving of services.
- d) Rendering or receiving of goods.
- e) Development applications.
- f) Leases.
- g) Commitments to do something if a particular event occurs or does not occur in the future.
- h) Settlement of liabilities on behalf of Council or by Council on behalf of that related party.

PRINCIPALS

1. Legislative Requirement

Under the provisions of the Act and Regulation Council must produce annual financial statements that comply with Australian Accounting Standards. From 1 July 2016, the Australian Accounting Standards Board has determined that AASB 124 will apply to government entities, including local governments.

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2. Identifying Related Parties

Related parties include government-related entities, key management personnel (KMP), their close family member and any entities that they control or jointly control. In accordance with paragraph 14 of AASB 124, to enable users of financial statements to form a view about the effects of related party relationships on an entity it is appropriate to disclose the related party relationship when control exists, irrespective of whether there have been transactions between the related parties. Any transactions with these parties, whether monetary or not, need to be identified for inclusion in Council's annual financial statements.

3. Government Related Entities

In accordance with AASB 10, AASB 11 and AASB 128, Council will need to determine if there are any entities that are controlled by Council, jointly controlled by Council or over which Council has significant influence. Any transactions with these parties, whether monetary or not, need to be identified for inclusion in Council's annual financial statements.

Under paragraph 25 of AASB 124 Council is exempt from the disclosure requirements in relation to related party transactions and outstanding balances, including commitments, with government entities that have control, joint control or significant over Council.

4. Key Management Personnel (KMP)

Council has determined in accordance with AASB 124, that the following positions meet the definition of KMP:

- a) Mayor
- b) Councillors
- c) Chief Executive Officer (CEO)
- d) Directors
- e) Manager of Finance

KMP are to provide an annual declaration identifying:

- a) Their close family members; and
- b) Entities that they control or jointly control; and
- c) Entities that their close family members control or jointly control.

5. Close Family Members of KMP

The following will be considered as close family member of KMP:

- a) Children and dependents;
- b) Spouse/domestic partner;
- c) Children and dependents of a spouse/domestic partner;
- d) Other family members of a KMP that may be expected to influence, or be influenced by, that person in their dealings with Council.

Close family members will be identified in the Related Party Declaration made by a KMP.



6. Entities related to Council

Entities controlled by Council, jointly controlled by Council or over which Council has significant influence are related parties to Council.

7. Entities that are controlled or jointly controlled by KMP or their close family members.

Entities include companies, trusts, joint ventures, partnerships and non-profit associations. Entities controlled or jointly controlled by KMP, or close family members of KMP, are related parties of Council.

The terms “control”, “jointly controlled” and “significant influence” are used in this policy with the meanings specified in Australian Accounting Standards.

8. Review

A review of all related parties (KMP, close family members and related entities) will be conducted annually, or in the event of one or more of the following triggers:

- a) Change of Councillor/s or CEO;
- b) Change in Senior Executive Employees;
- c) Corporate restructure;
- d) Change in family structure of KMP.

9. Identifying ordinary citizen transactions (OCTs)

Council has determined that the following transactions constitute an OCT and are therefore not material for disclosure:

- a) Paying council fees, rates or charges
- b) Attending Council functions that are open to the public
- c) Payment for goods or services from Council at rates published in Council’s Register of Fees and Charges.

In the event that the transaction was to occur on terms and conditions that are different to those offered to the general public, then the transaction may become material.

10. Related Party Register

Related Party Transactions will be collated in a Related Party Register for audit and reporting purposes.

11. Information Privacy

The following information is classified as confidential, and is not available for inspection by or disclosure to the public, including through a Right to Information (RTI) application:



- a) Information (including personal information) provided by a KMP in a Related Party Declaration; and
- b) Personal information contained in a register of related party transactions.

Council and Officers of Financial Services will not use or disclose personal information provided in a Related Party Declaration or contained in a register of related party transactions, for any other purpose than the below (without the prior written consent of the subject KMP):

- a) To assess and verify related party relationships and transactions.
- b) To comply with the disclosure requirements of the Australian Accounting Standards.

12. Disclosing Related Party Transactions

Council will disclose KMP compensation in accordance with the requirements of paragraph 17 of AASB 124.

In accordance with paragraph 18 of AASB 124 Council is also required to disclose information about transactions that have occurred between Council and its related parties including transactions between Council and its KMPs that is necessary for users to understand the potential effect of the relationship on the financial statements.



DECLARATION BY KEY MANAGEMENT PERSONNEL

Private and Confidential

Name of Key Management Person	
Position of Key Management Person	

(List details of known close family members, entities that are controlled/jointly controlled by Key Management Personnel and entities that are controlled/jointly controlled by the close family members of Key Management Personnel.)

Name of Person or Entity	Relationship

I _____, _____
(full name) (position)
declare that the above list 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 Blackall-Tambo Regional Council – Related Party Disclosure Policy supplied by Council which details the meaning of the works 'close family member' and 'entities controlled, or jointly controlled, by myself or my close family members'.

Declared at _____ on the _____
(place) (date)

Signature of KMP: _____