



F1 Related Party Disclosures

Policy Objective

To define the parameters for related party relationships, transactions and outstanding balances and the level of disclosure and reporting required for the Shire to achieve compliance with the Australian Accounting Standard AASB 124 – Related Party Disclosures

Policy

IDENTIFICATION OF RELATED PARTIES:

AASB 124 provides that the Shire will be required to disclose in its Annual Financial reports, related party relationships, transactions and outstanding balances.

Related parties include a person who has significant influence over the reporting entity, a member of the Key Management Personnel (KMP) of the entity, or a close family member of that person who may be expected to influence that person.

KMP are defined as persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

For the purpose of determining the application of the standard, the Shire has identified the following persons as meeting the definition of Related Party:

- An elected Council member.
- Key management personnel being a person employed under s5.36 of the Local Government Act 1995 in the capacity of:
 - Chief Executive Officer.
 - Executive Manager.
- Close members of the family of any person listed above, including that person's child, spouse or domestic partner, children of a spouse or domestic partner, dependents of that person or person's spouse or domestic partner.
- Entities that are controlled or jointly controlled by a Council member, KMP or their close family members. (Entities include companies, trusts, joint ventures, partnerships and non- profit associations such as sporting clubs).

Those persons identified as KMP will complete an annual declaration which outlines the entities, if any, that are controlled or jointly controlled by the KMP or their close family members and which are likely to have transactions with the Shire.

It is the responsibility of all identified KMP to update their declaration should they become aware of a change, error or omission.

The Shire will be required to assess all transactions made with these persons or entities and may determine other family members, such as parent, grandparent, sibling, cousin etc., who may be expected to influence, or be influenced by, that person in their dealings with the Shire or a Shire entity.

IDENTIFICATION OF RELATED PARTY TRANSACTIONS:



A related party transaction is a transfer of resources, services or obligations between the Shire (reporting entity) and the related party, regardless of whether a price is charged.

For the purpose of determining whether a related party transaction has occurred, the following transactions or provision of services have been identified as meeting these criteria:

- Paying rates.
- Fines.
- Transactions relating to the registration and control of domesticated animals as defined in the Dog Act 1976 and Cat Act 2011.
- Transactions whereby a Fee or Charge is incurred and that are included as part of the Councils endorsed Schedule of Fees and Charges.
- Use of Shire owned facilities such as the Ravensthorpe Entertainment Centre, Ravensthorpe Town Hall, Hopetoun Community Centre, parks, ovals and other public open spaces (whether charged a fee or not).
- Attending council functions that are open to the public.
- Employee compensation whether it is for KMP or close family members of KMP, includes all forms of consideration paid, payable or provided in exchange for services rendered to the shire.
- Application fees paid to the Shire for licences, approvals or permits.
- Lease agreements for housing rental (whether for a shire owned property or property sub- leased by the Shire through a Real Estate Agent).
- Lease agreements for commercial properties.
- Monetary and non-monetary transactions between the Shire and any business or associated entity owned or controlled by the related party (including family) in exchange for goods and/or services provided by/to the Shire (trading arrangement).
- Sale or purchase of any property owned by the Shire, to a person or party identified above.
- Sale or purchase of any property owned by a person or party identified above, to the Shire.
- Loan arrangements.
- Contracts and agreements for construction, consultancy or services.

Some of the transactions listed above occur on terms and conditions no different to those applying to the general public and have been provided in the course of delivering public service objectives. These transactions are those that an ordinary citizen would undertake with the Shire and are referred to as Ordinary Citizen Transaction (OCT). Where the Shire can determine that an OCT was provided at arm's length, and in similar terms and conditions to other members of the public and that the nature of the transaction is immaterial, no disclosure in the annual financial report will be required.

REGISTER OF RELATED PARTY TRANSACTIONS:

The Executive Manager Corporate Services 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 related party transaction (including OCTs assessed as being material in nature) during a financial year.

DISCLOSURE REQUIREMENTS:

For the purpose of determining relevant transactions, elected Council members and key management personnel as identified above, will be required to complete a Related Party Disclosures – Declaration form.

1. Ordinary Citizen Transactions (OCTs)

Ordinary Citizen Transactions (OCT's) are provided on terms and conditions no different to those



applying to the general public and which have been provided in the course of delivering public service objectives, are unlikely to influence the decisions that users of the Council's financial statements make. As such no disclosure in the Related Party Disclosures - Declaration form will be required.

- Paying rates.
- Transactions relating to the registration and control of domesticated animals as defined in the Dog Act 1976 and Cat Act 2011.
- Transactions whereby a Fee or Charge is incurred and that are included as part of the Councils endorsed Schedule of Fees and Charges.
- Fines.
- Use of Shire owned facilities such as the Ravensthorpe Entertainment Centre, Ravensthorpe Town Hall, Hopetoun Community Centre, parks, ovals and other public open spaces (whether charged a fee or not).
- Attending council functions that are open to the public.

Where these services were not provided at arm's length and under the same terms and conditions applying to the general public, elected Council members and KMP will be required to make a declaration in the Related Party Disclosures – Declaration form about the nature of any discount or special terms received.

2. All other transactions

For all other transactions identified as related party transactions above, elected Council members and KMP will be required to make a declaration in the Related Party Disclosures – Declaration form.

3. Frequency of disclosures

- Key Management Personnel and Councillors will be required to complete a Related Party Disclosures – Declaration form annually.
- Disclosures must be made by any new Councillors immediately following an ordinary or extraordinary election.
- Disclosure must be made immediately prior to the termination of employment of/by a KMP.

4. Confidentiality

All information contained in a disclosure return will be treated in confidence. Generally related party disclosures in the annual financial reports are reported in aggregate and as such, individuals are not specifically identified. Notwithstanding, management is required to exercise judgement in determining the level of detail to be disclosed based on the nature of a transaction or collective transactions and materiality. Individuals may be specifically identified if the disclosure requirements of AASB 124 so demands.

5. Materiality

Management will apply professional judgement to assess the materiality of transactions disclosed by related parties and their subsequent inclusion in the financial statements.

In assessing materiality management will consider both the size and nature of the transaction, individually and collectively.



DOCUMENT CONTROL BOX		
Custodian: Executive Manager Corporate Services		Decision Maker: Council
Compliance Requirements:		
Legislation:		
Industry:	AASB 124 Related Party Disclosures https://www.aasb.gov.au/admin/file/content105/c9/AASB124_07-15_COMPdec22_01-23.pdf	
Organisational:	Related Party Disclosures - Declaration Form	
Document Management: Related Party Disclosures - Declaration Form		
Risk Rating: Low	Review Frequency: 4 Years	Next Due: 2024
Version #	Decision Reference:	Description:
a	OCM 21/07/20 – Item 13.2	2020 - Comprehensive policy register review.
b	OCM 17/03/2026 Item 12.1.3	Comprehensive Policy Register Review