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POLICY



Related Party Disclosure Policy

DOCUMENT CONTROL

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1	14/06/2017		DFCS		17/043
2	Dec 2025	<u>Significant rewrite of policy including definitions, reporting requirements and privacy in relation to relevant legislation and standards</u>	EMCS	Council	

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PURPOSE

The purpose of this policy is to define the parameters for Related Party Transactions and the level of disclosure and reporting required for Central Tablelands Water County Council (Council) to achieve compliance with *AASB124 – Australian Accounting Standard 124 Related Party Disclosures*.

The Standard ensures that Council's financial statements contain 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 transactions with them. The disclosures allow users of Council's financial statements to understand potential effects related party transactions may have on its financial position.

OBJECTIVE

Council is committed to ensuring transparency in its financial dealings and compliance with relevant Accounting Standards (including AASB 124), the proper identification, assessment, disclosure and management of related-party relationships and transactions.

DEFINITIONS

Items	Definitions
<u>AASB 124</u>	Australian Accounting Standard 124 Related Party Disclosures (as amended, operative for periods beginning on or after 1 January 2023)
Related Party	<p>A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the 'reporting entity').</p> <p>For the purpose of this policy related parties are entities related to Council, Key Management Personnel (KMP) and close family members of KMP of Council.</p> <p>a) A person or a close member of that person's family is related to the Council if that person:</p> <ul style="list-style-type: none">i. has control or joint control of the Council;ii. has significant influence over the Council;iii. or is a member of the key management personnel of the Council. <p>b) An entity is related to Council if any of the following conditions apply (adapting from paragraph 9(b) of AASB 124) standards.aasb.gov.au</p> <ul style="list-style-type: none">iv. The entity and Council are members of the same group (i.e., each parent, subsidiary and fellow-subsidiary are related).v. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).vi. Both entities are joint ventures of the same third party.vii. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.viii. The entity is a post-employment benefit plan for the benefit of employees of either Council or an entity related to Council. If Council is itself such a plan, the sponsoring employers are also related to Council.ix. The entity is controlled or jointly controlled by a person identified in (a).x. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).xi. The entity, or any member of a group of which it is a part, provides key management personnel services to Council.

Related Party Transaction	<p>Is a transfer of resources, services or obligations between Council and a related party, regardless of whether a price is charged. (Reflects paragraph 9[2] of AASB 124) standards.aasb.gov.au. Examples include (but are not limited to):</p> <ul style="list-style-type: none"> a) Purchases or sales of goods; b) Purchases or sales 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; h) Settlement of liabilities on behalf of Council or by Council on behalf of that related party.
Close Members of the Family	<p>A person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:</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; and c) dependants of that person or that person's spouse or domestic partner.
Key Management Personnel	<p>Are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any councillor of that entity.</p> <p>For the purposes of this policy key management personnel are elected members, the general manager and executive managers. Persons acting in a KMP position will not be considered KMP unless they are acting for a period of more than four (4) consecutive weeks.</p>
Ordinary Citizen Transactions	<p>Transactions that are made on an arm's length basis between the Council and KMP and their close family members that an ordinary citizen of the community would transact with the Council. This would include non-material Water Rates on properties they own. These transactions are exempt from notification under this policy.</p>
Arm's Length Transactions	<p>A transaction between two related parties that is conducted as if they were unrelated, so that there is no question of conflict of interest.</p>
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 materiality.</p>

SCOPE

This policy shall apply to Related Parties of Council and related party transactions which Council becomes aware of, including those with key management personnel, their close family members, and entities related to them.

POLICY STATEMENT

1. Policy Statement

Council will prepare and report related party disclosures in accordance with AASB 124 requirements and this policy.

To achieve this, Council will implement procedures for the identification, classification and documentation of related party relationships and transactions, for determining materiality, and for ensuring required disclosures are made.

2. Related Party Relationships

Council will identify any entities and KMP that fall within the definition of a related party.

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

- a) entities related to Council
- b) KMP of Council
- c) close family members of KMP
- d) possible close family members of KMP's, and
- e) entities or persons that are controlled or jointly controlled by KMP, or their close family members, or their possible close family members.

3. Related Party Transactions

Key Management Personnel must provide a Related Party Transactions Notification form, 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 General Manager.

Disclosures of Related Parties and Transactions shall be required of Key Management Personnel at least annually, on 30 June.

Key Management Personnel should provide updates on Related Parties and Transactions as issues arise by submitting an updated Related Parties Disclosure Form at times other than the annual collection date listed above, if their situation changes.

The notification requirement above does not apply to:

- a) Related party transactions that are ordinary citizen transactions not assessed as being material; and
- b) For Councillors, expenses incurred, and facilities provided to a Councillor during the financial year, under Council's Councillor Expenses and Facilities Policy, the particulars of which are contained in Council's Annual Report.

4. Required Disclosures & Reporting

[AASB124](#) provides that Council must disclose the following financial information in its financial statements for each financial year:

- a) Disclosure of any related party relationship – must disclose in the annual financial statements its relationship with any related parties or subsidiaries (where applicable), whether or not there have been transactions within the relevant reporting period.
- b) KMP Compensation Disclosures – must disclose in the annual financial statements KMP for each of the following categories of compensation in total:
 - a. The amount of the transactions,

- b. The amount of outstanding balances, including commitments, aggregated remuneration, and:
 - i. Their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and
 - ii. Details of any guarantees given or received,
- c) Provisions for doubtful debts related to the number of outstanding balances, and
- d) The expense recognised during the period in respect of bad or doubtful debts due from related parties.

5. Related Party Transactions Disclosure

Related Party Transactions that are to be disclosed if they are or a material and significant nature include, but not limited to:

- Purchases or sales of goods
- Purchases or sales of property and other assets
- Rendering or receiving of 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)
- Settlement of liabilities on behalf of Council or by Council on behalf of the related party
- Quotations and/or tender; and Commitments.

6. Materiality

All transactions involving related parties will be captured and reviewed to determine materiality and significance. The following matters must be considered in determining the materiality and significance of any related party transactions:

- a. Significance of transactions in terms of size
- b. Whether the transaction was carried out on non-market terms
- c. Whether the transaction is outside normal day-to-day business operations, such as purchase and sale of assets
- d. Whether the transaction is disclosed to regulatory or supervisory authorities
- e. Whether the transaction has been reported to senior management
- f. Whether the transaction was subject to Council approval
- g. Whether the transaction provides a financial benefit which is not available to the general public.

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

All transactions involving Related Parties will be captured and reviewed to determine materiality and significance.

7. Information Privacy

- Information (including personal information) provided by a KMP in a notification form is classified as confidential and is not available for inspection or disclosure to the public, including a GIPA request.

- A GIPA request for access to information about a KMP notification will be refused on the grounds that the document or information comprises information the disclosure of which would, on balance, be contrary to the public interest.
- Except as specified in this policy, Council and other permitted recipients will not use or disclose personal information provided in a notification by a KMP, 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 notification:

- KMP for information about themselves
- Officers of Council's Finance and Corporate Services Departments responsible for maintaining related party information and preparing financial reports
- Member of Council's Audit Committee
- Auditors of Council.

Any breach of this confidentiality obligation will be managed under Council's Code of Conduct Policy.

POLICY REVIEW

This policy will be reviewed every term of Council (4 years), or more frequently if needed, with reference to any relevant legislation, best practice guides, or other related factors.

RELATED REFERENCE DOCUMENTS

- Local Government Act 1993Local Government (General) Regulation 2005
- Local Government Code of Accounting Practice and Financial Reporting
- AASB124 Related Party Disclosures (as amended) Government Information (Public Access) Act 2009 (NSW) GIPA – relevant for information access/ privacy
- Council Access to Information Policy and Councillor Expenses & Facilities Policy

VARIATION

Council reserves the right to review, vary or revoke this policy.