

1 PURPOSE OF COLLECTION, USE AND DISCLOSURE

Effective for annual periods beginning on or after 1 July 2016, Council must disclose certain related party relationships and related party transactions together with information associated with those transactions in its general purpose financial statements, in order to comply with *Australian Accounting Standard AASB 124 Related Party Disclosures July 2015 (AASB 124)*.

Related parties include Council's Key Management Personnel (KMP), their close family members, and any entities that they or any of their close family members control or jointly control.

A related party transaction is any transaction (whether a transfer of resources, services or obligations) between the reporting local government and any of the related parties, whether monetary or not.

If there is a related party transaction with Council applicable to a reporting financial year, AASB 124 requires Council to disclose in the financial statements the nature of the related party relationship and information about the transaction, including outstanding balances and commitments associated with the transaction. Disclosure in the financial statements may be in the aggregate and/or made separately, depending on the materiality of the transaction.

For more information about Council's disclosure requirements under AASB 124, please refer to Council's Related Party Disclosure Policy.

2 NOTIFICATIONS BY KEY MANAGEMENT PERSONNEL

In order to comply with AASB 124, Council has adopted a policy that requires all members of its KMP to periodically provide notifications to the Manager Governance and Information of any existing or potential party transactions between Council and any of their related parties during a financial year, and any changes to previously notified related party relationships and transactions relevant to the subject financial year.

To this end, each KMP must provide a Related Party Disclosure, in the approved form, notifying any existing or potential related party transactions between Council and any related parties of the KMP, to the Finance Manager by no later than the following periods during a financial year:

- 30 days after initial approval of Policy FIN27
- 30 days after a KMP commences their term or employment with Council
- 30 November (each year); and
- 30 June (each year)

Note: These related party disclosure requirements are in addition to the notifications KMP's are required to make to comply with other Council policies.

This includes disclosures relating to Conflicts of Interest and Gifts and Benefits. Council's auditors may audit related party information as part of the annual external audit.

For privacy and right to information status of this information, please refer to Council's Related Party Disclosure Policy.

3 WHO ARE KMPs?

KMPs are persons having authority and responsibility for planning, directing and controlling the activities of Council, directly and indirectly.

For Council, KMPs include:

- Mayor
- Elected Members
- Chief Executive Officer
- Directors
- Other Officers with delegations under Section 103 Local Government Act

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

- a) That person's children and spouse or domestic partner;
- b) Children of that person's spouse or domestic partner; and
- c) Dependents of that person or that person's spouse or domestic partner.

Under AASB 124, close family members could include extended members of a family (such as, without limitation, a parent, grandparent, siblings, etc) if they could be expected to influence, or be influenced by the KMP in their dealings with Council.

The following table may assist with identifying close family members:

<i>Definitely a close family members</i>	<i>Maybe a close family member</i>
Your spouse/domestic partner	Your brothers and sisters, if they could be expected to influence, or be influenced by you in their dealings with Council
Your children	Your aunts, uncles and cousins, if they could be expected to influence, or be influence by you in their dealings with Council
Your dependents	Your parents and grandparents, if they could be expected to influence, or be influence by you in their dealings with Council
Children of your spouse/domestic partner	Your nieces and nephews, if they could be expected to influence, or be influenced by you in their dealings with Council
Dependents of your spouse/domestic partner	Any other member of your family if they could be expected to influence, or be influenced by you in their dealings with Council

5 CONTROL & ENTITIES

Entities include companies, trusts, incorporated and unincorporated associations such as clubs and charities, joint ventures and partnerships.

You control an entity if you have:

- Power over the entity;
- Exposure, or rights to variable returns from your involvement with the entity; and
- The ability to use your power over the entity to affect the amount of your returns.

Example of Control:

Fred is the Mayor of Sunny Shire Council and owns 100% of the ordinary shares in Sunny Development Company Pty Ltd (the company). The ordinary shares are the only shares in the company that have voting rights. Fred controls the company because he has the power to affect the company's decisions and the return that he will get from the company. Fred will need to include the company of his Related Party Disclosure.

To jointly control an entity, there must be contractually agreed sharing of control of the entity, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Example of Joint Control:

Fred is the Mayor of Sunny Shire Council and owns 50% of the ordinary shares in Sunny Development Company Pty Ltd (the company). Fred's brother Stan owns the other 50% of the ordinary shares. Fred and Stan are the only Directors of the company and have equal voting rights on the board. Fred and Stan have joint control of the company because any decisions require the unanimous consent of them both. Fred will need to include the company on his Related Party Disclosure and the entity's related party relationship with Fred and Stan.

In some cases, it will be obvious that you or a family member control or have joint control over an entity. In other cases it will be less clear.

If you are unsure whether you, or a close family member has control or joint control of an entity then you should contact the Finance Manager for a confidential discussion.

