

1. BACKGROUND

The Related Party Disclosure Policy is a local policy to ensure that Coonamble Shire Council's Financial Statements contain disclosures necessary to comply with the Australian Accounting Standards AASB 124 – Related Party Disclosures.

Related party relationships are a normal feature of commerce and business. A related party relationship could have an effect on the profit or loss and financial position of Council. A related party relationship could have an effect on the profit or loss and financial position of Council. Related parties may enter into transactions that unrelated parties would not. For example, an entity that sells goods to its parent at cost might not sell on those terms to another customer.

In addition, the profit or loss and financial position of an entity may be affected by a related party relationship even if related party transactions do not occur. The mere existence of the relationship may be sufficient to affect the transactions of the entity with other parties.

Council is committed to responsible corporate governance, including compliance with laws and regulations governing related party transactions.

2. PURPOSE

The purpose of this policy is to define the parameters for Related Party Transactions and the level of disclosure and reporting for Council to satisfy the requirements of the Australian Accounting Standard AASB 124 – Related Party Disclosures.

3. POLICY OBJECTIVE

The objective of the Policy is to ensure that the existence of certain related party relationships, related party transactions and information about the transactions, necessary for users to understand the potential effects on the Financial Statements are properly identified, recorded in Council's systems, and disclosed in Council's General Purpose Financial Statements in compliance with AASB 124, the *Privacy and Personal Information Protection Act 1998* [PPIPA] and the *Government Information (Public Access) Act 2009* [GIPAA].

4. LEGISLATION

This policy is to be read in conjunction with the following:

Australian Accounting Standards AASB124 Related Party Disclosures.

Australian Accounting Standards AASB10 Consolidated Financial Statements.

Local Government Act 1993.

Local Government (General) Regulation 2021

Privacy and Personal Information Protection Act 1998 (PPIP Act)

Government Information (Public Access) Act 2009 (GIPA Act)

5. APPLICATION/SCOPE

This policy relates only to relationships with persons and entities identified as Related Parties under the definitions provided within this policy. As such this policy shall be applied in:

Identifying related party relationships; related party transactions, and ordinary citizen transactions concerning Key Management Personnel [KMP], their close family members and entities controlled or jointly controlled by any of them.

Identifying information about the related part transaction for disclosure.

Establishing systems to capture and record related party transactions and information about those transactions.

Identifying the circumstances in which disclosure of the of related party relationships and related party transactions is required.

Determining the disclosures to be made about those items in Council's General Purpose Financial Statements for the purpose of complying with AASB124.

6. POLICY

6.1 ETHICS AND CONFLICTS OF INTEREST

Officers shall refrain from personal activities that would conflict with the proper execution and management of Council's Related Party Disclosure Policy. Council's Code of Conduct provides guidance for recognising and disclosing any conflicts of interest.

6.2 PRIVACY OBLIGATIONS

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

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

6.2.1 When Consent is Required.

Except as specified in this Policy, Council and other permitted recipients will not use or disclose personal information provided in a related party disclosure by a KMP or

contained in a register of related party transactions for any other purpose or to any other person except with the prior written consent of the subject KMP.

6.2.2 Permitted Recipients.

The following persons are permitted to access, use and disclose the information (including personal information) provided in a related party disclosure or contained in a register of related party transactions for the purposes specified in Section 6.2.3:

The General Manager.

The Responsible Accounting Officer, Director Corporate Services, Manager of Finance and Procurement.

An Auditor of Council (including an Auditor from the NSW Auditor General's Office).

Other Officers as delegated by the General Manager.

6.2.3 Permitted Purposes.

A person specified in Section 6.2.2 may access, use and disclose information (including personal information) in a related party disclosure or contained in a register of related party transactions for the following purposes:

To assess and verify a notified related party transaction.

To reconcile identified related party transactions against those notified in a related party disclosure or contained in a register of related party transactions.

To comply with the disclosure requirements of AASB 124.

To verify compliance with the disclosure requirements of AASB 124.

An individual may access their personal information provided by a KMP in a related party disclosure or contained in a register of related party transactions in accordance with *Council's Privacy Management Plan*.

6.2.4 Government Information (Public Access) (GIPA) Status.

The following documents are not open to or available for inspection by the public:

Related party disclosure provided by a Key Management Personal.

The register of related party transactions.

This is in accordance with the provisions set out within Section 14 Public interest considerations against disclosure of *the GIPA Act*.

6.3 AASB 124 DISCLOSURE REQUIREMENTS

6.3.1 Disclosures.

To comply with AASB 124, for annual periods beginning on or after 1 July 2016, Council will make the following disclosures in its General-Purpose Financial Statements:

- (a) Relationships between Council and its subsidiaries, irrespective of whether there have been transactions between them.
- (b) Key Management Personnel (KMP) compensation in total and for each of the following categories:
 - (i) Short-term employee benefits.
 - (ii) Post-employment benefits.
 - (iii) Other long-term benefits; and
 - (iv) Termination benefits.
- (c) Amounts incurred by Council for the provision of KMP services that are provided by a separate management entity.
- (d) The information specified in Section 1.2 for related party transactions with the following persons during the periods covered by the Financial Statement:
 - (i) Council subsidiaries.
 - (ii) Entities who are associates of Council or of a Council subsidiary.
 - (iii) Joint ventures in which Council or a Council subsidiary is a joint venture party.
 - (iv) Council's KMP.
 - (v) Other related parties, comprising:
 - (a) A close family member of a KMP of Council.
 - (b) Entities controlled or jointly controlled by a KMP of Council.
 - (c) Entities controlled or jointly controlled by a close family member of a KMP of Council.
 - (d) Other entities as specified in AASB 124, paragraph 9(b)(iii), (iv), (v) and (viii),

6.3.2 Disclosed Information.

For each category of related party transactions specified in section 6.3.1 (d), Council will disclose the following information in Council's General Purpose Financial Statements:

The nature of the related party relationship.

The amount of the transactions.

The amount of outstanding balances, including commitments, and:

- their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and
- details of any guarantees given or received.

Provisions for doubtful debts related to the amount of outstanding balances; and

The expense recognised during the period in respect of bad or doubtful debts due from related parties.

6.3.3 Disclosed in Aggregate or Separate Information.

For each related party category specified in section 6.3.1(d), Council will disclose information specified in section 6.3.2 for related part transactions of a similar nature in aggregate, except when separate disclosure is necessary for an understanding of the effects of related party transactions on the General-Purpose Financial Statements of Council, having regard to the following criteria:

The nature of the related party relationship.

The significance of the transaction (individually or collectively) in terms of size or value (including where the materiality arises due to the fact that no consideration for the transaction is given or received by Council).

Whether the transaction is carried out on non-arm's length terms.

Whether the nature of the transaction is outside normal day-to-day business operations, based on the factors and thresholds determined by the Responsible Accounting officer in consultation with the Director Corporate Services, the General Manager and Council's external auditor.

6.4 IDENTIFYING COUNCIL RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

6.4.1 Identification.

The Responsible Accounting Officer is responsible for identifying Council subsidiaries, associates and joint ventures (incorporated and unincorporated) from the Related Entities Register, a document which is prepared to substantiate Note F1 of the Financial Statements "Related party disclosures".

6.4.2 Control or Joint Control.

To determine whether Council has control or joint control of an entity, the Responsible Accounting Officer is responsible for applying Australian Accounting Standards AASB 10 Consolidated Financial Statements and AASB 11 Joint Arrangements.

6.4.3 Associate or Joint Venture.

To determine whether an entity is an associate of, or in a joint venture with, Council or a Council subsidiary the Responsible Accounting Officer is responsible for applying AASB 128 investments in associates and joint ventures.

6.4.4 Electronic Investigation.

The Responsible Accounting Officer is responsible for investigating through Council's business system whether any identified Council subsidiaries, associates or joint ventures have an existing related party transaction with Council.

6.4.5 Information Extraction.

The Responsible Accounting Officer is responsible for identifying and extracting information specified in Section 6.3.2 against each existing related party transaction in Council's business systems for the purpose of recording the related party transactions and associated information in a register of related party transactions.

6.4.6 Manual Investigation and Recording of Information.

For related party transactions that are not captured by Council's business systems, the Responsible Accounting Officer is responsible for manually reviewing the transactional documentation and record the information specified in Section 6.3.2 for the subject transaction in the register of related party transactions.

6.5 IDENTIFYING RELATED PARTY TRANSACTION WITH KMP AND THEIR CLOSE FAMILY MEMBERS

6.5.1 Related Party Disclosures.

The method of identifying close family members and associated entities of KMP's will be by KMP self-assessment. As such a KMP must provide a related party disclosure in the form set out in Attachment A, 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, subject to Section 3.5, to the Director Corporate Services by no later than the following periods during a financial year (specified notification period):

30 days after the commencement of the application of this Policy.

30 days after a KMP commences their term or employment with Council.

30 November each year.

30 June each year.

6.5.2 Related Party Disclosure Form.

At least 30 days before a specified notification period, the Executive Support Officer will provide each KMP with a Related Party Disclosure Form (Attachment A) and a Privacy Collection Notice (Attachment B).

6.5.3 Suspected Related Party Transaction.

If a KMP suspects that a transaction may constitute a related party transaction, the KMP should provide a related party disclosure to the Director Corporate Services for consideration and determination.

6.5.4 Other Notification.

The notification requirements contained with this policy are in addition to the notifications a KMP must make to comply with:

Council's adopted Code of Conduct; and

The disclosure of interests in a written return pursuant to section 440 of the Local Government Act 1993 and Local Government (General) Regulation 2021.

6.5.5 Exclusions.

The notification requirements in Section 3 do not apply to:

Related party transactions that are ordinary citizen transactions not assessed as being material as determined under Section 4; and

The Mayor and Councilors' expenses incurred, and facilities provided during the financial year under Council's Payment of Expenses and Provision of Facilities to Mayor and Councilors' Policy, the particulars of which are contained in Council's Annual Report pursuant to the Local Government (General) Regulation 2021, clause 217.

6.5.6 Information Extraction.

The Responsible Accounting Officer is responsible for identifying information specified in Section 1.2 against each notified related party transaction in Council's business systems for the purpose of recording the related party transactions and associated information in the register of related party transactions.

6.5.7 Other Sources of Information.

To ensure all related party transactions are captured and recorded, the Responsible Accounting Officer is responsible for reviewing, if required, other sources of information held by Council including, without limitation:

A prior year register of related party transactions.

The minutes of Council and committee meetings.

Council's Contracts Register.

6.5.8 Manual Investigation and recording of Information.

For notified related party transactions that are not captured by Council's business systems, the Responsible Accounting Officer is responsible for manually reviewing the transactional documentation and record the information specified in Section 6.3.2 for the subject transaction in the register of related party transactions.

6.6 ORDINARY CITIZEN TRANSACTIONS

6.6.1 Non-material in Nature.

A KMP is not required to notify in a related party disclosure and Council will not disclose in its Financial Statements, related party transactions that are ordinary citizen transactions assessed to be not material in nature.

6.6.2 Material in Nature.

A KMP is required to notify in a related party disclosure and Council will disclose in its Financial Statements in accordance with Section 6.3, related party transactions that are ordinary citizen transactions assessed to be material in nature.

6.6.3 Materiality Assessment.

The Responsible Accounting Officer is responsible for reviewing and assessing the materiality of related party transactions that are ordinary citizen transactions to determine whether the disclosure of such transactions are necessary for an understanding of the effects of the related party transactions on the Financial Statements having regard to the criteria specified in Section 6.3.3.

As a general rule, Council will utilise \$10,000 as the threshold for materiality.

6.6.4 Information Extraction.

The Responsible Accounting Officer is responsible for identifying information specified in Section 6.3 against each notified related party transaction that is an ordinary citizen transaction assessed as being material in nature in Council's business systems for the purpose of recording the related party transactions and associated information in a register of related party transactions.

6.7 REGISTER OF RELATED PARTY TRANSACTIONS

6.7.1 Maintain a Register

The Responsible Accounting Officer is responsible for maintaining and keeping up to date a register of related party transactions that captures and records the information specified in Section 6.3.2 for each existing or potential related party transaction (including ordinary citizen transactions assessed as being material in nature) during a financial year.

6.7.2 Contents of Register.

The contents of the register of related party transactions must detail for each related party transaction:

- The description of the related party transaction.
- The name of the related party.
- The nature of the related party's relationship with Council.
- Whether the notified related party transaction is existing or potential.
- A description of the transactional documents the subject of the related party transaction.
- The information specified in Section 6.3.2.

The Responsible Accounting Officer is responsible for ensuring that the information specified in Section 6.3.2 is disclosed in Council's Financial Statements to the extent, and in the manner stipulated by AASB 124, subject to Section 6.3.3.

7 DEFINITION

Term	Definition
Act	<i>Local Government Act 1993.</i>
Council	Coonamble Shire Council.
Arm's length terms	Terms between parties that are reasonable in the circumstances of the transaction that would result from: (a) Neither party bearing the other any special duty or obligation; and (b) The parties being unrelated and uninfluenced by the other; and each party having acted in its own interest.
Associate	In relation to an entity (the first entity), an entity over which the first entity has significant influence.
Close family member or close members of the family	In relation to a KMP, family members who may be expected to influence, or be influenced by that KMP in their dealings with Council will include: (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. For the purpose of AASB 124, close family members could include extended members of a family (such as, without limitation,

	parents, siblings, grandparents, uncles/aunts or cousins) if they could be expected to influence, or be influenced by, the KMP in their dealings with Council.
Control	Control of an entity is present when there is: (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 AASB 10 Consolidated Financial Statements, Paragraphs 5 to 18, Appendices A (Defined Terms) and B (Application Guidance).
Joint control	The 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.
Joint venture	An arrangement of which two or more parties have joint control and have right to the net assets of the arrangement.
Joint venture party	A party to a joint venture that has joint control of that joint venture.
Key management personnel (KMP)	Person(s) having authority and responsibility for planning, directing and controlling the activities of Council. Specifically, KMP of Council are the: (a) Mayor. (b) Councillors. (c) General Manager. (d) Directors (e) Executive Managers. (f) Any person who fills an above role in an 'acting' capacity for a continuous period for at least three (3) months.
KMP Compensation	All forms of consideration paid, payable or provided in exchange for services provided and may include: • Short-term employee benefits, such as wages, salaries and social security contributions, paid annual leave and paid sick leave, profit sharing and bonuses (if payable within 12 months of the end of the period) and non-monetary benefits (such as medical care, housing, cars and free and subsidised goods or services) for current employees.

	• Post-employment benefits such as pensions, other retirement benefits, post-employment life insurance and post-employment medical care. • Other long-term employee benefits, including long service leave or sabbatical leave, jubilee or other long service benefits, long-term disability benefits and, if they are not payable wholly within 12 months after the end of the period, profit sharing, bonuses and deferred compensation. • Termination benefits; and • Share-based payment.
Materiality	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 an entity's financial statements.
Ordinary citizen transactions	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 to be not material in nature are: (a) Paying rates and utility charges. (b) Using Council's public facilities after paying the corresponding fees.
Ratepayer	The person liable for payment of Rates and Charges for the property in accordance with <i>section 560 of the Local Government Act, 1993</i> .
Related party	A person or entity that is related to Council pursuant to the definition contained in AASB 124, Paragraph 9. Examples of related parties of Council are: (a) Council subsidiaries. (b) KMP. (c) Close family members of KMP. (d) Entities that are controlled or jointly controlled by KMP or their close family members.
Related party transaction	A transfer of resources, services or obligations between the Council and a related party, regardless of whether a price is charged. Examples of related party transactions are: (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) Leases. (f) Transfers under licence agreements. (g) Transfers under finance arrangements (example: loans). (h) Provision of guarantees (given or received). (i) Commitments to do something if a particular event occurs or does not occur in the future. (j) Settlement of liabilities on behalf of Council or by Council on behalf of that related party.
Related party disclosure	A document entitled Related Party Disclosure by Key Management Personnel in the form set out in Attachment A.
Significant influence	The power to participate in the financial and operating policy decisions of another entity but is not control or joint control of those policies, as determined in accordance with Australian Accounting Standard AASB 128 Investments in Associates and Joint Ventures, Paragraphs 3, 5 and 6.

Title: Related Party Disclosure Policy		
Department: Corporate and Sustainability		
Version	Date	Author
1	February 2017	B Quarmby
2	July 2021	B Quarmby
3	July 2025	B Quarmby
Review Date: 2028		
Amendments in the release: Position Titles have been updated. Updated legislative provisions to reflect current legislation. Additional background information has been included in the policy. The definitions of a KMP have been expanded to include Executive Managers and staff relieving in executive leadership roles for a period of three (3) consecutive months.		
Amendment History	Date	Detail
Included: Statement of Ethics Update: Position Titles following organisational restructure	July 2021	
Annexure Attached: Attachment A – Related Party Disclosure Attachment B – Related Party Disclosure KMP		
Phillip Perram General Manager 		