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|  | BALRANALD SHIRE COUNCIL | |
| POLICY TITLE: RELATED PARTIES DISCLOSURE POLICY | | |
| EXPIRY DATE: Ongoing | | |
| Controller: | Approved By: | Review Date |
| DCCD | Council 06.17 | February 2019 |

BACKGROUND

All councils in New South Wales must produce annual financial statements that comply with Australian Accounting Standards. The Australian Accounting Standards Board has determined that AASB 124 will apply to government entities, including local governments, from 1 July 2016.

From 1 July 2016, Council is required to disclose Related Party Relationships (RPR) and Related Party Transactions (RPT), as well as Key Management Personnel (KMP) compensation in its Annual Financial Statements in accordance with the Accounting Standard AASB 124 – Related Party Disclosures.

Balranald Shire Council recognises that Related Party Transactions (RPT) can present potential or actual conflicts of interest and may raise questions about whether they are in the best interests of the organisation.

It is therefore important that Key Management Personnel (KMP) act honestly and with reasonable care and diligence whilst avoiding improper use of their position and information. It is equally important that Key Management Personnel (KMP) of Balranald Shire Council are subject to a high level of accountability, including appropriate disclosure of their transactions with Council in the annual financial statements.

POLICY OBJECTIVE

The purpose of this Policy is to:

- Define the parameters for Related Party Transactions (RTP) and the level of disclosure and reporting required for Council to achieve compliance with Australian Accounting Standard AASB 124.
- Ensure that Council's Related Party Relationships are disclosed, irrespective of whether there have been transactions between them in the relevant financial year.

SCOPE

This policy shall be applied by Balranald Shire Council and its auditors in:

1. Identifying related parties and relevant transactions: Related Party Transactions (RPT) and ordinary citizen transactions concerning Key Management Personnel (KMP), their close family members and entities controlled or jointly controlled by any of them.
2. Identifying outstanding balances, including commitments, between Council and its related parties;
3. Establishing systems to capture and record the Related Party Transactions (RPT) and information about those transactions;
4. Identifying the circumstances in which disclosure of the items in Clauses 1. and 2. are required; and
5. Determining the disclosures to be made about those items in the general purpose financial statements for the purpose of complying with the AASB 124.

This policy applies to all Council officials of Balranald Shire Council.

DEFINITIONS

The following definitions apply:

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|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Act | The Local Government Act 1993 |
| Regulation | The Local Government (General) Regulation 2005 |
| Council Official | Includes Councillors, members of Council staff, administrators, contractors and consultants, Council committee members and delegates of Council |
| AASB 10 | The Australian Accounting Standards Board – Consolidated Financial Statements – details the criteria for determining whether Council has significant influence over an entity |
| AASB 11 | The Australian Accounting Standards Board – Joint Arrangements – details the criteria for determining whether Council has significant influence over an entity |
| AASB 124 | The Australian Accounting Standards Board, Related Party Disclosures Standard under Section 334 of the Corporations Act 2001. |
| Close members of the family of a person | Those family members who may be expected to influence, or be influenced by, that person in their dealings with the Council and include: <ul style="list-style-type: none"> • that person’s children and spouse or domestic partner; • children of that person’s spouse or domestic partner; and • dependants of that person or that person’s spouse or domestic partner. |
| Control or Joint Control | A person or entity is deemed to have control if they have: <ul style="list-style-type: none"> • power over the entity; • exposure, or rights, to variable returns from involvement with the entity; and • the ability to use power over the entity to affect the amount of returns. |

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| | To jointly control, a person or entity must have contractual rights or 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. |
| Entity | Can include a body corporate, a partnership or a trust, incorporated association, or unincorporated group or body |
| Financial Benefit | Includes giving a financial benefit indirectly through an interposed entity, making an informal, oral or non-binding agreement to give the benefit, and giving a benefit that does not involve paying money. Examples (not limited) of “giving a financial benefit” to a Related Party include the following: <ul style="list-style-type: none"> • Giving or providing the Related Party finance or property. • Buying an asset from or selling an asset to the Related Party. • Leasing an asset from or to the Related Party. • Supplying services to or receiving services from the Related Party. • Issuing securities or granting an option to the Related Party. • Taking up or releasing an obligation of the Related Party. |
| Key Management Personnel (KMP) | Are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether Executive or otherwise) of the entity. |
| Material (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. For the purpose of this policy, it is not considered appropriate to set either a dollar value or a percentage value to determine materiality. |
| Ordinary Citizen Transaction | means a transaction that an ordinary citizen of the community would undertake in the ordinary course of business with Council |
| Possible (Possibly) Close members of the family of a person | Those family members who could be expected to influence, or be influenced by, that person in their dealings with the Council and include: <ul style="list-style-type: none"> • that person's brothers' and sisters'; • aunts', uncles', and cousins' of that person's spouse or domestic partner; • dependants of those persons' or that person's spouse or domestic partner as stated in (b); and • that person's or that person's spouse or domestic partners', parents' and grandparents' |
| Related Party | Any person or entity that is related to the entity that is preparing its financial statements (referred to in this standard as the 'reporting entity') |

| | |
|----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Related Party Transaction | A transfer of resources, services or obligations between Council and a related party, regardless of whether a price is charged. |
| Significant (significance) | Likely to influence the decisions that users of the Council's financial statements make having regard to both the extent (value and frequency) of the transactions, and that the transactions have occurred between the Council and related party outside a public service provider/ taxpayer relationship. |

POLICY

Council is committed to responsible corporate governance, including compliance with laws and regulations governing Related Party Transactions (RPT).

Related Party Relationships (RPR) are a normal feature of commerce and business. Entities frequently carry on parts of their activities through subsidiaries, joint ventures and associates. In those circumstances, there is the possibility of the entity having the ability to affect the financial and operating policies of Council through the presence of control, joint control or significant influence.

A Related Party Relationship (RPR) could influence the normal business operations of Council even if Related Party Transactions (RPT) do not occur. The mere existence of the relationship may be sufficient to affect the transactions of Balranald Shire Council with other parties. Alternatively, one party may refrain from trading with Council because of the significant influence of another.

For these reasons, knowledge of Council's transactions and outstanding balances may affect assessments of Council's operations by users of financial statements, including assessments of the risks and opportunities facing the Council.

AASB 124 provides that Council must disclose all material and significant Related Party Transactions (RPT) and outstanding balances, including commitments, in its Annual Financial Statements. Generally, disclosure will only be made where a transaction has occurred between Council and a related party of Council. In addition, the transaction must be material in nature or size when considered individually or collectively.

When assessing whether such transactions are significant the following factors will be taken into consideration:

- significance in terms of size
- was it carried out on non-market terms
- is it outside normal day-to-day Council operations
- was it subject to Council approval
- did it provide a financial benefit not available to the general public
- was the transaction likely to influence decisions of users of the Annual Financial Statements

To enable Council to comply with AASB 124, Council's Key Management Personnel (KMP) are required to declare full details of any Related Parties and Related Party Transactions. Such information will be retained and reported, where necessary, in Council's Annual Financial Statements.

Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements.

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

- Entities related to Council;
- Key Management Personnel (KMP) of Council;
- Close family members of Key Management Personnel (KMP);
- Possible close family members of Key Management Personnel (KMP); and
- Entities or persons that are controlled or jointly controlled by Key Management Personnel (KMP), or their close family members, or their possible close family members.

Entities Related to Council

Entities controlled by Council, jointly controlled by Council or over which Council has significant influence are related parties of Council. Council will need to identify transactions with these entities and may need to make extra disclosure about them in Council's financial statements. When assessing whether Council has control or joint control over an entity Council must consider AASB 10 and AASB 11. AASB 128 details the criteria for determining whether Council has significant influence over an entity.

Council's Contracts Register, Legal Register for Leases and Licenses and the Schedule of Debts Written Off will be reviewed to identify Related Party Transactions (KPT) and Related Parties. This information will be included in the Related Party Register (RPR) which will include all joint arrangements and updated on a regular basis.

Key Management Personnel (KMP)

AASB 124 defines Key Management Personnel (KMP) as "those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether Executive or otherwise) of the entity".

Key Management Personnel (KMP) for Balranald Shire Council are considered to include:

- Councillors (including the Mayor);
- General Manager;
- Directors / Senior Management personnel
- Public Officer; and
- Responsible Accounting Officer.

Also a person or entity is a related party of Council if any of the following apply:

- they are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- they are an associate or belong to a joint venture of which Council is part of;
- they and Council are joint ventures of the same third party;
- they are part of a joint venture of a third party and council is an associate of the third party;
- they are a post-employment benefit plan for the benefit of employees of either Council or an entity related to Council;
- they are controlled or jointly controlled by close members of the family of a person;
- they are identified as a close or possibly close member of the family of a person with significant influence over Council or a close or possibly close member of the family of a person who is a Key Management Personnel (KMP) of Council; or
- they or any member of a group of which they are a part, provide Key Management Personnel (KMP) services to Council.

Close Family Members of Key Management Personnel (KMP)

Close family members of Key Management Personnel (KMP) are family members who may be expected to influence, or be influenced by, that person in their dealings with Council.

The definition of close members of the family of a person for the purpose of the AASB 124 is broader than the definition of “related” in relation to a person for the purpose of a register of interests under the Local Government (General) Regulation 2005 (the Regulation).

Definitely a close family member

- Your spouse/domestic partner
- Your children
- Your dependants
- Children of your spouse/domestic partner
- Dependants of your spouse/domestic partner

Maybe a close family member

(if they could be expected to influence, or be influenced by, you in their dealings with Council)

- Your brothers and sisters,
- Your aunts, uncles and cousins,
- Your parents and grandparents,
- Your nieces and nephews,
- Any other member of your family

Entities that are Controlled or Jointly Controlled by Key Management Personnel (KMP) or their close family members may include companies, trusts, joint ventures, partnerships and non-profit associations such as sporting clubs.

Related Party Transactions (RPT)

Related Party Transactions (RPT) are required to be disclosed, regardless of whether a price is charged. Such transactions may include:

- purchase or sale of goods (finished or unfinished)
- purchase or sale of property and other assets
- rendering or receiving 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)
- quotations and/or tenders
- settlements of liabilities on behalf of Council or by Council on behalf of the related party
- Expense recognised during the period in respect of bad debts
- Provision for doubtful debts relating to outstanding balances

AASB 124 Disclosure Requirements

Council Disclosures

AASB 124 provides that Council must disclose all material and significant Related Party Transactions (RPT) of a similar nature in aggregate except when separate disclosure is necessary for an understanding of the effects of Related Party Transactions (RPT) on the Annual Financial Statements, having regard to the following criteria: by aggregate or general description and include the following details:

- the nature of the Related Party Relationship (RPR)
- relevant information about the transactions including:
 - the amount of the transaction
 - the amount of outstanding balances, including commitments
 - their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in the settlement
- details of any guarantee given or received

- provision for doubtful debts related to the amount of outstanding balances
- the expense recognised during the period in respect of bad or doubtful debts due from related parties

All transactions involving Related Parties will be captured and reviewed to determine materiality or otherwise of such transactions, if the transactions are Ordinary Citizen Transactions, and to determine the significance of each of the transactions.

Generally, transactions with amounts receivable from and payable to Key Management Personnel (KMP) or their related parties which occur within normal employee, customer or supplier relationships and at arm's length are not material or significant.

These shall be excluded from detailed disclosures; they will be disclosed in the financial statements by general description. Disclosures that Related Party Transactions (RPT) were made on terms equivalent to an arms-length transaction can only be made if such terms can be substantiated.

Related Party and Key Management Personnel (KMP) Disclosure

The types of disclosure that are required are as follows:

1. Relationships between a parent and its subsidiaries, irrespective of whether there have been transactions between them.
2. Key Management Personnel Compensation (KMPC) (remuneration) relate to all forms of consideration paid, payable, or provided in exchange for services provided in total and for each of the following categories:
 - 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 twelve 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 twelve months after the end of the period, profit sharing, bonuses and deferred compensation
 - Termination benefits
3. Where Related Party Transactions have occurred:
 - The nature of the Related Party Relationship
 - Information about the transactions, outstanding balances and commitments, including terms and conditions
4. Separate disclosure for each category of the Related Party.
5. For the types of transactions to be disclosed refer to Related Party Transactions Section later in this document.

Key Management Personnel (KMP) Declarations must be made annually by 30 June by using the Related Party Transaction (RPT) Disclosures by Key Management Personnel (KMP) Form (see Appendix A).

Note: these Related Party Transaction (RPT) Notification requirements are in addition to the notifications Key Management Personnel (KMP) are required to make to comply with the pecuniary interests and conflicts of interest obligations in the *Local Government Act 1993* and Code of Conduct

A Related Party Transaction (RPT), as opposed to the Register of Pecuniary Interests, the related party and relationship must be disclosed for both the Key Management Personnel (KMP) and their close family member even if the same related party entity is held jointly or in common by them.

The New South Wales Auditor General Office may audit related party information as part of the annual external audit.

Notifications by Key Management Personnel (KMP)

In order to comply with the AASB 124, Council has adopted a Policy that requires all members of its Key Management Personnel (KMP) to periodically provide notifications to the Responsible Accounting Officer of any existing or potential Related Party Transactions (RPT) between Council and any of their related parties during a financial year, and any changes to previously notified Related Party Relationships (RPR) and transactions relevant to the subject financial year.

Key Management Personnel (KMP) must complete the Related Party Relationships Notification by Key Management Personnel (KMP) Form (see Appendix C), notifying any existing or potential Related Party Relationships (RPR) between Council and any related parties of the Key Management Personnel (KMP), to the Responsible Accounting Officer by no later than the following periods during a financial year:

- 30 days after the commencement of the application of this Policy
- 30 days after a Key Management Personnel (KMP) commences their term or employment with Council; and
- 30 June annually

During the financial year, Key Management Personnel (KMP) must proactively notify of any new or potential Related Party Relationships (RPR) that the person knows of or any changes to previously notified Related Party Relationships (RPR) to the Responsible Accounting Officer by no later than 30 days after the person knows of the transaction or change.

At least 30 days before a specified notification period, the Responsible Accounting Officer will provide Key Management Personnel (KMP) with a RPT Notification form and a Privacy Collection Notice (Appendix B).

These notification requirements are in addition to the notifications a Key Management Personnel (KMP) must make to comply with Sections 451 and 459 of the *Local Government Act 1993* that relate to material personal interests and conflicts of interest and Council's Code of Conduct.

The Responsible Accounting Officer is responsible for identifying information 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.

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 register of interests of Key Management Personnel (KMP) and of persons related to Key Management Personnel (KMP);
- minutes of Council and committee meetings;
- Council's Contracts' Register.

Exclusions

The notification requirements do not apply to:

- related party transactions that are ordinary citizen transactions not assessed as being material; and
- for Councillors, expenses incurred and facilities provided to a Councillor during the financial year, under Council's Payment of Expenses and Provision of Facilities for Mayors and Councillors Policy, the particulars of which are contained in Council's Annual Report pursuant to the Local Government (General) Regulation 2005, Part 8.

Ordinary Citizen Transactions

Related party transactions excluded from disclosure requirements on the basis of Ordinary Citizen Transactions are;

- Any valid discounts and fee waivers that are available to the party as an ordinary citizen and is available to any ordinary citizen in the same circumstance, and
- Any service or benefit occurring within normal employee, customer or supplier relationships and at arm's length; and
- are not material or significant;

Materiality

Materiality thresholds will be reviewed annually as part of the audit process.

The following matters must be considered in determining the materiality and significance of any related party transactions:

- Significance of transaction in terms of size;
- Whether the transaction was carried out on non-market terms;
- Whether the transaction is outside normal day-to-day business operations, such as the purchase and sale of assets;
- Whether the transaction is disclosed to regulatory or supervisory authorities;
- Whether the transaction has been reported to senior management; and

- Whether the transaction was subject to Council approval.

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

Disclosures that Related Party Transactions (RPT) were made on terms equivalent to those that prevail in arm's length transactions can only be made if such terms can be substantiated.

Register of Related Party Transactions

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 for each existing or potential Related Party Transaction (RPT) (including ordinary citizen transactions assessed as being material in nature) during a financial year.

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

- the description of the Related Party Transaction (RPT);
- the name of the related party;
- the nature of the related party's relationship with Council;
- whether the notified Related Party Transaction (RPT) is existing or potential;
- a description of the transactional documents the subject of the Related Party Transaction (RPT);
- the information specified in the section on Council Disclosures.

Procedures

The method for identifying the close members and associated entities of Key Management Personnel (KMP) will be by Key Management Personnel (KMP) self-assessment. Key Management Personnel (KMP) have an ongoing responsibility to advise Council immediately of any Related Party Transactions.

The preferred method of reporting is for Key Management Personnel (KMP) to provide details of Related Parties and Related Party Transactions to the Responsible Accounting Officer.

Information provided will be reviewed in accordance with the Council's operational requirements and held on a centralised register (Appendix D) and will be also located in Council's document management system.

Should a Key Management Personnel (KMP) have any uncertainty as to whether a transaction may constitute a Related Party Transaction (RPT) they should contact the Responsible Accounting Officer who will, in consultation with the Director of Corporate and Community Development, make a determination.

If a Key Management Personnel (KMP) suspects that a transaction may constitute a Related Party disclosure to the Responsible Accounting Officer for consideration and determination.

Privacy and Access to Information

Information provided by Key Management Personnel (KMP) and other related parties shall be held for the purpose of compliance with Council's legal obligations and shall be disclosed where required for compliance or legal reasons only.

Council and other permitted recipients will not use or disclose personal information provided in a related party disclosure by Key Management Personnel (KMP) or contained in a register of Related Party Transactions (RPT) for any other purpose or to any other person except with the prior written consent of the subject Key Management Personnel (KMP).

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 (RPT) for the purposes specified in this Policy:

- the General Manager;
- the Responsible Accounting Officer;
- Director Corporate and Community Development;
- Professional Conduct Coordinator;
- an Auditor of Council (including an Auditor from the NSW Auditor General's Office);
- Other Officers as delegated by the General Manager.

Such persons 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 Key Management Personnel (KMP) in a related party disclosure or contained in a register of Related Party Transactions (RPT) in accordance with Council's Privacy Management Plan or at the discretion of the General Manager.

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

Disclosures, Notifications and the Register are not available for public access under the GIPA Act. Documents

POLICY REVIEW DATE

This policy will be reviewed two years from the date of formal adoption by Council.

RELATED DOCUMENTS

Legislative:

Local Government Act 1993

Local Government (General) Regulation 2005

Government Information (Public Access) Act 2009

Corporations Act 2001

Related Policies:

Balranald Shire Council's Code of Conduct

Other:

AASB 124 – Related Party Disclosures (July 2015)

Australian Accounting Standards

Adopted by Council XXXXX 2017

Attachment A
[Related Party Transactions Notification]

Related Party Transactions Notification by Key Management Personnel (KMP)

Note: This document is confidential and only accessible to the Council officials nominated in the Related Party Disclosure Policy

Name:

Position:

Please read the Privacy Collection Notice provided with this notification, which explains what is a related party transaction and the purposes for which Council is collecting, and will use and disclose, the related party information provided by you in this notification.

Please complete the table below **for each related party transaction with Council** that you, or a close member of your family, or an entity related to you or a close member of your family:

1. has previously entered into and which will continue in the _____ financial year;

| Description of Related Party Transaction | Is transaction existing/potential? | Related Party's Name (Individual's or entity's name) | Related Party's Relationship/ Reasons why related | Description of Transaction Documents or Changes to the Related Party Relationship |
|------------------------------------------|------------------------------------|------------------------------------------------------|---------------------------------------------------|-----------------------------------------------------------------------------------|
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Attachment A
[Related Party Transactions Notification]

2. has entered into, or is reasonably likely to enter into, in the _____ financial year.

| Description of Related Party Transaction | Is transaction existing/potential? | Related Party's Name (Individual's or entity's name) | Related Party's Relationship/ Reasons why related | Description of Transaction Documents or Changes to the Related Party Relationship |
|------------------------------------------|------------------------------------|------------------------------------------------------|---------------------------------------------------|-----------------------------------------------------------------------------------|
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Key Management Personnel (KMP) Compensation (remuneration) in total and for each of the following categories

| Type of Remuneration | Short-term Employee Benefits | Post-Employment Benefits | Other Long-Term Benefits | Termination Benefits |
|----------------------|------------------------------|--------------------------|--------------------------|----------------------|
| | | | | |
| | | | | |

(Add more rows for any of the sections if required)

Attachment A

[Related Party Transactions Notification]

Notification

I _____, (Full name)
_____(Position)

notify that, to the best of my knowledge, information and belief, as at the date of this notification, the above list includes all existing and potential related party transactions with Council involving myself, close members of my family, or entities controlled or jointly controlled by me or close members of my family, relevant to the _____ financial year.

I make this notification after reading the Privacy Collection Notice provided by Balranald Shire Council, which details the meaning of the words “related party”, “related party transaction”, “close members of the family of a person” and, in relation to an entity, “control” or “joint control”, and the purposes for which this information will be used and disclosed.

I permit the Responsible Accounting Officer and the other permitted recipients specified in Council’s Related Party Disclosure Policy to access the register of interests of me and persons related to me and to use the information for the purposes specified in that policy.

Signature of named Key Management Person:

Dated:

Attachment B
[Privacy Collection Notice]



**PRIVACY COLLECTION NOTICE
RELATED PARTY TRANSACTIONS DISCLOSURES BY
KEY
MANAGEMENT PERSONNEL**

Purpose of Collection, Use and Disclosure

Effective for annual periods beginning on or after 1 July 2016, in order to comply with Australian Accounting Standard AASB 124 Related Party Disclosures, 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.

Related parties include Council's key management personnel, 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, the 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.

Notifications by Key Management Personnel

In order to comply with the AASB 124, Council has adopted a policy that requires all members of its key management personnel (KMPs) to periodically provide notifications, to Council's Responsible Accounting Officer, of any existing or potential related 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 key management person (*a KMP*) must provide a Related Party Transactions Notification, in the approved form, notifying any existing or potential related party transactions between Council and any related parties of the KMP, to the Chief Executive Officer by no later than the following periods during a financial year:

- 30 days after the commencement of the application of this policy;
- 30 days after a KMP commences their term or employment with Council; and
- 30 June.

Also, during a financial year, Key Management Personnel (KMP) must proactively

notify of any new or potential Related Party Transactions (RPT) that the person knows of, or any changes to previously notified related party relationships or transactions, relevant to the subject financial year by providing, to the Responsible Accounting Officer, additional Related Party Transactions Notifications by no later than 30 days after the person knows of the transaction or change.

Note, these related party transaction notification requirements are in addition to the notifications Key Management Personnel (KMP) must make to comply with Section 451 and 459 of the Local Government Act 1993 that relate to material personal interests and conflicts of interest and Council's Code of Conduct.

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

Attachment B
[Privacy Collection Notice]

Who are Key Management Personnel (KMP)?

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

For Council, KMPs include:

- Councillors (including the Mayor)
- General Manager
- Senior Executive Officers / Directors
- Public Officer; and
- Responsible Accounting Officer

Who are Close Family Members of Key Management Personnel (KMP)?

Close family members of Key Management Personnel (KMP) are family members who may be expected to influence, or be influenced by, that person in their dealings with Council.

The definition of close members of the family of a person for the purpose of the AASB 124 is broader than the definition of “related” in relation to a person for the purpose of a register of interests under the Local Government (General) Regulation 2005 (the Regulation).

Definitely a close family member

- Your spouse/domestic partner
- Your children
- Your dependants
- Children of your spouse/domestic partner
- Dependants of your spouse/domestic partner

Maybe a close family member

(if they could be expected to influence, or be influenced by, you in their dealings with Council)

- Your brothers and sisters,
- Your aunts, uncles and cousins,
- Your parents and grandparents,
- Your nieces and nephews,
- Any other member of your family

What is an entity that I, or my close family member, control or jointly control ?

Entities that are Controlled or Jointly Controlled by Key Management Personnel (KMP) or their close family members may include companies, trusts, joint ventures, partnerships and non-profit associations such as sporting clubs.

Control

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.

Attachment B

[Privacy Collection Notice]

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 on his related party transaction notification.

Joint control

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 transaction notification 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 Responsible Accounting Officer for a confidential discussion.

Attachment C

[Related Party Transactions Notification by Key Management Personnel (KMP)]

Disclosure

I _____, (Full name)
_____(Position)

notify that, to the best of my knowledge, information and belief, as at the date of this disclosure, the above information includes all existing and potential related party transactions with Council involving myself, close members of my family, or entities controlled or jointly controlled by me or close members of my family, relevant to the _____ financial year.

I make this notification after reading the Related Party Disclosures Policy provided by Balranald Shire Council, which details the meaning of the words “related party”, “related party transaction”, “close members of the family of a person” and, in relation to an entity, “control” or “joint control”, and the purposes for which this information will be used and disclosed.

I permit the Responsible Accounting Officer and the other permitted recipients specified in Council’s Related Party Disclosure Policy to access the register of interests of me and persons related to me and to use the information for the purposes specified in that policy.

| | | | |
|-------------------------------------------|--|--------|--|
| Signature of named Key Management Person: | | Dated: | |
|-------------------------------------------|--|--------|--|

