



RELATED PARTY DISCLOSURE POLICY

DOCUMENT VERSION CONTROL

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1.0	Manager Corporate Governance/ Director Finance & Corporate Strategy	Created 10 May 2017	Council – Resolution No 2017/101	Four Years
2.0	Director Finance & Corporate Strategy	Revised 10 Mar 2021	Council – Resolution No 2021/035	Four Years
3.0	Director Finance and Corporate Strategy	Revised 13 August 2025	Council – Resolution No 2025/444	Four Years

1. PURPOSE

This policy provides guidance in complying with Council's obligation to prepare its General Purpose Financial Statements in accordance with Australian Accounting Standards, particularly AASB 124 Related Party Disclosures (July 2015).

2. OBJECTIVE

The objectives of this policy are to:-

- Identify related party relationships and transactions
- Identify outstanding balances, including commitments, between Council and its related parties
- Identify the circumstances in which disclosure of the above is required; and
- Determine the disclosures to be made about those items

3. DEFINITIONS

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

Control of Entity – 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.

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 the rights to the net assets of arrangement.

Key Management Personnel (KMP) – is a person(s) having authority and responsibility for planning, directing and controlling the activities of Council.

Specifically, KMP of Council are:-

- Councillors
- General Manager
- Directors and Senior Managers reporting to the General Manager

Related Party - is a person or entity that is related to the entity that is preparing its financial statements.

Examples of related parties of Council are:-

- Council subsidiaries
- KMP
- Close family members of KMP
- Entities that are controlled or jointly controlled by KMP or their close family members

Close Family Members of KMP – are those family members who may be expected to influence, or be influenced by, that person in their dealings with Council and include:-

- That person's children and spouse or domestic partner;
- Children of that person's spouse or domestic partner; and
- Dependants of that person or person's spouse or domestic partner

Related Party Transaction – is a transfer of resources, services or obligations between Council and a related party, regardless of whether a price is charged.

Examples of related party transactions are:-

- purchases or sales of goods;
- purchases or sales of property and other assets;
- rendering or receiving of services;
- leases;
- 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;
- settlement of liabilities on behalf of Council or by Council on behalf of that related party.

4. AASB 124 RELATED PARTY DISCLOSURE REQUIREMENTS

4.1 Disclosures

In order to comply with AASB 124, 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) for the following categories:-
 - (i) Short-term employee benefits;
 - (ii) Post-employment benefits;
 - (iii) Other long-term benefits;
 - (iv) Termination benefits; and
 - (v) Share-based payment
- (c) Amounts incurred by Council for the provision of KMP services provided by a separate management entity.
- (d) The disclosures required in section 4.2 for related party transactions shall be made separately for:-
 - (i) Subsidiaries;
 - (ii) Associates;
 - (iii) Joint ventures in which Council is a joint venturer
 - (iv) Council's KMP
 - (v) Other related parties such as:-
 - Close member of a Council KMP
 - Entities controlled or jointly controlled by a Council KMP or by a close family member of a Council KMP
 - Other entities as specified in AASB 124, paragraph 9(b)

4.2 Disclosed Information

Council's disclosures of related party transactions will include:-

- (a) The amount of the transactions
- (b) The amount of outstanding balances, including commitments, and:
 - (i) Their terms and conditions, including whether they are secured, 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 amount of outstanding balances; and
- (d) The expense recognised during the period in respect of bad or doubtful debts due from related parties.

For items of a similar nature, Council will disclose in aggregate except when separate disclosure is necessary for an understanding of the effects of related party transactions on Council's General Purpose Financial Statements.

5. IDENTIFICATION OF COUNCIL RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

5.1 Identification

The Responsible Accounting Officer is responsible for identifying Council subsidiaries, associates and joint ventures.

5.2 Control or Joint Control

The Responsible Accounting Officer is responsible for determining when Council has control or joint control of an entity by applying AASB 10 *Consolidated Financial Statements* and AASB 11 *Joint Arrangements*.

5.3 Associate or Joint Venture

The Responsible Accounting Officer is responsible for determining whether an entity is an associate or, or in a joint venture with Council or a Council subsidiary by applying AASB 128 *Investments in Associates and Joint Ventures*.

5.4 Information and Recording

The Responsible Accounting Officer is responsible for investigating, identifying and extracting information against each related party transaction in Council's business system and transactional documentation not captured by Council's business system. The Responsible Accounting Officer is also responsible for recording the information in a Related Party Transaction Register (**see Attachment No 1**).

6. IDENTIFICATION OF KMP AND THEIR CLOSE FAMILY MEMBERS RELATED PARTY TRANSACTIONS

6.1 Provision of KMP Disclosure Form

The Responsible Accounting Officer will provide KMP with the relevant Related Party Transaction Disclosures form (**see Attachment No 2**).

6.2 Completion of KMP Disclosure Form

Those persons identified as KMP must complete and submit the relevant 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.

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

6.3 Exemptions

The following transactions which are considered to be at arm's length and in the ordinary course of carrying out Council's functions and activities, are not required to be disclosed:-

- Paying of rates and utility charges
- Using Council's public facilities after paying the corresponding fees
- Mayor and Councillor expenses incurred and facilities provided during the financial year under Council's *Payment of Expenses and Provision of Facilities to Mayor and Councillors Policy*.

6.4 Other Sources of Information

The Responsible Accounting Officer is responsible for reviewing if required other sources of information held by Council including but not limited to:-

- Register of Disclosures of Interests
- Minutes of Meetings of Council and Committee Meetings
- Council's Contracts Register
- Council's Gifts and Benefits Register

7. INFORMATION PRIVACY

Information provided by 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.

8. RELATED LEGISLATION AND DOCUMENTATION

Local Government Act 1993

Australian Accounting Standard 124 – Related Party Disclosures

Australian Accounting Standard 10 – Consolidated Financial Statements

Australian Accounting Standard 11 – Joint Arrangements

Australian Accounting Standard 128 – Investments in Associates and Joint Ventures

(To be completed by Council's Responsible Accounting Officer)

[illegible]

Name of KMP _____

Position of KMP _____

Please read the Related Party Disclosure Policy provided with this disclosure form which explains what is a Related Party Transaction and the purpose for collection and disclosure.

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 entered into in the _____ financial year. Also enter any Related Party Transactions that are reasonably likely to be entered into in the _____ financial year.

[illegible]

Notification

I _____ (Full Name), _____ (Position) notify that to the best of my knowledge 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 Related Party Disclosures Policy provided by Narromine Shire Council which details the meaning of the words "related party", "related party transaction", "close members of family", "entity" and the purposes for which this information will be used and disclosed.

I permit the Responsible Accounting Officer and other authorised Council recipients to access the register of interests of me and persons related to me and to use the information for the purpose specified in that policy.

Signature of Key Management Personnel

Date