



FIN20 RELATED PARTY DISCLOSURES

Aim	The purpose of this policy is to ensure that the Shire of Ashburton's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties in line with the requirements of AASB 124 – Related Party Disclosures.
Application	Elected Members, Chief Executive and Designated Senior Employees
Statutory Environment	<i>Local Government Act 1995</i> <i>Local Government (Financial Management) Regulations 1996</i> <i>Australian Accounting Standard – AASB 124 Related Party Disclosure</i>
Principles	Strategic Community Plan 2017 – 2027 (Desktop Review 2019) Goal 05 Inspiring Governance Objective 3 Council leadership
Approval Date	OMC 17 December 2019 (MINUTE: 722/2019)

Identification of Related Parties

AASB 124 provides that the Shire of Ashburton will be required to disclose in its Annual Financial reports, related party relationships, transactions and outstanding balances.

Related parties includes a person who has significant influence over the reporting entity, a member of the key management personnel (KMP) of the entity, or a close family member of that person who may be expected to influence that person.

KMP are defined as persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

For the purposes of determining the application of the standard, the Shire of Ashburton has identified the following persons as meeting the definition of *Related Party*:

- An Elected Member
- Key management personnel being a person employed under section 5.36 of the *Local Government Act 1995* in the capacity of Chief Executive Officer or a designated senior employee appointed under section 5.37 of that Act as a Director
- Close members of the family of any person listed above, including that person's child, spouse or domestic partner, children of a spouse or domestic partner, dependents of that person or person's spouse or domestic partner



- Entities that are controlled or jointly controlled by an Elected Member, KMP or their close family members. Entities include companies, trusts, joint ventures, partnerships and non-profit associations such as sporting clubs.

The Shire of Ashburton will therefore be required to assess all transactions made with these persons or entities.

Identification of related party transactions

A related party transaction is a transfer of resources, services or obligations between the Shire of Ashburton (reporting entity) and the related party, regardless of whether a price is charged.

For the purposes of determining whether a related party transaction has occurred, the following transactions or provision of services have been identified as meeting this criteria.

Paying rates

- Fines
- Use of Shire of Ashburton owned facilities such as [Recreation Centre, Civic Centre, library, parks, ovals and other public open spaces (whether charged a fee or not)
- Attending council functions that are open to the public
- Employee compensation whether it is for KMP or close family members of KMP
- Application fees paid to the Shire of Ashburton for licences, approvals or permits
- Lease agreements for housing rental (whether for a Shire of Ashburton owned property or property sub-leased by the Shire of Ashburton through a Real Estate Agent)
- Lease agreements for commercial properties
- Monetary and non-monetary transactions between the Shire of Ashburton and any business or associated entity owned or controlled by the related party (including family) in exchange for goods and/or services provided by/to the Shire of Ashburton (trading arrangement)
- Sale or purchase of any motor vehicles, buildings or land owned by the Shire of Ashburton, to a person identified above
- Sale or purchase of any motor vehicles, buildings or land owned by a person identified above, to the Shire of Ashburton
- Loan Arrangements
- Contracts and agreements for construction, consultancy or services.

Some of the transactions listed above, occur on terms and conditions no different to those applying to the general public and have been provided in the course of delivering public service objectives. These transactions are those that an ordinary citizen would undertake with Council and are referred to as an Ordinary Citizen Transaction (OCT). Where the Shire of Ashburton can determine that an OCT was provided at arm's length, and in similar terms



and conditions to other members of the public and, that the nature of the transaction is immaterial, no disclosure in the annual financial report will be required.

Disclosure Requirements

For the purposes of determining relevant transactions, Elected Members and key management personnel as identified above, will be required to complete a Related Party Disclosures - Declaration form for submission to financial services.

Ordinary Citizen Transactions (OCTs)

This Policy serves to confirm that in the opinion of Management and the Council, based on the facts and circumstances, the following OCT's that are provided on terms and conditions no different to those applying to the general public and which have been provided in the course of delivering public service objectives, are unlikely to influence the decisions that users of the Council's financial statements

Make. as such no disclosure in the Related Party Disclosures - Declaration form will be required.

- Paying rates
- Fines
- Use of Shire of Ashburton owned facilities such as Recreation Centre, Civic Centre, library, parks, ovals and other public open spaces
- Attending council functions that are open to the public
- Application fees paid to the Shire of Ashburton for licences, approvals or permits.

Where these services were not provided at arm's length and under the same terms and conditions applying to the general public, Elected Members and KMP will be required to make a declaration in the *Related Party Disclosures - Declaration* form about the nature of any discount or special terms received.

All other transactions

For all other transactions, Elected Members and KMP will be required to make a declaration in the Related Party Disclosures - Declaration form.

Frequency of disclosures

Elected Council members and KMP will be required to complete a Related Party Disclosures - Declaration form annually or when they leave the Shire of Ashburton as an elected member or on cessation of employment, whichever comes earlier.

Confidentiality

All information contained in a disclosure return, will be treated in confidence. Generally, related party disclosures in the annual financial reports are reported in aggregate and as such, individuals are not specifically identified. Notwithstanding, management is required to exercise judgement in determining the level of detail to be disclosed based on the nature of a transaction or collective transactions and the materiality. Individuals may be specifically identified, if the disclosure requirements of AASB 124 so demands.



Materiality

Management will apply professional judgement to assess the materiality of transactions disclosed by related parties and their subsequent inclusion in the financial statements.

In assessing materiality, management will consider both the size and nature of the transaction, individually and collectively.

Related documents:

Related Party Disclosures – Declaration form SOA CEO 015.