

RELATED PARTIES DISCLOSURE GENERAL POLICY

F&BS | 63/17/2-01 | #7841695

RECOMMENDATION:

That Council adopts the Related Parties Disclosure General Policy.

INTERESTED PARTIES:

Not applicable.

EXECUTIVE SUMMARY:

The Related Parties Disclosure General Policy outlines Council's policy regarding the identification and monitoring of related party transactions in order to meet the requirements of Australian Accounting Standards Board (AASB) *Standard 124 Related Parties Disclosure*.

A "related party" is a person or entity controlled or jointly controlled by Council, Key Management Personnel (KMP) of Council or their close family members and a "related party transaction" is a transfer of resources, services or obligations between Council and a related party, regardless of whether a price is charged (outside of the transactions that a normal citizen would undertake at arm's length – for example, payment of rates).

COMMENT:

The Related Parties Disclosure General Policy, which was last adopted on 22 September 2021, has been reviewed by Council Officers and is recommended for re-adoption. The proposed amendments are minor in nature and limited to updates to legislative references and names.

BACKGROUND

Since 1 July 2016, Council has been required to disclose all relationships, and possibly any transactions and outstanding balances (including commitments), with related parties in its annual financial statements in accordance with AASB 124 *Related Parties Disclosures*.

To meet this requirement, all Councillors and KMP are required to maintain the information provided in their register of interests. They must also provide a declaration identifying any close family members not listed on their register of interests and any entities that those close family members control or jointly control.

Disclosure is only required to be made if a transaction occurs and the disclosures may be made in aggregate. Not all transactions are required to be disclosed. Transactions that an ordinary citizen would undertake with Council (for example paying rates and utility charges) are not required to be disclosed provided they occur on the same terms and conditions offered to the general public. Similarly, transactions that are not considered material do not need to be disclosed; however consideration must be given to whether arm's length terms can be substantiated.

OPTIONS:

Option 1 (Recommended):

That Council adopts the Related Parties Disclosure General Policy.

Option 2:

That Council does not adopt the Related Parties Disclosure General Policy.

CONSIDERATIONS:

Statutory:

In formulating the Related Parties Disclosure General Policy, Council has complied with the following legislation:

- *AASB 124 Related Parties Disclosures*
- *Local Government Act 2012*
- *Local Government Regulation 2009*

ATTACHMENT:

Attachment 1: Related Parties Disclosure General Policy (#5200132) – Marked Up Version

Attachment 2: Related Parties Disclosure General Policy (#5200132) – Clean Version



Jason Ritchie
Executive Manager Finance



Lisa Whitton
Chief Financial Officer

RELATED PARTIES DISCLOSURE

Intent: To outline Cairns Regional Council's policy regarding the identification and monitoring of related party transactions.

Scope: This policy applies to all Councillors and Key Management Personnel.

DEFINITIONS

A **related party** is a person or entity controlled or jointly controlled by Council, Key Management Personnel (KMP) of Council or their close family members.

A **related person** includes Councillors, KMP and close family members of KMP.

A **related party transaction** is a transfer of resources, services or obligations between Council and a related party, regardless of whether a price is charged. For the purposes of this policy, transactions with related parties of Council which are of a nature that any ordinary citizen would undertake will not be captured or reported (for example, payment of water rates), provided the transaction occurs under the same terms as those offered to the general public.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with Council.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of Council, both directly and indirectly. For the purpose of this policy, KMP will be limited to the Mayor, Councillors, CEO and those employees directly reporting to the CEO (including Council officers acting in these positions for a period greater than four consecutive weeks).

Significant influence is the power to participate in the financial and operating policy decisions of another entity but is not control or joint control of those policies.

PROVISIONS

Council must disclose related party relationships in its annual financial statements. Any transactions with these parties will need to be identified and may need to be disclosed (including outstanding balances, commitments and non-monetary transactions).

In order to meet this requirement, all Councillors and KMP are required to maintain the information provided in their register of interests. They must also provide a declaration identifying any close family members not listed on their register of interests and any entities that those close family members control or jointly control.

This information will be collated by Council officers in the ~~Executive Department~~ Office of the CEO Directorate on an annual basis or when there is a change in the organisation structure. Council officers in the Finance ~~Department & Business Services Directorate~~ will review the related parties identified within KMP declarations and registers of interests to determine which transactions are required to be disclosed.

PRIVACY

KMP declarations and personal information contained in registers of related party transactions are confidential and are not available for inspection by or disclosure to the public, including through a Right to Information (RTI) application on the grounds the document or information comprises information the disclosure of which would, on balance, be contrary to the public interest under sections 48 and 49 of the *Right to Information Act 2009*, item 8 of schedule 3 and items 2, 3 and 16 of part 3, schedule 4.

Except as specified in this policy, Council and other permitted recipients will not use or disclose personal information provided in a KMP declaration or register of related party transactions, for any other purpose or to any other person except with the prior written consent of the subject KMP.

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

- a Councillor;
- Chief Executive Officer;
- Chief Financial Officer;
- Financial officers responsible for the preparation of financial statements as authorised by the Chief Financial Officer;
- Members of Council’s Audit Committee;
- An auditor of Council (including an auditor from Queensland Audit Office).

A person specified above may access, use and disclose information (including personal information) in a KMP declaration 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 KMP declaration or contained in a register of related party transactions;
- To comply with the disclosure requirements of ~~the~~ *AASB 124 Related Party Disclosures*;
- To verify compliance with the disclosure requirements of ~~the~~ *AASB 124*;

An RTI application seeking access to and release of transactional information and documentation the subject of a related party transaction with Council will be considered, assessed and decided in accordance with Council’s usual procedures regarding applications made under the *Right to Information Act 2009*.



This policy is to remain in force until otherwise determined by Council.

~~General Manager~~**Director** Responsible for Review:

Chief Financial Officer

ORIGINALLY ADOPTED: ~~17/08/2016~~**17/08/2016**

CURRENT ADOPTION ~~22xx/09xx/2021~~**2026**

DUE FOR REVISION: ~~22/09/2025xx/xx/2030~~

REVOKED/SUPERSEDED:

Mica Martin~~Ken Gouldthorp~~
Chief Executive Officer

Attachment 2: Related Parties Disclosure General Policy (#5200132) - Clean Version

CAIRNS REGIONAL COUNCIL



General Policy

RELATED PARTIES DISCLOSURE

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- To assess and verify a notified related party transaction;
- To reconcile identified related party transactions against those notified in a KMP declaration or contained in a register of related party transactions;
- To comply with the disclosure requirements of AASB 124 Related Party Disclosures;
- To verify compliance with the disclosure requirements of AASB 124;

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Chief Financial Officer

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REVOKED/SUPERSEDED:

**Ken Gouldthorp Chief
Executive Officer**