

RELATED PARTY TRANSACTIONS POLICY

1. SCOPE

1.1 This Policy applies to the Mayor, Councillors, General Manager and Directors.

2. PURPOSE

2.1 To provide clear guidance to the General Manager on Council's expectations in relation to compliance with the reporting requirements for related party transactions, in particular the identification of Key Management Personnel (KMP), who should be considered as Close Family Members, that are considered to be related entities, the nature of transactions that will be collected and the nature of the disclosure statement.

3. POLICY STATEMENT

3.1 Key Management Personnel

- (a) That the Key Management Personnel of Waratah Wynyard Council are the Mayor, Councillors, General Manager and Directors.
- (b) Further that the General Manager is provided with the authority to nominate other Senior Managers as members of the Key Management Personnel, who have significant influence in the financial or operating policies of Council.
- (c) The General Manager will establish, review and maintain a list of Key Personnel for Council.

3.2 Related Parties – Council Entities

- (a) That Council related entities include subsidiaries, associates, joint ventures, member based entities, regional development authorities, tourism boards and other similar bodies.
- (b) That all such bodies will be identified and assessed internally by management and presented to Council for formal determination by resolution as to whether and why they are considered to be related parties.

3.3 Related Parties – KMP

- (a) That entities related to KMP might include companies, trusts, joint ventures, partnerships, body corporates and non-profit incorporated associations and unincorporated groups or bodies (eg. sporting clubs).
- (b) That KMP must declare annually to the General Manager all such entities that they exercise significant control and ownership over and that control may influence the benefits they receive which are likely to have transactions with Council.

RELATED PARTY TRANSACTIONS POLICY

3.4 Close Family Members – Key Management Personnel

- (a) That close family members are defined as being the children, dependents, spouse or domestic partner of the member and the children and dependents of the spouse or domestic partner.
- (b) That KMP should also consider all siblings, parents and grandparents of the member, spouse or domestic partner as close family members.
- (c) That any other family member of KMP, that could be expected to influence or be influenced in their dealings with Council, is a judgement to be exercised by individual KMP members.
- (d) KMP are required to declare annually to the General Manager any close family member that they expect to have reportable transactions with the Council.

3.5 Reportable Transactions

- (a) That transactions of the following nature are considered to be reportable transactions:
 - (i) purchase or sale of goods, unless the purchase is a retail transaction made at a listed price;
 - (ii) purchase or sale of property;
 - (iii) provision or receipt of personal or professional services;
 - (iv) lease of property, plant or equipment;
 - (v) transfers under a license or financial agreement;
 - (vi) provision of guarantees or collateral;
 - (vii) commitments to a future benefit;
 - (viii) settlement of liabilities;
 - (ix) infrastructure charges;
 - (x) waivers or reductions of fees and interest due;
 - (xi) grants;
 - (xii) discounts and subsidy payments that are outside of policy or procedural limits;
 - (xiii) infrastructure contributions and application fees;
 - (xiv) employment expenses for close family members; and
 - (xv) any other transactions outside normal day-to-day business operations.
- (b) That the General Manager, or their nominated delegate, be responsible for assessing the nature and significance of transactions, determine the grouping of transactions for reporting and identify significant transactions for individual reporting.

RELATED PARTY TRANSACTIONS POLICY

3.6 Ordinary Citizens Transactions

- (a) That Ordinary Citizens Transactions are defined as those 'transactions an ordinary citizen would undertake, and on the same terms and conditions'. Examples of ordinary citizens transactions and include rates, registration fees, facility entry fees etc.
- (b) Ordinary Citizens Transactions are not collected and reported.

3.7 Declarations

- (a) All KMP are required to provide their declarations in the approved form to the General Manager by 1 July each year for the upcoming financial year and to update any omissions for the previous financial year.
- (b) It is the responsibility of the KMP to update their declarations as soon as they become aware of any change or error.
- (c) All declarations will be maintained by the General Manager in an approved register.

LEGISLATIVE REQUIREMENTS:

- Under the *Local Government Act 1993* and the *Audit Act 2008* local government in Tasmania must produce annual financial statements that comply with Australian Accounting Standards.
- Australian Accounting Standard AASB 124 *Related Party Disclosures* outlines what is expected of elected members and staff of Councils.

RELATED PROCEDURES/GUIDELINES:

- Related Party Transactions Declaration Form
- Related Party Transactions Register