

COUNCIL POLICY LG531

RELATED PARTY DISCLOSURES

KEY FOCUS AREA LEADERSHIP AND GOVERNANCE

Purpose

The purpose of this policy is to ensure that the Town of Claremont's (**Town**) financial statements contain disclosures necessary to draw attention to the possibility that the Town's financial position may have been affected by the existence of transactions with related parties in line with the requirements of Australian Accounting Standard AASB 124 - Related Party Disclosures (**AASB 124**).

Policy

Related Party

For the purposes of determining the application of AASB 124, Council has identified the following persons as meeting the definition of Related Party:

1. A Council Member;
2. Key Management Personnel (**KMP**), being a person employed under section 5.36 of the *Local Government Act 1995* in the capacity of Chief Executive Officer or Director;
3. Close members of the family of any person listed above including:
 - a. that person's children and spouse or domestic partner;
 - b. children of that person's spouse or domestic partner; and
 - c. dependents of that person or person's spouse or domestic partner.
4. Entities that are controlled or jointly controlled by a Council Member, KMP or their close family member (entities includes companies, trusts, joint ventures, partnerships and non-profit associations such as sporting clubs).

Related Party Transaction

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

The following transactions have been identified by Council as meeting this criteria:

1. Paying rates;
2. Paying fines;
3. Use of Town owned facilities such as Aquatic Centre, Museum, library, parks, ovals and other public open spaces;
4. Attending Council functions that are open to the public;
5. Employee compensation whether it is for KMP or close family members of KMP;
6. Application fees paid to the Town for licenses, approvals or permits
7. Lease agreements for renting Town properties (whether for a Town owned property or property sub-leased by the Town);
8. Monetary and non-monetary transactions between the Town and any business or associated entity owned or controlled by the Related Party in exchange for goods and/or services provided by/to the Town (trading arrangement);
9. Sale or purchase of any property owned by the Town to a Related Party or property owned by a Related Party to the Town;
10. Loan Arrangements; and
11. Contracts and agreements for construction, consultancy or services;
If the transaction is provided at arm's length and in similar terms and conditions to members of the public, then the transaction is deemed an Ordinary Citizen Transaction (**OCT**).

Disclosure Requirements

For the purposes of determining relevant transactions (that are not considered OCTs), Council Members and KMP are required to complete a Related Party Transaction - Disclosure Form (**Disclosure Form**) for submission to the Chief Executive Officer.

Disclosure Forms are required to be completed:

- a. 30 days after the commencement of this Policy;
- b. 30 days after commencement of term with Council or employment with the Town; and
- c. 30 days after 30 June of the preceding financial year.

A Disclosure Form must be completed prior to the end of a Council Member's term or termination of a KMP's employment with the Town.

Materiality

The CEO will apply professional judgement and the following criteria to assess the materiality and significance of transactions disclosed by related parties and their subsequent notification to auditors and for inclusion in the financial statements:

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

Document Control Box			
Legislation:	<i>Local Government Act 1995</i> <i>Local Government (Financial Management) Regulations 1996</i>		
Organisational:	AASB 124 Related Party Disclosures Town of Claremont Related Party Disclosure Form Related Party Disclosure Work Procedure		
Version #	Decision:	OCM Date:	Resolution Number:
1.	Adopted	18 December 2018	228/18
2.	Amended	28 November 2023	164/23