

Council Policy

Council Policy Name: AASB 124 Related Party Disclosures

Responsible Directorate: Corporate Strategy and Performance

Version: Adopted

1. PURPOSE

- 1.1. The purpose of this Policy is to stipulate compliance with the Australian Accounting Standard AASB 124 – Related Party Disclosures, and provide guidance on the identification of the City’s Related Parties and the recording and disclosures of Related Party Transactions.

2. SCOPE

- 2.1. This Policy is applicable to Key Management Personnel (KMP) at the City of Busselton.

3. DEFINITIONS

Term	Meaning
Key Management Personnel	AASB 124 defines Key Management Personnel as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Key Management Personnel for the City of Busselton are: <ul style="list-style-type: none"> • Elected Members; • Persons employed under section 5.36 of the Local Government Act 1995 in the capacity of the Chief Executive Officer or Director.
Ordinary Citizen Transaction	A transaction that an ordinary member of the community would undertake in the ordinary course of business with the City of Busselton. For example using a City facility after paying the normal fee, paying rates, paying fines on normal terms and conditions.
Policy	This City of Busselton Council policy titled “AASB 124 Related Party Disclosures”
Related Party	A person or entity that is related to the local government that is preparing its financial statements. For the City of Busselton, a related party is <ul style="list-style-type: none"> • KMP, • close family members of KMP (typically the KMP’s spouse, domestic partner, children or children of the spouse or partner, or other dependants) • entities that are controlled or jointly controlled by KMP or their close family members
Related Party Transactions	Transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

4. STRATEGIC CONTEXT

Strategic Theme	Strategic Priority
Key Theme 4: LEADERSHIP	4.2: Deliver governance systems that facilitate open, ethical and transparent decision making.

5. POLICY STATEMENT

- 5.1. Under the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996*, all local governments in Western Australia must produce annual financial statements that comply with Australian Accounting Standards.
- 5.2. The City is required, in accordance with AASB 124, to disclose Related Party relationships, Related Party Transactions, and KMP compensation in its Annual Financial Statements.
- 5.3. KMP must comply with AASB 124 by filling out an annual Related Party declaration in the format stipulated and supplied by the City, as part of the year-end financial statement preparation process.
- 5.4. All Related Party Transactions that do not satisfy the definition of an Ordinary Citizen Transaction must be disclosed. Examples include:
 - a. purchases or sales of good, property or other assets;
 - b. rendering or receiving of services;
 - c. leases;
 - d. transfers under licence or finance agreements;
 - e. commitments to do something if a particular event occurs or does not occur in the future;
 - f. settlement of liabilities on behalf of the City or by the City on behalf of the Related Party.
- 5.5. Related Party Transactions will be considered for their materiality and significance.
- 5.6. The following persons are permitted to access, use and disclose the information provided in a Related Party disclosure or contained in a register of Related Party Transactions for the purposes of paragraph 5.5:
 - a. the Chief Executive Officer;
 - b. Director, Corporate Strategy and Performance;
 - c. Manager Financial Services;
 - d. an Auditor from, or appointed by, the WA Auditor General's Office;
 - e. an external or internal Auditor appointed by the City; and
 - f. other officers as determined by the Chief Executive Officer.
- 5.7. Persons specified in paragraph 5.4 may access, use and disclose information in a Related Party disclosure or contained in a register of Related Party Transactions for the following purposes:
 - a. assess and verify the disclosed Related Party transaction;
 - b. reconcile identified Related Party Transactions against those disclosed in the Related Party disclosure or contained in a register of Related Party Transactions;
 - c. comply with the disclosure requirements of AASB 124; or
 - d. verify compliance with the disclosure requirements of AASB 124.
- 5.8. The following information is classified as confidential and is not available for inspection by or disclosure to the public:
 - a. information (including personal information) provided by KMP in a Related Party disclosure; and
 - b. personal information contained in a register of Related Party Transactions.

6. RELATED DOCUMENTATION / LEGISLATION

- 6.1. *Local Government Act 1995*
- 6.2. *Australian Accounting Standards AASB 124 – Related Party Disclosures*
- 6.3. *AASB 10 Consolidated Financial Statement*

- 6.4. AASB 11 Joint Arrangements
- 6.5. AASB 128 Investments in Associates and Joint Ventures
- 6.6. City of Busselton Code of Conduct

7. REVIEW DETAILS

Review Frequency		3 yearly		
Council Adoption	DATE	16 October 2024	Resolution #	C2410/266
Previous Adoption	DATE	10 March 2021	Resolution #	C2103/041