Title	Related Party Disclosures

Policy Type

Council

Policy Purpose

The aim of this policy is to ensure that the City's financial statements contain the disclosures required by AASB 124 – Related Party Disclosures (AASB 124).

Policy Statement

1. Introduction
    1.1. AASB 124 requires that the City's financial statements disclose any related party relationships, transactions and outstanding balances, including commitments, which could have a material effect on the profit and loss and financial position of the City.
    1.2. The objective of AASB is to draw attention to the possibility that the City's financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with these parties.

2. Identification of Related Parties
    2.1. For the purposes of determining the application of AASB 124, the City has identified the following persons as meeting the definition of related party:
        2.1.1. Elected Members;
        2.1.2. The Chief Executive Officer;
        2.1.3. Directors;
        2.1.4. 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;
        2.1.5. Entities that are controlled or jointly controlled by any person identified in clauses 2.1.1-2.1.4 above; and
        2.1.6. Entities that a person identified in clauses 2.1-2.4 above has significant influence over or for which that person is a member of the key management personnel.

3. Identification of Related Party Transactions
    3.1 A related party transaction is a transfer of resources, services or obligations between the City and a related party, regardless of whether a price is charged.
    3.2. The following transactions are examples of related party transactions:
        3.2.1. Paying rates, fees and charges or any other amount to the City;
        3.2.2. Use of City owned or operated facilities (whether charged a fee or not);
        3.2.3. Attending City functions that are open to the public;
        3.2.4. Employee compensation whether it is for key management personnel or close family members of key management personnel;
        3.2.5. Lease arrangements for properties (whether for a City owned property or property leased by the City);

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3.2.6. Monetary and non-monetary transactions between the City and any business or associated entity owned or controlled by the related party in exchange for goods and/or services provided by/to the City;
3.2.7. Sale or purchase of property owned by the City to a related party;
3.2.8. Sale or purchase of property owned by a related party to the City;
3.2.9. Loan arrangements;
3.2.10. Contracts and agreements for construction, consultancy, or services; and
3.2.11. Any other transaction, monetary or otherwise, involving an entity that could affect the financial and operating position of the City through the presence of control, joint control or significant influence.

4. Required Disclosures and Reporting
4.1. For the purposes of determining relevant transactions, those identified in clauses 2.1.1-2.1.3 above will be required to complete regular related party disclosures, using the form approved by the CEO.
4.2. Disclosures will be required on an annual basis following the end of the financial year.
4.3. Disclosures are also required on resignation/termination, or in the case of an Elected Member, where they cease to hold office.
4.4. Disclosures do not need to be made of ordinary citizen transactions.
4.5. Elected Members are not required to disclose the payment of allowances, entitlements or reimbursements, the particulars of which are contained in the City's financial statements.

5. Materiality
5.1. Management will apply professional judgement in consultation with the City's external auditors to assess the materiality of transactions disclosed by related parties and their subsequent inclusion in the City's financial statements.
5.2. In assessing materiality, management will consider both the size and nature of the transaction, individually and collectively.

Definitions:

CEO means the Chief Executive Officer of the City of Cockburn.

close family or ***close members of the family*** has the same meaning as ***close members of the family of a person*** found in paragraph 9[3] of the AASB 124.

control has the meaning in AASB 10 Consolidated Financial Statements

entity or ***entities*** include companies, trusts, joint ventures, partnerships and non-profit associations such as sporting clubs.

joint control has the meaning in paragraph 7 of AASB 11 Joint Arrangements (and paragraph 3 of AASB 128 Investments in Associates and Joint Ventures).

key management personnel has the meaning in paragraph 9[5] of the AASB 124.

ordinary citizen transactions are transactions done at arm's length and under the same terms and conditions applying to the general public.

related party has the meaning in paragraph 9[1] of the AASB 124.

related party transaction has the meaning in paragraph 9[2] of AASB 124.

significant influence has the meaning in paragraph 3 of AASB 128 Investments in Associates and Joint Ventures.

Strategic Link:	Strategic Community Plan
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