



33 Goldie Street
PO Box 348
SMITHTON TAS 7330
DX 70706 SMITHTON
council@circularhead.tas.gov.au
(03) 6452 4800
www.circularhead.tas.gov.au

RELATED PARTY TRANSACTIONS GUIDELINE

REFERENCES & RELATED DOCUMENTS

CP008 Related Party Transactions Policy

Related Party Transactions Discussion Paper

Related Party Transactions Declarations Form

Related Party Transactions Register

RATIONALE / BACKGROUND

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 Standards AASB 124 *Related Party Disclosures* outlines what is expected of elected members and staff of Councils.

GUIDELINE

Key Management Personnel

That the Key Management Personnel of Circular Head Council are the Mayor, Councillors, General Manager and Directors (or an Officer acting in such a role for a period greater than 4 weeks).

Further that the General Manager is provided with the authority to nominate other Senior Managers as members of the Key Management Personnel, either because they have a high level of discretionary decision making over significant expenditures or critically important functions which have a capacity to provide significant financial benefits to customers.

The General Manager will establish, review and maintain a list of Key Personnel for Council.

Related Parties – Council Entities

That council related entities include subsidiaries, associates, joint ventures, member-based entities, regional development authorities, tourism boards and other similar bodies.

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 or not to be related parties.

Related Parties – KMP

That entities related to KMP might include companies, trusts, joint ventures, partnerships, body corporates and non-profit incorporated associations and unincorporated groups or bodies (e.g. sporting clubs).

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That KMP must declare annually to the General Manager all such entities, which are likely to have transactions with Council, over which they exercise significant control and ownership, where that control may influence the benefits they receive.

Close Family Members – Key Management Personnel

That close family members are defined as being the children (over the age of 16), dependents, spouse or domestic partner of the member and the children and dependents of the spouse or domestic partner.

That KMP should also regard all siblings, parents and grandparents of the member, spouse or domestic partner as close family members.

That KMP members are expected to exercise individual judgement to determine whether or not there is any other family member who could be expected to influence or be influenced in their dealings with Council and thus be regarded as a close family member.

That KMP are required to declare annually to the General Manager any close family member that they expect to have reportable transactions with the council.

Reportable Transactions

That transactions of the following nature are considered to be reportable transactions:

- purchase or sale of goods, unless the purchase is a retail transaction made at a listed price;
- purchase or sale of property;
- provision or receipt of personal or professional services;
- lease of property, plant or equipment;
- transfers under a license or financial agreement;
- provision of guarantees or collateral;
- commitments to a future benefit;
- settlement of liabilities;
- infrastructure charges;
- waivers or reductions of fees and interest due;
- grants;
- discounts and subsidy payments that are outside of policy or procedural limits;
- infrastructure contributions and application fees;
- employment expenses for close family members; and
- any other transactions outside normal day-to-day business operations.

That the General Manager, or his or her nominated delegate, be responsible for assessing the nature and significance of transactions, determining the grouping of transactions for reporting and identifying significant transactions for individual reporting.

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Ordinary Citizens Transactions

That Ordinary Citizens Transactions are defined as those 'transactions an ordinary citizen would undertake, and on the same terms and conditions'. Examples of ordinary citizen transactions are provided in the Discussion Paper and include rates, registration fees, facility entry fees etc.

Ordinary Citizen Transactions are not collected and reported.

Declarations

All KMP are required to provide their declarations on 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.

It is the responsibility of the KMP to update their declarations as soon as they become aware if any change or error.

All declarations will be maintained by the General Manager in an approved register.

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