Name	FIN11 Related Party Disclosure
Policy Type	Council
Responsible Officer	Director Corporate Services
Approval Date	19/10/2026
Review Date	18/10/2030

1. Purpose

This policy assists Council in complying with the disclosure requirements under AASB 124 Related Party Disclosures.

This policy provides the tools to:

- Identify related parties, information and transactions about those parties;
- Establish a system to capture and record transactions and information about those transactions;
- Identify circumstances in which a disclosure is required; and
- Determine the disclosures to be made about those items in the Annual Financial Statements for complying with AASB 124.

2. Scope

Local Government Act 2019, *Section 207* and *Local Government (General) Regulations 2021 Section 13* require Council to prepare financial statements for each financial year in line with the accounting standards. For annual periods beginning on or after 1 July 2016 Council will comply with the Related Party Disclosures under AASB 124.

3. Definitions

For the purposes of this Policy, the following definitions apply:

Arm's length terms	Terms between parties that are reasonable in the circumstance of the transaction, where both parties have acted in their own interest, in the absence of the parties being related or influenced by the other.
Close family members or close members of the family	Are those family members who may be expected to influence, or be influenced by that key management person in their dealings with Council and include: - That person's children and spouse or domestic partner; - Children of that person's spouse or domestic partner; and - Dependants of that person or that person's spouse or domestic partner. For the purpose of the AASB 124 close family members can include extended members of a family, if they could be expected to influence, or be influenced by, the key management person in their dealings with Council.

Control	Control of an entity is present when there is: - Power over the entity; and - Exposure or rights to variable returns from involvement with the entity; and - The ability to use power over the entity to affect the amount of returns received.
Joint Control	The contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.
Key management personnel or key management person (KMP)	Person(s) having authority and responsibility for planning, directing and controlling the activities of Council, directly or indirectly. Specifically, KMP of Council are: - The mayor; - Elected members; - The Chief Executive Officer; - The directors; - Other officers with delegations under the *Local Government Act 2019 (NT) Section 168*.
Ordinary Citizen Transactions	Transactions that an ordinary citizen would undertake with Council, which is undertaken on arm's length terms and in the ordinary course of carrying out Council's functions and activities. (e.g. Paying rates or other charges, using Council's public facilities as an individual)
Related party	Is a person or entity that is related to the reporting entity. i. Council subsidiaries; ii. Entities who are associates of Council and Council subsidiaries; iii. Joint ventures in which Council or a Council subsidiary is a joint ventures; iv. Council's KMP; v. A close family member of a KMP of Council; vi. Entities controlled by a KMP of Council; vii. Entities controlled or jointly controlled by a close family member of a KMP of Council; viii. Other entities as specified in AASB 124, paragraph 9(b)(iii),(iv),(v) and (viii).

Other Entity	Other entities that are related parties in accordance with AASB 124 paragraph 9(b), including: • entities that are joint ventures of the same third party; • entities where one is a joint venture and the other an associate of the same third entity; • post-employment benefit plans for employees of Council or related entities; and • entities that provide key management personnel services to Council or its parent entity.
Council	Council means Litchfield Council constituted under the *Local Government Act 2019 (NT).*
Related party transaction	Is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.
Reporting entity	Is the entity that is preparing its financial statements.

4. Policy Statement

4.1. Disclosure Requirements under AASB 124

To comply with AASB 124, for annual period beginning on or after 1 July 2016, Council will make the following disclosures in its General Purpose Financial Statements.

4.1.1 Key management personnel (KMP) compensation in total and for each of the following categories[1]:

- Short-term employee benefits;
- Post-employment benefits;
- Other long-term benefits; and
- Termination benefits.

4.1.2 Amounts incurred by Council for the provision of KMP services that are provided by a separate management entity[2].

4.1.3 For each category of transactions with a related party (as defined in this policy), Council will disclose the following information in Litchfield Council's General Purpose Financial Statements:

[1] See AASB 124, paragraph 17 and 17A
[2] See AASB 124, paragraph 18A

- The nature of the related party relationship;
- The amount of the transactions;
- The amount of outstanding balances, including commitments, and:
  - Their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and
  - Details of any guarantees given or received;
- Provisions for doubtful debts related to the amount of outstanding balances; and
- The expense recognised during the periods in respect of bad or doubtful debts due from related parties.

4.1.4 For each related party category specified in the definition of this policy, Council will disclosure information specified in Section 4.1.3 for related party transactions of similar nature in aggregate except when separate disclosure is necessary for an understanding of the effects of related party transactions on the Financial Statements of Council having regards to the following criteria:

- The nature of the related party relationship;
- The significance of the transaction (individually or collectively) in terms of size or value;
- Whether the transaction is carried out on non-arm's length terms;
- Whether the nature of the transaction is outside normal day-to-day business operations.

Decision on disclosure in aggregate or separate will be made in consultation with the Council's external auditor.

4.2. Identifying Council Related Party Relationships and Transactions

4.2.1. The Director Corporate Services is responsible for identifying Council subsidiaries, associates and joint ventures (incorporated and unincorporated).

4.2.2. To determine whether Council has control or joint control of an entity, the Director Corporate Services is responsible for applying AASB 10 – Consolidated Financial Statements and AASB 11 – Joint Arrangements.

4.2.3. To determine whether an entity is an associate of, or in a joint venture with Council or a Council subsidiary the Director Corporate Services is responsible for applying AASB 128 – Investments in Associates and Joint Ventures.

4.2.4. Related party transactions are identified through Council's electronic business system and the Director Corporate Services is responsible to extract the information specified in Section 4.1.3 for the register of related party transactions. Furthermore, the Director Corporate Services is responsible to investigate any related party transactions as specified

in Section 4.1.3 that are not kept in the electronic business system through manual investigation.

4.3. Identifying Related Party Transactions with KMP and their Close Family Members

KMP must provide a related party disclosure, notifying any existing or potential related party transactions between Council and either themselves, their close family members or entities controlled or jointly controlled by them or any of their close family members to the Chief Executive Officer.

4.3.1. Related Party Disclosure Form

At least 30 days before a specified notification period, the Director Corporate Services will provide KMP with a Related Party Disclosure Form (Attachment A) and a Privacy Collection Notice (Attachment B).

4.3.2. Suspected Related Party Transaction

If a KMP suspects that a transaction may constitute a related party transaction, the KMP should provide a related party disclosure on the appropriate form to the Chief Executive Officer.

4.3.3. Specified Notification Periods

KMP have to provide a Related Party Disclosure Form in the following periods during a financial year:

- 30 days after a KMP commences their term of employment with Council;
- KMP must provide an updated disclosure within 30 days of becoming aware of a new related party relationship or transaction.

4.3.4. Other Notifications

The notification requirements under Section 4.3 are in addition to notifications a KMP must make to comply with other existing policies of Council.

4.3.5. Exclusions

The notification requirements under Section 4.3 do not apply to:

- (For staff) transactions disclosed under Section 4.1.1 (e.g. Salary and other employee benefits)
- (For elected members) transactions governed by Council policy EM05 *Elected Members Benefits and Support Policy*
- Transactions classified as ordinary citizen transactions as defined in this policy.

4.3.6. Information Extraction

Related party transactions are identified through Council's electronic business system and the Director Corporate Services is responsible to extract the information specified in

Section 4.1.3 for the register of related party transactions. Furthermore, the Director Corporate Services is responsible to investigate any related party transactions as specified in Section 4.1.3 that are not kept in the electronic business system through manual investigation.

4.3.7. Other Sources of Information

To ensure all related party transactions are captured and recorded, the Director Corporate Services is responsible for reviewing, if required, other sources of information held by Council including, but not limited to:

- A register of interests of a KMP and of persons related to the KMP;
- Minutes of Council and committee meetings;
- Council's Contracts' Register
- Council's Tender Register
- Gifts and Benefits Register

4.4. Register of Related Party Transactions

The Director Corporate Services is responsible for maintaining and keeping up to date a register of related party transactions that captures and records information specified in Section 4.1.3 for each existing or potential related party transaction during a financial year.

4.4.1. Contents of the Register

The contents of the register of related party transactions must detail for each related party transaction:

- The description of the related party transaction;
- The name of the related party;
- The nature of the related party's relationship with Council;
- Whether the notified related party transaction is existing or potential;
- A description of the transactional documents subject to the related party transaction;
- The information specified in Section 4.1.3 of this policy.

4.5. Information Privacy

4.5.1. Confidential

The following information is classified as confidential and is not available for inspection by or disclosure to the public. Disclosure will only occur where required by law, including the *Information Act 2023 (NT),* the *Local Government Act 2019 (NT),* audit requirements, or Australian Accounting Standards.

- Information (including personal information) provided by a KMP in a related party disclosure; and
- Personal information contained in a register of related party transactions.

4.5.2. When Consent is Required

Except as specified in this Policy, Council and other permitted recipients will not use or disclose personal information provided in a related party disclosure by a KMP or contained in a register of related party transactions for any other purpose or to any other person except with the prior written consent of the subject KMP.

4.5.3. Permitted Recipients

The following persons are permitted to access, use and disclose the information (including personal information) provided in a related party disclosure or contained in a register or related party transactions for the purpose specified in Section 4.5.4:

- the Chief Executive Officer;
- the Director Governance and Community;
- the Director Corporate Services;
- an Auditor of Council; and/or
- other officers as delegated by the Chief Executive Officer.

4.5.4. Permitted Purposes

A person specified in Section 4.5.3 may access, use and disclose information (including personal information) in a related party disclosure or contained in a register of related party transactions for the following purposes:

- to assess and verify a notified related party transaction;
- to reconcile identified related party transactions against those notified in a related party disclosure or contained in a register or related party transactions;
- to comply with the disclosure requirements of AASB 124;
- to verify compliance with the disclosure requirements of AASB 124.

5. Associated Documents

Attachment A to Policy FIN11– Related Party Disclosure by KMP form.

Attachment B to Policy FIN11 – Privacy Collection Notice Related Party Disclosures by KMP.

Litchfield Council Policies.

6. References and Legislation

Information Act 2023 (NT)

Local Government Act 2019 (NT)

Local Government (General) Regulations 2021 (NT) General Instruction 2: Annual Financial Statements

AASB 124 Related Party Disclosures

AASB 10 Consolidated Financial Statements

AASB 11 Joint Arrangements

AASB 128 Investments in Associates and Joint Ventures

Ministerial Guidelines

7. Review History

Date Reviewed	Description of changes (Inc Decision No. if applicable)
17/05/2017	New Policy
19/07/2022	Policy review – references to *Local Government Act 2019* and General Regulations and update of Council Officer position titles.
6/10/2026	Policy review – references to *Local Government Act 2019 (NT)* and General Regulations and update of Council Officer position titles. Updated definitions.