

**Program:** Financial Services  
**Date of Adoption:** 26 April 2023  
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**Review Date:** 26 April 2026

### Scope

This policy applies to the persons occupying or acting in positions of Councillors, Chief Executive Officer (CEO) and Senior Executives of Mackay Regional Council (MRC).

This policy provides a framework for the identification of related party relationships and the disclosure of related party transactions with MRC.

### Objective

To ensure compliance with the *Australian Accounting Standard AASB124 related party disclosures* and the *Local Government Act 2009* to prepare financial accountability documents, including general purpose financial statements.

### Policy Statement

The related party policy seeks to reduce the risk that MRC's transactions may be influenced by the interests of parties related to the transaction. This occurs where the parties are in a position to influence the decision of whether a benefit is provided to them and the terms of the provision of that benefit.

It is therefore important that Key Management Personnel (KMP) act honestly and with reasonable care and diligence whilst avoiding improper use of their position and information. It is equally important that KMP of MRC are subject to a high level of accountability, including appropriate disclosure of their transactions with MRC in the annual financial statements.

Council considers that to the extent this policy engages and limits, or potentially limits, any human rights, that limitation is reasonable in that it is proportionate and justified.

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This process to remain in force until otherwise determined  
by Mackay Regional Council

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## 1.0 Principles

Under the *Local Government Act 2009* and *Local Government Regulation 2012* all local governments in Queensland must produce annual financial statements that comply with Australian Accounting Standards.

The objective of *Australian Accounting Standard AASB124 related party disclosures* is to ensure that annual financial statements contain disclosures necessary for stakeholders to draw attention to the possibility that the financial position and financial performance may have been affected by transactions and outstanding balances with related parties.

This information will be audited as part of the annual external audit by the Queensland Audit Office.

### 1.1 Related Parties

A related party is a person or entity that is related to the MRC.

The following are related parties of MRC;

- i. Key Management Personnel (KMP)
- ii. Close family members of KMP
- iii. Any entities controlled or jointly controlled by KMP or their close family members
- iv. A subsidiary, associate or joint venture of MRC.

Other parties may be assessed to be related parties from time to time depending upon MRCs structure and delegations or in accordance with the requirements of *AASB124*.

KMP and other persons occupying or acting in the positions disclosed are required to complete a related party declaration to assist MRC in compliance with its statutory obligations. Declarations are requested bi-annually each financial year. Should an individual's circumstances materially change between these periods a new form will be required to be completed.

### 1.2 Disclosure

Transactions between MRC and related parties, whether monetary or not, are required to be identified. Disclosure of these transactions within the annual financial statements will be determined in accordance with materiality by assessment against nature and size when considered individually and collectively.

Materiality thresholds are reviewed annually as part of the audit process and reported related party disclosures will be in compliance with the framework of the *Australian Accounting Standard AASB124* and other relevant standards, as required.

Related party transactions excluded from disclosure requirements on the basis as ordinary citizen transactions are:

- Any valid discounts and fee waivers that are available to the party as an ordinary citizen and is available to any ordinary citizen in the same circumstance, and
- Any service or benefit provided as part of the normal MRC business operation to the party as an ordinary citizen and is available to any ordinary citizen in the same circumstance.

Transactions that may be disclosed if between related parties include;

- Any infrastructure charges, and
- Special waivers or reduction of fees, discounts provided despite late payments, waivers of interest on debts, or any other benefit not excluded that has been provided to the party,
- Outstanding balances owed to MRC by KMP and their related parties.
- Other transactions as required by AASB124.

MRC will be cognisant of privacy and right to information requirements when dealing with the identification, retention and disclosure of related party transactions.

## 2.0 Definitions

To assist in interpretation the following definitions shall apply:

**Close family members of a person** shall mean those family members who may be expected to influence, or be influenced by, that person in their dealings with the MRC.

**Control** shall mean the ability to direct the business' activities of an entity through rights or exposure to returns from its involvement with the entity.

**Council** shall mean all elected representatives, including the Mayor of Mackay Regional Council.

**Councillor** shall mean an individual elected representative, including the Mayor of Mackay Regional Council.

**Joint control** is the contractually agreed sharing of control over an economic activity.

**MRC** shall mean Mackay Regional Council.

**Ordinary Citizen Transactions** shall mean transactions with a related party that are made on terms that are considered reasonable if the parties were dealing at 'arm's length'.

**Key Management Personnel (KMP)** shall mean those persons having authority and responsibility for planning, directing and controlling the activities of MRC or MRC entities, directly or indirectly. This shall include; Councillors, Chief Executive Officer and Senior Executives.

**Related Party Transaction** shall mean the transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

**Senior Executives** shall mean an employee of the local government, (a) who reports directly to the chief executive officer and (b) whose position would be considered to be a senior position in the local government's corporate structure.

### 3.0 Review of Policy

This policy will be reviewed when any of the following occur:

- The related documents are amended or replaced.
- Other circumstances as determined from time to time by a resolution of Council

Notwithstanding the above, this policy is to be reviewed at intervals of no more than three (3) years.

### 4.0 Reference

- *Local Government Act 2009*
- *Local Government Regulations 2012*
- *Human Rights Act 2019*
- Australian Accounting Standard AASB124 related party disclosures (AASB124)
- Australian Accounting Standard AASB10 consolidated financial statements (AASB10)

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Version Control:

Version	Reason / Trigger	Change	Endorsed / Reviewed	Date
1	New Policy	Statutory Requirement	Approved by Corporate Services Committee Meeting	20.07.16
2	Review of Policy	Minor amendments to Policy	Council	10.10.18
3	Review of Policy	Amendments	Council	26.04.23