

# Related Party Disclosure Policy

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## Purpose of this policy

This policy outlines the approach the Department of Planning and Environment (department) will take in determining how compliance with the Australian Accounting Standard AASB 124 Related Party Disclosures (AASB 124) and the subsequent New South Wales Treasury Circular TC 16-12 Related Party Disclosures occurs. Related party disclosures are required of Key Management Personnel (KMP), as their role, through their decision-making power can have a significant material impact on the financial position of the department.

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## To whom this policy applies

This policy applies to KMP of the department and to KMP of all Department of Planning and Environment Cluster agencies that obtain personnel services from people employed by the department.

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## Policy statement

All public sector agencies are required under the AASB 124 to disclose related party transactions in their financial statements. To satisfy this, a related party disclosure is required to be completed by all KMP, which include but not limited to the Secretary, Chief Executives, certain Senior Executive Band 3 positions and Ministers within the cluster.

Related party relationships are a normal occurrence in business and commerce; however, these relationships need to be carefully examined as they can impact the financial position of the department. In particular, KMP and their related party relationships have the ability to influence activities including transactions, outstanding balances and commitments.

## Key management personnel and their responsibilities

The role of KMP is important, as an improper exercise of their authority can unduly influence these activities. KMP exercise authority and have the responsibility for planning, directing and controlling activities of the department. Due to the nature of a KMP's role, related party relationships can have a considerable influence on the department's financial position, especially when engaged in transactions with the department.

The roles that are considered to be KMP include the Secretary of the department, Chief Executives of agencies, Members of Governing Boards and Trusts, Agency Accountable Authorities, and any other persons occupying a Senior Executive Band 3 position. Corporate Finance is responsible for implementing and maintaining this policy. The KMP list for each agency within the Cluster, including for the department will be revised annually by the Finance and Assets Branch in Corporate Finance.

Ministers are also considered to be KMP of agencies within their portfolio. If there are multiple portfolio ministers, the Corporate Finance team will determine if one or all are KMP. The Department of Premier and Cabinet manages a separate process for collecting information from Ministers and provides required information to the department for appropriate disclosure in the financial statements.

Any person appointed to a role that is considered KMP, for less than three months, Corporate Finance team will assess whether that person is considered a KMP during their appointment.

If an employee ceases to be a KMP, due to moving to another role, resignation, retirement or other factors, they must also complete a declaration prior to leaving the KMP role.

## Meaning of 'related party'

Related parties include KMP, close family members of a KMP and a controlled entity (company, business, subsidiary) of a KMP or of a close family member. In other words the related party of the department is a person who has control or significant influence over the department.

Related parties also include other government agencies or non-government organisations that are related to the department in other ways. These agencies can be related by being a member of the same group (that is, parent and subsidiary); engaging in a joint venture or associated with the department through a mutual third party and providing goods or services to the department.

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## Failure to comply with this policy

Ethical and behavioural standards are set out in the [Code of Ethics and Conduct](#), which all employees are expected to demonstrate while working with the department. If you fail to meet those standards, corrective action may be taken in accordance with the [Code of Ethics and Conduct](#).

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## Review timeframe

Corporate Finance will review this policy no later than 3 years from the date the document is approved. The document may be reviewed earlier in response to post-implementation feedback, changes to legislation, or as necessary.

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## Related documents

This policy ensures compliance with the following:

- Australian Accounting Standard 124 Related Party Disclosure
- Treasury Circular TC16-12 Related Party Disclosures

Related Party Disclosures Policy – Frequently Asked Questions document will soon be available on the intranet which provides further information; please contact [Finance](#) if you require a copy of the document.

The KMP Declaration Form will soon be available on the intranet; please contact [Finance](#) if you require a copy of the document. The KMP Declaration Form is updated annually by Corporate Finance and the latest version will be provided by Corporate Finance on request, such as when a KMP is leaving the role and needs to make a declaration as part of the separation process.

## Policy metadata

Table 1. Policy metadata

Category	Description
Status	Final
Date of approval	11 May 2021
Approver	Group Deputy Secretary Corporate Services
Group	Corporate Services
Division	Corporate Finance
Policy owner	Director Finance and Assets
Branch	Finance and Assets
Document location	DPE Intranet and Internet
Next review date	June 2024
Associated procedure	
Any additional applicability	
Superseded document	Related Party Disclosures Policy Framework – DPE
Further information	<a href="mailto:Renu.Gangopadhyay@environment.nsw.gov.au">Renu.Gangopadhyay@environment.nsw.gov.au</a>
Document Reference	POL21/9

## Version control

Table 2. Version Control

Version	Date issued	Change
1	11 May 2021	Updated DPE policy for Department of Planning, Industry and Environment usage
1.1	3 May 2022	Updated to reflect new branding and name change.

## Appendices

Appendix 1 – Definitions

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Table 3 - Definitions

Term	Definition
Personnel service	The service that personnel (staff employed by a Public Service Agency such as the department) provide to the employer or to other entities within cluster who cannot employ staff.
Close family member of a KMP of the department	Family member who may be expected to influence or be influenced by the KMP in their dealings with the department and include, the KMP's children and spouse or domestic partner, and dependents of the person or the person's spouse or domestic partner. Close family members exclude siblings, parents and other extended family, unless they may be expected to influence, or be influenced by the KMP in their dealings with the department.
Commitments	This includes executory contracts (both recognised and unrecognised in the financial statements), recognised commitments under AASB 7 <u>Financial Instruments: Disclosures</u> , leases and unrecognised commitments under AASB 12 <u>Disclosure of Interest in Other Entities</u> .
Key management personnel or KMP of the department	Persons having authority and responsibility for planning, directing and controlling the activities of the department, directly or indirectly.
Related party of the department	A person or entity that is related to the department
Related party transaction	<p>Transfer of resources, services or obligations between the department and a related party, regardless of whether a price is charged. Related party transactions (monetary / non-monetary / in -kind) include:</p> <ul style="list-style-type: none"> <li>• Provision of goods (finished or unfinished) or services</li> <li>• Purchase, sale or transfer of property, other assets or licences</li> <li>• Rendering or receiving services (including employment)</li> <li>• Leasing arrangements</li> <li>• Property transfers</li> <li>• Provision of guarantee or collateral</li> <li>• Settlement of liabilities</li> <li>• Outstanding balance brought forward from prior financial period relating to transactions in a prior financial period</li> <li>• Any commitment to provide/receive services and/or benefits contingent upon occurrence/non-occurrence of a future event or through contractual arrangements.</li> </ul>