

## Policy

The Eastern Victoria GP Training (EV) Board is committed to the adoption of ethical conduct and responsible decision-making across the scope of its responsibilities and authority, especially when dealing with related or third party transactions (e.g. members, associates of members, directors and EV staff):

1. In instances where a related party will receive a financial benefit from EV, the Board must decide:
  - a. whether to obtain member approval; or
  - b. whether the giving of the financial benefit to the related party falls within one of the exceptions listed in section 210 to 216 of the *Corporations Act 2001* (Cth).
2. It is also possible that Department of Health or RACGP approval may be required and this possibility will be considered in any decision making process.
3. Prior to entering into any Related Party Transaction, the issue will be referred to the Finance Audit Risk Management (FARM) Committee of the Board for investigation and recommendation to the Board on whether the transaction meets the arm's length exemption or whether member approval is required, and will also consider whether DoH or RACGP needs to be consulted. This will be included in the minutes.
4. The arm's length checklist includes:
  - a. How the terms of the overall transaction compare with those of any comparable transactions between parties dealing on an 'arm's length' basis in similar circumstances;
  - b. Whether the company followed "robust protocols" to ensure that conflicts of interest were appropriately managed in negotiating and structuring the transaction;
  - c. The impact of the transaction on the company (including the financial position and performance of the company) and non-associated members;
  - d. Any other options available to the company; and
  - e. Any expert advice received by the company on the transaction.
5. In instances where member approval is required:
  - a. EV must lodge with ASIC the material that will be put to members. This must be lodged 14 days before the notice convening the meeting is given to members.
  - b. Meeting materials seeking member approval for Related Party Transactions must provide sufficient information (including details of the financial benefit) to members to enable them to decide whether or not the financial benefit to be given to a Related Party is in the interest of the EV.
  - c. The option to proceed with a Related Party Transaction can only be made by a resolution at a Board meeting. Any benefit must be given within 15 months of member approval.
6. No Board Director shall participate in the evaluation or approval of any Related Party Transaction for which they are a Related Party and they will abstain from voting on the approval of the Related Party Transaction. During the discussion and voting the Director must leave the room.
7. If the transaction is to be ongoing it will be periodically reviewed by the FARM Committee of the Board to assess the nature of the relationship and performance. This will be reported to the Board during their next meeting and will be reviewed annually.
8. Pre-approved transactions (arm's length exemptions) that do not require member's approval include: expenses incurred in performing Director duties, insurance and legal expenses incurred in performing Director duties and supervisor/medical educator/Registrar Liaison Officer payments.
9. All Related Party Transactions will be disclosed in the Annual Report.
10. In the event that management or a Board Director becomes aware of a Related Party Transaction that was not previously approved or ratified under this procedure, the Chair will notify the Board Directors and consider if the transaction should be ratified or rescinded or other action should be taken.

## Definitions

*Related Party Transaction* - Any transaction through which a public company or registered managed investment scheme provides a financial benefit to a related party (such as a director, their spouse and certain other relatives). Almost by definition, related party transactions involve conflicts of interest because related parties are often in a position to influence the decision of whether the benefit is provided to them and the terms of its provision.

# GOV-Gov-1.11 Related Party Transactions Policy



## Additional Information

- ASIC Regulatory Guide 76: Related Party Transactions (March 2011) <http://asic.gov.au/regulatory-resources/find-a-document/regulatory-guides/rg-76-related-party-transactions/>

## Relevant Legislation

- Corporations Act 2001 (Cth)

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