

Relevant Information for Council

FILE: X094861 **DATE:** 19 February 2024

TO: Lord Mayor and Councillors

FROM: Bill Carter, Chief Financial Officer

THROUGH: Monica Barone PSM, Chief Executive Officer

SUBJECT: Information Relevant To Item 6.3 - 2023/24 Quarter 2 Review - Delivery Program 2022-2026

For Noting

This memo is for the information of the Lord Mayor and Councillors.

Purpose

To respond to questions in relation to how the City checks that trusts are a registered, tax-paying business and that appropriate governance practices are in place.

Background

At the meeting of the Corporate, Finance, Properties and Tenders Committee on 12th February 2024, further information was sought in relation to trusts, and in particular:

- (a) if the City has policies about structures or companies that we consider to be valid tenderers and the integrity checks that are undertaken; and
- (b) in relation to family trusts, how the City checks they are a registered, tax-paying business

There isn't a Policy in relation to contracting entities. The City has strengthened its approach to engaging with Trusts in recent years, and it is our strong preference not to engage Trusts wherever possible. This is stated in our template tender and quote documents, and suppliers are requested to nominate an alternate entity in their submissions.

If there are specific reasons to proceed to engage with a Trust, then the supplier's Trust Deed is reviewed in order to identify the individual or company who controls the Trust and to confirm that the trustee has power to enter into the contract. This entity becomes the named Trustee in the contract, and financial checks are undertaken before contract execution. When these suppliers are set up in the payments system, the ABN is checked to validate the entity name.

The contract is then prepared with the Trustee of the Trust. We do not contract with Trusts. As the Trustees are registered for GST, there is no compliance risk when contracting with that entity type.

In relation to the specific supplier in the Quarter 2 report (Trustee for Kuys Discretionary Trust), the ABN for the entity (the Trustee) is registered for GST, and this is the entity that the City has contracted with and pays.

Historically businesses were able to accept tax invoices containing a trading name without reference to the legal entity provided the ABN of the legal entity was included. Changes announced by the Australian Business Register (ABR) and due for implementation by October 2023 (now postponed to October 2025) have the effect of requiring tax invoices to contain either the ABN and legal entity, or the ABN and ASIC registered business name. As the City works with suppliers to comply with these new requirements, there will be changes in the supplier and invoice details contained within reports.

Memo from Bill Carter, Chief Financial Officer

Prepared by: Janet Pursehouse, Chief Procurement Officer

Approved

P. M. Barone

MONICA BARONE PSM

Chief Executive Officer