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# Northern Midlands Council Account Management Report

## Income & Expenditure Summary for the Period Ended 30 April 2017 (83% of Year Completed)

Line Item Summary Totals	Operating Statement		Corporate Services		Regulatory & Community Serv		Development Services		Works & Infrastructure Services		Total Operating Statement		% of Budget	
	2016/17 Budget	2016/17 Actual	2016/17 Budget	2016/17 Actual	2016/17 Budget	2016/17 Actual	2016/17 Budget	2016/17 Actual	2016/17 Budget	2016/17 Actual	2016/17 Budget	2016/17 Actual		
Wages	302,906	265,268	0	0	0	0	0	0	0	0	0	0	87.84%	
Material & Services Expenditure	342,820	283,928	0	0	0	0	0	0	0	0	0	0	83.12%	
Depreciation Expenditure	41,320	34,420	0	0	0	0	0	0	0	0	0	0	83.39%	
Government Levies & Charges	6,810	6,687	0	0	0	0	0	0	0	0	0	0	78.54%	
Councillors Expenditure	190,097	152,889	0	0	0	0	0	0	0	0	0	0	80.42%	
Other Expenditure	472,879	104,219	0	0	0	0	0	0	0	0	0	0	56.97%	
Oncost	138,278	116,006	0	0	0	0	0	0	0	0	0	0	76.59%	
Internal Plant Hire/Rental	19,850	21,343	0	0	0	0	0	0	0	0	0	0	85.82%	
Internal Rental/Rates	0	0	0	0	0	0	0	0	0	0	0	0	80.15%	
Other Internal Transfers Expenditure	0	2,555	0	0	0	0	0	0	0	0	0	0	81.15%	
Oncosts Paid - Payroll	67,980	52,687	0	0	0	0	0	0	0	0	0	0	52.27%	
Oncosts Paid - Non Payroll	96,398	76,330	0	0	0	0	0	0	0	0	0	0	1,002,712.00	1,422,865%
Plant Expenditure Paid	7,450	5,606	0	0	0	0	0	0	0	0	0	0	73.27%	
	1,691,366	1,120,863	9,570,294	7,812,746	870,875	672,557	1,292,612	1,186,281	12,877,326	11,151,199	26,282,515	21,923,758	83.42%	
Rate Revenue	0	0	(9,146,346)	(8,997,728)	(23,256)	(22,544)	0	0	(702,941)	(719,488)	(9,872,545.00)	(9,639,870.00)	97.84%	
Recycling Grant Revenue	(5,273)	(5,273)	(1,806,201)	(1,457,149)	(1,000)	(1,000)	0	0	(2,575,435)	(2,889,977)	(4,387,909.00)	(4,369,399.00)	99.44%	
Fees and Charges Revenue	(191)	(191)	(540,272)	(428,829)	(137,982)	(138,441)	(400,184)	(319,346)	(427,952)	(377,169)	(1,506,300.00)	(1,263,989.00)	83.91%	
Internal Revenue	(800,000)	(118,222)	(105,842)	(130,888)	0	0	0	0	0	0	(405,842.00)	(247,110.00)	60.89%	
Remittances Revenue	(2,690)	(2,732)	(25,767)	(6,020)	(7,000)	(9,393)	0	0	(46,500)	(45,811)	(81,667.00)	(63,956.00)	78.12%	
Oncosts/Revenues - Internal Tier	(133,278)	(112,376)	(247,062)	(188,237)	(57,410)	(55,922)	(232,476)	(133,502)	(807,193)	(575,635)	(1,477,424.00)	(1,067,714.00)	72.27%	
Plant Hire Income - Internal Tier	(17,830)	(19,577)	(15,310)	(7,014)	(9,000)	(6,320)	(21,940)	(16,519)	(1,138,989)	(984,902)	(1,202,959.00)	(1,034,432.00)	86.99%	
Other Internal Transfers Income	(25,770)	(21,570)	(495,442)	(17,669)	(490,593)	(418,715)	(687,112)	(523,967)	(84,426)	(4,249,158)	(6,837,487.00)	(5,195,741.00)	76.99%	
Other Revenue	(702,001)	(387,693)	(23,795)	(22,025)	(2,100)	(1,207)	0	0	(18,426)	(163,909)	(812,321.00)	(464,831.00)	57.22%	
	(1,186,751)	(665,633)	(12,405,059)	(11,131,212)	(728,341)	(653,682)	(1,341,712)	(993,436)	(110,921,931)	(9,897,059)	(26,584,674)	(23,341,022)	87.80%	
Underlying (Surplus) / Deficit Before	494,617	455,960	(2,835,805)	(3,318,461)	142,534	18,675	(59,200)	172,855	1,955,496	1,254,140	(302,359)	(1,417,234)		
Gain on Sale of Fixed Assets	0	0	0	0	0	0	0	0	0	0	0	0		
Loss on Sale of Fixed Assets	0	0	0	0	0	0	0	21,854	300,000	38,687	300,000	67,452		
Net Loss On Disposal of Fixed Assets	0	0	0	0	0	6,911	0	21,854	300,000	38,687	300,000	67,452		
Underlying (Surplus) / Deficit	494,617	455,960	(2,835,805)	(3,318,461)	142,534	25,766	(59,200)	194,709	2,255,496	1,292,827	(2,359)	(1,349,782)		
Capital Grant Revenue	0	0	0	(246)	0	0	0	0	(2,291,976)	(737,065)	(2,291,976)	(737,301)		
Subdivider Contributions	0	0	0	0	0	0	0	0	(430,000)	0	(430,000)	0		
	0	0	0	(246)	0	0	0	0	(2,721,976)	(737,065)	(2,721,976)	(737,301)		
Operating (Surplus) / Deficit	494,617	455,960	(2,835,805)	(3,318,710)	142,534	25,766	(59,200)	194,709	(456,481)	555,772	(2,724,335)	(2,087,083)		

Northern Midlands Council  
Account Management Report  
2016/17 for year to April 2017

	Annual Budget	YTD Actual	Annual Budget Spent %	Scheduled and Actual Works by Month											
				B/fwd	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY
<b>Capital Expenditure - Governance</b>															
<b>Fleet, Plant &amp; Equipment</b>															
780004 Gov - Council Chambers Table and Chairs	5,000	6,060	121%												
780006 Gov - Office Equipment Purchases	6,910	6,910	100%												
<b>Total Fleet, Plant &amp; Equipment</b>	<b>11,910</b>	<b>12,970</b>	<b>109%</b>												
<b>Land &amp; Buildings</b>															
707987 Lfd - CBD Strategy Parklets	102,000	2,835	3%												
<b>Total Land &amp; Buildings</b>	<b>102,000</b>	<b>2,835</b>	<b>3%</b>												
	<b>113,910</b>	<b>15,805</b>	<b>14%</b>												
<b>Capital Expenditure - Corporate Services</b>															
<b>Equipment &amp; Buildings - Corporate Services</b>															
704420 S.E.S. Equipment Purchase	80,000	239	0%												
707964 Lfd - Council Chambers Roof Replacement	6,000	352	0%												
70968 Pth - Community Centre/Child Care Air Conditioning	115,927	2,707	45%												
745300 Corp - Computer System Upgrade	9,913	34,652	30%												
745310 Corp - Purchase Office Equipment	187,293	16,202	163%												
720113 Corp - Office / Council Chambers Improvements	20,000	108,615	58%												
750202 Sports Centre Equipment Purchases / Improvements	20,000	1,072	5%												
<b>Total Equipment &amp; Buildings - Corporate Services</b>	<b>419,133</b>	<b>163,839</b>	<b>39%</b>												
	<b>419,133</b>	<b>163,839</b>	<b>39%</b>												
<b>Capital Expenditure - Regulatory and Community Services</b>															
<b>Fleet, Equipment &amp; Buildings</b>															
700002 Fleet - F2 Pool Vehicle	15,000	17,784	119%												
780025 Ec & Comm Dev - Purchase of Office Equipment	2,000	1,541	77%												
<b>Total Fleet, Equipment &amp; Buildings</b>	<b>17,000</b>	<b>19,325</b>	<b>114%</b>												
<b>Total Capital Expenditure - Regulatory and Community Services</b>	<b>17,000</b>	<b>19,325</b>	<b>114%</b>												
<b>Capital Expenditure - Development Services</b>															
<b>Fleet, Plant &amp; Equipment</b>															
700004 Fleet - F4 Health/Planning Inspector	15,000	-	0%												
715330 Plan & Dev - Purchase of Office Equipment	44,000	33,190	75%												
<b>Total Fleet, Plant &amp; Equipment</b>	<b>59,000</b>	<b>33,190</b>	<b>56%</b>												
<b>Total Capital Expenditure - Development Services</b>	<b>59,000</b>	<b>33,190</b>	<b>56%</b>												





	Annual Budget	YTD Actual	Annual Budget Spent %	Scheduled and Actual Works by Month												
				Actual Expenditure												
				B/Fwd	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
<b>Waste Management</b>																
712952	Waste - MGB Purchases	25,000	2,260	9%												
728755	Waste - WTS Improvements	1,500	3,265	213%												
728763	Waste - Lfd WTS Improvements	-	808	0%												
728766	Waste - Avoca WTS Improvements	30,850	30,356	98%												
	<b>Total Waste Management</b>	<b>57,350</b>	<b>36,689</b>	<b>64%</b>												
<b>Roads</b>																
<b>Town - Bridge St Reconstruction Highway to Church St</b>																
750180	Town - Bridge St Reconstruction Highway to Church St	220,000	21,862													
750180.1	Town - Bridge St Reconstruction Highway to Church St Excavation	-	19,181													
750180.2	Town - Bridge St Reconstruction Highway to Church St Subbase	-	15,646													
750180.3	Town - Bridge St Reconstruction Highway to Church Base	-	35,074													
750180.4	Town - Bridge St Reconstruction Highway to Church Prep for Seal	-	2,497													
750180.5	Town - Bridge St Reconstruction Highway to Church Seal	-	27,391													
750180.7	Town - Bridge St Church St to Highway Nature Strip	-	5,464													
750180.8	Town - Bridge St Church St to Highway Driveways	-	7,803													
750180.9	Town - Bridge St Reconstruction Highway to Church St Other	-	1,551													
750180.91	Town - Bridge St Reconstruction Highway to Church St Stormwater	-	6,066													
	<b>Total Town - Bridge St Reconstruction Highway to Church St</b>	<b>220,000</b>	<b>142,535</b>	<b>65%</b>												
<b>CP</b>																
<b>Town - Leake St Reconstruct Mason to Torlesse K&amp;G</b>																
750684	Town - Leake St Reconstruct Mason to Torlesse K&G	140,000	25,231													
750684.1	Town - Leake St Reconstruct Mason to Torlesse Excavation	-	22,825													
750684.2	Town - Leake St Reconstruct Mason to Torlesse Subbase	-	17,665													
750684.3	Town - Leake St Reconstruct Mason to Torlesse Base	-	35,297													
750684.4	Town - Leake St Reconstruct Mason to Torlesse Prep for Seal	-	7,836													
750684.4	Town - Leake St Reconstruct Mason to Torlesse Seal	-	38,956													
750684.6	Town - Leake St Reconstruct Mason to Torlesse Footpath	-	-													
750684.7	Town - Leake St Reconstruct Mason to Torlesse Nature Strip	-	10,199													
750684.8	Town - Leake St Reconstruct Mason to Torlesse Driveways	-	12,514													
750684.9	Town - Leake St Reconstruct Mason to Torlesse Other	-	1,766													
750684.91	Town - Leake St Reconstruct Mason to Torlesse Stormwater	-	25,457													
	<b>Total Town - Leake St Reconstruct Mason to Torlesse K&amp;G</b>	<b>140,000</b>	<b>197,746</b>	<b>141%</b>												
<b>Town - Torlesse St Reconstruction Leake to end</b>																
751257	Town - Torlesse St Reconstruction Leake to end	50,000	7,606													
751257.1	Town - Torlesse St Reconstruction Leake to end Excavation	-	4,683													
751257.2	Town - Torlesse St Reconstruction Leake to end Subbase	-	390													
751257.3	Town - Torlesse St Reconstruction Leake to end Base	-	9,483													
751257.4	Town - Torlesse St Reconstruction Leake to end Prep for Seal	-	1,677													
751257.5	Town - Torlesse St Reconstruction Leake to end Seal	-	-													
751257.7	Town - Torlesse St Reconstruction Leake to end Naturestrip	-	1,594													
751257.8	Town - Torlesse St Reconstruction Leake to end Driveways	-	1,054													
751257.9	Town - Torlesse St Reconstruction Leake to end Other	-	96													
751257.91	Town - Torlesse St Reconstruction Leake to end Stormwater	-	1,966													
	<b>Total Town - Torlesse St Reconstruction Leake to end</b>	<b>50,000</b>	<b>28,549</b>	<b>57%</b>												
<b>Evan - Nile Road Reconstruction Ch 7.300 to 8.085</b>																



Lfd - Woolmers Lane Ch 3.269 to 5.800	Annual Budget	YTD Actual	Annual Budget Spent %	Scheduled and Actual Works by Month														
				Actual Expenditure														
				B	F	J	J	A	S	O	N	D	J	F	M	A	M	J
Lfd - Woolmers Lane Reconstruction Ch 3.269 to 4.490	250,000	814																
Lfd - Woolmers Lane Reconstruction Ch 3.269 to 4.490 Excavation	-	27,302																
Lfd - Woolmers Lane Reconstruction Ch 3.269 to 4.490 Subbase	-	120,058																
Lfd - Woolmers Lane Reconstruction Ch 3.269 to 4.490 Base	-	125,204																
Lfd - Woolmers Lane Reconstruction Ch 3.269 to 4.490 Prep for Seal	-	11,024																
Lfd - Woolmers Lane Reconstruction Ch 3.269 to 4.490 Seal	-	60,107																
Lfd - Woolmers Lane Reconstruction Ch 3.269 to 4.490 Other	-	5,831																
Lfd - Woolmers Lane Reconstruction Ch 3.269 to 4.490 Stormwater	-	26,912																
Lfd - Woolmers Lane Reconstruction Ch 3.269 to 4.490 Stormwater	260,000	7,019																
Lfd - Woolmers Lane Reconstruction Ch 4.490 to 5.800	-	60,107																
Lfd - Woolmers Lane Reconstruction Ch 4.490 to 5.800 Seal	-	1,707																
Lfd - Woolmers Lane Reconstruction Ch 5.800 to 6.100	-	-																
Total Lfd - Woolmers Lane Ch 3.269 to 5.800	510,000	446,085	87%															
<b>Pth - Cromwell St Phillip to Nelson K&amp;G East Side</b>																		
Pth - Cromwell St Phillip to Nelson K&G East Side	40,000	16,630																
Pth - Cromwell St Phillip to Nelson K&G East Side Excavation	-	3,936																
Pth - Cromwell St Phillip to Nelson K&G East Side Subbase	-	1,093																
Pth - Cromwell St Phillip to Nelson K&G East Side Base	-	6,265																
Pth - Cromwell St Phillip to Nelson K&G East Side Prep for Seal	-	2,413																
Pth - Cromwell St Phillip to Nelson K&G East Side Seal	-	-																
Pth - Cromwell St Phillip to Nelson K&G East Side Footpath	-	-																
Pth - Cromwell St Phillip to Nelson K&G East Side Nature Strip	-	2,978																
Pth - Cromwell St Phillip to Nelson K&G East Side Stormwater	-	1,114																
Pth - Cromwell St Phillip to Nelson K&G East Side Other	-	509																
Pth - Cromwell St Phillip to Nelson East Side Stormwater	-	17,860																
Pth - Cromwell St Phillip to Nelson K&G East Side	40,000	52,798	132%															
<b>Pth - Seccombe St East Reconstruct and Seal Fairthrough to end</b>																		
Pth - Seccombe St East Reconstruct and Seal Fairthrough to end	70,000	5,003																
Pth - Seccombe St East Reconstruct and Seal Fairthrough to end Excavation	-	5,329																
Pth - Seccombe St East Reconstruct and Seal Fairthrough to end Subbase	-	9,080																
Pth - Seccombe St East Reconstruct and Seal Fairthrough to end Base	-	17,821																
Pth - Seccombe St East Reconstruct and Seal Fairthrough to end Prep for Seal	-	3,594																
Pth - Seccombe St East Reconstruct and Seal Fairthrough to end Seal	-	-																
Pth - Seccombe St East Reconstruct and Seal Fairthrough to end Nature Strip	-	2,548																
Pth - Seccombe St East Reconstruct and Seal Fairthrough to end Driveways	-	8,214																
Pth - Seccombe St East Reconstruct and Seal Fairthrough to end Other	-	556																
Pth - Seccombe St East Reconstruct and Seal Fairthrough to end Stormwater	-	25,174																
Pth - Seccombe St East Reconstruct and Seal Fairthrough to end	70,000	77,319	110%															
<b>Ross Streetscape Improvements</b>																		
Ross - Streetscape Improvements	50,000	6,340																
Ross - Town Sandstone Entrance Statements	-	41,160																
Total Ross Streetscape Improvements	50,000	47,500	95%															

	Annual Budget	YTD Actual	Annual Budget Spent %	Scheduled and Actual Works by Month											
				Actual Expenditure											
				B/Fwd	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY
<b>Resealing Program</b>															
715005	Roads - Resealing All Areas	700,000	5,156												
715005.101	Lfd - Point Road Woolmers Lane to Ch 1400 Seal	-	5,143												
715005.159	Lfd - Reseal Carpark Bishopscourne Community Centre	-	13,100												
	<b>Total Resealing Program</b>	<b>700,000</b>	<b>23,399</b>												
			3%												
<b>Resheeting Program</b>															
715125	Southern - Resheeting	265,000	115,863												
715460	Roads Northern - Resheeting	265,000	97,836												
	<b>Total Resheeting Program</b>	<b>530,000</b>	<b>213,699</b>												
			40%												
<b>Footpath Construction Program</b>															
750000.61	All Areas - Footpaths Stimulus Program	250,000	-												
750180.6	Clown - Bridge St Church St to Highway Footpath	29,016	28,244												
750474.6	Pth - George St Fairtlough to end of Kerb Footpath	24,000	-												
750492.6	Clown - Glenelg St Pedder to Church Footpath	60,000	49,280												
750507.6	Lfd - Goderich St William to Archer Footpath	17,000	-												
750716.6	Evan - Logan Rd from Stockman Footpath	3,000	-												
750794.6	Cry - Main St No 134 to Bus Parking West Side Footpath	60,000	-												
750796.6	Cry - Main St Newsagency to Church St Footpath	15,000	-												
<del>750823.6</del>	Lfd - Malcombe St Laycock to Marlborough Footpath	70,000	41,576												
<del>751044.6</del>	Clown - Queen St Bridge to Glenelg Footpath	40,000	34,642												
751100.6	Evan - Cnr Scone/Russell Street Footpath	4,622	4,622												
<del>751144.6</del>	Lfd - Smith Street Howick to Hay Footpath	11,694	12,791												
751145.6	Lfd - Smith Street Hay to Gate Footpath	12,843	12,537												
751150.6	Cry - Spencers Lane Cressy Rd to Gatenby St Footpath	5,900	5,900												
751356.6	Lfd - Wallington St Hobhouse 2047 to Bulwer 2062 Footpath	4,320	5,009												
751499.6	Drummond St - Youl Rd to Norfolk St Gravel Footpath	48,600	28,862												
751500.6	Drummond St - Norfolk to Drummond Ct Concrete Footpath	719,355	223,463												
	<b>Total Footpath Construction Program</b>														
			31%												
<b>Other Road Projects</b>															
750561	Ross - High St Church to Esplanade Reconstruction	60,000	-												
750744	Clown - Macquarie Rd Reconstruction Ch 32.940 to 33.865	230,000	278												
751548	Clown - Macquarie Rd Ch 33.865 to Ch 34.215 Reconstruct	87,000	7,193												
751308	Pth - Secombe St West K&G and Rd Verge reconstruction Mulgrave to Milnera	80,000	31												
	<b>Total Other Road Projects</b>	<b>457,000</b>	<b>7,502</b>												
			2%												
	<b>Total Roads</b>	<b>3,870,355</b>	<b>1,870,565</b>												
			48%												
<b>Bridges</b>															
741130	Lfd - Bridge 1130: Woolmers Lane Macquarie River	2,600,000	97,514												
741300	Avoca - Bridge 1300: Rossarden Rd Storeys Creek	120,000	242												
743725	Avoca - Bridge 3725: McShanes Rd Hop Pole Crk	300,000	242												
747350	Cry - Bridge 7350: Cressy Rd Lake River	1,430,000	1,661,273												
	<b>Total Bridges</b>	<b>4,450,000</b>	<b>1,759,271</b>												
			40%												



	Annual Budget	YTD Actual	Annual Budget Spent %	Scheduled and Actual Works by Month														
				B/twd	Actual Expenditure													
					JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN		
<b>Urban Stormwater Drainage</b>																		
788576 Lfd - Stormwater Detention Basin Paton Street	74,553	84,003	113%															
788601 Eyan - Stormwater Translink Upgrade	819,134	158,345	19%															
788605 Storm Water Management Plans	40,000	28,538	71%															
788608 Lfd - Park St Stormwater Geogee to West South Side	-	6,581	0%															
<b>Total Urban Stormwater Drainage</b>	<b>933,687</b>	<b>277,467</b>	<b>30%</b>															
<b>Total Capital - Works Department</b>	<b>11,599,193</b>	<b>4,949,163</b>	<b>43%</b>															
<b>Total Capital Works All Departments</b>	<b>12,208,236</b>	<b>5,181,322</b>	<b>42%</b>															



**NORTHERN  
MIDLANDS  
COUNCIL**

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# **Related Party Disclosures Policy<sup>1</sup>**

Version 1.0

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Adopted: 20 March 2017

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<sup>1</sup>This Policy is designed to support compliance with Australian Accounting Standard AASB 124 *Related Party Disclosures*.

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## Acknowledgements

This Policy was developed through a working group comprising representatives from the Tasmanian Audit Office, the Local Government Division of the Department of Premier and Cabinet, Clarence City Council and the Local Government Association of Tasmania.

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## Scope

This policy outlines what is expected of elected members and staff of Council in relation to Australian Accounting Standard AASB 124 *Related Party Disclosures* (AASB 124).

Specifically, the policy outlines the disclosure requirements under AASB 124 of Key Management Personnel (KMP), which includes elected members. It also outlines the procedures Council will follow to collect, store, manage and report on related party relationships, transactions and commitments.

Under the *Local Government Act 1993* and the *Audit Act 2008* all local governments in Tasmania must produce annual financial statements that comply with Australian Accounting Standards.

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## Summary of the Standard

From 1 July 2016, local governments (councils) must disclose related party relationships, transactions and outstanding balances, including commitments, in their annual financial statements.

The objective of the Standard is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties.

Council's related parties are likely to include the Mayor, councillors, General Manager, senior executives, their close family members and any entities that they control or jointly control. Any transactions between Council and these parties, whether monetary or not, may need to be identified and disclosed.

## Key terms

<b>Term</b>	<b>Meaning</b>
Arm's length terms	<p>Terms between the parties that are reasonable in the circumstances of the transaction that would result from:</p> <ul style="list-style-type: none"> <li>• neither party bearing the other any special duty or obligation, and</li> <li>• the parties being unrelated and uninfluenced by the other, and</li> <li>• each party having acted in its own interest.</li> </ul>
Close Family Member	<p>Family members of Key Management Personnel (KMP) who may be expected to influence, or be influenced by, that person in their dealings with the entity. This includes, but is not limited to, that person's spouse or domestic partner; and the children and dependents of that person or that person's spouse or domestic partner.</p>
Control of an entity	<p>You control an entity if you have:</p> <ol style="list-style-type: none"> <li>a) power over the entity;</li> <li>b) exposure, or rights, to variable returns from involvement with the entity; and</li> <li>c) the ability to use your power over the entity to affect the amount of your returns.</li> </ol>
Declaration by KMP	<p>An annual declaration of close family members and entities that the KMP or their close family members control or jointly control, as per Appendix 1, updated during the year as necessary.</p>
Entities controlled by KMPs	<p>Entities include companies, trusts, joint ventures, partnerships and non-profit associations such as sporting clubs.</p> <p>You control an entity if you have:</p> <ul style="list-style-type: none"> <li>• power over the entity;</li> <li>• exposure, or rights, to variable returns from involvement with the entity; and</li> <li>• the ability to use your power over the entity to affect the amount of your returns.</li> </ul>
Entities related to Council	<p>Entities controlled by Council, jointly controlled by Council or over which Council has significant influence are related parties of Council.</p>
Joint control of an entity	<p>To jointly control an entity there must be contractually agreed sharing of control of the entity, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.</p>
Key Management Personnel (KMP)	<p>Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. In the council context this includes the Mayor, all aldermen or councillors, the General Manager and senior council officers as outlined in the policy.</p>
KMP Compensation	<p>All employee benefits. Employee benefits are all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered to the entity. It also includes such consideration paid on behalf of a parent of the entity in respect of the entity.</p> <p>Compensation includes:</p> <ol style="list-style-type: none"> <li>a) short-term employee benefits, such as wages, salaries and social security contributions, paid annual leave and paid sick leave, profit-sharing and bonuses</li> </ol>

	<p>(if payable within twelve months of the end of the period) and non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for current employees;</p> <p>b) post-employment benefits such as pensions, other retirement benefits, post-employment life insurance and post-employment medical care;</p> <p>c) other long-term employee benefits, including long-service leave or sabbatical leave, jubilee or other long-service benefits, long-term disability benefits and, if they are not payable wholly within twelve months after the end of the period, profit-sharing, bonuses and deferred compensation;</p> <p>d) termination benefits; and</p> <p>e) share-based payment.</p>
Materiality	<p>Information is material when, if omitted or misstated, it could influence decisions that users make on the basis of financial information about a specific reporting entity.</p> <p>Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.</p>
Ordinary Citizen Transactions (OCTs)	<p>Transactions that an ordinary citizen would undertake with Council are usually not material to related party disclosure requirements. OCTs do not apply if the terms and conditions are different to those offered to the general public.</p>
Related Party of Council	<p>People and entities, such as companies, trusts and associations, can be related parties of Council. Most commonly these will be entities related to Council, KMP of Council (including elected members), close family members of KMP and entities that are controlled or jointly controlled by KMP or their close family members.</p>
Related Party Transaction	<p>A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.</p>

## Links to other legislation and Australian Accounting Standards

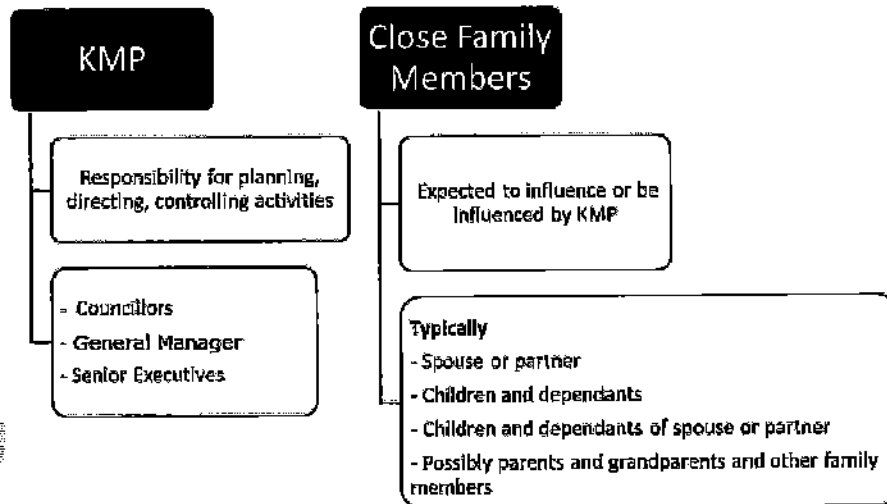
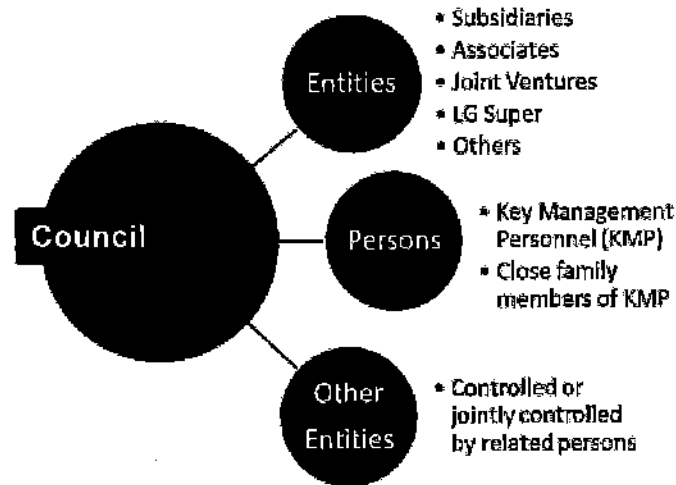
There is overlap between the requirements of AASB 124 and the interest provisions in the *Local Government Act 1993* (LGA). Beyond the provisions of AASB 124 the LGA requires certain disclosures. Council will make these disclosures separately where not adequately covered by AASB 124 disclosures.

Other legislation referred to in this policy include the *Audit Act 2008*, *Archives Act 1983*, *Privacy Act 1988*, *Personal Information Protection Act 2004* (PIP Act) and *Right to Information Act 2009*.

Other Australian Accounting Standards referred to in this policy include AASB 10 *Consolidated Financial Statements*; AASB 11 *Joint Arrangements*; AASB 128 *Investments in Associates and Joint Ventures*.

## Identifying Related Parties

The following diagram gives an overview of common related parties that a council will have:



### 1. The General Manager will establish, review and maintain a list of Key Management Personnel for Council.

Key Management Personnel (KMP) for council are:

- the Mayor
- all aldermen/councillors
- the General Manager
- other senior executives (including division managers).

### 2. Those persons identified as KMP will complete an annual declaration which outlines the entities, if any, that are controlled or jointly controlled by that KMP or their close family members and which are likely to have transactions with Council (Appendix 1).

### 3. For the purpose of this Policy, Close Family Members includes:

- that person's children and spouse or domestic partner;
- children of that person's spouse or domestic partner; and
- dependents of that person or of that person's spouse or domestic partner.



Council may determine other family members, such as a parent, grandparent, sibling, cousin, etc, who may be expected to influence, or be influenced by, that person in their dealings with Council or a Council entity.

Council may seek to ensure alignment between this declaration and the register of interests required under section 54 of the LGA.

**Example for Guidance (Son of CFO employed by Council)**

*Sunny Shire Council has recently employed Paul's son (George) in the Council's parks and garden's area. Paul is Council's Chief Financial Officer but was not involved in hiring George. This process was managed by the Director of Parks and Gardens and included an independent assessment process. Paul did not have any influence in George securing the job.*

*Paul has been identified as a KMP of Council, which makes him a related party.*

*George will also be a related party of Council because he is a close family member of Paul. The recruitment process that was undertaken for George's position is irrelevant when assessing whether George is a related party.*

**Example for Guidance (Cousin of Mayor)**

*The Mayor of Happy Shire Council (Shelley) has lived in the Shire her whole life. In fact her family has been in the area for over five generations.*

*Shelley's cousin Mavis, owns and operates the local newsagent through a company Happy News Pty Ltd, in which she owns 100% of the shares. Shelley and Mavis have always been close and regularly socialise together.*

*Shelley has been identified as a KMP of Council. From these facts it would appear that Mavis is a close family member of Shelley because she would be expected to influence, or be influenced by, that person in her dealings with Council.*

*Both Mavis and the company she controls, Happy News Pty Ltd would therefore be related parties of Council. Any transactions that the Council makes with the newsagent would need to be separately identified and may need to be disclosed.*

4. It is the responsibility of General Manager to seek a declaration upon a change of KMP.
5. All KMPs will be asked to provide their declarations by 1 July each year covering the forthcoming financial year. In addition, an updated declaration for the previous financial year will also be provided.
6. It is the responsibility of all identified KMP to update their declaration should they become aware of a change, error or omission.

**7. REGISTER OF RELATED PARTY TRANSACTIONS**

**7.1. Maintain a Register**

The General Manager or Corporate Services Manager is responsible for maintaining and keeping up to date a register of related party transactions that captures and records the information for each existing or potential related party transaction (including ordinary citizen transactions assessed as being material in nature) during a financial year.

**7.2. Contents of Register**

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

- a) the description of the related party transaction;
- b) the name of the related party;
- c) the nature of the related party's relationship with Council;
- d) whether the notified related party transaction is existing or potential;
- e) a description of the transactional documents the subject of the related party transaction.

The General Manager or Corporate Services Manager is responsible for ensuring that the information is disclosed in Council's Financial Statements to the extent, and in the manner stipulated by AASB 124.

7. Council will use the declarations of KMP to establish a list of related parties for the purposes of identifying transactions and reporting under AASB 124.
8. Updates will be provided to KMP and Council staff periodically on changes arising from amendments to Australian Accounting Standards, applicable legislation or policy and procedural requirements.

## Council Entities and Subsidiaries

For the purpose of this policy, entities controlled by Council, jointly controlled by Council or over which Council has significant influence are related parties of Council. Council will need to identify transactions with these entities and may need to make extra disclosure about them in Council's financial statements.

When assessing whether Council has control or joint control over an entity, Council will need to consider AASB 10 *Consolidated Financial Statements* and AASB 11 *Joint Arrangements*. AASB 128 *Investments in Associates and Joint Ventures* details the criteria for determining whether Council has significant influence over an entity.

### **Example for Guidance (Company that is a related party of Council)**

*Sunny Regional Council (SRC) owns 90% of the shares in Sunny Regional Development Pty Ltd (the company).*

*SRC has assessed that it has control over the company. The company is therefore a related party of SRC because SRC controls it.*

*SRC produces consolidated financial statements which include both a parent entity column and consolidated entity column. In these statements all individually significant transactions between SRC and the company will need to be disclosed. For other transactions that are collectively, but not individually, significant SRC will need to disclose a qualitative and quantitative indication of their extent.*

*SRC must also disclose the nature of its relationship with the company.*

## Entities Controlled (or jointly controlled) by KMP or their close family members

1. KMP will exercise their best judgement in identifying related parties.
2. KMP, including elected members, will carefully assess the information and examples following before declaring, or not declaring, an entity over which they, or a close member of the family, have control or joint control.

Entities include companies, trusts, joint ventures, partnerships and non-profit associations such as sporting clubs.

When assessing whether or not a KMP or close member of their family controls, or jointly controls, an entity, Council will need to refer to AASB 10 *Consolidated Financial Statements* and AASB 11 *Investments in Associates and Joint Ventures*.

### **Example for Guidance**

*Mayor is the President of a local football club.*

*The Mayor of Sunny Shire Council is the President of League Heroes Inc, the local football club. This club is overseen by a committee which comprises the President and four other committee members. Each member has a single vote when making decisions at meetings. The committee members are not related and do not have agreements to vote with one another. The club has over 100 members that each have a vote in electing the committee members at the club's annual general meeting.*

*From these facts it would appear that the Mayor does not control or jointly control the football club so it will not be a related party of Council just because the Mayor is the president of the club.*

### **Example for Guidance (Joint control)**

*Fred is the Mayor of Sunny Shire Council and owns 50 per cent of the ordinary shares in Sunny Development Company Pty Ltd (the company). Fred's brother Stan owns the other 50 per cent of ordinary shares. Fred and Stan are the only Directors of the company and have equal voting rights on the board.*

*Fred and Stan have joint control of the company because any decisions require the unanimous consent of them both.*

*Fred will need to include the company on his related party declaration.*

## Related party disclosures by Council

### 1. Each year Council will declare the following related party transactions:

- 1.1. Transactions with Council subsidiaries, by transaction type.
- 1.2. KMP compensation, including:
  - short-term employee benefits;
  - post-employment benefits;
  - long-term benefits; and
  - termination benefits.
- 1.3. Transactions with other related parties, including:
  - purchases or sales of goods (finished or unfinished);
  - purchases or sales of property and other assets;
  - rendering or receiving of services;
  - leases;
  - transfers of research and development;
  - transfers under licence agreements;
  - transfers under finance arrangements (including loans and equity contributions in cash or in kind);
  - provision of guarantees or collateral;
  - commitments to do something if a particular event occurs or does not occur in the future, including executory contracts (recognised and unrecognised); and
  - settlement of liabilities on behalf of the entity, or by the entity on behalf of that related party.
- 1.4. Transactions of a similar nature will be disclosed in aggregate except when separate disclosure is necessary for an understanding of the effects of a related party transaction on the financial statements of council, having regard to the following criteria:
  - the nature of the related party transaction
  - the significance of the transaction (individually or collectively) in terms of size or value (including where the materiality arises due to the fact that no consideration for the transaction is given or received by Council)
  - 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.
- 1.5. Outstanding balances in relation to transactions with related parties, including:
  - Entities controlled by KMPs; and
  - Bad or doubtful debts in respect of amounts owed by related parties.
- 1.6. Non-monetary transactions such as use of facilities, peppercorn rents.

2. If a KMP or close associate is named individually in disclosure reports, the KMP will be given a copy of the intended disclosure for review and information purposes. Feedback must be provided within seven (7) days.
3. Council will not capture Ordinary Citizen Transactions (OCTs) with related parties. Nor will Council disclose non-material transactions.
4. For the purpose of this Policy, example of OCTs are:

<b>Examples of OCTs</b>
Using a council's public swimming pool after paying the normal fee
Parking fees at rates available to the general public
Attending council functions that are open to the public
Fines on normal terms and conditions
Visiting a council art gallery
Paying rates and utility charges
Dog registration
<b>Examples of transactions that are NOT OCTs</b>
Purchases or sales of property
Leases
Transfers under finance arrangements (eg. Loans)
Settlement of liabilities
Infrastructure charges or contributions
Purchase of goods and services, regardless of conditions
Employee expenses of close family members of KMP

**Guidance note:**

*OCTs are generally not material transactions because of their nature, and therefore Council may wish to identify them upfront and exclude them from being recorded as a related party transaction (step 3).*

*Note, however, if the OCTs were to occur on terms and conditions that are different to those offered to the general public, the volume of transactions or other qualitative factors of the transactions may become material and give rise to an audit issue if not disclosed. Care needs to be taken in identifying these types of transactions.*

The list of OCTs will be reviewed periodically with updates provided to KMP.

5. **The General Manager will assess the materiality of the related party transactions that have been captured prior to disclosure.**

Council does not have to disclose transactions that are not material. In determining materiality, the size and nature of the transaction individually and collectively will be considered and assessment will be made in consultation with the Audit Office.

6. **In making disclosures in the annual financial statements Council will include:**

- 6.1 Relationships between a parent and its subsidiaries, irrespective of whether there have been transactions between them.
- 6.2 KMP compensation in total and for each of the following categories:

- short-term employee benefits;
- post-employment benefits;
- other long-term benefits; and
- termination benefits.

6.3 Where related party transactions have occurred:

- the nature of the related party relationship; and
- information about the transactions, outstanding balances and commitments, including terms and conditions.

6.4 Separate disclosure in aggregate for each category of related party transactions.

Note: Transactions that are individually significant, either because of their amount or nature, are included in the aggregate disclosure but also need to be disclosed separately.

6.5 The types of transactions disclosed such as:

- purchases or sales of goods;
- purchases or sales of property and other assets or rendering or receiving property and other assets or rendering or receiving goods;
- rendering or receiving of services;
- leases;
- guarantees given or received;
- commitments;
- loans and settlements of liabilities;
- expense recognised during the period in respect of bad debts; and
- provision for doubtful debts relating to outstanding balances.

## Privacy and right to information

Council must comply with the requirements of the *Archives Act 1983* (Tasmania), *Privacy Act 1988* (Commonwealth), *Personal Information Protection Act 2004* (Tasmania) and *Right to Information 2009* (Tasmania) in the collection, storage, management, disclosure and reporting of information.

A declaration statement from KMP is incorporated into the *Declaration of Related Party Transactions Form* (Appendix 1) to enable the disclosure and reporting of information in accordance with AASB 124. A Related Party Information Collection Notice will be provided to KMP and included in their Declarations (Appendix 2).

### **Guidance note:**

*In accordance with the PIP Act, Council cannot use personal information for purposes other than the reason it is collected, and unique identifiers cannot be assigned to an individual unless necessary to carry out required functions efficiently.*

## Dispute resolution

Disputes will be managed in accordance with Council's dispute resolution policy.

## Adoption of the Related Party Disclosures Policy

This policy was adopted by the Council and is due for review by Council as follows:

Date of Approval	
Source of Approval	Council Minute No.:
Date of Commencement	1 July 2016
Source of Authority	S28E LGA
Strategic Plan Reference	
Date of Review	1 July 2019
Previous Policies Withdrawn or Amended	This policy supersedes all other related party disclosure policies and Council resolutions in relation to related party disclosures as required by AASB 124
Department Responsible for Implementation	Corporate Services Department
Department Responsible for Policy	Corporate Services Department
Publication of Policy	Members of the public may inspect this policy as part of the Policy Manual on the Northern Midlands Council website. Copies can be obtained free of charge. Alternatively, it can be accessed on Council's website <a href="http://www.northernmidlandscouncil.tas.gov.au">www.northernmidlandscouncil.tas.gov.au</a>

Appendix 1 - Declaration of Related Party Transactions and Consent Form

**Private and Confidential**

**Related Party Declaration by Key Management Personnel**

Name of Key Management Person: .....

Position of Key Management Person: .....

Key Management Personnel's Name	Nature of likely transactions with Council or Council entities		
Name of Entity over which the KMP has control	Relationship with KMP	Nature of likely transactions with Council or Council entities	
Close Family Member's Name	Relationship with KMP	Nature of likely transactions with Council or Council entities	Nature of likely transactions with Council or Council entities

I (*name*)....., (*position*).....

declare that the above list includes all my close family members and the entities controlled, or jointly controlled, by myself or my close family members having had, or likely to have, transactions with Council. I make this declaration after reading Council's policy which details the meaning of the words "close family members" and "entities controlled, or jointly controlled, by myself or my close family members".

I permit the General Manager to access the register of interests of me and persons related to me and to use the information for the purposes specified in Council's Related Party Disclosures Policy.

Declared at (*place*)..... on the (*date*).....

Signature of KMP:

Name of KMP:

In accordance with Council's *Privacy Policy*, your information, and the information of others, is protected by law, including the *Privacy Act 1988* and the *Personal Information Protection Act 2004*.



## Appendix 2 – Related Party Information Collection Notice



### Collection Notice

#### Related party transactions disclosure by Key Management Personnel

From 1 July 2016, Council must disclose related party relationships, transactions and outstanding balances, including commitments, in its annual financial statements, in order to comply with *Australian Accounting Standard AASB 124 Related Party Disclosures*.

#### **Purpose of collection, use and disclosure of related party information**

The reason for disclosure of related party transactions is to ensure that Council's financial statements contain the information necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties.

Council's related parties are likely to include the Mayor, councillors, General Manager, senior executives, their close family members and any entities that they control or jointly control. Any transactions between Council and these parties, whether monetary or not, may need to be identified and disclosed.

A related party transaction is a transfer of resources, services or obligations between Council and a related party, regardless of whether a price is charged.

A related party transaction must be disclosed in Council's financial statements if the transaction is material. Information is material when, if omitted or misstated, it could influence decisions that users make on the basis of financial information about a specific reporting entity.

Prior to disclosure, the General Manager will assess the materiality of related party transactions that have been captured, and, if deemed material, will disclose in its financial statements the nature of the related party relationship and information about the transaction. Disclosure in the financial statements may be in aggregate form and/or may be made separately, depending on the nature and materiality of the transaction.

#### **Related Party Transactions Declaration by Key Management Personnel**

Key management personnel (KMP) are the persons who have authority and responsibility for planning, directing and controlling the activities of Council, directly or indirectly and include the Mayor, councillors, General Manager and senior executives. In order to comply with AASB 124, Council has adopted a policy that requires all KMP to declare any existing or potential related party transactions between Council and any of their related parties during a financial year.

Each KMP must provide an annual *Related Party Declaration* in the approved form, by 1 July each year, and update the Declaration should they become aware of any change, error or omission. KMPs must exercise their best judgement in identifying related parties when declaring, or not declaring, entities over which they, or a close member of their family, have control or joint control.

## How will the information captured in the Declaration be used?

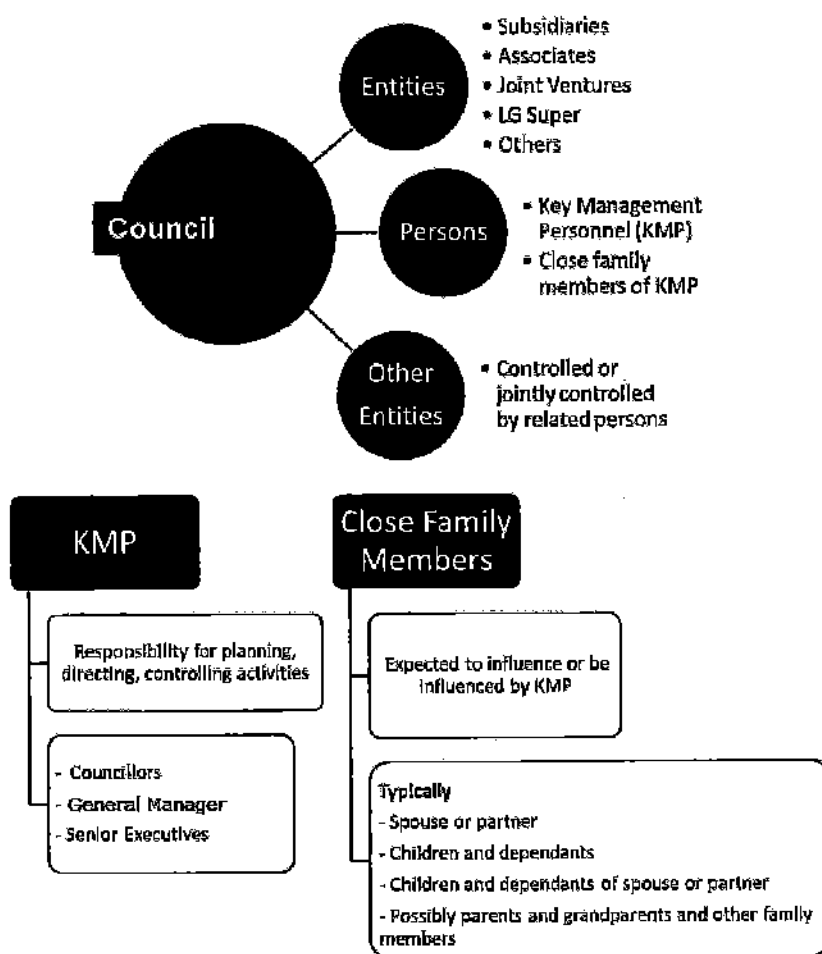
Council will use the declarations of KMPs to establish a list of related parties of Council for the purposes of identifying transactions and reporting under AASB 124. If a KMP or close family member is named individually in disclosure reports, the KMP will be given a copy of the intended disclosure for review and information purposes.

## Who are related parties?

People and entities, such as companies, trusts and associations, can be related parties of Council.

The following diagram gives an overview of common related parties that a council will have.

The following diagram gives an overview of common related parties that a council will have:



For related party transaction disclosures under AASB 124, the related party relationship must be disclosed for both the KMP and their close family members, even if the same related party entity is held jointly or in common by them. This is separate and in addition to Council's register of interests which is required under the *Local Government Act 1993*.

Under AASB 124, those persons who are prescribed as definitely being close family members of a KMP include:

- that person's children and spouse or domestic partner;
- children of that person's spouse or domestic partner; and
- dependents of that person or that person's spouse or domestic partner.

Council may determine other family members, such as a parent, grandparent, sibling, cousin, etc, who may be expected to influence, or be influenced by, that person in their dealings with Council or a Council entity.

**What is an entity that I, or my close family members, control or jointly control?**

Entities include companies, trusts, joint ventures, partnerships and non-profit associations such as sporting clubs.

You control an entity if you have:

- a) power over the entity;
- b) exposure, or rights, to variable returns from involvement with the entity; and
- c) the ability to use your power over the entity to affect the amount of your returns.

You jointly control an entity if there is a contractually agreed sharing of control of the entity. Joint control exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

In some instances, it may not be easy to determine whether or not you, or your close family members, control or jointly control an entity. If you are unsure and require further clarification, you should contact the General Manager for a confidential discussion.

*For more information about Council's disclosure requirements under AASB 124 Related Party Transactions, please refer to the Council's Related Party Disclosures Policy, which can be found at [www.northernmidlandscouncil.tas.gov.au](http://www.northernmidlandscouncil.tas.gov.au)*

*All information collected by Council is in accordance with Council's Privacy Policy and is protected by law, including the Privacy Act 1988 and the Personal Information Act 2004. Council's privacy policy can be found at [www.northernmidlandscouncil.tas.gov.au](http://www.northernmidlandscouncil.tas.gov.au)*

