

Northern Midlands Council Account Management Report

Income & Expenditure Summary for the Period Ended 31 July 2019 8% of Year Completed)

Line Item Summary Totals	Operating Statement		Corporate Services		Regulatory & Community Serv		Development Services		Works & Infrastructure Services		Total Operating Statement		% of Budget
	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	
1 Wages	378,418	29,341	1,034,929	107,233	233,010	22,241	359,123	32,744	1,791,770	141,795	3,797,250.00	333,354.00	8.7%
2 Material & Services Expenditure	356,696	125,662	657,169	125,662	408,479	9,734	3,292,370	182,247	3,292,370	182,247	4,818,946.00	460,560.00	9.5%
3 Depreciation Expenditure	60,783	5,065	148,300	12,558	37,960	3,163	8,460	707	5,203,247	433,604	5,458,770.00	454,897.00	8.3%
4 Government Levies & Charges	0	2,197	778,384	1,789	1,820	0	0	0	65,070	0	845,274.00	3,986.00	0.47%
5 Interest Expenditure	0	0	272,007	87,216	0	0	0	0	0	0	272,007.00	87,216.00	32.06%
7 Councilors Expenditure	204,330	9,053	0	0	0	0	0	0	0	0	204,330.00	9,053.00	4.43%
9 Other Expenditure	489,053	63,434	477,580	447,714	172,982	19,344	5,690	541	144,505	36,853	1,289,810.00	567,886.00	44.03%
11 Internal Plant Hire/Rental	170,288	12,935	465,730	44,315	86,136	8,375	161,606	14,734	696,311	56,643	1,580,071.00	137,002.00	8.67%
12 Internal Rental/Rates	21,120	1,105	22,440	2,199	40,770	1,881	20,880	634	942,106	92,113	1,047,296.00	97,992.00	9.35%
13 Internal Rental/Rates	0	0	1,700	581,624	550	0	0	0	7,460	2,423	9,710.00	0.00	0.00%
10 Other Internal Transfers Expenditure	77,286	609	243,075	7,418	46,996	2,233	67,586	580	29,076	26,370	7,008,562.00	584,047.00	8.33%
14 Oncosts Paid - Payroll	103,487	4,919	281,535	32,608	64,592	7,621	87,392	10,547	349,925	76,868	784,668.00	37,210.00	4.74%
15 Oncost Paid - Non Payroll	5,290	822	11,520	4,875	14,820	3,634	9,850	1,371	516,844	53,555	1,053,660.00	109,450.00	10.39%
16 Plant Expenditure Paid	1,866,751	255,142	11,373,855	1,455,507	908,115	85,451	1,024,819	71,592	477,730	76,818	519,210.00	81,520.00	15.70%
9													
17 Recurrent Revenue	0	0	(10,475,839)	(10,463,339)	(24,560)	(23,680)	0	0	(771,235)	(777,719)	(11,271,634.00)	(11,264,798.00)	99.94%
18 Recurrent Grant Revenue	0	5,083	(1,751,673)	(523)	0	0	0	0	(2,466,530)	0	(4,218,203.00)	4,560.00	-0.11%
19 Fees and Charges Revenue	0	0	(898,947)	(79,053)	(160,947)	(39,905)	(351,769)	(31,513)	(490,174)	(2,012)	(1,901,837.00)	(1,524,483.00)	8.02%
21 Interest Revenue	(369,000)	0	(222,000)	(7,390)	0	0	0	0	0	0	(591,000.00)	(7,390.00)	1.25%
22 Reimbursements Revenue	(2,069)	(177)	(28,603)	102	(7,410)	0	0	0	(14,998)	(64,317)	(53,079.00)	(64,392.00)	121.31%
Interest Expenditure Reimbursed	0	0	(272,007)	0	0	0	0	0	0	0	(272,007.00)	0.00	0.00%
Oncost Recoveries - Internal Tfer	(170,288)	0	(471,612)	(41,944)	(86,137)	(8,775)	(138,511)	(14,200)	(857,311)	(67,267)	(1,723,859.00)	(147,183.00)	8.54%
Plant Hire Income - Internal Tfer	(11,650)	0	(21,170)	0	(23,290)	0	(23,580)	0	(1,223,960)	(58,670)	(1,303,650.00)	(58,670.00)	4.50%
10 Other Internal Transfers Income	(94,393)	(7,866)	(584,732)	(5,787)	(581,342)	(48,445)	(519,513)	(43,293)	(5,724,806)	(474,644)	(7,504,786.00)	(580,035.00)	7.73%
23 Other Revenue	(468,000)	(500)	(15,288)	0	(2,349)	(47)	0	0	(117,792)	(1,212)	(603,429.00)	(1,759.00)	0.29%
	(1,115,399)	(18,457)	(14,741,871)	(10,597,934)	(886,035)	(120,852)	(1,033,373)	(89,006)	(11,666,906)	(1,445,841)	(29,443,484.00)	(12,272,090.00)	41.69%
Underlying (Surplus) / Deficit Before	751,352	236,685	(3,368,016)	(9,142,427)	22,080	(35,401)	(8,554)	(17,414)	1,849,608	(349,420)	(753,530)	(9,307,977)	
20 Gain on Sale of Fixed Assets	0	0	0	0	0	0	0	0	0	0	0	0	
6 Loss on Sale of Fixed Assets	0	0	0	0	0	0	0	0	566,317	0	566,317	0	
Net Loss On Disposal of Fixed Assets	0	0	0	0	0	0	0	0	566,317	0	566,317	0	
Underlying (Surplus) / Deficit	751,352	236,685	(3,368,016)	(9,142,427)	22,080	(35,401)	(8,554)	(17,414)	2,415,925	(349,420)	(187,213)	(9,307,977)	
Capital Grant Revenue	0	0	0	0	0	0	0	0	(1,460,936)	0	(1,460,936)	0	
Subdivider Contributions	0	0	0	0	0	0	0	0	(541,533)	0	(541,533)	0	
	0	0	0	0	0	0	0	0	(2,002,469)	0	(2,002,469)	0	
Operating (Surplus) / Deficit	751,352	236,685	(3,368,016)	(9,142,427)	22,080	(35,401)	(8,554)	(17,414)	413,456	(349,420)	(2,189,682)	(9,307,977)	

Northern Midlands Council
Account Management Report

2019/20 for year to 30 June 2020	Annual		Spent %	Scheduled and Actual Works by Month											
	Budget	YTD Actual		Budget	B/fwd	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR

Capital Expenditure - Governance																	
Land & Buildings																	
700009	Fleet - F9 Sedan	15,000	-	0%													
700183	Fleet - F183 Sedan	20,000	-	0%													
707987	Ltd - CBD Strategy Parklets	-	1,930	0%													
	Total Land & Buildings	35,000	1,930	6%													
		35,000	1,930	6%													

Capital Expenditure - Corporate Services																	
Equipment & Buildings - Corporate Services																	
700007	Fleet - F7 Pool Vehicle	25,000	-	0%													
700017	Fleet - F17 Pool Vehicle	20,000	-	0%													
715300	Corp - Computer System Upgrade	123,900	16,937	14%													
715310	Corp - Purchase Office Equipment	-	-	0%													
791099	Grant Expend - R&R Child Care Capital Shade Sail / Shed / Bathroom	-	-	0%													
	Total Equipment & Buildings - Corporate Services	168,900	16,937	10%													
		168,900	16,937	10%													

Capital Expenditure - Regulatory and Community Services																	
Fleet, Plant & Equipment																	
700006	Fleet - F6 Pool Vehicle	15,000	-	0%													
700027	Fleet - F27 Animal Control	18,000	-	0%													
700182	Fleet - F182 Pool Vehicle	15,000	-	0%													
780025	Community & Development Services - Purchase of Office Equipment	-	-	0%													
	Total Fleet, Plant & Equipment	48,000	-	0%													
		48,000	-	0%													
	Total Capital Expenditure - Regulatory and Community Services	48,000	-	0%													

Capital Expenditure - Works Department																	
Fleet, Plant & Depot																	
700012	Fleet - F12 Light Truck Utter Collection North	30,000	-	0%													
700015	Fleet - F15 Light Truck	30,000	-	0%													
700016	Fleet - F21 Utility	20,000	-	0%													
700023	Fleet - F25 Utility	20,000	-	0%													
700029	Fleet - F29 Utility	20,000	-	0%													
700038	Fleet - F38 Light Truck	20,000	-	0%													
700061	Fleet - F65 Tractor & Reach Arm	245,000	-	0%													
700146	Fleet - F146 Water Tanker	32,000	-	0%													
700152	Fleet - F152 Heavy Duty Slasher	14,000	-	0%													
700179	Fleet - F179 Building Maintenance Utility	20,000	-	0%													
700188	Fleet - F188 Ride On Mower	30,000	-	0%													
715320	Works - Purchase Small Plant	40,000	-	0%													
720206	Rossarden - Shipping Container for reserves equip storage	-	4,707	0%													
715337	Works - CCTV	30,000	-	0%													
720200	Works - Longford Depot Improvements	40,000	31,390	78%													
720201	Works - Crown Depot Improvements	40,000	-	0%													
	Total Fleet, Plant & Depot	631,000	36,097	6%													

Recreation																	
707774	Evan - Lamp Posts Main Street	-	5,016	0%													
707801	All Areas - Private Power Pole Replacement	50,000	4,010	8%													
707814	All Areas - Street Tree Program	100,000	16,563	17%													

LONGFORD RECREATION GROUND CLUBROOMS / AMENITIES / GRANDSTAND / STORAGE

Account Reference Account Description
Dated as at 9th July 2019

Budget Breakdown

Stimulus Loan funding - complex	\$1,000,000.00
Interest on funding	\$20,000.00
Tas Community Funding	\$80,000.00
State Govt - Levelling the Playing Field	\$233,409.00
Council - Storage Shed	\$40,000.00
Council - Carpark/Entrance	\$195,000.00
Preliminary design c/fwd	\$110,000.00
Council - Final Design & Supervision	\$100,000.00
Council - Budget Alteration June 2019	\$650,000.00
Sub Total	\$2,428,409.00
Approved Variations	
- New gutter and downpipes on back of grandstand	\$8,000.00
- Painting eastern end of grandstand	\$6,000.00
- Painting steelwork under grandstand	\$18,000.00
- Provision for 50mm water line from watering second oval	\$3,000.00
- Provision for 80mm conduit for second oval	\$2,000.00
- Run new mains power to timekeepers box	\$4,000.00
- Grab rail on entry retaining wall	\$6,000.00
- Natural gas line to umpires and new change and bar area	\$50,000.00
- Steel support under grandstand	\$25,000.00
- Concrete floor levelling inside existing building	\$25,000.00
- Additional wall in changeroom store	\$2,000.00
- Additional stormwater works	\$5,000.00
- Provision for cameras and lights in carpark islands	\$2,500.00
- Additional door between massage & medical room	\$3,000.00
- Double sliding door between home change & coaching room	\$1,500.00
- ACO drain behind retaining wall picking up car park water	\$12,000.00
- Disabled toilet 24 hr / shower baby change	\$15,000.00
- 100mm water main over to gym boundary for connection off Burghley street	\$7,500.00
- Connecting all new drains around existing toilet block as old pipes not sufficient	\$3,500.00
- Public toilet rendering and verandah to match extension	\$10,000.00
Sub Total	\$209,000.00

Total Budget

\$2,637,409.00

720121 Lfd - Recreation Ground Storage Shed	\$40,000.00	\$53,739.68	\$13,739.68
707995.01 Design and Preliminary Works	\$210,000.00	\$192,411.31	-\$17,588.69
707995 Lfd - Rec Ground Amenities Redevelopment - Preliminary works	\$2,192,409.00	\$9,870.58	
707995.02 Lfd Rec Ground - Site set up/ toilet hire / crib room hire/ any other hire equipment	\$0.00	\$75,542.63	
707995.03 Lfd Rec Ground - Concrete works, inc materials / labour /machine hire	\$0.00	\$134,197.47	
707995.04 Lfd Rec Ground - Plumbing works labour and materials	\$0.00	\$133,085.07	
707995.05 Lfd Rec Ground - Electrical work labour and materials	\$0.00	\$269,773.36	
707995.06 Lfd Rec Ground - Mechanical ventilation work, materials and labour	\$0.00	\$181,662.88	
707995.07 Lfd Rec Ground - Building related materials	\$0.00	\$233,200.29	
707995.08 Lfd Rec Ground - Building labour staff & contractors	\$0.00	\$348,440.91	
707995.09 Lfd Rec Ground - Landscaping labour and materials	\$0.00	\$16,211.99	
707995.1 Lfd Rec Ground - Doors and windows / timber or aluminium	\$0.00	\$168,316.22	
707995.11 Lfd Rec Ground - Painting / wet area waterproofing	\$0.00	\$54,650.96	
707995.12 Lfd Rec Ground - Internal linings plaster/ timber/ other	\$0.00	\$154,558.60	
707995.13 Lfd Rec Ground - Floor prep, and floor wall coverings/vinyl	\$0.00	\$118,592.95	
707995.14 Lfd Rec Ground - Demolition works	\$0.00	\$58,211.83	
707995.15 Lfd Rec Ground - Safety meetings/ toolbox talks / site audits/ onsite inductions	\$0.00	\$18,359.06	
707995.16 Lfd Rec Ground - Site signage and complex signage	\$0.00	\$503.83	
707995.17 Lfd Rec Ground - Storm water infrastructure labour/ materials and machine hire	\$0.00	\$26,257.51	
707995.18 Lfd Rec Ground - Sewer works external of building, labour/materials and machine hire	\$0.00	\$16,913.24	
707995.19 Lfd Rec Ground - Water main works external of building, labour / materials and machine hire	\$0.00	\$50,132.91	
707995.2 Lfd Rec Ground - Steel Fabrication & Works	\$0.00	\$57,409.53	
707995.21 Lfd - Rec Ground Development Variations to original project	\$0.00	\$44,728.85	
707995.22 Lfd - Rec Ground Development Gas Works	\$0.00	\$50,572.91	
707995.23 Lfd - Rec Ground Development Cool Room and Bar System	\$0.00	\$27,100.00	
Sub total	\$2,192,409.00	\$2,248,293.58	\$55,884.58
708008 Lfd - Recreation Ground Dual Access and Carpark Upgrade - K&G	\$195,000.00	\$0.00	
708008.1 Lfd - Recreation Ground Dual Access and Carpark Upgrade - Excavation	\$0.00	\$21,397.95	
708008.2 Lfd - Recreation Ground Dual Access and Carpark Upgrade - Subbase	\$0.00	\$0.00	
708008.3 Lfd - Recreation Ground Dual Access and Carpark Upgrade - Base	\$0.00	\$0.00	
708008.4 Lfd - Recreation Ground Dual Access and Carpark Upgrade - Prep for Seal	\$0.00	\$0.00	
708008.5 Lfd - Recreation Ground Dual Access and Carpark Upgrade - Seal	\$0.00	\$0.00	
708008.6 Lfd - Recreation Ground Dual Access and Carpark Upgrade - Footpath	\$0.00	\$297.50	
708008.7 Lfd - Recreation Ground Dual Access and Carpark Upgrade - Naturestrip	\$0.00	\$0.00	
708008.8 Lfd - Recreation Ground Dual Access and Carpark Upgrade - Driveways	\$0.00	\$168.26	
708008.91 Lfd - Recreation Ground Dual Access and Carpark Upgrade - Stormwater	\$0.00	\$11,711.00	
708008.92 Lfd - Recreation Ground Dual Access and Carpark Upgrade - Ticket Booth	\$0.00	\$0.00	
Sub total	\$195,000.00	\$33,574.71	-\$161,425.29
Expenditure to date	\$2,637,409.00	\$2,528,019.28	
Projected expenditure to come			
Carpark & Dual Access Entrance		\$161,425.29	\$161,425.29
Sub total	\$2,637,409.00	\$2,689,444.57	

UNDER / OVER BUDGET \$0.00 -\$52,035.57 \$52,035.57

Maintenance

Council - Grandstand waterproofing	\$120,000.00		
707962 Lfd - Grandstand Improvements - Design	\$120,000.00	\$3,461.58	
707962.1 Lfd - Grandstand Improvements - Waterproofing	\$0.00	\$35,999.15	
707962.2 Lfd - Grandstand Improvements - Seating	\$0.00	\$76,596.96	
707962.3 Lfd - Grandstand Improvements - Balustrade	\$0.00	\$24,367.25	
707962.4 Lfd - Grandstand Improvements - Stairway	\$0.00	\$19,773.75	
707962.5 Lfd - Grandstand Improvements - Steelwork Painting	\$0.00	\$8,199.73	
Sub total	\$120,000.00	\$168,398.42	\$48,398.42

UNDER / OVER BUDGET \$0.00 \$168,398.42 \$48,398.42

Longford Recreation Ground - Developed Design R1

Job Name :	<u>ARTAS-LONGFORD DD</u>	Job Description
Client's Name:	<u>ARTAS Architects</u>	Longford Football Club - Developed Design

Trd No.	Trade Description	Trade %	Cost/m2	Trade Total
1	Stage 1 - change rooms	19.13		462,266
2	Stage 1 - remainder	25.53		616,935
3	Stage 1 - Civil works	22.48		543,244
4	Stage 2	24.36		588,582
5	Stage 3 - Lift	8.49		205,160
6				
7	Exclusions:			
8	1. Design and statutory fees			
9	2. Contingency - suggest 10-15% allowance			
10	3. Wall tiling or other wall linings other than plasterboard (allowed vinyl to shower cubicles)			
11	4. Floor tiling			
12	5. Acoustic or decorative linings internally			
13	6. Infrastructure upgrades			
14	7. Ducted heating and cooling			
		100.00		2,416,187

Final Total : \$	2,416,187
G.S.T. 10.00% :	241,618
Final Total Incl. G.S.T. : \$	2,657,805



POLICY MANUAL

RELATED PARTY DISCLOSURE

Originated Date: Adopted 15 May 2017 – Min No. 162/17

Amended Date/s: Reviewed ...

Applicable Legislation: *Local Government Act 1993 (S28E)*
Audit Act 2008, Archives Act 1983
Privacy Act 1988
Personal Information Protection Act 2004 (PIP Act)
Right to Information Act 2009

Objective This policy sets out the parameters of the Northern Midlands Council for setting and collecting Rates and Charges within its area

Administration: Corporate Services

Review Cycle/Date: Every 4 years. Next review 2023.

CONTENTS

Acknowledgements

Scope

Summary of the Standard

Key Terms

Links to other Legislation and Australian Accounting Standards

Identifying Related Parties

Council entities and subsidiaries

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

Related Party Disclosures by Council

Privacy and Right to Information

Dispute Resolution

Adoption of the Related Party Disclosures Policy

Appendix 1: Declaration and Consent Form

Appendix 2: Privacy Collection Notice

Appendix 3: Related Party Register

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.

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.



NORTHERN MIDLANDS COUNCIL

POLICY MANUAL

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.

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

<i>Term</i>	<i>Meaning</i>
<i>Arm's length terms</i>	Terms between the parties that are reasonable in the circumstances of the transaction that would result from: <ul style="list-style-type: none"> • neither party bearing the other any special duty or obligation, and • the parties being unrelated and uninfluenced by the other, and • each party having acted in its own interest.
<i>Close Family Member</i>	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.
<i>Control of an entity</i>	You control an entity if you have: <ol style="list-style-type: none"> 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.
<i>Declaration by KMP</i>	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.
<i>Entities controlled by KMPs</i>	Entities include companies, trusts, joint ventures, partnerships and non-profit associations such as sporting clubs. <p>You control an entity if you have:</p> <ul style="list-style-type: none"> • power over the entity; • exposure, or rights, to variable returns from involvement with the entity; and • the ability to use your power over the entity to affect the amount of your returns.
<i>Entities related to Council</i>	Entities controlled by Council, jointly controlled by Council or over which Council has significant influence are related parties of Council.
<i>Joint control of an entity</i>	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.



NORTHERN MIDLANDS COUNCIL

POLICY MANUAL

Key Management Personnel (KMP)

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.

KMP Compensation

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. Compensation includes:

- a) short-term employee benefits, such as wages, salaries and social security contributions, paid annual leave and paid sick leave, profit-sharing and bonuses (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;
- b) post-employment benefits such as pensions, other retirement benefits, post-employment life insurance and post-employment medical care;
- 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;
- d) termination benefits; and
- e) share-based payment.

Materiality

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.

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.

Ordinary Citizen Transactions (OCTs)

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.

Related Party of Council

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.

Related Party Transaction

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

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*.

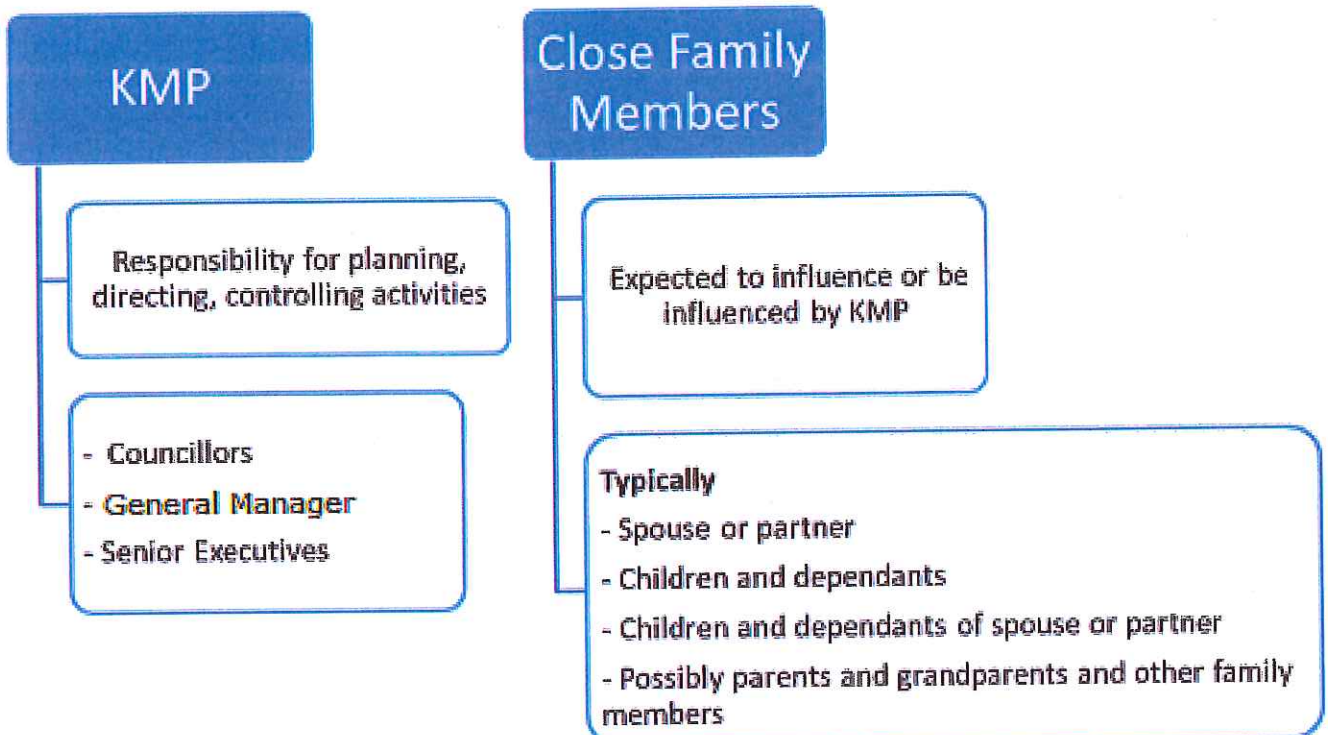
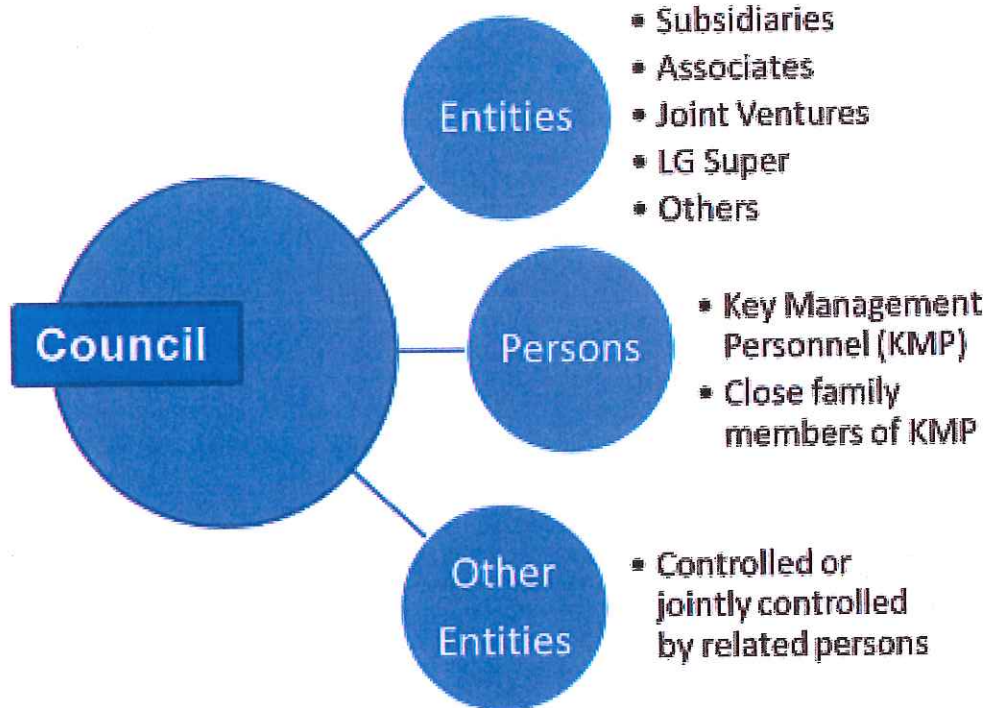


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Other Australian Accounting Standards referred to in this policy include AASB 10 *Consolidated Financial Statements*; AASB 11 *Joint Arrangements*; AASB 128 *Investments in Associates and Joint Ventures*.

IDENTIFYING RELATED PARTIES

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





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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



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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.

8. 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.
9. 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

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*.



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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 DISCLOSED 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.



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- 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:

Examples of OCTs

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

Examples of transactions that are NOT OCTs

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 KM

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;



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- 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.

DISPUTES RESOLUTION

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



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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 www.northernmidlandscouncil.tas.gov.au



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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 _____ (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.



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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.

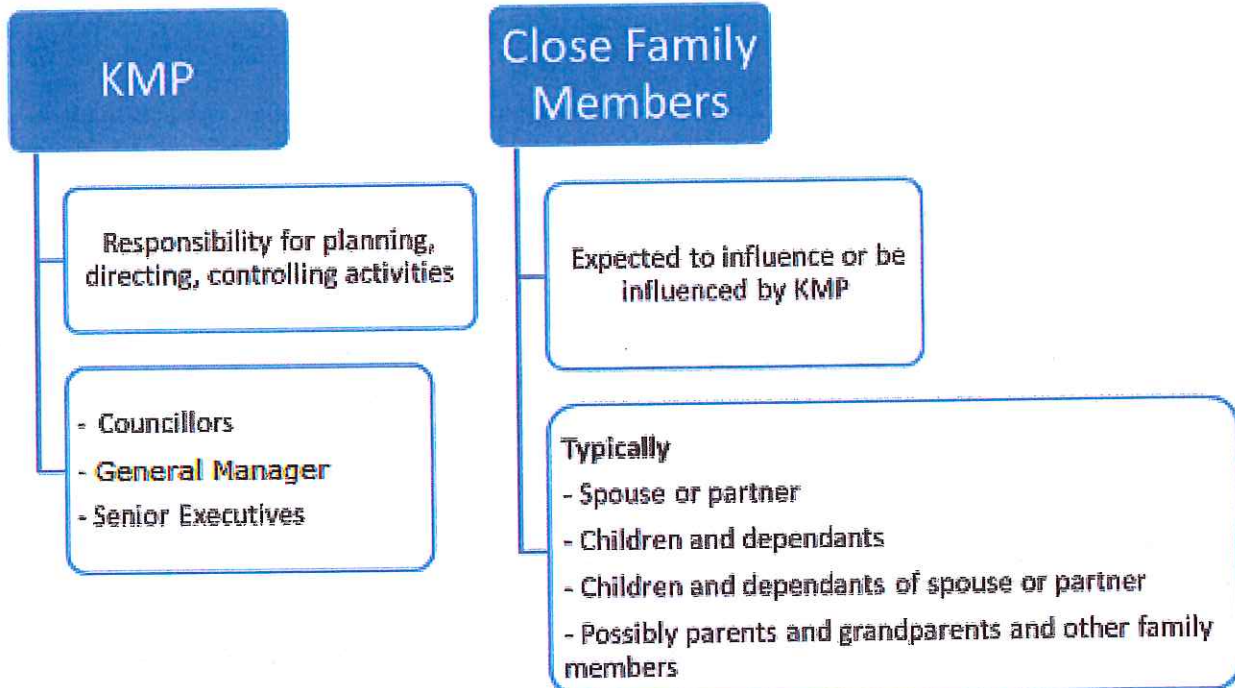
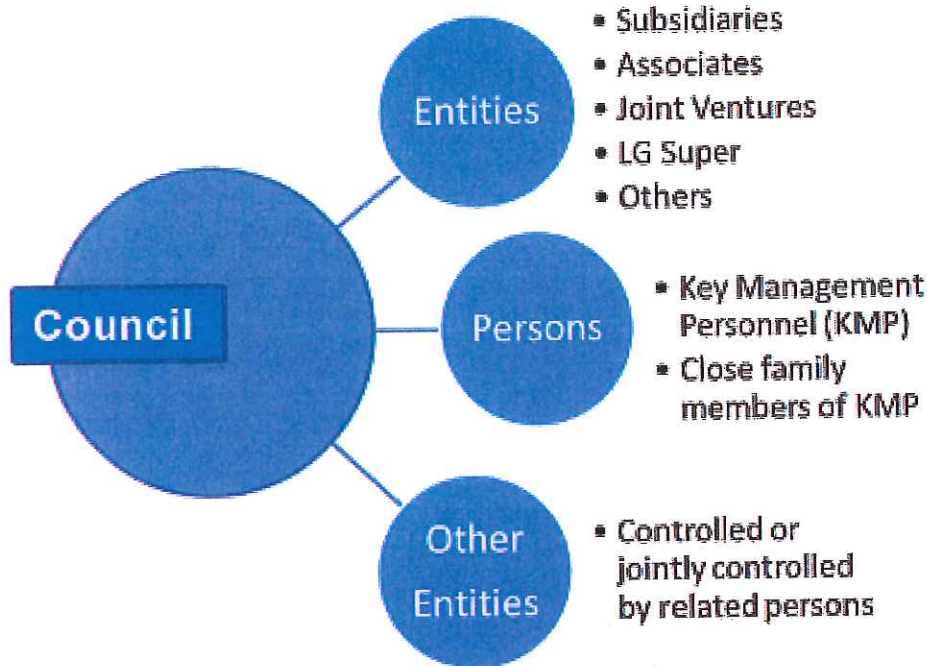


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WHO ARE RELATED PARTIES?

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.



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*.



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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

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



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APPENDIX 3: RELATED PARTY REGISTER

PRIVATE AND CONFIDENTIAL

Related Party Register For Year ending 30th June

Name	Relationship with KMP	Nature of transactions with Council	Term and Conditions & ECM References