



## 2015-16 ANNUAL REPORT

BENDIGO CEMETERIES TRUST



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### From The Chair



The Hon. Jill Hennessy MP Minister for Health Parliament House Melbourne

Dear Minister

I am delighted to present you with the 2015/16 Annual Report on behalf of Remembrance Parks - Central Victoria [Bendigo Cemeteries Trust].

This year has again seen a focus on consolidation and growth resulting in a positive budgetary outcome whilst at the same time enhancing the organisations value proposition to the community. The year was also the concluding year of the current Strategic Plan that I am pleased to say has delivered the above results. In addition RPCV has continued to focus on site beautification and infrastructure development to keep pace with changing community needs and has a commitment to ensuring the sustainable positive presence of Remembrance Parks in Central Victoria.

Infrastructure investment has included the purchase of a second high capacity cremator that provides the community with a cremation option that was not previously available. The ability to invest in an additional cremator is a far cry from the situation the organisation found itself in only 3 years ago, where it was faced with a situation of carefully considering abandoning its crematoria services due to the impact of private sector competition. However, with the implementation of our new service delivery model and enhanced stakeholder relationships, we are now a leader in delivering crematoria services across north and central Victoria with a broad geographical service area and solid reputation for service.

This year has again seen an ongoing contribution to our financial reserves that span our statutory obligation to plan for perpetual maintenance and will enable a range of other

internal operational imperatives. This contribution arose from another year with increased revenue and investment returns toward our longer-term goal of establishing all of our sites as community parklands that contribute to the open space objectives of council and the broader community. The Community Advisory Committee and our growing volunteer team continue to play an active and guiding role within our planning processes that also inform investment decisions.

The blended resourcing model combining in and outsourced service provision has again delivered with RPCV sites receiving significant positive feedback from the community, and raising the bar for RPCV to meet community expectations: something we continually strive to achieve.

This year has seen another positive result, however the Board is now focused on the next strategic plan that is specifically aimed at a further step change in community and stakeholder engagement and innovation. These are considered as primary requirements for the organisation remaining agile enough to counter ongoing competition in a



commercially volatile operating environment but above all meeting our statutory roles and responsibilities on behalf of government.

Our achievements this year cannot be reported without acknowledging the dedication and commitment of our Board, Chief Executive Officer Graham Fountain and his team. On behalf of the Board I acknowledge the efforts of all staff and volunteers, including our community advisory committee members and thank them for their ongoing commitment as we continue to progress our growth and change agenda into the next reporting period.

Made Do

PAM MACDONALD MBA(Tech), Grad. Dip. Adult Ed., GAICD

**CHAIR** 

### CEO's Report





Changing community needs and operating in a commercially sensitive operating environment has again presented its challenges during this reporting period. However, applying our dynamic business model underpinned by significantly enhanced relationships with our key clients has allowed us to not only overcome these challenges but also again succeed in exceeding our objectives. Another above-budget surplus result whilst at the same time continuing to invest in major improvements and infrastructure has been the cornerstone to RPCV's recognition and standing as a leader within the sector.

As our current strategic plan comes to an end, it is important to not only look back on the past period but also to consider how far the organisation has come under this plan. It is on this basis the content of the report contains an analysis of both within key delivery areas.

The following provides a summary of the key achievements contained within this report:

- Another increase in revenue equating to 4.3% increase from last year's record revenue baseline and a 30% increase since the commencement of the strategic plan in 2012.
- Continued increase in cremation market share with 1,174 cremations performed during the reporting period, representing an 11% increase from last year and a 135% increase since 2012.
- An 8% increase in interment revenue and 4% increase in rights of interment revenue alongside the growth in the cremation market.
- Commissioning of a new large high capacity cremator and complimentary bariatric work practices.
- Implementation of a new contemporary cemetery management system that will enhance the integrity of record keeping and most importantly internal productivity and efficiency that will free up capacity for customer service
- Commencement of a significant multi-year upgrade to RPCV chapel facilities focused specifically at providing a
  increased value contribution to its users and ensuring it is also capable of being used for non-funeral related
  activities.
- Increased expenditure resulting from ongoing investment in site beautification with employee related benefits as a portion of expenditure decreasing by 7% over the reporting period despite implementation of a new staff enterprise agreement with consequential salary increases.
- Ongoing investment in improving historically significant assets as part of a longer-term conservation management plan focus for the organisation.

Community engagement and stakeholder management has again proved vital in achieving organisational success. These fundamental tenets of the business model are a core focus as we transition into our next strategic plan. Commensurate with this focus and as part of the organisations strategic positioning to remain agile, counter competition and to provide enhanced support to Class B Trusts in either a hub and spoke model or through the implementation of shared services within the sector or with like-minded organisations, we have increased our internal capability. The employment of new staff during the reporting period with specific skills aligned with our future direction means we possess the necessary organisational capability to implement our new strategic direction and deliver service excellence to the broad and growing community we serve throughout north and central Victoria.

As demonstrated RPCV has again had a successful period and is totally committed to broadening its value proposition to the community of Victoria. This would not be possible without the support offered to me by the RPCV Chair and Board, who it would be remiss not to thank. Likewise, the staff, volunteers and contractors should be equally praised for their combined efforts throughout this reporting period. From an organisation that I inherited in 2012 to the one I lead today, RPCV has proven its ability to change and adapt to meet community needs, and we will continue to do so leading into the next reporting period.

f/C

**GRAHAM FOUNTAIN** Grad.Dip.Exec.L'ship, Ass.Dip.App.Science, GAICD, GIFireE, MIAMA CHIEF EXECUTIVE OFFICER

## 2015/16 Highlights





7,000+ VOLUNTEER HOURS



30% INCREASE IN INVESTMENT RETURNS



\$525k INVESTED IN IMPROVING COMMUNITY ASSETS



7% INCREASE IN REVENUE



**\$319k** SURPLUS



**392** ACTUAL BURIALS (8% INCREASE FROM 2014/15)



1,174 ACTUAL CREMATIONS (10% INCREASE FROM 2014/15)



## Our Organisation

### **Overview**

Remembrance Parks – Central Victoria (Bendigo Cemeteries Trust) is a government owned enterprise established as one of five (5) Class A Cemetery Trusts under the provisions of the *Cemeteries and Crematoria Act 2003* (the Act). It is accountable to the Minister for Health through the Department of Health and Human Services, is responsible for the direct management of six (6) sites and has a broader responsibility to provide leadership, support and assistance to 100+ Class B cemetery trusts across Central Victoria. In addition it has assumed responsibility to manage the Axedale Catholic Cemetery on behalf of the Diocese of Sandhurst.

The business provides the following services to the community:

- A range of cemetery, crematoria, reception and memorialisation services to the community including an evolutionary shift to e-commerce within a new online environment
- Provision of a range of memorials@home® products in line with changes in community attitudes to memorialisation
- A suite of community support and development services which include:
  - o Genealogy research and advice
  - o Community advice
  - o Cemetery tours
  - o Volunteerism opportunities
- Maintenance, preservation and restoration of significant community, cultural and heritage assets
- Enhancing its sites as community parklands that are available for broader community use
- Providing leadership and support to key clients and Class B Cemetery Trusts across Central Victoria

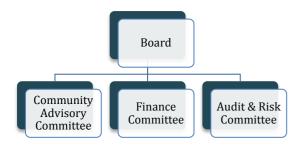




### **Governance**

Remembrance Parks – Central Victoria (RPCV) is governed by a Board appointed by the Governor-in-Council upon the recommendation of the Minister of Health (s.6A of the Act).

Figure 1 - Governance Structure

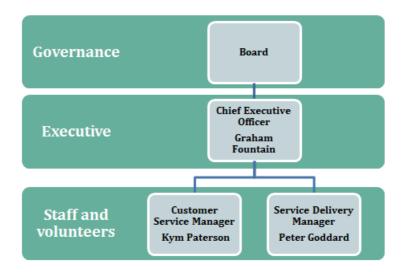


### Management

A Chief Executive Officer, appointed by and responsible to the Board (s. 18L of the Act) manages the organisation and its resources (s.18M of the Act) on a day-to-day basis. In addition to the responsibilities outlined for the CEO in the Act, the Board has delegated its powers according to s.15 of the Act to the CEO.

The CEO manages the organisation with the support of a team of staff, contractors and volunteers through the following organisational structure:

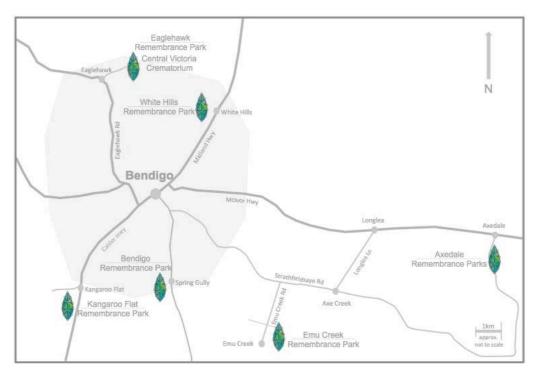
Figure 2 – Organisational Structure



### Locations

The following provides an overview of the six (6) locations managed by RPCV:

Figure 3 – Location of Sites Managed by RPCV



### **Business Performance**

During the reporting period, RPCV performed a total of 1,669 services for the community, as outlined below:

<u>Table 1 – Services performed during the reporting period of 1 July 2015 – 30 June 2016</u>

Service	Number
Interments (Bodily Remains)	392
Interments (Cremated Remains)	103
Cremations	1,174
TOTAL	1,669

Table 2 – Location Profiles (for reporting period)

	RPCV			INDIVIDU	AL SITES		
	_ TOTAL _	Bendigo	Eaglehawk	White Hills	Kangaroo Flat	Axedale	Emu Creek
Established	1987	1858	1864	1853	1855	1868	1869
Area	73ha	21ha	22ha	20ha	4ha	2ha	4ha
Employees (FTE)	9.7	-	9.7	-	-	-	-
Volunteers	24	13	9	1	-	1	-
Number of Cremations	1,174	-	1,174	-	-	-	-
Interments (Bodily Remains)	392	181	104	51	51	5 (Axedale Catholic - 2)	-
Interments (Cremated Remains)	103	34	60	3	6	-	-
Memorial Conversion	436	177	193	38	25	3	-
Chapel Usage	60	-	60	_	-	-	-
Receptions	49	-	49	-	-	-	-
Operating Revenue	2,392,195	696,637	1,335,454	193,665	152,054	14,385 (Includes Catholic)	-
Community Activities	Υ	Υ	Υ	Υ	Υ	N	N

### **Product Offerings**

The following tables represent the current product offerings by location managed by RPCV, covering interments of bodily remains and memorialisation of cremated remains.

Table 3 – Interment Product Offerings (by site)

	Lawn Plaque	Lawn Headstone	Monumental	Vault
Bendigo	<b>*</b>		<b>*</b>	•
Eaglehawk	•		•	<b>*</b>
White Hills	•		•	•
Kangaroo Flat		<b>♦</b>	<b>•</b>	•
Axedale			<b>♦</b>	<b>*</b>
Emu Creek				

Table 4 – Interment/Memorialisation of Cremated Remains Product Offerings (by site)

	Rose	Rock/Tree Shrub	Niche Wall	Memorial Lawn	Memorial Wall	Granite Pods	Ornamental Lake	Family Garden	Grave
Bendigo	•	•	•	•					•
Eaglehawk	•	•	•	•	•	•	•	•	•
White Hills	•	•		•					•
Kangaroo Flat	•	•		•					•
Axedale									•
Emu Creek									



# Building a Sustainable & Viable Organisation



Pursuit of financial growth and sustainability through good governance, planning and resource efficiency.

# Manage our financial resources, assets and risks to deliver the best possible outcomes to the community.

The 2015/16 financial year has again seen a solid surplus result contributing to the ongoing turnaround of RPCV's financial sustainability. This year's surplus result of \$319,056 allowed RPCV to continue to grow its investment reserves that supports its statutory obligation to plan for perpetual maintenance and a range of other internal operational imperatives in line with the organisation's Treasury Management Policy.

The cremation market share has continued to increase allowing the Board to invest in a high-volume large capacity cremator, which also provides the community with another cremation option that has previously not been available. As this reporting period is the final year of the current strategic plan and the implementation of the service delivery model, in addition to year-by-year comparisons from last year, we have also outlined below a comparison to the commencement of this plan.

RPCV is proud to detail the following achievements throughout the 2015/16 financial year:

- Revenue from Cemetery Operations produced \$2.4 million, an increase of \$156k from last year's performance and above budget by \$51k. RPCV's cremation market share continues to grow resulting in this service being the biggest contributor towards this improved performance and now the largest revenue stream received by RPCV.
- Expenditure (including cost of sales) has increased by \$122k to \$2.2 million in 2015/16 compared to the previous reporting period. The increase from last year's expenditure is primarily due to a significant focus on the maintenance and beautification of the cemetery grounds as well as increased labour costs during installation of the new cremator and IT system training and change-over.
- RPCV is in the process of implementing a new Cemetery Management System which will allow for streamlined recording keeping, improved business practices and productivity efficiencies going forward.



Table 5 - Summary of Performance against Budget for the Reporting Period

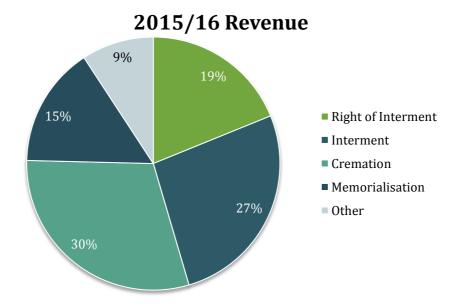
	Actual	Budget	Variance
Revenue		- U	
Operations Revenue	2,392,195	2,340,704	51,491
Other Revenue	161,971	32,784	129,187
Total Revenue	2,554,166	2,373,488	180,678
Expenditure			
Employee Benefits	889,315	796,326	(92,989)
Cemetery Levy	69,953	69,535	(418)
Other Expenditure	1,275,842	1,246,754	(29,087)
Total Expenditure	2,235,110	2,112,615	(122,495)
Operating Result	319,056	260,873	58,183

### Revenue

In the 2015/16 reporting period, RPCV increased its revenue relating to cemetery services to \$2.4 million up from \$2.3 million in 2014/15. This result is an increase of 4.3% on the previous year and 30.3% since the implementation of the current strategic plan and service delivery model in 2012. The following highlights contributed to RPCV's strong 2015/16 revenue-related financial performance:

- Cremation revenue continued its strong performance during the reporting period growing revenue by \$77k to \$762k, representing a 11.2% increase from the last reporting period and a 135% increase from the implementation of the current strategic plan and service delivery model in 2012. This year's performance relating to cremations is a direct result of the improved service delivery model that has now been in place for 3 years and has cemented RPCV's position as a market leader in all facets of the crematoria service. Over the past three financial years the cremation revenue has grown from 16% of total revenue to now representing 30% of total revenue.
- Interment revenue has also continued to grow despite the increase in cremation income. In 2015/16 Interment income equaled \$638k, representing 25% of total revenue. This equates to an 8% increase since the implementation of the current strategic plan and service delivery model in 2012.
- RPCV received \$480k from sales of rights of interment, which is an increase of \$18k from the previous year. This increase equates to an increase of 4% on the previous year but 5% decrease since the implementation of the current strategic plan and service delivery model in 2012.

Figure 4 – Overview of Revenue Sources

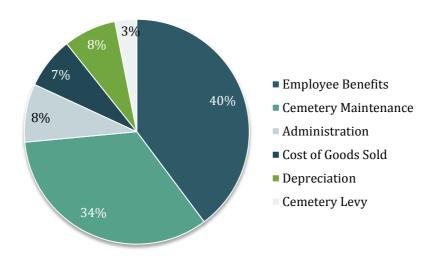


### **Expenditure**

In the 2015/16 reporting period RPCV increased its expenditure (including cost of sales) to \$2.2 million, up \$90k from the previous year and 6% above budget. The increase in expenditure is a direct result of a deliberate focus to improving cemetery maintenance standards and facilities as well as increased labour During the financial year RPCV invested \$33k on site beautification as the second year of the program. Total expenditure over the past two years on site beautification has totalled \$87k. In addition, finalisation of the new consolidated staff enterprise agreement resulted in back pay and salary adjustments. Overall employee benefits has reduced by 7% on the previous year, with a 1% increase in administration costs on the previous year. Since the implementation of the current strategic plan and service delivery model expenditure has increased by 12% with the most significant adjustments being maintenance and operating costs.

Figure 5 – Overview of Expenditure Sources

### 2015/16 Expenditure



### **Five-Year Summary**

After a strong financial performance in the 2014/15 financial year, RPCV has reaffirmed its financial performance with another surplus year in 2015/16. RPCV was able to increase its revenue by 6% from the 2014/15 year allowing RPCV to allocate additional funds to pertinent projects directly aimed at value adding and site beautification initiatives. This expenditure increase from the previous reporting period has allowed RPCV to proactively contribute to improving the standards across all sites, resulting in a substantial increase in positive community feedback.

Table 6 - Five-Year Summary of Financial Results

	2015/16	2014/15	2013/14	2012/13	2011/12
Total Revenue	2,554,166	2,326,931	2,117,273	1,932,702	1,755,951
Total Expenses*	(2,235,109)	(2,126,396)	(1,823,104)	(1,987,117)	(1,977,311)
Operating Surplus/ (deficit)	319,056	200,535	294,169	(54,415)	(221,360)
Accumulated Funds/	65,629	(152,801)	(89,288)	(24,078)	(169,663)
(Accumulated Deficit) * *					
Total Assets	5,333,629	4,851,568	4,588,164	4,014,717	4,087,293
Total Liabilities	(1,772,366)	(1,763,268)	(1,689,919)	(1,390,541)	(1,390,112)
Net Assets	3,561,264	3,088,300	2,868,245	2,624,176	2,697,181
Total Equity	3,561,264	3,088,300	2,868,245	2,624,176	2,697,181

<sup>\*</sup> Includes cost of sales

### **Cash Backing of Reserves**

Since the introduction of the Treasury Management Policy and the commitment of RPCV to proactively contribute and cash back reserves, RPCV has again in this financial year contributed an additional \$237k towards the reserves. The contribution towards these reserves includes contribution to perpetual maintenance reserves, the repayment of the defined benefits superannuation liability, contribution to the pre-purchase reserve and increased contribution to the cremator replacement reserve. As a consequence of the increased contributions to the cremator replacement reserve over the previous two financial years, RPCV has been able to address business continuity concerns, increased capacity and size requirements by commissioning a second cremator, reducing the reliance on the existing 25 year-old cremator and enhancing its service to the community.

#### **Price Structures**

The approved CPI increase of 2.7% was applied to all fees and charges, effective 1 July 2015. RPCV continues to have confidence in its pricing structures and methodology and when benchmarked against other comparable trusts provides a significant value proposition to the community.

#### **Investments**

RPCV have continued its investment in accordance with the Treasury Management Policy, investing in sustainable and strong equities. This yielded a return on investment of \$38k through its dividend reinvestment program but due to external financial pressures no overall investment growth was achieved. This year RPCV's investments have been impacted by negative market fluctuations but remains confident its investment strategy is geared appropriately and will service the longer term needs of the organisation.

<sup>\*\*</sup> Includes contributed capital balance

## Ensuring fair and equitable decision making processes are in place and well communicated

### **Multi-Year Planning**

This reporting period saw the completion of the last RPCV Strategic Planning cycle. This involved the continuation of a number of multi-year projects, which span reporting periods consistent with RPCV's multi-year planning framework. This framework has facilitated a greater appreciation and understanding of the interdependencies that exist within and between a number of pertinent projects across RPCV and inform more robust and structured investment decisions by the Board. In addition, as a consequence of the introduction of this planning framework, RPCV has been able to opportunistically bring forward a number of projects within this reporting period that would otherwise have not been achievable. This has included the roadside and guttering project components of the Elaine McNamara Chapel Upgrade and consequential risk mitigation treatments associated with the introduction of the new oversize cremator.

### **Stakeholder and Community Education**

RPCV continues to be proactively involved in a range of stakeholder engagement initiatives. This has included the conduct of ongoing Funeral Director Roundtables, which have matured to a point whereby RPCV and Funeral Directors are actively involved in a collaborative approach to the delivery of vertically integrated funeral services to the community, including issues identification and resolution processes.

In addition, the conduct of an annual *Clean Up Our Cemeteries Day* and biennial *Open Days* directly contribute to, and are proving beneficial to a deliberate community engagement and education strategy.



### A well governed, efficient and responsive organisation

### Remembrance Parks - Central Victoria Board



L-R: Ken Belfrage, Damien Tangey, Rod Fyffe, Brad Ead, CEO Graham Fountain, Mark Gibson, Pam Macdonald, Lisa Ruffell, Ian Grenfell. (Absent: Lauren Bean)

#### Pam Macdonald - Chair

Our Chair, Pam Macdonald holds an MBA (technology) and is a Graduate of the AICD as well as a Certified Professional of the Australian Human Resources Institute. Pam has significant governance, change management and commercial experience gained from a number of executive roles in the financial services sector. Having worked for a number of Australia's blue chip companies, Pam has also worked with a major international consulting company and is proud to bring that diverse expertise together in a way that contributes to the community and a Board.

### Rod Fyffe - Deputy Chair

Rod Fyffe has been a councillor with the City of Greater Bendigo since 1996. In 2012, he was one of three councillors elected to represent Lockwood Ward until 2016. He served as mayor in 2003/2004, 2004/2005 and 2010/2011 and again during this planning period of 2015/16. Rod is a retired teacher who taught mathematics, economics, accounting, geology, industry and enterprise and classical societies at Bendigo Senior Secondary College. In 2013, he was awarded a Medal of the Order of Australia in the Queen's Birthday Honours List. Rod was a councillor with the former City of Bendigo from 1983 to 1994 and was first elected to the City of Greater Bendigo in 1996. Rod chairs the RPCV finance committee and is deputy chair of the RPCV community advisory committee.

#### Lauren Bean - Member

Lauren Bean holds a Masters degree in Communications and is a Graduate of the Australian Institute of Company Directors. She is currently the CEO of Cara Inc., a non-profit community service organisation which provides residential care for vulnerable young woman who are involved in the child protection system. Prior to moving to Cara, Lauren was the Acting CEO of St Luke's Anglicare, a regional community services organisation based in Bendigo serving the Loddon Mallee areas of Victoria and into southern NSW. As well as her experience in community services, Lauren has an extensive background in the marketing and communications field. This was gained through senior management positions in the National Australia Bank and the Nine Television Network. Lauren holds various Directorships including Community 21, Community Sector Banking and Cara Inc. As the mother of two daughters, Lauren has a keen interest in community development and especially the promotion of women in leadership roles. Lauren chairs the RPCV Community Advisory Committee.

### Ken Belfrage – Member

Ken is a qualified Chartered Accountant and is a member of the Australian Institute of Company Directors. Ken is a member of RPCV's Finance Committee as well as the Audit and Risk Committee and serves on a number of other Boards/Committees throughout the region.

### **Brad Ead - Member**

Brad is a member of the Institute of Chartered Accountants Australia, a member of the Institute of Internal Auditors, an ASIC Registered Company Auditor, an ASIC Registered Self-Managed Super Fund Auditor, a member of the Australian Institute of Company Directors, member of the Project Management Institute and member of ISACA. Brad is a partner of AFS & Associates, a chartered accounting firm based in Central Victoria and has over 10 years' experience in accounting, audit and risk management services. Brad heads the firm's Internal Audit department and Outsourced Finance Manager services and chairs the RPCV Audit & Risk Committee.

### Mark Gibson - Member

Mark has worked in a number of roles for a variety of organisations in the health and community services over the past 30 years. Roles have included senior and middle HR management positions and a range of community development positions for agencies such as the Department of Justice; Latrobe Community Health Service, Relationships Australia Victoria and the Family Mediation Centre. For the past three years Mark has been employed as a Financial Counsellor with St. Luke's, a division of Anglicare Victoria. Mark has served as a Director on a variety of Boards and Committees within the Victorian health sector; with sporting clubs, animal welfare agencies and on a Ministerial Advisory Committee. Mark is a member of the Parish Council of St. Paul's Anglican Cathedral, Bendigo, Justice of the Peace and is a member of the AICD. Mark has a strong interest in heritage matters and a number of his ancestors are buried in the Bendigo Remembrance Park.

#### Ian Grenfell - Member

Ian is a long term serving board member with RPCV. Before retirement Ian taught as a trade teacher, teaching engineering for 25 years. He was a councillor for 18 years at the Shire of Strathfieldsaye, and served two terms as mayor of Strathfieldsaye. Ian is also an existing foundation board member of the Central Victoria Group Training Australia (CVGT), serving for the past 32 years.

### Lisa Ruffell - Member

Lisa Ruffell has been a councillor with the City of Greater Bendigo since 2008. In 2012, she was one of three councillors elected to represent Whipstick Ward until 2016. She served as mayor in 2012/2013. Lisa is a successful businesswoman with a diverse range of qualifications and experiences. Along with her family, she owns and operates a local business, Ruffell Family Jewellers. Ruffell and her husband have run the business since 1985. Lisa has been a

member of numerous school, sporting, community and charitable organisations, including the Victoria Police Blue Ribbon Committee. She was awarded the 2000 Australian Federation of Business and Professional Woman Incorporated (BPW) Bendigo Business Woman of the Year. Lisa has a keen interest in promoting women's issues and was instrumental in organising the 'Women Showing the Way' forums for young Greater Bendigo women.

### **Damien Tangey - Member**

Damien is the Managing Director of Birchgrove Property, a Bendigo-based business specialising in residential development. Damien is a property valuer, Licensed Agent and Graduate of the Institute of Company Directors. He currently serves as a National Councillor of the Urban Development Institute of Australia, its Vice President in Victoria and is Chair of the UDIA's Northern Victorian Chapter. Damien resides in Bendigo with his wife and three children and is a committed member of the Bendigo community, also serving on a number of local committees.

#### **Board Performance**

Consistent with the principles of good governance, the Board has commissioned a detailed independent Board review aimed at providing the Board/Committee with a detailed independent appraisal of its performance and areas for improvement. This review is due to be completed ahead of tabling this report.

Another measure of Board performance is attendance at assigned Board and sub-committee meetings. The following provides an overview of attendance for the reporting period:

<u>Table 7 – Board Participation</u>

Participation at scheduled meetings during the reporting period (1 July 2015 – 30 June 2016)									
	Во	ard		& Risk	· · · · · · · · · · · · · · · · · · ·	Finance		Community Advisory	
	Meetings	Attended	Meetings	Attended	Meetings	Attended	Meetings	Attended	
Current Board Mer	nbers								
Pam Macdonald	6	6	4	3	4	3	-	-	
Rod Fyffe	6	6	4	4	4	4	3	3	
Lauren Bean	6	6	-	-	-	-	3	2	
Ken Belfrage	6	5	4	4	4	4	-	-	
Brad Ead	6	6	4	4	4	4	-	-	
Mark Gibson	6	5	-	-	-	-	-	-	
Ian Grenfell	6	4	-	-	-	-	-	-	
Lisa Ruffell	6	6	-	-	-	-	-	-	
Damien Tangey	6	5	-	-	4	3	-	-	
Independent Member of Audit & Risk Committee & Observer to Finance Committee									
Kate Scarce	-	-	4	4			-	-	

### **Annual Meeting**

Consistent with its legislative obligation (s. 18H) and its strategic direction to take a broader regional approach to its business, the Board convened an Annual Meeting on 23 November 2015. The agenda of this meeting included the 2014/15 year in review, an overview of the 2015/16 year ahead and other pertinent projects planned by RPCV. A number of community and cemetery sector representatives from across Central Victoria attended the meeting, in addition to the Board, senior management, staff and volunteers.

### **Governance Structures and Processes**

A continued focus on performance metrics contained within the organisation's Strategic and Annual Plans and the use of a balanced scorecard approach to performance reporting continue to provide extremely beneficial reporting mechanisms across all levels of the organisation. An annual review of the governance charter and delegations manual resulted in improvements to these important governance documents.

### **Risk Management**

During this reporting period an increased focus on implementation of a *Safety 1<sup>st</sup>* approach to all aspects of the business has continued to be a major focus of the Board and management. This has included adoption of the VMIA software to maintain the organisation's risk register as part of its internal audit program following a detailed and holistic view of organisational risks.

### **Organisational Capability**

A focus on enhancing organisational capability has continued during this reporting period with a major restructure of organisational resourcing arrangements. This has resulted in the introduction of a blended in-house and outsourced team now managing all outdoor operations, including gardening, maintenance and grave-digging activities. This restructure, following the conduct of an open tender process, saw RPCV welcome Groundswell Australia Pty Ltd, as its service provider in this regard. The addition of Groundswell to RPCV has provided a significant increase in organisational capability with consequential enhancements to site presentation and beautification initiatives that have resulted in extremely positive comments from the community and key stakeholders. These arrangements compliment previous enhancements to operational capability including the outsourcing of a range of corporate service functions to Stewarts Accountants.

### Compliance

Consistent with its legislative and other obligations the Board has a comprehensive compliance monitoring and reporting framework that is integrated into its overall governance and reporting schedule. This compliance framework ensures that RPCV complies with the *Cemeteries and Crematoria Act 2003* and related legislation and policies, including but not limited to:

### **Declarations of Pecuniary Interest**

All Board members have completed a declaration of pecuniary interests. As part of the governance framework review implemented by the CEO and approved by the Board, at the commencement of each meeting a specific agenda item calling for declarations of actual or perceived pecuniary interest and/or conflicts of interest is required.

### **Building Act 1993**

The organisation makes every endeavour to maintain its buildings and properties in accordance with this Act. It has engaged external providers to undertake routine preventative maintenance services as required and undertake a structured dynamic inspection process.

#### **National Competition Policy**

The organisation is cognisant of its obligations in relation to Department of Health & Human Services Competition Policy and applies appropriate strategies to ensure compliance. The Department of Health actively seeks assurances that competitive neutrality issues have been addressed.

The organisation has adopted and implemented the code of practice relating to competitive neutrality and includes advice in correspondence to clients that products available from the organisation are also available from other sources. The organisation also makes provision at no charge for other suppliers to promote their products and will not condone or participate in cartel type behavior within or outside of the sector.



### Victorian Industry Participation Policy Act 2003

There were no contracts commenced and/or completed in the reporting period that require disclosure under the *Victorian Industry Participation Policy (VIPP) Act 2003*.

### **Information Privacy Act 2000**

The organisation continues to review its practices and implements and maintains privacy awareness education to staff in accordance with the *Information Privacy Act 2000*. Initiatives were commenced in this reporting period to enhance compliance with information privacy expectations, including new records management practices, cemetery record digitisation and staff education program.

#### Freedom of Information Act 1982

There were no FOI requests or responses in the period July 2015 to June 2016. The Chief Executive Officer, Graham Fountain, was the principal officer for FOI purposes during the reporting period.

### **Protected Disclosure Act 2012**

No disclosures as defined by the *Protected Disclosure Act 2012* were made during the reporting period. RPCV remains committed to the aims and objectives to the *Projected Disclosure Act 2012* and does not tolerate improper conduct by its employees, volunteers, stakeholders and clients nor the taking of reprisals for those who come forward to disclose such conduct.

### Other Information

Subject to the provisions of the *Victorian Freedom of Information Act 1982* the following information is available upon request:

- A statement that declarations of pecuniary interests have been duly completed by all relevant officers
- Details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary
- Details of publications produced by the entity about itself, and how these can be obtained
- Details of major research and development activities undertaken by the entity
- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit
- Details of assessments and measures undertaken to improve the occupational health and safety of employees
- A general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes

# Be actively involved and provide leadership to sector-wide reform across regional areas

### **Shared Services**

During the reporting period RPCV continued to investigate and implement a range of shared services opportunities. Again during this reporting period RPCV approached other Class A Cemetery Trusts and other like-minded organisations regarding its shared services proposals, however the appetite for shared services across the sector is in its infancy and to date has not been embraced. RPCV will continue to investigate shared service arrangements, including the provision of outdoor operations, administration and other cloud based opportunities where a mutual benefit to both parties is provided.

During the reporting period RPCV did not engage any consultants where expenditure was less than \$10,000 (excluding GST). RPCV engaged the following consultants where expenditure exceeded \$10,000 (excluding GST).

Table 8 - Details of Individual Consultancies (valued at \$10,000 or greater)

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excl. GST)	Expenditure 2015-16 (excl. GST)	Future Expenditure (excl. GST)
DJK Engineers	Directional Signage design	1/11/2015	31/12/2015	10,560	10,560	-
				A .		

# Accessible & Improved Community Facilities



Providing accessible community parklands as a place of remembrance and broader use by the community.

### **Advocacy and Thought Generation**

RPCV continue to advocate for sector wide change that delivers a more integrated, effective and efficient statewide service to the Victorian community. Whilst at this stage these reforms have not been widely supported, RPCV continue to implement innovation and lateral initiatives that not only position it for commercial success and the delivery of service excellence, but establish new foundations upon which future sector wide reform may be established.

Consistent with its organisational appetite in this regard RPCV has participated in a new national forum directed at ongoing sector wide reform across civic cemeteries as well as accepting an invitation to present its change initiatives that have led to increased market share to the NSW peak body.

## Deliver efficient and effective services where customers are the focus

### **Customer Service**

During this reporting period RPCV has continued its focus on improving its customer service experience through an enhanced online presence as well as enhanced site guidance material for visitors.

New primary signage at each Remembrance Park was updated with clearer and more visible navigation points of reference.

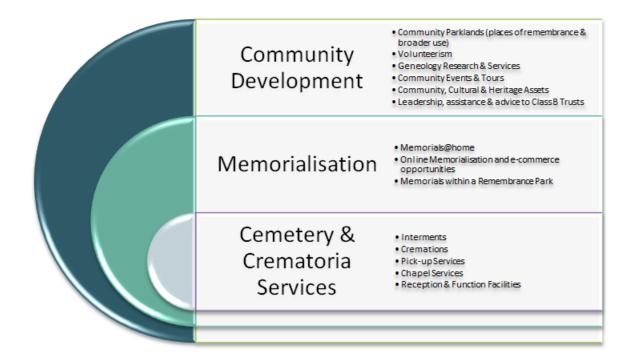




### **Products and Services**

Memorialisation product range continues to expand thus meeting a growing trend towards memorialisation moving beyond the confines of the traditional cemetery. This in turn has increased demand for a wider range of funerary products with a greater offering of personalisation.

Figure 6 - Overview of Products and Services



### **Asset Management**

Consistent with its endeavours to upgrade its assets, RPCV has again completed a range of high priority maintenance programs that enhance and/or undertake significant repair to a number of identified priority assets. This included the reroofing of the Sexton's residence at Bendigo (photo below) and commencement of a major project involving curbing and roads at the Bendigo Remembrance Park and restoration of its chapel at Eaglehawk.

Building on planning that commenced in the 2014/15 reporting period, RPCV have installed and commissioned an oversize cremation service in the 2015/16 period. This system offers high turnaround and no cool down time between cremations and the potential of offering an increased number of cremations per day. This is a major investment and signifies RPCV's presence within the cremation market and commitment to enhance its service offerings and value to the community.



# Improve the accessibility and beautification standards of our assets and establish them as community parklands

### **Lawn Area Improvements**

In accordance with RPCV's site beautification (lawn) program during this reporting period RPCV completed an unprecedented enhancement to its lawn areas involving in excess of 1,500m<sup>2</sup> of new and rejuvenated turf. This program has significantly enhanced presentation standards across the sites involved and has received significant complimentary feedback from the community and key stakeholders. This achievement was year one of a multi-year program aligned to the organisation's strategic objective to enhance the presentation of its sites with the ultimate objective of creating community parklands.

### **Community Facilities**

Progressive implementation of enhanced community facilities has continued to occur during this reporting period.

This includes installation of Locational Signage that will progressively extend to secondary signage, to support the introduction of new area names, educate the community of RPCV declaration policy requirements and above all else assist the community to navigate around RPCV sites.

In addition, RPCV has undertaken significant improvements to a range of its facilities including:

- the commencement of the upgrade to the Elaine McNamara Chapel
- restoration of the Sexton's residence Roof
- · beautification of the Garden of Angels

The historically significant Sexton's Residence, located at the Bendigo Remembrance Park, was subject to significant restoration during this reporting period, including the significant restoration to the slate roof in accordance with a number of heritage standards. These projects were made possible through the Orthometals recycling program and a significant grant via Heritage Victoria.

The Garden of Angels located at the Bendigo Remembrance Park has a sad but historically significant history within the community. RPCV were successful in obtaining a grant from the Frances & Abbott Foundation (administered by Sandhurst Trustees) to undertake works at the site. The rejuvenated garden is designed in a circular fashion with a butterfly sculpture that moves in the wind. Whilst works were carried out all existing plaques were replaced in the same location with all decorations restored to the appropriate location. Family and community members were involved in planting the garden at the site (photo below).



The external restoration of the historically significant Kangaroo Flat Chapel is complete which is aligned to the community's desire to see this chapel restored to its original state. These works were achieved by contributions from several community groups.



### **Bendigo Roads and Paths**

Following through on a technical survey and master plan generated during the 2014/15 period for priority roads and drainage project at Bendigo Remembrance Park significant works have progressed during the 2015/16 period. This has involved pouring of some 630 lineal metres of concrete kerbing and gutters, 140 lineal metres of concrete drainage pipes, an associated series of drainage pits and some 1820 m² of compact road base. Installation of the asphalt road surface had been deferred during June 2016 due to inclement weather conditions.

Ongoing development of a signage strategy, with its interrelationship to the new naming protocols and naming of specific areas aligned to this protocol, are continued with all preparatory work now in place for the rollout of the secondary signage strategy in the next reporting period.

### Increase the utilisation of RPCV assets and services

### **Chapel Utilisation**

During the reporting period RPCV set an increased target for chapel utilisation rates, however did not achieve the target, falling short by 5% of forecast statistics. In the 2015/16 financial year funds were utilised to renovate the Elaine McNamara Chapel incorporating a contemporary audio visual system, extension of the facility to enhance capacity, modernisation of the internal fixtures and fittings and other improvements. The underperformance in this area is attributed to the need to decommission the chapel for periods of time in order for renovation works to occur.

### Receptions

In the 2015/16 reporting period RPCV experienced an under budget performance of function room utilisation by 4% against forecast statistics. This underperformance has a direct relationship to the unavailability of the chapel as outlined above.

# Facilitate the appreciation of our unique community, cultural and heritage assets

### **Conservation Management**

RPCV's focus on its custodial responsibilities to maintain the cultural and historically significant assets contained within its sites has continued to guide a range of initiatives in this regard. These have included the ongoing restoration of the Kangaroo Flat Chapel with the support of heritage advisors, incremental implementation of the restoration of the Sexton's Residence at Bendigo Remembrance Park, in line with conservation management plans, as well as a range of community focused initiatives developed in partnership with relevant community groups.

### **Memorial Restoration**

Community education on the ownership and responsibility for memorial maintenance continues to be a challenge for RPCV, which is compounded by the historical nature of early memorials that date back in some cases to the gold rush. Finding living descendants to collaborate with to maintain ageing memorials continues to be a challenge and the community more generally does not understand or appreciate the ownership and responsibility arrangements for memorial maintenance. RPCV during this reporting period has maintained a proactive media presence, complimented by such events as the Clean Up Our Cemeteries Day and Cemetery Tours, to assist with community education in this regard.

# Increase the level of sustainable development and revenue generating use of our assets

### **Site Development**

Significant advances and investments have been made during this reporting period on the planning for implementation of a range of site development initiatives. Within 2015/16 there has been significant upgrades to support and maintain new turfed areas including - approximately 1100m<sup>2</sup> instant turf and associated infrastructure such as concrete border site definition, new irrigation systems and existing irrigation systems.

Stage one redevelopment of the Elaine McNamara Chapel, development of a comprehensive master plan for enhanced function room facilities/community courtyard at Eaglehawk, as well as the commencement of a comprehensive master plan for expansion and premium interment areas at the Bendigo Remembrance Park. This latter initiative, attracting grant funding support for the initial stages involving the redevelopment of the Garden of Angels, which has significant community historical value.

Prioritisation and conceptual input into all of the above initiatives and future thinking regarding site development has involved the active contribution of the Community Advisory Community and Funeral Director Roundtables, which clearly demonstrate the maturing of this relationship and the value of community input into RPCV's overall planning framework.

#### **Revenue Generation**

Building on its foundation of a flexible and cost reflective price structure and the implementation of a breadth of new services and service options, RPCV was able to generate additional revenue from interments, memorialisation and cremations. Cremation revenue has once again been RPCV's most significant increase in revenue, increasing by 30% in this reporting period. Proactive actions have been taken and planned to execute increased revenue generation in forthcoming reporting periods, including an increased online presence, alternative marketing techniques, new products and services and broader community engagement, direct client engagement and use of RPCV facilities beyond funeral services.

### **Future Land Use**

Whilst the annual capacity and demand analysis confirms there is no urgent need for additional land in the near future, the opportunity to maximise existing land has been factored into site master plans this year. This includes



exploration of natural burials and the development of new and premium cremated remains interment areas within existing sites.

In the next reporting period more detailed analysis on future land needs commensurate with population shifts and growth corridors/new suburbs across Bendigo will be undertaken to inform future investment decisions in this regard. This analysis will include planning for any potential utilisation and use of the Emu Creek site.

### Provide infrastructure and facilities that are well managed, environmentally sustainable and are suitable for the community's needs into the future.

### Recycling

RPCV's ongoing participation in the Orthometals Program involving the recycling of the orthopedic metals arising from the cremation process again provided a positive outcome aligned to RPCV's environmental commitment. In addition, RPCV again held its 3<sup>rd</sup> annual *Clean Up Our Cemeteries Day* (in conjunction with *Clean Up Australia Day*), which has grown from the previous years attendance and attracted greater local media that also assists with RPCV's community education objectives. Participants in the *Clean Up Our Cemeteries Day* were encouraged to recycle where possible but also assisted in drawing attention to the environmental impacts of rubbish on our Remembrance Parks.

### Establish a community and customer-focused online presence.

### **Cemetery Management System Upgrade**

In the current reporting period, RPCV commenced the implementation of its ICT Strategic Plan. The major project to implement a new cemetery management system is in progress with data migration and training completed. The new system will allow for improvements in processes, data integrity and security which are all fundamental for business continuity and ICT disaster recovery planning. This new system will also enhance productivity and record keeping in line with current record keeping standards as well as providing online booking capability to funeral directors, which furthers customer service delivery to the community.

The new system is scheduled to go live early July 2016.

#### Table 9 - Details of Information and Communication Technology (ICT) expenditure

The total ICT expenditure incurred during 2015/16 was \$170,670 (excluding GST), with the details shown below.

Business as usual	Non-Business as usual	Non-BAU	Non-BAU
(BAU) ICT	(non-BAU) ICT	operational	capital
expenditure	expenditure	expenditure	expenditure
63,451	\$107,219	-	\$107,219



# Adopting A Broader Regional Focus



Extending service delivery, leadership, support and assistance across the Central Victoria region.

# Improve and strengthen our strategic regional partnerships to ensure our ongoing financial viability.

### **New Service Delivery Model**

Into its third year of operation, the cremation service delivery model has continued as a major revenue generating operation.

Since the introduction of the cremation pick-up service in June 2013, it has grown to contribute to 32% of the total cremations performed at the Central Victorian Crematorium. The new-pick up service has also enabled remote and small funeral directors to access cremation services when previously they were unable to.

The following graphs demonstrate the significant increase in cremation numbers and revenue over this reporting period compared to the previous three financial years:

Figure 7 - Cremations Performance

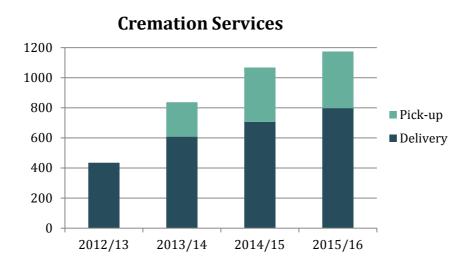
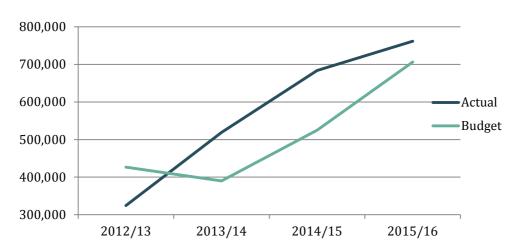




Figure 8 – Cremation as a Revenue Stream





### **Establish Regional Partnerships**

Commensurate with its broader regional activity, RPCV has evolved a number of significant partnerships across Central Victoria resulting in securing increased market share in a highly competitive operating environment with a 10% increase in new clients utilising RPCV services across Central Victoria. Throughout the reporting period, these partnerships have matured into a trusted collaborative relationship upon which RPCV plans to continue to extend its service offerings.

## Provide increased leadership, support and assistance to Class B Trusts.

### **Class B Engagement and Support**

Throughout the year RPCV continued to provide an increased level of leadership, support and assistance to Class B Cemetery Trusts across Central Victoria. Such is the support and guidance offered by RPCV that it has now reaffirmed its position as a preferred Class A Cemetery Trust offering support to Class B Cemetery Trusts with support requests now coming from all across the state and interstate. This has included governance, policy, administrative and operational support as requested as well as change management advice linked to the significant turnaround of the business over the last three (3) years, despite general trends across the sector. Phone and in-person based support and education was provided across numerous trusts and varying subject matter.

# A More Actively Engaged Community



Building trusted and enduring relationships with the community and key clients that deliver collaborative outcomes to the community.

As RPCV has progressively increased its footprint across a broader geographical area of Central Victoria as well as the evolution of its products, services and service delivery model, the challenge to maintain an actively engaged community continues to necessitate a broad range of tools and techniques. During the reporting period RPCV continued to implement a multi-faceted community engagement strategy that focused specifically on building a direct and trusted relationship between RPCV, the broader community and specific key clients, community and interest groups. This has included the maturing of the Community Advisory Committee process, as well as the Funeral Directors roundtables, online engagement mechanisms including social media, and a range of other general and targeted community engagement approaches.

# Provide opportunities for involvement in our activities for groups and individuals within the community.

The Community Advisory Committee (CAC), consistent with RPCVs legislative obligation (s.18D), has made a significant contribution to the organisation's strategic direction, activities and most importantly its interaction with the community. This has established an ideal platform from which RPCV will continue to engage with and fully understand the community's expectations and needs as it continues to mature its new strategic direction and next phase of its change agenda. Throughout the reporting period the CAC has made a positive contribution to the establishment of a suite of new naming protocols that will result in more reflective community centered naming of areas within RPCV sites. In addition, the CAC has been fundamental in the development of community and stakeholder related policies including the Decoration Policy and Guidelines as well as defining planning priorities and activities and contributing to the successful conduct of a range of community centered events and activities.

During the next reporting period and consistent with the new strategic plan the CAC will be reviewed and modernised to reflect a broader and more contemporary approach to community engagement. This aligns with the reappointment period for existing CAC members in line with the governance charter.

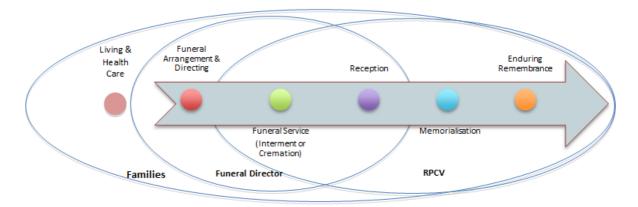
# Establish a collaborative, transparent and trusted relationship with Funeral Directors as key clients.

Funeral Director utilisation of RPCV services across Central Victoria has increased 10% in this year. This ongoing increase in utilisation of RPCV services is directly attributable to a more collaborative and trusted relationship that now exists between RPCV and these key clients. Greater participation and recognition of the need to deliver vertically integrated services to the community in a collaborative manner in accord with *the After Life Care and Remembrance Continuum* outlined below is now a regular discussion point between RPCV and Funeral Directors. This approach has



been the essence of a more fruitful relationship and service delivery enhancements benefiting the community. The relationship has evolved to the stage of including a nominated Funeral Director representative on the Community Advisory Committee to act as a direct conduit between this committee and Funeral Directors on mutual issues, which has proved extremely beneficial to all parties. Mr. Andrew Hampton, William Farmer Funeral Directors, has fulfilled this role during the reporting period.

Figure 9 - After Life Care and Remembrance Continuum



# Ensure the community has access to a range of educational opportunities to maximise their understanding and planning for after life care and remembrance.

### **Events**

Building on its revised focus on a more direct interaction with the community and including within these interactions a range of community education opportunities, site beautification and environmental sustainability, RPCV conducted a number of successful events throughout this reporting period. These included the conduct of RPCV's third *Clean Up Our Cemeteries Day, Halloween Tour* and *Christmas Remembrance Service*. In particular the *Clean Up Our Cemeteries Day,* despite the heat of the day, was a resounding success.

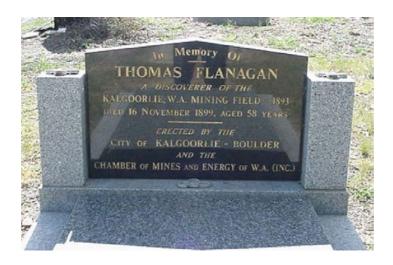
The Halloween Tour and the Garden of Angels community planting day were a significant success and attracted a large number of family and community members who wanted to be involved.





### **Community Remembrance**

RPCV volunteers continue to play a pivotal role within the community with the provision of genealogy and research services as well as the establishment of a range of community remembrance material that will ensure the contribution of members of the community are recognised and remembered into perpetuity. This project will integrate into the online environment through the new website and database within the next reporting period.



# Work with all levels of government and agencies to strengthen the physical environment, standing and service provision of RPCV.

RPCV continued to foster a positive and collaborative relationship with the Department of Health and Human Services and other key levels of government and agencies throughout the reporting period. This included participation in a range of sector-wide meetings/forums as well as continuing to advocate for change within the sector at all levels of government.

In addition RPCV is working more closely with the City of Greater Bendigo to ensure RPCV and its sites are integrated into the development of council plans and strategies. It is also pursuing greater partnership opportunities with community health services and other specific community, cultural and religious groups.



### **Developing Our People**

Developing, empowering and encouraging our people to deliver service excellence to the community.

### An organisation that demonstrates community inspiring leadership.

### **Employee Demographic**

The following profile outlines the staff demographic employed across the organisation at the end of this reporting period against the previous year:

<u>Table 10 – Employee Demographic</u>

Employee Category	Fulltime Equivalent (30 June 2016)	Fulltime Equivalent (30 June 2015)	Variance
Indoor Staff	6.7	4.0	2.7
Outdoor Staff	2.0	4.4	(2.4)
Executive	1.0	1.0	-
Total	9.7	9.4	0.3

### Table 11 - Gender Demographic

Employee Gender	Fulltime Equivalent (30 June 2016)	Fulltime Equivalent (30 June 2015)	Variance
Female	5.3	4.0	1.3
Male	4.4	5.4	(1.0)
Total	9.7	9.4	0.3

Table 12 - Age Demographic

Employee Age	Fulltime Equivalent (30 June 2016)	Fulltime Equivalent (30 June 2015)
Under 25	-	1.4
25 – 34	3.0	2.0
35 – 44	1.7	1.0
45 – 54	3.0	3.0
55 – 64	2.0	2.0
Over 65	-	-
Total	9.7	9.4



### **Workplace Relations**

After extensive negotiations RPCV reached a new single consolidated Enterprise Bargaining Agreement for application across all staff. This process was approved by the Fair Work Commission within this reporting period. This agreement achieves some reform to modernising working arrangements, consistent with RPCV's Strategic Plan, and is directly aligned to Government industrial relations and wages policies.

### **Succession Planning**

Consistent with the identified succession planning requirements of the organisation, additional resourcing and training was provided to pivotal positions including a significant enhancement of our crematoria operations commensurate with the increased growth and capacity necessary within this sphere of the organisation.

### **Broader Roles and Membership**

Once again, during this reporting period, RPCV has diversified and achieved significant growth in volunteerism across all spheres of the business. This not only provides additional capability and capacity for the organisation, but also provides a mechanism for community members to remain actively engaged in the community with consequential positive impacts on a healthy and active community. This increase in volunteer capability and capacity has allowed increased servicing times for the community, providing a virtual fulltime service at the Eaglehawk office.

### **Collaborative Opportunities**

RPCV has continually sought to establish a more collaborative relationship with local community and interest groups. This has again resulted in a range of community-centered projects being achieved during this reporting period as well as enhancing the value proposition and recognition associated with the RPCV brand.

### Recognition

During National Volunteer Week a very successful event was held recognising the contribution of all volunteers across RPCV sites.

Each Volunteer was presented with a gift in recognition of their contribution and volunteer service during an event held in National Volunteer Week, 9 – 15 May 2016.





### **Future Focus**

RPCV continues to focus on its core objectives of enhancing its value propositions to this community and improving the beautification and use of its sites in order to achieve its long term vision of RPCV sites becoming community parklands.

Next year will see the implementation of a new strategic plan that will have a greater focus on community engagement and the pursuit of increased innovation in RPCV products and services commensurate with ongoing changes in community attitudes and operations.

RPCV will also continue to strive to renovate its culturally and historically significant assets in future years.



# Department of Health and Human Services Key Performance Indicator Report



The following provides an 'initial' assessment against a suite of sector-wide KPI's:

Key	performance indicator	(KPI) result	s	
Cemetery trust name	Bendigo Cemeteries Trust			
Reporting period	1 July 2015 - 30 June 2016			
KPI 1	Operations income this period	\$2,392,195	9.57%	
Operations income growth rate	Operations income previous period	\$2,183,316	9.57 /6	
KPI 2	Net profit this period	\$344,553	14.40%	
Return on sales	Operations income this period	\$2,392,195	14.40%	
KPI 3	Number of cremation services (disposals) and interments of bodily remains performed this period	1566	0.70%	
Market share	Number of deaths in Victoria this period (excluding deceased persons who were transported out of Victoria)	41328	3.79%	
KPI 4 Average	Total maintenance costs this period	\$753,651	¢40.222.00	
maintenance costs per hectare	Total land area (ha.)	73.00	\$10,323.99	
KPI 5	Number of interments of bodily remains sold this period	432	4 270/	
remains market growth rate	Number of interments of bodily remains sold previous period	438	-1.37%	
KPI 6	Number of cremation services (disposals) sold this period	1276	42 220/	
Cremation services market growth rate	Number of cremation services (disposals) sold previous period	1137	12.23%	



# Attestations

Marchando



# Responsible Bodies Declaration as at 30 June 2016 - Bendigo Cemeteries Trust

In accordance with the *Financial Management Act 1994*, I am pleased to present the Report of Operations for the Bendigo Cemeteries Trust for the year ending 30 June 2016.

Pam Macdonald Chair

Bendigo 22 August 2016

# Attestation for Compliance with the Ministerial Standing Direction 4.5.5 – Risk Management Framework and Processes

I, Graham Fountain certify that the Bendigo Cemeteries Trust has complied with the Ministerial Standing Direction 4.5.5 – Risk Management Framework and Processes. The Bendigo Cemeteries Trust Audit Committee verifies this.

**Graham Fountain Accountable Officer** 

Bendigo 22 August 2016



# Attestation for Compliance with the Australian / New Zealand Risk Management Standard

I, Graham Fountain certify that the Bendigo Cemeteries Trust has risk management processes in place consistent with the AS/NZS ISO 3100:2009 and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures. The Bendigo Cemeteries Trust Audit Committee verifies this assurance and that the risk profile of the Bendigo Cemeteries Trust has been critically reviewed within the last twelve months.

**Graham Fountain Accountable Officer** 

Bendigo 22 August 2016

# **Attestation on Data Integrity**

I, Graham Fountain certify that the Bendigo Cemeteries Trust has put in place appropriate internal controls and processes to ensure that reported data reasonably reflects actual performance. The Bendigo Cemeteries Trust has critically reviewed these controls and processes during the year.

**Graham Fountain Accountable Officer** 

Bendigo 22 August 2016





# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

# TRUST MEMBER'S, ACCOUNTABLE OFFICER'S AND CHIEF FINANCE & ACCOUNTING OFFICER'S DECLARATION

We certify that the attached financial statements for the Bendigo Cemeteries Trust have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions (FRDs), Australian Accounting Standards and Interpretations and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes to the financial statements, presents fairly the financial transactions during the year ended 30 June 2016 and the financial position of the Bendigo Cemeteries Trust as at 30 June 2016.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

The Trustees of the Bendigo Cemeteries Trust adopted the attached financial statements at its meeting held on 22 August 2016 and authorised the persons named hereunder to sign and issue the attached financial statements on behalf of the Trust.

PAM MACDONALD Chair

AN Pardondo

22 August 2016

GRAHAM FOUNTAIN
Accountable Officer

22 August 2016

Kym Paterson
Chief Financial Officer

22 August 2016





Level 24, 35 Collins Street Melbourne VIC 3000 Telephone 61 3 8601 7000 Facsimilie 61 3 8601 7010

an Auditor-General's Office Website www.audit.vic.gov.au

# **AUDITOR-GENERAL'S INDEPENDENCE DECLARATION**

# To the Trust Members, Bendigo Cemeteries Trust

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General, an independent officer of parliament, is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised.

Under the *Audit Act 1994*, the Auditor-General is the auditor of each public body and for the purposes of conducting an audit has access to all documents and property, and may report to parliament matters which the Auditor-General considers appropriate.

# Independence Declaration

As auditor for the Bendigo Cemeteries Trust for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the Australian Charities and Not-forprofits Commission Act 2012 in relation to the audit
- no contraventions of any applicable code of professional conduct in relation to the audit.

MELBOURNE 24 August 2016 Dr. Peter Frost Acting Auditor-General





Level 24, 35 Collins Street Melbourne VIC 3000

Telephone 61 3 8601 7000 Facsimilie 61 3 8601 7010 Website www.audit.vic.gov.au

#### INDEPENDENT AUDITOR'S REPORT

# To the Trust Members, Bendigo Cemeteries Trust

#### The Financial Report

I have audited the accompanying financial report for the year ended 30 June 2016 of the Bendigo Cemeteries Trust which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the trust member's, accountable officer's and chief finance and accounting officer's declaration.

# The Trust Members' Responsibility for the Financial Report

The Trust Members of the Bendigo Cemeteries Trust are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the *Financial Management Act 1994* and the *Australian Charities and Not-for-profits Commission Act 2012*, and for such internal control as the Trust Members determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

# Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Trust Members, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Auditing in the Public Interest



# Independent Auditor's Report (continued)

# Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, I and my staff and delegates have complied with the applicable independence requirements of the Australian Auditing Standards, relevant ethical pronouncements and the *Australian Charities and Not-for-profits Commission Act 2012*.

I confirm that I have given to the Trust Members a written independence declaration, a copy of which is included in the Trust's Report.

#### Opinion

In my opinion, the financial report of the Bendigo Cemeteries Trust is in accordance with the financial reporting requirements of the *Financial Management Act 1994* and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the entity's financial position as at 30 June 2016, and of its financial performance or the year ended on that date
- (b) complying with Australian Accounting Standards and Division 60 of the Australian Charities and Not-for-profits Regulation 2013.

MELBOURNE 24 August 2016 Dr. Peter Frost Acting Auditor-General



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# **COMPREHENSIVE OPERATING STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

	Note	2016	2015
		\$	\$
Income			
Cemetery Operations Income	2(a)	2,509,710	2,287,135
Cost of Sales	3(a)	( 165,622)	(147,641)
		2,344,087	2,139,494
Investment Income	2(c)	44,456	39,796
Total Income	•	2,388,543	2,179,290
Expenses			
Employee Benefits	3(c)	889,315	1,003,450
Depreciation & Amortisation	4	169,193	177,564
Maintenance and Operating Costs	3(c)	753,651	555,971
Administrative Costs	3(c)	158,374	153,942
Cemetery Levy	3(b)	69,953	66,693
Finance Costs	5	2,301	3,310
Audit Fees	3(d)	26,700	17,900
Total Expenses	•	2,069,487	1,978,830
Operating Result for the year		319,056	200,460
Other Comprehensive Income			
Items that may be Reclassified Subsequently to Net Result			
Net Fair Value Gains/(Losses) on Available for Sale Financial Assets	15(c)	( 48,042)	4,397
Items that will not be Reclassified to Net Result			
Net Fair Value Revaluation on Non-Financial Assets	15(b)	201,950	15,198
Realisation of Available For Sale Investment Revaluation Surplus	15(c)	<u>-</u>	
Total Other Comprehensive Income	•	153,908	19,595
Comprehensive Result for the Year		472,964	220,055

The Comprehensive Operating Statement should be read in conjunction with the accompanying notes.



# **BALANCE SHEET AS AT 30 JUNE 2016**

	Note	2016 \$	2015 \$
Current Assets			
Cash and Cash Equivalents	6	41,892	259,890
Receivables	7	152,460	189,895
Inventories	8	135,496	188,702
Prepayments		6,094	33,656
Total Current Assets	_	335,942	672,143
Non-Current Assets			
Inventories	8	204,243	108,730
Property, Plant and Equipment	10(a)	4,056,222	3,324,727
Intangible Assets	11	79,867	76,556
Investments and Other Financial Assets	9	657,355	669,412
Total Non-Current Assets	_	4,997,687	4,179,425
Total Assets	_	5,333,629	4,851,568
Current Liabilities			
Payables	12	338,790	453,131
Provision for Employee Benefits	13(a)	125,084	110,932
Provision for Onerous Contracts	13(d)	277,813	366,923
Unearned Income	14	971,599	803,557
Total Current Liabilities	_	1,713,285	1,734,543
Non-Current Liabilities			
Payables	12	22,973	9,612
Provision for Employee Benefits	13(a)	36,107	19,113
Total Non-Current Liabilities	<del>-</del>	59,080	28,725
Total Liabilities	<del>-</del>	1,772,366	1,763,268
Net Assets	<u>-</u>	3,561,264	3,088,300
Equity			
Contributed Capital	15	604,962	604,962
Accumulated Deficit	15(a)	(539,333)	(757,838)
Property, Plant & Equipment Revaluation Reserve	15(b)	2,652,212	2,450,262
Available for Sale Investment Revaluation Reserve	15(c)	( 32,157)	15,885
Perpetual Maintenance Reserve	15(d)	504,849	408,713
Other Reserves	15(e)	370,731	366,316
Total Equity	<del>-</del>	3,561,264	3,088,300
Commitments for Expenditure	18		
Contingent Assets and Contingent Liabilities	19		

The Balance Sheet should be read in conjunction with the accompanying notes



# STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

		Property, Plant and Equipment Revaluation Reserve	Available for Sale Investment Revaluation Reserve	Accumulated Deficit	Perpetual Maintenance Reserve	Other Reserves	Contributed Capital	Total
	Note	\$	\$	\$	\$	\$	\$	\$
Balance at 30 June 2014		2,435,064	11,488	( 694,250)	279,165	231,816	604,962	2,868,245
Operating Result for the Year	15(a)	-	-	200,460	-	-	-	200,460
Other Comprehensive Income for the Year	15(c)	-	4,397	-	-	-	-	4,397
Transfer to/(from) Asset Revaluation Reserve	15(b)	15,198	-	-	-	-	-	15,198
Transfer to/(from) Accumulated Surplus	15(d)	-	-	( 264,048)	129,548	134,500	-	-
Balance at 30 June 2015		2,450,262	15,885	( 757,838)	408,713	366,316	604,962	3,088,300
Operating Result for the Year	15(a)	-	-	319,056	-	-	-	319,056
Other Comprehensive Income for the Year	15(c)	-	( 48,042)	-	-	-	-	( 48,042)
Transfer to/(from) Asset Revaluation Reserve	15(b)	201,950	-	-	-	-	-	201,950
Transfer to/(from) Accumulated Surplus	15(d)	-	-	( 100,551)	96,136	4,415	-	-
Balance at 30 June 2016	15	2,652,212	( 32,157)	( 539,333)	504,849	370,731	604,962	3,561,264

The Statement of Changes in Equity should be read in conjunction with the accompanying notes

# CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		\$	\$
Cash Flows from Operating Activities			
Receipts from Customers		2,805,959	2,634,655
Payments to Suppliers and Employees		( 2,200,586)	(2,260,298)
Investment Income Receipts		44,456	39,796
Goods and Services Tax Paid		( 126,065)	(83,808)
Net Cash Inflow from Operating Activities	16	523,765	330,345
Cash Flow from Investing Activities			
Payments for Property, Plant & Equipment		( 765,550)	(366,836)
Payments for Investments		( 35,985)	(238,731)
Proceeds from Sale of Assets	2(b)	59,773	164,609
Proceeds from Sale of Investments		-	- ,
Net Cash Inflow/(Outflow) from Investing Activities		(741,762)	( 440,958)
Cash Flows from Financing Activities		-	-
Net Cash Inflow Financing Activities		-	-
Net Increase/(Decrease) in Cash and Cash Equivalents		( 217,998)	(110,613)
Cash and Cash Equivalents at Beginning of the Financial Year		259,890	370,503
Cash and Cash Equivalents at End of the Financial Year	6	41,892	259,890

 ${\it The Cash Flow Statement should be read in conjunction with the accompanying notes}.$ 



# Notes to the Financial Statements for the Financial Year Ended 30 June 2016

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# 1. Statement of Significant Accounting Policies

These annual financial statements represent the general purpose financial statements for the Bendigo Cemeteries Trust (the Trust) for the financial year ended 30 June 2016. The purpose of the report is to provide users with information about the Trust's stewardship of resources entrusted to it.

# (a) Statement of Compliance

These financial statements of the Bendigo Cemeteries Trust are general purpose financial statements which have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards (AAS) including interpretations issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of AASB 101 *Presentation of Financial Statements*.

The financial statements also comply with relevant Financial Reporting Directions (FRD) issued by the Department of Treasury and Finance, and relevant Standing Directions (SD) authorised by the Minister for Finance. In complying with AASs, the Trust has, where relevant, applied those paragraphs applicable for not-for-profit entities.

The annual financial statements were authorised for issue by the Bendigo Cemeteries Trust on 22 August 2016.

# (b) Basis of Accounting Preparation and Measurement

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2016, and the comparative information presented in these financial statements for the year ended 30 June 2015.

The going concern basis was used to prepare the financial statements.

These financial statements are presented in Australian dollars, the functional and presentation currency of the

The financial statements, except for cash flow information, have been prepared using the accrual basis of accounting. Under the accrual basis, items are recognised as assets, liabilities, equity, income or expenses when they satisfy the definitions and recognition criteria for those items, that is they are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

The financial statements are prepared in accordance with the historical cost convention, except for:

- Non-current physical assets, which subsequent to acquisition, are measured at their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made and are re-assessed with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair values; and
- Available for sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised (i.e. other comprehensive income items that may be reclassified subsequent to net

Historical cost is based on the fair values of the consideration given in exchange for assets.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Consistent with AASB 13 Fair Value Measurement, Bendigo Cemeteries Trust determines the policies and procedures for recurring fair value measurements such as property, plant and equipment and financial instruments, and for non-recurring fair value measurements such as non-financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant FRDs.



All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities that a cemetery can access at measurement date.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Unobservable inputs for the asset or liability.

For the purpose of fair value disclosures, Bendigo Cemeteries Trust has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, Bendigo Cemeteries Trust determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Valuer-General Victoria (VGV) is Bendigo Cemeteries Trust's independent valuation agency.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods. Judgments and assumptions made by management in the application of AAS that have significant effect on the financial statements and estimates, with a risk of material adjustments in the subsequent reporting period, relate to:

- The fair value of land, buildings, infrastructure, plant and equipment (refer to Note 1(j));
- Superannuation (refer to note 1(f)); and
- Assumptions for employee benefits provision based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 1(k)).

# (c) Reporting Entity

The financial statements include the controlled activities of the Bendigo Cemeteries Trust. The Bendigo Cemeteries Trust was established under the *Cemeteries Act 1958* and the operations are governed by the *Cemeteries and Crematoria Act 2003*. The financial statements of the Bendigo Cemeteries Trust includes Bendigo, Eaglehawk, Kangaroo Flat, White Hills, Axedale, Emu Creek Remembrance Parks and the Central Victoria Crematorium located at the Eaglehawk Remembrance Park.

The Trust's principal address is:

Bendigo Cemeteries Trust 5 Victoria Street, Eaglehawk Victoria 3556

A description of the nature of the Bendigo Cemeteries Trust's operations and its principal activities is included in the report of operations, which does not form part of these financial statements.

#### (d) Scope and Presentation of Financial Statements

# **Comprehensive Operating Statement**

The comprehensive operating statement presents the operating result of the Bendigo Cemeteries Trust. It presents significant categories of income and expenses included in the operating result to enhance the understanding of the financial performance of the Bendigo Cemeteries Trust. It also shows other comprehensive income included in the comprehensive result for the year.

#### **Balance Sheet**

Assets and liabilities are categorised either as current or non-current (non-current being those assets or liabilities expected to be recovered more than 12 months after the financial year), are disclosed in the notes where relevant.



#### Statement of Changes in Equity

The statement of changes in equity presents reconciliations of each non-owner and owner changes in equity from opening balance at the beginning of the financial year to the closing balance at the end of the financial year. It also shows separately changes due to amounts recognised in the comprehensive result and amounts recognised in other comprehensive income.

#### **Cash Flow Statement**

Cash flows are classified according to whether or not they arise from operating activities, investing activities, or financing activities. This classification is consistent with requirements under AASB 107 Statement of Cash Flows.

#### Rounding

All amounts shown in the financial statements are expressed to the nearest dollar unless otherwise stated.

#### Comparative Information

Where necessary the previous year's figures have been reclassified to facilitate comparison.

#### (e) Income from Transactions

Income is recognised in accordance with AASB 118 *Revenue* to the extent that it is probable that the economic benefits will flow to the Trust and the income can be reliably measured. Unearned income at reporting date is reported as unearned income, in accordance with the guidance below.

#### Fees

Fees received for the rights of interment for graves, cremation memorials and mausoleum crypts are recognised as revenue at the time of purchase except for the memorialisation portion which is recognised at the time of interment.

Fees received for interment, cremation and certain memorialisation products such as granite and plaques are recognised as revenue in the financial year that the goods or services are provided. Fees received in advance of service provision are recorded as unearned income in accordance with guidance below.

Amounts disclosed as revenue are, where applicable, net of returns, allowances and duties and taxes.

#### **Dividend Revenue**

Dividend revenue is recognised when the right to receive payment is established. Dividends represent the income arising from the Trust's investment in financial assets.

#### Interest Revenue

Interest revenue is recognised on a time proportionate basis that takes in account the effective yield of the financial asset and allocates the interest over the relevant period.

#### Sale of Investments

The gain/loss on the sale of investments is recognised when the investment is realised.

# **Unearned Income**

Unearned income represents monies received in advance of the provision of goods or services. These monies are recorded as revenue in the financial year that the goods or services are provided, and as income received in advance at reporting date.

# (f) Expense Recognition

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

#### Cost of Goods Sold

Costs of goods sold are recognised when the sale of an item or right of interment occurs by transferring the cost or value of the item/s or value of land related to the right of interment from inventories.



#### **Employee Expenses**

Employee expenses include:

- Wages and salaries;
- Annual Leave;
- Sick Leave;
- Long Service Leave; and
- Superannuation expenses which ar ereported differently depending upon whether employees are members of defined benefit or defined contributions plans.

#### **Defined Contribution Superannuation Plans**

In relation to defined contribution (i.e. accumulation) superannuation plans, the associated expense is simply the employer contributions that are paid or payable in respect of employees who are members of these plans during the financial year. Contributions to defined contribution superannuation plans are expenses when incurred.

# **Defined Benefit Superannuation Plans**

In relation to defined benefit superannuation plans, the amount expensed represents contributions made by the Trust to the Superannuation plans in respect of the services of current Trust staff. Superannuation contributions are made based on the rules of each plan and on actuarial advice.

The name and details of the major employee superannuation funds and contributions made by the Trust are disclosed in Note 20.

#### Depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets that have finite useful lives are depreciated (i.e. excludes land and items under operating leases). Depreciation begins when the asset is available for use, which is when it is in the location and condition necessary for it to be capable of operating in a manner intended by management.

Depreciation is calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the useful lives, residual value and depreciation method for all assets are reviewed at least annually, and adjustments made where appropriate. Assets with a cost in excess of \$3,000 are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives.

The following table indicates the useful life determined for each class of asset:

	2016	2015
Buildings	50 - 80 years	50 - 80 years
Plant & Equipment	10 years	10 years
Infrastructure and Improvements	40 - 100 years	40 - 100 years
Office Equipment, Furniture and Fittings	3 - 15 years	3 - 15 years
Computer Systems	3 - 10 years	3 - 10 years
Motor Vehicles	6 - 10 years	6 - 10 years

#### **Amortisation**

Amortisation is allocated to non-produced intangible assets with finite useful lives on a systematic (typically straight-line) basis over the asset's useful life, and is recognised as an expense. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the asset concerned is tested as to whether its carrying value exceeds its recoverable amount.

Intangible assets with finite useful lives are amortised over a 5 year period.



#### **Cemetery Levy**

In accordance with Section 18Q of the *Cemeteries and Crematoria Act 2003*, the Trust is required to pay a percentage of its gross earnings, as defined by the Department of Health and Human Services, to the Consolidated Fund held by the State of Victoria. 'Gross Earnings' is currently defined as cemetery operations income and investment income, excluding: donations, government grants, profit or loss on sale of investments and other assets and assets received free of charge. The levy rate for this financial year is 3% (2015: 3%).

#### **Finance Costs**

Finance costs are recognised as expenses in the financial year in which they are incurred.

#### **Other Operating Expenses**

Other operating expenses generally represent the day-to-day running costs incurred in normal operations and

#### **Maintenance and Operating Costs**

Maintenance and operating costs are recognised as an expense in the financial year in which they are incurred. Maintenance and operating costs include utilities (gas, electricity, rates), vehicle running costs and maintenance, workshop supplies and crematorium repairs.

#### **Administrative Costs**

Administrative costs are recognised as an expense in the financial year in which they are incurred. Administrative costs are costs relating to the ongoing running of the organisation and includes insurances, phones, printing, marketing, legal, computing and taxation expenses.

# (g) Other Comprehensive Income

Other comprehensive income measures the change in volume or value of assets or liabilities that do not result from transactions.

#### Net Gain/ (Loss) on Non-Financial Assets

Net gain/ (loss) on non-financial assets and liabilities includes realised and unrealised gains and losses as follows:

#### Revaluation Gains/ (Losses) of Non-Financial Physical Assets

Refer to Note 1(j) Revaluations of non-financial physical assets.

#### Net Gains/ (Losses) on Disposal of Non-Financial Assets

Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal and is determined after deducting from the proceeds the carrying value of the asset at that time.

#### Net Gain/ (Loss) on Financial Instruments

Net gain/ (loss) on financial instruments includes:

- Realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- Impairment and reversal of impairment for financial instruments at amortised cost (refer Note 1 (i)); and
- Disposals of financial assets and derecognition of financial liabilities.

#### Revaluations of Financial Instrument at Fair Value

Refer to Note 1 (h) Financial Instruments.

# Other Gains/ (Losses) from Other Comprehensive Income

Other gains/ (losses) include the gains or losses from:

- The revaluation of the present value of the long service leave liability due to changes in the bond interest rates;
- Transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.



#### (h) Financial Instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the Bendigo Cemeteries Trust's activities, certain financial assets and financial liabilities arise under statute rather than contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 Financial Instruments: Presentation . For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract.

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

The following refers to financial instruments unless otherwise stated.

#### Receivables

Receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs.

Receivables includes cash and deposits, term deposits with maturity greater than three months, trade receivables, and other receivables, but not statutory receivables.

#### **Available for Sale Financial Assets**

Available for sale financial instrument assets are those designated as available for sale or not classified in any other category of financial instrument asset. Such assets are initially recognised at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in net result for the period. Fair value is determined in the manner described in Note 17.

#### **Financial Liabilities at Amortised Cost**

Financial instrument liabilities are initially recognised on the date they are originated. They are measured at fair value plus any directly attributable transaction costs.

Financial instrument liabilities include the Trust's contractual payables and advances received.

# (i) Assets

# **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, deposits at call and highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short-term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

For the cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts, which are included as current interest bearing liabilities in the balance sheet.

#### Receivables

Receivables consist of:

- Contractual receivables, which includes mainly debtors in relation to goods and services and accrued investment income: and
- $\bullet \ \ Statutory\ receivables, which includes\ predominantly\ GST\ input\ tax\ credits\ recoverable.$

Receivables that are contractual are classified as financial instruments and categorised as receivables. Statutory receivables are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

recognition. Collectability of debts is reviewed on an ongoing basis, and debts which are known to be uncollectible are written off. An allowance for doubtful debts is recognised when there is objective evidence that an impairment loss has occurred.



#### Other Financial Assets

Other financial assets are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

The Bendigo Cemeteries Trust classifies its other financial assets between current and non-current assets based on the purpose for which the assets were acquired. Management determines the classification of its other financial assets at initial recognition.

The Bendigo Cemeteries Trust assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

#### **Available for Sale Financial Assets**

Available for sale financial assets are measured at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income directly in equity until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in profit or loss for the period. Fair value is determined in the manner described in Note 17.

#### **Impairment of Financial Assets**

At the end of each financial year the Bendigo Cemeteries Trust assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets are subject to annual review

Receivables are assessed for bad and doubtful debts on a regular basis. Bad debts considered as 'written off' and 'allowances for doubtful receivables' are expensed. Bad debt not written off by mutual consent and the allowance of doubtful debts are classified as other comprehensive income.

Where the fair value of an investment in an equity instrument at balance date has reduced by 20 per cent or more than its cost price; or where its fair value has been less than its cost price for a period of 12 or more months, the financial instrument is treated as impaired.

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*.

#### Net Gain/(Loss) on Financial Instruments

Net gain/(loss) on financial instruments includes impairment and reversal of impairment for financial instruments at amortised cost, and disposals of financial assets.

#### Revaluations of Financial Instruments at Fair Value

The revaluation gain/(loss) on financial instruments at fair value excludes dividends or interest earned on financial

# (j) Non-Financial Assets

#### **Inventories**

Inventories include goods and other property held either for sale or for distribution at zero or nominal consideration, or for consumption in the ordinary course of business operations. It excludes depreciable assets.

Inventories include land allocated for interment purposes held for sale. Inventory of land allocated for interment purposes is measured at the lower of cost and net realisable value on the basis of weighted average cost and includes adjacent land and landscaping that add to the amenity of the land for interment.

Inventories are classified as either works in progress or finished goods. Works in progress includes undeveloped land and expenditure on inventories partially constructed, but not available for sale. Finished goods represent inventories available for sale to customers including land to be used for interment purposes.

Inventories also include stock held in maintenance stores, and stocks of precast concrete lined graves, pre-poured foundations for graves, memorial wall niches and granite. These inventories are measured at the lower of cost and net realisable value. Cost for these inventories is determined on the basis of weighted average cost.



Inventories acquired for no cost or nominal consideration are measured at current replacement cost at the date of acquisition.

Inventories expected to be sold/utilised within 12 months are recorded as current, with the balance as non-current

#### Property, Plant and Equipment

All non-current physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment.

More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 10.

**Crown Land** is measured at fair value with regard to the property's Highest and Best Use (HBU) after due consideration is made for any legal or constructive restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the asset are not taken into account until it is virtually certain that any restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest

Land and Buildings are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and impairment.

**Plant, Equipment and Vehicles** are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and impairment. Depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned.

#### **Revaluations of Non-Current Physical Assets**

Non-current physical assets are measured at fair value are revalued in accordance with FRD 103F Non-Current Physical Assets. A full revaluation normally occurs at least every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuer's are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the FRDs. Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

Revaluation increments are recognised in other comprehensive income and accumulated in the property, plant and equipment revaluation surplus reserve, except that to the extent that an increment reverses a revaluation decrement in respect of that same class of asset previously recognised as an expense in the operating result, the increment is recognised as income in the operating result.

Revaluation decrements are recognised immediately as expenses in the operating result, except that, to the extent that a credit balance exists in the property, plant and equipment revaluation surplus in respect of the same class of assets, they are debited directly to the property, plant and equipment revaluation surplus reserve.

Revaluation increases and revaluation decreases relating to individual assets within an asset class are offset against one another within that class but are not offset in respect of assets in different classes.

Revaluation surplus relating to an asset is normally not transferred to accumulated funds on derecognition of the relevant asset.

Cemetery buildings were formally valued as at 30 June 2012 by the Valuer-General of Victoria in accordance with the requirements of FRD 103F Non-Current Physical Assets, issued pursuant to the Financial Management Act 1994.

Due to a cumulative increase greater than 10% in building indicies provided by the Valuer General Victoria since the last formal land revaluation on 30 June 2012, a managerial review was conducted on all cemetery buildings in accordance with FRD103F. Consequently at 30 June 2016, buildings as detailed in Note 10, has been increased in line with these indicies.

The next scheduled revaluation under FRD 103F is set for the year ending 30 June 2017 or earlier if there is an indication that fair values have moved materially since the last valuation.



#### Other Non-Financial Assets

#### **Prepayments**

Prepayments represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

# (k) Liabilities

#### **Payables**

Payables consist of:

- Contractual payables which consist predominantly of accounts payable representing liabilities for goods and services provided to the Trust prior to the end of the financial year that are unpaid, and arise when the Trust becomes obliged to make future payments in respect of the purchase of those goods and services. The normal credit terms for accounts payable are nett 30 days.
- Statutory payables, such as goods and services tax and fringe benefits tax payables.

Contractual payables are initially recognised at fair value, and then subsequently carried at amortised cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

#### Unearned Income

All unearned income is classified as a current liability as the Trust does not have an unconditional right to defer settlement when a purchaser seeks to use the service. Prepaid fees are recognised at their nominal (contracted)

#### **Provisions**

Provisions are recognised when the Trust has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at balance date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using the discount rate that reflects the time value of money and risks specific to

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

#### **Employee Benefits**

#### Wages and Salaries, Annual Leave and Accrued Days Off

Liabilities for wages and salaries, including non-monetary benefits, annual leave, and accrued days off are all recognised in the provision for employee benefits as 'current liabilities', because the Trust does not have an unconditional right to defer settlement of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries, annual leave and accrued days off are measured at:

- Undiscounted value if the Trust expects to wholly settle within 12 months; or
- Present value if the Trust does not expect to wholly settle within 12 months.



#### Long Service Leave

The liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where the Trust does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- Undiscounted value if the Trust expects to wholly settle within 12 months; and
- Present value if the Trust does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability because there is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

Any gain or loss following the revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an other economic flow.

#### **Termination Benefits**

Termination benefits are payable when employment is terminated before the normal retirement date or when an employee decides to accept an offer of benefits in exchange for the termination of employment.

The Trust recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the financial year are discounted to present value.

#### On-Costs

Employee benefits on-costs, such as workers compensation and superannuation, are recognised separately from provision for employee benefits.

#### **Superannuation**

The accounting treatment for contributions to defined contribution and defined benefit plans has been outlined in Note 1(f).

Employees of the Trust are entitled to receive superannuation benefits and the Trust contributes to defined benefit and defined contribution plans.

# **Defined Contribution Superannuation Plan**

The defined contribution funds receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings in accordance with the Superannuation Guarantee Legislation. The Trust's contribution for 2015/16 was 9.5%. No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of their chosen superannuation fund.

#### **Defined Benefit Superannuation Plan**

The defined benefit plan provides benefits to employees based on years of service and final average salary. The Trust makes employer contributions to the defined benefits category of the Vision Superannuation Fund at a minimum of the rate determined by the Fund's Trustee.

contribution is 9.5% of the superannuation salary, plus any shortfall identified as part of the actuarial review. For the year ending 30 June 2016 the Bendigo Cemeteries Trust have made no additional contributions or made any provision for a shortfall contribution.



#### Unfunded Defined Benefit Superannuation Liability

The Bendigo Cemeteries Trust makes employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (LASF), known as Vision Super since 2002, which is a not-for-profit industry fund for cemeteries and certain other agencies. Vision Super is the Trustee of both the defined benefit plan (closed since 1993) and the Super Saver (accumulation) fund.

In accordance with regulations, the Fund's Trustees are required to complete an actuarial review of superannuation funds at least every three years to ensure the current assets are adequate to meet the benefits that have previously been promised to members.

In early 2016, Vision Super wrote to all participating cemeteries and other agencies regarding the results of their actuarial investigation into the LASF defined benefit plan.

The actuarial investigation resulted in no shortfall of funds being identified and thus the Bendigo Cemeteries Trust has not recognised a liability for 2016 in its financial statements.

#### Onerous Contracts (on Pre-Paid Fees)

A provision is recognised in relation to pre-paid fees where the cost of providing the purchased goods and/or services is expected to be greater than the amount received/revenue to be recognised and the current service cost can be reliably measured. The provision represents the present value of the expenditure required to provide the goods and/or service, less the amount of revenue to be recognised.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the

# **Derecognition of Financial Liabilities**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an expense in the comprehensive operating statement.

#### (I) Lease

A lease is a right to use an asset for an agreed period of time in exchange for payment. Leases are classified at their inception as either operating or finance leases.

Leases of property, plant and equipment are classified at their inception as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as

#### **Finance Lease**

Finance leases are recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease asset is accounted for as a non-financial physical asset and is depreciated over the shorter of the estimated useful life of the asset or the term of the lease. If there is certainty that the Trust will obtain the ownership of the lease asset by the end of the lease term, the asset shall be depreciated over the useful life of the asset. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be depreciated over the shorter of the lease term and its useful life. Minimum lease payments are apportioned between reduction of the outstanding lease liability, and the periodic finance expense which is calculated using the interest rate implicit in the lease, and charged directly to the comprehensive operating statement. Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.



#### **Operating Lease**

Operating lease payments, including any contingent rentals, are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

# (m) Equity

#### **Contributed Capital**

Consistent with Australian Accounting Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities and FRD 119 Contributions by Owners, appropriations for additions to the net asset base have been designated as contributed capital. Other transfers that are in the nature of contributions or distributions that have been designated as contributed capital are treated as contributed capital.

#### Property, Plant & Equipment Revaluation Reserve

The Property, Plant and Equipment Revaluation Reserve is used to record increments and decrements on the revaluation of non-current physical assets.

#### **Available For Sale Investment Revaluation Reserve**

The Available For Sale Investment Revaluation Reserve arises on the revaluation of available for sale financial assets. Where a revalued financial asset is sold, the portion of the reserve which relates to that financial asset is effectively realised, and is recognised in the operating result. Where an available for sale financial asset is impaired, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to

#### **Cremator Reserve**

Funds are allocated to this reserve to ensure that the Cemetery Trust has ample funds available should another cremator unit need to be purchased. The cremator unit is an essential part of the successful ongoing operations of the Bendigo Cemeteries Trust.

# **Perpetual Maintenance Reserve**

Fees received in respect of the rights of interment for monumental and lawn burials, memorial gardens and cemetery gardens include amounts for perpetual maintenance to be carried out in future years. Such amounts are transferred to the perpetual maintenance reserve and released as deemed necessary in equal amounts over the periods for which the maintenance has been contracted. The Trust realises the importance of this reserve and has accepted a strategic objective to contribute to this reserve in the future.

# **Prepaid Interment Reserve**

Fees received in respect of prepaid interment fees for monumental and lawn burials, memorial gardens and cemetery gardens are included in this reserve. Such amounts are transferred into the prepaid interment reserve to recognise the liability accepted by the Trust when receiving these fees. This reserve will continue to be contributed to until all interment fees are fully cash backed in this reserve.

#### **Defined Benefit Superannuation Reserve**

The Bendigo Cemeteries Trust created this reserve to recognise the funds the Trust drew down during 2012/13 to fund the unfunded defined benefit superannuation liability call with the intention of repaying these funds over a three year period. The trust has re-contributed the remaining amount in 2015/16 and is continuing to build up the reserve to cover any future calls that may arise.



#### (n) Goods and Services Tax

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the ATO. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST receivable from, or payable to, the ATO is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO, are presented as operating cash flow.

Commitments and contingent assets or liabilities are presented on a gross basis.

# (o) Commitments for Expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note at their nominal value and are inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present value of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

# (p) Contingent Assets and Contingent Liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of note and, if quantifiable, are measured at nominal value. Contingent assets and contingent liabilities are presented inclusive of GST receivable or payable respectively.

# (q) Events Occurring after the Reporting Period

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the Trust and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the financial year.

Adjustments are made to amounts recognised in the financial statements for events which occur after the financial year end and before the date the financial statements are authorised for issue, where those events provide information about conditions which existed in the financial year. Note disclosure is made about events between the end of the financial year and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the financial year and which may have a material impact on the results of subsequent financial years.



# (r) New Accounting Standards and Interpretations

Certain Australian accounting standards and interpretations have been published that are not mandatory for the 30 June 2016 financial year.

As at 30 June 2016, the following standards and interpretations had been issued but were not mandatory for the financial year ended 30 June 2016. The Bendigo Cemeteries Trust has not and does not intend to adopt these standards early.

Standard / Interpretation	Summary	Applicable for reporting periods beginning on	Impact on Trust's Financial Statements
AASB 9 Financial Instruments	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss.  While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows:  - The change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI); and  - Other fair value changes are presented in profit and loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.	1 Jan 2018	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals.  Changes in own credit risk in respect of liabilities designated at fair value through profit and loss will now be presented within other comprehensive income (OCI). Hedge accounting will be more closely aligned with common risk management practices making it easier to have an effective hedge. For entities with significant lending activities, an overhaul of related systems and processes may be needed.
AASB 2014-1 Amendments to Australian Accounting Standards [Part E Financial Instruments]	Amends various AAS's to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.		This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.



AASB 2014-4	Amends AASB 116 Property, Plant and	1 Jan 2016	The assessment has indicated
Amendments to	Equipment and AASB 138 Intangible Assets		that there is no expected
Australian Accounting	to:		impact as the revenue-based
Standards - Clarification	- establish the principle for the basis of		method is not used for
of Acceptable Methods of	depreciation and amortisation as being		depreciation or amortisation.
Depreciation and	the expected pattern of consumption of the		
Amortisation	future economic benefits of an asset;		
[AASB 116 & AASB 138]	- prohibit the use of revenue-based		
	methods to calculate the depreciation or		
	amortisation of an asset, tangible or		
	intangible, because revenue generally		
	reflects the pattern of economic benefits		
	that are generated from operating the		
	business, rather than the consumption		
	through the use of the asset.		
AASB 2014-5	Amends the measurement of trade	1 Jan 2017, except	The assessment has indicated
Amendments to	receivables and the recognition of	amendments to	that there will be no significant
Australian Accounting	dividends.	AASB 9 (Dec 2009)	impact for the public sector.
Standards arising from	Trade receivables, that do not have a	and AASB 9 (Dec	
AASB 15	significant financing component, are to be	2010) apply from	
	measured at their transaction price, at	1 Jan 2018	
	initial recognition.		
	Dividends are recognised in the profit and		
	loss only when:		
	the entity's right to receive payment of the		
	dividend is established;		
	- it is probable that the economic benefits		
	associated with the dividend will flow to		
	the entity; and		
	- the amount can be measured reliably.		
	,		
AASB 2014-7	Amends various AAS's to incorporate the	1 Jan 2018	The assessment has indicated
Amendments to	consequential amendments arising from		that there will be no significant
Australian Accounting	the issuance of AASB 9.		impact for the public sector.
Standards arising from			
AASB 9			



# (r) New Accounting Standards and Interpretations

Standard / Interpretation	Summary	Applicable for reporting periods beginning on	Impact on Trust's Financial Statements
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 2018	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.  A potential impact will be the upfront recognition of revenue from licences that cover multiple reporting periods. Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening retained earnings if there are no former performance obligations outstanding.
AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049]	The Amendments extend the scope of AASB 124 Related Party Disclosures to not-for-profit public sector entities. A guidance has been included to assist the application of the Standard by not-for-profit public sector entities.	1 Jan 2016	The amending standard will result in extended disclosures on the entity's key management personnel (KMP), and the related party transactions.
AASB 2015-8 Amendments to Australian Accounting Standards - Effective Date of AASB 15	This Standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018.	1 Jan 2018	This amending standard will defer the application period of AASB 15 to the 2018-19 reporting period in accordance with the transition requirements.



# (r) New Accounting Standards and Interpretations (continued)

Standard / Interpretation	Summary	Applicable for reporting periods beginning on	Impact on Trust's Financial Statements
AASB 2016-3 Amendments to Australian Accounting Standards - Clarifications to AASB 15	This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require:  - a promise to transfer to a customer a good or service that is "distinct" to be recognised as a separate performance obligation;  - For items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and  - For licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access).	1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector, other than the impact identified in AASB 15.
AASB 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash- Generating Specialised Assets of Not-for-Profit Entities	The standard amends AASB 136 Impairment of Assets to remove references to using depreciated replacement cost (DRC) as a measure of value in use for not-for-profit entities.	1 Jan 2017	The assessment has indicated that there is minimal impact. Given the specialised nature and restrictions of public sector assets, the existing use is presumed to be the highest and best use (HBU), hence current replacement cost under AASB 13 Fair Value  Measurement is the same as the depreciated replacement cost concept under AASB 136.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2015-16 reporting period (as listed below). In general, these amending standards include editorial and reference changes that are expected to have insignificant impacts on public sector reporting.

- AASB 1057 Application of Australian Accounting Standards.
- AASB 2015-2 Amendments to Australian Accounting Standards Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049].
- AASB 2016-2 Amendments to Australian Accounting Standards Disclosure Initiative; Amendments to AASB 107.



2. Revenue	Note	2016	2015
	_	\$	\$
(a) Cemetery Operations Income			
Right of Interment Income		479,590	461,937
Interment Income		638,921	609,064
Cremation Income		761,570	683,857
Cremation Memorial Income		37,639	42,533
Memorialisation Income		391,397	365,053
Chapel Hire and Function Income		24,579	20,872
Other Operating Income		58,499	52,894
Government Grants		121,242	86,258
Gain/(Loss) on disposal of Property, Plant & Equipment	2(b)	( 3,727)	( 35,333)
Total Cemetery Operations Income	-	2,509,710	2,287,135
(b) Gain/(Loss) on Disposal of Property, Plant & Equipm	nent		
Proceeds from Sale		59,773	164,609
Written Down Value		(63,500)	(199,942)
Total Gain/(Loss) on Disposal of Property, Plant & Equipment	_	( 3,727)	( 35,333)
(c) Investment Income			
Interest from Cash and Cash Equivalents		6,283	10,041
Dividends Received		38,173	29,755
Total Investment Income	<u>-</u>	44,456	39,796



3. Expenses	– Note	2016	2015
		\$	\$
(a) Cost of Sales	_		
Right of Interment		18,588	8,561
Memorialisation		122,222	136,223
Other	_	24,812	2,857
Total Cost of Sales	_	165,622	147,641
(b) Cemetery Levy			
Cemetery Levy		69,953	66,693
Total Cemetery Levy	-	69,953	66,693
(c) Expenses from Transactions			
Employee Benefits		889,315	1,003,450
Maintenance and Operating Costs		753,651	555,971
Administrative Costs		158,374	153,867
Total Expenses	-	1,801,340	1,713,288
(d) Audit Fees			
Auditor General		11,200	10,900
Internal Audit		15,500	7,000
Total Audit Fees	-	26,700	17,900
	_		
4. Depreciation and Amortisation		2016	2015
	_	<u> </u>	\$
Depreciation			
Buildings, Infrastructure and Improvements		88,258	85,289
Plant and Equipment Office Equipment, Furniture and Fittings		63,506 12,629	80,282 11,914
Total Depreciation	_	164,393	177,485
Amortisation			
Computer Software	_	4,800	79
Total Amortisation	_	4,800	79
Total Depreciation and Amortisation	_	169,193	177,564
5. Finance Costs			
Finance charges on Leases		2,301	3,310
	_		
Total Finance Charges	_	2,301	3,310



6. Cash & Equivalents	2016	2015	
	<u> </u>	\$	
Cash on Hand	16,575	7,275	
Cash at Bank	25,317	252,615	
Total Cash and Cash Equivalents	41,892	259,890	

For the purposes of the cash flow statement, cash assets includes cash on hand and in banks, and short-term deposits which are readily convertible to cash on hand, and are subject to an insignificant risk of change in value, net of outstanding bank overdrafts.

# 7. Receivables

# Current

Contractual		
Trade Debtors	137,437	179,273
Other Receivables	15,023	10,622
Total Receivables	152,460	189,895

No impairment for credit losses has been booked in a separate account during either financial years reported. The nature and extent of risk arising from receivables and ageing of receivables is contained in Note 17.

# 8. Inventories

# Current

Work in Progress Land for Interment Purposes	-	98,004
Finished Goods		
Consumables	80,991	57,341
Grave Foundations	54,505	33,357
	135,496	188,702
Non-Current		
Work in Progress/Undeveloped		
Land for Interment Purposes	204,243	108,730
	204,243	108,730
Consumables	80,991	57,341
Land for Interment Purposes	204,243	206,734
Grave Foundations	54,505	33,357
Total Inventories	339,739	297,432



9. Investments and Other Financial Assets	2016	2015
	<u> </u>	\$
Current		
Interest Bearing Investments	96,645	153,864
Managed Shares Portfolio	560,710	515,548
Total Other Financial Assets	657,355	669,412

# (a) Ageing analysis of other financial assets

Please refer to Note 17 for the ageing analysis of other financial assets.

# (b) Nature and extent of risk arising from investments

 $Please\ refer to\ Note\ 17\ for\ nature\ and\ extent\ of\ credit\ risk\ arising\ from\ other\ financial\ assets.$ 



# 10. Property, Plant and Equipment

(a) Gross Carrying Amount and Accumulated Depreciation	2016	2015
	\$	\$
Cemetery Infrastructure Land at Valuation	147,833	147,833
,	147,833	147,833
Buildings, Infrastructure and Improvements at Fair Value	4,002,526	2,731,732
Less Accumulated Depreciation	(1,162,784)	(169,615)
	2,839,742	2,562,117
Plant and Equipment at Fair Value	917,920	555,894
Less Accumulated Depreciation	(238,038)	(167,211)
	679,882	388,683
Office Equipment, Furniture and Fittings at Fair Value	152,006	73,628
Less Accumulated Depreciation	(68,280)	(20,778)
	83,726	52,850
Capital works in progress at cost	305,039	173,244
Total Property, Plant and Equipment	4,056,222	3,324,727



# (b) Reconciliation of Property, Plant and Equipment

Reconciliations of the carrying amounts of each class of asset for the Cemetery Trust at the beginning and end of the previous and current financial year are set out below.

	Cemetery Infrastructure Land	Buildings, Infrastructure and Improvements	Plant and Equipment	Office Equipment, Furniture and Fittings	Capital Works In Progress	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2014	132,635	2,562,053	628,645	37,556	35,867	3,396,756
Additions	-	3,899	32,992	27,208	-	64,099
Expenditure on Capital Works	-	-	-	-	243,482	243,482
Revaluation of Assets (i)	15,198	-	-	-	-	15,198
Transfers	-	-	-	-	( 17,381)	(17,381)
Completed Assets	-	88,724	-	-	(88,724)	-
Disposal	-	( 7,270)	( 192,672)	-	-	(199,942)
Depreciation	-	( 85,289)	(80,282)	(11,914)	-	( 177,485)
Balance at 1 July 2015	147,833	2,562,117	388,683	52,850	173,244	3,324,727
Additions	-	59,280	36,163	-	-	95,443
Expenditure on Capital Works	-	-	-	_ "	661,995	661,995
Revaluation of Assets (ii)	-	201,950	-	-	-	201,950
Transfers	-	-	-	-	-	-
Completed Assets	-	104,653	382,042	43,505	(530,200)	-
Disposal	-	-	(63,500)	-	-	( 63,500)
Depreciation	-	(88,258)	( 63,506)	( 12,629)	-	( 164,393)
Balance at 30 June 2016	147,833	2,839,742	679,882	83,726	305,039	4,056,222

(i) An independent valuation of the Trust's land and buildings was performed by Mr. Mark Sanderson AAPI, Certified Practicing Valuer, as an agent of the Valuer-General Victoria, as at 30 June 2012. The valuation, which confirms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments then discounted by 95% (2007: 95%), representing the Community Service Obligation (CSO) associated with cemeteries.

Subsequent to this formal valuation, due to a cumulative increase greater than 10% in land indicies as at 30 June 2015, a managerial review was conducted on cemetery infrastructure land in accordance with FRD103F. Consequently infrastructure land has been increased in value in line with these indicies providing a more accurate value of infrastructure land.

The calculation of the value of land for cemetery use is:	Cemetery Use
Land at HBU (unrestricted) value	2,956,660
less: CSO (discount of 95%)	( 2,808,827)
Total Land at Valuation	147,833

(ii) Valuation of buildings, infrastructure, improvements and the cremator unit was also undertaken, effective 30 June 2012, based on the opinion of Mr. Mark Sanderson AAPI, to represent the "fair value" of the replacement cost of the remaining economic value of those assets.

Subsequent to this formal valuation, due to a cumulative increase greater than 10% in building indicies as at 30 June 20156 a managerial review was conducted on cemetery buildings in accordance with FRD103F. Consequently at 30 June 2016 buildings has been increased in value in line with these indicies.



(c) Aggregate Depreciation Recognised as an Expense During the Year	2016 \$	2015 \$
Buildings at Fair Value Plant, Infrastructure and Improvements at Fair Value Office Equipment, Furniture and Fittings at Fair Value	88,258 63,506 12,629	85,289 80,282 11,914
Total	164,393	177,485

<sup>(</sup>i) The useful lives of assets as stated in Note 1 are used in the calculation of depreciation.

## (d) Fair Value Measurement Hierarchy for Assets as at 30 June 2016

	Carrying amount as at	Fair value measurement at end of finanical year:		
	30 June 2016	Level 1 (i)	Level 2 (i)	Level 3 <sup>(i)</sup>
Cemetery Infrastructure Land at Fair Value				
Specialised	147,833	-	-	147,833
Total of Land at Fair Value	147,833	-	-	147,833
Buildings and Infrastructure at Fair Value				
Specialised	2,377,698		-	2,377,698
Heritage	462,044		-	462,044
Total of Buildings and Infrastructure at Fair Value	2,839,742	-	-	2,839,742
Plant, Equipment and Vehicles at Fair Value				
Plant equipment and vehicles at fair value				
- Vehicles <sup>(ii)</sup>	113,502	-	-	113,502
- Plant and Equipment	566,380	-	-	566,380
Total Plant, Equipment and Vehicles at Fair Value	679,882	-	-	679,882
Office Equipment, Furniture and Fittings at Fair Value				
Office and Computer Equipment Furniture	83,726	-	-	83,726
Total Office Equipment, Furniture and Fittings at Fair Value	83,726	-	-	83,726
Total Assets	3,751,183	-	-	3,751,183

<sup>(</sup>i) Classified in accordance with the fair value hierarchy, see Note 1.



<sup>(</sup>ii) Vehicles are categorised to Level 3 assets as the depreciated replacement cost is used in estimating the fair There have been no transfers between levels during the financial year.

#### **Specialised Land and Specialised Buildings**

The market approach is used for specialised land and specialised buildings although it is adjusted for the community service obligation (CSO) to reflect the specialised nature of the assets being valued. Specialised assets contain significant, unobservable adjustments; therefore these assets are classified as Level 3 under the market based direct comparison approach.

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

For the cemetery trusts, the depreciated replacement cost method is used for the majority of specialised buildings, adjusting for the associated depreciation. As depreciation adjustments are considered as significant and unobservable inputs in nature, specialised buildings are classified as Level 3 for fair value measurements.

An independent valuation of the Cemetery Trust's specialised land and specialised buildings was performed by Mr. Mark Sanderson on behalf of the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. Subsequently a managerial revaluation has been performed on infrastructure land after the cumulative total of the land indicies provided by the Valuer General Victoria totalled greater than 10%. The effective date of the land valuation is 30 June 2015. A managerial revaluation was also performed as at 30 June 2016 for buildings after the cumulative total of the building indicies provided by the Valuer General Victoria totalled greater than 10%.

#### Heritage Assets, Infrastructure and Road Infrastructure

Heritage assets, infrastructure and road infrastructure are valued using the depreciated reproduction cost method. This cost represents the reproduction cost of the building/component after applying depreciation rates on a useful life basis. Reproduction costs relate to costs to replace the current service capacity of the asset. Economic obsolescence has also been factored into the depreciated reproduction cost calculation.

Where it has not been possible to examine hidden works such as structural frames and floors, the use of reasonable materials and methods of construction have been assumed bearing in mind the age and nature of the building. The estimated cost of reconstruction including structure services and finishes, also factors in any heritage classifications as applicable.

An independent valuation of the Cemetery Trust's heritage assets, infrastructure and road infrastructure was performed by Mr. Mark Sanderson on behalf of the Valuer-General Victoria. The valuation was performed based on the depreciated reproduction cost of the assets. The effective date of the valuation is 30 June 2012.

#### Vehicles

The Cemetery Trust acquires new vehicles and at times disposes of them before completion of their economic life. The process of acquisition, use and disposal in the market is managed by the cemetery trust who set relevant depreciation rates during use to reflect the consumption of the vehicles. As a result, the fair value of vehicles does not differ materially from the carrying value (depreciated cost).

#### **Plant and Equipment**

Plant and equipment is held at carrying value (depreciated cost). When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, the depreciated replacement cost is used to estimate the fair value. Unless there is market evidence that current replacement costs are significantly different from the original acquisition cost, it is considered unlikely that depreciated replacement cost will be materially different from the existing carrying value.

An independent valuation of the Cemetery Trust's crematorium plant and equipment was performed by Mr. Mark Sanderson on behalf of the Valuer-General Victoria. The valuation was performed based on the depreciated reproduction cost of the assets. The effective date of the valuation is 30 June 2012.

There were no changes in valuation techniques throughout the year to 30 June 2016.

For all assets measured at fair value, the current use is considered the highest and best use.



## (e) Reconciliation of Level 3 Fair Value

	Cemetery Infrastructur e Land at Fair Value	Buildings, Infrastructure and Improvements at Fair Value	Plant and Equipment at Fair Value	Office Equipment, Furniture and Fittings at Fair Value
2016				
Opening Balance	147,833	2,562,117	388,683	52,850
Purchases/(Sales)	-	163,933	354,705	43,505
Transfers in/(out) of Level 3	-	-	-	-
Gains or Losses Recognised in Net Result				
Depreciation	-	(88,258)	( 63,506)	( 12,629)
Impairment Loss	-	-	-	-
Subtotal	-	( 88,258)	( 63,506)	( 12,629)
Items Recognised in Other Comprehensive Income				
Revaluation	-	201,950	-	_
Subtotal	-	201,950	-	-
Closing Balance before Unrealised Gains/(Losses)	147,833	2,839,742	679,882	83,726
Unrealised Gains/(Losses) on Non Financial Assets	-	-	-	-
Closing Balance after Unrealised Gains/(Losses)	147,833	2,839,742	679,882	83,726



## (f) Description of Significant Unobservable Inputs to Level 3 Valuations

	Valuation Technique	Significant Unobservable Inputs	Range (Weighted Average)	Sensitivity of Fair Value Measurement to Changes in Significant Unobservable Inputs
Cemetery - Specialised Land  Axedale, Bendigo, Eaglehawk, Kangaroo Flat, White Hills and Emu Creek Remembrance Parks	Market approach	Community Service Obligation (CSO) adjustment	95%	A significant increase or decrease in the CSO adjustment would result in a significantly lower
		(esc) a ajastinent		or higher fair value.
Cemetery - Specialised Buildings				A significant increase or
Central Victoria Crematorium and Chapel	Depreciated replacement cost	Direct cost per square metre	\$2,750	decrease in the direct cost per square metre adjustment would result in a significantly lower or higher fair value.
		Useful life of specialised buildings	50 - 80 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Crematorium Equipment at Fair Value				
Cremator Equipment	Depreciated replacement cost	Cost per unit	\$9,800 - \$49,700	A significant increase or decrease in the gross replacement cost would result in a significantly lower or higher fair value.
		Useful life of cremator equipment	10 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Plant and Equipment at Fair Value				
Interment and crematorium equipment	Depreciated replacement cost	Cost per unit	\$5,961 - \$22,647	A significant increase or decrease in the gross replacement cost would result in a significantly lower or higher fair value.
		Useful life of plant and equipment	10 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.



	Valuation Technique	Significant Unobservable Inputs	Range (Weighted Average)	Sensitivity of Fair Value Measurement to Changes in Significant Unobservable Inputs
Office Equipment, Furniture and Fittings at Fair Value	Depreciated replacement cost	Cost per unit	Nil	A significant increase or decrease in the gross replacement cost would result in a significantly lower or higher fair value.
		Useful life of office equipment	Nil	A significant increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.



# 11. Intangible Assets

	2016	2015	
	\$	\$	
Capitalised Computer Software	23,921	24,000	
Trademarks - Capital Works in Progress	60,746	52,635	
Accumulated Amortisation	( 4,800)	( 79)	
Total Intangible Assets	79,867	76,556	

Reconciliations of the carrying amounts of intangible assets at the beginning and end of the previous and current financial year are set out below.

	Capitalised Computer Software	Capital Works In Progress	Total
	\$	\$	\$
Balance at 1 July 2015	23,921	52,635	76,556
Expenditure on Capital Works	-	8,111	8,111
Transfers	-	-	-
Completed Assets	-	-	-
Amortisation Expense	( 4,800)	-	( 4,800)
Balance at 30 June 2016	19,121	60,746	79,867



12. Payables	2016	2015
	\$	\$
Current		
Contractual		
Trade Creditors	146,404	248,915
Finance Lease	14,566	29,879
Accruals	102,584	96,222
Unexpended Grants and Donations	-	39,992
Other Creditors	81,679	47,535
Statutory		
Net GST (receiveable)/payable	( 6,443)	(9,487)
Total Current	338,790	453,056
Non Current		
Contractual		
Finance Lease	22,973	9,612
Total Non Current	22,973	9,612
Total Payables	361,763	462,668

## (a) Ageing analysis of payables

Please refer to Note 17 for the ageing analysis of payables.

## (b) Nature and extent of risk arising from payables

Please refer to Note 17 for nature and extent of credit risk arising from payables.



13. Provisions	2016	2015
	\$	\$
(a) Employee Benefits		
Current Provisions		
Employee Benefits <sup>(i)</sup>		
Annual Leave - Unconditional and expected to be settled within 12 months (ii)	39,056	41,877
Annual Leave - Unconditional and expected to be settled after 12 months (iii)	23,530	25,230
Accrued Days Off - Unconditional and expected to be settled within 12 months (ii)	1,079	647
Long Service Leave - Unconditional and expected to be settled within 12 months (ii)	9,285	5,731
Long Service Leave - Unconditional and expected to be settled after 12 months (iii)	40,696	25,119
Total Employee Benefits	113,646	98,604
Provision for Employee On-Costs		
Annual Leave - Unconditional and expected to be settled within 12 months <sup>(ii)</sup>	4,785	5,130
Annual Leave - Unconditional and expected to be settled after 12 months (iii)	2,882	3,091
Accrued Days Off - Unconditional and expected to be settled within 12 months (ii)	132	79
Long Service Leave - Unconditional and expected to be settled within 12 months (ii)	676	764
Long Service Leave - Unconditional and expected to be settled after 12 months (iii)	2,963	3,264
Total Provision for Employee On-Costs	11,438	12,328
Total Current Provisions	125,084	110,932
Non-Current Provisions		
	22.657	17.027
Long Service Leave - Conditional and expected to be settled after 12 months (iii)	33,657	17,027
On-costs on non-current employee provisions	2,450	2,086
Total Non-Current Provisions	36,107	19,113
Total Provision for Employee Benefits	161,191	130,045
(i) Provisions for employee benefits consist of amounts for annual leave and lo	ong service lea	ve accrued by
employees, not including on-costs		
(ii) The amounts disclosed are nominal amounts		
(iii) The amounts disclosed are discounted to present value		
(b) Employee Benefits and On-Costs		
Current Employee Benefits		
Annual Leave	62,586	67,107
Long Service Leave	49,981	30,850

Annual Leave	62,586	67,107
Long Service Leave	49,981	30,850
Accrued Days Off	1,079	647
Non-Current Employee Benefits		
Long Service Leave	33,657	17,027
Total Employee Benefits	147,303	115,631
Current On-Costs	11,438	12,328
Non-Current On-Costs	2,450	2,086
Total On-Costs	13,888	14,414
Total Employee Benefits and On-Costs	161,191	130,045



(c) Movement in Provisions	2016	2015
	\$	\$
Movement in Long Service Leave	· · · · · · · · · · · · · · · · · · ·	
Balance at start of year	53,991	71,481
Provisions made during the year		
Revaluations	-	1,330
Expense recognising employee service	35,736	(2,851)
Long service leave taken	-	(15,969)
Balance at the End of the Year	89,727	53,991
Movement in Annual Leave:		
Balance at start of year	75,328	75,232
Provision made during the year		
Expense recognising employee service	48,143	57,368
Annual leave taken	( 53,219)	(57,272)
Balance at the End of the Year	70,252	75,328
(d) Provision for Onerous Contracts <sup>(i)</sup>		
Balance at Beginning of Year	366,923	397,887
Decrease to provision recognised in operating statement	(89,110)	(30,964)
Total Provision for Onerous Contracts	277,813	366,923
Current		
Amount expected to be settled within 12 months	48,387	36,692
Amount expected to be settled after 12 months	229,426	330,231
Total Provision for Onerous Contracts	277,813	366,923

<sup>(</sup>i) The provision for onerous contracts represents the additional cost expected to be incurred by the Trust when an item of unearned income is provided. It is classified as current due to the present entitlement that the Trust has on unearned income and thus the provision. Based on historical trends it has been estimated that only 17% of the total liability relating to unearned income is reasonably expected to be 'utilised' and transferred to revenue within the next 12 months.

## 14. Unearned Income

## Current

Deposits Taken in Advance		
Amount expected to be settled within 12 months	169,223	80,356
Amount expected to be settled after 12 months	802,376	723,201
Total Unearned Income	971,599	803,557

(i) Unearned income represents the income received before the good or service is provided. It is classified as current due to the present entitlement that the cemetery trust has on the prepaid funds. Based on historical trends it has been estimated that only 17% of the total liability is reasonably expected to be 'utilised' and thus transferred to revenue within the next 12 months and not the entire liability.



15. Equity	2016	2015
	\$	\$
Composition of Equity		
Contributed Capital	604,962	604,962
Accumulated Funds 15(a)	(539,333)	(757,838)
Property, Plant and Equipment Revaluation Reserve 15(b)	2,652,212	2,450,262
Available for Sale Investment Revaluation Reserve 15(c)	(32,157)	15,885
Perpetual Maintenance Reserve 15(d)	504,849	408,713
Other Reserves 15(e)	370,731	366,316
Total Equity	3,561,264	3,088,300
(a) Movement in Accumulated Deficit		
Balance at the Beginning of the Year	( 757,838)	( 694,250)
Net Result for the Year	319,056	200,460
Transfer (to)/from Reserves	(100,551)	( 264,048)
Balance at the End of the Year	( 539,333)	( 757,838)
(b) Property, Plant and Equipment Revaluation Reserve		
	2 421 607	2 210 657
Buildings, Infrastructure & Improvements	2,421,607	2,219,657
Plant & Equipment	82,772	82,772
Infrastructure Land	147,833	147,833
	2,652,212	2,450,262
Buildings, Infrastructure & Improvements		
Balance at the Beginning of the Year	2,219,657	2,219,657
Revaluation Increment/(Decrement)	201,950	
Balance at the End of the Year	2,421,607	2,219,657
Plant & Equipment		
Balance at the Beginning of the Year	82,772	82,772
Revaluation Increment/(Decrement)	-	=
Balance at the End of the Year	82,772	82,772
Infrastructure Land		
Balance at the Beginning of the Year	147,833	132,635
Revaluation Increment/(Decrement)	-	15,198
Balance at the End of the Year	147,833	147,833
Total Property, Plant & Equipment Revaluation Surplus	2,652,212	2,450,262
(c) Available for Sale Investment Revaluation Reserve		
Balance at the Beginning of the Year	15,885	11,488
Realised (Gain)/Loss on Sale of Investment	-	-
Revaluation Increment/(Decrement)	( 48,042)	4,397
Balance at the end of the Year	( 32,157)	15,885



		2016	2015	
	Note	\$	\$	
(d) Perpetual Maintenance Reserve	_			
Opening Balance		408,713	279,165	
Transfers (to)/from Accumulated Funds		96,136	129,548	
Perpetual Maintenance Reserve Closing Balance	_	504,849	408,713	
(e) Other Reserves				
Cremator Reserve				
Opening Balance		164,128	221,697	
Transfers (to)/from Accumulated Funds	_	( 137,051)	( 57,569)	
Closing Balance		27,077	164,128	
Prepaid Interment Reserve				
Opening Balance Transfers (to)/from Accumulated Funds		231,672 96,982	69,087 162,585	
	_			
Closing Balance		328,654	231,672	
Defined Benefit Superannuation Reserve		(20.404)	(50,050)	
Opening Balance Transfers (to)/from Accumulated Funds		( 29,484) 44,484	( 58,968) 29,484	
Closing Balance	_	15,000	(29,484)	
Other Reserves Closing Balance	_	370,731	366,316	
Other Reserves Closing balance	_	370,731	300,310	
16. Reconciliation of Net Cash Flow from Opera	ting Act	ivities to Resu	It for the	
Result for the Year		319,056	200,460	
Non-Cash Flows in Operating Surplus				
Depreciation		169,193	177,564	
Net (Gain)/Loss from Sale of Property, Plant and Equipment		3,727	35,333	
Changes in Assets and Liabilities				

Increase in Receivables

Increase in Inventories

Decrease in Provisions

(Increase)/Decrease in Prepayments

**Net Cash Inflows from Operating Activities** 

Increase/(Decrease) in Payables

Increase in Unearned Income



37,435

27,562

(42,307)

(100,980)

(57,964)

168,042

523,765

(26,634)

(22,899)

(106,828)

(55,582)

(50,007)

178,938

330,345

## 17. Financial Instruments

## (a) Financial Risk Management Objectives and Policies

The Cemetery Trust's principal financial instruments comprise of:

- Cash Assets
- Receivables (excluding statutory receivables)
- Available for Sale Investments
- Payables (excluding statutory payables)

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, with respect to each class of financial asset and financial liability is disclosed in note 1 to the financial statements.

The main purpose in holding financial instruments is to prudentially manage Bendigo Cemeteries Trust financial risk within the government policy parameters.

Categorisation of Financial Instruments			2016	2015	
Account Balance	Note	2 Category	\$	\$	
Financial Assets (i)					
Cash and Cash Equivalents	6	Cash	41,892	259,890	
Receivables	7	Receivables (at Amortised Cost)	137,437	179,273	
Other financial assets	9	Equity)	657,355	669,412	
Total Financial Assets			836,684	1,108,575	
Financial Liabilities (ii)					
Payables	12	Financial Liabilities (at Amortised Cost)	368,207	472,115	
Total Financial Liabilities			368,207	472,115	

- (i) The total amount of financial assets disclosed here excludes statutory receivables (i.e. GST input tax credit
- (ii) The total amount of financial liabilities disclosed here excludes statutory payables (i.e. Taxes payable)

## Net holding gain/(loss) on financial instruments by category

Financial Assets (i)		
Cash and Cash Equivalents	44,456	39,796
Receivables	-	-
Available for Sale at Fair Value through Equity	( 48,042)	4,397
Total Financial Assets	( 3,586)	44,193
Financial Liabilities		
At Amortised Cost <sup>(ii)</sup>	-	-
Total Financial Liabilities		

- (i) For cash and cash equivalents, receivables and available-for-sale financial assets, the net gain or loss is calculated by taking the interest revenue, plus or minus foreign exchange gains or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result; and
- (ii) For financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus foreign exchange gains or losses arising from the revaluation of financial liabilities



#### (b) Credit Risk

Credit risk arises from the financial assets of Bendigo Cemeteries Trust, which comprise cash and cash equivalents, trade and other receivables and available for sale investments. The exposure to credit risk arises from the potential default of counter party on their contractual obligations resulting in financial loss to Bendigo Cemeteries Trust. Credit risk is measured at fair value and is monitored on a regular basis.

Provision of impairment for financial assets is calculated based on past experience, and current and expected changes in client credit ratings.

#### (i) Policy in Managing Credit Risk

Bendigo Cemeteries Trust does not have any material credit risk exposure to a single debtor or group of debtors. In respect to trade and sundry receivables, Bendigo Cemeteries Trust minimises concentrations of credit risk by undertaking transactions with a large number of customers. Trade debtors are normally paid within 30 days of end of month. Sundry debtor terms are normally up to a maximum of 6 months.

In addition, management reviews on an ongoing basis the age analysis of receivables to assess the quality of them and apply any action required to ensure the collectability of the debt. According to successful past experience in managing the credit risk on receivables, Bendigo Cemeteries Trust has assessed this risk as low.

Management have assessed the credit risk associated with the cash and cash equivalents as minimal. The amounts are allocated to reputable financial institutions which have a high credit rating.

credit ratings. The Investment Policy is reviewed regularly by management in conjunction with independent investment advisors.

Bendigo Cemeteries Trust uses external advisers to manage most of the funds allocated as available for sale financial assets. The total funds invested are diversified across a range of reputable and experienced external managers and financial institutions. This mitigates the credit risk on this class of financial assets.

#### (ii) Maximum Exposure to Credit Risk

Bendigo Cemeteries Trust maximum exposure to credit risk at balance date in relation to each class of financial asset is represented below:

	2016	2015
Financial Assets	\$	\$
Cash and Cash Equivalents	41,892	259,890
Receivables	137,437	179,273
Available for Sale Investments	657,355	669,412
Total	836,685	1,108,575

Currently Bendigo Cemeteries Trust does not hold any collateral as security nor credit enhancements relating to any of its financial assets.



## (iii) Credit Quality of Contractual Financial Assets that are Neither past due nor Impaired

	Financial Institutions (AAA Credit Rating)	Government Agencies (AAA Credit Rating)	Government Agencies (BBB Credit Rating)	Other (Not Rated)	Total
	\$	\$	\$	\$	\$
2016 Financial Assets					
Cash and Cash Equivalents:					
Cash on Hand	16,575	_	-	_	16,575
Cash at Bank	25,317	-	-	-	25,317
Receivables	-	-	-	137,437	137,437
Available for Sale Investments:					-
Interest Bearing	96,645	-	-	-	96,645
Managed Share Portfolio	560,710	-	-	-	560,710
Total Financial Assets	699,247	-	-	137,437	836,684
2015 Financial Assets					
Cash and Cash Equivalents:					
Cash on Hand	7,275	-	-	-	7,275
Cash at Bank	252,615	_	-	_	252,615
Receivables	-	-	-	179,273	179,273
Available for Sale Investments:					
Interest Bearing	153,864	-	-	-	153,864
Managed Share Portfolio	515,548	-	-	-	515,548
Total Financial Assets	929,302	-	-	179,273	1,108,575



#### (iv) Ageing Analysis of Financial Assets as at 30 June

	Carrying Not Past Past Due but Not Impaired						Impaired
	Amount	Due and Not		1-3 Month	3 Months	1-5 Years	Financial
		Impaired	Month		- 1 Year		Assets
	\$	\$	\$	\$	\$	\$	\$
2016 Financial Assets							
Cash and Cash Equivalents:							
Cash on Hand	16,575	16,575	-	-	-	-	-
Cash at Bank	25,317	25,317	-	-	-	-	-
Receivables	137,437	137,437	-	-	-	-	-
Available for Sale Assets: Interest Bearing Investment	96,645	96,645	-	-	-	-	-
Managed Share Portfolio	560,710	560,710	-	-	-	-	-
Total	836,684	836,684	-	-	-	-	-
2015 Financial Assets Cash and Cash							
Equivalents:							
Cash on Hand	7,275	7,275	-	-	-	-	-
Cash at Bank	252,615	252,615	-	-	-	-	-
Receivables	179,273	179,273	-	-	-	-	-
Available for Sale Assets:							
Interest Bearing Investment	153,864	153,864	-	-	-	-	-
Managed Share Portfolio	515,548	515,548	-	-	-	-	-
Total	1,108,575	1,108,575	-	-	-	-	-

Currently Bendigo Cemeteries Trust does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

## Contractual financial assets that are either past due or impaired

There are no material financial assets which are individually determined to be impaired. Currently the Cemetery Trust does not hold any collateral as security nor credit enhancements relating to its financial assets.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at their carrying amounts as indicated. The ageing analysis table above discloses only the ageing of contractual financial assets that are past due but not impaired.

## (c) Liquidity Risk

Liquidity risk arises when Bendigo Cemeteries Trust is unable to meet obligations associated with financial liabilities when they fall due.

Bendigo Cemeteries Trust objective in managing liquidity risk is to ensure that all obligations will be met as they fall due, while ensuring maximum funds are available for investment to meet longer term perpetual maintenance



Bendigo Cemeteries Trust manages liquidity risk by monitoring cash flows to ensure sufficient funds are maintained in the transactional bank account to meet liabilities as they fall due. This is done while ensuring that surplus funds are transferred for investment. Daily monitoring occurs, with monthly reports delivered to management regarding the cash flow position and cash flow forecasts. Bendigo Cemeteries Trust believes that this policy ensures sufficient funds are held to allow for the proper administration of the cemetery.

Bendigo Cemeteries Trust has assessed this risk as minimal considering the current position of current assets.

#### (i) Maximum Exposure to Liquidity Risk

The maximum exposure to liquidity risk is the carrying amounts of financial liabilities as follows:

	2016	2015
Financial Liabilities	\$	\$
Payables	368,207	472,115
Total	368,207	472,115

## (ii) Maturity analysis of Financial Liabilities as at 30 June

The following table discloses the contractual maturity analysis for Bendigo Cemeteries Trust financial liabilities.

	Cormina	ing Nominal	Maturity Dates				
	Carrying Amount			Less Than 1 Month  1-3 Months		1-5 Years	
	\$	\$	\$	\$	\$	\$	
2016 Financial Liabilties							
Payables	368,207	368,207	216,055	20,346	91,238	40,568	
Total	368,207	368,207	216,055	20,346	91,238	40,568	
2015 Financial Liabilities							
Payables	472,115	472,115	369,797	6,594	19,782	75,942	
Total	472,115	472,115	369,797	6,594	19,782	75,942	

The amounts above disclosed are the contractual undiscounted cash flows of each class of financial liabilities.

#### (d) Market Risk Exposure

Bendigo Cemeteries Trust has diversified investments across a range of investments, including investments in the Australian and International share market, in order to fund pre-paid fees and long-term perpetual maintenance obligations. These markets are subject to volatility. It is accepted that the share market is cyclical and that there is inherent volatility.

Investments are managed in accordance with our investment policy, which stipulates, asset allocation ranges to diversify and mitigate risk. The investment policy is reviewed regularly by management in conjunction with independent investment advisors as deemed necessary by the Finance Committee who oversee the investment portfolio of the Trust.

Bendigo Cemeteries Trust's exposure to market risk is through currency risk, interest rate risk, and other price related risks. Objectives, policies and processes used to manage each of these risks are disclosed as follows:

## (i) Currency Risk and Policy in Managing Currency Risk

Bendigo Cemeteries Trust's exposure to foreign currency risk arises mainly from the investments held in overseas shares and listed property trusts.

Bendigo Cemeteries Trust manages its currency risk by allocating its investments into Australian equities and investments, diversifying the investments into various Australian owned shares in accordance with its Treasury Management Policy.



## (ii) Interest Rate Risk and Policy in Managing Interest Risk

#### Financial Liabilities

 $Exposure\ to\ interest\ rate\ risk\ is\ minimal\ as\ Bendigo\ Cemeteries\ Trust\ does\ not\ hold\ interest\ bearing\ liabilities.$ 

#### Available for Sale Investments

The objective of managing interest rate risk is to minimise and control the risks of losses due to interest rate changes and to take advantage of potential profits.

Interest risk is managed by diversifying investment in a range of securities including investments with fixed interest rate, floating interest rates and CPI linked bonds.

## Interest Rate Exposure of Financial Assets and Liabilities as at 30 June

	Weighted	Carrying	Interest Rate Exposure			
	Average Effective	Amount	Fixed Interest Rate	Variable Interest Rate	Non-Interest Bearing	
	Interest Rate	\$	\$	\$	\$	
2016 Financial Assets						
Cash and Cash Equivalents:						
Cash on Hand	0.00%	16,575	-	-	16,575	
Cash at Bank	0.05%	25,317	-	25,317	-	
Receivables	0.00%	137,437	-	-	137,437	
Available for Sale Assets:						
Interest Bearing Investments	2.40%	96,645	-	96,645	-	
Managed Share Portfolio	0.00%	560,710	-	-	560,710	
Total		836,684	-	121,962	714,722	
2016 Financial Liabilities						
Payables	0.31%	368,207	37,540	-	330,667	
Total		368,207	37,540	-	330,667	

	Weighted		Inte	rest Rate Expos	sure
	Average	Carrying	<b>Fixed Interest</b>	Variable	Non-Interest
	Effective	Amount	Rate	Interest Rate	Bearing
	Interest Rate	\$	\$	\$	\$
2015 Financial Assets					
Cash and Cash Equivalents:					
Cash on Hand	0.00%	7,275	-	-	7,275
Cash at Bank	1.55%	252,615	-	252,615	-
Receivables	0.00%	179,273	-	-	179,273
Available for Sale Assets:					
Interest Bearing Investments	3.00%	153,864	-	153,864	-
Managed Share Portfolio	0.00%	515,548	-	-	515,548
Total		1,108,575	-	406,479	702,096
2015 Financial Liabilities					
Payables	0.31%	472,115	39,491	-	432,624
Total		472,115	39,491	-	432,624

#### (iii) Other Market Risk and Policy in Managing Other Market Risk

Exposure to other price risk arises due to the inherent risk associated with the possibility of a fall in the market value of Available for Sale Financial Assets.

Bendigo Cemeteries Trust objective of managing other price (primarily equity market) risk is to minimise negative impacts on investment value due to the volatility of the stock markets.

#### (iv) Sensitivity Analysis on Other Price Risk

Bendigo Cemeteries Trust manages its investment portfolio internally through its finance committee which monitors the value and volatility of stock market investments. The finance committee operates within the strict guidelines established by the Board through its Treasury Management Policy. This policy specifies strict monetary guidelines to reduce the risk exposure of the Trust. The Finance Committee is expected to manage this risk, through the appropriate diversification of specific stocks and diversification through different asset classes in accordance with established investment parameters (including ethical guidelines).

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Bendigo Cemeteries Trust has estimated that the movements presented below are reasonably possible in the forthcoming 12 months. This sensitivity analysis has been prepared for the next 12 months. (Base rates are sourced from the Reserve Bank of Australia) Management does not believe that it is possible to reasonably estimate the variables used further than for 12 months.

A shift of -1% and 1% in market interest rates (AUD) from year end rates of 2.4%

A shift of 15% up or down for the relevant stocks index

The following table discloses the impact on net operating result and equity for each category of financial instrument held by Bendigo Cemeteries Trust at year end as presented to key management personnel, if changes in the relevant risk occur.



			Interest F	Rate Risk			Other Pr	ice Risk	
	Carrying	(19	%)	19	%	(15	i%)	15	3%
	Amount	Net Result	Equity	Net Result	Equity	Net Result	Equity	Net Result	Equity
	\$	\$	\$	\$	\$	\$	\$	\$	\$
2016 Financial Assets									
Cash and Cash Equivalents	41,892	( 419)	( 419)	419	419	-	-	-	-
Receivables	137,437	-	-	-	-	-	-	-	-
Available for Sale Assets:				_					
Interest Bearing Investments	96,645	( 966)	( 966)	966	966	-	-	-	
Managed Share Portfolio	560,710	-	-	-	-	-	( 84,107)	-	84,107
2016 Financial Liabilities									
Payables	( 368,207)	-	-	-	-	-	-	-	-
Total	468,478	( 1,385)	( 1,385)	1,385	1,385	-	( 84,107)	-	84,107

			Interest F	Rate Risk			Other Pr	ice Risk	
	Carrying	(19	%)	19	6	(15	5%)	15	%
	Amount	Net		Net		Net		Net	
		Result	Equity	Result	Equity	Result	Equity	Result	Equity
	\$	\$	\$	\$	\$	\$	\$	\$	\$
2015 Financial Assets									
Cash and Cash Equivalents	259,890	( 2,599)	( 2,599)	2,599	2,599	-	-	-	-
Receivables	179,273	-	-	-	-	-	-	-	-
Available for Sale Assets:				_					
Interest Bearing Investments	153,864	( 1,539)	( 1,539)	1,539	1,539	-	-	-	
Managed Share Portfolio	515,548	-	-	-	-	-	( 77,332)	-	77,332
2015 Financial Liabilities	•								
Payables	( 472,155)	-	-	-	-	-	-	-	-
Total	636,420	( 4,138)	( 4,138)	4,138	4,138	-	( 77,332)	-	77,332



## (e) Fair Value

The fair values and net fair values of financial instrument assets and liabilities are determined as follows:

- Level 1 the fair value of financial instruments with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- Level 2 the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

The Trust considers that the carrying amount of financial instrument assets and liabilities recorded in the financial statements to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

The following table shows that the fair values of most of the contractual financial assets and liabilities are the same as the carrying amounts.

#### **Comparison Between Carrying Amount and Fair Value:**

	Carrying Amount	Fair value	Carrying Amount	Fair value
	2016	2016	2015	2015
	\$	\$	\$	\$
Financial Assets				
Cash and Cash Equivalents	41,892	41,892	259,890	259,890
Receivables	137,437	137,437	179,273	179,273
Available for Sale Investments:				
Interest Bearing Investments	96,645	96,645	153,864	153,864
Managed Share Portfolio	560,710	560,710	515,548	515,548
Total Financial Assets	836,684	836,684	1,108,575	1,108,575
Financial Liabilities				
Payables	( 368,207)	( 368,207)	( 472,155)	( 472,155)
Total Financial Liabilities	( 368,207)	( 368,207)	( 472,155)	( 472,155)

#### Financial assets measured at fair value

	Carrying Amount	Fair value measur	ement at end of financial year using:	
	as at 30 June \$	Level 1 <sup>(i)</sup> \$	Level 2 <sup>(i)</sup> \$	Level 3 <sup>(i)</sup> \$
2016				
Available for sale financial assets: Interest Bearing Investments	96,645	96,645		_
Managed Share Portfolio (ii)	560,710	560,710	-	-
Total Financial Assets	657,355	657,355	-	-
2015				
Available for sale financial assets:				
Interest Bearing Investments	153,864	153,864	-	-
Managed Share Portfolio <sup>(ii)</sup>	515,548	515,548	-	-
Total Financial Assets	669,412	669,412	-	-

- (i) Classified in accordance with the fair value hierarchy, see Note 1.
- (ii) The Cemetery Trust invests in a managed share portfolio which is valued at current market rates at balance date



18. Commitments	2016	2015
	<u> </u>	\$
Capital Commitments		
Cemetery Infrastructure	270,775	309,382
Total Capital Commitments	270,775	309,382
Operating Expenditure Commitments		
ICT Equipment	15,945	22,529
Total Operating Expenditure Commitments	15,945	22,529
Lease Commitments		
Finance Leases <sup>(i)</sup>	37,539	39,491
Total Lease Commitments	37,539	39,491
Capital Expenditure Commitments		
Not Longer Than 1 Year	270,775	309,382
Total Capital Expenditure Commitments	270,775	309,382
Operating Expenditure Commitments		
Not Longer Than 1 Year	4,290	9,377
Longer Than 1 Year and Not Longer Than 5 years	11,655	13,152
Total Operating Expenditure Commitments	15,945	22,529
Lease Commitments <sup>(i)</sup>		
Not Longer Than 1 Year	14,566	29,879
Longer Than 1 Year and Not Longer Than 5 years	22,973	9,612
Total Lease Commitments	37,539	39,491

<sup>\*</sup> all amounts shown in the commitments note are nominal amounts inclusive of GST

(i) These finance leases entered into in the 2014/15 and 2015/16 financial years are 3 year terms and relate to motor vehicle leases. Bendigo Cemeteries Trust has the option of acquiring the leased assets at the end of the lease term. This residual acquisition amount has been included in the above lease commitments amounts.

## 19. Contingent Assets and Contingent Liabilities

#### **Perpetual Maintenance**

The Bendigo Cemeteries Trust has an obligation under the *Cemeteries and Crematoria Act 2003* (the Act) to manage and maintain each public cemetery for which it is responsible. As stated in section 12 of the Act in exercising its functions, the Bendigo Cemeteries Trust must have regard to its obligations in relation to the funding of the perpetual maintenance of the public cemetery.

At this time the Bendigo Cemeteries Trust is aware that there will be ongoing significant cash outflows for the perpetual maintenance expenditure of the public cemeteries under its management but is unable to calculate a sufficiently reliable estimate of any related present obligation which may arise under the accounting standards. An estimate was provided by a qualified economist as part of the price review conducted in 2012 and was estimated to be a liability of \$14m.

Over the past three years Bendigo Cemeteries Trust has cash backed a specific reserve to cater for this obligation. Cash backing of this reserve in line with the organisation's Treasury Management Policy will continue to occur and this reserve will provide a source of funds towards it's perpetual maintenance obligations, which is disclosed as a Perpetual Maintenance Reserve in Note 15.



#### **Trademark Applications**

The Bendigo Cemeteries Trust undertook a rebranding exercise during the 2012/13 and the 2013/14 financial years. Forming part of that review was an application to register names and logos created during this exercise as trademarks. The application was submitted through the Trust's solicitors in December 2012. At 30 June 2015 the Trust has achieved registration of Remembrance Parks Central Victoria and logo, Funeral Services Alliance Logo only and memorials@home marks. The Funeral Services Alliance application is still pending and is in the final stages of adjudication. Once these trademarks have been successfully registered their combined registered value is estimated at \$61,000.

## 20. Superannuation

The Bendigo Cemeteries Trust makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. The defined benefit section provides lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from Bendigo Cemeteries Trust and the Bendigo Cemeteries Trust's legal or constructive obligation is limited to these contributions.

Obligations for contributions to the Fund are recognised as an expense when they are made or due.

#### Accumulation

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2016, this was 9.5% required under Superannuation Guarantee legislation (for 2014/15, this was 9.5%)). Our commitment to defined contribution plans is limited to making contributions in accordance with our minimum statutory requirements. No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

The Superannuation Guarantee contribution rate is legislated to progressively increase to 12% by 2025. The Superannuation Guarantee rate will remain at 9.5% for 7 years, increasing to 10% from 1 July 2021, and eventually to 12% from 1 July 2025.

#### **Defined Benefit**

As provided under Paragraph 34 of AASB 119, Bendigo Cemeteries Trust does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a multi-employer sponsored plan.

As a multi-employer sponsored plan, the Fund was established as a mutual scheme to allow for the mobility of the workforce between the participating employers without attaching a specific liability to particular employees and their current employer. Therefore, there is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Bendigo Cemeteries Trust in the Fund cannot be measured as a percentage compared with other participating employers. While there is an agreed methodology to allocate any shortfalls identified by the Fund Actuary for funding purposes, there is no agreed methodology to allocate benefit liabilities, assets and costs between the participating employers for accounting purposes. Therefore, the Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.



#### **Funding Arrangements**

Bendigo Cemeteries Trust makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary.

The Fund's latest actuarial investigation was held as at 30 June 2014 and it was determined that the Vested Benefit Index (VBI) of the defined benefit category of which Bendigo Cemeteries Trust is a contributing employer was 103.4%.

The Australian Prudential Regulation Authority (APRA) has introduced a prudential standard (SPS 160 - Defined Benefit Matters) to determine the funding requirements of a defined benefit (DB) arrangement. Under this standard:

- the VBI is the measure to determine whether there is an unfunded liability; and
- any unfunded liability that arises must be paid within three years.

Under SPS 160, the VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the actuarial investigation determined the defined benefit category was in a satisfactory financial position under SPS 160. As a result, the Fund Actuary determined that no change was necessary to the defined benefit category's funding arrangements from prior years.

The Fund's employer funding arrangements comprise three components as follows:

- 1. Regular contributions which are ongoing contributions needed to fund the balance of benefits for current members and pensioners;
- 2. Funding calls which are contributions in respect of each participating employer's share of any funding shortfalls that arise; and
- 3. Retrenchment increments which are additional contributions to cover the increase in liability arising from retrenchments.

Bendigo Cemeteries Trust is also required to make additional contributions to cover the contribution tax payable on components 2 and 3 referred to above.

Employees are also required to make member contributions to the Fund. As such, assets accumulate in the Fund to meet member benefits, as defined in the Trust Deed, as they accrue.

#### **Employer Contributions**

#### **Regular Contributions**

On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 30 June 2014, Bendigo Cemeteries Trust makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee, on the advice of the Fund's Actuary. For the year ended 30 June 2016, this rate was 9.5% of members' salaries. This rate will increase in line with the required Superannuation Guarantee contribution rate.

In addition, Bendigo Cemeteries Trust reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit (the funded resignation or retirement benefit is calculated as the VBI multiplied by the benefit).

#### Fundina Calls

The Fund is required to comply with the superannuation prudential standards. Under the superannuation prudential standard SPS 160, the Fund is required to target full funding of its vested benefits. There may be circumstances where:

- A fund is in an unsatisfactory financial position at an actuarial investigation (i.e. its vested benefit index (VBI) is less than 100% at the date of the actuarial investigation); or
- A fund's VBI is below its shortfall limit at any time other than at the date of the actuarial investigation.

If either of the above occur, the fund has a shortfall for the purposes of SPS 160 and the fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. There may be circumstances where the Australian Prudential Regulation Authority (APRA) may approve a period longer than

The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.



In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Bendigo Cemeteries Trust) are required to make an employer contribution to cover the shortfall. The methodology used to allocate the shortfall was agreed in 1997 to fairly and reasonably apportion the shortfall between the participating employers.

Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's defined benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

The pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund are based on:

- The service periods of all active members split between the active members pre-1 July 1993 and post-30 June 1993 service period; and
- The pensioner liabilities (including any potential pensioner liabilities arising from deferred members) which are allocated to the pre-1993 period.

The pre-1 July 1993 component of the shortfall is apportioned between the participating employers based on the employer's share of the total participating employer payroll at 30 June 1993.

The post-30 June 1993 component of the shortfall is apportioned between the participating employers based on the employer's share of the total participating employer payroll at the date the shortfall has been

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up. In the unlikely event that the Fund is wound up and there is a surplus in the Fund, the surplus cannot be applied for the benefit of the defined benefit employers where there are on-going defined benefit obligations. The surplus would be transferred to the fund accepting those defined benefit obligations (including the lifetime pension obligations) of the Fund.

In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

#### **Latest Actuarial Investigation Surplus Amounts**

The Fund's latest actuarial investigation as at 30 June 2014 identified the following in the defined benefit category of which Bendigo Cemeteries Trust is a contributing employer:

- A VBI surplus of \$77.1 million; and
- A total service liability surplus of \$236 million.

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June

The total service liability surplus means that the current value of the assets in the Fund's defined benefit category plus expected future contributions exceeds the value of expected future benefits and expenses.

Bendigo Cemeteries Trust was notified of the results of the actuarial investigation during January 2015.

#### **Prior Actuarial Investigation Shortfall Amounts**

The Fund's prior actuarial investigation as at 31 December 2011 identified an unfunded liability of \$406 million (excluding contributions tax) in the defined benefit category. A total of \$2.6 million (excluding contributions tax) was outstanding as at 30 June 2015 (\$7.9 million amount for 2013/14).

Bendigo Cemeteries Trust was informed of its share of the shortfall on 2 August 2012 and Bendigo Cemeteries Trust's share of the shortfall amounted to \$123,717 (excluding contributions tax) which was reduced through early payment by \$4,359 to \$119,358. The \$119,358 was accounted for in the 2011/12 Comprehensive Operating Statement with Employee Benefits and in the Balance Sheet in Current Liabilities Provisions.

Bendigo Cemeteries Trust has nil amount owing as at 30 June 2016 (2014/15: nil).



#### **Accrued benefits**

The Fund's liability for accrued benefits was determined in the 30 June 2014 actuarial investigation pursuant to the requirements of Australian Accounting Standard Board AAS25 - Financial Reporting by Superannuation Funds as

Net Market Value of Assets Accrued Benefits	2,354.9
Accrued Benefits	(2,061.9)
Difference between Assets and Accrued Benefits	293.0
Vested Benefits	2,277.8

The financial assumptions used to calculate the Accrued Benefits for the defined benefit category of the Fund were:

Net Investment Return7.50% p.a.Salary Inflation4.25% p.a.Price Inflation2.75% p.a.

The next full actuarial investigation of the Fund's liability for accrued benefits will be based on the Fund's position as at 30 June 2017.

## (a) Superannuation Contributions

Contributions by Bendigo Cemeteries Trust (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June are detailed below:

Fund	2016 \$	2015 \$
Defined Benefits Fund		
Annual Employer Contributions		
Employer contributions paid to Vision Super	4,718	6,353
Total Annual Employer Contributions	4,718	6,353
Accumulation Funds		
Annual Expenditure		
Employer contributions to Vision Super	18,714	33,768
Employer contributions to Australian Super	17,579	18,568
Employer contributions to Other Funds	27,784	24,551
Total Annual Expenditure	64,077	76,887
Contributions Outstanding at Reporting Date		
Employer contributions payable to Vision Super	4,904	5,490
Employer contributions payable to Australian Super	4,260	3,605
Employer contributions payable to Other Funds	14,724	6,287
Total Contributions Outstanding at Reporting Date	23,888	15,382



## 21. Responsible Persons Disclosure

In accordance with the Ministerial Direction issued by the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the financial year.

	Period
Responsible Minister:	
The Honourable Jill Hennessy MLA, Minister for Health	1/07/2015 - 30/06/2016
Trust Members	
Mrs. L. Bean	1/07/2015 - 30/06/2016
Mr. K. Belfrage	1/07/2015 - 30/06/2016
Mr. B. Ead	1/07/2015 - 30/06/2016
Mr. R. Fyffe	1/07/2015 - 30/06/2016
Mr. M. Gibson	1/07/2015 - 30/06/2016
Mr. I Grenfell	1/07/2015 - 30/06/2016
Ms P. Macdonald	1/07/2015 - 30/06/2016
Mrs. L. Ruffell	1/07/2015 - 30/06/2016
Mr. D. Tangey	1/07/2015 - 30/06/2016
Accountable Officers	
Mr. G. Fountain	1/07/2015 - 30/06/2016

## (a) Remuneration of Responsible Persons

The number of Responsible Persons are shown in their relevant income bands;

	Total Remuneration		Base Remuneration	
Income Band	2016	2015	2016	2015
income band	No.	No.	No.	No.
\$0 - \$9,999	9	9	9	9
\$10,000 - \$19,999	1	1	1	1
\$160,000 - \$169,999	-	1	-	1
\$180,000 - \$189,999	1	=	1	-
Total Numbers	11	11	11	11
Total remuneration received or due and				
receivable by Responsible Persons for the	\$244,680	\$226,213	\$223,521	\$211,955
finanical year from the Trust amounted to:				

Amounts relating to Responsible Ministers are reported in the financial statements of the Department of Premier and Cabinet.



Other Transactions of Decrease this Decrease and their Deleted Decrease	2016	2015
Other Transactions of Responsible Persons and their Related Parties	\$	\$
Member B Ead is a partner in AFS & Associates, a public accounting and auditing firm. AFS & Associates invoices the Trust for Member Ead's Trust Member allowance on a monthly basis in lieu of Member Ead being paid this allowance.	5,928	8,098
Member R Fyffe and Member L Ruffell are councillors for the City of Greater Bendigo with which the Trust has dealings with in relation to planning, waste disposal services and other matters on a semi regular basis.	1,748	3,487

## (b) Executive Officer's Remuneration

The numbers of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the financial year are shown in the first two columns in the table below in their relevant income bands.

The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long-service leave payments, redundancy payments and retirement benefits.

	Total Rem	Total Remuneration		uneration
Income Band	2016 No.	2015 No.	2016 No.	2015 No.
\$140,000 - \$149,999	-	-	-	1
\$160,000 - \$169,999	-	1	1	-
\$180,000 - \$189,999	1	-	-	-
Total Numbers	1	1	1	1
Total Annualised Employee Equivalent	1	1	1	1
Total Remuneration	\$180,194	\$161,504	\$164,561	\$146,047

#### (c) Remuneration of Other Personnel

There were no contractors charged with significant management responsibilities receiving total remuneration in excess of \$100,000 during the year (2015: nil).

## 22. Events occurring after Balance Sheet Date

There have been no events that have occurred subsequent to 30 June 2016 which would cause the financial statements to become misleading.

## 23. Ex-Gratia Payments

There we no Ex-Gratia Payments made during the reporting period. (2015: Nil)





# Disclosure Index

The Annual Report of the Bendigo Cemeteries Trust is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the Department's compliance with statutory disclosure requirements.

Legislation	Requirement	Page Reference
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