

Bendigo Cemeteries Trust

ANNUAL REPORT 2017/18

REMEMBRANCE PARKS
CENTRAL VICTORIA

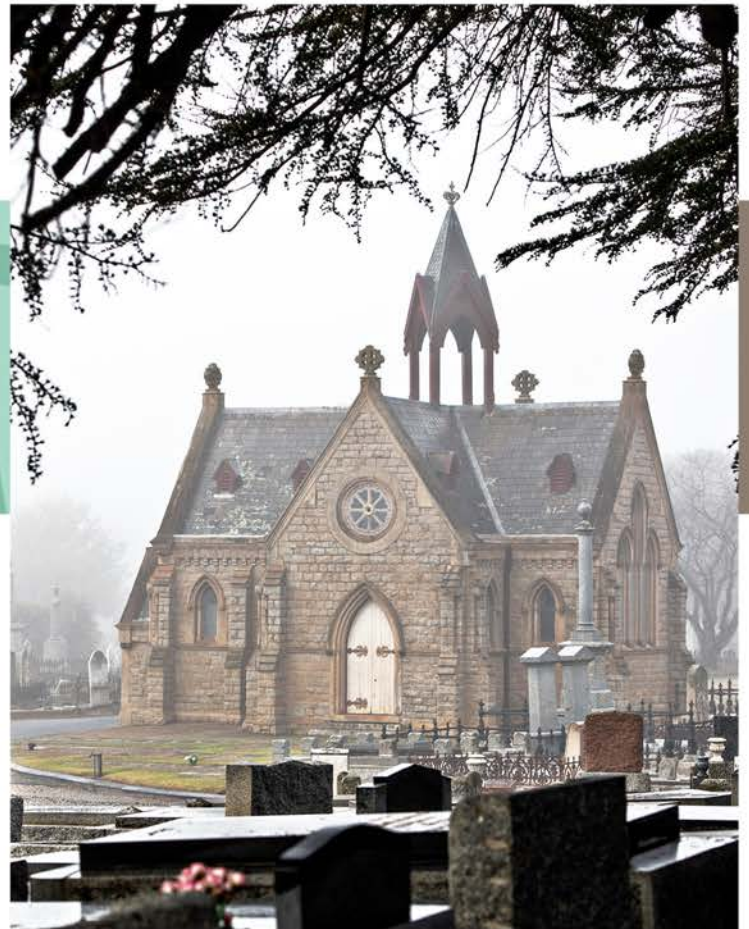




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Our Vision, Mission & Values

OUR VISION

Nurturing Enduring Remembrance

OUR MISSION

Working with our community we will:

- Deliver quality and caring service with compassion and;
- Create and maintain enduring and accessible remembrance into perpetuity

OUR VALUES

Board members, staff and volunteers of Remembrance Parks Central Victoria uphold the values of:

- Compassion
- Community
- Integrity





From the Chair

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

Dear Minister,

I am pleased to present you with the 2017/18 Annual Report on behalf of Remembrance Parks Central Victoria [Bendigo Cemeteries Trust].

In this reporting period, we continue to focus on our strategic objectives to ensure the organisation is focused and aligned on results performance, community and partnerships. Remembrance Parks Central Victoria (RPCV) has been faced with challenges throughout the year, but a positive outlook and a committed workforce has seen the challenges accepted.

Our financial performance was not favourable, due to considerable investment into our facilities, assets and ongoing safety and beautification of the cemeteries, but we recognise that these upgrades will benefit RPCV and our communities well into the future.

Moving forward, we look for many opportunities to continue investing in not only our facilities but the opportunity to continue to build relationships with other regions.

RPCV have continued active participation in the sector, contributing to conversations regarding the changing needs of our communities, and the services we provide. We continue to work on a number of major long-term projects at all of our sites and to engage and communicate with our key stakeholders to keep them informed, involved and to hear their input and feedback.

With the majority of the current Board member's terms expiring in the early part of the next reporting period it would be remiss of me not to acknowledge the contribution of the current Board in achieving the ongoing growth and sustainability of the organisation, and we welcome new members to the RPCV Board.

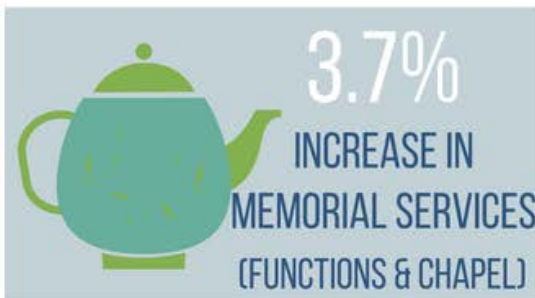
On behalf of the Board I would also like to acknowledge the contribution and support of our outgoing Chief Executive Officer Graham Fountain. I would also like to acknowledge RPCV staff, members of the community advisory committee and our volunteers, who work with care, compassion and integrity.



Pam Macdonald MBA(Tech), Grad.Dip.Adult Ed., GAICD, FCPHR
Chair



Highlights of 2017/18



Our Organisation

Background

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

Remembrance Parks Central Victoria (RPCV) provides services to the community, including:

- A range of cemetery, crematoria, reception and memorialisation services available to the community
- Provision of a range of *Memorials @ Home*[®] products, in line with changes in community attitudes to memorialization
- A suite of community support and development services which include:
 - Events
 - Genealogy research and advice
 - Community advice
 - Cemetery tours
 - 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

Locations

The six cemeteries that are under the direct management of Remembrance Parks Central Victoria (Bendigo Cemeteries Trust) are:

Axedale Remembrance Park

including Axedale Catholic & Axedale Public Cemetery
Cemetery Road, Axedale

Bendigo Remembrance Park

70 Carpenter Street, Bendigo

Eaglehawk Remembrance Park

5 Victoria Street, Eaglehawk

Emu Creek Remembrance Park

Emu Creek Road, Emu Creek

Kangaroo Flat Remembrance Park

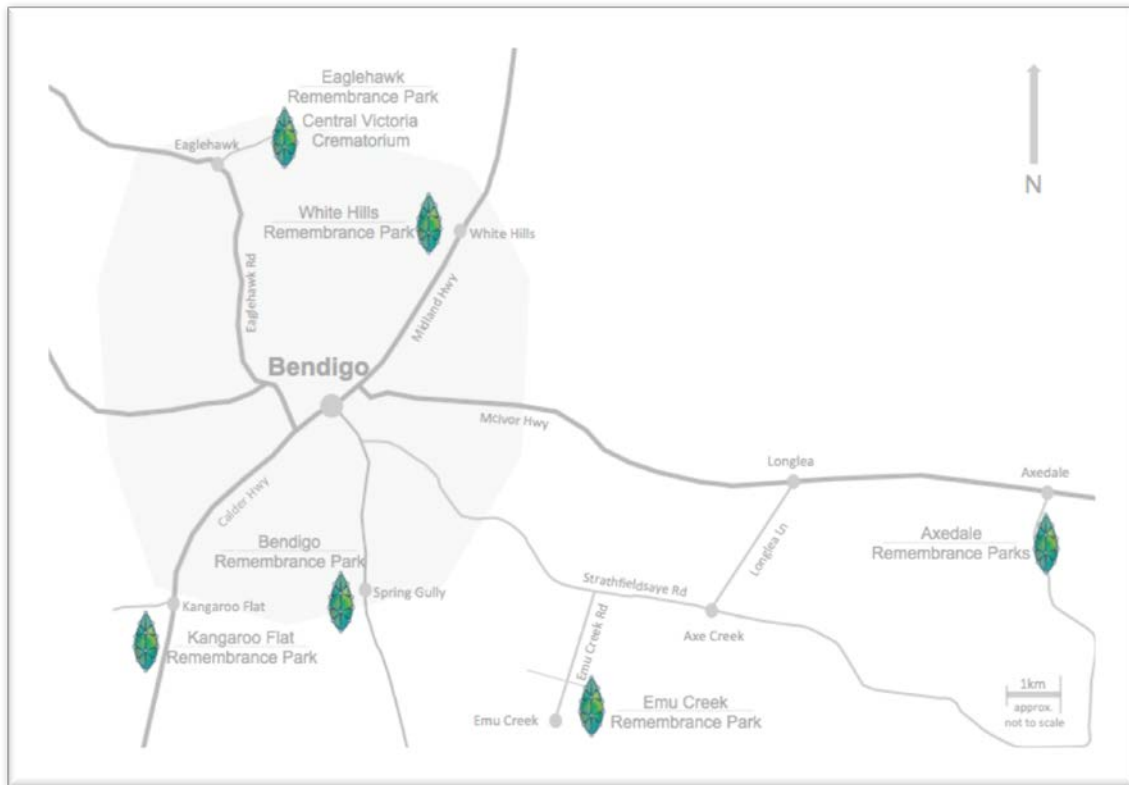
33-49 Helm Street, Kangaroo Flat

White Hills Remembrance Park

Corner of Holdsworth Road and Plumridge Street, White Hills



Figure 1 – Locations of sites managed by RPCV



Historical Rotunda at White Hills Remembrance Park



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).

Board Members:

| | | |
|------------------------------|--|--|
| Chairperson | Pam Macdonald | |
| Board Members | Brad Ead Damien Tangey Ken Belfrage Lisa Ruffell Mark Gibson Lauren Bean Rod Fyffe Ian Grenfell Craig Lloyd Ngaire Anderson | <i>Term concluded September 2017</i> <i>Term concluded September 2017</i> <i>Term commenced September 2017</i> <i>Term commenced September 2017</i> |
| Community Advisory Committee | Lauren Bean Mark Gibson | |
| Finance Committee | Ken Belfrage Brad Ead Damien Tangey Craig Lloyd Pam Macdonald Kate Scarce | <i>Observer only</i> |
| Audit & Risk Committee | Brad Ead Ken Belfrage Damien Tangey Pam Macdonald Kate Scarce | <i>Independent Member</i> |
| Remuneration Committee | Pam Macdonald Brad Ead Damien Tangey Mark Gibson | |



Figure 2 – Our Governance Structure



Management

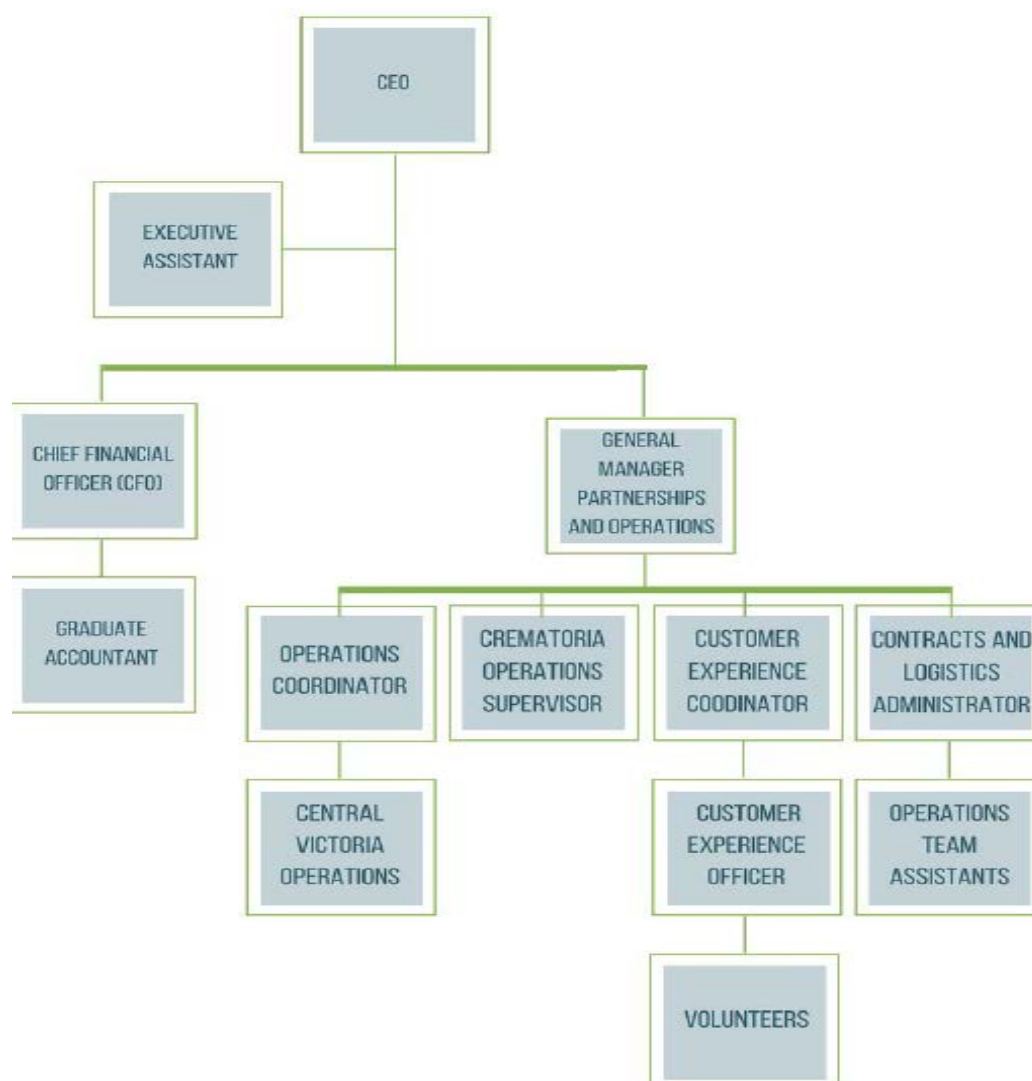
Appointed by and responsible to the Board (s. 18L of the Act), the Chief Executive Officer (CEO) manages the organisation and its resources (s.18M of the Act) on a day-to-day basis. In addition to the responsibilities outlined for the CEO in the Act, the Board has delegated some of its powers according 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 organisational structure as below:

The names of occupants of senior offices during this reporting period were:

| | | |
|---------------------------------|--------------------------------|-----------------|
| Chief Executive Officer | 28 June 2012 to 24 April 2018 | Graham Fountain |
| Interim Chief Executive Officer | 30 April 2018 to 29 June 2018 | Kathy Bell |
| Chief Financial Officer | 8 July 2017 to 23 March 2018 | Bruce McFarlane |
| Chief Financial Officer | 5 June 2018 to current | Sheree Yates |
| GM Partnerships & Operations | 6 January 2016 to 21 June 2018 | Joanne Trickey |
| Operations Manager | 9 April 2018 to 29 June 2018 | Dean McElroy |

Figure 3 – Organisational Structure



Business Performance

Over the reporting period, Remembrance Parks Central Victoria (RPCV) has performed a total of 1,771 services for the community, in the form of Interments (bodily remains and cremated remains) and cremations. A breakdown of this number is outlined in Table 1.

Table 1 – Services performed during the reporting period of 1 July 2017 – 30 June 2018

| Service | Number |
|-------------------------------|--------------|
| Interments (Bodily Remains) | 368 |
| Interments (Cremated Remains) | 144 |
| Cremations | 1,259 |
| TOTAL | 1,771 |



Table 2 – Location Profiles (for reporting period)

| RPCV TOTAL | | INDIVIDUAL SITES | | | | | |
|-------------------------------|-----------|------------------|-----------|-------------|---------------|--|-----------|
| | | 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) | 12.2 | - | 12.2 | - | - | - | - |
| Volunteers | 23 | 12 | 9 | 1 | - | 1 | - |
| Number of Cremations | 1,259 | - | 1,259 | - | - | - | - |
| Interments (Bodily Remains) | 368 | 133 | 125 | 49 | 51 | 10 (Axedale Catholic - 3) | - |
| Interments (Cremated Remains) | 144 | 50 | 75 | 10 | 9 | - | - |
| Memorial Conversion | 347 | 139 | 171 | 31 | 6 | - | - |
| Chapel Usage | 66 | - | 66 | - | - | - | - |
| Receptions | 46 | - | 46 | - | - | - | - |
| Operating Revenue | 2,578,959 | 626,170 | 1,616,757 | 177,218 | 129,960 | 28,855 (Includes Catholic Mgmt Fee) | - |
| Community Activities | Y | Y | Y | Y | Y | N | N |

Product offerings

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

Table 3 – Interment Product Offerings (by site)

| | Lawn Plaque | Lawn Headstone | Monumental | Vault |
|---------------|-------------|----------------|------------|-------|
| Bendigo | ◆ | | ◆ | ◆ |
| Eaglehawk | ◆ | | ◆ | ◆ |
| White Hills | ◆ | | ◆ | ◆ |
| Kangaroo Flat | | ◆ | ◆ | ◆ |
| Axedale | | | ◆ | ◆ |
| 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 | | | | | | | | | |



Monumental Section at Bendigo Remembrance Park



Strategic Objective One

Building a Sustainable & Viable Organisation

Manage our financial resources and assets to deliver the best possible outcomes to the community

The 2017/18 financial year has been a somewhat challenging year with a number of unexpected expenses and a significant investment program that resulted in a deficit of \$40,423. Our income has been consistent, and in some areas, above budget expectations. There has been a steady increase in cremations by 2% and memorial sales have jumped 34% from last year. Our business is sustainable due to the services we provide to our community and the partnerships we have in place.

RPCV is particularly proud of several achievements throughout the 2017/18 financial year:

- Revenue from Cemetery Operations have increased over previous years to \$2.57 million, an increase of \$200k from last year's performance and above budget by \$67,000. RPCV's cremation market share continues to grow, resulting in this service being the biggest contributor towards this improved income performance, and continues to be the largest revenue stream received by RPCV.
- RPCV was fortunate to receive a \$200k grant as part of the Victorian Government *Living Heritage Grant Program* for the restoration of the historic Mortuary Chapel at the Bendigo Remembrance Park. This funding allowed the completion of Stage 1 restorations, with RPCV adding an additional \$57,000 towards this stage of the restoration. RPCV is actively planning Stage 2 restorations, and hope to commence these works during the next reporting period. A launch event was held on 15 June 2018 to acknowledge this and to rename the building as The Bendigo Chapel, which is now open for services and use for the 2018/19 financial year.
- Expenditure (including cost of sales) has increased by \$345,000 to \$2.8 million in 2017/18, compared to the previous reporting period. The increase from last year's expenditure is primarily due to increases in services provided, an organisational restructure, and a range of additional investments throughout the year, including the Watson Lawn Extension (formally known as Bendigo carpark), and the safety driven tree removal program. These expenses will increase capacity and longer term service and support to the community.





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

| | Actual | Budget | Variance |
|--------------------------|------------------|------------------|------------------|
| Revenue | | | |
| Operations Revenue | 2,578,959 | 2,511,252 | 67,707 |
| Other Revenue | 186,201 | 132,000 | 54,201 |
| Total Revenue | 2,765,160 | 2,643,252 | 121,908 |
| Expenditure | | | |
| Employee Benefits | 1,013,647 | 950,755 | 62,892 |
| Cemetery Levy | 75,833 | 75,338 | 495 |
| Other Expenditure | 1,716,103 | 1,434,262 | 281,841 |
| Total Expenditure | 2,805,583 | 2,460,355 | 345,228 |
| Operating Result | (40,423) | 182,897 | (223,320) |

Revenue

In the 2017/18 reporting period, RPCV increased its overall revenue to \$2.76 million, up from \$2.75 million in the 2016/17 financial year. This result is an increase on the previous years' result and 4.6 % increase compared to our budget forecast.

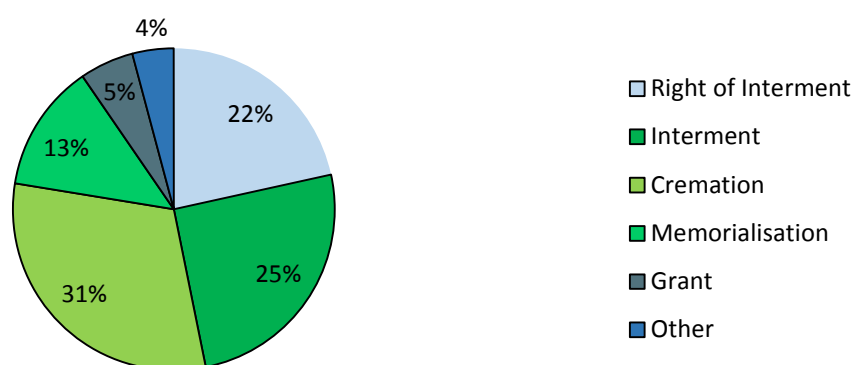
Revenue for all cemetery services during the reporting period decreased from \$2.59 million in 2017 to \$2.57 million in 2018, an overall decrease of less than 1%, and a variance of 2.69% to the budget forecast.

- Cremation revenue continues to be a strong performer during the reporting period, growing revenue by \$17,000 to \$851,000, representing a 2.0% increase from the last reporting period. There has also been an increase of the pick-up service of 14.3% highlighting the value of this to more geographically dispersed communities. This year's performance in relation to cremations, is attributed to the availability of the second cremator that provides additional capacity and caters for oversized cremations, alongside the improved service delivery model that has now been in place for five years. Cremation revenue has continued to grow, from 16% of total revenue, to now representing 33% of total revenue relating to cemetery services.
- Interment revenue has remained steady throughout the reporting period, despite the increase in cremation income, demonstrating the increased market share of RPCV cremation services across Central and Northern Victoria. In 2017/18, interment income equaled \$645,000, representing 25% of total revenue relating to cemetery services.

RPCV received a 34.5% increase on cremation memorial income from \$39,000 to \$53,000. This increase in revenue is a result of a combination of change in community and social preferences; there has been an increase of families planning end-of-life matters and pre-purchasing memorials.

Figure 4 – Overview of Revenue Sources

2017-18 Revenue



Expenditure

In the 2017/18 reporting period, RPCV increased its expenditure (including cost of sales) to \$2.8 million, up \$403,000 from the previous year and 7.86% above budget expectations.

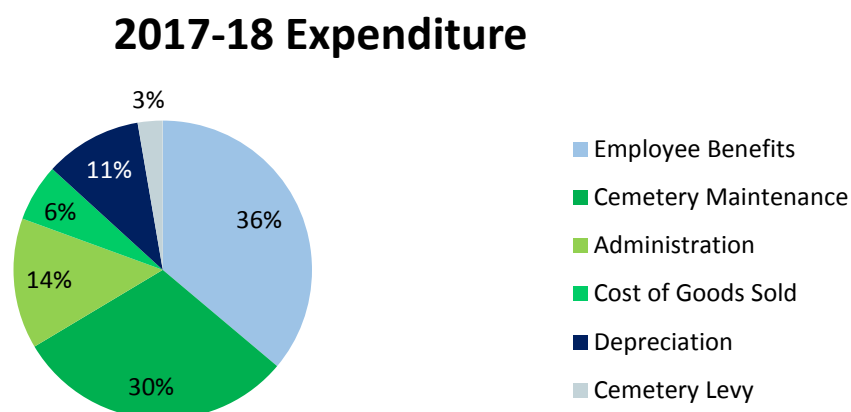
The increase in expenditure is commensurate with the increased services provided within the period. During the financial year, RPCV invested \$44,000 on site beautification works and reticulation infrastructure. Overall employee benefits have increased by 10.6% on the previous year, with a 67% increase in administration costs on the previous year.

RPCV invested \$26,000 alongside provision of a grant, provided by the Department of Health and Human Services, to implement the tree management plan. This additional expense was due to the removal of some additional trees due to their potential dangerous nature. Following an investigation undertaken by an independent specialist, and with respect to heritage overlays, vegetation overlays and community expectation, trees were respectfully removed due to advanced levels of decay, in adherence to RPCV's commitment to risk management. Plans are in place to plant new trees to maintain the amenity and beauty of our sites, as well as respecting the reasons supporting individual site selection.

RPCV also invested in its technology infrastructure, with an upgrade of the telephone system to allow for future expansion of continuity services, and works undertaken in preparation for the national NBN rollout in Eaglehawk. This investment will also allow improved communications to the Bendigo Cemetery office predominantly used by our volunteers, to ensure consistency of service and access for family and community members.

RPCV had contributed an additional \$57,000 towards the Bendigo Chapel restoration at the Bendigo Remembrance Park alongside the Living Heritage Grant of \$200,000, which enabled the urgent restoration works to take place. While an unanticipated expense, RPCV are proud to see this beautiful and historically significant building saved from further decay and to have it returned as an active and pivotal part of the Bendigo Cemetery.

Figure 5 – Overview of Expenditure Sources



Five-year summary

Over the past five years, RPCV's net assets have increased over a \$1 million dollars and income has grown at approximately \$200,000 per year, with exception to this reporting period where there was significant investment in infrastructure.

Assets have increased by \$1.3 million over the past five years and we have managed to self-fund improvements to the value of \$1.0 million.

Table 6 – Five-Year Summary of Financial Results

| | 2017/18 | 2016/17 | 2015/16 | 2014/15 | 2013/14 |
|---|-------------|-------------|-------------|-------------|-------------|
| Total Revenue | 2,765,160 | 2,763,029 | 2,554,166 | 2,326,931 | 2,117,273 |
| Total Expenses | (2,805,583) | (2,410,323) | (2,235,109) | (2,126,396) | (1,823,104) |
| Operating Surplus/ (deficit) | (40,423) | 352,706 | 319,056 | 200,535 | 294,169 |
| Accumulated Funds/ (Accumulated Deficit) | (535,163) | (52,051) | 65,629 | (152,801) | (89,288) |
| Total Assets | 5,945,904 | 5,863,478 | 5,333,629 | 4,851,568 | 4,588,164 |
| Total Liabilities | (2,004,106) | (1,866,754) | (1,772,366) | (1,763,268) | (1,689,919) |
| Net Assets | 3,941,798 | 3,996,724 | 3,561,264 | 3,088,300 | 2,868,245 |
| Total Equity | 3,941,798 | 3,996,724 | 3,561,264 | 3,088,300 | 2,868,245 |

Cash backing of reserves

Since the introduction of the Treasury Management Policy, RPCV has continued to proactively contribute to reserves. An additional \$448,000 has been allocated to the perpetual maintenance reserve, defined benefits superannuation shortfall and pre-purchase reserves during this financial year. In order to cater for this obligation into the future, RPCV is moving towards 100% cash backing, in line with our organisation's Treasury Management Policy.

Price structures

The approved CPI increase of 2.2% was applied to all fees and charges, effective 1 July 2017. RPCV continues to have confidence in our pricing structures and methodology, and when benchmarked against other comparable cemetery trusts, confirms RPCV continues to provide significant value to the community.

Investments

RPCV has continued to invest in accordance with the Treasury Management Policy, investing in sustainable and strong equities. A return on investment of \$33,000 was yielded through its dividend reinvestment program, but due to external financial pressures no overall investment growth was achieved. This year investments have been impacted by negative market fluctuations, but RPCV remains confident its investment strategy is geared appropriately and will service the longer-term needs of the organisation.

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

Governed by our *Strategic Plan* to ensure that we remain on track to achieve our strategic objectives, we realign and refocus our operations annually through the development and implementation of an annual plan. This annual plan is reviewed and approved by the Department of Health and Human Services.

RPCV continues to invest in our assets to ensure flexibility and reliability in our service delivery, which include the recent extension to Eaglehawk Chapel, courtyard additions and creating additional burial spaces at Bendigo. All investment decisions are made in accordance with internal policies and we actively engage key stakeholders.

During this reporting period there were a number of staff changes, and as a result board meeting frequency was adjusted to ensure our focus remained aligned with the organisation's goals and risks adequately managed. This process also ensures that our dedicated and capable staff retain the support and strategic guidance that they require.

Stakeholder and Community education

In line with the organisation's *Strategic Plan* and community expectations, RPCV continues its commitment to engage with the community through a range of events and educational initiatives held throughout the calendar year.

The annual *Clean Up Your Cemeteries Day* and leadership in *Dying to Know Day events* are proving to be beneficial and are great examples of our commitment to our community engagement and education strategy. Well attended remembrance events including the *Picnic of Hope* event to commemorate *International Infant and Pregnancy Loss Remembrance Day* have seen the community and community organisations continue to engage with Remembrance Parks in a new and exciting way. This has in turn created community requests and support for additional events. RPCV continues to engage with our communities and stakeholders to identify opportunities to support education of our sector and end of life matters.



A well governed, efficient and responsive organisation

Remembrance Parks Central Victoria Board



Pam Macdonald – Chair

Our Chair, Pam Macdonald holds an MBA (technology) and is a Graduate of the AICD as well as a Certified Practitioner of Fellow status with 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.



Brad Ead – Deputy Chair

Brad is a member of the Institute of Chartered Accountants Australia and New Zealand, 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 12 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.



Lauren Bean – Member

Lauren holds a Master's degree in Communications and is a Graduate of the Australian Institute of Company Directors. She is currently the General Manager of Bendigo Banks' Community Bank® National Council. Lauren has held various senior leadership positions in the community services sector including CEO of Cara Incorporated, General Manager MacKillop Family Services, and Acting CEO/Deputy CEO of St Luke's Anglicare in Bendigo. Lauren is a past director of Bendigo TAFE, Community 21 and Community Sector Banking. As a mother of two daughters, Lauren has a keen interest in community engagement and especially the promotion of women in leadership roles. Lauren chairs RPCV's 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.



Craig Lloyd – Member

Term commenced September 2017

Craig holds a Masters of Business Administration, Masters of Project Management and a Post Graduate Certificate in Community Development. He has extensive senior executive experience in the public sector, including roles with state and local government, emergency services and not-for-profit organisations. Craig is currently the Chief Executive Officer Murrindindi Shire Council, and was formerly a Director with the City of Greater Bendigo. Craig has expertise in asset management, project management, community engagement and strategic planning.



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. Mark is the Team Leader-Financial Wellbeing for Anglicare Victoria (St Luke's Region). 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 an active Justice of the Peace, has a strong interest in heritage matters and a number of his ancestors are buried in the Bendigo Remembrance Park.



Lisa Ruffell – Member

Lisa Ruffell has been a councillor with the City of Greater Bendigo since 2008 until the most recent council elections where she chose to not stand for re-election. 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. Lisa 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.

Lisa 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 President of the Urban Development Institute of Australia (Vic) and President of the Bendigo Senior Secondary College Council. Damien is also a member of the Loddon Mallee Regional Development Australia Committee and a Board Member of Be. Bendigo. Damien resides in Bendigo with his wife and three children and is committed to this region.



Ngaire Anderson – Member

Term commenced September 2017

Ngaire brings diverse experience from having worked across public, private and not-for-profit sectors, in clinical, managerial, executive and governance roles. These roles have included a focus in the healthcare, insurance, finance and wine industries. Ngaire's experience is supported by a Bachelor of Health Science, Master of Business Administration (MBA) and through being a graduate of the Australian Institute of Company Directors (GAICD).

Rod Fyffe – Deputy Chair

Term concluded September 2017

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, 2010/2011 and 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.

Ian Grenfell – Member

Term concluded September 2017

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 and a member of the AICD.

Board Performance

Consistent with the principles of good governance, the RPCV Board commissioned a detailed independent Board review aimed at providing the Board/Committee with a detailed independent appraisal of its performance and suggested areas for improvement. This review was completed and the findings validated the high standard of governance applying across RPCV. The Board has implemented a range of recommendations arising from this review to ensure it continually strives for governance best practice.

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



Table 7 – Board Participation

| Participation at scheduled meetings during the reporting period (1 July 2017 – 30 June 2018) | | | | | | | | |
|---|----------|----------|--------------|----------|----------|----------|--------------------|----------|
| | Board | | Audit & Risk | | Finance | | Community Advisory | |
| | Meetings | Attended | Meetings | Attended | Meetings | Attended | Meetings | Attended |
| Current Board Members | | | | | | | | |
| Pam Macdonald | 8 | 7 | 4 | 4 | 4 | 4 | - | 1 |
| Lauren Bean | 8 | 5 | - | - | - | - | 4 | 4 |
| Ken Belfrage | 8 | 6 | 4 | 3 | 4 | 4 | - | - |
| Brad Ead | 8 | 5 | - | 4 | 4 | 4 | - | - |
| Mark Gibson | 8 | 4 | - | - | - | - | 4 | 1 |
| Lisa Ruffell | 8 | 3 | - | - | - | - | - | - |
| Damien Tangey | 8 | 6 | 4 | 2 | 4 | 3 | - | - |
| Ian Grenfell (Exit Aug 17) | 1 | 1 | - | - | - | - | - | - |
| Rod Fyffe (Exit Aug 17) | 1 | 1 | - | 1 | - | 1 | - | 1 |
| Craig Lloyd (Start Sept 17) | 8 | 4 | 0 | 0 | 4 | 2 | - | - |
| Ngaire Anderson (Start Sept 17) | 8 | 4 | - | - | - | - | - | - |
| Independent Member of Audit & Risk Committee & Observer to Finance Committee | | | | | | | | |
| Kate Scarce | - | 2 | 4 | 4 | 4 | 4 | - | - |

Brad Ead Leave of Absence April 18 to June 30 2018

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 27 November 2017. The agenda of this meeting included a review of 2016/17 performance, an overview of objectives for the 2017/18 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 RPCV'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.

Risk Management

During this reporting period RPCV continue to focus on our *Safety First* approach to all aspects of business operations, and this continues to be a major focus of the Board and management team. The adopted approach has included implementation of software provided by VMIA to maintain the organisation's risk register as part of its internal audit program, following a detailed and holistic view of organisational risks. Compliance reporting and an internal audit program also underpin the organisation's risk management framework.

Organisational capability

A continued focus on enhancing operational capability commensurate with the dynamic operating environment within which RPCV operates, has resulted in a number of systems, process and structural changes within this reporting period.

These structural changes introduced a blended in-house and outsourced team who are now managing all outdoor operations, including gardening, maintenance and grave-digging activities. The outsourced arrangements for outdoor operations are in the final contract year and will be reviewed in the early phases of the next reporting period.

Compliance

Consistent with its legislative 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 recently completed a Declaration of Pecuniary Interests statement.

The governance framework requires that at the commencement of each Board meeting, a specific agenda item calling for all Directors to make declarations of actual or perceived pecuniary interest and/or conflicts of interest is required. RPCV also actively ensure continued compliance with the Victorian Public Sector guidelines.

Building Act 1993

The organisation adheres to and makes every endeavour to maintain its buildings and properties in accordance with this Act. External providers are regularly engaged 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.

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 commenced in this reporting period to enhance compliance with information privacy expectations included new records management practices, cemetery record digitisation and a staff privacy awareness education program.

Freedom of Information Act 1982

The RPCV Chief Finance Officer was the Principal Officer for Freedom of Information (FOI) applications during the reporting period. There was only one FOI application during the reporting period, and this request was processed in compliance with the spirit of the FOI legislation.

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

RPCV continues to advocate for sector-wide change to deliver an integrated, effective and efficient statewide service to the Victorian community.

RPCV continues to implement innovative 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.

Two stakeholder engagement activities that RPCV encourage and actively participate in include:

Community Advisory Committee

The RPCV Community Advisory Committee (CAC) meet on a quarterly basis and provide advice and guidance to RPCV to assist in carrying out community engagement responsibilities, as well as statutory requirements as stipulated in the *Cemeteries and Crematoria Act 2003* (the Act).

Objectives of the CAC ensure that community and consumer views are considered in the planning and delivery of cemetery trust services, and to provide advice in relation to the integration of consumer and community views at all levels of cemetery trust operations, planning and policy development.

Funeral Directors Roundtable

Funeral directors from the region meet twice yearly to discuss important and timely issues and continuous improvement. The meetings provide the RPCV with a valuable opportunity to listen to our stakeholders as well as to engage their contribution to planning major works and activities.

The meetings also provide an opportunity to inform funeral directors about ongoing or upcoming projects as well as operating issues.

Interfaith Council

RPCV have also engaged with Class B trusts and participated in Interfaith Council with regard to the development of the Aspire project in Bendigo.

Sector-wide strategic planning

Consultants from KPMG attended the February 2018 Board meeting and gathered input from the Board for a sector-wide working group on behalf of the Department of Health and Human Services Report *Cemeteries and Crematoria Sector – Strategic Planning: Phase 1*.

Details of consultancies (under \$10,000)

In 2017/18 there were no consultancies appointed to undertake work under \$10,000.

Details of consultancies (\$10,000 or greater)

During the reporting period, one consultancy was appointed where the total fees payable were \$10,000 or greater. The total expenditure incurred during 2017/18 in relation to this consultancy was \$28,442 (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 2017-18 (excl. GST) | Future Expenditure (excl. GST) |
|------------|------------------------|------------|----------|--|---------------------------------|--------------------------------|
| Kathy Bell | Interim CEO | 30/04/18 | 29/06/18 | 28,442 | 28,442 | - |



Strategic Objective Two

Accessible and Improved Community Facilities

Deliver efficient and effective services where customers are the focus

Customer service

During this reporting period, RPCV has continued its focus on providing an exceptional customer service experience. Customer experience staff continuously focus on improving our online presence, as well as enhancing site guidance material for visitors with improved maps and self-guided tours.

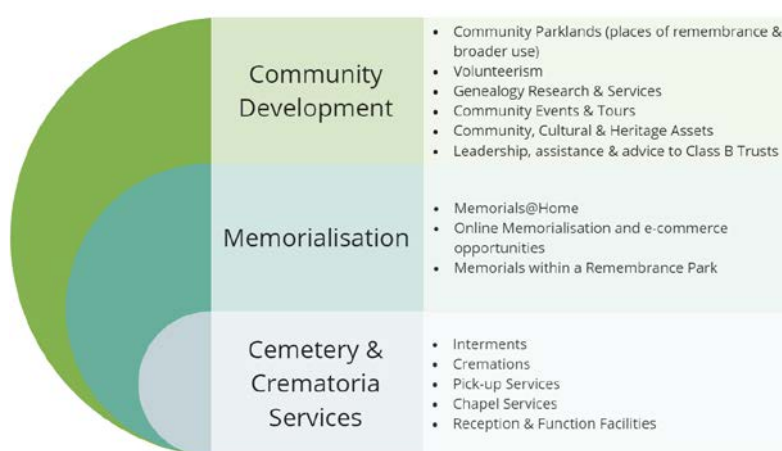
The team providing customer service includes volunteers working alongside staff and RPCV are proud of the commitment, compassion and dedication of both staff and volunteers to serve and support our communities.

Products and services

Memorialisation conversion continues to be a challenge for the organisation, as well as the entire sector; a culmination of a culture change within the community involving a shift to cremation and storing of cremated remains at home. The broad geographic reach of RPCV's cremation market due in no small part to the collection service contributes to this challenge.

RPCV will continue to pursue innovative mechanisms in an attempt to increase memorialisation conversion rates both within its sites and at alternative locations as we believe memorialisation is an important part of the grieving process.

Figure 6 – Overview of Products and Services



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, RPCV continued to significantly enhance its lawn areas across the sites involved, and has received significant complimentary feedback from the community and key stakeholders. Despite this, RPCV are aware that there is much work to be done and acknowledge that there are two sites in particular that have been in progress for quite some time. We acknowledge the significance of site appearance to our families and communities.

Watson Lawn Extension

In recognition that space for graves at the Bendigo Remembrance Park is at a premium, a site previously used for car parking has been redeveloped to accommodate 198 new graves. This redevelopment has been completed during this reporting period with new concrete beams laid. Graves in this area have already been purchased and burials have commenced. This important work has allowed more of our community to choose a site at their location of choice.

Community facilities

Progressive implementation of enhanced community facilities has continued to occur during this reporting period. RPCV has undertaken significant improvements and investment to upgrade and improve our facilities and environment. These improvements included:

- Completion of a reception courtyard to enhance the existing reception and meeting facilities at Eaglehawk Remembrance Park
- Completion to the upgrade to the Elaine McNamara Chapel at Eaglehawk Remembrance Park to increase occupancy. New features include improved access and new flooring, a more modern façade, greater flexibility within the chapel space, with the installation of bi-fold doors to create two separate areas.
- Ongoing restoration of the Sexton's residence at Bendigo including completion of kitchen renovation to improve volunteer facilities
- Completion of Stage 1 of the Bendigo Chapel renovation
- Tree removal and replacement program across all RPCV sites; trees that were identified as a significant risk were removed, and a tree replacement program is currently being developed for future implementation. Some trees were pruned and a tree management and maintenance program is now in place.
- Rose replacement program where 96 different rose varieties replaced expired or poorly presented roses across Bendigo, Eaglehawk and Kangaroo Flat.

Bendigo Mortuary Chapel Renovation - Stage 1 Launch Friday 15 June 2018

In keeping with RPCV's commitment to conservation management, we are delighted that Stage One of the Bendigo Chapel restoration at Bendigo Remembrance Park is now complete. RPCV was the recipient of the Victorian Government's Living Heritage Grant of \$200,000, which enabled the urgent restoration works to take place. A total of \$257,152 was spent on the on the project, allowing the chapel to be restored in part to its former glory.



The beautiful magnolia tree that once stood guard by the chapel doors (it's partner on the other side had been dead for many years) was removed during this reporting period. The tree was in a very poor state and very near the end of its natural cycle being an estimated 125 years old. A 'cutting day' was held where community members were invited to take on the premise that magnolia trees (from the cuttings) can be replaced in a more appropriate location close to the chapel site when the restorations are complete.

The event was well attended and specialist arborists were involved to provide the best possible chance that this rare and magnificent tree will continue to live in many other locations.

The chapel is a significant cultural asset for the Bendigo community, and is now available for a range of community events including weddings, meetings and funerals. RPCV are very excited to begin planning for Stage Two of the Chapel restorations

Stage 1 works involved the repair of the Chapel roof, bell fleche and interior floor, and reinstatement of the storm water drainage system. The storm water in particular had been impinged upon by the aged magnolia tree. These works allowed the multi-denominational chapel to once again become available for weddings, music recitals, receptions, and its original function as a mortuary chapel.



Bendigo Chapel following completion of stage restoration works

With the chapel now able to be occupied, this event also celebrated the launch of the art project: Once and For All by Such as They Are. Visual arts and theatre company Such as They Are now work in residence, hosting community workshops through until December 2018, to create a new work that combines sculpture, music and puppetry to tell the stories of those interred at the site.





Sexton's Kitchen Upgrade

The historically significant Sexton's Residence, located at the Bendigo Remembrance Park, was subject to ongoing restoration and 'fit for purpose' work during this reporting period and provides volunteers and staff with significantly enhanced facilities, including a brand new kitchen space, including bench tops, cupboard, upgraded electrical and cooking facilities. The facilities have been greatly appreciated by volunteers and attendees as these upgrades now provide a space for catering for small functions, and a more modern, relaxed space

Reception Courtyard Improvements

The reception courtyard at the Eaglehawk Remembrance Park has been enhanced, with some minor landscaping and beautification. Originally bushland, this space was now provides the opportunity for function guests to spend time outdoors in pleasant surroundings with the installation of artificial turf, sunshades, seating, paving and significant planting. The improvements also make the overall function space more marketable for non-funeral related corporate events and are low maintenance.

Eaglehawk Chapel

Final extension works for the Elaine McNamara Chapel were completed in this reporting period. Improvements to the crematorium for operator access and additional capacity and flexibility were significantly improved as part of the renovation work

Lawn Extension at Bendigo Remembrance Park

A carpark redevelopment was undertaken during this reporting period to increase the lawn area to provide 198 additional graves, and reconfiguring the existing car parking facilities, with an investment of approximately \$100,000.

Increase the utilisation of RPCV assets and services

Chapel

During the reporting period, RPCV provided 66 chapel services, 1.5% above budget target. Renovation and extension works of the Elaine McNamara Chapel were completed throughout 2017/18 and have now been completed. Additional capacity, access and flexibility were significantly improved as part of the renovation work and feedback from the community has been positive.



Interior of the upgraded Elaine McNamara Chapel



Elaine McNamara Chapel



Receptions

In the 2017/18 reporting period RPCV experienced an under budget performance of function room utilisation by 16% against budget target. During the next reporting period, RPCV aim to evaluate reasons for the lower than estimated use and more actively market and promote these assets to increase community engagement with the facilities. Maximising use of RPCV infrastructure is an important element in transitioning our spaces from static to more active and engaging for the community.



Main Administration office and Function area at Eaglehawk Remembrance Park



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

Memorial restoration

Identified as a challenge in this strategic planning cycle, RPCV recognises the importance of educating and engaging the community on the ownership and responsibility for memorial maintenance. RPCV staff organise the annual *Clean up Your Cemeteries Day* to focus on memorial maintenance as well as education for people in attendance on care of monuments. It has been of great pleasure to observe the focus of Clean Up Your Cemeteries Day from site beautification to education and conversation, and RPCV recognise the contribution of our grounds maintenance partner/contractor in this shift. Work on this front will continue for future reporting periods and is supported by engagement through walking tours and other events that bring members of the community into sites and provides significant opportunities for conversations and education.



Conservation management

Honouring our heritage assets is an integral part of our Remembrance Parks and serve as the community's emotional, religious and cultural focus in many instances. RPCV's focus remains on maintaining custodial responsibilities to protect and, where possible restore, the cultural and historically significant assets contained within its sites. Working in partnership with relevant community groups, stakeholders and heritage representatives, RPCV continues to meet its obligations under the *Heritage Act* to maintain its sites. A number of projects have involved staff and volunteers working to best maintain the surrounds of sites that are historically significant, and to the community including some specifically related to Anzac Day and other dates of significance.



Table 9 – Details of tree removal at RPCV sites

| Location | Number of Trees Effected | Assessed Risk Treatment | | |
|---------------|--------------------------|-------------------------|-------|---------|
| | | Remove | Prune | Monitor |
| Bendigo | 28 | 10 | 7 | 11 |
| Eaglehawk | 47 | 31 | 9 | 7 |
| White Hills | 22 | 6 | 5 | 11 |
| Kangaroo Flat | 21 | | 16 | 5 |
| Totals | 118 | 47 | 37 | 34 |

Through the RPCV Tree management program, trees that have been identified as a significant risk were removed, and a tree replacement program is currently being developed for future implementation. This \$76,000 program was partially funded by a \$50,000 grant from the Department of Health & Human Services. RPCV contributed the remainder of the project funding, being \$26,000. Our trees are a significant feature of sites and are highly valued by our community. It is important to maintain those trees to the best of our ability, noting the natural life span of different tree species, as well as managing the impact of drought and adverse weather events.

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

Site development

Significant advances and investments continue to be made during this reporting period; planning for implementation of site development initiatives. The RPCV focus on future masterplan development for key sites and pressure points continues to be of significant focus. This planning ensures future investment decisions are made cognisant on land use and demand analysis commensurate with changing community expectations.

Prioritisation and conceptual input into site development initiatives and future thinking regarding development involves the active contribution of the Community Advisory Committee and Funeral Director Roundtables, which demonstrate the maturing of this relationship and the value of community input into RPCV's overall planning framework. RPCV are also actively working across the sector and broader community to ensure that the range of options available at sites is broad enough to deal with current and emerging community requirements.

Revenue generation

RPCV continue to offer a varied offering of service options.

Cremation revenue has once again been RPCV's most significant contribution, increasing by a further 2% in this reporting period. Proactive action continues to maintain increased revenue generation in forthcoming reporting periods, including consideration for increased online presence, alternative marketing strategies, new products and services, broader community engagement, direct client engagement and with the upgraded facilities of best use of the of RPCV facilities beyond funeral services. At all times RPCV are committed to providing value and quality service to communities.



Future land use

Annual capacity and demand analysis confirms there is no urgent need for additional land in the immediate future. Notwithstanding, RPCV recognises the imperative to maximise existing land, which has been factored into site masterplans, including exploration of natural burials and the development of new and premium cremated remains interment areas within existing sites.

Planning works will be undertaken to develop a master plan for future development of each cemetery site and ongoing beautification works. RPCV have invested \$42,000 to carry out a study for the proposed Bendigo Hill development.



Watson Lawn Extension at Bendigo Remembrance Park, Lawn section



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, encourages recycling of the orthopedic metals arising from the cremation process. This process has provided a positive outcome aligned to RPCV's environmental commitment.

RPCV again held its annual *Clean Up Your Cemeteries Day* (in conjunction with *Clean Up Australia Day*), which continues to increase in participation and increased media awareness. This provides a great opportunity for enhance RPCV's community education objectives.

Establish a community and customer-focused online presence

ICT Enhancements

Building on the implementation of its new cemetery management system (CMS) in the previous reporting period and expansion of its facilities/service delivery footprint, RPCV has undertaken further work to enhance its ICT network, data integrity and security which are all fundamental for business continuity and ICT disaster recovery planning.

A number of ITC enhancements took place over the 2017/18 reporting period. A new upgraded phone system has been installed across both the Eaglehawk and Bendigo sites. Bendigo Remembrance Park Sexton's Residence has moved to NBN and connection there is now complete. Preparation is in place for Eaglehawk Remembrance Park's connection to NBN for installation during the next reporting period.

The purchase of an interactive 'Smart Board' to replace the old fashioned whiteboard and has enhanced efficiency to RPCV Board, management and staff meetings and improved communication within the organisation. This purchase also provides the opportunity to extend our value to other facility users, include corporate hire.

Table 10 – Details of Information and Communication Technology (ICT) expenditure

The total ICT expenditure incurred during 2017/18 was \$180,642 (excluding GST), with the details shown below:

| Business as usual (BAU) ICT expenditure | Non-Business as usual (non-BAU) ICT expenditure | Non-BAU operational expenditure | Non-BAU capital expenditure |
|---|---|---------------------------------|-----------------------------|
| \$149,430 | \$31,212 | - | |
| | | | |



Strategic Objective Three

Adopting a Broader Regional Focus

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

Service Delivery Model

Into its fifth year of operation, the cremation service delivery model continues to be of significant value to RPCV, and a major revenue generating operation.

The cremation pick-up service has grown to contribute to 42% of the total cremations performed at the Central Victorian Crematorium, and enabled remote and small funeral directors to access cremation services when previously they and the communities they serve were unable to.

There has been significant increase in cremation numbers and revenue over this reporting period compared to the previous four financial years, as demonstrated below in Figures 6 & 7.

Figure 6 – Cremations Performance

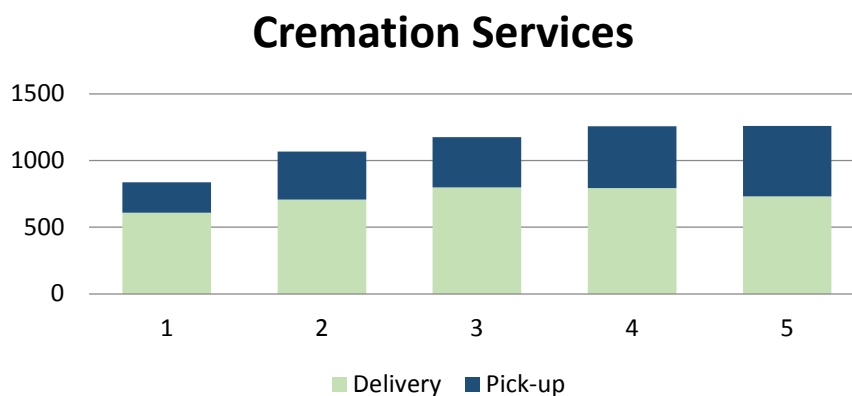
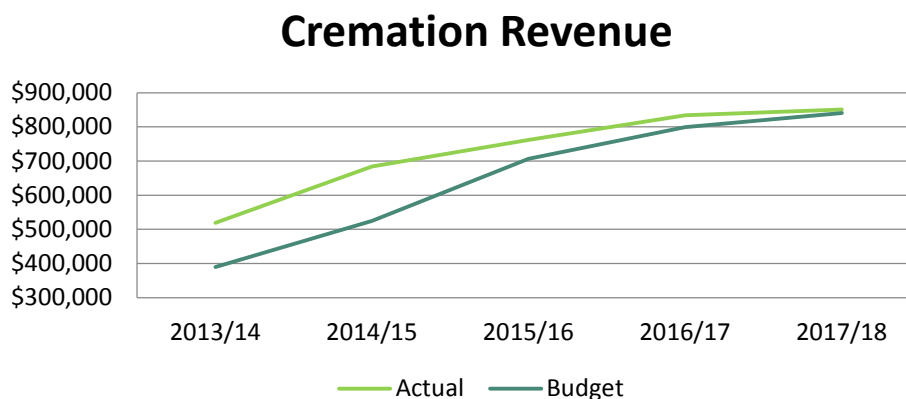


Figure 7 – Cremation as a Revenue Stream



Establish Regional Partnerships

Relationships were maintained in nearby regions, including the City of Greater Shepparton (GSCC), and RPCV will continue to provide support to other trusts and solidifying relationships in the next reporting period.

It was gratifying to be approached by GSCC during this reporting period to assume operation of two Class B trusts currently under Council management. RPCV intend to finalise due diligence and acquisition arrangements during the next reporting period that will see our transition into two City of Greater Shepparton council managed cemeteries.

Provide increased leadership, support and assistance to Class B Trusts

RPCV continues to provide an increased level of leadership, support and assistance to Class B Cemetery Trusts across central and northern Victoria. Support has been provided in key areas of business, including governance, policy, administrative and operational. RPCV will continue to be at the forefront in providing support and education across numerous trusts and varying subject matter.

RPCV acknowledge the work done by and commitment of Class B trust members and intend to continue the open communication and support currently provided as well as continue to extend invitations to Class B trust members to attend our Annual Meeting.

Strategic Objective Four

A More Actively Engaged Community

RPCV continues to build relationships in the community with community groups and key stakeholders. Recognising that significant emotional, religious and cultural needs of the community are served by the Remembrance Parks within our care, RPCV has established better and more consistent lines of communication with both the public and our partners, including funeral directors and volunteers.

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

RPCV continues to work with numerous community groups on a range of events and activities at our sites.

The Sextons Residence at the Bendigo Remembrance Park has evolved into a Community and Partnerships Hub resulting in a significant increase in the conduct of and involvement in community led events. Additionally, we have developed smaller targeted events with numerous community groups.

Consistent with our strategic plan, the Community Advisory Committee (CAC) continues to contribute to ongoing projects within the Remembrance Parks, and continue to build important relationships with our CAC members and support the CAC with ongoing and important cultural and research projects.

RPCV continues to hold engaging walking tours with the support of our volunteers and has also hosted an artist in residence Eliza Jane Gilchrist as one of the more unique and innovative ways to engage the community.

Establish a collaborative, transparent and trusted relationships with Funeral Directors as key clients

RPCV's relationship with Funeral Directors is a critical one and relies on a collaborative and trusted approach. RPCV staff form an integral component of this working relationship and RPCV are proud of the respect that exists between staff and funeral directors.

Funeral director roundtables have continued in this format during this reporting period and take place biannually. These meetings rely on the direct involvement of our funeral director community and provide the local industry with a trusted support network beyond the initial purpose of the group.

During this reporting period, RPCV have also improved collaboration opportunities between RPCV and funeral directors in community events such as our *Dying to Know Expo* and movie nights all aimed to generate conversation, to inform and educate our local communities about end of life matters.

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

Events

A deliberate and continued strategy of RPCV is to provide educational opportunities to inform and discuss with the community about end of life matters in a supportive environment. By hosting a variety of events, RPCV are engaging with different sectors of the community in a range of ways that encourage conversation, support and engagement in ways not previously seen.

The shift of *Clean Up Australia Day* to the focus of *Clean Up Our Cemeteries Day* will be of particular focus of the remainder of the strategic planning period. This aims to educate the community on perpetual maintenance matters at our remembrance parks.

Educational Activities with local schools

RPCV regularly conduct tours of our cemeteries with school groups. Volunteers guide our visitors through the Notable Graves Tours and on Remembrance Day, a specific war tour is conducted.

On a monthly rotational basis, students from Marist College and Catherine McAuley College (formerly Catholic College) assist grounds staff to maintain the gardens each week at Eaglehawk Remembrance Park.

Significant events and activities hosted during this reporting period include:

Y Service Club Presentation

27 July 2017

A presentation was given at the Y Service Club of Eaglehawk's annual dinner meeting. It provided an extremely useful exercise, with significant interest in the roles and structure of RPCV and the importance of end-of-life planning and memorialisation.

Dying to Know Week

8-11 August 2017

Dying to Know Day is an annual day of action dedicated to bringing to life conversations and community actions around death, dying and bereavement.

RPCV's Dying to Know Week saw a variety of events take place across RPCV sites including participating in an expo at the Central Goldfields Library, Death over Dinner, Death Café and other smaller events. During the event, RPCV held its own Dying to Know Expo in the Elaine McNamara Chapel, where the community was invited to speak with representatives from local funeral directors, community support groups, memorial suppliers, and local healthcare providers. Talks were conducted during the afternoon, and the day was well received by those who attended.

Program activities generated significant media coverage (10 media channels) and leveraged the RPCV brand within regional Victoria. We acknowledge the outstanding work by RPCV staff in coordinating and managing this event.

Fathers' Day Remembrance Service

31 August 2017

This event was held at the Chapel at the Eaglehawk Remembrance Park. Whilst not as well attended as the Mothers' Day Remembrance Services, the community support was commendable with the involvement of the Marong SES and the Jadis Hot Rod Club of Bendigo.

St Aidan's Orphanage Grave Restoration Project 7 September 2017

The Bendigo community and Remembrance Parks Central Victoria partnered with Good Shepherd Sisters to restore and beautify the St Aidan's grave site in honour of the women and children buried here. The grave site, which lies within the Bendigo Remembrance Park, is the burial place for 52 women and children who lived at St Aidan's Orphanage, run by the Sisters of the Good Shepherd.

The aim of the St Aidan's Grave Memorialisation Project was to provide a beautified final resting place for the women and children buried here and to create a more welcoming space for family and friends to visit their loved ones. The two-year project commenced on 7 September 2017 with the lifting of the plaque, to mark the 110th anniversary of the death of the first woman from St Aidan's to be buried at the site in 1907. The plaque was removed with the intention of replacing it in keeping with the beautified and restored grave site in two years.

Seniors Week**7-11 October 2017**

RPCV volunteers conducted two tours at the Bendigo Remembrance Park as part of Seniors Week, to align with the theme of 'You're Welcome', thanking past service men and women of the region.

Picnic of Hope Event**15 October 2017**

This event, held at the Eaglehawk Remembrance Park, commemorated International Infant and Pregnancy Loss Remembrance Day providing grieving families an opportunity to mourn their lost little person in a safe and accepting environment. RPCV partnered with Bendigo Health, St John of God Hospital, The Gianna Centre and SANDS Bendigo. A family picnic day and memorial service with a number of activities. Approximately 60 people were in attendance for the duration of the day.

Halloween**31 October 2017**

Halloween is an event observed across many different cultures globally. Traditional observances of the event are a way to remember those who have departed.

Our 2017 Halloween event Ghosts of Bendigo Past held at the White Hills Remembrance Park aimed to serve as a living history event, with volunteers roleplaying as individuals significant in some way to Bendigo's history, recounting the stories of their lives in a way which actively engages the community, and to remember those who helped shape our region, honouring the dead in a unique way.

This event provided an educational experience and a demystification of the commercial focus of what we typically know about Halloween. RPCV gained good media exposure and community support.

Halloween Tours have become an additional method whereby community members are willing to engage with RPCV. The underlying educative process of Halloween provides the community with an appreciation of the past in a historically accurate and yet respectful fashion. The community uptake has ensured Halloween will remain a viable and enjoyable event on the RPCV calendar into the coming years.

Magnolia Tree Day**4 November 2017**

RPCV invited the community to take a cutting of the historic magnolia tree at the Bendigo Chapel before it was removed. Community members were invited to take cuttings from the tree, with some being replanted at a more appropriate location close to the chapel site when the renovations are complete.

Notable Graves Tour**20 November 2017**

After two years in the making, this project is the first formal self-guided walking tour and was developed with the support of a grant from the Public Records Office of Victoria.



Bendigo Chapel Reopening

15 June 2018

The reopening of the Bendigo Chapel, formerly the Bendigo Mortuary Chapel, took place in June 2018. After 12 months of hard work, starting with project planning in June 2017, to building works, including the removal of the magnolia trees completed in May 2018. The Chapel was reopened by RPCV Chairperson, Pam Macdonald with speakers from the City of Greater Bendigo and singers from the Bendigo Youth Choir. It was a lovely way to show how the money from the Victorian Government's Living Heritage Grant of \$200,000 had been spent to preserve this beautiful chapel for generations to come.

RPCV acknowledge the effort and commitment of staff and volunteers who arrange, support and participate in these events as well as those Board members who attend. Feedback from community members is increasingly and consistently positive about the impact these events have on repositioning their traditional views of cemeteries and RPCV as an organisation.



RPCV volunteers (left to right) Larry Wust, Greta Balsillie, Adele Casbolt and Brian Nadort

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

RPCV continues to foster a positive and collaborative relationship with the Department of Health and Human Services, other key government agencies, and has once again actively participated in a range of sector-wide meetings and forums throughout the reporting period.

RPCV continues to work closely with the City of Greater Bendigo to ensure RPCV and its sites are integrated into the development of council plans and strategies, including open space planning. RPCV also continues to foster relationship with community health services and other specific community, cultural and religious groups.



Strategic Objective Five

Developing our People

An organisation that demonstrates community-inspiring leadership

Employee Demographic

The staff demographic employed across the organisation at the end of this reporting period against the previous year is demonstrated in the tables below. RPCV are proud to demonstrate the values of gender diversity and employ people of all ages.

Table 11 – Employee Demographic

| Employee Category | Fulltime Equivalent (30 June 2018) | Fulltime Equivalent (30 June 2017) | Variance |
|-------------------|---------------------------------------|---------------------------------------|------------|
| Indoor Staff | 9.2 | 7.2 | 2.0 |
| Outdoor Staff | 2.0 | 2.0 | - |
| Executive | 1.0 | 1.0 | - |
| Total | 12.2 | 10.2 | 2.0 |

Table 12 – Gender Demographic

| Employee Gender | Fulltime Equivalent (30 June 2018) | Fulltime Equivalent (30 June 2017) | Variance |
|-----------------|---------------------------------------|---------------------------------------|------------|
| Female | 7.6 | 5.7 | 1.9 |
| Male | 4.6 | 4.5 | 0.1 |
| Total | 12.2 | 10.2 | 2.0 |

Table 13 – Age Demographic

| Employee Age | Fulltime Equivalent (30 June 2017) | Fulltime Equivalent (30 June 2017) |
|--------------|---------------------------------------|---------------------------------------|
| Under 25 | 2.0 | 1.0 |
| 25 – 34 | 1.6 | 1.5 |
| 35 – 44 | 1.8 | 2.7 |
| 45 – 54 | 4.8 | 2.0 |
| 55 – 64 | 1.0 | 2.0 |
| 65 and over | 1.0 | 1.0 |
| Total | 12.2 | 10.2 |



Broader Roles and Membership

As an important part of the RPCV strategic vision, the organisation continually seeks to establish new ways to engage with existing volunteers and also to attract new, committed volunteers to the RPCV community. Volunteers are now expressing an interest for involvement in aspects beyond that of traditional research, which is an important aspect of the recognition of the importance our volunteers play in assisting RPCV to meet our vision of *Nurturing Enduring Remembrance*.

During this reporting period, a more collaborative relationship with community and interest groups has been encouraged, which has resulted in a range of community-centered projects being delivered.



Burning Tower located at the White Hills Remembrance Park



Future Focus

RPCV will work to consolidate growth, community and partnerships to enhance its value more broadly, and in a considered approach.

Our focus is to continually invest in staff by providing meaningful training opportunities to enhance RPCV's customer service experience, understanding of the *Cemeteries and Crematoria Act 2003*, and the Inheritance Hierarchy, which will provide a greater understanding in the transfer for Right of Interments.

The 2018 / 2019 period provides opportunity for expansion into other regions as the RPCV preparedness continues with staffing an infrastructure in place.

RPCV will continue invest in our assets and infrastructure, and look to continue Stage 2 upgrade to the Bendigo Chapel and secure funding for these important restoration works.

Work will continue to realign the organisation to the current strategic plan and start forward planning for the next strategic planning period which will commence in 2019.

Strategic Objectives





Attestations

Responsible Bodies Declaration as at 30 June 2018 – 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 2018.

Pam Macdonald
Chair

Bendigo
28 August 2018

Attestation for Financial Management Compliance

I Dean McElroy, on behalf of the Responsible Body, certify that the Bendigo Cemeteries Trust has complied with the applicable Standing Directions of the Minister for Finance under the Financial Management Act 1994 and Instructions.

Dean McElroy
Accountable Officer

Bendigo
28 August 2018

Attestation on Data Integrity

I, Dean McElroy 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.

Dean McElroy
Accountable Officer

Bendigo
28 August 2018



REMEMBRANCE PARKS
CENTRAL VICTORIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2018

BENDIGO CEMETERIES TRUST

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 5.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions (FRDs), the *Australian Charities and Not For Profits Commission Act 2012*, Australian Accounting Standards including 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 accompanying notes, presents fairly the financial transactions during the year ended 30 June 2018 and the financial position of Bendigo Cemeteries Trust as at 30 June 2018.

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 authorised the attached financial statements for issue on this day.



PAM MACDONALD
Chairman

Bendigo
28 August 2018



DEAN MCELROY
Accountable Officer

Bendigo
28 August 2018



SHEREE YATES
Chief Financial Officer

Bendigo
28 August 2018

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 Bendigo Cemeteries Trust for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

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

MELBOURNE
31 August 2018



Ron Mak
as delegate for the Auditor-General of Victoria

Independent Auditor's Report

To the Trust Members of Bendigo Cemeteries Trust

| | |
|---|---|
| Opinion | <p>I have audited the financial report of Bendigo Cemeteries Trust (the trust) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2018 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • trust member's, accountable officer's and chief finance and accounting officer's declaration. <p>In my opinion the financial report is in accordance with Part 7 of the <i>Financial Management Act 1994</i> and Division 60 of the <i>Australian Charities and Not-for-profits Commission Act 2012</i>, including:</p> <ul style="list-style-type: none"> • presenting fairly, in all material respects, the financial position of the trust as at 30 June 2018 and of its financial performance and its cash flows for the year then ended • complying with Australian Accounting Standards and Division 60 of the <i>Australian Charities and Not-for-profits Commission Regulations 2013</i>. |
| Basis for Opinion | <p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the trust in accordance with the auditor independence requirements of the <i>Australian Charities and Not-for-profits Commission Act 2012</i> and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p> |
| Trust Members' responsibilities for the financial report | <p>The Trust Members of the trust are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the <i>Financial Management Act 1994</i> and the <i>Australian Charities and Not-for-profits Commission Act 2012</i>, and for such internal control as the Trust Members determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Trust Members are responsible for assessing the trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p> |
| Other Information | <p>My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.</p> |

**Auditor's
responsibilities
for the audit of
the financial
report**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 trust's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trust Members
- conclude on the appropriateness of the Trust Members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the trust's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the trust to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Trust Members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the Trust Members with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

MELBOURNE
31 August 2018



Ron Mak
as delegate for the Auditor-General of Victoria

BENDIGO CEMETERIES TRUST

COMPREHENSIVE OPERATING STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

| | Note | 2018 \$ | 2017 \$ |
|--|---------|------------------|------------------|
| Income | | | |
| Cemetery Operations Income | 2.1 (a) | 2,728,958 | 2,725,414 |
| Cost of Sales | 3.1 (a) | (174,276) | (166,210) |
| | | 2,554,682 | 2,559,204 |
| Investment Income | 2.1 (b) | 36,202 | 37,615 |
| Total Income | | 2,590,884 | 2,596,819 |
| Expenses | | | |
| Employee Benefits | 3.1(c) | 1,013,646 | 916,338 |
| Depreciation & Amortisation | 4.4 | 294,906 | 255,233 |
| Maintenance and Operating Costs | 3.1(c) | 858,737 | 735,486 |
| Administrative Costs | 3.1(c) | 390,378 | 261,536 |
| Loss on disposal of available for sale financial assets | 3.1(c) | - | 7,645 |
| Finance Costs | | 1,108 | 1,725 |
| Loss on Onerous Contracts | 3.2(c) | (20,151) | (32,295) |
| Audit Fees | 8.4 | 16,850 | 22,100 |
| Cemetery Levy | 3.1(b) | 75,833 | 76,346 |
| Total Expenses | | 2,631,307 | 2,244,114 |
| Operating Result for the year | | (40,423) | 352,705 |
| Other Comprehensive Income | | | |
| Items that may be Reclassified Subsequently to Net Result | | | |
| Net Fair Value Gains/(Losses) on Available for Sale Financial Assets | 8.1(c) | (19,501) | 17,760 |
| Items that will not be Reclassified to Net Result | | | |
| Net Fair Value Revaluation on Non-Financial Assets | 8.1(b) | - | 69,993 |
| Total Other Comprehensive Income | | (19,501) | 87,753 |
| Comprehensive Result for the Year | | (59,924) | 440,458 |

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

BENDIGO CEMETERIES TRUST

BALANCE SHEET AS AT 30 JUNE 2018

| | Note | 2018 \$ | 2017 \$ |
|---|---------|------------------|------------------|
| Current Assets | | | |
| Cash and Cash Equivalents | 4.1 | 110,368 | 147,884 |
| Receivables | 5.1 | 227,083 | 227,319 |
| Inventories | 5.2 | 181,124 | 100,957 |
| Prepayments | | - | 3,309 |
| Total Current Assets | | 518,575 | 479,469 |
| Non-Current Assets | | | |
| Inventories | 5.2 | 210,528 | 200,625 |
| Property, Plant and Equipment | 4.3 | 4,493,648 | 4,464,640 |
| Intangible Assets | 4.5 | 57,120 | 74,068 |
| Investments and Other Financial Assets | 4.2 | 666,032 | 644,677 |
| Total Non-Current Assets | | 5,427,328 | 5,384,010 |
| Total Assets | | 5,945,903 | 5,863,479 |
| Current Liabilities | | | |
| Payables | 5.3 | 294,169 | 246,097 |
| Finance Lease | | 15,273 | 7,700 |
| Provision for Employee Benefits | 3.2 | 133,735 | 158,437 |
| Provision for Onerous Contracts | 3.2 (c) | 225,367 | 245,518 |
| Unearned Income | 5.4 | 1,313,383 | 1,172,862 |
| Total Current Liabilities | | 1,981,927 | 1,830,614 |
| Non-Current Liabilities | | | |
| Finance Lease | | - | 15,273 |
| Provision for Employee Benefits | 3.2 | 22,178 | 15,868 |
| Total Non-Current Liabilities | | 22,178 | 31,141 |
| Total Liabilities | | 2,004,105 | 1,861,755 |
| Net Assets | | 3,941,798 | 4,001,723 |
| Equity | | | |
| Contributed Capital | 8.1 | 604,962 | 604,962 |
| Accumulated Deficit | 8.1 (a) | (1,140,125) | (652,014) |
| Property, Plant & Equipment Revaluation Reserve | 8.1 (b) | 2,722,206 | 2,722,206 |
| Available for Sale Investment Revaluation Reserve | 8.1 (c) | (33,898) | (14,397) |
| Perpetual Maintenance Reserve | 8.1 (d) | 803,543 | 654,086 |
| Other Reserves | 8.1 (e) | 985,110 | 686,880 |
| Total Equity | | 3,941,798 | 4,001,723 |
| Commitments | 6.1 | | |
| Contingent Assets and Contingent Liabilities | 7.2 | | |

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

BENDIGO CEMETERIES TRUST

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

| | | 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 1 July 2016 | | 2,652,212 | (32,157) | (539,333) | 504,849 | 370,731 | 604,962 | 3,561,264 |
| Operating Result for the Year | | - | - | 352,705 | - | - | - | 352,705 |
| Other Comprehensive Income for the Year | | - | 17,760 | - | - | - | - | 17,760 |
| Transfer to Asset Revaluation Reserve | | 69,994 | - | - | - | - | - | 69,994 |
| Transfer to/(from) Accumulated Surplus | | - | - | (465,386) | 149,237 | 316,149 | - | - |
| Balance at 30 June 2017 | | 2,722,206 | (14,397) | (652,014) | 654,086 | 686,880 | 604,962 | 4,001,723 |
| Operating Result for the Year | | - | - | (40,423) | - | - | - | (40,423) |
| Other Comprehensive Income for the Year | | - | (19,501) | - | - | - | - | (19,501) |
| Transfer to Asset Revaluation Reserve | | - | - | - | - | - | - | - |
| Transfer to/(from) Accumulated Surplus | | - | - | (447,688) | 149,457 | 298,230 | - | - |
| Balance at 30 June 2018 | 8.1 | 2,722,206 | (33,898) | (1,140,125) | 803,543 | 985,110 | 604,962 | 3,941,798 |

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

BENDIGO CEMETERIES TRUST
CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

| | Note | <u>2018</u> \$ | <u>2017</u> \$ |
|---|------|--------------------------|--------------------------|
| Cash Flows from Operating Activities | | | |
| Receipts from Customers | | 2,910,196 | 2,727,654 |
| Government Grants | | 150,000 | 129,773 |
| Payments to Suppliers and Employees | | (2,701,884) | (2,130,662) |
| Investment Income Receipts | | 36,201 | 37,615 |
| Goods and Services Tax Paid | | (35,297) | (80,590) |
| Net Cash Inflow from Operating Activities | 8.2 | <u>359,216</u> | <u>683,790</u> |
| Cash Flow from Investing Activities | | | |
| Payments for Property, Plant & Equipment | | (348,177) | (604,436) |
| Payments for Investments | | (40,855) | 22,794 |
| Proceeds from Sale of Assets | | - | 18,410 |
| Net Cash (Outflow) from Investing Activities | | <u>(389,032)</u> | <u>(563,232)</u> |
| Cash Flows from Financing Activities | | | |
| Finance Lease repayment | | (7,700) | (14,566) |
| Net Cash Inflow Financing Activities | | <u>(7,700)</u> | <u>(14,566)</u> |
| Net Increase/(Decrease) in Cash and Cash Equivalents | | <u>(37,516)</u> | <u>105,992</u> |
| Cash and Cash Equivalents at Beginning of the Financial Year | | 147,884 | 41,892 |
| Cash and Cash Equivalents at End of the Financial Year | 4.1 | <u>110,368</u> | <u>147,884</u> |

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 2018

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NOTE 1: Statement of Significant Accounting Policies

These annual financial statements represent the audited general purpose financial statements for the Bendigo Cemeteries Trust (the Trust) for the financial year ended 30 June 2018. The report provides users with information about the Trust's stewardship of resources entrusted to it.

(a) Statement of Compliance

These financial statements have been prepared in accordance with the *Financial Management Act 1994*, the *Australian Charities and Not for Profits Commission Act 2012* and applicable Australian Accounting Standards (AAS) which include 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 AASBs, 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 27 August 2018.

(b) Reporting Entity

The financial statements include all 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.

(c) 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 2018, and the comparative information presented in these financial statements for the year ended 30 June 2017.

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

The financial statements, except for cash flow information, have been prepared using the accrual basis of accounting.

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 a revalued amount being 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 when new indices are published by the Valuer-General Victoria (VGV) to ensure that the carrying amounts do not materially differ from their fair values;

- 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 result); and
- The fair value of assets other than land is generally based on their depreciated replacement value.

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
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either
- Level 3 – Unobservable inputs for the asset or liability.

For the purposes 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.

Judgements, estimates and 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 AASBs 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 4.3);
- Superannuation (refer to Note 3.3); and
- Actuarial 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 3.2).

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.

(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

Primary Assets and liabilities are categorised either as current or non-current (non-current being mainly 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. Minor discrepancies in tables between totals and sum of components are due to rounding.

(e) 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 Australian Taxation Office. 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 recoverable from, or payable to, the Australian Taxation Office is included with the other receivables or payables in the balance sheet.

NOTE 2: Funding Delivery of Our Services

The Bendigo Cemeteries Trust receives income from the supply of services. The Trust may also receive income based on parliamentary appropriations.

2.1. Analysis of revenue by source

| | Note | 2018 | 2017 |
|---|------|------------------|------------------|
| | | \$ | \$ |
| (a) Cemetery Operations Income | | | |
| Right of Interment Income | | 595,911 | 597,927 |
| Interment Income | | 645,102 | 674,064 |
| Cremation Income | | 851,010 | 834,402 |
| Cremation Memorial Income | | 53,272 | 39,593 |
| Memorialisation Income | | 355,148 | 366,769 |
| Chapel Hire and Function Income | | 27,339 | 30,265 |
| Other Operating Income | | 51,176 | 50,790 |
| Government Grants | | 150,000 | 129,773 |
| Gain on disposal of Property, Plant & Equipment | | - | 1,831 |
| Total Cemetery Operations Income | | 2,728,958 | 2,725,414 |
| (b) Investment Income | | | |
| Interest from Cash and Cash Equivalents | | 2,861 | 1,997 |
| Dividends Received | | 33,341 | 35,618 |
| Total Investment Income | | 36,202 | 37,615 |

Fees

Fees received for the rights of interment for graves, cremation memorials and mausoleum crypts are recognised as revenue at the time of sale 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 Note 5.4.

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.

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.

Disposal of Property, plant and equipment

Any gain or loss on the sale of non-financial assets is recognised in the operating result at the date that control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying amount of the asset at that time.

Note 3: The Cost of Delivering Services

This section provides an account of the expenses incurred by the Trust in delivering services and outputs. In Section 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded.

3.1 Analysis of expenses by source

| | Note | 2018 \$ | 2017 \$ |
|---|---------|------------------|------------------|
| (a) Cost of Sales | | | |
| Right of Interment | | 32,086 | 22,410 |
| Memorialisation | | 124,253 | 110,468 |
| Other | | 17,937 | 33,332 |
| Total Cost of Sales | | 174,276 | 166,210 |
| (b) Cemetery Levy | | | |
| Cemetery Levy | | 75,833 | 76,346 |
| Total Cemetery Levy | | 75,833 | 76,346 |
| (c) Expenses from Transactions | | | |
| Employee Benefits | | 1,013,646 | 916,338 |
| Maintenance and Operating Costs | | 858,737 | 735,486 |
| Administrative Costs | | 390,378 | 261,536 |
| Loss on onerous contracts | 3.2 (c) | (20,151) | (32,295) |
| Gain on disposal of available for sale financial assets | | - | 7,645 |
| Total Expenses | | 2,242,611 | 1,888,710 |

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 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 are reported differently depending upon whether employees are members of defined benefit or defined contributions plans.

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% (2017: 3%).

Other Operating Expenses

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

Sale of Investments

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

3.2 Provisions

Current Provisions

Employee Benefits ⁽ⁱ⁾

| | | |
|---|--------|--------|
| Annual Leave - Unconditional and expected to be settled within 12 months | 41,004 | 46,249 |
| Annual Leave - Unconditional and expected to be settled after 12 months ⁽ⁱⁱ⁾ | 21,592 | 27,864 |
| Accrued Days Off - Unconditional and expected to be settled within 12 months | 1,213 | 559 |
| Long Service Leave - Unconditional and expected to be settled within 12 months | 5,464 | 6,853 |
| Long Service Leave - Unconditional and expected to be settled after 12 months ⁽ⁱⁱ⁾ | 49,178 | 61,675 |

Total Employee Benefits

| | |
|----------------|----------------|
| 118,451 | 143,200 |
|----------------|----------------|

Provision for On-Costs

| | | |
|---|-------|-------|
| Annual Leave - unconditional and expected to be settled within 12 months | 4,919 | 5,664 |
| Annual Leave - unconditional and expected to be settled after 12 months ⁽ⁱⁱ⁾ | 2,592 | 3,413 |
| Accrued Days Off - unconditional and expected to be settled within 12 months | 146 | 68 |
| Long Service Leave - unconditional and expected to be settled within 12 months | 762 | 610 |
| Long Service Leave - unconditional and expected to be settled after 12 months ⁽ⁱⁱ⁾ | 6,865 | 5,482 |

Total Provision for Employee On-Costs

| | |
|---------------|---------------|
| 15,284 | 15,237 |
|---------------|---------------|

Total Current Provisions

| | |
|----------------|----------------|
| 133,735 | 158,437 |
|----------------|----------------|

Non-Current Provisions

| | | |
|---|--------|--------|
| Long Service Leave - Conditional and expected to be settled after 12 months ⁽ⁱⁱ⁾ | 19,462 | 14,573 |
| On-costs on non-current employee provisions | 2,716 | 1,295 |

Total Non-Current Provisions

| | |
|---------------|---------------|
| 22,178 | 15,868 |
|---------------|---------------|

Total Provision for Employee Benefits

| | |
|----------------|----------------|
| 155,913 | 174,305 |
|----------------|----------------|

(i) Provisions for employee benefits consist of annual leave and long service leave accrued by employees. On-costs such as payroll tax and workers compensation insurance are not employee benefits and are reflected as a separate provision.

(ii) The amounts disclosed are present values

(a) Employee Benefits and On-Costs ⁽ⁱ⁾

Current Employee Benefits

| | | |
|--------------------|--------|--------|
| Annual Leave | 62,596 | 74,113 |
| Long Service Leave | 54,642 | 68,528 |
| Accrued Days Off | 1,213 | 559 |

Non-Current Employee Benefits

| | | |
|--------------------|--------|--------|
| Long Service Leave | 19,462 | 14,573 |
|--------------------|--------|--------|

Total Employee Benefits

| | |
|----------------|----------------|
| 137,913 | 157,773 |
|----------------|----------------|

| | | |
|----------------------|--------|--------|
| Current On-Costs | 15,284 | 15,237 |
| Non-Current On-Costs | 2,716 | 1,295 |

Total On-Costs

| | |
|---------------|---------------|
| 18,000 | 16,532 |
|---------------|---------------|

Total Employee Benefits and On-Costs

| | |
|----------------|----------------|
| 155,913 | 174,305 |
|----------------|----------------|

(i) Provisions for employee benefits consist of annual leave and long service leave accrued by employees. On-costs such as payroll tax and workers compensation insurance are not employee benefits and are reflected as a separate provision.

(b) Movement in Employee Benefits Provisions

| | 2018 | 2017 |
|---|---------------|---------------|
| | \$ | \$ |
| Movement in Long Service Leave | | |
| Balance at the start of the year | 90,488 | 89,727 |
| Provisions made during the year | | |
| Expense recognising employee service | (4,133) | 5,527 |
| Long service leave taken | (1,908) | (4,766) |
| Balance at the end of the period | 84,447 | 90,488 |
| Movement in Annual Leave: | | |
| Balance at the start of the year | 83,192 | 70,252 |
| Provision made during the year | | |
| Expense recognising employee service | 55,755 | 52,962 |
| Annual leave taken | (68,840) | (40,022) |
| Balance at the end of the period | 70,107 | 83,192 |
| Movement in Accrued Days Off: | | |
| Balance at the start of the year | 628 | 1,211 |
| Provision made during the year | | |
| Expense recognising employee service | 7,459 | 5,804 |
| Accrued days taken | (6,728) | (6,387) |
| Balance at the end of the period | 1,359 | 628 |

Annual Leave and Accrued Days Off

Liabilities for 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.

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. An unconditional right arises after a qualifying period.

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.

On-Costs

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

(c) Provision for Onerous Contracts

| | | |
|---|----------------|----------------|
| Balance at beginning of the period | 245,518 | 277,813 |
| Decrease to provision recognised in Operating Statement | (20,151) | (32,295) |
| | <hr/> | <hr/> |
| Total Provision for Onerous Contracts | 225,367 | 245,518 |
| | <hr/> | <hr/> |
| Current | | |
| Amount expected to be settled within 12 months | 38,312 | 41,738 |
| Amount expected to be settled after 12 months | 187,055 | 203,780 |
| | <hr/> | <hr/> |
| Total Provision for Onerous Contracts | 225,367 | 245,518 |

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 present value of those cash flows.

At this time the Trust is aware that there will be ongoing significant cash outflows for future expenditure on perpetual maintenance of the public cemetery but is unable to calculate a sufficiently reliable estimate of any related present obligation which may arise under the accounting standards and accordingly has not recognised a value for this obligation in these financial statements.

3.3 Superannuation

Employees of the Trust are entitled to receive superannuation benefits and the Trust contributes both defined benefit and defined contribution plans. The defined benefit plan provides benefits based on years of service and final average salary.

The Bendigo Cemeteries Trust does not recognise any unfunded defined benefit liability in respect of the superannuation plans because the Bendigo Cemeteries Trust has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due.

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the Trust. The name, details and amounts of expense in relation to the major employee superannuation funds and contributions made the Trust are as follows:

| Fund | Paid contributions for the year | | Contributions outstanding at year end | |
|---|------------------------------------|---------------|--|---------------|
| | 2018 \$ | 2017 \$ | 2018 \$ | 2017 \$ |
| Defined Benefit plans ⁽ⁱ⁾ | | | | |
| Vision Super | 9,912 | 5,974 | - | 1,792 |
| Defined contribution plans: | | | | |
| Vision Super | 27,636 | 29,220 | - | 8,199 |
| Australian Super | 13,171 | 12,133 | - | 3,227 |
| Other Funds | 66,912 | 22,863 | - | 8,187 |
| TOTAL | 117,631 | 70,190 | - | 21,405 |

(i) The bases for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans.

Defined Contribution Superannuation plans

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 as required under Superannuation Guarantee (SG) legislation (9.5%).

Defined Benefit Superannuation plans

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.

On the basis of the results of the 2017 full actuarial investigation conducted by the Fund Actuary, The Trust makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2018, this rate was 9.5% of members' salaries (9.5% in 2017). This rate will increase in line with any increase to the SG contribution rate. In addition, the Trust reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

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. As at 30 June 2017, a triennial/full actuarial investigation was completed.

The Fund's interim actuarial investigation as at 30 June 2017 identified the following in the Defined Benefit category of which the Trust is a contributing employer:

- A VBI surplus of \$69.8 million; and
- A total service liability surplus of \$193.5 million, and
- A discounted accrued benefits surplus of \$228.8 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 2017.

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 as at 30 June 2017.

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2017.

The 2018 interim triennial actuarial investigation

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2018 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2018.

Note 4: Key Assets to Support Service Delivery

The Trust controls Property, plant and equipment and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to the Trust to be utilised for delivery of those outputs.

4.1. Cash and Cash Equivalents

For the purposes of the cash flow statement, cash assets include 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.

| | 2018 | 2017 |
|--|----------------|----------------|
| | \$ | \$ |
| Cash on Hand | 11,270 | 6,160 |
| Cash at Bank | 99,098 | 141,724 |
| Total Cash and Cash Equivalents | 110,368 | 147,884 |

Cash and cash equivalents recognised on the balance sheet 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.

4.2. Investments and Other Financial Assets

| | 2018 | 2017 |
|-------------------------------------|----------------|----------------|
| | \$ | \$ |
| Non-Current | | |
| Interest Bearing Investments | 154,803 | 133,975 |
| Managed Shares Portfolio | 511,229 | 510,702 |
| Total Other Financial Assets | 666,032 | 644,677 |

(a) Ageing analysis of other financial assets

Please refer to Note 7.1 for the ageing analysis of other financial assets.

(b) Nature and extent of risk arising from investments

Please refer to Note 7.1 for nature and extent of credit risk arising from other financial assets.

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.

Impairment of financial assets

The Bendigo Cemeteries Trust assesses at each balance sheet date whether a financial asset or group of financial assets is impaired. All financial assets except those measured at fair value through profit or loss are subject to annual review for impairment.

Financial Assets have been assessed for impairment in accordance with Australian Accounting Standards.

Where the fair value of an investment in an equity instrument at balance date has reduced by 20% 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.

Derecognition of 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.

Where the Bendigo Cemeteries Trust has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Cemetery's continuing involvement in the asset.

4.3. Property, Plant and Equipment

4.3 (a) Gross carrying amount and accumulated depreciation

| | 2018 | 2017 |
|--|------------------|------------------|
| | \$ | \$ |
| Cemetery Infrastructure Land at Fair Value | 201,148 | 211,148 |
| | 201,148 | 211,148 |
| Buildings, Infrastructure and Improvements at Fair Value | 4,689,436 | 4,294,504 |
| <i>Less accumulated depreciation</i> | (1,307,327) | (1,211,653) |
| | 3,382,109 | 3,082,851 |
| Plant and Equipment at Fair Value | 1,083,518 | 1,082,754 |
| <i>Less accumulated depreciation</i> | (407,955) | (350,062) |
| | 675,563 | 732,692 |
| Office Equipment, Furniture and Fittings at Fair Value | 398,698 | 395,791 |
| <i>Less accumulated depreciation</i> | (205,906) | (133,894) |
| | 192,793 | 261,897 |
| Capital works in progress at cost | 42,035 | 176,051 |
| Total Property, Plant and Equipment | 4,493,648 | 4,464,640 |

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

Land is recognised initially at cost and subsequently measured at fair value.

Plant and Equipment, Office Equipment, Furnitures and Fittings 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 2017 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*.

4.3 (b) Reconciliation of Property, Plant and Equipment

Reconciliations of the carrying amounts of each class of asset for the 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 2016 | 147,833 | 2,839,743 | 679,882 | 83,726 | 305,039 | 4,056,222 |
| Additions | - | - | 5,948 | 42,781 | - | 48,729 |
| Expenditure on Capital Works | - | - | - | - | 555,707 | 555,707 |
| Revaluation of Assets (i) | 63,315 | 6,678 | - | - | - | 69,993 |
| Completed Assets | - | 324,804 | 158,887 | 201,004 | (684,695) | - |
| Disposal | - | - | (16,578) | - | - | (16,578) |
| Depreciation | - | (88,374) | (95,446) | (65,614) | - | (249,434) |
| Balance at 1 July 2017 | 211,148 | 3,082,851 | 732,693 | 261,897 | 176,051 | 4,464,640 |
| Additions | - | - | 53,142 | 2,907 | - | 56,049 |
| Expenditure on Capital Works | - | - | - | - | 292,127 | 292,127 |
| Transfers (ii) | (10,000) | - | - | - | - | (10,000) |
| Completed Assets | - | 394,932 | - | - | (394,932) | - |
| Disposal | - | - | - | - | (31,211) | (31,211) |
| Depreciation | - | (95,674) | (110,272) | (72,011) | - | (277,957) |
| Balance at 30 June 2018 | 201,148 | 3,382,109 | 675,563 | 192,793 | 42,035 | 4,493,648 |

- (i) An independent valuation of the Trust's land and buildings was performed by the Valuer-General Victoria, as at 30 June 2017.
- (ii) A parcel of land was incorrectly classified in 2017 and has now been transferred to Inventory in this current year.

4.3 (c) Fair Value Measurement Hierarchy for Assets as at 30 June 2018

| | Carrying amount as at 30 June 2018 | Fair value measurement at end of reporting period using: | | |
|---|--|---|------------------------|------------------------|
| | | Level 1 ⁽ⁱ⁾ | Level 2 ⁽ⁱ⁾ | Level 3 ⁽ⁱ⁾ |
| Cemetery Infrastructure Land at Fair Value | | | | |
| Specialised | 201,148 | - | - | 201,148 |
| Total of Land at Fair Value | 201,148 | - | - | 201,148 |
| Buildings and Infrastructure at Fair Value | | | | |
| Specialised | 2,975,417 | - | - | 2,975,417 |
| Heritage | 406,692 | - | - | 406,692 |
| Total of Buildings and Infrastructure at Fair Value | 3,382,109 | - | - | 3,382,109 |
| Plant and Equipment at Fair Value | | | | |
| Plant and Equipment | 675,563 | - | - | 675,563 |
| Total Plant and Equipment at Fair Value | 675,563 | - | - | 675,563 |
| Office Equipment, Furniture and Fittings at Fair Value | | | | |
| Office and Computer Equipment Furniture | 192,793 | - | - | 192,793 |
| Total Office Equipment, Furniture and Fittings at Fair Value | 192,793 | - | - | 192,793 |
| Total Assets | 4,451,613 | - | - | 4,451,613 |

| | Carrying amount as at 30 June 2017 | Fair value measurement at end of reporting period using: | | |
|---|--|---|------------------------|------------------------|
| | | Level 1 ⁽ⁱ⁾ | Level 2 ⁽ⁱ⁾ | Level 3 ⁽ⁱ⁾ |
| Cemetery Infrastructure Land at Fair Value | | | | |
| Specialised | 211,148 | - | - | 211,148 |
| Total of Land at Fair Value | 211,148 | - | - | 211,148 |
| Buildings and Infrastructure at Fair Value | | | | |
| Specialised | 2,665,736 | - | - | 2,665,736 |
| Heritage | 417,115 | - | - | 417,115 |
| Total of Buildings and Infrastructure at Fair Value | 3,082,851 | - | - | 3,082,851 |
| Plant and Equipment at Fair Value | | | | |
| Plant and Equipment | 732,692 | - | - | 732,692 |
| Total Plant and Equipment at Fair Value | 732,692 | - | - | 732,692 |
| Office Equipment, Furniture and Fittings at Fair Value | | | | |
| Office and Computer Equipment Furniture | 261,897 | - | - | 261,897 |
| Total Office Equipment, Furniture and Fittings at Fair Value | 261,897 | - | - | 261,897 |
| Total Assets | 4,288,588 | - | - | 4,288,588 |

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

Specialised Land

The market approach is used for specialised land, 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.

The calculation of the value of land for cemetery use is :

| | |
|---|-----------------------|
| Land at HBU (unrestricted) value | 4,224,338 |
| less: CSO (discount of 95%) | (4,013,190) |
| Total Land at Valuation | <u>211,148</u> |
| Less Land transferred to Inventory as at 30 June 2018 | 10,000 |
| Total Land at Valuation | <u>201,148</u> |

Specialised Buildings

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 the Valuer-General Victoria.

Plant and Equipment, Office Equipment and Furniture and Fittings

Plant and Equipment, Office Equipment and Furniture and Fittings are held at carrying value (current replacement cost). When these items are specialised in use, such that it is rarely sold other than as part of a going concern, the current 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 current replacement cost will be materially different from the existing carrying value.

There were no changes in valuation techniques throughout the year to 30 June 2018.

4.3 (d) Reconciliation of Level 3 Fair Value

| | Cemetery Infrastructure 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 |
|---|---|--|---|--|
| 2018 | | | | |
| Opening Balance | 211,148 | 3,082,851 | 732,693 | 261,897 |
| Purchases/(Disposals) | (10,000) | 394,932 | 53,142 | 2,907 |
| <i>Gains or Losses Recognised in Net Result</i> | | | | |
| Depreciation | - | (95,674) | (110,272) | (72,011) |
| Subtotal | - | (95,674) | (110,272) | (72,011) |
| <i>Items Recognised in Other Comprehensive Income</i> | | | | |
| Revaluation | | - | - | - |
| Subtotal | - | - | - | - |
| Closing Balance | 201,148 | 3,382,109 | 675,563 | 192,793 |

| | Cemetery Infrastructure 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 |
|---|---|--|---|--|
| 2017 | | | | |
| Opening Balance | 147,833 | 2,839,743 | 679,882 | 83,726 |
| Purchases/(Disposals) | - | 324,804 | 148,257 | 243,785 |
| <i>Gains or Losses Recognised in Net Result</i> | | | | |
| Depreciation | - | (88,374) | (95,446) | (65,614) |
| Subtotal | - | (88,374) | (95,446) | (65,614) |
| <i>Items Recognised in Other Comprehensive Income</i> | | | | |
| Revaluation | 63,315 | 6,678 | - | - |
| Subtotal | 63,315 | 6,678 | - | - |
| Closing Balance | 211,148 | 3,082,851 | 732,693 | 261,897 |

4.3 (e) Description of Significant Unobservable Inputs to Level 3 Valuations

| | Valuation Technique | Significant Unobservable Inputs |
|--|------------------------------|--|
| Cemetery - Specialised Land | | |
| Axedale, Bendigo, Eaglehawk, Kangaroo Flat and White Hills Remembrance Parks | Market approach | Community Service Obligation (CSO) adjustment |
| Cemetery - Specialised Buildings | | |
| Central Victoria Crematorium and Chapel | Depreciated replacement cost | Direct cost per square metre Useful life of specialised buildings |
| Crematorium Equipment at Fair Value | | |
| Cremator Equipment | Depreciated replacement cost | Cost per unit Useful life of cremator equipment |
| Plant and Equipment at Fair Value | | |
| Interment and crematorium equipment | Depreciated replacement cost | Cost per unit Useful life of plant and equipment |
| Office Equipment, Furniture and Fittings at Fair Value | | |
| | Depreciated replacement cost | Cost per unit Useful life of office equipment |

The significant unobservable inputs remain unchanged from 2017.

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

4.4 Depreciation, Amortisation and Impairment

Depreciation

Buildings, Infrastructure and Improvements
Plant and Equipment
Office Equipment, Furniture and Fittings

Total Depreciation

Amortisation

Computer Software
Trademark

Total Amortisation

Total Depreciation and Amortisation

| 2018 | 2017 |
|----------------|----------------|
| \$ | \$ |
| 95,674 | 88,374 |
| 110,272 | 95,446 |
| 72,011 | 65,614 |
| 277,957 | 249,434 |
| 4,800 | 4,800 |
| 12,149 | 999 |
| 16,949 | 5,799 |
| 294,906 | 255,233 |

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:

| | 2018 | 2017 |
|--|----------------|----------------|
| Buildings | 50 - 80 years | 50 - 80 years |
| Plant & Equipment | 5 - 10 years | 5 - 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 |

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.

Impairment

All non financial assets are assessed annually (except inventory) for indications of impairment.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying amount exceeds their possible recoverable amount. Where an asset's carrying amount exceeds its recoverable amount, the difference is written-off as an expense except to the extent that the write-down can be debited to an asset revaluation surplus amount applicable to that same class of asset.

No indication of impairment was identified for 2018.

4.5 Intangible Assets

| | 2018 | 2017 |
|--------------------------------|---------------|---------------|
| | \$ | \$ |
| Capitalised Computer Software | 23,921 | 23,921 |
| Capitalised Trademarks | 60,746 | 60,746 |
| Accumulated Amortisation | (27,547) | (10,599) |
| Total Intangible Assets | 57,120 | 74,068 |

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 \$ | Capitalised Trademark \$ | Capital Works In Progress \$ | Total \$ |
|--------------------------------|---|--------------------------------|------------------------------------|---------------|
| Balance at 1 July 2016 | 19,121 | - | 60,746 | 79,867 |
| Completed Assets | - | 60,746 | (60,746) | - |
| Amortisation (Note 4.4) | (4,800) | (999) | - | (5,799) |
| Balance at 1 July 2017 | 14,321 | 59,747 | - | 74,068 |
| Expenditure on Capital Works | - | - | - | - |
| Completed Assets | - | - | - | - |
| Amortisation (Note 4.4) | (4,800) | (12,149) | - | (16,949) |
| Balance at 30 June 2018 | 9,521 | 47,598 | - | 57,120 |

Intangible assets represent identifiable non-monetary assets without physical substance, and include trademarks.

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Trust. Bendigo Cemeteries Trust does not have any assets with indefinite useful lives.

Note 5: Other Assets and Liabilities

This section sets out those assets and liabilities that arose from the cemeteries operations.

| | 2018 | 2017 |
|--------------------------|----------------|----------------|
| | \$ | \$ |
| 5.1. Receivables | | |
| Current | | |
| Contractual | | |
| Trade Debtors | 214,792 | 214,795 |
| Other Receivables | 2,289 | 1,839 |
| Total Contractual | 217,081 | 216,634 |
| Statutory | | |
| Other Receivables | 10,002 | 10,685 |
| Total Receivables | 227,083 | 227,319 |

Receivables consist of:

- Contractual receivables, which includes mainly debtors in relation to goods and services and accrued investment income; and
- Statutory receivables are franking credits refundable

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.

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less any accumulated impairment.

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis, and debts which are known to be uncollectible are written off. A provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified.

5.2. Inventories

| | 2018 | 2017 |
|-------------------------------------|----------------|----------------|
| | \$ | \$ |
| Current | | |
| Finished Goods | | |
| Consumables | 55,208 | 56,314 |
| Grave Foundations | 125,916 | 44,643 |
| | 181,124 | 100,957 |
| Non-Current | | |
| Work in Progress/Undeveloped | | |
| Land for Interment Purposes | 210,528 | 200,625 |
| | 210,528 | 200,625 |
| Consumables | 55,208 | 56,314 |
| Land for Interment Purposes | 210,528 | 200,625 |
| Grave Foundations | 125,916 | 44,643 |
| Total Inventories | 391,652 | 301,582 |

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

5.3 Payables

Current

Contractual

| | | |
|------------------------------|----------------|----------------|
| Trade Creditors | 74,738 | 90,381 |
| Other Creditors and Accruals | 211,755 | 154,234 |
| Total Contractual | 286,493 | 244,615 |

Statutory

| | | |
|-----------------------|----------------|----------------|
| Net GST Payable | 7,677 | 1,482 |
| Total Payables | 294,169 | 246,097 |

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 net 30 days; and
- 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.

5.4 Unearned income

Current

Deposits taken in advance

| | | |
|--|------------------|------------------|
| Amount expected to be settled within 12 months | 223,275 | 199,386 |
| Amount expected to be settled after 12 months | 1,090,108 | 973,476 |
| Total unearned income | 1,313,383 | 1,172,862 |

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.

All unearned income is classified as a current liability as the Trust does not have an unconditional right to receive deposits in advance. Prepaid fees are recognised at the nominal (contracted) value. Based on historical trends it has been estimated that only 17% of the total liability is reasonably expected to be 'utilised' and transferred to revenue within the next 12 months.

Note 6: How we Finance our Operations

This section provides information on the sources of finance utilised by the Trust during its operations and other information related to financing activities of the Trust.

6.1 Commitments

| | 2018 | 2017 |
|--|---------------|----------------|
| | \$ | \$ |
| Capital Commitments | | |
| Cemetery Infrastructure | - | 134,278 |
| Total Capital Commitments | - | 134,278 |
| Operating Expenditure Commitments | | |
| ICT Equipment | 39,017 | 18,277 |
| Total Operating Expenditure Commitments | 39,017 | 18,277 |
| Lease Commitments | | |
| Finance Leases ⁽ⁱ⁾ | 15,213 | 22,973 |
| Total Lease Commitments | 15,213 | 22,973 |
| Capital Expenditure Commitments | | |
| Not Longer Than 1 Year | - | 134,278 |
| Total Capital Expenditure Commitments | - | 134,278 |
| Operating Expenditure Commitments | | |
| Not Longer Than 1 Year | 21,867 | 5,684 |
| Longer Than 1 Year and Not Longer Than 5 years | 17,150 | 12,593 |
| Total Operating Expenditure Commitments | 39,017 | 18,277 |
| Lease Commitments ⁽ⁱ⁾ | | |
| Not Longer Than 1 Year | 15,213 | 7,700 |
| Longer Than 1 Year and Not Longer Than 5 years | - | 15,273 |
| Total Lease Commitments | 15,213 | 22,973 |

* all amounts shown in the commitments note are nominal amounts inclusive of GST

(i) This finance lease was entered into in the 2015/16 financial year and is a 3 year term and relates to a motor vehicle lease. Bendigo Cemeteries Trust has the option of acquiring leased assets at the end of the lease term. This residual acquisition amount has been included in the above lease commitments amounts.

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.

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.

Note 7: Risks, Contingencies & Valuations Uncertainties

The Trust is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the Trust is related mainly to fair value determination.

7.1 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)
- Finance Lease

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 throughout the notes 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.

| | Contractual financial assets - loans and receivables \$ | Contractual financial assets - available for sale \$ | Contractual financial liabilities at amortised cost \$ | Total \$ |
|--|---|---|---|------------------|
| 2018 | | | | |
| Contractual Financial Assets | | | | |
| Cash and cash equivalents | 110,368 | - | - | 110,368 |
| Receivables | 217,081 | - | - | 217,081 |
| Investments and other financial assets | | | | |
| - Interest bearing investments | - | 154,803 | - | 154,803 |
| - managed shares portfolio | - | 511,229 | - | 511,229 |
| Total Financial Assets ⁽ⁱ⁾ | 327,449 | 666,033 | - | 993,482 |
| Financial Liabilities | | | | |
| Finance Lease | | | 15,273 | 15,273 |
| Payables | - | - | 286,493 | 286,493 |
| Total Financial Liabilities ⁽ⁱⁱ⁾ | - | - | 301,766 | 301,766 |
| | | | | |
| | Contractual financial assets - loans and receivables \$ | Contractual financial assets - available for sale \$ | Contractual financial liabilities at amortised cost \$ | Total \$ |
| 2017 | | | | |
| Contractual Financial Assets | | | | |
| Cash and cash equivalents | 147,884 | - | - | 147,884 |
| Receivables | 216,634 | - | - | 216,634 |
| Investments and other financial assets | | | | |
| - Interest bearing investments | - | 133,975 | - | 133,975 |
| - managed shares portfolio | - | 510,702 | - | 510,702 |
| Total Financial Assets ⁽ⁱ⁾ | 364,518 | 644,677 | - | 1,009,195 |
| Financial Liabilities | | | | |
| Finance Lease | | | 22,973 | 22,973 |
| Payables | - | - | 244,615 | 244,615 |
| Total Financial Liabilities ⁽ⁱⁱ⁾ | - | - | 267,588 | 267,588 |

(i) The total amount of financial assets disclosed here excludes statutory receivables

(ii) The total amount of financial liabilities disclosed here excludes statutory payables

Financial instruments arise out of contractual arrangements 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 Trust's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and 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.

Categories of non-derivative financial instruments

Receivables and cash

Receivables and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment). The Trust recognises the following assets in this category:

- cash and cash equivalents
- receivables (excluding statutory receivables);
- investments and other financial assets

The effective interest method is a method of calculating the amortised costs of a financial asset and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate, a shorter period.

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. Subsequent to initial recognition, 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.

Financial liabilities at amortised cost

Financial instrument liabilities are initially recognised on the date they originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit or loss over the period of the borrowing, using the effective interest rate method. Financial instrument liabilities measured at amortised cost include the Trust's contractual payables, deposits held and advances received, and borrowing arrangements other than those designated at fair value through profit and loss.

Net gain/(loss) on financial instruments

Net gain/(loss) on financial instruments includes:

- realised and unrealised gains and losses from revaluations of financial instruments that are designated at fair
- impairment and reversal of impairment for financial instruments at amortised cost; and
- disposals of financial assets and derecognition of financial liabilities.

Revaluations of financial instruments at fair value

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

| Categorisation of Financial Instruments | | | 2018 | 2017 |
|--|------|---|----------------|------------------|
| Account Balance | Note | Category | \$ | \$ |
| Financial Assets ⁽ⁱ⁾ | | | | |
| Cash and Cash Equivalents | 4.1 | Receivables and Cash | 110,368 | 147,884 |
| Receivables | 5.1 | Receivables and Cash | 217,081 | 216,634 |
| Other financial assets | 4.2 | Available for Sale Financial Assets | 666,032 | 644,677 |
| Total Financial Assets | | | 993,482 | 1,009,195 |
| Financial Liabilities ⁽ⁱⁱ⁾ | | | | |
| Payables | 5.3 | Financial Liabilities (at Amortised Cost) | 286,493 | 244,615 |
| Finance Lease | 6.1 | Financial Liabilities (at Amortised Cost) | 15,273 | 22,973 |
| Total Financial Liabilities | | | 301,766 | 267,588 |

(i) The total amount of financial assets disclosed here excludes statutory receivables (i.e. GST input tax credit recoverable)

(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

| | Net holding gain(loss) \$ | Total interest income/(expense) \$ | Total dividend income \$ | Total \$ |
|--|---------------------------------|--|--------------------------------|----------------|
| 2018 | | | | |
| Financial Assets | | | | |
| Cash and cash equivalents | - | 2,861 | - | 2,861 |
| Investments and other Financial Assets | (19,501) | - | 33,341 | 13,840 |
| Total Financial Assets | - | 2,861 | 33,341 | 16,701 |
| Financial Liabilities | | | | |
| Finance Lease | - | (1,107) | - | (1,107) |
| Total Financial Liabilities | - | (1,107) | - | (1,107) |

| | Net holding gain(loss) \$ | Total interest income/(expense) \$ | Total dividend income \$ | Total \$ |
|--|---------------------------------|--|--------------------------------|----------------|
| 2017 | | | | |
| Financial Assets | | | | |
| Cash and cash equivalents | - | 1,997 | - | 1,997 |
| Investments and other Financial Assets | 17,760 | - | 35,618 | 53,378 |
| Total Financial Assets | - | 1,997 | 35,618 | 55,375 |
| Financial Liabilities | | | | |
| Finance Lease | - | (1,725) | - | (1,725) |
| Total Financial Liabilities | - | (1,725) | - | (1,725) |

(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.

(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:

| | 2018 | 2017 |
|--|----------------|------------------|
| | \$ | \$ |
| Financial Assets | | |
| Cash and Cash Equivalents | 110,368 | 147,884 |
| Receivables | 217,081 | 216,634 |
| Investments and Other Financial Assets | 666,032 | 644,677 |
| Total | 993,482 | 1,009,195 |

All financial assets are not past due and not impaired.

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.

All financial assets are not past due or impaired.

(c) Liquidity Risk

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

(i) Policy in managing liquidity risk

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 requirements.

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.

(ii) Maximum Exposure to Liquidity Risk

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

| | 2018 | 2017 |
|------------------------------|----------------|----------------|
| Financial Liabilities | \$ | \$ |
| Payables | 286,493 | 244,615 |
| Finance Lease | 15,273 | 22,973 |
| Total | 301,766 | 267,588 |

(iii) Maturity analysis of Financial Liabilities as at 30 June 2018

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

| | Carrying Amount | Nominal Amount | Maturity Dates | | | |
|-----------------------------------|-----------------|----------------|-------------------|--------------|-------------------|---------------|
| | | | Less Than 1 Month | 1-3 Months | 3 Months - 1 Year | 1-5 Years |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| 2018 Financial Liabilities | | | | | | |
| Payables | 286,493 | 286,493 | 200,760 | 9,900 | 75,833 | - |
| Finance Lease | 15,273 | 15,273 | - | - | 15,273 | - |
| Total | 301,766 | 301,766 | 200,760 | 9,900 | 91,106 | - |
| 2017 Financial Liabilities | | | | | | |
| Payables | 244,615 | 244,615 | 161,210 | 1,283 | 82,122 | - |
| Finance Lease | 22,973 | 22,973 | - | - | - | 22,973 |
| Total | 267,588 | 267,588 | 161,210 | 1,283 | 82,122 | 22,973 |

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) Interest Rate Risk and Policy in Managing Interest Risk

Financial Liabilities

Exposure to interest rate risk is minimal as rates are fixed.

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 Average Effective Interest Rate | Carrying Amount \$ | Interest Rate Exposure | | |
|-----------------------------------|---|--------------------------|------------------------|---------------------|----------------|
| | | | Fixed Interest | Variable | Non-Interest |
| | | | Rate \$ | Interest Rate \$ | Bearing \$ |
| 2018 Financial Assets | | | | | |
| <i>Cash and Cash Equivalents:</i> | | | | | |
| Cash on Hand | | 11,270 | - | - | 11,270 |
| Cash at Bank | 0.05% | 99,098 | - | 99,098 | - |
| <i>Receivables</i> | | 217,081 | - | - | 217,081 |
| <i>Available for Sale Assets:</i> | | | | | |
| Interest Bearing Investments | 2.10% | 154,803 | - | 154,803 | - |
| Managed Share Portfolio | | 511,229 | - | - | 511,229 |
| Total | | 993,481 | - | 253,901 | 739,580 |
| 2018 Financial Liabilities | | | | | |
| Payables | 0.31% | 286,493 | - | - | 286,493 |
| Finance Lease | 5.95% | 15,273 | 15,273 | - | - |
| Total | | 301,766 | 15,273 | - | 286,493 |

| | Weighted Average Effective Interest Rate | Carrying Amount \$ | Interest Rate Exposure | | |
|------------------------------|---|--------------------------|------------------------------|---------------------------------|-------------------------------|
| | | | Fixed Interest Rate \$ | Variable Interest Rate \$ | Non-Interest Bearing \$ |
| | | | | | |
| 2017 Financial Assets | | | | | |
| Cash and Cash Equivalents: | | | | | |
| Cash on Hand | 0.00% | 6,160 | - | - | 6,160 |
| Cash at Bank | 0.05% | 141,724 | - | 141,724 | - |
| Receivables | 0.00% | 216,634 | - | - | 214,795 |
| Available for Sale Assets: | | | | | |
| Interest Bearing Investments | 2.10% | 133,975 | - | 133,975 | - |
| Managed Share Portfolio | 0.00% | 510,702 | - | - | 510,702 |
| Total | | 1,009,195 | - | 275,699 | 731,657 |
| 2017 Financial Liabilities | | | | | |
| Payables | 0.31% | 244,616 | - | - | 244,615 |
| Finance Lease | 5.95% | 22,973 | 22,973 | - | - |
| Total | | 267,589 | 22,973 | - | 244,615 |

(ii) 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.

(iii) 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 2.1%

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.

| | Carrying Amount \$ | Interest Rate Risk | | | | Other Price Risk | | | |
|--|-----------------------|--------------------|-----------------|------------------|--------------|------------------|------------------|------------------|---------------|
| | | (1%) | | 1% | | (15%) | | 15% | |
| | | Net Result \$ | Equity \$ | Net Result \$ | Equity \$ | Net Result \$ | Equity \$ | Net Result \$ | Equity \$ |
| 2018 Financial Assets | | | | | | | | | |
| Cash and Cash Equivalents | 110,368 | (1,104) | (1,104) | 1,104 | 1,104 | - | - | - | - |
| Receivables | 217,081 | - | - | - | - | - | - | - | - |
| <i>Investments and Other Financial Assets:</i> | | | | | | | | | |
| Interest Bearing Investments | 154,803 | (1,548) | (1,548) | 1,548 | 1,548 | - | - | - | - |
| Managed Share Portfolio | 511,229 | - | - | - | - | - | (76,684) | - | 76,684 |
| 2018 Financial Liabilities | | | | | | | | | |
| Payables | (286,493) | - | - | - | - | - | - | - | - |
| Finance Lease | (15,273) | | | | | | | | |
| Total | 691,716 | (2,652) | (2,652) | 2,652 | 2,652 | - | (76,684) | - | 76,684 |

| | Carrying Amount \$ | Interest Rate Risk | | | | Other Price Risk | | | |
|--|-----------------------|--------------------|-----------------|------------------|--------------|------------------|------------------|------------------|---------------|
| | | (1%) | | 1% | | (15%) | | 15% | |
| | | Net Result \$ | Equity \$ | Net Result \$ | Equity \$ | Net Result \$ | Equity \$ | Net Result \$ | Equity \$ |
| 2017 Financial Assets | | | | | | | | | |
| Cash and Cash Equivalents | 147,884 | (1,479) | (1,479) | 1,479 | 1,479 | - | - | - | - |
| Receivables | 216,634 | - | - | - | - | - | - | - | - |
| <i>Investments and Other Financial Assets:</i> | | | | | | | | | |
| Interest Bearing Investments | 133,975 | (1,340) | (1,340) | 1,340 | 1,340 | - | - | - | - |
| Managed Share Portfolio | 510,702 | - | - | - | - | - | (76,605) | - | 76,605 |
| 2017 Financial Liabilities | | | | | | | | | |
| Payables | (244,615) | - | - | - | - | - | - | - | - |
| Finance Lease | (22,973) | | | | | | | | |
| Total | 741,607 | (2,819) | (2,819) | 2,819 | 2,819 | - | (76,605) | - | 76,605 |

(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.

Financial instruments arise out of contractual arrangements 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 Trust's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and 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.

7.2 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.

There are no contingent assets or liabilities during the year ended 30th June 2018 (Nil 2017).

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.

Over the past four years Bendigo Cemeteries Trust has been moving towards a 100% cash backing of the reserve to cater for this obligation. Cash backing of this reserve is in line with the organisation's Treasury Management Policy will continue to occur and this reserve will provide a source of funds towards its perpetual maintenance obligations, which is disclosed as a Perpetual Maintenance Reserve in Note 8.1(d).

Note 8: Other Disclosures

This section includes additional material disclosures required by accounting standards or otherwise for the understanding of this financial report.

8.1. Equity

Composition of Equity

| | 2018 | 2017 |
|---|------------------|------------------|
| | \$ | \$ |
| Contributed Capital | 604,962 | 604,962 |
| Accumulated Funds | (1,140,125) | (652,014) |
| Property, Plant and Equipment Revaluation Reserve | 2,722,206 | 2,722,206 |
| Available for Sale Investment Revaluation Reserve | (33,898) | (14,397) |
| Perpetual Maintenance Reserve | 803,543 | 654,086 |
| Other Reserves | 985,110 | 686,880 |
| Total Equity | 3,941,798 | 4,001,723 |

(a) Movement in Accumulated Deficit

| | | |
|---------------------------------------|---------------------|-------------------|
| Balance at the Beginning of the Year | (652,014) | (539,333) |
| Net Result for the Year | (40,423) | 352,705 |
| Transfer to Reserves | (447,688) | (465,386) |
| Balance at the End of the Year | (1,140,125) | (652,014) |

(b) Property, Plant and Equipment Revaluation Reserve

| | | |
|--|------------------|------------------|
| Buildings, Infrastructure & Improvements | 2,428,285 | 2,428,285 |
| Plant & Equipment | 82,772 | 82,772 |
| Infrastructure Land | 211,148 | 211,148 |
| | 2,722,206 | 2,722,206 |

Buildings, Infrastructure & Improvements

| | | |
|---------------------------------------|------------------|------------------|
| Balance at the Beginning of the Year | 2,428,285 | 2,421,607 |
| Revaluation Increment | - | 6,678 |
| Balance at the End of the Year | 2,428,285 | 2,428,285 |

Plant & Equipment

| | | |
|---------------------------------------|---------------|---------------|
| Balance at the Beginning of the Year | 82,772 | 82,772 |
| Balance at the End of the Year | 82,772 | 82,772 |

Infrastructure Land

| | | |
|---------------------------------------|----------------|----------------|
| Balance at the Beginning of the Year | 211,148 | 147,833 |
| Revaluation Increment | - | 63,315 |
| Balance at the End of the Year | 211,148 | 211,148 |

Total Property, Plant & Equipment Revaluation Surplus

| | |
|------------------|------------------|
| 2,722,206 | 2,722,206 |
|------------------|------------------|

(c) Available for Sale Investment Revaluation Reserve

| | | |
|---------------------------------------|------------------|------------------|
| Balance at the Beginning of the Year | (14,397) | (32,157) |
| Revaluation Increment/(Decrement) | (19,501) | 17,760 |
| Balance at the end of the Year | (33,898) | (14,397) |

| | 2018 | 2017 |
|--|----------------|----------------|
| | \$ | \$ |
| (d) Perpetual Maintenance Reserve | | |
| Opening Balance | 654,086 | 504,849 |
| Transfers to Accumulated Funds | 149,457 | 149,237 |
| Perpetual Maintenance Reserve Closing Balance | 803,543 | 654,086 |
| (e) Other Reserves | | |
| Cremator Reserve | | |
| Opening Balance | - | 27,077 |
| Transfers (to) Accumulated Funds | 50,977 | (27,077) |
| Closing Balance | 50,977 | - |
| Prepaid Interment Reserve | | |
| Opening Balance | 604,380 | 328,654 |
| Transfers from Accumulated Funds | 179,753 | 275,726 |
| Closing Balance | 784,133 | 604,380 |
| Defined Benefit Superannuation Reserve | | |
| Opening Balance | 82,500 | 15,000 |
| Transfers from Accumulated Funds | 67,500 | 67,500 |
| Closing Balance | 150,000 | 82,500 |
| Other Reserves Closing Balance | 985,110 | 686,880 |

Contributed Capital

Consistent with Australian Accounting Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* and FRD 119A *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 operating result.

Cremator Reserve

Funds are allocated to this reserve to ensure that the Cemetery Trust has ample funds for renewal and replacement. 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 re-contributed the remaining amount in 2015/16 and is continuing to build up the reserve to cover any future calls that may arise.

8.2. Reconciliation of Net Cash Flow from Operating Activities to Result for the Year

| | <u>2018</u> | <u>2017</u> |
|--|-----------------------|-----------------------|
| | <u>\$</u> | <u>\$</u> |
| Result for the Year | (40,423) | 352,705 |
| Non-Cash Flows in Operating Surplus | | |
| Depreciation & Amortisation | 294,906 | 255,233 |
| Net (Gain)/Loss from Sale of Property, Plant and Equipment | - | (1,831) |
| Gain / (loss) on disposal of available for sale financial assets | - | 7,645 |
| WDV of Disposed Assets | 41,211 | - |
| Changes in Assets and Liabilities | | |
| (Increase)/Decrease in Receivables | 236 | (74,860) |
| Decrease in Prepayments | 3,309 | 2,785 |
| (Increase)/Decrease in Inventories | (90,070) | 38,157 |
| Increase/(Decrease) in Payables | 48,070 | (78,126) |
| (Decrease) in Provisions | (38,545) | (19,180) |
| Increase in Unearned Income | 140,522 | 201,262 |
| Net Cash Inflows from Operating Activities | <u>359,216</u> | <u>683,790</u> |

8.3(a) Responsible Persons Disclosure

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

| | Period |
|---|------------------------|
| Responsible Minister: | |
| The Honourable Jill Hennessy, Minister for Health, Minister for Ambulance Services | 1/07/2017 - 30/06/2018 |
| Trust Members | |
| Mrs. L. Bean | 1/07/2017 - 30/06/2018 |
| Mr. K. Belfrage | 1/07/2017 - 30/06/2018 |
| Mr. B. Ead | 1/07/2017 - 30/06/2018 |
| Mr. R. Fyffe | 1/07/2017 - 30/09/2017 |
| Mr. M. Gibson | 1/07/2017 - 30/06/2018 |
| Mr. I Grenfell | 1/07/2017 - 30/09/2017 |
| Ms P. Macdonald | 1/07/2017 - 30/06/2018 |
| Mrs. L. Ruffell | 1/07/2017 - 30/06/2018 |
| Mr. D. Tangey | 1/07/2017 - 30/06/2018 |
| Mr. C. Lloyd | 1/09/2017 - 30/06/2018 |
| Ms. N. Anderson | 1/09/2017 - 30/06/2018 |
| Accountable Officer | |
| Mr. G. Fountain | 1/07/2017 - 30/06/2018 |

Remuneration of Responsible Persons

The Responsible persons received remuneration for the financial year ended 30 June 2018. The number of Responsible persons, excluding Ministers, whose total remuneration in connection with the affairs of the Trust as shown in the following bands, were:

| Income Band | Total Remuneration | |
|--|--------------------|------------------|
| | 2018 No. | 2017 No. |
| \$0 - \$9,999 | 10 | 8 |
| \$10,000 - \$19,999 | 1 | 1 |
| \$190,000 - \$199,999 | - | 1 |
| \$200,000 - \$209,999 | 1 | - |
| Total Numbers | 12 | 10 |
| Total remuneration received or due and receivable by Responsible Persons for the financial year from the Trust amounted to: | \$273,325 | \$281,831 |

8.3(b) Remuneration of Executive Officers

There were no other executive officers or contractors with key management responsibilities in the 2017/18 financial year (2016/17: nil).

8.3(c) Related Parties

The Trust is a wholly owned and controlled entity of the State of Victoria.

Related parties of the Trust include:

- All key management personnel and their close family member and personal business interests (controlled entities, joint ventures and entities they have a significant influence over);
- All cabinet members and their close family members; and
- All departments and public sector entities that are controlled and consolidated in the whole of state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

Significant transactions with government-related entities

During the financial year, the following aggregate transactions were undertaken and balances held with other Victorian Government controlled entities. These transactions were undertaken in the ordinary course of operations.

| | Note | 2018 | 2017 |
|---------------------------------------|--------|----------------|----------------|
| | | \$ | \$ |
| Grant Funding (i) | | 150,000 | 129,773 |
| Cemetery Levy | 3.1(b) | 75,833 | 76,345 |
| Total Significant transactions | | 225,833 | 206,118 |

(i) Received from Department of Health and Human Services and Victorian Government Living Heritage Grant for conservation management and heritage restoration projects.

Remuneration of Key Management Personnel

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided in exchange for services rendered, and is disclosed in the following categories:

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits include superannuation entitlements, pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits include long service leave, other long service benefit or deferred compensation.

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the Department of Parliamentary Services' Financial Report.

| Compensation of KMPs | 2018 | 2017 |
|------------------------------|----------------|----------------|
| | \$ | \$ |
| Short-term employee benefits | 250,721 | 245,906 |
| Post-employment benefits | 22,604 | 21,478 |
| Other long-term benefits | - | 14,447 |
| Total compensation | 273,325 | 281,831 |

Transactions and balances with key management personnel and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

Related party transactions with the Trust Members and their related parties, which occurred during the normal course of business, apart from remuneration of Board directors which is disclosed in Note 8.3(a) are listed below:

| | 2018 \$ | 2017 \$ |
|---|------------|------------|
| Member B Ead is a partner in AFS & Associates, a public accounting and auditing firm which provides the Trust with ad-hoc accounting services throughout the year. | 759 | 1,721 |
| Member R Fyffe is a councillor 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. | - | 3,127 |

8.4. Audit Fees

| | 2018 \$ | 2017 \$ |
|---|---------------|---------------|
| Victorian Auditor-General's office | | |
| Audit of financial statements | 12,000 | 11,500 |
| Other Providers | | |
| Internal audit | 4,850 | 10,600 |
| Total Audit Fees | 16,850 | 22,100 |

8.5. Ex-Gratia Payments

There were no Ex-Gratia Payments made during the reporting period. (2017: Nil)

Note 8.6 AASBs issued that are not yet effective

Certain Australian accounting standards and interpretations have been published that are not mandatory for the 30 June 2018 reporting period. Department of Treasury and Finance assesses the impact of all these new standards and advises The Bendigo Cemeteries Trust of their applicability and early adoption where applicable.

As at 30 June 2018, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. The Bendigo Cemeteries Trust has not and does not intend to adopt these standards early.

| Standard / Interpretation | Summary | Applicable for annual reporting periods beginning on | Impact on Trust's Financial Statements |
|---|--|--|---|
| AASB 9 <i>Financial Instruments</i> | 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 2014-1 <i>Amendments to Australian Accounting Standards [Part E Financial Instruments]</i> | 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, and to amend reduced disclosure requirements. | 1 Jan 2018 | This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements. |
| AASB 2014-5 <i>Amendments to Australian Accounting Standards arising from AASB 15</i> | Amends the measurement of trade receivables and the recognition of dividends. Trade receivables, that do not have a significant financing component, are to be measured at their transaction price, at 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. | 1 Jan 2018, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply from 1 Jan 2018 | The assessment has indicated that there will be no significant impact for the public sector. |
| AASB 2014-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> | Amends various AAS's to incorporate the consequential amendments arising from the issuance of AASB 9. | 1 Jan 2018 | The assessment has indicated that there will be no significant impact for the public sector. |
| AASB 15 <i>Revenue from Contracts with Customers</i> | 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. Note that amending standard AASB 2015-8 <i>Amendments to Australian Accounting Standards - effective Date of AASB 15</i> has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017. | 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 2015-8 <i>Amendments to Australian Accounting Standards - Effective Date of AASB 15</i> | 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. |

| | | | |
|---|---|------------|---|
| AASB 2016-3 <i>Amendments to Australian Accounting Standards - Clarifications to AASB 15</i> | 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 16 Leases | The key changes introduced by AASB 16 included the recognition of most operating leases (which are currently not recognised) on the balance sheet. | 1 Jan 2019 | The changes in recognition requirements in AASB 16 may result in changes to the timing and amount of expenses recorded in the financial statements. |
| AASB 1058 Income of Not-for-Profit Entities | This Standard will replace AASB 1004 Contributions and establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objectives. | 1 Jan 2019 | The assessment has indicated that there is minimal impact. |
| AASB 2016-8 <i>Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities</i> | This Standard amends AASB 9 and AASB 15 to include requirements and implementation guidance to assist not-for-profit entities in applying the respective standards to particular transactions and events. | 1 Jan 2019 | The assessment has indicated that there is minimal impact, other than those identified in AASB 9 and AASB 15. |
| AASB 2016-7 <i>Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities</i> | This Standard defers the mandatory effective date of AASB 15 from 1 January 2018 to 1 January 2019. | 1 Jan 2019 | This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period. |
| AASB 1059 Service Concession Arrangements: Grantor | This Standard applies to arrangements that involve an operator providing a public service on behalf of public sector grantor. It involves the use of a service concession asset and where the operator manages at least some of the public service at its own direction. An arrangement within the scope of this standard typically involves an operator constructing the asset used to provide the public service or upgrading the assets and operating and maintaining the assets for a specified period of time. | 1 Jan 2019 | The assessment has indicated that there is minimal impact. |
| AASB 17 Insurance Contracts | The new Australian standard eliminates inconsistencies and weaknesses in existing practices by providing a single principle-based framework to account for all types of insurance contracts, including reinsurance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities. This standard does not apply to the not-for-profit public sector entities. The AASB is undertaking further outreach to consider the application of this standard to the not-for-profit public sector. | 1 Jan 2019 | The assessment has indicated that there will be no significant impact for the public sector. |

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 2017-18 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 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions
- AASB 2016-6 Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts
- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments
- AASB 2017-3 Amendments to Australian Accounting Standards – Clarifications to AASB 4
- AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments
- AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections
- AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation
- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015 – 2017 Cycle
- AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendments, Curtailment or Settlement



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 Trust's compliance with statutory disclosure requirements.

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T: 1300 266 561

F: 5446 9958

E: enquiries@rpcv.com.au

W: www.rpcv.com.au

A: 5 Victoria Street, Eaglehawk VIC 3556

P: PO Box 268, Eaglehawk VIC 3556

ABN: 65631351280

