

### Annual Report 2017-2018

### People Places Connections



15 August 2018

The Hon. Jill Hennessy MP Minister for Health Level 22, 50 Lonsdale Street Melbourne, VIC 3000

Dear Minister

We are pleased to submit, for presentation to parliament, the annual report of The Greater Metropolitan Cemeteries Trust (GMCT) for the 12 months ending 30 June 2018.

The report was endorsed at an extraordinary meeting of the trust on 15 August 2018.

It has been prepared in accordance with section 52 of the Cemeteries and Crematoria Act 2003 and the Cemeteries Model annual reporting guidelines 2017-18 under the Financial Management Act 1994.

The annual report has two sections — a report of operations and financial statements. It provides details of operational achievements, statutory information, financial statements and performance.

A joint report from the chair and chief executive officer is included as is a report from GMCT's chief finance officer.

The 2017-18 year was one of transformation for GMCT — one in which we built on solid foundations and started the journey to becoming a more dynamic and agile organisation that delivers increased productivity and a stronger customer focus.

We are proud of the organisation's achievements in delivering on GMCT's Strategic Plan 2017-2022. This plan focuses on community connections, lasting stewardship, operational excellence and change ready agility under the theme 'stepping up, reaching beyond'.

In line with our commitment to sustainability, limited printed copies of this annual report are available. The full report can be sourced online at www.gmct.com.au/about-us/annual-report/

Regards

Geoff Mabbett Chair

Jacqui Weatherill Chief Executive Officer

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Greater Metropolitan Cemeteries Trust ABN 89 704 536 022

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### About this report

The Greater Metropolitan Cemeteries Trust Annual Report 2017–2018 provides information about the trust's governance, objectives, functions, performance and achievements.

The report highlights GMCT's work throughout the year and includes information about management, operations, infrastructure and planning, workforce, sector leadership, stakeholder engagement and financial operations. It includes a joint report from the chair and chief executive officer.

The annual report is a statutory obligation under the *Cemeteries and Crematoria Act 2003*. It complies with financial reporting directions and meets the requirements outlined in the model report of operations. The GMCT annual report is tabled in the Victorian Parliament before being released.

This report covers the financial year ended 30 June 2018.

### **Responsible bodies declaration**

In accordance with the *Financial Management Act 1994*, I am pleased to present the report of operations for The Greater Metropolitan Cemeteries Trust (GMCT) for the year ending 30 June 2018.



#### Geoff Mabbett Chair

The Greater Metropolitan Cemeteries Trust Fawkner, Victoria

15 August 2018

To receive this publication in an accessible format phone 1300 022 298 using the National Relay Service 13 36 77 if required, or email enquiries@gmct.com.au

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Available at www.gmct.com.au/about-us/annual-report/

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## About GMCT

At The Greater Metropolitan Cemeteries Trust we believe in caring for the community with dignity and kindness.

Each year, we help more than 12,500 families — of all cultures and faiths plan and prepare for funeral, cremation, interment and memorial services.

Our 19 cemeteries and memorial parks cover more than 650 hectares of open public space. GMCT is committed to caring for these restful places in perpetuity, to preserve and protect the memories and history they hold.

Established on 1 March 2010, The Greater Metropolitan Cemeteries Trust (GMCT) is classified as a Class A cemetery trust under the *Cemeteries and Crematoria Act 2003*.

It was formed following the consolidation of eight cemetery trusts into one. These were located in Altona, Andersons Creek, Fawkner, Keilor, Lilydale, Preston, Templestowe and Wyndham.

GMCT is a body corporate with perpetual succession established by the Governor in Council pursuant to regulations under the *Cemeteries Act 1958* and updated within the *Cemeteries and Crematoria Act 2003.* 

A not-for-profit entity, GMCT is governed by a board comprising remunerated trust members appointed by the government. The trust sets the organisation's strategic direction, approves the annual budget, monitors performance, ensures compliance, develops policy, undertakes high level stakeholder management and ensures a risk management framework is in place.

#### Our vision

Lasting memories, peaceful places.

#### Our mission

We provide the final care for your loved ones, with dignity and kindness. We respect all peoples, our heritage, our communities and the environment.

### Our values

- Compassion
- Respect
- Sustainability
- Integrity

#### 📕 Our purpose

The Greater Metropolitan Cemeteries Trust offers a wide range of burial, cremation and interment options for Melbourne's diverse community.

GMCT provides a final resting place for loved ones with compassion and understanding. We are dedicated to assisting individuals and families to make important, long-term decisions that reflect their needs, wishes and cultural beliefs, and which honour and celebrate life.

Our 19 cemeteries and memorial parks have strong connections with the local communities they serve. We are committed to maintaining these peaceful, sustainable and historically-rich places for generations to come.

### Our key stakeholders

GMCT's diverse range of stakeholders includes the local communities we serve, government, our staff and the funeral and cemetery sectors.

We greatly value the relationships we establish with these stakeholders and the positive contributions each makes to our organisation.



### Chair and chief executive officer report

With Melbourne's population set to grow by three million between now and 2050<sup>1</sup>, we're evolving to ensure we're ready to serve the communities of the future. We're already anticipating how demographics and consumer needs will be shaped over time and we've been hard at work investing in land and resource planning.

The Greater Metropolitan Cemeteries Trust had a strong year of performance in 2017-18. This period was marked by many shared achievements for the trust, executive management group and staff in the management of our 19 cemeteries and two greenfield sites and provision of care to more than 12,500 families, including 4639 burials, 6887 cremations and 471 mausoleum interments.

The past 12 months has seen a strong commitment to the delivery of our Strategic Plan 2017-2022. With a clear focus on community connections, lasting stewardship, operational excellence and change-ready agility, we are confidently progressing towards a more customer centric, agile and high performing culture.

In line with our long-term financial strategy, our capital investment for the year was \$11.6 million, revenue from cemetery operations was \$59 million and operating surplus was \$32.3 million. We contributed \$27.2 million to our perpetual maintenance reserve, which provides for the ongoing maintenance and preservation of our sites in perpetuity, ensuring our cemeteries are sustainable now and into the future.

#### A focus on the future

This year was focused on laying the foundation for a series of transformations across the next five years that will touch every aspect of our organisation. GMCT will be a smarter, more contemporary organisation that embraces new technologies and new ways of working.

As we look to the future, the people we work with — our customers, our diverse communities, our volunteer groups and business partners will be essential to this exciting new period of transformation. The unique insights they offer are informing every aspect of our plan for the road ahead.

<sup>1</sup> Source: *Plan Melbourne 2017-2050; A Global City of Opportunity and Choice,* Victorian Government, Department of Environment, Land, Water and Planning 2017

#### Enhanced customer and community focus

In 2017-18 we continued to place the customer at the heart of everything we do.

It is important to GMCT that every family is given the opportunity to honour and celebrate their loved ones in ways that are meaningful to them. We are continually improving our organisation at every level — not only to meet the community's needs, but to exceed their expectations.

The newly-established service and engagement directorate has played a pivotal role in building meaningful community connections, gathering and responding to customer insights, and effectively engaging with stakeholders.

As part of our focus on community engagement we initiated an online community voice panel. This forum will bring the community's collective voice into the meeting room as we plan and deliver services for the future.

During the year we also finalised a major upgrade of our customer contact centre, allowing our people to provide a higher level of customer care, support and service. Our integrated approach to development, retail and customer service functions outperformed the goals we set in our annual plan, ensuring GMCT is well placed for the future.

Early indicators, including an outstanding result in the independently-assessed Net Promoter (customer recommendation) and Ease of Doing Business scores, suggest the transformation program is achieving results in enhancing GMCT's customer experience.

#### Valuing our people

In laying the groundwork for the next five years, we have made significant changes to GMCT's organisational structure, with an emphasis on our people and workplace culture.



GMCT is supporting its people as we transition into an agile workforce that can readily adapt to a changing environment, with a focus on encouraging collaboration, process excellence and leadership.

We have a strong commitment to health and safety and a professional development program focused on empowering the next generation of GMCT leaders, building resilience in our workforce and looking after staff wellbeing.

#### Collaborative partnerships

In 2017-18, early planning work for the 129 hectare greenfield site at Harkness in Melbourne's west began with the appointment of an expert advisory panel to guide the development of the site. This was one of a number of new collaborative partnerships we have built with organisations that are experts in their fields.

GMCT also delivered significant grave infrastructure projects this year. Sales from the Ely Court development at Keilor Cemetery reflected strong community demand and in April we commenced interments at the first stage of our 48 hectare Northern Memorial Park extension. Planning also commenced for new public mausolea at Fawkner Memorial Park and Keilor Cemetery.

Our relationships with business partners have also been a key focus in 2017-18. GMCT's new online funeral director portal was rolled out with 24/7 availability. Nearly 40 per cent of funeral directors are now booking with us online.

#### Effective leadership

The trust provides the organisation with strong governance and effective leadership. There were three additions to the trust in 2017-18. We welcomed Bev Excell, Jim Turcato and Kevin Quigley as trust members. Di Rule and Jack Wegman concluded their service to the trust. Both Di and Jack were appointed trust members in March 2013 and we thank them for their commitment and service over more than four years.

We also acknowledge staff at the Department of Health and Human Services for the counsel and assistance they provide throughout the year and helping us deliver our services to the community.

### The year ahead

GMCT has a clear vision for the future and a road map to deliver on our purpose of offering a range of burial, cremation and interment options to allow Melbourne's diverse community to make choices according to their, or their loved one's cultural, personal and religious preferences.

Key priorities include:

- using data insights to inform and align customer experiences to enhance our services in the cemetery sector
- new capability, skills and technology to enhance and improve operational functions
- continuing to engage with community, customers and business partners to achieve ongoing, sustainable change
- investing in our people to improve our customer centric and tech savvy workforce.

We are very proud of the organisation's achievements in 2017-18 and thank trust members, the executive management team, staff, our business partners and volunteers for their valuable contributions. It's a privilege to guide GMCT as we enter an exciting period of transformation, and to ensure we remain focused on the things that matter most to our stakeholders, partners, volunteers, communities and customers.

<mark>Geoff Mabbett</mark> Chair

Jacqui Weatherill Chief executive officer

### A snapshot Strategic Plan 2017-2022

GMCT's strategic theme — *stepping up, reaching beyond* — articulates a commitment to our staff and external stakeholders to consistently strive to deliver beyond expectations, challenge perceptions of the sector, improve our service offering and work with our communities.

Meeting the diverse expectations and needs of the community is GMCT's core focus. Our strategic plan is informed by consultation with customers, visitors, staff, community groups, the funeral sector, cultural and religious groups, local residents, councils and the state government.

With the aid of stakeholder insights and feedback, the plan is reviewed regularly to ensure it remains fit for purpose and lays a strong foundation for GMCT to build on in the long term.

We are investing significantly in consumer insights, market research and community engagement to ensure our actions, decisions and initiatives align with current and emerging community expectations —not only in relation to burial, cremation and memorialisation needs, but also as a leader in the cemetery sector and as a provider of public open spaces.

We are integrating and leveraging digital technologies to enhance the experience of our customers, improve our service offering and develop our business systems and processes.

We will also continue to set a high benchmark with respect to our role as industry leaders, in particular supporting Class B cemetery trusts and strengthening relations with the funeral and stonemason industries. Our aspirational road map for the five-year strategic plan sees GMCT focus on four fundamental pillars:

- community connections
- lasting stewardship
- operational excellence
- change-ready agility.

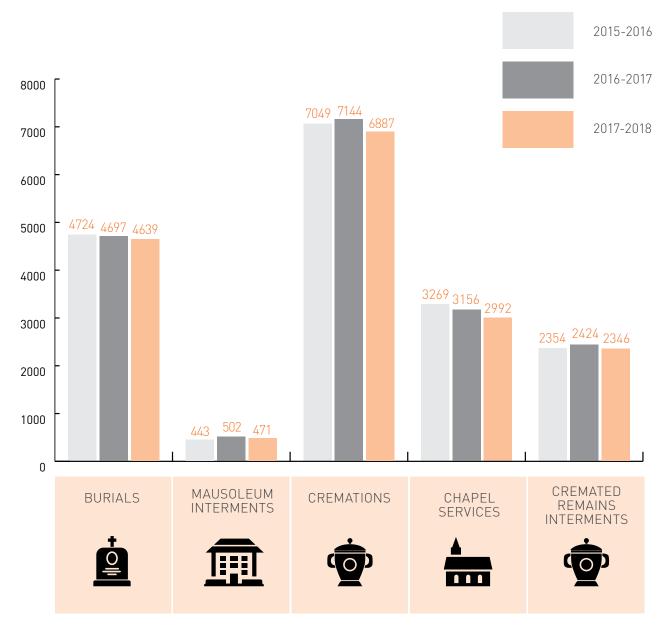
These priority areas underpin and inform initiatives and decision-making and ensure we are focused, transparent and accountable. A total of 12 strategies support these four pillars.

GMCT's annual plans provide the mechanism through which we action and deliver on the five-year strategic plan. The strategic plans can be viewed at http://www.gmct.com.au/about-us/annual-report

### At a glance



### Performance report



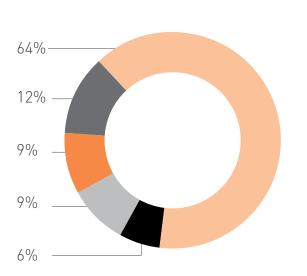
### Performance data over the past three years

### **Energy consumption\***

Energy	2017-2018	2016-2017	2015-2016
Electricity	1,273 (MwH)	1,354 (MwH)	1,453 (MwH)
Gas	Not yet available	8,410 (GJ)	10,321 (GJ)
Water	82 mega litres	85 mega litres	71 mega litres

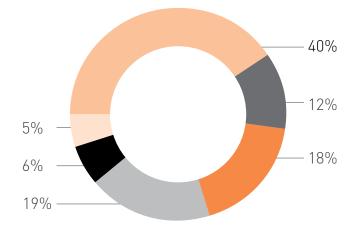
\*Estimated

### Financial comparative analysis



Revenue

### **Operating expenses**



	\$ 000
Right of interment	37,982
Interments	7,344
Cremations	5,197
Memorialisation	5,145
■ Other	3,284

	\$ 000
Salaries and wages	19,131
Maintenance and operations	5,733
Administration	8,376
Cost of sales	8,750
Other	2,853
Cemetery levy	2,383

### **GMCT** comparative results

	2018 \$000	2017 \$000	2016 \$000	2015 \$000	2014 \$000
Operating and investment income	79,561	78,092	57, 777	59,678	58,977
Cost of sales	(8,750)	(10,926)	(6,933)	(6,534)	(7,174)
Total income from transactions	70,811	67,166	50, 844	53,144	51,803
Total expenses	38,476	34,962	31,747	33,438	23,720*
Operating surplus	32,335	32,204	19,097	19,706	28,083
Total assets	470,677	431,175	369,904	351,289	328,181
Total liabilities	30,460	28,383	24,622	24,103	21,715
Net assets	440,217	402,792	345,282	327,186	306,466

\* Included \$6.8 million of realised gains on sale of investments.

### **Community connections**

### Strategic goal 1

We strive to be connected to our communities to ensure we can reflect their needs, preferences and beliefs — and be responsive as those needs change over time.

GMCT will use new technologies to proactively foster and facilitate meaningful community connections. Our values will continue to underpin our engagement with families and communities as we embrace a consumer-directed approach, reflecting increased desire from our families for personalised and customised services.

### Strategic objectives

### Embed a family and community oriented service

Demonstrate a measurable family and community centric approach to service delivery across all parts of our business.

#### Enhance digital consumer connections

Utilise appropriate technologies to engage and inform the community.

### Build progressive community leadership

Foster and facilitate deep and proactive connections with our communities underpinned by our values.

### The highlights

### Customer centric approach

With a greater focus on the customer, and by integrating customer needs into our business practices, GMCT is committed to becoming a more customer centric organisation.

The service and engagement directorate was established on 1 July 2017 in recognition of this commitment. The directorate is focusing on establishing meaningful community connections, gathering customer insights and effectively communicating with our stakeholders. A dedicated GMCT team will run a 'customer first program' in 2018-19.

Customer insights will continue to inform the development of our products and services and the ways in which we connect with consumers to understand their needs. Significant 44 per cent growth in GMCT's Facebook audience reflects the important role played by our social media and digital channels to facilitate feedback and engage in meaningful conversations with our customers in 2017-18.

### A voice for the community

A key focus for the next 12 months is establishing a community voice panel. The panel will explore a range of topics throughout 2018-19 via an online platform with results published on the GMCT website. Establishment of the community voice panel began in June 2018 with GMCT starting to recruit panel members. Our aim is to have 2000 registered panel members by the end of 2018-19.

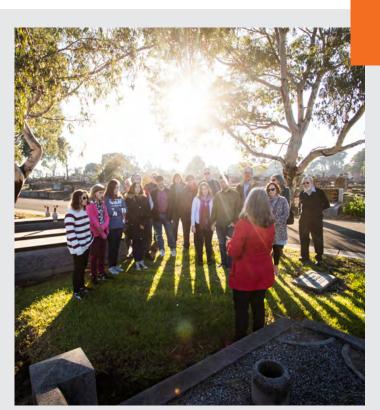
The panel will function as a community 'check-in', with members providing insights into a range of topics and issues that are important to our communities as well as other key stakeholders. Registration is open to all members of the community via the GMCT website.

### Cemeteries as places of significance

GMCT's 2017-18 events program provided opportunities for the public to explore the role of cemeteries as places of significance in their lives, families and communities. A wide range of cultural, religious, educational and historical events and activities were staged and supported by GMCT throughout the year.

To mark the opening of the Keilor Cemetery extension, GMCT commissioned a poem by Lisa Gorton. Lisa's poem *Keilor Cemetery* was read by community representatives in Greek, Italian, English and Maltese at the event.

Community input continues to enable GMCT to create meaningful experiences that reflect the diverse ways in which our communities engage with our parks.



### SHARING STORIES AT COBURG CEMETERY

Friends of Coburg Cemetery (FOCC) runs a busy program of engaging activities at one of Melbourne's most historically rich cemeteries.

The volunteer-run group delivers tours and educational events to showcase the beauty, diversity and historical significance of Coburg Cemetery.

FOCC president Julie Stratford has a longstanding passion for the 150-year-old cemetery, which she says was established "when Melbourne was still young, new and wild".

"Through our events and the work we do, we encourage the community to learn and appreciate the cemetery for the historical significance of the space, the memorials, the people interred there and their stories," she said.

"Cemeteries explain why we are who we are and remind us that long lives, short lives, love, death, tragedy, joy, friendship, crime and beauty are common human experiences across time."

### Community advisory committee – chair's report

It was a pleasure to again play a role in helping GMCT build closer and more relevant connections with our communities in 2017-18.

The community advisory committee (CAC) ensures that the broad communities we serve are well represented and that their views inform GMCT's policy development, service provision and future planning.

GMCT is required to establish a community advisory committee under the *Cemeteries and Crematoria Act 2003.* Its nature and role are outlined in the community advisory committee guidelines for Class A cemetery trusts and GMCT's terms of reference for CAC.

The committee considers matters referred to it by the trust and brings to the trust's attention various community concerns and items of interest in relation to GMCT's services. It also informs and monitors GMCT's community engagement.

CAC explores the needs of our local communities as well as broader religious, cultural and heritage groups in relation to our cemeteries and services.

Following significant changes to committee personnel in 2016-17, the past year was one of stability with only one change to CAC membership. Trust member Kim McAliney retired and Bev Excell joined the committee.

CAC continues to be a diverse group comprising trust members, grassroots community representatives and specialists in social policy. That diversity is reflected in age and gender as well as cultural and professional backgrounds. The regular attendance of trust chair Geoff Mabbett and chief executive officer Jacqui Weatherill at committee meetings underlines the importance of CAC to GMCT. Our vision is for GMCT to play a world-class leadership role in terms of what a community advisory committee can achieve for any organisation and in that respect we continue to explore new ways of engaging with our communities and securing valuable consumer insights to inform trust decisions.

CAC was pleased to note GMCT's progress in using social media to communicate directly with individual members of the public and the many community groups who have an interest in our activities. A more proactive online approach has strengthened the organisation's connections to the community.

Apart from their work online, GMCT staff have again been busy with a program of community events and engagement activities that ensure community connections remain strong.

A real focus has been the pending development of the greenfield site at Harkness in Melbourne's west and the role that community engagement will play. GMCT's commitment to listening to our communities provides a real opportunity for the public to have a say in what cemeteries will look like in the future.

My thanks to all members of CAC for your commitment to the role, your thoughtful contributions at our meetings and your dedication to helping GMCT enhance its engagement with the community.

Liz Beattie Chair



**14** From left to right: Janet Borg, Liz Beattie, Dr Bjorn Nansen, associate professor Tammy Kohn, Venerable Thich Nguyen Tang, Vivienne Jackson, Kim McAliney, Meg Jenkins, Bev Excell and David Cragg.

### Events and community engagement

### GMCT is committed to actively engaging with its communities.

This is demonstrated in a number of ways including a busy GMCT events calendar and our support for community-led events and activities that are held within our cemeteries.

Memorial services are staged at many GMCT sites throughout the year, providing community members with an opportunity to remember and reflect. All Souls' Day mass, Anzac Day services and Mother's Day and Father's Day services are among the most popular events.

### Highlights of the 2017-18 events program included:



#### Baby Lily Grace Day

Baby Lily Grace Day is a day to honour and remember children who have passed away without family.

In May 2018, GMCT staff were joined by representatives of Friends of the Garden of Angels and Sands Australia to lay a wreath at Fawkner Memorial Park's Garden of Angels.



#### Exploring cemeteries of the future

Prominent Australian futurist Dr Peter Ellyard delivered a thought provoking presentation on how cemeteries could adapt to social and technological change as part of the 2016-17 GMCT annual meeting in November 2017.

More than 100 guests including trust members, GMCT staff, industry partners, suppliers, volunteers and community leaders attended the event.



#### All Souls' Day

All Souls' Day is an important day on the Christian calendar for commemorating family members who have died.

In 2017 GMCT hosted 10 community All Souls' Day masses at nine cemeteries. The masses were presented in a range of languages including English, Italian, Maltese and Polish.



#### Keilor Cemetery extension opening

The extension to Keilor Cemetery was officially opened on 1 September 2017 at an event featuring multilingual poetry readings and the unveiling of a commemorative plaque. GMCT welcomed Parliamentary Secretary for Health Gabrielle Williams, trust members, councillors, religious leaders, volunteers and community members to mark the occasion. GMCT was particularly honoured that families who had recently laid a loved one to rest in the new section of the cemetery attended the event.



#### Anzac Day commemoration

GMCT's Anzac commemoration ceremony was led by director infrastructure and development Pelagia Markogiannakis — who served in the Royal Australian Navy. She delivered poignant closing words on remembrance and commemoration in today's society:

"We have not forgotten and we are defined, at least in part, by the act of remembrance. It makes us who we are and reminds us, in the face of an unknown future, who we can be — courageous and compassionate, resolute and resilient — a people of our own time, reaching back with pride and solemnity, looking forward with a sense of purpose to a better world."

### Lasting stewardship

### Strategic goal 2

Our future planning is informed by an ongoing commitment to the preservation and promotion of our cemeteries' history and heritage, and a recognition of the new histories recorded across our regions every day.

We are committed to responsible long-term planning and resource management in order to deliver sustainable services and peaceful places for generations of families to come.

### Strategic objectives

### Sustainable resource management

Responsible long-term planning and management of our land and resources.

### Custodians of heritage

Preserving and promoting accessible cemetery history and heritage.

### Influential policy leadership

Proactive and commercially astute thought leadership that represents the interests of the sector and influences government decision making.

### The highlights

### Designing for the future

GMCT has begun the planning process for a future memorial park at its greenfield site in Harkness, one of the newest suburbs in Melbourne's west.

The Harkness site covers 129 hectares, almost four times the size of the Victorian Botanic Gardens, and will be the largest cemetery development in Melbourne for over 100 years.

GMCT's vision for the site includes designing 'emotive landscapes' with a focus on strengthening connections between people and place.

Our first step has been to establish an expert reference panel including representatives from Melbourne Water, Parks Victoria, Royal Botanic Gardens Victoria and World Urban Parks to assist with master planning.

The next step is to start a vital community conversation. Community voices, alongside expert guidance, will be at the heart of this major development, giving shape to the cemetery landscape of the future.

#### Extending the lifespan of Northern Memorial Park

Development continues at the approximately 48 hectare extension to the north of Northern Memorial Park in Glenroy.

The first stage of the development was completed in April 2018, with 2128 graves released. A successful pre-release sales event was held in June, with strong demand from the community leading to more than 120 graves being pre-purchased.

A further 2550 monumental graves and 2088 lawn graves are currently under construction and are expected to be released in early 2019.

This major initiative is forecast to extend the active lifespan of Northern Memorial Park for approximately 25 years.

### Planning to meet the community's needs

In 2017-18 GMCT undertook significant development works across many sites, including the construction of new grave infrastructure to meet the community's needs at cemeteries in Werribee, Williamstown, Altona, Healesville and Lilydale.

GMCT also invested \$120,000 in renovating the historic tearooms at Fawkner Memorial Park. The popular art deco building underwent significant improvements and reopened for cafe service and catering in September 2017.

Aged and deteriorating concrete niche walls at Coburg Pine Ridge Cemetery were replaced with well appointed granite niche walls, extending the lifespan of the structure while also creating new opportunities for community members to memorialise their loved ones.

Customers were also offered a rare opportunity to purchase new graves at some of our oldest cemeteries with the addition of 84 monumental graves adjacent to an historical area at Keilor Cemetery and new graves and cremated remains memorials at Templestowe Cemetery.

Early planning work has also commenced for new public mausolea at Fawkner Memorial Park and Keilor Cemetery following steady expressions of interest from local communities in these areas.

Artist impression of the Northern Memorial Park extension.

### Environmental sustainability

GMCT is committed to delivering effective and environmentally sustainable products and services, and to managing our landscapes, resources and assets in a way that ensures they can be sustained for future generations.

A five-year environmental sustainability plan was prepared in 2016. Based on the United Nations Sustainable Development Goals, its primary purpose is to direct efficient and effective improvements to GMCT's environmental sustainability performance through to 2021.

#### Giving back to the grid

Solar panels were installed at GMCT's corporate office at Fawkner Memorial Park in early 2017. This reporting period marked the first full 12 months in which performance could be measured and the results are impressive. The solar panels delivered almost 50 per cent of Fawkner Memorial Park's energy.

GMCT recently introduced two new hybrid cars to its fleet of staff vehicles and has undertaken an extensive review of its utilities and energy usage. Following the implementation of new scheduling procedures in our three crematoria, cremation services at GMCT were conducted using 4.5 per cent less energy than in the previous 12 months.

#### Grants for our waterways

In 2017 GMCT received a Melbourne Water grant to undertake significant rehabilitation and revegetation works to a section of Campbellfield Creek running through Fawkner Memorial Park.

GMCT has also received a state government grant of \$300,000 to undertake environmental management works along Kororoit Creek at Altona Memorial Park. These funds will allow GMCT to implement an integrated exotic weed management plan, plant indigenous trees, control rabbits and foxes, and install perimeter fencing.







#### Green team achievements

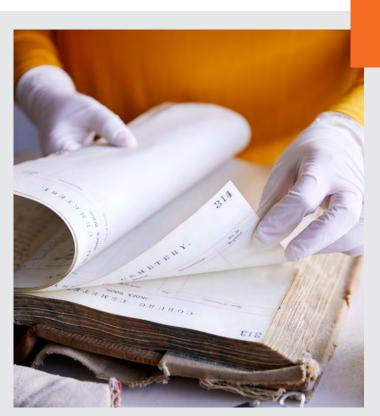
The green team is a staff-led initiative supporting the investigation, development and implementation of sustainability ideas and activities. The team introduced a number of initiatives in 2017-18 including equipping all GMCT staff with 'keep cups' to reduce waste from our cafe operations. A wide-ranging utilities review saw many appliances upgraded to more energy efficient models.

A key green team initiative was entering a new partnership with Circular Foods in order to close the loop on food waste at GMCT's cafes and catering venues. Food waste is recycled into fertiliser which is used by our horticulture staff to feed herb gardens harvested by GMCT's catering supplier, Celeste Catering.

#### Environmental legacies

In 2017-18 GMCT experienced increased interest in green memorialisation options offered in partnership with Living Legacy Forest. Patented technology scientifically transforms cremated remains into micronutrients that are infused into the roots of a tree, offering customers a unique opportunity to create a living memorial for their loved ones.

GMCT also provides natural burial options at Lilydale Memorial Park and Healesville Cemetery.



### THOUSANDS OF RECORDS, MILLIONS OF STORIES

Noela Bajjali, digitisation program leader at GMCT, is a guardian of a rich collection of historical records and manages the process of uncovering, preserving and making the stories of our communities available for years to come.

GMCT is the custodian of records from 19 cemeteries, some of which date back to the 1850s. Our records include documentation of cremations, interments and plot ownership, photographs, plans, illustrations and operational information.

With the assistance of volunteers an extensive project is underway to preserve these historical documents through digitisation and improve their accessibility for researchers and the public.

"You look out across the cemetery and there might be 100,000 interments there. It's a lot of stories, because each person has their own personal story, their place in the history of their local community and in the broader community," Noela said.

# GMCT cemeteries and memorial parks





### **Cemetery lifecycle**

A number of GMCT cemeteries have been serving the local community for more than 150 years. Today GMCT manages 21 sites including two greenfield sites allocated for cemetery use under the Victorian Government Gazette. About one third of the cemeteries managed by GMCT are either in a state of perpetual maintenance or have almost reached peak capacity. The text at right explains the cemetery lifecycle.

Concept

The initial identification of need or opportunity and identification and acquisition of new land for cemetery use.

### 2

### Establishment

Planning for the development of new greenfield sites and acquired land.

<b>O</b> SITE	:	REGION	(ha)	B LIFECYCLE STAGE
	Altona Memorial Park	West	53.3	Active
2	Andersons Creek Cemetery	East	3.3	Active-Transitional
3	Burwood Cemetery	East	6	Transitional
4	Coburg Pine Ridge Cemetery	North	10.3	Transitional-Perpetual
5	Emerald Cemetery	East	2	Active-Transitional
6	Fawkner Memorial Park	North	111	Active
7	Healesville Cemetery	East	3.6	Active-Transitional
8	Keilor Cemetery	West	14	Active
9	Lilydale Lawn Cemetery	East	4.5	Transitional-Perpetual
10	Lilydale Memorial Park	East	36.3	Active
11	Northcote Cemetery	North	0.4	Perpetual
12	Northern Memorial Park	North	98.4	Establishment-Active
13	Preston Cemetery	North	9.5	Active
14	Templestowe Cemetery	East	3.9	Transitional-Perpetual
15	Truganina Cemetery	West	1.6	Perpetual
16	Werribee Cemetery	West	5.6	Active-Transitional
17	Williamstown Cemetery	West	11.4	Active-Transitional
18	Yarra Glen Cemetery	East	2	Active-Transitional
19	Plenty Valley	North	83.2	Establishment
20	Harkness	West	128.6	Establishment
21	Footscray Cemetery	West	11	Transitional-Perpetual

### 3 Active

The operation of cemeteries that have high visitation and interments and a wide range of services.



### Transitional

Lessening requirement for infrastructure, continued but declining interment and services, medium visitation.

### 5

### Perpetual

Cemeteries with minimal space available and low visitation rates, requiring ongoing maintenance and a focus on heritage.

### **Operational excellence**

### Strategic goal 3

Operational excellence provides the foundation for GMCT to deliver a high standard of products and services that meet the needs of our community and exceed expectations.

At every level of our operations we strive for the best possible outcomes and aim to develop a culture of continuous improvement. We aim to achieve the highest standards in governance and to foster strong strategic partnerships with key stakeholders.

### Strategic objectives

### Process excellence

Best practice and results driven governance processes that enable excellence and productivity.

### Aligned workforce capability

Define and promote our Employee Value Proposition to attract talent and develop future leaders.

### Blended service partnerships

Maximise our results by fostering strong strategic partnerships.

### The highlights

### A monumental task

In 2017-18 GMCT rolled out its five-year headstone safety project.

This project will see every headstone in every GMCT cemetery tested for safety and stability. With over 320,000 headstones, the oldest of which were erected more than 150 years ago, this project will also demonstrate our commitment to process excellence and digital transformation.

As each monument and headstone is tested, the location and stability rating will be recorded in our integrated geographic information system.

GMCT staff member Terry Simmons was recognised by the Cemeteries and Crematoria Association of Victoria and was presented the CEO Award at GMCT's STAR awards for his dedication to this project over the past 12 months.

### Making space for collaboration

GMCT recently completed construction of an extension to our corporate office at Fawkner Memorial Park and commenced an extensive refurbishment of the existing building.

Featuring an impressive modern design, the new wing provides collaborative workspaces, meeting places and offices, and brings together staff previously stationed in remote offices. Staff have reported a newfound sense of camaraderie and connectedness, and are enjoying the ability to collaborate between teams.

The head office extension and refurbishment is part of a larger GMCT-wide project designed to bring teams together, increase workforce agility and enhance team culture.

#### Understanding and improving our capabilities

In 2017-18, GMCT implemented a workforce competency framework that strategically aligns staff skills and competencies with the needs and demands of the business and evolving customer expectations.

The capability framework was developed from a series of interviews and workshops with key staff in order to gain an in-depth understanding of current capabilities across GMCT. Skills and abilities required for each role are determined based on strategic priorities, business area needs and individual role requirements.

The capability framework is now used by GMCT to identify skills gaps and to recruit the right people.



### A culture of continuous improvement

GMCT undertakes regular audits of its processes, service delivery performance and various operational functions as part of a program of continuous improvement.

Strong results from a number of these audits, including burial operations and cremation processes, were a highlight this year. Following the integration of our mapping system into burial procedures, a particularly strong result was achieved for grave identification, one of the most critical and challenging tasks GMCT undertakes.

An improvement in crematorium energy efficiency was noted as a significant step forward for the organisation and auditors also praised GMCT staff for the highly professional and dignified manner in which they undertake a challenging role.

### Health and safety prequalification

We have continued to roll out our online contractor management system to improve workplace health and safety. CM3, an independent third-party system, allows us to better manage the workplace health and safety prequalification process for contractors, suppliers and strategic partners.

This new system is fundamental to GMCT's commitment to meeting our legal requirements under sections 20 and 21 of the *Occupational Health and Safety Act 2004* and our moral obligation to provide safe workplaces for our staff.

GMCT has successfully rolled out the system to construction contractors, maintenance contractors and stonemasons, with more than 120 businesses pre-qualified so far.

### Occupational health and safety

GMCT strives to provide a safe and healthy workplace for all staff. GMCT has a proactive approach to preventing physical injuries and accidents and we encourage our workforce to identify hazards and manage risks.

We also encourage employees to bring any pre-existing issues to our attention so we can initiate modified work programs, allowing them to stay at work and remain healthy and productive. In 2017-18 we increased our focus in this area due to the trend towards an ageing workforce.

During 2017-18 GMCT recorded zero on-site accidents. All physical injuries that resulted in WorkCover claims or lost days were due to pre-existing conditions that were aggravated at work. We have a proactive injury prevention strategy and an early intervention approach to all work-related injuries and illnesses that focuses on sustainable return-to-work programs. Workplace health and safety forums are held monthly and our rigorous occupational health and safety (OH&S) audit program comprises 98 individual audits annually.

The promotion of positive mental health and wellbeing has been a significant focus in 2017-18. GMCT has trained mental health first aid officers at each site to assist staff or visitors. Almost 400 hours in resilience training has been undertaken as well as 790 hours in OH&S training.

In 2017-18 we have managed the workplace health and safety of on-site contractors and stonemasons through the CM3 prequalification system. CM3 is an important element in ensuring GMCT cemeteries are safe workplaces and safe places to visit.

Throughout the year GMCT staff provided sector leadership via a number of presentations on the benefits of OH&S management systems like CM3 to Class B cemetery representatives through the Cemeteries and Crematoria Association of Victoria.

	Category	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014
Incidente	Total no. of incidents	312	329	370	296	218
Incidents	Lost days*	270	31	240	144	475
Workcover	No. of standard claims*	5	2	6	1	7
	No. of minor claims*	3	4	2	3	6
	Average claim cost*	\$55,384	\$1,328	\$25,650	\$24,905	\$40,846

\*Figure based on accepted claims correct at 30 June 2018.

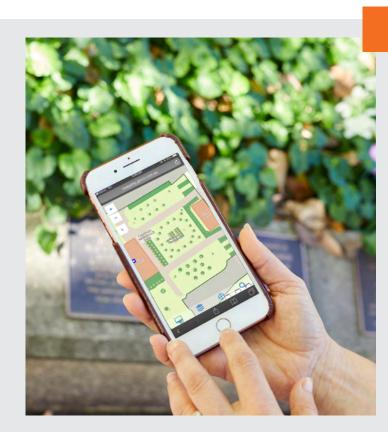
WorkCover claims (over 10 days) during the reporting period. Other occupational health and safety data for the period is as follows:

- hazards and incidents per 100 staff were 120
- number of lost time standard claims per 100 staff were 2.17
- no fatalities or serious incidents occurred.



There were 14 recordable injuries in total for 2017-18. There were five lost time injuries and five standard

### Occupational health and safety statistics



### MAPPING FOR THE COMMUNITY

Mapping a large open space as historically rich as a cemetery is a complex process.

GMCT's geographic information system (GIS) mapping specialists Tina Bell and Karina Vitiritti are working with innovative new technologies to make it easier for visitors to find the resting places of ancestors and notable gravesites.

Throughout 2017-18, GMCT continued to refine its digital mapping system using industry leading Intramaps technology. The GIS mapping system connects with the deceased search function on GMCT's website, allowing the public to search records and generate a custom map showing the precise location of a plot.

It is a valuable tool but it's also challenging to maintain. Across 19 cemeteries GMCT manages around 500,000 plots, each with their own unique geographic characteristics and history. The goal is to accurately and comprehensively map all historic plots and new ones.

### Change-ready agility

### Strategic goal 4

GMCT is developing a workforce that is energised and excited to respond to future change. Over the next five years we will face many challenges, but these challenges also present opportunities to realise our aspirational goals.

We will strive to operate in an ongoing cycle of positive change and employee involvement, working towards a culture of continuous improvement of our services, products and processes.

### Strategic objectives

#### Empowered, collaborative and a can-do workforce

Develop a confident team that is supported and informed to make quality decisions aligned to their role and the organisation's goals.

#### Innovation through learning

Develop a culture of continuous improvement.

### The highlights

### Transforming our business

A major initiative this year has been the introduction of an organisation-wide transformation program, stemming from a 2016-17 review of GMCT's digital capacity and our goal to establish a more digitally enabled, customer centric organisation.

The transformation program extends to every aspect of GMCT's business and will enable GMCT to leverage new technologies and new ways of working to become a more contemporary organisation. It will underpin major cultural and systems changes throughout key areas of the business, driving productivity improvements.

At the heart of the program is the 'customer' including families engaging GMCT's services, business partners (in particular funeral directors and stonemasons), internal staff and the broader community.

We are exploring what the customer needs and will develop and implement technology to meet those needs.

### Developing innovative products

GMCT set a goal of achieving more than \$1 million in non-traditional revenue this financial year. This target was achieved by expanding our service offering, adding value and providing a better customer experience.

We developed a memorial plaque 'care package' including memorial cleaning and care products. GMCT also entered into an agreement to provide temporary grave markers (traditionally provided by funeral directors), which will be personalised to the deceased and specific to the individual grave.

### Workforce strategy

GMCT has implemented stage one of its workforce strategy. The strategy provides a road map to attracting, developing and leading a workforce that is capable and responsive to organisational requirements.

A key aspect of the workforce strategy is measuring staff engagement. GMCT has been measuring staff engagement since 2015. It is an important tool that allows our staff to provide authentic feedback about our workplace and culture.

GMCT strives to build a culture that puts the customer at the centre of our business and aligns objectives, targets, rewards and recognition with customer needs.

### Customer contact centre

In 2016-17, GMCT consolidated its customer communication channels by establishing a centralised customer contact centre at head office at Fawkner Memorial Park. All enquiries, bookings and customer contact is managed through this central hub.

Over the past 12 months the introduction of new technology and processes has improved the efficiency of the customer contact centre. This has enabled GMCT to:

- centralise funeral director bookings
- secure data for workforce planning, coaching and improvement
- secure data to assist with disputes and complaints resolution.

### Online funeral director portal

GMCT is developing its e-commerce relationships with key stakeholders including funeral directors, stonemasons and celebrants.

This process began with the establishment of a funeral director portal to facilitate 24/7 online cremation bookings. The portal rollout commenced with pilot groups in June 2017 and a further release with enhanced features was delivered in December to a broader user group.

Since that time GMCT has experienced a shift from phone to online bookings with close to 40 per cent of funeral directors now using the portal.

GMCT has been conscious of building a customer experience that is simple, effective and reflective of the diversity of the funeral sector. Further developments will enable bookings of burial and chapel services.

In developing its online business-to-business capability GMCT liaises closely with its stakeholders and involves them directly in the development process.

### Workforce

### In 2017-18, a dedicated team of GMCT employees helped more than 12,500 families plan and prepare for funeral, cremation, interment and memorial services.

Every day our experienced staff deliver high quality services in customer care, burial operations, administration and grounds maintenance. They play an important role in helping community members celebrate the lives of family members or friends and do so with the utmost compassion, integrity and respect.

Our people are fundamental to the strong reputation we enjoy in the cemeteries sector and within local communities, engaging both formally and informally with families, business partners, visitors and other stakeholders at each of our 19 cemeteries.

#### A strategic approach

An engaged, collaborative and skilled workforce is critical to our success. GMCT is committed to investing in the development and support of our people to foster a workplace culture that is aligned with our values.

In 2017-18 GMCT implemented stage one of its workforce strategy to better engage the workforce as well as build a customer centric culture. The strategy is designed to lift GMCT's performance and capability and help the organisation attract, develop and lead a workforce that is agile, capable and responsive.

An important element of the strategy is measuring staff engagement. In June 2018 the whole GMCT workforce comprising over 250 members (staff and contractors) completed a staff engagement survey. The results of this will be measured against a benchmark survey conducted in 2016-17.

The 2017 enterprise bargaining agreement (EBA) was successfully and respectfully negotiated and certified in February 2018. The EBA, which has a four-year term, ensures that GMCT employees are the best remunerated in the Australian cemeteries sector.

### A preferred employer

GMCT strives to be a preferred employer and in 2017-18 a greater emphasis was placed on attracting new employees and staff retention.

A highlight during this reporting period was the redevelopment of the careers page on the GMCT website to showcase the benefits of working at GMCT and provide more detailed information on the recruitment and application process.

A workforce wellbeing program was launched during the year. The program aims to support staff happiness and health, both at work and at home. It offers a series of monthly initiatives, challenges and seminars designed to help staff get the most out of life and enjoy their time at work.

### **Employment and conduct principles**

GMCT is committed to ensuring its employment practices and conduct are free of any direct or indirect discrimination on the basis of sex, race, age, disability and all other attributes that apply in Victoria under federal and state laws. Recruitment is conducted according to merit based on relative ability, knowledge, skills and organisational fit. The appointment process is equitable, fair and based on legislative requirements and GMCT policies.



### Workforce by numbers

At 30 June 2018, GMCT had a total of 218 staff with a full-time equivalent (FTE) of 203.94. The workforce includes both indoor and outdoor staff. Indoor staff are involved in client services, administration, human resources, finance, planning, corporate communications and information communication technology. Outdoor staff are responsible for burial operations, cremations, chapel services, horticulture and repairs and maintenance.

In 2017-18 GMCT continued its commitment to providing opportunities in apprenticeship programs and employed an additional three apprentices to join the horticulture team.

	Employees 2018	Employees 2017	Male/ Female % 2018
Male	139	135	64
Female	79	73	36
Self described	0	_*	0
Total	218	208	100

\*Data not available

	2018 FTE	2017 FTE
Part-time	20.78	15
Full-time	183	184
Casual	0.16	0.11
Total	204	199

No. of employees	2018	2017
65 and over	8	7
55-64	54	48
45-54	65	76
35-44	52	38
25-34	35	33
Under 25	4	6
Total	218	208

### Learning and development

GMCT provides a comprehensive learning and development program to support its workforce. This includes accredited training, compliance training, in-house workshops and competency based training.

The program is designed to empower the workforce with specific and general knowledge to ensure service quality and workplace health and safety are at the highest levels and are consistent across all GMCT sites.

GMCT staff undertook a total of 3502 training hours in 2017-18 including training in grave safety, customer service, leadership, plant and equipment, business continuity, traffic management, software, security and occupational health and safety (OH&S).

There was a significant investment in leadership development programs. This was conducted at executive management, manager and supervisor levels to ensure that our senior staff can effectively lead our transformation to a more agile workforce.

We also invested heavily in resilience training in 2017-18. GMCT's resilience training framework covers understanding the grief process, the impact of trauma, emotional agility and active resilience.

In 2017-18, a total of 24 staff received formal qualifications.

Eight staff achieved Leadership Management Australia qualifications, nine achieved Certificate III in horticulture and seven achieved Certificate III in burial operations.

Training and development	Total hours
Crisis management	21
Customer care	752.4
Leadership development	848.2
Mindfulness	121
Resilience	399
0H&S	790
Tickets and licence	209
Other	361
Total	3502

### Staff awards and recognition

### GMCT takes great pride in acknowledging and celebrating the efforts of our staff at the STAR (special thanks and recognition) awards night.

The STAR awards showcase exceptional performance by employees across a range of categories.

Four recipients, nominated by their peers, are acknowledged for the manner in which they embrace GMCT's values of compassion, respect, sustainability and integrity.

A STAR award is presented to a staff member who shows exceptional leadership and to one or more employees who demonstrate outstanding commitment to workplace health and safety.

Director awards are presented across a number of categories while a chief executive officer's award for excellence is awarded for strong commitment to the overall values of the organisation and/or achieving an outstanding result within their business unit.

The chief executive officer's award for 2017 was presented to maintenance gardener Terry Simmons for his outstanding efforts in developing and managing a headstone safety project.

Awards are also presented to an employee from each of GMCT's three regions.

### STAR awards

For the value of For the value of **SUSTAINABILITY** Rob DePaoli For the value of RESPECT Peggy Sideris Nadia Boyce For demonstrating

LEADERSHIP Andrew Eriksen

COMPASSION Simone Spiteri

For the value of INTEGRITY

For excellence in OH&S Chase Morgan

#### Regional awards

EAST REGION AWARD Janice Hawkins

NORTH REGION AWARD Mark Phelan

WEST REGION AWARD Glenn Ilsley

Director awards

STRATEGIC DEVELOPMENT AND INFRASTRUCTURE AWARD

Adriana Cordoba

SERVICE AND ENGAGEMENT AWARD Mitchell Welch

### CEO award for excellence

Terry Simmons

#### FINANCE AND BUSINESS AWARD

James G Thomas and Karl Bates

**OPERATIONS AWARD** Laura Bojczuk

# THE ORGANISATION

### 25 years service award

- Victor Kostas
- Kristine Filmer
- Edward Reid

Service milestones — long service awards

The following GMCT employees were acknowledged during 2017-18 for their significant service to the organisation.

Frances Gangi

Janette Reynolds

Catherine Sobol

Daniel Walkeden

Michael Mitchell

Carol Remedios

Steven McDonell

John Jackson

Allan Brewer

Senol Mat

### Five years service award 10 years service award

- Chase Morgan
- Celeste Bordeaux
- Michael Murphy
- . Kelly Barrett
- Eva Butler
- John Mills
- Lorena Valencia .
- Dean Simmons
- Jay Onciarich
- Renee Scicluna .
- Shane Hudgell
- Julia Zaccaria
- Lauren Whitehead
- Vaughan Prout
- Sharon Dore
- Jacqui Weatherill
- Bart Clingin
- Andrew Radford

GMCT's hardworking horticulture team keeps our cemeteries looking beautiful year-round.

In 2017 their knowledge was shared with members of Encouraging Women in Horticulture Australia (EWHA) who visited Fawkner Memorial Park for a tour led by senior supervisor in horticulture excellence Helen Linehan — who has worked at the cemetery for 22 years.

"I don't think enough women choose horticulture as a career," Helen said. "The EWHA event was special to me because the women wanted to follow my journey."

Helen is passionate about boosting the profile of cemeteries as public spaces.

"We were able to showcase the cemetery as a recreational environment," she said. "We open people's eyes and minds to something totally different and debunk the myth that cemeteries are just for memories — they're not, they're also for the living."

# HORTICULTURE WITH PURPOSE



15 years service award

Jeannette Vella

Luke Woodson

Rosemary Saunderson





### The organisation

#### The trust at a glance Objectives, functions and powers

The Greater Metropolitan Cemeteries Trust (GMCT) is classified as a Class A cemetery trust under the *Cemeteries and Crematoria Act 2003.* 

#### Manner of establishment and the relevant minister

Established in 2010, GMCT is a body corporate with perpetual succession and is accountable to the Department of Health and Human Services and the Minister for Health. GMCT is responsible for the management and perpetual maintenance of 18 cemeteries across Melbourne's north, east and west, two greenfield sites and all associated burial, cremation and interment services. It is also responsible for the management of one site under a fee-for-service arrangement.

#### Nature and range of services provided

GMCT provides the following services:

- interment in graves
- interment in mausolea
- interment of cremated remains
- cremations
- venue hire
- hospitality
- memorialisation
- perpetual maintenance
- archival cemetery and genealogical records

### Trust members

Corporate governance of GMCT is the responsibility of nine trust members who are appointed to the board by the Governor in Council on the recommendation of the Minister for Health.

The key roles of the trust members include:

- setting and steering the organisation's strategic direction
- approving annual budgets and ensuring sound financial management and asset management
- overseeing, monitoring and assessing performance against the annual plan
- ensuring compliance with statutory and regulatory obligations
- ensuring effective risk management through a robust framework and systems.

In accordance with the *Cemeteries and Crematoria Act 2003* and GMCT's terms of reference, trust members hold office for a term of up to three years but are eligible to apply for reappointment for a further three-year period. The Victorian Government sets their remuneration.

When making new trust member appointments the Victorian Government ensures the trust has the necessary combination of skills and experience.

32 community events.

### Organisational structure



### Trust members at 30 June 2018



Geoff Mabbett - chair

BEng (Hons), MEng Sci, MIE (Aust), MAICD

Chair executive performance and remuneration committee



David Cragg

BA, Grad Dip of (HR) Management

Member finance and investment committee and community advisory committee



Kim McAliney – deputy chair

JP, BJ, Adv Dip Pub Safety(EM), FCPA, GAICD

Chair finance and investment committee and member executive performance and remuneration committee



Beverley Excell

B.Sc(Hons), FAICD

Member executive performance and remuneration committee and community advisory committee



Dr Jan Penney

BA, Dip Ed, PHD

Member finance and investment committee and audit and risk management committee



James (Jim) Turcato

Dip Bus (Accounting), Grad Dip Ed, Grad Dip Comp Ed, CPA, FAICD

Member finance and investment committee and audit and risk management committee



Elizabeth (Liz) Beattie

GAICD

Chair community advisory committee and member audit and risk management committee



Dana Hlavacek

B.Com (Hons), M.Acc, FCA, GAICD

Chair audit and risk management committee and member executive performance and remuneration committee



Kevin Quigley

FCA

Member finance and investment committee and audit and risk management committee

### Trust members whose service concluded on 31 August 2017



#### Dianne Rule

BA Bed GAICD

Member audit and risk management committee and executive performance and remuneration committee



#### Jack Wegman

BA, Grad Dip (Psych)

Member finance and investment committee and executive performance and remuneration committee

# Trust and committee meetings attendance

GMCT trust members	Trust meetings	Audit and risk management committee*	Finance and investment committee*	Community advisory committee	Executive performance and remuneration committee
<b>Geoff Mabbett</b> (appointed chair 2016)	13/13	-	-	-	5/5
Kim McAliney (appointed 2013)	13/13	-	4/4	1/1	4/5
Dr Jan Penney (appointed 2010)	11/13	5/7	3/4	-	-
Dana Hlavacek (appointed 2016)	12/13	7/7	1/1	-	3/4
Elizabeth Beattie (appointed 2016)	12/13	4/7	_	5/6	-
David Cragg (appointed 2016)	11/13	-	3/4	3/6	-
James Turcato (appointed 2017)	10/10	3/3	3/3	-	-
Beverley Excell (appointed 2017)	9/10	_	_	5/5	4/4
Kevin Quigley (appointed 2017)	9/10	5/7	3/3	-	-
<b>Di Rule</b> (service concluded August 2017)	3/3	2/2	_	-	1/1
Jack Wegman (service concluded August 2017)	3/3	-	0/1	-	1/1

Changes to trust and committees since 1 July 2017:

\* Beverley Excell was appointed trust member from 1 September 2017 and joined the executive performance and remuneration committee and the community advisory committee.

\* Jim Turcato was appointed trust member from 1 September 2017 and joined the finance and investment committee and the audit and risk management committee.

\* Kevin Quigley was appointed trust member from 1 September 2017 and joined the audit and risk management committee and the finance and investment committee.

\* Kim McAliney was appointed trust deputy chair from 1 September 2017 and served on the community advisory committee until 26 September 2017. \* Dana Hlavacek was appointed executive performance and remuneration committee member on 1 September 2017 and served on the finance and investment committee until 1 September 2017.

\* Elizabeth Beattie joined the audit and risk management committee from 1 September 2017.

\* External committee members:

Kevin Quigley served as an independent member of the audit and risk management committee until his appointment to trust on 1 September 2017.

Dennis Sams served as an independent member of the finance and investment committee for the whole year.

### Reporting to government

GMCT reports to the Minister for Health through the Cemeteries and Crematoria Regulation Unit of the Department of Health and Human Services.

The trust informs the government and relevant government departments of all major developments and activities through:

- an annual report containing information about operations and financial and non-financial performance against key indicators
- a detailed annual corporate plan in accordance with section 18N of the *Cemeteries and Crematoria Act 2003* (the Act)
- direct contact between the chair, chief executive officer and government representatives on key issues
- frequent communication at an executive level regarding performance, industry and policy issues.

#### Independence of trust members

There is a code of conduct policy for members and each year trust members are required to complete a declaration of private interest statement. Declarations of conflict of interest are made at the beginning of each meeting and an annual declaration of conflict of interest statement is completed.

#### Board performance

As part of its commitment to effective and transparent corporate governance, the trust undertook an independent performance review in April and May 2018. A report was presented to trust in June that highlighted self-assessed strengths and weaknesses in performance and made recommendations for improvement.

#### Independent advice

With prior approval of the chair, trust members are entitled to obtain relevant independent professional advice relating to the discharge of their responsibilities.



# Trust committees

In consultation with trust members, the chair allocates members to a number of trust committees. These committees help execute trust responsibilities in a review or advisory capacity only.

The trust may also appoint independent members from outside the organisation to provide specialist skills, knowledge and expertise as required. Independent members have been appointed to the audit and risk management committee and the finance and investment committee.

Four committees established according to section 18 of the Act operated during 2017-18. Each committee is chaired by a trust member and operates under terms of reference that provide a blueprint for its procedures. The terms of reference for each committee are available on GMCT's website.

# Audit and risk management committee

The audit and risk management committee is a financially literate independent body that assists the trust in fulfilling its governance and oversight responsibilities in the following areas:

- financial reporting compliance, internal and external audit
- internal control systems and processes
- risk management information systems
- legislative and regulatory compliance.

## Finance and investment committee

The finance and investment committee has an advisory role assisting the trust in fulfilling its statutory and fiduciary responsibilities in accordance with the Act in matters relating to:

- appropriate, prudent, sustainable and efficient use of investment funds
- establishment and maintenance of the perpetual maintenance fund
- the accuracy and veracity of regular financial reports
- compliance with obligations to third parties and relevant internal policies
- other financial matters as requested by the trust.

## Community advisory committee

The community advisory committee's role is to consider any matters that are referred to it by the trust and to raise with the trust any issues of concern or matters of interest to the community regarding the services provided by GMCT. A key objective is to proactively engage with community members to ensure that community views are considered at all levels of GMCT operations, planning and policy development.

The committee also informs and monitors the development and implementation of GMCT's community engagement framework.

Current committee members are:

- Liz Beattie (chair and trust member)
- Venerable Thich Nguyen Tang
- Meg Jenkins
- Vivienne Jackson
- Janet Borg
- Associate professor Tammy Kohn
- Dr Bjorn Nansen
- David Cragg (trust member)
- Bev Excell (trust member)

During the course of 2017-18 trust member Kim McAliney retired from the committee while trust member Bev Excell joined the committee.

#### Executive performance and remuneration committee

As required under section 18L of the Act and in accordance with Government Sector Executive Remuneration Panel guidelines, the executive performance and remuneration committee provides advice and direction to the trust on matters such as:

- the overall performance and remuneration of executives and the individual remuneration packages of:
  - the chief executive officer
  - other executive positions as defined, from time to time, by applicable government policies.

# History and heritage working group

In 2017-18, the history and heritage working group concluded following the finalisation of GMCT's conservation management planning activities. This working group provided advice and guidance to the trust, staff and heritage professionals in the preparation of conservation management plans for key historic sites. Trust member Dr Jan Penney chaired the working group, which comprised members of staff and volunteers from the community.

# Management committees and staff leadership

### Executive management group

The aim of the executive management group is to ensure that activities occurring within GMCT are consistent with:

- the GMCT strategic plan
- Cemeteries and Crematoria Act 2003
- GMCT policies and procedures.

#### **Chief executive officer**

#### Jacqui Weatherill

MBA, BA Rec, Grad Dip Sp Sci, GAICD

The chief executive officer (CEO) sets the strategic direction and vision for the organisation with input from the trust. The CEO is responsible for advising the trust on operational, financial and other matters and delegates responsibility for management and day-to-day operations to the executive management group.

#### **Director operations**

#### **David Crowe**

Dip Hort Sci, BAppSc(Hort), FAICD

The director operations is responsible for strategic leadership in the day-to-day delivery of cemetery and crematoria services including burial operations, horticulture and arboriculture services, facilities and maintenance, cleaning services, waste and recycling, fleet management and security.

#### **Director finance and business**

#### Bart Clingin (until March 2018)

BBus (Acct), CA, GAICD

#### **Chief finance officer**

#### Martin Anderson (From April 2018-interim)\*

CA, FCA UK, FCIS UK, B.Com NZ

The new chief finance officer role is responsible for establishing, promoting and delivering a corporate and financial framework that facilitates the achievement of GMCT's vision as well as strategic and business objectives. The finance directorate provides a range of functions including finance and information communication technology.

\*Brian Smart commenced as chief finance officer on 23 July 2018.

#### Director infrastructure and development

#### Pelagia Markogiannakis

MEngSc, Grad Dip Eng, Dip App Sc, Adv Dip Proj Mgt, Dip Co Dir

The director infrastructure and development is responsible for the master plan development for GMCT sites, strategic land acquisitions and the implementation of master plans. This includes the design of strategic major projects, project management and delivery.

#### **Director service and engagement**

#### **Deb Ganderton**

MA, MSF, MAICD

The director service and engagement is responsible for strategic leadership to transform the GMCT customer experience into one that places the customer at the centre of our service and delivers a seamless, convenient and empowering experience for all customers.

#### Chief people officer

#### **Dimi Patitsas**

Grad Dip HR, Adv Cert Personnel, RTW Coordinator, CAHRI

The chief people officer leads and manages employee communications, organisational development, employee and industrial relations, policy development, employment legal compliance, occupational health and safety (OH&S), compensation and benefits. The directorate provides support across the organisation with expertise in the development and training of GMCT's workforce and OH&S programs and practices.



#### **Director legal and governance**

#### **Andrew Port**

BBus, Grad Dip Finance, MBA

The director legal and governance is responsible for supporting the organisation to develop, implement and embed common governance principles to enable cohesiveness, consistency and efficiency and positively influence effective governance, legal and compliance practices across the whole organisation.

#### **Transformation program director**

#### Maria Tallarida

Assoc Dip BA, ACP

The transformation program director is responsible for leading and driving innovation, change and digital transformation to build GMCT's capacity to become a more customer focused, responsive organisation. The development of this new directorate provides GMCT with a department solely focused on customer alignment and business process improvement through the use of innovative and future focused strategies and digital solutions.

#### Leadership group

The leadership group comprises the executive management group and managers from all business units. This group:

- provides an interactive forum for robust discussion of ideas and collaboration relating to team/divisional activities
- communicates plans, outcomes and achievements of established working groups and the following internal committees:
  - green team
  - consultative committee
  - occupational health and safety committee
  - other internal committees and groups.

#### Internal committees and groups

GMCT has several internal committees and working groups. These committees support the organisation's operations and workforce and drive improvement. GMCT's committees focus on a number of areas including occupational health and safety, information and communication technology, workforce and workplace issues, environmental sustainability and the development, review and implementation of specific projects and activities.

# Consultancies

During the 12 months ended 30 June 2018, GMCT engaged a total of 16 consultants where the total fees payable to the consultants were less than \$10,000, with total expenditure of \$97,534 (excluding GST). The following table outlines where expenditure on a consultant exceeded \$10,000.

Consultant	Purpose of consultancy	Start date	End date	Total approved \$000	Expenditure \$000	Future expenditure commitment \$000
Context Pty Ltd	Conservation management plan	Jul-17	Sep-17	15	15	0
Dattner Grant	Executive and leadership development program	Oct-17	Jun-18	83	81	2
Ghd Pty Ltd	Structural and civil engineering services	Aug-17	Jun-18	255	92	163
Harmer Architecture Pty Ltd	Harkness masterplan development	Jul-17	Jun-18	21	21	0
Simsworx Pty Ltd	Ledger and fleet review	Sep-17	Jun-18	71	67	4
Vines Planning Property & Development	Land use planning services	Jul-17	Dec-17	70	70	0
Greg Bailey Consulting	Customer care project	Jul-17	Jan-18	24	24	0
КРМС	Digital strategy governance and blueprint	Oct-17	Feb-18	376	376	0
Moonland Group Pty Ltd	Surveying works	Sep-17	Jun-18	18	13	5
Stephens Catering Services Pty Ltd	Food and beverage consultancy	Jul-17	Jun-18	22	22	0
Chant West	Investment advisor review	Sep-17	Sep-17	26	26	0

Consultant	Purpose of consultancy	Start date	End date	Total approved \$000	Expenditure \$000	Future expenditure commitment \$000
Clifton Group	Media communications and annual report consultancy	Jul-17	Jun-18	66	59	7
Prospective Services Consulting Pty Ltd	Customer First Strategy	Dec-17	Jan-18	43	43	0
Urban Maintenance Systems Pty Ltd	Asset and facility maintenance services	Aug-17	Jun-18	188	12	176
Total				1,278	921	357

## Details of information and communication technology expenditure

Information communication technology (ICT) expenditure represents an entity's costs in providing businessenabling ICT services and consists of the following cost elements:

- operating and capital expenditure (including depreciation)
- ICT services internally and externally sourced
- cost in providing ICT services (including personnel and facilities) across the agency, whether funded through a central ICT budget or through other budgets
- cost in providing ICT services to other organisations.

Non-business as usual (non-BAU) expenditure is a subset of ICT expenditure that relates to extending or enhancing current ICT capabilities and are usually run as projects.

Business as usual (BAU) expenditure includes all remaining ICT expenditure other than non-BAU ICT expenditure and typically relates to ongoing activities to operate and maintain the current ICT capability.

The total ICT expenditure incurred during 2017-18 is \$4.1 million (excluding GST) with the details shown below.

	Non-busin	ess as usual (non-BAU) ICT e	xpenditure
Business as usual (BAU) ICT expenditure total \$000	(Total = operational expenditure and capital expenditure) \$000	Operational expenditure (OPEX) \$000	Capital expenditure (CAPEX) \$000
2,256	1,864	25	1,839

# Attestations, compliance and disclosures

#### Financial Management Compliance Attestation Statement

I, Geoff Mabbett, on behalf of the responsible body, certify that The Greater Metropolitan Cemeteries Trust has complied with the applicable standing directions of the Minister for Finance under the *Financial Management Act 1994* and instructions.



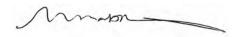
#### Geoff Mabbett Chair

The Greater Metropolitan Cemeteries Trust Fawkner, Victoria

15 August 2018

### Conflicts of interest

I, Geoff Mabbett, certify that The Greater Metropolitan Cemeteries Trust has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017 'Compliance reporting in health portfolio entities (Revised)' and has implemented a 'conflict of interest' policy. Declaration of private interest forms have been completed by executive staff and trust members. Conflict of interest is a standard agenda item for declaration and documenting at each trust meeting.



#### Geoff Mabbett Chair

The Greater Metropolitan Cemeteries Trust Fawkner, Victoria

15 August 2018

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### Freedom of Information Act 1982

The Freedom of Information Act 1982 gives the public the right to access information contained in documents held by GMCT. Freedom of information (FOI) requests must be made in writing.

One FOI request was received in the reporting period.

A request can be submitted using the website FOI Online (www.foi.vic.gov.au), via email to enquiries@gmct.com.au or by sending an application to:

FOI Officer The Greater Metropolitan Cemeteries Trust PO Box 42 Fawkner VIC 3060

## Protected Disclosure Act 2012

The *Protected Disclosure Act 2012* enables people to make disclosures about improper conduct by public officers and public bodies. It aims to ensure openness and accountability by encouraging people to make disclosures and protecting them when they do.

GMCT is committed to the aims and objectives of the *Protected Disclosure Act 2012.* GMCT does not tolerate improper conduct by its employees, stakeholders or clients, nor the taking of reprisals against those who come forward to disclose such conduct.

GMCT recognises the value of transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal conduct that is corrupt, involving substantial mismanagement of public resources or substantial risk to the environment or public health and safety.

Disclosures can be made directly to the Independent Broad-based Anti-corruption Commission at Level 1, North Tower, 459 Collins Street Melbourne, VIC 3000 (Phone: 1300 735 135, Internet: www.ibac.vic.gov.au).

## Building Act 1993

GMCT is compliant with the building and maintenance provisions of the *Building Act 1993*, which encompasses the Building Code of Australia and Standards for Publicly Owned Buildings November 1994.

All works associated with GMCT buildings are managed in accordance with the *Building Act 1993* including obtaining all permits as required.

#### Privacy and Data Protection Act 2014 (Vic)

GMCT complies with the *Privacy and Data Protection Act 2014 (Vic)*. The information privacy principles within the Act establish standards for the use of personal information. GMCT received one complaint in relation to breaches of privacy in 2017-18.

# For enquiries or to request a copy of GMCT's privacy policy contact:

Privacy Officer The Greater Metropolitan Cemeteries Trust PO Box 42 Fawkner VIC 3060

1300 022 298

enquiries@gmct.com.au

# Victorian Industry Participation Policy Additional information

GMCT is required to comply with the Victorian Industry Participation Policy (VIPP). One contract was awarded during the reporting period to which the VIPP applied.

### National Competition Policy and **Competitive Neutrality Policy Victoria**

Competitive neutrality seeks to enable fair competition between government and private sector businesses. These policies and their application in the cemetery environment were considered where appropriate during this reporting period.

GMCT supports and complies with the Department of Health code of practice for the external supply of merchandise to and within cemeteries.

GMCT is committed to competitive neutrality principles ensuring fair and open competition. Many non-core activities have been outsourced, such as catering, security, cleaning, design, printing and construction. GMCT had zero competitive neutrality complaints during the reporting period.

### Procurement

GMCT's tendering and procurement policy and procedures are aligned with the Victorian Government Purchasing Board (VGPB) polices and quidelines. GMCT's procurement objectives reflect best practice and focus on achieving value for money, fitness for use and management of probity. These objectives help give the procurement process integrity and are the basis for achieving optimal procurement results.

## Risk register

GMCT has defined its risk appetite statements that are used across the organisation in decision-making. GMCT's risk register provides a formal framework for the organisation and its leadership team to identify, monitor, manage and mitigate risk across a range of strategic and 'business as usual' areas. The risk register is reviewed and updated on a quarterly basis and outlines risk rating, impact, treatments and controls.

In compliance with the requirements of FRD 22H Standard Disclosures in the report of operations, the items listed below have been retained by GMCT and are available to the relevant ministers, members of parliament and the public on request (subject to freedom of information requirements, if applicable):

- a statement of private interest has been completed
- details of shares held by senior officers as nominee or held beneficially
- details of publications produced by the department about the activities of GMCT and where they can be obtained
- details of changes in prices, fees, charges, rates and levies charged by GMCT
- details of any major external reviews carried out on GMCT
- details of major research and development activities undertaken by GMCT that are not otherwise covered either in the report of operations or in a document that contains the financial statements and report of operations
- details of overseas visits undertaken including a summary of the objectives and outcomes of each visit
- details of major promotional, public relations and marketing activities undertaken by GMCT to develop community awareness of GMCT and its services
- details of assessments and measures undertaken to improve the occupational health and safety of employees
- a general statement on industrial relations within GMCT and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the report of operations
- a list of major committees sponsored by GMCT, the purposes of each committee and the extent to which the purposes have been achieved
- details of all consultancies and contractors including consultants/contractors engaged, services provided and expenditure committed for each engagement.

# Chief finance officer report

As we enter a new financial year, GMCT remains in a strong financial position. In delivering on the objectives of our strategic plan we exercise financial responsibility and continue to invest in the development of new grave infrastructure at existing cemeteries, planning and development of greenfield sites and investments that grow our perpetual maintenance reserve. At the same time, GMCT is undertaking significant work to increase productivity to ensure our growth is sustainable.

GMCT's financial position continues to grow with an operating surplus in excess of \$32 million and net assets increasing to \$440.2 million. This year 84 per cent of our operating surplus was added to our perpetual maintenance reserve which now totals \$199.1 million.

#### **Operating statement**

The income from cemetery operations for the year was \$58.9 million as compared to \$58 million for 2016-17. This includes the contribution from pre-need activity for a number of successful inventory releases undertaken during the year. These developments are meeting the significant interment demand of Melbourne's north and north-western communities. The product mix differs from 2016-17 as a consequence of inventory at the Atrium of Holy Angels mausoleum at Fawkner Memorial Park being fully exhausted in 2017-18.

Total expenses from transactions for the year were \$38.5 million, compared to \$35 million for 2016-17. Employee expenses of \$19.1 million for the year are consistent with 2016-17 and reflect our commitment to staff and to the delivery of services to the high standards expected by our communities. The maintenance and operating costs of \$5.7 million ensures the presentation of our cemeteries meets community expectations. GMCT will contribute \$2.4 million to the state government via the cemetery levy this financial year.

Investment income of \$20.6 million for the year is consistent with 2016-17 as a consequence of actively managing the asset allocations and returns from investment markets during the year. Our investment strategy continues to take a long-term view and we manage risk through a cautious risk appetite and a well-diversified portfolio. As a result of market conditions, the impairment of the investment portfolio for the year was \$2.6 million as compared to \$0.5 million in 2016-17. This was partially offset by the realised gain for the year of \$3.1 million as compared to \$2.1 million in 2016-17.

#### **Balance sheet**

We have continued to plan for future community needs with significant investment in property, plant and equipment for the year of \$9.4 million compared to \$7 million for 2016-17.

The reinvestment of the operating surplus coupled with the increase in the investment portfolio of \$38.6 million has ensured that a strong balance sheet is maintained with total assets of \$440.2 million and growth of \$37.4 million from 2016-17.

Total liabilities increased by \$2.1 million primarily due to the timing of payments and an increase in the cemetery levy. The asset base comprises extensive cash and investment assets enabling continuous growth and capital investment into the future, as well as funding our perpetual maintenance obligations.

The perpetual maintenance reserve increased to \$199.1 million with a \$27.2 million contribution this financial year from our operating surplus.

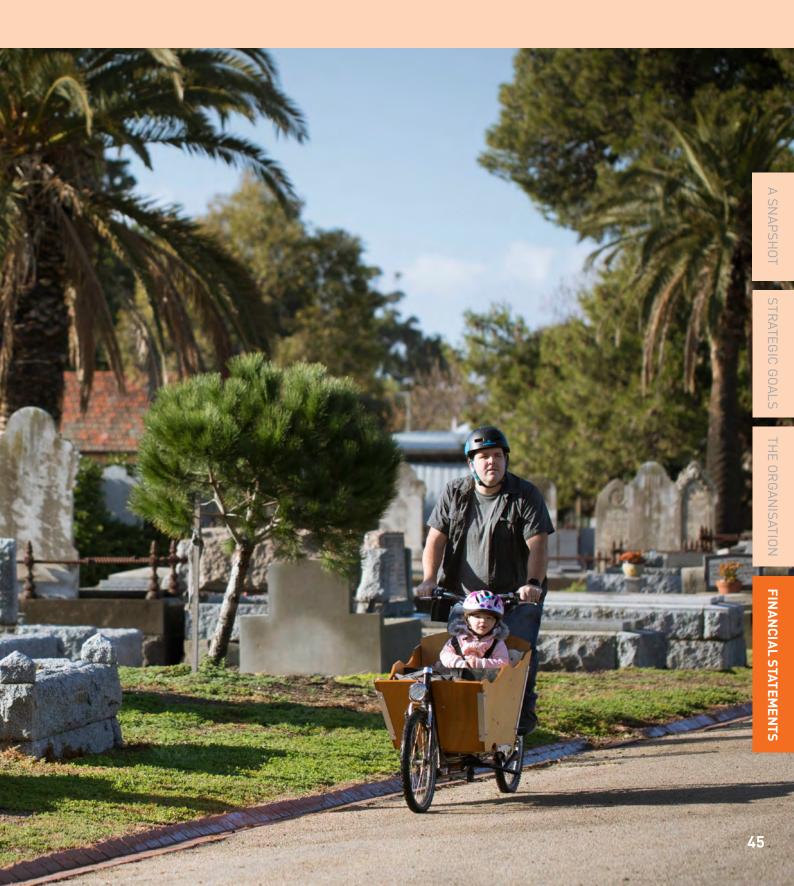
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Brian Smart Chief finance officer

15 August 2018

# **Financial statements**

# For the financial year ended 30 June 2018



# The Greater Metropolitan Cemeteries Trust

# Trust member's, accountable officer's and chief finance and accounting officer's declaration

We certify that the attached financial statements for The Greater Metropolitan Cemeteries Trust have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable financial reporting directions, the *Australian Charities and Not-for-profits Commission Act 2012*, Australian Accounting Standards and interpretations and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes to the financial statements, presents fairly the financial transactions during the year ended 30 June 2018 and the financial position of The Greater Metropolitan Cemeteries Trust as at 30 June 2018.

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

We authorise the attached financial statements for issue on this day.

The trust of GMCT:

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Geoff Mabbett Trust chair

The Greater Metropolitan Cemeteries Trust Fawkner, Victoria

15 August 2018

Jacqui Weatherill Accountable officer Chief executive officer

The Greater Metropolitan Cemeteries Trust Fawkner, Victoria

15 August 2018

main Ancert

**Brian Smart** Chief finance and accounting officer

The Greater Metropolitan Cemeteries Trust Fawkner, Victoria

15 August 2018



# **Independent Auditor's Report**

#### To the Trustees of the The Greater Metropolitan Cemeteries Trust

Opinion	I have audited the financial report of the The Greater Metropolitan Cemeteries Trust (the cemetery) which comprises the:
	<ul> <li>balance sheet as at 30 June 2018</li> <li>comprehensive operating statement for the year then ended</li> </ul>
	<ul> <li>statement of changes in equity for the year then ended</li> </ul>
	cash flow statement for the year then ended
	<ul> <li>notes to the financial statements, including significant accounting policies</li> </ul>
	<ul> <li>trust member's, accountable officer's and chief finance and accounting officer's declaration.</li> </ul>
	In my opinion the financial report is in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:
	<ul> <li>giving a true and fair view of the financial position of the cemetery as at 30 June 2018 and of its financial performance and its cash flows for the year then ended</li> <li>complying with Australian Accounting Standards and Division 60 of the Australian Charities and Not-for-profits Commission Regulations 2013.</li> </ul>
Basis for Opinion	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.
	My independence is established by the <i>Constitution Act 1975</i> . My staff and I are independent of the cemetery 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Trustees' responsibilities for the financial report	The Trustees of the cemetery are responsible for the preparation of a financial report that gives a true and fair view in accordance with Australian Accounting Standards and the <i>Australian Charities and Not-for-profits Commission Act 2012</i> , and for such internal control as the Trustees determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
	In preparing the financial report, the Trustees are responsible for assessing the cemetery'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.

T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

#### 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 cemetery's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees
- conclude on the appropriateness of the Trustees' 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 cemetery'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 cemetery 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 Trustees 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 Trustees 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.

Ron Mak as delegate for the Auditor-General of Victoria

MELBOURNE 16 August 2018



# Auditor-General's Independence Declaration

#### To the Trustees, the The Greater Metropolitan Cemeteries Trust

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

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

#### Independence Declaration

As auditor for the The Greater Metropolitan 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-forprofits Commission Act 2012 in relation to the audit.
- no contraventions of any applicable code of professional conduct in relation to the audit.

MELBOURNE 16 August 2018

Ron Mak as delegate for the Auditor-General of Victoria

Level 31 / 35 Collins Street, Melbourne Vic 3000

T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

# Comprehensive operating statement for the financial year ended 30 June 2018

2018 2017 Note \$000 \$000 Income from transactions Cemetery operations income 2.1(a) 58,952 58,045 Less cost of goods sold 3.1(a) (8,750) (10,926) 50,202 47,119 2.1(b) 20,609 20,047 Investment income 70,811 67,166 Total income from transactions **Expenses from transactions** 3.1(e) 19,131 18,506 Employee expenses 4,781 3.549 Depreciation and amortisation 4.4 Maintenance and operations costs 5,733 6,322 3,496 2,374 Administration costs Impairment of available for sale financial assets 3.1(d) 2,614 478 Realised gain on disposal of available for sale 3.1(f) (3,089) (2,063) financial assets 3.1(b) 3.328 3.355 Other expenses Audit fees - Victorian Auditor-General's Office 8.5 99 97 Cemetery levy 3.1(c) 2,383 2,344 34,962 Total expenses from transactions 38,476 Operating result for the year 32,335 32,204 Other comprehensive income Items that may be reclassified subsequently to the net result Net fair value gain/(loss) from available for sale investments 8.1(d) 4,322 323 4,322 323 36,657 Comprehensive result for the year 32,527

# Balance sheet

as at 30 June 2018

	Note	2018 \$ 000	2017 \$ 000
Current assets			
Cash and cash equivalents	4.1	9,853	16,944
Receivables	5.1	3,041	3,473
Inventories	4.6	32,557	31,394
Available for sale investments	4.2	26,398	39,508
Prepayments	5.2	341	287
Total current assets		72,190	91,606
Non-current assets			
Inventories	4.6	17,985	18,075
Available for sale investments	4.2	275,582	223,895
Property, plant and equipment	4.3	100,862	95,125
Intangible assets	4.5	4,058	2,474
Total non-current assets		398,487	339,569
Total assets		470,677	431,175
Current liabilities			
Payables	5.3	7,624	7,480
Unearned income	5.4	18,040	16,270
Provision for loss on onerous contracts	3.2(c)	417	54
Employee benefits and related on-cost provision	3.2	3,649	3,462
Total current liabilities		29,730	27,753
Non-current liabilities			
Employee benefits and related on-cost provision	3.2	730	630
Total non-current liabilities		730	630
Total liabilities		30,460	28,383
Net assets		440,217	402,792
Equity			
Contributed capital	8.1	148,872	148,872
Accumulated surplus/(deficit)	8.1	52,244	47,132
Perpetual maintenance reserve	8.1	199,136	171,913
Available for sale investment revaluation surplus reserve	8.1	10,986	6,664
Physical asset revaluation surplus reserve	8.1	28,979	28,21
Total equity		440,217	402,792
Commitments	6.2		
Contingent assets and contingent liabilities	7.2		

# Statement of changes in equity for the financial year ended 30 June 2018

	Note	Contributed capital	Accumulated surplus/ (deficit)	Perpetual maintenance reserve	Available for sale investment revaluation surplus	Physical asset revaluation surplus	Total
		\$000	\$000	\$000	\$000	\$000	\$000
Balance at 30 June 2016		148,872	42,414	144,427	6,341	3,228	345,282
Operating result for the year	8.1(b)	-	32,204	-	-	-	32,204
Other comprehensive income for the year	8.1(d)	-	-	-	323	-	323
Transfer to/(from) physical asset revaluation surplus	8.1(e)	-	-	-	-	24,983	24,983
Transfer to/(from) accumulated surplus/ (deficit)	8.1(b) 8.1(c)	_	(27,486)	27,486	-	-	-
Balance at 30 June 2017		148,872	47,132	171,913	6,664	28,211	402,792
Operating result for the year	8.1(b)	-	32,335	-	-	-	32,335
Other comprehensive income for the year	8.1(d)	-	-	-	4,322	-	4,322
Transfer to/(from) physical asset revaluation surplus	8.1(e)	-	-	-	-	768	768
Transfer to/(from) accumulated surplus/ (deficit)	8.1(b) 8.1(c)	_	(27,223)	27,223	-	-	-
Balance at 30 June 2018		148,872	52,244	199,136	10,986	28,979	440,217

# Cash flow statement for the financial year ended 30 June 2018

	Note	2018 \$ 000	2017 \$ 000
Cash flows from operating activities			
Receipts from customers		65,474	62,932
Payments to suppliers and employees		(46,912)	(48,332)
Investment income receipts		19,667	18,777
Goods and services tax received/(paid)		95	17
Net cash inflow from operating activities	8.2	38,324	33,394
Cash flows from investing activities			
Payments for property, plant and equipment		(11,993)	(7,500)
Proceeds from disposal of property, plant and equipment	2.1(c)	358	113
Proceeds from available for sale investments		54,450	46,229
Payments for available for sale investments		(88,230)	(62,000)
Net cash inflow/(outflow) from investing activities		(45,415)	(23,158)
Cash flows from financing activities			
Net cash inflow from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(7,091)	10,236
Cash and cash equivalents at beginning of the year		16,944	6,708
Cash and cash equivalents at the end of the year	4.1	9,853	16,944

# Notes to the financial statements

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# Notes to the financial statements

# Basis of presentation

These financial statements are presented in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Consistent with the requirements of AASB 1004 *Contributions* (that is contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the trust.

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contribution by owners. Transfer of net liabilities arising from administrative restructurings are treated as distribution to owners.

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. 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.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also future periods that are affected by the revision. Judgements and assumptions made by management in applying the application of AASB that have significant effect on the financial statements and estimates are disclosed in the notes under the heading: 'Significant judgement or estimates'.

# Note 1 – Summary of significant accounting policies

# (a) Statement of compliance

These financial statements of The Greater Metropolitan Cemeteries Trust (GMCT) (Trust) are general purpose financial statements that have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards (AAS), which includes 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) and standing directions (SD) authorised by the Minister for Finance. In complying with AAS, GMCT has, where relevant, applied those paragraphs applicable to not-for-profit entities.

The annual financial statements were authorised for issue by GMCT on 15 August 2018.

# (b) Basis of accounting preparation and measurement

Accounting policies are selected and applied in a manner that 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 is for the year ended 30 June 2017.

The financial statements have been prepared on a going concern basis.

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

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

The financial statements are prepared in accordance with the historical cost convention, except for the revaluation of certain non-financial assets and financial instruments, as noted. Particular exceptions to the historical cost convention include:

- non-current physical assets that, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of valuation less any subsequent accumulated depreciation, and are reassessed with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair values
- available for sale investments that are measured at fair value with movements reflected in equity until the asset is derecognised or impaired.

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

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

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

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

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

In addition, GMCT determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Valuer-General Victoria (VGV) is GMCT's independent valuation agency. GMCT, in conjunction with VGV, monitors the changes in the fair value of certain classes of assets and liabilities through relevant data sources to determine whether a revaluation is required.

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

# (c) Reporting entity

The financial statements include all the controlled activities of GMCT. GMCT was established under the *Cemeteries and Crematoria Act 2003* [the Act] and its operations are governed by the Act. The financial statements of GMCT include the operations of Altona Memorial Park, Andersons Creek Cemetery, Burwood Cemetery, Coburg Pine Ridge Cemetery, Emerald Cemetery, Fawkner Memorial Park, Healesville Cemetery, Keilor Cemetery, Lilydale Lawn Cemetery, Lilydale Memorial Park, Northcote Cemetery, Northern Memorial Park, Preston Cemetery, Templestowe Cemetery, Truganina Cemetery, Werribee Cemetery, Williamstown Cemetery and Yarra Glen Cemetery.

The principal address of GMCT is:

#### 1187 Sydney Road Fawkner Victoria 3060

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

# (d) Scope and presentation of financial statements

#### (i) Comprehensive operating statement

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

#### (ii) Balance sheet

Assets and liabilities are categorised either as current or non-current, non-current being mainly those assets or liabilities expected to be recovered/ settled more than 12 months after reporting period.

#### (iii) Statement of changes in equity

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

#### (iv) 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 the requirements of AASB 107 *Statement of Cash Flows.* 

#### (v) Rounding of amounts

All amounts shown in the financial statements are expressed to the nearest \$1,000 unless otherwise stated. Figures in the financial statements may not equate due to rounding.

#### (vi) Comparative information

Where necessary the previous year's figures have been reclassified to facilitate comparisons. There is no change to this year's comparatives.

#### (vii) Goods and services tax

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

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

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

Commitments and contingent assets or liabilities are presented including GST.

# Note 2 – Funding delivery of our services

GMCT receives income from the supply of products and services.

# Note 2.1: Analysis of revenue by source

	2018 \$ 000	2017 \$ 000
(a) Cemetery operations income		
Grave income	24,716	13,791
Mausoleum income	9,567	19,857
Cremation memorial income	3,699	4,047
Interment	7,344	7,194
Cremation income	5,197	5,190
Memorialisation	5,145	5,041
Other operating income		
Other interment services	2,037	1,846
Chapel services	168	142
Rental income	572	566
Other operating income	507	371
Total cemetery operations income	58,952	58,045
(b) Investment income		
Interest from cash and cash equivalents and available for sale financial assets	992	1,310
Dividends and distributions	19,617	18,737
Total investment income	20,609	20,047
(c) Profit on disposal of property, plant and equ	ipment	
Proceeds from disposals	358	113
less written down value of property plant and	(000)	(4.2.4)

Less written down value of property, plant and equipment disposed	(298)	(181)
Total profit/(loss) on disposal	60	(68)

# (d) Income recognition

Income is recognised in accordance with AASB 118 *Revenue* and is recognised to the extent that it is probable that the economic benefits will flow to GMCT and the income can be reliably measured. Fees received in advance of service provision are recorded as unearned income in accordance with the guidance at Note 5.4.

## (e) Cemetery operations income

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

Fees received for interment, cremation and certain memorialisation products such as memorial plaques are recognised as revenue in the period that the goods or services are provided.

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

## (f) Dividend revenue

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

## (g) Interest revenue

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

## (h) Sale of available for sale investments

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

### (i) Disposal of non-financial assets

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 value of the asset at that time.

## (j) Government grants

In accordance with AASB 1004 *Contributions*, government grants and other transfers of income (other than contributions by owners) are recognised as income when GMCT gains control of the underlying assets irrespective of whether conditions are imposed on the use of the contributions.

Contributions are deferred as income in advance when GMCT has a present obligation to repay them and the present obligation can be reliably measured.

# Note 3 – The cost of delivering services

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

# Note 3.1: Analysis of expense by source

	2018 \$ 000	2017 \$ 000
(a) Cost of goods sold		
Rights of interment	6,777	9,212
Memorialisation	1,973	1,714
Total cost of goods sold	8,750	10,926
(b) Expenses from transactions		
Other operating costs	2,016	2,283
Investment management fees	1,433	1,198
(Gain)/loss on onerous contracts	(124)	(131)
Doubtful debts expense	3	5
Total expenses from transactions	3,328	3,355
(c) Cemetery levy		
Cemetery levy	2,383	2,344
Total cemetery levy	2,383	2,344
(d) Impairment of available for sale financial assets		
Impairment expense	2,614	478
Total impairment expense	2,614	478
(e) Employee expenses		
Employee expenses	19,131	18,506
Total employee expenses	19,131	18,506
(f) Realised (gain)/loss on disposal of available for sale fin	ancial assets	
Realised (gain)/loss on disposal of available for sale financial assets	(3,089)	(2,063)
Total realised (gain)/loss on disposal of available for sale financial assets	(3,089)	(2,063)

## (g) Expense recognition

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

# (h) Cost of goods sold

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

# (i) Employee expenses

Employee expenses include:

- wages and salaries
- annual leave
- sick leave
- long service leave
- superannuation which is reported differently depending upon whether employees are members of defined benefit or defined contribution plans.

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

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

# (j) Cemetery levy

In accordance with section 18Q of *The Cemeteries* and *Crematoria Act 2003*, GMCT 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 reporting period is 3 per cent (2017: 3 per cent).

## (k) Other operating expenses

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

#### (i) Other comprehensive income

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

#### (ii) Net gain/(loss) on non-financial assets

Net gain/(loss) on non-financial assets includes realised and unrealised gains and losses from revaluations, impairments and disposals of all physical assets and intangible assets.

#### (iii) Net gain/(loss) on financial instruments

Net gain/(loss) on financial instruments includes:

- impairment and reversal of impairment for financial instruments at amortised cost
- disposals of financial assets.

# (iv) Revaluation of financial instruments at fair value

The revaluation gain/(loss) on financial instruments at fair value excludes dividends and interest earned on financial assets, which are separately reported as income.

#### (v) Impairment of non-financial assets

Apart from intangible assets with indefinite useful lives (and intangible assets not yet available for use), all other assets are assessed annually for indications of impairment, except for:

- inventories
- financial assets
- non-current physical assets held for sale.

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

If there is an indication that there has been an increase in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. This reversal of the impairment loss occurs only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision has been made to the contrary. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. The recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

# Note 3 – The cost of delivering services (continued)

# Note 3.1: Analysis of expense by source (continued)

#### (vi) Impairment of financial assets

At the end of each reporting period GMCT assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets are subject to annual review for impairment.

Receivables are assessed for bad and doubtful debts on a regular basis. Bad debts considered as written off and allowances for doubtful receivables are expensed. The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

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

In order to determine an appropriate fair value as at 30 June 2018 for its portfolio of financial assets, GMCT used valuations provided by its fund managers as at 30 June 2018 that were based on market prices.

The above valuation process was used to quantify the level of impairment on the portfolio of financial assets as at year end.

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

# Note 3.2: Provisions

	2018 \$ 000	2017 \$ 000
Current provisions		
Employee benefits (i)		
<ul> <li>Annual leave (unconditional and expected to be settled within 12 months)</li> </ul>	905	852
<ul> <li>Annual leave (unconditional and expected to be settled after 12 months)</li> </ul>	533	490
<ul> <li>Long service leave (unconditional and expected to be settled within 12 months)</li> </ul>	88	89
<ul> <li>Long service leave (unconditional and expected to be settled after 12 months)</li> </ul>	1,630	1,564
On-costs		
<ul> <li>Unconditional and expected to be settled within 12 months</li> </ul>	170	161
<ul> <li>Unconditional and expected to be settled after 12 months</li> </ul>	323	306
Total current provisions	3,649	3,462
Non-current provisions		
Employee benefits (i)		
<ul> <li>Long service leave (conditional and expected to be settled after 12 months)</li> </ul>	640	552
• On-costs	90	78
Total non-current provisions	730	630
Total provision for employee benefits	4,379	4,092

(i) Employee benefits consist of annual leave, long service leave and associated on costs accrued by employees and the amounts not expected to be settled in 12 months are disclosed at present values.

	2018 \$ 000	2017 \$ 000
(a) Employee benefits and on-costs		
Current employee benefits		
Annual leave	1,438	1,342
Long service leave	1,718	1,653
Non-current employee benefits		
Long service leave	640	552
Total employee benefits	3,796	3,547
Current on-costs	493	467
Non-current on-costs	90	78
Total on-cost	583	545
Total employee benefits and on-costs	4,379	4,092
(b) Movement in provisions		
Movements in long service leave		
Balance at the beginning of the year	2,515	2,396
Provision made during the year – expense	363	337
Revaluation	[9]	25
Settlements made during the year	(179)	(243)
Balance at end of the year	2,690	2,515
Movements in annual leave		
Balance at the beginning of the year	1,577	1,517
Provision made during the year – expense	1,255	1,202
Annual leave taken	(1,133)	(1,133)
Revaluation	(10)	(9)
Balance at end of the year	1,689	1,577
Total employee benefits and on-costs	4,379	4,092
(c) Provision for loss on onerous contracts		
Balance at beginning of the year	541	672
Amount taken to comprehensive operating statement (i)	(124)	(131)

(i) The onerous contract provision is estimated based on the current direct cost of the expenditure required to provide the goods and/or services, less the amount of revenue to be recognised.

Balance at end of the year

541

417

# Note 3 – The cost of delivering services (continued)

# Note 3.2: Provisions (continued)

# (d) Provisions

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

The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at 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, using discount rates that reflect the time value of money and risks specific to the provision.

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

## (e) Employee benefits

The provision arises for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

## (f) Wages and salaries and annual leave

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

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

- undiscounted value if GMCT expects to wholly settle within 12 months
- present value if GMCT does not expect to wholly settle within 12 months.

## (g) Long service leave

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

Unconditional LSL is disclosed as a current liability, even where GMCT does not expect to settle the liability within 12 months because it does not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. The components of this current LSL liability are measured at:

- undiscounted value if GMCT expects to wholly settle within 12 months
- present value if GMCT does not expect to wholly settle within 12 months.

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

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

# (h) On-costs

Employee benefit on-costs (workers compensation and superannuation) accrued on annual leave and long service leave are recognised separately from the provision for employee benefits.

# (i) Provision for loss on onerous contracts (on unearned income)

A provision is recognised for onerous contracts where the unavoidable costs of meeting the obligations exceed the economic benefits that are expected to be received under the contract and the future sacrifice of economic benefits is probable.

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. A provision is recognised in relation to prepaid fees received 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 current cost of the expenditure required to provide the goods and/or services, less the amount of revenue to be recognised based on historical prices and current costs at the reporting date.

As GMCT does not have an unconditional right to defer settlement the liability for onerous contracts is recognised as a current liability.

# Note 3.3: Superannuation

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

GMCT does not recognise any defined benefit liability in respect of the plan because the entity 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. The Department of Treasury and Finance discloses the state's defined benefits liabilities in its disclosure for administered items.

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

	Contributions for the year ending 2018	Contributions outstanding at year end 2018	Contributions for the year ending 2017	Contributions outstanding at year end 2017
	\$ 000	\$ 000	\$ 000	\$ 000
Defined benefits				
Vision Super	197	6	194	-
Defined contributions	5			
Vision Super	718	52	735	50
Other	963	75	874	68
Total	1,878	133	1,803	118

# (a) Defined contribution superannuation plan

The defined contribution funds receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings in accordance with the Superannuation Guarantee Legislation (9.5 per cent). GMCT's current contribution ranges between 9.5 per cent and 10 per cent. No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of their chosen superannuation fund.

# (b) Defined benefit superannuation plan

The defined benefit plan provides benefits to employees based on years of service and final average salary. GMCT makes employer contributions to the defined benefits category of the superannuation fund at a minimum of the rate determined by the fund's trustee.

On the basis of the results of the most recent full actuarial investigation conducted by the fund's actuary, GMCT's current contribution is 9.5 per cent of superannuation salary plus contribution tax.

# (c) Unfunded defined benefit superannuation liability

The Local Authorities Superannuation Fund, known as Vision Super since 2002, 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 Save (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 a participating employer of this defined benefit plan, GMCT is liable to meet any call made by the fund's actuary. Based on the advice from the fund's trustee, there is no shortfall in the defined benefit plan as at 30 June 2018.

# Note 4 – Key assets to support service delivery

GMCT controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to GMCT to be utilised for delivery of those outputs.

# Note 4.1: Cash and cash equivalents

	2018 \$ 000	2017 \$ 000
Cash on hand	2	2
Cash at bank	9,851	9,942
Interest bearing deposits	-	7,000
Total cash and cash equivalents	9,853	16,944

### (a) Cash and cash equivalents

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

# Note 4.2: Investments and other financial assets

	2018 \$ 000	2017 \$ 000
Current		
Interest bearing investments	26,398	39,508
Total current available for sale investments	26,398	39,508
Non-current		
Managed share/units portfolio	194,598	161,137
Interest bearing investments	80,984	62,758
Total non-current available for sale investments	275,582	223,895
Total available for sale investments	301,980	263,403

## (a) Available for sale financial assets

The nature and extent of risk arising from and ageing of other financial assets is contained in Note 4.2.

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 time frame established by the market concerned, and are initially measured at fair value, net of transaction costs.

Investments are classified as available for sale financial assets.

GMCT 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 investments at initial recognition.

At each balance sheet date GMCT assesses whether a financial asset or group of financial assets is impaired. All financial assets are subject to annual review for impairment.

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 the net result for the period. Fair value is determined in the manner described in Note 7.1.

# (i) Ageing analysis of financial assets

		Not past	Pa	st due but	not impaire	d	Impaired
	Carrying amount	due and not impaired	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	financial assets
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Financial assets 2018							
Cash and cash equivalents:							
Cash on hand	2	2	-	-	-	-	-
Cash at bank	9,851	9,851	-	-	-	-	-
Receivables:	2,946	2,681	154	117	-	-	(6)
Other financial assets							
<ul> <li>Interest bearing investments</li> </ul>	107,382	107,382	-	-	-	-	-
<ul> <li>Managed share/ units portfolio</li> </ul>	194,598	194,598	-	-	-	-	-
Total	314,779	314,514	154	117	-	-	[6]
		Not work	Pa	ist due but i	not impaire	d	Increasing all
	Carrying amount	Not past due and not impaired	Pa Less than 1 month	nst due but 1-3 months	not impaired 3 months - 1 year	d 1-5 years	Impaired financial assets
		due and not	Less than 1	1-3	3 months	1-5	financial
Financial assets 2017	amount	due and not impaired	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	financial assets
Financial assets 2017 Cash and cash equivalents:	amount	due and not impaired	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	financial assets
	amount	due and not impaired	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	financial assets
Cash and cash equivalents:	amount \$ 000	due and not impaired \$ 000	Less than 1 month \$ 000	1-3 months \$ 000	3 months - 1 year \$ 000	1-5 years \$ 000	financial assets
Cash and cash equivalents: Cash on hand	amount \$ 000 2	due and not impaired \$ 000	Less than 1 month \$ 000	1-3 months \$ 000	3 months - 1 year \$ 000	1-5 years \$ 000	financial assets
Cash and cash equivalents: <ul> <li>Cash on hand</li> <li>Cash at bank</li> </ul>	amount \$ 000 2 9,942	due and not impaired \$ 000 2 9,942	Less than 1 month \$ 000	1-3 months \$ 000 -	3 months - 1 year \$ 000	1-5 years \$ 000	financial assets \$ 000 - -
Cash and cash equivalents: <ul> <li>Cash on hand</li> <li>Cash at bank</li> </ul> Receivables:	amount \$ 000 2 9,942	due and not impaired \$ 000 2 9,942	Less than 1 month \$ 000	1-3 months \$ 000 -	3 months - 1 year \$ 000	1-5 years \$ 000	financial assets \$ 000 - -
Cash and cash equivalents: <ul> <li>Cash on hand</li> <li>Cash at bank</li> </ul> Receivables: <ul> <li>Other financial assets</li> <li>Interest bearing</li> </ul>	amount \$ 000 2 9,942 3,247	due and not impaired \$ 000 2 2 9,942 2,422	Less than 1 month \$ 000	1-3 months \$ 000 -	3 months - 1 year \$ 000	1-5 years \$ 000	financial assets \$ 000 - -

# Note 4 – Key assets to support service delivery (continued)

# Note 4.3: Property, plant and equipment

		2018 \$ 000	2017 \$ 000
Cemetery land under infrastructure at fair value	(i)	6,573	5,815
Total cemetery land under infrastructure		6,753	5,815
Buildings, infrastructure and improvements at fair value	(i)	86,308	80,707
Less accumulated depreciation		(3,491)	(973)
Total buildings, infrastructure and improvements		82,817	79,734
Motor vehicles, plant and equipment at fair value		15,726	14,598
Less accumulated depreciation		(7,863)	(6,955)
Total motor vehicles, plant and equipment		7,863	7,643
Capital works in progress at cost		3,609	1,933
Total property, plant and equipment		100,862	95,125

(i) In accordance with the requirements of Financial Reporting Direction FRD 103F Non-current Physical Assets, these assets were valued by an independent valuer, Steven Lane, Qualified Valuer, of the Valuer-General Victoria, with effect at 30 June 2017.

#### Cemetery land under infrastructure

The valuation, which conforms to Australian Valuation Standards, was determined by direct reference to recent market transactions on arm's length terms for land of comparable size and location, less a community service obligation percentage of 95 per cent.

#### Buildings, infrastructure and improvements

The valuation, which conforms to Australian Valuation Standards, was determined based on the depreciated replacement cost of the assets.

### (a) Reconciliation of property, plant and equipment

Reconciliation of carrying amounts of each class of asset for GMCT at the beginning and end of each financial period is set out below.

	Note	Cemetery land under infrastructure \$ 000	Buildings, infrastructure and improvements \$ 000	Motor vehicles, plant and equipment \$ 000	Works in progress \$ 000	Total \$ 000
Balance at 30 June 2016		10,120	51,220	7,862	1,217	70,419
Additions		-	-	-	7,024	7,024
Transfers to completed assets		-	4,977	1,331	(6,308)	-
Transfers between asset classes		(3,943)	-	-	-	(3,943)
Disposals		-	(96)	(86)	-	(182)
Revaluation of land, buildings and infrastructure improvements		(362)	25,345	-	-	24,983
Depreciation expense	4.4	-	(1,712)	(1,464)	-	(3,176)
Balance at 30 June 2017		5,815	79,734	7,643	1,933	95,125
Additions		-	-	-	9,416	9,416
Transfers to completed assets		-	5,114	2,626	(7,740)	-
Transfers between asset classes		(10)	492	(492)	-	(10)
Disposals		-	(5)	(293)	-	(298)
Revaluation of land, buildings and infrastructure improvements		768	-	-	-	768
Depreciation expense	4.4	-	(2,518)	(1,621)	-	(4,139)
Balance at 30 June 2018		6,573	82,817	7,863	3,609	100,862

# Note 4 – Key assets to support service delivery (continued)

# Note 4.3: Property, plant and equipment (continued)

# (b) Fair value measurement hierarchy for assets

	Carrying amount as		measuremen reporting per	
	at 30 June 2018	Level 1 (i)	Level 2 (i)	Level 3 (i)
Cemetery land under infrastructure at fair value				
Specialised land	6,573	-	-	6,573
Total of land at fair value	6,573	-	-	6,573
Buildings, infrastructure and improvements at fair value				
<ul> <li>Specialised buildings</li> </ul>	82,817	-	-	82,817
Total of buildings at fair value	82,817	-	-	82,817
Motor vehicles, plant and equipment at fair value				
<ul> <li>Vehicles (ii)</li> </ul>	1,664	-	-	1,664
<ul> <li>Plant and equipment</li> </ul>	6,199	-	-	6,199
Total of plant and equipment and vehicles at fair value	7,863	-	-	7,863
Total balance at fair value 30 June 2018	97,253	-	-	97,253

	Carrying amount as		measuremen reporting per	
	at 30 June 2017	Level 1 (i)	Level 2 (i)	Level 3 (i)
Cemetery land under infrastructure at fair value				
Specialised land	5,815	-	-	5,815
Total of land at fair value	5,815	-	-	5,815
Buildings, infrastructure and improvements at fair value				
<ul> <li>Specialised buildings</li> </ul>	79,734	-	-	79,734
Total of buildings at fair value	79,734	-	-	79,734
Motor vehicles, plant and equipment at fair value				
<ul> <li>Vehicles (ii)</li> </ul>	1,664	-	-	1,664
<ul> <li>Plant and equipment</li> </ul>	5,979	-	-	5,979
Total of plant and equipment and vehicles at fair value	7,643	-	-	7,643
Total balance at fair value 30 June 2017	93,192	-	-	93,192

(i) Classified in accordance with the fair value hierarchy

(ii) Vehicles are categorised to Level 3 assets when the depreciated replacement cost is used in estimating the fair value.

(c) Reconciliation	of Level 3	fair value
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	Cemetery infrastructure land at fair value \$ 000	Buildings, infrastructure and improvements at fair value \$ 000	Motor vehicles, plant and equipment at fair value \$ 000
Opening balance	5,815	79,734	7,643
Purchases/(sales)	-	5,109	2,333
Depreciation	-	(2,518)	(1,621)
Transfers in/(out)	(10)	492	(492)
Items recognised in other co	mprehensive income		
Revaluation	768	-	-
Closing balance	6,573	82,817	7,863
Total balance at fair value 30 June 2018	6,573	82,817	7,863

	Cemetery infrastructure land at fair value \$ 000	Buildings, infrastructure and improvements at fair value \$ 000	Motor vehicles, plant and equipment at fair value \$ 000
Opening balance	10,120	51,220	7,862
Purchases/(sales)	-	4,881	1,245
Depreciation	-	(1,712)	(1,464)
Transfers in/(out)	[3,943]	-	-
Items recognised in other co	mprehensive income		
Revaluation	(362)	25,345	-
Closing balance	5,815	79,734	7,643
Total balance at fair value 30 June 2017	5,815	79,734	7,643

# Note 4 – Key assets to support service delivery (continued)

# Note 4.3: Property, plant and equipment (continued)

### (d) Identifying unobservable inputs (Level 3) fair value measurements

Level 3 fair value inputs are unobservable valuation inputs for an asset or liability. These inputs require significant judgement and assumptions in deriving fair value for both financial and non-financial assets.

Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

Assumptions about risk include the inherent risk in a particular valuation technique used to measure fair value (such as a pricing risk model) and the risk inherent in the inputs to the valuation technique. A measurement that does not include an adjustment for risk would not represent a fair value measurement if market participants would include one when pricing the asset or liability i.e. it might be necessary to include a risk adjustment when there is significant measurement uncertainty. For example, when there has been a significant decrease in the volume or level of activity when compared with normal market activity for the asset or liability or similar assets or liabilities and GMCT has determined that the transaction price or quoted price does not represent fair value.

GMCT develops unobservable inputs using the best information available in the circumstances, which might include its own data. In developing unobservable inputs, GMCT may begin with its own data, but shall adjust this data if reasonably available information indicates that other market participants would use different data or there is something particular to GMCT that is not available to other market participants. GMCT need not undertake exhaustive efforts to obtain information about other market participant assumptions, however it shall take into account all information that is reasonably available. Unobservable inputs developed in the manner described above are considered market participant assumptions and meet the object of a fair value measurement.

# (e) Specialised land and specialised buildings

The market approach is used for specialised land and specialised buildings although land is adjusted for the community service obligation (CSO) to reflect the specialised nature of the assets being valued.

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 is classified as a Level 3 asset.

For GMCT, 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 GMCT's specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2017.

# (f) Vehicles

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

# (g) Plant and equipment

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

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

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

## (h) Fair value determination

Asset class	Examples	Expected fair value level	Valuation approach	Significant inputs (Level 3 only) (iii)
Cemetery – specialised land	Cemetery land subject to restriction as to use	Level 3	Market approach	Community service obligation (CSO) adjustment
Cemetery – specia	lised building (i)			
<ul> <li>Buildings</li> </ul>	Specialised buildings with limited alternative uses and/or substantial customisation	Level 3	Depreciated replacement cost approach	Useful life of specialised buildings
<ul> <li>Infrastructure</li> </ul>	Any type	Level 3	Depreciated replacement cost approach	Useful life of specialised infrastructure
Plant and equipme	nt at fair value (i)			
<ul> <li>Vehicles</li> </ul>	Vehicles with no active resale market	Level 3	Depreciated replacement cost approach	Useful life of vehicles
<ul> <li>Plant and equipment</li> </ul>	Specialised items with limited alternate uses	Level 3	Depreciated replacement cost approach	Useful life of plant and equipment

(i) Newly built/acquired assets could be categorised as Level 2 assets as depreciation would not be a significant unobservable input (based on the 10 per cent materiality threshold).

(ii) AASB 13 Fair Value Measurement provides an exemption for not-for-profit public sector entities from disclosing the sensitivity analysis relating to 'unrealised gains/(losses) on non-financial assets' if the assets are held primarily for their current service potential rather than to generate net cash inflows.

(iii) CSO adjustment of 95 per cent was applied to reduce the market approach value for the GMCT specialised land.

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

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

### (i) Property, plant and equipment

All non-current physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and accumulated impairment loss. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a merger/machinery of government are transferred at their carrying amount.

The initial cost for non-financial physical assets under finance lease is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

### (i) Crown land

Crown land which has been reserved for cemetery and crematoria purposes is measured at fair value with regard to the property's highest and best use after due consideration is given to any legal or constructive restrictions imposed on the land, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the asset(s) are not taken into account until it is virtually certain that any restrictions will no longer apply.

# Note 4 – Key assets to support service delivery (continued)

# Note 4.3: Property, plant and equipment (continued)

#### (ii) Land and buildings

Measured initially at cost and subsequently measured at fair value. Accumulated depreciation is deducted from the fair value of buildings to derive a value to be assessed for impairment.

#### (iii) Land for cemetery use

Legal or constructive restrictions related to land for cemetery use, whereby land has been reserved for a cemetery, have been assessed by the Valuer-General Victoria as reducing the land's highest and best use value by a discount factor of 95 per cent. The discount of 95 per cent represents the community service obligation (CSO) of providing the cemetery to the people of Victoria.

Cemetery use land was valued at 30 June 2017 by the Valuer-General in accordance with the requirements of Financial Reporting Direction FRD 103F *Non-current Physical Assets*, issued pursuant to the *Financial Management Act 1994*. The next scheduled revaluation under FRD 103F is set for the year ending 30 June 2022 or earlier if there is an indication that the fair value has moved materially since the last valuation. An annual revaluation assessment has been performed and involves identifying land assets that have had a material (i.e. greater than or equal to 10 per cent) movement against Valuer-General Victoria financial year indices.

Land for cemetery use is classified as either interment land (listed as inventory) or land under infrastructure (part of property, plant and equipment).

#### (iv) Plant, equipment and vehicles

Measured 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.

# (j) Revaluation of non-current physical assets

Non-current physical assets measured at fair value are revalued in accordance with FRD 103F. This revaluation process normally occurs 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 valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the FRD. Revaluation increments or decrements arise from differences between an asset's carrying value and its fair value. Revaluation increments are recognised in other comprehensive income and accumulated in the physical asset revaluation surplus reserve, except to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the reported result, the increment is recognised as income in determining the reported result.

Revaluation decrements are recognised immediately as expenses in the reported result, except that, to the extent that a credit balance exists in the physical asset revaluation surplus reserve in respect of the same class of assets, they are debited directly to the physical asset 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 not normally transferred to accumulated funds on derecognition of the relevant asset.

In accordance with FRD 103F, GMCT's non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required.

# Note 4.4: Depreciation and amortisation

		2018 \$ 000	2017 \$ 000
Depreciation			
Buildings, infrastructure and improvements		2,518	1,712
Motor vehicles, plant and equipment		1,621	1,464
Aggregate depreciation recognised as an expense during the year		4,139	3,176
Amortisation			
Amortisation of computer software systems	4.5	642	373
Total depreciation and amortisation		4,781	3,549

### (a) Depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets that have finite useful lives are depreciated (i.e. excludes land, items under operating leases and assets held for sale). 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 the manner intended by management.

Assets with a cost in excess of \$3,000 (2017: \$3,000) are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated remaining useful lives.

Depreciation is calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated remaining useful life. Estimates of the remaining useful lives and the depreciation method for all assets are reviewed at least annually and adjustments are made where appropriate.

The following table indicates the depreciation rates in use.

	2018	2017
Buildings	40 years	40 years
Infrastructure and improvements	10 or 50 years	10 or 50 years
Plant and equipment	10 years	10 years
Motor vehicles	5 years	5 years

### (b) Amortisation

Intangible assets with a cost in excess of \$3,000 (2017: \$3,000) are capitalised.

Amortisation is allocated to intangible assets with finite useful lives. This is undertaken on a systematic (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 are 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 is tested to assess whether its carrying value exceeds its recoverable amount. Any excess of the carrying amount over the recoverable amount is recognised as an impairment loss. The following table indicates the amortisation rates in use:

	2018	2017
Computer software systems	3-6 years	3-6 years

### Note 4.5: Intangible assets

	2018 \$ 000	2017 \$ 000
Computer software systems at cost	3,542	2,838
Less accumulated amortisation	(1,273)	(631)
	2,269	2,207
Works in progress software systems	1,789	267
Total intangible assets	4,058	2,474

### (a) Reconciliation of intangible assets

	2018 \$ 000	2017 \$ 000
Balance at the beginning of the year	2,474	2,212
Additions	2,226	635
Disposals	-	-
Amortisation expense	(642)	(373)
Balance at end of the year	4,058	2,474

### (b) Intangible assets

Intangible assets represent identifiable nonmonetary assets without physical substance and include computer software and associated development costs.

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. Intangible assets with indefinite useful lives are not amortised but are assessed for impairment annually or whenever there is an indication that the intangible assets may be impaired. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to GMCT.

# Note 4 – Key assets to support service delivery (continued)

## Note 4.6: Inventories

		2018 \$ 000	2017 \$ 000
Current			
Finished goods			
Grave foundations and beams		11,690	9,521
Mausoleum crypts		12,459	14,707
Land – interment purposes		268	508
Work in progress			
Development costs		8,140	6,658
Total current		32,557	31,394
Non-current			
Land – interment purposes (undeveloped)		12,038	12,128
Work in progress			
Development costs	(i)	5,947	5,947
Total non-current		17,985	18,075
Total inventories		50,542	49,469

(i) \$5.9 million of inventory located in the Preston Cemetery mausoleum basement was reclassified in 2012 as work in progress. An engineering solution is being sought to determine the additional development required in order to make the inventory available for sale. It is expected that the inventory will have value above the carrying value, including the additional development.

Represented by	2018 \$ 000	2017 \$ 000
Land – interment purposes	12,306	12,636
Grave foundations and beams	11,690	9,521
Mausoleum crypts	12,459	14,707
Work in progress	14,087	12,605
Total	50,542	49,469

### (a) Inventories

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

Inventories include land allocated for interment purposes. 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 work in progress or finished goods. Work in progress includes undeveloped land and expenditure on inventories partially constructed but not available for sale. Finished goods represent inventories available for sale to clients including land to be used for interment purposes and are recorded as current assets.

Inventory of precast concrete lined graves, pre-poured foundations for graves, memorial wall niches and mausoleum crypts are valued at weighted average cost. These inventories are measured at the lower of cost or net realisable value.

Costs for all other inventories are measured on the basis of weighted average cost.

# Note 5 – Other assets and liabilities

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

## Note 5.1: Receivables

		2018 \$ 000	2017 \$ 000
Current			
Contractual			
Trade and sundry debtors		2,010	2,390
Accrued interest and dividends		942	866
Less provision for doubtful debts	5.1(a)	[6]	(9)
Total contractual receivables		2,946	3,247
Statutory			
GST receivable		95	226
Total statutory receivables		95	226
Total receivables		3,041	3,473

The nature and extent of risk arising from receivables and ageing of receivables is contained in Note 4.2.

### (a) Movement in provision for doubtful debts

	2018 \$ 000	2017 \$ 000
Balance at the beginning of the year	9	4
Amounts written off during the year	-	-
Increase/(decrease) in allowance recognised in net result	(3)	5
Balance at end of the year	6	9

### (b) Receivables

Receivables consist of:

- contractual receivables, which includes mainly debtors in relation to goods and services and accrued investment income
- statutory receivables, which includes predominantly amounts owing from the Victorian Government and GST input tax credits recoverable.

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

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 that 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.

# Note 5 – Other assets and liabilities

# Note 5.2: Prepayments and other assets

	2018 \$ 000	2017 \$ 000
Prepayments	341	287
Total prepayments	341	287

### (a) Prepayments

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

# Note 5.3: Payables

	2018 \$ 000	2017 \$ 000
Current		
Contractual		
Trade creditors	269	2,794
Other creditors and accruals	4,474	1,411
Total contractual creditors	4,743	4,205
Statutory		
Other creditors and accruals	364	814
Cemeteries levy accrued	2,383	2,343
Superannuation liability	134	118
Total statutory creditors	2,881	3,275
Total trade creditors	7,624	7,480

### (a) Payables

Payables consist of:

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

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

### (b) Liquidity risk

Liquidity risk arises if GMCT is unable to meet obligations associated with its financial liabilities when they fall due.

#### (i) Policy on managing liquidity risk

GMCT's objectives in managing liquidity risk are 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.

GMCT manages liquidity risk by monitoring cash flows to ensure sufficient funds are maintained in its operating bank account to meet liabilities as they fall due. This is done while ensuring that surplus funds are invested. Daily monitoring occurs with monthly reports delivered to management regarding the cash flow position and cash flow forecasts. GMCT believes that this policy ensures sufficient funds are held to allow for the proper administration of GMCT's responsibilities.

GMCT has assessed this risk as minimal considering the positive current position of current assets compared with its current liabilities and its cash flow generated from operations.

### (ii) Maximum exposure to liquidity risk

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

Financial liabilities	Carrying amount 2018 \$000	Carrying amount 2017 \$000
Payables	4,743	4,205
Total	4,743	4,205

### (iii) Maturity analysis of financial liabilities

The following table sets out the contractual maturity analysis for financial liabilities at reporting date.

			Maturity dates			
Financial liabilities	Carrying amount \$ 000	Nominal amount \$ 000	Less than 1 month \$ 000	1-3 months \$ 000	3 months - 1 year \$ 000	1-5 years \$ 000
2018						
Payables	4,743	4,743	4,743		-	-
Total	4,743	4,743	4,743		-	-
2017						
Payables	4,205	4,205	4,205	-	-	-
Total	4,205	4,205	4,205	-	-	-

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

## Note 5.4: Unearned income

	2018 \$000	2017 \$000
Current		
Pre-need deed sales liability	17,217	15,527
Deposits received in advance	823	743
Total unearned income	18,040	16,270

### (a) Unearned income

Unearned income represents monies received in advance of the provision of particular interment and cremation services and for pre-sales of some goods e.g. memorial plaques. These are recorded as unearned income as at the reporting date and recognised as revenue in the period that the goods or services are provided.

All unearned income is classified as a current liability as GMCT does not have an unconditional right to defer settlement. Pre-purchases and pre-need deeds are redeemed when a need arises. Prepaid fees are recognised at their nominal (contracted) value.

# Note 6 – How we finance our operations

This section provides information on the sources of finance utilised, along with interest expenses (the cost of borrowings) and other information related to financing activities of GMCT.

# Note 6.1: Borrowings

### (a) Leases

A lease is a right to use an asset for an agreed period of time in exchange for payment. Leases are classified at their inception as either operating or finance leases. Leases of property, plant and equipment are classified at their inception as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

### (b) Operating leases

Operating lease payments, including any contingent rentals, are recognised as an expense on a straightline 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.

The operating lease rental is for photocopiers.

### (c) Finance leases

GMCT did not have any finance lease commitments as at 30 June 2018 (2017: nil).

### Note 6.2: Commitments

Total operating expenditure

commitments

Capital expenditure commitments	2018 \$000	2017 \$000
Land and buildings	1,159	1,155
Plant and equipment	60	-
Intangible assets	822	445
Inventories	6,747	2,276
Total capital commitments	8,788	3,876
Operating expenditure commitments	2018 \$ 000	2017 \$ 000
Maintenance and operating	4,367	2,570
Administrative	100	347

4,467

2,917

Lease commitments	2018 \$000	2017 \$000
Operating leases	67	134
Total lease commitments	67	134

Capital expenditure commitments	2018 \$000	2017 \$000
Not longer than one year	8,712	3,266
Longer than one year and not longer than five years	38	610
Longer than five years	38	-
Total capital expenditure commitments	8,788	3,876

Operating expenditure commitments	2018 \$000	2017 \$000
Not longer than one year	2,284	1,727
Longer than one year and not longer than five years	2,183	1,190
Longer than five years	-	-
Total operating expenditure commitments	4,467	2,917

Operating lease commitments	2018 \$000	2017 \$000
Not longer than one year	67	67
Longer than one year and not longer than five years	-	67
Longer than five years	-	-
Total operating lease commitments	67	134

Commitments for expenditure are not recognised in the balance sheet. Commitments for expenditure are disclosed 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 values of significant individual projects are stated.

# Note 7 – Risks, contingencies and valuations uncertainties

GMCT 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 GMCT is related mainly to fair value determination.

## Note 7.1: Financial instruments

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

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

The following refers to financial instruments unless otherwise stated.

### (a) Financial risk management objectives and policies

GMCT's principal financial instruments comprise:

- cash assets
- receivables (excluding statutory receivables)
- available for sale investments
- payables (excluding statutory payables).

Details of the significant accounting policies and methods adopted — including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised — with respect to each class of financial asset and financial liability are disclosed in notes 2.3 and 4.2 to the financial statements.

GMCT's main financial risks include credit risk, liquidity risk, interest rate risk and equity price risk. GMCT manages these financial risks in accordance with its financial risk management policy.

GMCT uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with GMCT's finance and investment committee.

The main purpose of holding financial instruments is to prudentially manage GMCT's financial risks within the government's policy parameters.

# Note 7 – Risks, contingencies and valuations uncertainties (continued)

## Note 7.1: Financial instruments (continued)

### (b) Categorisation of financial instruments

2018	Contractual financial assets / liabilities designated at fair value through profit and loss	Contractual financial assets / liabilities held for trading at fair value through profit and loss	Contractual financial assets – loans and receivables	Contractual financial assets – available for sale	Contractual financial assets / liabilities at amortised cost	Total
Contractual fina	ncial assets					
Cash and cash equivalents	-	-	9,853	-	-	9,853
Receivables	-	-	2,946	-	-	2,946
Investments and other financial assets	-	-	-	-	-	-
<ul> <li>Interest bearing investments</li> </ul>	-	-	-	107,382	-	107,382
<ul> <li>Managed share portfolios</li> </ul>	-	-	-	194,598	-	194,598
Total financial assets (i)	-	-	12,799	301,980	-	314,779
Contractual financial liabilities						
Payables	-	-	-	-	(4,743)	(4,743)
Total financial liabilities (ii)	-	-	-	-	(4,743)	(4,743)

2017	Contractual financial assets / liabilities designated at fair value through profit and loss	Contractual financial assets / liabilities held for trading at fair value through profit and loss	Contractual financial assets – loans and receivables	Contractual financial assets – available for sale	Contractual financial assets / liabilities at amortised cost	Total
Contractual final	ncial assets					
Cash and cash equivalents	-	-	9,944	-	-	9,944
Receivables	-	-	3,247	-	-	3,247
Investments and other financial assets	-	-	-	-	-	-
<ul> <li>Interest bearing investments</li> </ul>	-	-	-	109,266	-	109,266
<ul> <li>Managed share portfolios</li> </ul>	-	-	-	161,137	-	161,137
Total financial assets (i)	-	-	13,191	270,403	-	283,594
Contractual fina	ncial liabilities					
Payables	_	_	_	_	(4,205)	(4,205)
Total financial liabilities (ii)	-	-	-	-	(4,205)	(4,205)

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

(ii) The total amount of financial liabilities disclosed here excludes statutory payables (i.e. taxes payable, mandatory superannuation guarantee charges and WorkCover levies).

# Note 7 – Risks, contingencies and valuations uncertainties (continued)

## Note 7.1: Financial instruments (continued)

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

	2018 \$000	2017 \$000
Financial assets		
Cash and cash equivalents and available for sale investments – interest revenue	992	1,310
Available for sale investments – dividends and distributions	19,617	18,737
Available for sale investments – impairment loss	(2,614)	(478)
Available for sale investments – realised gain/(loss)	3,089	2,063
Available for sale investments – unrealised gain/(loss)	1,708	(45)
Total net holding gain	22,792	21,587

### (c) Categories of financial instruments

### (i) Loans and receivables and cash

Loans and 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, loans and receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment). GMCT recognises the following assets in this category:

- cash and deposits
- receivables (excluding statutory receivables)
- term deposits
- certain debt securities.

The effective interest method is a method of calculating the amortised cost of a financial asset and of 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.

### (ii) Available for sale financial instrument 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 they are measured at fair value with gains and losses arising from changes in fair value recognised in 'other economic flows – other comprehensive income' until the investment is disposed. Movements resulting from impairment and foreign currency changes are recognised in the net result as 'other economic flows'. On disposal, the cumulative gain or loss previously recognised in 'other economic flows – other comprehensive income' is transferred to 'other economic flows' in the net result.

# Note 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 a note and, if quantifiable, are measured at nominal value. Contingent assets and contingent liabilities are presented inclusive of GST receivable or payable respectively.

There were no quantifiable or non-quantifiable contingent assets or contingent liabilities at the reporting date (2017: NIL).

# Note 8 – Other disclosures

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

## Note 8.1: Equity

		2018 \$ 000	2017 \$ 000
Composition of equity		<b>\$ 000</b>	φ σσα
Contributed capital	(a)	148,872	148,872
Accumulated surplus/(deficit)	(b)	52,244	47,132
Perpetual maintenance reserve	(c)	199,136	171,913
Available for sale investment revaluation surplus reserve	(d)	10,986	6,664
Physical asset revaluation surplus reserve	(e)	28,979	28,21
Total equity		440,217	402,792
(a) Contributed capital			
Balance at the beginning of the year		148,872	148,872
Movement		-	
Balance at the end of the year		148,872	148,872
(b) Accumulated surplus/(deficit)			
Balance at the beginning of the year		47,132	42,414
Operating result for the year		32,335	32,204
Transfer to perpetual maintenance reserve		(27,223)	(27,486
Balance at the end of the year		52,244	47,132
(c) Perpetual maintenance reserve			
Balance at the beginning of the year		171,913	144,427
Transfer from accumulated surplus/(deficit)		27,223	27,486
Balance at the end of the year		199,136	171,913
(d) Available for sale investment revaluation s	surplus re	serve	
Balance at the beginning of the year		6,664	6,341
Unrealised gain/(loss) recognised for the year		1,708	(45
Realised gain/(loss) recognised for the year		3,089	1,953
Realised (gain)/loss taken to the comprehensive operating stat	ement	(3,089)	(2,063
Impairment loss taken to the comprehensive operating statem	ent	2,614	478
Total movement		4,322	323
Balance at the end of the year		10,986	6,664
(e) Physical asset revaluation surplus reserve	•		
Balance at the beginning of the year		28,211	3,228
		*	

Revaluation increment/(decrement) recognised for land and buildings

Balance at end of year

24,983

28,211

768

28,979

# Note 8.1: Equity (continued)

### (f) Contributed capital

Consistent with Australian Accounting Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* and FRD 119 *Contributions by Owners*, the net assets of the former trusts consolidated to form GMCT in 2010 have been treated as contributed capital in accordance with the allocation statement authorised by the Minister for Health. Other transfers that are in the nature of contributions or distributions that have been designated as contributed capital are treated as contributed capital.

### (g) Physical asset revaluation surplus reserve

The asset revaluation surplus reserve is used to record increments and decrements in the revaluation of non-current physical assets.

### (h) Available for sale investment revaluation surplus reserve

The available for sale revaluation surplus arises from the revaluation of available for sale financial assets. Where a revalued financial asset is sold the portion of the reserve that relates to that financial asset 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.

### (i) Net gain/(loss) on financial instruments

Net gain/(loss) on financial instruments includes:

- impairment and reversal of impairment for financial instruments at amortised cost
- disposals of financial assets.

### (j) Revaluation of financial instruments at fair value

The revaluation gain/(loss) on financial instruments at fair value excludes dividends and interest earned on financial assets that are separately reported as income.

### (k) Perpetual maintenance reserve

Under section 12A(2)(a) of *The Cemeteries and Crematoria Act 2003*, GMCT must have regard to its obligations in relation to funding of the perpetual maintenance of the public cemeteries for which it is responsible.

Fees received include amounts for perpetual maintenance to be carried out in future years in perpetuity. Such amounts are transferred from the result for the year and into the perpetual maintenance reserve.

GMCT previously received independent advice in relation to the forecasted perpetual maintenance obligations per site and is conducting further analysis.

The perpetual maintenance reserve allocation is based on 20 per cent of gross surplus plus 100 per cent of net investment income less any annual deficit from any individual cemetery. The perpetual maintenance allocation is capped each year to not exceed the operating result for the year.

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

GMCT has, nevertheless, created a reserve that is cash and investment backed as a source of future contributions towards its perpetual maintenance obligations. This is disclosed as a perpetual maintenance reserve.

# Note 8.2: Reconciliation of net cash flows

	2018 \$ 000	2017 \$ 000
Operating result for the reporting year	32,335	32,204
Non-cash flows in the operating result		
Depreciation and amortisation	4,781	3,549
(Profit)/loss from disposal of property, plant and equipment	(60)	68
Impairment loss on available for sale financial assets	2,614	478
Realised (gain)/loss on available for sale financial assets	(3,089)	(2,063)
	4,246	2,032
Changes in assets and liabilities		
(Increase)/decrease in receivables	432	(369)
(Increase)/decrease in inventories	(2,709)	(5,031)
(Increase)/decrease in prepayments	(56)	(155)
Increase/(decrease) in payables	2,144	4,133
Increase/(decrease) in employee benefits	286	179
Increase/(decrease) in onerous contracts	(124)	(131)
Increase/(decrease) in unearned income	1,770	532
	1,742	(842)
Net cash flow from operating activities	38,324	33,394

# Note 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 year. Remuneration of ministers is disclosed in the financial report of the Department of Premier and Cabinet.

The following were responsible persons for the entire period unless stated.

Responsible minister	Period
The Honourable Jill Hennessy, Minister for Health, Minister for Ambulance Services	Commenced December 2014
Governing board (the trust)	
Geoff Mabbett (chair)	Commenced as chair 1 March 2016 (trust member since 2013)
Dianne Rule	Commenced 1 March 2013, resigned 31 August 2017
Elizabeth Beattie	Commenced 1 March 2016
David Cragg	Commenced 1 March 2016
Dana Hlavacek	Commenced 1 March 2016
Kim McAliney	Commenced 1 March 2013
Janice Penney	Commenced 1 March 2010
Jack Wegman	Commenced 1 September 2014, resigned 31 August 2017
Kevin Quigley	Commenced 1 September 2017
James Turcato	Commenced 1 September 2017
Beverley Excell	Commenced 1 September 2017

# Note 8.3(a): Responsible persons disclosure (continued)

Accountable officer

Jacqui Weatherill (chief executive officer)

### Remuneration of responsible persons

The number of responsible persons is shown in the relevant income bands.

	Total remu	neration
Income band	2018	2017
\$0 - \$9,999	2	-
\$10,000 - \$19,999	8	8
\$20,000 - \$29,999	-	-
\$30,000 - \$39,999	1	1
\$290,000 - \$299,999	-	1
\$300,000 - \$399,999	1	
	12	10
Total remuneration received or due and received by responsible persons from the reporting entity amounted to	\$536,624	\$484,351

# Note 8.3(b): Executive officers remuneration

### **Executive officers remuneration**

The number of executive officers, other than ministers and accountable officers, and their total remuneration during the reporting period is shown in the table below. Total annualised employee equivalent provides a measure of full-time equivalent executive officers over the reporting period.

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 including 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 including pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased
- other long-term benefits including long service leave, other long-service benefit or deferred compensation
- termination benefits including termination of employment payments, such as severance packages.

Remuneration of executive officers	Total rem	Total remuneration	
(including key management personnel)	2018	2017	
Short-term employee benefits	947,465	676,401	
Post-employment benefits	84,874	61,138	
Other long-term benefits	28,248	43,915	
Termination benefits	70,929	-	
Total remuneration (i)	1,131,516	781,454	
Total number of executives	7	4	
Total annualised employee equivalents (AEE) (ii)	4.8	3.31	

(i) The total number of executive officers includes persons who meet the definition of key management personnel (KMP) of the entity under AASB 124 Related Party Disclosures and are also reported within the related parties note disclosure. (Note 8.4)

(ii) Annualised employee equivalent is based on the time fraction worked over the reporting period.

# Note 8.3(c): Remuneration of other personnel

There were no contractors charged with significant management responsibilities receiving total expenses in excess of \$100,000 (2017: nil).

# Note 8.4: Related party transactions

GMCT is a wholly owned and controlled entity of the state of Victoria. Related parties of GMCT include:

- all key management personnel and their close family members
- all cabinet ministers and their close family members
- all cemetery trusts and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

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

Key management personnel (KMP) of GMCT include portfolio ministers, cabinet ministers and KMP as determined by the trust. 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.

	2018 \$ 000	2017 \$ 000
Compensation		
Short-term employee benefits	1,389	1,081
Post-employment benefits	126	99
Other long-term benefits	82	86
Termination benefits	71	-
Total	1,668	1,266

# (i) Transactions 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 members of the public e.g. they incur 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. Outside of normal citizen type transactions with the department, there were no related party transactions that involved key management personnel and their close family members. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

During the year GMCT had government related entity transactions with the Department of Health and Human Services, being the payment of the 2016-17 cemetery levy of \$2.344 million (2017: \$1.729 million).

Related party balances payable to the Department of Health and Human Services for the cemetery levy as at 30 June 2018 were \$2.383 million (2017: \$2.343 million).

# Note 8.5: Audit fees

	2018 \$000	2017 \$000
Victorian Auditor-General's Office		
Audit of the financial statements	99	97
Total	99	97

### Note 8.6: Ex-gratia payments

During the reporting year ex-gratia expenses amounted to nil (2017: nil).

## Note 8.7: New accounting standards and interpretations

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2018 reporting period. As at 30 June 2018, the following standards and interpretations had been issued but application was not effective for the year ending 30 June 2018. They become effective for the first financial statements for the reporting periods commencing after the stated operative dates as detailed in the table below. GMCT has not and does not intend to adopt these standards early.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on GMCT financial statements
	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedge		The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals.
AASB 9 Financial Instruments		The initial application of AASB 9 is not expected to significantly impact the financial positon however there will be a change to the way financial instruments are classified and new disclosure requirements.	
AASB 2014-1 Amendments to Australian Accounting Standards [Part E Financial Instruments]	Amends various AASs 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 2014-7 Amendments to Australian Accounting Standards arising from AASB 9	Amends various AAS 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 GMCT.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on GMCT financial statements
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15 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.
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	<ul> <li>Amends the measurement of trade receivables and the recognition of dividends as follows:</li> <li>trade receivables that do not have a significant financing component, are to be measured at their transaction price, at initial recognition</li> <li>dividends are recognised in the profit and loss only when:</li> <li>i) the entity's right to receive payment of the dividend is established</li> <li>ii) it is probable that the economic benefits associated with the dividend will flow to the entity</li> <li>iii) the amount can be measured reliably.</li> </ul>	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 GMCT.

# Note 8.7: New accounting standards and interpretations (continued)

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on GMCT financial statements
AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15	This standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018.	1 Jan 2018	This amending standard will defer the application period of AASB 15 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15	<ul> <li>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:</li> <li>a promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation</li> <li>for items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer</li> <li>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).</li> </ul>	1 Jan 2018	The assessment has indicated that there will be no significant impact for GMCT, other than the impact identified in AASB 15.
AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities	This standard defers the mandatory effective date of AASB 15 for not-for-profit entities 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.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on GMCT financial statements
			This standard clarifies the application of AASB 15 and AASB 9 in a not-for-profit context. The areas within these standards that are amended for not-for-profit application include:
			AASB 9
AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities	AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit-entities into AASB		<ul> <li>statutory receivables are recognised and measured similarly to financial assets</li> <li>AASB 15</li> </ul>
	9 and AÅSB 15. This standard amends AASB 9 and AASB 15 to include	<ul> <li>the "customer" of need to be the re</li> </ul>	<ul> <li>the "customer" does not need to be the recipient of goods and/or services</li> </ul>
	requirements to assist not- for-profit entities in applying the respective standards to particular transactions and	1 3411 2017	<ul> <li>the "contract" could include an arrangement entered into under the direction of another party</li> </ul>
	events.		<ul> <li>contracts are enforceable if they are enforceable by legal or "equivalent means"</li> </ul>
			<ul> <li>contracts do not have</li> </ul>

- contracts do not have to have commercial substance, only economic substance
- performance obligations need to be "sufficiently specific" to be able to apply AASB 15 to these transactions.

# Note 8.7: New accounting standards and interpretations (continued)

In addition to the new standards 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 references changes that are expected to have insignificant impacts on public sector reporting.

- AASB 2016-5 Amendments to Australian Accounting Standards Classification and Measurements 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 2014-16 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

## Note 8.8: Events occurring after the reporting period

Assets, liabilities, income or expenses arise from past transactions or other past events. Adjustments are made to amounts recognised in the financial statements for events that occur after the reporting period and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed in the reporting period.

Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions that arose after the end of the reporting period and that may have a material impact on the results of subsequent reporting periods.

There have been no events that have occurred subsequent to 30 June 2018 that would, in the absence of disclosure, cause the financial statements to become misleading.

The annual report of The Greater Metropolitan Cemeteries Trust is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the department's compliance with statutory disclosure requirements.

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