

**ACT Public Cemeteries
Authority**

Statement of Intent

2015-16

ACT Public Cemeteries Authority

The ACT Public Cemeteries Authority is a Territory Authority established under the *Cemeteries and Crematoria Act 2003*.

This Statement of Intent for 2015-16 has been prepared in accordance with Section 61 of the *Financial Management Act 1996*.

The responsible Minister, Shane Rattenbury MLA, was consulted during the preparation of the Statement of Intent.

The Statement of Intent, which focuses on the 2015-16 Budget year, has been developed in the context of a four year forward planning horizon to be incorporated, as far as practicable, into the ACT Public Cemeteries Authority strategic and business planning processes.

The ACT Public Cemeteries Authority 2015-16 Statement of Intent has been agreed between:

Diane Kargas AM
Chair
ACT Public Cemeteries Authority

Andrew Barr MLA
Treasurer

Shane Rattenbury MLA
Minister for Territory and Municipal Services

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Purpose

The ACT Public Cemeteries Authority (the Authority) is an independent statutory authority established under the *Cemeteries and Crematoria Act 2003* to effectively and efficiently manage public cemeteries and crematoria in the ACT. The Authority currently manages and operates three public cemeteries at Gungahlin, Woden and Hall.

The key purpose of the Authority is to:

- ensure the equitable availability of interment options, and maintain burial capacity in the medium to long term for the ACT community;
- operate as an efficient Government business with a strong customer service focus; and
- adopt operating practices that safeguard the environment and the health and safety of staff and visitors.

Nature and scope of activities

Strategic and operational priorities to be pursued in 2015-16 include:

- complete new office complex at Gungahlin Cemetery;
- expand and innovate Authority service offerings in accordance with contemporary community needs including:
 - continue work towards the extension of Woden Cemetery;
 - progress the introduction of natural burial options; and
 - continue planning work for future cemetery facilities.
- progress technology enabled innovation in services and operations including increased efficiency and effectiveness of front office operations web enabled profiling of services and the introduction of online memorialisation services;
- foster stakeholder relations and partnerships;
- employ innovative solutions to reduce the cost of maintenance, with a view to enhancing perpetual care arrangements and the long term financial viability of the Authority;
- continue to develop staff skills, with an emphasis on improving the efficiency of the Authority and maintaining excellence in customer service;
- review the existing business and strategic plans to ensure the Authority remains a sustainable business; and

- work with the Government toward the establishment of a framework for the development of the new southern cemetery to maintain burial capacity in the medium to long term in the ACT.

Risks

- Workplace Health and Safety Injury and/or incidents occurring to staff and visitors caused by the operation of a wide range of machinery and equipment and falling tree parts. To mitigate this risk, the Authority has implemented a number of measures including the following:
 - training including specific licences and the *safe graves* program;
 - procedures including forms and checklists;
 - maintenance of plant and equipment consistent with the strategic asset management plan;
 - burial risk assessment, and close supervision of the burial process;
 - workplace safety representatives and other workplace health and safety procedures;
 - personal protective equipment;
 - workplace safety inspections and associated action plans; and
 - development of a tree register.
- Failure to develop and incorporate alternative income streams in the short term. The Authority Board considers that without this growth the Authority is less able to both meet the needs of the community and meet medium to long term financial requirements.
- The accumulated shortfall in the Perpetual Care Trust Reserve (PCTR) liability remains a significant long term risk for the Authority. Failure to address this in the medium term is likely to see the liability increase.
- Lack of balance between funds set aside and funds available for current maintenance. It is important that this balance is proportional to the needs of the Authority. Should the balance not be correct then there is significant risk that the Authority will need to operate with long term deficits.

Performance measures and targets

Key Performance Indicators for 2015-16 to 2018-19

Table 1: Non-Financial Performance Objectives

Measure	2014-15 Budget	2014-15 Est. Outcome	2015-16 Budget
a. Number of clients choosing to do business with Canberra Cemeteries – proportional to the number of deaths annually in the ACT ¹	35%	35%	35%
b. Level of client and stakeholder satisfaction with Canberra Cemeteries ²	98%	98%	98%
c. Level of matters raised by unsatisfied clients and stakeholders resolved by Canberra Cemeteries operations ³	100%	100%	-

Notes:

1. Death statistics are sourced from the *Australian Bureau of Statistics 3302.0 - Deaths, Australia, June 2013* (latest available).
2. Level of client satisfaction is obtained by a survey of funeral directors who regularly access Canberra Cemeteries and is supported by a post burial satisfaction survey provided to all willing customers.
3. Details extracted from computerised customer service system. .

Table 2: Financial Performance Objectives

Measure	2013-14 Actual	2014-15 Budget	2014-15 Est. Outcome	2015-16 Budget	Variance %
Efficiency/ Profitability					
Return on Assets ¹	0.0%	2.0%	-2.5%	0.1%	26.0
Return on Equity ²	0.0%	3.5%	-4.3%	0.3%	15.3
Liquidity					
Current Ratio ³	1.5	1.1	5.5	4.5	(21.9)
Cash Position ⁴	0.5	0.4	0.4	0.4	-
Financial Stability					
Capital Ratio ⁵	0.7	0.8	0.7	0.8	12.5

Notes:

- Return on Assets = Operating Profit /Total Assets
The variance in the 2015-16 Budget compared to the 2014-15 estimated outcome is due to the expected operating deficit for 2014-15 caused by reduced income from the delayed sales of Mausoleum Crypts combined with a higher than expected Workers Compensation premium. It is expected there will be a return to surplus in 2015-16.
- Return on Equity = Operating Profit/Total Equity
The variance in the 2015-16 Budget compared to the 2014-15 estimated outcome is due to the same circumstances as described above.
- Current Ratio = Current Assets/Current Liabilities
The variance in the 2015-16 Budget compared to the 2014-15 estimated outcome is due to an increase in current liabilities by \$0.250 million due to adjustments regarding transfers to the Perpetual Care Trusts while current assets will remain the steady.
- Cash Position = (Cash + Current Investments)/Total Assets
- Capital Ratio = Total Liabilities/Total Equity
The variance in the 2015-16 Budget compared to the 2014-15 estimated outcome is due to the same circumstances as for the Current Ratio above.

Assessment of performance against 2014-15 objectives

The Authority's performance against its 2014-15 objectives and targets included in its 2014-15 Statement of Intent shows that the Authority has broadly met its targets and should continue to do so in the short term. Further non-financial and performance outcomes are detailed below:

- There has been considerable progress in the development of the Gungahlin Cemetery Masterplan which is expected to be completed by 30 June 2015.
- The Authority has continued to maintain a portion of market share equivalent to at least 35 per cent of deaths in the ACT.
- Contributions to PCT funds are in line with the requirements of the *Cemeteries and Crematoria Act 2003*.
- Higher than expected staff costs resulted from higher levels of leave and the need to maintain on the ground staff numbers. Significant additional unbudgeted expenditure has occurred in the payment of Workers Compensation premium. Income related to the new extension of the Woden Mausoleum has not been realised due to delays in construction. Other areas of the budget were in line with expectations.
- The Authority continues to recycle materials including bulk composting of organic waste, both on and off-site, resulting in lower operational costs and environmental impacts.
- The Authority continues to adopt human resource management practices in line with the ACT Public Service to provide a productive and satisfying working environment.
- The financial audit conducted by the ACT Auditor-General for the 2013-14 financial year was qualified in relation to some aspects of the Perpetual Care Trust (PCT) accounts. These matters are being addressed both at the Authority level to address the specifics of the issue and by Territory and Municipal Services Directorate (TAMS) to improve the instructions provided to the Authority for the management of PCT account management. It is expected that a full resolution of the issues raised will be made before the end of the 2014-15 financial year.
- The Authority's off-budget capital works program is progressing as programmed by the Board and its subcommittees. The major project to extend the Mausoleum at Woden Cemetery, while later than the programmed date, will be completed within the expected timeframe. There will be no significant adverse impacts to the operation of the Authority from this small overrun.
- Revenue will be significantly lower than expected due to delays in completing construction of the extension to the Mausoleum at Woden Cemetery by approximately \$0.5 million.
- Expenses are expected to be over budget due to significant increases in Comcare premiums.

Employment profile

Table 3: Employment profile

Classification	Position	2014-15 Budget	2014-15 Estimated Outcome	2015-16 Budget
SOGA	Chief Executive Officer	1	1	1
SOGC	Project Manager	1	1	1
ASO6	Business Manager	1	1	1
ASO6	Executive Officer	1	1	1
ASO4	Customer Relations	2	2	2
TO4	Grounds Manager	1	1	1
GSO7	Team Leader Grounds	1	1	1
GOS8	Team Leader Grounds	1	1	1
TO2	Horticulturist	1	2	2
GSO5/6	Cemetery Worker ²	6	5	8
1-4 Year Apprentice	Horticulture	1	0	0
Total¹		17	16	19

Notes:

1. The variations from 2014-15 Budget and 2014-15 estimated outcome is primarily due to staff being on unpaid leave or workers compensation. In these circumstances, contractors are used to backfill the positions.
2. The variation between the 2014-15 Budget and 2015-16 Budget reflects the increase in two GSO positions to replace contract staff currently undertaking maintenance duties.

Monitoring and reporting

The Authority shall satisfy the requirements of the Chief Minister's Annual Reports Directions. The Authority Annual Report will, amongst other things, report against the requirements of this Statement of Intent.

The *Financial Management Act 1996* authorises the Treasurer to obtain financial and other statements from the Authority for a stated period including annual, quarterly and monthly reporting.

Monthly Reporting

The Authority Board prepares monthly financial reports for internal scrutiny and management. Copies of these reports are provided to TAMS. These reports include tables and variance analysis for:

- Operating Statement.
- Balance Sheet.
- Cash Flow Statement.

Annual Reporting

As part of preparations for end of year reporting the Chief Minister, Treasury and Economic Development Directorate (CMTEDD) will advise the dates when the following documents are required at the CMTEDD and at the Auditor-General's Office:

- Certified financial statements.
- Management discussion and analysis.
- A full and accurate set of audited financial records for the preceding financial year in the form requested.
- Consolidation packs relating to the annual financial statements, draft and final.

Strategic Asset Management Plan

Asset Strategy

The Authority is a self-funding statutory authority and manages all cemeteries related infrastructure to provide an efficient and reliable service to the community.

The Authority prepares a Strategic Asset Management Plan (SAMP) every three years to plan the maintenance strategy for all the assets included in its assets inventory. The purpose of SAMP is to provide a reference document for the financial and operational asset management of all asset groups owned and managed by the Authority. SAMP includes asset data and financial information as at 30 June 2013. The triennial plan is reviewed in accordance with the TAMS Strategic Asset Management Framework on an annual basis to assess strategic directions and progress against planned activities, however, the data underpinning the plan is only reviewed in detail every three years.

SAMP outlines in detail the current and expected levels of service for the delivery of maintenance services and capital works programs. The expected levels of service are determined by a thorough analysis of service objectives, future demand, feedback from community consultations, ACT's population trends and the availability of resources.

SAMP also reports on a detailed lifecycle management of all critical asset groups and the budget required to maintain the Authority's assets at an operational level that meets relevant Australian national standards throughout their useful life. The Authority has developed a robust risk register to identify and mitigate/manage corporate, strategic, operational and asset management risks.

The Authority has adopted a continuous cycle for the improvement of its asset management maturity level. In order to achieve the desired maturity levels the first step is to identify the gaps between the current and future practices and the resources and training required to fill these gaps. After careful analysis of the difference between the current and desired levels of maturity improvement, actions are prioritised and improvement plans are recommended. These plans are implemented considering the availability of resources and funding. The outcome of these implemented improvement actions are monitored for a planned time period to analyse the results. This improvement cycle is continuous and provides opportunities for improvements in processes, procedures, and practices of asset management performance.

Asset Portfolio

The Authority's portfolio comprises significant landscaping, cemetery specific structures and various buildings including two residential cottages and office accommodation.

Table 4: Cemeteries Under Management

Gungahlin Cemetery	Mitchell
Woden Cemetery	Phillip
Hall Cemetery	Hall

Table 5: Major Assets Gungahlin

Burial Areas and associated landscaping
Caretaker's Cottage
Office Complex
Public Toilets
Works Depots
Sheds and Carports
Roads and Paving
Fences
Memorial Walls and Outdoor Chapel
Irrigation System for turf and landscaping including Dam and Bore Pumping Systems

Table 6: Major Assets Woden

Burial Areas and associated landscaping
Caretaker's Cottage
Waiting Rooms and Public Toilets
Works Depots
Sheds and Carports
Roads and Paving
Fences
Mausoleum
Landscaping and Irrigation

Hall Cemetery

The Authority is not intending to expand the cemetery at Hall at this stage. A suitable site has been identified but until environmental concerns for the whole of the cemetery can be addressed the Authority believes that the risk is too high to proceed.

Southern Memorial Park

It is the Authority's view that this project should proceed at the earliest opportunity to minimise any risks of a shortage of burial spaces available for south Canberra. The Authority has completed pre-planning for a new Southern Memorial Park. The Authority will seek to maximise the potential of its current sites while funding is not available.

Financial Arrangements

The Authority is a self-funded statutory authority, in normal circumstances, requiring no supplementary funding from the ACT Government.

Financial Statements

Budgeted financial statements for the 2015-16 Budget year, as well as forward estimates for the three financial years appear below. These, general purpose financial statements, have been prepared in accordance with the ACT's Model Financial Statements and include:

- a) Operating Statement.
- b) Balance Sheet.
- c) Statement of Changes in Equity.
- d) Cash Flow Statement.
- e) Notes to the Financial Statements as appropriate.

ACT Public Cemeteries Authority: Operating Statement

2014-15 Budget \$'000		2014-15 Est'd Outcome \$'000	2015-16 Budget \$'000	Variance %	2016-17 Estimate \$'000	2017-18 Estimate \$'000	2018-19 Estimate \$'000
Income							
Revenue							
3,397	User Charges - Non ACT Government	2,880	3,965	38	3,605	3,789	3,932
363	Interest	363	181	-50	197	207	217
63	Distribution from Investments with the Territory Banking Account	63	67	6	69	71	73
1,952	Other Revenue	1,952	1,525	-22	1,855	1,907	1,987
5,775	Total Revenue	5,258	5,738	9	5,726	5,974	6,209
Gains							
47	Other Gains	47	50	6	50	51	51
47	Total Gains	47	50	6	50	51	51
5,822	Total Income	5,305	5,788	9	5,776	6,025	6,260
Expenses							
1,308	Employee Expenses	1,519	1,801	19	1,821	1,855	1,873
150	Superannuation Expenses	133	137	3	141	143	145
944	Supplies and Services	944	876	-7	949	975	1,001
415	Depreciation and Amortisation	415	382	-8	401	401	401
226	Cost of Goods Sold	226	480	112	486	492	498
2,462	Other Expenses	2,462	2,088	-15	2,100	2,108	2,111
5,505	Total Expenses	5,699	5,764	1	5,898	5,974	6,029
317	Operating Result	-394	24	106	-122	51	231
Other Comprehensive Income							
317	Total Comprehensive Income	-394	24	106	-122	51	231

ACT Public Cemeteries Authority: Balance Sheet

2014-15 Budget \$'000		2014-15 Est'd Outcome \$'000	2015-16 Budget \$'000	Variance %	2016-17 Estimate \$'000	2017-18 Estimate \$'000	2018-19 Estimate \$'000
Current Assets							
6,123	Cash and Cash Equivalents	6,274	6,237	-1	6,077	6,090	6,279
1,050	Receivables	156	157	1	158	159	164
301	Investments	0	0	-	0	0	0
28	Inventories	21	21	-	21	21	21
18	Other Current Assets	15	16	7	17	18	19
7,520	Total Current Assets	6,466	6,431	-1	6,273	6,288	6,483
Non Current Assets							
400	Receivables	1,419	1,662	17	1,905	2,148	2,391
846	Investments	0	0	-	0	0	0
1,045	Inventories	1,109	1,072	-3	1,035	998	961
2,420	Property, Plant and Equipment	3,219	3,027	-6	2,816	2,605	2,394
103	Intangibles	60	60	-	60	60	60
3,741	Capital Works in Progress	3,802	4,112	8	4,422	4,732	5,042
8,555	Total Non Current Assets	9,609	9,933	3	10,238	10,543	10,848
16,075	TOTAL ASSETS	16,075	16,364	2	16,511	16,831	17,331
Current Liabilities							
1,226	Payables	595	605	2	615	625	635
414	Employee Benefits	457	577	26	701	825	949
5,278	Other Liabilities	120	243	103	366	489	612
6,918	Total Current Liabilities	1,172	1,425	22	1,682	1,939	2,196
Non Current Liabilities							
51	Employee Benefits	59	71	20	83	95	107
42	Other	5,591	5,591	-	5,591	5,591	5,591
93	Total Non Current Liabilities	5,650	5,662	..	5,674	5,686	5,698
7,011	TOTAL LIABILITIES	6,822	7,087	4	7,356	7,625	7,894
9,064	NET ASSETS	9,253	9,277	..	9,155	9,206	9,437
REPRESENTED BY FUNDS EMPLOYED							
8,021	Accumulated Funds	7,720	7,744	..	7,622	7,673	7,904
1,043	Reserves	1,533	1,533	-	1,533	1,533	1,533
9,064	TOTAL FUNDS EMPLOYED	9,253	9,277	..	9,155	9,206	9,437

ACT Public Cemeteries Authority: Statement of Changes in Equity

2014-15 Budget \$'000		2014-15 Est'd Outcome \$'000	2015-16 Budget \$'000	Variance %	2016-17 Estimate \$'000	2017-18 Estimate \$'000	2018-19 Estimate \$'000
Opening Equity							
7,704	Opening Accumulated Funds	8,114	7,720	-5	7,744	7,622	7,673
1,043	Opening Asset Revaluation Reserve	1,533	1,533	-	1,533	1,533	1,533
8,747	Balance at the Start of the Reporting Period	9,647	9,253	-4	9,277	9,155	9,206
Comprehensive Income							
317	Operating Result for the Period	-394	24	106	-122	51	231
317	Total Comprehensive Income	-394	24	106	-122	51	231
0	Total Movement in Reserves	0	0	-	0	0	0
Closing Equity							
8,021	Closing Accumulated Funds	7,720	7,744	..	7,622	7,673	7,904
1,043	Closing Asset Revaluation Reserve	1,533	1,533	-	1,533	1,533	1,533
9,064	Balance at the End of the Reporting Period	9,253	9,277	..	9,155	9,206	9,437

ACT Public Cemeteries Authority: Cash Flow Statement

2014-15 Budget \$'000		2014-15 Est'd Outcome \$'000	2015-16 Budget \$'000	Variance %	2016-17 Estimate \$'000	2017-18 Estimate \$'000	2018-19 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts							
5,181	User Charges	4,664	5,337	14	5,306	5,542	5,759
363	Interest Received	363	162	-55	178	188	198
63	Distribution from Investments with the Territory Banking Account	63	67	6	69	71	73
501	Other Receipts	501	514	3	514	514	527
6,108	Operating Receipts	5,591	6,080	9	6,067	6,315	6,557
Payments							
1,277	Related to Employees	1,472	1,669	13	1,685	1,719	1,737
150	Related to Superannuation	133	137	3	141	143	145
939	Related to Supplies and Services	939	870	-7	942	1,039	1,067
3,102	Other	3,102	2,990	-4	3,008	2,950	2,968
5,468	Operating Payments	5,646	5,666	..	5,776	5,851	5,917
640	NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	-55	414	853	291	464	640
CASH FLOWS FROM INVESTING ACTIVITIES							
Receipts							
0	Proceeds from Sale/ Maturity of Investments	1,109	49	-96	49	49	49
0	Investing Receipts	1,109	49	-96	49	49	49
Payments							
3,355	Purchase of Property, Plant and Equipment and Capital Works	3,355	500	-85	500	500	500
3,355	Investing Payments	3,355	500	-85	500	500	500
-3,355	NET CASH INFLOW/ (OUTFLOW) FROM INVESTING ACTIVITIES	-2,246	-451	80	-451	-451	-451
-2,715	NET INCREASE / (DECREASE) IN CASH HELD	-2,301	-37	98	-160	13	189
8,838	CASH AT THE BEGINNING OF REPORTING PERIOD	8,575	6,274	-27	6,237	6,077	6,090
6,123	CASH AT THE END OF	6,274	6,237	-1	6,077	6,090	6,279

REPORTING PERIOD

Notes to the Financial Statements

Significant variations are as follows:

Operating Statement

- User charges – non ACT Government:
 - The decrease of \$0.517 million in the 2014-15 estimated outcome compared to the 2014-15 Budget is due to a delay in the opening of the Mausoleum. It is now expected that this income will be realised in the first quarter of 2015-16.
 - The increase of \$1.085 million in the 2015-16 Budget compared to the 2014-15 estimated outcome is due to additional mausoleum income and general fee increases.
- Interest: the decrease of \$0.182 million in the 2015-16 Budget compared to the 2014-15 estimated outcome is due to a reduced level of investments resulting from asset expenditure.
- Other revenue: the decrease of \$0.427 million in the 2015-16 Budget compared to the 2014-15 estimated outcome is due to a new method for calculating drawdowns from perpetual care trust funds.
- Employee expenses:
 - An increase of \$0.211 million in the 2014-15 estimated outcome compared to the 2014-15 Budget is due to a tripling in the Workers' Compensation premium and the cost of backfilling staff on leave to maintain operational capacity.
 - An increase of \$0.282 million in the 2015-16 Budget compared to the 2014-15 Budget is due to an increase in the Workers' Compensation premium described above and an increase in FTE staff.
- Cost of goods sold: the increase of \$0.254 million in the 2015-16 Budget compared to the 2014-15 estimated outcome is due an increase in expenditure on new burial areas.
- Other expenses: a decrease of \$0.374 million in the 2015-15 Budget compared to the 2014-15 estimated outcome is due to a reduction in the percentage for funds paid into perpetual care trust reserve accounts.

Balance Sheet

- Changes in the balance sheet between 2014-15 Budget and 2014-15 estimated outcome reflect the full year impact of sales and activities relating to the new mausoleum wing.

Statement of Changes in Equity

- Variations in the statement are explained in the notes above.

Statement of Cash Flow

- Variations in the statement are explained in the notes above.