



ACT
Government

Territory and Municipal Services

Territory and Municipal Services

Annual Report 2013-14

Volume 2

Staff of the Territory and Municipal Services (TAMS) Directorate acknowledge the Ngunnawal people as the traditional owners and custodians of the Canberra region and that the region is also an important meeting place and significant to other Aboriginal groups. We respect Aboriginal and Torres Strait Islander people and their culture, and the contribution they make to the Canberra region and the life of our city.

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Annual Report



2013–14

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A. TRANSMITTAL CERTIFICATE

Mr Shane Rattenbury, MLA
Minister for Territory and Municipal Services
ACT Legislative Assembly
London Circuit
Canberra City ACT 2601

Dear Minister

We are pleased to present the 2013–2014 Annual Management Report and Financial Statements of the ACT Public Cemeteries Authority (the Authority) including statements for Perpetual Care Trust funds for Woden, Mausoleum, Gungahlin and Hall cemeteries.

This Report has been prepared under section 6(1) of the *Annual Reports (Government Agencies) Act 2004* and in accordance with the requirements referred to in the Chief Minister's Annual Report Directions. It has been prepared in conformity with other legislation applicable to the preparation of the Annual Report for the Authority.

We hereby certify that the attached Annual Report is an honest and accurate account and that all material information on the operations of the Authority during the period 1 July 2013 to 30 June 2014 has been included.

We also hereby certify that fraud prevention has been managed in accordance with Public Sector Management Standards, Part 2.

Section 13 of the *Annual Reports (Government Agencies) Act 2004* requires that you cause a copy of the Report to be laid before the Legislative Assembly within three months of the end of the financial year.



Diane Kargas AM
Chair
17 September 2014



Hamish Horne
Chief Executive Officer
17 September 2014

B. PERFORMANCE REPORTING

B.1 ORGANISATIONAL OVERVIEW

AUSTRALIAN CAPITAL TERRITORY PUBLIC CEMETERIES AUTHORITY

Registered Business Name: *Canberra Cemeteries*

TABLE 1 BOARD OF DIRECTORS AT 30 JUNE 2014

Name of Director	Position
Ms Diane Kargas AM	Chair
Ms Margaret Watt	Deputy Chair, Chair People and Performance Sub-Committee
Mr Stephen Bartos	Member, Chair Audit and Risk Sub-Committee
Ms Pamela Burton	Member, Chair Legislative Review Taskforce
Mr Hamish Horne	Member, Chief Executive Officer (CEO)
Ms Kathleen O'Sullivan	Member, Chair Finance Sub-Committee
Mr Derek Roylance AM	Member
Ms Virginia Shaw	Member, Chair Special Projects Sub-Committee

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Website: www.canberracemeteries.com.au

ACCOUNTANTS

RSM Bird Cameron

BANKERS

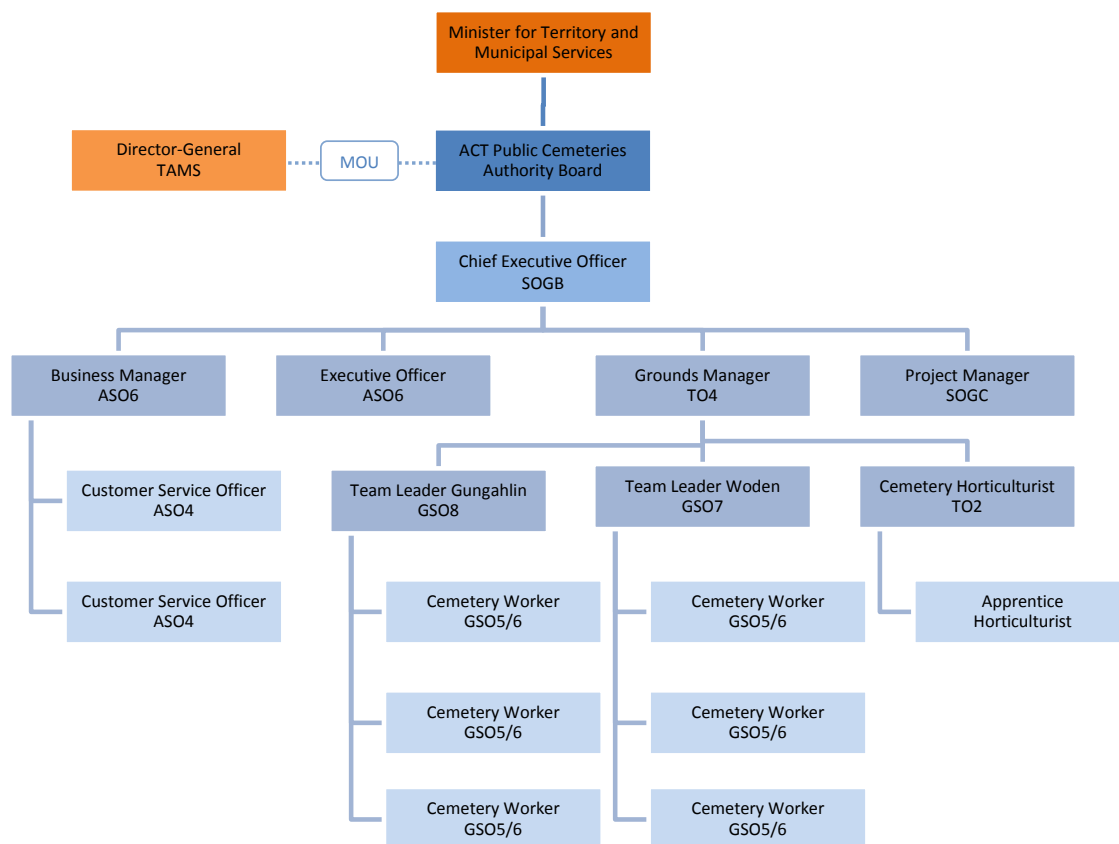
Westpac

SOLICITORS

ACT Government Solicitor's Office

CHART 1 ORGANISATION STRUCTURE

The relationship between the Authority and the Territory and Municipal Services (TAMS) Directorate is formalised with a Memorandum of Understanding (MOU).



MISSION

To continue to provide caring and sensitive services that cater for the needs of the community.

OBJECTIVES

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.

The major corporate objectives of the Authority include:

- operating as an efficient government business with a strong customer service focus
- maintaining burial capacity in the medium to long term for the ACT community
- adopting operating practices that safeguard the environment and health and safety of staff
- ensuring the equitable availability of interment options for the entire ACT community.

STAKEHOLDERS

These include:

- our customers (the community)
- funeral directors and stonemasons
- suppliers of goods and services
- our employees
- the ACT Government.

THE NATURE AND SCOPE OF ACTIVITIES

In 2013–14, the principal activity of the Authority was the provision of body and ashes interments and associated services at an acceptable cost to the community in a commercial and professional manner. In doing so, the Authority:

- continued to work towards increasing the life of Woden Cemetery and improving efficiencies in the delivery of its current services, including opening a part-time office and beginning significant upgrades of the works depot
- engaged a contractor to extend the Christ the Redeemer Mausoleum at Woden Cemetery
- continued to review, develop and refine the range of services and options available for interment in the ACT, in accordance with community needs
- continued to work towards the reduction in cost of maintenance
- continued to work towards reducing water use and reliance on potable water, including work with the Environment and Sustainable Development Directorate to connect a second class water supply to Gungahlin Cemetery
- continued to develop staff skills through performance management and training
- reviewed the existing business and strategic plans to ensure the Authority remains a sustainable business in the ACT
- carried out benchmarking and survey activities
- ensured adherence to the high standard of occupational health and safety.

Further details of activities may be found in subsequent sections of the report.

INVESTMENTS

The Authority's investment policies are defined by section 58(1)(a) and 59(1)(a) of the *Financial Management Act 1996*. Current deposits are in line with section 58(1) (a) of the *Financial Management Act 1996* which limits investments to deposits with approved deposit-taking institutions from the list provided for the purpose by the Australian Prudential Regulation Authority.

Returns from investments continued to fall below budget due to the fall in interest rates. The Authority continues to believe that its investment powers need to be broadened to enable improved return on investments by allowing some funds to be placed in a growth fund to develop an improved revenue stream in future years.

PLANNING FRAMEWORK

Each year the ACT Public Cemeteries Authority Board (the Board) formulates a strategic business plan that sets down the proposed direction for the Authority for the next three years. The plan establishes what we will do, how we will achieve our objectives and priorities, and the emphasis we will give to each objective. The Board sets and guides the overall direction, and the CEO leads and manages the Authority.

ORGANISATIONAL ENVIRONMENT

The Authority is an independent, self-funded statutory authority, which was established under the *Cemeteries and Crematoria Act 2003* to effectively and efficiently manage public cemeteries and crematoria. It manages and operates public cemeteries at Gungahlin, Woden and Hall. The Authority aims to operate these cemeteries on a sustainable basis to minimise the cost to government and the community.

The Authority is responsible to the Minister for Territory and Municipal Services. The Authority works closely with Territory and Municipal Services (TAMS) Directorate to ensure that legislative requirements and the ACT Government's objectives are met.

Trading as Canberra Cemeteries, the Authority is currently responsible for all earth burials in the ACT. Each of the cemeteries operated by the Authority offers a different burial environment, a variety of interment options and a different set of management issues – cultural, environmental, horticultural and financial.

CHANGE MANAGEMENT

The Authority has identified the need to set aside burial space for the future needs of the ACT community. It is expected that Woden Cemetery will be fully subscribed within the next few years. The Authority has therefore continued to work with the ACT Government towards the establishment of a new public cemetery in south Canberra. Work completed to date includes a master plan, heritage and environmental impact reports, development costings and funding options analysis. The Authority believes that it is ready to proceed with the project when required to do so.

In the interim the Authority has returned its primary focus to its current precincts. A significant program of capital works has been planned for the short to medium term starting with an extension to the now fully subscribed Christ the Redeemer Mausoleum at Woden Cemetery, which is now underway.

The Authority has set aside a budget for 2014–15 to extend its administration building at Gungahlin Cemetery to include an enhanced conference/post-burial reception room and additional office space for increased staff numbers. Planning for this project has started with contracts for design and construction expected to commence in August 2014. This project will significantly improve the level of services offered to customers and help staff transition to a more commercially focussed operation in future.

The Authority manages large areas of irrigated lawn that require significant amounts of water in the Canberra summer. The Authority has continued with a program to convert all areas of cool season grass species to warm season grass species that are drought tolerant. All future new areas of lawn will be installed with warm season grass species.

Work to increase the capacity and efficiency of water harvesting on-site at Gungahlin Cemetery has continued, with planned changes expected to be completed by December 2014.

FINANCIAL RESULTS

As detailed in the financial reports, the Authority is able to meet annual operating costs. For operational purposes, it does not receive funds through the ACT Government budget appropriation but raises funds through the reservation and sale of allotments, burials, associated services and cash investments.

Revenues from ordinary activities were \$5.6 million for the year to 30 June 2014 or two percent under budget. These include returns from investments. Expenses were over budget by eight percent principally due to higher than expected expenditure in supplies and services, cost of sales and movement in the balance sheet of an increasing receivable impairment loss. The final operational outcome of a deficit of \$8,000 was below the budget put forward by the Authority for the year by 102 percent. This was offset by an increase in the asset valuation surplus of \$489,950 which produced a total comprehensive income of \$489,942 which was five percent below budget.

The Authority believes that these results are satisfactory and within acceptable parameters.

Full details and discussion of these results can be found in the included F.1 Financial Management; F.2 Financial Statements and F.6 Statement of Performance.

PERFORMANCE

There were 606 interments in 2013–14, which was an eleven percent increase over last year. This increase in total number was comprised entirely of increases in burials with a small fall in memorials of cremated remains. For more detail, please see Attachment 1.

Building on from the new Southern Memorial Park (SMP) master plan (completed in 2012) and detailed heritage and environmental reports (completed 2013), the Authority has conducted business case modelling for a number of scenarios and produced an options paper for funding of the development. While funding is unavailable at this stage, it is still the Authority's view that the project should proceed at the earliest opportunity. The Authority believes that the planning work completed to date provides a strong basis for the development of the SMP when this is required by the Government.

Cemetery services have continued to be delivered to a high standard. Surveys taken throughout 2013–14 by both TAMS and the Authority demonstrate high levels of satisfaction with services provided by the Authority to the community. Ninety-three percent of respondents to the TAMS

survey indicated 'moderately satisfied' or better when asked to comment on 'maintenance of grounds at cemeteries'.

Canberra Cemeteries also conducts a post-burial survey. While a low number of surveys were received, results can only be described as excellent. More detail can be found in the attached F.6 Statement of Performance and B.2 Performance Analysis.

A number of projects were completed and others started to reflect the renewed focus on current premises. In particular the heritage-listed waiting rooms at Woden Cemetery were refurbished and now house an office, which will both improve efficiency and provide enhanced service to customers.

The Canberra Cemeteries webpage www.canberracemeteries.com.au has been rebuilt to current standards and now includes downloadable information sheets for the all of the services offered.

As part of the services offered by the Authority, members of the community have the opportunity to reserve sites for future use. In 2013–14, 285 burial sites were reserved compared to the five-year average of 222. This result was in line with the high number of last year, with both years having a significant increase over previous years, particularly after a large drop in 2010–11.

The extension of the Christ the Redeemer Mausoleum at Woden Cemetery, mooted last year, is underway. Work is expected to begin on-site in early August 2014 and to be completed by June 2015. Now a fixed feature of the annual calendar, a memorial service for families on the Feast of Christ the Redeemer was held at the mausoleum and was well attended by the community.

Further discussion is contained in B.2 Performance Analysis section of this report.

HIGHLIGHTS

The Authority continues to see satisfactory financial results. While costs were higher than expected, income was also higher than budgeted, which meant that the budget bottom line although under budget *was positive*.

The Board is pleased to report that the number of concerns raised by our clients and stakeholders continues to be very low and we continue to have a high level of support from local funeral directors and community surveys.

In 2013–14 two new Board directors were appointed by the Minister and bring considerable skills in the areas of governance, business administration and law. I would like to take this opportunity to thank outgoing directors, Jean Main (15 years service) and Angelo Cataldo (3 years service), for their dedication and hard work on the Authority Board. There were some changes to the sub-committee structure in 2013–14 to address changes to our operating environment and make best advantage of directors' skill sets. In particular, the former Project Management Advisory Committee, which included expert advisors in relevant fields from outside the Board to principally assist with the development of the SMP, has become the Special Projects Committee to reflect the number and size of capital works projects being planned for the next few years. More detail is provided in sections C.1 Internal Accountability and C.2 Risk Management and Internal Audit.

As discussed earlier, the 1930s art deco style waiting rooms at Woden Cemetery have been refurbished and upgraded to include an office, a meeting room and toilets for the disabled.

The extension of the Christ the Redeemer Mausoleum at Woden Cemetery is in progress. It is expected that work will commence on-site in August 2014 and be completed by June 2015. This

extension will provide 268 new crypts and a new option, columbarium niches, of which 96 will be available, for placement of cremated remains.

Work has begun on an extension of the Woden Cemetery works depot machinery shed and is expected to be completed by September 2014. Substantial improvements have been completed in the yard, which will significantly improve efficiency and safety for staff.

As discussed earlier, the Canberra Cemeteries webpage www.canberracemeteries.com.au has been rebuilt to meet current accessibility standards and now includes downloadable information sheets covering the full range of services provided by the Authority. This site will be expanded to include more information about the Authority, its Board and future plans over the course of 2014–15.

OUTLOOK

The Authority has completed a significant body of work towards the development of the new Southern Memorial Park. The Board believes that it is ready to proceed with the development of park when the funds become available. It is not clear at this time when that will be. The Board believes that it is prudent to have an operational park open before such time as Woden Cemetery is fully subscribed, which at the current subscription rate will be within four years.

Together with our current cemeteries, the Southern Memorial Park will:

- provide a modern facility within a memorial park setting
- maintain a continuity of burials for southern Canberra and extend the life of the Gungahlin Cemetery in north Canberra
- provide greater choice for the community, including cremation, traditional and natural burial and other interment options
- be a leader in the environmental management of cemeteries and crematoria
- employ sustainable financial and business practices to underpin services provided to the public in perpetuity by Canberra Cemeteries.

As has been the case for a number of years, perpetual care funding continues to be a critical issue for the Authority. There is still work to be done in establishing a method to make up the past liability that was inherent at the inception of the scheme.

It has been mooted that a review of the *Cemeteries and Crematoria Act 2003* will undergo a full review in 2014–15. The Authority looks forward to making a significant contribution to the review. Perpetual care matters will potentially form a significant part of the review.

The prognosis for long-term burials at Hall Cemetery is not clear. The Authority continues to work with the ACT Government, particularly staff of the Environment and Sustainable Development Directorate, to meet the environmental and heritage requirements, particularly those related to the rare and threatened orchid found on the site. It appears that simply carrying out routine burials and maintenance work creates a potential risk for significant fines for the Authority should staff make a relatively small mistake. In this context, the Authority will need to review its operations at Hall Cemetery.

The Board continues to have a positive outlook for future years. A considerable body of work is planned for 2014–15 with a view to enhancing our cemeteries to provide improvements to facilities and the range of options provided to the community. This work and procurements of plant and equipment will improve efficiencies and help mitigate increasing costs. Acknowledging the ageing population trends and the changing needs and requirements of the funeral industry,

the Board will continue to work with the ACT Government towards putting in place long-term plans for the development of current and future precincts.

The Board also wish to thank Hamish Horne and his dedicated team who all respond to the needs of the community when they are often at their most vulnerable. Their continued dedication to the ACT Public Cemeteries Authority is appreciated and valued.



Diane Kargas AM

Chair

B.2 PERFORMANCE ANALYSIS

The following details the major corporate objectives of the ACT Public Cemeteries Authority subject to the *Cemeteries and Crematoria Act 2003*, ACT Government policies and relevant legislation applicable to the Statement of Intent, the Authority Strategic Business Plan 2013–16 and discussion of performance against them.

OBJECTIVE

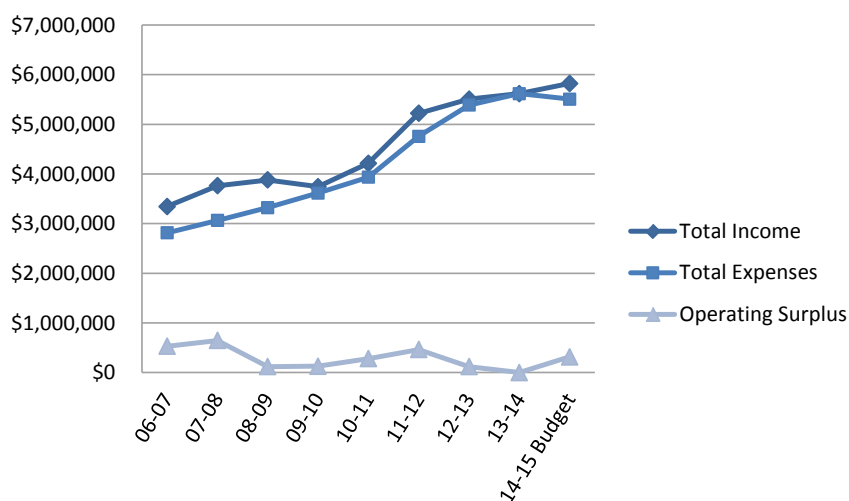
Operating as an efficient government business with a strong customer service focus.

PERFORMANCE

EFFICIENCY

The Authority continues to display satisfactory financial results and is in a good position for the short to medium term. In 2013–14 a break-even result was achieved. While considerable work was done toward the integration of new accounting structures and adoption of a policy to more accurately calculate drawdown of funds from Perpetual Care Trusts (PCT), there remain significant issues that need to be resolved, not least the interpretation and use of the current model for determining drawdowns from PCT funds. The Authority will seek a full review of this process before the end of 2014-15.

GRAPH 1 OPERATING OUTCOMES



The table earning rates reflects a significant change in accounting practice in 2012–13, which saw the final step of the change to managing graves as inventory and a restructuring of Perpetual Care Trust accounts. Both of these required significant movement of funds in the operating statement which produced a below budget result. The 2013-14 result reflects issues relating to impairment of PCT funds for which the Authority has qualified its statements. For more detailed explanation please refer to the section F.1 Financial Management.

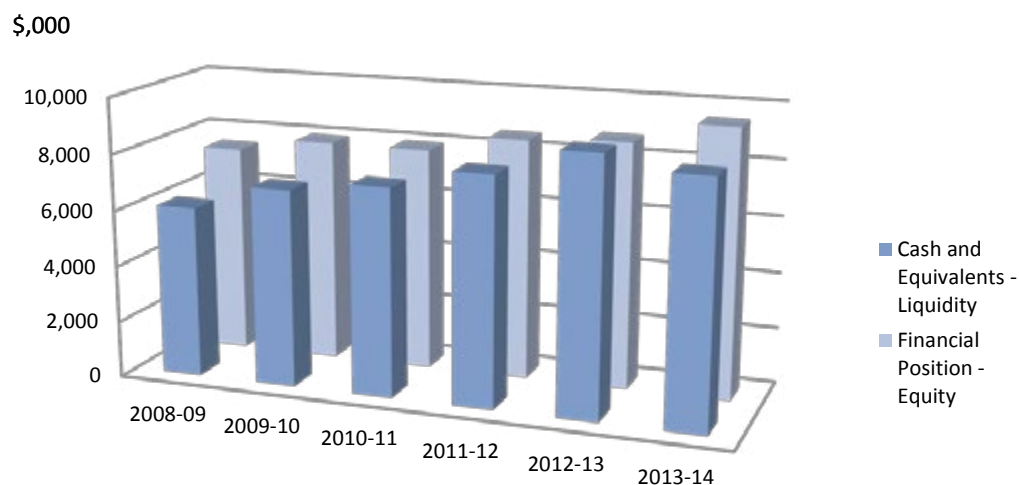
Table 2 Earning rates

	2009–10	2010–11	2011–12	2012–13	2013–14
Return on Assets	2.44%	2.17%	3.3%	(0.2%)	0.0%
Return on Equity	3.44%	3.50%	5.4%	(0.4%)	0.0%

Both liquidity and equity have seen strong, steady growth that should help the Authority to deal with significant financial challenges as they arise. This includes the ability to make investments in new cemetery areas and options in the future. The lower numbers in cash in 2013-14 principally reflect additional funds paid to PCT funds and procurement activity with a similar rise in equity.

As discussed previously, there are significant issues surrounding the inherited liability of perpetual care in the medium to long term and these will need to be addressed.

GRAPH 2 EQUITY AND LIQUIDITY



CUSTOMER FOCUS

The Authority strives to provide a high quality service to its customers, business partners and other stakeholders. The low level of complaint and the high level of expressed satisfaction from customers, business partners and other stakeholders reflect the high level of service delivered by cemetery staff. This result has been consistently high for many years.

The Authority maintained its cemeteries and performed its services at levels that were rated consistently 'satisfied' by respondents to the June 2013 'ACT TAMS Community Research' questionnaire.

The core focus of the research questionnaire was:

1. to measure the relative importance that the community assigns to government activities, services and facilities
2. to identify the community's satisfaction with TAMS' performance on these activities, services and facilities
3. to identify where the community perceives changes are required, and the priorities lie, with regards to service delivery.

PERFORMANCE GAP ANALYSIS

In relation to maintenance of grounds at ACT Cemeteries, the average scores out of five were:

Importance 3.74 Satisfaction 3.85 Performance Gap -0.11

Rating explanation

- 3.85 'Moderately high' level of importance/satisfaction
- Averages for whole survey: importance is about 3.95 and average satisfaction about 3.5
- Less than 0.00–0.19 Minimal performance gap between importance and satisfaction.

The following excerpts from the report show a summary of the actual responses.

Importance of and satisfaction with maintenance of grounds at cemeteries

Table 3 *This table indicates consistent results across age groups and gender*

	18–34	35–49	50–64	65+	Male	Female
Importance	3.71	3.73	3.74	3.81	3.58	3.89
Satisfaction	3.90	3.79	3.80	3.93	3.85	3.85

Table 4 *This table indicates very consistent and satisfactory performance gap over time*

	Overall 2009	Overall 2011	Overall 2012	Overall 2013	Overall 2014
Importance	3.55	3.75	3.35	3.83	3.74
Satisfaction	3.66	3.68	3.65	3.72	3.85
Performance Gap	-0.11	0.07	-0.3	0.11	-0.11

Table 5 *This table indicates 93% of respondents are moderately satisfied or better with cemeteries*

Not at all satisfied	Not very satisfied	Moderately satisfied	Satisfied	Very satisfied	NET	Row Base
6%	1%	19%	50%	24%	100%	564

Table 6 *This table indicates 83% of respondents regard cemeteries moderately important or higher*

Not at all important	Not very important	Moderately important	Important	Very important	NET	Row Base
7%	9%	21%	31%	32%	100%	1,000

Compared to 2012–13 there was a decrease in importance and an increase in satisfaction showing an improved performance gap of –0.22. This score indicates that satisfaction with maintenance of grounds at cemeteries exceeded respondents' expectations.

The Authority carries out benchmarking against the fees and services of similar cemeteries and across similarly sized jurisdictions every two years. This data is referenced when setting the fee structure and establishing new options for burial and associated cemetery services. In the comparisons carried out in 2013–14, the Authority is charging fees in the 60th percentile for similarly sized jurisdictions and similar funding models (principally capital city or regional centres).

Over the years, the Authority CEO attended a number of meetings of the NSW Cemeteries and Crematoria Association and the Australasian Cemeteries and Crematoria Association, which included visits to cemeteries throughout Australia. These visits provide excellent benchmarking on the quality of our landscapes maintenance and interment options. While this form of benchmarking is subjective, it forms a good basis on which to evaluate and compare fee structures. Subjectively the Authority believes that its level of service and presentation of grounds is on par with the majority of these cemeteries.

OBJECTIVE

Maintaining burial capacity in the medium to long term for the ACT community.

PERFORMANCE

In 2013–14 the Authority continued to do the groundwork for the development of a new Southern Memorial Park. Additionally it has sought to look outside the box to provide the Government with alternative options that will extend the functional lives of current cemeteries, provide more time to assess the options and reduce budget pressures. To date a significant amount of work towards an SMP has been completed including significant public consultation program, a master plan of the proposed site, environmental and heritage assessments and a funding options report and draft business plan. These together will enable the project to proceed when the Government is ready.

OBJECTIVE

Adopting operating practices that safeguard the environment and the health and safety of staff and visitors.

PERFORMANCE

The Authority continues to employ a number of strategies to reduce its environmental impact including recycling all organic material waste on-site, water use reduction and minimising runoff, and a range of other practices, including those mandated by the ACT Government. Please see section B.4 Ecologically Sustainable Development for more details.

The Authority continues to operate a Workplace Health and Safety Committee. The role of this committee is to oversight Workplace Health and Safety (WHS), in particular workplace safety audits, and to make recommendations to management regarding issues and changes to work practices that may improve health and safety of staff and visitors. In addition, the Authority works within the TAMS Directorate WHS framework to ensure that WHS requirements are met. Staff health and safety will continue to be an area of focus. At a higher level WHS is reviewed by the Board and its People and Performance sub-committee.

Training also continues to be a high priority in WHS management. Specific areas of training conducted in 2013–14 included: safe graves and exhumation techniques, confined spaces, first aid, traffic control planning, maintenance of certificates for machinery operation and statutory requirements. The majority of staff maintained an Apply First Aid qualification. Full training details can be found at section E.2 Learning and Development.

All staff were offered inoculations against influenza and Hepatitis B with the majority taking advantage of the offer.

OBJECTIVE

Ensuring the equitable availability of interment options for the entire ACT community.

PERFORMANCE

A number of projects are underway to ensure that the public has sufficient burial options available now and in the medium term. New master plans, currently being developed for both Gungahlin and Woden cemeteries, will guide future work. Work currently being undertaken includes new monumental and lawn burial areas, including separate spaces for children and babies, at both Gungahlin and Woden cemeteries. A major extension of the Christ the Redeemer Mausoleum at Woden Cemetery will be completed in the second quarter of 2015.

As discussed above, pricing of standard burial options across ACT Cemeteries is well within the price range of similar cemeteries across Australia

B.3 COMMUNITY ENGAGEMENT AND SUPPORT

The mission statement of the Authority 'To continue to provide caring and sensitive services that cater for the needs of the community' articulates its *raison d'être*. While it needs to operate as a sound business, the intent to make people's lives easier at a very difficult time is always present. A number of tools are used to ensure that we meet the needs of the community we serve.

Following each burial, on an opt-out basis, a questionnaire is sent requesting responses to a range of matters relating to the burial and more general issues such as appearance and functionality of cemeteries precincts. The survey this year was well subscribed but the responses were all very positive. To all questions the top two box responses (Good or Excellent) were 100% with one exception, which was 96%.

As described in section B.2, importance of and satisfaction with cemetery grounds is also tested by the community survey carried out by the TAMS Directorate. Responses were very positive this year.

Some support is provided to the community by way of subsidised services. Both children's burial areas are provided at 50% of the full fee and the baby gardens are provided below cost.

B.4 ECOLOGICALLY SUSTAINABLE DEVELOPMENT

RESOURCE EFFICIENCY AND WASTE

The Authority has implemented a number of programs that contribute to recycling and waste reduction.

The Authority recycles the majority of organic waste products generated on-site. Materials such as leaves and clippings are composted at both Woden and Gungahlin cemeteries for reuse on-site. Log waste is chipped and used as mulch. Use is also made of organic street sweepings from the surrounding suburbs.

Waste paper and cardboard are recycled, as are toner cartridges. Serviceable but excess or superseded equipment is on-sold or traded-in on replacement whenever possible. Non-saleable computer equipment is donated or disposed through approved drop-off centres.

Clean fill generated from grave digging at both Woden and Gungahlin cemeteries is reused in the development of new burial areas at Gungahlin.

To reduce water use, mowing frequency and other maintenance costs a program to replace cool season grasses with warm season grasses continued in 2013–14. Overall about one half of the replacement program is complete and will continue over the next few years as resources can be made available.

WATER CONSUMPTION

Canberra's main public cemeteries are principally lawn cemeteries with turf under irrigation. Gungahlin Cemetery irrigation is based on a dam and bore system supplemented with potable water as required. Woden Cemetery is watered entirely using potable water. Hall Cemetery has no irrigation.

Ongoing water restrictions have necessitated continued improvements in efficiency and reduction of water applied.

Water runoff is also collect and recycled. At present about half the water used at Gungahlin Cemetery comes from a bore and dam system. A project to significantly improve the efficacy and efficiency of water capture and recycling at Gungahlin Cemetery was begun in 2013–14, with the first stage, to significantly upgrade the water capture capacity, to be completed in 2014–15. The subsequent stage will significantly enhance storage capacity.

In association with the Environment and Sustainable Development Directorate a non-potable water supply has been plumbed into the Gungahlin Cemetery irrigation system. All structural work has been completed and the water is expected to be available for spring 2014. Combined with the above project it is expected that there will be little requirement for potable water in normal rainfall years.

Portions of both irrigated cemeteries that do not contain burials or memorials are not irrigated now and for the foreseeable future. Dry grassland species have been over sown where appropriate.

ENERGY REDUCTION STRATEGIES

Strategies to achieve energy reductions include the following:

- Timers are installed on all fixed heating and cooling equipment.
- Insulated curtains are drawn when the office is closed.
- Staff are regularly reminded to be conscious of and to adopt energy saving strategies as far as possible.
- All vehicle purchases are evaluated for fuel efficiency as part of procurement procedures.
- A contract has been let to replace all light fittings with LED technology with significant energy reduction and reduced costs.

TABLE 7 SUSTAINABLE DEVELOPMENT PERFORMANCE 2012–2013 AND 2013–2014

Indicator as at 30 June	Unit	2012–13	2013–14	Percentage change
Agency staff and area				
Agency staff	FTE	17	18	6%
Workplace floor area	Area (m ²)	159	191	20%
Stationary energy usage				
Electricity use	Kilowatt hours	56,751	55,986	–1%
Renewable electricity use	Kilowatt hours	0	0	-
Natural gas use	Megajoules	0	0	-
Transport fuel usage				
Total number of vehicles	Number [@]	19	19	0%
Total kilometres travelled	Kilometres [@]			-
Fuel use – Petrol	Kilolitres	3.8	2.5	–35%
Fuel use – Diesel	Kilolitres	16.0	14.4	–10%
Fuel use – Liquid Petroleum Gas (LPG)	Kilolitres	0	0	-
Fuel use – Compressed Natural Gas (CNG)	Kilolitres	0	0	-
Water usage				
Water use	Kilolitres	41,793	41,539	–1%
Resource efficiency and waste				
Reams of paper purchased	Reams	100	104	4%
Recycled content of paper purchased	Percentage	50	50	0%
Waste to landfill	Litres	93,000	73,320	–21%
Co-mingled material recycled	Litres	-	-	-
Paper & cardboard recycled (incl. secure paper)	Litres	5,960	22,500	278%
Organic material recycled	Litres	#	400,000	-
Greenhouse gas emissions				
Emissions from stationary energy use	Tonnes CO ₂ -e	61.12	51.56	–16%
Emissions from transport	Tonnes CO ₂ -e	56.03	47.98	–14%
Total emissions	Tonnes CO ₂ -e	117.15	107.33	–8%

[@] includes off-road vehicles that do not measure kilometres travelled – not valid

[#] not measured – cemeteries have been recycling all organic waste on-site for at least 15 years but not measured. This year has been estimated from organic waste collected on cemeteries sites.

* additional areas counted in 2013–14 (works depots)

C. GOVERNANCE AND ACCOUNTABILITY REPORTING

C.1 INTERNAL ACCOUNTABILITY

The ACT Public Cemeteries Authority was established under the *Cemeteries and Crematoria Act 2003*. The Minister for Territory and Municipal Services under the Act appoints Directors.

THE ACT REQUIRES THAT:

- the Authority's functions are to effectively and efficiently manage public cemeteries and crematoria for which the Minister has appointed the Authority in writing as the operator
Note: A provision of a law that gives an entity (including a person) a function also gives the entity powers necessary and convenient to exercise the function (see Legislation Act, s 196 and dict, pt 1, def entity)
- the Authority must operate on a sound financial basis
- an appointment under subsection (1) is a disallowable instrument
- the governing Board consists of at least four, and not more than 12 members
- the governing Board must include at least four members who, in the Minister's opinion, represent the general community and religious denominations
- Directors are appointed for three year terms and may be re-appointed at the discretion of the Minister
- Directors may receive remuneration, which is set by a determination of the Remuneration Tribunal
- the CEO is a member of the Board.

OPERATIONALLY

- the Board monitors the performance of the organisation through its general meetings and other meetings between Directors and the CEO
- the Board provides oversight, support and analysis of major decisions, especially in the areas of finance and ethics. The CEO is responsible for logistics
- Directors are required to disclose direct and indirect financial interests in matters being considered by the Board
- the Authority liaises with similar organisations in the states and consults with local funeral directors, monumental masons and others involved in the funeral industry
- the Board has four sub-committees and one task force, which focus on specific areas that the Board considers high priority. The sub-committees are now Finance, People and Performance, Audit and Risk, Special Projects and the Legislative Review Taskforce
- Board members have access to independent legal and professional advice as required
- the Authority submits an annual Statement of Intent to the Treasurer outlining its corporate objectives, financial and operational plans. These objectives and plans are implemented by the CEO and monitored by the Board
- the Authority has an ongoing Memorandum of Understanding with TAMS, principally for government liaison and human resources management
- financial statements were prepared by the Authority's accountant RSM Bird Cameron Chartered Accountants under the supervision of the Authority CEO.

The names of the members of the Authority Board in office during the year and attendances, which numbered seven full and fifteen sub-committee meetings are listed below.

TABLE 8 BOARD

Member	Position	Gender	Eligible to attend	Attendance
Mr Stephen Bartos	Director	Male	14	14
Mr Hamish Horne	Director (CEO)	Male	22	22
Ms Pamela Burton	Director	Female	12	12
Ms Diane Kargas AM	Chair	Female	22	21
Ms Kathleen O'Sullivan	Director	Female	15	14
Mr Derek Roylance AM	Director	Male	12	10
Ms Virginia Shaw	Director	Female	12	10
Ms Margaret Watt	Deputy Chair	Female	14	14
Jean Main*	Director	Female	1	1

* Resigned August 2013

TABLE 9 SUB-COMMITTEES OF THE BOARD

Committee	Role
Audit and Risk	to provide recommendations and advice to the Board on risk management activities, including internal audit undertaken by the Authority
People and Performance	to provide recommendations and advice to the Board on and people and performance management and associated activities undertaken by the Authority
Finance	to provide recommendations and advice to the Board on financial management and activities undertaken by the Authority
Special Projects	to provide advice to the CEO and Board on the prioritisation, planning and delivery of capital projects and procurement
Legislative Review Taskforce	undertake a legislative review of the <i>Cemeteries and Crematoria Act 2003</i> and regulations to be able to provide input into the Government review in the near future

CHARTER OF THE ACT PUBLIC CEMETERIES AUTHORITY

The Board Charter sets out the role, responsibilities and authority of the Board, the Chair, individual Directors and the Chief Executive Officer within the governance framework of the ACT Government.

PLANNING

This year the following plans were used to manage the business of the Authority.

STRATEGIC BUSINESS PLAN 2013–2016

- sets out what the Authority expects to achieve each year and how it will be achieved
- includes annual action plans and timeframes for completion that are monitored by the Board at each meeting
- is reviewed annually and updated as required.

MASTER PLANS

- for each precinct have been developed to ensure a strategic, structured and consistent approach to development and maintenance.

PERFORMANCE PLANS

- that align with the strategic business plan are maintained for all staff.

POLICIES AND GUIDELINES

- include a full suite of policies and subordinate procedures that have been developed to facilitate a consistent, safe approach to Authority operations
- are both periodically reviewed to ensure they are current, relevant and consistent with ACT Government policy.

STRATEGIC ASSET MANAGEMENT PLAN

- details major assets
- sets out criteria for acquisition, maintenance and disposal
- informs budget process including long term.

DISASTER RECOVERY AND BUSINESS CONTINUITY PLAN

- sets out criteria for levels of disaster and procedures for dealing with them
- includes a series of attachments including contact lists and ACT Government structures for contextual purposes.

FRAUD AND CORRUPTION PREVENTION PLAN

- includes an Authority fraud policy.

RISK MANAGEMENT FRAMEWORK AND RISK REGISTER

- guides all aspects of risk management
- details risk assessments carried out by the Authority and how these are being addressed.

C.2 RISK MANAGEMENT AND INTERNAL AUDIT

Risk management is managed under the Authority's Risk Management Framework.

The aim of this framework is to identify and reduce risks within the Authority by focussing on potential risks and implementing strategies to reduce the impact of those risks occurring, thus avoiding cost to people and property and allowing for the ongoing continuity of business.

This framework applies to all aspects of our business including the purchase of fixed and portable assets and consumables as well as staffing and workplace health and safety, information technology and project planning.

It is the responsibility of all staff to escalate risks as they are identified to allow for more senior staff to implement analysis of the identified potential risk and implement strategies to mitigate this risk where possible. The overall responsibility for the Risk Management Framework lies with the Board and CEO of the Authority.

The Authority's Disaster Recovery and Business Continuity Plan was reviewed and tested in 2013–14, a process that will continue into the future.

The Authority's Risk Register is considered a live document in the current risk management standard format.

This year the Audit and Risk Committee continued to administer the internal audit program with audits conducted by Moore Stephens, an independent audit provider.

The purpose of the Audit and Risk Committee is to provide independent assurance to the ACT Public Cemeteries Board that the ACT Cemeteries Authority has in place adequate processes to manage risk. The main role of this Committee is to provide recommendations and advice to the Board on risk management activities, including internal audit undertaken by the Authority.

In particular the Audit and Risk Committee is responsible for:

- reviewing whether management has in place a current and comprehensive risk management framework, and associated procedures for effective identification and management of financial and business risks, including fraud
- reviewing whether a sound and effective approach has been followed in developing strategic risk management plans
- acting as a forum for communication between the Board and internal and external audit
- reviewing the internal audit coverage and annual work plan
- reviewing all audit reports and providing advice to the Board on significant issues
- monitoring the implementation of internal audit recommendations
- recommending the selection of an internal auditor (excluding audit work directed by TAMS)
- periodically reviewing the performance of internal audit.

The committee will comprise at least two Board members and the Chief Executive Officer.

Minutes for all committee meetings will be agreed out of session, in order for submission at the next Board meeting.

The committee will meet quarterly with extra meetings to be convened as required.

Membership of the committee for 2013–14 was:

TABLE 10 AUDIT AND RISK COMMITTEE

Name of member	Position	Eligible to attend	Meetings attended*
Ms Pamela Burton	Member	4	4
Ms Stephen Bartos	Chair	2	2
Mr Hamish Horne	Member	5	5
Ms Margaret Watt	Chair	4	4
Ms Diane Kargas AM	Observer	5	5

* committee membership was changed mid-year.

This year the Authority continued its association with Moore Stephens, a specialist internal audit provider. Moore Stephens completed two audits and started another:

- Controls audit – revenue (including PCT), supplier expenses (including PCT)
- Review current and develop new accountability indicators
- Hazardous trees – compliance with risk mitigation strategies (in progress)

C.3 FRAUD PREVENTION

Plans for management of fraud and corruption have been developed based on the TAMS model for overall management of risk, which includes business continuity and risk management plans.

The Authority's fraud policy and fraud control plans are both current.

Operating and business procedures are reviewed as required, strengthening outputs, reducing the potential for fraudulent activity and streamlining office productivity.

Eighty percent (80%) of Authority staff attended the Fraud and Ethics Awareness Program run by TAMS during the first half of 2013–14.

The Authority received no reports or allegations of fraud or corruption during the year.

C.4 LEGISLATIVE ASSEMBLY INQUIRIES AND REPORTS

There were no Legislative Assembly inquiries or reports related to Canberra Cemeteries during the current reporting period.

C.5 AUDITOR-GENERAL AND OMBUDSMAN REPORTS

NEW FINDINGS YEAR ENDED 30 JUNE 2013

1. TABLE 11 TRANSFER OF REVENUE TO TRUSTS

Recommendation	Response	Implementation status/outcome
<p>The Authority should:</p> <p>(i) ensure that it complies with the Ministerial determination issued under the Section 11 of the <i>Cemeteries and Crematoria Act 2003</i>;</p> <p>(ii) seek external advice if necessary to ensure that the amounts transferred to the Trusts comply with the Ministerial determination, particularly where a determination is changed; and</p> <p>(iii) improve its processes for calculating the percentage of revenue transferred to the Trusts by thoroughly checking the accuracy of calculations prior to transfer.</p>	<p>Agreed. The Authority is well aware of the implications of non compliance. The Authority uncovered these errors as part of its own internal audit program and sought to rectify the errors as soon as possible. New processes that were set in place in April 2013 will be reviewed and a further audit/reconciliation of funds transferred to PCT funds in the period from the 2011 changes (to the percentages) to the current year will be carried out.</p> <p>Additionally, the Authority has engaged a new accountancy firm which has the specific deliverable of reconciling and advising on the Authority's PCT obligations</p>	<p>Completed for 2012–13 financial statements.</p> <p>A further review to ensure compliance was conducted in June 2014.</p>

2. TABLE 12 ACCOUNTING WORKPAPERS

Recommendation	Response	Implementation status/outcome
<p>The Authority should prepare sufficient accounting workpapers to enable someone other than the preparer of the financial statements to understand how the figures in the financial statements were compiled from accounting and other records.</p>	<p>Agreed.</p> <p>The Authority will clearly instruct its newly engaged accountants to meet this requirement in the planning process for the 2013–14 financial statements.</p> <p>The Authority will incorporate a review of the final draft of the financial statements into its internal audit program for 2014.</p>	<p>Completed</p> <p>Due to the tight timeframes for reporting it was not possible to build a full review process into the review. A review was carried out by the Board Finance Committee</p>

3. TABLE 13 REPORTING ERRORS AND OMISSIONS

Recommendation	Response	Implementation status/outcome
The Authority should improve its financial statement preparation procedures. These procedures should include thoroughly checking the adequacy of disclosures and accuracy of information included in the financial statements.	<p>Agreed.</p> <p>The Authority has set in place new procedures to ensure that the statements are thoroughly checked. This includes a review by a third party.</p>	<p>Completed</p> <p>As per comments for Item 2.</p>

4. TABLE 14 ALLOCATION OF INDIRECT COSTS – PERPETUAL CARE TRUSTS

Recommendation	Response	Implementation status/outcome
<p>The Authority should give a high priority to performing a comprehensive review of the basis and method of allocating indirect costs to the Trusts to ensure that the costs recovered from the Trusts are:</p> <ul style="list-style-type: none"> transparent and independently verifiable; can be consistently applied to all Trusts; and provide a reasonable basis for allocating indirect costs. 	<p>Agreed. The Authority has a suitable method for capturing costs for grounds staff but has not yet completed the methodology for allocating indirect costs for administrative activities. A new method to allocate these costs will be developed as per the recommendations.</p>	<p>Completed</p> <p>A policy framework has been developed and adopted to enable the transparent allocation of indirect costs</p>

5. TABLE 15 VARIANCE EXPLANATIONS

Recommendation	Response	Implementation status/outcome
The Authority should provide clear, concise, objective and independently verifiable explanations for major variances in the financial statements.	<p>Agreed. As per Item 1 above the Authority will engage a third party to review final draft statements</p>	<p>Completed</p> <p>As per comments for Item 2.</p>

D. LEGISLATION BASED REPORTING

D.1 PUBLIC INTEREST DISCLOSURE

This report is provided in accordance with section 11 of the *Public Interest Disclosure Act 1994*. The Authority has adopted and is covered by the TAMS Directorates' Public Interest Disclosure procedures.

TAMS' Public Interest Disclosure procedure statement provides information to assist people who may be considering making a disclosure. It details what the TAMS Directorate will do when it receives a disclosure.

The procedures:

- advise contact details of officers who can provide information and assistance in making disclosures
- detail who in the TAMS Directorate has the responsibility for receiving and handling disclosures
- provide information on the protection against reprisals available to the person making the disclosure
- provide assurance on the impartiality of the process
- provide advice on possible outcomes.

The procedure statement was reviewed and updated during 2013–14. Public access was improved by making it available on the TAMS Directorate's website and a link is also included on the Directorate's intranet.

Disclosures received

TAMS did not receive any public interest disclosures relating to the Authority during the year.

For more information

Anthony Polinelli
Director Governance, Chief Audit Executive and SERBIR
Phone: (02) 6207 5040
Fax: (02) 6207 6148
Email: anthony.polinelli@act.gov.au
Website: www.tams.act.gov.au

D.2 FREEDOM OF INFORMATION

This report is prepared in accordance with the requirements under sections 7, 8, and 79 of the *Freedom of Information Act 1989*. The details listed below reflect the administrative arrangements as at 30 June 2014.

SECTION 7 STATEMENT

As part of its administrative philosophy, the Authority allows employers, contractors and employees access to any of their own records held by the Authority.

Paper records of graves are available at both Woden and Gungahlin cemeteries and are available for public access while the cemetery is open. A summary of grave location and occupancy details is also available on the Authority's website at www.canberracemeteries.com.au.

The Authority did not receive any formal Freedom of Information (FOI) requests for documents during 2013–14.

For more information

Manager, Cabinet and Assembly Liaison

Phone (02) 6207 6254

Fax (02) 6207 6629

Website: www.tams.act.gov.au

D.3 HUMAN RIGHTS ACT

The *Human Rights Act 2004* aims to promote a human rights culture by recognising fundamental civil and political rights in ACT law. The *Human Rights Act 2004* commenced operation on 1 July 2004. All public officials have a duty to interpret legislation under which they operate consistently with human rights unless the Territory law clearly authorises otherwise. Authority staff have been briefed on those parts of the *Human Rights Act 2004* that have ramifications on the way they conduct themselves both as a government agency and at an interpersonal level. There will be ongoing training in human rights to reinforce these issues.

D.4 TERRITORY RECORDS ACT

The Authority makes the following statements with regard to the requirements of the *Territory Records Act 2002*:

- As per the requirements of the *Territory Records Act 2002* and by agreement with the Territory Records Office (TRO), the Authority has adopted the policies and procedures of

TAMS Records Management Policy. These documents are under review to tailor them to closer match the requirements of the Authority.

- The Authority has a records disposal schedule that is approved for use by the TRO.
- The majority of Authority staff have received appropriate training.
- The common drive on the Authority file server has been set up to comply with structures required under the policy.
- Authority staff have developed a records management register which tracks the location and use of all critical documents.
- Records identified as Territory archives have been scanned into digital format. These documents are stored off-site by an approved document storage contractor.
- All members of the public may access the details of relatives buried in ACT public cemeteries by contacting the Canberra Cemeteries office or by accessing the data online at the Canberra Cemeteries website.
- As per section 28 of the *Territory Records Act 2002*, the Authority withholds public access to records and information relating to exclusive right of allotment. Records older than 20 years are available.

TABLE 16 DISPOSAL SCHEDULE NAME

Disposal schedule name	Effective	Year and number
Records Disposal Schedule – ACT Public Cemeteries Board	2005	2004/477

D.5 LEGAL SERVICES DIRECTIONS

The Authority received no legal services directions issued under section 11 of the *Law Officers Act 2011* for the year 2013–14.

D.6 NOTICES OF NON COMPLIANCE

The Authority received no infringement notices for offences against the *Dangerous Substances Act 2004* for the year 2013–14.

D.7 BUSHFIRE RISK MANAGEMENT

The Authority is not required to report against this section.

D.8 COMMISSIONER FOR THE ENVIRONMENT

The Authority has had no requests from the Commissioner for Sustainability and the Environment during 2013–14 to provide assistance.

There were no recommendations made regarding the Authority by the Commissioner during 2013–14.

E. HUMAN RESOURCES MANAGEMENT REPORTING

E.1 HUMAN RESOURCES MANAGEMENT

The day-to-day management of Authority staff is the responsibility of the Authority CEO.

The TAMS Shared Services and Human Resources teams provide support and oversight in all workforce related matters.

The Authority is a small agency and staff have a range of skills, some are highly multi-skilled. In our community, burial services are essential. Therefore, in order to maintain a continuous service, contractors are used to ensure staff are available when necessary. Cemetery staff are deployed flexibly and move across cemeteries to maintain operational status. The Authority is proud of its record over the last decade of 100 percent of graves prepared on time.

Staff are required to maintain minimum levels of training, which especially for out-of-doors staff includes certification for various types of plant and equipment, industry specific safety procedures and chemical handling. Staff are encouraged to enhance their skills where possible.

All staff have performance agreements in place which set out performance measures, areas for improvement and a tailored training program for the year. Agreements are reviewed twice per year.

In recent years structural staffing changes have been made to reflect the levels of responsibility and difficulty of work. These changes will provide flexibility and a path to progress to higher levels in the Authority and ultimately the ACT Government.

E.2 LEARNING AND DEVELOPMENT

It is the policy of the Authority that all staff, as a minimum, receive the training they need to carry out their work.

Staff are encouraged to make suggestions of training they require for operation of the Authority. Where this fits with the requirements of the Authority it is written into performance agreements and facilitated wherever possible.

Total training expenditure in 2013–14 amounted to \$20,388.

Staff also attended various courses and information sessions provided and funded by TAMS.

An estimated 238 staff hours were taken for this training.

TABLE 17 ON-SITE AND EXTERNAL TRAINING PROVIDED FOR CEMETERY STAFF IN 2013–14

Initiative	No. of participants
Aboriginal & Torres Strait Islander Cultural Awareness	1
Accessibility Guidelines	1
Asbestos Awareness	9
CMTD Injury Management Toolbox Training	2
Conservation and Management of Cemeteries	2
Efficiency in Excel	1
Fell Trees Manually Intermediate (Refresher)	1
Finance & Governance	1
Fraud and Ethics Awareness Program	11
Heavy Rigid Driver Licence	1
Introduction to Government Procurement	1
Leading and Managing Teams	1
Manager Development Program – Introductory Session	1
Managing Inappropriate Behaviour and Misconduct	1
MS Excel 2007/2010 (Excel Essentials)	1
Planning for Performance	2
Plant Assessor Software Training	4
Respect, Equity & Diversity and Code of Conduct Training	6
Risk Management – Whole of Government	1
Staff Morale Workshop with Big Dave	1
TAMS Induction Course	1
The Essential Director	1
Trim and Cross-cut Felled Trees (Refresher)	3
Writing for Government (Refining Documents)	1

E.3 WORK HEALTH AND SAFETY

LEADERSHIP

In its own right and with support from TAMS Human Resources and Shared Services, the Authority continues to take a proactive stance towards workplace health and safety. As previously detailed, the Authority continues to play an active role in the cemetery industry in the formulation of specialised industry training for our staff. Workplace health and safety for the Authority is managed as described below.

INJURY PREVENTION

- Staff at the Authority are managed by agreement under TAMS Human Resources management.
- The Authority has a Workplace Health and Safety (WHS) committee which oversees the processes of WHS and workplace inspections. WHS representatives (two) are elected by staff and are members of the WHS committee. The committee meets quarterly.
- The Authority has developed policy and procedure manuals to cover all aspects of cemetery work including the higher risk areas of grave digging and grounds maintenance. The policy manual clearly sets out the rights and responsibilities of all staff and provides clear guidelines on the required approach to all aspects of work. The procedure manual identifies associated hazards and risks and documents the minimum steps required to complete each cemetery-specific task.
- Procedures and policies are modified and updated as required to meet new conditions.
- Staff have received training as appropriate to meet statutory requirements and others will be trained where possible to specifically enhance WHS.
- All outdoor staff members have attended training in hazard identification tailored for cemetery conditions.
- The Authority has developed a WHS Risk Register. This continues to be updated as required.
- Safety inspections, conducted quarterly using checklists based on the risk register, are carried out by appropriate teams of management and WHS staff and remedial action plans are formulated to address shortcomings and/or new requirements.
- For the majority of the year, the majority of staff held current certification to the level of applying first aid.
- WHS is a permanent agenda item at staff meetings.
- All staff were provided with the opportunity to participate in a influenza immunisation program and Hepatitis B inoculations as required.

INJURY MANAGEMENT

- ACT Government wide promotion of the Employee Assistance Program has continued via workplace posters, brochures and wallet inserts for all staff.
- Staff are encouraged to return to work as soon as practicable after time off from work due to injury. Allowance is made for staff who have limited capacity after injury. This process is supported by the Shared Services team who provide individual case managers as required.
- There were six (6) accident/incident reports and one (1) new claim for workers compensation submitted during 2013–14 with time lost in weeks reported as 36.8.

E.4 WORKPLACE RELATIONS

ENTERPRISE AGREEMENT

During 2013–14, Authority staff were covered by the Territory and Municipal Services Enterprise Agreement 2011–13 and subsequently the office based staff came under the new ACT Public Service Administrative and Related Classifications Enterprise Agreement 2013–2017.

There are a small number of terms in the agency specific schedules for Authority staff.

AUSTRALIAN WORKPLACE AGREEMENTS

There were no employees within the Authority who were covered by Australian Workplace Agreements for the year ended 30 June 2014.

SPECIAL EMPLOYMENT ARRANGEMENTS

Since certification of the current (TAMS) Certified Agreement no Special Employment Arrangement Agreements have been agreed or implemented for Authority staff.

E.5 STAFF PROFILE

The *Cemeteries and Crematoria Act 2003* (the Act) states that:

1. The Authority may arrange with the Director-General (TAMS) to use public servants in the administrative unit under his control.
2. The *Public Sector Management Act 1994* applies to the management by the Authority of public servants who are the subject of an arrangement under subsection (1).
3. This division does not limit the Authority's power to employ people who are not public servants.

Permanent Authority staff are officers of the ACT Public Service and for organisational purposes are attached to TAMS.

Whilst an officer of the ACT Public Service, the CEO is required under the terms of the Act to perform those functions and duties directed by the Authority and is not responsible for any Directorate duties.

Details of classifications and statistical information relating to staff of the Authority are reported by TAMS.

F. FINANCIAL MANAGEMENT REPORTING

F.1 FINANCIAL MANAGEMENT

MANAGEMENT DISCUSSION AND ANALYSIS

General Overview

Objectives

The ACT Public Cemeteries Authority (the Authority) is responsible for all earth burials in the ACT. It maintains three cemeteries in the Canberra region, located at Gungahlin, Hall and Woden. The Authority was established under the *Financial Management Act 1996* and *Cemeteries and Crematoria Act 2003 (the Act)* and is self-funded. The main source of revenue is income from burials, reservations and returns earned on invested funds. There continues to be questions arising from interpretation and implementation of the Act that have the potential to affect the long-term viability of the Authority without significant fee increases or another source of funding for pre-existing sites.

The *Cemeteries and Crematoria Act 2003* came into force in September 2003. The Act allows for private cemeteries to operate within the ACT and requires a Perpetual Care Trust (PCT) to be established for each cemetery. Each Trust is comprised of two parts, one for current maintenance and one for future maintenance (The PCT Reserve), which is intended to provide for maintenance for each site in perpetuity. The Minister has set a percentage of income that must be paid into each fund. Following a review of the PCT fund arrangements, the PCT Fund Percentage, *Reserve Percentage* and *Review Date* (the date by which the percentages must be reviewed) were set in 2011 giving the Authority a basis on which to plan for future financial needs.

In 2011 the Territory and Municipal Services Directorate (TAMS) completed a review of the Perpetual Care Trust model. This review has established that while the Authority has sufficient funds for maintenance in the short term of the sites transferred to the Authority on commencement of the *Cemeteries and Crematoria Act 2003*, it has a substantial shortfall of funds (at the time of the review in the order of \$21 million) required to provide for longer term maintenance. The larger component of this is the unfunded liability for burials that took place before the start of the scheme (inherited by the Authority at the start of the scheme) and is in the order of \$11 million. These funds will need to be acquired by the Authority to ensure that public expectations of maintenance standards in perpetuity are met. The Authority believes that it can fund the future component of the liability with fee increases and adding more premium options to its current services.

Risk Management

The Authority's approach to risk management provides clients with assurance that the Authority can deliver low risk/high value services. The Authority has developed a Strategic Business Plan, Risk Register, Disaster Recovery and Business Resumption Plan and Fraud and Corruption Prevention Plan. These are considered live documents and are subject to continual change.

Qualification relating to the Allocation of Indirect Costs to Perpetual Care Trusts

The Authority is required by legislation to establish a separate perpetual care trust for each cemetery for the short-term and long-term maintenance of the cemetery including but not limited to; the grounds, monuments, memorials, tombstones, gravestones, tablets, monumental inscriptions, mausoleums, vaults and graves; walls, fences, paths, roads, drains and other works of the cemetery. The Authority charges each Perpetual Care Trust for maintenance of each cemetery or mausoleum and is subsequently reimbursed by the relevant Perpetual Care Trust.

The Act does not prescribe how 'maintenance' is defined. In the current and previous years, the Authority has charged the Perpetual Care Trusts for the maintenance of the relevant cemetery or mausoleum on a 'full cost' basis. A full cost basis means that the Authority has charged the Perpetual Care Trusts for direct maintenance and a proportion of 'indirect' costs that represent the proportion of overhead costs of the Authority that have been allocated to maintenance costs. These indirect costs being charged by the Authority include, but are not limited to, costs recovered by the Authority for Management and Administration Staff costs and other overheads like insurance, office expenses, rates, security and equipment.

During the audit of the financial statements, a query was raised about the basis on which the Authority was charging indirect costs to each Perpetual Care Trust and being subsequently reimbursed for indirect costs being charged.

The Board sought external actuarial advice from the company who prepared the Perpetual Care Trust model, Abraxa, in relation to the application and use of the model. The advice from Abraxa indicates that the Perpetual Care Trust model was not intended to be used for the allocation of indirect costs to the Perpetual Care Trust. The indicated that there were difficulties with the current application of the model including observations that 'there are a number of inconsistencies with the model' in relation to the inclusion of some specific indirect costs. The inconsistencies between the model and its application includes, but is not limited to costs recovered by the Authority for advertising, consultants, and depreciation being included; capital, irrigation and purchases of minor equipment not being claimed; and the incorrect percentage being applied to management and administrative wages. The model was created 'primarily to determine the Perpetual Care Trust revenue percentages to apply, it was not designed to be the basis for the allocation of costs and apportionment of overheads, although it is conceivable to reverse engineer the model to use it for this purpose'.

Based on this advice, the Board has formed the view that there is uncertainty around the use and application of the Perpetual Care Trust model in relation to the validity of charges for indirect costs as maintenance costs from the Perpetual Care Trusts.

The Authority will be recommending to the Minister that a comprehensive review of the Perpetual Care Trust arrangements be conducted in 2014-15.

Financial Performance

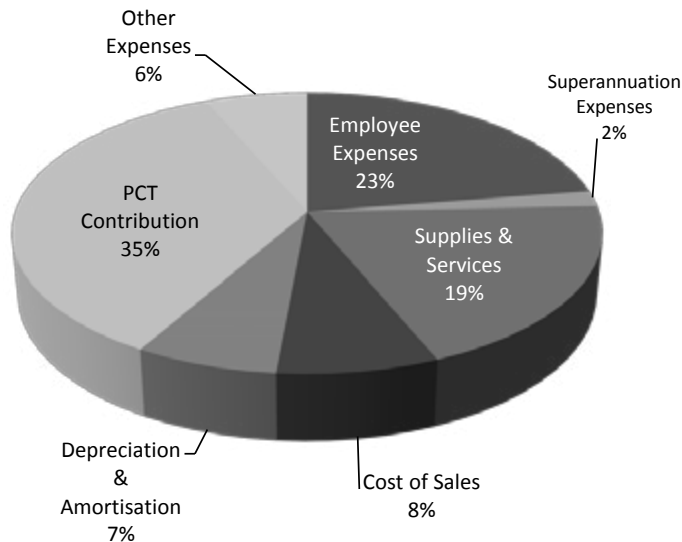
The following financial information is based on the forward estimates contained in the 2013-14 Statement of Intent and internal reports for 2013-14.

Expenditure

1. Components of Expenditure

Graph 3 indicates the components of the Authority's expenditure to June 2014 with the largest component of expenditure, not including PCT fund contributions, is employee expenses which represents 23 percent of ordinary activities or \$1.266 million. Note that this figure is net of employment expenses which are directly attributable to cost of sales, ground maintenance and inventory. While a larger actual proportion 35 percent (\$1.979 million), PCT Contributions are, in effect, offset against PCT Drawdowns (see *Income* below). PCT Contributions are calculated as a percentage of burial related income (as described in *Objectives* above).

Graph 3- Components of Expenditure 30 June 2014



2. Comparison to Budget

Total expenditure of \$5.617 million was \$0.436 million, or 8.4 percent above the 2013-14 Budget. This principally reflects higher than budgeted supplies and services (due higher than budgeted water costs, accounting costs and marketing costs), higher than budgeted cost of sales (due to improved accuracy in the direct allocations of time costs and higher levels of expenditure on new burial options) and other expenses (payment of claim against the Authority). These were offset principally by lower than budgeted contributions PCT funds (related to lower than expected income).

3. Comparison to 2012-13 Actual Expenditure

Total expenditure was \$0.229 million, or 4.2 percent higher than the 2012-13 actual result. While Employee expenses were higher than for 2013 this was offset by lower supplies and services and cost of sales expenses.

4. Future Trends

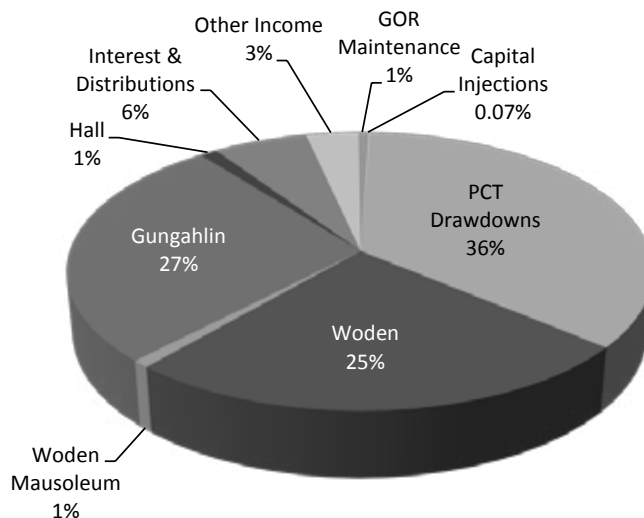
It is expected that expenses will continue to rise annually in the short term, by approximately the Consumer Price Index. It is expected that in the short term cost of sales will increase by above CPI due to the planned installation of a number of new burial areas.

Income

1. Components of Income

Graph 4 below indicates that for the period to 30 June 2014 the Authority received 90 percent of its total income of \$5.611 million from user charges – Non-ACT Government. This comprises income from the sale of allotments and burial services to the ACT community in 2013-14 (54 percent) and drawdowns from Perpetual Care Trust (36 percent). These drawdowns are calculated using the model provided by the ACT Government for this purpose. The majority of the remainder of the Authority's income is derived from interest from investments.

Graph 4 - Components of Income to 30 June 2014



2. Comparison to Budget

Total income for the period ending 30 June 2014 was \$5.611 million, which including PCT Drawdowns, was \$0.041 million lower than the 2013-14 Budget of \$5.652 million. Revenue from User Charges non-ACT Government was below budget by 6.0 percent principally due to lower than budgeted general burial income due to a lower average sales price achieved. The total of other revenue for the period ending 30 June 2014 including drawdown from Perpetual Care Trusts was above budget by 6.4 percent. This principally related to the insurance reimbursement of a compensation claim against the Authority. This was offset by interest on investments which was 31.5 percent below budget due to lower rates of return on investments.

3. Comparison to 2012-13 Actual Income

Total income to 30 June 2014 was \$0.104 million, or 1.9 percent higher than the 2012-13 actual result. This represented a 10.0 percent increase in PCT fund drawdown income offset by a decrease of 3.8 percent in user charges income and a decrease in other income for reasons described above.

4. Future Trends

Total income for 2014-15 is budgeted to increase by 10 percent compared to 2013-14 due to increased fees driven by the need to increase revenue to meet perpetual care needs. This will be assessed annually as it is assumed for this calculation that there will be similar numbers of burials in future.

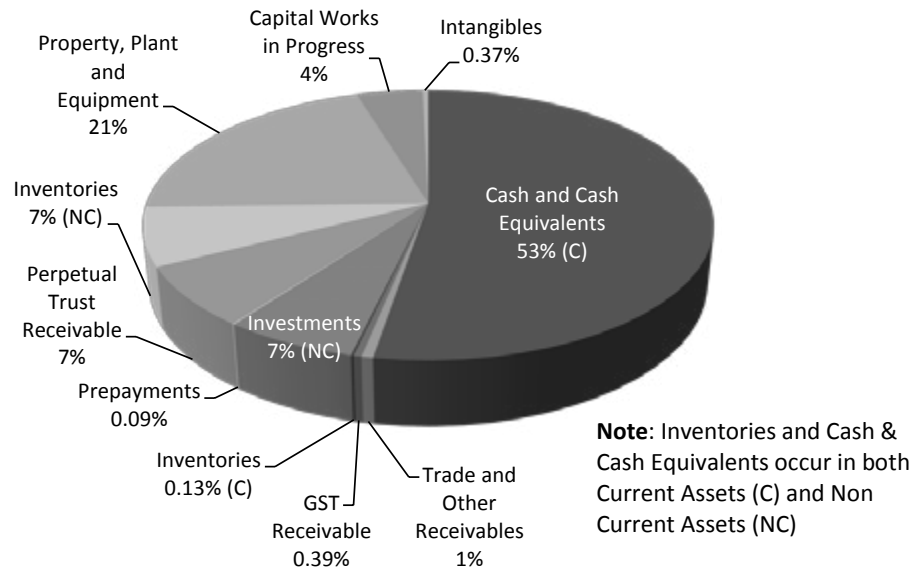
Financial Position

Total Assets

1. Components of Total Assets

Graph 5 below indicates that for the financial period ended 30 June 2014, the Authority held 21 percent of its assets in Property, Plant and Equipment and 53 percent in Cash and Cash Equivalents.

Graph 5 – Total Assets breakdown as at 30 June 2014



2. Comparison to Budget

The total asset position as at 30 June 2014 is \$16.125 million, which is 4.0 percent above the 30 June 2014 Budgeted position of \$15.501 million.

3. Comparison to 2012-13 Actuals

The Authority's total asset position is \$1.134 million higher than the 2012-13 actual result of \$14.991 million principally due to an increase in plant, property and equipment following revaluation and receivables (Gungahlin PCT).

4. Liquidity

'Liquidity' is the ability of the Authority to satisfy its short-term debts as they fall due. A common indicator for liquidity is the current ratio, which compares the ability to fund short-term liabilities from short-term assets. A ratio of less than 1-to-1 may indicate a reliance on the next financial year's user charges - non ACT Government to meet short-term debts. Table 1 indicates the liquidity position of the Authority.

Table 18– Current Ratio

Description	Prior Year Actual \$'000s 2012-13	Current Year Budget \$'000s 2013-14	Current Year Actual \$'000s 2013-14	Forward Year Budget \$'000s 2014-15	Forward Year Budget \$'000s 2015-16	Forward Year Budget \$'000s 2016-17
Current Assets	9,666	10,043	9,777	7,520	7,621	7,844
Current Liabilities	6,232	5,838	6,591	6,918	7,085	7,256
Current Ratio	1.55	1.70	1.50	1.09	1.08	1.08

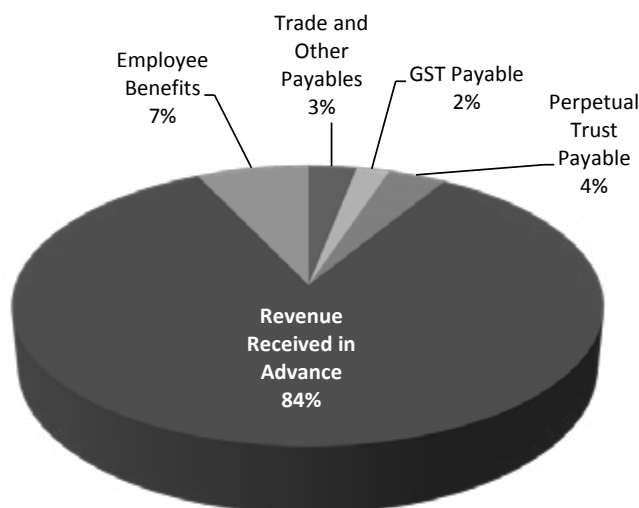
The Authority's current ratio for the financial year to 30 June 2014 is 1.50, which is below budget. This is caused by liabilities increasing at a rate higher than assets, principally due to higher than budgeted revenue received in advance.

Note: In practice this revenue (fees received in advance) will not be realised in the short term but the accounting standard requires that they be treated as current rather than non-current.

Total Liabilities

Graph 6 below indicates that the majority of the Authority's liabilities relate to Fees Received in advance (84 percent).

Graph 6– Total Liabilities breakdown as at 30 June 2013



The Authority's liabilities for the period ended 30 June 2014 of \$6.646 million is above budget by 13 percent, which principally reflects higher than expected reservation sales.

Total liabilities are \$0.363 million higher than the 2012-13 actual results of \$6.283 million which reflects normal inflationary growth plus higher than expected reservation sales described above.

F.2 FINANCIAL STATEMENTS

ACT Public Cemeteries Authority

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2014

INDEPENDENT AUDIT REPORT

ACT PUBLIC CEMETERIES AUTHORITY

To the Members of the ACT Legislative Assembly

Report on the financial statements

The financial statements of the ACT Public Cemeteries Authority (the Authority) for the year ended 30 June 2014 have been audited. These comprise the operating statement, balance sheet, statement of changes in equity, cash flow statement, statement of appropriation and accompanying notes.

Responsibility for the financial statements

The Governing Board of the Authority is responsible for the preparation and fair presentation of the financial statements in accordance with the *Financial Management Act 1996*. This includes responsibility for maintaining adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and the accounting policies and estimates used in the preparation of the financial statements.

The auditor's responsibility

Under the *Financial Management Act 1996*, I am responsible for expressing an independent audit opinion on the financial statements of the Authority.

The audit was conducted in accordance with Australian Auditing Standards to provide reasonable assurance that the financial statements are free of material misstatement.

I formed the audit opinion following the use of audit procedures to obtain evidence about the amounts and disclosures in the financial statements. As these procedures are influenced by the use of professional judgement, selective testing of evidence supporting the amounts and other disclosures in the financial statements, inherent limitations of internal control and the availability of persuasive rather than conclusive evidence, an audit cannot guarantee that all material misstatements have been detected.

Although the effectiveness of internal controls is considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

The audit is not designed to provide assurance on the appropriateness of budget information included in the financial statements or to evaluate the prudence of decisions made by the Authority.

Electronic presentation of the audited financial statements

Those viewing an electronic presentation of the financial statements should note that the audit does not provide assurance on the integrity of information presented electronically, and does not provide an opinion on any other information which may have been hyperlinked to or from these financial statements. If users of the financial statements are concerned with the inherent risks arising from the electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.

Independence

Applicable independence requirements of Australian professional ethical pronouncements were followed in conducting the audit.

Basis for qualified audit opinion

The Gungahlin Cemetery Perpetual Care Trust, Hall Cemetery Perpetual Care Trust, Woden Cemetery Perpetual Care Trust and Woden Mausoleum Perpetual Care Trust (collectively the Perpetual Care Trusts) were established to fund the maintenance of the Gungahlin Cemetery, Hall Cemetery, Woden Cemetery and Woden Mausoleum. Under arrangements with the Perpetual Care Trusts, the:

- (i) Authority transfers a Ministerially determined percentage of revenue earned from burials, interments of ashes and memorialisation at Gungahlin Cemetery, Hall Cemetery, Woden Cemetery and Woden Mausoleum to the Perpetual Care Trusts. These transfers provide the Perpetual Care Trusts with funds to meet maintenance costs of the cemeteries and mausoleum; and
- (ii) Perpetual Care Trusts reimburse the Authority for costs incurred by the Authority in maintaining the cemeteries and mausoleum. Maintenance costs consist of direct maintenance costs and indirect costs that have been incurred by the Authority and allocated as maintenance costs to the Perpetual Care Trusts.

Direct maintenance costs include maintenance costs and costs of ground staff. Indirect costs charged as maintenance costs include, but are not limited to, a proportion of the costs for administration, electricity, accounting, audit and security incurred by the Authority.

In the Statement of Responsibility accompanying the financial statements, the Chair of the Governing Board states that:

In my opinion, except for the matters described in Note No. 1, the financial statements are in agreement with the Authority's accounts and records and fairly reflect the financial operations of the Authority for the year ended 30 June 2014 and the financial position of the Authority on that date.

In 'Note 1: Objectives of ACT Public Cemeteries Authority' of the financial statements in the section titled 'Qualification relating to the Allocation of Indirect Costs', the Authority discloses, amongst other things, that:

... the Board has formed the view that there is uncertainty around the use and application of the Perpetual Care Trust model in relation to the validity of charges for indirect costs as maintenance costs from the Perpetual Care Trusts...

... On this basis, the Board has decided to qualify the financial statements in respect of the uncertainty of the balances listed to the extent these balances include amounts relating to the recovery of indirect maintenance costs from the Perpetual Care Trusts...

As the Governing Board has been unable to determine whether indirect maintenance costs have been correctly charged to the Perpetual Care Trusts, I have been unable to obtain sufficient and appropriate audit evidence that indirect maintenance costs charged to the Perpetual Care Trusts are valid.

As a result, no audit opinion can be expressed on the amounts disclosed as:

- (i) Income from the reimbursement of maintenance and related expenditure incurred on behalf of the Perpetual Care Trusts in Note 7: 'Reimbursement of Maintenance and Related Expenditure Incurred on Behalf of the Perpetual Care Trusts' of the financial statements;
- (ii) Receivable from the Perpetual Care Trusts in Note 20: 'Receivables' of the financial statements;
- (iii) Amounts payable to Perpetual Care Trusts disclosed in Note 27: 'Payables' of the financial statements; and
- (iv) Reimbursement of Maintenance and Related Expenditure from Perpetual Care Trusts in the Cash Flow Statement.

Qualified audit opinion

In my opinion, except for the possible effects of the matters described in the **Basis for qualified audit opinion** referred to previously, the financial statements of the Authority for the year ended 30 June 2014:

- (i) are presented in accordance with the *Financial Management Act 1996*, Accounting Standards and other mandatory financial reporting requirements in Australia; and
- (ii) present fairly the financial position of the Authority as at 30 June 2014 and the results of its operations and cash flows for the year then ended.

This audit opinion should be read in conjunction with the other information disclosed in this report.



Bernie Sheville
Director, Financial Audits
17 September 2014

**ACT Public Cemeteries Authority
Financial Statements
For the Year Ended 30 June 2014**

Statement of Responsibility

In my opinion, except for the matters described in Note No. 1, the financial statements are in agreement with the Authority's accounts and records and fairly reflect the financial operations of the Authority for the year ended 30 June 2014 and the financial position of the Authority on that date.



Diane Kargas AM
Chair
ACT Public Cemeteries Authority
17 September 2014

**ACT Public Cemeteries Authority
Financial Statements
For the Year Ended 30 June 2014**

Statement by the Chief Executive Officer

In my opinion, except for the matters described in Note No. 1, the financial statements have been prepared in accordance with generally accepted accounting principles, and are in agreement with the Authority's accounts and records and fairly reflect the financial operations of the Authority for the year ended 30 June 2014 and the financial position of the Authority on that date.



Hamish Horne
Chief Executive Officer
ACT Public Cemeteries Authority
17 September 2014

**ACT Public Cemeteries Authority
Operating Statement
For the Year Ended 30 June 2014**

	Note No.	Actual 2014 \$	Original Budget 2014 \$	Actual 2013 \$
Income				
<i>Revenue</i>				
User Charges - Non-ACT Government	4	3,055,211	3,249,000	3,176,556
Interest	5	300,488	439,000	361,648
Distribution from Investments with Territory Banking Account	6	36,196	60,000	59,723
Reimbursement of Maintenance and Related Expenditure Incurred on Behalf of the Perpetual Care Trusts	7	1,992,566	1,904,000	1,810,643
Other Revenue	8	226,677	-	98,239
Total Revenue		5,611,138	5,652,000	5,506,809
<i>Gains</i>				
Other Gains	9	6,790	45,000	-
Total Gains		6,790	45,000	-
Total Income		5,617,928	5,697,000	5,506,809
Expenses				
Employee Expenses	10	1,265,658	1,251,000	1,031,881
Superannuation Expenses	11	101,680	82,000	82,873
Supplies and Services	12	1,089,109	910,000	1,235,863
Depreciation and Amortisation	13	383,114	356,000	412,919
Cost of Sales	14	433,478	217,000	452,593
Revenue Transferred to the Perpetual Care Trusts	15	1,979,460	2,365,000	2,099,309
Other Expenses	16	365,437	-	72,839
Total Expenses		5,617,936	5,181,000	5,388,277
Operating (Deficit)/Surplus		(8)	516,000	118,532
Other Comprehensive Surplus				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Increase in the Asset Revaluation Surplus	30	489,950	-	-
Total Other Comprehensive Surplus		489,950	-	-
Total Comprehensive Income		489,942	516,000	118,532

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

ACT Public Cemeteries Authority
Balance Sheet
As at 30 June 2014

	Note No.	Actual 2014 \$	Original Budget 2014 \$	Actual 2013 \$
Current Assets				
Cash and Cash Equivalents	19	8,574,510	8,968,000	9,055,809
Receivables	20	1,167,676	1,014,000	565,892
Inventories	22	20,536	44,000	28,455
Other Assets	26	14,163	17,000	16,703
Total Current Assets		9,776,885	10,043,000	9,666,859
Non-Current Assets				
Investments	21	1,061,740	1,163,000	1,054,950
Inventories	22	1,145,725	772,000	1,119,634
Property, Plant and Equipment	23	3,368,945	2,669,000	2,732,808
Intangibles	24	60,066	72,000	52,681
Capital Works in Progress	25	711,779	782,000	363,852
Total Non-Current Assets		6,348,255	5,458,000	5,323,925
Total Assets		16,125,140	15,501,000	14,990,784
Current Liabilities				
Payables	27	586,773	570,000	798,629
Employee Benefits	28	413,839	374,000	350,265
Revenue Received in Advance	29	5,590,628	4,894,000	5,083,004
Total Current Liabilities		6,591,240	5,838,000	6,231,898
Non-Current Liabilities				
Employee Benefits	28	55,158	28,000	51,460
Total Non-Current Liabilities		55,158	28,000	51,460
Total Liabilities		6,646,398	5,866,000	6,283,358
Net Assets		9,478,742	9,635,000	8,707,426

ACT Public Cemeteries Authority
Balance Sheet – Continued
As at 30 June 2014

	Note No.	Actual 2014 \$	Original Budget 2014 \$	Actual 2013 \$
Equity				
Accumulated Funds		7,945,930	8,592,000	7,664,564
Asset Revaluation Surplus	30	1,532,812	1,043,000	1,042,862
Total Equity		9,478,742	9,635,000	8,707,426

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

**ACT Public Cemeteries Authority
Statement of Changes in Equity
For the Year Ended 30 June 2014**

	Accumulated Funds Actual 2014 \$	Asset Revaluation Surplus Actual 2014 \$	Total Equity Actual 2014 \$	Original Budget 2014 \$
Balance at 1 July 2013	7,664,564	1,042,862	8,707,426	8,825,000
Comprehensive Income				
Operating (Deficit)/Surplus	(8)	-	(8)	516,000
Increase in the Asset Revaluation Surplus	-	489,950	489,950	-
Total Comprehensive Income	(8)	489,950	489,942	516,000
Transactions Involving Owners Affecting Accumulated Funds				
Capital Injections	281,374	-	281,374	294,000
Total Transactions Involving Owners Affecting Accumulated Funds	281,374	-	281,374	294,000
Balance at 30 June 2014	7,945,930	1,532,812	9,478,742	9,635,000

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

ACT Public Cemeteries Authority
Statement of Changes in Equity - Continued
For the Year Ended 30 June 2014

	Accumulated Funds Actual 2013 \$	Asset Revaluation Surplus Actual 2013 \$	Total Equity Actual 2013 \$
Balance at 1 July 2012	7,339,616	1,042,862	8,382,478
Comprehensive Income			
Operating Surplus	118,532	-	118,532
Total Comprehensive Income	118,532	-	118,532
Transactions Involving Owners Affecting Accumulated Funds			
Capital Injections	206,416	-	206,416
Total Transactions Involving Owners Affecting Accumulated Funds	206,416	-	206,416
Balance at 30 June 2013	7,664,564	1,042,862	8,707,426

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

ACT Public Cemeteries Authority
Cash Flow Statement
For the Year Ended 30 June 2014

	Note No.	Actual 2014 \$	Original Budget 2014 \$	Actual 2013 \$
Cash Flows from Operating Activities				
Receipts				
User Charges – Non-ACT Government		3,569,183	3,132,000	3,594,407
Reimbursement of Maintenance and Related				
Expenditure from Perpetual Care Trusts:		-	1,855,000	-
Gungahlin Cemetery Perpetual Care Trust ^a		438,623	-	555,521
Hall Cemetery Perpetual Care Trust ^a		3,919	-	8,059
Woden Cemetery Perpetual Care Trust ^a		908,557	-	644,435
Woden Mausoleum Perpetual Care Trust ^a		5,173	-	76,349
Interest and Distributions Received		319,321	499,000	464,586
Goods and Services Tax Input Tax Credits from the Australian Taxation Office		62,373	115,000	188,456
Goods and Services Tax Collected from Customers		138,399	325,000	395,745
Other		226,674	49,000	98,239
Total Receipts from Operating Activities		5,672,222	5,975,000	6,025,797
Payments				
Transferred to Perpetual Care Trusts:		-	2,366,000	-
Gungahlin Cemetery Perpetual Care Trust		945,288	-	391,888
Hall Cemetery Perpetual Care Trust		53,983	-	16,002
Woden Cemetery Perpetual Care Trust		633,148	-	759,900
Woden Mausoleum Perpetual Care Trust		739,283	-	200,114
Employee		1,199,823	1,228,000	1,001,982
Superannuation		100,243	82,000	82,515
Supplies and Services		1,033,237	903,000	1,258,996
Cost of Sales		425,559	180,000	711,468
Goods and Services Tax Remitted to the Australian Taxation Office		130,321	318,000	366,866
Goods and Services Tax Paid to Suppliers		68,760	116,000	195,981
Other		229,266	-	22,010
Total Payments from Operating Activities		5,558,911	5,193,000	5,007,722
Net Cash Inflows from Operating Activities	32	113,311	782,000	1,018,075

**ACT Public Cemeteries Authority
Cash Flow Statement - Continued
For the Year Ended 30 June 2014**

	Note No.	Actual 2014 \$	Original Budget 2014 \$	Actual 2013 \$
Cash Flows from Investing Activities				
Receipts				
Proceeds from the Sale of Property, Plant and Equipment		10,000	-	13,779
Total Receipts from Investing Activities		10,000	-	13,779
Payments				
Payments for Property, Plant and Equipment		538,057	190,000	114,630
Payments for Capital Works in Progress		347,927	294,000	150,975
Total Payments from Investing Activities		885,984	484,000	265,605
Net Cash (Outflows) from Investing Activities		(875,984)	(484,000)	(251,826)
Cash Flows from Financing Activities				
Receipts				
Capital Injections		281,374	294,000	206,416
Total Receipts from Financing Activities		281,374	294,000	206,416
Net (Decrease)/Increase in Cash and Cash Equivalents		(481,299)	592,000	972,665
Cash and Cash Equivalents at the Beginning of the Reporting Period		9,055,809	8,376,000	8,083,144
Cash and Cash Equivalents at the End of the Reporting Period	32	8,574,510	8,968,000	9,055,809

- a. As explained in Note 1, the Authority is uncertain that the payments received from the Perpetual Care Trusts have been correctly calculated due to uncertainties about the validity of amounts that are reimbursable from the Perpetual Care Trusts.

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

**ACT Public Cemeteries Authority
Statement of Appropriation
For the Year Ended 30 June 2014**

	Original Budget 2014 \$	Total Appropriated 2014 \$	Appropriation Drawn 2014 \$	Appropriation Drawn 2013 \$
Capital Injections ^a	294,000	281,374	281,374	206,416
Total Appropriation	294,000	281,374	281,374	206,416

The above Statement of Appropriation should be read in conjunction with the accompanying notes.

Column Heading Explanations

The *Original Budget* column shows the amounts that appear in the Cash Flow Statement in the Statement of Intent. This amount also appears in the Cash Flow Statement.

The *Total Appropriated* column is inclusive of all appropriation variations occurring after the Original Budget.

The *Appropriation Drawn* is the total amount of appropriation received by the Authority during the year. This amount appears in the Cash Flow Statement.

Capital Injections

Appropriations are drawn to the extent the Authority has incurred expenditure on the Southern Cemetery Project.

These funds were the Southern Cemetery Planning project appropriation balance available from 2012-13 rolled forward to 2013-14. The cost of work required to complete the project was lower than estimated. As capital injections are a reimbursement of direct expenditure the funds received were lower than budget.

**ACT Public Cemeteries Authority
Note Index of the Financial Statements
For The Year Ended 30 June 2014**

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ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 1 OBJECTIVES OF ACT PUBLIC CEMETERIES AUTHORITY

Operations and Principal Activities

The ACT Public Cemeteries Authority (the Authority) is a Territory Authority that was established on 27 September 2003 by *The Cemeteries and Crematoria Act 2003* (the Act). It manages and operates public cemeteries in the ACT in Gungahlin, Woden, Hall and the Woden Mausoleum. The Authority aims to operate the cemeteries sustainably and on a user pays principle, to minimise the cost to the ACT Government and community.

The Authority aims to provide a wide range of burial options in Gungahlin and Woden cemeteries to meet the needs of cultural groups that use the cemetery services. This includes encouraging the placement of ashes in specific areas or family graves. The Authority also actively promotes the pre-purchase of cemetery services, which allows for people to arrange their affairs prior to death.

Perpetual Care Trust Arrangements

Perpetual Care Trusts have been established for the Gungahlin Cemetery, Woden Cemetery, Woden Mausoleum and Hall Cemetery in accordance with section 9 of the Act. Each Perpetual Care Trust is established for the maintenance of the cemetery or mausoleum. The Public Trustee is the trustee of each Perpetual Care Trust and the Authority is responsible for their management. The Authority is required to provide to each Trust a percentage of the revenue for each burial, interment of ashes or memorialisation (the Perpetual Care Trust percentage) in accordance with the Minister's determination. The Authority is also required to spend perpetual care funds of each Trust for maintenance of each cemetery or mausoleum in accordance with the Act.

The Perpetual Care Trust percentages have been determined on a 'full cost' basis – they allow for not only the direct maintenance costs but also the proportion of indirect overhead costs reasonably associated with the management of maintenance. The Authority has accounted for each Trust consistently with this full cost basis. In particular:

- (i) the amounts recognised as indirect expenditure in relation to each Trust have been based on the Perpetual Care Trust percentages; and
- (ii) revenue recognised in relation to reimbursement of maintenance and related expenditure from each Trust is based on direct expenditure incurred by ground staff and direct costs plus 47% indirect expenditure allocated based on revenue.

In 2006, a change was made to the Perpetual Care Trust arrangements that required the Perpetual Care Trusts to each have a reserve for future maintenance and related expenditure. On 3 August 2011, the allocated funding of the reserves became Ministerially determined by way of reserve percentages. In addition to the determination of reserve percentages, the Minister also determined a separate trust should be created for the Woden Mausoleum. The creation of the Woden Mausoleum Perpetual Care Trust was implemented on 1 July 2013.

In accordance with section 11 of the Act, the Perpetual Care Trust percentages determined by the Minister for the four Trusts are:

Trust	Perpetual Care Trust Amount	Perpetual Care Trust Reserve Amount
Gungahlin Cemetery	44.9%	16.9%
Woden Cemetery	33.8%	33.0%
Woden Mausoleum	13.4%	60.3%
Hall Cemetery	11.3%	76.2%

**ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014**

NOTE 1 OBJECTIVES OF ACT PUBLIC CEMETERIES AUTHORITY CONTINUED

Perpetual Care Trust Arrangements Continued

Qualification relating to the Allocation of Indirect Costs

The Authority is required by legislation to establish a separate perpetual care trust for each cemetery for the short-term and long-term maintenance of the cemetery including but not limited to; the grounds, monuments, memorials, tombstones, gravestones, tablets, monumental inscriptions, mausoleums, vaults and graves; walls, fences, paths, roads, drains and other works of the cemetery. The Authority charges each Perpetual Care Trust for maintenance of each cemetery or mausoleum and is subsequently reimbursed by the relevant Perpetual Care Trust.

The Act does not prescribe how 'maintenance' is defined. In the current and previous years, the Authority has charged the Perpetual Care Trusts for the maintenance of the relevant cemetery or mausoleum on a 'full cost' basis. A full cost basis means that the Authority has charged the Perpetual Care Trusts for direct maintenance and a proportion of 'indirect' costs that represent the proportion of overhead costs of the Authority that have been allocated to maintenance costs. These indirect costs being charged by the Authority include, but are not limited to, costs recovered by the Authority for Management and Administration Staff costs and other overheads like insurance, office expenses, rates, security and equipment.

During the audit of the financial statements, a query was raised about the basis on which the Authority was charging indirect costs to each Perpetual Care Trust and being subsequently reimbursed for indirect costs being charged.

The Board sought external actuarial advice from the company who prepared the Perpetual Care Trust model, Abraxa, in relation to the application and use of the model. The advice from Abraxa indicates that the Perpetual Care Trust model was not intended to be used for the allocation of indirect costs to the Perpetual Care Trust. The indicated that there were difficulties with the current application of the model including observations that 'there are a number of inconsistencies with the model' in relation to the inclusion of some specific indirect costs. The inconsistencies between the model and its application includes, but is not limited to costs recovered by the Authority for advertising, consultants, and depreciation being included; capital, irrigation and purchases of minor equipment not being claimed; and the incorrect percentage being applied to management and administrative wages. The model was created 'primarily to determine the Perpetual Care Trust revenue percentages to apply, it was not designed to be the basis for the allocation of costs and apportionment of overheads, although it is conceivable to reverse engineer the model to use it for this purpose'.

Based on this advice, the Board has formed the view that there is uncertainty around the use and application of the Perpetual Care Trust model in relation to the validity of charges for indirect costs as maintenance costs from the Perpetual Care Trusts.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 1 OBJECTIVES OF ACT PUBLIC CEMETERIES AUTHORITY CONTINUED

Perpetual Care Trust Arrangements Continued

The uncertainty in the financial statements from the allocation of indirect maintenance expenditure relates to the following:

	2014	2013
Revenue from PCTs (note 7)	\$1,992,566	\$1,810,643
Receivables – PCT amount only (note 20)	\$1,013,946	\$423,104
Payables – PCT amount only (note 27)	\$248,099	\$517,557
Reimbursement of Maintenance and Related		
Expenditure from Perpetual Care Trusts:		
(cash flow statement – receipts)		
Gungahlin Cemetery Perpetual Care Trust	\$438,623	\$555,521
Hall Cemetery Perpetual Care Trust	\$3,919	\$8,059
Woden Cemetery Perpetual Care Trust	\$908,557	\$644,435
Woden Mausoleum Perpetual Care Trust	\$5,173	\$76,349

On this basis the Board has decided to qualify the financial statements in respect of the uncertainty of the balances listed to the extent these balances include amounts relating to the recovery of indirect maintenance costs from the Perpetual Care Trusts.

The Authority will be recommending to the Minister that a comprehensive review of the Perpetual Care Trust arrangements be conducted in 2014-15.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The *Financial Management Act 1996* requires the preparation of annual financial statements for Territory Authorities.

The *Financial Management Act* and the *Financial Management Guidelines* issued under the Act, requires that a Territory Authority's financial statements include:

- (i) an Operating Statement for the year;
- (ii) a Balance Sheet at the end of the year;
- (iii) a Statement of Changes in Equity for the year;
- (iv) a Cash Flow Statement for the year;
- (v) a Statement of Appropriation for the year;
- (vi) a summary of the significant accounting policies adopted for the year; and
- (vii) such other statements as are necessary to fairly reflect the financial operations of the Territory Authority during the year and its financial position at the end of the year.

These general-purpose financial statements have been prepared to comply with 'Generally Accepted Accounting Principles' (GAAP) as required by the *Financial Management Act 1996*. The financial statements have been prepared in accordance with:

- (i) Australian Accounting Standards; and
- (ii) ACT Accounting and Disclosure Policies.

The financial statements have been prepared using the accrual basis of accounting, which recognises the effects of transactions and events when they occur. The financial statements have also been prepared according to the historical cost convention, except for assets such as those included in property, plant and equipment and financial instruments which were valued at fair value in accordance with the (re)valuation policies applicable to the Authority during the reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is measured using the market approach, the cost approach or the income approach valuation techniques as appropriate. In estimating the fair value of an asset or liability, the Authority takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at measurement date.

The above approach to fair value measurement does not apply to leasing transactions within the scope of Australian Accounting Standard 117 Leases or measurements that have some similarities to fair value but are not fair value, such as net realisable value in Australian Accounting Standard 102 Inventories or value in use in Australian Accounting Standard 136 Impairment of Assets.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(a) Basis of Accounting - Continued

For disclosure purposes fair value measurements are categorised into Level 1, 2 or 3 based on the extent to which the inputs to the valuation techniques are observable and the significance of the inputs to the fair value measurement in its entirety. The Fair Value Hierarchy is made up of the following three levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the 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; and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs) that are unobservable for particular assets or liabilities.

These financial statements are presented in Australian dollars, which is the Authority's functional currency.

The Authority is an individual reporting entity.

(b) The Reporting Period

These financial statements state the financial performance, changes in equity and cash flows of the Authority for the year ending 30 June 2014 together with the financial position of the Authority as at 30 June 2014.

(c) Comparative Figures

Budget Figures

The *Financial Management Act 1996* requires the financial statements to facilitate a comparison with the Statement of Intent. The budget numbers are per the Statement of Intent.

Prior Year Comparatives

Comparative information has been disclosed in respect of the previous period for amounts reported in the financial statements, except where an Australian Accounting Standard does not require comparative information to be disclosed.

Where the presentation or classification of items in the financial statements is amended, the comparative amounts have been reclassified where practical. Where a reclassification has occurred, the nature, amount and reason for the reclassification is provided.

(d) Rounding

All amounts in the financial statements have been rounded to the nearest dollar. Use of “-” represents zero amounts or amounts rounded down to zero.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(e) Revenue Recognition

Revenue is recognised at the fair value of the consideration received or receivable in the Operating Statement. All revenue is recognised to the extent that it is probable that the economic benefits will flow to the Authority and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

User Charges – Non ACT Government – Fees and Sales

Revenue from the sale of goods is generally separated into four types; allotment, maintenance, burial and sales of plaques and monuments. Allotment and maintenance income are recognised immediately when an allotment is paid for, burial income is recognised when the burial takes place, the sale of plaques income is recognised when an order is placed and the sale of monuments or monumental permits are recognised when construction is commenced.

Interest

Interest revenue is recognised using the effective interest method.

Distributions

Distribution revenue is received from investments with the Territory Banking Account. This is recognised on an accrual basis.

Reimbursement of Maintenance and Related Expenditure Incurred on Behalf of the Perpetual Care Trusts

The basis of drawing funds from the Perpetual Care Trusts to reimburse expenditure incurred in the maintenance of the burial and allotment sites is because the funds held in the Perpetual Care Trust are derived from income received in advance for the maintenance of the burial and allotment sites for the life of the goods sold. The cost of maintenance is not an expense for the Authority but expenditure incurred on behalf of the Perpetual Care Trusts.

For additional information see Note 1: Perpetual Care Trust Arrangements

Revenue Received in Advance

Revenue received in advance is recognised as a liability if there is a present obligation to return the funds received, otherwise all funds are recorded as revenue.

Garden of Remembrance

Revenue is received monthly from the Office of Australian War Graves under a contractual agreement to reimburse the cost of maintenance incurred for maintaining the site.

Rendering of Services

Revenue from the rendering of services is recognised when the stage of completion of the transaction at the reporting date can be measured reliably and the costs of rendering those services can be measured reliably.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(f) Repairs and Maintenance

The Authority undertakes cyclical maintenance on its infrastructure, buildings and plant and equipment. Where the maintenance leads to an upgrade of the asset and an increase in the service potential of the existing asset, the cost is capitalised. Maintenance expenses which do not increase the service potential of the asset are expensed.

(g) Current and Non-Current Items

Assets and liabilities are classified as current or non-current in the Balance Sheet and in the relevant notes. Assets are classified as current where they are expected to be realised within 12 months after the reporting date. Liabilities are classified as current when they are due to be settled within 12 months after the reporting date or the Authority does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Assets or liabilities which do not fall within the current classification are classified as non-current.

(h) Impairment of Assets

The Authority assesses, at each reporting date, whether there is any indication that an asset may be impaired. Assets are also reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Any resulting impairment losses for property, plant and equipment are recognised as a decrease in the available balance in the Asset Revaluation Surplus relating to these classes of assets. Where the impairment loss is greater than the available balance in the Asset Revaluation Surplus for the relevant class of asset, the difference is expensed in the Operating Statement. Also, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of 'fair value less costs of disposal' and its 'value in use'. An asset's 'value in use' is its depreciated replacement cost, where the asset would be replaced if the Authority were deprived of it. Non-financial assets, which have previously been impaired, are reviewed for the possible reversal of impairment at each reporting date.

(i) Cash and Cash Equivalents

For the purposes of the Cash Flow Statement and the Balance Sheet, cash includes cash at bank, cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are included in cash and cash equivalents in the Cash Flow Statement but not in the cash and cash equivalents line on the Balance Sheet.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(j) Receivables

Accounts receivable (including trade receivables and other trade receivables) are initially recognised at fair value and are subsequently measured at amortised cost, with any adjustments to the carrying amount being recorded in the Operating Statement.

Trade receivables arise in the normal course of selling goods and services to the public. Trade receivables are payable within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement. The Authority grants a discount of 5% if payment is received within 5 days.

The Perpetual Care Trust Receivables are amounts to reimburse to the Authority for maintenance and related expenditure.

Other receivables arise outside the normal course of selling goods and services to the public. Other receivables are payable within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

The allowance for impairment losses represents the amount of receivables the Authority estimates will not be repaid. The allowance for impairment losses is based on objective evidence and a review of overdue balances, the Authority considers the following is objective evidence of impairment:

- (a) becoming aware of financial difficulties of debtors; or
- (b) default payments.

The amount of the allowance is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the allowance is recognised in the Operating Statement. The allowance for impairment losses are written off against the allowance account when the Authority ceases action to collect the debt as it considers that it will cost more to recover the debt than the debt is worth.

(k) Investments

Short-term and long-term investments are held with the Territory Banking Account in unit trusts called the Cash Enhanced Portfolio and Fixed Interest Portfolio. The prices of units in the unit trusts fluctuate in value. The net gain or loss on investments consists of the fluctuation in price of the unit trusts between the end of the last reporting period and the end of this reporting period as well as any profit on the sale of units in the unit trusts (the profit being the difference between the price at the end of the last reporting period and the sale price). The net gains or losses do not include interest or dividend income.

The investments are measured at fair value with any adjustments to the carrying amount recorded in the Operating Statement. Fair value is based on an underlying pool of investments which have quoted market prices at the reporting date.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(l) Inventories

Inventories include goods and other property held for sale at zero or nominal consideration, or for consumption in the ordinary course of business operations. It excludes depreciable assets. Inventories are valued at the lower of cost and net realisable value including land allocated for interment purposes held for sale. The cost of the inventory of land allocated for interment purposes is measured at cost and on the basis of weighted average cost and includes adjacent land and landscaping that add to the amenity of the land for interment. Cost also includes ground staff time costs incurred in making the interment land ready for sale.

Inventories are classified as either works in progress or finished goods. Works in progress include undeveloped land and expenditure on inventories partially constructed, but not available for sale. Finished goods are inventories available for sale to customers including land to be used for interment purposes. Inventories acquired for no cost or nominal consideration are measured at current replacement cost at the date of acquisition.

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

(m) Acquisition and Recognition of Property, Plant and Equipment

Property, plant and equipment is initially recorded at cost. Cost includes the purchase price, directly attributable costs and the estimated cost of dismantling and removing the item (where, upon acquisition, there is a present obligation to remove the item). Where property, plant and equipment are acquired at no cost, or minimal cost, cost is its fair value at date of acquisition.

Where payment for property, plant and equipment is deferred beyond normal credit terms, the difference between its cash price equivalent and the total payment is measured as interest over the period of credit. The discount rate used to calculate the cash price equivalent is an asset specific rate. Property, plant and equipment with a minimum value of \$1,000 is capitalised.

(n) Measurement of Property, Plant and Equipment After Initial Recognition

Property, plant and equipment is measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value for land and non-specialised buildings is measured using the market approach valuation technique. This approach uses prices and other relevant information generated by market transactions involving identical or similar assets.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(n) Measurement of Property, Plant and Equipment After Initial Recognition - Continued

Fair value for specialised buildings, leasehold improvements roadways and landscaping is measured by reference to the cost of replacing the remaining future economic benefits embodied in the asset (i.e. depreciated replacement cost). This is the cost approach valuation technique. Depreciated replacement cost is the current replacement cost of an asset less accumulated depreciation calculated on the basis of such cost to reflect the already consumed economic benefits, expired economic benefits or obsolescence of the asset. Current replacement cost is determined by reference to the cost of a substitute asset of comparable utility, the gross project size specifications or the historical cost, adjusted by relevant indices.

Property, plant and equipment is revalued every 3 years, with the last valuation performed on 30 June 2014 by CBRE and Pickles Valuation Services. The next valuation will be performed on 30 June 2017. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Any accumulated depreciation relating to depreciable property, plant and equipment at the date of revaluation is written back against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

(o) Intangible Assets

The Authority's Intangible Assets are comprised of externally acquired software for internal use.

Externally acquired software is recognised and capitalised when:

- (i) it is probable that the expected future economic benefits that are attributable to the software will flow to the Authority;
- (ii) the cost of the software can be measured reliably; and
- (iii) the acquisition cost is equal to or exceeds \$5,000.

Capitalised software has a finite useful life. Software is amortised on a straight-line basis over its useful life, over a period not exceeding 4 years.

Intangible Assets are measured at cost.

(p) Depreciation and Amortisation of Non-Current Assets

Non-current assets, with a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. The useful life commences when an asset is ready for use. When an asset is revalued, it is depreciated over its newly assessed remaining useful life. Amortisation is used in relation to intangible assets and depreciation is applied to physical assets such as plant and equipment and buildings. Land has an indefinite useful life and is therefore not depreciated.

All depreciation is calculated after first deducting any residual values which remain for each asset.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(p) Depreciation and Amortisation of Non-Current Assets - Continued

Depreciation/amortisation for non-current assets is determined as follows:

Class of Asset	Depreciation/Amortisation Method	Useful Life (Years)
Buildings	Straight Line	10 - 100
Property Improvements	Straight Line	20 - 40
Roadways	Straight Line	10 - 20
Landscaping	Diminishing Value	10 - 20
Plant and Equipment	Diminishing Value	2 - 50
Motor Vehicles	Diminishing Value	8
Computer Software	Straight Line	4

The useful lives of all major assets are reassessed on an annual basis.

(q) Capital Works in Progress

Capital works in progress is initially recorded at cost. No depreciation/amortisation is recognised on the asset until it is fully installed and ready for use. At such a time the asset is no longer classified as capital works in progress, but as property, plant and equipment or intangible assets.

(r) Payables

Payables are a financial liability and are initially recognised at fair value based on the transaction cost and subsequent to initial recognition at amortised cost, with any adjustments to the carrying amount being recorded in the Operating Statement. All amounts are normally settled within 30 days after the invoice date.

Payables include Trade Payables, Accrued Expenses and Other Payables.

Trade Payables represent the amounts owing for goods and services received prior to the end of the reporting period and unpaid at the end of the reporting period and relating to the normal operations of the Authority.

Accrued Expenses represent goods and services provided by other parties during the reporting period that are unpaid at the end of the reporting period and where an invoice has not been received by period end.

Other Payables are those unpaid invoices that do not directly relate to the normal operations of the Authority.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(s) Employee Benefits

Employee benefits include:

- short-term employee benefits, if expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services, such as wages and salaries, annual leave loading, and applicable on-costs;
- other long-term benefits such as long service leave and annual leave; and
- termination benefits.

On-costs include annual leave, long service leave, superannuation and other costs that are incurred when employees take annual leave and long service leave. These benefits accrue as a result of services provided by employees up to the reporting date that remain unpaid. They are recorded as a liability and as an expense.

Wages and Salaries

Accrued wages and salaries are measured at the amount that remains unpaid to employees at the end of the reporting period.

Annual and Long Service Leave

Annual and long service leave, including applicable on-costs that are not expected to be wholly settled before twelve months after the end of the reporting period when the employees render the related service, are measured at the present value of estimated future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to the future wage and salary levels, experience of employee departures and periods of service. At each reporting period end, the present value of future payments are estimated using market yields on Commonwealth Government bonds with terms to maturity that match, as closely as possible, the future estimated cash flows. Annual leave liabilities have been estimated on the assumption that they will be wholly settled within three years. In 2013-14, the rate used to estimate the present value of future payments is 100.9%.

In 2013-14, the rate used to estimate the present value of future payments for long service leave is 103.5% (101.3% in 2012-13).

The long service leave liability is estimated with reference to the minimum period of qualifying service. For employees with less than the required minimum period of 7 years of qualifying service, the probability that employees will reach the required minimum period has been taken into account in estimating the provision for long service leave and the applicable on-costs.

The provision for annual leave and long service leave includes estimated on-costs. As these on-costs only become payable if the employee takes annual and long service leave while in-service, the probability that employees will take annual and long service leave while in service has been taken into account in estimating the liability for on-costs.

Annual leave and long service leave liabilities are classified as current liabilities in the Balance Sheet where there is no unconditional right to defer the settlement of the liability for at least 12 months. Conditional long service leave liabilities are classified as non-current because there has to be an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(t) Superannuation

Superannuation payments are made to the Territory Banking Account each year, to cover the Authority's superannuation liability for the Public Sector Superannuation Scheme (PSS). This payment covers the PSS employer contribution but does not include the productivity component. The productivity component is paid directly to ComSuper by the Authority. The PSS is a defined benefit superannuation plan meaning that the defined benefits received by employees are based on the employee's years of service and average final salary.

Superannuation payments have also been made directly to superannuation funds for those members of the Public Sector who are part of superannuation accumulation schemes. This includes schemes of employee choice.

Superannuation employer contribution payments, for the PSS, are calculated by taking the salary level at an employee's anniversary date and multiplying it by the actuarially assessed nominal PSS employer contribution rate for each employee. The productivity component payments are calculated by taking the salary level, at an employee's anniversary date, and multiplying it by the employer contribution rate (approximately 3%) for each employee. Superannuation payments for fund of choice arrangements are calculated by taking an employee's salary each pay and multiplying it by the appropriate employer contribution rate.

The Superannuation Provision Account recognises the total Territory superannuation liability for the CSS, PSS, and ComSuper and the external schemes recognise the superannuation liability for other schemes respectively.

The ACT Government is liable for the reimbursement of the emerging costs of benefits paid each year to members of the PSS in respect of the ACT Government service provided after 1 July 1989. These reimbursement payments are made from the Superannuation Provision Account.

(u) Insurance

The Authority insures all of its major risks through the ACT Insurance Authority. The excess payable under this arrangement varies depending on each class of insurance held by the Authority.

(v) Equity Contributions by the ACT Government

Contributions made by the ACT Government through its role as owner of the Authority are treated as contributions of equity.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(w) Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the Authority has made the following judgements and estimates that have the most significant impact on the amounts recorded in the financial statements:

- a) *Fair Value of Property, Plant and Equipment:* Property, plant and equipment is initially recorded at cost. Subsequent recording of property, plant and equipment is at the market value of similar items or depreciated replacement cost as determined by an independent valuer. In some circumstances, buildings that are purpose built may in fact realise more or less in the market. The Authority uses its understanding of current market conditions, as well as comparisons to the value of property, plant and equipment at similar organisations to estimate fair value.
- b) *Land Including Land Under Roads:* The Authority values land under roads at fair value, which is the market value as estimated by an independent valuer. The valuation takes into account the physical and legal permissible use in addition to the current use, alternate use and heritage status of the land. The value of land under roads is recognised in the total value of land recorded in property, plant and equipment.
- c) *Property, Plant and Equipment – Depreciation:* Infrastructure assets, buildings and plant and equipment are systematically depreciated over their estimated useful lives. The estimation of useful lives of Property, Plant and Equipment has been based on historical experience of similar assets and, in some cases, has been based on valuations provided by independent valuers. The estimated useful life of these assets is reassessed each year and adjusted when the condition and other factors affecting the useful life of these assets indicate an adjustment is warranted.
- d) *Property, Plant and Equipment – Impairment:* Note 2(h): 'Impairment of Assets' discloses that property, plant and equipment is annually assessed for impairment. The Authority uses its understanding of current market conditions, as well as comparisons to the value of property, plant and equipment at similar organisations to assess whether an asset is impaired. If this assessment indicates an asset is impaired, then an assessment of the asset's recoverable amount is estimated to determine whether an impairment loss must be recognised.
- e) *Employee Benefits:* Significant judgements have been applied in estimating the liability for employee benefits. The estimated liability for employee benefits require a consideration of the future wage and salary levels, experience of employee departures and periods of service. The estimate also includes an assessment of the probability that employees will meet the minimum service period required to qualify for long service leave and that on-costs will be payable. Further information on this estimate is provided in Note 2(s): 'Employee Benefits'.
- f) *Reimbursement of Maintenance and Related Expenditure Incurred on Behalf of the Perpetual Care Trusts:* The Authority has based its calculation of the reimbursement on a combination of direct costs and 47% of indirect costs relating to the maintenance of each Perpetual Care Trust. The 47% for indirect costs is the figure used in the Perpetual Care Trust model provided to the Authority by the ACT Government. As disclosed in Note 1, the Authority is not certain that the reimbursement of 47% of the indirect costs relating to Perpetual Care Trusts is correct.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(w) Significant Accounting Judgements and Estimates Continued

- g) *Revision of Impairment of Gungahlin Perpetual Care Trust Receivable* at 30 June 2014. The amount of impairment recorded in 2014 is equal to the net liabilities of the Gungahlin Perpetual Care Trust Financial Accounts of \$471,503. This has recorded an expense of \$168,236 in the 2014 operating statement where no movement was accounted for in 2013. For further details see *Note 16 Other Expenses and Note 20 Receivables*.

(x) Impact of Accounting Standards Issued but yet to be applied

The following new and revised accounting standards and interpretations have been issued by the Australian Accounting Standards Board but do not apply to the current reporting period. These standards and interpretations are applicable to future reporting periods. The Authority does not intend to adopt these standards and interpretations early. Where applicable these Australian Accounting standards will be adopted from their application date. It is estimated that the effect of adopting the below pronouncements, when applicable, will have no material financial impact on the Authority in future reporting periods.

- AASB 9 Financial Instruments (application date 1 January 2017);
- AASB 10 Consolidated Financial Statements (application date 1 January 2014 for not-for-profit entities);
- AASB 127 Separate Financial Statements (application date 1 January 2014 for not-for-profit entities);
- AASB 1031 Materiality (application date 1 January 2014);
- AASB 1055 Budgetary Reporting (application date 1 July 2014);
- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (application date 1 January 2017);
- AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] (application date 1 January 2014 for not-for-profit entities);
- AASB 2012-3 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 132] (application date 1 January 2014);
- AASB 2013-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets (application date 1 January 2014); and
- AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments Part B Materiality (application date 1 January 2014) Part C Financial Instruments (application date 1 January 2015).

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 3 CHANGE IN SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES, AND CORRECTION OF PRIOR PERIOD ERRORS

Change in Accounting Estimate

Revision of valuation estimates for Land

There has been a change in the valuation technique of land conducted by CBRE on 30 June 2014. The revaluation of land was based on direct market comparison of recent and historic vacant land sales with restrictive zoning and purpose clauses in determining the fair value of the above mentioned assets. The valuation method used is different as compared to the method used in the 2011 valuation which was based on highest and best value of unencumbered land value with the application of a discount of 95% to this value of the land on an 'in globo' basis. The use of 95% has based on legal precedents set and the general acknowledgement of the low value of Cemetery land due to its restrictive purposes. For further details see Note 23 *Property, Plant and Equipment*.

Change in Significant Accounting Policies

The Authority has no changes in accounting policies during the reporting period.

Correction of Prior Period Errors

The Authority has no correction of prior period errors during the reporting period.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 4 USER CHARGES NON-ACT GOVERNMENT

User charge revenue is derived by providing goods and services to the public. User charge revenue is not part of ACT Government appropriation and is paid for by the user of the goods or services. This revenue is driven by consumer demand and is commercial in nature.

	2014	2013
	\$	\$
Allotment and Reservation Fees ^a	881,501	936,084
Burial Fees ^b	698,973	685,158
Maintenance Fees ^a	898,193	932,855
Sales of Plaques, Monuments and Vaults ^c	429,168	498,771
Memorial Permit Fees ^d	147,376	123,688
<u>Total User Charges – Non-ACT Government</u>	<u>3,055,211</u>	<u>3,176,556</u>

- a. Allotment, Reservation and Maintenance Fees are recorded in revenue at the time a reservation is made. The overall number of packages sold decreased from 2013. This combined with the number of high value packages sold in 2013, resulted in lower revenue from Allotment, Reservation and Maintenance fees received in 2014.
- b. Burial Fees have increased in the current year due to an average price increase of 10% from 1 July 2013 and an increased number of burials performed.
- c. Sale of plaques, monuments and vaults has decreased compared to 2013. The value of sales in 2013 was principally due to Mausoleum sales which were sold out before 2014.
- d. Memorial Permit Fees increased due to both a higher fee charged and more permits sold.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 5 INTEREST

	2014	2013
	\$	\$
Revenue from Non-ACT Government Entities		
Interest Revenue ^a	128,731	196,541
Total Interest Revenue from Non-ACT Government Entities	128,731	196,541
Revenue from ACT Government Entities		
Interest Revenue ^a	171,757	165,107
Total Interest Revenue from ACT Government Entities	171,757	165,107
Total Interest Revenue ^a	300,488	361,648
Total interest revenue from financial assets not at fair value through profit and loss.	300,488	361,648

- a. Interest revenue decreased due to lower interest rates earned by the Authority on its investments and lower levels of interest bearing funds.

NOTE 6 DISTRIBUTIONS FROM INVESTMENTS WITH THE TERRITORY BANKING ACCOUNT

	2014	2013
	\$	\$
Revenue from ACT Government Entities		
Distribution from Investments with the Territory Banking Account ^a	36,196	59,723
Total Distribution from Investments with the Territory Banking Account	36,196	59,723

- a. Distribution revenue decreased due to lower interest rates earned by the Authority on its investments.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 7 REIMBURSEMENT OF MAINTENANCE AND RELATED EXPENDITURE INCURRED ON BEHALF OF THE PERPETUAL CARE TRUSTS

	2014 \$	2013 \$
Revenue from Non - ACT Government Entities		
Woden Cemetery Perpetual Care Trust ^b	908,556	901,694
Woden Mausoleum Perpetual Care Trust ^c	5,174	4,324
Gungahlin Cemetery Perpetual Care Trust ^d	1,058,310	887,359
Hall Cemetery Perpetual Care Trust ^e	20,526	17,266
Total Reimbursement of Maintenance and Related Expenditure Incurred on Behalf of the Perpetual Care Trusts ^a	1,992,566	1,810,643

These amounts represent the reimbursement received by the Authority from each Perpetual Care Trust for maintenance and related expenditure paid by the Authority on behalf of each Perpetual Care Trust. These amounts are also recorded as expenditure in the financial statements of the relevant Perpetual Care Trust.

- a. Total reimbursement of maintenance and related expenditure incurred on behalf of the Perpetual Care Trusts is derived by the use of an actuarial model. The Board has formed the view there is now uncertainty around the use and application of the model in relation to maintenance costs. As explained in Note 1, the Authority is uncertain that the amounts received and receivable from the Perpetual Care Trusts have been correctly calculated due to uncertainties about the validity of amounts that are reimbursable from the Perpetual Care Trusts.
- b. Woden Cemetery Perpetual Care Trust reimbursements increased due to the increased expenditure on ground maintenance and the higher cost of using temporary staff during the reporting period.
- c. Woden Mausoleum Perpetual Care Trust reimbursements increased due to the increased expenditure on maintenance including higher costs maintenance of internal doors and floor tiles during the reporting period.
- d. Gungahlin Cemetery Perpetual Care Trust reimbursements increased due to the increased expenditure on water rates, ground maintenance and additional costs of using temporary staff during the reporting period.
- e. Hall Cemetery Perpetual Care Trust reimbursements increased due to the increased expenditure on ground maintenance and new expenditure on repairs to infrastructure.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 8 OTHER REVENUE

Other revenue arises from the core activities of the Authority. Other revenue is distinct from Gains, as Gains are items that are not part of the core activities of the Authority.

	2014	2013
	\$	\$
Revenue from Non-ACT Government Entities		
Garden of Remembrance Maintenance ^a	36,315	36,315
Exhumations ^b	1,455	17,870
Sundries ^c	188,907	44,054
Total Other Revenue from Non-ACT Government Entities	226,677	98,239
Total Other Revenue	226,677	98,239

- a. Revenue from the Garden of Remembrance was maintained due to the contract for maintenance with the Office of Australian War Graves.
- b. Exhumations revenue decreased due to lower demand by consumers for this service during the year.
- c. Sundries increased significantly due to reimbursement of insurance claims totalling \$178,568 settled during the year for a personal injury claim and damages to property claim.

NOTE 9 OTHER GAINS

Other gains are transactions that are not part of the Authority's core activities. Other gains are distinct from other revenue, as other revenue arises from the core activities of the Authority.

	2014	2013
	\$	\$
Unrealised Gain on Investments ^a	6,790	-
Total Other Gains	6,790	-

- a. Gains on investments were recorded in the reporting period due to an increase in fair value associated with the movement in financial markets during the year. As disclosed in Note 16: 'Other Expenses' on unrealised loss of \$20,960 was incurred in 2012-13.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 10 EMPLOYEE EXPENSES

	2014	2013
	\$	\$
Wages and Salaries ^a	1,003,224	1,052,530
Annual Leave ^b	28,051	12,659
Long Service Leave	13,509	22,714
Fringe Benefits Tax	33,573	28,640
Workers' Compensation Insurance Premium	67,606	75,947
Temporary Staff ^c	445,484	203,916
Other Employee Benefits and Other On-Costs ^c	28,321	20,586
Employee Expenses^a	<u>1,619,768</u>	<u>1,416,992</u>
 (Less) Amounts Transferred to:		
Inventories	(20,606)	(53,890)
Cost of Sales	(136,686)	(133,686)
Ground Maintenance	(196,818)	(197,535)
Total Employee Expenses	<u>1,265,658</u>	<u>1,031,881</u>
	Number	Number
Full-time equivalent employees	18.5	17

- a. A fall in Wages and Salaries expenses was due to staff members on leave without pay and one on compensation leave for the majority of the year.
- b. Annual Leave expense increased due to an increase in provision made for staff as a number of staff have accrued significantly more than one year of leave allowance.
- c. Other employee benefits increased due to one off cost of a recruitment fee paid to a private company and an increased number of Temporary Staff due to backfilling of positions to maintain operational status for staff on leave.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 11 SUPERANNUATION EXPENSES

	2014	2013
	\$	\$
Superannuation Contributions to the Territory Banking Account	80,488	33,783
Superannuation Contributions to External Providers	74,607	86,736
Superannuation Expenses ^a	155,095	120,519
(Less) Amounts Transferred to:		
Inventories	(3,108)	(5,266)
Cost of Sales	(20,618)	(13,069)
Ground Maintenance	(29,689)	(19,311)
Total Superannuation Expenses	101,680	82,873

- a. Total superannuation expenses increased during the reporting period due to the increase of the compulsory Superannuation Guarantee Charge rate to 9.25% as well as an increased number of staff.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 12 SUPPLIES AND SERVICES

	Note No.	2014 \$	2013 \$
Grounds Maintenance ^a		372,049	431,697
Water Rates ^b		156,962	215,008
Repairs and Maintenance ^c		78,035	99,916
Handling Fees to Funeral Directors ^d		69,659	77,312
Insurance		10,603	15,713
Accounting ^e		83,222	64,320
Motor Vehicle Expenses ^f		17,155	33,618
Contractors and Consultants ^g		67,404	92,982
Security		33,627	33,758
Electricity		13,694	13,635
Audit Fees ^h	17	46,602	43,102
Telephone		13,105	15,408
Bank Charges		8,340	13,012
Printing and Stationery		4,235	4,533
General Office Expenses		14,820	12,884
Other ⁱ		99,597	68,965
Total Supplies and Services		<u>1,089,109</u>	<u>1,235,863</u>

- a. Ground maintenance expense decreased due to the decrease in allotments taken up. Using the same method at 2013, ground maintenance includes direct allocations of time costs for ground staff.
- b. Water rates decreased due to water usage being lower than in 2013. Water rates in 2013 were higher due to water consumption associated with pipe line damage.
- c. Repairs and maintenance decreased due to the purchase of new plant and equipment which have lower associated maintenance costs. There was higher expenditure on repairs due to aging plant and equipment in 2013.
- d. Handling fees decreased due to less services being charged by funeral directors.
- e. Accounting fees increased due to the changeover of accounting firms and an increase in the Authority's requirement to engage external assistance with financial matters including Perpetual Care Trust calculations and other accounting issues.
- f. Motor vehicle expenses decreased due to no significant repairs during the year and lower fuel consumption.
- g. Contractors and consultants were lower due to the decreased in projects undertaken that required external consultation during the year. Various projects including the website and rebranding performed during the year that required external consultants and contractors have been capitalised as these expenditure are capital in nature.
- h. Audit Fees have increased to reflect increased time and costs of completing the 2014 audit.
- i. Other expenses were higher this reporting period due to additional marketing materials being designed and developed and then printed and distributed as an effort made on rebranding the corporate brand; higher additional cleaning costs incurred due to regular monthly cleaning; and a new subscription for Board management software purchased during the year.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 13 DEPRECIATION AND AMORTISATION				
	Note No.	2014 \$	2013 \$	
Depreciation				
Buildings	23	69,550	68,518	
Property Improvements ^a	23	23,464	53,448	
Roadways ^b	23	50,247	42,936	
Landscaping	23	81,594	81,559	
Plant and Equipment ^c	23	112,948	118,130	
Motor Vehicles ^d	23	18,585	27,282	
Total Depreciation	23	356,388	391,873	
Amortisation				
Intangible Assets ^e	24	26,726	21,046	
Total Amortisation		26,726	21,046	
Total Depreciation and Amortisation		383,114	412,919	

- a. Property improvements have decreased due to the assets with a larger opening written down value using the diminishing value method to calculate depreciation. The other assets were calculated based on the prime cost method which did not change as compared to last year.
- b. Expenditure on roads was increased for 2014 to maintain an acceptable standard.
- c. Depreciation on plant and equipment decreased due to write off of assets in 2013 to remove no longer held assets.
- d. Depreciation on motor vehicles has decreased due to no new assets being purchased and use of the diminishing value method to calculate depreciation.
- e. Amortisation of intangible assets increased due to the purchase of website during the reporting period.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 14 COST OF SALES

	2014	2013
	\$	\$
Interment Sites	70,987	68,869
Plaques ^a	81,894	98,464
Memorials ^a	49,107	69,162
Vaults ^b	73,185	64,587
Burial Costs ^c	158,305	151,511
Total Cost of Sales	<u>433,478</u>	<u>452,593</u>

- a. Plaques and Memorials both decreased during the year due to significantly lower numbers being purchased.
- b. Vaults expenses increased due to the higher cost per vault as well as higher expenditure on installation of vaults in this reporting period.
- c. Burial costs increased during the year as there was a higher allocation of employee time costs to direct burial expenditure as compared to 2013 due to the introduction of new allocation procedures which directly track the costs and allocation of grounds staff.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 15 REVENUE TRANSFERRED TO THE PERPETUAL CARE TRUSTS

	2014	2013
	\$	\$
Woden Cemetery Perpetual Care Trust ^a	945,259	1,055,849
Woden Mausoleum Perpetual Care Trust ^b	34,930	271,777
Gungahlin Cemetery Perpetual Care Trust ^c	945,288	726,449
Hall Cemetery Perpetual Care Trust ^d	53,983	45,234
<u>Total Revenue Transferred to the Perpetual Care Trusts</u>	<u>1,979,460</u>	<u>2,099,309</u>

These amounts represent the percentage of revenue transferred to the Perpetual Care Trusts that the Authority is required to provide in accordance with the Ministerial Determination.

- a. The revenue attributable to the Woden Cemetery, was lower than in 2013 based on the total sales for each year, resulting in a decrease in revenue transferred to the Woden Cemetery Perpetual Care Trust.
- b. The revenue attributable to the Woden Mausoleum was lower than in 2013 based on the total sales for each year, resulting in a decrease in revenue transferred to the Woden Mausoleum Perpetual Care Trust.
- c. The revenue attributable to the Gungahlin Cemetery, was higher than in 2013 based on the total sales for each year, resulting in an increase in revenue transferred to the Gungahlin Cemetery Perpetual Care Trust.
- d. The revenue attributable to the Hall Cemetery, was higher than in 2013 based on the total sales for each year, resulting in an increase in revenue transferred to the Hall Cemetery Perpetual Care Trust.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 16 OTHER EXPENSES

	2014	2013
	\$	\$
Losses from the Sale of Assets ^a	8,629	29,869
Other Expenses ^b	188,572	22,010
Unrealised Loss on Investments ^c	-	20,960
Impairment Loss from Receivables ^d	168,236	-
Total Other Expenses	<u>365,437</u>	<u>72,839</u>

- a. Losses from the sale of assets were lower this reporting period as fewer assets were sold during the reporting period at prices below their written down value.
- b. Other expenses increased this year due to insurance claim payouts for personal injury (\$173,750) and property damages during the reporting period.
- c. No losses on investments were recorded in 2013-14 year as disclosed in Note 9: 'Other Gains' in 2013-14.
- d. An allowance for impairment loss is for the doubt surrounding the recoverability of the Gungahlin Perpetual Care Trust receivable of \$1,278,647 per Note 20: 'Receivables'. The amount of the impairment is considered by the Board to be the net liabilities of the Trust, which increased to a balance of \$471,503 at 30 June 2014.

NOTE 17 AUDITOR'S REMUNERATION

Auditor's fees are paid to the ACT Auditor – General's Office for the audit of the financial statements of the Authority and Hall, Woden, Gungahlin and Woden Mausoleum Perpetual Care Trusts.

No other services were provided by the ACT Auditor-General's Office.

	2014	2013
	\$	\$
Audit Services		
Audit Fees Paid or payable to ACT Auditor-General's Office	46,602	43,102
Total Auditor's Remuneration	<u>46,602</u>	<u>43,102</u>

NOTE 18 WAIVERS, IMPAIRMENT LOSSES AND WRITE-OFFS

A waiver is the relinquishment of a legal claim to a debt over which the Authority has control. The write-off of a debt is the accounting action taken to remove a debt from the books but does not relinquish the legal right of the Authority to recover the amount. The write-off of debts may occur for reasons other than waivers.

The impairment loss on Gungahlin Perpetual Care Trust Receivable was \$168,236 in 2014. There were no waivers, impairment losses or write-offs during the current or previous reporting periods.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 19 CASH AND CASH EQUIVALENTS

The Authority holds a number of banks accounts with the Westpac Bank as part of whole-of-government banking arrangements. As part of these arrangements, the Authority receives minimal interest on these accounts.

In addition to the funds held with the Westpac Bank, the Authority also has a demand deposit held directly with St George Bank that earned an average fixed interest rate of 3.57% (4.60% in 2012-13).

The Authority also has funds invested in the Public Trustee of the Australian Capital Territory. These funds earned an average floating interest rate of 3.43% (4.66% in 2012-13).

	2014	2013
	\$	\$
Cash at Bank ^a	771,670	2,315,990
Cash on Hand	200	200
Short-Term Deposits	3,183,669	3,102,265
Public Trustee for the ACT - Government Cash Trust Fund ^b	4,618,971	3,637,354
Total Cash and Cash Equivalents ^c	<u>8,574,510</u>	<u>9,055,809</u>

- a. The main reason for the decrease in cash at bank was the reallocation of funds to the Public Trustee account and Perpetual Care Trusts to meet the requirements under Ministerial Determinations.
- b. The increase in Public Trustee funds is due to the transfer of cash from Cash at Bank.
- c. The total cash held decreased due to the transfer of cash to the Perpetual Care Trusts to meet the requirements under Ministerial Determinations. Cash used for capital works projects and purchase of additional property, plant and equipment

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
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NOTE 20 RECEIVABLES

	2014	2013
	\$	\$
Current Receivables		
Trade Receivables	39,050	46,057
Goods and Services Tax Receivables	62,959	62,373
Accrued Interest	51,721	34,358
Perpetual Care Trust Amounts Receivable:		
Gungahlin Cemetery Perpetual Care Trust ^{a, d}	1,278,647	658,960
Less: Allowance for Impairment Losses ^{b, d}	(471,503)	(303,267)
Sub – Total for Gungahlin Cemetery	807,144	355,693
Woden Mausoleum Cemetery Perpetual Care Trust ^{c, d}	206,802	-
Woden Cemetery Perpetual Care Trust ^{c, d}	-	67,411
Total Current Receivables	1,167,676	565,892
Total Non-Current Receivables	-	-
Total Receivables	1,167,676	565,892

- a. The Gungahlin Cemetery Perpetual Care Trust receivable is based on direct and indirect maintenance costs significantly increasing in June 2014.
- b. The Authority is uncertain whether the Gungahlin Cemetery Perpetual Care Trust (PCT) receivable will be paid in full. The Authority has recorded the impairment to be the net liability of the Gungahlin PCT fund. With reference to the qualification discussed in Note No. 1, until the model can be fully reviewed or alternative method applied then the impairment should continue to exist.
- c. The Woden Mausoleum Cemetery Perpetual Care Trust receivable is based on direct and indirect maintenance costs significantly increasing in June 2014.
- d. As disclosed in Note 1 the Authority is uncertain that the amounts receivable from the Perpetual Care Trusts have been correctly calculated due to uncertainties about the validity of amounts that are reimbursable from the Perpetual Care Trusts.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 20 RECEIVABLES – CONTINUED

Ageing of Receivables

	Not Overdue	Overdue			Total
		Less than 30 Days	30 to 60 Days	Greater than 60 Days	
	\$	\$	\$	\$	\$
2014					
Not Impaired ¹					
Receivables	1,167,676	-	-	-	1,167,676
Impaired					
Receivables	471,503	-	-	-	471,503
2013					
Not Impaired ¹					
Receivables	565,892	-	-	-	565,892
Impaired					
Receivables	303,267	-	-	-	303,267

1) 'Not Impaired' refers to Net Receivables (that is, Gross receivables less Impaired Receivables).

	2014	2013
	\$	\$
Reconciliation of the Allowance for Impairment Losses		
Allowance for Impairment Losses at the Beginning of the Reporting Period	303,267	303,267
Additional Allowance Recognised	168,236	-
Reduction in Allowance from Amounts Recovered During the Year	-	-
Allowance for Impairment Losses at the End of the Reporting Period	471,503	303,267

ACT Public Cemeteries Authority
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For the Year Ended 30 June 2014

NOTE 20 RECEIVABLES – CONTINUED

	2014	2013
	\$	\$
Classification of Non-ACT Government Receivables		
Receivables with Non-ACT Government Entities		
Trade Receivables	39,050	46,057
Other Receivables	114,680	96,731
Other Receivables – Perpetual Care Trusts ^a	1,013,946	423,104
Total Receivables with Non-ACT Government Entities	<u>1,167,676</u>	<u>565,892</u>
Total Receivables	<u>1,167,676</u>	<u>565,892</u>

- a. Other receivables for the Perpetual Care Trusts increased due to additional maintenance expenses incurred on behalf of the Gungahlin and Woden Perpetual Care Trust that have not been drawn from the Trust bank account at 30 June 2014.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
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NOTE 21 INVESTMENTS

The purpose of the investments in the Cash Enhanced Portfolio and Fixed Interest Portfolio is to hold them for a period longer than 12 months. The carrying amounts of the investments in the Cash Enhanced Portfolio and Fixed Interest Portfolio disclosed below have been measured at fair value.

	2014	2013
	\$	\$
Non-Current Investments		
Investments with the Territory Banking Account		
– Cash Enhanced Portfolio	301,470	301,050
Investments with the Territory Banking Account		
– Fixed Interest Portfolio	760,270	753,900
Total Non-Current Investments	<u>1,061,740</u>	<u>1,054,950</u>
Total Investments	<u><u>1,061,740</u></u>	<u><u>1,054,950</u></u>

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
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NOTE 22 INVENTORIES

	2014	2013
	\$	\$
Current Inventories		
<i>Finished Goods</i>		
Land: Interment Purposes	17,822	25,741
Mausoleum Crypts and Wall Niches	2,714	2,714
<i>Total Finished Goods</i>	<u>20,536</u>	<u>28,455</u>
Total Current Inventories	<u>20,536</u>	<u>28,455</u>
Non-Current Inventories		
<i>Work In Progress/Undeveloped</i>		
Land: Interment Purposes ^a	691,660	606,188
<i>Total Work In Progress/Undeveloped</i>	<u>691,660</u>	<u>606,188</u>
<i>Finished Goods</i>		
Land: Interment Purposes ^b	431,702	490,783
Mausoleum Crypts and Wall Niches	22,363	22,663
<i>Total Finished Goods</i>	<u>454,065</u>	<u>513,446</u>
Total Non-Current Inventories	<u>1,145,725</u>	<u>1,119,634</u>
Total Inventories	<u>1,166,261</u>	<u>1,148,089</u>

- a. Total Work in Progress for Undeveloped Land in the Gungahlin Cemeteries has increased based on the squared metres used in the valuation prepared by the independent valuer during the 2014 valuation. The basis of valuation included land which was not previously included in the valuation prepared in 2011. The increase in the total square meters available increased the value of Work in Progress for land at the end of 2014.
- b. Total Work in Progress for Finished Land available for sale decreased due to the incorrect allocation of Cost of Goods Sold for the amount of \$23,114 in 2013 which was reversed in 2014.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
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NOTE 23 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment include the following classes of assets – land, buildings, property improvements, roadways, landscaping, plant and equipment and motor vehicles. Property, plant and equipment do not include assets held for sale.

- Land includes freehold land including land under roads held by the Authority.
- Buildings include office buildings, warehouses and land improvements. Land improvements are additions to areas of land that increase the utility of the land and have a limited useful life and are depreciated.
- Infrastructure assets include roadways and landscaping.
- Property Improvements represent capital expenditure incurred in relation to land improvements.
- Plant and Equipment includes various gardening and power tools, software, and office equipment.
- Motor Vehicles include motor vehicles held by the Authority.

	2014	2013
	\$	\$
Land and Buildings		
Land at Fair Value ^a	47,493	270,884
Total Land Assets	47,493	270,884
Buildings at Fair Value ^b	714,602	685,175
Less: Accumulated Depreciation	-	137,036
Total Written Down Value of Buildings	714,602	548,139
Total Land and Written Down Value of Buildings	762,095	819,023

- a. Land was revalued to fair value at 30 June 2014 by CBRE using a different revaluation technique compared to the 2011 revaluation. This resulted in a decline in the fair value of land. See note 3 for a detailed explanation.

Property Improvements

Property Improvements at Fair Value ^b	461,723	250,714
Less: Accumulated Depreciation	-	106,800
Total Written Down Value of Property Improvements	461,723	143,914

- b. Buildings and Property Improvement was revalued to fair value at 30 June 2014 by CBRE using the total replacement costs over the remaining useful life; the increase in value is due to higher estimated replacement costs.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 23 PROPERTY, PLANT AND EQUIPMENT – CONTINUED

	2014	2013
	\$	\$
Infrastructure		
Roadways at Fair Value ^c	628,776	644,460
Less: Accumulated Depreciation	-	85,872
Total Written Down Value of Roadways	628,776	558,588
Landscaping at Fair Value ^d	1,031,862	817,302
Less: Accumulated Depreciation	-	162,811
Total Written Down Value of Landscaping	1,031,862	654,491
Total Written Down Value of Infrastructure ^c	1,660,638	1,213,079

- a. Infrastructure was revalued to fair value at 30 June 2014 by CBRE using the total replacement costs over the remaining useful life. The total value of roadways increased due to higher estimated replacement costs and the addition of new assets in the 2014 year which outweighed depreciation expenses for the year.
- b. The total value for landscaping increased due to a higher estimated replacement costs per the valuation prepared by CBRE and the addition of new assets in the 2014 year which outweighed depreciation expenses for the year.

Plant and Equipment

Plant and Equipment at Fair Value ^e	379,488	699,361
Less: Accumulated Depreciation	-	216,911
Total Written Down Value of Plant and Equipment	379,488	482,450

- c. The total written down value of plant and equipment decreased mainly due to the revaluation of all assets to fair value by Pickles plus depreciation expenses and the disposal of assets at 30 June 2014. These movements outweighed the increase of plant and equipment from the addition of new assets purchased during the year.

Motor Vehicles

Motor Vehicle at Fair Value ^f	105,001	119,894
Less: Accumulated Depreciation	-	45,552
Total Written Down Value of Motor Vehicles	105,001	74,342
Total Written Down Value of Property, Plant and Equipment	3,368,945	2,732,808

- d. The total written down value of motor vehicles increased mainly due to the revaluation of all assets to fair value by Pickles at 30 June 2014 which was partially offset by depreciation expenses.

ACT Public Cemeteries Authority
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NOTE 23 PROPERTY, PLANT AND EQUIPMENT – CONTINUED

Reconciliation of Property, Plant and Equipment

The following table shows the movement of Property, Plant and Equipment during 2013-14.

	Land	Buildings	Property Improvements	Roadways	Landscaping	Plant and Equipment	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Carrying Amount at the Beginning of the Reporting Period	270,884	548,139	143,914	558,588	654,491	482,450	74,342	2,732,808
Additions	-	132,814	56,453	143,322	1,269	170,088	-	503,946
Depreciation	-	(69,550)	(23,464)	(50,247)	(81,593)	(112,949)	(18,585)	(356,388)
Disposals	-	-	-	-	-	(1,371)	-	(1,371)
Impairment Losses	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Revaluation (Decrement)/ Increment	(223,391)	103,199	284,820	(22,887)	457,695	(158,730)	49,244	489,950
Carrying Amount at the End of the Reporting Period	47,493	714,602	461,723	628,776	1,031,862	379,488	105,001	3,368,945

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 23 PROPERTY, PLANT AND EQUIPMENT – CONTINUED

Reconciliation of Property, Plant and Equipment

The following table shows the movement of Property, Plant and Equipment during 2012-13.

	Land	Buildings	Property Improvements	Roadways	Landscaping	Plant and Equipment	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Carrying Amount at the Beginning of the Reporting Period	270,884	616,657	192,765	601,524	736,050	537,769	101,624	3,057,273
Additions	-	-	4,597	-	-	108,955	-	113,552
Depreciation	-	(68,518)	(53,448)	(42,936)	(81,559)	(118,130)	(27,282)	(391,873)
Disposals	-	-	-	-	-	(46,144)	-	(46,144)
Impairment Losses	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Revaluation (Decrement)/ Increment	-	-	-	-	-	-	-	-
Carrying Amount at the End of the Reporting Period	270,884	548,139	143,914	558,588	654,491	482,450	74,342	2,732,808

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 23 PROPERTY, PLANT AND EQUIPMENT – CONTINUED

Fair Value Hierarchy

Classification is required for property, plant and equipment into a Fair Value Hierarchy that reflects the significance of the inputs used in determining their fair value. The Fair Value Hierarchy is made up of the following three levels:
 Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the 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; and
 Level 3 - inputs that are unobservable for particular assets or liabilities.
 Details of property, plant and equipment at fair value and information about the Fair Value Hierarchy as at 30 June 2014 are as follows:

2014	Classification According to Fair Value Hierarchy			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Property, Plant, and Equipment at Fair Value				
Land	-	-	47,493	47,493
Buildings	-	-	714,602	714,602
Property Improvements	-	-	461,723	461,723
Infrastructure Assets	-	-	1,660,638	1,660,638
Plant and Equipment	-	379,488	-	379,488
Motor Vehicles	-	105,001	-	105,001
	-	484,489	2,884,456	3,368,945

The Authority has used the exemption under Australian Accounting Standard AASB 13: 'Fair Value Measurement' that comparative information for periods before initial application of the standard need not to be applied.

Transfers Between Categories

There have been no transfers between Levels 1, 2, and 3 during the reporting period.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 23 PROPERTY, PLANT AND EQUIPMENT – CONTINUED

Fair Value Hierarchy

Valuation Techniques, Inputs and Processes

Level 2 Valuation Techniques and Inputs –

Valuation Technique: The valuation technique used to value building, property improvements, roadways and landscaping is the cost approach. The valuers considered the specialised assets and measured using the cost approach that reflects the cost to a market participant to construct assets of comparable utility adjusted for obsolescence. For Buildings, historical cost per square metre of floor area was also used in measuring fair value.

Valuation Technique: The valuation technique used to value plant and equipment is the market approach that reflects recent transaction prices for similar plant and equipment.

Inputs: The valuation of building, property improvements, roadways and landscaping was performed by comparing prices and other relevant information generated by market transactions involving comparable land and buildings. Regard was taken of the Crown Lease terms and tenure, The Australian Capital Territory Plan and the National Capital Plan, where applicable, as well as current zoning. Regard was given to the age and condition of the assets, their estimated replacement cost and current use. This required the use of data internal from the Authority.

Inputs: For plant and equipment including motor vehicles, prices and other relevant information generated by market transactions involving comparable plant and equipment were considered. This required the use of internal data from the Authority.

Level 3 Valuation Techniques and Inputs -

Valuation Technique: Land where there is no active market or significant restrictions is valued through the market approach which values a selection of land with similar approximate utility.

Inputs: In determining the value of land, sales of vacant land with a similar specialised nature and similar restrictive zonings and crown lease purpose clauses have been used for the square metre rate. Given the specialised nature of the property including that the land would have limited alternate use is impacted by restrictive zoning and heritage listing a lower nominal value was deemed appropriate. The land fair value has been significantly reduced to incorporate the market based data.

There has been a change in the above valuation techniques during the year compared to the valuation prepared in 2011.

Transfers in and out of a fair value level are recognised on the date of the event or change in circumstances that caused the transfer.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 23 PROPERTY, PLANT AND EQUIPMENT – CONTINUED

Fair Value Measurements using Significant Unobservable Inputs (Level 3)

	Land	Buildings	Property Improvement s	Infrastructure Assets
	\$	\$	\$	\$
2014				
Fair Value at start of period	270,884	548,139	143,914	1,213,079
Additions		132,814	56,453	144,591
Revaluation increments/(decrements) recognised in Other Comprehensive Income	(223,391)	103,199	284,820	434,808
Depreciation		(69,550)	(23,464)	(131,840)
Fair Value at end of period	47,493	714,602	461,723	1,660,638

Information about Significant Unobservable Inputs (Level 3) in Fair Value Measurement

Description and Fair Value as at 30 June 2014	Valuation Technique(s)	Significant Unobservable Inputs	Range of Unobservable Inputs (Weighted Average)	Relationship of Unobservable Inputs to Fair Value
Land \$47,493	Market approach	Selection of land with similar approximate utility and zoning	\$1 per square metre	Higher value of similar land but limited use and restrictions decreases estimated fair value.
Buildings \$714,602	Depreciated Replacement Cost	Consumed economic benefit/obsolescence of asset	\$400-700 per square metre Useful Life	Greater consumption of economic benefit or increased obsolescence lowers fair value.
Property Improvements \$461,723	Depreciated Replacement Cost	Consumed economic benefit/obsolescence of asset	\$25-\$3,295 per square metre Useful Life	Greater consumption of economic benefit or increased obsolescence lowers fair value.
Infrastructure Assets \$1,660,638	Depreciated Replacement Cost	Consumed economic benefit/obsolescence of asset	\$30-\$378 per square metre Useful Life	Greater consumption of economic benefit or increased obsolescence lowers fair value.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 24 INTANGIBLES

The Authority has externally acquired software. This consists of a database mapping system, which records the sale of allotments and map burial areas.

	2014	2013
	\$	\$
Computer Software		
Computer Software at Cost	118,780	84,669
Less: Accumulated Amortisation	58,714	31,988
Total Intangibles	<u>60,066</u>	<u>52,681</u>

RECONCILIATION OF INTANGIBLE ASSETS

The following table shows the movement of Intangible Assets in 2012-13 and 2013-14.

	Externally Acquired Software 2014 \$	Externally Acquired Software 2013 \$
Carrying Amount at the Beginning of the Reporting Period	52,681	72,694
Additions	34,111	1,033
Amortisation	(26,726)	(21,046)
Carrying Amount at the End of the Reporting Period	<u>60,066</u>	<u>52,681</u>

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 25 CAPITAL WORKS IN PROGRESS

Capital Works in Progress are assets being constructed over periods of time in excess of the present reporting period. These assets often require extensive installation work or integration with other assets, and contrast with simpler assets that are ready for use when acquired, such as motor vehicles and equipment. Capital Works in Progress are not depreciated as the Authority is not currently deriving any economic benefits from them.

	2014	2013
	\$	\$
Building Works in Progress at Cost ^a	711,779	363,852
Total Capital Works in Progress ^b	<u>711,779</u>	<u>363,852</u>

a. Building works in progress relate to the building of the Southern Cemetery.

b. The Authority has formed the view that while there is some uncertainty regarding the timing of future funding there is little doubt that the work will proceed and therefore there is no impairment on capital works in progress.

Reconciliation of Capital Works in Progress

The following table shows the movement of Capital Works in Progress in 2012-13 and 2013-14.

Building Works in Progress

Carrying Amount at the Beginning of the Reporting Period	363,852	210,336
Additions	347,927	153,516
Carrying Amount at the End of the Reporting Period	<u>711,779</u>	<u>363,852</u>

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 26 OTHER ASSETS

	2014	2013
	\$	\$
Current Other Assets		
Prepayments	14,163	16,703
Total Current Other Assets	<u>14,163</u>	<u>16,703</u>
Total Other Assets	<u>14,163</u>	<u>16,703</u>

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 27 PAYABLES

	2014	2013
	\$	\$
Current Payables		
Trade Payables	8,403	-
Other Payables ^a	192,532	150,750
Goods and Services Tax Payables	137,739	130,322
Perpetual Care Trust Payables		
Hall Cemetery Perpetual Care Trust ^{b, e}	3,399	20,006
Woden Cemetery Perpetual Care Trust ^{c, e}	244,700	-
Woden Mausoleum Cemetery Perpetual Care Trust ^{d, e}	-	497,551
Total Current Payables	586,773	798,629
Total Non-Current Payables	-	-
Total Payables	586,773	798,629

Payables are aged as follows:

Not Overdue	585,503	798,629
Overdue for Less than 30 Days	-	-
Overdue for 30 to 60 Days	-	-
Overdue for More than 60 Days	1,270	-
Total Payables	586,773	798,629

- a. Other payables increased due to the increase in accrued expenditure relating to burial costs incurred, but not yet invoiced at the end of the reporting period as there was larger number of burials in June 2014.
- b. The amount payable to the Hall Cemetery Perpetual Care Trust decreased due to the revenue attributable to the Hall Cemetery being less than the repayments for maintenance expenditure made during the reporting period.
- c. The amount payable to the Woden Cemetery Perpetual Care Trust increased due to the revenue attributable to the Woden Cemetery being more than the repayments for maintenance expenditure made during the reporting period.
- d. The amount payable to the Woden Mausoleum Perpetual Care Trust decreased due to the revenue attributable to the Woden Mausoleum being less than the repayments for maintenance expenditure made during the reporting period.
- e. Payables to the Hall Cemetery, Woden Cemetery and Woden Mausoleum Perpetual Care Trusts are net payables consisting of reimbursements of maintenance expenditure net of transfers of revenue attributable to the Trusts. As disclosed in Note 1 the Authority is uncertain that the amounts payable to the Perpetual Care Trusts have been correctly calculated due to uncertainties about the validity of charges for indirect maintenance costs reimbursable from the Perpetual Care Trusts

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 27 PAYABLES – CONTINUED

	2014	2013
	\$	\$
Classification of ACT Government/Non-ACT Government Payables		
Payables with ACT Government Entities		
Trade Payables	-	670
Accrued Expenses	46,602	44,454
Total Payables with ACT Government Entities	<u>46,602</u>	<u>45,124</u>
Payables with Non-ACT Government Entities		
Trade Payables	8,403	71,267
Other Payables	145,930	34,359
Other Payables – Perpetual Care Trust ^a	248,099	517,557
Goods and Services Tax Payable	137,739	130,322
Total Payables with Non-ACT Government Entities	<u>540,171</u>	<u>753,505</u>
Total Payables	<u><u>586,773</u></u>	<u><u>798,629</u></u>

a. Payables to the Perpetual Care Trusts are included as Non-ACT Government Entities.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
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NOTE 28 EMPLOYEE BENEFITS

	2014	2013
	\$	\$
Current Employee Benefits		
Annual Leave	156,784	128,734
Long Service Leave ^a	198,607	188,796
Accrued Salaries ^b	53,382	29,106
Other Benefits	5,066	3,629
Total Current Employee Benefits	<u>413,839</u>	<u>350,265</u>
Non-Current Employee Benefits		
Long Service Leave ^a	55,158	51,460
Total Non-Current Employee Benefits	<u>55,158</u>	<u>51,460</u>
Total Employee Benefits	<u><u>468,997</u></u>	<u><u>401,725</u></u>

As at 30 June 2014, there was 18.5 full time equivalent (FTE) staff. There was 17 FTE staff as at 30 June 2013.

- a. The increase in Long Service Leave liability is due to the rate used to estimate the present value of future long service leave payments changing from 101.3% to 103.5%.
- b. Accrued Salaries increased due to the number of days from June 2014 being unpaid until July being higher than 2013. Back pay for renegotiated salaries was also accrued at 30 June 2014 and remain unpaid but taken up as a provision as advised by the Territory and Municipal Services Directorate.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 28 EMPLOYEE BENEFITS - CONTINUED

	2014	2013
Estimate of when Leave is Payable	\$	\$
Estimated Amount Payable within 12 Months		
Annual Leave	88,130	77,588
Long Service Leave	40,997	52,722
Accrued Salaries	53,382	29,106
Other Employee Benefits	5,066	3,629
Total Employee Benefits Payable within 12 Months	<u>187,575</u>	<u>163,045</u>
Estimated Amount Payable after 12 Months		
Annual Leave	68,654	51,146
Long Service Leave	212,768	187,534
Total Employee Benefits Payable after 12 Months	<u>281,422</u>	<u>238,680</u>
Total Employee Benefits	<u>468,997</u>	<u>401,725</u>

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 29 REVENUE RECEIVED IN ADVANCE

	2014	2013
	\$	\$
Current Revenue Received in Advance		
Burial Fees Received in Advance ^a	4,685,635	4,216,834
Plaque Fees Received in Advance ^b	904,993	824,486
Mausoleum Fees Received in Advance ^c	-	41,684
Total Current Revenue Received in Advance	5,590,628	5,083,004
Total Revenue Received in Advance	5,590,628	5,083,004

- a. Burial fees received in advance were higher mainly due to increases in prices and increase in the number of Burial reservations.
- b. Plaque fees received in advance were higher mainly due to increases in prices and increase in the number of Plaque reservations.
- c. Mausoleum fees received in advance was nil due to the final vault being settled in 2014.

Estimate of When Revenue Received in Advance will be Recognised as Revenue

Estimated Revenue Received in Advance Recognised as Revenue within 12 Months

	2014	2013
	\$	\$
Burial Fees Received in Advance	776,681	774,750
Plaque Fees Received in Advance	214,359	220,076
Mausoleum Fees Received in Advance	-	41,684
Total Estimated Revenue Received in Advance Recognised as Revenue within 12 Months	991,040	1,036,510

Estimated Revenue Received in Advanced Recognised as Revenue after 12 Months

Burial Fees Received in Advance	3,908,954	3,442,084
Plaque Fees Received in Advance	690,634	604,410
Total Estimated Revenue Received in Advance Recognised as Revenue after 12 Months	4,599,588	4,046,494
Total Revenue Received in Advance	5,590,628	5,083,004

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
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NOTE 30 EQUITY

Asset Revaluation Surplus

The Asset Revaluation Surplus is used to record the increments and decrements in the value of the property, plant and equipment.

	2014 \$	2013 \$
Balance at the Beginning of the Reporting Period	1,042,862	1,042,862
Increase due to Revaluation	489,950	-
Total Increase in the Asset Revaluation Surplus	489,950	-
Balance at the End of the Reporting Period ^a	1,532,812	1,042,862

- a. Revaluation at 30 June 2014 based on independent valuation reports from CBRE and Pickles Auctions increased the value of total assets.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 31 FINANCIAL INSTRUMENTS

Details of significant 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 Note 2 'Summary of Significant Accounting Policies'.

Interest Rate Risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

A significant portion of financial assets are held in floating interest rate arrangements and all financial liabilities are non-interest bearing. This means that the Authority is not exposed to movements in interest payable, however, it is exposed to movements in interest receivable. Interest rates decreased during the year ended 30 June 2014 and this affected the interest received as the Authority received lower interest revenue.

Interest rate risk for financial assets is managed by the Authority by only investing in floating interest rate investments that are low risk. Interest rate risk for financial liabilities is not actively managed by the Authority as there are no financial liabilities which are exposed to a floating interest rate. There have been no changes in risk exposure or processes for managing risk since the last financial reporting period.

Sensitivity Analysis

A sensitivity analysis has not been undertaken for the interest rate risk of the Authority as it has been determined that the possible impact on income and expenses or total equity from fluctuations in interest rates is immaterial.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Authority's credit risk is limited to the amount of the financial assets it holds net of any allowance for impairment. The Authority expects to collect all financial assets that are not past due or impaired.

Credit risk is managed by the Authority for investments by only investing surplus funds with the Territory Banking Account which is a low risk investment. The Territory Banking Account has set appropriate investment criteria for the external fund manager they have engaged to manage the surplus funds of agencies, resulting in an insignificant credit risk. The Authority holds its cash and cash equivalents with the Westpac Bank, St George Bank and Public Trustee for the ACT. The only funds held with St George Bank are demand deposits. There is insignificant credit risk for funds held with the Westpac Bank, St George and the Public Trustee of the ACT.

The Authority manages credit risks for receivables by investing only with Approved Deposit Funds (funds that are regulated by the Australian Prudential Regulation Authority (APRA)). The Authority also manages credit risk for the Perpetual Care Trusts and is confident that the actuarial model by which each Perpetual Care Trust receives revenue will enable the Trusts to continue to operate and pay its debts in the long term.

There have been no changes in credit risk exposure since the last reporting period.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 31 FINANCIAL INSTRUMENTS – CONTINUED

Liquidity Risk

Liquidity risk is the risk that the Authority will encounter difficulties in meeting obligations associated with its liabilities that are settled by delivering cash or another financial asset. To limit its exposure to liquidity risk, the Authority ensures that it does not have a large portion of its financial liabilities maturing in any one reporting period and that, at any particular point in time, it has a sufficient amount of current financial assets to meet its current financial liabilities. This ensures that the Authority has enough liquidity to meet its emerging financial liabilities. See the maturity analysis for further details of when financial assets and liabilities mature.

The Authority's exposure to liquidity risk and the management of this risk has not changed since the previous reporting period.

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether these changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market.

The only price risk which the Authority is exposed to results from its investment in the Fixed Interest Portfolio and Cash Enhanced Portfolio. The Authority has units in the Fixed Interest Portfolio and Cash Enhanced Portfolio that fluctuate in value. The price fluctuations in the units are caused by movements in the underlying investments of the portfolios. The underlying investments are managed by an external fund manager who invests in a variety of different bonds, including bonds issued by the Commonwealth Government, the State Government guaranteed treasury corporations and semi-government authorities, as well as investment-grade corporate issues. To limit price risk all the bonds that make up the underlying investments must have a long term credit rating of BBB- or greater. Anything rated BBB- or greater is considered 'investment grade'.

The aim of the external fund manager is to match the total return of the UBS Australian Composite Bond Index before taking into account fund fees and expenses. The Authority's exposure to price risk and the management of this risk has not changed since the last reporting period.

A sensitivity analysis has not been undertaken for the price risk of the Authority as it has been determined that the possible impact on profit and loss or total equity from fluctuations in price is immaterial.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 31 FINANCIAL INSTRUMENTS – CONTINUED

Fair Value of Financial Assets and Liabilities

The carrying amount and fair values of financial assets and liabilities at the end of the reporting period are:

	Carrying Amount 2014 \$	Fair Value 2014 \$	Carrying Amount 2013 \$	Fair Value 2013 \$
Financial Assets				
Cash and Cash Equivalents	8,574,510	8,574,510	9,055,809	9,055,809
Receivables	1,167,676	1,167,676	565,892	565,892
Investments with the Territory Banking Account	1,061,740	1,061,740	1,054,950	1,054,950
Total Financial Assets	<u>10,803,926</u>	<u>10,803,926</u>	<u>10,676,651</u>	<u>10,676,651</u>
Financial Liabilities				
Payables	586,773	586,773	798,629	798,629
Total Financial Liabilities	<u>586,773</u>	<u>586,773</u>	<u>798,629</u>	<u>798,629</u>

Fair Value Hierarchy

The carrying amount of financial assets measured at fair value, as well as the methods used to estimate the fair value are summarised in the following table. All other financial assets and liabilities are measured, subsequent to initial recognition, at amortised cost and as such are not included in the following table.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 31 FINANCIAL INSTRUMENTS – CONTINUED

2014

	Classification According to the Fair Value Hierarchy			Total
	Level 1	Level 2	Level 3	
	\$	\$	\$	\$
Financial Assets				
Financial Assets at Fair Value through Profit and Loss				
Investment with the Territory				
Banking Account – Fixed Interest Portfolio	-	760,270	-	760,270
Investment with the Territory				
Banking Account – Cash Enhanced Portfolio	-	301,470	-	301,470
	-	1,061,740	-	1,061,740

Transfer Between Categories

There have been no transfers of financial assets or liabilities between Level 1 and Level 2 during the reporting period.

The Fair Value Hierarchy for financial instruments measured at fair value is shown for the year ended 30 June 2013 in accordance with Australian Accounting Standard 'Financial Instruments'.

2013

	Classification According to the Fair Value Hierarchy			Total
	Level 1	Level 2	Level 3	
	\$	\$	\$	\$
Financial Assets				
Financial Assets at Fair Value through Profit and Loss				
Investment with the Territory				
Banking Account – Fixed Interest Portfolio	-	753,900	-	753,900
Investment with the Territory				
Banking Account – Cash Enhanced Portfolio	-	301,050	-	301,050
	-	1,054,950	-	1,054,950

Transfer Between Categories

There have been no transfers of financial assets or liabilities between Level 1 and Level 2 during the reporting period.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 31 FINANCIAL INSTRUMENTS – CONTINUED

The following table sets out the Authority's maturity analysis for the financial assets and liabilities as well as the exposure to interest rates, including the weighted average interest rates by maturity period as at 30 June 2014. Except for financial assets and liabilities which have a floating interest rate or are non-interest bearing will mature in one year or less. All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.

30 June 2014	Note No.	Weighted Average Interest Rate	Fixed Interest maturing in:					Non-Interest Bearing	Total
			1 Year or Less	Over 1 Year to 5 Years	Over 5 Years				
Financial Assets			\$	\$	\$			\$	\$
Cash and Cash Equivalents	19	3.4%	3,183,669	-	-		200	8,574,510	
Receivables	20		-	-	-		1,167,676	1,167,676	
Investments with the Territory Banking Account	21		-	-	-		1,061,740	1,061,740	
Total Financial Assets			5,390,641	3,183,669	-		2,229,616	10,803,926	
Financial Liabilities									
Payables	27		-	-	-		586,773	586,773	
Total Financial Liabilities			-	-	-		586,773	586,773	
Net Financial Assets			5,390,641	3,183,669	-		1,642,843	10,217,153	

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
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NOTE 31 FINANCIAL INSTRUMENTS – CONTINUED

The following table sets out the Authority's maturity analysis for the financial assets and liabilities as well as the exposure to interest rates, including the weighted average interest rates by maturity period as at 30 June 2013. Except for financial assets and liabilities which have a floating interest rate or are non-interest bearing will mature in 1 year or less. All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.

30 June 2013	Note No.	Weighted Average Interest Rate	Fixed Interest maturing in:				Non-Interest Bearing	Total
			1 Year or Less	Over 1 Year to 5 Years	Over 5 Years			
Financial Assets			\$	\$	\$		\$	\$
Cash and Cash Equivalents	19	4.6%	3,102,265	-	-		200	9,055,809
Receivables	20		-	-	-		565,892	565,892
Investments with the Territory Banking Account	21		-	-	-		1,054,950	1,054,950
Total Financial Assets			5,953,344	3,102,265	-		1,621,042	10,676,651
Financial Liabilities								
Payables	27		-	-	-		798,629	798,629
Total Financial Liabilities			-	-	-		798,629	798,629
Net Financial Assets			5,953,344	3,102,265	-		822,413	9,878,022

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 31 FINANCIAL INSTRUMENTS – CONTINUED

	2014	2013
	\$	\$
Carrying Amount of Each Category of Financial Asset and Financial Liability		
Financial Assets		
Financial Assets at Fair Value through the Profit and Loss		
Designated upon Initial Recognition	1,061,740	1,054,950
Loans and Receivables Measured at Amortised Cost	1,167,676	565,892
Financial Liabilities		
Financial Liabilities Measured at Amortised Cost	586,773	798,629

The Authority does not have any financial liabilities in the 'Financial Liabilities at Fair Value through Profit and Loss' category and, as such, this category is not included above.

Gains/(Losses) on Each Category of Financial Asset and Financial Liability

Gains/(Losses) on Financial Assets		
Financial Assets at Fair Value through the Profit and Loss		
Designated upon Initial Recognition	6,790	(20,960)
Loans and Receivables Measured at Amortised Cost	-	-
Gains/(Losses) on Financial Liabilities		
Financial Liabilities Measured at Amortised Cost	-	-

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 32 CASH FLOW RECONCILIATION

(a) Reconciliation of Cash and Cash Equivalents at the End of the Reporting Period in the Cash Flow Statement to the Equivalent items in the Balance Sheet

	2014	2013
	\$	\$
Total Cash and Cash Equivalents Recorded in the Balance Sheet	8,574,510	9,055,809
Cash and Cash Equivalents at the End of the Reporting Period as Recorded in the Cash Flow Statement	<u>8,574,510</u>	<u>9,055,809</u>

(b) Reconciliation of Net Cash Inflows from Operating Activities to Operating Surplus

Operating (Deficit) Surplus	(8)	118,532
Add Non-Cash Items		
Depreciation of Property, Plant and Equipment ^a	356,388	391,873
Amortisation of Intangibles ^a	26,726	21,046
Add/(Less) Items Classified as Investing or Financing		
(Gain)/Loss on Investments	(6,790)	20,960
Net Loss on Disposal of Non-Current Assets	(8,629)	29,869
Cash Before Changes in Operating Assets and Liabilities	<u>367,687</u>	<u>582,280</u>
Changes in Operating Assets and Liabilities		
(Increase) /Decrease in Receivables	(601,784)	69,120
(Increase) in Inventories	(18,172)	(258,875)
Decrease /(Increase) in Other Assets	2,540	(109)
(Decrease) /Increase in Payables	(211,856)	175,842
Increase in Employee Benefits	67,272	30,257
Increase in Revenue Received in Advance	507,624	419,560
Net Changes in Operating Assets and Liabilities	<u>254,376</u>	<u>435,795</u>
Net Cash Inflows from Operating Activities	<u>113,311</u>	<u>1,018,075</u>

a. Please refer to Note 13 *Property, Plant and Equipment*.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 33 EVENTS OCCURRING AFTER BALANCE DATE

There were no events occurring after the balance date, which would affect the financial statements as at 30 June 2014 or after the reporting period.

NOTE 34 COMMITMENTS

Other Commitments

Other Commitments contracted at reporting date that have not been recognised as liabilities, are payable as follows:

	2014	2013
	\$	\$
Within one year ^a	-	-
Total Other Commitments	<u>-</u>	<u>-</u>

a. No commitments existed at 30 June 2014

NOTE 35 CONTINGENT LIABILITIES AND ASSETS

There were no contingent liabilities at 30 June 2014 as notified by the Australian Capital Territory Government Solicitor. The Authority maintains a relevant insurance policy that limits any exposure to \$5,000.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2014

NOTE 36 REMUNERATION OF BOARD MEMBERS

ACT Public Cemeteries Authority Board members were appointed by the Minister for Territory and Municipal Services in accordance with section 29A (1) and (2) of the *Cemeteries and Crematoria Act 2003*. Key management Personnel are not compensated for attendance to board meetings but are paid under collective agreements.

The members of the Board are entitled to remuneration and allowances in accordance with Determination No. 9 of November 2013 of the ACT Remuneration Tribunal.

Total remuneration was paid as below:

				2014	2013
				\$	\$
Ms Diane Kargas	Chairperson	Reappointed August 2013		9,300	8,660
Ms Margaret Watt	Deputy Chair	Reappointed August 2013		5,070	1,560
Ms Jean Main	Member	Resigned August 2013		390	4,580
Mr Derek Roylance ^a	Member	Reappointed August 2013		-	-
Mr Angelo Cataldo	Member	Resigned August 2013		-	3,410
Ms Kathleen O'Sullivan	Member	Reappointed August 2013		5,070	3,825
Ms Virginia Shaw	Member	Reappointed August 2013		3,900	4,605
Mr Stephen Bartos	Member	Appointed August 2013		5,460	-
Ms Pamela Burton	Member	Appointed August 2013		4,290	-
Mr Hamish Horne ^b	Chief Executive Officer	Ongoing		Not Applicable	Not Applicable
Total Payments				33,480	26,640

a. Mr D Roylance voluntarily forgoes remuneration.

b. Mr H Horne is not paid in his capacity as a board member.

GUNGAHLIN CEMETERY PERPETUAL CARE TRUST

**SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

**GUNGAHLIN CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

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GUNGAHLIN CEMETERY PERPETUAL CARE TRUST
OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

	Note No.	2014 \$	2013 \$
Income			
Interest		16,896	12,720
Funding from the ACT Public Cemeteries Authority in accordance with the <i>Cemeteries and Crematoria Act 2003</i>	1(b)	945,288	726,449
Gain on Investments		44,921	-
Total Income		<u>1,007,105</u>	<u>739,169</u>
Expenses			
Reimbursement of Maintenance and Related Expenditure Incurred by the ACT Public Cemeteries Authority	1(b)	1,058,310	887,359
Bank Charges		1,001	790
Losses on Investments		-	1,552
Total Expenses		<u>1,059,311</u>	<u>889,701</u>
Operating (Deficit)		<u>(52,206)</u>	<u>(150,532)</u>
Total Comprehensive (Deficit)		<u>(52,206)</u>	<u>(150,532)</u>

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

GUNGAHLIN CEMETERY PERPETUAL CARE TRUST
BALANCE SHEET
AS AT 30 JUNE 2014

	Note No.	2014 \$	2013 \$
Current Assets			
Cash and Cash Equivalents	2	267,153	76,215
Total Current Assets		<u>267,153</u>	<u>76,215</u>
Non-Current Assets			
Investments	3	539,991	163,448
Total Non-Current Assets		<u>539,991</u>	<u>163,448</u>
Total Assets		<u>807,144</u>	<u>239,663</u>
Current Liabilities			
Payable – ACT Public Cemeteries Authority	4	1,278,647	658,960
Total Current Liabilities		<u>1,278,647</u>	<u>658,960</u>
Total Liabilities		<u>1,278,647</u>	<u>658,960</u>
Net (Liabilities)		<u>(471,503)</u>	<u>(419,297)</u>
Equity			
Reserve for Maintenance and Related Expenditure		756,128	497,627
Accumulated (Deficits)		(1,227,631)	(916,924)
Total Equity	1(c)	<u>(471,503)</u>	<u>(419,297)</u>

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

**GUNGAHLIN CEMETERY PERPETUAL CARE TRUST
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014**

	Accumulated (Deficits) 2014 \$	Maintenance Reserve 2014 \$	Total Equity 2014 \$
Balance at 1 July 2013	<u>(916,924)</u>	<u>497,627</u>	<u>(419,297)</u>
Comprehensive Surplus			
Operating (Deficit)	(52,206)	-	(52,206)
Total Comprehensive Surplus	<u>(52,206)</u>	<u>-</u>	<u>(52,206)</u>
Transfer to the Maintenance Reserve ^a	(258,501)	258,501	-
Balance at 30 June 2014	<u>(1,227,631)</u>	<u>756,128</u>	<u>(471,503)</u>

a. The Authority is required by Section 11 of the *Cemeteries and Crematoria Act 2003* to transfer 16.9% of revenue to the Cemetery's Maintenance Reserve. The amount in the Maintenance Reserve is set aside for the sole purpose of funding future maintenance requirements of the Cemetery and cannot be accessed without Ministerial approval.

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

GUNGAHLIN CEMETERY PERPETUAL CARE TRUST
STATEMENT OF CHANGES IN EQUITY – CONTINUED
FOR THE YEAR ENDED 30 JUNE 2014

	Accumulated (Deficits) 2013 \$	Maintenance Reserve 2013 \$	Total Equity 2013 \$
Balance at 1 July 2012	(567,735)	298,970	(268,765)
Comprehensive Income			
Operating (Deficit)	(150,532)	-	(150,532)
Total Comprehensive (Deficit)	(150,532)	-	(150,532)
Transfer to the Maintenance Reserve ^a	(198,657)	198,657	-
Balance at 30 June 2013	(916,924)	497,627	(419,297)

a. The Authority is required by Section 11 of the *Cemeteries and Crematoria Act 2003* to transfer 16.9% of revenue to the Cemetery's Maintenance Reserve. The amount in the Maintenance Reserve is set aside for the sole purpose of funding future maintenance requirements of the Cemetery and cannot be accessed without Ministerial approval.

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

GUNGAHLIN CEMETERY PERPETUAL CARE TRUST
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

	Note No.	2014 \$	2013 \$
Cash Flows from Operating Activities			
Receipts			
Cash Received from the ACT Public Cemeteries Authority		945,288	391,888
Interest Received		16,896	12,720
Total Receipts from Operating Activities		962,184	404,608
Payments			
Reimbursement to the ACT Public Cemeteries Authority for Maintenance and Related Expenditure ^a		438,623	555,521
Bank Charges		1,001	791
Total Payments from Operating Activities		439,624	556,312
Net Cash Inflows/(Outflows) from Operating Activities	5	522,560	(151,704)
Cash Flows from Investing Activities			
Payments			
Purchase of Investments		331,622	165,000
Total Payments from Investing Activities		331,622	165,000
Net Cash Outflows from Investing Activities		(331,622)	(165,000)
Net Increase/(Decrease) in Cash and Cash Equivalents		190,938	(316,704)
Cash and Cash Equivalents at the Beginning of the Reporting Period		76,215	392,919
Cash and Cash Equivalents at the End of the Reporting Period		267,153	76,215

- a. As explained in Note 1(b), there is uncertainty that the payments to the ACT Public Cemeteries Authority have been correctly calculated due to uncertainties about the validity of amounts that are reimbursable from the Perpetual Care Trusts.

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

GUNGAHLIN CEMETERY PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1 Summary of Significant Accounting Policies

This note provides a list of all significant accounting policies adopted in preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Accounting and Reporting

These financial statements are special purpose financial statements prepared in order to satisfy the requirements of Section 16B of the *Cemeteries and Crematoria Act 2003* (the Act). The ACT Public Cemeteries Authority (the Authority) has determined that the Gungahlin Cemetery Perpetual Care Trust is not a reporting entity.

The financial statements have been prepared on an accruals and historical cost basis.

Cash and Cash Equivalents

For the purposes of the Cash Flow Statement and the Balance Sheet, cash includes cash at bank, cash on hand and demand deposits. Trust money held in the Public Trustee Cash Fund is classified as a Cash Equivalent.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are included in cash and cash equivalents in the Cash Flow Statement but not in the cash and cash equivalents line on the Balance Sheet.

Receivables

Accounts receivable are initially recognised at fair value and are subsequently measured at amortised cost, with any adjustments to the carrying amount being recorded in the Operating Statement.

Payables

Payables are a financial liability and initially recognised at fair value based on the transaction cost and subsequent to initial recognition at amortised cost, with any adjustments to the carrying amount being recorded in the Operating Statement.

GUNGAHLIN CEMETERY PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1 Summary of Significant Accounting Policies - Continued

Investments

Short-term and long-term investments are held with the Public Trustee in unit trusts called the Growth Investment Fund. The prices of units in the unit trusts fluctuate in value. The net gain or loss on investments consists of the fluctuation in price of the unit trusts between the end of the last reporting period and the end of this reporting period as well as any profit on the sale of units in the unit trusts (the profit being the difference between the price at the end of the last reporting period and the sale price). The net gains or losses do not include interest or dividend income.

The investments are measured at fair value with any adjustments to the carrying amount recorded in the Operating Statement. Fair value is based on an underlying pool of investments which have quoted market prices at the reporting date.

Revenue Recognition

Revenue is recognised at the fair value of the consideration received or receivable in the Operating Statement. All revenue is recognised to the extent that it is probable that the economic benefits will flow to the Trust and the revenue can be reliably measured.

Interest revenue is recognised using the effective interest method.

(b) Perpetual Trust Arrangements

A Perpetual Care Trust has been established for the Gungahlin Cemetery in accordance with section 9 of the Act. The Perpetual Care Trust is established for the long-term and short-term maintenance of the cemetery. The Public Trustee is the Trustee of the Perpetual Care Trust, however, the Authority is responsible for its management.

The Authority is required to provide to the Trust a percentage of the revenue for each burial, interment of ashes or memorialisation at each cemetery (the Perpetual Care Trust percentage) in accordance with the Minister's determination. The Authority is also required to provide to the Trust a percentage of revenue to have as a reserve for future maintenance and related expenditure (the Perpetual Care Trust Reserve percentage).

GUNG AHLIN CEMETERY PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1

Summary of Significant Accounting Policies - Continued

(b) Perpetual Trust Arrangements - Continued

In accordance with Section 11 of the Act, the Perpetual Care Trust percentages determined by the Minister for Gungahlin Perpetual Care Trust were 44.9% (the Perpetual Care Trust amount) and 16.9% (the Perpetual Care Trust reserve amount). It is expected the percentages will be reviewed at least every five years.

For the year ended 30 June 2014, the total funding received from the Authority was \$945,288 (\$726,449 in 2012-13).

Funds received by the Authority for Gungahlin Cemetery from the sale of allotments for 2014 was \$1,529,592.64 and the breakdown of funding received from the Authority is as follows:

	2014	2013
	\$	\$
Contribution Income (44.9%)	686,787	527,792
Contribution Reserve Income (16.9%)	258,501	198,657
Total Funding Received	<u>945,288</u>	<u>726,449</u>

GUNGALIN CEMETERY PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1 Summary of Significant Accounting Policies – Continued

(b) Perpetual Trust Arrangements - Continued

The Authority is also required to spend perpetual care funds of each Trust for maintenance of each cemetery in accordance with the Act.

The Act does not prescribe how 'maintenance' is defined, and consequently does not prescribe how the Perpetual Care Trust percentage is to be determined, except in general terms. The Perpetual Care Trust percentage determined by the Minister, and used as the basis for the provision of funds for the maintenance of the Gungahlin Cemetery, has been determined on a 'full cost' basis – i.e. the expenditure incurred against the Trust will allow for not only the 'direct' cemetery maintenance costs, but also the proportion of 'indirect' costs incurred by the Authority that are associated with the management of cemetery maintenance. The expenditure has been allocated to the Trust on a basis of maintenance expenditure by the Authority for the Cemetery.

The amount of cemetery maintenance expenditure of the Trust is as follows:

Direct Maintenance Costs ^a

Indirect Costs Related to the Management of Maintenance ^b

Total Maintenance Costs

a. Direct maintenance costs includes overheads for maintenance that are directly allocated to the maintenance of the Gungahlin Cemetery as well as the direct staff time costs for ground staff. Direct maintenance costs increased due to the increased expenditure on water rates, ground maintenance and additional costs of using temporary staff during the reporting period.

b. Indirect maintenance is based on total indirect administrative costs paid by the ACT Public Cemeteries Authority allocated to Gungahlin Cemetery Perpetual Care Trust based on Gungahlin Cemetery's revenue as a percentage of total revenue of the Authority.

GUNGALIN CEMETERY PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1 Summary of Significant Accounting Policies – Continued

(b) Perpetual Trust Arrangements - Continued

Qualification relating to the Allocation of Indirect Costs to the Gungahlin Perpetual Care Trust

The Authority is required by legislation to establish a separate perpetual care trust for each cemetery for the short-term and long-term maintenance of the cemetery including but not limited to; the grounds, monuments, memorials, tombstones, gravestones, tablets, monumental inscriptions, mausoleums, vaults and graves; walls, fences, paths, roads, drains and other works of the cemetery. The Authority charges each Perpetual Care Trust for maintenance of each cemetery or mausoleum and is subsequently reimbursed by the relevant Perpetual Care Trust.

The Act does not prescribe how 'maintenance' is defined. In the current and previous years, the Authority has charged the Perpetual Care Trusts for the maintenance of the relevant cemetery or mausoleum on a 'full cost' basis. A full cost basis means that the Authority has charged the Perpetual Care Trusts for direct maintenance and a proportion of 'indirect' costs that represent the proportion of overhead costs of the Authority that have been allocated to maintenance costs. These indirect costs being charged by the Authority include, but are not limited to, costs recovered by the Authority for Management and Administration Staff costs and other overheads like insurance, office expenses, rates, security and equipment.

During the audit of the financial statements, a query was raised about the basis on which the Authority was charging indirect costs to each Perpetual Care Trust and being subsequently reimbursed for indirect costs being charged.

The Board sought external actuarial advice from the company who prepared the Perpetual Care Trust model, Abraxa, in relation to the application and use of the model. The advice from Abraxa indicates that the Perpetual Care Trust model was not intended to be used for the allocation of indirect costs to the Perpetual Care Trust. The indicated that there were difficulties with the current application of the model including observations that 'there are a number of inconsistencies with the model' in relation to the inclusion of some specific indirect costs. The inconsistencies between the model and its application includes, but is not limited to costs recovered by the Authority for advertising, consultants, and depreciation being included; capital, irrigation and purchases of minor equipment not being claimed; and the incorrect percentage being applied to management and administrative wages. The model was created 'primarily to determine the Perpetual Care Trust revenue percentages to apply, it was not designed to be the basis for the allocation of costs and apportionment of overheads, although it is conceivable to reverse engineer the model to use it for this purpose'.

Based on this advice, the Board has formed the view that there is uncertainty around the use and application of the Perpetual Care Trust model in relation to the validity of charges for indirect costs as maintenance costs from the Perpetual Care Trusts.

GUNGAHLIN CEMETERY PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1 Summary of Significant Accounting Policies – Continued

(b) Perpetual Trust Arrangements - Continued

The uncertainty in the financial statements from the allocation of indirect maintenance expenditure relates to the following:

	2014	2013
Expenses - Indirect Costs from Authority (note 1b)	\$467,392	\$569,447
Payables – ACT Public Cemeteries Authority (note 4)	\$1,278,647	\$658,960
Reimbursement to the ACT Public Cemeteries Authority for Maintenance and Related Expenditure (cash flow statement – payments)	\$438,623	\$555,521

On this basis the Board has decided to qualify the financial statements in respect of the uncertainty of the balances listed above to the extent these balances include amounts relating to the Trust's payment of indirect maintenance costs to the Authority.

The Authority will be recommending to the Minister that a comprehensive review of the Perpetual Care Trust arrangements be conducted in 2014-15.

(c) Going Concern

At 30 June 2014, the Trust had a net liability of \$471,503 (\$419,297 in 2012-13). The Authority will not require payment of any debts until such time as the Trust is able to meet those payments. Therefore the Authority believes the Trust is a going concern.

GUNGAGHLIN CEMETERY PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

2 Cash and Cash Equivalents

The Gungahlin Perpetual Care Trust holds two bank accounts with the Public Trustee for the Australian Capital Territory. These accounts are for the Gungahlin Perpetual Care Trust and the Gungahlin Perpetual Care Trust Reserve. The breakdown for the two accounts is as follows:

	2014	2013
	\$	\$
Perpetual Care Trust ^a	18,495	973
Perpetual Care Trust Reserve ^b	248,658	75,242
Total Cash and Cash Equivalents	267,153	76,215

a. The Perpetual Care Trust increased due to reimbursements paid to the ACT Public Cemeteries Authority for maintenance and related expenditure.

b. The Perpetual Care Trust Reserve is cash reserves to be drawn on by the Woden Cemetery for maintenance and related expenditure once all funds of the Perpetual Care Trust are depleted and the Authority is no longer able to fund this activity.

GUNG AHLIN CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

3 Investments

The purpose of the investment in the Growth Investment Fund is to hold it for a period longer than 12 months. The total carrying amount of the Growth Investment Fund below has been measured at fair value.

	2014	2013
	\$	\$
Non-Current Investments		
Growth Investment Fund – Gungahlin ^a	539,991	163,448
Total Non-Current investments	539,991	163,448

a. Funds from the Perpetual Care Trust Reserve account were used to purchase units in the Growth Investment Fund.

4 Payable

	2014	2013
	\$	\$
Payable – ACT Public Cemeteries Authority ^{a, b}	1,278,647	658,960
Total Payables	1,278,647	658,960

- a. The amount payable the ACT Public Cemeteries Authority increased due to direct and indirect maintenance costs significantly increasing during the June 2014 month. This amount is to be paid to the Authority in July 2014.
- b. As disclosed in Note 1(b) there is uncertainty that the amounts payable by Perpetual Care Trust to the Authority have been correctly calculated due to uncertainties about the validity of amounts that are reimbursable from the Perpetual Care Trusts.

**GUNGAHLIN CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

5 Cash Flow Reconciliation	2014	2013
	\$	\$
Operating (Deficit)	(52,206)	(150,531)
Add Items Classified as Investing or Financing		
(Gains)/Losses on Investments	(44,921)	1,552
Cash Before Changes in Operating Assets and Liabilities	<u>(97,127)</u>	<u>(148,979)</u>
Changes in Operating Assets and Liabilities		
Increase/(Decrease) in Payable	619,687	(2,725)
Net Changes in Operating Assets and Liabilities	<u>619,687</u>	<u>(151,704)</u>
Net Cash Inflows/(Outflows) from Operating Activities	<u>522,560</u>	<u>(151,704)</u>

**GUNGAHLIN CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

DECLARATION BY THE CHIEF EXECUTIVE OFFICER

I, the Chief Executive Officer of the ACT Public Cemeteries Authority, declare that:

- 1 the Gungahlin Cemetery Perpetual Care Trust is not a reporting entity and that these special purpose financial statements were prepared in accordance with the accounting policies outlined in Note 1 to the financial statements;
- 2 with the exception of the matters described at Note 1 (b), the financial statements and notes present fairly the Trust's financial position as at 30 June 2014 and its performance for the year ended on that date in accordance with accounting policies described in Note 1 to the financial statements.



Hamish Horne
Chief Executive Officer
ACT Public Cemeteries Authority
17 September 2014

**GUNGALIN CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

DECLARATION BY THE BOARD

I, the Chairperson of the ACT Public Cemeteries Authority, declare that:

- 1 the Gungahlin Cemetery Perpetual Care Trust is not a reporting entity and that these special purpose financial statements were prepared in accordance with the accounting policies outlined in Note 1 to the financial statements;
- 2 with the exception of the matters described at Note 1 (b), the financial statements and notes present fairly the Trust's financial position as at 30 June 2014 and its performance for the year ended on that date in accordance with accounting policies described in Note 1 to the financial statements.

On behalf of the Board.



Diane Kargas AM
Chair
ACT Public Cemeteries Authority
17 September 2014

INDEPENDENT AUDIT REPORT**GUNGAHLIN CEMETERY PERPETUAL CARE TRUST**

To the Members of the ACT Legislative Assembly

Report on the special purpose financial statements

The special purpose financial statements (financial statements) of the Gungahlin Cemetery Perpetual Care Trust for the year ended 30 June 2014 have been audited. These comprise the operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes.

Responsibility for the financial statements

The Governing Board of the ACT Public Cemeteries Authority (the Governing Board) is responsible for the preparation and fair presentation of the financial statements. The Governing Board has determined that the basis of preparation described in Note 1 of the financial statements is appropriate to meet the financial reporting requirements of the *Cemeteries and Crematoria Act 2003*.

The Governing Board is also responsible for maintaining adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and the accounting policies and estimates used in the preparation of the financial statements.

The auditor's responsibility

Under the *Cemeteries and Crematoria Act 2003*, I am responsible for expressing an independent audit opinion on the financial statements.

The audit was conducted in accordance with Australian Auditing Standards to provide reasonable assurance that the financial statements are free of material misstatement.

I formed the audit opinion following the use of audit procedures to obtain evidence about the amounts and disclosures in the financial statements. As these procedures are influenced by the use of professional judgement, selective testing of evidence supporting the amounts and other disclosures in the financial statements, inherent limitations of internal control and the availability of persuasive rather than conclusive evidence, an audit cannot guarantee that all material misstatements have been detected.

Although the effectiveness of internal controls is considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

The audit is not designed to provide assurance on the prudence of decisions made by the Governing Board.

Electronic presentation of the audited financial statements

Those viewing an electronic presentation of the financial statements should note that the audit does not provide assurance on the integrity of information presented electronically, and does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from the electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.

Independence

Applicable independence requirements of Australian professional ethical pronouncements were followed in conducting the audit.

Basis for qualified audit opinion

The Gungahlin Cemetery Perpetual Care Trust was established to fund the maintenance of the Gungahlin Cemetery. Under arrangements with the Gungahlin Cemetery Perpetual Care Trust, the:

- (i) ACT Public Cemeteries Authority (the Authority) transfers a Ministerially determined percentage of revenue earned from burials, interments of ashes and memorialisation at Gungahlin Cemetery to the Gungahlin Cemetery Perpetual Care Trust. These transfers provide the Gungahlin Cemetery Perpetual Care Trust with funds to meet maintenance costs incurred by the Authority in relation to the Gungahlin Cemetery; and
- (ii) The Gungahlin Cemetery Perpetual Care Trust reimburses the Authority for costs incurred by the Authority in maintaining the Gungahlin Cemetery. Maintenance costs consist of direct maintenance costs and indirect costs disclosed in Note 1(b) of the financial statements.

Direct maintenance costs include maintenance costs and costs of ground staff. Indirect costs charged as maintenance costs include, but are not limited to, a proportion of the costs for administration, electricity, accounting, audit and security incurred by the Authority.

In the Declaration by the Board accompanying the financial statements, the Chair of the Governing Board states that:

... with the exception of the matters described at Note 1 (b), the financial statements and notes present fairly the Trust's financial position as at 30 June 2014 and its performance for the year ended on that date in accordance with accounting policies described in Note 1 to the financial statements.

Note 1(b) of the financial statements in the section titled 'Qualification relating to the Allocation of Indirect Costs to the Gungahlin Perpetual Care Trust', the Governing Board discloses that:

... the Board has formed the view that there is uncertainty around the use and application of the Perpetual Care Trust model in relation to the validity of charges for indirect costs as maintenance costs from the Perpetual Care Trusts...

... On this basis the Board has decided to qualify the financial statements in respect of the uncertainty of the balances listed to the extent these balances include amounts relating to the Trust's payment of indirect maintenance costs to the Authority.

As the Governing Board has been unable to determine whether indirect maintenance costs have been correctly charged to the Gungahlin Cemetery Perpetual Care Trust, I have been unable to obtain sufficient and appropriate audit evidence that indirect maintenance costs charged to the Gungahlin Cemetery Perpetual Care Trust are valid.

As a result, no audit opinion can be expressed on the amounts disclosed as:

- (i) Indirect costs related to the management of cemetery maintenance in Note 1(b): 'Perpetual Trust Arrangements' of the financial statements;
- (ii) Payable – ACT Public Cemeteries Authority in Note 4: 'Payable' of the financial statements; and
- (iii) Reimbursement to the ACT Public Cemeteries Authority for Maintenance and Related Expenditure in the Cash Flow Statement.

Qualified audit opinion

In my opinion, except for the possible effects of the matter described in the **Basis for qualified audit opinion** referred to previously, the financial statements present fairly, in all material respects, the financial position of the Gungahlin Cemetery Perpetual Care Trust as at 30 June 2014 and the results of its operations and cash flows for the year then ended, in accordance with the financial reporting requirements of the *Cemeteries and Crematoria Act 2003* as described in Note 1 of the financial statements.

Basis of accounting

Without modifying the audit opinion, I draw attention to Note 1 of the financial statements which describes the basis of accounting. The special purpose financial statements have been prepared to fulfil financial reporting responsibilities under the *Cemeteries and Crematoria Act 2003*. As a result, the financial statements may not be suitable for another purpose.



Bernie Sheville
Director, Financial Audits
17 September 2014

HALL CEMETERY PERPETUAL CARE TRUST

SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

**HALL CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

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**HALL CEMETERY PERPETUAL CARE TRUST
OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014**

	Note No.	2014 \$	2013 \$
Income			
<i>Revenue</i>			
Interest		3,170	2,127
Funding from the ACT Public Cemeteries Authority in accordance with the <i>Cemeteries and Crematoria Act 2003</i>	1(b)	53,983	45,234
Gains on Investments		4,145	5,338
<i>Total Revenue</i>		<u>61,298</u>	<u>52,699</u>
Total Income		<u>61,298</u>	<u>52,699</u>
Expenses			
Bank Charges		179	92
Reimbursement of Maintenance and Related Expenditure Incurred by the ACT Public Cemeteries Authority	1(b)	20,526	17,266
Losses on Investments		-	-
Total Expenses		<u>20,705</u>	<u>17,358</u>
Operating Surplus		<u>40,593</u>	<u>35,341</u>
Total Comprehensive Income		<u>40,593</u>	<u>35,341</u>

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

HALL CEMETERY PERPETUAL CARE TRUST
BALANCE SHEET
AS AT 30 JUNE 2014

	Note No.	2014 \$	2013 \$
Current Assets			
Cash and Cash Equivalents	2	84,398	19,473
Receivable – ACT Public Cemeteries Authority	3	3,399	20,006
Total Current Assets		87,797	39,479
Non-Current Assets			
Investments	4	39,044	46,769
Total Non-Current Assets		39,044	46,769
Total Assets		126,841	86,248
Current Liabilities			
Payable – ACT Public Cemeteries Authority		-	-
Total Current Liabilities		-	-
Total Liabilities		-	-
Net Assets		126,841	86,248
Equity			
Reserve for Maintenance and Related Expenditure		138,774	91,763
Accumulated Funds/(Deficits)		(11,933)	(5,515)
Total Equity		126,841	86,248

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

**HALL CEMETERY PERPETUAL CARE TRUST
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014**

	Accumulated (Deficits) 2014 \$	Maintenance Reserve 2014 \$	Total Equity 2014 \$
Balance at 1 July 2013	<u>(5,515)</u>	<u>91,763</u>	<u>86,248</u>
Comprehensive Income			
Operating Surplus	40,593	-	40,593
Total Comprehensive Income	<u>40,593</u>	<u>-</u>	<u>40,593</u>
Transfer to the Maintenance Reserve ^a	(47,011)	47,011	-
Balance at 30 June 2014	<u>(11,933)</u>	<u>138,774</u>	<u>126,841</u>

a. The Authority is required by Section 11 of the *Cemeteries and Crematoria Act 2003* to transfer 76.2% of revenue to the Cemetery's Maintenance Reserve. The amount in the Maintenance Reserve is set aside for the sole purpose of funding future maintenance requirements of the Cemetery and cannot be accessed without Ministerial approval.

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

**HALL CEMETERY PERPETUAL CARE TRUST
STATEMENT OF CHANGES IN EQUITY - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2014**

	Accumulated Deficits 2013 \$	Maintenance Reserve 2013 \$	Total Equity 2013 \$
Balance at 1 July 2012	<u>(1,464)</u>	<u>52,371</u>	<u>50,907</u>
Comprehensive Income			
Operating Surplus	35,341	-	35,341
Total Comprehensive Income	<u>35,341</u>	<u>-</u>	<u>35,341</u>
Transfer to Maintenance Reserve	(39,392)	39,392	-
Balance at 30 June 2013	<u>(5,515)</u>	<u>91,763</u>	<u>86,248</u>

a. The Authority is required by Section 11 of the *Cemeteries and Crematoria Act 2003* to transfer 76.2% of revenue to the Cemetery's Maintenance Reserve. The amount in the Maintenance Reserve is set aside for the sole purpose of funding future maintenance requirements of the Cemetery and cannot be accessed without Ministerial approval.

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

**HALL CEMETERY PERPETUAL CARE TRUST
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014**

	Note No.	2014 \$	2013 \$
Cash Flows from Operating Activities			
Receipts			
Interest Received		3,170	2,127
Funding Received from the ACT Public Cemeteries Authority		53,983	16,002
Total Receipts from Operating Activities		57,153	18,129
Payments			
Bank Charges		179	92
Reimbursement to the ACT Public Cemeteries Authority for Maintenance and Related Expenditure		3,919	8,059
Total Payments from Operating Activities		4,098	8,151
Net Cash Inflows from Operating Activities	5	53,055	9,978
Cash Flows from Investing Activities			
Receipts			
Sale of Investments		11,870	-
Total Receipts from Investing Activities		11,780	-
Payments			
Purchase of Investments		-	6,600
Total Payments from Investing Activities		-	6,600
Net Cash Inflows/(Outflows) from Investing Activities		11,780	(6,600)
Net Increase in Cash and Cash Equivalents		64,925	3,378
Cash and Cash Equivalents at the Beginning of the Reporting Period		19,473	16,095
Cash and Cash Equivalents at the End of the Reporting Period	2	84,398	19,473

- b. As explained in Note 1(b), there is uncertainty that the payments to the ACT Public Cemeteries Authority have been have been correctly calculated due to uncertainties about the validity of amounts that are reimbursable from the Perpetual Care Trusts.

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

HALL CEMETERY PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1 Summary of Significant Accounting Policies

This note provides a list of all significant accounting policies adopted in preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Accounting and Reporting

These financial statements are special purpose financial statements prepared in order to satisfy the requirements of Section 16B of the *Cemeteries and Crematoria Act 2003* (the Act). The ACT Public Cemeteries Authority (the Authority) has determined that the Hall Cemetery Perpetual Care Trust is not a reporting entity.

The financial statements have been prepared on an accruals and historical cost basis, except for investments that are measured at fair value.

Cash and Cash Equivalents

For the purposes of the Cash Flow Statement and the Balance Sheet, cash includes cash at bank, cash on hand and demand deposits. Trust money held in the Public Trustee Fund is classified as a Cash Equivalent.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are included in cash and cash equivalents in the Cash Flow Statement but not in the cash and cash equivalents line on the Balance Sheet.

Receivables

Accounts receivable are initially recognised at fair value and are subsequently measured at amortised cost, with any adjustments to the carrying amount being recorded in the Operating Statement.

Investments

Short-term and long-term investments are held with Public Trustee in unit trusts called the Growth Investment Funds. The prices of units in the unit trusts fluctuate in value. The net gain or loss on investments consists of the fluctuation in price of the unit trusts between the end of the last reporting period and the end of this reporting period as well as any profit on the sale of units in the unit trusts (the profit being the difference between the price at the end of the last reporting period and the sale price). The net gains or losses do not include interest or dividend income.

HALL CEMETERY PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1 Summary of Significant Accounting Policies - Continued
Investments - Continued

The investments are measured at fair value with any adjustments to the carrying amount recorded in the Operating Statement. Fair value is based on an underlying pool of investments which have quoted market prices at the reporting date.

Revenue Recognition

Revenue is recognised at the fair value of the consideration received or receivable in the Operating Statement. All revenue is recognised to the extent that it is probable that the economic benefits will flow to the Trust and the revenue can be reliably measured.

Interest revenue is recognised using the effective interest method.

(b) Perpetual Trust Arrangements

A Perpetual Care Trust has been established for the Hall Cemetery in accordance with Section 9 of the Act. The Perpetual Care Trust is established for the long-term and short-term maintenance of the cemetery. The Public Trustee is the trustee of the Perpetual Care Trust, however, the Authority is responsible for its management.

The Authority is required to provide to the Trust a percentage of the revenue for each burial, interment of ashes or memorialisation at each cemetery (the Perpetual Care Trust percentage) in accordance with the Minister's determination. The Authority is also required to provide to the Trust a percentage of revenue to have as a reserve for future maintenance and related expenditure (the Perpetual Care Trust Reserve percentage).

In accordance with Section 11 of the Act, the Perpetual Care Trust percentages determined by the Minister for Hall Perpetual Care Trust were 11.3% (the Perpetual Care Trust amount) and 76.2% (the Perpetual Care Trust Reserve amount). It is expected the percentages will be reviewed at least every five years.

Funds received by the Authority for Hall Cemetery from the sale of allotments for 2014 was \$61,694 and the breakdown of funding received from the Authority is as follows:

	2014	2013
	\$	\$
PCT Contribution Income (11.3%)	6,972	5,842
PCT Contribution Reserve Income (76.2%)	47,011	39,392
Total Funding Received	53,983	45,234

HALL CEMETERY PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1 Summary of Significant Accounting Policies – Continued

(b) Perpetual Trust Arrangements – Continued

The Authority is also required to spend perpetual care funds of each Trust for maintenance of each cemetery in accordance with the Act.

The Act does not prescribe how 'maintenance' is defined, and consequently does not prescribe how the Perpetual Care Trust percentage is to be determined, except in general terms. The Perpetual Care Trust percentage determined by the Minister, and used as the basis for the provision of funds for the maintenance of the Hall Cemetery, has been determined on a 'full cost' basis – i.e. the expenditure incurred against the Trust will allow for not only the 'direct' cemetery maintenance costs, but also the proportion of 'indirect' costs incurred by the Authority that are associated with the management of cemetery maintenance. The expenditure has been allocated to the Trust on a basis of maintenance expenditure by the Authority for the Hall Cemetery.

The amount of cemetery maintenance expenditure of the Trust is as follows:

	2014	2013
	\$	\$
Direct Maintenance Costs ^a	1,674	3,285
Indirect Costs Related to the Management of Maintenance ^b	18,852	13,981
Total Maintenance Costs	20,526	17,266

- a. Direct maintenance costs includes overheads for maintenance that are directly allocated to the maintenance of the Hall Cemetery as well as the direct staff time costs for ground staff. Direct maintenance costs decreased due to the less expenditure on ground maintenance.
- b. Indirect maintenance is based on total indirect administrative costs paid by the ACT Public Cemeteries Authority allocated to Hall Cemetery Perpetual Care Trust based on Hall Cemetery's revenue as a percentage of total revenue of the Authority.

HALL CEMETERY PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1 Summary of Significant Accounting Policies – Continued

(b) Perpetual Trust Arrangements – Continued

Qualification relating to the Allocation of Indirect Costs to the Hall Perpetual Care Trust

The Authority is required by legislation to establish a separate perpetual care trust for each cemetery for the short-term and long-term maintenance of the cemetery including but not limited to; the grounds, monuments, memorials, tombstones, gravestones, tablets, monumental inscriptions, mausoleums, vaults and graves; walls, fences, paths, roads, drains and other works of the cemetery. The Authority charges each Perpetual Care Trust for maintenance of each cemetery or mausoleum and is subsequently reimbursed by the relevant Perpetual Care Trust.

The Act does not prescribe how 'maintenance' is defined. In the current and previous years, the Authority has charged the Perpetual Care Trusts for the maintenance of the relevant cemetery or mausoleum on a 'full cost' basis. A full cost basis means that the Authority has charged the Perpetual Care Trusts for direct maintenance and a proportion of 'indirect' costs that represent the proportion of overhead costs of the Authority that have been allocated to maintenance costs. These indirect costs being charged by the Authority include, but are not limited to, costs recovered by the Authority for Management and Administration Staff costs and other overheads like insurance, office expenses, rates, security and equipment.

During the audit of the financial statements, a query was raised about the basis on which the Authority was charging indirect costs to each Perpetual Care Trust and being subsequently reimbursed for indirect costs being charged.

The Board sought external actuarial advice from the company who prepared the Perpetual Care Trust model, Abraxa, in relation to the application and use of the model. The advice from Abraxa indicates that the Perpetual Care Trust model was not intended to be used for the allocation of indirect costs to the Perpetual Care Trust. The indicated that there were difficulties with the current application of the model including observations that 'there are a number of inconsistencies with the model' in relation to the inclusion of some specific indirect costs. The inconsistencies between the model and its application includes, but is not limited to costs recovered by the Authority for advertising, consultants, and depreciation being included; capital, irrigation and purchases of minor equipment not being claimed; and the incorrect percentage being applied to management and administrative wages. The model was created 'primarily to determine the Perpetual Care Trust revenue percentages to apply, it was not designed to be the basis for the allocation of costs and apportionment of overheads, although it is conceivable to reverse engineer the model to use it for this purpose'.

Based on this advice, the Board has formed the view that there is uncertainty around the use and application of the Perpetual Care Trust model in relation to the validity of charges for indirect costs as maintenance costs from the Perpetual Care Trusts.

HALL CEMETERY PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1 Summary of Significant Accounting Policies – Continued

(b) Perpetual Trust Arrangements – Continued

The uncertainty in the financial statements from the allocation of indirect maintenance expenditure relates to the following Notes:

	2014	2013
Expenses- Indirect Costs from Authority (note 1b)	\$18,852	\$13,981
Receivables – ACT Public Cemeteries Authority (note 3)	\$3,399	\$20,006
Reimbursement to the ACT Public Cemeteries Authority for maintenance and Related Expenditure (cash flow statement – payments)	\$3,919	\$8,059

On this basis the Board has decided to qualify the financial statements in respect of the uncertainty of the balances listed to the extent these balances include amounts relating to the Trust's payment of indirect maintenance costs to the Authority.

The Authority will be recommending to the Minister that a comprehensive review of the Perpetual Care Trust arrangements be conducted in 2014-15.

HALL CEMETERY PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

2 Cash and Cash Equivalents

The Hall Perpetual Care Trust holds two bank accounts with the Public Trustee for the Australian Capital Territory. These accounts are for the Hall Perpetual Care Trust and the Hall Perpetual Care Trust Reserve. The breakdown for the two accounts is as follows:

	2014	2013
	\$	\$
Perpetual Care Trust ^a	3,851	7,620
Perpetual Care Trust Reserve ^b	80,547	11,853
Total Cash and Cash Equivalents	84,398	19,473

- a. The Perpetual Care Trust decreased due to reimbursements paid to the ACT Public Cemeteries Authority for maintenance and related expenditure.
- b. The Perpetual Care Trust Reserve is a cash reserve to be drawn on by Hall Cemetery for maintenance and related expenditure once all funds of the Perpetual Care Trust are depleted and the Authority is no longer able to fund this activity.

3 Receivables

	2014	2013
	\$	\$
Receivable - ACT Public Cemeteries Authority ^{a, b}	3,399	20,006
Total Non-Current investments	3,399	20,006

- a. The amounts owed to the Hall Perpetual Care Trust for revenue from the Authority at 30 June.
- b. Receivables from the ACT Public Cemeteries Authority Trusts are net receivables consisting of revenue received from the Authority net of reimbursements payable to the Authority for maintenance expenditure. As disclosed in Note 1(b) the Board is uncertain that the amount receivable from the Authority has been correctly calculated due to uncertainties about the validity of amounts that are reimbursable from the Perpetual Care Trusts.

HALL CEMETERY PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

4 Investments

The purpose of the investment in the Growth Investment Fund is to hold it for a period longer than 12 months. The total carrying amount of the Growth Investment Fund below has been measured at fair value.

	2014	2013
	\$	\$
Non-Current Investments		
Growth Investment Fund – Hall ^a	39,044	46,769
Total Non-Current investments	39,044	46,769

a. Funds from the Perpetual Care Trust Reserve account were used to purchase units in the Growth Investment Fund.

5 Cash Flow Reconciliation

	2014	2013
	\$	\$
Operating Surplus	40,593	35,341
Add/(Less) Items Classified as Investing or Financing		
(Gains) on Investments	(4,145)	(5,338)
Cash Before Changes in Operating Assets and Liabilities	36,448	30,003
Changes in Operating Assets and Liabilities		
(Increase) in Receivable	16,607	(20,006)
(Decrease) in Payable – ACT Public Cemeteries Authority	-	(19)
Net Changes in Operating Assets and Liabilities	16,607	(20,025)
Net Cash Inflows from Operating Activities	53,055	9,978

**HALL CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

DECLARATION BY THE CHIEF EXECUTIVE OFFICER

I, the Chief Executive Officer of the ACT Public Cemeteries Authority, declare that:

- 1 the Hall Cemetery Perpetual Care Trust (the Trust) is not a reporting entity and that these special purpose financial statements were prepared in accordance with the accounting policies outlined in Note 1 to the financial statements;
- 2 with the exception of the matters described at Note 1 (b), the financial statements and notes present fairly the Trust's financial position as at 30 June 2014 and its performance for the year ended on that date in accordance with accounting policies described in Note 1 to the financial statements.



Hamish Horne
Chief Executive Officer
ACT Public Cemeteries Authority
17 September 2014

**HALL CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

DECLARATION BY THE BOARD

I, the Chairperson of the ACT Public Cemeteries Authority, declare that:

- 1 the Hall Cemetery Perpetual Care Trust (the Trust) is not a reporting entity and that these special purpose financial statements were prepared in accordance with the accounting policies outlined in Note 1 to the financial statements;
- 2 with the exception of the matters described at Note 1 (b), the financial statements and notes present fairly the Trust's financial position as at 30 June 2014 and its performance for the year ended on that date in accordance with accounting policies described in Note 1 to the financial statements.

On behalf of the Board.



Diane Kargas AM

Chair

ACT Public Cemeteries Authority

17 September 2014

INDEPENDENT AUDIT REPORT**HALL CEMETERY PERPETUAL CARE TRUST**

To the Members of the ACT Legislative Assembly

Report on the special purpose financial statements

The special purpose financial statements (financial statements) of the Hall Cemetery Perpetual Care Trust for the year ended 30 June 2014 have been audited. These comprise the operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes.

Responsibility for the financial statements

The Governing Board of the ACT Public Cemeteries Authority (the Governing Board) is responsible for the preparation and fair presentation of the financial statements. The Governing Board has determined that the basis of preparation described in Note 1 of the financial statements is appropriate to meet the financial reporting requirements of the *Cemeteries and Crematoria Act 2003*.

The Governing Board is also responsible for maintaining adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and the accounting policies and estimates used in the preparation of the financial statements.

The auditor's responsibility

Under the *Cemeteries and Crematoria Act 2003*, I am responsible for expressing an independent audit opinion on the financial statements.

The audit was conducted in accordance with Australian Auditing Standards to provide reasonable assurance that the financial statements are free of material misstatement.

I formed the audit opinion following the use of audit procedures to obtain evidence about the amounts and disclosures in the financial statements. As these procedures are influenced by the use of professional judgement, selective testing of evidence supporting the amounts and other disclosures in the financial statements, inherent limitations of internal control and the availability of persuasive rather than conclusive evidence, an audit cannot guarantee that all material misstatements have been detected.

Although the effectiveness of internal controls is considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

The audit is not designed to provide assurance on the prudence of decisions made by the Governing Board.

Electronic presentation of the audited financial statements

Those viewing an electronic presentation of the financial statements should note that the audit does not provide assurance on the integrity of information presented electronically, and does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from the electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.

Independence

Applicable independence requirements of Australian professional ethical pronouncements were followed in conducting the audit.

Basis for qualified audit opinion

The Hall Cemetery Perpetual Care Trust was established to fund the maintenance of the Hall Cemetery. Under arrangements with the Hall Cemetery Perpetual Care Trust, the:

- (i) ACT Public Cemeteries Authority (the Authority) transfers a Ministerially determined percentage of revenue earned from burials, interments of ashes and memorialisation at Hall Cemetery to the Hall Cemetery Perpetual Care Trust. These transfers provide the Hall Cemetery Perpetual Care Trust with funds to meet maintenance costs incurred by the Authority in relation to the Hall Cemetery; and
- (ii) The Hall Cemetery Perpetual Care Trust reimburses the Authority for costs incurred by the Authority in maintaining the Hall Cemetery. Maintenance costs consist of direct maintenance costs and indirect costs disclosed in Note 1(b) of the financial statements.

Direct maintenance costs include maintenance costs and costs of ground staff. Indirect costs charged as maintenance costs include, but are not limited to, a proportion of the costs for administration, electricity, accounting, audit and security incurred by the Authority.

In the Declaration by the Board accompanying the financial statements, the Chair of the Governing Board states that:

... with the exception of the matters described at Note 1 (b), the financial statements and notes present fairly the Trust's financial position as at 30 June 2014 and its performance for the year ended on that date in accordance with accounting policies described in Note 1 to the financial statements.

Note 1(b) of the financial statements in the section titled 'Qualification relating to the Allocation of Indirect Costs to the Hall Perpetual Care Trust', the Governing Board discloses, amongst other things, that:

... the Board has formed the view that there is uncertainty around the use and application of the Perpetual Care Trust model in relation to the validity of charges for indirect costs as maintenance costs from the Perpetual Care Trusts...

... On this basis the Board has decided to qualify the financial statements in respect of the uncertainty of the balances listed to the extent these balances include amounts relating to the Trust's payment of indirect maintenance costs to the Authority.

As the Governing Board has been unable to determine whether indirect maintenance costs have been correctly charged to the Hall Cemetery Perpetual Care Trust, I have been unable to obtain sufficient and appropriate audit evidence that indirect maintenance costs charged to the Hall Cemetery Perpetual Care Trust are valid.

As a result, no audit opinion can be expressed on the amounts disclosed as:

- (i) Indirect costs related to the management of cemetery maintenance in Note 1(b): 'Perpetual Trust Arrangements' of the financial statements;
- (ii) Receivable – ACT Public Cemeteries Authority in Note 3: 'Receivables' of the financial statements; and
- (iii) Reimbursement to the ACT Public Cemeteries Authority for Maintenance and Related Expenditure in the Cash Flow Statement.

Qualified audit opinion

In my opinion, except for the possible effects of the matter described in the **Basis for qualified audit opinion** referred to previously, the financial statements present fairly, in all material respects, the financial position of the Hall Cemetery Perpetual Care Trust as at 30 June 2014 and the results of its operations and cash flows for the year then ended, in accordance with the financial reporting requirements of the *Cemeteries and Crematoria Act 2003* as described in Note 1 of the financial statements.

Basis of accounting

Without modifying the audit opinion, I draw attention to Note 1 of the financial statements which describes the basis of accounting. The special purpose financial statements have been prepared to fulfil financial reporting responsibilities under the *Cemeteries and Crematoria Act 2003*. As a result, the financial statements may not be suitable for another purpose.



Bernie Sheville
Director, Financial Audits
17 September 2014

WODEN CEMETERY PERPETUAL CARE TRUST

**SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

**WODEN CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

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WODEN CEMETERY PERPETUAL CARE TRUST
OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

	Note No.	2014 \$	2013 \$
Income			
<i>Revenue</i>			
Interest		77,862	85,447
Funding from the ACT Public Cemeteries Authority in accordance with the <i>Cemeteries and Crematoria Act 2003</i>	1(b)	945,259	1,055,849
Gains on Investments		118,280	142,025
<i>Total Revenue</i>		<u>1,141,401</u>	<u>1,283,321</u>
Total Income		<u>1,141,401</u>	<u>1,283,321</u>
Expenses			
Bank Charges		3,759	3,135
Reimbursement of Maintenance and Related Expenditure Incurred by the ACT Public Cemeteries Authority	1(b)	908,556	901,694
Total Expenses		<u>912,315</u>	<u>904,829</u>
Operating Surplus		<u>229,086</u>	<u>378,492</u>
Total Comprehensive Income		<u>229,086</u>	<u>378,492</u>

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

WODEN CEMETERY PERPETUAL CARE TRUST
BALANCE SHEET
AS AT 30 JUNE 2014

	Note No.	2014 \$	2013 \$
Current Assets			
Cash and Cash Equivalents	2	322,799	139,720
Receivable - Woden Mausoleum Perpetual Care Trust		-	15,656
Receivable - ACT Public Cemeteries Authority	3	244,700	-
Total Current Assets		567,499	155,376
Non-Current Assets			
Investments	4	1,537,066	1,787,514
Total Non-Current Assets		1,537,066	1,787,514
Total Assets		2,104,565	1,942,890
Current Liabilities			
Payable – ACT Public Cemeteries Authority	5	-	67,411
Total Current Liabilities		-	67,411
Total Liabilities		-	67,411
Net Assets		2,104,565	1,875,479
Equity			
Reserve for Maintenance and Related Expenditure		2,745,009	2,278,040
Accumulated (Deficits)		(640,444)	(402,561)
Total Equity		2,104,565	1,875,479

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

**WODEN CEMETERY PERPETUAL CARE TRUST
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014**

	Accumulated Deficits 2014 \$	Maintenance Reserve 2014 \$	Total Equity 2014 \$
Balance at 1 July 2013	<u>(402,561)</u>	<u>2,278,040</u>	<u>1,875,479</u>
Comprehensive Income			
Operating Surplus	229,086	-	229,086
Total Comprehensive Income	<u>229,086</u>	<u>-</u>	<u>229,086</u>
Transfer to Maintenance Reserve ^a	(466,969)	466,969	-
Balance at 30 June 2014	<u>(640,444)</u>	<u>2,745,009</u>	<u>2,104,565</u>

a. The Authority is required by Section 11 of the *Cemeteries and Crematoria Act 2003* to transfer 33.0% of revenue to the Cemetery's Maintenance Reserve. The amount in the Maintenance Reserve is set aside for the sole purpose of funding future maintenance requirements of the Cemetery and cannot be accessed without Ministerial approval.

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

WODEN CEMETERY PERPETUAL CARE TRUST
STATEMENT OF CHANGES IN EQUITY – CONTINUED
FOR THE YEAR ENDED 30 JUNE 2014

	Accumulated Deficits 2013 \$	Maintenance Reserve 2013 \$	Total Funds 2013 \$
Balance at 1 July 2012	<u>(259,451)</u>	<u>1,756,438</u>	<u>1,496,987</u>
Comprehensive Income			
Operating Surplus	378,492	-	378,492
Total Comprehensive Income	<u>378,492</u>	<u>-</u>	<u>378,492</u>
Transfer to Maintenance Reserve ^a	(521,602)	521,602	0
Balance at 30 June 2013	<u>(402,561)</u>	<u>2,278,040</u>	<u>1,875,479</u>

- a. The Authority is required by Section 11 of the *Cemeteries and Crematoria Act 2003* to transfer 33.0% of revenue to the Cemetery's Maintenance Reserve. The amount in the Maintenance Reserve is set aside for the sole purpose of funding future maintenance requirements of the Cemetery and cannot be accessed without Ministerial approval.

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

WODEN CEMETERY PERPETUAL CARE TRUST
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

	Note No.	2014 \$	2013 \$
Cash Flows from Operating Activities			
Receipts			
Interest Received		77,862	85,447
Cash Received from the ACT Public Cemeteries Authority		633,148	759,900
Cash Received from the Woden Mausoleum Perpetual Care Trust		15,658	-
Total Receipts from Operating Activities		726,668	845,347
Payments			
Bank Charges		3,759	3,135
Reimbursement to the ACT Public Cemeteries Authority for Maintenance and Related Expenditure ^a		908,558	644,435
Total Payments from Operating Activities		912,317	647,570
Net Cash Inflows from Operating Activities	6	(185,649)	197,777
Cash Flows from Investing Activities			
Receipts			
Sale of Investments		368,728	-
Total Receipts from Investing Activities		368,728	-
Payments			
Purchase of Investments		-	610,000
Total Payments from Investing Activities		-	610,000
Net Cash Inflows/(Outflows) from Investing Activities		368,728	(610,000)
Net Increase/(Decrease) in Cash and Cash Equivalents		183,079	(412,223)
Cash and Cash Equivalents at the Beginning of the Reporting Period		139,720	551,943
Cash and Cash Equivalents at the End of the Reporting Period		322,799	139,720

- a. As explained in Note 1(b), there is uncertainty that the payments to the ACT Public Cemeteries Authority have been correctly calculated due to uncertainties about the validity of amounts that are reimbursable from the Perpetual Care Trusts.

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

WODEN CEMETERY PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1. Summary of Significant Accounting Policies

This note provides a list of all significant accounting policies adopted in preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Accounting and Reporting

These financial statements are special purpose financial statements prepared in order to satisfy the requirements of Section 16B of the *Cemeteries and Crematoria Act 2003* (the Act). The ACT Public Cemeteries Authority (the Authority) has determined that the Woden Cemetery Perpetual Care Trust is not a reporting entity.

The financial statements have been prepared on an accruals and historical cost basis, except for investments that are measured at fair value.

Cash and Cash Equivalents

For the purposes of the Cash Flow Statement and the Balance Sheet, cash includes cash at bank, cash on hand and demand deposits. Perpetual Care Trust money held in the Public Trustee Fund is classified as a Cash Equivalent.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are included in cash and cash equivalents in the Cash Flow Statement but not in the cash and cash equivalents line on the Balance Sheet.

Receivables

Accounts receivable are initially recognised at fair value and are subsequently measured at amortised cost, with any adjustments to the carrying amount being recorded in the Operating Statement.

Payables

Payables are a financial liability and initially recognised at fair value based on the transaction cost and subsequent to initial recognition at amortised cost, with any adjustments to the carrying amount being recorded in the Operating Statement. All amounts are normally settled within 30 days after the invoice date.

WODEN CEMETERY PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1. Summary of Significant Accounting Policies - Continued

Investments

Short-term and long-term investments are held with the Public Trustee in unit trusts called the Growth Investment Funds. The prices of units in the unit trusts fluctuate in value. The net gain or loss on investments consists of the fluctuation in price of the unit trusts between the end of the last reporting period and the end of this reporting period as well as any profit on the sale of units in the unit trusts (the profit being the difference between the price at the end of the last reporting period and the sale price). The net gains or losses do not include interest or dividend income.

The investments are measured at fair value with any adjustments to the carrying amount recorded in the Operating Statement. Fair value is based on an underlying pool of investments which have quoted market prices at the reporting date.

Revenue Recognition

Revenue is recognised at the fair value of the consideration received or receivable in the Operating Statement. All revenue is recognised to the extent that it is probable that the economic benefits will flow to the Trust and the revenue can be reliably measured.

Interest revenue is recognised using the effective interest method.

WODEN CEMETERY PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1. Summary of Significant Accounting Policies - Continued

(b) Perpetual Trust Arrangements

A Perpetual Care Trust has been established for the Woden Cemetery in accordance with Section 9 of the Act. The Woden Cemetery Perpetual Care Trust is established for the long-term and short-term maintenance of the cemetery. The Public Trustee is the Trustee of the Perpetual Care Trust, however, the Authority is responsible for management of the Trust.

The Authority is required to provide to the Trust a percentage of the revenue for each burial, interment of ashes or memorialisation at each cemetery (the Perpetual Care Trust percentage) in accordance with the Minister's determination. The Authority is also required to provide to the Trust a percentage of revenue to have as a reserve for future maintenance and related expenditure (the Perpetual Care Trust Reserve percentage).

In accordance with Section 11 of the Act, the Perpetual Care Trust percentages determined by the Minister for the Woden Perpetual Care Trust were 33.8% (the Perpetual Care Trust amount) and 33.0% (the Perpetual Care Trust Reserve amount). It is expected the percentage will be reviewed at least every five years.

Funds received by the Authority for Woden Cemetery from the sale of allotments for 2014 was \$1,415,059 and the breakdown of funding received from the Authority is as follows:

	2014	2013
	\$	\$
Contribution Income (33.8%)	478,290	534,247
Contribution Reserve Income (33.0%)	466,969	521,602
Total Funding Received	945,259	1,055,849

WODEN CEMETERY PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1 Summary of Significant Accounting Policies – Continued

(b) Perpetual Trust Arrangements – Continued

The Authority is also required to spend perpetual care funds of each Trust for maintenance of each cemetery in accordance with the Act.

The Act does not prescribe how 'maintenance' is defined, and consequently does not prescribe how the Perpetual Care Trust percentages are to be determined, except in general terms. The Perpetual Care Trust percentages determined by the Minister, and used as the basis for the provision of funds for the maintenance of the Woden Cemetery, has been determined on a 'full cost' basis – i.e. the expenditure incurred against the Trust will allow for not only the 'direct' cemetery costs, but also the proportion of 'indirect' costs incurred by the Trustee that are associated with the management of Cemetery maintenance. The expenditure has been allocated to the Trust on a basis of maintenance expenditure by the Authority for the Woden Cemetery.

The amount of Cemetery maintenance expenditure of the Trust is as follows:

	2014	2013
	\$	\$
Direct Maintenance Costs ^a	476,162	474,215
Indirect Costs Related to the Management of Cemetery Maintenance ^b	432,394	427,479
Total Maintenance Costs	908,556	901,694

- a. Direct maintenance costs includes overheads for maintenance that are directly allocated to the maintenance of the Woden Cemetery as well as the direct staff time costs for ground staff. Direct maintenance costs increased due to the increased expenditure on ground maintenance and the higher cost of using temporary staff during the reporting period.
- b. Indirect maintenance is based on total indirect administrative costs paid by the ACT Public Cemeteries Authority allocated to the Woden Perpetual Care Trust based on Woden Cemetery's revenue as a percentage of total revenue of the Authority.

**WODEN CEMETERY PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

1 Summary of Significant Accounting Policies – Continued

(b) Perpetual Trust Arrangements – Continued

Qualification relating to the Allocation of Indirect Costs to the Woden Perpetual Care Trust

The Authority is required by legislation to establish a separate perpetual care trust for each cemetery for the short-term and long-term maintenance of the cemetery including but not limited to; the grounds, monuments, memorials, tombstones, gravestones, tablets, monumental inscriptions, mausoleums, vaults and graves; walls, fences, paths, roads, drains and other works of the cemetery. The Authority charges each Perpetual Care Trust for maintenance of each cemetery or mausoleum and is subsequently reimbursed by the relevant Perpetual Care Trust.

The Act does not prescribe how 'maintenance' is defined. In the current and previous years, the Authority has charged the Perpetual Care Trusts for the maintenance of the relevant cemetery or mausoleum on a 'full cost' basis. A full cost basis means that the Authority has charged the Perpetual Care Trusts for direct maintenance and a proportion of 'indirect' costs that represent the proportion of overhead costs of the Authority that have been allocated to maintenance costs. These indirect costs being charged by the Authority include, but are not limited to, costs recovered by the Authority for Management and Administration Staff costs and other overheads like insurance, office expenses, rates, security and equipment.

During the audit of the financial statements, a query was raised about the basis on which the Authority was charging indirect costs to each Perpetual Care Trust and being subsequently reimbursed for indirect costs being charged.

The Board sought external actuarial advice from the company who prepared the Perpetual Care Trust model, Abraxa, in relation to the application and use of the model. The advice from Abraxa indicates that the Perpetual Care Trust model was not intended to be used for the allocation of indirect costs to the Perpetual Care Trust. The indicated that there were difficulties with the current application of the model including observations that 'there are a number of inconsistencies with the model' in relation to the inclusion of some specific indirect costs. The inconsistencies between the model and its application includes, but is not limited to costs recovered by the Authority for advertising, consultants, and depreciation being included; capital, irrigation and purchases of minor equipment not being claimed; and the incorrect percentage being applied to management and administrative wages. The model was created 'primarily to determine the Perpetual Care Trust revenue percentages to apply, it was not designed to be the basis for the allocation of costs and apportionment of overheads, although it is conceivable to reverse engineer the model to use it for this purpose'.

WODEN CEMETERY PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1 Summary of Significant Accounting Policies – Continued

(b) Perpetual Trust Arrangements – Continued

Based on this advice, the Board has formed the view that there is uncertainty around the use and application of the Perpetual Care Trust model in relation to the validity of charges for indirect costs as maintenance costs from the Perpetual Care Trusts.

The uncertainty in the financial statements from the allocation of indirect maintenance expenditure relates to the following Notes:

	2014	2013
Expenses - Indirect Costs from Authority (note 1b)	\$432,394	\$427,479
Receivables – ACT Public Cemeteries Authority (note 3)	\$244,700	\$-
Payables – ACT Public Cemeteries Authority (note 5)	\$-	\$67,411
Reimbursement to the ACT Public Cemeteries Authority for Maintenance and Related Expenditure (cash flow statement – payments)	\$908,558	\$644,435

On this basis the Board has decided to qualify the financial statements in respect of the uncertainty of the balances listed to the extent these balances include amounts relating to the Trust's payment of indirect maintenance costs to the Authority.

The Authority will be recommending to the Minister that a comprehensive review of the Perpetual Care Trust arrangements be conducted in 2014-15.

WODEN CEMETERY PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

2 Cash and Cash Equivalents

The Woden Perpetual Care Trust holds two bank accounts with the Public Trustee for the Australian Capital Territory. These accounts are for the Perpetual Care Trust and the Perpetual Care Trust Reserve. The breakdown for the two accounts is as follows:

	2014	2013
	\$	\$
Perpetual Care Trust ^a	4,368	11,870
Perpetual Care Trust Reserve ^b	318,431	127,850
Total Cash and Cash Equivalents	322,799	139,720

- a. The Perpetual Care Trust decreased due to reimbursements paid to the ACT Public Cemeteries Authority for maintenance and related expenditure.
- b. The Perpetual Care Trust Reserve is a cash reserve to be drawn on by Woden Cemetery for maintenance and related expenditure once all funds of the Perpetual Care Trust are depleted and the Authority is no longer able to fund this activity.

3 Receivables

	2014	2013
	\$	\$
Receivable - Woden Mausoleum Perpetual Care Trust	-	15,656
Receivable - ACT Public Cemeteries Authority ^a	244,700	-
Total Receivables	244,700	15,656

- a. The amounts owed to the Woden Perpetual Care Trust for revenue from the Authority at 30 June.
- b. Receivables from the ACT Public Cemeteries Authority Trusts are net receivables consisting of revenue received from the Authority net of reimbursements payable to the Authority for maintenance expenditure. As disclosed in Note 1(b) the Board is uncertain that the amount receivable from the Authority has been correctly calculated due to uncertainties about the validity of amounts that are reimbursable from the Perpetual Care Trusts.

WODEN CEMETERY PERPETUAL CARE TRUST

**NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

4 Investments

The purpose of the investment in the Growth Investment Fund is to hold it for a period longer than 12 months. The total carrying amount of the Growth Investment Fund has been measured at fair value.

	2014	2013
	\$	\$
Non-Current Investments		
Growth Investment Fund – Woden ^a	1,537,066	1,787,514
Total Non-Current investments	1,537,066	1,787,514

a. Units in Growth Investments Funds were sold during the year, with movements in value recorded to the operating statement. Any gains are to be drawn on by Woden Cemetery for maintenance and related expenditure.

5 Payables

	2014	2013
	\$	\$
ACT Public Cemeteries Authority	-	67,411
Total Payables	-	67,411

- a. The amount payable the ACT Public Cemeteries Authority decreased due to direct and indirect maintenance costs significantly decreasing during the June month, while payments made to the Authority increased resulting in a Receivable.
- b. As disclosed in Note 1(b) there is uncertainty that the amount payable by the Perpetual Care Trust to the Authority has been correctly calculated due to uncertainties about the validity of amounts that are reimbursable from the Perpetual Care Trusts.

WODEN CEMETERY PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

6 Cash Flow Reconciliation	2014	2013
	\$	\$
Operating Surplus	229,086	378,492
Add Items Classified as Investing or Financing		
(Gains) on Investments	(118,280)	(142,025)
Cash Before Changes in Operating Assets and Liabilities	110,806	236,467
Changes in Operating Assets and Liabilities		
(Increase) in Receivables	(229,044)	(15,656)
(Decrease) in Payables	(67,411)	(23,034)
Net Changes in Operating Assets and Liabilities	(296,455)	(38,690)
Net Cash Inflows from Operating Activities	(185,649)	197,777

**WODEN CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

DECLARATION BY THE CHIEF EXECUTIVE OFFICER

I, the Chief Executive Officer of the ACT Public Cemeteries Authority, declare that:

- 1 the Woden Cemetery Perpetual Care Trust is not a reporting entity and that these special purpose financial statements were prepared in accordance with the accounting policies outlined in Note 1 to the financial statements;
- 2 with the exception of the matters described at Note 1 (b), the financial statements and notes present fairly the Trust's financial position as at 30 June 2014 and its performance for the year ended on that date in accordance with accounting policies described in Note 1 to the financial statements.



Hamish Horne
Chief Executive Officer
ACT Public Cemeteries Authority
17 September 2014

**WODEN CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

DECLARATION BY THE BOARD

I, the Chairperson of the ACT Public Cemeteries Authority, declare that:

- 1 the Woden Cemetery Perpetual Care Trust is not a reporting entity and that these special purpose financial statements were prepared in accordance with the accounting policies outlined in Note 1 to the financial statements;
- 2 with the exception of the matters described at Note 1 (b), the financial statements and notes present fairly the Trust's financial position as at 30 June 2014 and its performance for the year ended on that date in accordance with accounting policies described in Note 1 to the financial statements.

On behalf of the Board.



Diane Kargas AM

Chair

ACT Public Cemeteries Authority

17 September 2014

INDEPENDENT AUDIT REPORT**WODEN CEMETERY PERPETUAL CARE TRUST****To the Members of the ACT Legislative Assembly****Report on the special purpose financial statements**

The special purpose financial statements (financial statements) of the Woden Cemetery Perpetual Care Trust for the year ended 30 June 2014 have been audited. These comprise the operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes.

Responsibility for the financial statements

The Governing Board of the ACT Public Cemeteries Authority (the Governing Board) is responsible for the preparation and fair presentation of the financial statements. The Governing Board has determined that the basis of preparation described in Note 1 of the financial statements is appropriate to meet the financial reporting requirements of the *Cemeteries and Crematoria Act 2003*.

The Governing Board is also responsible for maintaining adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and the accounting policies and estimates used in the preparation of the financial statements.

The auditor's responsibility

Under the *Cemeteries and Crematoria Act 2003*, I am responsible for expressing an independent audit opinion on the financial statements.

The audit was conducted in accordance with Australian Auditing Standards to provide reasonable assurance that the financial statements are free of material misstatement.

I formed the audit opinion following the use of audit procedures to obtain evidence about the amounts and disclosures in the financial statements. As these procedures are influenced by the use of professional judgement, selective testing of evidence supporting the amounts and other disclosures in the financial statements, inherent limitations of internal control and the availability of persuasive rather than conclusive evidence, an audit cannot guarantee that all material misstatements have been detected.

Although the effectiveness of internal controls is considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

The audit is not designed to provide assurance on the prudence of decisions made by the Governing Board.

Electronic presentation of the audited financial statements

Those viewing an electronic presentation of the financial statements should note that the audit does not provide assurance on the integrity of information presented electronically, and does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from the electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.

Independence

Applicable independence requirements of Australian professional ethical pronouncements were followed in conducting the audit.

Basis for qualified audit opinion

The Woden Cemetery Perpetual Care Trust was established to fund the maintenance of the Woden Cemetery. Under arrangements with the Woden Cemetery Perpetual Care Trust, the:

- (i) ACT Public Cemeteries Authority (the Authority) transfers a Ministerially determined percentage of revenue earned from burials, interments of ashes and memorialisation at Woden Cemetery to the Woden Cemetery Perpetual Care Trust. These transfers provide the Woden Cemetery Perpetual Care Trust with funds to meet maintenance costs incurred by the Authority in relation to the Woden Cemetery; and
- (ii) The Woden Cemetery Perpetual Care Trust reimburses the Authority for costs incurred by the Authority in maintaining the Woden Cemetery. Maintenance costs consist of direct maintenance costs and indirect costs disclosed in Note 1(b) of the financial statements.

Direct maintenance costs include maintenance costs and costs of ground staff. Indirect costs charged as maintenance costs include, but are not limited to, a proportion of the costs for administration, electricity, accounting, audit and security incurred by the Authority.

In the Declaration by the Board accompanying the financial statements, the Chair of the Governing Board states that:

... with the exception of the matters described at Note 1 (b), the financial statements and notes present fairly the Trust's financial position as at 30 June 2014 and its performance for the year ended on that date in accordance with accounting policies described in Note 1 to the financial statements.

Note 1(b) of the financial statements in the section titled 'Qualification relating to the Allocation of Indirect Costs to the Woden Perpetual Care Trust', the Governing Board discloses, amongst other things, that:

... the Board has formed the view that there is uncertainty around the use and application of the Perpetual Care Trust model in relation to the validity of charges for indirect costs as maintenance costs from the Perpetual Care Trusts...

... On this basis, the Board has decided to qualify the financial statements in respect of the uncertainty of the balances listed to the extent these balances include amounts relating to the Trust's payment of indirect maintenance costs to the Authority.

As the Governing Board has been unable to determine whether indirect maintenance costs have been correctly charged to the Woden Cemetery Perpetual Care Trust, I have been unable to obtain sufficient and appropriate audit evidence that indirect maintenance costs charged to the Woden Cemetery Perpetual Care Trust are valid.

As a result, no audit opinion can be expressed on the amounts disclosed as:

- (i) Indirect costs related to the management of cemetery maintenance in Note 1(b): 'Perpetual Trust Arrangements' of the financial statements;
- (ii) Receivable – ACT Public Cemeteries Authority in Note 3: 'Receivables' of the financial statements;
- (iii) Payable – ACT Public Cemeteries Authority in Note 5: 'Payables' of the financial statements; and
- (iv) Reimbursement to the ACT Public Cemeteries Authority for Maintenance and Related Expenditure in the Cash Flow Statement.

Qualified audit opinion

In my opinion, except for the possible effects of the matter described in the **Basis for qualified audit opinion** referred to previously, the financial statements present fairly, in all material respects, the financial position of the Woden Cemetery Perpetual Care Trust as at 30 June 2014 and the results of its operations and cash flows for the year then ended, in accordance with the financial reporting requirements of the *Cemeteries and Crematoria Act 2003* as described in Note 1 of the financial statements.

Basis of accounting

Without modifying the audit opinion, I draw attention to Note 1 of the financial statements which describes the basis of accounting. The special purpose financial statements have been prepared to fulfil financial reporting responsibilities under the *Cemeteries and Crematoria Act 2003*. As a result, the financial statements may not be suitable for another purpose.



Bernie Sheville
Director, Financial Audits
17 September 2014

WODEN MAUSOLEUM PERPETUAL CARE TRUST

**SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

**WODEN MAUSOLEUM PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

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WODEN MAUSOLEUM PERPETUAL CARE TRUST
OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

	Note No.	2014 \$	2013 \$
Income			
<i>Revenue</i>			
Interest		22,685	1,990
Gain on Investment		39,909	-
Funding from the ACT Public Cemeteries Authority in accordance with the <i>Cemeteries and Crematoria Act 2003</i>	1(b)	34,930	271,777
<i>Total Revenue</i>		<u>97,524</u>	<u>273,767</u>
Total Income		<u>97,524</u>	<u>273,767</u>
Expenses			
Reimbursement of Maintenance and Related Expenditure Incurred by the ACT Public Cemeteries Authority	1(b)	5,174	4,324
Bank Charges		1,248	228
Total Expenses		<u>6,422</u>	<u>4,552</u>
Operating Surplus		<u>91,102</u>	<u>269,215</u>
Total Comprehensive Income		<u>91,102</u>	<u>269,215</u>

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

WODEN MAUSOLEUM PERPETUAL CARE TRUST
BALANCE SHEET
AS AT 30 JUNE 2014

	Note No.	2014 \$	2013 \$
Current Assets			
Cash and Cash Equivalents	2	320,667	125,525
Receivable – ACT Public Cemeteries Authority	3	-	497,551
Total Current Assets		320,667	623,076
Non-Current Assets			
Investments	4	584,658	-
Total Non-Current Assets		584,658	-
Total Assets		905,325	623,076
Current Liabilities			
Payable – Woden Cemetery Perpetual Care Trust		-	15,657
Payable – ACT Public Cemeteries Authority	5	206,802	-
Total Current Liabilities		206,802	15,657
Total Liabilities		206,802	15,657
Net Assets		698,523	607,419
Equity			
Reserve for Maintenance and Related Expenditure		530,200	501,619
Accumulated Surplus		168,323	105,800
Total Equity		698,523	607,419

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

WODEN MAUSOLEUM PERPETUAL CARE TRUST
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Accumulated Funds 2014 \$	Maintenance Reserve 2014 \$	Total Equity 2014 \$
Balance at 1 July 2013	105,800	501,621	607,421
Comprehensive Income			
Operating Surplus	91,102	-	91,102
Total Comprehensive Income	91,102	-	91,102
Transfer to the Maintenance Reserve ^a	(28,579)	28,579	-
Balance at 30 June 2014	168,323	530,200	698,523

- a. The Authority is required by Section 11 of the Cemeteries and Crematoria Act 2003 to transfer 60.3% of revenue to the Cemetery's Maintenance Reserve. The Mausoleum's The amount in the Maintenance Reserve is set aside for the sole purpose of funding future maintenance requirements of the Cemetery and cannot be accessed without Ministerial approval.

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

**WODEN MAUSOLEUM PERPETUAL CARE TRUST
STATEMENT OF CHANGES IN EQUITY – CONTINUED
FOR THE YEAR ENDED 30 JUNE 2014**

	Accumulated Funds 2013 \$	Maintenance Reserve 2013 \$	Total Equity 2013 \$
Balance at 1 July 2012	58,949	279,257	338,206
Comprehensive Income			
Operating Surplus	269,215	-	269,215
Total Comprehensive Income	269,215	-	269,215
Transfer to Maintenance Reserve ^a	(222,364)	222,364	-
Balance at 30 June 2013	105,800	501,621	607,421

- a. The Authority is required by Section 11 of the Cemeteries and Crematoria Act 2003 to transfer 60.3% of revenue to the Cemetery's Maintenance Reserve. The amount in the Maintenance Reserve is set aside for the sole purpose of funding future maintenance requirements of the Cemetery and cannot be accessed without Ministerial approval.

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

WODEN MAUSOLEUM PERPETUAL CARE TRUST
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

	Note No.	2014 \$	2013 \$
Cash Flows from Operating Activities			
Receipts			
Interest Received		22,685	1,990
Funding Received from the ACT Public Cemeteries Authority		739,283	200,114
Total Receipts from Operating Activities		761,968	202,104
Payments			
Bank Charges		1,248	230
Reimbursement to the ACT Public Cemeteries Authority for Maintenance and Related Expenditure ^a		5,173	76,349
Reimbursement to the Woden Cemetery Perpetual Care Trust		15,658	-
Total Payments from Operating Activities		22,079	76,579
Net Cash Inflows from Operating Activities	6	739,889	125,525
Cash Flows from Investing Activities			
Payments			
Purchase of Investments		544,747	-
Total Payments from Investing Activities		(544,747)	-
Net Cash Inflows from Investing Activities		(544,747)	-
Net Increase in Cash and Cash Equivalents		195,142	125,525
Cash and Cash Equivalents at the Beginning of the Reporting Period		125,525	-
Cash and Cash Equivalents at the End of the Reporting Period		320,667	125,525

- a. As explained in Note 1(b), there is uncertainty that the payments to the ACT Public Cemeteries Authority have been correctly calculated due to uncertainties about the validity of amounts that are reimbursable from the Perpetual Care Trusts.

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

WODEN MAUSOLEUM PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1 Summary of Significant Accounting Policies

This note provides a list of all significant accounting policies adopted in preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Accounting and Reporting

These financial statements are special purpose financial statements prepared in order to satisfy the requirements of Section 16B of the *Cemeteries and Crematoria Act 2003* (the Act). The ACT Public Cemeteries Authority (the Authority) has determined that the Woden Mausoleum Perpetual Care Trust is not a reporting entity.

The financial statements have been prepared on an accruals and historical cost basis, except for investments that are measured at fair value.

Cash and Cash Equivalents

For the purposes of the Cash Flow Statement and the Balance Sheet, cash includes cash at bank, cash on hand and demand deposits. Perpetual Care Trust money held in the Public Trustee Fund is classified as a Cash Equivalent.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are included in cash and cash equivalents in the Cash Flow Statement but not in the cash and cash equivalents line on the Balance Sheet.

Receivables

Accounts receivable are initially recognised at fair value and are subsequently measured at amortised cost, with any adjustments to the carrying amount being recorded in the Operating Statement.

Payables

Payables are a financial liability and initially recognised at fair value based on the transaction cost and subsequent to initial recognition at amortised cost, with any adjustments to the carrying amount being recorded in the Operating Statement. All amounts are normally settled within 30 days after the invoice date.

WODEN MAUSOLEUM PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1 Summary of Significant Accounting Policies - Continued

Investments

Short-term and long-term investments are held with the Public Trustee in unit trusts called the Growth Investment Funds. The prices of units in the unit trusts fluctuate in value. The net gain or loss on investments consists of the fluctuation in price of the unit trusts between the end of the last reporting period and the end of this reporting period as well as any profit on the sale of units in the unit trusts (the profit being the difference between the price at the end of the last reporting period and the sale price). The net gains or losses do not include interest or dividend income.

The investments are measured at fair value with any adjustments to the carrying amount recorded in the Operating Statement. Fair value is based on an underlying pool of investments which have quoted market prices at the reporting date.

Revenue Recognition

Revenue is recognised at the fair value of the consideration received or receivable in the Operating Statement. All revenue is recognised to the extent that it is probable that the economic benefits will flow to the Trust and the revenue can be reliably measured.

Interest revenue is recognised using the effective interest method.

**WODEN MAUSOLEUM PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

1 Summary of Significant Accounting Policies - Continued

(b) Perpetual Trust Arrangements

A Perpetual Care Trust has been established for the Woden Mausoleum in accordance with Section 9 of the Act. The Perpetual Care Trust is established for the long-term and short-term maintenance of the Mausoleum. The Public Trustee is the trustee of the Perpetual Care Trust, however, the Authority is responsible for its management.

The Authority is required to provide to the Trust a percentage of the revenue for each burial, interment of ashes or memorialisation at each cemetery (the Perpetual Care Trust percentage) in accordance with the Minister's determination. The Authority is also required to provide to the Trust a percentage of revenue to have as a reserve for future maintenance and related expenditure (the Perpetual Care Trust Reserve percentage).

In accordance with Section 11 of the Act, the Perpetual Care Trust percentages determined by the Minister for Woden Mausoleum Perpetual Care Trust were 13.4% (the Perpetual Care Trust amount) and 60.3% (the Perpetual Care Trust reserve amount). It is expected the percentage will be reviewed at least every five years.

Funds received by the Authority for the Woden Cemetery Mausoleum from the sale of allotments for 2014 was \$47,395 and the breakdown of funding received from the Authority is as follows:

	2014	2013
	\$	\$
Contribution Income (13.4%)	6,351	49,414
Contribution Reserve Income (60.3%)	28,579	222,363
Total Funding Received	34,930	271,777

WODEN MAUSOLEUM PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1 Summary of Significant Accounting Policies – Continued

(b) Perpetual Trust Arrangements – Continued

The Authority is also required to spend perpetual care funds of each Trust for maintenance of each cemetery and mausoleum in accordance with the Act.

The Act does not prescribe how 'maintenance' is defined, and consequently does not prescribe how the Perpetual Care Trust maintenance percentage is to be determined, except in general terms. The Perpetual Care Trust percentage provided by the Minister for the Woden Mausoleum has been determined on a 'full cost' basis – i.e. the expenditure incurred against the Trust could allow for 'direct' and 'indirect' mausoleum maintenance costs incurred by the Authority that are associated with the management of mausoleum maintenance. However, the Authority has determined that the application of 'indirect' costs on the basis of total revenue received by the Authority in relation to each cemetery and mausoleum would result in a disproportionate allocation of indirect expenditure that is not reasonably associated with the maintenance costs of the Woden Mausoleum. Therefore, the Authority believes it is appropriate that, in the short term, no 'indirect' costs should be allocated to the Woden Mausoleum in either the current or previous reporting periods.

The amount of cemetery maintenance expenditure of the Trust is as follows:

	2014	2013
	\$	\$
Direct Maintenance Costs ^a	5,174	4,324
Indirect Maintenance Costs ^b	-	-
Total Maintenance Costs	5,174	4,324

a. Direct maintenance costs includes overheads for maintenance that are directly allocated to the maintenance of the Woden Mausoleum as well as the direct staff time costs for ground staff. Direct maintenance costs increased due to the increased expenditure on maintenance including higher costs maintenance of internal doors and floor tiles during the reporting period.

b. Indirect maintenance is based on total indirect administrative costs paid by the ACT Public Cemeteries Authority. Due to the low level of activity, it was decided that Mausoleum should not be allocated any indirect maintenance costs.

WODEN MAUSOLEUM PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1 Summary of Significant Accounting Policies – Continued

(b) Perpetual Trust Arrangements – Continued

Qualification relating to the Allocation of Indirect Costs to the Woden Mausoleum Perpetual Care Trust

The Authority is required by legislation to establish a separate perpetual care trust for each cemetery for the short-term and long-term maintenance of the cemetery including but not limited to; the grounds, monuments, memorials, tombstones, gravestones, tablets, monumental inscriptions, mausoleums, vaults and graves; walls, fences, paths, roads, drains and other works of the cemetery. The Authority charges each Perpetual Care Trust for maintenance of each cemetery or mausoleum and is subsequently reimbursed by the relevant Perpetual Care Trust.

The Act does not prescribe how 'maintenance' is defined. In the current and previous years, the Authority has charged the Perpetual Care Trusts for the maintenance of the relevant cemetery or mausoleum on a 'full cost' basis. A full cost basis means that the Authority has charged the Perpetual Care Trusts for direct maintenance and a proportion of 'indirect' costs that represent the proportion of overhead costs of the Authority that have been allocated to maintenance costs. These indirect costs being charged by the Authority include, but are not limited to, costs recovered by the Authority for Management and Administration Staff costs and other overheads like insurance, office expenses, rates, security and equipment.

During the audit of the financial statements, a query was raised about the basis on which the Authority was charging indirect costs to each Perpetual Care Trust and being subsequently reimbursed for indirect costs being charged.

The Board sought external actuarial advice from the company who prepared the Perpetual Care Trust model, Abraxa, in relation to the application and use of the model. The advice from Abraxa indicates that the Perpetual Care Trust model was not intended to be used for the allocation of indirect costs to the Perpetual Care Trust. The indicated that there were difficulties with the current application of the model including observations that 'there are a number of inconsistencies with the model' in relation to the inclusion of some specific indirect costs. The inconsistencies between the model and its application includes, but is not limited to costs recovered by the Authority for advertising, consultants, and depreciation being included; capital, irrigation and purchases of minor equipment not being claimed; and the incorrect percentage being applied to management and administrative wages. The model was created 'primarily to determine the Perpetual Care Trust revenue percentages to apply, it was not designed to be the basis for the allocation of costs and apportionment of overheads, although it is conceivable to reverse engineer the model to use it for this purpose'.

WODEN MAUSOLEUM PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1 Summary of Significant Accounting Policies – Continued

(b) Perpetual Trust Arrangements – Continued

Based on this advice, the Board has formed the view that there is uncertainty around the use and application of the Perpetual Care Trust model in relation to the validity of charges for indirect costs as maintenance costs from the Perpetual Care Trusts.

The uncertainty in the financial statements from the allocation of indirect maintenance expenditure relates to the following Notes:

	2014	2013
Expenses- Indirect Costs from Authority (note 1b)	\$-	\$-
Receivables – ACT Public Cemeteries Authority (note 3)	\$-	\$497,552
Payables – ACT Public Cemeteries Authority (note 5)	\$206,802	\$-
Reimbursement to the ACT Public Cemeteries Authority for Maintenance and Related Expenditure (cash flow statement – payments)	\$5,173	\$76,349

On this basis the Board has decided to qualify the financial statements in respect of the uncertainty of the balances above to the extent these balances include amounts relating to the Trust's payment of indirect maintenance costs to the Authority.

The Authority will be recommending to the Minister that a comprehensive review of the Perpetual Care Trust arrangements be conducted in 2014-15.

WODEN MAUSOLEUM PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

2 Cash and Cash Equivalents

The Woden Mausoleum Perpetual Care Trust holds two bank accounts with the Public Trustee for the Australian Capital Territory. These accounts are for the Woden Mausoleum Perpetual Care Trust and the Woden Mausoleum Perpetual Care Trust Reserve. The breakdown for the two accounts is as follows:

	2014	2013
	\$	\$
Perpetual Care Trust ^a	236,320	4
Perpetual Care Trust Reserve ^b	84,347	125,521
Total Cash and Cash Equivalents	320,667	125,525

- a. The Perpetual Care Trust increase was the result of a transfer made in July 2013 to account for prior period allocations not paid. This amount has not yet been drawn down upon by the Authority.
- b. The Perpetual Care Trust Reserve is a cash reserve to be drawn on by Woden Mausoleum for maintenance and related expenditure once all funds of the Trust are depleted. The Reserve has decreased due to the purchase of investments from money available.

3 Receivables

	2014	2013
	\$	\$
Receivable – ACT Public Cemeteries Authority ^a	-	497,552
Total Receivables	-	497,552

- a. Receivables from to the ACT Public Cemeteries Authority are net receivables consisting of revenue received from the Authority net of reimbursements payable to the Authority for maintenance expenditure. As disclosed in Note 1(b) the Board is uncertain that the amount receivable from the Authority has been correctly calculated due to uncertainties about the validity of amounts that are reimbursable from the Perpetual Care Trusts.

4 Investments

The purpose of the investment in the Growth Investment Fund is to hold it for a period longer than 12 months. The total carrying amount of the Growth Investment Fund below has been measured at fair value.

	2014	2013
	\$	\$
Non-Current Investments		
Growth Investment Fund – Mausoleum ^a	584,658	-
Total Non-Current investments	584,658	-

- a. Funds from the Perpetual Care Trust Reserve account were used to purchase units in the Growth Investment Fund.

WODEN MAUSOLEUM PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

5 Payables

	2014	2013
	\$	\$
Payable - Woden Cemetery Perpetual Care Trust	-	15,658
Payable - ACT Public Cemeteries Authority ^a	206,802	-
Total Payables	206,802	15,658

- a. The amount payable the ACT Public Cemeteries Authority increased due to direct maintenance costs significantly increasing during the June 2014. This amount is to be paid to the Authority in July 2014.
- b. As disclosed in Note 1(b) there is uncertainty that the amount payable by the Perpetual Care Trust to the Authority has been correctly calculated due to uncertainties about the validity of amounts that are reimbursable from the Perpetual Care Trusts.

6 Cash Flow Reconciliation

	2014	2013
	\$	\$
Operating Surplus	91,102	269,213
Add Items Classified as Investing or Financing		
(Gains) on Investments	(39,909)	-
Cash Before Changes in Operating Assets and Liabilities	51,193	269,213
Changes in Operating Assets and Liabilities		
Decrease/(Increases) in Receivables	497,552	(159,346)
Increase in Payables	191,144	15,658
Net Changes in Operating Assets and Liabilities	688,696	(143,688)
Net Cash Inflows from Operating Activities	739,889	125,525

**WODEN MAUSOLEUM PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

DECLARATION BY THE CHIEF EXECUTIVE OFFICER

I, the Chief Executive Officer of the ACT Public Cemeteries Authority, declare that:

- 1 the Woden Mausoleum Perpetual Care Trust is not a reporting entity and that these special purpose financial statements were prepared in accordance with the accounting policies outlined in Note 1 to the financial statements;
- 2 with the exception of the matters described at Note 1 (b), the financial statements and notes present fairly the Trust's financial position as at 30 June 2014 and its performance for the year ended on that date in accordance with accounting policies described in Note 1 to the financial statements.



Hamish Horne
Chief Executive Officer
ACT Public Cemeteries Authority
17 September 2014

**WODEN MAUSOLEUM PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

DECLARATION BY THE BOARD

I, the Chairperson of the ACT Public Cemeteries Authority, declare that:

- 1 the Woden Mausoleum Perpetual Care Trust is not a reporting entity and that these special purpose financial statements were prepared in accordance with the accounting policies outlined in Note 1 to the financial statements;
- 2 with the exception of the matters described at Note 1 (b), the financial statements and notes present fairly the Trust's financial position as at 30 June 2014 and its performance for the year ended on that date in accordance with accounting policies described in Note 1 to the financial statements.

On behalf of the Board.



Diane Kargas AM

Chair

ACT Public Cemeteries Authority

17 September 2014

INDEPENDENT AUDIT REPORT**WODEN MAUSOLEUM PERPETUAL CARE TRUST**

To the Members of the ACT Legislative Assembly

Report on the special purpose financial statements

The special purpose financial statements (financial statements) of the Woden Mausoleum Perpetual Care Trust for the year ended 30 June 2014 have been audited. These comprise the operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes.

Responsibility for the financial statements

The Governing Board of the ACT Public Cemeteries Authority (the Governing Board) is responsible for the preparation and fair presentation of the financial statements. The Governing Board has determined that the basis of preparation described in Note 1 of the financial statements is appropriate to meet the financial reporting requirements of the *Cemeteries and Crematoria Act 2003*.

The Governing Board is also responsible for maintaining adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and the accounting policies and estimates used in the preparation of the financial statements.

The auditor's responsibility

Under the *Cemeteries and Crematoria Act 2003*, I am responsible for expressing an independent audit opinion on the financial statements.

The audit was conducted in accordance with Australian Auditing Standards to provide reasonable assurance that the financial statements are free of material misstatement.

I formed the audit opinion following the use of audit procedures to obtain evidence about the amounts and disclosures in the financial statements. As these procedures are influenced by the use of professional judgement, selective testing of evidence supporting the amounts and other disclosures in the financial statements, inherent limitations of internal control and the availability of persuasive rather than conclusive evidence, an audit cannot guarantee that all material misstatements have been detected.

Although the effectiveness of internal controls is considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

The audit is not designed to provide assurance on the prudence of decisions made by the Governing Board.

Electronic presentation of the audited financial statements

Those viewing an electronic presentation of the financial statements should note that the audit does not provide assurance on the integrity of information presented electronically, and does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from the electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.

Independence

Applicable independence requirements of Australian professional ethical pronouncements were followed in conducting the audit.

Basis for qualified audit opinion

The Woden Mausoleum Perpetual Care Trust was established to fund the maintenance of the Woden Mausoleum. Under arrangements with the Woden Mausoleum Perpetual Care Trust, the:

- (i) ACT Public Cemeteries Authority (the Authority) transfers a Ministerially determined percentage of revenue earned from burials at the Woden Mausoleum to the Woden Mausoleum Perpetual Care Trust. These transfers provide the Woden Mausoleum Perpetual Care Trust with funds to meet maintenance costs incurred by the Authority in relation to the Woden Mausoleum; and
- (ii) The Woden Mausoleum Perpetual Care Trust reimburses the Authority for costs incurred by the Authority in maintaining the Woden Mausoleum. Maintenance costs consist of direct maintenance costs and indirect costs disclosed in Note 1(b) of the financial statements.

Direct maintenance costs include maintenance costs and costs of ground staff. Indirect costs charged as maintenance costs include, but are not limited to, a proportion of the costs for administration, electricity, accounting, audit and security incurred by the Authority.

In the Declaration by the Board accompanying the financial statements, the Chair of the Governing Board states that:

... with the exception of the matters described at Note 1 (b), the financial statements and notes present fairly the Trust's financial position as at 30 June 2014 and its performance for the year ended on that date in accordance with accounting policies described in Note 1 to the financial statements.

Note 1(b) of the financial statements in the section titled 'Qualification relating to the Allocation of Indirect Costs to the Woden Mausoleum Perpetual Care Trust', the Governing Board discloses, amongst other things, that:

... the Board has formed the view that there is uncertainty around the use and application of the Perpetual Care Trust model in relation to the validity of charges for indirect costs as maintenance costs from the Perpetual Care Trusts...

... On this basis, the Board has decided to qualify the financial statements in respect of the uncertainty of the balances listed to the extent these balances include amounts relating to the Trust's payment of indirect maintenance costs to the Authority.

As the Governing Board has been unable to determine whether indirect maintenance costs have been correctly charged to the Woden Mausoleum Perpetual Care Trust, I have been unable to obtain sufficient and appropriate audit evidence that indirect maintenance costs charged to the Woden Mausoleum Perpetual Care Trust are valid.

As a result, no audit opinion can be expressed on the amounts disclosed as:

- (i) Indirect costs related to the management of mausoleum maintenance in Note 1(b): 'Perpetual Care Trust Arrangements' of the financial statements;
- (ii) Receivable – ACT Public Cemeteries Authority in Note 3: 'Receivables' of the financial statements;
- (iii) Payable – ACT Public Cemeteries Authority in Note 5: 'Payables' of the financial statements; and
- (iv) Reimbursement to the ACT Public Cemeteries Authority for Maintenance and Related Expenditure in the Cash Flow Statement.

Qualified audit opinion

In my opinion, except for the possible effects of the matter described in the **Basis for qualified audit opinion** referred to previously, the financial statements present fairly, in all material respects, the financial position of the Woden Mausoleum Perpetual Care Trust as at 30 June 2014 and the results of its operations and cash flows for the year then ended, in accordance with the financial reporting requirements of the *Cemeteries and Crematoria Act 2003* as described in Note 1 of the financial statements.

Basis of accounting

Without modifying the audit opinion, I draw attention to Note 1 of the financial statements which describes the basis of accounting. The special purpose financial statements have been prepared to fulfil financial reporting responsibilities under the *Cemeteries and Crematoria Act 2003*. As a result, the financial statements may not be suitable for another purpose.



Bernie Sheville
Director, Financial Audits
17 September 2014

F.3 CAPITAL WORKS

The ACT Public Cemeteries Authority (the Authority) is a self-funding statutory authority and manages all cemetery related infrastructure to provide an efficient and reliable service to the community. The majority of capital works are carried out by the Authority and are, therefore, funded in-house. All procurement activity with a value of over \$5,000 is approved by the Board.

In 2013–14 the Authority invested \$655,497 (including staff costs) in its capital expenditure program and performed significant planning and preparation for works to be carried out in 2014–15. In 2013 the Authority created a full-time project manager position to improve the professionalism and efficiency in the delivery of capital works projects.

The Authority works closely with Shared Services Procurement and the Territory and Municipal Services Directorate to deliver its projects.

TABLE 19 MAJOR COMPLETED PROJECTS

Description	Original Value \$000	Prior year Expenditure \$000	2013–14 Expenditure \$000	Total Expenditure 000\$	Estimated Completion date	Practical Completion Date
Southern Memorial Park planning *	727	369	276	645	2011	May 2014
Woden Cemetery waiting room/office and main gate refurbishment	130	-	130	130	Dec 2013	May 2014
Road works Woden & Gungahlin	150	-	150	150	Dec 2013	Nov 2013
Woden yard improvements	35	-	35	35	March 2014	June 2014
Signage – all sites	25	10	15	25	March 2013	July 2013

* Funding provided by the ACT Government

TABLE 20 NEW WORKS STILL IN PROGRESS

Description	Original value \$000	Expenditure at 30 June 2014 \$000	Estimated completion date	Revised comp. date
Woden Cemetery Mausoleum Extension	2,500	48	March 2015	May 2015
Site Water Management Improvements Stg 1 Gungahlin	100		Dec 2014	March 2015
New Lawn Burial Area Gungahlin	50	5	Dec 2014	Dec 2014
Baby's Garden Woden	50	3	Sept 2014	Sept 2014
Woden Storage Shed	105		June 2014	Sept 2014
Orthodox Portion 24 Gungahlin	80		Sept 2014	Oct 2014

F.4 ASSET MANAGEMENT

ASSETS MANAGED

The Authority manages assets at Gungahlin, Woden and Hall cemeteries. All assets were revalued in June 2014 to the 'Fair Value' model in accordance to the requirements of the Australian Accounting Standard AASB 116 Plant Property and Equipment and the Australian Accounting Standard AASB 140 Investment Property. Fair value is defined in the standard as the amount for which an asset could be exchanged between knowledgeable and willing parties in an arm's length transaction. Assets were also valued at replacement cost.

The Authority managed land assets with a total replacement value of \$10,278 million as at June 2014. The Authority maintains a number of owned and gifted assets including critical assets such as roads.

TABLE 21 MAJOR ASSETS HELD IN THE CEMETERIES ASSETS INVENTORY AS AT 30 JUNE 2014

Asset Group	Measure
Buildings	6
Burial Grounds/Cemeteries	3
Total Land	56
Parks and Manicured Landscapes including Burial Areas	42 ha
Undeveloped Land	14 ha
Fences	7 km
Information Technology	\$200,000
Mausoleum (304 crypts)	1
Plant—Equipment—Vehicles	\$1 million
Roads and Paving	4 km
Walls of Remembrance	2 locations

TABLE 22 MAJOR ASSETS ADDED TO THE AUTHORITY'S ASSET REGISTER 2013–14

Asset	Value \$
Cemetery Signs	14,609
Corporate Style and Web Page	34,111
Road Sweeper	12,103
Skid Steer Loader	37,500
Multi-function Printer/Copier	7,082
Lowering Device x 2	30,572
Zero Turn Mower x 2	36,952

TABLE 23 MAJOR ASSETS REMOVED FROM THE AUTHORITY'S ASSET REGISTER 2013–14

Asset	Value \$
Zero Turn Mower x 2	11,000

ASSET STRATEGY

The ACT Public Cemeteries Authority is required under the *Cemeteries and Crematoria Act 2003* to 'effectively and efficiently manage public cemeteries and crematoria for which the Authority has been appointed' and 'must maintain the grounds of the cemetery and crematorium in a safe, clean and orderly condition'.

The cemeteries managed by the Authority contain significant landscaping, cemetery specific structures, and various buildings including two residential cottages and office accommodation. Other assets include plant and equipment, information technology, and business processes that enable the day-to-day operation of the cemeteries.

It is Authority policy to maintain the landscape to a standard, which meets the expectations of exclusive right holders and visitors.

Assets will be maintained in a manner that is consistent with their purpose and age.

The Authority uses several strategies to achieve defined targets for asset management, including continuing to improve sustainability through energy efficiency measures in landscape management and in office buildings.

Management of Canberra Cemeteries assets is guided by a Strategic Asset Management Plan (SAMP), which was completed in June 2013.

The SAMP is a reference document for the financial and operational asset management of all asset groups owned and managed by the Authority. The SAMP includes asset data and its financial aspects as at 30 June 2012. The triennial plan is reviewed in accordance with 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.

The SAMP details the current and expected levels of service for the delivery of maintenance services and capital works programs. The expected levels of services are determined by careful and thorough analysis of community surveys, public feedback, complaints data and the budget available to the Authority. All these factors are governing factors for defining the targeted level of services Canberra Cemeteries plans to provide to the community for the next 5–10 years.

The SAMP outlines the trends in population growth (and deaths) in the ACT and the future demand for assets for a period of ten years. The population trends are provided by the ACT Government Demographer in the Chief Minister and Treasury Directorate and Australian Bureau of Statistics and reflect the latest census data published by Australian Bureau of Statistics.

This SAMP also reports on a detailed lifecycle management of all critical asset groups and the budget required to maintain these assets at operational levels that meet relevant Australian national standards. The lifecycle management process adopted in this report optimises the budgetary requirements of an asset against its utilisation and performance throughout its design

life. The process also assists in long-term maintenance planning of critical assets with clear and concise recommendations and advice on regular maintenance frequencies to avoid major maintenance upgrades and additional funding requests.

Risk is defined as the likelihood of any event that can impair or stop the desired operations or performance of an asset. To profile all the risks related to asset management processes, the Authority has developed a risk register to identify and mitigate/manage the risks that are likely to occur in the day-to-day operations of Canberra Cemeteries. The register includes corporate, strategic, operational and asset management risks. ACT Insurance Authority has developed a new risk register template, which has the additional requirement to provide information on the risk ownership and person responsible to manage the risk.

The SAMP includes a detailed improvement plan for all Authority business assets. It discusses the current business processes, contracting procedures, information technology systems, financial management systems and methods for valuation of assets. The improvement plan has been developed in consultation with senior managers and contains the suggestions, recommendations, improvement activities, required resources and budget to achieve the business improvement target the Authority has laid down for the next five years.

CONDITION AUDIT

Audits are conducted on an ongoing basis. Building Code of Australia compliance audits for all building and valuations on an 'all of cemetery' basis are carried out every five years to ensure all properties are maintained to the appropriate standard.

ASBESTOS

The Authority will work with other ACT Government directorates to deal with asbestos issues.

All outdoor based staff attended Asbestos Awareness training in 2013–14.

ASSETS MAINTENANCE AND UPGRADE

The target is to maintain all fixed assets to a 'Good' level¹, the standard required to deliver appropriate services. Revenue generated from cemetery operations should meet all operating and maintenance expenses (including contributions to PCT funds). This is achieved by charging appropriate fees.

Maintenance is carried out on an as needs basis with major work being programmed within budgetary constraints. Preventative maintenance programs are in place to ensure that ongoing maintenance costs are minimised and service delivery potential maximised.

In 2013–14, \$196,000 was invested in asset upgrade – principally the waiting rooms at Woden Cemetery to include an office, mess facilities and a toilet with facilities for the disabled.

¹[Asset Standard Definition – 'Good' Physical Condition, minor signs of deterioration; Functionality, all elements to function with low probability of failure; and Compliance, complies with Australian Standards. All legal requirements should be met.]

In 2013–14, \$41,000 was invested for repairs and maintenance of buildings.

OFFICE ACCOMMODATION

The Authority employed seven full-time equivalent (FTE) office based staff in one location at Gungahlin Cemetery occupying 70 square metres. The average area occupied by each employee is 10 square metres. As a small agency there is additional space required for file storage, reception, conference room and staff amenities.

A further ten staff (FTE) are employed in non-office environments. Three staff are normally based at the Woden Cemetery and seven are normally based at the Gungahlin Cemetery.

All staff accommodation areas have been at least partially refurbished in recent years.

F.5 GOVERNMENT CONTRACTING

PROCUREMENT POLICIES AND PROCESSES

The Authority maintains a preferred supplier register and contracts a number of small contractors for specialist services that in-house staff cannot provide. A full breakdown of expenditure is available in the financial statements.

All procurement conformed to the *Government Procurement Act 2001*, *Government Procurement Regulation 2007* and guidelines for partnering with Shared Services Procurement.

A selection tender process was used for the establishment of a design and construct contract for the extension of the mausoleum at Woden Cemetery. This process was used due to the highly specialised nature of the requirement and the limited number of firms experienced in this type of work in Australia. The GC21 contract was let in March 2014. There was no expenditure to 30 June 2014.

F.6 STATEMENT OF PERFORMANCE

FOR THE YEAR ENDED

30 JUNE 2014

**ACT Public Cemeteries Authority
Statement of Performance
For the Year Ended 30 June 2014**

Statement of Responsibility

In my opinion, except for matters described in the Notes to Financial Accountability Indicators, the Statement of Performance is in agreement with the Authority's records and fairly reflects the service performance of the Authority for the year ended 30 June 2014 and also fairly reflects the judgements exercised in preparing it.



Diane Kargas AM
Chair
ACT Public Cemeteries Authority
17 September 2014

**ACT Public Cemeteries Authority
Statement of Performance
For the Year Ended 30 June 2014**

NON-FINANCIAL ACCOUNTABILITY INDICATORS

Statement of Intent Accountability Indicators	Original Target 2013-14	Actual Result 2013-14	% Variance from Original Target	Explanation of Material Variances
a) Number of clients choosing to do business with Canberra Cemeteries, proportional to the number of deaths annually (ACT)	35%	36%	2.9	-
b) Level of client and stakeholder satisfaction with Canberra Cemeteries	98%	98%	-	-
c) Level of unsatisfied clients and stakeholders matters resolved by Canberra Cemeteries' operations	100%	94%	(6)	-

The above Statement of Performance should be read in conjunction with the accompanying notes.

Explanation of Accountability Indicators

- a) Death statistics are sourced and extrapolated from the Australian Bureau of Statistics (3101.0 Australian Demographic Statistics, Dec 2013- released June 2014). The annual number of deaths is calculated using the number average of deaths in the previous three years. The number of clients choosing to do business with Canberra Cemeteries is actual numbers of burials for the year ending 30 June 2014.

- b) Level of client satisfaction is obtained by conducting a survey of funeral directors who regularly access Canberra Cemeteries and supported by a post burial satisfaction survey provided to all willing clients.

The survey to funeral directors asks them to provide an overall assessment of Canberra Cemeteries performance as a percentage. An average score is calculated from the responses. All five local funeral directors provided a response although one chose not to provide a rating due to new management.

The post burial survey is sent to families following each burial on an opt-out basis. Surveys are not sent to those who do not wish to take part. Surveys comprise five questions covering customer service, burial arrangements and cemetery presentation in a five tier rating format. Only "top two" (good and excellent) responses count towards "satisfaction". An average score is calculated from the responses. 21 responses were received from 460 surveys sent out. A low response rate is normal due the very difficult emotional circumstances for families. This year was particularly low.

- c) Details are extracted from a computerised customer service system which is used to manage and track the progress of action taken to remedy issues. This includes follow up with complainants where required.

**ACT Public Cemeteries Authority
Statement of Performance
For the Year Ended 30 June 2014**

FINANCIAL ACCOUNTABILITY INDICATORS

	Original Target 2013-14	Actual Result 2013-14	% Variance from Original Target	Explanation of Material Variances
Profitability				
- Return on Assets	3.3%	0.0%	(100.0)	1
- Return on Equity	5.4%	0.0%	(100.0)	2
Liquidity				
- Current Ratio	1.6	1.5	(6.2)	-
- Cash Position	0.6	0.5	(16.7)	3
Financial Stability				
- Capital Ratio	0.6	0.7	16.7	4

Explanation of Accountability Indicator

Return on Assets	=	Operating surplus/Total assets
Return on Equity	=	Operating surplus /Total equity
Current Ratio	=	Current assets/Current liabilities
Cash Position	=	Cash + current investments/Total assets
Capital Ratio	=	Total liabilities/Total equity capital

Explanation of Material Variances

- Return on Assets is lower than target because the Authority's operating surplus is lower than budget and total assets is higher than budget. Total Assets was higher than budget mainly due to an increase in the value of assets and purchase of new assets. The operating surplus is below budget due to:
 - lower than budgeted burial income and lower than expected interest income combined with higher than budgeted expenses, principally supplies and services and cost of sales; and
 - an increase in impairment loss of \$168,236 recorded against the Gungahlin Perpetual Care Trust Receivables.
- Return on Equity was lower than target due to Authority's operating surplus being lower than budget for reasons described above.
- The lower than target cash position is due principally to significant unbudgeted funds transferred to the Perpetual Care Trust funds to cover prior year shortfalls.
- The capital ratio is higher than the target due to an increase in total liabilities from income received in advance from a higher than expected number of reservation sales.

**ACT Public Cemeteries Authority
Statement of Performance
For the Year Ended 30 June 2014**

Notes to Financial Accountability Indicators

Qualification relating to the Allocation of Indirect Costs

The Board has used the information from the Authority's financial statements to calculate the results for the financial accountability indicators reported the Authority's statement of performance. Note 1 of the Authority's financial statements discloses there is uncertainty in relation to the allocation of indirect maintenance costs to the Perpetual Care Trusts. It is possible that alternative methods would have no material impact on the financial statements, however, further work will be required to determine this.

The Board has therefore qualified the financial statements in respect of the uncertainty of the balances for Reimbursement of Maintenance and Related Expenditure Incurred on Behalf of the Perpetual Care Trusts, Perpetual Care Trust Receivables and Perpetual Care Trust Payables, to the extent these balances include amounts relating to the allocation of indirect maintenance costs to the Perpetual Care Trusts. The Governing Board will be recommending to the Minister that a comprehensive review of the Perpetual Care Trust arrangements be conducted in 2014-15.

KEY ACCOUNTABILITY INDICATORS

	Original Target 2013-14	Actual Result 2013-14	% Variance from Original Target	Explanation of Material Variances
Number of Reservations Sold	250	285	14	1
Number of Burials/Interments*	600	606	1	-

* *Burial* refers to normal earth burial and *Interment* refers to the interment of ashes.

Explanation of Variances (if Required)

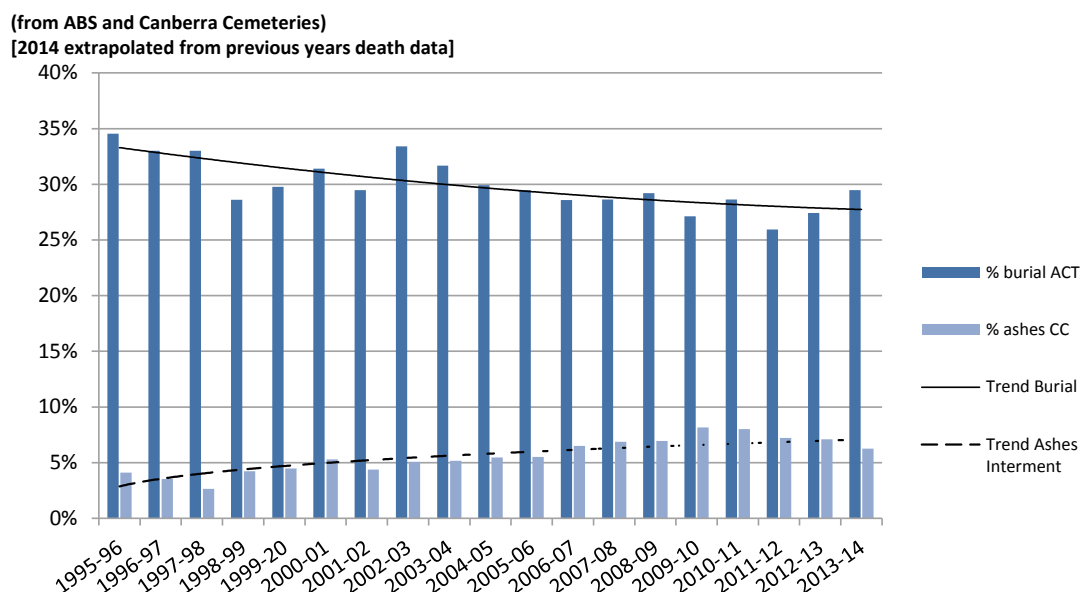
1. There were 78 reservations in June 2014 which was significantly higher than expected. This month's sales was the highest on record (monthly average 19) and produced a significantly higher result for the year.

ATTACHMENTS

ATTACHMENT 1: Additional Burial Statistics

The following data and commentary is based on statistics collected by Canberra Cemeteries of its interments. In some cases this is related to data provided by the Australian Bureau of Statistics (ABS) for the ACT.

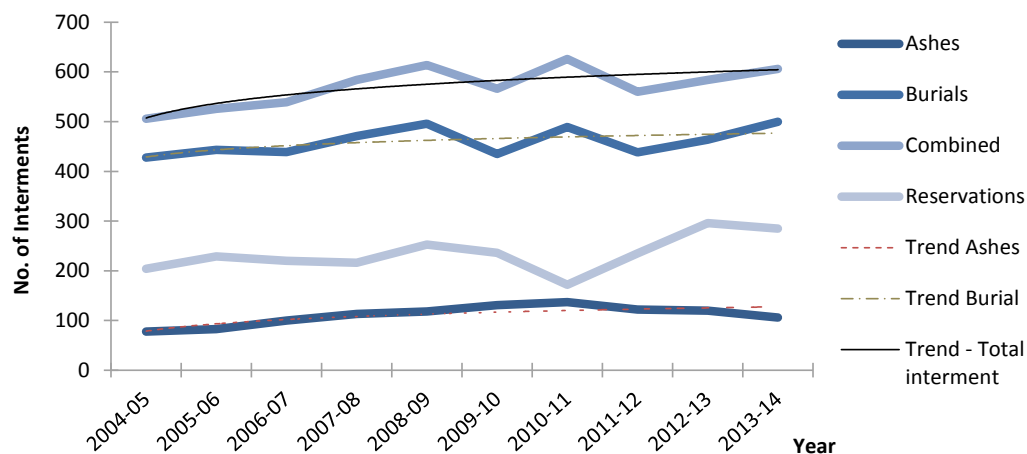
GRAPH 7 PERCENTAGE OF PATRONS CHOOSING BURIAL IN THE ACT OVER TIME



The graph clearly shows a steady increase in preference for cremation over burial in the ACT community. Over the last 20 years, there has been an average fall of about one half of one percent per annum in the number of burials compared to the number of deaths² in the ACT. The increase in the rate of interment of cremated remains at Canberra Cemeteries does not mirror this change. It increases by half that rate principally because cremations are held elsewhere and the remains, if interred, usually stay at the place of cremation. Anecdotally this trend matches the current industry trend towards cremation.

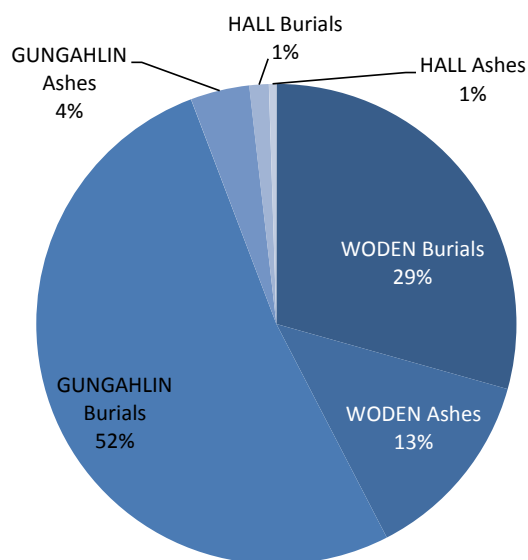
² Full year 2013-14 extrapolated from ABS pub. 3101.0 Australian Demographic Statistics, December Quarter 2013 – released June 2014

GRAPH 8 COMPARISON OF INTERMENTS AND RESERVATIONS OVER TIME



In recent years there has generally been a rise in the total number of interments conducted by the Authority. This usually comprised a general increase in the number of ashes interments and a varying number of burials. The last five years have seen burial numbers vary considerably while ashes interment has generally continued to increase.

GRAPH 9 INTERMENT DISTRIBUTION 2013-14



The choices the community makes in the type and style of interment are very important for the Authority in short and medium-term planning and will have an impact on the options that may be offered, not only in current cemeteries but also in the new Southern Memorial Park when built.

While Gungahlin Cemetery and Woden Cemetery have similar total numbers of interment, Gungahlin has the majority of burials and Woden the majority of ashes interments.

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ATTACHMENT 3. Abbreviations and Acronyms

ACT	Australian Capital Territory
Authority	ACT Public Cemeteries Authority
ABS	Australian Bureau of Statistics
CEO	Chief Executive Officer (Authority)
FOI	Freedom of Information
FTE	Full Time Equivalent (number of staff)
MDA	Management Discussion and Analysis
MOU	Memorandum of Understanding
WHS	Workplace Health and Safety
PCT	Perpetual Care Trust (fund)
SAMP	Strategic Asset Management Plan
SMP	Southern Memorial Park
TAMS	Territory and Municipal Services Directorate
TRO	Territory Records Office

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