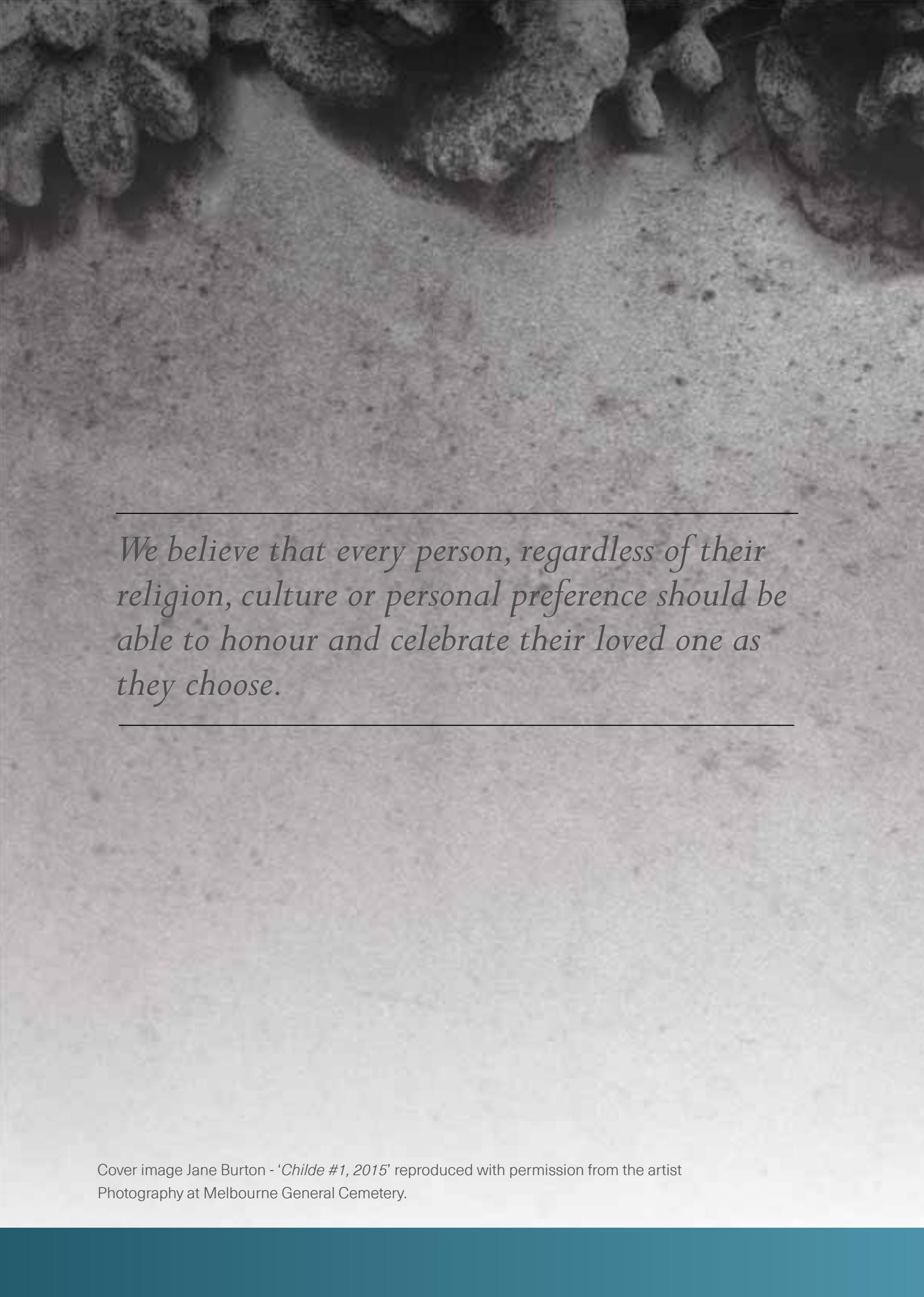


Care Compassion Community



SOUTHERN
METROPOLITAN
CEMETERIES TRUST

Honouring and celebrating life



We believe that every person, regardless of their religion, culture or personal preference should be able to honour and celebrate their loved one as they choose.

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Introduction

It is with great pleasure that we present the sixth Annual Report of the Southern Metropolitan Cemeteries Trust (SMCT).

The reporting period has been one of many highlights, within which SMCT achieved a major milestone for the organisation and for the sector - the completion and opening of the Southern Aurora Centre at Bunurong Memorial Park (BMP). This \$50m project is the realisation of the vision to create a 21st century memorial park, delivering a world class, multi-purpose community space, set in a contemporary, beautiful and sustainable parkland.

This major project was delivered **under budget and on time**. Most importantly, as a result of significant community engagement, BMP provides the Victorian community with a spectacular setting in which to honour and celebrate life for generations to come. With revenue from the project **exceeding business case targets**, the community is positively embracing the new BMP.

SMCT continues to work tirelessly to ensure that regardless of place of origin or cultural identity, rituals will be observed and ceremonies preserved. We believe that the quality of life around death is as important as life itself. Our flagship locations have continued to evolve as **multi-purpose destinations**, proving increasingly attractive for visitors. This approach has advanced our reputation as a leader and innovator in the sector.

In the first year of our new Strategic Plan 2016-2020, we have concentrated on ensuring long term business sustainability through a balance of innovation, with the introduction of complementary service offerings, and honouring our role as custodians of history.

To that end, we strive to ensure that our perpetual maintenance obligations are fulfilled to maintain our eight distinct and culturally rich locations for the ongoing benefit of the community into the future.

SMCT continues to progress a focused approach, which is reflective of our growth as a purposed organisation, accountable to the Minister for Health, and responsible for meeting the needs of our multi-cultural communities.

Accordingly, the Strategic Plan 2016-2020 outlines four key priorities:

1. Embracing Customer Centricity
2. Pursuing Strategic Growth
3. Enhancing Strategic Engagement
4. Investing in People Development

To build on our customer centric culture, SMCT has introduced the comprehensive Customer Experience Optimisation Program which will continue into FY18. The aim of this program is to ensure the highest standards of customer care consistently across our locations, and to leverage technology to improve our responsiveness.

SMCT recognises that customer care extends beyond the traditional funeral service offerings. As such, work has commenced in relation to exploring complementary service offerings which align to our commitment to guiding and supporting communities as they navigate the grieving process.

In pursuit of Strategic Growth, our complementary service offerings reflect our commitment to care. Building on the success of the introduction of the food, beverage and retail division at Springvale Botanical Cemetery (SBC), FY16 saw the expansion of the Café Vita et flores brand to BMP. This has equipped BMP to offer multi-purpose function rooms with full in-house, culturally appropriate catering. The Café Vita et flores retail precinct, complete with the adjacent children's playground, creates a welcoming environment for all ages.

Extensive consultation underpinned the development program for BMP and is reflective of our strategic approach to enhancing stakeholder engagement. The consultation program spanned over a three year period and included 200 face-to-face consultations, 18 group forums, two online surveys, 115 community site tours and a number of information evenings and presentations. These interactions provided insights for SMCT in relation to key aspects of the BMP redevelopment.

In keeping with our commitment to fulfilling our community service obligations, SMCT continues to expand our relationships with the increasingly diverse Victorian communities, our industry partners and government, to inform best practice and enhance our service offering.

The culture that is now evident throughout our operations at SMCT is a source of great pride. During FY16, we have continued to focus on developing the capabilities of our people, to enhance our agility and augment SMCT's high performance culture. We are currently piloting a wellbeing program designed to improve the health and lifestyle choices of SMCT employees and their families, as we recognise that to optimise our customer care, we must care for our key asset, our people.

The extraordinary efforts of our employees throughout the year are deeply appreciated and highly valued. Strong employee engagement has ensured that excellent standards are maintained across the organisation and our culture of customer centricity is indeed inspiring.

Amongst the significant number of achievements throughout the reporting period FY16, we would like to highlight the following:

- Commencement of our digital communications strategy, across our digital assets, and the provision of an e-commerce solution for customers with the launch of the Victorian Cremations website.
- Ensuring our financial sustainability, with cemetery operations revenue of \$54.4m which is \$1.8m above budget (3.5%); and a total operating result of \$18.2m, \$2.2m above budget (13%).
- SMCT's commitment to environmental sustainability was acknowledged by the City of Greater Dandenong with The Sustainable Development Award for the Clarence Reardon Centre at SBC.
- Refurbishment of the iconic Boyd and Renowden Chapels, and the addition of co-located multi-purpose facilities at SBC, due for completion in September 2016.
- Meeting the needs of our communities with the commencement of construction for phase two of the Saint Padre Pio mausoleum and master planning for the next phase of Song He Yuan at SBC.
- Showcasing our horticultural and in-house floral talent; SMCT was delighted to be awarded Gold at the Melbourne International Flower and Garden Show as a first time entrant for floral design.
- Creating community conversation through the launch of Knocking on Heaven's Door, a series of public sessions that provide a platform for discussion of issues in relation to death and dying.

- The launch of the Historical Restoration and Refurbishment Fund to restore and/or repair historically significant monuments. SMCT was granted permission by the Department of Health and Human Services and the Auditor-General to raise funds from non-core activities (e.g. tours) and use those funds for restoration purposes.
- Development of an Employee Value Proposition (EVP) which defines the essence of our organisation and its unique attributes. When integrated across the business, the EVP will support engagement as well as attract external talent.
- In recognition of our collaborative training efforts, SMCT was awarded Employer of the Year by Holmesglen TAFE for our work in arboriculture.

The outstanding achievements outlined above have been made possible through collective engagement, collaboration and dedication; we would like to extend our sincere gratitude to a range of people who have contributed to the outcomes SMCT has achieved throughout FY16.

We acknowledge the outstanding contribution of two Trust members whose tenure ended during the reporting period, Felicity Frederico and Phillip Davies, and thank them particularly for their contribution to the BMP development.

In March 2016, SMCT warmly welcomed three new Trust members: Leigh Mackay, Brian Oates and Sam Afra. We look forward to working cohesively and continuing our collective contribution to the legacy of SMCT.

We also thank all the Trust members, our Executive Leadership Team, the broad SMCT team and our Community Advisory Committee, who have worked tirelessly to remain responsive to the communities we serve. We thank them for ensuring our client families receive the respect and consideration they deserve when entrusting their loved ones into our care.

We are deeply grateful to the Department of Health and Human Services for their ongoing support and guidance, coupled with their feedback on the regulations and governance considerations that apply to SMCT. The Trust is committed to maintaining our strong relationship based on mutual respect, as we continue working collaboratively in charting our future.

SMCT, and the sector, are operating in changing times. Ethical decision making is a critical consideration during such times, particularly as an organisation that serves and supports the Victorian community. SMCT will maintain a steadfast commitment to meeting the needs of our communities with a culture of care and compassion.



A handwritten signature in black ink, appearing to read 'Sue Renkin'.

Sue Renkin Trust Chairman



A handwritten signature in black ink, appearing to read 'Jane Grover'.

Jane Grover CEO

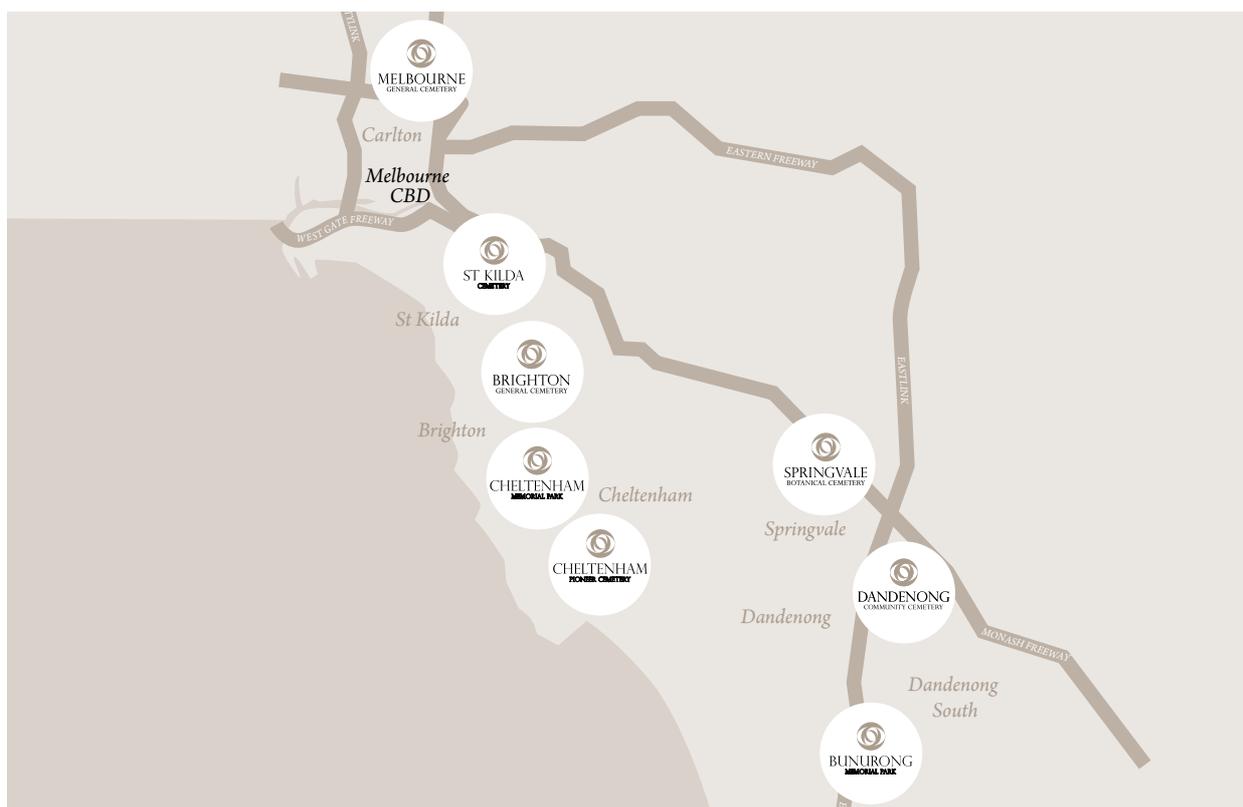
The Trust at a Glance

The Southern Metropolitan Cemeteries Trust (SMCT) was formed in March 2010, under the Cemeteries and Crematoria Act 2003 and reports to the Minister for Health, via the Cemeteries and Crematoria Regulation Unit of the Department of Health and Human Services (DHHS).

SMCT is a not-for-profit purposed organisation responsible for the care and maintenance of Bunurong and Cheltenham Memorial Parks, and Brighton General, Cheltenham Pioneer, Dandenong Community, Melbourne General, Springvale Botanical and St Kilda cemeteries. The corporate office is located within the grounds of Springvale Botanical Cemetery, Princes Highway, Springvale, Victoria.

During the reporting period the Trust built on strong foundations to further our strategic approach to growth which is informed by deepening and expanding our relationships with the increasingly diverse Victorian Community.

The Cemeteries & Memorial Parks Within our Care



Our Purpose

We believe that every person, regardless of their religion, culture or personal preference should be able to honour and celebrate their loved one as they choose.

Our Vision

We will create and nurture sustainable, beautiful, iconic and distinctive locations to honour and celebrate life. We will set the standard by providing our communities with world-class services and facilities across every aspect of our business.

PRIDE in Our Values

At each and every cemetery and memorial park within our care we pledge to each other and to our clients that we will act with PRIDE.

- **Passion** - commitment in heart and mind
- **Respect** - by valuing every voice
- **Integrity** - doing what is right
- **Dedication** - to the needs of our clients and our people
- **Empathy** - to listen and reflect with sensitivity

SMCT Trust Members

SMCT is currently governed by a board of nine highly skilled and experienced Trust members who bring a balance of not-for-profit, public and private sector experience. The Trust, led by Chairman Sue Renkin, reports to the Minister for Health, the Hon. Jill Hennessy MP, through the Cemeteries and Crematoria Regulation Unit of the DHHS.

The Trust is responsible for setting the overall strategic direction of the organisation and the Trust members bring a great deal of breadth and depth in their respective fields of expertise to addressing emergent strategic conditions.

Trust members hold office for a maximum tenure of three years and are eligible to apply for reappointment. All Trust appointments are made by the Governor-in-Council on the recommendation of the Minister for Health.

In February 2016 terms expired for four Trust members; Sue Renkin, Julie Busch, Felicity Frederico and Phillip Davies. The DHHS conducted an interview and appointment process in accordance with the Appointment and Remuneration Guidelines for Victorian Government Boards, Statutory Bodies and Advisory Committees issued by the Department of Premier and Cabinet. As a result of this process Sue Renkin and Julie Busch were reappointed for 28 month terms. SMCT welcomed three new Trust members: Leigh Mackay, Brian Oates and Sam Afra who were all appointed for 28 month terms commencing on 1 March 2016.

Our Current Trust Members

- Trust Chairman - Sue Renkin, BBS, MBA, Grad. Dip.Corp.Gov., MAICD, FCDA.
- Sam Afra, JP, MAICD.
- Julie Busch, BA, Grad.Cert.Shop.Gen.Man., Grad. Dip. Bus, MAICD.
- Richard Jones, MBus., Grad.Dip.Bus.Tech., FCPA, ACSA, AFIN.
- Leigh Mackay, LLB, GAICD.
- Gaye Mason, MBA, Grad.Dip.App.Corp.Gov., Grad.Dip.App.Info.Sys., B.Bus. (Acct), FCPA, FAICD, AGIA & ACIS.
- Matthew Mills, MAICD.
- Brian Oates, JP.
- Stephen Shipp, B.Ec., LL.B.

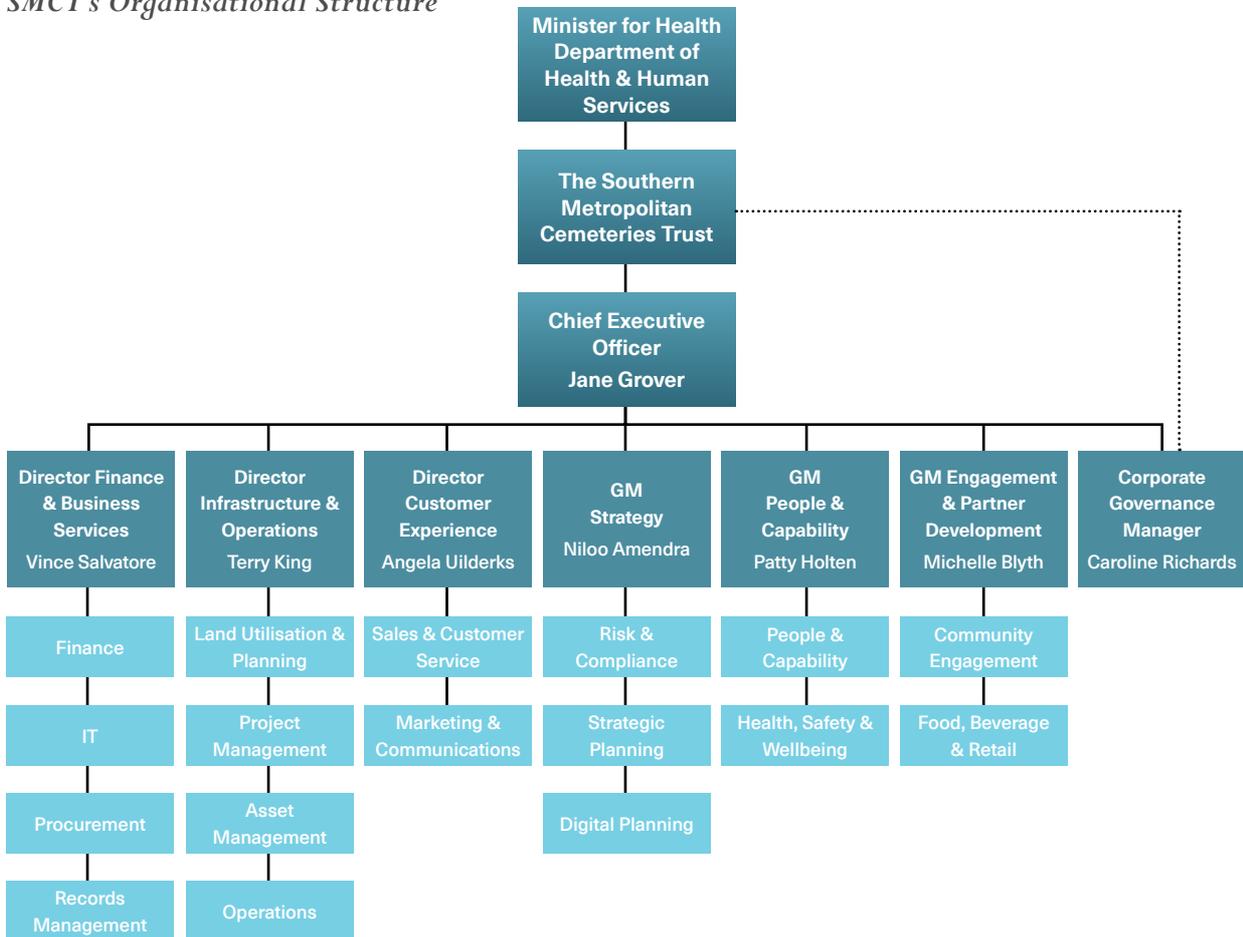
Trust members who served during the reporting period

- Phillip Davies, LLM (Monash), LLB (Hons), BA (Hons) Melbourne (Trust member 1/3/13 to 29/2/16)
- Felicity Frederico, BBus. (Mktg), MAICD (Trust member 1/3/13 to 29/2/16)



Back Row L-R: J. Busch, L. Mackay, S. Renkin (Chairman), B. Oates
 Front Row L-R: S. Afra, M. Mills, G. Mason, R. Jones, S. Shipp

SMCT's Organisational Structure



Services Performed during the Reporting Period 1 July 2015 – 30 June 2016

Cremation	8,890
Interment in graves	3,290
Interment in mausolea	221
Interment of cremated remains	535
	12,936

PROFILE AND PERFORMANCE OF SMCT LOCATIONS

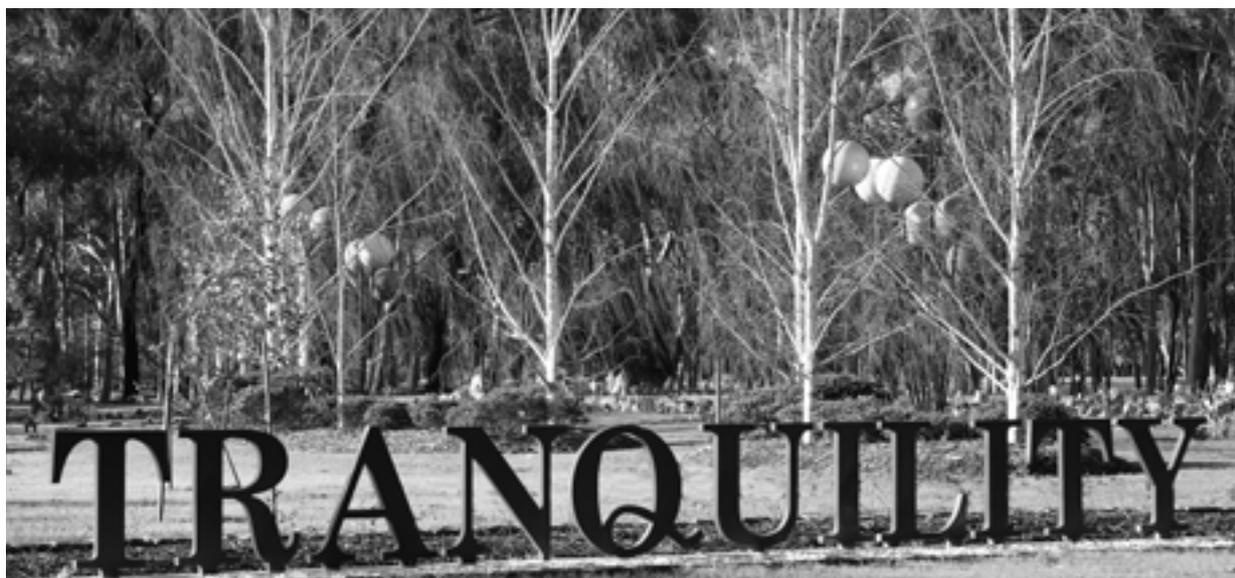
	Southern Metropolitan Cemeteries Trust	Brighton General Cemetery	Bunurong Memorial Park	Cheltenham Memorial Park	Cheltenham Pioneer Cemetery	Dandenong Community Cemetery	Melbourne General Cemetery	Springvale Botanical Cemetery	St Kilda Cemetery
Established	1 March 2010	1854	1995	1933	1865	1857	1852	1901	1855
Hectares (ha)	359.3 ha	12 ha	101 ha	17.2 ha	4.1 ha	4 ha	43 ha	170 ha	8 ha
Employees FTE	276	1.6	34	19.4	0.0	0.0	2.6	218.4	0.0
Number of Cremations	8,890	N/A	2,328	N/A	N/A	N/A	N/A	6,562	N/A
Number of Interments	4,046	150	460	398	27	48	290	2,643	30
Operating Revenue	\$54,444,533	\$1,192,505	\$7,913,647	\$2,920,060	\$132,671	\$373,769	\$5,639,937	\$35,415,498	\$856,446
Community Events	-	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes

Strategic Priorities

SMCT's Strategic Plan 2016 – 2020 was developed by the Trust and Executive Leadership Team to provide a clear focus for the organisation and is used to establish our Annual Plans and Objectives. In order to achieve the Trust's key longer-term strategic objectives, four key Strategic Priorities have been identified:

- Embracing Customer Centricity
- Pursuing Strategic Growth
- Enhancing Strategic Engagement
- Investing in People Development

These four Strategic Priorities form the structure of this report. This report will commence with a section on Governance and Accountability, which outlines our enduring responsibility in relation to the effective and efficient management of the cemeteries and memorial parks within our care. Subsequent sections will cover the four Strategic Priorities.



The Tranquility Gardens

Governance and Accountability

Southern Metropolitan Cemeteries Trust (SMCT) is a not-for-profit, community focused organisation, providing burial, cremation and memorialisation services for metropolitan Melbourne and Victoria. We are responsible to the Minister for Health the Hon. Jill Hennessy MP, who has entrusted SMCT to manage the locations for which we are responsible.

During the reporting period the Trust met 12 times to oversee the governance and strategic direction of SMCT. The Trust's focus is on strategic planning, financial performance, business development, risk management and governance, including legal and regulatory compliance. The Trust also reviewed the performance of the Executive Leadership Team, measuring results against business plans and strategic objectives.

The Trust has ongoing responsibility for:

- Steering the strategic direction of the organisation.
- Overseeing and appraising the performance of the organisation against strategic objectives.
- Ensuring that governance arrangements are maintained, together with sound financial management and best practice asset management.
- Ensuring its statutory and regulatory obligations are met and that the organisation's risk management systems are active and effective.

SMCT also fully recognises its perpetual maintenance and community service obligations ensuring that funds are set aside for our cemetery and memorial park locations to be maintained in perpetuity for the benefit of all Victorians. To

fulfil these responsibilities, and to ensure SMCT is governed and managed in an accountable and responsible way, the organisation maintains a robust corporate governance framework.

Corporate Governance Framework

SMCT's approach to corporate governance is based on a set of values and behaviours that underpin day-to-day activities, provide transparency and seek to provide efficient and effective management of our cemetery locations in the public interest. This approach includes a commitment to excellence in governance standards, which SMCT sees as fundamental to the long-term sustainability of our business and our performance.

SMCT's Corporate Governance Framework ensures that we:

- Recognise the importance of consulting and engaging with the community.
- Act in a truly customer centric manner in everything we do.
- Understand our current and future role and responsibilities.

Trust Composition

Details of Trust members who held office during the year are listed in this report under the section 'Trust at a Glance'. The composition of the Trust reflects the broad expertise required to oversee SMCT's affairs.

Independence of Trust Members

On at least an annual basis, Trust members are required to complete a Declaration of Private Interests statement. Declarations of conflicts of interest were required at the beginning of each Trust and Trust committee meeting in line with the Code of Conduct and Conflict of Interest Policy. Having considered the declared relationships and interests, the Trust considers each Trust member to be independent.

Board Performance

The Trust is committed to maintaining the highest standards of governance and has a policy of regularly reviewing the Trust and its committees' performance. A formal self-assessment is conducted each year to assess the effectiveness against specific objectives of the Trust and sub-committee Charters. During the period the Trust conducted an externally facilitated Board Evaluation of the performance of the Trust, each Trust member, the Chairman and the Trust sub-committees. Development goals were established to further enhance the performance of the Trust and Trust members.

Trust Committees

In consultation with the Trust, the Trust Chairman allocated Trust members to a number of Trust committees.

These committees help execute Trust responsibilities in a review or advisory capacity unless given other powers by the Trust. Each committee is chaired by a member of the Trust and has a Charter which specifies the role of the Committee. As part of the Trust's Board Evaluation process, each Committee evaluates its performance annually.

Audit and Risk Committee

The Audit and Risk Committee is established in accordance with the requirements of section 18B of the Cemeteries and Crematoria Act 2003. The Committee, chaired by Gaye Mason, has an advisory role assisting the Trust in fulfilling its governance and compliance responsibilities, risk management, financial reporting, legislative and regulatory compliance, internal control and audit.

Finance and Investment Committee

The Finance and Investment Committee is established in accordance with the requirements of section 18B of the Cemeteries and Crematoria Act 2003. The Committee, chaired by Richard Jones, has an advisory role assisting the Trust in fulfilling its financial management, planning and major financial decision making functions. It also provides direction and oversight of SMCT investments.



Foyer of the Stratus & Cumulus Reflection Spaces at Bunurong Memorial Park



The Community Advisory Committee in 2015: L-R Helen Heath, Maha Sukkar, Moses Adepoju, Felicity Frederico (former Trust member), Tim Dionyssopoulos, Julie Busch, Nail Aykan, Susan Parsons

Community Advisory Committee (CAC)

The Community Advisory Committee (CAC) is established in accordance with the requirements of section 18D of the Cemeteries and Crematoria Act 2003. The CAC performs a highly valued advisory role for the Trust with respect to its community engagement commitments and priorities. The CAC meets bi-monthly and comprises ten members, two of which are Trust members and eight of which are voluntary members appointed by the Trust. Chaired by Julie Busch, the CAC's membership is drawn from local and state government, interfaith networks and key multicultural and religious organisations. CAC members offer a truly diverse perspective, providing the organisation with key insights into the evolving requirements and expectations of the communities we serve.

Executive Remuneration and Appointment Committee

The Executive Remuneration and Appointment Committee chaired by Sue Renkin, has an advisory role, supporting the Trust and providing expertise in the areas of executive remuneration and performance, performance management and the organisation's human resource framework.

Infrastructure Planning Committee

The Infrastructure Planning Committee, chaired by Matthew Mills, has an advisory role assisting the Trust in fulfilling its infrastructure planning and major capital works projects. During the period the Committee provided oversight of a number of large infrastructure projects including the delivery of the major development of Bunurong Memorial Park.



The Sanctuary Reflection Space at Bunurong Memorial Park

Trust member Attendance at Trust and Committee Meetings

ATTENDANCE AT TRUST AND COMMITTEE MEETINGS 1 JULY 2015 - 30 JUNE 2016

	Meetings Held	Sue Renkin	Richard Jones	Gaye Mason	Stephen Shipp	Julie Busch	Matthew Mills	Phillip Davies Ceased 29/2/16	Felicity Frederico Ceased 29/2/16	Sam Afra Commenced 1/3/16	Leigh Mackay Commenced 1/3/16	Brian Oates Commenced 1/3/16
Trust	12	11	11	11	12	12	11	7	8	2	4	4
Audit & Risk Committee	4	2 (ex-officio)	4	4	-	4	-	3	-	1	-	-
Community Advisory Committee	7	-	-	-	-	7	-	-	5	-	2	-
Finance & Investment Committee	11	9 (ex-officio)	10	9	11	-	7*	-	-	-	-	3
Executive Remuneration & Appointment Committee	3	3	-	-	-	3	-	3	-	-	-	-
Infrastructure Planning Committee	4	3	-	-	4	-	3	3	3	-	1	-

*Ceased as a Committee member 30/3/16

Management Committees

A number of management committees met regularly to promote good governance, maximise operational efficiency and enhance cross-functional communication.

Employee Risk Management Committee

The Employee Risk Management Committee (RMC), chaired by the Director Finance & Business Services, comprises representatives from all functional areas of the business. It met monthly to consider any identified emerging risks and to review and assess the effectiveness of controls and develop action plans to mitigate risk wherever possible.

At each stage of the risk management process, the RMC is responsible for communicating and consulting with stakeholders.

The RMC's monthly agenda included regular reviews of the Business Continuity and Disaster Recovery Plans, as required under the Minister's Directions under the Financial Management Act 1994.

Health Safety & Wellbeing Committee

The Health Safety & Wellbeing Committee (HSW) is chaired by the General Manager People & Capability who will escalate any new high or outstanding risks to the Executive Team.

It was convened 11 times during the reporting period, ensuring SMCT exceeded its obligations under the Victorian Occupational Health and Safety Act 2004 and the SMCT HSW Management Framework.

Emergency Planning Committee

The Emergency Planning Committee (EPC) is chaired by the Risk & Compliance Manager in consultation with the Health, Safety and Wellbeing Coordinator.

During the reporting period, the EPC reviewed Emergency Response Procedures, ensured the appropriate training of the Emergency Control Organisation (Wardens and First Aiders) and conducted evacuation exercises as required by the Australian Standard AS 3745-2010.

The EPC met quarterly during the reporting period to ensure that all employees and visitors could be safely evacuated in the unlikely event of an emergency at any of the occupied locations during normal hours of operation and during special events at any of SMCT's cemetery locations.

IT Steering Committee

The IT Steering Committee provides input and direction on IT services in accordance with departmental need. The outcomes of Committee meetings also provide input into longer term IT strategy.

Sustainability Committee

The SMCT Sustainability Committee, chaired by the Director Infrastructure & Operations, comprises members from a wide range of SMCT departments and locations. The aim of the Committee is to both educate and develop sustainable practices across all SMCT locations.

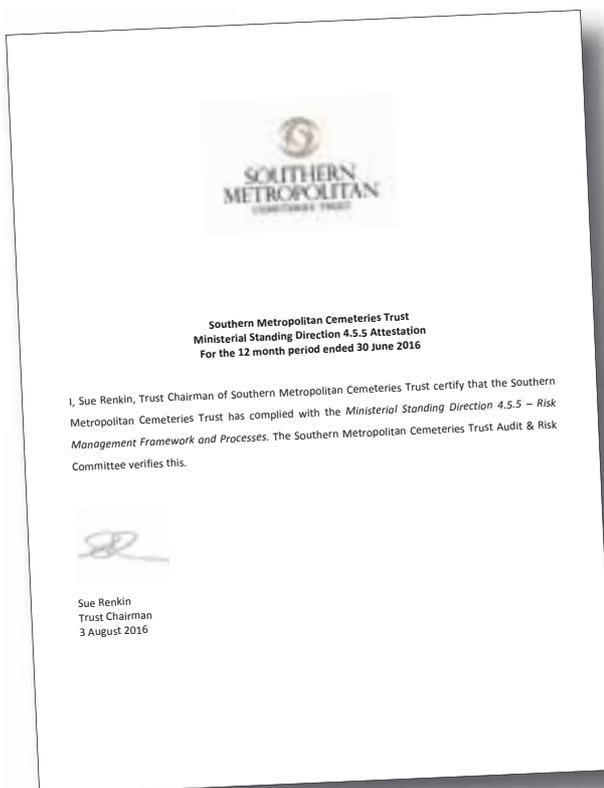
The Committee proactively engages with SMCT and the wider community, particularly in the areas of water conservation, recycling, energy efficiency and reducing our overall carbon footprint.

The Committee also provides a framework for the future direction and ongoing organisational commitment to environmental sustainability.

Managing Risk

SMCT operates a Risk Management Framework for the management and reporting of operational risks which is compliant with the risk management principles contained in the International Risk Management Standard ISO 31000: 2009. As part of this Framework SMCT maintains a Trust approved Risk Appetite Statement, which sets the agreed parameters and boundaries under which the organisation may operate.

During the period SMCT developed and embedded a Strategic Risk Framework to facilitate the identification, assessment and monitoring of strategic risks, and their associated mitigation action plans to inform SMCT's strategy development and execution process.



Compliance

The principle guiding Act for the cemeteries sector is the Cemeteries and Crematoria Act 2003.

Under section 15 of the Cemeteries and Crematoria Act 2003, the Trust is able to delegate certain operational functions and powers. An Instrument of Delegation of Functions and Powers delegates such allowable functions to classes of managers or employees and this instrument is renewed as required due to changes in Trust and operational practices.

Building Act 1993

All new work and the redevelopment of existing properties conforms to the Building Act 1993, The Building Regulations 2006 and the Building Code of Australia (BCA). The Annual Safety Measures Compliance Report is signed by Management in June each year and ongoing compliance is monitored by the Emergency Planning Committee, thereby providing an additional layer of cross checking to support workplace health and safety.

Freedom of Information

SMCT's Risk and Compliance Manager was the Principal Officer for Freedom of Information (FOI) applications during the reporting period. There were four FOI applications for FY16.

In compliance with the spirit of the FOI legislation, all reasonable requests for records of the deceased are granted as required under the Cemeteries and Crematoria Act 2003 (Vic) Sections 59 and 60.

National Competition Policy

SMCT complies with the Code of Practice relating to the sale and supply of memorialisation goods and services by cemetery trusts and other alternative suppliers in Victorian public cemeteries, facilitated by the DHHS. This Code promotes a fair and equitable environment for the supply of such goods and services and ultimately benefits purchasers.

Procurement

SMCT's Purchasing Policy and associated purchasing procedures adhere to Victorian Government Purchasing Board principles and comply with Victorian Public Sector values, codes and standards.

In delivering purchasing services, SMCT's business transactions are fair, open and demonstrate the highest levels of integrity and probity, consistent with the public interest.

VICTORIAN INDUSTRY PARTICIPATION POLICY DATA

Contracts	Value of Contracts (inc. GST)	Area	Local Content	FTE Jobs	FTE Apprenticeships Retained	Skills/Technology Commitment
Bronze Plaques	\$7,087,915 (5 years)	Metropolitan	100%	10	2	Contractor has made commitments to staff training and skill development.
Bunurong Memorial Park Construction Services	\$37,014,113	Metropolitan	89.53%	12	4	Contractor has made commitment to provide skills development of apprentices, and monitor their training.

Privacy Legislation

SMCT maintains a Privacy Policy and supporting privacy procedures which articulate SMCT's practices when dealing with Personal Information. SMCT is committed to complying with the Victorian Charter of Human Rights and Responsibilities and the Privacy and Data Protection Act 2014 (Vic).

Protected Disclosures

SMCT complies with the provisions of the Protected Disclosures Act 2012 (Vic) to encourage and facilitate disclosures of improper conduct of public officers or bodies and to provide protection to persons making such disclosures from detrimental action. No disclosures were made during the reporting period.



The magnificent Song He Yuan at Springvale Botanical Cemetery

Declarations of Pecuniary Interests

Trust members and Executives have completed a Declaration of Private Interests Statement.

No shares are held by Trust members or Executive employees as nominees or held beneficially in a statutory authority or subsidiary.

There are specific disclosures in the financial statements (see index).

Compliance with Standard Disclosures – Report of Operations

In compliance with the requirements of FRD 22G Standard Disclosures in the Report of Operations, details in respect of the items listed below have been retained by SMCT and are available to the relevant Ministers, Members of Parliament and the public on request (subject to freedom of information requirements, if applicable):

- a) details of publications produced by SMCT and how these can be obtained;
- b) details of changes in prices, fees, charges, rates and levies charged by SMCT;
- c) details of any major external reviews carried out on SMCT;
- d) details of major research and development activities undertaken by SMCT;
- e) details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- f) details of major promotional, public relations and marketing activities undertaken by SMCT to develop community awareness of the entity and its services;
- g) details of assessments and measures undertaken to improve the occupational health and safety of employees;
- h) a general statement on industrial relations within SMCT and details of time lost through industrial accidents and disputes;
- i) details of all consultancies and contractors including:
 - (i) consultants/contractors engaged;
 - (ii) services provided; and
 - (iii) expenditure committed to for each engagement.

Strategic Priority 1

Embracing Customer Centricity

Our customers are at the heart of everything we do. To remain relevant, we must ensure that every person is able to honour and celebrate life as they choose.

Southern Metropolitan Cemeteries Trust (SMCT) has a steadfast commitment to caring for our customers. We understand our role in providing customers (both current and potential) with choice, flexibility and the opportunity for advocacy. In order to remain relevant and to continue to offer value to the community, we have been proactively working to embed a culture of customer centricity.

Key Outcomes

- Introduction of the Customer Experience Optimisation Program (CXOP) to enhance customer care.
- The launch of Victorian Cremations, an innovative digital solution for customers.
- Providing choice for our customers, with a range of new products and services at BMP.

Customer Experience Optimisation Program (CXOP)

As part of planning for the Bunurong Memorial Park (BMP) development, SMCT began a comprehensive review of key customer touch points, including Sales, Funeral Director Bookings and Contact Centre operations. The core purpose of the review was to assess current performance and capability, identify key improvement opportunities and develop a clear action plan with prioritised initiatives. The outcome of this review was the establishment of the Customer Experience Optimisation Program (CXOP).

In line with our vision of providing world class services, the CXOP is a comprehensive program to enhance capability across significant touch points to improve the customer experience and ensure consistency across SMCT locations. This long term program commenced in FY16 and will continue through to early FY18. The program focuses on three key areas:

1. Upgrading telephony infrastructure to streamline the customer experience.
2. Introducing Customer Experience Standards to enhance customer centricity.
3. Engaging staff through effective leadership.



Customer Care at Bunurong Memorial Park's Southern Aurora Centre

Streamlining the Customer Experience through Telephony Technology Improvements

Throughout FY17 SMCT will implement a new telephony system with enhanced technology features via a phased approach. This will significantly improve the customer experience, with the added advantage of enabling internal capability and capacity improvements through the provision of key data to ensure appropriate allocation of resources to exceed service level expectations.

The following key elements of the CXOP were activated during FY16 :

- Development of the SMCT Contact Centre Service Strategy, which articulates SMCT's vision for the delivery of services to customers via the Contact Centre. In line with our values and our commitment to customer centricity, SMCT has defined these principles as characteristics of the customer experience we strive to deliver:
 - Showing respect, warmth, empathy and care in every customer interaction.
 - Providing personalised service that is adapted to the customer's individual needs and circumstances.
 - Being a trusted advisor who is available and willing to do everything possible to resolve the customer's request, in a professional manner.

As an example of these principles in practice, we intend to have customers speak directly to a person rather than the use of an IVR "Interactive Voice Response" as a key element of the CXOP roll out.

- Implementation preparations for the new telephony solution have included a quality assurance call coaching tool to support employees and enhance skill sets.

The new telephony system will be rolled out across all SMCT locations during Q1 FY17.



Showing respect, warmth, empathy and care in every customer interaction

Introducing Customer Experience Standards to Enhance Customer Centricity

SMCT recognises that our people are our greatest asset and in order for the organisation to be successful over the long term it is vital that our team are supported and provided with the appropriate development. As such, we have been working to strengthen the operational foundation of our work practices.

A formal induction program has been developed for all SMCT employees with a more comprehensive version established for customer facing employees. This program focusses on the team members experiencing the customer journey with SMCT, providing valuable insights in preparation for their interactions with our customers.

SMCT Customer Experience Standards have also been established to ensure consistency of approach across SMCT locations. These Standards outline expectations in terms of Access to Services, Customer Interactions, Customer Feedback, Keeping Customers Updated and Written Communications.

A comprehensive review of all processes and procedures was commenced in FY16 and will continue through to Q2 FY17. This review will assess processes and procedures according to the defined Customer Experience Standards, to identify efficiencies and optimise consistency.

Focus on Employee Engagement through Effective Leadership

A key priority of SMCT is our people and ensuring that they are positively challenged and engaged is a priority for all 'people leaders' within SMCT. Increased focus has been placed on engaging team members to ensure that they feel valued and supported in performing their roles.

Bunurong Memorial Park – Providing Choice

The significant development program at BMP was completed in FY16. A unique Australian sanctuary, BMP provides a timeless and transformational landscape for the community to respectfully honour and celebrate life. This native parkland has been designed to provide a new and enriching experience each time people visit and has been purpose built for daily community enjoyment, redefining memorial parks for Victorians.

BMP has been designed in response to community and industry consultation, to meet the needs of the diverse faith and cultural communities that we serve. As such it must provide numerous product and service options to meet these diverse needs. Four Reflection Spaces provide multi-purpose spaces for funeral services and any type of family or community gathering.



Concierges assist our customers in the Reflection Spaces at Bunurong Memorial Park

The thoughtful addition of the Solace Rooms provide quiet places for individual contemplation, and the establishment of the function rooms and supporting back-of-house food and beverage area positions BMP to cater for all culinary and dietary requirements, with menus tailored to cultural preferences.

The introduction of Café Vita et flores and the adjacent playground at BMP also enhance the customer visitation experience across generations, offering a location for gathering.

There are a number of new memorialisation options unique to BMP, which have been established to reflect the native environment, and also provide a more contemporary approach to permanent places of remembrance. The acceptance of these new solutions has been very positive, and has demonstrated that understanding the values and needs of clients and positioning solutions accordingly enhances the customer experience.

As part of ongoing engagement with our communities, we have also established key areas within the new development to ensure that specific requirements have been met to create appropriate 'footprints'. We also continue to meet specific cultural needs such as burial or cremation within time frames required by religion or faith.



A range of memorial options at Bunurong Memorial Park

In keeping with our commitment to offering choice to our customers, SMCT continues to provide LifeGem™ products through BMP, as the sole LifeGem™ agent in Australia. Our customers gain peace and comfort with the opportunity to embrace the memory of a loved one day-by-day through the everlasting connection of a LifeGem™ memorial diamond.

In keeping with the principles of customer centricity, SMCT is committed to universal access for our communities, with our locations accessible 365 days of every year.

Victorian Cremations – Innovative Digital Solution

SMCT has developed a new digital solution for customers – Victorian Cremations. The Victorian Cremations website is the first of its kind in Australia, providing an e-commerce solution that allows an individual to pre-purchase their Cremation Certificate online via a simple and convenient process.

There is an increasing interest in planning ahead, however many consumers are confused by the planning options currently available within the market. The Victorian Cremations website provides the community with a risk free planning option.

Customers are provided with key information to be able to make an informed choice and are provided with a solution that allows them to ensure that their cremation is conducted in Victoria, by a reputable not-for-profit organisation.

Victorian Cremations also offers MYLifebook on the website, which is a vital tool that guides people through documenting key information to ensure that their family know how they wanted to be remembered.

Victorian Cremations is an example of providing an innovative value offering to the community that empowers them to make key end of life decisions that best suit their needs.

It is a fit for purpose response to the growing uptake of cremation in Victoria.

Enhancing Communications with the Customer and our Communities

SMCT has made great progress throughout FY16 into enhancing our customer communications.

The content of our regular newsletter, the Cemeterian, has been aligned to customer centricity, and engagement across our social media presence has increased, with significant reach in tandem with several key community events.

Communications with our customers, and our funeral director industry partners, has shifted from the traditional to the digital over the reporting period.

In parallel we have increased our focus on the importance of offering services digitally, notably with the refresh of the BMP website and launch of the Victorian Cremations website.

FY16 has seen a range of media coverage of SMCT activities, most notably the BMP development and launch of the Historical Restoration and Refurbishment Fund held at Melbourne General Cemetery (MGC).

Listening to Feedback from our Customers

SMCT continually seeks to improve our service for our customers and measures their experience at various touch points within their journey at SMCT through targeted surveys. A total of 1,500 surveys were received from our valued customers throughout FY16, providing valuable insights into where we are performing well, and opportunities to improve our customer experience.

Memorial Services

We are also educating our communities to help them understand the value of remembrance and memorialisation.

An important component of this is the provision of community memorial services across our locations throughout the year, held to coincide with significant calendar events.

The annual Mother's and Father's Day Remembrance Services were held at BMP, in partnership with Allison Monkhouse. These moving and memorable services provide our mutual client families and the broader community with the opportunity to remember their loved ones.



Remembering lost loved ones at the annual Mother's Day Remembrance Service

SMCT also holds a number of All Souls Day services, to highlight the day in the Christian calendar that commemorates the faithful departed, and honours all who have passed, particularly the relatives of those attending. It is principally acknowledged by the Catholic Church.

More than 2000 people attended the All Souls Day services held in November 2015. The services included a mass for the Vietnamese community at Springvale Botanical Cemetery (SBC).

Services were conducted in partnership with Allison Monkhouse at SBC, Cheltenham Memorial Park (CMP) and BMP. At MGC our event partner was Tripodi Funerals.

The annual Children's Christmas Remembrance Service at SBC provides families who have lost a child with the opportunity to honour their memory at a time of year that is very family focussed. Often holiday periods following loss are difficult times, and many families find great comfort through the service which includes the tradition of the Christmas tree and carols.

Held on 13 December in 2015, this year's special dusk service was also attended by the Premier, the Hon. Daniel Andrews MP, in support of his local community.

A separate community Christmas Service is also held annually at BMP.

Looking Forward

Maintaining a customer centric focus and further embedding a culture that prioritises the customer experience will continue during FY17. Key aspects to be focused on looking forward include:

- Successful implementation of a new telephony solution across all SMCT locations and a phased approach to activating additional sophisticated functionality.
- Continued activation of BMP through:
 - The opening of the Customer Care facilities, including the Viewing Rooms, which will provide customers with dedicated spaces to spend time with their loved ones in a quiet and respectful environment.
 - Increasing awareness of the multi-purpose facilities available, with a particular focus on driving community visitation to the site.
- Further enhancing our digital assets to ensure they are easily accessible and meet customer's needs; and expanding our online presence through leveraging social media.
- Wellbeing and care services, and a wellbeing centre, to improve the continuity of care for our customers through the experience of grief and loss.



Children's Christmas Remembrance Service

Strategic Priority 2

Pursuing Strategic Growth

Our obligations are perpetual. Our relationships with families and communities surpass time and generations as we are entrusted to preserve our memorial parks for all time. Therefore, to remain sustainable in the long term, we need to pursue growth.

Key Outcomes

- Completion of Stage one development works and the opening of the Southern Aurora Centre at BMP.
- Enhancing the customer experience with digital solutions.
- Commencement of construction of the second Saint Padre Pio Mausoleum at SBC.
- Refurbishment of the Boyd and Renowden Chapel complex at SBC.



In the pursuit of strategic growth, Southern Metropolitan Cemeteries Trust (SMCT) maintains a balanced focus on infrastructure development, the introduction of complementary service offerings and scoping potential land acquisition, to position the organisation for sustainability into the future.

Strategic Growth is underpinned by sound financial management and optimisation of the investment portfolio, in particular to support meeting the perpetual maintenance obligations over the eight locations for which SMCT is responsible.

The development of SMCT's new Strategic Plan 2016-2020 created a framework to explore and leverage strategic opportunities and to manage strategic risks as they have emerged throughout the first year of its implementation.

The completion of stage one works at Bunurong Memorial Park (BMP), with the Southern Aurora Centre now fully operational, will significantly contribute to growth for SMCT going forward.

Infrastructure Initiatives

The most significant infrastructure project within FY16 was the development program for the stage one works at BMP. As a major milestone for SMCT, and the largest infrastructure initiative that the organisation has progressed, a dedicated feature on the BMP development follows this section.

Responding to Community Needs – Additional Mausoleum

SMCT has continued our engagement with the Italian communities and identified the strong demand for the development of a second stage of the Saint Padre Pio mausoleum at Springvale Botanical Cemetery (SBC).

The first stage Saint Padre Pio mausoleum was opened in FY15, with all positions sold within that reporting period. In response to demand, design and scoping was initiated to progress a second stage of Saint Padre Pio, with construction then commencing ahead of schedule within FY16, to be completed in 2017.

The initial response from the Italian community has been positive, with 71 crypts sold to the value of \$4.4m when SMCT released to market for sales off the plan in Q4 FY16.

Saint Padre Pio stage two will deliver a total of 296 casket spaces.

The total project cost for Saint Padre Pio stage two represents an investment of approximately \$3.3m.

SMCT is now scoping development of a long awaited additional mausoleum in the Melbourne General Cemetery (MGC), with preliminary expression of interest commencing towards the end of the reporting period. Engagement with the Italian community and progression of the design phase will be activated in Q1 FY17. The initial response has been strong.



An image of the concept for the second stage of the Saint Padre Pio mausoleum

Providing State of the Art Community Facilities – Refurbishment of the Boyd and Renowden Chapel Complex

The Boyd and Renowden Chapel Complex at SBC holds a significant place in the history of Cemeteries and Crematoria in the state of Victoria, with the Boyd facility notably introducing the then largest crematorium in the state, and influencing social mores of the day.

The Boyd Chapel was constructed in 1936, designed by architect David Frank Cowell-Ham in the Art Deco style of the era. It was later extended in 1941 at which time the co-located Renowden Chapel was also constructed.

The chapels themselves were not named until 1961 under the recommendation of the Manager H.F. Brind, to honour the then deceased namesakes, two former Chairmen of the Necropolis Trust, J.A. Boyd and A.K. Renowden respectively.

SMCT engaged architects Lovell Chen in February 2015 to undertake design and documentation services for the upgrade of the Boyd and Renowden Chapel Complex. The brief included the requirement to ensure new works respect the architecture of the existing building.

The dual objectives of this refurbishment project have been to restore these heritage listed chapels to their former brilliance, and to provide a more contemporary experience in line with that of the service offering across the suite of community facilities at SBC.

Due for completion in Q1 FY17, this initiative will provide long term community infrastructure, complete with a multi-purpose space, to enhance the customer and visitor experience.

Complementary Services and Additional Revenue Streams

SMCT continues to pursue strategic growth through progressing complementary services which provide additional revenue streams.

This approach minimises dependency on core revenue streams and proactively contributes to the long term obligations of perpetual maintenance.

As an adjunct to providing traditional memorial products, SMCT has enhanced the community experience across our locations by introducing the food, beverage and retail precincts, initially at the Clarence Reardon Centre in SBC and now established within FY16 at BMP.

Café Vita et flores at SBC has been described as a hidden gem within a botanical setting. This venue has regular jazz sessions and a menu to suit all tastes.

At BMP, the Café Vita et flores offering completes the visitation experience in the setting of the Southern Aurora Centre.

The addition of the retail precinct consolidates the facilities as multi-purpose community assets.



The new playground at Bunurong Memorial Park

Melbourne International Flower and Garden Show – Gold Award

SMCT exhibited at the Melbourne International Flower and Garden Show, held in March 2016 at the Exhibition Buildings.

As a first time exhibitor and entrant, SMCT was delighted to win the Gold Award in the Floral Design category.

This project was aligned with our work to demystify cemeteries, promoting broader public awareness of the complementary service offerings and driving visitation across our locations.

Creation of the exhibit entailed fantastic cross functional team work across our organisation, with teams from infrastructure collaborating with our florists to deliver a stunning result, which was then replicated for the Official Opening of the Southern Aurora Centre at BMP.

SMCT acknowledges the valued contribution of renowned floral consultant Michael Strownix, of Where the Grass is Green.

This award is testament to the value of the complementary endeavours that SMCT is pursuing.



SMCT's stunning award winning floral exhibit on display

Land Acquisition

Within the portfolio of eight cemeteries and memorial parks that SMCT operates, five of these locations have reached, or are close to reaching, end of life.

With population growth, urban development and most inner city cemeteries reaching capacity, there is minimal burial land available within the south eastern region to meet the forecast needs of the growing Victorian population.

To that end, SMCT is proactively exploring land acquisition opportunities to ensure that memorial parks can be developed to meet the needs of the Victorian community into the future.

Key priorities are to ensure that culturally appropriate services are available for local communities, and demographic changes, including the growing ageing population in the south eastern corridor, are considered in long term planning.

Embracing Technology to Keep Pace with Change and Enhance Customer Centricity

FY16 has seen SMCT intensify our focus on enhancing our digital touchpoints to optimise our customer experience offering.

This has involved initiating a comprehensive review of our digital assets to inform our Digital Strategy going forward. The Digital Strategy has a strong nexus with our focus on customer centricity; as the world is increasingly online, it is imperative that SMCT embraces technology at the rapid rate at which it is evolving.

The commencement of the Digital Strategy has included the launch of Victorian Cremations, an e-commerce solution for customers whereby cremation certificates can be conveniently purchased online. (As a customer centric initiative, Victorian Cremations is detailed in Strategic Priority 1 Embracing Customer Centricity.)

The IT Portfolio

SMCT remains committed to maintaining and further improving the level of IT facilities available to our employees and external stakeholders. The focus for FY16 has been on the delivery of technology infrastructure and audio visual services for a number of large-scale projects, including BMP and the Boyd and Renowden Chapel Complex refurbishment.

The following solutions have been implemented during the reporting period:

- Mobile Device Management Platform
- Digital Signage Platform
- Facilities Management System
- Contractor Compliance System
- Phone and Communications Platform

Risk Management and Compliance

To ensure the availability of IT services and the security of the organisation's IT assets and data, during FY16 SMCT completed testing of Disaster Recovery (DR) facilities and processes and

confirmed that current contingencies in place to deal with any significant data or system loss are operating effectively. In addition, penetration testing of external-facing services was completed to identify potential security threats. These tests are now carried out annually.

	Details of ICT expenditure		
BAU ICT expenditure	BAU ICT expenditure	Operational expenditure	Capital expenditure
Total	Total = A+ B	A	B
	\$2.965m	\$2.326m	\$0.639m

The IT Steering Committee continued to convene during the reporting period. The Committee members provide regular input into the direction of IT initiatives, providing the organisation with an appropriate avenue for driving continual improvement across our IT portfolio.

FY16 Financial Performance

SMCT's financial performance objectives are focused on ensuring that the revenue and margins generated by the organisation exceed ongoing operating costs, as well as adequately providing for pre-need commitments and the organisation's perpetual maintenance obligations.

Financial sustainability underpins the ability to remain responsive in our service offering and provide contemporary facilities for our visitors.

During FY16 our focus continued on pre-need revenue growth. The retail operation (Café Vita et flores, and function facilities) has seen consistent growth as the community utilises these value added services, and with the establishment of the new café precinct and function rooms at BMP.

Financial Report

The financial report (pp 53 to 108) covers the 12 month reporting period from 1 July 2015 to 30 June 2016, with last year's comparative numbers covering the 12 month period from 1 July 2014 to 30 June 2015.

Financial Performance

SMCT generated a positive operating result of \$18.2m for the reporting period. This result is on the back of revenue from cemetery operations of \$54.4m and after the impact of the 3% cemetery levy of \$2.0m payable to the Victorian Government.

During the reporting period, SMCT investments have increased by \$2.6m to \$210.5m, after experiencing 12 months of volatility in the financial markets.

Gross Operating margin for the period was \$46.6m (after Cost of Sales) with major revenue streams being:

- Sales of graves contributing 37.3% or \$20.3m of total income.
- Cremation revenue contributing 12.4% or \$6.7m, with SMCT performing almost 49% of metropolitan Melbourne's cremations during the reporting period.

- Mausoleum sales representing 10.0% or \$5.4m of total income.
- The continued focus on the sale of pre-need services has resulted in unearned income increasing by \$3.4m (11%) to \$34.0m.

Operating expenses (excluding cemetery levy and investment management fees) amounted to \$37.0m, 58% of which relate to personnel costs.

During the financial year the expenditure on capital works and projects amounted to \$45m.

Major capital works during the period included the major development at BMP, new monumental graves at MGC and the commencement of work to upgrade the Boyd and Renowden Chapels. More comprehensive information about these capital works projects is provided throughout this Report.

SUMMARY OF FINANCIAL RESULTS FOR THE PAST FOUR FINANCIAL PERIODS (\$'000)

	2016	2015	2014	2013
Operating Statement				
Income from Transactions	\$54,445	\$59,507	\$51,352	\$47,781
Cost of Sales	(\$7,888)	(\$9,429)	(\$6,174)	(\$5,995)
Investment Income	\$11,840	\$12,951	\$13,323	\$10,428
Expenses from Transactions	(\$38,170)	(\$33,978)	(\$31,997)	(\$29,375)
Cemetery Levy	(\$1,979)	(\$2,156)	(\$1,932)	(\$1,737)
Operating Result	\$18,248	\$26,895	\$24,572	\$21,103
Other Comprehensive Income/(Loss)*	(\$4,427)	\$23,088	\$18,678	\$18,164
Comprehensive Result for the Period	\$13,821	\$49,983	\$43,250	\$39,267
Balance Sheet				
Assets				
Investments/Investment Property	\$213,021	\$210,462	\$202,251	\$177,091
All Other Assets	\$167,071	\$150,877	\$128,706	\$107,100
Total Assets	\$380,092	\$361,339	\$330,957	\$284,191
Liabilities				
Unearned Income	\$33,950	\$30,524	\$26,870	\$23,670
All other Liabilities	\$10,566	\$9,060	\$8,897	\$8,581
Total Liabilities	\$44,516	\$39,584	\$35,767	\$32,251
Net Assets	\$335,576	\$321,755	\$295,190	\$251,940
Equity				
Perpetual Maintenance Reserves	\$259,161	\$237,288	\$195,801	\$175,767
Other Equity	\$76,415	\$84,497	\$99,389	\$76,173
Total Equity	\$335,576	\$321,755	\$295,190	\$251,940

* Comprehensive Income / (Loss) includes any impairment gains/losses on investments held for sale, and for 2015 includes the realised profit on sale of investments during the changeover of investment managers.

Financial Performance Objectives

In FY16 SMCT's total operating result of \$18.2m was \$2.2m higher than budget.

(\$0.36m), franking credits (\$0.89m) and the distributions received from SMCT's investment portfolio (\$9.43m).

Grave sales across all locations contributed significantly to the result, particularly at SBC's Song He Yuan. Investment income reflects interest

COMPARISON OF ACTUAL VS. BUDGET FOR THE 12 MONTH PERIOD ENDING 30 JUNE 2016 (\$'000)

	Actual	Budget	Variance
Cemetery Operations Revenue	\$54,445	\$52,625	\$1,820
Cost of Sales	\$7,888	(\$6,949)	(\$939)
Investment Income	\$11,840	\$9,122	\$2,718
Total Revenue	\$58,397	\$54,798	\$3,599
Operating Expenses	\$38,170	\$36,757	(\$1,413)
Operating Result before Cemetery Levy	\$20,227	\$18,041	\$2,186
Cemetery Levy	(\$1,979)	(\$1,942)	(\$37)
Operating Result	\$18,248	\$16,099	\$2,149

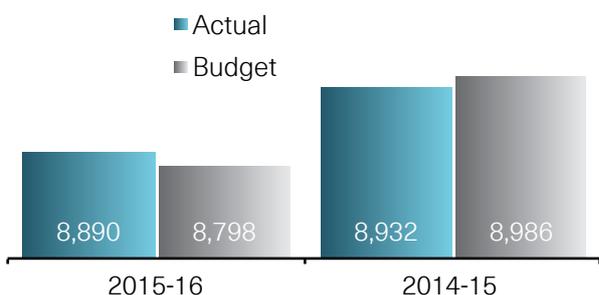
OPERATIONAL PERFORMANCE OBJECTIVES

	2016 Actual	2016 Budget	2016 Variance	2015 Actual	2015 Budget	2015 Variance
Cremations	8,890	8,798	92	8,932	8,986	(54)
Interments	4,046	3,797	249	3,839	3,672	167
Cremation Memorial Sales (\$)	\$5.3m	\$5.7m	(\$0.4)	\$5.2m	\$5.4m	(\$0.2m)
Mausoleum Crypt Sales (\$)	\$5.4m	\$4.6m	\$0.8m	\$12.6m	\$9.0m	\$3.6m
Grave Sales (\$)	\$20.3m	\$19.2m	\$1.1m	\$18.6m	\$17.6m	\$1.0m

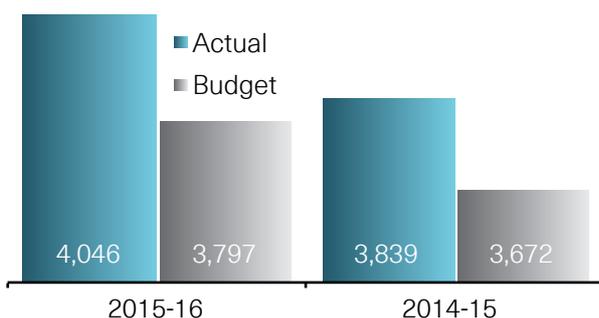


Cafe Vita et flores at Bunurong Memorial Park

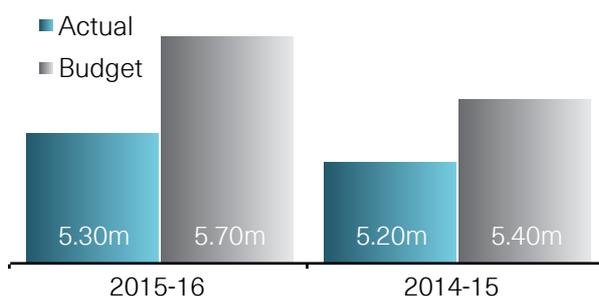
Key trends and issues that influence these performance indicators can be summarised as follows:



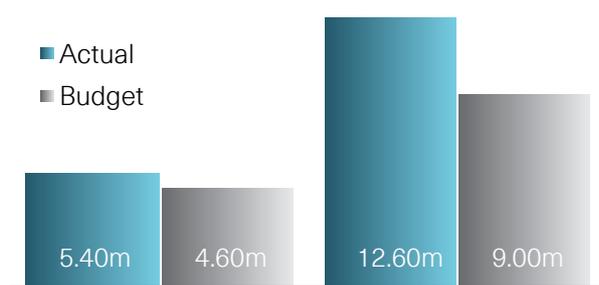
Cremations – SMCT performed 92 additional cremations than compared to budget. With cremation figures across Victoria stagnant compared to the previous period, SMCT has increased its market share.



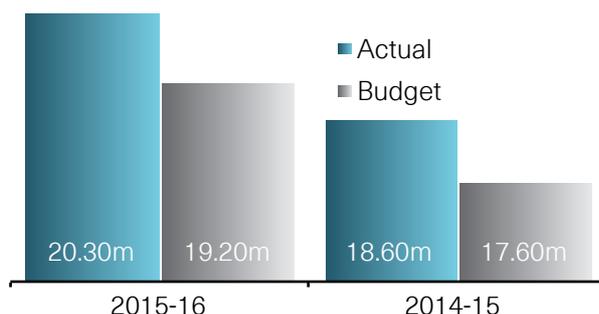
Interments – Interments were 6.5% more (+249) compared to the budget, and 207 greater than those performed in the previous year, reflecting the increase in interments across the Victorian sector.



Cremation Memorial Sales – Cremation Memorial Sales were 7% below budget, however exceeded prior year actual. SMCT maintains its commitment to meeting our communities' changing needs in relation to memorialisation.



Mausoleum Crypt Sales – Crypt sales were 17.4% ahead of budget. This was a result of strong sales at Bunurong Memorial Park and Melbourne General Cemetery. Prior year sales (FY15) included the release of the new Saint Padre Pio mausoleum at Springvale Botanical Cemetery.



Grave Sales – Grave sales were 5.7% above budget, primarily due to:

- Bulk sales at Dandenong Community Cemetery.
- Sales of Song He Yuan at Springvale Botanical Cemetery.
- Sales from continued grave research at St Kilda and Melbourne General Cemeteries.

Subsequent Events

There have been no significant events subsequent to balance date and prior to authorisation for release that require disclosure in the annual report.

Consultants

In FY16, there were four consultancies where the total fees payable to the consultancies were \$10,000 or greater.

The total expenditure incurred during FY16 in relation to these consultancies was \$67.7k (excl. GST).

In FY16 there was one consultancy where the total fees payable to the consultant were less than \$10,000. The total expenditure incurred during FY16 in relation to this consultancy was \$6.4k (excl. GST).

Consultant	Purpose of Consultancy	Start Date	End Date	Total approved project fee	Expenditure 2015-16	Future expenditure
Essential Economics	Research work for land acquisition	6.6.2016	31.8.2016	\$17,750	\$17,750	\$0
Bateup	Actuarial report for Padre Pio 2	30.11.2015	21.12.2015	\$6,738	\$6,738	\$0
Bateup	Actuarial report for Kingston Project	13.7.2015	6.8.2015	\$16,035	\$16,035	\$0
Chant West	Investment Consulting Services	1.7.2015	30.6.2016	\$23,725	\$23,725	\$0
Deloitte	Actuarial Services	1.7.2015	25.8.2015	\$10,237	\$10,237	\$0

Looking Forward

FY17 will be a decisive year as we continue the delivery of the Strategic Plan 2016 - 2020. It will also be a year of consolidation to allow for the seamless delivery of BMP's new business model, which will provide the momentum for future sustainability.

Future maintenance of cemeteries will be sustained through a strong asset holding. With significant investment in capital works, stock projects and a focussed growth strategy, consistent increases in cemetery operating results are expected; this will contribute towards the perpetual maintenance fund.

SMCT will continue to focus on effectively managing this perpetual maintenance fund through our investment portfolio aligned to the current investment management policy.

In FY17 SMCT will progress the Digital Strategy to enhance our customer touchpoints online.

We are also currently evaluating an electronic data management system to ensure our corporate records are archived, managed and maintained to best practice standards, and provide better opportunities for internal collaboration.

SMCT will continue to evaluate and pursue appropriate land acquisition for memorial park development and the provision of multi-purpose community facilities as a component of our approach to ensuring long term sustainability.



Cafe Vita et flores at Springvale Botanical Cemetery

Pursuing Strategic Growth - Bunurong Memorial Park – the Memorial Park of the Future



The suite of world class multi-purpose community facilities within the Southern Aurora Centre

During FY16 Southern Metropolitan Cemeteries Trust (SMCT) achieved a major milestone - the completion of the stage one development works at Bunurong Memorial Park (BMP).

SMCT had the vision to transform BMP into a special destination for Victorians as a uniquely Australian sanctuary, with a timeless and transformational landscape for the community to respectfully honour and celebrate life.

This native parkland has been designed to provide a new and enriching experience each time people visit, and has been purpose built for daily community enjoyment. This is in keeping with SMCT's work to demystify cemeteries and create memorial parks that are active community spaces.

BMP has been developed in response to needs identified through community consultation; forward planning by building facilities not just for today, but for tomorrow.

“It’s the best of everything in every way. Responding to multiculturalism. Responding to diversity. A modern picturesque, beautiful space, but one that is made all the better for the love, and care and respect that is shown to everybody who turns to this place.”

The Hon Daniel Andrews MP, Premier of Victoria.

The Southern Aurora Centre

The stunning Southern Aurora Centre and the Sanctuary Reflection Space across Lake Australis were thoughtfully designed by architectural firm BVN, as contemporary multi-purpose community spaces.

The doors of the Southern Aurora Centre opened on 11 January 2016, for the successful operational implementation of Customer Care, the Reflection Spaces, Café Vita et flores, and the function rooms.

The adjacent Aurora’s Rise comprises several culturally specific burial areas, including the dedicated Islamic burial gardens: Rawda Ar-Rahman and Rawda As-Salam. It also features memorial gardens, and a rock burial garden – Dimensions. There are additional memorial gardens throughout the landscape of the Southern Aurora Centre itself, including the Banjo and Matilda Gardens.

SMCT’s comprehensive community consultation program has underpinned the identification of community needs to guide the development and specifications of these areas.

Reflection Spaces for contemporary farewells

The Reflection Spaces at BMP were aptly named as the contemporary community spaces that they have become; as spaces for funerals and multi-purpose spaces for a variety of commemorative and community events. The term ‘Reflection Space’ was seen as a more inclusive and encompassing name across the various faith and cultural communities.

A similar approach was taken to the naming of the Solace Rooms, informed by ongoing community consultation from 2014. These quiet spaces for prayer and reflection are located within the Southern Aurora Centre and have been designed to accommodate various faiths and spiritual preferences within the surrounds of the Solace Gardens.

“Death ends a life, but only alters a relationship, moving it from one of presence to remembrance.”

Dr Alan Wolfelt.



A community farewell at one of the first services held within the Southern Aurora Centre

The Official Opening of the Southern Aurora Centre was held on Sunday 17 April 2016, with SMCT hosting over 200 guests across government, industry and community.

This significant milestone for SMCT, the sector and the Victorian community was officiated by the Premier, the Hon Daniel Andrews MP and the Minister for Health, the Hon Jill Hennessy MP.

State of the Art Café and Function Facilities

SMCT has replicated the Café Vita et flores retail precinct model from Springvale Botanical Cemetery (SBC) at BMP, with the café, florist and playground in proximity to the suite of five function rooms.

The addition of Café Vita et flores enhances the visitation experience and provides guests with the convenience of these facilities on site.

Working with our Industry Partners

Consultation and cooperation with our industry partners – funeral directors – has also informed the development at BMP, to ensure optimal operating conditions across the suite of facilities.

The development has also provided Consulting Suites for funeral directors within Customer Care.

SMCT hosted over 80 funeral directors for an exclusive preview of the Southern Aurora Centre in early January 2016, ahead of operations commencing.

Jane Grover, CEO of SMCT articulated the value that BMP offers funeral directors: "For you, funeral directors, we hope that the service offering here at the Southern Aurora Centre will provide families with memorable, lasting experiences. This place is for them and it's also for you, it will enable you to care for your families with the convenience of several services at the one location, to grow your reputation and business."



SMCT Trust members and CEO with the Premier and Minister for Health, at the Official Opening of the Southern Aurora Centre

Environmental Sustainability

Both the development program and the ongoing operations at BMP are reflective of the commitment that SMCT has to environmental sustainability.

BMP has been designed with the aim to capture and utilise all water on site, with a swale and windmill assisting this process.

The facilities across the Southern Aurora Centre comprise 824 solar panels that produce 255.44kW of power.

SMCT is also working with the community to determine an appropriate model for a proposed natural (green) burial area at BMP. One of the aims of this form of burial is to minimise the environmental footprint.

The planting of 80,000 native trees and shrubs throughout the extensive landscaping at BMP is also of benefit to the local environment.

The Masterplan for Bunurong Memorial Park

The stage one works are the first of five stages within the Masterplan for BMP. Developed in consultation with government, industry and community, this Masterplan guides the creation of a multi-purpose community asset in the south east region to meet the needs of the growing population. Specifically, BMP is intended to meet the projected demographic changes in the region, namely the increased cultural diversity and the growth in the ageing population forecast over the next 50 years.

The Groundbreaking Ceremony was held in October 2014, with Hansen Yuncken then progressing construction works through to April 2016.

Several suppliers worked collaboratively alongside SMCT's cross functional BMP Program Group to contribute to the project's success, including: Aspect Studios, Austeng Engineering, Bonacci Engineers and Murchie Consulting.



Contractors and Suppliers celebrating the Official Opening of the Southern Aurora Centre at the Sanctuary Reflection Space

Strategic Priority 3

Enhancing Stakeholder Engagement

Our duty is to listen and respond to our stakeholders' needs. All stakeholders play a vital role and we need to co-exist, complement and add value to each other, for the benefit of the mutual customers that we serve.

Key Outcomes

- Extensive consultation across industry and community to inform the service offering at BMP.
- Introduction of the Knocking on Heaven's Door Sessions.
- Launch of the Historical Restoration and Refurbishment Fund.



Funeral director previews at Bunurong Memorial Park

SMCT operates in a dynamic environment. To remain relevant to our customers, we maintain strong relationships across government, industry and community with a genuine commitment to active engagement and meaningful conversation with all stakeholders.

We are dedicated to identifying and meeting the needs of our stakeholders and understand that this is best achieved through open communication and consultation, the cornerstone of which is listening in order to inform a responsive service offering.

Our Stakeholder Engagement Charter outlines our mandate for transparency and accountability.

The Charter includes our pledge to:

- Provide open, honest and consultative communication.
- Apply principles of continuous quality improvement to our service provision.
- Respond to constructive input from our stakeholders.

Above all, SMCT is determined to adhere to the practice of listening intently, thinking with consideration and acting with understanding across all of our engagement activities.

Meaningful Engagement with the Diverse Communities that we Serve

Throughout FY16 SMCT continued to engage with diverse and emerging community groups to allow for a better understanding of relevant cultural, religious and community needs.

Our consultation practice informed the development of the Southern Aurora Centre at Bunurong Memorial Park (BMP) as a multi-purpose community space for all generations, including the naming of key facilities on site.

The process spanned a period of three years, with the facilitation of over 200 face-to-face consultations, 18 group forums, two online surveys, 115 community site tours and a number of information evenings and presentations.

In making decisions about BMP, SMCT also consulted and co-operated with relevant industry partners. We were delighted to host over 80 funeral directors for a preview of the Southern Aurora Centre in early January 2016.



Funeral Director tours at Bunurong Memorial Park

Our consultation practice has enabled BMP to be culturally appropriate in its service offering for our communities, and responsive to the needs of our industry partners, ensuring a relevant and seamless service for our mutual client families.

Community Forums

SMCT holds a number of forums for discussion with community groups, industry stakeholders and the general public during which we encourage others to have their say and to share their views.

One of these key forums is the Southern Ageing Forum (SAF), established by SMCT in 2012 as the first of its kind in the sector, to bring together a diverse stakeholder group think tank. The SAF facilitates ongoing dialogue and collaboration with key partners: hospitals, palliative care, health providers, state trustees and eight municipalities across the southern metropolitan region.

This year the SAF was opened by Gabrielle Williams MP. Discussion focussed on creating spaces for social inclusion, and promoting courageous conversations about death and dying.



The 6th Southern Ageing Forum

A key shared insight was the recognition that supporting our ageing population through times of grief contributes to a positive experience of ageing. This will inform joint project opportunities with key stakeholders such as the Council on the Ageing and the Australian Centre for Grief and Bereavement.

Throughout FY16, SMCT established an Indian Subcontinent Forum, engaging with over 64 different Indian groups in the south east corridor to understand cultural practices and values.

A South East Islamic Forum was also recently convened, with over 30 leaders and Imams from 11 local mosques participating to understand cultural sensitivities and reflective practices of the Muslim faith, and gain insights into burial practices and rituals that are important to their community.

Communicating with our Stakeholders

Consulting across faiths and cultures also provided valuable insights into preferred communication methods, to facilitate ongoing dialogue.

SMCT adheres to the principles of open communication and aims to ensure as broad a reach as possible.

We seek to use media and communication channels to promote our endeavours and raise community awareness.

SMCT has enjoyed robust coverage throughout the reporting period across various media channels, and also produce a quarterly publication – *The Cemeterian*. Throughout FY16 we have increased digital distribution and introduced more regular digital communications with our customers and stakeholders.

We maintain active websites and produce regular updates for industry stakeholders and the general public to ensure that SMCT's objectives and achievements are clearly communicated.

Community Advisory Committee

The Community Advisory Committee (CAC) is a significant foundation for the multitude of SMCT's community engagement endeavours.

Throughout FY16 the CAC was involved across a number of projects on behalf of the Trust including:

- Understanding community demand for new and innovative products at BMP.
- Establishing and leading key research for an 'Adolescent Tranquility Garden'.
- The united blessing of the Chapel of Reflection at Springvale Botanical Cemetery (SBC).

- Understanding the significance of naming multi-faith spaces, key symbolism and rituals.
- Participating in Natural Burial Focus Groups.

SMCT would like to acknowledge the dedication and invaluable contribution of our CAC members.



Consulting with faith leaders at Bunurong Memorial Park

Community Tours – Springvale Botanical Cemetery and Bunurong Memorial Park

Hundreds of participants attended the 39 tours held at SBC and 18 tours held at BMP throughout FY16.

In addition to informing the community about the facilities, programs and service offering across these locations, the tours contribute to social cohesion and promote active ageing.

While popularity continues to grow for the long standing tours at SBC, BMP has had great success in its opening months with the community warmly welcoming the new development, and providing outstanding feedback.

Historical Tours

SMCT has hosted historical tours of Melbourne General Cemetery (MGC) for several years, and has identified the growing tourism potential of this iconic location. Melbourne City Council's tourism volunteers toured the historic gatehouse and significant graves, and are now directing people to MGC through the visitors' centre at Federation Square.

The MGC guided night tours continued to grow in popularity and frequency, with 868 people attending during FY16 – the highest number to date. A record number of 330 people attended on Halloween, with a Children’s Halloween tour conducted for the first time. Regular Friday night tours have become a fixture in the program.

A highlight was the Melbourne Weekender program filming a night tour led by SMCT’s resident historian Dr Celestina Sagazio. TV presenter and former Geelong Football Club Premiership captain, Cameron Ling, participated in the tour and shared great interest in the history of MGC.



Historical tours at Melbourne General Cemetery

The MGC guided day tours attracted the highest number of adults, social clubs and school children to date with a total of 430 people.

SMCT intend to increase the focus on school tours during FY17 as the rich history of the site is complementary to students’ studies and promotes an appreciation of local history.

Not all tours are formalised in the program, with many hundreds of tourists, locals and students continuing to conduct self-guided tours using SMCT signage and brochures.

During the 2015 Open House Melbourne event over 700 people took part in tours of MGC’s historic gatehouse and significant graves.

SBC also hosted historical tours throughout FY16, with day walking tours held for members of the public, social clubs and historical societies. Highlights at SBC included the annual ANZAC Day War Heritage and Australian War Graves Tours on 25 April 2016.

Custodians of History – The Historical Restoration and Refurbishment Fund

SMCT maintains a balance of focussing on innovation and sustainability, looking forward, and upholding our role as custodians of history across our locations, all of which hold a wealth of social and cultural capital for the state of Victoria.

To that end, after years of planning and approval processes, SMCT was delighted to announce the new Historical Restoration and Refurbishment Fund (the Fund).

On 8 March 2016, former Premier, the Hon Jeff Kennett AC and the Hon Professor Barry Jones AC co-launched the Fund, attracting considerable media and public interest.

The State Government has allowed cemetery trusts to use non-core funds, such as proceeds from tours, publications, public donations and special projects, for the restoration of monuments. No money from burials or cremations is permitted for this purpose.

Within our sites, we have identified a number of historically significant monuments. Their restoration is in the public interest in order to preserve our shared heritage for generations to come.

Restoration work has already begun on two graves associated with Sir William Clarke at MGC. Initial assessment work on the condition of the significant Sir Charles Hotham monument at MGC has also commenced.



L-R Jane Grover, Barry Jones, Jeff Kennett and Celestina Sagazio in the Prime Minister’s Garden at MGC for the launch of the Fund

SMCT acknowledges the generous donations of The University of Melbourne's Trinity College and Janet Clarke Hall towards the restoration of the Sir William Clarke monument. Other fundraising opportunities for restorations are being explored.



The Afternoon Tea held with Trinity College and Janet Clarke Hall for the Fund

Another important component of SMCT's heritage work in FY16 was the formal Submission to the government reviews of heritage sites (that include cemeteries); the Heritage Act Review, and Victorian Environmental Assessment Council's Historic Places Investigation.

Industry and Government Relations

SMCT values our collaborative relationship across government and industry. These relationships are founded on mutual respect, reciprocal trust, authentic consultation and a shared recognition of common purpose.

During the reporting period SMCT enjoyed regular engagement and communications with other Class A Trusts, Class B Trusts and the Department of Health and Human Services.

Our ongoing government and industry relations included collaboration with the following stakeholders:

- Cemeteries and Crematoria Association of Victoria
- Victorian Cemetery Trusts
- Australian Funeral Directors Association
- Independent Funeral Directors Association
- Funeral Celebrants Association

- State Trustees
- South East Palliative Care
- Australian Centre for Grief and Bereavement
- Council on the Ageing

SMCT was delighted to have delegates attending the Australian Cemeteries and Crematoria Conference in Hobart in October 2015. The conference provided a valuable overview of national industry trends.

Reporting Back to our Stakeholders

In keeping with our commitment to transparency and accountability, SMCT engages the services of an external organisation to independently survey all stakeholder groups that engage with SMCT, across community, industry and government.

This annual practice enables SMCT to garner impartial and transparent feedback, and informs our continuous improvement processes and ongoing engagement.

SMCT is pleased to report that the participation in surveys in FY16 has increased by 3.4% from the previous year. A Net Promoter Score of 71 was achieved for FY16.

Customers are also regularly surveyed throughout the year to ensure that we are gaining key insights to improve the customer experience in keeping with our commitment to customer centricity.



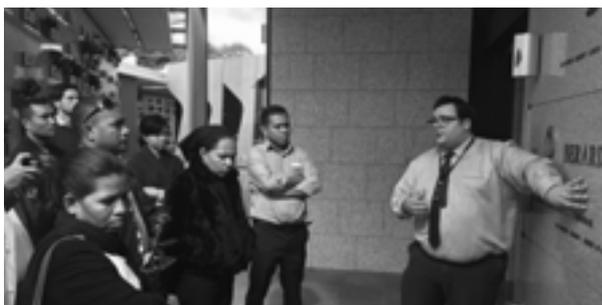
One of many sculptures that augments the gardens at Springvale Botanical Cemetery

International Engagement

SMCT was delighted to host a Chinese delegation from the publically listed organisation Fu Shou Yuan International Group in October 2015.

Fu Shou Yuan and SMCT share the objective to enhance international cooperation. The tour included the state of the art facilities of SBC and the Song He Yuan footprint, with mutual benefit from the opportunity to exchange insights.

An East Timorese delegation was welcomed to SBC for a comprehensive overview of cemetery operations in Australia. The East Timor culture is predominantly Catholic and their practices focus on burial with no cremations. They have a major challenge with land availability which was a focus of the exchange.



East Timor delegates touring Springvale Botanical Cemetery

Community Events

Our annual calendar of events brings our stakeholders together and provides key engagement opportunities for SMCT. The majority of our events are attended by government, industry partners and our communities.



SMCT collaborated with the local Aboriginal community for the smoking ceremony at the Official Opening of the Southern Aurora Centre at Bunurong Memorial Park

Knocking On Heaven's Door – Creating the Conversation

SMCT has introduced a new event - Knocking on Heaven's Door. This series of discussion sessions aims to create the space to bring people together to create the conversation about death and dying in a non-confronting way.

The inaugural session was held in November 2015 at SBC, with over 160 guests attending to hear from Trav Bell (the 'Bucket List Guy'), and our panellists: Father Bob Macguire, funeral director Ellese Templeton and celebrant Kimba Griffith.

Session two followed at BMP in March 2016, this time focusing on the topic, 'Why Face the Fear of Dying?' Kimba Griffith provided the keynote with robust discussion following amongst the panellists: celebrant Sally Cant and CEO of Remembrance Parks Central Victoria Graham Fountain.

Dying to Know Day - Natural Burial

As part of the international events to mark Dying to Know Day on 8 August 2015, SMCT invited the community to share in a screening of the Documentary 'A Will for the Woods' and learn more about natural (green) burial.

This event led to a series of consultation focus groups held in early 2016 to explore the concept of natural burial and the possible development of a dedicated area for this purpose at BMP.

Annual Ching Ming Festival – Inaugural Asian Buffet

Over 500 people visited SBC's Song He Yuan this April for the annual Ching Ming Festival. This year's festival included the Official Ceremony conducted by Wat Thai Temple's Abbot Ajun Boonsom, in the beautiful Di Zhang Wang Temple.

For the 2016 Festival, SMCT's Food and Beverage division hosted over 160 guests for the inaugural Asian Buffet.

SMCT is grateful to continue collaborating with the Buddhist Council of Victoria in these initiatives.

The 2016 Festival and Buffet were filmed by Taiwan TV, providing international coverage for this significant day in the Buddhist calendar.



Guests from State Trustees, Buddhist Council of Victoria and the City of Greater Dandenong attending the Asian Buffet



Crowds gathering for the Ching Ming Festival

End of Day Reflection Service - National Police Remembrance Day

The End of Day Reflection service is conducted annually at SBC's Police Memorial on National Police Remembrance Day (29 September).

SMCT is very honoured to provide a designated area that commemorates all Members of Victoria Police who have lost their lives whilst on duty.

The Police Memorial was constructed in 1999 in conjunction with Victoria Police following the felonious slaying in August 1998 of Sergeant Gary Silk and Senior Constable Rod Miller.



End of Day Reflection service at Springvale Botanical Cemetery's Police Memorial

Looking Forward

SMCT considers strategic engagement to be critical in a multi-stakeholder environment. Pivotal to its success is the ability to engage, influence and support mutually sustainable relationships to generate value in the long term.

The strength of SMCT's stakeholder and key industry partner relations provides a strong foundation to continue on a path that enhances our stakeholder engagement and optimises the care provided to our communities.

To this end, SMCT will continue to develop innovative forums for engagement into the forthcoming reporting period.

Strategic Priority 4

Investing in People Development

Our people – our greatest assets. To further meet our customers' needs, we need to build a culture that nurtures creativity, innovation and high performance.

Key Outcomes

- Launch of the Activate Health employee wellbeing program.
- Development of the Talent and Succession Framework.
- Working collaboratively with our employees to develop the SMCT Employee Value Proposition.

It speaks volumes that Investing in People Development was identified as one of four strategic priorities in the development of the Southern Metropolitan Cemeteries Trust (SMCT) Strategic Plan 2016-2020.

This underscores the recognition that people capabilities are pivotal to the organisation's success, and that focusing on nurturing these capabilities is a key enabler of an innovative, agile and high performance culture.

This flexibility and agility was demonstrated in FY16 through the emergence of cross-functional, virtual teams to deliver complex strategic projects, including the Bunurong Memorial Park (BMP) Program.

In addition to building and leveraging internal capability, the expansion of BMP provided opportunities for our community, through the creation of local jobs.

The embedding of SMCT's People and Capability (P&C) Framework over the past twelve months has seen significant achievements in each of the five P&C streams:

1. Perform with PRIDE
2. ENGAGE with Focus
3. INSPIRE to Lead
4. ORG by Design
5. Target TALENT

Perform with PRIDE

This P&C stream focuses on optimising employee performance, further embedding our PRIDE values, and ensuring workplace safety for all.

Training and Development

Arbor Apprenticeship and Employer of the Year – Arboriculture

The talent within our teams was highlighted with our trainee arborist Chris Field being awarded the 'Outstanding Apprentice of the Year' by Holmesglen Institute for the third consecutive year.



Holmesglen Institute Arbor Apprentice of the Year, Chris Field

SMCT was delighted to be named 'Employer of the Year – Arboriculture' by Holmesglen Institute, in recognition of the positive contribution made towards employee training and development.

“The generosity and support of the Arboriculture Team at SBC allows our Holmesglen Institute Certificate III in Arboriculture students to be regularly exposed to a broad range of mature and challenging canopy environments where they can practise and acquire new tree climbing and pruning skills, and refine their techniques in confined space tree removal and aerial rescue. Our partnership with SBC is mutually beneficial and highly valued by both organisations; long may it continue.”

Kiah Martin - Holmesglen Institute



Education Services Consultant at Holmesglen Institute, Kiah Martin with SMCT's Horticulture Manager, Gary Moores; CEO, Jane Grover; and Arbor Coordinator, Chris Hewitt

On-boarding New Starters

The Welcome to SMCT corporate induction program is now a quarterly fixture in our calendar. New starters are welcomed by the CEO and provided with the opportunity to meet key members of the Leadership Team.

In addition to enabling new employees to build an understanding of how each business function works collaboratively together as a whole, the program incorporates training on the principles and values of customer centricity, to further embed this critical component of our culture at SMCT.

Training Category	Total no. of training hours
Corporate Induction	448
In-role/Technical	672
Leadership	1128
HSW/Licence, Risk & Compliance	1701

Health Safety and Wellbeing

A key P&C focus in FY16 was the launch of the Health, Safety and Wellbeing (HSW) *Framework Live Well – Work Well*.

The framework outlines SMCT's proactive, best-practice HSW planning approach and incorporates:

- Compliance, Reporting and Insights – ensuring consistent delivery of our governance requirements.
- Leadership Development – through the planned activation of leadership enhancement and engagement activities.
- Injury Prevention and Management – enhancing current health, injury management and Return to Work (RTW) plans and processes.
- Employee Health and Wellbeing – through the design and implementation of a fit-for-purpose employee wellbeing program.

Designed in consultation with our employees, SMCT's Activate Health employee wellbeing program was launched in May 2016.

With regular interactive sessions scheduled over a 14 month period, Activate Health has already engaged over 200 participants across all SMCT sites.

HSW - Worksafe Performance Indicators	July 2015 to June 2016
SMCT WorkSafe Insurance Premium Rate	2.257%
SMCT Indicative Performance Rating	1.130
Worksafe Average Industry Rating	3.151%
SMCT Performance Rating (compared with Industry average)	13.02% opportunity

ENGAGE with Focus

The focus of this P&C stream is on enhancing employee engagement and commitment.

Employee Value Proposition

In support of this objective, FY16 saw a cross section of employees work collaboratively with the P&C team to develop SMCT's Employee Value Proposition (EVP), with the purpose of defining the organisation's unique characteristics as a purposed, PRIDE values aligned employer.

Planning has commenced to integrate the EVP appropriately into the organisation, to support employee retention and to attract the best external talent in the market to meet our current and future capability requirements.

Internal/Employee Communication

Several employee communication initiatives were successfully implemented in FY16 to enhance employee understanding of SMCT's objectives and understand their valued role in contributing to these. This included @SMCT – a monthly newsletter designed and created internally featuring updates on key organisational activities and putting the spotlight on employee achievements.

Employee Engagement Survey

SMCT's bi-annual Employee Engagement Survey *I can make a difference* was conducted in May 2016, with an 84% participation rate across all locations and work groups. The employee engagement score was 85%, which is an 8% increase compared to 2014 results, and a 19% increase when compared to 2012. These employee engagement scores provide a strong indicator that SMCT employees are actively engaged, including in comparison to industry benchmarks.

Employee Recognition

Over 230 employees and their families attended the Family Day celebration held at BMP following the Official Opening Ceremony on 17 April 2016. This event provided an opportunity to acknowledge the significant work and effort contributed by so many employees across the organisation to deliver this world class suite of facilities.



SMCT's inaugural Family Day at Bunurong Memorial Park

OHS	FY 15/16	FY 14/15	FY13/14
a) The number of reported hazards/incidents for the year per 100 full-time equivalent staff members	Total Incidents: 84 Staff No: 293 Per 100 staff: 28.66	Total Incidents: 70 Staff No: 276 Per 100 staff: 25.36	Total Incidents: 74 Staff No: 272 Per 100 staff: 27.20
b) The number of 'lost time' standard claims for the year per 100 full-time equivalent staff members	Total claims: 29 9.90	Total claims: 22 11.59	Total claims: 20 7.35
c) The average cost per claim for the year (including payments to date and an estimate of outstanding claim costs as advised by Worksafe)	\$ 32,945.41	\$ 19,531.59	\$ 18,607.20

Note: FY15/16 Staff No. as at 31 March 2016, in line with annual Work Cover calendar; with data reflecting 3 year rolling impact timeframe.

The Annual Bill Harry PRIDE Awards

The Bill Harry PRIDE Awards provides SMCT employees with the opportunity to nominate their colleagues for demonstrating our organisational values of PRIDE- Passion, Respect, Integrity, Dedication and Empathy.

For 2016, there were over 80 nominations for the PRIDE awards which is reflective of the proud, purposeful and progressive culture we have at SMCT.

Congratulations to the following award winners:



The **PASSION Award** for commitment in heart and mind – Kara Dunn, Communications and Marketing Manager.



The **RESPECT Award** for valuing every voice – Greg Dunderdale, Gravedigger.



The **INTEGRITY Award** for doing what is right – Rolfe Stok, Rose Services Coordinator.



The **DEDICATION Award** for working toward meeting the needs of our clients and our people – John Dooley, IT Customer Service Consultant.



The **EMPATHY Award** for the ability to listen and reflect with sensitivity – Tracey Galileos, Executive Assistant.



The **Chairman's Award** was awarded to Ruth O'Connor, Food & Beverage and Retail Manager.

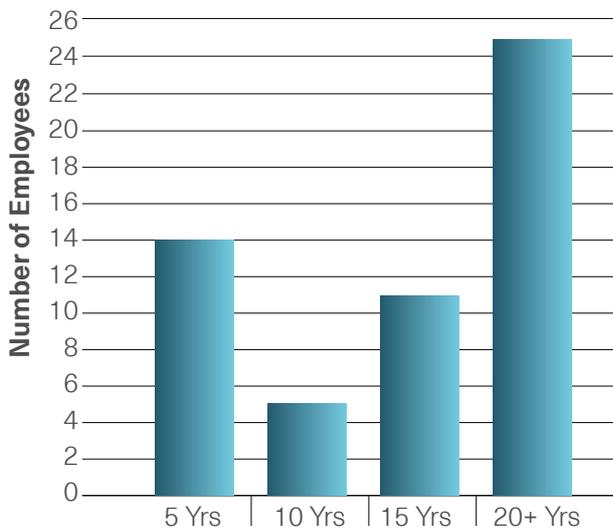


The **Customer Experience Award** was presented to Russell Barnes, General Hand.



The SMCT Executive Leadership Team with Award Winners present at the Bill Harry PRIDE Awards

Service Milestones reached between July 2015 - June 2016



Service Milestones

SMCT celebrated several significant service milestones for 30 employees at the Annual Meeting in December 2015.



Service milestones at the 2015 Annual Meeting

Terms of Employment	
Award	25
Contract	107
The Southern Metropolitan Cemeteries Trust Outdoor Enterprise Agreement 2014	97
The Southern Metropolitan Cemeteries Trust Indoor Enterprise Agreement 2015-2019	47
Total (excl. vacancies)	276

Multifaith Information Sessions for Employees

SMCT have continued to run multifaith information sessions throughout FY16, to ensure employee awareness of the needs and preferences of the diverse faith and cultural communities that we serve.

Peak bodies were engaged through our stakeholder engagement efforts, to run three sessions in collaboration with SMCT. This included the Victorian Baha’i Community, the Hindu Community Council of Victoria and the Islamic Council of Victoria.

Over 150 employees participated in these valuable sessions, which are an integral part of our employee engagement.

ORG by Design

The focus of this stream is to ensure SMCT has the required people capabilities for ongoing success and sustainability.

The introduction of virtual teams during this reporting period reflects a new level of organisational maturity for SMCT. Harnessing this matrix-reporting model enabled successful delivery of several strategic initiatives, including the planning and implementation of BMP.

Through proactive workforce planning, SMCT was able to leverage internal capability, whilst also providing job opportunities for the local community at BMP. Such adept workforce planning ensured a seamless transition into the new facility for both customers and employees when the Southern Aurora Centre at BMP became operational on 11 January 2016.

INSPIRE to Lead

As leadership capability is recognised as fundamental to the success and sustainability of SMCT, this stream is centered on continually uplifting leadership capability through the design and delivery of a suite of leadership programs.

Frontline Leadership Program Graduation

In October 2015, SMCT congratulated 13 frontline leaders for their active participation in the Leading Effective Teams development program.

Graduation provided each participant with the opportunity to present their leadership learnings to their direct managers and the senior leadership team, and augmented the growth of internal organisational capability over FY16.



Leading Effective Teams Graduates 2015

Embedding Customer Centricity

A practical, operationally focused leadership coaching plan has been activated to support phase two of the Customer Experience Optimisation Program (CXOP). This entails embedding a refined operating model and new telephony, reporting and metrics within the Customer Experience portfolio.

CXOP is designed to build on the foundation of the key customer centric principles introduced to the organisation over the past 18 months, and will ensure sustained performance improvements are reported through customer feedback channels.

Safety Leadership

Over 50 leaders and Health and Safety Representatives were involved in the rollout of Safety Leadership training in line with the implementation of SMCT's Live Well – Work Well HSW Framework.

Targeting roles with greater inherent safety risks, phase one of the rollout engaged Outdoor and Food and Beverage leaders to build their skills to enable enhanced risk identification, safety engagement and accountability within the teams.



Food and beverage employees at Bunurong Memorial Park

Ethical Leadership

SMCT Chief Executive Officer Jane Grover was granted a full scholarship on the Vincent Fairfax Fellowship program through The Centre for Ethical Leadership at Melbourne University in July 2015.

This 12 month senior leadership program explores moral decision frameworks and reasoning in light of disruptive and dynamic complex business environments.

Jane's acceptance into this fellowship program is a significant achievement on an individual level, provides new frameworks for SMCT as an organisation, and in turn, brings broader thinking to the sector.

Target TALENT

This P&C stream is focused on ensuring SMCT has the required people capabilities for ongoing success and sustainability, and incorporates a planned approach to attracting, developing and retaining capability and talent.

Talent and Succession Framework

A key P&C focus for FY16 was to implement a Talent Framework with three key aims: to identify and develop talent, to retain high performing and high potential employees, and to ensure a robust succession planning framework.

In embedding this Talent Framework, SMCT has a clear understanding of the current talent pool, capabilities and critical roles, with active succession plans in place to retain and develop identified talent.

The success of the framework has been tested, with key talent participating in the delivery of strategic projects across SMCT, to enhance their engagement and capabilities in support of long term objectives.

Diversity

As part of our ongoing commitment to actively incorporating Diversity in our workplace, SMCT developed and launched a Diversity Statement in FY16. Aligned with the organisation's PRIDE values that promote diversity, the Statement highlights SMCT's commitment to build a talented and capable team to ensure SMCT fulfils its role as a values-based, purposed organisation, to best serve the diverse communities of Victoria.

AGE DISTRIBUTION (HEADCOUNT, NOT FTE) AS AT 30 JUNE 2016

Age	Total
Under 25	22
25-34	74
35-44	70
45-54	85
55-64	49
65 and Over	3



SMCT's People and Capability team

FLEXIBLE WORKING ARRANGEMENTS (HEADCOUNT, NOT FTE) AS AT 30 JUNE 2016

Working Arrangement	Total
Full Time	243
Part Time	23
Casual	37

Looking Forward

HSW will remain a key priority in FY17, with a focus on further embedding our safety leadership culture through coaching for enhanced HSW engagement, communication and reporting.

The ongoing rollout of the Activate Health employee wellbeing program will remain a supporting priority, as an important element of the SMCT EVP and a demonstration of our commitment and genuine care for our employees.

SMCT recognises that agility is a key enabler of the high performance culture required for long term organisational sustainability, and will continue to focus on building a flexible, collaborative and agile workforce to enable optimal response to meeting the changing needs of our customers and diverse communities.



Ruth O'Connor, Food & Beverage and Retail Manager at BMP's Cafe Vita et flores

Spotlight on Sustainability

We will create and nurture sustainable, beautiful, iconic and distinctive locations to honour and celebrate life.

Southern Metropolitan Cemeteries Trust (SMCT) has a strong commitment to ensuring that our infrastructure developments and our ongoing operations are conducted in a manner that supports the sustainability of the natural environment.

The sustainable design excellence of Springvale Botanical Cemetery's (SBC) Clarence Reardon Centre (CRC) was acknowledged in FY16, with SMCT winning the Sustainable Development Award through the City of Greater Dandenong.

SMCT's vision to provide state of the art, environmentally sustainable community facilities informed the development of the CRC.

The environmentally friendly features of the CRC include the extensive use of solar panels and natural light, high-efficiency air conditioning units complemented by natural ventilation, rainwater tanks and the use of preferred building materials.

SMCT commissioned Architects GHD Woodhead (GHD) with the design brief for innovation in sustainability and best practice environmental performance. The CRC is a spectacular community facility built for generations to come.

In keeping with SMCT's commitment to environmentally sustainable practices across our operations, we monitor our performance and have progressed a number of initiatives throughout the reporting period.



The award winning Clarence Reardon Centre



Infrastructure Director, Terry King with Mayor Heang Tak and Cr Matthew Kirwan

Carbon Emissions Report

SMCT has reported on total carbon emissions to the Department of Health and Human Services and the Environmental Protection Authority (EPA) since FY11.

The total CO₂ figure shown in the table on the next page is calculated from data collected throughout the year. This data provides a benchmark and basis for measuring the long term success of SMCT's sustainability strategies and action plans.

SMCT CARBON FOOTPRINT ANNUAL DATA

Year	Total Emissions (tonnes CO2 equivalent)	Var (%)	Emissions per FTE (tonnes CO2 equivalent)	Var (%)	Comments
2010/11	5420.45	NA	24.93	NA	First year of reporting all sites
2011/12	5673.90	4.7%	26.70	7.1%	Increase in construction projects
2012/13	5670.88	-0.1%	23.04	-13.7%	Decrease in construction projects
2013/14	6502.46	14.7%	28.40	23.3%	Increase in construction projects
2014/15	7570.52	16.4%	27.04	-4.8%	Increase in construction projects
2015/16	9398.07	24.1%	30.91	14.3%	Increase in construction projects

Total emissions increased by 24.1% in FY16 due to the redevelopment of Bunurong Memorial Park (BMP). Major contributors were construction materials, electricity, vehicle fuel, and construction waste sent to landfill.

As this project has reached completion, it is anticipated that SMCT's environmental impact will reduce significantly over the coming years.

Identifying SMCT's top carbon producers

Construction Materials

The BMP construction project has had a significant impact on SMCT's environmental impact over the past two years with large quantities of concrete, steel, asphalt, and fuel being used. This accounted for 32% of the total carbon footprint. As this project is now complete this impact will reduce in FY17. In addition to the overall construction material amounts used in the project, the method that SMCT used for calculating the carbon footprint of concrete changed during 2015, resulting in an additional 989 tonnes of CO2 being added to the total.

Electricity

Purchased electricity has the largest impact on SMCT's environmental impact with it historically accounting for around 28% of the total carbon footprint. In 2014 the construction of the CRC at SBC provided SMCT with the opportunity to reduce this impact through sustainable building design, energy efficient air conditioning systems, and a state of the art solar power system with 514 solar panels.

In FY16 the CRC solar power system provided 5.9% of SMCT's total energy and saved \$23,663.

Based on the success of this, SMCT has installed large solar power systems into the new buildings at BMP and the SBC Crematorium. These systems are currently in the final commissioning stages and are expected to further reduce energy costs by \$56,000 per annum.

Natural Gas

The use of natural gas for cremations, general heating, and commercial kitchens accounted for 10% of the total carbon footprint. Whilst consumption has remained steady in FY16 compared to FY15, it is expected to increase in FY17 due to the new infrastructure at BMP, which includes significant commercial kitchens and a large café.

Waste to Landfill

Despite several waste reduction initiatives during FY16 the total amount of waste sent to landfill increased by 91 tonnes, accounting for 9% of the total carbon footprint. This was due to several major civil projects at SBC and BMP, whereby soil that was contaminated with inert materials such as concrete, asphalt, bricks, etc. was transported to landfill sites. This is expected to reduce in FY17 through fewer projects, and soil sifting initiatives which enable the soil to be accepted at clean fill sites.

Employee Commuting

Employee commuting data including transport mode, distance travelled, and vehicle capacity is collected from our employees every year; with this year's data indicating that employee commuting accounts for 6% of the total carbon footprint. The increase of 271,648km in FY16 is attributed to an increase in total employee numbers, and the increase in the number of staff working at BMP, which is a more remote site with less access to public transport. The method for calculating carbon emissions for employee travel changed in 2015, resulting in a slightly lower overall figure per FTE.

Cremations

The process of cremation produces CO2 through the use of natural gas, as well as the natural emissions generated by the body through the cremation process.

SMCT conducted 8,890 cremations in FY16 with the total carbon impact being 4.6%. Heavy metals pollution such as mercury is a global concern that SMCT is currently investigating.

Innovative methods and cremator pollutant filtering technologies are being developed around the world, and SMCT intends to be an industry leader in these initiatives.

FY16 Sustainability Initiatives

- A pilot program to install several recycling waste stations around the SBC site was completed in 2015. The aim of the program was to raise environmental awareness and to reduce the amount of green waste sent to landfill. Approximately 30% of waste generated is from flowers that the public bring to site.
- Recycling of cardboard boxes has reduced the amount of 240lt wheelie bins sent to landfill by 624 bins.
- Working with local community groups to construct and install timber bird shelters in trees at SBC, which encourages native birds in the area.

- Increasing the number of bee hives from 3 to 14 with the honey from these being sold at Café Vita et flores. Bees are extremely important to the local environment and for pollination of many plant species.
- Planting of fruit trees at SBC will yield fresh organic fruit.
- Planting of Christmas trees at BMP assists with greenhouse gasses and soil conditioning. Trees are expected to be ready for harvest from 2020.
- Members on the Sustainability Committee liaised with Flowers Victoria to discuss opportunities to reduce the amount of non-recyclable plastic being sold with flowers. This raised awareness amongst the industry and provided SMCT with the opportunity to be an Exhibitor in the Melbourne International Flower and Garden Show, at which SMCT was awarded the gold medal for floral design.
- Installation of electronic water data loggers at several sites provides SMCT with remote, real time information on water use and leakage.

Looking Ahead

FY17 Sustainability Initiatives

- Implement construction waste reduction programs to enable spoil from civil works to be cleaned and sent to clean fill depots instead of land fill.
- Promote ride sharing and other initiatives such as web based apps to reduce staff commuting by car.
- Develop an irrigation water strategy for SBC to understand long term water requirements and develop initiatives for sustainable access and use of water.



Looking Forward

*To experience and embrace the pain of loss
is just as much a part of life as to experience the joy of love.*

DR A. WOLFELT

Southern Metropolitan Cemeteries Trust (SMCT) is relevant today because our focus on the community is based on listening and care.

We operate in a dynamic environment subject to demographic and cultural change, and have embedded the practice of monitoring global and local conditions to inform our strategic direction.

SMCT has challenged the norms across the sector in repositioning our offering as a contemporary and inclusive organisation, dedicated to the provision of exceptional service.

To remain relevant going forward, we will deepen our listening, continue to deliver products and services that are complementary, and extend our online presence to ensure we are as accessible and responsive as possible.

In keeping with our commitment to meeting the needs of the community, SMCT will continue to evaluate and pursue appropriate land acquisition for future memorial park development into FY17.

SMCT will also continue to pursue best practice environmental sustainability across our infrastructure developments and in our day-to-day operations, understanding that to care for the community we must also care for the environment.

A Focus on Wellbeing and Care

Into the forthcoming reporting period, SMCT will maintain our focus on diversifying our service offerings based on a deep understanding of social and cultural needs of the community.

We have already identified that many baby boomers want to plan for how they want to be remembered and we are currently working to meet these needs, to ensure that individuals are able to have their wishes fulfilled.



SMCT believes that regardless of your place of origin or your cultural identity, our services should facilitate the observation of ritual and the preservation of ceremony.

There is a current trend globally towards disposability. This is evident in the increase in no service cremations and the trend away from memorialisation. This is of concern because it does not provide optimal care during grieving, and can lead to unresolved grief.

There is strong factual evidence about the importance of preserving identity, customs and rituals for an inclusive society. These matters warrant a wider community conversation.

To respond to this, SMCT is exploring the area of wellbeing and care services, and is currently planning to trial a wellbeing centre, which will offer services to help Victorians navigate the grieving process.

SMCT supports individuals and their families through these difficult conversations. The wellbeing and care programs are a natural extension of the support that we have been providing our client families for years.

Strategic Projects FY17

Embracing Customer Centricity

- Embedding the Customer Experience Optimisation Program (CXOP)
- Implementation of the Digital Strategy

Pursuing Strategic Growth

- Consultation and planning for a new mausoleum at Melbourne General Cemetery
- Development of a Masterplan for Song He Yuan at Springvale Botanical Cemetery

Enhancing Strategic Engagement

- Working with our stakeholders for the ongoing activation of Bunurong Memorial Park
- Scoping additional community forums and events to enhance engagement and promote visitation

Investing in People Development

- Further embedding Health & Safety in the Workplace across the organisation
- Continuation of the Activate Health Program

The values of moral courage and optimism will underpin the areas that SMCT will focus on into the forthcoming reporting period, as we continue to build on our legacy of innovation and further embrace community care.



The interior of the Sanctuary Reflection Space, a multi-purpose community facility at Bunurong Memorial Park



Financial Statements

Trust Member's, Accountable Officer's and Chief Finance & Accounting Officer's Declaration.

The attached financial statements for the Southern Metropolitan Cemeteries Trust have been prepared in accordance with Standing Direction 4.2 of the Financial Management Act 1994, Financial Reporting Directions (FRD's), the Australian Charities and Not-for-profit Commission Act 2012, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

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

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

The Cemetery Trust Members of the Southern Metropolitan Cemeteries Trust adopted the attached financial statements on this day and authorised their issue once signed by us.



Sue Renkin
Trust Chairman
Springvale
4 August 2016



Jane Grover
Accountable Officer
Springvale
4 August 2016



Vincenzo Salvatore
Director, Finance & Business Services
Springvale
4 August 2016

INDEPENDENT AUDITOR'S REPORT

To the Trust Members, Southern Metropolitan Cemeteries Trust

The Financial Report

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

The Trust Members' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independent Auditor's Report (continued)

Independence

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

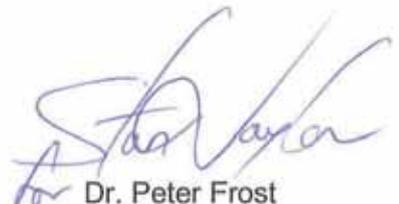
I confirm that I have given the Trust Members a written independence declaration.

Opinion

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

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

MELBOURNE
4 August 2016


for Dr. Peter Frost
Acting Auditor-General

Financial Statements

Southern Metropolitan Cemeteries Trust

Comprehensive Operating Statement for the financial year ended 30 June 2016

	Note	2016 \$000	2015 \$000
Income			
Cemetery Operations Income	2(a)	54,445	59,507
Cost of Sales	3(a)	(7,888)	(9,429)
		46,557	50,078
Investment Income	2(c)	11,840	12,951
Total Income		58,397	63,029
Expenses			
Employee Expenses		(21,795)	(20,159)
Depreciation and Amortisation	4	(5,323)	(3,519)
Maintenance and Operating Costs		(3,687)	(3,361)
Administrative Costs		(3,900)	(3,801)
Other Operating Expenses		(2,222)	(2,242)
Audit Fees	23	(83)	(81)
Investment Management Fees		(1,160)	(620)
Impairment Loss		0	(195)
Cemetery Levy	3(b)	(1,979)	(2,156)
Total Expenses		(40,149)	(36,134)
Operating Result for the Year		18,248	26,895
Other Economic Flows Included in Net Result			
Net Gain/(Loss) on Available for Sale Investments	2(d)	0	23,418
Net Result for the Year		18,248	50,313
Other Comprehensive Income			
Items that may be reclassified subsequently to net result			
Net Fair Value Gains/(Losses) on Available for Sale Financial Investments	16(b)	(4,427)	2,200
Write Down of Available for Sale Investments	16(b)	0	(2,530)
Total Items that may be reclassified subsequently to net result		(4,427)	(330)
Comprehensive Result for the Year		13,821	49,983

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

Financial Statements

Southern Metropolitan Cemeteries Trust

Balance Sheet as at 30 June 2016

	Note	2016 \$000	2015 \$000
Current Assets			
Cash and Cash Equivalents	5	14,674	27,668
Receivables	6	8,868	15,790
Prepayments		190	132
Inventories	8	7,857	8,798
Total Current Assets		31,589	52,388
Non-Current Assets			
Available for Sale Investments	7	210,506	207,947
Inventories	8	11,285	10,114
Investment Property	9	2,515	2,515
Intangible Assets	10	1,146	1,045
Property, Plant Equipment	11	123,051	87,330
Total Non-Current Assets		348,503	308,951
Total Assets		380,092	361,339
Current Liabilities			
Payables	12	6,448	5,439
Unearned Income	13(a)	33,950	30,524
Provision for Employee Benefits	14	3,052	2,800
Provision for Onerous Contract	13(b)	523	481
Total Current Liabilities		43,973	39,244
Non-Current Liabilities			
Provision for Employee Benefits	14	543	340
Total Non-Current Liabilities		543	340
Total Liabilities		44,516	39,584
Net Assets		335,576	321,755
Equity			
Contributed Capital	16	61,464	61,464
Accumulated Surplus	16	16,264	19,889
Property, Plant and Equipment Revaluation Reserve	16	914	914
Available for Sale Investment Revaluation Reserve	16	(2,227)	2,200
Perpetual Maintenance Reserve	16	259,161	237,288
Total Equity		335,576	321,755
Commitments	19		
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The Balance Sheet should be read in conjunction with the accompanying notes.

Financial Statements

Southern Metropolitan Cemeteries Trust

Statement of Changes in Equity for the financial year ended 30 June 2016

	Note	Contributed Capital \$000	Accumulated Surplus/ (Deficit) \$000	Property Plant and Equipment Revaluation Surplus \$000	Available for Sale Investment Revaluation Surplus \$000	Perpetual Maintenance Reserve Total \$000	Total \$000
Balance as at 30 June 2014		61,464	11,063	914	25,948	195,801	295,190
Net Result for the Year		0	50,313	0	(23,418)	0	26,895
Other Comprehensive Income for the Year	16(b)	0	0	0	(330)	0	(330)
Net Transfer from Accumulated Surplus/(Deficit)	16(a)	0	(41,487)	0	0	41,487	0
Balance as at 30 June 2015		61,464	19,889	914	2,200	237,288	321,755
Net Result for the Year		0	18,248	0	0	0	18,248
Other Comprehensive Income for the Year	16(b)	0	0	0	(4,427)	0	(4,427)
Net Transfer from Accumulated Surplus/(Deficit)	16(a)	0	(21,873)	0	0	21,873	0
Balance as at 30 June 2016	16	61,464	16,264	914	(2,227)	259,161	335,576

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

Financial Statements

Southern Metropolitan Cemeteries Trust

Cash Flow Statement for the financial year ended 30 June 2016

	Note	2016 \$000	2015 \$000
Cash Flows from Operating Activities			
Receipts			
Receipts from Customers		67,231	66,322
Goods and Services Tax received from the Australian Tax Office		6,119	3,863
Receipts from Investment Income		11,840	12,951
Total Receipts		85,190	83,136
Payments			
Payments to Suppliers and Employees		(47,614)	(47,158)
Goods and Services Tax paid to the Australian Tax Office		(2,561)	(2,573)
Total Payments		(50,175)	(49,731)
Net Cash Flows from Operating Activities	17	35,015	33,405
Cash Flows from Investing Activities			
Payments for Property, Plant and Equipment		(40,876)	(20,688)
Proceeds from the Sale of Property, Plant and Equipment		(145)	117
Proceeds from the sale of Available for Sale Investments		0	203,518
Payments for Available for Sale Investments		(6,989)	(212,252)
Net Cash Flows used in Investing Activities		(48,010)	(29,305)
Net Increase/(Decrease) in Cash and Cash Equivalents		(12,994)	4,100
Cash and Cash Equivalents at the Beginning of the financial year	5	27,668	23,568
Cash and Cash Equivalents at the End of the financial year	5	14,674	27,668

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

Financial Statements

Southern Metropolitan Cemeteries Trust

Notes to the Financial Statements for the financial year ended 30 June 2016

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Note 1: Summary of Significant Accounting Policies

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

(a) Statement of compliance

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

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

The annual financial statements were authorised for issue by the Cemetery Trust Members of SMCT on 4 August 2016.

(b) Basis of accounting preparation and measurement

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

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

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

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

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

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

- non-current physical assets (property, plant and equipment), which subsequent to acquisition, are measured at their fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are made and re-assessed when new indices are published by the Valuer-General Victoria to ensure that the carrying amounts do not materially differ from their fair values;
- investment property after initial recognition, which is measured at fair value with changes reflected in the comprehensive operating statement;

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- available for sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised (i.e. other comprehensive income – items that may be reclassified subsequent to the net result); and
- the fair value of assets other than land is generally based on their depreciated replacement value.

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

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

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

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that a cemetery can access at measurement date (i.e. balance date being 30 June 2016)
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – Unobservable inputs for the asset or liability.

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

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

The Valuer-General Victoria (VGV) is SMCT's independent valuation agency.

SMCT, in conjunction with VGV, monitors the changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

The estimates and underlying assumptions are reviewed on an ongoing basis, at least annually. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods. Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates, relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 1 (j));
- superannuation (refer to Note 1 (f) and Note 15);
- fair value of available for sale investments (refer to Note 1 (h));

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- employee benefit provision (refer to Note 1(k));
- impairment;
- perpetual maintenance reserve; and
- net receivables carrying value.

(c) Reporting entity

The financial statements include all the controlled activities of the SMCT. SMCT was established under the *Cemeteries and Crematoria Act 2003* and the operations are governed by the same Act. The financial statements of SMCT include Brighton General Cemetery, Bunurong Memorial Park, Cheltenham Memorial Park, Cheltenham Pioneer Cemetery, Dandenong Community Cemetery, Melbourne General Cemetery, Springvale Botanical Cemetery and St Kilda Cemetery.

The objective of SMCT is to provide cemetery, crematorium and memorialisation services to the public.

SMCT's principal address is:

Springvale Botanical Cemetery
Princes Highway
Springvale, Victoria, 3171

(d) Scope and presentation of financial statements

Comprehensive Operating Statement

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

Balance Sheet

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

Statement of Changes in Equity

The Statement of Changes in Equity presents reconciliations of equity opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the comprehensive result and amounts recognised in other comprehensive income related to other changes in equity.

Cash Flow Statement

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

Rounding

All amounts shown in the financial statements are expressed to the nearest \$1,000 unless otherwise stated.

Minor discrepancies in tables between totals and sums of components are due to rounding.

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Southern Metropolitan Cemeteries Trust Notes to the Financial Statements for the year ended 30 June 2016

Comparative Information

Where necessary the previous year's figures are reclassified to facilitate comparison. There are no changes to this year's comparatives.

(e) Income from transactions

- Income is recognised in accordance with AASB 118 Revenue and is recognised to the extent that it is probable that the economic benefits will flow to SMCT and the income can be reliably measured at fair value. Amounts disclosed as revenue, are shown, net of returns, allowances and duties and taxes. Unearned income at reporting date is reported as unearned income, in accordance with the guidance below.

Cemetery Operations Income

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

Fees received for interment, cremation and certain memorialisation products such as granite and plaques are recognised as revenue in the period that the goods or services are provided. Fees received in advance of service provision are recorded as unearned income in accordance with Note 1(k).

Distributions

Distributions and dividend revenue are recognised when the right to receive payment is established.

Distributions and dividends represent the income arising from SMCT's investment in financial assets.

Interest Income

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

Sale of Investments

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

Unearned Income

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

(f) Expense recognition

Expenses represent cost of sales, services provided and day to day running costs, including maintenance and administrative costs, incurred in the normal operations of SMCT. Expenses are recognised as they are incurred and reported in the financial year to which they relate.

Cost of Sales

Costs of sales are recognised when the sale of an item or right of interment occurs which includes costs directly incurred in providing the item and/or transferring the cost or value of the item or value of land related to the right of interment from inventories.

Financial Statements

Southern Metropolitan Cemeteries Trust Notes to the Financial Statements for the year ended 30 June 2016

Employee Expenses

Employee expenses include:

- wages and salaries;
- fringe benefits tax
- leave entitlements;
- termination payments;
- workcover premiums;
- superannuation expenses which are reported differently depending upon whether employees are members of the defined benefit or defined contribution plans; and
- the revaluation of the present value of the long service leave (LSL) liability due to changes in the bond interest rates, including the impact of changes related to the impact of moving from the 2004 long service leave model to the 2008 long service leave model. The 2008 LSL model was recommended for implementation by 30th June 2016 by the Department of Treasury and Finance.

Superannuation

Defined contribution superannuation plans

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

Defined benefit superannuation plans

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

The name and details of the major employee superannuation funds and contributions made by SMCT are disclosed in Note 15: Superannuation.

Depreciation

Depreciation is provided on infrastructure assets, property, plant and equipment, including freehold buildings, but excluding land and investment property (refer to Note 1 (j)).

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

Assets with a cost in excess of \$3,000 (2015: \$3,000) are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives.

Assets below the capitalisation threshold are expensed in the year.

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Southern Metropolitan Cemeteries Trust Notes to the Financial Statements for the year ended 30 June 2016

Depreciation begins when the asset is available for use, which is when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The following table indicates the annual depreciation rates in use:

	2016	2015
Buildings	14 - 50 years	14 - 50 years
Plant and Equipment	25 - 50 years	25 - 50 years
Infrastructure and Improvements	5 - 100 years	5 - 100 years
Office Equipment, Furniture and Fittings	3 - 25 years	3 - 25 years

Amortisation

The consumption of intangible assets with finite useful lives is classified as amortisation. Intangible assets with a cost in excess of \$3,000 (2015: \$3,000) are capitalised. Amortisation is allocated on a straight-line basis over the asset's useful life (generally 4-5 years) and is recognised as an expense. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

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

Cemetery Levy

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

Other operating expenses

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

Supplies and consumables

Supplies and service costs which are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expenses when distributed.

Bad and doubtful debts

Refer to Note 1(i) Impairment of financial assets.

(g) Other comprehensive income

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

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Southern Metropolitan Cemeteries Trust

Notes to the Financial Statements for the year ended 30 June 2016

Net Gain/(Loss) on Non-Financial Assets

Net Gain/(Loss) on Non-Financial Assets and Liabilities includes realised and unrealised gains and losses as follows:

- revaluation gains/(losses) on non-financial physical assets (refer note 1(j)); and
- any gain/loss on the disposal of non-financial assets is recognised at the date of disposal and shown as the difference between the proceeds and the carrying value of the asset at that time.

Net Gain/(Loss) on Financial Instruments

Net Gain/(Loss) on Financial Instruments includes:

- unrealised gains and losses from revaluations of financial instruments at fair value; and
- impairment and reversal of impairment for financial instruments (refer Note 1(i)); and
- disposal of financial assets and de-recognition of financial liabilities.

Other Gains/(Losses) from Other Comprehensive Income

- Other gains/(losses) include the gains or losses from transfer of amounts from the reserves to accumulated surplus or net result due to disposal or de-recognition or reclassification.

(h) Financial Instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of SMCT's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

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

Receivables

Receivables consist of:

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

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

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

Financial Statements

Southern Metropolitan Cemeteries Trust Notes to the Financial Statements for the year ended 30 June 2016

Available for Sale Investments

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

Fair value is determined in the manner described in Note 18.5.

(i) Financial Assets

Cash and Cash Equivalents

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

Receivables

Refer Note (h) Financial Instruments - Receivables for further information.

Investments and Other Financial Assets

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

The only financial investments held by SMCT are available-for-sale investments.

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

Impairment of Financial Assets

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

Financial assets including available for sale investments have been assessed for impairment in accordance with Australian Accounting Standards.

In order to determine an appropriate fair value as at 30 June 2016 for its portfolio of financial assets, SMCT obtained a valuation by independent investment advisors and compared it to the purchase price/valuation of the financial asset.

This process was used to quantify the level of impairment on the portfolio of financial assets as at the end of the period.

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Southern Metropolitan Cemeteries Trust Notes to the Financial Statements for the year ended 30 June 2016

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

Revaluations of Financial Instruments at Fair Value

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

Prepayments

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

(j) Non-financial assets

Inventories

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

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

Inventories are classified as either works in progress or finished goods. Works in progress includes undeveloped land designated for interment purposes and expenditure on inventories partially constructed, but not available for sale.

Finished goods represent inventories available for sale to customers including developed land to be used for interment purposes.

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

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

Property, Plant and Equipment

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

More details about the valuation techniques and inputs in determining the fair value of non-financial physical assets are discussed in Note 11 Property, plant and equipment.

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Southern Metropolitan Cemeteries Trust Notes to the Financial Statements for the year ended 30 June 2016

Crown Land controlled by SMCT has two primary purposes: use for right of interment and use for infrastructure (e.g. roads, chapels, buildings etc.) supporting the cemetery and crematorium operations. Land used for rights of interment is accounted for as inventory in accordance with the inventories note as outlined above, whereas land used for infrastructure purposes is accounted for as part of property, plant and equipment as outlined in this note.

Crown land which has been reserved for cemetery and crematoria purposes is measured at fair value with regard to the land's highest and best use after due consideration is made for legal and/or constructive restrictions imposed on the land, (the value of Land reserved for cemetery purposes is restricted by the Community Service Obligation), public announcements or commitments made in relation to the intended use of the land.

Theoretical opportunities that may be available in relation to the asset are not taken into account until it is virtually certain that the restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial assets will be their highest and best use.

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

Plant, Equipment and Vehicles are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and impairment. Depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned, unless there is market evidence that current replacement costs are significantly different from the original acquisition cost. It is considered unlikely that depreciated replacement cost will be materially different from the existing carrying value.

Revaluations of Non-Current Physical Assets

Non-current physical assets measured at fair value are re-valued in accordance with FRD 103F. A full revaluation normally occurs at least every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the FRDs.

Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

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

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Southern Metropolitan Cemeteries Trust Notes to the Financial Statements for the year ended 30 June 2016

Revaluation decrements are recognised in Other Comprehensive Income to the extent that a credit balance exists in the Property, plant and equipment revaluation reserve in respect of the same class of asset. Otherwise, they are debited directly to the Property, plant and equipment revaluation reserve.

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

Any revaluation surplus relating to an individual asset is normally not transferred to accumulated surplus/(deficit) on de-recognition of the relevant asset.

Cemetery land and buildings were formally valued as at 30 June 2012 by the Valuer-General of Victoria in accordance with the requirements of FRD 103D, issued pursuant to the *Financial Management Act 1994*. The next scheduled revaluation under FRD 103F is set for the year ending 30 June 2017.

Investment Property

Investment properties are held to earn rentals or for capital appreciation or both. Investment properties exclude properties held to meet service delivery objectives of the State of Victoria.

Investment properties are initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the Trust.

Subsequent to initial recognition at cost, investment properties are re-valued at each balance date to fair value by independent valuation. Fair values are determined based on a market comparable approach that reflects recent transaction prices for similar properties. Investment properties are neither depreciated nor tested for impairment.

Intangible Assets

Intangible assets represent identifiable non-monetary assets without physical substance, and include computer software and development costs.

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with indefinite useful lives are not amortised but are assessed for impairment annually or whenever there is indication that the intangible assets may be impaired.

Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the cemetery.

Disposal of Non-Financial Assets

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

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Southern Metropolitan Cemeteries Trust Notes to the Financial Statements for the year ended 30 June 2016

Impairment of Non-Financial Assets

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

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

If there is an indication that there has been a reversal in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount.

This reversal of the impairment loss occurs only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made.

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

(k) Liabilities

Payables

Payables consist of:

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

Contractual payables are classified as financial instruments and initially recognised at fair value and then subsequently carried at amortised cost.

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

Unearned Income

Unearned income represents monies received in advance of service provision for items including interment, cremation and certain memorialisation products such as granite and plaques.

These monies are recorded as revenue in the year that the goods or services are provided.

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Southern Metropolitan Cemeteries Trust Notes to the Financial Statements for the year ended 30 June 2016

As SMCT does not have an unconditional right to defer the provision of service, the liability for prepaid fees is recorded as a current liability. Prepaid fees are recorded at their nominal contractual value.

Provisions

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

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

Employee Benefits

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

Wages and Salaries, Annual Leave, Continuity of Service and Rostered Days Off

Liabilities for wages and salaries, including non-monetary benefits, annual leave, continuity of service benefits and rostered days off (RDOs) are recognised in the provision for employee benefits as Current liabilities because SMCT does not have an unconditional right to defer settlement of these liabilities.

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

- Nominal value – if SMCT expects to wholly settle within 12 months; or
- Present value – if SMCT does not expect to wholly settle within 12 months.

Long Service Leave

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

Unconditional LSL (representing seven or more years of continuous service) is disclosed as a current liability even where SMCT does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- Nominal value – if SMCT expects to wholly settle within 12 months; and
- Present value – if SMCT does not expect to wholly settle within 12 months.

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

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Notes to the Financial Statements for the year ended 30 June 2016

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

Continuity of Service

Continuity of service entitlement was introduced for certain employees in the year 2000, for recognition of service by employees who had served 10 years or more. The continuity of service benefit is accrued by employees employed under certain enterprise agreements and/or employment contracts from commencement of employment. This benefit is unavailable for new employees and is being progressively phased out.

The components of continuity of service are accounted for in a manner consistent with long service leave, other than the qualifying period of employment is ten years rather than seven years, and it is only payable upon resignation or retirement from employment.

Termination Benefits

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

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

On-Costs

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

Superannuation

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

Defined Contribution Superannuation Plan

The defined contribution plans receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings in accordance with the Superannuation Guarantee Legislation (9.5%). SMCT's current contributions range between 9.5% and 13%. No further liability accrues to SMCT as the superannuation benefits accruing to employees are represented by their share of the net assets of the respective Superannuation Fund.

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Southern Metropolitan Cemeteries Trust Notes to the Financial Statements for the year ended 30 June 2016

Defined Benefit Superannuation Plan

The defined benefit plan provides benefits to employees based on years of service and final average salary. SMCT makes employer contributions to the defined benefits category of the Superannuation Fund at the rates determined by the Fund's Trustee based upon the result of the most recent full actuarial investigation conducted by the Fund's actuary, being as at 31 December 2014. SMCT's current contribution ranges between 9.5% to 13.0% of superannuation salary, plus any difference between the resignation and retrenchment benefits paid to any retrenched employees, plus contribution tax.

Unfunded Defined Benefit Superannuation Liability

The Local Authorities Superannuation Fund (LASF), known as Vision Super since 2002, is a not-for-profit industry fund for cemeteries and certain other agencies. Vision Super is the Trustee of both the defined benefit plan (closed since 1993) and the Super Saver (accumulation or defined contribution) fund.

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

Based on the advice from the Fund's Trustees, there is no shortfall in the defined benefit plan as at 30 June 2016.

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

Onerous Contracts (on Unearned Income)

A provision is recognised in relation to prepaid burial, cremations and memorialisation fees where the current cost of providing the purchased goods and/or services is expected to be greater than the amount received/revenue to be recognised, and the current costs can be reliably measured.

The provision represents the value of the expenditure required to provide the goods and/or service, less the amount of revenue to be recognised.

(1) Leases

A lease is a right to use an asset for an agreed period of time in exchange for payment.

Leases are classified at their inception as either operating or finance leases.

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

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Southern Metropolitan Cemeteries Trust Notes to the Financial Statements for the year ended 30 June 2016

Operating Lease

SMCT as lessor

Operating lease arrangements are currently in place between SMCT and third parties at the investment property (in Dromana), the house at Cheltenham Pioneer Cemetery, and the land and buildings occupied by the Sporting Shooters Association of Australia, all of which are owned by SMCT.

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives are given to the lessee, the aggregate cost of incentives are recognised as a reduction of rental income over the lease term, on a straight-line basis unless another systematic basis is more appropriate of the time pattern over which the economic benefit of the leased asset is diminished.

(m) Equity

Contributed Capital

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

Property, Plant and Equipment Revaluation Reserve

The property, plant and equipment revaluation reserve is used to record increments and decrements on the revaluation of non-current physical assets.

Available for Sale Investment Revaluation Reserve

The available for sale investment revaluation reserve arises on the revaluation of available for sale investments.

Where a revalued financial asset is sold, the portion of the surplus which relates to that financial asset is effectively realised, and is recognised in the operating result.

Where an available for sale financial asset is impaired, any cumulative loss that had been recognised in other comprehensive income is reclassified from equity to comprehensive result.

Perpetual Maintenance Reserve

Under section 12 of the *Cemeteries and Crematoria Act 2003*, SMCT must have regard to the perpetual maintenance obligations of cemeteries entrusted within its care.

Fees received in respect of the interment right for cremation memorials, graves and mausoleum crypts include amounts for perpetual maintenance to be carried out in future years. Such amounts are transferred to the relevant reserve.

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Southern Metropolitan Cemeteries Trust Notes to the Financial Statements for the year ended 30 June 2016

SMCT sets aside monies into the reserve from the sale of each right of interment as follows:

- Cremation Memorials: 60%;
- Graves: 90%; and
- Mausoleum Crypts: 70%.

These funds are amortised equally over 100 years, other than cremation memorials with limited tenure which are amortised over the period of the tenure.

(n) Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to Note 19) at their nominal value and are inclusive of the goods and services tax (GST) payable. In addition, where it is considered appropriate and it provides additional information to users, the net present value of significant individual projects are stated.

These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

(o) Contingent assets and contingent liabilities

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

(p) Goods and services tax (GST)

Income, expenses and assets (other than receivables) are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Tax Office. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

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

(q) Australian Accounting Standards and reporting pronouncements issued but not yet effective

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2016 reporting period. DTF assesses the impact of all these new standards and advises the Cemetery of their applicability and early adoption where applicable.

As at 30 June 2016, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. SMCT has not and does not intend to adopt these standards early.

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Southern Metropolitan Cemeteries Trust

Notes to the Financial Statements for the year ended 30 June 2016

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 <i>Financial Instruments</i>	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through Other Comprehensive Income (OCI) and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2010)	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: <ul style="list-style-type: none"> • The change in fair value attributable to changes in credit risk is presented in Other Comprehensive Income (OCI); and • Other fair value changes are presented in profit and loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. 	1 Jan 2018	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. Changes in own credit risk in respect of liabilities designated at fair value through profit and loss will now be presented within Other Comprehensive Income (OCI). Hedge accounting will be more closely aligned with common risk management practices making it easier to have an effective hedge. For entities with significant lending activities, an overhaul of related systems and processes may be needed.
AASB 2014-1 <i>Amendments to Australian Accounting Standards [Part E Financial Instruments]</i>	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1 Jan 2018	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2014-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i>	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector.

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Southern Metropolitan Cemeteries Trust

Notes to the Financial Statements for the year ended 30 June 2016

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2014-5 <i>Amendments to Australian Accounting Standards arising from AASB 15</i>	<p>Amends the measurement of trade receivables and the recognition of dividends.</p> <p>Trade receivables, that do not have a significant financing component, are to be measured at their transaction price, at initial recognition.</p> <p>Dividends are recognised in the profit and loss only when:</p> <ul style="list-style-type: none"> • the entity's right to receive payment of the dividend is established; • it is probable that the economic benefits associated with the dividend will flow to the entity; and • the amount can be measured reliably. 	1 Jan 2017, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply from 1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector.
AASB 15 <i>Revenue from Contracts with Customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 2018	<p>The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.</p> <p>A potential impact will be the upfront recognition of revenue from licenses that cover multiple reporting periods. Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening returned earnings if there are no former performance obligations outstanding.</p>
AASB 2015-8 <i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i>	This Standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018.	1 Jan 2018	This amending standard will defer the application period of AASB 15 to the 2018-19 reporting period in accordance with the transition requirements.

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Notes to the Financial Statements for the year ended 30 June 2016

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2016-3 <i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i>	<p>This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require:</p> <ul style="list-style-type: none"> • A promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation; • For items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and • For licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access). 	1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector, other than the impact identified in AASB 15.
AASB 16 <i>Leases</i>	The key changes introduced by AASB 16 include the recognition of most operating leases (which are current not recognised) on balance sheet.	1 Jan 2019	<p>The assessment has indicated that as most operating leases will come on balance sheet, recognition of lease assets and lease liabilities will cause net debt to increase.</p> <p>Depreciation of lease assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus.</p> <p>The amounts of cash paid for the principal portion of the lease liability will be presented within financing activities and the amounts paid for the interest portion will be presented within operating activities in the cash flow statement.</p> <p>No change for lessors.</p>

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Notes to the Financial Statements for the year ended 30 June 2016

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2014 4 <i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation</i> [AASB 116 & AASB 138]	Amends AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets to: <ul style="list-style-type: none"> • establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset • prohibit the use of revenue based methods to calculate the depreciation or amortisation of an asset, tangible or intangible, because revenue generally reflects the pattern of economic benefits that are generated from operating the business, rather than the consumption through the use of the asset.; 	1 Jan 2016	The assessment has indicated that there is no expected impact as the revenue-based method is not used for depreciation and amortisation.
AASB 2015 6 <i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</i> [AASB 10, AASB 124 & AASB 1049]	The Amendments extend the scope of <i>AASB 124 Related Party Disclosures</i> to not-for-profit public sector entities. A guidance has been included to assist the application of the Standard by not-for-profit public sector entities.	1 Jan 2016	The amending standard will result in extended disclosures on the entity's key management personnel (KMP), and the related party transactions.

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

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

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Southern Metropolitan Cemeteries Trust Notes to the Financial Statements for the year ended 30 June 2016

2. Income

2a. Cemetery Operations Income

	Note	2016 \$000	2015 \$000
Mausoleum Income		5,429	12,564
Interment Income		4,544	4,386
Grave Income		20,317	18,563
Cremation Income		6,740	6,703
Cremation Memorial Income		5,344	5,247
Memorialisation		4,645	5,245
Government Grants		183	390
Retail		3,690	3,066
Other Income		3,429	3,320
Gain/(Loss) on Disposal of Property, Plant and Equipment	2(b)	124	23
Total Cemetery Operations Income		54,445	59,507

2b. Disposal of Property, Plant, Equipment

	2016 \$000	2015 \$000
Proceeds	145	117
Written Down Value of Property, Plant and Equipment disposed	(21)	(94)
Total Gain/(Loss) on Disposal of Property, Plant, Equipment	124	23

2c. Investment Income

	2016 \$000	2015 \$000
Interest income		
Interest from Cash and Cash Equivalents	347	613
Interest from Available for Sale Investments	18	129
	365	742
Distributions	10,580	11,022
Other Investment Income - Franking Credits	895	1,187
Total Investment Income	11,840	12,951

2d. Other Economic Flows Included in Net Result

	2016 \$000	2015 \$000
Proceeds from Available for Sale Investments sold	0	203,518
Fair value of Available for Sale Investments sold	0	(180,100)
Total Other Comprehensive Income	0	23,418

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Southern Metropolitan Cemeteries Trust Notes to the Financial Statements for the year ended 30 June 2016

3. Expenses

3a. Cost of Sales

	2016	2015
	\$000	\$000
Rights of Interment	4,221	6,412
Memorialisation	2,178	1,729
Retail	1,241	1,071
Other	248	217
Total Cost of Sales	7,888	9,429

3b. Cemetery Levy

	2016	2015
	\$000	\$000
Cemetery Levy	1,979	2,156
Total Cemetery Levy	1,979	2,156

4. Depreciation and Amortisation

	Note	2016	2015
		\$000	\$000
Depreciation			
Buildings, Infrastructure and Improvements	11(b)	3,585	1,780
Plant and Equipment	11(b)	1,135	1,020
Office Equipment, Furniture and Fittings	11(b)	271	306
Total Depreciation		4,991	3,106
Amortisation			
Computer Software	10	332	413
Total Amortisation		332	413
Total Depreciation and Amortisation		5,323	3,519

5. Cash and Cash Equivalents

	2016	2015
	\$000	\$000
Cash on Hand	9	7
Cash at Bank	14,665	27,661
Total Cash and Cash Equivalents	14,674	27,668

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Southern Metropolitan Cemeteries Trust Notes to the Financial Statements for the year ended 30 June 2016

6. Receivables

	Note	2016 \$000	2015 \$000
Contractual Receivables		1,765	1,744
Trade Debtors	6(a)	(41)	(57)
Provision for Doubtful Debts		6,206	6,838
Sundry Debtors		857	6,830
Accrued Interest and Distributions		8,787	15,355
Statutory Receivables		81	435
Net GST Receivable		81	435
Total Receivables		8,868	15,790

No impairment for credit losses has been recorded during the financial period (2015: nil). The nature and extent of risk arising from receivables (excluding statutory receivables such as GST) and ageing of receivables is contained in Note 18.

(a) Movements in the allowance for doubtful debts

	2016 \$000	2015 \$000
Balance at the beginning of year	57	0
Amount recovered during the year	(16)	0
Increase/(decrease) in allowance recognised	0	57
Balance at end of year	41	57

No impairment for credit losses has been booked in a separate account during either financial years reported. The nature and extent of risk arising from the receivables and ageing of receivables is contained in Note 18.

7. Available for Sale Investments

	2016 \$000	2015 \$000
Non-Current		
Managed Units Investments	210,506	207,947
Total Available for Sale Investments	210,506	207,947

(a) Ageing analysis of available for sale investments

Please refer to Note 18.2 (iv) for the ageing analysis of available for sale investments

(b) Nature and extent of risk arising from investments

Please refer to Note 18.2 (iii) for nature and extent of credit risk arising from available for sale investments

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Southern Metropolitan Cemeteries Trust Notes to the Financial Statements for the year ended 30 June 2016

8. Inventories	2016	2015
	\$000	\$000
Current Assets		
Work in Progress		
Land: Interment Purposes	1,903	2,225
Grave Foundations/Beams	903	1,768
	2,806	3,993
Finished Goods		
Consumables/Maintenance Stores	247	198
Land: Interment Purposes	82	121
Grave Foundations/Beams	1,815	1,477
Mausoleum Crypts	2,455	2,791
Cremation Memorials	297	87
Other	155	131
	5,051	4,805
Total Current Inventories	7,857	8,798
Non-Current		
Finished Goods		
Land: Interment Purposes	607	273
Grave Foundations/Beams	5,834	3,909
Mausoleum Crypts	2,739	3,830
Cremation Memorials	2,105	2,102
Total Non-Current Inventories	11,285	10,114
Total Inventories	19,142	18,912
Represented by:		
Consumables/Maintenance Stores	247	198
Land: Interment Purposes	2,592	2,619
Grave Foundations/Beams	8,552	7,154
Mausoleum Crypts	5,194	6,621
Cremation Memorials	2,402	2,189
Other	155	131
Total Inventories	19,142	18,912

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Southern Metropolitan Cemeteries Trust Notes to the Financial Statements for the year ended 30 June 2016

9. Investment Property

9(a) Movement in investment property

	2016	2015
	\$000	\$000
Balance at the Beginning of the Year	2,515	2,710
Gain/(Loss) from Fair Value Adjustments	0	(195)
Balance at the End of the Year	2,515	2,515

9(b) Fair value measurement hierarchy for investment property

	Carrying amount as at 30 June 2016	Fair value measurement at end of reporting period using:		
		Level 1 (i)	Level 2 (i)	Level 3 (i)
	\$000	\$000	\$000	\$000
Investment Property	2,515	0	2,515	0
	2,515	0	2,515	0

	Carrying amount as at 30 June 2015	Fair value measurement at end of reporting period using:		
		Level 1 (i)	Level 2 (i)	Level 3 (i)
	\$000	\$000	\$000	\$000
Investment Property	2,515	0	2,515	0
	2,515	0	2,515	0

(i) Classified in accordance with the fair value hierarchy.

There have been no transfers between levels during the period. There were no changes in valuation techniques throughout the period to 30 June 2016.

This property was valued by the Valuer General of Victoria (VGV) as at 30 June 2016.

For investment property measured at fair value, the current use of the asset is considered the highest and best use.

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Southern Metropolitan Cemeteries Trust Notes to the Financial Statements for the year ended 30 June 2016

10. Intangible Assets

	2016 \$000	2015 \$000
Computer Software	3,576	3,142
Accumulated Amortisation	(2,430)	(2,097)
Total Intangible Assets	1,146	1,045

Intangible Assets Movement Reconciliation

Balance at the Beginning of the Year	1,045	1,136
Additions	434	322
Amortisation	(332)	(413)
Balance at the End of the Year	1,146	1,045

11. Property, plant and equipment

11(a) Gross carrying amount and accumulated depreciation

	2016 \$000	2015 \$000
Cemetery Infrastructure Land at Fair Value	12,430	12,346
Less Impairment	0	0
Total Land	12,430	12,346
Buildings, Infrastructure and Improvements at Fair Value	106,421	59,607
Less Accumulated Depreciation	(6,569)	(4,774)
Total Buildings, Infrastructure and Improvements	99,852	54,833
Plant and Equipment at Fair Value	8,516	7,532
Less Accumulated Depreciation	(3,969)	(3,162)
Total Plant and Equipment	4,547	4,370
Office Equipment, Furniture and Fittings at Fair Value	4,766	1,963
Less Accumulated Depreciation	(1,189)	(1,053)
Total Office Equipment, Furniture and Fittings	3,577	910
Capital Works in Progress at Cost	2,644	14,871
Total property, plant and equipment	123,050	87,330

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Southern Metropolitan Cemeteries Trust Notes to the Financial Statements for the year ended 30 June 2016

11(b) Reconciliation of Property, Plant and Equipment

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

	Cemetery Land Infrastructure	Buildings, Infrastructure and Improvements	Plant and Equipment	Office Equipment, Furniture and Fittings	Capital Works in Progress	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Balance as at 1 July 2014	12,346	36,861	4,489	933	15,537	70,166
Additions	0	31	11	0	20,646	20,687
Completed Works	0	19,744	956	288	(21,312)	(324)
Disposals	0	(23)	(66)	(5)	0	(94)
Depreciation	0	(1,780)	(1,020)	(306)	0	(3,106)
Balance as at 30 June 2015	12,346	54,833	4,370	910	14,871	87,330
Balance as at 1 July 2015	12,346	54,833	4,370	910	14,871	87,330
Additions	0	0	0	0	41,228	41,228
Completed Works	0	48,585	1,337	2,963	(53,455)	(570)
Disposals	0	(1,600)	(25)	(15)	0	(1,640)
Depreciation	0	(3,585)	(1,135)	(271)	0	(4,991)
Write-back of accelerated depreciation	0	1,619	0	0	0	1,619
Reclassification of Assets	84	0	0	0	0	84
Balance as at 30 June 2016	\$12,430	\$99,852	\$4,547	\$3,577	\$2,644	\$123,050

Land and buildings carried at valuation

An independent valuation of the Cemetery's land and buildings was performed by the Valuer-General Victoria to determine the fair value of the land and buildings. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation is 30 June 2012.

<i>11(c) Aggregate depreciation recognised as an expense during the year</i>	2016 \$000	2015 \$000
Buildings, Infrastructure and Improvements at fair value	3,585	1,780
Plant and Equipment at fair value	1,135	1,020
Office Equipment, Furniture and Fittings at fair value	271	306
Total	4,991	3,106

(i) The useful lives of assets as stated in Policy Note 1 are used in the calculation of depreciation.

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Southern Metropolitan Cemeteries Trust Notes to the Financial Statements for the year ended 30 June 2016

11(d) Fair value measurement hierarchy for assets as at 30 June 2016

	Carrying amount as at 30 June 2016	Fair value measurement at end of reporting period using:		
		Level 1 (i)	Level 2 (i)	Level 3 (i)
	\$000	\$000	\$000	\$000
Cemetery land infrastructure at fair value	12,430		9,500	2,930
Buildings, infrastructure and improvements at fair value	99,852			99,852
Plant and equipment at fair value	4,547			4,547
Office equipment, furniture and fittings at fair value	3,577			3,577
Capital works in progress at fair value	2,644			2,644
	123,050	0	9,500	113,550

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

There have been no transfers between levels during the period.

	Carrying amount as at 30 June 2015	Fair value measurement at end of reporting period using:		
		Level 1 (i)	Level 2 (i)	Level 3 (i)
	\$000	\$000	\$000	\$000
Cemetery land infrastructure at fair value	12,346		9,500	2,846
Buildings, infrastructure and improvements at fair value	54,833			54,833
Plant and equipment at fair value	4,370			4,370
Office equipment, furniture and fittings at fair value	910			910
Capital works in progress at fair value	14,871			14,871
	87,330	0	9,500	77,830

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

There have been no transfers between levels during the period.

11(e) Reconciliation of Level 3 fair value as at 30 June 2016

	Cemetery infrastructure land at fair value	Buildings, infrastructure and improvements at fair value	Plant and equipment at fair value	Office equipment, furniture and fittings at fair value	Capital works in progress at cost
	\$000	\$000	\$000	\$000	\$000
Opening balance	2,846	54,833	4,370	910	14,871
Purchases (sales)	84	48,604	1,312	2,938	(12,227)
Gain or losses recognised in net result					
- Depreciation	0	(3,585)	(1,135)	(271)	0
Closing Balance	2,930	99,852	4,547	3,577	2,644

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Southern Metropolitan Cemeteries Trust Notes to the Financial Statements for the year ended 30 June 2016

11(f) Description of significant unobservable inputs to Level 3 valuations

	Valuation technique	Significant unobservable inputs
Cemetery infrastructure land at fair value Over the 8 cemetery sites	Market based direct comparison approach	Community Service Obligation (CSO) adjustment
Buildings, infrastructure and improvements at fair value		
Buildings and improvements over the 8 cemetery sites	Depreciated replacement cost	Direct cost per square metre Cost per unit
Infrastructure over the 8 cemetery sites	Depreciated replacement cost	Useful life of specialised infrastructure Cost per unit
Plant and equipment at fair value		
Plant and equipment over the 8 cemetery sites	Depreciated replacement cost	Cost per unit Useful life of PPE
Office equipment, furniture and fittings at fair value		
Office equipment, furniture and fittings over the 8 cemetery sites	Depreciated replacement cost	Cost per unit Useful life of equipment
Capital works in progress at cost		
Capital works in progress over the 8 cemetery sites	Cost	Gross replacement cost

12. Payables

	2016 \$000	2015 \$000
Current		
Contractual		
Trade Creditors	1,097	2,540
Accruals	3,196	2,521
Other Creditors	2,155	378
Total Current Payables	6,448	5,439

The nature and extent of risk arising from payables and ageing of payables is contained in Note 18.

13. Unearned Income

	2016 \$000	2015 \$000
13a. Unearned Income		
Current		
Deposits received in advance	33,950	30,524
Total Unearned Income	33,950	30,524

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Southern Metropolitan Cemeteries Trust

Notes to the Financial Statements for the year ended 30 June 2016

<i>13b. Provision for Onerous Contracts</i>	2016	2015
	\$000	\$000
Balance at the beginning of year	481	422
Amount recognised in operating result	42	59
Balance at the end of year	523	481
Total Provision for Onerous Contracts	523	481

14. Provision for Employee Benefits	2016	2015
	\$000	\$000
Current Assets		
Employee benefits		
Annual Leave (unconditional and expected to be settled within 12 months)	1,059	1,075
Annual Leave (unconditional and expected to be settled after 12 months)	118	0
Rostered Days Off (unconditional and expected to be settled within 12 months)	57	53
Long Service Leave (unconditional and expected to be settled within 12 months)	355	239
Long Service Leave (unconditional and expected to be settled after 12 months)	997	1,010
Continuity of Service (conditional and expected to be settled within 12 months)	34	33
Continuity of Service (conditional and expected to be settled after 12 months)	119	97
	2,739	2,507
Employee benefit On-Costs		
Annual Leave (unconditional and expected to be settled within 12 months)	126	125
Annual Leave (unconditional and expected to be settled after 12 months)	14	0
Rostered Days Off (unconditional and expected to be settled within 12 months)	7	6
Long Service Leave (unconditional and expected to be settled within 12 months)	43	28
Long Service Leave (unconditional and expected to be settled after 12 months)	120	118
Continuity of Service (conditional and expected to be settled within 12 months)	1	5
On-costs Continuity of Service (conditional and expected to be settled after 12 months)	2	11
Total Current	3,052	2,800
Non-Current		
Long Service Leave (conditional and expected to be settled after 12 months)	484	305
On-costs Long Service Leave (conditional and expected to be settled after 12 months)	59	35
Total Non-Current	543	340
Total Provision for Employee Benefits	3,595	3,140

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Southern Metropolitan Cemeteries Trust

Notes to the Financial Statements for the year ended 30 June 2016

<i>(a) Employee benefits and on-costs</i>	2016	2015
	\$000	\$000
Current employee benefits		
Annual leave	1,177	1,075
Long service leave	1,352	1,249
Rostered days off	57	53
Continuity of service	153	130
Non-current employee benefits		
Long service leave	484	305
Total employee benefits	3,223	2,812
Current on-costs	313	293
Non-current on-costs	59	35
Total on-costs	372	328
Total employee benefits and on-costs	3,595	3,140
Movement in provisions for Long Service Leave (Including On-Costs)		
Balance at the Beginning of the Year	1,735	1,682
Provisions made during the Year		
Revaluations due to Change in Discount Rates	(96)	(123)
Revaluations due to change in model from 2004 to 2008	247	0
Expense Recognising Employee Service	392	496
Payments for Long Service Leave	(220)	(320)
Balance at the End of the Year	2,058	1,735
Movement in Provision for Annual Leave (Including On-Costs)		
Balance at the Beginning of the Year	1,200	1,100
Provision made during the Year		
Expense Recognising Employee Service	1,424	1,290
Payments for Annual Leave	(1,307)	(1,190)
Balance at the End of the Year	1,317	1,200

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Southern Metropolitan Cemeteries Trust Notes to the Financial Statements for the year ended 30 June 2016

15. Superannuation

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

The name and details of the major superannuation funds and contributions made by SMCT are as follows

	Paid contribution for the year		Contribution outstanding at year end	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Defined Benefits				
LASB/Vision Super	268	305	0	0
Defined Contributions				
Vision Super	1,080	872	84	75
Other	737	669	67	63
Total	2,085	1,846	152	138

16. Equity

Equity

		2016 \$000	2015 \$000
Contributed Capital		61,464	61,464
Accumulated Surplus	16(a)	16,264	19,889
Property, Plant and Equipment Revaluation Reserve	16(d)	914	914
Available for Sale Investment Revaluation Reserve	16(b)	(2,227)	2,200
Perpetual Maintenance Reserve	16(c)	259,161	237,288
Total Equity		335,576	321,755

Accumulated Surplus/(Deficit)

(a) Movement in Accumulated Surplus/(Deficit)

Balance at the Beginning of the Year	19,889	11,063
Net Result for the Year	18,248	50,313
Transfer to Perpetual Maintenance Reserve	(21,873)	(41,487)
Balance at the End of the Year	16,264	19,889

(b) Movement in Available for Sale Investment Revaluation Reserve

Balance at the Beginning of the Year	2,200	25,948
Realised Valuation (Gain)/Loss	0	(23,418)
Write Down of Available for Sale Investments	0	(2,530)
Valuation Gain/(Loss) Recognised	(4,427)	2,200
Balance at the End of the Year	(2,227)	2,200

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Southern Metropolitan Cemeteries Trust Notes to the Financial Statements for the year ended 30 June 2016

	2016 \$000	2015 \$000
(c) Movement in Perpetual Maintenance Reserve		
Balance at the Beginning of the Year	237,288	195,801
Funds transferred from Accumulated Surplus/(Deficit)	25,174	44,535
Funds amortised to provide for perpetual maintenance	(3,301)	(3,048)
Balance at the End of the Year	259,161	237,288
Represented by		
Cremation Memorials	37,451	35,264
Graves	148,032	131,337
Mausoleum Crypts	73,678	70,687
Total	259,161	237,288

The perpetual maintenance reserve reflects funds set aside by SMCT to meet its obligations under the *Cemeteries and Crematoria Act 2003* to maintain cemeteries entrusted within its care into perpetuity. Additional information is contained in Note 1(m) and Note 20.

	2016 \$000	2015 \$000
(d) Property, Plant and Equipment Revaluation Reserve		
Plant and Equipment		
Balance at the Beginning of the Year	914	914
Balance at the End of the Year	914	914
Represented by		
Plant and Equipment	914	914
Total	914	914

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Southern Metropolitan Cemeteries Trust Notes to the Financial Statements for the year ended 30 June 2016

17. Reconciliation of Net Cash Inflow/(Outflow) from Operating Activities to Operating Result for the year

	Note	2016 \$000	2015 \$000
Operating result for the year		18,248	26,895
Non-Cash Flows in Operating Result			
Depreciation/Amortisation	4	5,323	3,519
(Gain)/Loss on Disposal of Property, Plant and Equipment	2(b)	(124)	(23)
Provision for Doubtful Debts	6	41	57
(Gain)/Loss from Fair Value Adjustment of Investment Property	9	0	195
Changes in Assets and Liabilities			
Decrease/(Increase) in Receivables		6,883	531
Decrease/(Increase) in Prepayments		(58)	(25)
(Increase)/Decrease in Inventories		(230)	(1,561)
(Decrease)/Increase in Payables		1,009	7
Increase/(Decrease) in Provisions		497	156
Increase in Unearned Income		3,426	3,654
Net Cash Flows from Operating Activities		35,015	33,405

18. Financial Instruments

18.1 Financial Risk Management Objectives and Policies

SMCT's principal financial instruments comprise of:

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

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

SMCT's main financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. SMCT manages these financial risks in accordance with its financial risk management policy and through the oversight of the Finance & Investment Committee.

The main purpose in holding financial instruments is to prudentially manage SMCT's financial risk within government policy parameters.

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Southern Metropolitan Cemeteries Trust Notes to the Financial Statements for the year ended 30 June 2016

(i) Categorisation of Financial Instruments*

Account Balance	Note	Category	2016 \$000	2015 \$000
Financial Assets				
Cash and Cash Equivalents	5	Cash	14,674	27,668
Receivables	6	Receivables (at amortised cost)	8,787	15,355
Available for Sale Investments	7	Available for Sale Investments (at fair value through equity)	210,506	207,947
Total Financial Assets			233,967	250,970
Financial Liabilities				
Payables	12	Financial Liabilities (at amortised cost)	6,448	5,439
Total Financial Liabilities			6,448	5,439

Net Holding Gain/(Loss) on Financial Instruments by Category

Account Balance	2016 \$000	2015 \$000
Financial Assets		
Cash and Cash Equivalents	347	613
Available for Sale Investments (at fair value through equity)	6,171	13,351
Total Financial Assets	6,517	13,964

	Net holding gain/ (loss) \$000	Total Interest income/ (expense) \$000	Fee income/ (expense) \$000	Impairment loss \$000	Total \$000
2016					
Financial Assets					
Cash and cash equivalents	0	347	0	0	347
Available for sale	6,171	0	0	0	6,171
Total Financial Assets	6,171	347	0	0	6,517
2015					
Financial Assets					
Cash and cash equivalents	0	613	0	0	613
Available for sale	13,351	0	0	0	13,351
Total Financial Assets	13,351	613	0	0	13,964

*The total amount of financial assets and liabilities disclosed here excludes statutory receivables (e.g. GST input tax credits receivable) and statutory payables (e.g. tax payable).

For cash and cash equivalents, receivables and available for sale investments, the net gain or loss is calculated by taking the interest revenue, plus or minus foreign exchange gains or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result.

There are no gains/(losses) on financial liabilities in the net result.

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Southern Metropolitan Cemeteries Trust Notes to the Financial Statements for the year ended 30 June 2016

18.2 Credit Risk

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

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

(i) Policy in Managing Credit Risk

SMCT does not have any material credit risk exposure to a single debtor or group of debtors. In respect to trade and sundry receivables, SMCT minimises concentrations of credit risk by undertaking transactions with a large number of customers. Trade debtors are carried at nominal amounts due with settlement expected within 30 days from the date of recognition. Sundry debtor terms are normally up to a maximum of five months.

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

As the purchase is for a right of interment, customers (excluding trade debtors) are therefore unable to use the service until the balance outstanding is paid.

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

Available for sale investments are managed in accordance with SMCT investment policy, which stipulates, where applicable, minimum credit ratings. The vast majority of available for sale investments are managed unit funds, which are not explicitly rated, although, the underlying investments within each fund may have a higher credit rating than the applicable minimum required. The investment policy is reviewed regularly by management in conjunction with an independent investment manager.

SMCT uses an external manager to manage most of the funds allocated as available for sale investments. The total funds invested are diversified across a range of reputable and experienced external advisors and financial institutions. This mitigates the credit risk on this class of financial assets.

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Southern Metropolitan Cemeteries Trust Notes to the Financial Statements for the year ended 30 June 2016

(ii) Maximum Exposure to Credit Risk

SMCT's maximum exposure to credit risk at balance date in relation to each class of financial asset is represented below:

	Note	2016 \$000	2015 \$000
Financial Assets			
Cash and Cash Equivalents	5	14,674	27,668
Receivables	6	8,787	15,355
Available for Sale Investments	7	210,506	207,947
Total Financial Assets		233,967	250,970

(iii) Credit Quality of Contractual Financial Assets that are Neither Past Due, Nor Impaired as at 30 June 2016 (\$000)

	Financial Institutions (AAA Credit Rating)	Other (Not Rated)	Total
Financial Assets			
Cash and Cash Equivalents			
Cash on Hand	0	9	9
Cash at Bank	14,665	0	14,665
Receivables	0	8,746	8,746
Available for Sale Investments			
Managed Units	0	210,506	210,506
Total financial assets	14,665	219,261	233,926

Credit Quality of Contractual Financial Assets that are Neither Past Due, Nor Impaired as at 30 June 2015 (\$000)

	Financial Institutions (AAA Credit Rating)	Other (Not Rated)	Total
Financial Assets			
Cash and Cash Equivalents			
Cash on Hand	0	7	7
Cash at Bank	27,661	0	27,661
Receivables	0	15,298	15,298
Available for Sale Investments			
Managed Units	0	207,947	207,947
Total financial assets	27,661	223,252	250,913

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Southern Metropolitan Cemeteries Trust Notes to the Financial Statements for the year ended 30 June 2016

(iv) Ageing Analysis of Financial Assets as at 30 June 2016 (\$000)

Financial Assets	Carrying Amount	Not Past Due and Not Impaired	Past Due but Not Impaired				Impaired Financial Assets
			Less Than 1 Month	1-3 Months	3-12 Months	1-5 Years	
Cash and Cash Equivalents							
Cash on Hand	9	9	0	0	0	0	0
Cash at Bank	14,665	14,665	0	0	0	0	0
Receivables	8,787	8,554	102	47	43	0	41
Investments and other financial assets							
Managed share/units portfolio	210,506	210,506	0	0	0	0	0
Total Financial Assets	233,967	233,734	102	47	43	0	41

Ageing Analysis of Financial Assets as at 30 June 2015 (\$000)

Financial Assets	Carrying Amount	Not Past Due and Not Impaired	Past Due but Not Impaired				Impaired Financial Assets
			Less Than 1 Month	1-3 Months	3-12 Months	1-5 Years	
Cash and Cash Equivalents							
Cash on Hand	7	7	0	0	0	0	0
Cash at Bank	27,661	27,661	0	0	0	0	0
Receivables	15,355	14,587	356	44	311	0	57
Investments and other financial assets							
Managed share/units portfolio	207,947	207,947	0	0	0	0	0
Total Financial Assets	250,970	250,202	356	44	311	0	57

(v) Contractual financial assets that are past due or impaired

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

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

18.3 Liquidity Risk

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

(i) Policy in Managing Liquidity Risk

SMCT's objectives in managing liquidity risk is to ensure that all obligations will be met as they fall due, while ensuring maximum funds are available for investment to meet longer term perpetual maintenance requirements.

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Southern Metropolitan Cemeteries Trust Notes to the Financial Statements for the year ended 30 June 2016

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

SMCT has assessed this risk as minimal considering the current positive position of cash flow from operations and nature of the current assets, available for sale investments and current liabilities.

(ii) Maximum Exposure to Liquidity Risk

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

	2016 \$000	2015 \$000
Financial Liabilities		
Payables	6,448	5,439
Total Financial Liabilities	6,448	5,439

(iii) Maturity Analysis of Financial Liabilities as at 30 June 2016 (\$000)

The following table discloses the contractual maturity analysis for SMCT's financial liabilities:

Financial Liabilities	Carrying Amount	Not Past Due and Not Impaired	Past Due but Not Impaired				Impaired Financial Assets
			Less Than 1 Month	1-3 Months	3-12 Months	1-5 Years	
Payables	6,448	6,157	212	46	6	27	0
Total Financial Liabilities	6,448	6,157	212	46	6	27	0

Maturity Analysis of Financial Liabilities as at 30 June 2015 (\$000)

Financial Liabilities	Carrying Amount	Not Past Due and Not Impaired	Past Due but Not Impaired				Impaired Financial Assets
			Less Than 1 Month	1-3 Months	3-12 Months	1-5 Years	
Payables	5,439	4,920	361	106	52	0	0
Total Financial Liabilities	5,439	4,920	361	106	52	0	0

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

18.4 Market Risk Exposure

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

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Southern Metropolitan Cemeteries Trust Notes to the Financial Statements for the year ended 30 June 2016

Investments are managed in accordance with SMCT investment policy which stipulates asset allocation ranges to diversify and mitigate risk. The investment policy is reviewed regularly by management in conjunction with an independent investment manager. SMCT has appointed an external investment manager to manage its investment portfolio. The performance of investments and the investment manager is regularly monitored by management and the Trust.

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

(i) Currency Risk and Policy in Managing Currency Risk

SMCT manages its currency risk by appointing an experienced external manager to manage these investments on its behalf and diversifying the allocation of the investment in shares of overseas companies, which operate in stable economies throughout Europe, the United States of America and Asia.

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

Financial Liabilities

Exposure to interest rate risk is minimal as SMCT does not hold interest bearing liabilities.

Available for Sale Investments

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

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. SMCT has minimal exposure to cash flow interest rate risks through its cash and deposits, term deposits and bank overdrafts that are at floating rate.

(iii) Interest Rate Exposure of Financial Assets and Liabilities as at 30 June 2016 (\$000)

	Weighted Average Effective Interest Rate %	Carrying Amount	Interest Rate Exposure		
			Fixed Interest Rate	Variable Interest Rate	Non-Interest Bearing
Financial Assets					
Cash and Cash Equivalents					
Cash on Hand	0.0%	9	0	0	9
Cash at Bank	1.85%	14,665	0	14,665	0
Receivables	0.0%	8,787	0	0	8,787
Available for Sale Investments					
Managed Units	0.0%	210,506	0	0	210,506
		233,967	0	14,665	219,302
Financial Liabilities					
Payables	0.0%	6,448	0	0	6,448
		6,448	0	0	6,448

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Southern Metropolitan Cemeteries Trust Notes to the Financial Statements for the year ended 30 June 2016

Interest Rate Exposure of Financial Assets and Liabilities as at 30 June 2015 (\$'000)

	Weighted Average Effective Interest Rate %	Carrying Amount	Interest Rate Exposure		
			Fixed Interest Rate	Variable Interest Rate	Non-Interest Bearing
Financial Assets					
Cash and Cash Equivalents					
Cash on Hand	0.0%	7	0	0	7
Cash at Bank	2.6%	27,661	15,000	12,661	0
Receivables	0.0%	15,355	0	0	15,355
Available for Sale Investments					
Managed Units	0.0%	207,947	0	0	207,947
		250,969	15,000	12,661	223,308
Financial Liabilities					
Payables					
	0.0%	5,439	0	0	5,439
		5,439	0	0	5,439

(iv) Other Market Risk and Policy in Managing Other Market Risk

Exposure to other price risk arises due to the inherent risk associated with the possibility of a fall in the market value of investments. SMCT's objective of managing other price (primarily equity market) risk is to minimise negative impacts on investment value due to the volatility of the stock markets.

SMCT has appointed an external, independent investment manager to monitor the value and volatility of stock market investments. The investment manager is expected to manage this risk, through the appropriate diversification of specific stocks and diversification through different sectors within the market in accordance with SMCT investment parameters.

(v) Sensitivity Analysis on Other Price Risk

Based on advice from independent investment managers who have taken into consideration past performance, future expectations, economic forecasts and management's knowledge and experience of the financial markets, SMCT has estimated that the movements presented below are reasonably possible in the forthcoming 12 months. This sensitivity analysis has been prepared for the next 12 months. Management does not believe that it is possible to reasonably estimate the variables used further than for 12 months.

- A shift of 0.25% in market interest rates (AUD) from year end rates of 2.0% (2015: 0.75% in market interest rates (AUD) from year end rates of 2.5%); and
- A movement of 17% up and down for the relevant stocks index (2015: 22% in relevant stocks index).

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

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Southern Metropolitan Cemeteries Trust Notes to the Financial Statements for the year ended 30 June 2016

(vi) Sensitivity Analysis of Other Price Risk as at 30 June 2016 (\$000)

Financial Assets	Carrying Amount	Interest Rate Risk				Other Price Risk			
		-0.25%		+0.25%		-17%		17%	
		Net Result	Equity	Net Result	Equity	Net Result	Equity	Net Result	Equity
Financial Assets									
Cash and Cash Equivalents									
Cash on Hand	9	0	0	0	0	0	0	0	0
Cash at Bank	14,665	(37)	0	37	0	0	0	0	0
Receivables	8,787	0	0	0	0	0	0	0	0
Available for Sale Investments									
Interest Bearing	0	0	0	0	0	0	0	0	0
Managed Units	210,506	(17)	(32)	17	32	0	(34,646)	0	34,646
Financial Liabilities									
Less Payables	6,448	0	0	0	0	0	0	0	0
	227,519	(54)	(32)	54	32	0	(34,646)	0	34,646

Sensitivity Analysis of Other Price Risk as at 30 June 2015 (\$000)

Financial Assets	Carrying Amount	Interest Rate Risk				Other Price Risk			
		-0.75%		+0.75%		-22%		+22%	
		Net Result	Equity	Net Result	Equity	Net Result	Equity	Net Result	Equity
Financial Assets									
Cash and Cash Equivalents									
Cash on Hand	7	0	0	0	0	0	0	0	0
Cash at Bank	27,661	(160)	0	160	0	0	0	0	0
Receivables	15,355	0	0	0	0	0	0	0	0
Available for Sale Investments									
Interest Bearing	0	0	0	0	0	0	0	0	0
Managed Units	207,947	(51)	(208)	51	208	0	(41,430)	0	41,430
Financial Liabilities									
Less Payables	5,439	0	0	0	0	0	0	0	0
	245,531	(211)	(208)	211	208	0	(41,430)	0	41,430

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Southern Metropolitan Cemeteries Trust Notes to the Financial Statements for the year ended 30 June 2016

18.5 Fair Value

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

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

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

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

(i) Comparison Between Carrying Amount and Fair Value

	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	2016	2016	2015	2016
	\$	\$	\$	\$
Contractual				
Financial assets				
Cash and Cash Equivalents	14,674	14,674	27,668	27,668
Receivables	8,787	8,787	15,355	15,355
Available for Sale Investments	210,506	210,506	207,947	207,947
Total financial assets	233,967	233,967	250,970	250,970
Contractual				
Financial liabilities				
Payables	6,448	6,448	5,439	5,439
Total financial liabilities	6,448	6,448	5,439	5,439

(ii) Financial Assets Measured at Fair Value as at 30 June 2016 (\$000)

Carrying Amount	Fair value measurement at end of reporting period		
	Level 1	Level 2	Level 3
Financial Assets			
Available for Sale Investments			
Managed Units	210,506	0	0
Total Financial Assets	210,506	0	0

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Southern Metropolitan Cemeteries Trust Notes to the Financial Statements for the year ended 30 June 2016

Financial Assets Measured at Fair Value as at 30 June 2015 (\$000)

Carrying Amount	Fair value measurement at end of reporting period		
	Level 1	Level 2	Level 3
Financial Assets			
Available for Sale Investments			
Managed Units	207,947	0	207,947
Total Financial Assets	207,947	0	207,947

There have been no transfers between levels during the period.

The fair value of the financial assets and financial liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate fair value:

Debt securities

In the absence of an active market, the fair value of SMCT's debt securities and government bonds are valued at observable inputs such as recently executed transaction prices in securities of the issuer or comparable issuers and yield curves. Adjustments are made to the valuations when necessary to recognise differences in the instrument's terms. To the extent that the significant inputs are observable, SMCT categorises these instruments as Level 2.

19. Commitments

	2016 \$000	2015 \$000
Capital Commitments		
Other - Buildings	0	30,843
Total Capital Commitments	0	30,843

Operating Expenditure Commitments

Electricity and Gas	1,025	0
Total Operating Expenditure Commitments	1,025	0

	2016 \$000	2015 \$000
Capital Commitments		
Not Longer than 1 Year	0	30,843
Total Capital Commitments	0	30,843

Operating Expenditure Commitments

Not Longer than 1 Year	513	0
Longer than 1 Year and Not Longer than 5 Years	512	0
Total Operating Expenditure Commitments	1,025	0

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Southern Metropolitan Cemeteries Trust Notes to the Financial Statements for the year ended 30 June 2016

20. Contingent Assets and Contingent Liabilities

Quantifiable

There are no quantifiable contingent assets and liabilities as at 30 June 2016 (2015: nil)

Non-Quantifiable

Perpetual Maintenance

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

SMCT has created a reserve as a source of future contributions towards perpetual maintenance obligations, which is disclosed as a Perpetual Maintenance Reserve in Note 1(m) and Note 16.

21. Responsible Persons and Executive Officers

21a. Responsible Persons

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

Responsible Minister

The following was the Responsible Minister during the reporting period

- The Honourable Jill Hennessy, MP Minister for Health: 1 July 2015 to 30 June 2016

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Southern Metropolitan Cemeteries Trust Notes to the Financial Statements for the year ended 30 June 2016

Governing Board

The following were Trust Members during the reporting period:

• Sue Renkin (Chairman)	01/07/15 – 30/06/16
• Julie Busch	01/07/15 – 30/06/16
• Phillip Davies	01/07/15 – 29/02/16
• Felicity Frederico	01/07/15 – 29/02/16
• Richard Jones	01/07/15 – 30/06/16
• Gaye Mason	01/07/15 – 30/06/16
• Mathew Mills	01/07/15 – 30/06/16
• Stephen Shipp	01/07/15 – 30/06/16
• Sam Afra	01/03/16 – 30/06/16
• Brian Oates	01/03/16 – 30/06/16
• Leigh Mackay	01/03/16 – 30/06/16

Accountable Officers

The following were the Accountable Officers during the reporting period:

- Jane Grover: 1 July 2015 to 30 June 2016

Remuneration of Responsible Persons

Remuneration paid to Ministers is reported in the financial statements of the Department of Premier and Cabinet. Base remuneration is exclusive of bonus payments, long-service leave payments, redundancy payments and retirement benefits. Total remuneration includes all payments. The following table discloses remuneration paid to Responsible Persons, other than Ministers, during the year ended 30 June 2016.

	Total Remuneration		Base Remuneration	
	2016 No.	2015 No.	2016 No.	2015 No.
Income Band				
\$0 to \$9,999	5	0	5	0
\$10,001 to \$20,000	5	7	5	7
\$20,001 to \$30,000	1	1	1	1
\$100,001 to \$110,000	0	0	0	1
\$160,001 to \$170,000	0	1	0	0
\$250,001 to \$260,000	0	0	0	1
\$260,001 to \$270,000	0	0	1	0
\$280,001 to \$290,000	0	1	0	0
\$300,001 to \$310,000	1	0	0	0
Total Numbers	12	10	12	10
Total remuneration received or due and receivable by Responsible Persons from SMCT amounted to:	\$439,818	\$573,372	\$397,280	\$478,469

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Southern Metropolitan Cemeteries Trust Notes to the Financial Statements for the year ended 30 June 2016

Other Transactions of responsible persons and their related parties

During the reporting period, there have been no related party transactions (2015: nil)

21b. Executive Officers' Disclosures

Executive Officers' Remuneration

The numbers of executive officers, other than Ministers and Accountable Officers, and remuneration during the reporting period are shown in the table below in their relevant income bands.

Base remuneration is exclusive of bonus payments, long-service leave payments, redundancy payments and retirement benefits. Total remuneration includes all payments.

The following table discloses remuneration paid to Executive Officers during the year ended 30 June 2016 and 30 June 2015.

Income Band	Total Remuneration		Base Remuneration	
	2016 No.	2015 No.	2016 No.	2015 No.
\$100,000 to \$109,999	2	4	3	5
\$110,000 to \$119,999	3	3	3	2
\$120,000 to \$129,999	1	3	0	5
\$130,000 to \$139,999	1	3	1	3
\$140,000 to \$149,999	0	1	2	0
\$150,000 to \$159,999	2	1	0	2
\$160,000 to \$169,999	1	4	2	2
\$170,000 to \$179,999	2	0	2	1
\$180,000 to \$189,999	1	2	0	1
\$190,000 to \$199,999	0	1	0	1
\$200,000 to \$209,999	0	0	2	0
\$210,000 to \$219,999	1	1	1	0
\$220,000 to \$229,999	2	0	0	0
Total Numbers	16	23	16	22
Total annualised employee equivalents (AEE)	16	23	16	22
Total Remuneration	\$2,486,281	\$3,192,227	\$2,393,126	\$2,769,703

Remuneration for Executive Officers during the year ended 30 June 2016 have been limited to those who occupy a management role or are a business unit head only.

22. Ex-Gratia Payments

During the reporting period no ex-gratia payments were made (2015: \$nil).

23. Audit Fees: Auditor General

	Note	2016 \$000	2015 \$000
Victorian Auditor-General's Office			
Audit of financial statements		83	81
Total Remuneration of Victorian Auditor-General's Office		83	81

24. Events occurring after balance sheet date

At the time of writing, there are no such after balance sheet date events to report.



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The Southern Metropolitan Cemeteries Trust is a not-for-profit, community based organisation that cares for Bunurong and Cheltenham Memorial Parks, and Brighton General, Cheltenham Pioneer, Dandenong Community, Melbourne General, Springvale Botanical and St Kilda cemeteries.