



SOUTHERN
METROPOLITAN
CEMETERIES TRUST

Honouring and celebrating life



Cover Art

The cover art of our 2022 Annual Report is inspired by the work of French botanical artist Pierre-Joseph Redouté.

Redouté (1759-1840) is one of the best known and most talented botanical artists in history. During his life he produced more than 2000 artworks examining thousands of common and rare species of plants using a unique technique and signature style which served to both establish and revolutionise botanical art.

This year's cover depicts some of Redouté's classic illustrations of nature coming together in a contemporary and lively composition, paying homage to our deep connection to nature, an exciting year of growth and to the evolution of a bright and innovative future.

Cover Design: Jenna Tomkins, Spinach



Acknowledgement of Country

Southern Metropolitan Cemeteries Trust respectfully acknowledges the Aboriginal and Torres Strait Islander peoples of this nation. We acknowledge the Traditional Custodians of the lands on which our cemeteries and memorial parks are located. We pay our respects to Ancestors and Elders, past, present and emerging.

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Introduction

A year of advancement

We are pleased to introduce the Annual Report for the Southern Metropolitan Cemeteries Trust (SMCT) for the year ending 30 June 2022.

The 2022 financial year has been one of change for SMCT. We are in the process of appointing our new CEO and extended executive team. While the transition has not been without its challenges, it has been an exciting time of evolution. It has brought us fresh perspectives and expertise from diverse sectors and both our ongoing and acting leaders are continuing to play an important role in setting SMCT up for a truly exciting chapter ahead.

For the financial year ending 30 June 2022, SMCT produced a positive result of \$25.1m. This surplus was achieved from a cemetery operations revenue of \$66.8m and investment income of \$27.6m and after the impact of the 3% cemetery levy of \$2.8m payable to the Victorian Government.

During the reporting period, SMCT investments (which underpins our community perpetual maintenance obligations) have decreased by \$25.5m to \$302.3m through distribution reinvestment (+\$25.4m), net management fees (-\$1.5m) and holding loss of investments (-\$49.4m). This result reflects a decline in the share market towards the end of the financial year due to local and international economic unrest.

Despite the negative impact of COVID-19 social distancing restrictions on our pre-need sales, our operating revenue increased by +6.1m (+10%) from the previous year.

Change has also been a strong theme seen throughout our projects, service delivery and operations. With the COVID pandemic still impacting our people and community, we have continued to adapt the way we offer our services, how we care for and connect with our community, and how we support our people through a flexible hybrid workplace.

Some of the key achievements of FY22 include:

- The advancement of our environment strategy, including the undertaking of an extensive baseline analysis, with a commitment to achieve carbon-neutral certification by 2030, as well as the activation of a number of environment-focused initiatives.
- Upgraded equipment and technology throughout our function and chapel spaces to meet the increased need for livestreaming and provide families with the remote integration of services.
- Significant progress on our three-year Customer Relationship Management (CRM) & Enterprise Resource Planning (ERP) platform migration and Customer Value Transformation project to deliver enterprise-wide integrated platforms and fit for purpose business solutions, including the selection of a preferred supplier.

- Reimagining our annual events through trialling new formats allows our community to reflect safely and meaningfully while interacting with our sites in new ways.
- Advanced our important work in Reconciliation, taking our future Reconciliation Action Plan to exciting next stages of completion.
- Submission of our proposed Gender Equality Action Plan to the Gender Equality Commission.
- Attainment of an 87% employee engagement score through our Employee Engagement Survey.
- Significant progress with our three-year People Strategy, including the delivery of a refreshed Leadership Capability Framework and the rollout of an updated Employee Value Proposition (EVP).
- Rollout of a strengthened Activate Health employee wellbeing program designed to support the physical and mental health of our people.
- Introduction of a new project management framework designed to deliver a consistent approach to project planning and delivery across SMCT.
- Advancement in the restoration of the perimeter wall at St Kilda Cemetery, completion of the Pieta Mausoleum at Bunurong and significant progress in the construction of our new All Souls Mausoleum at Springvale.

We know that this period of rapid change is not yet over as we move forward in a climate of continued pandemic impacts, global financial uncertainty, employee resource shortages and an ever-evolving world, but we are fortunate to be grounded by our shared passion and the strong certainty of our purpose.

Looking ahead, we move forward towards a promising future with eagerness to deliver on our commitment to the community. The next phase of our evolution will include the growth of our offerings and physical spaces, including identifying a future site for

development. Earlier this year, the Trust decided to no longer pursue the proposed Heatherton Rd site as a possibility for a future SMCT Memorial Park. With our focus on an alternative location in FY23, the site would need to meet the growing needs for affordable, fitting and sustainable end-of-life products and services for Melbourne's south-east, while supporting client families with essential connection and wellbeing activities through a whole-of-community approach.

We are grateful for a challenging but truly exciting year that sets us up for the 2023 financial year and beyond.

On behalf of SMCT, I would like to thank each of our Trust members for their dedication and service throughout the 2022 financial year as well as our Executive Leadership Team, who continue to play a significant role in supporting our evolution. Importantly, I thank our SMCT employees for bringing our vision to life, supporting our community and bringing a depth of experience, talent and passion for our sector and organisation that ensures we can continue to operate seamlessly through change. We also extend our appreciation to the Department of Health for its continued guidance and support.

Under the Financial Management Act 1994, we are pleased to present the Report of Operations for the Southern Metropolitan Cemeteries Trust for the year ending 30 June 2022.



A handwritten signature in black ink, appearing to read 'Vanda Fortunato'.

Dr Vanda Fortunato
Trust Chairperson



A handwritten signature in black ink, appearing to read 'Greg Kerr'.

Greg Kerr
Acting CEO

2.0

The Trust at a glance

The Southern Metropolitan Cemeteries Trust (SMCT) is a community-based, not-for-profit organisation committed to serving the needs of all Victorian communities. We are redefining the traditional role of cemeteries and memorial parks with community service offerings that include cafes, florists, wellbeing centres and modern function facilities. Our reflective spaces and gardens encourage the honouring of traditions, the sharing of stories and the coming together of community.

We are responsible for nine cemeteries and memorial park locations, including Bunurong and Cheltenham Memorial Parks and Brighton General, Cheltenham Pioneer, Dandenong Community, Melbourne General, Sorrento Community, Springvale Botanical and St Kilda cemeteries.

We are proud to work together with cultural and religious community groups to provide choice and meaningful services across each location and be custodians of history.

SMCT's corporate office is located within the grounds of Springvale Botanical Cemetery, 600 Princes Highway, Springvale, Victoria. Formed in March 2010, under the *Cemeteries and Crematoria Act 2003*, the Trust, led by Chairperson Dr Vanda Fortunato, reports to the Minister for Health, through the Cemetery Sector Governance Support Unit of the Department of Health (DH). The responsible Minister during the period 1 July 2021 to 26 June 2022 was Hon. Martin Foley MP, and from 27 June 2022 to 30 June 2022 the Hon. Mary-Anne Thomas MP.

Throughout FY22, we continued the COVID-19 guiding principles that supported the organisation shift to necessary ways of working while staying true to our purpose, vision and values.

Our Purpose

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

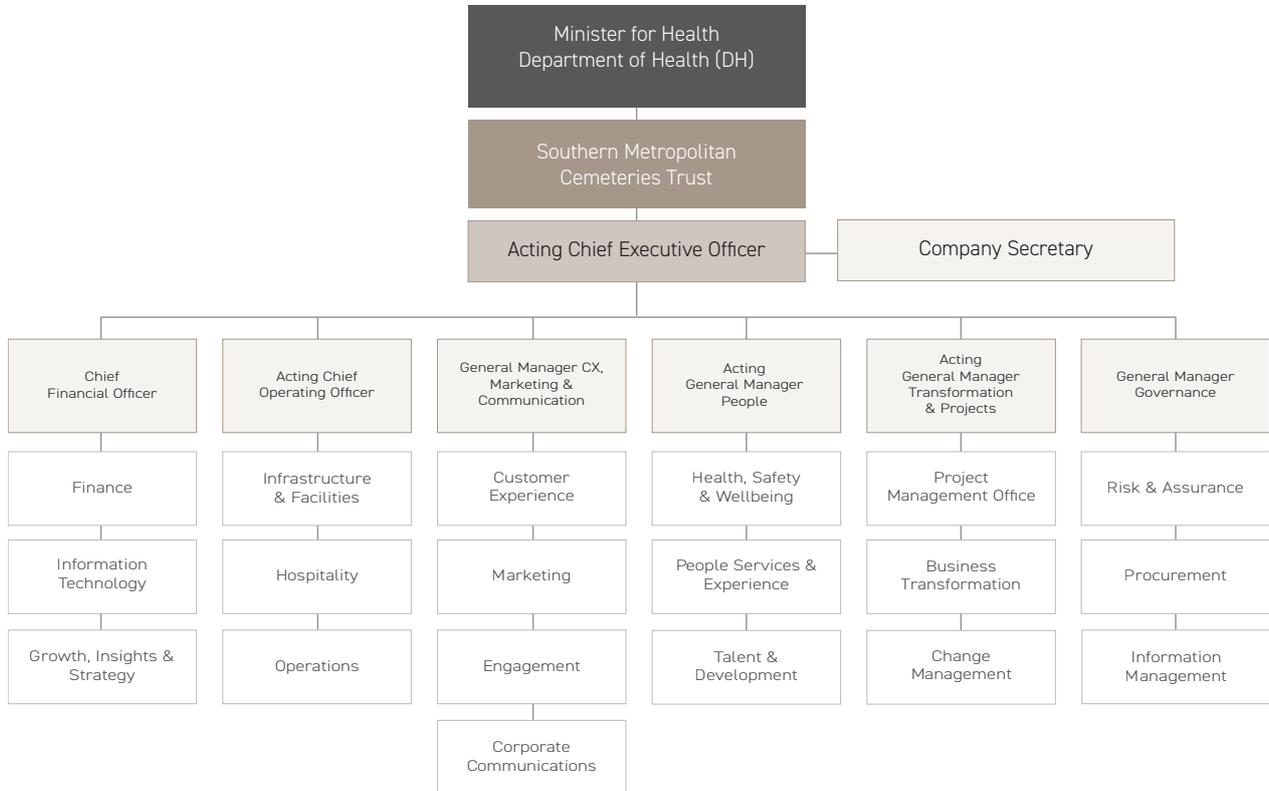
Our Vision

In delivering our Purpose, we have come to the understanding that our facilities and services primarily deliver experiences for the living; most commonly people who have recently lost a loved one and often people experiencing grief. We support and steward the living and our Vision Statement reflects this.

Our beautiful, iconic locations empower all communities to honour and celebrate life.

We support the living throughout their grief journey, through our innovative approach of personalised care and compassion.

SMCT's Organisational Structure



'PRIDE' in our values

At each and every cemetery and memorial park within our care, we pledge to each other and to our client families 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

Throughout the year, we have continued to adapt our service offering to provide client families with flexibility and choice. With redesigned services to adhere to COVID-19 safe principles, our locations have remained open to support our industry partners, employees and community through:

- Meeting the diverse and changing needs of our communities through extensive community

engagement that informs the development of new service offerings and enhances the experience created within our locations.

- Providing choice and flexibility to the community in the services we offer.
- Providing exceptional care and support throughout all customer touchpoints, including the hospitality service offering via customised menus for cultural and personal preferences.
- The care and long-term maintenance of nine iconic and historic cemeteries and memorial park locations, ensuring funds are set aside to meet maintenance obligations in perpetuity.
- De-mystification of cemeteries by listening and responding to community needs and positioning memorial parks as multi-purpose assets to be enjoyed by the public.

Strategic Priorities

During the period SMCT advanced the delivery of the Strategic Plan 2019-2023. This five-year Strategic Plan guides the organisation's focus and core priorities, including delivering operational excellence, further strengthening our customer-centric culture, investment in information and communication technology and sustainable financial growth.

Our Strategic Plan provides a clear focus for the organisation and is used to establish our Annual Plans and Objectives. As a trusted and purposed organisation, we continue to advocate for choice and for offering transparency of information that will empower our communities.

Our Strategic Priorities remain in line with our 2019-2023 Strategy and include:

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

SMCT Trust Members

SMCT is governed by a board of nine highly skilled and experienced Trust members who bring a balance of commercial, not-for-profit and private sector experience. The Trust is responsible for stewarding and setting the overall strategic direction of the organisation. Our Trust members bring a great depth of knowledge in their respective fields of expertise, enabling them to respond to emergent strategic conditions. Trust members are appointed for terms of up to three years, and are able to apply for additional terms. The Governor-in-Council makes all Trust appointments on the recommendation of the Minister for Health.

The strength of our Trust underpins our success. We are grateful to have nine experienced and committed Trust members. They each provide a unique set of skills and experience that continues to shape our strategic direction and organisational culture.

Our Current Trust Members

Trust Chairperson - Dr Vanda Fortunato

PhD, MA, BA, GAICD.

Sam Afra

JP, MAICD.

Rosemary Barker (Appointed 1 July 2021)

BA GDip HR & IR, Grad Cert Bus Management, MAICD

Robin Buckham

BA, DipEd, MCom (Mktg), MAICD.

Sandy Chakravarty

BEC, MBA, MEc, FCPA, GAICD.

Phil Davies

BA (Hons), LLB (Hons), LLM, GAICD.

Philip Eggleston

B.App Sci (Landscape Architecture), GAICD.

Vicki Pridmore

BA, GradDip Organisational Psychology, GAICD.

Bernadene Voss (Appointed 7 December 2021)

BA, GAICD.

Trust members who served during the reporting period:

Des Powell 1 July 2021 – 1 October 2021

Services Performed During the Reporting Period 1 July 2021 - 30 June 2022

Cremation	8,723
Interment in graves	3,515
Interment in mausolea	224
Interment of cremated remains	507
	12,968

3.0

Governance and accountability

The Southern Metropolitan Cemeteries Trust acknowledges that strong governance and accountability are critical to achieving our strategic imperatives. With an unwavering belief in our direction and governed by our COVID-19 guiding principles, we successfully navigated last year's ever-evolving social and economic landscape.

We are a community-focused organisation, providing burial, cremation and memorialisation services for metropolitan Melbourne and Victoria and we are entrusted to manage and maintain in perpetuity the locations for which we are responsible.

Our Corporate Governance Framework ensures that we:

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

Our strategic decisions are underpinned by care, compassion and companionship and the Victorian community are the heartbeat of our purpose. Our actions are congruent with our corporate social responsibility to be a trusted community organisation that supports and cares for all Victorians.

During the reporting period the Trust met 8 times to oversee the governance and strategic direction of SMCT. The Trust's focus is on strategic planning, business development, financial performance, risk management and governance, including legal and regulatory compliance.

The Trust has ongoing responsibility for:

- Overseeing and appraising the performance of the organisation against strategic objectives.
- Steering and stewarding the strategic direction of the organisation to ensure long term sustainability.
- 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.

Profile and Performance of SMCT Locations

	SMCT	BGC	BMP	CMP	CPC	DCC	MGC	SBC	SCC	STK
Established	2010	1854	1995	1933	1865	1857	1852	1901	1886	1855
Hectares (ha)	362 ha	12 ha	101 ha	17.2 ha	4.1 ha	4 ha	43 ha	170 ha	3 ha	8 ha
Employees FTE	298.6	-	48.8	18	-	-	6	225.9	-	-
Number of Cremations	8,723	-	2,576	-	-	-	-	6,126	-	-
Number of Interments	4,245	99	795	336	6	35	236	2,678	45	16
Operating Revenue	\$66.8m	\$0.6m	\$15.9m	\$2.5m	\$0.0m	\$0.3m	\$2.9m	\$44.2m	\$0.2m	\$0.1m

Reference: Southern Metropolitan Cemeteries Trust (SMCT), Brighton General Cemetery (BGC), Bunurong Memorial Park (BMP), Cheltenham Memorial Park (CMP), Cheltenham Pioneer Cemetery (CPC), Dandenong Community Cemetery (DCC), Melbourne General Cemetery (MGC), Springvale Botanical Cemetery (SBC), Sorrento Community Cemetery (SCC), St Kilda Cemetery (STK)

Corporate Governance Framework

A deliberate and influential set of values and behaviours underpin our culture of accountability and transparency. Actively listening and responding to the community's needs, helps SMCT to be efficient and effective in the management of our cemetery locations. This approach includes a commitment to excellence in governance standards, which SMCT sees as fundamental for long-term sustainability and performance.

SMCT considers strategic risk management, financial sustainability and effective corporate governance to be fundamental principles that underpin the organisation.

Trust Composition

Listed in the previous section 'Trust at a Glance' is a list of Trust members who held office during the reporting year. The Trust is composed of members who have diverse commercial and humanitarian experience, overseeing SMCT and guiding its strategic direction on behalf of public interest.

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 sub-committee meeting in line with SMCT's 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 is required to review the Trust and its sub-committees' performance regularly. A formal self-assessment is conducted each year to assess the effectiveness against specific objectives contained in the Trust and sub-committee Charters.

Trust Committees

During the reporting period the Trust undertook a review of its sub-committee structure to ensure the structure aligned to the organisation's strategic objectives and continued robust governance. The Trust maintains five sub-committees to 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.

Community Advisory Committee

The Community Advisory Committee is established in accordance with the requirements of section 18D of the *Cemeteries and Crematoria Act 2003*. The Committee performs a highly valued advisory role for the Trust with respect to its community engagement priorities and commitments.

The Committee meets quarterly and comprises twelve members, four of whom are Trust members and eight are voluntary members appointed by the Trust. Its membership includes representation from key multicultural and religious organisations, government and interfaith networks. Members offer a truly diverse perspective, providing the organisation with key insights into the evolving needs and expectations of the communities we serve, including on issues such as events, indigenous reconciliation, gender equity and environmental strategies.

Finance and Investment Committee

The Finance and Investment Committee was established in accordance with the requirements of section 18B of the *Cemeteries and Crematoria Act 2003*. The Committee, chaired by Sandy Chakravarty, has an advisory role assisting the Trust in fulfilling its financial management, planning and major financial decision-making functions. It provided direction and oversight of SMCT investments. Only one meeting for this committee was held in FY22 before it was combined with the Audit and Risk committee as part of a trial review of committee structures.

Audit and Risk Committee

The Audit and Risk Committee was established in accordance with the requirements of section 18B of the *Cemeteries and Crematoria Act 2003*. The

Services SMCT provides:

- Interment in graves
- Interment in mausolea
- Interment of cremated remains
- Cremations
- Memorialisation
- Wellness & support centre
- Café & hospitality
- Venue hire
- Florist
- Community events
- Cemetery and genealogical records
- Perpetual maintenance

Committee, chaired by Sandy Chakravarty, 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.

Only one meeting of this committee was held in FY22 before it was combined with the Finance and Investment Committee as part of a trial review of committee structures.

Finance, Audit, Investment and Risk Committee

The Finance, Audit, Investment and Risk Committee was founded in accordance with the requirements of section 18B of the *Cemeteries and Crematoria Act 2003* on a trial basis in FY22, combining the Finance and Investment, Audit and Risk Committees. Sandy Chakravarty chairs the committee in an advisory role, assisting the Trust in fulfilling the functions of governance, compliance, risk management, financial reporting, legislative and regulatory compliance, internal control, auditing, financial management, planning and major financial decision-making functions. It provides direction and oversight of SMCT investments. The committee met twice during the year before the Risk function was split out into a separate committee.

Finance, Investment & Audit Committee

The Finance, Investment & Audit Committee met twice in FY22 after being split from the previous Finance, Audit, Investment and Risk Committee. The Committee, chaired by Sandy Chakravarty, has an advisory role in assisting the Trust with fulfilling the functions of financial reporting, audit, financial management, planning and major financial decision-making functions. It provides direction and oversight of SMCT investments and is established in accordance with the requirements of section 18B of the *Cemeteries and Crematoria Act 2003*.

Enterprise Risk & Audit Committee

The Enterprise Risk & Audit Committee was established as part of the split from the previous Finance, Audit, Investment and Risk Committee. The Committee, chaired by Phil Davies, has an advisory role in assisting the Trust with fulfilling the functions risk management, internal audit and legislative compliance. It is established in accordance with the

requirements of section 18B of the *Cemeteries and Crematoria Act 2003*.

Governance Committee

The Governance Committee chaired by Philip Eggleston, has an advisory role assisting the Trust to oversee the governance and performance of the Trust and committees and fulfilling its oversight of the Chief Executive Officer.

Infrastructure and Transformation Committee

The Infrastructure and Transformation Committee, chaired by Robin Buckham, has an advisory role assisting the Trust to oversee large and complex projects.

Management Committees

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

ATTENDANCE AT TRUST AND COMMITTEE MEETINGS

1 JULY 2021 - 30 JUNE 2022

	Meetings Held	Vanda Fortunato	Sam Afra	Phil Davies	Sandy Chakravarty	Robin Buckham	Vicki Pridmore	Phillip Eggleston	Des Powell ⁽¹⁾	Bernadene Voss	Rosemary Barker ⁽¹⁾
Trust	8	8	8	8	7	8	7	8	1	5	7
Audit & Risk Committee	1				1		1				
Finance & Investment Committee	1			1	1			1			
Finance, Audit, Investment & Risk Committee	2	2	2	2	2		2				
Finance, Investment & Audit Committee	2				2		2			2	
Infrastructure & Transformation Committee	4		1	1		4	1	3			2
Governance Committee	6	6	6					6			2
Community Advisory Committee	3		3			3					3

1: Rosemary Barker & Des Powell appointed 1/7/21 and Bernadene Voss appointed 7/12/21.

2: Des Powell resigned 1/10/21.

Health Safety & Wellbeing (HSW) Committee

The HSW Committee convened six times during the reporting period, ensuring SMCT met its obligations under the *Occupational Health and Safety Act 2004 (Vic)* and the SMCT HSW Management Framework.

SMCT has embedded and embraces a Safety Leadership Culture throughout the organisation. Further information is provided in the section 'Investing in People Capabilities'.

Emergency Planning Committee

The Emergency Planning Committee (EPC) comprises members selected by the Executive Leadership Team and includes representatives from Governance, Health, Safety & Wellbeing and Facilities. The Committee is Chaired by the Chief Governance Officer.

During the reporting period, the EPC focused on building and testing organisational capability to respond appropriately to both emergency and crisis situations.

Managing Risk

SMCT operates an Enterprise Risk Management Framework for the management and reporting of risks, which is compliant with the risk management principles contained in the International Risk Management Standard ISO 31000: 2018. 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.

Compliance

The principal 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 via the Trust's Delegation of Authority Policy.

Building Act 1993

All new work and the redevelopment of existing properties conforms to the *Building Act 1993*, the *Building Regulations 2018* and the *Building Code of Australia (BCA)*.

Freedom of Information

SMCT's Information Manager was the Principal Officer for Freedom of Information (FOI) applications during the reporting period.

FOI requests must be made in writing and can be submitted via email (FOI@smct.org.au) or via post PO Box 1159 Clayton Vic 3169.

There was one FOI application for FY22 from a member of the public. In compliance with the spirit of the FOI legislation, all reasonable requests for records of the deceased are granted as required under the *sections 59 and 60 of the Cemeteries and Crematoria Act 2003*.

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 Department of Health (DH). 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 have been integrated with Victorian Government Purchasing Board policy and procedures ensuring compliance 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.

Overall social procurement activities	FY22
Number of social benefit suppliers engaged during the reporting period:	13
Total amount spent with social benefit suppliers during the reporting period:	\$3,139,982
Social procurement commitments	FY22
Total number of suppliers engaged, which are not social benefit suppliers, that have made social procurement commitments in their procurement contracts with the Victorian Government:	8 suppliers
Total amount committed with suppliers during the reporting period:	\$3,216,211 committed

Achievements against SMCT's Social Procurement Strategy

SMCT applies the Victorian Government's Social Procurement Framework (SPF) and prioritised delivery outcomes in the following three SPF objectives:

- Opportunities for Victorian Aboriginal people.
- Opportunities for Victorians with disability.
- Opportunities for disadvantaged Victorians.
- Supporting safe and fair workplaces.
- Women's equality and safety.

SMCT addressed its SPF objectives by application directly to SMCT construction, goods and service requirements during the reporting period. Input from other objectives were also incorporated as the opportunity arose. SMCT adopted an indirect approach, utilising the tender process and relevant clauses in contracts with the private sector to seek

social and sustainable outcomes for Victorians, versus a direct approach (seeking services from Victorian social enterprises; Victorian Aboriginal businesses; or other social benefit suppliers).

Enhanced awareness with suppliers has been a direct result of SMCT stressing SPF outcomes, and their value add impact to the wider community when SMCT engages with suppliers. SPF supplier involvement and feedback to SMCT has been positive and is reflected in the following outcomes for this reporting period:

Privacy Legislation

SMCT maintains a Privacy Policy which articulates 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)*.

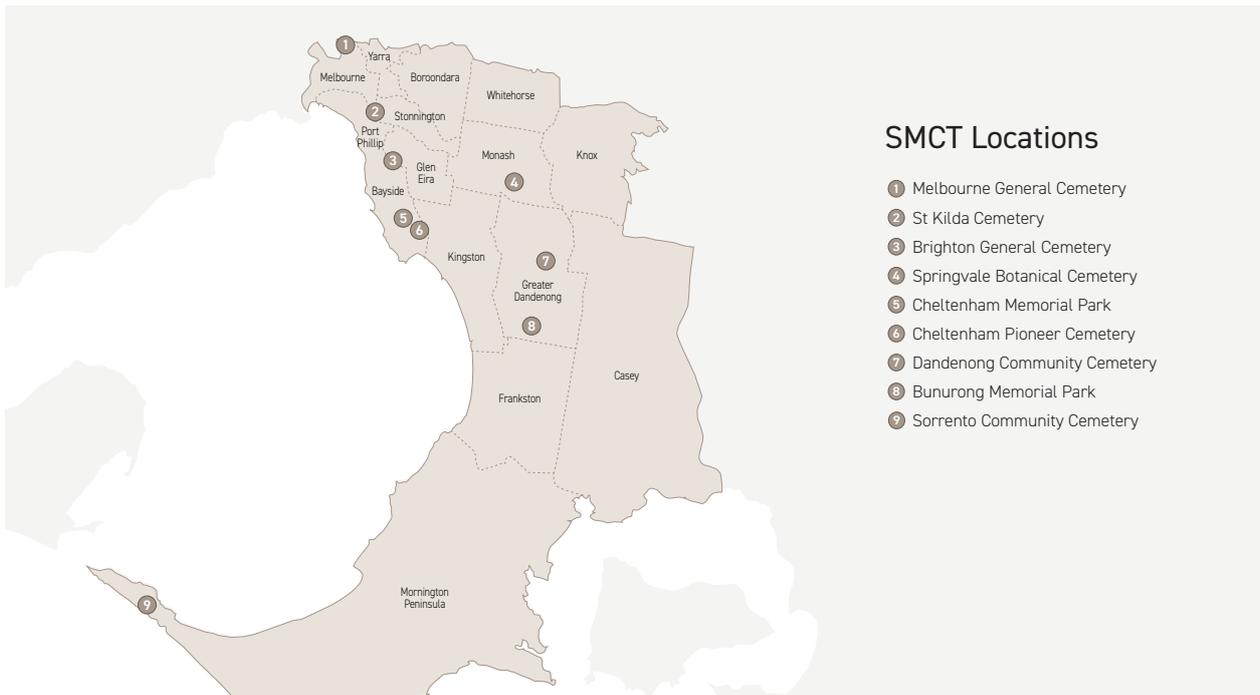
Victorian Industry Participation Policy

The Victorian Industry Participation Policy Act 2003 requires departments and public sector bodies to report on the implementation of the Local Jobs First – Victorian Industry Participation Policy (Local Jobs First – VIPP).

There were no relevant Victorian Industry Participation Policy contracts during the year ended 30 June 2022.

Public Interest Disclosure

SMCT complies with the provisions of the *Public Interest 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. SMCT recognises the value of transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal conduct that is corrupt, involving substantial mismanagement of public resources or substantial risk to the environment or public health and safety. Disclosures can be made directly to the Independent



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

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 22 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 SMCT 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.

Attestations

Financial Management Compliance Attestation Statement 30 June 2022

I, Dr Vanda Fortunato, on behalf of the Responsible Body, certify that the Southern Metropolitan Cemeteries Trust has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.



Dr Vanda Fortunato
Trust Chairperson
Southern Metropolitan Cemeteries Trust
25 August 2022

Compliance with Victorian Government Purchasing Board (VGPB) Policies

I, Greg Kerr, certify that the Southern Metropolitan Cemeteries Trust has put in place appropriate internal controls and processes to ensure that it has complied with all requirements set out in the VGPB Victorian Government Purchasing Board Policies and have critically reviewed these controls and processes during the year.



Greg Kerr, Acting CEO
Southern Metropolitan Cemeteries Trust
25 August 2022

Integrity, Fraud and Corruption

I, Greg Kerr, certify that the Southern Metropolitan Cemeteries Trust has put in place appropriate internal controls and processes to ensure that Integrity, Fraud and Corruption risks have been reviewed and addressed at the Southern Metropolitan Cemeteries Trust during the year.



Greg Kerr, Acting CEO
Southern Metropolitan Cemeteries Trust
25 August 2022

Conflict of Interest and Duty to Disclose

I, Greg Kerr, certify that the Southern Metropolitan Cemeteries Trust has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of *clause 9 of Schedule 1A of the Act*, and has implemented a 'Conflict of Interest' policy consistent with the minimum accountabilities required by the VPSC. Declaration of private interest forms have been completed by all executive staff within the Southern Metropolitan Cemeteries Trust and members of the Board, and all declared conflicts have been addressed and are being managed. Conflict of interest is a standard agenda item for declaration and documenting at each Board meeting.



Greg Kerr, Acting CEO
Southern Metropolitan Cemeteries Trust
25 August 2022

Data Integrity Declaration

I, Greg Kerr, certify that the Southern Metropolitan Cemeteries Trust has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. The Southern Metropolitan Cemeteries Trust has critically reviewed these controls and processes during the year.



Greg Kerr, Acting CEO
Southern Metropolitan Cemeteries Trust
25 August 2022

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Fostering Connection

Over the FY22 financial year, our community has felt the ongoing challenges of the global COVID-19 pandemic, which continues to impact the way we connect with others; how we work and engage with organisations; our ability to travel and connect with family; as well as the way we access services.

In support of these continued challenges, we have focused on enhancing our care and technology offerings, to ensure that we look after our people and community during challenging times, while providing as many options for remote and digital participation of programs.

Key Outcomes

- Strengthened our partnerships with influential organisations and community groups.
- Implemented new changes to our hospitality and function departments to accommodate COVID-19 restrictions.
- Completed a full system AV system redesign and enhancement to better service live-streaming customers.
- Initiated the development of our Reconciliation Action Plan to create a more culturally aware organisation.

Transforming our hospitality and function services

Over the past twelve months, our hospitality and function offerings have undergone significant change. As Victoria's COVID-19 lockdowns started, a number of initiatives were put into place, such as using marquees at Bunurong Memorial Park and Springvale Botanical

Cemetery to facilitate larger function areas and the development of limited-time-only hampers when Café Vita et Flores was only able to offer takeaway options.

During COVID-19 lockdowns, the demand for graveside floral services by our florist grew by about 30%, and this popular service persisted after restrictions eased. We were pleased to see that function bookings at both Springvale Botanical Cemetery and Bunurong Memorial Park increased to regular quantities in just a few weeks after density constraints were relaxed and burial numbers raised.

In the last months of FY22, both Café Vita et Flores and our function centres excelled in meeting or exceeding forecasts, which is a tremendous testimonial to the work of our hospitality team.

AV equipment upgrade and increased live-streaming performance

The SMCT AV system update addressed issues with the system that were affecting serviceability and dependability.

The finished product provided a user-friendly system with seamless control for our Customer Experience team and was created to fulfil the functionality and performance needs of our clients.

We were pleased to have announced that we are an exclusive partner of a global platform for live

streaming video. Our customers can connect to services in real-time and broadcast in full high-definition resolution on our website and social media channels thanks to this unique system. Over 230K people viewed our live streaming services in over 15 countries throughout FY22.

Strengthening relationships

Our close collaboration with Funeral Directors has been crucial to successfully navigating the variety of COVID-related challenges and disruptions. Reduced burial availability, delays during peak lockdown times, government-enforced attendance density limits, and vaccination requirements, among other factors, have faced our teams and Funeral Directors with a number of obstacles that they must work together to solve.

The SMCT booking team has successfully maintained a positive relationship with our external stakeholders to ensure we provide the best possible customer service. This has been accomplished through courteous, dependable, and frequent contact.

Enhancing Stakeholder Partnerships

As an organisation with a clear vision to foster engagement, we collaborate with various civic organisations to strengthen relationships with community leaders representing their communities' interests and provide valuable feedback on the programs we co-create.

SMCT continued to understand key stakeholders and develop an ongoing stakeholder communication plan.

Connecting with Cemetery Friends Groups

We continue to work with Cemetery Friends Groups and support their significant civic initiatives, outings, and activities. Working together, we have navigated

and improved safety procedures to ensure the community's safety when they visit our historic cemeteries.

Highlights have included participating in the Flag Commemoration Service at Brighton Cemetery in honour of veterans before ANZAC Day in 2022. Support for the Friends of St. Kilda Cemetery with a hosted remembrance service to honour 125 years since Baron von Mueller, a botanist, was laid to rest there.

Community Advisory Committee

The Community Advisory Committee is established in accordance with the requirements of section 18D of the Cemeteries and Crematoria Act 2003. The Committee performs a highly valued advisory role for the Trust with respect to its community engagement priorities and commitments. The Committee meets quarterly and comprises twelve members, four of whom are Trust members and eight are voluntary members appointed by the Trust. Its membership includes representation from key multicultural and religious organisations, government and interfaith networks. Members offer a truly diverse perspective, providing the organisation with key insights into the evolving needs and expectations of the communities we serve, including on matters such as events, our approach to reconciliation, gender equity and environmental strategies.

Development of our Reconciliation Action Plan (RAP)

We have initiated the development of our inaugural Reconciliation Action Plan (RAP). Applying Reconciliation Australia's tested framework, we intend for our RAP to establish the actions we look to take as an organisation to open respectful, meaningful relationships and conversations with First Nations peoples.

5.0

Enhancing Customer Experience

The customer experience is at the heart of everything we do, and with that mindset, in FY22 we set forth with the exciting task of launching the next phase of our new Customer Relationship Management (CRM) and Enterprise Resource Planning (ERP) platform, an integrated program of work which will allow us to put the customer at the centre by providing a single view of the customer, data integration and enhanced tools.

Through the CRM & ERP platform migration we will provide seamless, personalised and effective experiences to customers by allowing our employees to focus on the meaningful interactions that matter most, supported by intuitive tools and clear, simple processes.

FY22 has also been about enhancing our understanding of customer experiences and expectations so that we can continue to meet the evolving needs of our community. A number of important programs of work have allowed us to gain detailed insight and they will support the continuous evolution of our products and services, as well as our quest for continuous improvement.

Key outcomes

- Shifted our CRM & ERP program focus from planning to procurement.
- Strengthened customer insights through bespoke qualitative research.
- Extended our awareness through a consolidated multi-channel marketing program.

CRM & ERP platform migration

The planning of new CRM and ERP systems, which will serve as the cornerstones of our integrated customer channels, began as part of our Information Technology transformation program in FY21. As part of this three-year transformation project, we will replace our CRM and ERP systems which are both at end-of-life, with enterprise-wide integrated platforms and practical business solutions.

We trained SMCT organisational leads in Agile working practices. We engaged in scoping, which included—but was not limited to—capturing the needs and problems of the present and the future states. To measure the Return on Investment of the program, we created a thorough Benefits Realisation Management Plan.

In FY22, we published a detailed Request for Tender (RFT) for CRM and ERP replacement. Subsequent to a comprehensive evaluation of shortlisted respondents we moved on to Solution Exploration, where shortlisted vendors prototyped essential platform capabilities and functionality needed for an end-to-end SMCT-specific business scenario. Solution Exploration gave us the chance to learn about the approach of each short-listed vendor in order to choose the

greatest fit for SMCT, not only in terms of solution, but also in terms of working style and ethos.

Net Promoter Score

The COVID-19 pandemic and the ensuing lockdowns have made the past 18 months incredibly difficult from the perspective of the customer experience. These difficulties have taken many various forms, including restrictions on our ability to communicate with consumers face-to-face and an inability to meet demand for hospitality services and burial services due to attendance restrictions.

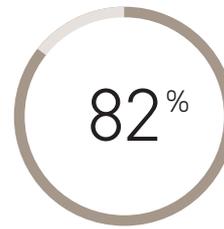
iPads hosting the Net Promoter Score collection technology have not been as actively promoted as we have in the past due to COVID safe work practises. Despite the challenges, SMCT had a Net Easy Score of 76 percent and an overall Net Promoter Score of 82 percent for FY22.

Evolving our Services

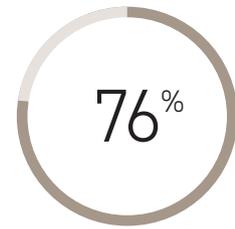
During the lockdown, digital solutions were created to meet client needs. These solutions included everything from offering online appointments to live streaming funeral services. Funeral directors and clients alike have found these solutions to be helpful, therefore their development will continue through FY23.

Search for a Funeral Director Near You

In FY22 we were proud to introduce the addition of a new online Funeral Director locator tool on our website based on a customer's location. Previous reviews of the customer experience had identified the difficulty that customers experience in finding a funeral director at the time a loved one passes away. The introduction of the online locator tool, seeks to make the process of finding the right funeral director easy with options displayed in an easy to navigate map with filtering to limit results based on location and those funeral directors currently registered with SMCT.



**FY22 Net
Promoter Score**



**FY22 Net
Easy Score**

Strengthening Customer Insights

Quantitative and qualitative research is helping us plan for future demand, including assisting us in the planning of future stock projects and in the design of our new mausoleum.

We are committed to providing community services that continue to meet the diverse needs of our multicultural and multifaith Victorian communities. To better understand the end-of-life preferences across cultural, demographical and geographical audiences, we are in the second year of our extensive quantitative research program that provides customer insights into the planning and direction of new product and marketing programs.

The combination of qualitative and quantitative data ensures the strengths of the other balance the limitations of one.

Brand Optimisation

Our marketing program focused on building greater awareness of Bunurong Memorial Park and transitioning customers to this newer site, that is better placed to meet the demands of our future community.

We recognise the significance of a trusted brand in today's customer experience. In 2020, we launched the brand campaign 'The perfect place to celebrate life', showcasing our locations as places of reflection and, importantly, community connection. With many of our sites reaching capacity, we have consolidated our media strategy over the past year to build greater awareness for Bunurong Memorial Park.

6.0

Investing in people capabilities

Our focus throughout the FY22 financial year was continuing to build an environment where people feel valued for their contributions, respected for their individuality and enabled to realise their full potential at work.

Understanding that diversity fuels our innovative mindset, we have sought to capture a variety of perspectives, ideas and insights through every facet of our work.

Over the last 12 months, we renewed our commitment to cultivating a workforce that reflects all aspects of diversity and gives underrepresented members in our community access to more economic and development opportunities.

Our success is driven by the motivation and enthusiasm of our employees as well as the distinctive ideas and viewpoints they bring to uncover possibilities in even the most difficult situations. It has enabled our teams to continue providing crucial immediate care and support to customers, communities, and one another while moving forward to support our long-term vision.

Through an unwavering commitment to our values and a shared vision for the future, we have empowered our people to innovate and create a brighter future.

We are grateful for the dedication, agility and flexibility of each of our employees, which allowed us to continue delivering services of the highest calibre to our community during FY22, regardless of the shifting operating conditions.

We recognise the accomplishments of all of our employees, especially those who are the frontline

of caring for our Victorian community each and every day. We also acknowledge the important contribution of our professional services, operations and infrastructure teams, who exhibit unwavering dedication, top-tier knowledge, and professionalism in looking after our people, spaces and community.

Key outcomes

- Completed numerous foundational initiatives as part of the SMCT People Strategy.
- Celebrated employee talent at our 2022 SMCT Awards Night.
- Adapted our Activate Health employee wellbeing program through changing workplace conditions.
- Introduced a revised Health, Safety and Wellbeing strategic roadmap.
- Awarded a Worksafe Performance Rating 63% higher than industry average.
- Delivered comprehensive and fit-for-purpose training programs and commenced our Leadership Capabilities training program refresh.

People Strategy

In order to realise our strategic goals, such as the Customer Value Transformation and CRM & ERP platform initiatives, SMCT established a three-year People Strategy in collaboration with consultancy, Mercer, in 2021.

Many foundational initiatives have been completed in the first year of our People Strategy, including:

- Updating our wellness program offering.
- Creating a framework for leadership capability and leadership coaching for our senior leadership team.
- Establishing a Project Management Office framework and providing training for a standardised method of project delivery across SMCT.
- Developing a clear, effective and strengthened Employee Value Proposition (EVP) to support talent attraction and retention.
- Respect Award – Kenneth Judd (Gardener).
- Integrity Award - Tazfeera Gurreebun (Commercial Manager).
- Dedication Award - Jake Corcoran (Digital Channel Manager).
- Empathy Award - Vicki Ferguson (Senior Accounts Receivable Officer).
- Live Well, Work Well Award – Leah Slee (Partnerships and CCW Manager), Lisa Brand (Operations Leader, Horticulture) and Andrew McCaw (Certificated Gardener).
- Chairperson's Award - Julie Miller (CX Business Support Specialist).
- CEO's Leadership Award - John Marra (Customer Support Consultant, Funeral Services).

Celebrating talent through our 2022 SMCT Awards

Our annual SMCT Awards provide us the chance to acknowledge the successes and achievements of SMCT employees in accordance with our values of passion, respect, integrity, dedication, and empathy. Our Live Well, Work Well award, which recognises employee success in the areas of health, safety and wellness, demonstrates SMCT's continued commitment to employee wellbeing and safety.

The category winners for 2022, including those for SMCT's Chairperson and CEO's Leadership Awards, were as follows:

- Passion Award – Helen Tuton (Operations Leader, Horticulture).

Activate Health

The design and implementation of our Activate Health employee wellbeing program in FY22 was adapted to uphold our commitment to supporting our employees through changing COVID conditions and hybrid workplace locations. As we made the transition to our 'new normal' this year, we concentrated on the four pillars of wellbeing: physical, mental, social, and financial.

Our Activate Health program's overarching objective is to significantly support the physical and mental health of all SMCT employees through an integrated, targeted strategy that emphasises the value of a holistic approach to wellness.

We delivered a number of initiatives in FY22, ranging from proactive health monitoring to employee step challenges. Of note, was the introduction of Active Rewards, an employee benefits program that offers our employees access to a range of benefits including retail and travel discounts, access to online workout videos, and access to healthy eating content.

Our Health, Safety and Wellbeing (HSW) strategic roadmap

In FY22, we created and introduced a revised Health, Safety and Wellbeing (HSW) strategic roadmap. Our primary areas of focus for the following three years, as outlined in our new strategy, include:

- Uplift our visible HSW Culture.
- Build leadership capability.
- Activate health and wellbeing.
- Practically apply our HSE operating model.

During the past 18 months, we identified the top 15 most important risks to our organisation. Since then, a Critical Control Team (CCT) comprised of nine committed and enthusiastic employees from various function areas has been engaged, upskilled, and has worked to ensure that our critical risks are managed with appropriate controls. Along the way, the CCT team connected with relevant teams to ensure that stakeholder engagement forms a central part of our approach. As a result of this initiative, a number of positive outcomes have been observed, such as the improvement of our maintenance area at Springvale, with changes to the physical environment and to processes now in place to enhance day-to-day employee and contractor safety and efficiency. The team continues to work on enhancing the overall safety and wellbeing employee experience with

exciting projects scheduled for FY23 and beyond, including the return of The Resilience Project to SMCT.

Health, safety and wellness data

WorkSafe Performance Indicators	FY22
SMCT Work Safe Insurance Premium Rate	0.86%
SMCT Performance Rating	0.37
SMCT Performance Rating (compared with Industry average)	+63.47%

Occupational Violence Statistics	FY22
Work Cover accepted claims with an occupational violence cause per 100 FTE	0
Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0
Number of occupational violence incidents reported	6
Number of occupational violence incidents reported per 100 FTE	2.6
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0%

Occupational Health and Safety	FY22	FY21	FY20
a) The number of reported hazards/incidents for the year per 100 full-time equivalent staff members	Total Incidents: 504 Staff No: 299 Per 100 staff: 169	Total Incidents: 740 Staff No: 293 Per 100 staff: 253	Total Incidents: 622 Staff No: 274 Per 100 staff: 227
b) The number of 'lost time' standard claims for the year per 100 full-time equivalent staff members	Total claims: 6 Per 100 staff: 2.0	Total claims: 4 Per 100 staff: 1.4	Total claims: 1 Per 100 staff: 0.36
c) The average cost per claim for the year (including payments to date and an estimate of outstanding claim costs as advised by WorkSafe)	\$26,716	\$13,350	\$9,067

People performance

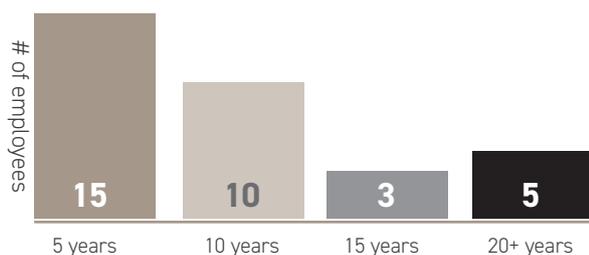
Workplace demographics

SMCT's Gender Equality Action Plan (GEAP), which was submitted in FY22, will focus on continuing to create a diverse and inclusive workplace, supporting our commitment to embracing and celebrating diversity. As a purpose-driven organisation, we are committed to ensuring that our actions are consistent with our corporate social responsibility to ensure that we are a trusted public organisation that supports and cares for our community.

In FY22, we took a number of important actions, which included enhancing our flexible work and parental leave policies, including increasing the amount of paid parental leave available to main caregivers from 8 to 12 weeks, and enacting a separate sexual harassment policy. To guarantee that SMCT's Diversity & Inclusion (D&I) goals are backed by clear governance, a Diversity & Inclusion Committee will be established and put into operation in FY23.

The workforce mix for FY22 shows how far we've come in fostering a diverse environment. 67 percent of Trust members and 33 percent of the Executive Leadership Team were women as of June 30, 2022. 54 percent of our workforce is female overall. In FY22, we continued to emphasise employing people with a variety of experiences, viewpoints, and ideas. As a result, our workforce spans three generations, with employees whose ages range from 19 to 68 and whose lengths of service range from 1 to 39 years.

Service Milestones Reached Between July 2021 - June 2022



Age Distribution

(headcount, not FTE equivalent as of 30th June.)

Age	FY22	FY21
Under 25	18	23
25-34	72	65
35-44	81	74
45-54	90	101
55-64	53	45
65 and Over	7	4
Total (excl. vacancies)	321	312

Gender Distribution

(headcount, not FTE equivalent as of 30th June.)

Gender	FY22	FY21
Female	173	163
Male	148	149
Self described	0	0
Total (excl. vacancies)	321	312

Executive Officer Disclosures

SMCT has experienced a lot of change within the executive team across the last twelve months, with four of six positions temporarily filled by skilled acting executives (one remaining vacant), at the time of finalising this report. The following table details the current executive gender ratios while SMCT secures its future executive talent.

Executive Team

Gender	FY22	FY21
Female	2	6
Male	4	1
Self described	0	0
Total (excl. vacancies)	6	7

Flexible Working Arrangements

(headcount, not FTE equivalent as of 30th June)

Working Arrangements	FY22	FY21
Full Time	246	253
Part Time	55	46
Casual	20	13
Total (excl. vacancies)	321	312

Terms Of Employment (FTE)

Terms of Employment	FY22	FY21
Award (Hospitality & Retail)	21.8	18.9
Common Law Contract	121.2	120
The Southern Metropolitan Cemeteries Trust Outdoor Enterprise Agreement 2017-2021	93.5	98.4
The Southern Metropolitan Cemeteries Trust Indoor Enterprise Agreement 2020-2024	62.1	55.8
Total (excl. vacancies)	298.6	293.1

Training and development

Through the introduction of additional courses in FY22, our focus turned to integrity as we covered topics such as email security and accepting gifts or benefits. The continuation of health and safety training, including our Mental Health First Aid course, saw a number of new employees embrace the necessary tools to ensure that their colleagues stay safe both physically and mentally.

An increase in in-role training hours built more internal capability in both project management and data analysis, with over 20 employees completing comprehensive courses across these two important fields. We also continued to upskill our people in how to conduct an internal investigation in partnership with ICAM Melbourne.

FY22 saw an increase in induction training hours as we utilised e-Learning tools to counteract COVID-19 pandemic restrictions and changing conditions. Using this new technology, we were able to adopt a hybrid-learning model to continue our CX Induction Blended Learning Program and our Performance Management System to help leaders and employees better understand their roles and responsibilities. Our risk management training was also transformed with the introduction of e-Learning, helping us to conduct online training for important topics such as respectful relationships, safety leadership and incident reporting.

Front line leaders were given the opportunity to participate in our Stepping Up Leadership Program and Strategy in Action Program. We look forward to growing these projects next year in line with our Leadership Capability Framework, developing some more bespoke programs for all levels of management.

Training Category	Hours*
Corporate Induction	2461.5
In-role / Technical	447.2
Leadership	382.5
HSW / Licence, Risk & Compliance	1825.5

*Total hours reduced during the period due to COVID-19

7.0

Pursuing strategic growth

We have delivered strong growth over the year, ensuring we meet the needs of communities now and into the future. We continue to adapt our investments to changing needs, and ensure our teams embody our enduring values in everything we do.

The COVID-19 pandemic continued to have a significant impact on our operations over the past 12 months, as it has for all organisations. Through FY22, we have adjusted a number of our projects to address supply chain volatility and safeguard the safety of partners and employees.

Relevance and long-term sustainability have been essential factors supporting the development of new products and the continued investment and enhancement of existing assets.

Key outcomes

- Advanced master-planning for future development at flagship sites.
- Invested \$12 million to create an additional 2,200 memorial sites in line with changing community needs.
- Completed 80% of construction at the new All Souls Mausoleum.
- Completed 21 asset and infrastructure projects, including Stage 1 of the restoration of the St Kilda Cemetery Fence.

- Implemented the Asset Information Management System to manage a portfolio of over 12,000 assets.

Master planning

As outlined in our 2021–2022 SMCT Annual Report, master planning for future development continued to be FY22's primary strategic emphasis as a number of our properties approach end-of-life. A thorough planning exercise was undertaken to re-evaluate the future developments of our flagship locations, including Springvale Botanical Cemetery, in response to the quick purchase of merchandise at Bunurong Memorial Park. In order to allow for the thoughtful and responsive growth of facilities and stock over the next 10 years, infrastructure and landscape requirements have now been completely outlined.

Continuing development of our precincts

We are proud to have contributed a total of \$12 million to further improve crucial communal spaces and build additional memorial places across three sites, despite significant COVID-19 related hurdles. We make sure that we are adapting our offer to meet shifting community needs by ongoing and detailed interaction

with communities, as well as a thorough examination of changing demand through our customer services staff and input from Funeral Directors. With the addition of 2,200 additional memorial locations, we are focused on providing our community with a variety of options to honour their loved ones.

Asset and infrastructure management

In order to keep our properties up to community standards, they require considered and ongoing investment. Our team has successfully finished 21 asset and infrastructure projects across the last twelve months. Most significant is the delicate and honourable repair of the St. Kilda Cemetery perimeter wall. This restoration project's Stage 1 is now finished, and Stage 2 will be completed in FY23. A total of about \$36 million was invested during FY22.

Continuous strategic improvement is necessary for all of our sites to operate in a responsive, effective, and secure manner. The Asset Management Framework, which offers a safer and more cost-effective technique for managing all assets on our sites, was successfully implemented this year. Our Infrastructure & Facilities team has also installed the Asset Information Management System (AIMS), which records and manages our portfolio of more than 12,000 assets and achieved compliance with the Department of Treasury & Finance Asset Management Accountability Framework (AMAF).

Information technology and business transformation portfolio

Our IT Strategy and Business Transformation program, developed in FY19 and aligned with the Australian Government Digital Strategy 2025, remained essential in providing a robust strategic direction while adapting to new ways of working with the ongoing changes presented by the current market conditions.

Implementing integrated Customer Relationship Management (CRM) and Enterprise Resource Planning (ERP) systems will establish capabilities to evolve our future business delivery models, and generate insights that will unlock many long- and short-term growth opportunities.

IT risk management and compliance

Data and security remain a primary focus as our IT service offering becomes more accessible and increasingly integrated throughout our operations. We continue to advocate best practice processes and technologies when defining, operating and monitoring our IT Cyber Security strategy. This strategy has successfully minimised the occurrence and severity of IT security incidents, protecting our assets and conforming with mandatory governance processes. We are committed to ensuring all current and future systems, managed by vendors, are protected from cyber threats.

The total ICT expenditure incurred during 2021-2022 is \$7,249,134 (excluding GST) with the details shown below:

ICT expenditure

Business as Usual (BAU) ICT expenditure	Non Business as Usual (non BAU) ICT expenditure		
Total (excluding GST) (\$000)	Total=Operational expenditure and Capital Expenditure (excluding GST) (a) + (b) (\$000)	Operational expenditure (excluding GST) (a) (\$000)	Capital expenditure (excluding GST) (b) (\$000)
\$3,583	\$3,666	\$494	\$3,172

FY22 Financial Performance

Supported by our COVID-19 Guiding Principles, the FY22 Business Plan helped SMCT provide supportive services throughout the turbulent and restrictive market conditions of the last twelve months. We adapted our ways of working and introduced additional procedures to ensure our locations remained safe and accessible to vulnerable families throughout this time.

For the financial year ending 30 June 2022, SMCT produced a positive result of \$25.1m. This surplus was achieved from a cemetery operations revenue of \$66.8m and investment income of \$27.6m and after the impact of the 3% cemetery levy of \$2.8m payable to the Victorian Government.

During the reporting period, SMCT investments (which underpins our community perpetual maintenance obligations) have decreased by \$25.5m to \$302.3m through distribution reinvestment (+\$25.4m), net management fees (-\$1.5m) and holding loss of investments (-\$49.4m). This result reflects a decline in the share market towards the end of the financial year due to local and international economic unrest.

Our clear strategic direction has aided us in navigating the ongoing changes incurred by social restrictions and the complexities associated with the sector while working within the regulations of the Cemeteries & Crematoria Act 2003.

Financial Report

The financial report (pp 36 - 102) covers the 12 months from 1 July 2021 to 30 June 2022, with the prior year's comparatives covering the 12 months from 1 July 2020 to 30 June 2021.

Financial Performance Objectives

Aligned to our 2019-2023 Strategic Plan, we continued to progress many priorities to support our future customer experience and sustainable service offering. Unfortunately, several infrastructure projects, including our new All Souls Mausoleum in Springvale Botanical Cemetery, experienced supply chain delays and increased delivery times as the construction market throughout Victoria was impacted by broader material and labour shortages. The construction delay for the All Souls Mausoleum resulted in the deferred revenue of presales activity and a 53.6% miss against the forecasted mausoleum budget in FY22. However, strong performance across alternative income portfolios offset the deficit caused by changes to the scheduled completion date for the new All Souls Mausoleum.

As COVID-19 restrictions lifted towards the end of 2021, we experienced a surge in call and appointment enquiries that remained till the close of the financial year. At the same time, front-line team workforce reliability dropped due to increased cases of COVID-19, flu and other cold symptoms.

We remained solution-focused, looking at ways we could continue to service and support our community while delivering on our financial performance objectives. SMCT's operating result of \$25.1m was down \$2.4m on the prior year but was favourable to the FY22 business plan of \$8.0m. This decrease against last year's results was primarily due to lower investment income. The positive annual revenue result was driven by a surge in pre-need demand post lockdown and the easing of restrictions.

A higher value product mix and an increase in overall volume across metropolitan Melbourne against prior years have supported the favourable result in FY22.

Summary of Financial Results for 2022 and the past four Financial Periods (\$'000)

	FY22	FY21	FY20	FY19	FY18
Operating Statement					
Revenue from transactions	\$66,766	\$60,755	\$59,048	\$64,523	\$63,095
Investment Income	\$27,623	\$28,994	\$14,520	\$16,756	\$14,624
Total Revenue	\$94,389	\$89,749	\$73,568	\$81,279	\$77,719
Cost of Goods Sold	(\$12,712)	(\$9,743)	(\$9,415)	(\$11,518)	(\$9,364)
Expenses from Transactions	(\$53,784)	(\$49,744)	(\$49,152)	(\$45,675)	(\$43,795)
Cemetery Levy	(\$2,824)	(\$2,751)	(\$2,214)	(\$2,437)	(\$2,312)
Operating Result	\$25,069	\$27,511	\$12,787	\$21,649	\$22,248
Other Economic Flows Gain/(Loss)*	(\$53,129)	\$30,219	(\$20,552)	\$1,800	\$0
Other Comprehensive Income/(Loss)**	\$31,504	-	-	\$2,418	\$7,941
Comprehensive Result for the Period	\$3,444	\$57,730	(\$7,765)	\$25,867	\$30,189
Balance Sheet					
Assets					
Investments	\$302,328	\$327,829	\$272,850	\$285,933	\$269,783
All Other Assets	\$285,825	\$251,633	\$244,261	\$232,808	\$220,857
Total Assets	\$588,153	\$579,462	\$517,111	\$518,741	\$490,640
Liabilities					
Unearned Income	\$59,937	\$52,547	\$49,979	\$44,279	\$40,871
All other Liabilities	\$11,069	\$13,212	\$11,159	\$9,759	\$10,933
Total Liabilities	\$71,006	\$65,759	\$61,138	\$54,038	\$51,804
Net Assets	\$517,147	\$513,703	\$455,973	\$464,703	\$438,836
Equity					
Perpetual Maintenance Reserves	\$382,079	\$362,079	\$337,400	\$337,400	\$310,908
Other Equity	\$135,068	\$151,624	\$118,573	\$127,303	\$127,928
Total Equity	\$517,147	\$513,703	\$455,973	\$464,703	\$438,836

* Other Economic Gain/(Loss) includes market value gains/(loss) on financial investments and investment property (FY22, FY21 and FY20). This was recognised in Other Comprehensive Income/(Loss) in previous years (FY19 and FY18).

** Other Comprehensive Income/(Loss) for FY22 includes revaluation increments on property plant and equipment, and for FY19 and FY18 comprises market value gains on investments and market value gains and losses on available for sale financial assets.

Comparison of Actual vs. Budget for the 12-month Period ending 30 June 2022 (\$'000)

	Actual	Budget	Variance
Cemetery operations revenue	\$66,766	\$63,651	\$3,115
Investment income	\$27,623	\$8,663	\$18,960
Total revenue	\$94,389	\$72,314	\$22,075
Cost of goods sold	(\$12,712)	(\$9,750)	(\$2,962)
Operating expenses	(\$53,784)	(\$52,351)	(\$1,433)
Operating result before cemetery levy	\$27,893	\$10,213	\$17,680
Cemetery levy	(\$2,824)	(\$2,169)	(\$655)
Operating result	\$25,069	\$8,044	\$17,025

Comparison of FY22 Actual vs. Budget Key Financial Results

	FY22 Actual	FY22 Budget	FY22 Variance
Cremations (no.)	8,723	8,656	67
Interments (no.)	4,245	3,772	473
Grave revenue (\$m)	28.65	24.47	4.17
Mausolea crypt revenue (\$m)	3.16	6.81	(3.65)
Hospitality revenue (\$m)	4.5	4.97	(0.47)
Cremation memorial revenue (\$m)	6.7	6.11	0.59

Cemetery Operations Revenue Growth FY18-FY22



Key Influences on Operational Performance Summary

FY22 ACTUAL	\$28.6M
FY22 BUDGET	\$24.5M
FY21 ACTUAL	\$23.86M

Grave revenue - Contributed 42.9% to operating revenue driven by:

- Strong demand for premium positions at Song He Yuan, and other strong premium products such as Monumental Grave.
- New grave stock releases within SBC and BMP.
- Community bulk sales within BMP.

Mausolea revenue represented 4.7% of operating revenue, and was 53.6% below budget. The difference in *Actual* verses *Budget* was due to construction delays and unrealised presales activity for the all new All Souls Mausoluem in SBC, that will now be included as part of FY23 activity.

FY22 ACTUAL	\$3.2M
FY22 BUDGET	\$6.8M
FY21 ACTUAL	\$5.9M

FY22 ACTUAL	\$6.7M
FY22 BUDGET	\$6.1M
FY21 ACTUAL	\$5.9M

Cremation Memorial revenue contributed to 10.0% of total operation revenue, and was 9.7% above budget and 13.9% up on prior year. This was driven by:

- High demand for premium positions within Song He Yuan (SBC) and Sienna Garden (BMP) precincts.
- Increased demand for rose, shrub and waterside positions.

Hospitality revenue was 9.4% below budget and up on prior year by 13.6%. The decline represents the impact of COVID-19 lockdowns and capacity restrictions adversely impacting our ability to host functions.

FY22 ACTUAL	\$4.5M
FY22 BUDGET	\$5.0M
FY21 ACTUAL	\$4.0M

FY22 ACTUAL	8,723
FY22 BUDGET	8,656
FY21 ACTUAL	8,548

Cremations - Volume was 0.8% higher than *budget* and cremation revenue contributed \$8.1m or 12.1% of total income, representing an increase of 2.0% from FY21.

The increase in income reflects the trending death rate in metropolitan Melbourne and an increase in volume during the financial year.

Interments - Volume of interments were 1.5% below FY21 *actuals* and appear to be aligned with burial trends throughout Victoria. However Interment revenue was above *budget* and prior year *actuals* by 10.8% and 14.5% respectively.

FY22 ACTUAL	4,245
FY22 BUDGET	3,772
FY21 ACTUAL	4,311

FY22 Consultancies

Consultant	Purpose of Consultancy	Total Approved Project Fee	Expenditure 2021-2022
A.S. James Pty Ltd	Geotech consulting	\$40,000	\$36,724
Aurecon Australia	SMCT Corporate Sustainability Plan	\$70,000	\$68,500
Bastion Insights Pty Ltd	Cultural Consulting Services	\$65,000	\$63,500
Bateup Actuarial & Consulting Services Pty Ltd	Actuarial Report	\$15,000	\$10,660
Finity Consulting Pty Ltd	Perpetual Maintenance Actuarial Report	\$35,000	\$30,000
Greg Bailey Consulting	Customer Value Transformation	\$130,000	\$126,650
Pitcher Partners Investment Services Pty Ltd	Fraud Control Plan Development services	\$25,000	\$20,350
TQSolutions	Employer Branding services and Talent acquisition work	\$90,000	\$84,425
		\$470,000	\$440,809

Consultants

In FY22, there were no consultancies where the total fees payable were less than \$10,000 (excl. GST).

Subsequent events

There have been no significant events subsequent to the balance sheet date and prior to authorisation for release that requires disclosure in the Annual Report.

Asset Management Accountability Framework (AMAF)

During the FY22-23 period a number of initiatives were completed in line with the short-term objectives of the Strategic Asset Management Plan (SAMP). These included;

- Assessment of critical insourcing / outsourcing and the consolidation of multi-discipline contractor service agreements.
- Continuation of the data validation of the portfolio's assets.

- Work Order process improvements.
- Data-led development of asset capital works planning.

Organisation reporting is for asset performance and contractor service levels is being undertaken in accordance with the SAMP.

HLB Mann Judd (Internal Auditors) undertook a follow-up compliance assessment of AMAF and concluded that SMCT had addressed the previously identified Compliant Deficiencies and Improvement Opportunities. SMCT has fully established an operational reporting cadence from the Urbanise System, allowing monitoring of assets and reporting on the KPI's to management and the Infrastructure & Transformation Committee periodically. The results inform corrective actions to improve future asset performance and identify necessary changes to the organisation's asset management and risk management processes and systems. As a result, the organisation is now fully compliant with the Department of Treasury and Finance Asset Management Accountability Framework requirements.

8.0

Spotlight on sustainability

As our global climate change crisis amplifies our focus on environment and sustainability, in FY22 we sought to push forward with an important project designed to establish baseline environmental performance outcomes for our organisation and create a future roadmap aligned to the ISO 26000 environmental standards.

During the last financial year, we were actively engaged in a range of environmental sustainability initiatives which included tracking emissions and environmental impacts; investigating emissions reduction opportunities, managing water efficiency management, improving biodiversity, and exploring opportunities to improve waste management.

Our extensive baseline analysis confirmed that we are very well placed within the cemetery sector for overall environmental performance. However, we recognise the need to strengthen the urgency of our response to climate change and in FY23, have extended and bolstered our commitment, and move forward with a vision to exceed all current targets for emissions reductions and achieve carbon-neutral certification by 2030.

Key outcomes

- Restructured our Environmental Management Policy to align with the four environmental pillars set up in the ISO 26000 standard.
- Looked beyond emission reduction and harm mitigation to seek to protect, enhance and restore biodiversity across our sites.
- Observed a 20% decrease in waste to landfill.

Carbon emissions report

We strive to use more responsible and sustainable design and construction methods with every project we take on. We measure and report annual carbon emissions to the Department of Health and the Environmental Protection Authority (EPA) as part of our organisational duties. The information gathered aids in the comparison and evaluation of our ongoing construction projects and activities, which informs our strategy and action plans.

SMCT's total carbon emissions for FY22 were 6,399 tonnes CO₂-e, decreasing 73 tonnes CO₂-e (or -1%) compared to the prior year.

Identifying SMCT's top carbon emitters

Like previous years, the top three carbon producers contributing the most emissions in FY22 were purchased electricity (37%), natural gas (22%) and waste to landfill (11%).

Electricity

Natural gas made up 22% (or 1,394 tonnes CO₂-e) of our total FY22 carbon emissions. Emissions from crematorium operations were 687 tonnes CO₂-e, the result of a 13% increase in annual cremations compared to FY21.

SMCT Carbon Footprint Annual Data

Year	Total Emissions (tonnes CO2 equivalent)	Var (%)	Emissions per FTE (tonnes CO2 equivalent)	Var (%)	Comments
FY18	6,555	1.49%	23	(18%)	Stable
FY19	8,176	24.7%	34	49.4%	Increase in construction projects
FY20	6,432	(21%)	24	(29%)	Decrease in construction activities and reduced hospitality services from COVID-19 pandemic
FY21	6472	0.6%	24	1.2%	COVID-19 pandemic employee capacity rules resulted in less efficient crematorium practices
FY22	6,399	(1.1%)	24	0.0%	Reduced construction projects and not as many staff and visitors on-site due to lockdowns

Waste to landfill

Total landfill waste decreased by 20% to 729 tonnes CO2-e in FY22 as a result of an effort to reduce waste with the redistribution of grave soils and increased recycling.

Employee commuting

Employee commuting decreased by 5 tonnes of CO2-e in FY22 compared to FY21 due to non-commute data during a number of COVID-19 lockdowns.

9.0

Looking forward

The last financial year has been one of transition and evolution for SMCT. Through global disruption and economic uncertainty, we have also undergone a period of significant change as we continued to adapt to changing conditions and as our teams saw a significant shift.

At this cusp of this transformation, we look forward with enthusiasm and excitement, with the certainty that the strategic projects launched during FY22 will begin to make positive, transformational change to our people, services and spaces in FY23 and beyond.

In FY23, our focus will be on the next chapter of this evolution, with our sights set on the growth of our

products and services, through the finalisation of key infrastructure projects and the exploration of our new site for the future. We also look forward to beginning an exciting new chapter in the delivery of exceptional customer service, as our CRM & ERP program reaches implementation stage and we begin a new era of digital experiences. Similarly, a new phase begins

for the employee experience, with hybrid work now an established approach, and our People Strategy set to reach the next stage of implementation.

Above all, we look forward to a future focused on putting people and environment at the centre of everything we do, while ensuring that SMCT continues to provide a sustainable, supportive and welcoming space for our Victorian community, now and into the future.

Fostering connection

Continuing our journey of reconciliation, we aim to launch our Reconciliation Action Plan in FY23 and strengthen our relationships with the Bunurong Boon Wurrung and Wurundjeri Woi Wurrung peoples of the Kulin Nation as the Traditional Owners of the lands on which our sites are located. An ongoing program of consultation and internal reflection and learning will support this journey, and we are proud to share in this journey together with the wider Melbourne community.

We are also investing in legacy through the sponsorship of a Chinese Veterans Honour Roll program with long-time partner Australian Museum of Chinese History, seeking to tell Veterans' stories and explore the deep historical connection of our diverse Chinese communities in Carlton and Melbourne General Cemetery.

Enhancing customer experience

FY23 will see our CRM & ERP program focus shift to organisational readiness, solution design finalisation and solution implementation. A key task undertaken during the procurement process was the creation of a high-level change plan, incorporating communication, training and initial changes. This change planning will continue throughout FY23 as the program takes shape, ensuring minimal interruption to business operations and giving our employees maximum value once the new CRM and ERP systems go live.

Our upcoming solution design phase will include delving into a combination of launch functionality and future capability. We must ensure that these new features support all current system functionality as well as allow us to address pain points with legacy systems. Solution design will incorporate future capability in the form of system architecture and foundational design to ensure scalability to accommodate requirements in FY23 and beyond.

Both our Customer Value Transformation and CRM & ERP programs will focus on enhancing both the efficacy and efficiency of customer engagement in the coming years. In addition, considerable effort will also be invested in streamlining customer service delivery through the development and deployment of a range of online tools to help customers self-select desired services and solutions.

We will begin investigating flexible workforce resourcing options to increase our capacity to meet customer needs during peak demand in FY23, and digital tools for Funeral Directors to assist with self-service and ultimately provide an effortless customer experience.

Investing in people capabilities

Our people strategy will focus on improving the attraction and retention rates within Melbourne's challenging labour market, increasing leadership capabilities to provide ongoing operational stability while supporting skills uplift for the successful implementation of new technology and business process.

The key initiatives that will be delivered in FY23 include assisting talent acquisition through the implementation of our Employer Value Proposition branding, introducing a senior leader retention program and assessing leaders against our new Leadership Capability Framework to inform future planning. Our current induction and onboarding process will also be refreshed in a way that can be customised to the developmental needs of new starters in FY23.

Pursuing strategic growth

The growth and expansion of our physical spaces will remain a priority as we move into FY23. Due to delays caused by COVID-19 lockdowns, approximately \$16 million worth of projects that were planned for FY22 will be carried over into the coming year.

We plan to invest just under \$10 million into creating 3,000 memorial positions to be delivered across Springvale Botanical Cemetery and Bunurong Memorial Park. A significant investment will also be allocated to infrastructure maintenance, including new sanitary facilities and footpath improvements across our sites, and upgrading traffic management.

Our dedication to substantial investment in our infrastructure will be more evident than ever as we commence 16 major asset projects in FY23, chosen with data sourced from the AIM system and other sources of customer feedback. Major investments will include the restoration of heritage assets such as Melbourne General Cemetery's historic gatehouse, road upgrades and critical infrastructure refurbishments.

Spotlight on sustainability

Several significant opportunities for improvement have been identified, and these will be addressed systematically, in accordance with an accredited environmental management system. In FY23, we look to position ourselves as leaders in environmental management and sustainable development through collaboration with other Class A cemeteries and important stakeholders. This will allow us to influence our sector to adopt more low-emissions goods and services and to have a positive environmental impact.

In accordance with our Environmental Response Plan, our key priorities for FY23 include addressing and resolving compliance-related items and adopting key recommendations such as the purchase of renewable energy and conducting a rooftop solar panel optimisation analysis.

In FY23, we look forward to collaborating with neighbourhood councils and communities to ensure that our spaces provide long-term benefits as part of our ongoing perpetual maintenance commitment. Through what will be named the Horticulture Standards Uplift project, we seek to demonstrate our dedication to end-of-life sites, improve ecosystems, and lessen the impact of urban heat islands. As part of an initial pilot and in alignment with the City of Melbourne's Urban Forest Strategy, the project's first stage will focus on the uplift of Melbourne General Cemetery.



Financial Statements

Financial Year ended
30 June 2022



Trust Chairperson's, Accountable Officer's, and Chief Finance & Accounting Officer's declaration

The attached financial statements for Southern Metropolitan Cemeteries Trust ("SMCT" or "The Trust") have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the Financial Management Act 1994, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2022 and the financial position of SMCT at 30 June 2022.

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

We authorise the attached financial statements for issue on 26 October 2022.



Dr Vanda Fortunato
Trust Chairperson
Springvale
26 October 2022



Laz Cotsios
Accountable Officer
Springvale
26 October 2022



Shireen Jahan
Chief Finance & Accounting Officer
Springvale
26 October 2022



Victorian Auditor-General's Office

Independent Auditor's Report

To the Trust Members of the Southern Metropolitan Cemeteries Trust

Opinion	<p>I have audited the financial report of the Southern Metropolitan Cemeteries Trust (the cemetery) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2022 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • trust chairperson's, accountable officer's, and chief finance & accounting officer's declaration. <p>In my opinion, the financial report presents fairly, in all material respects, the financial position of the cemetery as at 30 June 2022 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the cemetery in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Other Information	<p>My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.</p>
Trust Members' responsibilities for the financial report	<p>The Trust Members of the cemetery are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Trust Members determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Trust Members are responsible for assessing the cemetery's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

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

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

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

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

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

MELBOURNE
18 November 2022



Sahchu Chummar

as delegate for the Auditor-General of Victoria

Comprehensive Operating Statement for the Financial Year Ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Revenue and Income From Transactions			
Cemetery operations revenue	2.1	66,766	60,755
Cost of sales	3.1	(12,712)	(9,743)
		54,054	51,012
Investment income	2.1	27,623	28,994
Total revenue and income		81,677	80,006
Expenses From Transactions			
Employee expenses	3.1	(28,366)	(25,948)
Administrative costs	3.1	(7,447)	(7,065)
Maintenance and operating costs	3.1	(5,458)	(3,968)
Investment management expenses	3.1	(1,466)	(1,470)
Audit fees	8.5	(157)	(174)
Other operating expenses	3.1	(3,259)	(2,985)
Depreciation and amortisation	4.5	(7,631)	(8,134)
Cemetery levy	3.1	(2,824)	(2,751)
Total Expenses From Transactions		(56,608)	(52,495)
Net Result From Transactions		25,069	27,511
Other Economic Flows Included in Net Result			
Net gain/(loss) on non-financial assets	3.2	(3,463)	19
Net gain/(loss) on financial instruments	3.2	(49,397)	27,998
Net fair value revaluation of investment property	3.2	(269)	2,202
Total Other Economic Flows Included in Net Result		(53,129)	30,219
Net Result for the Year		(28,060)	57,730
Other economic flows - other comprehensive income			
Items that will not be reclassified to net result			
Changes in property, plant and equipment revaluation surplus	4.3	31,504	-
Total Other Comprehensive Income		31,504	57,730
Comprehensive result for the year		3,444	57,730

The comprehensive operating statement should be read in conjunction with the accompanying notes.

Balance Sheet as at 30 June 2022

	Note	2022 \$'000	2021 \$'000
Current Assets			
Cash and cash equivalents	6.1	23,322	25,725
Receivables	5.1	15,626	12,517
Prepayments		475	426
Inventories	4.7	20,885	19,950
Total Current Assets		60,308	58,618
Non-Current Assets			
Inventories	4.7	16,655	16,096
Receivables	5.1	3,675	1,310
Intangible assets	4.4 (a)	5,883	3,857
Investment properties	4.6	5,388	5,657
Property, plant and equipment	4.2 (a)	193,916	166,095
Investments and other financial assets	4.1	302,328	327,829
Total non-Current Assets		527,845	520,844
TOTAL ASSETS		588,153	579,462
Current liabilities			
Contract liabilities	5.2 (a)	59,937	52,547
Payables	5.2	5,945	7,938
Provisions for employee benefits	3.3 (a)	3,834	4,123
Other provisions	5.3	680	616
Total Current Liabilities		70,396	65,224
Non-Current Liabilities			
Provisions for employee benefits	3.3 (a)	610	535
Total Non-Current Liabilities		610	535
TOTAL LIABILITIES		71,006	65,759
Net Assets		517,147	513,703
Equity			
Contributed capital		63,674	63,674
Accumulated surplus/(deficit)		7,869	55,929
Asset revaluation surplus	4.3	63,525	32,021
Community perpetual maintenance reserve		382,079	362,079
TOTAL EQUITY		517,147	513,703

The balance sheet should be read in conjunction with the accompanying notes

Statement of Changes in Equity for the Financial Year
Ended 30 June 2022

	Physical asset revaluation reserve	Community perpetual maintenance reserve	Contributed capital	Accumulated surplus/ (deficit)	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2020	32,021	337,400	63,674	22,878	455,973
Net result for the year	-	-	-	57,730	57,730
Transfer to/(from) accumulated surplus	-	24,679	-	(24,679)	-
Balance at 30 June 2021	32,021	362,079	63,674	55,929	513,703
Net result for the year	-	-	-	(28,060)	(28,060)
Other comprehensive income for the year	31,504	-	-	-	31,504
Transfer to/(from) accumulated surplus - Perpetual maintenance	-	20,000	-	(20,000)	-
Balance at 30 June 2022	63,525	382,079	63,674	7,869	517,147

The statement of changes in equity should be read in conjunction with the accompanying notes

Cash Flow Statement for the Financial Year Ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Cash Flows From Operating Activities			
Receipts			
Receipts from customers		72,713	63,390
Goods and services tax received from the ATO		3,979	2,296
Investment income receipts		26,513	30,597
Total Receipts		103,205	96,283
Payments			
Payments to suppliers and employees		(69,353)	(52,351)
Goods and services tax paid to the ATO		(2,921)	(2,575)
Total Payments		(72,274)	(54,926)
Net Cash Flows From Operating Activities	8.1	30,931	41,357
Cash Flows From Investing Activities			
Payments for property, plant, equipment and intangibles		(9,543)	(5,829)
Proceeds from sale of assets		105	17
Payments for investments		(23,896)	(26,981)
Net Cash Flows From / (Used in) Investing Activities		(33,334)	(32,793)
Net Increase/(Decrease) in Cash And Cash Equivalents		(2,403)	8,564
Cash and cash equivalents at the beginning of the financial year		25,725	17,161
Cash and Cash Equivalents at the End of the Financial Year	6.1	23,322	25,725

The cash flow statement should be read in conjunction with the accompanying notes

Notes to the Financial Statements

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Note 1: Basis of Preparation

Structure

- 1.1 Basis of preparation of the financial statements
- 1.2 Impact of COVID-19 pandemic
- 1.3 Abbreviations and terminology used in the financial statements
- 1.4 Key accounting estimates and judgements
- 1.5 Accounting standards issued but not yet effective
- 1.6 Goods and services tax (GST)
- 1.7 Reporting entity
- 1.8 Community perpetual maintenance reserve policy

These financial statements represent the audited general purpose financial statements for the Southern Metropolitan Cemeteries Trust ("SMCT") for the year ended 30 June 2022. The report provides users with information about SMCT's stewardship of the resources entrusted to it.

This section explains the basis of preparing the financial statements.

Note 1.1: Basis of preparation of the financial statements

These financial statements are general purpose financial statements which have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards, 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 (FRDs) issued by the Department of Treasury and Finance (DTF), and relevant Standing Directions (SDs) authorised by the Assistant Treasurer.

SMCT is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to a "not-for-profit" cemetery trust under the Australian Accounting Standards. Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Apart from the changes in accounting policies, standards and interpretations as noted below in note 1.8, material accounting policies adopted in the preparation of these financial statements are the same as those adopted in the previous period.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

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

The financial statements are presented in Australian dollars.

The amounts presented in the financial statements have been rounded to the nearest thousand dollars. Minor discrepancies in tables between totals and sum of components are due to rounding.

The annual financial statements were authorised for issue by the Trust Members of SMCT on 26 October 2022.

Note 1.2: Impact of COVID-19 Pandemic

In March 2020 a state of emergency was declared in Victoria due to the global coronavirus pandemic, known as COVID-19. On 2 August 2020 a state of disaster was added with both operating concurrently. The state of disaster in Victoria concluded on 28 October 2020 and the state of emergency concluded on 15 December 2021.

The COVID-19 pandemic has created economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by the cemetery trust at the reporting date. Management recognises that is difficult to reliably estimate with certainty, the potential impact of the pandemic after the reporting date on the cemetery trust, its operations, its future results and financial position.

In response to the ongoing COVID-19 pandemic, for a period of time SMCT:

- introduced restrictions on non-essential visitors and reduced visitor hours
- changed infection control practices including social and density distancing and contact tracing
- greater utilisation of telecommunication and video conferencing
- implemented work from home arrangements where appropriate.

Where financial impacts of the pandemic are material to SMCT, they are disclosed in the explanatory notes. For SMCT, this includes:

- Note 2: Funding Delivery of Our Services.
- Note 3: The Cost of Delivering Services.
- Note 4: Key Assets to Support Service Delivery.
- Note 5: Other Assets and Liabilities.
- Note 6: How We Finance Our Operations.

Note 1.3: Abbreviations and terminology used in the financial statements

The following table sets out the common abbreviations used throughout the financial statements:

Reference	Title
AASB	Australian Accounting Standards Board
AASs	Australian Accounting Standards, which include Interpretations
DH	Department of Health
DTF	Department of Treasury and Finance
FMA	Financial Management Act 1994
FRD	Financial Reporting Direction
SD	Standing Direction
VAGO	Victorian Auditor-General's Office
SMCT	Southern Metropolitan Cemeteries Trust

Note 1.4: Key Accounting Estimates and Judgements

Management make estimates and judgements when preparing the financial statements.

These estimates and judgements are based on historical knowledge and best available current information and assume any reasonable expectation of future events. Actual results may differ.

Revisions to key estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision.

The accounting policies and significant management judgements and estimates used, and any changes thereto, are identified at the beginning of each section where applicable and are disclosed in further detail throughout the accounting policies.

Note 1.5: Accounting Standards Issued but not yet Effective

An assessment of accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable SMCT and their potential impact when adopted in future periods is outlined below:

Standard	Adoption Date	Impact
<i>AASB 17: Insurance Contracts</i>	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
<i>AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
<i>AASB 2020-3: Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments</i>	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
<i>AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates.</i>	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
<i>AASB 2021-5: Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
<i>AASB 2021-6: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards</i>	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
<i>AASB 2021-7: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections</i>	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.

There are no other accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to SMCT in future periods.

Note 1.6: Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except where the GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

Cash flows are included in the Cash Flow Statement on a gross basis, except for the GST components of cash flows arising from investing and/or financing activities, which are recoverable from, or payable to the ATO. These GST components are disclosed as operating cash flows.

Commitments and contingent assets and liabilities are presented on a gross basis.

Notes 1.7: Reporting Entity

The financial statements include all the controlled activities of SMCT. Its principal address is:

Springvale Botanical Cemetery
600 Princes Highway
Springvale, Victoria 3171

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

The SMCT reporting entity comprises: Brighton General Cemetery, Bunurong Memorial Park, Cheltenham Memorial Park, Cheltenham Pioneer Cemetery, Dandenong Community Cemetery, Melbourne General Cemetery, Springvale Botanical Cemetery, St. Kilda Cemetery and Sorrento Community Cemetery.

Note 1.8: Community Perpetual Maintenance Reserve Policy

Under Section 12 of the *Cemeteries and Crematoria Act 2003*, SMCT must have regard to the perpetual maintenance obligations in respect of the cemeteries for which it is responsible. Consequently, SMCT makes an annual transfer from its accumulated surplus to a perpetual maintenance reserve.

On a three-year basis, SMCT shall commission an actuary to calculate the perpetual maintenance obligations at year end taking into account future expected perpetual maintenance expenses in maintaining the cemetery parks in perpetuity (taken to be 100 years) with key assumptions being the Consumer Price Index ('CPI') growth, wage inflation and a discount rate. For the two years an actuary report is not obtained, SMCT will update the perpetual maintenance reserve model internally to calculate the obligation at year end. On an annual basis SMCT will transfer from Retained Earnings to the Perpetual Maintenance Reserve sufficient available earnings to match the calculated "Perpetual Maintenance Reserve Liability" (as termed by the actuary) – refer Note 8.8.

The transfer to the Perpetual Maintenance Reserve is capped at available retained earnings. Where the "Perpetual Maintenance Reserve Liability" calculated by the Actuary exceeds the Perpetual Maintenance Reserve at financial year end, SMCT will make a disclosure of the shortfall, with the intention of bridging the gap in future years. If the annual comprehensive result is in deficit for the financial year, no transfer will occur, with allocations continuing in future periods of surplus. The reserve transfer is only an indicative estimate of future obligations. Accordingly, no provision for these future costs has been recognised in these financial statements.

Note 2: Funding Delivery of Our Services

SMCT receives income from the supply of services to enable it to fulfil its objectives. SMCT may also receive grants from government.

Structure

2.1 Revenue and Income From Transactions

Telling the COVID-19 story

Revenue recognised to fund the delivery of our services during the financial year despite visitor restrictions and implementing COVID safe practices was not materially impacted by the COVID-19 Coronavirus pandemic.

Key Judgements and Estimates

This section contains the following key judgements and estimates:

Key Judgements and Estimates	Description
Identifying performance obligations	<p>SMCT applies significant judgment when reviewing the terms and conditions of contracts to determine whether they contain sufficiently specific and enforceable performance obligations.</p> <p>If this criteria is met, the contract/funding agreement is treated as a contract with a customer, requiring SMCT to recognise revenue as or when the cemetery trust transfers promised goods or services to customers.</p> <p>If this criteria is not met, funding is recognised immediately in the net result from operations.</p>
Determining timing of revenue recognition	<p>SMCT applies significant judgement to determine when a performance obligation has been satisfied and the transaction price that is to be allocated to each performance obligation. A performance obligation is either satisfied at a point in time or over time.</p>

Note 2.1: Revenue and Income From Transactions

	2022	2021
	\$'000	\$'000
Cemetery Operations Revenue		
Grave	28,648	23,860
Interment	5,960	5,211
Mausoleum crypts	3,159	5,559
Cremation	8,094	7,020
Cremation memorial	6,701	5,884
Government grant	-	266
Memorialisation	5,542	5,116
Retail	4,498	3,959
Other operating revenue	4,164	3,880
Total Cemetery Operations Revenue	66,766	60,755
	2022	2021
	\$'000	\$'000
Investment Income		
Interest income	48	16
Distributions	25,366	27,864
Other Investment Income	2,209	1,114
Total Investment Income	27,623	28,994
Total Income From Transactions	94,389	89,749

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

How we Recognise Revenue and Income from Operating Activities

To recognise revenue, SMCT assesses whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with AASB 15: *Revenue from Contracts with Customers*.

When both these conditions are satisfied, the cemetery trust:

- Identifies each performance obligation relating to the revenue
- recognises a contract liability for its obligations under the agreement
- recognises revenue as it satisfied its performance obligations, at the time or over time when services are rendered.

If a contract liability is recognised, SMCT recognises revenue in profit or loss as and when it satisfies its obligations under the contract, unless a contract modification is entered into between all

parties. A contract modification may be obtained in writing, by oral agreement or implied by customary business practices.

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, the cemetery trust:

- recognises the asset received in accordance with the recognition requirements of other applicable Accounting Standards (for example, AASB 9, AASB 16, AASB 116 and AASB 138)
- recognises related amounts (being financial instruments, provisions, revenue or contract liabilities from a contract with a customer), and
- recognises income immediately in profit or loss as the difference between the initial

carrying amount of the asset and the related amount in accordance with AASB 1058.

In contracts with customers, the 'customer' is typically a funding body, who is the party that promises funding in exchange for SMCT's goods or services. SMCT's funding bodies often direct that goods or services are to be provided to third party beneficiaries, including individuals or the community at large. In such instances, the customer remains the funding body that has funded the program or activity, however the delivery of goods or services to third party beneficiaries is a characteristic of the promised good or service being transferred to the funding body.

This policy applies to each of SMCT's revenue streams, with information detailed below relating to SMCT's significant revenue streams:

Revenue	Performance obligation
Rights of interment (ROI)	ROI is the sale of the right to determine who can be interred at a specific location and the type of memorialisation (if any) to be established. The performance obligation for ROI is the passing of the right to the designated holder at the time of purchase. 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.
Interment and cremation	Fees received for interment and cremation are for the service of burials, cremation and interring remains. Our performance obligations are to provide these services, and revenue is recognised in the period that these services are provided.
Memorialisation	Memorialisation revenue is the sale of products such as granite and plaques that preserve memories of the interred. Our obligation is to provide these products and revenue is recognised when the product is delivered and accepted by the customer.
Retail sales	Retail sales are revenue generated by our cafés, florists and functions, and is recognised as revenue when the performance obligation has been fulfilled, which is principally at the point of sale.
Other operating income	Other operating income includes miscellaneous fees and sundry income and is recognised as revenue in the period that the services are provided.
Government grants	Government grants are recognised as revenue at the point in time when the performance obligations under the grant agreement are met.

For contracts that permit the customer to return an item, revenue is recognised to the extent it is highly probable that a significant cumulative reversal will not occur. Therefore, the amount of revenue recognised is adjusted for the expected returns, which are estimated based on the historical data. In these circumstances, a refund liability and a right to recover returned goods asset are recognised. SMCT reviews its estimate of expected returns at each reporting date and updates the amount of the asset and liability accordingly. Trade receivables and sundry receivables consist of a large number of customers in various geographical areas. Sales are made with credit terms between one month and 36 months with no financing element present.

How we recognise revenue and income from non-operating activities

Rental Income – Investment Properties

Rental income from investment properties is recognised on a straight-line basis over the term of the lease unless another systematic basis is more representative of the pattern of use of the underlying asset.

The following table sets out the maturity analysis of undiscounted future lease payments receivable under our operating leases:

	2022	2021
	\$'000	\$'000
Rental income		
Within one year	4	-
Within one to two years	3	-
Total undiscounted future lease payments receivable	7	-

Dividend and Distribution Income

Dividends and distribution income is recognised when the right to receive payment is established.

Dividends and distributions represent the income arising from the SMCT's investment in financial assets.

Interest Income

Interest income is recognised on a time proportionate basis that considers the effective yield of the financial asset, which allocates interest over the relevant period.

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 amount of the asset at that time.

Other Income

Other income is recognised as revenue when received. Other income includes recoveries for salaries and wages, external services provided and donations.

Voluntary Services

Contributions by volunteers, in the form of services, are only recognised when fair value can be reliably measured, and the services would have been purchased if they had not been donated.

SMCT greatly values the services contributed by volunteers, but it does not depend on volunteers to deliver its services.

Note 3: The Cost of Delivering Our Services

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

Structure

- 3.1 Expenses from transactions
- 3.2 Other economic flows
- 3.3 Employee benefits in the balance sheet
- 3.4 Superannuation

Telling the COVID-19 Story

Expenses incurred to deliver services during the financial year were not materially impacted by the COVID-19 Coronavirus pandemic.

Additional costs were incurred to deliver the following additional services:

- Audio Video Live streaming services to ensure everyone can be included during times of limited in person attendance.
- Pandemic related cost, to adapt our sites, services, and protocols to enable our team to continue to deliver our services safely.

Key Judgements and Estimates

This section contains the following key judgements and estimates:

Key Judgements and Estimates	Description
Measuring and classifying employee benefit liabilities	<p>SMCT applies significant judgment when classifying its employee benefit liabilities. Employee benefit liabilities are classified as a current liability if SMCT does not have an unconditional right to defer payment beyond 12 months. Annual leave, accrued days off and long service leave entitlements (for staff who have exceeded the minimum vesting period) fall into this category.</p> <p>Employee benefit liabilities are classified as a non-current liability if SMCT has a conditional right to defer payment beyond 12 months. Long service leave entitlements (for staff who have not yet exceeded the minimum vesting period) fall into this category.</p>

Key Judgements and Estimates	Description
Measuring employee benefit liabilities	<p>SMCT applies significant judgment when measuring its employee benefit liabilities. The cemetery trust applies judgement to determine when it expects its employee entitlements to be paid.</p> <p>With reference to historical data, if the cemetery trust does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value, being the expected future payments to employees.</p> <p>Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields on government bonds at the end of the reporting period.</p> <p>All other entitlements are measured at their nominal value.</p>

Note 3.1: Expenses From Transactions

	Note	2022 \$000	2021 \$000
Rights of interment		7,302	6,176
Memorialisation		1,660	1,704
Retail		1,766	1,552
Inventory write down ⁽ⁱ⁾		1,533	-
Other		451	311
Total Cost of Sales		12,712	9,743
Cemetery levy		2,824	2,751
Total Cemetery Levy		2,824	2,751
Employee expenses ⁽ⁱⁱ⁾		28,366	25,948
Administrative costs		7,447	7,065
Maintenance and operating costs		5,458	3,968
Audit fees	8.5	157	174
Investment management expenses		1,466	1,470
Other operating expenses		3,259	2,985
Total Other Operating Expenses		46,153	41,610
Total Operating Expenses		61,689	54,104
Depreciation and amortisation	4.5	7,631	8,134
Total Non-Operating Expenses		7,631	8,134
Total Cost of Sales and Expenses From Transactions		69,320	62,238

⁽ⁱ⁾ Write down relates to costs incurred for the planned stock project no longer proceeding

⁽ⁱⁱ⁾ Includes superannuation expense of \$2.8m (2021: \$2.3m) as disclosed in note 3.4

How We Recognise Expenses From Transactions

Expense Recognition

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

Employee Expenses

Employee expenses include:

- Salaries and wages (including fringe benefits tax, leave entitlements, termination payments)
- On-costs
- Agency expenses
- Work cover premiums.

Cost of Sales

Costs of sales are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.

Cemetery Levy

In accordance with Section 18Q of the *Cemeteries and Crematoria Act 2003*, the Trust is required to pay a percentage of its gross earnings (cemetery levy), as defined by the Department of Health, to the Consolidated Fund held by the State of Victoria. 'Gross Earnings' is currently defined as cemetery operations income and investment income, excluding: donations, government grants, profit or loss on sale of investments and other assets and assets received free of charge. The levy rate for this reporting period is 3% (2021: 3%)

Other Operating Expenses

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

- Fuel, water and power
- Repairs and maintenance
- Cleaning of facilities
- Training and development
- Other administrative expenses
- Expenditure for capital purposes (that are below the capitalisation threshold of \$3,000).

Non-Operating Expenses

Other non-operating expenses generally represent expenditure outside the normal operations such as depreciation and amortisation, and assets and services provided free of charge or for nominal consideration.

Note 3.2: Other Economic Flows

	2022	2021
	\$'000	\$'000
Net Gain/(Loss) on Non-Financial Assets		
Impairment of property plant and equipment (including intangible assets)	(217)	-
Net revaluation decrement - land	(3,303)	-
Net gain/(loss) on disposal of property plant and equipment	57	19
Total net gain/(loss) on non-financial assets	(3,463)	19
Net gain/(loss) on financial instruments at fair value		
Net gain/(loss) on financial instruments at fair value	(49,397)	27,998
Total net gain/(loss) on financial instruments at fair value	(49,397)	27,998
Other gains/(losses) from other economic flows		
Net fair value revaluation of investment property	(269)	2,202
Total other gains/(losses) from other economic flows	(269)	2,202
Total other gains/(losses) from economic flows	(53,129)	30,219

How we recognise other economic flows

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from:

- Impairment of financial and non-financial assets;
- Gains and losses on fair value movements of financial instruments; and
- Fair value movements in investment properties.

Note 3.3: Employee Benefits in the Balance Sheet

	2022	2021
	\$000	\$000
Current Provisions		
Annual leave		
-unconditional and expected to be settled wholly within 12 months ⁽ⁱ⁾	1,398	1,421
-unconditional and expected to be settled wholly after 12 months ⁽ⁱⁱ⁾	388	417
Long service leave		
-unconditional and expected to be settled wholly within 12 months ⁽ⁱ⁾	296	334
-unconditional and expected to be settled wholly after 12 months ⁽ⁱⁱ⁾	1,037	1,140
Provisions related to employee benefit on-costs		
-unconditional and expected to be settled wholly within 12 months ⁽ⁱ⁾	358	334
-unconditional and expected to be settled wholly after 12 months ⁽ⁱⁱ⁾	38	89
Continuity of service - conditional and expected to be settled within 12 months ⁽ⁱⁱ⁾	30	36
Rostered days off - unconditional and expected to be settled wholly within 12 months ⁽ⁱ⁾	125	94
Pandemic - unconditional and expected to be settled wholly within 12 months ⁽ⁱ⁾	164	258
Total Current Employee Benefits	3,834	4,123
Non-Current Provisions		
Conditional long service leave	540	479
Provisions related to employee benefit on-costs	70	56
Total Non-Current Employee Benefits	610	535
Total Employee Benefits	4,444	4,658

Notes:

⁽ⁱ⁾ The amounts disclosed are nominal amounts.

⁽ⁱⁱ⁾ The amounts disclosed are discounted to present values.

Note 3.3 (a): Employee benefits and related on-costs

	2022	2021
	\$000	\$000
Current employee benefits and related on-costs		
Unconditional annual leave entitlements	1,987	2,057
Unconditional long service leave entitlements	1,497	1,646
Unconditional pandemic entitlements	182	279
Unconditional rostered days off	138	105
Continuity of service	30	36
Total current employee benefits and related on-costs	3,834	4,123
Non-current employee benefits and related on-costs		
Conditional long service leave entitlements	610	535
Total non-current employee benefits and related on-costs	610	535
Total employee benefits and related on-costs	4,444	4,658

Note 3.3 (b): Provision for related on-costs movement schedule

	2022	2021
	\$000	\$000
Carrying amount at start of the year	479	399
Additional provisions recognised	3	63
Unwinding of discount and effect of changes in the discount rate	11	88
Reduction due to transfer out	(27)	(71)
Carrying Amount at End of Year	466	479

How we recognise employee benefits**Employee benefit recognition**

Employee benefits are accrued for employees in respect of accrued days off, annual leave, long service leave, pandemic leave, continuity of service and rostered days off, for services rendered to the reporting date as an expense during the period the services are delivered.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the

future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Statement of Comprehensive Income as it is taken.

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 reporting date, taking into account the risks and uncertainties surrounding the obligation.

Annual leave, pandemic leave, rostered days off, and continuity of service

Liabilities for annual leave, rostered days off, pandemic leave and continuity of service are recognised in the provision for employee benefits as 'current liabilities' because SMCT does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for annual leave, rostered days off, pandemic leave and continuity of service 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 is disclosed in the notes to the financial statements 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. An unconditional right arises after a qualifying period of 7 years.

The components of this current LSL liability 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.

Conditional LSL is measured at present value and is disclosed as a non-current liability. Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in estimations e.g. bond rate movements, inflation rate movements and changes in probability factors which are then recognised as other economic flows.

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.

Provision for on-costs related to employee benefits

Provision for on-costs such as workers compensation and superannuation are recognised separately from provisions for employee benefits.

Note 3.4: Superannuation

Fund	Paid contribution for the year		Contribution outstanding at year end	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Defined benefit plans ⁽ⁱ⁾				
Vision superannuation fund	72	92	-	-
Defined contribution plans:				
Vision Super	1,076	851	16	20
Other	2,162	1,354	32	21
Total	3,310	2,297	48	41

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

How we recognise superannuation

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

During the period SMCT identified a shortfall of the superannuation guarantee charge which related back to prior periods. The shortfall of superannuation guarantee charge was rectified and paid to the Australian Taxation Office for remittance back to current and former employees' superannuation funds.

Defined benefit superannuation plans

The defined benefit plan provides benefits based on years of service and final average salary. The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by SMCT to the superannuation plans in respect of the services of current SMCT's staff during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan and are based upon actuarial advice.

SMCT does not recognise any unfunded defined benefit liability in respect of the plans because SMCT has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The DTF discloses the State's defined benefits liabilities in its disclosure for administered items. However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of SMCT.

The name, details and amounts that have been expensed in relation to the major employee superannuation funds and contributions made by SMCT are disclosed above.

Defined contribution superannuation plans

In relation to defined contribution (i.e. accumulation) superannuation plans, the associated expense is simply 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.

The defined contribution funds receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings in accordance with the Superannuation Guarantee Legislation (10%) (2021: 9.5%). SMCT's current contribution ranges between 10% and 13.0% (2021: 9.5%-13%).

No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of their chosen superannuation fund.

On the basis of the results of the most recent full actuarial investigation at 30th June 2017, SMCT's current contribution is in 2022: 13% (2021: 13%) of the superannuation salary.

The name, details and amounts that have been expensed in relation to the major employee superannuation funds and contributions made by SMCT are disclosed on page 60.

Note 4: Key assets to support service delivery

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

Structure

- 4.1 Investments and other financial assets
- 4.2 Property, plant & equipment
- 4.3 Revaluation surplus
- 4.4 Intangible assets
- 4.5 Depreciation and amortisation
- 4.6 Investment properties
- 4.7 Inventories
- 4.8 Impairment of assets

Telling the COVID-19 Story

Assets used to support the delivery of our services during the financial year were not materially impacted by the COVID-19 Coronavirus pandemic.

Key Judgements and Estimates

This section contains the following key judgements and estimates:

Key Judgements and Estimates	Description
Measuring fair value of property, plant and equipment	<p>SMCT obtains independent valuations for its non-current assets at least once every five years.</p> <p>If an independent valuation has not been undertaken at balance date, the cemetery trust estimates possible changes in fair value since the date of the last independent valuation with reference to Valuer-General Victoria indices.</p> <p>Managerial adjustments are recorded if the assessment concludes a material change in fair value has occurred. Where exceptionally large movements are identified, an interim independent valuation is undertaken.</p>
Investment properties	An independent valuation of investment properties is conducted annually by the Valuer-General Victoria.
Valuation of managed investment schemes	SMCT values its managed investment schemes based on an unquoted price determined by the fund manager currently appointed, Russell Investments. The fund publishes daily its redemption price and net asset value, and SMCT adopts this value without adjustment.
Estimating useful life and residual value of property, plant and equipment	<p>SMCT assigns an estimated useful life to each item of property, plant and equipment, whilst also estimating the residual value of the asset, if any, at the end of the useful life. This is used to calculate depreciation of the asset.</p> <p>The cemetery trust reviews the useful life, residual value and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.</p>
Estimating the useful life of intangible assets	SMCT assigns an estimated useful life to each intangible asset with a finite useful life, which is used to calculate amortisation of the asset.
Identifying indicators of impairment	<p>At the end of each year, SMCT assesses impairment by evaluating the conditions and events specific to the cemetery trust that may be indicative of impairment triggers. Where an indication exists, the cemetery trust tests the asset for impairment. The cemetery trust considers a range of information when performing its assessment, including considering:</p> <ul style="list-style-type: none"> • If an asset's value has declined more than expected based on normal use • If a significant change in technological, market, economic or legal environment which adversely impacts the way the cemetery trust uses an asset • If an asset is obsolete or damaged • If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life • If the performance of the asset is or will be worse than initially expected <p>Where an impairment trigger exists, the cemetery trusts applies significant judgement and estimate to determine the recoverable amount of the asset.</p>

Note 4.1: Investments and other financial assets

	2022	2021
	\$'000	\$'000
Non-Current		
Managed Investment Schemes		
- Fair value through profit and loss	302,328	327,829
Total Other Financial Assets	302,328	327,829

How we recognise investments and other financial assets

SMCT manages its investments and other financial assets in accordance with an investment policy approved by the Board.

Investments are recognised when SMCT enters into a contract to either purchase or sell the investment (i.e. when it becomes a party to the contractual provisions to the investment). Investments are initially measured at fair value, net of transaction costs.

SMCT classifies its other financial assets between current and non-current assets based on the Board's intention at balance date with respect to the timing of disposal of each asset. SMCT assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

The financial investments held by SMCT are measured at fair value through the Comprehensive Operating Statement.

Managed investment schemes

SMCT invests in managed funds which are not quoted in an active market but are based on an unquoted price determined by the fund manager currently appointed, Russell Investments.

Russell Investments declare unit prices for each investment fund by taking into account the investment return of the assets invested into, income, the tax payable, imputation credits, and relevant fees and expenses. Generally, one-unit

price is declared each business day for each investment option and the same unit price is used for buying and selling.

Unit prices are also validated daily by State Street, the appointed custodian and administrator of the fund. The calculation is done daily to the effective date. To minimise the impact of significant market movements during this 2-day period, safeguards have been put in place, as documented in a Russell Investment's unit pricing policy, and the market movement is monitored daily.

There are numerous levels of checks performed by State Street and the Russell Investments Fund Operations teams including but not limited to:

- daily pricing tolerance checks
- benchmarking of unit price movement vs benchmarks on a daily basis
- detailed reconciliation processes

Based on this rigour, and with the oversight of the Finance and Investment Committee, SMCT believes the valuation by Russell Investments is the best estimate of the fair value of the investments at 30 June 2022.

SMCT regards this investment as level 2 according to AASB 13 Fair Value Hierarchy. The fund publishes daily its redemption price and net asset value, and SMCT adopts this value without adjustment. We acknowledge there is significant estimation uncertainty as the investment is not quoted in an active market and inputs are observable indirectly.

Note 4.2: Property, plant and equipment

4.2 (a) Gross carrying amount and accumulated depreciation

	2022	2021
	\$'000	\$'000
Cemetery infrastructure land at fair value	10,701	15,381
Total Land	10,701	15,381
Buildings, infrastructure and improvements at fair value	171,122	162,778
Less accumulated depreciation	-	(23,867)
Total buildings, infrastructure and improvements	171,122	138,911
Plant and equipment at fair value	10,512	9,698
Less accumulated depreciation	(6,778)	(5,936)
Total plant and equipment	3,734	3,762
Office equipment, furniture and fittings at fair value	7,530	7,200
Less accumulated depreciation	(4,893)	(3,961)
Total office equipment, furniture and fittings	2,637	3,239
Capital works in progress at cost	5,722	4,802
Total capital works in progress	5,722	4,802
Total property, plant and equipment	193,916	166,095

4.2 (b) Reconciliations of carrying amount by class of asset

	Note	Cemetery Land \$'000	Buildings, Infrastructure and Improvements \$'000	Plant and Equipment \$'000	Office Equipment, Furniture and Fittings \$'000	Capital Works in Progress \$'000	Total \$'000
Balance at 1 July 2020		15,365	143,653	4,006	3,955	1,433	168,412
Additions		-	811	60	197	4,156	5,224
Transfer to completed assets		-	-	550	62	(612)	-
Transfer (to)/from other asset classes		16	-	-	-	(175)	(159)
Disposals		-	-	(1)	-	-	(1)
Depreciation expense	4.5	-	(5,553)	(853)	(975)	-	(7,381)
Balance at 1 July 2021	4.2 (a)	15,381	138,911	3,762	3,239	4,802	166,095
Additions		-	27	675	92	6,064	6,858
Transfer to completed assets		-	4,284	293	250	(4,827)	-
Transfer (to)/from other asset classes		-	-	-	-	(317)	(317)
Disposals		-	(37)	(11)	-	-	(48)
Depreciation expense	4.5	-	(4,943)	(985)	(728)	-	(6,656)
Impairment of assets		-	-	-	(216)	-	(216)
Revaluation increments/ (decrements)		(4,680)	32,880	-	-	-	28,200
Balance at 30 June 2022	4.2 (a)	10,701	171,122	3,734	2,637	5,722	193,916

Land, buildings and infrastructure carried at valuation

The Valuer-General Victoria undertook to re-value all of SMCT's land, buildings and infrastructure to determine their fair value. 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 was 30 June 2022.

How we recognise property, plant and equipment

Property, plant and equipment are tangible items that are used by SMCT in the supply of goods or services, for rental to others, or for administration

purposes, and are expected to be used during more than one financial year.

Initial recognition

Items of property, plant and equipment are initially measured at cost. Where an asset is acquired for no or nominal cost, being far below the fair value of the asset, the deemed cost is its fair value at the date of acquisition. Assets transferred as part of an amalgamation/machinery of government change are transferred at their carrying amounts.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Subsequent measurement

Items of property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment losses where applicable.

Fair value is determined with reference to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset).

Further information regarding fair value measurement is disclosed in Note 7.4.

Revaluation

Fair value is based on periodic valuations by independent valuers, which normally occur once every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate a material change in fair value has occurred.

Where an independent valuation has not been undertaken at balance date, SMCT perform a managerial assessment to estimate possible changes in fair value of land and buildings since the date of the last independent valuation with reference to Valuer-General Victoria (VGV) indices.

An adjustment is recognised if the assessment concludes that the fair value of land and buildings has changed by 10% or more since the last revaluation (whether that be the most recent independent valuation or managerial valuation). Any estimated change in fair value of less than 10% is deemed immaterial to the financial statements and no adjustment is recorded. Where the assessment indicates there has been an exceptionally material movement in the fair value of land and buildings since the last independent valuation, being equal to or in excess of 40%, SMCT would obtain an interim independent

valuation prior to the next scheduled independent valuation.

An independent valuation of SMCT's land, buildings and infrastructure was performed by the VGV on 30 June 2022. The valuation, which complies with Australian Valuation Standards, was determined by reference to the amount for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction.

The result of the valuation performed at 30 June 2022 indicated an overall:

- decrease in the fair value of land of 30% (\$4.7m)
- increase in the fair value of buildings of 29% (\$23.1m).
- Increase in the fair value of infrastructure of 17% (\$9.8m).

Revaluation increases (increments) arise when an asset's fair value exceeds its carrying amount. In comparison, revaluation decreases (decrements) arise when an asset's fair value is less than its carrying amount. Revaluation increments and revaluation decrements relating to individual assets within an asset class are offset against one another within that class but are not offset in respect of assets in different classes.

Revaluation increments are recognised in 'Other Comprehensive Income' and are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that same class of asset previously recognised as an expense in net result, in which case the increment is recognised as income in the net result.

Revaluation decrements are recognised in 'Other Comprehensive Income' to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of property, plant and equipment. Otherwise, the decrement is recognised as an expense in the net result.

The revaluation reserve included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the asset is derecognised.

Note 4.3: Revaluation surplus

	Note	2022 \$'000	2021 \$'000
Balance at the beginning of the reporting period		32,021	32,021
Revaluation increment (decrement)			
Land	4.2(b)	(4,680)	-
Buildings	4.2(b)	23,104	-
Infrastructure, roads	4.2(b)	9,777	-
Transfer to/(from) comprehensive operating statement			
Land revaluation deficiency		3,303	-
Balance at the end of the reporting period*		63,525	32,021
*Represented by:			
Land ⁽ⁱ⁾		-	1,376
Buildings ⁽ⁱ⁾		39,361	16,258
Infrastructure, roads ⁽ⁱ⁾		22,815	13,038
Plant and equipment		1,349	1,349
		63,525	32,021

⁽ⁱ⁾ 30 June 2021 comparative split of Asset Revaluation Reserve between classes restated to correct a historic error.

Note 4.4: Intangible Assets

Note 4.4 (a): Gross Carrying Amount and Accumulated Amortisation

	2022 \$'000	2021 \$'000
Capitalised computer software	8,649	8,090
Capital works in progress costs	2,614	403
Impairment write downs	(20)	(18)
Accumulated amortisation	(5,360)	(4,618)
Total Intangible Assets	5,883	3,857

Note 4.4 (b): Reconciliation of the Carrying Amount by Class of Asset

	Note	Capitalised Computer Software \$'000	Capital Works in Progress \$'000	Total \$'000
Balance at 1 July 2020		1,145	2,702	3,847
Additions		-	765	765
Transfers to completed assets		3,064	(3,064)	-
Amortisation	4.5	(755)	-	(755)
Balance at 30 June 2021	4.4 (a)	3,454	403	3,857
Additions		-	2,686	2,686
Transfers (to)/from other asset classes		-	317	317
Transfers to completed assets		792	(792)	-
Impairment of assets		(2)	-	(2)
Amortisation	4.5	(975)	-	(975)
Balance at 30 June 2022	4.4 (a)	3,269	2,614	5,883

How we recognise intangible assets

Intangible assets represent identifiable non-monetary assets without physical substance such as computer software.

Initial recognition

Purchased intangible assets are initially recognised at cost.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is also recognised at cost if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- an intention to complete the intangible asset and use or sell it

- the ability to use or sell the intangible asset
- the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Expenditure on research activities is recognised as an expense in the period on which it is incurred.

Subsequent measurement

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Note 4.5: Depreciation and Amortisation

	2022	2021
	\$'000	\$'000
Depreciation		
Buildings, infrastructure and improvements	4,943	5,552
Plant and equipment	985	853
Office equipment, furniture and fittings	728	975
Total Depreciation	6,656	7,380
Amortisation		
Software	975	754
Total amortisation	975	754
Total depreciation and amortisation	7,631	8,134

How we recognise depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets (excluding items under assets held for sale, land and investment properties) that have finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis at rates that allocate the asset's value, less any estimated residual value over its estimated useful life.

How we recognise amortisation

Amortisation is the systematic allocation of the depreciable amount of an asset over its useful life.

The following table indicates the expected useful lives of non-current assets on which the depreciation and amortisation charges are based.

	2022	2021
Buildings	14 to 50 years	14 to 50 years
Plant and equipment	2 to 50 years	2 to 50 years
Infrastructure and improvements	5 to 100 years	5 to 100 years
Other equipment, furniture and fittings	3 to 25 years	3 to 25 years
Computer software	3 to 5 years	3 to 5 years

Note 4.6: Investment properties

Note 4.6 (a): Gross carrying amount	2022	2021
	\$'000	\$'000
Investment property at fair value	5,388	5,657
Total investment property at fair value	5,388	5,657

Note 4.6 (b): Reconciliations of carrying amount	2022	2021
	\$'000	\$'000
Balance at beginning of period	5,657	3,455
Net gain/(loss) from fair value adjustments	(269)	2,202
Balance at end of period	5,388	5,657

Note 4.6 (c): Fair value measurement hierarchy
for investment properties

	Carrying Amount as at 30 June 2022	Fair Value Measurement at End of Reporting Period Using:		
		Level 1 ⁽¹⁾	Level 2 ⁽¹⁾	Level 3 ⁽¹⁾
	\$'000	\$'000	\$'000	\$'000
Investment properties	5,388	-	5,388	-
	5,388	-	5,388	-

	Carrying Amount as at 30 June 2021	Fair Value Measurement at End of Reporting Period Using:		
		Level 1 ⁽¹⁾	Level 2 ⁽¹⁾	Level 3 ⁽¹⁾
	\$'000	\$'000	\$'000	\$'000
Investment properties	5,657	-	5,657	-
	5,657	-	5,657	-

⁽¹⁾ Classified in accordance with the fair value hierarchy.

How we recognise investment properties

Investment properties represent properties held to earn rentals or for capital appreciation or both. Investment properties exclude properties held to meet service delivery objectives of SMCT.

Initial recognition

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 SMCT.

Subsequent measurement

Subsequent to initial recognition at cost, investment properties are revalued to fair value, determined annually by independent valuers. 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.

For investment properties measured at fair value, the current use of the asset is considered the highest and best use. The fair value of SMCT's investment properties at 30 June 2022 have been arrived on the basis of an independent valuation carried out by independent valuers Valuer-General Victoria, performed at 30 June 2022. The valuation was determined with reference to market evidence of properties including location, condition and lease terms. Further information regarding fair value measurement is disclosed in Note 7.4.

Rental revenue from leasing of investment properties is recognised in the comprehensive operating statement in the periods in which it is receivable on a straight-line basis over the lease term.

Note 4.7: Inventories	2022	2021
	\$'000	\$'000
Current		
Work in Progress/Undeveloped Land		
Land: interment purposes	1,320	1,443
Grave foundations/beams	8,841	11,483
Cremation memorials	253	-
Mausoleum crypts	3,590	234
	14,004	13,160
Finished goods		
Land: interment purposes	319	272
Grave foundations/beams	4,057	3,512
Mausoleum crypts	2,139	2,550
Cremation memorials	111	94
Other	255	362
	6,881	6,790
Total current inventories	20,885	19,950
Non-Current		
Finished Goods		
Land: interment purposes	332	440
Grave foundations/beams	9,559	8,648
Mausoleum crypts	4,001	4,494
Cremation memorials	2,763	2,514
Total non-current inventories	16,655	16,096
Total inventories	37,540	36,046
Represented by:		
Land: interment purposes	1,971	2,155
Grave foundations/beams	22,457	23,643
Mausoleum crypts	9,730	7,279
Cremation memorials	3,127	2,607
Other	255	362
Total Inventories	37,540	36,046

Write down of inventory to net realisable value during the year was \$1.5m (2021: Nil), relating to the Heatherton Road stock project not proceeding.

How we recognise inventories

Inventories include goods and other property held either for sale, consumption or for distribution at nil or nominal cost 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 yet 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.

Note 4.8: Impairment of assets

At the end of each reporting period, SMCT reviews the carrying amount of its tangible and intangible assets that have a finite useful life, to determine whether there is any indication that an asset may

be impaired.

The assessment will include consideration of external sources of information and internal sources of information.

External sources of information include but are not limited to observable indications that an asset's value has declined during the period by significantly more than would be expected as a result of the passage of time or normal use. Internal sources of information include but are not limited to evidence of obsolescence or physical damage of an asset and significant changes with an adverse effect on SMCT which changes the way in which an asset is used or expected to be used. If such an indication exists, an impairment test is carried out. Assets with indefinite useful lives (and assets not yet available for use) are tested annually for impairment, in addition to where there is an indication that the asset may be impaired.

When performing an impairment test, SMCT compares the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in net result unless the asset is carried at a revalued amount.

Where an impairment loss on a revalued asset is identified, this is recognised against the asset revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the cumulative balance recorded in the asset revaluation surplus for that class of asset. Where it is not possible to estimate the recoverable amount of an individual asset, SMCT estimates the recoverable amount of the cash-generating unit to which the asset belongs.

SMCT recorded an impairment loss for the year ended 30 June 2022 of \$217k (2021: Nil).

Note 5: Other assets and liabilities

This section sets out those assets and liabilities that arose from SMCT's operations.

Structure

- 5.1 Receivables and contract assets
- 5.2 Payables and contract liabilities
- 5.3 Other provisions

Telling the COVID-19 Story

The measurement of other assets and liabilities were not materially impacted by the COVID-19 Coronavirus pandemic.

Key Judgements and Estimates

This section contains the following key judgements and estimates:

Key Judgements and Estimates	Description
Estimating the provision for expected credit losses	SMCT uses a simplified approach to account for the expected credit loss provision. A provision matrix is used, which considers historical experience, external indicators and forward-looking information to determine expected credit loss rates.
Measuring contract liabilities	SMCT applies significant judgement to measure its progress towards satisfying a performance obligation as detailed in Note 2. Where a performance obligation is yet to be satisfied, the cemetery trust assigns funds to the outstanding obligation and records this as a contract liability until the promised good or service is transferred to the customer.

Note 5.1: Receivables and Contract Assets

	2022	2021
	\$'000	\$'000
Current		
Contractual		
Trade debtors	1,374	1,416
Accrued investment income	2,225	1,115
Sundry debtors	11,904	9,694
	15,503	12,225
Statutory		
GST receivable	123	292
Total Current Receivables	15,626	12,517
Non-Current		
Contractual		
Sundry debtors	3,675	1,310
Total non-current receivables	3,675	1,310
Total receivables and contract assets ⁽ⁱ⁾	19,301	13,827
<i>⁽ⁱ⁾ Financial assets classified as receivables and contract assets (Note 7.1(a))</i>		
Total receivables and contract assets	19,301	13,827
GST receivable	(123)	(292)
Total financial assets (Note 7.1(a))	19,178	13,535

How we recognise receivables

Receivables consist of:

Contractual receivables, which mostly includes debtors in relation to goods and services and accrued investment income. These receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. SMCT holds the contractual receivables with the objective to collect the contractual cash flows and therefore they are subsequently measured at amortised cost using the effective interest method, less any impairment.

Statutory receivables, includes Goods and Services Tax (GST) input tax credits that are recoverable. Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment) but are not classified as financial instruments for disclosure purposes. SMCT applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition.

Sundry debtors are carried at nominal amounts due and are set up on monthly payment plans ranging from 1 month to 36 months.

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.

SMCT is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables and sundry receivables consist of a large number of customers in various geographical areas. Based on historical information about customer default rates, management consider the credit quality of trade receivables and sundry receivables that are not past due or impaired to be good.

Impairment losses of contractual receivables

Refer to Note 7.2 for SMCT's contractual impairment losses.

Doubtful debts

Collectability of debts is reviewed on an ongoing basis, and debts which are known to be uncollectible are written off. A provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected, and bad debts are written off when identified. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off by mutual consent and the allowance for doubtful debts are classified as other economic flows included in net result.

Management has reviewed the ageing of receivables and determined that no significant amounts are past due.

Note 5.2: Payables and contract liabilities

	2022	2021
	\$'000	\$'000
Current payables and contract liabilities		
Contractual		
Trade creditors	391	1,348
Accrued salaries, wages and on-costs	195	232
Accrued cemetery levy	2,824	2,751
Accrued and other creditors	2,535	3,607
Total contractual payables	5,945	7,938
Statutory		
GST payable	-	-
Total statutory payables	-	-
Total payables and contract liabilities	5,945	7,938
<i>⁽ⁱ⁾ Financial liabilities classified as payables and contract liabilities (Note 7.2(b))</i>		
Total payables	5,945	7,938
GST payable	-	-
Total financial liabilities	5,945	7,938

How we recognise payables and contract liabilities

Payables consist of:

Contractual payables, which mostly includes payables in relation to goods and services. These payables are classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to the SMCT prior to the end of the financial year that are unpaid.

Statutory payables, comprises Goods and Services Tax (GST) payable. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

The normal credit terms for accounts payable are usually Net 30 days.

Note 5.2 (a): Contract liabilities	2022	2021
	\$'000	\$'000
Opening balance of contract liabilities	52,547	49,979
Payments received for performance obligations not yet fulfilled	14,061	10,161
Revenue recognised for the completion of a performance obligation	(6,671)	(7,593)
Total Current Contract Liabilities	59,937	52,547
*Represented by		
Current contract liabilities		
Pre-need deed sales liability	59,937	52,547
	59,937	52,547

How we recognise contract liabilities

Contract liabilities include consideration received in advance from customers in respect of performance obligations not yet fulfilled.

Contract liabilities are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 2.1.

How we recognise other liabilities

Most contract liabilities relates to unearned income for deposits received in advance where the performance obligation is yet to be satisfied (see note 2.1). These are classified as a current liability as SMCT does not have an unconditional right to defer settlement. Pre-purchases and pre-need deeds are redeemed when a need arises. Pre-paid fees are recognised at their nominal (contracted) value.

Some of SMCT's revenue streams, primarily rights of interment for graves, cremation memorials and mausoleum crypts, provide the customer with a right of return at the Cemetery Trust's discretion (see note 2.1). Therefore, a refund liability is recognised for the issued rights expected to be returned/ cancelled. The assumptions and the estimated amount of returns are based on historical evidence and are reassessed at the end of each reporting period. As at 30 June 2022, no material refund liability existed. The costs to recover the product are not material because no physical good is transacted.

Maturity analysis of payables

Please refer to Note 7.1(b) for the ageing analysis of payables.

Note 5.3: Other provisions

	2022	2021
	\$'000	\$'000
Current provisions		
Onerous contracts	680	616
Total Current Provisions	680	616
	2022	2021
	\$'000	\$'000
Balance at beginning of period	616	566
Amount taken to operating statement	64	50
Total provision for loss on onerous contracts	680	616

How we recognise other provisions

Other 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 provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is

recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

An onerous contract is considered to exist when the unavoidable cost of meeting the contractual obligations exceeds the estimated economic benefits to be received. Present obligations arising under onerous contracts are recognised as a provision to the extent that the present obligation exceeds the estimated economic benefits to be received.

Note 6: How we finance our operations

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

This section includes disclosures of balances that are financial instruments (such as cash balances). Note 7.1 provides additional, specific financial instrument disclosures.

Structure

- 6.1 Cash and cash equivalents
- 6.2 Commitments for expenditure

Telling the COVID-19 Story

Our finance arrangements were not materially impacted by the COVID-19 coronavirus pandemic.

Note 6.1: Cash and Cash Equivalents

	2022	2021
	\$'000	\$'000
Cash on hand	11	11
Cash at bank	23,311	25,714
Total cash and cash equivalents	23,322	25,725

How we recognise cash and cash equivalents

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

Note 6.2: Commitments for expenditure	2022	2021
	\$'000	\$'000
Capital commitments		
Property, plant and equipment	8,270	1,115
Intangible assets	55	138
Total capital commitments	8,325	1,253
Total inventory commitments	4,406	816
Operating expenditure commitments		
Electricity, Gas, Other	2,048	3,802
Total operating expenditure commitments	2,048	3,802
Total commitments for expenditure (inclusive of GST)	14,779	5,871
Capital and inventory commitments		
Not longer than 1 year	12,731	2,070
Total capital and inventory commitments	12,731	2,070
Operating expenditure commitments		
Not longer than 1 year	1,942	2,049
Longer than 1 year and not longer than 5 years	106	1,752
Total operating expenditure commitments	2,048	3,801
Total commitments		
Not longer than 1 year	14,673	4,119
Longer than 1 year and not longer than 5 years	106	1,752
Total commitments for expenditure (inclusive of GST)	14,779	5,871
GST recoverable from the Australian Taxation Office	(1,344)	(534)
Total commitments (exclusive of GST)	13,435	5,337

How we disclose our commitments

Expenditure commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed at their nominal value and are inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the Balance Sheet.

Note 7: Risks and contingencies

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

Structure

- 7.1 Financial instruments
- 7.2 Financial risk management objectives and policies
- 7.3 Contingent assets and contingent liabilities
- 7.4 Fair value determination

Key Judgements and Estimates

This section contains the following key judgements and estimates:

Key Judgements and Estimates	Description
Measuring fair value of non-financial assets	<p>Fair value is measured with reference to highest and best use, that is, the use of the asset by a market participant that is physically possible, legally permissible, financially feasible, and which results in the highest value, or to sell it to another market participant that would use the same asset in its highest and best use.</p> <p>In determining the highest and best use, SMCT has assumed the current use is its highest and best use. Accordingly, characteristics of the cemetery trust's assets are considered, including condition, location and any restrictions on the use and disposal of such assets.</p> <p>SMCT uses a range of valuation techniques to estimate fair value, which include the following:</p> <ul style="list-style-type: none"> • Market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The fair value of SMCT's specialised land, non-specialised land, buildings, investment properties and infrastructure are measured using this approach. • Cost approach, which reflects the amount that would be required to replace the service capacity of the asset (referred to as current replacement cost). The fair value of SMCT's furniture, fittings, plant, equipment and vehicles are measured using this approach. <p>The cemetery trust selects a valuation technique which is considered most appropriate, and for which there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.</p> <p>Subsequently, the cemetery trust applies significant judgement to categorise and disclose such assets within a fair value hierarchy, which includes:</p> <ul style="list-style-type: none"> • Level 1, using quoted prices (unadjusted) in active markets for identical assets that the cemetery trust can access at measurement date. SMCT does not categorise any fair values within this level. • Level 2, inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. SMCT categorises non-specialised land and managed investments in this level. • Level 3, where inputs are unobservable. SMCT categorises specialised land, non-specialised buildings, specialised buildings, plant, equipment, furniture, and fittings in this level.

Note 7.1: Financial Instruments

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

Note 7.1 (a): Categorisation of financial instruments

2022	Note	Financial Assets at Amortised Cost \$'000	Financial Assets at Fair Value Through Net Result \$'000	Financial Liabilities at Amortised Cost \$'000	Total \$'000
Contractual financial assets					
Cash and cash equivalents	6.1	23,322	-	-	23,322
Receivables	5.1	19,178	-	-	19,178
Investments and other financial assets					
- Managed investment / units	4.1	-	302,328	-	302,328
Total financial assets ⁽ⁱ⁾		42,500	302,328	-	344,828
Financial Liabilities					
Payables	5.2	-	-	5,945	5,945
Total financial liabilities ⁽ⁱⁱ⁾		-	-	5,945	5,945

2021	Note	Financial Assets at Amortised Cost \$'000	Financial Assets at Fair Value Through Net Result \$'000	Financial Liabilities at Amortised Cost \$'000	Total \$'000
Contractual Financial Assets					
Cash and cash equivalents	6.1	25,725	-	-	25,725
Receivables	5.1	13,535	-	-	13,535
Investments and other financial assets					
- Managed investment / units	4.1	-	327,829	-	327,829
Total Financial Assets ⁽ⁱ⁾		39,260	327,829	-	367,089
Financial Liabilities					
Payables	5.2	-	-	7,938	7,938
Total Financial Liabilities ⁽ⁱⁱ⁾		-	-	7,938	7,938

(i) The carrying amount excludes statutory receivables (i.e. GST receivable)

(ii) The carrying amount excludes statutory payables (i.e. GST payables)

How we categorise financial instruments

Categories of financial assets

Financial assets are recognised when SMCT becomes party to the contractual provisions to the instrument. For financial assets, this is at the date SMCT commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through net result, in which case transaction costs are expensed to profit or loss immediately.

Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15 para 63.

Financial assets at amortised cost

Financial assets are measured at amortised cost if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by SMCT solely to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specific dates.

These assets are initially recognised at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method less any impairment.

SMCT recognises the following assets in this category:

- cash and deposits
- receivables (excluding statutory receivables)

Financial assets at fair value through net result

SMCT initially designates a financial instrument as measured at fair value through net result if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or recognising the gains and losses on them, on a different basis
- it is in accordance with the documented risk management or investment strategy and information about the groupings was documented appropriately, so the performance of the financial asset can be managed and evaluated consistently on a fair value basis or
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through net result is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

SMCT has designated all of its managed investment schemes as fair value through net result.

Categories of financial liabilities

Financial liabilities are recognised when SMCT becomes a party to the contractual provisions to the instrument. Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately.

Financial liabilities at amortised cost

Financial liabilities are measured at amortised cost using the effective interest method, where they are not held at fair value through net result.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in net result over the relevant period. The effective interest is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

SMCT recognises the following liabilities in this category:

- payables (excluding statutory payables and contract liabilities)

Offsetting financial instruments

Financial instrument assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, SMCT has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Some master netting arrangements do not result in an offset of balance sheet assets and liabilities. Where SMCT does not have a legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default,

insolvency or bankruptcy, they are reported on a gross basis.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired or
- SMCT retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement or

SMCT has transferred its rights to receive cash flows from the asset and either:

- has transferred substantially all the risks and rewards of the asset or
- has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

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

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement.

Reclassification of financial instruments

A financial asset is required to be reclassified between amortised cost, fair value through net result and fair value through other comprehensive income when, and only when, SMCT's business model for managing its financial assets has changed such that its previous model would no longer apply.

A financial liability reclassification is not permitted.

Note 7.2: Financial risk management objectives and policies

As a whole, SMCT's financial risk management program seeks to manage the risks and the associated volatility of its financial performance.

Details of the significant accounting policies and methods adopted, included 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, financial liability and equity instrument above are disclosed throughout 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.

SMCT uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Accountable Officer.

Note 7.2 (a): Credit risk

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. SMCT's 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.

In addition, SMCT does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash and deposits, which are mainly cash at bank. As with the policy for debtors, SMCT's policy is to only deal with banks with high credit ratings.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that SMCT will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debtors that are more than 60 days overdue, and changes in debtor credit ratings.

Contract financial assets are written off against the carrying amount when there is no reasonable expectation of recovery. Bad debt written off by mutual consent is classified as a transaction expense. Bad debt written off following a unilateral decision is recognised as other economic flows in the net result.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents SMCT's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to SMCT's credit risk profile in 2021-22.

Impairment of financial assets under AASB 9

SMCT records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. Based on negligible bad debts and the bulk of SMCT's revenue being prepaid, expected credit loss risk is low. Subject to AASB 9, impairment assessment includes SMCT's contractual receivables and statutory receivables.

Equity instruments are not subject to impairment under AASB 9. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9.

Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

Contractual receivables at amortised cost

SMCT applies AASB 9's simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss

allowance based on the assumptions about risk of default and expected loss rates. SMCT has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on SMCT's past history, existing market conditions, as well as forward looking estimates at the end of the financial year.

On this basis, SMCT determines the closing loss allowance at the end of the financial year as follows:

30 June 2022	Note	Current	Less than 1 Month	1-3 Months	3 Months - 1 Year	1-5 Years	Total
Expected Loss Rate		0.0%	0.0%	0.0%	0.0%	0.0%	
Gross carrying amount of contractual receivables (\$'000s)	5.1	13,940	828	156	579	3,675	19,178
Loss Allowance		-	-	-	-	-	-

30 June 2021	Note	Current	Less than 1 Month	1-3 Months	3 Months - 1 Year	1-5 Years	Total
Expected Loss Rate		0.0%	0.0%	0.0%	0.0%	0.0%	
Gross carrying amount of contractual receivables (\$'000s)	5.1	10,571	452	235	967	1,310	13,535
Loss Allowance		-	-	-	-	-	-

Note 7.2 (b): Liquidity Risk

Liquidity risk arises from being unable to meet financial obligations as they fall due.

SMCT is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees. The cemetery trust manages its liquidity risk by:

- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations
- holding investments and other contractual financial assets that are readily tradeable in the financial markets

- careful maturity planning of its financial obligations based on forecasts of future cash flows.

SMCT's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from liquidation of investments and other financial assets.

The following table discloses the contractual maturity analysis for SMCT's financial liabilities. For interest rates applicable to each class of liability refer to individual notes to the financial statements.

		Maturity Dates					
		Carrying Amount	Not Past Due and Not Impaired	Less than 1 Month	1-3 Months	3 Months - 1 Year	1-5 Years
2022	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Liabilities							
At amortised cost							
Payables	5.2 ⁽ⁱ⁾	5,945	5,945	5,945	-	-	-
Total Financial Liabilities		5,945	5,945	5,945	-	-	-
2021							
Financial Liabilities							
At amortised cost							
Payables	5.2 ⁽ⁱ⁾	7,938	7,938	7,938	-	-	-
Total Financial Liabilities		7,938	7,938	7,938	-	-	-

⁽ⁱ⁾ Ageing analysis of financial liabilities excludes statutory financial liabilities (i.e. GST payable)

Note 7.2 (c): Market Risk

SMCT's exposures to market risk is primarily through the value of units of managed investments held with Russell Investments, and their underlying investments exposure to interest rate risk, foreign currency risk and equity price risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

Sensitivity disclosure analysis and assumptions

SMCT's sensitivity to market risk is determined based on the observed range of actual historical data. SMCT's fund managers cannot be expected to predict movements in market rates and prices. The following movements are 'reasonably possible' over the next 12 months:

		-10%	15%
	Carrying Amount	Net result of holding gain (loss)	Net result of holding gain (loss)
2022	\$'000	\$'000	\$'000
Managed Investment / Units	302,328	(30,233)	45,349

Interest Rate Risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. SMCT does not hold any interest-bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

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 cash and deposits that are at floating rate.

Foreign currency risk

All foreign currency transactions during the financial year are brought to account using

the exchange rate in effect at the date of the transaction. Foreign monetary items existing at the end of the reporting period are translated at the closing rate at the date of the end of the reporting period. SMCT has minimal exposure to foreign currency risk outside those indirect international investments via SMCT's managed investments.

Equity Risk

SMCT is exposed to equity price risk through its investments in managed investment schemes. Such investments are allocated and traded to match the cemetery trust's investment objectives.

Note 7.3: Contingent assets and contingent liabilities

At balance date, the Trust is not aware of any contingent assets or liabilities.

Community perpetual maintenance reserve

The Trust 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 the Trust must have regard to its obligation in relation to the funding of the perpetual maintenance of each public cemetery. At this time there will be ongoing significant cash outflow for perpetual maintenance of each public cemetery but is unable to calculate a sufficiently reliable estimate of any related present obligation which may arise under the accounting standards and accordingly has not recognised a value for this obligation in these financial statements.

The Trust has nevertheless created a related reserve and is disclosed as a Community Perpetual Maintenance Reserve in the Statement of Changes in Equity. During the year SMCT obtained an actuarial determination of our perpetual maintenance obligation, the result of which are disclosed in Note 8.8: Equity.

Note 7.4: Fair value determination

How we measure fair value

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

The following assets and liabilities are carried at fair value:

- Financial assets and liabilities at fair value through net result
- Financial assets and liabilities at fair value through other comprehensive income
- Property, plant and equipment
- Investment properties

In addition, the fair value of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure.

Valuation hierarchy

In determining fair values a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

SMCT determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There have been no transfers between levels during the period.

SMCT monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required. The Valuer-General Victoria (VGV) is SMCT's independent valuation agency for property, plant and equipment.

Identifying unobservable inputs (level 3) fair value measurements

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

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

Note 7.4 (a): Fair value determination of investments and other financial assets

	Note	Carrying Amount as at 30 June 2022 \$'000	Fair Value Measurement at End of Reporting Period Using:		
			Level 1 ⁽¹⁾ \$'000	Level 2 ⁽¹⁾ \$'000	Level 3 ⁽¹⁾ \$'000
Balance as at 30 June 2022					
Managed investment schemes	4.1	302,328	-	302,328	-
Total financial assets held at fair value through net result		302,328	-	302,328	-
Total investments and other financial assets at fair value		302,328	-	302,328	-

	Note	Carrying Amount as at 30 June 2021 \$'000	Fair Value Measurement at End of Reporting Period Using:		
			Level 1 ⁽¹⁾ \$'000	Level 2 ⁽¹⁾ \$'000	Level 3 ⁽¹⁾ \$'000
Balance as at 30 June 2021					
Managed investment schemes	4.1	327,829	-	327,829	-
Total financial assets held at fair value through net result		327,829	-	327,829	-
Total investments and other financial assets at fair value		327,829	-	327,829	-

How we measure fair value of investments and other financial assets

Management investment schemes

SMCT invests in managed funds, which are not quoted in an active market and which may be subject to restrictions on redemptions.

SMCT considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investment, to ensure they are reasonable and appropriate. The net asset value of these funds is used as an input into measuring their fair value, and is adjusted as necessary, to reflect restrictions and redemptions, future commitments and other specific factors of the fund.

SMCT classifies these funds as Level 2.

Note 7.4 (b): Fair value determination
of non-financial physical assets

	Note	Carrying Amount as at 30 June 2022 \$'000	Fair Value Measurement at End of Reporting Period Using:		
			Level 1 ⁽ⁱ⁾ \$'000	Level 2 ⁽ⁱ⁾ \$'000	Level 3 ⁽ⁱ⁾ \$'000
Balance as at 30 June 2022					
Cemetery infrastructure land at fair value					
Specialised land		10,701	-	-	10,701
Total of land at fair value	4.2(a)	10,701	-	-	10,701
Buildings, infrastructure and improvements at fair value					
Specialised buildings		171,122	-	-	171,122
Total of buildings at fair value	4.2(a)	171,122	-	-	171,122
Other plant and equipment at fair value					
- Plant and equipment	4.2(a)	3,734	-	-	3,734
- Office equipment, furniture and fittings	4.2(a)	2,637	-	-	2,637
Total other plant and equipment at fair value	4.2(a)	6,371	-	-	6,371
		188,194	-	-	188,194

	Note	Carrying Amount as at 30 June 2021 \$'000	Fair Value Measurement at End of Reporting Period Using:		
			Level 1 ⁽ⁱ⁾ \$'000	Level 2 ⁽ⁱ⁾ \$'000	Level 3 ⁽ⁱ⁾ \$'000
Balance as at 30 June 2021					
Cemetery infrastructure land at fair value					
Non-specialised land		7,062		7,062	-
Specialised land		8,319	-	-	8,319
Total of land at fair value	4.2(a)	15,381	-	7,062	8,319
Buildings, infrastructure and improvements at fair value					
Specialised buildings		138,911	-	-	138,911
Total of buildings at fair value	4.2(a)	138,911	-	-	138,911
Other plant and equipment at fair value					
- Plant and equipment	4.2(a)	3,762	-	-	3,762
- Office equipment, furniture and fittings	4.2(a)	3,239	-	-	3,239
Total other plant and equipment at fair value	4.2(a)	7,001	-	-	7,001
		161,293	-	7,062	154,231

Notes

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

How we measure fair value of non-financial physical assets

The fair value measurement of non-financial physical assets takes into account the market participant's ability to use the asset in its highest and best use, or to sell it to another market participant that would use the same asset in its highest and best use.

Judgements about highest and best use must take into account the characteristics of the assets concerned, including restrictions on the use and disposal of assets arising from the asset's physical nature and any applicable legislative/contractual arrangements.

In accordance with *AASB 13 Fair Value Measurement* paragraph 29, SMCT has assumed the current use of a non-financial physical asset is its highest and best use unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

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

Non-specialised land, non-specialised buildings and investment properties

Non-specialised land, non-specialised buildings and investment properties are valued using the market approach. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value.

For non-specialised land and non-specialised buildings and investment properties, an independent valuation was performed by the Valuer-General Victoria to determine the fair value using the market approach. Valuation of the assets

was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2022.

Specialised land and specialised buildings

Specialised land includes Crown Land which is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the assets are not taken into account until it is virtually certain that any restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best use.

During the reporting period, SMCT held Crown Land. The nature of this asset means that there are certain limitations and restrictions imposed on its use and/or disposal that may impact their fair value.

The market approach is also used for specialised land although it is adjusted for the community service obligation (CSO) to reflect the specialised nature of the assets being valued. Specialised assets contain significant, unobservable adjustments; therefore, these assets are classified as Level 3 under the market based direct comparison approach.

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. The adjustment amounts to a 95% reduction to the market rate valuations of specialised land. This approach is in light of the highest and best use consideration required for fair value measurement and takes into account the use of the asset that is physically possible, legally permissible and

financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

For SMCT, the depreciated replacement cost method is used for the majority of specialised buildings, adjusting for the associated depreciation. As depreciation adjustments are considered as significant and unobservable inputs in nature, specialised buildings are classified as Level 3 for fair value measurements.

An independent valuation of SMCT's specialised land and specialised buildings was performed by the Valuer-General Victoria. The effective date of the valuation is 30 June 2022.

Vehicles

SMCT acquires new vehicles and at times disposes of them before completion of their economic life. The process of acquisition, use and disposal in

the market is managed by SMCT, who set relevant depreciation rates during use to reflect the consumption of the vehicles. As a result, the fair value of vehicles does not differ materially from the carrying amount (depreciated cost).

Furniture, fittings, plant and equipment

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

There were no changes in valuation techniques throughout the period to 30 June 2022

Note 7.4 (c): Reconciliation of level 3 fair value measurement

	Note	Cemetery land at fair value \$'000	Buildings, infrastructure and improvements at fair value \$'000	Plant and equipment at fair value \$'000	Office equipment, furniture and fittings at fair value \$'000
Balance at 30 June 2020	4.2(b) & 7.4(b)	8,303	142,938	4,006	3,955
Purchases (sales)	4.2(b)	-	811	610	259
Transfers in (out) of Level 3	4.2 (b)	-	-	(1)	-
- Transfers from other asset classes	4.2 (b)	16	-	-	-
Gains or losses recognised in net result					
- Depreciation	4.5	-	(4,838)	(853)	(975)
Balance at 30 June 2021	4.2(b) & 7.4(b)	8,319	138,911	3,762	3,239
Purchases (sales)	4.2 (b)	-	4,274	957	342
Transfers in (out) of Level 3	4.2 (b)	-	-	-	-
- Transfers from other asset level	7.4(b)	7,062	-	-	-
Gains or losses recognised in net result					
- Depreciation	4.5	-	(4,943)	(985)	(728)
- Impairment loss	4.2(b)	-	-	-	(216)
Revaluation	4.3	(4,680)	32,880	-	-
Balance at 30 June 2022	4.2(b) & 7.4(b)	10,701	171,122	3,734	2,637

Note 7.4 (d): Fair value determination of level 3 fair value measurement

Asset class	Likely valuation	Significant inputs (level 3)
Specialised land – nine cemetery sites	Market Approach (95% reduction)	Community service obligations adjustments
Specialised buildings – buildings and improvements over nine cemetery sites	Depreciated replacement cost approach	- Direct costs per square meter - Costs per unit
Specialised buildings – infrastructure over nine cemetery sites	Depreciated replacement cost approach	- Useful life of specialised infrastructure - Costs per unit
Plant and equipment	Depreciated replacement cost approach	- Costs per unit - Useful life
Office equipment	Depreciated replacement cost approach	- Costs per unit - Useful life

Note 8: Other Disclosure

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

Structure

- 8.1 Reconciliation of net result for the year to net cash flow from operating activities
- 8.2 Responsible persons disclosure
- 8.3 Remuneration of executive officers
- 8.4 Related parties
- 8.5 Remuneration of auditors
- 8.6 Ex-gratia payments
- 8.7 Events occurring after balance sheet date
- 8.8 Equity

Telling the COVID-19 Story

Our other disclosures were not materially impacted by the COVID-19 Coronavirus pandemic.

Note 8.1: Reconciliation of net result for the year to net cash flow from operating activities

	Note	2022 \$'000	2021 \$'000
Net Result for the Year		(28,060)	57,730
Non-Cash Movements			
Depreciation/amortisation	4.5	7,631	8,134
Impairment of non-financial assets	3.2	217	-
Revaluation of investment property	4.6 (b)	269	(2,202)
Revaluation of other non-financial asset	4.3	3,303	-
Movements included in investing and financing activities:			
Net (Gain)/Loss from disposal of non-financial physical assets		(57)	(17)
Net (Gain)/Loss from fair value movement of financial assets		49,397	(27,997)
Movements in assets and liabilities			
Change in operating assets and liabilities			
(Increase)/decrease in receivables	5.1	(5,474)	(924)
(Increase)/decrease in prepayments		(49)	(119)
(Increase)/decrease in inventories	4.7	(1,494)	2,130
Increase/(decrease) in payables	5.2	(1,993)	2,279
Increase/(decrease) in other provisions	5.3	65	50
Increase/(decrease) in contract liabilities	5.2 (a)	7,390	2,568
Increase/(decrease) in employee benefits	3.3	(214)	(275)
Net cash inflow from operating activities		30,931	41,357

Note 8.2: Responsible persons disclosures

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

	<u>Period</u>
Responsible Minister	
The Honourable Martin Foley, Minister for Health	01/07/2021 - 27/06/2022
Mary-Anne Thomas, Minister for Health	27/06/2022 - 30/06/2022
Governing Boards	
Vanda Fortunato (Chairperson)	01/07/2021 - 30/06/2022
Sam Afra	01/07/2021 - 30/06/2022
Sandhya Chakravarty	01/07/2021 - 30/06/2022
Phil Davies	01/07/2021 - 30/06/2022
Robin Buckham	01/07/2021 - 30/06/2022
Vicki Pridmore	01/07/2021 - 30/06/2022
Philip Eggleston	01/07/2021 - 30/06/2022
Desmond Powell	01/07/2021 - 30/09/2021
Rosemary Barker	01/07/2021 - 30/06/2022
Bernadene Voss	07/12/2021 - 30/06/2022
Accountable officers	
Jane Grover	01/07/2021 - 18/03/2022
Darren Boyd	24/01/2022 - 25/05/2022
Greg Kerr	11/05/2021 - 30/06/2022

Remuneration of responsible persons

The number of Responsible Persons are shown in their relevant income bands:	2022	2021
Income Band	No.	No.
\$0 - \$9,999	2	2
\$10,000 - \$19,999	7	8
\$30,000 - \$39,999	1	1
\$60,000 - \$69,999	1	-
\$120,000 - \$129,999	1	-
\$310,000 - \$319,999	1	-
\$350,000 - \$359,999	-	1
Total Numbers	13	12
	2022	2021
	\$'000	\$'000
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	663	513

Amounts relating to Responsible Ministers are reported within the Department of Parliamentary Services' Financial Report.

Note 8.3: Remuneration of executive officers

The number of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period.

	Total Remuneration	
	2022	2021*
Remuneration of Executive Officers	\$'000	\$'000
Short-term Benefits	1,228	1,232
Post-employment Benefits	112	118
Other Long-term Benefits	25	30
Total Remunerationⁱ	1,365	1,380
Total Number of Executives	11	7
Total Annualised Employee Equivalentⁱⁱ	4.9	5.8

* Comparative restated to comply with AASB124

i The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of SMCT under AASB 124 Related Party Disclosures and are also reported within Note 8.4 Related Parties.

ii Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

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

Short-term employee benefits

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

Post-employment benefits

Pensions, superannuation and other retirement benefits including terminations paid or payable on a discrete basis when employment has ceased.

Other long-term benefits

Long service leave, other long-service benefit or deferred compensation.

Note 8.4: Related parties

SMCT is a controlled entity of the State of Victoria. Related parties of the cemetery trust include:

- all key management personnel (KMP) and their close family members and personal business interests
- cabinet ministers (where applicable) and their close family members
- all cemetery trusts and public sector entities that are controlled and consolidated into the State of Victoria financial statements.

KMPs of SMCT are those people with the authority and responsibility for planning, directing and controlling the activities of SMCT, directly or indirectly.

Key management personnel

The Board of Directors and the Executive Directors of SMCT are deemed to be KMPs. This includes the following:

KMPs	Position Title
Vanda Fortunato	Chair of SMCT
Sam Afra	Trust Member
Sandhya Chakravarty	Trust Member
Phil Davies	Trust Member
Robin Buckham	Trust Member
Vicki Pridmore	Trust Member
Philip Eggleston	Trust Member
Desmond Powell (appointed 01/07/2021, departed 30/09/2021)	Trust member
Rosemary Barker (appointed 01/07/2022)	Trust Member
Bernadene Voss (appointed 07/12/2022)	Trust Member
Jane Grover (departed 18/03/2022)	Chief Executive Officer
Darren Boyd (appointed 24/01/2022, departed 25/05/2022)	Acting Chief Executive Officer
Greg Kerr (appointed 11/05/2022)	Acting Chief Executive Officer
Shireen Jahan	Executive
Angela Uilderk (departed 31/01/2022)	Executive
Patty Holten (departed 31/07/2021)	Executive
Niloo Amendra (departed 08/10/2021)	Executive
Caroline Richards (departed 04/01/2022)	Executive
Craig Stapleton (departed 24/09/2021)	Executive
Kristy Seiga (departed 14/07/2022)	Acting Executive
Paul Bowers (appointed 04/05/2022)	Acting Executive
Damian Ramondetta (appointed 16/05/2022)	Executive
James Balazs (appointed 30/08/2021)	Acting Executive
Fiona Smith (appointed 08/06/2022)	Acting Executive

	2022	2021*
Compensation - KMPsⁱ	\$'000	\$'000
Short-term Employee Benefits	1,834	1,692
Post-employment Benefits	160	163
Other Long-term Benefits	35	38
Total	2,029	1,893

ⁱ KMP's are also noted in Note 8.2 Responsible persons and Note 8.3 Remuneration of executive officers.

* Comparative restated to comply with AASB 124

Significant transactions with government related entities

During the year SMCT had related entity transactions with the Department of Health and Human Services, being the payment of the 2020-21 cemetery levy of \$2.8m (2019-20 \$2.2m). The levy payable to the Department of Health and Human Services in respect of 2021-22 is \$2.8m (2020-21 was \$2.8m).

Insurance products are obtained from the Victorian Managed Insurance Authority.

Transactions with KMPs and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions

consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with SMCT, there were no related party transactions that involved key management personnel, their close family members or their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2022 (2021: none).

There were no related party transactions required to be disclosed for the SMCT's Board of Directors, Chief Executive Officer and Executive Directors in 2022 (2021: \$9,900).

Note 8.5: Remuneration of Auditors

	2022	2020
Victorian Auditor-General's Office	\$'000	\$'000
Audit of financial statement	93	89
	93	89
Other providers	\$'000	\$'000
Internal audit fees	64	85
	64	85
Total Audit Fees	157	174

Note 8.6: Ex-Gratia Expenses

SMCT has not made any ex-gratia payments during the current reporting period or previous reporting period. The Trust also has not written off any amounts during the current reporting period or previous reporting period.

Note 8.7: Events occurring after the balance sheet date

On 17 October 2022 a new Chief Executive Officer, Laz Cotsios, commenced in the role. There are no other events occurring after the Balance Sheet Date.

Note 8.8: Equity

Contributed Capital

Contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the SMCT.

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

Other transfers that are in the nature of contributions or distributions or that have been designated as contributed capital are also treated as contributed capital.

Community perpetual maintenance reserve

The Trust maintains a community perpetual maintenance reserve to fund future perpetual maintenance of the cemetery parks. Refer to note 1.8.

During the year SMCT obtained an actuarial determination of our perpetual maintenance obligation, which at 30 June 2022 was determined to be \$417.9m, compared to the closing balance of our perpetual maintenance reserve of \$382.1m. The key drivers of which include a revision of the discount rate assumption to a more conservative rate, along with the impact of climate change and increasing horticulture and asset maintenance costs.

SMCT will work towards closing the shortfall of \$35.8m in future periods.

During the year SMCT transferred \$20m from accumulated surplus to the perpetual maintenance reserve in accordance with our Perpetual Maintenance Reserve Policy. The reserve transfer is only an indicative estimate of future obligations. Accordingly, no provision for these future costs has been recognised in these financial statements.

Asset revaluation reserve

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

Disclosure index

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

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Additional SMCT information available on request

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