



Cemeteries &
Crematoria NSW

ANNUAL REPORT

2016–2017



Pinegrove Memorial Park and Crematorium – © Cemeteries and Crematoria NSW (courtesy of C White)

Cemeteries and Crematoria NSW Annual Report 2016–2017

Published by the Department of Industry

October 2017

ISBN [Print] **978-1-76058-058-2**

ISBN [Web] **978-1-76058-059-9**

ISSN: **2207-4171**

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Cemeteries & Crematoria NSW

31 October 2017

The Hon Paul Toole MP
Minister for Lands and Forestry, and Minister for Racing
GPO Box 5341
SYDNEY NSW 2001

Dear Minister

Submission of the Cemeteries and Crematoria NSW Annual Report 2016–2017

In accordance with the *Annual Reports (Statutory Bodies) Act 1984*, the *Public Finance and Audit Act 1983*, and the Regulations under these Acts, we are pleased to submit to you the 2016–2017 Annual Report for Cemeteries and Crematoria NSW for presentation to Parliament.

During the reporting year, the agency undertook a range of projects to give effect to the NSW Government's reform agenda. Highlights of the year included: the completion of a draft governance review of Rookwood Cemetery; land acquisition projects for cemeteries; the release of a Voluntary Code of Practice for Industry; the completion of a research study into consumer awareness of interment; and the successful implementation of a reporting framework for Crown Cemetery Trusts including pricing oversight. 2016–2017 also saw strong stakeholder engagement achieved through the first year of regular meetings of the two consultative groups representing industry and the wider community.

This Annual Report demonstrates ongoing progress with reforms in the interment sector which benefit both industry and the wider community in NSW.

Yours sincerely

Dr Stepan Kerkyasharian AO
Chair

Abigail Goldberg
Deputy Chair

Contents

Summary Highlights for 2016–2017	5
Legislation and Charter	5
Aims and Objectives	6
Access	6
The Board and Governance	6
Management and structure	9
Summary review of operations	9
Strategic Plan 2015–2020	9
CCNSW 2015–16 Activity information	11
Sydney Greater Metropolitan Area Cemetery Capacity Report	11
Cemeteries and Crematoria Register	11
Planning for future Cemeteries	12
Planning and management of existing Cemeteries	12
Regulatory and compliance monitoring activity in 2016–2017	13
Rookwood future governance	13
Preparation for Part 4 of the <i>Cemeteries and Crematoria Act 2013</i>	14
Research and development	15
Legal changes	15
Exemptions	15
Human resources	15
Numbers and remuneration of senior executives	16
Compensation paid to Key Management Personnel	16
Consultants	16
Promotion—Overseas travel	16
Consumer response	16
Payment of accounts	18
Risk management and insurance activities	18
Work, health and safety	18
Budget	19
Privacy	19
Public Interest Disclosures	19
Applications under the <i>Government Information (Public Access) Act 2009</i>	19
Digital information security policy	20
Issues of significance raised by the Auditor-General	20
Annual Report cost and availability	20
Appendices	20

Summary Highlights for 2016–2017

Cemeteries and Crematoria NSW (CCNSW) has a strategic focus on the priority areas of *Respect, Affordability and Sustainability, Land Availability* and *Governance*. While attention was given to all four areas, during this second full year of operation there was a continuing focus on the themes of *Land Availability* and *Governance*. Major achievements include:

- At the direction of the former Minister for Lands and Water, an independent investigation of the Rookwood General Cemeteries Reserve Trust was undertaken and completed. A draft future governance review of Rookwood Cemetery was also completed.
- A range of land acquisition proposals for cemetery development were received.
- A research study into general community understanding of interment services was completed.
- An updated annual activity report on cremation and interment services in NSW was completed. A range of regulatory and compliance activities were consolidated including reviews of metropolitan Crown Cemetery Trust Annual Reports, financial statements, pricing proposals and cemetery Plans of Management.
- Strengthening the stakeholder engagement roles of the Industry Consultative Group and Community and Consumer Consultative Group, which provide an opportunity for direct input from industry operators and community and faith groups.
- Various consumer information and industry guides for the interment rights system were progressed for release in 2017–18.

Legislation and Charter

Cemeteries and Crematoria NSW (CCNSW) is the statutory body with strategic and regulatory oversight of the interment industry and responsibility for administering the *Cemeteries and Crematoria Act 2013*. The Act has nine key objects which provide the framework in which CCNSW operates and include: recognition of the right of all individuals to a dignified interment and treatment of their remains with dignity and respect; ensuring the interment practices and beliefs of all religious and cultural groups are respected; ensuring sufficient land is acquired and allocated for current and future generations to have equitable access to interment services; providing for a consistent and coherent regime for the governance and regulation of cemeteries and crematoria; ensuring operators of cemeteries and crematoria demonstrate satisfactory levels of accountability, transparency and integrity; ensuring cemeteries and crematoria on Crown land are managed in accordance with the principles of Crown land management; promoting environmental sustainability in the interment sector; promoting transparent cost structures for burials and cremations; and promoting affordable and accessible interment practices.

The Act was passed in November 2013 and contains a number of key provisions including:

- the creation and maintenance of the Cemeteries and Crematoria Register with specific prescribed information
- development and approval of codes of practice to provide guidelines regarding the activities of participants in the interment industry or sectors of the industry
- enabling CCNSW to issue improvement notices, short-term orders and enforceable undertakings to cemetery operators or persons who are considered to have contravened the Act
- creation of a standard form of authority for interment rights for perpetual interment and a renewable interment right with a minimum term of 25 years up to a total of 99 years for non-cremated remains and an initial term of 99 years for cremated remains
- requirements for the operation of Crown cemeteries and crematoria covering the appointment of trust operators, conduct of trust members, strategic plans, plans of management, audits and annual reports.

The Act is complemented by the Cemeteries and Crematoria Regulation 2014, which prescribes which operators of cemeteries are required to pay a general levy and the level which is payable for interment services each year.

Aims and Objectives

In 2016 there were 52,689 deaths in NSW for which cemetery and crematoria operators provided a range of interment options state-wide to service community and cultural needs and expectations for burial, cremation, ash interment and memorialisation. Under the *Cemeteries and Crematoria Act 2013*, CCNSW has responsibilities to:

- assess current and future interment needs and develop planning strategies for cemetery space to meet those needs
- provide advice or make recommendations to the Minister in relation to the sustainable use of cemetery and crematoria space and capacity
- promote environmentally sustainable practices in the interment industry
- develop, approve and promote codes of practice for cemeteries and crematoria and report on adoption of those codes by the interment industry
- provide advice or make recommendations to the Minister on the establishment, implementation or alteration of interment industry schemes
- regulate the provision of services in relation to interment matters that are subject to interment industry schemes
- keep under review the policies, operating procedures and activities of the interment industry, including cemeteries, crematoria, providers and operators of funeral goods and services, and operators of funeral funds
- collect information and carry out research as is necessary to exercise its functions.

Access

Cemeteries and Crematoria NSW can be contacted at:

Address: 6 Avenue of the Americas, Newington NSW 2127

Postal: PO Box 6682 Silverwater NSW 1811

Phone: 61 2 9741 4864

Fax: 61 2 9741 4892

Email: ccnsw.info@cemeteries.nsw.gov.au

Website address: http://www.crownland.nsw.gov.au/crown_land/cemeteries

The Board and Governance

CCNSW is led by an independent, skills-based board appointed by, and responsible to the Minister for Lands and Forestry, Minister for Racing, the Hon Paul Toole MP.

The Board consists of four voting members being:

Dr Stepan Kerkyasharian AO, the Chair of the Board, was Chair and CEO of the Community Relations Commission of NSW and its predecessor the Ethnic Affairs Commission of NSW from 1989 to 2014, and concurrent President and CEO of the Anti-Discrimination Board from 2003 to 2016. From 1980 to 1989 he was the foundation head of SBS Radio. He received the Gold Cross of Merit of Poland in 1990. He was made a Member of the Order of Australia (AM) in 1992 and an Officer of the Order of Australia (AO) in 2011. In 1995 he received the Premier's Community Service Award and a second one in 2016; the Olympic Order was conferred on him by the I.O.C in 2000 and he received a medal for Services to National Security in 2014. Dr Kerkyasharian was made a Fellow of the University of Technology Sydney in 1995, a Doctor of Letters (Honoris Causa) by the University of

Sydney in 2007 and a Doctor of Letters (Honoris Causa) from the University of Western Sydney in 2013. In 2014 the NSW Government introduced an annual medal after his name “Stepan Kerkyasharian Award for Community Harmony”. He is at present a member of the Ministerial Advisory Council on Ageing and vice Chair of the Diocesan Council of the Armenian Apostolic Church of Australia and New Zealand.

Ms Abigail Goldberg, Deputy Chair, has over thirty years of experience in planning, property, infrastructure and transport across both the private and public sectors. She was formerly CEO of Metro Transport Sydney, General Manager of South Sydney Development Corporation and Assistant Director of the Urban Design Advisory Service. Ms Goldberg currently serves as a Chair and Non Executive Director on several boards, is an Associate of the UTS Centre for Excellence in Local Government and a Fellow of the Australian Institute of Company Directors. She has been a member of the Planning Assessment Commission since 2012. Ms Goldberg holds an Executive MBA (UNSW), a Master of Urban Design (Oxford Brookes) and a Bachelor of Science (Witwatersrand).

Mr Scott Hawker, Board Member, has extensive financial and risk management expertise having held a number of senior executive positions in Perpetual, Macquarie Private Bank, Commonwealth Bank, PricewaterhouseCoopers, UBS and Salomon Brothers. He is also a former Director of the Nature Conservation Trust of NSW, a Trustee Fellow of the Association of Superannuation Funds of Australia and a Graduate of the Australian Institute of Company Directors. Mr Hawker holds a Master of Applied Finance (Macquarie), a Bachelor of Commerce (Rhodes) and a Diploma in Financial Planning (Mentor Education).

Mr Christopher Zinn, Board Member, has worked for 25 years within the print media, broadcasting and consumer organisations in Australia and overseas as a journalist, presenter, producer, media spokesman and campaign director. Mr Zinn is CEO of the Private Health Insurers Intermediaries Association and active in the consumer movement. He chairs the code committee for the Australian Direct Marketing Association. He has previously worked at CHOICE and been Director of Campaigns for One Big Switch, a consumer network. Mr Zinn is currently the Director of a consumer empowerment initiative, www.determinedconsumer.com.au, and a Board Member of The School Food Project and Kidsafe NSW. Mr Zinn holds a MA Geography (Oxford) and a Postgraduate Diploma in Journalism (University of Wales).

During the 2016–2017 year the Board also had seven non-voting Board Members comprising:

- *A person appointed by the Minister as a person with knowledge and expertise relevant to local government matters:*
Mr Bill Gillooly AM, the former Chief Executive of Local Government NSW.
- *The head of, or a person nominated by the head to represent each of the following:*
 - NSW Department of Industry (Mr Mark Matchett then Ms Tara Black)
 - NSW Department of Planning & Environment (Mr Martin Reason)
 - NSW Fair Trading (Mr Rhys Bollen then Mr Rod Stowe)
 - NSW Health (Dr Benjamin Scalley then Mr Matthew Carlin)
 - NSW Office of Environment and Heritage (Dr Siobhan Lavelle OAM).
- The Chief Executive Officer of Cemeteries and Crematoria NSW (Mr Carl Malmberg to July 2016, Mr Nick Milham as Acting Chief Executive Officer from August 2016 to February 2017, thereafter Ms Sarah Lees as Chief Executive Officer from 27 March 2017 onwards. Mr Christopher White served as acting CEO at various periods during July 2016 and June 2017).

Attendance at Board meetings

Board member	No of Board Meetings eligible	Attended#
Stepan Kerkyasharian AO ^	9	8
Abigail Goldberg ^	9	9
Scott Hawker ^	9	8
Christopher Zinn ^	9	9
Bill Gillooly AM	8	7
Mark Matchett	8	6
Tara Black	2	2
Martin Reason	8	6
Richard Griffiths	1	1
Andrew Hargreaves	1	1
Dr Siobhan Lavelle OAM	8	7
Dr Benjamin Scalley	2	0
Matthew Carlin	6	4
Rod Stowe	8	4
Sarah Lees	3	3
Nick Milham	5	5
Carl Malmberg	1	0
Chris White	1	1

^ voting board members

quorum for the Board is three of the four voting members

Each voting board member has been appointed for a period of four years commencing 1 November 2014.

Stakeholder Consultative Groups

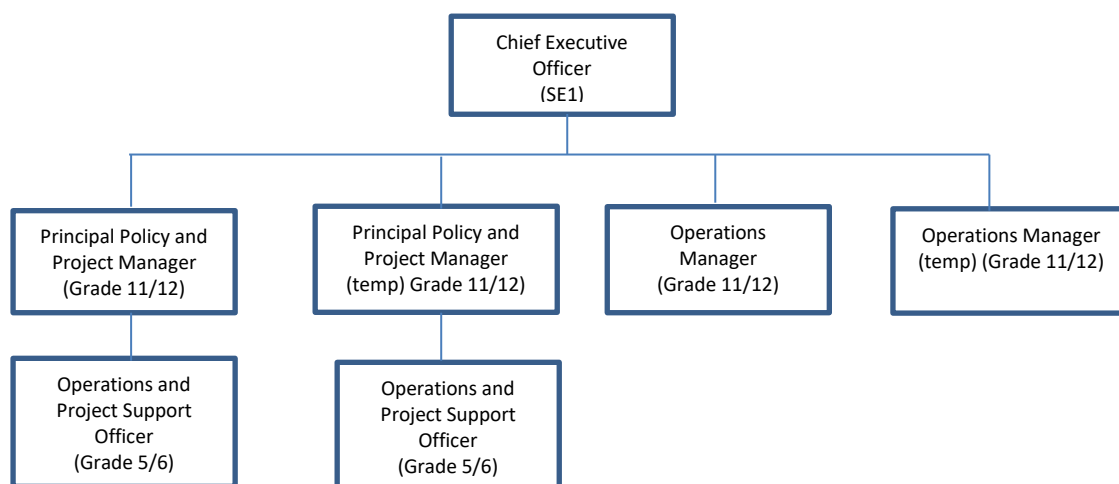
During 2016–2017, the two consultative groups appointed by the CCNSW Board, the Industry Consultative Group (ICG) and the Community and Consumer Consultative Group (CCCG), commenced regular meetings to ensure ongoing engagement and communication with the interment industry and the wider community.

The Industry Consultative Group is a high-level committee, convened to ensure an industry-wide strategic focus on current and emerging issues. This forum provides an efficient approach for CCNSW to understand industry views and enables enhanced decision-making and transparency. The Industry Group also provides advice regarding cemetery and crematorium policy to the CCNSW Board. The group is comprised of representatives from the funeral industry, Crown cemetery trusts, private sector cemetery and crematoria operators and local government. The Group is chaired by Ms Abigail Goldberg, Deputy Chair of the CCNSW Board and commenced in March 2016, holding four meetings during 2016–2017.

The Community and Consumer Consultative Group is also a high-level committee, convened in an advisory capacity to ensure that the diverse views of communities and consumers are taken into account in policy development. The CCCG provides advice from a community, cultural and faith perspective to the CCNSW Board, on a range of matters including key objectives of the *Cemeteries and Crematoria Act 2013*. The group is comprised of representatives of major religious and ethnic groups and includes general community members. The Group is chaired by CCNSW Board member, Mr Christopher Zinn and commenced in July 2016, holding three meetings during 2016–2017.

Management and structure

During 2016–2017, the CCNSW business unit was headed initially by Mr Carl Malmberg as Chief Executive Officer, Mr Christopher White as Acting Chief Executive Officer, Mr Nick Milham as Acting Chief Executive Officer and from March 2017 by Ms Sarah Lees as Chief Executive Officer with a small specialist staff in a unit structure comprising:



During 2016–2017, the key activities of the business unit of CCNSW have focussed on progressing major projects including facilitating new cemetery proposals that deliver strategic additional capacity and identification of potential new cemetery sites in the greater metropolitan area to address future capacity, research and estimates of existing cemetery space and forecasts of space shortage and exhaustion; and progression of work for the implementation of the regulatory framework to underpin interment rights.

The role of the business unit is to support the Board to implement the various stages of reform in a progressive process and give effect to the *Cemeteries and Crematoria Act 2013* in two stages. There has also been a substantial focus on preparation for implementing Stage 2, which is to establish a new system of interment rights and to modernise and standardise practice across all cemetery sectors in accordance with the Act.

Summary review of operations

Strategic Plan 2015–2020

The Cemeteries and Crematoria NSW Strategic Plan 2015–2020 was launched at Waverley Cemetery in October 2015 by the then Minister for Primary Industries and Minister for Lands, Niall Blair MLC. The plan has a number of key priority areas and deliverables.

Priority Areas

Respect:	All people in NSW have access to a range of interment services that preserve dignity and respect and support cultural diversity.
Affordability and sustainability:	All people in NSW have access to affordable and sustainable interment options.
Land availability:	Sufficient and suitable land is available to meet future demand for interment services.
Governance:	All cemetery and crematorium operators in NSW function in a consistent, transparent and accountable manner.

Priority Actions for Year 1 and Year 2 — Deliverables

During the reporting period, work continued on finalising Year 1 and continuing with Year 2 deliverables, listed below, which are expected to be completed in late 2017.

Year 1

Consumer guidance on interment services

Publish simple, easy to understand information on interment rights, including consumer tips on buying, transferring and exercising interment rights.

Result: *A General Consumer guide on interment rights and Quick Guides for consumers have been developed with an expected public release in early 2018.*

Voluntary code of practice on cemetery maintenance

Develop and publish a guideline for maintaining cemetery grounds and facilities that take into account community expectations and the diverse scale and nature of facilities in NSW.

Result: *Development of a code of practice on cemetery maintenance was progressed during 2017.*

Report on remaining cemetery capacity in the Greater Sydney Area

Project exhaustion of existing cemetery space to identify regions facing a critical shortage and inform decisions regarding future cemetery space.

Result: *Research and analysis has been completed for The Greater Sydney Area Capacity Report which will be publicly released.*

Report on annual activity survey of NSW cemeteries and crematoria

Publish up-to-date comprehensive information regarding service delivery and trends in the interment industry.

Result: *The annual activity survey for 2014–2015 was published and an update for 2015–2016 has been completed and published.*

Year 2

Guidelines for best practice delivery of interment services

Develop guidance on key considerations for undertaking best practice delivery of burial and cremation services.

Result: *The Industry Consultative Group has been used as a forum for best practice information exchange with regard to online interment services, and lift and deepen grave interment. A memorialisation standards project has been commenced with the monumental masons.*

Industry pilots of sustainable services, including renewable rights

Support and report on industry pilots of sustainable services, including optional renewable rights.

Result: *With the Proclamation of Part 4 of the Cemeteries and Crematoria Act 2013 and the introduction of the new interment rights system pending, action is presently on hold.*

Guidelines for assessing cemetery developments

Develop guidance on key considerations when assessing new cemetery proposals.

Result: Work completed includes advice on the Botany cemetery extension, Northern Metropolitan Cemeteries Trust proposal for Terrey Hills, Sandgate Cemetery rededication and extension, Field of Mars Cemetery rededication and 166-176 St Andrews Road Varroville. Key considerations for assessing new cemetery proposals have been developed during the year and will be placed on the CCNSW website.

Report on the Crown sector

Monitor and report on the governance and management of the Crown cemetery sector.

Result: A range of work has been completed including reviews of Crown Operator Annual Reports and Strategic Plans, fees and charges, the adoption by the Board of the framework for reviews of Plans of Management and the Rookwood Cemetery governance review draft report.

The priority deliverables for years 1 and 2 are listed in the Strategic Plan 2015–2020.

CCNSW 2015–16 Activity information

Annual activity reporting on cremation and interment services provided in all regions of NSW and by all sectors of industry with the associated information regarding the utilisation level of cemetery land, provides essential information to guide planning for the future provision of services to the community of NSW. Data obtained includes:

- 53,349 burial and cremations services provided in NSW in 2015–16.
- 52.7% of death in NSW were in regional NSW, whereas only 40% of the population live in regional areas, reflecting different age profiles between Sydney and the regions.
- Private sector operators provide 75.8% of cremation services in NSW, including 69.1% of metropolitan cremations and 81% of regional cremations.
- Councils provide 22% of overall services; 47% of all burials in NSW and 10% of cremation services.
- Crown Trusts provide 21.6% of services in NSW, including 36% of all burials in NSW and 11.5% of all interment services in NSW.
- Number of cemeteries on Crown reserves is 833.

Sydney Greater Metropolitan Area Cemetery Capacity Report

Research and data analysis for the preparation of the Sydney GMA Cemetery Capacity Report was completed during 2016–2017. During the last quarter of 2016 follow-up work regarding available hectareage and yield was completed. Data analysis for eight scenarios was completed in the first half of 2017, with the text component also drafted.

Cemeteries and Crematoria Register

During 2016–17 CCNSW maintained the NSW Cemeteries and Crematoria Register, in accordance with Section 27 of the *Cemeteries and Crematoria Act 2013*. A public version of the Register is updated periodically and published for use by the community and industry. The Register can be found at the weblink below:

http://www.crownland.nsw.gov.au/crown_land/cemeteries/register

The Register's purpose is to provide public access to information about cemetery and crematorium facilities in NSW, and to identify cemetery and crematorium operators subject to the Act and Regulations. Information on the Register includes:

- a) the name and location of the cemetery or crematorium
- b) the name, address and telephone number of the cemetery or crematorium, and operator details
- c) any other information required by the regulations to be included in the Register.

CCNSW's involvement with NSW cemetery and crematorium operators is centred on operational facilities, which are the focus of the *Cemeteries and Crematoria Act 2013*. Other resources are available for identification of closed cemeteries and other burial places in NSW. In regional NSW, the great majority of cemetery facilities are operated by councils. Cremation services in regions are provided by private operators and by councils, with distribution of facilities generally to regional towns where there is sufficient population and service demand.

During 2016–17 CCNSW undertook work to identify cemeteries not currently recorded on the Register and to determine the current cemetery operator. Many of these historic cemeteries were set aside late last century to provide for towns and villages across New South Wales. Smaller rural cemeteries can become overlooked over time and fall into disuse due to demographic changes, the trustees of such cemeteries becoming deceased or the cemetery being in the name of entities that no longer exist, such as former churches or local councils. CCNSW works with current cemetery operators to identify an appropriate future manager for such cemeteries and to ensure these cemeteries are recorded in the Register.

CCNSW worked with several operators of cemeteries on Crown land to resolve land status and titling issues during 2016–17. Due to the long legacy of various legislative processes used to establish cemeteries over the last century, many anomalies remain. Where such anomalies are identified, action is taken to update the property title of a cemetery to a contemporary title so as to provide ease of future land dealings and management of these cemeteries. The following table summarises data maintained in the Register in respect of operational cemeteries and crematoria as at June 2017.

Planning Region	No of Cemeteries Operational	No of Cemeteries Closed	No of Crematoria
Central Coast	16	5	2
Central West & Orana	154	73	5
Far West	39	23	2
Hunter	171	27	6
Illawarra	24	17	3
Metropolitan Sydney	86	33	12
New England North West	98	45	4
North Coast	106	25	10
Riverina Murray	115	28	5
South East & Tablelands	111	52	3
TOTAL	922	326	52

Table: Operational Cemetery and Crematorium facilities in NSW by region

Planning for future Cemeteries

CCNSW continued to ensure that cemeteries and crematoria were considered during drafting of various land use planning proposals that were referred to or otherwise reviewed by CCNSW during 2016–17. These included the drafts of the following: *South East and Tablelands Regional Plan*, *Central West Orana Regional Plan*, *Ingleside Precinct Plan*, *Vineyard Precinct Plan*, and the six Greater Sydney District Plans.

Planning and management of existing Cemeteries

CCNSW reviewed various plans of management during 2016–17 prepared by local government authorities which related to cemeteries. These included plans prepared by Tamworth Regional Council, Hornsby Council and The Hills Shire Council. CCNSW also

worked with several operators to improve management in response to complaints referred to CCNSW.

CCNSW has developed an Evaluation Framework for Plans of Management for continued use in administration of Section 96 of the Act, which governs Crown cemetery operators. The Evaluation Framework establishes a consistent basis for the regulation of plans of management (POM) and a common set of requirements which can be used by any cemetery operators. The evaluation framework was tested during the assessment of the Gore Hill Cemetery POM and is considered fit for purpose.

Crown Cemetery Trust reporting

Part 5 of the *Cemeteries and Crematoria Act 2013* places responsibility on CCNSW for the oversight of the performance of Crown cemetery trusts. The governance framework imposes annual reporting requirements for all Crown cemetery trusts including independently audited financial statements. Annual reports must include a report on trust operations including the trust's strategic plan and any plans of management.

During 2015–16 CCNSW received and evaluated annual reports, financial statements and proposed fees and charges for the metropolitan Crown cemetery trusts, and completed follow-up enquiries as appropriate. Crown cemetery trust operator 2015–16 Annual Reports may be accessed from the websites of the respective entities.

Controlled entities

During 2016–17, work proceeded to identify and manage new accountabilities arising from the change to the accounting standard AASB10 resulting in Crown Cemetery Reserve Trusts being defined as controlled entities for the purposes of the *Public Finance and Audit Act 1983 (PFAA)* and subject to Ministerial and/or agency control. CCNSW worked with NSW Treasury, the Department of Industry, NSW Treasury Corporation (T-Corp) and the NSW Audit Office to document the new compliance obligations and assist Crown cemetery trusts to implement the new reporting requirements across a range of activities. This remains an ongoing matter for the next year.

Regulatory and compliance monitoring activity in 2016–2017

Regulatory activities which were undertaken by CCNSW in 2016–17 included the:

- oversight and completion of the independent investigation of the RGCRT
- oversight and completion of the draft report on the Rookwood Future Governance Review
- review of the 2016–17 Annual Reports submitted by the metropolitan Crown cemetery reserve trusts
- Responding to complaints that related to cemetery matters regulated by CCNSW.

Rookwood future governance

In 2016 the then Minister for Primary Industries directed CCNSW to oversee a review of governance for Rookwood Cemetery. Pricewaterhouse Coopers (PwC) were engaged to conduct a review of options for various models for the future governance structure of the cemetery. The process was overseen by a Steering Committee including CCNSW and Department of Industry-Lands representatives. Stakeholder engagement was completed from October 2016, and a draft report was provided and considered by the CCNSW Board in November 2016. PwC has been retained for further stakeholder consultation on the various governance options during the second half of 2017.

2016–17 Reporting and compliance data

Activity - <i>Cemeteries and Crematoria Act 2013</i>	2016–17	Section of the Act
Part 3		
Total number of registrations	1300	S. 27
Cemeteries registered	1248	S. 27
Crematoria registered	52	S. 27
New registrations in period	77	S. 27
Cemetery and Crematoria Register publication updates	3	S. 27
Codes of Practice developed	1	S. 28
Codes of Practice approved	1	S. 30
Interment Industry Schemes in effect	0	S. 31
Improvement notices issued	0	S. 33
Improvement notice interventions	0	S. 35
Short Term Orders issued	0	S. 36
Enforceable undertakings in effect	0	S. 39
Enforceable undertaking enforcement actions	0	S. 40
Cemetery/crematoria facility activity performance reports	955	S. 41
Part 5		
Crown cemetery trust Board appointments	0	S. 74
Crown cemetery trust Administrator appointments	1	S. 77
Crown cemetery trust significant event notifications	0	S. 85
Crown cemetery trust Strategic Plans assessed	0	S. 90
Crown cemetery trust Strategic Plans adopted	0	S. 92
Crown cemetery trust Plans of Management assessed	1	S. 93
Crown cemetery trust Plans of Management referred for exhibition	1	S. 95
Crown cemetery trust Plans of Management adopted	1	S. 96
Crown cemetery trust Annual Reports assessed	5	S. 99
Fees and charges interventions	0	S. 107

Preparation for Part 4 of the *Cemeteries and Crematoria Act 2013*

During 2016–2017, significant progress occurred with the development of a suite of resources for industry and consumers to support the introduction of the new interment rights system in NSW as provided in Part 4 of the *Cemeteries and Crematoria Act 2013*. The material developed included a Voluntary Industry Code of Practice, guides for consumers and industry which cover various subjects such as interment rights, cemetery registers, record keeping, the operation of heritage advisory committees, commonly used terms in the interment sector and administrative templates.

A General Consumer Guide on interment rights has also been developed which will be released in conjunction with the commencement of the new interment rights system. Consultation with industry, community and consumer representatives was an intrinsic part of the process for the development of each of the resources.

Following the completion of external consultation, work also commenced on drafting regulations to provide effective compliance requirements and controls for Part 4. A short discussion paper was circulated to key stakeholders outlining the expected content to be added to the *Cemeteries and Crematoria Regulation 2014* to support the new interment rights system. The next stage of the process will occur during 2017–2018 with the release of a Better Regulation Statement and further refinement of the regulatory regime prior to commencement.

Research and development

During the reporting period, Woolcott Research completed a commissioned consumer research project into community understanding and awareness of interment services to assist in identifying content required for inclusion in consumer information. This information has been incorporated into the consumer guide to interment rights which will be released as part of a suite of resources to support the new interment rights system in 2018. The first stage of the consumer research project was completed in June 2016 with the remaining work and final report completed in August 2016. The final report provided a number of findings including:

- Funeral Directors were a major source of information amongst those persons who had previous experiences in arranging services.
- Many people haven't given too much thought to their own wishes, and have not necessarily conveyed their wishes to all family members.
- There was little awareness and knowledge evident in relation to Interment Rights.
- The concept of renewable interment rights was something new to most people (and requires explanation and public education).
- Cost is the main element for which respondents sought information.
- Apart from costs, there was a high degree of interest in obtaining information on the process involved in organising a burial or cremation, an explanation of interment rights, and the type of organisations that provide burials and cremations.
- Despite not being relevant to all participants, there was also a high level of interest in relation to where cremated ashes can be scattered or buried.

(Source: Woolcott Research "Consumer Research for Cemeteries and Crematoria NSW" August 2016)

Legal changes

There were no changes to the CCNSW primary legislation during the reporting period. A new Act, the *Crown Lands Management Act 2016*, was approved by the NSW Parliament in the second half of 2016, which will affect cemetery operators that have Crown land as part of their cemetery site. There was ongoing liaison between CCNSW and the Crown lands staff within the Department of Industry in respect the impact of the new legislation on cemetery operators with Crown land and the need for harmonisation between the new regulations required for Crown land and for cemeteries. CCNSW maintains a legislative and regulatory compliance register and any changes applicable to the agency are reported to the Board on an annual basis or more frequently if required.

Exemptions

In accordance with NSW Treasury Circular 15-18, as a small agency, CCNSW is not required to report annually on disability inclusion plans, workforce diversity, multicultural policies and services program and work, health and safety. As CCNSW had been operational for only two and half years on 30 June 2017, it has not yet reached the reporting threshold. The agency has only six staff, however of note 16% of the workforce has a non-English speaking background. During 2016–2017 CCNSW engaged the services of Multicultural NSW to assist with advertising opportunities for appointment to the agency's Community and Consumer Consultative Group.

Human resources

In accordance with the *Cemeteries and Crematoria Act 2013*, CCNSW does not directly employ staff. Staff are engaged by the NSW Department of Industry and were domiciled within the Department of Industry—Lands & Forestry Division during 2016–2017. The composition and salary bands of staff are shown in the table overpage.

Salary Level	\$0–\$41,679	\$41,679–\$54,742	\$54,742–\$61,198	\$61,198–\$77,441	\$77,441–\$100,145	\$100,145–\$125,181	\$125,181 >		Total
							Non ES	ES*	
Female					2			0.25	2.25
Male							4	0.75	4.75
Totals					2		4	1	7

*ES: refers to the Executive Service of the NSW Public Service

Staff turnover during 2016–2017 was 57% compared to the previous year which was 42%. CCNSW Operations Manager, Mr John Filocamo retired from the NSW Public Service on 30 June 2017.

Numbers and remuneration of senior executives

The total number of executives employed at the end of the 2016–17 financial year was 1 being the Chief Executive Officer. During the year there was an Acting CEO until March 2017 thereafter an ongoing CEO.

	Band	Female	Male	TRP band (\$)
2015-2016	SE1		1	\$174,500-\$248,850
2016-2017	SE1	0.25	0.75	\$178,850-\$255,050

Compensation paid to Key Management Personnel

In accordance with AASB 124, CCNSW is required to disclose compensation paid to those persons (defined as Key Management Personnel) who have the authority and responsibility for planning, directing and controlling the activities of the agency, directly or indirectly. Note 12 of the financial statements provides the required information.

Consultants

Consultants over \$50,000

Consultant	Costs \$	Title/Nature
Pricewaterhouse Coopers	148,154	Rookwood Future Governance Review
Total	148,154	

Consultants under \$50,000

Consultant	Costs \$	No of engagements
Management services	21,528	1
Organisational review	6,080	1
Total	27,608	2

Promotion—Overseas travel

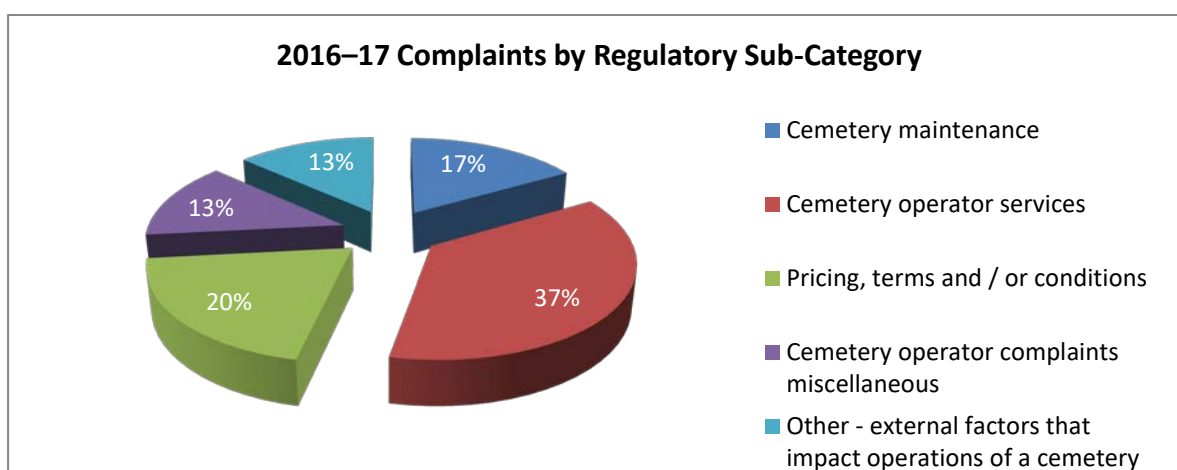
There were no overseas visits by staff of CCNSW during 2016–2017.

Consumer response

CCNSW has a publicly available complaints management policy and procedure. One complaint was received during 2016–2017 regarding CCNSW itself in connection with governance activities involving Rookwood General Cemeteries Reserve Trust. A small number of consumer complaints were received regarding cemetery operators and the CCNSW business unit sought to resolve these matters with operators.

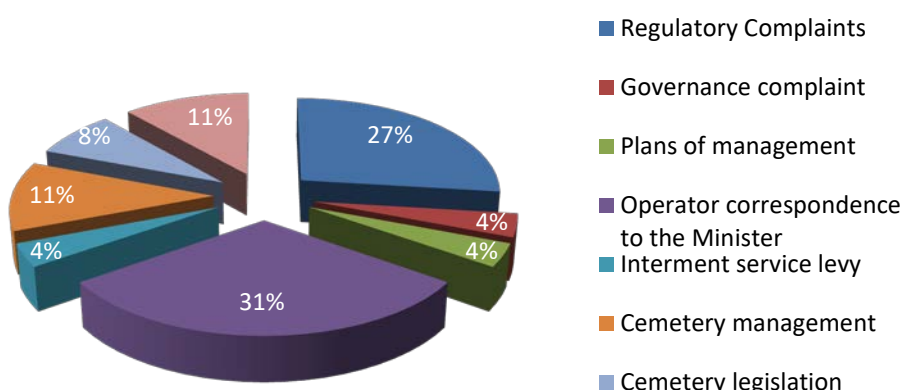
The categories of complaint are shown overpage and included:

Classification of complaints			
Total number of complaints 2016–17: 31 Category of complaints: Regulatory: 30 Governance: 1	Regulatory Sub-Category		
	Sub-classification	Sub-count	Types of matters raised
	<i>Cemetery maintenance</i>	5	Headstone safety, grounds maintenance, inappropriate use.
	<i>Cemetery operator services</i>	11	Headstone inscription, urn label, interment or cremation processes, memorialisation, delay in provision of services, transfer of burial right.
	<i>Pricing, terms and / or conditions</i>	6	Transfer fees, burial register, pricing, terms of burial right.
	<i>Cemetery operator complaints miscellaneous</i>	4	Access to cemetery, new cemetery site.
	<i>Other - external factors that impact operations of a cemetery</i>	4	Removal of headstone, Interment processes due to court matter, damage to memorial by external contractor.



During 2016–17 there were 26 representations to the Minister (the Hon Niall Blair MP, then the Hon Paul Toole MP) in their capacity as Minister for Lands which were related to cemeteries and crematoria matters. Of these 26 representations, 7 were classified as regulatory complaints and 1 was classified as a governance complaint all of these being recorded in Cemeteries and Crematoria NSW's complaint management system.

**Classification 2016–17 Representations to the Minister on
cemeteries and crematoria related matters**



Payment of accounts

Various accounting and corporate services, including account payments, are provided to CCNSW by the Department of Industry through its Corporate Partnerships Division. CCNSW now operates under a formal corporate and shared services agreement with the Division which covers all corporate functions and services including legal advice.

Reporting on account payment performance is provided at a Departmental level. CCNSW has strengthened its end-of-year reporting balance system to ensure that accounts submitted before financial year end but not yet paid, are separately recorded to ensure a current budget outcome position is visible.

Risk management and insurance activities

Insurance coverage for the building structure is provided by the NSW Food Authority as CCNSW has a licence with the Food Authority for office space. CCNSW key risks were recorded on the Land and Forestry Division risk register of the Department of Industry in 2017.

Work, health and safety

CCNSW was represented on the Department of Industry— Lands & Forestry Division Work Health and Safety committee including a subset working group, with a staff member attending the regular meetings of both. CCNSW contributed to the WHS risk register for the Lands & Forestry Division and all work health and safety notices were posted in the office of the agency. All CCNSW staff completed a number of online training modules for work, health and safety in the second half of 2016 and committed to the requirements of the WHS Operational Plan.

Budget

CCNSW Budget 2016–2017

Expenditure area	Function of budget allocation	Total budget 2016–17
Employee related	Salaries and board remuneration	1,176,329
Consultants	Rookwood Future Governance Review and other project	174,125
Advertising & promotion	Recruitment advertising	525
Travel & entertainment	Travel, airfares, car parking, taxi, catering, accommodation and public transport	23,897
Occupancy & maintenance	Property rent and utilities	101,141
Training and development	Staff professional development	8,341
Legal fees	Legal fees – including Crown Solicitor's Office	21,363
Other operating expenses	Audit fees, printing, postage, subscriptions, motor vehicle, office consumables	24,326
Other fees	Events, computer leasing, computer software, conference seminar, membership, service fee	8,890
Total		\$1,538,937

Privacy

CCNSW has taken steps to ensure compliance with the *Privacy and Personal Information Protection Act 1998*. Cemeteries and Crematoria NSW only collects personal information for a lawful purpose which directly relates to our primary regulatory function as a NSW Government agency and such information is secured with restricted access. CCNSW will not disclose personal information to any party without the information owner's consent unless legally required to do so. Privacy statements are included with external stakeholder communications which have a personal information gathering element. Advice was sought and obtained from the NSW Privacy Commissioner in late 2016 to assist cemetery operators to meet both their public access requirements for cemetery registers under the *Cemeteries and Crematoria Act 2013* whilst protecting personal information.

One privacy complaint was referred by a complainant to the NSW Civil and Administrative Tribunal (NCAT) relating to the publication of information in the Elton Consulting report on an investigation into the Rookwood General Cemeteries Reserve Trust. The report was withdrawn within hours of placement on the website and replaced by a redacted version. The complainant considered that there was sufficient information in the report to provide identification and breach the complainant's privacy. The complaint was upheld by NCAT and an apology provided to the complainant. The Elton Report was consequently fully removed from the website.

Public Interest Disclosures

There were no public disclosures under the *Public Interest Disclosures Act 1994* during 2016–2017.

Applications under the *Government Information (Public Access) Act 2009*

During 2016–2017 CCNSW provided information and records to the Department of Industry for four formal applications for information made under the *Government Information (Public Access) Act 2009*. The Department of Industry centrally manages and determines the release of information under the GIPA Act.

Digital information security policy

Digital information and information systems security is encompassed on platforms by the NSW Department of Industry with CCNSW data and information being held on the local servers of the NSW Food Authority and the Department of Industry. The agency has no independent ITC function and complies with IT security directives and protocols as required by the NSW Food Authority and the Department of Industry.

Issues of significance raised by the Auditor-General

No issues of significance were raised by the Auditor-General during the audit of Cemeteries and Crematoria NSW for 2016–2017.

Annual Report cost and availability

The CCNSW Annual Report 2016–2017 has been prepared in compliance with Premier's Memorandum 2013–09 with zero external cost. The Annual Report 2016–2017 is available on the CCNSW website and on the NSW Government's OpenGov NSW website. Electronic copies have been deposited with State Library of NSW, NSW Parliamentary Library and the National Library of Australia.

Appendices

- Independent Auditor's Report
- Financial Statements 2016–2017



Nyrang Creek Cemetery, © Cemeteries and Crematoria NSW (courtesy of C White)



INDEPENDENT AUDITOR'S REPORT

Cemeteries and Crematoria NSW

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Cemeteries and Crematoria NSW (CCNSW), which comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of CCNSW as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of CCNSW in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

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

The Board's Responsibility for the Financial Statements

The members of the Board of CCNSW are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act and for such internal control as the Board determine is necessary to enable the preparation and fair

presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Board must assess CCNSW's ability to continue as a going concern except where CCNSW will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that CCNSW carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



C J Giumelli
Director, Financial Audit Services

3 October 2017
SYDNEY

Cemeteries and Crematoria NSW

Financial Statements

30 June 2017

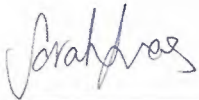
CEMETERIES AND CREMATORIA NSW

Pursuant to section 41C (1B) and (1C) of the *Public Finance and Audit Act 1983*, we state that:

- (a) the accompanying financial statements have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the provisions of the Public Finance and Audit Act 1983, the applicable clauses of the Public Finance and Audit Regulation 2015, and the Financial Reporting Directions mandated by the Treasurer;
- (b) the accompanying financial statements exhibit a true and fair view of the financial position and the financial performance of Cemeteries and Crematoria NSW for the year ended 30 June 2017;
- (c) at the date of signing we are not aware of any circumstances that would render the financial statements misleading or inaccurate.


Dr Stepan Kerkvasharian AO
Chair

Date: 2 October 2017



Sarah Lees
Chief Executive Officer

Date: 2 October 2017

Beginning of financial statements

CEMETERIES AND CREMATORIA NSW

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 \$	2016 \$
Expenses excluding losses			
Personnel services	2(a)	1,176,329	1,246,334
Other operating expenses	2(b)	362,608	399,488
Total Expenses excluding losses		1,538,937	1,645,822
Revenue			
Retained levies	3(a)	637,940	632,135
Investment revenue	3(b)	25,216	10,503
In-kind contribution - Department of Industry	3(c)	857,541	1,003,184
Other revenue	3(d)	18,240	-
Total Revenue		1,538,937	1,645,822
Net Result	7	-	-
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		-	-

The accompanying notes form part of these financial statements.

CEMETERIES AND CREMATORIA NSW
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Notes	2017 \$	2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	1,669,570	719,261
Receivables	5	176,200	188,809
Total Current Assets		1,845,770	908,070
Total Assets		1,845,770	908,070
LIABILITIES			
Current Liabilities			
Payables	6	220,253	898,147
Total Current Liabilities		220,253	898,147
Total Liabilities		220,253	898,147
Net Assets		1,625,517	9,923
EQUITY			
Accumulated funds		1,625,517	9,923
Total Equity		1,625,517	9,923

The accompanying notes form part of these financial statements.

CEMETERIES AND CREMATORIA NSW
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

		Accumulated Funds \$	Total Equity \$
Balance at 1 July 2016		9,923	9,923
Net result for the year		-	-
Transactions with owners in their capacity as owners			
Increase / (decrease) in net assets from equity transfers	11	1,615,594	1,615,594
Total transactions with owners in their capacity as owners		1,615,594	1,615,594
Balance at 30 June 2017		1,625,517	1,625,517
 Balance at 1 July 2015		 9,923	 9,923
Net result for the year		-	-
Balance at 30 June 2016		9,923	9,923

The accompanying notes form part of these financial statements

CEMETERIES AND CREMATORIA NSW
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(679,728)	-
Other		(676,599)	(182,715)
Total Payments		(1,356,327)	(182,715)
Receipts			
Retained levies		652,749	684,370
Interest received		18,229	4,791
Other		20,064	-
Total Receipts		691,042	689,161
NET CASH FLOWS FROM OPERATING ACTIVITIES	7	(665,285)	506,446
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Opening cash and cash equivalents		719,261	212,815
Cash transferred in as a result of administrative restructuring	11	1,615,594	-
CLOSING CASH AND CASH EQUIVALENTS	4	1,669,570	719,261

The accompanying notes form part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

Cemeteries and Crematoria NSW (Cemeteries) is a separate reportable entity constituted under the *Cemeteries and Crematoria Act 2013* to assess current and future interment needs and develop planning strategies for cemetery space to meet those needs. Cemeteries is a not-for-profit entity (as profit is not its principal objective) and does not have a cash generating unit. Cemeteries was established on 1 November 2014.

A Cemeteries and Crematoria NSW Fund (the Cemeteries Agency Fund) has been established into which is to be paid the following:

- (a) all money advanced to the Cemeteries Agency by the Treasurer or appropriated by Parliament for the purposes of the Cemeteries Agency,
- (b) all money directed or authorised to be paid into the Cemeteries Agency Fund by or under this or any other Act,
- (c) levies or other payments made under section 24 of the *Cemeteries and Crematoria Act 2013*,
- (d) payments directed to be paid to the Cemeteries Agency under section 40 of the *Cemeteries and Crematoria Act 2013*,
- (e) the proceeds of the investment of money in the Cemeteries Agency Fund,
- (f) all money received by the Cemeteries Agency from any other source.

Money may be paid from the Cemeteries Agency Fund for the following purposes:

- (a) enabling the Cemeteries Agency to exercise its functions,
- (b) the acquisition of land under section 14 of the *Cemeteries and Crematoria Act 2013*.

All expenditure incurred by the Cemeteries Agency is to be paid from the Cemeteries Agency Fund.

These financial statements for the year ended 30 June 2017 have been authorised for issue by the Chair and Chief Executive Officer on the date the accompanying statement by the Chair and Chief Executive Officer was signed.

(b) Basis of preparation

Cemeteries financial statements are general purpose financial statements which have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015* and
- Financial Reporting Directions mandated by the Treasurer.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest dollar and are expressed in Australian currency.

(c) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Insurance

Cemeteries insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claim experience.

(e) Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except that the:

- amount of GST incurred by Cemeteries as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from or payable to the Australian Taxation Office is included as part of receivables or payables respectively.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Tax Office are classified as operating cash flows.

(f) Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(i) Retained levies**

Retained levy revenue is based on interment and cremation figures at the end of each quarter when amounts can be reliably measured.

(ii) Rendering of services

Revenue from rendering of services is recognised when the service is provided.

(iii) Investment revenue

Interest income is recognised using the effective interest rate method. The effective interest rate is the interest rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

(g) Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of the leased assets, and operating leases under which the lessor does not transfer substantially all the risks and rewards.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term.

(h) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in net result.

Cemeteries determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(i) Financial assets

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Receivables

Trade receivables that have fixed or determinable payments that are not quoted in an active market are classified as receivables. Receivables are measured at amortised cost using the effective interest method, less any impairment. Changes

Short-term receivables with no stated interest rate are measured at the original invoice amount unless the effect of discounting is material.

Impairment of financial assets

All financial assets are subject to an annual review for impairment. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

For certain categories of financial assets, such as trade receivables, Cemeteries first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Assets are assessed for impairment on a collective basis if they were assessed not to be impaired individually.

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence. However, reversals of impairment losses on an investment in an equity instrument classified as 'available-for-sale' must be made through the revaluation surplus. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(ii) Financial liabilities**

Financial liabilities are classified as either 'at fair value through profit or loss' or 'at amortised cost'.

Financial liabilities at amortised cost (including trade payables)

Financial liabilities at amortised cost are initially measured at fair value, net of transaction costs. These are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Payables represent liabilities for goods and services provided to Cemeteries and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(iii) Derecognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if Cemeteries transfers the financial asset:

- where substantially all the risks and rewards have been transferred; or
- where Cemeteries has not transferred substantially all the risks and rewards, if Cemeteries has not retained control.

Where Cemeteries has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Cemeteries continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

(i) Other assets

Other assets are recognised on a historic cost basis.

(j) Equity and reserves**(i) Accumulated Funds**

The category 'accumulated funds' includes all current and prior period retained funds.

(ii) Equity Transfers

The transfer of net assets between entities as a result of an administrative restructure, transfers of programs / functions and parts thereof between NSW public sector entities and 'equity appropriations are designated or required by AAS to be treated as contributions by owners and recognised as an adjustment to 'Accumulated Funds'. This treatment is consistent with AASB 1004 and Australian Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities.

Transfers arising from an administrative restructure involving not-for-profit and for-profit government entities are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

(k) Personnel services

Cemeteries does not have any employees and receives administrative, secretarial support and operational assistance from Department of Industry. Cemeteries has an arrangement with Department of Industry to reimburse them for a proportion of personnel services.

(l) Services provided by Department of Industry

The Department of Industry provides the following services to Cemeteries free of charge:

- financial statement preparation

(m) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) New Australian Accounting Standards issued and effective for the first time in financial year 2017

The following new Australian Accounting Standards have been issued and are now effective for the first time in financial year 2017.

- AASB 1057 and AASB 2015-9 Application of Australian Accounting Standards
- AASB 2015-1 regarding annual improvements to Australian Accounting Standards 2012-2014 cycle
- AASB 2015-2 regarding amendments to AASB 101 disclosure initiatives
- AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities
- AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities
- AASB 2015-9 Amendments to Australian Accounting Standards - Scope and Application Paragraphs

(o) New Australian Accounting Standards issued but not effective

NSW Public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

Accordingly, Cemeteries has not applied the following Australian Accounting Standards recently issued but not yet implemented:

- AASB 9 Financial Instruments (1 July 2018)
- AASB 15 Revenue from Contracts with Customers (1 July 2019)
- AASB 16 Leases (1 July 2019)
- AASB 2016-3 Amendments to Australian Accounting Standards - Clarifications to AASB 15 (1 July 2019)
- AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities (1 July 2019)
- AASB 1058 Income of Not-for-profit Entities (1 July 2019)
- AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014–2016 Cycle (1 July 2017)
- AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15
- AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15
- AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities (until 1 January 2019)

2. EXPENSES EXCLUDING LOSSES

	2017	2016
	\$	\$
(a) Personnel services expenses include the following:		
Personnel services		
Board members remuneration	158,452	160,411
Salaries and wages (including annual leave)	888,407	932,434
Superannuation - defined contribution benefits	75,332	82,248
Payroll tax	54,138	71,241
	1,176,329	1,246,334
(b) Other operating expenses include the following:		
Advertising and promotion	525	10,681
Auditor's remuneration – audit of financial statements	12,800	13,500
Catering	3,893	7,690
Computer software fees	747	2,055
Consultancy	174,125	207,347
Contractors and other fees	5,017	11,135
Consumables	254	1,111
Data / internet	99	-
Postage	917	1,666
Legal - Crown Solicitors	15,000	-
Legal - other	6,363	136
Motor vehicle expenses	4,828	3,552
Operating lease rental expense – minimum lease payments	100,579	100,140
Other operating	4,216	1,710
Printing	166	9,020
Stationery & office supplies	4,269	1,209
Telecommunication	87	292
Training and staff development	8,341	10,868
Travel	20,382	17,376
	362,608	399,488

3. REVENUES

	2017	2016
	\$	\$
(a) Retained levies		
Crown Cemeteries levy	637,940	632,135
	637,940	632,135
(b) Investment revenue		
Interest	25,216	10,503
	25,216	10,503
(c) In kind contributions - Department of Industry		
Personnel services contribution	857,541	1,003,184
	857,541	1,003,184
(d) Other revenue		
Recoup administrative fees	18,240	-
	18,240	-

4. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2017	2016
	\$	\$
Cash at bank and on hand	1,669,570	719,261
	<u>1,669,570</u>	<u>719,261</u>

For the purpose of the statement of cash flows, cash and cash equivalents include cash at bank, cash on hand, and short term deposits.

Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of the financial year to the statement of cash flows as follows:

Cash and cash equivalents (per statement of financial position)	1,669,570	719,261
Closing cash and cash equivalents (per statement of cash flows)	<u>1,669,570</u>	<u>719,261</u>

Refer Note 8 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

5. CURRENT ASSETS - RECEIVABLES

	2017	2016
	\$	\$
CURRENT		
Accrued income	159,484	174,293
Interest receivable	13,283	6,296
Net GST receivable	3,433	8,220
	<u>176,200</u>	<u>188,809</u>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 8.

6. CURRENT LIABILITIES - PAYABLES

	2017	2016
	\$	\$
CURRENT		
Accruals	34,001	37,480
Creditors	201	48,705
Creditors - Department of Industry	186,051	811,962
	<u>220,253</u>	<u>898,147</u>

7. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

	2017	2016
	\$	\$
Net cash used on operating activities	(665,285)	506,446
Increase / (decrease) in receivables	(12,609)	703
Decrease / (increase) in creditors	677,894	(507,149)
Net result	<u><u>-</u></u>	<u><u>-</u></u>

8. FINANCIAL INSTRUMENTS**(a) Financial Instrument Categories**

Cemeteries principal financial instruments are outlined below. These financial instruments arise directly from Cemeteries operations or are required to finance Cemeteries operations. Cemeteries do not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Cemeteries main risks arising from financial instruments are outlined below, together with Cemeteries objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Chair has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by Cemeteries, to set risk limits and controls and to monitor risks.

Financial Assets	Note	Category	Carrying Amount 2017	Carrying Amount 2016
Class:			\$	\$
Cash and cash equivalents	4	N/A	1,669,570	719,261
Receivables ¹	5	Loans and receivables (at amortised cost)	13,283	6,296
Financial Liabilities	Note	Category	Carrying Amount 2017	Carrying Amount 2016
Class:			\$	\$
Payables ²	6	Financial liabilities measured at amortised cost	220,253	898,147

Notes

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

(b) Credit Risk

Credit risk arises when there is the possibility of Cemeteries debtors defaulting on their contractual obligations, resulting in a financial loss to Cemeteries. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

No collateral is held by Cemeteries. Cemeteries have not granted any financial guarantees.

Cash

Cash comprises cash on hand and bank balances. Interest is earned on daily bank balances at current Westpac rates.

Cemeteries have no financial assets past due or impaired as at 30 June 2017.

(c) Liquidity risk

Liquidity risk is the risk that Cemeteries will be unable to meet its payment obligations when they fall due. Cemeteries continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of loans and other advances.

No assets have been pledged as collateral. Cemeteries exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

8. FINANCIAL INSTRUMENTS (continued)

The table below summarises the maturity profile of Cemeteries financial liabilities, together with the interest rate exposure.

Maturity analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Int. Rate	Nominal Amount ¹ \$	Interest Rate exposure			Maturity Dates		
			Fixed Int. Rate \$	Variable Int. Rate \$	Non-interest Bearing \$	< 1 yr	1 - 5 yrs	> 5 yrs
2017								
Payables	0.0%	220,253	-	-	220,253	220,253	-	-
		220,253	-	-	220,253	220,253	-	-
2016								
Payables	0.0%	898,147	-	-	898,147	898,147	-	-
		898,147	-	-	898,147	898,147	-	-

Notes:

- The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which Cemeteries can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the statement of financial position.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Cemeteries have no exposure to foreign currency risk and do not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which Cemeteries operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposure in existence at the Financial Position date. The analysis assumes that all other variables remain constant.

Interest rate risk

Exposure to interest rate risk arises primarily through Cemeteries cash balances and loan receivables. A reasonably possible change of + / - 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

Cemeteries exposure to interest rate risk is set out below.

	Carrying Amount \$	-1% Result \$	Equity \$	+1% Result \$	Equity \$
2017					
Financial Assets					
Cash and cash equivalents	1,669,570	(16,696)	(16,696)	16,696	16,696
Receivables	13,283	-	-	-	-
Financial Liabilities					
Payables	220,253	-	-	-	-
2016					
Financial Assets					
Cash and cash equivalents	719,261	(7,193)	(7,193)	7,193	7,193
Receivables	6,296	-	-	-	-
Financial Liabilities					
Payables	898,147	-	-	-	-

Other price risk - Tcorp Hour Glass Investment facilities

Cemeteries holds no units in Hour-Glass investment trusts.

8. FINANCIAL INSTRUMENTS (continued)**(e) Fair value measurement****(i) Fair value compared to carrying amount**

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short-term nature of many of the financial instruments.

9. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Cemeteries is unaware of the existence of any contingent liabilities or contingent assets as at balance date.

10. COMMITMENTS

	2017	2016
	\$	\$
Operating lease commitments		
Future non-cancellable operating lease rentals not provided for and payable not later than 1 year	56,756	113,018
Later than 1 year, but not later than 5 years	-	56,756
	<u>56,756</u>	<u>169,774</u>

Commitments above include input tax credits of \$5,160 (2016: \$15,434) that are expected to be recovered from the Australian Taxation Office.

11. EQUITY TRANSFER

On 1 November 2014, Cemeteries was established. Previously Cemeteries was incorporated in the Public Reserves Management Fund (PRMF) and net revenues were recorded in the PRMF's bank account. On establishment of Cemeteries, pursuant to Section 6 (f1) of the *Public Reserves Management Fund Act 1987*, any proceeds paid in to the PRMF bank account for the purposes of the Crown Cemeteries Advisory Committee or Interim Cemeteries and Crematoria Board were to be paid into the Cemeteries and Crematoria NSW Fund.

The table below details the assets transferred from the PRMF on 25 August 2016:

Cash	\$
	<u>1,615,594</u>

12. RELATED PARTY DISCLOSURE

During the year, Cemeteries expensed \$336,591 in respect of the key management personnel services that are provided by a separate management entity, Department of Industry. Of the \$336,591 expensed \$157,122 was provided in-kind and equal revenue recognised.

During the year, Cemeteries did not enter into transactions with key management personnel, their close family members and controlled or jointly controlled entities thereof.

During the year, Cemeteries entered into transactions with other entities that are controlled / jointly controlled / significantly influenced by NSW Government. These transactions (incurred in the normal course of business) in aggregate are a significant portion of Cemeteries revenue and expenses, and the nature of these significant transactions are detailed below;

Entity	Nature of Transaction
Audit Office of NSW	Provision of independent audit services of Cemeteries financial statements
Department of Industry	Provision of administrative, secretarial support and operational assistance
Crown Solicitors Office	Provision of professional legal services and legal advice
Southern Metropolitan Cemeteries Trust	Levies received based on interment and cremation services
Catholic Metropolitan Cemeteries Trust	Levies received based on interment and cremation services
Northern Metropolitan Cemeteries Trust	Levies received based on interment and cremation services
Rookwood General Cemeteries Reserve Trust	Levies received based on interment and cremation services

13. EVENTS AFTER REPORTING DATE

Cemeteries is unaware of the existence of any contingent assets or liabilities as at balance date, except for a dispute over general levies received by one of their customers. The maximum liability is estimated not to exceed \$400,000.

End of financial statements.