

FREMANTLE CEMETERY BOARD, AMALGAMATION WITH METROPOLITAN CEMETERIES BOARD

**808. Mr J.P.D. EDWARDS to the Premier:**

I refer the Premier to the Minister for Local Government and Regional Development's announcement on 13 May 2003 that the very successful Fremantle Cemetery Board is to be amalgamated with the Metropolitan Cemeteries Board from 1 July 2003.

- (1) Recognising the financial success and efficient operation of the Fremantle Cemetery Board, why is the Government forcing the amalgamation of the two boards?
- (2) If the amalgamation is for economic benefits, will the Premier explain who will benefit from these plans?
- (3) Given that in 2002 the Functional Review Taskforce agreed that there were no good reasons for the amalgamation, will the Premier indicate on what basis the amalgamation is now taking place?

**Dr G.I. GALLOP replied:**

I thank the member for some notice of this question.

- (1)-(3) The decision to amalgamate the two cemeteries was in line with government policy of eliminating duplication and achieving cost efficiencies in the Western Australian public sector. With specific reference to cemeteries, this decision also recognises the need for coordinated planning and development throughout the metropolitan region, including providing certainty that adequate land will be available in strategic locations to serve community cemetery and crematory needs in the future.

The merits of amalgamation identified by the Functional Review Taskforce included -

potential to reduce debt levels of the Fremantle Cemetery Board and reduce levels of borrowing from the Government for capital works; the revenue and asset base of the Metropolitan Cemeteries Board is approximately three times the size of that of the FCB. The MCB produces a return of 4.3 per cent on net assets and has a debt equity ratio of 0.03 per cent. By comparison, the FCB produces a return of 3.33 per cent on net assets and has a debt equity ratio of 31.64 per cent;

the MCB has a more sophisticated level of management support than does the FCB;

operating cost savings could be achieved from greater economies of scale, rationalisation of office technology and reduced staff;

integration of the FCB with the MCB would provide for more efficient planning and project management across all the metropolitan cemeteries;

savings could be achieved through a reduction in the total number of board members and reduced reporting costs;

improved services could be delivered by extending to the Fremantle Cemetery a greater range of services and choice in memorial products available through the MCB; and

a reduction in red tape would be achieved by no longer requiring funeral directors and monumental masons to obtain licences from both the FCB and MCB.

In addition to achieving operating cost savings through economies of scale, the MCB will review the debt level at the Fremantle Cemetery Board that was referred to by the Functional Review Taskforce. The review will include consideration of the FCB's intention to borrow a further \$2 million to \$4 million in the financial year 2003-04.