



METROPOLITAN
CEMETERIES BOARD

Annual Report 2006-2007

*Achieving excellence in the provision of world class cemetery
facilities & services*

Locations and Contact Details

Head Office

Karrakatta Cemetery
Railway Road
Karrakatta WA

Postal Address:
PO Box 53
Claremont 6910, WA
Telephone: (08) 9383 5200
Facsimile: (08) 9384 9273
Email: mcb@mcb.wa.gov.au

Other Locations

Fremantle Cemetery
Cnr Carrington Road and Leach Highway
Palmyra
Postal Address:
PO Box 222
Palmyra 6957
Telephone: (08) 9319 0400
Facsimile: (08) 9339 8992

Pinnaroo Valley Memorial Park
Whitfords Avenue
Padbury WA
Postal Address:
PO Box 362
Hillarys 6923 WA
Telephone: (08) 9307 0300
Facsimile: (08) 9401 3144

Midland Cemetery
Myles Road
Swanview, WA
(Telephone, facsimile as per Pinnaroo)

Guildford Cemetery
Kalamunda Road
South Guildford WA
(Telephone, facsimile as per Pinnaroo)

Rockingham Regional Memorial Park
Millar Road
Baldivis WA
(Opening September 2007)

STATEMENT OF COMPLIANCE

Hon. Ljiljanna Ravlich MLC
Minister for Local Government
Level 12
Dumas House
2 Havelock Street
West Perth 6005

In accordance with the Financial Management Act 2006, we hereby submit for your information and presentation to Parliament, the Annual Report of the Metropolitan Cemeteries Board for the financial year ended 30 June 2007.

The Annual Report has been prepared in accordance with the provisions of the Financial Management Act 2006.

We wish to advise that the Financial Statements contained in the attached report have been audited by the Office of the Auditor General and contain the relevant audit opinions.



R G BOWE
CHAIR



JEAN HOBSON
DEPUTY CHAIRPERSON



P D MACLEAN AM PSM
CHIEF EXECUTIVE OFFICER

14 August 2007

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From the Chairman.

A Year in Review Executive Summary

During the year ended 30th June 2007 the Board received 9,386 funerals at the six cemeteries it manages. This is the highest number of Perth metropolitan funerals recorded in any year.

It is to the credit of MCB staff across all sites and in the wide, varied and sensitive roles they fulfil that the Board's mission to enhance the celebration of lives lived by providing quality services, products and facilities was achieved.

The cemeteries records system or CRS, which has as its foundation, a database covering all burials and cremations at metropolitan cemeteries since the late 19th century was significantly upgraded during the review period. This upgrade enabled improvements to the MCB website and the public are now able to easily obtain information regarding the daily funeral timetable and family tree research.

Additional options were provided for commemoration after cremation and Board publications upgraded to reflect the ever expanding range of products and services. The review of options for the suitable commemoration of a life is ongoing and continues to reflect the diverse range of community expectations.

The cemetery renewal program at Karrakatta Cemetery ensures sustainable operations at this central location and during the year under review, significant progress was made towards preparing eight previously used burial sections for future burials and memorial gardens.

Significant progress was made during the year on preparing for the opening of a new cemetery at Baldivis to be known as Rockingham Regional Memorial Park. The memorial park will be opened for its intended purpose on September 12 2007.

On 27th June 2007, the Hon Minister for Local Government, Ljiljanna Ravlich MLC, officially opened Stage 4 of the Karrakatta Mausoleum and this also marks the completion of the complex in that portion of the Karrakatta Cemetery.

620 additional crypt spaces were provided in Stage 4 taking the capacity to 2,200 crypts in this popular facility.

The Cemeteries Act 1986 is currently being reviewed and the Board prepared a comprehensive submission generally supportive of the provisions of current legislation but suggesting enhancements in the public interest.

At the uniquely Western Australian bushland cemetery, Pinnaroo Valley Memorial Park, major works were undertaken during the year to provide considerable new memorial capacity and to upgrade the water supply and reticulation services in the Park.

A key initiative was the introduction of a family section with an Australiana theme. This unique proposition enables parents and children to be reunited within the same burial space in an area specifically designed for the family demographic.

The Board has also been actively involved in the State Government coordinated pandemic/ disaster planning initiatives and trialled options for expedited but compassionate burial services in the event of a crisis.

These are some of the highlights in a busy year for the Board and it is to the credit of Board members and staff that quality cemetery facilities and services are provided for the community we serve.

The Board does remain concerned that progress to identify and set aside land for future cemetery use in the Perth metropolitan area has been slow and it is important that sites in strategic locations are secured now for the future.

A handwritten signature in dark ink, appearing to read 'R. Bowe', with a stylized, cursive script.

Ross G. Bowe, Chairman

Operational Structure

The Metropolitan Cemeteries Board (MCB) is a fully self supporting statutory authority. The Board manages five cemetery and memorial garden sites throughout metropolitan Perth – Fremantle, Karrakatta, Pinnaroo Valley Memorial Park, Midland and Guildford Cemeteries. A sixth facility, Rockingham Regional Memorial Park, is now under development and will open to the public in September 2007.

The MCB is a State Government statutory authority appointed by and responsible to the Minister for Local Government. The Board is a not-for-profit organisation. Revenue raised from the fees charged for various services is allocated for the provision of future services and maintenance.

ACTS AND BY LAWS:

The MCB is legislated by the following Acts and by laws:

- Cemeteries Act 1986
- Cremation Act 1929
- MCB By Laws 1992.

In the performance of its functions, the MCB has complied with the following laws:

- Cemeteries Act 1986
- Corporations (Western Australia) Act, 1990 ('Corporations Law')
- Cremation Act, 1929
- Disability Services Act 1993
- Equal Opportunity Act, 1984
- Financial Administration and Audit Act, 1992
- Industrial Relations Act 1988 (Federal)
- Industrial Relations Act, 1979 (Employment Acts, State)
- Library Board of Western Australia Act
- Metropolitan Cemeteries Board Bylaw
- Minimum Conditions of Employment Act, 1993
- Occupational Safety and Health Act, 1984
- Official Corruption Commission Act, 1988-94
- Public and Bank Holidays Act, 1972
- State Records Act, 2000
- Public Sector Management Act, 1994
- State Supply Commission Act, 1991
- Workers' Compensation and Assistance Act, 1981
- Workplace Agreements Act 1993
- Workplace Relations Act 1996 (Federal).



Board Members

Reporting to the Minister for Local Government, the Hon. Ljiljanna Ravlich MLC, the Board comprises a Chairman and six members. Board membership remained constant during the year.

The following Board members served during 2006/2007:

Chairman

Mr. Ross Bowe

Mr. Bowe was born in 1943 in Fremantle and commenced his career with the Australian Bureau of Statistics in Canberra in 1964. He returned to WA in 1972 and served with the State Treasury Department, culminating in his appointment as Under Treasurer in 1988. He has served as chairman of Bankwest Holdings and the Western Australian Treasury Corporation and was a board member of Gold Corporation, the WA Coastal Shipping Commission, the State Government Insurance Commission and the Urban Lands Council. He is currently Chairman of Racing and Wagering Western Australia and a board member of Landcorp.



Ross Bowe

Deputy Chair

Mrs. Jean Hobson

Jean Hobson served on Fremantle City Council from 1983 to 1992. Between 1989 and 1990 she was Deputy Mayor of the City. She has been a member of many Fremantle-based organisations, including the Fremantle Hospital Management Board, the Fremantle Library Advisory Committee and the Fremantle Education Centre Board. Mrs Hobson was previously the Chairperson of the Fremantle Cemetery Board.



Jean Hobson

Mr. Joe O'Dea Jnr

Joe O'Dea Jnr has a long association with the funeral industry in WA. He has been managing director of the Bowra and O'Dea group of companies since 1985. He was President of the Australian Funeral Directors Association, WA division from 1984-1990 and served as National Councillor for much of that time. Mr. O'Dea is also a member of the board's Finance Committee and has represented the MCB on many delegations.



Joe O'Dea Jr

Mr. Ken Colbung AM, MBE

Ken Colbung is a community and spiritual leader of the Nyoongah Aboriginal people. He grew up at Moore River and later at Sister Kate's Home in Queens Park. He served in the Army for 15 years, seeing active service in Korea. Mr. Colbung has extensive experience in Aboriginal cultural matters and has held appointments on a number of bodies serving these, as well as general community interests. As a board member of the MCB, he presented papers at the International Cremation Federation



Ken Colbung

Conference in Adelaide in 1996 and at the inaugural New Zealand Conference of the Australasian Cemeteries and Crematoria Association in 2000.

Dr Leonie Beth Liveris

Dr Liveris has previously served on the Board and is Chairperson and Consultant Historian for the Monument Assessment and Advisory Committee. She serves on the committee for the Professional Historians Association (WA) and is an Adjunct Research Fellow at Curtin University. Dr Liveris holds a Master of Philosophy degree from Murdoch University and Doctor of Philosophy degree from Edith Cowan University. She is the author of *The Dismal Trader* (1991) and *Memories Eternal; the history of Karrakatta Cemetery* (1999) commissioned for the Karrakatta centenary celebrations in 1999.



Leonie Liveris

Mrs. Jeanette Berinson

Jeanette Berinson is a prominent member of the Perth Jewish community. She has been a member of the Board of Carmel School for 15 years, including a period as Vice President. She is currently an executive member and vice-president of the Board of Dianella Synagogue.

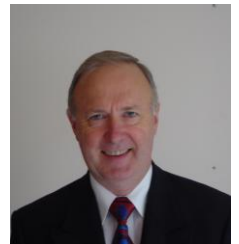


Jeanette Berinson

Mr. Donald Whittington

Donald Whittington was the founder and Managing Director of Whittingtons Herbs and Spices. He was a Councillor of the City of Fremantle for nine years including three years as Deputy Mayor and six years as Chairperson of Planning and Development.

Mr. Whittington is a member of the Board's Finance and Internal Audit Committee and represents the Board on the Monument Assessment and Advisory Committee. He presented a paper on natural burials at the 2006 Australasian Cemeteries and Crematoria Association Conference held in Auckland, New Zealand.



Donald Whittington

Meetings

A total of six ordinary meetings were held during 2006/2007. Attendances by Board members at these meetings were as follows:

<i>Ordinary Meetings Attended</i>		<i>Special Meetings Attended</i>
Ross Bowe	6	1
Jean Hobson	6	1
Don Whittington	5	1
Joe O'Dea Jnr	6	1
Ken Colbung AM MBE	6	1
Jeanette Berinson	4	1
Leonie Liveris	6	1

Members also attended committee meetings, site inspections and other functions throughout the year under review.

Board Remuneration

Board members receive an annual fee of \$4,000 while the Chairman, in recognition of the additional time required to fulfil Board business requirements, receives a payment of \$10,000 annually.

Declarations of Interest

Board members have disclosed pecuniary interests as required.

Our Vision

Achieving excellence in the provision of world class cemetery facilities & services.

Our Mission

To enhance the celebration of lives lived by providing quality services, products & facilities.

Our Values

We have a set of enduring beliefs that are ingrained in the way we think and act. These values guide our choices, defining for us the right course of action; the clearest direction; the preferred responses. Consistent with these values we set our objectives, formulate our strategies and judge our results. By living these values we will achieve our purpose.

Integrity

We are committed to doing what's right without exception through:

- Actions and decisions that reflect the highest ethical and professional standards
- Honesty
- Commitment to agreed outcomes
- Protecting the environment
- Obeying all laws
- Social responsibility
- Being accountable for our own actions and expecting accountability from others
- Compassion, respect and understanding
- Encouraging and valuing diversity
- Providing an environment that stimulates commitment.

Customer Service Excellence

Serving our customers stands above all other values and requires:

- Quality products that meet customer needs

- Caring interactions with customers
- Meeting expectations in quality and service
- Effective, responsive communication
- Embracing change
- Minimising waste and bureaucracy
- Creating positive, memorable experiences.

Inspired People

Our success will be achieved only through inspired people, operating in an environment based on:

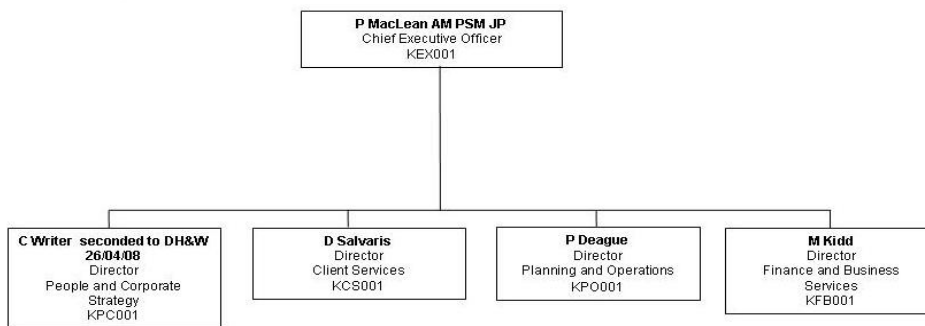
- Mutual trust and respect
- Empowerment and teamwork
- Innovation and risk taking

Sustainability

We are committed to sustainable operations that will allow us to meet the needs of future generations by:

- Remaining in business
- Growing the business
- Meeting our responsibilities
- Ensuring short term objectives do not override long term opportunities

There are approximately 133 staff employed by the MCB*. A simplified organisational chart is presented below.



*NOTE: This figure accounts for actual employees, not FTE positions.

Performance Management Framework

Outcome Based Management

During the year under review, the Board adopted a new strategic plan to cover the five years 2007-2012.

In the development of the strategic plan respect was paid to the government strategic management framework – ***Better Planning; Better Futures.***

The MCB Vision is:

Achieving Excellence in the Provision of World Class Cemetery Facilities and Services.

The strategic outcomes identified by the MCB are:

1. Excelling in customer services
2. Building and expanding our capability
3. Planning for business sustainability
4. Influencing and shaping our environment

These outcomes can be related to the goals and strategic outcomes incorporated in the State Government's *Better Planning; Better Futures* (BP/BF) strategic outcomes. These goals and their linkage to the MCB's identified strategic outcomes are as follows.

Goal 1 – Better Services

Enhancing the quality of life and wellbeing of all people throughout Western Australia by providing high quality, accessible services.

Key measures under MCB Outcome 1 are:

- products and services satisfaction
- understanding of customer needs.

MCB Outcome 2 also compliments this *Better Planning; Better Futures* goal in terms of our capability to meet identified needs.

Goal 2 – Jobs and Economic Development

To develop a strong economy that delivers more jobs, more opportunities and greater wealth to Western Australians by creating the conditions required for investment and growth

The MCB has related strategies including:

- training MCB staff to deliver excellent services to their customers and ensure they possess the skills and knowledge to perform their tasks to a high level
- build a culture of innovation, learning and continuous improvement
- attract and retain quality staff

- ensure the right staff at the right place for the future.

Better Planning; Better Futures Strategic Outcome 2.2 provides for a strong research and development capability.

MCB strategic outcomes have been developed with alignment in mind and include:

- to better understand our customer needs through research
- promote and gain knowledge through a range of active networking mechanisms
- undertake environmental scanning to recognise the value of strategic possibilities
- identify trends that are necessary to ensure sustainability
- undertake financial research and development and modelling to better position the organisation to meet its objectives.



Better Planning; Better Futures Strategic Outcome 2.3 provides for a level and mix of infrastructure that promotes economic growth.

This fits with MCB Outcome 2, building and expanding our capability and particularly the associated strategy to maintain and construct quality facilities to meet MCB operational needs.

Goal 3 – Lifestyle and Environment

To ensure that Western Australia has an environment in which resources are managed, developed and used sustainably, biological diversity is preserved and habitats protected

MCB's Strategic Outcome 4, Influencing and Shaping our Environment and a key strategy to plan for future operational sustainability, aligns closely to goal 3

Goal 4 – Regional Development

Planning in partnership for a sustainable future

Although the MCB jurisdiction is confined to the management of Perth metropolitan cemeteries and crematoria, the Board provides extensive advisory and consultative services to country cemetery Boards and local governments with cemetery management responsibilities.

Goal 5 – Governance and Public Sector Improvement
To govern for all Western Australians in an open, effective and efficient manner that also ensures a sustainable future

The Strategic Outcomes under this goal are included in MCB strategies to:

- train MCB staff to deliver excellent services to their customers
- build a culture of innovation, learning and continuous Improvement
- attract and retain quality staff
- ensure policies; guidelines and procedures are regularly reviewed to reflect changing needs
- maintain sound financial management practices that balance core responsibilities and business sustainability provide two-way stakeholder mechanisms to provide and promote knowledge and information dissemination.

AGENCY PERFORMANCE

Report on Operations

During the year the Board developed a Strategic Plan for the years 2007-2012. The new dynamic plan not only supports the current needs of clients and stakeholders but also the future needs of these groups and the changing industry environment. All Divisions have developed operational plans and are now well on the way to achieving goals aligned to the strategic plan.

This report on operations for the year ended 30 June 2007 is presented under the key outcomes identified in the strategic plan. These outcomes are:

1. Excelling in customer service
2. Building and expanding our capability
3. Planning for business sustainability
4. Influencing and shaping our environment.

OUTCOME ONE: Excelling in Customer Service

During the year the Board received 9,386 funerals at the six cemeteries under MCB management.

This figure includes 7,112 cremations, 2,108 burials and 166 mausoleum entombments.

In addition to these core services, the Board assisted families in the provision of 583 burial memorial plaques and 2,902 memorials arranged after cremation.

The Board also facilitated pre-need sales of memorials, graves and interment and cremation agreements for 1,909 clients.

It is to the credit of Board staff at all sites, clerical and operational, that the level of client satisfaction was again very high as indicated through an independent survey.

Excelling in customer services is a major goal for the MCB. Placing this at the forefront of the strategic plan ensures that all staff are aware of the MCB's customer driven environment.

During the year under review the Board continued to pursue its whole of organisation training and development framework.

A training and development policy has been developed and a high level training plan supports this document. A training committee will be established to oversee all learning and development



throughout the MCB. In recognition of the Active Ageing Strategy, the Board is in the process of developing strategies to achieve greater retention of mature employees.

The implementation of a new structure within the Client Services Division has resulted in improved efficiencies relating to work practices and business process management. The establishment of the key roles of Client Services Site Coordinators has ensured that all staff have ready access to senior staff when required. Families also benefit from these improved efficiencies, as decisions on complex matters can now be made by senior staff at each site.

In addition to actively pursuing strategies to excel within the customer service domain, the MCB also continued and expanded the range of community events staged at the cemeteries. The traditional annual masses to commemorate Easter Sunday and All Souls Day were held at Karrakatta Mausoleum and were complimented by the introduction of a Rosary to commemorate the Feast of the Annunciation at Fremantle Mausoleum.

The Board also continued its involvement with the City of Fremantle's annual Heritage Festival and staged free tours of the Fremantle Cemetery for the 2007 event. Building on the foundations established through participation in previous festivals, the Board utilised the services of a trained historian to undertake the role of Tour Guide. This helped to ensure the experience was genuinely engaging for all attendees.

Recognising the important historical nature of the industry in which the Board operates, oral histories were completed during the year under review by four veterans in cemetery services.

Messrs Bill Bullock and Brian Poor served the cemeteries Board for a total of over 70 years whilst Mr Jim Smith and Mrs Doreen Stock were involved for a similar number of years in the monumental masonry trade.



Although not directly linked to our day to day operations, these community service initiatives are revered among the many families that interact with the MCB every year. The Board continues to be proud of its ability to deliver these important community initiatives and to be able to make a cultural contribution to the State.

In pursuance of a strategy to ensure policies, guidelines and procedures are regularly reviewed to reflect changing needs, the

Board has played an active role during the year in the review of the Cemeteries Act 1986.

Comprehensive submissions based on experience have been lodged with the Department of Local Government and Regional Development. The Board is also planning a complete review of the MCB bylaws when revision of the Cemeteries Act is finalised.

To ensure that the Board could continue meeting customer expectations with regard to diverse memorial options, the range of memorials offered by the MCB is constantly monitored and is continually expanding. The opening of maritime themed memorial gardens at Fremantle Cemetery, the establishment of a family area at Pinnaroo Valley Park and preliminary water wise landscaping plans for new memorial gardens at Karrakatta are evidence of the ongoing memorial development processes that occur at all MCB cemeteries.

At the base of the memorials development procedure is critical customer knowledge that the MCB has garnered through undertaking a major community research process in 2005. Customer insights gained from this extensive research exercise are still value-adding to the organisations business planning and are complemented by the findings from the customer satisfaction survey that the MCB undertakes on an annual basis.



OUTCOME TWO: Building and Expanding our Capability

Key strategies in achieving these outcomes include:

- maintain and construct quality facilities to meet MCB operational needs; and
- plan for future operational sustainability.

A key initiative is the cemetery renewal program at Karrakatta.

Under Division 4 of the Cemeteries Act 1986 the Board may redevelop portions of the cemetery for re-use for any of the purposes authorised under the Act.

During the year under review the ongoing programme of redevelopment continues to ensure that Karrakatta can meet community needs and included works completed in the Anglican KA and GA sections. Works have commenced in Roman Catholic IA for a garden mausoleum development. In addition to monuments retained in situ or relocated after assessment, the

Board has been able to accommodate the retention of all headstones that are in good condition. These headstones are now incorporated in landscaping features.

Renewal also results in the transformation of old and somewhat neglected sections of the cemetery to attractive landscapes meeting current and future needs. It is a most effective means of ensuring cemetery sustainability and with the completion of currently active renewals projects, over thirteen percent of Karrakatta reserve will have been redeveloped for additional cemetery services.



Beyond cemetery renewal, it is important that additional new land be identified and secured for cemetery use in the regions of the metropolitan area. Over many years endeavours to set aside new cemetery land in the eastern and south-eastern metropolitan corridors have been unsuccessful and the Board continues to work in liaison with the Department of Planning and Infrastructure to identify and secure suitable land.

One means of efficiently using land in existing cemeteries has been the establishment of mausoleums in the Perth metropolitan area, particularly at Karrakatta where the mausoleum was built as part of the cemetery renewal initiative. Above ground crypts have proved effective and popular alternatives to earth burial.

On 27th June 2007 the Hon Minister for Local Government, Ljiljana Ravlich MLC, officially opened Stage 4 of the Karrakatta Mausoleum. This stage comprised 620 crypts taking the total in the Karrakatta Mausoleum complex to 2,200 crypt spaces.

It marked the completion of the mausoleum on that particular part of Karrakatta Cemetery and the beauty of the finished facilities is a credit to architects Walter Hunter and Penny Watson.

Walter Hunter developed the concept plan for the staged development in 1993/94 and this unique garden mausoleum is immensely popular, particularly in the Italian community.

Work has commenced on stage 5 of the Karrakatta mausoleum with the construction of garden crypts incorporated in a landscape setting. Although separate to the existing mausoleum, this design will complement the existing facility and will provide a future link to the proposed mausoleum development on Roman Catholic JA.

Good progress was made during the year under review towards completion of the first stage of development at Rockingham Regional Memorial Park. Construction of a new burial and memorial garden has been completed. A large gazebo has been constructed and will serve as a meeting place for families and a respectful venue for funeral services. The new cemetery will be open to the general public in September 2007 and is designed to serve the needs of the growing population within the South West corridor. The new cemetery will replace the East Rockingham Cemetery in servicing the cemetery needs in the rapidly developing Rockingham and Peel regions.

Another element of planning for the future has been the Board's involvement in whole of government pandemic/disaster planning. The Board's Director of Planning and Operations represents the MCB on the State Co-coordinating Committee.

At Pinnaroo Valley Memorial Park the Board trialed a burial system where extraordinary demand could be satisfied whilst at the same time, preserving dignity, identity and location co-ordinates for multiple burials.

Redevelopment of Pinnaroo's Sir Thomas Meagher Lake

commenced and was well under way at the conclusion of the review period. This redevelopment of the existing lake will provide both innovative memorialisation options and contribute to the overall efficient use of groundwater to irrigate the park.

Cassia Court and a section of Banksia Court were also upgraded to provide new memorial options. These works have contributed to the constant upgrading of facilities for the public and provide wonderful landscape features that enhance the aesthetic of the overall environment.



For the first time at the cemetery, a family area was developed and made available for community usage at the park. Offering burial and memorial options, the new area is themed in harmony with the bushland nature of Pinnaroo Valley and features a full sized windmill and a replica group of sheep peacefully grazing.

At Karrakatta Cemetery major roads were named for the first time to assist visitors to the cemetery in locating graves and memorials. The road naming is also part of a co-coordinated access plan being developed in liaison with the City of Nedlands.

The names chosen by the Board relate to people who have served the State well and who have a grave or memorial in the vicinity of the road named after them.

The new road names are John Curtin Avenue, Rischbieth Drive, Forrest Drive, Tangney Drive, David Brand Drive, Prendiville Drive, Hasluck Road, Canning Road and Shea Road.



At the Fremantle Cemetery in pursuance of a long standing policy on road names, the Board designated Muskarovsky Road. This road is named after Trijan and Gocè Muskarovsky who between them accumulated over 60 years service at the Fremantle Cemetery.

Also at Fremantle Cemetery, the board developed the Bon Scott Memorial Gate and Entrance. This pedestrian entry is near Bon Scott's memorial which is undoubtedly the most visited grave/memorial at any MCB cemetery. Bon Scott was lead singer for the group AC/DC and his memorial location is also recognised by the National Trust.

In pursuance of the board's strategies to attract and retain quality staff, the board refined the Cemetery Worker classification schedule including the development of a specialist technical stream to recognise leadership skills and similar qualities.

Recognising the important role technology plays in building and expanding our capability, the organisation is in the process of finalising the arrangements to call for tenders for the maintenance, development and support of the Cemetery Records System (CRS). The Client Services Division is also in the process of finalising tender preparations for the provision of a telecommunications system to address current and future needs.

Both projects are considered to be vital for the MCB to remain focused on meeting customer requirements.

Detailed and comprehensive complaints handling guidelines were also established during the review period. All staff are due to be trained in the new procedures in the latter part of 2007.

In the 2007 Australia Day Awards, the long-serving Chief Executive Officer of the Metropolitan Cemeteries Board, Peter MacLean, was conferred with membership of the Order of Australia (AM). This Award recognised Mr MacLean's outstanding service in the service of the MCB but also to the Australasian Cemeteries & Crematoria Association and the International Cremation Federation. Mr MacLean had previously been awarded the Public Service Medal (PSM) in 1995 and in 2005 was made a Life Member of the Australasian Cemeteries & Crematoria Association.

Shortly before the end of the financial year, advice was received from the Hon. Minister for Local Government that Chairman Ross Bowe and board members, Jean Hobson, Joe O'Dea Jnr, Ken Colbung AM MBE, Dr Leonie Liveris, Jeanette Berinson and Don Whittington had been reappointed for a three year term commencing 1st July 2007.

OUTCOME THREE: Planning for Business Sustainability

The Board has completed a water audit for Karrakatta. This review was for the use of ground water to irrigate memorial gardens and burial sections and to identify options for improvement. The water audit has been useful in defining vegetation types that do not rely on regular water to provide good visual appearance and to assist in strategic operational planning of new burial areas to reduce water consumption.

Commencing in April 2007, the Board replaced the five different plastic ash containers utilised across all sites with one standard environmentally friendly eco-ash container. Given that many families choose to discard the plastic container in favour of a decorative urn, the continued use of a non-biodegradable container in an era of environment awareness was viewed as an unsustainable practice. The new eco-ash container is constructed of rigid biodegradable cardboard and has been well received by families.

To ensure that the organisation is suitably equipped to respond in emergency situations, a security analysis project was undertaken in conjunction with local Police Officers to assess and review the response plans for the administration centres at all MCB cemeteries. The majority of the recommendations were endorsed by the Corporate Executive, resulting in improved work practices by staff and a heightened awareness of security and safety issues within the organisation.

The MCB and the Australian Funeral Directors Association (AFDA) WA representatives have discussed, in a preliminary sense, changes to the funeral director licensing requirements. The



MCB has extensively reviewed matters concerning funeral director licensing and has forwarded submissions to the Department of Local Government. Legal advice has been sought on a number of changes. The MCB will discuss these changes within the framework of the AFDA /MCB liaison group.

In terms of expanding revenue sources available to the Board, the issuing of a license for the extraction of sand from Rockingham Regional Memorial Park has proved very worthwhile. Revenue obtained from the sale of sand has gone a long way towards meeting the capital expenditure required in developing this new cemetery.

At the June 2007 meeting of the Board approval was given to an extended contract for further sand sales.

During the review period, the City of Mandurah approached the Board with a view to the MCB taking over management responsibility for the Lakes Memorial Cemetery, north east of the City of Mandurah. A business case is being developed in liaison with the Council before a decision is made on this matter.

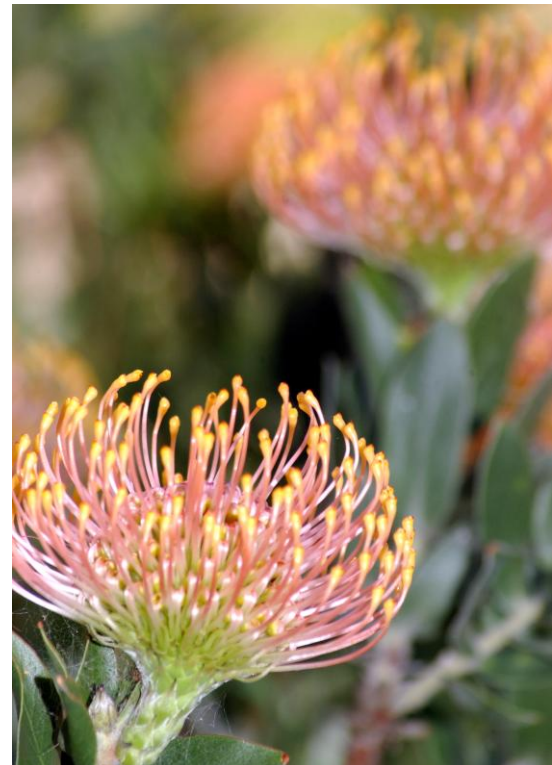
A private company applied to the Board for renewal and extension of their lease of portion of the Fremantle Cemetery not required for some years for cemetery purposes. The Board endorsed the renewal to cover a period of five years to 31st March 2012 with a rental of \$109,000 per annum, adjusted each year in accordance with the CPI movement.

OUTCOME FOUR: Influencing and Shaping our Environment

In achieving this outcome, one of the key strategies being implemented by the MCB is to identify trends that are necessary to ensure sustainability.

The cemetery renewal program comes under this category and had it not been for this initiative Karrakatta Cemetery would have closed for new burials in 2004. As it is, a cemetery renewal program has been projected to the year 2031 and it is probable that the scope will be extended well beyond that date in the future.

The Board has been working with the WA Planning Commission (WAPC) to acquire land at Guildford and south of Byford for future cemetery use. This work with the WAPC has been extended to provide land for the north east and north west urban corridors, with a number of suitable land options under review. These land options provide the Board with the opportunity to develop a sustainable cemetery system based on a population



of 2.34 million. These projections are based upon the continued practice of cemetery renewal.

To ensure the ongoing maintenance of close relationships with Government, the Hon. Ljiljanna Ravlich MLC, the Minister to whom the MCB reports, visited the organisation in April 2007 for a briefing session. The Minister was briefed on a range of matters impacting on the Board's operations, including the cemetery renewal program at Karrakatta. Shadow Minister, Gary Snook MLA, also visited for a briefing session.

In terms of corporate citizenship, the Board works closely in conjunction with ethnic and religious groups, the Royal WA Historical Society, WA Genealogical Society, the National Trust WA, local governments and government departments and agencies.

The Board also has a close working relationship with the Australian Funeral Directors Association (WA Division), Cemetery and Crematoria Association of Western Australia (CCAWA) and the Australasian Cemeteries and Crematoria Association (ACCA).

Some outcomes from these relationships during the year under review include:

- Articles on renewal in the publications of the Historical Society, the Genealogical Society, the Department of Veterans' Affairs newsletter and the RSL Listening Post
- A Memorandum of Understanding with the City of Rockingham covering the future maintenance and funeral services at the East Rockingham Pioneer Cemetery
- Negotiations with the Rottnest Island Authority aimed at providing niche wall memorial facilities as a joint project in the Pioneer Cemetery at Rottnest
- Assistance to cemetery boards and local governments throughout Western Australia on a wide range of matters pertaining to cemetery management and operations
- Agreement to website linkages with the WA Genealogical Society
- Active participation in the Cemeteries & Crematoria Association of WA including the hosting of a professional development day at the Fremantle Cemetery
Active participation in the Australasian Cemeteries & Crematoria Association and the International Cremation Federation of which Chief Executive Officer Peter MacLean is Vice-President.

The Board has also been involved with five other cemetery management authorities across Australia in a project to establish some benchmarks and key performance indicators of value to all

cemetery and crematoria operators. Good progress has been made in the year under review.

FINANCIAL TARGETS

The Board achieved a net surplus of \$4,032,000 for the year ended 30 June 2007 compared to a budget of \$3,925,000 and an actual figure of \$4,997,000 for the year ended 30 June 2006.

Works were completed on Stage 4 of the Karrakatta Mausoleum development during the year. Exceptional demand for crypts in the previous Stage 3 facility, during the current and previous years, necessitated the fast tracking of the construction of Stage 4, which was completed ahead of schedule in June 2007. Due to this early completion, the Board was able to achieve additional unbudgeted sales of \$1m in the 2006/2007 financial year.

During the year the Board, as part of its investment portfolio restructuring, sold a number of shares and raised a net profit on sale of \$658,000. The proceeds from these sales were reinvested during the year.

During the year the Board, with the assistance of professional valuers, Western Australian Land Information Authority (Valuation Services) and Jones Lang LaSalle, revalued its Buildings, Infrastructure and Land to their Fair Values. These exercises resulted in increments in the valuations of \$4.5m for Buildings, \$7m for Infrastructure and \$2.8m for Land. All of these increments in valuations, in accordance with AASB 116, were taken to the Revaluation Reserves. The valuations for the Building assets were assessed at 1 July 2006 requiring a recalculation of the depreciation for the year based on the new Fair Values of the building assets. The resulting significant increase in the depreciation charge for the year was reflected through the Operating Statement. The valuation of the Infrastructure assets was carried out at 30 June 2007.

The Board did not receive any Government Grants or Consolidated Revenue funding during the financial year.

Revenue received by the Board during the year for the provision of Burials and Cremations and the sale of Memorial products and Mausoleum crypt spaces, was \$16.6m compared with a budget of \$17.1m and an actual figure of \$16.4m in the previous financial year. The main reason in the shortfall between the budget estimate and the actual result was a shortfall in the actual number of crypts sold in the Fremantle Mausoleum (see also Note 33 'Explanatory statement' in the Financial Statements for further explanation of significant variances)

Total expenditure incurred on operating activities during the year amounted to \$14.8m compared to a budget of \$14.5m and an actual figure of \$13.5m in the previous financial year. (see Note 33 'Explanatory statement' in the Financial Statements for further explanation of significant variances)

Additional income received from other non Core Business activities such as, investments, commissions on extractions of sand from the Rockingham Regional Memorial Park cemetery development site, leasing of land, sale of assets and the Board's share of turnover from its sub-contracted management agreement for its cafes and condolence lounge catering, added a further \$2.2m to the Board's revenue for the year. This compares to a budget figure of \$1.3m and an actual figure of \$2.1m for the previous financial year. (see Note 33 'Explanatory statement' in the Financial Statements for further explanation of significant variances)

KEY PERFORMANCE INDICATORS SUMMARY

Outcome

Funerals and memorial services that meet the needs and expectations of the community.

Effectiveness Indicator (audited by Office of the Auditor General)

Extent of customer satisfaction with services provided

	Target	2006/2007	2005/2006
Industry Score	85%	89%	84%
Public Score	85%	90%	89%

Efficiency Indicator (audited by Office of the Auditor General)

The average cost per funeral and memorial service includes all operating expenses.

Over the past 5 years the average cost per funeral was:

2006/2007	\$1,566.54
2005/2006	\$1,463.28
2004/2005	\$1,299.29
2003/2004	\$1,317.35
2002/2003	\$1,413.72.

Over the past 5 years the average cost per funeral and memorial service was:

2006/2007	\$1,196.58
2005/2006	\$1,123.27
2004/2005	\$1,003.60
2003/2004	\$1,006.97
2002/2003	\$1,013.87.

Detailed Key Performance Indicator information can be found after the Financial Statements.

SIGNIFICANT ISSUES AND TRENDS

The Board has identified the following significant issues impacting upon MCB operations.

As indicated earlier in this report, it is imperative that additional land be set aside for cemetery use in the Perth metropolitan area. The Board simply does not have sufficient land to cater for the Perth metropolitan region, particularly at an estimated future population of 2.34 million. Providing land in all urban corridors is costly and retro-fitting cemeteries in established urban regions, verges on the impossible.

A primary need has been identified in the south-east and north-east corridors where much of the land undeveloped at Guildford and Midland cemeteries has been lost to the *Bush Forever* conservation initiative. Further to the south, local cemeteries at Jarrahdale and Serpentine are nearing capacity.

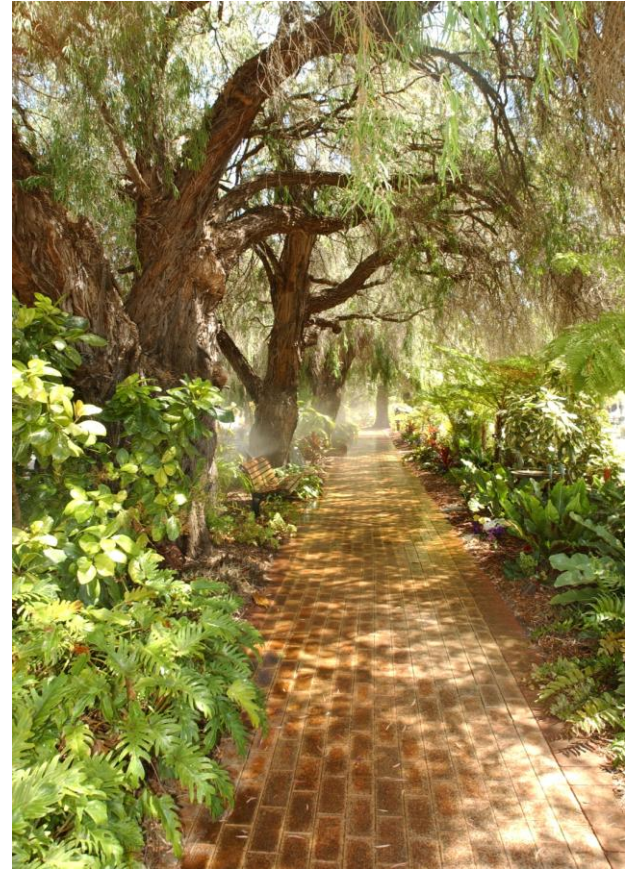
The Board is working with the Department of Planning and Infrastructure and local governments in the area in an endeavour to secure the land required to meet future cemetery needs.

Land should also be set aside at the northern end of the north-west corridor.

Related to this need for land is the question of who pays for it. Traditionally Crown land has been set aside for public cemeteries as a public service obligation. The Board has been advised that any future land allocation will, in all probability, require a funding contribution from the Board.

If that is so, then the cost will need to be factored into fees for cemetery services. This will be a significant impost and a high degree of transparency will be needed to justify the impact upon funeral costs.

The situation is exacerbated by the fact that today's users of MCB services also contribute to the maintenance of old cemeteries as they were developed and low fees levied prior to the introduction of "user pays" accounting principles.



Another issue pertaining to fees charged for cemetery services is the need for true cost recovery. Any cross subsidisation between service fees should be minimised or preferably eliminated. The Board will be embarking on a costing review shortly which may well reveal that burial service fees are subsidised by cremation fees.

The increase in burial fees, if necessary, may be quite significant and will impact particularly on religious and ethnic groups where cremation is not an acceptable alternative to burial.

In planning for a sustainable future, the Board has developed a cemetery renewal plan for Karrakatta to 2031. This aims to provide land for burial and memorial gardens on a sustainable basis for an estimated population of 420,700 in the central urban corridor. Similar plans will need to be developed for the Board's other cemeteries to ensure that cemetery facilities are provided for future generations within the Perth community.

An ongoing issue is the public acceptance of cemetery renewal as a reality of modern cemetery operations in Western Australia. Although the renewal process is a consultative one supported by the majority, there has been some resistance and adverse media attention to the program. This needs to be carefully managed by the Board to strike the balance between cemetery sustainability and capacity building and caring for the history of past interments.

DISCLOSURES & LEGAL COMPLIANCE

Other Financial Disclosures

MINISTERIAL DIRECTIVES

No Ministerial directives were received during the financial year.

Pricing policies of services provided

The Board has discretion over pricing for goods and services rendered and sets its schedule of fees and charges in accordance with section 53 of the Cemeteries Act 1986.

Capital Works

Capital project incomplete

The construction of the new Sir Thomas Meagher lake system at Pinnaroo Valley Memorial Park will be completed during the next financial year. The lakes will enhance the ambience of the cemetery and provide a wide range of attractive waterside memorial options. The lakes will cost an estimated amount of \$1.8m of which \$316,000 will need to be spent in the 2007/2008 financial year on contracts relating to this project.

Capital projects completed

The Board completed the construction of Stage 4 of its Mausoleum complex at Karrakatta cemetery at a cost of \$4.3m

Employment and Industrial Relations

Staff Profile

	2006-07	2005-06
Full-time permanent	85	81
Full-time contract	6	3
Part-time measured on a FTE basis	17	21
On secondment	1	1

*NOTE: The above figures are representative of FTE positions. It is not representative of the number of actual staff members.

Employee Learning and Development

The Board views employee learning and development as an important element in creating a motivated and productive workplace and bases its success on an integrated and cross sector approach to training.

Using its training budget to attract further dollars for training, the Board has established a partnership with the West Coast College of TAFE to continue its middle management training, offering a composite of Certificate 4 in Training and Assessment.



In addition to providing staff with the opportunity to undertake a range of “off the shelf” training packages the MCB ensured that, where appropriate, staff are able to benefit from membership to professional associations and attendance at conferences, seminars and workshops in specialised functional areas.

The Board continued to foster and promote opportunities for work experience students and undergraduate and post graduate students to further enhance their learning.

Workers Compensation

Nine compensation claims of a minor nature were recorded during the financial year. This compares with five claims of a minor nature for the previous reporting period.

Governance Disclosures

Contracts with Senior Officers

At the date of reporting, other than normal contracts of employment of service, no Senior Officers, or firms of which Senior Officers are members, or entities in which Senior Officers have substantial interests had any interests in existing or proposed contracts with the Metropolitan Cemeteries Board and Senior Officers.

Insurance premiums paid to indemnify members of the Board

An insurance policy has been taken out to indemnify members of the Board against any liability incurred under sections 13 or 14 of the Statutory Corporations (Liability of Directors) Act 1996. The amount of the insurance premium paid for 2006/2007 was \$5,380.

OTHER LEGAL REQUIREMENTS

COMPLIANCE WITH PUBLIC SECTOR STANDARDS & ETHICAL CODES

OPSSC reporting under s31 of the Public sector Management Act 1994

1. Compliance issues that arose during the financial year 2006-2007 regarding the public sector standards, included:
 - No breach claims lodged
2. Compliance issues that arose during the financial year 2006-2007 regarding the WA Code of Ethics included:
 - No compliance issues arose.
3. Compliance issues that arose during the financial year 2006-2007 regarding our own Agency Code of Conduct included:

- No compliance issues arose.
4. Significant action taken to monitor and ensure compliance included:
- Information about the Standards and Codes was reviewed and included on MCB intranet
 - An awareness raising workshop is to be provided to all employees in regard to this information
 - Additional Grievance Officers to be appointed
 - These Officers to be trained
 - The Code of Conduct has been reviewed and rewritten with regard to Additional Employment and Conflict of Interest. All employees to be issued with new code of conduct with notation of receipt to be held on Personal File (signed off in induction)
 - Induction process to be developed with a formal program offered in staged modules to ensure employee awareness of the Code of Conduct Standards, Ethical Codes and Grievance procedures
 - A gift Registry was maintained for items received by MCB employees of <\$20.



Electoral Act 1907 Section 175ZE

In compliance with Section 175ZE of the Electoral Act 1907, the MCB is required to report on expenditure incurred during the financial year in relation to advertising agencies, market research organisations, polling organisations, direct mail organisations and media advertising organisations.

Details are as follows:

Expenditure with Advertising Agencies	\$0.00
Expenditure with Market Research Organisations	
Patterson Market Research	\$13,042.70
Expenditure with Polling Agencies	\$0.00
Expenditure with Direct Mail Agencies	\$0.00
Expenditure with Media Advertising Agencies	
Media Decisions*	\$18,886.93

* This expenditure through Media Decisions, which manages the State Government's Master Media (campaign) advertising buying contract, represents all press advertising expenditure for the review period. No electronic media advertising was undertaken.

DISABILITY ACCESS & INCLUSION PLAN OUTCOMES

Disability Service Plan 2001

Since the creation of the Board's original Disability Services Plan, the MCB has continued to progress its implementation to ensure a high standard of facilities and accessible services for all. The plan continues to assist in overcoming any barriers that may exist in accessing our products and services.

Disability Access and Inclusion Plan 2007

As the 2001 Disability Services Plan was a five year plan, it is required to be reviewed and re-registered with the Disability Services Commission this year. A new Disability Access and Inclusion Plan 2007-2011 will be developed, advertised and lodged accordingly.

This plan addresses 6 Outcomes. These are;

Outcome 1: People with disabilities have the same opportunities as other people to access the services of, and any events organised by the Metropolitan Cemeteries Board.

Outcome 2: People with disabilities have the same opportunities as other people to access the buildings and other facilities of the Metropolitan Cemeteries Board.

Outcome 3: People with disabilities can access information from the Metropolitan Cemeteries Board as readily as other people are able to access it.

Outcome 4: People with disabilities receive the same level and quality of services from the staff of the Metropolitan Cemeteries Board as other people receive.

Outcome 5: People with disabilities have the same opportunities as other people to make complaints to the Metropolitan Cemeteries Board.

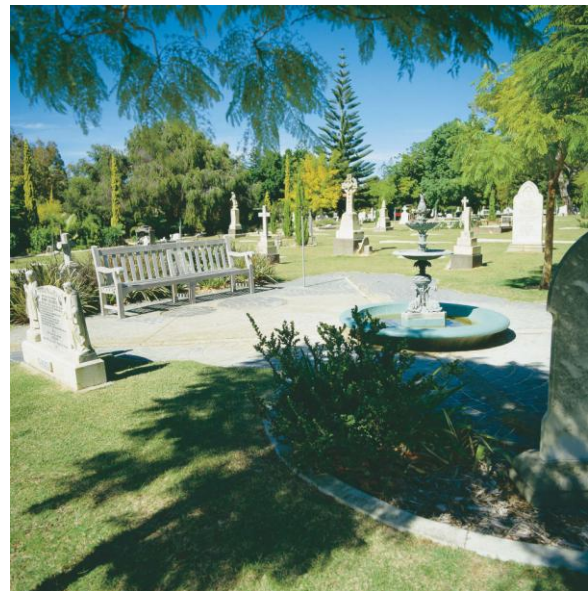
Outcome 6: People with disabilities have the same opportunities as other people to participate in any public consultation by the Metropolitan Cemeteries Board.

EQUAL EMPLOYMENT OPPORTUNITY OUTCOMES

Safe Working Environment 2007

The Metropolitan Cemeteries Board's Occupational Safety and Health Committee continued to meet regularly to discuss and resolve issues raised by staff, review hazard reports, discuss injury trends and identify preventative measures to promote a safe working environment.

Through the Board's Safety and Health Management Plan and its



focus on a safe and healthy workplace a range of initiatives were undertaken during the year. These included:

- Provision of individual ergonomic assessments as required including a number of structured return to work programs
- Training for new OS&H Representatives
- Review of OS&H requirements for grave digging resulting in the development of a new role of Occupational Safety and Health Officer (0.4fte)
- Conduct of nationally accredited OSH “Blue Card” construction industry training to all operational staff
- Provision of basic first aid training including CPR to all employees
- Provision of back care and manual handling training
- Development of a standardised suite of health and safety related training for new staff.

As part of the MCB’s wellness program, a range of opportunities continued to be provided to staff on a voluntary basis. These included:

- Flu shots
- Blood testing
- On-site therapeutic massages
- Vaccination programs.

The Board also continued to provide a confidential employee assistance program (EAP) which provides access to independent professional counselling for staff and their families.

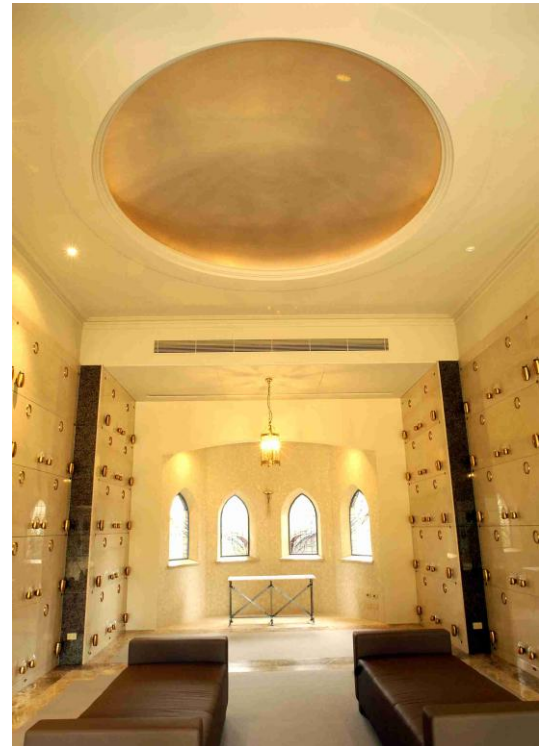
Equal Employment and Valuing Diversity

Equal employment opportunity practices continue to be adhered to. This is reflected in a workforce that is culturally and linguistically diverse and has a balanced representation of genders at a range of levels and in traditional and non-traditional occupations.

During 2006/2007 a review of the Board’s employee diversity resulted in several areas being identified for improvement in future recruitment. In particular, the MCB continued to build partnerships with external agencies to improve access to a more diversified pool of candidates thereby improving the diversity of the MCB workforce.

In addition, the MCB undertook a range of support strategies including:

- Regular surveying of new and existing employees to ensure that the MCB has the most recent diversity information
- Ensuring regular discussions at the Corporate Executive level on equity and diversity issues



- Providing mid-level female employees with increased access to career and management development opportunities
- Utilising a range of recruitment and selection techniques that actively address increasing the diversity of workforce
- Developing training initiatives that promote a positive workplace culture.

The Board continues to consider a range of innovative strategies that will assist in the attraction and retention of employees from target EEO groups, particularly employees with a disability and Indigenous employees.

Reporting on Records Management

The Board's revised Recordkeeping Plan was approved by the State Records Commission on 5th October 2006 for a period of five years.

The MCB has implemented the following activities to ensure that all staff are aware of their recordkeeping responsibilities and compliance with the Recordkeeping Plan:

- An online recordkeeping awareness training course has been conducted for all MCB's staff except outside workers;
- Records management staff train new staff and current staff on an ongoing basis as required.
- Staff information sessions are conducted as required.

Coverage of the training/information sessions as detailed here extends to all staff except outdoor workers who have no recordkeeping responsibilities. Records management staff are offered more frequent and more specialized training where required.

A survey of staff is conducted each year to determine the overall satisfaction with the board's records management processes and allows for staff to request further training if and when required.

New employees are required to complete an online recordkeeping awareness training course and receive one-on-one training in records management processes and systems from records management staff.

GOVERNMENT POLICY REQUIREMENTS

Corruption Prevention

The Board is developing a comprehensive Fraud Policy which it is intended will be implemented during the 2007/2008 financial year.

Following the development of a Fraud Policy, all staff will receive formal training on fraud and corruption issues. Training sessions will be conducted for all current staff and the

awareness training will be built into the Board's induction process. In conjunction with the awareness training it is intended that an organisation wide fraud risk assessment will be undertaken.

The Board will also give consideration to the development of regular on-going training sessions to ensure that the Fraud Policy remains embedded in the culture of the organisation.

As part of the Board's Fraud Policy, it is intended that a clear line of communication will be established for the reporting of all instances of alleged fraud or corruption. The Board has established a Register for all instances of alleged fraud or criminal activity.

Clear guidelines will be developed to cover the process to be followed for the investigation of alleged fraud or corruption per the requirements of the PID Act, CCC and the Police.

The Board's Codes of Conduct will contain specific reference to the Fraud Policy.

Substantive Equality

MCB Equity Index

Date: 30/06/07

Organisation Code:

127

Agency: Metropolitan Cemeteries Board

	% Actual Representation	Equity Index	2007 Objective set by your agency (%)	% Above or below objective
Women Management Tiers 2 & 3	46.2	203	46.2	0.0
People from Culturally Diverse Backgrounds	11.8	48	*	-
Indigenous Australians	0.8	-	1.0	-0.2
People with Disabilities	4.2	-	*	-
Youth	7.6	N/A	2.0	5.6

- A meaningful Equity Index can not be calculated for a diversity group with less than 10 individuals.

* No objective set

Substantive Equality Initiatives implemented in 2006-07 period

What was the Initiative?	Reference in Current Plan	What was achieved?	What difference has it made to your agency?	How was the initiative evaluated?
1. Regular surveying of new and existing employees to ensure that the MCB has the most recent diversity information	<i>Outcome 3.1 in Current EEO Plan</i>	<i>100%</i>	<i>All Employees are informed at Induction of MCB's EEO Policies.</i>	<i>Feedback from participants in the form of workshop evaluation forms</i>
2. Ensuring regular discussions at the Corporate Executive level on equity and diversity issues	<i>Outcome 3.2. in Current EEO Plan</i>	<i>100%</i>	<i>MCB's EEO demographics have been actively reviewed and improved</i>	<i>Source data from EEO, documents such as "How Does Your Agency Compare" and whole of Government HR reports.</i>
3. Utilising a range of recruitment and selection techniques that actively address increasing the diversity of workforce	<i>Outcome 2.1. in Current EEO Plan</i>	<i>60%</i>	<i>The Board can clearly see diversity acknowledgement in its advertising.</i>	<i>Continued Review of Recruitment Processes</i>
	<i>Outcome 1.5 in Current EEO Plan</i>	<i>60%</i>	<i>The Board is reviewing its Induction Process and will provide a greatly enhanced induction covering EEO and other important information in a modularised Induction</i>	<i>Review of Employees Exit Interview and comments in general.</i>

EEO -The year ahead

In 2007 the MCB will ensure all employees are informed and trained in equity and diversity so as to ensure awareness of equity and diversity requirements. This is part of the MCB's undertaking to provide all employees with EEO Training every 2 years

And

Include EEO and diversity principles in all relevant MCB policies, processes and guidelines.

Legislative Framework

The Metropolitan Cemeteries Board was created on 1 October 1988 to manage cemeteries in the metropolitan area. The Board is a body corporate with perpetual succession and its responsibilities are described in the Cemeteries Act 1986. By-laws gazetted in 1992 set out administrative and general provisions for operating cemeteries under its control and the Board also has powers under the Cremations Act 1929.

Public Interest Disclosure

As required by the provisions of the *Public Interest Disclosure Act 2003*, the Chief Executive Officer of the MCB has complied with the obligations imposed pursuant to section 23(1) of the *Public Interest Disclosure Act 2003*. In this respect:

- The Director, Finance and Business Services has been appointed as the Board's PID Officer and internal procedures relating to the Board's obligations have been published on the MCB's intranet site
- The MCB has adopted internal procedures that provide protection to people who make such disclosures from any detrimental action in reprisal for the making of a public interest disclosure.

As at 30 June 2007, no Public Interest Disclosures have been made.

Risk Management

The Metropolitan Cemeteries Board has in place a Risk Management Plan comprising a matrix of identified risks and recommended treatment to minimise risk. The Plan is reviewed yearly and monitored and reviewed by the Corporate Executive on a quarterly basis.

Sustainability

The MCB's Sustainability Action Plan has been developed to reflect sustainability principles and actions in strategic and business plans and budgets, consistent with *Better Planning; Better Futures*.

As stipulated within the Annual Report framework for 2006/2007, the agency is required to report in the form of a qualitative summary of the progress undertaken to address the targets and priority areas set out within the plan.

Action Plan progress 2006-2007:



STRATEGIC PLANNING:

Align outcomes and activities with all relevant goals and strategic outcomes articulated in Better Planning: Better Services —A Strategic Planning Framework for the Western Australian Public Sector

Status of Action

The MCB's corporate achievements address the Government's goals regarding people and communities, the economy, the environment, the region and governance.

Timeframe

Completed.

Reflect State Sustainability Strategy actions within strategic and business plans and budgets as appropriate

Status of Action

The MCB has decided on a mandatory sustainability review process for all strategic and business planning. The Board has integrated such a process within operations.

Timeframe

Completed.

ANNUAL REPORTING

Prepare annual reports in accordance with the Annual Reporting Framework

Status of Action

Annual reports are prepared in accordance with the framework and audited appropriately by the Office of the Auditor General.

Timeframe

Ongoing.

Provide progress reports on the delivery of actions for which the agency is responsible within the State Sustainability Strategy.

Status of Action

The MCB has a Sustainability Officer, who monitors the Board needs and follows direction from the Corporate Executive (Senior Management Team) to ensure progress is achieved.

Timeframe

Ongoing.



PROCUREMENT

Comply with State Supply Commission (SSC) policies and guidelines.

Status of Action

The MCB follows SSC policies and guidelines in the procurement process with particular focus on value for money, buy local policy and quality and this is aligned with consideration to the environmental impact of purchases of goods and services, and with the disposal of goods.

Timeframe

Achieved and ongoing.

SERVICE DELIVERY

Work collaboratively to:

- **Ensure co-ordinated, integrated, high-quality service delivery to the community;**
- **Provide whole-of-government approaches to planning decision making and resource allocation; and**
- **Forge effective partnerships with federal and local governments, the private sector and the wider community.**

Status of Action

Through the annual capital works development programs the MCB will continue to coordinate cemetery service delivery and introduce sustainability principles into that delivery.

Timeframe

Ongoing.

ENVIRONMENTAL PERFORMANCE

Waste

Undertake a waste audit of Karrakatta, Fremantle and Pinnaroo offices utilising consultants from the Government's Waste Audit Consultancy panel contract to assess and determine waste management, recycling and disposal options.

Status of Action

The MCB will undertake an internal audit of waste to determine relevant strategies for reduction in waste output.

Timeframe

Completed and ongoing.

Set targets for waste reduction and recycling

Status of Action

Targets will be set for waste reduction and recycling using recommendations from the waste audit. Performance will be monitored against targets and action will be taken as required to meet them.

Timeframe

Ongoing.

Energy

Undertake steps 1 to 5 of the Energy Smart Government Ten Steps to implement guide to energy management.

Status of Action

The MCB has achieved the targets set by SEDO and will continue to meet energy reduction requirements. Steps 1 to 5 have been completed.

Timeframe

Achieved and ongoing.

Agencies are encouraged to undertake steps 6 to 10 of the Energy Smart Government “Ten Steps to Implement” guide to energy management.

Status of Action

The MCB has implemented steps 6 to 10.

Timeframe

Completed.

Support the Government’s commitment to purchase the equivalent of 5 per cent of its electricity from cost-effective renewable sources by 2006/07.

Status of Action

The MCB is pursuing options in this regard.

Timeframe

Timeframe for Achievement = December 2007.

Comply with those provisions relating to energy efficiency in the Department of Housing and Works Office Accommodation Policies.

Status of Action

The Commission has set internal targets to minimise energy use. We will monitor our performance against targets and take action as required to meet them.

Timeframe

Ongoing.

Water

Comply with those provisions relating to water efficiency in the Department of Housing and Works Office Accommodation Policies.

Status of Action

The MCB will set targets to maximise water efficiency. We will monitor our performance against targets and take action as required to meet them. The MCB will also seek advice on options regarding water usage at all cemeteries.

Timeframe

Completed.

By 1 July 2005, conduct a water audit of government tenancies greater than 1000 square meters using a qualified auditor. Agencies in existing government tenancies of less than 1000 square meters are encouraged to assess their water efficiency using a qualified auditor.

Status of Action

The MCB will undertake a major water audit program to minimise the use of water at all cemeteries.

Timeframe

Audit completed and under regular review.

VEHICLES AND TRAVEL

Undertake a survey of staff travel and audit of workplace accessibility for workplaces with 100 or more staff.

Status of Action

The MCB will undertake an audit of workplace accessibility.

Timeframe

Timeframe for Achievement = December 2007.

Identify actions to reduce unnecessary solo car journeys and promote travel alternatives such as cycling, walking, public transport, car-pooling, telework and develop a green transport plan for workplaces with 100 or more staff.

Status of Action

The MCB has an effective car pooling scheme during work hours and alternative modes of travel will be communicated to staff. Operational staff have the use of bicycles at Karrakatta Cemetery and this will be extended to other sites.

Timeframe

Completed and also under regular review.

Comply with the Government's commitment to offset greenhouse gas emissions of the Government's vehicle fleet.

Status of Action

The MCB aims to reduce vehicle use through different initiatives and has already converted a large number of vehicles to LPG and is upgrading vehicles to Euro 4 emission engines

Timeframe

Ongoing; reviewed when purchasing vehicles.



LAND DEVELOPMENT

Agencies involved in land development ensure these initiatives are consistent with sustainability principles and practices and work in a collaborative manner to provide optimum sustainability outcomes for land development initiatives.

Status of Action

By adopting a sustainability process applicable to all capital works and project outputs managed by the MCB, all land developments will be consistent with sustainability principles.

Timeframe

Ongoing & constantly reviewed.

Ensure that all reasonable steps are taken to avoid, minimise or mitigate any likely adverse impacts (direct or indirect) of future development, land disposal programs or existing uses on regionally significant bushland within a Bush Forever site. This shall include demonstration that all feasible alternatives have been considered to avoid or minimise any direct loss and the consideration of reasonable mitigation strategies to offset any loss, where appropriate and practical.

Status of Action

The MCB has developed a management plan in consultation and negotiation with the Department of Planning and Infrastructure. Midland, Guildford and Pinnaroo are all affected by Bush Forever and therefore a management plan has been developed for these sites. New developments will not impact on Bush Forever sites.

Timeframe

Pinnaroo = completed. Midland and Guildford = negotiated outcomes under review.

As part of the development of Sustainability Action Plans, relevant agencies develop a 'strategic package' of initiatives to identify their future requirements and conservation outcomes for lands affected by Bush Forever.

Status of Action

The MCB will ensure that sustainability assessment forms an integral part of its strategic planning and that new initiatives are developed according to sustainability principles. Bush Forever sites will be conserved at the relevant cemeteries.

Timeframe

Ongoing.

CAPACITY BUILDING FOR SUSTAINABILITY

As part of sustainability action planning and implementation provide opportunities for employees to participate in sustainability awareness raising and training initiatives and develop staff communications and engagement program.

Status of Action



Ongoing awareness of available training programs. Communications and engagement program have been finalised and incorporate mechanisms for employees to have input. Information made available to all staff through a variety of internal communications channels.

Timeframe

Completed.

SUSTAINABILITY THROUGH DIVERSITY

Support employees in understanding and respecting diversity through anti-racist, equal opportunity and cross-cultural awareness training programs and utilising means to redress where legislation permits.

Status of Action

The MCB takes an equal opportunity approach to recruitment and staff management. This approach is also encouraged in all dealings with the public, both internal and external.

Timeframe

Complete.

Support and foster opportunities for interaction, partnerships and alliances between individuals and groups.

Status of Action

MCB has established a key industry liaison group for the purpose of enhancing communication and addressing concerns in a timely manner. Formal and informal mechanisms are utilised to ensure input from industry and community groups is received and action upon where appropriately. Records are kept of such consultations.

Timeframe

Ongoing.

Create opportunities for staff to participate in relevant training on a regular basis to improve understanding and awareness of equal opportunity and multicultural issues.

Status of Action

Relevant training opportunities to be sourced and regularly communicated to staff. Staff to approach line management regarding attendance at training courses. Participation to be encouraged by management and staff released to participate whenever practicable.

Timeframe

Completed and ongoing

OCCUPATIONAL HEALTH AND SAFETY

Establish a management system that provides for the identification of hazards and the control of risks

Status of Action

In ensuring a safe working environment the MCB is committed to undertaking the following activities:

- Utilising the Worksafe Plan Status - Completed
- Conducting a comprehensive review of operations to assess compliance with all relevant legislation including Codes of Practice and Guidance Notes. Status - Completed
- Review and preparation of detailed Procedure Manuals Status - Completed
- Development, implementation and monitoring of appropriate policies and practices. Status - Completed
- Conducting or arranging relevant training and education to address gaps. Status – Completed.

Timeframe

Ongoing.

Establish effective consultation mechanisms.

Status of Action

Following a review of the performance of the MCB's Health and Safety Committee a new Committee has been formed and a new constitution has been developed. All papers including agendas, minutes, action plans, educational material is made available to all staff and copies of any relevant journals and training guides are circulated to appropriate staff. Staff Newsletters incorporating health and safety issues and messages are prepared and distributed regularly. MCB's Wellness Program incorporates the distribution of health and well being information at regular intervals.

Timeframe

Ongoing.

Undertake regular and comprehensive assessments of occupational safety and health management systems.

Status of Action

The Health and Safety Committee has been charged with the responsibility of developing appropriate inspection documentation (including checklists). A schedule for completion of regular inspections is also being developed. Any identified areas of concern will be communicated in an appropriate format.

A comprehensive review of the MCB's Health and Safety Management system is being undertaken and an Action Plan will be developed for identified areas requiring attention.

Timeframe

Ongoing.



METROPOLITAN CEMETERIES BOARD

Financial Statements

for the year ended 30 June 2007

Board Objective

Ensure that the Board's resources are effectively and efficiently managed in accordance with sound business principles to optimise performance.

In support of this, the Board is committed to:

- * Ensuring that professional and statutory principles, standards, policies and procedures are properly met;
- * Ensuring that realistic and useful budgets are developed and refined and that sound financial management principles are applied;
- * Ensuring that accurate financial information relating to the Board's activities is available on a timely basis;
- * Ensuring that Board investments are managed in a prudent manner.

Highlights

- The Board achieved a net surplus of \$4,032,004 for the year ended 30 June 2007 compared to a budget of \$3,925,000 and an actual figure of \$4,997,000 for the year ended 30 June 2006.
- The Board completed Stage 4 of the Karrakatta Mausoleum development during the year. Exceptional demand for crypts in the previous Stage 3 facility, during the current and previous years, necessitated the fast tracking of the construction of Stage 4, which was completed ahead of schedule in June 2007. Due to this early completion, the Board was able to achieve additional unbudgeted sales of \$1m in the 2006/2007 financial year.
- During the year the Board, as part of its investment portfolio restructuring, sold a number of shares and raised a net profit on sale of \$658,000. The proceeds from these sales were reinvested during the year.
- During the year the Board, with the assistance of professional valuers, Western Australian Land Information Authority (Valuation Services) and Jones Lang LaSalle, revalued its Buildings, Infrastructure and Land to their Fair Values. These exercises resulted in increments in the valuations of \$4.5m for Buildings, \$7m for Infrastructure and \$2.8m for Land. All of these increments in valuations, in accordance with AASB 116, were taken to the Revaluation Reserves. The valuations for the Building assets were assessed at 1 July 2006 requiring a recalculation of the depreciation for the year based on the new Fair Values of the building assets. The resulting significant increase in the depreciation charge for the year was reflected through the Operating Statement. The valuation of the Infrastructure assets was carried out at 30 June 2007.
- The Board did not receive any Government Grants or Consolidated Revenue funding during the financial year.

Financial Management

The Board operates along commercial lines and uses financial policies based on widely accepted business principles. As an agency of the Government of Western Australia, the Board must also apply social, environmental and economic principles to all facets of its operations.

Financial Management (continued)

The Board's Mission is to "To provide quality services and facilities for Burial, Cremation and Commemoration". In fulfilling this Mission, the Board must balance the triple bottom line factors, ensuring that the needs of current and future generations are met without compromising any of the three sustainability principles.

The economic factor presents many complexities. Cost recovery is essential if the environmental and social values of the Board's cemeteries – five existing and one under development - are to be maintained. The Board must fund not only the day-to-day management of its cemeteries, but also all future infrastructure replacement, maintenance and development costs.

As part of its annual exercise to establish fees for services and charges for its products the Board takes into account a wide range of factors including:

- costs of the provision of services and products for resale;
- costs of maintenance of burial and memorial plots for a minimum of 25 and 50 years;
- costs of provision of new facilities and the replacement of existing assets;
- fees and charges of other cemeteries in other States of Australia and other countries; in terms of benchmarking.
- the cultural, ethnic and religious needs and sensitivities of the diverse community; and
- the need to build up reserves during the life of each cemetery in order to meet the costs of continued maintenance once full capacity has been reached.

The annual fee-setting exercise has not taken into account any allowance for the purchase of new land or the development of new cemetery sites; nor do its existing fees include any component for the economic cost of existing land. In the past the Board has not been required to fund land acquisition, but recently State Treasury has indicated that the Board will be required to fund the purchase and development of new cemeteries in the future.

The Board is continuing with the development of costing models to establish the true costs of its individual Core Business services. These new models will enhance the current fee-setting processes and enable the Board to gauge the levels of cost recovery for its wide range of services and products.

Historically, the Board has chosen to apply common costs across all cemeteries and service types although some cemeteries are less economically viable than others. For example, earth, vault and mausoleum interment costs are the same for all cemeteries.

In addition, this costing model exercise may be used to develop a new fee structure which will address such issues as full cost recovery across all services, *de facto* perpetuity of tenure, economic costs of land and the purchase of land and development of new cemeteries.

The Board is not alone in facing these issues; cemetery trusts and boards around Australia operate under similar circumstances.

Fees and Charges 2005/2006

Fees and charges are set by the Board and published in the Government Gazette in accordance with Section 53 of the Cemeteries Act 1986. A new fee schedule was adopted with effect from 1 July 2006. The Board resolved a general increase in its fees and charges of 3.89% in line with the annual increase in the Perth CPI. During the budget deliberations, the Board agreed to bring some of the fees and charges for the Fremantle Cemetery into line with those charged by the Board's other cemeteries. The Board decided that the differences between charges for Grants of Right of Burial should be equalised over a period of three consecutive years. As a result of this decision, the charges for grants of Right of Burial were increased by between 8% and 10%.

Summary of Operating Results

- Revenue received by the Board during the year for the provision of Burials and Cremations and the sale of Memorial products and Mausoleum crypt spaces, was \$16.6m compared with a budget of \$17.1m and an actual figure of \$16.4m in the previous financial year. The main reason in the shortfall between the budget estimate and the actual result was a shortfall in the actual number of crypts sold in the Fremantle Mausoleum (see also Note 33 'Explanatory statement' in the Financial Statements for further explanation of significant variances)
- Total expenditure incurred on operating activities during the year amounted to \$14.8m compared to a budget of \$14.5m and an actual figure of \$13.5m in the previous financial year. (see Note 33 'Explanatory statement' in the Financial Statements for further explanation of significant variances)

Additional income received from other non Core Business activities such as, investments, commissions on extractions of sand from the Rockingham Regional Memorial Park cemetery development site, leasing of land, sale of assets and the Board's share of turnover from its sub-contracted management agreement for its cafes and condolence lounge catering, added a further \$2.2m to the Board's revenue for the year. This compares to a budget figure of \$1.3m and an actual figure of \$2.1m for the previous financial year. (see Note 33 'Explanatory statement' in the Financial Statements for further explanation of significant variances)

Numbers of Funerals:

	<u>2006/2007</u>	<u>2005/2006</u>	<u>Increase</u>
Burials & Entombments	2,274	2,204	70
Cremations	7,112	7,076	36
	-----	-----	-----
Total funerals	9,386	9,280	106
	-----	-----	-----
Numbers of Memorial products sold:			
Memorials	2,902	2,809	93
	-----	-----	-----

Summary of income net of refunds from the five operating cemeteries for the year:-

	BURIALS	CREMATIONS	MAUSOLEUM	MEMORIALS	OTHER CLIENT SERVICES	TOTAL
	\$.	\$.	\$.	\$.	\$.	\$.
Karrakatta	1,857,301	2,347,944	2,666,889	1,118,932	184,759	8,175,825
Fremantle	728,186	1,796,527	1,173,618	807,843	70,426	4,576,600
Pinnaroo	652,007	1,179,189	-	1,323,138	16,820	3,171,154
Midland	166,570	-	25,584	36,560	16,629	245,343
Guildford	211,525	-	155,708	24,972	24,462	416,667
Rockingham	-	-	-	-	462	462
	-----	-----	-----	-----	-----	-----
	3,615,589	5,323,660	4,021,799	3,311,445	313,558	16,586,051
	=====	=====	=====	=====	=====	=====
Percentage of total	21.8%	32.1%	24.2%	20.0%	1.9%	100.0%
Previous year						
2004/2005	\$3,278,197	\$5,034,296	\$5,122,861	\$2,750,069	\$254,254	\$16,439,697

Summary of Operating Results (continued)

Total expenses of \$14,815,506 (inclusive of Costs of Sales) for the year comprised:-

The main items of operating expenditure were:-

Salaries and Wages	4,828,587
Salaries on-cost	838,067
Provision for Employee Entitlements	691,712
Casual Labour – Agencies	445,224
Mausoleum costs of Sales	1,629,876
Depreciation	2,074,423
Repairs and Maintenance	865,766
Memorialisation	871,650
Gardens and Grounds	448,125
Light, Power & Gas	324,247
Personnel	305,944
Insurances	162,475
Information Services	233,852
Corporate Services	214,122
Office Expenses	145,296
Consultancy	127,050
Projects – (non capital)	273,632
Other Expenses	269,146

Total salaries expenditure (including on-costs, leave expenditure, fringe benefits tax and casual employment) represented 46.13% of total expenditure compared with 47.01% last year.

Operating Surplus

A surplus of \$4.0m (2005/2006 \$5.0m) was achieved during the financial year after allowing for depreciation of \$2.1m (2005/2006 \$1.4m).

Additional income received from other non Core Business activities such as, investments, commissions on extractions of sand from the Rockingham Regional Memorial Park cemetery development site, leasing of land, sale of assets and the Board's share of turnover from its sub-contracted management agreement for its cafes and condolence lounge catering, contributed a further \$2.2m to the Board's net surplus for the year.

Capital Expenditure

During the year, the Board invested \$6.1m in new capital expenditure on physical assets for cemetery development and upgrading of facilities.

Some of the significant items of capital expenditure were:-

Mausoleum Stage 4 – Karrakatta	3,142,000
Plant & Motor Vehicle Replacements	538,000
Cremators	126,000
Development of Rockingham Regional Memorial Park	245,000
Thomas Meagher Lake Development - Pinnaroo	947,000
Renewal areas – Karrakatta	278,000
Landscape Development - Pinnaroo	144,000

Qualitative Indicators of Performance

In addition to the Key Performance Indicators detailed earlier in the Annual Report, the Board had undertaken to assess its performance by the following qualitative measures. These performance measures have, in previous years, been included in the section in the Annual Report on Key Performance Indicators.

Output

Funerals and memorial services.

Output Quality

Proportion of funeral and memorial services provided by licensed funeral directors and monumental masons.

2006/2007	Target	Outcome
Funeral Services	95%	99.56%
Memorials *	95%	99.93%

Notes: 1. Licences to conduct funerals are issued to funeral directors. Single funeral permits are available to individuals other than funeral directors to conduct a funeral.

2. Approved monumental work can only be carried out by licensed monumental masons. Single monumental work permits are available to individuals other than monumental masons to carry out monumental work on a grave. * Memorials refer to headstones and inscription work.

Output Quantity

Number of funeral and memorial services.

2006/2007	Number
Funeral Services	9,386
Memorial Services	2,902

Compared to the previous financial year, there has been an increase of 106 funeral services and 94 memorial services carried out by the Board.

Output Timeliness

Extent to which allocated times for funeral and memorial services meet customer needs.

2005/2006	Target	Outcome
Industry Score	80%	50%
Public Score	80%	79%

Qualitative Indicators of Performance (continued)

Although satisfaction with allocated service times declined amongst the industry respondents, from 71% in 2006 to 50% in 2007, the satisfaction amongst the families of the deceased increased by 4%. With a 79% satisfaction rate, this KPI is now only 1% off achieving its target.

With regard to the industry score, it is important to note that the Metropolitan Cemeteries Board offers a variety of service time durations across its chapels. The determination as to the length of time allocated is made by the Funeral Director when booking a service. The assessment of the amount of time required for a service is therefore, in essence, a factor over which members of the industry group can exert their own determination.

Output Cost (see section in the Annual Report entitled Key Performance Indicators)

METROPOLITAN CEMETERIES BOARD

Audited Financial Statements and Performance Indicators for the year
ended 30 June 2007.



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

**METROPOLITAN CEMETERIES BOARD
FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2007**

I have audited the accounts, financial statements, controls and key performance indicators of the Metropolitan Cemeteries Board.

The financial statements comprise the Balance Sheet as at 30 June 2007, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory Notes.

The key performance indicators consist of key indicators of effectiveness and efficiency.

Board's Responsibility for the Financial Statements and Key Performance Indicators

The Board is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer "<http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>".

An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements and key performance indicators.

Metropolitan Cemeteries Board

Financial Statements and Key Performance Indicators for the year ended 30 June 2007

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Metropolitan Cemeteries Board at 30 June 2007 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Board provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key performance indicators of the Board are relevant and appropriate to help users assess the Board's performance and fairly represent the indicated performance for the year ended 30 June 2007.



COLIN MURPHY
AUDITOR GENERAL
27 August 2007

Metropolitan Cemeteries Board

Certification of Financial Statements

For the year ended 30th June 2007

The accompanying financial statements of the Metropolitan Cemeteries Board have been prepared in compliance with the provisions of the Financial Management Act 2006 and from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2007 and the financial position as at 30 June 2007.

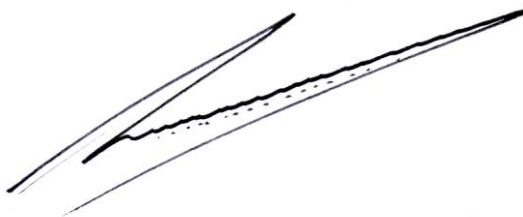
At the date of signing we are not aware of any circumstances that would render the particulars included in the financial statements misleading or inaccurate.



R G BOWE
CHAIRMAN



JEAN HOBSON
DEPUTY CHAIRPERSON



M KIDD
CHIEF FINANCE OFFICER

22nd August 2007

METROPOLITAN CEMETERIES BOARD
INCOME STATEMENT
FOR THE YEAR ENDED 30 June 2007

	Note	2007	2006
		\$	\$
INCOME			
Revenue			
Sales of mausoleum crypts	4.	4,021,799	5,122,862
Provision of services	5.	12,564,252	11,316,837
Interest revenue	6.	394,940	480,841
Dividend revenue	7.	838,929	641,625
Commission on sand extractions from Rockingham Regional Memorial Park		137,492	208,285
Other revenue	10.	199,625	185,886
<i>Gains</i>			
Net gain on sale of available-for-sale financial assets	8.	657,975	733,585
Total Income		<u>18,815,012</u>	<u>18,689,921</u>
EXPENSES			
Expenses			
Cost of sales	4.	1,604,065	1,939,653
Employee benefits expense	11.	7,068,659	6,646,404
Supplies and services	12.	3,099,627	2,674,071
Depreciation and amortisation expense	13.	2,074,421	1,442,534
Loss on disposal of non-current assets	9.	33,813	53,921
Other expenses	14.	902,423	936,270
Total expenses		<u>14,783,008</u>	<u>13,692,853</u>
PROFIT FOR THE PERIOD		<u>4,032,004</u>	<u>4,997,068</u>

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

METROPOLITAN CEMETERIES BOARD
BALANCE SHEET
AS AT 30 JUNE 2007

	Note	2007 \$	2006 \$
ASSETS			
Current Assets			
Cash and cash equivalents	30 (a)	776,249	326,442
Inventories	15.	11,732,982	8,834,887
Receivables	16.	928,688	968,474
Other financial assets	17.	4,322,798	2,875,830
Other current assets	19.	459,115	199,303
Total Current Assets		18,219,832	13,204,936
Non Current Assets			
Available for sale financial assets	18.	13,510,199	12,687,568
Property, plant, equipment and vehicles	20.	40,477,859	34,392,542
Infrastructure	21.	18,192,000	10,502,160
Intangible assets	22.	213,661	348,602
Total Non-Current Assets		72,393,719	57,930,872
Total Assets		90,613,551	71,135,808
LIABILITIES			
Current Liabilities			
Payables	24.	1,618,150	1,931,572
Provisions	25.	948,029	933,604
Other current liabilities	26.	241,870	172,986
Pre-need agreements	27.	471,451	474,288
Total Current Liabilities		3,279,500	3,512,450
Non-Current Liabilities			
Provisions	25.	384,964	345,903
Pre-need agreements	27.	5,527,821	5,137,050
Grant extensions	28.	1,069,469	874,932
Total Non-Current Liabilities		6,982,254	6,357,885
Total Liabilities		10,261,754	9,870,335
NET ASSETS		80,351,797	61,265,473
Equity			
Contributed equity	29.	13,640,938	13,640,938
Reserves		31,772,778	16,718,458
Retained earnings		34,938,081	30,906,077
TOTAL EQUITY		80,351,797	61,265,473

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

METROPOLITAN CEMETERIES BOARD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 June 2007

	Note	2007 \$	2006 \$
Balance of equity at start of period		61,265,473	55,970,179
CONTRIBUTED EQUITY	29		
Balance at start of period		13,640,938	13,640,938
Balance at end of period		<u>13,640,938</u>	<u>13,640,938</u>
RESERVES			
Asset Revaluation Reserve	29		
Balance at start of period		15,849,579	15,280,379
Gains / (losses) from asset revaluations			
Land		2,785,000	569,200
Infrastructure		7,024,013	-
Buildings		4,500,501	-
Balance at end of period		<u>30,159,093</u>	<u>15,849,579</u>
Available-for-sale Financial Assets Revaluation Reserve	29		
Balance at start of period		868,879	1,139,853
Revaluation of shares		1,402,781	462,611
Transfer of profit to income statement		(657,975)	(733,585)
Balance at end of period		<u>1,613,685</u>	<u>868,879</u>
RETAINED EARNINGS	29		
Balance at start of period		30,906,077	25,909,009
Profit for the period		4,032,004	4,997,068
Balance at end of period		<u>34,938,081</u>	<u>30,906,077</u>
Balance of equity at end of period		<u>80,351,797</u>	<u>61,265,473</u>
Total income and expense for the period (a)		19,086,324	5,295,296

(a) The aggregate net amount attributable to each category of equity is: surplus \$4,032,004 plus gains from asset revaluations of \$14,309,514 and available-for-sale investments of \$744,806 (2006: surplus \$4,997,068 plus gains from asset revaluations of \$569,200 and losses on available-for-sale investments of \$270,972)

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

METROPOLITAN CEMETERIES BOARD
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 June 2007

	Note	2007 \$	2006 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Provision of services		13,206,032	11,138,501
Sales of mausoleum crypts		4,021,799	5,122,862
Receipts from commissions on sand sales		137,492	208,285
Interest received		156,810	382,513
Dividends received		858,860	589,787
GST receipts on sales		1,738,639	1,706,866
Other receipts		199,626	185,886
Payments			
Supplies and services		(4,385,866)	(3,276,993)
Employee benefits		(7,022,059)	(6,408,534)
GST payments on purchases		(1,040,486)	(999,221)
GST payments to taxation authority		(582,204)	(687,652)
Net cash provided by operating activities	30 (b)	<u>7,288,643</u>	<u>7,962,300</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale on non-current physical assets		97,580	292,895
Proceeds from sale of investments		3,628,322	3,521,829
Purchase of investments		(4,495,141)	(5,742,141)
Purchase of non-current physical assets		(6,069,597)	(5,749,910)
Net cash used in investing activities		<u>(6,838,836)</u>	<u>(7,677,327)</u>
Net increase/(decrease) in cash and cash equivalents		449,807	284,973
Cash and cash equivalents at the beginning of the period		326,442	41,469
CASH AND CASH EQUIVALENT ASSETS AT END OF PERIOD	30 (a)	<u>776,249</u>	<u>326,442</u>

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

**METROPOLITAN CEMETERIES BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

1. Australian equivalents to International Financial Reporting Standards

General

The Metropolitan Cemeteries Board's (the Board) financial statements for the year ended 30 June 2007 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

In preparing these financial statements the Board has adopted, where relevant to its operations, new and revised Standards and Interpretations from their operative dates as issued by the AASB and formerly the Urgent Issues Group (UIG).

Early adoption of standards

The Board cannot early adopt an Australian Accounting Standard or Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the Board for the annual reporting period ended 30 June 2007.

2. Summary of significant accounting policies

(a) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording.

The Financial Management Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

(b) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, modified by the revaluation of land, buildings, infrastructure and plant, equipment and vehicles and available-for-sale financial assets which have been measured at fair value.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar.

(c) Income

Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

Sale of goods

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership control transfer to the purchaser and can be measured reliably.

Provision of services

Revenue is recognised on delivery of the service to the client or by reference to the stage of completion.

Lease income

Lease income from operating leases is recognised in income on a straight-line basis over the term (note 10 'Other Revenues from ordinary activities').

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (continued)**

(c) Income

Revenue Recognition (continued)

Grants of Right of Burial

Revenue is recognised in full at the time that the grant is made to a client by the Board.

Interest

Revenue is recognised as the interest accrues.

Dividends

Revenue is recognised when the right to receive payment is established.

Cremation Agreements

This represents fees paid in advance for cremations. Amounts received are recognised as liabilities until such time as the service is performed when a transfer is made to revenue.

Grant Extensions

This represents the renewal fee for the second 25 years on a grant of right of burial. Amounts received are recognised as liabilities until completion of the first 25 years when they are taken up in full as revenue.

Mausoleum Grant Extensions

This represents the renewal fee for the second 25 years on a grant of right of burial. Amounts received are recognised as liabilities until completion of the first 25 years when they are taken up in full as revenue.

Burial Agreements

This represents fees paid in advance for burials. Amounts received are recognised as liabilities until such time as the service is performed when a transfer is made to revenue.

Gains

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and investments.

(d) Property, Plant and Equipment, Vehicles and Infrastructure

Capitalisation/Expensing of assets

Items of property, plant and equipment, vehicles and infrastructure costing over \$1,000 are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment, vehicles and infrastructure costing less than \$1,000 are expensed direct to the Income Statement (other than where they form part of a group of similar items which are significant in total).

Initial recognition and measurement

All items of property, plant and equipment and infrastructure are initially recognised at cost. For items of property, plant and equipment and infrastructure acquired at no cost or for nominal cost, cost is their fair value at the date of acquisition.

Subsequent measurement

After recognition as an asset, the Board uses the revaluation model for the measurement of land, buildings, infrastructure and plant, equipment and vehicles. The cost model is used for all other office equipment and cemetery renewal areas. Land, buildings, infrastructure and plant, equipment and vehicles are carried at fair value less accumulated depreciation on buildings, infrastructure and plant, equipment and vehicles and accumulated impairment losses. All other items of office equipment and cemetery renewal areas are carried at cost less accumulated depreciation and accumulated impairment losses.

Where market-based evidence is available, the fair value of land is determined on the basis of current market buying values determined by reference to recent market transactions. When buildings are revalued by reference to recent market transactions, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

Where market-based evidence is not available, the fair value of land and buildings is determined on the basis of existing use. This normally applies where buildings are specialised or where land use is restricted. Fair value for existing use assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, ie. the written-down current replacement cost. Where the fair value of buildings is dependent on using the depreciated replacement cost, the gross carrying amount and the accumulated depreciation are restated proportionately.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (continued)**

(d) Property, Plant and Equipment, Vehicles and Infrastructure (continued)

Independent valuation of land is provided annually by the Western Australian Land Information Authority (Valuation Services) and recognised with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the balance sheet date.

Independent valuation of buildings is provided every three years by the Western Australian Land Information Authority (Valuation Services) and recognised with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the balance sheet date.

Fair value of infrastructure has been determined by reference to the written-down current replacement cost (existing use basis) as the assets are specialised and no market based evidence of value is available. Land under infrastructure is valued on the basis of current use in a cemetery. Valuations are provided by an independent valuer on an annual basis.

When infrastructure is revalued, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

The most significant assumptions in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated useful life. Professional judgement by the valuer is required where the evidence does not provide a clear distinction between market type assets and existing use assets.

Refer to note 20 'Property, plant and equipment, vehicles' and note 21 'infrastructure' for further information on revaluations.

Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner which reflects the consumption of their future economic benefits.

Land is not depreciated. Depreciation on other assets is calculated on the straight line basis, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Buildings	40 – 63 years
Plant and equipment	3 to 10 years except for Cremators which are depreciated over 15 years
Office equipment	3 to 5 years
Motor vehicles	3 to 7 years
Infrastructure	7 to 57 years

Cemetery Renewal Areas

The Board had established a new class of assets entitled "Cemetery Renewal Areas." This class of assets relates to areas of the cemetery which have previously been used for burials and which, under the Board's "Renewal" policy, have been redeveloped to enable further burials or memorialisation to take place. It is the policy of the Board that the costs associated with the redevelopment of these areas be capitalised and depreciated over the estimated useful life of the development.

(e) Intangible Assets

Acquisitions of intangible assets costing over \$1,000 and internally generated intangible assets costing over \$50,000 are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred of less than \$1,000 are immediately expensed directly to the Income Statement.

All acquired and internally developed intangible assets are initially measured at cost.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life) on the straight line basis using rates which are reviewed annually. All intangible assets controlled by the Board have a finite useful life and zero residual value. The expected useful life for each class of intangible asset is:

Software	3 to 5 years
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Refer to note 22 'Intangible assets'

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (continued)**

(e) Intangible Assets (continued)

Research and Development

Research costs are expensed as incurred. Development costs incurred for an individual project are carried forward when the future recoverability can reasonably be regarded as assured and the total project costs are likely to exceed \$50,000. Other development costs are expensed as incurred.

Computer Software

Software that is an integral part of the related hardware is treated as property, plant and equipment. Software that is not an integral part of the related hardware is treated as an intangible asset. Software costing less than \$1,000 is expensed in the year of acquisition.

Web site costs

Web site costs are charged as expenses when they are incurred unless they relate to the acquisition or development of an asset when they may be capitalized and amortised. Generally, costs in relation to feasibility studies during the planning of a web site, and ongoing costs of maintenance during the operating phase are expensed. Costs incurred in building or enhancing a web site, to the extent that they represent probable future economic benefits that can be reliably measured, are capitalised.

(f) Impairment of Assets

Property, plant and equipment and vehicles, infrastructure, cemetery renewal areas and intangible assets are tested for any indication of impairment at each balance sheet date. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the Board is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated or where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

(g) Financial Instruments

The Board has three categories of financial instruments:

- Loans and receivables (includes cash and cash equivalents, receivables and term deposits);
- Available-for-sale financial assets (listed securities)
- Non-trading financial liabilities (payables)

Initial recognition and measurement is at fair value. The transaction cost or face value is equivalent to the fair value. Subsequent measurement of available-for-sale financial assets is measured at fair value based on market bid prices at balance sheet date. Changes in fair value are recognised in equity.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

See note 2(k) for 'Investments and other financial assets'.

(h) Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents includes restricted cash and cash equivalents. These include cash on hand.

(i) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned by the method most appropriate to each particular class of inventory with the majority being valued on a first in first out basis.

Stock of Mausoleum crypts held for resale are valued at the lower of cost and net realisable value. Costs are assigned on an average cost basis.

Inventories not held for resale are valued at cost unless they are no longer required, in which case they are valued at net realisable value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (continued)**

(j) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off. An allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Board will not be able to collect its debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days. See note 2(g) 'Financial Instruments and note 16 'Receivables'.

(k) Investments and Other Financial Assets

The Board classifies its investments into the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each balance sheet date. Investments not at fair value are initially recognised at cost being the fair value of consideration given.

For the financial years presented, the Metropolitan Cemeteries Board did not hold any investments as held for trading assets. After initial recognition, investments classified as available-for-sale are measured at fair value. Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investments is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the Income Statement.

Fair values of quoted investments are based on current bid prices.

The Board assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

(l) Payables

Payables are recognised when the Board becomes obliged to make future payments as a result of a purchase of assets or services at the amounts payable. The carrying amount is equivalent to fair value, as they are generally settled within 30 days. See note 2(g) 'Financial Instruments' and note 24 'Payables'.

(m) Provisions

Provisions are liabilities of uncertain timing and amount. The Board only recognises a provision where there is a present legal, equitable or constructive obligation as a result of a past event and when the outflow of economic benefits is probable and can be measured reliably. Provisions are reviewed at each balance date and adjusted to reflect the current best estimate. See note 25 'Provisions'.

(i) Provisions – Employee Benefits

Annual Leave and Long Service Leave

The liability for annual and long service leave expected to be settled within 12 months after the end of the balance sheet date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the end of the balance sheet date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the balance sheet date.

A liability for long service leave is recognised after an employee has completed three years of service. An actuarial assessment of long service leave undertaken by PriceWaterhouseCoopers in 2006 determined that the liability measured using the short hand method was not materially different from the liability measured using the present value of expected future payments.

When assessing expected future payments, consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

All annual leave and unconditional long service leave provisions are classified as current liabilities as the Board does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Superannuation

The Government Employees Superannuation Board (GESB) administers the following superannuation schemes.

One employee contributes to the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme closed to new members. Three other employees who are not members of this scheme are non-contributory members of the West State Superannuation Scheme (WSS), an accumulation fund. The Board contributes to this accumulation fund in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (continued)**

(ii) Provisions – Employee Benefits

Superannuation (continued)

The GSS Scheme and the WSS Scheme, where the current service superannuation charge is paid by the Board to the GESB, are defined contribution schemes. The liabilities for current service superannuation charges under the GSS Scheme and WSS Scheme are extinguished by the concurrent payment of employer contributions to the GESB. The Board has no liabilities under the Pension Scheme.

Local Government Superannuation Fund and other defined contribution plans

Employees of the Metropolitan Cemeteries Board are entitled, under the Government's superannuation choice legislation, to elect to have their contributions paid into qualifying superannuation funds of their choice.

The Metropolitan Cemeteries Board contributes to accumulation fund superannuation plans in respect of the majority of its employees. The superannuation expense for the reporting period is the amount of the statutory and non-statutory contribution obligation under the Local Government Superannuation Plan and other plans. The Board's legal or constructive obligation is limited to these contributions. Contributions for all employees are expensed for the period in which they are incurred.

(iii) Provisions – Other

Employment On-Costs

Employment on-costs, including workers' compensation insurance are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are not included as part of the Board's 'Employment benefits expense' and the related liability is included in Employment on-costs provision. See note 14. 'Other expenses' and note 25 'Provisions'.

(n) Superannuation Expense

The superannuation expense of the defined contribution plans is recognised as and when the contributions fall due. See also note 2(m) 'Provisions – Employee Benefits' under Superannuation.

(o) Accrued Salaries

Accrued salaries (refer note 26. 'Other current liabilities') represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a few days of the financial year end. The Board considers the carrying amount of accrued salaries to be equivalent to the net fair value.

(p) Leases

Lease income from operating leases, where the Board is a lessor, is recognised in income on a straight-line basis over the term (note 10 'Other revenues from ordinary activities').

(q) Resources Received Free of Charge or for Nominal Cost

Resources received free of charge or for nominal cost that can be reliably measured are recognised as revenues and as assets or expenses as appropriate at fair value.

(r) Comparative Figures

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

(s) Contributed Equity

Capital contributions (appropriations) and non-discretionary transfers of net assets from other State government agencies have been designated as contributions by owners in Treasurer's Instruction TI 955 'Contributions by Owners Made to Wholly Owned Public Sector Entities' and have been credited direct to equity (refer note 29. 'Equity')

3. Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Board has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2006.

1. AASB 2005-9 'Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139 & AASB 132]' (Financial guarantee contracts). The amendment deals with the treatment of financial guarantee contracts, credit insurance contracts, letters of credit or credit derivative default contracts as either an "insurance contract" under AASB 4 'Insurance Contracts' or as a "financial guarantee contract" under AASB 139 'Financial Instruments: Recognition and Measurement'. The Board does not currently undertake these types of transactions, resulting in no financial impact in applying the Standard.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (continued)**

3. Disclosure of changes in accounting policy and estimates (continued)

Initial application of an Australian Accounting Standard (continued)

2. UIG Interpretation 4 'Determining whether an Arrangement Contains a Lease'. This Interpretation deals with arrangements that comprise a transaction or a series of linked transactions that may not involve a legal form of a lease but by their nature are deemed to be leases for the purposes of applying AASB 117 'Leases'. At balance sheet date, the Board has not entered into any arrangements as specified in the Interpretation resulting in no impact when the Interpretation is first applied.
3. UIG Interpretation 9 'Reassessment of Embedded Derivatives.' This interpretation requires an embedded derivative that has been combined with a non-derivative to be separated from the host contract and accounted for as a derivative in certain circumstances. At balance sheet date, the Board has not entered into any contracts as specified in the Interpretation, resulting in no impact in applying the Interpretation.

The following Australian Accounting Standards and Interpretations are not applicable to the Board as they have no impact or do not apply to not-for-profit entities:

AASB Standards and Interpretations

- | | |
|--------|---|
| 2005-1 | 'Amendments to Australian Accounting Standards' (AASB 139 - Cash flow hedge accounting of forecast intragroup transactions) |
| 2005-5 | 'Amendments to Australian Accounting Standards [AASB 1 & AASB 139]' |
| 2006-1 | 'Amendment to Australian Accounting Standards [AASB 121]' |
| 2006-3 | 'Amendment to Australian Accounting Standards [AASB 1045]' |
| 2006-4 | 'Amendment to Australian Accounting Standards [AASB 134]' |
| 2007-2 | 'Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]' – paragraph 9 |
| UIG 5 | 'Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds'. |
| UIG 6 | 'Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment'. |
| UIG 7 | 'Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies'. |
| UIG 8 | 'Scope of AASB 2' |

Future impact of Australian Accounting Standards not yet operative

The Board cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the Board has not applied the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued but are not yet effective.

These will be applied from their application date:

1. AASB 7 'Financial Instruments: Disclosures' (including consequential amendments in AASB 2005-10 'Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]'). This Standard requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Board's exposure to risks, enhanced disclosure regarding components of the Board's financial position and performance, and possible changes to the way of presenting certain items in the financial statements. The Board does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.
2. AASB 2005-10 'Amendments to Australian Accounting Standards (AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023, & AASB 1038)'. The amendments are as a result of the issue of AASB 7 'Financial Instruments: Disclosures', which amends the financial instrument disclosure requirements in these standards. The Board does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.
3. AASB 101 'Presentation of Financial Statements'. This Standard was revised and issued in October 2006 so that AASB 101 has the same requirements as IAS 1 'Presentation of Financial Statements' (as issued by the IASB) in respect of for-profit entities. The Board is a not-for-profit entity and consequently does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (continued)**

3. Future impact of Australian Accounting Standards not yet operative (continued)

4. AASB 2007-4 'Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments (AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038)'. This Standard introduces policy options and modifies disclosures. These amendments arise as a result of the AASB decision that, in principle, all options that currently exist under IFRSs should be included in the Australian equivalents to IFRSs and additional Australian disclosures should be eliminated, other than those now considered particularly relevant in the Australian reporting environment. The Department of Treasury and Finance has indicated that it will mandate to remove the policy options added by this amending Standard. This will result in no impact as a consequence of application of the Standard. The Standard is required to be applied to annual reporting periods beginning on or after 1 July 2007.

5. AASB 2007-5 'Amendment to Australian Accounting Standard – Inventories Held for Distribution by Not-for-Profit Entities (AASB 102)'. This amendment changes AASB 102 'Inventories' so that inventories held for distribution by not-for-profit entities are measured at cost, adjusted when applicable for any loss of service potential. The Board does not have any inventories held for distribution so does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 July 2007.

6. AASB Interpretation 4 'Determining whether an Arrangement Contains a Lease [revised]'. This Interpretation was revised and issued in February 2007 to specify that if a public-to-private service concession arrangement meets the scope requirements of AASB Interpretation 12 'Service Concession Arrangements' as issued in February 2007, it would not be within the scope of Interpretation 4. At balance sheet date, the Board has not entered into any arrangements as specified in the Interpretation or within the scope of Interpretation 12, resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2008.

7. AASB Interpretation 12 'Service Concession Arrangements'. This Interpretation was issued in February 2007 and gives guidance on the accounting by operators (usually a private sector entity) for public-to-private service concession arrangements. It does not address the accounting by grantors (usually a public sector entity). It is currently unclear as to the application of the Interpretation to the Board if and when public-to-private service concession arrangements are entered into in the future. At balance sheet date, the Board has not entered into any public-to-private service concession arrangements resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods.

8. AASB Interpretation 129 'Service Concession Arrangements: Disclosures [revised]'. This Interpretation was revised and issued in February 2007 to be consistent with the requirements in AASB Interpretation 12 'Service Concession Arrangements' as issued in February 2007. Specific disclosures about service concession arrangements entered into are required in the notes accompanying the financial statements, whether as a grantor or an operator. At balance sheet date, the Board has not entered into any public-to-private service concession arrangements resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2008.

The following Australian Accounting Standards and Interpretations are not applicable to the Board as they will have no impact or do not apply to not-for-profit entities:

AASB Standards and
Interpretations

AASB 8	'Operating Segments'
AASB 1049	'Financial Reporting of General Government Sectors by Governments'
AASB 2007-1	'Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]'
AASB 2007-2	'Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]' – paragraphs 1 to 8
AASB 2007-3	'Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]'
AASB 2007-6	'Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]'
These amendments follow the issuance, in April 2007, of AASB 2007-4 <i>Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments</i> .	
AASB 2007-7	'Amendments to Australian Accounting Standards [AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 & AASB 128]'
Interpretation 10	'Financial Reporting and Impairment'
Interpretation 11	'AASB 2 – Group and Treasury Share Transactions'

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2007

	2007	2006
	\$	\$
4. Trading profit		
Sales of mausoleum crypts	4,021,799	5,122,862
Cost of sales:		
Opening inventory	(8,656,583)	(2,713,215)
Transfer from works in progress on completion of new mausoleums	(4,349,328)	(7,876,724)
Adjustment to costs of sales	(129,521)	(6,297)
	(13,135,432)	(10,596,236)
Closing inventory	11,531,367	8,656,583
Cost of goods sold	(1,604,065)	(1,939,653)
Trading profit	2,417,734	3,183,209
5. Provision of services		
Burials	3,896,912	3,503,020
Cremations	5,390,033	5,096,490
Memorials	3,277,307	2,717,327
	12,564,252	11,316,837
6. Interest revenue		
Term deposits	171,557	365,775
Fixed interest securities	204,117	89,623
Bank accounts	19,266	25,443
	394,940	480,841
7. Dividend revenue		
Equity securities	307,551	192,671
Preference shares	205,732	110,345
Rebate of franking credits	325,646	338,609
	838,929	641,625
8. Net gain on sale of available-for-sale financial assets		
Costs of disposal of available-for-sale financial assets		
Equity securities	1,622,956	789,545
Preference shares	999,353	1,998,700
Fixed interest securities	348,038	-
Proceeds from disposal of available-for-sale financial assets		
Equity securities	2,303,648	1,559,404
Preference shares	994,674	1,962,426
Fixed interest securities	330,000	-
Net gain	657,975	733,585
9. Loss on disposal of non-current assets		
Costs of disposal of non-current assets		
Plant equipment and vehicles	131,393	346,816
Proceeds from disposal of non-current assets		
Plant equipment and vehicles	97,580	292,895
Net gain / (loss)	(33,813)	(53,921)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2007 (continued)

	2007	2006
10. Other revenue		
Commission from Kiosks	78,720	72,189
Rental of leased land	99,250	96,000
Insurance recoveries	-	713
Miscellaneous income	21,655	16,984
	<u>199,625</u>	<u>185,886</u>
11. Employee benefits expense		
Wages and salaries (a)	5,307,106	5,086,190
Superannuation – defined contributions plans	804,772	724,537
Long service leave (b)	161,930	110,356
Annual leave (b)	515,147	477,419
Other related expenses	279,704	247,902
	<u>7,068,659</u>	<u>6,646,404</u>
(a) Includes the value of the fringe benefit to the employee plus the fringe benefit tax component.		
(b) Includes the superannuation contribution component.		
12. Supplies and services		
Communications	113,548	69,131
Consultants and contractors	738,379	467,924
Consumables	33,615	39,270
Materials	1,579,297	1,401,671
Travel	31,300	33,466
Administration	459,402	515,061
Other	144,086	147,548
	<u>3,099,627</u>	<u>2,674,071</u>
13. Depreciation expense		
Plant, equipment and vehicles	790,150	560,618
Office equipment	141,685	179,213
Buildings	596,115	322,354
Infrastructure	368,141	269,638
Cemetery renewal areas	43,389	43,389
Total depreciation	<u>1,939,480</u>	<u>1,375,212</u>
Amortisation expense		
Intangible assets	134,941	67,322
Total amortisation	<u>134,941</u>	<u>67,322</u>
Total depreciation and amortisation	<u>2,074,421</u>	<u>1,442,534</u>
14. Other expenses		
Building and infrastructure maintenance	823,021	848,860
Board expenses	62,279	68,449
Kiosk operation expenses	2,487	4,751
Workers compensation on-cost – Long Service Leave	8,471	8,447
Workers Compensation on-cost – Annual Leave	6,165	5,763
	<u>902,423</u>	<u>936,270</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2007 (continued)**

	2007	2006
15. Inventories		
Current		
Inventories held for resale:		
Mausoleum crypt stock - Stage 1 - at cost	11,381	7,588
Mausoleum crypt stock - Stage 2 - at cost	-	14,356
Mausoleum crypt stock - Stage 3 - at cost	92,061	661,686
Mausoleum crypt stock - Stage 4 - at cost	3,879,320	-
Mausoleum crypt stock - Fremantle - at cost	6,527,904	6,869,168
Mausoleum crypt stock - Midland - cost	321,299	332,009
Mausoleum crypt stock - Guildford - at cost	657,947	730,321
Ossuary Stock - at cost	41,455	41,455
	<u>11,531,367</u>	<u>8,656,583</u>
 Inventories not held for resale:		
- Stores - at cost	201,615	178,304
 Total Inventory - Current	<u>11,732,982</u>	<u>8,834,887</u>
 16. Receivables		
Current		
Trade debtors	896,991	933,127
Prepayments	31,697	35,347
	<u>928,688</u>	<u>968,474</u>
 17. Other financial assets		
Current		
At cost:		
Term deposits	4,322,798	2,875,830
	<u>4,322,798</u>	<u>2,875,830</u>
 18. Available-for-sale financial assets		
At the beginning of year	12,687,568	4,262,532
Additions	3,063,195	11,490,254
Disposals (sale and redemptions)	(3,628,322)	(3,521,830)
Capital repayment	(15,023)	(6,000)
Revaluation surplus transferred to equity	1,402,781	462,612
At end of year	<u>13,510,199</u>	<u>12,687,568</u>
 Equity securities	7,317,705	5,152,848
Preference shares	3,410,925	4,406,944
Fixed interest securities	2,781,569	3,127,776
	<u>13,510,199</u>	<u>12,687,568</u>

(a) Transition to AASB 132 and AASB 139

The Board had taken the exemption available under AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards to apply AASB 132 Financial Instruments: Disclosures and Presentation and AASB 139 Financial Instruments: Recognition and Measurement from 1 July 2005. For further information please refer to our annual report for the year ended 30 June 2006.

(b) Listed securities

Listed securities comprise, equity securities, preference shares and fixed interest securities. All of these securities are available to be traded in active markets. The fair value of these securities is based on quoted market prices at the balance sheet date. The quoted market prices used for the listed securities held by the Board is the current bid price.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2007 (continued)**

	2007	2006
19. Other current assets		
Current		
Accrued income	459,115	199,303
	<u>459,115</u>	<u>199,303</u>
20. Property, plant, equipment and vehicles		
Plant, equipment and vehicles		
At fair value (iii)	4,762,389	4,148,510
Accumulated depreciation	<u>(1,660,662)</u>	<u>(910,539)</u>
	<u>3,101,727</u>	<u>3,237,971</u>
Office equipment		
At cost	893,207	741,562
Accumulated depreciation	<u>(583,938)</u>	<u>(455,557)</u>
	<u>309,269</u>	<u>286,005</u>
Cemetery renewal areas		
At cost	216,947	216,947
Accumulated depreciation	<u>(154,576)</u>	<u>(111,187)</u>
	<u>62,371</u>	<u>105,760</u>
Freehold land		
At fair value (i)	14,711,200	11,926,200
	<u>14,711,200</u>	<u>11,926,200</u>
Buildings		
At fair value (ii)	21,197,036	16,954,110
Accumulated depreciation	<u>(596,114)</u>	<u>(718,815)</u>
	<u>20,600,922</u>	<u>16,235,295</u>
Buildings and projects under construction		
Construction costs	1,692,370	2,601,311
	<u>1,692,370</u>	<u>2,601,311</u>
	<u>40,477,859</u>	<u>34,392,542</u>

- (i) Freehold land was revalued as at 1 July 2006 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2007 and recognised at 30 June 2007. All the land owned by the Board is used for cemetery purposes with the exception of 9.5 hectares of land adjacent to the Fremantle cemetery which is currently zoned and used for industrial purposes. Fair value of this land has been determined by the Western Australian Land Information Authority (Valuation Services) on the basis of its market value. Fair value of land used for cemetery purposes is valued by the Western Australian Land Information Authority (Valuation Services) on the basis of its current use.
- (ii) Buildings were revalued at 1 July 2006 by the Western Australian Land Information Authority (Valuation Services). Fair values were determined on the basis of their current use within a cemetery. Accumulated depreciation has been credited to the asset accounts prior to revaluation and the asset values restated to the revalued amounts.

To ensure the valuations provided by Valuation Services were compliant at 30 June 2007 with fair value requirements under AASB 116, Valuation Services provided the Department of Treasury and Finance (DTF) with information that tracked the general movement in the market value of land and in building construction costs from 1 July 2006 (the date of valuation) to 31 March 2007. DTF reviewed the information and determined that the valuations provided by Valuation Services (as at 1 July 2006) were compliant with fair value requirements for 30 June 2007 reporting without further adjustment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2007 (continued)**

20. Property, plant, equipment and motor vehicles (continued)

- (iii) Plant, equipment and vehicles were revalued at 30 June 2004 and 30 June 2005 by the Western Australian Land Information Authority (Valuation Services). For certain items of plant & equipment and motor vehicles, fair values have been determined by reference to recent market transactions. For assets specific to the cemetery industry, such as cremators, fair value has been determined on the basis of depreciated replacement cost. Accumulated depreciation has been credited to the asset accounts prior to revaluation and the asset values restated to the revalued amounts.

Reconciliations

Reconciliations of the carrying amounts of property, plant, equipment and vehicles at the beginning and end of the current and previous financial year are set out below:

Year ended 30 June 2007	Plant equipment and vehicles	Office equipment	Cemetery renewal areas	Freehold land	Buildings	Buildings and projects under Construction	Total
Carrying amount at start of year	3,237,971	286,005	105,760	11,926,200	16,235,295	2,601,311	34,392,542
Transfers between asset classes	115,844	-	-	-	-	-	115,844
Additions	465,286	78,277	-	-	-	5,526,034	6,069,597
Transfers from / (out of) Work in Progress	201,752	89,089	-	-	461,241	(1,901,895)	(1,149,813)
Transfers to mausoleum stock	-	-	-	-	-	(4,349,328)	(4,349,328)
Disposals	(128,976)	(2,416)	-	-	-	-	(131,392)
Transfers to operating expenditure	-	-	-	-	-	(183,752)	(183,752)
Revaluation increments / (decrements)	-	-	-	2,785,000	4,500,501	-	7,285,501
Depreciation	(790,150)	(141,686)	(43,389)	-	(596,115)	-	(1,571,340)
Carrying amount at end of year	3,101,727	309,269	62,371	14,711,200	20,600,922	1,692,370	40,477,859
Year ended 30 June 2006							
Carrying amount at start of year	2,871,438	397,594	149,150	11,357,000	16,474,565	7,350,947	38,600,694
Transfers between asset classes	-	(15,573)	-	-	-	-	(15,573)
Additions	776,154	56,886	-	-	-	4,916,870	5,749,910
Transfers from / (out of) Work in Progress	450,815	59,189	-	-	92,726	(1,623,083)	(1,020,353)
Transfers to mausoleum stock	-	-	-	-	-	(7,876,724)	(7,876,724)
Disposals	(299,818)	(32,879)	-	-	(9,642)	-	(342,339)
Transfers to operating expenditure	-	-	-	-	-	(166,699)	(166,699)
Revaluation increments / (decrements)	-	-	-	569,200	-	-	569,200
Depreciation	(560,618)	(179,212)	(43,390)	-	(322,354)	-	(1,105,574)
Carrying amount at end of year	3,237,971	286,005	105,760	11,926,200	16,235,295	2,601,311	34,392,542

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2007 (continued)

21. Infrastructure

	2007	2006
At fair value (i)	18,192,000	11,045,706
Accumulated depreciation	-	(543,546)
	<u>18,192,000</u>	<u>10,502,160</u>

- (i) Infrastructure assets were revalued at 30 June 2007 by professional valuers Jones Lang LaSalle. Fair values were determined on the basis of the depreciated replacement cost of the assets. Accumulated depreciation has been credited to the asset accounts prior to revaluation and the asset values restated to the revalued amounts.

Reconciliation		
Carrying amount at start of year	10,502,159	10,156,269
Transfers between asset categories	(115,844)	-
Transfers from work in progress	1,149,813	615,528
Revaluation increments	7,024,013	-
Depreciation expense	(368,141)	(269,638)
Carrying amount at end of year	<u>18,192,000</u>	<u>10,502,159</u>

22. Intangible assets

Computer software		
At cost	404,826	404,826
Accumulated amortisation	(191,165)	(56,224)
	<u>213,661</u>	<u>348,602</u>

Reconciliation		
Carrying amount at start of year	348,602	-
Transfers from work in progress	-	404,826
Transfers between asset categories	-	15,573
Disposals	-	(4,475)
Amortisation expense	(134,941)	(67,322)
Carrying amount at end of year	<u>213,661</u>	<u>348,602</u>

23. Impairment of assets

There were no indications of impairment to Buildings, Property, plant and equipment, Infrastructure and Intangible assets at 30 June 2007.

The Metropolitan Cemeteries Board held no goodwill or intangible assets with an indefinite useful life during the reporting period and at the balance sheet date there were no intangible assets not yet available for use.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2007 (continued)

24. Payables	2007	2006
Current		
Trade payables	1,135,634	1,635,979
GST payable	195,408	79,459
Retention monies held on capital projects	287,108	216,134
	<u>1,618,150</u>	<u>1,931,572</u>

25. Provisions		
Current		
Employee benefits provision		
Annual leave (i)	596,401	545,276
Long service leave (ii)	341,457	378,129
	<u>937,858</u>	<u>923,405</u>
Other provisions		
Employment on-costs (iii)	10,171	10,199
	<u>10,171</u>	<u>10,199</u>
	<u>948,029</u>	<u>933,604</u>
Non-current		
Employee benefits provision		
Long service leave (ii)	380,500	341,892
	<u>380,500</u>	<u>341,892</u>
Other provisions		
Employment on-costs (iii)	4,464	4,011
	<u>4,464</u>	<u>4,011</u>
	<u>384,964</u>	<u>345,903</u>

- (i) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of balance sheet date	367,204	332,588
More than 12 months after balance sheet date	229,197	212,688
	<u>596,401</u>	<u>545,276</u>

- (ii) Long service liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of balance sheet date	71,234	312,371
More than 12 months after balance sheet date	650,723	407,650
	<u>721,957</u>	<u>720,021</u>

- (iii) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including superannuation and workers compensation premiums. The provision is measured at the present value of expected future payments. The associated expense is included at Note 14. 'Other expenses'.

Employment on-cost provision		
Carrying amount at start of year	14,210	21,714
Net increase/(decrease) in provision during year	425	(7,504)
Carrying amount at end of year	<u>14,635</u>	<u>14,210</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2007 (continued)

	2007	2006
26. Other current liabilities		
Current		
Accrued expenses	129,893	69,688
Accrued salaries	111,046	103,298
Income received in advance	931	-
	<u>241,870</u>	<u>172,986</u>
27. Pre-need agreements		
Current		
Cremation	377,893	378,257
Burial	93,558	96,031
	<u>471,451</u>	<u>474,288</u>
Non-current		
Cremation	4,550,167	4,239,913
Burial	977,654	897,137
	<u>5,527,821</u>	<u>5,137,050</u>
28. Grant Extensions		
Non-current		
Mausoleum grant extensions	519,937	436,601
Other grant extensions	549,532	438,331
	<u>1,069,469</u>	<u>874,932</u>
29. Equity		
Contributed equity		
Balance at start of year	13,640,938	13,640,938
Balance at end of year	<u>13,640,938</u>	<u>13,640,938</u>
Reserves		
Asset revaluation reserve		
Balance at start of year	15,849,579	15,280,379
Net revaluation increments / (decrements)		
Land	2,785,000	569,200
Infrastructure	7,024,013	-
Buildings	4,500,501	-
	<u>30,159,093</u>	<u>15,849,579</u>
Balance at end of year		
Available-for-sale financial assets revaluation reserve		
Balance at start of year	868,879	1,139,853
Revaluation of shares	1,402,781	462,611
Transfer of profit on sale to Income Statement	(657,975)	(733,585)
	<u>1,613,685</u>	<u>868,879</u>
Balance at end of year		
Retained earnings		
Balance at start of year	30,906,077	25,909,009
Result for the period	4,032,004	4,997,068
Balance at end of year	<u>34,938,081</u>	<u>30,906,077</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2007 (continued)**

30. Notes to Cash Flow Statement

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

	2007	2006
Cash and cash equivalents	776,249	326,442
	<u>776,249</u>	<u>326,442</u>

(b) Reconciliation of profit to net cash flows provided by operating activities

Profit	4,032,004	4,997,068
Non-cash items:		
(Profit)/loss on sale of property, plant and equipment	33,813	53,921
Depreciation of non-current assets	2,074,421	1,442,534
(Gain)/loss from sale of investments	(657,975)	(733,585)
(Increase) / decrease in assets:		
Other current assets	(220,025)	(98,245)
Current inventories	1,451,234	1,892,600
Increase / (decrease) in liabilities		
Current accounts payable	(245,619)	366,190
Pre-need agreements	582,472	530,428
Current provisions	68,884	(659,203)
Employee provisions	53,485	150,599
Net GST receipts / (payments)		
Change in GST receivables / (payables)	115,949	19,993
Net cash provided by operating activities	<u>7,288,643</u>	<u>7,962,300</u>

31. Resources provided free of charge

During the year the Board did not receive any resources free of charge.

32. Commitments for Expenditure

(a) Capital expenditure commitments

Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:

Within 1 year	<u>316,000</u>	<u>2,737,000</u>
---------------	----------------	------------------

The capital commitments include amounts for:

Buildings	-	2,231,000
Infrastructure	316,000	250,000
Plant and equipment	-	256,000
	<u>316,000</u>	<u>2,737,000</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2007 (continued)**

33. Explanatory statement

This statement provides details of any significant variations between estimates and actual results for 2007 and between actual results for 2006 and 2007. Significant variations are considered to be those greater than \$100,000.

Significant variances between actual and prior year actual – revenues and expenditures

	2007 Actual	2006 Actual	Variance
Sales of mausoleum crypts	4,021,799	5,122,862	(1,101,063)
Provision of services	12,564,252	11,316,837	1,247,415
Dividend revenue	838,929	641,625	197,304
Cost of sales	1,604,065	1,939,653	335,588
Employee benefits expense	7,068,659	6,646,404	(422,255)
Supplies and services	3,099,627	2,674,071	(425,556)
Depreciation and amortisation expense	2,074,421	1,442,534	(631,887)

Sales

Sales of crypts in the Fremantle Mausoleum in the 2007 financial year fell significantly short of expectations. This shortfall was made up to some extent by sales of crypts in the Karrakatta Stage 3 & 4 Mausoleums. During the year the Board fast tracked the completion of the Stage 4 Mausoleum facility which enabled additional sales to be made in the 2006/2007 year.

Provision of services

Income from Cremations and Burials has increased due mainly to an increase in the numbers of services carried out and to increases in the prices in services adopted by the Board for the year.

Sales of Memorial products have increased significantly due to a wider range of memorial products being made available to clients and to increases in prices.

Dividend revenue

During the year the Board increased its holdings of shares in listed securities through reductions in its holdings of Term Deposits. This strategy significantly increased the returns on the Board's investments. Dividend revenue includes imputation credits which the Board is entitled to claim as a refund.

Cost of sales

This cost has reduced in the current year due to a decrease in the numbers of crypt spaces sold compared to the number sold in the 2005/2006 financial year.

Employee benefits expense

The increase can be attributed mainly to a combination of; annual approved increases under the Government's wages policy, annual progressive step increases under the various awards, some increases in numbers of employees and increases in the provisions for long service and annual leave. The expenditure also includes an accrual for agreed back-pay for employees under the outside workers' enterprise agreement.

Supplies and services

This expenditure has increased since last year mainly due to a significant increase in the number of budgeted non-capital projects being carried out in the current financial year.

Depreciation and amortisation

At 1 July 2006, the Board revalued its Building assets. This exercise resulted in a net increment in the building values of \$4.5m. Depreciation on the re-valued asset was charged from 1 July 2007.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2007 (continued)**

33. Explanatory statement (continued)

Significant variances between estimate and actual results for the financial year

	2007 Estimates	2007 Actual	Variance
Sales of mausoleum crypts	5,352,374	4,021,799	(1,330,575)
Provision of services	11,763,890	12,564,252	800,362
Dividend revenue	576,426	838,929	262,503
Commission on sand extractions from Rockingham Regional Memorial Park	350,000	137,492	(212,508)
Net gain on sale of available-for-sale financial assets	-	657,975	657,975
Cost of sales	1,869,224	1,604,065	265,159
Employee benefits expense	6,940,592	7,068,659	(128,067)
Supplies and services	3,692,259	3,099,627	592,632
Depreciation and amortisation expense	1,497,394	2,074,421	(577,027)
Other expenses	459,792	902,423	(442,631)

Sales

Due to exceptional demand for crypts at Karrakatta, the Board completed the construction of Stage 4 of the Karrakatta Mausoleum complex ahead of schedule. This enabled additional income from unbudgeted sales of crypts in Stage 4 to be taken up during the year. This additional income partly offset the significant reduction in actual sales of crypts in the Fremantle Mausoleum compared with budget.

Provision of services

The Board experienced improvements in revenue from all of its Core Business areas due to increases in numbers of interments and cremations carried out during the year compared to the estimates. The Board also achieved improvements in sales of memorial products due to a wider range of memorial products being made available to clients.

Dividend revenue

During the year, the Board increased its investment in Fixed Interest Securities with funds that were previously allocated to Term Deposits. The Board also claimed a reimbursement for all of the franking credits attributed to the dividends that it received.

Commissions on sand extractions from Rockingham Regional Memorial Park

Due to a reduction in the volume of sand extracted from the cemetery development site by the contractor during the year, the actual commissions fell short of the estimated income.

Gains on disposal of other assets

During the year, the Board sold a number of listed shares in its investment portfolio. The increase in this item of revenue relates to net profits realised on the sale of these shares. No estimate of profit on sale of shares was included in the budget for the year.

Costs of sales

Costs of sales have reduced due to a significant reduction in the actual number of mausoleum crypts sold during the year.

Employee benefits expense

The increase can be attributed mainly to a combination of; annual approved increases under the Government's wages policy, annual progressive step increases under the various awards and increases in provisions for Annual and Long Service Leave. The expenditure also includes an accrual for agreed back-pay for employees under the outside workers' enterprise agreement.

Supplies & services

Savings on budgeted costs were made due mainly to a number of non-capital projects either being deferred or cancelled.

Depreciation and amortisation expenses

At 1 July 2006, the Board revalued its Building assets. This exercise resulted in a net increment in the building values of \$4.5m. Depreciation on the re-valued assets was taken up from 1 July 2006.

Other expenses

The increase relates mainly to an increase in the cost of maintenance of the Board's assets over the year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2007 (continued)

34. Financial Instruments

Financial risk management objectives and policies

Financial instruments held by the Board are cash and cash equivalents, term deposits, listed shares, fixed interest securities and receivables and payables. The Board has limited exposure to financial risks. The Board's overall risk management program focuses on managing the risks identified below. Investment decisions are made by the Board's Finance and Internal Audit Committee on the basis of advice received from the Board's professional financial advisers. Risks associated with the investments are managed through the application of the guidelines set out in the Board's Investment Policy.

(a) Market risk

(i) Price risk

The Board is exposed to price risk. This arises from investments held by the Board and classified on the balance sheet as available-for-sale.

(ii) Fair value interest rate risk

Refer to (d) below.

(b) Credit risk

The Board trades only with recognised creditworthy third parties. The Board has policies in place to ensure that sales of products and services are made to customers on a cash basis or with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Board's exposure to bad debt is minimal. There are no significant concentrations of credit risk.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities.

The Board's has appropriate procedures to manage cash flows by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

(d) Cash flow and fair value interest rate risk

The Board's exposure to market risk for changes in interest rates relates primarily to its holdings of term deposits and fixed interest securities.

Rates of interest are monitored on a regular basis and changes are made to the securities held to balance risk and return within the guidelines of the Board's investment policy. The Board relies on external professional advice to make decisions for its investment in fixed interest securities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2007 (continued)

34. Financial Instruments (continued)

(b) Financial instrument disclosure

(a) Interest rate risk exposure

The following table details the Board's exposure to interest rate risk as at the balance sheet date:

Year ended 30 June 2007

	Weighted Average Effective Return	Variable interest rate	Fixed Interest Rate Maturities			Non interest bearing	Total
	%	\$'000	Less than 1 Year	1 to 5 Years	More than 5 Years	\$'000	\$'000
Financial Assets							
Cash and cash equivalents	6.4%	776					776
Receivables						929	929
Other financial assets	(c)		4,323				4,323
Available-for-sale financial assets				2,782		10,728	13,510
Other current assets						459	459
Total Financial Assets		776	4,323	2,782		12,116	19,997
Financial Liabilities							
Payables						1,618	1,618
Total Financial Liabilities						1,618	1,618
Net Financial Assets		6,968	4,323	2,782		10,498	18,379

Year ended 1 July 2006

Financial Assets	5.00%	326	2,876	3,128		10,728	17,058
Financial Liabilities						1,932	1,932

(b) Net fair values

The carrying amount of the financial assets and financial liabilities recorded in the financial statements are not materially different from their net fair values, determined in accordance with the accounting policies disclosed in Note 2 (k) – Investments and Other Financial Assets.

(c) Weighted average effective return

The percentage returns on the investments held by the Board during the years were as follows:

2006/2007	Term Deposits	6.5%	Equity securities	4.6%	Preference shares	5.0%	Fixed Interest Securities	6.5%
2005/2006	Term Deposits	5.7%	Equity securities	4.5%	Preference shares	5.0%	Fixed Interest Securities	7.0%

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2007 (continued)**

35. Remuneration of members of the Board and Senior Officers

Remuneration of members of the Board

The number, of members of the Board whose total fees, salaries, superannuation, non-monetary benefits and other benefits received for the financial year, which fell within the following bands, is: -

	2007	2006
	\$	\$
\$0 - \$10,000	6	6
\$10,001 – \$20,000	1	1
The total remuneration of the members of the Board is:	36,070	36,070

The total remuneration includes the superannuation expense incurred by the Board in respect of members of the Board.

No members of the Board are members of the Pension Scheme.

Remuneration of Senior Officers

The number, of Senior Officers, other than senior officers reported as members of the Board, whose total fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, which fell within the following bands, is:-

	2007	2006
	\$	\$
\$90,001 - \$100,000	1	-
\$100,001 - \$110,000	-	2
\$110,001 - \$120,000	3	2
\$200,001 – \$210,000	-	1
\$250,001 - \$260,000	1	-
The total remuneration of senior officers is:	693,344	643,137

36. Remuneration of Auditor

The total fees paid or due and payable to the Auditor General is as follows:

Auditing the accounts, financial statements and performance indicators	31,000	25,200
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37. Contingent liabilities and contingent assets

As at 30 June 2007, the Board did not have any contingent liabilities or contingent assets.

38. Events occurring after the balance sheet date

The Metropolitan Cemeteries Board did not have any material events occurring after the balance sheet date.

METROPOLITAN CEMETERIES BOARD

CERTIFICATION OF PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2007

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Metropolitan Cemeteries Board's performance, and fairly represent the performance of the Metropolitan Cemeteries Board for the financial year ended 30 June 2007.



R G BOWE
CHAIRMAN



JEAN HOBSON
DEPUTY CHAIRPERSON



P D MACLEAN PSM
CHIEF EXECUTIVE OFFICER

22nd August 2007

KEY PERFORMANCE INDICATORS

A key component of MCB's focus on improving its service to the community is to ensure its performance is measured in a way that adds value to the overall planning and delivery of those services.

Outcome

Funerals and memorial services that meet the needs and expectations of the community.

Notes.

1. Funerals means burials, cremations and entombments.

Effectiveness Indicator (audited by Office of the Auditor General)

Extent of customer satisfaction with funeral and memorial services.

	2006/2007				
	Target	2006/2007	2005/2006	2004/2005	2003/2004
Industry	85%	89%	84%	86%	98%
Public	85%	90%	89%	88%	90%

Notes.

1. Levels of satisfaction among the public and industry remain high and above the target level of satisfaction (85%) for the Metropolitan Cemeteries Board.
2. A total of 472 surveys were conducted. The following table summarises the survey response rates and the resultant theoretical sample error for each of the groups surveyed. The industry section was completed by telephone interview. The public section was by mailed self completion.

Groups	Pop	Sample	ES	RR%	Error
Industry	125	125	107	86	±3.6%
Public	9,386	1,864	365	20	±5.0%

Groups = Customer Groups; Pop = Population; Sample = Sample Frame; ES = Effective Sample; RR% = Response Rate %; Error = Survey Error at 95% confidence level.

- The Industry group includes funeral directors and clergy. Community groups and suppliers were not surveyed.
- Family members of the deceased were surveyed for the Public group. Visitors and mourners were not included in the Public group as the survey was targeted at users of the services.

Efficiency Indicator (audited by Office of the Auditor General)

The average cost per funeral and memorial service includes all operating expenses.

Over the past 5 years the average cost per funeral was:

2006/2007	\$1,566.54
2005/2006	\$1,463.28
2004/2005	\$1,299.29
2003/2004	\$1,317.35
2002/2003	\$1,413.72

Over the past 5 years the average cost per funeral and memorial service was:

2006/2007	\$1,196.58
2005/2006	\$1,123.27
2004/2005	\$1,003.60
2003/2004	\$1,006.97
2002/2003	\$1,013.87

Notes.

1. Funerals include cremations and interments in gravesites and the mausoleums.
2. Services include the provision and maintenance of grounds, chapels, crematorium, administration costs of the cemeteries, burial services, memorial products and the supply of information to customers.
3. A increase in the cost per funeral in 2006/2007 has arisen as a result of an increase in operating costs due principally to increased costs of Depreciation and Salaries, Wages and on-costs. The increase in Salaries, Wages and on-costs can be attributed mainly to a combination of:
 - significant back pay amounts paid to outside staff as a result of reclassification of positions arising out of a restructure exercise carried out by the Board in previous years
 - annual approved increases under the Government's wages policy
 - annual progressive step increases under the various awards.

The increase in depreciation expense during the year has arisen mainly due to the significant increase in the valuation of the Board's buildings. These buildings were revalued by the Western Australian Land Information Authority (Valuation Services) at 1 July 2006. The resulting net increment in the valuations of the buildings amounted to \$4.5m.

METROPOLITAN CEMETERIES BOARD
BUDGETED FINANCIAL STATEMENTS (UNAUDITED)
For the Year Ending 30 June 2008

Index of Budget Statements:

Budgeted Income Statement for Metropolitan Cemeteries Board
Budgeted Balance Sheet for Metropolitan Cemeteries Board
Budgeted Cash Flow Statement for Metropolitan Cemeteries Board

Note: The budget Statements of Financial Performance, Financial Position and Cash Flows are unaudited and are not covered by the Audit Opinion expressed by the Auditor General.

METROPOLITAN CEMETERIES BOARD
BUDGETED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDING 30 JUNE 2008

INCOME

	2008	2007
	\$	\$
Revenue		
Sales	3,092,209	4,021,799
Provision of Services	13,325,860	12,564,252
Interest revenue	693,701	394,940
Dividend revenue	108,000	838,929
Commission on Sand Extractions from Rockingham Regional Memorial Park	530,000	137,492
Other revenue	206,314	199,625
<i>Gains</i>		
Gains on disposal of other assets	-	657,975
Total Income	17,956,084	18,815,012

EXPENSES

Expenses		
Cost of Sales	1,334,460	1,604,065
Employees benefits expenses	7,498,333	7,068,659
Supplies and Services	4,355,176	3,099,627
Depreciation and amortisation expense	1,807,090	2,074,421
Loss on disposal of non-current assets	42,313	33,813
Other expenses	352,030	902,423
Total expenses	15,389,402	14,783,008

NET PROFIT

2,566,682	4,032,004
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Note: The budgeted Statement of Financial Performance is un-audited and is not covered by the Audit Opinion expressed by the Auditor General.

METROPOLITAN CEMETERIES BOARD
BUDGETED BALANCE SHEET
AS AT 30 JUNE 2008

	2008	2007
	\$	\$
Current Assets		
Cash and cash equivalents	45,938	776,249
Inventories	10,061,064	11,732,982
Receivables	773,156	928,688
Other Financial Assets	4,049,689	4,322,798
Other Assets	70,934	459,115
Total Current Assets	15,000,781	18,219,832
Non Current Assets		
Available for sale financial assets	12,133,993	13,510,199
Property, plant, equipment and vehicles	41,161,039	40,477,859
Infrastructure	14,572,914	18,192,000
Intangible assets	-	213,661
Total Non-current Assets	67,867,946	72,393,719
Total Assets	82,868,727	90,613,551
Current Liabilities		
Payables	737,121	1,618,150
Provisions	845,402	948,029
Other current liabilities	532,145	241,870
Pre-need Agreements	1,181,714	471,451
Total Current Liabilities	3,296,382	3,279,500
Non-Current Liabilities		
Provisions	499,080	384,964
Pre-need Agreements	4,726,857	5,527,821
Grant Extensions	1,030,220	1,069,469
Total Non-Current Liabilities	6,56,157	6,982,254
Total Liabilities	9,552,539	10,261,754
NET ASSETS	73,316,188	80,351,797
Equity		
Contributed equity	13,640,938	13,640,938
Reserves	22,152,340	31,772,778
Retained earnings	37,522,910	34,938,081
TOTAL EQUITY	73,316,188	80,351,797

Note: The budgeted Statement of Financial Position is un-audited and is not covered by the Audit Opinion expressed by the Auditor General.

METROPOLITAN CEMETERIES BOARD
BUDGETED CASH FLOW STATEMENT
FOR THE YEAR ENDING 30 JUNE 2008

	2008	2007
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES: -		
Receipts		
Sale of goods and services	13,325,860	13,206,032
Services – mausoleum	3,092,208	4,021,799
Receipts from commissions on sand sales	530,000	137,492
Interest received	601,276	156,810
Dividends received	200,425	858,860
GST receipts on sales	969,815	1,738,639
Other Receipts	68,000	199,626
Payments		
Supplies and services	(4,404,961)	(4,385,866)
Employees benefits	(7,843,476)	(7,022,059)
GST payments on purchases	(632,680)	(1,040,486)
GST payments to taxation authority	(337,135)	(582,204)
Net cash provided by operating activities	<u>5,569,332</u>	<u>7,288,643</u>
CASH FLOWS FROM INVESTING ACTIVITIES: -		
Proceeds from sale of non-current physical assets	-	97,580
Proceeds from sale of investments	791,732	3,628,322
Purchase of investments	-	(4,495,141)
Purchase of non-current physical assets	(6,361,060)	(6,069,597)
Net cash used in investing activities	<u>(5,569,328)</u>	<u>(6,838,836)</u>
Net increase/(decrease) in cash and cash equivalents	<u>4</u>	<u>449,807</u>
Cash and cash equivalents at the beginning of the period	45,938	326,442
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>45,942</u>	<u>776,249</u>

Note: The budgeted Statement of Cash Flows is un-audited and is not covered by the Audit Opinion expressed by the Auditor General.