

PUBLIC

RALPH H.FARDON



The Committee Clerk
Standing Committee on Public Administration and Finance
Legislative Council
Parliament House
PERTH WA 6000

Dear M/s Kearney,

**Subject: Inquiry into the Transfer of Management of the Fremantle Cemetery to the
Metropolitan Cemeteries Board**

As recently discussed on the telephone I wish to lodge a submission relative to the above Inquiry and now enclose 8 copies of same.

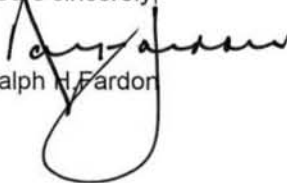
I trust that the Committee will find value in the information and views expressed within the submission.

If it is the wish of the Committee for me to appear and support the writings I am quite prepared to meet that request and in that respect I await your advice.

Mindful that the Committee is required to make its report to the Legislative Council by 30 November 2003 I advise that I am the recipient of a subpoena to appear as a witness in a District Court matter during November. The expected date of my appearance is 17 November 2003 although that is to be confirmed.

Thank you for your assistance.

Yours sincerely,


Ralph H. Fardon

15 October 2003

Western Australia
Legislative Council
Standing Committee on Public Administration and Finance
Inquiry into the Transfer of Management of the Fremantle Cemetery to the
Metropolitan Cemeteries Board

Submission prepared and Lodged by Ralph H.Fardon

15 October 2003

Credentials of Ralph Henry Fardon

This submission is made as a personal contribution to the Inquiry and is supported by the following experience:

- Member of the Fremantle Cemetery Board for the period 5 April 1994 to 30 June 2002
- Chairman of the Fremantle Cemetery Board for the period 18 June 1995 to 30 June 2002
- Chief Executive Officer to six Local Governments over the period March 1958 to January 1998.
- In particular Chief Executive Officer of the City of Melville over the period January 1976 to January 1986 (The Fremantle Cemetery being situated in the City of Melville)
- A consultant in Local Government, Waste Management and Community Issues January 1991 to the present time.
- In 1993/94 commissioned by the State Government and the appointed Commissioners of the City of Perth and the Towns to assist in the creation of the City of Perth Restructure Act and the implementation of the legislation enabling the formation of the Towns of Cambridge, Vincent and Victoria Park.
- Qualified accountant as a base discipline but completely involved in senior management as Chief Executive Officer of Local Governments of varying size and population (largest being the City of Stirling).

As a result an extensive knowledge of the workings of government, relationship to the community and the operations of the delicate community facility of a cemetery; has been acquired.

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History of the Fremantle Cemetery Board

The Fremantle Cemetery Board (FCB) began its life with a body of Trustees in 1898 and has operated through 3 cemetery sites since that time.

Over the course of the succeeding century the governance of the Cemetery was conducted by a number of bodies differing slightly in name and sponsorship. All these bodies however had the responsibility of conduct of the self-funding facility in the total interests of the community, with emphasis of service on the population of the Fremantle and later the South West Region of the Metropolitan Area of Greater Perth.

In 1986 the State Government decided to review the then existing Cemeteries Act 1897-1956 and a Committee of Review was formed to draft the proposed new Act. Arising from that review the Metropolitan Cemeteries Board (MCB) was to be formed having responsibility for the conduct of all cemeteries within the metropolitan area of Perth.

With the heritage of the Fremantle Cemetery strongly in mind and protective of the interests of the Fremantle community a number of the Local Authorities including the Cities of Melville and Fremantle and the Town of East Fremantle sought amendment to the proposal. The Government heeded the concern expressed and the Fremantle Cemetery was excluded from the proposed amalgamation.

The decision was well received in the Fremantle Region and a new Board was appointed enabling an impressive programme of improvement to the Fremantle Cemetery to commence. Initially the Board appointments were framed around representation of the surrounding Local Governments and other members of varying discipline e.g. a member of the clergy.

In 1995 a determination by the Minister saw appointment of members not totally representative of the Councils and the last Board appointed by the current Minister in 2002 was of similar make-up.

The retention of the FCB was clearly a disappointment to the Review Committee as authors of the report. An air of future " take over " has persisted in the relationship between MCB and FCB since that time. There is no doubt this was due to several members and management personnel of MCB being part of the Review Committee and exercising personal preference.

In evidence of this attitude it is known that within hours of the news of the resignation of the long serving Chief Executive Officer of the FCB, the Chairman of the MCB had contacted the then Minister's office; proposing it was then appropriate to effect an amalgamation of the Boards.

Other reports of similar requests posed to the present Minister have been received.

Historical reference to many identities interred within the boundaries of Fremantle Cemetery has been recognised by the formation of an historical trail being a significant connection to the community of Fremantle and environs in the past and at present. This was a combined effort of the FCB and members of the Fremantle Historical Society.

With regret, the governance history of an unique and well used community facility has been terminated by the decision of Cabinet for seemingly insufficient purpose despite an assurance by the Minister to the FCB at its initial meeting in July 2002, that the Board's existence would continue.

Respective Financial Positions of Each Authority

The decision to transfer the management was made known to the respective Chairmen and Chief Executive Officers on 12 May 2003 and confirmed by Ministerial press release on the following day.

At that time the FCB was in a completely sound financial state having not only a complete and modern infrastructure for its statutory purpose but also cash reserves of circa \$2.6m.

FCB had an extant strategic plan (including liquidity outcomes) allowing for future developments within its campus and aimed at maintaining the level of personal service to which the users had become well accustomed. The plan had a rolling characteristic and comparisons over a forecast decade were available.

Loan raising had been undertaken in order to construct the award winning crematorium complex and this was being reduced over the agreed term by the contracted quarterly payments of principal and interest to the State Treasury, the lending body.

Approval had been granted for further loan raising to finance the construction of a mausoleum with the loan to be speedily reduced by payments from the lessees of the respective crypts in a similar to the method adopted by the MCB over 2 phases at Karrakatta Cemetery. It is unlikely that the full approval of \$4m would be drawn down in the construction and disposal of the crypts. Had this been detrimental to the State's capacity to raise finance for other State capital works programmes it was most certainly not made known at approval time.

It has been stated in advice by the Minister that the debt /income ratio of FCB was not to the same order as that of MCB. This is understandable since MCB had much longer to repay any loans it had raised and a much greater income base for the comparison. The FCB ratio was quite appropriate for the nature of the developments undertaken and at 31.64% was well within the accepted reasonable ratio by those Local Governments adopting the philosophy of future users meeting their share of the present day costing of the provision of the facility.

The crematorium has a service life (given the appropriate maintenance requirements) of at least 50 years the loan term only occupying a small portion of that expectation.

Reduction of the loan by MCB as attested by the Minister will save interest however it will be denied to State Treasury as a revenue source and it will reduce the interest to be earned by MCB on the surplus funds (reserves) invested.

In all of the words expressed in favour of the decision this seems to be the only critical comment on the finances of FCB. The relevance of this comparison defies understanding since the FCB has never received any Government funding it being a fully self-funded operation. Any changes in its financial structure have no impact on Government operations in the same manner as a Local Government authority.

The financial outcome of the subsumation will not be of any benefit to the Government since any benefit will only lie in the hands of MCB and to suggest it will be utilised to lower service charges to the user of the metropolitan facilities absolutely defies belief.

With an annual surplus to operation costs averaging \$130,000 over a thirteen year period the FCB was more than financially able to provide for its future needs and the upkeep of the cemetery complex as a memorial park.

Respective Financial Positions of Each Authority (continued)

The financial position of the MCB can only be drawn from the published accounts of 30 June 2002 from where it is appreciated that with 69% of the current metropolitan area funerals performed it is in a very sound financial position and holder of considerable reserve funds. There is no evidence of the shortage of resources to meet future operational demands with no need to seize the financial resources of FCB.

The source of further considerable revenue exists from royalty on sand removal at the future Baldivis cemetery site. No doubt the income received over the past several years has been husbanded for development purposes. It has been stated that Baldivis will be available for use within a year or so but there is serious question as to a need at that time.

There may be certain economies of scale and limited redundancy of FCB senior staffing but not to the extent of the much vaunted \$600,000 annual savings arising from the subsumation.

Attempts by the submitter to secure detail of the elements forming the \$600,000 from both the Treasurer of the State and the Minister have been unsuccessful. Any response has been by passage of the request to the Minister by the Treasurer and the Minister then "walking around the question".

The submitter would have thought that the officers of Treasury conducting the Functional Review would be prepared to meet a due diligence on their assessment of the financial out-turn of the recommendation but it would seem this is not the case.

It is of interest that in his address on page 11342 of Hansard of 17 September 2003 the Minister quotes the alleged savings as "not big bickies" but "tiny". In this instance he also stated concern for "people". That being the Minister's view it must surely imply that any "tiny" duplicated expense would be worth the better service to the "people" of Fremantle and surrounding suburbs.

Pending a total analysis of the subsumation, being the intent of the Committee, no account seems to have been taken of the funding required to meet the management requirements of the enlarged authority and one example is electronic connection between MCB and FCB and maintenance.

Neither has any mention be made of the additional salary payments which would be due to the Chairman, Members and the Chief Executive Officer of MCB because of added responsibility and 50% more funerals per year. Organisational restructure has been mooted for MCB and this will cause other salary adjustments throughout the enlarged authority. All these costs must be included in the calculations.

As later comments upon the relative efficiencies of FCB and MCB will indicate "biggest is not necessarily best". Users of the community service regularly indicate a preference for a smaller and locally based governance where personal issues can be addressed more readily and with a greater sense of awareness and compassion. Residents and ratepayers of the former City of Perth now with the Towns of Cambridge, Victoria Park and Vincent wholeheartedly agree with that adage.

The extent of the metropolitan area of Greater Perth from Yanchep in the north to nearly Mandurah to the south is amongst the largest spread of an urban centre within the world and a centralised cemetery authority will not give the same benefits as more community oriented units. If regionalisation is demanded the proposal of FCB to create two regions divided by the Swan River as a boundary is logical and the better of both worlds would pertain. This was advanced by way of submission to the Machinery of Government review but to no avail.

Efficiency and Effectiveness

The thrust of the reason for the decision by Cabinet is effecting savings but this must be questioned when comparisons are made between the two authorities.

Hansard 11338 of 17 September 2003 reports the Hon Jim Scott quoting staff/client ratios as being considerably in the favour of FCB.

Likewise the Performance Indicator of costs per funeral as displayed in the respective annual reports shows FCB to be \$800 – 900 whereas the comparative figure for MCB is \$1200 – 1300. An explanation of the difference may be the support cost (or cross subsidy) in caring for the supplementary cemeteries of Midland, Guildford or even Pinnaroo .

This begs the question of whether Fremantle autonomy should be sacrificed to feed any cross subsidy?

The Minister attests that any savings will be passed to the users throughout the metropolitan area. Time alone will present the challenge to that statement of the Minister but the present comparisons defy that optimism.

In anticipation of the legislated limited tenure to grants of right of burial (including memorials to cremated remains) which occurs in year 2012 both authorities have set rates for renewal of the tenure from that time. It is interesting to record that FCB rates are to the order of \$800 whereas MCB are \$981. So much for the lowering of charges !

The Minister also speaks of a co-ordinated approach to planning and project management across all metropolitan cemeteries however this was always possible under the previous arrangement since FCB has always displayed a willingness to participate in any joint exercise of this nature. Whilst it has been claimed by MCB that Fremantle has sought support from MCB it has been nothing other than a confirmation that intended action by FCB would not be contrary to MCB intentions and accordingly avoiding undue embarrassment to that authority.

Measures to share computer software design costs and head for a common system with consequential savings were initiated by FCB but were delayed by Ministerial decree at the time of the Machinery of Government review.

There is no service provided or intended by MCB that could not have been matched by FCB given that that Board agreed it was worthwhile.

Process of Consultation

The activity towards this decision of Cabinet has been poorly handled in the consultation sense.

The first advice of any consideration towards this aim was advice of the Machinery of Government review requiring the compilation of considerable historic and financial data. This was followed by interview of the Chairman and Chief Executive Officer by an officer seconded to the Local Government Department. A submission by FCB was permitted.

Following some delay a report was prepared but no copy was made available for FCB consideration. It is understood that a good deal of editing of the initial report was undertaken before it met the Minister's satisfaction.

The parameters of this review were clouded by a requirement to consider whether the metropolitan cemeteries should be controlled from a central Government Department and the belief that this meant the Local Government Department arose. Such an arrangement could surely not be approved. The FCB submission developed at the expense of considerable time brought no formal comment and the only advice was the aforementioned Ministerial announcement to the newly appointed Board that all was to continue at Fremantle.

After 11 months of regular governance the current decision as advised to the respective Chairmen and Chief Executive Officers was therefore a complete surprise.

At no time was there any attempt at securing a community input to the assessment by the Functional Review Task Force. Nor was there any attendance for inspection of the Fremantle facility or meeting with the personnel.

It is further understood that any objection or comment arising from the respective Local Governments of the region, in relation to the decision; arose from personal approach by Board members and their predecessors of 2002. No direct Government request for local government viewpoint was made.

In a numerical sense the level of consultation could be regarded as virtually zero.

Comment on the Functional Review determination was offered by the Funeral Directors Association of Australia (WA Division) which fully supported the retention of the Fremantle governance.

Of interest also is the private members bill of censure advanced by Jamie Edwards MLA in the Legislative Assembly which although destined for defeat on the numbers drew the affirmative votes of the majority of the independent members of that House.

Impact on the Communities of the Fremantle and South Western Regions

The association of a community with its local burial ground cannot be over-stressed for there is a total commitment to the memories accumulated over the 100 years plus of Fremantle and that has been wiped aside with the stroke of a Ministerial pen.

The FCB submission to the Machinery of Government review dwelt heavily on this issue and that submission should be made available to the Committee.

The responsible Minister also is the Minister for Regional Development and whilst the Minister may believe that development is only required in the country it is equally as important to sub regional centres of the metropolitan area such as Fremantle, Midland, Armadale and Rockingham .

Two quotations are pertinent to this point.

The Premier Dr.Gallop has stated:

"...the more proactive we are as citizens the stronger we make our democracy. The Government has set up a Citizens and Civics Unit and that focus would be on participation and input to public life and decision making. Democracy needs public input and a constant dialogue between citizens and government"

(20th November 2001, Community Newspapers)

and from the Minister the Hon. Tom Stephens

"As well, we will strive to devolve decision making and service delivery to a regional and local level as we work to build capacity for good governance and leadership in community development"
(Minister's website, 19 October 2001)

The distance between the community and the point of governance of an authority or facility is important and this is clearly demonstrated in Local Government issues when compared to the State and Federal counterparts. The personal attention received from the local unit is never matched by the centralised machine totally computer oriented reducing clients to an entry in technology.

Much was the public comment of disgust at the decision which must surely have reached the attention of the parliamentarians of the region. It was apparently sufficient for the Member for Fremantle the Hon. Jim McGinty to register his concern, "that FCB should be retained" in written expression to the FCB. Although no longer connected with the FCB the submitter has been the recipient of endless questions and adverse comment on the situation from members of the several communities.

Fremantle as a service centre and retail point has experienced major reduction over recent years and to take away but one more local contact position is to cause more feeling of despair for the Fremantle retail and service activities.

To argue that an autonomous reception facility will still remain is as frivolous as the Minister's comment in Hansard that all will be well since the Chairman of MCB is Fremantle based. In reality Mr.Bowe merely resides in Fremantle when he is not engaged in the affairs of MCB, Landcorp and the newly formed Racing Commission.

Motivation

Such is the apparent lack of warrant for the determination there must be some ulterior motive and the following are offered as possible reasons:

- The Government may believe that a solution to the Fremantle Eastern By-pass situation lies in the utilisation of reserve FCB land to create improved traffic situations for heavy vehicles headed in a southerly direction on Stock Road. Such land demand being more readily secured from MCB in an abstract position at Karrakatta and not having to face local community objection.
- The Government and the MCB hierarchy have reached an agreed position on the demands of "Bush Forever" and the "Bush Plan" on the areas of other MCB cemeteries at Midland, Guildford and Pinnaroo and the surrender of Fremantle becomes the consideration for no further claims from MCB. Certainly the Minister alludes to the possibility in Hansard page 11340.
- The Government is effecting more "Wall papering" by appearing to carry out pre – election promises of economy of government but proving meaningless in reality.

Conclusion

This subsumation is a sad and unwarranted event completely overlooking a 105 year reign of governance at the Fremantle Cemetery Board for very modest ("tiny") financial gain to another authority.

Greater benefit would have accrued from the creation of two regions, north and south of the Swan River having identical powers and the opportunity to develop common and improved cemetery services to the whole state.