



METROPOLITAN
CEMETERIES BOARD



ANNUAL REPORT 2009-2010

Celebrating lives

Locations and Contact Details

Head Office

Karrakatta Cemetery
Railway Road
Karrakatta WA

Postal Address:
PO Box 53
Claremont WA 6910
Telephone: 1300 793 109
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 WA 6957
Telephone: 1300 793 109
Facsimile: (08) 9339 8992

Pinnaroo Valley Memorial Park
Whitfords Avenue
Padbury WA
Postal Address:
PO Box 362
Hillarys WA 6923
Telephone: 1300 793 109
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
(Telephone, facsimile as per Fremantle)

STATEMENT OF COMPLIANCE

Hon. John Castrilli MLA
Minister for Local Government
12th Floor
Dumas House
2 Havelock Street
West Perth WA 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 2010.

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 JP
CHIEF EXECUTIVE OFFICER

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From the Chairman

A Year in Review Executive Summary



As the busiest public cemetery authority in Australia, the Board received 10,216 funerals during the year comprising 7,838 cremations (76.72% of funerals), 2,267 burials and 111 mausoleum interments. There were 2,901 memorials arranged subsequent to cremation.

In response to the increasing demand for cremation services at Pinnaroo Valley Memorial Park, plans are well advanced for a second chapel and condolence lounge. Based on the success of existing facilities, the new chapel and lounge will be constructed to similar dimensions.

In preparation for the new facilities and to cope with present needs, the capacity of the car park adjacent to the crematorium facilities has been doubled during the year under review.

At Karrakatta, landscaping was completed in several sections redeveloped under the Board's innovative renewal program. Roads and paths were also upgraded to service these sections.

A major initiative during the year was the transformation of the old Roman Catholic JA section at Karrakatta, in preparation for Stage 6 of the Karrakatta mausoleum. As at 30 June 2010, the Board had received tenders for the mausoleum development which will provide 792 new crypt spaces. Features of this new complex include a chapel, family rooms and a central cloister area for the conduct of funeral and memorial services.

Also at Karrakatta, the staged construction of new office facilities and staff amenities is well underway.

Worthy of specific mention, one of the Board's largest challenges during the review period came from the hand of mother nature. Karrakatta Cemetery sustained considerable damage from the hail storm that passed through metropolitan Perth in March 2010. The Karrakatta administration building, chapels, condolence lounges and gardens all sustained significant damage and were, in some instances, uninhabitable for several weeks whilst repairs were scheduled. The cost of physical damage and the ongoing repair to facilities is calculable; the devastation throughout the cemetery landscape is not.

On Wednesday 31 March 2010, the Honourable Minister for Local Government John Castrilli MLA, officially launched the inaugural Natural Burial section at Fremantle Cemetery at a ceremony which also marked the opening of a Natural Burial section at Rockingham Regional Memorial Park. These are the first areas allocated in metropolitan Perth where burials will be subject to special environmental conditions aimed at minimising the carbon footprint associated with each funeral.

During the review period, the Board resolved to plan for improved access to the Fremantle Cemetery for members of the community attending funeral services. A landscape architect was commissioned to develop a master plan for a new entry for funeral corteges off

Carrington Street, revisions to car parking arrangements, the provision of a new assembly area incorporating café and florist facilities and to identify and propose solutions for any other issues preventing mourners from congregating either at or as near as practicable to the crematorium chapels.

At Guildford Cemetery land was set aside and surveyed for Jewish community burials. This work was carried out in liaison with the Perth Hebrew Congregation and the Temple David community. With Karrakatta's ability to accommodate the requirements of the Jewish community almost exhausted, there will be a transition from Karrakatta to Guildford for future Jewish funerals.

The Board is pleased to have secured land adjacent to the Guildford Cemetery which was previously leased to the Perth Pistol Club. A portion of this land will be used for a works depot whilst the remainder will be utilised for the purposes of burial areas and memorials gardens.

Negotiations advanced during the year for much needed additional land for future cemetery use. The Board appreciates the assistance of the WA Planning Commission and the Ministers for Local Government and for Planning for their support in having land reserved for future cemeteries near Whitby Falls and in the Whiteman Park area.

After considerable research, a publication titled *'Monuments and Masons'* authored by Board member Dr. Leonie Liveris, was launched by the Honourable Minister for Local Government John Castrilli MLA at a ceremony held in Karrakatta's Garden Chapel on 26 November 2009. The book, the first comprehensive investigation of monumental work through the ages in Western Australian cemeteries, is a pictorial celebration and has been put forward for consideration as part of the 2009 Premier's Book Awards.

Throughout the year, regular liaison meetings were held with our Minister and the Board is most grateful for the Minister's interest and support in all matters pertaining to metropolitan cemeteries.

During the year, with the assistance of a consultant, the Board reviewed the costing of its services to ensure that fees levied result in full cost recovery for non discretionary services such as interments, cremation and Grants of Rights of Burial.

The costing review highlighted some degree of cross subsidisation in services and this will be progressively addressed over a number of years.

The Board was approached during the year by the Zoological Parks Authority to consider the establishment of fodder trees at Rockingham Regional Memorial Park, on land not required for cemetery purposes for a good number of years. The Board has agreed in principle to a long term partnership with the Perth Zoo and a plan for the development of fodder trees is progressing.

The Board also met with representatives of the Heritage Council of Western Australia with a view to a cooperative policy recognising the heritage values of cemeteries but respecting ongoing operational imperatives.

On a sad note, long serving Board member Ken Colbung AM MBE JP passed away on 12 January 2010, aged 78 years. Mr Colbung was appointed to the Metropolitan Cemeteries Board when it was first constituted in October 1988 and he served continuously on the Board until his death. Ken's contribution to the Board, the Aboriginal community and the broader State of Western Australia was considerable and one for which the Board is particularly grateful.

My own term as Chairman of the Board expired on 30 June 2010 and brings to an end my eight years in the role. I would like to take this opportunity to thank my fellow Board members for their support and untiring work, and also our staff who continue to provide outstanding service to the community.

Deputy Chair Jean Hobson and Board member Jeannette Berinson are also retiring with effect from 30 June 2010 and I acknowledge their contributions over several years.

I especially express my gratitude to Chief Executive Officer, Peter MacLean, whose professionalism and wealth of experience is of such immense value to the Board. His assistance and guidance throughout my term as chairman is gratefully acknowledged.

This Executive Summary reflects on some of the highlights during the past year and further detail on the Board's operations is covered throughout the Annual Report.

Ross G Bowe
Chairman

Operational Structure

The Metropolitan Cemeteries Board (MCB) is a fully self supporting statutory authority. The Board manages six cemetery and memorial park-sites throughout metropolitan Perth – Fremantle, Karrakatta, Midland and Guildford Cemeteries; Pinnaroo Valley and Rockingham Regional Memorial Parks.

The MCB is a State Government statutory authority appointed by and responsible to the Minister for Local Government; Heritage; Citizenship and Multicultural Interests. 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
- Corruption and Crime Commission Act 2003
- 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. John Castrilli MLA, the Board comprises a Chairman and six members. Board membership remained constant during the year however, with effect from 1 July 2010, the Chairman and several members will retire.

The following Board members served during 2009/2010:

Chairman

Mr. Ross Bowe

Ross 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.

Ross has retired from his position as Chairman and member of the Board with effect from 1 July 2010.



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 has retired from her position as Deputy Chair and member of the Board with effect from 1 July 2010.



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.

With effect from 1 July 2010, Joe will assume the role of Deputy Chair.



Mr. Ken Colbung AM, MBE

The Chairman, Board and Staff of the Metropolitan Cemeteries Board were saddened to hear of Ken Colbung's passing on 12 January 2010. Ken served on the Board for over 20 years and, during this time, enriched and informed the organisation with his significant experience in Aboriginal cultural matters.

Ken was 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 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. Leonie Liveris is an Adjunct Senior Research Fellow at Curtin University of Technology. She is an independent consultant historian for the renewal and heritage of cemeteries and the Chairperson of the Monument Assessment and Advisory Committee. She has served on various state and national government boards and committees including multicultural affairs, hospital boards and the Sexual Assault Advisory Committee. She is the author of *The Dismal Trader*, *Memories Eternal - 100 Years of Karrakatta Cemetery* and *Monuments and Masons*. She is an occasional consultant for International Orthodox Women's Network (Geneva) and has numerous publications in this area of research. She holds a BA (Hons), MPhil and PhD in history. Her present professional historical research relates to the roles and participation of women in the rites and practices of funerals and cemetery customs in various religions and cultures.



Dr Leonie Liveris was a MCB Board member between 1988-1993 and from 2002 - 2010. Dr. Liveris has been appointed Chairperson of the Board for a three year term with effect from 1 July 2010.

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 has retired from her position as Board member with effect from 1 July 2010.

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.



New Board Members

With effect 1 July 2010, the Board welcomes the following new members.

Ms. Brenda Robbins

Brenda Robbins practices as a barrister at Sir Clifford Grant Chambers in a variety of areas of law. Prior to her legal career she held a number of senior executive positions (including as CEO) in the Western Australian Government. She has served on numerous Boards including the Senate of the University of Western Australia, the Legal Aid Commission and the Australian Institute of Management (including a term as President). She is currently a Director of Keystart Pty Ltd (a government-owned financial services provider) and CASE for Refugees (a community legal centre).



Ms. Janice Bowra

Janice Bowra has served on many committees including sporting, cultural and professional organisations. Currently she is a serving member on the State Division of the Federation of Business and Professional Women, Australia. She is also a member of the Murdoch University Senate where she has served for over eight years, and where she is also a member of their Legislation Committee, and the Audit and Risk Management Committee. Her career includes that of Objects Conservator at the Maritime Museum and Occupational Hygienist in a private consultancy. She also has experience in safety and quality in the health system and wide experience in the legal profession as a paralegal and associate in the courts. She is currently working at the Disabilities Services Commission in quality management and policy development. She holds a Bachelor of Science, and Masters Degrees in Business Administration and Public Health.



Mr. Anthony (Tony) Evans

Tony has extensive commercial experience in the resources, property, education and not-for-profit sectors. He has served on a number of boards and governing councils including the Joint Accreditation System of Australia and New Zealand, the Royal Automobile Club of WA, Swan River Trust, Perth Primary Care Network Limited and Challenger TAFE.



Dr. Renate (Ricki) Smith

Ricki has almost 20 years experience in sales, marketing, public relations and strategic planning. Ricki is a Board Member for a number of companies including the Black Swan Theatre Company, the Energy Industry Ombudsman of Western Australia, United Way Western Australia and United Way Australia and the Murdoch University Veterinary Hospital. She is a Fellow of the Australian Institute of Company Directors.



Meetings

A total of six ordinary meetings were held during 2009/2010. Attendances by Board members at these meetings were as follows:

Ordinary Meetings Attended

Ross Bowe	6
Jean Hobson	5
Don Whittington	6
Joe O'Dea Jnr	6
Ken Colbung AM MBE	0
Jeanette Berinson	6
Dr. Leonie Liveris	6

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

Board Remuneration

Board members receive an annual fee of \$6,700 while the Chairman, in recognition of the additional time required to fulfill Board business requirements, receives a payment of \$13,400 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 employee engagement
- A culture of innovation, learning and continuous improvement.

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 140 individuals 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 continued implementation of its strategic plan.

The five year strategic plan, adopted in 2007, provides the broad strategic management framework for the organisation until 2012 and supports the current needs of clients and stakeholders but also the future needs of these groups and the changing industry environment.

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 whole of Government goals and strategic outcomes. The goals and their linkage to the MCB's identified strategic outcomes are as follows.

Government Goal 1: State Building – Major Projects

Building strategic infrastructure that will create jobs and underpin Western Australia's long-term economic development

MCB Strategic Linkages:

Outcome 2 - Building and expanding our capability

Outcome 3 - Planning for business sustainability

Associated activities:

- Ongoing negotiation with the Department of Planning to ensure a continuous supply of cemetery land so as to ensure that community need can be suitably accommodated in the future
- Employment created through way of infrastructure development and then, in the longer term, opportunities within the MCB for ongoing employment as part of site management
- Market research so as to ensure that the organisation is suitably meeting community needs and is in a position to maximise any additional requirements or to modify existing services
- Maintaining and constructing facilities to meet operational needs across six cemetery locations in metropolitan Perth.



Government Goal 2: Financial and Economic Responsibility
Responsibly managing the State's finances through the efficient and effective delivery of services, encouraging economic activity and reducing regulatory burdens on the private sector

MCB Strategic linkages:

Outcome 3 – Planning for business sustainability

Associated activities:

- Ensure policies, guidelines and procedures are regularly reviewed to reflect changing need
- Evaluation of all programs, initiatives and services via open and accountable management
- 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 between the Board, its industry peers and the broader community
- Undertake financial research and development and modelling to better position the organisation to meet its objectives
- Licencing of Funeral Directors and Monumental Masons so as to ensure a robust yet responsible regulatory environment that is considerate of all stakeholder needs.

Government Goal 3: Outcomes Based Service Delivery
Greater focus on achieving results in key service delivery areas for the benefit of all West Australians

MCB Strategic linkages:

Outcome 2 – Excelling in customer services

Outcome 3 – Planning for business sustainability

Associated activities:

- 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
- Integration of sustainability principles into the delivery of key services
- Maintain a consistently high level of customer satisfaction with products and services
- Plan for future operational sustainability
- Maintain and construct quality facilities to meet MCB operational needs
- Build a culture of innovation, learning and continuous improvement
- Increase community awareness of products and services through regular communication and dissemination of information



- Ensure policies, guidelines and procedures are regularly reviewed to reflect changing needs.

Government Goal 4: Stronger Focus on the Regions

Greater focus on service delivery, infrastructure investment and economic development to improve the overall quality of life in remote and rural areas

MCB Strategic linkages:

Outcome 1 – Excelling in customer services

Outcome 4 – Influencing and shaping our environment

Associated activities

- Provision of extensive advisory and consultative services to country cemetery Boards and Local Governments with cemetery management responsibilities
- The Board's Director of Planning and Operations is also a Board member of the Cemeteries and Crematoria Association of Western Australia (CCAWA) which provides advice, training and guidance to all Cemetery Managers throughout the State
- The Board plays a strong role in the Australian Cemeteries and Crematoria Association (ACCA) and encourages the active exchange of knowledge and ideas at both a State and national level. The Director Planning and Operations has been elected to the Board as a Director.

Government Goal 5: Social and Environmental Responsibility

Ensuring that economic activity is managed in a socially and environmentally responsible manner for the long term benefit of the State

MCB Strategic linkages:

Outcome 3 – Planning for business sustainability

Outcome 4 – Influencing and shaping our environment

Associated activities:

- Integration of sustainability principles into the delivery of key services
- Maintain sound financial management practices that balance core responsibilities and business sustainability
- Ongoing analysis and review of pricing methodologies and the formulation of costing models
- Develop two-way stakeholder mechanisms to provide and promote knowledge and information dissemination.
- Identify trends that are necessary to ensure sustainability.

AGENCY PERFORMANCE

Report on Operations

During the year the Board continued with the implementation of the strategic plan that was adopted in 2007. Now in its fourth year, the plan provides the broad strategic management framework for the organisation until 2012. It supports the current needs of clients and stakeholders, but also the future needs of these groups and the changing industry environment.

To complement the strategic plan, all MCB divisions have developed operational plans. Goals within these operational plans are closely aligned to the strategic plan and progress towards their achievement is ongoing.

This report on operations for the year ended 30 June 2010 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

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

The level of client satisfaction remained high - as indicated through the annual customer satisfaction survey undertaken by the Board. These results are due to the combined effort of administrative and operational staff; working together to meet the needs of the Board's customers.

During the year the Board received 10,216 funerals at the six cemeteries under its management.

Increasing slightly for the fifth consecutive year, this figure includes cremations, burials and mausoleum entombments.

In addition to these core services, the Board assisted families in the provision of 558 burial memorial plaques and 2,901 cremation memorials.

The Board has continued to deliver its whole of organisation training and development program. This is complemented by the induction and wellness programs.

Supported by an organisational training calendar and an internal committee, the training program focuses on ensuring mandatory training is undertaken by staff and that all training aligns with the Board's strategic plan and workforce development priorities. During the review period training was provided to employees in order



to ensure and maintain a consistently high level of customer service. Training topics continue to be dynamic and ranged from grief management to performance management; this dynamism within the training calendar ensures that Board staff continue to remain abreast of changes to both the industry and managerial landscape.

In addition to complaints handling procedures training, a skills based training session has been developed to complement the complaints handling guidelines. Staff attending this training program are given the opportunity to develop cognitive and practical skills in handling complaints. All existing staff have attended the training sessions whilst new staff receive training as part of the induction program.

Following a Government-wide survey, the Board's procedures were identified by the Western Australian Ombudsman as exemplifying good practice in complaints management; the Ombudsman stating that each level of staff were aware of their responsibility, capability and support in assisting with complaints handling.

During the review period, the Board continued to deliver a range of community engagement events for the people of Western Australia. The traditional annual masses to commemorate Easter Sunday and All Souls Day were held at Karrakatta Mausoleum and were complemented by the Rosary to commemorate the Feast of the Annunciation and an All Souls Day mass at Fremantle Mausoleum.

The Karrakatta masses are large scale spiritual events and have continued to attract over 700 attendees to each event for over a decade. The Fremantle spiritual events, although in their infancy by comparison, are also growing in popularity with the annual All Souls Day mass now attracting over 300 people.

The Board once again partnered with the City of Fremantle to stage a Founders and Felons Heritage Trail Walking Tour at Fremantle Cemetery as part of the City's annual Heritage Festival. The walking tour highlights historical monuments and relives the tales of key identities along the Fremantle Heritage Trail. MCB Board member and avid Fremantle Historian, Don Whittington, hosted the tour which was attended by both young and old.

Authored by Board member Dr. Leonie Liveris, the Board published *Monuments and Masons* in November 2009. The publication was launched by the Honourable Minister for Local Government John Castrilli MLA at a ceremony held in Karrakatta's Garden Chapel on 26 November 2009. The book, the first comprehensive investigation of monumental work through the ages in Western Australian cemeteries, is a pictorial celebration of this unique aspect of our State's history and the printed publication is physical evidence of the efforts of both Dr. Liveris and the consultative committee who worked with her for over 18 months in bringing the project to fruition.



The Board is proud of its ongoing ability to deliver important community initiatives and to be able to make a cultural contribution to the State and the lives of its people. The Board exhibits a constant awareness of its historical guardianship responsibilities and believes that community engagement activities and projects dedicated to the preservation of social history are vital initiatives with deliverables that enable this guardianship role to be suitably performed.

The Board continues to encourage further progress following the review of the Cemeteries Act 1986 in 2006 and believes there is a genuine need for additional legislative reform.

Reiterating its long standing position, the Board believes a more modern approach is warranted in light of a number of identified shortcomings within the current Act and to encapsulate changes that have occurred both within the funerary industry and in the administration and control of cemeteries under the control of local government authorities and cemeteries boards. The need for provisions in the form of regulations of State-wide application is also required given the inadequacy of some local laws and by-laws to ensure consistency and best practice.

The Board appreciates that in the short term a number of required changes could be accommodated by amendment to the Metropolitan Cemeteries Board By-laws 1992 or through the introduction of regulations to meet local needs. Given the limitations of the current Act however, a number of key changes remain unable to be addressed until such time as the Act itself is amended. The Board is currently in consultation with the Department of Local Government and discussing ways in which some short term solutions may be realised.

The Board will continue to work with the Minister for Local Government and the Department of Local Government to gain support for reform.

To ensure that the Board can continue meeting customer expectations with regard to diverse memorial options, the range of memorials offered by the MCB is constantly monitored and subject to continuous improvement. Underpinning the memorials development process, market research, coupled with constant monitoring of feedback from families and the data attained through the Board's annual customer satisfaction survey are all utilised in the formative product planning processes. This practical application of research findings into the organisations product development processes has ensured that the Board continues to remain responsive to client need and delivers *best of industry* products and services.

During the review period, the MCB was approached by the Australian Funeral Directors Association (AFDA) to deliver training workshops for their members on cemetery related matters. Delivery of these workshops commenced in May 2010 and will continue on a cyclical basis. To date, feedback from the workshops has been extremely positive with many Funeral Directors highlighting the outcome of an improved understanding of the important legislative and operational requirements relating to the Board.



To further assist Funeral Directors, the Board has now developed an online access portal that enables 'live' access to the Board's funeral bookings system. The online accessibility has been particularly well received by Funeral Directors as it enables them to provide a more efficient and streamlined process for finalizing bookings when liaising with families. Plans to further expand the range of online resources offered to Funeral Directors are currently being developed.

In the first half of the reporting period, Board staff worked closely with senior representatives of the Catholic church and a team of professional archaeologists in bringing the church's request to remove and reinter the remains of several Archbishops from Karrakatta Cemetery to the newly refurbished St Mary's cathedral in the central city to fruition.

The Board continues to liaise with key community groups with specific cultural requirements and has had ongoing dialogue with senior representatives of the WA Jewish and Muslim communities. Designed to discuss issues and workshop ideas, these meetings have a catalyst like effect and serve to improve the relationship between the Board and these communities. Members of the Jewish community recently complimented the Board on its efforts to accommodate the Jewish community's needs over many years.

An unfortunate reality of modern society and one to which many would assume the cemetery environment is immune, crime within the cemetery grounds has, over several years, increased alarmingly. For many potential thieves, the cemetery is the ideal target; mourners leaving vehicles unattended for long periods providing opportunity for the criminally minded to strike. The Board has pursued a number of strategies to minimise the problem and has increased warning signage, partnered with the local police in the staging of covert operations and has requested an increased police patrol presence within the grounds. All Board staff have also recently completed *'Eyes on the Street'* training to ingrain a heightened level of vigilance. Perhaps most significantly, Karrakatta has now had CCTV cameras installed. Although a considerable financial investment and one to which the statistical reduction in criminal activity is tenuous, the cameras provide a surveillance presence that is designed to both deter criminals and assist the Police in pursuing offenders.

During early 2010, the Board made trial natural burial areas available at both Fremantle Cemetery and Rockingham Regional Memorial Park in response to community interest and international trends. These trial areas offer the community a unique and sustainable resting place with minimal disturbance to the natural bush land environment. Graves within the trial natural areas are unmarked so when families come to visit their loved ones they will be able to experience a beautiful bush land area as a natural memorial in its entirety.



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.

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. A key initiative is the Cemetery Renewal program at Karrakatta.

Over the past few years the Board has, through the program, worked consistently with the general community in gaining a greater understanding and appreciation of the program's intent and the impact it may have in given situations.

By continuing and maintaining a consultative approach and negotiating outcomes with those affected by renewal, the Board has achieved a greater public acceptance of the need for Cemetery Renewal. Negotiated outcomes are achieved by working closely with affected families to assist them through the various components of the program.

The principal intent of renewal is to enable the long term viability and sustainability of the Board's cemeteries and to ensure that the organisation can meet the projected burial and memorial requirements of the State's growing population within the metropolitan area. In particular, the program plays a vital role in the ongoing viability of Karrakatta as an operating cemetery that is able to offer burial, cremation and entombment options to the community.

During the year under review, the renewal program has resulted in the completion of burial sections providing lawn and full monumental sections at Karrakatta (formerly Anglican KA, GA, HA, NC, OC and LA sections). Headstones in good condition that were removed from a number of former gravesites have been used as features within newly established gardens or placed on the face of memorial walls created for this purpose. Others have been retained in situ following the making of successful submissions to the Monument Assessment and Advisory Committee (MAAC) on the basis of the deceased persons contribution to Western Australia or due to the architecture of the monumental work, reflecting the craftsmanship of masons of years since past and the need to preserve these as part of our heritage.

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 15 percent of Karrakatta reserve will have been redeveloped for additional cemetery services.

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 an outcome of the Cemetery Renewal initiative. Above ground crypts have proved effective and popular alternatives to earth burial.

To ensure an ongoing supply of entombment options at Karrakatta, work has commenced on the construction of Karrakatta Mausoleum – Stage Six. To be built in four stages, the new complex will link to the existing mausoleum complex via the pathway established as part of the Contemplation Gardens memorial area. Construction is scheduled to be completed by 2012. Satisfactory outcomes have been negotiated with families impacted by mausoleum development.

Beyond renewal, it is important that additional new land be identified and set aside for cemetery use in the metropolitan area. The Board remains committed to this task and is pleased that the Western Australian Planning Commission has confirmed that land in Whitby Falls has been secured for future cemetery use and will, in time, be developed to address the burial and community needs within the growing south eastern corridor. An additional two hectares of much needed land has also been acquired adjoining Guildford Cemetery. Negotiations to secure land within the northern urban corridor are ongoing.

Designed to service the needs of the growing population within the South West corridor, Rockingham Regional Memorial Park was opened in September 2007.

The first stage of the new cemetery that has been made available to the community incorporated a lawn style burial section and several memorial gardens. In response to the popularity of the first memorial garden area, the development of a second has now commenced.

A trial natural burial area has also been developed and has now been made available to the community thus making this unique form of burial easily accessed by those living in the further reaches of the southern corridor.



With the closure of the neighbouring East Rockingham Pioneer Cemetery, Rockingham Regional Memorial Park has become the primary cemetery servicing the burial and memorialisation needs in the rapidly developing Rockingham and Peel regions. As an outcome of the Memorandum of Understanding between the Board and the City of Rockingham regarding the development of the new memorial park, the Board has assumed operational responsibility for conducting the few anticipated remaining burials at East Rockingham Pioneer Cemetery. Responsibility for the maintenance of the pioneer cemetery remains with the City of Rockingham.

At Pinnaroo Valley Memorial Park, the Sir Thomas Meagher Lake memorial area continues to be popular with families seeking a location for commemoration of a loved one with a waterside vista. The lake, redeveloped in 2008, also provides the park with a considerable reserve of water for irrigation purposes.

Bush land revegetation has continued within the Flora Walk and Clear View Trail memorial areas and these will be, over time, released to families for memorialisation.

The Magpie Loop trial area for memorialisation continues to provide what could be a rare insight into the response of families to memorial areas that offer a level of environmental consciousness. Magpie Loop is a unique proposition in that the area is entirely tribute free with families who choose to establish a memorial doing so with the knowledge that the placement of tributes, both real and artificial, is not permitted. Whilst the Board appreciates that the placement of tributes is an important part of the grieving process for many families, the positive response to Magpie Loop has been seen as a strong indicator that the people of Western Australia may be willing to consider options that have reduced implications for the broader environment and offer a different outlet for the expression of grief.

Initially developed in 2008 with an estate styled memorial option, a Seat of Remembrance and the popular Ground Niche memorial are now also being offered within Magpie Loop.

The issue of artificial tributes at Pinnaroo Valley is a growing one. The park's family area, Zamia Court, although popular with families when first made available, is now being avoided by some families who have cited the relaxed flower and ornamentation guidelines and the excessive levels of tributes placed by other mourners as deterrents to unifying their own family members within this area. The Board is disappointed that many of the families for whom this enclave was specifically reserved are now actively avoiding it and there are clear indications that the issue of artificial tributes is one of delicate balance and that the Board is now in the difficult position of negotiating a balance appropriate to our modern society. This negotiation and the issue of the placement of artificial tributes will be investigated via a thorough community consultation exercise scheduled to take place in the forthcoming period.

In response to the increasing popularity of Pinnaroo Valley, plans are well underway for the construction of a second chapel and condolence lounge at the cemetery with preliminary works having already commenced. Having only been constructed in 2002, the architectural language from the existing chapel has aged well and is still viewed to be suitably contemporary and will be replicated for the new chapel development. To complement the natural bush land environment that has become the signature element for all developments at Pinnaroo Valley, the new chapel, as with the existing, will make extensive use of the natural elements of stone and wood in its construction.

With the existing chapel at Pinnaroo running at maximum capacity, the decision to proceed with the development of the additional chapel facilities has been well received by Funeral Directors; many of whom have a difficult time securing numerous bookings within the busy Pinnaroo diary.

So as to accommodate the increased volume of traffic anticipated at the site, construction of an addition to the existing car park has been completed.

At Fremantle Cemetery, plans are well advanced for the sites first major memorial area development in many years. The new memorial garden will adjoin the existing Sainsbury Gardens but will offer distinctly different memorial options. As has been the case with the Killara and Contemplation gardens developments at Karrakatta, the Fremantle project will focus on water wise plantings designed to provide year round greenery. So as to create the visual and aural illusion of water throughout, a series of small trickle style ponds will be incorporated.

Perhaps the most significant point to note with the new garden development at Fremantle is that it will be a distinct departure from the traditional rose memorial options that have previously been the focus at the cemetery. Whilst the Board realises that roses are a popular choice and that there is an intrinsic social requirement that they be provided, the high levels of maintenance coupled with what are generally high water requirements, makes the rose a difficult cemetery proposition to manage within our increasingly dry climate.

Whilst roses will always be a defining cemetery feature, the reality is that a number of water wise options, such as those featured at Pinnaroo Valley, can also offer families fitting and respectful environments in which to commemorate a loved one.

In support of the initiative to move families away from rose memorial options, a number of garden beds have been refurbished with water wise plantings in the popular Crematorium Rose Gardens at Fremantle. These garden beds have been popular with families and encourage an appreciation of the memorial gardens, incorporating both native and rose plantings.

The staged development and introduction of memorial options within the popular *Lakes* memorial gardens has come to a close with the addition of the final granite niche wall. Consistently popular with families, the *Lakes* has provided memorial options for over a decade.

Following a site inspection at Fremantle Cemetery, the Board has resolved to plan for improved access for members of the community attending funeral services in the crematorium chapels. A reality of redeveloping an older cemetery to meet modern needs, the traditional Carrington Street entry to the cemetery is significantly detached from the public car park meaning that mourners wishing to follow the cortege from the entrance to the chapels need to follow a lengthy route.

A landscape architect has now developed a master plan for a new entry for funeral corteges off Carrington Street, revisions to car parking arrangements and, the provision of a new assembly area incorporating café and florist facilities so as to enable mourners a direct route of access to the chapels.

At Karrakatta, trials of water wise gardens have continued and, although the traditional roses experience enduring popularity, many families have opted for the increased landscaping and lush greenery provided by water wise plantings.

Perhaps the most significant and saddening event at Karrakatta during the review period was the literal shredding of vegetation across the site in the March 2010 hail storm. Whilst the landscaped memorial infrastructure comprising limestone walls and pathways emerged relatively unscathed, almost every plant in the cemetery was stripped and shredded by the hail. The cost of such damage being almost incalculable, the Board is hoping that with the coming of spring gardens will rebound from the damage inflicted.

Another element of planning for the future has been the Board's ongoing 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.

The Board continues a high level of planning for the future and is, at present, reviewing its Business Continuity Plan.



In addition to causing significant damage throughout the grounds, the March 2010 hail storm caused significant damage to buildings and facilities utilised by the public at Karrakatta. Board staff were able to return the organisation to normal operations within a very short space of time, ensuring minimal disruption to services and families. The Board's prior efforts in Business Continuity Planning, as well as the high levels of staff pride that were exhibited contributed to this excellent response.

Shortly after the storm, the Board conducted a thorough debrief, resulting in an update of its Business Continuity Plans and disaster management planning. The Minister, following his visit to Karrakatta to survey the damage first hand, commended the Board for its actions.

Discussions with the City of Mandurah and the Shire of Mundaring with a view to the MCB assuming operational responsibility for cemeteries under their jurisdiction continued during the review period. Business cases are being prepared and will be the basis upon which any proposals will be assessed.

In April 2010, the Director of Client Services and the Marketing Manager visited Eastern States cemeteries to discuss business modeling, mausoleum development, memorial garden development and to inspect facilities interstate. Cemeteries visited included the Necropolis Springvale, Bunerong Memorial Park, Fawkner Cemetery, Macquarie Park Cemetery and Rookwood Cemetery. The visit created an excellent opportunity to develop stronger relationships with these cemeteries and enabled the sharing of knowledge amongst colleagues in what, for Western Australia, can be a professional industry operating in relative isolation.

In the latter part of the reporting period the Board issued a tender for the redevelopment of its website, to allow for an upgrade in the presentation and usability of the site. In addition, a Content Management System will allow timelier updating of information without the delays caused by complex reprogramming.

In an attempt to further streamline the flow of information between the Board and its industry peers, the new site will also include a password protected area for industry representatives. This industry portal will host an online knowledge database and offer Funeral Directors access to the funeral bookings calendar so as to assist them in their liaison with families when scheduling funeral services.

Implementation of the Board's wellness program has continued during the review period. This extensive program was developed to create a culture of awareness of the benefits of thinking and living a healthy and active lifestyle. Wellness program initiatives are delivered through a collaborative learning environment with skills application relevant to the workplace and transferable to lifestyle outside the workplace. The wellness program is also supportive of workplace safety awareness and promotes work-life balance.

The wellness program was developed in complement to the induction program and staff training program to reduce the potential risk of absenteeism, staff turnover and stress. The MCB is committed to managing workplace productivity, employee satisfaction and morale.



Examples of wellness initiatives over the past year have included but are not limited to, a pedometer challenge to encourage physical activity; sharing healthy lifestyle recipes, cooking and making informed eating choices; raising self esteem activities; and regular health checks.

The induction program introduced in the last financial year has continued to provide the facility for new staff to engage with their job requirements within the overall organisational structure at the earliest opportunity. The induction program allows for new staff training in related MCB policies and legislation, understanding of the organisation's role within the community and individual staff roles and responsibilities within the MCB.

OUTCOME THREE: Planning for Business Sustainability

During the 2007/2008 financial year the Board developed and adopted a Fraud and Corruption Control Plan. The exercise to roll out the principles involved in this plan to all staff, through a series of awareness training sessions was started during the 2007/2008 period and completed during the 2008/2009 period. Ongoing delivery of the Fraud and Corruption Plan training has now been integrated into the organisation's induction program so as to ensure that new employees, as is the case with existing employees, are fully aware of their obligations.

At 30 June 2010, the Board had completed an exercise to develop a costing model to establish the true costs of its individual core business services. The Board agreed to adopt the model as a management tool to assist the Board and management to assess and justify the appropriate fees and charges for its discretionary and non-discretionary core business activities. The preliminary results indicated by the costing model were used by the Board in the determination of some of the fees and charges set for the 2010/2011 estimates. The Board will continue to refine the costing model over the coming years with a view to assessing and justifying reasonable levels of cross subsidisation across its activities and to address any residual areas of over and under recovery of costs through a series of adjustments to its non-discretionary charges. The Board, when considering adjustments to charges, will consider cultural, religious, ethnic and other non-financial impacts that these changes may have on its customers and stakeholders. The Board will also give consideration to the time over which any adjustments to charges should reasonably be made.

The licensing of Funeral Directors and Monumental Masons to conduct their business within cemeteries controlled by the Board is continually being reviewed within the scope of the existing legislation. These changes continue to achieve desired outcomes in terms of licensing and compliance.

During the year the number of Funeral Director licences issued has remained static due to a number of smaller businesses being bought out by larger companies. On the other hand, the number of individual branches has marginally increased reflecting a continuing growth in community need for these services throughout the metropolitan and some local country areas.

One Monumental Masons licence was voluntarily surrendered, whereas in another instance, one was cancelled on the grounds of misconduct. The Board remains committed to maintaining a high level of integrity in monitoring the activities of those companies issued with licences.

With an increased focus upon industry stakeholder engagement and communication, the Board has been able to not only build stronger relationships but ensure greater adherence to legislative requirements, and compliance with the policies, procedures and guidelines established by the Board.

As has been the case for many years, the Board has actively contributed to the development of guidelines and forms for use by local government authorities and cemetery boards throughout the State and continues to play a key role as an industry hub for liaison and reference in Western Australia.

Bi-monthly liaison meetings between the Australian Funeral Directors Association (AFDA) and the Board have proven to be a valuable opportunity to discuss and resolve occupational safety and health and administrative issues or explore joint opportunities to ensure a high level of services to families.

The Board's Induction Program continues to be a point of significant focus for the Human Resources section and ensures that new staff have the greatest possible opportunity at succeeding within the organisation. The three day program seeks to welcome and begin equipping staff with the knowledge necessary to perform their tasks from the first day that employment commences. The formal induction program, in conjunction with the Corporate Training Plan, are viewed as the organisations two greatest opportunities to both welcome new staff to the MCB but to also ensure long term employee retention.

In terms of expanding revenue sources available to the Board, the extraction of sand from Rockingham Regional Memorial Park has continued with a contract renewal to 2014. Revenue obtained from the sale of sand is used to assist in meeting the capital expenditure required in developing this new cemetery. Contracts of lease for land areas adjacent to Fremantle Cemetery and for the operation of café and condolence lounge catering facilities at Pinnaroo, Karrakatta and Fremantle continued during the review period. A review of the rent of part of the leased land was carried out during the year based on the market rental value as assessed by an independent valuer. This review, which was back dated to April 2008, resulted in a significant increase in the annual rental charged to the lessee.

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 and actions that are necessary to ensure sustainability.

The Cemetery Renewal Program continues to ensure the long term provision of burials and memorialisation within Karrakatta and may well be extended to other cemeteries controlled by the Board in the years to come. Realistic projections show that through renewal and by promoting the lift and deepen technique in those areas not suitable for renewal; the Board may well accommodate ongoing burials beyond its previous projection of 2035.

Cemetery sustainability options for other cemetery sites; particularly Fremantle, Midland and Guildford, will need to be investigated if the sites are to be able to meet localised community demand in the future.

The Board continues to work with the Department of Planning and the WA Planning Commission to acquire land for future cemetery use. Negotiations for land parcels are progressing and seen as critical if the Board is to meet projected community need into the future.

Liaison with the Department of Planning has been extended to investigate further provision of future cemetery land for the southern and northern 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 Board maintains its close liaison with the Board's Minister the Hon. John Castrilli MLA, Minister for Local Government and ensures that the Minister is abreast of important cemetery issues and initiatives.

In liaison with the Gnangara Aboriginal Community, a preliminary master plan has been developed and submitted to the Minister for comment. This has the opportunity to provide a purpose built burial ground for the Noongar people.

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

Actively endeavouring to engage and exchange dialogue, the Board is a strong advocate of knowledge sharing and continues to welcome such opportunities.

The Board also has a close working relationship with the Australian Funeral Directors Association (WA Division); Cemeteries and Crematoria Association of Western Australia (CCAWA) with the Board's Director Planning and Operations being the Deputy President; Australasian Cemeteries and Crematoria Association (ACCA), with the Board's Director Planning and Operations being elected to the Board; and the International Cremation Federation (ICF) with the Board's Chief Executive Officer being ICF Vice President and Chairman for the Asia Pacific Regional Committee.

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

- Assistance to cemetery boards and local governments throughout Western Australia on a wide range of matters pertaining to cemetery management and operations including, but not limited to, burial and memorial area design, training, industrial relations and occupational health and safety
- Active participation in the Australasian Cemeteries & Crematoria Association and the International Cremation Federation of which Chief Executive Officer Peter MacLean is a Life Member and Vice-President respectively. Director of Planning and

Operations, Peter Deague, is a current Board member of ACCA and the annual conference for the Association will be held in Fremantle in October 2010

- Assistance to the Health Department WA, by the Board's Chief Executive Officer and Director Planning and Operations in pandemic and disaster planning. The Director Planning and Operations is the Board's representative on the State Government's Influenza Pandemic Advisory Committee.

The Board has also continued its involvement with five other cemetery management authorities across Australia in a project to establish benchmarks and key performance indicators of value to all cemetery and crematoria operators. This project continues to progress.

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. Stage two of the plan is underway, which involves integrating with the cemetery renewal plan to ensure that redevelopment of Karrakatta and its irrigation needs are based on sustainable water options.



The Board has also completed stage one of the State Government's *Water Wise Ways for WA* initiative. The objectives of the MCB's Water Efficiency Management Plan are to identify inefficiencies and potential water conservation measures, prepare an action plan for implementing water conservation strategies, report on the implementation of water conservation actions within the agency's annual report and to demonstrate the Board's application of the State Government's sustainability code of practice.

FINANCIAL TARGETS

The Board ensures that its resources are effectively and efficiently managed in accordance with sound business principles to optimise performance. In support of this practice, 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 \$4,176,000 for the year ended 30 June 2010 compared to a budget of \$2,243,000 and an actual figure of \$359,000 for the year ended 30 June 2009.

The increase in the net surplus, compared to the previous year, is due to a combination of significant savings in operational expenditure and some increases in income for Core Business services. It should also be noted that the Board recognised an Impairment loss, on some of its investments, in the previous year's financial statements amounting to \$3.67m (see explanation below).

During the year the Board carried out 2,378 burials and entombments compared to a budget estimate of 2,400 and the actual number carried out in the 2008/2009 financial year of 2,335. Cremations carried out totalled 7,838 which compares with a budget of 7,600 and the actual number carried out in the 2008/2009 financial year of 7,739. Sales of mausoleum crypts fell short of budget by 4 crypts and also fell short of the total number sold in the previous financial year by 42 crypts. Sales of memorials of \$4.38m exceeded the budget of \$3.67m and the previous year's actual income of \$3.9m.

The Board took over 1.914 hectares of land adjacent to the Guildford cemetery, for no cash consideration, from the City of Swan. The Board also took over the club house building, previously owned by the Perth Pistol Club, as former lessees of the land, for no cash consideration. At 30 June the Board took up these assets through its Statement of Comprehensive Income as Other Revenue, at the fair values determined by the Western Australian Land Information Authority (Valuation Services), of \$145,000 and \$89,600 respectively (see also note 21 – Property, plant, equipment and vehicles).

At 30 June 2010, the Board made an assessment of its Available-for-sale financial assets, in accordance with the requirements of AASB 139. Based on this Standard and on Treasurer's Instructions, the Board identified that a number of the shares in its Investment Portfolio, based on market prices at 30th June 2010, were being carried at below their original cost. At 30th June 2010 the Board recognised the Impairment of some of these shares through a charge taken to the Statement of Comprehensive Income of \$339,000. In the previous financial the Board recognised an Impairment write-off of \$3.67 million.

The Board, in conjunction with their financial advisers, considered each of the shares in its Investment Portfolio and does not believe that there is any objective evidence to indicate that any of the companies in which the Board holds shares, is in any financial difficulty. The Board further believes that over time, the value of these shares will return to or exceed their original cost (see also Financial Statements Note 2 (f) and 16 – 'Impairment of assets').

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.

The Board's Mission is *"To enhance the celebration of lives by providing quality services, products and facilities"*. 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 six operating cemeteries 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
- 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.



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.

At 30 June 2010, the Board had completed an exercise to develop a costing model to establish the true costs of its individual core business services. The Board agreed to adopt

the model as a management tool to assist the Board and management to assess and justify the appropriate fees and charges for its discretionary and non-discretionary core business activities. The preliminary results indicated by the costing model were used by the Board in the determination of some of the fees and charges set for the 2010/2011 estimates.

The costing models will be used to assist with the assessment of the cost implications associated with the development of 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.

Fees and Charges 2009/2010

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 2009. The Board resolved a general increase in its fees and charges of 3.75% in line with the annual increase in the Perth CPI. The Board also decided, in anticipation of the results of the costing exercise referred to above, to move progressively towards full cost recovery with the price of Interments and Grants of Right of Burial. As a result of this decision, the prices of Interments and Grants of Right of Burial were increased by 5.75%. The Board further agreed that, in its assessment of the move to full cost recovery, it would consider any cultural, religious, ethnic or other non-financial impacts that these changes might have on its customers and stakeholders. The Board will also give consideration to the time over which any adjustments to charges should reasonably be made.

Summary of Operating Results

A surplus of \$4.18m (2008/2009 \$359,000) was achieved during the financial year after allowing for depreciation of \$2.1m (2008/2009 \$2.3m).

Income received from other non core business activities such as investments, commissions on extractions of sand from the Rockingham Regional Memorial Park cemetery 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 \$2.3m (2008/2009, \$1.8m) to the Board's net surplus for the year.

Revenue received by the Board during the year for the provision of burial and cremation services and the sale of memorial products and mausoleum crypt spaces, was \$19.4m compared with a budget of \$18.8m and an actual figure of \$19.1m in the previous financial year. The main reason for the improvement in the actual figures is the increase in the number of memorials sold combined with an increase in the income from the provision of burial services. Total expenditure incurred on operating activities during the year amounted to \$17.11m compared to a budget of \$18.03m and an actual figure of \$16.86m in the previous financial year. (see Note 36 'Explanatory statement' in the Financial Statements for further explanation of significant variances).

Numbers of Funerals:

	<u>2009/2010</u>	<u>2008/2009</u>	<u>Increase/(Decrease)</u>
Burials & Entombments	2,378	2,335	43
Cremations	7,838	7,634	204
	-----	-----	-----
	10,216	9,969	247
	-----	-----	-----
Numbers of memorial products sold:			
Memorials	2,901	2,755	146
	-----	-----	-----

Income from Core Business

	<u>Burials</u>	<u>Cremations</u>	<u>Mausoleum</u>	<u>Memorials</u>	<u>Other Client Services</u>	<u>Total</u>
	\$.	\$.	\$.	\$.	\$.	\$.
Karrakatta	2,226,542	2,880,927	2,033,294	1,294,324	203,412	8,638,499
Fremantle	1,012,036	2,328,164	745,646	1,054,207	81,571	5,221,624
Pinnaroo	979,008	1,302,325	-	1,901,722	20,215	4,203,270
Midland	284,473	-	148,135	52,582	17,411	502,601
Guildford	311,450	-	205,650	22,427	25,340	564,867
Rockingham	192,939	-	-	39,541	5,258	237,738
East Rockingham *	(9,914)	-	-	386	-	(9,528)
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	4,996,534	6,511,416	3,132,725	4,365,189	353,207	19,359,071
	=====	=====	=====	=====	=====	=====

* Grants of Right of Burial sold in 2008/2009 refunded per agreement with City of Rockingham

Total expenses of \$17,110,412 (2008/2009, \$16,861,892) (inclusive of Costs of Sales) for the years comprised:

	<u>2009/2010</u>	<u>2008/2010</u>
The main items of operating expenditure were:		
Salaries and Wages	6,497,500	5,924,279
Salaries on-cost	1,055,999	1,021,536
Provision for Employee Entitlements	716,057	775,078
Casual Labour – Agencies	202,267	189,462
Mausoleum costs of Sales	1,304,666	1,608,650
Depreciation	2,128,788	2,304,083
Repairs and Maintenance	1,414,063	1,144,033
Memorialisation	942,034	957,617
Gardens and Grounds	559,452	600,193
Light, Power & Gas	397,188	383,451
Personnel	296,860	367,551
Insurances	247,792	223,027
Information Services	506,223	600,193
Corporate Services	174,040	165,326
Office Expenses	159,333	155,627
Consultancy	161,007	170,870
Projects – (non capital)	61,195	251,700
Other Expenses	285,948	19,216

Total salaries expenditure (including on-costs, leave expenditure, fringe benefits tax and casual employment) represented 49.51% of total expenditure compared with 46.91% last year.

Capital Expenditure

During the year, the Board invested \$3.3m (2007/2008, \$4.6m) in new capital expenditure on physical assets for cemetery development, upgrading of facilities and on construction of Mausoleums.

Some of the significant items of capital expenditure were:

Mausoleum Stages 5 and 6 – Karrakatta	240,000
Plant & Motor Vehicle Replacements – All sites	465,000
Cremators – Karrakatta and Fremantle	131,000
Upgrades of Reticulation systems - Karrakatta	402,000
Renewal areas – Karrakatta	603,000
Office accommodation – Pinnaroo	276,000
Landscaping improvements - Pinnaroo	130,000

SUMMARY OF KEY PERFORMANCE INDICATORS

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 funeral and memorial services.

	Target	2009/2010	2008/2009	2007/2008	2006/2007
Industry	85%	74%	78%	77%	89%
Public	85%	89%	86%	92%	90%

Note: Detailed audited Key Performance Indicators can be found within the Financial Statements along with discussion and the Auditor General's opinion.

Efficiency Indicator (audited by Office of the Auditor General)

The average cost per funeral includes all operating expenses.

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

	<u>Actual</u>	<u>Target</u>
2009/2010	\$1,674.86	\$1,802.80
2008/2009	\$1,673.80	\$1,696.89
2007/2008	\$1,544.88	\$1,638.20
2006/2007	\$1,566.54	\$1,487.88
2005/2006	\$1,463.28	\$1,458.78

Qualitative Indicators of Performance

The Board had undertaken to assess its performance by the following qualitative measures. These indicators are NOT audited.

Output

Funerals and memorial services.

Output Quality

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

	<u>Outcome Target</u>	<u>2009/2010</u>	<u>2008/2009</u>
Funeral Services	95%	99.37%	99.47%
Memorials *	95%	100.00%	99.96%

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.

	<u>Target/Budget</u>		<u>Actual Numbers</u>	
	<u>2009/2010</u>	<u>2008/2009</u>	<u>2009/2010</u>	<u>2008/2009</u>
Funeral Services	10,000	9,712	10,216	10,074
Memorial Services	-	-	2,901	2,755

Compared to the previous financial year, there has been an increase of 142 funeral services and an increase of 146 memorial services carried out by the Board.

Output Timeliness

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

	<u>Outcome Target</u>	<u>2009/2010</u>	<u>2008/2009</u>
Industry Score	80%	46%	47%
Public Score	80%	76%	73%

Outcomes regarding the appropriateness of allocated service times are still falling short of the 80% target. Whilst the score from the public exhibits a slight increase to 76% and is relatively close to the 80% target, the industry score is still low and is indicative of a continued dissatisfaction with the appropriateness of allocated service times amongst this group.

As has been previously noted and particularly applicable to the industry score, the downward trend needs to be assessed within an appropriate context. The Metropolitan Cemeteries Board (MCB) 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. Whilst additional allocations of time can be reserved, many Funeral Directors opt not to reserve and pay for additional chapel time when the service is initially booked. Booking this time retrospectively can be difficult as other services have often been booked in the interim.

Whilst the Board appreciates that it is difficult to hasten proceedings once they are underway, services do need to start and conclude within their allocated time so as to ensure that mourners for other scheduled services are not left waiting. Funeral Directors who consistently fail to



reserve sufficient time for their services are charged a late fee by the MCB. This guideline is now uniformly enforced across all sites.

There is also the reality that the larger chapels now tend to be in higher demand than the smaller ones. It is theorised that this increased demand for larger chapels is reflective of a trend whereby many services are held at the Funeral Directors' individual branch chapels and only tend to be staged at the cemetery if specifically requested by the family or if the individual branch chapel is unable to accommodate the anticipated number of mourners.

The construction of an additional large chapel at Pinnaroo Valley, scheduled to commence in the forthcoming period, is viewed as a core strategy to improve the number of chapel bookings offered at this busy site and should, as a consequence, assist in improving the industry response to the appropriateness of allocated service times.

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

SIGNIFICANT ISSUES AND TRENDS

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

The availability of land for future cemetery use is an ongoing issue for the Board and it is absolutely imperative that additional land be set aside for cemetery use in the Perth metropolitan area.

At present, the Board does not have sufficient land to cater for the Perth metropolitan region, particularly at an estimated future population of 2.34 million by the year 2031. Providing land in all urban corridors is costly and retro-fitting cemeteries in established urban regions, verges on the impossible. An additional 248 hectares of land is required to provide a sustainable cemetery system for the Perth community.

A primary need has been identified in the south-east and north-west urban corridors. Land at Pinnaroo Valley Memorial Park has been set aside for the Bush Forever conservation initiative and no further land has, to date, been secured for the north-west urban corridor. *Bush Forever*, a State Government initiative, provides a framework for environmental planning for Perth that goes beyond biodiversity conservation. This initiative has identified over 51,000 hectares of 'regionally significant bush land' for protection and continues to have implications for the Board.

The initiative has also had a significant impact on the capacity of both Midland and Guildford cemeteries with significant parcels of undeveloped land being set aside for conservation purposes. Further to the south, local cemeteries at Jarrahdale and Serpentine are also nearing capacity.



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

Related to this need for land is the question of who is responsible for purchasing it. Traditionally, Crown land has been set aside for public cemeteries as a community 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 has recently embarked upon a costing review to equitably apportion costs and ensure transparency in fees and charges levied for MCB services and products.

The review has highlighted the reality that burial services exhibit a significant under recovery and, for the forthcoming period, the Board has moved closer, albeit is still significantly short, of cost recovery for this service. If the Board opts to move towards full cost recovery and eliminate cross subsidisation, the operational reality being that the cost of burial will increase considerably. The impact of this increase, particularly for those groups with specific religious and/or cultural requirements, needs to be given consideration.

In planning for a sustainable future, the Board has developed a cemetery renewal plan for Karrakatta to 2035. 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 are being developed for Fremantle, Midland and Guildford cemeteries to ensure that cemetery facilities will provide 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 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.

Endeavouring to embrace sustainability principles as an operational norm, the Board has constructed natural burial sections at Rockingham Regional Memorial Park and Fremantle Cemetery thus making this service available in metropolitan Perth for the first time. These natural burials are designed to have minimal environmental impact with the burial area, over time, being re-vegetated. With graves being unmarked, the landscaped environment is designed to be, in its entirety, a commemoration to those departed.

Recognising the impact of reduced rainfall, the Board continues the trial of memorial gardens that are designed with water wise sustainability principles in mind. Whilst the Board appreciates that the enduring popularity of traditional options such as roses dictates a need to ensure that they are available for families at what is often a difficult time, there is also an intrinsic social responsibility to investigate alternatives that complement our dry climate. Several new water wise gardens have already been established at Karrakatta and, during the forthcoming period, a new water wise garden will also be constructed at Fremantle Cemetery. It is hoped that, over time, many families will view these new innovative gardens as a suitable environment in which to commemorate a loved one.

The issue of artificial tributes has become a significant cause for concern across all Board sites. The widespread placement of excessive artificial tributes (incorporating artificial flowers and trinket style items) creates enormous logistical issues for site maintenance but perhaps most importantly, provides the Board with the task of disposing of a mountainous level of plastic material, all of which is largely non-recyclable.

Whilst the Board appreciates that the placement of tributes is an important part of the grieving process for many families, it has become apparent that the ornamentation policy needs to be reviewed so as to investigate options that have reduced implications for the broader environment. A review of the flower and ornamentation policy, incorporating a significant community consultation component, is scheduled to take place in the forthcoming period.

In response to the increasing prevalence of obese individuals in society, the Board has been requested by WorkSafe to develop a policy dealing with heavy coffins (combined weight of the deceased and the coffin). This policy will affect MCB staff and Funeral Directors. The Board's Occupational Safety and Health (OSH) Officer has been working with WorkSafe on this.

At the suggestion of WorkSafe, the policy used by the Health Dept in dealing with bariatric (science dealing with the obese) patients has been the basis in developing the policy. A draft policy has been submitted to WorkSafe for consideration in line with the areas of concern.

The MCB's digger's manual is currently under review and will incorporate more detailed processes for dealing with heavy coffins and how to manage the risk.

The MCB will work with Funeral Directors in order to ascertain and broaden respective understanding of individual duty of care obligations and OSH responsibilities in regard to heavy coffins once the policy has been finalised.

Currently, the Board houses a range of business technology packages of varying age and complexity. To enable greater service delivery, planning has commenced on reviewing the Board's business needs and how they may be addressed with better technology solutions. A more comprehensive Enterprise Management System (EMS), may assist in enabling greater services delivery, both internally and externally. This move towards EMS environments is one being pursued by several cemetery authorities across Australia and could be seen as an emerging industry trend.



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

- An ongoing capital works project is cemetery renewal. Sections still under construction are Anglican WA, and part of Anglican XC. The estimated project cost is \$600,000.

Capital projects completed

- Cemetery renewal at Karrakatta, sections being Anglican LA, OC and NC. The total cost of the project was \$218,000
- Stage two of the Pinnaroo chapel carpark. Cost of construction was \$233,000.

Employment and Industrial Relations

Staff Profile

	2008-09	2009-10
Full-time permanent	91	102
Full-time contract	9	6
Part-time measured on a FTE basis	29	20
On secondment	Nil	1

*NOTE: The above figures are representative of FTE positions. It is not representative of the physical number of individuals employed by the organisation.

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.

The Board continues to offer new employees without a formal qualification in management, the opportunity to undertake the study of Certificate IV in Frontline Management. In addition, the Board continues its provision of training in Occupational Health and Safety to middle management and the Construction Industry Blue Card to all operational employees.

A range of training courses have also been developed 'in house' to provide specialist industry training opportunities and focussed learning outcomes. These include training programs on complaints handling process and skills, understanding grief, legislation, the funeral process and professional writing skills. Courses targeting professional development are also staged throughout the year. Topics have included grief management, customer service, leadership and a range of additional topics relating to human resources matters. These courses are generally presented through an external service provider.

In addition to providing staff with the opportunity to undertake a range of “off the shelf” training packages, the MCB has 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 continues to foster and promote opportunities for work experience students, trainees and undergraduate and post graduate students to further enhance their learning.

Workers Compensation

Ten workers compensation claims were recorded during the 2009/10 review period. Of these ten claims, five resulted in lost time. All staff have returned to their duties with two staff members remaining on restricted full time duties.

Fourteen workers compensation claims were recorded during the 2008/09 review period. Six of these claims resulted in lost time injuries. All staff members involved have resumed full time pre-accident duties.

Regular claim reviews are conducted with Risk Cover.



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 2008/2009 was \$6,501 (inc. GST).

OTHER LEGAL REQUIREMENTS

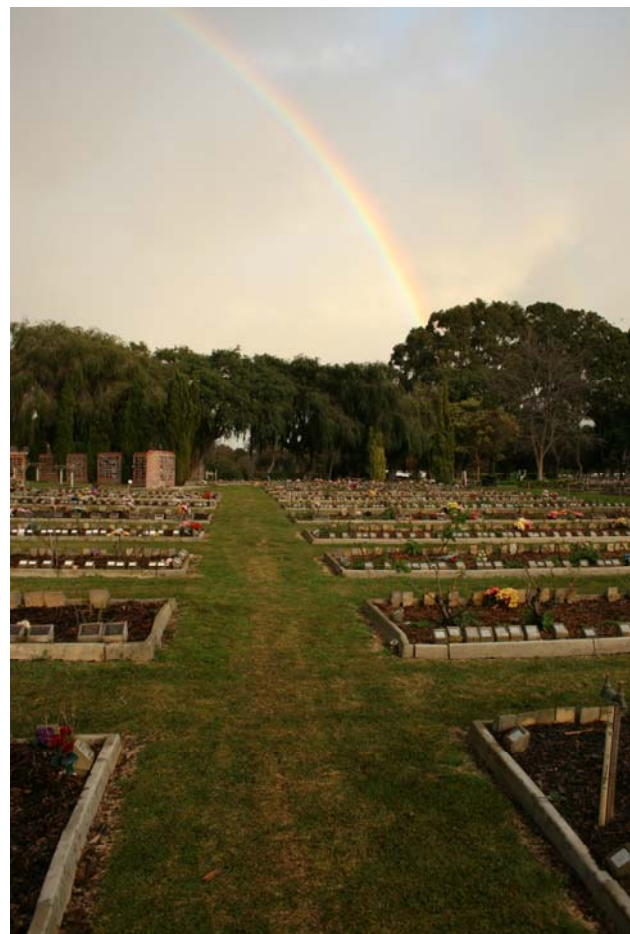
COMPLIANCE WITH PUBLIC SECTOR STANDARDS & ETHICAL CODES

OPSSC reporting under s31 of the Public sector Management Act 1994

1. Compliance issues that arose during the financial year 2008-2009 regarding the public sector standards, included:
 - No breach claims lodged.

To further improve efficiency in this area, a review of the recruitment and selection process is planned for the 2010/11 period.

2. Compliance issues that arose during the financial year 2008-2009 regarding the WA Code of Ethics included:
 - No compliance issues arose.
3. Compliance issues that arose during the financial year 2008-2009 regarding our own Agency Code of Conduct included:
 - No compliance issues arose.
4. Significant action taken to monitor and ensure compliance included:
 - All employees are issued with the Code of Conduct with notation of receipt to be held on personnel file (signed off in induction)
 - A formal induction is provided to all employees in staged modules to ensure employee awareness of the Code of Conduct Standards, Ethical Codes and Grievance procedures
 - A gift registry continues to be maintained for items received by MCB employees that were valued at \$20.00 and over.



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
Expenditure with Market Research Organisations	
Patterson Market Research	\$16,439
Expenditure with Polling Agencies	\$0

Expenditure with Direct Mail Agencies**\$0****Expenditure with Media Advertising Agencies**

Adcorp*

\$18,598

* This expenditure through Adcorp, who manage the State Government's Master Media (campaign) advertising buying contract, represents all press advertising expenditure for the review period.

DISABILITY ACCESS & INCLUSION PLAN OUTCOMES**Disability Service Plan 2007**

The Board's Disability Services Plan 2007 – 2011 will be reviewed during the next reporting period and a new plan developed during 2010-11. The Board is committed to overcome any barriers that may exist in accessing our products and services.

Disability Access and Inclusion Plan

The Board's Disability Access and Inclusion Plan 2007-2011 addresses six 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.

In accordance with the Disability Action Inclusion Plan (DAIP), the MCB has completed the following projects during the financial year review period:-

- Construction of memorial gardens and entombment facilities that integrate DAIP principles
- Construction of a new amenities building for grounds staff at Karrakatta
- A number of access pathways at Karrakatta and Pinnaroo Valley
- Audio loops throughout all chapels have been either upgraded and tested or newly installed
- Planned Karrakatta site works include the installation of a lift and toilet facilities for use by people who have a disability
- All staff received disability awareness training
- Door handles in the three chapels at Karrakatta have had new door handles specifically designed for easier use by people with a disability.

Projects planned for the forthcoming period in which DAIP principles will be applied include:

1. The upgrading of the Board's internet site
2. The construction of the new Pinnaroo Chapel.
3. Karrakatta Mausoleum (Stage Six)
4. Continued DAIP training for all staff.

RECORDS MANAGEMENT

The Board's revised Recordkeeping Plan was approved by the State Records Commission on October 5 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 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.

New Board 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. This requirement is outlined within the Board's induction program.

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 specialised training so as to ensure that their skills remain current and abreast of industry developments.

A regular 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.

COMPLAINTS HANDLING

The Metropolitan Cemeteries Board introduced a new complaints handling procedure on July 1 2007. A review has been undertaken during 2009-2010 and additions made to ensure further consistency with the Australian Standards AS ISO 10002-2006.

Over the 2009-2010 period improvements to the complaints handling system include greater accessibility and visibility. An ongoing commitment to customer focus has been underpinned through new staff induction training in the Complaints Handling system, skills training and development. Regular refresher training for all staff is ongoing, reinforcing good practice and effective complaint handling.

The MCB focuses on the whole of organisation approach.

The type and nature of complaints are monitored and statistics are presented to the MCB Board.

Improvements and changes in terms of products and services provided by the MCB have occurred through the conduct of a broad analysis of complaints and the areas of greatest

influence. The identification of systemic issues forms an integral part of our business improvement process.

Numbers of complaints

There were 190 complaints recorded from July 1 2009 to June 30 2010. The majority of complaints handled by the MCB are resolved without further incident.

Three main areas of complaints recorded

Seventy two percent of all complaints were directly linked to our operational activities, whereas twenty three percent related to products and services with the remaining five percent involving administrative matters.

Table 1 – Total of complaints by category – 2009-2010

Accidents	0
Facilities	18
Grounds	92
Damage	18
Non-Approved Monuments	0
Other	10
Products/Services	48
Renewal	2
Vandalism /Theft	2
Total	190

There were 41 registered notations of appreciation mostly relating to the professional and dignified nature of rendered services and the caring and respectful nature of MCB staff.

GOVERNMENT POLICY REQUIREMENTS

Corruption Prevention

During the 2007/2008 financial year the Board developed and adopted a Fraud and Corruption Control Plan. The exercise to roll out the principles involved in this plan to all staff, through a series of awareness training sessions was started during the 2007/2008 period and completed during the 2008/2009 period.

Fraud and corruption training has now been incorporated within the organisations induction program so as to ensure that new employees are aware of the types of fraud and corrupt behaviour that might occur and to ensure that they are aware of their responsibilities with regard to reporting any instances of suspected fraud or corrupt behaviour.

The training material also reinforces the Board's zero tolerance position towards fraudulent and corrupt behavior.

Feedback from all of training sessions has been used to determine specific organisational risks and to develop strategies to manage those risks.

Legislative Framework

The Metropolitan Cemeteries Board was created on October 1 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 Cremation 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 and the CEO have been appointed as the Board's PID Officers 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
- The Director Finance and Business Services has coordinated workshops to ensure all staff are familiar with the PID Act and associated procedures. New employees are provided with PID awareness training as part of the organisation's induction program.

As at 30 June 2010, 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 was developed with the assistance of RiskCover and is reviewed yearly and monitored and reviewed by the Corporate Executive on a quarterly basis.

OCCUPATIONAL HEALTH AND SAFETY AND INJURY MANAGEMENT

The Board is committed to providing and maintaining a safe and healthy environment for employees, contractors and visitors to all of its sites. The Board strives to achieve this through the effective management of all safety and health issues and the effective management of injured employees and their return to work programs.

In accordance with the *Workers' Compensation and Injury Management Act 1981*, the Board's injury management system is well documented and made available to employees through a range of strategies, including the Board's Induction Program and Safety Representative Meetings.

The Board's claims management and rehabilitation management system ensures that through a coordinated response, injured or ill employees are supported throughout the period of their illness or injury with a strong focus on returning them safely back to work.

All new employees receive an induction into the organisation, this includes specific safety and health information relevant to their areas of work. All employees are required to comply with the Board's safety and health policies and procedures in order to maintain a safe working environment, thus not placing themselves or others at risk of injury.

Managers responsible for work experience students are responsible for the safety of those students. Contractors are also required to undertake their work using safe work practices.

Employees of the Board are consulted with on occupational safety and health matters, including injury management. The consultative process allows employees to be involved in issues and decisions which may impact on their health and safety whilst in the workplace.

The MCB's Human Resource Branch has overall responsibility for the occupational health, safety and injury management strategy. A part of the strategy is the management of the Occupational Health and Safety Committee. The committee meets every six weeks and

comprises both elected employee representatives and members of the Board's senior management team. All papers including agendas, minutes, action plans and educational materials are made available to all staff. Copies of relevant journals and training guides are circulated to appropriate staff.

The Human Resource Branch also provide updates on health and safety matters to staff as they arise.

An audit of the Board's occupational health and safety management systems has not been completed during the last three years. The Board commenced its own internal assessment and will complete a thorough evaluation during 2010/11.

To assist this process the Board has developed an Occupational Health, Safety Injury and Emergency Management Self Assessment tool which is compliant with the Australian Standard – AS 4801:2000. The document will be used to provide the Board with a gap analysis of legislative compliance and will enable the Board to complete an evaluation of its current systems and develop quality improvement strategies.

Achievements during the review period have included:

- Senior First Aid training has been made available to all employees
- OSH Induction to all new employees
- Safety Representative Training
- Commencement of a review of the Emergency Response Systems
- Development of an OSH management evaluation tool
- Cremator Operator Training
- Training and Competency Assessment introduced for staff to operate all Board equipment.

Occupational Health & Safety - Summary of Results

Measure	Actual Results		Results against target	
	08/09	09/10	Targets	Comments
Number of Fatalities	Nil	Nil	Nil	
Lost time injury frequency rate $\frac{\text{Lost time injuries}}{\text{Manhours worked}} \times 1,000,000$	26	22	18	Reduction 16%
Accidents	33	23	13	Reduction 31%
Lost time injuries I	6	5	3	Reduction 16% No lost time injuries January to June 2010
Lost time injury/disease rate $\frac{\text{Number of LTI/D}}{\text{Number of employees-FTE}} \times 100$	4.8	3.8	2.3	
Lost time injury severity rate $\frac{\text{Number of severe injuries}}{\text{Number lost time injuries}} \times 100$	83.33	100	100	

OSH Management System	OSH plan introduced 08/09: Audit not undertaken
Directors, Coordinators/Team Leaders training	<ul style="list-style-type: none"> • Risk Management conferences/seminars 2009/10 • Hazard identification /accident reporting 2008/9 • Injury Claims Management /Minimising impact • Fundamentals of risk management • Draft model OSH laws.

SUBSTANTIVE EQUALITY

The Board includes in its employment advertising a substantive equality statement to encourage applications from Indigenous and ethnic minority groups.

The Board has not yet conducted a Needs and Impact Assessment in its business areas. This is scheduled for 2010/11.



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 2010

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

The financial statements comprise the Statement of Financial Position as at 30 June 2010, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows 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 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. This document is available on the OAG website under "How We Audit".

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 2010

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 2010 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards 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 2010.



COLIN MURPHY
AUDITOR GENERAL
8 September 2010

METROPOLITAN CEMETERIES BOARD

CERTIFICATION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

The accompanying financial statements of the Metropolitan Cemeteries Board have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2010 and the financial position as at 30 June 2010.

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



Dr LEONIE LIVERIS
CHAIRMAN



JOE O'DEA (jnr)
BOARD MEMBER



M KIDD
CHIEF FINANCE OFFICER

30th August 2010

METROPOLITAN CEMETERIES BOARD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010	2009
		\$	\$
INCOME			
Revenue			
Sales of mausoleum crypts and vaults	6.	3,145,736	3,768,049
Provision of services	7.	16,213,336	15,287,729
Interest revenue	8.	669,292	747,190
Dividend revenue	9.	807,804	746,807
Commission on sand extractions from Rockingham Regional Memorial Park		47,798	24,602
Other revenue	12.	706,885	218,308
Gains			
Gain on disposal of non-current assets	11.	37,834	58,958
Gain on sale of available-for-sale financial assets	10.	-	49,094
TOTAL INCOME		21,628,685	20,900,737
EXPENSES			
Cost of sales	6.	1,293,821	1,588,513
Employee benefits expense	13.	8,448,899	7,889,833
Supplies and services	14.	3,313,234	3,198,054
Depreciation and amortisation expense	15.	2,128,788	2,304,085
Impairment of available-for-sale financial assets	17.	339,129	3,670,636
Other expenses	16.	1,928,895	1,890,620
TOTAL EXPENSES		17,452,766	20,541,741
PROFIT FOR THE PERIOD		4,175,919	358,996
OTHER COMPREHENSIVE INCOME			
Changes in asset revaluation surplus		(1,596,000)	(4,266,768)
Changes in available-for-sale financial asset revaluation reserve		894,145	1,338,957
Total other comprehensive income		(701,855)	(2,927,811)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		3,474,064	(2,568,815)

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

METROPOLITAN CEMETERIES BOARD
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Note	2010	2009
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	32(a)	96,331	225,820
Inventories	18.	9,719,657	10,841,575
Receivables	19.	1,850,134	1,474,046
Other financial assets	20.	12,046,502	11,742,807
Total Current Assets		23,712,624	24,284,248
Non-Current Assets			
Available for sale financial assets	21.	17,511,181	12,015,575
Property, plant, equipment and vehicles	22.	43,812,531	44,920,697
Infrastructure	23.	14,059,640	13,937,251
Intangible assets	24.	-	-
Total Non-Current Assets		75,383,352	70,873,523
Total Assets		99,095,976	95,157,771
LIABILITIES			
Current Liabilities			
Payables	26.	2,095,480	1,985,977
Provisions	27.	909,013	1,024,203
Other current liabilities	28.	10,623	4,351
Pre-need agreements	29.	607,696	605,392
Total Current Liabilities		3,622,812	3,619,923
Non-Current Liabilities			
Provisions	27.	510,672	443,292
Pre-need agreements	29.	6,275,122	6,101,924
Grant renewals	30.	1,755,507	1,534,833
Total Non-Current Liabilities		8,541,301	8,080,049
Total Liabilities		12,164,113	11,699,972
NET ASSETS		86,931,863	83,457,799
Equity			
Contributed equity	31.	13,640,938	13,640,938
Reserves		29,359,882	30,061,737
Retained earnings		43,931,043	39,755,124
TOTAL EQUITY		86,931,863	83,457,799

The Statement of Financial Position should be read in conjunction with the accompanying notes.

**METROPOLITAN CEMETERIES BOARD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010**

	Contributed Equity	Asset Revaluation Reserves	Available-for-sale investments financial asset Revaluation Reserve	Accumulated Surplus	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2008	13,640,938	33,757,593	(768,045)	39,396,128	86,026,614
Total comprehensive income for the year	-	(4,266,768)	1,338,957	358,996	(2,568,815)
Balance at 30 June 2009	13,640,938	29,490,825	570,912	39,755,124	83,457,799
Balance at 1 July 2009	13,640,938	29,490,825	570,912	39,755,124	83,457,799
Total comprehensive income for the year	-	(1,596,000)	894,145	4,175,919	3,474,064
Balance at 30 June 2010	13,640,938	27,894,825	1,465,057	43,931,043	86,931,863

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

**METROPOLITAN CEMETERIES BOARD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 \$	2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Provision of services		16,204,108	15,841,792
Sales of mausoleum crypts		3,145,736	3,768,049
Receipts from commissions on sand sales		47,798	24,602
Interest received		711,116	636,073
Dividends received		795,966	943,354
Sale of share entitlements		-	49,094
GST receipts on sales		2,021,966	1,978,004
Other receipts		472,284	218,308
Payments			
Supplies and services		(4,846,606)	(4,299,227)
Employee benefits		(8,898,586)	(8,265,196)
GST payments on purchases		(858,194)	(844,379)
GST payments to taxation authority		(1,133,624)	(1,160,078)
Net cash provided by operating activities	32 (b)	<u>7,661,964</u>	<u>8,890,396</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale on non-current physical assets		102,696	159,482
Purchase of investments		(5,244,285)	(5,812,758)
Purchase of non-current physical assets		(2,649,864)	(3,103,484)
Net cash used in investing activities		<u>(7,791,453)</u>	<u>(8,756,760)</u>
Net increase/(decrease) in cash and cash equivalents		(129,489)	133,636
Cash and cash equivalents at the beginning of the period		225,820	92,184
CASH AND CASH EQUIVALENT ASSETS AT THE END OF PERIOD	32 (a)	<u>96,331</u>	<u>225,820</u>

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

**METROPOLITAN CEMETERIES BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

1. Australian Accounting Standards

General

The Metropolitan Cemeteries Board's (the Board) financial statements for the year ended 30 June 2010 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' refers to Standards and Interpretations issued by the Australian Accounting Standard Board (AASB).

The Board has adopted any applicable, new and revised Australian Accounting Standards from their operative dates.

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 Australian Accounting Standards that have been issued or amended but not operative have been early adopted by the Board for the annual reporting period ended 30 June 2010.

2. Summary of significant accounting policies

(a) General statement

The financial statements constitute general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB 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 AASB.

Where modification is required and has had 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, except for land, buildings, infrastructure 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 statements are presented in Australian dollars and all values are rounded to the nearest dollar.

The judgments that have been made in the process of applying the Board's accounting policies that have the most significant effect on the amounts recognised in the financial statements are included at Note 3 - 'Judgments made by management in applying accounting policies'.

The key assumptions made concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed at Note 4 - 'Key sources of estimation uncertainty'.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (continued)**

(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 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 of the transaction.

Lease income

Lease income from operating leases is recognised in income on a straight-line basis over the term (Note 12 - 'Other Revenue').

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 Renewals

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 Renewals

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 \$5,000 or more 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 \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (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, the cost is the fair value at the date of acquisition.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (continued)**

(d) Property, plant and equipment, vehicles and infrastructure (continued)

Subsequent measurement

Subsequent to initial recognition as an asset, the revaluation model is used for the measurement of land, buildings and infrastructure and the cost model for all other plant and equipment, vehicles, office equipment and cemetery renewal areas. Land, buildings and infrastructure are carried at fair value less accumulated depreciation (buildings and infrastructure only) and accumulated impairment losses. All other items of office equipment, plant, equipment and vehicles and cemetery renewal areas are stated at historical 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 depreciated replacement cost.

Independent valuations of land are provided annually by the Western Australian Land Information Authority (Valuation Services) and recognised annually to ensure that the carrying amount does not differ materially from the asset's fair value at the end of the reporting period.

Independent valuations of buildings are 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 end of the reporting period.

Fair value of infrastructure has been determined by reference to the depreciated 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 the Western Australian Land Information Authority (Valuation Services) every three to five years.

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 23 - 'Infrastructure' for further information on revaluations.

Asset Revaluation Surplus

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current assets as described in note 22 'Property, Plant and Equipment'.

Derecognition

Upon disposal or derecognition of an item of property, plant and equipment and infrastructure, any revaluation surplus relating to that asset is retained in the asset revaluation surplus.

Depreciation

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

Land is not depreciated. Depreciation on other assets is calculated using 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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (continued)**

(d) Property, plant and equipment, vehicles and infrastructure (continued)

Infrastructure	7 to 57 years
Cemetery renewal areas	3 to 5 years

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

Capitalisation/expensing of assets

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$50,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful lives. Costs incurred of less than \$5,000 are immediately expensed directly to the Statement of Comprehensive Income.

All acquired and internally developed intangible assets are initially measured at cost. For assets acquired at no cost or for nominal cost, cost is their fair value at the date of acquisition.

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 the class of intangible assets is:

Software 3 to 5 years

Refer to Note 24 - 'Intangible assets'

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 \$5,000 is expensed in the year of acquisition.

Website costs

Website costs are charged as expenses when they are incurred unless they relate to the acquisition or development of an asset when they may be capitalised and amortised. Generally, costs in relation to feasibility studies during the planning phase 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 the end of each reporting period. 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (continued)**

(f) Impairment of assets (continued)

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, 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 the asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at the end of each reporting period irrespective of whether there is any indication of impairment.

The Board assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities may be impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the Statement of Comprehensive Income. Impairment losses recognised in the Statement of Comprehensive Income on equity instruments classified as available-for-sale are not reversed through the Statement of Comprehensive Income.

(g) Financial instruments

In addition to cash and cash equivalents and term deposits, the Board has four categories of financial instruments:

- Loans and receivables;
- Available-for-sale financial assets;
- Financial liabilities measured at amortised cost; and
- Held-to-maturity investments

These have been disaggregated into the following classes:

Financial Assets

- Cash and cash equivalents
- Receivables
- Term deposits
- Fixed interest securities
- Equity securities
- Preference shares

Financial Liabilities

- Payables

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or face value. Subsequent measurement of available-for-sale financial assets is measured at fair value based on market bid prices at the end of the reporting period. Changes in fair value are recognised in equity. Subsequent measurement of loans and receivables and held-to-maturity investments is at amortised cost using the effective interest method

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) - 'Investments and other financial assets'.

(h) Cash and cash equivalents

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (continued)**

(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.

(j) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. 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 19 - 'Receivables'.

(k) Investments and other financial assets

The Board classifies its investments into the following categories: loans and receivables, held-to-maturity investments 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 the end of each reporting period. Investments not at fair value are initially recognised at cost being the fair value of consideration given, including directly attributable transaction costs.

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 Statement of Comprehensive Income.

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 at the amounts payable when the Board becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as they are generally settled within 30 days. See Note 2(g) - 'Financial Instruments' and Note 26 - 'Payables'.

(m) Provisions

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period. See Note 27 - 'Provisions'.

(i) Provisions – employee benefits

Annual Leave and Long Service Leave

The liability for annual leave expected to be settled within 12 months after the end of the reporting period, is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual leave expected to be settled more than 12 months after the end of the reporting period 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 end of the reporting period.

A liability for long service leave is recognised after an employee has completed three years of service. An actuarial assessment of long service leave was undertaken by PriceWaterhouseCoopers as at 30 June 2009 determined that the liability measured using the short-hand method was not materially different from the liability measured using the present value of the expected future payments.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (continued)**

(m) Provisions (continued)

(i) Provisions – employee benefits (continued)

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 twelve months after the end of the reporting period.

Superannuation

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

No employee contributed to the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme closed to new members. Eight 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.

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 16 - 'Other expenses' and Note 27 - '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 (See Note 26 - 'Payables') 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 its 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. See also Note 12 - 'Other revenue'.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (continued)

(r) Contributed equity

AASB Interpretation 1038 *Contributions by Owners Made Wholly to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated by the Government (the owner) as contributions by the owners (at the time of, or prior to transfer) before such transfers can be recognized as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955 *Contributions by Owners made to Wholly Owned Public Sector Entities* and have been credited direct to Contributed equity.

The transfer of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, as these are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal.

(s) Comparative figures

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

3. Judgements made by management in applying accounting policies

The preparation of financial statements requires management to make judgements about the application of accounting policies that have a significant effect on the amounts recognised in the financial statements. The Board evaluates these judgements regularly.

Impairment of available-for-sale financial assets

The Board follows the guidance of Australian Accounting Standard 139 – ‘Financial Instruments Recognition and Measurement’, in determining when an available-for-sale financial asset is considered impaired. This determination requires significant judgement. The Board evaluates, among other factors, the duration and extent to which the fair value of a financial asset is less than cost, the financial health of and the near-term business outlook of the issuer of the instrument, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Inventories

The Board states its inventories at the lower of cost and net realisable value, where cost is calculated using the average cost method. Judgement has to be exercised on assessing the net realisable value of the inventories, which is the estimated selling price in the ordinary course of operation, less the cost of completion and selling expenses.

4. Key sources of estimation uncertainty

The key estimates and assumptions made concerning the future and other key sources of estimation uncertainty at the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Impairment of Property, plant, equipment and vehicles and infrastructure

The Board assesses impairment at each reporting date by evaluating conditions specific to the Board that may lead to impairment of assets. Property, plant, equipment and vehicles and infrastructure consist of freehold land, buildings, plant, equipment and vehicles, office equipment, cemetery renewal areas, buildings and projects under construction and infrastructure. The value of these assets is assessed internally, annually with respect to the local market and also the condition and expected remaining life of the assets. No impairment of the assets has been recognised for the year ended 30 June 2010 (2009: nil).

Estimation of useful lives of Property, plant, equipment and vehicles and infrastructure.

The Board determines the useful lives and related depreciation charges for its property, plant, equipment, vehicles and infrastructure. This estimate is based on the historical experience of the actual useful lives of the assets of similar nature and functions. It could change significantly as a result of technical innovations in response to severe industry cycles. The Board will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (continued)**

5. 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 Interpretation effective for annual reporting periods beginning on or after 1 July 2009 that impacted on the Board:

AASB 101 Presentation of Financial Statements (September 2007). This Standard has been revised and introduces a number of terminology changes as well as changes to the structure of the Statement of Changes in Equity and the Statement of Comprehensive Income. It is now a requirement that owner changes in equity be presented separately from non-owner changes in equity. There is no financial impact resulting from the application of this revised Standard.

AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101. This Standard changes the term 'general purpose financial report' to 'general purpose financial statements', where appropriate in Australian Accounting Standards and the Framework to better align with IFRS terminology. There is no financial impact resulting from the application of this Standard.

AASB 2009-2 Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments AASB 4, AASB 7, AASB 1023 & AASB 1038. This Standard amends AASB 7 and will require enhanced disclosures about fair value measurements and liquidity risk with respect to financial instruments. There is no financial impact resulting from the application of this Standard.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (continued)**

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

Future impact of Australian Accounting Standards not yet operative

The Board cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the Board has not applied early any of the following Australian Accounting Standards that have been issued that may impact the Board. Where applicable, the Board plans to apply these Australian Accounting Standards from their application dates.

		Operative for reporting periods beginning on/after
AASB 2009-11	<p>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12].</p> <p>The amendment to AASB 7 requires modification to the disclosure of categories of financial assets. The Board does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change.</p>	1 Jan 2013
AASB 1053	<p>Application of Tiers of Australian Accounting Standards</p> <p>This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.</p> <p>The Standard does not have any financial impact on the Authority. However it may affect disclosures in the financial statements of the Authority if the reduced disclosure requirements apply. DTF has not yet determined the application or the potential impact of the new Standard for agencies.</p>	1 July 2013
AASB 2010-2	<p>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</p> <p>This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements into these pronouncements for application by certain types of entities.</p> <p>The Standard is not expected to have any financial impact on the Authority. However this Standard may reduce some note disclosures in financial statements of the Authority. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.</p>	1 July 2013
AASB 2010-4	<p>Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]</p>	1 Jan 2011

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (continued)

	2010	2009
6. Trading profit		
Sales of mausoleum crypts	3,145,736	3,768,049
Cost of sales:		
Opening inventory	(10,371,309)	(10,020,214)
Transfer from works in progress on completion of new mausoleums	(35,190)	(1,934,381)
Adjustment to costs of sales	-	(5,226)
	<u>(10,406,499)</u>	<u>(11,959,821)</u>
Closing inventory	9,112,678	10,371,309
Cost of goods sold	<u>(1,293,821)</u>	<u>(1,588,513)</u>
Trading profit	<u>1,851,915</u>	<u>2,179,536</u>
See also note Note 2(i) – ‘Inventories’ and Note 18 – ‘Inventories’		
7. Provision of services		
Burials	5,299,321	5,016,453
Cremations	6,614,695	6,388,571
Memorials	4,299,320	3,882,705
	<u>16,213,336</u>	<u>15,287,729</u>
8. Interest revenue		
Term deposits	498,261	554,350
Fixed interest securities	158,412	178,481
Bank accounts	12,619	14,359
	<u>669,292</u>	<u>747,190</u>
9. Dividend revenue		
Equity securities	368,518	344,534
Preference shares	220,254	193,857
Rebate of franking credits	219,032	208,416
	<u>807,804</u>	<u>746,807</u>
10. Net gain on sale of available-for-sale financial assets		
Proceeds from disposal of available-for-sale financial assets		
Equity securities – Sale of Rio Tinto Entitlements	-	49,094
Net gain	<u>-</u>	<u>49,094</u>
11. Gains on disposal of non-current assets		
Cost of disposal of non-current assets	-	100,524
Plant equipment and vehicles	64,862	-
Proceeds from disposal of non-current assets		
Plant equipment and vehicles	102,696	159,482
Net gain	<u>37,834</u>	<u>58,958</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (continued)**

	2010	2009
12. Other revenue		
Commission from Kiosks	93,872	92,053
Rental of leased land	316,750	109,000
Insurance recoveries	-	5,202
Miscellaneous income	61,663	12,053
Fair value of Land and Building taken over at no cash consideration	234,600	-
	<u>706,885</u>	<u>218,308</u>
13. Employee benefits expense		
Wages and salaries (a)	6,715,715	6,147,132
Superannuation – defined contributions plans (b)	1,040,050	988,145
Long service leave (c)	159,090	213,135
Annual leave (c)	534,044	541,421
	<u>8,448,899</u>	<u>7,889,833</u>
(a) Includes the value of the fringe benefit to the employee plus the fringe benefit tax component.		
(b) Defined contributions plans include West State, Gold State and GESB Super Scheme (contributions paid).		
(c) Includes a superannuation contribution component.		
Employment on-costs such as workers compensation insurance are included at Note 16 - 'Other Expenses'. The employment on-costs liability is included at Note 27 - 'Provisions'.		
14. Supplies and services		
Communications	359,375	373,233
Consultants and contractors	832,885	746,480
Consumables	45,461	44,713
Materials	1,909,837	1,881,766
Travel	20,304	49,368
Other	145,372	102,494
	<u>3,313,234</u>	<u>3,198,054</u>
15. Depreciation and amortisation expense		
<u>Depreciation</u>		
Plant, equipment and vehicles	896,823	849,191
Office equipment	105,541	100,422
Buildings	481,875	609,978
Infrastructure	337,864	606,940
Cemetery renewal areas	306,685	58,834
Total depreciation	<u>2,128,788</u>	<u>2,225,365</u>
<u>Amortisation</u>		
Intangible assets	-	78,720
Total amortisation	<u>-</u>	<u>78,720</u>
Total depreciation and amortisation	<u>2,128,788</u>	<u>2,304,085</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (continued)**

	2010	2009
16. Other expenses		
Building and infrastructure maintenance	759,032	634,906
Equipment repairs and maintenance	344,957	338,676
Employment on-costs ^(a) (see Note 13 - 'Employee benefits expense')	22,923	20,522
Board expenses	93,223	125,012
Kiosk operation expenses	4,535	12,183
Administration expenses	325,271	323,319
Other ^(b)	378,954	436,002
	<u>1,928,895</u>	<u>1,890,620</u>

Includes worker's compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at Note 27 - 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

Audit cost, see Note 40 - 'Remuneration of Auditor'.

17. Impairment of assets

In assessing an impairment loss at reporting period end for its available-for-sale financial assets, the Board analysed the potential indicators of impairment outlined in paragraphs 59(a) to 59(f) of AASB 139 "Measurement of Financial Instruments".

The Board used professional judgement in weighing up what was temporary or short term market volatility against longer term trends in assessing the likelihood that the Board would be able to recover its investments. The Board measured the impairment loss as the difference between the carrying amount and market price of financial instruments at 30 June 2010.

The breakdown of the impairment loss per class of available-for-sale financial assets was:

Equity securities	-	2,277,575
Preference shares	70,800	535,387
Fixed interest securities	268,329	857,674
	<u>339,129</u>	<u>3,670,636</u>

18. Inventories

Current

Inventories held for resale:

Mausoleum crypt stock - Stage 1 - at cost	3,794	3,794
Mausoleum crypt stock - Stage 3 - at cost	70,399	64,984
Mausoleum crypt stock - Stage 4 - at cost	966,528	1,780,220
Mausoleum crypt stock - Stage 5 - at cost	1,894,082	1,934,381
Mausoleum crypt stock - Fremantle - at cost	5,614,153	5,892,925
Mausoleum crypt stock - Midland - cost	107,100	171,360
Mausoleum crypt stock - Guildford - at cost	381,609	480,301
Vault stock - Midland - at cost	5,226	5,226
Vault stock - Fremantle - at cost	31,671	-
Ossuary Stock - at cost	38,118	38,118
	<u>9,112,680</u>	<u>10,371,309</u>

Inventories not held for resale:

Stores - at cost	227,508	227,002
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Mausoleum construction works in progress	379,469	243,264
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Total Inventory - Current	<u>9,719,657</u>	<u>10,841,575</u>
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (continued)**

	2010	2009
19. Receivables		
Current		
Receivables	1,296,520	1,078,919
Accrued revenue	350,775	344,552
Claims for storm damage	157,865	-
	<u>1,805,160</u>	<u>1,423,471</u>
Allowance for impairment of receivables	-	-
	<u>1,805,160</u>	<u>1,423,471</u>
Prepayments	44,974	50,575
	<u>1,850,134</u>	<u>1,474,046</u>
<u>Credit risk</u>		
Ageing of receivables past due not impaired based on the information provided to senior management at the reporting period end date:		
Greater than 6 months	-	-
The Board does not hold any collateral as security or other credit enhancements relating to receivables.		
See also Note 2(j) 'Receivables' and Note 38 - 'Financial Instruments'.		
20. Other financial assets		
Current		
At cost:		
Held-to-maturity investments carried at amortised cost	12,046,502	11,742,807
	<u>12,046,502</u>	<u>11,742,807</u>
21. Available-for-sale financial assets		
At the beginning of year	12,015,575	13,758,555
Additions	4,940,590	588,699
Impairment during the year	(339,129)	(3,670,636)
Revaluation surplus/(deficit) transferred to equity	894,145	1,338,957
At end of year	<u>17,511,181</u>	<u>12,015,575</u>
Equity securities	8,552,567	6,255,809
Preference shares	6,633,050	3,619,525
Fixed interest securities	2,325,564	2,140,241
	<u>17,511,181</u>	<u>12,015,575</u>
See also Note 38 – 'Financial Instruments' and Note 17 – 'Impairment'		

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 reporting period end 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 2010 (continued)**

	2010	2009
22. Property, plant, equipment and vehicles		
Land		
At fair value (i)	17,819,000	19,270,000
	<u>17,819,000</u>	<u>19,270,000</u>
Buildings		
At fair value (ii)	21,261,168	21,073,949
Accumulated depreciation	(481,661)	-
	<u>20,779,507</u>	<u>21,073,949</u>
Buildings and projects under construction		
Construction costs	1,530,709	636,145
	<u>1,530,709</u>	<u>636,145</u>
Plant, equipment and vehicles		
At cost	5,883,545	5,167,491
Accumulated depreciation	(3,524,925)	(2,840,674)
	<u>2,358,620</u>	<u>2,326,817</u>
Office equipment		
At cost	505,745	628,385
Accumulated depreciation	(379,645)	(415,444)
	<u>126,100</u>	<u>212,941</u>
Cemetery renewal areas		
At cost	1,759,138	1,654,703
Accumulated depreciation	(560,543)	(253,858)
	<u>1,198,595</u>	<u>1,400,845</u>
	<u>43,812,531</u>	<u>44,920,697</u>

(i) Freehold land was revalued as at 1 July 2009 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2010 and recognised at 30 June 2010. 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. During the current financial year, the Board took over Reserve 32002 adjacent to the Guildford cemetery, from the City of Swan. The land was transferred to the Board at no cash consideration. The Western Australian Land Information Authority (Valuation Services) has valued the land at \$145,000 and this valuation has been taken up by the Board through the Statement of Comprehensive Income at 30 June 2010.

(ii) Buildings were revalued at 30 June 2009 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. During the current financial year, the Board took over a building on Reserve 32002. The building was owned by the former Perth Pistol Club, who relinquished their title to the building on the termination of their lease of the property with the City of Swan. (see note (i) above). The building was taken over by the Board at no cash consideration. The Western Australian Land Information Authority (Valuation Services) has valued the building at a written down value of \$89,600. The Board has taken up this valuation through the Statement of Comprehensive Income at 30 June 2010.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (continued)

22. Property, plant, equipment and vehicles (continued)

Reconciliations

Reconciliations of the carrying amounts of property, plant, equipment and vehicles at the beginning and end of the reporting period are set out in the table below:

(a) Recognised in the Statement of Comprehensive Income.

	Plant equipment and vehicles	Office equipment	Cemetery renewal areas	Freehold land	Buildings	Buildings and projects under Construction	Total
Year ended 30 June 2010							
Carrying amount at start of year	2,326,817	212,941	1,400,845	19,270,000	21,073,949	636,145	44,920,697
Additions	151,990	-	-	-	-	2,497,874	2,649,864
Assets taken over for no cash consideration	-	-	-	145,000	89,600	-	234,600
Transfers from / (out of) work in progress	832,635	18,776	104,435	-	106,620	(1,522,720)	(460,254)
Transfers to mausoleum stock	-	-	-	-	-	(48,831)	(48,831)
Disposals	(55,999)	(76)	-	-	(8,787)	-	(64,862)
Transfers to operating expenditure	-	-	-	-	-	(31,759)	(31,759)
Revaluation increments / (decrements) (a)	-	-	-	(1,596,000)	-	-	(1,596,000)
Depreciation	(896,823)	(105,541)	(306,685)	-	(481,875)	-	(1,790,924)
Carrying amount at end of year	2,358,620	126,100	1,198,595	17,819,000	20,779,507	1,530,709	43,812,531
Year ended 30 June 2009							
Carrying amount at start of year	2,561,209	223,525	176,025	18,309,700	20,192,335	1,629,903	43,092,697
Additions	464,421	-	-	-	8,045	2,630,923	3,103,389
Transfers from / (out of) work in progress	246,429	94,309	1,283,654	-	1,082,375	(1,642,139)	1,064,628
Transfers to mausoleum stock	-	-	-	-	-	(1,934,381)	(1,934,381)
Disposals	(96,051)	(4,471)	-	-	-	-	(100,524)
Transfers to operating expenditure	-	-	-	-	-	(48,161)	(48,161)
Revaluation increments / (decrements) (a)	-	-	-	960,300	401,172	-	1,361,472
Depreciation	(849,191)	(100,422)	(58,834)	-	(609,978)	-	(1,618,425)
Carrying amount at end of year	2,326,817	212,941	1,400,845	19,270,000	21,073,949	636,145	44,920,697

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (continued)**

23. Infrastructure

2010

2009

At fair value (i)	14,397,504	13,937,251
Accumulated depreciation	(337,864)	-
	<u>14,059,640</u>	<u>13,937,251</u>

(i) Infrastructure assets were revalued at 30 June 2009 by the Western Australian Land Information Authority (Valuation Services). 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	13,937,251	19,302,678
Transfers from work in progress	460,253	869,753
Revaluation decrements (ii)	-	(5,628,240)
Depreciation expense	(337,864)	(606,940)
Carrying amount at end of year	<u>14,059,640</u>	<u>13,937,251</u>

(ii) Recognised in the Statement of Comprehensive Income.

24. Intangible assets

Computer software

At cost	404,826	404,826
Accumulated amortisation	(404,826)	(404,826)
	<u>-</u>	<u>-</u>

Reconciliation

Carrying amount at start of year	-	78,720
Amortisation expense	-	(78,720)
Carrying amount at end of year	<u>-</u>	<u>-</u>

25. Impairment of Assets

There were no indications of impairment to property, plant and equipment and vehicles, infrastructure and intangible assets at 30 June 2010.

The Board held no goodwill or intangible assets with an indefinite useful life during the reporting period, and at the end of the reporting period there were no intangible assets not yet available for use.

All surplus assets at 30 June 2010 have either been classified as assets held for sale or written-off.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (continued)**

26. Payables	2010	2009
Current		
Trade payables	1,525,590	1,452,182
GST payable	236,852	206,705
Accrued expenses	111,964	146,841
Accrued salaries	159,018	84,030
Retention monies held on capital projects	62,056	96,219
	<u>2,095,480</u>	<u>1,985,977</u>

See Note 2(l) – ‘Payables’ and note 38 - ‘Financial instruments’.

27. Provisions		
Current		
Employee benefits provision		
Annual leave (i)	604,387	654,178
Long service leave (ii)	290,313	357,042
	<u>894,700</u>	<u>1,011,220</u>
Other provisions		
Employment on-costs (iii)	14,313	12,983
	<u>14,313</u>	<u>12,983</u>
	<u>909,013</u>	<u>1,024,203</u>
Non-current		
Employee benefits provision		
Long service leave (ii)	502,063	435,754
	<u>502,063</u>	<u>435,754</u>
Other provisions		
Employment on-costs (iii)	8,609	7,538
	<u>8,609</u>	<u>7,538</u>
	<u>510,672</u>	<u>443,292</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 the reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of the reporting period	372,123	402,780
More than 12 months after the reporting period	232,264	251,398
	<u>604,387</u>	<u>654,178</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 the reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of the reporting period	290,313	357,042
More than 12 months after the reporting period	502,063	435,754
	<u>792,376</u>	<u>792,796</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 liability for such on-costs is included here. The associated expense is included under annual leave and long service leave expense (under Employee expenses) at Note 16.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (continued)**

27. Provisions (continued)	2010	2009
Movements in other provisions		
Employment on-cost provision		
Carrying amount at start of year	20,521	15,229
Net additional provisions recognised	2,401	5,292
Carrying amount at end of year	<u>22,922</u>	<u>20,521</u>
28. Other current liabilities		
Current		
Income received in advance	10,623	4,351
	<u>10,623</u>	<u>4,351</u>
29. Pre-need agreements		
Current		
Cremation	484,912	472,208
Burial	122,784	133,184
	<u>607,696</u>	<u>605,392</u>
Non-current		
Cremation	5,000,938	4,935,684
Burial	1,274,184	1,166,240
	<u>6,275,122</u>	<u>6,101,924</u>
30. Grant Renewals		
Non-current		
Mausoleum grant renewals	685,851	637,170
Other grant renewals	1,069,656	897,663
	<u>1,755,507</u>	<u>1,534,833</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (continued)**

2010 2009

31. 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 surplus

Balance at start of year	29,490,825	33,757,593
Net revaluation increments/(decrements)		
Land	(1,596,000)	960,300
Infrastructure	-	(5,628,240)
Buildings	-	401,172
Balance at end of year	<u>27,894,825</u>	<u>29,490,825</u>

Available-for-sale financial assets revaluation surplus

Balance at start of year	570,912	(768,045)
Revaluation of shares	894,145	1,338,957
Balance at end of year	<u>1,465,057</u>	<u>570,912</u>

Balance of asset revaluation surplus at end of year	<u>29,359,882</u>	<u>30,061,737</u>
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Accumulated surplus

Balance at start of year	39,755,124	39,396,128
Result for the period	4,175,919	358,996
Balance at end of year	<u>43,931,043</u>	<u>39,755,124</u>

Balance of equity at end of year	<u>86,931,863</u>	<u>83,457,799</u>
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (continued)**

32. Notes to the Statement of Cash Flows

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2010	2009
Cash and cash equivalents	96,331	225,820
	<u>96,331</u>	<u>225,820</u>

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

Profit	4,175,918	358,996
Non-cash items:		
Profit on sale of property, plant, equipment and vehicles	(37,834)	(58,958)
Depreciation of non-current assets	2,128,788	2,304,085
Impairment write off on available-for-sale financial assets	339,129	3,670,636
Refund for write-off of asset less than \$5,000	-	95
Assets taken over at fair value	(234,600)	-
(Increase)/decrease in assets:		
Other current assets	(376,087)	81,058
Current inventories	1,170,749	1,639,068
Increase/(decrease) in liabilities		
Current payables	111,115	291,920
Pre-need agreements	396,176	548,627
Current provisions	6,272	163
Employee provisions	(47,810)	81,160
Net GST receipts/(payments)		
Change in GST receivables/(payables)	30,148	(26,454)
Net cash provided by operating activities	<u>7,661,964</u>	<u>8,890,396</u>

33. Resources provided free of charge

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

34. Commitments for Expenditure

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>453,000</u>	<u>237,000</u>
The capital commitments include amounts for:		
Buildings	435,000	98,000
Infrastructure	-	-
Plant and equipment	18,000	139,000
	<u>453,000</u>	<u>237,000</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (continued)**

35. Contingent liabilities and contingent assets

As at 30 June 2010, the Board did not have any contingent liabilities or contingent assets.

36. Events occurring after the reporting period

The Board did not have any material events occurring after the reporting period.

37. Explanatory statement

This statement provides details of any significant variations between estimates and actual results for 2010 and between actual results for 2010 and 2009. Significant variations are considered to be those greater than \$100,000.

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

	2010	2009	
	Actual	Actual	Variance
Sales of mausoleum crypts and vaults	3,145,736	3,768,049	(622,313)
Provision of services	16,213,335	15,287,729	925,606
Other revenue	706,885	218,308	488,577
Cost of sales	1,293,820	1,588,513	294,693
Employee benefits expense	8,448,899	7,889,833	(559,066)
Supplies and services	3,313,233	3,198,055	(115,178)
Impairment of available-for-sale financial assets	339,129	3,670,636	3,331,507

Sales of mausoleum crypts and vaults

The Board sold 176 crypts out of its eight mausoleums during the year. This compares to sales of 223 crypts in the previous financial year.

Provision of services

During the year, the Board carried out 2,378 burials and entombments and 7,838 cremations, compared to 2,335 burials and entombments and 7,739 cremations in the previous year. The overall increase in these funeral numbers combined with an increase in the sales of memorial products has resulted in the significant improvement in this area of the Board's core services.

Other revenue

During the year, the Board revised the market rental value for part of the land that it leases to a commercial enterprise in Fremantle, based on an independent valuation obtained from the Western Australian Land Information Authority (Valuation Services). The valuation was backdated to April 2008. In addition, the Board took over a parcel of land adjacent to the Guildford cemetery from the City of Swan. The land, and a significant building on the land, were taken over for no cash consideration. The Board has taken up the fair values of these assets at valuations provided by the Western Australian Land Information Authority (Valuation Services), amounting to \$145,000 and \$89,600 respectively (see also note 22 – Property, plant, equipment and vehicles), through the Statement of Comprehensive Income.

Cost of sales

Costs of sales have reduced in the current financial year due to the reduction in numbers of mausoleum crypts sold during the year compared to the previous 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 reclassification of some staff positions.

Supplies and services

This expenditure has increased since last year due to general increases across all of the Board's support services and programs.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (continued)**

37. Explanatory statement (continued)

Significant variances between actual and prior year actual – revenues and expenditures – (continued)

Impairment of available-for-sale financial assets

In accordance with the provisions of AASB 139 the Board has recognised the impairment of some of the shares in its investment portfolio which have been classified as available-for-sale financial assets. (See also note Note 38 – ‘Financial Instruments’ and Note 17 – ‘Impairment’)

Significant variances between estimate and actual results for the financial year

	2010 Estimates	2010 Actual	Variance
Sales of mausoleum crypts and vaults	3,304,780	3,145,736	(159,044)
Provision of services	15,525,449	16,213,335	687,886
Interest revenue	821,366	669,292	(152,074)
Dividend revenue	335,252	807,804	472,552
Other revenue	198,901	706,885	507,984
Costs of sales	1,437,990	1,293,820	(144,170)
Employee benefits expense	8,649,070	8,448,899	200,171
Supplies and services	3,687,100	3,313,233	373,867
Depreciation and amortisation expense	2,492,927	2,128,788	108,084
Impairment of available-for-sale financial assets	-	339,129	(339,129)
Other expenses	1,760,910	1,928,894	(167,984)

Sales of mausoleum crypts and vaults

Sales of mausoleum crypts fell short of estimates for the year.

Provision of services

The Board achieved significant improvements in sales of memorial products due to a wider range of memorial products being made available to clients. The Board also experienced some improvements in revenue from other areas of its core business services.

Interest revenue

Due to the improvement in some sectors of the financial markets in the middle half of the financial year, the Board decided to make some increases in its equity investments. The estimates had assumed that additional funds, generated through operational activities, would have been invested in term deposits

Dividend revenue

Due to the downturn in the financial markets which occurred in the previous financial year, the Board based its estimates for dividend income on an assumption that there would be no improvement in the current financial year. The improvement in some sectors of the financial markets which occurred in the current financial year, combined with additional investments in dividend bearing investments, resulted in an increase in the actual dividend income received.

Other revenue

During the year, the Board revised the market rental value for part of the land that it leases to a commercial enterprise in Fremantle, based on an independent valuation obtained from the Western Australian Land Information Authority (Valuation Services). The valuation was backdated to April 2008. This increase was not anticipated in the estimates. In addition, the Board took over a parcel of land adjacent to the Guildford cemetery from the City of Swan. The land, and a significant building on the land, were taken over for no cash consideration. The Board has taken up the fair values of these assets at valuations provided by the Western Australian Land Information Authority (Valuation Services), amounting to \$145,000 and \$89,600 respectively (see also note 22 – Property, plant, equipment and vehicles), through the Statement of Comprehensive Income.

Cost of sales

Cost of sales has fallen short of budget due to the reduction in actual sales of mausoleum crypts compared to budget.

Employee benefits expense

The reduction in employees benefits cost has arisen mainly due to an over estimate of the charge for long service leave.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (continued)**

37. Explanatory statement (continued)

Significant variances between estimate and actual results for the financial year (continued)

Supplies and services

Some savings have been achieved as a result of non-capital projects being either cancelled or deferred until the following year.

Depreciation and amortisation expense

The charge for depreciation was over estimated due to significant reductions in the valuations of some of the Board's Building and Infrastructure assets, which arose as a result of valuations carried out by the Western Australian Land Information Authority (Valuation Services) at 30 June 2009. These valuations were not available at the time that the estimates were prepared.

Impairment of available-for-sale financial assets

Impairment of the Board's available-for-sale financial assets was not contemplated at the time of the budget preparation.

Other expenses

During the year the Board has incurred unbudgeted costs relating to the maintenance of its cremators and its buildings. The Board also incurred some additional, unbudgeted costs resulting from extra renovation work that was carried out following damage from a hail storm. This additional work was not covered by insurance.

38. 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, 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. See Note 3 – 'Financial risk management'.

(a) Market risk

i) Price risk

The Board is exposed to equity security price risk because of the investments held by the Board which are classified as available-for-sale. These securities are listed in Australia. The Board is not exposed to commodity risk. To manage its price risk arising from investment in equity securities, the Board diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Board.

Sensitivity analysis

If prices for equity securities listed in Australia change by 20% (2009: 20%) with all other variables being held constant, the profit and equity will be:

	2010		2009	
	<u>Profit</u>	<u>Equity</u>	<u>Profit</u>	<u>Equity</u>
	\$'000	\$'000	\$'000	\$'000
Listed in Australia				
- increased by	-	3,502	-	2,403
- decreased by	(3,502)	(3,502)	(2,403)	(2,403)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (continued)**

38. Financial Instruments (continued)

ii) Interest rate risk

Interest rate risk arises on interest-bearing financial instruments recognised in the Statement of Financial Position. It is the risk, that changes in interest will affect the Board's income or the value of its holdings of financial instruments. The Board's exposure to interest rate risk for changes in interest rates arise mainly from its term deposits. Interest rate risk is managed by the Board on an on-going basis with the primary objective of limiting the extent to which net interest income could be affected by an adverse movement in interest rates.

The Board's policy is to obtain the most favourable interest rates available for its term deposits. They are placed where the interest rates are beneficial.

Sensitivity analysis

The following table represents a summary of the interest rate sensitivity of the Board's financial assets at the end of the reporting period on the profit for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

	2010			2009		
	Carrying amount \$'000	Profit \$'000	Equity \$'000	Carrying amount \$'000	Profit \$'000	Equity \$'000
Financial assets						
Cash and cash equivalents	96			226		
- increased by *		1	1		2	2
- decreased by *		(1)	(1)		(2)	(2)
Term deposits	12,047			11,743		
- increased by		120	120		117	117
- decreased by		(120)	(120)		(117)	(117)

* The sensitivity to an interest rate change of $\pm 1\%$ calculated on the average balance of cash and cash equivalents held during the year.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Board. For trade receivables, the Board adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security, where appropriate, to mitigate credit risk. For other financial assets, the Board adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by management based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored by the respective management. The Board's trade receivables comprise 33 debtors (2009: 29 debtors) that represent 100% of trade receivables.

As the Board does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instrument presented on the Statement of Financial Position.

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit ratings assigned by international credit rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Board.

The Board's trade receivables not past due include receivables amounting to \$1,296,520 (2008: \$1,078,919) that would have been past due or impaired if the terms were not re-negotiated during the year.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

For the age analysis of trade receivables past due but not impaired, refer to Note 19 – 'Receivables'

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (continued)**

38. Financial Instruments (continued)

(c) Liquidity risk

The Board manages the liquidity risk by maintaining sufficient cash and term deposits to enable the Board to meet their normal operating commitments.

The following table details the exposure to the liquidity risk and interest rate risk as at the end of the reporting period. The table is based on information provided to senior management of the Board. The contractual maturity amounts in the table are representative of the undiscounted amounts at the end of the reporting period. An adjustment for discounting has been made where material.

The Board does not hold any collateral as security or other credit enhancements relating to the financial assets it holds.

The Board does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

	Weighted Average Effective Interest Rate	Variable Interest Rate Less than 1 year \$000	Non-interest Less than 1 year \$000	bearing 3 – 5 years \$000	Contractual maturity Date Within 1 year \$000	Carrying Amount \$000
2010	%	\$000	\$000	\$000	\$000	\$000
Financial Assets						
Cash and cash equivalents	3.1%	96	-	-	-	96
Receivables	-	-	1,297	-	-	1,297
Other financial assets	5.0%	12,047	-	-	-	12,047
Available-for-sale financial assets	-	-	-	17,511	-	17,511
Other current assets	-	-	554	-	-	554
		12,143	1,851	17,511	-	31,505
Financial Liabilities						
Payables	-	-	2,095	-	-	2,095
	-	-	2,095	-	-	2,095
2009						
Financial Assets						
Cash and cash equivalents	4.5%	225	-	-	-	225
Receivables	-	-	1,079	-	-	1,079
Other financial assets	5.8%	11,743	-	-	-	11,743
Available-for-sale financial assets	-	-	-	12,016	-	12,016
Other current assets	-	-	395	-	-	395
		11,968	1,474	12,016	-	25,458
Financial Liabilities						
Payables	-	-	1,986	-	-	1,986
	-	-	1,986	-	-	1,986

(d) 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'.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (continued)

39. 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:

	2010	2009
	\$	\$
\$0 - \$10,000	6	6
\$10,001 – \$20,000	1	1
The total remuneration of the members of the Board is:	59,265	56,615

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:

	2010	2009
\$70,001 - \$80,000	-	1
\$110,001 - \$120,000	1	-
\$130,001 – \$140,000	-	1
\$140,001 - \$150,000	2	1
\$200,001 - \$210,000	-	1
\$220,001 - \$230,000	1	-
The total remuneration of senior officers is:	634,941	564,868

The total remuneration includes the superannuation expense incurred by the Board in respect of senior officers other than senior officers reported as members of the Board.

No senior officers are members of the Pension Scheme

40. Remuneration of Auditor

Remuneration payable to the Auditor General for the financial year is as follows:

Auditing the accounts, financial statements and performance indicators	42,000	42,000
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41. Supplementary Financial Information

Write-Offs

Bad debt written off by the Board	-	1,043
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METROPOLITAN CEMETERIES BOARD

CERTIFICATION OF PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2010

I 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 2010.



Dr LEONIE LIVERIS
CHAIRMAN



JOE O'DEA (jnr)
BOARD MEMBER



P D MACLEAN PSM
CHIEF EXECUTIVE OFFICER

30th August 2010

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.

	2009/2010				
	Target	2009/2010	2008/2009	2007/2008	2006/2007
Industry	85%	74%	78%	77%	89%
Public	85%	89%	86%	92%	90%

Notes.

1. Levels of satisfaction among the public and industry remain relatively high
2. The relatively stable satisfaction index score for the public survey reflects the ongoing high level of satisfaction that the public expresses towards the services provided by the Metropolitan Cemeteries Board overall
3. Satisfaction amongst the industry group has experienced a nominal reduction during the period and is now 74%. It is important to note that whilst the Industry satisfaction score of 74% falls below the target 85%, it does not reflect a large level of dissatisfaction. Whilst 8% of 'Funeral Directors' and just 4% of the 'Clergy/Celebrants' were dissatisfied, a simple average of these shows a 6% 'general industry' dissatisfaction score. 'Funeral Directors' (64%) were less often 'satisfied' than 'Clergy/Celebrants' (84%).
4. A total of 460 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	153	153	101	46	±7.2%
Public	9,500	1,903	359	19	±5.2%

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 includes all operating expenses.

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

	<u>Actual</u>	<u>Target</u>
2009/2010	\$1,674.86	\$1,802.80
2008/2009	\$1,673.80	\$1,696.89
2007/2008	\$1,544.88	\$1,638.20
2006/2007	\$1,566.54	\$1,487.88
2005/2006	\$1,463.28	\$1,458.78

Notes.

1. Funeral services include cremations and interments in gravesites and the mausoleums.
2. Costs of funeral 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. The small increase in the cost per funeral in 2009/2010 has arisen due an increase in the costs of Salaries, Wages and on-costs, which has been offset by some significant savings in actual operating costs compared to the previous year. The increase in Salaries, Wages and on-costs 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, combined with reclassification of some positions.

Whilst there has been a very small increase in the current year's average cost of a funeral compared to the previous year, the actual average cost is below the target figure for the year by \$127.94 (7.09%).

METROPOLITAN CEMETERIES BOARD
BUDGETED FINANCIAL STATEMENTS (UNAUDITED)

For the Year Ending 30 June 2011

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 COMPREHENSIVE INCOME
FOR THE YEAR ENDING 30 JUNE 2011

INCOME	Budget 2011 \$	Actual 2010 \$
Revenue		
Sales	3,522,246	3,145,736
Provision of Services	16,452,067	16,213,336
Interest revenue	872,576	669,292
Dividend revenue	549,200	807,804
Commission on Sand Extractions from Rockingham Regional Memorial Park	50,000	47,798
Other revenue	309,799	706,885
<i>Gains</i>		
Gains on disposal of non-current assets	93,611	37,834
Gains on sale of available-for-sale financial assets	-	-
TOTAL INCOME	21,849,499	21,628,685
EXPENSES		
Cost of Sales	1,613,072	1,293,821
Employees benefits expenses	9,341,605	8,448,899
Supplies and Services	4,010,270	3,313,234
Depreciation and amortisation expense	2,101,664	2,128,788
Impairment of available-for-sale financial assets	-	339,129
Other expenses	2,069,370	1,928,895
TOTAL EXPENSES	19,135,981	17,452,766
PROFIT FOR THE PERIOD	2,713,518	4,175,919
OTHER COMPREHENSIVE INCOME		
Changes in asset revaluation surplus	-	(1,596,000)
Gain/(Loss) on available-for-sale instruments	1,295,000	555,016
Total other comprehensive income	1,295,000	(1,040,984)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	4,008,518	3,134,935

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 STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Budget	Actual
	2011	2010
	\$	\$
Current Assets		
Cash and cash equivalents	104,221	96,331
Inventories	10,829,572	9,719,657
Receivables	808,210	1,850,133
Other Financial Assets	7,570,611	12,046,502
Other Assets	166,954	-
Total Current Assets	19,479,568	23,712,623
Non Current Assets		
Available for sale financial assets	20,470,696	17,511,181
Property, plant, equipment and vehicles	49,382,949	43,812,528
Infrastructure	15,065,939	14,059,639
Total Non-current Assets	84,919,584	75,383,349
Total Assets	104,399,152	99,095,972
Current Liabilities		
Payables	259,355	2,095,480
Provisions	923,978	909,013
Other current liabilities	651,705	10,623
Pre-need Agreements	1,366,301	607,696
Total Current Liabilities	3,201,339	3,622,812
Non-Current Liabilities		
Provisions	589,668	510,672
Pre-need Agreements	5,465,202	6,275,122
Grant Extensions	1,690,451	1,755,507
Total Non-Current Liabilities	7,745,321	8,541,301
Total Liabilities	10,946,660	12,164,113
NET ASSETS	93,452,492	86,931,859
Equity		
Contributed equity	13,640,938	13,640,938
Reserves	33,545,737	29,359,880
Retained earnings	46,265,817	43,931,041
TOTAL EQUITY	93,452,492	86,931,859

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 STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30 JUNE 2011

	Budget 2011 \$	Actual 2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES: -		
Receipts		
Sale of goods and services	16,452,067	16,204,108
Services – mausoleum	3,522,246	3,145,736
Receipts from commissions on sand sales	50,000	47,798
Interest received	872,576	711,116
Dividends received	549,200	795,966
GST receipts on sales	953,774	2,021,966
Other Receipts	99,500	472,285
Payments		
Supplies and services	(5,747,370)	(4,846,606)
Employees benefits	(9,673,875)	(8,898,586)
GST payments on purchases	(323,344)	(858,194)
GST payments to taxation authority	(630,430)	(1,133,624)
Net cash provided by operating activities	<u>6,124,344</u>	<u>7,661,964</u>
CASH FLOWS FROM INVESTING ACTIVITIES: -		
Proceeds from sale of non-current physical assets	-	102,696
Sale/(Purchase) of investments	4,166,858	(5,244,285)
Purchase of non-current physical assets	(7,489,202)	(2,649,864)
Payments for mausoleum construction	(2,802,000)	-
Net cash used in investing activities	<u>(6,124,344)</u>	<u>(7,791,453)</u>
Net increase/(decrease) in cash and cash equivalents	<u>-</u>	<u>(129,489)</u>
Cash and cash equivalents at the beginning of the period	104,221	225,820
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>104,221</u>	<u>96,331</u>

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