



Cemeteries &
Crematoria NSW

Cemeteries and Crematoria NSW

ANNUAL REPORT

2014 - 2015

Cemeteries and Crematoria NSW Annual Report 2015-2016
Published by the Department of Primary Industries

March 2016

ISBN 978-1-74256-920-8

© State of NSW South Wales through the Department of Primary Industries, 2016.
You may copy, distribute or otherwise freely deal with this publication for any purpose, provided that you attribute the NSW Department of Primary Industries/Cemeteries and Crematoria NSW as the owner.

Disclaimer: The information contained in this publication is based on knowledge and understanding at the time of writing (March 2016). However because of advances in knowledge, users are reminded of the need to ensure that information upon which they rely is up to date and to check the currency of the information with the appropriate officer of the Department of Primary Industries or the user's independent adviser.



Cemeteries & Crematoria NSW

31 March 2016

The Hon Niall Blair MLC
Minister for Primary Industries and Minister for Lands and Water
GPO Box 5341
SYDNEY NSW 2001

Dear Minister

Submission of the Cemeteries and Crematoria NSW Annual Report 2014-2015

In accordance with the *Annual Reports (Statutory Bodies) Act 1984*, the *Public Finance and Audit Act 1983*, and the Regulations under these Acts, we are pleased to submit to you the 2014-2015 Annual Report for Cemeteries and Crematoria NSW for presentation to Parliament.

This first Annual Report is being submitted past the due deadline as the agency has only been in full operation for part of the financial year and initial advice received by the CCNSW was that a separate Annual Report was not required. A request for an exemption or an extension of time was not therefore sought. Audited Financial Statements for the agency had been prepared by the NSW Audit Office for 2014-2015 and received in December 2015. New advice has since been received that an Annual Report for 2014-2015 is also required.

In future years an Annual Report will be submitted in accordance with the timeline requirement under the *Annual Reports (Statutory Bodies) Act 1984*.

Yours sincerely

Dr Stepan Kerkyasharian AO
Chair

Scott Hawker
Board member

Contents

Legislation and Charter	5
Aims and objectives	5
Access	6
The Board and governance	6
Management and structure	8
Summary review of operations	8
Legal changes.....	10
Exemptions.....	10
Human resources	10
Numbers and remuneration of senior executives.....	10
Consultants.....	11
Promotion	11
Consumer response.....	11
Payment of accounts	11
Risk management and insurance activities	11
Privacy.....	11
Public Interest Disclosures (PID)	11
Applications under the Government Information (Public Access) Act 2009.....	11
Issues of significance raised by the Auditor-General.....	12
Annual Report cost and availability	12
Appendices attached:	12
• Statutory Auditors Report	
• Independent Auditors Report	
• Financial Statements 2014-2015	

Legislation and Charter

Cemeteries and Crematoria NSW (CCNSW) is the statutory body with strategic and regulatory oversight of the interment industry and responsibility for administering the *Cemeteries and Crematoria Act 2013*. The Act establishes CCNSW to oversee the management and operations of all cemeteries and crematoria in NSW and to secure the future demand for interment services. The Act was passed in November 2013 and contains a number of key provisions including:

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

The Act is complemented by the *Cemeteries and Crematoria Regulation 2014* which prescribes the operators of cemeteries and the level of the general levy which is payable for interment services.

Aims and objectives

There are over 50,000 deaths per annum in NSW, and operators provide a range of interment options state-wide to service community and cultural needs and expectations for burial, cremation, ash interment and memorialisation.

Under the *Cemeteries and Crematoria Act 2013*, CCNSW has the following functions which are to –

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

Access

Cemeteries and Crematoria NSW can be contacted at:

Address: 6 Avenue of the Americas, Newington NSW 2127

Postal: PO Box 6682 Silverwater NSW 1811

Phone: 61 2 9741 4864

Fax: 61 2 9741 4892

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

The Board and governance

CCNSW is led by an independent, expertise-based board appointed by, and responsible to the Minister for Lands, the Hon Niall Blair MLC.

The Board consists of four voting members being:

Dr Stepan Kerkyasharian AO, the Chair of the Board is a former Chair and CEO of Multicultural NSW and its predecessor agencies from 1989 to 2014, and a former President of the Anti-Discrimination Board. From 1980 to 1988 he was the foundation head of SBS Radio. He received the Gold Cross of Merit of Poland in 1990 and became a Member of the Order of Australia (AM) in 1992 and an Officer of the Order of Australia (AO) in 2011 for distinguished service to the community. In 1995 he received the Premier's Community Service Award, the Olympic Order in 2000 and a Medal for Services to National Security in 2014. Dr Kerkyasharian was made a Fellow of the University of Technology Sydney in 1995, a Doctor of Letters (Honoris Causa) by the University of Sydney in 2007 and a Doctor of Letters (Honoris Causa) from the University of Western Sydney in 2013.

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

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

Mr Christopher Zinn, Board Member, has worked for 25 years within the print media, broadcasting and consumer organisations in Australia and overseas as a journalist,, presenter, producer, media spokesman and campaign director. Mr Zinn is Director, Campaigns and Communications, Adviser Ratings and is the spokesman for the FiftyUp Club. He has previously worked at CHOICE and been Director of Campaigns for One Big Switch, a consumer network. Mr Zinn is currently the Director of determinedconsumer.com.au a consumer empowerment initiative and a Board Member of the Australian Youth Mentorship Network and Kidsafe NSW. Mr Zinn holds a MA Geography (Oxford) and a Postgraduate Diploma in Journalism (University of Wales).

During the 2014-2015 year the Board also had seven (7) non-voting Board Members comprising:

- *A person appointed by the Minister as a person with knowledge and expertise relevant to local government matters:*
Mr Bill Gillooly AM, the former Chief Executive of Local Government NSW.
- *The head of, or a person nominated by the head to represent each of the following:*
 - Crown Lands Division, NSW Department of Industry (Mr Mark Matchett)
 - NSW Department of Planning & Environment (Mr Simon Manoski)
 - NSW Fair Trading (Mr Rhys Bollen)
 - NSW Health (Mr Richard Broome)
 - NSW Office of Environment and Heritage (Dr Tracey Avery)
- The Chief Executive Officer of Cemeteries and Crematoria NSW (Mr Craig Sahlin to December 2014 thereafter Mr Nicholas Cobb as Acting Chief Executive Officer)

Attendance at Board meetings

Board Member	No of Board Meetings*	Attended#
Stepan Kerkyasharian AO	4	4
Abigail Goldberg	4	4
Scott Hawker	4	4
Christopher Zinn	4	4
Bill Gillooly AM	4	4
Mark Matchett	4	4
Simon Manoski	4	1
Rhys Bollen	4	4
Richard Broome	4	0
Tracey Avery	4	4
Craig Sahlin/Nicholas Cobb	4	4

*the Board held its inaugural meeting on 16 December 2014.
quorum for the Board is three of the four voting members.

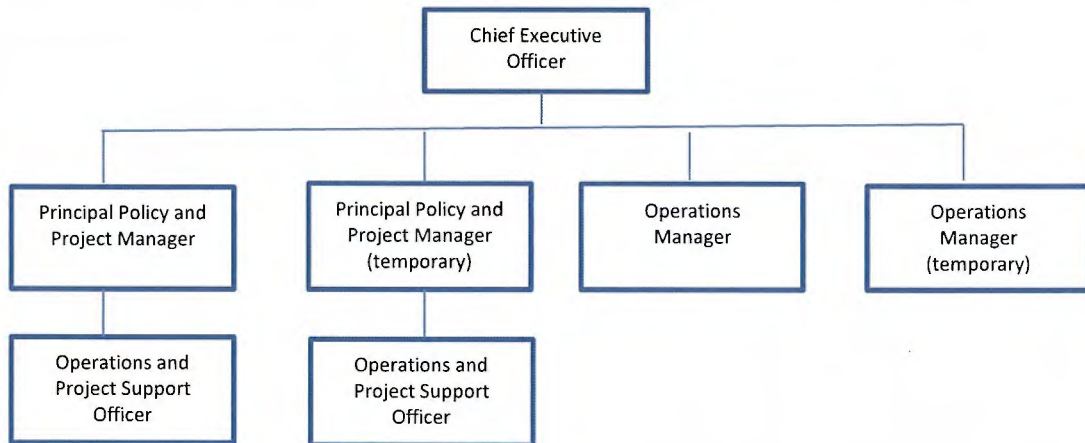
All board members were appointed following a competitive selection process including print and online public advertising, a review of candidate qualifications, experience, assessment against selection criteria and a panel interview (including external panel members). Each board member has been appointed for a period of 4 years commencing 1 November 2014.

Prior to 1 November 2014, a temporary interim board had been appointed by the Minister for Primary Industries. This interim Board ceased on the commencement of the *Cemeteries and Crematoria Act 2013*.

During the reporting period, as governance measures, the Board adopted a Ministerial Briefs & Correspondence Protocol and resolved to adhere to the Department of Industry Media Policy TI-A-137 with a specific policy to follow. Formal procedures are in place for recording conflicts of interest and for the reimbursement of expenses for board members. Board members have also undergone tailored training with the Australian Institute of Company Directors.

Management and structure

During 2014-2015, the CCNSW business unit was headed initially by Mr Craig Sahlin (Executive Director, Reform, DPI) as Chief Executive Officer then Mr Nicholas Cobb as Acting Chief Executive Officer with a small specialist staff in a structure comprising:



The role of the business unit is to implement the various stages of reform in a progressive process and give effect to the *Cemeteries and Crematoria Act 2013*. Stage 1 was commencement of the *Cemeteries and Crematoria Act 2013* (the Act) which occurred on 1 November 2014. This formally established the new entity, Cemeteries and Crematoria NSW (CCNSW), and its inaugural governing board. Stage 2 is not due to commence until after 2015 and will establish a new system of interment rights to modernise and standardise practice across all cemetery sectors. This will improve the transparency and accountability of cemetery operations and provide greater certainty and protection for consumers.

The initial focus of the business unit of CCNSW has been strategic and business planning and scoping and prioritising of major projects including implementing a new statutory governance regime for the Crown cemetery sector; developing a comprehensive information system to enable evidence-based estimates of existing cemetery space and forecasts of space shortage and exhaustion; commence work investigating the costs and pricing of interment rights, particularly the relativity of pricing between perpetual and renewable rights and adequate provision for perpetual care of cemeteries; conducting a collaborative review of land tenure for local government cemeteries on Crown Land.

Summary review of operations

Cemeteries and crematoria are critical community infrastructure and provide essential services to the people of NSW. They are vital places for remembrance and reflection, a rich source of cultural and environmental heritage and provide valuable open spaces. The rich diversity of the NSW community means there are a wide range of needs and expectations for burial and cremation services.

Over 230 cemetery and crematorium operators provide interment services across NSW. The NSW Cemeteries and Crematoria Register recognises 49 crematoria operating in the state and 1,149 cemeteries, of which 888 are currently operational. Around 800 cemeteries are Crown Reserves, and another 80 include land of mixed tenure types, including Crown land.

Cemetery and crematoria service providers active in NSW include -

Crown trusts: five large trusts in Sydney and five smaller trusts in regional NSW. Crown trusts conduct around 70 per cent of burials in Sydney.

Local Councils: Councils manage around 950 cemeteries in NSW; 80 per cent of council-run cemeteries are closed or conduct 10 or fewer burials per year; Councils manage 8 crematoria in NSW; and conduct around 50 per cent of burials in NSW and 10 per cent of burials in Sydney.

Private operators: private operators manage over 70 per cent of crematoria in NSW; manage around 2 per cent of cemeteries in NSW; and conduct 75 per cent of cremations in NSW.

Community operators: community operators (including religious entities) oversee many small, closed cemeteries; manage around 10 per cent of operational cemeteries in NSW; and conduct around one per cent of burials and no cremations.

Achievements by CCNSW for the sector during 2014/15 include:

Governance	Establishment and briefing of the incoming CCNSW Board. Commencement of CCNSW Board Meeting program. Development and presentation of 2014/15 CCNSW board papers.
Establishment of the agency	Recruitments and establishment of staff, facilities, operational capacity at Newington. 2014/15 and 2015/16 budgeting and operational planning. Commencement of development of CCNSW 2015-18 Strategic Plan. Achievement of 2014/15 departmental planning and reporting obligations.
Regulatory infrastructure	Commencement of most parts of the Act, 1 Nov 2014. Establishment and maintenance of the Cemeteries and Crematoria Register; publication of the CCNSW Public Register. Determination of 2014/15 Crown cemetery trust reporting framework. Communications broadcasts to operators regarding CCNSW role & responsibilities, commencement of the Act, key operator obligations.
Communications	Establishment of CCNSW website and inbound enquiry channels. Completion of the 2013 Activity Survey. Consultation with Crown cemetery trusts on ongoing reporting regime.
Regulatory operations	Briefings to cemetery and crematorium operators (Sydney, Hunter, Central Coast, Illawarra, South-East & Tablelands regions). Provision of operational support for cemetery operators. Resolution of Ministerial enquiries. Resolution of other complaint matters. Responses to enquiries from operators and the community. Redrafting of Gore Hill memorial cemetery Plan Of Management. Administration of the 2014/15 General Levy. Review and reporting on Crown operator financial reports due for the period.

Strategic projects	Crown Governance Reform – appointment of Northern Metropolitan Cemeteries Trust to manage Sandgate Cemetery. Determination of business unit project priorities for 2014-16. Commencement of Cemetery capacity and demand project work. Commencement of Interment rights system industry code of practice development. Commencement of Crown governance reform project work.
Land availability	Inclusion of cemetery and crematoria infrastructure actions in the Plan for Growing Sydney (Dec 2014). Provision of guidance on amendments to Liverpool Local Environment Plan & Development Control Plan on cemetery planning and approval considerations. Comments on cemetery and crematoria infrastructure considerations to the Campbelltown Local Environment Plan.

Legal changes

There were no changes to the CCNSW primary legislation during the reporting period.

Exemptions

In accordance with Treasury Circular 15-18, as a small agency, CCNSW is not required to report annually on disability inclusion plans, workforce diversity, multicultural policies and services program and work, health and safety. As CCNSW had been operation for less than a year on 30 June 2015, there is no comparative data for previous reporting periods.

Work, health and safety requirements such as the office ergonomic checklist were undertaken for staff during the 2014-2015 year. CCNSW comes under the NSW Department of Primary Industry – Lands, Work, Health and Safety Committee and has nominated a staff representative to this committee.

Human resources

Under the *Cemeteries and Crematoria Act* CCNSW does not directly employ staff. Staff are engaged by the NSW Department of Industry.

Salary level	\$0-\$41679	\$41679-\$54742	\$54742-\$61198	\$61198-\$77441	\$77441-\$100145	\$100145-\$125181	\$125181> (non SES)	SES	Total
Female					2		1		3
Male							3	1	4
Totals					2		4	1	7

Numbers and remuneration of senior executives

The total number of executives employed at the end of the 2014-15 financial year was 1.

2014-2015			
Band	Female	Male	TRP band (\$)
SE1		1	\$174,500-\$248,850

Consultants

Consultants over \$50,000

Consultant	Costs \$	Title/Nature
DAH Consulting Pty Ltd	100,260	Continuation of cemetery reform process
Total	100,260	

Consultants under \$50,000

Consultant	Costs \$	Number of engagements
Training	7,671	1
Management Services	41,668	3
Policy review	33,264	2
Total	82,603	6

Promotion

There were no overseas visits by staff of CCNSW during 2014-2015.

Consumer response

No complaints were received during 2014-2015. As an interim measure, CCNSW will use the Complaints Management and Investigations Framework of the Land & Natural Resources Branch, Department of Primary Industries for resolving any complaints received.

Payment of accounts

CCNSW operates under a corporate and shared services agreement whereby the Finance, Strategy & Operations Branch of the Department of Primary Industries processes account payments on behalf of the agency. Reporting on account payments and performance is provided at a Departmental level.

Risk management and insurance activities

Preliminary risk assessment was undertaken during the reporting period. Insurance coverage for the building structure is provided by the NSW Food Authority.

Privacy

CCNSW has taken steps to ensure compliance with the *Privacy and Personal Information Protection Act 1998*. Cemeteries and Crematoria NSW will only collect personal information for a lawful purpose which directly relates to our primary function as a NSW Government agency. CCNSW will not disclose personal information to any party without the information owner's consent unless legally required to do so.

Public Interest Disclosures (PID)

There were no public interest disclosures under the *Public Interest Disclosures Act 1994* during 2014 – 2015.

Applications under the Government Information (Public Access) Act 2009

There were no access to government information applications under the Act for 2014-2015.

Issues of significance raised by the Auditor-General

No issues of significance were raised by the Auditor-General during the audit of Cemeteries and Crematoria NSW for 2014-2015.

Annual Report cost and availability

The CCNSW Annual Report has been prepared in compliance with Premier's Memorandum 2013-09 using a cost minimisation process. The production cost consisted of staff time taken to prepare the document and no consultants were engaged.

The Annual Report 2014-2015 is available on the CCNSW website and electronic copies have been deposited with State Records, State Library of NSW, NSW Parliamentary Library and the National Library of Australia.

Appendices attached:

- Statutory Auditors Report
- Independent Auditors Report
- Financial Statements 2014-2015



Dr Stepan Kerkyasharian AO
Chair
Cemeteries and Crematoria NSW
PO Box 6682
Silverwater NSW 1811

Contact: Chris Giumelli
Phone no: 02 9275 7167
Our ref: D1545759/1663

21 January 2016

Dear Dr Kerkyasharian

STATUTORY AUDIT REPORT
for the period ended 30 June 2015
Cemeteries and Crematoria NSW

I have audited the financial statements of Cemeteries and Crematoria NSW (Cemeteries) as required by the *Public Finance and Audit Act 1983* (PF&A Act). This Statutory Audit Report outlines the results of my audit for the period ended 30 June 2015, and details matters I found during my audit that are relevant to you in your role as one of those charged with the governance of the Cemeteries. The PF&A Act requires that I send this report to Cemeteries, the Minister and the Treasurer.

This report is not the Independent Auditor's Report, which expresses my opinion on Cemeteries' financial statements. I enclose the Independent Auditor's Report, together with Cemeteries' financial statements.

My audit is designed to obtain reasonable assurance the financial statements are free from material misstatement. It is not designed to identify and report all matters you may find of governance interest. Therefore, other governance matters may exist, which have not been reported to you.

My audit is continuous. If I identify further significant matters, I will report these to you immediately.

Audit Result

I expressed an unmodified opinion on the Cemeteries' financial statements and I have not identified any significant matters.

Misstatements in the Financial Statements

I have certain obligations for reporting misstatements:

- the PF&A Act requires agencies to obtain the Auditor-General's approval for all changes to the financial statements originally submitted for audit. The more significant/material changes will be reported in the Statutory Audit Report
- the Auditing Standards require me to bring matters of governance interest and significant misstatements identified during the audit to the attention of those charged with governance
- where misstatements resulted from, or were not detected because of failures in internal controls and/or systemic deficiencies which pose a significant risk to Cemeteries, I will report these in accordance with my statutory obligations.

The financial statements contained misstatements which are listed in the attached Appendix. The Appendix explains the nature and impact of the misstatements in Cemeteries' financial statements.

- Table One reports significant corrected misstatements individually.
- Table Two reports significant uncorrected misstatements individually.

Compliance with Legislative Requirements

My audit procedures are targeted specifically towards forming an opinion on Cemeteries' financial statements. This includes testing whether Cemeteries has complied with legislative requirements that may materially impact on the financial statements. The results of the audit are reported in this context. My testing did not identify any reportable instances of non-compliance with legislative requirements.

Governance Matters

Cemeteries and Crematoria NSW was created on 1 November 2014 and initial set of financial statements submitted for audit on 27 July 2015 included an equity transfer of \$1.6 million from Public Reserve Management Fund in accordance with the Section 6 (f(1)) of the *Public Reserves Management Fund Act 1987* (the Act). However this section of the Act requires a direction from the Minister for the transfer to occur. Management advised a Ministerial direction had not occurred before 30 June 2015. Cemeteries should ensure an approval from the Minister is sought and received prior to completing this transfer.

Quality and Timeliness of Financial Reporting

Treasury Circular TC 15/02 'Mandatory Early Close Procedures for 2014-15' required Cemeteries to prepare certain aspects of the financial statements before year-end and provide the outcomes to the audit team. Treasury Circular TC 15/11 'Agency guidelines for the 2014-15 Mandatory Annual Returns to Treasury' required Cemeteries to submit its year-end information to Treasury and its financial statements to the Audit Office on 27 July 2015.

Cemeteries completed the mandatory early close procedures set out in TC 15/02 and supplied the outcomes to the Audit Office within the specified timeframe. Cemeteries also submitted financial information to Treasury and the financial statements and supporting working papers to the Audit Office by the due dates.

Acknowledgment

I thank the Cemeteries' staff for their courtesy and assistance.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Chris Giumelli". The signature is written in a cursive style with a large initial "C".

Chris Giumelli
Director, Financial Audit Services

APPENDIX

Table One: Corrected Monetary Misstatements and Disclosure Deficiencies

Corrected Monetary Misstatements

Management corrected the following misstatements in the current year's financial statements. The audit team agrees with management's determination and confirms this treatment complies with Australian Accounting Standards.

Description	Assets	Liabilities	Retained earnings/Equity	Comprehensive income
Effect of correction	Increase/ (Decrease)	(Increase)/ Decrease	(Increase)/ Decrease	(Increase)/ Decrease
	\$'000	\$'000	\$'000	\$'000
Factual misstatements				
Accrued income related to retained levies was understated	36	-	--	(36)
Personnel services expense was understated	--	(24)	--	24
Equity transfer was included in the financial statements without the authorisation from the Minister	(1,616)	--	1,616	--
Audit fee was understated	--	(7)	--	7
Total impact of corrected misstatements	(1,580)	(31)	1,616	(5)

Corrected Disclosure Deficiencies

Management corrected the following misstatement in the current year's financial statements. The audit team agrees with management's determination and confirms this treatment complies with Australian Accounting Standards.

AASB reference	Disclosure title	Description of disclosure deficiency
Note 10	Funding Transfer	Inserted a note detailing the expected transfer of funds from the Public Reserves Management Fund of \$1.6 million.

Management corrected some other minor disclosure deficiencies in the current year's financial statements.

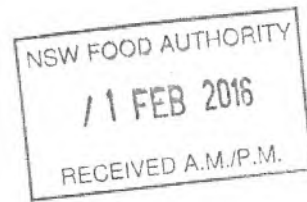
Table Two: Uncorrected Monetary Misstatements and Disclosure Deficiencies

Uncorrected Monetary Misstatements

The audit team did not detect any monetary misstatements that remain uncorrected in the financial statements.

Uncorrected Disclosure Deficiencies

The audit team did not detect any disclosure deficiencies that remain uncorrected in the financial statements.



INDEPENDENT AUDITOR'S REPORT

Cemeteries and Crematoria NSW

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Cemeteries and Crematoria NSW (Cemeteries), which comprise the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period 1 November 2014 to 30 June 2015, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of Cemeteries as at 30 June 2015, and of its financial performance and its cash flows for the period 1 November 2014 to 30 June 2015 in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

The Board's Responsibility for the Financial Statements

The members of the Board of Cemeteries are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act and for such internal control as the Board determines is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

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

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.



C J Giumelli
Director, Financial Audit Services

21 January 2016
SYDNEY

Cemeteries and Crematoria NSW

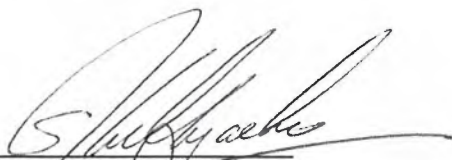
Financial Statements

June 2015

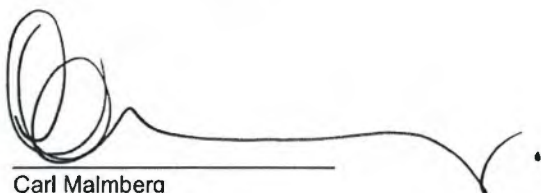
CEMETERIES AND CREMATORIA NSW

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

- (a) the accompanying financial statements have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the provisions of the *Public Finance and Audit Act 1983*, the applicable clauses of the *Public Finance and Audit Regulation 2015*, and the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer;
- (b) the accompanying financial statements exhibit a true and fair view of the financial position and the financial performance of Cemeteries and Crematoria NSW for the period 1 November 2014 to 30 June 2015;
- (c) at the date of signing we are not aware of any circumstances that would render the financial statements misleading or inaccurate.



Dr Stepan Kerkyasharian
Chair



Carl Malmberg
Chief Executive Officer

18 December 2015

CEMETERIES AND CREMATORIA NSW
STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD 1 NOVEMBER 2014 TO 30 JUNE 2015

	Notes	2015 \$
Expenses excluding losses		
Operating expenses		
Personnel services expense	2(a)	199,044
Other operating expenses	2(b)	238,657
Total Expenses excluding losses		<u>437,701</u>
Revenue		
Retained levies	3(a)	447,040
Investment revenue	3(b)	584
Total Revenue		<u>447,624</u>
Net Result	7	<u>9,923</u>
Total other comprehensive income		-
TOTAL COMPREHENSIVE INCOME		<u><u>9,923</u></u>

The accompanying notes form part of these financial statements.

CEMETERIES AND CREMATORIA NSW
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Notes	2015 \$
ASSETS		
Current Assets		
Cash and cash equivalents	4	212,815
Receivables	5	188,106
Total Current Assets		<u>400,921</u>
Total Assets		<u>400,921</u>
LIABILITIES		
Current Liabilities		
Payables	6	390,998
Total Current Liabilities		<u>390,998</u>
Total Liabilities		<u>390,998</u>
Net Assets		<u>9,923</u>
EQUITY		
Accumulated funds		9,923
Total Equity		<u>9,923</u>

The accompanying notes form part of these financial statements.

CEMETERIES AND CREMATORIA NSW
STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 NOVEMBER 2014 TO 30 JUNE 2015

	Notes	Accumulated Funds \$	Total Equity \$
Balance at 1 November 2014		-	-
Net result for the year		9,923	9,923
Transactions with owners in their capacity as owners			
Increase / (decrease) in net assets from equity transfers		-	-
Total transactions with owners in their capacity as owners		-	-
Balance at 30 June 2015		9,923	9,923

The accompanying notes form part of these financial statements

CEMETERIES AND CREMATORIA NSW
STATEMENT OF CASH FLOWS FOR THE PERIOD 1 NOVEMBER 2014 TO 30 JUNE 2015

		2015
		\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Personnel services		-
Other		(7,697)
Total Payments		<u>(7,697)</u>
Receipts		
Retained levies		220,512
Total Receipts		<u>220,512</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	7	<u><u>212,815</u></u>
NET INCREASE/(DECREASE) IN CASH		
		212,815
Opening cash and cash equivalents		-
Cash transferred in / (out) as a result of administrative restructuring		-
CLOSING CASH AND CASH EQUIVALENTS	4	<u><u>212,815</u></u>

The accompanying notes form part of these financial statements.

CEMETERIES AND CREMATORIA NSW

NOTES TO AND FORMING OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

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

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

- (a) all money advanced to the Cemeteries Agency by the Treasurer or appropriated by Parliament for the purposes of the Cemeteries Agency,
- (b) all money directed or authorised to be paid into the Cemeteries Agency Fund by or under this or any other Act,
- (c) levies or other payments made under section 24 of the *Cemeteries and Crematoria Act 2014*,
- (d) payments directed to be paid to the Cemeteries Agency under section 40 of the *Cemeteries and Crematoria Act 2014*,
- (e) the proceeds of the investment of money in the Cemeteries Agency Fund,
- (f) all money received by the Cemeteries Agency from any other source.

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

- (a) enabling the Cemeteries Agency to exercise its functions,
- (b) the acquisition of land under section 14 of the *Cemeteries and Crematoria Act 2014*.

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

These financial statements for the period ended 30 June 2015 have been authorised for issue by the Chair and Chief Executive Officer on the date the accompanying statement by the Chair and Chief Executive Officer was signed.

(b) Basis of preparation

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

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2010* and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

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

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

(c) Statement of compliance

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

(d) Insurance

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

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

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

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

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

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

CEMETERIES AND CREMATORIA NSW

NOTES TO AND FORMING OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Income recognition

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

(i) Retained levies

Revenue from the retaining of levies is recognised as revenue when Cemeteries transfers the significant risks and rewards of ownership of the assets.

(ii) Rendering of services

Revenue is recognised when the service is provided.

(iii) Investment revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*. Rental revenue is recognised in accordance with AASB 117 *Leases* on a straight-line basis over the lease

(g) Assets

(i) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost, or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured as the original invoice amount where the effect of discounting is immaterial.

(ii) Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

When an available for sale financial asset is impaired, the amount of the revaluation is removed from equity and a loss recognised in the net result for the year, based on the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised in the net result for the year.

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

(iii) Derecognition of financial assets and financial liabilities

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

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

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

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

(iv) Other assets

Other assets are recognised on a cost basis.

(h) Liabilities

(i) Payables

These amounts represent liabilities for goods and services provided to Cemeteries and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

CEMETERIES AND CREMATORIA NSW

NOTES TO AND FORMING OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Equity and reserves

(i) Accumulated Funds

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

(j) Personnel services

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

(k) Comparative information

No comparatives exist as Cemeteries commenced on 1 November 2014.

(l) New Australian Accounting Standards issued but not effective

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

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

- AASB 9, AASB 2010-7 and AASB 2013-9 (Part C), AASB 2014-1 (Part E), AASB 2014-7 and AASB 2014-8 regarding financial instruments
- AASB 15 and AASB 2014-5 regarding Revenue from Contracts with Customers
- AASB 2014-4 regarding acceptable methods of depreciation and amortisation
- AASB 2014-9 regarding equity method in separate financial statements
- AASB 2015-1 regarding annual improvements to Australian Accounting Standards 2012-2014 cycle
- AASB 2015-2 regarding amendments to AASB 101 disclosure initiatives
- AASB 2015-3 regarding materiality

Cemeteries has considered these Standard not to have a material impact on these financial statements.

CEMETERIES AND CREMATORIA NSW
 NOTES TO AND FORMING OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2. EXPENSES EXCLUDING LOSSES

	2015
	\$
<hr/>	
(a) Personnel Service Expenses	
Personnel services	199,044
	<u>199,044</u>
(b) Other operating expenses include the following:	
Advertising and promotion	245
Auditor's remuneration – audit of financial reports	12,000
Catering	3,327
Computer software fees	291
Consultancy	22,497
Contractors and other fees	116,691
Motor vehicle expenses	52
Operating lease rental expense – minimum lease payments	76,130
Other operating	1,140
Printing	674
Telecommunication	39
Travel	5,571
	<u>238,657</u>

3. REVENUES

	2015
	\$
<hr/>	
(a) Retained levies	
Crown Cemeteries levy	447,040
	<u>447,040</u>
(b) Investment revenue	
Interest	584
	<u>584</u>

CEMETERIES AND CREMATORIA NSW
 NOTES TO AND FORMING OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

4. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2015
	\$
Cash at bank and on hand	212,815
	<u>212,815</u>

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

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

Cash and cash equivalents (per statement of financial position)	212,815
Closing cash and cash equivalents (per statement of cash flows)	<u>212,815</u>

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

5. CURRENT ASSETS - RECEIVABLES

	2015
	\$
CURRENT	
Accrued income	186,322
Interest receivable	584
Net GST receivable	1,200
	<u>188,106</u>

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

6. CURRENT LIABILITIES - PAYABLES

	2015
	\$
CURRENT	
Accruals	13,200
Creditors - Department of Trade & Investment, Regional Infrastructure and Services (DTIRIS)	377,798
	<u>390,998</u>

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

	2015
	\$
Net cash used on operating activities	212,815
Impact of administrative restructures	-
Increase/(decrease) in receivables	188,106
Decrease/(increase) in creditors	<u>(390,998)</u>
Net result	<u>9,923</u>

8. FINANCIAL INSTRUMENTS

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

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

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

(a) Financial Instrument Categories

Financial Assets	Note	Category	Carrying Amount 2015
Class:			
Cash and cash equivalents	4	N/A	212,815
Receivables ¹	5	Loans and receivables (at amortised cost)	584
Financial Liabilities	Note	Category	Carrying Amount 2015
Class:			
Payables ²	6	Financial Liabilities measured at amortised cost	390,998

Notes

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

(b) Credit Risk

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

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

Cash

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

Cemeteries have no financial assets past due or impaired as at 30 June 2015.

(c) Liquidity risk

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

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

CEMETERIES AND CREMATORIA NSW

NOTES TO AND FORMING OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

8. FINANCIAL INSTRUMENTS (continued)

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

Maturity analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Int. Rate	Nominal Amount ¹ \$	Interest Rate exposure			Maturity Dates		
			Fixed Int. Rate \$	Variable Int. Rate \$	Non-interest Bearing \$	< 1 yr	1 - 5 yrs	> 5 yrs
2015								
Payables	0.0%	390,998	-	-	390,998	390,998	-	-
		390,998	-	-	390,998	390,998	-	-

Notes:

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

(d) Market risk

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

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

Interest rate risk

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

Cemeteries exposure to interest rate risk is set out below.

	Carrying Amount \$	-1% Result \$	-1% Equity \$	+1% Result \$	+1% Equity \$
2015					
Financial Assets					
Cash and cash equivalents	212,815	(2,128)	(2,128)	2,128	2,128
Receivables	584	-	-	-	-
Financial Liabilities					
Payables	390,998	-	-	-	-

Other price risk - Tcorp Hour Glass Investment facilities

Cemeteries holds no units in Hour-Glass investment trusts.

CEMETERIES AND CREMATORIA NSW

NOTES TO AND FORMING OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

8. FINANCIAL INSTRUMENTS (continued)

(e) Fair value measurement

(i) Fair value compared to carrying amount

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

9. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

10. FUNDING TRANSFER

On 1 November 2014, Cemeteries was established. Previously Cemeteries was incorporated in the Public Reserves Management Fund (PRMF) and net revenues were recorded in the PRMF's bank account. On establishment of Cemeteries, pursuant to Section 6 (f1) of the *Public Reserves Management Fund Act 1987*, any proceeds paid in to the PRMF bank account for the purposes of the Crown Cemeteries Advisory Committee or Interim Cemeteries and Crematoria Board are to be paid into the Cemeteries and Crematoria NSW Fund. This is expected to be received in the 2015-16 financial year.

The table below details the assets anticipated to be transferred from the PRMF:

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

11. EVENTS AFTER REPORTING DATE

Other than discussed below, there are no events subsequent to the balance date that affect the financial information disclosed in the financial statements.

On July 1 2015 the Department of Industry, Skills & Regional Development was established as a continuation of the abolished DTIRIS. All the payables to DTIRIS are payable to the new Department.

End of financial statements.