



Southern Metropolitan  
Cemeteries Land Manager



# Annual Report

2019



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## From our community, for our community

*Soaring ever skyward  
Intertwined in an eternal embrace  
United with a perfect rose  
Is our gift of peace and hope.*

*Enfolded in our wings are those you love  
Nurtured, cherished, released and free  
Yielding compassion in time of loss  
Gently uplifting those who grieve.*

*Gliding over our beautiful gardens  
Incomparable serenity awaits  
Around every corner, a wellspring of hope  
In times of need and for each new day.*

*The care we uphold for each other  
Is treasured eternally in our hearts  
For here lies a place for our memories  
Now and for generations who pass.*





# Introduction



## Our Purpose

We believe that every person, regardless of their religion, culture or personal preference should be able to honour and celebrate their loved one as they choose. During this past year, our purpose has underpinned everything we do and our commitment to care, compassion and companionship has steered our strategic decisions.

Southern Metropolitan Cemeteries Land Manager (SMCLM) is honoured to provide every member of our community with the same high standard of personalised service and care. Our strategies are aligned with our corporate social responsibility. We are a trusted public organisation that supports and cares for all.

We strive to provide services that are contemporary and meaningful; and we continue to anticipate and innovate based on community expectations into the future. Above all, we are conscious of the need to stay relevant and sustainable over the long term. Operating within the NSW Cemeteries and Crematoria Act 2013 and the Crown Land Management Act 2016, SMCLM will continue to invest in capabilities that drive innovation and agility.

Through ongoing community engagement, we are delivering services that enhance our customers’ experiences. We are committed to developing culturally specific precincts across our sites to meet growing community needs.

In doing so, we aim to provide the highest standard of service to the NSW community and to meet our community perpetual maintenance obligations, supported by strategic foresight, operational excellence and strong financial performance.

A measure of a good society is how well it cares for those in need. The SMCLM provides places for mourning, where those who grieve can navigate their journey at their own pace.

## Mission Statement

We exist to provide dignity and empathy for the families and community of the bereaved. The purpose of our existence is to ensure that we provide iconic community facilities for perpetuity. Our mission statement has three interwoven components:

- We have a duty of care to the bereaved
- We have a duty of care to the deceased
- We have a duty of care to the reputation of the SMCLM

By providing this service in the most professional manner, the sentiments of the community can crystallise around the competence and expertise of the staff from our cemeteries.

## Our Goals

- To conduct and maintain burial and cremations to the highest standard
- To attract families to conduct burials and cremations at our two cemeteries
- To be the preferred choice for burials and cremations in the Southern and Eastern region
- To provide exceptional customer service levels to ensure the family’s experience meets and even exceeds expectations
- To ensure the celebration of life for their loved one is achieved

## Our Vision

As board members, management, staff and contractors, we strive daily to maintain our vision of being caring and responsive to a diverse range of faiths, practices and customs. We aim to be an integral part of this diverse community as we strive to be at the forefront of world-class memorial parks. In meeting its vision, the SMCLM recognises that it provides its local communities with the following services and benefits:

- A place to grieve and reflect
- Beautiful peaceful garden and parkland settings
- Cemetery and Crematorium
- Educational resource
- Historical/heritage site
- Recreational space
- Function and reception facilities
- Be innovative and open to new technologies

## Our Values

### Community

- Serving the community
- Building long term relationships, providing leadership and supporting the community

### Accountability

- Doing the right thing
- Taking ownership, initiative and ‘Living the Values’

### Respect & Trust

- Show integrity in all we do, display honesty and loyalty

### Excellence

- Delivering caring quality service
- Consistently exceeding expectations on performance and WHS standards

### Strength & Courage

- Working together
- Through leadership and teamwork, show courage to think outside the square





## Chair's Message



**Joanne Muller**  
Chair

It has been a year of change and challenge for the board of Southern Metropolitan Cemeteries Land Manager (SMCLM).

I want to acknowledge and thank my fellow board members for their exceptional efforts throughout the year. For much of the year the board operated without a full complement of members. This, combined with demands resulting from operational matters, meant there was a considerable increase in the workload on our board members.

There has been significant change in the executive leadership of SMCLM. The board would like to acknowledge and thank Jason Masters, for stepping in at short notice as our Interim CEO for over six months of this financial year. The board was fortunate to retain the services of Mr Masters who not only has extensive experience in governance and probity but also was coming off a two year period as the Administrator of Rookwood General Cemeteries Reserve Land Manager (RGCRLM).

Subsequent to Mr Masters' arrival, there were two major operational events that had an impact on our operations during the balance of the year.

On behalf of the board I wish to publicly acknowledge the phenomenal effort of all of our staff to work through these events. A public vote of thanks also goes to our stakeholders, in particular to funeral directors and stonemasons, as well as our regulator, Cemeteries and Crematoria NSW, who worked with us to minimise the impact on our joint community of families.

The board also acknowledges the support of AusGrid, RGCRLM, and the Ministry of Health for their positive responses to critical matters SMCLM needed to manage. The work of these and other organisations in conjunction with Mr Masters ensured the operational integrity of SMCLM and we are grateful for this support.

During this financial year SMCLM has worked on putting in place a framework that significantly invests in safety and culture, policies and procedures, risk management, technology, governance, reporting and accountabilities. This assertive program of change may have a short-

## Chair's Message

term impact on the operations and financial performance. The board has balanced this against its clear focus of ensuring the sustainability of our operations for now and into the next century.

The financial year results show a loss of \$1.5m. The board has assessed the assets for impairment and resolved to recognise an impairment to land and buildings of \$7.9m. These impairments are non-cash and in the opinion of the board address the historic overstatement of the asset balances.

The underlying profit of the business was \$1.7m. The returns on the perpetual fund in the current market of \$4.6m were reasonable in the current economic environment of depressed market returns. The availability of burial rights will continue to impact revenues. The board is currently working towards an overall strategy to address the supply constraints. The optimal use of the crematoriums and facilities will underpin future investment priority at the operations level.

SMCLM, adopting good governance principles, has appointed a new auditor for the 2019 financial year.

The enactment of the Crown Land Management Act 2016 resulted in a change of structure and name of the entity (SMCLM previously Southern Metropolitan Cemeteries Trust).

During this year the board was pleased to receive the consent of CCNSW to commence working on a Plan of Management. Work on this multifaceted project has started. One key element of the Plan of Management will facilitate stronger engagement with our stakeholders, including but not limited to communities of faith, funeral directors, stonemasons and neighbours.

SMCLM continues to explore a number of opportunities to improve our technology platform. This is a multiyear project. Work is also in progress around the development of financial reporting models to ensure unit accountability which also has the benefit of providing data points for key decisions.

The major issue confronting SMCLM is the availability of future land for families who need to bury their loved ones. We are at a critical point in relation to our Eastern Suburbs families, and we recently met with our Minister and the Cluster Minister, particularly highlighting the limited opportunities for new land in the Eastern Suburbs.

It may be that innovative solutions, such as vertical cemeteries can be explored, which will require consultation with a number of regulatory agencies such as CCNSW, Ministry of Health, Ministry of Planning as well as our communities as to the acceptability and viability of these options.

Whilst Woronora has longer burial availability, we urgently need to identify future land holdings to ensure ongoing supply for our communities in the Southern parts of Sydney.

I would like to acknowledge the support of the Minister through this year, in particular allowing one of our board members to move into an executive role for defined periods of time to assist management was an additional resource to work through a number of critical issues.

Through the complexity of this year, we have continued to provide vital services to our families and also to the broader community through events such as the Woronora Open Day and Christmas Carols, and the Baby Lily Grace Memorial Service at Eastern Suburbs Memorial Park as examples.

I am delighted to have announced the appointment of our new permanent CEO, Matthew Youell. Mr Youell commenced in August 2019. He comes to use with an exceptional amount of experience in both utilities and local government, with an engineering background and the commercial aspect of local government, which previously included cemeteries within his portfolio of responsibilities.

On a personal note it has been an honour to initially step in as the Deputy Chair (Interim Chair) in October 2018, and I thank the Minister for appointing me as the Chair through to February 2020.

**Joanne Muller**  
Chair





# Interim Chief Executive Officer’s Report



## Jason Masters Interim Chief Executive Officer

The year past has been a seminal year for Southern Metropolitan Cemeteries Land Manager (SMCLM) as it has undergone significant changes and challenges.

Importantly, as we commenced these changes, we have been able to maintain the quality and compassionate level of services at SMCLM with its two main operations at Woronora Memorial Park and Eastern Suburbs Memorial Park (Botany).

Firstly, I would like to acknowledge the resilience of our staff and their trust responding to the changes and challenges that we have been working through. Their dedication to ensuring the continuity of our operations for our community and families has been warmly received by both myself, our board and our community of stakeholders. They have continued their dedication to ensure that the needs of our families are met, acknowledging that through this period, there has been some disruption. We have been transparent with them, and therefore I

would also like to acknowledge the support those families have provided back to us.

Secondly, I would like to acknowledge our key stakeholders. There have been several significant impacts on our operations this year, and through open and transparent dialogue with our partners such as funeral directors, stonemasons, community leaders from various faiths, and our utility providers, we have been able to ensure the management of our collective families through these challenges. I recognise that some of these challenges have had an impact on some of our stakeholders and I would like to thank them for working so closely with us during these periods.

During the year (and after year end) there were a number of leadership changes at SMCLM with three of the senior executive positions changing during the last eight months. This has provided the opportunity for new senior executives to come on board; some in an interim capacity, such as myself, and others in permanent roles.

I am grateful for the Minister’s approval twice during my term as the Interim CEO to permit one of the board members to move into an executive

## Interim Chief Executive Officer’s Report

role and assist with the challenges that the executive team have been working through.

Nonetheless, I am pleased with the operational performance of the cemeteries during the year:

	2018-19	2017-18	Change
Burials	1,243	1,330	(87)
Cremations	3,098	3,104	(6)
Ashes interments	1,832	2,004	(172)

Availability of stock and the impact of remanent stock has and will continue to impact the burial sales and interments. A pipeline to deliver continuous availability of stock is being developed, however, in the interim decline in sales will be driven by the lack of available stock. However, recognising the long time nature of this solution, other initiatives have been commenced around encouraging existing families to reuse their existing licences either for additional burials or interments of ashes and reclaiming unused licences in accordance with the Act. Work will also commence on other innovations such as vertical cemeteries, as has been undertaken overseas where land availability has become an issue.

Financially there has been an impact to our bottom line as there has been an increase in expenditure to address the issues that have confronted the cemetery. The Directors have assessed the value of assets and determined to impair the assets based on independent valuations and assessment of value in use. A write down of land and building of \$7.9m has been recognised in the Financial Reports. These impairments are non cash and the impact has been recognised in accumulated funds.

This has meant that the land manager will declare a loss of \$1.5m after impairment to land and buildings of \$7.9m. The underlying business remains profitable. Additional work will need to be undertaken in the subsequent financial year to further analyse the underlying performance of a number of the asset groups, inventory and maintenance backlog that the organisation has and the potential impact on the finances of SMCLM for the next few years. It is, however,

important to state that the long-term viability of the organisation is sound.

We have continued to run a number of significant community events during the year, including hosting Baby Lily Grace Memorial, ANZAC Day, and Christmas Carols.

There is still a significant need for the identification of burial options for both ends of our communities of interest. Land options for Sutherland and beyond will need to be explored and this will need to be a priority issue for CCNSW and the Government. Land options in the Eastern Suburbs means that it is highly unlikely that a new traditional cemetery can be constructed to support the ongoing needs of our communities in that part of Sydney. Accordingly, we have already commenced preliminary briefings to the Government on alternative cemetery designs and concepts.

I would like to thank the Chair and the board who have put in a significant effort over and above the expectation to support the organisation and the management team.

It has been an honour to provide short term leadership through this preliminary transitional phase for the cemetery, and I wish the new CEO, Matthew Youell, and his management team all the best for the next phases of these important social services to the people of Sydney.

Jason Masters  
Interim Chief Executive Officer





## Board Members & Senior Managers

Statutory Meetings for FY 2019



### Board Members

	<b>Anthony Charles Simpson</b> LLB MAICD Chairman (to January 2019)
	<b>Joanne Muller</b> BSc DipED LLB MAICD Board Member (Chair from February 2019)
	<b>Maria Cosmidis</b> BA BSW MM Board Member (on leave of absence 27 December 2018 to 11 January 2019)
	<b>Carol Provan</b> CMC JP MAICD Board Member
	<b>Jennifer Davis</b> BFA (UNE) GAICD Board Member
	<b>CDRE Stephen McDowall</b> DSM CSM GAICD Board Member
	<b>Anthony Lee</b> GAICD CPENG MBA BE(Aero) Board Member (to January 2019)

### Senior Management

	<b>Graham Boyd</b> B.Com (Hons) CPA MBA MAICD Chief Executive Officer (to December 2018)
	<b>Shane Donaghy</b> MCOMP A GAICD Chief Financial Officer (to July 2019)
	<b>Eddie Swat</b> EBSc Arch USyd BArch UTS MPlan UTS MPIA Senior Manager, Capital Works (from June 2018)
	<b>Carolyn Dowe</b> JP Senior Manager, Customer Care
	<b>Sally Dillon</b> MAHRI Manager, People and Culture (from May 2018)
	<b>Rob Smart</b> General Manager, Operations, Facilities and Assets (from March 2019)
	<b>Steve Donaldson</b> JP Senior Manager Operations (to December 2018)

Board Meetings	25/7/18	3/10/18	28/11/18	27/2/19	10/4/19	1/6/19
Anthony Simpson (service concluded October 2018)	✓	✓	N/A	N/A	N/A	N/A
Anthony Lee (service concluded October 2018)	✓	✓	N/A	N/A	N/A	N/A
Joanne Muller (Acting Chair, November 2018 appointed Chair, July 2019)	✓	✓	✓	✓	✓	✓
CDRE Stephen McDowall	✓	x	✓	✓	✓	✓
Carol Provan	✓	✓	✓	✓	✓	✓
Jennifer Davis	✓	✓	✓	✓	✓	✓
Maria Cosmidis	✓	✓	✓	✓	✓	✓
Finance Committee Meetings	10/9/18	27/2/19	10/4/19	1/6/19		
Anthony Simpson (service concluded 24 October 2018)	✓	N/A	N/A	N/A		
CDRE Stephen McDowall (Chair, reappointed January 2019)	✓	✓	✓	✓		
Jennifer Davis	✓	✓	✓	✓		
By invitation Joanne Muller	N/A	✓	✓	✓		
By invitation Carol Provan	N/A	✓	✓	✓		
By invitation Maria Cosmidis	N/A	✓	✓	✓		
Audit, Governance & Risk Committee Meetings	25/7/18	3/10/18	28/11/18	27/2/19	10/4/19	1/6/19
Anthony Lee (Chair, service concluded 24 October 2018)	✓	✓	N/A	N/A	N/A	N/A
Maria Cosmidis (Chair, appointed November 2018)	✓	✓	✓	✓	✓	✓
CDRE Stephen McDowall	✓	x	✓	✓	✓	✓
By invitation Anthony Simpson	✓	✓	N/A	N/A	N/A	N/A
By invitation Joanne Muller	N/A	N/A	✓	✓	✓	✓
By invitation Jennifer Davis	N/A	N/A	x	✓	✓	✓
By invitation Carol Provan	N/A	N/A	x	✓	✓	✓
Community Committee Meetings	3/10/18	10/4/19				
Joanne Muller (Chair, appointed October 2018)	✓	✓				
Carol Provan	✓	✓				
Maria Cosmidis	✓	x				
By invitation Jennifer Davis	N/A	✓				
By invitation Stephen McDowall	N/A	x				





# Finance Report

**Rachael Kennedy**  
Chief Financial Officer

## Financial Performance

A loss of \$1.5m has been reported in the financial statements. The board have assessed the asset balances and have determined an impairment of \$7.9m was required to align the asset values to independent valuations. The underlying profit of the Land Manager was \$1.7m a significant decrease on the prior year’s underlying profit of \$6m. Revenue from sales has decreased by \$3.5m attributable to a number of factors including lack of available stock and shifting community sentiment with respect to burials and ash memorialisation. The board and Executive Management are considering strategies to optimise revenue within the current constraints including development of a reclamation program and assessing crematorium profit maximisation.

Investment income reduced by approximately \$1.5m reflecting the current state of the markets both domestic and international. The board consider the portfolio is appropriate and in line with the Investment Policy. The depressed returns are forecast to continue over the next year. The SMCLM investment strategy continues with a long-term view to ensure the financial assets growth in line with the risk appetite of the board.

## Finance Report

SMCLM continues to work towards ensuring that appropriate frameworks are in place for WHS, IT infrastructure, finance, operations and records management and the board and Executive Management are progressing plans and initiatives to deliver enhanced organisational capability.

Total income from operations across the cemeteries achieved \$21.1 million and \$3.3 million in payment plan sales recognised deferred income. Many of the interment rights sales were in recently constructed areas of the cemetery while others were in heritage sections. Total expenses from all transactions for the year were \$19.3 million compared to \$18.5 million for the prior year. This minimal increase in expenses for 2018/19 highlights the consistent focus on cost control within the SMCLM. Of the expenses, total employment expenses were \$8.2 million, and the crematorium and cemetery maintenance operational costs incurred \$6.8 million, a decrease on prior year reflecting the decrease in sales.

## Financial Position

The SMCLM net assets as at 2018/19 are \$160.2 million ensuring a strong balance sheet for future growth opportunities that can benefit all communities. Buildings were independently valued and the resulting impairment recognises the restricted development and use capability of the assets.

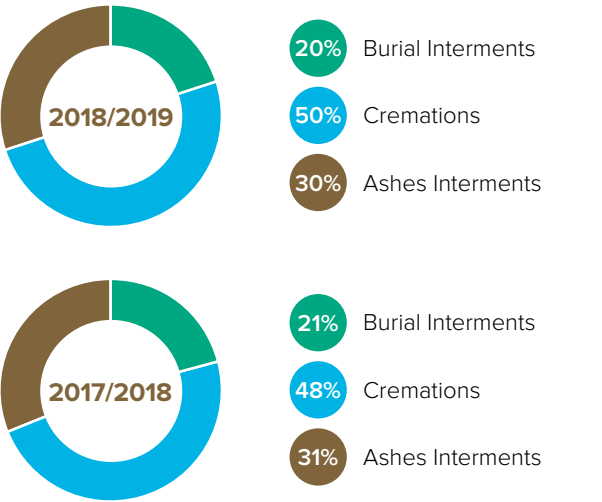
Restatement of prior years has occurred for building depreciation and investment income and are detailed in the attached Financial Statements. For the year \$3.7 million was invested in property, plant and equipment, with the new state of the art crematorium facility at Woronora Memorial Park coming online. SMCLM has deferred revenue of \$3.7 million from 134 payment plans that will mature in future years. This allows families the ability to pay off an interment position in fixed instalment within our cemeteries with no financial interest charged.

## Service and Units

Total burial interments (non-ash interments) for 2018/19 were 1,243 across SMCLM, a decrease of 6.5% on the prior year. The reclamation program will enable SMCLM to make available and better utilise resources. Cremations totalled 3,098, a decrease of 0.2% on prior year, consistent with

national trends and the changing requirements of customers. Total ash interments completed were 1,832 for 2018/19 with SMCLM achieving a consolidated memorialisation rate of 59.1%, a 5% decreased on the prior year. Woronora Memorial Park achieved a memorialisation rate of 70.0%. Burial interment right sales for 2018/19 were 916, with ash and memorial only sales totalling 1,435. Decreasing stock and the desirability of remaining stock will be assessed to evaluate options for addressing decreased sales and the impact on remaining cemetery life.

Type of Service	2018/2019	2017/2018
Burial Interments	1,243	1,330
Cremations	3,098	3,104
Ashes Interments	1,832	2,003
<b>Total Services</b>	<b>6,173</b>	<b>6,437</b>



## Insurances

SMCLM obtains independent insurance advice through an Insurance Broker. Our property assets are protected under an insurance policy called Industrial Special Risks Policy and we have additional insurance cover for public and products liability, motor fleet, management liability, voluntary workers and business travel.

## Grants or sponsorships

Grant / Sponsor	Amount \$
The Pink Elephants Support Network	\$500
Co.As.It	\$3,000



Leases, licences and permits

The following table outlines the leases and licences in effect for the 2018/19 financial year.

Title of Lease	Licence Tenant Name	Description
ESMP Café and Condolence Room	Pelema Retail Pty Ltd	Florist Café and Condolence Room
Woronora Function Centre, Tea Rooms Café and Florist	Celeste Catering Pty Ltd	Function Centre, Tea Rooms, Condolence Lounge, Café and Florist
ESMP Funeral Home	Joseph Medcalf Funeral Services	Funeral Home
Memorial Chapel	Greek Orthodox Archdiocese Trust of Australia	Chapel

Use of Consultants











Consultant	Work performed	Current year spend \$
Sparke Helmore Lawyers	Legal consultant – Northern precinct	143,422
Ausgrid	Investigation work on Northern Precinct	85,050
Greencap Pty Ltd	WHS Safety Audit	63,546
Urbis Pty Ltd	Engineering consultant	39,878
Slr Consulting Australia Pty Ltd	Waste Management Tender Fees	37,604
Capital Insight Pty Limited	Flue Fire Investigation/Strategic Planning Papers	34,810
BDO	Consultancy Fees re Payroll Tax/ CLMA Review	33,628
Deloitte Risk Advisory Pty Ltd	IT Security Audit	27,487
STS Geoenvironmental Pty Ltd	Analysis of soil profile	24,577
The Australian Centre For Management Pty Ltd (ACVM)	Facilitation Services for Board/Executive Team	21,895
Mr. C.J. Bevan	Payroll Tax Review Fees	18,000
JK Geotechnics & Environments	Contamination consultant	15,623
Workdynamic Australia	Professional Fees re Bullying Complaint	14,000
Allstaff Australia Pty Ltd	WHS Consulting Fees	13,200
I2C Design & Management	Plan of Management	10,000
Arup Australia Pty Ltd	Flue Fire Investigation	9,985
Professional Public Relation	PR Consultant – Northern precinct	9,873
O'Connor Marsden & Associates Pty Ltd	Procurement Policy/ Asset Register	8,847
Horton Coastal Engineering	Coastal Engineering consultant	8,509
Wilde And Woollard Pacific Pty Ltd	Flue Fire Investigation/Asset Register	6,532
Gardner Wetherill Associate	Project consultant – Compound	5,318
D.J Hall Consulting Civil And Structural Engineer	Structural engineer consultant	4,909
Earlmap Pty Ltd	Stormwater plan management	4,864
J A Byatt Pty Ltd	Excavation inspection	4,432
Fraudsec Lty Ltd T/AS Whispli	Whistle Blower Software	3,588
Converge International Pty Ltd	Monthly EAP Fee	2,100
Mathew Higginson Landscape	Landscape design – Bumborah Point	1,773
Red Earth Geoscience	Geoscience consultant – Bunnerong power station	1,493
Arborsafe	Aerial location assessment	1,384
John Filocamo	Consulting Fees	1,260
Acor Consultants Pty Ltd	Coal storage space investigation	864
Hall & Wilcox Lawyers	Legal Advice re. Employee issues	450
Total spend 2018/2019		\$ 658,899







# Living the Values

 <b>Community</b> <i>Serving the community</i>	 <b>Accountability</b> <i>Doing the right thing</i>	 <b>Respect &amp; Trust</b> <i>Show integrity</i>	 <b>Excellence</b> <i>Delivering caring quality service</i>	 <b>Strength &amp; Courage</b> <i>Working together</i>
 Building long term relationships, providing leadership and supporting the community	 Taking ownership, initiative and 'Living the Values'	 Show integrity in all we do, display honesty and loyalty	 Consistently exceeding expectations on performance and WHS standards	 Through leadership and teamwork, show courage to think outside the square

## Our People, Values & Culture



### Sally Dillion

Manager, People and Culture

### People and Culture

Southern Metropolitan Cemeteries Land Manager (SMCLM) is a community-based organisation committed to serving the needs of our communities. We are responsible for the care and maintenance of Woronora Memorial Park and Eastern Suburbs Memorial Park and providing memorial services to the community.

Our commitment to professional, personalised care, new thinking, modern sustainable burials, innovative memorials for ashes and special memories makes SMCLM a leading provider of services to our communities while striving to be an employer of choice for our staff.

Our people continue to be SMCLM's most important asset and the passion and dedication shown by our staff is second to none. In August 2018, we outlined some key areas of focus for our people for the 2018-2019 year, which included a renewed focus on organisation culture, leadership and values and behaviours.

### Values

We have updated and refined SMCLM's values to include five categories, using the acronym CARES which is at the heart of what we do. Our new values reflect who we are at our core and simplifying these helps us understand and incorporate them into our day-to-day activities. The new values are as follows:

### Development and Training

#### Leadership

In October 2018 we began a Leadership Training Program for middle management and followed this with a Supervisors and Team Leadership program in November 2018. The program required participants to complete Certificate IV in Leadership and Management, a program run in-house. We have selected our training groups specifically to incorporate people in similar positions from each site who can share experiences, build networks and enhance leadership support across the organisation. This leadership program covers approximately 20 employees across the business.

The first group will graduate from the Leadership program in September 2019, with the following groups to finish around June 2020.

#### Other training opportunities

We have also had an increase in training such as Workplace Health and Safety (WHS) statutory training, Policy and Procedures, and Hazard and Risk Management training during the reporting period.

In the 2019-2020 period we plan to include additional mental health training for staff and practical courses such as computer skills to increase our staff's knowledge as we move to more effective and efficient online systems.



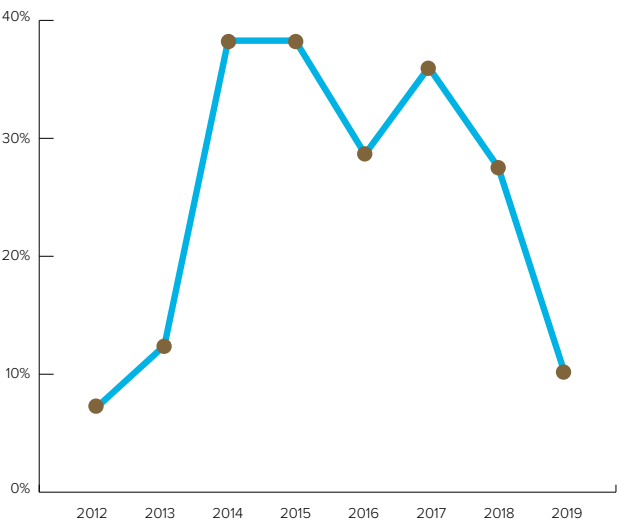
Our People, Values & Culture

Employee numbers

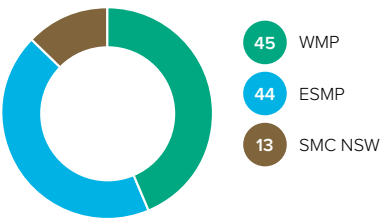
As at 30 June 2019 we had 104 employees including permanent, part time, contract and casual employees.

While our overall staff numbers have stayed stable over the past 12 months, we have seen a significant decline in staff turnover in the last 12 months, compared with the previous five years. Our 24-month goal has been realised in less than 12 months. This is a result of better recruitment, onboarding and leadership practices within the business.

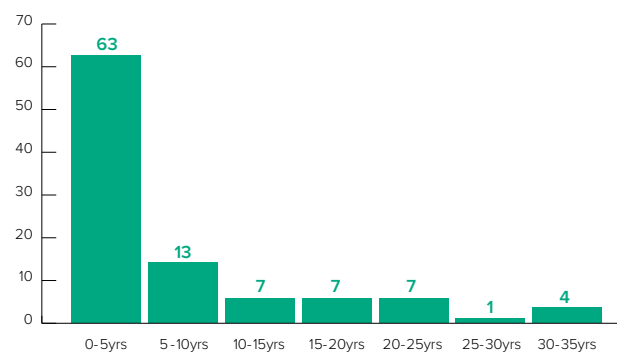
Employee Turnover Rate



Employee FTE Numbers by Location



Employees' Length of Service



Caring for our people

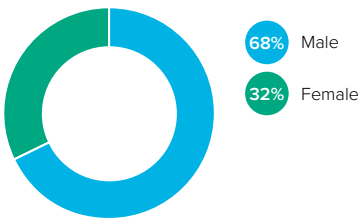
SMCLM provides a range of health workplace strategies that have been designed to improve the workplace, our environment and employee health. Key initiatives include:

- Employee Assistance Program (free counselling service to our employees and their families)
- Quit Smoking Assistance Program
- Annual Skin Cancer Checks
- Audiometric testing
- Annual Flu Immunisations
- Hepatitis B Vaccinations
- Tetanus Vaccinations
- WHS training
- Random Drug and Alcohol Testing

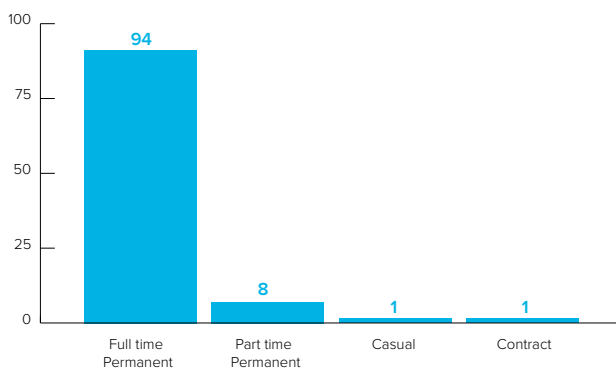
Organisational frameworks

As reported in the previous annual report we have had a strong focus on updating, reviewing and creating solid human resources (HR) and WHS frameworks and robust policies, procedures and management systems in the 2018-2019 period. We have implemented a host of HR policies and procedures in areas such as Recruitment, Grievance and Dispute Resolution, Training and Education, Bullying and Harassment, Probation, Leave and Counselling and Disciplinary, that guide our decision-making and ensure we have consistent people practices across the business.

Employee Numbers by Gender



Employment Status



Online management systems

We have moved to online WHS and HR management systems and have implemented an online Contractor Management System in the 2018-2019 year. In 2019-20, we plan to move to online employee induction and learning and development systems. Online visitor/contractor sign in and out systems will follow as will day-to-day pre-starts, checklists and injury management systems to enhance our effectiveness in these areas.

An online Whistleblower System, Whispli, has also been implemented, so staff can raise complaints anonymously. A key feature of this system is that SMCLM can correspond with people raising these complaints to seek further information, while complainants can remain anonymous throughout the process.

WHS

Improvement of our WHS Management has been at the forefront of SMCLM's people and culture priorities over the last 12 months. Our revised WHS Policy commitment was to 'Establish, implement and maintain our WHS Management System'. It led to the creation and implementation of our 'Be Safe' WHS Management system which began in April 2019 and a WHS Strategic Plan for the period April 2019 – December 2020 was developed.

An overview of our Be Safe Framework is below:

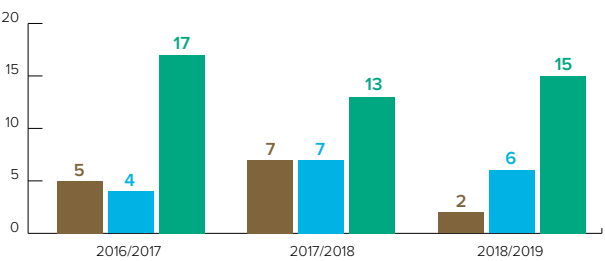


A WHS Risk Register linked to the overall WHS Strategy and Be Safe Management system was also developed, along with WHS KPI's which will be effective until December 2020.

Injury Statistics

The injury statistics relating to workers compensation claims below show overall a decrease in lost time injuries over the last 3 years.

Claims Performance Report

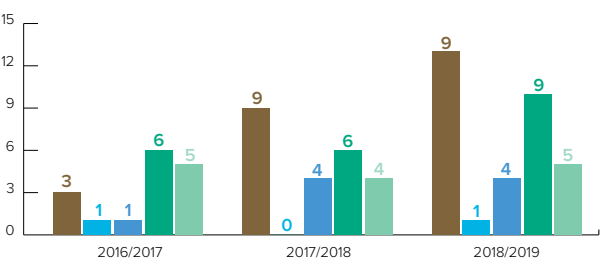


■ **Lost Time Injury:** Is an injury sustained by an employee that leads to time absent from work. These claims have impacted our Insurance Premiums, this occurs when loss of wage coverage is required.

■ **Medically Treated Injury:** Is defined as an injury or disease that resulted in a certain level of treatment given by physician or other medical personnel.

■ **Notification Only Injury:** Is a pro-active measure when a First Aid Injury or Report Only Injury has occurred, the business notifies the Insurer in the event that the minor injury progresses.

Injury Register



■ **First Aid Injury:** Is an injury that requires a single first aid treatment involving only minor injuries (minor scratches, burns, cuts and so forth) which do not ordinarily require medical care, and for which the person would typically return immediately to their duties.

■ **Medically Treated Injury:** Is defined as an injury or disease that resulted in a certain level of treatment given by physician or other medical personnel.

■ **Lost Time Injury:** Is an injury sustained by an employee that leads to time absent from work. These claims have impacted our Insurance Premiums, this occurs when loss of wage coverage is required.

■ **Visitor/Public:** Is incidents/injuries relating to visitors or members of the public.

■ **Near Miss:** A narrowly avoided collision or other accident.

Our first Aid and Visitor injuries appear to have increased over the past two years, however a new reporting procedure was introduced in mid 2018, which we believe has impacted on the quality and quantity of data being captured and reviewed. From April 2019, we have further refined our procedures to capture, record and report on WHS injuries and incidents.





## Customer Care



### Carolyn Dowe

Senior Manager, Customer Care

### Community Engagement

By integrating sales and service into our business practices, Southern Metropolitan Cemeteries Land Manager (SMCLM) is committed to becoming even more of a customer-centric organisation.

The voice of the customer will continue to be our key focus. We are continually gathering customer insights, building on our relationships with customers to help shape our products and services and better understand what they want from our organisation.

### Training and Development

We continue to grow the skills of our Customer Care team by fostering an environment that is professional empathetic and supportive, developing a ONE TEAM mindset in our people.

This has seen our Customer Care and Operations teams 'WORKING TOGETHER' to provide a high-quality customer experience.

## Customer Care



### Customer Pledge Training

We revisited our Customer Pledge training package to align more closely with our evolving environment as our organisation undergoes transformation. In the month of June 2019, all Customer Care staff have participated in our revamped training model which incorporates SMCLM values through the framework: CONNECT – CREATE – COMMIT.

This framework empowers our Customer Care consultants to broaden their conversations and find out what's truly important to our customers, so we can match their needs with our products.

### Customer Care – Events

#### 'Babies with Wings'

In partnership with White Lady Sutherland at WMP and Joseph Medcalf Funerals at ESMP, our Babies with Wings Service is held on the second Tuesday of every month. This service provides a respectful and fitting farewell for families whose precious little babies were taken too soon. We created a new 'Dandelion' memorial especially for stillborn babies next door to the Garden of Angels where this beautiful service is held.

#### Police Remembrance Service at ESMP Friday 26 October 2018

A special Wreath Laying Ceremony was held to honour those police officers' who were killed on duty within Botany, Maroubra, Waverley and Rose Bay Police area commands. The annual service, which is held at both ESMP and WMP, is a day where SMCLM join uniformed police, ex-police officers, families and friends to pay tribute to our police officers and colonial officers, who have made the supreme sacrifice. The names of those

killed appear next to a granite panel where the image of Saint Michael the Archangel is etched and stands as the guardian angel of our police.

#### Official Opening of WMP Crematorium Tuesday 4 December 2018

The official opening of the new WMP Crematorium was unveiled by Dr Stepan Kerkyasharian AO, Chairman of Cemeteries and Crematoria NSW and Joanne Muller – Acting Chair SMCLM. As the largest crematorium Crown operator in NSW, it was realised that the current infrastructure was reaching the end of its useful life and the former facilities were decommissioned to make way for the new state-of-the-art crematorium. This was an opportunity to build future capacity to service the growing and changing community – one of our most important business challenges. This new crematorium is the largest cremation unit in Australia and is essential infrastructure for Sydney and its surrounding areas.

#### Baby Lily Grace ESMP Monday 29th April 2019

Each year we dedicate 29th April to 'Baby Lily Grace Awareness Day', which was the day when the body of an infant, later adopted and named Lily Grace, was found on Maroubra Beach. Our moving ceremony is held to honour and remember all our Nation's unknown children

This year's ceremony started at 6pm with the lighting of candles representing spiritual hope for such children, whether found or never located.

'Baby Lily Grace Awareness Day' is also an opportunity to raise awareness of the help that community support organisations may provide and that options do exist, and that there is a better way, seek help and hear the voices of the defenceless.

### Public Relations Activities

As part of SMCLM's vision for a community-focused approach, the team identified and acted on opportunities to raise awareness of activities, events and initiatives including local and regional media.

During 2018/2019 financial year, we have generated 20 stories.





## Operations Report



**Rob Smart**  
General Manager Operations, Facilities  
and Assets

The Operations and Facilities team across Southern Metropolitan Cemeteries Land Manager (SMCLM) are a dedicated and empathetic group of 67 individuals who undertake burials, cremations, grounds and facilities maintenance with exceptional commitment to the families whose loved ones we care for. The team work closely with Customer Care, Capital Works, Finance and HR/WHS to create a seamless experience for families, whether at the time of their loss or many years later when visiting our cemeteries.

Our people have been working tirelessly over the past year to continue our high level of service to families attending our Memorial Parks for Burials and Cremation services. The grounds team continue to provide an extremely high level of grounds maintenance and care across both Memorial Parks. Special events such as Mother's Day, Father's Day, Christmas in July and Open Days have seen specific scheduling in order to present the ultimate Rose displays and setups for the events.

The opening of the new Crematorium at Woronora Memorial Park has affirmed the longevity of the service and allowed the Operations team to work through new processes and technology in our day-to-day services.

The past year has been a year of change, review and consolidation. We have welcomed a new Grounds Supervisor in August 2018 at Eastern Suburbs, a new Burials Supervisor at Eastern Suburbs in January 2019, a new General Manager in March 2019 covering Operations, Facilities and Assets at both sites, and a new Facilities Manager in April 2019.

A thorough review has been undertaken of existing Policies and Procedures highlighting a number of changes that need to be incorporated into our operations. With team consultation these have been prioritised and the process is underway to update items identified, in line with WHS and legislative requirements.

With the commencement of our Facilities Manager, we have succeeded in completing a large amount of work affecting our ongoing facilities maintenance and compliance requirements.

Operating efficiencies have also been a focus, with Tree Management surveys undertaken, as well as planning and implementing for drought tolerance with the introduction of water restrictions across Sydney. We are also working closely with key Industry providers to be innovative and stay in-touch with technology and Industry advancements.

Our people continue to be the backbone of our organisation and we have implemented a leadership training program and Work Health and Safety initiatives to work together for the safety of all. Burial staff have attended a Grave Safety Training course, coordinated by our Industry Association.

Ongoing collaboration through all levels of the organisation and across all departments will continue to allow individuals to flourish through the achievements of the team.





## Capital Works



### Eddie Swat Manager Capital Works

The 2018-19 financial year was a challenging but exciting year for the Capital Works (CW) team as it played a pivotal role in helping Southern Metropolitan Cemeteries Land Manager (SMCLM) through a period of significant structural change.

#### Key Directions for Memorial Parks

The board is currently working towards an overall strategy to address our long term sustainability, considering our obligation to provide perpetual maintenance and care of those interred in our memorial parks and our obligations to provide affordable options for burial in the future through the optimal use of available land, crematoriums and facilities. During 2018, legislative reform delivered formal recognition of two interment right types, perpetual and optional renewable interment rights. Our overall strategy will consider these changes, social changes to burial norms and the demand for memorialisation.

During this year the board was pleased to receive the consent of CCNSW to commence working on

a Plan of Management. Work on this multifaceted project has started. One key element of the Plan of Management is stronger community engagement, with our families and communities of faith, to ensure there is a robust debate and understanding about renewable interment rights, re-use and re-cycling of graves and memorial spaces and exploring the introduction of innovative burial practices such as natural burials and vertical cemeteries.

We are at a critical point in relation to our Eastern Suburbs families, and we recently met with our Minister and the Cluster Minister, particularly highlighting the limited opportunities for new land in the Eastern Suburbs. The Metropolitan Sydney Cemeteries Capacity Report (November 2017) foreshadowed a critical shortage of burial space for Sydney over the next 10 to 15 years. The forecast take-up of remaining burial space at ESMP was significantly reduced in early 2019, and the land value was significantly impaired to reflect lower forecast revenue due to environmental constraints.

SMCLM has two exploration licences from Crown Lands, one for land adjacent to WMP and the

other at Bumborah Point next to ESMP, where investigations into soil suitability continues. In addition, the Minister for Health has offered a surplus site at Garrawarra, for which an investigation is also underway.

We are seeking to reclaim unused burial plots. However the lead time for these burial sites to come online is 18-24 months. Innovative solutions such as vertical cemeteries and natural burials will require consultation with a number of regulatory agencies such as CCNSW, Ministry of Health, Ministry of Planning as well as our communities as to the acceptability and viability of these options.

#### Key Achievements – ESMP & WMP New crematorium and car parking

In September 2018, WMP took possession of a new \$5.5M crematorium building and car park. There were a number of post-commissioning issues, with a number of remedial actions under taken and being considered.

#### Heritage conservation management plan

Tenders closed 10 May 2019 for a consultant to deliver ESMP and WMP's Heritage Conservation Management Plans (CMP). These are key

estate management planning documents which will inform the development of the Plans of Management for both sites by identifying, categorising and developing strategies to manage both the ESMP and WMP's heritage items.

#### Asset register and conditions report

Tenders closed 31 May 2019 for a consultant to be appointed to prepare an Asset register and Building conditions report for both ESMP and WMP. This comprehensive body of work will inform the SMCLM's Asset Management Plan and the ESMP and WMP's Plans of Management by identifying and valuing the condition of all Assets (other than land) valued at \$50,000 or more and its priority funding.





## Strategic Statement



In the 2018-19 period, SMCLM has continued to strive to achieve strategic outcomes that are focused on:

- Strengthening our relationship and engagement with our communities and other stakeholders
- Undertaking capital works and other programs that increase our capacity to provide a variety of interment and memorialisation options to our communities
- Improving our customer service and governance frameworks
- Creating and maintaining a positive and supportive work environment for our staff, and
- Ensuring strong financial leadership and sustainability

The following achievements highlight work undertaken in the reporting period that contribute to these strategic goals.

- Development of a framework that significantly invests in safety and culture, policies and procedures, risk management, technology, governance, reporting and accountabilities

- Commencement of work towards the creation of Plans of Management for both memorial parks
- Training for staff, including Leadership, Mental Health, Hazard and Risk Management, and Policies and Procedures, such as the Whistleblower Policy
- The opening of the new Crematorium at Woronora Memorial Park
- Feasibility studies and due diligence work to assist in identifying opportunities for maximising current land utilisation and exploring land acquisition
- Development of Tree Management, Monument Safety and Drought Tolerance strategies
- Continued community engagement with several events including the Woronora Open Day and Christmas Carols, and the Baby Lily Grace Memorial Services

With the commencement of Mr Matthew Youell as CEO in August 2019, SMCLM will be undertaking significant work with a view to updating and releasing a new Strategic Objectives Framework to drive the organisation towards future success.





## Governance Report



### Control Framework

To maintain effective internal controls during the 2018/19 financial year, a number of deep dives and assessments were completed into areas such as procurement, business systems and occupational health and safety. During the next financial year, a number of projects will be undertaken to ensure employees, contractors and suppliers understand how our policies apply to them and systems will be introduced to increase compliance and good governance practices.

### Risk Management

SMCLM Risk management framework systematically manages and mitigates risk within the business. The board-supported framework is implemented by the executive team and runs all the way through to an operational level. Risk management plans focus on strategic and departmental risks, and business continuity planning. All major projects have a risk management plan established. Regular reviews are undertaken to identify any potential risks to our operating environment and insurance arrangements are adjusted if required.







Southern Metropolitan  
Cemeteries Land Manager

# Financial Report

2019



# Auditor's Independence Declaration



To the Board of Directors of Southern Metropolitan Cemeteries Land Manager

**Auditor's Independence Declaration under Subdivision 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012***

As lead audit partner for the audit of the financial statements of Southern Metropolitan Cemeteries Land Manager for the financial year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

Yours sincerely

**Nexia Sydney Audit Pty Ltd**

**Joseph Santangelo**  
Director

Dated: 29 October 2019  
Sydney

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# Independent Auditor's Report



**Independent Auditor's Report to the Members of Southern Metropolitan Cemeteries Land Manager**

**Report on the Audit of the Financial Report**

**Opinion**

We have audited the financial report of Southern Metropolitan Cemeteries Land Manager (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- i) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- ii) complying with Australian Accounting Standards and *Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013*.

**Basis for opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the 'auditor's responsibilities for the audit of the financial report' section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other information**

The directors are responsible for the other information. The other information comprises the information in Southern Metropolitan Cemeteries Land Manager's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. On the date of this report, we have not received the other information to be included in the annual report. We will review this information when it is available.

**Directors' responsibility for the financial report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Australian Charities and Not-for-

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# Independent Auditor's Report


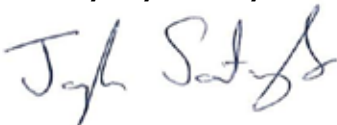
profits Commission Act 2012 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_files/ar4.pdf](http://www.auasb.gov.au/auditors_files/ar4.pdf). This description forms part of our auditor's report.

  
**Nexia Sydney Audit Pty Ltd**  
  
**Joseph Santangelo**  
Director

Dated: 29 October 2019  
Sydney

# Directors' Declaration

**Southern Metropolitan Cemeteries Land Manager**  
**Directors' declaration for the financial year ended 30 June 2019**

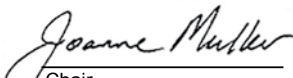
### Directors' declaration


In the opinion of the Directors' of Southern Metropolitan Cemeteries Land Manager:

- a. The Land Manager is publicly accountable;
- b. The Financial statements and notes are in accordance with the Australian Charities and Not-for-Profits Commission Act 2012, including:
  - i. Giving a true and fair view of the Land Manager's financial position as at 30 June 2019 and of its performance for the year ended on that date; and
  - ii. Complying with Australian Accounting Standards and the Australian Charities and Not-for Profit Commission Regulations 2013; and
- c. There are reasonable grounds to believe that the Land Manager will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

On behalf of the Board

  
Chair

  
Board Member

Sydney, 29 October 2019



## Statement of profit or loss and other comprehensive income

for the financial year ended 30 June 2019

		Year Ended 30/6/19	Year Ended 30/6/18 Restated
	Notes	\$	\$
Revenue	5	21,069,877	24,581,111
Investment income	6	4,682,718	5,796,996
Other gains / (losses)	7	927,692	381,085
Employee benefit expenses	8(a)	(8,258,863)	(7,556,724)
Administrative expenses		(3,089,007)	(2,537,110)
Crematorium and cemetery expenditure		(6,806,781)	(7,152,277)
Depreciation		(2,170,037)	(1,642,240)
Impairment of buildings and land	13	(7,906,717)	–
<b>(Loss) / Profit for the year</b>		<b>(1,551,118)</b>	<b>11,870,841</b>
<b>Other comprehensive income for the year</b>			
<b>Items that will be reclassified subsequently to profit or loss</b>			
Fair value gain on available-on-sale investments		-	3,860,774
Reclassification adjustments relating to available-for-sale financial assets disposed in the period		-	(503,475)
<b>Total comprehensive income for the year</b>		<b>(1,551,118)</b>	<b>15,228,140</b>

Notes to the financial statements are included on pages 38 to 56.

## Statement of financial position

as at 30 June 2019

		Year Ended 30/6/19	Year Ended 30/6/18	As at 2017
	Notes	\$	\$	\$
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	22	9,248,259	6,316,609	4,104,763
Trade and other receivables	9	4,250,079	4,474,832	3,417,356
Financial assets	10	19,800,000	18,888,151	21,838,521
Other assets	11	139,024	289,503	-
Inventories	12	1,547,103	2,455,922	1,771,049
<b>Total current assets</b>		<b>34,984,465</b>	<b>32,425,017</b>	<b>31,131,689</b>
<b>Non-current assets</b>				
Trade and other receivables	9	423,054	249,580	280,393
Financial assets	10	75,613,318	71,180,634	58,156,727
Inventories	12	16,159,325	16,645,129	18,473,011
Property, plant and equipment	13	39,916,213	46,666,357	43,424,241
Intangible assets	14	1,000	1,000	1,000
<b>Total non-current assets</b>		<b>132,112,910</b>	<b>134,742,700</b>	<b>120,335,372</b>
<b>Total assets</b>		<b>167,097,375</b>	<b>167,167,717</b>	<b>151,467,061</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	15	967,341	650,566	717,399
Deferred revenue	16	2,168,346	1,727,260	1,752,525
Provisions	17	1,975,705	1,134,466	991,796
<b>Total current liabilities</b>		<b>5,111,392</b>	<b>3,512,292</b>	<b>3,461,720</b>
<b>Non-current liabilities</b>				
Deferred revenue	16	1,600,400	1,599,216	1,161,743
Provisions	17	221,549	341,057	356,585
<b>Total non-current liabilities</b>		<b>1,821,949</b>	<b>1,940,273</b>	<b>1,518,328</b>
<b>Total liabilities</b>		<b>6,933,341</b>	<b>5,452,565</b>	<b>4,980,048</b>
<b>Net assets</b>		<b>160,164,034</b>	<b>161,715,152</b>	<b>146,487,013</b>
<b>Equity</b>				
Accumulated funds	18	134,322,809	129,485,978	117,615,137
Reserves	19	25,841,225	32,229,174	28,871,876
<b>Total equity</b>		<b>160,164,034</b>	<b>161,715,152</b>	<b>146,487,013</b>



## Statement of changes in equity

for the financial year ended 30 June 2019

	Accumulated funds	Available-for- sale reserve	Asset revaluation reserve	Total
	\$	\$	\$	\$
<b>Balance at 30 June 2017</b>	<b>118,288,889</b>	<b>3,030,650</b>	<b>25,841,225</b>	<b>147,160,764</b>
Adjustment for prior period restatement (Note 4)	(673,752)	–	–	<b>(673,752)</b>
<b>Restated balance at 30 June 2017</b>	<b>117,615,137</b>	<b>3,030,650</b>	<b>25,841,225-</b>	<b>146,487,012</b>
Profit for the year	11,896,065	-	--	<b>11,896,065</b>
Adjustment for prior period restatement (Note 4)	(25,224)	-	-	<b>(25,224)</b>
Profit for the year restated	11,870,841	-	-	<b>11,870,841</b>
Fair value gain on available-for-sale investments	-	3,860,774	-	<b>3,860,774</b>
Reclassification adjustment relating to available-for-sale financial assets disposed in the period	-	(503,475)	-	(503,475)
<b>Total comprehensive income for the year</b>	<b>11,870,841</b>	<b>3,357,299</b>	<b>-</b>	<b>15,228,140</b>
<b>Balance at 30 June 2018 restated</b>	<b>129,485,978</b>	<b>6,387,949</b>	<b>25,841,225</b>	<b>161,715,152</b>
Profit for the year	(1,551,118)	-	-	<b>(1,551,118)</b>
Reclassification of Available for Sale investments due to AASB 9 'Financial Statements'	6,387,949	(6,387,949)	-	-
<b>Total comprehensive income for the year</b>	<b>4,836,831</b>	<b>(6,387,949)</b>	<b>-</b>	<b>(1,551,118)</b>
<b>Balance at 30 June 2019</b>	<b>134,322,809</b>	<b>-</b>	<b>25,841,225</b>	<b>160,164,034</b>

## Statement of cash flows

for the financial year ended 30 June 2019

	Notes	Year Ended 30/6/19 \$	Year Ended 30/6/18 Restated \$
<b>Cash flows from operating activities</b>			
Receipts from customers		24,207,549	26,308,571
Payments to suppliers and employees		(17,922,208)	(18,433,880)
Finance income received		537,693	515,103
Dividend income received		3,852,067	5,002,869
<b>Net cash provided by operating activities</b>	<b>22</b>	<b>10,675,101</b>	<b>13,392,663</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		265,827	235,926
Purchase of plant, equipment & buildings		(3,670,793)	(5,005,592)
Proceeds from investments		100,560,866	34,047,990
Purchase of investments		(104,899,351)	(40,459,141)
<b>Net cash used in investing activities</b>		<b>(7,743,451)</b>	<b>(11,180,817)</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,931,650</b>	<b>2,211,846</b>
Cash and cash equivalents at the beginning of the year		6,316,609	4,104,763
<b>Cash and cash equivalents at the end of the year</b>	<b>22</b>	<b>9,248,259</b>	<b>6,316,609</b>



Notes to the financial statements
for the financial year ended 30 June 2019

1 Significant accounting policies

Reporting entity

Southern Metropolitan Cemeteries Land Manager (the "SMCLM" or the "Land Manager") is incorporated under that New South Wales Crown Lands Act 1989 and operates under the Cemeteries and Crematoria Act 2013 (NSW). The SMCLM has charitable status and is primarily involved in the provision of burial, cremation and memorialisation services for the public. The financial statements are general purpose financial statements which have been prepared in accordance with the Australian Accounting Standards (AASB), the Australian Charities and Not-for-profits Commission Act 2012 and the Australian Charities and Not-for-profit Commission Regulation 2013 (ACNC). Under schedule 7 of the Act, Southern Metropolitan Cemeteries Land Manager changed its legal name to Southern Metropolitan Cemeteries Land Manager effective 1 July 2018.

Basis of Preparation

The financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the SMCLM takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 'Inventories' or value in use in AASB 136 'Impairment of Assets'.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Where necessary, comparative amounts have been reclassified and repositioned for consistency with current year accounting policy and disclosures. Further details on the nature and reason for amounts that have been reclassified and repositioned for consistency with current year accounting policy and disclosures, where considered material, are referred to separately in the financial statements or notes thereto.

The principal accounting policies adopted in the presentation of the financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The SMCLM has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Notes to the financial statements
for the financial year ended 30 June 2019

1 Significant accounting policies (cont'd)

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace AASB 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The SMCLM adopted this standard from 1 July 2018 utilising the modified retrospective approach. Comparatives were not restated with a nil impact to opening retained earnings.

Impact of adoption

AASB 9 was adopted using the modified retrospective approach and as such comparatives have not been restated. The adoption of AASB 9 resulted in a requirement to recognise investments at fair value through profit or loss where historically it had been recognised through other comprehensive income. The impact of adoption on opening accumulated funds as at 1 July 2019 was as follows;

	1 July 2018
Opening accumulated funds as at 1 July 2018	\$129,137,671
Change in measurement from other comprehensive income to fair value through profit or loss	\$6,387,949
Opening accumulated funds as at 1 July 2018	\$135,525,620
Impact on opening accumulated funds as at 1 July 2018	\$6,387,949

(a) Income tax

No provision for income tax or income tax expense is necessary as the SMCLM is exempt from income tax under the Income Tax Assessment Act 1997 as the SMCLM is a charity endorsed by ACNC.

(b) Financial assets

Other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.



# Notes to the financial statements

for the financial year ended 30 June 2019

## 1 Significant accounting policies (cont'd)

### (b) Financial assets(cont'd)

#### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or (ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Except for effective hedging instruments, derivatives are also categorised as fair value through profit or loss. Fair value movements are recognised in profit or loss.

#### Impairment of financial assets

The SMCLM assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

### (c) Financial liabilities

#### Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

#### Derecognition of financial liabilities

The SMCLM derecognises financial liabilities when, and only when, the SMCLM obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

#### Impairment of assets

At the end of each reporting period, the SMCLM assesses whether there is any indication that an asset may be impaired. The assessment will include considering external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the SMCLM estimates the recoverable amount of the cash-generating unit to which the asset belongs.

### (d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

All revenue is stated net of the amount of goods and services tax (GST).

# Notes to the financial statements

for the financial year ended 30 June 2019

## 1 Significant accounting policies (cont'd)

### Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the SMCLM has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the SMCLM retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the SMCLM; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

### Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold; and
- revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

### Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the SMCLM and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the SMCLM and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### Rental income

The SMCLM policy for recognition of revenue from operating leases is described below.

### (e) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### The SMCLM as lessor:

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

### (f) Employee benefits

#### Short-term and long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave in the period the related service is rendered. Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the SMCLM in respect of services provided by employees up to reporting date.

Provision is made for the SMCLM liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.



Notes to the financial statements  
for the financial year ended 30 June 2019

1 Significant accounting policies (cont'd)  
(f) Employee benefits (cont'd)

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Retirement benefits costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

(g) Property, plant and equipment

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the asset revaluation reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Class of fixed asset rate	Useful life	Depreciation
Buildings	10 to 40 years	2.5% to 10%
Office furniture and equipment	3 to 10 years	4% to 33%
Motor vehicles	5 years	20%
Roadwork and ground	5 to 20 years	5% to 20%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(h) Intangible assets

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Notes to the financial statements  
for the financial year ended 30 June 2019

1 Significant accounting policies (cont'd)  
(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average cost basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

The current balance is based on the expected units to be sold within 12 months of the reporting period.

(j) Provisions

Provisions are recognised when the SMCLM has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefit will result and that outflow can be reliably measured.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(k) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

(l) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three month or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the statement of financial position.

(m) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

The SMCLM has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit loss.

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the SMCLM prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.



# Notes to the financial statements

for the financial year ended 30 June 2019

## 1 Significant accounting policies (cont'd)

### (o) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

### (p) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

### (q) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

## 2 Critical accounting judgments and key sources of estimation uncertainty

In the application of the SMCLM accounting policies, which are described in note 1, the Board are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

# Notes to the financial statements

for the financial year ended 30 June 2019

## 2 Critical accounting judgments and key sources of estimation uncertainty (cont'd)

### Key sources of estimation uncertainty

#### Impairment

The Board assess impairment at each reporting period by evaluating of conditions specific to the SMCLM that may be indicative of impairment triggers.

#### Valuation of Cemetery Land

Please refer to note 13 or further details.

### Critical judgments in applying accounting policies

There are no critical judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

## 3 Application of new Accounting Standards

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the SMCLM has decided not to early adopt.

### AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard provides a single standard for revenue recognition.

The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied.

Credit risk will be presented separately as an expense rather than adjusted to revenue.

For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers.

For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied.

Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment.

Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer.

The SMCLM will adopt this standard from 1 July 2019. The SMCLM is currently undertaking an assessment of the impact of the standard, but the impact of its adoption is yet to be determined.



## Notes to the financial statements

for the financial year ended 30 June 2019

### 3 Application of new Accounting Standards (cont'd)

#### AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases.

Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs.

Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16.

For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The SMCLM will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed.

### 4 Prior Period Restatement

During the year ended 30 June 2019, the SMCLM reviewed and revised recognition of the following areas:

#### (i) Depreciation Policy

On review of depreciation rates applied to the SMCLM buildings, it was identified that a number of assets were being depreciated over a useful life of 250 years. The SMCLM depreciation policy states that buildings are to be depreciated at a rate of between 10 and 25 years.

The difference in the depreciation rates utilised, created a material difference in the current carrying value of the assets. Therefore comparatives have been restated to correctly recognise the items at their correct historical written down value.

#### (ii) Distribution income accrual

According to the SMCLM's accounting policies, they recognise dividend and interest income when the shareholder's right to receive the payment has been established. Upon review of the SMCLM's income from the investment portfolio, it was identified that historically there had been no accrual of the distribution income receivable from the managed fund investments.

By not accruing this receivable, the SMCLM was recognising the income received on a cash basis. Comparatives have been restated to recognise the receivable as income in the year it is earned rather than received.

#### (iii) Current/non-current classification of payment plans

On review of payment plans during 2019, it was determined that the split between current and non-current portions in the prior year were not in line with amounts that were expected to be received. Therefore comparatives have been restated to correctly reflect amounts to be received within a 12 month period.

## Notes to the financial statements

for the financial year ended 30 June 2019

### 4 Prior period restatement (cont'd)

The aggregate effect of the prior period restatements on the annual financial statements for the year ended 30 June 2018 is as follows:

	Previously Stated	Adjustments	Restated
	\$	\$	\$
<b>Statement of Changes in Equity</b>			
Accumulated funds as at 1 July 2017	118,288,889	<b>(673,752)</b>	<b>117,615,137</b>
Accumulated funds as at 30 June 2018	130,184,953	<b>(698,975)</b>	<b>129,485,978</b>

#### Statement of Profit or Loss and Other Comprehensive Income for the year ending 30 June 2018

Investment Income	5,473,913	<b>323,083</b>	<b>5,796,996</b>
Depreciation	(1,293,935)	<b>(348,305)</b>	<b>(1,642,240)</b>
<b>Profit for the year</b>	<b>11,896,065</b>	<b>(25,224)</b>	<b>11,870,841</b>

#### Statement of Financial Position as at 30 June 2018

<b>Current assets</b>			
Trade and other receivables	3,149,168	<b>1,325,664</b>	<b>4,474,832</b>
<b>Non-current assets</b>			
Trade and other receivables	269,451	(19,871)	249,580
Property, plant and equipment	48,671,125	(2,004,768)	46,666,357
<b>Equity</b>			
Accumulated funds	130,184,953	(698,975)	129,485,978

#### Statement of Financial Position as at 1 July 2017

<b>Current assets</b>			
Trade and other receivables	2,434,646	982,710	3,417,356
<b>Non-current assets</b>			
Property, plant and equipment	45,080,702	(1,656,461)	43,424,241
<b>Equity</b>			
Accumulated funds	118,288,889	<b>(673,752)</b>	<b>117,615,137</b>



## Notes to the financial statements

for the financial year ended 30 June 2019

	Year Ended 30/6/19	Year Ended 30/6/18 Restated
	\$	\$
<b>5 Revenue</b>		
Income from cemetery	14,530,300	17,163,359
Income from crematorium	6,078,158	7,027,405
Sundry income	461,419	390,347
	<b>21,069,877</b>	<b>24,581,111</b>
<b>6 Investment income</b>		
Interest income	537,038	701,217
Dividend income	3,339,968	3,705,860
Franking credits receivable	805,712	1,389,919
	<b>4,682,718</b>	<b>5,796,996</b>
<b>7 Other gains/(losses)</b>		
Net increase in fair value of financial assets	1,006,048	305,088
Other	(78,356)	75,997
	<b>927,692</b>	<b>381,085</b>
<i>Net increase in fair value of investments for FY 2019 relates to the recognition of fair value of the financial assets through the profit and loss as per AASB 9 'Financial Instruments'.</i>		
<b>8 Profit for the Year</b>		
Profit for the year from continuing operations has been arrived at after charging		
<b>a) Employee benefit expenses</b>		
Post employment benefits	576,355	535,156
Other employee benefits	7,682,508	7,021,568
	<b>8,258,863</b>	<b>7,556,724</b>
<i>All employees of the SMCLM are entitled to benefits from three superannuation plans on retirement, disability or death. The SMCLM participates in defined contribution plans. The benefits provided under these plans are based on accumulated contributions and earnings for each employee. The SMCLM liability is limited to paying the contributions to the plans.</i>		
<b>9 Trade and other receivables</b>		
Trade receivables	1,100,859	695,110
Other receivables	1,877,717	2,454,802
Payment plan receivables	1,611,636	1,490,937
Interest accrued	82,921	83,563
	<b>4,673,133</b>	<b>4,724,412</b>
<i>The average credit on sale is 30 days. No interest is charged on trade receivables. No allowance for expected credit loss has been recognised for year ended 30 June 2019 (2018: nil).</i>		
Current	4,250,079	4,474,832
Non-current	423,054	249,580
	<b>4,673,133</b>	<b>4,724,412</b>

## Notes to the financial statements

for the financial year ended 30 June 2019

	Year Ended 30/6/19	Year Ended 30/6/18 Restated
	\$	\$
<b>10 Financial assets at fair value through profit or loss</b>		
Term deposits	19,800,000	18,888,151
Listed securities	75,613,318	71,180,634
	<b>95,413,318</b>	<b>90,068,785</b>
Current	19,800,000	18,888,151
Non-current	75,613,318	71,180,634
	<b>95,413,318</b>	<b>90,068,785</b>
<i>The SMCLM hold term and other deposits that carry interest at variable rate. The weighted average Interest rate on these securities is 2.27% per annum (2018: 2.58%). The deposits have maturity dates ranging between 1 to 6 months from the end of the reporting period.</i>		
<b>11 Other assets</b>		
Prepayments	139,024	289,503
Current	139,024	289,503
<b>12 Inventories</b>		
Crypts and mausoleum	6,425,917	6,914,632
Grave foundations and beams	6,563,346	6,874,016
Garden memorialisations	760,751	778,412
Inventory work-in-progress	100,384	71,833
Future developed areas	3,856,030	4,462,158
	<b>17,706,428</b>	<b>19,101,051</b>
<i>The cost of inventories recognised as an expense during the year was \$1.2 million (2018: \$1.7 million) and has been recognised as part of crematorium and cemetery expenditure in the Statement of profit or loss and other comprehensive income.</i>		
Current	1,547,103	2,455,922
Non-current	16,159,325	16,645,129
	<b>17,706,428</b>	<b>19,101,051</b>
<b>13 Property, plant and equipment</b>		
Buildings at fair value (2018 at cost)	5,135,801	18,921,956
Less: Accumulated depreciation	-	(11,552,751)
	<b>5,135,801</b>	<b>7,369,205</b>
Motor vehicles at cost	1,036,081	1,209,379
Less: Accumulated depreciation	(484,209)	(504,246)
	<b>551,872</b>	<b>705,133</b>
Furniture and plant and machinery at cost	7,485,469	4,232,233
Less: Accumulated depreciation	(2,927,034)	(2,228,570)
	<b>4,558,435</b>	<b>2,003,663</b>
Roadwork and ground developments at cost	4,291,725	3,577,929
Less: Accumulated depreciation	(1,138,823)	(841,295)
	<b>3,152,902</b>	<b>2,736,634</b>
Land at cost	-	2,145,071
Land at independent valuation	25,841,225	25,841,225
	<b>25,841,225</b>	<b>27,986,296</b>
Work in progress	<b>675,978</b>	<b>5,865,426</b>
Total cost and valuation	44,466,279	61,793,219
Total accumulated depreciation	(4,550,066)	(15,126,862)
	<b>39,916,213</b>	<b>46,666,357</b>



# Notes to the financial statements

for the financial year ended 30 June 2019

	Buildings	Motor vehicles at Cost	Furniture, plant & machinery at Cost	Roadwork & ground developments at Cost	Land at Cost	Crown Land at Revalued Amount	Work in progress at Cost	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>13 Property, plant and equipment (cont'd)</b>								
<b>Reconciliations:</b>								
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:								
<b>Balance at 1 July 2017</b>	<b>9,420,589</b>	<b>444,813</b>	<b>1,984,596</b>	<b>1,622,144</b>	<b>2,145,071</b>	<b>25,841,225</b>	<b>3,622,264</b>	<b>45,080,702</b>
Restatement of depreciation	(1,656,461)	-	-	-	-	-	-	<b>(1,656,461)</b>
<b>Balance at 1 July 2017</b>	<b>7,764,128</b>	<b>444,813</b>	<b>1,984,596</b>	<b>1,622,144</b>	<b>2,145,071</b>	<b>25,841,225</b>	<b>3,622,264</b>	<b>43,424,241</b>
Additions	129,085	502,050	572,368	153,903	-	-	3,872,292	<b>5,229,698</b>
Disposals/ write-downs	(35,006)	(84,299)	(1,931)	-	-	-	-	<b>(121,236)</b>
Depreciation	(662,828)	(157,431)	(602,511)	(219,470)	-	-	-	<b>(1,642,240)</b>
Transfers	173,826	-	51,141	1,180,057	-	-	(1,629,130)	<b>(224,106)</b>
<b>Balance at 30 June 2018</b>	<b>7,369,205</b>	<b>705,133</b>	<b>2,003,663</b>	<b>2,736,634</b>	<b>2,145,071</b>	<b>25,841,225</b>	<b>5,865,426</b>	<b>46,666,357</b>
<b>Cost</b>	18,921,956	1,209,379	4,232,233	3,577,929	2,145,071	25,841,225	5,865,426	<b>61,793,219</b>
<b>Accumulated depreciation</b>	(11,552,751)	(504,246)	(2,228,570)	(841,295)	-	-	-	<b>(15,126,865)</b>
<b>Closing balance</b>	<b>7,369,205</b>	<b>705,133</b>	<b>2,003,663</b>	<b>2,736,634</b>	<b>2,145,071</b>	<b>25,841,225</b>	<b>5,865,426</b>	<b>46,666,357</b>
<b>Balance at 1 July 2018</b>	<b>7,369,205</b>	<b>705,133</b>	<b>2,003,663</b>	<b>2,736,634</b>	<b>2,145,071</b>	<b>25,841,225</b>	<b>5,865,426</b>	<b>46,666,357</b>
Additions	84,034	85,388	730,774	96,200	-	-	2,674,397	<b>3,670,793</b>
Disposals/ write-downs	-	(52,472)	(147,303)	(8,894)	-	-	(65,436)	<b>(274,105)</b>
Depreciation	(799,413)	(186,177)	(887,142)	(297,305)	-	-	-	<b>(2,170,037)</b>
Transfers	4,243,621	-	2,858,443	626,267	(2,145,071)	2,145,071	(7,798,409)	<b>(70,078)</b>
Impairment	(5,761,646)	-	-	-	-	(2,145,071)	-	<b>(7,906,717)</b>
<b>Balance at 30 June 2019</b>	<b>5,135,801</b>	<b>551,872</b>	<b>4,558,435</b>	<b>3,152,902</b>	<b>-</b>	<b>25,841,225</b>	<b>675,978</b>	<b>39,916,213</b>
<b>Cost</b>	5,135,801	1,036,081	7,485,469	4,291,725	-	25,841,225	675,978	<b>44,466,279</b>
<b>Accumulated depreciation</b>	-	(484,209)	(2,927,034)	(1,138,823)	-	-	-	<b>(4,550,066)</b>
<b>Closing balance</b>	<b>5,135,801</b>	<b>551,872</b>	<b>4,558,435</b>	<b>3,152,902</b>	<b>-</b>	<b>25,841,225</b>	<b>675,978</b>	<b>39,916,213</b>

# Notes to the financial statements

for the financial year ended 30 June 2019

## 13 Property, plant and equipment (cont'd)

The SMCLM operates its cemeteries on Crown Land and the land was valued by the Opteon Property Group at 30 June 2017. The valuation of cemetery land takes into account the restriction of sale or use of the land as per AASB 13 Fair Value Measurement.

The land valuation as at 30 June 2017 from the Opteon are as follows:

	ESMP	WMP
The size of the cemetery	34.14 hectares	48.38 hectares
Land Value – Land Under Buildings	\$100,750	\$80,600
Land Value – Land Under Road and Formed pathways	\$1,453,625	\$1,162,900
Land Value – Land for Internment	\$4,250,000	\$9,980,000
Land Value – Land Buried Out	\$3,909,556	\$4,903,794
Valuation of cemetery date	30-Jun-17	30-Jun-17
Valuation of cemetery	\$9,713,931	\$16,127,294
Buried Out Area Rate Discount as Percentage		90%
Basis of the land valuation		Market Approach

In prior years, the Northern Precinct area of land had been classified as Land at Cost due to the fact that the land had been purchased from Pacific Power. It was determined that whilst this land was purchased, it would be more appropriate to recognise the fair value of the Crown Land. An independent valuation was not able to be completed due to the contamination relating to underground cables and soil levels. A value in use calculation returned a net present value of zero indicating an impairment of the value be considered. The Board have resolved to impair the land at full value at 30 June 2109. As such, an impairment of \$2,145,071 was recognised in the financial statements.

## Fair value of Crown Land

Crown Land is stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The fair value measurements of the Crown Land as at 30 June 2017 were performed by Opteon Property Group, independent valuers. Opteon Property Group has the appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations.

The fair value of the Crown land was determined based on the market comparable approach that reflects recent transaction prices for similar properties and discounted by 90% to reflect the restricted use.

The Directors have assessed the fair value of the existing Crown land at 30 June 2019 and have determined the valuation performed by the Opteon Property Group at 30 June 2017, does not differ materially from its carrying amount at 30 June 2019.

## Fair value measurements

	Fair value	Hierarchy	Valuation technique(s) and key input(s)
Crown Land	25,841,225	Level 3	Market approach discounted at 90%

## Impairment of buildings

An assessment of the fair value methodology which recognises the current replacement cost, age of the building and discounts for limited use recognised a higher than anticipated impairment when comparing the written down value of the assets to the Valuer's estimate of fair value. The Land Manager has recognised the impairment in full impacting the current year profit by \$9.5m.



## Notes to the financial statements

for the financial year ended 30 June 2019

		Year Ended 30/6/19 \$	Year Ended 30/6/18 \$
<b>14</b>	<b>Intangible assets</b>		
	Trademarks at cost	1,000	1,000
	<b>Non-current</b>	<b>1,000</b>	<b>1,000</b>
<b>15</b>	<b>Trade and other payables</b>		
	Trade and sundry creditors	779,771	400,455
	GST payable	60,211	73,426
	Accrued expenses	127,359	176,685
		<b>967,341</b>	<b>650,566</b>
	Current	<b>967 341</b>	<b>650,566</b>
<b>16</b>	<b>Deferred revenue</b>		
	Arising from ESCB Certificates	34,705	35,000
	Arising from Payment plan	3,734,041	3,291,476
		<b>3,768,746</b>	<b>3,326,476</b>
	Current	2,168,346	1,727,260
	Non-current	1,600,400	1,599,216
		<b>3,768,746</b>	<b>3,326,476</b>
<b>17</b>	<b>Provisions</b>		
	Provision for Annual leave	652,728	587,163
	Provision for Long service leave	679,458	635,360
	Provision for ESCB certificates	251,268	253,000
	Provision for Restoration	613,800	-
		<b>2,197,254</b>	<b>1,475,523</b>
	Current	1,975,705	1,134,466
	Non-current	221,549	341,057
		<b>2,197,254</b>	<b>1,475,523</b>
<b>18</b>	<b>Accumulated Funds</b>		
	Balance at beginning of the year	129,485,978	118,288,889
	Adjustment for prior period restatement	-	(673,752)
	Profit attributable to owners of the SMCLM	(1,551,118)	11,870,841
	Available for Sale Investment Reserve AASB 9 Treatment	6,387,949	-
	<b>Balance at end of year</b>	<b>134,322,809</b>	<b>129,485,978</b>

## Notes to the financial statements

for the financial year ended 30 June 2019

		Year Ended 30/6/19 \$	Year Ended 30/6/18 \$
<b>19</b>	<b>Reserves</b>		
	<b>Available-for-sale investments reserve</b>		
	Balance at beginning of the year	6,387,949	3,030,650
	Net gain arising on the revaluation of available for sale assets	-	3,860,774
	Reclassification adjustments relating to available-for-sale financial assets disposed of in the period	(6,387,949)	(503,475)
	<b>Balance at end of year</b>	<b>-</b>	<b>6,387,949</b>
	The available-for-sale investments reserve represents the cumulative gains and losses arising on the revaluation of available-for-sale financial assets that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.		
	<b>Asset revaluation reserve</b>		
	Balance at beginning of the year	25,841,225	25,841,225
	<b>Balance at end of the year</b>	<b>25,841,225</b>	<b>25,841,225</b>
	<b>Total Reserves Balance at end of the year</b>	<b>25,841,225</b>	<b>32,229,174</b>
<b>20</b>	<b>Financial instruments</b>		
	<b>a) Capital management</b>		
	The SMCLM manages its capital to ensure that it will be able to continue as a going concern. The SMCLM overall strategy remains unchanged from 2018. The SMCLM is not subject to any externally imposed capital requirements.		
	<b>b) Categories of financial instruments</b>		
	<b>Financial assets</b>		
	Cash and bank balances	9,428,259	6,316,309
	Held-to-maturity investments	19,800,000	18,888,151
	Loans and receivables	2,990,806	3,335,056
	Financial assets at fair value through profit or loss	75,613,318	71,180,633
	<b>Financial liabilities</b>		
	Trade and other payables	967,341	650,666



## Notes to the financial statements

for the financial year ended 30 June 2019

### c) Financial risk management objectives

#### Market risk

The SMCLM activities expose it primarily to the financial risks of changes in interest rates. There has been no change to the SMCLM exposure to market risks or the manner in which these risks are managed and measured. The entity's exposure to interest rate risk and the effective weighted average interest rate is limited to the cash held on deposit for which interest is earned at floating rates and term deposits for which interest is earned at pre-determined rates

#### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the SMCLM. Trade receivables consist of a large number of customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

#### Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board, which has established an appropriate liquidity risk management framework for the management of the SMCLM short, medium and long-term funding and liquidity management requirements. The SMCLM manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

#### Fair value of financial instruments

Financial assets/ Financial liabilities	Fair value as at 30 June 2018	Fair value as at 30 June 2018	Hierarchy	Valuation technique(s) & key input(s)
Shares in listed companies	75,613,318	71,180,634	Level 1	Quoted bid price in an active market
Bank fixed interest and floating deposits	19,800,000	18,388,151	Level 1	Quoted bid price in an active market

	Year Ended 30/6/19	Year Ended 30/6/18
	\$	\$
<b>21 Key management personnel compensation</b>		
The aggregate compensation made to directors and other members of key management personnel of the SMCLM is set out below:		
Short term employee benefits	1,362,571	1,017,447
Other long term benefits	109,407	86,514
Long term employee benefits	(72,186)	-
Termination benefits	212,127	-
	<b>1,611,919</b>	<b>1,103,961</b>

## Notes to the financial statements

for the financial year ended 30 June 2019

	Year Ended 30/6/19	Year Ended 30/6/18
	\$	\$
<b>22 Cash and cash equivalents</b>		
For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:		
Cash on hand	3,400	3,400
Cash at bank	9,244,859	6,313,209
	<b>9,248,259</b>	<b>6,316,609</b>
<b>Reconciliation of (loss) / profit for the year to net cash flows from operating activities</b>		
<b>Cash flows from operating activities:</b>		
(Loss) / profit for the year:	(1,551,118)	11,870,841
<b>Non-cash transactions</b>		
Depreciation	2,170,037	1,642,240
Net fair value movement in investments	(1,006,048)	-
Property, plant and equipment impairment charge	7,906,717	-
Loss/(Gain) on disposal	78,356	(420,379)
<b>Changes in assets and liabilities</b>		
Decrease / (increase) in trade and other receivables	51,279	(1,315,565)
Decrease / (increase) in inventories	1,394,623	1,143,009
Decrease / (increase) in other assets	150,479	-
Increase / (Decrease) in trade and other payables	316,775	(66,833)
Increase / (Decrease) in deferred revenue	442,270	412,208
Increase / (Decrease) in provisions	721,731	127,142
<b>Net cash provided in operating activities</b>	<b>10,675,101</b>	<b>13,392,663</b>
<b>23 Operating lease commitments</b>		
<b>Land Manager as a lessor</b>		
<b>Leasing arrangements</b>		
Operating leases relate to the property owned by the SMCLM with lease terms of between 5 to 10 years. All operating lease contracts contain annual market review clauses. The lessee does not have an option to purchase the property at the expiry of the lease period.		
<b>Non-cancellable operating lease receivables</b>		
Not later than 1 year	279,319	339,760
Later than 1 year and not longer than 5 years	1,019,367	730,790
Later than 5 years	114,218	185,260
	<b>1,412,904</b>	<b>1,255,810</b>



## Notes to the financial statements

for the financial year ended 30 June 2019

	Year Ended 30/6/19	Year Ended 30/6/18
	\$	\$
<b>24</b>		
<b>Commitments for expenditure</b>		
<b>Capital expenditure commitments</b>		
Plant and equipment	-	959,487
<b>25</b>		
<b>Auditor's remuneration</b>		
Remuneration of the auditor of the SMCLM for auditing the financial statements	63,000	62,500
Other	-	8,500
	<b>63,000</b>	<b>71,000</b>
<b>26</b>		
<b>Contingent liabilities</b>		
Bank facilities	38,000	38,000
Bank guarantees	105,500	105,500
	<b>143,500</b>	<b>143,500</b>

### Contingent liability

On the 15th of December 2016, the business entered into a Deed of Agreement with La Perouse Local Aboriginal Land Council and the New South Wales Aboriginal Land Council, the principal obligations being to grant Security Burial Rights, establish an Aboriginal Cemetery and grant Promised Burial Rights. It was envisaged that the obligations would be fulfilled within a three-year period. Delays have been experienced with regards to the rezoning of the area. The Land Manager's lawyers have advised that it would be advisable to seek a variation to the Deed with an extended timeframe. The board note that upon the expiration of the thirty-six month term of the Deed, Perouse LALC may commence using the Security Burial Rights. However, they do not consider that the LALC will exercise this right and will utilise these Rights for the intended Aboriginal Cemetery. No provision has been made in these financial statements as the company's management do not consider that there is any probable loss.

### 27. Related party disclosures

#### Transactions with related parties

The consultancy agreement the Southern Metropolitan Cemeteries Land Manager had with Ms. Nadia Lanfranco, wife of Mr. Graham Boyd, Chief Executive Officer concluded on the 3 February 2018. The agreement commenced in February 2017 for Ms. Lanfranco to work in the capacity of a memorialisation expert in addition to assisting with sourcing granite and bronze products for the SMCLM. Ms. Lanfranco received \$7,140 (plus GST) per month up until February 2018 and upon expiration, the agreement continued month by month until November 2018. Post this date the role was not continued.

#### Key management personnel

Disclosures relating to key management personnel are set out in Note 21.

### 28. Events after the reporting period

Management is not aware of any matter or circumstance that has arisen since 30 June 2019 that significantly affected or may significantly affect operations of the SMCLM, the result of those operations, or state of the affairs of the SMCLM in future financial years.





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