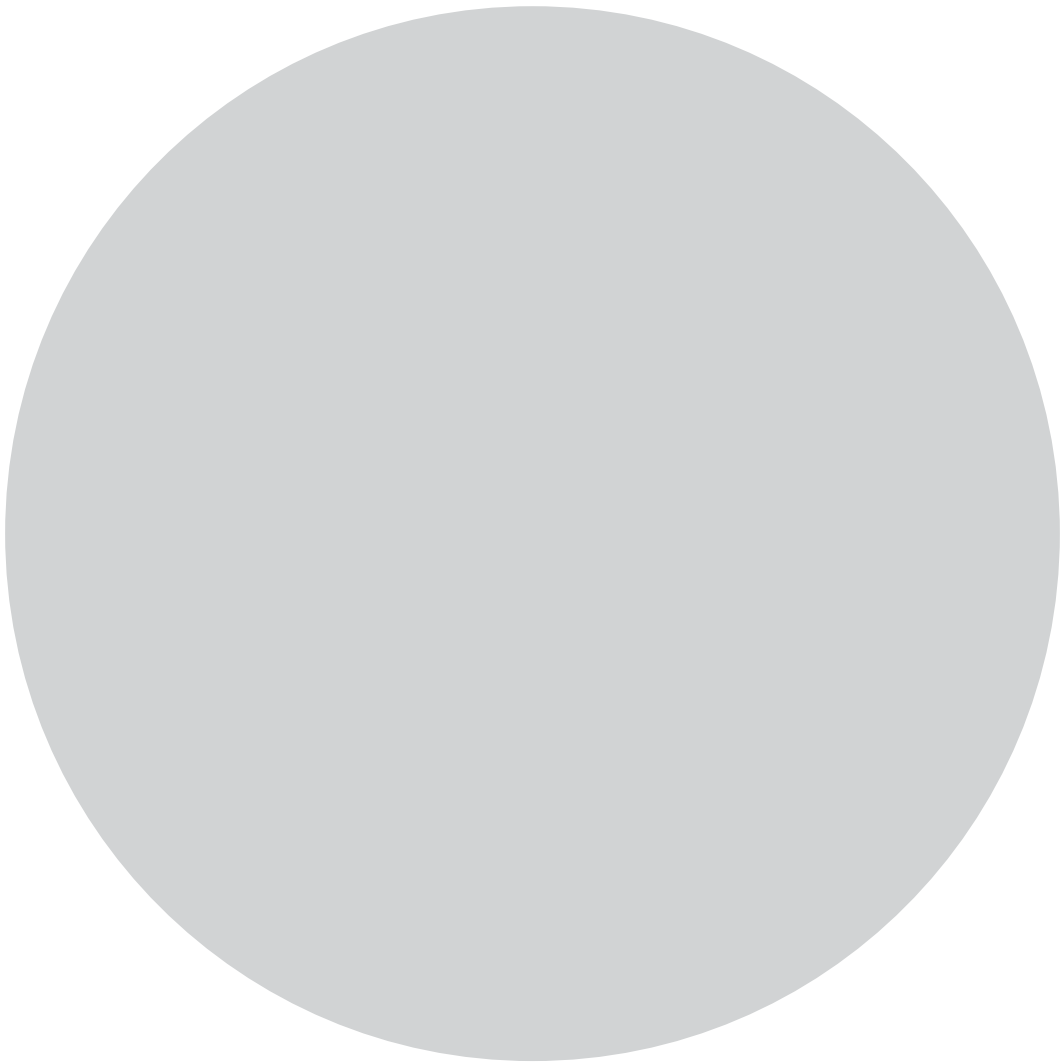


Better together



SOUTHERN
METROPOLITAN
CEMETERIES TRUST

Honouring and celebrating life



Artwork thanks to Charlotte Alldis



The cover artwork is dedicated to my grandma, Charlotte Patricia Alldis.

*"Charlotte Patricia Alldis lived until she was 95 years old,
and left behind 8 children, many grandchildren, and spent her life
caring for other people.*

During the lockdown last year when I was unable to see her, I dreamt a lot about her. When she passed away, I continued to dream about her. One day I dreamt that we created a place where we could meet each other and say goodbye, when meeting here wasn't an option. I painted a series of landscapes where I could process her passing and honour her legacy. These works were like film stills from this summoned place, snippets of a meeting, and a farewell that is full of so much life and play, whilst bowing to death and its inevitable greeting.

The cover artwork reflects on these works, the processes of grief, saying goodbye, but also to honouring her long and beautiful life that impacted so many people in such a deep and profound way. The cover artwork I have created for SMCT's Annual Report reflects the grieving process, but it also looks at the beauty of connection and reflection. This piece intends to be bright and vibrant reflecting not only my grandma's life, but to emit the joy she brought to others, and the closeness that I have felt in others since her passing as we share memories of her and reminisce on her life.

My grandma was a very optimistic person, who always sought out the good in everyone and everything. She loved people, flowers (especially roses), bright colours and birds."

Charlotte Alldis

Charlotte Alldis is an emerging Australian painter who is currently completing her first art residency at the Dunmoochin Art Foundation, on Wurundjeri country, in so-called Melbourne. Working predominantly in oils, Charlotte actualises her thoughts and experiences with imagination by taking us along on a narrated journey full of play and diving deep into the subconscious. We bear witness to an inquisitive and emotionally guided person who externalises her internal world. Charlotte uses painting as a way to expand and untangle her thoughts and experiences, and is currently exploring themes around death and dying, rituals and symbolism in nature whilst spotlighting playfulness as the method for investigation.

Painting is a means for Charlotte to document and unpack as we pry into her inner world through a combination of bold, lively and wild characters and use of colours. The further we dive into her world, the further we descend into another time and place. To accompany this artwork, Charlotte wrote a poem titled, 'Meet Me At The Crossing' which beautifully articulates the relationship she shares with her Grandmother who passed away. Visit smct.org.au/meet-me-at-the-crossing to read and learn more.

Acknowledgement of Country

Southern Metropolitan Cemeteries Trust respectfully acknowledges the Aboriginal and Torres Strait Islander peoples of this nation. We acknowledge the Traditional Custodians of the lands on which our cemeteries and memorial parks are located. We pay our respects to Ancestors and Elders, past, present and emerging.

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Introduction

Better together

It is one hundred years since the world has responded to the emergence of a global pandemic that will continue to change the way we live. While not all questions have answers, our purpose and values have guided our organisation to respond to our communities, industry partners and employees with compassion, empathy and hope.

At no time in recent history has there been such restrictions imposed on families who have lost a loved one. Our hearts go out to those affected throughout this unprecedented time.

We understand the importance of ceremony and the role it plays in the healing journey for families. A ceremony helps when you don't know what to say or do. Our curated spaces are unbound from traditions and expectations, allowing our diverse communities to come together and create their own experience—a place for them.

We are pleased to share how our purpose and vision have steered our strategic priorities in this year's Southern Metropolitan Cemeteries Trust (SMCT) Annual Report, reshaping our service offering for Victoria's evolving community needs.

Working together with our cultural and religious communities, we are proud to be custodians of history, creating beautiful places of identity while preserving customs and traditions for generations to come.

We continue to redefine the role that cemeteries and memorial parks have traditionally played, creating modern community sanctuaries fostering connection. We believe that we can build a better and more united tomorrow by listening and responding with care, upholding values of respect and equality.

We recognise that 'opportunity' and 'risk' are like two sides of the same coin. Our focus over the last year has been on keeping our gates open, providing a safe working environment for our employees and redesigning our customer experience in line with the changing government guidelines. With an unwavering belief in our direction and governed by our COVID-19 guiding principles, we navigated the ever-evolving environment, at times resulting in softening revenue, increased call volumes, funerals limited to ten, disruption to partner services and restrictions to customer onsite visitations.

Aligned to our 2019-2023 Strategic Plan, our priorities remain on course with an increased focus on immediate action towards climate change. We recognise the importance of our collective efforts to tackle this complex global issue. While SMCT has developed important baseline sustainability programs, we are undergoing a whole-of-operations review to understand how we can do more.

Reinforced through a shift in customer behaviour brought on by the pandemic and aligned to the Australian Government's Digital Transformation Strategy for 2025, we are strengthening our organisational capabilities and accelerating our digital transformation roadmap. With essential platform upgrades supporting the transition towards greater information accessibility and the

evolving mobile experience economy. While there will always be a place-based component to our services, post restrictions, we are determined to meet the ongoing needs of our community across the entire spectrum.

During FY21, SMCT achieved a cemetery operating revenue of \$60.8m (being \$0.6M or 1.0% above budget) and a total operating result of \$27.5m versus a budget of \$6.9m (296.1% above budget).

SMCT had a positive investment income of \$29.0m (\$21.3m above budget). In Other Economic Flows SMCT recognised an unrealised gain on investments of \$30.2m due to steady improvements in the share market despite COVID-19.

Key accomplishments in response to the COVID-19 pandemic included:

- The deployment of remote services, including online appointments, live streaming, memorial services and online community remembrance events.
 - The transition of on-site sessions to a series of online wellness videos developed by our Centre for Care & Wellbeing team (CCW) to support those grieving with self-care practices and support services from the safety of their home.
 - New takeaway meals and catering options to provide greater choice and convenience for families while supporting the employment of our hospitality teams throughout the pandemic.
 - In line with social distancing capacity restrictions, the introduction of socially distanced dining experiences provided families with an alternative farewell for a loved one.
 - The deployment of semi-permanent large marquees at Springvale Botanical Cemetery (SBC) and Bunurong Memorial Park (BMP)
- that adhere to the density requirements and provide Funeral Directors with greater opportunities to service our mutual customer needs.
 - The introduction of extended florist delivery services, including grave-side, provided peace of mind, convenience, and messages of love from afar to support families throughout the extended lockdown periods.
 - An improved customer experience, Net Promoter Score of 90%, increasing 3% from 2020.
 - The successful transition of our workforce to remote New Ways Of Working (NWOW), ensuring our people could continue to serve the community whilst keeping our sites operational – this included the redeployment of our hospitality teams to new roles across the broader organisation to sustain employment.

While there are many instances of extraordinary effort, we delivered the following collective accomplishments in FY21:

- Progressed plans to acquire land for a new community memorial park in Melbourne's outer South-East through an innovative partnership.
- The development of required community stock extensions within Springvale Botanical Cemetery (SBC) and Bunurong Memorial Park (BMP) providing our diverse communities with burial options that cater to their customs and preferences.
- The planning of a new two-stage Mausoleum at Springvale Botanical Cemetery (SBC), to meet demand within Melbourne's South-East.
- Established a project management and transformation team to assist our organisation in our future services and enhanced customer experience strategic ambitions.



Image: *For Honour and Country: Victorian Chinese Australians in WW11* book launched at the Museum of Chinese Australian History in partnership with SMCT - (left to right) Darryl Low Choy, Major General (retired), Hon. Shaun Learn, Minister for Local Government, Suburban Development & Veterans, Jane Grover and Dr Vanda Fortunato

- Delivered a market Request for Information (RFI) to commence our Customer Relationship Management (CRM) & Enterprise Resource Planning (ERP) transformation journey.
- The scoping, development and implementation of an Asset Management System supporting improvements in asset management reporting and governance.
- Expanded our employee wellbeing program, Activate Health, including the Resilience Project, focusing on early intervention and mental health to support and underpin a safe and supportive work environment.
- An increase of 3% year-on-year to our already strong customer service Net Promoter Score and an increase of 1% for our Net Easy Score.
- Further embedding our safety culture by building capable and committed leaders via an enhanced Safety Leadership Program supporting positive organisational safety outcomes.

The impacts of the past year have touched everyone in different ways, at all levels throughout our organisation. Preserving our culture will continue to be a long-term priority with investment in people capability and supported by our organisation's values that promote genuine care, integrity, and openness.

SMCT is developing a refreshed people strategy that will support the organisation to deliver on its strategic initiatives by ensuring we continue to attract, engage, and retain talent. As we step into a new era, we need to continue providing a highly desired employee experience for all with a future-focused workforce aligned to our strategic plan.

We thank our employees for their unwavering commitment and support as we navigated the many challenges of this year with courage, spirit and tenacity. In addition, we appreciate the compassion and considerable discretionary effort provided to support our client families as plans adjusted to the changing directives.



Image: Brighton General Cemetery

We represent a diverse community with many interests, customs and traditions, and we thank our Community Advisory Committee. Committee members selflessly provide perspective into our precincts and services on behalf of community interest. We thank them for their ongoing dedication, support and council.

A heartfelt thank you to the Trust and our Executive Leadership Team for their persistence and critical thinking in supporting the organisation at such a disruptive time. We would like to sincerely thank and acknowledge our departing Trust members Craig Burke, Julie Busch, Roger Chao and Leigh Mackay, for their leadership, foresight and guidance. The collective experience and diversity helped us navigate each challenge, responding with creativity and humility as we served our employees, service partners and the broader community. We are proud to welcome Vicki Pridmore (appointed 1/9/2020) and Philip Eggleston (appointed 1/10/2020) along with, Rosemary Barker and Des Powell who commenced their appointment on 1 July, 2021.

We are greatly appreciative to the Department of Health for its continued guidance and support. We look forward to working together to build

sustainable memorial parks and customer experiences of tomorrow.

In FY22, we will continue to follow our long-term strategy and direction for sustainable growth, guided by our vision and purpose while adapting to emerging conditions to meet the changing needs of our client families.

Under the Financial Management Act 1994, we are pleased to present the Report of Operations for the Southern Metropolitan Cemeteries Trust for the year ending 30 June 2021.



Dr Vanda Fortunato
Trust Chairperson



Jane Grover
CEO

The Trust at a glance

Southern Metropolitan Cemeteries Trust (SMCT) is a purposed organisation responsible for the perpetual care and maintenance of a portfolio of cemeteries and memorial parks across Melbourne. Focused on redefining the role cemeteries and memorial parks play in our community, we create caring environments that encourage families to come together and celebrate the lives of loved ones.



Image: Springvale Botanical Cemetery's Song He Xin Yuan

We are responsible for nine cemeteries and memorial park locations, including Bunurong and Cheltenham Memorial Parks and Brighton General, Cheltenham Pioneer, Dandenong Community, Melbourne General, Sorrento Community, Springvale Botanical and St Kilda cemeteries.

We are proud to work together with cultural and religious community groups to provide choice and meaningful services across each location and be custodians of history.

SMCT's corporate office is located within the grounds of Springvale Botanical Cemetery, 600 Princes Highway, Springvale, Victoria. Formed in March 2010, under the *Cemeteries and Crematoria Act 2003*, the Trust, led by Chairperson Dr Vanda Fortunato, reports to the Minister for Health,

through the Cemetery Sector Governance Support Unit of the Department of Health (DH). The responsible Minister during the period 1 July 2020 to 26 September 2020 was Hon. Jenny Mikakos MP, and from 26 Sept 2020 to 30 June 2021 the Hon. Martin Foley MP.

Throughout FY21, we introduced the COVID-19 guiding principles that supported the organisation shift to necessary ways of working whilst staying true to our purpose, vision and values.

Our Purpose

We believe that every person, regardless of their religion, culture or personal preference should be able to honour and celebrate their loved ones as they choose.

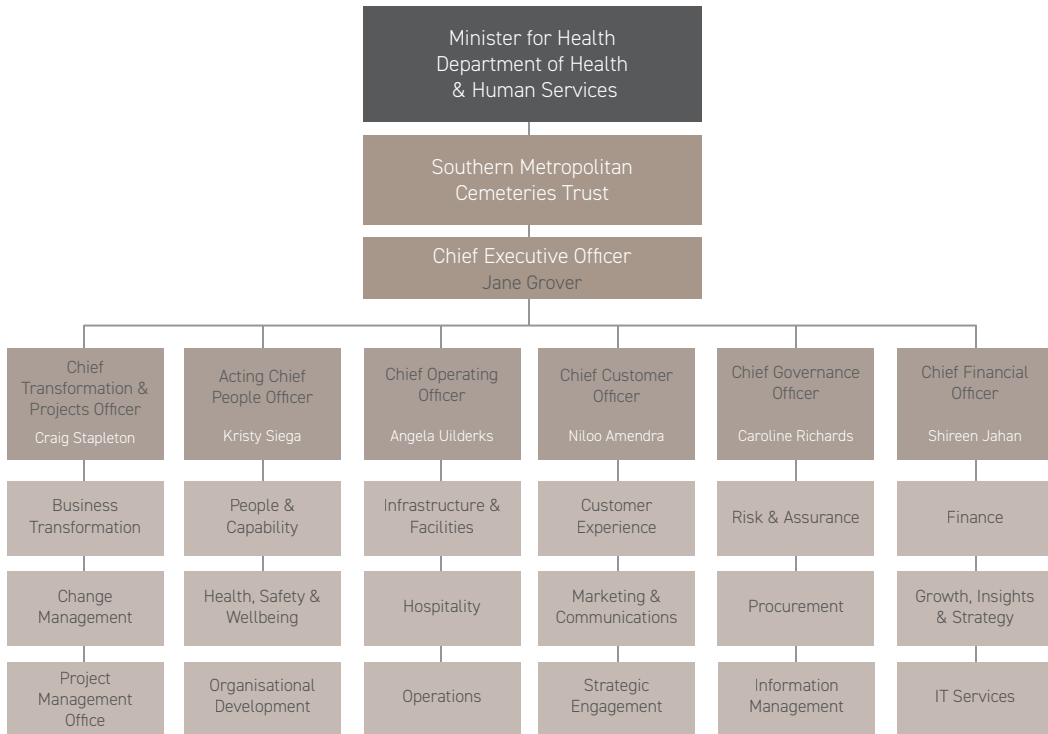
Our Vision

In delivering our Purpose, we have come to the understanding that our facilities and services primarily deliver experiences for the living; most commonly people who have recently lost a loved one and often people experiencing grief. We support and steward the living and our Vision Statement reflects this.

Our beautiful, iconic locations empower all communities to honour and celebrate life.

We support the living throughout their grief journey, through our innovative approach of personalised care and compassion.

SMCT's Organisational Structure



'PRIDE' in our values

At each and every cemetery and memorial park within our care, we pledge to each other and to our client families that we will act with PRIDE:

Passion - commitment in heart and mind

Respect - by valuing every voice

Integrity - doing what is right

Dedication - to the needs of our clients and our people

Empathy - to listen and reflect with sensitivity

Throughout the year, we have continued to adapt our service offering to provide client families with flexibility and choice. With redesigned services to adhere to COVID-19 safe principles, our locations

have remained open to support our industry partners, employees and community through:

- Meeting the diverse and changing needs of our communities through extensive community engagement that informs the development of new service offerings and enhances the experience created within our locations.
- Providing choice and flexibility to the community in the services we offer.
- Providing exceptional care and support throughout all customer touchpoints, including the hospitality service offering via



SMCT Trust members at 2021 Pride Awards - from left to right: Vicki Pridmore, Leigh Mackay, Robin Buckham, Sandy Chakravarty, Phil Davies, Dr Vanda Fortunato (Trust Chairperson), Sam Afra, Philip Eggleston

customised menus for cultural and personal preferences.

- The care and long-term maintenance of nine iconic and historic cemeteries and memorial park locations, ensuring funds are set aside to meet maintenance obligations in perpetuity.
- De-mystification of cemeteries by listening and responding to community needs and positioning memorial parks as multi-purpose assets to be enjoyed by the public.

Strategic Priorities

During the period SMCT advanced the delivery of the Strategic Plan 2019-2023. This five-year Strategic Plan guides the organisation's focus and core priorities, including delivering operational excellence, further strengthening our customer-centric culture, investment in information and communication technology and sustainable financial growth.

Our Strategic Plan provides a clear focus for the organisation and is used to establish our Annual Plans and Objectives. As a trusted and purposed organisation, we continue to advocate for choice and for offering transparency of information that will empower our communities.

Our Strategic Priorities remain in line with our 2019-2023 Strategy and include:

- Embracing Customer Centricity.
- Pursuing Strategic Growth.
- Enhancing Strategic Engagement.
- Investing in People Development.

SMCT Trust Members

SMCT is governed by a board of nine highly skilled and experienced Trust members who bring a balance of commercial, not-for-profit and private sector experience. The Trust is responsible for stewarding and setting the overall strategic direction of the organisation. Our Trust members bring a great depth of knowledge in their respective fields of expertise, enabling them to respond to emergent strategic conditions. Trust members are appointed for terms of up to three years, and are able to apply for additional terms. The Governor-in-Council makes all Trust appointments on the recommendation of the Minister for Health.

The strength of our Trust underpins our success. We are grateful to have nine experienced and committed Trust members. They each provide a unique set of skills and experience that continues to shape our strategic direction and organisational culture.

Our Current Trust Members

Trust Chairperson Dr Vanda Fortunato

PhD, MA, BA.

Sam Afra

JP, MAICD.

Robin Buckham

BA, Dip Ed, MCom (Mktg), GAICD.

Sandy Chakravarty

FCPA, MBA, MEc, GAICD.

Phil Davies

BA (Hons), LLB (Hons), LLM, GAICD.

Vicki Pridmore

BA, GDip Organisational Psychology, GAICD.

Philip Eggleston

B.App Sci (Landscape Architecture), GAICD.

Rosemary Barker (appointed 1 July 2021)

BA, GDip HR&IR, MAICD.

Desmond Powell AM (appointed 1 July 2021)

BEC, GAICD.

Trust members who served during the reporting period:

Craig Burke 1 July 2020 - 30 June 2021

Julie Busch 1 July 2020 - 31 August 2020

Roger Chao 1 July 2020 - 31 August 2020

Leigh Mackay 1 July 2020 - 30 June 2021

Services Performed During the Reporting Period 1 July 2020 - 30 June 2021

Cremation	8,548
Interment in graves	3,563
Interment in mausolea	262
Interment of cremated remains	486
	12,859

Profile and Performance of SMCT Locations

	SMCT	BGC	BMP	CMP	CPC	DCC	MGC	SBC	SCC	STK
Established	2010	1854	1995	1933	1865	1857	1852	1901	1886	1855
Hectares (ha)	362 ha	12 ha	101 ha	17.2 ha	4.1 ha	4 ha	43 ha	170 ha	3 ha	8 ha
Employees FTE	293	1	39	18	-	-	6	228	1	-
Number of Cremations	8,548	-	2,576	-	-	-	-	5,972	-	-
Number of Interments	4,311	77	638	351	16	38	285	2,838	50	18
Operating Revenue	\$60.8m	\$0.9m	\$11.2 m	\$2.3 m	\$0.1 m	\$0.3 m	\$4.9m	\$40.3 m	\$0.1m	\$0.5m

Reference: Southern Metropolitan Cemeteries Trust (SMCT), Brighton General Cemetery (BGC), Bunurong Memorial Park (BMP), Cheltenham Memorial Park (CMP), Cheltenham Pioneer Cemetery (CPC), Dandenong Community Cemetery (DCC), Melbourne General Cemetery (MGC), Springvale Botanical Cemetery (SBC), Sorrento Community Cemetery (SCC), St Kilda Cemetery (STK)

Governance and accountability

The past year continues to highlight the importance of organisational agility when confronted with continually changing social and economic environments. Strong leadership and robust governance underpin the ability of the SMCT to provide meaningful ways for families to farewell a loved one.

SMCT acknowledges that strong governance and accountability are critical to the successful achievement of our strategic imperatives.

SMCT's Corporate Governance Framework ensures that we:

- Act in a customer centric manner in everything we do.
- Recognise the importance of consulting and engaging with the community.
- Understand our current and future roles and responsibilities.

We are a community-focused organisation, providing burial, cremation and memorialisation services for metropolitan Melbourne and Victoria and we are entrusted to manage and maintain in perpetuity the locations for which we are responsible.

Our strategic decisions are underpinned by care, compassion and companionship and the Victorian community are the heartbeat of our purpose. Our actions are congruent with our corporate social responsibility to be a trusted community organisation that supports and cares for all Victorians.

During the reporting period the Trust met 10 times to oversee the governance and strategic direction

of SMCT. The Trust's focus is on strategic planning, business development, financial performance, risk management and governance, including legal and regulatory compliance. The Trust also reviewed the performance of the CEO, measuring results against business plans and strategic objectives.

The Trust has ongoing responsibility for:

- Overseeing and appraising the performance of the organisation against strategic objectives.
- Steering and stewarding the strategic direction of the organisation to ensure long term sustainability.
- Ensuring that governance arrangements are maintained, together with sound financial management and best practice asset management.
- Ensuring its statutory and regulatory obligations are met and that the organisation's risk management systems are active and effective.

SMCT also fully recognises its perpetual maintenance and community service obligations, ensuring that funds are set aside for our cemetery and memorial park locations to be maintained in perpetuity for the benefit of all Victorians.

To fulfil these responsibilities, and to ensure SMCT is governed and managed in an accountable and responsible way, the organisation maintains a robust corporate governance framework.

Corporate Governance Framework

A deliberate and influential set of values and behaviours underpin our culture of accountability and transparency. Actively listening and responding to the community needs, helps SMCT to be efficient and effective in the management of our cemetery locations. This approach includes a commitment to excellence in governance standards, which SMCT sees as fundamental for long-term sustainability and performance.

SMCT considers strategic risk management, financial sustainability and effective corporate governance to be fundamental principles that underpin the organisation.

Trust Composition

Listed in the previous section 'Trust at a Glance' is a list of Trust members who held office during the reporting year. The Trust is composed of members who have diverse commercial and humanitarian experience, overseeing SMCT and guiding its strategic direction on behalf of public interest.

Independence of Trust Members

On at least an annual basis, Trust members are required to complete a Declaration of Private Interests statement. Declarations of conflicts of interest were required at the beginning of each Trust and Trust sub-committee meeting in line with *SMCT's Code of Conduct and Conflict of Interest Policy*. Having considered the declared relationships and interests, the Trust considers each Trust member to be independent.

Board Performance

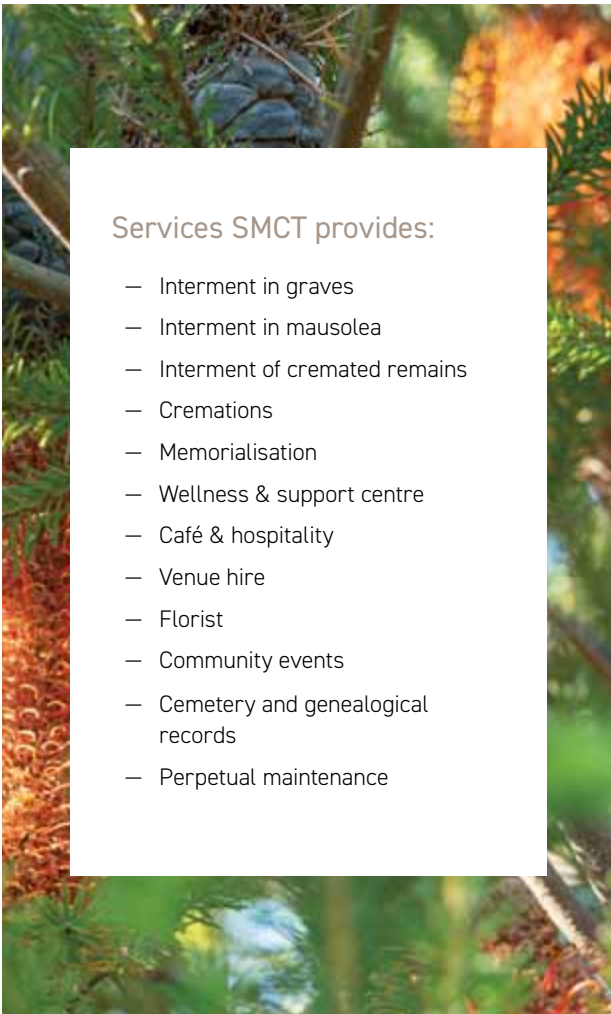
The Trust is committed to maintaining the highest standards of governance and is required to review the Trust and its sub-committees' performance regularly. A formal self-assessment is conducted each year to assess the effectiveness against specific objectives contained in the *Trust and sub-committee Charters*. During the reporting period the Trust conducted an externally facilitated Board Evaluation of the performance of the Trust, each Trust member and the Trust sub-committees.

Trust Committees

During the reporting period the Trust undertook a review of its sub-committee structure to ensure the structure aligned to the organisation's strategic objectives and continued robust

Services SMCT provides:

- Interment in graves
- Interment in mausolea
- Interment of cremated remains
- Cremations
- Memorialisation
- Wellness & support centre
- Café & hospitality
- Venue hire
- Florist
- Community events
- Cemetery and genealogical records
- Perpetual maintenance



governance. The Trust maintains five sub-committees to help execute Trust responsibilities in a review or advisory capacity, unless given other powers by the Trust. Each committee is chaired by a member of the Trust and has a Charter which specifies the role of the Committee. As part of the Trust's Board Evaluation process, each Committee evaluates its performance annually.

Community Advisory Committee

The Community Advisory Committee (CAC) is established in accordance with the requirements of *section 18D of the Cemeteries and Crematoria Act 2003*. The CAC performs a highly valued advisory role for the Trust with respect to its community engagement priorities and commitments.

The CAC meets quarterly and comprises ten members, two of which are Trust members and eight of which are voluntary members appointed by the Trust. The CAC's membership includes representation from key multicultural and religious organisations, government and interfaith networks. CAC members offer a truly diverse perspective, providing the organisation with key insights into the evolving needs and expectations of the communities we serve.

Finance and Investment Committee

The Finance and Investment Committee is established in accordance with the requirements of *section 18B of the Cemeteries and Crematoria Act 2003*. The Committee, chaired by Sandy Chakravarty (previously Phil Davies prior to February 2021) has an advisory role assisting the Trust in fulfilling its financial management, planning and major financial decision-making functions. It also provides direction and oversight of SMCT investments.



Image: Springvale Botanical Cemetery's Garden of No Distant Place

Audit and Risk Committee

The Audit and Risk Committee is established in accordance with the requirements of *section 18B of the Cemeteries and Crematoria Act 2003*. The Committee, chaired by Leigh Mackay, has an advisory role assisting the Trust in fulfilling its governance and compliance responsibilities, risk management, financial reporting, legislative and regulatory compliance, internal control and audit.

Governance Committee

The Governance Committee chaired by Philip Eggleston, has an advisory role assisting the Trust to oversee the governance and performance of the Trust and committees and fulfilling its oversight of the Chief Executive Officer.

Infrastructure and Transformation Committee

The Infrastructure Planning Committee, chaired by Robin Buckham, has an advisory role assisting the Trust to oversee large and complex projects.

Management Committees

A number of management committees met regularly to enhance cross-functional communication, promote good governance and maximise operational efficiency.

Health Safety & Wellbeing (HSW) Committee

The HSW Committee was convened six times during the reporting period, ensuring SMCT met its obligations under the *Occupational Health and Safety Act 2004 (Vic)* and the SMCT HSW Management Framework.

SMCT has embedded and embraces a Safety Leadership Culture throughout the organisation. Further information is provided in the section 'Investing in People Capabilities'.

Emergency Planning Committee

The Emergency Planning Committee (EPC) comprises members selected by the Executive

Leadership Team and includes representatives from Governance, Health, Safety & Wellbeing and Facilities. The Committee is Chaired by the Chief Governance Officer.

During the reporting period, the EPC focused on building and testing organisational capability to respond appropriately to both emergency and crisis situations.

Managing Risk

SMCT operates an Enterprise Risk Management Framework for the management and reporting of risks, which is compliant with the risk management principles contained in the International Risk Management Standard ISO 31000: 2018. As part of this Framework, SMCT maintains a Trust approved Risk Appetite Statement, which sets the agreed parameters and boundaries under which the organisation may operate.

ATTENDANCE AT TRUST AND COMMITTEE MEETINGS 1 JULY 2020 - 30 JUNE 2021

	Meetings Held	Vanda Fortunato	Leigh Mackay	Julie Busch ⁽²⁾	Sam Attra	Phil Davies	Roger Chao ⁽²⁾	Sandy Chakravarty	Craig Burke	Robin Buckham	Vicki Pridmore ⁽¹⁾	Philip Eggleston ⁽¹⁾
Trust	10	10	9	2	10	8	2	10	10	9	7	7
Audit & Risk Committee	7	3	6					7		4	2	
Finance & Investment Committee	9	3 (ex-officio)				9		9		3		5
Infrastructure & Transformation Committee	3		2		3				3	1		
Governance Committee	2	2		1	2	1						1
Community Advisory Committee	4		4						2			

1: Vicki Pridmore appointed 1/9/2020 and Philip Eggleston appointed 1/10/2020

2: Member until August 2020.



The SMCT Executive Leadership Team: (Left to Right) Caroline Richards, Kristy Siega, Shireen Jahan, Jane Grover, Craig Stapleton, Angela Uilderks, Niloo Amendra

Compliance

The principle guiding Act for the cemeteries sector is the Cemeteries and Crematoria Act 2003.

Under *section 15 of the Cemeteries and Crematoria Act 2003*, the Trust is able to delegate certain operational functions and powers. An Instrument of Delegation of Functions and Powers delegates such allowable functions via the Trust's Delegation of Authority Policy.

Building Act 1993

All new work and the redevelopment of existing properties conforms to the Building Act 1993, the Building Regulations 2018 and the Building Code of Australia (BCA).

Freedom of Information

SMCT's Information Manager was the Principal Officer for Freedom of Information (FOI) applications during the reporting period.

FOI requests must be made in writing and can be submitted via email (FOI@smct.org.au) or via post PO Box 1159 Clayton Vic 3169.

There was one FOI application for FY21 from a member of the public. In compliance with the spirit of the FOI legislation, all reasonable requests for records of the deceased are granted as required under the *sections 59 and 60 of the Cemeteries and Crematoria Act 2003*.

National Competition Policy

SMCT complies with the Code of Practice relating to the sale and supply of memorialisation goods and services by cemetery trusts and other alternative suppliers in Victorian public cemeteries, facilitated by the DH. This Code promotes a fair and equitable environment for the supply of such goods and services and ultimately benefits purchasers.

Procurement

SMCT's Purchasing Policy and associated purchasing procedures align with Victorian Government Purchasing Board principles and comply with Victorian Public Sector values, codes and standards.

In delivering purchasing services, SMCT's business transactions are fair, open and demonstrate the highest levels of integrity and probity, consistent with the public interest.

Victorian Industry Participation Policy Data

1 July 2020 - 30 June 2021

Contract:	Value of Contract (inc. GST)	Area	Local Content	FTE Jobs	FTE Apprenticeships Retained	Skills/Technology Commitment
Bronze Plaques	\$7,732,270 (5 years)	Metropolitan	100%	10	2	Contractor has made commitments to staff training and skill development.

Achievements against SMCT's Social Procurement Strategy

SMCT applies the Victorian Government's Social Procurement Framework (SPF) and prioritised delivery outcomes in the following three SPF objectives:

- supporting safe and fair workplaces;
- environmentally sustainable business practices;
- implementing climate change policy objectives.

SMCT addressed its SPF objectives by application directly to SMCT goods and service requirements during the reporting period. Input from other objectives were also incorporated as the opportunity arose. SMCT adopted an indirect approach, utilising the invitation to supply process and clauses in contracts with the private sector to seek social and sustainable outcomes for Victorians, versus a direct approach (seeking services from Victorian social enterprises; Victorian Aboriginal businesses; or other social benefit suppliers).

Enhanced awareness with suppliers has been a direct result of SMCT stressing SPF outcomes, and their value add impact to the wider community when SMCT engages with suppliers. SPF supplier involvement and feedback to SMCT has been positive and is reflected in the following outcomes for this reporting period:

Overall social procurement activities FY21

Number of social benefit suppliers engaged during the reporting period:	11
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Total amount spent with social benefit suppliers during the reporting period:	\$2,746,524
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Social procurement commitments FY21

Total number of suppliers engaged, which are not social benefit suppliers, that have made social procurement commitments in their procurement contracts with the Victorian Government:	5 suppliers
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Total amount committed with suppliers during the reporting period:	\$173,200 committed
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Privacy Legislation

SMCT maintains a Privacy Policy which articulates SMCT's practices when dealing with Personal Information. SMCT is committed to complying with the Victorian Charter of *Human Rights and Responsibilities and the Privacy and Data Protection Act 2014 (Vic)*.

Public Interest Disclosure

SMCT complies with the provisions of the *Public Interest Disclosures Act 2012 (Vic)* to encourage and facilitate disclosures of improper conduct of public officers or bodies and to provide

protection to persons making such disclosures from detrimental action. SMCT recognises the value of transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal conduct that is corrupt, involving substantial mismanagement of public resources or substantial risk to the environment or public health and safety. Disclosures can be made directly to the Independent Broad-based Anti-corruption Commission at Level 1, North Tower, 459 Collins Street Melbourne, VIC 3000 (Phone: 1300 735 135, Internet: www.ibac.vic.gov.au).

Declarations of Pecuniary Interests

Trust members and Executives have completed a Declaration of Private Interests Statement.

No shares are held by Trust members or Executive employees as nominees or held beneficially in a statutory authority or subsidiary.

There are specific disclosures in the financial statements (see index).

Compliance with Standard Disclosures – Report of Operations

In compliance with the requirements of FRD 22H Standard Disclosures in the Report of Operations, details in respect of the items listed below have been retained by SMCT and are available to the relevant Ministers, Members of Parliament and the public on request (subject to freedom of information requirements, if applicable):

- a. details of publications produced by SMCT and how these can be obtained;
- b. details of changes in prices, fees, charges, rates and levies charged by SMCT;
- c. details of any major external reviews carried out on SMCT;



Image: Southern Aurora
Bunurong Memorial Park



*image: Natural burials within
Bunurong Memorial Park's
Murrun Naroon*

- d. details of major research and development activities undertaken by SMCT;
- e. details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- f. details of major promotional, public relations and marketing activities undertaken by SMCT to develop community awareness of SMCT and its services;
- g. details of assessments and measures undertaken to improve the occupational health and safety of employees;
- h. a general statement on industrial relations within SMCT and details of time lost through industrial accidents and disputes;
- i. details of all consultancies and contractors including:
 - (i) consultants/contractors engaged;
 - (ii) services provided; and
 - (iii) expenditure committed to for each engagement.

Attestations

Financial Management Compliance Attestation Statement 30 June 2021

I, Dr Vanda Fortunato, on behalf of the Responsible Body, certify that the Southern Metropolitan Cemeteries Trust has no Material Compliance Deficiency with respect to the applicable Standing Directions under the Financial Management Act 1994 and Instructions.

Dr Vanda Fortunato
Trust Chairperson
Southern Metropolitan Cemeteries Trust
25 August 2021

Victorian Government Purchasing Board (VGPB) Policies

I, Jane Grover, certify that the Southern Metropolitan Cemeteries Trust has put in place appropriate internal controls and processes to ensure that it has complied with all requirements

set out in the VGPB Victorian Government Purchasing Board Policies and have critically reviewed these controls and processes during the year.



Jane Grover, CEO
Southern Metropolitan Cemeteries Trust
25 August 2021

Integrity, Fraud and Corruption

I, Jane Grover, certify that the Southern Metropolitan Cemeteries Trust has put in place appropriate internal controls and processes to ensure that Integrity, Fraud and Corruption risks have been reviewed and addressed at the Southern Metropolitan Cemeteries Trust during the year.



Jane Grover, CEO
Southern Metropolitan Cemeteries Trust
25 August 2021

Conflict of Interest and Duty to Disclose

I, Jane Grover, certify that the Southern Metropolitan Cemeteries Trust has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of clause 9 of Schedule 1A of the Act, and has implemented a 'Conflict of Interest' policy consistent with the minimum accountabilities required by the VPSC. Declaration of private interest forms have been completed by all executive staff within the Southern Metropolitan Cemeteries Trust and members of the Board,

and all declared conflicts have been addressed and are being managed. Conflict of interest is a standard agenda item for declaration and documenting at each Board meeting.



Jane Grover, CEO
Southern Metropolitan Cemeteries Trust
25 August 2021

Data Integrity Declaration

I, Jane Grover, certify that the Southern Metropolitan Cemeteries Trust has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. The Southern Metropolitan Cemeteries Trust has critically reviewed these controls and processes during the year.



Jane Grover, CEO
Southern Metropolitan Cemeteries Trust
25 August 2021



Fostering Connection

At the Southern Metropolitan Cemeteries Trust (SMCT), we are united in our determination to positively impact our customers' lives with compassionate support services. As loneliness becomes a new public health challenge in Victoria¹, we continue to look for new ways to support people, encouraging them to feel connected to our locations, people and community.



Regular Springvale Botanical Cemetery visitor Giuseppe (Right) with Jane Grover.

We understand that we are in a time of constant disruption and evolving customer expectations. Genuine customer connection, advocacy and innovation being the only ways to remain valued, relevant and sustainable. The pandemic has cast a light on our human need to connect with one another. While online experiences provide convenience and accessibility, there is no substitute for the compassion and empathy of human connection.

Our customers are often dealing with some of the most complex decisions and times they have encountered in their lives. They need a balance of online tools and services presenting transparency and choice, complemented by human touchpoints providing support and care. We have worked tirelessly over the past year to respond to the

new normal, remaining true to our organisation's purpose and values. Our redesigned services continue to support our industry partners and the diverse needs of our customers, while introducing innovative ways to foster and sustain a connection.

Key Outcomes:

- Extended our Centre for Care & Wellbeing support services online.
- Expanded our online streaming services to include indoor Chapels and outdoor burials, providing families with new ways to farewell loved ones.
- Redesigned our Remembrance events, providing greater access and engagement for customers to connect.
- Provided a range of new hospitality services to support our local community and industry partners.
- Strengthened our relationships and gained valuable insights into the needs of our diverse community.

Supporting our community

At no other time in recent history has the importance of social connection been more prevalent. The COVID-19 crisis has brought loneliness and social isolation to the forefront. It serves as a powerful reminder of just how

¹ <https://www.vichealth.vic.gov.au/letter/articles/vh-letter-47-loneliness>



Image: Springvale Botanical Cemetery's Centre for Care & Wellbeing

important meaningful social relationships are to our sense of self and purpose in life. It is a concern shared by our Centre for Care & Wellbeing team that provide a range of group sessions designed to promote wellness and connection for those grieving. While social restrictions have prevented us from connecting physically, we have developed various alternatives, including outdoor walking groups, online wellness classes, email newsletters, including the 'Inner strength' video programs in partnership with Monash University.

"...[a] precious oasis in what can seem like a vast desert of grief." - Tracy, Centre for Care & Wellbeing visitor.

As restrictions continue to ease and we emerge from the COVID-19 pandemic, we look forward to welcoming our Centre for Care & Wellbeing community back to our purpose-built facility completed in 2020. It is a sanctuary that provides a safe and caring environment for people to share stories and feel emotionally connected to others.

We are in our customers' lives forever. Our philosophy is to support the community in their journey through grief, reimagining our cemeteries and memorial parks as places for the living.

The journey of loss is inevitably one of sadness and pain. However, we hope that all who use our Centre and wellbeing services experience the warmth when people come together to offer kindness and companionship to one another.

Online Services

Forming new ways to connect

The last year has seen an unprecedented change in customer behaviour requiring constant directional adjustments to shift our services to support families as further social restrictions came into effect. With interstate borders closed, intercontinental travel no longer an opportunity and services limited to ten people, our community had to find new ways to say goodbye to loved ones from afar. In a matter of weeks, we redesigned our chapel and burial services to provide live video streaming options to families unable to attend. While there is no substitute for physically attending in person, the benefits of live video streaming services offered an alternative for imposed restrictions and created new possibilities for extended families overseas. With intercontinental travel no longer an option, live streaming provided family members with a means to say goodbye and has seen over 58K viewers of our livestreamed services across 94 countries in the time it has been available.



Image: Café Vita et flores inspired menus

Along with video enhancements to a funeral and memorial service, we have also extended our customer care services to include online video and telephone appointments. These new services have provided families with greater convenience and accessibility while helping everyone to remain safe by limiting physical contact. While we have seen in-person appointments return with easing restrictions, these new ways of working have introduced fresh thinking to the future of our organisation's customer experience, which will provide greater choice to the changing needs of our customers.

Remembering loved ones

Our calendar of remembrance events provides an essential link for families to honour and celebrate their loved ones. They not only mark time; they create time for our community to come

together through a shared experience. Historically these events have been held physically on-site; however, throughout the COVID-19 pandemic and with social distancing restrictions in place, we were required to reimagine these as online-only community events. After some initial success with our first Mother's Day event last year, we refined the approach and delivery of these remembrance services to provide greater community involvement, recording higher attendance numbers than some of our previous on-site events. We are excited to continue to evolve these events to enhance both the on-site and online experience, creating a place for our community to come together as they choose.

We thank our families for their understanding, feedback and ongoing support over the past year as we together create new ways to remember the lives of those we hold close.



Image: Live streaming the Mother's Day Remembrance Service

The healing power of food

When we reflect on the meaningful moments in our lives, it is no surprise that family, friends, and food are the common ingredients. Sharing food connects the human spirit and has the power to heal hearts. This belief led us to continue to create a range of hospitality offerings, culturally inspired and customised menus that connect and comfort our client families and is redefining the role that memorial parks and cemeteries play in our community.

We introduced take-away meal options from our Café and intimate sit-down dining experiences

according to the changing environment and capacity directives, providing families with an alternative farewell for loved ones.

As the rules around gathering sizes for funerals allowed increased numbers, we constructed large marquees at Springvale Botanical Cemetery and Bunurong Memorial Park, adhering to the new density capacity ruling while providing our partners and community with increased hosting options. With our people-first COVID-19 Guiding Principles underpinned by our business plan, we adopted new ways to view challenges.

Our award-winning Café Vita et flores florist team expanded our on-site delivery services with flowers and messages of love for those unable to visit in person to support families through these difficult times.

As we welcome our regular Café Vita et flores visitors back on-site again, we are excited to see the many familiar faces that remind us of the impact our team and spaces have created in their hearts.

Engaging with our diverse community

Museum of Chinese Australian History book launch

For many communities, honouring legacy is an important part of shared family history and values. But what happens when part of your legacy is hidden? In partnership with the Museum of Chinese Australian History, we supported the April launch of *'For Honour and Country: Victorian Chinese Australians in World War II'*, a book exploring the previously hidden and untold stories of Chinese Victorian servicemen and women who courageously served during World War II. Sharing these personal stories inspired many veterans and their families to reconnect with the legacy of hope. SMCT is proud to acknowledge and help amplify their stories.

Through collaboration with community partners

such as the Museum of Chinese Australian History, SMCT seeks to strengthen connections and foster understanding to help our communities honour and celebrate loved ones in the way they choose.



Image: WWII veteran Hamilton Chan (far right) and daughter Rosalie Hiah (second from right) both contributed to the book For Honour and Country launched at the Museum of Chinese Australian History in partnership with SMCT.

Preserving history

One of the notable restoration projects undertaken in the past year was completing the Alexander Street section (stage one) of the iconic St Kilda cemetery perimeter fence. As a heritage-listed site, the process of restoration is complex. It considers the historical nature of the site while placing the safety and wellbeing of our community at its core. The project is also made more complex by the impacts of our COVID-19 pandemic which has resulted in restrictions to work and construction over the last twelve months.

The second stage of the fence will take two years to restore, with estimated completion in the first half of 2022. We are proud to be custodians of history and working together with our cultural and religious communities to preserve and expand our physical locations for generations to come. We thank the local government and community for their engagement and support with this restoration project.



Shared reflections

There is nothing as heart-warming as when you see the community and connection we are creating, reflected back by our community. Over the Easter weekend, an anonymous member of our SMCT community generously filled hundreds of memorial vases at our Walls of Reflection with vibrant flowers. A picture alone cannot capture this act of care, that was a tender and touching tribute in honour of loved ones. Our sincere appreciation to this person, who brought love and kindness to the many families that visited loved ones over the long weekend.

Enhancing customer experience

We understand that disruption is now the new norm. For the Southern Metropolitan Cemeteries Trust (SMCT) to flourish, we need to continue to design a flexible customer experience based on our customer's personal preferences and changing needs. With ongoing investment in people capabilities and technology, we seek to provide our client families with considered services offering greater choice, convenience and transparency.



Image: Cover image from our '10 Steps to Honouring and Celebrating Life' guide, supporting families who have recently lost a loved one.

Listening, anticipating and responding to customer needs with a strong alignment to our purpose has been the ethos of SMCT. We proactively looked to provide our partners and customers with regular and timely communication on conditions throughout last year - becoming the 'go-to' source

by many for industry-related information to help inform the facilities and services available.

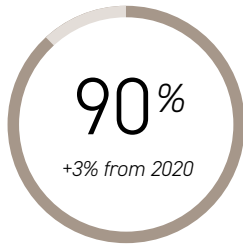
Key Outcomes:

- Increased customer satisfaction by 3% in our annual Net Promoter Score.
- Adapted our operations and services swiftly to meet the ongoing changes to restrictions and provide customers with the most options available.
- Conducted a market Request for Information (RFI) and increased capabilities in readiness for our business transformation.
- Extended our awareness and consideration through an integrated multi-channel marketing program.
- Leveraging our qualitative industry evidence to inform changes in consumer interests and habits.

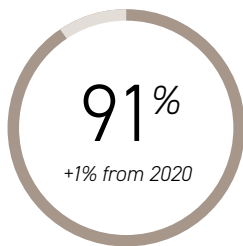
Our operation teams remained resilient, looking for new ways to pivot our services to comply with government directives while providing the best care for vulnerable clients who faced increased restrictions on funeral attendance. We optimised our customer care team structures by triaging

calls to accommodate the increase in call volumes and adopted new ways of working to support on-site visits, appointments and service our business partners. Keeping our environments COVID-19 safe remained our priority as we introduced temperature monitoring and check-in procedures for both our customers and employees.

Our community was always at the heart of our decision making as we continued to navigate the ongoing and changing conditions of last year. This is clearly demonstrated in our exceptional Net Promoter and Net Easy scores, highlighted below:



2021 Net Promoter Score



2021 Easy Score

We are now in an experience economy that requires tailored services designed around our customers' needs. Despite the shift towards digital and remote service delivery, some experiences will always be preferred face-to-face. We continue to explore the entire continuum of enhancing our physical to remote service offerings, providing our industry partners and families with greater convenience and choice as we shift towards a post-COVID-19 world and introduce new platforms to underpin our customer service.

"I just wanted to extend my appreciation of the support and assistance that John Chambers gives my colleagues and I each time we call. He is always courteous, helpful and nothing is ever too much bother. His professionalism is to be commended. His manner of speaking is exemplary. He always asks before ending the call if there is anything else he can assist with, which is always a good prompt for us in case we have forgotten something. I cannot express how amazing and supportive he is on each call."

- Funeral Director email feedback

Transformation and platform migration

We are shifting towards technology that allows us to anticipate the needs of our diverse and evolving customers. Planned as part of an extensive multi-year transformation project to support our organisation's growth strategy, we are in the process of scoping and evaluating a new enterprise-wide CRM (Customer Relationship Management) and ERP (Enterprise Resource Planning) platform. These platforms will provide SMCT with the essential integration to seamlessly collect, analyse, and inform



Image: Memorial within Bunurong Memorial Park's Dimensions

customer requirements. Providing insights to help understand changes in customer preference and support the planning of new community precincts based on demand.

We are shifting to cloud-based applications to help us provide real-time information, assisting our teams, partners and client families with accessing our services securely from anywhere. We appreciate that the right technology base, underpinned by a compassionate human support system intuitively designed across each touchpoint, is essential to evolving our whole site approach to innovating the customer experience.

We are a progressive organisation that balances the use of modern technologies with team members who consistently provide a caring response to families who are often at their most vulnerable.

A personal touch

As our world becomes increasingly digital, we sought to pause, seeking an alternative and unexpected touchpoint that provided customers with a message of hope. To help with shared stories of loneliness and isolation, we had our customer care team write handwritten condolence cards to client families. These cards represented the care and thought that is essential to the



Image: Original cover artwork featured on handwritten condolence cards.

relationship we foster with our client families. The response to this simple act was heart-warming, with customers thanking our team for their kind words and wishes. It is a powerful reminder to continue to seek touchpoints that provide a unique brand experience and one highly valued by our customers.

Our philosophy is to endeavour to solve existing customer problems in entirely new ways. It requires us to rethink and innovate, taking an organisation-wide approach to creating value in the experience while genuinely supporting families.

Building a trusted brand

Our approach to personalised care and compassion for our client families sets us apart and redefines the contemporary and progressive role cemeteries and memorial parks play in the community. SMCT has led this thinking for the sector.

We appreciate that customers today are looking for authentic brands that instill trust, integrity and transparency. As our organisation has diversified and our offering continues to grow, we are taking a deliberate approach to shaping the brand experience in line with our purpose. Introduced at the beginning of 2020, our 'The Perfect Place to Celebrate Life' communications campaign was a comprehensive multi-channel media program for building awareness within Melbourne's South-East. The creative featured people within our locations with a range of first-person quotes, translated for each media audience and showcasing the importance of having a final resting place to visit and honour loved ones. Each quote aims to convey the quiet and intimate voice of those visiting, reflecting the acceptance of memorial parks as places for connection, healing and wellbeing.

To help optimise our ongoing approach to branding, we form part of a nationally syndicated

research study that provides monthly quantitative data visualised in a dashboard with category-specific filters. The data collected has specific end-of-life questions by demographics, culture, and Local Government Area (LGA), along with brand tracking reports verifying SMCT achieved incremental gains in awareness and consideration in 2020, despite challenging market conditions. The insights provided are assisting us with identifying the changing behaviour and attitudes of Victorian's, so we can continue to refine our initiatives and align the strategic direction to the community needs as they evolve.

Our recently launched brand book and writing guide provide our internal teams with an overview of Southern Metropolitan Cemeteries Trust's preferred voice, style and approach to communication. These essential guides explain who we are, what we do, and most important of all, why we do it.

Improving our digital assets

The need for easy access to SMCT's services through clear and reliable information across each channel amidst the uncertainty became a lifeline. The rapid pace of organisational change in response to the COVID-19 pandemic required a significant increase in communication between our teams, partners and customers.



"I said yes, Mum."

Choosing the perfect place for loved ones to remember and celebrate life can provide wonderful peace of mind. The Springvale Botanical Cemetery has a range of options, each designed to perfectly reflect cultural and personal preferences.

The perfect place to celebrate life.

Visit smct.org.au
or call 8558 8278



Image: One of many 'Perfect Place' creatives that supported our 20/21 advertising campaign

With a focus on providing immediate support for our customers, we reprioritised initiatives like online appointments and 'click and collect' early. As conditions stabilised later in the year, we returned to progressing with longer-term marketing automation and enhanced website programs.

As we introduced more digital touchpoints across our services, we discovered customers were quick to embrace these new digital formats. Our new live streaming video options delivered over 58K views to 94 countries from our website, opening the possibility to stretch beyond borders with international participants connecting from their homes. With more digital data and reporting now possible, we are leveraging the insights of our 'test and learn' practices to create more immersive and intuitive digital experiences. It reshapes the way we view our services and creates opportunities for customers to access and connect with our brand from anywhere.

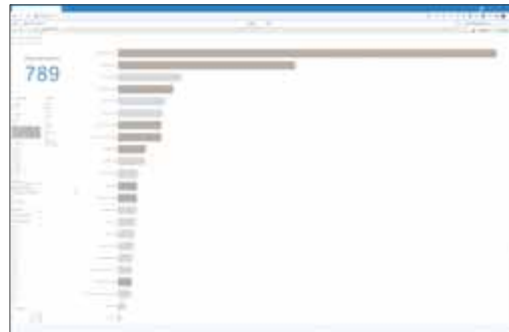


Image: Screenshots from SMCT's Quantitative Dashboards

Engaging in community research

We are committed to providing a customer experience that is relevant, consistent and accessible for all. We are fortunate to work together with our multicultural and multifaith communities to understand the vital role tradition and ceremony form in honouring loved ones.

To enrich the customer experience and align our strategy with our diverse communities, we work with several research partners that provide essential quantitative and qualitative insights. These partners and data collections help us understand changes in cultural and geographical audience preferences relating to end-of-life services. With monthly updates to our quantitative reports, it enables us to react to market conditions quickly and supports our external marketing and communication messaging.

Using a combination of qualitative and quantitative data improves the way we gain insights by

ensuring that the limitations of one type of data are balanced by the strengths of another. This method provided a valuable understanding of the site and product demand for the new mausoleum and Memorial park business cases, learning how SMCT can design services more in line with community needs. Both research methods form an essential part of listening to our community's changing attitudes and conditions, so we remain relevant and support investment through new growth opportunities.

We understand the past year has challenged our community and believe that through listening and responding with care, upholding values of respect and equality, we can together build a better and more united tomorrow. As we continue our digital transformation journey, we will be deliberate in taking a human-centred approach that adds value to the customer experience. Our curated spaces allow our customers to create their own experiences and rituals within a supportive place reflective of them.

Investing in people capabilities

As our teams embraced unprecedented change, they remained committed, passionate, and dedicated to serving the Victorian community. Adapting service offerings and excelling in standards of service delivery, our people demonstrated their strong alignment with our purpose and values.

We acknowledge that many significant achievements were enabled by our people, our greatest asset, and we recognise their contribution in realising our vision and unwavering commitment to serve the Victorian community during their most vulnerable times.

We believe our philosophy of care, prioritising the nurturing of talent and commitment to employee safety wellbeing, inspires our people to reach their potential. Our leaders work to establish a positive team culture with measurable learning and development, reward and recognition, succession planning and unique development opportunities.

Key Outcomes:

- Completed the the FY2021-2024 People Strategy.
- Achieved outstanding results in New Ways of Working feedback survey.
- Recommended our annual PRIDE Awards event celebrations.
- Awarded a Worksafe Performance Rating 63% higher than industry average.
- Engaged in over 4,900 hours of employee training.

Disruptions caused by the COVID-19 pandemic offered a unique opportunity to explore a different

view of work than traditional sector definitions. We reimagined our work and the role of our sites in creating safe, connected and enjoyable environments for employees in all teams. As we continued to operate as an essential service, we reflected on our culture and values to identify a proactive approach for engagement and motivation during this turbulent time.

We have strived to ensure that our people feel cared for and supported. We have maintained regular contact with teams not working on-site to make sure that they have a safe and suitable home space to work in, that they are looking after both their physical and mental wellbeing.



Russell Pereira (Customer Support Team Leader) at SMCT PRIDE Awards



Image: Dr Vanda Fortunato (SMCT Chairperson) with Anna-Marie Accadia (Operations Manager - Infrastructure & Service Delivery) at the 2021 SMCT PRIDE Awards

Throughout FY2021, we have continued to grow our capabilities, increasing Full-Time Equivalent (FTE) as we focus on large multi-year transformation and growth projects to support the future customer experience.

Refreshed people strategy

An effective people strategy means embracing the needs of our diverse workforce while preparing for the future of work. The rate of change will continue to accelerate throughout the organisation, where the only constant will be agile, talented people who can adapt to change.

We understand and value the different needs of our core workforce to nurture their talent and set them up for success.

To continue our success, our people need the tools to thrive, manage and lead in this new challenging climate. Our refreshed People Strategy outlines how we will leverage the unique talents of our people to realise their ambitions and our strategic goals in the year ahead.

In partnership with global consulting firm Mercer, the FY2021-2024 People Strategy will prioritise the initiatives and projects to be undertaken by SMCT over the next three years. We will focus on four key pillars: transforming leadership and culture;

attracting and retaining key talent; evolving resource management and operating model; and building future skills and capabilities.

Our ability to attract, develop and retain teams of talented professionals remains at the critical core of our business.

As we step confidently into this new exciting era, we remain committed to continuing to provide a highly desired employee experience with a future-focused workforce aligned to our strategic vision. It won't be enough to simply adapt to changes as they arise: we need to foresee what is coming and shape our direction in anticipation.

The new People Strategy includes a prioritised roadmap with a combination of quick wins and long term initiatives planned over the coming three years, beginning in FY2022. We are focused on a number of key priorities, including;

- Future workforce requirements to support the achievement of SMCT's strategic initiatives;
- Changes to organisation design and critical capabilities, uncovering new ways of working; and
- Enhancing culture and employee experience, including attraction and retention strategies, career development and leadership training.



Image: 2020-2021 SMCT PRIDE Award winners: Peter Susovich, Simon Pert, Elise Gelley, Ashlea Staude, Dean Edney, Kristen Gillespie, Chris Gelley, Rob Martin

A collective focus on these priorities will enable the continued loyalty and commitment of our people to contribute towards SMCT's success.

New ways of working (NWOW)



Much has been learned about the ways we can work differently since COVID-19, and SMCT has identified the positives and embedded those capabilities into our working lives.

The restrictions imposed to combat COVID-19 quickly forced much of the workforce into new ways of working, ways that have offered both challenges and positive outcomes. The New Ways of Working (NWOW) program was established to be more agile and contemporary in our thinking, ensuring that many of the SMCT teams could

successfully and safely work remotely and transition to a new 'hybrid' working model.

In a feedback survey conducted in December 2020, 94% of participants expressed confidence in SMCT's handling of the NWOW program. The below statistics are also important to note:

- 90% of our employees feel safe.
- 94% feel supported and that their leader is regularly checking in on them.
- 91% receive timely communications.
- 97% of employees feel they have the resources and equipment needed to work from home.

Ultimately, the aim of the NWOW program will be to reinvent the working environment to become a place where employees can enjoy their work, collaborate with their colleagues, and achieve SMCT's collective objectives, regardless of physical work location.

Reuniting with PRIDE

The winners of the 2020-2021 PRIDE Awards

- The Passion Award - Ashlea Staude and Elise Gelley (Senior Receptionist and Customer Care Consultant)
- The Respect Award - Gayathri Prakhya (Project Management Office Lead)
- The Integrity Award - Simon Pert (Customer Support Team Leader – Funeral Services)
- The Dedication Award - Lee Mole (Gravedigger)
- The Empathy Award - Dean Edney (Customer Experience and Sales Manager)
- The Live Well, Work Well Award - Peter Susovich and Chris Gelley (Operations Leader – Horticulture and Operations Leader – Quality Assurance)
- The Chairperson's Award - Kristen Gillespie (Hospitality Manager)
- The CEO's Award - Rob Martin (Customer Support Consultant – Funeral Services)

At SMCT, we recognise that how we work is just as important as what we do. At each and every site within our care, we pledge to each other to act with PRIDE.

Our annual PRIDE Awards provide us with the opportunity to formally acknowledge employees at SMCT who have made an outstanding contribution to our organisation in line with our values – Passion, Respect, Integrity, Dedication and Empathy. They also allow us to recognise employees who actively support the safety and wellbeing of others at work via the Live Well, Work Well award. Featured above are the 2020-2021 winners from each category, including the winners of the annual Chairman and CEO Awards. Once again, we congratulate them all.



Image: Preventative audiometric risk assessment tested the noise for employees operating fleet equipment.

Health, safety and wellbeing (HSW)

SMCT's Activate Health employee wellbeing program has been redesigned to ensure the ongoing mental and physical support of our employees throughout a year like no other.

As we adapted to many changes over the past 12 months, the Activate Health program was enhanced to strengthen the portfolio of mental wellbeing support with programs like 'The Resilience Project' and the 'REACH for Mental Health' program. The Resilience Project in particular challenged our people to take a step back from their busy lives and daily stresses to take part in the G.E.M. principle 21-day challenge, prioritising gratitude, empathy and mindfulness. Similarly, the 'REACH for Mental Health' program was a two-part series that assisted our employees in reaching out for support needed in addition to providing tools to reach out to others in need.

The following key pillars underpinned our comprehensive Activate Health Program in FY21:

- The Early Intervention Program – our on-site osteopath increased his presence to ensure our people were supported in proactively managing the physical stresses that come with daily operational tasks. Virtual desk and home workplace set-up checks were also offered alongside standard osteopathic treatments.
- The Employee Assistance Program – this free 24/7 support is available to our people and their immediate families if needed. This confidential program also commenced as an on-site presence this year, an added value taken up by our teams.
- Health monitoring activities including on and offsite flu vaccinations for all employees, and hearing assessments and skin checks for all outdoor employees.

In April 2021 our Operations teams attended the second 'Stop for Safety' event. One highlight was a moving presentation by Alan Newey, a distinguished speaker who spoke of his experience as a victim of a workplace accident after losing his arm, highlighting the significance of 'stopping' for safety at work. This event was a huge success, resulting in a subsequent increase in near-miss reporting.

SMCT Health, Safety & Wellness Data

WorkSafe Performance Indicators	FY21
SMCT Work Safe Insurance Premium Rate	0.86%
SMCT Performance Rating	0.37
SMCT Performance Rating (compared with Industry average)	+63.47%

Occupational Violence Statistics	FY21
Work Cover accepted claims with an occupational violence cause per 100 FTE	0
Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0
Number of occupational violence incidents reported	3
Number of occupational violence incidents reported per 100 FTE	1.02
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0%

Occupational Health and Safety	FY21	FY20	FY19
a) The number of reported hazards/incidents for the year per 100 full-time equivalent staff members	Total Incidents: 740 Staff No: 293 Per 100 staff: 253	Total Incidents: 622 Staff No: 274 Per 100 staff: 227	Total Incidents: 746 Staff No: 294 Per 100 staff: 254
b) The number of 'lost time' standard claims for the year per 100 full-time equivalent staff members	Total claims: 4 Per 100 staff: 1.4	Total claims: 1 Per 100 staff: 0.36	Total claims: 3 Per 100 staff: 1.02
c) The average cost per claim for the year (including payments to date and an estimate of outstanding claim costs as advised by WorkSafe)	\$13,350	\$9,067	\$23,152



Image: Members of SMCT's 2021 Enterprise Leadership Program (left to right) Katie Ward, Nicky Taylor, James Balazs, Carl Enser, Louise Acheson & Andrew Smith

People performance

Workplace demographic

Diversity in our SMCT workplace has proven essential to creating a thriving business. Workplace diversity encourages creativity and innovation as every team member, from leadership to frontline employees, brings their own unique backgrounds, experiences, and perspectives to the conversation.

Our progress in creating an inclusive workplace is depicted in the composition of our FY2021 workforce as follows:

As of 30 June 2021, 56% of Trust members and 86% of the Executive Leadership Team members were female. Our dedication to hiring people with diverse experience continues, with a workforce spanning three generations and employees ranging in age from 18 to 67 years and a tenure ranging from 1 to 38 years.

Age Distribution

(headcount, not FTE equivalent as of 30th June.)

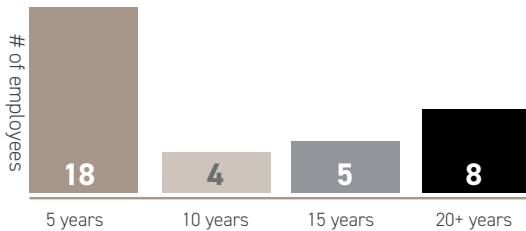
Age	FY21	FY20
Under 25	23	15
25-34	65	60
35-44	74	80
45-54	101	87
55-64	45	49
65 and Over	4	7
Total (excl. vacancies)	312	298

Gender Distribution

(headcount, not FTE equivalent as of 30th June.)

Gender	FY21	FY20
Male	149	146
Female	163	152
Self described	0	0
Total (excl. vacancies)	312	298

Service Milestones Reached Between July 2020 - June 2021



Flexible Working Arrangements

(headcount, not FTE equivalent as of 30th June)

Working Arrangements	FY21	FY20
Full Time	253	242
Part Time	46	44
Casual	13	12
Total (excl. vacancies)	312	298

Terms Of Employment (FTE)

Terms of Employment	FY21	FY20
Award (Hospitality & Retail)	18.9	10.3
Common Law Contract	120	108.9
The Southern Metropolitan Cemeteries Trust Outdoor Enterprise Agreement 2017-2021	98.4	103.4
The Southern Metropolitan Cemeteries Trust Indoor Enterprise Agreement 2020-2024	55.8	51.5
Total (excl. vacancies)	293.1	274.2

Training and development

SMCT has integrated development and succession planning into the organisation's overall strategy, ensuring all training programs drive toward the same objectives. A full financial year of training

took place with our teams pivoting to ensure activities continued in a COVID-safe manner online when required.

Following the re-activation of our Enterprise Leadership Program (ELP), we are pleased to share that the extensive course Cohort III is due to be completed in November 2021. The selected participants embarked on a 12-month program designed to develop credible and effective leaders and how to be impactful in leading others. It remains a best-in-class program, supporting the development of critical leadership capabilities required to sustain our high-performance culture.

We continue to deliver a range of leadership development training despite on-site limitations, facilitating online sessions for our ELP and some Executive Leadership Team (ELT) initiatives. In early 2021 we were fortunate to host Resilient Futures Framework training for a number of leaders on-site, teaching the ability to adapt, the courage to make change, the use of creativity to solve problems and how to connect effectively with others.

With a strong focus on integrity, a collection of online leadership sessions were delivered by eLearning services, covering topics like fraud and corruption in cyberspace. Once back on-site, physical health and wellbeing training recommenced including traffic control, first aid and confined space training.

Training Category	Hours*
Corporate Induction	1,769
In-role / Technical	230
Leadership	797
HSW / Licence, Risk & Compliance	2,170

*Total hours reduced during the period due to COVID-19

Pursuing strategic growth

Our strong performance is built on the foundations of our purpose and driven by our values aligned people. We will continue our commitment to investing in long term sustainable growth that is underpinned by anticipating and responding to the needs of our communities.



Planning has commenced to support community demand for a new Mausoleum at Springvale Botanical Cemetery

While much has changed socially and economically over the last year, our strategic direction and priorities remain progressive and are anchored in investing in people with capabilities that enable innovation and that challenge the status quo.

We have been agile, accessible, and embraced change to respond swiftly to meet the needs of our communities. Our deliberate response to navigating these unprecedented times of global and national change, has led to our forward momentum as an organisation supporting both the Victorian community and economy.

Our commitment to developing viable and sustainable strategies aligned with our purpose continues, as a number of considered projects approach commencement and completion; all

working toward a common goal of ensuring SMCT, remains relevant to the Victorian community and sustainable in the long term.

Key Outcomes:

- Commenced the planning of a new mausoleum at Springvale Botanical Cemetery.
- Delivery of key streams of work to support acquisition and planning of a new memorial park.
- Development of precincts to meet community preference and demand.
- Achieved a cemetery operating revenue of \$60.8m and a total operating result of \$27.5m (total operating result 296.1% above budget).



Image: Concept of courtyard within Springvale Botanical Cemetery's proposed new mausoleum

Meeting growing community needs – new mausoleum

SMCT is committed to planning for our multi-cultural and multi-faith communities' current and emerging needs. With many of our mausoleum locations at their end-of-life and the limited mausoleum positions at Springvale Botanical Cemetery, this strategic project is critical to the provisioning of future customer demand and maintaining sustained revenue streams.

To better understand the Italian community's above-ground interment needs and their changing attitudes with their customs and traditions, SMCT conducted quantitative and qualitative research highlighting strong demand within the business case for a new mausoleum in Melbourne's South East. The construction of a new mausoleum at Springvale Botanical Cemetery will commence in FY22.

This development will allow space to cater for those communities where above-ground interment is desired, critical to our promise to cater for a multitude of future customer demands and

sustained revenue streams.

This proposed construction consists of a two-stage development, allowing for a progressive and flexible build program. The first stage is set to be completed in May 2022 and will entail state-of-the-art infrastructure surrounded by a serene garden landscape, building on our reputation for creating beautiful sanctuaries for remembrance, devotion, and quiet reflection.

Featuring designs inspired by the idea of an internal contemplative garden, this mausoleum will acknowledge Christian ideology and offer an immersive, contemplative experience for those who come and reflect. Built beside the Saint Padre Pio Mausoleum, this new addition will create much-needed additional resting places and a warm, reverent space in which to remember and honour loved ones.

Planning for new site acquisition and development

As indicated in our previous reports, with a number of SMCT locations reaching end-of-life, a

key strategic focus throughout the year remained on planning and development of our vision for a new community memorial park.

SMCT plans to deliver a new memorial park that is unique and inspiring through an innovative partnership approach.

Not only will the memorial park address burial capacity limitations within the region, it aspires to enhance passive and active recreation opportunities through carefully considered design. It is predicted that this provision of accessible parkland will add substantial community benefit, starting new conversations in the community and positioning SMCT as an industry thought leader.

SMCT has demonstrated experience in creating contemporary community memorial spaces with an overwhelmingly positive response to the Bunurong Memorial Park development in 2015. We look forward to this reflected in future



Image: Concept of new community memorial park in Melbourne's South East.

developments that look to provide parkland space for the broader community to enjoy.

Continued development of new precincts

We are proud to be a progressive organisation that continues to deliver strategic initiatives to further develop essential community spaces. Despite many COVID-19 related challenges, we sustained our commitment to enhancing our offering and optimising land utilisation through the ongoing development, rejuvenation and maintenance of our sites and infrastructure. A large number of burial projects were both completed and planned throughout the past 12 months. Based on evolving customer needs each year, a range of precincts are thoughtfully designed and development undertaken in consultation with relevant community partners. These included a range of burial precincts for our multicultural communities across Springvale Botanical Cemetery and Bunurong Memorial Park, along with additional cremation memorial positions within the beautiful Song He Xin Yuan.

Bunurong Memorial Park masterplanning

Bunurong Memorial Park continues to be welcomed by our community. The site already exceeds estimated demand, demonstrating resonance with the community and evidenced by the rapid take-up of pre-purchased. SMCT has identified the need to re-assess remaining stages in the masterplan in order to provide burial options to meet our diverse community's changing and long-term needs. Over the next 12 months, terraforming and infrastructure requirements will be clearly refined along with consideration for the most effective positioning of key infrastructure assets and facilities. A framework will be established, flexible to changing conditions and guided by communication with local communities as we identify their evolving needs.

Information technology and business transformation portfolio

In response to the COVID-19 pandemic, our teams re-focused to accelerate digital investments, as well as modernising technology capabilities to support our teams as they moved to a hybrid environment of remote and on-site work. Our IT Strategy and Business Transformation program, developed in FY19 and aligned with the Australian Government Digital Strategy 2025, remained essential in providing a strong strategic direction whilst executing the immediate responses required.

We are moving toward a fully integrated system of technologies to provide a contemporary and customised service offering to customers. The implementation of Customer Relationship Management (CRM) and Enterprise Resource Planning (ERP) systems will establish capabilities to evolve our future business delivery models. Insights generated by this centralised data platform will unlock a number of long and short term growth opportunities, and underpin future service delivery models for SMCT.

Request for Information (RFI) was released into the market to enable the evaluation and assessment of potential vendors to deliver the CRM and ERP enabled by the enterprise-wide program of work to establish vision and future state for the organisation. We recognise that this program will enable the enhancement of customer experience, whilst developing our internal capabilities, upskilling our teams with

development opportunities, and enabling strategic growth across the organisation.

IT risk management and compliance

Data and security remain a primary focus as our IT service offering becomes more accessible and increasingly integrated throughout our operations. We continue to advocate best practice processes and technologies when defining, operating and monitoring our IT Cyber Security strategy. This strategy has successfully minimised the occurrence and severity of IT security incidents, protecting our assets and conforming with mandatory governance processes. We are committed to ensuring all current and future systems, managed by vendors, are protected from cyber threats.

The successful transfer of our IT hardware and data to a managed centre has enhanced security, monitoring and redundancies. This migration supported critical systems and significantly reduced outages and downtime across the organisation.

The scoping, development and implementation of an Asset Management System have provided increased visibility and governance into the ongoing management of SMCT assets and their need for maintenance or where required replacement.

The total ICT expenditure incurred during 2020-2021 is \$3,339,539 (excluding GST) with the details shown below:

ICT expenditure

The total ICT expenditure incurred during 2020-2021 is \$3,863,946 (excluding GST) with the details shown below:

Business as usual (BAU) ICT expenditure total \$000	Non-business as usual (non-BAU) ICT expenditure		
	(Total=operational and capital expenditure) \$000	Operational expenditure (OPEX) \$000	Capital expenditure (CAPEX) \$000
\$3,339,539	\$524,407	-	\$524,407



FY21 Financial Performance

The FY21 Business Plan responded to the pandemic through our COVID-19 Guiding Principles that transitioned the organisation to necessary ways of working whilst staying true to our purpose and values.

The priority was to keep our gates open, provide a safe working environment for our employees, and support our community with re-designed essential services compliant to changing government directives.

At the peak of the lockdowns, we experienced softening revenues, lower call volumes, funerals limited to ten, ceased functions and extended periods of restrictions to people coming on-site. We had to adapt our services to support our community while balancing essential revenue-generating activities and, at times, pausing longer-term transformational projects.

As Victoria's consumer confidence returned at the beginning of 2021, so did enquiries with customer care experiencing high volumes of customer calls and appointments that continued through to the close of the financial year.

Despite the negative impact of COVID-19 social distancing restrictions on our pre-need sales, unearned income increased by \$2.6m or 5.1% during the year, with a closing balance of \$52.5m.

Our clear strategic direction has aided us in navigating the ongoing changes incurred by social restrictions and the complexities associated with the sector while working within the regulations of the Cemeteries & Crematoria Act 2003.

Financial Report

The financial report (pp 58 - 121) covers the 12 months from 1 July 2020 to 30 June 2021, with the prior year's comparatives covering the 12 months from 1 July 2019 to 30 June 2020.

Financial Performance Objectives

We remained solution-focused, looking at ways we could continue to service and support our community. For the financial year ending 30 June 2021, SMCT produced a positive net result of \$27.5m. Operations revenue of \$60.8m and investment income of \$29.0m achieved this surplus, including a \$2.8m (3%) cemetery levy payable to the Victorian Government.

During the reporting period, SMCT investments (which underpins our community perpetual maintenance obligations) have increased by \$55.0m to \$327.8m through distribution reinvestment +\$27.9m and holding gain of investments of \$28.0m.

Even with higher operating expenses related to the pandemic, SMCT's operating result of \$27.5m

was up by \$14.7M on the prior year, driven by higher cemetery revenue in FY21 and higher distribution income from investment.

Higher operating revenue in FY21 was caused mainly by the sense of urgency leading to a surge

in pre-need demand post lockdown. A higher value product mix compared to prior years also contributed to the favourable result. Limited choice available across stock and increased mausoleum options in Melbourne's Northern corridor impacted FY21 crypt sales.

Summary of Financial Results for 2021 and the past four Financial Periods (\$'000)

	FY21	FY20	FY19	FY18	FY17
Operating Statement					
Revenue from transactions	\$60,755	\$59,048	\$64,523	\$63,095	\$63,000
Cost of Goods Sold	(\$9,743)	(\$9,415)	(\$11,518)	(\$9,364)	(\$10,304)
Investment Income	\$28,994	\$14,520	\$16,756	\$14,624	\$14,800
Expenses from Transactions	(\$49,744)	(\$49,152)	(\$45,675)	(\$43,795)	(\$39,897)
Cemetery Levy	(\$2,751)	(\$2,214)	(\$2,437)	(\$2,312)	(\$2,185)
Operating Result	\$27,511	\$12,787	\$21,649	\$22,248	\$25,414
Other Economic Flows Gain/(Loss)*	\$30,219	(\$20,552)	\$1,800	\$0	\$0
Other Comprehensive Income/(Loss)**	-	-	\$2,418	\$7,941	\$46,062
Comprehensive Result for the Period	\$57,730	(\$7,765)	\$25,867	\$30,189	\$71,476
Balance Sheet					
Assets					
Investments	\$327,829	\$272,850	\$285,933	\$269,783	\$249,840
All Other Assets	\$251,633	\$244,261	\$232,808	\$220,857	\$204,091
Total Assets	\$579,462	\$517,111	\$518,741	\$490,640	\$453,931
Liabilities					
Unearned Income	\$52,547	\$49,979	\$44,279	\$40,871	\$37,610
All other Liabilities	\$13,212	\$11,159	\$9,759	\$10,933	\$9,270
Total Liabilities	\$65,759	\$61,138	\$54,038	\$51,804	\$46,880
Net Assets	\$513,703	\$455,973	\$464,703	\$438,836	\$407,051
Equity					
Perpetual Maintenance Reserves	\$362,079	\$337,400	\$337,400	\$310,908	\$285,907
Other Equity	\$151,624	\$118,573	\$127,303	\$127,928	\$121,144
Total Equity	\$513,703	\$455,973	\$464,703	\$438,836	\$407,051

* Other Economic Gain/(Loss) includes market value gains/(loss) on Investments and gains on revaluation of investment property (FY21 and FY20). This was recognised in Other Comprehensive Income/(Loss) in previous years (FY19, FY18 and FY17).

** Other Comprehensive Income/(Loss) for FY19, FY18 and FY17 comprises market value gains on investments and market value gains and losses on available for sale financial assets.

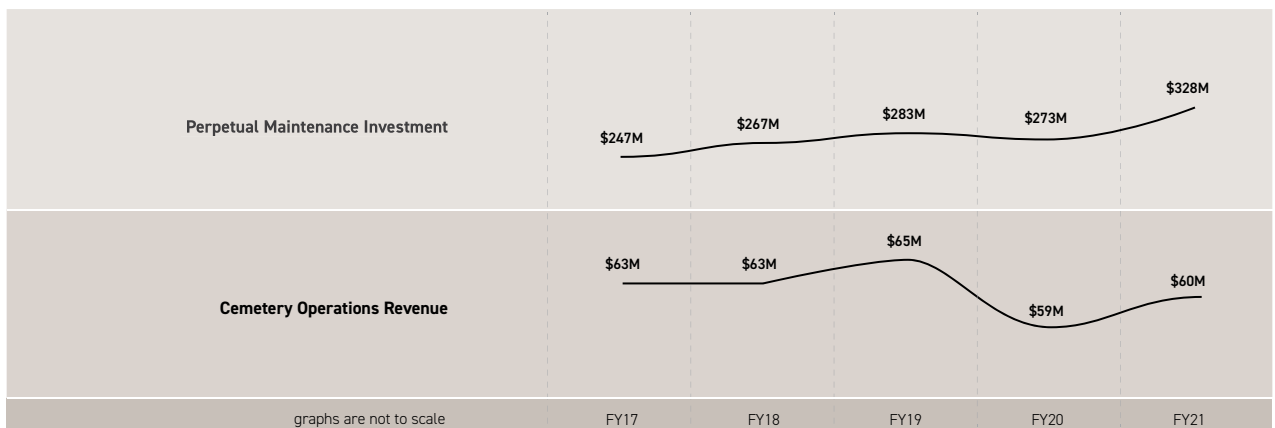
Comparison of Actual vs. Budget for the 12-month Period ending 30 June 2021 (\$'000)

	Actual	Budget	Variance
Cemetery operations revenue	60,755	59,048	1,707
Cost of goods sold	(9,743)	(9,415)	(328)
Investment income	28,994	14,520	14,474
Total revenue	89,749	73,568	16,181
Operating expenses	(49,744)	(49,152)	(592)
Operating result before cemetery levy	30,262	15,001	15,261
Cemetery levy	(2,751)	(2,214)	(537)
Operating result	27,511	12,787	14,724

Comparison of FY21 Actual vs. Budget Key Financial Results

	FY21 Actual	FY21 Budget	FY21 Variance
Cremations (no.)	8,548	9,343	(795)
Internments (no.)	4,311	4,428	(117)
Grave revenue (\$m)	23.86	22.42	1.44
Mausolea crypt revenue (\$m)	5.56	6.74	(1.18)
Hospitality revenue (\$m)	3.96	5.22	(1.27)
Cremation memorial revenue (\$m)	5.88	5.16	0.73

Cemetery Operations Revenue Growth FY17-FY21



Key Influences on Operational Performance Summary

FY21 ACTUAL	\$23.9M
FY21 BUDGET	\$22.4M
FY20 ACTUAL	\$22.2M

Grave revenue contributed 39.3% to operating revenue driven by:

- Strong demand for premium positions at Song He Yuan, and other strong premium products such as Headstone in Lawn.
- Release of a small number of lawn graves at CMP.
- Continued success in grave research.

Mausolea revenue represented 9.1% of operating revenue, and was 17.5% below budget. The deficit against Budget represented the limited choice in crypts available across stock at key sites.

FY21 ACTUAL	\$5.6M
FY21 BUDGET	\$6.7M
FY20 ACTUAL	\$6.5M

FY21 ACTUAL	\$5.9M
FY21 BUDGET	\$5.2M
FY20 ACTUAL	\$6.0M

Cremation Memorial revenue contributed to 9.7% of total operation revenue, and was 14.1% above budget.

- Continued focus on premium positions at SBC (Song He Xin Yuan) and BMP (Sienna Garden) driving revenue.
- Large uptake of premium wall positions.
- An increased in demand for high value waterside positions at SBC.

Hospitality revenue Hospitality revenue was 24.2% below budget and down on prior year by 11.0%.

FY21 ACTUAL	\$4.0M
FY21 BUDGET	\$5.2M
FY20 ACTUAL	\$4.8M

The decline represents the impact of COVID-19 lockdowns followed by capacity restrictions adversely impacting our ability to host functions.

FY21 ACTUAL	8,548
FY21 BUDGET	9,343
FY20 ACTUAL	8,997

Cremations - Cremations - Volume was lower than budgeted by 8.5% and decreased against prior year by 5.0%.

The loss in income reflects the lower death rate in Metropolitan Melbourne and a decline in volume during the financial year. Cremation revenue contributed \$7.0m or 11.6% of total income, representing an decrease of 2.9% from 2021.

Interments - Volume of interments were 278k (3.5%) below budget and in line with the burial trend across Victoria.

FY21 ACTUAL	4,311
FY21 BUDGET	4,428
FY20 ACTUAL	4,469

Interment revenue was below budget and prior year by 5.1% and 1.5% respectively.

FY21 Consultancies

Consultant	Purpose of Consultancy	Start Date	End Date	Total Approved Project Fee	Expenditure 2020-2021
Greg Bailey Consulting	Bradman Program	3/07/2021	6/11/2021	\$95,000.00	\$90,950.00
Pitcher Partners Consulting Pty Ltd	Procurement Practices Review and Regulatory change	29/03/2021	22/06/2021	\$75,000.00	\$63,432.40
Waymark Services Pty Ltd	Strategic Asset Management Framework and Report	31/07/2020	29/04/2021	\$60,000.00	\$54,775.00
Thoughtpost Governance	Board & sub-committee Evaluation Report	18/09/2020	3/11/2021	\$50,000.00	\$53,650.00
Finity Consulting Pty Limited	Perpetual Maintenance Actuarial Report	19/01/2021	22/04/2021	\$40,000.00	\$35,000.00
Bateup Actuarial & Consulting Services Pty Ltd	Actuarial report on SBC Mausoleum	5/2/2021	16/06/2021	\$30,000.00	\$26,935.00
				\$350,000.00	\$324,742.40

Consultants

In FY21, there were four consultancies where the total fees payable were less than \$10,000 (excl. GST). The sum of these consultancies was \$22,150 or 6.4% of total consultancy fees.

Subsequent events

There have been no significant events subsequent to the balance sheet date and prior to authorisation for release that requires disclosure in the Annual Report.

Asset Management Accountability Framework (AMAF)

In the reporting period, SMCT conducted a self assessment of the level of asset management maturity.

As part of our continuous improvement journey, SMCT has directed considerable efforts and resources to enhance capability across the asset lifecycle. This has included:

- a full asset stocktake by an external consultant;
- implementation of a new Asset Information Management System (AIMS);
- integration of AIMS with existing systems;
- reconciliation of assets with the fixed asset register; and
- development of best practices including strategic asset management plans and policies.

SMCT has self-assessed the maturity of its systems and practices and fully complies with 18 of the 20 AMAF requirements, with two non-material deficiencies identified as current improvement opportunities. These relate to the infancy of performance reporting associated information captured within the AIMS. SMCT acknowledges that meaningful performance-related data requires robust processes and systems, along with time for the gathering of trend data to support insights and the visualisation of dashboard reporting.

Spotlight on sustainability

The Southern Metropolitan Cemeteries Trust (SMCT) is committed to the long-term preservation of our natural environment, supporting our vision of creating beautiful community parks for honouring and celebrating life.

We actively foster an organisational culture that is both socially and environmentally sensitive and responsible. However, as the impacts of climate change on Victoria are predicted to intensify, causing warmer and drier weather conditions¹, we are undergoing a whole-of-operations review in FY22 to understand how we can do more.

Key Outcomes:

- The inclusion of the environment pillar as a key priority in the FY22 strategic plan.
- Measurement of key sustainability data to support future planning.
- Introduced sustainable pest control and chemical-free horticulture practice.
- Reduced water consumption through improved team collaboration.
- Total landfill waste decreased by 2% in FY21.

Each of our sites presents varying challenges and opportunities based on their location, size, and available space to contribute to our combined environmental objectives. With long-term investment and focus, SMCT is well-positioned to lead the industry in Victoria with considered, viable and sustainable alternatives to ensure a better tomorrow. While emissions will continue to be our focus, biodiversity is helping to enhance our natural environments as part of our continuous improvement ethos.



Image: Rolfe Stok (SMCT Rosarian) and team are trialing predatory bugs such as ladybugs to remove aphids and other pests to replace the use of harmful pesticides

Our extensive water catchment program across our larger sites has provided the water supply to preserve our natural parklands and gardens. Our automated Rainbird irrigation system at Springvale Botanical Cemetery utilises 100% dam water and controls 50,000 sprinklers and 30km of dripline. The system is connected to weather information, providing visual auditing of our grounds to assist with watering requirements. Tree canopies change over time, so to improve watering times for different species and seasons, our irrigation team and arborists work together on how best to use water. In 2020, we reduced Springvale Botanical Cemetery's water usage by 49% (442 megalitres used), compared to 868 megalitres in 2018 with no visual difference to the conditions of our gardens.



image: water feature located in Springvale Botanical Cemetery's Customer Service garden

The introduction of sustainable pest control and chemical-free horticultural practices has reduced chemical drift effects on surrounding plants and wildlife while improving soil biology. Across our sites, we spread approximately 2,000 cubic metres of mulch on our gardens annually. Mulching plays a vital role in reducing water loss and regulating soil temperatures around root systems.

With many of our trees already showing the impacts of environmental changes, we are exploring alternative drought-tolerant species and carefully considering the interaction between flora and fauna to create new sustainable gardens. With Melbourne's climate projected to be more like the current climate of Wodonga by the middle of this century¹, the balance of plant selection and water conservation will be paramount.

As we look to develop our new community memorial park in Melbourne's South East, water management and conservation are at the forefront of our strategy and planning. SMCT is constantly updating and improving our environmental programs to ensure that our operations align with our values and purpose.

Carbon emissions report

With each new project undertaken, we strive to adopt more sustainable and responsible design and construction practices. As part of our organisational responsibilities, we measure and report annual carbon emissions to the Department

of Health and the Environmental Protection Authority (EPA).

The data collected helps us compare and evaluate our ongoing operations and construction works to help inform our strategy and action plans.

SMCT's total carbon emissions for FY21 were 6,472 tonnes CO₂-e, increasing 40 tonnes CO₂-e (or +1%) compared to the prior year. The sources contributing to this increase in emissions include fuel and concrete used by contractors for increased construction works and purchased electricity.

Construction works contributing to increased emissions in FY21 include:

- Springvale Botanical Cemetery's First Drive, Mountford Drive developments and Pines extension.
- Bunurong Memorial Park's Syro Malabar burial ground and supplementary works.
- St Kilda cemetery Alexandra street fence restoration.

Identifying SMCT's top carbon producers

Similar to previous years, the top three inventories contributing the most emissions in FY21 were purchased electricity (36%), Natural gas (21%) and waste to landfill (14%).

¹ <https://www.climatechangeinaustralia.gov.au/en/changing-climate/state-climate-statements/victoria/>

Electricity

While purchased electricity increased by 1.8%, to 2,310 tonnes CO₂-e in FY21 compared to FY20, it was 231 tonnes CO₂-e less than FY19, indicating that COVID-19 restrictions had a more significant impact on decreasing electricity usage in FY20 than FY21. With each new building construction, we look to introduce solar panels as part of our ongoing energy conversion portfolio (a total of 773 solar panels). The most recent addition was to our new Centre for Care and Wellbeing facility in March 2020.

Natural gas

Natural gas made up 21% (or 1,345 tonnes CO₂-e) of our total FY21 carbon emissions and is predominantly from crematorium operations, general heating and commercial kitchens. In FY21, our Natural gas usage increased by 0.4% compared with FY20. With an 18% reduction in annual cremations, longer running times needed to comply with new COVID-19 square metre rules for the safety of employees likely caused this increase. As restrictions ease, we expect to return to previous operating levels.

Waste to landfill

Total landfill waste decreased by 2% to 906 tonnes of CO₂-e in FY21. While SMCT makes every effort to reduce waste with the redistribution of grave soils and recycling, waste from annual construction projects undertaken within a financial year contribute heavily to this final result.

Employee commuting

Employee commuting decreased by 99 tonnes to 435 of CO₂-e in FY21 compared to FY20. However, the result difference is driven by non-commute data collection in FY21 than FY20. The employee commuting data is collected periodically from each employee and includes transport mode, distance travelled and vehicle capacity.

The FY22 SMCT strategic plan looks to expand on improved ways of balancing community need to honour loved ones with the sustainability and protection of our fragile surroundings. We will continue to remain vigilant in FY22 with low impact, sustainable design principles used in the construction of new facilities. With a greater focus on the environment as part of our FY22 strategy, we will be looking across our operations to further improve our practices for the long-term benefit of our shared environment.

SMCT Carbon Footprint Annual Data

Year	Total Emissions (tonnes CO ₂ equivalent)	Var (%)	Emissions per FTE (tonnes CO ₂ equivalent)	Var (%)	Comments
FY17	6,459	(31.3%)	28	(9.9%)	Decrease in construction activities and solar electricity generation
FY18	6,555	1.49%	23	(18%)	Stable
FY19	8,176	24.7%	34	49.4%	Increase in construction projects
FY20	6,432	(21%)	24	(29%)	Decrease in construction activities and reduced hospitality services from COVID-19 pandemic
FY21	6472	0.6%	24	1.2%	COVID-19 pandemic employee capacity rules resulted in less efficient crematorium practices

Looking forward

The Southern Metropolitan Cemeteries Trust's (SMCT) strategic direction continues to be future-focused and underpinned by our strong organisational culture and purpose. We recognise that the Victorian COVID-19 experience has changed our customers, partners and employees' expectations of the services and experience we provide.

*image: Bunurong Memorial Park's
The Sanctuary overlooking Lake
Australis*



The strong foundations laid for the organisation's long-term sustainability have resulted in significant growth (+37.6% increase in revenue over the last seven years) and established our brand as a global industry leader and trusted advisor to the Victorian community. These achievements have fostered a culture of innovation and continuous improvement with an unwavering commitment to our shared vision and values.

We will continue this innovation trajectory and pivot our organisation's priorities as the needs of our industry partners and communities evolve. We are confident this will enable the next 'step change of growth', providing support services aligned with the changing needs of our multifaith, multicultural and multigenerational communities.

Strategic Priorities for FY22

SMCT's strategic initiatives prepare the organisation to adapt and respond to a rapidly changing future with emerging conditions, while navigating unprecedented times of global and national change. Under the Resilient Futures™ Strategic Framework (<https://resilientfutures.com>), our decisions will continue to be considered and deliberate, ensuring the sustainability of the organisation and the safety and wellbeing of our employees and community.

Despite the level of change experienced since last year's plan, our strategic direction remains the same, reinforcing the validity of our long-term strategy.

Image: Sunday Jazz within Springvale Botanical Cemetery



Fostering connection

We are here for the living. At the core of our services is the connection and support we provide our customers. We are looking forward to welcoming more of our customers back on-site as social distancing restrictions continue to ease.

As we start to return to a post-COVID-19 normal, our way of connecting with our customers evolves. In FY22, we will continue to expand on this hybrid model, delivering services along the entire continuum of in-person to online.

- As restrictions begin to ease, we look forward to expanding our range of resources, wellness supports and group activities to our Centre for Care & Wellbeing visitors.
- Transition to hybrid remembrance events that offer both on-site and online experiences, so more of our customers and their families can connect from anywhere and honour the lives of loved ones.
- Obtain a deeper understanding of the range of customer needs and form deeper

relationships through the quintessential engagement with community leaders, cultural groups and quantitative focus groups.

- We are dedicated to strengthening our relationships and connection to Aboriginal and Torres Strait Islander peoples and community, creating shared value through considered collaboration and understanding.

Enhancing customer experience

We have been adaptable and responsive to how we serve our community. As we progress through our business transformation, we will be increasingly better placed to serve our communities in ways they value and continue refining our service delivery models.

The key customer experience priorities in FY22 include:

- The launch and delivery of pilot customer service projects to obtain valuable insights into supporting our customers with choices enabled by technology.

- Expand our 'Perfect Place' brand campaign into a series of videos to demonstrate the unique relationship and trust we form with our customers.
- Complete the rollout of a series of website optimisation pilots to support the scoping of a new Marketing Automation platform in FY22.
- Extending customer insights through qualitative and quantitative research into understanding Victorians' environmental preferences and attitudes, along with the needs and preferences of Aboriginal and Torres Strait Islander peoples.

Investing in people capabilities

SMCT's refreshed people strategy will support the organisation to deliver on its strategic initiatives by ensuring we continue to attract, engage and retain talent.

The people strategy will respond to:

- Future workforce requirements to support the achievement of our strategic initiatives.
- Organisation design, critical capabilities, and ways of working.
- Culture and employee experience (incl. attraction and retention strategies, career development, leadership and succession etc.).

Other key people priorities in FY22 include:

- Continue to leverage SMCT's Talent Framework to identify, develop and retain high performing employees to underpin long term succession planning and sustainable growth; characterised by high levels of employee engagement.
- Development and delivery of a tailored Activate Health employee wellbeing program that prioritises mental health and wellbeing.

With our foundations of high employee engagement, trust, and a culture of care and wellbeing, we will continue to invest in building employee capability to deliver our vision and objectives and continue to serve the Victorian community.



*image: Bunurong Memorial Park's
Cumulus & Stratus Reflection Spaces*

Pursuing strategic growth

With many SMCT sites nearing their end-of-life, we are expanding our services and developing new precincts to support the growing demand of Melbourne's South East communities. The key growth strategic projects for FY22 include:

- The ongoing planning and detailed design of a new memorial park in Melbourne's South East to support the community's future burial needs within Melbourne's South-East Region.
- Complete a re-assessment of the Bunurong Memorial Park (BMP) Masterplan to ensure the site is adequately positioned to meet the multicultural community's needs, to maximise land yield and to ensure an agile framework to accommodate future community requirements.

image: Coffee cup recycling collection
within Springvale Botanical Cemetery



- Our Customer Relationship Management (CRM) and Enterprise Resource Planning (ERP) tender process have begun, and our focus in FY22 is to complete this process with the preferred supplier to begin implementation.

Spotlight on sustainability

The urgency of environment, sustainability and climate change interventions is increasing.

The increasing urgency to address climate change and related environmental issues requires a comprehensive and long-term approach that prioritises our response. With this aim, during FY22, we will develop an 'Environment response plan initiatives' that will outline;

- SMCT's corporate social responsibility principles in respect of economic, social, and environmental performance. These principles will inform the decisions made in our planning and expansion of sites.

- Baselining our current environmental profile in terms of consumption and emissions. Comparing this to leading and emerging practices and applicable standards and related opportunities.
- Understand the long-term climate change impacts on our business and propose appropriate actions.
- Identify customer needs and expectations regarding products, services, and corporate responsibility of SMCT with respect to the environment.

While there is still uncertainty around the year ahead, we will remain flexible and adapt our services to the changing environment. We are committed to caring for our community. We will actively listen and respond to the needs of our diverse community, looking to continue to form lasting relationships.



The background of the entire page is a photograph of purple flowers with green stems against a clear blue sky. The flowers are in various stages of bloom, with some fully open and others as buds. The stems are thin and have small, needle-like leaves. The overall composition is clean and natural.

Financial Statements

Financial Year ended
30 June 2021

Trust Chairperson's, Accountable Officer's, and Chief Finance & Accounting Officer's declaration

The attached financial statements for Southern Metropolitan Cemeteries Trust ("SMCT" or "The Trust") have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2021 and the financial position of SMCT at 30 June 2021.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 25th August 2021.



Dr Vanda Fortunato
Trust Chairperson
Springvale
25 August 2021



Jane Grover
Accountable Officer
Springvale
25 August 2021



Shireen Jahan
Chief Finance & Accounting Officer
Springvale
25 August 2021



Independent Auditor's Report

To the Trust Members of the Southern Metropolitan Cemeteries Trust

Opinion	<p>I have audited the financial report of the Southern Metropolitan Cemeteries Trust (the cemetery) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2021 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • trust chairperson's, accountable officer's and chief finance & accounting officer's declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the cemetery as at 30 June 2021 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the cemetery in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Trust Members' responsibilities for the financial report	<p>The Trust Members of the cemetery are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i> and for such internal control as the Trust Members determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Trust Members are responsible for assessing the cemetery'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 it is inappropriate to do so.</p>

Other Information	<p>The Trust Members of the cemetery are responsible for the Other Information, which comprises the information in the cemetery's annual report for the year ended 30 June 2021, but does not include the financial report and my auditor's report thereon.</p> <p>My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.</p>
Auditor's responsibilities for the audit of the financial report	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit 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 my 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.</p> <p>As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:</p> <ul style="list-style-type: none"> • identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. • obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the cemetery's internal control • evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trust Members • conclude on the appropriateness of the Trust Members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the cemetery's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the cemetery to cease to continue as a going concern. • evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

Auditor's responsibilities for the audit of the financial report (continued)	I communicate with the Trust Members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
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MELBOURNE
3 September 2021



Travis Derricott
as delegate for the Auditor-General of Victoria

Comprehensive Operating Statement for the Financial Year Ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Revenue and Income From Transactions			
Cemetery operations revenue	2.1	60,755	59,048
Cost of sales	3.1	(9,743)	(9,415)
		51,012	49,633
Investment income	2.1	28,994	14,520
Total Income		80,006	64,153
Expenses From Transactions			
Employee expenses	3.1	(25,948)	(26,520)
Administrative costs	3.1	(7,065)	(5,877)
Maintenance and operating costs	3.1	(3,968)	(4,535)
Investment management expenses	3.1	(1,470)	(1,466)
Audit fees	8.5	(174)	(160)
Other operating expenses	3.1	(2,985)	(2,992)
Depreciation and amortisation	4.4	(8,134)	(7,602)
Cemetery levy	3.1	(2,751)	(2,214)
Total Expenses From Transactions		(52,495)	(51,366)
Net Result From Transactions		27,511	12,787
Other Economic Flows Included in Net Result			
Net gain/(loss) on non-financial assets	3.4	19	(146)
Net gain/(loss) on financial instruments	3.4	27,998	(20,741)
Net fair value revaluation of investment property	3.4	2,202	335
Total Other Economic Flows Included in Net Result		30,219	(20,552)
Net Result for the Year		57,730	(7,765)
Other Comprehensive Income			
Total Other Comprehensive Income		-	-
Comprehensive Result for the Year		57,730	(7,765)

The comprehensive operating statement should be read in conjunction with the accompanying notes.

Balance Sheet as at 30 June 2021

	Note	2021 \$'000	2020 \$'000
Current Assets			
Cash and cash equivalents	6.1	25,725	17,161
Receivables	5.1	12,517	11,821
Prepayments		426	307
Inventories	4.6	19,950	18,870
Total Current Assets		58,618	48,159
Non-Current Assets			
Inventories	4.6	16,096	19,306
Receivables	5.1	1,310	1,082
Intangible assets	4.3	3,857	3,847
Investment properties	4.5	5,657	3,455
Property, plant and equipment	4.2	166,095	168,412
Investments and other financial assets	4.1	327,829	272,850
Total Non-Current Assets		520,844	468,952
TOTAL ASSETS		579,462	517,111
Current liabilities			
Contract liabilities	5.3	52,547	49,979
Payables	5.2	7,938	5,659
Provisions for employee benefits	3.2 (a)	4,123	4,445
Other provisions	5.4	616	566
Total Current Liabilities		65,224	60,649
Non-Current Liabilities			
Provisions for employee benefits	3.2 (a)	535	489
Total Non-Current Liabilities		535	489
TOTAL LIABILITIES		65,759	61,138
Net Assets		513,703	455,973
Equity			
Contributed capital		63,674	63,674
Accumulated surplus/(deficit)		55,929	22,878
Physical asset revaluation surplus	4.2 (f)	32,021	32,021
Community perpetual maintenance reserve	7.3	362,079	337,400
TOTAL EQUITY		513,703	455,973

The balance sheet should be read in conjunction with the accompanying notes

Statement of Changes in Equity for the Financial Year Ended 30 June 2021

	Physical asset revaluation reserve	Community perpetual maintenance reserve	Contributed capital	Accumulated surplus/ (deficit)	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2019	40,210	337,400	63,674	23,419	464,703
Effect of adoption of AASB 15	-	-	-	(965)	(965)
Restated balance at 1 July 2019	40,210	337,400	63,674	22,454	463,738
Net result for the year	-	-	-	(7,765)	(7,765)
Transfer to/(from) accumulated surplus	(8,189)	-	-	8,189	-
Balance at 30 June 2020	32,021	337,400	63,674	22,878	455,973
Net result for the year	-	-	-	57,730	57,730
Transfer to/(from) accumulated surplus	-	24,679	-	(24,679)	(24,679)
Balance at 30 June 2021	32,021	362,079	63,674	55,929	513,703

The statement of changes in equity should be read in conjunction with the accompanying notes

Cash Flow Statement for the Financial Year Ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Cash Flows From Operating Activities			
Receipts			
Receipts from customers		63,390	70,724
Goods and services tax received from the ATO		2,296	3,372
Investment income receipts		30,597	12,805
Total Receipts		96,283	86,901
Payments			
Payments to suppliers and employees		(52,351)	(54,453)
Goods and services tax paid to the ATO		(2,575)	(2,752)
Total Payments		(54,926)	(57,205)
Net Cash Flows From Operating Activities	8.1	41,357	29,696
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(5,829)	(9,730)
Proceeds from sale of assets		17	50
Payments for investments		(26,981)	(10,778)
Net Cash Flows From / (Used in) Investing Activities		(32,793)	(20,458)
Net Increase/(Decrease) in Cash And Cash Equivalents		8,564	9,238
Cash and cash equivalents at the beginning of the financial year		17,161	7,923
Cash and Cash Equivalents at the End of the Financial Year	6.1	25,725	17,161

The cash flow statement should be read in conjunction with the accompanying notes

Notes to the Financial Statements

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Note 1: Basis of Preparation

Structure

- 1.1 Basis of preparation of the financial statements
- 1.2 Impact of COVID-19 pandemic
- 1.3 Abbreviations and terminology used in the financial statements
- 1.4 Key accounting estimates and judgements
- 1.5 Accounting standards issued but not yet effective
- 1.6 Goods and Services Tax (GST)
- 1.7 Reporting entity
- 1.8 Community perpetual maintenance reserve policy

These financial statements represent the audited general purpose financial statements for the Southern Metropolitan Cemeteries Trust ("SMCT") for the year ended 30 June 2021. The report provides users with information about SMCT's stewardship of the resources entrusted to it.

This section explains the basis of preparing the financial statements and identifies the key accounting estimates and judgements.

Note 1.1: Basis of Preparation of the Financial Statements

These financial statements are general purpose financial statements which have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards, which include interpretations issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of AASB 101 *Presentation of Financial Statements*.

The financial statements also comply with relevant Financial Reporting Directions (FRDs) issued by the Department of Treasury and Finance (DTF), and relevant Standing Directions (SDs) authorised by the Assistant Treasurer.

SMCT is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to "not-for-profits" entities under the AASB's.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Apart from the changes in accounting policies, standards and interpretations as noted below, material accounting policies adopted in the preparation of these financial statements are the same as those adopted in the previous period.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements have been prepared on a going concern basis.

The financial statements are in Australian dollars.

The amounts presented in the financial statements have been rounded to the nearest thousand dollars. Minor discrepancies in tables between totals and sum of components are due to rounding.

The annual financial statements were authorised for issue by the Trust Members of SMCT on 25th August 2021.

Note 1.2: Impact of COVID-19 Pandemic

In March 2020 a state of emergency was declared in Victoria due to the global coronavirus pandemic, known as COVID-19. Since this date, to contain the spread of COVID-19 and prioritise the health and safety of our community, SMCT was required to comply with various directions announced by the Commonwealth and State Governments, which in turn, has continued to impact the way in which SMCT operates.

SMCT introduced a range of measures in both the prior and current year, including introducing restrictions on non-essential visitors, greater utilisation of telecommunication and video conferencing, implementing reduced visitor hours, social and density distancing, contact tracing at our sites and implementing work from home arrangements where appropriate.

Further information on the impacts of the pandemic are disclosed at:

Note 2: Funding Delivery of Our Services.

Note 3: The Cost of Delivering Services.

Note 4: Key Assets to Support Service Delivery.

Note 5: Other Assets and Liabilities.

Note 6: How We Finance Our Operations.

Note 1.3: Abbreviations and Terminology Used in the Financial Statements

The following table sets out the common abbreviations used throughout the financial statements:

Reference	Title
AASB	Australian Accounting Standards Board
AASs	Australian Accounting Standards, which include Interpretations
DH	Department of Health
DTF	Department of Treasury and Finance
FMA	Financial Management Act 1994
FRD	Financial Reporting Direction
SD	Standing Direction
VAGO	Victorian Auditor-General's Office
SMCT	Southern Metropolitan Cemeteries Trust

Note 1.4: Key Accounting Estimates and Judgements

Management makes estimates and judgements when preparing the financial statements.

These estimates and judgements are based on historical knowledge and best available current information and assume any reasonable expectation of future events. Actual results may differ.

Revisions to key estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision.

The accounting policies and significant management judgements and estimates used, and any changes thereto, are identified at the beginning of each section where applicable and are disclosed in further detail throughout the accounting policies.

Note 1.5: Accounting Standards Issued but not yet Effective

An assessment of accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to SMCT and their potential impact when adopted in future periods is outlined below:

Standard	Adoption Date	Impact
AASB 17: <i>Insurance Contracts</i>	Reporting periods on or after 1 January 2023	Adoption of this standard is not expected to have a material impact.
AASB 2020-1: <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2020-3: <i>Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments</i>	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2020-8: <i>Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2</i>	Reporting periods on or after 1 January 2021.	Adoption of this standard is not expected to have a material impact.

There are no other accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to SMCT in future periods.

Note 1.6: Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case the GST payable is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the Balance Sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented as operating cash flow.

Commitments and contingent assets and liabilities are presented on a gross basis.

Notes 1.7: Reporting Entity

The financial statements include all the controlled activities of SMCT. Its principal address is:

Springvale Botanical Cemetery
600 Princes Highway
Springvale, Victoria 3171

A description of the nature of SMCT's operations and its principal activities is included in the report of operations, which does not form part of these financial statements.

The SMCT reporting entity comprises: Brighton General Cemetery, Bunurong Memorial Park, Cheltenham Memorial Park, Cheltenham Pioneer Cemetery, Dandenong Community Cemetery, Melbourne General Cemetery, Springvale Botanical Cemetery, St. Kilda Cemetery and Sorrento Cemetery.

Note 1.8: Community Perpetual Maintenance Reserve Policy

Under Section 12 of the *Cemeteries and Crematoria Act 2003*, SMCT must have regard to the perpetual maintenance obligations in respect of the cemeteries for which it is responsible. Consequently, SMCT makes an annual transfer from its accumulated surplus to a perpetual maintenance reserve. The amount of the transfer is based on a percentage of the total revenue generated from each right of interment in the most recent financial year, amortised on a straight-line basis over the period for which the maintenance obligation may accrue. The transfer rate is determined by SMCT annually in accordance with SMCT Perpetual Maintenance Accounting Policy.

If the annual comprehensive result is in deficit for the financial year, the transfer rate allocation will not be applicable and allocation will continue in future periods of surplus.

The following percentage rates and amortisation periods applied for the years ending 30 June 2021 and 30 June 2020:

Right of Interment	Transfer Rate Year Ending 30 June 2021	Transfer Rate Year Ending 30 June 2020*	Amortisation Period
Cremation Memorial	60%	0%*	Over shorter period of tenure and 100 years
Grave	90%	0%*	100 years
Mausoleum Crypt	70%	0%*	100 years

*There was no allocation in the prior year as the annual comprehensive result was in deficit.

The reserve transfer is only an indicative estimate of future obligations. Accordingly, no provision for these future costs has been recognised in these financial statements (refer Note 7.3).

Note 2: Funding Delivery of Our Services

SMCT receives income from the supply of services to enable it to fulfil its objectives. SMCT may also receive grants from government.

Structure

2.1 Revenue and Income From Transactions

Telling the COVID-19 story

Revenue recognised to fund the delivery of our services during the financial year despite visitor restrictions and implementing COVID safe practices was not materially impacted by the COVID-19 Coronavirus pandemic.

Key Judgements and Estimates

This section contains the following key judgements and estimates:

Key Judgements and Estimates	Description
Identifying performance obligations	<p>SMCT applies significant judgment when reviewing the terms and conditions of contracts to determine whether they contain sufficiently specific and enforceable performance obligations.</p> <p>If this criteria is met, the contract/funding agreement is treated as a contract with a customer, requiring SMCT to recognise revenue as or when the cemetery trust transfers promised goods or services to customers.</p> <p>If this criteria is not met, funding is recognised immediately in the net result from operations.</p>
Determining timing of revenue recognition	<p>SMCT applies significant judgement to determine when a performance obligation has been satisfied and the transaction price that is to be allocated to each performance obligation. A performance obligation is either satisfied at a point in time or over time.</p>

Note 2.1: Revenue and Income From Transactions

	2021	2020
	\$'000	\$'000
Cemetery Operations Revenue		
Grave	23,860	22,244
Interment	5,211	5,289
Mausoleum crypts	5,559	6,536
Cremation	7,020	7,232
Cremation memorial	5,884	5,960
Government grant	266	85
Memorialisation	5,116	3,223
Retail	3,959	4,783
Other operating revenue	3,880	3,696
Total Cemetery Operations Revenue	60,755	59,048
	2021	2020
	\$'000	\$'000
Investment Income		
Interest income	16	27
Distributions	27,864	12,774
Other Investment Income	1,114	1,719
Total Investment Income	28,994	14,520
Total Income From Transactions	89,749	73,568

Amounts disclosed as revenue are, where applicable, net of returns, allowances, duties and taxes.

How We Recognise Revenue and Income From Transactions

Cemetery Operations Income

Fees are recognised at a point in time when the performance obligation, the provision of services, is satisfied. Fees received in advance of service provision are recorded as a contract liability in accordance with Note 5.3.

Amounts disclosed as revenue are, where applicable, net of returns, allowances and duties and taxes.

Performance Obligations and Revenue Recognition Policies

To recognise revenue, SMCT assesses whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with AASB 15: *Revenue from Contracts with Customers*.

When both these conditions are satisfied, the cemetery trust:

- identifies each performance obligation relating to the revenue.
- recognises a contract liability for its obligations under the agreement.
- recognises revenue as it satisfied its performance obligations, at the time or over time when services are rendered.

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, the cemetery trust:

- recognises the asset received in accordance with the recognition requirements of other applicable Accounting Standards (for example, AASB 9, AASB 16, AASB 116 and AASB 138);
- recognises related amounts (being financial instruments, provisions, revenue or contract liabilities from a contract with a customer); and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

The types of fees recognised under AASB 15: *Revenue from Contracts with Customers* includes:

Revenue	Performance obligation
Rights of interment (ROI)	ROI is the sale of the right to determine who can be interred at a specific location and the type of memorialisation (if any) to be established along with. The performance obligation for ROI is the passing of the right to the designated holder at the time of purchase. Fees received for the rights of interment for graves, cremation memorials and mausoleum crypts are recognised as revenue at the time of purchase except for the memorialisation portion which is recognised at the time of interment.
Interment and cremation	Fees received for interment and cremation are for the service of burials, cremation and interring remains. Our performance obligations are to provide these services, and revenue is recognised in the period that these services are provided.
Memorialisation	Memorialisation revenue is the sale of products such as granite and plaques that preserve memories of the interred. Our obligation is to provide these products and revenue is recognised when the product is delivered and accepted by the customer.
Retail sales	Retail sales are revenue generated by our cafés, florists and functions, and is recognised as revenue when the performance obligation has been fulfilled, which is principally at the point of sale.
Other operating income	Other operating income includes miscellaneous fees and sundry income and is recognised as revenue in the period that the services are provided.
Government grants	Government grants are recognised as revenue at the point in time when the performance obligations under the grant agreement are met.

For contracts that permit the customer to return an item, revenue is recognised to the extent it is highly probable that a significant cumulative reversal will not occur. Therefore, the amount of revenue recognised is adjusted for the expected returns, which are estimated based on the historical data. In these circumstances, a refund liability and a right to recover returned goods asset are recognised. SMCT reviews its estimate of expected returns at each reporting date and updates the amount of the asset and liability accordingly. Trade receivables and sundry receivables consist of a large number of customers in various geographical areas. Sales are made with credit terms between one month and 36 months with no financing element present.

How We Recognise Other Income

Rental Income – Investment Properties

Rental income from investment properties is recognised on a straight-line basis over the term of the lease unless another systematic basis is more representative of the pattern of use of the underlying asset.

Dividend and Distribution Income

Dividends and distribution income is recognised when the right to receive payment is established.

Dividends and distributions represent the income arising from the SMCT's investment in financial assets.

Interest Income

Interest income is recognised on a time proportionate basis that takes in account the effective yield of the financial asset and allocates the interest over the relevant period.

Disposal of Non-Financial Assets

Any gain or loss on the sale of non-financial assets is recognised in the operating result at the date that control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying amount of the asset at that time.

Other Income

Other income is recognised as revenue when received. Other income includes recoveries for salaries and wages, external services provided and donations.

Voluntary Services

Contributions by volunteers, in the form of services, are only recognised when fair value can be reliably measured, and the services would have been purchased if they had not been donated.

SMCT did receive minimal volunteer services but does not depend on volunteers to deliver its services.

Note 3: The Cost of Delivering Our Services

This section provides an account of the expenses incurred by SMCT in delivering services and outputs. In Section 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded.

Structure

- 3.1 Expenses From Transactions
- 3.2 Employee Benefits in the Balance Sheet
- 3.3 Superannuation
- 3.4 Other Economic Flows

Telling the COVID-19 Story

Expenses incurred to deliver our services increased during the financial year which was partially attributable to the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

Additional costs were incurred to deliver the following additional services:

- Audio Video Live streaming services to ensure everyone can be included during times of limited in person attendance.
- Pandemic related cost, to adapt our sites, services, and protocols to enable our team to continue to deliver our services safely.

Key Judgements and Estimates

This section contains the following key judgements and estimates:

Key Judgements and Estimates	Description
Measuring and classifying employee benefit liabilities	<p>SMCT applies significant judgment when measuring and classifying its employee benefit liabilities.</p> <p>Employee benefit liabilities are classified as a current liability if SMCT does not have an unconditional right to defer payment beyond 12 months. Annual leave, accrued days off and long service leave entitlements (for staff who have exceeded the minimum vesting period) fall into this category.</p> <p>Employee benefit liabilities are classified as a non-current liability if SMCT has a conditional right to defer payment beyond 12 months. Long service leave entitlements (for staff who have not yet exceeded the minimum vesting period) fall into this category.</p> <p>The cemetery trust also applies judgement to determine when it expects its employee entitlements to be paid. With reference to historical data, if the cemetery trust does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value. All other entitlements are measured at their nominal value.</p>

Note 3.1: Expenses From Transactions

	Note	2021 \$000	2020 \$000
Rights of interment		6,176	5,952
Memorialisation		1,704	1,422
Retail		1,552	1,715
Other		311	326
Total Cost of Sales		9,743	9,415
Cemetery levy		2,751	2,214
Total Cemetery Levy		2,751	2,214
Employee expenses (i)		25,948	26,520
Administrative costs		7,065	5,877
Maintenance and operating costs		3,968	4,535
Audit fees	8.5	174	160
Investment management expenses		1,470	1,466
Other operating expenses		2,985	2,992
Total Other Operating Expenses		41,610	41,550
Total Operating Expenses		54,104	53,179
Depreciation and amortisation	4.4	8,134	7,602
Total Non-Operating Expenses		8,134	7,602
Total Cost of Sales and Expenses From Transactions		62,238	60,781

(i) Includes superannuation expense of \$2.3m (2020: \$2.2m) as disclosed in note 3.3

How We Recognise Expenses From Transactions**Expense Recognition**

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

Employee Expenses

Employee expenses include:

- Salaries and wages (including fringe benefits tax, leave entitlements, termination payments).
- On-costs.
- Agency expenses.
- Work cover premiums.

Cost of Sales

Costs of sales are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.

Cemetery Levy

In accordance with Section 18Q of the Cemeteries and Crematoria Act 2003, the Trust is required to pay a percentage of its gross earnings (cemetery levy), as defined by the Department of Health, to the Consolidated Fund held by the State of Victoria. 'Gross Earnings' is currently defined as cemetery operations income and investment income, excluding: donations, government grants, profit or loss on sale of investments and other assets and assets received free of charge. The levy rate for this reporting period is 3% (2020: 3%).

Other Operating Expenses

Other operating expenses generally represent the day-to-day running costs incurred in normal operations and include such things as:

- Fuel, water, light and power.
- Repairs and maintenance.
- Cleaning of facilities.
- Training and development.
- Other administrative expenses.
- Expenditure for capital purposes.

Non-Operating Expenses

Other non-operating expenses generally represent expenditure outside the normal operations such as depreciation and amortisation, and assets and services provided free of charge or for nominal consideration.

Note 3.2: Employee Benefits in the Balance Sheet

	2021	2020
	\$000	\$000
Current Provisions		
Annual leave		
-unconditional and expected to be settled wholly within 12 months (i)	1,421	1,163
-unconditional and expected to be settled wholly after 12 months (ii)	417	196
Long service leave		
-unconditional and expected to be settled wholly within 12 months (i)	334	332
-unconditional and expected to be settled wholly after 12 months (ii)	1,140	1,137
Provisions related to employee benefit on-costs		
-unconditional and expected to be settled wholly within 12 months (i)	334	124
-unconditional and expected to be settled wholly after 12 months (ii)	89	212
Continuity of service - conditional and expected to be settled within 12 months (ii)	36	36
Rostered days off - unconditional and expected to be settled wholly within 12 months (i)	94	110
Pandemic - unconditional and expected to be settled wholly within 12 months (i)	258	1,136
Total Current Employee Benefits	4,123	4,446
Non-Current Provisions		
Conditional long service leave	479	436
Provisions related to employee benefit on-costs	56	52
Total Non-Current Employee Benefits	535	488
Total Employee Benefits	4,658	4,934

Notes:

(i) The amounts disclosed are nominal amounts.

(ii) The amounts disclosed are discounted to present values.

Note 3.2 (a): Employee Benefits and Related On-Costs

	2021	2020
	\$000	\$000
Unconditional annual leave entitlements	2,057	1,519
Unconditional long service leave entitlements	1,646	1,644
Unconditional pandemic entitlements	279	1,137
Unconditional rostered days off	105	110
Continuity of service	36	36
Total Current Employee Benefits and Related On-Costs	4,123	4,446
Conditional long service leave entitlements	535	488
Total Non-Current Employee Benefits and Related On-Costs	535	488
Total Employee Benefits and On-Costs	4,658	4,934

Note 3.2 (b): Movement in On-Costs Provision

	2021	2020
	\$000	\$000
Carrying Amount at Start of the Year	399	338
Additional provisions recognised	63	68
Unwinding of discount and effect of changes in the discount rate	88	(7)
Reduction due to transfer out	(71)	-
Carrying Amount at End of Year	479	399

How We Recognise Employee Benefits

Employee Benefit Recognition

Provision is made for benefits accruing to employees in respect of accrued days off, annual leave, long service leave, pandemic leave, continuity of service and rostered days off, for services rendered to the reporting date as an expense during the period the services are delivered.

Provisions

Provisions are recognised when SMCT has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

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

Annual Leave, Pandemic Leave, Rostered Days Off, and Continuity of Service

Liabilities for annual leave, rostered days off, pandemic leave and continuity of service are recognised in the provision for employee benefits as 'current liabilities' because SMCT does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for annual leave, rostered days off, pandemic leave and continuity of service are measured at:

- Nominal value – if SMCT expects to wholly settle within 12 months; or
- Present value – if SMCT does not expect to wholly settle within 12 months.

Long Service Leave

Liability for Long Service Leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where SMCT does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. An unconditional right arises after a qualifying period of 7 years.

The components of this current LSL liability are measured at:

- Nominal Value – if SMCT expects to wholly settle within 12 months; and
- Present Value – if SMCT does not expect to settle a component of this current liability within 12 months.

Conditional LSL is disclosed as a non-current liability. Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in estimations e.g. bond rate movements, inflation rate movements and changes in probability factors which are then recognised as other economic flows.

On-Costs Related to Employee Benefits

Provision for on-costs such as workers compensation and superannuation are recognised separately from provisions for employee benefits.

Note 3.3: Superannuation

Fund	Paid contribution for the year		Contribution outstanding at year end	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Defined Benefit Plans (i)				
LASB/Vision superannuation fund	92	104	-	-
Defined Contribution Plans:				
Vision Super	851	886	20	20
Other	1,354	1,226	21	20
Total	2,297	2,216	41	40

(i) The bases for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans.

How We Recognise Superannuation

Employees of SMCT are entitled to receive superannuation benefits and SMCT contributes to both defined benefit and defined contribution plans.

Defined Benefit Superannuation Plans

The defined benefit plan provides benefits based on years of service and final average salary. The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by SMCT to the superannuation plans in respect of the services of current SMCT's staff during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan and are based upon actuarial advice.

SMCT does not recognise any unfunded defined benefit liability in respect of the plans because SMCT has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance discloses the State's defined benefits liabilities in its disclosure for administered items, in its annual financial statements.

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of SMCT.

Defined Contribution Superannuation Plans

In relation to defined contribution (i.e. accumulation) superannuation plans, the associated expense is simply the employer contributions that are paid or payable in respect of employees who are members of these plans during the reporting period. Contributions to defined contribution superannuation plans are expensed when incurred.

The defined contribution funds receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings in accordance with the Superannuation Guarantee Legislation (9.5%) (2020: 9.5%). SMCT's current contribution ranges between 9.5% and 13.0% (2020: 9.5%-13%).

No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of their chosen superannuation fund.

On the basis of the results of the most recent full actuarial investigation at 30th June 2017, SMCT's current contribution is in 2021: 13% (2020: 13%) of the superannuation salary.

The name, details and amounts that have been expensed in relation to the major employee superannuation funds and contributions made by SMCT disclosed above.

Note 3.4: Other Economic Flows

	2021	2020
	\$'000	\$'000
Net Gain/(Loss) on Non-Financial Assets		
Impairment of property plant and equipment, and intangible assets	-	(107)
Net gain/(loss) on disposal of property plant and equipment	19	(39)
Total Net Gain/(Loss) on Non-Financial Assets	19	(146)
Net Gain/(Loss) on Financial Instruments At Fair Value		
Net gain/(loss) on financial instruments at fair value	27,998	(20,741)
Total Net Gain/(Loss) on Financial Instruments At Fair Value	27,998	(20,741)
Other Gains/(Losses) From Other Economic Flows		
Net fair value revaluation of investment property	2,202	335
Total Other Gains/(Losses) From Other Economic Flows	2,202	335
Total Other Gains/(Losses) From Economic Flows	30,219	(20,552)

Other gains/ (losses) from other economic flows

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from:

- Impairment of financial and non-financial assets;
- Gains and losses on fair value movements of financial instruments; and
- Fair value movements in investment properties.

Note 4: Key Assets to Support Service Delivery

SMCT controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to SMCT to be utilised for delivery of those outputs.

Structure

- 4.1 Investments and Other Financial Assets
- 4.2 Property, Plant and Equipment
- 4.3 Intangible Assets
- 4.4 Depreciation and Amortisation
- 4.5 Investment Properties
- 4.6 Inventories

Telling the COVID-19 Story

Assets used to support the delivery of our services during the financial year were not materially impacted by the COVID-19 coronavirus pandemic.

Key Judgements and Estimates

This section contains the following key judgements and estimates:

Key Judgements and Estimates	Description
Measuring fair value of property, plant and equipment	<p>SMCT obtains independent valuations for its non-current assets at least once every five years.</p> <p>If an independent valuation has not been undertaken at balance date, the cemetery trust estimates possible changes in fair value since the date of the last independent valuation with reference to Valuer-General of Victoria indices.</p> <p>Managerial adjustments are recorded if the assessment concludes a material change in fair value has occurred. Where exceptionally large movements are identified, an interim independent valuation is undertaken.</p>
Investment properties	An independent valuation of investment properties is conducted annually by the Valuer-General Victoria.
Valuation of managed investment schemes	SMCT values its managed investment schemes based on an unquoted price determined by the fund manager currently appointed, Russell Investments. The fund publishes daily its redemption price and net asset value, and SMCT adopts this value without adjustment.
Estimating useful life and residual value of property, plant and equipment	<p>SMCT assigns an estimated useful life to each item of property, plant and equipment, whilst also estimating the residual value of the asset, if any, at the end of the useful life. This is used to calculate depreciation of the asset.</p> <p>The cemetery trust reviews the useful life, residual value and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.</p>
Estimating the useful life of intangible assets	SMCT assigns an estimated useful life to each intangible asset with a finite useful life, which is used to calculate amortisation of the asset.
Identifying indicators of impairment	<p>At the end of each year, SMCT assesses impairment by evaluating the conditions and events specific to the cemetery trust that may be indicative of impairment triggers. Where an indication exists, the cemetery trust tests the asset for impairment. The cemetery trust considers a range of information when performing its assessment, including considering:</p> <ul style="list-style-type: none"> — If an asset's value has declined more than expected based on normal use. — If a significant change in technological, market, economic or legal environment which adversely impacts the way the cemetery trust uses an asset. — If an asset is obsolete or damaged. — If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life. — If the performance of the asset is or will be worse than initially expected. <p>Where an impairment trigger exists, the cemetery trusts applies significant judgement and estimate to determine the recoverable amount of the asset.</p>

Note 4.1: Investments and Other Financial Assets

	2021	2020
	\$'000	\$'000
Non-Current		
Managed Investment Schemes		
- Fair value through profit and loss	327,829	272,850
Total Other Financial Assets	327,829	272,850

How We Recognise Investments and Other Financial Assets

SMCT manages its investments and other financial assets in accordance with an investment policy approved by the Board.

Investments are recognised when SMCT enters into a contract to either purchase or sell the investment (i.e. when it becomes a party to the contractual provisions to the investment). Investments are initially measured at fair value, net of transaction costs.

SMCT classifies its other financial assets between current and non-current assets based on the Board's intention at balance date with respect to the timing of disposal of each asset. SMCT assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

The financial investments held by SMCT are measured at fair value through the Comprehensive Operating Statement.

Managed Investment Schemes

SMCT invests in managed funds which are not quoted in an active market but are based on an unquoted price determined by the fund manager currently appointed, Russell Investments.

Russell Investments declare unit prices for each investment fund by taking into account the investment return of the assets invested into, income, the tax payable, imputation credits, and relevant fees and expenses. Generally, one-unit

price is declared each business day for each investment option and the same unit price is used for buying and selling.

Unit prices are also validated daily by State Street, the appointed custodian and administrator of the fund. The calculation is done daily to the effective date. To minimise the impact of significant market movements during this 2-day period, safeguards have been put in place, as documented in a Russell Investment's unit pricing policy, and the market movement is monitored daily.

There are numerous levels of checks performed by State Street and the Russell Investments Fund Operations teams including but not limited to:

- daily pricing tolerance checks.
- benchmarking of unit price movement vs benchmarks on a daily basis.
- detailed reconciliation processes.

Based on this rigour, and with the oversight of the Finance and Investment Committee, SMCT believes the valuation by Russell Investments is the best estimate of the fair value of the investments at 30 June 2021.

SMCT regards this investment as level 2 according to AASB 13 **Fair Value Hierarchy**. The fund publishes daily its redemption price and net asset value, and SMCT adopts this value without adjustment. We acknowledge there is significant estimation uncertainty as the investment is not quoted in an active market and inputs are observable indirectly.

Note 4.2: Property, Plant and Equipment

4.2 (a) Property, Plant and Equipment - Gross Carrying Amount and Accumulated Depreciation

	2021	2020
	\$'000	\$'000
Cemetery infrastructure land at fair value	15,381	15,365
Total Land	15,381	15,365
Buildings, infrastructure and improvements at fair value	162,778	161,978
Less accumulated depreciation	(23,867)	(18,325)
Total Buildings, Infrastructure and Improvements	138,911	143,653
Plant and equipment at fair value	9,698	11,129
Less accumulated depreciation	(5,936)	(7,123)
Total Plant and Equipment	3,762	4,006
Office equipment, furniture and fittings at fair value	7,200	7,473
Less accumulated depreciation	(3,961)	(3,518)
Total Office Equipment, Furniture and Fittings	3,239	3,955
Capital works in progress at cost	4,802	1,433
Total Capital Works in Progress	4,802	1,433
Total Property, Plant and Equipment	166,095	168,412

4.2 (b) Reconciliation of Property, Plant and Equipment (Public Administration Purpose Groups)

Reconciliations of the carrying amounts of each class of asset for SMCT at the beginning and end of the previous and current financial year are set out below.

	Note	Cemetery Land \$'000	Buildings, Infrastructure and Improvements \$'000	Plant and Equipment \$'000	Office Equipment, Furniture and Fittings \$'000	Capital Works in Progress \$'000	Total \$'000
Balance at 1 July 2019		15,470	143,121	4,506	4,333	1,240	168,670
Additions		-	82	228	-	6,986	7,296
Transfer to completed assets		-	5,791	577	435	(6,793)	10
Transfer (to)/from other asset classes		(105)	-	-	-	-	(105)
Disposals		-	-	(89)	-	-	(89)
Depreciation expense	4.4	-	(5,341)	(1,129)	(811)	-	(7,281)
Impairment		-	-	(87)	(2)	-	(89)
Balance at 1 July 2020	4.2 (a)	15,365	143,653	4,006	3,955	1,433	168,412
Additions		-	811	60	197	4,156	5,224
Transfer to completed assets		-	-	550	62	(612)	-
Transfer (to)/from other asset classes		16	-	-	-	(175)	(159)
Disposals		-	-	(1)	-	-	(1)
Depreciation expense	4.4	-	(5,553)	(853)	(975)	-	(7,381)
Balance at 30 June 2021	4.2 (a)	15,381	138,911	3,762	3,239	4,802	166,095

How We Recognise Property, Plant and Equipment

Property, plant and equipment are tangible items that are used by SMCT in the supply of goods or services, for rental to others, or for administration purposes, and are expected to be used during more than one financial year.

Initial Recognition

Items of property, plant and equipment (excluding right-of-use assets) are initially measured at cost. Where an asset is acquired for no or nominal cost, being far below the fair value of the asset, the deemed cost is its fair value at the date of acquisition. Assets transferred as part of an amalgamation/machinery of government change are transferred at their carrying amounts.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Subsequent Measurement

Items of property, plant and equipment (excluding right-of-use assets) are subsequently measured at fair value less accumulated depreciation and impairment losses where applicable.

Fair value is determined with reference to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset).

Further information regarding fair value measurement is disclosed below.

Revaluation

Fair value is based on periodic valuations by independent valuers, which normally occur once every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate a material change in fair value has occurred.

Where an independent valuation has not been undertaken at balance date, SMCT perform a managerial assessment to estimate possible changes in fair value of land and buildings since the date of the last independent valuation with reference to Valuer-General of Victoria (VGV) indices.

An adjustment is recognised if the assessment concludes that the fair value of land and buildings has changed by 10% or more since the last revaluation (whether that be the most recent independent valuation or managerial valuation).

Any estimated change in fair value of less than 10% is deemed immaterial to the financial statements and no adjustment is recorded. Where the assessment indicates there has been an exceptionally material movement in the fair value of land and buildings since the last independent valuation, being equal to or in excess of 40%, SMCT would obtain an interim independent valuation prior to the next scheduled independent valuation.

The managerial assessment performed at 30 June 2021 indicated that the overall movement was 9.6% on buildings and 6.3% on land. As this is less than 10% for both land and buildings since the last revaluation, a managerial revaluation adjustment was not required as at 30 June 2021.

Revaluation increases (increments) arise when an asset's fair value exceeds its carrying amount. In comparison, revaluation decreases (decrements) arise when an asset's fair value is less than its carrying amount. Revaluation increments and revaluation decrements relating to individual

assets within an asset class are offset against one another within that class but are not offset in respect of assets in different classes.

Revaluation increments are recognised in 'Other Comprehensive Income' and are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that same class of asset previously recognised as an expense in net result, in which case the increment is recognised as income in the net result.

Revaluation decrements are recognised in 'Other Comprehensive Income' to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of property, plant and equipment. Otherwise, the decrement is recognised as an expense in the net result.

The revaluation reserve included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the asset is derecognised.

Impairment

At the end of each financial year, SMCT assesses if there is any indication that an item of property, plant and equipment may be impaired by considering internal and external sources of information. If an indication exists, SMCT estimates the recoverable amount of the asset. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised. An impairment loss of a revalued asset is treated as a revaluation decrease as noted above.

SMCT has concluded that the recoverable amount of property, plant and equipment which are regularly revalued is expected to be materially consistent with the current fair value. As such, there were no indications of property, plant and equipment being impaired at balance date.

4.2 (c) Fair Value Measurement Hierarchy for Assets

Balance as at 30 June 2021	Note	Carrying Amount as at 30 June 2021 \$'000	Fair Value Measurement at End of Reporting Period Using:		
			Level 1 ⁽ⁱ⁾ \$'000	Level 2 ⁽ⁱ⁾ \$'000	Level 3 ⁽ⁱ⁾ \$'000
Cemetery Infrastructure Land at Fair Value					
Non-specialised land		7,062	-	7,062	-
Specialised land		8,319	-	-	8,319
Total of Land at Fair Value	4.2 (a)	15,381	-	7,062	8,319
Buildings, Infrastructure and Improvements at Fair Value					
Non-specialised buildings(ii)		-	-	-	-
Specialised buildings		138,911	-	-	138,911
Total of Buildings at Fair Value	4.2 (a)	138,911	-	-	138,911
Other Plant and Equipment at Fair Value					
- Plant and equipment	4.2 (a)	3,762	-	-	3,762
- Office equipment, furniture and fittings	4.2 (a)	3,239	-	-	3,239
Total Other Plant and Equipment at Fair Value	4.2 (a)	7,001	-	-	7,001
		161,293	-	7,062	154,231

Notes

(i) Classified in accordance with the fair value hierarchy.

(ii) Non-specialised buildings fully depreciated

	Carrying Amount as at 30 June 2020	Fair Value Measurement at End of Reporting Period Using:		
		Level 1 ⁽ⁱ⁾	Level 2 ⁽ⁱ⁾	Level 3 ⁽ⁱ⁾
Balance as at 30 June 2020	\$'000	\$'000	\$'000	\$'000
Cemetery Infrastructure Land at Fair Value				
Non-specialised land	7,062	-	7,062	-
Specialised land	8,303	-	-	8,303
Total of Land at Fair Value	15,365	-	7,062	8,303
Buildings, Infrastructure and Improvements at Fair Value				
Non-specialised buildings	715	-	715	-
Specialised buildings	142,938	-	-	142,938
Total of Buildings at Fair Value	143,653	-	715	142,938
Other Plant and Equipment at Fair Value				
- Plant and equipment	4,006	-	-	4,006
- Office equipment, furniture and fittings	3,956	-	-	3,956
Total Other Plant and Equipment at Fair Value	7,962	-	-	7,962
	166,980	-	7,777	159,203

Notes

(i) Classified in accordance with the fair value hierarchy.

(ii) Non-specialised buildings fully depreciated

Note 4.2 (d): Reconciliation of Level 3 Fair Value Measurement

		Cemetery Land at Fair Value	Buildings, Infrastructure and Improvements at Fair Value	Plant and Equipment at Fair Value	Office Equipment, Furniture and Fittings at Fair Value
	Note	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2019		8,408	141,688	4,506	4,333
Purchases (sales)	4.2 (b)	-	5,873	805	435
Transfers in (out) of Level 3	4.2 (b)	-	-	(89)	-
- Transfers to other asset classes	4.2 (b)	(105)	-	-	-
- Depreciation	4.4	-	(4,623)	(1,129)	(811)
- Impairment loss	4.2 (b)	-	-	(87)	(2)
Balance at 30 June 2020	4.2 (c)	8,303	142,938	4,006	3,955
Purchases (sales)	4.2 (b)	-	811	610	259
Transfers in (out) of Level 3	4.2 (b)	-	-	(1)	-
- Transfers to other asset classes	4.2 (b)	16	-	-	-
- Depreciation	4.4	-	(4,838)	(853)	(975)
Balance at 30 June 2021	4.2 (c)	8,319	138,911	3,762	3,239

Note 4.2 (e): Fair Value Determination

Asset Class	Likely Valuation	Significant Inputs (Level 3)
Specialised Land - nine cemetery sites	Market approach (90% reduction)	Community Service Obligations Adjustments
Specialised buildings - buildings and improvements over nine cemetery sites	Depreciation replacement cost approach	- Direct Cost per square metre - Cost per unit
Specialised buildings - infrastructure over nine cemetery sites	Depreciated replacement cost approach	Useful life of specialised infrastructure - Cost per unit
Plant and equipment	Depreciated replacement cost approach	- Cost per unit - Useful life
Office equipment	Depreciated replacement cost approach	- Cost per unit - Useful life

How We Measure Fair Value

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.

For the purpose of fair value disclosures, SMCT has determined classes of assets on the basis of the nature, characteristics and risks of the

asset and the level of the fair value hierarchy as explained above.

In addition, SMCT determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There have been no transfers between levels during the period (2020: no transfers).

The Valuer-General Victoria (VGV) is SMCT's independent valuation agency.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Valuation Hierarchy

In determining fair values a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Identifying Unobservable Inputs (Level 3) Fair Value Measurements

Level 3 fair value inputs are unobservable valuation inputs for an asset or liability. These inputs require significant judgement and assumptions in deriving fair value for both financial and non-financial assets.

Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs shall

reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

Consideration of Highest And Best Use (HBU) for Non-Financial Physical Assets

Judgements about highest and best use must take into account the characteristics of the assets concerned, including restrictions on the use and disposal of assets arising from the asset's physical nature and any applicable legislative/contractual arrangements.

In accordance with AASB 13 *Fair Value Measurement* paragraph 29, SMCT has assumed the current use of a non-financial physical asset is its HBU unless market or other factors suggest that a different use by market participants would maximise the value of the asset. Theoretical opportunities that may be available in relation to the asset(s) are not taken into account until it is virtually certain that any restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best uses.

Non-Specialised Land, Non-Specialised Buildings

Non-specialised land and non-specialised buildings are valued using the market approach. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value.

For non-specialised land and non-specialised buildings, an independent valuation was performed by the Valuer-General Victoria to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2017.

Specialised Land and Specialised Buildings

Specialised land includes Crown Land which is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the assets are not taken into account until it is virtually certain that any restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best use.

During the reporting period, SMCT held Crown Land. The nature of this asset means that there are certain limitations and restrictions imposed on its use and/or disposal that may impact their fair value.

The market approach is also used for specialised land and specialised buildings although it is adjusted for the community service obligation (CSO) to reflect the specialised nature of the assets being valued. Specialised assets contain significant, unobservable adjustments; therefore, these assets are classified as Level 3 under the market based direct comparison approach.

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement and takes into account the use of the asset that is physically possible, legally permissible and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

For SMCT, the depreciated replacement cost method is used for the majority of specialised buildings, adjusting for the associated

depreciation. As depreciation adjustments are considered as significant and unobservable inputs in nature, specialised buildings are classified as Level 3 for fair value measurements.

An independent valuation of SMCT's specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date for the valuation was 30 June 2017. In June 2019 a managerial valuation was carried out in accordance with FRD 103I to revalue the land to its fair value.

Vehicles

SMCT acquires new vehicles and at times disposes of them before completion of their economic life. The process of acquisition use and disposal in the market is managed by the Cemetery Trust that sets relevant depreciation rates during use to reflect the consumption of the vehicles. As a result, the fair value of vehicles does not differ materially from the carrying amount (depreciated cost).

Plant and Equipment

Plant and equipment (including computers, communication equipment and furniture and fittings) are held at carrying amount (depreciated cost). When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, the depreciated replacement cost is used to estimate the fair value. Unless there is market evidence that current replacement costs are significantly different from the original acquisition cost, it is considered unlikely that depreciated replacement cost will be materially different from the existing carrying amount.

There were no changes in valuation techniques throughout the period to 30 June 2021.

Note 4.2 (f): Property, Plant and Equipment Asset
Revaluation Surplus

	2021	2020
	\$'000	\$'000
Property, Plant and Equipment Asset Revaluation Surplus		
Balance at the beginning of the reporting period	32,021	40,210
Transfer to Accumulated Surplus	-	(8,189)
Balance at the End of the Reporting Period*	32,021	32,021
Represented by:		
- Land	1,261	1,261
- Buildings, infrastructure and improvements	29,411	29,411
- Plant and equipment	1,349	1,349
	32,021	32,021

Note 4.3: Intangible Assets

Note 4.3 (a): Intangible Assets – Gross Carrying Amount
and Accumulated Amortisation

	2021	2020
	\$'000	\$'000
Capitalised computer software	8,090	5,050
Capital works in progress costs	403	2,702
Impairment write downs	(18)	(18)
Accumulated amortisation	(4,618)	(3,887)
Total Intangible Assets	3,857	3,847

Note 4.3 (b): Intangible Assets - Reconciliation of the Carrying Amount by Class of Asset

	Note	Capitalised Computer Software \$'000	Capital Works in Progress \$'000	Total \$'000
Balance at 1 July 2019		519	1,138	1,657
Additions		-	2,530	2,530
Net transfer between classes		966	(966)	-
Impairment write down		(18)	-	(18)
Amortisation (note 4.4)	4.4	(322)	-	(322)
Balance at 30 June 2020	4.3 (a)	1,145	2,702	3,847
Additions		-	765	765
Net transfer between classes		3,064	(3,064)	-
Amortisation (note 4.4)	4.4	(755)	-	(755)
Balance at 30 June 2021	4.3 (a)	3,454	403	3,857

How We Recognise Intangible Assets

Intangible assets represent identifiable non-monetary assets without physical substance such as computer software.

Initial Recognition

Purchased intangible assets are initially recognised at cost.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is also recognised at cost if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- an intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits;

- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Expenditure on research activities is recognised as an expense in the period on which it is incurred.

Subsequent Measurement

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Impairment

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified.

Note 4.4: Depreciation and Amortisation

	2021	2020
	\$'000	\$'000
Depreciation		
Buildings, infrastructure and improvements	5,552	5,341
Plant and equipment	853	1,129
Office equipment, furniture and fittings	975	810
Total Depreciation	7,380	7,280
Amortisation		
Computer software	754	322
Total Amortisation	754	322
Total Depreciation and Amortisation	8,134	7,602

How We Recognise Depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets (excluding items under operating leases, assets held for sale, land and investment properties) that have finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis at rates that allocate the asset's value, less any estimated residual value over its estimated useful life.

How We Recognise Amortisation

Amortisation is the systematic allocation of the depreciable amount of an asset over its useful life.

The following table indicates the expected useful lives of non-current assets on which the depreciation and amortisation charges are based.

	2021	2020
Buildings	14 to 50 years	14 to 50 years
Plant and equipment	2 to 50 years	2 to 50 years
Infrastructure and improvements	5 to 100 years	5 to 100 years
Other equipment, furniture and fittings	3 to 25 years	3 to 25 years
Computer software	3 to 5 years	3 to 5 years

Note 4.5: Investment Property

Note 4.5 (a): Movements in Carrying Value

	2021	2020
	\$'000	\$'000
Balance at Beginning of Period	3,455	3,120
Net gain/(loss) from fair value adjustments	2,202	335
Balance at End of Period	5,657	3,455

Note 4.5 (b): Fair Value Measurement Hierarchy for
Investment Properties

	Carrying Amount as at 30 June 2021 \$'000	Fair Value Measurement at End of Reporting Period Using:		
		Level 1 ⁽ⁱ⁾ \$'000	Level 2 ⁽ⁱ⁾ \$'000	Level 3 ⁽ⁱ⁾ \$'000
		Investment properties	5,657	-
	5,657	-	5,657	-

	Carrying Amount as at 30 June 2020 \$'000	Fair Value Measurement at End of Reporting Period Using:		
		Level 1 ⁽ⁱ⁾ \$'000	Level 2 ⁽ⁱ⁾ \$'000	Level 3 ⁽ⁱ⁾ \$'000
		Investment properties	3,455	-
	3,455	-	3,455	-

Notes

(i) Classified in accordance with the fair value hierarchy.

How We Recognise Investment Properties

Investment properties represent properties held to earn rentals or for capital appreciation or both. Investment properties exclude properties held to meet service delivery objectives of SMCT.

Initial Recognition

Investment properties are initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the SMCT.

Subsequent Measurement

Subsequent to initial recognition at cost, investment properties are revalued to fair value, determined annually by independent

valuers. Fair values are determined based on a market comparable approach that reflects recent transaction prices for similar properties. Investment properties are neither depreciated nor tested for impairment.

For investment properties measured at fair value, the current use of the asset is considered the highest and best use.

The fair value of the Cemetery Trust's investment properties at 30 June 2021 has been arrived on the basis of an independent valuation carried out by independent valuers Valuer-General Victoria (performed at 30 June 2021). The valuation was determined by reference to market evidence of transaction process for similar properties with no significant unobservable adjustments, in the same location and condition and subject to similar lease and other contracts.

There have been no transfers between levels during the period. There were no changes in valuation techniques throughout the period to 30 June 2021.

Note 4.6: Inventories

	2021	2020
	\$'000	\$'000
Current		
Work in Progress/Undeveloped Land		
Land: interment purposes	1,443	1,483
Grave foundations/beams	11,483	10,583
Mausoleum crypts	234	-
	13,160	12,066
Finished Goods		
Consumables/maintenance stores	112	106
Land: interment purposes	272	231
Grave foundations/beams	3,512	2,987
Mausoleum crypts	2,550	3,108
Cremation memorials	94	111
Other	250	261
	6,790	6,804
Total Current Inventories	19,950	18,870
Non-Current		
Finished Goods		
Land: interment purposes	440	480
Grave foundations/beams	8,648	10,470
Mausoleum crypts	4,494	5,667
Cremation memorials	2,514	2,689
Total Non-Current Inventories	16,096	19,306
Total Inventories	36,046	38,176
Represented by:		
Consumables/maintenance stores	112	106
Land: interment purposes	2,155	2,195
Grave foundations/beams	23,643	24,041
Mausoleum crypts	7,279	8,776
Cremation memorials	2,607	2,800
Other	250	258
Total Inventories	36,046	38,176

How We Recognise Inventories

Inventories include goods and other property held either for sale or for distribution at zero or nominal consideration, or for consumption in the ordinary course of business operations. It excludes depreciable assets.

Inventories include land allocated for interment purposes held for sale. Inventory of land allocated for interment purposes is measured at the lower of cost and net realisable value on the basis of weighted average cost and includes adjacent land and landscaping that add to the amenity of the land for interment.

Inventories are classified as either works in progress or finished goods. Works in progress includes undeveloped land designated for interment purposes and expenditure on inventories partially constructed, but not available for sale. Finished goods represent inventories available for sale to customers including developed land to be used for interment purposes.

Inventories also include stock held in maintenance stores, stocks of pre-cast concrete lined graves, pre-poured foundations for graves, memorial wall niches, mausoleum crypts and granite.

These inventories are measured at the lower of cost and net realisable value. Cost for these inventories is determined on the basis of weighted average cost.

Inventories expected to be sold/utilised within 12 months are recorded as current, with the balance as non-current assets.

Note 5: Other assets and liabilities

This section sets out those assets and liabilities that arose from SMCT's operations.

Structure

- 5.1 Receivables and Contract Assets
- 5.2 Payables
- 5.3 Contract Liabilities
- 5.4 Other Provisions

Telling the COVID-19 Story

Other assets and liabilities used to support the delivery of our services during the financial year were not materially impacted by the COVID-19 coronavirus pandemic.

Key Judgements and Estimates

This section contains the following key judgements and estimates:

Key Judgements and Estimates	Description
Estimating the provision for expected credit losses	SMCT uses a simplified approach to account for the expected credit loss provision. A provision matrix is used, which considers historical experience, external indicators and forward-looking information to determine expected credit loss rates.
Measuring contract liabilities	SMCT applies significant judgement to measure its progress towards satisfying a performance obligation as detailed in Note 2. Where a performance obligation is yet to be satisfied, the cemetery trust assigns funds to the outstanding obligation and records this as a contract liability until the promised good or service is transferred to the customer.

Note 5.1: Receivables and Contract Assets

	2021	2020
	\$'000	\$'000
Current		
Contractual		
Trade debtors	1,416	1,168
Accrued investment income	1,115	2,720
Sundry debtors	9,694	7,933
	12,225	11,821
Statutory		
GST receivable	292	-
Total Current Receivables	12,517	11,821
Non-Current		
Contractual		
Sundry debtors	1,310	1,082
Total Non-Current Receivables	1,310	1,082
Total Receivables and Contract Assets	13,827	12,903
<i>(i) Financial assets classified as receivables and contract assets (Note 7.1 (a))</i>		
Total receivables and contract assets	13,827	12,903
GST receivable	(292)	-
Total Financial Assets (Note 7.1(a))	13,535	12,903

How We Recognise Receivables

Receivables consist of:

Contractual receivables, which consists of debtors in relation to goods and services and accrued investment income. These receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. SMCT holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.

Statutory receivables, which predominantly includes amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits recoverable. Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. SMCT applies AASB 9 *Financial Instruments* for initial measurement of the statutory receivables and, as a result, statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition.

Sundry debtors are carried at nominal amounts due and are set up on monthly payment plans ranging from 1 month to 36 months.

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*.

SMCT is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables and sundry receivables consist of a large number of customers in various geographical areas. Based on historical information about customer default rates, management consider the credit quality of trade receivables and sundry receivables that are not past due or impaired to be good.

Impairment Losses of Contractual Receivables

Refer to Note 7.1(a) Contractual receivables at amortised costs for SMCT's contractual impairment losses.

Doubtful Debts

Collectability of debts is reviewed on an ongoing basis, and debts which are known to be uncollectible are written off. A provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected, and bad debts are written off when identified. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off by mutual consent and the allowance for doubtful debts are classified as other economic flows included in net result.

Management has reviewed the ageing of receivables and determined that no significant amounts are past due.

Note 5.2: Payables

	2021	2020
	\$'000	\$'000
Current		
Contractual		
Trade creditors	1,348	1,388
Accrued salaries, wages and on-costs	232	255
Accrued cemetery levy	2,751	2,214
Accrued and other creditors	3,607	1,752
Total Current Payables	7,938	5,609
Statutory		
GST payable	-	50
Total Payables	7,938	5,659
<i>(i) Financial liabilities classified as payables (Note 7.2 (b))</i>		
Total payables	7,938	5,659
GST payable	-	(50)
Total Financial Liabilities (Note 7.2 (b))	7,938	5,609

How We Recognise Payables

Payables consist of:

Contractual payables, classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to the SMCT prior to the end of the financial year that are unpaid; and

Statutory payables, that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

The normal credit terms for accounts payable are usually Nett 30 days.

Maturity Analysis of Payables

Please refer to Note 7.1(b) for the maturity analysis of payables.

Note 5.3: Contract Liabilities

	2021	2020
	\$'000	\$'000
Current Contract Liabilities		
Pre-need deed sales liability	52,547	49,979
Total Current Contract Liabilities	52,547	49,979
Opening Balance of Contract Liabilities	49,979	45,366
Payments received for performance obligations not yet fulfilled	10,161	9,833
Revenue recognised for the completion of a performance obligation	(7,593)	(5,220)
Total Contract Liabilities	52,547	49,979

How We Recognise Contract Liabilities

Contract liabilities include consideration received in advance from customers in respect of performance obligations not yet fulfilled.

Contract liabilities are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 2.1.

How We Recognise Other Liabilities

Most contract liabilities relates to unearned income for deposits received in advance where the performance obligation is yet to be satisfied (see note 2.1). These are classified as a current liability as SMCT does not have an unconditional right to defer settlement. Pre-purchases and pre-need deeds are redeemed when a need arises. Pre-paid fees are recognised at their nominal (contracted) value.

Some of SMCT's revenue streams, primarily rights of interment for graves, cremation memorials and mausoleum crypts, provide the customer with a right of return at the Cemetery Trust's discretion (see note 2.1). Therefore, a refund liability is recognised for the issued rights expected to be returned/cancelled. The assumptions and the estimated amount of returns are based on historical evidence and are reassessed at the end of each reporting period. As at 30 June 2021, no material refund liability existed. The costs to recover the product are not material because no physical good is transacted.

Note 5.4: Other Provisions

	2021	2020
	\$'000	\$'000
Current Provisions		
Onerous contracts	616	566
Total Current Provisions	616	566
	2021	2020
	\$'000	\$'000
Balance at Beginning of Period	566	518
Amount taken to operating statement	50	48
Total Provision for Loss on Onerous Contracts	616	566

How We Recognise Other Provisions

Other provisions are recognised when SMCT has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is

recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

An onerous contract is considered to exist when the unavoidable cost of meeting the contractual obligations exceeds the estimated economic benefits to be received.

Present obligations arising under onerous contracts are recognised as a provision to the extent that the present obligation exceeds the estimated economic benefits to be received.

Note 6: How We Finance Our Operations

This section provides information on the sources of finance utilised by SMCT during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of SMCT.

This section includes disclosures of balances that are financial instruments (such as cash balances). Note 7.1 provides additional, specific financial instrument disclosures.

Structure

- 6.1 Cash and Cash Equivalents
- 6.2 Commitments for Expenditure

Telling the COVID-19 Story

Our finance arrangements were not materially impacted by the COVID-19 coronavirus pandemic.

Note 6.1: Cash and Cash Equivalents

	2021	2020
	\$'000	\$'000
Cash on hand	11	11
Cash at bank	25,714	17,150
Total Cash and Cash Equivalents	25,725	17,161

How We Recognise Cash and Cash Equivalents

Cash and cash equivalents recognised on the balance sheet comprise cash on hand and in banks, deposits at call and highly liquid investments (with an original maturity date of three months or less), which are held for the

purpose of meeting short term cash commitments rather than for investment purposes, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

Note 6.2: Commitments for Expenditure

	2021	2020
	\$'000	\$'000
Capital Commitments		
Inventory	816	954
Property, plant and equipment	1,115	4,568
Intangible assets	138	253
Total Capital Commitments	2,069	5,775
Operating Expenditure Commitments		
Electricity, Gas, Other	3,802	3,013
Total Operating Expenditure Commitments	3,802	3,013
Total Commitments for Expenditure (inclusive of GST)	5,871	8,788
	2021	2020
	\$'000	\$'000
Capital Commitments		
Not longer than 1 year	2,070	5,775
Total Capital Commitments	2,070	5,775
Operating Expenditure Commitments		
Not longer than 1 year	2,049	1,813
Longer than 1 year and not longer than 5 years	1,752	1,200
Total Operating Expenditure Commitments	3,801	3,013
Total Commitments		
Not longer than 1 year	4,119	7,588
Longer than 1 year and not longer than 5 years	1,752	1,200
Total Commitments for Expenditure (Inclusive of GST)	5,871	8,788
GST recoverable from the Australian Taxation Office	(534)	(799)
Total Commitments (Exclusive of GST)	5,337	7,989

How We Disclose Our Commitments**Expenditure Commitments**

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed at their nominal value and are inclusive of the

GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the Balance Sheet.

Note 7: Risks, Contingencies and Valuation Uncertainties

SMCT is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for SMCT is related mainly to fair value determination.

Structure

- 7.1 Financial Instruments
- 7.2 Financial Risk Management Objectives and Policies
- 7.3 Contingent Assets and Contingent Liabilities

Note 7.1: Financial Instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of SMCT's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example, taxes, fines, penalties). Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

Note 7.1 (a): Financial Instruments: Categorisation

2021	Note	Financial Assets at Amortised Cost \$'000	Financial Assets at Fair Value Through Net Result \$'000	Financial Liabilities at Amortised Cost \$'000	Total \$'000
Contractual Financial Assets					
Cash and cash equivalents	6.1	25,725	-	-	25,725
Receivables	5.1	13,535	-	-	13,535
Investments and other financial assets					
- Managed investment/units	4.1		327,829	-	327,829
Total Financial Assets ⁽ⁱ⁾		39,260	327,829	-	367,089
Financial Liabilities					
Payables	5.2	-	-	7,938	7,938
Total Financial Liabilities ⁽ⁱⁱ⁾		-	-	7,938	7,938

2020	Note	Financial Assets at Amortised Cost \$'000	Financial Assets at Fair Value Through Net Result \$'000	Financial Liabilities at Amortised Cost \$'000	Total \$'000
Contractual Financial Assets					
Cash and cash equivalents	6.1	17,161	-	-	17,161
Receivables	5.1	12,903	-	-	12,903
Investments and other financial assets					
- Managed investment/units	4.1	-	272,850	-	272,850
Total Financial Assets ⁽ⁱ⁾		30,064	272,850	-	302,914
Financial Liabilities					
Payables	5.2	-	-	5,609	5,609
Total Financial Liabilities ⁽ⁱⁱ⁾		-	-	5,609	5,609

i The carrying amount excludes statutory receivables (i.e. GST receivable)

ii The carrying amount excludes statutory payables (i.e. GST payables)

How We Categorise Financial Instruments

Categories of Financial Assets

Financial assets are recognised when SMCT becomes party to the contractual provisions to the instrument. For financial assets, this is at the date SMCT commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through net result, in which case transaction costs are expensed to profit or loss immediately.

Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15 para 63.

Financial Assets at Amortised Cost

Financial assets are measured at amortised cost if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by SMCT solely to collect the contractual cash flows; and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specific dates.

These assets are initially recognised at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method less any impairment.

SMCT recognises the following assets in this category:

- cash and deposits.
- receivables (excluding statutory receivables).

Financial Assets at Fair Value Through Net Result

SMCT initially designates a financial instrument as measured at fair value through net result if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or recognising the gains and losses on them, on a different basis;
- it is in accordance with the documented risk management or investment strategy and information about the groupings was documented appropriately, so the performance of the financial asset can be managed and evaluated consistently on a fair value basis; or
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through net result is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

SMCT has designated all of its managed investment schemes as fair value through net result.

Categories of Financial Liabilities

Financial liabilities are recognised when SMCT becomes a party to the contractual provisions to the instrument. Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately.

Financial Liabilities at Amortised Cost

Financial liabilities are measured at amortised cost using the effective interest method, where they are not held at fair value through net result.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in net result over the relevant period. The effective interest is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

SMCT recognises the following liabilities in this category:

- payables (excluding statutory payables and contract liabilities).

Offsetting Financial Instruments

Financial instrument assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, SMCT has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Some master netting arrangements do not result in an offset of balance sheet assets and liabilities. Where SMCT does not have a legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default, insolvency or bankruptcy, they are reported on a gross basis.

Derecognition of Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- SMCT retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement.

SMCT has transferred its rights to receive cash flows from the asset and either:

- has transferred substantially all the risks and rewards of the asset; or
- has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

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

Derecognition of Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement.

Reclassification of Financial Instruments

A financial asset is required to be reclassified between fair value between amortised cost, fair value through net result and fair value through other comprehensive income when, and only when, SMCT's business model for managing its financial assets has changed such that its previous model would no longer apply.

A financial liability reclassification is not permitted.

Note 7.2: Financial Risk Management Objectives and Policies

As a whole, SMCT's financial risk management program seeks to manage the risks and the associated volatility of its financial performance.

Details of the significant accounting policies and methods adopted, included the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed throughout the financial statements.

SMCT's main financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. SMCT manages these financial risks in accordance with its financial risk management policy.

SMCT uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Accountable Officer.

Note 7.2 (a): Credit Risk

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. SMCT's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to SMCT. Credit risk is measured at fair value and is monitored on a regular basis.

In addition, SMCT does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash and deposits, which are mainly cash at bank. As with the policy for debtors, SMCT's policy is to only deal with banks with high credit ratings.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that SMCT will not be able to collect a

receivable. Objective evidence includes financial difficulties of the debtor, default payments, debtors that are more than 60 days overdue, and changes in debtor credit ratings.

Contract financial assets are written off against the carrying amount when there is no reasonable expectation of recovery. Bad debt written off by mutual consent is classified as a transaction expense. Bad debt written off following a unilateral decision is recognised as other economic flows in the net result.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents SMCT's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to SMCT's credit risk profile in 2020-21.

Impairment of Financial Assets Under AASB 9 *Financial Instruments*

SMCT applies the allowance for expected credit loss for the relevant financial instruments, in accordance with AASB 9 *Financial Instruments* 'Expected Credit Loss' approach. Based on negligible bad debts and the bulk of SMCT's revenue being prepaid, expected credit loss risk

is low. Subject to AASB 9 *Financial Instruments*, impairment assessment includes the SMCT's contractual receivables and statutory receivables.

Equity instruments are not subject to impairment under AASB 9 *Financial Instruments*. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9 *Financial Instruments*. While cash and cash equivalents are also subject to the impairment requirements of AASB 9 *Financial Instruments*, any identified impairment loss would be immaterial.

Contractual Receivables at Amortised Cost

SMCT applies AASB 9's simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. SMCT has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on SMCT's past history, existing market conditions, as well as forward looking estimates at the end of the financial year.

On this basis, SMCT determines the closing loss allowance at the end of the financial year as follows:

30 June 2021	Note	Current	Less than 1 Month	1-3 Months	3 Months - 1 Year	1-5 Years	Total	
Expected Loss Rate		0.0%	0.0%	0.0%	0.0%	0.0%		
Gross carrying amount of contractual receivables \$'000	5.1	13,535	10,571	452	235	967	1,310	13,535
Loss Allowance		-	-	-	-	-	-	-

30 June 2020	Note	Current	Less than 1 Month	1-3 Months	3 Months - 1 Year	1-5 Years	Total	
Expected Loss Rate		0.0%	0.0%	0.0%	0.0%	0.0%		
Gross carrying amount of contractual receivables \$'000	5.1	12,903	10,420	382	265	754	1,082	12,903
Loss Allowance		-	-	-	-	-	-	-

Note 7.2 (b): Liquidity Risk

Liquidity risk arises from being unable to meet financial obligations as they fall due.

SMCT is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees. The cemetery trust manages its liquidity risk by maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations, holding investments and other contractual financial assets that are readily tradeable in the financial markets

and careful maturity planning of its financial obligations based on forecasts of future cash flows.

SMCT's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from liquidation of investments and other financial assets.

The following table discloses the contractual maturity analysis for SMCT's financial liabilities. For interest rates applicable to each class of liability refer to individual notes to the financial statements.

Note 7.2(b): Payables Maturity Analysis

		Maturity Dates					
		Carrying Amount	Not Past Due and Not Impaired	Less than 1 Month	1-3 Months	3 Months - 1 Year	1-5 Years
2021	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Liabilities							
At amortised cost							
Payables	5.2 ⁽ⁱ⁾	7,938	7,938	7,938	-	-	-
Total Financial Liabilities		7,938	7,938	7,938	-	-	-
2020							
Financial Liabilities							
At amortised cost							
Payables	5.2 ⁽ⁱ⁾	5,609	5,609	5,609	-	-	-
Total Financial Liabilities		5,609	5,609	5,609	-	-	-

(i) Ageing analysis of financial liabilities excludes statutory financial liabilities (i.e. GST payable)

Note 7.2 (c): Market Risk

SMCT's exposures to market risk is primarily through the value of units of managed investments held with Russell Investments, and their underlying investments exposure to interest rate risk, foreign currency risk and equity price risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

Sensitivity Disclosure Analysis and Assumptions

SMCT's sensitivity to market risk is determined based on the observed range of actual historical data. SMCT's fund managers cannot be expected to predict movements in market rates and prices. The following movements are 'reasonably possible' over the next 12 months:

		-10%	15%
	Carrying Amount	Net result of holding gain (loss)	Net result of holding gain (loss)
2021	\$'000	\$'000	\$'000
Managed Investment / Units	327,830	(32,783)	49,175

Interest Rate Risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. SMCT does not hold any interest-bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. SMCT has minimal exposure to cash flow interest rate risks through cash and deposits that are at floating rate.

Foreign Currency Risk

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign monetary items existing at the end of the reporting period are translated at the closing rate at the date of the end of the reporting period. SMCT has minimal exposure to foreign currency risk outside those indirect international investments via SMCT's managed investments.

Equity Risk

SMCT is exposed to equity price risk through its investments in managed investment schemes. Such investments are allocated and traded to match the cemetery trust's investment objectives.

Note 7.3: Contingent Assets and Contingent Liabilities

At balance date, the Board are not aware of any contingent assets or liabilities.

Community Perpetual Maintenance Reserve

The Trust has an obligation under the *Cemeteries and Crematoria Act 2003* to manage and maintain each public cemetery for which it is responsible. As stated in Section 12 of the Act, in exercising its functions the Trust must have regard to its obligation in relation to the funding of the perpetual maintenance of each public cemetery. At this time there will be ongoing significant cash outflow for perpetual maintenance of each public cemetery but is unable to calculate a sufficiently reliable estimate of any related present obligation which may arise under the accounting standards and accordingly has not recognised a value for this obligation in these financial statements.

The Trust has nevertheless created a related reserve and is disclosed as a Community Perpetual Maintenance Reserve in the Statement of Changes in Equity.

Note 8: Other Disclosures

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

Structure

- 8.1 Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities
- 8.2 Responsible Persons Disclosure
- 8.3 Remuneration of Executive Officers
- 8.4 Related Parties
- 8.5 Remuneration of Auditors
- 8.6 Ex-Gratia Payments
- 8.7 Events Occurring After Balance Sheet Date
- 8.8 Equity

Telling the COVID-19 Story

Our other disclosures were not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

Note 8.1: Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities

	Note	2021 \$'000	2020 \$'000
Net Result for the Year		57,730	(7,765)
Non-Cash Movements			
Depreciation/amortisation	4.4	8,134	7,602
Impairment of non-financial assets		-	107
Revaluation of investment property	4.5	(2,202)	(335)
Movements Included in Investing and Financing Activities:			
Net (Gain)/Loss from disposal of non-financial physical assets		(17)	39
Net (Gain)/Loss from fair value movement of financial assets		(27,997)	20,741
Movements in Assets and Liabilities			
Change in operating assets and liabilities			
(Increase)/decrease in receivables	5.1	(924)	2,450
(Increase)/decrease in prepayments		(119)	79
(Increase)/decrease in inventories	4.6	2,130	643
Increase/(decrease) in payables	5.2	2,279	(167)
Increase/(decrease) in other provisions	5.4	50	48
Increase/(decrease) in contract liabilities	5.3	2,568	4,613
Increase/(decrease) in employee benefits	3.2	(275)	1,641
Net Cash Flows From/(Used in) Operating Activities		41,357	29,696

Note 8.2: Responsible Persons Disclosures

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

	Period
Responsible Minister	
The Honourable Martin Foley, Minister for Health	26/09/2020 - 30/06/2021
The Honourable Jenny Mikakos, Minister for Health	01/07/2020 - 26/09/2020
Governing Boards	
Vanda Fortunato (Chairperson)	01/07/2020 - 30/06/2021
Julie Busch (term completed)	01/07/2020 - 31/08/2020
Sam Afra	01/07/2020 - 30/06/2021
Leigh Mackay (term completed)	01/07/2020 - 30/06/2021
Roger Chao (term completed)	01/07/2020 - 31/08/2020
Sandhya Chakravarty	01/07/2020 - 30/06/2021
Phil Davies	01/07/2020 - 30/06/2021
Craig Burke (term completed)	01/07/2020 - 30/06/2021
Robin Buckham	01/07/2020 - 30/06/2021
Vicki Pridmore	01/09/2020 - 30/06/2021
Philip Eggleston	01/10/2020 - 30/06/2021
Accountable officers	
Jane Grover	1/07/2020 - 30/06/2021

Remuneration of Responsible Persons

The number of Responsible Persons are shown in their relevant income bands:

	2021	2020
Income Band	No.	No.
\$0 - \$9,999	2	-
\$10,000 - \$19,999	8	9
\$20,000 - \$29,999	-	1
\$30,000 - \$39,999	1	-
\$350,000-\$359,999	1	-
\$410,000 - \$419,999	-	1
Total Numbers	12	11
	2021	2020
	\$'000	\$'000
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	511	570

Amounts relating to Responsible Ministers are reported within the Department of Parliamentary Services' Financial Report.

Note 8.3: Remuneration of Executive Officers

The number of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period.

Remuneration of Executive Officers (including Key Management Personnel Disclosed in Note 8.4)	Total Remuneration	
	2021 \$'000	2020 \$'000
Short-term Benefits	1,224	1,050
Post-employment Benefits	118	338
Other Long-term Benefits	29	22
Total Remuneration ⁱ	1,371	1,410
Total Number of Executives	7	8
Total Annualised Employee Equivalent ⁱⁱ	5.8	5.0

i The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of SMCT under AASB 124 Related Party Disclosures and are also reported within Note 8.4 Related Parties.

ii Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided in exchange for services rendered, and is disclosed in the following categories:

Short-term Employee Benefits

Salaries and wages, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-Employment Benefits

Pensions, superannuation and other retirement benefits including terminations paid or payable on a discrete basis when employment has ceased.

Other Long-term Benefits

Long service leave, other long-service benefit or deferred compensation.

Note 8.4: Related Parties

SMCT is a controlled entity of the State of Victoria. Related parties of the cemetery trust include:

- all key management personnel (KMP) and their close family members and personal business interests;
- cabinet ministers (where applicable) and their close family members; and
- all cemetery trusts and public sector entities that are controlled and consolidated into the State of Victoria financial statements.

KMP of SMCT are those people with the authority and responsibility for planning, directing and controlling the activities of SMCT, directly or indirectly.

Key Management Personnel

The Board of Directors and the Executive Directors of SMCT are deemed to be KMPs. This includes the following:

KMPs	Position Title		
Vanda Fortunato	Chair of SMCT		
Julie Busch (term completed 31/08/2020)	Trust Member		
Sam Afra	Trust Member		
Leigh Mackay (term completed 30/06/2021)	Trust Member		
Roger Chao (term completed 31/08/2020)	Trust Member		
Sandhya Chakravarty	Trust Member		
Phil Davies	Trust Member		
Craig Burke (term completed 30/06/2021)	Trust Member		
Robin Buckham	Trust Member		
Vicki Pridmore	Trust Member		
Philip Eggleston	Trust Member		
Jane Grover	Chief Executive Officer		
Angela Uilderks	Executive		
Shireen Jahan	Executive		
Patty Holten	Executive		
Niloo Amendra	Executive		
Caroline Richards	Executive		
Craig Stapleton (appointed 14/12/2020)	Executive		
Kristy Siega (appointed 15/03/2021)	Acting Executive		
		2021	2020
Compensation - KMPsⁱ		\$'000	\$'000
Short-term Employee Benefits		1,682	1,565
Post-employment Benefits		163	385
Other Long-term Benefits		38	29
Total		1,883	1,980

ⁱKMP's are also noted in Note 8.2 Responsible persons and Note 8.3 Remuneration of executive officers.

Significant Transactions with Government Related Entities

During the year SMCT had related entity transactions with the Department of Health and Human Services, being the payment of the 2019-20 cemetery levy of \$2.2 million (2018-19 \$2.4 million). The levy payable to the Department of Health and Human Services in respect of 2020-21 is \$2.8 million (2019-20 was \$2.2 million).

Insurance products are obtained from the Victorian Managed Insurance Authority.

Transactions with KMP and Other Related Parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions

consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

During the year SMCT paid \$9,900 for art images taken and on display since 2015, of Melbourne General Cemetery grounds, to the Centre for Contemporary Photography which Jane Grover is also a Key Management Personnel.

Other than this transaction and outside of normal citizen type transactions with the SMCT, there were no other related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2021.

Note 8.5: Remuneration of Auditors

	2021	2020
	\$'000	\$'000
Victorian Auditor-General's Office		
Audit of financial statement	89	99
	89	99

	2021	2020
	\$'000	\$'000
Other providers		
Internal audit fees	85	61
	85	61
Total Audit Fees	174	160

Note 8.6: Ex-Gratia Expenses

SMCT has not made any ex-gratia payments during the current reporting period or previous reporting period. The Trust also has not written off any amounts during the current reporting period or previous reporting period.

Note 8.7: Events Occurring After the Balance Sheet Date

There are no events occurring after the Balance Sheet Date.

Note 8.8: Equity

Contributed Capital

Contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the SMCT.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

Other transfers that are in the nature of contributions or distributions or that have been designated as contributed capital are also treated as contributed capital.

Community Perpetual Maintenance Reserve

The Trust maintains a community perpetual maintenance reserve to fund future perpetual maintenance of the cemetery parks. Refer to note 1.8.

Asset Revaluation Reserve

The physical asset revaluation reserve is used to record increments and decrements on the revaluation of non-current physical assets.

Disclosure index

The annual report of The Greater Metropolitan Cemeteries Trust is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the department's compliance with statutory disclosure requirements.

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Additional SMCT information available on request'

Address: 600 Princes Highway, Springvale, Victoria, 3171

Mail: PO Box 1159 Clayton, VIC 3169

Phone: (03) 8558 8278

Email: enquiries@smct.org.au

Website: smct.org.au

