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| Response to the review of Class A cemetery trusts |
| June 2013 |
| OFFICIAL |

# Introduction

Significant changes to the *Cemeteries and Crematoria Act 2003* (the Act) were made in 2009. In 2012 the Victorian Government appointed Professor Anona Armstrong to assess these changes, as part of a review of the governance and management of Class A cemetery trusts.

The Victorian Government acknowledged and thanked Professor Armstrong for delivering this comprehensive review and acknowledged those who participated by interview or submission.

The Victorian Government welcomed the findings of the review. The report offered practical recommendations to improve the governance of trusts and strengthen the sector as a whole.

In recognition of the importance of the cemeteries and crematoria sector to the Victorian community, the Victorian Government addressed priority areas identified in the review through, amongst other actions, the establishment of a Ministerial Advisory Committee for Cemeteries and Crematoria.

The role of the Ministerial Advisory Committee was to advise the Minister for Health on measures to strengthen sector wide strategic planning and governance and improve the sustainability and efficiency of the sector in order to better meet the needs of the Victorian community.

The Ministerial Advisory Committee strengthened engagement between the sector and government. It had a broad membership bringing skills in corporate governance, finance, law, business, management, community services, land planning, environmental management and industry. Members were appointed because of their expertise, not because they represented particular organisations.

The Victorian Government’s response to each of the recommendations released in June 2013 is set out below.

# Recommendations and response

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| Recommendation 2.1: Commission a study of the governance of state-owned enterprises and the potential conflicts, between (a) commercial responsibilities and community service obligations, and (b) the division of responsibilities of Government (as regulator and owner) and the duties and responsibilities of Trust Members, and how they have best been managed in Australia and other developed countries. |

### Minister’s response – Not supported

The Victorian Government acknowledged the challenges for Class A cemetery trusts in balancing market pressures with their statutory requirements. However, the commissioning of further research on the governance of state-owned enterprises was not supported at that time. Instead, the Ministerial Advisory Committee was tasked with exploring these issues further and providing advice on options to address the challenges identified.

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| Recommendation 2.2: Appointment of the Chair of the Board prior to the other Board members and, add to their role and function, in particular, by way of participation in the selection process.Recommendation 2.3: Rollover the appointments of Members on a staggered basis: to avoid potential 100 per cent turnover of the Board at one time, introduce rotational appointments and ends of term of the members.Recommendation 2.4: That a skills matrix be developed for appointees in 2012-13 to reflect a diversity of skills, gender and ethnic background and emphasise financial expertise. |

### Minister’s response – Supported

The Victorian Government supported these recommendations. In 2010 as part of the creation of the five Class A cemetery trusts, 45 trust members were appointed, each for three-year terms. As these first term appointments came to an end the terms of appointment for new members were varied. This promoted a balance between retaining the knowledge and experience of members on trusts and enabling effective succession planning.

The Victorian Government acknowledged the benefit of seeking the input of trust chairpersons during the recruitment process for trust members and introduced this as standard practice.

In accordance with whole of government policy, the Victorian Government committed to ensuring that government appointments to boards and committees reflect the composition of the Victorian community. This includes appropriate representation of women, Indigenous Australians, people with a disability, people from culturally and linguistically diverse backgrounds and lesbian, gay, bisexual, trans, gender diverse and intersex people.

A skills evaluation matrix is used during the recruitment of trust members to ensure those recommended for appointment hold specific expertise and qualifications that will be of benefit to the governance of cemetery trusts.

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| Recommendation 2.5:That the department continues sector wide training in the governance and management of Trusts. |

### Minister’s response – Supported

The Victorian Government supported this recommendation and committed to continuing to offer governance and operational training to both Class A and B trust members. Feedback from trust members who have completed this training indicate that it is a valuable experience and the Victorian Government continues to facilitate these opportunities.

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| Recommendation 2.6:A payment structure should be introduced that reflects the duties and responsibilities of both Class A and B trust Members. |

### Minister’s response – Not supported

The Victorian Government did not support this recommendation. The five Class A trusts have enhanced statutory functions and accountabilities under the Act and members are paid in accordance with government guidelines for the remuneration of members of public bodies.

The department will continue to provide support for Class B trusts through the provision of training, grants and other assistance. In addition, Class A trusts will continue to meet their obligations under the Act to provide assistance and guidance to Class B trusts.

There is provision in the Act to convert a Class B trust to a Class A trust, if it is considered in the public interest to do so.

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| Recommendation 2.7:Meetings for Class A Chairs and CEOs to be facilitated by the Department to enable them to address their common interests. |

### Minister’s response – Supported

The Victorian Government supported this recommendation. The department has arranged for CEOs and chairpersons of Class A cemetery trusts to meet as a group.

The chairpersons and CEOs were also encouraged to apply for appointment to the Ministerial Advisory Council.

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| Recommendation 4.1:Consideration be given to establishing State wide preservation and maintenance standards. |

### Minister’s response – Supported

The Victorian Government supported this recommendation. The Victorian Government recognised the particular challenges for cemetery trusts in asset management as cemeteries pass through a number of phases, ranging from ‘active’, through to ‘transitional’ and ultimately to ‘perpetual’, when the cemetery becomes inactive.

There are complexities associated with heritage overlays, native vegetation, risk requirements and community expectations. There is a benefit to considering a set of minimum perpetual maintenance standards for which the impact on trusts may be assessed and quantified. The advice of the Ministerial Advisory Committee was sought on this matter.

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| Recommendation 4.2:That research be commissioned to develop a model of long term projections of costs and revenues to determine sustainability. It should provide:* an in depth review and analysis of the cost structures across the sector;
* pricing, costs and efficiency ratios with other Class A Trusts.
* a system of base price-setting for Trusts with the flexibility for an individual Trusts to ‘meet the market’ in terms of its particular clientele (current and potential) and catchment or market area, on a case by case basis, and
* for new business flexibility in the range and scope of allowable business that enable a Trust to grow new lines of revenue.
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### Minister’s response – Supported in principle

The Victorian Government supported this recommendation in principle. The review acknowledged that trusts must balance regulatory requirements and community expectations with the need to act independently and to respond to commercial pressures. Furthermore, issues relating to costs, flexibility in pricing, future demand, heritage significance and asset management are complex.

The Victorian Government sought the advice of the Ministerial Advisory Committee on the potential scope of strengthened sector-wide planning.

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| Recommendation 4.3:The Department develops Guidelines for a standard and coordinated approach to tendering for and managing investments. |

### Minister’s response – Supported in principle

The Victorian Government supported this recommendation in principle. The Victorian Government provides advice to public bodies on tendering and investments. In order to ensure best practice principles are applied to the prudent management of cemetery trusts investments, the department ensures that guidelines are appropriate to the sector.

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| Recommendation 4.4:Sector wide planning for long-run land requirements. |

### Minister’s response – Supported

The Victorian Government supported this recommendation. The Victorian Government prepared a Metropolitan Planning Strategy to manage growth and change.

The Victorian Government took steps to alert the committee overseeing the development of the Metropolitan Planning Strategy to the needs of the cemeteries and crematoria sector.

Unlike Melbourne 2030, the Metropolitan Planning Strategy encompasses the need for cemetery zones in future planning.

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| Recommendation 4.5:Review the legislative requirements for in-perpetuity rights. |

### Minister’s response – Not supported

This recommendation was not supported. The Victorian Government has no plans to change the *Cemeteries and Crematoria Act 2003* to introduce limited tenure for the interment of bodily remains in Victorian cemeteries. The Victorian Government acknowledged the unique role cemeteries play in documenting the history and heritage of Victoria, along with individual family histories. Cemeteries have historical significance for the community and for loved ones.

The Metropolitan Planning Strategy addresses the need for cemetery land planning to ensure future generations of Victorians can continue to return to our cemeteries and remember loved ones.

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| Recommendation 4.6:Review cash needs and appropriate level of reserves for in-perpetuity requirements. |

### Minister’s response – Supported in principle

The Victorian Government supported this recommendation in principle. The Victorian Government addressed this recommendation as part of its response to recommendations 4.1 and 4.2 above. The Government agreed to consider minimum perpetual maintenance standards for which the impact on trusts could be assessed, as well as develop a model of long-term projections of costs and revenues.

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| Recommendation 4.7:A review of the functions of staff across the Trusts and development of training and career paths for staff. |

### Minister’s response – Supported in part

The Victorian Government supported this recommendation in part. The Victorian Government considered the development of career paths for Class A cemetery trust employees to be a matter for trusts. However, governance training will continue to be provided for trust members, and other training opportunities will continue to be available through initiatives funded under the department’s grants program. Training in areas such as occupational health and safety and grief management have been funded to date.

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| Recommendation 5.1:Trusts continue to use Community Advisory Committees and explore best practice in Australia and overseas. |

### Minister’s response – Supported in principle

The Victorian Government supported this recommendation in principle. Community Advisory Committees play an essential role in assisting Class A cemetery trusts to facilitate community engagement and ensure they are attuned to the needs and preferences of the communities they serve. Such engagement provides important opportunities for local knowledge, as well as religious, cultural and heritage perspectives to inform trust services and policies. Best practice guidelines in this area were a priority item considered by the Ministerial Advisory Committee.

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| Recommendation 5.2:Trusts explore how they can engage with funeral directors. |

### Minister’s response – Supported in principle

The Victorian Government supported this recommendation in principle. The Victorian Government recognised the importance of good working relationships between cemetery trusts and funeral directors. How these relationships can be strengthened at a sector level was a priority item considered by the Ministerial Advisory Committee.

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| Recommendation 5.3:Trusts be commended for this outreach work and continue to use CACs. |

### Minister’s response – Supported in principle

The Victorian Government supported this recommendation in principle. This was addressed in line with the Victorian Government’s response to recommendation 5.1 above.

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| Recommendation 6.1:A comprehensive review of the best sector wide technology platform suitable for the 21st century is recommended. |

### Minister’s response – Supported in part

The Victorian Government supported this recommendation in part. The review highlighted the opportunities offered by technology to reduce administrative burden and streamline state-wide services. A shared IT platform, for example, may assist trusts to manage records and report data as well as give the wider community better access to information about burials. The Victorian Government worked with the sector on the options to enhance collaboration and cemetery management through technology.

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| Recommendation 6.2:The Department of Health develop a strategic framework for the sector, which could include planning, a pricing framework for the sector and an investment strategy for future investment. |

### Minister’s response – Supported in principle

The Victorian Government supported this recommendation in principle and sought to address this recommendation in combination with its response to recommendation 4.2, that is, refer the scope of a strategic framework to the Ministerial Advisory Committee for advice.

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