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Reform of the Cemeteries Sector Legislative Assembly 2 September 2009

Mr MORRIS (Mornington) — It is a pleasure to make some comments on the Cemeteries and Crematoria Amendment Bill in what has been, appropriately, a very civilised debate so far.

Essentially this bill is about structure; it is about the constitution and the management of cemetery trusts; it is about improved practices for the major metropolitan facilities, the smaller local facilities and the bigger trusts in both the metropolitan area and rural and regional Victoria. The proposed structure essentially updates the old model, with many of the features that have been familiar to generations retained in the new model. Trusts, of course, are still called trusts, although, as we have heard, they are being divided into class A and class B trusts. I have to say that I am not sure the new metropolitan trust in particular is anything like the trusts of yesteryear. It is certainly a very different sort of trust to the one I served on — the Mornington Cemetery Trust. But it is recognition, and it is entirely reasonable recognition, that these are substantial operations. There is a perhaps almost unique expectation in the community about cemeteries and cemetery trusts that they will remain in perpetuity.

Consideration of the bill follows two substantial reports on the sector. These are the Auditor-General's *Review of Major Public Cemeteries*, presented in July 2006, and the State Services Authority's *Review of Cemetery Trusts — Final Report*, presented in June 2007. The Auditor-General's report recognised the enormous diversity in scale of the operation of cemetery trusts. As has been mentioned already, there were 14 trusts covered in that report. Of course, these were the trusts subject to the Financial Management Act, and I understand that 14 trusts are still subject to that act. In other words, the trusts required to prepare their financial statements and have them audited by the Auditor-General. That contrasts with more than 500 trusts that are not subject to those requirements.

The recommendations in the Auditor-General's report dealt largely with financial management issues. As the executive summary tells us, the audit disclosed that many of the cemeteries that were reviewed did not have established processes, business planning or risk management. There was a lack of proper mechanisms to review what the Auditor-General referred to as 'organisational achievements against planned results' — anyone who has been in business would talk about actual and budget. The report dealt with whether they had effective information and reporting systems, proper internal audit functions — all very important parts of these large organisations — codes of practice and so on. It pointed out that there were also issues about pricing, issues about the shortfall in maintenance funding that might be required. It found that there were issues about governance, reimbursement of expenses for volunteers,

appropriate staff remuneration, appropriate processes for the procurement of goods and services and so on. It is also fair to say that the report was largely compiled prior to the commencement of the current act. That disclaimer needs to be made.

The serious outcome of all of this was the further review that was recommended by the Auditor-General's department. It suggested that the State Services Authority or another relevant authority have a look at the appointment and tenure arrangements for trust members. That report came out in 2007, and it flagged four options. Model 1 was to have a single authority, reducing the 522 trusts to one. Model 2 was to reduce the number of trusts to eight. Model 3 was a modified status quo which involved some governance changes and tweaking around the edges, but not much overall change. Model 4 was the status quo. None of those options bear any resemblance to what is before us in this bill. I agree that the minister has a right — some would say he has a duty — to present to the Parliament a structure which best serves the state and the interests of Victorians; I do not argue with that for a minute. But he certainly should not blindly accept the advice of a body, however qualified. But I do note, and perhaps the minister might pick this up if there is an opportunity when he is summing up the debate, that there has been no real explanation to the house of the reasoning behind the decision not to go with one of those four models. I think there was some explanation in the press release that came out but nothing has been said in the Parliament, and that might be useful.

The actual structure of the trusts that have been created has been commented on by others, and I will not run through all of the details again. The class A trusts will be the Greater Metropolitan Cemetery Trust, which will be composed of eight already substantial trusts; the Southern Metropolitan Cemetery Trust, which will comprise the Cheltenham trust and the Necropolis; and the existing Ballarat, Bendigo and Geelong facilities, plus the new Mildura Cemetery Trust. The issue that has been raised again and again is the enormous Greater Metropolitan Cemetery Trust. I understand that the decision has been made on economic grounds that that is the size that is required. But it seems to me that rather than having one trust covering cemeteries stretching from Werribee across to Yarra Glen and Healesville, it could perhaps be divided up into Wyndham, Altona, Fawkner, Preston and Keilor cemeteries on one side and Andersons Creek, Lilydale and Templestowe cemeteries on the other side.

I hasten to say I have forebears in both groups. It is understandable if it cannot be done economically, but we are creating a structure that essentially has no direct link geographically to the communities it serves, unlike Ballarat, Bendigo, Geelong, Mildura and even the southern metropolitan area.

The State Services Authority identified the need for a sustainable source of funds, as did the Auditor-General. They did not identify the need for a levy. Proposed new section 18Q makes it clear that this is not a levy about improving the circumstances of trusts. It has been perhaps uncharitably described as a grab for money or a death tax. I do not particularly want to go down that track, but I make the point that the Cemeteries and Crematoria Association of Victoria letter said that the minister had given an undertaking that all the funds would be spent. I appreciate the undertaking,

but if it is good enough for the minister to give an undertaking, it should be put into the legislation. That is the problem with the structure proposed. There is no guarantee; there is no hypothecation, and any budget decision could take that revenue stream away.

In conclusion, as the member for Caulfield has already indicated, the opposition will not oppose the bill. It is an outcome for the community that is a big improvement on what is currently in place. Unfortunately it is not the substantial improvement it could have been. I have genuine concerns about the scale of the proposed large metropolitan trusts and the lack of a genuine link between them and the communities they are intended to serve.
