



SOUTHERN
METROPOLITAN
CEMETERIES TRUST

Honouring and celebrating life

REGULATORY IMPACT STATEMENT

Prepared by:

**SOUTHERN METROPOLITAN
CEMETERIES TRUST**

Date: May 2014

This Regulatory Impact Statement has been prepared in accordance with the requirements of the *Subordinate Legislation Act 1994*. Its purpose is to inform interested parties regarding a proposal to make new regulations. Comments are invited and should be addressed to the General Manager Finance and Business Services
Southern Metropolitan Cemeteries Trust,
PO Box 1159 Clayton Victoria 3169
or by email to enquiries@smct.org.au by 5pm on 19 June 2014.

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SUMMARY

1. Objective

The Southern Metropolitan Cemeteries Trust (SMCT) was created under the Cemeteries & Crematoria Act, 2003. Since 1 March 2010, SMCT has been responsible for the cemeteries previously under the governance of the Trustees of the Necropolis Springvale and the Cheltenham & Regional Cemeteries Trust.

The Trust administers Brighton General, Bunurong Memorial Park, Cheltenham Memorial Park, Cheltenham Pioneer, Dandenong Community, Melbourne General, Springvale Botanical and St Kilda cemeteries. The corporate office is located within the grounds of Springvale Botanical Cemetery at 600 Princes Highway, Springvale.

As a not-for-profit organisation, SMCT is responsible for the care and long term maintenance of eight distinctive cemetery locations and is committed to serving the needs of the communities. Historic and iconic, SMCT wants to ensure that cemeteries and memorial parks within its care are beautiful, tranquil and distinctive destinations to honour and celebrate life.

SMCT funds its activities through fees charged for right of interment products (graves, cremation memorials and mausoleum) and for services such as cremations and interments performed. Fees are needed to be set, in order to provide sufficient income for SMCT to fulfil its obligations under the Act, and in the absence of setting appropriate fees, SMCT would not be able to deliver its required obligations or to maintain its cemeteries in perpetuity.

The objective of the proposed fee schedule is to set fees that reflect the costs to SMCT of performing its statutory functions, while being consistent with other policy objectives. In addition, to ensure that the locations will be maintained for future generations, a percentage of revenue is allocated to a Preservation Fund. This fund ensures that resources will be available to maintain all eight cemeteries in perpetuity.

2. Vision and Strategic Priorities

The vision of SMCT is to set a standard by providing their communities with world class services and facilities across every aspect of the business. In addition, creating and nurturing sustainable, beautiful, iconic and distinctive locations to honour and celebrate life.

SMCT recognises that stakeholder engagement is critical and is conscious of the responsibility to understand the diverse and changing needs of the community, which provides insight into the introduction of new products and services. In providing the community with a high level of services and facilities, SMCT strives to develop and implement standards of excellence for all operational activities, service delivery, facilities and grounds management across all SMCT locations. All activities undertaken by SMCT are managed in a socially and environmentally responsible manner for the long-term benefit of the community.

Annually SMCT performs approximately 9,000 cremations and 3,000 burials and employs over 250 staff.

3. Summary of Proposed Fees

a) New Fees

Site/Fee Type	Fee Description	New Fee Proposed for FY2014/15 Rounded to nearest \$5.
Springvale Botanical Cemetery		
Right of Interment	Adolescent Grave Package	\$2,695
Right of Interment	Grave - Alex T Style Gardner (large headstone)	\$14,795
Right of Interment	Headstone in Lawn Grave	\$5,975
Brighton General Cemetery		
Right of Interment	Grave - pregestational babies - lawn grave	\$175
Cheltenham Pioneer Cemetery		
Right of Interment	Family Tree (Perpetuity)	\$18,845
Right of Interment	Shared Tree (Perpetuity)	\$9,785
Right of Interment	Family Tree (Limited Tenure)	\$9,425
Right of Interment	Shared Tree (Limited Tenure)	\$4,895
Cheltenham Memorial Park		
Right of Interment	Family Tree (Perpetuity)	\$19,870
Right of Interment	Shared Tree (Perpetuity)	\$10,815
Right of Interment	Wall Niche (Dual) (Perpetuity)	\$2,875
Right of Interment	Wall Niche (Single) (Perpetuity)	\$1,540
Right of Interment	Family Tree (Limited Tenure)	\$9,935
Right of Interment	Shared Tree (Limited Tenure)	\$5,405
Right of Interment	Wall Niche (Dual) (Limited Tenure)	\$1,440
Right of Interment	Wall Niche (Single) (Limited Tenure)	\$770
St.Kilda Cemetery		
Right of Interment	Shrub Garden (Dual Position) (Perpetuity)	\$4,725
Right of Interment	Shrub Garden (Dual Position) (Limited Tenure)	\$1,575
Bunurong Memorial Park		
Right of Interment	Grave - pregestational babies - lawn grave	\$155
Service	Cremation - Adult (with Pieta Chapel) -Temporary	\$815

Table 1 – New Fees

Fees shown in table 1 are new fees that relate to new products that SMCT wishes to introduce to the community. With the introduction of these new products and fees, families would have a greater range of products. For example, the introduction of new cremation memorial products, such as family and shared tree positions at Cheltenham Memorial Park provides the community with a broader and greater choice of memorial products.

1. New cremation memorial products are introduced at Cheltenham Pioneer Cemetery (CPC), Cheltenham Memorial Park (CMP) and St. Kilda Cemetery (STK) in addition to the cremation memorial products already available at this site. The community has a range of products to select from at these sites for memorialisation of cremated remains.
2. Springvale Botanical Cemetery (SBC) offers a range of headstone in lawn graves of which one of them is the 'Alex T Gardner' style graves. A new area at this site is released with the same style of graves, however, with a larger headstone. The new fee introduced would be the current fee of 'Alex T Gardner' style, with the additional cost of the larger headstone.
3. An Adolescent Grave Package at SBC and Lawn Graves for pregestational babies both at Bunurong Memorial Park (BMP) and Brighton General Cemetery (BGC) has been introduced as a result of the various requests SMCT has had in the past for these graves. The adolescent grave package includes the interment, plaque and granite similar to the current fee for a children's grave. These new products are in addition to the current range of offerings available to families for burial of children.
4. The fee introduced at BMP for cremation with the Pieta Chapel with temporary storage facility provides the families with a lower priced option. The current fee for a cremation with temporary storage facility has been adjusted to include an administration fee for the usage of the Pieta Chapel area.
5. The increase in Chapel – Extended Time at BMP is expected to reduce the number of occurrences when the chapels are used longer the period they are booked for. This will assist with operational issues as well as managing community expectations as currently there is only one chapel facility at BMP.

b) Fees Revisions

<u>Site/Fee Type</u>	<u>Fee Description</u>	<u>Current Fee</u>	<u>Change</u>	<u>New Fee (prior to CPI)</u>	<u>CPI - 2.7%</u>	<u>Revised Fee (including CPI) Proposed for FY2014/15 Rounded to nearest \$5.</u>
ALL SMCT SITES						
Service	Manual Research Fee	\$65	\$30	\$95	\$5	\$100
Bunorong Memorial Park						
Right of Interment	Ornamental Graves (Standard)	\$8,925	\$210	\$9,135	\$245	\$9,380
Right of Interment	Ornamental Graves (Premium)	\$9,375	\$210	\$9,585	\$260	\$9,845
Right of Interment	Children's graves (800 x 300)	\$770	(\$230)	\$540	\$15	\$555
Right of Interment	Children's graves (1550 x 500)	\$1,150	(\$345)	\$805	\$20	\$825
Service	Chapel Booking - Weeroona Chapel - Extended	\$170	\$170	\$340	\$10	\$350
Springvale Botanical Cemetery						
Right of Interment	Jewish Memorial Garden - Headstone in Rose Bed	\$9,545	\$555	\$10,100	\$275	\$10,375
Melbourne General Cemetery						
Right of Interment	Gallery of Angles <u>Single Crypts</u>					
	Level A	\$25,070	\$6,015	\$31,085	\$840	\$31,925
	Level B	\$27,230	\$6,535	\$33,765	\$910	\$34,675
	Level C	\$27,230	\$6,535	\$33,765	\$910	\$34,675
	Level D	\$25,070	\$6,015	\$31,085	\$840	\$31,925
	Level E	\$21,610	\$5,185	\$26,795	\$725	\$27,520
	Level F	\$17,290	\$4,150	\$21,440	\$580	\$22,020
	<u>True Companion Crypts</u>					
	Level A	\$35,095	\$12,285	\$47,380	\$1,280	\$48,660
	Level B	\$38,125	\$13,345	\$51,470	\$1,390	\$52,860
	Level C	\$38,125	\$13,345	\$51,470	\$1,390	\$52,860
	Level D	\$35,095	\$12,285	\$47,380	\$1,280	\$48,660
	Level E	\$30,255	\$10,590	\$40,845	\$1,105	\$41,950
	Level F	\$24,205	\$8,470	\$32,675	\$880	\$33,555

Table 2 – Fee Revisions

1. The Saint Mary of the Cross mausoleum at Melbourne General Cemetery (MGC) released 2 years ago comprises of both visitation and non-visitation crypts. Due to the low take-up of the non-visitation crypts, they have now been repositioned into a premium visitation offering. The fee structure is marginally below the current fees already in place for the similar visitation crypts in the 'West Gallery' of the mausoleum. The fees are arrived at, by including a location premium of 24% to the current Single crypt fee and 35% to the True Companion fee. The Single crypts include a lower premium fee compared to the True Companions as they are positioned to be in line with the fees of the current visitation area of the West Gallery.

2. Construction costs of the Ornamental Style graves at BMP have seen an increase and the fee increase comprises of the higher costs of construction. Similarly, the Jewish Memorial Garden - Headstone in Rose Bed graves at SBC increase is due to the higher construction costs.
3. At present, children's grave fees at BMP are higher than SBC. This adjustment in fees is expected to bring the in line the children's grave packages and adolescent grave packages both at SBC and BMP.
4. The manual research fee is charged where a family would request for information that is not held on any computerised systems.

4. Consultation

A primary purpose of this RIS is to invite comments on the proposed fees. Submissions are now invited on the proposed fees. Written comments and submissions should be forwarded to the SMCT by 14 June 2014.

1. INTRODUCTION

1.1. Regulation of fee in the Cemeteries and Crematoria Industry

The Cemeteries and Crematoria Act 2003 provides power to fix fees and charges for services where a cemetery from time to time may fix fees and charges considering the costs of operating and managing the public cemetery as well as providing for the maintenance of the public cemetery in perpetuity. SMCT funds the operating cost and on-going maintenance through the fees charged for the products and services extended to the community.

1.2. The requirement for a Regulatory Impact Statement

This Regulatory Impact Statement (RIS) formally assesses the proposed fees for 2014-15 against the requirements in the Subordinate Legislation Act 1994 and the Victorian Guide to Regulation incorporating: Guidelines made under the Subordinate Legislation Act 1994.

A RIS is required for the proposed fees as the method of setting the fees is by a legislative instrument, which imposes a significant economic burden (being fees with an aggregate impost \$500,000 per annum) on a sector of the public. As the legislative instrument deals only with the setting of fees, it is noted that where fees are proposed to be increased by an amount not exceeding the annual rate set by the Treasurer (annual CPI increase), a RIS is not required. The annual rate set by the Treasurer for 20014-15 is 2.7 per cent. While most of the current fees are proposed to increase at this rate, the fees mentioned in Tables 1 and 2 are proposed to change outside this, with new fees for new products created. Therefore, a RIS is required for the instrument as a whole, although the emphasis on analysis will be on those fees increasing above the annual rate. The complete list of fees charged by SMCT by each site is available at <http://remote.health.vic.gov.au/cemeteries/>.

The guidelines made under section 26 of the Subordinate Legislation Act state that statutory rules and legislative instruments that impose fees or charges may impose a significant burden within the meaning of the Act. As a general rule, a RIS is likely to be required for proposals that introduce new fees or remake fees that recover \$500,000 or more in fee revenue per year, or increase existing fees that generate additional revenue of \$500,000 or more per year.

The assessment framework of this RIS examines the nature and extent of the problem to be addressed by setting fees outlines the objectives of the proposed fees explains the effects of the proposed fees on various stakeholders assesses the impacts of the proposed Regulations.

Feasible alternatives to the proposed fees are also considered. The RIS also examines potential impacts on competition.

A primary function of the RIS process is to allow members of the public to comment on the proposed fees before they are finalised. Public input provides valuable information and

perspectives and improves the overall quality of decision making. Accordingly, feedback on the proposed fees is welcomed and encouraged.

2. THE REASONS FOR REGULATION

2.1 Key points

The long term viability and financial sustainability is a key focus of the Trust and they pursue this goal to ensure that cemeteries within its care are managed efficiently. Resources are allocated and directed to the provision of services to add value to the community. Relevant costs are allocated to the respective services provided by the Trust and the allocation of resources is the primary basis of the cost allocation. This ensures the equitable distribution of costs across the services provided by the Trust where the user of the services will bear the relevant costs of the services provided.

As discussed in the Victorian Government's *Cost Recovery Guidelines*, well-designed cost recovery arrangements improve resource allocation in the economy by ensuring that scarce community resources are allocated to their highest value uses. This generally occurs when the value that consumers place on obtaining a good or service (or the price that they are willing to pay) is equal to the full cost of production. Conversely, where prices for goods or services are set higher or lower than the cost of production then there may be under or over consumption of that good or service relative to the socially optimal level.

Similarly, cost recovery arrangements can also improve horizontal equity across the community. In this context, horizontal equity (i.e., treating similar individuals or groups in similar ways) means applying a beneficiary pays principle. Thus, where goods and services predominantly have private benefits, those who benefit bear the full cost of production rather than some or all of those costs being borne by other individuals or groups (either consumers or taxpayers).

In respect of cemeteries, there is a range of burial and memorialisation products available at different price levels as well as at different sites. Setting prices on the basis of full cost recovery enables the community to choose specific products and services provided by SMCT which best meet their requirements. In addition to SMCT, there are other cemeteries offering similar products and services where the families have a choice in procuring.

Moreover, SMCT is responsible for the care and long term maintenance of cemeteries within its care. To ensure that the locations will be maintained for future generations, a percentage of revenue is allocated to a Preservation Fund. This fund ensures that resources will be available to maintain all eight cemeteries in perpetuity. In the absence of setting appropriate fees, SMCT would not be able to deliver its obligations under the Cemeteries and Crematoria Act 2003 in maintaining the cemeteries in perpetuity.

2.2 The Proposed Fees

The proposed fees are designed to reflect the recovery of total costs associated in the delivery of the product/service which includes the maintenance of the cemeteries in perpetuity. SMCT has reviewed its activities and considers the costs are efficient.

2.3 Objective

The objective of the proposed fee schedule is to set fees that reflect the costs to SMCT of performing its obligations under the Cemeteries and Crematoria Act 2003 and its strategic and annual plans. This also includes the requirement to cross subsidise cemeteries that does not have sufficient cash inflow for on-going maintenance.

2.4 Principles of cost recovery

Cost-recovery may be defined as the recovery of the costs of government provided or funded products, services or activities that, at least in part, provide private benefits to individuals, entities or groups, or reflect the costs imposed by their actions.

The government's Cost Recovery Guidelines set out principles underpinning cost recovery arrangements. The Guidelines establish a whole-of-government framework thereby ensuring that cost-recovery arrangements in Victoria are transparent, efficient, effective and consistent with legislative requirements and government policy.

The proposed fees are therefore calculated to fully recover SMCT's costs, which can be categories as below;

1. Direct/ capital costs – costs of infrastructure in setting up gardens and products for burials and memorialisation.
2. Annual and perpetual maintenance costs – costs of maintenance of gardens and surrounding infrastructure (i.e. roads, public amenities).
3. Cemetery administration and operating costs – relating to sales and administration of SMCT.
4. Cross subsidisation – to continue to maintain cemeteries that are in the perpetual stage of the cemetery life with minimal or no cash inflows.

2.5 Cost structure at SMCT

Each year, the Victorian Government automatically indexes fees above \$50.00 for inflation, so that the real values of those fees are maintained. The indexation of fees ensures that the user, rather than the general taxpayer, pays the cost of a service provided.

All costs are captured by specific sites managed by the Trust. Costs that does not specifically relate to one site such as the costs of computer systems, accounting and finance, human resources, and general management are captured on to a 'corporate cost centre' and allocated out to sites based on staff numbers (for computer systems and human resources) and revenue generated by each site (for accounting and finance and general management). Costs at each site are further identified by the specific service or product streams which are detailed in to direct costs, allocated costs and pooled costs. Noted below are detailed of these costs.

Direct Costs

1. Land costs
 - Land area includes area used for grave/cremation memorial and surrounding area of paths, water feature areas, temple areas etc.
2. Costs of construction (i.e. foundations, beams)
 - Material costs of foundations, beams, wall niches, trees etc.
 - Labour costs incurred for construction.
3. Labour costs directly associated with delivering services such as grave digging costs, cremator operating costs.
4. Other costs;
 - cremator gas
5. Purchase costs for items purchased from third parties (i.e. plaques).

Allocatable Costs

1. Infrastructure development surrounding graves and cremation memorials such as access ways to graves/memorials, religious monuments, water features, irrigation and drainage.
2. Selling and administration costs;
 - Salaries and wages and related administration costs.
 - Sales promotions and marketing costs.
3. Maintenance costs/ utilities / depreciation;
 - Includes costs of maintenance, utilities and depreciation relating to a particular product or service.
4. Cemetery grounds maintenance costs
 - Maintenance/horticulture costs relating to cemetery grave and cremation memorial areas including salaries and wages, fertiliser etc.

Pooled Costs

1. General grounds (non burial and non memorial) costs and maintenance costs of infrastructure;
 - These are costs which relate to the overall grounds (which cannot be identified specifically to graves and cremation memorials) roads, pathways and fence maintenance.
 - Overall grounds infrastructure maintenance costs and related depreciation for areas such as administration office, cafe/florist areas and other public areas.
2. Site administration costs includes;
 - Site maintenance costs such as cleaning, printing, stationary, communication, security etc.

- Depreciation relating to office building, equipment and IT systems.

Head office Costs

Head office costs are costs which does not relate to a specific site but are overall SMCT wide which include costs such as management team costs, branding and marketing costs, human resources, finance, IT, infrastructure planning and development costs.

The below table provides a summary of the cost allocations for SMCT for FY2013/14 based on the annual budget.

	Annual Costs *
Direct Costs**	\$8,551,000
Allocatable Costs	\$11,490,000
Pooled Costs	\$6,315,000
Head office Costs	\$9,638,000

Table 3 – Annual Costs

*Based on Annual Budget for FY2013/14

**Includes costs of grave and memorial construction

In addition to the above costs incurred annually, cemetery levy and perpetual maintenance costs are incurred by SMCT. Due to the nature of annual site works, related projects undertaken across the sites at SMCT and re-classification of expenses a past trend of these expenses will show a fluctuation in costs.

Cemetery Levy

As per section 18 of the *Cemeteries and Crematoria Act 2003*, for the purposes of assisting in the administering the Act, making improvements in cemetery trust governance and administration and the provision of services to the community, each Class A cemetery trust pays an annual levy of 3% on its revenue to the Department of Health.

Perpetual Maintenance Costs

These are on-going costs which need to be funded by the margins earned by products to ensure sites are maintained and made safe in perpetuity. This includes on-going maintenance of sites as well as the maintenance of sites that are close to the end of the cemetery sales life and does not generate positive cash flows. Rights of interment fees include a component for perpetual maintenance, which can be used for this purpose across sites managed by SMCT. The dollar component included in each right of interment product will vary depending on the type of grave or cremation memorial product sold. Some products will contribute a lower value whilst other products may contribute a higher value to ensure funds are available for the upkeep of the sites including general on going maintenance as well as capital costs.

Costs and Allocations

The below table provides an overview of the costs and their basis of allocation across products and services.

Type of Cost	Basis of allocation to product/service	Applicable product/service	
Direct Costs (1)	Land costs (a)	Land area used per ROI	Product (right of interment)
	Costs of construction (b)	Number constructed	Product (right of interment)
	Labour costs (c)	Number of services performed	Service (interments, chapel services, cremations)
	Purchase costs (d)	Number purchased	Product (memorialisation)
	Other costs (i.e Cremator gas) (e)	Number of services performed	Service (interment, cremations)
Allocatable Costs (2)	Infrastructure costs (a)	Allocated to based on area used and	Product (right of interment)
	Selling and administration relating to selling (b)	Number of ROI sold/Number of services performed /delivered	Product (right of interment), Memorialisation
	Maintenance costs/ utilities costs/depreciation (c)	Number of ROI sold /Number of services performed /delivered	Service (chapel services, interment, cremations)
	Grounds maintenance costs (d)	Land area used per ROI	Product (right of interment), Service (chapel services, interment, cremations)
Pooled Costs (3)	General grounds and infrastructure maintenance costs (a)	Allocated to service stream based on weightage factor, and allocated based Number of products/services performed/delivered.	Product (right of interment) Service (chapel services, interment, cremations)
	Site administration costs (b)	Number of products/services performed/delivered	Product (right of interment), Memorialisation
		AND weightage factor	Service (chapel services, interment, cremations)
Headoffice Costs (4)	Administration costs (a)	Revenue, Headcount	Product (right of interment), Memorialisation
			Service (chapel services, interment, cremations)
Perpetual Maintenance Costs (5)	Ground maintenance (a)	Land area used per ROI	Product (right of interment)

Table 4 – Cost allocation methodology

The below example illustrates the costs and the allocation methodology adapted by SMCT in setting fees.

Adolescent Grave Package, Springvale Botanical Cemetery – Fee \$2,695

Reference to Above Cost Allocation Table	Adolescent Grave Package - \$2,695	
1 (a)	Land cost apportionment (average plot size of 2.44 x 1.22m)	\$378
1 (b), (c), (d)	Costs of construction / Purchase Costs	\$515
1 (c) & 2 (d)	Salaries and wages (includes interment) and grounds maintenance	\$920
3 (b)	Administration costs	\$298
5 (a)	Perpetual maintenance	\$370
	Cemetery levy	\$79
	Fee (prior to GST)	\$2,560
	Goods and Services Tax (GST)*	\$135
	Fee (after GST)	\$2,695

Table 5

*GST – relates to the interment, plaque and granite components included in the package

3. FEES

Right of interment products include grave, cremation memorial products and mausoleum products. These include various burial options, such as lawn graves, monumental graves and headstone in lawn graves. Some of the popular cremation memorials are niches, rose shrubs, trees and shrubs.

These options are available to families that prefer burials or cremation. A range of grave products are available based on preference of the family/community. Similarly, families can select from a range of products for memorialisation of cremated remains. These range from jewellery to trees/shrubs as mentioned above.

Fees/charges or scales of fees/charges are approved and gazetted by the Secretary (Department Head of the Department of Health) under section 40 of the Cemeteries and Crematoria Act 2003. Annually, any cemetery trust fee which is \$50.00 or more would be increased on 1 July, in line with Consumer Price Index (CPI) (if CPI of the December quarter of the financial year is more than the CPI of the for the previous December quarter), and rounded to the nearest \$5.00, as declared by the Secretary, in accordance with section 43 of the Cemeteries and Crematoria Act 2003. In accordance with the Act, the Trust is required to submit the fee list to the Department of Health for approval. In line with the CPI movement, the Department of Health will advise revised fees which would be gazetted and effective annually on 1 July.

Given below is a sample of the fees charged by SMCT and the increased fee effective 1 July 2014. A complete list of the fees charged by SMCT is available at <http://remote.health.vic.gov.au/cemeteries/>.

Site	Fee Description	Current Fee	CPI Increase 2.7%	Fee Effective 1 July 2014 (rounded to nearest \$5)
Springvale Botanical Cemetery	GRAVE - DUAL ROW - WITH FOUNDATIONS	\$ 3,980	\$ 105	\$ 4,085
Springvale Botanical Cemetery	GRAVE - HEADSTONE LAWN - SINGLE	\$ 9,630	\$ 260	\$ 9,890
Springvale Botanical Cemetery	GRAVE - ALEX T GARDNER - STANDARD	\$ 5,820	\$ 155	\$ 5,975
Springvale Botanical Cemetery	ROSE - INDIVIDUAL ROSE - 25 YEARS	\$ 4,355	\$ 120	\$ 4,475
Springvale Botanical Cemetery	ROSE - ROSE GARDEN POSITION - 25 YEARS	\$ 1,275	\$ 35	\$ 1,310
Bunurong Memorial Park	GRAVE - DUAL ROW - WITH FOUNDATIONS	\$ 3,395	\$ 90	\$ 3,485
Bunurong Memorial Park	GRAVE - LAWN GRAVE	\$ 2,285	\$ 60	\$ 2,345
Bunurong Memorial Park	GRAVE - HEADSTONE LAWN - SINGLE	\$ 8,095	\$ 220	\$ 8,315
Bunurong Memorial Park	MEMORIAL - GENESIS GARDEN - STANDARD SETTING - PERPETUITY	\$ 2,190	\$ 60	\$ 2,250
Bunurong Memorial Park	WALL NICHE: FULL CREMATED REMAINS - SINGLE: PERPETUITY	\$ 2,615	\$ 70	\$ 2,685
Brighton General Cemetery	GRAVE - GOLD SINGLE	\$ 24,105	\$ 650	\$ 24,755
Brighton General Cemetery	GRAVE - SILVER SINGLE	\$ 18,865	\$ 510	\$ 19,375
Brighton General Cemetery	GRAVE - BRONZE SINGLE	\$ 11,530	\$ 310	\$ 11,840
Cheltenham Memorial Park	GRAVE - GOLD SINGLE	\$ 17,750	\$ 480	\$ 18,230
Cheltenham Memorial Park	GRAVE - SILVER SINGLE	\$ 14,150	\$ 380	\$ 14,530
Cheltenham Memorial Park	GRAVE - BRONZE SINGLE	\$ 9,710	\$ 260	\$ 9,970
Cheltenham Pioneer Cemetery	GRAVE - GOLD SINGLE	\$ 14,150	\$ 380	\$ 14,530
Cheltenham Pioneer Cemetery	GRAVE - SILVER SINGLE	\$ 9,710	\$ 260	\$ 9,970
Cheltenham Pioneer Cemetery	GRAVE - BRONZE SINGLE	\$ 9,710	\$ 260	\$ 9,970
St Kilda Cemetery	GRAVE - GOLD SINGLE	\$ 23,055	\$ 620	\$ 23,675
St Kilda Cemetery	GRAVE - SILVER SINGLE	\$ 17,815	\$ 480	\$ 18,295
St Kilda Cemetery	GRAVE - BRONZE SINGLE	\$ 11,530	\$ 310	\$ 11,840
Melbourne General Cemetery	GRAVE - GOLD SINGLE	\$ 27,055	\$ 730	\$ 27,785
Melbourne General Cemetery	GRAVE - SILVER SINGLE	\$ 20,980	\$ 565	\$ 21,545
Melbourne General Cemetery	GRAVE - BRONZE SINGLE	\$ 13,255	\$ 360	\$ 13,615
Dandenong Community Cemetery	GRAVE - DUAL ROW - WITH FOUNDATIONS	\$ 1,785	\$ 50	\$ 1,835
Dandenong Community Cemetery	GRAVE - DUAL ROW - WITHOUT FOUNDATIONS	\$ 1,105	\$ 30	\$ 1,135
Dandenong Community Cemetery	GRAVE - LAWN GRAVE	\$ 1,105	\$ 30	\$ 1,135
Dandenong Community Cemetery	SHRUB - SHRUB GARDEN POSITION - 25 YEARS	\$ 555	\$ 15	\$ 570

Table 6 – Sample of Fees effective as at 1 July 2014

The estimated revenue to SMCT due to annual CPI increase is \$1,328,000.

New Fees (refer Table 1 Proposed Fees, Page 5)

- The adolescent grave package fee at Springvale Botanical Cemetery (SBC) has been introduced as a result of the various requests SMCT has had from the community for these graves. This fee includes a lawn grave, the interment, plaque and granite. At present, the families have to pay the full fee for an adult grave. However, with the introduction of this product, they would have the choice of using this new package at a lower price.
- The ‘Alex T Gardner’ style grave packages are currently available at SBC. This is a popular product which is a lawn grave in with a headstone monument, in a landscaped area. This package includes up to two interments, inscriptions on the headstone and the use of the chapels for interments. A new area at this site is released with the same style of graves, with a larger headstone compared to the current graves. The proposed fee reflects a \$1,100 increase compared to the current fee which is the incremental fee for the larger headstone. In addition, where a family wishes to purchase the ‘grave only’, excluding a headstone and

items included in the current 'Alex T Gardner' style grave package, in other areas of the site, the proposed fee of the headstone in lawn grave of \$5,820 (prior to CPI increase) will apply.

- The right of interment products at Cheltenham Pioneer Cemetery (CPC) and Cheltenham Memorial Park (CMP) are new products introduced to the community in addition to the right of interment products already available at this site. The family tree provides the exclusive use of a tree within the site with eight positions for memorialisation and the shared tree with four positions for memorialisation. Wall niche positions at CMP provide the option where the family wishes to inter cremated remains above ground with single and dual niches being available. These fees recover current cost of administration, future maintenance as well as a component for cross subsidisation. Cremation memorials are available to the community in perpetuity and in limited tenure (25 years). Accordingly, fees reflect the tenure of these memorials.
- At St. Kilda Cemetery, only single shrub positions are currently available. The new fees introduce a dual shrub position both in perpetuity and limited tenure (25 years).
- Lawn grave fees both at Brighton General Cemetery (BGC) and Bunurong Memorial Park (BMP) for pregestational babies have been introduced as a result of the various requests SMCT has had from the community for these graves.
- The fee introduced at BMP for cremation with the Pieta chapel with temporary storage facility provides the families with the lower priced option compared to the current fee for a cremation with the chapel. The current fee for a cremation with temporary storage facility has been adjusted to include an administration fee for the usage of the Pieta chapel area.

The estimated annual revenue from the above fee categories are \$176,500.

Fee Revisions (refer Table 2, Page 7)

- The manual research fee is charged where a family would request for information that is not held on any computerised system. SMCT considers that this is unlikely to be a material barrier to families that request for this service.
- The Ornamental graves are set in lawn around ornamental trees with granite borders surrounding the tree. The increase in fees of Ornamental graves at BMP (both standard and premium), is due to the increased cost of construction of these graves. In addition, at BMP, there is a reduction in the Children's grave fees to be consistent with the grave fees offered at SBC.
- The increase in the service fee of the chapel bookings extended time at BMP is expected to deter unplanned usage of the chapels where families that have booked the facilities would be inconvenienced due to extended use.

- The increase in the Jewish Memorial Garden – Headstone in Rose bed positions at SBC are due to the higher costs of construction. This area was constructed to cater primarily to the Jewish community. However, there are other grave products at this site available including monumental graves.
- The Saint Mary of the Cross mausoleum at Melbourne General Cemetery (MGC) released 2 years ago comprises of both visitation and non-visitation crypts. Due to the low take-up of the non-visitation crypts, they have now been repositioned into a premium visitation offering. The fee structure is marginally below the current fees already in place for the similar visitation crypts in the ‘west gallery’ of the mausoleum.

The estimated annual revenue from the above categories is \$2,137,000.

The Table 7 below sets out the anticipated costs and revenue estimates for Options 1 & 2 in 2014-15.

	Existing fees (option 1)	Amount Under / (Over) Recovered with option 1	Under Recovery/ (Over) Recovery %	Full cost recovery (option 2)
Ornamental Graves	\$490,875	\$11,550	2.3%	\$502,425
Jewish Memorial Garden - Headstone in Rose Bed	\$477,250	\$27,750	5.5%	\$505,000
Mausoleum Crypts (Gallery of Angles)	\$803,600	\$244,440	30%	\$1,048,040
Children’s Graves	\$9,600	(\$2,875)	30%	\$6,725
Manual Research Fee	\$6,250	\$1,500	24%	\$4,750

Table 7 – Comparison of Options

3.1 Assessment of Options

The community has a range of products to select from at varying price points for right of interment products. In addition, for services provided, such as manual research fees and chapel fees, other options are not relevant as similar services are not available.

When considering the recovery of costs for particular products and services, two feasible options were considered:

- Fees to be at their existing levels which allows annual adjustment for indexation (annual CPI increase) or
- regulating with the fees set to achieve full cost recovery.

The benefits and costs associated with each of these options are identified and assessed below.

3.1.1 Option 1 - Retaining Fees at Existing Levels

This option would involve remaking the existing regulations without amendment. Therefore, the fees would remain at the same level as shown in the 'current fee' column in Table 2 Fee Revisions. The dollar value of each fee would continue to be adjusted annually in line with the fee unit indexation rate approved by the Treasurer each year.

The efficiency impacts of this option are:

- not introducing new products and fees (Table 1) means that the community will not be able to purchase products and services from SMCT that best meet their preferences – for example, a product for lower cost adolescent children's graves with lower fees cannot be introduced and made available to the community;
- Leaving existing fees unchanged (Table 2) means that there would be no move to charge higher fees to reflect full cost recovery for fees specified. Thus, the purchasers of most these products or services will not bear the full costs of their decisions to choose a specific option. While under-recovering some costs could lead to over-consumption of some products by some consumers, the Trust does not consider that there would be a significant change to the current levels of demand of these products due to the changes in the fees, particularly with the mausoleum crypts.

The equity effects of this option in respect of leaving existing fees unchanged means that SMCT would need to either (i) under recover its costs, which would particularly affect the funding of perpetual maintenance costs, or (ii) increase fees for other products and services above the full cost recovery level (equivalent to an average 11% increase above inflation for all other fees), which would be inequitable as non-users of services will also bear costs which are not relevant.

Even though it is difficult to predict, given the community's preference towards 'visitation' crypts the Trust believes the change from the previous 'non-visitation' will create a positive reaction from the community.

3.1.2 Option 2 – Set fees at Full Cost Recovery

This option proposes that all fees would be set to enable SMCT to recover the full cost of providing these services. Importantly, the principles used to calculate the cost of providing these services would remain the same under this option, with adjustment made to reflect the full cost.

Note that the increase in fees for the provision of right of interment products and services discussed in section 3 and reflects the respective cost increases for each service provided to the community.

Users of SMCT services would be affected by the proposed fee increases, but where there is an increase in costs, they are borne by the relevant users of the products and services which are considered to be equitable and efficient. This option improves efficiency by better aligning prices with underlying costs across a broader range of products and thus enabling the community to choose the products and services that best meet their needs based on the full cost. This option also improves equity by ensuring that those who benefit from the purchase of a specific product or service bear the full cost of doing so, including for high cost mausoleum products, rather than shifting some portion of those costs onto other sectors of the community.

Having similar prices, across products and services at the different locations is simple to administer, although there may be very limited efficiency and equity impacts to the extent that prices for all products are not perfectly aligned with the full costs for a limited number of particular products or services.

3.2 Implementation

All new fees/fee revisions will be published in the Government Gazette, on the SMCT website. In addition, the community and stakeholders will be informed of the prior to the Government Gazette of the impending changes. The new fees can be readily implemented by SMCT as 'business as usual' and there are no other implementation issues.

3.3 Consultation

In preparing this RIS, SMCT has undertaken preliminary consultation. There is on going community engagement were SMCT has actively engaged with the Italian Community of Melbourne for the last 4 months. This included attending the Italian Fiesta where over 1000 information sheets were distributed to the attendees on the release of the Gallery of Angels, including the opportunity for community members to provide feedback. In addition, SMCT Community Insights team has visited over 30 Italian clubs and social groups (approx. 1500 people) within a 15km radius of Melbourne General Cemetery – Gallery of Angels to provide them with information and offer the opportunity for feedback. A mail out was done to the Reggio Calabria club mailing list 500 flyers which again included the opportunity for community members to provide feedback.

The Subordinate Legislation Act 1994 requires that the public be given at least 28 days to provide comments or submissions regarding the proposed fees. Given the nature of the fees, the consultation period for this RIS will be 28 days, with written comments required by no later than 5pm on 14 June 2014.