

LITCHFIELD COUNCIL



Community effort is essential

Thorak Regional Cemetery Board Meeting **BUSINESS PAPER** **WEDNESDAY 26/09/2018**

Meeting to commence following the Litchfield Council Meeting at
6:30pm

In Council Chambers at 7 Bees Creek Road, Freds Pass

Silke Maynard, Acting Chief Executive Officer

Any member of Council who may have a conflict of interest, or a possible conflict of interest in regard to any item of business to be discussed at a Council meeting or a Committee meeting should declare that conflict of interest to enable Council to manage the conflict and resolve it in accordance with its obligations under the Local Government Act and its policies regarding the same.



AGENDA

THORAK REGIONAL CEMETERY BOARD MEETING

Notice of Meeting

to be held in the Council Chambers, Litchfield
on Wednesday, 26 September 2018

Silke Maynard
Acting Chief Executive Officer

Number	Agenda Item	
1	Opening of Meeting	
2	Apologies and Leave of Absence	
3	Disclosures of Interest	
4	Confirmation of Minutes	
	THAT the full minutes of the Thorak Regional Cemetery Board Meeting held 15 August 2018, 3 pages, be confirmed.	
	Minutes have been distributed under separate cover and are publicly available on Council's website http://www.litchfield.nt.gov.au/council/council-meetings/council-minutes or in hard copy by request.	
5	Business Arising from the Minutes	
	5.1 Action Sheet	1
6	Presentations	
7	Accepting or Declining Late Items	
8	Notices of Motion	
9	Officers Reports	
	9.1 Finance Report – August 2018	2-6
	9.2 Thorak Regional Cemetery KPMG Report	7-98
10	Other Business	
11	Confidential Items	
12	Next Meeting	
13	Close of Meeting	

Resolution Number	Resolution	Action Officer	Meeting Date	Status
<p>Thorak Regional Cemetery Jewish Section</p> <p>THAT the Board:</p>				
1718/199	<p>1. approve the establishment of a section of Thorak Regional Cemetery for exclusive burial of Jewish people; and</p> <p>2. approve part of the Area (H) identified in the Thorak Regional Cemetery Master Plan as a designated headstone expansion area, to be used for the proposed Jewish section.</p>	DCCS	21-03-18	Works completed. Awaiting consecration by Rabbi.
<p>Extension of Cremation Services</p> <p>THAT the Board:</p>				
1718/217	<p>1. approve the establishment of extended cremation services with pick up from the Darwin Hospital;</p> <p>2. set a charge of \$2,229 for the cremation service package; and</p> <p>3. set a charge of \$400 for the sale of an assembled capsule.</p>	DCCS	18-04-18	Fees and charges updated. Advertising under development.



BOARD REPORT

Agenda Item Number:	9.1
Report Title:	Thorak Regional Cemetery Finance Report – August 2018
Report Number:	18/0146
Meeting Date:	26/09/2018
Attachments:	Nil

Purpose

The purpose of this report is to present the monthly financial report for Thorak Regional Cemetery for the period ended 31 August 2018.

Recommendation

THAT the Thorak Regional Cemetery Board receives and notes the finance report for the period ended 31 August 2018.

OPERATING RESULT

To date Thorak Regional Cemetery has completed 37 internments and cremations, a decrease from the same time last year. Below provides a comparison with the same report period last year:

Activity	August 2017	August 2018	Variance
Burials	21	18	-3
Cremations	28	19	-9
	49	37	-12

There are no budget amendments for expenditure and income recognised to date for the month of August 2018.

Operating revenue is favourable to the YTD Budget for the period to August 2018, despite a reduction of internment and cremation ceremonies to date compared to the same time last year.

Operating expenses are less than expected compared to the YTD Budget by \$32,739. This is a result of insurance premiums not yet invoiced and other contractor works yet to be carried out. The operating expenditure to date is 22% of the annual budget.

No capital revenue is expected in the 2018/19 financial year and capital expenditure on carpark resealing and bore inspections are yet to commence for the year ended 30 June 2019.

OPERATIONAL RESULTS



	2018/19 YTD Budget	2018/19 YTD Actuals	2018/19 Annual Budget	2018/19 Annual Forecast	Variance +ve (-ve)	Note
REVENUE						
User Fees and Charges	115,232	172,273	777,447	777,447	-	
TOTAL REVENUE	115,232	172,273	777,447	777,447	-	
EXPENSES						
Contractors	27,271	13,580	124,600	124,600	-	
Materials	102,443	84,465	179,000	179,000	-	
Other Expenses	4,900	5,314	30,300	30,300	-	
Employee Costs	81,142	79,658	486,849	486,849	-	
TOTAL EXPENSES	215,756	183,017	820,749	820,749	-	
TOTAL	(100,524)	(10,744)	(43,302)	(43,302)	-	

CAPITAL RESULTS

	2018/19 Budget	2018/19 YTD Actuals	2018/19 Forecast	Variance +ve (-ve)
REVENUE				
Thorak Regional Cemetery	-	-	-	-
TOTAL REVENUE	-	-	-	-
EXPENSES				
Thorak Regional Cemetery	17,530	-	17,530	-
TOTAL EXPENSES	17,530	-	17,530	-
TOTAL	(17,530)	-	(17,530)	-

CAPITAL PROJECTS 2018/19 – THORAK CEMETERY

The table below is Council's capital projects for Thorak Cemetery in accordance with the Budget and Municipal Plan.

Thorak Cemetery Expenditure	Estimated Date of Completion	Budget	YTD Actuals	Forecast	Forecast Variance +ve (-ve)	Comment
Capital projects commencing in 2018/19						
Resealing of Bitumen – Office Carpark and Workshop	30/06/2019	10,000	0	10,000	-	 Not yet commenced
Inspect existing bores x3	30/06/2019	7,530	0	7,530	-	 Not yet commenced

CASH & INVESTMENTS

Date Invested	Invested Amount	Days Invested	Invested with	Interest Rate	Maturity Date	Return
29/06/2018	343,881	196	Bendigo	2.75%	11/01/2019	5,078

DEBTORS

Total Sundry Debtors at 31 August 2018 are \$63,770, compared to \$62,465 as at 31 July 2018. The majority of outstanding debtors are with the three funeral service providers.

Category	Current	30 Days	60 Days	90 Days and over	Balance
Cemetery	\$32,243	\$30,239	\$0	\$1,288	\$63,770
% of TOTAL DEBTORS	50.6%	47.4%	0.0%	2.0%	

Action summary of 90 Days Debtors:

\$1,288.00

Invoice #1

The debt recovery process was implemented for the outstanding amount of \$680 and a payment plan has commenced.

Invoice #2

The debt recovery process has also commenced for the outstanding amount of \$262.

Invoice #3

A reminder letter has been sent to request payment of the outstanding amount of \$346.



CEMETERY FINANCIAL RESERVE




The Thorak Regional Cemetery Reserve balance, as at 30 June 2019, is forecast to be \$311,568.

	Balance as at 1/7/2018	Forecast TO Reserve	Forecast FROM Reserve	Forecast Net Movement	Forecast Balance as at 30/06/2019
Cemetery Reserve	372,400		(60,832)	(60,832)	311,568

THORAK CEMETERY KEY PERFORMANCE INDICATORS (KPI)

The table below tracks the KPI's for the Thorak Regional Cemetery as set out in the 2018/19 Municipal Plan.

Key Performance Indicator	Target	Status	Comment
Compliance with Cemetery Regulations	100%		
Achievement of Operational Budget	100%		

-  KPI met
-  KPI in progress, on track
-  KPI not met

Links with Strategic Plan

A well run Council.

Legislative and Policy Implications

Local Government (Accounting) Regulations and the Northern Territory Cemeteries Act.

Risks

There are long term financial sustainability challenges in relation to the renewal and upgrade of existing assets including buildings, road and irrigation infrastructure. A submission to the Minister for Housing and Community Development advocating for a new governance structure has been prepared for Board approval. The submission is a partnership submission between Litchfield and the cities of Darwin and Palmerston.

Financial Implications

To date, the Administration Charge has raised additional revenue totalling \$12,905.

Recommending Officer: **Diana Leeder, Acting Director Community and Corporate Services**

Any queries on this report may be directed to the Recommending Officer on telephone (08) 8983 0600.

Any member of Board who may have a conflict of interest, or a possible conflict of interest in regard to any item of business to be discussed at a Board meeting of a Committee meeting should declare that conflict of interest to enable Board to manage the conflict and resolve it in accordance with its obligations under the Local Government Act and its policies regarding the same.



BOARD REPORT

Agenda Item Number:	9.2
Report Title:	Thorak Regional Cemetery KPMG Report
Report Number:	18/0139
Meeting Date:	26/09/2018
Attachments:	Attachment A – KPMG Thorak Regional Cemetery Business Case

Purpose

This report presents for Board endorsement the Thorak Regional Cemetery KPMG report, commissioned by Litchfield Council on behalf of the three councils, City of Darwin, City of Palmerston and Litchfield. The report is intended to be sent to Minister McCarthy, Minister Housing and Community Development, and TOPROC after endorsement by all three councils.

Summary

At its' meeting in November 2017 TOPROC (Top End Regional Organisation of Councils) resolved to seek an urgent meeting with Minister McCarthy, Minister Housing and Community Development to support a change in the Thorak Regional Cemetery governance and operating structure.

With the Minister's encouragement the three municipal councils commissioned a report to develop an evidence-based business case for a cabinet submission for an alternate governance model for Thorak Regional Cemetery.

The KPMG Thorak Regional Cemetery Business Case (Attachment A) concludes that the establishment of a Ministerial Board with appropriations of approximately \$500,000 annually (for the first four years), is the only clear option to improve governance oversight and financial sustainability.

A letter has been sent with the report attached to the Mayor of Palmerston and Lord Mayor of Darwin for the two councils to receive and endorse the report, before a letter signed by all three mayors will be sent to the Minister with a copy of the report.

Likewise, a letter signed by the same three with a copy of the report is proposed to be sent to TOPROC, as a follow up to its resolution in November 2017, and as part of the ongoing work to address the long term sustainability of Thorak Regional Cemetery, which is one of the four focus areas in the TOPROC Regional Development Plan.

Recommendation

THAT the Board:

1. receives and endorses the KPMG Thorak Regional Cemetery Business Case, August 2018;
2. sends the KPMG Thorak Regional Cemetery Business Case with a letter signed by the three councils, City of Darwin, City of Palmerston and Litchfield, to the Minister Housing and Community Development; and
3. sends the KPMG Thorak Regional Cemetery Business Case with a letter signed by the three councils, City of Darwin, City of Palmerston and Litchfield, to TOPROC.

Background

In November 2017, TOPROC resolved to write to Minister McCarthy seeking an urgent meeting to discuss the transfer of responsibility for operations to a new Board of Management.

The matter of the long-term sustainability of Thorak Regional Cemetery is one of four priorities in the TOPROC Strategic Plan 2018-2021 with the transfer of responsibilities being a three-year outcome.

At a meeting with the Minister Housing and Community Development, held 31 January 2018 with Mayoral and CEO representation from the City of Darwin, City of Palmerston and Litchfield Council, the Minister encouraged the three councils to come back with a submission to justify a new governance structure for Thorak Regional Cemetery. The Minister said that he required a document to enable him to have a discussion with his parliamentary colleagues and to support a cabinet submission.

Subsequently, the three councils engaged KPMG to write the report for a cost of \$15,000, to be equally shared.

The scope of KPMG's engagement included to:

- develop an evidence-based business case that covers all the evidence for a cabinet submission;
- explore potential governance models that support the governance and operations of Thorak Regional Cemetery; and
- evaluate Thorak Regional Cemetery's historic financial performance and perform high-level analysis that demonstrates the impact of the options.

The KPMG report is informed by the Thorak Cemetery Master Plan 2015 adopted by Council indicating the required spend on assets over the ensuing 10 years (2015-2025) which is now, three years behind. Council's draft asset management plan for the Cemetery is also informed by the Master Plan.

The KPMG report (Attachment A) covers the requirements of a cabinet submission and concludes that the establishment of a Ministerial Board with appropriations of approximately \$500,000 annually (for the first four years), is the only clear option to improve governance oversight and financial sustainability.

The report further identifies that this structure will best serve the needs of Thorak Regional Cemetery into the future, by providing remedy for overdue repairs, renewal and upgrade in the short to medium term, and allowing time for a new skills-based Board to explore appropriate longer term solutions to asset management.

A letter has been sent with the report attached to the Mayor of Palmerston and Lord Mayor of Darwin, for the two councils to receive and endorse the report, before a letter signed by all three mayors will be sent to the Minister with a copy of the report.

Likewise, a letter signed by the same three councils with a copy of the report attached, is proposed to be sent to TOPROC, as a follow up to its resolution in November 2017, and as part of the ongoing work to address the long-term sustainability of Thorak Regional Cemetery, which is one of the four focus areas in TOPROC Regional Development Plan.

Links with Strategic Plan

Priority # 1 – Everything you need

Legislative and Policy Implications

The option outlined in the KPMG report -to establish a Ministerial Board with appropriations, complies with the Minister's powers in the NT Cemeteries Act.

Risks

Endorsing the report will allow Council to continue lobbying for an improved governance structure and ultimately to resolve the financial sustainability issues of Thorak Regional Cemetery.

Financial Implications

The KPMG report was commissioned at a cost of \$15,000 excluding GST, with each council; City of Darwin, City of Palmerston and Litchfield Council contributing \$5,000.

Community Engagement

Not applicable

Recommending Officer: **Silke Maynard, Acting Chief Executive Officer**

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Thorak Regional Cemetery

Business Case

August 2018
kpmg.com.au



Thorak Regional Cemetery Housing and Community Development, the Hon Gerald McCarthy MLA Department of Housing and Community Development					
Key recommendations	Establishment of a Minister appointed board to oversee ongoing operations at Thorak Regional Cemetery, with Northern Territory Government appropriation for operational and capital expenditure in the order of \$0.4m p.a. over 4 years.				
Strategic Policy alignment	Likely alignment with the yet-to-be-released Northern Territory Government's Population Policy, through provision of essential community infrastructure to support initiatives for attracting people to, and retaining people in, the Northern Territory.				
Timing	Full adoption of recommendations by 30 June 2019.				
Legislation Change	No				
Is this a proposal with regulatory implications? <small>E.g., legislation, regulation, new fees and charges</small>	No				
Does this proposal impact on children?	No				
Announcements required	No				
Documents for release	No				
Brief outcome of consultation	Support for the recommendations in this report has been secured from both the City of Darwin and Palmerston City Council.				
Budget impact		2019-20 \$000	2020-21 \$000	2021-22 \$000	2022-23 \$000
	Net funding requirements	697,278	222,615	-	638,938
	Recurrent	871,000	912,000	951,000	983,000
	Capital	1,233,973	276,020	-	717,929
	Revenue	(935,253)	(965,405)	(996,530)	(1,016,461)
	Opening cash reserve	(472,442)	-	-	(45,530)
No. of Full Time Equivalent (FTE) Staff associated with proposal:					5.6

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Inherent Limitations

This report has been prepared as outlined in the Scope Section of the Engagement Letter provided to Litchfield Council representing Top End Regional Organisation of Councils (TOPROC). The services provided in connection with this engagement comprise an advisory engagement, which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standards Board and, consequently no opinions or conclusions intended to convey assurance have been expressed.

The options analysis and recommendations in this report are based on a qualitative study and the reported results reflect the perceptions of TOPROC. The financial analysis is based on publically available audited financial reports and additional documentation provided by Litchfield Council.

No warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, Litchfield Council consulted as part of the process.

KPMG have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report.

KPMG is under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form.

The findings in this report have been formed on the above basis.

Third Party Reliance

This report is solely for the purpose set out in the Scope Section and for Litchfield Council representing TOPROC information, and is not to be used for any other purpose or distributed to any other party without KPMG's prior written consent.

This report has been prepared at the request of Litchfield Council representing TOPROC in accordance with the terms of KPMG's engagement letter/contract dated 26 April 2018. Other than our responsibility to Litchfield Council representing TOPROC, neither KPMG nor any member or employee of KPMG undertakes responsibility arising in any way from reliance placed by a third party on this report. Any reliance placed is that party's sole responsibility.

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Recommendation

KPMG was engaged to assist Litchfield Council to determine the most suitable operating structure for Thorak Regional Cemetery ("TRC"), to deliver the following objectives:

- strengthening governance arrangements; and
- securing long term financial viability of the cemetery.

KPMG performed a desktop analysis of historical information and demographic projections, developed financial projections and consulted with Litchfield Council, Palmerston City Council and the City of Darwin (representing Top End Regional Organisation of Councils), to determine that the most appropriate structure to deliver the dual objectives above. The findings of the analyses and consultation indicate that the establishment of a **Minister appointed Board with Northern Territory Government appropriation for capital and operational expenditure in the order of \$0.4m p.a. over 4 years** would best serve the needs of TRC into the future, by providing remedy for overdue repairs, renewal and upgrade in the short to medium term, and allowing time for a new skills-based Board to explore appropriate longer term solutions to asset management.

Details of the recommendation are as follows:

- Timeframe: Establishment and operation of the Board to be in place by 30 June 2019.
- Funding requirement by Northern Territory Government:

	2019-20 Projected	2020-21 projected	2021-22 Projected	2022-23 projected
Additional funding sought	697,278	222,615	-	638,935
= Recurrent				
- Staffing	458,640	480,480	500,640	517,440
- Operational	412,360	431,520	450,360	465,560
plus Capital	1,233,973	276,020	-	717,929
less Revenue	(935,253)	(965,405)	(996,530)	(1,016,461)
less Opening Cash Reserves	(472,442)	-	-	(45,530)

It should be noted that, based on the current Masterplan, 10 year projections estimate total funding support for operational and capital expenditure of \$3.7m. This total is derived through the requirement to fund \$4.5m capital works under the TRC's Masterplan, then offsetting this cost with opening cash reserves of \$0.45m and operational profit projected to be \$0.4m over the same period.

- Lead agency: Department of Housing and Community Development.
- Ministerial support required: Hon. Gerald McCarthy MLA, Minister for Housing and Community Development.

Background

Thorak Regional Cemetery (TRC) was established in 1988 and managed by a tripartite body of local governments consisting of the Litchfield Council, City of Palmerston and the City of Darwin. Over time, Palmerston City Council was removed from the Thorak management agreement, leaving management of the site to the City of Darwin and Litchfield Council. In 2008, Litchfield Council assumed sole responsibility of the TRC site in accordance with section 184 of the *Cemeteries Act*, whereby a public cemetery situated in a council's area is under the care, control and management of that council.

Today, TRC is one of five cemeteries in Darwin, and is the only open public cemetery. Whilst the cemetery is located in Litchfield Council's local government area, it is utilised by residents from across the greater Darwin region. This provides a point of difference between TRC and cemeteries in other local government areas around Australia. Generally cemeteries are supported by a population base sufficient to maintain ongoing financial viability. Not only is the population base supporting Litchfield Council too few in number to operate a financially viable, dedicated cemetery to the area but likewise, the population base of the greater Darwin region is also insufficient to support the operations of TRC.

Analysis of the financial statements of TRC from 2011-12 to 2017-18¹ indicate that TRC has generally operated within \$100,000 profit or loss in any given year, and with more loss years than profitable years. The only method by which Litchfield Council has been able to maintain ongoing operations at TRC is through drawdowns on the cash reserve maintained by TRC, as it would be publically viewed as inappropriate and inequitable for Litchfield Council to seek financial compensation for TRC's operating losses from its small rate-payer base to support a public asset that is utilised by many outside the Litchfield Council area.

A lack of operating income sufficient to cover expenses of TRC has proved challenging to Litchfield Council in funding ongoing repairs and maintenance, and capital upgrades and renewals, which have been delivered as and when absolutely required, but have fallen short of delivering against the Thorak Regional Cemetery Masterplan developed by Cloustons in 2015. Infrastructure upgrades have been minimal, and limited in nature to those that have been funded through spending of cash reserves and receipt of ad hoc funding from the Northern Territory Government. Significant maintenance and upgrade works are currently required at the site. A detailed ten year projection indicates that some \$4.5m is required to implement all recommendations in the Cloustons Masterplan (refer **Appendix E, Table 11**).

Litchfield Council has been active in supporting the operations of TRC. Key Council decisions and actions have included:

- signing and extending Deeds of Agreement for the operations of the TRC;
- transfer of management from a tripartite arrangement to the Litchfield Council;
- writing to NTG discussing the merit of governance structures, such as a Board of Trustees;
- application and acceptance of grant funding for operations and upgrades;
- commissioning of service reviews, asset management reviews, and trialling a variety of operational changes to drive sustainability in ongoing operations; and
- changes to user functions, such as costs of burial and cremation, and expansion of the cemetery to meet growing community needs, such as establishment of dedicated burial areas for the

¹ 2011-12 through to 2016-17 audited financial statements, and 2017-18 management accounts (unaudited) were included in the analysis.

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various religious groups represented in the Northern Territory (one such recent example was the establishment of the Jewish burial section this year).

Despite Litchfield Council's active support of the site, the current governance and funding model is not considered viable for long-term operation of the cemetery. The issue of sustainable management was raised with the Minister in 2004. With no intervention since that time, and an aging asset now servicing the Greater Darwin region, the matter has now become urgent.

This business case examines the current state of TRC and explores funding requirements and governance options for TRC as identified by Litchfield Council, Palmerston City Council and the City of Darwin. The business case draws together previous work that examined cemetery operations and provides a range of options that may secure the longer term viability of the cemetery and quality of the public asset. The ongoing viability of TRC is essential to supporting long-term population growth and demonstrating the quality of greater Darwin's public assets to prospective residents.

KPMG's engagement scope

The scope of KPMG's engagement, as agreed by the Litchfield Council included:

- develop an evidence-based business case that covers all the requirements of a *Cabinet Submission*;
- explore potential governance models that support the governance and operations of the TRC; and
- evaluate the TRC's historical financial performance and perform high-level analysis that demonstrate the impact of the options.

KPMG's scope excluded the following:

- delivery of a service review; the assessments KPMG has made about future cost of service delivery is drawn from historical financial information, and discussions with relevant staff at Litchfield Council.
- verification of requirement for capital expenditure; the assessments KPMG has made about the requirement for capital expenditure, and the associated estimate of associated costs is drawn from Thorak Regional Cemetery's Masterplan, developed by Cloustons in 2015.

KPMG's approach to the engagement

KPMG's approach to developing this business case was agreed by the Litchfield Council, Palmerston City Council and the City of Darwin, and included:

- review documentation relevant to the operation of TRC, including annual financial data, usage and governance;
- conduct a desktop review of relevant legislation in the Northern Territory and characteristics of Australian cemeteries;
- assess the viability of various governance options of the TRC;
- project the level of financial support required by TRC in the future; and
- develop recommendations for the optimal governance and funding arrangements for TRC.

Issues and supporting information

There are a number of catalysts for change to the current governance and financial arrangements at TRC, which have been grouped for the purpose of analysis as follows:

- Demographic
- Private industry
- Governance and organisational.

A summary of the key catalysts for change is provided below and explored further throughout the balance of this section;

- The greater Darwin death rate and utilisation of TRC has historically been low, impacting financial viability.
- The greater Darwin projected population growth is slow, suggesting that the usage of TRC is unlikely to increase significantly in the future.
- An increasing number of people are choosing cremations, decreasing the potential revenue stream for burial services (which attract a higher fee than cremation services). This is consistent with cemeteries across Australia.
- The local private industry has a commanding market share for cremation services, thereby reducing the utilisation of TRC.
- Litchfield Council is responsible for governance and operations, despite users residing across the greater Darwin region, and including some residents of unincorporated areas, as well as residents of other areas, such as Katherine, for cremations.
- TRC has historically operated a tight budget and since 2011-12 generated losses in 4 out of 7 years reviewed. This has impacted Litchfield Council's ability to fund maintenance and infrastructure upgrades, and has meant that significant capital works are now required at the sight, and cash reserves carried forward from prior years are insufficient to sustain projected operational and capital costs in the future.
- Maintenance and upgrades have slowed due to declining cash reserve, reducing the quality of the public cemetery.

Demographic

Historical death rate and capacity

The total number of deaths in the Northern Territory has historically been stable and low, averaging 1,035 per annum in the 10 years to 2016. The low number of deaths reflects the relatively small population in the Northern Territory. In total, the greater Darwin catchment accounts for approximately 50 per cent of all deaths in the Northern Territory, consistent with the population share. A summary of the death rate in the greater Darwin region can be located in **Appendix B, Chart 1**.

The number of deaths in the greater Darwin region is increasing marginally (at 1.1 percent per annum) however this will not provide sufficient scale to operate a viable cemetery and cremator service based on industry standards. TRC utilisation data indicates that an average of 125 burials and 122 cremations occurred per annum in the seven years to 2017/18. This level utilisation is significantly below 400

cremations per cremation unit which is considered by industry as the minimum throughput required to remain viable.²

An overview of the annual utilisation of TRC is provided at **Appendix B, Table 6**.

As the only public cemetery in the Greater Darwin area it is essential that TRC remains operational, despite maintaining a utilisation level that would be considered unviable by industry standards. It is therefore necessary that an appropriate financial support and governance model is implemented to ensure services remain available to the public.

Future population and growth

The scale of the population residing in greater Darwin in future years will impact the viability of operations. Population projections released by the Northern Territory Treasury in May 2018 indicates that the population will increase at 1.2 per cent per annum from 2016, reaching approximately 208,250 in 2046.³ Noticeably, the proportion of people over 70 years old is expected to increase from 4 per cent to 7 per cent, potentially increasing the demand for TRC's services.

The total annual deaths are anticipated to increase at 1.2 per cent per annum, reaching approximately 3,200 in 2046. **Appendix B, Chart 2** displays the projected population and deaths in the greater Darwin area.

Maintaining TRC is a crucial support to population growth in Greater Darwin through maintenance of an essential community service and asset. The presence of valuable public assets, including TRC, will impact the decisions of prospective residents as they assess the benefits of relocating to the Greater Darwin region. Demonstrating that Greater Darwin supports a high quality of life and maintains sufficient funeral services may impact their decisions and secure the long-term growth of the region.

Interment and cremation trends

Across Australia there is shift in interment trends with an increase in the number of cremations when compared to burials. Currently, it appears that two-thirds of the population opt for cremation over burial services, however, in larger metropolitan areas, the share of cremations is up to 70 per cent.⁴

The share of cremations at TRC has experienced a strong increase, particularly in the 2016/17 and 2017/18 years and in 2017/18 represented 67.9% of all interments (refer to **Appendix B, Table 6**). Despite the proportional increase, findings from the *Thorak Regional Cemetery Review* note that "burial is still the funeral choice for a large number of residents, and this will continue to be the case for the foreseeable future".⁵

The wider shift in preference to cremation and other interment options is the result of several factors, including, but not limited to:

- cremations are generally cheaper as they do not require the purchase of a coffin and grave digging;
- natural burials (including the use of bio-degradable casket and no embalming fluid) are considered more environmentally friendly and cheaper; and
- religious customs or cultural beliefs may require cremation of the deceased.

The low but steady utilisation of TRC requires an approach that ensures it remains available for use by the public. Importantly, the approach to governance and funding must be aware of the changes in interment preferences and cultures, and ensure the service reflects these.

² Litchfield Council 2016, *Thorak Regional Cemetery Service Review*.

³ The population projections released by the Northern Territory Treasury in 2018 captures the whole Territory with no information provided at a local government level. The Greater Darwin population and death projections are based on the assumption that the share of the population counted in the ABS 2016 Census remains constant to 2046.

⁴ Litchfield Council 2016, *Thorak Regional Cemetery Service Review* and IBISWorld Industry Report S9520, 2017, *Funeral Directors, Crematoria and Cemeteries in Australia*.

⁵ Litchfield Council 2016, *Thorak Regional Cemetery Service Review*.

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Private industry

TRC is facing increasing competition from the private sector, impacting the viability of operations. The decision of the Northern Territory Government to support Darwin Funeral Services ("DFS") to install a cremator in 2011 significantly reduced TRC's market share, as evidenced by the fall in annual cremations from 329 in 2008-09 to 131 in 2016-17⁶. Higher cremation numbers were achieved in 2017/18 (199 cremations) as a new funeral services provider came online and anecdotal evidence suggests that the new provider may have taken some market share from DFS, thereby increasing the referral base for TRC's cremator. High-level research indicates that the increasing market share of private providers is having a detrimental impact on TRC's usage, which has fallen to 44 percent of total market share (measured at 30 June 2017). **Appendix B, Table 7** provides a breakdown of the market share by service provider as at 30 June 2017 (until total death figures are known for 2017-18, TRC is unable to calculate market share for the most recent financial year).

The increased competition requires a renewed approach from TRC that ensures its services are still relevant and meet demand. Without appropriate action it is plausible that TRC will continue operating at a loss while the competitors realise increased market share. *Positioning for the Future* recognises these challenges and puts forward several recommendations that address the evolving industry characteristics. It is necessary that an appropriate, skills-based governance structure is implemented in order to address these recommendations and better position TRC in the local market.

It has also been discussed that proposed changes in the *Cemeteries Act* could increase local competition as new private cemeteries may be established. Currently, NSW, WA and SA Governments have legislated "grave recycling" laws that limit tenure of leases for gravesites. If similar law were to be introduced in the NT, not only will the private cemeteries increase burial options for the public. This has the potential to further reduce TRC's market share and viability, reinforcing the need for a reconsidered approach to cemetery operations.

Governance and operations

The Litchfield Council has a considerable responsibility to manage and maintain the TRC. The cemetery is used not only by residents within the Litchfield Council, but also those situated in the greater Darwin area. It is estimated that only 14 per cent of usage is from Litchfield Council residents, however, Litchfield Council is responsible for operational and financial management of the cemetery.⁷ To date, the presence of the cash reserve for TRC has eliminated any need for Litchfield Council to apply ratepayer contributions to TRC, however the degree of capital works now required at the site results in the projected reduction of the cash reserve to nil in 2019-20 financial year. Once the cash reserve is exhausted, and in the absence of a change in governance and financial arrangements, Litchfield Council would need to apply ratepayer funding to TRC's operations and capital works program.

The scale of the Litchfield Council in terms of population and financial position makes it impractical and inequitable to foot the bill for usage by the whole greater Darwin area. The Council maintains a lower resident population and has significantly less financial income, while experiencing proportionally higher expenses. A comparison of the scale of each local government is outlined in **Appendix B, Chart 3**.

The requirement for the Litchfield Council's Elected Members to serve as a Board of Trustees for TRC may impact the long-term viability of TRC's operations. While the Elected Members are qualified in their public service role, they do not have specialist skills to oversee the management of TRC or a comprehensive understanding of the factors that impact a cemetery. TRC is competing in the market place with private providers who know the industry well. The overall governance structure must be

⁶ Russ Allison 2015, *Positioning for the Future*.

⁷ Litchfield Council 2016, *Annual Report 2016-17*.

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reconsidered to ensure TRC receives the financial support and expertise it requires given its current operating position.

The current operational structure may expose Litchfield Council and TRC to risks, an issue that is discussed in *Positioning for the Future*. At a higher management level, the Director for Community and Corporate Services at Litchfield Council oversees five divisions, potentially impacting their ability to stay abreast of all matters pertinent to TRC.

The combination of the current governance and operational arrangements may expose TRC to risks and prevent it from maximising its commercial potential. It is therefore necessary that alternative arrangements are explored to ensure the long-term viability of operations and support local demand.

Financial impact

TRC has historically experienced low financial performance, operating at a net loss in four of the past eight years. In the four years to 2016-17, TRC's average net loss was approximately \$36,000, presenting challenges for Litchfield Council in financing TRC's operations. The 2017/18 financial year saw a marked turnaround in financial performance, with two key drivers of improved net performance being an increase in revenue from the introduction of a 10% Administration Fee to non-Litchfield residents, and reduction in staffing for a trial period. The trial resulted in a reduced level of service and noticeably a deterioration of cemetery grounds.

Accepting 2017/18 as a possible outlier year, longer term trends since 2012/13 have seen the income generated by TRC on a marginal decline, falling to approximately \$824,000 in 2016-17. Over the same period expenses have also decreased, falling to approximately \$804,000 in 2016-17. Despite the recent net operating surplus, the long-term trend suggests the cemetery is not a viable operation for Litchfield Council. **Appendix B, Chart 4** illustrates TRC comprehensive statement of income and expenditure, including the net operating position.

As a result of operating at a loss, and trying to stay on top of asset management at the site, TRC has experienced a decline in the accumulated surplus and other reserves, impacting the viability of future cemetery operations. The improved financial performance in 2017-18 has bolstered the cash reserve as at 30 June 2018 (to an estimated \$372,400), however, the quantum of capital expenditure required at the site puts the cash reserves at risk.

Table 1. Summary of cash reserves

Equity	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017-18
Other Reserves (cash)	329,172	329,172	222,401	213,730	137,460	157,476	372,400

Source: KPMG based on Litchfield Council Annual Report 2012-13 to 2016-17.

KPMG's projections indicate that if TRC commences a program of capital upgrade and renewal in accordance with the Masterplan (commencement of which is currently 3 years overdue), cash reserves will be fully exhausted in the 2019/20. As such, KPMG's projections assume that Litchfield will not commence the capital upgrades program, but rather, operate the cemetery until 30 June 2019 (or earlier if the new recommended structure can be established sooner) then hand the cash reserve across to the newly appointed Board to commence the upgrade activities.

The ability of the Litchfield Council to fund TRC as it operates at a loss may be challenged by the availability of financial resources. In 2016-17 the Litchfield Council experienced a net operating deficit of approximately \$8.8 million, continuing a negative trend that has spanned the last four years. Funding TRC operations while the Litchfield Council operates at a net deficit may impact the quality of support afforded to the cemetery and have a detrimental effect on services across the municipality.

Service fees

Increasing service fees to sustain the revenue stream and maintain operation may negatively impact the community. Burials and cremations come at a significant cost to the consumer and increasing

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them further may draw public criticism given the nature of the services and the sensitive time at which they occur.

The cost of adult burials at TRC in 2017/18 range from \$3,032 to \$6,416, depending on the depth of the burial, location and cultural requirements.⁸ The burial of a child is relatively less expensive, ranging from \$1,887 to \$4,421.⁹ There are also various "add-ons" such as headstones, chapel hire and certificates that can be selected during the burial or cremation. Only at the lower end of location, depth and cultural requirement allowances is the cost of burial aligned with Australian average of \$3,500¹⁰. For the majority of service arrangements, cost is significantly higher than the Australian average pricing. As such, there is limited scope to lift revenue through an increase in price as TRC is already operating more broadly, above national average pricing.

Adult cremations at TRC in 2017/18 cost \$1,247 while children under 10 years are \$575.¹¹ It is noted that the TRC has significantly reduced its cremations fees from \$1,510 2008 due to market forces, however, the decrease has not translated to increased usage¹². Across Australia, the average cremation (including use of a chapel) costs approximately \$950 while the relevant certificates are \$185.¹³

Due to the current service fees, and the national benchmarks, it is unlikely that TRC can increase the cost to consumers. There is however an identified need to sustain revenue and operations, an outcome that may be realised by implementing a revised governance structure.

Quality of the asset

There is a public expectation that death services and places of mourning are of high quality and support the members of the public in times of need. The facilities provide a location to deliver a dignified celebration of life and access to services including burial and cremation. Based on these needs and expectations, is essential that the quality of TRC is maintained to high standard.

Anecdotal evidence suggests the quality and appearance of the cemetery is deteriorating due to minimal maintenance and improvement expenditure. High-level financial analysis confirms this notion, indicating that annual expenditure for general repairs and maintenance and grounds maintenance and landscaping has declined significantly, reaching approximately \$29,300 and \$14,000 per annum, respectively.

Appendix B, Chart 5 illustrates the expenditure on general repairs and maintenance and grounds maintenance and landscaping.

Until now, TRC's financial deficiencies have been supported by funding that was transferred at the time of Litchfield Council assuming responsibility for cemetery operations. It is anticipated that these funds (predominantly cash reserves) will be fully utilised in the next 12 months, after which time, under the current structure, ratepayers of the Litchfield Council will be required to contribute to the cost of operations. This is not sustainable given Litchfield Council's operating position, nor is it equitable, as only 14 per cent of cemetery usage is by residents of Litchfield.

Ongoing reliable financial support is needed to ensure TRC continues to provide high quality funeral services for the Litchfield and Greater Darwin area. Burial and cremation facilities should be accessible to all members of the community and meet the varying funeral needs.

⁸ Litchfield Council 2017, Thorak Regional Cemetery Fees and Charges 2017/18

⁹ Litchfield Council 2017, Thorak Regional Cemetery Fees and Charges 2017/18.

¹⁰ Finder 2018, *The Cost of a Funeral in Australia*.

¹¹ Litchfield Council 2017, Thorak Regional Cemetery Fees and Charges 2017/18.

¹² Russ Allison 2015, *Positioning for the Future*.

¹³ Finder 2018, *The Cost of a Funeral in Australia*.

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Options

KPMG has sought input from Litchfield Council, Palmerston City Council and the City of Darwin (representing Top End Regional Organisation of Councils) to reach consensus as to the restructure options that deliver dual outcomes of improved governance oversight, and improved financial sustainability to TRC. Following our review, it is clear that the only restructure that would genuinely achieve both outcomes is the establishment of a Minister appointed Board of Trustees with Northern Territory Government appropriation for operational and capital expenditure.

Other models were explored, however all fell short of delivering against dual objectives of improved governance arrangements and financial sustainability. The “next best” option was viewed as being the continued operation of TRC by Litchfield Council, with Northern Territory Government appropriation for operational and capital expenditure, however this option fell short in delivery of governance improvements. The table below provides a summary of to the preferred and “next best” options, and indicates why the Minister appointed Board of Trustees with Northern Territory Government appropriation for operational and capital expenditure option is the preferred model.

Table 2. Comparison of proposed governance and financial arrangements

	Minister appointed Board of Trustees with NTG appropriation for operational and capital expenditure	Litchfield Council management with NTG appropriation for operational and capital expenditure	Outcome
Legal structure	Establishment of a body corporate required	No change	Establishment of a new legal structure is required to achieve the recommended option.
Legislative references applicable	<i>Cemeteries Act</i> section 8(1)	No change	
Board structure	The Board of Trustees is to be formed in accordance with section 9 of the <i>Cemeteries Act</i> , which requires the board to consist of between 5 and 12 persons, including representation from the recognised head of any religious institutions represented within the burial grounds at the cemetery, and where also applicable, include a representative from the Returned Sailors', Soldiers' and Airmen's Imperial League of Australia (RSL) situated nearest the cemetery. The Minister is to appoint one of the board members as Chairman of the Board.	No change	Stronger composition of skills on the Minister appointed Board of Trustees.
Transfer of staff to new entity	There does not appear to be provision for transfer of employee entitlements.	No change	Litchfield Council has provided for employee entitlements accrued to date through Thorak Cemetery's accounts, and if required, would have the means by which to pay out these entitlements from cash reserves on transition to the new structure.

	Minister appointed Board of Trustees with NTG appropriation for operational and capital expenditure	Litchfield Council management with NTG appropriation for operational and capital expenditure	Outcome
Ongoing financial viability of operations	<p>The means by which to fund annual shortfalls in operating position is increased, and through appropriation of Northern Territory money, improves the equity with which shortfalls in operations are satisfied by drawing on funding provided for the whole of the Territory, which is better aligned with the users of the public asset.</p> <p>The means by which to make capital improvements and further investment at TRC, identified as being required under <i>Thorak Regional Cemetery Masterplan</i> is enhanced under this option.</p>	<p>The means by which to fund annual shortfalls in operating position is increased, and through appropriation of Northern Territory money, improves the equity with which shortfalls in operations are satisfied by drawing on funding provided for the whole of the Territory, which is better aligned with the users of the public asset.</p> <p>The means by which to make capital improvements and further investment at TRC, identified as being required under <i>Thorak Regional Cemetery Masterplan</i> is enhanced under this option.</p>	<p>Given that the ongoing operational and capital funding is sourced from the Northern Territory Government under both options, the outcome appears to be similar in all scenarios; however due to the improved skill sets obtained through the appointment of a Minister appointed Board of Trustees, decisions as to the actual operational and capital outlay required to operate TRC will be made with more thorough examination by an appropriately skilled board in the future, which may result in cost savings for the Northern Territory Government.</p>
Amount of funding required	<p>Projected total funding of \$0.4m p.a. for 4 years, is required between 2019-20 and 2022-23 financial years under this option.</p> <p>Total funding required to support the life of the capital works Masterplan is \$3.7m (noting that the total capital expenditure requirement is \$4.5m, with opening cash reserves of \$0.45m and operational profit projected to be \$0.4m over the same period).</p>	<p>Projected total funding of \$0.4m p.a. for 4 years, is required between 2019-20 and 2022-23 financial years under this option.</p> <p>Total funding required to support the life of the capital works Masterplan is \$3.7m (noting that the total capital expenditure requirement is \$4.5m, with opening cash reserves of \$0.45m and operational profit projected to be \$0.4m over the same period).</p>	<p>Total funding is the same under either option as both require Northern Territory Government to assume responsibility for operational and capital expenditure outlined in the TRC Masterplan. As identified above, the benefit of the Minister appointed Board of Trustees is the additional skill that this Board will use to interrogate the proposed capital expenditures. In the absence of such specialised skill sets, Litchfield Council would seek to rely on the Masterplan it already has in place to provide the framework for the capital upgrade program at TRC.</p>

Benefits of proposal

There is a public expectation that death services and places of mourning are of high quality and support the members of the public in times of need. The facilities provide a location to deliver a dignified celebration of life and access to services including burial and cremation. Based on these needs and expectations, it is essential that the quality of TRC is maintained to high standard.

Anecdotal evidence suggests the quality and appearance of TRC is deteriorating due to minimal maintenance and improvement expenditure. A simple review of the repairs and maintenance, and capital improvement expenditure over the past five years indicates that the expenditure has been well short of that recommended in *Thorak Regional Cemetery Masterplan*, as Litchfield Council has simply not had the means by which to raise the funds required to invest in the cemetery asset. The establishment of a Minister appointed Board of Trustees with Northern Territory Government appropriation for operational and capital expenditure will permit the Northern Territory Government to confidently invest in TRC under the governance arrangements secured by the Minister.

The establishment of a Minister appointed Board of Trustees with Northern Territory Government appropriation will provide the following benefits:

- **Current and future population needs** – the greater Darwin population is projected to increase at 1.2 per cent per annum, reaching 208,250 in 2046. Implementing a Minister appointed board will ensure there are sufficient resources to support the long-term availability of a public cemetery as the number of deaths increase (due to population growth and changing demographics). The availability of the cemetery is also essential to supporting inward migration as potential residents will want to ensure there is sufficient community services before they become residents.
- **Viability of operations** – the falling service demand is impacting revenue and the viability of cemetery operations. While operations are becoming unviable, the availability of a cemetery in the greater Darwin region is essential as it is a public asset. Implementing a Minister appointed Board of Trustees with Northern Territory Government appropriation for operational and capital expenditure will ensure there is sufficient financial resources and oversight to maintain operations into the future. Furthermore, the Minister appointed board will assist to implement services that are viable but align with evolving community needs.
- **Professional board** – the Minister appointed Board of Trustees will operate in a professional capacity with selected members having a strong understanding of cemetery operations and proven experience. The experience will ensure that opportunities to increase services and performance are identified and addressed. The board may also assist to leverage potential funding sources or expertise to improve the cemetery operations.

TRC is a critical public asset that must be maintained for the current and future population. A Minister appointed board will have the capability to develop relevant strategic and operating plans to ensure that it remains available to the public and supports all members of the community.

- **Interaction with Northern Territory Government Population Policy** - with the Northern Territory Government to release its Population Strategy shortly, the significance of public assets such as TRC is clear; if it is the intention of Government to improve retention of people in the Northern Territory, then provision of essential services required by our residents is crucial to achieving this goal. A particular focus of the Northern Territory Government has been in seeking ways to improve the net migration ledger, and is focussed on establishing infrastructure to promote ageing in place. The appropriate ongoing development and maintenance of TRC will support this initiative, and build public confidence in the longevity of the site as a place for residents to rest and be remembered by surviving friends and family.

Risk management strategy

The following risk management strategy is provided for the proposed new business model for TRC.

Table 3. Identified risks and mitigation strategies

Risk identification	Risk assessment			Risk management				
	L	I	ORR	Mitigating factors	Appropriate reduction of ORR?	Additional strategies	Timing	Responsibility
Ongoing poor financial performance of TRC	3	3	M	<p>Funding of any ongoing shortfall in operational income, and cashflow to support capital investment is more equitably sourced from Northern Territory Government, which eliminates the burden on any single Council's constituents for maintenance of an asset that services the wider Top End public.</p> <p>Centrally sourced funding for shortfall in operational income and cashflow for capital expenditure reduces the need for the application of surcharges to residents outside the Litchfield Council catchment area for use of the Cemetery. This will be viewed as a more equitable outcome by users of the Cemetery going forward.</p> <p>Appointment of a skills-based board should improve governance oversight of TRC's operations, which may in turn improve operational efficiencies and reduce cost of service delivery.</p>	No	Retention of site manager should be sought to provide stability during changeover period.	June 2019	Litchfield Council & Minister for Housing & Community Development.

Risk identification	Risk assessment			Risk management				
	L	I	ORR	Mitigating factors	Appropriate reduction of ORR?	Additional strategies	Timing	Responsibility
Degradation of TRC public asset, or development failing to maintain pace with demographic changes	3	4	H	Investment required to maintain and improve the TRC public asset is sourced from the Northern Territory Government, such that investment is more likely to proceed as the affordability of capital upgrades is improved.	No	Appointment of a skills-based board should improve the prioritisation of maintenance and capital improvement activities, and it may be the case that some capital expenditure items labelled as "discretionary" in the TRC Masterplan are able to be eliminated by an appropriately skilled board.	June 2019	Minister for Housing & Community Development.
Limited opportunities for local governments to influence or support operations.	3	3	M	Implement a governance structure that enables greater local government and stakeholder input (perhaps through a reference group to the board, rather than by representation on the board).	Yes	N / A	June 2019	Minister for Housing & Community Development.
Minister appointed board does not fulfil their requirements, exposing TRC to financial or reputational risk.	2	3	M	Review the experience and competence of potential board members. Ensure members represent relevant stakeholders as required under the <i>Cemeteries Act</i> .	Yes	N/A	June 2019	Minister for Housing and Community Development.

Source: KPMG based on consultation with Litchfield Council, 2018.

Key : L denotes Likelihood, I denotes Impact, ORR denotes Overall Risk Rating: L denotes Low, M denotes Medium, H denotes High.

Budget implications

Limitations of financial analysis and projections

Inherent Limitations

Appendix D outlines the complete inherent limitations and should be read in conjunction with the financial analysis.

Third party reliance

Appendix D outlines the complete inherent limitations and should be read in conjunction with the financial analysis.

Based on KPMG's financial projections, supported by TRC's Masterplan prepared by Cloustone in 2015, Litchfield Council will fully exhaust the funds held in the cash reserve for use at TRC by 30 June 2020 if all immediately required, critical capital expenditures are delivered. Beyond 30 June 2020, TRC will continue to experience cash shortfalls, on average, of \$175,000 per annum, which it will be unable to sustain from Litchfield Council's revenue base.

The below table indicates the projected funding requirements under the preferred option, being establishment of a Minister appointed Board of Trustees, with Northern Territory Government appropriation to support ongoing operational costs and provide cash flow for capital upgrades deemed immediate and critical in TRC's Masterplan.

	2019-20 Projected	2020-21 projected	2021-22 Projected	2022-23 projected
Additional funding sought	697,278	222,615	-	638,935
= Recurrent				
- Staffing	458,640	480,480	500,640	517,440
- Operational	412,360	431,520	450,360	465,560
plus Capital	1,233,973	276,020	-	717,929
less Revenue	(935,253)	(965,405)	(996,530)	(1,016,461)
less Opening Cash Reserves	(472,442)	-	-	(45,530)

It should be noted that, based on the current Masterplan, 10 year projections estimate total funding support for operational and capital expenditure of \$3.7m. This total is derived through the requirement to fund \$4.5m capital works under the TRC's Masterplan, then offsetting this cost with opening cash reserves of \$0.45m and operational profit projected to be \$0.4m over the same period.

Legislation and regulatory implications

Cemetery operations are relatively unregulated in the Northern Territory, limiting the control of NTG and local governments and increasing private sector competition. Key legislation and their relevance to TRC is outlined below:

- *Local Government Act* – Section 184 of the *Local Government Act* states that a local government is responsible for the care, control and management of public cemetery within its municipal boundaries.
- *Cemeteries Act* – the *Cemeteries Act*, in conjunction with the *Local Government Act*, states that burials must be in a cemetery, unless otherwise approved. The Act also stipulates that a local government has the powers of a Board of Trustees to manage cemeteries. The Board oversees operations, maintenance and all financial matters.
Section 8(1) of the Act provides that a Minister may appoint a Board of Trustees over a public cemetery, and section 9 identifies the minimum requirements for board composition.
- *Cemetery Regulations* – the *Cemetery Regulations* provide additional information to support organisations adherence to the *Cemeteries Act*.
- The *Aboriginal Land Rights (Northern Territory) Act 1979* and *Environment Protection (Sea Dumping) Act 1981 – Burial at Sea* also guide cemetery operations in the Northern Territory, however, they are not considered directly relevant to the TRC.

The establishment of a Minister appointed Board of Trustees does not require amendment to legislation. The legislation already in place permits the establishment and operation of such a board.

Australian, Territory and Local Government relations

The requirements of the Cemeteries Act are prescriptive in terms of the composition of a Minister appointed Board of Trustees. Section 9 of the Cemeteries Act requires the board to consist of between 5 and 12 board members, with the head of each religious institution represented within the grounds of the cemetery present on the Board, in addition to the head of the Returned Sailors', Soldiers' and Airmen's Imperial League of Australia (RSL) situated nearest the cemetery.

Discussions between Litchfield Council, Palmerston City Council and City of Darwin have centred around the pressing need for a skills-based board to be in place to maximise the opportunity for TRC to deliver a sustainable service to the Northern Territory into the future. As such, the three Councils are in agreement that the best utilisation of any discretion the Minister has to appoint remaining board members up to the cap limit of 12, is to include board members with deep industry experience.

If the Minister (or his appointed Board of Trustees) had a desire for Local Government to provide input into TRC operations going forward, the three Councils would be willing to consider participation through an Advisory Council reporting to the Board of Trustees.

Results of consultation within NT Government

Historically, Litchfield Council, supported by Top End Regional Organisation of Councils, has worked with the Department of Housing and Community Development (and its former departmental variations) to establish improved operational structures for TRC. In the absence of an appropriately skilled board overseeing operations at TRC, identification of opportunities for genuine cost reduction without an associated drop in service delivery has been unable to be identified and implemented by Litchfield Council historically. All attempts to reduce cost have resulted in marginal savings, insufficient to provide the scale of cash savings to deliver on capital upgrade requirements identified in the Masterplan.

Litchfield Council, supported by Top End Regional Organisation of Councils, seeks to undertake further consultation with the Northern Territory Government ahead of the development of a Cabinet Submission to gain support for governance and financial viability improvements at TRC.

Results of consultation outside NT Government

At the date of this report, consultation outside the Northern Territory Government has been with the Top End Regional Organisation of Councils (TOPROC). Through TOPROC, support for change to the governance and financial arrangements of TRC has been approved, and is included as a priority focus area on TOPROC's recently completed Strategic Plan.

Detailed discussions as to the most appropriate governance structure and financial arrangements for TRC in the future have been attended over many years by Litchfield Council, Palmerston City Council and the City of Darwin. All three are aligned in their view as to the most appropriate future direction for the management of TRC, and commissioned and participated in delivery of this report.

Public impact

As earlier identified, there is a public expectation that death services and places of mourning are of high quality and support the members of the public in times of need. The facilities provide a location to deliver a dignified celebration of life and access to services including burial and cremation.

At the present time, anecdotal evidence, supported by the lack of expenditure to date against the TRC Masterplan, indicate that the public asset is not presented at its best, and requires significant upgrade to bring it back in line with the quality expectations of the public. Investment by the Northern Territory Government in the immediately required and crucial capital upgrades, whilst supporting ongoing operations will restore the asset and level of service delivery to a state that is acceptable to residents of the greater Darwin region.

Investment by the Northern Territory Government in the ongoing operational and capital costs of TRC is likely to be viewed as a more equitable outcome for residents in the greater Darwin region than the model of service surcharges for residents outside the Litchfield Council area. The more equitable model recommended in this report draws funding for the future shortfall in operational and capital expenditure from Northern Territory monies (rather than Litchfield residents) and negates the need for inequitable service charges by TRC.

More broadly, the investment in TRC infrastructure is likely to provide support to the Northern Territory Government's Population Strategy, in that it will restore the public asset to a state that affords residents comfort that they will have a dignified place to rest.

Timing

KPMG's financial projections, extrapolated from historical financial performance of TRC and proposed capital expenditure identified in TRC's Masterplan, indicate that if Litchfield Council were to commission the capital upgrades deemed crucial and immediately required, the cash reserve would be exhausted in the 2019-20 financial year. It is therefore important that the new structure be established by 30 June 2019 to allow sufficient operational and capital funding, as well as crucial skills-based oversight of the TRC, before cash reserves are fully exhausted.

List of appendices

Table 4. List of appendices

No.	Document name
A	Documents reviewed
B	Detailed supporting diagrams, charts and tables
C	Risk matrix
D	Inherent limitations and third party reliance disclaimer
E	Detailed financial analysis

Appendix A: Documents reviewed

The following reports and publications were reviewed during the development of this business case. The documents were sourced online and through consultation with the Litchfield Council.

Table 5. Reviewed documents

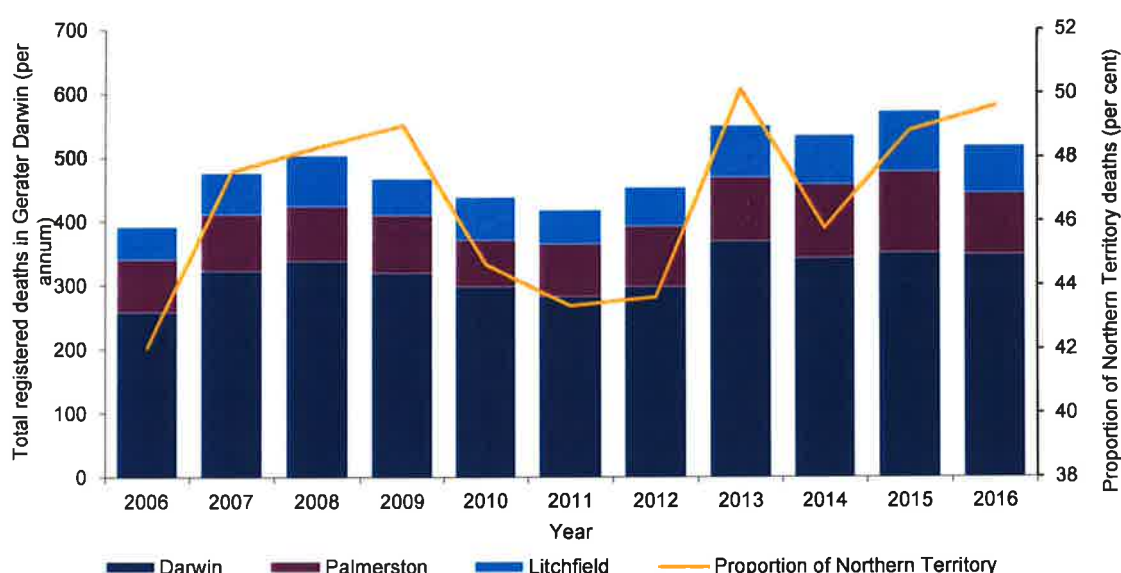
No.	Document name	Author
1	Documents / Decisions Regarding Thorak Regional Cemetery	Litchfield Council
2	Thorak Regional Cemetery Discussion Paper	Collins Andersons
3	Structure For Management of the Thorak Regional Cemetery	City of Darwin
4	Thorak Regional Cemetery Master Plan Report	Clouston Associates
5	Thorak Regional Cemetery Business Plan	Lantz Consulting and Clouston Associates
6	Positioning for the Future	Russ Allison
7	Thorak Regional Cemetery Service Review	Litchfield Council
8	Thorak Regional Cemetery Asset Management Plan	Litchfield Council
9	Annual Report 2012-13	Litchfield Council
10	Annual Report 2013-14	Litchfield Council
11	Annual Report 2014-15	Litchfield Council
12	Annual Report 2015-16	Litchfield Council
13	Annual Report 2016-17	Litchfield Council
14	Finance Report – June 2018	Litchfield Council

Appendix B: Detailed supporting diagrams, charts and tables

Charts and diagrams supporting the Issues and Supporting Documentation of this report are contained throughout this Appendix.

Chart 1 illustrates the annual death trends in Greater Darwin and its share compared to all deaths in the Northern Territory.

Chart 1. Total annual deaths in Greater Darwin region



Source: ABS 2017, Deaths Australia 2016.

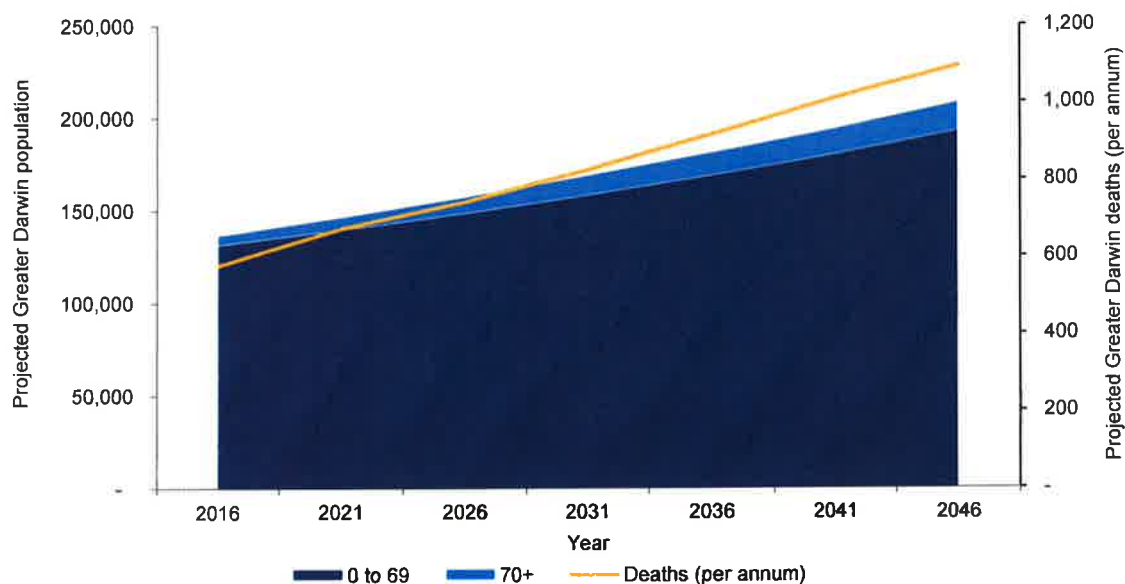
Table 6 below provides an overview of the annual utilisation of the TRC.

Table 6. Thorak Regional Cemetery annual utilisation

Category	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Burial	120	146	147	129	142	97	94
Cremation	103	104	106	112	104	131	199
Total	223	250	253	241	246	228	293
Share of cremations (per cent)	46.2	41.6	41.9	46.5	42.3	57.5	67.9

Source: KPMG based on Litchfield Council Annual Reports 2011-12 to 2016-17 and Thorak Regional Cemetery Finance Report - June 2018.

Chart 2. Projected population and deaths in Greater Darwin



It is noted the discrepancy in the number of deaths in 2016 (compared to Chart 1) is likely to be due to the different data sets and the approach to apportioning the deaths to Greater Darwin.

Source: KPMG based on Northern Territory Treasury 2018, Population Projections.

Table 7. Greater Darwin market share

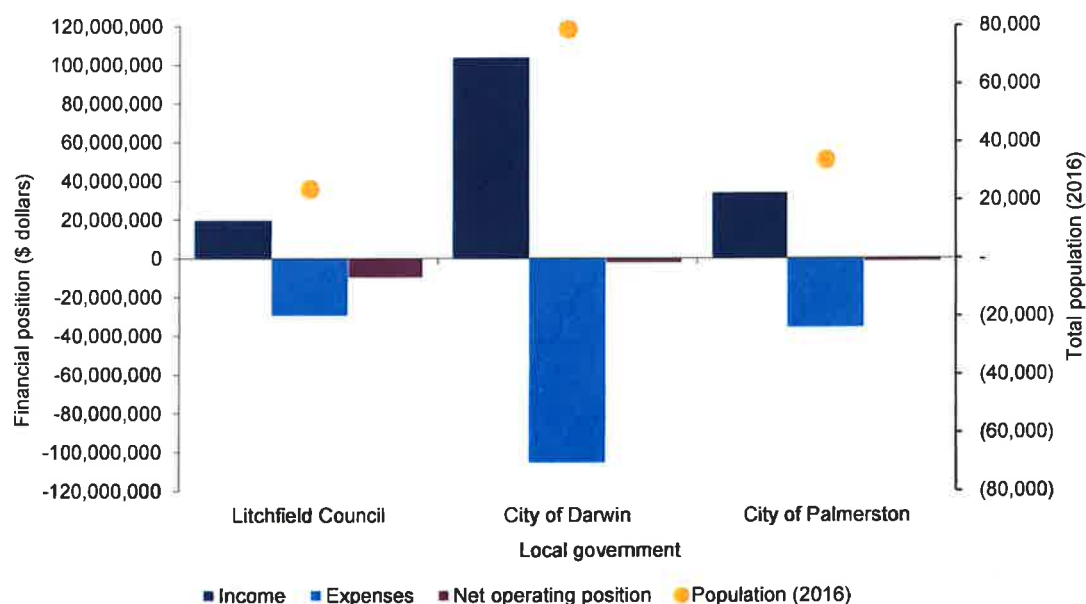
Organisation	Private market share (per cent)	Total market share (per cent)	Total Deaths
TRC	0	44	228
DFS	70	39	203
Simplicity NT	30	17	87
Total	100	100	518

Source: KPMG based on Russ Allison 2015, Positioning for the Future and ABS 2017, Deaths Australia 2016.

NB: It is noted that DFS and Simplicity Funerals NT utilise TRC for burials, which impacts the representation of the market share. Litchfield Council estimates that 90% of all business of TRC is referred through a private funeral director, so whilst it appears that TRC as a fair share of the market, in reality it is not providing funeral services so much as it provides the means of internment or cremation. Furthermore, the death data may not capture deceased that are transported to their traditional communities.

A comparison of the scale of each local government is outlined in Chart 3 below.

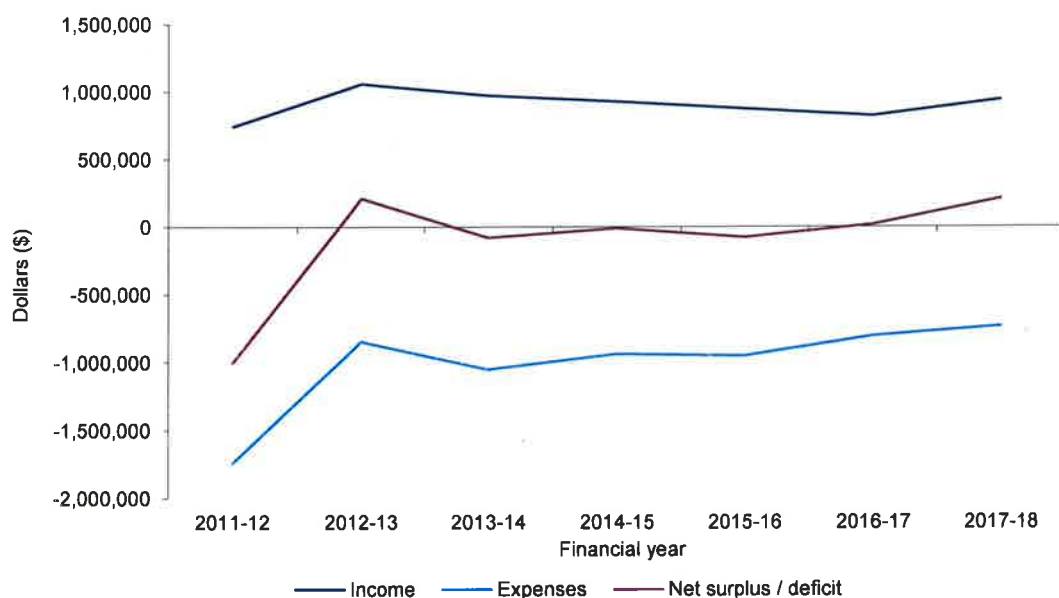
Chart 3. Scale of local governments in the Greater Darwin region



Source: KPMG based on ABS Census 2016 and City of Darwin Annual Report 2016-17, City of Palmerston Annual Report 2016-17 and Litchfield Council Annual Report 2016-17.

Chart 4 illustrates TRC comprehensive statement of income and expenditure, including the net operating position.

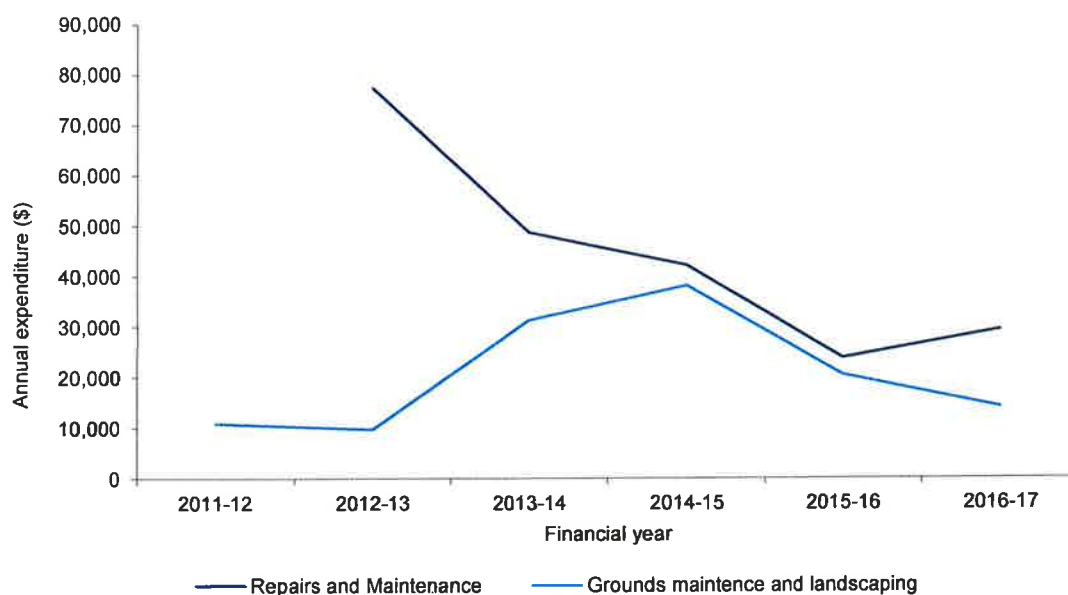
Chart 4. Overview of the comprehensive statement of income and expenditure



Source: KPMG based on Litchfield Council Annual Report 2012-13 to 2016-17 (audited) and Thorak Regional Cemetery Finance Report - June 2018 (unaudited).

Chart 5 illustrates the declining expenditure on general repairs and maintenance and grounds maintenance and landscaping.

Chart 5. Annual maintenance expenditure



Source: KPMG based on Litchfield Council Annual Report 2012-13 to 2016-17

Appendix C: Risk matrix

The risks and associated mitigation strategies outlined in the **Risk management strategy** section are based on the following matrix.

Figure 1. Thorak Regional Cemetery risk matrix

				Impact				
				Insignificant	Minor	Moderate	Major	Catastrophic
				1	2	3	4	5
Likelihood	Is expected to occur in most circumstances	Almost certain	5	M	H	H	E	E
	Will probably occur	Likely	4	M	M	H	H	E
	Might occur at some time in the future	Possible	3	L	M	M	H	E
	Could occur but doubtful	Unlikely	2	L	M	M	H	H
	May occur, in exceptional circumstances	Rare	1	L	L	M	M	H

Appendix D: Financial analysis disclaimers

Inherent Limitations

The services provided in connection with this engagement comprise an advisory engagement, which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standards Board and, consequently, no opinions or conclusions intended to convey assurance have been expressed.

Litchfield Council has full responsibility for:

- determining accounting treatments;
- sourcing appropriate legal and regulatory advice;
- assessing the impact on banking and finance covenants;
- assessing human resources and organisational structures; and
- negotiating with any third parties.

In relation to financial analysis assistance, Litchfield Council accepts that:

- KPMG did not perform an audit or review on the data and estimates within the financial analysis, therefore, this report does not constitute an expression of opinion or conclusion intended to convey assurance on, and KPMG is not responsible for, the accuracy and completeness of the financial information presented;
- it is not possible to predict future events or anticipate all potential circumstances as market or other conditions may change, as such, future events may not unfold as expected and actual results achieved for the forecast periods covered will vary from the information presented and the variations may be significant; and
- baseline financial information and financial analysis have been reviewed by Litchfield Council, including assumptions applied during the analysis, scope of the analysis, selection of cost drivers, categories and sources of internal and external data.

KPMG have indicated within this report the sources of information provided. We have not sought to independently verify those sources unless otherwise noted within the report.

No warranty of completeness, accuracy or reliability is provided in relation to the statements and representations made by, and the information and documentation provided by Litchfield Council, including historical financial records.

KPMG is under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form.

The findings in this report have been formed on the above basis.


Third party reliance

This report has been prepared at the request of Litchfield Council representing TOPROC in accordance with the terms of KPMG's engagement letter dated 23 April 2018 and is not to be used

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for any other purpose or distributed to, or relied upon by, any other party without our prior written consent.

Other than our responsibility to Litchfield Council representing TOPROC, neither KPMG nor any member or employee of KPMG undertakes responsibility arising in any way from reliance placed by a third party on this report. Any reliance placed is that party's sole responsibility.

Appendix E: Detailed financial analysis

Current financial performance summary

Until 2017-18 financial year, TRC had experienced declining revenue which was attributed to private industry market share and the sharp fall in total number cremation services delivered. Direct costs and overheads have also decreased, however, they have done so at a proportionally slower rate.

Table 2 below provides an overview of the TRC financial performance.

Table 2. High level performance

Financial performance	2014-15 actual	2015-16 actual	2016-17 actual	2017-18 actual
Revenue	928,519	876,404	823,981	942,070
Expenses	(937,190)	(952,675)	(803,965)	(733,136)
Net profit	(8,671)	(76,271)	20,016	208,934

Source: KPMG based on Litchfield Council Annual Reports 2014-15 to 2016-17 (audited), and Thorak Regional Cemetery Finance Report - June 2018 (unaudited).

The increase in profitability in 2017-18 is mainly due the imposition of a 10% Administration Fee for use of TRC by non-Litchfield residents, and a higher demand for pre-purchase of plots than anticipated in the annual budgeting process. It is estimated that the 10% Administration Fee for non-Litchfield residents has delivered \$62,000 of revenue in 2017-18.

The reduction in operating costs is attributable to a tighter control over employment expenses, including training and development. As a result, TRC's operating hours have been reduced; whilst cost savings were achieved, service delivery may have been perceived by the public to have decreased.

The historical ongoing operating losses of the TRC has impacted the availability of cash at hand (current assets) and the accumulated surplus. At 30 June 2017, the cash reserve had remained stable at a balance of \$212,044. On the back of a strong year in 2017-18, the unaudited cash reserve is \$372,400 at 30 June 2018. Whilst the recent increase in cash reserve has improved short term stability, the quantum of upgrade works that are due to be delivered on TRC will put the cash reserves at significant risk.

Table 7 provides an overview of the current financial position.

Table 7. Current financial position

Financial Position	2014-15 12 months	2016-17 12 months	2017-18 12 months
Current assets	266,692	185,991	218,088
Non-current assets	322,679	406,397	418,032
Total assets	589,371	592,388	636,120
Accumulated surplus	54,570	54,569	54,569

Source: KPMG based on Litchfield Council Annual Reports 2014-15 to 2016-17. Financial position as at 30 June 2018 is not yet available for disclosure in this report.

8.1 Comparative to industry cost structure characteristics

The IBISWorld *Industry Report S9520 – Funeral Directors, Crematoria and Cemeteries in Australia* was reviewed in order to determine the industry-wide cost structure. IBISWorld is considered a reputable source and appropriate for the purpose of this business case. Table 9 outlines the key findings on the industry cost structure.

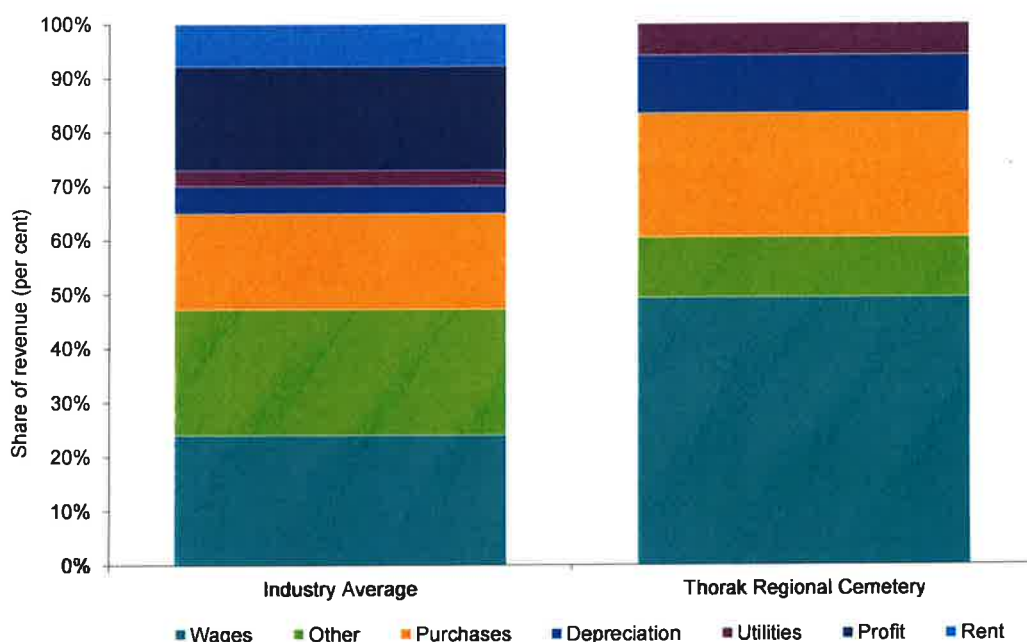
Table 9. Industry cost structure characteristics

Benchmark	Characteristics
Profit	Prices for burials and staff wages are generally passed on to consumers, however, industry competition has restrained large increases. The shift towards cremations has created downward pressure on industry profit as cremations have lower margins.
Wages	Burial and cremations (as associated funeral services) are labour intensive due to the range of occupations required. Wages make the largest cost contribution to operations. Efficiency increases and reduced staff requirements in recent years have decreased the contribution of wages.
Purchases	Purchases of coffins, equipment for grave digging, land scaping and other funeral related items make a significant contribution to the cost of operations. Most costs are variable, with some passed on to consumers with a mark-up attached (such as coffins) while others do not receive an increase.
Rent	Funeral providers rent a wide range of property, plant and equipment including buildings, crematoria, offices, vehicles and other items. Rent as a proportion of total costs is expected to increase due to rising property prices.
Depreciation	Depreciation occurs on buildings, vehicles, operating equipment (such as audio systems). Overall, depreciation makes a small contribution to total costs.
Other	Other costs such as advertising and insurance and increased in recent years. More funeral companies are entering into advertising in attempt to gain a larger share of a saturated market.
Competition	<p>Competition in the funeral industry is high due to the level of saturation. While the revenue stream is stable (due to the death rate), opportunities to significantly increase income can only be achieved by lifting service prices, acquiring competitors or increasing market share.</p> <p>Competition is generally greater in metropolitan areas due to the close proximity of many funeral providers. The trend towards cremations has also increased competition based on prices and offerings.</p>

Source: KPMG based on IBISWorld 2018, *Industry Report S9520 – Funeral Directors, Crematoria and Cemeteries in Australia*.

The left-hand column in Chart 6 illustrates the typical industry costs for funeral services across Australia. While the costs reflect a wide range providers and services, they may assist to provide benchmarks for operations of the TRC. The right column illustrates TRC's actual performance in 2016-17 (most recent audited financial report). It is clear there are several differences in the cost structure, with wages and purchases accounting for almost 80 per cent of total costs.

Chart 6. Average industry costs and Thorak Regional Cemetery's performance in 2016-17



Source: KPMG based on IBISWorld 2018, Industry Report S9520 – Funeral Directors, Crematoria and Cemeteries in Australia.

NB: TRC's profit is not represented in the chart above as it was negative after depreciation was brought to account. Rent is also not present as Litchfield Council owns all of TRC's facilities.

Projected financial performance

The projected financial performance provides an overview of the potential future state of the TRC. The projections are based on audited financial reports provided by Litchfield Council (until 30 June 2017), and the management accounts provided by Litchfield Council (unaudited) for 2017-18. The projections incorporate the following assumptions:

- Revenue is extrapolated by taking the four year average rate, and applying a population growth factor of 1.2% p.a. and an inflation rate of 2% p.a.
- Total operating costs have been provided in accordance with the Regional Cemetery Asset Management Plan prepared by Litchfield Council, which appeared reasonable in light of historical financial performance.

Table 10. Projected income and expenses

Projected financial performance	2018-19 projected	2019-20 projected	2020-21 projected	2021-22 projected	2022-23 projected	2023-24 projected	2024-25 projected	2025-26 Projected	2026-27 projected	2027-28 Projected
Revenue	906,042	935,253	965,405	996,530	1,028,658	1,061,822	1,096,055	1,131,392	1,167,868	1,205,520
Staffing cost	(424,480)	(458,640)	(480,480)	(500,640)	(517,440)	(535,920)	(546,000)	(556,080)	(566,160)	(576,351)
Operational costs	(381,520)	(412,360)	(431,520)	(450,360)	(465,560)	(482,080)	(491,000)	(499,920)	(508,840)	(517,871)
Net profit	100,042	64,253	53,405	45,530	33,461	18,790	20,526	22,676	25,250	28,033

Source: KPMG projections, 2018.

As previously indicated, TRC already has in place a fully costed Masterplan. The plan was developed in 2015, and implementation of the recommendations in the plan as not yet commenced due to insufficient cash flow with which to undertake capital works. The requirement for capital renewal and upgrade is high due to the relatively low spend to date on maintaining and upgrading the infrastructure at the site, given the limited cash reserves that Litchfield Council has had to dedicate towards these expenditures.

KPMG has based projections for capital upgrade expenditure on the Masterplan prepared by Cloustone. In 2015, Cloustone identified capital works as being Critical and Desirable, and timing for capital works as being Immediate (within the current financial year), Short term (within 5 years) and Long term (within 10 years). Given that implementation has not yet commenced, timing for delivery of capital works has been adjusted as follows:

- Critical and immediate capital works to be delivered in 2019-20.
- Desirable and immediate capital works to be delivered in 2020-21.
- Critical and short term capital works to be delivered in 2020-21.
- Desirable and short term capital works to be delivered in 2022-23 through 2026-27.
- No critical and medium term capital works were identified.
- Desirable and medium term capital works to be delivered in 2025-26.
- Desirable and long term capital works to be delivered in 2027-28.
- Cost of upgrades have been inflated by 2% p.a. since 2015, based on costs assigned in the Masterplan report.

Table 11. Estimated capital upgrade expenditure required

Capital expenditure required	2018-19 projected	2019-20 projected	2020-21 projected	2021-22 projected	2022-23 projected	2023-24 projected	2024-25 projected	2025-26 Projected	2026-27 projected	2027-28 Projected
Critical	-	1,233,973	99,367	-	-	-	-	-	-	-
Desirable	-	-	176,653	-	717,929	28,717	28,717	772,304	28,717	1,401,407
Total expenditure required	-	1,233,973	276,020	-	717,929	28,717	28,717	772,304	28,717	1,401,407

Source: KPMG, based Thorak Regional Cemetery Masterplan.

It is evident in the projections above that TRC's current cash reserves of \$372,400 (preliminary at 30 June 2018) will be exhausted shortly through capital expenditure requirements at the site. Based on the above projections, the current cash reserve is likely to be diminished to nil at 30 June 2020 if all required capital expenditure outlined in the Masterplan is delivered. Table 12 below illustrates the projected cash position of TRC over time:

Table 12. Projected cash position of TRC

Cashflow	2018-19 projected	2019-20 projected	2020-21 projected	2021-22 projected	2022-23 projected	2023-24 projected	2024-25 projected	2025-26 Projected	2026-27 projected	2027-28 Projected
Opening cash reserve	372,400	472,442	(697,278)	(919,893)	(874,363)	(1,558,831)	(1,568,758)	(1,576,950)	(2,326,578)	(2,330,045)
Net operating result	100,042	64,253	53,405	45,530	33,461	18,790	20,526	22,676	25,250	28,033
Capital expenditure required	-	(1,233,973)	(276,020)	-	(717,929)	(28,717)	(28,717)	(772,304)	(28,717)	(1,401,407)
Closing cash reserve	472,442	(697,278)	(919,893)	(874,363)	(1,558,831)	(1,568,758)	(1,576,950)	(2,326,578)	(2,330,045)	(3,703,420)

*It should be noted that the above table is provided for illustrative purposes only, and has not been fully modelled for depreciation add backs.

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BOARD REPORT

Agenda Item Number:	9.2
Report Title:	Thorak Regional Cemetery Asset Management Plan
Report Number:	18/0139
Meeting Date:	26/09/2018
Attachments:	Attachment A – Thorak Regional Cemetery Asset Management Plan, August 2018

Purpose

This report seeks Board approval of the Thorak Regional Cemetery Asset Management Plan (AMP) and explains the funding gap and long term financial impact on Thorak Regional Cemetery.

Summary

Information in an AMP will inform the level of service Council intends to provide and Council's Long Term Financial Plan, and ultimately Thorak Regional Cemetery's long term financial sustainability

The Thorak Regional Cemetery AMP identifies three different ways of investing in assets:

1. Managing existing assets (maintenance),
2. Renewal and Replacement of existing assets (renewal), and
3. Upgrading of existing assets and/or providing new assets to meet demand (upgrade).

The AMP estimates that the projected funding required, to provide the current level of service, over the next 10 years at Thorak Regional Cemetery, including operations (staffing and general operations) along with the maintenance, renewal and upgrade of assets, is **\$13,629,000 or \$1,363,000 on average per year.**

Council's LTFP includes an allocation of **\$8,845,000 or \$885,000 on average per year** over the next 10 years which equates to 65% of the calculated required investment level.

Therefore, Thorak Regional Cemetery is **lacking \$0.5m in funding per year** over the next ten years.

In considering the information outlined in the AMP, the Thorak Regional Cemetery Board has to make significant decisions in the near future regarding the operations of Thorak Regional Cemetery. There are two options to resolving the funding gap:

1. Increase revenue; or
2. Decrease service levels.

Recommendation

THAT the Board:

1. adopts the Thorak Regional Cemetery Asset Management Plan, August 2018; and
2. notes that the Thorak Regional Cemetery is lacking \$0.5m per year over the next ten years to maintain current service levels.

Background

The purpose of the Thorak Regional Cemetery AMP is to identify asset needs such as maintenance, renewal and upgrade and the financial impact of the investment required.

Asset Plans are considered essential to responsible financial management and enable councils to engage communities in determining what can be delivered (service level) at what cost, taking into consideration risk management and legislative requirements.

The Thorak Regional Cemetery AMP identifies three different ways of investing in assets:

1. Managing existing assets (maintenance),
2. Renewal and Replacement of existing assets (renewal), and
3. Upgrading of existing assets and/or providing new assets to meet demand (upgrade).

Managing existing assets

Infrastructure assets at Thorak Regional Cemetery are valued at \$2,705,000 including:

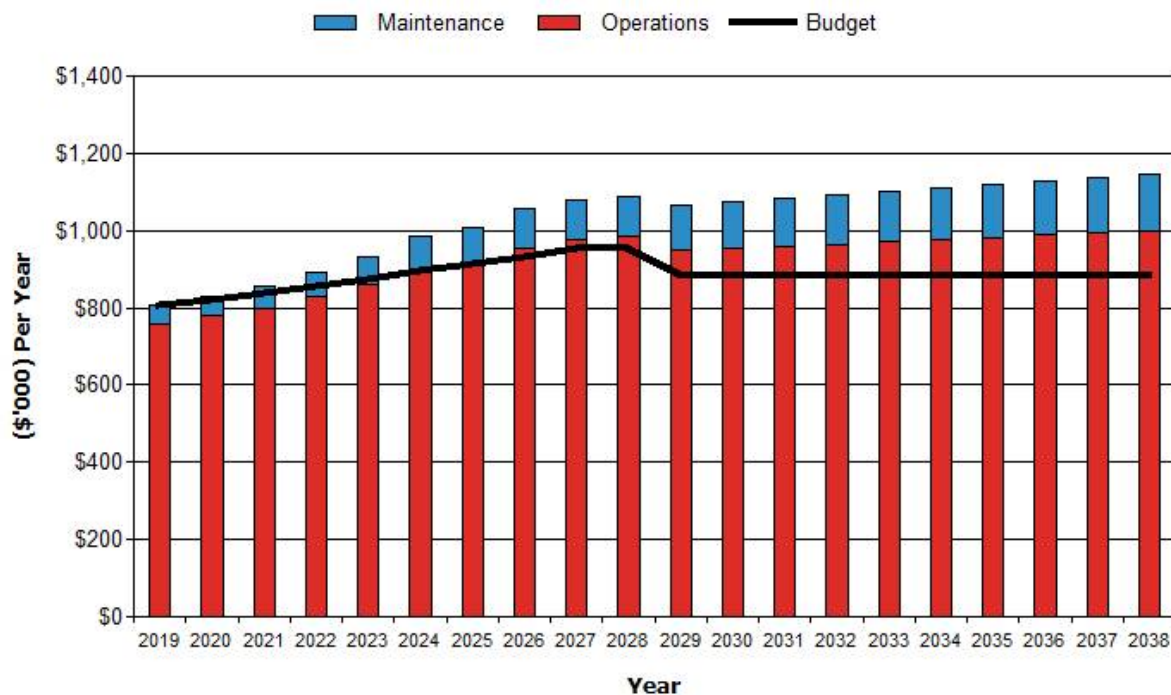
- Infrastructure assets (e.g. roads, beams, kerbing, irrigation),
- Buildings (e.g. chapel, cremator, office),
- Vehicles and Equipment (E.g. Ute, mowers); and
- ICT equipment for staff, the chapel and the cremator.

The Cemetery AMP does not include the land on which the Cemetery resides, as this is the property of the Northern Territory Government (NTG).

The figure below shows the 20-year forecast of operating and maintenance expenditures in real (2018) dollar values. It reflects an increase over time due to the addition of new assets from increasing demand, growth and/or risk management control measures.

The graph illustrates a shortfall (in funding) based on the current funding levels provided by the Long Term Financial Plan (LTFP).

Litchfield - Projected Operations & Maintenance Expenditure (Thorak Regional Cemetery_S2_V13)



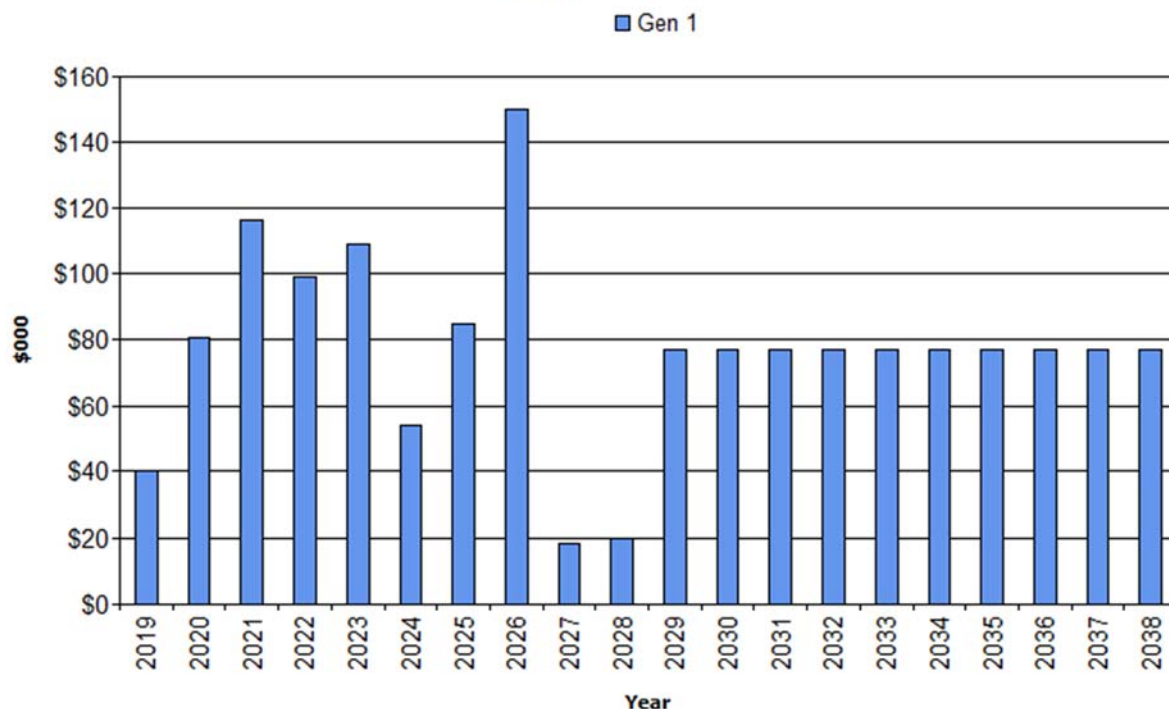
Over the twenty-year planning period Operations and Maintenance cost are above the funding currently allocated to these activities in the LTFP, the current service level therefore cannot be sustained.

Renewal and Replacement of existing assets

Renewal and replacement of existing assets refers to major work which does not increase the asset's design capacity but restores, rehabilitates, replaces or renews an existing asset to its original service potential. Work over and above restoring an asset to original service potential is an upgrade/expansion, or new work expenditure resulting in additional future operations and maintenance costs.

Projected future renewal and replacement investment is forecast to increase over time as asset stock increases. In 2026, there is a higher amount of expenditure due to projected replacement of a backhoe (mechanical excavator). All amounts in the graph below are shown in current (real) dollars.

Litchfield - Projected Capital Renewal Expenditure (Thorak Regional Cemetery_S2_V13)



The LTFP does not include an allocation for the replacement or renewal of existing assets Thorak Regional Cemetery. Therefore, all the investment indicated as required above, is unfunded at this point in time. This equates to \$772,00 over a ten-year period.

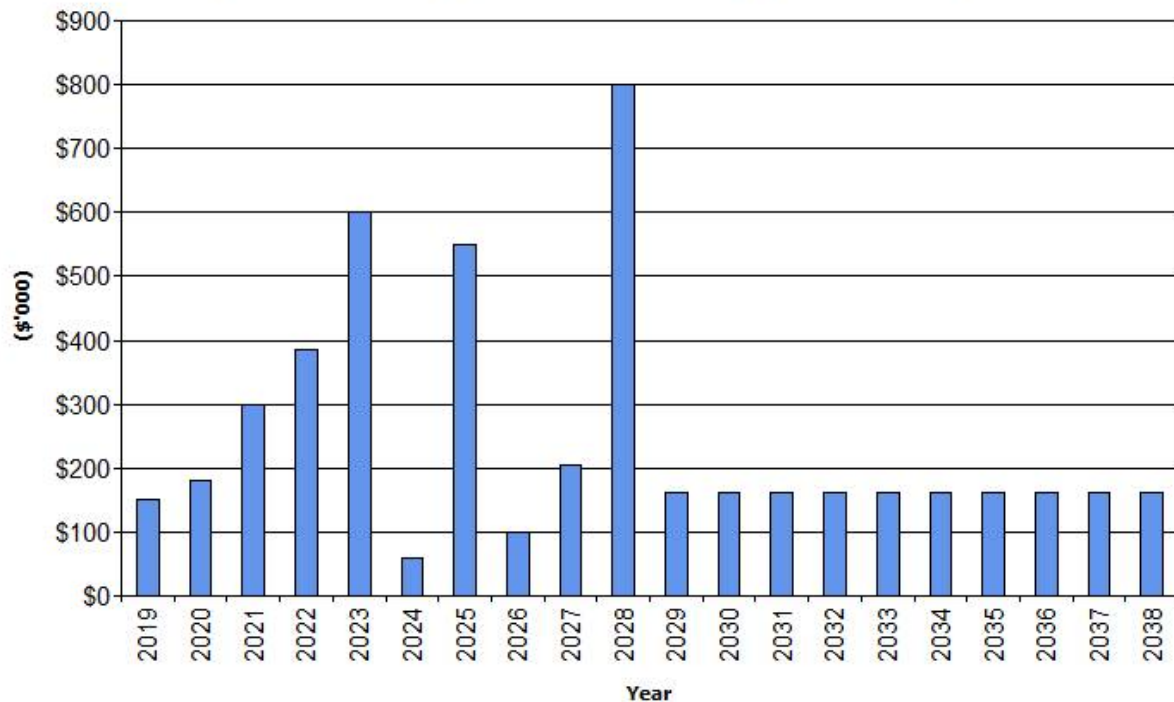
Upgrading of existing assets and/or providing new assets

New works are those that create a new asset that did not previously exist or works which will upgrade or improve an existing asset beyond its existing capacity.

To inform the development of the AMP, the expenditure and detail for upgrading or constructing new assets is taken from the Thorak Cemetery Master Plan, adopted by Council in July 2015.

The graph below represents the expected value of new and upgraded assets required based on the adopted Thorak Regional Cemetery Master Plan.

Litchfield - Projected Capital Upgrade/New Expenditure (Thorak Regional Cemetery_S2_V13)



The estimated expenditure for years 2019 to 2038 is based on average projected capital upgrade expenditure of the first 10 years. This equates to \$2,983,000 over a ten-year period.

Council's LTFP does not include an allocation for upgrading of existing assets or provision of new assets for Thorak Regional Cemetery. Therefore, the identified costs, as illustrated above are unfunded.

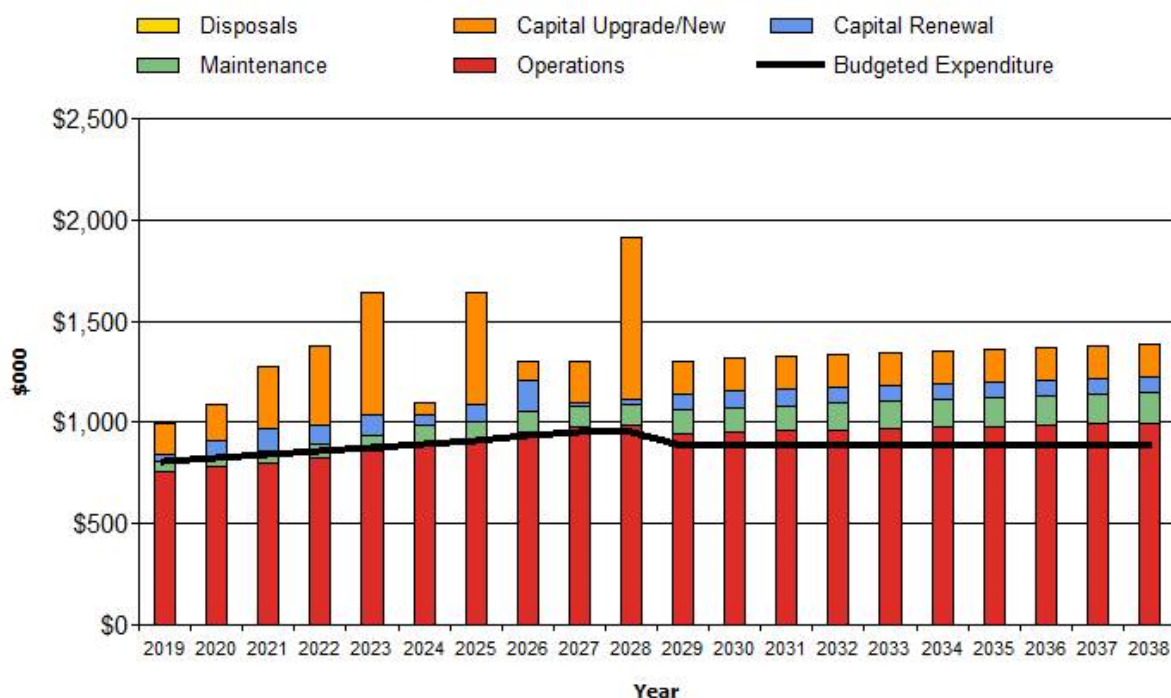
SUMMARY

The AMP estimates that the projected funding required, to provide the current level of service, over the next 10 years at Thorak Regional Cemetery, including operations (staffing and general operations) along with the maintenance, renewal and upgrade of assets, is **\$13,629,000 or \$1,363,000 on average per year.**

Council's LTFP includes an allocation of **\$8,845,000 or \$885,000 on average per year** over the next 10 years which equates to 65% of the calculated required investment level, see below.

Therefore, Thorak Regional Cemetery is **lacking \$0.5m in funding per year** over the next ten years.

Litchfield - Projected Operating and Capital Expenditure (Thorak Regional Cemetery_S2_V13)



In conclusion, the current funding allocation, as expressed in Council's LTFP, is not enough to sustain services at the current level and address service demand into the future. Presently, the operations are being tightly controlled and the Cemetery is managing to contain expenses within annual revenue amounts, however a satisfactory allocation for annual maintenance is not included and the budget does not provide for funding for the replacement of existing assets and new or upgraded assets.

The present committed funding levels in the LTFP for maintaining existing assets will be insufficient in the medium term. Funding will be falling short with current projections within the next five years and risks will be exposed for the board.

The main risks, under present funding levels are:

- Increased exposure to liability and injury through outdated and/or unmaintained public assets;
- Increased costs to reinstate degraded assets; and
- A further decrease in income from fees and charges, due to an unacceptable service.

NEXT STEPS

By way of next steps, in relation to managing the assets at the Cemetery, it is proposed that the Thorak Regional Cemetery:

- Continues to monitor the operation and maintenance budget against actual expenditure;
- Continues to identify operational efficiencies, to free up funding for asset renewal and improvement;
- Reviews asset related data and long term financial plans to identify critical work and funding required in the LTFP;
- Reviews service levels to determine what the Cemetery can stop delivering; and

- Continues to lobby the Northern Territory Government for a changed governance model and appropriations (allocated funding).

Links with Strategic Plan

Priority # 1 – Everything you need

Legislative and Policy Implications

The development of the Thorak Regional Cemetery AMP is an important step in understanding the quantum of the asset funding gap to improve how assets are managed, including identifying risks with the funding shortfall.

The AMP has been developed in line with the INF01 Asset Management Policy.

Risks

Endorsing the Thorak Regional AMP will allow the Board to clearly identify the financial sustainability issues and address risks that arise from these. It will also allow the Board to continue lobbying for an improved governance structure and appropriate government appropriation for this essential community service.

Financial Implications

The funding shortfall identified in the AMP illustrates the variance between the asset management requirements identified in the Cemetery Master Plan and the projected allocation of funding in Council's LTFP.

It also indicates that further work is required to review service levels and to continue to focus on alternate funding models.

Community Engagement

Not applicable

Recommending Officer: **Silke Maynard, Acting Chief Executive Officer**

Any queries on this report may be directed to the Recommending Officer on telephone (08) 8983 0600.

Any member of Council who may have a conflict of interest, or a possible conflict of interest in regard to any item of business to be discussed at a Council meeting or a Committee meeting should declare that conflict of interest to enable Council to manage the conflict and resolve it in accordance with its obligations under the Local Government Act and its policies regarding the same.

Litchfield Council




Thorak Regional Cemetery

Asset Management Plan



August 2018

Document Control		<div></div> Asset Management Plan			
Document ID : NAMSPLUS Concise Asset Management Plan Template_V2_170508					
Rev No	Date	Revision Details	Author	Reviewer	Approver
1	Aug 2018	First AMP	NS	SM	Board
2					
3					
4					
5					
6					
6					

Responsibility Table

S.N.	Description of Job	Responsibility Officer	Due Date
1	Implementation of Plan	Manager TRC	After adopted by Board
2	Update of Cemetery Asset Management Plan	Asset Management Officer	October 2020
3	Enhanced awareness of Asset Management	Asset Management Officer	Throughout year
4.	Revaluation of Thorak Regional Cemetery Assets	Finance Manager	June 2021

Cover Photo: Thorak Regional Cemetery

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1 EXECUTIVE SUMMARY

1.1 The Purpose of the Plan

The purpose of the Thorak Regional Cemetery Asset management plan is to identify the required investment in assets to provide a financially sustainable level of service at an acceptable level of risk, within statutory and legislative requirements to present and future residents of the Greater Darwin Region.

Whilst the plan forecasts for the next twenty years to show the effect of asset renewal cycles, analysis in the plan focus on the financial and service level impact over the coming ten years.

1.2 Asset Description

The Thorak Regional Cemetery assets comprises:

- Building and Infrastructure
- IT Equipment
- Vehicles

These infrastructure assets have value estimated at \$2,705,000. The cemetery asset management plan does not include the land on which the cemetery resides as this is the property of the Northern Territory Government.

1.3 Levels of Service

Thorak Regional Cemetery is serving the population of the Greater Darwin Region. The key issues and challenges are outlined below:

- Deteriorating financial income from cremations and burials over the last few years, due to a change in trend from burials to cremations;
- Establishment of a private enterprise cremator in the NT in 2011 seen Thorak's income drop by 65%, affecting revenue by approx. \$180K per annum;
- The inability to finance renewal and upgrade of necessary assets in line

with the Master Plan and continue to deliver service on an acceptable level in the long term;

- Absence of a funding model to contribute to the cost of running a regional service, to avoid Litchfield ratepayers having to subsidise a regional service through rates;
- Increased diversity in culture and religion of the population are increasing the need for new service deliveries;
- An increase in pressure on operation and maintenance budgets due to the decrease in income; and
- Changing environment of technology, legal, economy and burial practices.

1.4 Future Demand

The main demand for new services are impacted by:

- Diverse Population,
- Demographics,
- Economic factors,
- Access for all,
- Death ratio.

These will be managed through a combination of managing existing assets, upgrading of existing assets and providing new assets to meet demand.

1.5 Lifecycle Management Plan

What does it Cost?

The projected outlays necessary to provide the services covered by this Asset Management Plan (AM Plan) include operations, maintenance, renewal and upgrade of existing assets over the 10-year

planning period is \$13,629,000 or \$1,363,000 on average per year.

1.6 Financial Summary

What we will do

Estimated available funding for the 10-year period is \$8,845,000 or \$885,000 on average per year as per the long term financial plan and budget forecast. This equates to 65% of the cost to sustain the current level of service at the lowest lifecycle cost.

In cooperation with City of Darwin and City of Palmerston, Council is seeking assistance from the Northern Territory Government for the establishment of a ministerial board with funding provided by the Government to ensure this regional service can continue to be provided at an acceptable level.

What we cannot do

We currently do **not** allocate enough funding to sustain these services at the desired standard or to provide all new services being sought. Works and services that cannot be provided under present funding levels are new/replacement of assets as outlined in the Master Plan and major extensions of the cemetery to cater for the increased diversity of the Greater Darwin Region.

Managing the Risks

Our present funding levels are insufficient to continue to manage risks in the medium term.

The main risk consequences are:

- Increased exposure to liability and injury through outdated and/or unmaintained public assets,

- Increased costs to reinstate degraded assets, and
- A further decrease in income from fees and charges, due to an unacceptable service.

We will endeavour to manage these risks within available funding by:

- developing proactive, effective and efficient operational and maintenance programs,
- Increasing inspection frequency, and
- Focusing on advertisement and increasing exposure of cemetery services to the market.

1.7 Monitoring and Improvement Program

The next steps resulting from this asset management plan to improve asset management practices are:

- Continue development and implementation of data capture,
- Continue monitoring operation and maintenance budget and actual expenditure,
- Continue identifying operational efficiencies to free up funding for asset renewal and improvement,
- Review asset related data and long term financial plans,
- Develop and implement maintenance schedules for all assets.

2. INTRODUCTION

2.1 Background

This asset management plan communicates the actions required for the responsive management of assets (and services provided from assets), compliance with regulatory requirements, and funding needed to provide the required level of service over a 20-year planning period.

The asset management plan is to be read in connection with several Litchfield Council documents, including, but not limited to:

- Municipal Plan 2018-19
- Strategic Plan 2018-2022
- Long- Term Financial Plan 2017/18 to 2026/27
- Asset Management Policy INF01
- Thorak Regional Cemetery Master Plan dated 03/06/2015
- Thorak Regional Cemetery Service Review dated October 2016

The infrastructure assets covered by this Asset Management Plan are shown in Table 2.1.

The Thorak Regional Cemetery is placed on 26 hectares and is the only open cemetery in the Greater Darwin Region. The current service provision occupies around just under 50% of the complete site, approximately 13 hectares. It opened in 1988 and the crematorium facility was first built in 1990. The small office building and workshop shed are located at the entrance of the cemetery. Furthermore, at the entrance to the cemetery a residential dwelling is located, which had been established originally as a caretaker facility. The chapel and crematorium are located in the centre of the site. Several roadways and car parks as well as footpaths are making up the internal network. Overall, the major infrastructures on site include;

Table 2.1: Assets covered by this Plan

Asset Category	Quantity	Replacement Value
Building and Infrastructure (two bores, water tanks, office building, shed, dwelling, roads, cross road culverts, side drains, footpaths, gardens, irrigation reticulation, chapel, cremator, gate, fence, beams and kerbing)	42	\$2,403,600
IT equipment (Staff ICT, Chapel Audio-Visual system)	4	\$3,450
Vehicles & Equipment (cars, trailer, digging equipment)	9	\$298,095
TOTAL		\$2,705,000

2.2 Goals and Objectives of Asset Ownership

Our goal in managing infrastructure assets is to meet the defined level of service (as amended from time to time) in the most cost effective manner for present and future consumers. The key elements of infrastructure asset management are:

- Providing a defined level of service and monitoring performance,
- Managing the impact of growth through demand management and infrastructure investment,
- Taking a lifecycle approach to developing cost-effective management strategies for the long-term that meet the defined level of service,
- Identifying, assessing and appropriately controlling risks, and
- Linking to a long-term financial plan which identifies required, affordable expenditure and how it will be allocated.

Other references to the benefits, fundamentals principles and objectives of asset management are:

- International Infrastructure Management Manual 2015 ¹
- ISO 55000²



¹ Based on IPWEA 2015 IIMM, Sec 2.1.3, p 2 | 13

² ISO 55000 Overview, principles and terminology

3. LEVELS OF SERVICE

3.1 Customer Research and Expectations

Council is currently providing two distinctive services on the side of the Thorak Regional Cemetery. In line with Section 184 of the Local Government Act NT, Council is required to operate the side as a public cemetery due to side being within the Litchfield Municipality boundaries. Council is providing this service in line with all legislative requirements for public cemeteries. Ancillary services are provided from the chapel hire and sales of burial related accessories.

Furthermore, Council is providing a service in the form of the cremator, which is a commercial operation on the same site. Council is not required to provide this service by legislation but has to follow legislative requirements in providing this service.

In the public domain the two services are not distinguished and provided under the same entity, being the Thorak Regional Cemetery. Council believes it is necessary to assess the services together at this point in time to establish a plan for the site in the first instance.

The Litchfield Council 2018 Community Survey measured residents level of satisfaction with various Council services. The community survey reported satisfaction levels for Cemetery services as follows:

Table 3.1: Community Satisfaction Survey Levels

Performance Measure	Importance Level
	% Very Important and Somewhat Important
How important are the cemetery services in your area?	61.67%

Performance Measure	Satisfaction Level	
	% Excellent & Good	% Not Good & Poor
How satisfied are you with the cemetery services in your area?	96%	4%

Compared to the results of the Community survey undertaken in 2017 the importance for residence has increased by 3.85% (57.82 % in 2017) but the satisfaction of the service has reduced with 1% increase of residents judging the service as Not Good or Poor (3.01% in 2017).

This is an indication for a perceived reduction in service level by residents, which could be influenced by the aging infrastructure.

Community satisfaction information is used in developing the strategic plan and in the allocation of resources in the budget. The community survey is available on Council's website.

3.2 Strategic and Corporate Goals

This asset management plan is prepared under the direction of the Litchfield Council's vision and major roles.

The vision is for a place where personal, social and community wellbeing that stem from four unique attributes which are rarely, if ever, found together:

1. Family-friendly and Connected: We are a community where it is easy to get to know people and be around them, where it is ideal for family living with plenty of activities, and where it is safe.
2. Natural and Scenic: We have large blocks, with attractive scenic outlooks, lots of native wildlife, and we take pride in our places being beautiful and clean.
3. Spacious, but close to everything: While we have plenty of space to grow, you can get around easily and everything you need is close by.
4. Opportunity and prosperity: We are one of the most productive parts of Australia, with almost full employment, strong industries and business, and it is never too far to travel to work.

Council's six (6) major roles and how these are addressed in this asset management plan are:

Table 3.2: Major roles and how these are addressed in this Plan

Major Roles	How Council's major roles are addressed in AM Plan
Service Delivery	Meet the social and community interest
Advocate	Survey of major services
Fund	Planning of budget as per necessity
Regulate	Develop and review of Council policies
Work with Community	Welcoming and providing safe environment
Partner	Work with other agencies

3.3 Legislative Requirements

There are many legislative requirements relating to the management of assets. These include:

Table 3.3: Legislative Requirements

Legislation	Requirement
Local Government Act NT	Sets out role, purpose, responsibilities and power of local government including the preparation of long term financial plan supported by asset management plans for sustainable service delivery.
Cemeteries Act and Regulation NT	Sets out roles and responsibilities of Cemetery Management in NT.

Legislation	Requirement
Building Code of Australia	Enable the achievement of nationally consistent, minimum necessary standards of relevant safety, health, amenity and sustainable objectives efficiently.
Disability Discrimination Act (Commonwealth)	Aims to eliminate, as far as possible, discrimination against persons on the ground of disability in the areas of access to premises and the provision of facilities and services.
Planning Act NT	Adequate management, development and conservation of natural resources.
Australian Standards	To ensure infrastructure provides service for all.
Work Health and Safety Act	Provide a safe work environment for workers on the site.
Environment Protection and Biodiversity Conservation Act (Commonwealth)	Responsibility not to cause environmental harm (e.g. noise pollution, contamination of water).

3.4 Customer Levels of Service

Service levels are defined service levels in two terms, customer levels of service and technical levels of service. These are supplemented by organisational measures. The customer levels of service are presented in table below;

Table 3.4: Customer Level of Service

	Expectation	Performance Measure Used	Current Performance	Expected Position in 10 Years based on the current budget.
Service Objective: Council ensures that community infrastructure is constructed in compliance with standards and is fit for purpose, safe and well maintained to meet the cultural and community service needs of all ages and abilities.				
Quality	Satisfaction of cemetery services in your area.	Community Survey	96% respondents rated the service as very good or good in the 2018 community survey	Decreased satisfaction due to the lack of investment in renewal, upgrade of existing assets and investment in new assets.
	Confidence levels		High	High
Function	Cemeteries are well performed to their intended purpose by Council	Community Survey	62% of respondents rated the service as very or somewhat important in the 2018 survey.	With an aging population the importance of this service will increase with time.
	Confidence levels		High	High
Capacity and Use	Cemetery has enough area for current and future use	GIS Mapping	Sufficient as outlined in the Master Plan for Thorak Regional Cemetery, currently using less than half of the site.	Enough area will be available for extension of operations.
	Confidence levels		High	High

3.5 Technical Levels of Service

Technical Levels of Service - Supporting the customer service levels are operational or technical measures of performance. These technical measures relate to the allocation of resources to service activities to best achieve the desired customer outcomes and demonstrate effective performance.

The technical levels of service to be provided under this AM plan will meet legislative, regulatory and contract specifications. These requirements are provided within resources available in the long-term financial plan.

Service and asset management plan, implement and control technical service levels to influence the customer service levels.³

Technical levels of service have not been set at this stage and will be developed as part of the next revision of this asset management plan.

It is important to monitor the service levels provided regularly as these will change. The current performance is influenced by work efficiencies and technology, and customer priorities will change over time. Review and establishment of the agreed position which achieves the best balance between service, risk and cost is essential.



³ IPWEA, 2015, IIMM, p 2|28.

4. FUTURE DEMAND

4.1 Demand Drivers

Cemetery services need to be delivered with dignity and respect. Our society expects and requires that human bodies will be disposed of in a dignified manner and opportunity is given to different religious traditions to be catered for. Although Thorak Regional Cemetery is the only open cemetery in the region, and therefore burial services are a guaranteed market, the fact that the crematorium competes against a privately-operated facility is a revenue issue for the operation. Furthermore, the national trend in end-of-life-choices towards cremation and away from burials has impacted the cemetery income significantly. Drivers affecting demand include things such as diverse population, regulations, changes in demographics, seasonal factors, consumer preferences and expectations, technological changes, economic factors, environmental awareness, etc.

4.2 Demand Forecasts and Impact on Assets

The impact of demand drivers that may affect future service delivery and use of assets are shown in Table 4.2.

Table 4.2: Demand Drivers, Projections and Impact on Services

Demand drivers	Present position	Projection	Impact on services
Diverse Population (in the Greater Darwin)	As per ABS 2016 data 52.8% of residents in the Wider Darwin area have reported a religious belief with 37 different religions recorded.	The ABS data of 2016 shows a decrease in residents identified with religious belief of 6% yet an increase in diversity of religions recorded. It is assumed that this development will continue into the future.	Increase in demand for distinguished cemetery services with a diverse community profile. Different sections of the cemetery are expected to be opened for religious practices as shown over the past 10 years with the opening of the Muslim, Bahai, Greek Orthodox, Jewish sections and introduction of above-ground burial.
Demographics	148,293 residents in the Wider Darwin Area as per 30 June 2017 with 12.5% aged over 60.	3.3% (NT population projection, 2011) This projection will be influenced by a greater focus of the NTG on policies to retain aged residents in the NT	An aging population places greater demand on the cemetery service and the assets that support it. This will result in the consumption of burial rights more quickly. It will also increase the importance of appropriate service levels provided.

Demand drivers	Present position	Projection	Impact on services
Economic Factors	Thorak is financially unsustainable with operational income being lower than the operational expenses and allocation for asset renewals being funded out of financial reserves which are diminishing.	Cost is continuing to increase at the current service level due to contractual and legislative requirements.	Service Level will decrease as financial reserves are used up and Thorak Regional Cemetery cannot continue to self-fund its operations.
Access for all	Limited accessible paths especially through the wet season and limited accessibility to other amenities e.g. chapel.	Accessibility will become even more important with an aging population.	Additional funds required to upgrade assets and meet standards for accessibility.
Deaths	7.3 deaths per 1,000 standard population (ABS 2016).	Over the past 10 years, standardised death rate declined by 1.5 per 1,000 standard population (ABS 2016), yet an increase in population could balance this decline.	A declining death rate will impact the overall income that can be achieved and reduce the service level that can be delivered within financial means.

4.3 Demand Management Plan

Demand for new services will be managed through a combination of managing existing assets, upgrading of existing assets and providing new assets to meet demand. Demand management practices include non-asset solutions, insuring against risks and managing failures.

Non-asset solutions focus on providing the required service without the need for asset ownership and management actions include reducing demand for the service, reducing the level of service (allowing some assets to deteriorate beyond current service levels) or educating customers to accept appropriate asset failures⁴. Opportunities identified to date for demand management are shown in Table 4.3. Further opportunities will be developed in future revisions of this asset management plan.

Table 4.3: Demand Management Plan Summary

Demand Driver	Impact on Services	Demand Management Plan
Diverse Population Changes	Increase in demand for cemetery services with diverse community profile	Continue to work with community and stakeholders to understand expectations and needs and to prioritise them.

⁴ IPWEA, 2015, IIMM, Table 3.4.1, p 3|89.

Demand Driver	Impact on Services	Demand Management Plan
Demographics	An aging population places greater demand on the cemetery service and the assets that support it.	Begin to plan for extension of cemetery.
Economic Factors	Thorak is financially unsustainable with operational income being lower than the operational expenses and allocation for asset renewals being funded out of financial reserves which are diminishing.	Ensure cemetery is managed in a way that minimises running costs and develop equitable & practical funding model.
Access for all	Additional funds required to upgrade assets and meet standards for accessibility.	Identify opportunities to ensure renewals and upgrades will meet current legislation.
Deaths	A declining death rate will impact the overall income that can be achieved and reduce the service level that can be delivered within financial means.	Keep monitoring the deaths in conjunction with the increase of aged population.



4.4 Asset Programs to meet Demand

The requirement for new assets in the cemetery asset management plan refers to the Thorak Cemetery Master Plan. The acquisition of additional land as space in cemetery is not an issue. Figure 1 represents the expected value of new assets that will be either contributed or will be constructed based on data provided in the growth section of the planned expenditures data entry.

Data is cumulatively represented with the yellow portion, if applicable, representing new assets attributed to growth and the blue section, if applicable, representing future expenditure as per Master Plan on new assets or upgrading/expanding current assets.

Figure 1: Upgrade and New Assets to meet Demand – (Cumulative)

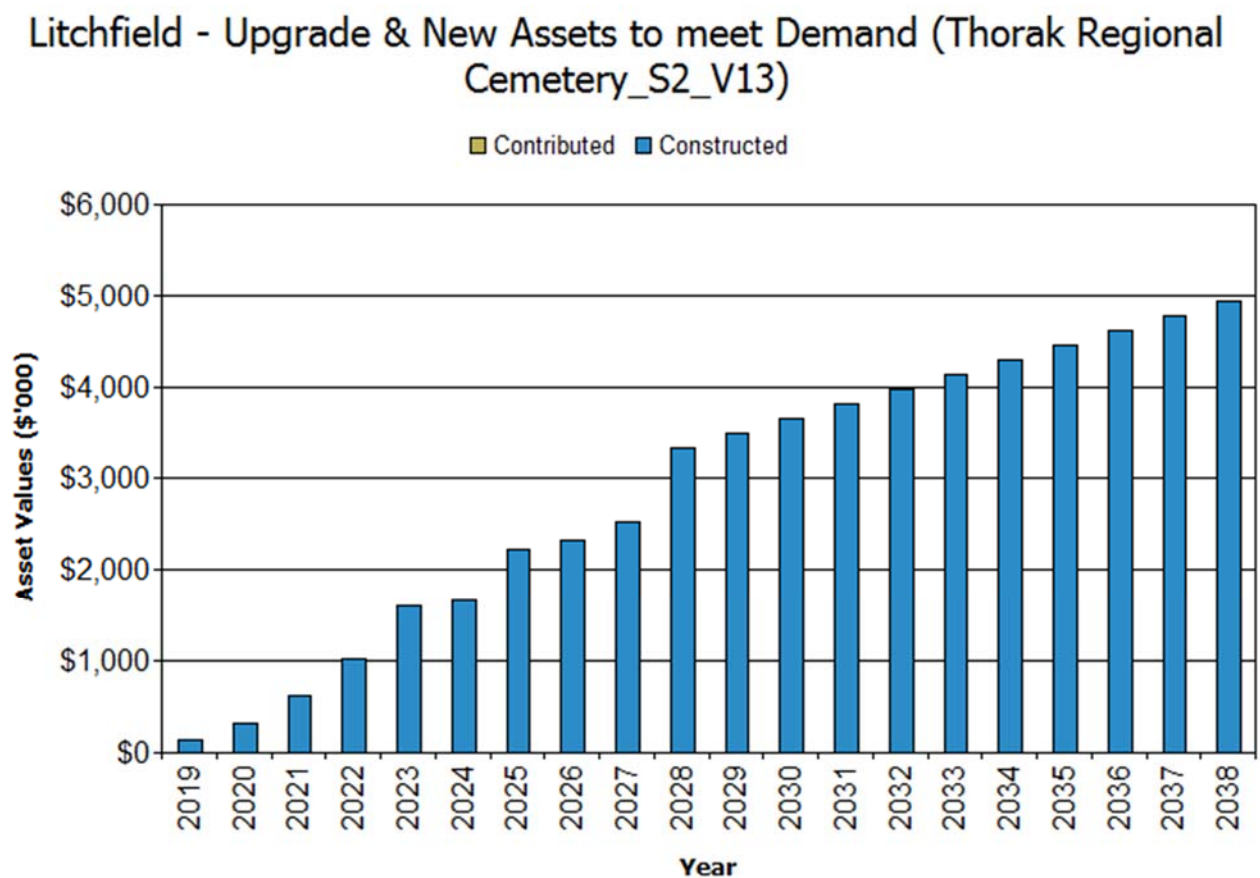


Figure Values are in current (2018) dollars.

Acquiring these new assets will commit ongoing operations, maintenance and renewal costs for the period that the service provided from the assets is required. These future costs are identified and considered in developing forecasts of future operations, maintenance and renewal costs for inclusion in the long term financial plan further in Section 5.

5. LIFECYCLE MANAGEMENT PLAN

The lifecycle management plan details how Litchfield Council plans to manage and operate the assets at the agreed levels of service (defined in Section 3) while managing life cycle costs.

5.1 Background Data

5.1.1 Asset capacity and performance

Assets are generally provided to meet design standards where these are available.

Locations where deficiencies in service performance are known are detailed in Table 5.1.1.

Table 5.1.1: Known Service Performance Deficiencies

Location	Service Deficiency
Irrigation Infrastructure	Does not cover all sections of Thorak Regional Cemetery
Wayfinding	Lack of orientation for visitors
Car park near Admin build	Rutting and damage of surface on car park
Shade installation	Lack of shade throughout the cemetery for visitors
Operations centre	Operations split across the site with too high visibility for visitors
Unused Land	Potential income of unused land
Garden of Angels	Aged asset infrastructure causes reduction in appropriate amenity provided to visitors
Car Parking, paths and seating	Provide wheelchair accessibility, benches for resting and more car parking for all weather access
Palm Garden	Lack of shade and aged paving providing hazards
Central pedestrian only road	Provide walk of memories and interment options
Office extension	Provision of family consulting room to ensure privacy and allow for confidential conversations.
Across the cemetery	Lack of shade provision through appropriate tree planting plans
Chapel	All weather access and disability access
Second Entry	Reduce traffic issues during large services
New chapel	Offer option of outdoor service

The above service deficiencies were identified in the Master Plan adopted by the Board.

5.1.2 Asset condition

Thorak Regional Cemetery is managed by Council staff and operation/maintenance works are carried out by both contractors and Council staff. It is required to develop an inspection regime to ensure safety of cemetery users and general condition of assets.

This is the first Asset Management Plan for Thorak Regional Cemetery. Previously, the Thorak Regional Cemetery has been monitored with a maintenance only methodology. The focus of this plan is on better defining operational, maintenance and renewal strategies and to improve asset

data knowledge, particularly in relation to asset condition. The condition rating of all assets has been undertaken by a qualified external valuer in 2018.

5.2 Operations and Maintenance Plan

Operations include regular activities to provide services such as public health, safety and amenity, e.g. cleaning, utilities costs and mowing around garden.

Routine maintenance is the regular on-going work that is necessary to keep assets operating, including instances where portions of the asset fail and need immediate repair to make the asset operational again, e.g. annual cremator maintenance.

Maintenance includes all actions necessary for retaining an asset as near as practicable to an appropriate service condition including regular ongoing day-to-day work necessary to keep assets operating.

Operations & maintenance expenditure is shown in Table 5.2.1.

Table 5.2.1: Operations & Maintenance Expenditure Trends

Year	Operations & Maintenance Budget \$
2016/2017	\$803,956
2015/2016	\$952,675
2014/2015	\$937,190

Operations and maintenance expenditure vary from year to year, particularly over the last three years. Where maintenance expenditure levels will result in a lesser level of service, the service consequences and service risks have been identified and service consequences highlighted in this AM Plan and service risks considered in the Infrastructure Risk Management Plan.

Summary of future operations and maintenance expenditures

Figure 2 shows the 20 year forecast of operating and maintenance expenditures in real (2018) dollar values. It reflects an increase over time due to the addition of new assets from increasing demand, growth and/or risk management control measures. According to the below graph, there is a shortfall based on the current funding provided by the Long Term Financial Plan. To sustain the current Service Level it will be required to adjust the current Long Term Financial Plan according to the projected expenditures.

Figure 2: Projected Operations and Maintenance Expenditure

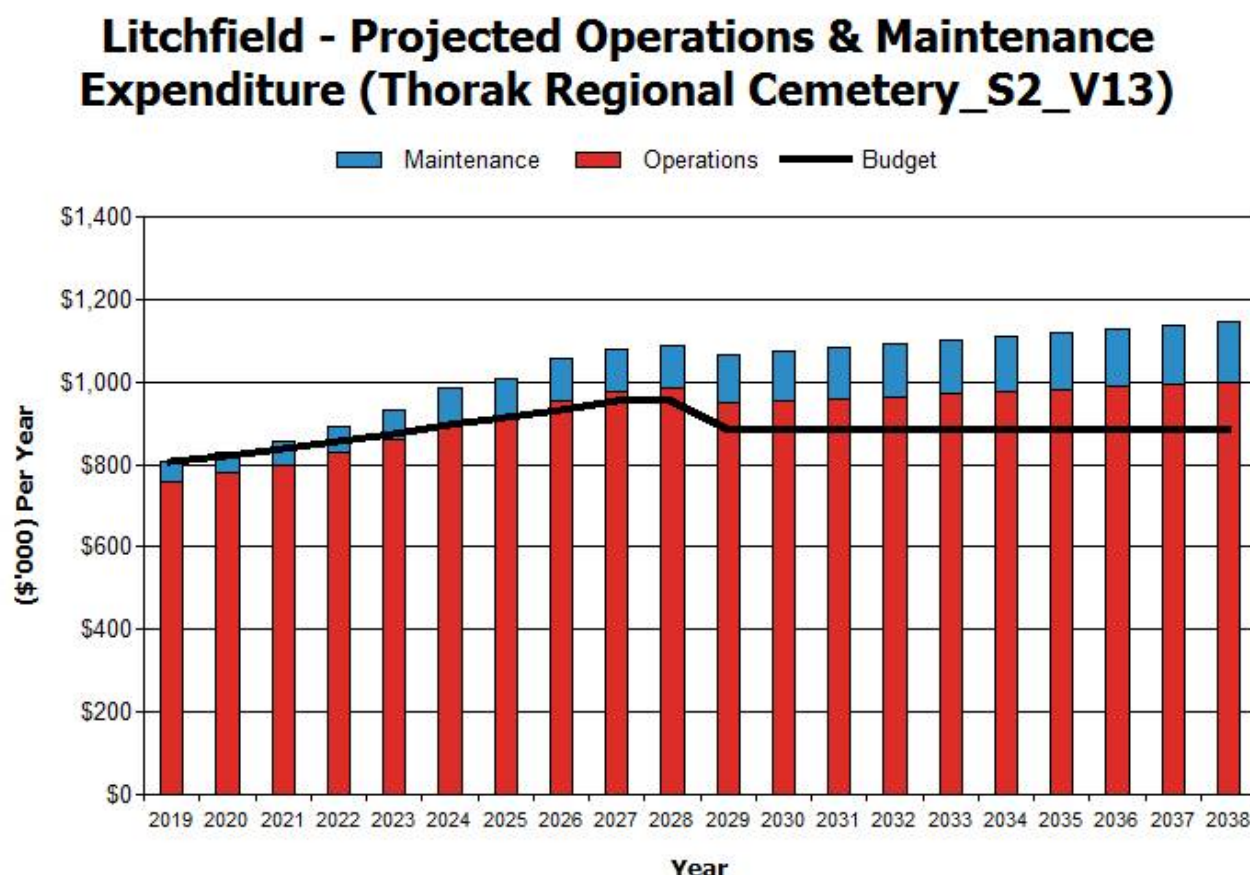


Figure Values are in current (2018) dollars.

There is a shortfall of budget in the above graph which is further discussed in section 5.4.3. Deferred maintenance, i.e. works that are identified for maintenance and unable to be funded are to be included in the risk assessment and analysis in the infrastructure risk management plan.

Maintenance is funded from the operating budget where available.

5.3 Renewal/Replacement Plan

Renewal and replacement expenditure is major work which does not increase the asset's design capacity but restores, rehabilitates, replaces or renews an existing asset to its original service potential. Work over and above restoring an asset to original service potential is considered to be an upgrade/expansion or new work expenditure resulting in additional future operations and maintenance costs.

Assets requiring renewal/replacement are identified by method 3, which is provided in the 'Expenditure Template'.

5.3.1 Renewal ranking criteria

Asset renewal and replacement is typically undertaken to either:

- Ensure the reliability of the existing infrastructure to deliver the service it was constructed to facilitate (e.g. replacing a bridge that has a 5 t load limit), or

- To ensure the infrastructure is of sufficient quality to meet the service requirements (e.g. roughness of a road).⁵

It is possible to get some indication of capital renewal and replacement priorities by identifying assets or asset groups that:

- Have a high consequence of failure,
- Have high use and subsequent impact on users would be greatest,
- Have a total value representing the greatest net value,
- Have the highest average age relative to their expected lives,
- Are identified in the AM Plan as key cost factors,
- Have high operational or maintenance costs, and
- Have replacement with a modern equivalent asset that would provide the equivalent service at a savings.⁶

The ranking criteria used as a guideline to determine priority of identified renewal and replacement proposals is detailed in Table 5.3.1.

Table 5.3.1: Renewal and Replacement Priority Ranking Criteria

Criteria	Weighting
Safety Issues	30%
Link to Council Municipal Plan	20%
Utilisation/Fit for Purpose	20%
Compliance Issues	30%
Total	100%

⁵ IPWEA, 2015, IIMM, Sec 3.4.4, p 3|91.

⁶ Based on IPWEA, 2015, IIMM, Sec 3.4.5, p 3|97.

5.3.2 Summary of future renewal and replacement expenditure

Projected future renewal and replacement expenditures are forecast to increase over time when the asset stock increases. In the below graph, the blue colour indicates the renewal program at the end of useful life without a second renewal time during the 20-year period. If there are renewal expenditures for the same asset for a second time within this period, the expense is shown as Gen's 2+ in green colour. The expenditure is shown in Fig 3. In 2026, there is a higher amount of expenditure due to projected replacement of a backhoe (mechanical excavator). Note that all amounts are shown in current (real) dollars.

The projected capital renewal and replacement program is shown in Appendix B.

Fig 3: Projected Capital Renewal and Replacement Expenditure

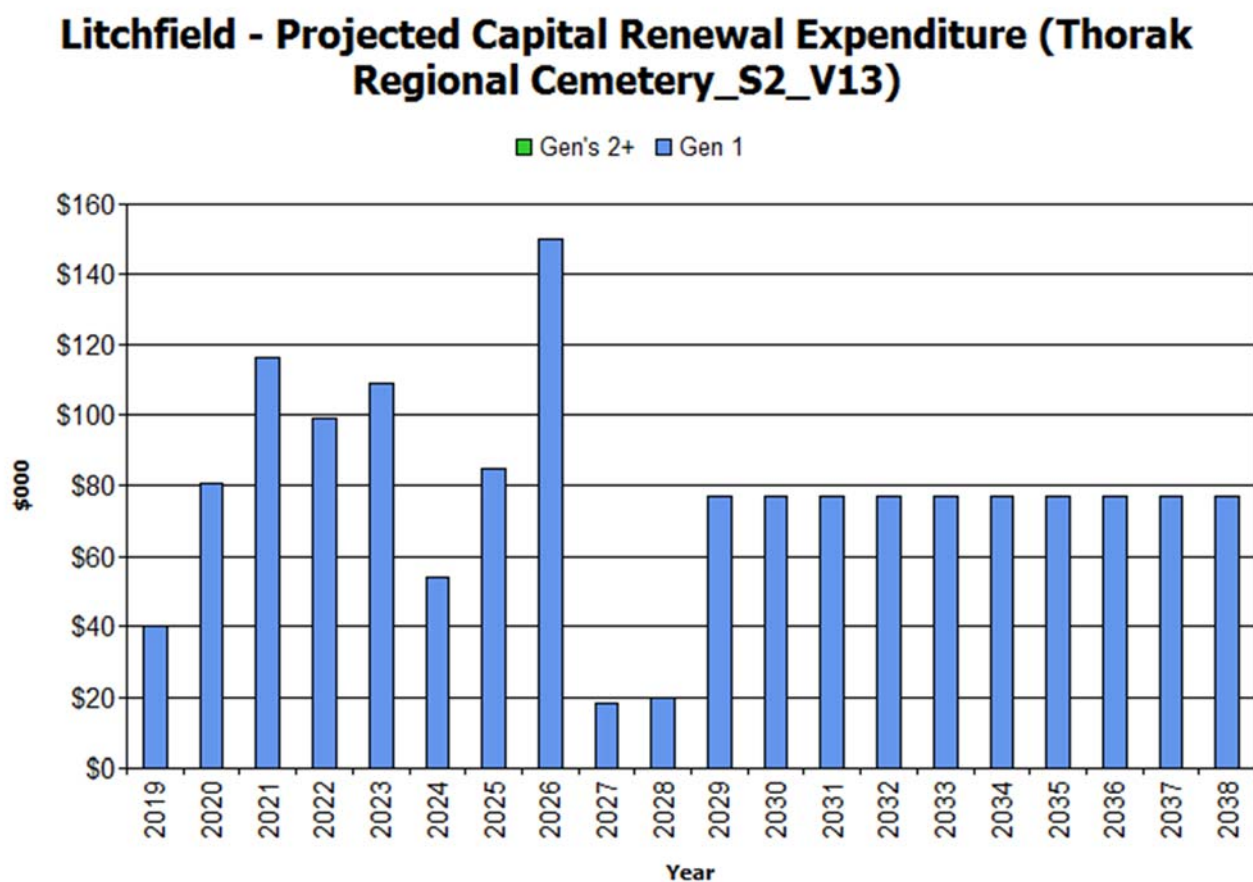


Figure Values are in current (2018) dollars.

Deferred renewal and replacement, i.e. those assets identified for renewal and/or replacement and not scheduled in capital works programs are included in the risk analysis process in the risk management plan.

Renewals and replacement expenditure in the capital works program will be accommodated in the long term financial plan. This is further discussed in Section 7.

5.4 Creation/Acquisition/Upgrade Plan

New works are those that create a new asset that did not previously exist or works which will upgrade or improve an existing asset beyond its existing capacity. They may result from growth, social or environmental needs. Assets may also be acquired at no cost. These additional assets are considered in Section 4.4.

5.4.1 Selection criteria

New assets and upgrade/expansion of existing assets are identified from Thorak Regional Cemetery Master Plan Report. The ranking criteria used as a guideline to determine priority of identified renewal and replacement proposals is detailed in Table 5.4.1.

Table 5.4.1: New Assets Priority Ranking Criteria

Criteria	Weighting
Strategic Plan	25%
Asset Failure or Unserviceable	35%
Legislative/ Compliance Issues	40%
Total	100%

5.4.2 Summary of future upgrade/new assets expenditure

Projected upgrade/new asset expenditures are summarised in Fig 4. The projected upgrade/new capital works program is shown in Appendix C. All amounts are shown in real values.

Fig 4: Projected Capital Upgrade/New Asset Expenditure

Litchfield - Projected Capital Upgrade/New Expenditure (Thorak Regional Cemetery_S2_V13)

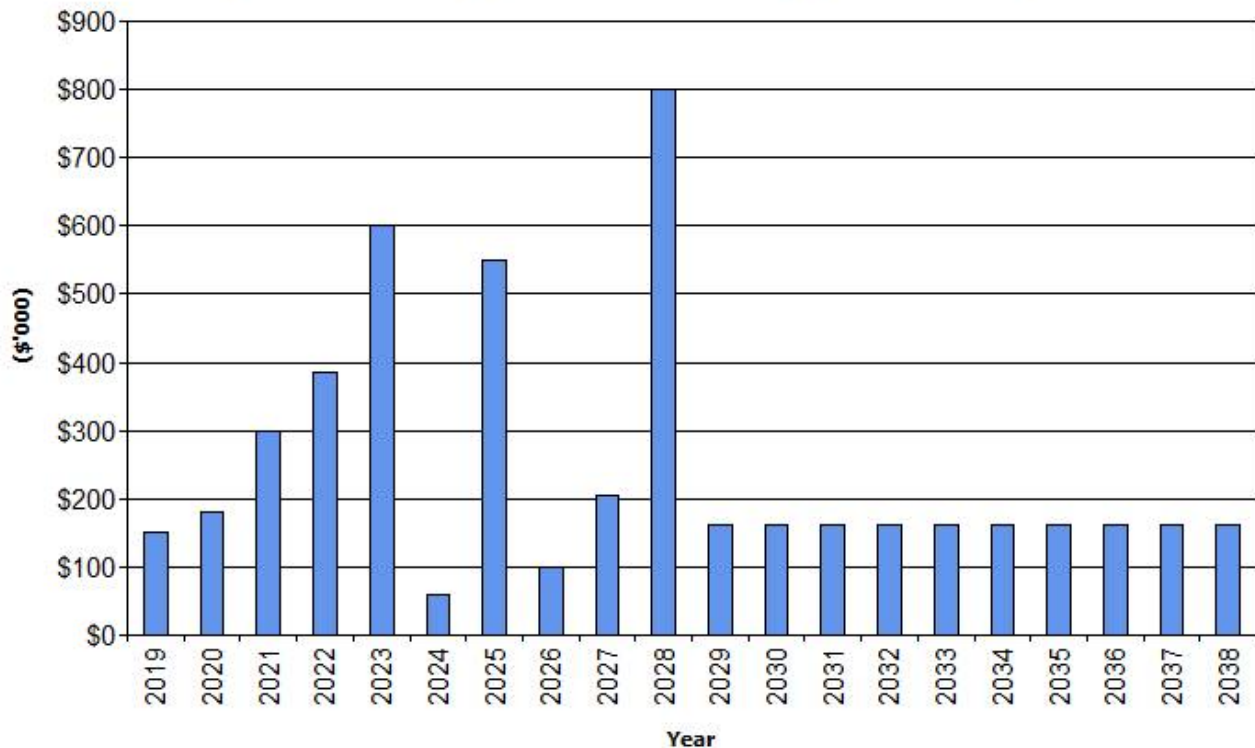


Figure Values are in current (2018) dollars.

The estimated expenditure for years 2029 to 2037 is based on average projected capital upgrade expenditure of the first 10 years.

Expenditure on identified new assets and services in the capital works program will be accommodated in the long term financial plan and subject to annual budget decisions.

5.4.3 Summary of asset expenditure requirements

The financial projections from this asset plan are shown in Fig 5 for projected operating (operations and maintenance) and capital expenditure (renewal and upgrade/expansion/new assets). Note that all costs are shown in real values.

The bars in the graphs represent the anticipated budget needs required to achieve lowest lifecycle costs, the budget line indicates what is currently available. The gap between these informs the discussion on achieving the balance between services, costs and risk to achieve the best value outcome.

Fig 5: Projected Operating and Capital Expenditure

Litchfield - Projected Operating and Capital Expenditure (Thorak Regional Cemetery_S2_V13)

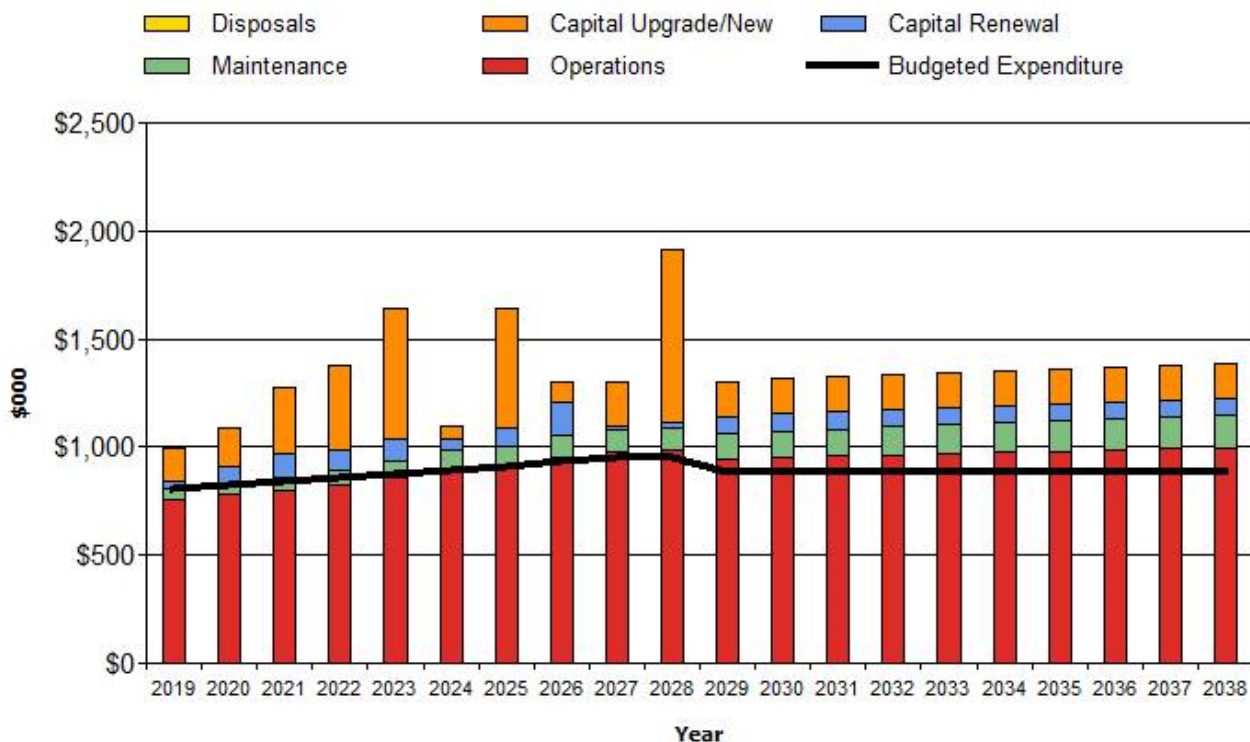


Figure Values are in current (2018) dollars.

The funding shortfall identified in the above figure comes from the projected expenditure based on current Long Term Financial Plan to maintain assets at the same level of service. It indicates that further work is required on reviewing service levels, revising the LTFP to eliminate funding gaps, where possible, and continue to focus on alternate funding models.

We will manage the gap by developing this asset management plan to provide guidance on future service levels and resources required to provide these services, and review future services, service levels and costs with the community.

5.5 Disposal Plan

Disposal includes any activity associated with the disposal of a decommissioned asset including sale, demolition or relocation. Assets identified for possible decommissioning and disposal are shown in Table 5.5, together with estimated annual savings from not having to fund operations and maintenance of the assets. These assets will be further reinvestigated to determine the required levels of service and see what options are available for alternate service delivery, if any. Any costs or revenue gained from asset disposals is accommodated in the long term financial plan.

Table 5.5: Assets Identified for Disposal

Asset	Reason for Disposal	Timing	Disposal Expenditure	Operations & Maintenance Annual Savings
Old Cremator	Disconnected with power due to availability of new one	2020	\$30,000	\$0.00

Removal of the above item will be considered in conjunction with the options of using the space for possible improvements to the chapel or ash interments.



6. RISK MANAGEMENT PLAN

The purpose of infrastructure risk management is to document the results and recommendations resulting from the periodic identification, assessment and treatment of risks associated with providing services from infrastructure, using the fundamentals of International Standard ISO 31000:2009 Risk management – Principles and guidelines.

Risk Management is defined in ISO 31000:2009 as: ‘coordinated activities to direct and control with regard to risk’⁷.

An assessment of risks associated with service delivery from infrastructure assets has identified critical risks that will result in loss or reduction in service from infrastructure assets or a ‘financial shock’. The risk assessment process identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, develops a risk rating, evaluates the risk and develops a risk treatment plan for non-acceptable risks.

6.1 Critical Assets

Critical assets are defined as those which have a high consequence of failure causing significant loss or reduction of service. Similarly, critical failure modes are those which have the highest consequences.

Critical assets have been identified and their typical failure mode and the impact on service delivery are as follows:

Table 6.1 Critical Assets

Critical Asset(s)	Failure Mode	Impact
Road network	Physical failure e.g. formation of pot hole, rutting, crack	Increase chance of injury
Buildings	Natural disaster e.g. earthquake and cyclone	Increase cost to reinstate damaged assets
Cremator	Mechanical	Decrease level of income from fees and charges

By identifying critical assets and failure modes investigative activities, condition inspection programs, maintenance and capital expenditure plans can be targeted at the critical areas.

6.2 Risk Assessment

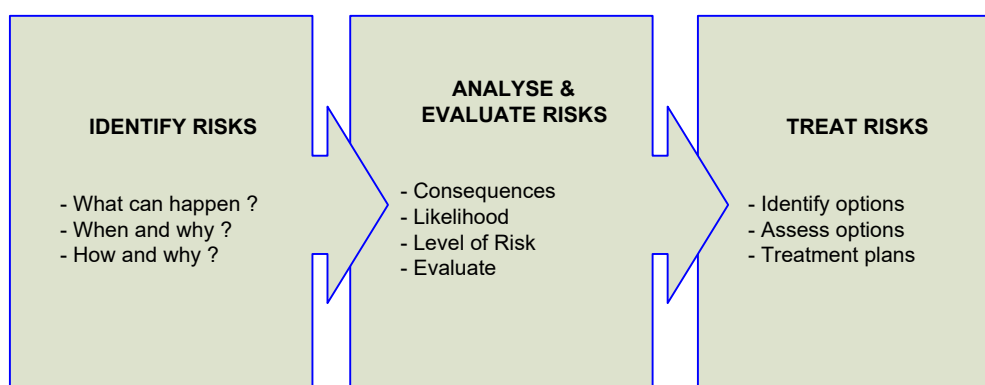
The risk management process used in this project is shown in Figure 6.2 below.

It is an analysis and problem-solving technique designed to provide a logical process for the selection of treatment plans and management actions to protect the community against unacceptable risks.

The process is based on the fundamentals of the ISO risk assessment standard ISO 31000:2009.

⁷ ISO 31000:2009, p 2

Fig 6.2 Risk Management Process – Abridged



The risk assessment process identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, develops a risk rating, evaluates the risk and develops a risk treatment plan for non-acceptable risks.

An assessment of risks associated with service delivery from infrastructure assets has identified the critical risks that will result in significant loss, ‘financial shock’ or a reduction in service.

Critical risks are those assessed with ‘Very High’ (requiring immediate corrective action) and ‘High’ (requiring corrective action) risk ratings identified in the Infrastructure Risk Management Plan. The residual risk and treatment cost after the selected treatment plan is implemented is shown in Table 6.2. These risks and costs are reported to management and Council executive team.

Table 6.2: Critical Risks and Treatment Plans

Service or Asset at Risk	What can Happen	Risk Rating (VH, H)	Risk Treatment Plan	Residual Risk *	Treatment Costs
Road Network	Increase chance of injury	H	Allocate budget for periodic maintenance due to physical failure of assets	L	Maintenance cost
Buildings	Increase cost to reinstate damaged assets due to natural disaster	H	Increased resources for inspection and maintenance	M	Inspection & maintenance cost
Cremator	Decrease income level due to failure	H	Arrange annual maintenance of cremator	L	Annual maintenance cost

Note * The residual risk is the risk remaining after the selected risk treatment plan is operational.

6.3 Service and Risk Trade-Offs

The decisions made in adopting this AM Plan are based on the objective to achieve the optimum benefits from the available resources.

6.3.1 What we cannot do

There are some operations and maintenance activities and capital projects that are unable to be undertaken within the next 10 years. These include:

- Providing funding to community generated ideas and projects that fall outside the resourcing
- Undertaking projects that do not have broad community benefit.

6.3.2 Service trade-off

Operations and maintenance activities and capital projects that cannot be undertaken will maintain or create service consequences for users. These include:

- Dissatisfaction from community with level of service,
- Reduce asset use,
- Decrease quality (using the asset beyond desired service level)
- Reduction in regular servicing (Operational and maintenance programs), which will result in lower use and capacity.

6.3.3 Risk trade-off

The operations and maintenance activities and capital projects that cannot be undertaken may maintain or create risk consequences. These include:

- Increase exposure to injury and liability
- Reactive and inefficient service delivery
- Higher reactive maintenance costs after extended period of use below service level
- Difficulty for delivery of services.

These actions and expenditures are considered in the projected expenditures.

7. FINANCIAL SUMMARY

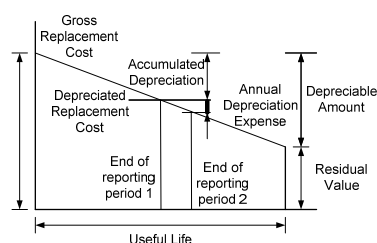
This section contains the financial requirements resulting from all the information presented in the previous sections of this asset management plan. The financial projections will be improved as further information becomes available on desired levels of service and current and projected future asset performance.

7.1 Financial Statements and Projections

7.1.1 Asset valuations

The best available estimate of the value of assets included in this Asset Management Plan are shown below. Assets are valued at current replacement cost.

Gross Replacement Cost	\$2,705,000
Depreciable Amount	\$2,234,000
Depreciated Replacement Cost ⁸	\$2,022,000
Annual Average Asset Consumption	\$92,000



7.1.2 Sustainable of service delivery

Two key indicators for service delivery sustainability that have been considered in the analysis of the services provided by this asset category, these being the:

- asset renewal funding ratio, and
- medium term budgeted expenditures/projected expenditure (over 10 years of the planning period).

7.1.3 Asset Renewal Funding Ratio

Asset Renewal Funding Ratio⁹ 0%

The Asset Renewal Funding Ratio is the most important indicator and indicates that over the next 10 years of the forecasting that we expect to have 0% of the funds required for the optimal renewal and replacement of assets. This relates to the current Long-Term Financial Plan not including any funding for asset renewal due to lack of operational income.

7.1.4 Medium term – 10 year financial planning period

This asset management plan identifies the projected operations, maintenance and capital renewal expenditures required to provide an agreed level of service to the community over a 10 year period. This provides input into 10 year financial and funding plans aimed at providing the required services in a sustainable manner.

These projected expenditures may be compared to budgeted expenditures in the 10 year period to identify any funding shortfall. In a core asset management plan, a gap is generally due to increasing asset renewals for ageing assets.

⁸ Also reported as Written Down Value, Carrying or Net Book Value.

⁹ AIFMM, 2015, Version 1.0, Financial Sustainability Indicator 3, Sec 2.6, p 9.

The projected operations, maintenance and capital renewal expenditure required over the 10 year planning period is \$1,030,000 on average per year.

Estimated (budget) operations, maintenance and capital renewal funding is \$885,000 on average per year giving a 10 year funding shortfall of \$-145,000 per year. This indicates 86% of the projected expenditures needed to provide the services documented in the asset management plan. This excludes upgrade/new assets.

Providing services from infrastructure in a sustainable manner requires the matching and managing of service levels, risks, projected expenditures and financing to achieve a financial indicator of approximately 1.0 for the first years of the asset management plan and ideally over the 10-year life of the Long Term Financial Plan.

7.1.5 Projected expenditures for long term financial plan

Table 7.1.5 shows the projected expenditures for the 10 year long term financial plan.

Expenditure projections are in 2018 real values.

Table 7.1.5: Projected Expenditures for Long Term Financial Plan (\$000)

Year	Operations (\$000)	Maintenance (\$000)	Projected Capital Renewal (\$000)	Capital Upgrade/ New (\$000)	Disposals (\$000)
2019	\$758	\$48	\$40	\$150	\$0
2020	\$778	\$52	\$81	\$180	\$0
2021	\$800	\$56	\$116	\$300	\$0
2022	\$828	\$63	\$99	\$385	\$0
2023	\$859	\$73	\$109	\$600	\$0
2024	\$898	\$86	\$54	\$60	\$0
2025	\$918	\$88	\$85	\$550	\$0
2026	\$955	\$100	\$150	\$100	\$0
2027	\$976	\$103	\$18	\$205	\$0
2028	\$984	\$107	\$20	\$800	\$0

All dollar values are in (\$'000)'.

7.2 Funding Strategy

Funding for assets is provided from the budget and long term financial plan.

The financial strategy of the entity determines how funding will be provided, whereas the asset management plan communicates how and when this will be spent, along with the service and risk consequences of differing options. (might be efficiency in operation cost).

At this point in time the financial reserves are diminishing due to operating expenses exceeding the operating income. The Board is responding to this with two main actions:

- identification and implementation of operating efficiencies to reduce the cost of the day-today running of the cemetery,
- improvement of operating income through review of pricing structure, increased marketing and extension of services to gain more income, and
- utilisation of grant opportunities for asset expenditures.

It is expected that this will only generate small amounts of funding for the renewal of assets and not address the overall shortfall of funding.

Council therefore with the cooperation of City of Palmerston and City of Darwin under a TOPROC resolution is approaching the Minister for Housing and Community Development for the establishment of a ministerial board and provision of government funding for this regional service.

7.3 Valuation Forecasts

Asset values are forecast to increase as additional assets are likely to be acquired to the asset stock from construction and acquisition of new assets.

Additional assets will generally add to the operations and maintenance needs in the longer term, as well as the need for future renewal. Additional assets will also add to future depreciation forecasts.

7.4 Key Assumptions Made in Financial Forecasts

This section details the key assumptions made in presenting the information contained in this asset management plan. It is presented to enable readers to gain an understanding of the levels of confidence in the data behind the financial forecasts.

Key assumptions made in this asset management plan are below;

Key Assumptions made in AM Plan

- Improved asset data knowledge of condition and useful life is considered,
- No significant change in future demand,
- No significant or unexpected deterioration to cemetery assets is considered,
- Renewal cost is considered based on external consultant replacement value.

7.5 Forecast Reliability and Confidence

The expenditure and valuations projections in this AM Plan are based on best available data. Currency and accuracy of data is critical to effective asset and financial management. Data confidence is considered to be reliable due to following reasons below;

- All data are captured from site visit,

- The long term financial budget is used to project future expenditures,
- The replacement cost of assets is used from external consultant report.

8. PLAN IMPROVEMENT AND MONITORING

8.1 Status of Asset Management Practices¹⁰

8.1.1 Accounting, financial and asset management data sources

Council has been using Civica Authority and Exponare Enquiry systems for accounting, financial and asset management data.

8.2 Improvement Plan

The asset management improvement plan generated from this asset management plan is shown in Table 8.1.

Table 8.1: Improvement Plan

Task No	Task	Responsibility	Resources Required	Timeline
1	Technical levels of service will be developed	DIO	External/Consultant	June 2019
2	Continue monitoring operation and maintenance budget and actual expenditures	FM/TCM	In-house	Ongoing
3	Review community levels of service against community satisfaction results	DCCS	External/Consultant	June 2019
4	Continue data capture on Council's asset register	AMO	In-house	Ongoing
5	Identify future works through review of Master Plan	TCM	External/Consultant	September 2019
6	Continue enhanced AM awareness through Asset Management Working Group Meeting	AMO	In-house	Ongoing
7	Review the data of assets acquisition/renewal/upgrade	AMO	In-house	December 2019
8	Review asset useful life and condition assessment	AMO	In-house	June 2019
9	Undertake internal inspection of critical assets	TCM	In-house	Ongoing
10	Implement maintenance schedules	TCM	In-house	December 2018

¹⁰ ISO 55000 Refers to this the Asset Management System

8.3 Monitoring and Review Procedures

This asset management plan will be reviewed during annual budget planning processes and amended to show any material changes in service levels and/or resources available to provide those services as a result of budget decisions.

The AM Plan will be updated annually to ensure it represents the current service level, asset values, projected operations, maintenance, capital renewal and replacement, capital upgrade/new and asset disposal expenditures and projected expenditure values incorporated into the long term financial plan.

The AM Plan has a life of 4 years and is due for complete revision and updating within 12 months of each Council election.



9. REFERENCES

- IPWEA, 2006, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australasia, Sydney, www.ipwea.org/IIMM.
- IPWEA, 2008, 'NAMS.PLUS Asset Management', Institute of Public Works Engineering Australasia, Sydney, www.ipwea.org/namsplus.
- IPWEA, 2015, 2nd edn., 'Australian Infrastructure Financial Management Manual', Institute of Public Works Engineering Australasia, Sydney, www.ipwea.org/AIFMM.
- IPWEA, 2015, 3rd edn., 'International Infrastructure Management Manual', Institute of Public Works Engineering Australasia, Sydney, www.ipwea.org/IIMM.
- IPWEA, 2012 LTFP Practice Note 6 PN Long Term Financial Plan, Institute of Public Works Engineering Australasia, Sydney
- Litchfield Council Municipal Plan 2017-2018'
- Litchfield Council 'Strategic Plan 2016-2020'.

10. APPENDICES

Appendix A Projected 10 year Capital Renewal and Replacement Works Program

Appendix B Projected 10 year Capital Upgrade/New Works Program

Appendix C LTFP Budgeted Expenditures Accommodated in AM Plan

Appendix A Projected 10-year Capital Renewal and Replacement Works Program

Year	Item	Description	Estimate
2019		Network Renewals	
	1	Cark Park Renewal at main Office (1321 sqm@\$11.20)	\$15
	2	Shift of External Generator	\$25
2019		Total	\$40

2020		Network Renewals	
	1	Bubbler at Chapel	\$2
	2	Two Timber Footbridges (2@\$5000)	\$10
	3	Road at both End (3054.4 sqm@\$11.20)	\$34
	4	Middle Road (1114.8 sqm@\$11.20)	\$13
	5	Desktop Computer	\$1
	6	Laptop Computer	\$1
	7	ISEKI SXG326 CB24XO CEM	\$20
2020		Total	\$81

(\$000)

Year	Item	Description	Estimate
2021		Network Renewals	
	1	Polaris Utility Vehicle CB29ZX CEM	\$15
	2	Chapel/ Crematorium - Internal Painting	\$29
	3	Chapel/ Crematorium - Flooring Finishes	\$24
	4	Cool Room - Internal Painting	\$7
	5	4 Poly Water Tanks	\$20
	6	Concrete Water Tanks - External Painting	\$4
	7	Car parking opposite Chapel	\$13
	8	Workshop Shed Painting	\$3
	9	Desktop Computer	\$1
2021		Total	\$116

2022		Network Renewals	Estimate
	1	Dwelling - Internal Painting	\$28
	2	Dwelling - Services - Air-conditioning	\$17
	3	Chapel/ Crematorium - Services - Fire	\$9
	4	Roads (Main Road from Deloraine Road to End)	\$25
	5	Brick paved Path	\$20
2022		Total	\$99

(\$000)

Year	Item	Description	Estimate
2023		Network Renewals	
	1	Car parking at Chapel	\$4
	2	Car parking at Columbaria	\$7
	3	Hino Truck 920546 CEM	\$50
	4	Road back of water tank	\$5
	5	Hustler Super Duty Hyper Drive with 72inch deck	\$28
	6	Main Office - Internal Painting	\$11
	7	Concrete Water Tank - External Painting	\$4
2023		Total	\$109

2024		Network Renewals	
	1	Road Pathway 004	\$10
	2	Workshop - Services - Electrical	\$6
	3	Workshop - Services - Plumbing	\$3
	4	Workshop - Services - Fire	\$1
	5	Main Office - Services - Fire	\$4
	6	Toyota Hilux - Dual Cab Thorak Cemetery CC51PU	\$30
2024		Total	\$54

(\$000)

Year	Item	Description	Estimate
2025		Network Renewals	
	1	Shipping Container	\$4
	2	Dwelling - Internal Painting	\$28
	3	Dwelling Services - Mechanical	\$17
	4	Dwelling - Services - Plumbing	\$35
	5	Desktop Computer	\$1
2025		Total	\$85

2026		Network Renewals	
	1	Backhoe SV3127 JCB Thorak	\$150
2026		Total	\$150

(\$000)

Year	Item	Description	Estimate
2027		Network Renewals	
	1	Dwelling - External Imps inc paving, pergola, carport	\$13
	2	Electrical Distribution	\$5
2027		Total	\$18

2028		Network Renewals	
	1	Dwelling - Services - Electrical	\$18
	2	HRU196M PBUX MNC Blade Brake Big Bag	\$1
	3	UMK425 ULTUT Loop Handle Brush Cutter	\$1
2028		Total	\$20

Appendix B Projected Upgrade/New 10-year Capital Works Program

Year	Item	Description	Estimate
2019	1	Irrigation Infrastructure	\$150
2019		Total	\$150

(\$000)

Year	Item	Description	Estimate
2020	1	Garden of Angels Upgrade	\$80
	2	Unused Land Express of Interest	\$10
	3	Palm Garden Revitalisation	\$40
	4	Walk of Memories	\$50
2020		Total	\$180

(\$000)

Year	Item	Description	Estimate
2021	1	Consolidated Operations Area	\$300
2021		Total	\$300

(\$000)

Year	Item	Description	Estimate
2022	1	Entry Configuration and Landscaping	\$100
	2	Wayfinding	\$60
	3	Car Parking, Paths and Seating	\$100
	4	Tree Planting Structure	\$125
2022		Total	\$385

(\$000)

Year	Item	Description	Estimate
2023	1	Office Extension and Surrounds	\$600
2023		Total	\$600

(\$000)

Year	Item	Description	Estimate
2024	1	Shade Installation	\$60
2024		Total	\$60

(\$000)

Year	Item	Description	Estimate
2025	1	Chapel Upgrade	\$550
2025		Total	\$550

(\$000)			
Year	Item	Description	Estimate
2026	1	Upgrade Entry Boulevard	\$100
2026		Total	\$100

(\$000)			
Year	Item	Description	Estimate
2027	1	Periphery Buffer Planting	\$25
	2	Reconfigure Chapel Car Park	\$60
	3	Second Entry	\$120
2027		Total	\$205

(\$000)			
Year	Item	Description	Estimate
2028	1	New Chapel	\$800
2028		Total	\$800

Appendix C Budgeted Expenditures Accommodated in LTFP

NAMS.PLUS3 Asset Management

Litchfield

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Thorak Regional Cemetery_S2_V13

Asset Management Plan



First year of expenditure projections **2019** (financial yr ending)

Thorak Regional Cemetery

Asset values at start of planning period

Current replacement cost	\$2,705 (000)
Depreciable amount	\$2,234 (000)
Depreciated replacement cost	\$2,022 (000)
Annual depreciation expense	\$92 (000)

Calc CRC from Asset Register

\$0 (000)

This is a check for you.

Operations and Maintenance Costs for New Assets

	% of asset value
Additional operations costs	3.50%
Additional maintenance	1.96%
Additional depreciation	4.12%
Planned renewal budget (information only)	

You may use these values calculated from your data or overwrite the links.

Planned Expenditures from LTFP

20 Year Expenditure Projections

Note: Enter all values in current **2019** values

Financial year ending	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Expenditure Outlays included in Long Term Financial Plan (in current \$ values)										
Operations										
Operations budget	\$758	\$773	\$788	\$806	\$823	\$841	\$859	\$877	\$895	\$895
Management budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
AM systems budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total operations	\$758	\$773	\$788	\$806	\$823	\$841	\$859	\$877	\$895	\$895
Maintenance										
Reactive maintenance budget	\$48	\$49	\$50	\$51	\$53	\$54	\$55	\$56	\$57	\$57
Planned maintenance budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Specific maintenance items budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total maintenance	\$48	\$49	\$50	\$51	\$53	\$54	\$55	\$56	\$57	\$57
Capital										
Planned renewal budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Planned upgrade/new budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Non-growth contributed asset value	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Asset Disposals										
Est Cost to dispose of assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Carrying value (DRC) of disposed assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Additional Expenditure Outlays Requirements (e.g from Infrastructure Risk Management Plan)										
Additional Expenditure Outlays required and not included above	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operations	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Renewal	to be incorporated into Forms 2 & 2.1 (where Method 1 is used) OR Form 2B Defect Repairs (where Method 2 or 3 is used)									
Capital Upgrade	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
User Comments #2										
Forecasts for Capital Renewal using Methods 2 & 3 (Form 2A & 2B) & Capital Upgrade (Form 2C)										
Forecast Capital Renewal from Forms 2A & 2B	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Forecast Capital Upgrade from Form 2C	\$40	\$81	\$116	\$99	\$109	\$54	\$85	\$150	\$18	\$20
	\$150	\$180	\$300	\$385	\$600	\$60	\$550	\$100	\$205	\$800