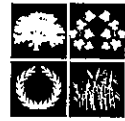


Our cemeteries:
Enfield Memorial Park
Cheltenham Cemetery
West Terrace Cemetery
Smithfield Memorial Park

Street Address
Browning Street
Clearview 5085
South Australia
Postal Address
PO Box 294
Enfield Plaza SA 5085

Telephone (08) 8139 7400
Facsimile (08) 8139 7444
enquiry@aca.sa.gov.au
www.aca.sa.gov.au
ABN 53 055 973 676

ADELAIDE CEMETERIES AUTHORITY



9 September 2014

The Hon John Rau MP
Deputy Premier
GPO Box 464
Adelaide SA 5001

RECEIVED
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OFFICE

17 SEP 2014

PLN 0089/14

ATTORNEY-GENERAL'S OFFICE	
Rec'd	17/9/14
Req no.	14 PLN 0694
File Copy ...	YES/NO Ack ... (YES/NO)
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Dear Deputy Premier

○ **Re: Boards and Committees Reform Process**

In July 2014, the Premier, the Hon Jay Weatherill MP wrote to me as the Chair of the Adelaide Cemeteries Authority advising of his intention to review and reform all State Government Boards and Committees. The Premier's review has provided the Board of the Adelaide Cemeteries Authority with the opportunity to review how it operates and to assess what it adds to a sensitive and highly valued community business.

In anticipation of a request for advice, the Board of the Adelaide Cemeteries Authority forwards the enclosed document on the Board's functions, responsibility and achievements for your review and consideration.

The Board of the Adelaide Cemeteries Authority welcomes your comments on the enclosed document. I would be pleased to personally respond to any queries you may have regarding the establishment, operations and value of the Board to the Adelaide Cemeteries Authority, a State Government entity that provides important and sensitive services to the community in a highly competitive and commercial business environment.

○ Yours sincerely

Catherine Schultz
Chair
Adelaide Cemeteries Authority

ATTORNEY-GENERAL'S DEPT.

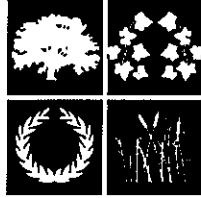


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Government
of South Australia

ADELAIDE CEMETERIES AUTHORITY



ADELAIDE CEMETERIES AUTHORITY

SUBMISSION

to the

HON. JOHN RAU MP

MINISTER FOR PLANNING

on the

STATE GOVERNMENT

BOARD REFORM PROCESS

SEPTEMBER 2014

Adelaide Cemeteries Authority

PO Box 294

Enfield Plaza SA 5085

ABN 53 055 973 676

Telephone: (08) 8139 7400

Website: www.aca.sa.gov.au

INTRODUCTION

The Board of the Adelaide Cemeteries Authority (the Authority) commends the State Government on its Board and Committee Reform initiative. The review has provided an opportunity for the Board to assess its effectiveness and value to the business, as well as consider the feasibility of alternate governance arrangements.

1. BACKGROUND AND THE ADELAIDE CEMETERIES AUTHORITY

Created by the *Adelaide Cemeteries Authority Act 2001* (the Act), the establishment of the new Authority was driven by concerns with the Enfield General Cemeteries Trust, a former State Government entity. State Government correspondence in the late 1990s reveals levels of dissatisfaction with the former Trust, including:

- Poor governance practices characterised by a lack of transparency.
- Limited strategic and operational business planning.
- Unsatisfactory procurement processes, particularly for major projects.
- Business decisions being made with minimal consultation.
- A poor customer service culture.

The new Act defined the Authority's primary functions as;

- (a) *the administration and maintenance of the following as public cemeteries:*
 - (i) *Cheltenham Cemetery;*
 - (ii) *Enfield Memorial Park;*
 - (iii) *West Terrace Cemetery; and*
- (b) *The administration and maintenance of any other cemetery established or acquired by the Authority; and*
- (c) *The burial or other disposal of human remains in an Authority cemetery; and activities associated with the heritage or historical significance of an Authority cemetery; and*
- (d) *any other function assigned to the Authority by or under this or any Act, or by the Minister.*

The Authority was established as a statutory corporation to which the provisions of the *Public Corporations Act 1993* apply. The legislative framework of the Authority defines the requirements for the Authority to consult with and seek approval of its Minister, the appointment of Directors, Board proceedings, the mandating of five year Plans of Management for each cemetery, and the need for the Heritage & Monument Committee.

One of the main intentions of the establishment of the Adelaide Cemeteries Authority was the creation of an entity that was able to generate operating surpluses from Enfield Memorial Park and the Cheltenham Cemetery to cross subsidise the state heritage listed West Terrace Cemetery. Since 1999, it is estimated that the Authority has provided over \$8M in cross subsidies to fund the operating costs at West Terrace Cemetery. These costs were previously met by a State Government department.

In 2002, the Authority negotiated the purchase of Smithfield Memorial Park from a Local Government Regional entity. This facility was struggling financially. Since 2002, the Authority has funded operations and improvements at this site to the point where it is envisaged that this cemetery will be profitable within the next 3-5 years.

2. ESSENTIAL PURPOSE

The general management duties of a board of a public corporation are stated in Section 14 of the *Public Corporation Act 1993*. The Authority's *Charter* further defines the Adelaide Cemeteries Authority's functions:

- 4.1.2.1 *The Authority will continue to offer a range of burial/interment products that meet the socio-economic needs of the community, from a basic interment site to a fully optioned package.*
- 4.1.2.2 *The Authority will provide a range of services across four diverse cemeteries in competition with other authorities and private operations.*
- 4.1.2.3 *Where the Authority provides packaged arrangements, suppliers will be subject to a competitive process in accordance with the Authority's procurement policy and procedures.*

Board responsibilities focus on setting the strategic direction of the business and establishing organisational values that are aligned to the entity's functions and operating environment. The appointment of, and monitoring the performance of the Chief Executive Officer is another key Board responsibility.

Elements of cemetery planning require thinking and planning beyond the usual three to four year timeframes. Using quantitative and qualitative research into long term State death rates and disposition trends, the Board has developed a 20 year planning horizon which includes 20 year financial forecasts. It has been possible to drive this strategic agenda due to the depth and breadth of skills and experience and progressive thinking that the Board of Directors delivers.

The unique and essential services provided by the Authority require sensitivity and responsiveness to diverse cultural and community needs. The Board is committed to engaging with the community to ensure that its services and facilities are affordable, while ensuring the long term independent sustainability of the business. This commitment is evident in the Plans of Management for all four cemeteries.

The Heritage & Monument Committee, a sub-committee of the Board, has guided important conservation work at all four cemeteries, including the preservation of significant sites, the adoption of various heritage related policies and community based programs, especially but not limited to the State Heritage listed West Terrace Cemetery.

Directors also fulfill important statutory roles to ensure the Authority meets its compliance requirements. Since 2001, governance and risk management systems within the Authority have become entrenched and matured to meet, if not exceed legislated requirements.

3. Efficiency

The Board arrangements provide an economical mix of expertise and experience. Board fees and overheads in 2013/14 were \$118K representing 1.3% of the Authority's total annual operating expenditure.

Each Director contributes an estimated minimum 220 hours of work per annum to their responsibilities, equating to over 1,500 hours of Board work per annum. The Board meets on a monthly basis and Directors are in regular contact by phone and email, which with the effective use of 4 Board sub-committees, means the Board acts as an enabler.

Therefore, the Board is agile; identifying, forecasting and initiating pre-emptive and early responses to emerging trends. The range of Director's experience, skills and thinking serves the business well and could not be easily replaced by other governance models.

This is important in the commercial, competitive environment that the Authority operates in, and has enabled the Authority to successfully generate 100% of its operating and working capital funds while cross subsidising the West Terrace and Smithfield cemeteries.

Directors closely monitor financial performance and direct management to undertake corrective action immediately when required. The Board brings a commercial sensibility and timeliness to these pivotal processes. A key focus of the Board at present is the need for the Authority to change its business systems and processes to ensure long-term sustainability.

With a clear understanding of the industry, the Board is aware that there has been more change in the last 10 years in cemetery service provision than in the previous century. The ability to recognise and plan for changes in consumer and community demands for cemetery services and products, including integrated funeral planning and pre-paid services, are at the forefront of the Board's thinking.

4. Independence

The general performance principles for public corporations outlined in Section 11 in Part 3 of the *Public Corporations Act 1993* include;

"(1) *A public corporation must perform its commercial operations in accordance with prudent commercial principles and use its best endeavours to achieve a level of profit consistent with its functions.*"

The Authority operates in a commercial, competitive business environment, in a unique and essential industry competing with other public and privately owned crematoria and cemeteries. Directors can clearly evaluate the performance of the Authority because of their skills, experience and extensive industry knowledge.

The Board is able to objectively set and effectively monitor the Authority's strategic progress, setting of fees and charges, commitment to community engagement and alignment with State Government priorities.

A level of independence or separation and protection for the government is provided by the current governance structure in relation to the Authority's commercial activities.

This independence underpins public perceptions of transparency of the Authority's business activities and operations, and enables the Authority to develop an organisational culture befitting the specialised, unique services it provides to the community.

5. COMMUNITY ENGAGEMENT AND DIRECT ACCESS

The Authority is committed to maintaining face-to-face communication with the community regarding the sensitive services it provides. Customer surveys identify that this is the preferred, but not the only method for people to receive information about cemetery services. Alternate processes for engaging with the community are included in the Authority's five year Marketing Strategy, annual *Marketing Plan* and three year *Information Communications & Technology Plan*. For example, the upgrade of the Authority's website is currently in progress to provide more interactive information and business transactions.

Over the last three years, the Authority has established Community Consultative Committees for the West Terrace and Cheltenham Cemeteries. Committees meet quarterly with members from religious, cultural, community and school groups. For example, the West Terrace Cemetery Community Consultative Committee has representatives from the Catholic Diocese, the Quakers, the Unitarian Druse Community, the Adelaide Hebrew Congregation, the Presbyterian Church, South Western City Community Centre, three local

schools, the Monumental Masons Association and from the cemetery's supported volunteer group, the Friends of West Terrace Cemetery.

Community Consultative Committees for Enfield and Smithfield Memorial Parks and annual resident meetings for all cemeteries are tasks articulated in the respective cemetery plans of management.

The Board has actively promoted Authority engagement with other emerging community groups, such as the Vietnamese Buddhist community, various Muslim groups, the Middle Eastern Community Centre and the Adelaide Hindu community, which is strongly represented around Enfield. The Authority has a long established relationship with Adelaide's Italian community.

Successful, ongoing community initiatives include:

- Award winning cultural and heritage tourism offerings at West Terrace Cemetery, which has led to a favourable listing in the international tourist publication *Lonely Planet*
- Engagement and working with schools on curriculum based activities such as the *Adopt-a-Grave* scheme for Year 9 students.
- Well patronised Mother's Day and Father's Day memorial service events at Enfield.
- The community based Remembrance Day commemoration service at West Terrace
- A close working relationship with the University of Adelaide's Body donation program.
- A partnership program with the SA Writer's Centre.

These initiatives have targeted business growth via non-funeral cemetery visitation.

The Authority also provides affordable services to support the current provider for the Department of Communities and Social Inclusion's State Assisted Funerals program.

Business procedures are continually reviewed to monitor, improve and implement new communication channels with families and loved ones.

The Authority over time has been seen as innovative, from having the first lawn cemetery in Australia, the first natural burial ground, the first major public mausoleum in the State, and having West Terrace as the first nationally accredited tourism cemetery. Various cemetery garden designs such as the Pavilion Garden and Western Rose Garden have also been reproduced in Australia and overseas as well. The Authority provides innovative technologies in its Enfield chapels that facilitate the webcasting of services around the world.

6. MERGER or ALTERNATE WAY

Alternate governance options for the Authority could include;

- Appointment of a sole Administrator. Recent Victorian experience demonstrated this arrangement was more costly than Board fees. (Anecdotal evidence indicates the cost was as high as \$8,000 a week in 2005).
- The Authority has a smaller part-time Advisory Panel consisting of independent appointees or Public Service personnel. This would create governance risks and limit the ability of the business to act in a timely and efficient manner.
- The Authority CEO reports to the Chief Executive or a Director of a government department. Access, consistency and an ability to grasp the industry could be challenging given the uniqueness of the Authority's commercial enterprise.

- Integration of the Authority into a government department. Administrative and physical costs of integration would need to be considered plus impacts upon the Authority's commercial operations, i.e., business agility and competitiveness.
- Expansion of the Authority to take on other administrative roles currently performed by government departments. (State Assisted Funerals and/or Births Deaths and Marriages could be integrated into the Authority's role.)
- Dispose/sell the Authority and/or its cemeteries. This could lead to an erosion of competition in the S.A. cemetery market. Furthermore, it is not feasible that a commercial entity would consider taking on the significant, long-term liability of West Terrace Cemetery, a place of some significance in South Australia.

If integrated into a government department, the Authority's identity and branding will be lost, presenting challenges for marketing and promoting services and facilities. A key element of the Authority's competitive advantage is its branding and market position.

The option of transferring the State Assisted Funeral program from the current Department to the Authority is feasible. The program is currently funded and coordinated by the Department of Communities and Social Inclusion. The Authority operates the government's own crematorium but does not currently provide cremations for State Assisted Funerals. This appears to be an anomaly given that the Government owns the Enfield Crematorium.

The Authority could be merged with Births Deaths and Marriages (BDM). The segregation of duties between BDM and the Authority would need to be ensured regarding the issuing of burial and cremation documentation and compliance monitoring.

Directors have statutory roles to ensure the Authority meets its compliance requirements. This monitoring could be delivered by a government department but would need to be resourced and supported by personnel who understand the Authority's business.

As noted throughout this paper, the Authority is a self-funded business entity which provides sensitive services in a commercial environment that respond to a diverse range of cultural and religious community requirements.

The Board of the Adelaide Cemeteries Authority provide agile, commercially focused and experienced thinking to the Authority's strategic planning and governance practices thus ensuring the long term sustainability of the business while ensuring alignment to the Authorities values and strategic goals of our owner, the State Government.