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| Annual and strategic plan guidelines for Class A cemetery trusts  |
| Revised 2023 |
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# Background

Following recommendations from the Victorian Auditor-General’s Office and the State Services Authority (now the Victorian Public Sector Commission) on the sustainability of Victoria’s cemeteries sector, the Victorian Government announced a number of reforms to the sector in 2008.

These reforms largely affected the cemetery trusts that report to Parliament under the *Financial Management Act 1994* and saw the creation of two classes of cemetery trusts in Victoria: Class A and Class B.

Class A cemetery trusts operate under a common governance framework and are expected to meet a range of statutory obligations and responsibilities outlined in the 2009 amendments to the *Cemeteries and Crematoria Act 2003* (the Act).

Given the increased functions of Class A cemetery trusts, it is essential that these trusts conduct their activities efficiently, in accordance with clearly specified objectives and targets, and that they adopt sound corporate governance practices. Accordingly, the revised Act sets out a formal strategic and annual planning process with which Class A cemetery trusts must comply.

These guidelines provide an overview of the annual and strategic planning requirements for Class A cemetery trusts and have been prepared in line with the Department of Treasury and Finance’s *Corporate planning and performance reporting requirements.*

# Legislative requirements, obligations and endorsement

Under the Act, Class A cemetery trusts are required to submit the following corporate plans to the department’s Secretary for approval on or before 30 September of the relevant year[[1]](#footnote-1)

* Annual plan in accordance with s.18N of the Act
* Strategic plan in accordance with s.18O of the Act

During the analysis and review of a trust’s annual and strategic plans the department may need to contact the trust. Please nominate a contact person for this purpose

# Annual and strategic plans overview

The department, in consultation with Class A cemetery trusts, has developed annual and strategic plan templates that contain information trusts should include when completing their plans which is outlined below.

The strategic plan should be a comprehensive, three-year plan that details the management and operational strategic directions of the trust. If a trust changes the content of or operates in a manner inconsistent with the approved strategic plan it will be required to submit an updated plan for approval, identifying the changes, and an explanation for those changes. (Approval is not required for cosmetic changes).

The annual plan should include an overview of the trusts corporate profile, operating environment, the strategic priorities outlined in the strategic plan and actions for those priorities. It should also include an overview on the progress of actions against the previous year’s annual plan.

# Strategic priorities

The five strategic priorities set out below are linked to obligations trusts are required to meet under the Act. The types of activities listed may assist trusts in meeting their obligations. Trusts may also identify other key activities that meet a strategic priority.

It is a matter for the trust to determine the number of strategic priorities and their description are developed for its strategic plan. However, the five strategic priorities below must be represented in combination or individually across the strategic plan and the annual plan. It is recognised that a trust may not cover all the strategic priorities in its strategy, although they may be covered in the annual plan as part ‘*business as usual*.’

For example:

* a strategic priority to ‘**Develop a new area of a cemetery to meet future growth and changing demographic**’ may link to SP1 *a sustainable organisation*, SP3 *community and stakeholder consultation* and SP4, *governance and accountability* reviewing any financial risks and mitigations.
* in the annual plan when meeting SP2 *develop our people and workforce*, it may be represented as ‘**a focus to provide a safe environment for staff and the community’** which requires ongoing staff training and development.

| No. | Strategic priorities | Link to the Act |
| --- | --- | --- |
| **SP1** | **Build a viable and sustainable organisation (including finance, assets, environmental) Examples may include:*** capital work projects/programs including land development
* developing financial strategies to ensure long-term viability and sustainability of the organisation (including existing and future needs),
* conducting ongoing reviews of expenditure to identify any potential cost saving areas and/or unforeseen expenditure,
* developing and reviewing internal financial monitoring processes, budget allocations
* increasing revenue from memorial sales,
* developing a consistent IT/environmental/service delivery plan/model,
* developing and investing in business systems and processes to ensure efficient utilisation of resources,
* carbon reduction and renewable energy projects / infrastructure development / equipment that assist trust to meet their target
* reviewing current work practices and identifying opportunities/areas for improvement, and
* reviewing all fee descriptors and prices to ensure consistency within your organisation
 | **s.12A functions of a trust are:** (1)(a) to properly and efficiently manage and maintain each public cemetery for which it is responsible(2) In exercising its functions a Class A trust must have regard to: (a) its obligations in relating to funding perpetual maintenance, (d) the need to ensure it uses its resources in an effective and efficient manner, (e) the need to ensure that public resources across the cemeteries and crematoria sector are used effectively and efficiently. **Links to financial KPIs** and financial health of organisation based on core business services.  |
| **SP2** | **Develop our people and workforce - Examples include:** * a workforce development strategy that addresses the changing needs of the lifecycle of the trust (appropriately qualified and flexible workforce),
* ensuring the trust has sufficient training in place to support trust members and staff to meet organisational and statutory obligations and requirements, and improving workforce capacity,
* ensuring all staff are well informed about organisational values and management changes,
* succession planning.
 | **s. 12A functions of a trust are:** (1)(m) to ensure members of the cemetery trust receive adequate training to enable them to meet their obligations as members of a cemetery trusts.17(2) A cemetery trust may engage any professional, technical and other assistance it considers necessary for the purposes of carrying out its functions.  |
| **SP3** | **Enhance relationships with the community, clients, and stakeholders - Examples include*** developing a partnership and communication strategy with clients, stakeholders, and the community to improve service delivery,
* community advisory committee meeting - actions/projects arising
* enhancing the trust’s profile in the industry and community as a leading provider of cemetery and crematoria services, and
* reviewing and updating complaint-handling procedures relating to the delivery of services.
 | **s. 12A functions of a trust are:** (1)(d) to establish and maintain effective systems to ensure that: (i) the services provided by the cemetery trust meet the needs of the communities which it served, and (ii) the views of those communities are taken into account. s.12A (2) In exercising its functions a Class A cemetery trust must have regard to:(b) the cultural values and religious values of the community, (c) the heritage values of the public cemeterys.18D(2) A Class A trust must establish a Community Advisory Committee  |
| **SP4** | **Governance and accountability - Examples include:** * ensuring the trust’s operations and processes are transparent, accountable and adhere to all legislative requirements/obligations, and
* reviewing internal processes and policies against all requisite legislation
* audit and risk committee meeting – actions (activities resulting from a meeting).
 | **s. 12A functions of a trust are:** (1)(h) to ensure there are systems in place to enable the effective and accountable risk management, financial management and records management, (1)(l) to develop a code of conduct for members of the cemetery trust and staffs. 18B Establishment and functions of governance committees (1)(a) must establish:(i) a finance committee, (ii) an audit and risk committee  |
| **SP5** | **Provide leadership – Examples include:** * developing a strategy that addresses the potential leadership role your trust can play for Class B cemetery trusts and the sector,
* enhancing the trust’s profile in the industry and community as a leading provider of cemetery and crematoria services,
* establishing a framework and identifying resources to ensure leadership assistance can be provided to the sector.
 | **s. 12A functions of a trust are:** s. 12 A(1)(h)(i) to provide leadership, assistance and advice as requested to listed Class B cemetery trusts |

# Key performance indicators, trendline data, operational tables, and land use data

Class A cemetery trusts are required to measure key performance indicators (KPIs) as an indicator of sector health and to inform corporate planning. Financial KPIs and governance KPIs were developed in consultation with Class A cemetery trusts in 2014 and updated in 2023.

## Financial KPIs / trendline data and operational tables

Financial KPIs measure the financial performance of Class A cemetery trusts. Trusts must compile the relevant data for the previous year and complete the ‘*Operational data and key performance indicator reporting*’ sheet developed by the department.

The financial KPI results table generated through the reporting sheet must be attached to the trust’s annual plan (see Attachment 1) [[2]](#footnote-2).

## Governance Attestation Board Assessment - KPI

Governance KPI was developed to evaluate trust performance in governance. Board performance is demonstrated using the ‘Class A cemetery trust sector key performance indicators governance attestation form.

The ‘Class A cemetery trust sector key performance indicators governance attestation form’ relating to the previous year must be attached to the trust’s annual plan (see Attachment 2).

## Trust determined KPIs

In addition to completing the require information outlined above, trusts may develop their own KPIs detailed under the relevant section of their annual and strategic plans that demonstrate/measure how they are performing against them. These may be a combination of an outcome focus or metric base.

For example:

* an outcome focus may be to provide an area in the cemetery for communal use for all members of the community
* staff training may relate to a metric that all staff complete OH&S training annually.

# Strategic plan information required

## 1. Foreword

Provide a summary of comments from the trust chairperson and/or CEO regarding the preparation of your trust’s strategic priorities and any other information relating to your trust considered appropriate by the trust chairperson and/or CEO.

## 2. Operating environment

Details of your trust’s operating environment may include:

* the operating environment that set the context for the strategy
* scale of business (a high-level overview of anticipated growth of the business/demand over the next three years and value of current asset holdings),
* regulatory environment (outline of legislation/regulations that govern cemetery operations)
* information relating to the sites your trust manages

## 3. Introduction

### 3.1 Mission and vision statements

* Insert your trust’s mission and vision statements.

### 3.2 Organisational values

* Provide details of your trust’s values relating to the operations and services you provide to the community.
* State how your trust’s values align with government policy and statutory obligations.

### 3.3 Key challenges and risks

* Provide a high-level summary about key challenges and risks that your trust may face in achieving the strategic priorities outlined in this plan.
* This may include:
	+ the business context within which your trust operates,
	+ any external or internal influences that may impact on the services and/or operations your trust provides;[[3]](#footnote-3) and;
	+ any trends in the sector that may relate to your trust’s operations or capabilities

## 4. Strategic Priorities

Trusts are required to identify each strategic priority providing an overview of the operating environment, and context for how it was chosen, what will be achieved/intended outcome, what high level actions the trust will take to achieve it and the strategic priority it links to when meeting a trusts obligation under the Act.

**For example:**

***Objective: Ensure the trust has the capacity to meet future growth and demand for its diverse and changing demographic***

*(This section may include commentary about what the drivers were for choosing this as a priority)*

1. Strategic direction / Outcome– Grow the capacity and infrastructure to meet demand and diverse community needs and expectations

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Key strategy  | Key Activities  | Yr. 1 | Yr. 2 | Yr. 3 |
| Develop a land strategy to support growth and innovation Link to SP 1,3 & 4 | Review the New Cemetery Development Plan Engaged community consultation sessions Review key trends in products provided to the communityAssess financial sustainability  | ● | ● | ● |
| Continue land acquisition program Link to SP 1 & 3 | Identify opportunities for land acquisition through the rationalisation of assets by government entities operating in the trust's catchment | ● | ● | ● |

***Objective: Providing cemetery services that cater for a diverse range of community needs and ensuring our workforce has the values, capabilities, and capacity to provide quality services.***

*(This section may include commentary about what the drivers were for choosing this as a priority)*

Strategic direction / Outcome– Ensuring we are adaptive and providing services to meeting community needs

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Key strategy  | Key Activities  | Yr. 1 | Yr. 2 | Yr. 3 |
| Continue to develop a range of online facilities to provide virtual tours and commemorative platformsLink to SP 1,2, 3 & 5 | Engaged community consultation sessions Research products available Pilot new products  | ● | ● | ● |

Strategic direction / Outcome– Implement a program for ongoing staff growth and development

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Key strategy  | Key Activities  | Yr. 1 | Yr. 2 | Yr. 3 |
| Ensure staff are appropriately resourced to deliver high quality cemetery services. Link to SP 2 & 5  | Continue to run staff training programs for products and services, and occupational health and safety  | ● | ● | ● |
| Provide opportunities growth and succession planning opportunities to staff Link to SP2 | Continue mentoring program Review study and training options  |  | ● | ● |

# Annual plan information required

## Foreword

* Provide a summary of comments from the trust chairperson and/or CEO about the preparation of your annual plan.
* Identify any key themes/issues the trust has taken into consideration in the preparation of the annual plan.

## Introduction

### 2.1 Mission and vision statements

* Insert your trust’s mission and vision statements.

### 2.2 Organisational values

Provide details of your trust’s values relating to the operations and services you provide to the community.

## Corporate profile

* Provide a summary of your trust’s structure and corporate profile for the year.
* Examples of information that may be included:
	+ information relating to the sites your trust manages and their life-cycle stage,
	+ anticipated annual workload (such as burials and/or cremations this year),
	+ corporate structure and staffing, cemetery trust (number of trust members)

### 3.1 Operating environment for the year

* Provide a summary about your trust’s operating environment and position for the year which the annual plan relates to.
* Provide details about any requirements/obligations your trust has for the year. Such as legislative, community, staff, services/operations, leadership requirements, and how your trust proposes to fulfil these requirements/obligations (particularly the legislative ones).
* Include information about the regulatory environment and your trust’s regulatory obligations.

### 3.2 Key challenges and risks

* Provide a high-level summary about any keys challenges and risks your trust may face this year in achieving the strategic priorities outlined, including:
	+ the business context your trust operates in
	+ internal or external influences that may impact on services and/or operations your trust provides
	+ any trends in the sector that relate to your trust’s operations or capabilities.
* Include information about how your trust proposes to manage these challenges/risks.

### 3.3 Key assumptions

* State whether your trust is operating under any assumptions at the time of writing the plan relating to perpetual maintenance, pricing, growth, Consumer Price Index, financial, operational, and environmental issues.
* Include information about how your trust came to these assumptions, the effects of these assumptions and the status of operations if these assumptions were not in place.

## List of strategic priorities

Provide a summary of your trust’s strategic priorities (from your strategic plan) including:

* What your strategic priorities are for the year, taking into consideration the related subheadings from the strategic plan

## Annual plan actions to meet strategic priorities

### Current Annual plan

Provide summary of the strategic priority and actions proposed to meet the strategy in a similar type of table format as outlined in the below example:

(*Trusts may also provide summary paragraphs to provide context for any changes or delays for example new community moving into area or delays in construction etc of a new area*)

Strategic direction / Outcome – Grow the capacity and infrastructure to meet demand and diverse community needs and expectations

| Key strategy  | Key Activities  | Measures  |
| --- | --- | --- |
| Develop a land strategy to support growth and innovation Link to SP 1,3 & 4 | 1. Review the New Cemetery Development Plan
2. Undertake community consultation sessions
3. Review key trends in products provided to the community
4. Assess financial sustainability
 | 1. Completion of review outcome report
2. Number of community sessions held
3. Completion of review
4. Financial assessment report finalised
 |
| Continue land acquisition program Link to SP 1 & 3 | Identify opportunities for land and assets owned by government entities within trust's catchment | Review of land available on government website  |

### Achievements against last year’s plan

Provide summary of the trust’s progress against the actions of the previous year’s plan in a similar type of table format as outlined in the below example:

(*Trusts may also provide summary paragraphs to provide context for any changes or delays for example: new community moving into area or delays in construction etc of a new area*)

Strategic direction / Outcome - Grow the capacity and infrastructure to meet demand and diverse community needs and expectations

| Key strategy  | Key Activities  | Measures  |
| --- | --- | --- |
| Develop a land strategy to support growth and innovation Link to SP 1,3 & 4 | 1. Review the New Cemetery Development Plan
2. Engaged community consultation sessions – specific community
3. Review key trends in products provided to the community
4. Assess financial sustainability
 | 1. Completed yr. 1 of 3
2. Delayed - New community moving to area expanded consultation
3. Delayed due to Covid
4. Completed
 |
| Continue land acquisition program Link to SP 1 & 3 | Identify opportunities for acquisition of land through the rationalisation of assets by government entities operating in the trust's catchment | Ongoing  |

### Business As Usual Activities

These may sit either under a strategic priority or outlined in the annual plan as an action if there is not a neat alignment. For example:

* OH&S training may not be part of a strategic priority although it is ongoing and aligns with SP2; or
* An annual review of polices or the regular meeting of the Audit and Risk Committee aligns with SP4.

Ensuring a safe environment for its staff and the community

| Key strategy  | Status / Key Activities  | Target  | Indicator |
| --- | --- | --- | --- |
| Continue the implementation of the trust’s OH&S Policies and ProgramsLink to SP 2 & 4 | OH&S meetings to review policies with staff and Risk and Audit Committee for sign off | Minimum 4 meetings | Completed  |
| Continue the implementation of the trust’s OH&S Policies and ProgramsLink to SP 2 & 4 | Staff participation in training | 50% of staff | 100% - completed |

# Appendix A: Financial key performance indicator descriptors

## KPI 1: Operations income growth rate

Indicates how well a trust can increase its operations income over a given period. While the operations income is an actual number, the growth rate compares the current figures with a previous period. For this KPI, operations income is defined as cemetery operations income excluding grant income, disposal investment income and other miscellaneous income not directly attributable to core services.

**KPI 1 = (operations income this period – operations income previous period) / operations income previous period) x 100**

## KPI 2: Return on sales

Measures the profit a trust makes for each dollar in operations income. The net profit provides the actual amount of money earned and the return on sales provides a percentage. Return on sales is an important indicator, measuring how efficient a trust is and how well it can control its costs. For this KPI, net profit is defined as operating result excluding investment income, investment management fees and cemetery levy. Operations income is defined as cemetery operations income excluding grant income, disposal investment income and other miscellaneous income not directly attributable to core services.

**KPI 2 = (net profit this period / operations income this period) x 100**

## KPI 3: Market share

Measures the relative share a trust has in each market compared to its competitors. The department will validate the death rate using data from the Victorian Registry of Births, Deaths, and Marriages. Interstate leakage will be considered.

**KPI 3 = (number of cremation services and interments of bodily remains performed this period / number of deaths in Victoria this period) x 100**

## KPI 4: Average maintenance costs per hectare developed sites

Measures the cost of cemetery maintenance per hectare for lawns, monument areas, gardens, shared areas, buildings, and all expenses coded to grounds maintenance.

**KPI 4.1 Measures the cost of cemetery maintenance per hectare for undeveloped greenfield sites.**

**KPI 4 & 4.1 = total maintenance costs this period / total land area (ha.)**

## KPI 5: Interment of bodily remains market growth rate

Measures the extent to which the market for interment of bodily remains is growing. This provides an insight into the size of the opportunity a trust might have.

**KPI 5 = (number of interments of bodily remains sold this period / number of interments of bodily remains sold previous period) x 100**

## KPI 6: Cremation services market growth rate

Measures the extent to which the market for cremations is growing. This provides an insight into the size of the opportunity a trust might have.

**KPI 6 = (number of cremation services (disposals) this period / number of cremation services (disposals) previous period) x 100**

1. In accordance with section 18O(3) of the Act, the Secretary may approve the plan in full or request amendments. [↑](#footnote-ref-1)
2. In addition to providing the financial KPI results table with annual plans, trusts are required to provide results electronically by emailing a copy of the completed ‘Operational data and key performance indicator reporting sheet’ to the department. [↑](#footnote-ref-2)
3. Please note that under section 18A(1) of the Act, for the purposes of long-term planning, the Secretary may request a trust prepare policies and plans in relation to the provision of cemetery and crematoria services. [↑](#footnote-ref-3)