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| Cemetery trust financial budget strategy |
| Guidance for Class B cemetery trusts |
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# Introduction

Under the *Cemeteries and Crematoria Act 2003* (the Act), cemetery trusts are required to recognise their obligations in relation to funding the perpetual maintenance of the cemeteries for which they are responsible. Trusts should take into account their ongoing perpetual maintenance obligation when setting fees for the products and services they provide.

# Purpose

The purpose of this document is to assist cemetery trusts with developing a long-term financial strategy and budget that enables trusts to adequately plan and manage their financial commitments and ensure the financial viability of the trust in perpetuity.

# Scope

The processes and procedures outlined in this guidance document are targeted at Class B cemetery trusts that manage a minimum of 10 interments per year. However, the principles and approaches detailed below can be adopted to support any cemetery trust regardless of its size and scale.

# Setting a budget for the operations of the trust

It is recommended that cemetery trusts prepare their own budget statement for the coming financial year for discussion at an annual trust budget meeting held in April or May. The budget statement should detail:

* proposed expenditure on maintenance and development works (consider monies required to be set aside for future construction or development for a master plan, and whether expenditure is fixed or variable)
* anticipated revenue from the trust’s fees and charges based on the anticipated number of burials and other products and services provided by the trust
* proportion of revenue to be set aside for perpetual maintenance
* GST collected on anticipated sales, less credit for GST on the anticipated purchases (assuming the trust is registered for GST and has an ABN)
* funds and investments on hand, in both the general account and perpetual maintenance account
* projected income from investments
* monies available for identified risks such as tree maintenance.

To assist trusts in developing a budget statement, trusts can [download a budget template](https://www.health.vic.gov.au/cemeteries-and-crematoria/class-b-cemetery-trust-finance) <https://www.health.vic.gov.au/cemeteries-and-crematoria/class-b-cemetery-trust-finance> from the health.vic website. The items in the template are a guide and can be removed and other items can be added by the cemetery trust to suit its requirements.

# Investment for perpetual maintenance

Perpetual maintenance for cemetery trusts is funded through a percentage of fees set by the trust and can also be funded through income from investments established while a cemetery is active to provide for the ongoing maintenance of a cemetery after it reaches capacity.

As independent entities, cemetery trusts are best placed to determine the most appropriate allocation of their funds. Under s. 45 of the Act, a cemetery trust may invest its money in any manner it sees fit, subject to the direction of the Minister for Health. To date, no such directions have been issued by the minister.

As a first step in establishing an investment strategy, the trust should identify the amount of funding required to maintain in perpetuity all cemeteries it is appointed to manage.

It is recommended that trusts seek professional advice before investing funds and that any investments are made in a stable and secure financial environment, having regard to the trust’s future cash flow needs. It is recommended that cemetery trusts establish a schedule for reviewing investments – for example, bi-annually or annually.

More information on perpetual maintenance is available in the [*Manual for Victorian Class B cemetery trusts*](https://www.health.vic.gov.au/cemeteries-and-crematoria/class-b-cemetery-trust-governance) <https://www.health.vic.gov.au/cemeteries-and-crematoria/class-b-cemetery-trust-governance> in Topic 20 ‘Perpetual maintenance obligations’.

# Review of fees

It is recommended that cemetery trusts establish a schedule for reviewing fees. A review could be done annually or every few years, depending on the size and scale of the cemetery trust’s operations.

Visit the health.vic website for Class B cemetery trust finance [information on fees and fee setting](https://www.health.vic.gov.au/cemeteries-and-crematoria/class-b-cemetery-trust-finance) <https://www.health.vic.gov.au/cemeteries-and-crematoria/class-b-cemetery-trust-finance>.

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