



Thursday 3 December 2020

Review of Competition, Costs and Pricing in the Funeral Industry
NSW Independent Pricing and Regulatory Tribunal

Dear IPART

RE: Review of competition, costs and pricing in the funeral industry

I write regarding the Review of Competition, Costs and Pricing in the NSW Funeral Industry (the Review). As raised in the Issues Paper for the Review, organising a funeral is unlike most other consumer decisions. Time constraints, cultural sensitivity surrounding death and loss, as well as the consumer's emotional vulnerability all play a factor when making funeral purchasing decisions.

CHOICE's four-part investigative series, released in 2019, looked into the state of play and consumer experiences of the funeral industry in the Australian context. The series has informed CHOICE's understanding of the needs of people organising funerals for their loved ones as well as the gaps and opportunities for the funeral industry to improve practices and meet those needs. Our relevant findings as to competition, costs and pricing in the NSW funeral industry are outlined below.

a) What are your views on the range of providers and choices of services emerging in the funeral industry?

There are a number of new operators in the funeral industry that offer a tailored experience for grieving consumers. These operators adopt a flexible approach to organising funerals by allowing the person arranging the funeral to pick and choose components of the funeral service, rather than accepting a bundled package.

Picaluna, operating in Sydney, Central Coast, Newcastle, Southern Highland and the Blue Mountains, is one such example.¹ Picaluna's business model is to provide goods and services at wholesale prices and then add a 35% service fee on top of the total. This practice is grounded in increasing transparency and flexibility for the consumer.

¹ Picaluna 2020, www.picaluna.com, accessed 1 December 2020

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Tender Funerals, a community-led not-for-profit funeral provider, is another example.² Operating in the Illawarra, Newcastle and the Mid North Coast, the average cost of a Tender funeral, with cremation, is between \$3000 and \$4000 – about half the price of funerals with similar inclusions in the area.

Bare Cremation, an online cremation service, allows mourners to arrange a direct cremation without the need to visit a funeral home. Bare Cremation's website claims that organising a direct cremation online will allow you to "arrange a much more personalised service without the time and cost pressure of a traditional funeral home", based on the premise that a body isn't needed for paying tribute to the deceased. It also promises affordability, with starting prices in each state ranging between \$1400 and \$3000. In CHOICE's mystery shop of funeral homes, businesses that offered quotes for direct cremation charged between \$2400 and \$5600.³

b) What are your views on the need for regulation and what regulation might look like?

CHOICE is pleased with the introduction earlier this year of the information standard for funeral goods and services (the information standard). We hope that this information standard will allow grieving people to more easily assess options for funeral providers and make decisions that best suit their needs. We also support future evaluations undertaken by the NSW Government of the effectiveness of the information standard and industry compliance rates.

CHOICE would also like to see increased transparency in claims of business ownership of funeral homes, particularly where 'family-owned' local funeral homes are acquired by larger funeral companies, such as InvoCare and Propel.

c) Can people complete some or all of the funeral arrangements easily without using a funeral director?

Throughout most of Australia, you can legally arrange almost all aspects of a funeral without using the services of a funeral director. However, government regulation and industry policies complicate people's ability to manage funeral matters. Essentially, most people choose to hire a funeral director to help navigate confusing legal requirements and the logistics involved at a time of grief.

In NSW, there are sections in the death registration forms for funeral directors to fill out, as well as prompts that suggest a funeral director should be organising the death certificate (see image below).⁴

² Tender Funerals 2020, <https://www.tenderfunerals.org/>, accessed 1 December 2020

³ Jeong, S 2019, 'How much do funerals cost?', CHOICE, <https://www.choice.com.au/health-and-body/healthy-ageing/ageing-and-retirement/articles/funerals-investigation-how-much-do-funerals-cost>, accessed 1 December 2020

⁴ NSW Government 2020, *Death Certificates*, <https://www.nsw.gov.au/topics/deaths/death-certificates>, accessed 1 December 2020

Register a death

A funeral director will normally register a death and apply for a death certificate on your behalf. This means you won't have to complete the application yourself.

The funeral director will ask you for some personal information about the person who has died. This includes details about their:

- birth, death and burial
- family members and
- home address and occupation.

The funeral director will register the death within 7 days of burial or cremation.

CHOICE is also concerned about industry practices in crematoria and cemeteries that require the employment of a funeral director to organise a direct cremation. For example, a crematorium operator is not required to accept a body that has not been delivered by a funeral director.⁵ This limits consumers' ability to organise a funeral without a funeral director.

d) What are your views on the impact of COVID restrictions on choice of services in the funeral industry?

While COVID-19 restrictions have presented impediments to mourners and funeral providers, they have also provided opportunities to do things differently. The industry has had to quickly adapt and devise innovative solutions to meet the needs of mourners, including the use of online streaming of funeral services which has in turn expanded the number of people who can 'attend' a funeral. We hope these options will remain in the future to give mourners more choice in how they participate in funeral services. Similarly, CHOICE has been informed that there have been more direct cremations (the cheapest option) occurring in 2020 as a result of COVID-19 restrictions.⁶

3. Tell us what you think about funeral pricing and affordability

CHOICE's 2019 investigation found that funerals are generally expensive. We refer IPART to the second part of the investigation which examined how much funerals cost.⁷ CHOICE hopes that the newly introduced pricing information standard will allow consumers to compare options more easily,

⁵ Cemeteries and Crematoria NSW 2019, *General consumer guide to interment rights in NSW*, https://www.industry.nsw.gov.au/__data/assets/pdf_file/0019/219610/CCNSW-General-Consumer-Guide.pdf, p 6. accessed 1 December 2020

⁶ Jeong, S 2020, 'Coronavirus restrictions are changing funeral rituals', *CHOICE*, <https://www.choice.com.au/health-and-body/healthy-ageing/ageing-and-retirement/articles/restricted-funerals-during-covid-19-coronavirus-outbreak>, accessed 1 December 2020

⁷ Jeong, S 2019, 'How much do funerals cost?', *CHOICE*, <https://www.choice.com.au/health-and-body/healthy-ageing/ageing-and-retirement/articles/funerals-investigation-how-much-do-funerals-cost>, accessed 1 December 2020

and bring prices down as funeral providers must respond to consumer needs in a more competitive environment.

4. Tell us what you think about the different ways of paying for a funeral.

The various ways of paying for a funeral in advance can be beneficial, however in our investigation we found that this was not always the case. We refer IPART to part 3 of CHOICE's investigation.⁸

For further information please contact CHOICE on apereira@choice.com.au.

Yours sincerely,

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⁸ Jeong, S 2019, 'Should you get a prepaid funeral?', *CHOICE*, <https://www.choice.com.au/health-and-body/healthy-ageing/ageing-and-retirement/articles/funerals-investigation-should-you-get-a-prepaid-funeral>, accessed 1 December 2020