



7 October 2021

Office of Regulatory Policy
Department of Justice and Attorney-General

By email only: funeralconsultation@justice.qld.gov.au

RE: CHOICE response to the Options Paper on funeral price transparency in Queensland

CHOICE welcomes the consultation on funeral price transparency being conducted by the Queensland Department of Justice and Attorney-General.

Throughout 2019-2021, CHOICE conducted an extensive examination into the funeral industry. It found that consumers are susceptible to overcharging, misinformation and unsatisfactory services. This work also found that the funeral industry was rife with poor practices including unclear pricing, misinformation, fees for no service and a highly concentrated market where the true ownership of funeral providers is obfuscated. Our recommendations have been informed by this work.

Recommendations

CHOICE recommends that:

1. The Queensland Government proceed with 'Option One – Regulation under Queensland's *Fair Trading Act 1989*'. Companies should not be able to profit from keeping grieving families and friends in the dark about pricing, and regulation is needed to ensure that all consumers are empowered through mandatory price transparency.
2. The regulation should require suppliers of funeral goods and services to:
 - use simple, standardised and consistent language and terms;
 - disclose, as a minimum, the following information:
 - prices for specific items (itemised pricing);
 - what services provided are legally required to commit a body to help consumers identify add-ons from the service provider;
 - the price of their professional services fee;
 - the price of the least expensive funeral package that includes a funeral ceremony, for the burial or cremation of a body, if supplied by the funeral provider; and
 - the funeral provider's ultimate holding company.
 - prominently display the required information at each place of business of the supplier and on the home page of any public website maintained by the supplier, and also include a link to the funeral information on any and each social media account

57 Carrington Road Marrickville NSW 2204

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maintained by the funeral provider.

3. Penalties should apply to funeral service providers that fail to adhere to the price transparency requirements.
4. The Queensland Government should also consider additional measures to help empower consumers to make informed decisions about funeral services, such as those recommended in the NSW Independent Pricing and Regulatory Tribunal *Review of competition, costs and pricing in the NSW funeral industry - Final Report* (June 2021). Such measures should include a consumer guide and checklist published by Fair Trading.
5. The Queensland Government should not elect 'Option Two - Amending the Queensland voluntary code' and 'Option Three - Maintaining the status quo'. Neither of these options are in the interests of consumers in Queensland. Option Two is a weak response because it would not provide consistent nor mandatory expectations on funeral providers to ensure consumers have clear and transparent pricing information. Option Three effectively sends a signal that it is acceptable for funeral providers to maintain opaque pricing practices and take advantage of uninformed and grieving loved ones.

Why regulation under Queensland's *Fair Trading Act 1989* is necessary

CHOICE believes that regulation under Queensland's *Fair Trading Act 1989* is necessary because:

- 1) **Consumers need clear and transparent funeral pricing in Queensland** - A legal requirement mandating that funeral providers display itemised prices of funeral goods and services will help grieving people make informed decisions that best suit their needs.

Arranging a funeral can be an emotional process, usually with added time constraints and cultural sensitivity. Research indicates that people buying funeral goods and services are:

- unlikely to shop around, often relying on word-of-mouth or previously used providers;
- often in a vulnerable state and may feel uncomfortable enquiring about more affordable options; and
- unaware of options available and heavily reliant on funeral salespeople to make decisions.¹

- 2) **Currently, many funeral providers do not display itemised price lists of their services online or in store.** This makes costs hard to identify, understand and compare, in what is already a time-sensitive purchasing context. A CHOICE survey conducted in June 2020 found that 1 in 5 people who organised a funeral in the past 5 years could not access a price list without repeatedly asking.² It is possible however that some providers have begun to disclose more price information since that time. For example, Invocare, one of Australia's

¹ JW Gentry et al, "The Vulnerability of those Grieving the Death of a Loved One: Implications for Public Policy" (1995) 14(1) *Journal of Public Policy & Marketing* 128.

² CHOICE Consumer Pulse June, 2020 is based on a survey of 1,113 Australian households. Quotas were applied by age, gender, state, household income and education, to ensure the findings are reflective of the Australian population. Fieldwork was conducted from 12th to 24th June 2020.

biggest funeral service providers and an ASX listed company, commenced providing itemised disclosure online nationally in December 2020 after CHOICE awarded it a *Shonky*.³ We note that this is a voluntary move by Invocare and can be wound back at any time the company chooses. Only clear regulation guarantees that consumers will always be able to get the information they need when arranging a funeral.

3) **There are few other services today that fail to provide basic transparency about prices** - The vulnerability of grieving consumers, along with the heavy reliance on funeral salespeople, means that these consumers are more susceptible to overcharging, misinformation and unsatisfactory services. As one person, a funeral industry worker, explained:

“We ended up with all the bells and whistles that we didn’t want. With my background and my knowledge ... I still couldn’t get what I wanted, and it was extremely disappointing to think: wow, if that can happen to me, that can happen to anyone.” - Marie, funeral industry worker.⁴

4) **Regulatory intervention will be most effective to improve transparency for consumers** - We agree with the conclusion of the Options Paper that ‘Option One is most likely to reduce uncertainty and improve price transparency.’ This is because legislation will apply to the industry as a whole and penalties will encourage compliance. This is in stark contrast to the voluntary code which only covers participating businesses and does not carry any meaningful consequences for non-compliance.

5) **Effectiveness of similar regulation in NSW and the desirability of consistency across jurisdictions** - The recent NSW Independent Pricing and Regulatory Tribunal *Review of competition, costs and pricing in the NSW funeral industry - Final Report* (June 2021) concluded that ‘[t]he funeral information standard has improved transparency for consumers, enabling them to compare alternatives in the short time available to arrange a funeral.’⁵ It makes sense that consumers in Queensland should also benefit from such simple measures and, where possible, that requirements should be consistent across jurisdictions.

6) **Transparency will help competition** - We agree with the Options Paper that “Informed consumers help contribute to greater competition between providers.” Requiring price transparency is a simple way governments can encourage greater competition in this industry.

³ Sami Jeong, ‘InvoCare rolls out itemised funeral prices online nationally’ *CHOICE*, 15 December 2020. Accessed at <<https://www.choice.com.au/health-and-body/healthy-ageing/ageing-and-retirement/articles/funeral-giant- invocare-rolls-out-itemised-prices-on-websites-nationally>>.

⁴ Sami Jeong, ‘How much do funerals cost?’ *CHOICE*, 20 September 2019. Accessible at: <<https://www.choice.com.au/health-and-body/healthy-ageing/ageing-and-retirement/articles/funerals-investigation-how-much-do-funerals-cost>>.

⁵ NSW Independent Pricing and Regulatory Tribunal *Review of competition, costs and pricing in the NSW funeral industry - Final Report* (June 2021). Accessed at: <https://www.ipart.nsw.gov.au/sites/default/files/cm9_documents/Final-Report-Competition-costs-and-pricing-in-the-NSW-Funeral-Industry-June-2021.PDF>.

Background

CHOICE has been advocating for funeral providers to provide people with transparent, honest and open information for several years.

As part of this work, CHOICE has:

- Conducted a 4 part investigation into the funeral industry⁶. This investigation was informed by months of research and interviews, the experiences of 548 recent funeral customers, 36 enlisted 'mystery shoppers' and one scathing industry whistleblower.
- Lodged a complaint to the Australian Competition and Consumer Commission about unconscionable conduct in the funeral industry.
- Awarded a *Shonky* for poor price transparency to Invocare.
- Alerted Australian Consumer Law Regulators and Consumer Affairs Ministers of the need for action to lift practices in the funeral industry.
- Made several policy submissions to inform the development of the information standard in NSW.

Our submissions, public complaints, articles and media releases about the funeral industry can be accessed at:

<https://www.choice.com.au/consumer-advocacy/policy-submissions/2020/september/submission-to-4part-review-of-the-costs-and-pricing-of-interment-in-nsw>

Contact

For more information, please contact Alison Elliott, Head of Policy and Government Relations, at aelliott@choice.com.au

Kind regards,



Alison Elliott
Head of Policy and Government Relations

⁶ Sami Jeong, 'Do you need a funeral director?' *CHOICE* 6 June 2019. Accessible at <https://www.choice.com.au/health-and-body/healthy-ageing/ageing-and-retirement/articles/funerals-investigation-do-you-need-a-funeral-director>, Sami Jeong, 'How much do funerals cost?' *CHOICE*, 20 September 2019. Accessible at: <https://www.choice.com.au/health-and-body/healthy-ageing/ageing-and-retirement/articles/funerals-investigation-how-much-do-funerals-cost>, Sami Jeong, 'Should you get a prepaid funeral?' *CHOICE* 3 October 2019. Accessible at <https://www.choice.com.au/health-and-body/healthy-ageing/ageing-and-retirement/articles/funerals-investigation-should-you-get-a-prepaid-funeral>, Sami Jeong, 'The future of funerals: natural burial, home vigils, DIY coffins and more' *CHOICE*, 6 December 2019. Accessible at: <https://www.choice.com.au/health-and-body/healthy-ageing/ageing-and-retirement/articles/funerals-investigation-the-future-of-funerals>

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