

# Review of Interment Costs and Pricing – IPART submission 2019

Albury City Council is pleased to response to the IPART review of interment costs and pricing. Our responses to the questions in the issues paper are below:

**1 Do you agree with our proposed pricing principles? Are there additional principles we should consider?**

We support the proposed pricing principles as a first look at the complex issue of interment costs and market pricing.

**2 Are any principles more important than others? How can we manage trade-offs between conflicting principles?**

In our region (currently), no pricing principle is any more important than the other. We do not see conflicting principles.

**3 What type of land is the most likely source of increased cemetery capacity in Sydney? The Hunter/Central Coast/Illawarra region? Other regional areas?**

We believe the type of land as the most likely/reasonable source of increased cemetery capacity can be drawn from;

- a. Crown Land Reserves, or
- b. Land owned by the local authority / council.

**4 Are there other costs involved in developing land for use as a cemetery?**

Geo-technical investigations and any “make-usable” costs of proposed land acquisitions including community engagement strategies and/or programmes are additional critical considerations.

**5 Who should be responsible for developing new cemeteries?**

We believe that the local authority/council retains the responsibility for developing new cemeteries for the community with assistance from state government.

**6 Who should have responsibility for maintaining closed cemeteries in perpetuity?**

We believe the last operator of any cemetery/crematorium must be responsible for future funding a cemetery they close. Adequately providing for the future following a minimum maintenance plan with acceptable accessibility and safety standards. This cannot be a ‘grandfather clause’ situation. Consideration to the perpetual maintenance fund (if there is one existing at the time) will be important when on selling or handing over the operation of a cemetery. The new owner would need to have sufficient funds to maintain the cemetery in perpetuity once it is closed.

**7 Should there be a legal obligation on all cemetery operators to make financial provision for the perpetual maintenance of their cemeteries? What form should this financial provision take?**

We consider there should be a financial provision made for future/perpetual maintenance by all cemetery operators. It could be considered that a proportion of the fee collected is held in a provisional cemetery management/maintenance reserve for this purpose; the intent would be not to unfavourably influence the Cemetery /Crematoria income result.

## Review of Interment Costs and Pricing – IPART submission 2019

**8 *Should more guidance or oversight be given to cemetery operators regarding investing and managing funds for perpetual maintenance? If so, by whom?***

Currently we believe we have industry best expertise in governance, planning and operation of our cemetery portfolio. We recommend operators join the NSW cemetery association for idea sharing, mentoring and current industry best practice.

**9 *What are the costs of interment, and what factors cause these costs to vary?***

Costs of interment are different to interment pricing. The cost of providing a service will include; labour, equipment (mechanical and manual), land development costs, land replacement costs, land repair costs post interment, maintenance costs for the term of interment, administrative and record keeping requirements and maintenance thereof, safe access to the location for the term of the interment, infrastructure updates in line with client expectations, etc. These factors fluctuate and vary from time to time. The most significant factors include the expectations of clients and compliance with operational requirements in place at any given time. e.g. WHS/safety management, audit compliance and record keeping, client care and unmanaged visitor safety, land management and ecological compliance, cost of operations, opportunity costs, economies of scale operators may be able to leverage from, etc.

**10 *Can the variation in interment prices be explained by cost differences (such as higher labour costs for weekend interments)?***

Interment services (just like the wider interment and funeral industry) are available to users via a fully exposed commercial marketplace. Product variation identified for example via Good, Better, Best choices may start from a similar base cost (e.g. land replacement costs) however they reflect different marketplace pricing across the broadest range of options. Additions to a base service, (e.g. Location in the cemetery, hours of service, level of presentation, etc.) will add variations to cost and price.

**11 *After considering factors outside of the control of a cemetery, are some cemetery operators more efficient than others? If so, what are the main factors behind these greater efficiencies?***

As a Local Govt. organisation, we enjoy access to experienced management over a wide range of civic operations and resources, broad council community support services, and group buying power with three cemetery locations in our portfolio.

**12 *Is competition between cemeteries likely to lower costs? If so, are there ways to address barriers to the ability of cemetery operators to compete with one another?***

Competition does not lower costs, it may however influence price to market and the type of services offered. Client choices and expectations in this market are driven by the experience they are seeking rather than by cost. In the 21<sup>st</sup> century, barriers to competition are better addressed through community consultation and developing product differentiation.

## Review of Interment Costs and Pricing – IPART submission 2019

**13 Does the tax treatment of private operators increase their operational costs relative to crown trusts and not-for-profit operators?**

We have no position on this issue at this time.

**14 Should private and local government cemetery operators also pay the Crown Cemetery Levy to fund the operations of CCNSW?**

As a regional Local Govt. Cemetery operator, we do not support a levy paid to the CCNSW which has emphasis on metropolitan Crown Trust operations.

**15 What form should the recommendations from this review take? How prescriptive should they be?**

We support a “**Guideline to Methodology**” approach (see 6.1.1 on pg29). Standard pricing guidelines and recommendations to calculate consistent costs will be the approach that will be simple in application (and clear to measure) for all operators and minimise any implementation cost.

**16 Should the forms of recommendation from this review vary depending on the ownership/management of the cemetery to which they apply? If so, how?**

We see no benefit in varying the recommendations operator to operator. A “**Guideline to Methodology**” being our preferred option.

**17 To which services and product offerings should the recommendations from this review apply?**

The recommendations should apply to an identified basic interment option only, similar to the basic funeral option made available via the Dept. of Fair Trading and applied to all funeral directors operating in NSW.

**18 What should the form of recommendations of this review be with respect to perpetual maintenance reserves?**

For future/perpetual maintenance reserves, we support the application of an optional Best Practice recommendation (non-binding) that includes a ‘future fund’ calculation model(s).

**19 Are there cross-subsidies or inefficiencies in pricing for interment services?**

We do not experience inefficiencies or cross-subsidies with our interment pricing. Pricing is market driven/responsive and determined by considerations including product differentiation, service levels and operational costs.

**20 If there are cross-subsidies, are there compelling reasons why they should continue?**

Not Applicable

## Review of Interment Costs and Pricing – IPART submission 2019

**21 *To what extent does the range of prices for interment rights within and between cemeteries reflect different efficient costs, product differentiation, or price discrimination?***

When reviewed alongside regional competitors we feel our options and offerings to the market are of a superior quality in a remembrance landscape, location, levels of choice, customer service and infrastructure, and the customer care experience.

**22 *Are there other areas of concern in current cemetery interment pricing approaches?***

Non at this time.

**23 *Should fees for interment rights vary with available cemetery capacity?***

Where fees for interment are calculated correctly and respond to changing influences from time to time, we do not currently believe a lack of capacity should directly influence interment right fees.

**24 *Which community impacts should we consider as part of this review?***

Where price and/or availability peak and fluctuate, we believe alternative forms of committal, (e.g. cremation, alkali hydrolysis) become sustainable market options.

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