IPART Issues Paper on review of costs and pricing for interment in NSW Cemeteries

Responses from Blacktown City Council Property Section

Introduction

Blacktown City is the second largest local government area in NSW with an estimated 370,000 residents and a projected population of 522,000 by 2036. Current growth is expected to continue, especially in the North West Growth Centre. Blacktown City covers approximately 247 square kilometres and includes 48 suburbs.

The Blacktown community is extremely diverse, with 40% of residents born overseas and 182 languages spoken. Blacktown is also home to the largest Aboriginal and Torres Strait Islander population in NSW.

Blacktown City contains 4 cemeteries, as shown below.

Cemetery	Operator	Area (ha)	% of cemetery land in Blacktown
Riverstone	Council	5.6	6%
St Bartholomew's, Prospect	Council	11.4	11%
Castlebrook, Rouse Hill	Invocare	35	34%
Pinegrove, Minchinbury	Invocare	50	49%
TOTAL		102	100%

Of the cemeteries that Council operates, Riverstone Cemetery is expected to reach burial capacity in the next 5 – 10 years.

St Bartholomew's Cemetery, which is State heritage listed, currently occupies 3 hectares. No new interment rights have been sold there since 1972. However, development consent to activate a vacant part of the cemetery for burials (1 hectare) is expected at the end of June. New interments are likely to be offered within the next 5 years.

An additional 8.4 hectares of land to the east of the cemetery has been transferred to Council by the NSW Office of Strategic Lands for the purpose of cemetery expansion. Council has submitted a planning proposal to rezone the land to permit a cemetery use. This planning proposal is expected to be finalised in 2020. The development of this land for cemetery use will occur in stages over the next 20 – 40 years.

We have reviewed the IPART *Issues Paper on review of costs and pricing for interment in NSW Cemeteries*, in the context of the cemeteries within our City. Our comments are provided below as responses to the questions on which feedback has been sought in the Issues Paper.

Blacktown City Council

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

Of the 3 possible pricing principles provided, the preferred principle is the first one:

- Providing pricing guidelines or a pricing methodology

Reasons:

1. Conditions and maintenance requirements vary from cemetery to cemetery. Suggest that a pricing structure is not imposed on the operator, subject to points below.
2. Suggest greater transparency of pricing throughout the industry – e.g. all pricing to be made publically available to the consumer. At present private sector pricing is not freely available to the consumer in contrast to Council managed cemeteries.
3. Suggest consistency in description of items that are being priced – to enable consumers to be better compare pricing.

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

Our preference is for pricing guidelines or a pricing methodology, for reasons outlined above.

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?**

- Surplus NSW government land.
- Potential for dual use of larger recreational land holdings – e.g. Western Sydney Parklands which extends along a 27 km long corridor through Western Sydney. Pockets of it may be suitable for cemetery use, provided the cemetery use is in keeping with a park-like aesthetic (i.e. lawn as opposed to monument cemetery).
- Flood liable land – subject to no adverse impact on water (including ground water) supply.
- Former landfill sites, subject to appropriate environmental controls.
- Suggest that planning guidelines for cemeteries be developed.

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

- Cost of rezoning land for cemetery use. This can be a costly and contentious exercise. Even more so for rezonings to permit crematoriums.
- Earthworks, civil infrastructure works, amenities buildings etc
- Remediation works and contamination removal, if land has been subject to illegal dumping or due to former use (e.g. industrial).
- Maintenance of potential heritage buildings and monuments.

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

- Planning for new cemeteries should be managed by the Department of Planning, Industry and Environment or the Greater Sydney Commission in partnership with Cemeteries and Crematoria NSW (CCNSW) and councils.
- The acquisition of land for cemetery use could be a requirement of government – as it currently is for other infrastructure. The Office of Strategic Lands acquires land for strategic regional purposes (e.g. open space). Given the growing scarcity of land in metropolitan Sydney for cemetery use, we suggest that the OSL include acquisition of land for cemetery use in their scope.

  To formalise this responsibility, land could be zoned for cemetery use and earmarked for acquisition by a relevant authority in environmental planning instruments (e.g. Local Environmental Plans or State Environmental Planning Policies). Such 'planning proposals' are typically initiated by Councils or, in the case of the North West and South West Growth Centres, the Department of Planning Industry and Environment.
- There is no one entity that should be responsible for the development of cemeteries.

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

Councils are ideally placed to manage closed cemeteries subject to having a sustainable funding stream for maintenance in perpetuity.

Greater effort is required to ensure existing and new cemeteries serve a dual recreation function, so that they are a valuable resource for the entire community. Such measures will assist with surveillance and security of cemeteries.

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?**

The principle proposed is logical. The legal obligation could be that cemetery operators be required to take out insurance to cover the cemetery should:

- the cemetery operator become bankrupt and there are insufficient funds in the sinking fund to operate or maintain the cemetery, or
- the cemetery operator is not able to meet perpetual maintenance obligations, due to an insufficient sinking fund.

Should such insurance fail, the Government should have the right to step in and get the affairs of the cemetery in order, so that it can then be offered to the market.

Guidelines for perpetual maintenance sinking funds would be useful. The guidelines could be provided on a per hectare basis, for different types of cemetery (e.g. lawn, monument, bushland, heritage).

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

CCNSW is ideally placed to provide such advice and should take a lead role.

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

Factors that can cause variations in interment costs include:

- Bariatric interments which can result in additional costs, as larger burial plots are required and in some cases, special machinery is required to transfer coffins from the hearse to the grave site and then to lower into the grave.
- Infant and child burials, on the other hand, require a smaller burial area. If such interments can occur in a dedicated area where smaller graves have been anticipated, there should be an opportunity for these interment costs to be lower.
- Soil conditions can vary interment costs. If soils are difficult to dig (e.g. due to presence of shale or other rock), gravediggers will charge more.

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

Yes it can be and would vary based on the location of the cemetery and competition.

A growing preference for interments to occur out of traditional business hours, including public holidays, can also contribute to a variance in costs.

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?

The size of the cemetery is a major factor in creating efficiencies where economies of scale exists with the land and the operator managing one or more cemeteries with policies, procedures, systems and human resources.

Greater costs are associated with maintaining historic monument cemeteries – e.g. St Bartholomew's Cemetery at Prospect (State heritage listed). Heritage assessment and approvals and specialist monument repairers contribute to high cost of maintaining such cemeteries.

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?

Open and transparent competition has the potential for lower costs based on location. There is little competition at present and a lack of transparency in pricing (and a lack of common terminology) makes it difficult for consumers to compare cemeteries and products.

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

Potentially yes, this question is best addressed by the private operators based on its business model.

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

From Council's perspective, such a levy may be seen as an additional indirect tax and may be passed on to the end consumer. As with any levy, it must be clear what we will get in return for paying it.

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

Costs vary from cemetery to cemetery – e.g. lawn vs monument cemetery, new vs historic monument cemetery. Cannot have a one-size-fits-all response but there is a greater need for transparency in cemetery pricing.

A better understanding of interment pricing in the context of broader 'death' costs (e.g. cost of funeral, coffin, cremation, monuments) would be helpful.

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?**

The forms of recommendation should be tailored based on the ownership and management of the cemetery. Private cemeteries generally offer a premium customer experience and which is reflected in pricing when compared to publicly managed cemeteries. Publicly managed cemeteries do not have the economies of scale to compete with larger privately operated cemeteries.

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

It should be limited to basic service of burials, basic headstones and ashes interments. However, it would be good to understand interment pricing in the context of broader 'death' costs – e.g. cost of funeral, coffin, cremation, monuments.

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

That the cemetery operators provide annual financial statement, evidence of sinking fund for perpetual maintenance and insurance cover.

By way of comment it would be good to have some bench mark maintenance costs for different types of cemeteries – e.g. bushland, lawn, monument.

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

Not to the knowledge of Blacktown City Council, each operator generally acts independently in setting its prices.

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

Not to the knowledge of Blacktown City Council, each operator generally acts independently in setting its prices.

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?**

Not known, suggest potential independent investigation to form a view.

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

Not known, suggest potential independent investigation to form a view.

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

Competition will lend itself to supply and demand in a free market, suggest potential independent investigation to form a view

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

- Location of cemeteries in relation to suburban areas
- Location of crematoriums in relation to suburban areas
- Accessibility to public transport
- Potential impact on the potable water catchment
- Faith vs non-sectarian areas designated within a cemetery
- Specific areas for infant burials.