



**THE HILLS**  
Sydney's Garden Shire

**THE HILLS SHIRE COUNCIL**  
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18 February 2020

Jennifer Vincent  
Director of Pricing  
IPART  
PO Box K35  
Haymarket Post Shor NSW 1240

Dear Jennifer

## **IPART REPORT - REVIEW OF THE COSTS AND PRICING OF INTERMENT IN NSW**

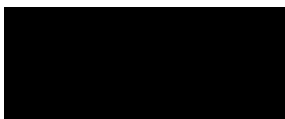
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Please find enclosed below the submission cover sheet for IPART.

The Hills Shire Council would also like it to be recognized that the comments enclosed with the document are not the adopted position of Council and only provided by Council officers.

Please note:- in relation to point 1, Council has no concerns if CCNSW is responsible for acquiring the land, however we wanted to clarify if Council becomes the operator of CCNSW acquired land, it would be on the basis that it is full cost recoverable, including sufficient funds are available for ongoing perpetual maintenance

Yours faithfully



**Daniel Sales**  
**MANAGER - COMMUNITY OUTCOMES**

## Interim Recommendations

1 Cemeteries and Crematoria NSW (CCNSW) be made responsible for acquiring land for new cemeteries in Sydney as part of the statutory review of the *Cemeteries and Crematoria Act 2013*.

**Response:** Disagree unless the operator of the land operates independently of the CCNSW land ownership and has the ability to manage the cemetery at no cost to the ratepayer and is fully self-funded.

Investment in cemeteries infrastructure by either Council or commercial operators should be based on a return on investment and full cost recovery over the life of the cemetery, given the discretionary nature of the investment in new cemeteries, and that operating cemeteries is not a core business of Council.

For these reasons it is not recommended that CCNSW acquire land without clear understanding of the lifecycle full cost recovery.

2 New cemeteries in Sydney have their operations competitively tendered out to either an existing Crown land manager or appropriately qualified private operator.

**Response:** Agree, on the basis that if an operator is not found through a tender process, Council does not become the operator of “last resort” without full lifecycle cost recovery and that Council has full autonomy to set the fees and charges without approval from IPART.

3 The NSW Government work in partnership with councils in a coordinated strategic manner to identify land for interment outside Sydney.

**Response:** This does not apply to the Hills Shire Council as this is part of Sydney

4 An interment service levy not be applied to additional cemetery operators until the statutory review of the *Cemeteries and Crematoria Act 2013* is completed and it can be demonstrated that the functions of CCNSW are of benefit to the wider cemetery and crematoria industry in NSW.

**Response:** Agree, the Hills Shire Council doesn't currently pay a service levy however if this levy was to be introduced, this would place an additional cost burden and ultimately increase cemetery fees.

5 Office of Local Government's performance statistics be required to include transparent and comparable cost information about councils' cemetery operations.

**Response:** Agree, this would require additional performance indicators and set up of Cemetery Operations as a business unit to be reported in the Operational Plan each year.

6 There be a legal obligation on all cemetery operators to make adequate financial provision for perpetual maintenance of interment sites and the cemetery.

**Response :** Agree, the Hills Shire Council already has a Cemetery Reserve.

7 Cemetery operators that conduct more than 50 bodily interments in new perpetual interment sites per year at a cemetery must contribute to an independently managed perpetual maintenance reserve fund to provide for long-term cemetery maintenance.

**Response:** Disagree see comments below.

8 The perpetual maintenance reserve fund for a cemetery must be independently managed by Treasury Corporation or an independent body approved by CCNSW.

**Response:** See comments below.

9 CCNSW to develop guidelines, on when and how a cemetery operator can use perpetual maintenance funds for a cemetery.

**Response:** Disagree on 7, 8 & 9, the Hills Shire Council would be impacted by this change. This would introduce red tape, additional costs and a huge administrative burden. The Hills Shire Council has been managing the investment of these funds and any decision on use of these reserves is a matter for Council.

10 Cemetery operators provide a Plain English Statement of terms and conditions for interment rights at a cemetery that customers can easily access. This includes a clear statement of understanding on the obligations of each of the interment right holder and the cemetery operator for the nature and level of maintenance of the interment site and the cemetery.

**Response:** Agree. It is important for anyone purchasing a plot to understand what they have purchased and what they are responsible for (i.e. maintenance of the headstone/plantings and structures etc.) This needs to be communicated to all parties (Funeral Homes and Stone masons etc.) prior to any interment. It is imperative for all cemeteries to provide a clear statement of service levels, and this must form part of the purchase certificate and be signed by the applicant/owner of the grave.

A register for all contractors (including stonemasons and funeral directors) should be a requirement to ensure the safety of all parties.

11 To make it easier for consumers to compare and understand prices for bodily interment services, cemetery operators be required by regulation to publish prices for all bodily interment services on a consistent basis. To do so, cemetery operators be required to publish the following:

- The total price for a bodily interment service (ie, the sum of all necessary service components) for both at-need and pre-need purchases
- Itemised prices for each service component of the bodily interment service, using the terminology described in Table 7.2, and including any additional costs due to cultural or religious requirements
- Product specifications for the interment right, such as size and depth
- Length of tenure (renewable or perpetual) and the future maintenance pricing components for all relevant lengths of tenure.

**Response:** the Hills Shire Council publishes all cemeteries pricing on line, indicating that we do not provide grave digging services.

12 Within 12 months CCNSW to develop a central website to enable consumers to compare prices for interment services in one place.

**Response :** Agree assuming this will be for both new cemeteries and existing (and closed) ones.

13 In setting interment fees and charges, all cemetery operators should include future maintenance costs of their cemeteries.

**Response :** Agree.

14 Our pricing tool be made available to cemetery operators for use on a voluntary basis to inform decisions on pricing for bodily interment rights.

**Response: Agree**

15 Users of the pricing tool should include land value at its initial purchase cost, but for cemeteries that are located on gifted land, the land value should be zero. Land value for an established cemetery should not be adjusted over time to reflect changes in surrounding land values.

**Response:** Feedback below on each proposed pricing tool assumptions 1 to 6 (p.70-71).

1. We agree with the concept that interment right purchased in year 1 and interment right purchased in year 100 should pay the same (real) contributions. However, given the initial price will be calculated based on assumptions at the time, it is proposed that cemetery operators be given the flexibility to review and update pricing subsequently as required in order to ensure any major changes to assumptions, including WACC, can be reflected in future pricings. This approach is consistent with the NPV modelling of Developers Contribution Plans where the plans are monitored and updated regularly as assumptions/financial information changes.
2. Agree
3. Agree
4. Agree with no retrospective price adjustments, however refer feedback above on assumption 1 regarding future pricing updates.
5. Agree not to adjust land value of established cemetery each year once it is paid for. However how does this then comply with accounting standards? Land has to be fair/market value, if this is purely for the purpose of calculating fees, then agree.
6. The Hills Shire Council doesn't have renewable tenure.