

## IPART Questions and Answers

### 1. (a) Do you agree with our proposed pricing principles?

Yes.

### (b) Are there additional principles we should consider?

Affordability needs to be carefully considered.

### 2. (a) Are any principles more important than others?

The financial sustainability of cemeteries is critical, particularly those managed by Local Government. In the absence of financial sustainability, the burden of funding cemeteries falls on ratepayers and future generations.

### (b) How can we manage trade-offs between conflicting principles?

A challenge for some Local Government is the perpetual maintenance of 'legacy' cemeteries that were devolved to Council (from Churches or Trusts) for which no income was ever received or can be realised. The cost of maintenance of these cemeteries is generally placed on the current operating cemeteries finances, increasing prices and impacting affordability. Some consideration to funding assistance for maintain these 'legacy' cemeteries would be beneficial.

### 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?

In rural areas, it appears the most likely source would be Crown land.

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

Increasingly the available land will be that which is not developable for various reasons including landform and other constraints. This will likely increase development costs to make the land suitable for burials e.g. retaining walls, filling, benching etc.

### 5. Who should be responsible for developing new cemeteries?

In regional areas this is perhaps a lesser issue than urban areas as the Local Government area general covers a full population. However, there still is potential for improvements with increased coordination across local government boundaries to plan cemetery supply on a regional basis. Either using existing regional organisations or setting up a regional body to oversee/approve planning on a regional basis may be warranted.

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

As per comments in question 2, many closed cemeteries end up being devolved to Local Government who inherit the maintenance costs without the preceding income to fund the maintenance. It would seem practical for local government or Crown Land Managers to assume responsibility for maintenance of cemeteries, but this should only be done on the basis of a financial plan demonstrating that this will not place additional financial burden on the cemetery manager.

**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?**

Yes. This should be a reserve fund, potentially with a requirement for annual audit or reporting to ensure the funds are not being directed into operational, profit or other areas of the business.

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

Yes. Similar oversight is provided to organisations managing water and sewer operations and waste management facilities such as the Office of Water, the EPA. A starting point may be development of an investment policy to provide guidelines on how reserves are to be invested. In the local government context this is undertaken through Local Government reporting and auditing requirements. How and who would manage this across private or State managed facilities is a challenge.

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

As with Q 4, the particular geographic and site conditions can significantly increase the costs of internments, particularly if the availability and costs of land result in the use of more marginal sites where more significant site preparation works are required or the interment requires additional plant or time to prepare.

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

Yes, to a degree. Also those operated by the public sector may be subject to award conditions that make the costs of labour higher than the private sector, particularly with regard to penalty rates.

**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?**

Unsure how many cemeteries operate to comment on their efficiencies, but in local government the support services such as finance and IT are provided by the organisation on an on-cost basis which may provide for greater efficiencies.

**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?**

Potentially in a competitive environment, but with the trend toward cremations the competitive environment is largely limited to cremations and internments, particularly in non-urban areas. The burial costs in rural areas is largely driven by cost to provide the service and the capacity of the community to pay for the service. This is particularly the case for local government cemeteries where the business is community service driven as opposed to profit driven.

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

Not in a position to comment, unaware of the difference between the tax treatments.

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

Provided a service is provided for the levy, and the levy expenditure is accountable, monitored and audited.

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

Guidelines or a benchmark methodology for setting prices. Prescriptive recommendations do not generally allow for variances in an industry due to local environmental nuances: geographic, socio economic, competitive environment, site conditions etc.

**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?**

Yes. They should vary from Trusts to Local councils and also from urban to rural Councils as the factors impacting the sustainability vary at these levels.

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

They should be limited to internment services, and to a basic internment service which provides a basis from which to extrapolate value add services.

Developing a comparison of renewable and perpetual tenure pricing would be valuable and supported.

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

A best-practice methodology or benchmark approach is recommended. This would cater for variations in perpetual maintenance costs associated with location variances and various service levels and standards of cemeteries e.g. the perpetual maintenance costs of a highly landscaped and modified cemetery will be greater than a basic lawn or bushland setting.

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

Potentially. This will likely vary depending on local competitive forces.

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

Yes. As referred to in 19, local competitive forces may make it difficult to adequately include perpetual maintenance costs in a particular service. An example may be a cemetery including crematorium in an area where there are stand along crematoriums. The stand along crematoriums do not need to price their offerings to include perpetual maintenance meaning they can offer a lower cost service than the cemetery crematorium. To be competitive, the cemetery crematorium may need to exclude or lower the perpetual maintenance component of cremations and recoup this from burials.

**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?**

They do reflect different efficiency costs and product differentiation. I have not experienced price discrimination in public facilities – this may be more prevalent in privately owned facilities.

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

NA

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

No. It is inequitable to burden people due to the timing in the lifecycle of a cemetery which is clearly out of their control. This is a matter of inadequate planning.

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

Challenging question. In public facilities the pricing basis should be based on full cost recovery (including long term considerations). This may still create difficulties

for some sections of the community. The community impacts in terms of capacity to pay and equal access to all should be considered, potentially looking at cross subsidisation options to allow support for socially disadvantaged, or other forms of support outside the cemetery pricing