ROOKWOOD
EST 1867 GENERAL CEMETERY

PO Box 291 Lidcombe NSW 1825
02 8575 8100
www.rookwoodcemetery.com.au
Rookwood General Cemeteries Reserve Land Manager
(ABN: 65 959 157 751)

IPART
REVIEW OF INTERMENT COSTS AND PRICING

ROOKWOOD GENERAL CEMETERY

5 JUNE 2019

Contents

1. Executive Summary

We would like to thank IPART for the opportunity to make a detailed submission around the review of costs and pricing of NSW Cemeteries. We understand that it is optional to make a submission and appreciate being able to do so.

In its own right, Rookwood General Cemeteries Reserve Land Manager (RGC) is one of the largest cemeteries in the world and the most significant multicultural cemetery in Australia. It is also the most substantial element of Rookwood Necropolis, which is ranked sixth (for size) in the world.

RGC has strong relationships with our faith communities, understanding the nuances and sensitivity around faith-based burial requirements. We anticipate all of our communities will, on the whole, be able to express their views on the pricing mechanisms within the New South Wales (NSW) Cemeteries sector.

Included in the Cemeteries and Crematoria Act is an investigation and report by IPART in two major areas of the act, which are:

- The relativity of costs and pricing factors for perpetual and renewable interment rights, and
- Full-cost pricing of perpetual interment rights, including provision for the perpetual care of interment sites and cemeteries.

It is our contention that neither of these objectives are likely to be realised. As we will outline later in this document, the main responsibility of the Act and the implementation of this regulation is the responsibility of Cemeteries and Crematoria New South Wales (CCNSW) and it is our opinion that they have failed to meet both of these objectives.

In 2015 RGC commissioned a cost recovery model, completed by BDO, which was used to compile a new pricing strategy for RGC. It must be noted that this model was initially rejected by CCNSW before being accepted in 2017 to form the basis of RGC's five-year pricing strategy.

One of the emerging and critical issues both globally and here in Sydney, is the concept of 'funeral poverty', where the cost of all aspects of the funeral process is putting families into (or maintaining them in) poverty. Many families have to acquire financial loans or borrow substantial money from relatives and friends to allow them to provide a dignified burial or cremation service for their loved ones.

1.1 Community Impact

In conversations with our communities, there have been three major reviews that have taken place recently as follows:

- The Governance Review of the whole of Rookwood undertaken by PWC,
- The Parliamentary enquiry into Part 4 of the Act, renewable burial processes, and
- This IPART review.

The experience of RGC Stakeholders during these reviews has not been positive, with none of our community members approached during the consultation process by any of the reviewing bodies. This continues to indicate that there has been ineffective consultation prior to the drafting of this review, which causes great concern for our community groups.

We have engaged with the significant majority of RGC's communities and they are likely to lodge submissions to this review with their own opinions on affordability of products. Subsequently, the sustainability objective will not assist with the land crisis at RGC, nor potentially at other cemeteries.

A possible unintended consequence of this review is effectively a form of discrimination against families of limited financial means, whom are unable to afford even the cheapest of burials which is currently approx. $10,000 at RGC. It should be recognised that RGC are the only Cemetery in Sydney to offer public burial services to those people with no financial means.

This review does not clearly identify who is the final arbiter, and what powers IPART will have over the cemetery sector, including council and private operators.

Currently only the Crown operators in NSW are charged levy's to cover the costs of CCNSW, why is this the case? Why are council cemeteries and private operators exempt from paying levy's and what will this review mean for their prices and charges?

Families are faced with making many decisions at the time of death, which is a period of personal family crisis. They may feel under pressure to choose a cremation as opposed to a burial due to cost, which may force them to go against religious or cultural burial practices. In addition to renewable versus perpetual, they may decide to maintain a grave licence for ninety-nine years, which is likely to be more expensive than the purchase of a perpetual grave.

1.2 Organisation Impact

After the 2012 cemetery reforms where the Jewish, Muslim, Anglican, General and Independent Cemeteries were merged to create Rookwood General Cemetery, and where all former cemeteries had their own pricing principles, RGC had been working to create a more harmonious pricing regime and reduce disparity levels between similar products. This journey; however, will be a long one with some communities paying significantly less for products than others.

RGC will be directly affected by any adverse pricing recommendations handed down by IPART, particularly in the following areas:

- Cost recovery pricing of products
- Products being overpriced for communities
- No control over future pricing principles and methodology
- Perception from some communities on comparative products.

2. Introductions

2.1 About Rookwood General Cemetery (RGC)

Rookwood Necropolis was established in 1867. Today, with a total area of 290 hectares, it is the largest Victorian cemetery in the world and the sixth largest overall.

Rookwood General Cemeteries Reserve Trust was established in 2012 to unite the former Anglican, General, Independent, Jewish and Muslim Trusts that managed Rookwood. In 2018, in accordance with the Crown Lands Management Act (2016), all Crown Reserve Trusts transitioned to Land Managers. As a result, our new legal entity became Rookwood General

Cemeteries Reserve Land Manager. To support this new entity, we implemented a new brand, using the business name of Rookwood General Cemetery (RGC).

We are responsible for managing over 190 hectares of Rookwood, which equates to two-thirds of the cemetery. The remaining one-third is managed by the Rookwood Necropolis Trust (RNT), the Catholic Metropolitan Cemeteries Trust (CMCT), Rookwood Memorial Gardens and Crematorium (InvoCare), and the Office of Australian War Graves.

Throughout Rookwood, RGC offers over 130 interment locations. To further meet the needs of families, we customise interment practices to respect different community beliefs.

2.2 Perpetual Reuse vs Renewable Reuse

This section is an accurate description of perpetual burials verses renewable burials.

Perpetual Reuse – The term 'perpetual' means forever, so a perpetual licence lasts forever and only changes hands by means of a transfer application by the holder or death of the holder. A perpetual licence sits within the holder's estate. Upon their death, it is dealt with via their will, or in the case of an intestate via common law.

Any reuse of a perpetual site is entirely at the discretion of the licence holder. The only involvement by the cemetery operator in that decision is to determine feasibility. 'Perpetual reuse' really means the same family, using the same grave, over and over again, indefinitely.

Renewable Reuse – A renewable tenure licence is for a fixed term of twenty-five years, with the family having the option to renew the licence, but only up to a maximum of ninety-nine years. At the end of ninety-nine years, the control of a renewable site reverts to the cemetery operator. 'Renewable reuse' really means the same family can reuse the grave for a maximum of ninety-nine years only and not forever.

2.2.1 Estimated Prices to Market of Renewable Offering

Product		Current Perpetual License Price (2018)	Estimated Renewable 25Yr License Price (1st Issue)	Estimated Renewable 25Yr License Price (Reuse after Remediation)
Armenian	Lawn	$9,109	$7,176	$17,818
	Monumental	$10,459	$7,878	$27,340
Chinese	Lawn	$8,197	$6,210	$16,852
	Monumental	$38,213	$28,949	$48,411
Jewish	Lawn	$10,311	$7,668	$18,310
	Monumental	$9,547	$7,080	$26,542
Muslim	Lawn	$4,510	$3,608	$14,250
Orthodox - Eastern	Lawn	$8,265	$6,261	$16,903
	Monumental	$12,370	$9,290	$28,752
Orthodox - Macedonian	Lawn	$12,988	$10,832	$21,474
	Monumental	$14,618	$10,631	$30,093
Orthodox - Russian	Monumental	$10,459	$7,878	$27,340
Orthodox - Serbian	Lawn	$7,817	$5,922	$16,564
	Monumental	$10,796	$8,132	$27,594
Syrian	Monumental	$8,547	$6,419	$25,881
Non-Denominational	Lawn	$9,109	$6,934	$17,576
	Monumental	$8,547	$6,216	$25,678

Note –

- All pricing is inclusive of GST
- Renewable prices are estimates only, with cost base adjusted to reflect tenure term.
- Renewable reuse pricing includes the cost of an exhumation as this is a cost only incurred when preparing a renewable site for issue to another family.

3. RGC Response to Questions in the Issues Paper Dated May 2019

3.1 Pricing Principles (Page 16)

1.1 Do you agree with our proposed pricing principles?

- Burial Licence and Interment prices should be affordable and equitable for all communities; however, affordable means something different for everyone depending on their financial means. All Cemetery operators should offer a full range of end-of-life products.
- Burial Licence and Interment prices should allow for the financially sustainable operation of cemeteries into the future.
- Burial Licence and Interment prices should be simple and transparent so that people can make informed decisions about end-of-life choices at a difficult time. This should also include transparency of prices posted on operator websites.

1.2 Are there additional principles we should consider?

- RGC commissioned BDO to conduct a cost recovery review in 2015, which was used as a guidance tool during RGC's five-year price negotiations with the communities that we offer burial products to. This document is available for IPART to review on the basis of Commercial in Confidence.

2.1 Are any principles more important than others?

- All principles are as important as each other, as throughout each community different principles will be more relevant than others. It is not possible to manage communities under different principles as this may demonstrate potential discrimination.

2.2 How can we manage trade-offs between conflicting principles?

- RGC does not believe that there are any opportunities for trade-offs between conflicting principles.

3.2 The Cost of Purchasing Land (Page 19)

3. What type of land is the most likely source of increased cemetery capacity in Sydney?

- The type and size of land that RGC have been trying to source is contained in a detailed land strategy document that can be shared with IPART on the basis of Commercial in Confidence.

  The Hunter/Central Coast/Illawarra region? Other regional areas?

- The areas that IPART has identified above are not relevant to RGC as the majority of our communities are Sydney based, therefore our focus has been on the greater Sydney metropolitan area.

3.3 The Cost of Developing Land (Page 20)

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

- The following is an indicative list of costs involved in developing land for use as a cemetery after purchase of land has been finalised. During the potential Fernhill acquisition by RGC in 2017, the following developmental items were planned:

  - Development approval for use as a cemetery
  - Rehabilitation of the land if it had previously been used for an industrial purpose
  - The construction of buildings, such as chapels and reflection centres (which potentially costs more than the purchase of the land)
  - The construction of roads and paths
  - Installing utilities such as water and electricity
  - Landscaping

This list is not exhaustive and could include items like community consultation, cemetery planning and design etc.

3.4 Responsibility for Developing Cemeteries (Page 21)

5. Who should be responsible for developing new cemeteries?

- RGC believes there is no one entity responsible for new cemeteries, we believe that cemetery operators are best situated to identify, negotiate and manage this process with support from government regulators in managing the political landscape around politicians and communities etc.

ROOKWOOD
EST 1867 GENERAL CEMETERY

3.5 Management of closed cemeteries (Page 23)

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

- Operators have the responsibility to maintain cemeteries in perpetuity after the last interment. There is a requirement under the Act, division 3, interment industry schemes, part 31, 2b, requiring an operator of a Cemetery to ensure adequate provision is made for perpetual care of interment sites and the Cemetery.

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?

- As per the above comment, all operators should be held accountable for developing a suitable strategy around perpetual maintenance and its ongoing funding. RGC would recommend that all operators with a perpetual maintenance fund have this reviewed every three years by a suitable actuary.

3.6 Reserved funds for perpetual maintenance (Page 24)

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

- The current Crown operators are the experts and demonstrate this on an annual basis; therefore, they would be the people to provide oversight and guidance to the wider industry. Refer table 5.3 on Page 24, which lists the perpetual funds of Catholic Metropolitan, Southern Metropolitan and Rookwood General. Note that there is no reference to Northern Metropolitan Land Manager.

3.7 Interment costs (Page 25)

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

- The factors relating to cost of interment are wide and varied for each community product, please refer to the BDO Cost Recovery document that will be more educational to this IPART review. This may be requested in confidence.

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

- As above, the factors relating to cost of interment are wide and varied for each community product, please refer to the BDO Cost Recovery document that will be more educational to this IPART review. This may be requested in confidence.

3.8 Overhead costs (Page 25)

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?

- RGC and Southern Metropolitan Cemeteries Land Manager (SMCLM) have collaborated in a benchmarking exercise which is still being reviewed. We believe that some cemetery operators may be more efficient than others, however until a transparent benchmarking exercise can be undertaken independently of all operators we will not know just how efficient or un-efficient operators are.

3.9 Potential for competition (Page 26)

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 always generates benefits to consumers and RGC does not see a difference within the cemetery industry. The only stumbling block is the lack of new land that would enable cemetery operators to provide a value for money option to clients, which would alleviate the financial burden currently being experienced by some parts of the community.

3.10 Tax treatment public vs private operator (Page 26)

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

- Due to our loss of Charitable Status RGC no longer receives significant tax incentives; however, we have undertaken a change in our financial strategy in order to overcome this. Should private operators also change their strategy?

3.11 Crown levy (Page 27)

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

- YES! Why they are not already is a mystery to those cemetery operators who are paying the levy. It should not be the sole responsibility of Crown Land Managers to fund an industry wide government regulator who administer help, advice and guidance to the wider sector, including private council and community managed cemetery and facilities.

3.12 Maximum Prices (Page 31)

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

- They should be detailed individual briefings to Class 1 Crown Land Managers (the 4 large Land Managers) and large private entities i.e. Invocare, and in groups to all others cemetery operators.

3.13 Which Cemeteries (Page 32)

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?

- There should be a transparent wholistic review of the cemetery industry carried out by IPART; notwithstanding some operators have several nuances that others don't i.e. RGC are the major Islamic cemetery in NSW that perform out of coffin burials. However, regardless of ownership / management of cemeteries, they should all be considered evenly.

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

- All services and products currently offered by all operators, charges including:
    - Burial
    - Interment
    - Cremation
    - Memorialisation
    - Monumental
    - Rookwood Levy's
    - CCNSW Levy's

3.14 Perpetual maintenance reserves (Page 33)

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

- The recommendation should be straight forward, all operators must account for their perpetual maintenance obligations and this should be made available through transparent reporting.

3.15 Evaluation of existing prices against pricing principles (Page 35)

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

- Some communities state this is the case and will continue to be vocal about this issue until disparity reduces. At RGC some similar products are priced differently; however, this mostly represents legacy issues prior to cemetery amalgamations in 2012.

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

- No there shouldn't be cross-subsidies; however, in some cases the disparity is so large that obtaining a reasonable increase in prices is very challenging. Until parity is realised between similar products this perception will continue to be raised.

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?

- Currently RGC offers only perpetual interment rights and therefore there is no difference in efficiencies, product differentiation or price discrimination.

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

- During these Government reviews the consistent feedback that RGC receives from its stakeholders is that they have no opportunity to provide feedback from a community perspective. This creates major tensions and frustrations in the communities as any consultation has only been provided by RGC.
- Transparent reporting.

3.16 Alternative pricing options (Page 35)

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

- We believe that they currently do, with a finite resource, and no end in sight to resolve the current cemetery capacity crisis, burial will soon become a luxury for some communities rather than a basic human right!

3.17 Community Impacts (Page 36)

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

- Community impacts that should be considered are:
  - Land availability
  - Affordability
  - Cultural burial customs
  - Socioeconomic factors in the community
  - Value for money

4. Appendices

4.1 Appendix 1 – RGC Communities

At RGC, our stakeholders represent the diverse Sydney community as a whole. We are committed to engaging with all of these groups, with the level of engagement reflective of the extent to which the groups use Rookwood Cemetery. The following table illustrates our communities by frequency of engagement:

Groups we Engage Daily	Groups we Regularly Engage	Groups that Remain an Area of Focus
Chinese Jewish Muslim Italian Orthodox (Greek, Macedonian, Russian, Serbian) communities	Aboriginal Armenian Assyrian Buddhist Catholic Cuban Druze Estonian Korean Syrian Orthodox	Anglican / Church of England Asian Other (Vietnamese, Indochinese, Khmer) Baptist Hindu Latvian Lutheran Maori Non-Denominational Orthodox Other (Lebanese, Coptic, Ukrainian, Croatian, Romanian, Yugoslavian, Albanian) Pacific Islander (Samoan, Tongan, Fijian) Pentecostal / Hill Song Presbyterian The Salvation Army Uniting (non-continuing Presbyterian, Methodists and Congregationalist)

4.1.1 Level of Engagement

RGC engages with our communities to understand their evolving needs and ensure we can accommodate their end-of-life needs in the future. We do this through one-on-one community consultations and focus groups.

Future interment strategies are a key focus during these engagement meetings, with topics such as new developments at Rookwood, land acquisition and renewable vs perpetual interment rights as pertinent topics.

ROOKWOOD GENERAL CEMETERY EST 1867

4.2 Appendix 2 – Community Consultation Feedback

	Responsibility for developing cemeteries (Page 21)	Management of closed cemeteries (Page 23)	Interment costs (Page 25)	Overhead costs (Page 25)	Potential for competition (Page 26)	Which Services (Page 33)	Evaluation of existing prices against pricing principles (Page 35)		Alternative pricing options (Page 35)	Community Impacts (Page 36)		
Community	**5. Who should be responsible for developing new cemeteries?**	**6. Who should have responsibility for maintaining closed cemeteries in perpetuity?**	**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?**	**10. Can the variation in interment prices be explained by cost differences (such as higher labour costs for weekend interments)?**	**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?**	**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?**	**17. To which services and product offerings should the recommendations from this review apply?**	**19. Are there cross-subsidies or inefficiencies in pricing for interment services?**	**20. If there are cross-subsidies, are there compelling reasons why they should continue?**	**22. Are there other areas of concern in current cemetery interment pricing approaches?**	**23. Should fees for interment rights vary with available cemetery capacity?**	**24. Which community impacts should we consider as part of this review?**
Greek - Father John	State Government	Cemetery Operator	Yes. Need another governing body	Yes. Cemetery has to pay double time for the outdoor staff so there needs to be adjustment.	Rookwood Cemetery is more efficient, don't believe places even like Botany or Penrith care about Stakeholder engagement or consultation	No point in competing as prices should be regulated across the board.	Operation costs and land acquisitions costs. Cover all costs for perpetuity.	Yes	legal requirement to make prices for all graves for all communities affordable.	No	Yes	Financial affordability and social class within community. Expensive to bury in the Greek sections, particularly at a tough time of one losing a loved one.
Russian - Father George	State Government	Cemetery/ Government	Yes, Cemetery should offer maintenance plans to families before and after funeral or utlise perpetual fund	It's a given for this to be the case. All weekend and public holidays are like this.	Only deals with Rookwood cemetery 95% of time so no real comparison.	I believe there should be no competition and you get what you pay for i.e service deliver, different options in different sections, location etc. Prices should be regulated accordingly.	Land cost	Yes	For people who can't afford graves, application of approval to agency or government funding	No idea	No only land price	Concerned about new legislation, new regulations and price increase could cause backlash in the community.
Chinese - Tiffany Ho	State Government	Industry Stakeholder	Yes. All costs and budgets should be transparent.	Yes, because all the costs should be transparent, no conflicts no discrepancy.	It depends on a couple of factors such as time management, budget forecast and other future costs.	No point to compete in terms of costs because it will very much depends on the location, cost of the land and inclusion of the package services.	Land Costs, infrastructure, maintenance and operational costs.	No.	The cross subsidies can contribute in terms of cost savings	Not really, I believe in the team experiences, and track records have given trust to all stakeholders and community.	Yes	People who are in hardship and social welfare assistance, government, and industry stakeholder should work hand in hand to assist in cemetery costs.

Muslim - Khaled	State Government	Council or Government should take over this responsibility	Yes. There should be a perpetual fund by every cemetery and board of cemeteries to be maintained for burial costs.	It causes the LMA problems as any increase in price is an issue to families, but they accept it.	All crown cemeteries do a better job than other cemeteries, particularly Council and Private Cemeteries. They have more consistency in their organisation structure and running the business. Rookwood are the best however at looking after their stakeholders and consulting with them on issues.	There should be no competition, it should not be treated as a business. i.e LMA aim to service their community. It should not be focused on increasing prices for families to put more pressure on them at funerals than they already do.	Operational prices, land acquisition and how we will continue to bury loved ones into the future.	Yes - part of service	We need to focus on all communities needs and not treat cemeteries like you are running a business.	No - Rookwood have always been good with Consultation, however not much consultation from other Crown Cemeteries has taken place.	Yes	Financial Affordability is a massive problem with LMA community. It needs to focus on assisting families sympathetically before and after funerals/operation costs of having overtime costs needs to be reviewed as our community would like if prices were the same for a couple of years so they could afford to bury loved ones. LMA always are the intermedium between families and the cemetery and get the blame for the cost increase.
Italian - Rosa Peronance	State Government	Government	Yes. Should be government responsibility. Be transparent, show all costs.	Yes	Yes, because they consult with stakeholders organisations, community involvement, product consultation and service delivery.	can go either way…Macquarie park have lower interment. It could increase the price if anything.	land costs, interment costs, maintenance	yes	no	not really	yes	great impact - all issues financially will impact the community especially with the economy and society we live in
Syriac - Sargon Bisseh	State Government	Trust (Cemetery)	Yes. There should be a perpetual fund by every cemetery	That should all come down to the organisations Enterprise Bargain	I believe that the cemetery prices are fair, they are transparent and with all the extra service included it is justified. You pay once and that's it, no ongoing cost. Private and Council cemeteries don't offer lifelong maintenance or any real service, and some don't reveal costs. Transparency in pricing is so important to families to understand what they are in for during a difficult time.	Only on service offered by cemeteries not on price.	Land maintenance, purchasing new land, as well as operations of the business.	Yes	No real access to subsidies but if there are they will take them as helpful to families.	No -Rookwood have always been good with Consultation.	Yes	Financial concerns. A lot of refugees have been coming in over the last couple of years. In Syria they don't have to pay digging fees or pay for burial spaces, so the expense will be a lot to deal with for families.