



Southern Metropolitan Cemeteries NSW

Interment Costs and Pricing Review
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop NSW 1240

Uploaded via http://www.ipart.nsw.gov.au/Home/Consumer_Information/Lodge_a_submission

7 June, 2019

Dear Tribunal Members,

Re: Review of interment Costs and Pricing – Response to Issues Paper May 2019

As one of the four large Crown Cemetery operators, Southern Metropolitan Cemeteries Land Manager is pleased to provide our response to the Issues Paper as part of IPART's investigation into Interment Costs and Pricing.

Firstly, we are looking forward to your investigation and further interaction with IPART, both privately as appropriate, potentially through consultation, and attendance at a hearing if required.

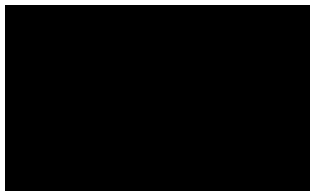
Secondly, we have used our best endeavours to respond to the paper and the questions, for which there have been limited time to respond given the resources required to manage day to day cemetery operations and other critical strategic issues. Consequently, we may not have used all the technically correct terms within our paper.

The overall approach to our response has been to follow the chapters in the issue paper. In our chapter responses, we may incorporate general contextual commentary, specific commentary around matters/comments in the issues paper, and then specific response to the questions raised.

There is only one minor area of the report that we request be redacted and accordingly there are two versions, one with no redaction for the Tribunal and the other with the minor redaction for public display.

We look forward to our next engagement with you on your investigation.

Yours sincerely,



Jason Masters
Interim CEO

Attached - Submission

Eastern Suburbs Memorial Park

12 Military Road, Matraville NSW 2036
T. 02 9661 5655 · F. 02 9311 3654
E. esmp.enquiries@smcnsw.org.au
W. easternsuburbsmemorialpark.com.au
ABN 13 806 606 081

Woronora Memorial Park

121 Linden Street, Sutherland NSW 2232
T. 02 9545 4677 · F. 02 9545 1010
E. woronora.admin@smcnsw.org.au
W. woronoramemorialpark.com.au





Southern Metropolitan
Cemeteries NSW



Independent Pricing and Regulatory Tribunal
New South Wales

Review of Interment Costs and Pricing Southern Metropolitan Cemeteries Land Manager Submission

7 June 2019



History

Southern Metropolitan Cemeteries Land Manager (referred to as SMCLM) has played a long and significant role in the life and death of Sydney.

Our older park, currently called Eastern Suburbs Memorial Park (ESMP), was created in 1888 when land was dedicated as a site for a cemetery and its first interment recorded on 21 August, 1893. ESMP has emerged into this century as a cemetery with over 65,000 interments that have met, and continue to meet, the diverse needs of many denominations and ethnic communities.

The cemetery is also home to Pioneer Memorial Park, a heritage listed landmark of NSW, where memorials of early pioneers and prominent citizens of the colony of New South Wales reflect the relocation of burials from other parts of the early colony making way for other infrastructure developments. The Crematorium was opened in 1938 and plays an important role in the public's relationship with the Park.

The “younger” Woronora Memorial Park (WMP) is approximately 44.5 hectares and was originally to be a racecourse, but through local Mayoral intervention, established as a cemetery in 1895. As with Rookwood Cemetery, there was a mortuary train transporting coffins and mourners from Sutherland Station to WMP (which opened in 1900), with the last train running in 1944. With the closure of Devonshire Street Cemetery for the creation of Central Station, a number of interments were also relocated to WMP, which is why some headstones predate the cemetery opening.

WMP also offers cremation facilities and is a significant provider in this area, including specialist facilities for oversized cremations.

In March 2012, the NSW Government approved a reform program related to the management of cemeteries and crematoria on Crown, local government and private land in NSW. Phase one of the program involved a major restructure of the Crown cemetery sector that has led to more streamlined and cost-effective management, strengthened governance, increased transparency and more accountable financial and operational systems. As a result of this process, there are now four major Crown cemetery trusts, led by professional boards, that manage cemeteries on Crown land in the Sydney Greater Metropolitan Area.

As part of the reforms, Woronora General Cemetery and Crematorium Trust and the Trusts associated with the Eastern Suburbs Memorial Park operations were dissolved in August 2012. A new Trust named the Southern Metropolitan Cemeteries Trust (SMCT) was gazetted. Woronora General Cemetery and Crematorium and the Eastern Suburbs Memorial Park are managed by the SMCT.

Southern Metropolitan Cemeteries Land Manager (SMCLM)

The SMCT became the SMCLM on the 1st of July 2018 due to the commencement of the Crown Land Management Act 2016.

The main geographical areas that the SMCLM is responsible for are the lower eastern and southern corridors of Sydney metropolitan areas, with an interface into the eastern parts of the South West. Referred to by the Cemeteries and Crematoria NSW as the ‘Central’, ‘South’ and ‘South West’ sub Sydney regions.

The forecast life span of the cemeteries under the management of the SMCLM is to the mid 2030's on current land usage rates, with some communities being negatively impacted with lack of availability considerably earlier.

The SMCLM is working to acquire further land for cemetery use that will ensure the longevity of the SMCLM well towards the end of the century, in addition to other alternative strategies, such as vertical cemeteries, reclamation and reuse of existing licences.

Preliminary Comments

SMCLM suggests that IPART give adequate consideration to the need for long-term reforms and the industry structure when considering the two specific matters which it must consider under the Act, being:

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

Need for Long Term Reform

How society treat its dead is a hallmark of our society¹. We must avoid the risk of neglect and abandoned families as well as cemeteries, in addition to the needs of our breadth of multicultural communities. The options now available in NSW include reclaim, reuse and renewal of graves in Sydney's memorial parks and these will go part of the way to enable the sector to meet the needs of Sydney in a sustainable and affordable way. We submit that the IPART review is well placed to provide guidance in this long-term reform context.

Land shortage is the most critical issue facing Crown cemetery operators in Sydney, and this must be brought into the mix of the areas that IPART is reviewing².

NSW cemeteries have a significant responsibility to provide culturally and religiously sensitive treatment of past rights and implement the new strategies and procedures for reuse and renewal of burial space, which will preserve the dignity of the interred and the beauty of our heritage listed parks³. Sydney's major cemeteries were modelled on the transformation of cemeteries in England in the Victorian era⁴. The beautiful memorial parks provide a caring and fitting environment for the bereaved and provide space for the cremation, burial and memorialisation of those of all religions and situations. The park settings enhance the quality of life and character of Sydney⁵(Davies & Bennett, 2016).

By 2056, eight million people will live in Sydney⁶. They may have different preferences for how they want to be buried, cremated and remembered. The Metropolitan Sydney Cemetery Capacity Report forecast that cemeteries in Sydney will run out of space by 2051 and much faster in some districts⁷, including SMCLM's Eastern Suburbs Memorial Park.

The community is concerned about how much land is needed and where it will be. Decisions will need to allow for the changing preferences of different communities for memorialisation and their concerns about land allocations in an unbiased and dependable way. At the same time, some communities of faith may not change their burial preferences, and as a society we need to understand and plan respecting these requirements. It is important that the guidance provided to NSW cemeteries about pricing demonstrate to the community that interment and all reuse and renewal options will be administered justly and equitably.

The option of renewable tenure, with supportive pricing guidance, allows for the options for new cemetery or new developments within an existing cemetery, matched to demand, perpetual care and continued use of our existing cemeteries⁸.

Industry Structure

SMCLM notes that this stage of the review will not investigate the funeral industry more broadly. SMCLM submits that the community, to a large degree, does not see the prices of interment services. A University of Sydney study into the Australian funeral industry⁹ found that funeral and interment pricing is confusing and distressing for the bereaved and called for greater information for consumers. As recently as Thursday 6 June, the ABC's 7:30 Report ran as its first article, concerns around the transparency of pricing from Funeral Directors¹⁰.

The purchase of an interment right from a cemetery is often not a direct transaction between the person, or their descendants, and the cemetery. As IPART notes, the structure of the industry often places NSW cemeteries as a provider to the funeral industry. In this context, the issue of adequate customer choice cannot be considered until the broader inquiry into the funeral industry is in fact undertaken.

SMCLM submits that IPART needs to provide guidance through this review about price transparency and the "pass through" of pricing information to customers and consider how best to support the long-term relationship between the deceased descendants and the cemetery.

SMCLM submits that a direct relationship is needed for responsible cemetery management and that reasonable costs include maintaining and making available records of the deceased.

SMCLM also submits that accounting for revenue that is received once in return for the promise to care for the grave forever is a unique industry challenge. Financial reporting needs to support transparency about the amount of funds held for perpetual maintenance, and assist in ensuring that plot owners, families, the community, regulators and the government are confident that cemetery management is doing the right thing.



Contextual Comments

SMCLM acknowledges that this review is related to the introduction of Part 4 and Renewable Tenure more broadly in NSW, and this is a key element as a driver for this review.

Comments on the Issues Paper

Community sentiment around memorialisation is changing, cost and accessibility are anecdotally provided as key reasons for this change. The NSW Legislative Council's review¹¹ of the implementation of Part 4 provides important insights. The view of the majority of communities for whom burial is the only religious option is of particular importance in relation to renewable tenure. Significant community consultation and education around land constraints, in addition to international research on how these communities of faith operate in other countries with land shortage for burials should be a key focus of cemetery operators, CCNSW and the Government.

SMCLM considers that reclaiming, reuse and renewals are all elements of meeting the future challenges, as are other societal changes in multiuse of community land (e.g. open spaces combined with cemeteries), the potential development of vertically developed cemeteries and other innovative opportunities that may not yet be defined.

The expert called by the Committee, Dr Boyd Dent is summarised in the report commenting that he "disagrees that renewable interment, as proposed by the NSW Government, was a feasible

solution..." and the Act offered "...very limited real benefit to creating extra in-cemetery space"¹².

A further summary of Dr Dent's comments stated that he "suggested that large scale renewal of older areas of cemeteries be undertaken to allow for re-use for new burials."¹³ Dr Dent's suggestion is likely to come with resistance from community and heritage groups, but as with all possibilities, should be explored for its potential one way or the other.

SMCLM is supportive of a focus on reuse of interment places for families and is of the view that this is likely to bring a more sustainable outcome in conjunction with renewal.

While cremation rates have stabilised, there undoubtedly remains a group of people for whom there is a personal preference (not necessarily faith driven) for interment over cremation, and in reality, this group is the target group for renewable interment rights. In the absence of any published market research or community consultation, it is very difficult to determine the realistic uptake of renewable tenure. Consequently, the lack of effective community engagement makes an investment decision by cemeteries for creation of renewable tenure increasingly difficult. Therefore, the costs of such community engagement, market research and marketing of renewables (driving consumer sentiment changes) should be included in future pricing modelling.

It must be stated that there is currently no community demand for renewable tenure to SMCLM. Nonetheless, as we explore existing site expansion opportunities and new lands, we will undertake additional market evaluation to include an appropriate section for renewable tenure to meet market demands, and anticipate as part of this process, a section would be made available as a product pilot.

SMCLM is about to embark on two major projects, to expand the life of our cemeteries, in particular at ESMP. These projects include:

- Under Section 52 of the Act¹⁴ provides the ability for a cemetery operator to revoke an interment licence if the licence has not been exercised for 50 years. This is sometimes referred to as **reclaiming**.
- Communication with families around the possibilities for **reusing** their graves, either for new interments or a significant number of ash interments.
- New products, such as **natural burials** to optimise land that cannot be cleared for traditional burial.

We appreciate that in conjunction with the Cemeteries and Crematoria Act that IPART be engaged to consider a number of parts of the Act, with a focus on two key areas including:

- The pricing and cost drivers for renewable interment rights, and
- The process for ensuring the full impact of perpetual maintenance of cemeteries are included within the interment burial costs.

SMCLM is currently in the process of engaging consultants to undertake our own costing exercise at a detail level, and it is these very detailed levels that will be critical for IPART to be able to understand as part of its own research and investigation process. If IPART is not able to delve into the micro-cost level, SMCLM is concerned that there may not be a useful outcome from this important body of work.

SMCLM is supportive of the objective of the CCNSW Act to ensure affordable burials in NSW.

Through our own work with local communities and recent conversations, the issue of Funeral Poverty is starting to become apparent to us. This is a significant issue not only in Aboriginal communities, but also more broadly in other communities, including Orthodox Christian, Jewish and Muslim.

Globally, the issue of Funeral Poverty is a growing issue and various research papers are coming into the public domain¹⁵.

To that end, it is our view that when undertaking what is primarily an economic review, that the issue of the social needs and obligations also be equally held within the IPART processes and discussion.

We note the focus of the review:

“This stage of the review focuses on pricing of interment services and associated topics such as:

- *How to set prices so that interment services are affordable and equitable for all, including between perpetual and renewable tenure rights, and do not create inequities for different community groups.”*

While SMCLM doesn't (to the best of its knowledge), create inequalities between different community groups, we note that across the sector there have been different approaches to burial practices and pricing as the industry has consolidated. To that end, we believe it is important that if inequalities are identified amongst different community groups, that IPART provide clear and economically sustainable methods for the removal of any inequalities, both from a cemetery operator perspective, and also from any unintended consequences for a community group.

- *How to set prices so that cemeteries are financially sustainable now and into the future, generating enough revenue to cover the efficient costs of operating a cemetery, including the cost of acquiring new land when existing cemeteries are filled and the cost of perpetual maintenance*

The long-term history of cemeteries in Sydney, and particularly Crown Cemeteries is relevant background. Prior governments have provided Crown Land for Crown Trusts (now Crown Land Managers), to provide interment services with the operations of the cemetery to be self-funding and to provide sufficient reserves for perpetual maintenance. It should be noted that this requirement to provide for perpetual maintenance was only introduced in the 2013 reforms.

The objective for Crown Land Managers to provide funding for the acquisition of cemetery land is relatively new. Subsequently, there may have been a lack of consideration of this new objective in past pricing models and building of investment funds. Added to this is the significant shortage of land within the Sydney basin and the value of available land (that is not environmentally constrained, such as Cumberland Forest, water tables etc) and that does not compete with higher value use, such as industrial land around emerging airports, residential use etc.

SMCLM notes that the burden of having to pay for land acquisition will not fall equally on all Crown Land cemetery land managers and therefore equitably on communities across Greater Sydney. Private property process in the Eastern Suburbs is most likely to be prohibitive for any expansion purposes.

- *Making sure that prices for interment services are easy for people to understand and easy for people to find, so that they can make informed choices about a sensitive matter.*

SMCLM fully supports this aspect, and holds the view that (acknowledging the paragraph below) interment pricing is only one of the significant costs with end of life services. Transparency of interment and cremation costs is something that SMCLM is committed to, as demonstrated by having our full range of product costings available on our website. We hold the view that consumers should be fully informed of interment and cremation costs at the time they are often making critical decisions under significant emotional distress. However, as cemetery operators, we are often not in a position to ensure that prices are independently passed on to consumers, where the process to obtain interment rights is managed by a Funeral Director.

“This stage of the review will not investigate the funeral industry more broadly. However, we will investigate competition, cost and pricing factors in the funeral industry, as is also required by s 145 of the CC Act, after we have completed our investigation of the costs and pricing of interment services.”

SMCLM encourages IPART to consider recommendations to CCNSW and the Government about an investigation into the full cost of end of life services, including the funeral industry.

Contextual Comments

We have no particular contextual comments for this section of the issues paper.

Comments on the Issues Paper

It is SMCLM's view that significant local and global research needs to be undertaken in relation to future demand for memorialisation and demand for cremation versus interment rights. NSW Cemetery operating is 100 years, roughly three generations away, and our planning horizons need to look beyond that period if interment rights are to be fully considered for the long-term needs of our society.

We contend that rates for cremation are affected by the relative costs of interments. It is our opinion that currently cremation rates are slightly above the 'natural rate', primarily because of the costs of interment, land availability etc. Families of faith communities that require burial are being forced into cremation due to costs and this is potentially also an indicator of funeral poverty.

The changing role of faith groups and preferences for private end of life ceremonies and associated social changes are all fundamental to the future of cemeteries. Unfortunately, this has been an area under-resourced for research across the sector.

SMCLM agree with the comment that "*it is unclear whether this upward trend will continue*", and believe it is now critical for the cemetery operators and CCNSW to undertake detailed community engagement not only with current community of faith leaders, but emerging leaders to understand future directions in a land constrained environment being faced by the interment industry in

NSW. SMCLM agrees with the statement "*the report states that the best estimate of future trends was for the cremation rate to remain stable*". As an operator, we need to consider the immediate next 100 years (roughly three generations), but also a view out towards 800 years (or in perpetuity) if interment rights are to be fully considered for the long-term needs of our society.

One of our concerns in this chapter is the comment "*...choice is strongly influenced by religious and culture. Jewish and Islamic religious law*". SMCLM is familiar with the religious needs and interment issues facing both the Jewish and the Muslim communities, and have a good working relationship with these two faiths.

However, the voices of the Orthodox Christian communities are usually missing in these significant types of consultation. We would urge that if IPART does undertake any community consultation that the Orthodox and other Christian communities are fully engaged, noting that this requires significantly more effort in the consultation process than compared with the Jewish and Muslim communities. This is due in part to the diversity that exists within the Orthodox Christian communities.

While the paper indicates that "*interment rights may include a headstone or other monument*", but as SMCLM does not have stonemason capabilities, this is not the case, with the exception of lawn graves, where plaques may be included.

SMCLM notes IPART's comment that "*interment rights for particular cemetery sections is not restricted*" however this view may be misinterpreted.

Sections of cemeteries are often consecrated for particular communities of faith, and interments may require approval from the religious organisation prior to the interment being undertaken.

We note the comment around the fifty-three interments under-renewable tenure. To the best of our knowledge, none of the renewable plots have been re-sold to another family to provide the evidence of the processes required for contact of families, storage of headstones, bones and preparation of graves for subsequent reuse.

In relation to the “CC Act reforms, although we understand that no Crown cemetery has yet introduced it...”, we believe it is important for IPART to read not only the report from the 2018 Upper House inquiry into Cemeteries and Crematoria Amendment Regulation 2018, but also the submissions from the communities of faith and cemetery operators, as well as reading the transcripts of hearing. <https://www.parliament.nsw.gov.au/committees/inquiries/Pages/inquiry-details.aspx?pk=2505>

In relation to current pricing section, we would urge IPART to inquire into the funeral industry’s actual pricing as well looking at the details of cemetery “published pricing” to ensure that IPART are actually comparing like to like products. When our Interim CEO was formerly the Administrator of Rookwood General Cemeteries Reserve Land Manager (RGCRM), they had previously reviewed pricing based on concerns from some community groups particularly between Melbourne and Sydney. Observations when full like-to-like products were factored in indicated that the pricing differences were not as extensive as considered on face value.

SMCLM agrees that pricing of all operators should be easily available, and it also should be transparent and clear to the members of the community.

Where there is vertical integration (not only in the private sector but also in the Crown sector), where an operator also provides funeral services, chapel, condolence services etc, this should be clear and

transparent for consumers to be informed of any inherent bias in the advice they are provided.

IPART may also wish to consider where independent (i.e. not publicly listed operators) funeral homes also provide cremation services and condolence services that there is complete transparency for the community.

In relation to Financial Assistance, SMCLM does (on a case by case basis) offer cremation and interment options for families of poor needs. We are starting to see a gap between what is considered destitute and poor needs, and as a community service we are filling this gap. However, this may not be economically sustainable, and is currently being filled through what we see as a critical part of our social responsibility. Nonetheless, with funeral poverty becoming a more significant issue, we would urge IPART to consider this gap as part of their investigation. SMCLM submits that a consistent approach to community service obligations is desirable across the whole of NSW, and ask that consideration be given to separate funding for the delivery of services needs as required.

Contextual Comments

We have no particular contextual comments for this section of the issues paper.



Contextual Comments

We have no particular contextual comments for this section of the issues paper.

Comments on the Issues Paper

In section 4.1 Overview, we recommend an additional bullet point, on something of the nature “Full cost pricing on renewables, including the contribution to perpetual care of cemeteries, and taking into account the impact on employees WHS (including mental health) in relation to renewable activities”.

Further in this section, IPART state *“We recognise that the reasons that people choose interment or cremation, or one gravesite over another, are influenced by factors other than price, including geographical location, religious or cultural beliefs or preferences.”* SMCLM recommends additional wording to the effect of “family history and connections” to reflect that families may have long histories to a particular cemetery and may wish for other family members to be buried within the same location. Research has shown that memorialisation preferences are strongly influenced by the wish for family members to be buried in the same location and needs to be within thirty minutes of home to meet the expectation of the immediate family

Section 4.2 comments that *“However, this pricing principle means that service quality and price differentiation should not be applied in a way that creates inequity between community groups.”* SMCLM agree with this in principle, however there are two important nuances that need to be considered.

Firstly, in relation to the Crown Land Managers, historical pricing and cost structures prior to the mergers in 2014 have led to what appears as pricing inequality, and this needs to be recognised. Secondly, between cemeteries (even Crown operators), there may be pricing inequality for the same community due to issues of the land, access etc. There has been a push by some communities for standardised pricing across all Crown Cemeteries, which may be a socially reasonable outcome, however cost differences between locations should be considered as part of this study.

In section 4.3 the following comment is made, *“cemeteries need to earn enough revenue to cover the costs of current operation and the costs of acquiring land for new cemeteries when required...”* One of the challenges that must be considered is the cost impact of acquiring new land in a land shortage environment. The supply/demand curve indicates that land that is not environmentally constrained will have significantly higher value for other uses, leading to a land acquisition price that is significantly more likely than not to meet the objective of price affordable interment. The State Government previously acquired or made available, suitable Crown Land for the various Crown Land Manager operators to provide the services. However, the pricing over the 100 years has not provided sufficient funds to acquire new cemetery land in the commercial marketplace. Consequently, there are two questions for IPART to consider:

- a) Has the historical pricing of interment built into an element for the acquisition of new land?
- b) Given the economics of land acquisition in the Sydney basin, is any land that is environmentally accessible available at a commercial price that delivers the pricing expectation of the CCNSW Act?

SMCLM Response to IPARTS Questions

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

In reviewing the proposed pricing principles, we are fundamentally in agreement, but would suggest that this be expanded in the following ways:

- “*Interment prices should allow for the financially sustainable operation of cemeteries into the future*” should be broadened and clearer in relation to the long-term maintenance of cemeteries, including closed cemeteries

Given the increasingly challenging land unavailability for future cemeteries, that pricing should include an element for innovation and research. A key question is should this be at the CCNSW level (funded through industry wide levels)? This would be focused on broad issues, or allowing local cemetery operators to undertake research and innovation specifically to their locality and community needs.

At a more detailed level, the following are concepts that we would recommend IPART consider:

Interment Prices – affordable & equitable

- Interment positions in their basic form (such as a lawn area) should in most circumstances be available within a family’s cemetery of choice, to be affordable and equitable for all and priced to ensure sustainability of the cemetery. An important

consideration of this inquiry is how the trade-off between economics and the broader social objective will be considered.

- Interment prices should be affordable and equitable for the majority of NSW citizens. Community responsibility funding from the Government should be available for at-need cases to avoid Funeral Poverty, in a consistent way throughout NSW, available for delivery by the cemetery operator, through a sensitive and dignified manner.
- These principles should apply equally to the private sector and crown sector operators.
- Interment prices should be simple and transparent, so that citizens can make informed decisions about their interment choices at an emotionally difficult time, and the interment prices should at all times be separately provided to consumers in vertically integrated operators¹⁶.

Interment Prices – allow for financially sustainable operation of cemeteries into the future

- There is the need to balance the ability to offer affordable prices and to provide financially for the future, therefore would some interment areas be priced to cross subsidise the affordability outcome?
- Whilst we are unable to view the prices of the larger private sector operators, what is the affordability obligation on the private sector operators and what is the approach to cross subsidisation in the private sector?
- We agree that the sale price of an interment position should include an amount for its future perpetuity maintenance needs.

We believe IPART may wish to investigate the accounting treatment of this element of the fee, i.e. should part of the revenue be recorded immediately on the balance sheet as an asset, but what would IPART recommend the opposite liability be, how would it be calculated and would IPART recommend any changes in accounting standards to meet this requirement?

- Given the historical lack of focus on perpetual maintenance obligations, it may be difficult for more mature cemeteries, that have limited remaining interment positions to be sold & limited financial assets to develop the future perpetual requirements of the cemetery. Should this scarcity of remaining positions allow for increased pricing to “catch up” for any shortfall in financial assets?

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

The challenge in this area is the balance between economics and social need, and how does society make choices between these. Ultimately this has to be a political question.

However, in looking at political questions, there is always the question on how does a minority within the community, such as those communities with important reasons requiring interment have their needs met?

Whilst there were reforms in the 2014 around the structure of the Crown Cemeteries, there may not have been clear guidance or direction to the cemetery operators on the overall expectations around interment pricing. If there was such guidance, IPART’s review and commentary would be helping in assessing if there are any consequences in pricing moving forward.

We agree that interment prices should incorporate an element for the financially sustainable operation of cemeteries as there is a necessity for the cemetery operators to be responsible to maintain the cemetery into perpetuity, rather than leaving this role to another local or state Government.

It is therefore important for complete transparency in the sector (across all type of operators in the sector) and around the contribution of the interment pricing into perpetual funds and that the perpetual funds balances are clearly evident to the public. A family purchasing an interment licence should be able to develop a level of comfort (perhaps via some publicly available benchmarking), that the operator does in fact have sufficient funds to maintain the cemetery in perpetuity in agreement with their licence.

Cemeteries should be accountable to the broader society for operating in a financially sustainable way by either CCNSW or another body to ensure appropriate governance in relation to their perpetual maintenance obligations and they can account for this liability. We hold the view that this should be applicable to all operators in the sector (i.e. private, not-for-profit, government (all tiers)).

Finally, there should be a consistent way in which communities are effectively engaged and consulted with price movements.

Contextual Comment

The basis for costing the provision of interment has a number of aspects driven by many factors, such as the topography and yield that the land can provide, type of soil (which drives the techniques for grave digging and shoring), the water table, type of products being offered, the services offered with those products, what other value adding services that may be offered.

The future of cemeteries may well be different, given the competing demand for open space. This may mean for a future cemetery to be able to obtain community agreement to operate, it may have to reduce the effective yield and offer significant land for other community needs, such as parklands, playgrounds, sporting grounds and other open spaces. There may be a move as part of the access to land that the pricing of interments may have to contemplate the creation and maintenance of these open land concepts.

The opposite may be that in providing open land opportunities for communities, they may have to allow a cemetery operator to use a small portion of the land for burials, which may mean future cemetery space may not be optimised from a cemetery cost perspective.

Additionally, we believe that options for vertical cemeteries will need to be considered within this mix within the Greater Sydney area. While there are examples of multistorey mausoleums in Sydney, they are relatively low rise and do not meet the needs of many faith communities as people are not interred in soil. We will be researching concepts being explored internationally around multi-story soil based burial building.

The cost for the development of these is currently unknown, and there is the issue of perpetual maintenance of such structures.

Comments on the Issues Paper

Given the shortage of non-environmentally protected land in the Greater Sydney area for burial, we hold the view that the Government should contemplate land banking to support the long-term needs of the population in Sydney. This is in addition to supporting the sector with innovation and community engagement around alternatives and options when land is no longer available. We would also recommend investigation into the use of environmentally protected land for memorialisation in sensitive ways and for greater research, innovation and community engagement around alternative processes, practices and options. This needs to be included in the efficient costs of cemetery operators.

It may assist IPART to review the planning limitations in detail that may be imposed on both Varroville and Wallacia, and should seek to engage with RGCLM on the concepts it developed for Fernhill in terms of (a) modelling affordable burials and (b) an understanding of the significant costs involved in undertaking due diligence in acquiring land.

SMCLM will, when an agreed confidentiality framework is in place, be willing to disclose to IPART unexpected issues that can materialise through land acquisition processes.

By reviewing the processes, matters and risks, of these four cemeteries, IPART may be able to obtain better insights into the underlying costs and risks with new sites.

Section 5.1.3 outlines a perspective on the capital cost of holding land before use. This needs to be considered in the concept of social need in addition to the economic need. At some point in time, there will not be land available that is suitable and not limited by environmental issues for burials. It is our contention therefore that holding land is not simply a current economic issue, but a broader social issue to ensure that community interment needs can be met.

Land that is put aside for future cemetery needs can be used for other uses, such as open spaces in the interim. It will be critical that the community is fully aware and always reminded of its ultimate use. There is a risk that at the time of returning the land to its intended use as a cemetery may result in significant community resistance.

In section 5.1.4, we disagree that there is an issue around responsibility for acquiring new land. Crown Cemeteries clearly have that obligation under the current act, and the Regulator does hold reserve powers. In relation to the concept of holding land, it may well be appropriate that the Regulator uses its reserve powers to acquire land. In doing so, it should clearly engage with operators on the suitability of sites and land as they currently do not have the resources nor expertise in this area.

There have been attempts in the past, particularly in the Western Sydney area, to create a level of coordination around new cemetery lands. One Crown cemetery did not wish to engage in this conversation however, and the Regulator was (at that point in time) unwilling to take a leadership role.

In section 5.3.1 SMCLM highlights the quote from the PwC study into Rookwood *“there is an expectation that the NSW Government should take responsibility for perpetual maintenance costs”* is not

correct as SMCLM (and other operators) are fully responsible for raising, investing and allocating funds for perpetual maintenance. We urge IPART to use caution in relation to any material presented as fact, or as community or operator perspectives within that report. Please contact our Interim CEO who was the Administrator of RGCLM for further information.

Further in this section there is a comment *“Cemetery operators are also required to leave remains undisturbed in perpetuity (or for the term of a renewable interment)”*, which we maintain is not correct. As an example, SMCLM is reviewing options (as are other Crown cemetery operators), to “borrow” from perpetual funds to provide finance for land acquisition and cemetery development. The borrowing would include at a rate of return equal to or greater than expected from our investment fund manager.

We do recommend that IPART consider the option for Crown operators to be allowed to borrow funds from TCORP to assist with land acquisition as part of the objective to deliver affordable interments.

We note that Section 5.6 on cost efficiencies between renewable and perpetual interments has no questions. We understand that there are two cemeteries that offer renewable burials at this point in time, however none have had a renewable plot returned for reuse. Modelling of this is therefore based on assumptions rather than any real data in the NSW context. We would recommend that IPART review the documentation from the 2018 Upper House Inquiry (referenced earlier), particularly the RGCLM submission including a cost model on renewable tenure. We would also recommend reading the transcript from Dr Boyd Dent and final report on the likely minimum term of interment which was recommended to be moved from twenty-five to fifty years given the nature of the soil type in Sydney and its impact on body decomposition.

SMCLM Response to IPARTS Questions

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?

If the NSW Government continues to allow the market to determine the most likely source of increased cemetery capacity in Sydney, then the most likely source of cemetery land will be remnant/residual and environmentally constrained Crown Land, land with Heritage or archaeological constraints, landfill sites, quarries, industrial land, with 133Kva Overhead Infrastructure corridors (which is problematic to some religious communities) and the like.

The second part of this question also infers that the NSW Governments will allow the market to determine where the most likely land will be, as it implies that 'it will be' physically distant from the existing competitive land use issues being experienced in the Sydney basin. Memorialisation is preferred by the market to be within thirty minutes of the family home. If the only land available for memorialisation is further remote from where people live, then there may be an impact on interment demand. The approach of letting the market push cemeteries into regional areas creates inequity for Sydney's population and is counteractive to the objectives of the IPART review. Many religious groups feel compelled to visit their deceased relatives on a daily or weekly basis depending on the recency of the death, and would thereby be disadvantaged by such planning policy.

Like other land use planning, the NSW Government needs to act on the intended deliver Sydney's Western Sydney Parklands (WSP) cemetery land, which is an environmentally and financially sustainable Urban Precinct model.

Generically, in relation to what type of land, the following are high level requirements (further information can be discussed with IPART at a later time):

- No or limited environmental protected species (flora and fauna), noting that further research is needed to determine if there are viable options for using environmentally limited land for memorialisation;
- No or limited (and thereby easily manageable) contamination;
- Low water table (to permit multiple burials within the one interment-licenced space);
- Topography that allows for efficient burial layout and infrastructure design;
- Ready access to public transport;
- Soil type to allow (or can be engineered for) rapid decomposition of bodies for rapid reuse of plots; and
- Land not impacted by negative adjacencies.

In relation to other regions, Illawarra is relevant to SMCLM, and we are currently exploring land options south of Sutherland in the direction of Wollongong.

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

SMCLM submits that IPART consider that costs within a cemetery are not uniform and legacy costs are significant.

Most, if not all, established cemeteries start burials in the least constrained areas within their cemetery (as they represent the biggest returns on investment and lowest demand on resources).

Once central/usable burial ground runs out, burials are then carried out on more constrained parts of the site, or near precinct and property boundaries. In most cases, these areas also contain property services such as stormwater, sewer and electrical conduits and can be impacted by negative externalities from neighbouring properties, be it significant trees and root systems, services, heritage or negative visual or noise impacts.

We have several examples recently at Eastern Suburbs Memorial Park where burials in pre-sold plots had to be abandoned because oil was found pouring into the excavation from an adjacent industrial site, and others where undocumented stormwater pipe was uncovered (300mm from the surface), requiring a difficult conversation with the family who expected their relatives to be buried next to one another.

Such examples are becoming more frequent at Eastern Suburbs Memorial Park because as it has run out of usable burial land and all plots are being sold without understanding the latent conditions.

On sites with an industrial heritage, for example, it would seem prudent that all burial plots be pre-dug to ensure they can be sold with some assurance to families. Such costs should be factored into the development cost of brownfield sites, with those costs being and passed on.

A specific precinct example of this situation at the Eastern Suburbs Memorial Park is the Northern Precinct, where the remaining land requires a significant investment to retain soil, provide significant boundary storm water management infrastructure; heritage interpretation and adaptive re use; decontamination and rehabilitation of the soil from a number of known and unknown contaminants. The Northern Precinct's burial space has already been substantially presold. Only a small yield of burial space would result from a significant investment in site infrastructure to support its delivery.

Cemeteries have also been known to:

- excavate into rock
- remove trees and
- demolish heritage items to extend burial capacity and the viable life of the site.

Such activities usually represent increased burial cost, at the same time depreciating the environmental, cultural and social value of the site.

Changing legislation is also a significant contributor to increased capital and operating costs.

A very good example of this is the ever-more stringent air pollution standards. Most European cemeteries operating crematoriums have already invested significantly in air monitoring and filtration systems. Such system upgrades also bring the obligations of higher operational and waste disposal costs for mercury and other items. Many crematorium operators have not invested in air filtration (being mindful of driving the cost of interment even higher), however such operating costs will need to be realised in the not too distant future.

Recent changes to the Crown Land Management Act and Governance of Category 1 cemeteries has resulted in reduced autonomy for Land Managers to develop the Crown Land Cemetery businesses. The additional requirements for community consultation and approvals by the Minister will result in project delays and additional cost to burial.

It is noted that Government agencies, like the Zoological Parks Board, Royal Botanic Gardens or Western Sydney Parklands Trust are based on Governance models and may appear to be more commercially successful and sustainable, termed Government Trading Enterprises. Is the current Governance model for Land Managers the correct one given IPART's mandate to reduce burial costs and ensure cemeteries become more sustainable and publicly relevant?

Other legacy costs associated with developing land for cemetery purposes include land subject to an Aboriginal Land Claim and/or land with a heritage or archaeological legacy. Such costs are rarely quantifiable during acquisition, or after the land has been purchased and a Development Application is prepared, at which stage the business owner has no option but to accept reduced burial yield, and/or a significant investment in protecting, adapting, interpreting or conserving heritage or archaeological items, or precincts. Such constraints can easily represent the difference between a viable and nonviable development option.

At the other end, in searching for new land, there is considerable expense to understand not only the search for the land, but the due diligence exercise to investigate the suitability of the potential site.

These costs may include as a minimum professional consultant involved in: traffic management studies, locality to Public Transport, environmental flora and fauna studies, services investigations,

geological surveys and hydrological studies, and preliminary design for yield identification and community consultation.

Following these initial viability and restraint studies, design work is required to estimate yield, taking into consideration road networks, access, services (power, water, gas etc), facilities, amenities, useable land, environmental constraints, stormwater and sub terranean water movement, locality of services, public movement through the space and entering and exiting the site, parking and any other heritage or Land Title constraints.

Financial modelling is then required to ascertain the viability of the site, the estimated roll out of the site, development costs, running and management costs which all ultimately determine grave costs based on yield.

Extensive community consultation and advertising is required, which all requires marketing, a location to be undertaken and then the associated staffing required to undertake this in-depth study of community opinion and support or opposition to the proposed cemetery site. Many of these meetings and information sessions need to occur in the evenings and over weekends to allow community attendance.

Submissions to the Minister for land acquisition approval are also required to be thorough and extensive, and the timely production and quality checking of such documents are an added cost to the purchase.

Once a site is acquired, further work is required for Plans of Management - Conservation Management Plans, Heritage Management Plans and a detailed mapping system are key consultancies required when establishing a cemetery. If the site has existing buildings and infrastructure, then asset registers, condition reports and hazard registers would be required.

Latent conditions by their very nature are, difficult to predict and then difficult to cost recover, once they are encountered.

Finally, comes the development application (and associated process), then the final construction.

Subject to a confidentiality agreement, SMCLM will discuss with IPART our experience with building and operating a cemetery on former industrial land, and the significant cost and other implications associated with industrial lands.

At another level, should SMCLM determine that given the land availability issues are such that land will not be available at all in the future in the “Central zone” which incorporates the nearing end of life at ESMP, other vertical cemetery options may be required. Some examples or concepts of these can be seen as being developed in Tel Aviv¹⁷ and Mumbai, but are a different concept to the traditional mausoleum concept, for which there are already large towers already in existence, such as in South America¹⁸.

The costing and pricing of such solutions is yet unknown, but as they may be imminent solutions, IPART may need to contemplate the costing and resultant pricing of these types of solutions.



Figure 1 Yarkon Cemetery in Tel Aviv

5 Who should be responsible for developing new cemeteries?

SMCLM submits that cemetery operators are best placed to take on the responsibility of developing new cemeteries.

However, given the land constraints in the Greater Sydney area, the issue of land acquisition and quality may require a different approach as referenced previously.

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

Currently under the Act, Division 3, interment industry schemes, Part 31, 2b, there is the obligation for an operator of a Cemetery to ensure adequate provision is made for perpetual care of interment sites and the broader cemetery operations.

There is the broader issue of what approach should be taken if a not-for-profit operator or for-profit operator no longer exists.

This is further discussed below in relation to Question 7.

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?

SMCLM submits that the obligation for perpetual maintenance should be a legal and transparent obligation of all cemetery operators, irrespective of their corporate structure.

There is a requirement for some framework/policy that applies to all cemetery operators to ensure the financial provision being made, is actually sustainable and that their financial assets are being invested in a manner to ensure appropriate risk management, given the nature of the fund to grow and be perpetual.

Any financial provision for perpetual maintenance needs to be applied in accordance with the Accounting Standards and uniform across all operators.

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

While all cemetery operators need to have their independence respected, there is the social issue of ensuring that citizens who have purchased perpetual interment have their surrounding cemetery also maintained in perpetuity.

As a minimum, the Regulator should provide a policy framework in relation to investment and management funds that is operator sector independent. Additionally, the NSW Auditor General or NSW TCorp (who may have more appropriate skills) should have the power to review the investment and management of perpetual funds of all operators (sector independent) to provide transparency to the public on the appropriateness of the actuarial determination of the target perpetual fund, the operators ability to meet the target, and risk assessment of the investment strategy and investment management firm.

The Regulator may require reserve powers if an operator is not able to meet the target or the investment strategy placing the perpetual funds at risk.

At the other end is the option for all operators (all sectors) to deposit their perpetual funds with TCorp.

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

The main costs for interment are labour and machinery.

These costs may vary depending on the location of the grave, ie. in a lawn or monumental area. This can affect the size and type of machinery used. In monumental areas, the slab on top of the monument has to be removed prior to excavation and then placed back over the grave following backfill.

If the interment is within a mausoleum or crypt, it requires a lifting device.

Soil type may play a part in the costs as a sandy soil will require shoring whereas a clay soil may not. When backfilled however, sandy soil will require less future top ups than a clay-based soil.

Weather conditions do play a part as graves are more susceptible to cave-ins after periods of prolonged rain which adds to average costs.

With older cemeteries, the quality of the land remaining can contain rock or be lower lying ground and prone to water logging or ground water which can add substantially to the excavation and surrounding ground protection costs.

Whether the interment is the first or second interment and how well the plot has been prepared historically also need to be taken in to account.

Different cemeteries have different practices around who lowers the coffin. If cemetery staff are involved in lowering the coffin, then this would add to the interment cost. Concierge services are offered by some cemeteries, which could be attributed to the interment activity.

The location of the site is another important consideration. Soil movements may be greater from excavation and then brought back for backfill in certain cemeteries.

There can be significant amounts of soil that need to be removed offsite and depending on the nature of the soil, will have an impact on the cost of removal.

Religious / community specific requirements - such as the Jewish community who prefer to backfill by hand and not machine. Muslim burials have no coffin, so require concrete crypts placed in the grave. Some communities request sand placed over the coffin before soil backfill.

Interments in newer areas may require higher engineering standards to reflect current Australian or Industry Standards, such as significantly more footings for new sections for monumental areas compared with older historical areas. This then has perpetual maintenance cost implications if the cemetery is responsible for providing repairs to monuments if appropriate infrastructure was not initially installed. This will also impact on the ability to reuse graves for families, if the existing structures are not safe for reuse.

Finally, there is the ongoing need for revitalisation of memorial parks to meet the evolving needs and expectations of the community. As an example, in the older sections of ESMP, the majority of trees were removed to maximise burial activities. Now that the site is close to being full, there is the need to revitalise and reactivate the memorial park so it continues to engage the public. Conversely, it is important to ensure that the public continues to engage with the park to maximise ash interment and burial reuse interment opportunities. Consequently, there is a growing expectation now that the park will be made “greener” with the provision of naturally provided shade through the growing of

location and use-appropriate trees and other flora. Other activation opportunities include interactive history tours to highlight to local, interstate and overseas visitors the significance of people buried here, from important Aboriginal leaders to early settlers with examples such as Mr Eternity.

Memorial parks should also engage more broadly with the whole community, such as with Probus Club and aged care facilities as places for day outings, to engaging with local schools to support their educational programs from history, geography, business and engineering studies, through to catering, horticulture students etc.

The revitalisation of memorial parks is a key activity moving forward for cemetery operators, and the investment needed to undertake these important activities should be incorporated into the interment pricing.”

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

Costs may vary from cemetery to cemetery dependant on machinery requirements ie. Narrow pathways or difficult access into monumental areas may require more time to excavate or different machinery to remove soil.

Different Enterprise Agreements between cemeteries may make different allowances for staff costs and staff benefits, and this may affect overall interment costs.

There is likely to be differences in direct and indirect costs between city, regional and rural areas, due to labour costs (and in some

areas use of volunteers), different competitive pressures on suppliers or access to suppliers.

Overtime for late burials or weekend burials would add to the average interment costs and this may or may not be charged as an additional fee for service dependant on individual cemetery policies.

As in Question No. 9, cemetery costs may vary dependant on the soil type, the access, the location of soil stockpiles or disposal methods, type of burial area ie monumental or lawn or mausoleum and these are all individual to the particular cemetery.

The quantity of interments may also vary the interment costs due to economies of scale for the overall operation. By way of illustration to employ a contractor to come on site to undertake one interment would be more costly on a one-off basis than undertaking a large number of interments at the one site.

There will also be variations with products. Lawn interments can be more easily prepared than an area that has large monumentation, which will require more supporting structures.

Certain religions require burials within certain time frames, and as those religions may not be reflective of public holidays based on key Christian events, cemetery operators may need burial teams on standby when the cemetery may be closed for burials, such as Sundays or major Christian public holidays.

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 main factor contributing to business efficiency is the ratio of available 'quality' burial land to the organisation's size and in-house expertise.

Other factors include organisational maturity, site legacy issues and the development and management of Governance framework appropriately tailored and sized to the business.

A cemetery operator that manages several sites and is able to centralise services should be more efficient than one that duplicates services at each of its properties. Geographical proximity of cemetery sites help such symbiotic operational efficiencies. The development and management of a new cemetery site for the SMCLM for example, will not only ensure a future supply of burial land for Sydney's Central, Eastern and South Eastern Population, but also deliver vastly improved business efficiencies.

SMCLM and RGCLM are embarking on a benchmarking exercise, and there may be value in an independent party or IPART to undertake regular benchmarking as a minimum over the public sector operators, so that these operators can gain data to improve their efficiency and effectiveness, to make further contributions to the objective of affordable burials.

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?

The issue of choice and the role of competition in the market needs to be investigated in the next review of the broader funeral industry. The initial contact and consideration of prices is often between the consumer and the funeral director in many cases. It is only in pre-purchase situations that price discussions occur with the consumer, and in many cases the pre-purchase contract is with a funeral provider.

A key issue for this review is the relationship between consumers and the cemetery operator. SMCLM submits that the cemetery

should have an ongoing relationship with the descendants and that this is a reasonable cost of operations.

SMCLM submits that costs are kept efficient through the oversight of a Board that has a commercial mandate and that innovative cost saving measures are regularly explored.

NSW is unusual with the structure of not only major Crown Land operators, but local government, not-for-profit (predominately religious organisations) but also significant private sector (including ASX Listed) operators. The Sydney market therefore is likely to be considered the most competitive of the markets in Australia.

Subsequently, if competition is considered a key drive to lower interment costs, then it is highly unlikely that further competition would lower costs.

[CONFIDENTIAL – TO BE REDACTED FOR PUBLIC DISPLAY –

]

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

With regard to the cost of taxes, we are aware that RGCLM has lost their Charitable status, and are unsure at this point in time whether this will affect all Crown Operators in NSW. This is an area post the

RGCLM determination that the Regulator should have taken a lead role with the Crown Land Managers and the ACNC.

Private operators have other benefits such as not having to comply with Government policies and procedures which may add additional costs to Crown Land Manager operators, have easier access to capital for investment purposes, etc.

At the end, we would contend that the tax treatment benefit is likely to be overtaken by the flexibility they have and additional operational and compliance costs of a Crown Land Manager. The private sector operators are not paying the levy to CCNSW that the Crown Land Manager operators are contributing.

At the end of the day, the private operators have made a decision to enter the market knowing the sector differences in the industry, and are able to make a significant return to their shareholders to justify their investment and resulting share price.

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

SMCLM submits that all cemetery operators should contribute to the cost of CCNSW and ensure it is funded fully by the industry, and there does not appear to be any rational reason why only the Crown Land Manager operators are currently paying the levy.

It is our position that all operators (Crown Land Manager, Local Government, Not-for-Profit and Private Operators) should be paying the levy.

Contextual Comments

We have no particular contextual comments for this section of the issues paper.

Comments on the Issues Paper

In relation to section 6.2.2 in addition to lawn graves, monumental graves and mausolea, there are also crypts which have a different cost and pricing model.

SMCLM Response to IPARTS Questions

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

It is difficult to provide guidance at this stage, and it is our view that this question should be reviewed when preliminary observations or findings and draft recommendations are made.

It may be appropriate for the different sectors to be independently briefed and their views sought as the concepts are developing and then broader consultation with the entire industry when more extensive research is available from the IPART investigation.

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 short answer to the question is yes as there are many and different needs for regional and city cemeteries, including private, Crown Cemeteries and Council operated cemeteries. Operational requirements of cemeteries across NSW differ, as do the level of services performed at these cemeteries over their lifetime.

There is benefit for IPART to review the rural, regional and city interment costs as part of this exercise as the learnings from the review will be valuable in terms of understanding more on the cemetery operations across NSW and to provide feedback to all cemetery operators once the draft report is completed.

These learnings may show that some cemeteries require higher or lower operating costs to manage their cemeteries and therefore their pricing structure may need to reflect this.

Benchmark prices may be useful as a guide only for Crown Cemeteries as not all burial positions are like-for-like. The main item is for Crown Cemeteries to ensure their burial position prices are transparent and fair across all types of burial positions and demographic groups. While SMCLM supports equity across all religious groups, IPART needs to be aware of the different religious requirements and the impact that they may have on burial costs and cemetery efficiency.

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

It is our view that the IPART investigation should include all services and product offerings, as one of the key risks to the public is that they are often making time critical and expensive decisions in the midst of grieving, with significant impacts on their emotional state and potential impacts on their decision-making capability.

In relation to the statement in 6.2.2 *“Our view is that cremations, memorialisation, chapel services and hospitality services are provided by reasonably competitive markets and are outside the scope of this review, which focuses on the costs and pricing of interment.”* SMCLM submits that the vertically integrated structure of the market means that customers may not see the separate costs of interment and there may not be a relationship between the customer and the cemetery operator at the time of product or service purchase. These issues should be included in this review, and our positions, as stated before, are that:

- Competition should also be considered by including a review of the funeral industry
- The separate costs of interment should always be made available to the consumer
- The relationship costs are reasonable costs of the cemetery. We see Crown Land Managers as the trusted advisors to families.

If private operators are able to simply ‘cherry-pick’ families with high ability to pay, then the Crown Land Managers may be left without a mix of families to allow them make these social contributions, without additional contribution from the Government.

We see Crown Land Managers as the trusted advisors to families as we have no profit or shareholder dividend motives to influence family’s decisions.

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

A number of the Crown Land operators have used KPMG and/or BDO models to determine the quantum and associated actuarial considerations for the level of perceptual maintenance reserves.

It would be useful for the sector for IPART to provide a standardised model for all operators in the sector so there is consistency in the determination of the reserve level targets, to provide confidence to the citizens of NSW that there are sufficient reserves to maintain all cemeteries in NSW.

SMCLM submits that the licence to operate a cemetery should include obligations for transparency of pricing and of perpetual maintenance funds. Consequently, we submit it would be useful for IPART to provide guidance or recommendations on the following:

- The disclosure requirements for use of perpetual funds (ie disclosure of whether and where closed or full sections in a cemetery are maintained by operating revenue from other sections in the cemetery or from the perpetual contributions, the balance and earnings from the interment rights of those closed/full sections)
- View of returns to maintain the real value of the perpetual maintenance reserves and provide the operating income from the investments to achieve the perpetual maintenance objectives.
- Whether the licence to operate a cemetery (all provider types) should include obligations for transparency around perpetual maintenance funds.

- The oversight and disclosure to the community of the legislative requirements for the event of insolvency etc or the operator exiting the market that the perpetual maintenance fund is ring circled and available for the Government to appoint an operator to maintain the cemetery.
- Whether the licence to operate a cemetery (all provider types) requires the perpetual maintenance funds to be invested with TCorp.
- Whether the NSW Auditor General or TCorp should have a review powers for all cemetery operators (all provider types) in relation the investment strategy, risk profile etc, to monitor the residual risk of perpetual maintenance fund failure for the Government.



Contextual Comments

We have no particular contextual comments for this section of the issues paper.

Comments on the Issues Paper

In developing IPART's recommendations, we believe that it is essential that IPART take into consideration the responses from the issue paper, not only from SMCLM, but also other parties and maintain a flexibility in the process to develop recommendations.

SMCLM Response to IPARTS Questions

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

There is no cross-subsidising in pricing at the Southern Metropolitan Cemeteries Land Manager. For both our cemetery sites (Woronora Memorial Park (WMP) and ESMP), burial position prices are general by the type of position and the same for all demographics across the many sections of our cemeteries. E.g. the price for Lawn Graves at WMP are the same across the sixteen sections, no matter the age of the section or which demographic or religious group may purchase in these sections.

That being said, there are issues of the affordability within some community groups and accordingly some preliminary discussions

should occur on whether differential pricing may be required. We have not undertaken the research on the cost, benefits or risks of this approach at this point of time.

The inefficiencies may come due to prices being historical with set CPI increases year on year as the full cost of our cemeteries is not completely understood. We are in the final stages of Board approval to engage with a consulting firm to undertake the cost of services model review.

We would urge IPART when engaging with communities to test them on their evidence of cross subsidisation within cemeteries.

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

This issue is primarily a historical issue for one or two Crown Land cemeteries and is generally a result of mergers of prior Trusts.

There is an emerging issue that some communities may be "early sufferers" of funeral poverty, and in the absence of any government strategy around funeral poverty, cemetery operators may introduce cross subsidisations to ensure access to burial interment for those communities that require this service but are struggling with affordability.

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?

Burial position prices certainly differ for the range of position types and what the positions may be sold. Many of the new areas have high construction costs to prepare burial areas that need to be recovered compared to the older areas of our cemeteries that are unprepared prior to the interment or monument being placed.

As the Crown Land cemeteries are not-for-profit, and our prices should not be market driven. This includes not increasing prices depending on scarcity of positions in a particular area or due to a religious event where certain demographic or religious groups may want to purchase their burial interment rights.

Crown Land cemeteries need to fully understand their current and future operational / capital costs to manage their cemeteries into perpetuity and assess this against remaining land available for sale. Once this is understood, prices can be set in an efficient and transparent manner.

At this time the Crown Land cemeteries have legacy costs for their cemeteries that will be incurred into perpetuity. Unfortunately, the Crown Land cemeteries have not built up their financial asset reserves over their entire history to cover these legacy costs and are effectively currently “playing catch up”. It should be noted that there has not always been the imperative placed on the organisations with control of the cemeteries over time to address perpetual funding.

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

The current Board of SMCLM is not aware if there has been previous engagement with our community of stakeholders to discuss and negotiation with them on prices and pricing increases. This has not happened in recent years.

We note that in recent years, RGCLM engaged extensively and systematically around pricing increases and we understand have entered into a five-year pricing framework.

There are a number of risks with such a pricing framework agreement - i.e. revenue growth is fixed for the five years of the

agreement. However, cost movements may be unconstrained and outside the capability to influence, such as the significant cost increase in concrete as a result of the infrastructure investment in NSW. On the services side, there is also the significant increase in project manager hourly rate or salary costs (again a result of the infrastructure activities).

We do expect that there will be an increasing demand for community engagement with SMCLM around pricing, but as yet this demand has not surfaced in a direct and material way.

The consultation with operators in the sector through a number of reviews has led to a level of distrust between the sector and reviewers, so we request that IPART be as open and transparent and highly consultative through this investigation.

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

From a social perspective, we have the view that fees should not vary according to cemetery capacity. This can lead to pricing discrimination with some demographic / religious groups paying higher prices for like-for-like burial positions. Ultimately, they may be able to get these for a lower reasonable price at a different cemetery where their loved ones are not interred.

However, from an economics perspective, if Crown Land cemeteries have to fund land acquisition (rather than operating Crown Land), if the cost of available land is increasing faster than our rate or price increases, the capacity to purchase land decreases. Therefore, there may be an argument to increase pricing in accordance with land availability.

Those two counter positions being made, SMCLM take the view that the overriding position is to land on the social perspective, which is also in accordance with the principles of the Act, for use to provide affordable burials. Accordingly, we believe the Government may need to take responsibility for the gap between the social need and the economic constraints.

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

There are a number of significant community impacts that we believe IPART should consider as part of this review.

Firstly, land availability. The Crown Land sector is close to negative time (and ESMP may already be there) to acquire land and undertake the development efforts for service continuity. There is a significant land need, but little land available that meets the operational needs of cemeteries that's value allows operators to continue with affordable burials.

Affordability is a key issue. Conversations with next generation leaders indicate that families within the Sydney basin are struggling to afford home purchases, let alone then the cost of burials to meet their family religious or other traditions. Research is emerging around the issue of funeral-based poverty.

Ability of cemetery operators in Sydney to be able to continue to provide burial interment rights to meet the religious and cultural needs of all communities.







121 Linden Street, Sutherland NSW 2232
T. 02 9545 4677
E. woronora.admin@smcns.wa.gov.au
W. woronoramemorialpark.com.au


Opening Times

Gates open at 6:30am
Gates close at sunset

Administration Office Hours

7:30am – 5:00pm Monday to Friday
9:00am – 2:00pm Saturday

Cemetery Speed Limits

 Cemetery speed limit is 20km/h
unless otherwise signposted.
All roads are a shared zone.

Public Transport

A free bus service runs continuously
every Wednesday 9am – 12 noon from
the western side of Sutherland train
station to Woronora Cemetery and return.
It stops throughout the cemetery to pick
up and set down.

Locations

	Anglican		Crypts / Vaults
	Baptist & Others		Crematorium Gardens
	Congregational		Lawns
	Methodist		Cemetery Reserve Ground
	Presbyterian		Existing Buildings/ Structures
	Roman Catholic		Future Planning

Buildings and Facilities

	Entry / Exit Gate		Crematorium
	Parking		Cordillera Room
	Toilets		Cafe
	Administration		Electronic Name Search
	West Chapel		Bus Stop
	South Chapel		

End Notes

-
- ¹ United Kingdom Government, (2001), Cemeteries: The Government Reply to the Eighth report from the Environment, Transport and Regional Affairs Committee Session 2000–2001 hc91
- ² <http://unsworks.unsw.edu.au/fapi/datastream/unsworks:52150/binead122bf-16d8-470b-8bd3-dab08513ad57?view=true>
- ³ <https://www.theguardian.com/environment/2016/may/06/re-using-graves-means-uk-cemetery-will-never-run-out-of-space>
- ⁴ Murray, L.A., (2016). Sydney Cemeteries: A Field Guide
- ⁵ Davies, P. J., & Bennet, G, (2016). Planning, provision and perpetuity of deathscapes – Past and future trends and the impact for city planners. Land Use Policy, 55C, 98-107. Doi:10.1016/j.landusepol.2016.03.029
- ⁶ Greater Sydney Commission, (2018). A Metropolis of Three Cities. Accessed at <https://www.greater.sydney/metropolis-of-three-cities>
- ⁷ Cemeteries and Crematoria NSW, (2017). Metropolitan Sydney Cemeteries Capacity Report. Accessed at https://www.industry.nsw.gov.au/__data/assets/pdf_file/0014/143402/CCNSW-Metropolitan-Sydney-Cemetery-Capacity-Report.pdf
- ⁸ NSW Government, (2017). Cemeteries and Crematoria Amendment Regulation 2017 (Part 4 of the Cemeteries and Crematoria Act 2013) Better Regulation Statement November 2017
- ⁹ Van der Lann, S., & Moerman, L.C.,(2017), An Investigation of Death Care and the Funeral Industry in Australia. Sydney, Australia: University of Sydney.
- ¹⁰ <https://www.abc.net.au/news/2019-06-06/calls-for-funeral-industry-cost-transparency/11146358>
- ¹¹ New South Wales, Parliament, Legislative Council, Regulation Committee, Cemeteries and Crematoria Amendment Regulations 2018, November 2018
- ¹² IBID, page 3
- ¹³ IBID Page 3
- ¹⁴ <https://www.legislation.nsw.gov.au/#!/view/act/2013/105/id53> sourced 13 May 2018
- ¹⁵ <https://pure.york.ac.uk/portal/files/48237572/FUNERALpoverty.pdf>
- ¹⁶ https://assets.publishing.service.gov.uk/media/5bffb9d5ed915d11965a199d/Funerals_market_study_interim_report_and_consultation.pdf
- ¹⁷ <https://www.dailymail.co.uk/news/article-2797118/cities-dead-israel-turns-high-rises-cemeteries-approval-rabbis-artificial-caves.html>
- ¹⁸ <https://www.citymetric.com/skylines/high-rise-cemeteries-are-now-thing-371>



Southern Metropolitan
Cemeteries NSW