

SOCIAL ISSUES COMMITTEE

17 OCT 2005

RECEIVED

Ms Rachel Simpson
Director
Standing Committee on Social Issues
Parliament House Macquarie Street
SYDNEY NSW 2000

Our Ref M05/5369
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Dear Ms Simpson

I refer to your letter dated 26 September 2005 regarding the provision of additional information by the Office of Fair Trading to the Standing Committee with regard to the Inquiry into Funeral Industry.

Please find attached the additional information as requested. Also attached is the corrected transcript.

Yours sincerely



Rod Stowe
Assistant Commissioner for Fair Trading
14 October 2005

ADDITIONAL INFORMATION

1. **The date that the Department's consumer survey and hotline were announced by the Minister**

Answer

The former Minister for Fair Trading, Mr John Hatzistergos, MLC, publicly announced the consumer hotline and on-line survey on 27 May 2005

2. **A breakdown of the costs of the Department's inquiry into the funeral industry, including the brochures and the hotline**

Answer

As previously stated, the Office of Fair Trading is not conducting an inquiry. It has completed some research and released a discussion paper as part of a review of consumer protection and the NSW funeral industry.

There was very little extra cost to Government as the activities involved with the review were mostly conducted using existing resources. For example, the consumer hotline was staffed with Fair Trading Information Centre personnel.

There were, however, two items that generated extra costs. These were:

- a) \$10,945 including GST, to engage independent contractors to conduct Shadow Shopping phone interviews with funeral businesses across NSW; and
- b) \$5,548 including GST, to advertise the consumer hotline and on-line survey in the Sydney Morning Herald and the Daily Telegraph

There were also some costs involved with the production of the "Consumer Guide to Funerals" and the "Funeral Arrangements" brochure which were released in February 2005. These were:

- a) \$5,298.70 - A consumer guide to funerals (quantity 10,000)
- b) \$2,380 - Funeral arrangements (quantity 20,000)

3. A report on data provided by the Office of the Public Trustee to the Department

Answer

Analysis of Public Trustee Data

It is difficult to obtain reliable information on "average" funeral costs; however, one potential source of data is the Public Trustee's Office, which pays for between 1600 and 2000 funerals a year.

To gather information on price movements over the past five years, average prices paid by the Office for a core "basket" of funeral services were calculated for 2000 and 2005. As the Office's client mix is quite diverse and the value of estates handled ranges across the spectrum, this may be taken as a reasonably representative sample of costs in New South Wales. The results are shown in Table 1.

The results show that average costs in the first six months of 2000 were approximately \$3,900, rising to over \$5,000 for the comparable period in 2005, an increase of approximately 14% after adjustments for CPI.

Note: Items common to most funerals such as coffin/casket, burial/cremation, service, placing of death notices etc, were included. Items not common to most funerals eg placement of ashes in memorial wall etc were excluded.

Table 1

Period	# of Funerals	Average Funeral Claim Amount
Between 01-01-2000 and 30-06-2000	822	\$3,857.26
Between 01-01-2005 and 30-06-2005	432	\$5,081.49
Increase in the average funeral claim		\$1,224.23
% change in average funeral claim		31.7%
Average CPI (between 01-01-2000 and 30-06-2000)*	125.7	
Average CPI (between 01-01-2005 and 30-06-2005)*	148.0	
CPI adjusted 2005 average funeral claim amount**		\$4,540.03
Actual increase in the average funeral claim		\$541.46
Actual % increase in the average funeral claim		14.0%

* Source - Consumer Price Index, Australia (ABS Cat No. 6401.0)

** $(147.5/125.7) \times \$3857.26 = \4526.22 (Based ABS guide on CPI 14th Series (ABS Cat No. 6440.0))