

## **INQUIRY INTO FUNERAL INDUSTRY**

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**Telephone:**  
**Date Received:** 12/07/2005

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**Theme:**

**Summary**

27 June 2005

Ms S Want  
Director  
Standing Committee on Social Issues  
Parliament House  
Macquarie Street  
**SYDNEY NSW 2000**

Dear Ms Want,

**Re: Submission to the Funeral Industry Inquiry**

Please find enclosed InvoCare Limited's submission relating to the NSW Funeral Industry Inquiry.

Should you require further information please do not hesitate to contact me on 9978 5201.

Yours sincerely,



Richard Davis  
**Chief Executive Officer**

*Encl.*

**INVOCARE LIMITED SUBMISSION**

**TO**

**THE STANDING COMMITTEE ON SOCIAL ISSUES**

**INQUIRY INTO THE FUNERAL INDUSTRY**

**InvoCare Limited**

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## **EXECUTIVE SUMMARY**

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InvoCare is a publicly listed, majority Australian-owned company operating funeral homes, cemeteries and crematoria around Australia. In providing its services InvoCare is committed to caring for and meeting the personal needs of its client families, based on the following overarching philosophy:

- To assist and support client families at a pivotal time in their lives while demonstrating the highest degree of professionalism.
- To exercise responsibility as an industry leader by setting high standards of service, safety and fair business practice.

InvoCare welcomes this opportunity to provide its views to the Committee. This Submission addresses the terms of reference outlined by the Committee as they relate to InvoCare.

InvoCare believes that generally speaking the funeral industry consistently provides a high quality service that is committed to genuine caring for the bereaved in their time of need and does so at a fair and reasonable price.

**a) Changes in the funeral industry over the past decade including the cost of funerals, the degree of competition, vertical integration and ownership**

***Degree of Competition – Funeral Services***

- The funeral industry is extremely competitive with more than an estimated 200 individual operators in NSW. The overwhelming majority of these funeral businesses are family-owned.
- New operators are constantly entering the market and further increasing the level of competition. There are low barriers to entry when setting up business as a funeral director. These operators (and InvoCare) are offering a deeper range of products and services over a broader range of prices to an increasingly well-educated consumer base.
- InvoCare's funeral services market share in NSW declined during the 1990's and has stabilised at approximately 26%. Its last acquisition in NSW was in 1999 and the last in Sydney was in early 1994. The ACCC is familiar with InvoCare's acquisition activity and has not opposed any transaction.
- InvoCare's business is predominantly based upon referrals and like any business must provide quality services in order to survive. InvoCare is committed to providing this high level of service.

- InvoCare's funeral client surveys indicate that 97% of clients would recommend InvoCare services to others.

#### ***Degree of Competition – Crematoria & Cemeteries***

- The majority of crematoria and cemeteries in NSW are government-owned and controlled. InvoCare operates 9 crematoria and 6 cemeteries across the state.
- InvoCare estimates that it cremates or inters approximately one-third of NSW deaths.

#### ***Vertical Integration & Ownership***

- InvoCare operates its crematoria and cemetery business separately from its funeral directing business, with no preferential treatment or favouritism being granted to InvoCare's own funeral directors.

#### ***Costs - Funeral Services***

- Funeral costs have risen over the past decade in response to rising operating costs (eg labour costs, fuel costs and disbursements) and compliance fees and expenses.
- InvoCare calculates that the average customer expenditure over the last decade on InvoCare funeral services (before cemetery and memorialisation costs) has increased at the rate of 3.4% per annum before GST. This rate of increase is primarily the result of inflation, increases in operating costs, which are not dissimilar to the increases in other industries, and consumers selecting from a wider range of product and service offerings.
- InvoCare's funeral client survey indicated that 83% of clients found InvoCare's pricing was in line with or below their expectations. With respect to the remaining clients InvoCare does not know whether it failed to meet consumer price expectations by a small or large amount, nor does it know the basis on which these expectations are formed. Most importantly 97% of its clients are willing to recommend an InvoCare funeral provider at a time of need.

#### ***Costs – Crematoria & Cemeteries***

- InvoCare calculates that cremation fees from its facilities have increased over the last decade at approximately 2.7% per annum before GST. These increases reflect inflation plus InvoCare's substantial investment in upgrading its NSW cremation facilities.
- Approximately 70% of InvoCare's clients elect not to purchase memorials at InvoCare crematoria, which minimises their costs. Cremation memorials in Sydney in 2004 commenced at approximately \$671 including GST.

- In 2004 single burial interment rights at InvoCare's Sydney cemeteries commenced at approximately \$2,700 including GST but excluding memorialisation (e.g. plaque, headstone etc), which is more a matter of consumer choice.
- The average charge to a client for single site burial interment at an InvoCare Sydney cemetery over the last decade has increased by approximately 9% per annum, before GST. InvoCare believes this is in line with or below the rate of increase at government-owned cemeteries. InvoCare's increasing average charge reflects the substantial and increasing cost of land in Sydney, together with increasing maintenance and infrastructure costs (eg new equipment including roads, new chapels, major facility refurbishments etc).

**b) The availability and affordability of burial spaces and options for increasing the supply of spaces**

- The majority of interments are performed by government cemeteries in both Sydney and across NSW generally.
- As an indication of affordability, InvoCare's cemetery and crematoria client surveys show that 92% of its clients would recommend InvoCare facilities to others and 98% indicate that InvoCare pricing was in line or below their expectations.
- Cremation addresses the availability and affordability issues for some clients, however because of cultural and religious beliefs it is not an acceptable alternative for others.
- Additional land will need to be dedicated for interment purposes in the future notwithstanding the availability of burial space at some government cemeteries.
- InvoCare welcomes the establishment of an Interdepartmental Committee by the NSW Department of Lands in May of this year to consider the options for addressing the shortage in burial space.

**c) The adequacy of existing regulation of the funeral industry to protect consumers, public health and employees**

***Consumers***

- InvoCare is absolutely committed to ensuring its customers are dealt with fairly and honestly. It would take any instance of an employee breaching consumer protection laws extremely seriously.

- InvoCare has strict policies and practices in place to manage customer issues, including a comprehensive complaints procedure. This procedure endeavours to ensure complaints are addressed, with details provided to management for continual oversight and improvement.
- In addition to a commitment to continual improvement, InvoCare provides extensive training to its staff. This has ensured InvoCare receives minimal complaints.
- The degree of self regulation and quality of InvoCare's business practices has resulted in 97% of InvoCare funeral clients being prepared to recommend InvoCare brands to others if required, and 92% of InvoCare crematoria and cemetery clients being prepared to recommend InvoCare facilities to others if required.
- In InvoCare's experience the majority of funeral operators are professional, caring and provide high quality services to their customers, with complaints dealt with expeditiously and primarily resolved to the satisfaction of their clients.
- Referral is the key source of business for all funeral directors. As such, there is even greater pressure on operators to maintain the highest standards of consumer service.
- Notwithstanding this, InvoCare believes enforcement of existing regulation is required to protect the small number of consumers who have been dissatisfied with the services rendered by the funeral industry.

#### ***Public Health & Employees***

- InvoCare has a strong commitment to the maintenance of public health standards and occupational health and safety (OH&S). It believes the existing legislative regime in each of these areas is adequate to protect public health and InvoCare's employees.
- With respect to occupational health and safety, as a public company InvoCare subjects itself to regular audits of its compliance with the InvoCare OH&S policy.

#### **d) The role and structure of the Funeral Industry Council**

- InvoCare supports the existing Funeral Industry Council (FIC) and the role it plays.
- Major stakeholders including operators and consumers are represented on the FIC. Representatives from Work Cover NSW, the NSW Health Department, NSW Office of Fair Trading.



Department of Local Government and Department of Land and Water Conservation are also non voting observers on the FIC.

- The FIC is self-funding and a useful example of self-regulation where stakeholders are represented.

**e) The adequacy of legislation in meeting community needs**

- InvoCare, as a member of the FIC, supports the FIC submission and the broad thrust of the recommendations contained in that submission.

**Recommendations:**

InvoCare makes the following recommendation to the Inquiry:

- That existing government regulations be more thoroughly enforced either by way of increased resourcing or by following the recommendations put forward by the FIC.

## **INTRODUCTION**

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InvoCare is a publicly listed, majority Australian-owned company in the business of operating funeral homes, cemeteries and crematoria around Australia. Less than 1% of InvoCare is owned by overseas investors.

InvoCare has a commitment to meeting the personal needs of the client families it serves, recognising different consumer needs exist and serving a growing ethnic market with different traditional and cultural needs. InvoCare aims to be the preferred operator for consumers, employees, suppliers and investors alike.

InvoCare's commitment to client service ensures both an internal and external outlook. To achieve this, InvoCare surveys its client families, subscribes to external market research and undertakes its own research when required.

InvoCare is listed on the Australian Stock Exchange and operates in accordance with the highest standards of corporate governance and disclosure. As a listed company, InvoCare is required to disclose its financial results every six months and report annually on its corporate governance. InvoCare believes that it is the only company in this industry in NSW with this form of disclosure.

InvoCare widely supports the local communities in which it operates and takes pride in the dedication and level of professionalism of its employees.

This submission seeks to address the issues, as they relate to InvoCare, in which the Standing Committee is chartered to inquire into and report upon.

Comment in this submission is drawn from InvoCare's own experience and knowledge of the industry.

## **TERM OF REFERENCE (A) -**

### **Changes in the funeral industry over the past decade including the cost of funerals, the degree of competition, vertical integration and ownership**

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InvoCare is the largest single funeral operator in New South Wales (NSW) and Australia. In NSW it operates funeral director businesses in Sydney, Central Coast, Northern Rivers, Newcastle and Wollongong. Other than those mentioned above, InvoCare does not operate funeral director businesses in rural or regional NSW.

It also operates 9 crematoria located in Sydney, Tweed Heads, Newcastle and Wollongong regions, including leasing the State Government's crematorium within the grounds of Rookwood Cemetery in Sydney. Six of these crematoria include cemeteries.

#### ***Changes in the Funeral Industry – General Background:***

During 1993 two American companies, Service Corporation International (SCI) and Stewart Enterprises, entered the Australian market through the acquisition of Australian-owned businesses.

SCI entered through the acquisition of the funeral business interests of Industrial Equity Limited and subsequently acquired funeral, crematoria and cemetery services around Australia, including in Sydney and regional NSW. In total, SCI acquired 6 funeral businesses including 4 cemeteries and crematoria with the last acquisition being completed in 1999. Excluding SCI's initial investment in Sydney it has since made only one acquisition ( a single funeral home) in the Sydney market and that was in early 1994.

The resulting anti-American campaigns by the Australian-owned segments of the industry revitalised the industry over the last 10 years, particularly as the Australian-owned businesses adopted competing strategies and played upon the issue of local ownership to their competitive advantage. The outcome has been that the nature and extent of competing products and services has improved and new entry from previous owners of acquired businesses, using some of the sale proceeds, has been facilitated. These new entrants are characteristically vigorous competitors, possessing relevant knowledge and experience and 'heritage' connections through personal and professional networks.

Consequently, SCI and Stewart Enterprises each lost considerable market share through competition but, in the end result, not to each other. Most notably over this period, a significant ongoing consequence for current and future competition was that brand loyalty, known in the industry as 'heritage', lost a great deal of its relative importance as the key factor in consumer selection of funeral services.

Financial difficulties arising from the aggressive global acquisition strategies of both SCI and Stewart Enterprises led to both corporate groups selling their Australian funeral interests in 2001, with InvoCare acquiring SCI's interests. InvoCare has yet to make any acquisitions in Australia.

Despite InvoCare's relatively short period under American ownership, InvoCare is now overwhelmingly an Australian-owned company, with less than 1% now owned by overseas investors, and has been listed on the Australian Stock Exchange since 2003.

*Degree of Competition – Funeral Services:*

(*Competitors*) The funeral industry continues to be extremely competitive, with an estimated 200 individual operators in NSW. New operators are constantly entering the market and further increasing the level of competition. Since 1997 it is estimated there have been 33 new entrants into the Sydney region.

During the 1990s SCI (now InvoCare) experienced market share decline in NSW. This has now stabilised at an estimated 26% share of the funeral services market. This decline was attributable to factors including anti-American sentiment, the growing number of competitors and the fact existing competitors and new entrants are providing new and improved facilities and product offerings.

InvoCare also believes consumers of funeral services have progressively become better educated and have a growing propensity to shop around for both services and prices. SCI (and now InvoCare) and its competitors have responded to these developments by offering an increasing range of services and product options. This is reflected by:

- The upgrading of InvoCare facilities, including chapels and condolence lounges.
- The establishment of a range of new locations (predominantly for White Lady & Simplicity).
- The development of a broader range of funeral offerings that endeavour to provide meaningful alternatives to the more traditional services.
- The increasingly responsive approach of funeral directors to meeting the needs of a client family across a range of budgets. This is reflected in funerals becoming increasingly more personalised. Examples include, but are not limited to, specific requests with respect to music for a funeral service, the use of PowerPoint presentations and the creation of individually painted coffins.

Whilst the majority of new entrants are relatively small, primarily being a factor of investment, some entrants have been successful in securing considerable market share over a relatively short period of time. This demonstrates the ease of entry into the market. In nearly all cases the new entrants are

previous owners re-entering the market, or alternatively former employees of other funeral directing businesses with knowledge as to ease of entry. These new entrants have ready access to capital from their sale proceeds, relevant knowledge and experience and 'heritage' connections through personal and professional networks. There are no barriers to their expansion.

*(Barriers to entry)* There are few barriers to entry when setting up business as a funeral director. A new entrant can use third party cemetery and crematoria facilities and church facilities. Funeral directors may use visible shopfronts and area advertising to inform clients of their range of services and local coverage. These shopfronts, and the advertising of area wide services may be some distance from the director's facilities for handling bodies and the provision of other "back office" facilities. Ease of entry (and re-entry), employing all the techniques, is exemplified by the number of new entrants (re-entrants).

There are zoning restrictions in relation to mortuaries. A funeral director needs access to a mortuary, but this facility may be owned or shared with other directors. A funeral director will also need access to a hearse. It is not essential for a funeral director to have proximate facilities in all areas as he or she can utilise facilities at churches, cemeteries and crematoria.

*(Consumer selection)* While price is of significance in selecting a funeral operator, consumers are also likely to have regard to one or more of the selection factors set out below. Rival funeral directors may use one or more of these factors as a means to compete against each other, and to counter the perceptions of any particular competitive advantages of their rivals. For example, a funeral director may use advertising in the Yellow Pages of Sydney-wide services to offset the absence of its own physical shopfront(s) in particular areas. The selection factors for consumers are:

- Heritage/previous experience: They may choose someone as a funeral director because they called upon their services in the past. Whilst heritage may still be an important factor for some consumers, its importance has diminished significantly as each metropolitan area has expanded, road infrastructure has improved and regional and/or metropolitan-wide advertising has been undertaken by funeral directors in telephone directories and suburban newspapers.
- Referrals: They may rely on recommendations from family and friends, clergy/hospitals and nursing homes.
- Pre-arrangement: They may choose someone with whom the deceased has pre-arranged or pre-paid for his or her funeral.
- Location: They may have noticed a funeral director's premises in a convenient geographic location.

- Advertising: Over the past decade there has been extensive advertising of the services undertaken by funeral directors. Directors may also advertise the availability of region wide services.

InvoCare's business is predominantly based upon referrals and like any business must provide quality services in order to survive. InvoCare is committed to providing this high level of service. Likewise, the most successful new entrants have used strategies which bear upon the selection factors set out above. The majority of the more successful new entrants have been made up of previous owners, or key employees, of existing funeral businesses. These businesses now account for an estimated 8% of the Sydney market.

*Degree of Competition – Crematoria and Cemeteries:*

The majority of crematoria and cemeteries in NSW are owned and controlled by the State Government or local government. As mentioned above, InvoCare operates 9 crematoria in NSW. Six of these crematoria include cemeteries.

*(Crematoria)* In the Sydney region specifically, InvoCare operates 5 of the 8 crematoria, with a ninth crematorium currently being proposed in Rookwood Cemetery by the Catholic Cemeteries Trust. InvoCare's Sydney crematoria have been servicing the Sydney region for many decades.

Over the past decade InvoCare's crematoria have experienced increasing competition, with the opening of 2 new crematoria in the Newcastle region and, most recently, the State Government opening a new crematorium within the grounds of Macquarie Park in Ryde, Sydney in 2004. This newest competitor will be able to make very effective competitive offerings to win business from independent funeral directors by direct marketing to them and through marketing directly to consumers. Being located adjacent to a substantial cemetery of long standing, there is also an existing "heritage" element the Macquarie Park crematorium can upon.

Given these new competitors, InvoCare's market share has declined over the decade. InvoCare's share of NSW cremations will be further eroded if the proposed Rookwood crematorium is established.

*(Cemeteries)* The vast majority of cemeteries in Sydney and NSW are owned and controlled by the State Government and local governments. InvoCare estimates its facilities perform only a small amount of NSW burials. InvoCare owns the only 3 privately owned cemeteries in Sydney.

*Vertical Integration and Ownership:*

*(Vertical Integration)* InvoCare operates its cemetery and crematoria businesses separately from its funeral directorships, with no preferential treatment being granted to InvoCare's own funeral directors. It continues to be a company policy that InvoCare crematoria and cemeteries provide non-

discriminatory access to all funeral directors. All scheduling of services and use of chapels at InvoCare's facilities is on a "first-in first-serve" basis.

The basic economic "structural" reasons why InvoCare has maintained, and will continue to maintain, its non-preferential, non-discriminatory access policy are as follows:

- It is in InvoCare's interest to utilise its facilities fully all year around at all available booking times, by taking as many bookings as possible from all sources.
- There is an increasing trend for services to be conducted away from crematoria and cemeteries at churches or private facilities, for example, without mourners attending in person at committal services.
- There are significant numbers of independent funeral directors, whose clients represent a substantial volume of business at each InvoCare crematorium and cemetery. Indeed, the majority of InvoCare cemetery and crematoria business is non-InvoCare funeral related.
- In Sydney there are existing and potential rival cremation facilities and cemeteries.

*(Ownership)* InvoCare has not made any acquisitions in the Sydney region since early 1994. Over the same period, InvoCare completed only 6 acquisitions in NSW with the last occurring in 1999. The Australian Competition & Consumer Commission (ACCC) has monitored the acquisition activity of InvoCare and did not oppose any of these transactions.

#### *Cost of Funeral Services:*

*(Cost Structure)* The role of a funeral director is to make the necessary arrangements for the disposal of the body of the deceased. This is likely to involve the provision of a range of labour-intensive services. These services are set out in some detail in **Appendix A** and can include providing for the transfer, handling and burial or cremation of the body, making arrangements with family/friends/clergy for the burial/cremation services, arranging medical certificates, payment of third party costs and referrals to grief counselling. Approximately 30 to 40 hours of time is taken to professionally arrange and conduct a funeral.

Overall, the cost structure of InvoCare's funeral services reflects the large labour component involved at each stage of the process and the high level of third party costs.

Some of the labour-intensive services listed above are public and visible, but many are provided "behind the scenes". As a result, few people realise the extent of a funeral director's role or the time involved in properly managing a funeral process. This is consistent with InvoCare's belief that its funeral directors should act to ensure there is minimal additional pressure upon client

family and friends at what is already a highly emotional time, whilst being as unobtrusive as possible.

*(Range)* Since its inception as a company over a decade ago, InvoCare (and previously SCI) has made a serious commitment to meeting the personal needs of the client families it serves. In that spirit, InvoCare strives to offer consumers a wide range of services and products from which they can freely choose and to tailor the result to meet individual needs. InvoCare has expanded this range over the past decade leading to an increasing breadth of consumer choice.

The range of products and services currently available has been highlighted above. It is important to note this is a deeper product and service offering than was available a decade ago. For example, there is a significantly greater responsiveness by funeral directors to meeting the needs of a client family across a range of budgets, regardless of whether those needs fall within the scope of what might be termed a "traditional service".

InvoCare's commitment to consumer choice is also reflected in its pricing structure, which makes available product and service options at a range of prices, from lower priced to more expensive offerings. InvoCare also provides clients with a detailed itemised agreement prior to delivery of the majority of the relevant services and products. This is followed by delivery of an itemised account after the services and products have been provided.

Whilst InvoCare strives to offer a growing range of products and prices to meet client needs, it remains sensitive to the fact it is often dealing with people who are facing a high degree of emotional stress. InvoCare maintains a strict policy that its funeral directors can not and should not take advantage of vulnerable clients when agreeing on a funeral service. In addition, in InvoCare's experience, normally more than one family member (or person) is involved in the funeral arrangements helping to ensure informed decisions are made.

*(Pricing)* Given the range of product and pricing options available to consumers, the total cost to a client for a funeral can vary depending upon the choices they make. It all depends on the services and products that are selected.

InvoCare calculates that the average consumer expenditure on its funerals over the last decade has increased at the rate of 3.4% per annum before GST (before cemetery and memorialisation costs). This is only slightly above the average rate of inflation over the same period and also reflects choices being made by consumers over a wider range of products and increasing operating costs. InvoCare's average service fee and merchandise fee spend over the same period has increased by 3.4% and 2.1% per annum respectively.

As mentioned in some detail above, increasingly educated consumers are more and more willing to shop around for the best price/service combinations. Together with the number of funeral operators in those regions where



InvoCare operates, this assists in ensuring price competition for funeral services is and remains robust.

Pre-paid funerals provide consumers with the opportunity to pay a set price for their funeral (or the majority of the services and products, depending upon consumer choice) in an informed manner, with decision-making occurring in what is arguably a less emotional state. Approximately 13% of the funerals performed by InvoCare are pre-paid or contain a pre-paid component.

InvoCare has surveyed its funeral clients for many years to gauge customer reaction to the level of service InvoCare provides. A template of the InvoCare client survey is attached at **Appendix B**. InvoCare uses this information to foster continual service improvements and to direct staff training over and above its extensive, ongoing program. In 2004, 83% of respondents indicated that InvoCare pricing was in line with or below their expectations. With respect to the remaining clients InvoCare does not know whether it failed to meet consumer price expectations by a small or large amount, nor does it know the basis on which these expectations are formed. Most importantly 97% of its clients are willing to recommend an InvoCare funeral provider at a time of need.

#### Burial and Cremation Fees:

InvoCare's average cremation fees in NSW have increased over the last decade at approximately 2.7% per annum before GST. InvoCare believes these fees are in line with the fees charged by government-owned crematoria. InvoCare's fee increases over that period reflect increases in operating costs, predominantly labour, plus InvoCare's substantial investment in upgrading its NSW cremation facilities.

Approximately 70% of InvoCare clients elect not to purchase a memorial for a cremation that has been conducted at an InvoCare crematorium, avoiding additional cost. The remainder elect to purchase a memorial, the cost of which at an InvoCare Sydney crematorium in 2004 commenced at approximately \$671 including GST.

Burial costs can vary materially depending on the number of interments and the type of memorialisation. For example in Sydney in 2004 a single burial interment commenced at approximately \$2,700 including GST (excluding memorialisation) versus a single crypt interment in a mausoleum of \$16,000 including GST.

The average charge to a client for a single site burial interment by InvoCare in Sydney has increased by approximately 9% per annum, before GST, over the past 10 years. InvoCare believes this is in line with or below the rate of increase at government-owned cemeteries. InvoCare's increasing average charge reflects the substantial and increasing cost of land in Sydney, together with increasing maintenance and infrastructure costs (eg new equipment including roads, new chapels, major facility refurbishments etc).

As with its funeral service clients, InvoCare surveys its cemetery and crematoria memorial clients. Recent survey results indicate that 98% of clients believed that prices were in line with or below their expectations and 92% indicated that they would recommend InvoCare facilities to others at a time of need.

## **TERM OF REFERENCE (B) -**

### **The availability and affordability of burial spaces and options for increasing the supply of spaces**

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#### *Availability of Burial Spaces*

With a rapidly growing population, the demand on NSW's finite land resources poses a significant problem for the long term availability and affordability of burial spaces. The existing land available for new burial sites is limited, particularly in the metropolitan areas of Sydney, Newcastle, the Central Coast and Wollongong.

While enough burial space exists to meet the short and medium term burial needs of most sections of the community, action must be taken to ensure that adequate burial space is available for future generations.

Cremation assists in addressing the availability and affordability issues for some people, however because of cultural and religious beliefs it is not an acceptable alternative for others. InvoCare believes it is important that burial space is made available to these people.

Rising land values have increased the cost of acquiring large sites for cemeteries not to mention the competing interests of other land uses such as housing, industrial infrastructure, open space for recreation and essential public facilities such as schools and hospitals.

Additional lands will need to be dedicated for interment purposes in the future. In fact, the NSW Government has recognised that the issue of burial space is pressing and has formed the Cemeteries Interdepartmental Committee to consider options for addressing the present and potential shortage of burial space in public cemeteries.

InvoCare supports the Government initiative to explore and promote discussion within the funeral industry on available options and would like to be involved in the resolution of the issue. Private operators offer a potential solution to these problems faced by government. In fact, if private operators were not involved, the problem would be far more acute.

There is an opportunity for the State Government to vary the terms of its Rookwood Crematorium lease with InvoCare so as to allow burial interments. The terms of the current lease prevent InvoCare utilising the land for burial purposes.

#### *Affordability of Burial Spaces*

The increasing maintenance and capital costs at most cemeteries, together with the limited availability of burial sites, has led to increasing burial costs for consumers over the past decade.

As mentioned above, InvoCare's average single site interment charge for Sydney customers has increased by approximately 9% per annum, excluding GST, over the past 10 years. This is in line with or below what InvoCare believes the rate of increase at government cemeteries has been.

98% of InvoCare clients responding to its cemetery and crematoria surveys, maintain that InvoCare's pricing is in line with or below their expectations with 92% willing to recommend an InvoCare facility to others if required.

## **TERM OF REFERENCE (C) -**

### **The adequacy of existing regulation of the funeral industry to protect consumers, public health and employees**

In our experience the majority of funeral operators are professional, caring and provide high quality services to their customers, with complaints dealt with expeditiously and primarily resolved to the satisfaction of their clients. In reality, there are very few complaints to regulatory authorities that require action except in the case of the occasional rogue operator who unfortunately gives the entire industry a bad name.

The degree of self regulation and quality of InvoCare's business practices has resulted in 97% of InvoCare's funeral and 92% of InvoCare's cemetery and crematoria clients being prepared to recommend InvoCare brands or facilities to third parties if required.

#### **Consumers:**

InvoCare is absolutely committed to ensuring its customers are dealt with fairly and honestly and would view very seriously any employee found in breach of consumer protection laws.

InvoCare has strict policies and practices in place to manage any and all customer issues. Not only does InvoCare have strong policies in place, but we are also a Member of the Australian Funeral Directors Association (AFDA) which has their own strict code of ethics and practice with which we must comply.

InvoCare aims to ensure its clients are well informed in all aspects of the funeral process that require decision-making. To this end, InvoCare provides literature to its customers on the key aspects to consider when arranging a funeral, burial or cremation. This information is available both as a brochure and on each individual brand's website.

As mentioned above, InvoCare maintains a strict policy that its funeral directors can not and should not take advantage of vulnerable clients when agreeing on a funeral service or memorial. In addition, in InvoCare's experience normally more than one person is involved and present in the arrangement of a funeral or memorial, which helps to ensure an informed decision is made. In addition, where considered appropriate, InvoCare requires customers to acknowledge in writing that some of the products selected are not necessarily required for the memorial selected.

Further it should be noted that unlike funerals, the decisions relating to a memorial are not required to be made within a relatively short period of time, with most consumers taking several months to make an informed decision, often after discussion with extended family members.

InvoCare has surveyed its clients for many years to gauge the level of service provided. It has a commitment to continual improvement and provides extensive training to staff both in response to survey feedback and through an ongoing program.

This commitment to training and customer service has ensured minimal complaints. Of these complaints, the overwhelming majority have been resolved to the client's satisfaction. InvoCare has a strict complaints procedure that endeavours to ensure complaints are promptly addressed and resolved.

Referral is a key source of business for funeral operators. As a result the majority of operators in the industry endeavour at all times to be professional, caring and provide a high quality service, whilst minimising the number of complaints.

Employees:

InvoCare takes its corporate responsibility to health and safety very seriously. It has a strong commitment to Occupational Health and Safety ensuring all employees are aware of and operate by the set rules and guidelines outlined in its OH&S policy. In some instances this necessitates additional staffing.

Ergonomic injuries, particularly from lifting, are common in the industry. Recent changes, such as increased staffing levels, use of trolleys and under arm lifting, have been made to minimise these injuries but at additional cost.

**TERM OF REFERENCE (D) -  
The role and structure of the Funeral Industry Council**

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InvoCare is a member of the Funeral Industry Council (FIC), the Australian Funeral Directors' Association (AFDA) and the Australian Cemetery and Crematoria Association. InvoCare believes it is a responsible corporate citizen. As a major player in the funeral industry, InvoCare believes that the industry and the wider community expect it to be represented on all industry bodies and contribute constructively to any industry reviews.

InvoCare supports the existing FIC whose objectives are to:

- promote and achieve the accreditation of all industry operators
- promote regulation of the industry under a single industry Act
- oversight the operations of the industry
- encourage and promote professional performance, ethics and best practice in the industry
- to assist and guide the industry to provide high standards of service to the public
- promote the health, safety and welfare of all engaged in the industry receive and investigate complaints that effect the industry and the public generally
- work with the Government with a view to improving conditions in the industry
- act on all other matters pertaining to the industry
- ensure that the community is informed of issues pertaining to the industry.

InvoCare believes the community would view the funeral industry like any other service oriented industry and would expect that an industry body would exist to protect consumer's rights.

Major stakeholders including operators and consumers are represented on the FIC and have cooperated to help ensure all operators maintain high standards of service. Representatives from Work Cover Authority of NSW, the NSW Office of Fair Trading, Department of Local Government and Department of Land and Water Conservation are also non-voting observers on the FIC.

The FIC is self funding and a useful example of self regulation where all stakeholders are represented.

**TERM OF REFERENCE (E) -**

**The adequacy of legislation in meeting community needs**

In broad terms, InvoCare believes the industry meets community needs and expectations by operating in a professional manner, with the vast majority of industry participants providing high quality services to their customers at a fair and reasonable price.

In InvoCare's view, the current legislative and regulatory regime is adequate to protect the community's legitimate needs and expectations. However, it is not rigorously enforced by government, potentially due to a lack of resources. As such, InvoCare supports the broad thrust of the FIC recommendations put forward to the Inquiry.



## **CONCLUSION AND RECOMMENDATIONS**

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It is InvoCare's belief that the industry in general consistently provides a high quality service committed to genuine caring for bereaved in their time of need and does so at a fair and reasonable price. Broadly speaking the industry is highly competitive, professional and responsive to client needs.

InvoCare monitors its own performance very closely through client feedback and is able to report that the overwhelming majority of its client families would recommend InvoCare services to a third party.

As indicated earlier in this submission, InvoCare would argue that the existing regulatory framework simply needs to be better enforced. As such, InvoCare is seeking an appropriate mechanism to support the regulations already in place.

### **Recommendations:**

InvoCare makes the following recommendation to the Inquiry:

- That existing government regulations be more thoroughly enforced either by way of increased resourcing or by following the recommendations put forward by the FIC.

## **APPENDIX A**

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### **Services Provided by Funeral Directors**

Few people realise the extent of a funeral director's role. It begins when we are first called, and ends only when we are satisfied the ceremony is as perfect and complete as we can make it, and the wishes of the family are fully met. Approximately thirty to forty hours of time is taken in order to professionally arrange and conduct a funeral.

The following is a general list of services we are able to provide:

- Prompt and personal attention at any time, 24 hours a day, every day of the year
- Transfer of the deceased from place of death to the funeral home
- Personal consultation with the family about funeral arrangements and details for the service
- Liaising with cemeteries or crematoria of client's choice
- All necessary arrangements with church, chapel or venue of client's choice
- Registration of death with the Registrar of Births, Deaths and Marriages
- Consulting with clergy or celebrant
- Advice on wording and placement of press notices
- Collection of medical certificates and their dispatch to appropriate authorities
- Where available, use of our chapels
- Use of our private family viewing facilities
- Supply of hearse and other funeral vehicles
- Supply of cars to transport the family
- Liaising with florists
- Collection and return of floral tribute cards
- Organisation of music and/or musician of client's choice
- Memorial attendance books for friends and family to sign
- Preparation of deceased for viewing
- Embalming by qualified personnel (if required)
- Mourning stationery – i.e. cards etc.
- Recording of services (if required)
- Referral to grief support if required
- Provision of after funeral refreshments/catering if requested.

## **APPENDIX B**

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[Template of InvoCare client survey]





We would like you to consider the recent dealings you had with the Cemetery / Crematorium. We are particularly interested in your experience in relation to the purchase of a memorial as opposed to the services provided by your funeral director.

If other family members or friends assisted you, please ask them to help complete any relevant sections of the survey.

## 1 CHOOSING THE CEMETERY / CREMATORIUM

A. In deciding which cemetery / crematorium to use, what influenced your decision?

- |  |  |  |
|--|--|--|
| <input type="checkbox"/> Family              | <input type="checkbox"/> Nursing Home          | <input type="checkbox"/> Staff member  |
| <input type="checkbox"/> Friends             | <input type="checkbox"/> Funeral Director      | <input type="checkbox"/> Memorials for other family already in place         |
| <input type="checkbox"/> Hospital            | <input type="checkbox"/> Religious affiliation | <input type="checkbox"/> Prior experience                                    |
| <input type="checkbox"/> Reputation          | <input type="checkbox"/> Peaceful environment  | <input type="checkbox"/> Advertising - Yellow Pages <input type="checkbox"/> |
| <input type="checkbox"/> Convenient location |  | <input type="checkbox"/> - Other <input type="checkbox"/>                    |
| <input type="checkbox"/> Other _____         |  |  |

B. Have you arranged a memorial at this Cemetery / Crematorium previously?  Yes  No

## 2 INITIAL CONTACT

A. Your first point of contact with us may have been either when you received correspondence inviting you to arrange an appointment with a memorial advisor or perhaps when you have called in without an appointment.

How would you rate your experience on the following...

|   | EXCELLENT                | VERY GOOD                | GOOD                     | FAIR                     | POOR                     | NOT APPLICABLE           |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Clarity of letter received                      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Initial greeting by the staff                   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Promptly put in contact with a memorial advisor | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Availability of a memorial advisor              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Promptly returning my call                      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Convenience of appointment time                 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

B. And overall how satisfied were you with your initial contact with the Cemetery / Crematorium

- Very satisfied  Fairly satisfied  Satisfied  Somewhat dissatisfied  Very dissatisfied  Not Applicable

## 3 MEETINGS

A. You will have had one or two meetings with a memorial advisor to make arrangements and provide the memorial advisor with instructions. How would you rate your experience on the following...

|   | EXCELLENT                | VERY GOOD                | GOOD                     | FAIR                     | POOR                     | NOT APPLICABLE           |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Privacy of the meeting room   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Waiting time  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Standard of the meeting room  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Memorial advisor's helpfulness in decision making                         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Memorial advisor behaved in a professional and caring manner throughout   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Range of memorial options   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Willingness to accommodate my wishes                                      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Clarity of prices and payment terms                                       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Memorial advisors flexibility in arranging payment options                | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Explanation of contractual Terms and Conditions, Rules & Regulations      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Time given to make decisions  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Usefulness of the free reservation service offered for family and friends | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

B. Would you be interested in information on pre-arranged memorials?  Yes  No

C. And overall how satisfied were you with the meetings with the memorial advisor?

- Very satisfied  Fairly satisfied  Satisfied  Somewhat dissatisfied  Very dissatisfied  Not Applicable