

Submission
No 13

INQUIRY INTO FUNERAL INDUSTRY

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Theme:

Summary



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16 May 2005

Attention: Ms Jan Burnswoods MLC
Committee Chair

Dear Madam

Enquiry into Funeral Industry in New South Wales

The Association of Independent Retirees (A.I.R.) Limited is the peak body representing the views of fully and partly self-funded retirees. The Association's policies endeavour to achieve dignity, independence and freedom of choice for retirees, recognizing a diverse range of individual circumstances.

Self-funded retirees expect State Government policies which are perceived to be fair, non-discriminatory, do not limit choice, provide incentives for independence yet reduce the need for Government financial support for the ever increasing numbers of retirees in New South Wales.

The following submission is submitted to support State Government commitment to the development of a fair and equitable social environment that recognizes and compensates for the special needs of self-funded retirees.

We look forward to receiving the results of your enquiry in due course.

The Association thanks you for the opportunity to make this submission.

Yours faithfully,

Garth J Juster
President – NSW Division
Association of Independent Retirees (A.I.R.) Limited

**ASSOCIATION OF INDEPENDENT
RETIRES (A.I.R) LIMITED.
NSW DIVISION**

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**SUBMISSION TO THE
STANDING COMMITTEE ON SOCIAL ISSUES
OF THE LEGISLATIVE COUNCIL OF NSW**

ENQIRY INTO THE FUNERAL INDUSTRY

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16th May 2005

1. Introduction

1.1 This submission has been prepared from detail and information gained from

- personal experience
- experiences of relatives and friends
- discussion with a minister of religion and funeral industry participant.

1.2 Information is also derived from an article appearing in the SMH of 30 September 2002. The headlines of the article were:

"The dying game. Death used to be a small, private affair. Now it's big business, largely unregulated and blighted by soaring costs. **Gerard Ryle** reports."

The article does not paint a pretty picture. It makes several pertinent points, including:

- the rising costs of funerals, about threefold in ten years
- the complexity of options on offer, and their costs
- the lack of regulation of the industry
- corruption and bribery
- comments on 'pre-paid' funerals
- a single organization now owns 135 funeral companies across Australia. This covers funeral parlours, graves and crematoriums.

2. Background

2.1 One can assert that in every (extended) family there is a member who has some experience of the problems of arranging a funeral at short notice, with little help, and of the costs involved. Pressure is great at a time of grief and confusion, compounded by the options available and their costs. In reality, there is little or no opportunity, or even incentive, to "shop around" and compare options and prices, as would be done in normal circumstances. It can probably be described as being on a roller coaster, with little control, hoping for the right outcome.

2.2 It also seems to be the case, when a person is queried some time later (say a year or two) as to the detail of the funeral arrangements made at the time, memory is very hazy, and details have been forgotten. It seems that the mind is not storing the information during that stressful and very brief period shortly after the death of a loved one.

2.3 One can therefore assert that it is an easy matter for a person to be 'persuaded' to take a certain course of action so that an 'appropriate' funeral may be arranged. It is only later, probably on reflection of the amount of the bill, it is realised that matters could have been better handled at a lesser cost.

2.4 Accordingly, this submission asserts the following:

Normally, it is the average person who finds himself/herself in the unfortunate situation of having to make funeral arrangements for a spouse, child, sibling, relative or close friend. That person, most likely,

- is suffering from the bereavement
- has little or no experience of the funeral industry
- is under pressure to make arrangements quickly, and under a good deal of stress
- may not have an experienced friend from whom to seek guidance at short notice, possibly at an inconvenient time (i.e. weekend or late at night)
- wishes to avoid 'doing the wrong thing' by the deceased
- may not be in a position to quickly ascertain the financial situation of the estate and its capacity to fund funeral expenses.

2.5 Therefore, it is our opinion that a major outcome of your enquiry should be directed to devising regulations, etc, to facilitate matters to make it simple and helpful for the average citizen to make appropriate arrangements. There needs to be means by which independent advice and assistance may be obtained i.e., for it not to be necessary to rely on funeral directors who have their own self-interest (profit) at heart.

2.5 It appears that the availability of independent 'family owned' funeral parlours is providing some competition against the major players.

2.6 However, in many locations competition does not exist, or is minimal, for the processing of the deceased. It is essential for that to be rectified.

2.7 Most importantly, it is submitted that the whole of the funeral industry must be classified as an 'essential' industry, and be treated and regulated as are other essential industries.

3. Recommendations.

3.1 The funeral industry needs to be regulated to the extent that

- funeral directors and other appropriate persons are registered and directed to carry out their functions under appropriate regulations.

3.2 The regulations would include

- necessity to operate from acceptable premises, subject to health and trading laws to eliminate 'backyard' operation
- elimination of any bribery, corruption, spotters fees, etc
- other matters arising from this enquiry.

3.3 Particular attention needs to be directed at diminishing the effect of monopolies in the processing of the deceased, be it by burial or cremation. Matters that come to mind are

- cremation fee
- wall or garden niche fee for ashes
- fees for documentation and processing of the deceased.

This enquiry should identify other matters that need to be regulated.

3.4 It may well be that in major localities sufficient competition exists to make unnecessary price control for funeral directors, car hire, etc.

However, we bring to the attention of the committee, the benefits that have been experienced by motorists since service stations were compelled to clearly display prices for petrol and diesel fuel.

3.5 A.I.R. submits that all funeral directors should be required to clearly post all their fees, etc, on appropriate locations, and to have lists readily available for prospective 'customers'.

In that regard, A.I.R. also brings to the attention of the committee, the situation with the Third Party Compulsory Insurance (green slip) for motor vehicles. The RTA operates a web site where all participating insurance companies make available their current charges. Perhaps a similar web site could be operated and monitored by the appropriate authority.

3.6 Brochures would also be made available to inform the public, as is the case for 'green slips'. Funeral directors would also be required to inform the public of the availability of the service.

3.7 There could also be licensed, independent consultants available to provide assistance.

3.8 Demonstrably, the processing of a deceased person needs to be classified as an 'essential' service.

A.I.R. submits that, in some if not a majority of locations, that function is operated by a monopoly and there is a need for the regulation of fees, by an appropriate authority. We note

the existence of the Independent Pricing and Regulation Tribunal of NSW.

To reiterate, A.I.R. is of the opinion that the funeral industry is no less essential than is the supply of electricity, and hence should be subject to appropriate pricing and other control.

3.9 If the above recommendations are accepted and implemented, as indicated earlier there may well be no necessity to regulate pricing by individual funeral parlours. Competition should be sufficient to keep fees within reason. It would be the concern of the funeral directors to build their business based on trust, concern for the deceased and service to the customer, given the location of the deceased and the site selected for the burial/cremation.

4. Summary of Recommendations

4.1 The funeral industry be classified as an Essential Service.

4.2 Funeral Directors and other participants be subject to regulation.

4.3 Price control be implemented over the processing of the deceased, to diminish exploitation by monopolies.

4.4 The fees of funeral parlours be made readily available for perusal via brochures and Internet.

4.5 Licensed consultants be registered to provide independent advice.

5 About A.I.R.

The Association of Independent Retirees (A.I.R) Limited is the peak body representing the views of fully and partly self-funded retirees. The Association's policies endeavour to achieve dignity, independence and freedom of choice for retirees, recognizing a diverse range of individual circumstances. However, if ever there is one matter the members have in common, it is the inevitability of death and the increasing necessity to make funeral arrangements for loved ones. There is no need for them to apologize for having a vested interest in these matters.

These recommendations are submitted to give the NSW government the opportunity to provide assistance during a very traumatic and inevitable period. There is a need to minimize the occasions when one looks back and realises that 'it could have been better done'.

The A.I.R thanks the committee for the opportunity to make this submission.