

IPART Review of Competition, Costs and Pricing in the Funeral Industry

This submission is available on the COTA NSW website (below).

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COTA NSW is funded by the NSW Government under the NSW Ageing Strategy

Council of the Ageing (COTA) NSW

COTA NSW is the peak body representing people over 50 in NSW. We're an independent, non-partisan, consumer-based, non-government organisation. We work with politicians, policy makers, service and product providers, as well as the media to ensure the views and voices of older people are heard and acted on.

Our work is to:

- inform
- educate
- engage
- advocate

We work with:

- the community
- service & product providers
- government
- the media

COTA NSW has launched some of the State's most important initiatives for older people, including NSW Meals on Wheels, Carers NSW, and the Retirement Village Residents Association.

Currently COTA NSW delivers a range of services to older people in NSW, including an Aged Care Navigation service, the Legal Pathways program and Strength for Life.

Acknowledgement of Country

COTA NSW acknowledges the unique status of Australia's First Peoples as the original people of this land. We recognise their cultures, histories and ongoing relationship and obligations to the land, sky and waterways.

In the spirit of reconciliation, COTA NSW acknowledges all traditional custodians of the lands we today know as New South Wales.

These homelands are ancient and sacred and First Nations people have a deep sense of belonging, both ancient and contemporary; because they are part of the world's oldest surviving, living culture on the planet.

Introduction

Funerals are an important part of the grieving process – an opportunity for family and friends to celebrate and commemorate the life of the person they have lost. However, many older people are left surprised at the cost of organising a service, the lack of transparency in pricing, the speed at which they feel they need to make decisions, and the lack of choices they have in how the service will be run.

The funeral industry has become more corporatised and professionalised since World War Two, resulting in people being removed from the process when a loved one dies. With the contraction in the industry in the last twenty years, many consumers feel that the industry is largely a money-making endeavour, often not displaying the levels of care and respect people would like when dealing with the death of a family member or friend.

COTA NSW has heard from older people having less than ideal interactions with the industry for some time and appreciates the opportunity to provide feedback on IPART's Funeral Competition, Costs and Pricing Issue Paper. The paper has identified several areas of concern in the provision of funeral services in NSW and highlights a range of areas in need of reform and better regulation.

Community engagement is a primary focus of COTA NSW. In preparing this submission, COTA NSW undertook a survey of older people asking them about their specific experiences in organising, attending, and paying for funerals. More than 130 people responded to the survey, and their responses to the Issue Paper questions are quoted extensively through the paper.

We have also drawn on our experience in running the Legal Pathways program – a program designed to encourage and enable older people to make and legally record their end-of-life decisions – as well as previous work COTA NSW has undertaken in relation to older people's attitudes and actions in planning for the end of life, particularly the recent COTA NSW 50+ report – [*Dignity, Respect, Choice: Planning for the final chapter*](#). COTA NSW is well-versed in the thoughts of older people around death and dying.

Additionally, we have drawn on the excellent and comprehensive work of CHOICE in their investigation and subsequent four-part series on the funeral industry.

The IPART Issues Paper clearly identifies the reduction in the number of providers in the funeral industry over the last twenty years, the lack of choices and options to consumers, the lack of clarity around pricing and payment plans and the lack of meaningful regulation as issues which require action from Government. COTA NSW agrees that these issues make funerals, burials, and cremations a difficult and opaque experience for older people, undertaken at a time when they are grieving and not best placed to make informed decisions.

Aside from the issues to be addressed by IPART and the State Government through regulation, it also highlights a need for information to be more readily available for older people, and for people to be more informed about the process of organising funerals and having conversations with friends and family before they need to organise one.

While it is outside the remit of the discussion in this Issues Paper, COTA NSW is now looking at ways to assist older people by making this information more readily available, and normalising discussions about the end of life so when the inevitable happens, people are better prepared.

Specific comments regarding the IPART areas of investigation are provided below under the respective questions asked in the issues paper.

1. Tell us what you think about choice and competition in the funeral industry:

a. What are your views on the range of providers and choices of services emerging in the funeral industry?

There has been a significant contraction in the number of providers of funerals in NSW (and across Australia) in the last twenty years, and this has led to a significant restriction in choice for people organising funerals, burials, and cremations.

In an online search of several providers, it is difficult to identify ownership of companies, with many funeral directors retaining the name of the previous owners, giving an illusion of choice. Often several funeral providers in a town or location are owned by the same corporate owner, meaning that there is little variance in services offered, choice in coffins and flowers, service arrangements and importantly, very little difference in pricing.

When asked their views on the range of providers and services, most of the older people in our survey indicated they would prefer to have a range of service types and funerals available – many preferring to use a small, local provider. Some mentioned an inclination to use a not-for-profit provider or having more environmentally sustainable choices. Many indicated they would like just a simple, low-cost service – most felt this was not available.

“Would prefer to choose a small local provider and not be linked to big companies, and their lock-in packages.” Survey respondent

“The choices of providers and services are becoming more limited due to the American franchise system coming into play in the funeral industry.” Survey respondent

“Too few providers now and not easy to find who owns what.” Survey respondent

“Having had some experience in the industry, it seems to me, that the big corporations are “swallowing-up” the “little” fellow, and as a direct result, competition is quite limited, and prices rise accordingly.” Survey respondent

“It was difficult to find small family run businesses.” Survey respondent

From our survey, it seems that older people are aware of a lack of real choice in providers and would like to see a wider range of choices – both in providers, and the types of services they offer – to better reflect the kind of funerals and farewells they would like for themselves and their loved ones.

“On paper there seems to be a good range but as you look more closely you find that there are a couple of providers that have many of these under the one banner.” Survey respondent

b. What are your views on the need for regulation and what regulation might look like?

There was a strong view from most survey respondents that regulation needed to provide protection for consumers, who are making decisions in a time of vulnerability.

“Regulation is needed because the industry is ending up like the supermarkets with the large providers pushing out everyone else.” Survey respondent

“The domination of the industry by two major providers means they are effectively operating as a cartel. The cost of funerals is astronomical, and regulation is definitely needed. All providers should be required to offer affordable options for people on low incomes.” Survey respondent

“I definitely think regulation is necessary. To limit price gauging and bereaved children being left with a huge bill or a huge expense. My niece recently spent over \$18,000 for a funeral/cremation and we already owned the plot. Perhaps a minimum & maximum price for the basics or at least some sort of price range so if one wants a basic, simple funeral that is available. ... Also, some regulation to pre-paid funerals & funeral insurance.” Survey respondent

Survey respondents were most keen to see regulation around pricing and a set of fixed-price standard services. There was also a desire to see stronger regulation around financial products provided throughout the industry. Additionally, some respondents also mentioned more comprehensive regulation around the treatment of the body, and minimum standards around the training of staff, and ongoing education for staff.

However, consumers do not know how regulations should be developed.

“(I) think regulation could be a good thing but don't know how it would work.”
Survey respondent

Any new regulation should be developed to protect the consumer – it is particularly important in this industry where decisions are being made under duress. There are several principles which should inform regulation –

- People cannot make informed choices with access to reliable and comparable information. In this instance, that should include information on ownership of companies, and on pricing.
- There should be adequate enforcement of regulations.
- There should be meaningful penalties in place for non-compliance.

c. Can people complete some or all of the funeral arrangements easily without using a funeral director?

Legally – yes. Aside from a small number of tasks, a reasonable person should be competent to complete the arrangements for a funeral, burial, and cremation.

However, funeral organisation is not undertaken under ideal circumstances. People are grieving the loss of a loved one. They often seek advice from others (friends, family, medical professionals) who also don't understand the process, and feel compelled to make decisions quickly and without the kind of consideration they would give to other large purchases.

"I could not. Did not know where to start." Survey respondent

"My own experience is that at the time you are bereaved, and you have to arrange something quickly and you need someone to help you who knows how to do it."
Survey respondent

"I do not know but would be enthusiastically interested." Survey respondent

There is a lack of accessible information for people to understand these tasks and roles – and as a society, we often avoid discussion of death and dying. This was highlighted by many survey respondents, who were keen to see clear, concise, and independent information provided so they were aware of the steps that needed to be taken.

"People can organise most things if options are known but it is a difficult time to do so. The funeral has a sense of urgency in organisation and emotions play a huge part. A pre-planned funeral would be the best option where one could have time to consider options. (What is needed is) a clearly written guide to planning a funeral designed and distributed by an organisation which has no vested interests in a particular provider with a step-by-step guide to what has to be done and when."
Survey respondent

"People can complete maybe some of the funeral arrangement but not all. They are too complicated, and information is not easily available." Survey respondent

Most survey respondents indicated that they would not feel competent to organise a funeral and would rely heavily on a funeral director to lead them through the process.

"Not that I know of. You would need guidance." Survey respondent

"I think it is very hard to do it yourself. The industry is very protective of its profits and access to crematorium facilities are hard for ordinary citizens." Survey respondent

Respondents also indicated that even where decisions had been made by families, often these decisions were not accommodated by the funeral director, and arrangements were changed to suit the funeral director, not the family.

"At a recent funeral I was involved with had all the arrangements planned by the family. The Funeral directors overrode decisions that had been made and charged us

\$11,000. We provided the flowers and coffin, and it was a graveside funeral with a prepaid plot.” Survey respondent

“If the situation is that all aspects of funeral arrangements cannot be done without using a funeral director this needs to change. It will allow families to be more involved as to what and how a funeral for a loved one can be.” Survey respondent

Additionally, there are some current practices that make this more difficult than it needs to be. For example, Changes should be made by the NSW Registry of Births, Deaths and Marriages to allow people to register the death themselves, without needing to employ a funeral director.

d. What are your views on the impact of COVID restrictions on choice of services in the funeral industry?

Most respondents understood the need for the restrictions, and felt the changed arrangements were necessary given the circumstances.

Restrictions on attendance numbers highlighted the importance of the ritual of the funeral and service, and the desire to be with family and friends when someone dies. Several respondents were unable to attend the funeral of a loved one during this time and were sad that they were unable to do so.

“Sad and not being able to say goodbye is really hard.” Survey respondent

“... there are many families still waiting to have services. The one time people need emotional support from friends and family, and it was limited.” Survey respondent

“Has left many feeling they weren’t able to farewell their loved one as they would have wanted...loss and grief more complex because of this.” Survey respondent

Some felt it added an additional burden onto the family making the arrangements, having to decide who would and would not be able to attend.

“It is difficult for family as they have to choose who can attend. Very frustrating for those who can’t attend to pay their respects.” Survey respondent

“Distressing for large families as limited numbers can attend but streaming the service helped.” Survey respondent

Some appreciated the ability to attend services online, especially as it meant that people living further away were able to attend.

“Mixed views. Tragic that funeral attendance numbers are limited but with the capacity to join in online, it opens the service up to people who are confined to home, live interstate & overseas.” Survey respondent

“Many funerals now allow online involvement, and this has been a great innovation to overcome COVID restrictions.” Survey respondent

Others noted that arrangements had been changed to accommodate the restrictions.

“More are choosing alternative options with small gatherings. For example, in a bush setting or near a parkland.” Survey respondent

2. Is funeral price information easily available on providers' websites and does the information meet consumers' needs?

The NSW Government introduced the *Funeral Information Standard* in September 2019, and which came into effect in February 2020.

The purpose of the standard is to ensure funeral directors provide customers with funeral information, including prices, about goods and services offered by the funeral director relating to burials and cremations, and this information must be displayed at each place of business and on any public website maintained by the funeral director.

Additionally, funeral directors are required to provide an itemised quote prior to entering into a contract or agreement.

Despite the new standards coming into effect in February 2020, this information is difficult to source and make sense of – especially when people are seeking this information in a time of high emotion and grief.

In an online search, COTA NSW found that of ten providers in Western Sydney –

- one provided an itemised price list (like the example provided by Fair Trading, but without all of the items),
- five provided a list of funeral packages, and
- four provided no price list on their website.

This clearly does not align with the new standard.

Older people who answered the survey also found it hard to find prices and information. Of those who felt able to answer the question, the vast majority indicated that they did not think it was easy to find information relating to costs, and when they were able to find information, the information was presented in a way which made it difficult to compare between providers –

“No. No explanation for things such as professional service fee. Other industries have to list break down of costs in quote ... Funeral home supplied wreaths and flowers (for example) are at least twice the cost of florists.” Survey respondent

“No - it is not easily available on websites and does not meet consumer needs. Many people arrange a funeral at an emotional time and pay way too much. Funeral directors tend to take advantage of this.” Survey respondent

“No - there is very little information about costs and deciding what services are legally required and what services are optional.” Survey respondent

“No, not easily available. You usually have to ring or email to get pricing information. There are often hidden fees.” Survey respondent

“It's tricky to decide on what is value and what is over servicing.” Survey respondent

“Price information is not adequately dissected into the various individual costs and each site varies in the way information is presented, making comparison difficult. This method definitely does not meet consumers' needs.” Survey respondent

There is a clear mismatch between the way providers supply their price information and the way people want to be able to find it.

Survey respondents want information to be clearly provided, and to be transparent. They indicated a preference for specific items to be listed separately so they were able to easily compare the services offered by different providers. Listing items clearly and succinctly – rather than disguising costs as “professional services” is imperative.

“Some, limited, information is available on providers' websites, but often, services/prices are “packaged”, and therefore, difficult, if not impossible to compare.” Survey respondent

“Price information is not adequately dissected into the various individual costs and each site varies in the way information is presented, making comparison difficult. This method definitely does not meet consumers' needs.” Survey respondent

They also indicated that they wanted pricing structures which allowed them to change the service to better reflect their own needs – for example, to supply their own coffin, or bring their own flowers. It is very hard to separate specific costs out in the packages funeral homes offer.

“No there is very little information about costs and deciding what services are legally required and what services are optional.” Survey respondent

“No. For instance, I tried to find out about cardboard coffins and while it was possible to obtain one, it would be physically difficult.” Survey respondent

“No. Some can be compared like coffins, but it depends on what elements are wanted, for example flowers, pall bearers, celebrant/minister, church/crematorium, etc. There is no real standardisation among common elements.” Survey respondent

“You should be able to search “Costs Involved” to get an idea of the different costs for different parts of the funeral.” Survey respondent

“I would like to see more choice and ease of access to information on alternate funerals with pricing for comparison of providers.” Survey respondent

Overall – survey respondents felt funeral directors were taking advantage of them, and profiteering from grieving people. They want price lists to be standardised, so they can easily find and compare pricing.

3. Tell us what you think about funeral pricing and affordability.

The strong consensus amongst survey respondents was that funerals were overpriced and unaffordable. Survey respondents felt they were being taken advantage of when they were grieving and vulnerable.

“Predatory monopolists predominate.” Survey respondent

“Extremely profit oriented generally and a take it or leave it menu of options with a major focus on upselling whilst you are vulnerable.” Survey respondent

“Too expensive.” Survey respondent

“Need simple arrangements with minimal costs involved.” Survey respondent

“As far as we are concerned the cheaper the better.” Survey respondent

Many respondents clearly expressed the need for a broader range of providers who were able to provide funerals more economically – similar to the not-for-profit provider in Wollongong – [Tender Funerals](#).

“More competition from community led not for profits.” Survey respondent

“I feel they are too limited, we should be able to have low cost funerals, cardboard coffins and simple services.” Survey respondent

“I was pleased to find the Salvation Army provide a funeral service. I am happy for someone to make a profit but would prefer to have a not for profit organisation get my money.”
Survey respondent

Respondents also frequently commented that they wanted a greater choice in the type of service, rather than being constrained by the packages advertised by providers.

“I would like to see more choice and ease of access to information on alternate funerals with pricing for comparison of providers.” Survey respondent

“I would prefer to choose a small local provider and not be linked to big companies, and their lock-in packages.” Survey respondent

Respondents also frequently commented that they wanted a greater choice in the type of service, rather than being constrained by the packages advertised by providers.

4. Tell us what you think about the different ways of paying for a funeral.

Many older people worry about the cost of their funeral and are concerned to mitigate the cost passed on to their family. This means they are often looking for ways to pay for their funeral ahead of time – but they are being overcharged and underserved by the arrangements currently available.

“I have a basic funeral plan but am not able to add money to it so it will come out of what I set aside. We have spoken to our one provider. Who knows what the cost will be then? The variations in costings is real worry. We have no children, so it is a worry for us not to burden any one.” Survey respondent

“I have been thinking I should set something up so my daughter (only child) is not left to decide. I know Centrelink does not assess money in a Funeral Bond, so this too would be helpful. Or a pre-paid funeral. I hope when your research is over you will put out some information with options.” Survey respondent

“I like the way you can pay for all the costs involved before you die and so save your Family time and money and all they have to do is advise the chosen Funeral Directors when you have passed away.” Survey respondent

Survey respondents overall were suspicious of the current range of payment options.

“All have holes which dud the mourner.” Survey respondent

“Don’t like the prepaid or insurance idea. It is usually better for the organisation than the client.” Survey respondent

“I am suspicious of all the above “prepaid” methods.” Survey respondent

“I have been aware of some issues lately with pre-paid funerals, where companies have closed, and clients have lost their money. I am not happy with funeral insurance because it is very expensive and over a long time, as in my case, I could've paid for 20 funerals, but it's not feasible to cease as all the money would be lost. I'd like to see an investigation into this side of insurance companies.” Survey respondent

“I would not choose any of the above as I am suspicious of their reliability and transparency.” Survey respondent

Several respondents have pre-paid for their funerals or intended to do so.

“I pre-paid for my funeral after I was brought down to earth at the cost of my husband’s funeral.” Survey respondent

“My mother set up her funeral and paid for it ahead of time. This meant much less stress on the family when she did die. I intend to use this method for myself.” Survey respondent

However, others were concerned about the logistics and costs of doing so.

“i was organising my friends funeral and she pre-paid, found out after the death that not all was covered, and I was out of pocket!” Survey respondent

“From family experience, pre-paid funeral contracts can have their own issues, particularly when the person to whom they apply moves interstate prior to the services being needed... there may be reciprocal arrangements with other funeral directors. And the BIG question also arises, as to what IS paid for, and what IS NOT paid for, sometimes leaving a substantial balance to be paid for.” Survey respondent

“Friends tell me they have been cheated [ripped off!] by pre-paid funeral and funeral insurance arrangements.” Survey respondent

Most respondents thought Funeral Insurance was designed to take advantage of people.

“Funeral insurance is a rip off.” Survey respondent

“Funeral insurance is an absolute rort. Pushed by suppliers onto low-income disadvantaged communities who believe they are paying for a product. If they miss a payment, they lose the money they have paid.” Survey respondent

Those who had already purchased Funeral Insurance believed they had been misled in purchasing, wished they had not purchased, and felt trapped into continuing to pay.

“I wish I would have had earlier information because I have now paid more than (the funeral costs for) the insurance and I still have to pay each month otherwise I will lose the lot.” Survey respondent

“Insurance Funeral was what I decided on 15 years ago, so I have paid for our Funeral and have paid it. I understand now that I maybe should not have gone this way of paying in hindsight.” Survey respondent

There is a clear need for a well-regulated method of saving for, or paying for, funeral costs ahead of time, but the current methods do not meet people’s needs, and are seen as another way the industry puts profit before people.

“Providing alternatives may suit certain members of the community; however, costs are not always clearly apparent, and concerns exist around the provider still being in business by the time monies are required (particularly in respect to pre-paid funerals).” Survey respondent

“They all carry risk and when there is surplus payment they should go back to the client as the funeral industry has already invested this money for their own benefit for many years.” Survey respondent

None of the survey respondents had used funeral bonds or other financing arrangements – but having money readily available for a funeral when needed is a significant concern for older people, but there needs to be more clarity about how each method works, and better regulation to ensure that people get what they pay for at a reasonable price.

Conclusion

There was a very clear sense from the COTA NSW survey respondents that they do not feel well-served by the funeral industry as it currently operates.

Older people expressed a strong desire for better regulation of the industry, particularly regarding pricing – they want to be able to understand what they are being charged for and be able to make meaningful comparisons between different providers.

There is also wide-spread concern about a lack of choice. For people in rural and remote locations, there is often a limited number of providers in their location, but even in the metropolitan area, choice is limited by the developing duopoly. This translates into a situation where funeral costs are set by the large providers – and what seems to consumers to be a never-ending increase in the costs.

The recent changes in regulation seem not to have produced any significant change in practice by providers. This might be because the proscribed penalties are so low that even if they were fined, it would make little difference to them. There is no point to regulation without meaningful enforcement.

Additionally, the lack of competition means that older people feel that funerals have become a “one-size-fits-all” sausage-factory – not allowing people to express themselves – or the person they are honouring – through the service. There were lots of comments, for example, about the ability to choose more environmentally sustainable funerals (particularly regarding coffin choice), and these choices not being supported by the industry. These kinds of changes are happening very slowly in an industry dominated by two major players.

People paying for a funeral using any of the current pre-payment plans also need better protection. Insurance schemes are particularly insidious, with consumers losing years of payments if they are unable to continue making payments at any stage. There need to be better payment options for people who would like to ensure their family do not bear the cost of their funeral.

Finally, as with COTA NSW’s previous work in this area, there is a demonstrable need for better death literacy throughout the population.

There is a clear need to challenge the societal taboo around death and dying – for people to have discussions with family and friends about what their wishes are at the end of life – both for care before death, and around the arrangements for funerals, services, and memorials.

Equally, people need to be aware of which arrangements they can make independent of a funeral professional – so they are able to make informed choices when they need to make arrangements after a friend or family member has died. While it is acknowledged that this is not the role of a regulatory body, it is a consistent finding in this area of COTA’s work and needs to be addressed by Government.

COTA NSW
FUNERAL INDUSTRY SUBMISSION
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