

AFDA submission to the IPART Review of competition, costs and pricing in the funeral industry

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Foreword

The Australian Funeral Directors Association (AFDA) is pleased to provide our submission to the Independent Pricing and Regulatory Tribunal (IPART) to assist in its review of costs, pricing and competition in the NSW funeral industry.

Formed in 1935, AFDA is the largest national funeral service organisation with Member Firms in every state and territory. AFDA is a public company, limited by guarantee, that is administered by an elected Board with a National Office and six Divisional Offices.

AFDA is widely recognised as the authoritative voice on all funeral industry matters and its key objective is to optimise the funeral experience and ensure quality delivery of service to the wider community by enhancing and promoting professional funeral standards.

AFDA has 167 members with principal head offices with an additional 452 premises/branches totalling 619 funeral premises nationally. AFDA also has 67 Affiliate Members who are suppliers to the industry. AFDA members represent the majority of funeral directors in Australia and care for approximately 65% of the circa 159,000 annual deaths nationally.

The funeral industry is subject to comprehensive regulation at the state and federal level. AFDA members are subject to comprehensive minimum standards to become, and retain membership including complying with a Code of Conduct and a Code of Ethics and achieving a yearly minimum of continuing professional development for staff.

AFDA agrees that consumers should be able to make informed choices about the kind of funeral they want at a price they can afford. We believe that the strong regulatory regime governing funeral directors, as well as AFDA's comprehensive self-regulation of the industry, protects consumers and enables them to make informed decisions. In this submission, we explain how:

- The industry exhibits high levels of competition which enable consumer choice about the services and funeral providers they want to engage, at a price point that meets their capacity and willingness to pay.
- The price of funeral goods and services reflects the cost base of funeral providers and the wide variation in prices reflects the range of services and quality that consumers can choose from.
- Regulation of the industry and the industry's self-regulation through AFDA are highly effective in protecting consumers, as evidenced in the small number of complaints received each year relating to funeral directors.

Our submission aims to provide assistance to IPART by providing further information and evidence about how the industry supports consumers, the options the 24-hour industry provides and how the market operates.

We are happy to assist IPART further by providing any additional information you require.

AFDA has been assisted by Dr Claire Noone from Nous Group to prepare this submission.



Andrew Pinder
National President



1 Overview

Funerals are an important ritual in society, as they can help us recognise and come to terms with the reality of death, celebrate the life of the deceased, encourage the expression of grief, provide support to mourners and allow for the embracing of faith and beliefs about death. Attitudes and feelings toward death are deeply ingrained in an individual's culture and set of values. As such, funerals can symbolise different meanings for different groups. Hence, funeral directors play a critical and varied role in delivering goods and services that meet these different needs and align to the wide spread of values, cultures and beliefs across society.

The Independent Pricing and Regulatory Tribunal of NSW (IPART) is reviewing competition, costs and pricing in the funeral industry. In reviewing the funeral industry, IPART seeks to assess:

- whether the choice of funeral providers and services available are meeting people's needs and are affordable
- the costs of providing funerals and whether prices reflect these costs
- consumer protection issues such as transparency of prices and ways of paying for funerals.

AFDA recognises that this review, in part, arises from the attention that the funeral industry has received in recent years, including research papers and media attention such as a four-part series by Choice in 2019 and investigations by Four Corners in 2019. While the funeral industry is not without its challenges, this attention focuses on the negative practices of a very small number of funeral directors over several years and is not representative of the overall industry today. For example, the Four Corners Program in September 2019 was critical of an industry that conducts circa 159,000 funerals annually, and chose to provide an example that was around 7 years' old. These media reports often focus on a handful of negative stories and generally ignore the strong evidence of positive experiences for the overwhelming majority of client families. Complaints data in NSW verifies this; there is a mere average of 13 complaints each year in NSW relating to funeral directors, despite more than 50,000 funerals being delivered every year. In addition, some of these criticisms are dated; most of the reporting about how funeral prices are opaque, including reports by Choice, occurred in 2019 before the Fair Trading Regulation 2019 came into effect in February 2020 (which requires providers to disclose prices on an itemised basis on their websites and at their places of business).

AFDA understands that consumer decision-making relating to funeral goods and services can be difficult. As funerals are organised infrequently and occur quickly, during an emotional time, there is potential for consumers to make decisions that are ill-informed. However, a strong consumer regulatory regime at a federal and NSW level, complemented by comprehensive self-regulation through AFDA, ensures that consumers can make informed choices about the kind of funeral they want at a price they can afford. The high level of competition in the market also enables consumers to choose the provider and services that best suit their needs, at a price point that is aligned to their willingness to pay. These prices reflect the cost base of funeral service providers and the types of goods and services selected, in line with the individual family's values, culture and beliefs.

2 Background

Outline of the death care services market in NSW

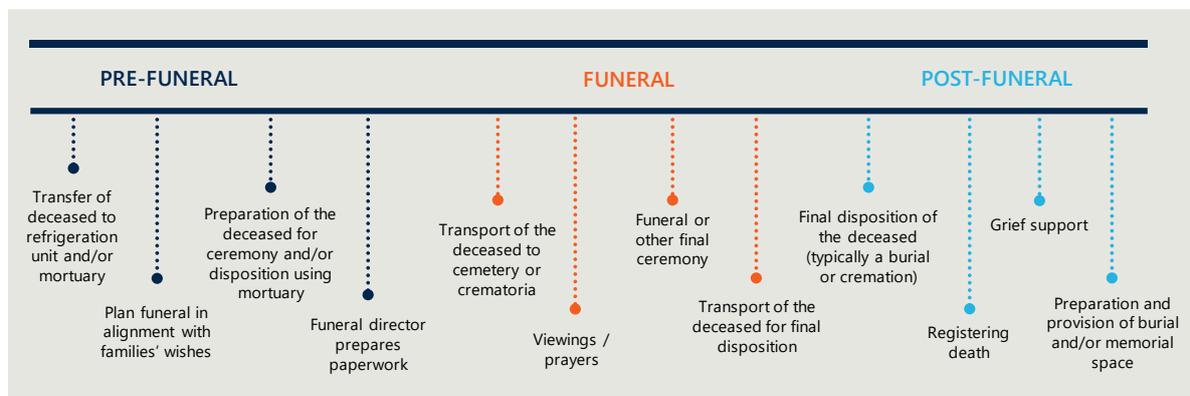
The death care services market in NSW is made up of several different business structures that provide three main services: funeral services (and goods), cremation services and burial services. Funeral directors arrange and plan full funeral services, usually at the request of the deceased's family or friends. Funeral services refer to services for the care and preparation of human bodies for burial, cremation or other final disposition and/or the arrangements, supervision or conduct of a funeral ceremony or final disposition of human remains. Funeral goods mean products supplied to a consumer in connection with funeral services, for example: flowers.

The NSW Fair Trading Act 1987 defines a basic funeral as:

'The supply of specified goods and services, including the arrangement and conduct of a funeral service to be held during ordinary business hours, limited transport of a body, and supply of the least expensive coffin that a supplier of funeral goods and services has available (NSW Fair Trading, Explanatory Note, 2008).'

An outline of the activities undertaken after an individual's death is provided in Figure 1 below. It should be noted that the nature of funeral services is highly personalised, and the list of activities below may not be supplied by all funeral directors nor applicable to all funerals; for example, some people choose direct cremations with no funeral service.

Figure 1 | Outline of activities undertaken after an individual dies



The regulatory environment in which funeral services are delivered in NSW

AFDA recognises that the nature of consumer decision-making in the funeral industry is intrinsically challenging. The comprehensive state and federal regulatory regime which regulates the industry, especially the NSW funeral industry which is one of the most heavily regulated states in Australia, addresses any information asymmetry arising in the purchasing decision. AFDA supports appropriate regulation to protect consumers and also supports high standards of service through its Code of Conduct.

Funeral directors in NSW are governed by:

- The Funeral information standard in the Fair Trading Regulation 2019 which requires providers to disclose their prices on their websites and at their place of business on an itemised basis. This ensures high levels of price transparency, enabling consumers to make informed decisions.

- The Australian Consumer Law and the *Fair Trading Act* 1987 which guarantee consumer rights to an acceptable quality of funeral services, the right to receive proof of purchase, truthful, accurate advertising and remedy when things go wrong.
- The *Funeral Funds Act* 1979 and Funeral Funds Regulation 2016 which aim to protect pre-payments made by consumers and endeavours to ensure funeral services agreed to under a prepaid contract are supplied as agreed.

The regulatory regime, as well as public health, local government and work health and safety legislation, ensure the protection of consumers and effectively mitigate the behavioural or emotional factors involved in consumers' decision making.

AFDA's Code of Conduct supports high standards of service to optimise consumers' experiences

This comprehensive regulatory regime is complemented by strong self-regulation within the industry through AFDA. AFDA members, who represent 65% of the Australian market, are subject to comprehensive minimum standards. Members are strictly bound by a Code of Ethics and Code of Conduct. Adherence is required for entry and the retention of membership; violations may subject funeral directors to disciplinary action in accordance with individual state regulations. The Code of Conduct outlines the obligations of funeral professionals to the families of the deceased, the care of the deceased, the public and the government. In addition, AFDA members must comply with required standards for Premises, Equipment and Vehicles and undergo three-yearly visual audits.

The effectiveness of both the regulatory regime governing funeral directors, as well as AFDA's self-regulation of the industry, is illustrated in the very low number of complaints that are received each year. As stated earlier, there is a mere average of 13 complaints each year in NSW relating to funeral directors, despite more than 50,000 funerals being delivered every year, suggesting the satisfaction of the vast majority of consumers with their experience.

Funeral providers also work hard to support families to make the final farewell of their loved one the most appropriate and least stressful experience possible. They are highly trained, ethical professionals who value and rely on their reputation for the quality of their service for their ongoing business. Many funeral providers are multi-generational family businesses, their longevity attesting to consumers' long-held confidence in their reputation and professionalism.

3 The industry offers a wide range of funeral providers and services to meet consumer needs

This section describes how funeral providers operate in a competitive and dynamic market to meet the varied needs of consumers.

3.1 The industry provides a full spectrum of funeral services to meet the varied needs of consumers

AFDA recognises that planning a funeral is unlike most consumer decisions. Like weddings, anniversaries, birthdays and other important occasions, funerals mark a significant life event. This event can symbolise different meanings for different people, as attitudes toward death are deeply ingrained in one’s culture, beliefs and values. A range of funeral practices and services exist to reflect this. The industry caters for different needs by providing a full spectrum of services and goods, enabling people to decide for themselves about what kind of funeral they want. While it is possible for consumers to organise most parts of a funeral themselves, many engage funeral providers for convenience during what is often a challenging and stressful time.

This spectrum is captured in Table 1. While not exhaustive, the table highlights the fact that there is deliberate product segmentation in the market to enable consumers to make decisions and choose the services they want in order to have their unique needs met. Important funeral products including cremation services, burial services and headstones / monuments (not included in Table 1) are also available to consumers but are not necessarily provided by funeral directors; nonetheless, they significantly contribute to the overall cost and variability of prices in the funeral industry.

Table 1 | Indicative range of funeral services (provided by funeral directors) available to consumers

	No service cremation	No service burial	Basic cremation	Basic burial	Extended cremation	Extended burial
Transfer, storage & preparation of deceased						
Preparation of legal documents						
Coffin / casket						
Death registration						
Viewing of deceased						
Funeral venue hire						
Family mourning car						
Celebrant services						
Floral arrangements						
Death and funeral notices						
Funeral webcasting / audio-visual equipment						
Funeral catering						
Memorial book						
Transfer of deceased from venue to cemetery / crematorium						
Cremation certificate and permit						

Wide price variation in the industry reflects the spectrum of services available to consumers

With a spectrum of services available, the price of a funeral necessarily varies widely, depending on the needs and preferences of the consumer. This is shown in Table 2 where the average price of each funeral package rises when consumers are offered more goods and services. For example, a complex multi-venue, multi-session funeral, like the one detailed in Figure 2, involves vastly different services and associated costs compared to a direct cremation with no service. Even within a type of funeral good or service, there is often further product segmentation which expands consumer choice. For example, while viewing of the deceased may be included in a basic burial or cremation package, consumers may be offered a range of options as depicted below in Table 3. This allows them to decide an option that is best suited to their needs and their willingness to pay.

Table 2 | Indicative price of different funeral servicesⁱ

Option	No service cremation	No service burial	Basic cremation	Basic burial	Extended cremation	Extended burial
Average price in NSW*	\$3,980	\$15,244	\$6,188	\$16,243	\$7,872	\$18,946

*These prices reflect the average price of services for metropolitan-NSW.

Figure 2 | Extended funeral example

A funeral could involve two viewings over consecutive days, then it could be followed by a Catholic Rosary / Vigil Prayer Service at a church during the evening. After this, the funeral service could involve a hearse and limousines going to the family home, transporting the deceased and family to the church for a service, then the cemetery for a committal service and finally to the reception or wake venue.

This is a very different set of services when compared to a direct, no-service cremation.

Table 3 | Viewing options

Basic viewing options	Extended / complex viewing options
Viewing without prayers / clergy	Viewing with prayers / clergy
Viewing onsite	Viewing offsite e.g. at church / temple
Viewing on funeral day	Viewing over multiple days

Many costs included in funerals are not the costs of funeral directors

It should be noted that the price of funerals, as captured in Table 2, includes a range of costs that are not the costs of funeral directors. For example, the high costs of burial (largely determined by the geographical location of the cemetery and grave type, plus digging and slab removal fees where relevant) are generally not within the control of funeral directors. This is particularly the case in NSW where there are few funeral directors that are vertically integrated into cemetery ownership. With many cemeteries reaching capacity, prices are increasing rapidlyⁱⁱ, illustrating that a significant portion of the cost of funerals is due to disbursements outside the control of almost all NSW funeral directors.

High levels of innovation in the market demonstrate how funeral providers are operating competitively to meet consumer needs

An ABS study has found a strong, positive relationship between the level of competition and innovation in a market, in line with established economic literature.ⁱⁱⁱ The innovative nature of the funeral industry is a good indicator of the high level of competition in the market. Funeral providers have responded to increased demand for more bespoke funerals through innovation. This is reflected in the growing range of funeral goods and services available to consumers, as seen in the variety of additional and complementary services in Table 1, like funeral webcasting and event-based funerals – a direct output of innovation in the industry. Other examples of innovations being driven by consumer preferences include the offer of biodegradable coffins in response to the green funeral movement and providers who offer a no-service, no attendance cremation online. IBISWorld anticipates that this will only continue, forecasting a high level of innovation over the next five years with funeral providers offering more value-added services to clients.^{iv} These new service offerings are often optional, enabling consumers greater choice in planning a funeral that is tailored to their needs and their budget. The innovative and dynamic nature of the funeral industry shows how providers are competing and evolving to continually meet the needs of consumers.

3.2 Consumers can also choose to plan and arrange their funeral ahead of need

Consumers are increasingly choosing to plan and arrange their funeral ahead of need. This means consumers can make a fully informed choice about whose services they wish to use and which of the different aspects of the full service offering they desire. The element of consumer choice means fewer consumers are making the decision at a vulnerable time and are making informed choices about their preferred provider and services. AFDA members report an increase in demand for prepaid funerals and bonds in recent years. IBISWorld projects that growth in demand for preneed funeral arrangements will increase over the next five years.

These plans are provided by most funeral directors. They can be advantageous for consumers as funeral directors often bear the risk of cost increases from the date of the contract. Input costs have been rising at a faster rate than returns from invested funds, meaning that funeral providers have often conducted prepaid funerals at or below cost.

3.3 Providers largely compete on the basis of service, reflected in the high level of service differentiation in the market

Consumers make decisions about the provider and services they would like to engage by considering convenience, reputation and quality of the service and price. Providers therefore differentiate themselves on the basis of these domains to compete in the market. Service and quality differentiation often reflect providers' different levels of investment in:

- funeral premises, such as chapels, refrigeration units, mortuaries, arranging rooms, offices, multiple locations; for example, the cost of premises can range from \$0 to \$10 million.
- vehicles, such as low and high-cost hearses, transfer vans ranging from station wagons to Mercedes Benz vans fitted with hydraulic lifting equipment, limousines ranging from low-end vehicles to more expensive, imported vehicles; for example, a hearse can cost upwards of \$300,000.
- equipment, such as casket trucks and trolleys, lowering devices, cranes, lifting devices, automated mortuary equipment, individual storage facilities for the deceased, embalming tables, decomposition rooms and personal protective equipment (for COVID-19 cases, each staff member wears at least \$100 of PPE per person in the mortuary), as well as the ongoing costs of compliance standards (i.e. equipment maintenance); for example, the cost of mortuary equipment can reach up to millions, depending on the size of the mortuary.

- training for staff.

This is then reflected in various price points. Consumers can not only choose which services they want for a funeral (as in Table 1), they can also choose the quality of these services through deciding which funeral director to engage. The current COVID-19 pandemic has illuminated the high level of service differentiation within the industry, where some lower-end funeral directors are not offering some funeral services for the deceased who had tested positive for COVID-19. These providers refuse to offer services such as collection of the body, dressing and preparing the body for cremation or burial, transporting the body or providing a viewing for family and friends. Meanwhile, other funeral directors have invested in PPE including respiratory masks, surgical gowns and surgical masks, to provide funeral services for COVID-positive people, albeit at a justifiably higher price point.

The vast majority of consumers in NSW are satisfied with the funeral services they receive

With more than 50,000 funerals in NSW each year^v, complaints figures from NSW Fair Trading indicate that on average, 13 complaints are received each year since 2017. This constitutes less than 0.05% of funerals in NSW each year, suggesting that services available are meeting the needs of consumers.

Figure 3 | Summary of complaints related to funeral directors in NSW between 2017 and 2020



3.4 The industry is highly fragmented, and consumers can choose from a wide range of funeral providers

The funeral industry exhibits low market share concentration and low barriers to entry, enabling consumers to choose from a wide range of funeral providers to meet their needs. InvoCare and Propel are the only two major players in the industry, accounting for around a third of the Australian market.^{vi} Aside from these providers, the industry is highly fragmented as most operators are small in scale and are usually family-run businesses. 95% of funeral directors employ fewer than 20 workers, and only 2.6% generate more than \$10 million in revenue.

In addition, barriers to entry are relatively low. Funeral directors do not need a licence and can register their business without specific training or qualifications.^{vii} There is strong evidence of these low barriers to entry in the emergence of new funeral providers in recent years. This includes the entry of community-led funeral providers like Tender Funerals, environmentally focused funeral providers offering natural burials and low-cost providers offering cremations online. IBISWorld reports that over the past five years there has been significant growth in these low-cost cremation firms being established, like Bare Cremation which, after receipt of an order, outsources services by engaging sub-contractors to collect the body, cremate the body and deliver the ashes. The emergence of these new players illustrates how new offerings are bringing disruptors into the market, widening the range of providers and the changing preferences of consumers as cultural and religious values change.

High levels of competition exist across the NSW funeral market

AFDA recognises that consumers are influenced by geography in their decision-making, with many opting for a local funeral director and many providers operating in a defined geographical region. There is evidence that high levels of competition exist at this localised level; IBISWorld reports that many metropolitan areas are serviced by several operators and that in regional areas, competition comes from competing firms in town, or sometimes among nearby towns. In these regional areas, InvoCare accounts for a mere 5% of funeral services, with smaller, family-run businesses servicing these areas. A study by the

University of Sydney found that where there are limited other providers, monopoly pricing may occur to allow for the allocation of overheads across a smaller number of funerals. However, they found no evidence that these remote providers charged higher prices, on average. It is also important to recognise that geography is becoming less influential in consumer decision-making due to funeral providers increasingly communicating through digital channels like their websites.

4 The range of prices enables consumer choice and reflects the varied cost base of providers

This section explains the cost breakdown of funerals and describes how prices reflect these costs. It also highlights the difficulty of the job of funeral directors, as reflected in significant labour costs.

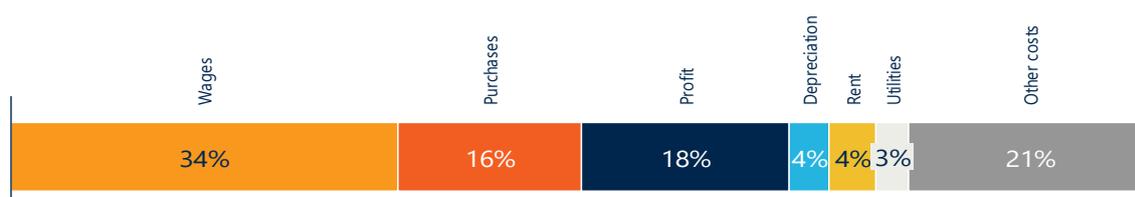
4.1 Costs largely reflect the labour-intensive nature of the 24-hour/365-days industry and the high expectations of consumers

Funeral directors have a very difficult job and high-quality staff are critical at each stage

Funeral directors rarely speak of how difficult their job is. Emotional wear and tear is a significant part of the job as families are charged with emotions, including grief and sometimes anger. Funeral directors operate in an environment where consumers are justifiably completely unforgiving of a single mistake, despite a complex event with multiple tasks being brought together and completed usually within 3-5 days. This is unique to the funeral industry. No other significant life event is organised in such a high-pressure environment. These conditions require the recruitment and training of high-quality staff who can deliver personalised services with patience and understanding. Funeral directors also service families by offering emotional support which is an extremely valuable part of the service they provide; these are well-known parts of the job that require skill and attention and is almost impossible to put a price on. In addition, preparing the body for viewing in many circumstances can be complex and requires specific skills and training to address the natural processes that occur following death.

This is reflected in significant labour costs within the industry, representing the largest portion (34%) of total costs, as seen in Figure 4. With a very high degree of professional labour required at each stage of arranging and holding a funeral and heightened expectations of personalised services, these labour inputs cannot be easily substituted. Therefore, labour costs reflect the wages, training and processes required to meet the high expectations of consumers. These may include wages to funeral directors, grave diggers, gardeners, civil celebrants, administrative officers and counsellors. Funeral directors often provide 24-hour phone attendance and help-line availability and 24-hour transfer crews of two people who are available on-call 7 days a week. Costs can also include industry-specific and structured training, which is becoming more common, with requirements in some areas such as embalming.^{viii}

Figure 4 | Costs as a percentage of revenue within the funeral industry^{ix}



Professional service fees capture these high labour costs and value added by funeral directors

Professional service fees account for 22.5% of total products and services within the funeral industry and tend to drive the overall price for a funeral. Funeral directors charge this professional fee for their services, which covers variable costs such as labour and the allocation of indirect costs like depreciation on buildings and vehicles. The fee covers the cost of services including attendances to make arrangements for the funeral, transporting the deceased from the place of death, compilation of all necessary paperwork and documents, preparation of the body and coffin, the provision of a hearse and often a car for the family, the management of religious requirements and the organisation of music, flowers and vehicles. Funeral directors offer these services with 24-hour availability and with high levels of flexibility to accommodate consumer requests in a compressed timeframe. Providing these services typically includes labour of between 24 and 40 hours per funeral, depending on the services required. The professional service fee ultimately captures the high value of engaging a funeral director and receiving convenient, high-quality and personalised services at a challenging time; this value is illustrated in a client story in Figure 5 below.

Professional service fees are an alternative to an hourly rate, which would be unattractive to funeral clients in the context of caring for their loved one and their loved one's funeral. In addition, the packaging inclusions in a professional service fee provides price certainty for consumers up front with simplicity. It is a way of offering extra value to consumers for a fixed price.

Figure 5 | AFDA member (Walter Carter) client story

"Jeremy died aged 37 in a tragic motorcycle accident. His funeral was to be large, with more than five hundred people. Jeremy's young son, Oliver, was confused and overwhelmed while his partner Lisa was in shock. We consulted our Grief Counsellor about Oliver's age and his limited ability to understand his father's death. They suggested that Jeremy's palm prints be taken so that Oliver could have something tactile of his father as he grew up. They also suggested that the service be recorded so Oliver could watch later, when he was of an age to comprehend the service. We consulted Lisa and she agreed to both ideas.*

We suggested a church to Lisa, that was bright, colourful and had a safe grassed area which was better for the large attendance of Jeremy's funeral. Lisa and Jeremy's mother considered the church ideal.

When engaging clergy, we sought out Father Paul as he has exceptional abilities with younger children at funerals. Father was busy but in speaking with him about the case he cleared his calendar and spent a good deal of time with Lisa and her son. On the day of the funeral, Lisa entered the church last and Oliver held my hand as we walked to the head of the church. This service, like many we deliver, necessitated considerable emotional support to the family and four separate meetings at the family home in Malabar."

A funeral consultant, Walter Carter Funerals

*All names have been changed.

Other costs are generally variable costs based on the type of funeral chosen

Purchases account for a large proportion of industry costs and are largely variable costs, based on the service offering chosen by consumers i.e. purchase costs for burial funerals are generally significantly higher than those for cremations. These include costs associated with disposing of bodies including purchasing a burial plot, interment / digging fees, slab removal fees on monumental graves, purchasing a headstone or fuel and an urn, embalming, cremation fees, flowers and newspaper notices.

Costs incurred by a funeral director in providing a funeral service have increased disproportionately to the amount charged to a client family for a funeral service, which has impacted industry profitability over the past five years. One factor driving these increasing costs is space restrictions which are limiting supply in long-established cemeteries, increasing burial fees. In addition, in 2019 the Fair Work Commission, as part of its four-yearly Review of Modern Awards, inserted a clause increasing the minimum payment to casuals for after-hours transfers of the deceased from two hours to four hours per staff member. With two staff required per transfer for workplace safety, casual staff performing a local transfer that may take only one

hour are paid for eight hours' work with penalty rates if the transfer is after hours, significantly increasing labour costs relating to funeral services. More recently, funeral directors have absorbed additional costs arising from the COVID-19 pandemic, such as additional PPE for each removal of the deceased, whether or not they test positive for COVID-19. There are also additional transfer and transport costs with more people required to manage services, particularly due to social distancing. Funeral directors funded their own PPE costs during the pandemic unlike many other frontline industries who received allocations from government.

Costs of coffins vary based on the type of coffin chosen. Coffins are a public health requirement in NSW and the lid of the coffin must be sealed securely. (If an above ground mausoleum or a concrete-lined vault is required, it is also a public health requirement that the deceased is fully embalmed and placed firstly into a zinc liner, not galvanised iron, or Bio Seal receptacle. The deceased is then placed inside the coffin.) A wide range of coffin options is provided by funeral directors to suit the values, beliefs, customs and price point preferences of individual consumers. Environmentally friendly options include cardboard, wicker and wool. Other options are made from particle board, medium density fibre board, renewable timber or metal to suit consumers' wide-ranging preferences. The price is driven primarily by the cost base of the construction materials and the quality of manufacturing. The vast majority of coffins sold in Australia are made in Australia by local manufacturers (at least three in NSW), with imports accounting for around 10-15% of coffin sales. Australian made coffins are manufactured to the highest standards ensuring structural integrity and avoiding any mishaps at the funeral event caused by poor construction. The aesthetics of the coffin are important to many consumers and structural integrity is critical. Funeral directors prepare each coffin to the family's requirements and conduct an inspection before the coffin leaves the funeral home. Funeral directors are trained in safe manual handling techniques in order to lift, carry or lower the coffin into a grave.

4.2 The range in funeral prices reflects the varied cost base of providers and differentiation in the market

The cost base of providers varies significantly, based on the services they provide, the quality of those services and their geographical location, among other factors. Some funeral directors like InvoCare have invested in multiple premises, chapels, cemeteries and crematoria whereas others like Bare Cremation have no investment in physical assets and rely on their website and subcontracted services. InvoCare is also geographically located primarily in metropolitan areas, where the cost of land for funeral premises is higher, and wages are more expensive.^x Therefore, it can be expected that larger funeral operators like InvoCare have higher prices than smaller operators. However, there can still be some variation where small operators invest in full-service, physical assets and others do not – those who do not are described as 'briefcase' operators.

5 AFDA's strict standards and NSW Government regulation supports and protects consumers

This section describes how consumers are supported and protected by the industry and regulation within NSW.

5.1 AFDA supports and protects consumers through strict standards and obligations for members

AFDA enhances and promotes professional funeral standards to ensure its members are delivering quality services that protect consumers and optimise their funeral experience. AFDA members are subject to

comprehensive minimum standards to become and retain membership, including complying with a Code of Conduct and a Code of Ethics, achieving a yearly minimum of continuing professional development for staff and conducting 3-yearly audits and inspections of premises equipment and vehicles. Violations may subject the funeral director to disciplinary action. As AFDA members represent 65% of the total Australian market, the majority of funeral directors across the country are strictly bound to these comprehensive standards and obligations, ensuring security, care and professional service for consumers.

AFDA's minimum standards for its members strongly prohibit sales techniques which exploit the vulnerability of consumers. In particular, AFDA's Code of Conduct states that funeral directors:

- have an ethical obligation to serve each family in a professional and caring manner, being respectful of their wishes and confidences, being honest and fair in all dealings with them and willingly provide professional and quality service to every person's stature within our community and to families of all socio-economic means.
- have an ethical obligation to the public to offer their services and to operate their businesses in accordance with the highest principles of honesty, fair dealing and professionalism.

The high standards of AFDA members and their services is illustrated in Figure 6 below (overleaf).

Figure 6 | Client testimonial

"From the moment the Ern Jensen's hearse arrives outside our church on Grey Street, one is aware of their embodied sense of dignity and compassion. They care for people who society may have otherwise forgotten with the same gravitas one might expect to see at a state funeral. They immediately put one at ease that they have taken care of everything - and they have.

I have also been impressed with Jensens genuine sense of inclusivity. This has been most apparent in times of farewelling transgender members of our community. Jensens have proven capable of navigating sensitive situations and honouring the deceased's authentic sense of self."

An AFDA member client charitable mission

Funeral providers explaining all relevant options to consumers may be misconstrued as 'upselling'

In every instance, AFDA's members strive to deliver high quality services to protect and deliver on the needs of families. As each funeral is different and must be tailored to the individual and their family, funeral directors often work closely with their clients to identify their personal needs. They then offer and explain a range of options to meet those needs. Accusations of funeral directors 'upselling' when 'standard' options may suit is therefore misguided as it is ultimately up to the consumer to decide the suitability of offerings once a funeral director provides the relevant options. One could argue that there is no 'standard' option, as funeral services are necessarily individual – their suitability can only be determined by the consumer. The more explanation provided by a funeral director, the greater the consumer's understanding of the value proposition behind each option and the suitability of the option for the consumer. The very low number of complaints in NSW each year, see Figure 3, also indicate that 'upselling' does not reflect the conduct of funeral directors and the experience of the vast majority of consumers.

5.2 The Fair Trading Regulation 2019 and Information Standard require funeral providers in NSW to disclose their prices

AFDA recognises the importance of price transparency, as it is essential to building consumer confidence and monitoring the performance and compliance of industry participants. The recent introduction of the Fair Trading Regulation 2019 and Information Standard has meant that in NSW, funeral prices are highly

transparent to consumers. Since February 1, 2020 all funeral directors are required to display information about the goods and services they offer relating to burial and cremations. This information must be displayed at each place of business and on any public website maintained by the funeral director. This includes:

- the price of the transport of the body, storage of the body, hire of a refrigeration plate, coffin/casket/shroud, care and preparation of the body, viewing, arrangement of a funeral service and the burial or cremation.
- the location of the mortuary or crematorium, as well as the name of the owner or manager.
- an estimate of disbursements like a death certificate, other certificates or permits, fees charged by a cemetery or crematorium.
- the price of the least expensive package for the burial or cremation of a body.
- how a body is transported prior to burial or cremation.

As consumers can easily find the itemised price of funeral goods and services, among other important information, they are able to compare prices between providers. This enables consumers to shop around and compare offerings, to make an informed decision about the provider and services they would like to engage at a price point that suits their willingness to pay. Even when goods and services are bundled in a package, the requirement of providers to display itemised prices means that consumers can still easily compare providers and their services. Consumers can passively browse websites to do this in a non-pressured environment. Price comparator websites, like Gathered Here and Compare Funerals, further enable consumers to make informed decisions based on price.

ⁱ Australian Seniors. [The Australian Seniors Series Cost of Death Report](#). (2019). Accessed 13 November 2020.

ⁱⁱ Gathered Here. [Guide to Burial Plots in Australia](#). (2017). Accessed 27 November 2020.

ⁱⁱⁱ Australian Bureau of Statistics. [Competition, Innovation and Productivity in Australian Businesses](#). (2011). Accessed 13 November 2020.

^{iv} IBISWorld. [Funeral Directors, Crematoria and Cemeteries in Australia](#). (2020). Accessed 15 November 2020.

^v NSW Government. [Regulatory Impact Statement: Proposed Fair Trading Regulation 2019](#). (2019). Accessed 15 November 2020.

^{vi} IBISWorld. [Funeral Directors, Crematoria and Cemeteries in Australia](#). (2020). Accessed 15 November 2020.

^{vii} NSW Fair Trading. [Funerals](#). Accessed 15 November 2020.

^{viii} IBISWorld. [Funeral Directors, Crematoria and Cemeteries in Australia](#). (2020). Accessed 15 November 2020.

^{ix} IBISWorld. [Funeral Directors, Crematoria and Cemeteries in Australia](#). (2020). Accessed 15 November 2020.

^x Van der Laan, S. & Moerman, L. C. [An investigation of Death and Care in the Funeral Industry in Australia](#). (2017). Accessed 12 November 2020.