



IPART REVIEW OF THE COSTS AND PRICING OF INTERMENT IN NSW

The review of pricing for interments in NSW has been an ongoing project conducted by the Independent Pricing and Review Tribunal (IPART) over the last 2 years, its aim is to provide guidance and advice for Cemetery/Crematoria operators in NSW and in particular:

- **The relativity of costs and pricing factors for perpetual and renewable interment rights**
- **Full-cost pricing of perpetual interment rights, including provision for the perpetual care of interment sites and cemeteries.**

And to recommend changes to the interment industry that deliver:

- Interment prices that are affordable and equitable for all
- Interment prices that allow for the financially sustainable operation of cemeteries into the future
- Interment prices that are simple and transparent so that people can make informed decisions about interment choices at a difficult time.

Interim findings released in December 2019 were:

- There is currently a lack of transparency around prices, making it hard for consumers to make informed choices at an already difficult time in their lives
- Competition between cemetery operators can lead to more choice and better services for consumers, but has little impact on prices, because price plays a relatively smaller role in consumer decisions about burial or cremation, or about which cemetery to choose
- It is unclear who has responsibility for sourcing land for new cemeteries
- The perpetual nature of cemeteries, and the mismatch between revenue and cost streams, creates a risk that cemetery operators will not have enough funds to continue to maintain cemeteries once all interment rights have been sold.

Not all operators will have the time to review this document, so as a bit of a helping hand, I have outlined below the draft recommendations, so far, put forward by IPART, and some suggestions on how operators might want to deal with them.



WoodWynd Consulting

End of Life Advisory Services

Overview of draft recommendations	Draft recommendations	IPART guidance	Suggestions for Consideration
<p>8.2 An industry scheme including mandatory codes of practice and licensing to improve cemetery governance</p>	<p>1 That CCNSW develop an interment industry scheme under the <i>Cemeteries and Crematoria Act 2013</i>.</p>	<p>We consider that an industry scheme consisting of mandatory codes of practice that apply to the whole industry and an operating licence for the largest cemetery operators is the best way to implement some of our draft recommendations that will drive cost efficiencies and sustainable financial management.</p>	<p>I think that this is a useful recommendation as it will bring a consistent approach to implementation of IPART'S recommendations while also giving operators a foundation to improve current services and instil confidence in consumers.</p>
<p>8.2.1 Some cemetery operators should be licensed under the industry scheme</p>	<p>2 That the industry scheme introduce an operating licence for cemetery operators which meet an activity level threshold.</p>	<p>All cemetery operators would be subject to the mandatory codes of practice in the industry scheme. However, our draft recommendation is that an industry scheme include the licensing of the largest cemetery operators which represent the greatest financial risk and customer detriment if they do not comply with their responsibilities under an industry scheme.</p>	<p>No withstanding that this is initially for the larger operators, I believe that this will involve all cemetery providers in the future, I don't think that this would be a large burden on any operator, however not knowing the details of the licencing I cannot comment on this further at this time.</p>
<p>8.2.2 The industry scheme should include licence requirements to ensure adequate provision for the perpetual maintenance of cemeteries</p>	<p>3.That CCNSW modify its Code of Practice for Cemetery Maintenance to include specification of minimum standards of maintenance for cemeteries. This specification should be made mandatory by the Industry Scheme.</p>	<p>In Chapter 11 our draft recommendation is that large cemetery operators should be required to maintain a perpetual maintenance fund, obtain independent advice on perpetual maintenance liabilities and prepare a transition plan to deal</p>	<p>This is pretty much on the agenda for the crown operators, however those LGA's operating cemeteries may have to start planning for this in the future, perpetual maintenance is a big issue with Government as they don't want to carry future maintenance liability,</p>



WoodWynd Consulting

End of Life Advisory Services

		with legacy perpetual maintenance costs. We consider that these perpetual maintenance requirements should be included in a licence for larger cemetery operators that meet an activity level threshold.	maybe think about what this means for your site(s) even if you don't initially meet the threshold, cost recovery modelling should also be a consideration.
8.2.3 The industry scheme should include a mandatory code of practice on maintenance standards	3 That CCNSW modify its Code of Practice for Cemetery Maintenance to include specification of minimum standards of maintenance for cemeteries. This specification should be made mandatory by the Industry Scheme.	While the voluntary Code of Practice is a helpful support document for cemetery operators, we consider that there is a need for minimum standards of maintenance to be specified and mandatory, so that cemetery operators can gain a better understanding of the minimum cost of their perpetual obligations, and to ensure that cemetery operators do not reduce the quality of their service below an acceptable minimum in an effort to lower costs. The minimum standards may differ between types of cemetery (eg, rural/regional, metropolitan) and for levels of visitation (eg, an active cemetery with daily burials or a heritage cemetery that is closed to burials).	Again I think this is useful for consumers and providers, I don't believe that this will impact too deep in most cemeteries in NSW, however some small volume operators may find it challenging. Consider understanding your current maintenance standards and schedules and how this may be impacted by this recommendation.
8.2.4 The industry scheme should include a mandatory code of practice on standard	4 That CCNSW develop a code of practice for interment right contracts, including standard terms and conditions, and a requirement for cemetery operators to	We have modified our interim recommendation to ensure that cemetery operators use a consistent approach. We consider	A review of your interment rights contract should be undertaken at this time, ensure that it aligns with the CC act as best you can, I would



<p>terms and conditions for interment right contracts</p>	<p>provide a plain English statement of terms and conditions. Mandatory elements to be enforced by the Industry Scheme.</p>	<p>that CCNSW should develop a plain English statement of terms and conditions for interment rights as a Code of Practice which can then be enforced via an industry scheme.</p>	<p>suggest any mandatory code of practice would be based on that, note: the CC act is currently under review.</p>
<p>8.2.5 The industry scheme should include a mandatory code of practice on minimum requirements for particular services</p>	<p>5 That CCNSW develop a code of practice, in consultation with faith, cultural and indigenous communities, which specifies minimum interment requirements for particular faiths and community groups.</p> <p>6 That all licensed operators be required to provide a basic adult lawn interment right and burial, at a minimum standard of maintenance as specified by the Code of Practice.</p> <p>7 That licensed operators' licence conditions may further specify which basic services (for particular faiths or community groups) they must provide by reference to those which are defined in a Code of Practice.</p>	<p>In addition, we propose that licensed operators should be required via a licence condition to provide a basic adult lawn interment right and burial, at a minimum standard of maintenance as specified by the Code of Practice. The licence condition may further specify which basic services (for particular faiths or cultural groups) they must provide by reference to those which are defined in a Code of Practice. CCNSW will then be able to monitor compliance with licence conditions to ensure that the cemetery operators are providing basic interment services to their community.</p>	<p>The challenge that I see with this recommendation is stakeholder engagement, whilst some larger operators have this in their strategic planning some smaller operators don't, I would suggest planning for this in the future, identifying who your stakeholders are and reaching out to them sooner rather than later, this will, in the longer run, position your organisation better to deal with any issues around providing affordable and culturally suitable, lawn burial solutions to the required maintenance standards.</p>
<p>8.2.6 The interment service levy should apply to all cemetery operators</p>	<p>8 That the interment service levy be extended to all cemetery operators. The levy should be set as a percentage of interment-related cemetery revenue to recover the efficient costs of CCNSW to license and monitor compliance by cemetery operators, and the efficient</p>	<p>We estimate the cost of the additional regulatory roles to be undertaken by CCNSW and price regulation by IPART would be in the order of \$5 million per annum. The number of cemetery operators contributing to this</p>	<p>This is something that has been muted in the past, those paying the levy have voiced concerns over those who are not, this will impact on the current prices of products currently being offered and you should definitely be reviewing what</p>



	costs of IPART for the regulation of prices where they have been referred to us.	would impact both the cost of regulation, as well as the percentage of revenue that would be required to recover this cost. Our draft recommendation is that all cemetery operators pay the levy based on a percentage of their interment-related cemetery operating revenue.	this will mean to you in the future, the aim is to raise around \$5m per annum to help fund the regulator in implementing some of these recommendations.
8.3.1 A coordinated approach is required to efficiently identify and acquire land for new cemeteries in Sydney	9 That the NSW Government be responsible for identifying, funding and acquiring land for new cemeteries in Metropolitan Sydney as part of an integrated and coordinated whole of government land use planning process. This would require a coordinated approach with a mix of skill across several units in DPIE (eg, CCNSW, Office of Strategic Lands, and Planning) and the Greater Sydney Commission. Classifying cemeteries as State Significant Developments would be an important step in facilitating this.	Most of the Crown cemeteries in Sydney were established over 100 years ago, and are approaching capacity. This was confirmed by the Metropolitan Sydney Cemetery Capacity Report, which identified the probable exhaustion of burial land in Sydney by 2051, if not before, Even with the approval of Macarthur Memorial Park at Varroville, Metropolitan Sydney is still expected to be facing a large shortage of burial plots.	While this is a recommendation by IPART I'm not sure that it will pass... I'm keen on Government funding and help to identify sites, however the expertise in the suitability of land and costs etc... sit with the operators. It would be useful for you to know the capacity of your existing sites and your organisations appetite to continue providing burial solutions for the community in the future. Some LGA's may have land earmarked for cemeteries, if you do not I would suggest some action on this.
8.3.2 New cemeteries to be funded through the payment of rent by the operator	10 That the NSW Government be responsible for identifying, funding and acquiring land for new cemeteries outside Sydney, on request from the local council or other cemetery operator, or as part of regional planning by the NSW Government. This should occur as part of an integrated and coordinated whole of	We consider that, as well as identifying and acquiring land for new cemeteries, the NSW Government should be responsible for funding cemetery land acquisition. The cemetery operator would then pay rent to the NSW Government, as	This recommendation is a bit tricky for me, I'm not sure that it's in the best interests of the consumer, it leaves opportunities for private entities to enter the sector who may have neither the expertise nor the knowledge required to manage a burial site(s).



	government land use planning process as in Draft Recommendation 9.	discussed in section 8.3.4, to offset this cost to the NSW Government.	
8.3.3 Land acquisition for regional cemeteries should be centralised as required	11 That the development and operation of new cemeteries on land acquired by the NSW Government be competitively tendered, to a Crown land manager, council or appropriately qualified private cemetery operator. The successful tenderer would be required to operate the cemetery subject to an operating licence and pay rent to the NSW Government.	We consider that, as well as identifying and acquiring land for new cemeteries, the NSW Government should be responsible for funding cemetery land acquisition. The cemetery operator would then pay rent to the NSW Government, as discussed in section 8.3.4, to offset this cost to the NSW Government.	Good initiative but “renting out” cemetery space is a bit strange to me, where does the ultimate liability stand for maintenance and upkeep? What are the rental terms and conditions? Do LGA’s have the appetite to continue managing cemeteries, these are some of the areas that I don’t think have been thought through
8.3.4 The development and operation of new cemeteries should be competitively tendered	12 That the tenders to operate a new cemetery be assessed using competitively neutral criteria. In metropolitan Sydney, tenderers should demonstrate their ability to: <ul style="list-style-type: none"> – Deliver a basic adult lawn interment right and burial, at a minimum standard of maintenance as specified by the Code of Practice, and – Deliver basic interment services for the relevant faiths, indigenous or community groups in the cemetery’s local area, as defined in the Code of Practice specifying minimum interment requirements for particular faiths and community groups. 	Most cemeteries in regional areas are managed by the local council. There are however some private cemetery operators (as well as community and church operated cemeteries). If the land was acquired centrally, non-local government operators should not be precluded from opportunities to develop and operate the new cemetery. As for our draft recommendation for Sydney, the development and operation of the cemetery should be competitively tendered, and rent paid by the successful operator. In reality, such an arrangement might only be required in larger regional centres such as	I agree that this should be a transparent process, while LGA’s have been cemetery managers in the past this could easily be granted to private operators, again do non crown cemetery operators want to continue managing a cemetery service in the future? And just what does “competitively neutral criteria” mean?



WoodWynd Consulting

End of Life Advisory Services

		<p>Newcastle and Wollongong, and high growth coastal areas where there may be increased demand for cemetery space and less land available.</p>	
--	--	--	--