

SUBMISSION TO THE ICRC ON CREMATORIUM PRICING – ABRIDGED

THIS IS AN ABRIDGED VERSION OF THE SUBMISSION MADE. AT THE END OF EACH SECTION I DESCRIBE WHAT HAS BEEN EXCLUDED IN THIS VERSION

Harris McDonald Pty Ltd comprises a number of funeral homes across the States of New South Wales, South Australia, Queensland, the ACT and Victoria. It is a family run business wholly owned by an individual whose family has been in the funeral industry for years.

Our business is focused on the delivery of end of life services. We have several businesses that are affected by any decisions around cemeteries and crematoria in the ACT.

This submission has been completed by the CEO of Harris McDonald Pty Ltd, [REDACTED]

SPECIFIC FUNERAL NUMBERS EXCLUDED

Consultation

My first comment is around the complete lack of consultation throughout this process with the funeral industry. Funeral directors in Canberra were not sent a copy, an email or a message that this process was being engaged in.

While I understand why the ICRC is trying to limit its scope and requirement for engagement, this engagement could be fundamental to pricing considerations. The government needs to engage more with stakeholder groups in the funeral industry.

The two week timeframe for public comments could also be considered as an attempt to reduce input, particularly given the lack of industry engagement.

OTHER CONCERNS AND REFERENCES WERE MADE IN THIS SECTION ABOUT SOURCES AND REFERENCES

True market conditions, competitive pressures and public value

Completely within the scope of the review is whether there is actually a market for an additional crematorium in the region and particularly in the Gungahlin cemetery precinct, which is adjacent to Norwood Park. If the government is planning on building a cemetery for the Southern areas of the territory it would make more sense to put its own crematorium in there, and at that time.

Mark Moore, in *Creating Public Value* (Moore, M. (1995). *Creating public value: Strategic management in government*. Harvard University Press) is defining the same questions that I think both the government and the pricing authority should consider. *Is there a market failure? Are cremation services not being delivered to the people of the ACT at fair and reasonable price with alternative options?*

While we could do this, should we? If there is not a price advantage to the consumer to establishing this service? where is the public value? If there is a gap, are we filling that gap? Do we have the productive capabilities? The government has not run a crematorium in the ACT for decades, but also doesn't have the levers that other cremator operators have at their disposal, as I will describe.

The current volumes of cremations in the region is detailed in the ICRC report. The current percentage is higher than that of surrounding NSW. The report notes that there is only slightly higher, but similar to NSW. I contest that this is not the case and that more than 10% variance is significant. This variance is because of the significant cost of burial in the ACT. A pricing principle that should be considered is that if there is increased supply of burial space, and any adjustment to price then there could be a drop in the rate of cremation. It is our experience that cost factors

play a key role in whether a family selects cremation or burial, if religious or traditional factors are not a consideration.

SPECIFIC ISSUES RELATING TO COMPETITION PRESSURES, OPTIONS AVAILABLE TO OTHER PLAYERS WERE ALSO PROVIDED

Other concerns

It is our experience that government operators of crematoriums and cemeteries are reducing rather than growing. Councils across the country are privatizing these business operations.

If the facilities being planned, as described in the capital works detailed in the issues paper, then the funeral industry would be very concerned about the types of services that the business might offer.

I have not had time to review the regulatory and planning situation in the ACT at this point, because of the short consultation period. But I raise the question of whether it is consistent with the principles of pricing and competitive neutrality that the ACT government can open a crematorium in the territory, when no other provided has been allowed because of planning constraints. Each of the local councils bordering the ACT have proscriptive planning requirements for crematoriums that seem to increase the constraint on the private sector in providing alternative locations for cremation. These constraints have also allowed the operators of Norwood Park to be a good corporate citizen and not price gouge in a market where we are all market takers. Additional players in the market will distort this, with unknown and potentially unintentional consequences.

INDUSTRY ISSUES AROUND TYPES OF SERVICES THAT MIGHT BE PROVIDED WERE RAISED

Previous submissions

Harris McDonald has made other submissions when issues around cremation and cemetery services have been raised. Please see some content that might be relevant. I am willing to provide the full submissions to the ICRC, if required.

ACCC

Harris McDonald made a submission to the ACCC when it was investigating the competitive nature of the crematorium business in the ACT, at Norwood Park.

ACT Parliament

I would note that we have made submissions when Parliament was reviewing the cemeteries and crematoria in the ACT. Our focus was on an evidence base that would inform the decisions of Parliament. I would like to restate some of our comments in that submission. There is direct reference in the decision of the government to cater for the cultural diversity in Canberra. From practitioners in the field it doesn't appear that the option proposed address the concerns of the diverse community in the ACT. They have considerable concerns with the excessive cost of interment through traditional burial practices.

The communities that seek cremation to meet their traditional requirements are not looking for different funeral processes, locations or refreshment areas. They are seeking different service delivery options in cremations, for example attendance at the physical cremation, being the last person to touch the deceased, they want to actively engage in the process. These are options that the public sector would have greater challenges meeting because of protocols and

procedures that they must employ to both mitigate risk and manage their highly regulated workforce.

MORE DETAIL AND RESPONSES FROM THE ORIGINAL SUBMISSIONS WERE PROVIDED