



Cemeteries & Crematoria Association of NSW

Feedback in relation to the

**Australian Capital Territory
ICRC Issues Paper – Draft Report
Public Crematorium Services: Competitive Neutrality**

Report 3 of 2020, March 2020

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The Cemeteries & Crematoria Association of New South Wales (CCANSW) appreciated having the opportunity to provide input in relation to the original ICRC Issues paper.

The Association reiterates its support for the

- application of competitive neutrality principles
- need to ensure transparency in pricing of cemetery, crematoria and funeral directors services.

In that context, based on our experiences in NSW and awareness of industry operations nationally, the following feedback is provided in relation to the Draft Report.

Page 20: *“Crematorium services include the actual cremation process, which requires a cremator and a building to house the cremator and associated equipment. Crematoria generally offer a range (or combination) of additional services and products for the bereaved, including:*

- *a range of interment plots for cremated remains (ashes)*
- *memorial halls or chapels for funeral or remembrance services*
- *rooms in which functions can be held immediately after the service as well as facilities for visiting clergymen and funeral directors, and lounges for the bereaved*
- *viewing facilities for religious and cultural observances*
- *memorialisation products, such as headstones, plaques, urns, and other products*
- *maintenance in perpetuity (forever) of the memorial grounds.”*

Our comment is that it is potentially misleading to say, “*crematoria generally*”. Whilst that descriptor may describe the general activities of the only existing crematorium in the ACT, it is not necessarily an accurate representation of the industry as a whole in other states. Whilst some municipal crematoria and Crown Land Cemetery Managers in NSW offer many of the listed items on the same site as their cremators, that is not necessarily the case with vertically integrated private operators.

Most of the new, private cremation facilities established in the last decade within NSW are on stand-alone sites eg within industrial estates. It is our understanding that generally those sites are leased, not owned. At times they provide a centralised cremator facility for a range of related funeral directors.

Page 29: *“To satisfy competitive neutrality, the prices charged by the public crematorium should recover the cost of the land, as this is what a private operator in the same position would be required to do. In estimating land costs, Canberra Cemeteries could consider what a private operator would be required to pay for equivalent land.”*

Recognising the precedents in NSW, for clarity, it is suggested that it would preferable to explicitly reference the land area required for the cremator facility itself... not all the other items listed generally, on Page 20.

This suggestion is consistent with recognising that the

- landlord of an industrial space being leased out for installation of a cremator, would be factoring in a return on that space alone
- costs factored together to determine a cremation price should be 'ring fenced' from the costs associated with providing interment and memorialisation space.

If the ACT experience is anything like that in NSW, it is likely that the majority of cremations at a particular site will not lead to the creation of memorials or interment at that site. It is unfair for the fee for cremation to include cost components subsidising differentiated products (interment/memorialisation). Doing so is unfair to consumers.

Arguably it is also not competitively neutral, if it forces the public crematorium to include cost components that are not necessarily incorporated within private operator fee calculations.

The ICRC may not be aware that within Victoria private crematoria are not allowed. All crematoria are on Crown Land, on sites which cater for the interment and memorialisation of both cremated and bodily remains. Their cremation fees contribute towards overall operational costs, not just the actual cremation related items. A Melbourne based funeral director charges a very competitive cremation fee, transfers bodies to its Moama NSW crematorium and collects from other funeral directors along the way.

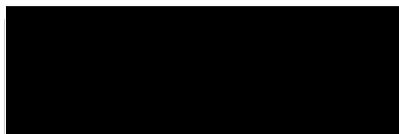
Similarly a Wagga Wagga vertically integrated operation travels to Griffith to collect deceased from local funeral directors. Utilising its established cremation facility, from an economic perspective the cremation fee charged on the Griffith cases need only cover at least related variable costs for travel and the cremation... not the fixed costs.

If the public crematorium is required to include components in its cremation fee that are not actually costs related to the cremation and the furnace facility, then, everything else being equal, the ICRC is creating a competitive disadvantage for the public crematorium.

CCANSW supports the need for fees to be transparent as well as only covering their own activity based components. In the case in question the costs of the cremation facility and its operation should be, in ICRC terms, ring fenced and kept separate from the costs of interment, memorialisation and perpetual maintenance.

For further information please do not hesitate to contact the undersigned.

Yours sincerely,

A solid black rectangular box used to redact the signature of Mary Reid.

Mary Reid
Secretary.