

Independent Pricing and Regulatory Tribunal NSW
PO Box K35,
Haymarket Post Shop
Sydney NSW 1240

4 December 2020

Dear Tribunal,

Competition, costs and pricing in the NSW funeral industry

Social Ventures Australia (SVA) welcomes the opportunity to respond to the Independent Pricing and Regulatory Tribunal (IPART)'s special review into *Competition, costs and pricing in the NSW funeral industry* (the Review).

SVA is a not-for-profit organisation that works with partners to overcome disadvantage in Australia, which requires great education, sustainable jobs, stable housing and appropriate health, disability and community services. SVA has a vision for Australia where all people and communities thrive and believe that this will be achieved when all Australians are empowered, have a voice in decisions that impact them, have a sense of belonging and experience social inclusion.

SVA is not a traditional service delivery organisation. We work at the intersection of government, social purpose organisations and the business sector. We seek to influence the way systems operate by providing funding; advising on strategy and evaluation; and making investments in partner organisations to significantly increase their social impact. We advocate for more effective programs and policies, and we convene unlikely coalitions to build support for system wide solutions.

In late 2017, a broad coalition of government, consumer organisations, and financial services companies raised a collective concern around the mis-selling of funeral benefit products, particularly to First Nations families and their communities. This group, which includes, among others, the Commonwealth Bank, Suncorp and NAB, engaged SVA to review the funeral industry landscape and associated financial products to determine how to support better outcomes for families across the country, including reduction of financial hardship created by funerals. To respond to the challenges identified, SVA worked with partners to design and implement a *Funerals and Financial Hardship* initiative (see Attachment A). This initiative has two elements:

- scaling a proven not-for-profit funeral model (*Tender Funerals*) to communities across the country; and
- introducing a new funeral savings product (*Funeral Saver Plan*) to support consumers to prepare for funeral costs.

As part of this work, SVA has engaged extensively with a wide range of stakeholders, including the Australian Competition and Consumer Commission (ACCC), the Australian Securities and Investments Commission (ASIC), various financial service companies, First Nations community health organisations, Legal Aid, NSW Treasury, and local community groups across the country. Combined with our industry analysis and research, this has given us a unique set of insights on a number of issues relevant to the Review.

Social Ventures Australia Limited

Our experience concurs with previous work which documents the high, non-transparent price of funerals and the upselling that occurs when people are at their most vulnerable.¹ This includes:

- **Market concentration and a focus on profitability:** The funerals industry is dominated by two for-profit providers. These funeral providers have been identified as being non-transparent about pricing and charging high professional service fees. In addition, these providers have continued to acquire family-owned funeral service businesses in regional and remote areas, further concentrating the market and driving up costs.
- **Consumers lack knowledge of their rights and responsibilities:** Many Australians don't know their rights and options when it comes to funeral services, allowing providers to encourage the purchase of products or services that are not required or not well suited to consumer needs.
- **One-size fits all funerals:** Many providers offer off-the-shelf funeral packages rather than supporting families to create customised experiences that meet their emotional needs and financial constraints.

Beyond these findings, this submission seeks to share our perspective on some additional common issues which we became aware of in the course of our work. We believe these insights will be relevant to IPART's consideration of: (1) Choice of services (2) Fair pricing and affordability and (3) Funeral financial products. We would welcome the chance to discuss any of these issues, or other aspects of our work, with the Tribunal should that be of interest to you.

1. Choice of services

Through our work, we have found that many families and communities do not have access to meaningful, appropriate choices of funeral services that meet their needs. For example:

- **A lack of culturally appropriate funeral services:** There is a lack of culturally appropriate funeral services available to First Nations people and culturally and linguistically diverse communities. Many providers don't provide support for the preferences and practices of communities, relying on a standard funeral service offering that does not meet their cultural and spiritual needs. For example, First Nations people may require a combination of particular ceremonial practices as part of Sorry Business before the funeral takes place, during and in some cases after, as well as religious introduced requirements that are common to mainstream funerals (such as a church venue).. But because mainstream funerals are often sold as standard packages, they end up paying for elements of the mainstream funeral they do not want or need, on top of additional costs for cultural ceremonial practices – in essence 'double paying' for the funeral. Furthermore, families and communities may not be aware that they can opt out of mainstream services that do not meet their needs (e.g. that there is no legal requirement to engage a funeral director).
- **The value and scope of the service is critical, not just the cost:** Families often rely on funeral directors for information and assistance through the process, but our community consultations indicated that many consumers feel that they provide an event planning service rather than facilitating a process that supports healthy bereavement. Many of the more affordable options on the market (no service, no attendance funerals and direct cremations), don't address the psycho-

¹ See, for example, Choice (2019) *How Much Do Funerals Cost*

social requirements of families, friends, and communities. A funeral process that doesn't support a family or community's psycho-social needs, or worse, is traumatising to the family, can have long-term implications such as family breakdown and complex bereavement. This is not inevitable. Some providers, such as *Tender Funerals* in Illawarra and Sydney, provide integrated support. The Tender model incorporates referrals to necessary services and provision of necessary information to enable clients to make informed choices and access supports they require.

2. Fair pricing and affordability

Our work has enabled us to identify some key problems in the transparency and affordability of funerals. These issues stifle competition, reduce choice for consumers, and can contribute to significant financial hardship in some families and communities.

- **High mark-ups, fees and charges:** As is well-documented elsewhere,² many for-profit providers charge a significant mark-up on their products or services, such as:
 - High, non-transparent 'professional service fees'
 - Mark-ups on coffins – the wholesale cost of a coffin can be as low as \$100, but many providers' cheapest option starts at \$2,000
 - Charging for each viewing – companies often charge for each viewing of the body, a significant cost driver when family members are unable to all view the body at the same time.
- **Cost of burial and disposal:** The cost of body disposal is a significant driver of funeral related expenses and funeral debt.
 - The increasing cost of land means that burial is not a financially viable option for many, even if it is required based on one's spiritual and/or cultural practices. For example, some First Nations communities will only bury their dead (as opposed to the cheaper option of cremation), but a plot of land in a major metro area such as Sydney can cost over \$10,000.
 - Increasingly, crematoria are being purchased by funeral providers and run privately. The trend to privatisation, with a subsequent lack of competition, poses a significant risk to the affordability of cremation in some areas, where the only crematorium is owned by a for-profit funeral service. Furthermore, private providers may require consumers in the captive market to purchase additional products, such as coffins, as a condition of use of the facility – resulting in consumers paying for products they may not need or want.
- **High transport costs in regional and remote areas:** The cost of funerals in regional and remote areas is often high, particularly due to the transport costs associated with moving the body from the place of death to the mortuary and/or place of disposal. This is particularly so for some First Nations communities, who may need to transport the body off country while waiting for a funeral (which may take longer to arrange than a mainstream funeral for cultural and logistical reasons), and then back on to country for the funeral ceremony. Regulations on storage can also contribute to the need to pay for transport – for example, the requirement in NSW that a body can be 'kept at home' for only up to five days before being moved or disposed of is often inconsistent with the timing associated with First Nations cultural practices.

² Choice (2019) *How Much Do Funerals Cost*

3. Funeral financial products

With the price of funerals continuing to increase, consumer research has shown that one in four people aged over 50 are still facing financial challenges a year after paying for a funeral.³ As a consequence of high funeral costs, Australia sees significant use of funeral insurance and funeral expenses policies, including by Australians experiencing vulnerability.

In addition to the challenges faced when engaging with funeral providers, vulnerable consumers are at risk of questionable practices from some providers of funeral financial products. A core focus of our *Funerals and Financial Hardship* project has been on how to support individuals and families to prepare and pay for their loved one's funeral without experiencing financial hardship and/or incurring significant debt.

Sales practices of funeral expenses policies and facilities by some providers have led to significant numbers of consumers holding inappropriate policies, as highlighted by the Commonwealth Government's *Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry*.⁴ This includes the practice of selling products aimed at children and young people who have a low likelihood of requiring them. ASIC reported that financial insurance/expenses policies sold to Indigenous consumers had a much younger age profile than the general population. A higher proportion of Indigenous consumers also have their policies cancelled for non-payment of premiums.⁵ Sales practices have also contributed to inaccurate consumer expectations of capital preservation in a fund, rather than an expense policy.

It was widely reported to us during our consultations with stakeholders and communities that some providers took advantage of vulnerable consumers by using unethical sales tactics such as: overwhelming people with information to pressure a sale; highlighting the potential burden on families of funeral costs and then proposing inappropriate solutions; not explaining the nature of policies; and offering incentives for purchase such as raffles of consumer goods.

Given the high level of interest from consumers in funeral financial products, and the potential for predatory practices, we believe it is important that individuals have access to alternatives that better meet their needs. To demonstrate that this is possible, SVA has worked with our partners to develop a new financial product that enables people experiencing disadvantage to save for their funeral in a fair and practical way. This *Funeral Saver Plan* will begin distribution in early 2021. It includes a philanthropic 'top-up' (from a newly established Funeral Benefit Trust) that provides an incentive for consumers to keep saving regularly.

While the regulation of funeral financial products is primarily a matter for the Commonwealth, we encourage the Review to consider what actions the NSW Government could take to support consumers of these products, including supporting the establishment of fair, affordable alternatives.

³ Australian Seniors (2019) *The Australian Seniors Series: Cost of Death Report*.

⁴ One example: following the Commission, ASIC announced enforcement action against Youpla (formerly the Aboriginal Community Benefit Fund) in October 2020 for misleading and deceptive conduct between 2015-2018. The conduct included: no reimbursement for surplus pre-payments; additional payments not covered in the prepaid contracts (e.g. extra fees); product and service changes over time mean sometimes customers aren't given the funeral they pre-paid for.

⁵ ASIC (2015) *Funeral insurance: A snapshot*. Report 454

Further information

We thank you for the opportunity to submit a response to this Review, as we continue to work towards an Australia where everyone can meaningfully farewell their loved ones without experiencing financial hardship.

Attached are two documents which may provide further background and context for this submission – an overview of SVA's *Funeral Financial Hardship* initiative, and an article on our work published in *SVA Quarterly* (also [online](#)). We would welcome the chance to share in more detail the information we have gathered from our community consultations, stakeholder mapping, and industry analysis, if that is of interest to the Tribunal.

Yours sincerely

Patrick Flynn
Director, Policy and Advocacy

Overview: Funerals and financial hardship initiative

December 2020

Attachment A to submission to IPART NSW's special review of competition, costs and pricing in the NSW funeral industry

There is a 'burning platform' for change to address financial hardship as a result of funeral expenses – this is becoming known as 'funeral poverty'

The average funeral in Australia costs
\$8-10k

8-10%

of an average Australian's annual earnings

30-40%

in the lowest income brackets

~1 in 3

are still experiencing financial hardship as a result of funeral expenses more than a year after the funeral

The intent to confront the issue of funeral financial hardship has been in train since at least 2017, supported by a wide range of stakeholders

The origin of the Funerals Financial Hardship initiative

- In late 2017, a broad coalition of government, consumer organisations, and financial services companies raised a collective concern around the mis-selling of funeral benefit products, particularly in Aboriginal communities
- This group identified a potential solution – to develop a new, fairer financial product
- SVA was engaged to review the funerals landscape – the resulting recommendation was to tackle the high cost of funerals as well as introduce a new way for people to prepare financially.

A broad range of stakeholders have been involved in this initiative, including...



The proposed solution attempts to tackle the high cost of funerals as well as introduce a viable alternative to help people prepare financially



To reduce the cost of funerals, the project partnered with Tender Funerals – an existing model of community funeral provision

Rationale for selecting the Tender model:

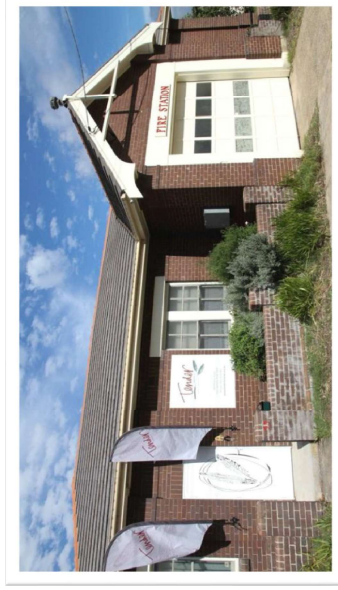
- **Proof of concept** - The model has already been proven in Port Kembla. Tender Illawarra and Sydney has been in operation since 2016.
- **Financial viability** – After initial philanthropic funding to set-up, Tender Illawarra and Sydney has been able to cover it's operating costs with its fee-for-service activities, including covering the loan for the building.
- **Culturally appropriate funerals** – The Tender model is a whole-of-community service, available to all cultural and religious groups. Tender allows community members to use their service and facilities in a way that is most appropriate for that family/community group (e.g. allowing Aboriginal families to use the facilities and transport to ceremony in their own way).
- **Ready to scale** – The found of Tender Funerals, Jennifer Briscoe-Hough, was willing and interested to consider replication.
- **Well-known brand** – The Tender brand is well known across Australia, especially in the end-of-life space; therefore, communities across the country had already expressed interest in establishing their own Tender.

5 |

Jennifer Briscoe-Hough
Founder Tender Funerals



Tender Funerals Illawarra
and Sydney



To support replication of the Tender model, a national not-for-profit, Tender Funerals Australia, has been established to support the local sites

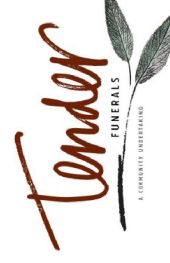
Communities face challenges in establishing a funeral service that meets their needs

- **Lack of familiarity with the industry** – Community members often express concern with their lack of understanding of the funerals industry and what it takes to deliver quality funeral services.
- **Time and energy to develop resources** – Developing the necessary materials to own and operate a business can be time and resource intensive (*it took Tender Port Kembla nearly 7 years to get set-up*).
- **Challenges raising necessary capital** – Setting up a community funeral service often requires the purchase of a building and the necessary equipment. Raising funds for this can be an intimidating task.

Tender Funerals Australia supports communities to set up a funeral service

In response to these common challenges, Tender Funerals Australia was established and will provide the following support to local sites:

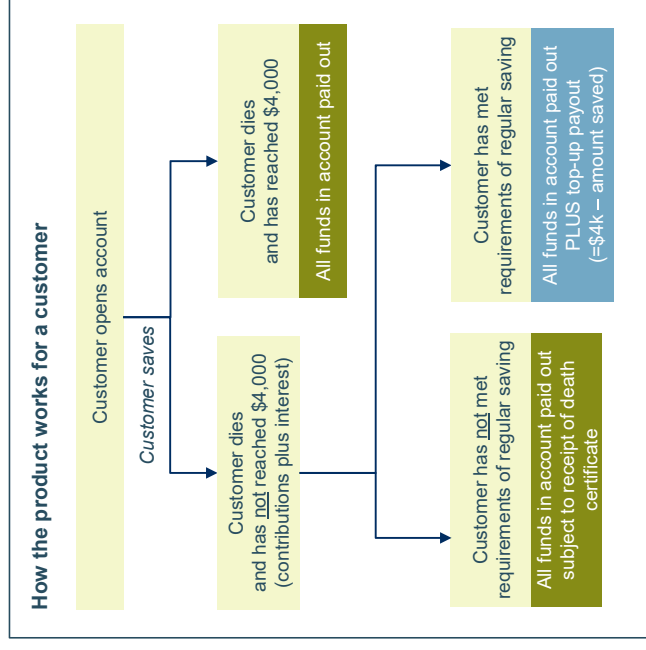
- Critical intellectual property
- Ongoing capacity building support
- Training and fundraising support
- Managing a network of support across the nation



6 |

The *Funeral Saver Plan* is designed to help individuals save for a funeral in a fair and practical way

- The **Funeral Saver Plan** has been developed for individuals to start saving for their funeral, including individuals from lower socio- economic backgrounds.
- If a customer dies before reaching \$4000 in savings, the customer's family may be eligible for a **top-up payment** to cover the gap.
- To be eligible, the customer should have been saving regularly for a year. The eligibility rules are designed to create incentives to continue saving.
- The funds are **protected till the person's death** (accessed with a death certificate).
- \$4000 won't cover all types of funerals, but will provide a significant contribution – we are reviewing the financial model to see if there is potential for this to be increased.



SVA

7 |

Key feedback from community on the *Funeral Saver Plan* product design

We have engaged with a broad array of community bodies that represent or engage with First Nations communities to test and iterate the product design. Requirements emphasised through these consultations has included:

- **Naming/branding** – community members from Aboriginal and Torres Strait Islander backgrounds are often more comfortable with products that clearly show a link to their culture. The collateral should include connections in the naming, explanation, imagery and case studies.
- **Clear messaging of benefits** – marketing needs to highlight (a) your family 'gets back everything you put in PLUS interest'; and (b) you can stop contributing after 5-8 years (depending on your target). These are the key differentiating features from funeral expense policies.
- **Protection of funds** – funds saved need to be preserved until someone's death, and there needs to be some assurance that the funds are used by the nominated beneficiary for sorry business costs.
- **Flexibility** – funds saved should be able to be used (a) at the funeral provider of choice; and (b) for costs that go beyond the funeral director (eg smoking ceremonies).
- **Role of land councils and other ACCOs** – there may be a role for tailoring subsequent iterations of the product with land councils that currently provide small funeral grants.
- **Value of 'top-up' benefit** – if we can increase the 'top-up' funds in the Funeral Benefit Trust, it would be good to explore if we can increase the ceiling on the top-up benefit, which is currently \$4,000.

SVA

8 |



[Scroll Down](#)

September 26, 2019

The cost of dying

How do you address the costly business of funerals for those that can't afford them? SVA and a host of unlikely partners might just have nailed it with an initiative tackling both funeral costs and the way people save.

Jacelyn's* mother died unexpectedly in 2017 of advanced stage breast cancer. Amid the grief, Jacelyn felt some slight relief knowing her mother had taken out funeral insurance many years ago. Jacelyn was unemployed at the time and didn't have any money available to cover the cost of her mother's funeral.

She expects to be paying off the loan for years to come...

When she reached out to the insurance company, Jacelyn received more shocking news – there would be no insurance payout. Despite having held the policy for over two decades and contributing fortnightly, her mother missed premium payments when she fell ill, and the policy was cancelled.

Having no other options, Jacelyn took out a loan from the local funeral provider for \$7,400, the cost of her mother's funeral. The interest rate on the loan was 10%. She expects to be paying off the loan for years to come, an immense financial stress on top of grieving the loss of her mother.

Unfortunately, this story is common across Australia, in particular within Aboriginal and Torres Strait Islander communities.

In 2017, as calls for a royal commission into the banking and financial services industry were growing, stories of this kind were top of mind for the Financial Inclusion Action Planning ('FIAP') working group.¹ Made up of consumer organisations, government bodies and financial services companies, the group had

come together to increase financial inclusion and resilience in Australia. Given the way some communities were being encouraged to use funeral insurance, the group proposed a new, fairer financial product to respond to these concerns.

Commonwealth Bank (CBA), a member of the working group, engaged Social Ventures Australia (SVA) to review the funeral landscape and consider options for this new financial product that might better meet the needs of families and communities.

Challenges with the selling of funeral insurance

SVA's initial research confirmed the group's concerns around funeral insurance, particularly in disadvantaged and marginalised communities.

Days of testimony at the [Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry](#) throughout 2018 further validated the existence and breadth of these issues.

There has been widespread targeting of, and sale of funeral insurance to, young people for whom this product is inappropriate. The Australian Securities and Investments Commission (ASIC) reported that half of one provider's customers were under 20 years of age.² In some cases, grandparents have taken out policies on behalf of their grandchildren.

In one instance, 19 year old Matthew* was engaged in a conversation by an insurance provider at a local weekend market. The provider was promoting its funeral insurance products with a raffle for a television set. Without fully understanding what he was signing up for, Matthew started a funeral insurance policy in the hopes of winning the TV. For a year, despite being tight on money working two part-time jobs, Matthew made weekly premium payments of \$15.

When Matthew's sister had a child and needed help to cover a few additional costs, Matthew called to cancel his account, believing he would be able to get back all the money he had put in over the last year. He was informed that he would lose his coverage unless he continued contributing.

... some older consumers could have paid as much as \$80,000 in insurance premiums.

As with Matthew, many consumers do not understand insurance and cancellation penalties, believing that if they cease contributing, they will 'get back' what they've paid. Many customers, particularly those experiencing financial hardship, miss premium payments from time to time and then lose their cover.

Under some providers individuals had been paying premiums for decades, contributing far more than the cost of a funeral. It has been estimated that some older consumers could have paid as much as \$80,000 in insurance premiums.³

High cost of funerals

After researching consumer experience with funeral financial products, it became clear that the heavy reliance some families placed on funeral insurance was the result of the high costs of funerals.

A recent report on the cost of dying in Australia by Australian Seniors revealed that Australians are spending an average of \$7,000 to \$8,000 on a funeral (\$9,403 on burials and \$5,591 on cremations). It is also common to pay far more, with the bill for some funerals as high as \$20,000.

When my mother died, I was totally shocked about the price of her funeral...



Jenny Briscoe-Hough, CEO of Tender Funerals Australia, never imagined how much she would be charged for her mother's funeral.

Jenny Briscoe-Hough is the CEO of Tender Funerals Australia, a not-for-profit, community-led funeral service located in Port Kembla.

“When my mother died, I was totally shocked about the price of her funeral,” says Briscoe-Hough. “Even though I had been involved with funerals before, no one had ever talked about the price, and I had never thought to ask. We already owned the burial plot which was expensive enough, but I never imagined how much I would be charged for the funeral.”

There is often little or no transparency around what is driving the high price tag, including the options available. In fact, many funeral services aren't willing to provide a breakdown of their pricing, and when they do, opaque “professional service fees” often make up the majority of the total bill. ⁴

As Briscoe-Hough says, “Our family washed and dressed our mother's body, we did the flowers, I did the eulogy, and still the funeral cost over \$10,000. The coffin alone cost over \$3,000. I couldn't understand how that was possible.

“We thought we'd done most of what needed to be done, yet here we were with this massive bill. The last straw for me was when the funeral parlour placed advertising on my mother's memorial card. I felt like we were paying for their advertising.”

For those in lower income brackets... the cost of a funeral could take up as much as 40-45% of annual earnings.

The average funeral cost represents around one tenth of the average Australian annual earnings. For those in lower income brackets, including those on Newstart, the cost of a funeral could take up as much as 40-45% of annual earnings. Not surprisingly, the Australian Seniors research found that nearly one-third of individuals are still in debt over a year after the funeral.⁵ With close to 161,000 deaths registered in 2017, that is a lot of people being hit with costs they can't afford.

To mitigate against this sort of financial hardship or ‘funeral poverty’, it is fast becoming the cultural norm for some communities and vulnerable consumers to use funeral insurance.

A two-part solution to solve for funeral poverty

It was clear that the development of a new financial product alone would not solve the challenges of financial hardship created by funerals. In fact, there was a real risk that introducing another way for people to prepare financially could encourage further funeral price rises.

A viable, longer-term solution would need to address both issues. It would require making funerals more affordable, as well as providing a fairer, more achievable pathway for individuals and families to prepare financially.

To tackle these kinds of systemic issues, SVA needed to bring together a broad coalition of organisations. With financial support from CBA, Suncorp, IAG and NAB, and backing from a wide array of community and government bodies including ASIC and the Australian Competition and Consumer Commission (ACCC), SVA began to develop a two-part solution:

1. To **reduce the cost of funerals** through replication of a non-profit community funeral service model
2. To **help people to prepare financially** for funerals by designing a fair and inclusive savings product.

It would require a complex network of different partners to deliver this solution, as well as to provide ongoing support.

1. Reducing the cost of funerals – scaling the Tender Funerals not-for-profit model

SVA began exploring the funeral service landscape to identify any models that deliver affordable, meaningful funerals. The aim was to support an existing provider to scale its model for other communities across Australia.



Tender Funerals Illawarra is housed in Port Kembla's old fire station

The Port Kembla-based Tender Funerals came to our attention.

Tender Funerals Illawarra has been operating since 2016 after Briscoe-Hough and other members of the local community began running their own funeral service.

After the experience at her mother's funeral, Briscoe-Hough realised: "I live in a community with a number of disadvantaged people, and I thought – if this could happen to me, it could happen to them, and that's just not OK."

Over the past four years, the team at Tender has delivered over 300 meaningful and affordable funerals. The average cost of a Tender funeral is between \$3,000-\$3,500 – less than half the cost of the average funeral in that area of NSW.⁶

The Tender Funerals model represented a workable and serendipitous fit to solve the challenges of funeral poverty for many reasons:

- **The model is financially viable** – After initial philanthropic funding to cover set-up, a Tender funeral service can cover its operating costs through service delivery – a viable social enterprise. Tender charges at-cost to deliver its funerals. As Briscoe-Hough says, Death shouldn't be a business proposition. It should be about empowering people to make the choices that are right for them.

- **Tender delivers culturally appropriate funerals** – The Tender model is a whole-of-community service, available to all cultural and religious groups. Tender allows community members to use their services and facilities in ways that are most appropriate for that family or community group.
- **The Tender brand is becoming well-known** – For a young organisation, awareness of the Tender brand is quite high amongst people actively looking for meaningful and affordable alternatives. This has been the result of word of mouth and some high-profile news and media coverage. In fact, communities across the country had already expressed interest in establishing their own Tender Funerals.
- **The organisation was ready and willing to scale** – Tender Funerals and its founder Jenny Briscoe-Hough were willing and interested in replicating the Tender model to other communities across the Australia.



Tender Funerals creates meaningful and affordable funerals with and for the bereaved family and friends.

Briscoe-Hough says, “Tender Funerals is a community-based service that provides beautiful, affordable funerals to the community. We are transparent with our prices and activities. We encourage people to participate in the experience as much or as little as they would like. And our practices support healthy bereavement for friends and family.”

To scale the model of community funeral provision, a new national not-for-profit, Tender Funerals Australia, was established in August 2019. Steered by its Board and an Advisory Panel, Tender Funerals Australia will support local communities to establish their own Tender funeral service.

Through a social franchising relationship, Tender Funerals Australia provides interested communities with critical, upfront know-how on how to create and run a community funeral service. It also provides ongoing capacity building support, training, and fundraising support.

Tender Funerals Australia is currently working with communities across Australia, focusing on pilot sites in the ACT and Tasmania. Other communities, including in Perth and Port Macquarie, are planning to set up a Tender Funeral service. The first Tender replication site will likely be operating by early 2020.

2. A fair and practical savings product to help individuals prepare for funeral costs

Community consultation has confirmed that a significant number of families and communities want to be able to prepare for the cost of their funeral. Many have seen close-hand the impact of dealing with the cost of a funeral and don't wish to burden their family when they die.

Based on an initial concept from the FIAP working group, SVA worked with organisations across the community and financial services sectors to develop a unique new type of savings product.

The product needed to be affordable for those on tight budgets, provide encouragement or incentives to save, and to recognise that weekly budgets are not always smooth and uniform. In particular, it needed to be responsive to the needs of Aboriginal and Torres Strait Islander communities – groups that have been targeted by certain funeral insurance providers.

SVA is in final planning stages with six financial services organisations, each with an individual role in delivering this new type of financial product: a funeral saver plan. It combines a simple savings plan with a 'top-up' incentive. It is based on the principle that each person should have a minimum of \$4,000 to contribute towards funeral expenses.

Funeral saver plans will be available from two providers but will work in the same way for all customers:

- A customer sets up a regular direct debit of \$30/fortnight and saves for about five to six years in order to reach \$4,000
- If a customer dies before reaching \$4,000, the customer's family may be eligible for a top-up payment **as well as** receiving all the savings plus interest (the amount of top-up = \$4000 – amount saved)
- To be eligible for the top-up payment, the customer will need to be a member for a year and to be saving regularly
- If the customer is not eligible for the top-up payment, they will still receive all of their savings plus interest
- Though top-up payments will only be available up to the \$4,000 mark, customers can save above and beyond \$4,000 if they wish
- As a core principle, it was determined that families should not feel pressured to buy funeral financial products for children. As such, any funeral saver plan customer can seek a contribution towards funeral expenses in the terrible circumstance that their child dies aged under 16 years.

The top-up payment will be funded by donations. This means that there is no cross-subsidisation of any one customer's top-up payment by other customers. The donated funds will be held in an independently managed funeral benefit trust. A customer's family will only need to apply once, when their loved one has died, to request the savings and the top-up payment.

Funeral saver plans will likely be available to consumers by early 2020.

Where to from here?

Over the next six to 12 months, the focus will be on:

- Launching and growing the take-up of the funeral saver plan for up to 500 consumers in the first year (aiming to reach 10,000 customers over 10 years). Three financial services providers have agreed to donate initial funds for the top-up payments.
- Launching Tender Funerals at the initial sites, then scaling the Tender model in communities across the country.
- Monitoring outcomes of the initiative.
- Supporting Tender to identify further philanthropic funding to underpin the initial start-up years for the Tender network until revenue streams are fully developed.
- Working with partners to build a broader base of funding to underpin top-up payments for the funeral saver plan. There are currently three financial services organisations that have agreed to donate initial funds.
- Ongoing engagement with relevant parts of government, primarily ASIC, to ensure alignment with the current and emerging policy and regulatory landscape post-Royal Commission.

SVA will continue into 2020 with its role driving the initiative, supporting the network of delivery partners to take on their roles in this new ecosystem and facilitating the right funding to be in place.

And what is the ultimate goal?

For an Australia where all families and communities are able to farewell loved ones in a financially stress-free and meaningful way.

If you would like to find out more about the project, please visit the [SVA website](#).

Notes

*Names and details changed slightly to protect individuals' identity

1 Good Shepherd Microfinance FIAP (Financial Inclusion Action Plan) Working Group

2 REPORT 454 Funeral insurance: A snapshot, ASIC October 2015

3 Banking royal commission to look at funeral insurance that 'targets vulnerable people', ABC News, July 2018

4 How much do funerals cost?, Choice, August 2019

5 Cost of Death Report, Australian Seniors, June 2019

6 Tender Funerals Australia