

CHAPTER ONE – INTRODUCTION TO THE FUNERAL INDUSTRY

1.1 The funeral industry is, without doubt, a unique and complex industry. It is a unique industry in that it provides a complete package of goods and services at a time of great stress and sadness for families. The funeral industry also faces a complex range of practical and emotional issues for the families involved in bereavement and the people employed within the industry. Many of the funeral directors consulted during the course of this inquiry stressed the pride they feel in the service they provide to bereaved families while still acknowledging that they are operating a commercial business.

1.2 The funeral industry is also an industry about which relatively little is known to outsiders due to general community reluctance to address issues related to dying, death and its aftermath. It is estimated that most families have direct contact with the funeral industry as consumers only once every 12 to 15 years.¹ Therefore, in order to set the context for the issues discussed in this report, Chapter 1 provides a historical overview of undertaking and outlines the development of the funeral industry. Information about the current structure of the industry in Victoria is provided, and the chapter concludes with an outline of the work of the funeral director.

HISTORICAL OVERVIEW

Melbourne's first undertaker

1.3 Advertisements dating from 10 January 1839 identify Melbourne's first undertaker as Robert Frost.² Mr Frost had established a business as a 'carpenter, joiner and undertaker' in Collins Street only a few years after the settlement of Melbourne. At that time, an undertaker usually had another trade and often this was as a carpenter, joiner or other worker in wood. The role of the undertaker was simply to supply the coffin with all other arrangements being taken care of by the family or friends of the deceased.

1.4 During the 1800s in Victoria, most people died at home rather than in a hospital. The coffin was brought to the home and family and friends performed the actions necessary for washing and laying out the body in the front parlour. A service was usually conducted in the home and then the coffin was conveyed, without ceremony, by horse-drawn cart to the place of burial.

Undertaking in the early 1900s

1.5 By the early 1900s, the role of the undertaker had developed into that of a 'funeral furnisher' who, in addition to providing a coffin, also provided a horse-drawn hearse for the funeral procession, mourning clothes and funeral attendants, thereby linking the funeral with a display of status and bringing it more into the public sphere. However, at this time, the undertaker was not the principal funeral organiser with the family and friends still taking the major role in preparation of the body at home and conduct of the funeral.³

1.6 Elaborate funeral displays with plumed horses drawing glass-sided hearses, coffins draped in finery, and mourners in full sets of black clothes taking part in public processions came to an end with the onset of the First World War. The increasing use of motor vehicles after 1910 and the introduction of refrigeration also affected the social customs associated with funerals. In addition, there was a move towards cremation rather than burial (the crematorium at Springvale had been in operation since 1905⁴) and a focus on improving sanitary conditions. The social changes associated with the war also saw the removal of death from the family home and into specialised places such as hospitals and, ultimately, funeral parlours.⁵

DEVELOPMENT OF THE FUNERAL INDUSTRY

Family-owned businesses

1.7 During its early development, the funeral industry operated through family-owned businesses providing goods and services for a local market. The spread of businesses throughout Victoria followed population increases and the development of rural towns and regional centres.

1.8 By the 1930s, most funerals were still conducted from the home of the deceased or their relatives. There were very few funeral services conducted in Melbourne's churches unless they were for members of the clergy and even fewer funerals associated with funeral parlours. The number of funeral firms operating between 1900 and 1950 in Melbourne was fairly stable at around 37 firms.⁶

Concentration of the industry

1.9 Between 1930 and 1970, the number of deaths in Victoria almost doubled from nearly 16,000 to around 30,300 each year.⁷ The growth of firms was directly related to this growth in the market and the ability of the business to make profits. Some firms were able to undercut the prices of others and capture a greater share of the expanding market. Less successful firms went out of business or were taken over by more successful or larger firms.⁸ In the case of family businesses where the funeral director was ageing and did not have family members to continue the business, this may have been welcomed.

1.10 After 1950, the industry became more concentrated as the market share of failed firms did not pass to new firms but was absorbed by existing firms. Without large amounts of capital to purchase premises, vehicles and equipment, new firms faced barriers to entering the industry.⁹ Between 1950 and 1975, the number of funeral firms operating in Melbourne decreased from 37 to 28. Of these firms, only 18 were still operating in 1980 with just two new firms having entered the market since 1975. At this time, the industry was dominated by companies operated by Le Pine and Tobin Brothers.¹⁰

Cut-price funeral companies

1.11 In 1980, the first of the cut price funeral companies was established offering funerals at half or one-third the price of an average funeral at that time. The price of a funeral could be reduced by using a coffin of basic quality and reducing the level of services provided. This firm was taken over by American interests in 1988 but had paved the

way for new firms with a different pricing structure to enter the industry.¹¹

All-female funeral companies

1.12 Also in the 1980s, the 'White Lady' concept was developed in South Australia.¹² Women had always been involved in the funeral industry but, with the development of all-female funeral companies catering for a niche market, women became more visible. Since then, many female-operated businesses or partnerships where women take a more active role have been established.

Market share

1.13 By 1990, approximately 25 established funeral businesses were operating in the Melbourne metropolitan area. The four largest companies (Le Pine, Tobin Brothers, John Allison/Monkhouse, W D Rose) controlled about 70% of the market. There were five or six medium-sized firms which had about 20% of the market share; a number of smaller firms and some which had not been operating long enough to be considered 'established' held the remaining 10%. By the mid 1990s, a large number of new businesses had entered the market throughout Victoria which resulted in a highly fragmented and competitive industry.¹³

International investment

1.14 Early in 1994, it was announced that Le Pine had been taken over by Service Corporation International Australia (SCIA), which is now known as InvoCare Pty Ltd and also holds the Simplicity and

White Lady brands. SCIA's takeover strategy involved acquiring a business, retaining staff and in many cases the name of the business, and then upgrading the business using a clustering approach by buying other funeral businesses, pooling resources and reducing overheads.¹⁴ Throughout the 1990s, SCIA continued to buy funeral companies but was more active in its acquisitions in Queensland and New South Wales where it was also able to purchase several crematoria.

1.15 Bledisloe Holdings Pty Ltd, another multinational company, bought the W D Rose, Giannarelli and Joseph Allison brands. However, the feared 'takeover by the multi-nationals' did not eventuate as, by 2003, the number of firms operating in Melbourne was estimated at over 200 which demonstrates dramatic growth in a relatively short period. This resulted in the market share of the top four companies declining to around 55% with medium-sized companies suffering a similar reduction to around 10%. Smaller companies, many of which are relatively new to the industry, have increased their market share to around 35%.¹⁵

THE FUNERAL INDUSTRY IN 2005

Stage of growth

1.16 The funeral industry displays many characteristics of a mature industry. It is an industry which has passed the stage of rapid growth. Earnings are stable with prospects for growth resembling the overall growth of the economy. Forecasts for the period 2008-2009 estimate the annual average real growth rate of value added for the funeral

industry (including cemeteries and crematoria) to be 2.2% compared with an estimated GDP growth of around 3.2%.¹⁶

1.17 The industry competes on the basis of service although price is of some importance. The goods and services provided by competing firms in a mature industry such as the funeral industry become less distinguishable from each other. This leads to intense price competition with businesses exploring other areas for goods and services with potentially higher profit margins.¹⁷

1.18 An industry forecasting company feels that the funeral industry (including cemeteries and crematoria) is in a low growth phase.¹⁸ At the present time, this lack of growth is compounded by the declining death rate. In Victoria, as in the rest of Australia, the death rate has been in steady decline for the past twenty years (9.5 per 1,000 population in 1983 to 6.3 per 1,000 population in 2003 in Victoria). Although the number of deaths (29,365 in 1983 to 32,925 in 2003 in Victoria) is increasing as a natural result of population increases and the ageing of the population, the median age of death is also increasing (79.7 years in 2003 in Victoria).¹⁹

1.19 The overall demand determinant for the funeral industry is the number of deaths which is only partly related to the age structure of the population.²⁰ Population projections indicate that in 2021, 16.5% of the Australian population will be aged between 65 and 84 and a further 2.5% will be 85 years and older of a total population of 23.3 million. By 2051, these proportions are expected to be 21.6% and 6.0% of a total population of 26.4 million.²¹

Size of industry

1.20 With over 30,000 funerals conducted in Victoria each year and the cost of an ‘average’ funeral being recognised as around \$5,000 (the price range can be from \$2,000 to more than \$20,000),²² the turnover of the funeral industry in Victoria could be in excess of \$150 million annually.

1.21 The number of funeral businesses operating in Victoria is difficult to estimate. A tally of industry association memberships gives about 75 funeral companies operating around 200 businesses. In addition, a rough count of non-association member firms listed in the Yellow Pages brings the number of funeral businesses operating at separate sites throughout Victoria to around 380 or over 400. It is impossible to provide a more accurate figure due to the practice of single firms operating under multiple business names and the constant entry of new firms into the industry. As a consequence, it is also difficult to estimate the number of people working in the funeral industry; with the inclusion of casual employees, there could be several thousand people employed in the funeral industry.²³

1.22 Considerable diversity exists in the size of individual businesses and the number of funerals they conduct each year. Small businesses operating from single sites, especially in rural and regional areas, may conduct between 20 and 50 funerals a year with larger single site businesses conducting up to 100. Depending on their location, medium sized businesses operating from several sites may manage up to 200 funerals per year. Larger companies operating in the metropolitan area could cover several hundred funerals. The largest companies with

more than half a dozen branches conduct several thousand funerals each year.

THE WORK OF THE FUNERAL DIRECTOR

1.23 For an understanding of the issues discussed in this report, it is necessary to be familiar with the process of events from the time of death until the completion of the funeral, and the extent and variety of tasks involved in the operation of a modern commercial funeral company.

1.24 Generally, the functions performed by a funeral director on behalf of a family involve transportation, preparation and storage of the body, preparation for and conduct of the funeral, and some form of follow-up with the family. The level of goods and services purchased at a time of bereavement varies according to the expressed desires and financial situation of the family, the facilities and competencies of the funeral company staff contracted by the family to provide the funeral, and the marketing techniques used by the funeral company.

1.25 Cultural and religious groups which do not use the services of a commercial funeral director, or use a limited level of service, may follow different procedures. The issues affecting the specific cultural and religious communities which contributed information to this inquiry are discussed in Chapter 4 - Issues Affecting the Community.

Roles of Employees

1.26 In larger companies, there may be a distinct hierarchy of management staff and employees involved in the practical aspects of

the business while in smaller firms or businesses operated by couples or single person operations, it would be common practice for one person to fulfil several roles rather than employ specific personnel for each of these roles. Apart from staff directly involved with the preparation for and conduct of funerals, there may also be reception staff, administration and clerical staff. Smaller firms may rely on casual staff depending on the requirements of specific funerals and fluctuating demand.

Roles of employees

The **funeral home owner or manager** may simply be the nominal director of the company only involved in management of the business or could adopt a more practical role in operational aspects.

The **funeral director** is responsible for overseeing the work of the funeral company and may be involved in a more direct way in the daily operation of the business than the owner or manager. This person is responsible for ensuring the necessary administrative arrangements for burial or cremation have been made and may have a great deal of contact with employees and the bereaved family.

The **funeral arranger** is responsible for ascertaining the details of the funeral, whether this is for at-need funerals or in the more relaxed atmosphere of pre-need arrangements.

The **funeral conductor** co-ordinates the day of the funeral by supervising subordinate staff, and liaising with others such as cemetery staff.

Funeral assistants take care of operational tasks such as transferring bodies, cleaning, driving hearses and mourning cars, flower arranging, setting up equipment at the graveside and acting as coffin or casket bearers.

Embalmers are responsible for the preparation of the body of the deceased. This may involve reconstruction or full embalming, which is specialised work, or basic sanitation procedures.

Mortuary technicians or attendants may assist an embalmer in preparing the body and placing it in the coffin. They may also carry out basic body preparation involving minimal invasive procedures.

From Death to Funeral

Transportation of the body

1.27 After a death has been certified by a doctor,²⁴ the deceased can be taken from the place of death and transferred to the premises of the funeral operator. However, if the coroner is involved in the case of sudden or unexplained death, coronial staff or a government appointed funeral company transfer the body from the place of death to the coroner's premises. In Melbourne, this is the mortuary at the Coronial Services Centre (CSC). In rural areas, the body is usually transported to a regional hospital where pathology services are provided.²⁵ The bodies of babies and children are often brought to Melbourne as they require specialised pathology services.

1.28 The funeral director appointed by the next of kin or executor liaises with coronial staff for the release of the body. This may occur rapidly or there may be some delay in order to conduct an autopsy. The body is then transported from the Coronial Services Centre to the holding room or mortuary used by the funeral company.

1.29 Transportation can be carried out by funeral assistants employed by the funeral company or a mortuary transport service engaged by the funeral director. The body would normally be transported in a body bag on a stretcher or inside a container which is secured in the rear compartment of a specially fitted transfer vehicle. In most cases, this vehicle is not the same as the hearse which is used to convey the deceased once the body has been prepared for burial or cremation.

1.30 An unprepared body or one released by the coroner may not be in a hygienic condition so staff effecting the transfer should follow universal infection control procedures. It is essential that the transfer vehicle, equipment and protective clothing used during the transfer can be easily cleaned or, in the case of clothing and some equipment, disposable.

Preparation of the body

1.31 Preparation of the body occurs in the mortuary which may be on the premises of the funeral operator or, in the case of larger companies, in a central mortuary used by different branches of the company. Depending on the extent of preparation, this work may be done by an embalmer assisted by mortuary technicians or solely by mortuary technicians. At its basic level, preparation of the body

involves cleaning and packing body orifices to prevent the escape of gases or waste matter, washing the body using a germicidal soap, and drying the body.

1.32 The presentation of the deceased may need to be improved for a viewing, especially after an autopsy, organ donation or traumatic death. This can be achieved by simple cosmetic attention to the hair, eyes, lips and skin or by more invasive procedures which require reshaping or reconstructing disfigured bodies.

1.33 Different levels of preservative treatment may be required depending on the time of final disposition. If there is a longer than average delay between death and the funeral or the deceased is to be transferred interstate, a greater degree of embalming may be required. For overseas repatriations, Australian Quarantine and Inspection Service (AQIS) regulations and the airlines require full embalming. All blood is drained from the circulatory system through incisions in the arteries, which are usually made in the neck, arms or thighs. Blood and waste matter is removed from organs with body fluids being replaced by embalming fluids which are pumped into the body and its cavities.

1.34 As funeral staff handling a body may not have a certificate which details the cause of death, it is desirable that each body is treated as if it was potentially infectious. Universal infection control procedures require the wearing of personal protective clothing and equipment by all personnel involved in handling a body as well as standards for the equipment and premises used in preparation procedures.

Storage of the body

1.35 The body is usually stored on the premises of the funeral company in the cool room or holding room which is usually refrigerated. If the body has not been embalmed, it is necessary for it to be stored under refrigeration to retard the natural decomposition of bodily tissues until burial or cremation.

Viewing the deceased

1.36 The family of the deceased may request a viewing of the body before the funeral. A viewing can be part of the grieving process for family and friends and is gaining more acceptance in Australia as part of the funeral rites observed by different cultural groups. A viewing usually occurs at the premises of the funeral company but can occur in other locations such as the home of the deceased. Staff of the funeral company are usually in attendance to assist the bereaved.

Conducting the funeral

1.37 Prior to the conduct of the funeral, the funeral arranger or funeral director will have consulted the relatives or the pre-paid funeral plan (if one exists) to determine details of the funeral as well as ensuring that all relevant documentation has been completed.

1.38 The funeral ceremony can take many forms: religious or secular; traditional or modern; burial or cremation; single or double service; conducted by a religious official or a civil celebrant; involving music and songs, eulogies, and the individual wishes of the deceased.

The funeral director is responsible for engaging a range of third party suppliers to ensure that the funeral is conducted as required.

1.39 During the funeral, the funeral director co-ordinates all aspects of the funeral service by supervising funeral workers and generally supporting the family through the funeral process. Alternately, the wishes of the deceased or their family may be for a direct disposal which does not involve any form of service involving family and friends. In these cases, staff of the funeral company transport the body directly to the cemetery or crematorium for burial or cremation.

After the funeral

1.40 Refreshments may be offered after the funeral, either in a function room associated with the funeral chapel or at a separate location. Refreshments may be prepared on site or catering may be done externally.

1.41 The funeral director may arrange for the construction of a headstone or monument or for the collection and disposal of cremated remains.

1.42 Many funeral companies provide ongoing support for families by offering bereavement counselling, which can be done by a qualified staff member, or by putting families in touch with support services in their community.

Non-commercial funeral directors

1.43 The Committee actively consulted with a range of non-commercial funeral directors who serve specific communities within

Victoria. These funeral directors are not considered commercial enterprises on the same level as recognised funeral companies; nevertheless, they constitute a growing part of the industry and will be affected by any regulation introduced as a result of this Inquiry.

1.44 The next section of this chapter contains a brief overview of the funeral activities carried out by:

- The Brethren;
- Bereavement Assistance Limited;
- Muslim communities; and
- Buddhist communities.

The Brethren²⁶

1.45 The Brethren is a traditional Christian religious group which would like to exercise the privilege of 'burying their own' in the way they have done for the past 30 years.

1.46 Burial is carried out by one of five mature members of the congregation whose name is recorded by the Registrar of Deaths and the Coroner's Court as a funeral director. The Brethren funeral directors are experienced in all facets of burial procedures and are recognised as such by the management of the cemeteries they use.

1.47 The Brethren use a portable mortuary and modified vehicles with trained nurses undertaking the preparation of bodies. This service is available only to Brethren and is rendered on a non-profit basis.

Over the past five years, Brethren funeral directors have carried out an average of 19 burials in total each year.

Bereavement Assistance Limited²⁷

1.48 Bereavement Assistance Limited (BAL) was established in 1997. It is a charitable organisation which provides practical assistance for the underprivileged towards a dignified memorial service and cremation. The alternative would be a pauper's funeral at State expense or a commercial funeral that surviving relatives or friends would be unable to afford.

1.49 In 2003, BAL arranged 150 services and handled around 700 queries.²⁸ BAL provide counsel and advice to bereaved families to assist them to cope with the death of a relative and obtain the full value of any government benefits due to them as well as assisting them to negotiate effectively with funeral firms.

1.50 It is not within the charter of BAL to fund a commercial funeral where a contract has been signed. All funerals conducted by BAL are carried out by volunteers.

Muslim communities²⁹

1.51 The death of a Muslim is a community affair. The bathing, shrouding and burial of a deceased person is a religious obligation which must be discharged by members of the community. Family members are encouraged to participate in the mortuary rites although this may be at a symbolic rather than a practical level.

1.52 Many mosques in Victoria do not have facilities for the ritual bathing of a deceased person so the body may need to be transported to Melbourne. Some Muslim communities have arrangements with local funeral directors to use their facilities. Mosques maintain lists of community members who are able to assist families when a death occurs. There are around twelve mosques in Melbourne which undertake religious burial services.

1.53 Although the body must be conveyed into the cemetery in a coffin, the shrouded body is removed from the coffin at the graveside for burial which occurs, preferably, as soon as possible after death. The coffin can be borrowed from the mosque and is cleaned and re-used. According to Islamic law, a specific burial posture must be used so the orientation of the grave is important.

1.54 The mosque covers its costs by charging the family for the materials used in the burial, recovery of the cemetery charges and so on, but does not make a profit.

Buddhist communities³⁰

1.55 The Committee received evidence from representatives of the Cambodian and Vietnamese Buddhist communities who follow different traditions.

1.56 In the Mahayana tradition, a deceased body should not be handled for eight to ten hours after death and, for some Tibetans, three days is customary. The deceased should be positioned to face west and it is desirable that a family member stays with the deceased at all times.

1.57 The Buddhist community would prefer mortuary and funeral rites to be carried out at a temple as an important part of Buddhist ritual is for prayers to be chanted. Chanting may take place over three or seven days, depending on the tradition, before cremation or burial. When Buddhists use commercial funeral directors, the funeral becomes very expensive for families who may need to have access to the deceased for an hour at various times of the day and night for the ritual chanting of prayers. Construction of facilities at temples in Victoria to facilitate this part of the funeral ritual is part of a future plan.

SUMMARY

1.58 The funeral industry in Victoria has reflected population growth and spread in its development from a relatively small number of local, family-operated businesses into a multi-million dollar industry. By 1980, the industry had become concentrated and was dominated by several major firms. New firms enter the industry at a fairly constant rate and provide competition for the established firms as they target niche markets or provide less expensive services in developing and rural and regional areas.

1.59 The funeral industry in Victoria displays many characteristics of a mature industry but its size is impossible to accurately gauge. Several hundred firms operate throughout Victoria providing employment for several thousand people.

1.60 The work of a funeral director is to provide transportation, preparation and storage of the deceased until the funeral is conducted and then to provide follow-up services for the bereaved family. The

level of goods and services and, consequently, the price charged by the funeral director for these goods and services varies according to the wishes of the family of the deceased. As well as commercial funeral directors, the industry also supports a number of non-commercial funeral directors catering for the needs of specific cultural and religious groups.

Endnotes

- ¹ Australian Funeral Directors Association, *Submission*, p 12.
- ² Griffin, G.M. & Tobin, D. (1982) *In the midst of life...the Australian response to death*. MUP: Melbourne. p 118.
- ³ Walker, C.F. (1984) *The Growth of Concentration in the Melbourne Funeral Industry 1900-1980*. Unpublished thesis. Monash University. p 104.
- ⁴ The Necropolis, Springvale. <http://www.necropolis.com.au/mainindex.htm> Accessed 1 March 2005.
- ⁵ Griffin, G.M. & Tobin, D. (1982) op cit.
- ⁶ Walker, C.F. (1984) op cit. p 84.
- ⁷ Australian Bureau of Statistics (2004) *Australian Historical Population Statistics*, 3105.0.65.001, Table 43: Deaths registered by sex, states and territories, 1824 onwards.
- ⁸ Walker, C.F. (1984) op cit. p 57.
- ⁹ Walker, C.F. (1984) op cit. p 58.
- ¹⁰ Walker, C.F. (1984) op cit. p 85.
- ¹¹ Pitt, H. (1991) Death, here is thy sting. *The Bulletin*, November 26, 1991, p 62.
- ¹² Greenwood, V.A. (2001) *Weathering Storms on the Stygian Ferry: The Economic, Social and Cultural Impacts of Globalisation on the Australian Funeral Industry*. Unpublished thesis. Macquarie University. p 27.
- ¹³ Martin Tobin, *Hansard*, Public hearing, Melbourne, 19 October 2004.
- ¹⁴ Chambers, D. (1994) *One hundred years of Le Pine 1891 – 1991*. Hyland House: South Melbourne, Victoria. pp 181-2.
- ¹⁵ Martin Tobin, *Hansard*, Public hearing, Melbourne, 19 October 2004.
- ¹⁶ IBISWorld Australia (2004) Q9524 - *Funeral Directors, Crematoria and Cemeteries in Australia*. 26 October 2004. Accessed 1 March 2005.
- ¹⁷ Van Bergen, J. (2004) *The stages of industry growth*. Investopedia.com. Accessed 8 December 2004.
- ¹⁸ IBISWorld Australia (2004) op cit.
- ¹⁹ Australian Bureau of Statistics (2004), *Deaths, Australia. 2003*. 3302.0

²⁰ Factors such as the decreasing infant mortality rate, fewer road deaths, reduced death from disease, improved diet and exercise, reduced levels of smoking and alcohol consumption also affect the number of deaths.

²¹ Australian Bureau of Statistics (2005) *Year Book Australia*. Cat. no. 1301.0-2005.

²² In public hearings, most funeral directors were asked about the average price of a funeral or the price range of the funerals they conducted. These amounts have been obtained from a variety of sources.

²³ The Victorian Office of the Australian Bureau of Statistics has scheduled, as part of its Forward Work Plan, a survey of the funeral industry based on the 2003-2004 financial year. Until this data is available, the ABS is unable to supply any useful data at the level required for this inquiry.

²⁴ Under the *Coroners Act 1985*, a 'doctor' is a registered medical practitioner within the meaning of the *Medical Practice Act 1994*.

²⁵ The nine regional hospitals which provide pathology services for the coroner are Ballarat, Bendigo, Hamilton, Horsham, Mildura, Sale, Traralgon, Wangaratta and Warrnambool.

²⁶ David Shemilt, *Hansard*, Public hearing, Shepparton, 3 August 2004.

²⁷ Bereavement Assistance Limited. <http://www.bereavementassistance.org.au/> Accessed 7 September 2004.

²⁸ Ted Worthington, *Hansard*, Public hearing, Melbourne, 19 October 2004.

²⁹ Rowan Gould and others, *Hansard*, FCDC meeting, 22 November 2004.

³⁰ Venerables Phuoc Tan, Thel Thong and Miao Lai, *Hansard*, Public hearing, Melbourne, 18 October 2004.