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We need to talk about the growing cost of sending off a loved one

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Abstract
What's the first thing you are told to do when a loved one dies? If they die in a medical or residential care institution, which happens in more than 85% of cases in Australia, a funeral director is your first port of call.

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The cost of funerals is rising in Australia as the industry becomes more corporatised. Shutterstock

What’s the first thing you are told to do when a loved one dies? If they die in a medical or residential care institution, which happens in more than 85% of cases in Australia, a funeral director is your first port of call.

Funeral directors are part of what is called the “death care” industry, a sector becoming increasingly corporatised in Australia. The major corporate player, InvoCare, continues to expand, acquiring death care businesses in Australia, New Zealand and Singapore. It is now the largest operator in the Asia-Pacific region.

InvoCare’s market share in Australia is reported to be about 30% of the A$1 billion industry, with well over 200 funeral locations, dozens of memorial parks and crematoria and, more recently, expanding investments in coffin manufacturers resulting in a business model of vertical integration.

What does this concentration in the industry mean for Australian society? The cost of funerals and memorialisation is rising and many sections of society are being burdened by the debt created by giving a loved one a good “send off”.

So, how much does a funeral cost? Well, there is no simple answer. It depends a little on where you live and what funeral services you choose, as well as the method of “disposal”. And

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therein lies the problem. Modern society, with a little help from the death care industry, has conflated the ritual of funerals with the disposal of the body.

Invariably the advice you receive (from the hospital, nursing home etc.) directs you to contact a funeral director to help you at what is a difficult time. They are the body disposal experts. But their business model is largely built around selling the send off as well as disposal. This is when things get tricky and when these decisions need to be made, it is usually when the consumer is vulnerable.

Shopping around is neither an obvious or tasteful option. Disentangling the services of the funeral from body disposal is like elopement. Why, because funeral directors earn the majority of their income from the funeral service, much like a wedding planner's role in marriage.

Funeral costs have increased approximately 10 fold over the last 50 years. Additionally, the cost of burial plots in densely populated areas has skyrocketed and the limited tenure of these plots is coming under increased scrutiny. Buying a burial plot is not forever.

Websites suggest the cost of a funeral (which includes disposing of the body) in 2014 range from about A$4000 to A$14000 depending on the service options chosen. The $4000 option will cover the funeral directors fees (about 60% of the bill), the cremation fee (about 20%), a cheap coffin (about 20%) and various minor regulatory fees (medical certificates and the like).

Adding flowers and newspaper announcements adds hundreds of dollars to the bill, burial plots or mausolea space can run into tens of thousands of dollars and stylish coffins or caskets can be very expensive. Optional body preservation and restoration services such as embalming as well as memorialisation such as a headstone or plaque all increase the cost. Funeral directors also commonly offer catering and other attendant services for a full service funeral. All of these extras, if sourced by the funeral director, also increase the profitability, especially if the services are vertically integrated like the ones InvoCare offers.

Some may ask, so what's the problem? There is choice. But body disposal is an essential social service and, for many, finding even A$4000 for the lowest cost option provided by a funeral director is impossible. Most do not know there are other choices to arrange a funeral.

The most obvious is a "do-it-yourself" funeral. Taking control is difficult when you are grieving, but if you are are willing to take on some tasks yourself the cost could be closer to A$1000. Transporting the body yourself or with the help of some friends, building your own coffin or receptacle, conducting your own service and opting for cremation for disposal is likely to result in the lowest cost. With permission you may be able bury a body on private land, or you can even opt to dispose of the body at sea which avoids cremation costs.

The problem is not the choices offered by the death care industry, but the lack of understanding by consumers that calling a funeral director is not the only option.

Governments, health care professionals and the industry itself all have an interest in maintaining the status quo. However the current situation of devolving the responsibility for dealing with death to professionals reinforces the mystique associated with death and allows the burgeoning costs associated with funerals and disposing of bodies to become a burden on the living so as to conform to expectations of giving the dead an appropriate “send off”.

Some consumers might find comfort in pre-paying for a funeral via a “pre-need” contract or purchasing funeral bonds or insuring through “final expenses insurance”, however all these options still promote using a funeral director. And while each of these options are regulated in some way, around half the complaints about the industry relate the shortcomings of these arrangements. In particular, bereaved relatives often find the pre-paid funeral provides an inadequate amount to cover expenses at the time of death. Interestingly, InvoCare sees the growing pre-need contract business as a fertile source of future revenue streams.
While there are jurisdictional differences across Australia, both the funeral industry and disposal of dead bodies are regulated in a piecemeal fashion. As an example in NSW, the key regulations relate to funeral directors being required to offer a basic funeral with an itemised account and public health issues surrounding the transport and disposal of bodies. So, in most cases, you could easily DIY at a fraction of the cost.

_The Conversation is currently running a series on Death and Dying._