

FUNERAL SERVICES

Environmental Scan 2009



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INTRODUCTION

■ THE ROLE OF SERVICE SKILLS AUSTRALIA

SERVICE SKILLS AUSTRALIA (SSA) is the industry skills council for the Australian service industries. Skills Councils are the recognised national bodies providing advice on industry training and skills development needs to government and industry.

Service Skills Australia represents the interests of businesses and the people working in those businesses across sectors including retail and wholesale, sport, fitness, community recreation, outdoor recreation, tourism, meetings and events, hospitality, restaurants and catering, caravans, hairdressing, beauty, floristry, community pharmacy and funeral services.

Service Skills Australia supports skills development for our industries by:

- providing industry intelligence and advice to Skills Australia, government and enterprises on workforce development and skills needs;
- actively supporting the development, implementation and continuous improvement of high quality training and workforce development products and services, including training packages. SSA currently manages a total of 10 industry training packages;
- providing independent skills and training advice to enterprises, including matching identified training needs with appropriate training solutions; and
- working with enterprises, employment service providers, training providers and government to allocate training places.

■ BACKGROUND INFORMATION

This document was developed to provide an industry specific overview about current and future trends and developments in the funeral industry and its workforce. It has been developed in partnership with industry and reflects the key issues identified by the sector. Parts of this document have been summarised in Service Skills Australia's Environmental Scan 2009.

SERVICE SKILLS AUSTRALIA RECOMMENDATIONS

“There are some particular issues to the funeral service industry that need specific attention.”

There are some particular issues to the funeral service industry that need specific attention. These are:

- A review be conducted into ways of expanding the training of skill sets (a selection of competency units that typically describe critical skills required in specific job roles and key duties).
- A data collection plan be developed to capture data for all accredited training, including enrolments, completions, departures and a range of agreed categories for non completion. This data is to be used for workload measurement and not be used as a de-facto performance tool.

WHAT THE STATISTICS TELL US ABOUT THE FUNERAL INDUSTRY

THE FUNERAL SERVICES INDUSTRY

in Australia encompasses different types of businesses which provide services and products to the Australian community and families which deal with the consequences of death and bereavement.

In 2006-07 there were approximately 900 businesses (Funeral Directors, Crematoria and Cemeteries) with approximately 7,300 employees. Industry revenue was \$742 million and Industry Gross Product \$279 million. In 2007-08 the industry was expected to have total revenue of \$760 million, and segmented as follows:

- the funeral directors component, which accounted for an estimated \$532 million; and
- the cemeteries and crematoria component, which accounted for an estimated \$228 million (cemetery and crematorium fees are collected by the funeral directors and charged as disbursements to client families).

A further segmentation of the funeral services market could broadly be undertaken by the level of services provided/demanded. On a national basis this looks as follows:

- Double services - at church/chapel and at the cemetery (45% of all funerals);
- Single cemetery/crematorium service (20% of all funerals);
- Single service chapel funeral (about 10% of all funerals);
- Single church service (about 6% of all funerals);
- Direct committal (1% of all funerals); and
- Other combinations of the above (18%).

The final basis of segmentation could be by burial and cremation with an estimated equal share nationally between these two forms. Cremations average between 55% and 60% of all funerals in metropolitan areas and burials are more prevalent in regional areas with between 60% and 65% of all funerals¹.

Crematoria have traditionally been located in the grounds of a cemetery. Most other crematoria are owned and operated by Trustees appointed by the state governments, except in NSW and Queensland where there is a high level of private ownership.

Cemeteries operate in all states/territories on a non-profit basis under State Cemeteries Acts. In most cases the operations are handled by Trustees, or quite often by local councils, or by public propriety limited companies particularly in rural areas. In both Melbourne and Adelaide, regional cemetery trusts administer these areas.

It is estimated that the labour component involved in providing funeral services varies from between a minimum of 24 hours to about to a maximum of 40 hours per funeral, depending on the services required.

There is some seasonality to demand with a higher number of deaths usually recorded in the colder winter months. A reduced number of deaths usually occur around Christmas, but it usually increases again in January.

The industry largely competes on the basis of service. Geographical proximity, brand recognition and word-of-mouth recommendations are also important for sales, as is the price for specific services. Through the increase in life expectancy and medical research, the number of deaths increased slightly by an average of 0.5% per year since 1985. (See further details regarding life expectancy under 'Ageing population and death rates').

The Australian Funeral Directors Association (AFDA) is the major industry association and its members carry out approximately 60% of all funeral services in Australia. For admission to the AFDA an application is lodged with the association and an inspection of the premises is undertaken to ensure a minimum set of standards is maintained. Applicants accepted by AFDA are bound by a code of ethics.

■ INDUSTRY CONCENTRATION

The funeral directors industry has traditionally been structured around family-owned and operated private companies. Some of the current largest firms are operating on a multi-firm basis under different names. However, in rural areas of Australia, nearly all operators are still family/private companies, usually with a long family tradition. Hence, the owner or manager of the business has to fulfil several tasks and jobs. In addition, increased competition and the economic environment demand for strong skills in resource management and budgeting.

More than half the crematoria in Australia are owned and operated by the private sector, although they handle around 25% of cremations. Private ownership of crematoria applies in both Queensland and New South Wales. Twelve of the eighteen facilities in New South Wales are privately owned, while in Queensland nine out of ten operate on this basis. In Tasmania, all cemeteries and crematoriums are privately owned and South Australia has a minor number of privately owned crematoriums².

Two Australian-owned companies InvoCare Limited and Bledisloe Holdings Pty Ltd have an estimated combined share of approx 38% of funerals nationally. In 2007, InvoCare operated from 152 Australian funeral locations, of which 54% operate under a traditional or heritage brand (for example Le Pine Funeral Services Pty Ltd., Liberty Funerals in Sydney and Chippers Funerals in the Perth region), 25% under the Simplicity brand and 21% under the White Lady brand. In addition, InvoCare operates 12 cemeteries and crematoria in New South Wales and Queensland.

Across the entire Australian funeral and cemeteries industry, the majority of enterprises employ ten staff or less, with approximately 60% employing between one to ten staff and a further 32% non-employing³.

REGIONAL ASPECTS

The industry is broadly spread according to the share of state/territory population. Other specific factors like the number of deaths, which is related to the age distribution of the population (particularly to those aged 65 years and over) and/or the median age, are also important.

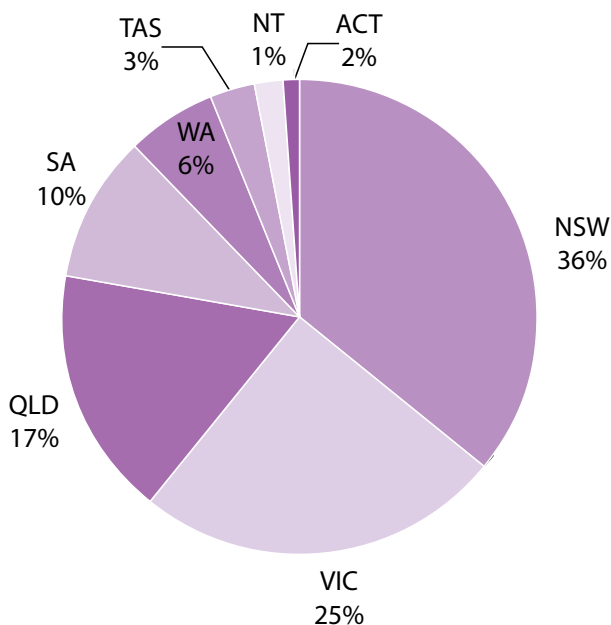
Over the past twenty years there has been a decline in death rates for all states and territories. The highest standardised death rate in 2006 (per 1000) was in the Northern Territory (8.7), while the lowest was in the Australian Capital Territory (5.5)⁴.

In terms of market structures in metropolitan areas, it is funeral operators located in nearby suburbs that provide the primary competition. Most metropolitan areas have upwards of five or six operators located in close proximity to each other.

In regional areas, competition within the funerals market comes from within the town in which the company is located, but depending on town size the company may be the only one servicing this market.

For funeral service companies located in small towns, the industry rule of thumb is that 100 funerals per annum are required to maintain a financially viable company on a full-time basis with a single funeral director⁵.

TABLE 1 PERCENTAGE OF FUNERAL DIRECTORS AND CEMETERIES



“Within the enrolments of funeral services training packages between 2003 and 2007, the majority of government funded were at Certificate III and Certificate IV level.”

PARTICIPATION IN VOCATIONAL EDUCATION

Based on NCVET course enrolments and completions⁶

THE FUNERAL SERVICES INDUSTRY consists of four broad sectors:

- Funeral Homes and Funeral Directors
- Funeral Celebrants
- Cemetery and Crematoria Services and Grounds Maintenance
- Embalming

Whilst the above areas are included in the Funeral Services Training Package, this divergent range of areas does not include other services associated with the funeral services industry including:

- Coffin and Casket Manufacture
- Monumental Stonemasonry
- Bronze Foundry/Plaque Manufacture and
- Coffin and Funeral Accessories

Within the enrolments of funeral services training packages between 2003 and 2007, the majority of government funded were at Certificate III and Certificate IV level.

TABLE 2 VOCATIONAL COURSE ENROLMENTS BY FUNERAL SERVICE QUALIFICATION, 2003-2007

Number of enrolments	2003	2004	2005	2006	2007
Certificate I in Funeral Services (Coffin and Casket Manufacture)	0	0	0	0	0
Certificate II in Funeral Services (Funeral Operations)	0	10	0	1	0
Certificate III in Funeral Services (Funeral Operations)	0	0	0	2	1
Certificate III in Funeral Services (Cemetery/Crematoria Operations)	0	10	0	13	0
Certificate III in Funeral Services (Gravedigging, Grounds and Maintenance)	10	50	0	44	0
Certificate IV in Funeral Services	0	0	40	6	0
Certificate IV in Funeral Services (Embalming)	0	0	0	0	0

TABLE 3 VOCATIONAL COURSE COMPLETIONS BY FUNERAL SERVICE QUALIFICATION, 2003-2007

Number of completions	2003	2004	2005	2006	2007
Certificate I in Funeral Services (Coffin and Casket Manufacture)	0	0	0	0	0
Certificate II in Funeral Services (Funeral Operations)	0	0	0	1	0
Certificate III in Funeral Services (Funeral Operations)	0	0	0	0	1
Certificate III in Funeral Services (Cemetery/Crematoria Operations)	0	0	0	12	0
Certificate III in Funeral Services (Gravedigging, Grounds and Maintenance)	0	10	0	27	0
Certificate IV in Funeral Services	0	0	0	2	0
Certificate IV in Funeral Services (Embalming)	0	0	0	0	0

Certificate IV in Funeral Services (Embalming) is not available Australia wide at any public institution. Two private registered training organisations, both based in Melbourne (VIC) do offer the Certificate IV in Funeral Services (Embalming). The number of new graduates is limited by the high cost of the courses, the geographical restrictions on availability and the essential requirement for a significant component of practical assessment necessitates employment in the funeral industry while studying.

Based on the above figures, the take up of vocational education by the funeral industry over the past 5 years has been low. Only 186 staff of a total of approximately 7,300 in the industry have enrolled in training, representing 2.5%. Of the 186 commencements, 53 completed the training, which is a completion rate of 28.5%. Whilst the above figures do not include accredited training by private providers and non-accredited training, they represent a low take up rate by the industry.

There needs to be a data collection process that captures all enrolments, completions and departures (including a reason) for accredited training. It is important that this data not be used as a de-facto indicator of provider performance or the quality of training and assessment. High completion rates do not necessarily reflect the quality of RTO training delivery and assessment.

Though this may be an imposition on some private providers who do not access government funding, the importance of accurate data on **all** training and assessment in Australia outweighs this relatively small imposition. This first step is about obtaining reasonably accurate workload data to assist in developing policy responses and recognises that you cannot manage an issue if you cannot measure it.

Whilst government funds have been used to develop specific training materials for the industry, including safe grave techniques and embalming, there has not been a high return on this investment.

The most likely reason for the low take up of accredited courses under the training package is that the funeral industry does not have a strong training culture. In comparison, the hospitality and tourism industry sectors have a strong emphasis on training based on the need to provide skilled staff in rapidly changing environments.

It is probable that the industry's training needs are built around skill sets such as grief handling and infection control, rather than full qualifications. Also there are few if any rewards within the industry for obtaining a full qualification.

■ PRIVATE RTO DELIVERY

Some private funded registered training organisations (RTOs) have the Funeral Service Training Package on their scope of registration. However, only a few actually deliver these qualifications. The majority only deliver SIFFNLO09A Plan and conduct a funeral ceremony.

The RTOs that are delivering this one unit of competency tend to deliver it as part of a larger program for Certificate IV in Marriage Celebrancy. Anecdotal feedback also tells us that the providers will advertise the marriage and funeral celebrancy training together, as many learners are not interested in learning about funeral celebrancy on its own.

FUTURE VISIONING

FUTURE DOMESTIC social and economic changes will have multiple effects on the funeral industry and its workforce. Leadership and entrepreneurial skills are particularly important for handling changes in Australian society, for example growth in cultural diversity of employees and customers. Hence recruitment, retention and motivation of staff are vital tasks of supervisor and managers which will even gain in importance for continued growth and productivity. This document describes some of the major social and economic changes and their effect on workforce development.

■ AGEING POPULATION AND DEATH RATES⁷

Population ageing is occurring on a global scale, with a substantial shift in the age structure towards older ages. From 1950–2000 the median age of the world's population rose just three years: from 23.6 years to 26.4 years. In contrast, from 2000 to 2050 the median age is projected to increase by 10 years, to reach 36.8 years. Australia's population over 65 will grow from 13% in 2006 to 27% by 2051 and Australia's median age is forecasted to rise from 35 years in 2000, to 47 years by 2050, both above world average⁸.

Despite the ageing of the population over the last 20 years, death rates have continued to decline as a result of the increases in life expectancy. In turn, declining death rates for older people have contributed to ageing in Australia.

The overall death rate declined from 7.2 deaths per 1,000 population in 1986 to 6.5 deaths per 1,000 population in 2006. Given the ageing of Australia's population, the decline in the crude death rate indicates a considerable decline in age-specific death rates over the period. The standardised death rate, which eliminates the effect of the changing age structure of the population, was the lowest on record at 6.0 deaths per 1,000 standard population in 2006, slightly lower than in 2005 (6.1) and down by 34% from 1986 (9.1).

However, as a result of the increasing size of the population, the number of deaths registered increased by an average of 0.5% per year since 1985, with year-to-year fluctuations. The preliminary estimate for deaths during the year ending 31 March 2008 (140,500) was the highest ever recorded for a year ending 31 March. Queensland recorded the largest percentage increase of 10.2% closely followed by the Northern Territory with 9.8%⁹.

DEATHS ARE PROJECTED TO INCREASE AT RATES OF AROUND 0.8% TO 0.9% PER YEAR. Between 2012 and the late 2040s deaths are projected to increase more rapidly (up to 2.7% per year, in 2030–31) as a result of ageing of the population. In particular, the progression of the large cohorts born during the post World War II 'baby boom' into older age groups. From the middle of the century onwards the number of deaths is forecasted to increase at gradually declining rates.

From 133,200 deaths in 2003–04, ABS project deaths to more than double to between 290,300 and 296,400 for Series C and B respectively in 2050–51. The number of deaths is forecast to continue to increase in Series B to 367,900 in 2100–01, while in Series C deaths reach a maximum of 330,400 in 2082–83 and then decline, to 313,900 in 2100–01.

TABLE 4 POPULATION PROJECTIONS AUSTRALIA 2003 TO 2101

Number of Deaths	2003-04	2050-51	2100-01
Series A	133,200	228,100	406,400
Series B	133,200	296,400	367,900
Series C	133,200	290,300	313,900

In table 4, Series A assumes higher life expectancy at birth than Series B and C, therefore lower numbers of deaths are projected over the first half of the century. The cessation of improvements in life expectancy from 2051 onwards results in a rapid increase in deaths in Series A, compounded by the larger population size due to the combination of high fertility, low mortality and high net overseas migration assumptions used. Series A projects 228,100 deaths in 2050–51, increasing to 406,400 in 2100–01, the highest of all three main series¹⁰.

USUALLY THE FUNERAL INDUSTRY'S GROWTH WILL FOLLOW THE SAME PATTERN AS THE CHANGE IN THE NUMBER OF DEATHS.

A more highly mobile population that travels more frequently, together with the legislated requirement in Australia for any deceased person who is transported via air to be embalmed by a qualified embalmer, increases the demand for funeral service occupations. However, the industry faces a skilled labour shortage and to date embalmer and funeral directors have not been included in the Employer Nomination Scheme Occupation List (ENSOL) for permanent skilled migration nor in the Migration Occupations in Demand List (MODL). Pathologists are on the MODL and the ENSOL.



“USUALLY THE FUNERAL INDUSTRY'S GROWTH WILL FOLLOW THE SAME PATTERN AS THE CHANGE IN THE NUMBER OF DEATHS.”

INTERNATIONAL COMPARISON¹¹

Among the countries of the world, life expectancy at birth of Australian males (78.9 years for 2005-10) was exceeded only by Iceland, Hong Kong (SAR of China), Japan and Switzerland. Sweden, Israel, Canada, New Zealand and Macao (SAR of China) make up the remainder of the top ten countries for male life expectancy—78.2 years or more but below Australia's life expectancy. Life expectancy at birth of Australian females (83.6) was exceeded by Japan, Hong Kong (SAR of China), Switzerland, Spain and France. Below Australian female life expectancy but still in the top ten were Italy, Iceland, Sweden and Canada.

According to the United Nations, the combined Australian male and female life expectancy of new-born babies for 2005–10 was 81.2 years. This was higher than the level for Canada (80.7 years), New Zealand (80.2 years), the United Kingdom (79.4 years) and the United States of America (78.2 years).



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■ IMMIGRATION

Even though the peak in immigration was in 1988/89, it is still high and since 1993 there has been regrowth in the number of permanent arrivals to Australia. Furthermore, in May 2008 the Australian Government added an additional 31,000 skilled migrants to the 2008/09 Migration Program. The extra places allocated to the permanent skilled migration program represented a 30% increase on 2007/08¹².

However, in the last few years, the country of origin of permanent arrivals has changed. In 2006/07 migrants from New Zealand and UK were still the majority in total numbers, followed by India and China. However, countries of birth such as Iraq and Sudan showed the highest rise in percentage since 1975¹³.

The increasing cultural diversity of the workforce and of customers means that the ability to work across cultures is becoming an essential skill for many employees, especially in service related industries. In addition, consistent immigration demands an adaptation in services provided to cater for different religions and cultural expectations for funeral ceremonies. As every culture and religion has specific rituals and families can have various personal requests, the awareness for these is gaining in importance.

Leadership and management skills are particularly important for handling changes in Australian society and growth in cultural diversity of employees and customers. Employers are likely to favour employees who can work and interact with people from different cultural backgrounds. The importance of cultural self-awareness to students is on a similar ranking to the importance of workplace relationships, communication skills, compliance with policies and laws and customer service¹⁴.

■ HEALTH AGENDA

The number of deaths is influenced by progress in the health agenda, namely decreasing infant mortality rate, fewer road deaths and reduced deaths from heart disease. Improved diet, reduced smoking and alcohol consumption has assisted this trend, as did medical procedures, diagnosis and treatments.

On the other hand, with the increasing incidence of communicable diseases such as AIDS, TB and Hepatitis-B, the funeral service industry has become much more health-conscious, and Personal Protective Equipment like disposable gloves is now mandatory.

■ REGULATION

The overall level of regulation surrounding activity by the funeral service industry is regarded as heavy and increasing.

Victoria

The Victorian Government introduced new industry regulations under the Funeral Act 2006 which came into force in November 2007. The Act aims to enhance consumer protection by regulating the industry and strengthening enforcement and inspection powers. It also seeks to improve how the industry is monitored and delivers services and information to the public. The former Act that regulated prepaid funerals has been incorporated into the new Act and continues as before.

New South Wales

In July 2007, the Parliament of New South Wales assented the Fair Trading Amendment (Funeral Goods and Services) Bill 2007¹⁵, which includes for example the provision of written quote for all costs and services for the agreed funeral. In addition, in April 2008 the review of Exhumation Guidelines was publicised.

Western Australia

The Department of Consumer and Employment Protection (Consumer Protection) has prepared a final report on the regulation of prepaid funerals. This report recognises that the potential risks to consumers are sufficiently high as to warrant statutory regulation and recommends that a mandatory Code of Conduct be established under the Fair Trading Act 1987 to regulate conduct in the prepaid funeral industry. The recommendations have been approved by the Minister for Consumer Protection and a draft Code of Practice is currently being prepared¹⁶.

The industry is further affected by both local council planning and health regulations and also to state government health regulations and supervision such as infection control.

■ SUSTAINABILITY

Australians are becoming more aware of environmental sustainability issues such as water and energy restrictions. Companies are being urged to become (more) environmentally friendly including installing energy efficient lighting systems. Crematory oven suppliers are also including technology developments to make their products more environmental friendly and consume less energy.

■ TECHNOLOGY TRENDS

The funeral industry sees the continuous introduction and increasing use of new technologies, like energy efficient crematory ovens. Company websites, tribute web sites, online condolence books and online death registry are becoming more common.

IT knowledge and good IT infrastructure are important for the success of e-learning programs. Especially in regional and remote areas these are important tools for the ongoing development and up to date knowledge of employees. But even in metropolitan areas, e-learning offers a flexible method of training which can be tailored to industry specific needs and working times.

ENDNOTES

- 1 IbisWorld Funeral Directors, Crematoria and Cemeteries in Australia: Q9524, July 2008
- 2 IbisWorld Funeral Directors, Crematoria and Cemeteries in Australia: Q9524, July 2008; except the number of private owned crematoriums in Tasmania and Queensland
- 3 ABS 8165.0 Counts of Australian Businesses, including Entries and Exits, Jun 2007
- 4 ABS 3302.0 Deaths, Australia, 2006; please note that there is under coverage of Indigenous deaths in most states and territories, hence Indigenous age-specific death rates presented in this publication are likely to be underestimates of the true rates
- 5 IbisWorld Funeral Directors, Crematoria and Cemeteries in Australia: Q9524, July 2008
- 6 NCVET Vocational Course enrolment and completions 2003 to 2007; information collected by NCVET encompasses TAFE institutes, some universities, secondary schools offering VET, industry organisations, Adult Migrant Education Scheme providers, private enterprises in receipt of government funding for training, agricultural colleges, community education providers and other government providers, but no private training organisations which do not receive government funding. (NCVET Australian vocational education and training statistics: Explained, updated March 2008)
- 7 ABS 3302.0 Deaths, Australia, 2004 and 2006; please note that by international convention, the death figure excludes any actual deaths of Australians overseas, but includes overseas visitors who died in Australia. In 2006 there were 319 deaths registered in Australia of persons usually resident overseas.
- 8 ABS 4102.0 Australian Social Trends, 2004
- 9 ABS 3101.0 Australian Demographic Statistics, 2008
- 10 ABS 3222.0 Population Projections Australia, 2006
- 11 ABS 3101.0 Australian Demographic Statistics, 2008
- 12 Press release 13 May 2008 Senator Chris Evans Budget 2008-09 - Record skilled migration program to boost economy
- 13 ABS 3412.0 Migration, Australia 2006-07; number of permanent arrivals 2006/07 and increase since 1975: New Zealand 23,907 (718%), UK 23,223 (39%), India 13,496 (1388%), China (excludes SARs and Taiwan Province) 12,009 (1779%), Iraq 2,213 (22030%), Sudan 2,513 (16653%)
- 14 NCVET Cross-cultural training and workplace performance, 2008
- 15 <http://www.parliament.nsw.gov.au>
- 16 http://www.docep.wa.gov.au/Corporate/Publications/Current_Reviews/Regulation_of_prepaid_funerals.html

This document supports the *Service Skills Australia 2009 Environmental Scan*.

For information on trends in other service industries, see our Environmental Scan findings for:

- Community Pharmacy
- Hairdressing and Beauty
- Floristry, Retail and Wholesale
- Sport, Fitness, Community and Outdoor Recreation
- Tourism, Hospitality and Events.

All of these documents can be viewed and downloaded from our website, **www.serviceskills.com.au**



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