

**Providing cooperative funeral services
for South African townships**



Co-operative College, Holyoake House, MANCHESTER M60 0AS
ENGLAND

www.co-op.ac.uk

Tel: + 44 161 246 2926

Mobile: + 44 7889 600 902

This report summarises the detailed research undertaken in *A Feasibility Study on Cooperative Approaches to Township Funeral Services*, written by Dr. Vishwas Satgar, Executive Director, Cooperative and Policy Alternative Center and produced as part of the partnership between the UK Co-operative College and the City of Johannesburg.

It presents the strong case which can be demonstrated for supporting the development of two cooperative funeral services in the Johannesburg townships of Zola (part of Soweto) and Ivory Park.

It suggests that a cooperative solution to the often considerable costs incurred by local people in arranging funerals can bring both financial benefits to low-income townships residents as well as broader community advantages.

It is designed as background to the forthcoming study tour to Johannesburg being undertaken by UK cooperative funeral managers.

The current position: low incomes, high funeral costs

Funerals for residents of South Africa's townships can be expensive, if not exorbitant. The average cost of a low income funeral in Soweto, for example, is about 6,700 rand (£600) in a community where more than half the households have annual income of less than 9,600 rand.

The feasibility study commented on the 'opaque nature of funeral pricing' which can lead to low income funerals costing double the cost incurred by the municipality for the burials it provides to families earning less than 1,400 rand (these are typically households headed by a child). Breaking down the costs involved is difficult because funeral services businesses talk in terms of the total funeral package, but it is clear that there can be 200%-300% mark ups on coffins, for example, which have a huge impact on total costs.

Funerals in Johannesburg townships may be provided by formal funeral service businesses, registered with and licensed by the municipal authorities, or informal funeral services, which are unlicensed. For example, Soweto has four large businesses which are very well established and are formally licensed. There are also many more unlicensed businesses, including thirteen operating in Zola and other neighbouring areas of Soweto. In the township of Ivory Park, all the funeral service businesses are informal.

Informal funeral services tend to use formally registered businesses to provide the necessary paperwork, and also to provide services. Typically these include such things as mortuary space and funeral cars. Because informal businesses usually have to buy in these services, the costs include the third-party profit margin. The feasibility study comments that “formal funeral services businesses have a profit-making relationship with small informal funeral service businesses which impacts on the costs of poor funerals”.

In general, most Africans prefer burials to cremations. Thirteen cemeteries in Johannesburg are operated by the City of Johannesburg, with a set tariff. However, lack of information about these tariffs in communities has led to manipulative pricing by unscrupulous funeral operators. There are also a small number of privately run cemeteries.

Tombstones are an important cost in African and township funerals. There is a tradition in the African community of waiting 3-4 years for the grave to settle before a tombstone is erected, an event which is like a final tribute to the person who has died. A granite tombstone can cost between 2000-16,000 rand and is a major item of expenditure for low income families. Some manufacturers allow for stones to be paid for in instalments.

As well as the formal and informal funeral service businesses, there are also burial societies and schemes in some townships. These may be linked to churches or community bodies or may be standalone. For example the Old Apostolic Church has 200 members in its burial society (coming from all parts of the province in which Johannesburg is situated); families make a monthly payment for a funeral insurance package worth about 7,000 rand. Members of

Bambane Burial Society pay 60 rand a month and receive a cash payment after death of 11,000 rand.

Zola: turning a community association funeral business into a funeral services cooperative

Zola makes up a small part of the township of Soweto, in the south-west of Johannesburg. The total population is about 44,000 (2001 census) with about 10,000 households. It is a mixed income community: a little over 40% of the households have annual income of more than 9,600 rand. About 20% earn between 4,800 and 9,600 rand. However, there are also 18% of households with no income. Unemployment is at 41%. The community has two public recreation centres, fourteen schools and one health centre.

Zola (and Soweto as a whole) has a long tradition of burial societies, which exist in various forms. One noteworthy example in Zola is the People's Cultural Organisation (PCO) burial society which currently links about 200 families. Families pay 90 rand per month, and in the event of death this covers such things as the coffin, family car, grave site, refreshments, and toilets.

The PCO was established in 1982 by a community activist to promote children's sports, with the burial society established about the same time. It has a very credible track record of trying to promote community development. It practises the traditional African philosophy of caring and sharing known as Ubuntu, and uses the slogan All into One and One in All.

The burial society expanded quickly and faced a crisis, which it has now overcome. The PCO is interested in the possibility of institutionalising its burial society arm as a cooperative.

The conversion of the burial society into a formally constituted cooperative would involve the following:

- building the member base, in order to provide a better package of benefits, including cover for tombstone costs

- educating the members about their rights in decision-making, and in determining surplus distribution
- improving members' income through distribution of dividends
- building the capitalisation of the cooperative, and development in the community, through use of surpluses generated

The estimated start-up costs of the cooperative conversion process are 1.43 million rand, including 585,000 rand for two hearses and 355,000 rand for two family vehicles. However the PCO is able to meet some of this start-up expenditure through its own resources.

Ivory Park: developing a new funeral services cooperative

Ivory Park is in the far north-east of Johannesburg city. It has an estimated 36,400 households. The majority of residents live in informal or shack dwellings; about 24%-28% are without toilets, and 20%-29% without electricity. Just over half of the households earn less than 9,600 rand, and 12,600 households have no income. Unemployment is about 40%.

Cooperatives have been in existence in Ivory Park for a decade, and there are coops engaged in among other things organic farming, clothes making, waste collection, paper making and bicycle refurbishment. Many cooperatives are self-developing and some have developed commercial strategies and are income generating. However, this history has not been without its failures.

A second wave of cooperatives has recently got under way, building on the tradition of solidarity and cooperative problem-solving from these earlier coops.

Ivory Park has six informal funeral services businesses, all tied directly or indirectly to larger formal businesses. All six are forced to use a mortuary about 25 kms away, which requires several trips per funeral and which adds considerably to costs.

An opportunity therefore exists for a cooperative solution, which would own collective assets (such as hearses and family cars and a locally based mortuary), and which could provide member education and cooperative training. The proposal is for members to pay a once off membership fee of 2,000 rand and to pledge to use the coop's services and participate in its education programmes.

It is estimated that the cooperative could reduce the overall cost of a low income funeral by almost a third, to around 4,000 rand (compared with 5,695 rand at present). The cooperative would also have community benefits.

The feasibility study estimates the start up costs at 2.18 million rand, to include three hearses (878,000 rand), three family vehicles (533,000 rand) and three hearse vehicle conversions (300,000 rand). The cost of the mortuary would be a little over 200,000 rand. These costs are for brand new cars and equipment, and it could be possible to use second-hand vehicles, for example donated by cooperatives in the UK. This would reduce start-up costs dramatically.

Conclusion

The development of these two cooperative pilots in Zola and Ivory Park offers an exciting opportunity to demonstrate the relevance of cooperative structures in the delivery of services in South African townships.

It also offers a unique opportunity for direct partnership between cooperators in South Africa and the UK cooperative movement.