Can co-operatives provide decent funerals in South Africa? A report on research

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At a glance...

- Feasibility study:
- to identify options for co-operative interventions with burial societies
- to promote a move to a formalised co-operative approach to funeral care in South Africa
- to provide appropriate funeral cooperative models, which support consumers in bringing down funeral costs

Timeline

- Spring 2010: research
- Potential co-operatives identified
- November 2010: South African team visited UK
- February 2011: UK team visited South Africa
- Business Planning workshops
- August 2011: follow up visit
- September 2011: Final write up and conclusions

UNIT ONE
15
No Smoking beyond this point
The co-operative funeralcare

Project Partners

- Co-operative and Policy Alternative Centre (COPAC)
- Johannesburg City Council Economic Development Unit
- Co-operative College
- Funeralcare
- CFSMA

Co-operatives in South Africa

- Historically for white farmers
- New law post apartheid
- Massive government support
- Majority of co-ops non-functioning
- Apex body has repeatedly collapsed

The funeral business

- The rand value of the funeral industry in South Africa is estimated at R65 billion, with 30% of this turnover generated in the province of Gauteng
- Funeral services contributed 2.43% to South Africa's CPI in 2008, compare public road transport (2.61%) and tobacco (2.45%).
- "Exorbitant funeral costs have a negative impact on poor households, with indebtedness levels increasing with a death of a family member".
- Households spend an estimated 15 times their monthly household income on a funeral

The existing industry

- Estimated 3500 funeral service businesses in Gauteng are “mainly informal and subject to unscrupulous practices”

FREE MORTUARY
LOCAL AND DISTANCE FUNERALS
SOLUTIONS
eral Needs
097

Coffins

- Estimated production cost of standard coffin is 600 Rand (£1 = 11.3 Rand)
- Priced at double
- Much more expensive coffins and caskets available (up to 40,000 rand, incusing US imports

SERVICES
JTM
FUNERAL PARLOUR
AR-WASH

Sites of pilots and methods

- Ivory Park, Midrand & Zola district in Soweto
- Investigate value chain, market dynamics
- Unstructured interviews with key informants
- Opportunities and benefits for poor people of a co-operative intervention

Funeral traditions

- Burials preferred to cremations
- Families wash and dress the body at the mortuary; body brought to family home for an overnight vigil (Friday) before the funeral service and burial.
- 90% plus of funerals are on Saturday.
- White hearses with sirens

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Burial societies

- Burial societies a central part of the social fabric in many African countries
- 300 in Soweto alone
- They operate as essentially informal mutual/co-operative societies to provide support and insurance in relation to funerals
- Usually linked to cultural identity
- Unregulated

Findings: burial societies

- Burial society - informal, providing a cash benefit to a member on the occurrence of death in a family - seems to be disappearing
- Locked into deals by insurance companies
- Often linked to churches
- Replaced by funeral services business which sell an insurance funeral product underwritten by finance houses.

Soweto: price fixing

- Funeral services businesses keep prices low on the supply side (funeral products) and maximise prices to the consumer, and so generate healthy profit.
- Evidence of uncompetitive and collusive practices.

Three possible co-operatives

- People’s Cultural organisation (Soweto)
- Ivory park – small operators
- Coffin making (MK Vets workers co-operative)

People’s Cultural Organisation (PCO)

- Est. 1982 in Soweto
- 200 families linked to its burial society
- Members pay R90 per family per month and in the case of death this covers toilets, chairs, grave site, family car, coffin, groceries, tent and chairs
- Scheme not sustainable (Ponzi scheme)
- Option to convert to a consumer co-operative – but wanted to keep too much control

Ivory Park

- Small number informal businesses
- Undercapitalised
- All items bought or hired in
- Option: a services co-operative to supply hearses, cars, buses, chairs etc
- Too afraid of collaborating

Coffin making

- Umkhonto we Sizwe (MK) or "Spear of the Nation" was the armed wing of ANC; Many veterans are unemployed
- A group of 20 formed a workers' co-operative to manufacture coffins
- Training programme supported by Jo'burg Metro
- Visited in February; need technical help to improve product
- Awaiting business plan then can support

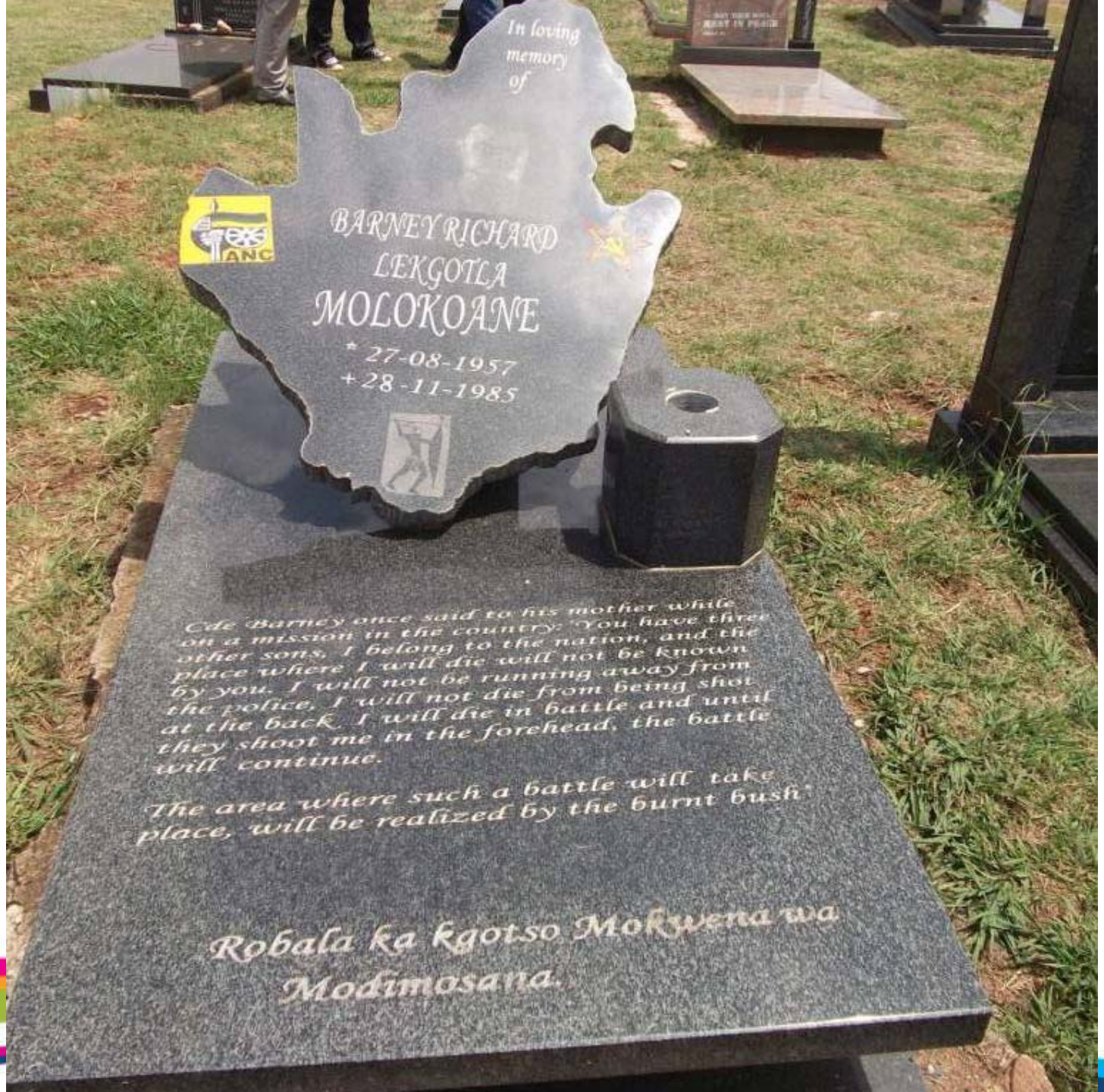
TOYOTA

TOYOTA

New plans

- Funerals were a key part of the struggle against apartheid

- The graves of martyrs are significant sites of memory


In loving memory of
ANC
BARNEY RICHARD LEKGOTLA MOLOKOANE
* 27-08-1957
+ 28-11-1985
Cde Barney once said to his mother while on a mission in the country: 'You have three other sons, I belong to the nation, and the place where I will die will not be known by you. I will not be running away from the police, I will not die from being shot at the back. I will die in battle and until they shoot me in the forehead, the battle will continue.
'The area where such a battle will take place, will be realized by the burnt bush'
Robala ka kgotso Mokwena wa Modimosana.

National funeral service

- Run by MK Vets
- Providing complete service
- Solidarity funerals for all involved in the struggle - ANC, trade unions, etc
- A decent service, without extravagance
- Huge political support

Burial societies

- South African government moving to regulate burial societies
- Higher requirements for governance and financial viability
- Private players will move in
- Alternative – a mutual model, backed by national trade unions
- Support form ICMIF

Next steps

- Support to the workers' co-operative producing coffins (awaiting go ahead from Jo'burg City Council
- Go ahead for national funeral co-operative service by MK Vets
- Work with trade unions to develop new co-operative funeral burial society