

UNIVERSITY OF KWAZULU-NATAL

The impact of Government Regulations in the funeral sector around the Durban Metro

by

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**A dissertation submitted in partial fulfilment of the requirements for the degree of
Master of Business Administration**

**College of Law and Management Studies
Graduate School of Business & Leadership**

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2016



College of Law and Management Studies

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ACKNOWLEDGEMENTS

I wish to express my sincere appreciation and gratitude to the following individuals, without whose assistance, this study would not have been possible:

- First and foremost, Dr. Bonke Clayton Dumisa (Prof Doc), with whom I initially discussed my intention to undertake this study, for helping me to map out the purpose of the study.
- Mr. Pepe Dass, Mr. Neil Larratt, Dr. Nomakhosi Gxagxisa, Dr. Noluthando Ngomane and Ms. Grace Mufamadi for approving the study in their individual capacities of authority under the Ethekewini Municipality.
- Mr. Celani Musa Mervyn Dumisa (my father) of Celani Funeral Services and Mr. M A Khambule of 21st Century Funerals, for supporting the study.
- Mrs. Thulisile Cheryl Dlamini (my mother) for the vote of confidence and editing my work.
- Ms. Nokuthula Khoza (my friend) for capturing the data collected by Ms. Ntombe Xulu (my ex-colleague) and Mr. Thulani Khuzwayo (my friend).
- Last but not least, my beloved wife, Lisebo Mothepu, for being a pillar of strength and spending sleepless nights with me while we both worked on our individual Masters' research. Of course, I do not forget our beloved son, Mpendulo, for giving us space as parents to empower ourselves.

ABSTRACT

According to a study conducted by the Centre for Financial Regulation and Inclusion, it was noted that there were different layers of informality within the funeral sector, perpetuated by various layers of regulations in respect of the health regulation, financial services regulation and the regulation that applies to small businesses. This suggested that the funeral industry was governed by many pieces of regulations legislated from different government departments. The statutory bodies which govern this sector were operating in silos as opposed to working jointly in an attempt to formally regulate the industry. The aim of this study was to investigate the level of awareness regarding the existing regulations governing the funeral sector, and the extent to which the funeral undertakers complied with the respective regulations. A secondary objective was to establish the nature of the impact caused by such regulations on funeral undertakers operating around the Durban Metro.

The study revealed that the majority of participants are well aware of the various regulations imposed on funeral undertakers by different government departments. What was even more revealing was that the majority of participants that are aware of the various regulations are actually complying with them, and they recognise the importance of compliance. However, it would appear that there are still those funeral undertakers that are not compliant with various regulations, and thereby posing risks in the industry. When assessing the impact of the non-aligned legislation on funeral undertakers we received mixed feelings suggesting that participants are mindful of the fact that government can improve and grow this industry by producing coherent and aligned regulations to govern the funeral industry. The fact that there are many funeral undertakers operating without proper certification and licenses is proof that the regulations lack proper enforcement. The findings of this explorative study are a good indication that further studies are required to investigate the funeral industry. Future studies can aim at generating specific recommendations for best funeral industry practices.

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Chapter 1

INTRODUCTION

1.1 Introduction

The open letter to the President of South Africa, President Jacob Gedleyihlekisa Zuma wherein the author, Rousseau (2015), pleads for government intervention to advance and protect the industry participants while safeguarding the interests of consumers highlights the key problems faced by this sector. The letter draws the president's attention to; *inter alia*, the fragmentation of the funeral industry, ineffective regulation, and lack of protection of funeral industry employees. Government has been accused of turning a blind eye to these issues, despite various attempts by industry players calling for government to intervene.

This chapter introduces the study by explaining the problem statement and purpose for this study. It also presents the motivation for the study as well as the study objectives. The Chapter will also present and explain limitations of the study. Finally, in order to assist the reader to appreciate the structure of the study, the chapter provides a detailed outline.

1.2 Problem Statement

According to a study conducted by the Centre for Financial Regulation and Inclusion (Cenfri (2013), there are different layers of informality within the funeral sector perpetuated by various layers of regulations with respect to the health regulation, financial services regulation and the regulation that applies to small businesses. This suggests that the funeral industry is governed by many pieces of regulations administered by different government departments. The statutory bodies which govern this sector were operating in silos as opposed to working jointly to regulate the industry.

The researcher was of the opinion that the lack of effective regulations and the informality of the funeral sector would allow many undesirable practices to flourish in this industry. For instance, during the National Cemetery Conference held in Durban, 2007; Mthembu (2007) highlighted that nearly 200 undertakers in the greater Ethekewini Municipality were operating illegally and flouting regulations.

The fluidity of the funeral industry called to question if the businesses operating as funeral undertakers were in fact aware of the various regulations that govern the funeral industry, and whether they complied with those regulations or not.

1.3 Focus of the study

The study aimed to investigate the level of awareness regarding the existing regulations governing the funeral sector, and the extent to which the existing funeral undertakers complied with the regulations.

1.4 Motivation of the study

It was envisaged that the study would primarily inform the Ethekewini Municipality about the effectiveness of regulations evidenced by the level of awareness of such regulations by the funeral industry practitioners. Such research data would enable the Ethekewini Municipality to scrutinise the funeral industry with a view to formalise it and ensure strict adherence to regulations by licensed funeral undertakers.

Secondary beneficiaries of this research would be the different Government Ministries responsible for the multiple pieces of regulations governing respective aspects of the funeral industry. Issues of interest to them would include, among others, the question as to whether to harmonise policies across departments, monitoring and effective implementation of policies.

Finally, it was envisaged that this kind of research would raise awareness and warn both registered and unregistered funeral undertakers of the possible changes that may be on the cards to ensure proper regulation of the industry.

1.5 Research objectives

The objectives that guided the study were:

1. To establish if funeral undertakers were aware of the regulations imposed on the funeral sector;

2. To assess the funeral undertakers' views on how regulations impacted on their businesses; and
3. To establish if the funeral undertakers complied with the regulations governing the funeral industry.

1.6 Limitations of the study

1. The first limitation is that in the Yellow-Pages (2015b) where we identified 158 funeral undertakers listed under Durban, KwaZulu-Natal, the list was not conclusive. We were aware that there were a considerable number of operational undertakers in this area but these were not listed in the Yellow Pages.
2. The second limitation was budget constraints such that we could not deploy more than two fieldworkers and allocate more time to reach the far-flung areas of Ethekewini Metro, as listed by the Ethekewini Health Map (Appendix 8).

1.7 Structure of the dissertation

Chapter 1 introduces the report by explaining the purpose, focus and the motivation for the study. The problem statement together with the research objectives are given and the limitations of the study are explained.

Chapter 2 provides a literature review in which a macro analysis on politics, economy, social, technology, environment and a legal analysis are presented. This is followed by an analysis of the micro environment with its strengths, weaknesses, opportunities and threats characterising the funeral sector. An analysis of the competitive nature of the funeral sector is presented with respect to the competitive rivalry, threat of new entrants, threat of substitute and the bargaining power of suppliers and customers. Finally, against this background, an international comparison is provided, with a specific focus on the United States experiences.

Chapter 3 describes the methodology that was followed to address the research objectives of the study. The research design, data gathering instruments, sampling, data collection and analysis are all discussed. Procedures for ensuring ethical research and ethical use of research are discussed.

Chapter 4 presents the findings and the discussion of the findings in relation to the literature framework previously presented.

Chapter 5 presents a summary of the findings and the conclusions reached by the study.

Based on the research findings, the report closes with a set of recommendations.

The summary of the outline is presented below:

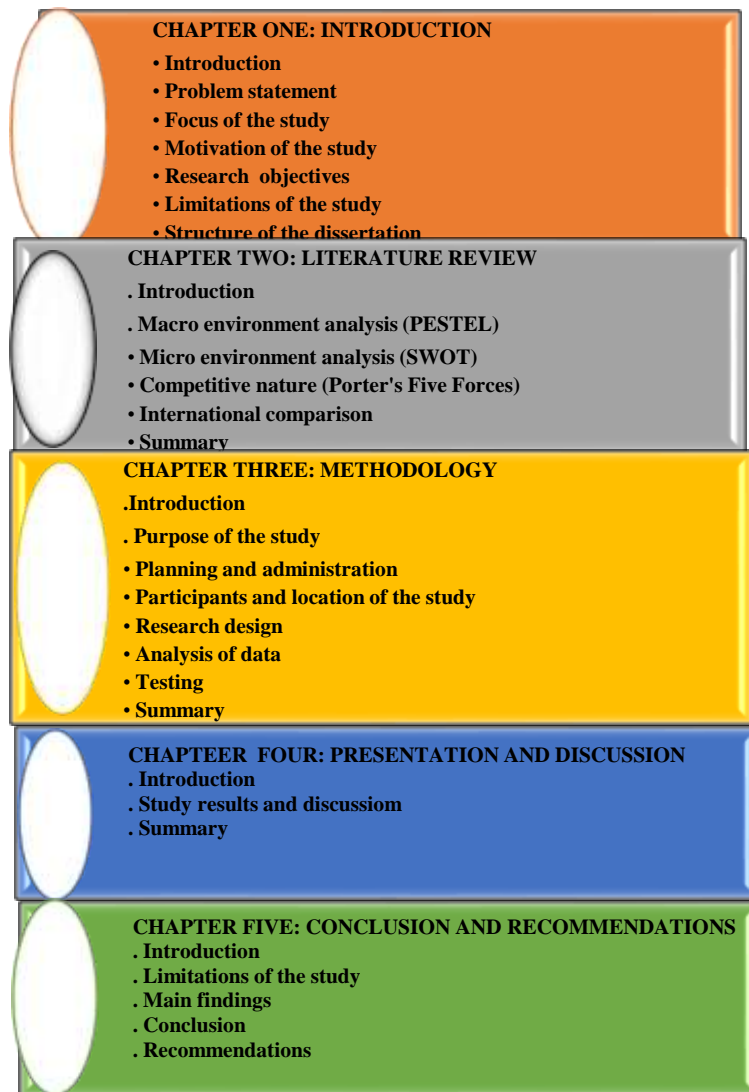


Figure 1.1: The outline of the dissertation

1.8 Summary

While the industry and the broader public are calling for change in the funeral industry due to a lack of effective regulations which cause informality, in the next Chapter a literature review to investigate the current regulations within the funeral sector is presented.

Chapter 2

LITERATURE REVIEW

2.1 Introduction

A research study conducted by the Centre for Financial Regulation and Inclusion, (Cenfri, 2013), highlighted the nature of informality in the South African funeral market by specifically focusing on the insurance informality aspects and the implications of formalising this market through being compliant with relevant insurance regulations. While that prompted this particular study, the research covers the entire funeral sector using the Conceptual Framework depicted by Figure 2.1 below to investigate government regulations imposed by various regulatory bodies on existing funeral undertakers operating within the Durban metro.

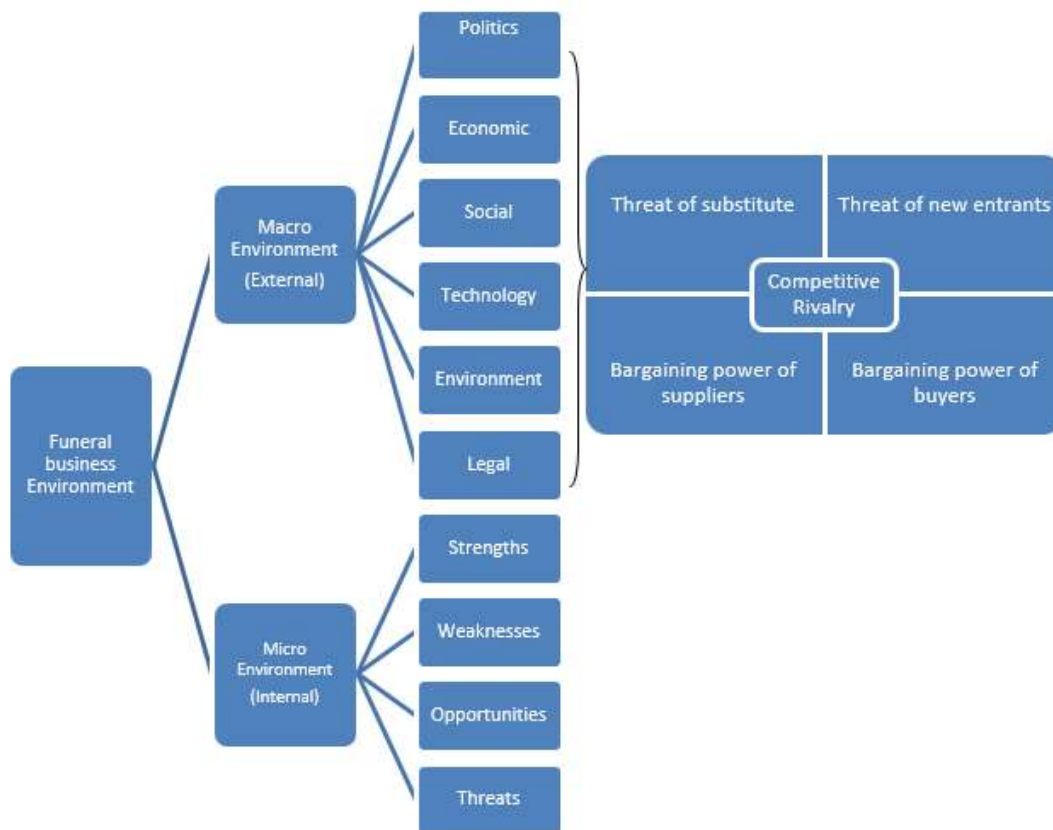


Figure 2.1: The Conceptual Framework of the Funeral Undertaker Environment

Researcher's created diagram

For the purpose of this study we adopted the view of the ‘Draft Gauteng Funeral Industry Regulatory Bill’ (Province_of_Gauteng, 2014) which defines a ‘funeral business’ as that which handles “the arranging of burials or cremations and management of human remains” whilst the ‘funeral industry’ is described as that which includes funeral undertakers and mortuaries; cemeteries and crematorium; manufacturers of funeral products; transporters of human remains; and suppliers of funeral goods, embalmers, funeral directors, or any other prescribed occupation or undertaking. Even though we speak mostly about the funeral industry, we refer to it as a funeral sector since the scope has been broadened to include the insurance division which has been left out of the definition of the funeral industry. However, the major concern of our study is with funeral undertaking businesses or service providers, commonly referred to as funeral undertakers.

2.2 Macro Environment Analysis

In an attempt to investigate the impact of government regulations in the funeral sector, we conducted a macro or external environment analysis whereby we specifically looked at Politics; Economic; Social; Technology; Environment; and Legal (PESTEL) factors which influence the existing funeral undertakers.

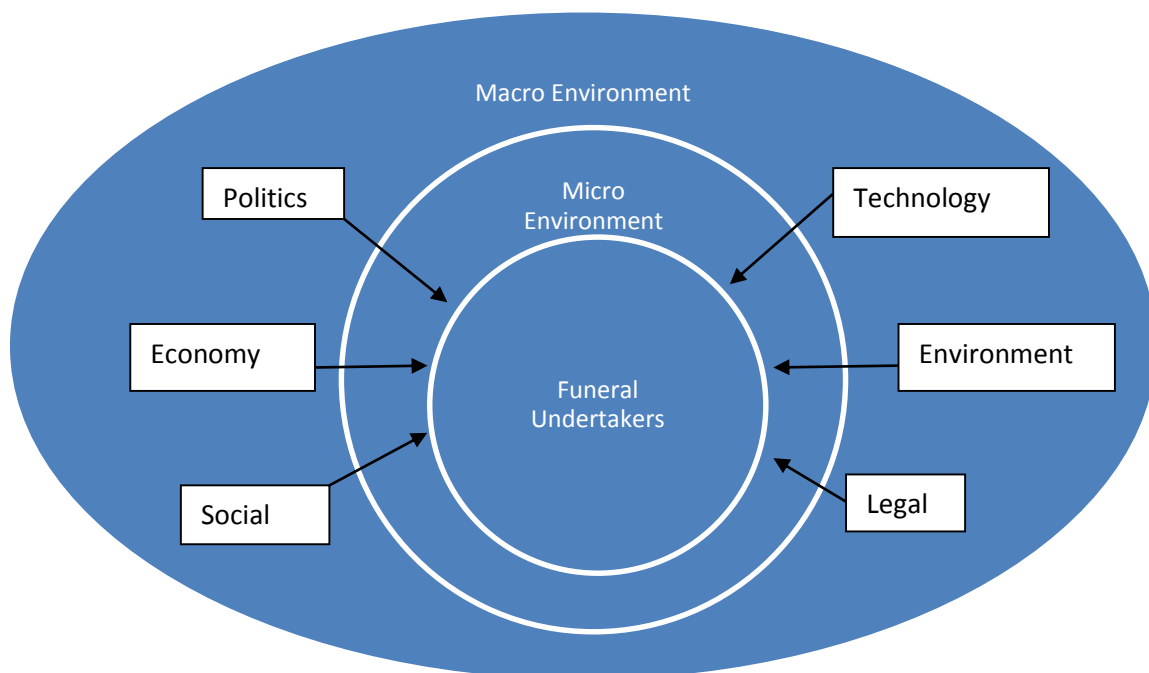


Figure 2.2: Macro Environment Analysis

Researcher’s created diagram

2.2.1 Politics

Section 152 and 153 of the Constitution of South Africa (Constitutional_Law, 1996) gives mandates to local or provincial governments to promote social and economic development within their jurisdictions. This effectively assumes that all nine provinces of this country and their respective local governments or municipalities will have different developmental needs and duties within their localities. In line with this policy, the Durban, EThekweni Municipality reaffirmed its commitment in the journal article, EThekweni_Municipality (2001), to promote social and economic development in the informal economy, even though to date there is still no comprehensive policy document on the funeral industry or funeral sector. As it stands, the sector is regulated in piecemeal due to a lack of synergies within the various statutory bodies which govern different pieces of legislations applying only in their jurisdictions. The Gauteng Province seemingly were the first to respond to this lack of synergies by issuing a Draft Gauteng Funeral Industry Regulatory Bill which was subsequently followed by the Provincial Gazette as a standard procedure calling all interested parties and organisations to comment on the Draft Bill (Province_of_Gauteng, 2014). However the Bill has not been enforced yet as it was initially received with mixed emotions from industry players like the Funeral Federation of South Africa (FFSA), an association which represents the interests of three organisations namely the National Funeral Directors Association (NFDA); the South African Funeral Practitioners Association (SAFPA); and the Independent Crematoriums of South Africa. According to Benjamin (2012), all named associations seem to share the same opinion that the Bill is unconstitutional and will push up the costs of funerals since it requires, amongst other things, that all coffins conform to South African Bureau of Standards (SABS). Furthermore, the Secretary General of the FFSA believed that there was no justification for the stringent Bill given that there is neither a statistically reliable research with empirical data conducted on the funeral profession, nor any evidence of abuse on a scale that would justify the proposed legislation. Nevertheless, there was a research study conducted by Cenfri (2013) immediately after the National Treasury issued 'The South African Micro-insurance Regulatory Framework' which was set to be the game changer for most funeral undertakers as they provide funeral policies in respect of funeral benefits.

However, the study conducted by Cenfri (2013) highlighted the nature of informality in the funeral sector, which they believed was perpetuated by the various layers of impunity in regulations and they were calling for the formalisation of this sector, bearing reference to Section 3 of the Microinsurance Regulatory Framework. This framework requires, amongst

other things, that all entities which currently provide insurance without any form of licence must register as a Microinsurer lender by either individually obtaining a Microinsurance licence; or underwriting with a registered insurer and becoming an Intermediary; or even by joining or partnering with other service providers in order to obtain the Microinsurance licence. However in the mist of all, according to Ramutloa (2013), the Minister of Labour issued a Government Notice during October 2013 bearing reference to “Investigating the funeral sector with the intention of establishing the sectoral determination” which they believe is the only way to formalise this sector, by professionalization and ensuring labour compliance.

2.2.2 Economy

Abrahams (2011), the Chief Executive Officer (CEO) of the Insurance Sector Education and Training Authority (Inseta) estimated that almost R5 billion is spent on funerals annually in South Africa, however this should be extremely difficult to measure because there is an element of informality in the funeral sector. However, as it stands the distinguishing factor between a formal and an informal sector still remains an academic debate. In the South African Business Review by Unisa (2006), the informal sector escapes the official estimates of income due to unregistered and unrecorded economic activities that are carried out in the business. Statistics South Africa (StatsSA, 2014) describes the informal sector as that which includes all businesses that are not registered for Value Added Tax (VAT) but are registered for Income Tax. This definition somehow tends to suggest that all the records of the informal sector businesses in South Africa are recorded under the Income Tax. However, this is highly unlikely because not every informal business owner or vendor declares their business income with the South African Revenue Services (SARS). What this effectively means is that personal entities like salons; spaza shops and/or partnerships which are not registered with the Companies and Intellectual Property Commission (CIPC) as either a Close Corporation (CC) or as a Company as defined by the Companies Act No 71 of 2008, their business income is only taxable under the respective owner’s income which will therefore form part of their Income Tax even though there is still no guarantee that they always fully declare for income tax purposes all the income received from such entities. Therefore, looking at both definitions and the nature of informality in the funeral sector, we can confirm that not all funeral undertakers are registered with CIPC. Thus, some do escape the official estimates of their income received and would therefore form part of the informal economy. It is important to note that in the South African Business Review and

StatsSA both agree that the informal economy does play a very important role in the South African economy with respect to the generation of income and creation of employment opportunities, especially for the unemployed South Africans. As a result, the Ethekewini Municipality (2001) acknowledges the importance of the informal economy in contributing to the economy and social life of people in Durban.

Gross Domestic Product

According to StatsSA (2015), during the first quarter of 2015, the Real GDP increased by 1.3 per cent quarter-on-quarter if compared to the previous first quarter of 2014 which had decreased by 1.6 per cent. The most notable performances of industries which have contributed to this increase in the Real GDP is mainly due to Finance, Real Estate and Business Services which actually climbed up drastically by 2.7 per cent year-on-year.

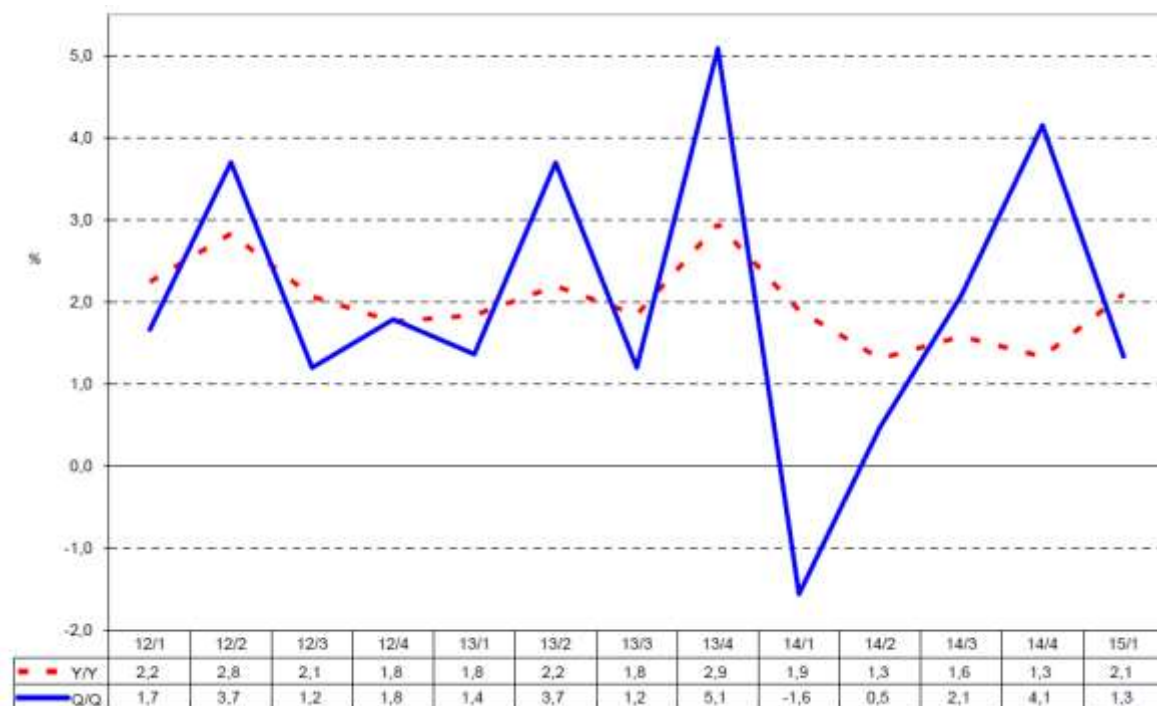


Figure 2.3: Gross Domestic Product, First Quarter 2015, StatsSA (2015)

The implication of the most notable performances of the financial and business services, which increased drastically the GDP, indicates that the formal part of the funeral sector would also have contributed to this increase in GDP.

Employment vs. Unemployment

The International Labour Organisation (ILO, 2015) has ranked South Africa amongst the countries which have the highest rate of unemployment in the world, with the projections that the unemployment rate would be 25.0 per cent for the year 2015 and it was estimated to decline by at least 0.1 basis point year-on-year thereafter in 2016: 24.9 per cent; and 2017: 24.8 per cent even though this rate still remains high. However Statistics South Africa, (StatsSA, 2015) released their actual performance results of the first quarter of 2015 which indicated that the unemployment rate is actually higher than the projected 25.0 percent and instead stood at 26.4 per cent for the first quarter of the year 2015 and this has shown a marginal increase of 1.2 per cent when compared year-on year to 25.2 per cent of the previous year 2014. Even worse is the situation when comparing quarter-on-quarter which results into a gradual 2.1 per cent increase.

	Jan-Mar 2014	Oct-Dec 2014	*Jan-Mar 2015	Qtr-to-Qtr change	Year-on- year change	Qtr-to-Qtr change	Year-on- year change
	Thousand			Per cent			
Population aged 15–64 yrs	35 177	35 643	35 799	155	622	0,4	1,8
Labour force	20 122	20 228	20 994	766	872	3,8	4,3
Employed	15 055	15 320	15 459	140	405	0,9	2,7
Formal sector (non-agricultural)	10 780	10 911	10 796	-115	17	-1,1	0,2
Informal sector (non-agricultural)	2 336	2 448	2 483	35	147	1,4	6,3
Agriculture	709	742	891	150	183	20,2	25,8
Private households	1 231	1 219	1 288	89	58	5,7	4,7
Unemployed	5 067	4 909	5 535	626	468	12,8	9,2
Not economically active	15 055	15 415	14 805	-611	-250	-4,0	-1,7
Discouraged job-seekers	2 355	2 403	2 397	-6	42	-0,3	1,8
Other (not economically active)	12 700	13 012	12 408	-605	-292	-4,6	-2,3
Rates (%)							
Unemployment rate	25,2	24,3	26,4	2,1	1,2		
Employment/population ratio (absorption rate)	42,8	43,0	43,2	0,2	0,4		
Labour force participation rate	57,2	56,8	58,6	1,8	1,4		

Table 1: Key Labour Market Indicators (StatsSA, 2015)

As the debate still remains whether or not the funeral sector forms part of the formal or informal sector or maybe both, the labour market indicators revealed that for the first quarter of 2015 the labour force employed by the informal sector drastically increased by 6.3 per cent when compared year-on-year whilst the formal sector increased slightly by 0.2 per cent for the very same period. StatsSA further qualified this by saying that even though the informal sector is relatively small in relation to the bigger picture of the South African economy, it still provides a very important employment option for many who would otherwise be unemployed as it

contributed at least 20% of the total employment in KwaZulu-Natal (KZN) during the second quarter of 2014, according to the Labour Market (StatsSA, 2015).

Formal vs. Informal

In an attempt by the Centre for Financial Regulation and Inclusion, (Cenfri, 2013) to further explain the nature of informality in the funeral sector, reference was made to the international literature which defines three types of economic informality namely:

- i) *Business Informality* which refers to whether or not the business is registered with the CIPC in terms of the Companies Act and, if so, if they are legally compliant with all relevant legislation including paying for VAT or Income Tax according to their income threshold or form of entity respectively.
- ii) *Employment Informality* which refers to nature of the working relationship between the business and its personnel; whether or not the staff is legally registered for the Unemployment Insurance Fund (UIF); or the Compensation Fund for Occupational Injuries and other related benefits. If so, it enquires if the business follows all protocols of the Basic Conditions of Employment Act (BCEA) and the Labour Relations Act (LRA).
- iii) *Functional Informality* refers to the type of economic activity that the business renders. This includes functionality as a business which by its very nature is not supposed to be operating unless they are authorised to do so upon their functional viability (Cenfri, 2013).

Therefore looking at these three definitions or types of economic informality, reference can be drawn to some funeral undertakers like those referred to as ‘fly-by-nights’ or ‘suitcase operators’ since they do not own any permissible premises for running their operations, they automatically render their businesses informal based on functionality. This may be so, even though they might still be compliant with the other two formalities of business meaning that they might still be registered as a CC or a Company under the old or new Companies Act or even employ staff and register them for UIF. The fact of the matter is that, by definition of functional informality, their businesses are not legal or authorised to undertake that business. However, since 2006 the funeral sector has not been subjected to the sectoral determination of wages, according to the Minister of Labour, which somehow highlights the employment informality of this sector. This is why recently the Department of Labour has shown interest

in investigating the funeral sector by holding public hearings across the provinces with a view to establish the number of funeral operators; how many people they employ; and salaries paid to the employees. The Department's intentions were stated clearly that they wanted to clean up the industry by professionalising it and ensuring that it complies with trading and labour laws of this country (Ramtloa, 2013). It is hoped that when the exercise is completed, it might bring certainty in the South African economy and the size of the funeral sector and its contribution to the economy can then be estimated.

2.2.3 Social

The Centre for Financial Regulation and Inclusion believes most funeral undertakers play a key social role in their local communities more especially among the Black, Coloured, and Indian communities. They believe most funeral undertakers are valuable to their communities as they insure poor South Africans against the social burden of financial constraints when dealing with untimely deaths (Cenfri, 2013). What also makes funeral undertakers to be socially inclined is that they offer flexible and more affordable funeral policies with no stringent joining requirements when compared to other large commercial insurance companies such as Metropolitan, Old Mutual, and Assupol. In addition to the flexibility of these funeral policies offered by many funeral undertakers, they include cover for both the main member and their immediate family as well as extended family. This appeals to, and common amongst, most Black, Coloured, and Indian communities since it is not rare to find within their family structures that there is only one breadwinner who takes care of the entire family, sometimes even including the extended members of the family. It is only after the birth of the Microinsurance regulatory framework that we have witnessed some of the large commercial insurance companies like Sanlam realising the potential in these funeral policies targeted at the low-income earning bracket, which most funeral undertakers have always managed to capitalise on. Also, funeral undertakers play a very important social role in that they also offer discounted packages to burial societies usually formed by local communities or structures. For example, the Old Apostolic Church (OAC) many years ago formed a church burial fund or society whose main purpose was to assist families within their congregation in the case of untimely death since not every family had reserved large cash waiting for emergencies such as death (Hougaard, 2012). Most of the time church pastors or leaders were amongst the first people to be informed about a death and in many instances they were compelled to assist

financially in the case of destitute families. So, the church saw it prudent to rather urge their church members to regularly make small contributions in favour of the burial society in the event of death in the family. Furthermore, since burial societies are responsible for collecting all the money contributions, some do prefer to immediately hand it over as a credit to their respective funeral undertakers for them to render a funeral service in the case of any death among the members of such society (Hougaard, 2012). Most funeral undertakers choose to cooperate with their respective communities in helping destitute families, not even realising that according to The King III Report drafted by The_King_Committee (2009), all companies need to ensure that their businesses are seen to be a responsible corporate citizen by fulfilling their corporate social responsibility (CSR) and that is either they comply or explain. In other words, it is expected that at times a funeral undertaker would voluntarily provide a free funeral service to a destitute family as part of its corporate social responsibility.

2.2.4 Technology

Since 2008, we have witnessed a lot of advancement in technology within the funeral sector following the discussion paper issued by the National Treasury titled ‘The future of Micro-insurance Regulation in South Africa’ (Department_of_National_Treasury, 2008). Here the Minister was calling for regulatory reformation in the Microinsurance landscape due to some illegal practices experienced. The illegal practices included the failure by some funeral undertakers to keep proper insurance records, and failing to store them for a period prescribed by the Financial Advisory and Intermediary Services Act 37 of 2002 (FSB, 2008). However, what affected most funeral undertakers is that as the operation gets bigger it becomes more difficult to ensure effective management of the records of all policy holders. This has been the main reason why there has been an incline in the number of administrators offering web-based data management systems that promise to effectively store and manage the policy documents online, and any other relevant information needed off the business premises such that users are better able to access the information anywhere and at any time needed via the world-wide-web (www). For example, Long Life Administrators, who have recently been bought by the Old Mutual Group as one of their administration system providers, subsequent to the acquisition the system is now called the Old Mutual Funeral Administration and Management System (OMFAMS). Their belief is that this web-based management system would allow funeral undertakers to be run professionally, and one of their key goals is to make funeral undertakers insurance compliant by bringing them into the information age whereby they have easy access

to reliable information at a touch of a button (Old_Mutual, 2015). Furthermore, Kubheka (2011) believes that most funeral undertakers which were in existence for many years prior to 2011 are lost in transit since no one indicated to them that it is no longer 'business as usual'. The status quo is challenged by the dire need for compliance, meaning that most funeral undertakers can integrate themselves with the world of regulations and formally-guided business and the only way to do so will be to use technology to advance their systems.

2.2.5 Environment

The Constitution of South Africa provides that everyone has a right to an environment which is not harmful to the well-being of any human kind. For this reason, the Ethekewini Health Unit is responsible for the environmental affairs which include monitoring the compliance of funeral undertakers operating within the Durban metro. The unit ensures that these funeral undertakers comply with the health regulations relating to the management of human remains. According to Section 3 (1) of the National Health Act (NHA) 61 of 2003 no person is allowed to store, prepare or handle any human remains without having permission to do so from the local health unit, who issues a certificate of competence granting them permission to conduct such activity. Therefore, the Health Department has the designated powers to close down any illegal operators which contravene the Act or cause any health hazards or nuisance (Department_of_Health, 2013). Nuisance is defined as any conduct that causes damage, annoyance, inconvenience or discomfort to the public at large (Ethekewini_Municipality, 2015c). Ethekewini Municipality had discovered that some operators were causing a great deal of discomfort to the public as corpse were piled up due to bulk storage and body fluids or blood was shed amongst these bodies, bringing to question the state of hygiene in such premises and the methods used to dispose of such human waste (Savides, 2007). Furthermore, they learnt that some undertakers connected their drainage pipes to the normal sewage pipes. This is against the law because it results into the water being contaminated with blood and other body fluids. In some rural areas where unconventional methods of recycling the water are used, it then becomes a health hazard. It is therefore important that before a funeral undertaker is established, a proper plan is submitted with the Town Planning Department for the approval of the location and structure of the business by acknowledging that there are no foreseeable health hazards, and to get final approval from the health unit in terms of the Certificate of Competence.

The funeral undertaker would need to comply with the following prescribed minimum requirements, relating to the mortuary premises:

- i) A Preparation room for the deceased;
- ii) Change rooms for staff;
- iii) Refrigeration or Cold room for the deceased;
- iv) Washing and cleansing bay for utensils and equipment;
- v) Washing and cleansing bay for vehicles or hearses;
- vi) Loading and offloading bay for the deceased which is normally placed discreetly from public viewing, normally a back entrance is used (Department_of_Health, 2013).

At the moment not every existing funeral undertaker has mortuary premises. Hence illegal undertakers have mushroomed side by side the ones with premises and required facilities. The challenge faced by the Health Unit is to ascertain whether the funeral undertaker is legal or illegal. So far, the researcher believe the Health Unit has not been successful in clamping down the illegal operators despite the mandate they have been given to clamp down on illegal operators. This is because their major concern is with the environment or cleanliness of the mortuary premises. So, if the funeral undertaker do not have mortuary premises, they are exempted from complying with rules and regulations.

2.2.6 Legal

During the National Cemetery Conference held in Durban, in 2007, it was reported that nearly 200 undertakers in the greater Ethekwini Municipality were operating illegally and flouting regulations (Mthembu, 2007). Some of the regulations referred to are governed by statutory bodies like the FSB; Health Unit; Department of Home Affairs; the Cemeteries and Crematoria Department. Judging by the high number of statutory bodies in place, it is expected that there will be a number of legislations enforced by each body on funeral undertakers even though there seems to be a lack of synergies in such enforcement.

Financial Services Board (FSB)

The legislation enforced by FSB on funeral undertakers is the Long-Term Insurance Act 52 of 1998 (FSB, 2014b) and the Financial Advisory and Intermediary Services (FAIS) Act 37 of 2002 (FSB, 2008). The latter requires that all providers of financial advice or intermediary services must register as financial services providers (FSP) and meet all the compliance requirements under the framework. What this effectively means is that all funeral undertakers that advise or sell funeral policies must be registered with FSB as service providers or intermediaries. However, between 2003 and 2005, the South African Parliamentary Committee on Finance had to intervene after receiving many complaints with respect to abusive or illegal practices in the funeral sector whereby the 'suitcase' or 'fly-by-night' undertakers were being accused of collecting money from individuals or burial societies and subsequently disappearing without fulfilling their promise of providing the services in return (Cenfri, 2013). Furthermore, FSB is against the provision of a funeral service without the option of a cash payment as they believe that this is a fraudulent act since the rand value of services offered is not determined and the consumer cannot compare it with other potential service providers (FSB, 2008). Like the saying goes, unless prices are compared, as a consumer you may never know whether you are paying more or less. In essence, that is the reasoning behind the latest developments of the South African Microinsurance Regulatory Framework or Draft Insurance Bill, as it was established to clamp or prevent illegal practices by formalising informal funeral insurance service providers whilst also facilitating the outreach of the large commercial insurance companies into the lower income bracket market (Treasury, 2011).

Health Unit

The Health Unit enforces the National Health Act (NHA) 61 of 2003 on funeral undertakers by stating that no person shall prepare or store any human remains except on approved mortuary premises in respect of which a certificate of competence has to be issued by the relevant local government and is valid for a certain period until renewed. Moreover, a health inspector may, if convinced that there is a health nuisance on any funeral undertaker's premises or mortuary, thereof issue a written order for the owner or person in charge to stop all activities connected with the handling, preparation and storage of human remains on those premises until such time that the health nuisance referred to has been resolved (Department_of_Health, 2013). It is true, however, that the Health Unit is mostly concerned about the environmental health

regulations involving the mortuary premises of an existing or prospective funeral undertaker by issuing them a certificate of competence which subsequently grants them permission to conduct such business. However, as stated previously many illegal operators do not have mortuary premises whilst they are storing the corpse on the mortuary premises of those who are compliant; or they leave the corpse at the state mortuary or hospital until such time when they have to pick it up normally the day before the funeral when the deceased body is then taken straight to its respective home. Other times the body is picked up on the actual date of the funeral, thereby flouting the regulations or by-passing the system; and sadly the health unit has not been able to succumb such impunity.

Department of Home Affairs

The Home Affairs Department enforces the Births and Deaths Registration Act 51 of 1992 which has been amended several times, with the last amendment effected in 2010 and regulations revised in February 2014 (Department_of_Home_Affairs, 2014). However, for a very long time there has been barely any reference towards funeral undertakers in the Act even though Part C of the old BI-1663 or the Notification Of Death/Stillbirth Register still required particulars of a funeral undertaker and their respective designation number which is only granted by the Home Affairs after assessment. In fact, most funeral undertakers play a very important role in the completion of the notification of deaths register, equally so as the medical practitioners who actually confirm the death and this information is also used by Statistics South Africa for statistical purposes to report on mortality and causes of deaths nationally (StatsSA, 2013). Recently, various changes have been made within this department following the revised regulations in February 2014. For example, the Act now defines a 'Funeral Undertaker' as any person who is designated as such under section 22A of the Act; the introduction of the new DHA-1663 which replaces the old BI-1663 which used to be only two pages in length now 4 pages in total; the introduction of the new Burial Order DHA-14 replacing the old one; but more importantly is the introduction of the DHA-1774 which is the new 'Application Form for Designation as a Funeral Undertaker'. This form corresponds to Section 29 of the new Act, and it requires that an application by a funeral undertaker to have a designation number must be lodged with the Department of Home Affairs upon submission of the following documentation: a valid certificate of competence issued by the relevant municipality; a copy of the tax clearance issued by the SARS; a business licence assumed to be the proof of registration with Companies and Intellectual Property Commission (CIPC) or

the old Companies and Intellectual Property Registration Office (CIPRO); and proof of registration with any federation or association of undertakers. The latter requirement came as a shock as funeral undertakers were never compelled or urged to join any federation or association of undertakers. It was further mentioned that the Director General may withdraw the designation of a funeral undertaker if they are convinced or satisfied that the undertaker has not complied with any of the provisions of the Act (Department_of_Home_Affairs, 2014). Given that this came soon after the recent revisions of the Act, it can be interpreted as an attempt to strengthen the regulations or enforcement of the Act. Despite these attempts, most of the illegal operators still use services of a designated funeral undertaker or any other legal operator to store corpse on their mortuary premises (Savides, 2007). Thus the legal operators appear to condone the mushrooming of the illegal operators. Regarding the registration of deaths, the same legal operators charge a combined fee for both storing the corpse and also handling the registration of death with Home Affairs on behalf of illegal operators. This distorts the system.

Cemeteries and Crematoria

As previously mentioned, the Constitution of South Africa gives mandate to the local government to promote social and economic upliftment within the boundaries of their jurisdiction. This is further confirmed by the Municipal System Act 32 of 2000 (Local_Government, 2011) which empowers municipalities to move progressively towards developing the municipalities. Therefore, the KZN Cemeteries and Crematoria Act No.12 of 1966 empowers the Ethekwini Municipality to enforce the Cemeteries and Crematoria By-Laws. Ethekwini Municipality has recently released a final draft of the new By-Laws of 2015 (Ethekwini_Municipality, 2015a). It is interesting to note that there is still nothing yet mentioned about the registration of funeral undertakers in particular even though a 'Public Notice' with reference to the 'Registration of Funeral Undertakers, Stone Masons and Cemetery Maintenance Contractors' was first issued during the year 2012, again in 2015 and was meant to be effective at the beginning of the year 2016 (Appendix 12).

However, it can be confirmed that four (4) years later from the date this public notice was first issued by the Cemeteries Department for funeral undertakers to register with the department but still there has not been any enforcement of this registration. Furthermore, nothing is mentioned about this in the final draft of the Cemeteries and Crematoria By-Laws released in

2015. There are other significant changes, for instance, the type of coffins permitted for burials has been changed from being softwood or any other perishable material to biodegradable and environmentally friendly type of coffins (Ethekwini_Municipality, 2015a).

2.3 Micro Environment Analysis

In an attempt to investigate the impact of government regulations in the funeral sector, we conducted a micro or internal environment analysis to identify some of the strengths; weaknesses; opportunities and threats encountered by existing funeral undertakers.

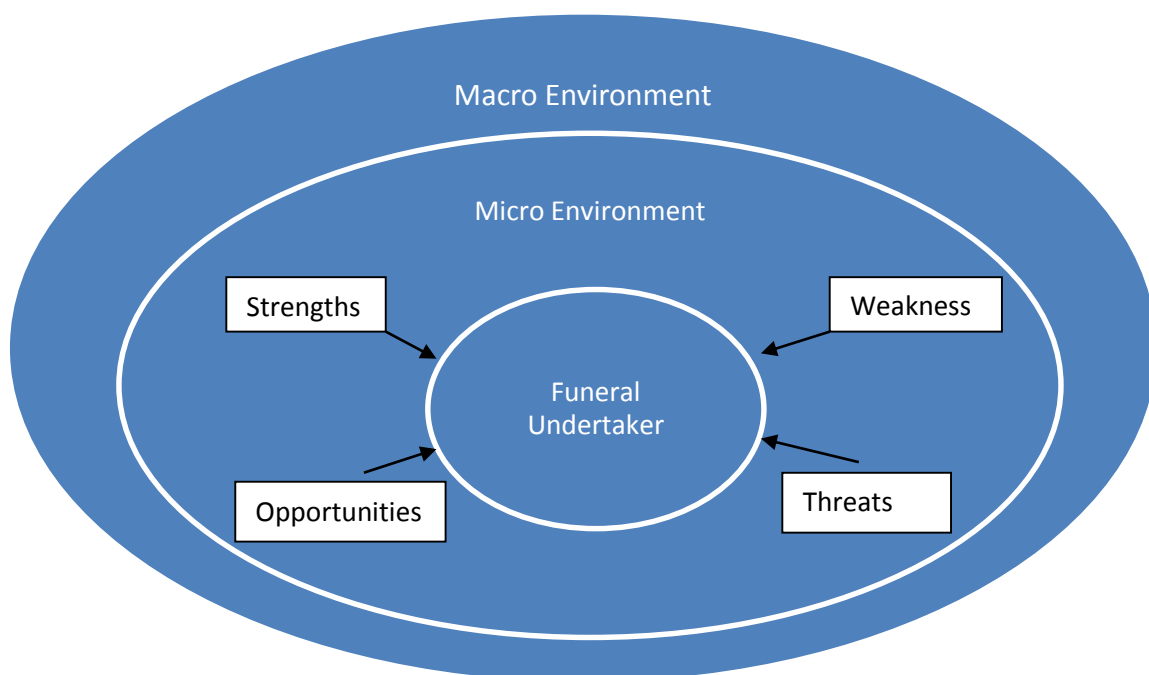


Figure 2.4: Micro Environment Analysis

Researcher's diagram

2.3.1 Strengths

According to the Bill of Rights every person has a right to life and the right to have their dignity respected and protected at all times whether living or dead; but what is even more important is the right to live in an environment that is not harmful (Constitutional_Law, 1996). It is for such reasons that funeral undertakers should play a key role in protecting the environment by conducting burials or cremations in environmentally friendly ways whilst allowing for the decomposition of corpse to be done in a respectable and dignified manner. The Government cannot ignore the important role funeral undertakers play within the communities they serve.

For all existing funeral undertakers, it is a clear strength that there is an undying need for burials or cremations, at least up until alternatives for burials or cremations not requiring the services of funeral undertakers are found. Most undertakers play a crucial role in the social cohesion within the communities they live. For example, some funeral directors have been actively involved in their local churches. These include, among others, Mr. Celani Musa Mervyn Dumisa who is the founder and Managing Director of Celani Funeral Services but also renders his services as a Lay Minister of St. Augustine Church in Umlazi following the footsteps of his late father, Mr. Patrick E.R. Dumisa (Natal_Anglican_News, 2006), and Mr. Philani Sibusiso Gama, founder and Managing Member of Gama Classic Funeral Services, who is also a Pastor at New Christian Fellowship Church (Umlazi_Eyethu, 2013). However, besides funeral directors being actively involved in their local church ministries as an attempt to further strengthen their relationship with local communities; most funeral undertakers already have a tight relationship with their communities through burial societies, as mentioned previously. These societies are either managed in-house, whereby their financial records or books are held by their respective funeral undertaker, or managed independently through their own structures of management. In both scenarios the undertaker promises to provide them with funeral services in the case of death of any burial society member thereof. The strength of the social cohesion is further affirmed by how the business responds to calls for assistance, be it financial or in kind as it is normal for a local ward councillor to approach a certain funeral undertaker for assistance with a funeral or donation in the case of a destitute family that cannot afford to bury their loved ones. As said above, undertakers sometimes voluntarily assist such destitute families living within their respective communities as part of their corporate social responsibility.

The Department of Labour conducted investigations in the funeral sector with the intention to further strengthen the regulations. This sends out a positive signal that finally the Government is taking interest in the funeral sector. This could be welcomed by many funeral undertakers hoping that such interventions would ultimately discourage fly-by-nights or illegal operators from easily accessing this sector, as it has been over the years. However, the existing funeral undertakers are also mindful of the threats which might come with such stringent labour regulations, as we discuss under threats.

2.3.2 Weaknesses

For many years, the funeral sector has been accused of being corrupt. Despite numerous calls by the industry experts and funeral directors to regulate the industry, the Government has been

accused of turning a blind eye (Mbongwa, 2005). It is believed that the reason why the sector has attracted so many fly-by-night operators is because of the less stringent regulations (Majova, 2005). As early as 2005, there was confusion with regards to which body should regulate this sector amongst the various statutory or regulatory bodies. The Department of Trade and Industry (DTI) stated that the Constitution clearly provides that cemeteries, crematoria and funerals are an exclusive provincial matter and would therefore need to be dealt with at a provincial level (Chibba, 2005). However in 2007 yet again there was still similar confusion as to whether the funeral sector forms part of the jurisdiction of the cemeteries department or the health department. Subsequently, the health department was mandated to inspect the existing funeral undertakers and they estimated that about 80 undertakers were legally operating with 150 more illegally operating; and out of the 80 legal funeral undertakers 85% of them still contravened some regulations claiming not to be aware of any regulations (Savides, 2007). Some of the 150 illegal operators were storing their bodies in the legal operators' facilities thereby flouting regulations and indirectly condoning the mushrooming of illegal operators, resulting in bodies piling up in the cold storage of the legal operators due to bulk storage (Savides, 2007).

The Department of Labour noted that information relating to the number of funeral undertakers in existence, the number of people they employ, and how much they pay them was unknown. In August 2013, they started to investigate the funeral sector with the aim of professionalising the sector and establishing whether or not it complies with the trading and labour laws of the country (Ramutloa, 2013). Part of the campaign was to explore the possibilities of implementing a sectoral determination or minimum wage, if needed (Jones, 2013). It was rather unfortunate that a late attempt by the Provincial Government of Gauteng to regulate the industry after so many years of bidding and lobbying for Government to intervene still raised a furore between the Funeral Federation of SA and the Gauteng Provincial Government. The federation claimed that the Gauteng Funeral Industry Bill was unconstitutional as it contravened the Constitution's assigning of powers to the local authorities in the matters relating to the running of cemeteries and the size of the graves, amongst other things. More importantly, they are convinced that the implementation of the regulations proposed by this Bill would raise the cost of funerals since it requires, amongst other things, that all coffins conform to SABS standards (Benjamin, 2012). Thus, it can be concluded that after the much awaited intervention from Government to combat the fly-by-night operators which seemed to be the only threat or weakness of the industry earlier, but now the industry players are mindful of the changes which come with stringent regulations. They realise that there is a huge

possibility for a sectoral or minimum wage being determined by the labour department and also the adoption of the Gauteng Funeral Industry Bill which requires amongst other things that coffins be SABS approved, something that was not welcomed by many industry players (Benjamin, 2012).

2.3.3 Opportunities

It is said that with every weakness or challenge comes an opportunity. This is true for some legal operators who are indirectly condoning the mushrooming of illegal operators by letting them store their bodies in their mortuary premises and charging them a nominal fee. Even though a few legal operators may be gaining from such adversity, the practice contravenes the health regulations which prohibit bulk storage (Savides, 2007). Furthermore, this is not a sustainable option should the Health Unit finally clamp down on this illegal practice. However, what could be regarded as a sustainable opportunity making trends in the funeral sector is the association of funeral undertakers with Labour Unions; Life Assurance Companies; or Group Scheme Underwriters in the form of acquisition or mergers. For example, the National Union of Metal Workers in South Africa (NUMSA) in 2006 acquired 100% shareholding of DOVES from the famously known insurance industry giants Metropolitan Life (Doves, 2015). Another example of a merger or partnership is for 21st Century Life undertakers who are underwritten by Lion of Africa Life Assurance Company Ltd (21st_Century_Life, 2015). This is evidence that opportunities do exist for strong alliances or partnerships based on the projected market share. Recently, the Old Mutual Foundation Market, a division of Old Mutual Life Assurance Company, has targeted Burial Societies or Funeral Group Schemes for partnerships, promising benefits like Co-Branding. Funeral undertakers or burial societies can duly benefit from using the Old Mutual brand or logo in their marketing campaigns since they have maintained a long lasting brand reputation (Old_Mutual, 2015).

2.3.4 Threats

One of the biggest threats of the funeral sector is that it has attracted many ‘fly-by-nights’ or illegal operators. Most industry players blame the current regulations or lack thereof since anyone can easily set up a funeral undertaking business without registering with any regulatory

body (Jones, 2013). The only time when a certificate of competence is needed is when intending to operate with mortuary premises but other than that anyone can easily become a funeral undertaker. Hence, there has been a surge in the number of funeral undertaking businesses operating even though the number cannot be confirmed. This was identified as a weakness or threat by the Department of Labour which has only recently shown interest on the funeral sector by investigating the possibilities of a sectoral determination. However, the prospect of a sectoral determination can also be viewed as a possible threat as mentioned before, depending on the final outcome of the minimum amount expected to be paid by all employers of funeral undertakers to their respective employees. In most cases though, the challenge experienced by various employers whereby the labour department has determined a minimum amount, are stringent or no flexibility requirements that are embedded with fixed working hours; determined leave pay; a fixed minimum wage per hour or day depending on the nature of the work involved (Ramutloa, 2013). As a result of this, we have witnessed an uproar in the farming sector after the Minister of Labour announced that a minimum wage for farm workers was set to increase from R69 to R105 per day and it was not long thereafter when it was reported that 2000 farm workers were facing retrenchment in the areas of Mpumalanga and Limpopo (Department_of_Labour, 2013). Therefore even though the funeral sector has not yet been subjected to a minimum wage since 2006, it is highly likely that after the completion of the investigations which started in November 2013, and a draft report has been issued by the Employment Conditions Commission (ECC) to the Minister of Labour, the funeral sector will be subjected to a minimum wage. As mentioned, this will pose a threat on the funeral sector.

We have recently witnessed a new trend by Channel Life, the member of the Sanlam Group, diversifying its services and not limiting itself to only providing life assurance covers but also providing funeral services like any other funeral undertaker. This is further confirmed by their advertisement on the Hibiscus Coast Seconds (Appendix 13). We regard this as a forward integration or diversification by the Sanlam Group from their core business which provides funeral and insurance policies as stated on Appendix 13, but also adding funeral services on their list as part of the services being offered now. However, this is not unique as Afrikaanse Verbond Begrafnis Ondernemings Beperk (AVBOB) who are currently self-underwritten, have always maintained the independence between their four divisions namely the Insurance, Funeral, Industries, and Investment divisions, even though they all fall under the same umbrella of AVBOB Mutual Assurance Society (Haasbroek, 2007). This forward integration or diversification by the Sanlam group poses a serious threat on the funeral sector. Should other insurance companies like Assupol, or Old Mutual follow suit, this will ultimately seize the end

of small funeral undertakers as the researcher believes that most working people initially have life assurance covers with these insurance industry giants before opting for additional cover with burial societies or funeral schemes offered by funeral undertakers. In short, we foresee most people seeking no additional cover with funeral undertakers if already they are offered similar funeral services by insurance companies. Perhaps, the only survivors will be those funeral undertakers who have already established strong alliances or partnerships with some of the insurance companies like 21st Century Life and Doves HTG, as mentioned previously.

2.4 Competitive Nature

In an attempt to investigate the impact of government regulations in the funeral sector we looked at the competitive nature of this sector to identify how intense is competitive rivalry; threat of new entrants; threat of substitute products or services; bargaining power of suppliers; and the bargaining power of customers.

2.4.1 Competitive Rivalry

According to an online search on the yellow pages, there are one hundred and fifty eight (158) funeral parlours or undertakers in Durban, KwaZulu-Natal (Yellow-Pages, 2015b).

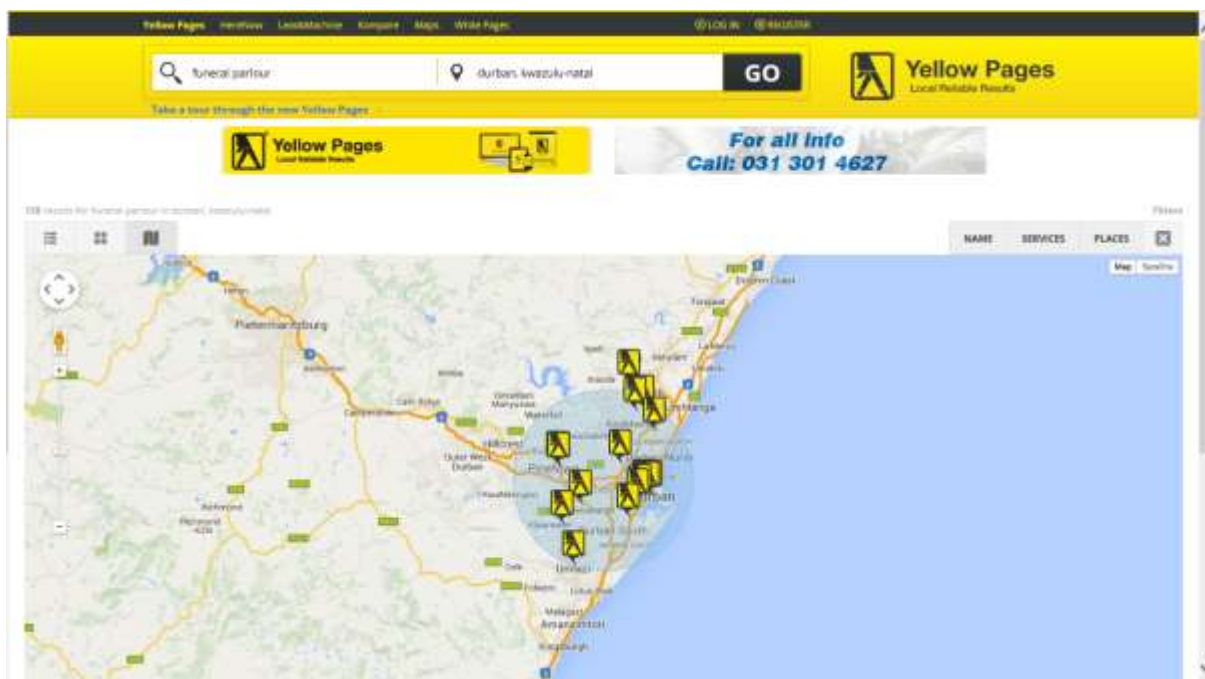


Figure 2.5: Listed number of funeral parlours in Durban, KwaZulu-Natal (Yellow-Pages, 2015b)

Whether or not the listed number of funeral parlours in the said yellow pages represents the correct count of all funeral undertakers operating in the Durban metro and surroundings remains unknown since the industry players also admitted that it is very difficult to estimate the size of the funeral industry since no one has authoritative knowledge of how many funeral undertakers exist (Jones, 2013). The real cause of this problem is that anyone can set up a funeral parlour without obtaining any authority or licence, since the only licence required is when the potential entrant intends to establish or operate with mortuary premises. This is when they will have to get approval from the health department certifying that it will not cause any health nuisance, and grant them permission to operate by issuing them with a certificate of competence (COC). However, as previously mentioned, most of the illegal operators do not have mortuary premises. They simply open up a small administration office and store corpse elsewhere. Some funeral undertakers still sell or advise on funeral policies without the FSP licence or authority (FSB, 2014a). It is for such reasons that the funeral sector is highly competitive in nature simply because a huge number of funeral undertakers operate with or without any form of licence. To make matters worse, some of the operators would even harass bereaved families by touting in and around hospitals or government mortuaries in desperation to obtain business (Mthembu, 2007). However, the industry experts believe this sector is highly attractive because of a high number of deaths in South Africa. It was estimated that there were 620 000 funerals per year (Jones, 2013) but when compared to the actual figures by Statistics South Africa (StatsSA) the total number of deaths that occurred in South Africa during the year 2013 was 458 933; whilst 491 100 and 514 486 deaths were recorded in the years 2012 and 2011 respectively (StatsSA, 2013).

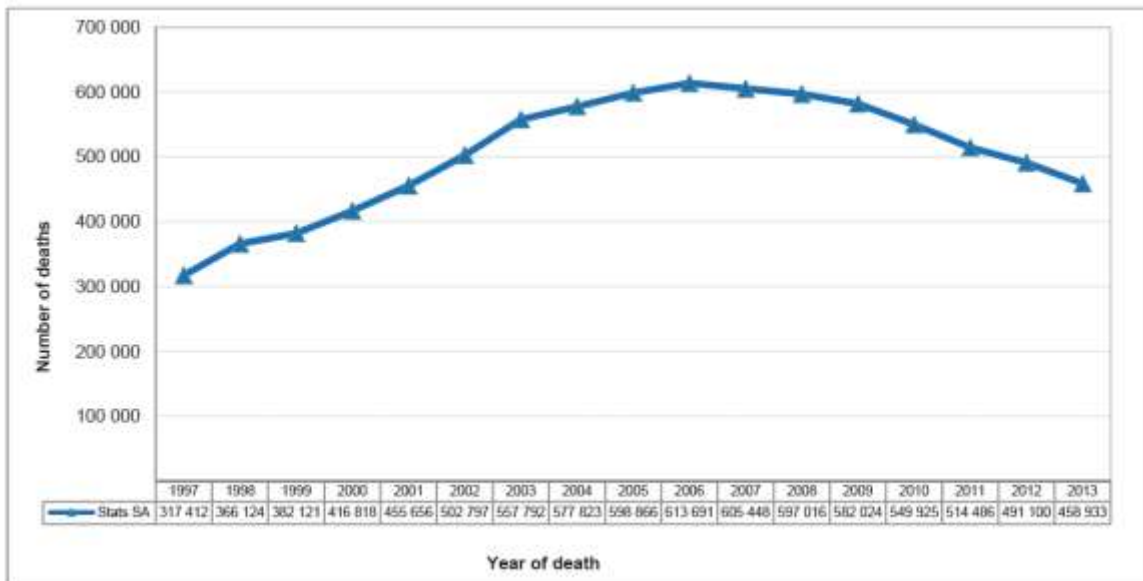


Figure 2.6: A graph representing a number of deaths per year (StatsSA, 2013)

It is evident that the number of deaths seems to be declining over the years even though there has been a surge in the number of funeral undertakers entering this sector. While the exact number cannot be confirmed, it was estimated that in the late 2005 there were roughly about 400 funeral undertakers in total with hundred and fifty (150) of these being legally registered and around 180-250 not legally registered (Majova, 2005). In short, the researcher believe the funeral sector is highly competitive in nature due to a large number of funeral undertakers in operation chasing a few number of deaths which seem to be declining over the years, as revealed by StatsSA. This is the pinnacle reason why competitive rivalry is intense.

2.4.2 Threat of new entrants

Kubheka (2011) compares the funeral sector with the taxi industry or a second hand car dealership whereby both industries or sectors have a high influx of new potential entrants due to low barriers to entry; minimum capital requirement; economies of scale; cost benefit; and minimum experience requirements.

Low barriers to entry

The definition of an ‘entry barrier’ has been a much debated topic in the world of academia with some asserting that it is any form of mechanism used to restrict entry with the resulting

effect of reducing or limiting competition in a particular industry (OECD, 2007). Most governments use statutory or regulatory barriers as a means of limiting competition and discourage potential new entrants from entering the sector. For example, a parastatal organisation like Eskom, which is currently the only power supplier of the country has the monopoly of the power supply market. Eskom enjoys this benefit because government has restrictive barriers to entry by regulating this sector and avoiding competition. This is despite the challenges Eskom has been having recently, which have resulted in load shedding schedules being implemented. In the funeral sector, there have been no significant barriers and many investors had envisaged the funeral undertaking business to be ‘cash cows’. According to ‘The Boston Consulting Group (BCG) Matrix’ (Nutton, 2006) cash cow businesses are those with high profits resulting from high market share but still with relatively low growth rate, and most of the times investment needed is minimal. However, this scenario seems to have changed over the years as most of the long existing funeral undertakers now relate this funeral undertaking business to a problem child, due to a high number of competitors freely entering the market, resulting in a low demand or market share (Nutton, 2006).

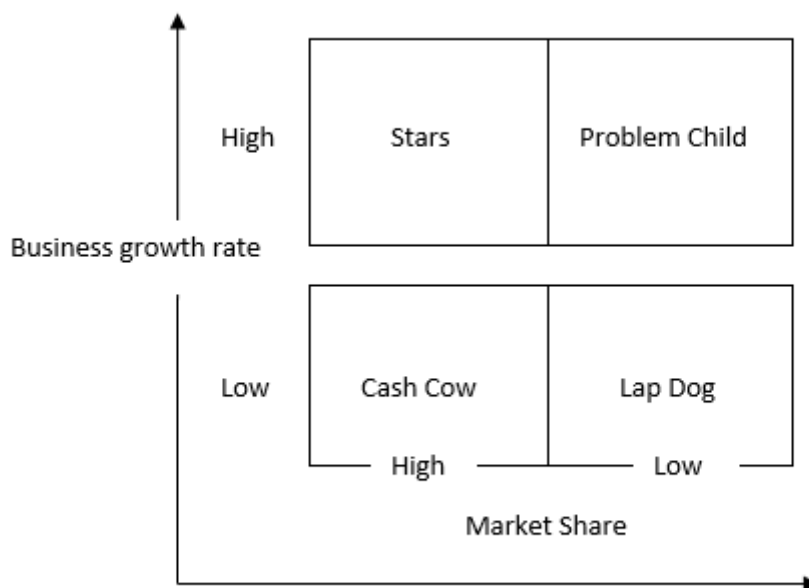


Table 2.2: The BCG Matrix (Nutton, 2006)

In short, an industry with low barriers to entry usually attracts a high volume number of potential entrants which ultimately sees the market share declining in proportion to the number

of existing businesses. This seems to be the problem currently faced by many funeral undertakers which have been in existence for years. Suddenly, their overall income has significantly declined over the years; hence they are now calling for government to regulate this sector so as to limit competition.

Minimum capital requirement

Due to low business growth rate, the investment needed to start up a funeral undertaking business is minimal. This is further facilitated by the fact that not all funeral undertakers have mortuary premises. This explains why there have been so many funeral undertakers since anyone can simply afford a basic funeral administration office while purporting to be a fully compliant business, even though they store their corpse elsewhere. However, the setting up of a fully compliant funeral undertaking business which includes mortuary premises as prescribed by the National Health Act requires a substantial or heavy amount. For example, a Martin Franchise requires approximately R485 000 to R735 000 for setup costs when intending to buy into their franchise, of which at least R150 000 needs to be unencumbered cash, meaning free from any debt, or in layman terms it needs to be cash that comes from the potential investor not borrowed anywhere (SA_Franchise_Warehouse, 2015). The reason why we have witnessed so many funeral undertakers entering this sector is because there is a minimum capital requirement for a start-up funeral undertaking business unless the potential entrant intends to be fully compliant and this comes at a hefty capital investment.

Economies of scale

A term economies of scale refers to the cost advantage reaped or gained as a result of an increase in the scale of operation which ultimately influence the overall output quantity and quality of the service. Simply put, the reasoning behind the concept of economies of scale is that as the scale of the operation grows whilst the fixed costs remain constant, the cost per unit of output decreases. This comes at an added advantage. For example, large funeral undertakers with a significant large number of branches across the country, like DOVES HTG or AVBOB, they are able to gain these advantages based on the economic order quantity agreements with mainstream suppliers due to a high order quantity. On the other hand, the potential new entrants are forced to accept normal pricing since the volumes of orders are expectedly lower and therefore will not qualify for large quantity discounts. Furthermore, AVBOB Industries is one

of the divisions currently supplying all of AVBOB's branches with funeral products including coffins, fittings, tombstones, and all other funeral equipment (AVBOB, 2015). This may be attributed to the benefits of economies of scale. It is therefore clear that having a start-up funeral undertaking business comes at a cost disadvantage when compared to the larger scale operators; unless the potential entrants intend starting big they will never reap the benefits of economies of scale.

Cost benefit

Other than the cost advantages gained as an added benefit of economies of scale, there are other cost benefits that large funeral undertakers have which are not available to new potential entrants, such as preferential treatment from a long standing relationship with a supplier. Such a relationship comes with favourable purchasing conditions like delivery at no cost; or simply having a 30, 60 or even 90 days credit account on purchases. This is something not easily obtainable when the business is fairly new and has no credibility. On the other hand, there could also be a long standing relationship with certain customers which yields cost benefits.

Minimum experience required

Before the 30th of September 2004, starting up a funeral undertaking business did not require any form of qualification or any experience. Only after that date, when applying with FSB to be a Financial Services Provider (FSP), the applicant now needs to declare some level of competency measured by either experience or academic knowledge in order to be deemed fit and proper (FSB, 2008). According to the Financial Advisory and Intermediary Services (FAIS) Act 37 of 2002, the determination of fit and proper refers to either experience gained on the field or knowledge of the advisors as well as their behavioural qualities, which involve honesty and integrity. The said advisors will need to have the competence and operational ability to fulfil their responsibilities according to their respective Category as stipulated by the Act. The same applies to whoever is employed by the said advisor or funeral undertaker. In the case of any employment contract or any other mandatory agreement, they will be regarded as a representative of the said advisor or company and will also need to comply with the fit and proper requirements. However, there has been a misconception that since all funeral policies by law need to be underwritten by a registered Long-term Insurance Company in terms of the

Long-term Insurance Act 52 of 1998, the very same underwriters are also registered as FSPs in terms of the FAIS Act. Therefore funeral undertakers whose funeral policies are underwritten by such Long-term Insurance companies are exempted from registering as FSPs themselves since they are regarded as the representatives of such underwriters even though the Act clearly states that a Representative is any person who renders financial advice or intermediary services on behalf of the FSP, in terms of the condition of employment or any other mandatory agreement. The deciding question, therefore, will be: does the underwriting agreement qualify as a mandatory agreement? If yes, funeral undertakers which are underwritten are exempted from registering as FSPs and can be classified as representatives thereof. Most funeral undertakers which have their own funeral policies or schemes, which market or sell still need to register individually as FSPs and refrain from hiding under the wings of underwriters who claim to be representatives. In short, even though it seems like the Long-term Insurance Act and FAIS Act overlap at some point, but their intention is clearly to hold accountable everyone who is responsible for giving advice or rendering intermediary services, including their representatives. By issuing the fit and proper requirements by FSB, it was a way of setting a minimum experience standard which is expected from FSP's even though some funeral undertakers are selling or advising on funeral policies which have not been underwritten by any registered Long-term Insurance company while they themselves are not registered as a FSP (FSB, 2014b).

2.4.3 Threat of substitute

Since every human being regardless of their ethnicity, gender, religion or sexuality goes through a vicious cycle of being born and ultimately die, there will always be a need for a funeral. However, due to a grave crisis faced by the municipality, there are possible threats of substitute products which may be brought by alternative methods of burials currently being explored in Ethekewini Municipality and the country as a whole (Mbonambi, 2013). Generally, the threat of substitute would be low since the funeral sector is largely undifferentiated in respect of the products or services currently being offered to respective cultures or religions. For example, you will find that with Christians, Muslims, Hindus, and various other native cultures, they differ largely in the funeral ceremony but they still use similar burial or cremation products. This is further confirmed by the Ethekewini Municipality's Cemeteries and Crematoria By-laws which are fairly standard in nature and thereby accommodating all cultures

and religions since their intent is not to discriminate against any culture or religion. Recently, however, there has been an uproar from some of the African communities following the call by the Head of Department, Thembinkosi Ngcobo urging the public to seek alternative ways of burials due to the grave crisis faced by the country. As the country is fast running out of burial space resulting in a shortage of graves, he called for everyone to play an active role in seeking alternative solutions to this problem (Ethekwini_Municipality, 2015b). Furthermore, Cllr. James Nxumalo, the Mayor of Ethekwini Municipality, mentioned that there is a huge land demand in respect of the housing development, agriculture and other infrastructural demands whilst there is also a demand for the development of new cemeteries which makes it a competition battle between the living and the dead. He cited some alternative methods of burials so far identified like the recycling of graves, cremation, and use of bio-degradable coffins or the freeze drying method (Ethekwini_Municipality, 2015b). A study conducted on cemeteries crisis and burial alternatives found that some communities are still oblivious to the alternative methods of burials as they strongly believe in the traditional way of decomposing their loved ones by burying them underneath the ground (Ngcongo, 2005). For the purposes of identifying a possible threat of substitute, we explored the alternatives mentioned above so as to establish whether or not they pose a threat of substitute.

Recycling of Graves

It was reported that during the year 2011, Ethekwini Municipality underwent a massive recycling of graves programme (Mbonambi, 2013). Even though this practice is still not accepted by the masses, it would seem like it has become a common practice in the cemeteries around Ethekwini Municipality. Ekurhuleni Municipality, on the other hand, was under fire since December 2014 after they made an announcement that they would be adopting the same practices (Goba, 2015). The Commission for Promotion of Human Rights of Culture and Religion promised to take the Ekurhuleni Government into court if they persist with these burial changes as they believe that recycling of graves shows disrespect for culture, religion and spirituality (Goba, 2015). Furthermore, the South African Local Government Association (SALGA) supported the Commission's view arguing that all communities have a right to decide on the burial alternatives presented and it is not for Government to make a decision on the re-use of graves. But more importantly, most African communities are against recycling because of a strong belief in rituals and the ancestry. In the case of a recycled grave, a conflict may arise whereby the body of Smith, as an example, is buried on top of Naidoo who also

happens to be buried on top of Mkhwanazi, should at any stage Mkhwanazi wish to perform any family rituals for their ancestors. Many believe that the spirit of the elders who have passed on still lingers on the graves irrespective of the time that has lapsed since they were last buried. For this reason they believe that the bereaved families wishing to visit or perform any rituals for their loved ones should feel free to do so without prejudice (Goba, 2015).

The contrary view maintains that the concept of recycling should not be yielding negative results because all it intended was for the re-use of old graves which have been more than 10 years since last buried (Ngcongco, 2005). However, a quota system or the 'number of burials and capacity of cemeteries' as referred to on the Ethekewini Bylaws was also implemented simultaneously with the process of recycling (Ethekewini_Municipality, 2015a). How the quota system works is that each cemetery has a number of burials or a capacity threshold per week. This means that they can only accept a certain number of funerals per week and this brought another commotion whereby we have witnessed many bereaved families being turned away and informed that they cannot be allowed to bury in that particular week and they should book for the following week during which there could be space. This practice is clearly unacceptable to some cultures or religions whose belief is that if someone died today they will need to be buried, at most, the following day (Ngcongco, 2005). For example, if followers of the Islamic religion were to be informed that cemeteries are full and they cannot bury their loved ones since the cemeteries have reached their capacity for the week, it would be infringing on their rights to exercise their belief. Furthermore, this quota system has intensified rivalry amongst funeral undertakers as it has become a norm that the bereaved families would elect to use the services of a funeral undertaker that is better able to arrange a grave site for them, preferably in the cemetery of their choice. This is where corruption and bribery became more evident as funeral undertakers are forced to pay bribery to cemetery tenants to obtain grave sites (Mbonambi, 2013). As it stands, the recycling of graves as an alternative to burials or substitute thereof does not pose any serious threat to the existing funeral undertakers other than the challenges explained above are yet to conform to this practice. Even though in some places like Ethekewini Municipality the recycling of graves is already taking place, there has not been any major impact as experienced by Ekurhuleni Municipality (Goba, 2015).

Cremation

For many years in Ethekewini Municipality, cremation has been the only real alternative process of decomposing the body, other than a normal burial. Like many priests would say, during a funeral ceremony that 'ashes to ashes or dust to dust' the process of cremation entails reducing

the body remains of the deceased into ashes or dust instead of the traditional means of burying someone underneath the ground and hoping for the body to decompose after a number of years. A case study of 'Ethekwini Cemetery Crisis; Burial Alternatives; and African Urban Communities' revealed that it is actually cheaper to cremate compared to the traditional method of burials as decomposition is fast tracked (Ngcongco, 2005). Another contributing factor towards cremation being cheaper can be linked to the type of coffin specification or requirements stipulated in the Ethekwini By-laws which requires that only an easily combustible cheap wood such as plain deal with no metal nails should be used for cremation (Ethekwini_Municipality, 2015a). Only a coffin which meets these standards can be used in the heated furnace or crematoria. Thus most of the bereaved families will rather hire to avoid buying an expensive casket to be used during the funeral ceremony and later returning it to its respective undertaker. Most of the time, a casket shell will be inserted inside the casket or any other cheap combustible coffin.

The following were some of the views shared by various religious societies in South Africa with regards to cremation being an alternative for burials (Ngcongco, 2005):

- i) According to the Islamic religion they believe that people have two lives whereby the body of the deceased resurrects from the death and if such a body was to be cremated therefore there will be no body to resurrect. In other words, cremation is forbidden by Allah their God since they believe that by setting up people on fire you are punishing them and cemeteries are considered to be a sacred place (Farouk-Alli, 2004).
- ii) With regards to Christianity, nowhere in the bible has there been anything mentioned about cremation except for the quote in the Old Testament (Genesis 3 v 19) which states that as human beings we are made out of dust therefore we shall return to dust from where we come. Somehow, this is assumed to be referring to the traditional method of burial; nowhere in the bible is cremation forbidden. Furthermore, there is nothing mentioned about any form of decomposition to be used for the human remains. Simply put, Christians are not concerned with how the body remains are to be decomposed as the decision lies solely on the bereaved family, but they are more concerned about the soul of the deceased.
- iii) Cremating for most Hindus seems to be a practice which goes a long way back in the days where it was always part of their culture for people attending the funeral to bring some wood for the fire, to assist with the funeral pyre. The pyre was made

out of wood and was used as a structure which was set up for cremation and they would light it up on fire in order to burn the wood and cremate the body. It is expected therefore that most Hindus still prefer cremation as a method of decomposing the body as it forms part of their culture or ritual.

In short, we can conclude that culture and religion plays a very significant role in deciding whether cremation is an acceptable practice or not, more especially with the African communities. Statistics have revealed that in South Africa, a high percentage of whites do cremate whilst only a small percentage of Africans and Coloured communities are in favour of cremation (Ngcongco, 2005). It is clear that until most Africans and Coloured communities are familiar and willing to adapt to processes of cremation, the threat of it being an alternative method of burial or substitute thereof is significantly low. Even though it was reported that 10 years ago not even a single African soul was cremated in the Ethekwini municipal cemeteries but records reveals that more than 100 Africans have been cremated between June 2010 and June 2011 and this tends to suggest that Africans are slowly adopting this alternative method of burial even though there has not been any significant impact of this in the existing funeral undertaking businesses (Mbonambi, 2013).

Biodegradable Coffins

During the Cemetery Conference held in Durban, in the year 2013, it emerged that one of the possible solutions to the grave crisis was the establishment of cost effective and environmentally friendly cemeteries which involves the use of biodegradable coffins which should be SABS approved (Ethekwini_Municipality, 2015b). It seems evident thereafter that Ethekwini Municipality has adopted this eco-friendly approach by amending the wording on their latest By-Laws of 2015 even though this has not been fully implemented yet. Whilst previously the by-laws only permitted a type of coffin made in soft wood or any other perishable material, currently the new bylaws of 2015 state that only a type of coffin constructed in a biodegradable material, believed to be environmentally friendly, is permitted (Ethekwini_Municipality, 2015a). Unfortunately, some people like the FFSA are still not convinced that this is a possible solution to the grave crisis as they are of the opinion that by having all coffins conforming to the SABS standards this will simply push up costs of funerals by R1000 to a maximum of R3000 at most and the ultimate bearer of the rising cost can only be the final consumer -the bereaved families in this case (Benjamin, 2012).

Recently, there has been an increase in the establishment of private cemeteries which are designed to only accommodate environmentally friendly funerals by allowing only coffins made out of woven baskets or basic pine to carry the remains of the deceased. They are then buried under a tree or their ashes are scattered in the cemeteries garden (Preuss, 2015). Whether or not this alternative method of burial will increase or reduce funeral costs as anticipated by the FFSA, is still a debate. The researcher can confirm that it does pose a serious threat on the funeral sector given that the pricing of funerals is set to change even though at the moment the impact cannot be measured since the Ethekewini Bylaws which sanctions the use of such biodegradable coffins has not been fully implemented, until then the threat of using such coffins as an alternative remains.

Freeze drying

As much as this concept was suggested and discussed in detail in the Ethekewini Cemeteries Crisis research conducted, it still remains quite clear though that this is a foreign concept and it is not currently used anywhere in South Africa (Ngcongco, 2005). Freeze drying practise involves some chemicals being applied to the human remains as means to fast track the decomposition of the body. The result is an odourless powder. There seems to be no update on this method since 2002 where the Muslim community outright rejected it saying that a body of the living or the dead deserves to be respected at all times and it cannot be simply vanished out of thin air at any point in time. Until this alternative method is adopted by our Constitution under the Bill of Rights, the threat of it being a substitute is very low.

2.4.4 Bargaining Power of Suppliers

According to the Standard Industrial Classification (SIC) for all economic activities in the country it appears that the coffin manufacturers sector is separated from the funeral and related services sector with each given a unique SIC Code (StatsSA, 2012). Moreover, Yellow Pages listed eight (8) coffin manufacturers in Durban, KwaZulu-Natal province (Yellow-Pages, 2015a) but for the purpose of this study we decided to group coffin manufacturers, suppliers of caskets, funeral equipment, and any other related products under one umbrella of Suppliers, for ease of reference.

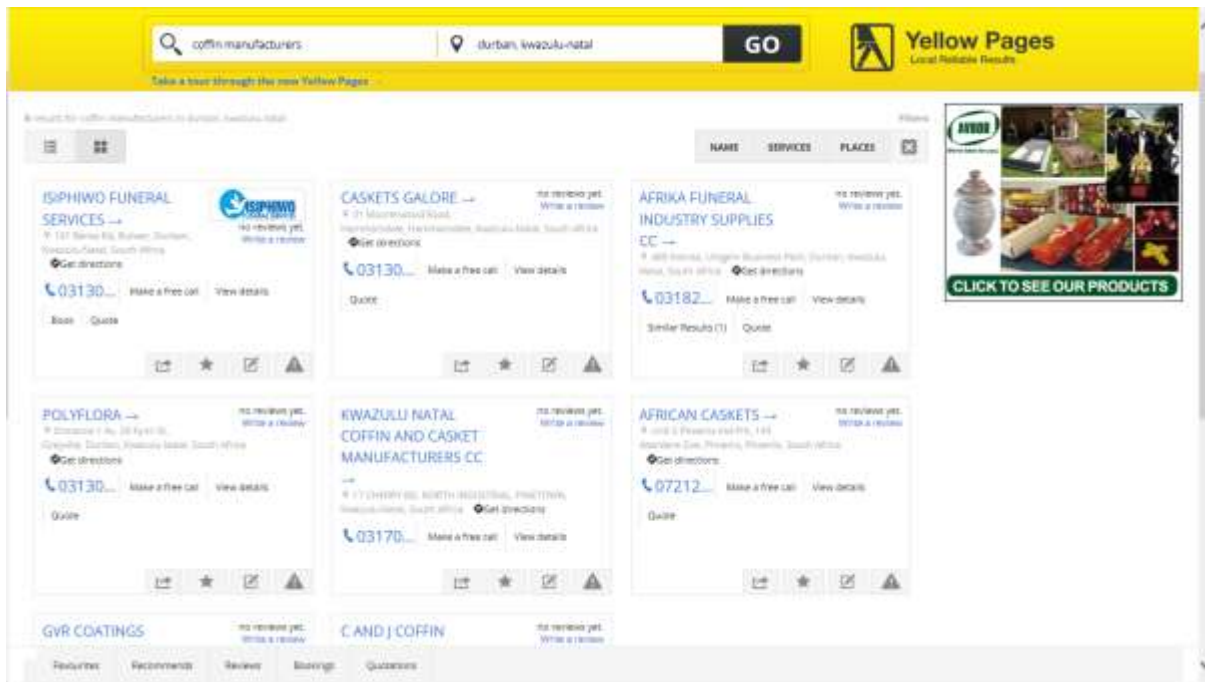


Figure 2.7: Listed coffin manufacturers in Durban, KwaZulu-Natal (Yellow-Pages, 2015a)

Outright we can confirm that the listed number of coffin manufacturers under the yellow pages is not an accurate number as there are far more than 8 suppliers. We have realised that some of the well-known suppliers in Durban such as the South African Funeral Supplies (SAFS), South African Casket Warehouse (SACW), CG Holdings, RIP Coffins, and KKG Coffins are not listed. Similarly, with the funeral undertakers, it is not easy to confirm the exact number of existing suppliers since there is no regulatory body which governs this sector. It is for that reason why they are also faced with a similar challenge of having a high volume number of potential entrants as many carpenters or entrepreneurs are realising a potential in making money by manufacturing and selling coffins or caskets with no stringent regulations or minimum standards to conform to, like SABS standards. There has been a price war amongst the existing suppliers which has resulted in intensive bargaining power of suppliers which we believe is caused by a large number of funeral undertakers faced with a wider selection of suppliers providing similar products with hardly any differentiation in design. For example, a standard size coffin or casket for an adult would always be 6 feet in length but would either be in a Kiaat; Walnut; Redwood or any other finishing depending on the preference of the supplier. How the older suppliers have managed to keep their existing customers or even attract new ones is by offering them credit on sales of 30 days, 60 days, or even 90 days, depending on the creditworthiness of their customers. We believe this is how the older suppliers have managed to differentiate themselves from the new suppliers since most of them cannot afford to wait

that long before they are paid due to simple cash flow problems. Also, some of the new suppliers are now even prepared to strike deals with funeral undertakers by supplying them with consignment stock for display in the respective undertaker's showroom until they are able to sell the stock and only then they are eligible for payment of the consignment stock. Furthermore, some of the older suppliers have managed to solicit themselves into the funeral undertakers associations. For example, SAFS has been a member of the South African Funeral Practitioners Association (SAFPA) for many years just so as to forge business linkages with funeral directors or owners and gain business. Even though the funeral sector is different from the coffin manufacturers or supplier sector, they are all faced with similar challenges which can also be related to the current regulations or lack thereof in the sector since anyone can freely open a coffin manufacturing business with no licence or minimum requirements to comply with. This has resulted into an intense bargaining power of suppliers and some of the older suppliers falling out of business, like Omega Wholesale Funeral Suppliers and Polyflora who have since closed down their Durban branches, even though the latter is still listed on Figure 2.10 of the yellow pages (Yellow-Pages, 2015a).

2.4.5 Bargaining Power of Customers

With a large number of funeral undertakers in existence chasing a few numbers of deaths as mentioned previously, it is expected that customers will have an upper hand or at least stand a better position of negotiating better deals. The bargaining power of customers in the funeral sector is intense. The reason why customers can better negotiate funeral terms is partly because we are currently living in an information age whereby everyone can easily access information via the world-wide-web (www) and therefore they know what services to expect, as opposed to previous years when customers had little exposure in terms of the number of funeral undertakers and their product offerings. It is for this reason that many funeral undertakers are now showcasing their products or services on their company websites and other advertising media as a marketing tool to advance their chances of selection as preferred service providers. Unfortunately, the funeral undertakers which are currently not online or without company websites are operating at a disadvantage even though not every individual in South Africa has free access to internet, like in other countries. What makes it even worse is that in the case of untimely death there is usually not enough time for bereaved families to go online and search for the preferred undertaker. Bereaved families need to make that crucial decision of selecting a funeral undertaker to use, especially if the deceased was not under any burial society. In most

cases burial societies have an established relationship with a certain undertaker which they notify to pick up the body in the case of death. Thus many people are now aware that even though they have life assurance covers with other insurance companies like Metropolitan, Old Mutual, or Assupol, there is also an important role played by many burial societies or funeral schemes. Whilst the bereaved families are busy with insurance claims which takes two or more days to pay out depending on that particular firm's policy on pay-out, most burial societies are there to cover at least all funeral expenses and also make it easy to make that crucial decision of which funeral undertaker to use.

Negotiations start as early as with hospital consultants or staff at government mortuaries where they are paid incentives for advising or suggesting to the bereaved families a certain funeral undertaker of the highest bidder. We refer to this practice as touting as currently many funeral undertakers have disguised people, in their payroll, placed inside or outside hospitals and government mortuaries, officially touting for the bereaved families to use their services. Some would even go to the extent of visiting the home of the bereaved families or private residence to urge them to use their services. This reveals how desperate at times most undertakers are and this is why most customers stand a better chance to negotiate favourable terms or even demand discounts because if they are not happy with the services being offered they will remove the body of the deceased to another funeral undertaker of their choice. For example, prior to 2005 when there were still a few funeral undertakers in existence customers were forced to accept whatever hearse or funeral car they were being offered as their only option for transporting the body during the funeral ceremony, normally a long black left hand drive Cadillac, as it was common back in the days. With the changes in the market over the years, it is acceptable that Mercedes Vito's or Grand Chrysler Voyagers, to name a few, can now be used as hearses or family cars during the funeral proceedings. At this day and age, should a certain funeral undertaker decide to use an old Cadillac as a hearse or family car, the bereaved family reserves the right to demand a better car and in certain instances most bereaved families now demand to see the cars beforehand and if they feel they are not satisfied they remove the body of the deceased to another preferred undertaker since there are many options. In short, customers have become more knowledgeable and so their expectations are high and that is why the bargain power of customers has become even more evident and intense. The high number of funeral undertakers competing for business therefore makes the decision of which funeral undertaker to use a critical one, especially if the deceased was not covered by any burial society. Even in the case of being covered by a burial society, should at any stage the bereaved family

feel that they are not happy with the services they are being offered, they reserve a right to remove the body at an agreed fee.

2.5 International Comparison

For the purpose of this study, we decided to use the United States (US) for international comparison because we realised that they were also faced with a similar challenge faced by the South African (SA) counterparts, particularly regarding the allegations of mismanagement or mishandling of funds related to pre-need plans in some funeral homes (GAO, 2011). Pre-need plans are described as prepayments or funding for the funeral arrangements and cemetery services to be provided for in the future in the case of death whereas here in SA, we refer to them as burial schemes or funeral policies (Cenfri, 2013). During the years 1999, 2003 and 2011, the US asked the Government Accountability Office (GAO) to do a review on the regulations pertaining to the death care industry even though there was a Funeral Rule which became effective as early as April 1984 which was sanctioned by the Federal Trade Commission (FTC), called the FTC funeral rule (GAO, 2011). This rule requires, amongst other things, that funeral homes provide consumers with a price list of information with regards to the funeral services or products being offered in respect of the pre-need plans so that consumers can use such information for comparison purposes if they so wish (GAO, 2011). However, this is not a unique challenge as South Africans are also faced with a similar challenge which was highlighted earlier by a study conducted by Cenfri. The National Treasury of South Africa, as the policymakers for financial services, appointed the FSB to investigate similar abusive practices as the ones experienced in the US, with the intention to suggest regulatory reforms in order to protect vulnerable customers (Cenfri, 2013). Subsequent to the study, the National Treasury proposed a Microinsurance Regulatory Framework, even though it has not been implemented yet. Similarly in the US, the FTC proposed a Bereaved Consumer's Bill of Right Act which was introduced around March 2011, but has not been enacted yet, even though it was guaranteed to increase regulation or consumer protection when dealing with death care arrangements (Rush, 2011).

It is evident that whilst the US death care industry was faced with a similar challenge as currently faced by the SA counterparts, they appointed the GAO as an independent body to review standing regulations and they discovered that even though the FTC funeral rule still

existed, however there was no other regulation imposed on the death care industry at the federal level, as all other responsibilities were vested with each state. Similarly with SA, the National Treasury which appoints FSB on a national level regulates the Long-term insurance and FAIS Act whilst all other responsibilities lie with the local governments or municipalities as they are responsible for promoting economic and social upliftment within their respective communities, as previously mentioned. Currently the US has around 50 states with each state having their own regulations towards the death care industry (GAO, 2011). SA has nine (9) provinces with each province having its own local government and various municipalities. We found this to be monotonous and lack synergy as each municipality regulates its own bylaws. However, the US faced with similar regulations has been better able to combat this lack of synergies through their established independent accountability office also known as the GAO. The major reason for its appointment was to oversee that each state effectively enforces their regulations and guarantee that there is a need for further regulations in the death care industry at a federal level they should recommend (GAO, 2011). As it stands, it is not clear whether the SA government has an established Accountability Office which can review our standing regulations in response to the current challenges faced by the funeral sector.

2.6 Summary

The Services Seta Skills Plan 2014 - 2015 appropriately summarised the funeral sector by analysing the current realities faced by this sector which confirmed what was highlighted by the research study conducted by Cenfri that most funeral undertakers operate in an informal sector. However, they also concurred with the common view shared by SABR and StatsSA that the informal sector plays a very significant role in the South African economy by contributing to the economic and social welfare of many individuals through creating employment opportunities. They identified the scarce or critical labour skills shortage to be the key problem and this supported the department of labour's view for a need to professionalise this sector. SABR and StatsSA felt that the funeral sector seems to be governed by an array of non-aligned legislation at a national, provincial and local government levels while the regulatory bodies governing this sector all have their own legislations but lack regulatory enforcement hence the rise of unethical behaviour and abusive practices. The lack of effective regulations the funeral sector also has the potential to result in the spread of high risk infections (Services_Seta, 2014).

It is evident that the lack of effective regulations and informality within the funeral sector allows many undesirable practices to flourish. The statutory bodies which govern this sector are currently operating in silos as opposed to working jointly in an attempt to formally regulate the industry. This has resulted into a highly competitive environment which has an impact on the existing funeral undertakers operating within the area. Our study aims to determine the impact of the existing regulations by accessing funeral undertakers identified to be operating within the Durban metro. It also seeks to establish whether or not they are aware of existing regulations imposed on all funeral undertaking businesses, as well as ascertaining the extent to which they comply with the regulations. Judging by the response, this should determine the status quo of most funeral undertakers in relation to their actual performance and this would suggest if there is a need to establish funeral industry best practices.

Chapter 3

RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides a clear description of the research design and methodology used in the study. The targeted population and location of the study is provided and a brief outline of the procedure used to gather the data is included. The research process and the data analysis of the study are explained. Proper planning, research design, and measuring instruments are critical components in gathering good quality data. When selecting the research methods the following factors were taken into account in order to meet the research objectives: the demarcation according to Ethekewini Health and a list of funeral undertakers operating in and around Durban Metro.

3.2 Purpose of the study

To investigate a need for establishing funeral industry best practises by investigating the number of funeral undertakers that carry a formal and approved mandate for running their businesses and establish the extent to which funeral undertakers comply with existing laws governing the funeral sector.

3.3 Planning and Administration

Ethical Clearance

The researcher initially approached Mr. Pepe Dass, the District Manager of the Ethekewini Municipality Parks, Leisure and Cemeteries Department who referred us to Mr. Neil Larratt of the Ethekewini Municipality Health Unit in writing (Appendix 6). Mr. Larratt referred the research study to the Head of Department (HOD), Dr. Nomakhosi Gxagxisa who initiated that the study should be reviewed by the Research Committee headed by Dr. Noluthando Ngomane and Grace Mufamadi. Finally, the study was approved by the Health Unit Research Committee

on condition that the research findings must be presented to the committee so that where there are gaps identified, steps can be undertaken to bridge them (Appendix 7). Ethical clearance was then granted by the University of KwaZulu-Natal, Humanities and Social Sciences Research Ethics Committee (Appendix 1). The study was also supported by some funeral practitioners including Mr. MA Khambule of 21st Century Funerals (Appendix 10) and Mr. CMM Dumisa of Celani Funeral Services (Appendix 11).

3.4 Participants and location of the study

Location

Durban, Ethekewini Municipality, is sub-divided into the North, South and Western Areas which is represented by N, S and W respectively. The Ethekewini Health Facilities map (Appendix 8) was used in conjunction with the 'Control Document' (Appendix 9) which was provided by the Health Unit Research Committee upon request. The Control Document contains a list of 'Ethekewini Municipality Consolidated Funeral Undertakers'. In the North (N), N1 in particular, only two (2) funeral undertakers were identified by the department to be operating around this area, even though N1 seemingly cover the greater North Suburban areas which include areas like Newlands, Redhill, Sea Cow Lake, La Lucia, and right up to Umhlanga. N2, N3 and N4 combined cover the greater extent of the Northern Townships which includes areas like Inanda, Ntuzuma, and KwaMashu, commonly known as the INK. However, only three (3) funeral undertakers were identified around this area. N5 covers the Phoenix area, of which they identified six (6) funeral undertakers even though this number also includes the Mahatma Gandhi Hospital and the DOH- Forensic Mortuary or Government Mortuary as commonly referred to. N6 covers the rest of the northern area right up to the northern municipal borders which include areas like Tongaat and Verulam of which the department identified a total of thirty two (32) funeral undertakers operating within this area and seemingly they have the second largest number of funeral undertakers operating within the said areas.

The South(S), S1 and S2 covers mainly the South Coast area which begins around the Amanzimtoti area, right up to the southern borders of the municipality including the Umkomaas area, whereby they identified only three (3) funeral undertakers. S3 and S4 combined, largely cover the Durban Central areas where most funeral undertakers are with a total of thirty seven (37) funeral undertakers identified, broken down into twenty-four (24) and

thirteen (13) respectively. S5 and S6 combined also largely cover the southern townships which include one of the biggest townships of Umlazi which has many sections beginning from A-Z then AA, BB and CC. However, the health unit only identified thirteen (13) funeral undertakers found to be operating in this township. S7 and S8 largely cover the Chatsworth, Mobeni, Woodhusrt and Shallcross areas and there they identified only eight (8) funeral undertakers.

Lastly, the West (W), W1 only has one (1) funeral undertaker identified to be operating at Bothas Hill or KwaNyuswa even though the area coverage is broad as it begins at the bottom of KwaDabeka including the Wyebank area and goes right up to the western borders of the municipality around the Maphephetheni or Engcukwini areas. W2 cover the area in between Pinetown and right before Pietermaritzburg which falls away from the Ethekwini municipal jurisdiction. However, in this area they identified only eight (8) funeral undertakers. W3 and W4 combined cover largely the areas of Pinetown and Claremont of which we can conclude that according to the department they have the third largest number of funeral undertakers being ten (10) in total broken down into 3 and 7 respectively.

Participants

This study was conducted over a period of four weeks. The data was collected by going door-to-door of each funeral undertaking business or mortuary found and administering interviewed questionnaires. The interview was approximately thirty minutes. The data was collected during working hours over the five days of the week excluding the weekend.

The inclusion criteria entail all funeral directors, undertakers or practitioners found to be operating funeral undertaking businesses or a mortuary in and around the Durban Metro.

For the purpose of this study, we exclude the government and hospital mortuaries as we focus mainly on privately owned funeral undertaking businesses or mortuaries.

3.5 Research Design

The study used the **exploratory research method** to establish whether funeral directors or practitioners are aware of the existing regulations imposed on funeral undertakers by various statutory bodies in place which enforce different pieces of legislation. If they are aware, do

they comply with them or even feel it is important to do so. The data collected should ultimately determine whether there is a need to further establish funeral industry best practices.

3.5.1 Data collection

The study used the **quantitative approach** as a means of collecting and analysing **primary data** from funeral undertakers. This approach assumes that variables can be identified, and the relationship between variables can be statistically measured to infer the cause and effect relationship since the information gathered is **deductive**, and the researcher is able to generalise from the study (Wiley, 2012). Therefore, with the use of **administered questionnaires** as a tool for collecting data, which was subsequently captured into a software program called **QuestionPro**, we were better able to determine the cause and effect relationship between variables identified whilst using both **nominal and interval scaling** to measure the response from each participant. A simple **regression analysis** method would be explored to evaluate if there is a correlation between the identified variables.

3.5.1.1 Population and Study Sample

The **population** of the study comprise every funeral undertakers identified around Durban, Ethekewini Municipality. Therefore, with a lack of a better and conclusive database of funeral parlours or undertakers, we identified one hundred and fifty eight (158) funeral parlours listed on the Yellow-Pages (2015b) under Durban, KZN, of which a **Sample Size** of at least one hundred and thirteen (113) funeral undertakers was **randomly** selected as a study sample after taking into consideration a ninety-five (95) % confidence level and a five (5) % margin of error. The limitation of this study consists of those funeral undertakers not listed on the Yellow Pages even though they would still form part of the population if their funeral undertaking businesses operate around the areas identified, since listing with Yellow Pages is optional.

3.5.1.2 Recruitment of the study participants

A team of fieldworkers consisting of two (2) members: a male and a female were tasked to collect data by visiting funeral practitioners at a **non-contrived setting** of their respective funeral homes, mortuaries or undertaking businesses whereby only the directors or owners were requested to participate in the study. An '**Informed Consent Sheet**' was presented to the

study participant or respondent prior to conducting the interview, which gave details about the researcher, title and the objective of the study, supervisor's details, and more importantly is the section about the declaration of consent by the respective participant agreeing to voluntarily participate in the study without any form of prejudice.

3.5.2 Variables

The three **key variables** identified in the study is 'awareness', 'impact' and 'compliance' with existing regulations

3.5.3 Time Dimension

The study used the protocol of the **cross-sectional research** where the data is collected once over a certain period as opposed to multiple points in time, as this method was designed to look at how things are at a particular time regardless of the history or trend prevailing. The same principles therefore apply to this study as it investigates the existing regulations at a particular time as a once off. However, the data collected can be used to generalise the impact of government regulations on funeral undertakers.

3.6 Analysis of data

The Questionnaire used as a data collection tool is divided into three (3) sections namely: Part (a), (b) and (c).

Part (a) of the questionnaire

Basically, this section requires the demographic data of the respondent or participants as referred to herein. This information is mostly beneficial for statistical purposes. However, there are questions which are intended to clarify if the participant is the rightful candidate for participating in this research.

Part (b) of the questionnaire

Involves questions which are intended to investigate the regulations sanctioned or imposed to funeral undertakers by various statutory bodies in place, whereby the participants are asked if they are aware of the existing regulations imposed by each department on funeral undertakers operating within the area.

Part (c) of the questionnaire

Questions herein are intended to analyse the impact of current regulations in the funeral undertakers by investigate their performance in relation to their experience and income.

3.7 Testing

In order for us to determine whether there is a need for a further study to establish funeral industry best practices, our aim would be to determine whether there is a lack of effective regulations, due to non-compliance by funeral undertakers with relevant regulations. Furthermore, whether there has been a negative impact on funeral undertakers due to poor performance of the business.

3.8 Summary

This chapter has offered an outline action of the research methodology approach used to explore a need for a further study to establish funeral industry best practices. The principles and procedures followed in gathering the data were clearly described. Details of the approach in conducting the research were provided in detail as well as the list and demarcation of the study participants were given, as an indication of proper planning and administration involved in the research study. The next chapter will deliberate on the discussion and presentation of the findings.

Chapter 4

PRESENTATION AND DISCUSSION OF FINDINGS

4.1 Introduction

The objective of this exploratory study is to investigate the existing regulations and establish whether there has been a lack of effective regulations. This chapter will present findings and deliberate on whether there has been a negative impact on funeral undertakers due to a lack of effective regulations or not. The findings herein will influence the decision making in the next chapter by indicating whether there is a need to establish funeral industry best practices.

4.2 Study results and Discussion

Using a software program called QuestionPro to capture and analyse the data collected through questionnaires, the results can be suitably presented using Excel spreadsheet to formulate graphs and tables for a better discussion on findings.

	Count	Completed/ Started	Completed/ Viewed	Started/ Viewed
Completed	110	100.00%	93.22%	
Started	110			93.22%
Viewed	118			

Table 4.1: The overall statistics report

Table 4.1 illustrates that a large majority of participants (N=110, 93.22%) started and completed their questionnaire, with a small number of participants (N=8, 6.78%) who were either disqualified or exercised their right to stop participating in the research after having viewed the questions.

Part (a) of questionnaire

This section looks at the demographic data of the respondents, or participants as commonly referred to herein. This information is beneficial for statistical purposes. However, there are two qualifying questions which are intended to confirm if the participants are the rightful candidates or targeted population for this study. The questions enquire if they are funeral practitioners and whether they operate a funeral undertaking business within the Durban, Ethekewini Metro.

Q1 as referred to in the Questionnaire, seeks to establish how many of the respondents were practising funeral practitioners. The term Funeral Practitioner herein is used as an umbrella term for Funeral Undertakers, Funeral Directors or any other title used to represent the owner of the respective funeral undertaking business. Therefore, the questionnaire of a respondent or participant found not to be the respective owner of the funeral undertaking business is discarded as the research is only intended for funeral undertakers operating within the designated area.

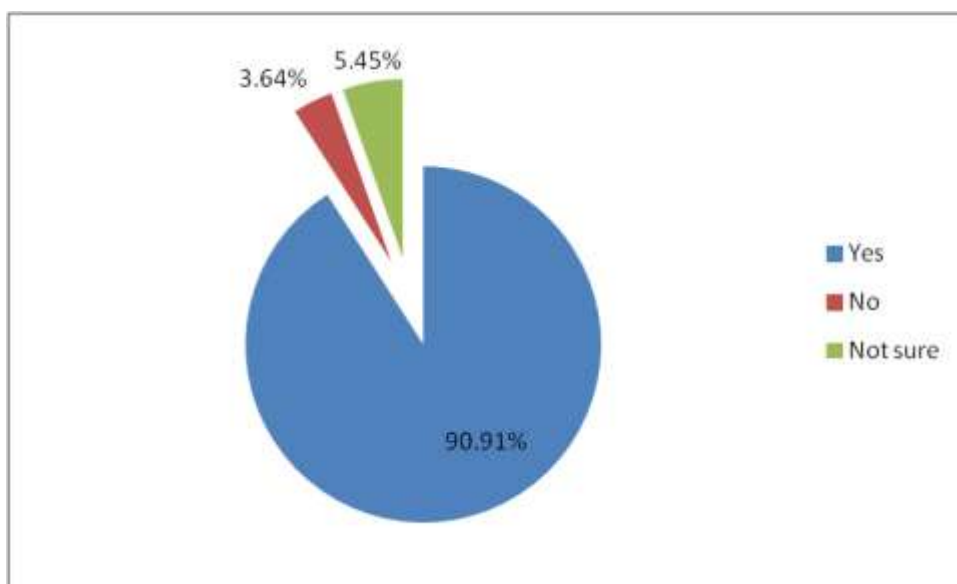


Figure 4.1: Ratio of funeral practitioners

Figure 4.1 indicates that the majority of participants in the study are funeral practitioners (90.91%) with a few participants (3.64%) admitting that they are not. The rest of the participants (5.45%) decided not to answer the question, leaving it blank. On one hand, this may be a result of not being sure about what is meant by 'funeral practitioner'. On the other hand, this may be an indication that some of the funeral undertaking businesses may be run by people who, for a variety of reasons, actually do not qualify as 'funeral practitioners'. These

may be people referred to as informal or illegal operators, suitcase operators, or most commonly known as ‘fly-by-night’ operators. As mentioned in the literature review, these constitute the biggest threat to the funeral sector, and have the potential to erode the economy of the funeral sector. It is for this reason that researchers have called for stringent regulations to curb the mushrooming of fly-by-night operators (Majova, 2005) and any other informalities within the sector.

However, our main focus is on the majority of people who responded positively to being funeral practitioners.

Q2 seeks to find out if the respondents are operating their funeral undertaking businesses in Durban or not. Our targeted population is funeral undertakers found to be operating within the Durban Metro, according to the Ethekewini Municipality Health Map. If they are found to be operating a funeral undertaking business outside of this jurisdiction then they are disqualified to participate in this study.

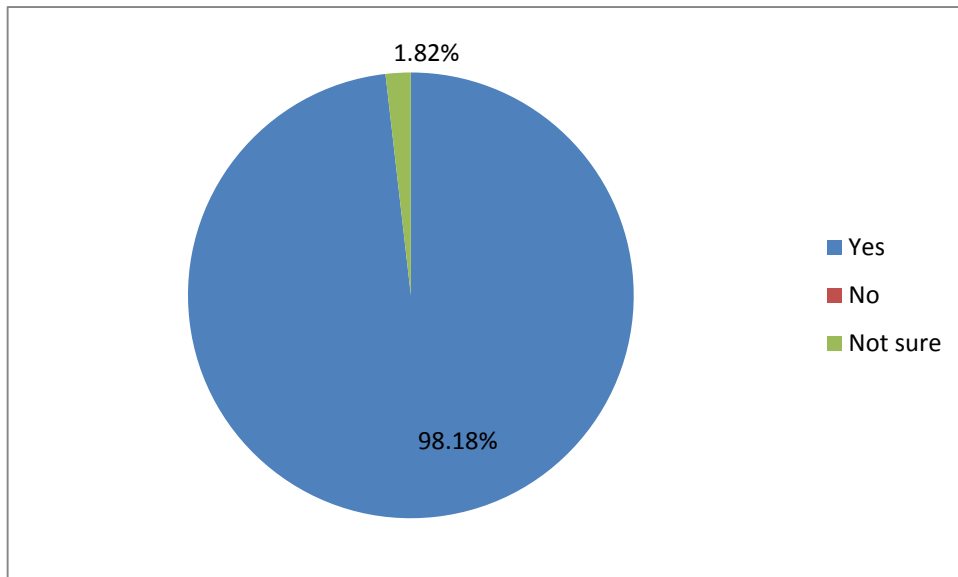


Figure 4.2: The geographic location of participants

Figure 4.2 indicates that the majority of people who responded (98.18%) are operating funeral undertaking businesses in and around the Durban Metro. None of the participants (0.00%) admitted that they were not operating within the designated area. The rest of the participants

(1.82%) decided not to answer by leaving a blank space which may be an indication of them not being sure of the formal jurisdiction under which they fall. However, our focus is on the majority of people who responded positively to operating a funeral undertaking business within the Ethekewini Municipality jurisdiction.

Responses to Q3, Q4, and Q5 represent the biographical data of the participants in respect of their Gender, Age and Racial group respectively.

Biographical Variables	Frequency	Percentage	Mean	Standard Deviation	Variance
Gender					
Male	56	50.91%			
Female	52	47.27%			
Not sure	2	1.82%			
Total	110		1.48	0.50	0.25
Age					
0 - 18 years	0	0.00%			
19 - 25 years	6	5.45%			
26 - 35 years	38	34.55%			
36 - 45 years	38	34.55%			
46 and over	28	25.45%			
Total	110		3.75	0.87	0.77
Racial Group					
African	84	76.36%			
White	6	5.45%			
Coloured	0	0.00%			
Asian / Indian	20	18.18%			
Total	110		1.46	1.04	1.08

Table 4.2: Biographical data

Table 4.2 indicates that just over half of the respondents are male (N=56, 50.91%) as compared to the number of females (N=52, 47.27%). Many of the respondents' ages fell between 26 and 45 (N= 76, 69.10%). In terms of the racial group, most of the respondents are African (N=84,

76.36%) followed by Indians or Asians (N=20, 18.18%) and a small margin of whites (N=6, 5.45%).

Part (b) of questionnaire

This section deals with questions intended to investigate the existing regulations sanctioned on funeral undertakers by various departments including the Health Department, Home Affairs, Labour Department, Financial Services Board (FSB), and Cemeteries and Parks Department.

4.2.1 Health Department

Q6 enquires if the participating funeral practitioner is aware of regulations imposed or sanctioned by the Health Ministry on funeral undertakers operating within the designated area.

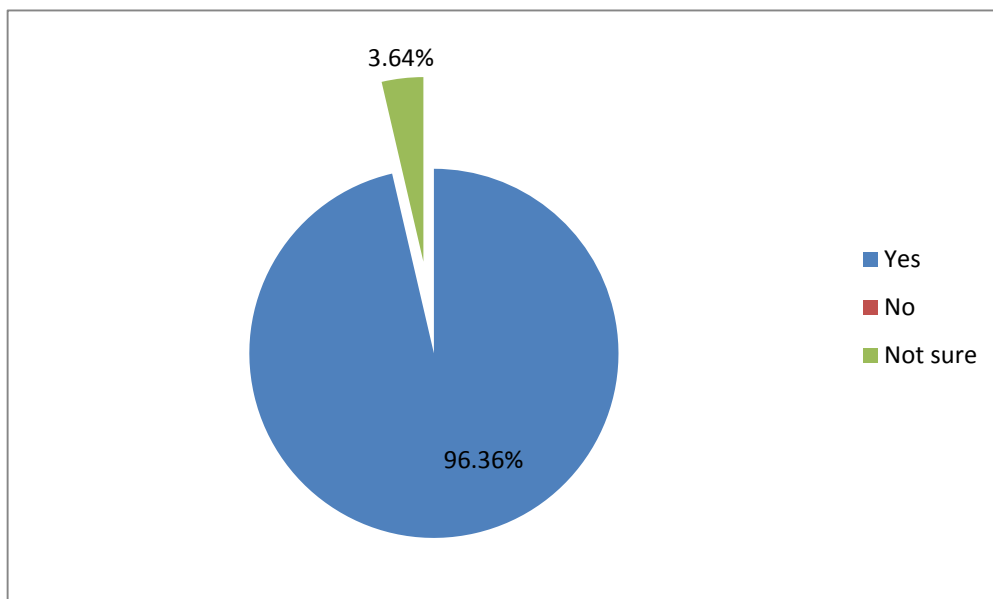


Figure 4.3: Health regulations

Figure 4.3 indicates that the majority of participants (96.36%) are aware of the regulations imposed by this department on funeral undertakers, with a few respondents (3.64%) who elected not to answer the question but none of the participants (0.00%) indicated that they were not aware of these regulations.

Q7 asks respondents if they are authorised by this department to operate a funeral undertaking business thereby having a valid COC issued by this department upon inspection of their

mortuary premises. This certificate serves as confirmation that the said funeral undertaker complies with health regulations in terms of the National Health Act 61 of 2003.

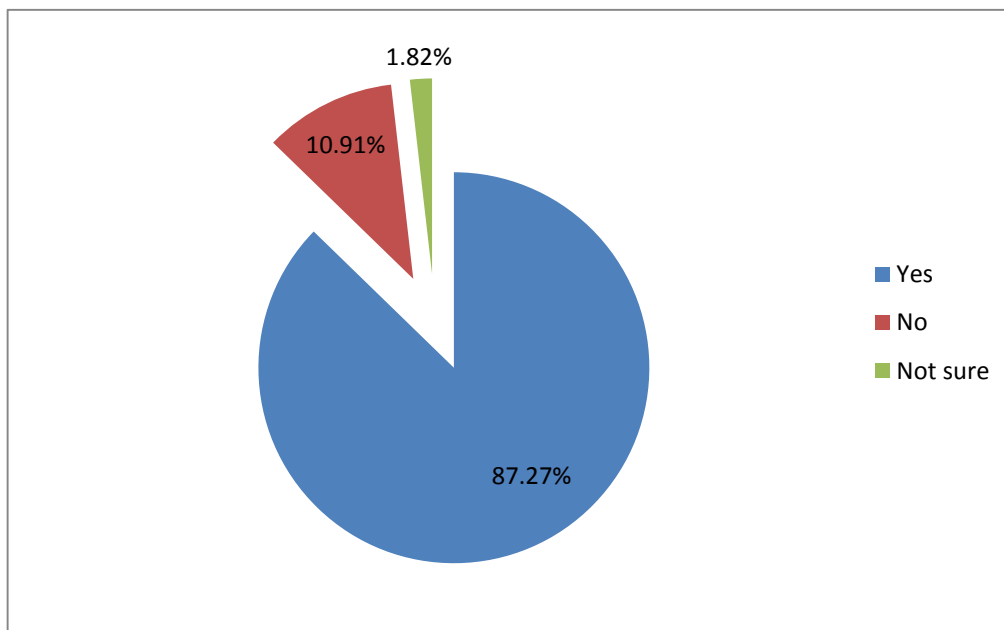


Figure 4.4: Valid Certificate of Competence

Figure 4.4 indicates that the majority of participants (87.27%) agree to have a valid certificate of competence, while a significant number of participants (10.91%) admitted that they were operating without a valid licence. A few participants (1.82%) elected not to answer this question by leaving it blank. Not answering is not always a sign that a person is unsure. There are many possible reasons. In this case it could be that a person is not licensed but does not want to openly admit.

Operating without a licence or a valid licence is against the law. This highlights the fact that there are still those funeral undertakers who contravene the law by not complying with the stipulated health regulations which clearly state that no one has permission to store or prepare human remains except on approved funeral undertaker's mortuary premises for which a Certificate of Competence has been granted and is valid. As mentioned in the literature review, many of the illegal operators do not have mortuary premises. They simply open up a small administration office and store the corpse on the mortuary premises of those who are licensed. Other operators leave the corpse at the state mortuary or hospital until such time when they have to pick it up normally the day before the funeral when the deceased body is then taken straight to its respective home. All such practices flout the regulations or else by-pass the

system as stipulated by law. This finding raises a question to be investigated by regulators as to whether operators without mortuaries do in fact need to be allowed to operate.

Q8 seeks to clarify whether according to the respective participant's opinion it is important to have a valid Certificate of Competence.

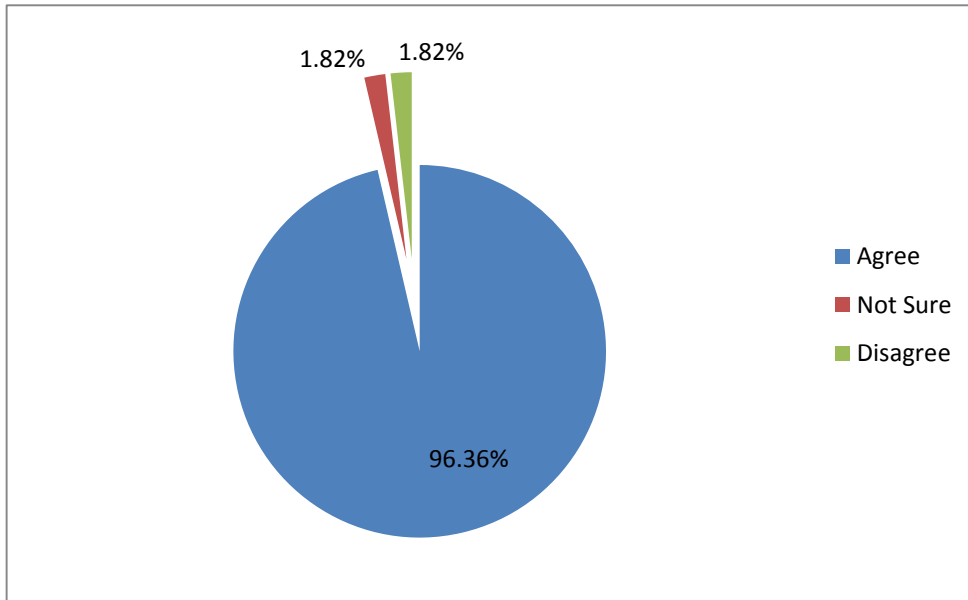


Figure 4.5: Importance of the Certificate of Competence

Figure 4.5 indicates that the majority of respondents (96.36%) are of the opinion that it is important to have a valid Certificate of Competence with a few respondents who disagreed completely (1.82%) and others were not sure (1.82%).

The above indicates that a large majority of respondents are not only aware of the health regulations but recognise the critical importance and value of such regulations. The number who acknowledge the importance of the health regulations (96.36%) exceeds the number of operators who possess licences (87.27%), meaning that even the unlicensed operators admit that it is important to operate within the prescripts of the health regulations.

Almost four percent of the respondents either do not have an opinion regarding compliance or they simply do not recognise the importance of obtaining a license.

4.2.2 Home Affairs

Q9 enquires if the participating funeral practitioner is aware of regulations imposed or sanctioned by the Department of Home Affairs on funeral undertakers operating within the area.

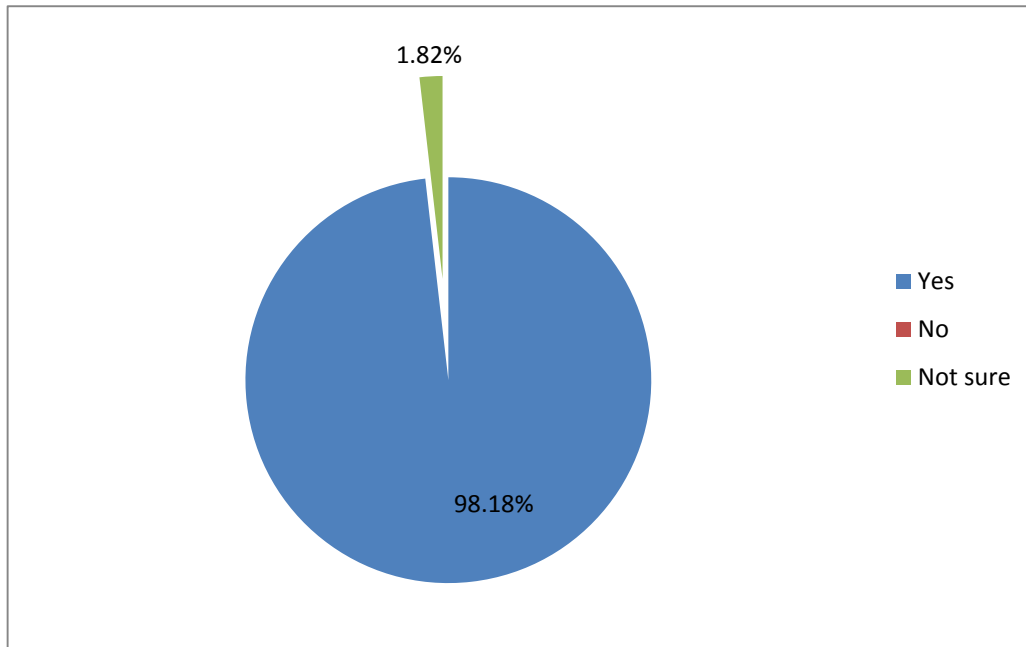


Figure 4.6: Home Affairs regulations

Figure 4.6 indicates that the large majority of respondents (98.18%) are aware of the regulations imposed by the Department of Home Affairs on funeral undertakers, with a few respondents (1.82%) who decided not to answer the question, thereby leaving it blank. However, none of the respondents (0.00%) said they were not aware of the regulations imposed by this department. What is not clear within this study is whether the respondents are fully aware of all the regulations together with the recent updates and revisions, and the latest stringent requirements imposed by the Department of Home Affairs on people applying to operate as a funeral undertakers.

Q10 asks the respondents if they have a valid Designation Number granted by this department upon assessment of the respective funeral undertaker. Possession of the designation number would indicate that they are legitimate.

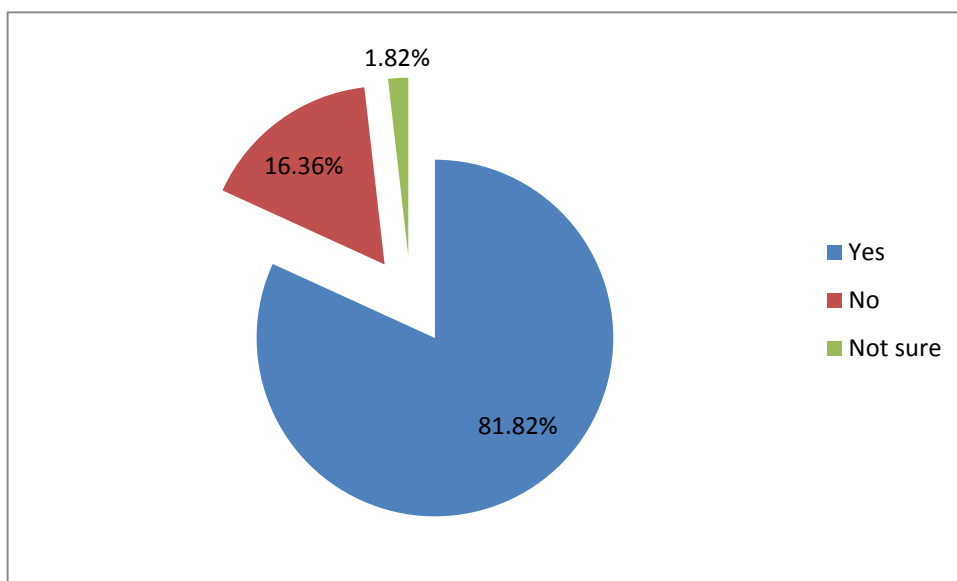


Figure 4.7: Valid Designation number

Figure 4.7 indicates that the majority of participants (81.82%) are authorised by the Department of Home Affairs to issue Death Certificates having obtained a valid designation number. However, a significant number of respondents (16.36%) admitted that they do not have a designation number and some of the participants (1.82%) decided not to answer the question. There are many possible reasons for not answering. One scenario could be that the respondent is not authorised to issue the death certificate but use another person's designation number to register the death at Department of Home Affairs which is illegal and regarded as fraudulent.

This highlights that there are still those funeral undertakers who contravene the law by operating without a valid designation number which is essential for the completion of the 'Notification of Death' or Death Register and the issuing of the Death Certificate by the Department of Home Affairs as highlighted in the literature review.

Q11 seeks to clarify whether according to the respective participant's opinion it is important to have a valid designation number.

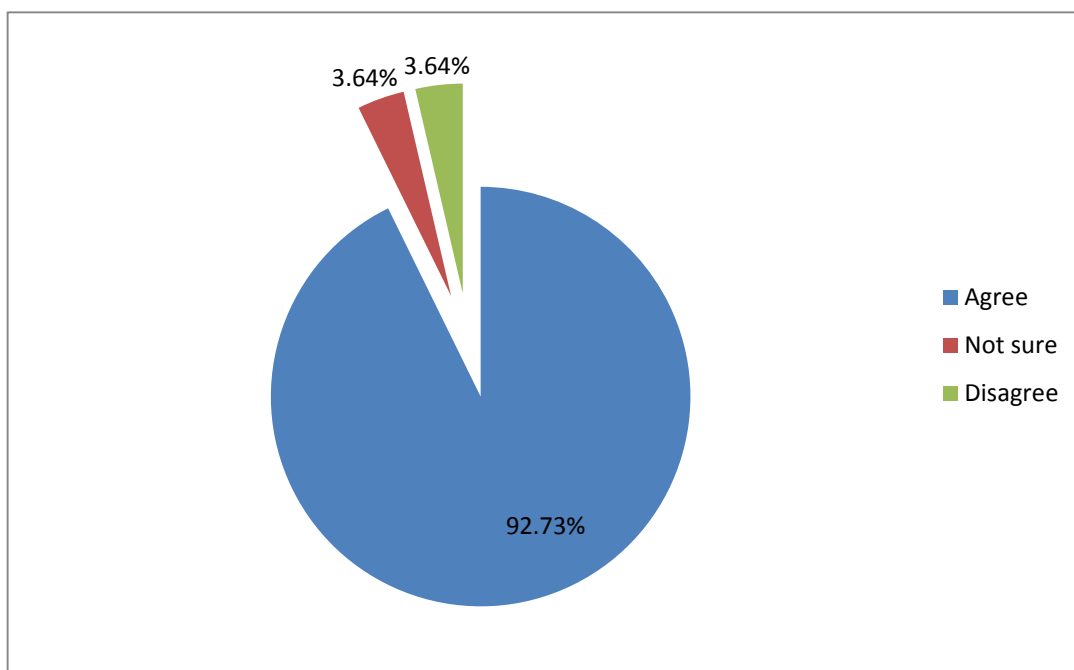


Figure 4.8: Importance of the Designation number

Figure 4.8 indicates that the majority of participants (92.73%) agree that it is important to have a valid designation number, with a small number of respondents (7.27%) who were torn apart, half of them disagreeing (3.64%) and the other half (3.64%) not sure whether it is important to have a valid designation number or not.

This highlights the fact that while the majority of respondents are aware of the Department of Home Affairs regulations, and believe that it is important to have a designation number, there are still those funeral undertakers which disregard the law and operate without a valid designation number or authorised personnel to sign.

4.2.3 Labour Department

Q12 enquires if the participating funeral practitioner is aware of the regulations imposed by the Department of Labour on funeral undertakers operating within the designated area.

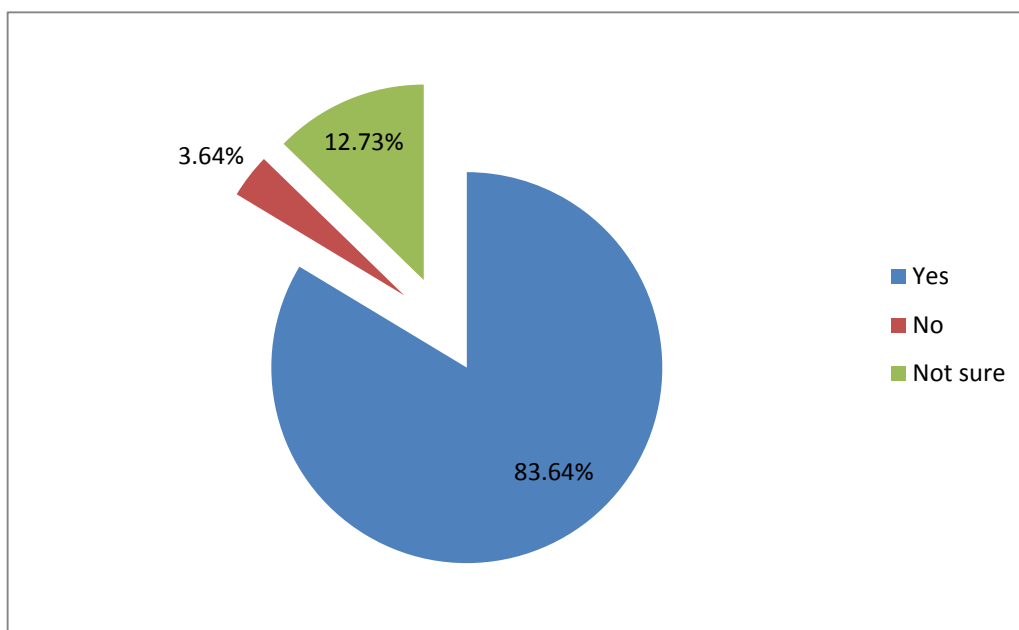


Figure 4.9: Awareness of the labour regulations

Figure 4.9 indicates that the majority of participants (83.64%) agreed that they are aware of the regulations imposed by the Labour Department on funeral undertakers, with a few participants (3.64%) who responded negatively by confessing that they are not aware of any labour regulations. The rest of the participants (12.73%) decided not to answer the question. It is not surprising that so many operators (12.73%) chose not to answer this question because at this stage a minimum wage for funeral workers has not been set.

Q13 asks participants if they adhere to minimum wages sanctioned by this department. Sectoral minimum wages for the funeral sector are currently being reviewed by the Minister of Labour while the domestic or general worker minimum wages are prescribed. In most cases the staff or personnel employed by funeral undertakers are general workers unless they have obtained a certain degree, diploma or any other type of qualification which would effectively change their income bracket. However, for the purpose of this study, we seek to establish whether the participating funeral practitioner pays his general workers at least the prescribed minimum wage paid to domestic workers.

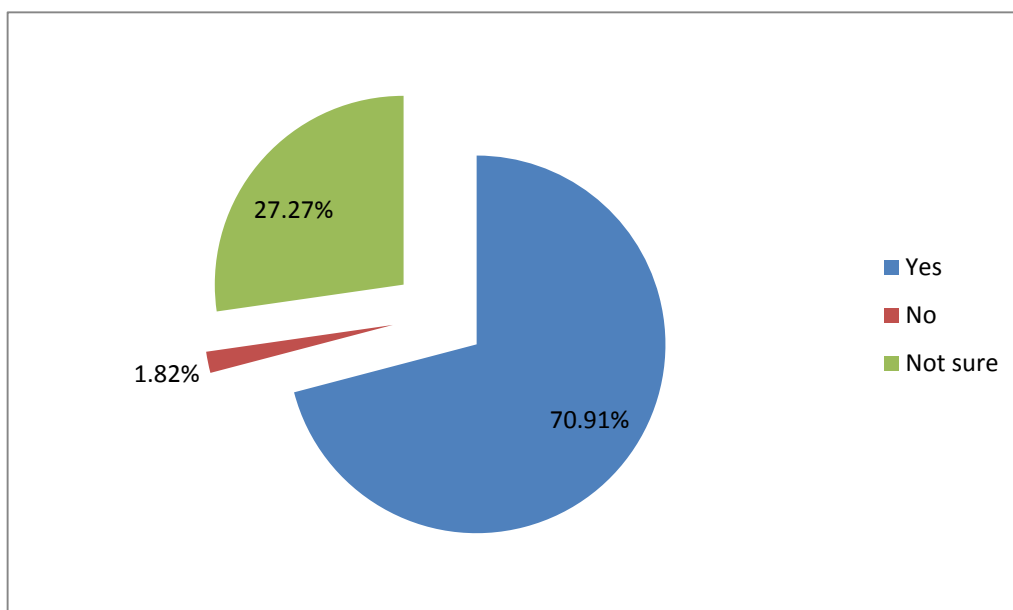


Figure 4.10: Adherence to minimum wages

Figure 4.10 indicates that the majority of participants (70.91%) agreed that they do adhere to minimum wages. A small number of participants (1.82%) responded negatively by admitting that they do not comply with any stipulated minimum wage and over a quarter of participants (27.27%) decided not to answer the question. There are many possible reasons for not answering, including genuinely not being aware of any prescribed minimum wages including those for general workers, or once more disregarding the law and possibly even underpaying the workers.

It is worth noting that over a quarter of the practitioners decided not to answer this question. What we glean from this is that just below three quarters of the practitioners comply with law regarding stipulated minimum wages. These statistics seem to indicate that there is a huge possibility that the staff or personnel of most funeral undertakers are not paid what is legally due to them.

Q14 seeks to clarify whether according to the respective participant's opinion it is important to comply with prescribed minimum wages.

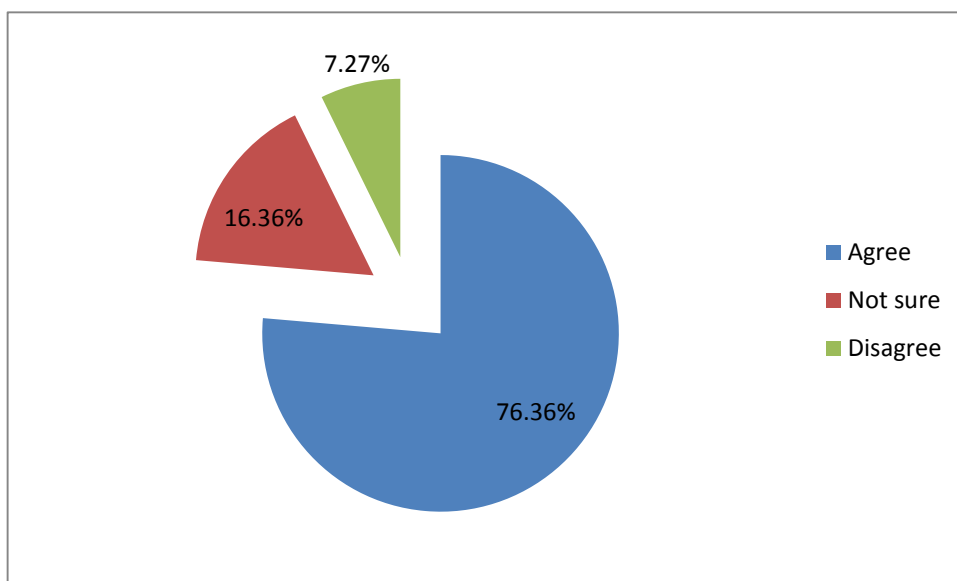


Figure 4.11: Importance of prescribed minimum wages

Figure 4.11 indicates that the majority of the funeral undertakers (76.36%) believe that it is important to adhere to minimum wages as prescribed by the minister, with a small number of respondents (7.27%) who finds it not important at all. The rest of the participants (16.36%) decided not to answer the question.

These findings highlight the fact that just over three quarters of respondents are aware of the labour regulations, recognise the importance of having sectoral minimum wages prescribed, and might even be paying reasonable salaries to their employees. However, a quarter of the respondents either do not adhere to any prescribed minimum wage or do not even agree that a minimum salary is to be stipulated.

4.2.4 Parks and Cemeteries

Q15 enquires if the Funeral Practitioner is aware of any regulations sanctioned by the Ethekewini Municipality, Parks and Cemeteries Department on funeral undertakers operating within the area.

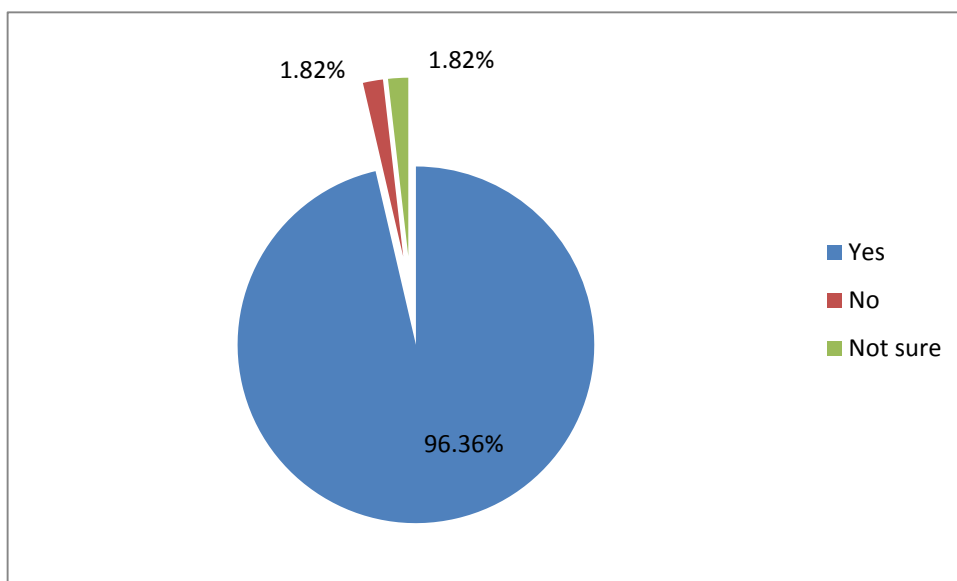


Figure 4.12: Awareness of the Parks and Cemeteries regulations

Figure 4.12 indicates that a large majority of the participants (96.36%) responded positively to being aware of existing regulations imposed by this Department on all funeral undertakers who conduct burials or cremations in municipality graves or crematoria. However, there are those who responded negatively (3.64%), with half of them (1.82%) claiming not to be aware of any regulations and the other half (1.82%) who decided to refrain from answering the question.

As mentioned in the literature review, the funeral undertakers would be aware of the fact that in the recent attempts at regulating the industry a ‘Public Notice’ with reference to the ‘Registration of Funeral Undertakers, Stone Masons and Cemetery Maintenance Contractors’ was issued (Appendix 12). The notice carried with it the stringent requirements for registering as funeral undertakers. Funeral undertakers would also be aware of the recent changes regarding the type of coffins permitted for burials; where these have been changed from being softwood or any other perishable material to biodegradable and environmentally friendly type of coffins (Ethekwini Municipality, 2015a).

Q16 asks the respondents if they are registered with this department and thereby granting them permission to conduct burials or cremations in the municipal grave sites or crematoria.

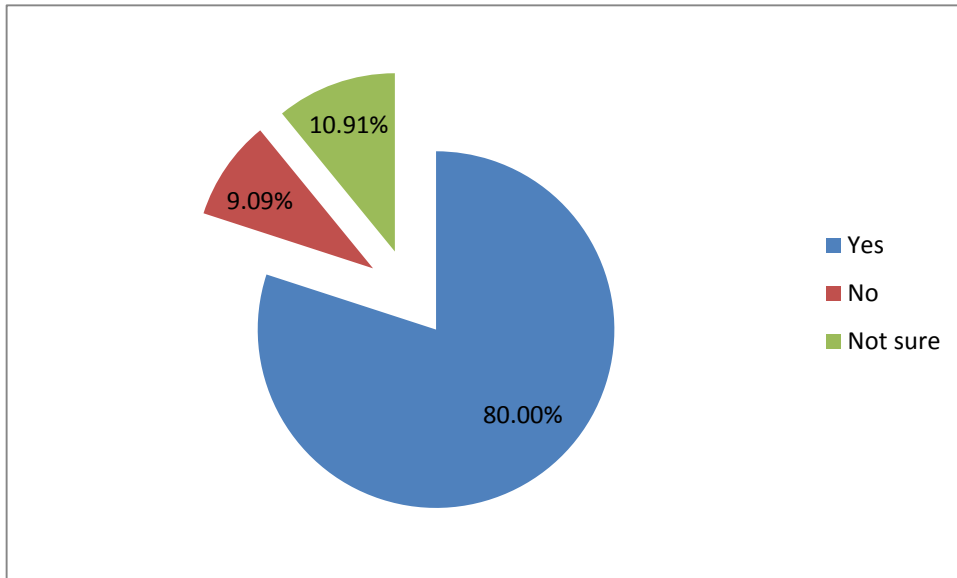


Figure 4.13: Registered with Parks and Cemeteries department

Figure 4.13 indicates that the majority of the participants (80.00%) responded positively by agreeing that they are registered with this department, despite the fact that only recently it has been compulsory to do so. However, the rest of the participants (20.00%) responded negatively with some participants (9.09%) admitting that they are not registered and the other (10.91%) choosing not to respond. Possible reasons for not answering could be that the participating funeral undertaker is not aware of a Public Notice of registration required of the funeral undertakers.

This highlights that there are those funeral undertakers who are aware of existing regulations but are not registered for conducting burials or cremations with the municipality.

Q17 seeks to identify in the opinion of the respective participants if it is important to be registered with parks and cemeteries department.

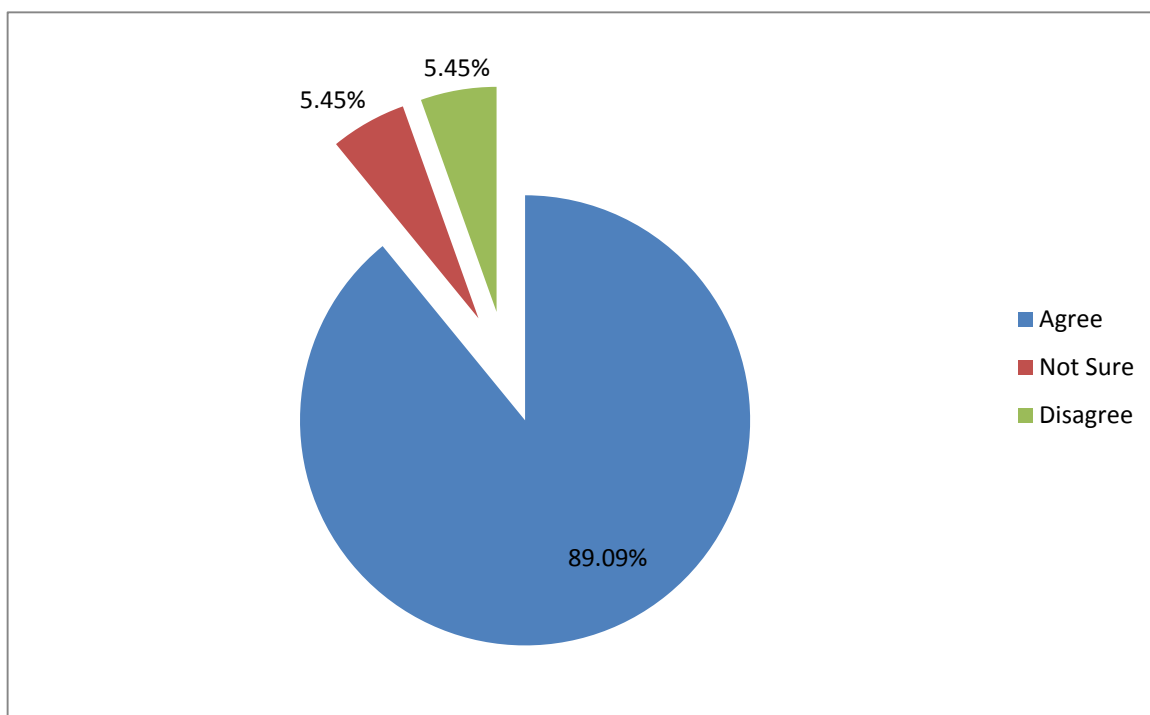


Figure 4.14: Importance of registering with Parks and Cemeteries

Figure 4.14 indicates that the majority of the participants (89.09%) responded positively by agreeing that it is important to register with this department even though the other (10.91%) are not convinced with half of them (5.45%) disagreeing and the rest (5.45%) choosing not to respond.

The above indicates that a large majority of respondents are not only aware of the Parks and Cemeteries regulations but recognise the critical importance and value of such regulations. The number who acknowledge the importance of the regulations (89.09%) exceeds the number of operators who are registered with this department (80.00%), meaning that even the funeral undertakers who are unregistered admit that it is important to operate within the prescripts of the regulations sanctioned by the Parks and Cemeteries department.

4.2.5 Financial Services Board

Q18 enquires if the participating funeral practitioner is aware of regulations imposed or sanctioned by the FSB on funeral undertakers operating within the area.

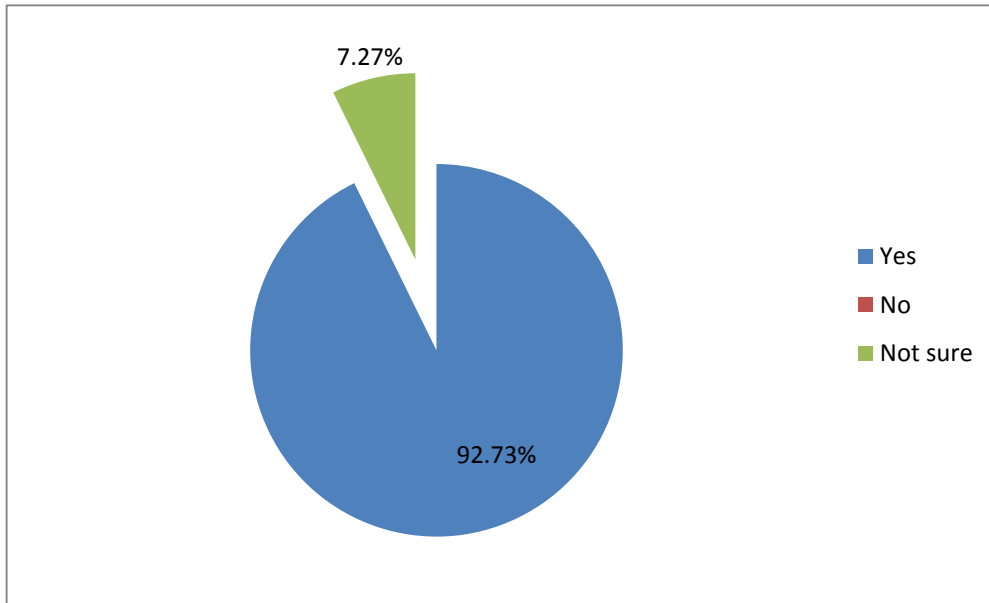


Figure 4.15: Awareness of the FSB regulations

Figure 4.15 indicates that the large majority of participants (92.73%) are aware of the regulations imposed or sanctioned by FSB on all businesses rendering financial or intermediary services. None of the participants (0.00%) indicated that they were not aware of existing regulations, and with only a few participants (7.27%) who elected not to answer.

Q19 asks the respondents if they are registered with FSB. Part of FSB compliance requires that any business that renders advise on financial services need to be registered as a Financial Services Provider (FSP) by submitting all their credentials and the products that they market. Upon such submission and assessment, approval may be granted and an FSP number is issued.

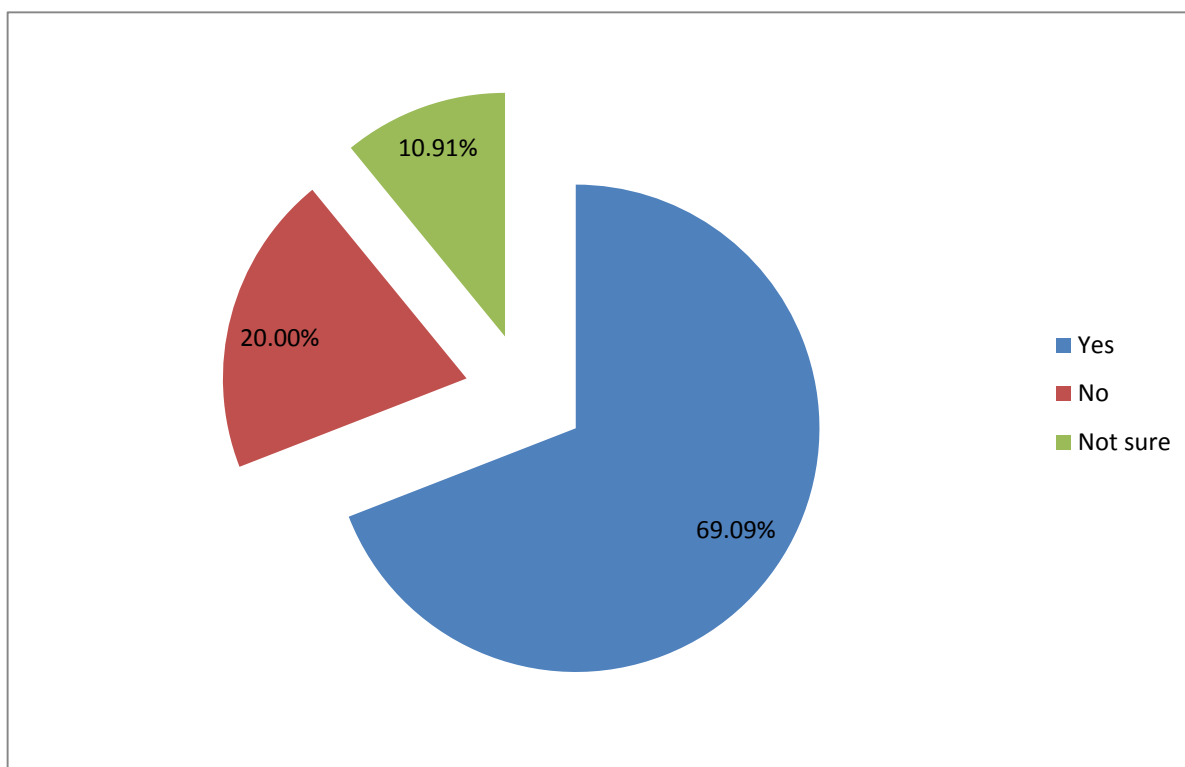


Figure 4.16: Registered with FSB

Figure 4.16 indicates that just over two thirds of respondents (69.09%) agreed that they are registered with FSB which is a significant drop from the (92.73%) of participants who admitted that they are aware of the FSB regulations. Furthermore, a significant number of respondents (20.00%) admitted that they are not registered with FSB. Some participants (10.91%) decided not to answer this question.

A funeral undertaking business may not need to register directly with FSB if it can prove that the funeral policies being administered are underwritten by a registered long term insurance company. The law provides that all funeral policies must be underwritten by a registered long-term insurance company, failing of which FSB investigates and takes action against businesses engaged in the selling of funeral insurance policies to the public whilst such policies are not underwritten. Such a conduct amounts to running an unregistered insurance business and therefore is in breach of the provisions of the Long-term Insurance Act 52 of 1998, and may be subjected to a fine or imprisonment upon conviction.

It is unfortunate that a question was not asked to establish if they sell financial products to the public or not. However, this highlights the fact that some funeral undertakers who might be selling insurance policies may not be FSB compliant even though by law they need to be

registered as a Financial Services Provider or a Representative of the registered long-term insurance company according to the FAIS Act.

Q20 seeks to clarify whether, according to the respective participant's opinion, it is important to register with this board.

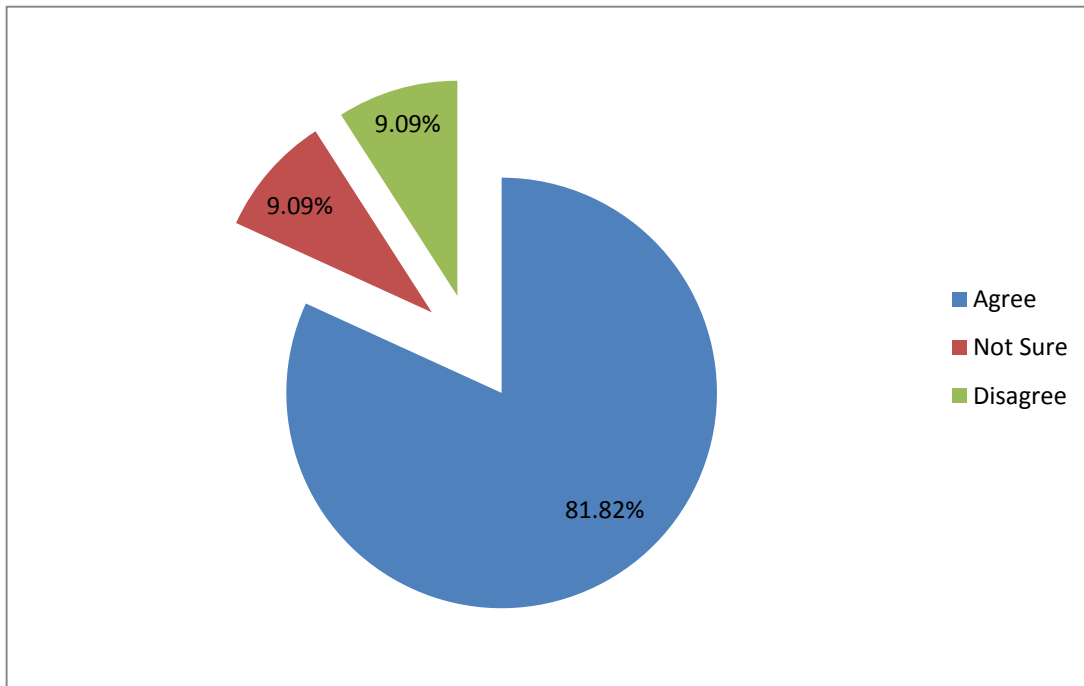


Figure 4.17: Importance in registering with FSB

Figure 4.17 indicates that the majority of funeral undertakers (81.82%) still find it important to register with FSB and be compliant. However, there are still those who disagree, some participants (9.09%) think it is not important to be compliant, while others are not sure (9.09%).

This indicates that even though the majority of respondents are aware of the regulations imposed by FSB on all businesses rendering financial services, and recognise the importance of registering with this board. However, there are still those funeral undertakers which are not FSB compliant but still sell funeral policies.

Part (c) of questionnaire

This section attempts to analyse the impact of regulation in funeral undertaking businesses by obtaining primary data from the respective participants in relation to their business

performance. This information will be used to assess if regulations imposed on the funeral industry have yielded a negative impact on the funeral undertakers.

Q21 asks the participating funeral practitioners for the number of years in operation in order to determine the level of experience in the funeral industry.

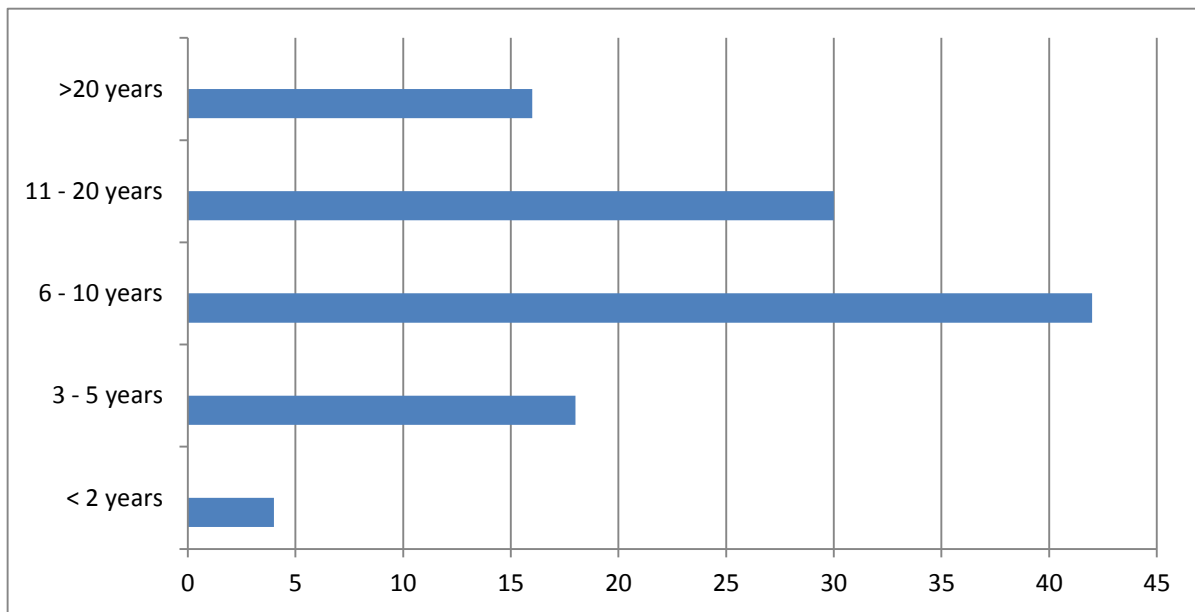


Figure 4.18: Years in operation

Figure 4.18 indicates that the largest proportion of respondents (N=42) have been in business for a period of between 6 and 10 years. This is followed by participants (N=30) who have been in business for a period of between 11 and 20 years. Some participants (N=16) have been in business for a longer period which is more than 20 years, while others are new in the market (N=22) with only less than 5 years in business. Our focus is on the majority of participants (N=88) who represent at least 80% of the participating funeral undertakers who have been in business longer than 5 years. The researcher can presume that they are more knowledgeable and experienced as evidenced by the number of years they have been in business.

Q22 requires the income bracket per annum of the respective participants in order to establish the sustainability of their businesses.

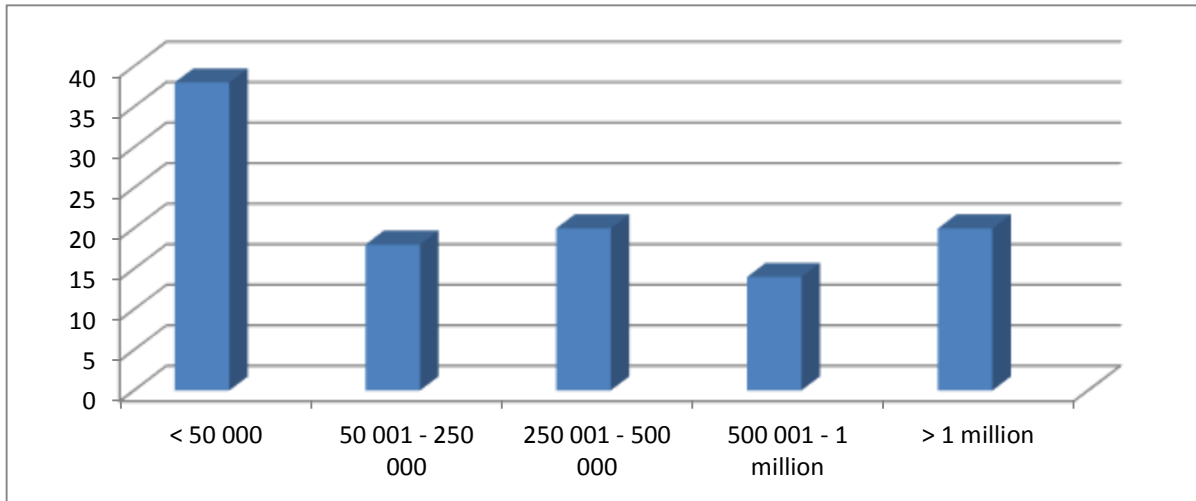


Figure 4.19: Income bracket

Figure 4.19 indicates that the majority (N=38) of participants' average income per annum is between R0- R50 000. The rest of the participants' income seems to be almost evenly spread between R50 001- R250 000 (N=18), R250 001- R500 000 (N=20), R500 001- R1 million (N=14) and over 1 million (N=20).

Q23 requires that the respective participants rate their business in respect of it being the beginner, intermediary or advanced in the market in relation to the service or product offering.

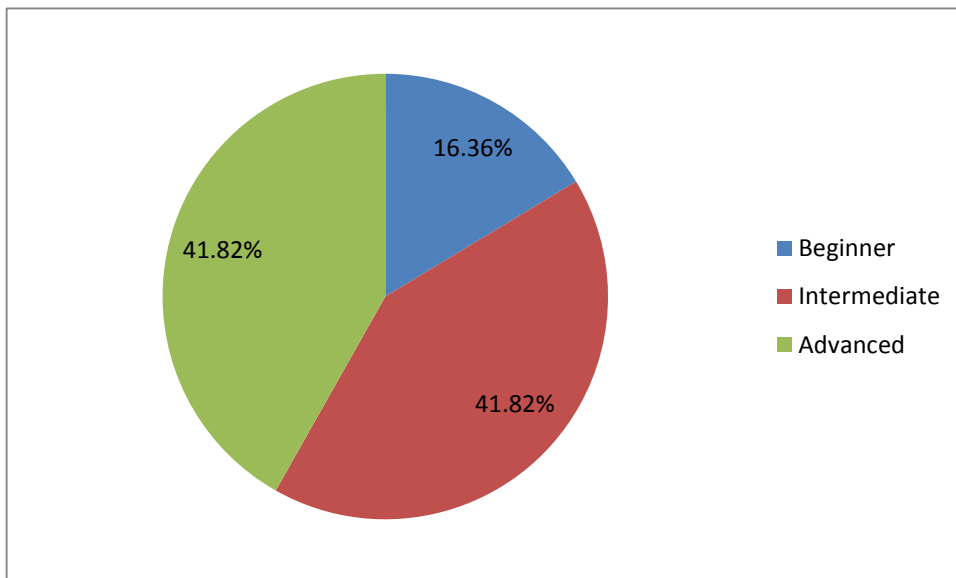


Figure 4.20: Business Rating

Figure 4.20 indicates that the majority of participants (N=92, 83.64%) rated their business as either Intermediate (N=46, 41.82%) or Advanced (N=46, 41.82%). A small number of participants (N=18, 16.36%) indicated that they were beginners.

This information validates the researcher's presumption above that the majority of participants (N=88, 80%), meaning those who have been in business for more than 5 years, are more knowledgeable and experienced, as have indicated that they are either Intermediate (41.82%) or Advanced (41.82%).

Q24 requires that the participants rate their businesses in terms of their overall performance, whether in their opinion it has been fair, good or excellent.

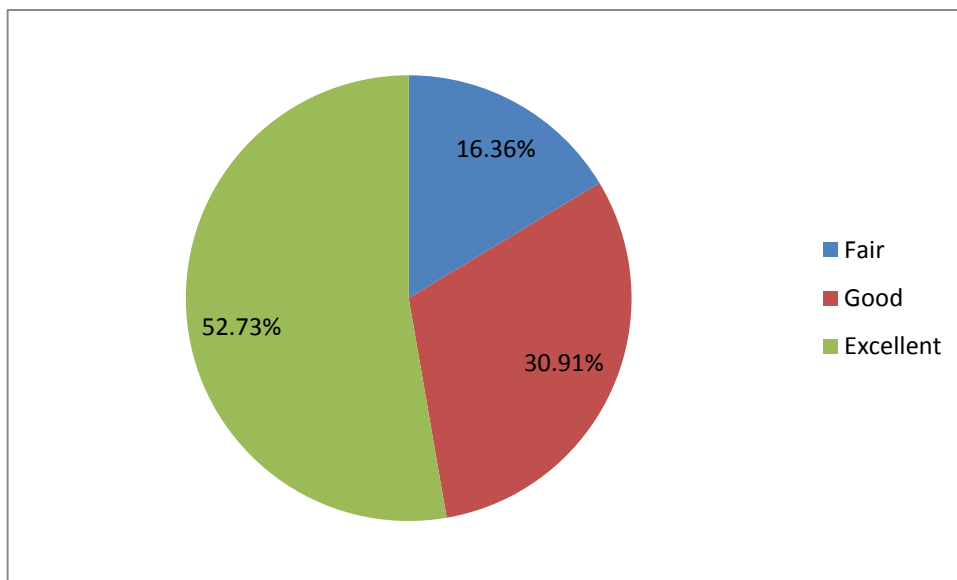


Figure 4.21: Business rating on overall performance

Figure 4.21 indicates that just over half of the participants (N=58, 52.73%) rated their overall business performance as being excellent, while some of the participants (N=34, 30.91%) rated their business performance as being good or acceptable. The rest of the participants (N=18, 16.36%) rated their performance as being fair or below average.

Q25 seeks to clarify whether according to the respective participant's opinion, the current regulations positively impact the overall business performance or not.

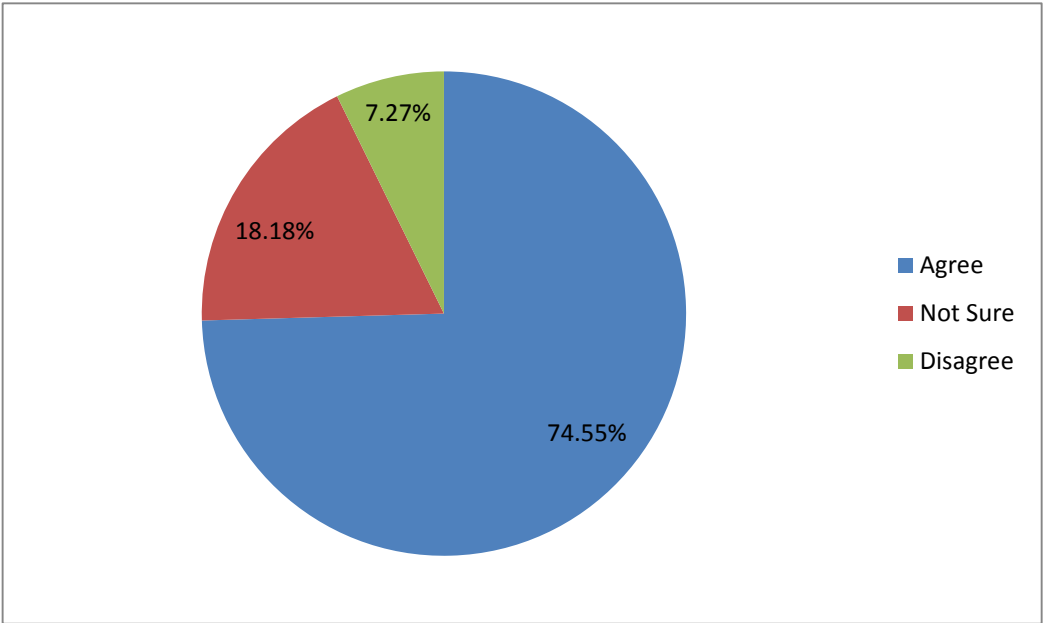


Figure 4.22: Positive impact on business performance

Figure 4.22 indicates that almost three quarters of participants (N=82, 74.55%) agreed that they find the current regulations to be positively influencing their overall business performance, while some of the participants (N=20, 18.18%) were not sure. However, the rest of the participants (N=8, 7.27%) disagreed.

Q26 seeks to clarify whether according to the respective participant’s opinion the current regulation negatively impact the overall business performance.

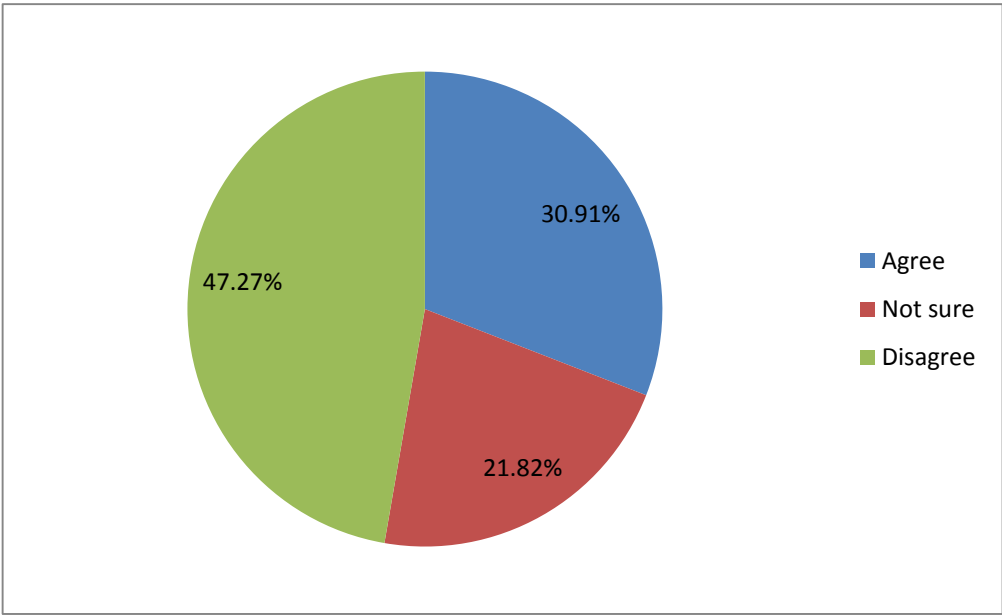


Figure 4.23: Negative impact on business performance

Figure 4.23 indicates that just below half the number of participants (N=52, 47.27%) disagreed that they find the current regulations to be negatively influencing their overall business performance, while some of the participants (N=24, 21.82%) were not sure about the impact on their business performance. However, the rest of the participants (N=34, 30.91%) agreed that the current regulation have a negative impact on their overall business performance.

The statistics indicate that the average number of years for most funeral undertakers in operation is between 6-20 years (N= 72) while their income bracket is more than R50000 per annum (N=72) even though the majority of participants (N=88) still rate their businesses as intermediate (N=44) or advanced (N=44). Furthermore, just over half of the participants (N=58, 52.73%) believe that they have done excellently in their overall business performance while the rest (N=52, 47.27%) are on the border line of being good or simply fair. When asked about whether the regulations positively influence their overall business performance, the majority agreed (N=82, 74.55%) that they do. However, when asked if the regulation negatively impacts their overall business performance, almost half of the participants (N=52, 47.27%) disagreed and the other half (N=58, 52.73) either agreed or they were not sure. The last two questions were not intended to confuse the respondents, but were aimed at ensuring that there was consistency in what the respondents were saying. However, there is clearly a contradiction in the responses, suggesting some uneasiness and uncertainty regarding the current regulations and their impact on businesses.

4.3 Summary

The aim of this chapter was to present findings and deliberate on whether there has been a negative impact on funeral undertakers due to a lack of effective regulations. It is evident that the majority of participants are well aware of the various regulations imposed on funeral undertakers by the different departments. What was even more important to confirm was if the majority of participants that are aware of the various regulations are actually complying with them. It would appear that even though a number of participants are aware of the regulations and consider these regulations important, they generally do not comply.

An important finding in this empirical study is the fact that some funeral undertakers operate illegally. While the literature review indicated that there were many fly-by-night operators, this

study found that some funeral undertakers were not registered with various departments including the Health Department, Home Affairs, Labour Department, Financial Services Board (FSB), and Cemeteries and Parks Department; they did not have the necessary certificate of competence to operate funeral undertaking businesses and they do not comply with regulations.

In terms of the impact of the existing regulations on business performance, it is evident that most funeral undertakers have been in business for more than 5 years. Even though their income seems to be evenly spread but most participating funeral practitioners still rate their businesses as either intermediate or advanced and it is further confirmed by the fact that almost half of the participants believe that they have done excellently in their overall business performance. However, when asked about the impact of regulations whether they positively influence their overall business performance, the majority agreed that they do but when asked in reverse whether the regulations negatively impact their overall business performance the numbers declined. One possible reason for this contradiction could be that the participants are mindful of the fact that the Government can do better by effectively regulating this industry thereby yielding positive results on business performance.

Given the above findings, the next chapter will make recommendations on how the industry can be effectively regulated so as to ensure best practices within the funeral industry.

Chapter 5

RECOMMENDATIONS AND CONCLUSION

5.1 Introduction

This chapter recalls the aim of this study which was to investigate the level of awareness regarding the existing regulations governing the funeral sector, and the extent to which the funeral undertakers complied with the respective regulations. The secondary objective was to establish the nature of the impact caused by such regulations on funeral undertakers found to be operating around the Durban Metro. Ultimately this information will prompt if there is a need for the funeral sector to be effectively regulated, and thus resulting in best practices in the industry.

In the previous chapter, the general findings were presented and discussed, in this chapter the limitations, main findings, conclusion and recommendations are discussed based on the analysis of the data.

5.2 Main findings

The main findings of the study constitute those found in the review of literature in addition to those that emerged from this empirical study.

5.2.1 Literature

We support the view shared by Cenfri about the nature of informality in the funeral sector. While Cenfri attempted to explain the nature of informality by breaking it down into three types namely: business informality, employment informality, and the functional informality, collectively these contribute to the mushrooming of ‘fly-by-night’ or illegal operators which currently constitutes the biggest threat of the funeral sector and erodes the economy of the funeral industry.

While Services Seta identified the key problem in the funeral sector to be the scarce or critical labour skills shortage, they remain committed to assisting the funeral sector to work towards professionalising funeral occupations in the long term. This is the same view shared by the

labour department as they are currently conducting investigations into the funeral undertaking businesses with the view of professionalising the funeral sector and further strengthening the regulations. However, Services Seta felt that the funeral sector seems to be governed by an array of non-aligned legislation at a national, provincial and local government levels while the regulatory bodies governing this sector all have their own legislations but lack regulatory enforcement.

When the US death care industry was faced with a similar challenge of being governed by an array of non-aligned legislation, they appointed the GAO which is an independent body that oversees that accountability, integrity and reliability is maintained at all times by federal and states governments. In 2003, they were asked to review existing regulations in the death care industry, where they discovered that the FTC funeral rule still existed. However, there was no other regulation imposed on the death care industry at the federal level, as all other responsibilities were vested with each state. Similarly in South Africa, the National Treasury which appoints FSB on a national level regulates the Long-Term Insurance Act and FAIS Act whilst all other responsibilities vest with local governments or municipalities as they are responsible for promoting economic and social upliftment within their respective communities. Currently the US has around 50 states with each state having their own regulations towards the death care industry. In South Africa, there are 278 municipalities in total comprising of metropolitan, district and local municipalities all focused on growing local economies and providing infrastructure and services. This was found to be monotonous and lack synergy as each municipality regulates its own bylaws.

The Gauteng Province seemingly was the first to respond to this lack of synergies by issuing a Draft Gauteng Funeral Industry Regulatory Bill. However, as it stands the bill has not been enacted yet. Initially it was received with mixed emotions from industry players like the FFSA which is said to represent the interests of three organisations namely the NFDA; the SAFPA; and the Independent Crematoriums of South Africa. They all seem to share the same opinion that the bill is unconstitutional and will push up the costs of funerals since it requires amongst other things that all coffins conform to SAB standards. Furthermore, the Secretary General of the FFSA believed that there was no justification for a stringent bill since there is neither statistically reliable research with empirical data conducted on the funeral profession nor any evidence of abuse on a scale that would justify the proposed legislation. This totally disregards the research study conducted by Cenfri which addressees the secretary general's concerns.

5.2.2 Research

1. One of the research objectives was to establish if funeral undertakers were aware of the regulations imposed on the funeral sector. Findings in this study have revealed that the majority of participants are well aware of the various regulations imposed on funeral undertakers by different Government Departments.
2. The second objective was to establish if the funeral undertakers complied with the regulations governing the funeral sector. The study has shown that the majority of participants that are aware of the various regulations are actually complying with them, and they recognise the importance of compliance. However, it would appear that there are still those funeral undertakers that are not compliant with various regulations, and thereby posing risks in the industry, namely with:
 - i. **Health regulations** - there are still those funeral undertakers who contravene the law by operating without a licence or a valid licence which is against the law as it clearly states that no one has permission to store or prepare human remains except on approved funeral undertaker's mortuary premises for which a Certificate of Compliance has been issued.
 - ii. **Labour regulations** – statistics indicate that there is a huge possibility that the staff or personnel of most funeral businesses are not paid what is legally due to them as there are still those funeral undertakers which do not adhere to any prescribed minimum wages.
 - iii. **Parks and Cemeteries regulations** - statistics indicate that there are those funeral undertakers who are not registered with the municipality for conducting burials or cremations even though they are aware of the registration requirements and could very well be operating illegally.
 - iv. **FSB regulations** – there are some funeral undertakers that are selling funeral policies but are not FSB compliant even though by law they need to be registered either as an FSP or as a Representative of a registered long-term insurance company.

Operating a funeral undertaking business without complying with the necessary requirements for registration with the relevant government departments, not obtaining formal permission and valid licenses, all tantamount to operating illegally.

3. In relation to a third research objective, that of assessing the funeral undertakers' views on how regulations impact on their businesses, it would appear according to this study that most funeral undertakers that have been in business for more than 5 years, even though their income seems to be evenly spread but most of them still rate their businesses as either intermediate or advanced which is affirmed by the fact that mostly they believe that they have done excellently in their overall business performance. When asked directly about the impact of regulations whether they positively or negatively influence their overall business performance, there were glaring contradictions. The inconsistency of responses is an indication of a problematic relationship between the regulations, possibly the manner in which they are enforced, and the impact on businesses.

5.3 Conclusion

In the open letter to the president, Rousseau (2015) emphasised that the funeral industry is under developed and he believes that if the industry was to be effectively transformed, developed and regulated it may start contributing towards the country's economy. This study has shown that currently illegal funeral undertakers are thriving within an environment that lacks proper coherent and aligned regulations.

The study undertaken had set out to investigate if the funeral undertakers comply with the existing regulations governing the funeral sector and establish what impact is caused by such regulations on funeral undertaking businesses. The study has demonstrated the non-alignment of the various legislations regulated by various regulatory bodies including the Health Unit, Labour Department, Department of Home Affairs, Financial Services Board and the Parks and Cemeteries Department. When assessing the impact of the non-aligned legislation on funeral undertakers we received mixed feelings suggesting that participants are mindful of the fact that the Government can improve and grow this industry by producing coherent and aligned regulations to govern the funeral industry. The fact that there are many funeral undertaking businesses operating without proper certification and licenses that legally mandate them to effectively run those businesses is proof that the regulations lack proper enforcement. Lack of enforcement can perpetuate the mushrooming of illegal vendors, who in turn pose risks mitigated by the regulations in the different government departments.

The funeral sector employs a large number of unskilled workers in both rural and urban areas. Since the cancellation of the Wage Determination (WD) 470, employers do not prescribe to

any minimum wages. Statistics in this study indicated that there is a huge possibility that the staff or personnel of most funeral undertakers are not paid what is legally due to them hence the majority of the employees in this trade across the country indicated that they wanted a sectoral determination that will address specifically the issues in the funeral sector. The unions have emphasized that the establishment of Sectoral Determination will have adverse consequences if thorough investigations were not done. There are still diverse feelings about this issue wherein some employers feel that they do not need a sectoral determination as they are currently complying with Basic Conditions of Employment Act. Others feel that re-introduction of sectoral determination will set a standard that will basically assist in the issue of wages.

The findings of this explorative study are a good indication that studies are required to further investigate the funeral industry. Future studies can target unlicensed funeral undertakers to investigate the potential risks posed by these businesses. Other future studies can aim at generating specific recommendations for best funeral industry practices.

5.4 Recommendations

The following section will consider the findings presented above and offer recommendations:

- i. The funeral industry needs to form a single legislation collectively accommodating the rules and regulations of all the other existing legislations including the health, labour, home affairs, financial services board, parks and cemeteries by-laws and all other regulations.
- ii. The SA Government needs to establish a national accountability office similar to the US GAO which can oversee that all the provincial, municipalities and local governments efficiently and effectively focus on growing local economies and provide a conducive infrastructure and services needed at all times. The same office can review and monitor the existing regulations on a regular basis and proactively address any challenges experienced by the funeral industry. A strong enforcement of compliance can also be maintained by this office in order to avoid the illegal operators.
- iii. A central register for all funeral undertakers need to be kept and maintained by a central database office. Similarly with FSB, all Financial Services Provider's records including their Representatives are currently kept and maintained by this board.

- iv. We recommend that once the Labour Department is done with investigations relating to the minimum wages for the workers in the funeral sector, they can consider reviving wage determination 470 for Funeral Undertakers. Furthermore, upon completion of current investigations by the Department, we hope that the funeral industry employees will be protected as the majority are currently not provided with employee benefits like medical aid, pension funds, workers compensation, or any psychological support for that matter even though some are highly exposed to death and trauma on a daily basis.
- v. The commitment by Services Seta for assisting the funeral sector to work towards professionalising funeral occupations in the long term is most welcomed. It is through such commitment that we recommend that Services Seta speeds up their processes, including getting embalmers.
- vi. Finally, we recommend a further study to look into all the recommendations made and establish guidelines for best practices at a national level which can be adopted by all provincial and local governments. The Draft Gauteng Funeral Industry Regulatory Bill can be utilised here as a guideline.

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Appendix 1

Ethical Clearance



05 May 2015

Mr Siyobonga Nkosinathi Dumisa (205524683)
Graduate School of Business & Leadership
Westville Campus

Dear Mr Dumisa,

Protocol reference number: HSS/0255/015M

Project title: The impact of Government Regulations in the Federal Sector around the Durban Metro

Full Approval – Expedited Application

With regards to your application received on 15 April 2015. The documents submitted have been accepted by the Humanities & Social Sciences Research Ethics Committee and FULL APPROVAL for the protocol has been granted.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number.

Please note: Research data should be securely stored in the discipline/department for a period of 5 years.

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

Dr Shenika Singh (Chair)

/ms

C: Supervisor: Dhanesh Rampersad
C: Academic Leader Research: Dr M Hoque
C: School Administrator: Ms Zarina Bullyraj

Humanities & Social Sciences Research Ethics Committee

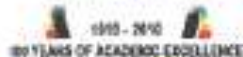
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Retreat/Claremont Edgewood Howard College Medical School Pietermaritzburg Westville

Appendix 2
Turnitin Report



Turnitin Originality Report

Dissertation 2016 by Siyabonga Dumisa

From Final Chapter (Dissertation 2016)

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- Word Count: 22526

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Appendix 3
Editing Letter of Authenticity



Centre for Languages and Culture Promotion (PTY) LTD

Registration number: 2013/330621/07/Tax number: 9231021158/B-BBEE Reg No: 2013/181022/07
200 Fiddlers Drive, Carrington Heights, Durban
Email: school@cpml.com
Phone: +2736431581 9629650197

08 April 2016

AUTHENTICITY OF EDITING.

I, **Linda Benach**, hereby confirm that I have read, edited and checked the document titled:

The impact of government regulations in the funeral sector around the Durban Metro

Author: **Siyabonga Dumisa**

Additional report of the editing process is included.

Yours sincerely,


Linda Benach.

Approved by: **Dr R Joseph (Executive Director)**

Official stamp



Appendix 4

Informed Consent from participants

Informed consent for participation in an academic research study

Dear Participant,

My name is Siyabonga Nkosinathi Dumisa (Student no. 205524683). I am a Masters student, studying at the University of KwaZulu-Natal, Graduate School of Business. The title of my research is: "The impact of government regulations in the Funeral Sector around the Durban Metro" The aim of the study is to better understand the regulations governing the funeral sector and the impact of such regulations in the funeral businesses operating in the Durban Metro.

Please note that:

- Your participation is entirely voluntary. You have a choice to participate, not to participate or stop participating in the research. You will not be penalized for taking such an action.
- Your answers to the questionnaire will be presented anonymously. Neither your name nor identity will be disclosed in any form in the study.
- The record as well as other items associated with the questionnaires will be held in a password-protected file accessible only to me and my supervisor. After a period of 5 years, in line with the rules of the university, it will be disposed by shredding and burning.
- The results of the study will be used for academic purposes only and may be published in an academic journal. We will provide the research participants with a summary of our findings upon request. The collected data will not be utilised for purposes other than this proposed study without prior consent.
- If you agree to participate please sign the declaration attached to this statement.

My supervisor is Dhanesh Rampersad. Email: ghanesh@tikzn.co.za and his contact number is: +27 31 368 9600. The HSSREC Research Office contact number is +27 31 260 8350 or Email: hssreclms@ukzn.ac.za in case you have any questions or comments about the study.

DECLARATION

I have read the informed consent letter above and:

- (1) Understand the information in the letter;
- (2) Give consent to participate in the study on a voluntary basis; and
- (3) Have a right to withdraw without any negative consequences.

YES

NO

Appendix 5
Questionnaire

There are 3 sections to this questionnaire:

- (a) Demographic data (required for statistical purposes)
- (b) Questions intended to investigate the regulations sanctioned to the funeral businesses
- (c) Questions intended to analyse the impact of such regulations in the funeral businesses

(a) DEMOGRAPHIC DATA OF THE RESPONENT

Q.1. Funeral Practitioner

Yes 1	No 2
--------------	-------------

Q.2. Operating a funeral business in Durban?

Yes 1	No 2
--------------	-------------

Q.3. Gender:

Male 1	Female 2
---------------	-----------------

Q.4. Age:

0-18 years 1	19-25 years 2	26-35 years 3	36-45 years 4	46 and above 5
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Q.5. Ethnic group

African 1	White 2	Coloured 3	Asian/ Indian 4
------------------	----------------	-------------------	------------------------

(b) DEPARTMENT OF HEALTH

Q.1. Are you aware of any regulations imposed or sanctioned by the Department of Health on funeral businesses operating within the area?

Yes 1	No 2
--------------	-------------

Q.2. Does your business have a valid Certificate of Competence?

Yes 1	No 2
--------------	-------------

Q.3. In your opinion is there an importance in having a valid Certificate of Competence?

Agree 1	Not sure 2	Disagree 3
----------------	-------------------	-------------------

DEPARTMENT OF HOME AFFAIRS

Q.1. Are you aware of any regulations or sanctions imposed by the Department of Home Affairs on funeral businesses operating within the area?

Yes 1	No 2
--------------	-------------

Q.2. Does your business have a DHA Designation Number (DOL)?

Yes 1	No 2
--------------	-------------

Q.3. In your opinion is there an importance in having the Designation Number?

Agree 1	Not sure 2	Disagree 3
----------------	-------------------	-------------------

DEPARTMENT OF LABOUR

Q.1. Are you aware of any regulations or sanctions imposed by the Department of Labour on funeral businesses operating within the area?

Yes 1	No 2
--------------	-------------

Q.2. Does your business adhere to sectoral minimum wage?

Yes 1	No 2
--------------	-------------

Q.3. In your opinion is there an importance in having a sectoral minimum wage?

Agree 1	Not sure 2	Disagree 3
----------------	-------------------	-------------------

PARKS & CEMETERIES DEPARTMENT

Q.1. Are you aware of any regulations imposed or sanctioned by the Parks and Cemeteries Department on funeral businesses operating within the area?

Yes 1	No 2
--------------	-------------

Q.2. Is your business registered with the department for conducting funerals or cremations?

Yes 1	No 2
--------------	-------------

Q.3. In your opinion is there an importance in registering with the department?

Agree 1	Not sure 2	Disagree 3
----------------	-------------------	-------------------

FINANCIAL SERVICES BOARD

Q.1. Are you aware of any regulations imposed by the Financial Services Board (FSB) on funeral businesses operating within the area?

Yes 1	No 2
--------------	-------------

Q.2. Is your business registered with FSB?

Yes 1	No 2
--------------	-------------

Q.3. In your opinion is there an importance in registering with FSB?

Agree 1	Not sure 2	Disagree 3
----------------	-------------------	-------------------

(c) IMPACT OF CURRENT REGULATION

Q.1. Please indicate years of experience in the funeral business

Less than 2 years	3years - 5 years	6 - 10 years	11 - 20 years	More than 20 years
1	2	3	4	5

Q.2. Please indicate your business's current income bracket per annum

Less than 50 000 1	50001 - 250 000 2	250 001 - 500 000 3	500 001 - 1million 4	More than 1million 5
------------------------------	-----------------------------	-------------------------------	--------------------------------	--------------------------------

Q.3. Please rate your business

Beginner 1	Intermediate 2	Advanced 3
-------------------	-----------------------	-------------------

Q.4. On a scale 1-3 how would you rate your overall performance

Fair 1	Good 2	Excellent 3
---------------	---------------	--------------------

Q.5. In your opinion does the current regulations positively impact your overall business performance?

Agree 1	Not sure 2	Disagree 3
----------------	-------------------	-------------------

Q.6. In your opinion does the current regulations negatively impact your overall business performance?

Agree 1	Not sure 2	Disagree 3
----------------	-------------------	-------------------

Appendix 6

Gate Keeper – Mr. Pepe Dass



**Parks, Recreation & Culture Unit
Parks, Leisure & Cemeteries Department**

75 Dr Langalibalele Dube Street
8th Floor
P O Box 3740
Durban, 4001
Tel: 031 311 4479
Fax 031 311 4568/311 4582
www.durban.gov.za

03 March 2015

Dear Mr. Dumisa

**RE: REQUEST TO CONDUCT RESEARCH – TOPIC -INVESTIGATING THE IMPACT
OF GOVERNMENT REGULATIONS IN THE FUNERAL SECTOR AROUND THE
DURBAN METRO.**

I refer to your email request for permission to undertake research on the above topic at Ethekwini Municipal facilities. I will be happy to assist with any questions you may have however please note that the topic seems to focus on legislation concerning the funeral industry which is monitored by our Environmental Health Division. I would therefore suggest that you also contact Mr. Neil Larat the Deputy Head whose department is responsible for compliance of funeral undertakers.

Yours sincerely

A large black rectangular box redacts the signature of the sender, Mr. Pepe Dass.

Pepe Dass

Appendix 7
Approval Letter – Ethekwini Health Unit



Dear Siyabonga Nkosinathi Dumisa

17 April 2015

Subject: Approval of a research proposal.

The research proposal titled: **The impact of government regulations in the funeral sector around the Durban metro** was reviewed by the eThekwini Municipal Health Department research Committee.

This committee believes this research will add value to issues relating to compliance monitoring of funeral sector within eThekwini municipal area.

In this view of this, the committee endorses this research study.

Findings must be represented to the research committee, so that steps can be taken to address gaps identified.

The report to be submitted or emailed to of the study to the eThekwini Municipality Health Unit or emailed to: grace.mufamadi@durban.gov.za

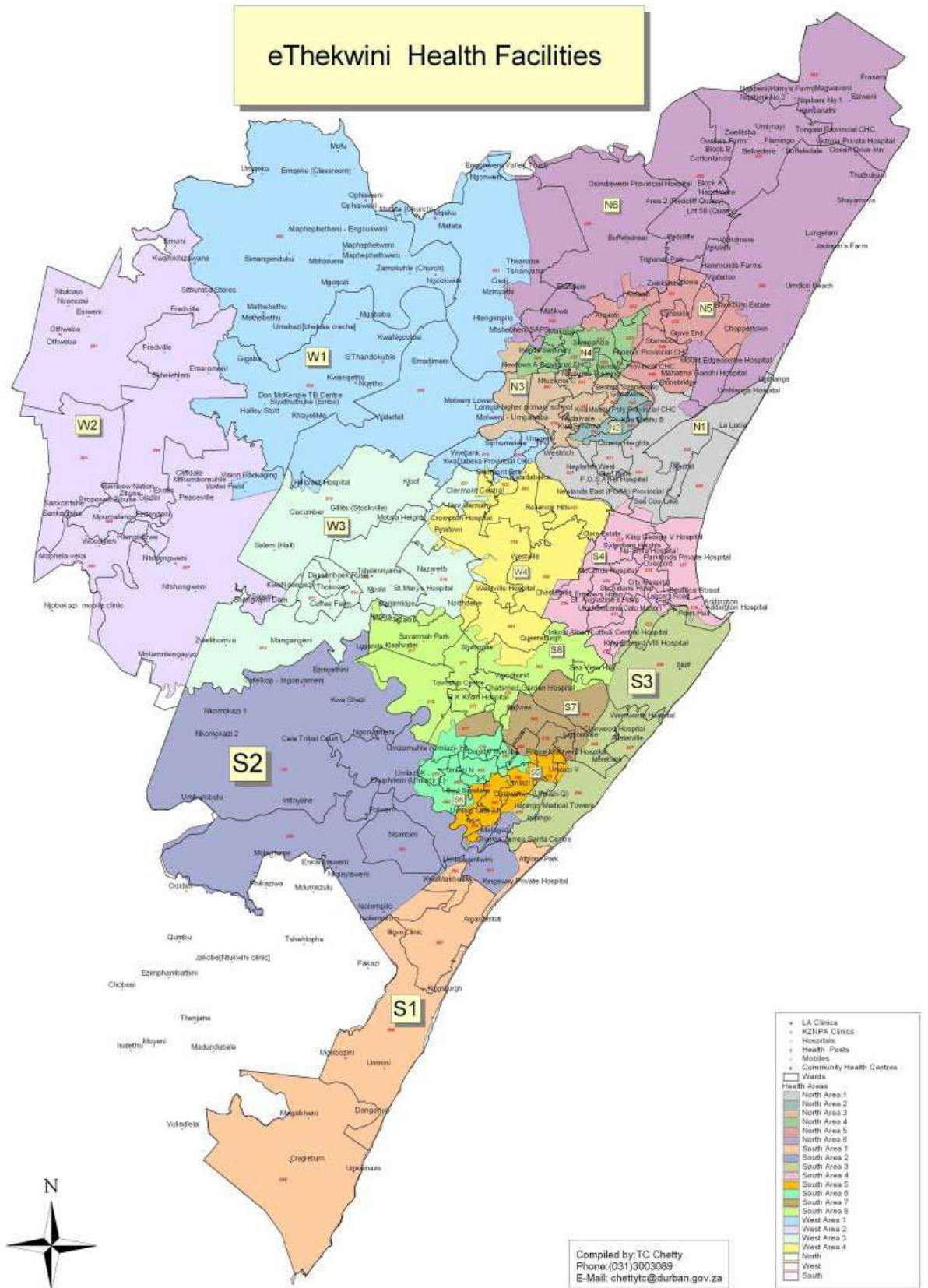
Yours faithfully

 Dr Ngemane Signature: _____

Deputy Head of Health

Date: 22.04.2015

Appendix 8 eThekweni Health Facilities Map



Appendix 9

Health Unit – Control Document

Ethekwini Municipality Consolidated Funeral Undertakers							
RMC Area	Business name	Physical address	Tel. Number	Contact person	CoC	Sales/Office	MSM removal
North 1	Southern Funeral Undertakers	29 MacLachy Drive, Newcastle	0315772353/061652264	MRS Duma	Yes		
	Calari Funeral Services	1399 North Coast Road	0315681500/0314597688	Mr MMAC Duma	Yes		
North 2	Gkwenzakona Funerals	81257 Sene Road	031 503 4287	Vulani Nkomoana	No	Office	None
	Mankoye Undertakers	P 13 Bhejane Road	031-5013743	Mr J Mnyell	Yes		None
North 3	Mabinda Funeral Services	Free Mazhu H	031 5001795	Mr Mabinda	Refused by Province in 2006 under investigation for withdrawal		None
North 4	None	N/A	N/A	N/A	N/A	N/A	N/A
North 5	Phoenix Islamic Grief Society	488 Longbury Dr	031- 5069008	A.W. Cass	Yes: 2014-08-20	No	Yes
	TG Geysseler & Sons	4 Broadgreen mall	031-4295142	Roman Geysseler	Yes: 2015-06-17 (Professional)	Yes	Yes
	Phoenix Funeral services	8-10 Kruger Place	031-507 8615	Usha Maitsha	Yes: 2014-08-20	Yes	Yes
	Durban Funeral Services	9 Industrial Park Dr	031-5002015	Antoinette Chetty	Yes: 2015-06-13	Yes	Yes
	CCN- Phoenix Mortuary	200 Phoenix Highway			No under Prov OH: To PU	No	Yes
	Mabinda Gandhi Hospital	200 Phoenix Highway			No under Prov OH: To PU	No	Yes
North 6	Tongaat Funeral Service	479 Main Road Tongaat	824664021	P Ramakran	Yes		No service
	Touched by An Angel Funeral Services	15 Mahara Street, Tongaat	031-5333617	G. J. Pillay	Yes		No service
	Jagato Funeral Services	24 Railway Street, TG7	031-	Sipho Thembu	N/A	Office	
	Indiso Funeral Service	28 Railway Street, TG7	031-	Thanda Nkilo	N/A	Office	
	Narobiso Funeral Services	287 Main Road - Tongaat	031-4453430	Thobani Ramakran	N/A	Office	
	Tongaat Muslim Society Undertaker	457 General Ndaba, TG7	328 445 348	Mr Abu	Yes		No service
	Chiboga Funerals C.C	347 Main Road, Tongaat	031-	N/A	N/A	Office	
	Toun Funeral Services	39 Mahara Street, Tongaat	031-4441030	M.P. Geysseler	Yes		No service
	Continental Funeral Services	35 Mahara Street, Tongaat	031-4431598	G.P. Pillay	Yes		No service
	Sentinel Funeral Services	35 Mahara Street, Tongaat	031-4442288	K Ramakran	Yes		No service
	Thandlovethu Funeral Service	31 Todd Street, Venulam	031 - 8276194	G.M. Mntunguza	N/A	Office	
	Touched by An Angel Funeral Services	29 Wick Street, Vitis	031-5333917	G J Pillay	N/A	Office	
	Venulam Funeral Services	182 Wick Street, Venulam	827602728	Yogan Moodley	Yes		services
	Coastroads Funeral Services	ABC Centre Cnr of Moss &	031-5334606	M Moodley	N/A	Office	
	Mhurst's Funeral Service	38 Todd Street, Venulam	031-5338497	M Zikalali	N/A	Office	
	Bhekiqani's Funeral Services	8709 Moss Street	722398866	Bhekiqani	N/A	Office	
	Mable Burial Scheme	40 Todd Street - Vitis	031-5336118	M. Mkhelani	N/A	Office	
	Venulam Mosque	88 Wick Street -Venulam	031-5337052	Royah	Yes		Solid Waste
	Toun Funeral Services	364 Main Road - Tongaat	031-4441030	M P Geysseler	N/A	Office	
	Tongaat Funeral Services	35 Kullow Drive - Tongaat	031-4443758	P Ramakran	N/A	Office	No service
	Tongaat Anglican Wilm Trust 12 Railway Street	12 Railway Street - Tongaat	031-4447598	A.R. Tayeb	Yes		
	Mossdale Funeral Home	61 Moss Street - Vitis	847110060	Goodman	N/A	Office	
	M J Funeral Services	67 Moss Street - Vitis	832466425	Mtshali	N/A	Office	
	Thulani Funeral Services	82 Moss Street - Vitis	849655392	Zelton Bheziwe	N/A	Office	
	Venulam Funeral Services	39 Moss Street - Vitis	031 - 5336002	Yogan Moodley	N/A	Office	
	Mabinda Funeral Services	Suite 3 Yusuf Centre - Vitis	783117385	J. Zandi	N/A	Office	
	Goodhope Funeral Services	Suite 3 Yusuf Centre - Vitis	847558053	Gel Nzuzo	N/A	Office	
	Mkhuzivethu Funeral Ser	Suite 3 Yusuf Centre - Vitis	786027008	T Lendlovethu	N/A	Office	
	Ungqah Funeral Services	Suite 3 Yusuf Centre - Vitis	837505634	Shogzi Nkosi	N/A	Office	
	Phoenix Funeral Services	31/33 Wick Street - Vitis	031-5336111	J Ndlovu	N/A	Office	
	Thulani Funeral services	58 Inland Street - Vitis	031-8276111	Nobuswazi	N/A	Office	
	20 Solitane Funeral services	15A- 58 Inland Str - Vitis	764960274	R Naumido	N/A	Office	
South 1	Salween to Heaven	Millow Glen Umkomaas	039 979 0558	Mr G. Bheziwe	Yes		None
	CCN Funerals	3 Pheasant St Umkomaas	039 973 0608	Michael McCarty	Yes		Compass waste
	Funeral Services	Garwick St Rosemeath	039 979 5406	S. Pillay	Yes		None
South 2	None	N/A	N/A	N/A	N/A	N/A	
South 3	Gale street Mortuary	Gale str				Mortuary	
South 4	Waybank Funeral Undertakers	75 Gale Street			Yes	Sales	Compass waste
	Molwane Burial Services	83 Moore Road	031 307 1333			Office	
	Toula Tola Funeral Services	81 Moore Rd	031 510 5623 / 031 306 8516			Office	
	31st Century	217 Gale Str	079 360 4410 / 082 491 2533		Yes	Sales	Compass waste
	Thakani Funeral Centre	68 Gale str	031 305 9731/1 083 549 7763			Office	
	Jagato Funeral Services	60 Gale Str	031 811 2847 / 083 987 3559			Office	

	Nobuhle Funeral Directors	602 South Coast Rd	031 468 5832				Office	
	Paradise Funeral Services	423 Chantlerin Road	031 468 5832				Office	
	Economic Funeral Services	38 Doolley Street Jacobs	083 565 1382					
	Nobuhle Daylighted Funerals	22 Gardenridge Ave	031 206 1116 / 082 953 0621		Yes			Compass waste
	Livestaff Funeral Services	5 Old Nkomo Road Nipisings	031 902 8100		No			Compass waste
	Paradise Funeral Services	423 Chantlerin Road	031 468 5832		Pending			Compass waste
	Economic Funeral Services	38 Doolley Street Jacobs	083 565 1382		No			Compass waste
	Calani Funeral Services	031 902 9432			Yes			Compass waste
	Khayalithu Funeral Services	156 Old Mt ain Road Nipisings	083 565 1382	Adrian Nkophe	No		Office	
30	Nipisings Funeral Services	Thive Rd			Pending			Compass waste
	Empasini Funeral Service	112- 114 Nipisings	031 902 6251				Office	
	Amosithi Funeral Services	5 77 old main rd	031 902 2060		Yes			Compass waste
	Azandla Enkabayango	Unit 11 Progress Centre, Nipisings	072 2538 120		Yes			Compass waste
	Nkangwane Funeral Service	Police Station Road	083 573 9946		Yes			Compass waste
	Nobuhle Funeral Service	Nipisings Rediro Centre	082 9636 111		Yes			Compass waste
	Dowse	Buff road	031 467 1528				Office	
	Samco Funeral Supplies	Gale St	084 447 8189				Office	
	Dowse Funerals	Alexandra Rd Nipisings					Office	
South 6	Aabohi Funeral services	118 Umhlobo Road	031 206 0831	Keith Love	Yes			Yes
	Sydenham Muslim Burial Services	359 Sparks Road		Hassan Osman Bux	Yes			Yes
	Sama Classic	76 Uniged Road	031 309 9596		Yes			Yes
	Dowse Funeral Services	20 Eyns Street		3133850100	Jaden Smith	Yes		Yes
	Dextery Funeral Services	70 Bawa Road	031 304 7607	Nicky Jagannath	Yes			Yes
	MattWest Class Funeral services	130 Bawa Road	031 305 5171	Nelisi	Yes			Yes
	Newlands City Funeral Services	7 Leopold Road	031 307 6500	Kozhik Mathara	Yes			Yes
	Durban & Overport Muslim Burial Services	30 Lodge Grove - Overport		Chashim Randeree	Yes			Yes
	Chakweh Funeral Home	184 Umhlobo ROAD	031 205 9659	Marcel Van Wyk	Yes			Yes
	Zint Funeral Home	80 Rint Avenue	031 308 8913	Shireen Seemundin	Office Facility			None
	Dubusa Funeral Haven	69 Umhlobo road		Hamilton Ngidi	Yes			Yes
	Nobuhle Funeral Services	163 Bawa Road			Pending			Yes
21	Nqweni Funeral Directors	396 Umhlobo Road Durban	031 205 8437	N N Mqutu	Yes			Yes
South 5&6	Umkhumbi Funeral Services	No. 15 Block F Umhlobo Industrial Park	031 9065863	Mr. C. J. Ndlovu	YES ISSUED BY PROVINCE			Yes
	Hambakhalu Funeral Services	V 1348 Umhlobo Industrial Park	082 258 8590	Mr. B. Mazi	YES ISSUED BY PROVINCE			Yes
	Nkhumbeni Funeral Services	V1327 Umhlobo Industrial Park	031 9061746	Mr M M Chibha	YES ISSUED BY PROVINCE			Yes
	Musa Funeral Services	B 1382 Fco Nkwasipuma, Umhlobo	031 906 0016	Mr. L.M. Nyathi	YES ISSUED BY PROVINCE			Yes
	Calani Funeral Services	L 1301 Umhlobo	083 4507 688	Mr MNC Duzisa	YES			Yes
	Umsuzuko Funeral Services	V Section Next to FMMH Mission No.	079 456 058	Mr. B. Mwanza	YES ISSUED BY PROVINCE			Yes
	Wakhalwa Funeral Services	V Section Next to FMMH Mission No.	073 348 0180	Mr. TB Zondi	No		OFFICE	NO
	Chartho Mhunjwa D'Services	V Section Next to FMMH Mission No.	083 351 1913	Mr. SA Mhunjwa	No		OFFICE	NO
	Shumayiqi Funeral Directors	Mangochthu Highway Next to FMMH	071 813 3867	Mr. S. Solomon	No		OFFICE	NO
	Shelwenha Funeral Services	V Section Next to FMMH Mission No.	074 432 4773	Mr. Mkhaleli Mtshali	No		OFFICE	NO
	African Dream Funeral Services	Unit 24 Block G Umhlobo Industrial Park	073 383 8794	Mr. Mandla Mtho	No		OFFICE	NO
	Empasini Burial Services	Unit 12 Umhlobo	031 9069607					
10	Shobu Funeral Services	V1320 shop No 12 Industrial Park 189	031 9061746/072 2628758	Mr. CH Shobude	No		OFFICE	NO
South 7	Ababalafaxa Africa	1576 South Coast Road Molenale	842 334164	Mr Azbon Mnyambodu	Pending			Compass waste
South 8	IZWEZWEZWE Funeral Services	28-28 Peak street -Chatsworth	031 4013317	D. Pity	Yes			Compass Waste
	Wyeback Funeral Parlour	26 Herman Grove -Mooitoo-Charmao	031 404 5465	Paul	Yes			Technologies
	Isibhaya Munzane Islam Trust (Olyngala street mosque)	49 Olyngala street-Chalkcross	0832275786	Auf Khan Chairman: Ibtis	Yes			Compass Waste
	Woodhurst Muslim Burial Services (Sabal Chini mosque)	73 Woodhurst Drive-Woodhurst/Ch	0825768905	Sabon Motswen & Mohant	Yes			None
	Mandahlil Funeral Services	Rd 917- Mooitooosi Dr-Mooitoo-Char	031 404 3499	B. Pithay	Yes			None
	Mandahlil Funeral Services	120 Confidance Dr- Confidance-Chalk	031 406 2503	L. Dvety	Yes			Compass Waste
	Pratibon Funeral Services	Ayuda Centre/Loyhurst street/Shop	031 404 760	V. Marimuthu	No		Office	N/A
West 1	Burhan Hill Funeral Parlour	RamWaves	0317773001	Kelani	no		Office/charity	none
West 2	Muzimanga Funeral Services	Shop 08-11 Webber Shopping Centre	082 965 5300	Mr R Pity	Yes			Yes
	Hammarshill Funeral Services	B 1109 Muskhalle Road	082 372 2818	Mr M N. Mthwane	No (Court Order)			Yes
	The Delightful Funeral Services	624 Maggla Centre	082 772 8520	Mr C.S. Wanyile	Yes			Yes
	Danda F/S	36 Webber Centre		724202605			Office	
	Mertins F/S	Shop 5 Webber Centre	031 7982143					and payments
	Azandla-Maggla F/S	Shop 3 Snacks Centre Gato Ridge						Registration
	Simson F/S	Muskhalle Road Muzimanga	031 394 5443					Yes
	Miflandi Funeral Services	Main Road, Next to BP Garage	082 540 0886	Mr D.S. Tswila	Yes			Yes

West 3	Gama Funeral Services	36 Circuit Rd	06 289 6214	Philoani Gama	Pending	Yes	Yes
	Weyland Funeral Home	6 Foxcroft Rd	08 1765 7521	Camill	Yes	Yes	Yes
	Dandakula Funeral Parlour	18 Chelsea Ave	06 362 2031	Mr. Ngobu	Yes	Yes	Yes
West 4	CRP Pinetown	183 8th Main Road, Pinetown	031 - 8755110	Cliff Gwende	N/A	Switched/Back	
	Marth Funeral Services	6 Blair Road, Pinetown	031 - 709 2142	Wayne Oswald Huchweh	N/A	Offline	
	Gama Funeral Services	71 Congleton Street, Pinetown	0721749605	Gama	N/A	Offline	
	Sugathu Funeral Services	Inqweri Lane	031-7091670/0717500565		N/A	Offline	Closed
	Luthala Funeral Home	Inqweri Lane / Railway Street			N/A	Offline	Closed
	Damant Funeral services	204 Clarendon road, Clarendon	083 456 4034	Mrs B.P. Abubus	Yes		Contact us later
	Muzi Funeral services	18 Inqweri Lane Pinetown	0721682727	Nondle Mbonani	Yes		Contact us later
26	D. Shadde	No.12 Railway Lane, Pinetown	076 234 0190	Gugani Nkongolo	Yes		Contact us later
No. of 29 August 2023 Total=323							

Appendix 10

Support Letter – Mr. MA Khambule



21st CENTURY
Funerals Durban (Pty) Ltd
Reg. No. 1006976122007 / 1006976122

No 88, 1st Avenue
Greeville, Durban

Tel (031) 309 8912
Tel (031) 309 3806
Fax (031) 309 3859
E-mail: info@21stcenturykzn.co.za

Date 03 March 2015

Dear Mr Dumisa

RE: REQUEST TO CONDUCT RESEARCH – TOPIC – INVESTIGATING THE IMPACT
OF GOVERNMENT REGULATIONS IN THE FUNERAL SECTOR AROUND THE DURBAN METRO

We fully support the research to be conducted and believe it will be beneficial in the industry we operating in.

Thanks regards



Mr MA Khambule
Managing Director
21st Century Funerals
Tel: 031 3093806
Cell: 0824912533
Email: mduduzi.k@21stcenturykzn.co.za

1

Director: M Khambule, E Mkhabela

Appendix 11

Support Letter – Mr. CMM Dumisa



Celani FUNERAL SERVICES

*Khula Nathi
Grow with us*

UMLAZI

1101 Umlazi
P.O. Box 54008, Umlazi 401
Tel: (031) 6691522/9361560/Fax: (031) 0081303
(24 Hours)

ULUNDI

404 King Mzondo Street
P.O. Box 1216, Umlazi 4008
Tel: (031) 0704088/0704088
Fax: (031) 0709993
(24 Hours)

NEWCASTLE

Five Star
Shopping Centre, Chatsworth
Tel: (034) 3600700/3603378
Fax: (034) 3601712
(24 Hours)

MARGATE

Shop No. 28, Enoch Shopping Centre
P.O. Box 1823, Margate 4077
Tel: (039) 3172105/3172191
Fax: (039) 3172574
(24 Hours)

WESKAL

1209 Christiaan Road
Riverside
Durban
Tel: (031) 5801800/5801810
Fax: (031) 6809008
(24 Hours)

EBHOWE

Shop LG 3 & LG 24
Eshowe Mall
1066 Eshowe
Off Mangosha & Debenke Street
Eshowe (035) 4741685

ISIPINGO

Shop V5, Forum Centre
Pondy Road,
Isipingo
Next to Forward Taxi Rank
Tel: (031) 9123734

UMLAZI

Y 04 KFC Industrial Park
Section V - Umlazi
P.O. Box 54006, Umlazi
Tel: (031) 9081170/90817016
Fax: (031) 9072227

OFFICES:

MARGATE

3100 Boyes Lane
P.O. Box 1002
Margate 4070
Tel: (039) 317 0190/312 2154
Fax: (039) 312 2706

CELL: 082 439 7848 FOR ALL BRANCHES. "MINTWANA WAS EKHWANA"

3 March 2015

To: Siyabonga Nkosinathi Dumisa

**RE-REQUEST TO CONDUCT RESEARCH - TOPIC - THE IMPACT OF GOVERNMENT
REGULATIONS IN THE FUNERAL SECTOR AROUND DURBAN METRO**

We acknowledge your interest on the above mentioned subject and we fully support the motion.

We truly hope that in the long run this research will be benefiting for both businesses and the industry at large.



Mr. CMM Dumisa

Chief Executive Officer

Appendix 12

Ethekwini Municipality – Public Notice



PUBLIC NOTICE

CALL FOR UNREGISTERED FUNERAL UNDERTAKERS

Notice is hereby given in terms of the Municipal System Act, Section 75A, of the intension by eThekweni Municipality to implement the tariff for the registration of service providers operating in its Cemeteries and Crematoria. The purpose of registration is to ensure the compliance of all legislation relating to burials and cremations. Unregistered Funeral Undertakers are given until the end of January 2016 to register with the Department of Cemeteries and Crematoria. Undertakers must liaise with deceased next of kin regarding the Burial Order. The following documents and information is required:

- ❖ Certificate of Competence
- ❖ Schedule for Trade Permit
- ❖ Authority letter from Home Affairs to issue a Burial Order
- ❖ VAT registration Certificate
- ❖ C K Certificate
- ❖ Physical and Postal address evidence
- ❖ Certified copy of the Owner's ID
- ❖ R795 fee

Enquiries for the granting of authority to issue Burial Orders must be directed to the Department of Home Affairs.

Undertakers must note that the Department of Home Affairs will not grant authority for the issuing of Burial Orders without a Certificate of Competence (COC) first being obtained from the Municipality.

Service providers that fail to register with Parks, Leisure and Cemeteries Department by the 2nd February 2016 will not be allowed to provide their services within eThekweni Municipality Cemeteries and Crematoria.

Enquiries: Certificates of Competency and Scheduled Trade Permit

EThekweni Health Unit – Environmental Health Services.

Telephone: 031 311 3555

Email: healthregistry@durban.gov.za

Authority to issue Burial Orders: Department of Home Affairs

Compulsory Registration with Parks, Leisure and Cemeteries.

For enquiries please contact:

Jackie Bosse on 031 311 4581 or Suria Ramkalli on 031 311 4544

Email: Jackie.Bosse@durban.gov.za or suria.ramkalli@durban.gov.za

Appendix 13

Hibiscus Coast Advert – Channel Funeral Services



Funeral Services

We have various package offerings for you to choose from:

- **Funerals from R3 500**
- **Funeral Policies**
- **Insurance Policies**

Unit 1 & 2, 40 Bisset Office park, Port Shepstone
Office: 087 353 0103 (24 hours) • Cell 073 113 8202

MEMBER OF THE  **Sanlam** GROUP