

May 1941

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AN EXAMINATION OF THE FINANCIAL POLICY OF THE JOHANNESBURG
CITY COUNCIL IN REGARD TO THE NATIVE REVENUE ACCOUNT

URBAN AREAS ACT AND HOUSING:

1. The Urban Areas Act of 1923, as amended, placed the responsibility on local authorities for housing Natives employed within their boundaries.

NATIVE REVENUE ACCOUNT:

2. Under the same Act it became obligatory for local authorities to keep a separate account, to be called 'The Native Revenue Account', in which had to be reflected the Income and Expenditure in connection with Native Affairs. Any surplus on this account could not be utilised for General Revenue purposes, but specific provision was made in the Act permitting local authorities to supplement the Native Revenue Account from General Revenue.

CAPITAL EXPENDITURE:

3. In order to carry out the obligations imposed under the Urban Areas Act it was necessary for the Council to establish townships and to build hostels and houses for Natives. To finance this and other schemes the Council has from time to time raised loans by Public Subscription. Part of these loans was allocated to the Native Revenue Account and at the 30th June, 1940, the amount so allocated amounted to £1,570,843, of which £430,472 was a Government Loan under the Sub-Economic Housing Scheme. The Rates of Interest vary from $\frac{2}{2}$ % on the Government Loan to from $3\frac{1}{4}$ % to $5\frac{1}{2}$ % on the Loans raised from the public.

The money borrowed was spent as follows:

Capital Outlay

Land	122,185
Buildings	823,062
Machinery	2,249
Plant	15,786
Tools	204
Motor Vehicles	8,334
Furniture	17,043
Lay-out	3,345
Fencing	46,073
Livestock	2,388
Tennis Courts	190
Stormwater, Drainage and Sewerage	33,698
Water Supply	33,233
Railway Siding	4,297
Roads	12,968
Tramway Extension	1,750
Lighting	12,781
Medical Appliances	17
Swimming Pool	768
Orlando Government Housing Scheme	<u>430,472</u>
	1,570,843

CITY OF JOHANNESBURG - ESTABLISHMENT OF TOWNSHIPS AND HOSTELS:

4. The Johannesburg Municipality has established a number of locations and hostels. The population in April, 1939, was as follows:

Townships:

(a) Pimville	12,000
(b) Western Native Township	15,000
(c) Eastern Native Township	4,300
(d) Orlando Township	35,256

Hostels:

(a) Wemmer Men's Hostel	2,750
(b) Salisbury and Jubilee Hostel	470
(c) Wolhuter Men's Hostel	3,400
(d) Polly Street Hostel	148
(e) Native Women's Hostel	150

CITY OF JOHANNESBURG NATIVE REVENUE ACCOUNT
YEAR ENDED 30/6/1940

INCOME: 5. An examination of this Account reveals that the Income was as follows:

Rents		168,780
Beer Hall Receipts		94,447
Fines	4,409	
Licence Fees	4,533	
Burial Fees	383	
Sundries	202	
Wash Fees	100	
		<u>9,627</u>
		£272,854
Less: Bad Debts written off		<u>794</u>
		<u>£272,060</u>

It will be observed that the main sources of Income are the Rents from the hostels and the houses in the townships and the Beer Hall Receipts.

EXPENDITURE:

6. The total Working Expenses amounted to £187,497, and the classification of the expenditure was as follows:

(a) Salaries, Wages and Allowances	60,924
(b) Rents, Rates and Insurances	31,484
(c) Indirect Administration	4,262
(d) Grants-in-Aid and Gratuities	3,870
(e) Miscellaneous,	86,957
of which the following	
are some of the items:	
Maintenance of Buildings	13,594
Maintenance of Plant and	
Tools	544
Maintenance of Roads	9,441
Maintenance of Sanitary	
Services	18,215
Medical Services	10,654
Reserve for Bad Debts	2,860
Reserve for Maintenance of	
Buildings	7,562
Stores and Materials	13,917
Bioscope Performances	800
Native Library	325
	<u> </u>
Total	<u>187,497</u>

The difference between the total Income, viz. £272,060, and the total amount of Working Expenses viz. £187,497, amounts to £84,563.

CAPITAL CHARGES AND PROVISION FOR RENEWALS:

7. In addition to the Working Expenses the Native Revenue Account is debited with the following charges:-

Capital Charges		65,616
Interest on Loan Capital	47,808	
Redemption of Loan Capital	17,808	
Provision for Renewals		5,912
Extraordinary Expenditure (Military Service Allowance)		604
		<hr/>
		72,132
To which is added the Deficit brought forward from the previous year		<u>22,897</u>
		£95,029

After deducting from this sum of £95,029 the excess of Income over Working Expenses mentioned in the previous paragraph, viz. £84,563, a balance of £10,466 remains as a deficit to be carried forward to the 1941 year.

To put the matter in another way, leave out the Income and Expenditure on Beer Halls. The Gross Income would then be £177,613 and Expenditure £228,933 :- in other words an Excess of Expenditure over Income of £51,320. Thus if it had not been for the Beer Hall Profits there would have been a large deficit which would have had to be met out of General Rates. The Beer Hall Profits are, therefore, being used to relieve the European Ratepayers of a contribution to the Native Revenue Account.

FURTHER ANALYSIS INTO TOWNSHIPS, ETC.

8. The total Income and Expenditure, including the items mentioned in paragraphs 5, 6, and 7, have been analysed as follows :

	<u>Expenditure</u>	<u>Income</u>
Head Office	11,901	
City Inspection	5,827	
Pinville Location	14,087	8,959
Wemmer Men's Hostel	15,273	16,310
Salisbury and Jubilee Hostel	2,613	2,340
Western Native Township	45,589	29,624
Eastern Native Township	15,172	8,995
Native Women's Hostel	1,618	512
Wolhuter Men's Hostel	22,734	22,643
Orlando Township	45,680	38,570
Orlando Government Scheme	40,032	39,635
Polly Street Hostel	317	398
Social Welfare	8,091	
Burials		383
Native Beerhalls and Brewery	30,695	94,447
Wash Fees		100
Fines		4,409
Sundry Revenue		202
Licence Fees		4,533
	<hr/>	
	259,629	272,060
		<hr/>

Note • No provision was made for the redemption of Capital on the Orlando Township Government Scheme as redemption has not to be provided for until the completion of the scheme. The redemption will be £15,000 per year.

OBSERVATIONS ON NATIVE REVENUE ACCOUNT :

(a) Income : The Native Revenue Account relies for its income on Rents £168,780, Beer Hall Receipts £94,447 and £9, 627, Sundries.

This income is utilised to pay all the expenses as detailed under Paragraphs 6 and 7.

(b) Expenditure :

(1) Redemption Charges, Renewals and Maintenance: A heavy burden is placed on the Native Revenue Account under the above headings which are here summarised for the year ended 30/6/40.

Maintenance of Buildings	£13,594
Reserve for Maintenance of Buildings	7,562
Redemption of Loan Capital	17,808
Provision for Renewals	<u>5,912</u>
	44,876

The Redemption Charges represent an annual depreciation spread over 30 years, as it is claimed the houses will be almost valueless after that time while the land will remain an asset of the Native Revenue Account. Ample provision appears to be made in the Accounts for Maintenance of the Buildings and it appears therefore that an unnecessarily heavy burden is being placed on the account.

The amount owing by the Native Revenue Account for the loans from various Capital Issues at 30.6.40 (excluding the Government Housing loan) was £955,492. The total of Redemption Fund accumulations allocated to the Native Affairs Department at that date was £231,978.

2. Grants in Aid and Gratuities £3,870. : Bearing in mind the sources of Income of the Native Revenue Account it will be seen that the Natives themselves, out of the Rents and Beer Hall Receipts, are contributing these grants.

(c) Social Services: All Social Services in the Townships are financed out of the same sources of Income namely - Rents and Beer Hall Receipts.

(d) The total expenses of the Public Health Department for Medical Services for Non-Europeans and Natives for the year ended 30/6/1940, amounted to £21,439, of which £10,654 was charged to the Native Revenue Account, and the balance was borne by the Public Health Department and thus met out of General Rates.

(e) It will be observed that while the income of the Hostels exceeds the expenditure on those Hostels, the expenditure of the Townships exceeds the income.

CHANGE OF POLICY :

10. For the period 1914 - 1937 any deficit on the Native Revenue Account was made a charge against the General Rate Fund and over that period the deficits thus met amounted to £302,012. The deficits from 1930 onwards were as follows :-

1930/31	£20,664
1931/32	23,773
1933/34	18,333
1934/35	3,243
1935/36	6,644
1936/37	20,697

The deficit for the year 1937/38 amounted to £23,131 and this deficit was carried forward as a charge against the Native Revenue Account of the following year. This policy has continued, the deficit in 1939 being £22,897 and in 1940, as previously mentioned, £10,466.

In 1939, certain items of expenditure which had not previously been charged to the Native Revenue Account appeared in that account. Grants-in-Aid to Native Institutions had always been treated as all other Grants-in-Aid and were met out of General Rates. In 1938 these Grants amounted to £2,989. In 1939, when the Grants for that year were debited to the Native Revenue Account, the Council suddenly became more generous and the Grants amounted to £4,083 and in 1940 the amount was £3,870.

In 1939, for the first time, the Native Revenue Account was charged with £3,451 by the Town Clerk, City Treasurer and Audit for Indirect Administration. In 1940 this figure was increased to £4,262.

REASON FOR CHANGE OF POLICY :

11. It is stated by the City Treasurer that the change of Policy was due to the establishment of Beer Halls. The Beer Halls were established in the latter part of the 1938 financial year.

For that year the Income was	£15,534
Expenditure	<u>8,442</u>
<u>Profit</u>	7,092

The 1939 figures were

Income	59,250
Expenditure	<u>26,482</u>
<u>Profit</u>	32,768

The 1940 figures were

Income	94,447
Expenditure	<u>30,695</u>
<u>Profit</u>	63,752

It is estimated that the sales for 1941 will be :	115,000
and Expenditure	<u>41,759</u>
<u>Profit</u>	<u>73,241</u>

It appears that the Profits on the Beer Halls have proved a boon to those responsible for financing the Native Revenue Account and moral issues are like to be overlooked in such a profitable venture.

Again, bearing in mind the sources of income, it is apparent that the recent reduction in rents was only made possible because of the large profits on beer.

One reason for the popularity of the Beer Halls is that Natives have been provided with Social Centres where they can assemble without any fear of molestation. At present there are few other places where they can meet and be free from interference.

The experience of all countries shows that drinking becomes less important as a recreation for the people, in proportion as alternative leisure pursuits become available to them and as they acquire the education which enables them to enjoy those pursuits. It is largely because people are at a loose end that they resort to drinking and it appears, therefore that one practical contribution to solving the drinking problem would be to make adequate provision for the social requirements of the Native People.

This view was emphasised by the unofficial committee.

The majority of the patrons of the Beerhalls are not those Natives who live in the Municipal Townships and Hostels. The Beerhall profits are, therefore, not used for the Natives who drink the beer, but for the residents of the Townships.

A COMPARISON :

12. The Council has recently established European Housing Schemes and provided houses for the poorer sections of the Community at low rentals. The rentals do not cover the cost of the scheme. This also applies to the housing scheme for the Coloured people. Any deficits on these two schemes are rightly charged to the General Rates Fund. It is perhaps significant that the European Housing Scheme is a section of the Public Health Department.

SUMMARY OF OBSERVATIONS :

1. The City of Johannesburg should not escape financial responsibility for providing its Native population - or any other sections - with those services which make a decent life possible under urban conditions. The Natives contribute to the revenue of the Municipality through the services they render in industry, commerce, domestic service and all the other activities of the city's life. Without their labour these activities would not be possible, and the city's rateable value and services would shrink into comparative insignificance. Moreover, the gap between the wages which Natives in general receive and what their labour would entitle them to get is in itself a subsidy which the Natives have over many years been making to the income and comfort of the community as a whole.

The Native people of Johannesburg have, therefore, a clear claim upon the general revenue account of the Municipality.

2. Since the introduction of the Beer Halls the City Council has adopted the practice of making the Native Revenue Account self balancing. This policy is against the previous practice of the Council, as for 23 years deficits on the Native Revenue Account were made a charge against General Rates.

3. When the Beer Halls were advocated, the emphasis was on their possibilities to combat drunkenness and the illicit liquor traffic.

The Beer Hall Profits are now becoming so substantial that the moral issues are in danger of being overlooked and, instead, the Beer Halls regarded primarily as sources of "easy money" which can be used to relieve the city of financial responsibility for the Townships.

4. As the Beer Halls' Profits have been so substantial, the Ratepayers are now no longer called upon to meet the deficits on the Native Revenue Account. Thus the Beer Hall profits are being used to relieve the European Ratepayers of contributions to the Native Revenue Account. Such a practice is unworthy of the Europeans citizens of Johannesburg.

5. Since the introduction of the Beer Halls the City Council have ceased to contribute to a number of Native Charitable Institutions and have now made the Native population responsible for such contributions through the Native Revenue Account. As the Natives who drink the Beer are not usually the residents of the Locations, this section is subsidising the Location dweller.

6. As the Native Revenue Account is now dependant on its own resources, and as it would cause considerable hardship to increase the Rents of the houses in the Townships and Hostels to provide social services and amenities, any increased expenditure on such services will depend on Beer Hall Profits.

7. In view of the fact that large sums are spent each year on maintenance of buildings and as reserves for the maintenance of buildings are also created, it does not appear correct that at the end of 30 years the houses and hostels will be valueless.

8. In the housing schemes for Whites and Coloureds the rents charges are based not on the cost to the Municipality, but on the ability of the tenants to pay. Any deficits on these schemes are rightly made a charge against General Rates.

CONCLUSION :

The time has arrived when the City Council should be urged to realise the responsibility of European Citizens of Johannesburg to the Natives in the Townships and Hostels, and fix a policy based on the needs of the people. Such a policy would mean inter alia :-

1. A contribution to the Native Revenue Account out of General Rates.
2. A reconsideration of the Beer Hall system in which moral issues are not outweighed by financial considerations.
3. Provision of adequate amenities and services.
4. Provision for the cultural life of the People.
5. Provision for an adequate Medical Service.
6. Provision of Social Centres, etc., etc.
7. Building of Schools so that each child can be educated.

Such a policy would in the long run be one of the finest things the Johannesburg Council could do, and the European population would benefit as much as the Natives.

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The title of my address this afternoon is ~~an~~
~~examination~~ of the financial policy of the Johannesburg City
Council in regard to the Native Revenue Account. I feel
that the title might ~~have~~ ^{equally well have} ~~been~~ easily been the policy of the
Johannesburg City Council in regard to the Native Locations
as, to my mind, financial considerations have been the
dominating factor in fixing the policy.

KLIPSPRUIT
1904.

The first action taken in establishing a
location was in 1904 when, owing to an outbreak
of plague, Natives, who were then living in hovels
near where the Newtown Market now stands, were
removed overnight and allowed to establish them-
selves at Klipspruit in what has now become the
notorious Pimville Location.

URBAN AREAS
ACT
1923

No further attempt was made to establish dwellings
until the passing of the Urban Areas Act of 1923.
This Act, amongst other things, placed the
responsibility on local authorities for housing
natives employed within their boundaries.

NATIVE
REVENUE
ACCOUNT

Under the same Act it became obligatory for Local
Authorities to keep a separate Account to be
called "The Native Revenue Account" in which had
to be reflected the Income and Expenditure in
connection with Native Affairs. Any surplus ⁱⁿ ~~on~~
this Account could not be utilised for General
Revenue purposes but specific provision was made
in the Act permitting Local Authorities to
supplement the Native Revenue Account from General
Revenue.

CAPITAL EXPENDITURE:

In order to carry out the obligations imposed under
the Urban Areas Act it was necessary for the Council to establish

townships and to build hostels and houses for Natives. To finance this and other schemes, the Council has from time to time raised loans by Public Subscription. Part of these loans was allocated to the Native Revenue Account and at the 30th June, 1940, the amount so allocated amounted to £1,570,843, of which £430,472 was a Government Loan under the Sub-Economic Housing Scheme. The Rates of Interest vary from $\frac{3}{4}\%$ on the Government Loan to from $3\frac{1}{4}\%$ to $5\frac{1}{2}\%$ on the Loans raised from the Public.

The money borrowed was spent as follows:

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Medical Appliances	17
Swimming Pool	768
Orlando Government Housing Scheme	<u>430,472</u>
	<u>1,570,843</u>

Until 1927, the Non-European and Native Affairs Department was under the Parks and Estates Committee. It was a step forward when a separate ^{& Special} Committee was appointed for this Department.

ESTABLISHMENT OF TOWNSHIPS:

The Johannesburg Municipality has established a number of locations and Hostels. The Housing provided in April, 1939, was as follows:

	<u>No: of Houses</u>		<u>Population</u>	<u>Average Number of Persons per Room.</u>
<u>EASTERN NATIVE</u>	560	Two Roomed		
<u>TOWNSHIP.</u>	<u>56</u>	Three Roomed	4,300	3.3
Total	616			
	<u><u> </u></u>			
<u>ORLANDO NATIVE</u>	4088	Two Roomed		
<u>TOWNSHIP</u>	<u>1803</u>	Three Roomed	35,256	2.6
Total	5891			
	<u><u> </u></u>			
<u>PIMVILLE</u>	1200	Native Owned	12,000	
	99	Tanks		
	<u>13</u>	Municipal Houses		
Total	1302			
	<u><u> </u></u>			
<u>WESTERN NATIVE</u>	1952	Two Roomed		
<u>TOWNSHIP</u>	239	Three Roomed		
	36	Single Rooms		
	<u>96</u>	Nissen Huts	15,000	3
	<u>2323</u>			
	<u><u> </u></u>			

H O S T E L S:

Wemmer	2,750
Salisbury Jubilee	470
Wolhuter	3,400
Womens	150
Polly Street Hostel	<u>148</u>
<u>TOTAL Population in Locations and Hostels</u>	<u><u>73,474</u></u>

NATIVE REVENUE ACCOUNT FOR YEAR ENDED 30.6.40:

I would now like to deal with the Native Revenue Account for the year ended 30th June, 1940. An examination of this Account reveals that the Income was as follows:

Rents	168,780
Beer Hall Receipts	94,447
Fines	4,409
Licence Fees	4,533
Burial Fees	383
Sundries	202
Wash Fees	<u>100</u>
	<u>9,627</u>
	£272,854
Less: Bad Debts written off	<u>794</u>
	£272,060

It will be observed that the main sources of Income are the Rents from the hostels and the houses in the Townships and the Beer Hall Receipts.

EXPENDITURE:

The total Working Expenses amounted to £187,497. The difference between the total Income, viz. £272,060, and the total amount of Working Expenses, viz. £187,497, amounts to £84,563.

REDEMPTION CHARGES:

In addition to the actual working expenses, provision is made in the Native Revenue Account for Interest on the money which has been borrowed to establish the townships, and also for the repayment of the money borrowed. For the year under review the Interest amounted to £47,808 and the Redemption of Loan Capital to £17,808. If we add other items of expenditure, namely, Provision for Renewals £5,912 and Military Service allowance £604, we get a total of £72,132 to which is added the deficit brought forward from the previous year amounting to £22,897. The net result is, after deducting the excess of Income over Working Expenses, that a deficit of £10,466 remains to be carried forward to the 1941 year. Thus in the year the deficit was reduced from £22,897 to £10,466 - thanks to the Beer Halls.

SOURCES OF REVENUE:

To get a true picture of the Native Revenue Account, it is important to keep in mind the sources of Income out of which the expenses are paid. It will be remembered that of a total Income of £272,854, Rents contributed £168,780, Beer Hall Receipts £94,447 and Sundries £9,627. The Income from Rents cannot be increased as the Natives incomes are so small that the present rentals of 4/- per week for a two-roomed house and 5/- per week for a three-roomed house already make a serious

hole in the family purse. The only way, therefore, that additional Income can be provided is by increased Beer ^{Sales} ~~Halls~~.

EXPENDITURE:

It is often pointed out that the Rent charged for the houses is not a true rent but is a payment for the use of the house plus such advantages as free water, free medical attention, social services, sport, etc.

REDEMPTION CHARGES:

A considerable amount is paid each year for the maintenance of Buildings in the locations. In addition, Reserves are made for the maintenance of Buildings but this is not all, ^{by} for, providing for the Redemption of the money borrowed to build the Locations, it means that provision is being made for the purchase of the houses. It is, therefore, very correctly claimed by the Municipal Authorities that the rent is not a rent, for on the present basis at the end of thirty years the land and houses will be paid for and the houses will then belong, not to the Natives who have paid for them, but, to the Native Revenue Account. The amount owing by the Native Revenue Account for the loans from various Capital Issues at 30. 6. 40 (excluding the Government Housing Loan) was £955,492. The total of Redemption Fund accumulations allocated to the Native Affairs Department at that date was £231,978.

GRANTS-IN-AID £3,870:

Each year grants are made to Organisations interested in Native Welfare. For instance, the Bridgman Memorial Hospital receives £770, The Anglican Church Mission receives £600. In all £3870 is distributed. Bearing in mind the sources of Income, namely, Rents and Beer Sales, it will be seen that it is the Natives themselves who are making these contributions.

SOCIAL SERVICES:

All Social Services in the Townships are financed out of the same sources of Income namely - Rents and Beer Hall Receipts.

The total expenses of the Public Health Department for Medical Services for Non-Europeans and Natives for the year ended 30.6.1940, amounted to £21,439, of which £10,654 was charged to the Native Revenue Account, and the balance was borne by the Public Health Department and thus met out of General Rates.

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REASON FOR CHANGE OF POLICY:

It is stated by the City Treasurer that the change of Policy was due to the establishment of Beer Halls. The Beer Halls were established in the latter part of the 1938 financial year.

For that year the Income was	£15,534
Expenditure	<u>8,442</u>
<u>Profit</u>	<u>7,092</u>

The 1939 figures were

Income	59,250
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It appears that the Profits on the Beer Halls have proved a boon to those responsible for financing the Native Revenue Account and moral issues are likely to be overlooked in such a profitable venture.

Again, bearing in mind the sources of income, it is apparent that the recent reduction in rents was only made possible because of the large profits on beer.

The majority of the patrons of the Beerhalls are not those Natives who live in the Municipal Townships and Hostels. The Beerhall profits are, therefore, not used for the Natives who drink the beer but for the residents of the Townships.

REASON FOR PATRONAGE:

I believe that one reason for the popularity of the Beer Halls is that the Natives have ^{in these places} been provided with Social Centres where they can assemble without any fear of molestation. At present there are few other places ^{in which} they can meet and be free from interference.

The experience of all countries shows that drinking becomes less important as a recreation for the people, in proportion as alternative leisure pursuits become available to them, and as they acquire the education which enables them to enjoy these pursuits. It appears to me, therefore, that your Alliance, in any action you may take regarding the Beer Halls, should press at the same time for adequate provision being made for the social requirements of the Native People. It is largely because people are at a loose end that they resort to drinking.

SHORTCOMINGS OF COUNCIL'S POLICY:

Finance has been such a vital factor in determining the policy in regard to the locations that it appears that some of the real needs of the people have been uncatered for. Does providing four walls and a roof cater for a man's wants?

WATER:

In Orlando the householder obtains his water from a tap in the street. One tap is provided for twelve houses, six on either side of the road. This does not encourage cleanliness. This mistake is still being made, as in the new houses now being built water is being laid on to the four-roomed houses which have a shower cubicle, but not to the three-roomed houses.

EDUCATION:

The Schools in the locations have been built by various missionary bodies, as it is stated that education is the responsibility of the Province, ^{and not of the Municipality} The Provincial Authorities state that they have not the money to do more than they are doing. The result is that in Orlando only 40% of the children of school going age are catered for. The other children are left to wander as they please. In a number of instances, as both parents are working in order to eke out a living, the children are without any home training and are not being fitted to take their place in life. No attempt is being made to build character, hence the alarming ^{Number of} juvenile delinquency.

STREET LIGHTING:

In Orlando Township, where there is only one tarred road and a population of over 35,000 people, an expenditure of only £1,400 was allocated to Street Lighting.

PARKS AND PLAYGROUNDS FOR CHILDREN:

Although in the layout of Orlando Township numerous sites have been set aside for open spaces, only three football fields, one Tennis Court and a few basket ball fields have been provided. There is one small park but otherwise no attempt has been made to enclose or develop the numerous sites provided for playgrounds and open spaces. Surely swings, slides and a few other such things could be provided at no great cost.

If trees were planted the Township would have a different appearance. A swimming bath would be a popular amenity. Johannesburg is a City of amazing contrasts. Few people would quarrel with the generosity in regard to the Parks and open spaces provided for Europeans. In one year over £27,000 was spent on Trees in streets and open spaces. The more well-to-do ratepayers contribute to the well being of the people who are less fortunate.

A COMPARISON:

The Council has recently established European Housing Schemes and provided houses for the poorer sections of the Community at low rentals. The rentals do not cover the cost of the schemes. This also applies to the housing scheme for the Coloured people. Any deficits on these two schemes are rightly charged to the General Rates Fund.

while a previous deficit in the Native Revenue account is now carried forward

CONCLUSIONS:

(a) The City Council has made a serious effort to tackle the problems of Native Housing, and the conditions in certain Townships are better than those prevailing in numerous other quarters where Natives live in hovels.

(b) But if for 23 years the Council was prepared to charge the deficit on the Native Revenue Account to General Rates, it is surely a retrogressive step to shelve the responsibility and carry forward those deficits and rely on increased beer profits to meet ^{such} ~~these~~ deficits. The Beerhall profits are, therefore, being partly used to relieve the General Rates Fund of expenditure which it previously met. One wonders what would have happened if there had not been Beer profits these last few years!

(c) Are further improvements in the Townships to depend on Beer Hall results or can some contribution be expected from General Rates?

(d) The Natives are admittedly the poorest section of the Community economically. As Townships are established, certain Natives are compelled to move to those Townships in order to carry out the policy of segregation. This often means an increased cost in transport charges, travelling to and from work. Is it just, that in carrying out this policy, the total cost of the various building schemes as well as the costs of running the Non-European and Native Affairs Department and the repayment of Capital, etc., should be paid by the Natives?

1/11

NATIVE REVENUE POLICY.

BY

MR. P.R.B. LEWIS.

The title of my address this afternoon is an examination of the financial policy of the Johannesburg City Council in regard to the Native Revenue Account. I feel that the title might have as easily been the policy of the Johannesburg City Council in regard to the Native Locations as, to my mind, financial considerations have been the dominating factor in fixing the policy.

KLIPSPRUIT 1904. The first action taken in establishing a location was in 1904 when, owing to an outbreak of plague, Natives, who were then living in hovels near where the Newtown Market now stands, were removed overnight and allowed to establish themselves at Klipspruit in what has now become the notorious Pimville Location.

URBAN AREAS ACT 1923. No further attempt was made to establish dwellings until the passing of the Urban Areas Act of 1923. This Act, amongst other things, placed the responsibility on local authorities for housing natives employed within their boundaries.

NATIVE REVENUE ACCOUNT: Under the same Act it became obligatory for Local Authorities to keep a separate Account to be called "The Native Revenue Account" in which had to be reflected the Income and Expenditure in connection with Native Affairs. Any surplus on this Account could not be utilised for General Revenue purposes but specific provision was made in the Act permitting Local Authorities to supplement the Native Revenue Account from General Revenue.

CAPITAL EXPENDITURE:

In order to carry out the obligations imposed under the Urban Areas Act it was necessary for the Council to establish townships and to build hostels and houses for Natives. To finance this and other schemes the Council has from time to time raised loans by Public Subscription. Part of these loans was allocated to the Native Revenue Account and at the 30th June, 1940, the amount so allocated amounted to £1,570,843, of which £430,472 was a Government Loan under the Sub-Economic Housing Scheme. The Rates of Interest vary from ~~3~~% on the Government Loan to from 3 $\frac{1}{2}$ % to ~~3~~% on the Loans raised from the Public.

The money borrowed was spent as follows:

Capital Outlay

Land	122,185
Buildings	823,062
Machinery	2,249
Plant	15,786
Tools	204
Motor Vehicles	8,334
Furniture	17,043
Lay-Out	3,345
Fencing	46,073
Livestock	2,388
Tennis Courts	190
Stormwater, Drainage & Sewerage	33,698
Water Supply	33,233
Railway Siding	4,297
Roads	12,968
Tramway Extension	1,750
Lighting	12,781
Medical Appliances	17
Swimming Pool	768
Orlando Government Housing Scheme	430,472

1,570,843

Until 1927 the Non-European and Native Affairs Department was under the Parks and Estates Committee. It was a step forward when a separate Committee was appointed for this Department.

ESTABLISHMENT OF TOWNSHIPS:

The Johannesburg Municipality has established a number of locations and Hostels. The Housing provided in April, 1939, was as follows:

	<u>No: of Houses</u>	<u>Population</u>	<u>Average Number of Persons per Room.</u>
<u>EASTERN NATIVE TOWNSHIP.</u>	560	Two Roomed	
	56	Three Roomed	4,300
<u>Total</u>	<u>616</u>		3.3
<u>ORLANDO NATIVE TOWNSHIP</u>	4088	Two Roomed	
	1803	Three Roomed	35,256
<u>Total</u>	<u>5891</u>		2.6
<u>PIMVILLE</u>	1200	Native Owned	12,000
	99	Tanks	
	13	Municipal Houses	
<u>Total</u>	<u>1302</u>		
<u>WESTERN NATIVE TOWNSHIP</u>	1952	Two Roomed	
	239	Three Roomed	
	36	Single Rooms	
	96	Nissen Huts	15,000
<u>Total</u>	<u>2323</u>		3

H O S T E L S:

Wommer	2,750
Salisbury Jubilee	470
Wolhuter	3,400
Womens	150
Polly Street Hostel	148
<u>TOTAL Population in Locations and Hostels</u>	<u>73,474</u>

NATIVE REVENUE ACCOUNT FOR YEAR ENDED 30. 6.40:

I would now like to deal with the Native Revenue Account for the year ended 30th June, 1940. An examination of this Account reveals that the Income was as follows:

Rents	168,780
Beer Hall Receipts	94,447
Fines	4,409
Licence Fees	4,533
Burial Fees	383
Sundries	202
Wash Fees	100
	<u>9,627</u>
	£272,854
Loss: Bad Debts written off	<u>794</u>
	<u>£272,060.</u>

It will be observed that the main sources of Income are the Rents from the hostels and the houses in the Townships and the Beer Hall Receipts.

EXPENDITURE:

The total Working Expenses amounted to £187,497. The difference between the total Income viz: £272,060 and the total amount of Working Expenses viz. £187,497 amounts to £84,563.

REDEMPTION CHARGES:

In addition to the actual working expenses, provision is made in the Native Revenue Account for Interest on the money which has been borrowed to establish the townships, and also for the repayment of the money borrowed. For the year under review the Interest amounted to £47,808 and the Redemption of Loan Capital to £17,808. If we add other items of expenditure, namely, Provision for Renewals £5,912 and Military Service allowance £604, we get a total of £72,132 to which is added the deficit brought forward from the previous year amounting to £22,897. The net result is, after deducting the excess of Income over Working Expenses, that a deficit of £10,466 remains to be carried forward to the 1941 year. Thus in the year the deficit was reduced from £22,897 to £10,466 - thanks to the Beer Halls.

SOURCES OF REVENUE:

To get a true picture of the Native Revenue Account it is important to keep in mind the sources of Income out of which the expenses are paid. It will be remembered that of a total Income of £272,854, Rents contributed £168,780, Beer Hall Receipts £94,447 and Sundries £9,627. The Income from Rents cannot be increased as the Natives incomes are so small that the present rentals of 4/- per week for a two-roomed house and 5/- per week for a three-roomed house already make a serious hole in the family purse. The only way, therefore, that additional Income can be provided is by increased Beer Sales.

EXPENDITURE:

It is often pointed out that the Rent charged for the houses is not a true rent but is a payment for the use of the house plus such advantages as free water, free medical attention, social services, sport, etc.

REDEMPTION CHARGES:

A considerable amount is paid each year for the maintenance of Buildings in the Locations. In addition, Reserves are made for the maintenance of Buildings but this is not all for providing for the Redemption of the money borrowed to build the Locations, it means that provision is being made for the purchase of the houses. It is, therefore, very correctly claimed by the Municipal Authorities that the rent is not a rent, for on the present basis at the end of thirty years the land and houses will be paid for and the houses will then belong, not to the Natives who have paid for them, but to the Native Revenue Account. The amount owing by the Native Revenue Account for the loans from various Capital Issues at 30. 6.40 (excluding the Government Housing Loan) was £255,492. The total of Redemption Fund accumulations allocated to the Native Affairs Department at that date was £231,978.

GRANTS-IN-AID £3,870:

Each year grants are made to Organisations interested in Native Welfare. For instance, the Bridgman Memorial Hospital receives £770, The Anglican Church Mission receives £600. In all £3870 is distributed. Bearing in mind the sources of Income, namely, Rents and Beer Sales, it

will be seen that it is the Natives themselves who are making those contributions.

SOCIAL SERVICES:

All Social Services in the Townships are financed out of the same sources of Income namely - Rents and Beer Hall Receipts.

The total expenses of the Public Health Department for Medical Services for Non-Europeans and Natives for the year ended 30. 6.1940, amounted to £21,439, of which £10,654 was charged to the Native Revenue Account, and the balance was borne by the Public Health Department and thus met out of General Rates.

CHANGE OF POLICY:

For the period 1914 - 1937 any deficit on the Native Revenue Account was made a charge against the General Rate Fund and over that period the deficits thus met amounted to £302,012. The deficits from 1930 onwards were as follows:

1930/31	£20,664
1931/32	23,773
1933/34	18,333
1934/35	3,243
1935/36	6,644
1936/37	20,697

The deficit for the year 1937/38 amounted to £23,131 and this deficit was carried forward as a charge against the Native Revenue Account of the following year. This policy has continued, the deficit in 1939 being reduced to £22,897 and in 1940, as previously mentioned, it had been further reduced to £10,466.

In 1939 certain items of expenditure which had not previously been charged to the Native Revenue Account appeared in that account. Grants-in-Aid to Native Institutions had always been treated as all other Grants-in-Aid and were met out of General Rates. In 1938 these Grants amounted to £2,989. In 1939, when the Grants for that year were debited to the Native Revenue Account, the Council suddenly became more generous and the Grants amounted to £4,083 and in 1940 the amount was £3,870.

In 1939, for the first time, the Native Revenue Account was charged with £3,451 by the Town Clerk, City Treasurer and Audit for Indirect Administration. In 1940 this figure was increased to £4,262.

REASON FOR CHANGE OF POLICY:

It is stated by the City Treasurer that the change of Policy was due to the establishment of Beer Halls. The Beer Halls were established in the latter part of the 1938 financial year.

For that year the Income was	£15,534
Expenditure	8,442
<u>Profit</u>	<u>7,092</u>
The 1939 figures were	
Income	59,250
Expenditure	26,482
<u>Profit</u>	<u>32,768</u>
The 1940 figures were	
Income	94,447
Expenditure	30,695
<u>Profit</u>	<u>63,752</u>

It is estimated that the sales for 1941 will be:

Income	115,000
and Expenditure	41,759
<u>Profit</u>	<u>73,241</u>

It appears that the profits on the Beer Halls have proved a boon to those responsible for financing the Native Revenue Account and moral issues are likely to be overlooked in such a profitable venture.

Again, bearing in mind the sources of income, it is apparent that the recent reduction in rents was only made possible because of the large profits on beer.

The majority of the patrons of the Beerhalls are not those Natives who live in the Municipal Townships and Hostels. The Beerhall profits are, therefore, not used for the Natives who drink the beer but for the residents of the Townships.

REASON FOR PATRONAGE:

I believe that one reason for the popularity of the Beer Halls is that the Natives have been provided with Social Centres where they can assemble without any fear of molestation. At present there are few other places they can meet and be free from interference.

The experience of all countries shows that drinking becomes less important as a recreation for the people, in proportion as alternative leisure pursuits become available to them, and as they acquire the education which enables them to enjoy these pursuits. It appears to me, therefore, that your Alliance in any action you may take regarding the Beer Halls, should press at the same time for adequate provision being made for the social requirements of the Native People. It is largely because people are at a loose end that they resort to drinking.

SHORTCOMINGS OF COUNCIL'S POLICY:

Finance has been such a vital factor in determining the policy in regard to the locations that it appears that some of the real needs of the people have been uncatered for. Does providing four walls and a roof cater for a man's wants?

WATER:

In Orlando the householder obtains his water from a tap in the street. One tap is provided for twelve houses, six on either side of the road. This does not encourage cleanliness. This mistake is still being made, as in the new houses now being built water is being laid on to the four-roomed houses which have a shower cubicle, but not to the three-roomed houses.

EDUCATION:

The Schools in the locations have been built by various missionary bodies as it is stated that education is the responsibility of the Province. The Provincial Authorities state that they have not the money to do more than they are doing. The result is that in Orlando only 40% of the children of school going age are catered for. The other children are left to wander as they please. In a number of instances as both parents are working in order to eke out a living, the children are without any home training and are not being fitted to take their place in life. No attempt is being made to build character, hence the alarming juvenile delinquency.

STREET LIGHTING:

In Orlando Township where there is only one tarred road and a population of over 35,000 people, an expenditure of only £1,400 was allocated to Street Lighting.

PARKS AND PLAYGROUNDS FOR CHILDREN:

Although in the layout of Orlando Township numerous sites have been set aside for open spaces, only three football fields, one Tennis Court and a few basket ball fields have been provided. There is one small park but otherwise no attempt has been made to enclose or develop the numerous sites provided for playgrounds and open spaces. Surely swings slides and a few other such things could be provided at no great cost.

If trees were planted the Township would have a different appearance. A swimming bath would be a popular amenity. Johannesburg is a City of amazing contrasts. Few people would quarrel with the generosity in regard to the Parks and open spaces provided for Europeans. In one year over £27,000 was spent on Trees in streets and open spaces. The more well to do ratopayers contributed to the well being of the people who are less fortunate.

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(e) Surely the time has arrived for the Council to face the position and adopt a progressive financial policy and provide amenities and services, which are necessary to enable the Natives to live healthy lives, at prices which the Natives can afford to pay though such a policy would necessitate a contribution to Native Welfare by the European population.

Such a policy should appeal to all who have any vision, for the health and prosperity of the urban European population is closely linked with the health of the Native population.

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