

AN EXAMINATION OF JOHANNESBURG'S BANTU REVENUE ACCOUNT AS AT 30TH JUNE 1967 BY COUNCILLOR P.R.B. LEWIS, DEPUTY CHAIRMAN OF THE MANAGEMENT COMMITTEE AND CHAIRMAN OF THE NON-EUROPEAN AFFAIRS COMMITTEE OF THE JOHANNESBURG CITY COUNCIL

INCREASE IN POPULATION.

At the turn of the century, the Non-European population in Johannesburg was 72,279, of whom 61,153 were males and 5,100 were females, and there were 6,016 children. Of the Non-European population 59,605 were Bantu. The ratio of males to females was 12 to 1. By 1911 the Bantu population had grown to 101,971 and ten years later it was 116,120. By 1927 (when the Non-European Affairs Department was first established) the population had increased to 136,700 of whom only 19,000 were females and 117,700 males, the ratio being 6 males to 1 female. At the commencement of the War in 1939 the male population had increased since 1927 by 50% to 179,000 but the female population had increased by over 300% to 65,000. By 1946 the population was 395,231 of whom 211,322 were males, 100,000 females and 83,909 children. In 1967 the estimated Bantu population, under the jurisdiction of the Johannesburg City Council was 517,278 of whom approximately 186,804 were men, approximately 159,772 were women and approximately 170,702 were children. In addition to this population the estimated population in the Peri-Urban Areas north and south of Johannesburg, including Alexandria, amounted to 120,344 and the population in areas controlled by the Resettlement Board amounted to 135,793 so that in the Metropolitan area of Johannesburg the total Bantu population was approximately 773,415.

It is particularly necessary to note not only the increase in the population, but the change in the population from a predominantly male one to the present when the ratio of men to women is roughly equal and where the children form approximately one-third of the total population

BUILDING OF HOUSES

The Urban Areas Act of 1923 placed an obligation on local authorities to house Bantu employed within their boundaries. Johannesburg's first housing scheme was in 1919 when some 2,000 houses were built at Western Bantu Township. In 1925 and 1930 a further 628 houses were built at Eastern Bantu Township. In 1930 the Orlando scheme was started and during the following four years 2,800 houses were built, and in 1939 a further 3,091, so that at the commencement of the War in 1939 approximately 8,700 houses had been built.

WAR PERIOD

It was during and immediately after the War that the large migration of family units to the cities took place. These were the days of squatter camps and appalling living conditions owing to a shortage of materials and labour due to the concentration on the War effort. The task of providing decent living conditions seemed impossible, not only

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because of the cost of houses, but the cost of the provision of services which, in many instances, was more than the cost of the house.

#### PERIOD OF ACTION.

Then followed the passing of the Bantu Building Workers Act in 1951, the Bantu Services Levy Act in 1952, the Site and Service Scheme and the establishment, in 1954 of the Council's Housing Division. At the end of 1953 the Johannesburg Council had built 17,814 houses, and had hostel accommodation for 14,120 men. By the 30th June 1967 the houses built had increased to 64,163. The hostel accommodation was 26,096 and in addition, sites allocated in the Site and Service Schemes, on which the building of houses was awaited, amounted to 65. The Council is now faced with a shortage of suitable sites on which to build.

#### LOAN FROM MINING HOUSES

In addition to the housing loan provided by the Government, a great stimulus was given to Johannesburg in 1956 by the Mining Houses agreeing to loan Johannesburg R6m, to provide homes for the slum dwellers of Moroka and Shantytown. 14,114 houses have been built to date from these funds, enabling the removal of 73,304 persons from these slums. A further loan of R750,000 was made in 1967.

It is against this background of the task confronting the Council, a task faced by most of the local authorities, but not on such a large scale, that some aspects of the financing of this large enterprise are presented.

#### BANTU REVENUE ACCOUNT

Under the Urban Areas Act of 1923, as amended, later Act 15 of 1945, the responsibility was placed on local authorities for housing Bantu employed within their boundaries. Under the same Act it became obligatory for local authorities to keep a separate account, to be called the Bantu Revenue Account, in which had to be reflected the income and expenditure in connection with Bantu affairs. It would appear that the reason for this legislation was that some local authorities were misusing the income from their locations to subsidise European Ratepayers. The Act laid down the categories of income which had to be credited to the Bantu Revenue Account, and what expenditure could be charged thereto. An important provision of the Act is that before any appropriations are made from the Bantu Revenue Account, estimates of expenditure must be passed by the local authority, and the estimates must be approved in writing by the Minister of Bantu Administration and Development, subject to such conditions as he may deem fit.

The Bantu Advisory Boards must be given an opportunity of considering the estimates, and their comments must be considered by the local authority, and transmitted to the Minister. The Act also provides that no immovable property belonging to the Bantu Revenue Account can be disposed of without the approval of the Minister or contrary to any condition which he may impose when granting such approval.

The Bantu Revenue Account consists of four portions:-

1. The Ordinary Bantu Revenue Account
2. The Bantu Beer Sub-Account
3. The Sale of European Liquor Sub-Account
4. Bantu Services Levy Fund.

CAPITAL EXPENDITURE

In order to give some idea of the comparative capital expenditure, the figures for Balance Sheets as at 30th June 1940, 30th June 1952 and 30th June 1962 and 1967 have been extracted. These reflect the following capital expenditure:

	<u>30.6.40</u>	<u>30.6.52</u>	<u>30.6.62</u>	<u>30.6.67</u>
Land	244,370	2,619,122	2,221,401	2,237,649
Buildings	1,646,124	7,602,220	24,907,244	31,901,261
Machinery & Plant	36,070	37,096	250,526	364,930
Tools	408	240,648	255,904	314,589
Motor Vehicles	16,668	124,556	332,711	565,463
Furniture	34,086	98,374	288,440	386,195
Layout	6,690	70,780	253,449	364,793
Fencing	92,146	183,410	245,114	274,385
Livestock	4,776	24,496	-	-
Tennis Courts	380	7,932	10,396	13,346
Stormwater Drain- age & Sewerage	67,396	200,326	7,505,884	8,934,472
Railway Siding	8,594	9,722	9,721	9,721
Water Supply	66,466	148,706	3,355,188	3,827,634
Roads	25,934	363,354	2,310,669	3,915,807
Tramway Extension	3,500	3,500	-	-
Lighting	25,562	121,800	1,853,968	2,935,836
Medical Appliances	34	32	17,638	18,003
Swimming Pool	1,536	1,482	6,814	54,657
Orlando Govt. Housing Scheme	860,944	-	-	-
Bridges	-	53,634	117,863	122,298
Gas Supply	-	7,686	7,687	7,687
Playing Fields	-	36,264	238,350	321,973
Office Machinery	-	8,592	119,488	173,405
Sundry Debtors Hse. Selling Schemes	-	10,088	2,611,543	2,397,806
Meters	-	-	14,249	28,390
Bowling Greens	-	-	-	4,032
	<u>R3,141,684</u>	<u>R11,937,820</u>	<u>R46,934,247</u>	<u>R59,174,332</u>

This reflects the tremendous expansion which had taken place in recent years. It may be of interest to give details of some of these items. For instance, of the expenditure on buildings to the 30th June 1967 - R31,901,261: the amount spent on erecting ten Hostel buildings amounted to R2,815,316. The amount spent on housing schemes amounted to R24,293,581.

INVESTMENT ON LAND

Of the land costing R2,237,649 - R258,441 represents the cost of land for Hostels - R1,284,272 represents the amount spent on ground for housing schemes R613,826 represents expenditure on ground for as yet undeveloped or partially completed schemes, and R28,184 represents what is termed in the Accounts "General Land". In order to comply with Government policy, certain buildings and ground in the City area were transferred at cost from the Bantu Revenue Account to the City's Estates Branch, the value of the land being approximately R832,000, and that is why the expenditure on land is reflected at a lower amount in 1967 than in 1952. In examining the price at which ground has been purchased, it is interesting to find that the 1120 acres at Orlando East were purchased at an average cost of R13-43 per acre; the 1146 acres at Orlando West were purchased at R14-93 per acre; whereas the 4428 acres in the Site and Service Schemes were purchased at an average of R175-83 per acre.

AREA OF LAND

The purchase of ground in the areas to the south-west of Johannesburg are reflected in the following table of the areas of ground owned from time to time :-

1910	.....	69.7	morgen
1920	.....	69.7	morgen
1930	.....	1349	morgen - 4.4 sq. miles
1940	.....	1972	morgen - 6.5 sq. miles
1950	.....	5208	morgen - 17.2 sq. miles
1958	.....	6936	morgen - 23 sq. miles
1961	.....	7861	morgen - 26 sq. miles
1962	.....	7872	morgen - 26.10 sq. miles
1963	.....	7903	morgen - 26.20 sq. miles
1964	.....	7903	morgen - 26.20 sq. miles
1965	.....	7904	morgen - 26.20 sq. miles
1966	.....	7906	morgen - 26.21 sq. miles
1967	.....	7906	morgen - 26.21 sq. miles

This excludes the area of ground purchased by the Resettlement Board in Diepkloof and Meadowlands, adjacent to the Council's housing schemes.

SOURCE OF FUNDS

Where did the money come from to finance this expenditure.

As at 30.6.67

Government ...

Government Loans amounted to .....	22,755,486
Loans from Bantu Services Levy Fund .....	1,687,324
Loans from outside bodies .....	6,838,135
(Mining Houses and Soldiers Housing Organizations)	
Advance from Council's Consolidated Loans Fund	7,680,891
Advance from Council's Capital Development Fund	<u>572,001</u>
	39,533,837
Less: Temporary advance to Rate Fund .....	<u>758,118</u> -
	38,775,719
Accumulated surplus .....	<u>20,398,613</u>
	<u>59,174,332</u>

Of the money borrowed from the Government :-

R 8,281,261 was lent at $\frac{3}{8}\%$ interest on the basis of National Housing Commission formulas	
R 114,609 was lent at $3\frac{1}{2}\%$ interest	
R 2,235 was lent at 4% interest	
R 1,563,659 was lent at $4\frac{1}{2}\%$ interest	
R 2,135,320 was lent at $4\frac{1}{2}\%$ interest	
R 9,930,205 was lent at $4\frac{7}{8}\%$ interest	
R 450,039 was lent at 5% interest	
R 1,715,884 was lent at $5\frac{1}{2}\%$ interest	
R 650,000 was lent at $5\frac{3}{4}\%$ interest	
<u>R 1,720,054</u> was lent at 6% interest	
<u>R26,563,266</u>	R26,563,266 of which 22,755,486 is still outstanding as reflected on page 5 above.

The loan from the Bantu Services Levy Fund bears interest at  $\frac{1}{8}\%$ . The loan from the Mining Houses is at  $4\frac{7}{8}\%$  and from the Soldiers Housing Organizations at  $1\frac{1}{4}\%$ . The rate charged by the Consolidated Loans Fund and the Capital Development Fund varies from year to year depending upon the average paid by the Council during that year, and in 1966/67 was at the rate of 4.92%. Of the funds provided by the Government since 1952 :

R2,305,930 is at $\frac{3}{8}\%$
R1,564,112 is at $4\frac{1}{2}\%$
R2,106,534 is at $4\frac{3}{4}\%$
R9,927,577 is at $4\frac{7}{8}\%$
R 426,201 is at 5%
R1,798,211 is at $5\frac{1}{2}\%$
R 650,000 is at $5\frac{3}{4}\%$
R1,855,731 is at 6%

SURPLUS

Municipal accounting is different from commercial accounting, and the amount shown as the surplus in the Capital Account represents the excess of the original cost of the assets over the loans outstanding

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and in the case of Johannesburg, mainly consists of loans redeemed and grants from the Bantu Services Levy Fund. In the books of the Council assets are maintained at their original cost, and are not depreciated, and they are only written off against the surplus when they are disposed of. The surplus therefore represents the difference between the historic cost of the assets and the outstanding part of the loans which were raised to finance them. The assets belong to the Council, but, as previously stated, the assets of the Bantu Revenue Account may only be disposed of with the approval of the Minister of Bantu Administration and Development, and on conditions laid down by him.

Of the surplus of R20,398,613 the amount represented by grants from the Bantu Services Levy Fund is R10,953,546 leaving a balance of R9,445,067 representing the amount of loans redeemed. Loans raised for the financing of some assets are, in many cases, only nominal as the following schedule reflects:

LOANS REDEEMED

	<u>TOTAL</u> <u>EXPENDITURE</u>	<u>LOANS</u> <u>OUTSTANDING</u>	<u>LOANS REDEEMED</u> <u>LESS ASSETS</u> <u>WRITTEN OFF</u>
General Section	760,297	235,995	524,302
Liquor Distribution Branch	387,288	308,074	79,214
Bantu Beer Section	5,085,925	4,050,476	1,035,449
Denver Hostel	569,380	276,237	293,143
Dube Hostel	522,477	438,674	83,803
Mai Mai Hostel	8,736	5,956	2,780
Wemmer Hostel	226,386	6,066	220,320
Wolhuter Men's Hostel	296,578	23,799	272,779
Wolhuter Women's Hostel	10,341	492	9,849
Eastern Bantu Township	402,991	149,406	253,585
Jabavu	2,915,852	2,253,624	662,228
Mofolo	1,349,683	1,171,323	178,360
Orlando East	3,640,352	2,081,300	1,559,052
Orlando West	4,993,137	4,014,498	978,639
Pimville	672,154	235,017	437,137
Undeveloped Schemes	613,827	491,458	122,369
Shantytown	13,321	7,106	7,215
Klipspruit	868,698	812,687	56,011
	<u>R23,338,423</u>	<u>R16,562,188</u>	<u>R6,776,235</u>

MUNICIPAL VALUE OF LAND.

In this connection it is interesting to speculate what is the real value of the assets of the Bantu Revenue Account and the real amount of the surplus. For instance, the 11 acres of land on which the Wemmer Hostel is situated at the corner of Loveday and Village Road, stands in the Assets Register at R27,874; R2,560 an acre but

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the Municipal Valuation of this ground is R40,000 per acre. The value would be more if the present restriction that the ground can only be used for hostel purposes were removed. Ground adjacent to this hostel is valued in some cases at R80,000 per acre, some R120,000 per acre and some at R160,000 per acre. The 71 acres on which Eastern Bantu Township is built cost R11,236: - R158 per acre, whereas the 40 acres adjoining this area recently purchased for the Eastern Township Hostel cost R123,100 an acre. The Municipal Valuation of the ground on which Eastern Bantu Township is situated is R256,000. The ground on which the Municipal Brewery is situated in Von Wielligh Street, which cost R2,192 has a Municipal Valuation of R100,000. The ground on which the Wolhuter Men's Hostel was erected cost R10,206; and now has a Municipal Valuation of R80,000.

Reference has already been made to the difference in price between the cost of ground bought at Orlando and the ground in the Site and Service schemes. The 666 acres in Pimville cost R38,370 : R58 an acre. While the value of much of the land may have increased, other assets may be worth less than the book value. It might be quite an interesting innovation to insert the Municipal Value of the land in Balance Sheets.

REVENUE ASSETS

The Revenue assets and liabilities in the Balance Sheet as at 30th June 1967 were :-

ASSETS

	R	R
Stores on Hand		223,841
Sundry Debtors		484,361
On General Account	395,836	
Rents	80,407	
Loans	1,430	
Payments in Advance	6,688	
Work in Progress		191,151
<u>Investments</u>		13,400,923
Bantu Services Levy Fund	9,698,271	
Redemption Fund - Mining		
House Loan	1,129,873	
Reserve and Trust Funds	<u>2,572,779</u>	
Cash in Hand		51,184
Advance to Rate Fund		<u>1,180,800</u>
		<u>R15,532,260</u>

:- LIABILITIES ...

LIABILITIES:

Sundry Creditors		1,396,162
Reserve and Trust Funds		13,400,923
Maintenance Reserve Fund	1,715,124	
Reserve for Bad Debts	393,596	
Bantu Gratuities	434,193	
Security Deposits	29,866	
Native Services Levy Fund	9,698,271	
Redemption Fund - Mining		
House Loan	<u>1,129,873</u>	
Surplus - unallocated		
Bantu beer profit		<u>735,175</u>
		<u>R15,532,160</u>

ARREAR RENTS

Over the past eleven years the rent arrears have varied considerably reflecting the prevailing economic position. The arrears have decreased considerably as the following table shows :-

<u>Year Ended</u> <u>30th June</u>	<u>Annual</u> <u>Rents</u>	<u>Arrears</u>	<u>% of Annual</u> <u>Rent</u>
1956	1,339,886	21,614	1.6
1957	1,714,120	45,024	2.6
1958	2,348,262	211,654	9.0
1959	2,873,886	429,846	15.0
1960	3,106,212	473,162	15.2
1961	3,390,402	431,451	12.7
1962	3,516,503	294,613	8.4
1963	3,652,230	171,039	4.7
1964	3,760,241	117,153	3.1
1965	3,889,028	113,979	2.9
1966	3,994,655	81,548	2.0
1967	4,066,793	80,407	2.0

In June 1967 the arrears in the sub-economic housing schemes amounted to an average of .17 months rental, whereas in the economic schemes it was .15 of a month. It appears that one of the causes of the arrears in the sub-economic schemes is the operation of the formula under which rents are based on the income for the previous year on a sliding scale. In the formula no provision is made for the size of the families, nor has the R30 income limit, fixed in 1952, been increased in spite of the fact that during that period the cost of living has gone up. The Johannesburg City Council has fixed the sum of R40 as being the sub-economic limit. The Council has been considering the advisability of involving the provisions of Section 20(3) of the Urban Areas Act under which the employer would be required to pay the rental.



Part of the difficulty in collection of the rentals is the delay in Court procedure, but nevertheless, it is very significant of the times in which we are living that a large number of tenants find it extremely difficult to make ends meet.

In Rhodesia it is the employer who pays the rental, but this presents certain difficulties, one of which is that if a person loses employment he often loses his house simultaneously.

#### MAINTENANCE RESERVE

The question is often asked as to whether the Council's policy is not too conservative in writing off the capital cost of the houses over the period of the loans raised to finance these houses, while at the same time provision is made not only for the maintenance of those houses, but also for the creation of a maintenance reserve, which, at 30th June 1967 was made up as follows:

#### Maintenance Reserve

Dube Hostel .....	40,616
George Gogh Hostel .....	15,723
Jabulani Hostel .....	35,632
Nancefield .....	11,854
Dube Housing Scheme .....	13
Klipspruit .....	4,212
National Housing Schemes .....	944,965
Mofolo .....	21,546
Orlando West Extension .....	7,041
Site and Service .....	319,340
Other Schemes .....	<u>314,182</u>
	<u>R1,715,124</u>

An example of this may be given. Of the loan raised to finance the cost of the establishment of Eastern Bantu Township the total cost of which was R402,991 the amount outstanding at 30th June 1967 was R149,406. But the Municipal Valuation of the land which stands in the Council's books at R11,236: is R256,000: so that while the loans raised will be redeemed in the near future, the value of the assets will in all probability far exceed their original cost, but will have been paid for in full. It is true that the houses in this scheme are old, but they are habitable for many years to come. This is an example of a township situated within the City where land has appreciated considerably in the last thirty to forty years.

Take another example; the cost of buildings at Orlando West was R3,313,168. At the 30th June 1967, the amount standing to the credit of the Maintenance Reserve of this township amounted to R544,422. The cost of maintenance of these houses during the nine years ended 30th June 1967 amounted to approximately R384,548 and of the loans raised R1,074,000 had been redeemed, so that the reserve for maintenance and redemption of loans amounted to more than one third of the total cost.

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The final balance of the loans will only be redeemed in 1992. In this case it is hard to know what the maintenance bill will be during the next thirty years, and whether at that time the standard of houses will be acceptable to the population. The Council's experience with an older township, such as Eastern Bantu Township does show that at the end of the normal loan period a value does attach to the houses. It is the Council's policy to endeavour to maintain the houses in good condition, and if the Maintenance Reserve should prove adequate, maintenance would be charged against current revenue.

Research is being carried out regarding the cost of maintaining houses, and the Council is experimenting with a new method which is being tried in Orlando East where a start has been made on a complete renovation of houses in a section of the township, and it is proposed to do this at regular intervals. Another factor to be taken into consideration is that the Government loans are now redeemed over a thirty year period instead of forty years.

It is advisable at this stage to dispel an argument put forward that the loans redeemed have been from the rents paid by the tenants in places such as Western Bantu Township, and that the rents cover the purchase of the properties. This is not so. In Western Bantu Township the costs of administering the township during the twelve years alone (1952 - 1963)

amounted to	R1,888,844
of which the loan redemption charges	<u>164,397</u>
Expenditure (excluding redemption charges)	<u>R1,727,447</u>
Rents paid during this period amounted to	<u>R 727,637</u>
So that the loss excluding redemption charges was	<u><u>R 996,810</u></u>

therefore it cannot be said that the rents paid by the tenants covered the loan redemption.

SOUTHERN RHODESIAN COMMISSION RECOMMENDATION.

In the report of the Urban African Affairs Commissioner of Southern Rhodesia, which was published in 1958, paragraph 313 reads:

"We recommend that the Native Revenue Account be recast and that the following general principle should be observed:

- (a) That Native Revenue Account **should** not be charged with interest on and redemption of funds borrowed from the local authorities and still have no assets when the loans have been redeemed. As the assets belong to the municipalities, the redemption of the loans should fall upon the municipalities. On the other hand, the Accounts should be properly charged with interest on the loans and a suitable rate of depreciation.

:- (b) ...

ANALYSIS OF EXPENDITURE AND INCOME ON BANTU REVENUE ACCOUNT.

	1952/53	1953/54	1954/55	1955/56	1956/57	1957/58	1958/59	1959/60	1960/61	1961/62	1962/63	1963/64	1964/65	1965/66	1966/67	ESTIMATES 1967/68
<b>EXPENDITURE:</b>																
Salaries, Wages & Allowances	546,420	739,298	855,976	973,926	1,082,640	1,295,982	1,541,276	1,671,422	1,766,500	1,897,201	1,975,831	2,060,027	2,098,402	2,237,278	2,395,949	2,382,000
Miscellaneous Expenses																
Departmental Charges	18,828	19,242	21,848	29,340	30,334	31,002	34,956	39,398	39,603	45,260	55,184	53,948	49,388	54,930	59,408	61,000
Medical Services (Nett)	200,438	258,920	219,308	476,024	531,490	679,778	482,936	571,692	609,530	643,878	719,552	854,310	756,148	779,103	785,876	1,031,000
Sanitary Fees	42,664	50,830	54,176	47,304	48,694	75,244	58,894	92,528	61,848	533,066	490,277	496,729	521,588	525,571	518,798	527,000
Sanitary Service	350,084	366,016	366,724	420,654	494,352	591,072	584,396	495,194	534,204							
Water Supply	29,784	28,926	45,092	85,414	105,400	153,250	195,778	284,832	364,577	406,267	474,293	531,403	549,094	537,261	654,877	647,000
Grants-in-Aid	36,410	36,984	44,546	50,220	58,898	64,992	67,602	59,806	80,992	29,752	104,825	94,492	108,231	116,614	125,001	135,515
Other	334,614	425,682	982,346	361,312	522,578	480,686	533,448	735,680	602,043	676,334	916,382	1,203,780	1,185,781	1,289,478	1,212,867	1,788,400
	1,012,822	1,186,600	1,137,040	1,470,268	1,791,746	2,076,024	1,958,010	2,279,100	2,292,785	2,336,577	2,760,513	3,234,662	3,170,230	3,302,957	3,356,827	4,190,215
Repairs and Maintenance	314,292	350,528	389,332	352,554	523,480	538,946	584,360	668,790	1,056,369	1,067,152	832,835	872,442	828,142	987,836	1,004,449	1,043,300
Loan Charges : Interest	314,472	321,628	344,308	398,568	434,634	523,724	699,062	795,944	962,872	1,669,768	1,619,385	1,646,776	1,706,623	1,730,705	1,852,196	1,775,800
Capital Redemption	338,706	293,944	288,984	267,372	255,972	263,750	359,638	428,806	488,017							
	2,526,712	2,891,998	3,015,640	3,462,688	4,088,472	4,698,432	5,142,346	5,842,162	6,566,553	6,970,698	7,188,564	7,813,907	7,803,397	8,258,776	8,609,411	9,391,315
Less: Charged to Bantu Services Levy	23,538	31,980	32,688	30,974	31,438	35,566	39,668	33,488	34,525	34,070	34,896	57,504	78,462	57,624	39,364	43,550
	2,503,174	2,860,018	2,982,952	3,431,714	4,057,034	4,662,866	5,102,678	5,808,674	6,532,028	6,936,628	7,223,460	7,756,403	7,724,935	8,201,152	8,570,047	9,347,765
<b>INCOME:</b>																
Fines	208,046	252,318	274,118	223,904	259,710	182,096	205,372	188,748	115,869	129,730	107,892	91,579	85,623	102,963	134,320	125,000
Bats	968,562	1,079,034	1,142,952	1,339,886	1,714,120	2,348,262	2,873,886	3,106,212	2,390,402	3,516,503	3,652,230	3,760,241	3,889,028	3,994,655	4,066,793	4,041,000
Labour Bureau Fees	-	23,608	31,036	33,384	32,564	33,960	20,780	30,108	27,917	26,214	29,444	30,544	33,177	32,233	37,653	30,000
Registration Fees	-	344,982	405,690	422,714	430,376	499,252	520,366	496,700	478,315	492,547	492,019	505,138	535,233	544,988	535,723	520,000
Govt. Subsidy:-Housing Leases	52,506	62,390	76,924	80,670	85,682	11,320	-	-	-	-	-	-	-	-	-	-
Sundry	97,166	92,610	76,204	37,360	54,982	77,078	(1) 74,123	(2) 350,886	527,483	671,480	738,924	842,092	863,986	984,612	1,098,514	1,282,000
Bantu Beer Profits	479,670	732,460	634,312	1,035,892	1,050,200	1,079,076	1,155,992	949,770	1,139,913	1,368,791	1,280,937	1,786,832	1,829,788	2,300,954	2,302,468	2,493,570
European Liquor Profits	-	-	-	-	-	-	-	-	-	-	8,533	8,072	13,580	25,950	44,129	3,066
<b>TOTAL INCOME</b>	1,805,950	2,586,502	2,641,236	3,170,610	3,627,634	4,231,044	4,859,518	5,122,424	5,670,619	6,205,271	6,309,979	7,024,498	7,250,415	7,986,555	8,219,600	8,484,636
Deficit to Bats Fund	697,224	273,516	341,716	258,104	429,400	431,822	243,160	686,250	852,209	731,357	913,481	731,905	474,520	214,597	350,447	863,129
	2,503,174	2,860,018	2,982,952	3,431,714	4,057,034	4,662,866	5,102,678	5,808,674	6,532,028	6,936,628	7,223,460	7,756,403	7,724,935	8,201,152	8,570,047	9,347,765

(1) Excluding R135,000 unallocated. (2) Excluding R350,000 unallocated. (3) Including R89,232 unallocated. (4) Including R200,000 unallocated.

- (b) The costs of administering the Native urban areas should be borne by the municipalities but the Accounts should be required to make a reasonable contribution to the municipalities in lieu of rates. The method of assessing this contribution should be standardized and fixed by government. Even if in some cases the amount of this contribution should not be significantly different from what it happens to be at present we think it more important that the principles by which the assessment is fixed should be clear and uniform. And having determined the appropriate rateable values of the Native urban areas we think that the poundage rates to be applied should be the same as those which operate within the municipalities proper.
- (c) A suitable contribution from profits on water and electricity supplies should be made to the Account.
- (d) We think it important that the rent charges should be clearly separated from the charges for services so that the African in the urban areas should be able to understand more clearly for what he is paying.

COMMENT ON COMMISSION RECOMMENDATION.

These suggestions would be a fundamental departure from the present system. The idea of divorcing payments, for example, medical services, water, sanitary and refuse removal, from rents is a good one. What is commonly called rent is much more than rent and perhaps it would bring about a change in attitude to rents if many of the other amenities provided were the subject of a separate charge and a better appreciation of the services being provided might result. In view of the Capital appreciation on land in some of the older townships, the Native Revenue Account might be better off in the long run paying redemptions but retaining capital appreciation.

NATIVE REVENUE ACCOUNT - INCOME AND EXPENDITURE

The sources of income of the Native Revenue Account and the items of expenditure are summarized below:

MEDICAL SERVICES

In the schedule giving the main headings of expenditure, Medical Expenses are shown as nett. For the year ended 30th June 1967 the gross expenditure was as follows :

:- Health ...

	R	R
Health Inspection and Sanitation		39,268
Nursery Schools		31,663
Medical Services in Locations		1,109,292
Infectious Diseases		4,793
Tuberculosis		435,983
Venereal Diseases		1,348
Medical Examination at Registration Centre		50,462
Waternal Hospital		129,224
Ambulance Services		223,494
Refunds received from Government	609,522	
Refunds received from Province	507,742	
Other income	<u>122,389</u>	
		<u>R 785,876</u>

For 1967/68 the gross expenditure is estimated to be R2,257,000 and the nett R1,031,000.

REDEMPTION CHARGES.

It will be noticed from the schedule that interest paid has increased more rapidly than the redemption charges. One reason for this is that redemption of loans normally only commences when loans are fully paid out. Frequently the expenditure of a loan is spread over many years, so that while the income may be accruing from the assets on which part of the loan has been spent, the redemption charges are only charged to the Bantu Revenue Account in later years. As in economic loans the calculation of rents include an allowance for redemption, it appears that the annual accounts should make some provision for redemption even though the payments would be deferred. At the 30th June 1967 of R26,563,266 drawn against approved Government Housing loans only R22,755,486 was subject to redemption, so that if all the loans had been subject to redemption the capital redemption charges in the Bantu Revenue Account would have been greatly increased.

FINES.

Questions are often asked as to what fines accrue to the Bantu Revenue Account. These are as follows. The fines recovered and the bail estreated in respect of contraventions of the provisions of the following.

- (i) Bantu Urban Areas Act No. 25 of 1945
- (ii) Curfew Proclamation under Section 19, Act 25 of 1930
- (iii) Bantu Administration Act No. 38 of 1927
- (iv) Location Regulations framed under Act 25 of 1945
- (v) Emergency Camp Regulations: Govt. Notice 890 of 1927
- (vi) Registration Regulations: Govt. Notice 1032 of 1949
- (vii) Bantu Services Levy Act No. 64 of 1952
- (viii) Bantu Transport Services Levy Act No. 53 of 1957

Fines received in respect of the last two items are credited to the respective funds.

:- SIGNIFICANT ...

### SIGNIFICANT CHANGES

The most significant changes which are revealed from a review of the financing of the Bantu Revenue Account in the last ten years are :

- (1) The terrific achievements in the re-housing of the population and the improvements in the services provided for the welfare of the Bantu people.
- (2) The reduction in the cost of housing
- (3) The increase in the cost of administration.
- (4) The benefits which have accrued from the introduction of the Bantu Services Levy.
- (5) Dependency upon Bantu beer profits.
- (6) The change in conception as to where the responsibility lies for shouldering the financial burden of providing housing for the sub-economic groups.

### ACHIEVEMENTS IN RE-HOUSING

The figure presented and the information in the introduction indicate what has been done.

### REDUCTION IN THE COST OF HOUSING

The first houses erected by the Council were in the Western Bantu Township in 1919, when 2,192 houses were built. The two-roomed house cost R240; and the three-roomed R280; and the four-roomed R340. The next scheme was at Eastern Bantu Township where the two-roomed houses cost R230; and the three-roomed houses R270. In 1932-1935 the Council started the Orlando East Scheme where the two-roomed houses of 397 sq. feet cost R190 and the three-roomed houses varied from R504 to R1,000; the four-roomed houses from R708 to R1,328. The 125 houses built in Pimville in 1944-1945 cost R988 for the three-roomed, and R1,198 for the four-roomed. When these costs were considered, and the fact that since that date costs of materials have been continuously rising, it is nothing short of a miracle that the houses built since the establishment of the Council's Housing Division, with the use of Bantu labour, have cost between R320 to R370 for a 527 sq. ft. house.

Owing to the difference in sizes of the house a truer comparison is to state costs in prices per square foot. In 1930 the price varied from 42½c per square foot to 52½c per square foot. In 1938 this had increased to 92½c per sq. ft. and in 1944 the houses at Orlando West cost R1.04 to R1.14. In 1946 the price had increased to R1.22½, and the Jabavu houses built in 1947 cost R1.02. Then came the building workers. At a time when costs were increasing in comparison with the time stated above, the costs were decreased from 67½c to 61c per sq. ft. The materials used at all times were not the same, but in considering the recent achievements in housing, consideration must not only be given to the number of houses that have been erected, but also to the cost at which

:- they ...

they have been built, and the transformation in the lives of the labourers who have become trained artisans in the process.

BENEFITS FROM BANTU SERVICES LEVY

The Bantu Services Levy was introduced in 1953 as it was felt that the employers of Bantu labour, who did not house their labourers should make a direct contribution to the cost of providing housing. In many instances the cost of providing the services was as much as the house itself. For instance, in the Noordgesig houses built in 1938 the services were estimated to cost R524 and the house R508. In Orlando West in 1944 the estimated cost of the services was R676 and the house R882; and for the Orlando West houses built in 1946 the services were estimated at R830 and the house at R1,092. Because of the high cost of these services, some have not as yet been provided.

The Service Levy was inaugurated to provide funds for :-

- Sewage Disposal Works
- Main Access Roads
- Water Towers
- Main Water Reticulation and Sub-Outfall Sewers, and Lighting.

The Services Levy Fund makes grants to local authorities and loans at  $\frac{1}{8}\%$  interest.

A summary of the amounts received by the Johannesburg Bantu Revenue Account from the Services Levy Fund to 30th June 1967 is as follows :-

Bantu Services Levy Fund

Total collections 1.1.53 to 30.6.67	.	21,256,219
Less : Administration .....		<u>559,744</u>
		20,696,475
Total Expenditure to 30.6.67		
Direct Charges and Grants .....	10,937,304	
Loans .....	<u>1,761,769</u>	<u>12,699,073</u>
<u>Unspent Balance</u>		7,997,402
Expenditure on Loans repayable to Fund		1,700,869
Balance in Fund at 30.6.67 (After making provision for repayment of all loan expenditure) .....		<u>9,698,271</u>

:- Approved ...

Approved Bantu Services Projects as at 30.6.67

Approvals at 30.6.67 .....	17,685,037
Less : Expenditure to 30.6.67 .....	<u>12,699,073</u>
Amount still required on approved projects .....	4,985,964
Unspent balance available .....	<u>7,997,402</u>
Excess of funds available to approved projects .....	<u>3,011,438</u>
Nett Income of Fund is estimated at for year ended 30.6.67	1,341,254

Approved Projects as at 30.6.67

Total approved estimated cost

Sub-Outfall and Link Sewers .....	2,035,009
Water Mains .....	2,155,047
Oliphantsvlei Sewage Disposal Works	2,395,570
Street Lighting .....	696,405
Widening and re-alignment of Roads	578,619
Electricity Supply .....	1,320,996
Water Towers and Reservoirs .....	889,485
Roads and Bus Routes .....	4,645,283
Survey and Layout .....	106,184
Clearing of Sites .....	23,200
Nightsoil Intake .....	6,258
Sanitation : Latrine Grants .....	
Reticulation Fittings and Installation ....	2,747,967
Sundry Expenditure .....	<u>85,014</u>
	<u>17,685,037</u>

The grants received from the Bantu Services Levy have proved a boon to local authorities, as they have provided the funds to install these essential services at no cost to the Council and have helped the Bantu, as in the calculation of economic rentals no cost has to be included for the services provided from the Services Levy Fund.

DEPENDENCY UPON BANTU BEER AND LIQUOR PROFITS

Since the establishment of the beerhalls and European liquor depots, the profits have been very considerable, and have been as follows :-

:- Year...



BANTU BEER

EUROPEAN LIQUOR

<u>Year</u>	<u>Revenue</u>	<u>Profit</u>	<u>Revenue</u>	<u>Profit</u>
1937/38 .....	31,068	14,186		
1938/39 .....	118,500	65,536		
1939/40 .....	188,894	127,504		
1940/41 .....	255,534	125,094		
1941/42 .....	203,038	107,398		
1942/43 .....	201,892	94,544		
1943/44 .....	339,560	198,122		
1944/45 .....	458,970	242,954		
1945/46 .....	256,978	114,552		
1946/47 .....	417,558	95,904		
1947/48 .....	573,378	243,674		
1948/49 .....	654,094	362,430		
1949/50 .....	744,890	349,448		
1950/51 .....	828,046	350,262		
1951/52 .....	998,840	403,152		
1952/53 .....	1,229,660	479,670		
1953/54 .....	1,403,068	732,460		
1954/55 .....	1,646,406	854,312		
1955/56 .....	1,784,392	815,692		
1956/57 .....	2,058,082	1,050,202		
1957/58 .....	2,217,056	1,079,076		
1958/59 .....	2,589,712	1,209,990		
1959/60 .....	2,691,090	1,299,768		
1960/61 .....	2,819,873	1,239,913		
1961/62 .....	3,027,558	1,468,791		
1962/63 .....	3,228,043	1,464,418	1,010,286	127,995
1963/64 .....	4,215,378	1,824,974	1,159,944	121,074
1964/65 .....	5,204,223	2,223,296	1,894,775	203,712
1965/66 .....	5,514,483	2,298,665	2,951,908	389,258
1966/67 .....	5,875,945	2,213,236	2,278,483	220,645
	<u>R51,746,209</u>	<u>23,230,223</u>	<u>9,295,396</u>	<u>1,062,684</u>

It is hard to visualise how the development of housing and other services could have been provided without these profits. Yet this source of income could fluctuate. For instance, there might be a boycott of the beerhalls, and more important still, there are moral issues involved. Many people, while realising the evil effects of illicit liquors, are still uneasy about the extent to which the financing of the Bantu Revenue Account is dependent on sales of Bantu Beer.

Two-thirds of the profits derived from the sale of Bantu Beer may be used (a) to make up the losses on housing schemes, (b) to make up any amount required to offset the loss to the Bantu Revenue Account resulting from the reduction of rentals in force at any location, Bantu village or hostel, (c) the capital expenditure on housing schemes or works or services in connection with a location, Bantu village or hostel, and interest and redemption charges and maintenance costs in connection with any location, Bantu village or hostel. One-third of the profits may be spent on any service, expenditure or grant which may be certified in writing by the Minister of Bantu Administration and Development as being calculated to improve the social or recreational amenities for Bantu residents within the areas of the urban local authority, or otherwise to promote the social welfare of such residents.

:-, Allocation ...

Allocation of Bantu Beer and Liquor Profits

	Year Ended <u>30.6.67</u>
<u>One-Third Profit</u>	
Urban Recreation .....	-
Urban Social Welfare .....	-
Bursaries .....	2,645
Grants-in-Aid .....	125,026
Vocational Training Centre .....	48,563
Medical Services Urban .....	83,106
Medical Services Township .....	493,112
	<hr/>
	R752,455
	<hr/>

Two-Thirds Profit

Losses on Sub-Economic Housing Schemes:

Contributions to Capital Outlay .....	89,232
Denver Hostel .....	3,661
Mai Mai Hostel .....	3,809
Wemmer Hostel .....	8,319
Wolhuter Hostel Women's .....	3,293
Wolhuter Hostel Men's .....	7,681
Jabulawi Hostel .....	5,777
Dube .....	36,341
Jabavu .....	253,312
Eastern Bantu Township .....	84,094
Mofolo .....	62,208
Orlando East .....	322,585
Orlando West .....	209,600
Pimville .....	221,593
Site and Services .....	282,637
	<hr/>
	R1,594,142
	<hr/>

GRAND TOTAL .....	<u>R2,346,597</u>
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RESPONSIBILITY FOR SUB-ECONOMIC HOUSING

At the time the Council undertook the sub-economic housing schemes at Orlando East and West and Jabavu, the National Housing Commission advanced the funds under a scheme whereby the interest was 3¼% on the understanding that losses incurred on such schemes should, within defined limits, be borne in the ratio of three parts by the Government and one part by the Council. The Council first submitted its claim for losses in 1950. Up to the 30th June 1953, the losses incurred on these schemes amounted to R2,158,346 and of this sum was calculated, on the Council's understanding of the formula, that R1,004,640 was recoverable from the Government, but only R469,454 was recovered at that time.

In 1951 the old  $3\frac{1}{4}\%$  formula was cancelled. In that year local authorities, in submitting claims for losses in the National Housing formula, were required to certify the tenants' incomes did not exceed R50 on loans prior to 1.10.46, and R60 thereafter. In 1952 differential incomes were laid down, and were fixed at R30 for Bantu. Local authorities were advised that a fully economic rate of interest would have to be paid on a pro-rata share of the loans in respect of tenants with incomes in excess of those limits, and that the increased cost could be recovered by way of increased rentals. Legal opinion given to this Council doubted the Commission's power to do this. In 1954 the National Housing Commission agreed that the sub-economic rentals shall be increased by 30c for every R1.00 of the income over R30. In 1954 the Council, because of its unhappy experience under the National Housing formula, agreed to convert the  $3\frac{1}{4}\%$  loans to  $4\frac{7}{8}\%$  loans, thereby cancelling the sharing of losses on the schemes, but insuring the benefit of the lower rate of interest.

In 1957 the Council's claim for over R800,000 under the old  $3\frac{1}{4}\%$  scheme was finally settled for R250,000. The R250,000 was paid into the Capital Development Fund and earmarked for street lighting in the Bantu Townships. As in the Housing Act 1957 provision was made in Section 78(3) for legalising actions of the National Housing and Planning Commission which were not authorized at the time they were done, this Council's legal rights were swept away.

The application of the Government's policy of economic housing has had the effect of shifting the financial burden from the State onto the shoulders of the poor, the local authority and the employers, through the Bantu Services Levy Fund. Local authorities are obliged to accept full responsibility for economic housing, which the role of the State, from the financial point of view, is limited to the advance of loans at economic rates of interest, and by shortening the period of repayment of loans from forty to thirty years and by the increase in the rate of interest from  $4\frac{7}{8}\%$  to  $4\frac{7}{8}\%$  and over has had the effect of increasing the rental on a house costing R400 by R1.50 per month. The Government bears the loss of interest on those funds lent to the Council at less than economic rates.

The Johannesburg City Council, by accepting the realities of the situation in fixing R40 as the sub-economic limit rather than R30 has paid the State in the years 1958 to 1967 an amount of R978,838 whereas in terms of the formula laid down at the time sub-economic housing schemes were commenced the State was to share in the losses. The experience of local authorities under the formula has indeed been an unhappy one !

Subsidies received from the Government, credited to the Bantu Revenue Account, were as follows :-

1952/53	.....	52,506
1953/54	.....	62,390
1954/55	.....	76,924
1955/56	.....	80,670
1956/57	.....	85,682
1957/58	.....	11,320
1958/59	and subsequent years	..... Nil
		<u>R369,492</u>

:- CONTRIBUTIONS ...

CONTRIBUTIONS BY THE EMPLOYERS OF BANTU LABOUR AND THE COUNCIL.

Since the introduction of the Bantu Services Levy the contributions by the employer community in Johannesburg and this Council to the financing of the housing, transport and general wellbeing of the Bantu community have been as follows :-

	<u>Registration Fees (Nett)</u>	<u>Bantu Transport Services Levy</u>	<u>Bantu Services Levy</u>	<u>Deficit On B.R.A.</u>	<u>TOTAL</u>
1953	=	135,782	543,128	697,224	1,376,334
1954	91,618	278,920	1,115,682	273,518	1,759,738
1955	189,714	298,292	1,230,282	341,716	2,059,804
1956	160,186	309,504	1,314,096	258,104	2,041,890
1957	127,064	318,752	1,360,934	492,402	2,236,152
1958	172,576	665,206	1,421,518	431,820	2,691,120
1959	95,692	722,104	1,473,330	243,160	2,534,286
1960	41,578	647,606	1,400,642	686,250	2,776,076
1961	1,842 CR	559,419	1,404,739	852,209	2,814,525
1962	7,842	517,541	1,564,699	731,357	2,821,439
1963	24,906	535,202	1,443,152	913,481	2,866,929
1964	14,314	566,977	1,550,213	731,905	2,834,781
1965	1,850	605,877	1,711,527	474,520	2,793,774
1966	87,901	620,039	1,812,878	214,597	2,735,415
1967	87,645	771,370	1,909,399	350,447	3,118,861
<b>TOTALS</b>	<b>R1,022,604</b>	<b>7,552,591</b>	<b>21,256,219</b>	<b>7,629,710</b>	<b>37,461,124</b>

CONCLUSION

This review of the Bantu Revenue Account deals with the financial aspects of the Administration of Johannesburg's Bantu Township. It is realized that there is still much more to be done. No longer is the bulk of the population made up of completely unsophisticated, uneducated and simple labourers. We have today the second, and in many cases, the third generation of persons who have known no other home than Johannesburg, who have spent their entire working life in full-time industrial and commercial employment in the City, and who are integrated into urban conditions of living. These persons are clamorous for increased rights and opportunities.

In giving the review of what has been done, one does so not with a sense of complacency, but with a view to indicating the Council's desire to face the task assigned to it with vigour and goodwill towards the Bantu people.

July 1968.

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