

# South African Federated Chamber of Industries

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## MEMORANDUM ON NATIVE HOUSING

### A. PURPOSE OF DRAFT AMENDING LEGISLATION.

Section 2(1)(e) of the Native (Urban Areas) Consolidation Act, 1945, provides that an urban local authority may require any employer within the urban area to provide accommodation for any Native in his employ. For various reasons, and mainly because it does not embrace housing for the family unit, this provision has become wellnigh inoperative.

The Department of Native Affairs has now published a draft Bill which proposes to extend the scope of employer liability. Any urban local authority would thereby be empowered, subject to the approval of the Minister and after reference to the Administrator, to permit an employer to provide accommodation not only for the Native person in his employ, but also for the Native household, alternatively to require the employer to pay or contribute towards the rent for accommodation provided by the urban local authority for such Native and his household.

The implications of this Bill are far-reaching. It would enable a local authority to tax an employer for Native housing generally, regardless of whether his employees will be provided with housing either now or in the future. It would moreover not take into account the possibility of the Native employee being in a position to pay



pay an economic rent without subsidy from the employer, nor would there be any incentive to the employer or employee to work toward the earning of a wage that would permit of an economic rent being paid. These and other dangers are inherent in this draft Bill.

B. ATTITUDE OF S.A. FEDERATED CHAMBER OF INDUSTRIES.

Industrialists are not unmindful of the need for alleviating the deplorable housing conditions under which thousands of urban Natives are compelled to live and they would support any comprehensive action in remedying this situation. No satisfactory approach can be made to this vexed problem, however, unless there be a clearer recognition - which a true appraisal of facts will reveal - of the very real contribution that secondary industry has made and continues to make to the standard of living of urban Natives and unless the true function of its responsibility to society as a whole is properly understood.

The average money incomes of Natives employed in industry and in commercial services in towns today have reached levels higher than those pertaining to all other groups of Native employees throughout the country; wages in many categories having doubled since the pre-war period. Making the fullest allowance for the environmental disabilities under which many are now living, many urban Natives employed in industry and commerce enjoy a standard of living that was previously unknown to them or their immediate forebears in the Reserves. This fact in itself should be sufficient to refute the imputation so frequently expressed that because secondary industry has accelerated the migration of Natives to towns, employers as a class have a financial obligation

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in meeting the consequences of these social changes. To carry this argument to any point of logic, employers would be expected to pay for every maladjustment or bottleneck inherent in the growth of industrial towns, whether the congestion be in housing, transport, sanitation or social services.

The sole function of industry is to create wealth. The manufacturer's first duty to society as well as to those having a material interest in his undertaking is production for profit; for only by this means can wealth be created. If the business fails in this, it not only weakens its own power to survive, but impoverishes the whole of society.

It seems necessary to restate these simple economic facts, for it is becoming fashionable nowadays to think of the modern business corporation as a social rather than an economic institution. Herein lies the crux of the present controversy over financial responsibility for Native housing. Whatever contributes to the costs of production must have a distinct effect upon the survival and growth of that particular industry. Community social services no matter how they may influence the well-being of those who work in industry, are a responsibility of that community as a whole and should not enter into factory production costs.

Industry's contribution to social well-being is made in two ways, firstly in payments for wages, goods and services, thus adding to the community's purchasing power and secondly, by operating for the production of net profit, a substantial proportion of which is drawn off in the form of taxation.

In the payment of wages, secondary industry, more than any other economic section of this country, has undoubtedly done more to raise the productivity of the

Native .....



Native worker and to remunerate him according to the output of his labour. We would go further and say that, mainly through the opportunities to be found in industry has it been possible for increasing numbers of Natives to pay economic rents for the houses which they occupy. This process of expanding the productivity of Native labour and relating wages to value of output must be greatly stimulated for it is the only valid answer to sub-economic housing.

There can of course be no justification for an arbitrary elevation of Native wages in any sphere; reward for equivalent output can be the only satisfactory objective. This process of labour training and integration will take time but we shall never see the disappearance of our present difficulties in correlating wages with rents so long as the Native worker is restrained from moving upward in occupational categories.

In this connection, a conclusion of the Report of the "Fagan Commission" on the subject is worthy of serious attention. Referring to the possibility of employers making financial contributions towards the housing of Native employees, the Commission concluded:

"We doubt whether any wholly satisfactory solution will be found until the need for such economic adjustments disappears and labourers by their own productive capacity attain a position in which they can make their own arrangements on an economic, not a sub-economic, basis."

The collaboration of the State and private industry toward ensuring that the productivity of the Native worker is progressively raised must then be the first objective in overcoming the problem of housing. Until such time as  
this ....



this objective has been achieved, the burden of sub-economic housing must implicate the whole citizen body and must be a charge against the Consolidated Revenue Fund. Through taxation at the national level industry will then continue to discharge its obligation to the community as a whole.

Only for tenuous reasons of short-term expediency could the Government possibly sustain a housing policy which casts special burdens, not shouldered by other taxpayers, upon industrial and commercial employers. This conclusion is implicit in the historical fact that prior to the year 1944, municipalities and ratepayers generally conceded that, as local industries in which Natives were employed contributed to local prosperity by enhancing the value of fixed property and by expanding purchasing power, a contribution from general revenue to meet housing losses was not unreasonable. But when municipalities were subsequently caught in the vice of rising building costs on one side and an intransigent Treasury on the other, an agitation started to transfer some of this cost burden to other shoulders.

It seems to have escaped the thinking of those seeking to escape from this predicament that, in violating canons of sound taxation policy by delegating powers to local authorities to tax prescribed classes of persons for specific objects, dangerous precedents would be established. Having secured statutory authority to tax employers for Native housing, what is to restrain local authorities from asking the Legislature for extended powers to deal with the housing of Europeans, Indians and Coloureds in the lower-income groups, or to compel employers to contribute toward other facilities for workers, such as transport, nutrition, medical and clinical services?

Coming .....



Coming now to the question of housing construction, organised industry is not satisfied that the Government and local authorities have applied themselves sufficiently to narrowing the margin of the sub-economic loss on Native housing down to the irreducible minimum. There has been little evidence of a conscious pooling of experience and a utilization of new techniques and materials in the interest of low-cost housing. Restrictive building bye-laws and a too-lavish expenditure on ancillary services in townships have tended to keep costs high.

But the most glaring and indefensible restriction has been the failure to encourage the use of Native artisans in the construction of dwellings for occupation by Natives. The paradox of this situation is demonstrated by the attitude of those who vigorously oppose the idea of a Native handling a trowel and yet see no inconsistency in his operating a machine in a factory producing cheaper goods for all to buy.

What is urgently needed, apart from the Government giving to the building of Native housing a priority which its importance and urgency deserve, is an investigation at the highest level into the basic costs of dwellings and township development to suit different localities.

### C. SUMMARY AND RECOMMENDATIONS.

In view of the foregoing the Chamber emphasises that the status of secondary industry as the largest employer in South Africa, and its stake in the matter, compel it to view all aspects of the question of Native housing in an objective manner. For this reason it advances the following observations and suggestions :-

A. That the ...



A. That the Government should realise that any attempt to create machinery for negotiations between employers and local Government authorities in respect of indirect wages in the form of housing levies, strikes at the roots of the well-tried wage regulating machinery that has been evolved over many years.

B. That the question of housing for Natives in urban areas transcends in scope the functions of the Native Affairs Department. The matter is primarily economic in character involving deliberations in respect of which the Native Affairs Department has an active interest only after policy has been decided and subsequent administrative action is called for.

C. We, therefore, recommend - the appointment of a Commission, representative of public bodies and both employer and employee groups and to which experts can be co-opted, to investigate the problem of Native housing in all its aspects, paying particular regard to the volume of housing required progressively over the next ten years, the formulation of building standards, utilization of techniques, materials and labour to produce Native housing at the lowest possible cost and to provide adequate transport facilities. Furthermore, this Commission be instructed to make recommendations on the financing of such housing. This Commission must be appointed immediately and be asked to complete its investigations and report within six months.

D. Among the subjects which should form part of the inquiry of the Commission's terms of reference are -

- (a) The creation of a central authority which may be a Public Utility Company which would either directly finance, construct and administer Native housing, or alternatively function as an authority to co-ordinate efforts of public authorities and

other ....



other agencies engaged in providing Native housing. In either case consideration should be given to the provision of specific powers by which specifications for low cost housing should be moulded to conform to realistic standards, regard at the same time being had primarily to hygiene and durability.

- (b) What minimum number of houses over a specific period should be the objective to be aimed at?
- (c) Whether, in terms of the Prime Minister's recent reference to the subject of overseas assistance in developing South Africa, steps should be taken to obtain an external loan for Native housing to be taken up over a period of years, interest on the loan to be borne by the Consolidated Revenue Account and only the redemption to be paid by the housing authority or by the occupant.
- (d) The creation of a simple and inexpensive form of property registration and transfer under which Native urban dwellers can acquire title in special reserved areas and the establishment of a Government-sponsored special building society for Native contributors.
- (e) Assistance to any employer (including a group of employers) who, on its own initiative, undertakes the housing of his own Native employees, to obtain adequate land, freehold and in a suitable locality, at low cost, and to be entitled to draw on public funds at interest rates payable by local authorities, for construction and development.

(f) ...



- (f) Means by which Native workers and entrepreneurs who today can afford economic housing and who are not housed by local authorities can be granted assistance in acquiring land, transfer of title and building loans at low cost.
- (g) The development of undertakings on the lines of the Zwelitsha Native Village at Kingwilliamstown at centres where such a system can be suitably adapted.
- (h) The recommendation of measures to bring about the removal of practical barriers to Natives building houses for Natives, including an intensification of the training scheme for Native building artisans.

Cape Town.  
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