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AN EXAMINATION OF JOHANNESBURG'S BANTU REVENUE ACCOUNT AS
AT 30TH JUNE 1971 BY COUNCILLOR DR. P.R.B. LEWIS, CHAIRMAN
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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. As 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 1971 the estimated Bantu population, under the jurisdiction of the Johannesburg City Council was 543 233 of whom approximately 182 560 were men, approx. 178 372 were women and approximately 182 301 were children. In addition to this population the estimated population in the areas controlled by the Bantu Resettlement Board amounted to 159 916 so that in the Metropolitan Area of Johannesburg the total Bantu population was approximately 703 149. The Bantu population resident in the Peri-Urban areas north and south of Johannesburg including Alexandra is excluded from this figure as it has been impossible to obtain accurate statistics for these areas. The population for these areas for 1967 was 120 344.

It is particularly necessary to note not only the increase in the population, but the change in the population from a predominately male one to the present where 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 of the War effort.

The task of providing decent living conditions seemed impossible, not only because of the cost of housing, 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 1971 the houses built had increased to 67 330. The hostel accommodation was 29 251. 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 lend Johannesburg R6-million, to provide houses for the slum dwellers of Moroka and Shantytown. 14 278 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, out of which 654 houses were built in Pimville Zone I and 572 houses in Pimville Zone 2.

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 Urban Bantu Councils 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 and
4. Bantu Services Levy Fund.

:- CAPITAL ...

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, 30th June 1962 and 30th June 1971 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>30.6.71.</u>
	<u>R</u>	<u>R</u>	<u>R</u>	<u>R</u>
Land	244 370	2 619 122	2 221 401	2 692 677
Buildings	1 646 124	7 602 220	24 907 244	36 757 526
Machinery & Plant	36 070	37 096	250 526	497 695
Tools	480	240 648	255 904	282 566
Motor Vehicles	16 668	124 556	332 711	782 852
Furniture	34 086	98 374	288 440	604 472
Layout	6 690	70 780	253 449	454 946
Fencing	92 146	183 410	245 114	396 313
Livestock	4 776	24 496	-	-
Tennis Courts	380	7 932	10 396	25 451
Stormwater Drainage and Sewerage	67 396	200 326	7 505 884	10 317 004
Railway Siding	8 594	9 722	9 721	9 721
Water Supply	66 466	148 706	3 355 188	4 095 189
Roads	25 934	363 354	2 310 669	9 523 323
Tramway Extension	3 500	3 500	-	-
Lighting	25 562	121 800	1 853 968	3 970 138
Medical Appliances	34	32	17 638	18 003
Swimming Pool	1 536	1 482	6 814	214 198
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	332 417
Office Machinery	-	8 592	119 488	222 748
Sundry Debtors House	-	-	-	-
Selling Schemes	-	10 088	2 611 543	1 693 608
Meters	-	-	14 249	42 699
Bowling Greens	-	-	-	4 032
	<u>R3 141 684</u>	<u>R11 937 820</u>	<u>R46 934 274</u>	<u>R73 067 563</u>

This reflects the tremendous expansion which has 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 1971 - R 36 757 526, the amount spent on erecting ten hostel buildings amount to R3 487 563. The amount spent on housing schemes amounted to R28 105 573.

INVESTMENT ON LAND

Of the land costing R2 692 677 - R256 379 represents the cost of land for hostels - R1 743 554 represents the amount spent on ground for housing schemes R613 827 represents expenditure on ground for as yet undeveloped or partially completed schemes, and R28 183 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 Estates Branch, the value of the land being approximately R832 000. In examining the price at which the ground has been purchased it is interesting to find that the 453,253 hectares at Orlando East were purchased at an average cost of R33-19c per hectare; the 463,775 hectares at Orlando West were purchased at R36-89c per hectare; whereas the 1791,967 hectares in the Site and Service Schemes were purchased at an average of R434-48c per hectare.

AREA OF LAND

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

1910	.....	59,701 hectares.
1920	.....	59,701 hectares.
1930	.....	1 155,462 hectares.
1940	.....	1 689,081 hectares.
1950	.....	4 460,818 hectares.
1958	.....	5 940,906 hectares.
1961	.....	6 733,918 hectares.
1962	.....	6 751,185 hectares.
1963	.....	6 769,173 hectares.
1964	.....	6 769,173 hectares.
1965	.....	6 770,030 hectares.
1966	.....	6 771,743 hectares.
1967	.....	6 771,743 hectares.
1968	.....	6 771,743 hectares.
1969	.....	6 771,743 hectares.
1970	.....	6 814,698 hectares.
1971	.....	6 814,698 hectares.

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 30th June 1971

	<u>R</u>
Government Loans amount to	23 188 772
Loans from Bantu Services Levy Fund	1 543 974
Loans from outside bodies (Mining Houses and Soldiers Housing Organizations)	6 820 879
Advance from Council's Consolidated Loans Fund	9 894 338
Advance from Council's Capital Development Fund	909 802
Consolidated Reserve and Trust Fund	<u>6 884</u>
	42 364 649
Temporary advance to Rate Fund	<u>133 406</u>
	42 498 055
Accumulated surplus	<u>30 569 508</u>
	<u>R73 067 563</u>

Of the money borrowed from the Government

R8 281 261 was lent at $3\frac{1}{4}\%$ interest on the basis of National Housing Commission formulas

R

114 336	was lent at $3\frac{1}{2}\%$ interest
1 762	was lent at 4% interest
1 563 332	was lent at $4\frac{1}{2}\%$ interest
2 135 320	was lent at $4\frac{3}{4}\%$ interest
9 927 172	was lent at $4\frac{7}{8}\%$ interest
447 539	was lent at 5% interest
1 715 884	was lent at $5\frac{1}{2}\%$ interest
462 959	was lent at $5\frac{3}{4}\%$ interest
3 732 290	was lent at 6% interest
79 451	was lent at $6\frac{3}{4}\%$ interest
<u>771 000</u>	was lent at $7\frac{1}{4}\%$ interest
<u>R29 232 306</u>	

R29 232 306 of which R23 188 772 is still outstanding as reflected on page 4 above.

The loan from the Bantu Services Levy Fund bears interest at $\frac{1}{8}\%$. The R6 000 000 loan from the Mining Houses is at $4\frac{7}{8}\%$, the R750 000 loan is at $6\frac{1}{2}\%$ and from the Soldiers Housing Organization at $1\frac{1}{4}\%$. The rate charged by the Consolidated Loans Fund and the Capital Development Fund varies from year to year depending on the average paid by the Council during that year, and in 1970/71 was at the rate of 5.798%. Of the funds provided by the Government since 1952:

R2 305 930	is at $\frac{3}{4}\%$
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 719 129	is at $5\frac{3}{4}\%$
R3 128 571	is at 6%
R 546 670	is at $6\frac{3}{4}\%$
R 774 014	is at $7\frac{1}{4}\%$

On 1st August 1968, as a Temporary measure the Government reduced the rate of interest from $6\frac{1}{4}\%$ and $6\frac{3}{4}\%$ to 6% . The economic rate of interest has since risen to $8\frac{3}{4}\%$ with effect from 1st May 1971. The Government allows a reduction of $\frac{3}{4}\%$ and advances are made accordingly at 8% .

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 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 R30 569 508 the amount represented by grants from the Bantu Services Levy Fund is R16 911 328 leaving a balance of R13 658 180 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>
	<u>R</u>	<u>R</u>	<u>R</u>
General Section	853 384	207 013	646 371
Liquor Dist. Branch	461 939	323 883	138 056
Bantu Beer Section	5 403 061	3 766 347	1 636 714
City Deep	3 588	-	3 588
Denver Hostel	575 857	198 598	377 259
Dube Hostel	716 157	554 685	161 472
George Goch	778 416	141 840	636 576
Jabulani	591 988	144 088	447 900
Lifateng	113	113	-
Mai Mai Hostel	7 580	1 381	6 199
Mapetla	411 285	404 887	6 398
Nancefield	498 222	358 701	139 521
Orlando West Women's Hostel	242 046	236 206	5 840
Wemmer Hostel	222 938	4 988	217 950
Wolhuter Men's Hostel	307 187	29 300	277 887
Wolhuter Women's Hostel	9 615	380	9 235
Dube Township	1 558 062	1 240 357	317 705
Eastern Bantu Township	419 473	121 415	298 058
Jabavu	3 111 171	2 181 726	929 445
Mofolo	1 372 463	1 149 396	223 067
Orlando East	3 845 970	1 958 561	1 887 409
Orlando West	5 859 447	4 326 436	1 533 011
Pimville	2 099 114	986 117	1 112 997
Protea	137 219	133 227	3 992
Undeveloped Schemes	613 827	472 632	141 195
Shantytown	14 321	6 906	7 415
Klipspruit	1 047 978	957 417	90 561
	<u>R31 162 421</u>	<u>R19 906 600</u>	<u>R11 255 821</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 4,452 hectares 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, R 6 326 per hectare but the municipal valuation of this ground is R98 842 per hectare. The value would be more if the present restriction that the ground can only be used for hostel purposes was removed.

:- Ground ...

Ground adjacent to this hostel is valued in some cases at R197 684 per hectare, some R296 526 per hectare and some at R395 368 per hectare. The 28,733 hectares on which Eastern Bantu Township is built cost R11 236; - R390 per hectare, whereas the 16,188 hectares adjoining this area recently purchased for the Eastern Township Hostel cost R304 186 per hectare. The Municipal Valuation of the ground on which Eastern Bantu Township is situated is R384 000. The ground on which the Municipal Brewery is situated in Von Wielligh Street, which cost R2 192 has a municipal valuation of R258 000. The ground on which the Wolhuter Men's Hostel was erected cost R10 206, and now has a municipal valuation of R120 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 269,524 hectares in Pimville cost R38 370 - R143 per hectare. 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 1971 were :-

<u>ASSETS:</u>	R	R
Stores on hand		539 798
Sundry Debtors		699 128
On general account	644 963	
Rents	48 280	
Payments in advance	<u>5 885</u>	
<u>Investments</u>		17 441 579
Bantu Services Levy Fund	12 196 885	
Redemption Fund -		
Mining House Loan	1 958 589	
Reserve and Trust Funds	<u>3 286 105</u>	
Cash in Hand		66 201
Advance to Rate Fund		<u>704 073</u>
		<u>R19 450 779</u>

<u>LIABILITIES:</u>	R	R
Sundry Creditors		1 856 438
Reserve and Trust Funds		17 441 579
Maintenance Reserve Fund	1 949 748	
Reserve for Bad Debts	479 414	
Bantu Gratuities	811 008	
Security Deposits	45 935	
Bantu Services Levy Fund	12 196 885	
Redemption Fund - Mining		
House Loan	<u>1 958 589</u>	
Surplus - unallocated Bantu beer and liquor profits		<u>152 762</u>
		<u>R19 450 779</u>

ARREAR RENTS

Over the past fifteen 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 Rent</u>
	R	R	
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
1968	4 197 923	73 396	1,7
1969	4 332 326	70 451	1,6
1970	4 462 459	52 733	1,2
1971	4 586 146	48 280	1,1

In June 1971 the arrears in the sub-economic housing schemes amounted to an average of 0,14 months rental; whereas in the economic schemes it was 0,10 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 since 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 invoking 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 large numbers 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 1971 was made up as follows :-

:- Maintenance ...

Maintenance Reserve:

	R
Dube Hostel	43 117
George Goch Hostel	-
Jabulani Hostel	45 676
Nancefield	-
Dube Housing Scheme	-
Klipspruit	6 082
National Housing Schemes	1 030 222
Mofolo	-
Orlando West Extension	3 054
Pimville Zone 1	8 231
Pimville Zone 2	6 328
Site and Service Schemes	404 241
Other Schemes	<u>394 573</u>
	<u>R1 941 524</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 R372 100 the amount outstanding at 30th June 1971 was R121 415. But the municipal valuation of the land which stands in the Council's books at R11 236 is R540 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 378 255. At the 30th June 1971 the amount standing to the credit of the Maintenance Reserve of this township amounted to R585 686. The cost of maintenance of these houses during the eleven years ended 30th June 1971 amounted to approximately R661 026 and of the loans raised R1 859 618 had been redeemed, so that the reserve for maintenance and redemption of loans amounted to more than one third of the total cost. 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 the 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 a good condition, and if the Maintenance Reserve should prove inadequate, 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 ...

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 724 447</u>
Rents paid during this period amounted to	<u>727 637</u>
So that the loss excluding redemption charges was	<u>R996 810</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 principles should be observed:

- (a) That the 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) 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) ...

- (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 Bantu Revenue Account might be better off in the long run paying redemptions but retaining capital appreciation.

BANTU REVENUE ACCOUNT - INCOME AND EXPENDITURE

The sources of income of the Bantu 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 1971, the gross expenditure was as follows :-

	R	R
Nursery Schools		53 615
Medical Examinations at Registration Centre		<u>91 297</u>
		144 912
Other Income	<u>2 319</u>	<u>2 319</u>
		<u>R142 593</u>

For 1971/72 the gross expenditure is estimated to be R137 900 and the nett R135 600.

Additional income and expenditure on Bantu Health Services previously incurred by the Bantu Revenue Account, but excluded from featuring in this account since 1969, is as follows :-

:- Health ...

ANALYSIS OF EXPENDITURE AND INCOME OF BANTU
REVENUE ACCOUNT

	1960/61	1961/62	1962/63	1963/64	1964/65	1965/66	1966/67	1967/68	1968/69	1969/70	Estimates 1970/71	Actual from abstract of Accounts 1970/71	Estimates 1971/72
	R	R	R	R	R	R	R	R	R	R	R	R	R
EXPENDITURE:													
<u>Salaries, Wages & Allowances</u>	1 766 500	1 897 201	1 975 831	2 060 027	2 098 402	2 237 278	2 395 949	2 658 467	2 869 015	3 341 359	3 672 000	3 831 596	4 244 000
<u>Miscellaneous Expenses:-</u>													
Departmental Charges	39 603	45 280	55 184	53 948	49 388	54 930	59 408	70 527	68 949	82 573	92 000	97 202	114 000
Medical Services (Nett) ..	609 530	643 878	719 552	854 310	756 148	779 103	785 876	899 573	819 697	88 118	149 000	91 297	137 900
Sanitary Fees	61 848												
Sanitary Service	534 204	533 066	490 277	496 729	521 588	525 571	518 798	589 760	641 242	645 859	700 000	574 564	780 000
Water Supply	364 577	408 267	474 293	531 403	549 094	537 261	654 877	604 468	808 393	864 194	1 027 000	915 234	990 000
Grants-in-Aid	80 992	29 752	104 825	94 492	108 231	116 614	125 001	126 433	120 583	124 695	139 635	138 258	159 494
Other	602 043	676 334	916 382	1 203 780	1 185 781	1 289 478	1 212 867	1 496 570	1 421 537	1 487 977	1 270 950	1 350 593	1 719 550
	2 292 795	2 336 577	2 760 513	3 234 662	3 170 230	3 302 957	3 356 827	3 787 331	3 880 401	3 293 416	3 378 585	3 120 148	3 900 944
<u>Repairs and Maintenance</u> ..	1 056 369	1 087 152	832 835	872 442	828 142	987 836	1 004 449	996 014	1 005 564	1 122 502	1 183 400	1 568 690	1 266 200
<u>Loan Charges: Interest</u> ..	962 872											2 495 639	2 775 100
<u>Capital Redemption</u>	488 017	1 669 768	1 819 385	1 646 766	1 706 623	1 730 705	1 852 186	1 968 109	2 123 914	2 361 726	2 403 400		
TOTAL EXPENDITURE:	6 566 553	6 970 698	7 188 564	7 813 907	7 803 397	8 258 776	8 609 411	9 409 921	9 878 894	10 119 003	10 637 385	11 016 073	12 186 244
<u>Less: Charged to Bantu Services Levy</u>	34 525	34 070	34 896	57 504	78 462	57 624	39 364	85 925	60 427	68 095	65 450	72 577	66 750
	6 532 028	6 936 628	7 223 460	7 756 403	7 724 935	8 201 152	8 570 047	9 323 996	9 818 467	10 050 908	10 571 935	10 943 496	12 119 494
INCOME:													
<u>Fines</u>	115 869	129 730	107 892	91 579	85 623	102 963	134 320	177 758	238 165	270 902	230 000	278 343	258 000
<u>Rents</u>	2 390 402	3 516 503	3 652 230	3 760 241	3 889 028	3 994 655	4 066 793	4 197 923	4 332 326	4 462 459	4 535 000	4 586 146	4 787 000
<u>Labour Bureau Fees</u>	27 917	26 214	29 444	30 544	33 177	32 233	37 653	38 164	40 143	40 926	45 000	41 611	50 000
<u>Registration Fees</u>	478 315	492 547	492 019	505 138	535 233	544 988	535 723	529 626	565 033	601 444	1 000 000	763 006	1 000 000
<u>Government Subsidy:</u>													
Housing Losses	-	-	-	-	-	-	-	-	-	-	-	-	-
Sundry	527 483	671 480	738 924	842 092	863 986	984 812	1 098 514	1 128 973	1 459 074	1 787 892	1 708 000	2 064 756	1 741 000
<u>Bantu Beer Profits</u>	1 139 913	1 368 791	1 280 937	1 786 832	1 829 788	2 306 954	2 302 468	2 848 880	2 879 164	1 969 602	1 696 000	1 559 637	1 082 600
<u>European Liquor Profits</u> ..	-	-	8 533	8 072	13 580	25 950	44 129	46 305	85 906	142 496	107 700	140 417	84 000
TOTAL INCOME:	5 679 819	6 205 271	6 309 979	7 024 498	7 250 415	7 986 555	8 219 600	8 967 629	9 599 811	9 275 721	9 321 700	9 433 916	9 002 600
<u>Deficit to: Rate Fund</u>	852 209	731 357	913 481	731 905	474 520	214 587	350 447	356 367	218 656	775 187	1 250 235	1 509 580	3 116 894
	6 532 028	6 936 628	7 223 460	7 756 403	7 724 935	8 201 152	8 570 047	9 323 996	9 818 467	10 050 908	10 571 935	10 943 496	12 119 494

Health Inspection and Sanitation	R	R
		65 125
Medical Services in Locations		1 576 931
Infectious Diseases		33 464
Tuberculosis		293 943
Venereal Disease		1 200
Waterval Hospital (closed)		-
		<u>1 970 663</u>
Refund Received from Government	576 672	
Refund Received from Province	782 549	
Other Income	<u>7 688</u>	<u>1 366 909</u>
		<u>R 603 754</u>

For 1971/72 the gross expenditure is estimated to be R2 315 020 and the nett R906 920.

In Respect of Ambulance Services		R285 606
Expenditure Incurred is		
Income	84 863	<u>84 863</u>
		<u>R200 743</u>

For 1971/72 the gross expenditure is estimated to be R229 834 and the nett R146 334.

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 should normally only commence 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 1971, of R29 232 306 drawn against approved Government Housing loans only R23 188 772 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) ...

- (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 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 :-

- (i) The terrific achievements in the re-housing of the population and the improvements in the services provided for the welfare of the Bantu people.
- (ii) The reduction in the cost of housing.
- (iii) The increase in the cost of administration.
- (iv) The benefits which have accrued from the introduction of the Bantu Services Levy.
- (v) Dependency upon Bantu beer profits.
- (vi) 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 1932-35 the Council started the Orlando East Scheme where the two-roomed houses of 36.881/m² cost R190 and the three-roomed houses varied from R505 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 49m² house.

:-- Owing ...

Owing to the difference in sizes of the house a truer comparison is to state costs in prices per sq. meter. In 1930 the price varied from 0,425c per square meter to 0,525c per sq. meter. In 1938 this had increased to 0,925c per square meter and in 1944 the houses at Orlando West cost R1-04c to R1-14c. In 1946 the price had increased to R1-22½c, 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 0,675 to 0,61c per sq. meter. 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 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 Services Levy was inaugurated to provide funds for :-

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

The Services Levy Fund makes grants to local authorities and loans at ~~1%~~ interest.

A summary of the amounts received by the Johannesburg Bantu Revenue Account from the Services Levy Fund to 30th June 1971, is as follows :-

:- Bantu ...

Bantu Services Levy Fund

		R
Total collections 1.1.53 to 30.6.71	29 793 272	
Less : Administration	<u>673 365</u>	
		29 119 907
		R
Total Expenditure to 30.6.71		
Direct Charges and Grants	16 693 527	
Loans	1 761 776	
Paid to Evaton	380	
Excess administration 1965/66		
1969/70	<u>33 692</u>	
		<u>18 489 375</u>
<u>Unspent Balance</u>		10 630 532
Expenditure on Loans repayable to Fund		1 566 353
Balance in Fund at 30.6.71 (after making provision for repayment of all loan expenditure)		<u>12 196 885</u>

Approved Bantu Service Projects as at 30.6.71

Approvals at 30.6.71	23 674 055
Less : Expenditure to 30.6.71	18 489 375
Amount still required on approved projects	5 184 680
Unspent balance available	10 630 532
Excess of funds available to approved projects	<u>5 445 852</u>
Nett Income of Fund is estimated at for the year ended 30.6.72.	1 899 000

Approved Projects as at 30.6.71

	<u>Total Approved estimated cost</u>
	R
Sub-Outfall and Link Sewers	2 195 998
Water Mains	2 414 877
Olifantsvlei Sewage Disposal Works	2 395 570
Street Lighting	731 824
Widening and re-alignment of Roads	590 455
Electricity Supply	2 328 910
Water Towers and Reservoirs	889 485
Roads and Bus Routes	9 055 763
Survey and Layout	152 484
Clearing of Sites	23 200
Nightsoil Intake	6 258
Sanitation: Latrin Grants	
Reticulation Fittings and Installation	2 796 637
Sundry Expenditure	<u>92 594</u>
	<u>R23 674 055</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 :-

<u>Year</u>	<u>BANTU BEER:</u>		<u>EUROPEAN LIQUOR:</u>	
	<u>Revenue</u>	<u>Profit</u>	<u>Revenue</u>	<u>Profit</u>
	R	R	R	R
1937/38	31 068	14 186		
1938/39	118 500	65 536		
1939/40	188 894	127 504		
1940/41	225 534	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	1 290 990		
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
1967/68	6 533 292	2 559 259	2 661 896	231 527
1968/69	6 667 268	2 807 474	4 554 541	429 530
1969/70	5 639 513	1 864 161	6 382 603	712 480
1970/71	4 738 279	1 443 976	4 541 331	702 084
	<u>R75 324 561</u>	<u>R31 905 093</u>	<u>R27 435 767</u>	<u>R3 138 305</u>

:- It ...

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 evile 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 in 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 of Bantu Beer and Liquor Profits

	Year Ended
	<u>30.6.71</u>
<u>One-Third Profit</u>	R
Urban Recreation	-
Urban Social Welfare	-
Bursaries	9 273
Grants-in-Aid	138 258
Vocational Training Centre	58 904
Social Health and Recreation Services.	<u>321 696</u>
	<u>R528 131</u>
 <u>Two-Thirds Profit</u>	
Losses on Housing Schemes :	
Contribution to Capital Outlay	115 661
Denver Hostel	540
Mai Mai Hostel	256
Wemmer Hostel	783
Wolhuter Hostel Women's	-
Wolhuter Hostel Men's	883
Jabulani Hostel	481
City Deep Hostel	-
Jabavu	191 681
Eastern Bantu Township	93 577
Nancefield Hostel	219
Orlando East	311 272
Orlando West	242 066
Pimville	161 396
Economic Housing	52 820
George Goch Hostel	256
Duke Hostel	31
Orlando West Women's Hostel	-
	<u>R1 171 922</u>

GRAND TOTAL R1 700 053.

:- RESPONSIBILITY ...

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 the scheme whereby the interest was $3\frac{1}{4}\%$ 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 that 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. Legan 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 R1-00c 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 3% 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 on to 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 in 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 3% to $4\frac{1}{8}\%$ 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 1971 an amount of R1 502 264 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 :-

	R
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	<u>Nil</u>
	<u>R369 492</u>

CONTRIBUTIONS BY THE EMPLOYERS OF THE 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>TOTALS</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 CR	535 202	1 443 152	913 481	2 866 929
1964	14 314 CR	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
1968	39 236 CR	841 606	2 059 502	356 367	3 218 239
1969	115 489 CR	672 828	2 068 252	218 656	2 844 247
1970	171 942 CR	454 849	2 162 062	775 187	3 220 156
1971	227 186 CR	576 880	2 247 237	1 509 580	4 106 511
	<u>R468 751</u>	<u>R10 098 754</u>	<u>R29 793 272</u>	<u>R10 489 500</u>	<u>R50 850 277</u>

:- CONCLUSION ...

CONCLUSION

This review of the Bantu Revenue Account deals with the financial aspects of the Administration of Johannesburg's Bantu Townships. 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.

June 1972.

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