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# Towards an affordable housing strategy for mineworkers in South Africa

**Daw, Olebogeng David**

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NAME : DAVID DAW

STUDENT NO. : 97-09904/R

SUPERVISOR : MARTIN DRAKE

TOPIC :

# TOWARDS AN AFFORDABLE HOUSING STRATEGY FOR MINEWORKERS IN SOUTH AFRICA

CASE STUDY :

ELANDSRAND MINE NEAR CARLETONVILLE

# TOWARDS AN AFFORDABLE HOUSING STRATEGY

# FOR MINEWORKERS IN SOUTH AFRICA

**Olebogeng David Daw**

# TOWARDS AN AFFORDABLE HOUSING STRATEGY

# FOR MINEWORKERS IN SOUTH AFRICA

Olebogeng David Daw

A dissertation submitted to the Faculty of Architecture, University of Witwatersrand, Johannesburg, in fulfilment of the Requirements for the degree of Master of Science in Development Planning.

Johannesburg, 1998

O D DAW

## DECLARATION

I declare that this dissertation is my own unaided work. It is submitted for the degree of Master of Science in Development Planning in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in any other University.

Signed :

Date :

## ACKNOWLEDGEMENTS

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# BACKGROUND OF THE STUDY

## 1. ABSTRACT

Mine companies are experiencing a change in the political system of the country (South Africa). This political change from apartheid government to the government of National Unity has brought about a totally different system of government; this change has led to the transformation of mines companies from employment section to housing of mineworkers from their operation system. how are the mine companies /houses dealing with this change? Changes in the political and economy of the gold mining in the 1970s-1980s have prompted management to begin moving away from migratory labour and implementing alternative accommodation strategies for black mine workers.

In this topic we will look at the different / alternative approaches for housing black mine workers and how they can afforded housing in their nearby work place.

## 2. BACKGROUND

For too long black mine workers have suffered the worst kind of racial discrimination in housing, living in overcrowded, single-sex hostels close to the mine, denied the right to live with their families, provided with the minimum or no community facilities and generally isolated from any surrounding communities. This is in stark contrast to the housing condition of white mine employees who enjoy family housing or decent single quarters , generous subsidies and benefits and the full range of community facilities. This remnant of apartheid must not continue; mineworkers must be supported in their choice of housing options, with particular focus on bringing their families to live with them in areas allowing convenient access to economic opportunities (NUM principles and policies on housing, section 9, appendix 8, pages 2-3).

While the provision of family accommodation remains a priority for many workers, there is also a sizeable constituency of migrants who will need decent single accommodation for some time to come. Any discussion of accommodation in the mining industry has to take the issues of the future of the migrant labour as a starting point. There is also a need to continue to provide for their family's accommodation at home, whether that is in urban areas in South Africa, or the neighbouring countries. The mining companies must make a base on the creation of real options that allow workers to make choices of housing or accommodation for them.

## 3. PROBLEM

There are five problems which exist in the mining industry for accommodation of black mine workers :

1. The current situation is that the company owns the hostels and houses and rents them out to the workers, workers do not have any say over the running of the housing.
2. Family housing, the only alternative finally to hostels, remains the preserve of a small elite. How can the housing scheme of the mine companies benefit all the mine workers?
3. There are mine workers who like to move with their families to the cities, but, given the "status quo" of the mine accommodation/ housing, this is impossible.

4. The reaction of black mine w rkers to management of these mine companies benefit all the mine workers has been less than enthusiastic. The top-down, non-consultative strategies of housing delivery are clearly inappropriate and inaccessible to the mass of black mines.
5. No corporation has committed itself to the dismantling of the compounds completely.

## 4. PURPOSE OF THE STUDY

The purpose the this study is to :

1. Formulate a long-term planning strategy regarding the housing of black mineworkers, and to ensure that there is a wide range of flexible, low-cost housing options to meet the needs of the workers, this includes single and/or family accommodation of decent standards and a choice of tenure options that will allow mineworkers freedom of choice. This includes rental, individual home-ownership and social housing.
2. To ensure that there is effective participation of workers in all aspects of housing and accomodation decisions.
3. To see how the mineworkers can benefit from the government housing policy.
4. Some companies have begun paying a living-out allowance to mines who do not want to live in hostels. This allowance is equivalent to the cost of housing and feeding the migrant in the hostel. How can this allowance be used to develop a sustainable house for a mine worker?

## 5. METHODOLOGY

a. Literature review
   - The history of mine housing
   - The history of low cost housing in South Africa
   - The planning method available to the Planner
   - The alternative planning approach for mine housing
   - Housing strategy for low-income mines
   - Recommendations and conclusion

## 6. STRUCTURE OF DISCOURSE

This discourse is divided into eight chapters. The first chapter looks at the compound system in the gold mines 1890s - 1980s; Chapter Two came up with the restructuring of the compound system 1970s - 1990s. Chapter Three looks at the theoretical background of low-cost housing in South Africa. Chapter Four came up with an affordable housing strategy for low-income mineworkers (co-operative housing). Chapter Five reviews planning approaches which can assist the planner in decision-making and Chapter Six came up with a planning approach which can be used by the mine company to deliver housing for low-income workers and Chapter Seven looks at the case study Carletonville (Blandsrand Mine) and the last chapter came up with recommendations for mine housing, and conclusion of the discourse.

# CHAPTER 1

# THE COMPOUND SYSTEM IN THE GOLD MINES

## (1890s-1980s)

### A. INTRODUCTION/BACKGROUND

When diamond mining started in Kimberley in 1867, the first migrant miners were from Matabeleland. Gold mining started in the 1886s and thousands of men became migrant workers. Most of them were African farmers who stayed in the reserves (later called homelands) and nearby foreign countries. They left their land and families for a period of 6 to 12 months on contract with the mines to come and work for wages in the mines. African migrants could not settle with their families in the so-called "white area" towns of South Africa.

There were a number of reasons for this:

1. Firstly, their wages were too low. African miners were paid just enough to support a single man in town and not a family. The land in the reserves had to support the migrants family.
2. Secondly, there were no houses for black miners' families on the mines. The miners themselves slept in compounds.
3. Thirdly, the pass laws would not allow migrant workers to settle with their families in the "white man area" towns.

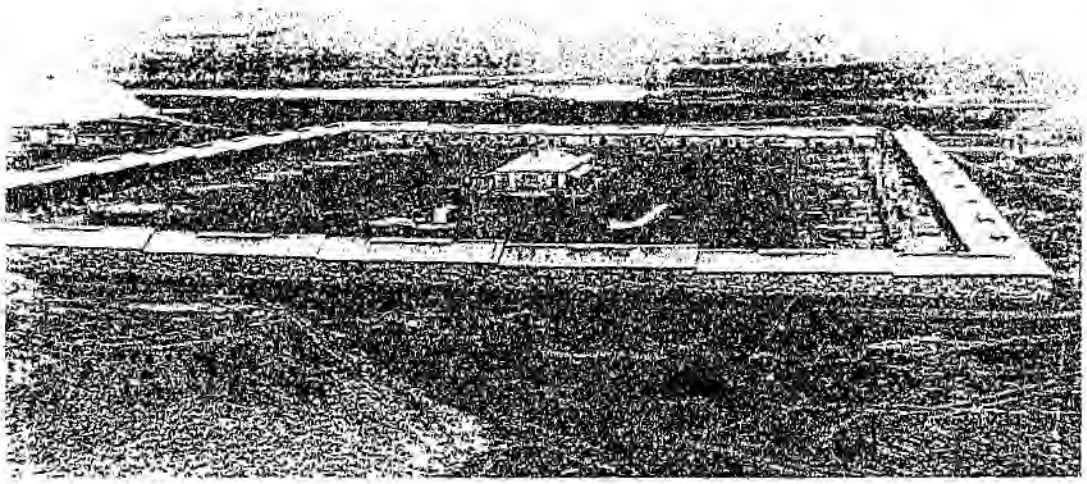
As the years went by, the mine owners began to see that the migrant labour system suited them very well. It was cheaper to feed and house just one worker in the compound instead of paying wages to support a whole family in the towns. Mine owners wanted African workers, but they did not want African families around them (miner workers). They wanted the families to stay behind in the reserves.

The black migrant labour system was cheaper for the mines. The Chamber of Mines did not have to build houses for the families of unskilled labours. The Chamber of Mines did not have to worry about building schools and hospital for old people, women and children and other community facilities. The people in the reserves would have to look after themselves through subsistence farming, so the role of the mines in the mine was to dig for gold and, after the 6-12 month contract expired, he had to go back to the reserve (homeland) or to his neighbouring country.

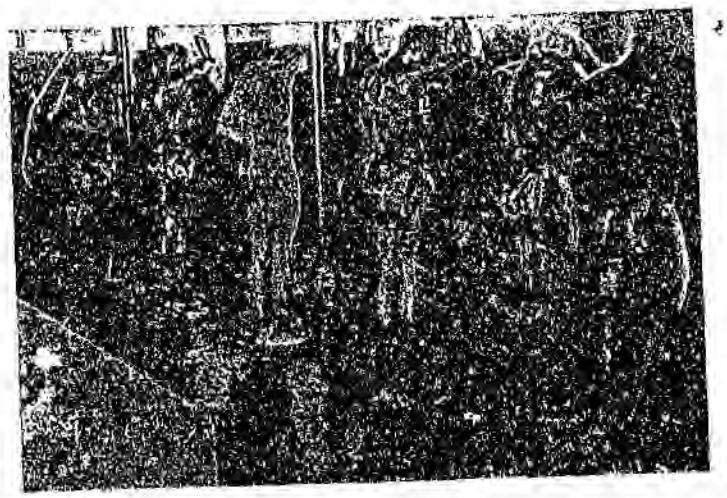
### THE COMPOUND SYSTEM

The mine owners built compounds to house, contain and control their African employees from the late 1890s. The compounds were not new to South Africa; mine owners had developed the compound system in the diamond mines of Kimberley. In this compound all the workers were housed in large buildings next to the mine, where Africa workers ate and slept together. One of the functions of compounds has been seen to be the to control mine workers in the mines.

(See Figure 1)



A gold mine compound after 1901



1. Compound life. A shower room at a Crown Mines compound in the 1930s. The toilets were set low to the ground about ten feet behind the winding men, making a vantage point from which more senior men seeking 'wives' could survey their minors. (Lith Callinicos, History Workshop Collection, University of the Witwatersrand)

FIGURE 1

## CHARACTERISTIC OF A COMPOUND SYSTEM

Life in the compounds was very different from the reserve/village life at home. There was no privacy anywhere in the compound. The toilets were nothing but a long bench with holes where 20 men could relieve themselves at the same time. Washing was also a public business and, in the rooms the men dressed and undressed in full view of each other. The lights were left on all night, because of different shifts that the workers had. In the compound/hostel there is no privacy in the rooms nor in the open lavatories, nor in the shower rooms. It is against the tradition that a son sees his father naked or on the toilet. But hostel life has forcefully changed that. (From Another Blanket, published by AIM ). (This article is taken from Callinicos, L. Gold and Workers, Ravan Press, A People's History of South Africa, Vol .1, 1981). (See Figure 1).

## B. PATERNALISM

Paternalism on the mines entails the provision of accommodation, food, health and recreational facilities by mine management to migrant workers.

### 1. FOOD

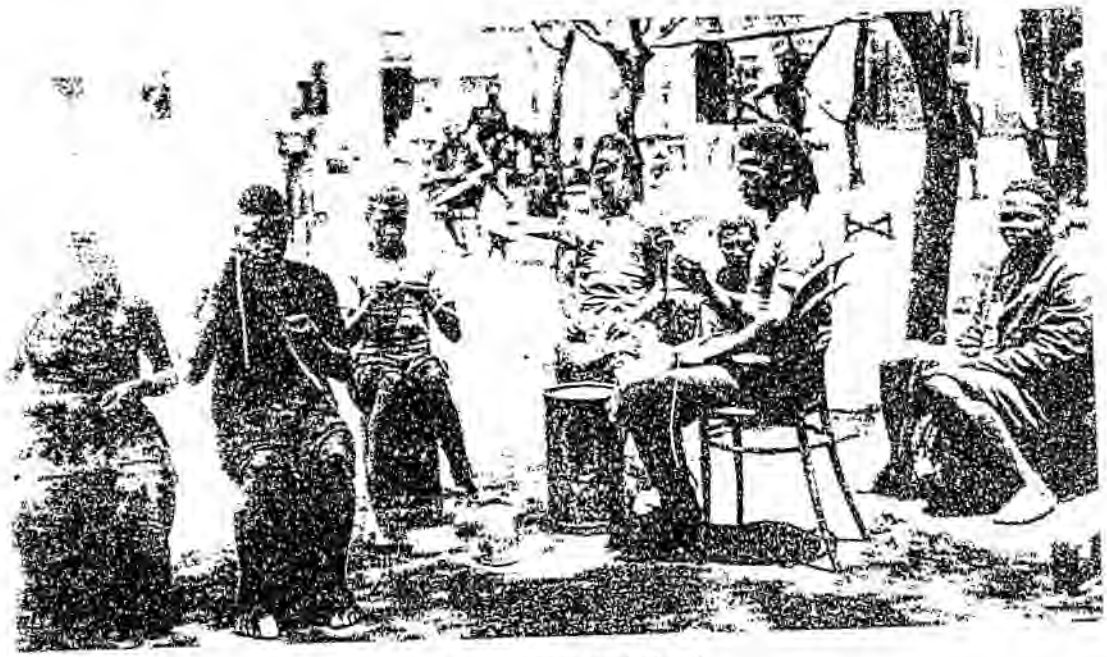
The compound was supposed to provide most of the food for the workers needed to stay alive. The Chamber of Mines made an agreement with the mining companies that the rations should be the same in all the compounds. There was not enough food for doing hard manual labour for ten hours or more every shift. To keep up their strength, the workers had to buy their own food out of their low wages, only men who could show their stamped tickets were given meat and bread or porridge (pap), so food was used as a means of controlling labour. A stamped ticket was supposed to show that the worker had done his assigned load of work for the day.

### 2. LEISURE TIME

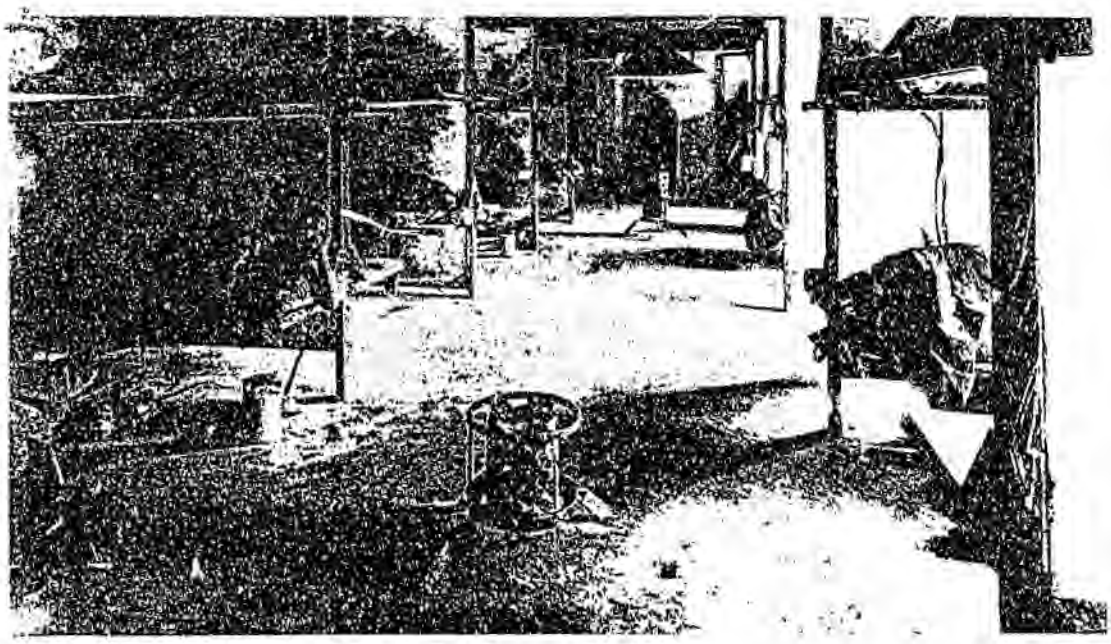
In those early mining years compound mine workers had very little spare time, often they were so tired after a shift underground that they spent their space time sleeping. According to one compound manager, miners should either be "working", resting or in hospital . In later years, managers began to organize the space time of the compound workers "to keep them out of trouble". Tribal dance and competitions were arranged, one group against the other. The dancing gave many workers great pleasure and a chance to express themselves, but it also kept alive the tribal divisions in the compounds. Compounds workers were migrant workers, their families far away. In the compound they saw only other workers.
(See Figure 2).

### 3. LIQUOR AS A FORM OF CONTROL

When the gold mines first started, liquor was given to recruits to tempt them to work in the mines. Mine owners began to invest in the liquor industry, and in the early years, many mine managers had a policy of rewarding hard



Relaxing on a Sunday during beer work



The interior of a mine hostel in the early 1980s

FIGURE 2

(Source :Callonicas L: 1981)

workers with a "tot" at the end of a shift. Mine owners suddenly became concerned with the morals, health and safety of their workers. They began to support the campaign for the banning of liquor to Africa workers.

## C. ADMINISTRATION STRUCTURE IN THE COMPOUND MINE.

The compounds represented a carefully worked out system of control. There were people in charge at every level to watch over the workers and to make sure that the system worked smoothly.

### a. THE COMPOUND MANAGER

The compound manager was required to maintain law and order in his compound and was respc for discipline underground as well as on the surface. He usually had under him a sectional or assistant comp. ! manager, and underground native (black) supervisor and a native (black) controller. His power was exercised through the "compound police".

### b. THE INDUNA

The induna was appointed by the compound manager. The induna lived in his own room, and received higher wages than the African workers, and extra beer and meat. The job of the induna was to keep order amongst the workers and settle their quarrels. Some indunas saw themselves as chiefs, but often workers did not accept the induna because he was chosen by the manager.

### c. COMPOUND POLICEMEN

These were appointed by the compound manager. They were allowed to carry knobkerries or sticks and they quadded the compound gate and controlled the queues to the kitchen and the washing room. They had to wake up the workers in time for the next shift and help the induna to settle quarrels, acting as his advisers or councillors. They were given the power to search rooms for stolen goods, alcohol, dagga or dangerous weapons. In many compounds the compound policemen had the power to detain workers and were paid extra money for their jobs, but lived with the workers.

### d. THE SIBONDA

In each room a Sibonda was chosen by his room mates to keep order in the room. He would give tasks to each person in the room so that it was kept clean and tidy, he would settle small quarrels in the room. The sibonda was responsible to his room mates and did not get the higher wages or other privileges for his job, he spoke for his room mates if there was any complaint.

### e. THE WORKERS

There were about 3000 men in each compound. The workers were divided into three main language groups:

1. Sothos

2. Xhosa

3. *Shangaan*

Workers of one language group had very little to do with other workers in the compound. They ate and slept separately.

Both the indunas and the policemen had some power because they were the manager's men. They had to satisfy the manager rather than the workers. But they would sometimes play a double role - they would promise to help a worker in trouble by speaking to the manager, usually the worker would have to pay for this service. It was a common practice to appoint Zulu policemen. The compound workers were divided into different language groups, but nearly all the men hated the compound police. This hatred of Zulu served the managers very well, as one government official said: "The inter-tribal jealousies have always rendered it possible as the last resort to protect Europeans by making one tribe fight against another. Every compound had its detention room where workers could be handcuffed and locked up.

(See Figure 3).

## D. THE COMPOUND SYSTEM

**Why were compounds set up in the gold mines?**

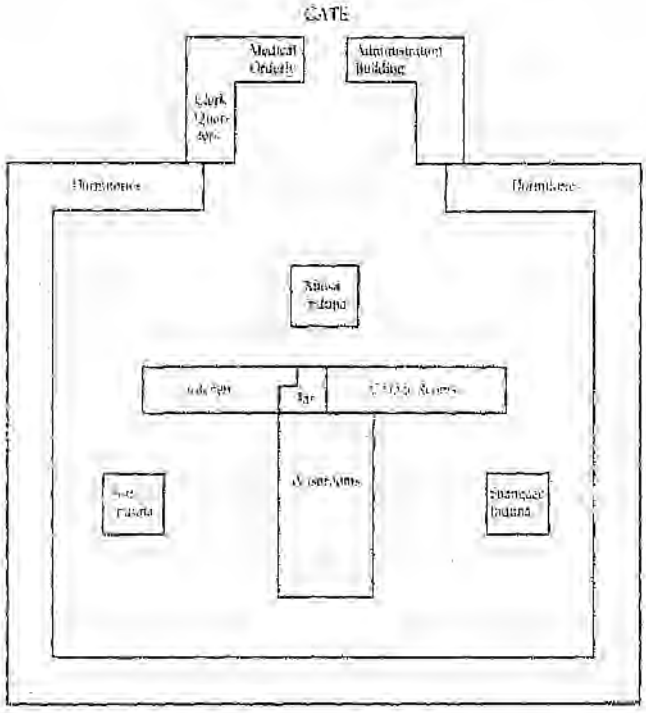
In Kimberley the compound system prevented stealing, but gold could not be stolen out of the rock, in the same way as diamonds. The Rand mine-owners therefore did not need compounds to prevent stealing. Nevertheless the compound system had so many other advantages for the diamond mine owners that the gold min owners (Chamber of Mines) decided to use the system as well. There are at least five main reasons for this :

### 1. CHEAP MANUAL LABOUR

Most workers went to the mines to earn money to support themselves and their families on the land. They needed their wage to survive. the mine owners, on the other hand, wanted the mines to produce as much gold as possible, they wanted to make big profits, but gold mining in the Witswatersrand was expensive and the price of gold was fixed. To make big profit, mine owners had to cut down on their costs, to save money somewhere. How did they save money? The only way mine owners could save money on their costs was to use cheap manual labour in order to employ African migrant workers, they had to offer accommodation.

### 2. COST CUTTING

Mine owners paid compound workers low wages. They were able to pay such low wages because they could argue that they housed and fed the workers in large numbers. The workers did not actually pay for living in the compounds, they received lower wages instead. So the compound system saved the mine owners a lot of money. It was quite cheap for the mines to provide space for large number of workers to sleep in. It was cheap to give them a diet of pap and sometimes meat. It would cost a worker more to rent a room himself, buy his own food and pay for transport. Life in the compounds was hard, nevertheless, the system claimed to save the workers money, it saved the mine owners a lot more money.




Schematic of a typical compound layout, c. 1950s.

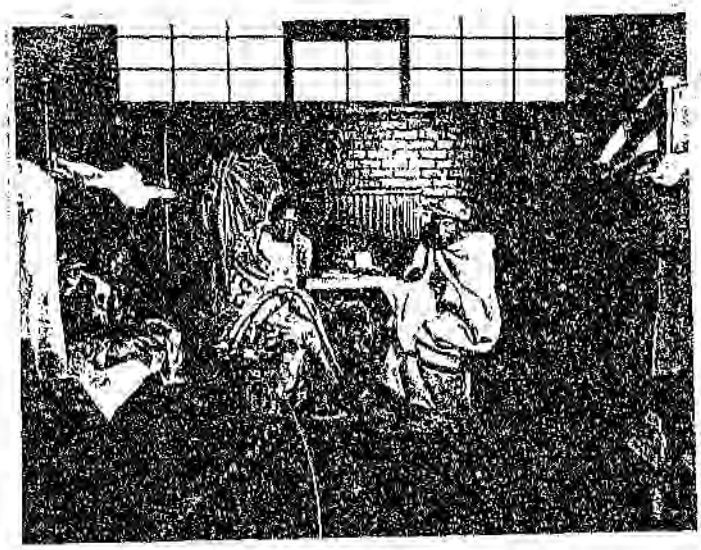


FIGURE 3

*Compound life.* A Basotho compound room in the late 1940s or early 1950s. Notice the shoemaker on the left and, in an excellent example of how compound life obscured gender roles, the man knitting in the center. (Leon Levson, Maphaye Centre, University of Western Cape)

3. LOW ABSENTEEISM

There was another reason why mine-owners liked the compound system, the men in compounds worked more regularly because they could be watched more carefully. Before the compound system, more than a quarter of the workers would stay away from work on any one day, but the compound system resulted in over 90 percent of the workers going to work every day.

In the compounds, fewer workers ran away, they were not allowed to leave until they had finished their contracts, contracts on the mines were usually for 6- 12 months. The compounds were carefully guarded. Workers who stayed and worked for the mines for 6-12 months also became more experienced. They learnt to work more quickly and more gold was produced.

4. CONTROL OF WORKERS

For the mine owners, the most useful thing about the compound system was that it kept tight control of workers. If workers gave trouble or tried to resist their low wages or conditions at work, it was easy for the army and the police to surround the compound and imprison the workers with theirs guns. The government itself recommended that the compounds be used as places of control and punishment like prison (government commission of enquiry advised in 1913).

5. PREVENTED UNIONIZATION OF THE BLACK LABOUR FORCE

The compound system prevented resistance from workers in a number of way :

1. It was easier to find out who the organizer were in a compound.
2. It was easier to stop workers in all the compounds from knowing that there was trouble outside the compounds.

In short, compounds separated the mineworkers from other workers, controlled the workers and turned workers into labour machines. Compounds therefore made workers more profitable to the mine owners.

E. STRUCTURE OF THE COMPOUND SYSTEM

There was a channel of communication in each compound.

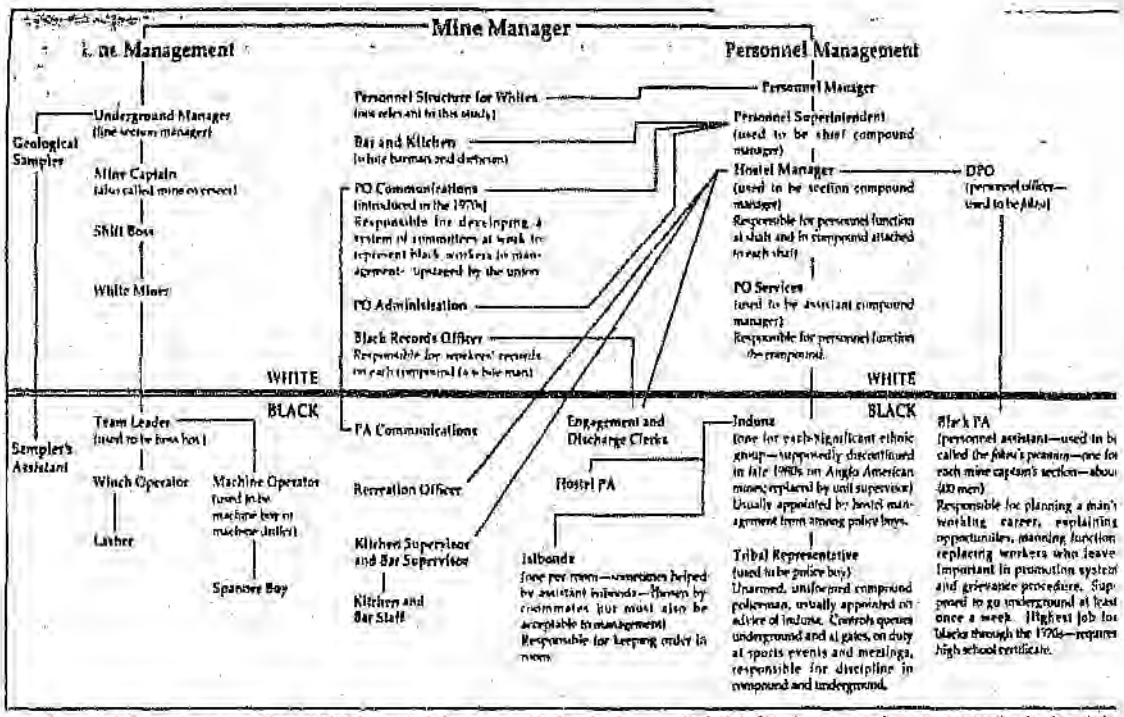
(See Figure 4).

EMPLOYMENT ON THE GOLD MINES (1920-1990s)

1. THE RECRUITING SYSTEM

In 1901 the Chamber of Mines set up a recruiting organization known as the Witwatersrand Native Labour Association (WNLA). The WNLA sent agents to villages all over southern Africa, as far as North Zambia, Tanzania and Malawi, along the east coast of Mozambique, and also to Lesotho, Swaziland and Botswana. In 1912 the Chamber of Mines also started the Native Recruiting Corporation. The NRC recruited blacks from within South Africa, in 1977 the NRC was renamed The Employment Bureau of Africa (TEBA) .

Formal organizational structure of a typical gold mine, . 1975.




Note: During the 1970s, armed mine security forces, which (at least on Anglo American mines) had been largely concerned with illicit gold buying, became much more important on the mines for control of worker collective action and faction fighting. Armed with rubber bullets and tear gas and equipped with armored vehicles, mine security took over many of the early compound personnel functions in regard to "maintaining order." They were largely ex-South African policemen with white officers and racially mixed other ranks.

FIGURE 4

(Luli Callinicos,1980 : 34-35).

## 2. NUMBER OF EMPLOYMENTS IN THE GOLD MINES

(Diagrams from 1910-1969 and the second diagram from 1970-1990) (See Figure 5).

## 3. HOUSING OF MINE WORKERS

The vast majority of black workers are housed in compounds or hostels where the men live in dormitories. Only 1% of the black miners were allowed to bring their families with them, the number of men in a single compound or hostel varies from 2,400 to 7,000 and the number in each room vary from 12 to 20 on mines built during the 1930s to between 60 and 90 in those mines developed before the First World War. At the end of 1964, 51% of the black labour was living in hostels built after 1945, while 19% was living in compounds built before the First World War. In 1969 the proportions were 71% and 15% respectively. The 1% fraction of the black labour force which lives in family housing on the mines work mainly in secretarial and administrative posts, their housing was estimated to cost R110 a year in 1960s. Until the 1980s Africa workers all shared the same hostel accommodation, greater class differentiation at the workplace was not accompanied by diversified housing policies.

For whites the situation is somewhat different. In the older mines, the mining companies have never attempted to house all their workers, most of whom except for a few key men, live in the surrounding suburbs. But in the new mines, situated far from the main urban centres, the companies found it necessary to build houses, indeed whole towns for their white employees. The exact nature of the subsidy varies from group to group and from mine to mine, but it is generally true to say that all the mines in the areas developed after 1945 provide housing for the great majority of their white employees at rentals far below the cost price. The minimum cost of building such a house had been R5000. By 1965 this group provided six (6) main types of houses for their white employees in the Orange Free state, with a tax-free subsidy which varied between R41 a month for the cottages and flats available to days pay men, and R330 a month for the mine manager house. Similar subsidies were available on the new mines of all other group. Rent actually paid by those living in the houses varied between R10 and R20 a month. At a conservative estimate, the average housing subsidy for all white employees on the mines developed after the Second World War was R512 a year, tax free.

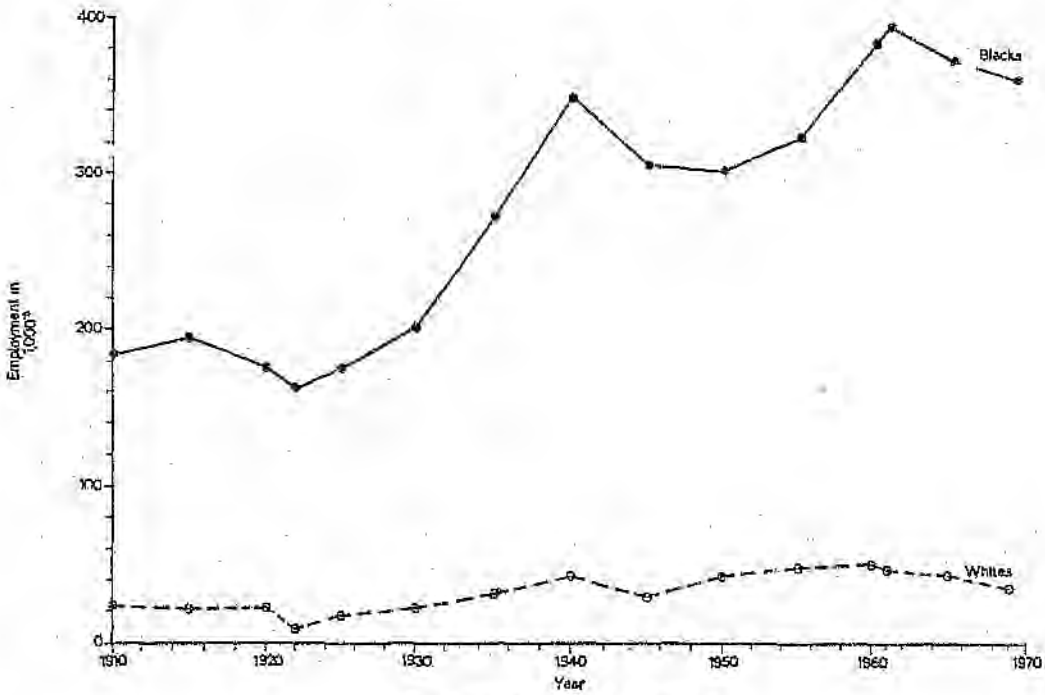
## 4. EARNINGS

Figure 6.

Figure 6 shows the average annual cash incomes of black and whites workings in the gold mines over the period 1911-to-1969.

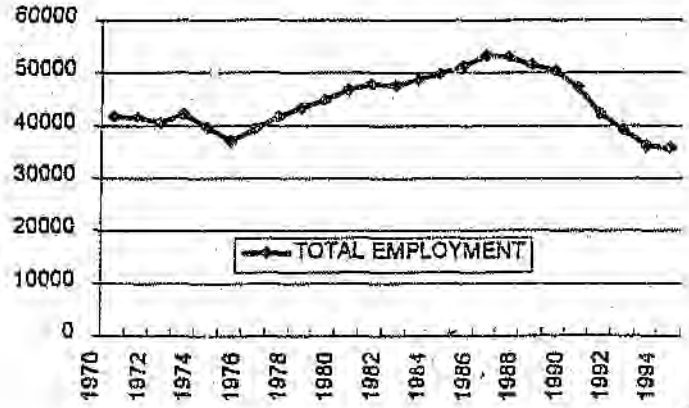
The cash earnings structure, over much of the period under consideration, was first established in 1927 by the mining industry Arbitration Board which was asked to examine certain wage demands made to the gold producer's

EMPLOYMENT ON THE GOLD MINES



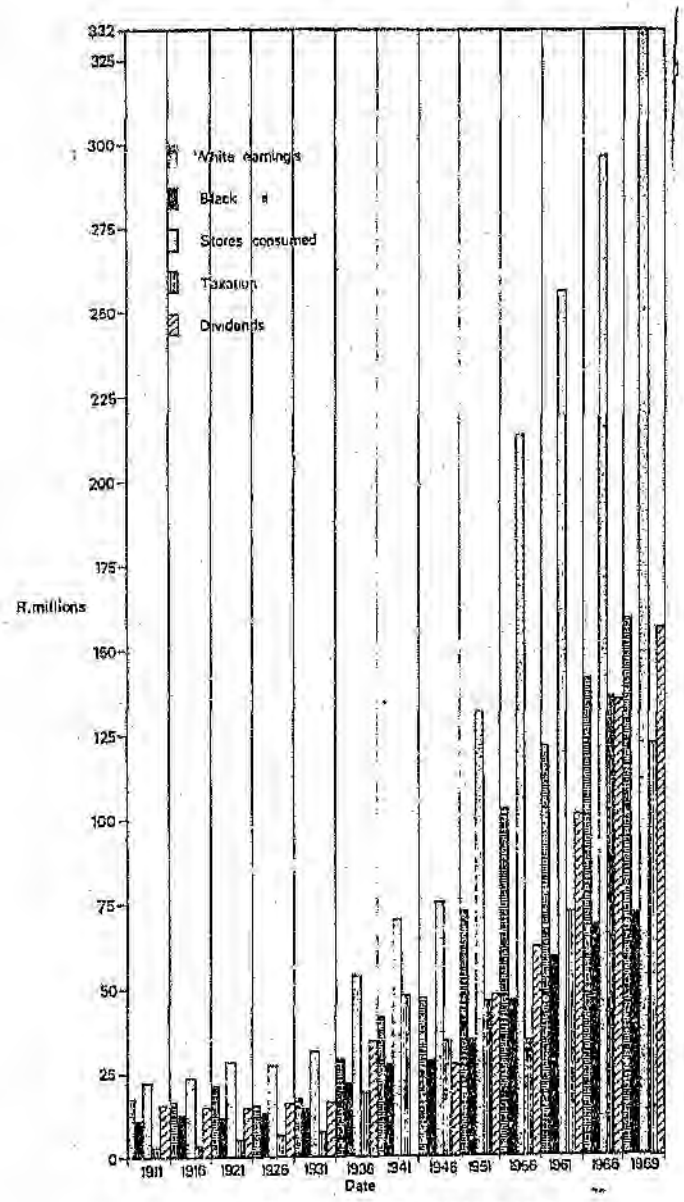

Employment in the gold mines, 1910–69

EMPLOYMENT ON THE GOLD MINES




(Source : Francis Wilson 1972:29 &Unpublished Chamber of Mine Statistic 1995)

FIGURE 5




(Source :Francis Wilson 1972)

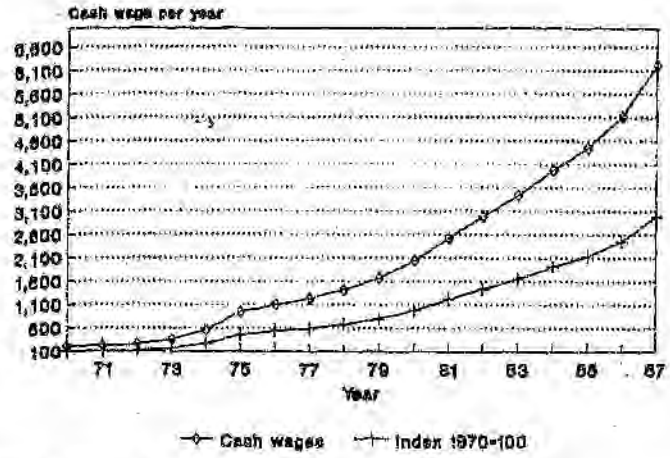
FIGURE 6

## APPENDIX 3. EMPLOYMENT ON GOLD MINES[a]

| Date | White[b] | Black[c] | Index (1936 = 100) White | Index (1936 = 100) Black | Ratio Black:White | Remarks |
|---|---|---|---|---|---|---|
| 1910 | 23,621 | 183,793 | 67 | 62 | 7·8:1 | |
| 1911 | 24,746 | 190,137 | 70 | 64 | 7·7:1 | Mines and Works Act |
| 1912 | 23,867 | 192,767 | 67 | 65 | 8·1:1 | |
| 1913 | 23,179 | 184,812 | 66 | 62 | 8·0:1 | White miners' strike |
| 1914 | 21,164 | 169,385 | 60 | 57 | 8·0:1 | Black labour unrest |
| 1915 | 22,080 | 195,426 | 62 | 66 | 8·9:1 | |
| 1916 | 22,329 | 203,666 | 63 | 69 | 9·1:1 | |
| 1917 | 22,475 | 183,304 | 64 | 62 | 8·2:1 | |
| 1918 | 22,764 | 179,628 | 64 | 60 | 7·9:1 | *Status Quo* Agreement |
| 1919 | 23,179 | 171,326 | 66 | 58 | 7·4:1 | |
| 1920 | 22,198 | 176,057 | 63 | 59 | 7·9:1 | Black miners' strike |
| 1921 | 21,036 | 172,694 | 59 | 58 | 8·2:1 | |
| 1922 | 14,207 | 161,351 | 40 | 54 | 11·4:1 | Rand rebellion |
| 1923 | 17,727 | 177,855 | 50 | 60 | 10·0:1 | |
| 1924 | 18,457 | 178,395 | 52 | 60 | 9·7:1 | |
| 1925 | 19,263 | 174,539 | 54 | 59 | 9·1:1 | |
| 1926 | 19,713 | 181,577 | 56 | 61 | 9·2:1 | |
| 1927 | 20,765 | 186,407 | 59 | 63 | 9·0:1 | |
| 1928 | 21,701 | 196,660 | 61 | 66 | 9·1:1 | |
| 1929 | 21,949 | 193,221 | 62 | 65 | 8·8:1 | |
| 1930 | 22,112 | 202,118 | 63 | 68 | 9·1:1 | |
| 1931 | 22,654 | 210,238 | 64 | 71 | 9·3:1 | |
| 1932 | 23,448 | 217,774 | 66 | 73 | 9·3:1 | Sharp increase in gold price |
| 1933 | 25,218 | 229,696 | 71 | 77 | 9·1:1 | |
| 1934 | 28,334 | 249,200 | 80 | 84 | 8·8:1 | |
| 1935 | 31,898 | 273,218 | 90 | 92 | 8·6:1 | |
| 1936 | 35,393 | 297,441 | 100 | 100 | 8·5:1 | |
| 1937 | 38,327 | 303,087 | 108 | 102 | 8·0:1 | |
| 1938 | 40,793 | 316,862 | 115 | 107 | 7·9:1 | |
| 1939 | 43,183 | 321,400 | 122 | 108 | 7·5:1 | |
| 1940 | 42,852 | 351,826 | 121 | 188 | 8·3:1 | Increase in black labour supply |
| 1941 | 41,424 | 368,417 | 117 | 124 | 9·0:1 | |
| 1942 | 40,555 | 357,573 | 115 | 120 | 8·9:1 | |
| 1943 | 38,508 | 366,285 | 109 | 103 | 8·0:1 | |
| 1944 | 37,166 | 297,591 | 105 | 100 | 8·1:1 | |
| 1945 | 36,328 | 307,291 | 103 | 103 | 8·5:1 | |
| 1946 | 39,642 | 304,782 | 112 | 103 | 7·7:1 | Black miners' strike |
| 1947 | 38,829 | 295,867 | 110 | 100 | 7·7:1 | |
| 1948 | 39,019 | 279,218 | 110 | 94 | 7·3:1 | |
| 1949 | 39,527 | 294,180 | 112 | 99 | 7·5:1 | Sharp increase in gold price |
| 1950 | 43,109 | 305,165 | 122 | 103 | 7·2:1 | |
| 1951 | 44,291 | 298,754 | 125 | 100 | 6·9:1 | Acute shortage of black labour |
| 1952 | 45,105 | 298,980 | 127 | 101 | 6·8:1 | |
| 1953 | 46,355 | 290,962 | 131 | 98 | 6·4:1 | |
| 1954 | 47,967 | 314,399 | 136 | 106 | 6·7:1 | |
| 1955 | 49,266 | 327,475 | 139 | 110 | 6·7:1 | |
| 1956 | 49,469 | 336,215 | 140 | 113 | 6·8:1 | |
| 1957 | 47,903 | 335,078 | 135 | 113 | 7·0:1 | |
| 1958 | 47,303 | 339,869 | 134 | 114 | 7·2:1 | |
| 1959 | 48,600 | 380,473 | 137 | 128 | 7·7:1 | Large influx of black labour |
| 1960 | 49,688 | 387,577 | 140 | 130 | 7·7:1 | |
| 1961 | 49,144 | 369,009 | 139 | 124 | 8·1:1 | |
| 1962 | 48,639 | 392,733 | 137 | 132 | 8·1:1 | |
| 1963 | 47,352 | 381,440 | 134 | 128 | 8·1:1 | |
| 1964 | 45,774 | 380,949 | 129 | 128 | 8·3:1 | First official attempt to ease colour bar (since 1922) |
| 1965 | 44,181 | 375,329 | 125 | 126 | 8·5:1 | |
| 1966 | 43,439 | 379,469 | 123 | 125 | 8·5:1 | |
| 1967 | 42,296 | 361,893 | 120 | 122 | 8·6:1 | |
| 1968 | 40,491 | 368,135 | 114 | 124 | 9·1:1 | |
| 1969 | 39,660 | 364,151 | 112 | 122 | 9·2:1 | |

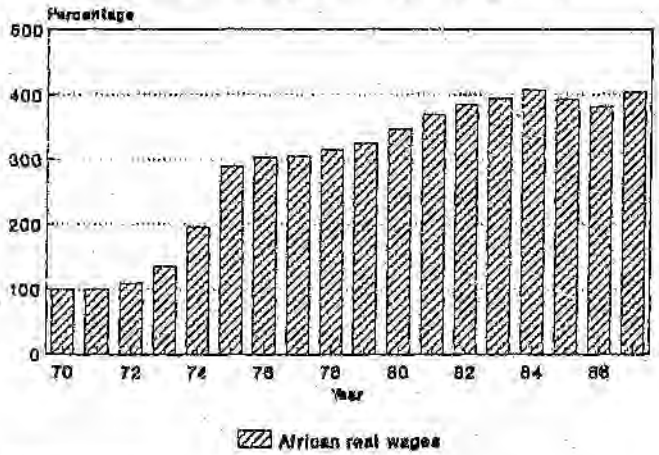
[a] Members of the Chamber of Mines.
[b] Figures for 1940–5 exclude some 5,000 men on full-time national service.
[c] These figures include small numbers of Coloured and Indian workers. In 1936, 0·6% of the total labour force was Coloured and 0·05% was Indian. In 1968 the figures were 0·09% and 0·007% respectively.

SOURCES: T.C.M. Annual Reports and G.M.E. Annual Reports.




Source: Hirschson (1988)

*Annual African wages, 1970–1987 (average rands)*




Source: Hirschson (1988)

*Annual African real wages, 1970–1987 (index 1970 = 100)*

(Source :Wilmot G James 1992)

Committee by the Mine Workers' Union and the Reduction Workers Association (white unions). This LUCAS award (named after the chairman of the board) laid down the minimum rates of wages of employees in occupation covered by the two unions, and in the same year arbitrators laid down the minimum rates for mechanics, engine drivers and associated workers. After 1927 there were considerable changes in the minimum rates, but much of the subsequent increase in white earning was through the introduction and increase of allowances such as those for leave and the cost of living (Francis Wilson 1972:page 45).

In 1970, African workers earned R16 per month, while on average white workers earned R337 per month. Between 1974 and 1987, the average wage of grade one to eight workers increased rapidly and steadily. In 1973, the real average wage of black workers was around R300 per month (1990 prices). By 1987, this average had increased to R853 per month. Since then, this figure has dropped slightly, throughout the early 1990's, the real average wage at 1990 prices settled between the R820 and R830 mark. In 1991, the average wage on the gold mines was R845 per month compared to R1043 per month in manufacturing, and the average wage for whites in gold mining was R4253 per month, and for whites in manufacturing, the average was R2552 per month (Jonny Steinberg & Gay Seidman, 1995: pages 19-20).

## CONCLUSION

Any attempt to compare the relative movement of black and white earnings in the gold mining industry involves a number of difficulties. At no stage in the production process do blacks and white officially do the same jobs. Thus any comparison of earnings has to take into account the different skill distributions of the occupations filled by the two groups. It is generally true to say that whites hold skilled and semi-skilled jobs while blacks do semi-skilled and unskilled work; there are nevertheless many blacks, particularly in the supervisory class, who are considerably more skilled than whites who rank above them. Nor is one able to find out the relative earnings in those few occupations where blacks and whites do almost identical jobs such as driving locomotives. Because of the political changes in the 1970s to 1980s the mine companies have to change their migrant labour system. They had to change their accommodation system from compound system to a hostel system, and start to introduce home ownership schemes for all the mine workers. This will be discussed in the following chapter.

# CHAPTER 2

## A. RESTRUCTURING OF THE COMPOUND SYSTEM (1970s - 1990s)

A majority almost 99 percent of Africa miners live in the compounds, these are single sex-quarters located close to mine shafts and they service the labour needs of individual mines. These compounds combined basic and primitive facilities with large rooms, in some instances accommodating up to 20 miners in their public space, no private ablution, toilets facilities, electricity and minimal, modest service provision (Wilson 1972, 57).

Corporate embarrassment about compound life, brought about in part by a number of academic studies published in the 1970s (Wilson 1972, Johnstone 1976, Webster 1978, Lipton 1980), motivated the mining houses to reform and improve the mine residence and substantial sums of money were pumped into upgrading and as Lipton (1980: 95) put it "ameliorating the condition of mine life". Room size and propinquity were reduced, private ablution and toilet facilities provided, electricity was supplied and recreation and bar facilities became part of the hostel environment. The compounds were modernized quite considerably in the 1970s and part of this modernization was a "HOSTEL". The modernization of the compound did nothing however to alter its basis social character as an institution.

1. The hostel remained, in the first instance, an efficient mobilizer of labour, usually situated within walking distance of the mine shaft. African miners could be called to a shift "en masse" at the most awkward times around the clock. The hostel eliminated mine management's anxiety in this regard, for the hostel residents are collectively roused and called to a shift.
2. A related benefit of the hostel is the ability to mass feed the workforce. Wilson (1972:57) argues in the case of South Africa's Gold Industry that mines feed their labour forces, not because it was cheaper, but because it more or less guaranteed a physically competent workforce.

Normally mine hostels are run and administered by mine management. Hostel staff are responsible for the preparation and serving of food, the physical maintenance of facilities and the provision of essential services. The hostels in them were single-storey rectangular buildings with small windows which, as in prisons, were too high to be reached or seen through. Each compound room accommodated from 40 to 100 mineworkers.

Hostels are a euphemism in South Africa for single-sex labour compounds, constructed to house Africans who were, until 1986 when the pass laws were repealed, only permitted to reside in the urban areas " to minister to the needs of the white man and to depart there from as soon as they ceases so to minister" (Stallard principle quoted in Wilson and Ramphele 1989 : 192).

The exclusion of families from this space furthermore denies the reality of these hostels as domestic space, for the majority of hostels dwellers, hostels have until recently represented non-decision areas. The blurring of boundaries between working space and living space, as well as the nature of these space, raises the question of the extent to which hostels can be conceived of as total institutions.

## B. THE TRADITIONAL AUTHORITY STRUCTURE

Hostel administration and governance is regulated under provisions published in the Government Gazette of 14 June 1968, which provides for a hostel superintendent to set up a structure to assist him in managing these hostels. The primary function was to control movement in and out of these places and to minimize conflict between inmates (see Thomas, 1987).

Hostel residents have over the years been excluded from effective participation in the political and economic institutions of South Africa, but in addition, the lives of mineworkers have been separated into mutually exclusive enclaves and their living space, the single-sex hostels "are neither acknowledged as legitimate extensions of the working environment nor defined as domestic space accessible to the families of those living there. In the mid 1970s the mine hostels were racked by recurrent violence and disorder. Although the causes of mine conflict were complex, most observers agreed that the migrant labour system itself was heavily implicated, and that dissatisfaction with hostel accommodation was one of the major contributors to the problem.

The largest mining corporations responded by upgrading some of their oldest hostels, building more rental housing units for married workers and designing new hostels in such a way that they could later be converted into married quarters. The importance of housing issues increased with the unionisation of the workforce in the 1980s. (See Figure 7).

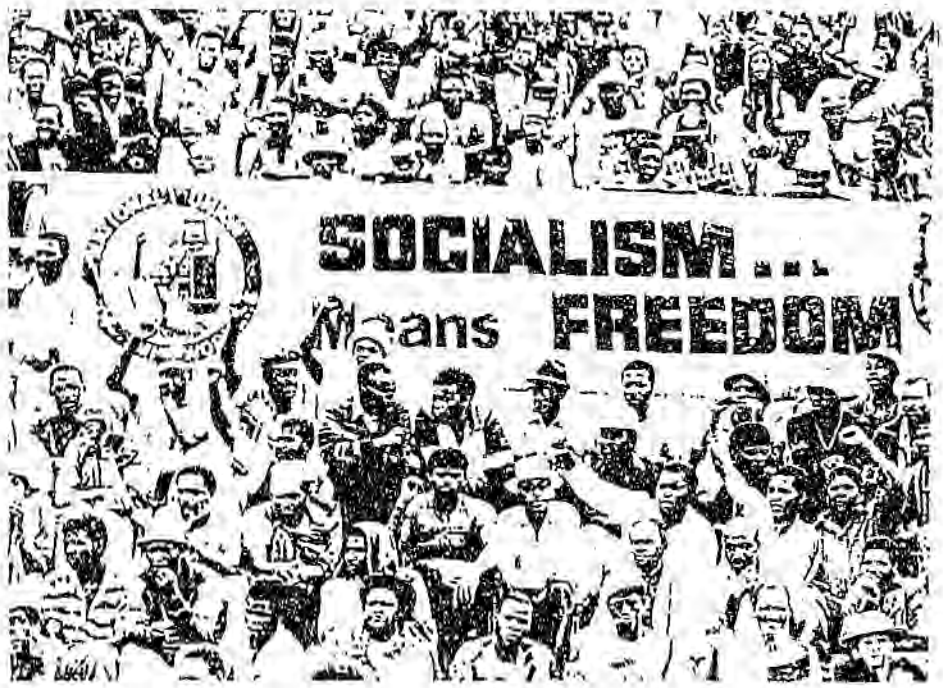
Various reforms enacted by the state in the early 1980s significantly changed the housing policies of mine management. In 1983 the state finally recognized the permeance of African urbanisation, and introduced a 99-year leasehold system of tenure. The implications of this were that mining corporations could encourage their workers to buy rather than temporarily rent urban property. In 1986 the state abandoned may of its formal influx control regulations. This meant that for the first time South Africa mineworkers could legally settle with their families in the townships, close to the mines and were no longer restricted to single-sex hostel life.

## C. INTRODUCTION OF HOME-OWNERSHIP SCHEMES

As a result of these changes, and because of considerable pressure from labour, mining corporations began to implement new housing policies. One such policy was:

### 1. INTRODUCTION OF HOME-OWNERSHIP SCHEMES

This involved either the development of a new village on mine property or more preferable, negotiations with councils in existing township near the mines for additional land for housing development. The mine would then encourage construction companies to build houses on this land for subsequent sale to qualifying mineworkers. In terms of the scheme, the corporation secured agreements with building contracts for the construction of formal housing (Laburn-Peart, 1992). House prices ranged from R20 000 to R80 000. The corporation provided a heavily subsidized, mortgage, reduced deposits from 5 percent to 2,5 percent of the purchase price, and pegged




Part of a crowd of fifteen thousand miners gathered at the Jabulani Amphitheatre, Soweto, for the 1987 Annual Congress of the National Union of Mineworkers. Photo courtesy of *The Star*, Johannesburg. (*bottom*)

FIGURE 7

interest rates at 5 percent (paid off over 20 years). Workers were liable for the down payments of R500 on a R20 0000 house regular monthly mortgage payments, property taxes and maintenance costs. On termination of employment, the subsidies and benefits would fall away, leaving the home-owners with the option to sell or repay the collateral as well as the mortgage at market rates (13 to 19%).

The early result of the home-ownership scheme fell far short of management's optimistic forecasts. By October 1990 only 2% of the corporation workers had joined the scheme.
There are a number of possible reasons for this :

1. The reaction of black mineworkers to management has been than enthusiastic. Top-down, non-consultative strategies of housing delivery are clearly inappropriate and inaccessible to the mass of mines.
2. The second and most obvious one is afford ability. Given the notoriously low wages paid by the industry, even a very basic R20 000 house is too expensive for most mineworkers. In 1990 a NUM survey showed that 86% of the mine workforce could not afford the minimum price.
3. Another reason for the slow response to home buying is linked to the burden of the past. Hostels are part of this legacy of racial discrimination and economic exploitation. As a direct result of these discriminatory policies, neither the state nor the corporate economy felt obliged to provide housing or welfare benefits for families of migrant workers "temporary sojourns" in urban areas. Under these circumstances, a culture of freehold, individual property ownership failed to develop among migrants and their families.
4. The major reason for the failure of the scheme was the absence of consultation and participation, the continuing disempowerment of those most affected by the policy.

Some mining houses hoped that subsidized home-ownership schemes would eventually lead to the depopulation of existing hostels, but for most, as long as there were single labourers seeking temporary work away from home, hostels would continue to be feature of mining life.

## D. HOSTEL : GOLDMINE HOSTEL

The gold-mining group which owns the mine had made houses on mine property available to some black employees after the repeal of the Group Areas Act; the rest stayed in hostels where they did not pay rent and were given free meals at a central dining hall. Living conditions varied according to the type of hostel room.
(See Figure 8).

### TYPE A

The oldest room or compound housed 16 people on double concrete structure, which were used as beds. Each room had electricity, lights and a small cupboard. The ablution facilities were of a very low standard. Toilets had a central flushing system, and showers shared one water inlet. There were no partitions, doors or taps in the

showers and the toilets had a pervasive foul smell.

TYPE B

In the newest rooms, 16 people shared a room which was equipped with bunk beds and lockers. These rooms were adjacent to communal areas which served two rooms or 32 people. The ablution facilities were the same as those provided for type A room.

TYPE C

In the newest room four people shared a room and communal are. Type C rooms had built on ablution facilities (serving several rooms) each equipped with two showers, two toilets, two urinals and two basins. These facilities were clean and functional.
(See Figure 8).

PROBLEMS WITH THE HOSTELS SYSTEM

1. Overcrowding
2. Separation from family
3. No privacy
4. No place for visitors

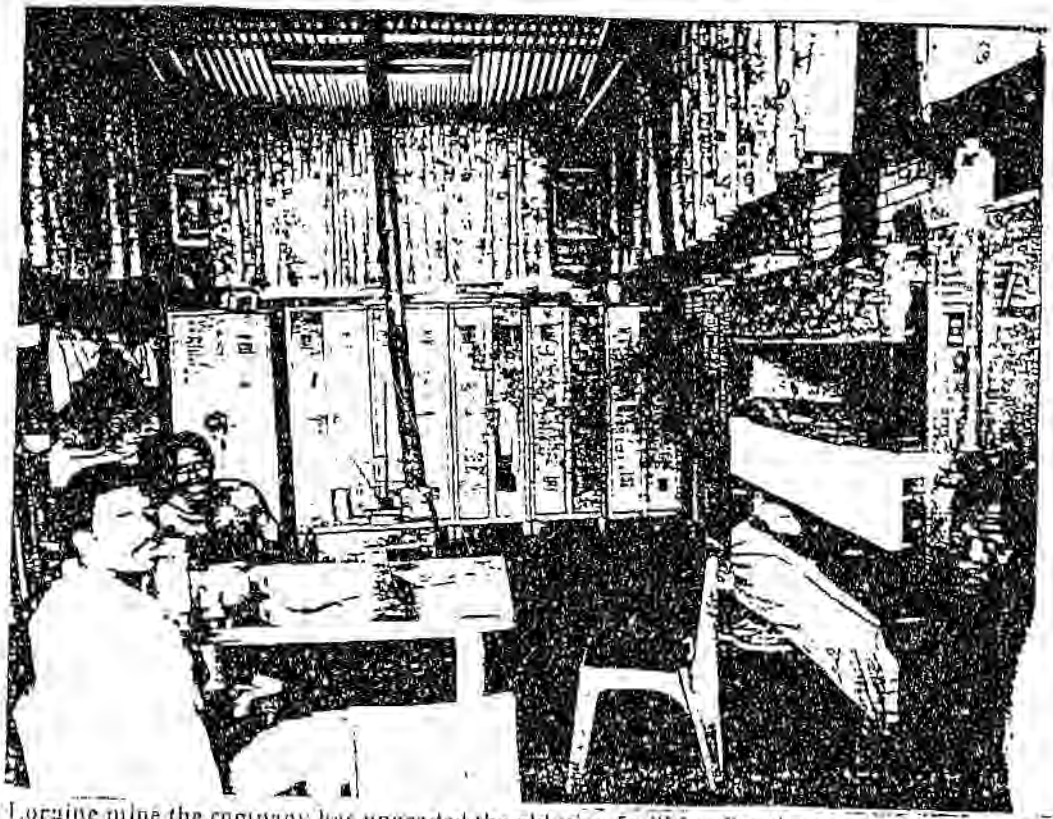
The only positive thing about the hostels is that they are close to work and friendship with other worker.
All residents were able to cook their own food or eat at the dinning hall which prepared food centrally. Food was served by the mine company's catering deparment according to menus chosen by the residents. Residents resented the dehumanising effect the hostel had on them. They wanted accommodation which matched the standard of living enjoyed by white mineworkers and which allowed them to stay with their families.

Since the 1980s the induna system has been gradually dismantled, making way for new structure such as elected boards of representatives and governors which attempts to manager hostels on a democratic basis.

While there are numerous constraints on improving productivity levels on South Africa mines, one argument put forward by the mining industry is that productivity would increase if migrant workers were stabilized in family accommodation. Absenteeism is lower among mines housed in family accommodation than among hostel dwellers.

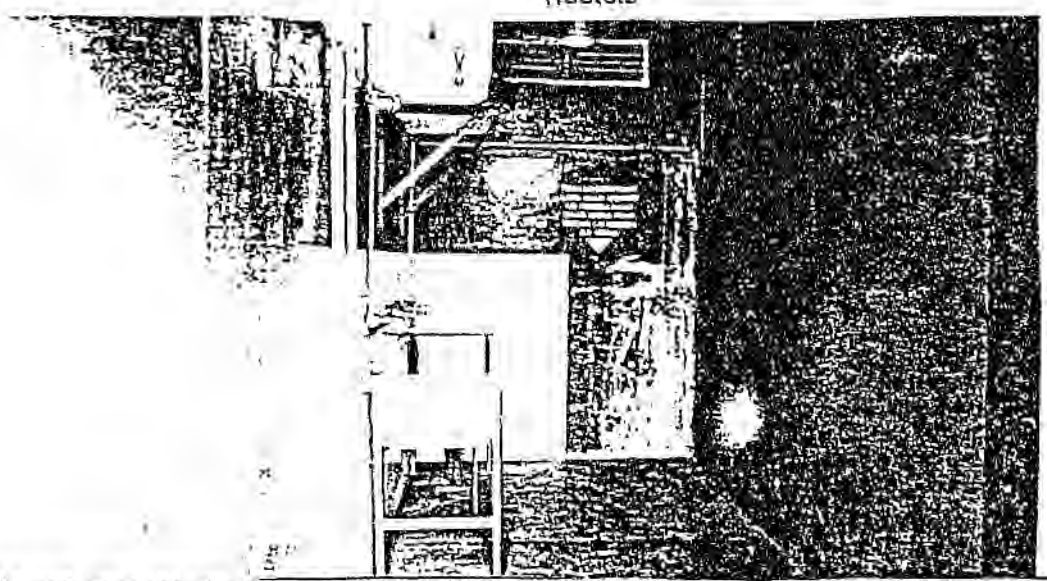
Despite the drawbacks of paternalism, mining houses seem to be reluctant to change the hostel system owing to cost constraints. The industry is however considering giving mineworkers more choice by granting them an all-inclusive wage, and allowing them to decide where to rent accommodation and obtain food, the present structure of accommodation for mineworkers in the mines are :

1. Hostel
2. Married housing



At Lorraine mine the company has upgraded the ablution facilities. But there are no plans for hostel upgrade or conversion. One hostel houses about 2 000 people, with 16 – 20 miners per room. Rooms have double, and triple decker bunks, tin roofs, and people eat and sleep in the same room. Rooms are not partitioned.

## Hostels



An old-style ablution block at Harties. Workers wash in one long sink with about 320 workers to one bathroom. Some bathroom facilities have been upgraded – but nothing else at the hostel has been upgraded.

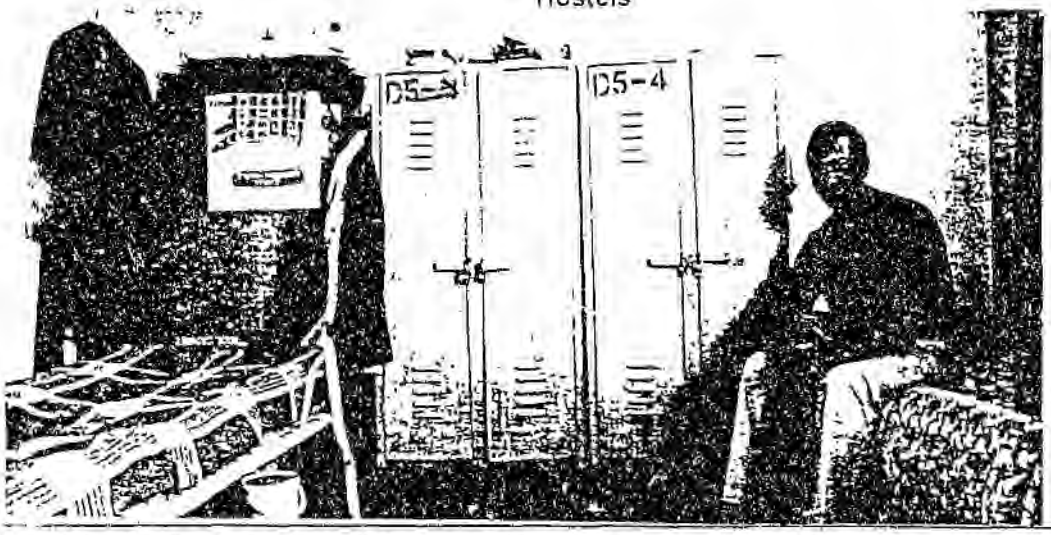


The inside of the single hostel quarters at Hartebeesfontein Gold Mine (Harties). There are 10 - 12 men per room, in an old hostel built in 1959. There are no plans as yet to upgrade.



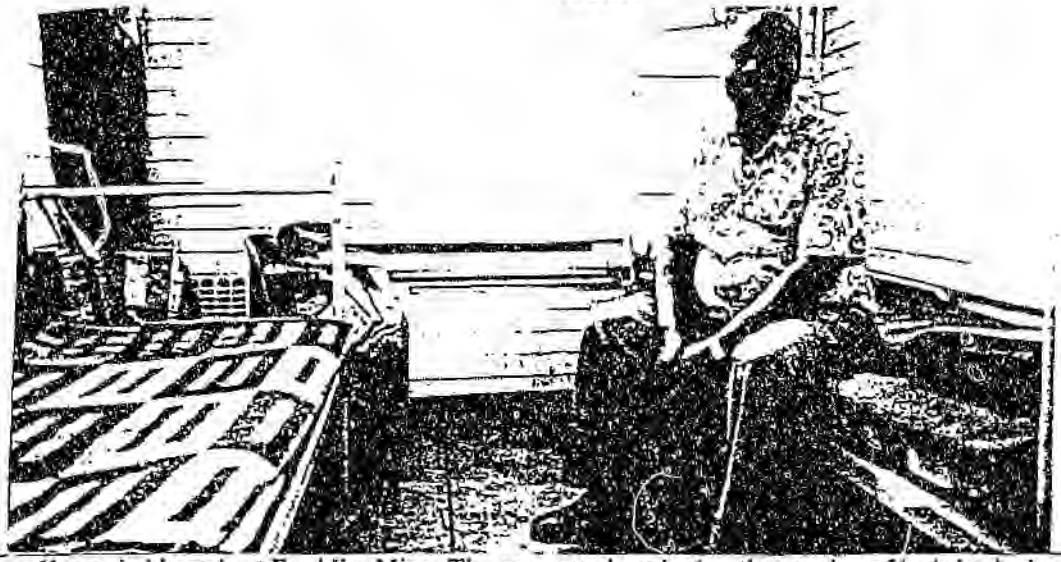
Old–style visiting wives quarters at Harties mine usually with 2 mattresses on the floor, and a couple of chairs.

Hostels




The inside of a hostel at S.A. Coal Estate. The hostel has been upgraded with each section having 4 – 5 rooms which are sub-divided by a wall. There are 2 beds in each room, with steel cupboards.

Hostels



Upgraded hostels at Freddies Mine. The company is reducing the number of beds in single quarters. The mine is working towards a maximum of 9 workers per room. The room is partitioned with 3 beds in each partitioned room.

(Source :NUM 's Principles and Policies on Housing)

3. Home-owners
4. Living-out
5. Visitors' quarters

Most migrant workers on the mines are employed in unskilled or semi-skilled job "career miners". The gold-mining industry, which is the largest single employer in the mining industry, remains largely labour intensive, over 97% of the workforce of 500,000 live in these single- sex, regimented barracks, changes in the political economy of gold mining in the 1970s and 1980s have prompted management to begin moving away from migratory labour and implementing alternative accommodation strategies for black mine workers. Prior to 1986, when the mining houses instituted no housing assistance for African mines, only white miners received assistance for family housing from employers. This took the form of either renting subsidized family housing on or off mine property, receiving a subsidy for the purchase of a house in a suburb where a mine is located near a town, most mining houses provide African miners with the same options.

Mineworker attitudes towards housing Anglo America, 1986 (See Figure 9).

E. WHAT KEEPS THE MIGRANT WORKERS IN HOSTELS?

1. The high cost of providing family accommodation is another serious obstacle, particularly for the mining industry, which argues that it is hard-pressed to find the frame for housing development.
2. Wage levels of migrant mines are too low to enable them to pay for market related family housing.
3. In addition, financial institutions provide loans for the purchase of conventional housing only, and there is an urgent need to lower housing standards.
4. While most mining houses are keen in principle on providing family accommodation to all employees the cost factor limits this mainly to workers in higher job categories, ie semi-skilled and skilled workers. In any event, in view of the limited availability of land for housing it would be difficult to provide all employees with family accommodation.
5. The bulk of employees on the gold mines are unskilled and cannot meet ma[illegible]using cost.

Housing could be made accessible to unskilled workers only by significantly increasing their wages, but this would have to go hand in hand with a lowering of housing standards. The average monthly wage for African unskilled and semi-skilled miners in 1990 was R650.00 per month now it has increase to R850.00 per month. At such wage levels, it is obviously difficult to acquire housing.

However, the mining houses are in part addressing the issue of afford ability by exploring a new inclusive wage structure, whereby wages are adjusted according to whether employees choose to live in hostel or with their families. In effect, expenditure previously incurred by mines in the housing and feeding of hostel inmates is added on to the wage of non-hostel residents. Also being explored is the lowering of housing standards.

Another problem in providing housing for workers in the lower categories of employment is that building societies have an inflexible lending policy. While collateral supplied by mining houses would provide a measure of access

FIGURE 9 *Mineworker attitudes toward housing. Anglo American mines. 1986*

(a) Attitudes toward settlement

| | Would settle (within 5 years) | | Would not settle | | Total |
|---|---|---|---|---|---|
| | No | Percentage | No | Percentage | |
| Married/South African | 24,948 | 47 | 28,271 | 53 | 53,219 |
| Single/South African | 20,478 | 44 | 26,474 | 56 | 46,952 |
| Foreign workers | 20,922 | 29 | 51,313 | 71 | 72,235 |
| Total | 66,348 | 38 | 106,058 | 62 | 172,406 |

(b) Attitudes toward permanence of move

| | Permanent | | Temporary | | |
|---|---|---|---|---|---|
| Married/South African | 15,724 | 64 | 8,864 | 36 | 24,588 |
| Single/South African | 13,192 | 70 | 5,638 | 30 | 18,830 |
| Foreign workers | 8,303 | 41 | 12,102 | 59 | 20,405 |
| Total | 37,219 | 58 | 26,604 | 42 | 63,823 |

Source: Market Research Africa (1986).

for employees to certain schemes, employees cannot avail themselves for/of building society rooms, since the standard of housing in respect of which these institutions will lend money is too high.

The provision of housing on mine property also poses the problem of providing services, the cost of which had to be borne by the employer. This represents a disincentive for the provision of housing on mine property for many mining houses, although some employer have borne such costs.
Local authorities are also not in a position to finance infrastructure for development involving mine employee housing. While these authorities are responsible for developing services such as sewerage, roads, electricity and water in a township, the responsibility for the additional costs involved in expanding infrastructure for housing for mines has to be negotiated between mining houses and the local authority. Company believes that infrastructure should be provided by the state.

Although much more land has been designated as housing land in the last few years, the rate at which new land is being proclaimed for township development is still too slow and this remains a significant constraint on the ability of migrant workers to bring their families to their places of work. This has been one of the major reasons for the mushrooming of squatter settlements around and their families are squatting is difficult to assess, although the fact that this options is chosen by them is beyond question. According to Anglo-Gold, mining houses own large tracts of land but are restricted by the government in their in ability to house worker there, because of the difficulties encountered in rezoning land, mining houses and the government prefer to house workers in township outside mine property, where the residents will not be exclusively miners. Mainly this is because once the are in a mine runs out, alternative employment will need to be available to miners who have settled in that area. For this reason the government is unwilling to invest in family accommodation near mines in remote rural areas, and favours development which is more closely aligned to a diversified regional economy.

## F. HOUSING SCHEMES ON THE MINES

There is now a greater awareness in management circles of the possibilities of improving the conditions of migrants/mineworkers. Employers in the mining industry do not view the dismantling of migrancy as the primary aim of their housing policy. Rather, they see the abolition of influx control as having created new possibilities for stabilizing their labour forces and where it is immediately advantageous and possible, for urbanizing at least part of them. This emails moving further away from the system of paternalism and shifting the responsibility of paying for housing, whether in hostels or in family accommodation, increasingly on the employee.

While employers are aware of the negative feature of migrant labour system, their overall approach is to create more choice for their employees, in effect this means that miners who are willing and able to became urbanized are free to do so and are to some extent assisted by the mining houses. For the overwhelming majority, who are likely to remain migrants for the foreseeable future, the mining houses have spent considerable sums of money upgrading hostel and other facilities, thus correcting some of the worst short comings of the system. There has

already been a slight shift away from providing cheap or free hostel accommodation on the mines to a system of home ownership. Because employer housing schemes are fairly recent, their impact on reducing migrancy with accommodation is as yet limited. Nevertheless they form an important component of employer attempts to stabilize sections of the workforce and increase its productivity. However, Mr B.J. Shipman of the Chamber of Mines said that while as a broad statement of principle, every miner should have the right to family accommodation, this aims are is restricted largely by financial and logistical considerations. This being so, the provision of family accommodation for the entire workforce on mines is the policy of neither the Chamber nor the various mining companies.

## G. SOME TRENDS

The subsidy schemes of most mining houses are designed to give their employees access to market related finance via financial institutions. Despite the fact that both subsidies and collateral, which are designed to access mechanisms, are high, the home-ownership option has been slow to take root in the migrant workforce (mines). The biggest single problem from the migrant point of view is the high cost of conventional housing. At Vaal Reefs, management admits that 70% of the target groups of 45000 miners who are to be settled at Kanana township are unable to afford housing at the market rates despite subsidies. The major problem therefore lies in the low wage levels. Although companies such as JCI and Anglo have made their housing schemes available to all employees, a JCI spokesman said that those making use of the scheme are mainly employees in category B4 (clerical and administrative employees and team leader) and upwards.

Mining houses which pay a living-out allowance to some of their employs do so to overcome the responsibility of housing them, whether in hostel of family housing. This allowance is designed in part to address the problem of miners who which to have family accommodation but cannot afford market-related conventional housing. Workers who wish to take up the option of informal housing are excluded from the mining companies subsidy schemes and are therefore unable to raise finance.

Anglo has stopped hostel development in the coal and diamond divisions but not in the gold division. This is because gold miners have a larger labour force than coal and diamond mines, and many workers are unskilled and cannot afford conventional housing. The company would always have hostels to accommodate those who want to come to the mines as single workers. Hostels will be done away with only if the local labour option on the urbanization of migrants and their families succeeds. Management is concerned to divest itself of all responsibilities within the purview of paternalism, such as the provision of food and accommodation.

## H. THE ALL-INCLUSIVE WAGE

Most mining houses are keen on moving away from paternalism, and have discussed the possibility of introducing an all-inclusive wage for several years. The cash portion of the miners income is however, inadequate to provide adequate housing for his family. The all-inclusive wages however will benefit the families of miners in terms of

medical aid and housing. A major concern of trade unions is whether all-inclusive wage will help to address the problem of affordable housing in the lower paid categories of mine employees. While employers say that their schemes are available to all workers, evidence suggests that in practice they are accessible mainly to the higher categories of workers, in spite of financial assistance from employers.

The repeal of influx control, together with the extension of freehold rights to Africans and the removal of discriminatory work practices, have enabled the mining sector to examine family housing as a potential force for stabilization. In the force of a severe shortage of housing and land, squatting is the only options. Mining houses are reluctant to invest in family housing on an extensive scale because this would further reduce profitability.

The mining houses own large tract of land which may be utilized for family housing. This is one of the reasons for the mining houses seeking a more flexible dispensation as regards housing on mine property. Market-related access to family housing has led to skilled and clerical African workers gaining access to family accommodation. Mining houses admit that despite high subsidies, the extent of participation in their schemes is small. One solution is to modify market-related housing in order to lower the access threshold, or to increase wages substantially, something which mining houses are reluctant to do because this could make them unprofitable.

Another way in which employers in the mining industry are addressing the issue of access to housing is the living-out allowance. This is designed ostensibly to allow migrant mines freedom of choice between living in hostels or making other arrangements for their own accommodation. It has the advantage of relieving employers of the responsibility to provide food, accommodation and health facilities to employees. The living-out allowance does not however address the acute shortage of land and housing, it could in fact promote squatting, which might have a negative effect on productivity. The all-inclusive wage, on the other hand should it be introduced more extensively and its elements more clearly defined, could have a positive effect by attracting already urbanized labour to the mines. It may also be beneficial to the migrant workers and his family as it facilitates access to housing. Many migrants are reluctant to take up urban family accommodation because this would imply abandoning the extensive network of people who depend on their earnings in the rural areas. Older migrants who have invested in land, cattle and housing in the household in the rural areas are reluctant to move their families to urban areas, many migrant also perceive the urban townships as an unwholesome environment for their families. It is therefore recognized that migrancy and hostel will continue to remain a reality on the mines for a considerable period of time, and on remote mines they may not disappear at all.

The wage base of African workers prior to the increase had been extremely low. In 1970 workers earned R16.00 per month, while on average, white workers earned R337.00 per month.

## I. THE MINING HOUSES AND THE CHAMBER OF MINES

Although there are 43 gold mines on the Witwatersrand which are registered as individual companies, they are

administered by six finance cooperations or mining houses.

| | | |
|---|---|---|
| 1. | Anglo-America Corporation | 13 |
| 2. | General Mining Corporation | 12 |
| 3. | Gold fields | 9 |
| 4. | Rand mines | 5 |
| 5. | Anglovaal | 2 |
| 6. | Johannesburg Consolidated Investment | 2 |

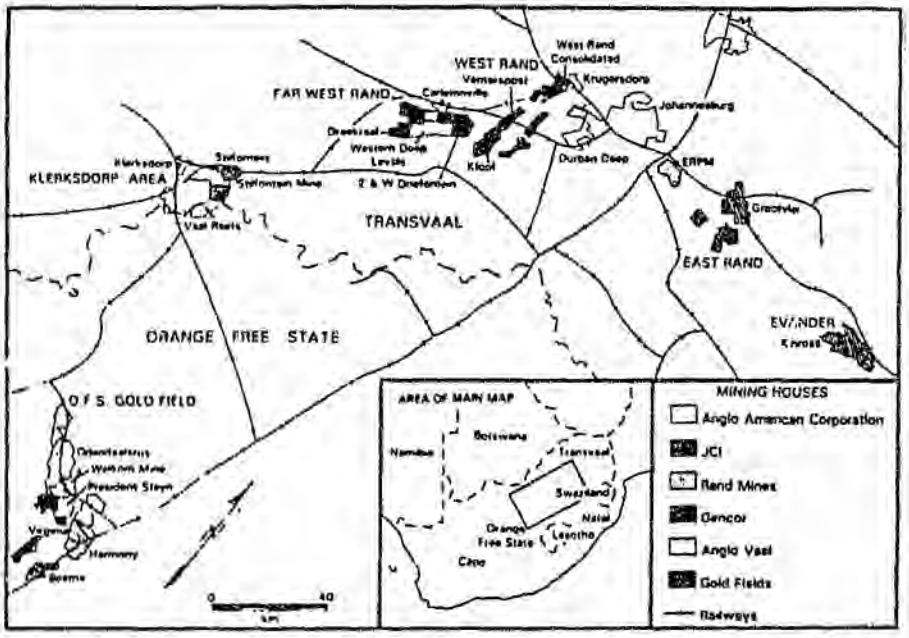
Figure 10.

JCI and Anglo-America are linked corporation, the former effectively run as a junior partner of the latter.
It was a change in the state policies in the 1980s that made it possible for the miners to consider alternative forms of accommodation, particularly the introduction of home-ownership, for their African employees. The response of the mining houses to the pressure for alternatives to migrant labour within the revised state framework varied considerably.

Goldfields and Anglovaal indicated little interest in abandoning hostels or developing new housing schemes or alternative labour forms. Gemmin promoted the concept of an "all-inclusive wage" which, when implemented, would provide workers with the resources needed to secure their own form of accommodation. The proposals of Anglo-Gold, JCI and Rand Mines were more far-reaching, putting in place home-ownership schemes, rent and mortgage subsidies and living-out allowances, while the mines continued to hire workers from townships.

Because of the different responses, a centralized policy agreed to by all the members of the Chamber, it was not possible to have a centralized housing policy for Chamber, housing became a mining group and not a Chamber concern. Two of the mining houses, Goldfields and Anglovaal, remained wedded to traditional forms of accommodation.
One reason for the continuation of migrancy is the historical policy of restricting African urbanization and not developing housing in metropolitan areas. Housing development for African in such areas was in fact frozen between 1968-1978. As a consequence, the urban areas have not been able to cope with the current rate of urbanization, forcing workers either to migrate back and forth from the rural areas or to erect shanty homes in squatter or informal settlements.

Goldfields' management believed that home ownership was not a desirable strategy, and that company-provided accommodation should remain the preferred way of housing workers. Resources were channelled into upgrading single quarters, constructing visitors quarters and expanding married and apartment accommodation. Goldfields provided separate superior quarters for its senior workers, but within the framework of company-provided accommodation.




Contemporary gold-mining areas of South Africa, indicating mines mentioned in the text. (Based on J. Crush, A. Jeeves and D. Yudelman, *South Africa's Labor Empire: A History of Black Migrancy to the Gold Mines* [Boulder: Westview Press, 1991], p. 1.)

FIGURE 10

Gemin pushed for the so-called "clean or all-inclusive" wage as a general answer to the housing problems of its Africans employees. The clean wage was based on basic earnings plus the costs of mine accommodation, food, travel and other items normally provided by the mine. Paid this wage, African workers would theoretically be free to choose their own forms of accommodation, whether they be home-ownership or rented accommodation in existing township, site and service schemes, mine hostel rooms rented at market rates, or even squatter settlements close to the mines. In this way, Gemin would be entirely free of responsibility for accommodation. It was planned that the new system would became fully operational by 1992, and in anticipation no further mine hostels in the old style were to be built.

The other mining houses offered a mix of system consisting of :

1. Home-ownership
2. A living-out allowance
3. Rent subsidies

JCI's living-out "allowance" took the cost of the benefits the mines normally provided and paid them to the workers in cash for use in renting accommodation in local township.
The thrust of new accommodation policies centred around private home-ownership JCI provided security for mortgages and assisted with the provision of loans for workers, who wanted to buy land, develop site and service schemes or build their own homes.

Late in 1985, the Anglo-America Corporation adopted a programme of promoting the concept of ownership among its employees as a means both of assisting home-ownership and of countering negative perceptions about the free enterprise system. Initially it looked only at renting out houses to its employees at a nominal rate, however the company decided against this because of prohibitive capital outlay, given that the company gold miners have about 500,000 employees of whom a sizeable proportion would be eligible for family housing. Only foreigners would not qualify for family accommodation in South Africa, as they are regarded as aliens with temporary work permits.

Anglo-America Gold and Rand Mines also offered their workers as similar allowance, in some cases, payment of the allowance had the effect of reducing hostel occupancy.
Rand mines encouraged home-ownership by underwriting mortgages. Anglo-America similarly offered a subsidized mortgage with a reduced deposit and low fixed interest rates amortised over 20 years.

The impact of home-ownership schemes on housing practices has been limited. Four years after it was first introduced, Rand Mines noted its disappointment with the progress of home-ownership scheme.
However, the workers evidently still preferred to live in the hostels while because they cannot afford the market related house standard. The development of the black taxi system made the dual form of residence possible,

transporting workers to and from mines (hostels).

The mines also had no control over how the "living-out" allowance was to be spent. Many workers apparently used the additional resources to construct squatter dwelling around the mine where they were employed, instead of renting accommodation in township. Squatter settlements have emerged closer to a number of mines, including those administered by JCI and Gemin.

J. **PROBLEMS WITH HOUSING SCHEME**

1. Increase in interest rates in the late 1980s had a dampening effect on the market and Rand Mines was forced to subsidise mortgage repayments to prevent foreclosure among existing mortgage holders.
2. Anglo-America indicated that, by 1988, 656 of its African employees or 0.37 per cent of the total labour force owned homes under the schemes, and another 392 had signed up. By the end of 1990 the figure had grown to 3423 out of total employees of about 500,000 workers. Only senior African employees have been in the financial position to take advantage of the home-ownership schemes, and then they often struggled. For most workers in lower job grades where the bulk of the African labour force was concentrated, the average available house was out of financial reach.

Management noted that at the proportion of workers thought like to afford private housing, only 30% percent in practice could. As a result the participants in home-ownership schemes were heavily concentrated in the upper-skilled and supervisory categories of works. As of 1989 not a singe worker in the lower job grades had yet been able to participate in the scheme.

The expansion of home-ownership was also restricted by the fact that a majority of skilled and supervisory workers were in principle excluded because they were foreign.

The expansion of home-ownership has also been limited by the monetarist policies of the state. The mines expected the state to carry the financial burden involved in the provision of infrastructure and services, to new townships and extensions. Anglo-Gold estimated that its programme would require over R500 million between 1988 and 1992 for roads, water, electricity, sewerage, schools, clinics and recreation facilities.

The attempts of the mines to provide alternatives to migrant labour, and specifically to promote home-ownership among senior African employers as a way of generating stability and protecting the mines investments in labour and skills, have therefore been of limited success. As a result primarily of changes in the class structure of the African labour force, the mines developed on interest in alternative forms of accommodation, with a focus on home-ownership for their workers. For a variety of reasons, the commitment proved very uneven. Although the housing alternatives were in principles available to all workers, only the most senior African employs could afford them. As a result of the state monetarist polices, the prohibition against foreign workers acquiring homes or settling permanently near the mines, towards full proletarisation, the growth of a settled African labour force has been limited and slow. More land is needed from the government and the miner owners in order to accommodate

low income groups (hostels dwellers) in low-cost family housing units.

## CONCLUSION

1. As explained in this chapter that low-income mine-workers cannot qualify for market-related houses, it could be useful if :

   a) The mine company start to provide house for the mine workers;

   b) The mine company to start involving workers in decision-making project on housing (participation);

   c) The mine company open a support building housing scheme, which can provide loans for low-income mine workers;

   d) The mine company needs to develop that culture of mine workers to initiate for themselves and the mine company can lead the process, if the mine company can start to allow hostels residents to pay for the services which are rendered for them, the culture of payment will start to develop from this point;

   e) In order to houses the low income groups the mine company can loan money for housing development for the workers and the workers can pay rental bond down payment to the mine company;

   f) Mine company and local government must start to rezone some of the land mine so that workers must be able to buy this land and build houses for themselves;

   g) Chamber of Mines must change its *status quo* of housing and come up with a housing policy framework which can be the basis for its members in developing housing for its low-income workers;

   h) The national government needs to develop a mine housing framework/policy which can make housing for the mineworker easy.

In conclusion, the mine company must stop this top-down approach to miners on housing issues, there needs to be community participation, from all parts off the community, local government, the local community, the mine owners and the miner workers.

There are various theoretical approaches to low-income housing which will be dealt with in the next chapter.

# CHAPTER 3

## A. THEORETICAL BACKGROUND OF LOW-COST HOUSING IN SOUTH AFRICA

### INTRODUCTION

The indicators of inadequate housing provision are numerous in South Africa. Shelter or housing, does not only derive it significance from the fact that it is a publicly debated issue. It is neither just a basic need to be fulfilled with basic or minimum effort. The spacial, economic, social and political implications of housing determine how people can conduct their lives on a daily basis and what future prospects they have (Turner : 76).

### DEFINITION OF HOUSING

Housing is a basic human right, according to the White paper (RSA, 1994b : 12) and all people should have access to a basic housing unit and to a range of financing options. Housing can be defined as all forms of shelter provided on the basic of secure tenure for purchase or rental. This definition includes formal and informal housing structures. Squatters housing does not form part of this category and can be defined as the unlawful occupation of land. The purpose of a house can be divided into two categories :

1. The primary purpose of a housing unit is to provide the occupants with shelter.
2. The secondary purpose is the provision of inner surroundings that will meet the natural, physical, mental and social needs of the occupants (Reedy and Brijlal, 1992 : 187).

**B. There are five basic criteria that a house needs to meet, as stated by Watson ( ,94) :**

1. Firstly a house must provide adequate shelter, and a healthy and safe living environment. This will be influenced by the nature of the structure as well as the extent to which it can provide protection from various elements, such as rain, wind and cold. The house size and the relative number of occupants will also play an important role. The occupants of the housing unit should have access to basic services such as water, sanitation, energy and socio-cultural amenities.
2. The second criteria that a house needs to meet is that a house and its services must be affordable. An individual or family can only afford a house, if they can afford the monthly maintenance cost on the house.
3. Thirdly, security of tenure is also a criteria that a house need to meet.
4. Fourthly a house should be located so that the households have access to various public and commercial facilities, as well as public transport.
5. Finally an effective and efficient administration system should exist. Management and planning can play an important role in the success of a community. Decisions should not be made individual, but in accordance with the long term plans of the community.

## C. BENEFITS TO BE DERIVED FROM HOUSING

The functions provided by a housing may be classified in two ways. Those attributable to the house itself and secondly those attributable to the way in which that house is provided. Turner (1972) has argued that housing

must be viewed as a process rather than as a product or commodity ie that the way in which the house is provided is of great importance to the occupant and to the community particularly in development terms and that by over-emphasising the importance of the physical qualities of the house, many of the potential benefits of house are lost. There are eight (8) benefits which can be obtainable from a house:

1. SHELTER

This is probably the most commonly accepted function of housing, that is protection against the elements including privacy.

2. FINANCIAL SECURITY

A house, in addition to providing consumption benefits can also act as a medium for investment which can lead to its owner enjoying financial security. Family with very little capital can over time, acquire an asset of considerable exchange value while at the same time being able to take advantage of the houses use value . Purchasing one's house generally results in increased saving in so far as the bond repayments usually replace what could otherwise be consumption expenditure.

3. SECURITY OF TENURE

Whether or not a house provides this function will depend upon the condition under which the house is occupied. The freehold owner -occupier of the property would enjoy the greatest possible security while, at the other extreme, a tenant subject to no notice would obtain very little security of tenure from the house.

4. SOCIAL STATUS

The status a person's commands in a community may be derived in a number of ways: occupation, education and income being the commonly accepted measures of status in our society. It is however possible to achieve higher status independently of the above three factors through the the physical attributes of the house one occupies as well as through the neighbourhood in which the house is located.

5. ACCESSIBILITY

Proximity to job opportunities, shopping, entertainment, community facilities, friends and relatives is obviously an important need of most households which can be met by the location of the houses that they occupy.

6. SELF-SUFFICIENCY AND SELF-FULFILMENT

The degree of self-sufficiency that a house occupier is able to derive from his house will depend upon the way in which the house was obtained and the conditions under which it is held. A person who is responsible for providing his own house rather than being dependent upon sufficient mentality with regard to his other needs. This mentality is essential in a free-enterprise economy if he is going to compete successfully with the more privileged members of the community. Similarly, feelings of self-fulfilment, or self-actualisation will result from

a person's ability to provide for himself rather than being dependent upon others for his housing needs.

## 7. INCREASED EMPLOYMENT AND ENTREPRENEURIAL OPPORTUNITIES

The process whereby housing is provided in a particular community can have an important impact upon the development of employment and entrepreneurial opportunities within that community. In a low-income neighbourhood where unemployment is high the community could benefit greatly by a housing scheme which is deliberately labour intensive or which uses local contractors.

## 8. BENEFITS ACCRUING TO THE COMPANY

There are two major benefits that a company may derive through its housing programme. The first of these concerns the degree of satisfaction among the workforce. A well housed worker is likely to be far more contented with his job and thus more productive. Good housing would of cause also attract more workers in time of labour shortages. The second major benefit involves the degree of control that the company exercise over its workers through the housing it provides. To the worker of course this might not be regarded in a positive light. There are of course, a number of disadvantages to the company, the additional capital expenditure incurred, the better living environment would attract unproductive people in the company (Bouden B.G. 1990).

## D. HISTORY OF HOUSING IN SOUTH AFRICA

The political history of South Africa played an important role in the economic development of this country and various sectors, including housing and the financing of housing which were influenced by the laws and regulations imposed on South Africa's different race groups. Since the beginning of the century, various laws and regulations have controlled and influenced the housing sector in South Africa. In order to understand and evaluate the future of low-cost housing in South Africa, it is important to look at the history of low-cost housing in South Africa.

## THE HOUSING PERIOD BETWEEN 1910 AND 1948

In 1910 at the time of the union, blacks already lived in areas specifically allocated to them. Non-white South African labourers and their families were settled in the areas outside towns that were referred to as locations. According to Horrell (1966:4), the Native Land Act of 1913 allocated 10,7 million morgen of land as Native Reserves. The land act of 1913 gave rise to one of the most unequal system of land distribution in the world. The financing of low cost housing has been a problem even at the start of the century. The local authorities decided to make use of the profits of sorghum beer sales to finance houses, schools and hospitals for blacks. The Native Beer Act of 1908 made provision for this, as pointed out by Maasdorp and Humphreys (1975:11). Various municipalities obtained monopolies on the manufacturing of sorghum beer. A Central Housing Board under the Department of Health was established in 1920 (Morris 1986:1). The aim of Housing Act number 35 of 1920 was to control the housing developments and to supervise the lending of government funds. As from 1923 blacks were not allowed to lease or buy land in urban areas. Blacks were also not allowed to build their own houses.

This meant that the blacks had to rely totally on the authorities to supply them with homes. The powers given to

various authorities by this Act, were mostly used for the improvement of the living conditions of poor whites. The Native Urban Areas Act of 1923 established revenue accounts for the white municipalities. These funds had to be used for the development of black townships. The intention was to develop three forms of accommodation for the blacks.

1. The Hostels were aimed primarily at single males

2. The locations

3. The native villages, this were provided for families.

Although they received government assistance, most of the income was derived through the sale of sorghum beer. A scheme was introduced in 1930 whereby sub-economic loans were granted to low-income households. Horrell (1966:9) points out that the sub-economic loans were originally made available for slum clearance. To start with, blacks were excluded from this scheme, but the Central Housing Board, established under the 1920 Housing Act, received the right to finance location schemes out of the sub-economic loans. The local authorities had to indicate that the proposed schemes worked towards slum clearance. According to Mansdorp and Humphreys (1975:88), these loans were only made available to black South Africans in 1934. The Native Trust and Land Act of 1936 made provision for an additional 7,25 million morgen of land to be added to the reserves. Horrel (1966:4) points out that land could now be purchased by individual blacks as well as tribes. Hellmann (1955:10) states that during 1942 there were 276 recognized urban locations. Only 41 urban local authorities had received allocations for sub-economic housing funds. Out of 41 urban local authorities 16 were in the large urban areas.

A National Housing and Planning Commission was established in 1944. This Commission replaced the Central Housing Board. There was an increase in the volume of loan funds granted to the local authorities. The outbreak of the war led to an increase in urbanization. This in turn led to an increase in the shortage of low cost housing due to a scarcity of building materials. The number of squatters increased and existing buildings were neglected and overcrowded. An increase in urbanization as well as an increase in the population meant that the limited housing available faced overcrowding. According to Morris (1981:36) squatter movements took place because of the limited amount of housing available in the urban areas. The government controlled the movements of blacks with the introduction of the Black (urban areas) Consolidation Act of 1945. Non-white South Africa had to deal with a number of changes during this period. The housing initiatives during this period clearly indicates that the housing shortage in South Africa already existed at the start of the century. The proper housing of the non-white were not seen as a priority by the government and the housing backlog only increased with time. This period further indicated that non-white South Africa did not receive the same opportunities in the housing sector as white South Africans.
The current housing backlog started at the beginning of the century.

**THE HOUSING PERIOD 1948 TO 1979**

This period commenced when the National Party came into power in 1948. The National government was

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committed to separate development for whites and blacks and according to De Loor (1992:61) housing became an instrument for the implementation of separate development in South Africa. Under the National Party government all black people were considered as temporary citizens in all areas of South Africa expect in the homelands. A separate government department known as the department of Native Affairs was set up to handle the administration of blacks affairs. The long-term plan was to make the homelands economically and politically viable. The Group Areas Act of 1950 provided for the separate development of different race groups in South Africa. Horrell (1966:24). A Group Areas Board was appointed to allocate areas for different race groups. During 1951 the Housing Commission made loans available to black home-owner builders (Morris 1981:47). Stands were made available on a long-term lease and blacks were allowed to build their own homes.

According to Maasdorp and Humphreys (1975:17) residents who built their own shacks could receive loans up to R40. These loans would be repayable at R1 per month and there would be an economic charge to interest. During 1952 the Natives Services Levy Act was introduced (Horrell, 1966:58). The Act determined that the employers of adult male blacks had to contribute 25 cents a week to a Service Levy fund, if they did not provide accommodation for local authorities succeeded in providing additional housing for blacks in the urban areas. A new Housing Act was introduced in 1957 (Morris, 1981:44). The National Housing and Planning Commission was replaced by a National Housing Commission. Under this housing Act the Bantu Housing Board was established. The board had similar functions as the National Housing Commission, application made by the local authorities for loans, or for various housing schemes, had to be considered by this board. The board also had to formulate housing policies and had the authority to grant housing loans. A yearly allocation was received from the treasury to finance all government housing schemes. A National Housing Fund was set up. Loans from individuals, local authorities, welfare institutions and housing utility companies were funded from the National Housing Fund (De Loor, 1992:62).

The Bantu Laws Amendment Act was introduced in 1963. Morris (1981:75) explains that new housing policies were introduced during this time period. Emphasis was placed on the development of homeland townships. There was an increase in the allocation of funds for the financing of low cost houses in the homelands. The Housing Amendment Act of 1965 stated that the National Housing Act Commission, the Board or sub-economic housing schemes to people who could not afford housing without same form of assistance. Horrell (1966:25) observed that the Group Areas Amendment Act of 1965 had two main feature. Firstly, areas for the whites, coloureds and Asians had to be planned by the Minister of Planning. Once these areas were proclaimed they were controlled by the Minister of Community Development. Black areas fell under the responsibility of the Minister of Bantu Administration and Development. Secondly, there were administrative inspections, to obtain facts for the Planning of groups areas, which would be carried out by departmental officials.
The police received the power to determine whether or not the provisions of the act were followed. The income limits for sub-economic housing were placed at R80 a month for white and R50 a month for blacks. A large number of low-cost houses were built for blacks with finance from the economic loans funds. The loans had to

be paid back over a number of years. Home-ownership rights for non-whites were withdrawn during 1968. The department stated that it would no longer be legal for non-white South Africans to lease or buy a house outside the homeland. Between 1968 and 1975 the right to lease property on a 30-year leasehold agreement was withdrawn (Soweto, 1980:132). Home ownership under a 30-year lease was reintroduced in 1975, but was only available to homeland citizens in 1976.

During 1978 the Urban Foundation was formed by the commercial and industrial leaders. The Urban Foundation and the Association of Building Societies secured the introduction of the 99-year lease. The scheme had various advantages with a decrease in the housing backlog as primary objective, the scheme aimed to make private sector finance available to the blacks. The scheme also aimed to encourage the employers to assist their workers to obtain adequate housing units. The scheme also had some negative aspects. The initial and monthly expenditure increased and the occupant faced loan repayment that exceeded the rent payments. Security of Tenure was still a major concern for the occupants as the legislation on the units was not clear. The existing shortage of housing for low-income households in South Africa influenced by the rules and regulations that were introduced during the apartheid period. The fact that blacks were only temporary residents of South Africa has led to the creation of the existing housing backlog.

## THE HOUSING PERIOD 1980 - 1993

One of the first major charges during this period was the adoption of a new constitution in 1983. According to the new Constitutions housing would now become the responsibility of the Home Affairs Minister. Various housing acts were adopted by the Home Affairs Houses of Parliament (De Loor, 1992:64). Black housing now fell under General Affairs, then referred to as the Department of Constitutional Development . The repeal of the Group Areas Act can be seen as one of the major changes that took place after the publication of the 1986 White Paper on Urbanization. All citizens could now move freely within the boundaries of South Africa. The blacks were seen as permanent residents in areas outside the homelands, self-governing territories and Trust land area. This change encouraged home-ownership to a large group of South Africans who were previously excluded from the ownership in the Republic. The Independent Development Trust capital subsidy scheme was introduced during the first half of 1991. This subsidy would only apply to sites that were sold for the first time. A subsidy will only be granted to a first-time property owner, who has not received a subsidy previously. The subsidies were paid to the developer and not the beneficiary. The payment to the developer was only paid after the site was transferred to the owner. The National Housing Board was established on 13 December 1993; this board aims to operate five principles namely :

1. Sustain ability
2. Freedom of choice
3. A holistic approach to development
4. Consensus policy-making
5. Commitment to respective responsibilities

This could also been seen as the first representative body that will make decisions about government funding for low cost housing and the non racial allocation of funds.

## THE EXISTING HOUSING CONDITION IN SOUTH AFRICA

Kane-Berman (1990a:49) stated that a number of factors contributed to the current housing shortage which are:

1. Previous uncertainly over the status of urban blacks
2. Inefficient financing of low-cost housing
3. Limited resources available to supply the housing
4. Limited participation of the private sector
5. The absence of an incentive to own a housing unit.

These factors has resulted in the major present housing problems in urban areas. The present major problems are:

1. Housing shortages
2. Inadequate physical conditions
3. Distance from metropolitan centres and place of work
4. The monotonous and undeveloped environment
5. Lack of investment opportunities and on inadequate tax base
6. Rental that are to high for many households
7. Lack of choice
8. Insecurity and the adoption of a r ssive role

(Morris 1981:134).

## E. MINE HOUSING PRESENTLY

The way in which blacks workers are accommodated in mining towns in South Africa differs in a number of ways from what one would expect to find in a free market situation. The differences may be listed as follows:

1. Most accommodation is for "single" migrant workers with families living elsewhere, most companies appear to have adopted a policy of introducing more family accommodation which might change the present situation.
2. Housing is usually provided free-of-charge and is regarded as a "perk" of the job, often the quality of a worker's accommodation is related to his status within the company.
3. The houses or hostels are owned by the company, therefore no investment by the workers in the houses that they occupy.
4. The accommodation is built to relatively high standards, particularly on the new mines.
5. Housing is provided by the company for the worker, in other words, the worker exercises very little discretion or initiative with regard to his housing
6. The capital cost are financed exclusively by the company with the conventional financial institutions such as the building societies playing no part.

7. Recreational and eating facilities are usually found nearby although access to comprehensive shopping facilities is often a problem (Bowden B G, 1980).

## HOUSING SUBSIDIES SCHEME IN SOUTH AFRICA

According to the Government Gazette (RSA, 1996 : 5), the government is responsible for the creation of opportunities and favourable economic conditions that will enable all South Africans to obtain housing units within their means. The government had four major subsidies options for low cost housing:

1. Individual Subsidy
2. Project Linked Subsidy
3. Social Housing Subsidy
4. Consolidation Subsidy

## SUBSIDY DETAILS

(See Figure 11).

Because of the housing strategy which the low-income groups (miners) can use to house themselves, we will discuss only the social housing subsidy which is suitable for the miners to use to house them.

## F. SOCIAL HOUSING SUBSIDIES SCHEME

### WHAT IS SOCIAL HOUSING?

Social housing is a real way out for people who do not have enough money to buy their own houses. Workers can join together with other people to get help with housing, like a bank loan, or support from an employer, which they cannot get if they were an individual buyer. The idea behind social housing is a non-profit one. The housing units are never for sale on the open market, every month residents pay an amount they can afford in order to live in the housing. Social housing means an organization or institution, owns the housing not an individual person. Sometimes a group of people came together to form a co-operative to buy or build a property together. And sometimes an organization like a church or specially formed company will buy or build housing which they rent out. Because residents are not renting from a private landlord the rent is lower and more affordable for the poor. Ownership by institutions can take on a number of different forms, such as trust, housing association, a section 21 company , and housing co-operatives. People can collectively own a piece of land and the own their houses on the land or people can collectively own the land and the building and pay individual rents. People rent the housing from the institution that owns the housing. Residents (people, who live in the house) have a say in how their housing is run, and in same social housing plans the residents can over time get same form of ownership of their housing. Residents have security to stay (security of tenure) as long as they pay the amount agreed on every month, because residents take a collective part in setting up, and running, the housing there is a concern with decent standards of housing acceptable to everyone who lives there. Social housing institutions can often get bank loans where individuals cannot. Then they can "on-lend" to residents or members of the institutions. In this way these institutions create "kinder" loan conditions which also give a little more space for people who sometimes

## SUBSIDY DETAILS

| MONTHLY BENEFICIARY INCOME | SUBSIDY AMOUNT |
|---|---|
| Up to R800.00 | R15 000.00 |
| R801.00 to R1500.00 | R12 500.00 |
| R1 501.00 to R2 500.00 | R9 500.00 |
| R2 501.00 to R3 500.00 | R5 000.00 |

FIGURE 11

cannot pay up for a period of time for their housing. Social housing institutions can develop a wide range of housing types from upgrading a place that residents live in now (like a hostel) to a single houses, flats, serviced sites, and rural housing (NUM Housing Policy Section 9).

## DIFFERENCE BETWEEN SOCIAL AND PRIVATE HOUSING

Private housing always aims for "financial benefits". The primary goal of any private housing development is to make profit, the goal of a social housing is mainly to service the needs of a population over and above making profit.

## SOCIAL BENEFITS OF SOCIAL HOUSING

1. Sharing with others
2. Community involvement
3. Empowerment
4. Community control

## DIFFERENT KINDS OF SOCIAL HOUSING

There are many different kinds of social housing institutions. Here are three useful models:

1. Housing Association
2. Community land trust
3. Housing co-operative.

## DIFFERENCE BETWEEN INSTITUTIONAL AND INDIVIDUAL SUBSIDIES

The main difference between the institutional subsidy and the other forms of subsidy is that the institution will get the subsidy and the subsidy will not be permanently registered against the names of individuals. This means that individuals can live in a social housing scheme and get the benefit of affordable accommodation, but can still move out and get the benefit of the individual subsidy at a later stage.

The government subsidies will not be enough for the institution to buy property or build houses. The institution will still have to get a bank loan, but when the subsidy is allocated to the institution it can then try to raise loan finance on favourable terms. Social housing institutions can take out bulk loans from banks to add to the subsidy. This means the institution could borrow, for example , R5000 per housing unit from the bank as a single loan. The bank could give a lower interest rate because the costs of administering a single loan on all housing units is small. The institution can then pass on the benefits of low interest rate to the residents. Because of the government subsidy the institution would need a loan to build each housing unit at well below the minimum home loan of R10,000. For example, monthly repayments on a R5000 loan is about R90 per month; compare this to about R180 for a R10,000 individual loan, both over 10 years.

Any institution may apply for a subsidy provided it has a written constitution. But the main object of the institution should be to get, hold and develop property. Institutions should have long-terms ownership of the housing units unless there is an agreement for residents to buy units in the long-term. Contract documents for the institution must state under what condition and procedures. People living in social housing units must have long term "rights of tenure". This means that if residents pay the amount due to the institution regularly, they cannot be removed from their home. The institution must show that it is financial viable and that it has a plan to build up reserve funds, manage the institution, and ensure maintenance of the property. The property must be properly insured so that it can be repaired or replaced if there is a fire or other damage. The institution must meet the legal requirements of the provincial housing board if the institution has to be wound-up for any reason. After the subsidy is approved, if the project is approved, the institution must make the following arrangements for payments of subsidy money:

1. The institution must enter into a subsidy agreement with the Provincial Housing Board (PHB)
2. A list of all the occupants must be compiled so that the names can be included on the national computer database as social housing occupants
3. Government will make payments to the institution in stages, depending on the "milestones" of progress of the project. The property must be registered in the name of the institution. The institution must propose the milestones for the progress payments to be paid out
   (NUM Housing policy document section 5).

## CONCLUSION

In conclusion, we will look at different models of social housing and come up with the best model of social housing which can be used to house low-income miners in South Africa.

## 1. HOUSING ASSOCIATION

In order to qualify as a housing association a body must satisfy all the following three tests:

(a) It must be a society, body of trustees or company.

(b) Its object or power must be, or must include the construction, improvements or management of houses or hostels or the facilitation or those activities.

(c) It must not trade for profit or if it does, its constitution or rules must prohibit the issues of any capital with interest or dividend exceeding the rate for the time being prescribed by the Treasury. (There may if derived, be a differentiation between share and loan capital).

## CHARACTERISTICS OF A HOUSING ASSOCIATION

A housing association is a type of private company which owns and develops housing. It works in the same way as a landlord who rents housing, but a housing association does not make a profit. Its goal is to provide affordable, decent housing. The housing association provides the social housing and takes care of the loans and finances.

A housing association can own houses or flats and rent them out to workers. Residents rent their houses from the housing association.

They must stick by the rules that have been democratically decided by the housing association.

Residents have security of tenure, they can stay there as long as they pay their rent and meet the other responsibilities. An example of a social housing in South Africa can be the church organization which rents out flats for people at a low rent price.

## 2. COMMUNITY LAND TRUST

The land trust target people squatting on government land. The community land trust negotiates with government to remove the land from the market and the community land trust take ownership of the land. The community land trust allows individuals to become owners of a house while the community land trust retains ownership of the land. This gives security of tenure to people who cannot afford housing.

### CHARACTERISTICS OF A COMMUNITY LAND TRUST

(a) A community land trust owns the land, individuals own their own houses and rent the land.

(b) The aim of the community land trust is to keep housing affordable and available for members of the community.

(c) If an owner wants to sell his or her house, there are restrictions on the selling price. This is in order to keep the house affordable for future generations. But it is also to repay the owner for any money or labour into the house.

(d) Community owns the land through membership in the community land trust. A land trust could be set up by a number of groups in the community, union, civic association, individual, company. The larger community is involved and large benefits from the housing.

(e) Residents, as owners, do their own repairs and maintenance of their houses.

## 3. HOUSING CO-OPERATIVE

People who need housing can join together to form co-operative to provide housing for themselves. Co-operative members work together to organise housing, each member pays a fair share of money towards the costs. Members of the co-operative then have an equal say in how their housing is controlled.

The application of the co-operative principles to an ongoing housing co-operative is, in theory, fairly straightforward. No member owns an individual house or flat, but he is an equal shareholder in the co-operative society which owns the whole development. Such plans here is defined as the difference between revenue from members and outgoings (mortgage repayments, running costs, etc) and can be produced by deliberate budgetary policy and/or saving made by members carrying out the repairs, maintenance etc. themselves.

A general meeting of member assisting the development of other co-operatives, providing amenities for the whole stare (e.g. baby creche), and distributing to members according to the fourth co-operative principle.

From these three models of social housing the best model for low-income miners is the housing co-operative. The mine workers through their trade unions and housing forums which are set up in the mines of South Africa, can form a housing co-operative. In the following chapter we will look at housing co-operative as the best social housing model for low-income mine workers in South Africa.

# CHAPTER 4

# HOUSING CO-OPERATIVES

The purpose of this chapter is to present Co-operative Housing as an alternative for low- income housing provision in South Africa (mines), as outlined in the Chapter Two that most miners in the low grade cannot qualify for market-related housing because of their low income, co-operative housing can be a housing strategy which their can use in order to house themselves.

## HOW CO-OPERATIVES WORK

## INTRODUCTION

### A. WHAT IS CO-OPERATIVE HOUSING?

A housing Co-operative is a group of people who own their housing together. The housing could be flats or houses, forming a housing co-operative is one way for groups of people who are too poor to buy their own housing, to became owners, owning together means everyone living in the flats or house has a share in, and equal responsibility of the housing. Normally a housing co-operative conform to the basic principles of the international co-operatives Alliance, with their key principle being "one member one vote". Owned and managed on a democratic basis, membership is usually limited to adults living in the co-operative, members elect the board of the co-operative management which approve the budget and financial statements, and generally set policies. In some cases, people on waiting list may also became members and have same rights of participation. However housing co-operatives usually discourage sub-tenancy to non-members as this may weaken the community.

The formation of a housing co-operative is a serious step, it is likely to affect the whole future lives of the participants and also those of their families, the first point to be considered is what kind of housing is required or desired? Do people want to build houses which in the end will became their own unrestricted property, which they can sell, mortgage, sublet, divide, rent out or even pull down and rebuild. Do they already own building sites, or does each one want to choose his own site from those available on the market? Or do they prefer to acquire a single site and plan a settlement or housing estate on which all the members will live together. The answer of course may depend not only on the wishes of the members but on the availability of land, the terms on which it can be acquired and the availability of services such as road, drainage, water supply and electricity. No housing enterprise can even reach the planning stage unless land is available (Digby 1978).

### B. DEFINITION OF A HOUSING CO-OPERATIVE

A co-operative has been defined as a legally incorporated group of people, generally of limited means, pursuing on economic purpose in which membership is voluntary and control in democratic way. Members make are approximately equal contributions to the capital required, and any profit is distributed among them in proportion to the business they have done with the co-operative. A housing co-operative fulfils these conditions:

1. It is incorporated, that is to say, it is a legally recognized body with power to do all those things which could be done by an individual carrying on his own business.

2. It is democratically controlled, each member having one vote, no matter what the number of his shares.
3. Members make an approximately equal contribution to capital on which they receive a fixed rate of interest.
4. Profits are not distributed as with most co-operatives in proportion to member's business with the co-operative, but they are still used for the general good of the membership and not for individual gain.
5. Membership is voluntary and members may retire if the organization ceases to meet their needs.
6. The organization has a social purpose principally the provision of good housing at low cost and is not a profit-making undertaking, neither is it government institution.

Voluntary and spontaneous formation, group responsibility, equality of rights and duties, common ownership, permanent or temporary, and common services are the marks of the housing co-operative (Digby ,1978:2).

## C. THE HISTORY OF HOUSING CO-OPERATIVE

The very first experience in formal consumer co-operative is that of the Rochdale pioneers in 1844. This collective was formed amidst the increasing deprivation of industrialization. The purpose was to pool resources and to then engage informal business for the benefit of all members. The Rochdale beginnings are in many respects insignificant, because the actual development of large scale schemes like this did not occur at this place (Ward, 1985). The uncommitted state reaction to provide financial resources, technical assistance, legal and administrative framework have resulted in retarded growth of cooperatives in England. (Hands, 1775 : 112). The source for low income housing continued to be the public sector, so that only 2% of the total housing stock in the mid 1970's, were built co-operatively (Lansley 1976, 189). After Rockdale the idea of cooperative housing first spread to Denmark (1850) and then to the rest of Europe, all within approximately twenty years later. The real advantages of co-operative housing schemes was however to be discovered only after and during the two world wars. The acute housing crises and shortage of state resources were to motivate government to rely on the creativity and initiative of local groups. The first housing association was then the Stockholm co-operative housing association of 1915. The example of this association was to inspire the Swedish government to employ this strategy on a large scale, after the Second World War. A three tier institutional system was subsequently created and this is what their respective functions were:

### 1. NATIONAL CO-OPERATIVE BODY

Providing technical, legal, financial and economic services.

### 2. LOCAL CO-OPERATIVE ORGANIZATION

Mobilizing savings, organizing planning, building and management activities housing society who owns the estate (Hands, 1975 : 49).

This development of a specialized frameworks was encouraged by the mobilization of large subsidies, in the form of cheap capital and the tax exemption for participants (Guhr 1983).

The development of co-operative housing frameworks were exported from its original European origins to many parts of the world, including the third world. For example Lewin's (1976) study addresses the prospects of this kind of strategy for self-help schemes in African with relative success. The expertise available at present does not only came from various government but also from international aid agencies, like the co-operative housing foundation. In fact, an international forum for continued discussion of the co-operative strategy exists, called the co-operative Alliance. At the 1966 gathering the consensus was that the most important traits of successful co-operative were those that provided member education, different levels of intervention and services, and financial assistance (Guar, 1983). From the international experience, the contribution of a Nepalese team Arichanya and Anson (1980: 251) on the practical implication of people's involvement, is of importance to Guar (1983). People's involvement is said to be involvement :

1. In decision making
2. In project and programme planning and implementation
3. Through sharing benefits, and
4. By community monitoring or development project.

(Guar, 1983 : 86).

So then there are many examples of successes and failures. The long-standing tradition of housing delivery and consumption in the cooperative way, has led to a number of publications summarizing lessons to be learnt in prospective environments, like Swendan.

The fundamental indicators of successful co-operative were found to be those that promoted decentralized growth , ie

1. Enabled the development of autonomy
2. Provided only a very basic co-operative framework
3. Encouraged member involvement and
4. Planned for continuing member education.

## D. WHY FORMING HOUSING CO-OPERATIVE?

The principal value of co-operative housing would seem to be that there are, in all advanced societies, a large number of people who may not be able to provide their housing completely unassisted, but are still in a position to make a substantial contribution to that end. Such people may not need or wish for municipal or state houses. It may be recognized that their accommodation should not be a charge on the taxpayer, at least not in full. They may not, indeed, be legally eligible for subsidized housing. The state and the taxpayer may however, be prepared to accept the slight risk involved in guaranteeing on loan from a financial institution run on normal banking principles or for the small charge incurred in reducing the rate of interest on the loan, or in raising the permitted rent payable to the co-operative. Such limited contributions can be used in a cooperative housing project to produce a quite disproportionate volume of new housing, built to a (standard which should be acceptable for many

years to come (Digby, 1978 : 82).

## E. CO-OPERATIVE HOUSING POLICY

Compared to other forms of formal housing, co-operative are said to be less costly, less personal and less regulated (Digby 1978). This kind of living arrangements have been accepted in a large number of countries, Digby's (1978) definition of a standard housing co-operative is that it is a "legally incorporated group of people, generally of limited means, pursuing an economic purpose in which membership is voluntary and control is democratic".

The nature of business of a housing co-operative is therefore very specific and precise. Co-operative housing is very different from other housing forms not only in its appropriate philosophical attributes, but also because it has very concise implications and condition to be fulfilled. The legal and institutional makings of a housing co-operative are then fore exact. This does not mean that all co-operative function in exactly the same manner. The most important making of such an institution is that it is initiated by voluntary and spontaneous formation, it function on group responsibility, promotes equalities of rights and duties , and is commonly owned. The life span of the group can be temporaly or permanent. The arrangements for maintenance, administration and management usually differs as well (Hands, 1975; Digby ,1978). Housing co-operatives are generally considered to be consumer co-operative, where the ties of common workplace and working conditions are used to organize the erection of domiciles (Hands, 1975). Hands (1975) list three kinds of housing co-operative, as well as the arguments for and against each type. As three varieties are listed below, it will be realized that these two principles are the controversial ones. In terms of low-income housing and keeping the cost low, in particular some forms of co-operatives seems more advantageous. These are the different kinds of housing co-operative.

### 1. MARKET VALUE

In market value co-operatives members are allowed to sell their portions at market rates, considered favourable because it conforms to private enterprise. Members can expect market value returns and this acts as a hedge against inflation. It is also found that in such instances earlier members do not subsidize later entrants. The disadvantages are that the principles of open membership and non-profit is violated. Speculation is set to occur which leads to the systematic exclusion of low-income households.

### 2. MORTGAGE REPAYMENT

This kind of arrangement provides for a member to repay what he or she has paid. The principle of non-profitability is kept intact, in this way, as speculation is controlled. This mechanism, however, discourages continued investment into the property and there is also no equitable way known to refund departing members.

### 3. PAR VALUE

In this case it is expected from members to sell their share back to the society. The intention is to prevent

speculation. In the experience of this kind of cooperative, it was found that the initial payments tend to be smaller and the administrative system simple. However, the inflation aspect is not catered for, and earlier members are not compensated satisfactorily (Hans. 30-36).

Historically, it would seem that the smaller societies are for more manageable and tend to be less bureaucratic and less inflationary in this regard.

## F. FINANCE FOR CO-OPERATIVE

McGuide (1981) scanned the international environment in the same way to find mechanism to accommodate the marginal section of a population. *This is his summary* : "A housing finance can accommodate marginal home purchasers in several ways without resorting to direct government subsidies. Some of the alternatives are:

1. Reduce the size of the loan needed
2. Reduce the interest rate
3. Lengthen the repayment period
4. Provide for graduated repayments (Mc Gurre, 89).

### 1. FINANCE

Houses are costly possessions for many people they are the principles investment of a life time. A Co-operative which set out to build houses must from the very beginning think in terms of quite large finance expenditure. This need not all come from the members, at least at the outset, but unless adequate funds are likely to be available from some source, and on reasonable terms, it is useless to go any further with the project. This means that careful enquiries must be made from the very beginning both as to the amount which members are able and prepared to contribute and as to other sources for funds. In the main these will be loans, long and short term, and it is necessary to know for what period they will be granted, what interest they will carry and the kind of security for which the lenders will ask . Whether the co-operative proposes to build individual house which will in the end become the sole property of members, or to be let to the members as tenants the method of financing is in fact very much the same (Digby 1978:35).

### 1.1 MEMBER'S CONTRIBUTION

The foundation of co-operative housing finance is the member's contribution. This may be built up in various ways. In some counties, the member begin by paying a small entrance fee. Sometimes there is an annual subscription. More often, he/she takes up a share which may be of a nominal value or may be fairly substantial. Where the free or share is small, it is nearly always linked with a regular savings schemes, and the member may always linked with equator savings scheme, and the member may not be eligible to receive a house until his savings have reached on agreed figure. The time required to meet this point may be calculated to match the time which he will have to wait before a house can be build and made available to him. In most countries the liability of the member for the debts of the co-operative is limited to the nominal value of his share. The member's

contribution, when they are in the form of a fee, shares or deposits, always bear a fixed relation to the expected total cost of the house or flat which he will occupy. It may be as low as 3% or as high as 30%. It is nearly always lower in the case of a tenancy co-operative, usually between 5%and 15%, but a good deal higher, very rarely below 20% in those which build houses for eventual ownership. The proportion is also lower for small, economically build houses with a minimum of facilities, and higher for those which are larger, more elaborately equipped and presumably required by people with relatively high incomes. At this point it should be made clear that most members of housing co-operative have to take up shares or make savings deposits before they became eligible for a house and usually well before building has even begun. This applies only to co-operatives of which the members are intending house occupiers. Tenants who are allocated houses or flats built by trade unions or consumer co-operatives do not have to pay anything until actually enter into possession and form their local tenant's or owners (Digby 1978:35).

## 1.2 LOAN CAPITAL

All housing co-operative works to a considerable extent on borrowed capital. In a number of countries borrowing takes place in two stages. The first loan is for actual building and is usually at short term, for a year or eighteen months at most. It may be obtained from a private bank or a co-operative bank, or an insurance company or a local authority. The interest in most cases is likely to be fairly heavy, as the housing co-operative has nothing to offer in security except the members subscribed share capital, in addition to the value of the site, provided it is the freehold property of the co-operative. This is not always the case, and leasehold is not such good security. There are two answers to the problem of collateral.

1. The government may be prepared to guarantee the loan to the lending bank on other institution, alternatively in countries with mature housing co-operatives themselves have built up a national fund, known as a credit fund or a national savings and building fund, for the express purpose of making short term loans to member co-operatives. As soon as these loans are repaid, they can be lent again to another housing co-operative or for the initiation of a new project in the same co-operative. The fund is in fact what is known as a "revolving funds". As soon as a building is actually in existence, the second stage of financing can begin. This is the negotiation of a long term mortgage loan which is used to pay off the construction loan and is itself paid off over a long term of years by the co-operative on behalf of its members. The loan may be divided into first, Second and third mortgages. It may be borrowed direct from the national or local authority, from state savings bank, from private credit institution such as a social insurance funds or a building loan societies.

## G. SUBSIDIES

Direct subsidies are unusual, but are available from same government e.g . South Africa. Sometimes provision is made for a remission of the last instalment of a government loan, up to 20% of the total provided previous instalments have been promptly paid. This is a form of subsidy deferred to a fairly remote future. Subsidies may

be available for the housing of special groups such as workers income low, large families, the physically handicapped or the aged. A subsidy may also be paid not as a substitute for part of the loan, but as a way of reducing what would otherwise have been a high rate of interest.

REPAYMENT OF LOANS

The period allowed for paying off a loan on a co-operative housing scheme varies a good deal between different countries. Repayment is usually in equal instalments, but various forms or relief may (not) be offered in the first few years. State loans and subsidies, in most countries are special institution has been set up with the objective of providing government loans for housing purposes. Loans are in some cases supplemented by subsidies.

RATES OF INTEREST

The rate of interest on loans is usually low if it is from a government source. It may be kept low by a subsidy when it came from another source. If should be repeated that all the loans and other forms of support described above, are given to the co-operative as a corporate body, not to the individual member. It is the co-operative which is responsible for the payment of interest and amortization, and it continues to be so responsible even if members die or abscond, leaving debts unpaid. There is no single system of financing a co-operative housing scheme. In each country it is necessary to explore the sources of loans and the available lending institutions and discover the most advantageous way of proceeding.

H. LEGAL REQUIREMENTS

In nearly all countries housing co-operatives are registered in corporatised bodies with power to buy, sell, own and mortgage property, borrow and lend money, sue and be sued, in the same way as a natural person (Digby, 1978:2). It is not required that common or civil law be adapted to facilitate the societies to conduct business with the external environment. These laws are also required to enforce co-operative rules, formally agreed upon by the participants in terms of the co-operative principles. These are the two main objectives of a legal infrastructure (Digby, 1978 : 17). General housing law, especially ordinances would still apply, however (Gar, 1983 : 73).

1. CO-OPERATIVE HOUSING LAW

Formulating internal rules for cooperative is an important step in the life of the society.

2. CO-OPERATIVE HOUSING RULES

The formalization of co-operative laws of agreement is important because the culture of housing provision uses legality as a guarantee of liability.

As Lewin explains :

".....the legal framework is vital to the co operation of the housing co-operative and essential for the collective acquisition of land , procurement of construction funds, and the determination of rights, duties and liabilities of the members, the co-ops and the sponsoring agency. If the housing society were

not legally neither be able to perform its obligations towards the members, nor would the members be obliged by any agreement with co-ops".
(Lewin A.C, 1976 : 281).

I. The co-operative laws of most countries have a similar basic character. They have two objectives:

1. To provide for the incorporation and smooth working of a business organization.
2. To ensure that this organization acts on co-operative principles and is not carries on for private gain.

The fact that housing co-operatives are usually incorporated under a general co-operative law does not mean that they are not also subject to other legislation. Co-ops are voluntary associations which are regarded either as legitimating instruments of the state or agents to modify decision-making structures, because of the legal elements, co-operative are formalized as accepted institutions.

J. CO-OPERATIVE TASKS

The principles of co-operation subscribes to values of accountability, flexibility and teamwork. Hands has generated five (5) institutional necessities for co-operative .

1. Decentralized growth
2. Basic co-operative framework
3. Member involvement
4. Development of autonomy
5. Continuous co-operative education
(Hands 1973 : 63).

The organization of co-operatives constitutes not one formal body, but a range of institutions. The most important sub-organization are:

1. The General meeting (as the highest authority)
2. The Management Committee
3. The institutions of the project
4. The occupancy agreement.

In addition, like every organization, co-operatives are run on procedures an administration, while the General meeting is arguably the ultimate source of power, in the experience of AC Lewin power is determined by the leadership and the sponsorship (Lewin 1976:56). Another important issue to resolve is what exactly contributes on enabling of facilitating environment, AC Lewin has identified same necessary constituents for the environment with which individual co-ops interacts, he says effectiveness and successes of an integrated servicing organization are determined by the existence and availability of :

1. A legal framework
2. A programme which allocates well defined goals to the promoting agency

3. An active government policy
4. Housing financing system and institutions
5. Trained staff and urban building land

(Lewin 56).

Principles that the constitute The tasks of a cooperative organization are to materialize cooperative in the following practical way:

1. Organize potential project participants into co-ops
2. Provide information on project outline, financial obligations and technical details.
3. Identify uses priorities in different project components
4. Provide feedback to the housing agency
5. Assist in payments procedures
6. Offer technical advice on construction, materials and other technical elements
7. Organize maintenance of communal facilities

(Guhr, 1983 : 102).

There are three (3) other organizations constitute the formal aid that is necessary to support a co-operative system effectively which are:

1. Technical Service Organization (TSO)
2. Credit Mechanism (CMS)
3. Building materials production centres (BMPC) (Lewin 1981).

## FINDING AND DEVELOPING A SITE

As soon as a housing co-operative is formed, possibly even before it is formed, it is necessary to secure the possession or at least the assured long-term use of a building site. This may well be the necessary condition of securing a loan. The older housing co-operatives went out in to the property market and bought land wherever they could find it, provided it was suitable for building and the price was within the means of their members. In a number of countries an approved housing co-operative may receive land free, at a concessionary rate on a long lease from national or local authorities.

## BUILDING AND CONTRACTING

There are two main system with some local variations. The co-operative, or more often a federation of co-operatives may itself undertake the whole process of planning , designing and building. Alternatively it may confine itself to making a general plan, employ a private firm of architects to make the detailed design and finally put the actual building operation out to tender. Before the housing co-operative is prepared to enter into a contract with a building firm, it will find it prudent to ask for several tenders and compare them carefully.

## SUPPLY OF MATERIAL AND EQUIPMENT

Several national co-operative housing federations even if they employ contractors to undertake the actual building, may still undertake the bulk purchase or manufacture of building material and fitting.

## OCCUPATION

The running of a housing co-operative is as important as the actual building. There must in the first place, have been a good choice of members. Their economic position, their ability not only to pay their share on admission, but to go on paying over a long period of years is important. The social acceptability to one another is important. So is the readiness of at least a considerable number to take active responsibility for managing the affairs of the co-operative. There must be a certain measure of discipline which all can accept. The system of management must ensure that the financial obligations of the co-operative are met, that the fabric of the building is maintained, and its outward appearance remains creditable. At the same time, all the reasonable needs and wishes of the members must be fulfilled as far as is humanly possible. There must be security of tenure but also some means by which membership can be relinquished without loss to the member or the society (Digby 1978).

## ALLOCATION OF DWELLING

Some co-operative housing projects are exactly planned to accommodate the member, generally rather few in number, but whom it has been formed. Housing co-operatives with "open" membership, however usually have a waiting list of people seeking accommodation, some of whom may have been waiting for a long time. There may also be many other houseless people who would became members if they knew more of the co-operative or if there were chance that it could house them in any reasonable period of time. In this type of co-operatives, and in countries where the pressure for housing is severe, even desperate, it is necessary to devise a method of allocation which is fair to all, simple and easily understood.

## TENURE

In the case of houses which are in effect being bought on hire purchase by the member from the co-operative, the member does not enter into complete ownership, either freehold or leasehold, until the loan is paid off. In the mean time he is subject to certain restrictions. In Hong Kong examples, flats cannot be mortgaged while the loan is outstanding, nor can they be assigned on sublet without permission, no lodgers, other than members of the family many be received. To prevent speculation, it may be laid down that co-operatively built houses may not, be alienated in less than six (6) years from the date of occupation. Elsewhere, if a member wishes to sell or left his house less than ten (10) years after he took it over, he must first offer to sell it to the co-operative, and only sell to an outsider if the co-operative is unwilling to purchase. The co-operative further takes any profit from sales to a third party of from sub-letting. In many countries houses on which there is a mortgage may only be alienated with the permission of the co-operative and not at a profit. In Switzerland even transfers to members of the owner's family are subject to the co-operative's permission. In those co-operatives in which the ownership of houses remains permanently with the co-operative as a corporate body, the member usually receives a life tenancy

or permanent right of occupation (Digby 1978 : 55).

## TRANSFER OF DWELLINGS

Many people otherwise attracted by the ideas of co-operative housing are concerned as to rights and interest should they be compelled to move, perhaps because their work has move, to some other part of the country. How much of the capital they have invested in their house will they be able to recover? Will they be in any better position to secure accommodation in the place to which they are going than if they had not been a member of a co-operative? Will they have any say in the choice of a tenant to succeed them? If their absence is likely to be no more than temporary, will they be able to sub-let? What will happen when die? In particular, will the surviving partner of a marriage be able to remain in his or he home? If co-operatives aiming at house ownership for their members, the position does not differ materially from that of any owner of a mortgaged house, though the co-operative may want to interview the new occupier to make sure that he is solvent and otherwise acceptable, and there may be restrictions on sale for profit and subletting. The problem only really arises in an acute form in the case of co-operatives for permanent tenancy. To take first the case in which a member dies, in most countries members are allowed to leave their right of occupation by will, though legatees are sometimes restricted to near relatives, and in some cases the consent of the co-operative is required. As regards transfer during a member's lifetime, members are free to leave a housing co-operative at any time, but the transfer of a dwelling from a resigning member to a new member calls for the approval of the co-operative or in practice, of the committee. In Sweden, the procedure is that the retiring member sells his rights to a successor, who has been approved by both the "daughter" and "parent" co-operative of which he is a member. The price may cover the original capital payment and the payments towards the amortization of the loan which he has already made, but not the interest nor any other charge. In Norway on the other hand, the member who is leaving may recover the amortization which he has already paid, as this is regarded as rent. If the interior of the flat or house is bad repair, a deduction, assessed by a tenant's committee may be made to cover the cost of repair and redecoration (Digby 1978 : 58).

## MAINTENANCE

In most housing co-operatives the co-operative is responsible for maintaining the fabric of building as long as they remain co-operative property. In most European countries tenants, and those who are in course of hire, purchasing their houses, are responsible for interior decoration and minor repairs, through this may be at the decision of the co-operative, or it may retain the right of occasional inspection and the execution of neglected repairs at the tenants's expense.

In tenants co-operatives in many countries fix their own rents, they cover the interest and amortization of the loans which the co-operative has contracted, plus the cost of managing the property (Digby 1978 : 62).

## TERMINATION :

As already noted, there are two forms of housing co-operative, "terminating" and "continuing". A terminating

housing co-operative is one in which loans, expert advice, perhaps bulk purchase of materials enable the members to build their own houses and pay for them over a fixed period, when payments have been completed and the houses are legally in the full possession of the members, the co-operative is wound up. The law and the rules provide a simple procedure for this operation, which must be include the payment of any debt which the co-operatives as such may still have out standing and the disposal of any assets which remain in its hands, such assets may distributed on an agreed system among the members on more frequently, transferred to same other organization, providing low cost housing. It should not be assumed that all co-operatives which aim at house ownership are necessarily wound-up on the transfer of the last house to its owner. Some remain as being in order to administer the common services or amenities of the settlement and to give members a chance of exchanging views on how it should be conducted. If financial responsibilities are reduced, and its power over its members is less, but it may still have useful work to do.

The aim and purpose of a tenancy co-operative is to be permanent and maintain indefinitely the joint ownership and management of a housing project. It is recognized, however in the co-operative law or rules of several countries, that there are circumstances in which the member of a housing co-operative may wish or be compelled to wind up its affairs. It may be in financial difficulties through bad judgement or circumstances over which it has no control, and may be unable to meet its obligation. The members may have lost interest or there may be deep divisions among them, though there does not in fact seem to be any record of such occurrence. On the other hand, the co-operative may through change in land values and shift of population, find itself in possession of property valuable out of all proportion to the payments made by members. In such circumstances they may be tempted to realise the accrued value, through a speculative sale, the dissolution of the co-operative and the distribution of its assets to the members . This is not the purpose for which it was formed or for which it received aid from public funds. In several countries these possibilities have taken into account in the law and in the rules of the co-operative.

In particular, there are provision to prevent the speculative sale of co-operative property. Co-operative must remain permanently in operation and that the site and the building on it must continue to be property of the co-operative. In the case of houses put up by a co-operative of building trade workers the position is rather different, since the trade union may not wish to remain in the position of landlord indefinitely, it is provided, therefore that the property must not be transferred to private ownership but must pas to the local authority should the cooperative been wound-up. Alternatively, in some countries it may be transferred to a co-operative formed by the tenants (Digby 1978).

## ADVANTAGES OF CO-OPERATIVE HOUSING

Lewin (1976) promotes the idea of cooperative for full scale implementation in leaser developed countries for the following reasons: -

1. Co-operative schemes have led to the creation of integrated urban communities, where the standard of

living has been raised in general .

2. The autonomy of internal control "assigned" to co-operative societies and their supervising bodies, haveled to prevention of speculation and illegal transfer of houses.
3. Because of a collective system of finance and repayment, the danger of defaults are being reduced significantly.
4. Collective ventures like these also allow for the mobilization of savings and other self resources, decreasing, reducing the amount of resources needed for housing programmes for the national aggregate.
5. With the accumulation of experience, it was found that there was a continual improvement in the operations of co-operative housing programmes.

The following two conclusion can be made about the advantages of co-operative housing.

1. Co-operative housing developments can alleviate a housing crisis effectively.
2. This is a mechanism for planned economic growth.
(Hands, 1975 : 27).

DISADVANTAGES OF HOUSING CO-OPERATIVES MAY INCLUDE THE FOLLOWING:

1. They require considerable effort and commitment from the members, if this is lacking the co-operative will experience problems.
2. They require individual to forego possible personal gain so that the members as a whole will benefit.
3. The same types of co-operative, members do not have individual title to their own houses.

## K. CO-OPERATIVES IN SOUTH AFRICA

The specific target for which housing co-operative is being aimed is the very large low-income group. Successful incidences of co-operative housing are those where the financial stimuli and rewards were not in short supply. According to the collected opinion there is a number of reasons why co-operatives ought to be considered for in South Africa (mines), and the following were some of the reasons (Pietersen F 1990 : 47) :

### 1. CO-OPERATIVES PROMOTE EQUALITY

At root of much of the housing struggles (and the wider struggles ) is the demand for political say (Hendler, 1989b) co-operatives not only promote political equality but also economic equality. The historical deprivation from the social goods is placing a strain on the society to address such inequalities.

2. Various professionals working in the low income communities of South Africa, especially in informal settlements and creativity exercised in such environments with further assistance (financial, institutional and technical ) it is expected that such ventures could be encouraged to perform with greater success. The Jubilee initiative report (1990) also comments on the resourcefulness and the financial capacities of these

marginal households.

3. There is also an opinion that the informal propensity to save and to pool resources recognized in the very many informal savings clubs (Coetzee, 1989) a "stokvels" needs to be optimized.
4. Although South Africa has experienced reduced levels of economic growth (Lee and Schlemmer 1989) there is very little reason to belief that the level mastery and skill in this country is under-developed (UF 1990).
5. Although the financial, legal and especially the institutional demands are profound, the degree of development of housing delivery and administrative skill in this country is quite extensive. The level of competency is beyond the usual third world capacity.
6. Although co-operation is a life sustaining necessity and is not activated by merely formal decree, co-operative housing schemes and other formal ventures do not work automatically, the major issues any society would have to address foremost is the factor of finance to mobilize towards initiation of sustained cooperative housing programmes. Subsequently, the term of finance would demand alterations to the framework of housing delivery and by implication it therefore necessitates reconception of legal and institutional matters. The criteria of financial, legal and institutional re-organization were found to be universal in their demands. Other housing factors like land, local government, and so on are more context specific.

How can the mine workers use institutional subsidy and co-operative housing strategy through trade unions to build houses for themselves?

In South Africa, because we do not have any housing co-operative law, the co-operative housing board member can use section 21 Company Act to register as a non-profit organization. The structure which can be used by the mine housing co-operative is this one.

## AFFORDABLE HOUSING STRATEGY FOR MINE WORKERS IN SOUTH AFRICA

Co-operative housing strategy using institutional subsidies scheme. (See Figure 12).

## CONCLUSION

The co-operative housing board can get land from the local government, the mine owners can buy land in the existing township. The local government through participation within the co-operative will be responsible for infrastructure. The housing co-operative board can buy the existing hostels and start to develop this structure to family flats. Because housing co-operative members are working, the housing co-operative board can appoint a private company to rented served for its members. In South Africa there is a company called Cope which renders service to housing co-ops or collective housing as known in South Africa.

There are various theoretical planning approaches which we will look at in the following chapter and we will come up with a suitable planning approach for housing the mineworkers.

AFFORDABLE HOUSING STRATEGY FOR MINE WORKERS IN SOUTH AFRICA

Co-operative housing structure using institutional subsidy

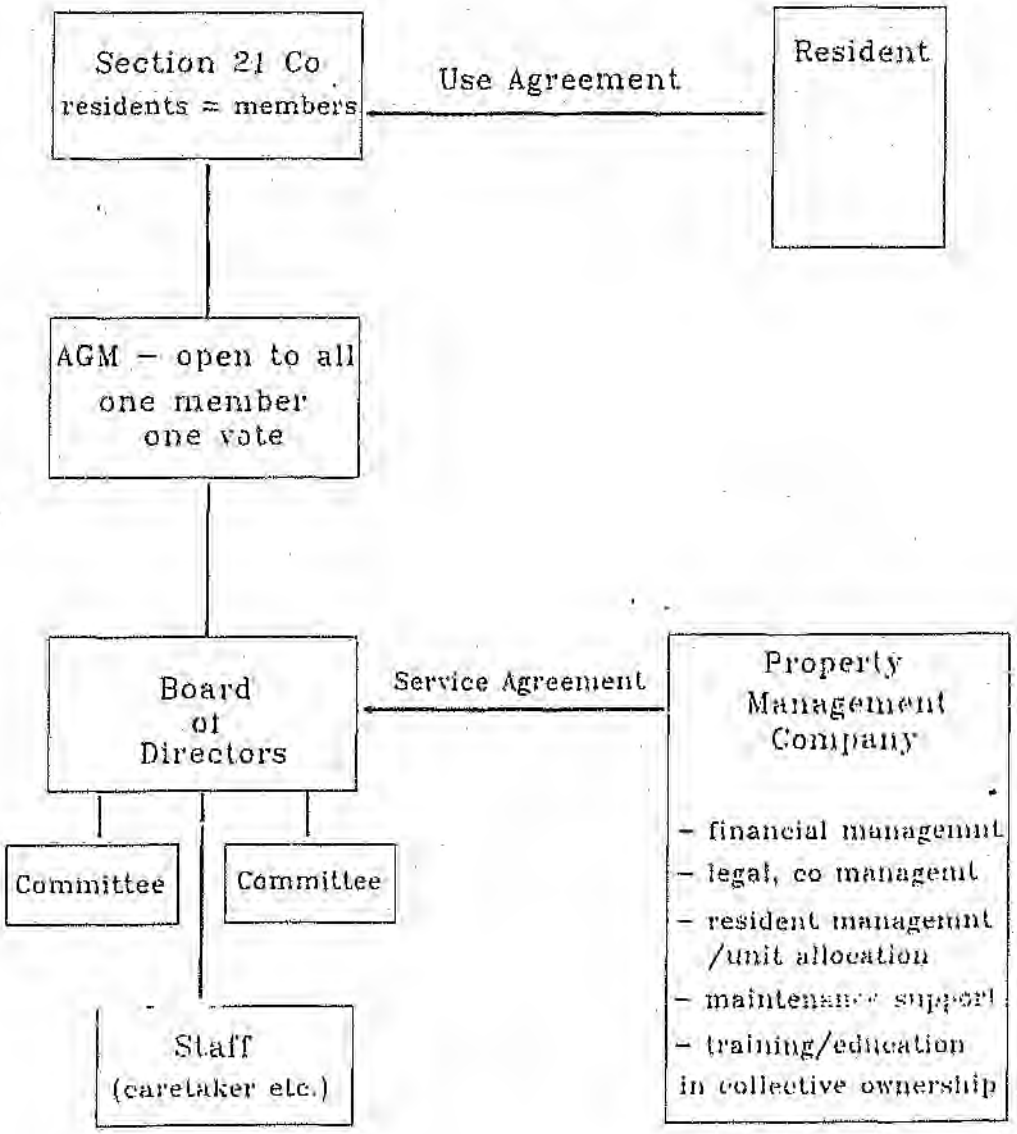
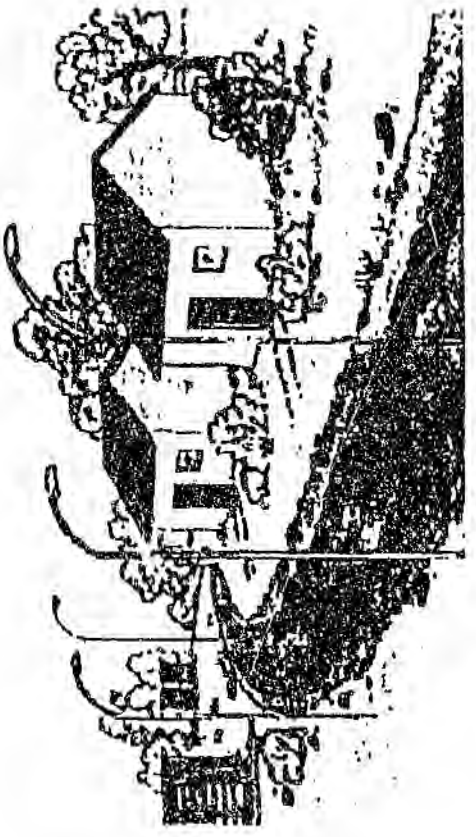



FIGURE 12



# CHAPTER 5

# PLANNING APPROACH

## A. INTRODUCTION

Having discussed in Chapter 4 a housing co-operative strategic for low income mine workers in South Africa, the aim of this chapter is to look at different planning approaches which have been developed to assists the planner in decision-making. This chapter will also seek an planning approach which is "appropriate" for Housing Co-operative. Firstly we will look at the concept of Planning.

## 1. THE CONCEPT OF PLANNING

The term planning may be defined in various ways, each conveying particular images of what planning is :

1. "Concerned with deliberately achieving some objective, and it proceeds by assembling actions into some orderly sequence" (Hall, 1976, p.4)
2. "A process of determining appropriate future action through a sequence of choice" (Davidoff & Reiner in Faludi , 1973, p.11)
3. "A continuous process which involves decisions, or choices, about alternative ways of using available resources, with the aim of achieving particular goals at some time in the future" (Conyers & Hills , 1984, p.3)
4. "The control feature of the very concept of planning is often seen as that of ....." a plan, which will formally consist of one or more goal statement that are successively reduced to more specific policies, programs, and project, all spaced out over a limited period of time and related to sets of priorities, standards, investment needs and financial arrangement (Friedmann, 1966)
5. "Planning may be simply regarded as reason acting on a network of ongoing activities through the intervention of certain decision structure and process or planning may be considered as the guidance of change within a social system" (Friedmann, 1967, p.346).

Despite the many definitions available of planning some consensus exists in that planning is viewed as an activity involving the responsibility to take decision. "After all planning should modify its method to accommodate the changes that have occurred in society from time to time" (Muller 1992).

B. Having established that planning is a decision-making mechanism with the aim of achieving certain goals by resource allocation in the future, through a sequence of actions, we can identify certain characteristics of planning.

## 1. PLANNING AS A RESOURCE ALLOCATION

Since resources are scarce and finite, planning is concerned with making decisions on how "best" the available resources can be utilized. Furthermore, the quantity and quality of resources will affect the course of action to be taken, as well as determine the range of alternatives available and which of those are most likely to be adopted. As planning involves resource allocation, the collection and analysis of data concerning the availability of existing

resources, becomes an important component in planning which serves as a mechanism of "distribution" and "reasoned decision making" (Davidoff & Reiner, 1973).

## 2. PLANNING AS AN ABILITY TO ARTICULATE CHOICE

In a society characterised by scarcities, choices have to be made about the way resources are to be allocated (how, when and who). Not only scarcities, but personal preferences and time constraints make it impossible to provide everyone with everything all at once. Planning therefore involves making decisions about possible courses of actions to adopt by making choices. President Nyerere in Conyers and Hills (198 _t emphasises planning as a means to choose by quoting "planning means choosing between many desirable activities because not everything can be done at once"

## 3. PLANNING AS A MEANS OF ACHIEVING GOALS

Goals, or what is sometimes referred to as "ends", are specific directions or destinations (terminal states) which the planner wishes and aims to accomplish. Thus planning becomes a means of achieving the goal. The concept of planning being a mechanism of achieving goals, may sometimes pose problems. This is particularly true when goals are usually too vague and inadequately defined. For example, the goal to "encourage economic growth", is not solid enough and offers no specific end. In this instance planning/decision-making would have to be incremental in approach, i.e. this means the planner uses the vague goals as a starting point and hopes that with time and more information available, the situation becomes clearer. In the First World politicians prefer vague goals as they can more easily claim to have achieved them (Diana Cuyers and Peter Hills, 1984, pages 3-8).

## 4. PLANNING AS A PROCESS

Planning should not only relate to deciding what courses of action are to be followed to achieve a particular goal, but also relate to deciding the sequence in which the various activities should be performed to proceed in logical manner towards fulfilling that goal. In Faludi's words, planning "is a set of procedures which might be used by a planning team in formulating rational programmes" (Faludi, 1973, p.261).

## 5. PLANNING AS A FUTURE ORIENTATED ACTIVITY

Planning as being a future orientated and dynamic activity, is manifested in that it involves making projections and predictions into the future, and choosing an appropriate course of action. It also is an "end" directed/goal-orientated process, which implies the scheduling and sequential arrangement of activities to proceed in an orderly and logical way towards achieving the goal. The fact that it is not possible to predict exactly what is to happen in the future, means that planning involves a degree of uncertainties. (Diana Cuyers and Peter Mills, 1984).

## C. PLANNING THEORY

Having emphasised that planning is a decision -making exercise, and in the words of Muller (1992), planning is "a decision-making modus having practical applicability in the real world" it requires an approach. We will look

at different approaches to planning.

1. THE BLUEPRINT APPROACH

In a blueprint approach the planner is characterised by adopting a process in order to attain objectives with certainty (i.e. preconceived solutions). As a result of this certainty the planner has no need to consider any alternatives and thus no evaluation procedures are required. Similarly, no feedback mechanism is required as modifications during implementation are not anticipated.

The blueprint approach also referred to as "master planning", is primarily based on land-use allocation and is linear in nature (See Figure 13). Even though data is undertaken quite comprehensively, no clear problem statements are made and thus difficulty exists in ranking them. Furthermore, the success of a master plan is measured by the degree to which reality can be made to conform to the pre-conceived solution (Drake M, 1992).
Figure 13 ; Blueprint /Master plan Approach.

CRITICISM OF THE BLUEPRINT APPROACH

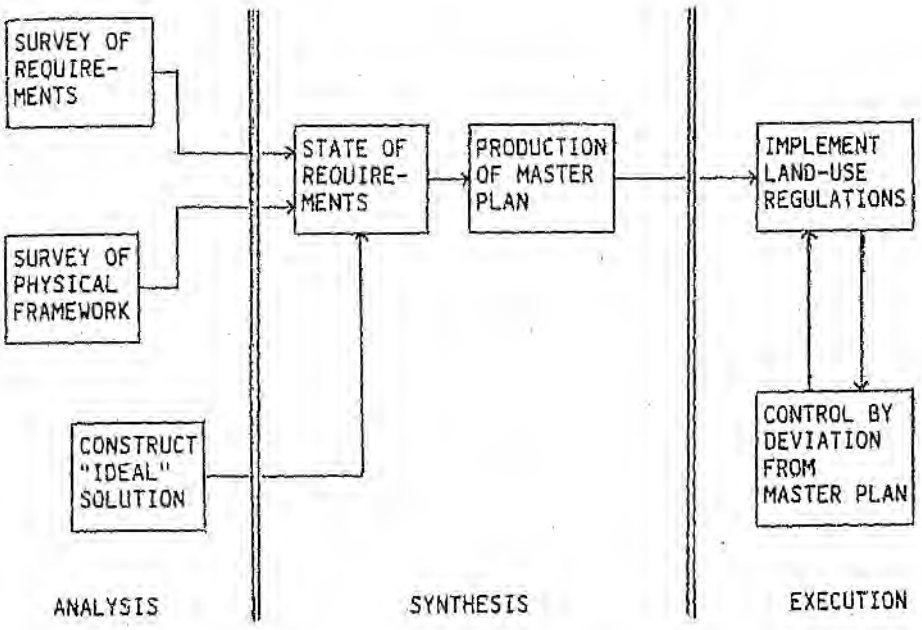
ADVANTAGES:

1. Where certainties are evident (not very often the case ) no alternatives are necessary, ie, no time-consuming alternative generation and evaluation procedures are required.
2. It operates within a framework of bounded rationality, as means and ends are pre-determined (Drake, 1992).

DISADVANTAGES:

1. Is an unrealistic and inefficient approach. Too many uncertainties exist that make it impossible to plan without anticipating later modifications.
2. Is inflexible in nature as no review or monitoring mechanism is available to account for changes that might occur during implementation.
3. Is time consuming and expensive as it relies on vast and detailed amounts of data to forecast and base objectives on certainty.
4. Public participation is minimal as public opinions are rarely considered. The process is thus unable to accommodate for changes in local values.
5. Is a long linear process, that by the time it is completed, it is outdated.
6. The approach is non-cyclical, thus not allowing for continuous updating.
7. Is biased towards the physical component, thus not attempting to be at all synoptic and comprehensive.
8. Due to the assumption of certainty the approach employs only a limited and simplistic range of techniques (Drake, 1992).
9. It is "elitist" in that it is conceived by a "selected few" and serves a narrow or limited sector of the community (Drake, 1992)

Figure 13 Blueprint/Master Plan Approach




(Source : Prinsloo I, Decision-making in Urban Planning, 1971)

## 2. THE RATIONAL-COMPREHENSIVE APPROACH

The Rational-Comprehensive approach dominated the planning field for decades and its requirements are as follows:-

1. A general set of values expressed as goals and objectives.
2. Generation and examination of all alternatives open for achieving the goals.
3. The prediction of all consequences that would follow from the adoption of each alternative.
4. The comparison of the consequences in relation to the agreed set of goals and objectives, and
5. The selection of the alternative whose consequences correspond to a greater degree with the goals and objectives (Camhis, 1979).

This approach also requires a high degree of comprehensiveness, namely:

1. To satisfy not only one goal, but all goals of the various interest groups represented in society.
2. A complete set of actions is required to achieve a future desired state.
3. Examination of all possible alternatives open to a decision maker and all consequences deriving from each alternative.
4. Equal importance to all elements of the area concerned, i.e. examination of all the elements in the same detail.

Although many models/processes have been developed over the years under the heading "rational comprehensive planning", all have one thing in common, namely all agree that there is a general structure of goal formulation, alternative generation, alternative evaluation and implementation and control.

Figure 14 : A general rational-comprehensive process (adapted).

### CRITICISM OF THE RATIONAL-COMPREHENSIVE APPROACH

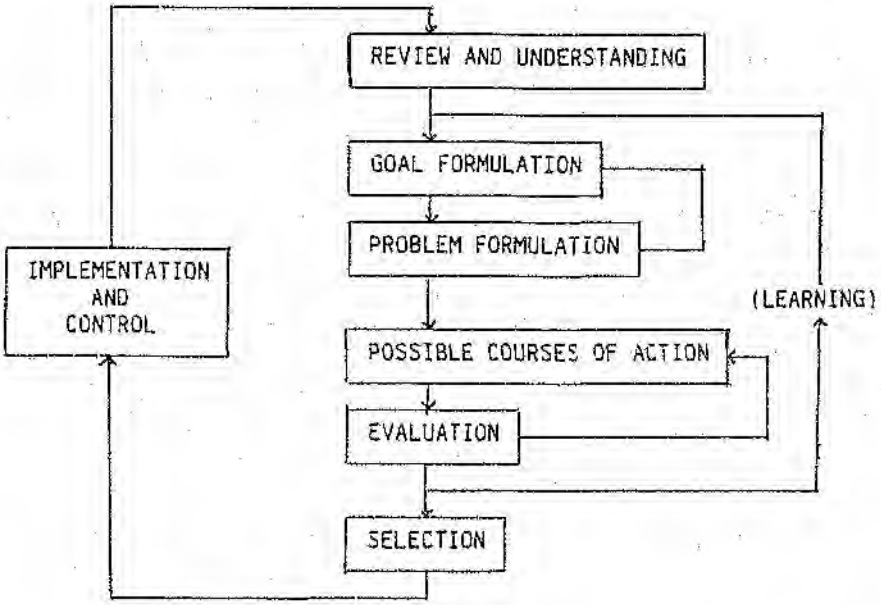
**ADVANTAGES :**

1. Has some degree of flexibility in considering more than one alternative.
2. Is a synoptic approach which covers a wide range of problems by conducting a thorough collection of data.
3. Considers alternative solutions for a short, medium and long term nature.
4. It is responsive to new data, by acknowledging and relying on monitoring, project evaluation and feedback.

**DISADVANTAGES :**

1. It is impossible to look at all alternatives since it is impossible to conceive and deal with all the alternatives, i.e. there are limits to the human intellectual capacity (Lindblom in Faludi , 1973).
2. Information is often inadequate or unavailable to be able to generate all alternatives (Etzioni in Faludi, 1973).
3. It becomes costly to generate all the alternatives and evaluate them.
4. The naive assumption that there is a consensus over goals. It is difficult to prioritise goals as problems

Figure 14 A general rational-comprehensive process (adapted)




(Source : Reif B, Models in Urban and Regional Planning, 1973)

and preferences are continuously changing (Etzioni in Faludi, 1973).

5. It tries to separate consideration of means and ends by assuming that once goals have been specified at the initial stage, they do not need re-working or altering.

## 3. THE DISJOINTED-INCREMENTALIST APPROACH (Lindblom C, 1959)

Disjointed-incrementalism is merely an alternative decision-making approach which arose as a result of an attack on the rational-comprehensive methodology. It may be characterised as the "branch" method of planning, as opposed to the "root" method of rational-comprehensiveness. The "branch" method of incrementalism continually builds from the current situation step-by-step and in small degrees, whereas the "root" method of rational-comprehensiveness starts with the fundamentals and builds from the ground up.

Figure 15 : Incremental model of decision-making.

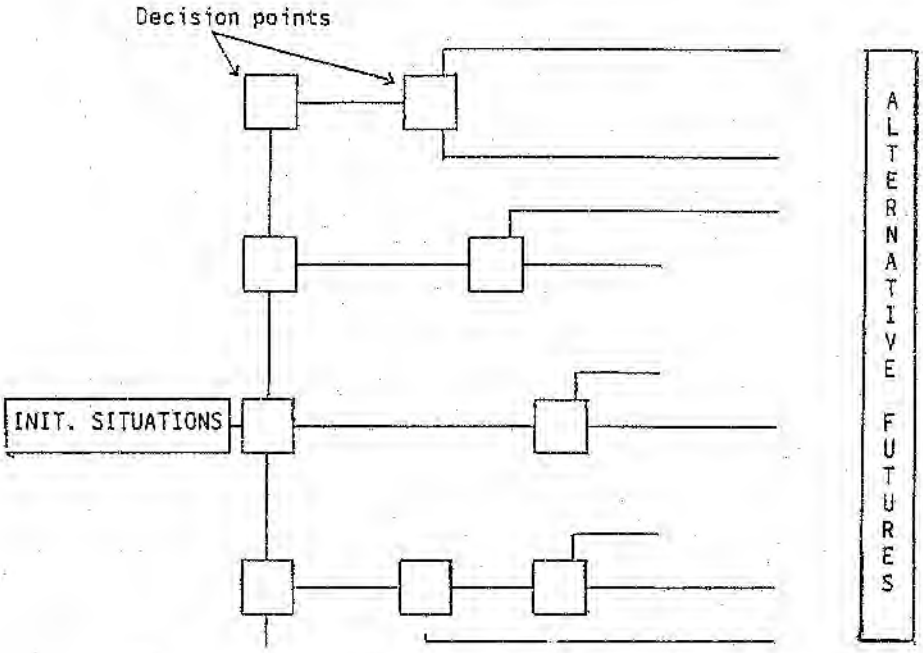
Lindblom was the first notable proponent of the disjointed incremental approach, and he outlined six primary characteristics of his model, which were based on market decision-making:

1. Margin-dependent choice - the decision-maker concentrates only on those alternatives which differ marginally from the status quo.
2. Restricted variety of alternatives considered - only a small number of alternatives are considered for which there is adequate information available. This economises the need for facts and directs the decision-maker to the relevant facts,
3. Restricted number of consequences considered - only a restricted number of "interesting" consequences are considered for a given alternative, while others are deliberately avoided.
4. Re-definition of problem - the problem is constantly re-defined and made manageable as incrementalism allows for countless modifications of ends and means. In this way, relatively small changes are affected in successive steps rather than in giant leaps, as constant analysis and evaluations allows for marginal adjustments to the problem.
5. No "correct" solution - there is no "correct" solution, but merely a continuous attack on the problems at hand. The test of a "good" alternative is the agreement on it, i.e. not having to compromise with opposing ideologies.
6. Decisions taken are remedial - decision-making is based on problem-solving rather than on goal-orientation.

   (Lindblom, 1959, Etzioni, 1967)

Lindblom developed an approach based on two principles, namely limiting the area of rational choice (as it is impossible and time consuming to consider all alternatives), and decisions are made in a disjointed-incrementalist manner on the basis that decision-making in a pluralist society is on the basis that decision-making in a pluralist society is made by different people.

Figure 15: Incremental model of decision-making




(Source: Lindblom in Muller, From Survey to Strategy: Twentieth Century Developments in Western Planning Method, 1992)

CRITICISM OF THE DISJOINTED INCREMENTALIST APPROACH

ADVANTAGES :

1. Only a limited number of alternatives are considered, thus reducing time, costs, and required data.
2. Choices made are marginal in that the decision-maker only considers those alternatives which are similar to the status quo.
3. Goals are adjusted to what is feasible, i.e. ends adjusted to means which are least costly.

DISADVANTAGES :

1. It is conservative and "elitist" in nature, as the decision taken reflects the interest of the most powerful group in society (Camhis, 1979).
2. It is anti-innovatory, as future decisions do not deviate greatly from the present/status quo (Camhis, 1979).
3. It is descriptive as it merely describes how society is and ought to be in the future, i.e. no actual process was developed by Lindblom.
4. Problems are not completely solved but merely alleviated, as only short-term problems are solved, while long-term/indirect impacts are not taken into account.

## 4. THE MIXED SCANNING APPROACH

Mixed scanning is essentially the accommodation between the rational-comprehensive and disjointed-incrementalist approaches, which incorporated elements of both while avoiding their shortcomings, i.e. incrementalism serves to reduce the detail required in making fundamental decisions, and rationalism helps to overcome the conservative characteristics of incrementalism by exploring long-term alternatives (Etzioni in Faludi, 1973).

Decision-making adopting the mixed scanning approach is seen to take place at two levels, namely at a fundamental level (which is "all encompassing" level which absorbs the overview and formulates values and goals), and at an incremental level which is derived from the fundamental decisions and revised after they have been made (i.e. this highly detailed level will examine problems closely and formulate objectives ).

Etzioni (1969) outlined the mixed scanning strategy as constituting of the following steps, which the decision-maker should follow :

1. On strategic occasions:
   a) List all relevant alternatives
   b) Examine briefly the alternatives and reject those that reveal a "crippling objection"
   c) Continue at a finer grain until only one alternative is left
2. Before implementation :
   a) Divide implementation into steps

b) Start with the least costly and most reversible implementation decision.

3. During review of implementation: .
   a) Scan at the broad level after the first group of incremental decisions have been made
   b) Where difficulties arise incremental areas, scan at a finer grain
   c) Scan the "whole" area for review,
4. Criteria are to be formulated with reference to the allocation of time and other resources among the different levels of scanning.

It can be clearly seen from figure 15 below, that incremental decisions are made within the context set by the fundamental decisions (i.e objectives are derived from goals ). Etzioni retains the element of rationality by requiring the all alternatives be examined. However, not all alternatives are examined in the same level of detail.
Figure 16 : Mixed scanning approach

CRITICISM OF THE MIXED-SCANNING APPROACH

ADVANTAGES :

1. Scanning, at a broad or detailed level, depends on the allocation of time and other resources (money, expertise, equipment, and so on) available, thus making the process flexible.
2. The process is not necessarily time-consuming, in the sense that even though all alternatives are examined they are not done on the same level of detail.
3. This approach offers choice, as modifications can take place at a fundamental or incremental level, i.e. it is not necessary to begin the process from a new.
4. This approach takes costs into consideration , as it starts implementation with the least costly course of action.
5. It is sensitive and reactive to changes (environmental or human ), i.e . different levels of scanning for different intensities of change.
6. Accepts the elements of risk involved in actions, thus allowing for modifications at an incremental or fundamental level if the chosen course of action proves undesirable.

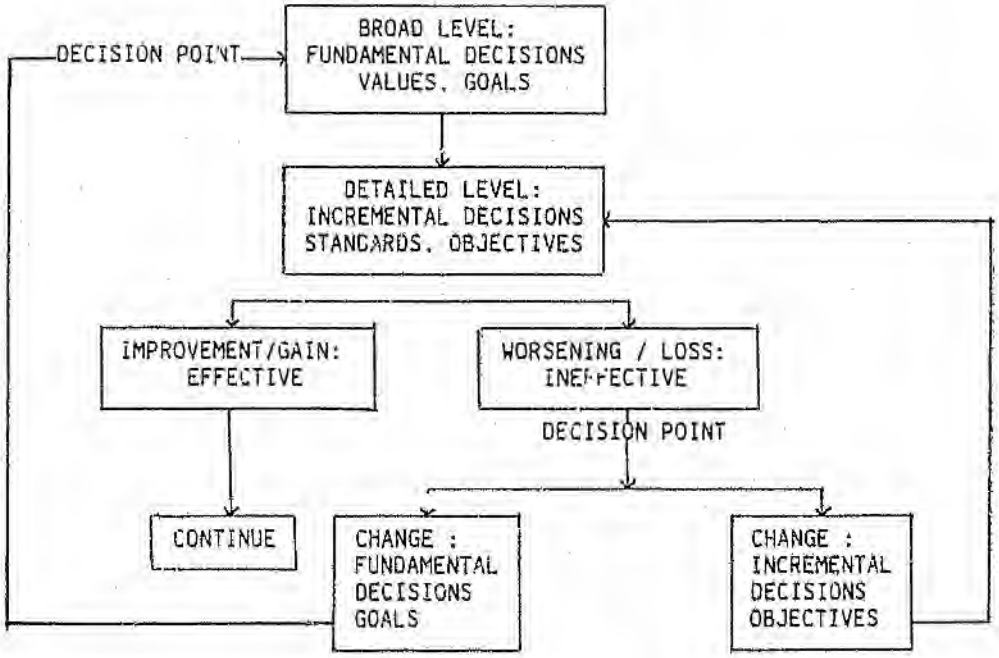
DISADVANTAGES :

1. The process can be costly during implementation, i.e. required that scanning be done at three levels, namely fundamental, incremental and overall.
2. The process is value-laden and "elitist" as only "good" alternatives are considered, which do not conflict with the values and interests of those whose support is essential for decision-making.

5. THE STRATEGIC CHOICE APPROACH (Dekker & Mastop (1979)

The strategic choice approach was developed by the "Institute for Operational Research" as an attempt to answer

Figure 16 : Mixed scanning approach




(Source : Camhis M, Planning theory and philosophy, 1979)

the problems of making decisions, expressing choice (preference), selecting explanatory actions as well as immediate commitment (short-term action), and exposing uncertainties.

The strategic choice approach promotes decision-making only when those decisions are absolutely necessary at the time, thus emphasising immediate short-term action. Other strategic choice characteristics include the process acknowledging and attempting to deal with uncertainties by re-defining the problem, re-generating and re-evaluating alternative (this is made possible by the various feed-back and feed-forward loops in the process). Similarly, the process is cyclical allowing for continuous updating, and the decision-maker to become familiar with the problem through a sequence of successive rounds of problem definition, evaluation and so on. Furthermore, strategic choice emphasises a process of continuous choice involving the evaluation of alternatives against the goals or objectives which depict the desirable end state.

Figure 17 : The process of strategic choice

Dekker and Mastop, who worked on the application of strategic choice in Dutch Planning Practice, developed the following process of strategic choice planning.

1. Problem definition - identifies relevant issues, called "decision areas", for a planning problem.
2. Structuring - looks at a limited number of "decision areas" for which goals and objectives are generated.
3. Alternatives - for each "decision area" all options are listed.
4. Evaluation - involves the choice of the "best" alternative.
5. Uncertainties - strategic choice accepts that, although the "best" alternative is chosen, certain uncertainties still prevail. It is thus necessary to be able to redefine and/or re-structure the problems and regenerate and/or re-evaluate alternatives.
6. Commitment - refers to the decision-maker being committed to his/her decision by implementing the decision chosen.

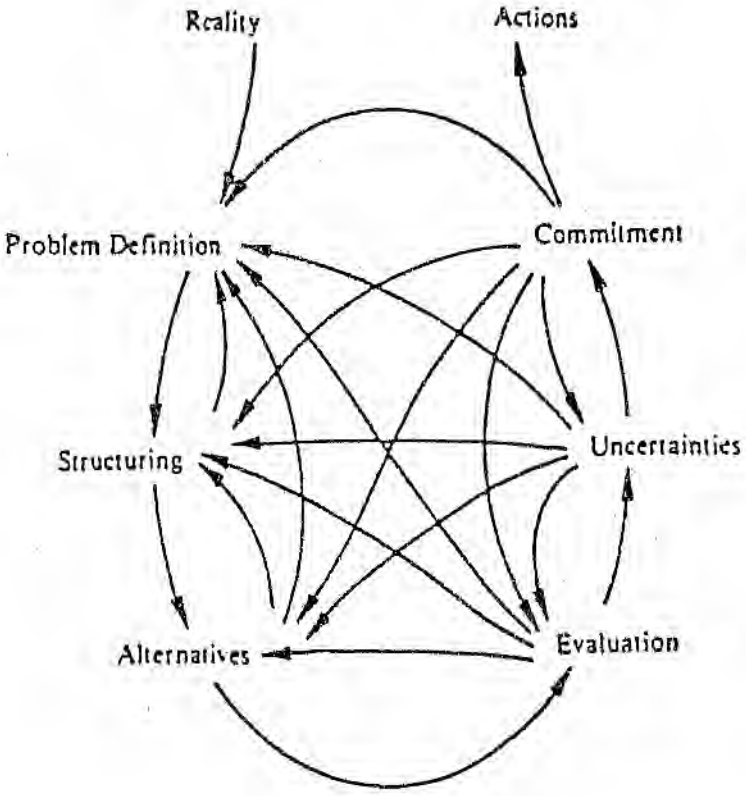
At first glance the strategic choice process could be mistaken for the rational-comprehensive approach, as the sequence of actions are similar, however, the strategic choice differs in that it is problem-solving orientated (opposed to being goal orientated), a continuous process which can shift emphasis (from health as an objective to job creation, depending on the problem priority), constant feed-back mechanism are available at every stage for the modification of actions (this means there is no need to start the process again), and is both short- and long-term orientated.

## 6. CRITICISM OF THE STRATEGIC CHOICE APPROACH

**ADVANTAGES :**

1. Strategic choice approach treats planning as an open-ended process, thus being functional rather than descriptive.
2. The concepts of the process are easy to grasp.

Figure 17 . The process of strategic choice




(Source : Dekker F and Mastop H, Strategic Choice : An Application in Dutch Planning Practice, 1979)

3. It stresses minimising survey and data collection by collecting data as and when it is available (Van Straenbergen, 1990)
4. Strategic choice approach is flexible as it allows for the "shifting of the problem focus", as problem priorities do not remain static but change, depending on the problem intensity and nature.
5. The process is cyclical allowing for continuous updating.
6. The process accepts uncertainties and attempts to minimize them by allowing for continuous feed-back (re-definition of problems, re-evaluation of alternatives, and so on).
7. The process is flexible and robust allowing for immediate modifications.

DISADVANTAGES :

1. The process is plan-action - plan oriented. This sequence may not always be appropriate, as in the case of the third world countries which requires immediate actions to its endemic crises.
2. Associated to the plan-action-plan sequence is the time factor, i.e. not appropriate for immediate short-term planning.

## 7. ALLOCATIVE PLANNING

Allocative planning is the assigning of resource increments among competing uses. Typically, this is the task of national planning institutions and, for many people, it is the only task with which planning should be properly concerned. There are four characteristics of allocative planning which can help us to define this planning process.

1. **Comprehensiveness.** Allocative planning must be comprehensive with respect to at least the following (a) The interdependence among all of the explicitly stated objectives of the system (or subsystem), (b) The inter-dependence in the use of all available resource of the system (or subsystem) and (c) The influence of all external variables on the setting of intermediate targets.
   Comprehensiveness has become a preoccupation with allocative planners. They believe that their special contribution to social decision-making derives mainly from their ability to manipulate a comprehensive set of variables and objectives and to acquire, as a result, a point of view that necessarily coincides with the interest of the system (or sub-system) as a whole, that is, with the public interest. Their close association with executive power reinforces this conception of themselves. Thus, far from being mere experts, neutral with respect to value, allocative planners will often defend a set of value propositions as essential to the survival and well-being of the system (or sub-system). Since the concept of a public interest is difficult to maintain, however, especially in pluralistic or in nonintegrated societies, the powers of allocation planning are often resented by groups whose partial concerns are threatened by an insistence on public values arrived at independently of any political process.
2. **System-wide balances.** The optimality criterion, the basic norm for allocative planning, requires a balance among the variable components of the planning system. The model with which allocative planners customarily work is necessarily in equilibrium. Thus, planning investment must not exceed the

capacity to invest, total imports must not exceed projected exports, employment gains must not be less than the increase of the labour force, electric energy production must meet projected power consumption. It is a question of determining the right magnitudes as the targets of the economic system. Accompanying a set of carefully worker out quantitative targets, is usually a text suggesting changes in existing policies that are thought necessary for their achievement.

3. Synthesis. Neither comprehensiveness nor systematic balance can be obtained without the aid of one or more synthetic models of the economy. These models allow study of the functioning of the system under quasi-experimental conditions as different conditions are considered and their implications are observed. The most common models include national economic accounts, input-output matrixes, simulation models, and econometric policy models. The models are abstracted from the institutional and legal framework of the economic system and from the person through whom the system works.

4. Functional rationality. Allocative planning is an attempt to be functionally rational in that the objectives of the system are supposed to be determined externally through a political process that does not significantly involve the planners themselves. Planning, therefore, appears as only a working out of the implications of public policy of norms established independently.

5. Implementation. The institutions charged with implementation of the plans must remain constantly aware of the need to carry out the policies and advance towards the targets of the models. Implementation, however, is not an independent step taken subsequent to plan making: The kind of implementing mechanism adopted will itself influence the character of the plan and the way it is formulated. The formulation and implementation of plans are closely interdependent process, so that the choice of one will in large measure also determine the second. For this reason, allocative planning will be either plan-oriented or process-oriented (J. Friedmann 1967, pages 357-359).

## 8. INNOVATIVE PLANNING

This appears as a form of social action intended to produce major changes in an existing social system. According to Neil W.Chaberlain, it creates "wholly new categories of activity, usually large in scale, so that the cannot be reached by increments of present activity, but only by initiating a new line of activity which eventually leads to the conceived result". Unlike allocative planning, it is not preliminary to action but a fusion or synthesis of plan-making and plan-implementing activities within an organizational frame. There are four characteristics of innovative planning :

1. Innovative planning seeks to introduce and legitimize new social objectives. Its central attention is, therefore, on the main points of leverage that will accomplish this task. By concentrating on only a few variables, innovative planners inevitably ignore large parts of the total value spectrum of the society into which the innovation is to be introduced. At the same time, only the most general consequences are considered, with attention to those which relate to expected structural changes in the system. The emphasis, therefore, is on the guidance of change through a selective repatterning of the influences on social action rather than on the multiple consequences of alternative allocations.

2. Innovative planning is also concerned with translating general value propositions into new institutional arrangements and concrete action programs. This difficult task usually falls upon a creative minority, which is basically dissatisfied with the existing situation. The organization of these groups, their self-articulation, and their functioning - until they themselves become subject to inevitable routinization may all be thought of as part of the process of innovative planning.

3. Innovative planners are public entrepreneurs who are likely to have more interest in mobilizing resources than in their optimal allocation among competing uses. They will seek to redirect financial and human resources to those areas which promise to lead to significant changes in the system. In contrast to allocative planners who strive for equal marginal returns, innovative planners seeks to obtain the largest amount of resources for their projects, even if this should mean weakening the purposes of competing organization. Innovative planners are only peripherally concerned with these other purposes, by weakening other parts of the system, they may even gain a temporary advantage for themselves and facilitate the process of transformation.

4. Innovative planners propose to guide the process of change and the consequent adjustments within the system through the feedback of information regarding the actual consequences of innovation, innovative planners are not, as a rule, interested in gradually modifying existing policies to conform to expected results. Innovative planners are more limited in focusing mainly on the immediate and narrowly defined result of the proposed innovation, and more ambitious in advancing a major project and labouring diligently to introduce it into society. Modification of this project will tend to occur only as a result of political compromise in the course of getting it accepted and the actual consequences of the policy in operation that suggest the desirability of changes in its original form. In place of experiments in vitro (through the manipulation of economic models ), innovative planners prefers the device of pilot schemes, where the utility of an idea can be observed in action. Innovative planning is especially prevalent in rapidly changing social systems. It is, in fact, a method for coping with problems that arise under conditions of rapid change, and it will tend to disrupt existing balances (J. Friedmann 1967 : 363-365).

## D. CONCLUSION

South African has been a colony of Britain , and all the planning approaches which have been developed in this country are basically from Britain, in the mining sector of South Africa labour was always secondary to production, that is the planning approach which have been followed by the mining sectors since the discovery of diamonds in Kimberley and gold in the Reef has been master plan approaches consider only with profit making. Accommodation for workers was based on mass production of hostels, and the mine workers had no say in the running of the mine. As we have look at the planning approach which can assist in developing houses for low income mine workers we can say that the above cannot be suitable for delivery of houses for mine worker. The last two planning approaches which we have discussed can help only if the mining sector of South Africa can see the need to have development planner in their industry, then as a planner one can chose between this two model

which one to follow. All of these models discussed above include community participation but community participation is secondary in their approaches. The best approach of planning which can be used in housing delivery for the low income miners can be participation. The major failure of the mining housing scheme is the absence of consultation and participation of the workers. In the following chapter we will look at participation as a planning method which is suitable for Housing Co-operatives.

# CHAPTER 6

## A. AN APPROPRIATE PLANNING APPROACH FOR MINER HOUSING

### 1. INTRODUCTION

In the last decades of the twentieth century, community participation has gained a momentum recognition as an integral part in the planning process. Despite its critics, the fact remains that major social project, like the housing of low income groups (miners) in South Africa cannot disregard the significance of participation in the planning process. This chapter discusses the concept of participation in planning theory, it looks at what is community participation and its relevancy in planning for low-income groups in South Africa (miners).

### 2. PLANNING THEORY INCORPORATING PARTICIPATION

The acceptance of public participation in the planning processes and problems with its application in practice resulted in the development of various approaches to planning. Most of these approaches aimed to strengthen the participation process. The following planning theory or approaches listed below have the potential to empower community through participation, Advocacy planning (Paul Davidoff), Permissive planning (Webber 1978), Mediation approach (Forester 1987), Transactive planning (Friedman 1973 ), and Promotive planning (John Muller). A common thread in all these approaches is the importance they all place on community participation, because of the housing strategy which the miners can use to house themselves (Co-operative housing) we will focus on community participation as a planning process, because of its emphasis on dialogue, reflection and critical thinking which are consistent with the objectives of co-operative planning, which seeks to empower members.

### 3. THE THEORETICAL BASE OF PARTICIPATION

### THE EMERGENCE OF PARTICIPATION IN BRITISH PLANNING

The principal causes of complaint about the decision-making process in planning, which contribute to the unfortunate image of the planners, that is communicated by the media, which have been the approval for major development without prior exposure of the proposals for public involvement/comment, the denial of a traditional property right in the interests of an anonymous public, the reluctance to reveal the magnitude or implications of proposals, the anonymity of the final decision-making caucus, and the duration between submission of an application and the receipts cause the planning process to be criticise. Most of these criticism point to the use of the comprehensive, elitist master plan approach to decision-making, in which the process proceeds along a path dictated by the expert with perhaps a preconceived plan in mind, and ignorance of the aspirations or preference of the client.

### A. PARTICIPATION AND PLANNING (1947-1968)

In the decision-making process commonly pursued by local planning authorities in this period, the principal points of contact for the public with that process were :

1. The public notice columns of the local press in which were publicised certain "bad neighbour" planning

activities on applications. The Act of 1962 gave the right to the public to submit written representations on the mat r to the local planning authority before a decision was reached.

2. The register of all applications for planning permission and c e decision made in respect of those s(9c4) and g.d.o 1950 article 12 required the register to be kept and to be open for public inspection.

3. The public notice columns of the local press, and the London Gazette, in which the local planning authority was required to publicise the submission of a development plan to the Minister, or of a review or of a partial amendment, in the public announcement, a period was specified within which any person could lodge and objection to the plan in writing to the Minister.

Although some acts of citizen participation were required by statute, or were derived from planning legislation throug a series of statutory instruments, and despite the specification of certain actions to be undertaken by local planning authorities, much of the interpretation of the regulations was left to local discretion (Fagence M 1977:260-261).

## B. THE PLANNING ADVISORY GROUP REPORT

The Ministry of Housing and local government set up the Planning Advisory Group in May 1964. The group cited amongst its main objectives to ensure that the planning system serves its purpose satisfactorily both as an instrument of planning policy and as a means of public participation in the planning process , to get the level of responsibility right (page :2). While the 1968 Act was being prepared, the Minister of Housing and local government set up the Skeffington Committee to consider and report on the best methods, including publicity of securing the participation of the public at the formative stages in the making of development plans for their area. The deliberations of the committee, which included the con eration of more than four hundred submissions of evidence or comment, and the benefit of discussions with selected bodies on draft memoranda, were published in the form of a descriptive report with a schedule of recommendation in July 1969.

In summary and in sequence, the recommendations were that:

1. The public should be given information
2. The public should be advised of the availability of information
3. Public comment and representations should be accepted into the planning process continuously
4. The local planning authorities should convene community forums
5. The efforts of publicity should be directed widely
6. Community development officers should be appointed to secure the involvement of the traditional non-joiners
7. Participants should be informed of the use made of their representations
8. Participation should have a diversity of expression, and
9. A general effort should be made to educate the public about planning matters and procedures. Many commentators have observed that the recommendations are scarcely innovative, that they largely express

con . . . mocratic processes and formalities, and that they conspicuously avoid the crucial and contentious matters of means, costs, time, delay, competence of the public to participate, and so on.

The Town and Country Planning Act of 1971, section 8 and 12, embodies the spirit of the Skeffington recommendation, requiring local planing authorities to take steps "as will in their opinion" who may be expected to want an opportunity to make representations "are made aware of their right and are given adequate opportunities to make representations (section 8 Town and Country Planning Act 1971 part 11.8).

The Minister has reserved the right (section 8(4)) and 12(4)) to require further publicity and public involvement in respect of plans submitted to him before he would be willing to consider them. In a different vein Shetly Arnstein (1968), an American planner, and scholars see participation not as holistic and comprehensive process as the Skeffington Commission, but rather as characterised by degree of decision-making involvement. In what she calls a ladder of citizen participation model, she identifies eight degree of participation. They are summarised as follows :
(See Figure 18).

## 4. DEFINITION OF PARTICIPATION

As defined by the Oxford dictionary, participation is the "action or fact of partaking or forming a part of "Majid Rahema as cited in the Development Dictionary (1992) argues that participation could be either transitive or intransitive, either moral or in moral, either forced or free, either manipulative or spontaneous. Transitive forms of participation are by definition, oriented towards a specific goal or target, while the intransitive forms the subject lives the partaking process without any predefined purpose, for example listening without necessarily seeking to achieve a particular objective. Participation may also acquire a moral aspect, according to the ethically defined nature of the goals its pursues. The World Bank distinguishes between direct participation and indirect participation. The former refers to input by the affected people over their development process. Indirect participation on the other hand refers to contributions by different groups external to the affected groups. Succinctly, participation can be said to be a two way communication process which involves promoting full understanding of the process and through which the problems and needs of the public are discovered. Considering these various forms of participation, it is really difficult to define what true participation is.

## CHARACTERISTICS OF PARTICIPATION

1. Participation is considered as a voluntary contribution by the people to one or another of the public programme, supposed to contribute to National development, but the people are not expected to take part in shaping the programme.
2. Participation includes people involvement in decision-making processes, in implementing programmes their sharing in the benefits of development programmes and their involvement in efforts to evaluate such programmes.

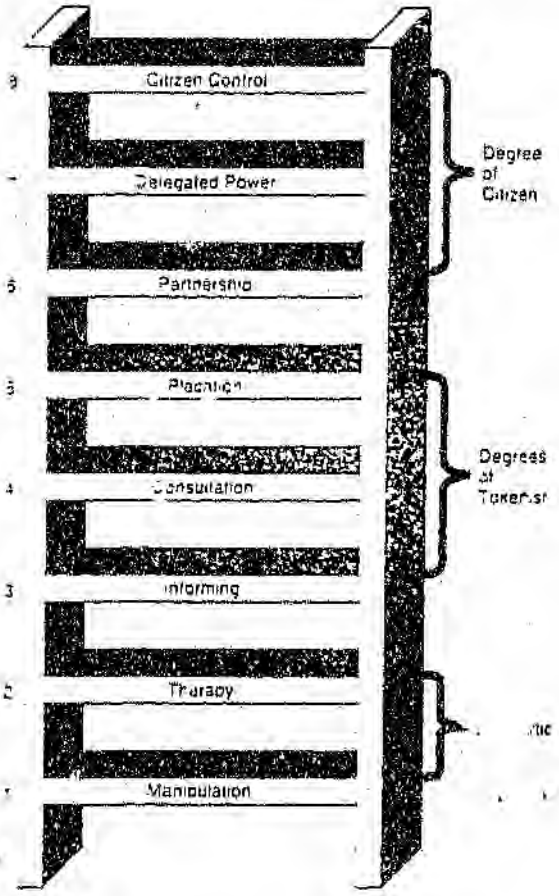



FIGURE 1 Eight Rungs on a Ladder of Citizen Participation.

3. Community participation in development should be broadly understood as the active involvement of people in the decision-making process in so far as it affects them.
4. Community involvement means that people who have both the right and the duty to participation in solving their own problems, have a greater responsibilities in assessing the needs, mobilising local resources and suggesting new solutions, as well as creating and maintaining local organization.
5. Participation is considered to be an active process, meaning that the person or group in question takes initiatives and asserts his/her on its autonomy to do so.

## 5. WHAT IS COMMUNITY PARTICIPATION?

"The participatory models were mainly influence by the realisation that without community involvement in any sphere of public planning there can be no justice, and without justice life becomes brutish and destructive of both the self and other" (Freidmann 1973).

It is now common knowledge that most third world governments are unable to meet the problems which derive from the expansion of the cities and population growth. The reason for such problems vary from one locality to another. Generally the problems are associated with scarce resources, weak and inadequate institutional structures at local government level, lack of transparency and accountability. Community participation is seen as a process that seek to address and ensure that the right of individuals are respected. On the other hand is a concept based on the first observation of individual rights but with own additional factor of empowerment of individuals.

## 6. WHY COMMUNITY PARTICIPATION?

"There is little evidence to suggest that decision-makers and planners have sought to understand the beliefs held by members of deprived communities" [Muller J. 1994].

The community in the planning context refers to people who live in the area and are immediately affected by the proposals, however the community or public should be seen as a homogeneous entity since it comprises of different groups with different interest e.g. women, man, the aged etc. Participation goes beyond what is defined as "public" as other parties such as business, organised labour, parastatals etc. get involved in some participatory adventures. These different groups may view participation from different lenses manifesting indifferent objectives. In this era of democracy people have the right to know what development are to take place in an area in which they have an interest and what could happen if development has to take place. The participation approach permits for the collection of information which is most believed to be accurate and representative of the needs, priorities and capabilities of local people.

Participation allows for the delivery of better quality and demand responsive needs, for example the community must decide on an appropriate level of housing they need, is it rental housing or co-operative housing or home ownership. The basic concept of community participation seems to be based on the desire to stimulate the involvement of the public in planning and development matters that concerns them. The increasing importance

of the public opinion in the planning process tends to change planning and development from predominantly one-sided bureaucratic decision-making process to a process of participation that varies in scope and intensity (Montomsery 1990).

## ADVANTAGES OF COMMUNITY PARTICIPATION

1. Community participation creates a possibility for decision to be based on people's needs, priorates and afford ability this may result in the better and realistic design plans, programmes and policies. Moreover it may increase the chance that people are willing and able to contribute their resources such as money and labour towards implementation and operation and maintenance.
2. Community participation contributes to achieving the best use of limited financial resources.
3. Participation is a probable means to fertilise the ground for consensus building. The views of different participants can be weighed against each other to avoid misunderstanding and conflict in the process.
4. The community can put forth the crucial information that could be used in the decision-making process. In addition, public participation may help to enhance public confidence in the authorities, participation may provide a source of empowerment to the community, especially mine workers who have been declined or have played a very minimal role in development initiatives in South Africa. Information obtained through participation is prone to transcend the scope of the project itself, for example lead to directly building of low- cost housing and indirectly by attracting same investments.
5. Public participation provides a forum from which a danger of prematurely raising people's expectations is avoided. Hence, people might develops a sense of responsibility and project ownership.
6. Community participation ensures a greater acceptance and appreciation of what ever is created infrastructure, house etc, this may result in better care better maintenance even pride. Community participation builds up the self -enabling and co-operative spirits of people, it will increase people's self-reli nce, which is turn will decrease the need for government resource inputs.
7. Community participation may also been seen as a tool for building beneficiary capacity, to increase the self-reliance of both households and the community and increase commitment to the upkeep of community facilities and infrastructure (Devas and Rakodi 1993).

It is under the above observation that a study based on the theory of participation and empowerment is seen relevant to planning for an affordable housing strategy for mine workers in South Africa.

## DISADVANTAGES OF COMMUNITY PARTICIPATION

1. The disadvantage of public participation includes the potential for confusion of the issues, due to the fact that many new ideas of problems are introduced such an understanding precipitates a stop-start pass which tends to prolong the duration of the project and thus people are susceptible to disillusionment.
2. Public participation may lead to project sabotage.

3. Participation can also be undermined if people feel they do not have power.

## PARTICIPATION IN HOUSING

"No informed person can now deny the fact that affordable housing for the vast majority spends on responsible personal and local decision-making and control as much as an market forces and state power. This is more immediate and obvious in third than first world countries" (Turner J.C 1992). There are reasons why community participation is relevant to low income Housing project.

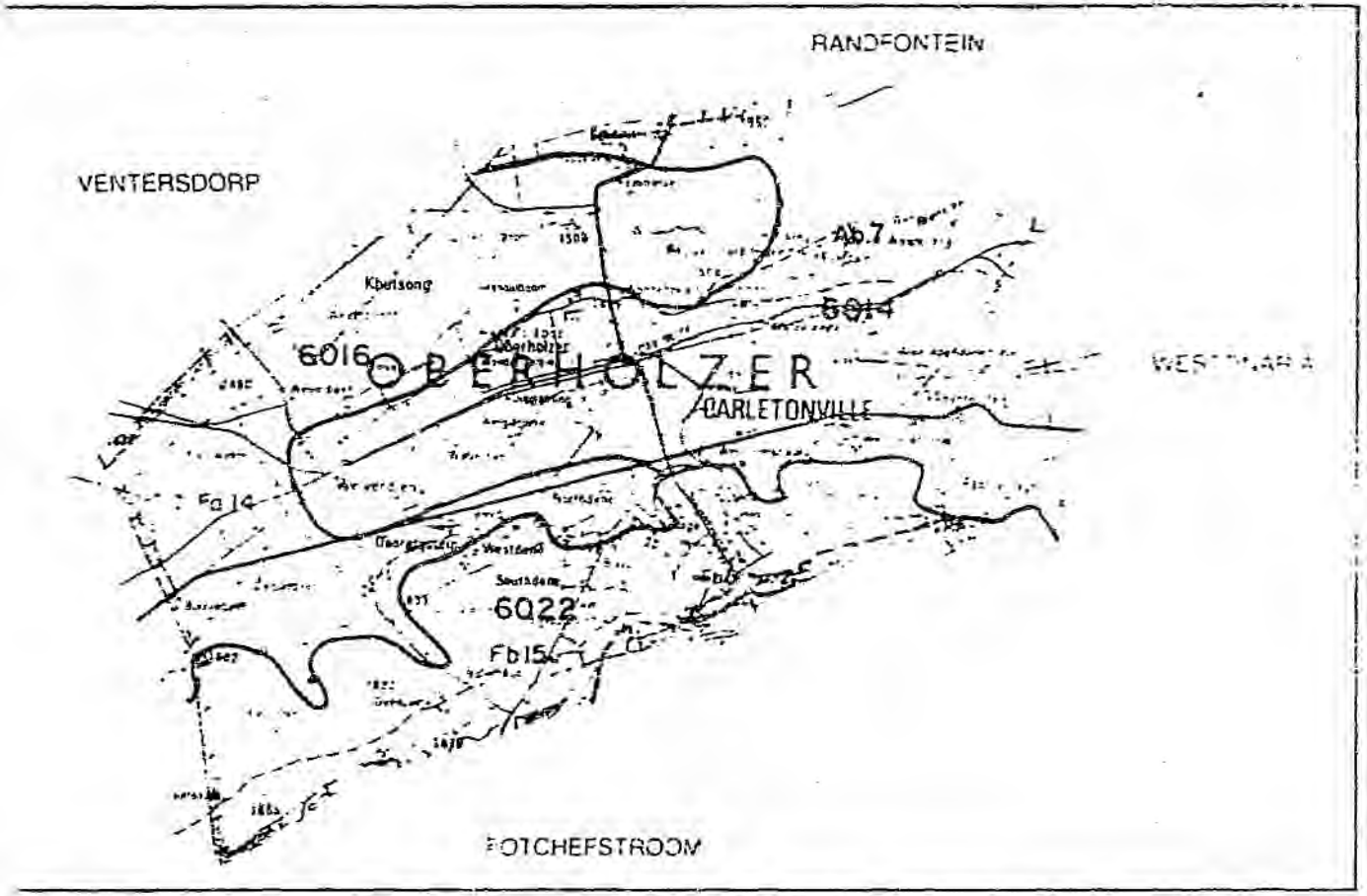
1. Community participation is a right, people have a to participate in decision-making which directly affects their living conditions. Community participation is a form of grassroots democracy (UNCHS 1983 ; 6).
2. Community participation is a means to achieve better project result and consequently better housing conditions for the community. Since people themselves know best what they need, what they want and what they can afford, only close co-operation between authorities and community can result in project which satisfy both the community and the authorities. The objective of community participation is project effectiveness (Paul 1987:3).

The emphasis of this argument is to convince residents that their co-operation and giving of ideas will enable planners to produce plans which are for the community benefit. participation is then a moral obligation for residents to assist the experts.

## CONCLUSION

1. The societal values underlying public participation are many. Among the many is to protecting public's right, guarding the public interest, maintain the stability of the society and reducing the alienating of individual with a large technical society.
2. Whatever the philosophy and practice of democracy that is subscribed to as in South Africa, it is certainly the case that the idea of public participation is here to stay in South Africa, and when its benefits to society are considered, it becaiise important to make all possible efforts to include public participation in the local process.
3. The most important reason for adopting public participation lies in the nature of contemporary society. At present the world order is changing political, economically, technically and socially. Democratic structures, liberalisation at trade, flexible specialisation and globalization are part of the new democracy structure in the post modern era.

Dalton (1993) once subscribed to the idea that a theory base on participative democracy, sustain ability and empowerment ethics will be in a better position to guide the profession as it moves into the past modern era of planning. In the following chapter we will look at the case study Carletonville.




'n Landboukundige kaart van die Oberholzer-distrik.

Bron: B.P. Ludick en J.G. Wessling

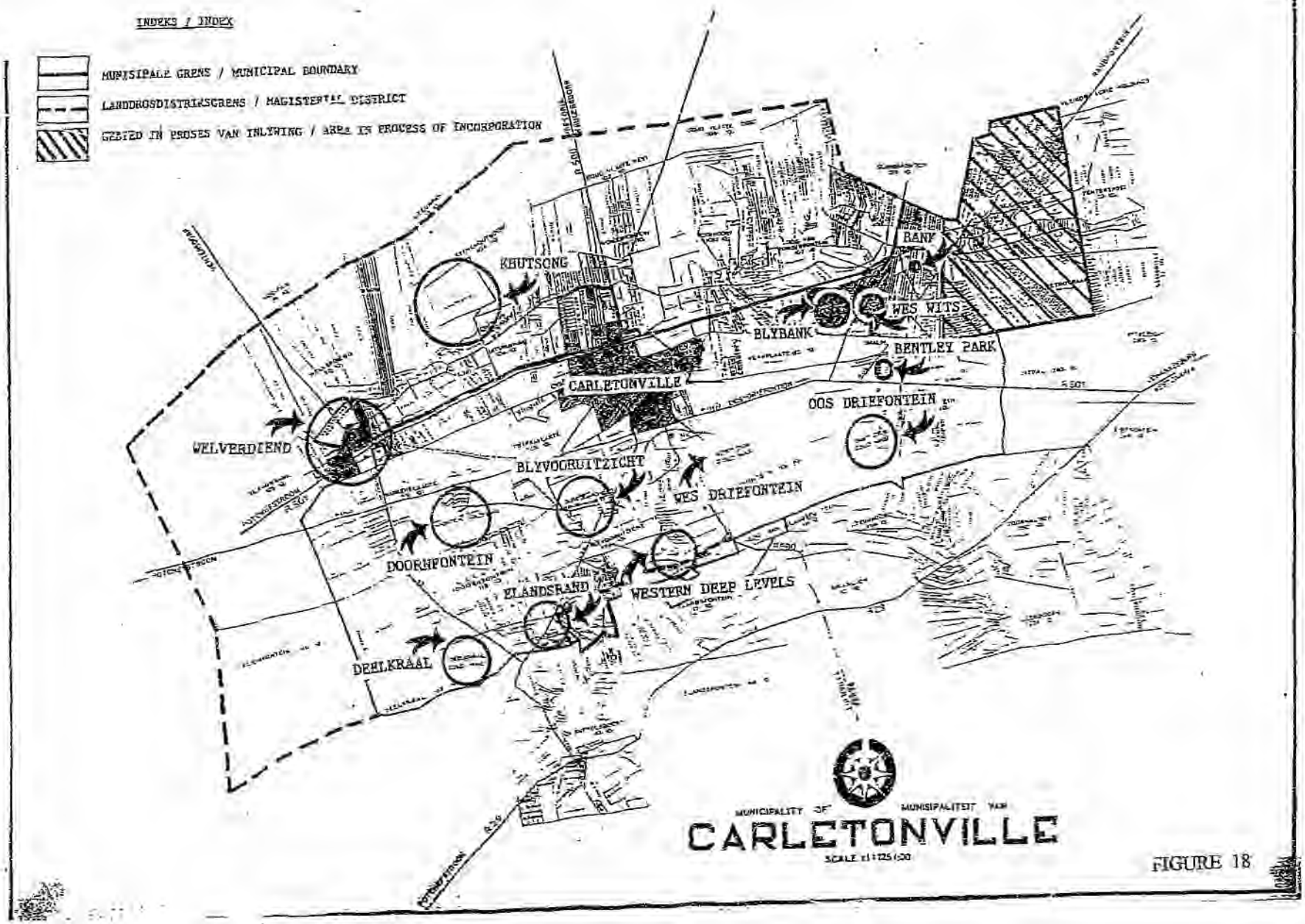

INDEKS / INDEX
MUNISIPALE GRENS / MUNICIPAL BOUNDARY
LANDDROSDISTRIKSGRENS / MAGISTERIAL DISTRICT
GEBIED IN PROSES VAN INLYWING / AREA IN PROCESS OF INCORPORATION
KHUTSONG
RANK
WES WITS
BLYBANK
BENTLEY PARK
CARLETONVILLE
OOS DRIEFONTEIN
WELVERDIEND
BLYVOORUITZICHT
WES DRIEFONTEIN
DOORNFONTEIN
ELANDSRAND
WESTERN DEEP LEVELS
DEELKRAAL
MUNICIPALITY OF
MUNISIPALITEIT VAN
CARLETONVILLE
SCALE 1:125 000

FIGURE 18

# CHAPTER 7

## CASE STUDY : CARLETONVILLE

### A. BRIEF HISTORY OF CARLETONVILLE

Carletonville is situated between Witswatersrand and Kimberley to the Northern Cape province. The first white to settle in this area was Mr P M de Beer, who settled at Twyfelvlakte on 30 June 1871. The area was declared a town in 1948 on the farm of Twyfelvlakte IQ286 in the district of Potchesfstroom . The name Carletonville came from the mine engineer of Goldfields named Guy Carletonville Jones. He was the first man to discover gold in the area called Wits Gold Line Area of which Carletonville was part of this area. The development of gold discovering started at Elyvooruitzicht in 1937, followed by West Drienfontein, 1945 and Doornfontein in 1947; in 1963 gold was discovered in the east of West Drienfontein mine on the farm Drienfontein IQ 614.

### DESCRIPTION OF THE AREA

Carletonville is situated in Oberholzer district and around it there are farms, gold mines and small towns and townships (See Figure 18).

From the East is Driefontein IQ 113 and Oog van Wonderfontein IQ 110, from the North West there are farms which are called Welverdient IQ97 and from South is Kleinfontein farm IQ 141, Deelkraal IQ142, Buffelsdoorn IQ 143, Elandsfontein IQ 115 and Oog van Elandsfontein IQ 114.

### TOPOGRAPHY

Carletonville is a village which has gradient rife on the North side and on the South side there are Wonderfontein spruit which is a dolomite area. The village Wonderfontein is a drainage village which flows to the Mooi river in the west. There are also sink holes in this area.

### SOILS

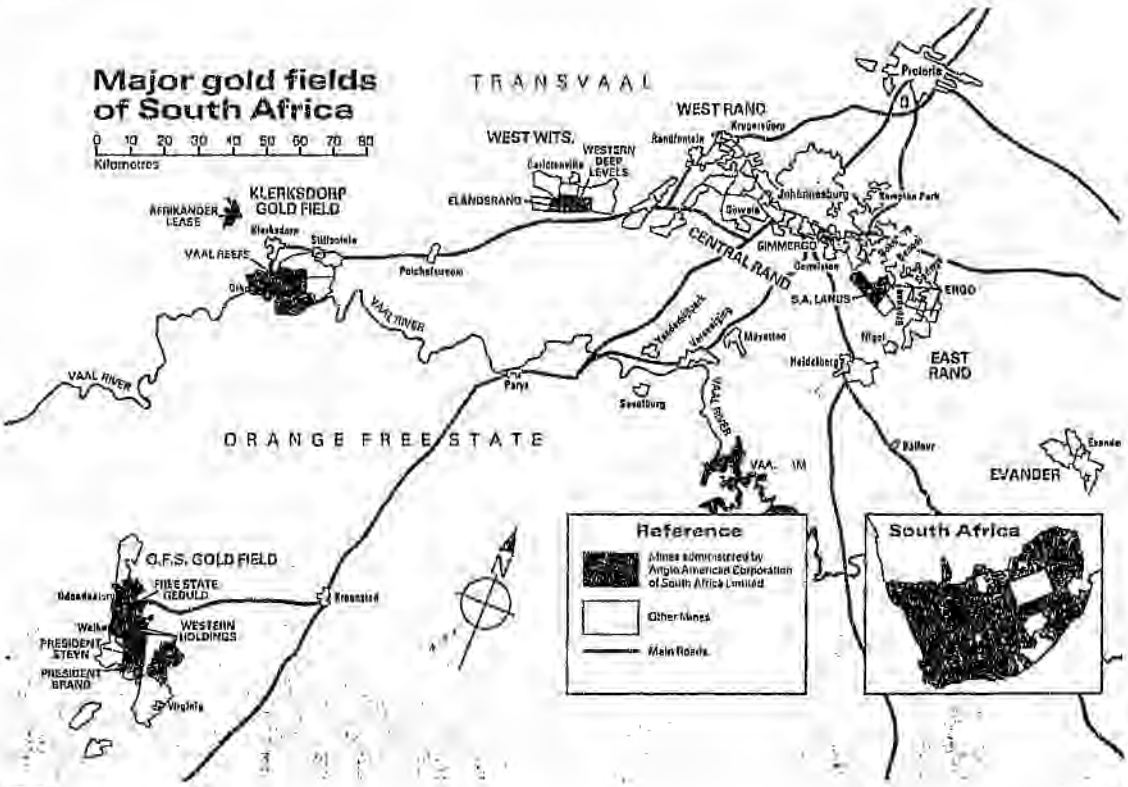
The most type of soils you find in Oberholzer district are Hutton and Clavelley soil which are in colour red and yellow. In the dolomite area south, the soil has lot of rocks, and in the north and west along the Wonderfontein loop the soil type is turf and clay soil. The type of rainfall in this area is summer rainfall.

### POPULATION

(Figure 19 for population groups in the area)

In 1980 Carletonville had the biggest population growth coral 104452. In 1980/81 the Town council had a housing schemes worth R14 million which doubled in 1984. After three (3) that is in 1987 a Town extension number six (6) was developed for industrial use, town extension number 15 and number 16 in the same year. The Town Council has 784 flats and 4339 house for white in the town but this has increase now. (See Figure 20).

### KHUTSONG







Elize S. van Eeden
Potchefstroom
Maart 1995

| TOWN | AMOUNT OF HOUSES | UNITS | ROOMS | SINGLE QUATERS (BEDS) | AMOUNT OF PEOPLE |
|---|---|---|---|---|---|
| CARLETONVILLE | 4 339 | 814 | 643 | 156 | 20 597 |
| WELVERDIEND | 488 | 40 | 0 | 0 | 2 072 |
| WELVERDIEND (A/H) | 19 | 0 | 0 | 0 | 76 |
| BLYBANK | 126 | 0 | 0 | 0 | 504 |
| WATER'S EDGE (A/H) | 51 | 0 | 0 | 0 | 204 |
| SUB TOTAL FOR CARLETONVILLE | 5 023 | 854 | 643 | 156 | 23 453 |
| BLYVOOR | 989 | 20 | 48 | 5 972 | 10 036 |
| CEMENTATION | 16 | 0 | 0 | 0 | 64 |
| DEELKRAAL | 461 | 42 | 31 | 7 080 | 9 081 |
| ELANDSRAND | 420 | 55 | 8 | 6 000 | 7 853 |
| DOORNFONTEIN | 65 | 14 | 54 | 7 212 | 7 568 |
| EAST DRIEFONTEIN | 1 109 | 118 | 64 | 13 000 | 17 854 |
| WEST DRIEFONTEIN | 280 | 0 | 0 | 15 840 | 16 960 |
| WESTERN DEEP LEVELS | 290 | 4 | 0 | 18 399 | 19 571 |
| SUB TOTAL MINES | 3 630 | 253 | 205 | 73 503 | 88 987 |
| KHUTSONG | | | | | |
| FORMAL UNITS | 5 566 | | | | ± 150 000 |
| INFORMAL UNITS | 12 000 | | | | |
| | 26 219 | 1 107 | 848 | 73 659 | 262 440 |

In 1960 there was already 300 permanent houses and 500 single structures in this black township. The then Bantu Committee was organised to run this township, small business was encourage in this area and black dealers were available in Khutsong township. In 1988 Khutsong had many of the infrastructure in place like the electricity and road construction who were used.

## B. HISTORY OF ELANDSRAND GOLDMINE COMPANY

Elandsrand gold mining Company limited was incorporated on 27 June 1974 to conduct gold mining operations in an area comprising 2619 hectares in the Oberholzer and Potchefstroom districts of the then Transvaal. The mine forms part of the West Wits line and the Ventersdorp Contact reef which is exploited. The mine was established and brought to production faster than any other deep mine in South African gold mining history. This was made possible by time-saving innovations in shaft pre-sinking, headgear construction, the main operations and underground development. Elandsrand officially entered production in December 1978, by producing its first bar of gold, by which time expenditure on capital works totalled R172 million. Since it started production, Elandsrand's output has been 42125 kilograms of gold, this has earned R625 million in revenue and R282 million profit. After production, various problems were encountered, including extensive underground faulting. The sub vertical shafts were completed in June 1984 to provide access to the deep lying, high grade Ventersdorp Contact reef. Mining of reef from this shaft system began towards the end of 1987. The mine has +_ 10 000 employees.

The primary objectives of this company are:

1. To maximise profitability by making optimum use of resources, thereby providing satisfactory returns for the shareholders.
2. To achieve and maintain the necessary flexibility to meet fluctuating gold prices and changing political, sociological, economic and technological circumstances.
3. To make a meaningful contribution to the welfare of the community in which it operates.
4. To implement major housing programmes to meet the ultimate objective of extending to employees the opportunity of living with their families in a normal society.
5. To promote the security and well-being of all employees by providing safe working conditions, medical care and other service conditions.
6. To further the development and advancement of employees by providing training and selection based solely on merit and ability.
7. To encourage a positive attitude to industrial relations, to seek means to increase employee loyalty and to work with the unions to remove discrimination from the regulations governing mining practices.

## HOME OWNERSHIP SCHEME

The company and certain other companies administered by Anglo-Gold Corporation of South Africa Limited participate in a house ownership scheme, established in 1979, to assist employees in obtaining their own houses either by building or purchase from the respective participant companies or on the open market.

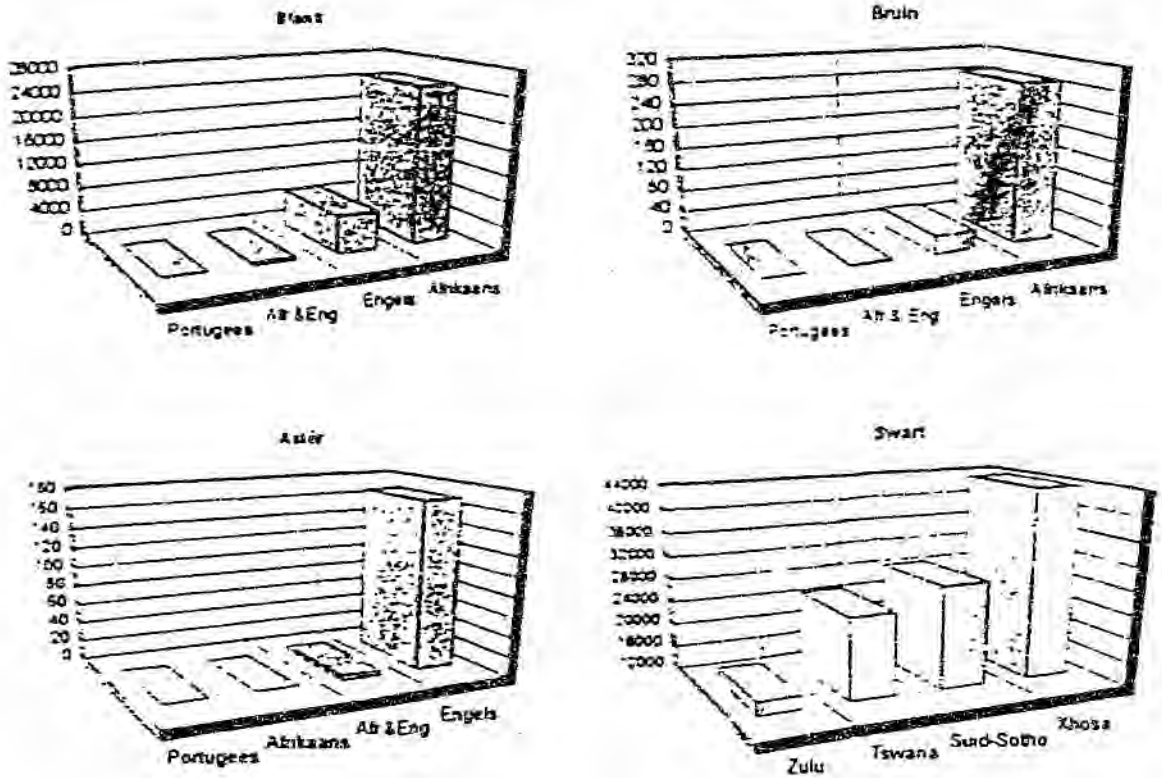
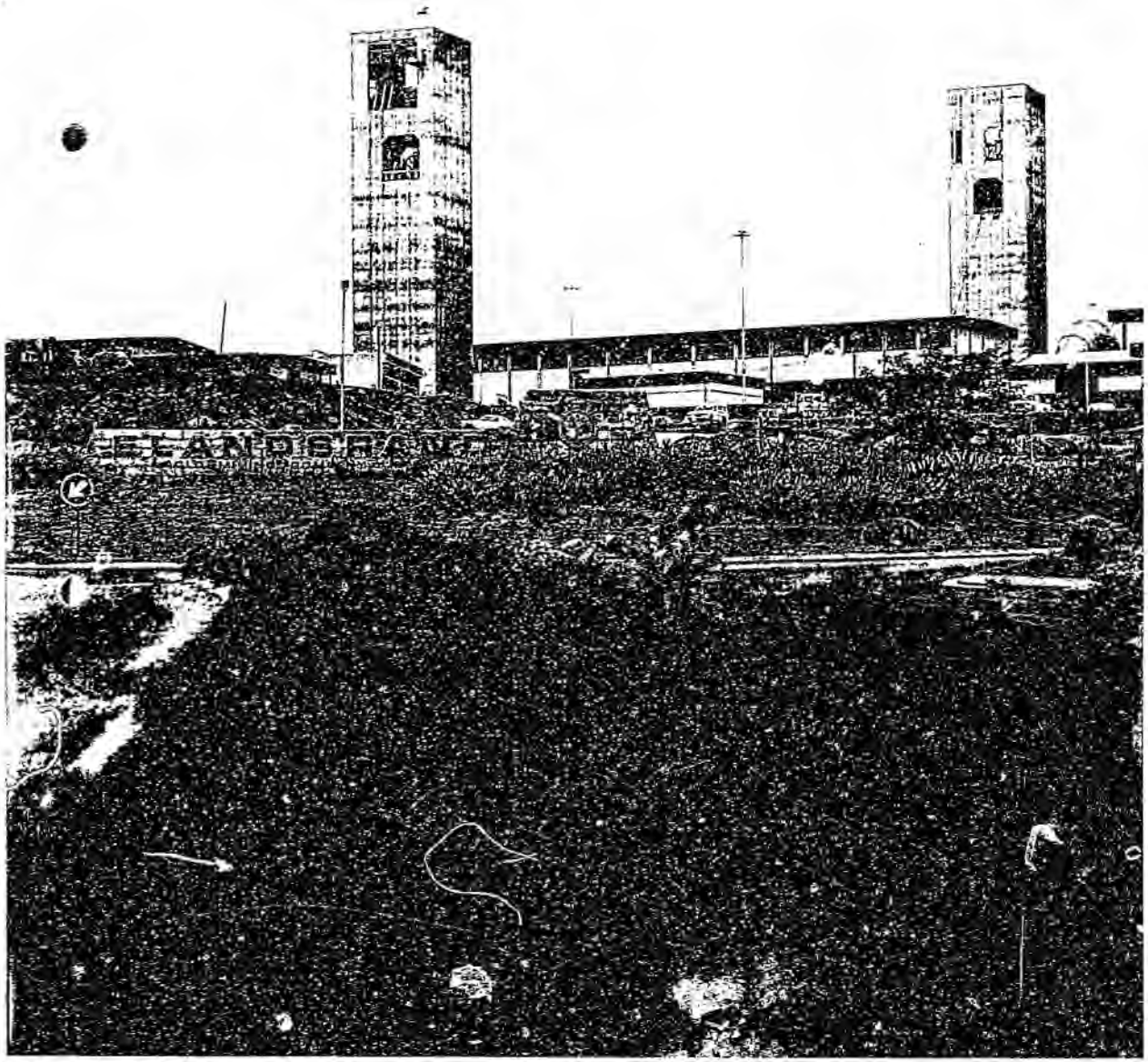
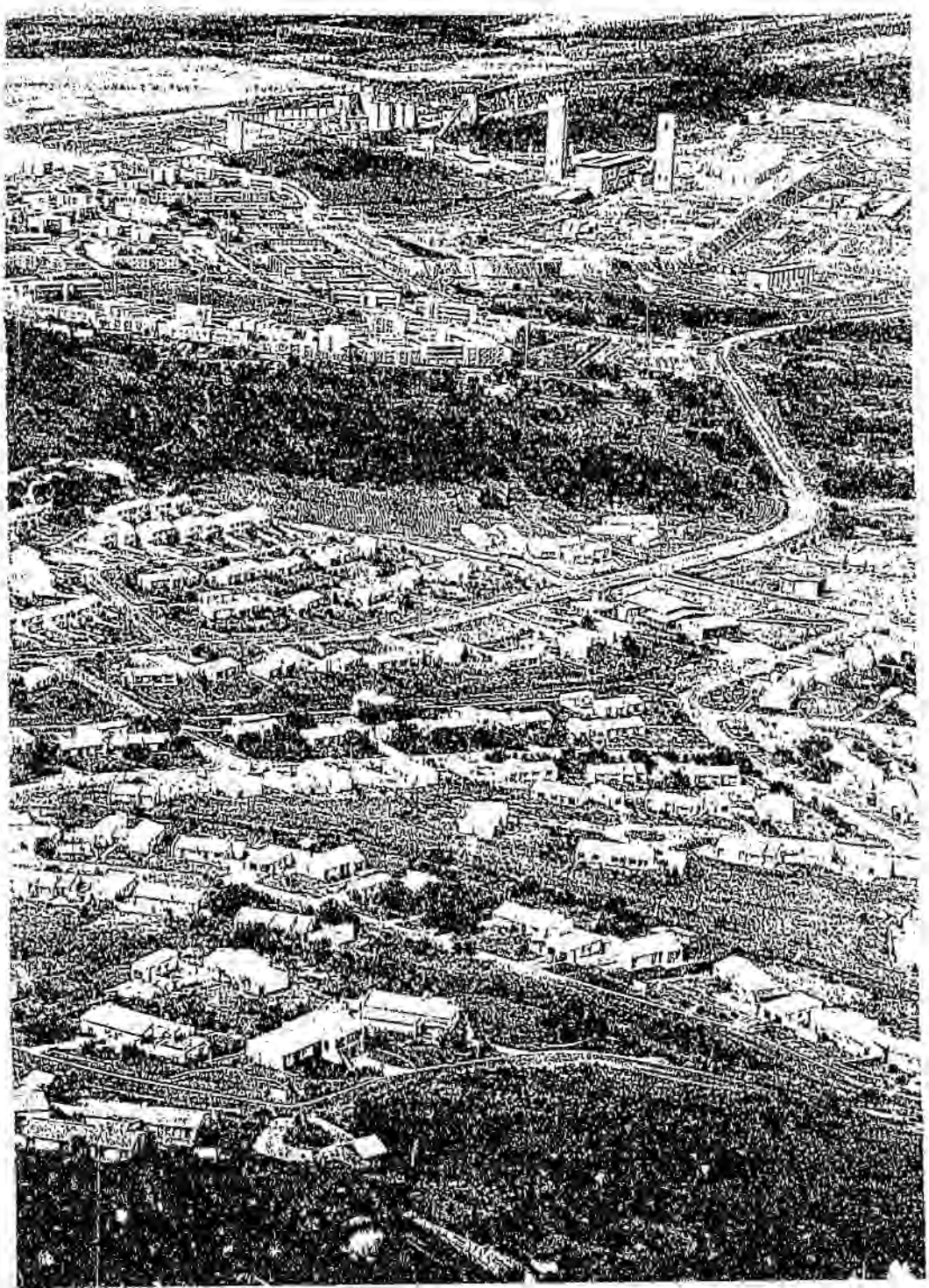



FIGURE 19

Bron: Republiek van Suid-Afrika, Sentrale Statistiekdiens, *Bevolkingsensus 1991*, Verslag nr. 03-01-18. Uitgesoekte Statistiese Streek 'Wes-Rand

ort





HOUSING AT ELANDSRAND MINE

In 1978 there were 308 whites and 3500 blacks who were accommodated in the mine. In 1988 the number has increase white mine workers has increase to 899 and blacks to 8621 in the mine accommodation. Flats, and houses were build in the year 1975 at Elandsridge, and hostels near the mine. Other white mine workers of Elandsrand mine stayed in the town Welvediend. Houses for senior black workers was build at Wedela. Single workers were also allowed to stay there . Ten (10) completes (hostels) which was also single flats up to third floor was built. Gardens was brought in progress in front of every flats. In 1988 the complex was fully furnished to accommodate 7000 of the 10300 mine workers. Culture activities, church facilities, sports was brought in progressing, and it was only for black mine employees of Elandsrand mine. The white mine employees had to make use of Carletonville or Western Deep Levels for Church activides.

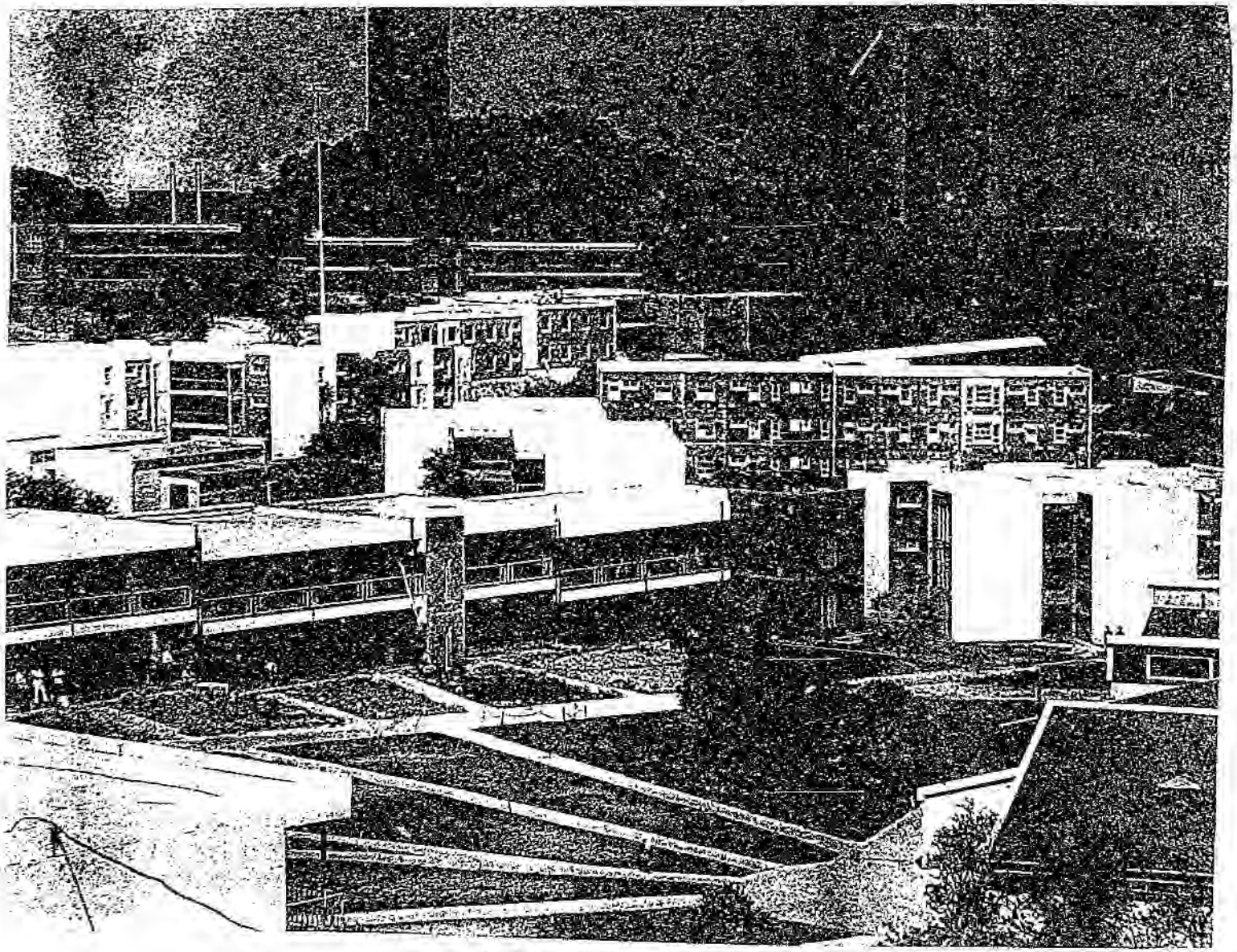
C. WEDELA

Anglo-America groups had plan the Wedela area for Mine workers (Senior black mine workers). In December 1978 600 houses were already built, a fourth hostel was also in progress. A clinic, post office, shopping centre, two primary and one secondary school and a technical high school were already available.

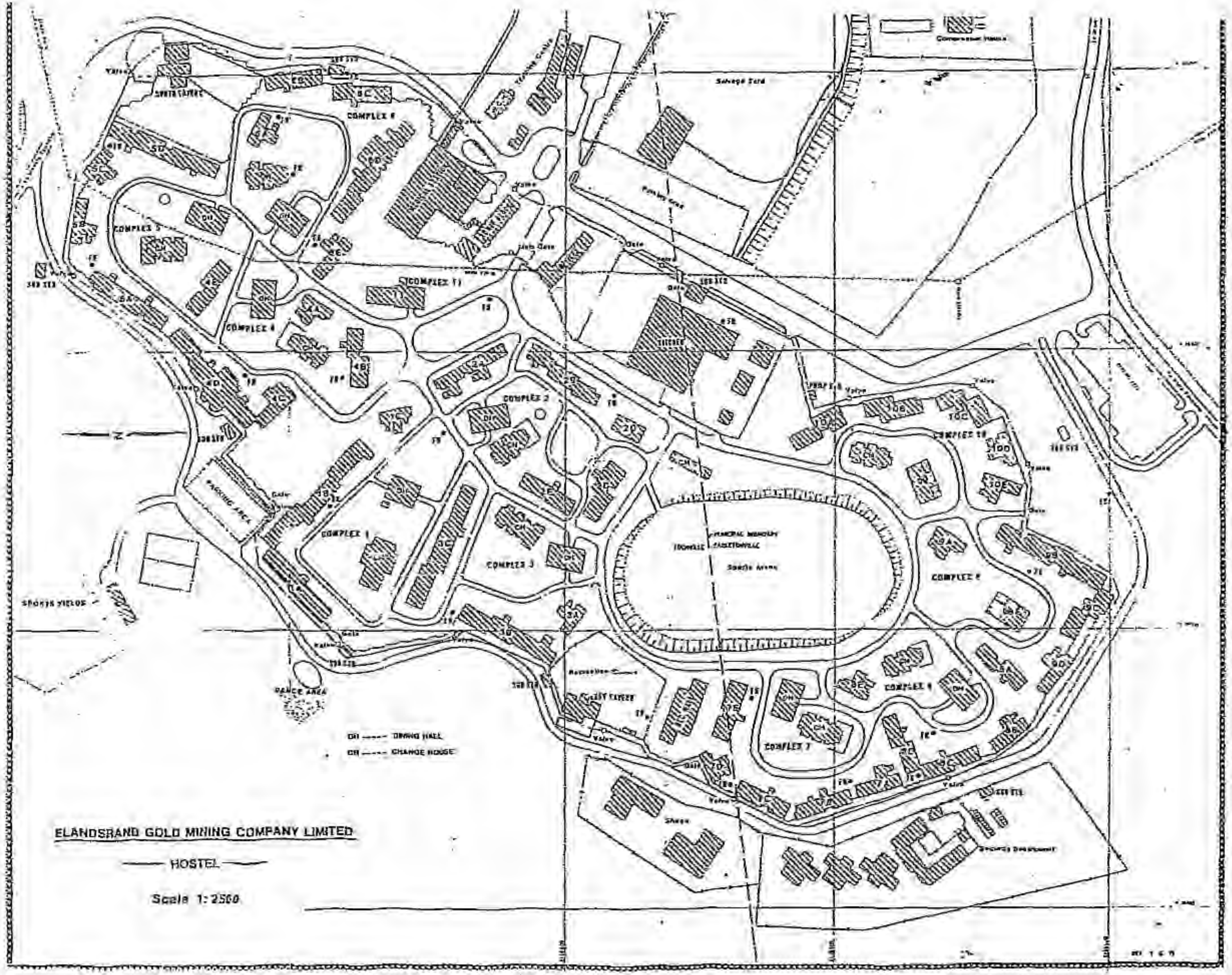
HISTORY OF WEDELA

All over the world "apartheid" has became a short hand description of South Africa's life, Ten (10) years before the commencement of operadons at Western Deep levels, Sir Ernest Oppenheimer launching number (2) two shaft at Welkom gold mine in May 1947, said that it was Anglo's aim to have the best possible housing conditions for white staffs and materially to improve the conditions in the housing of blacks workers. He felt Anglo's policy in this regard ought to be "to create, within a reasonable time, modern native villages", that would attract workers from all over South Africa. The concept did not take root, however a new government came to power a year later, and dedicated to its policy of apartheid, frowned upon the idea, insisting that workers should live in their own territories and came to white areas only as migrant labourers . Through the years Anglo did not lose sight of this matter of housing for black mine workers. In his report for 1975, the Chairman Dennis Etheredge said : "In the long run over goal must be to stabilize the industry's black labour force as for as possible,.."

"The provision of more married housing would be of in estimable help in that regard" he said, adding : "It is most encouraging that, following discussions between the industry and government, we have been advised of new arrangement which will permit senior married black employees from South Africa and the homelands to be housed with their families in black residential area where they are reasonably close to the mines". No sooner said than done. "In the following year the chairperson reported that : "Western Deep Level has received permission from the authorities to erect in conjunction with Elandsrand Gold Mining Company Limited, a new village for senior married black employees. The first phase of the project comprise 600 three bedrooms houses. In December 1978.



From Anglo American Corporation


ELANDSRAND GOLD MINING COMPANY LIMITED
HOSTEL
Scale 1:2500
DH ---- DINING HALL
CH ---- CHANGE HOUSE
COMPLEX 1
COMPLEX 2
COMPLEX 3
COMPLEX 4
COMPLEX 5
COMPLEX 6
COMPLEX 7
COMPLEX 8
COMPLEX 9
COMPLEX 10
COMPLEX 11
Salvage Yard
Compressor House
PARKING AREA
DANCE AREA
SPORTS FIELDS
Sports Arena
Gate
Valve

More than a quarter of a century after his plea in parliament, Mr Harry Oppenheimer officially opened Wedela township, a residential area for senior black employees and their families. It lies between Western Deep and Elandsrand two Anglo mines. Fred Bayley, the then Consulting Engineer to Western Deeps Levels, pointed out in his report for 1978 that "one hundred and twenty six (126) houses have been completed of which 26 are now occupied, and a further 238 will be built in 1979. The town has grown since then, while the designs of the houses differ, all are roughly the same size, comprising a lounge-dinning room, three bedroom, kitchen, bathroom and toilet, an enclosed court yard and a carport. Rentals range between R5 and R10,73 a month and water and lights were subsidized. Maintenance was the responsibility of Wedela Housing Department, which also employ a horticulturist to assist residents in establishing gardens. Within a decade the first phase target of 600 houses had, to all intents and purposes been reached. The road were tarred, residents have recreation club, there were schools to cater for various age group, and a modern technical and commercial high school.

A creche was established to case for small children while their mothers go out to work. A Clinic and ambulance services take care of Health emergence, while the main hospital is a few kilometres away at the mine itself. While a number of sites at Wedela have been set aside for church, is only one that is in process of be completed, all denomination use the schools and Community halls for religious services and for various church activities. The government's scrapping of its policy of influx control in 1986 made it possible to extend the concept of bringing workers families to the mine. Earlier the law had allowed not more than three per cent (3%) of the mine's black workers to be houses at the mine with their families. A poll conducted by Anglo-America indicated that of the 58000 married workers on its min 00 preferred to bring their families with them, choosing to live in houses rather than alone in hostels for single men. In October the following year, the Corporation announced that its black mine workers would be given the option of living with their families in their own houses near the gold mines where they are employed. For those who can afford them, thousands of houses for them was financed by building societies in the usual way, and rentals have been calculated so as to put such houses within the financial reach of the majority of black employees. In the middle of 1987 Anglo America announced a new housing policy. The objective of this housing policy was to give the employees the opportunity of owning their own homes. In publicising Anglo's housing scheme, a government publication later said that "Anglo America Corporation is working on a major project to give married employees the option of living with their families near the mines and thus reducing the number it workers living in hostels" (J.Oxley 1989 : 169-170). The houses are for lease or for sale for black employees in terms of a subsidized home ownership plan. A well equipped hospital at Western Deep takes care of the health of some 30 000 workers.

## WEDELA AND ITS DEVELOPMENT

Wedela as a township was administer and run by the Anglo-Gold mine until 1990 were the township was proclaimed a local authority. In 1995 a democratically elected council came into been Wedela Transitional Local Council and Wedela falls under the North West province in the new dispensation.

## THE SERVICES PROVIDED TO THE LOCAL COUNCIL

1. Electricity supply from Escom via the mine
2. Water supply from Rand Water Board
3. Maintenance and service agreements is between the mine technical depart[illegible] the council.
4. The council administer for sewer plants.

## WEDELA AND ITS DEVELOPMENT

1. Wedela is developed along the line of affordable housing using private and government funds.
2. A housing strategy for mine workers who does not qualify for market related houses, a housing co-operative strategy or collective housing can assist in increasing the number of housing for low income mines in this area.
3. The total of number of stand in Wedela are 1179.
4. Approximate each stand value +_ R10.000 which the Council had to buy [illegible] mine.
5. All stands are surveyed and general layout plans approved.

## PROBLEMS FACING WEDELA TRANSITIONAL LOCAL COUNCIL

### 1. ACCUMULATION OF ARREARS ON SERVICES BY INDIVIDUALS

The people in this area are not use to pay for the services, because most of the people who stay in this township are mine workers and are used for subsidies services by the mine, (they used to pay between R5-R10 for the service) when this village was change to a town council the mine also withdraw its subsidy for its workers; this resulted in mine workers paying extra money (+_ 300 per month) for this services. The culture of payment is low in this area because of this mine subsidy for services.

### 2. OUTSTANDING DEBT BY COUNCIL TO MINE : R3,2 MILLION

The second problem is/was that the town council is in debt of R3,2 million before 1998, for services like water and electricity owning the mining company for electricity and Rand Water Board for water supply, but the problems is been handle by the provincial government.

### 3. THE THIRD PROBLEM IS THE RETRENCHED WORKERS

When the mine retrenched the workers (who mostly stay in this area), it becomes difficult for them to pay for this services, this results in high debt for the council.

### 4. THE COUNCIL DEBT OF R1,8 MILLION

As for now the local council owe Rand Water Board and Eskom 1,8 million, and the council has start the campaign of encourage people to pay for services.

### 5. THERE IS NO JOB CREATION IN THIS AREA

There is no job creation project in this township nor local government nor the mining company is developing other job creation project for the miners .

## 6. INFORMAL SETTLEMENT ON UNPROCLAIMED MINING LAND

In the earliest survey of its kind, the Anglo-America Corporation established in 1986 that 38% of its African labour force would like to settle in family based house near the mines, 62% of an industry wide sample canvassed by the NUM in October 1990 wanted to live with their families close to their place of work. There are about +_250 squatter settlement in Wedela in the unproclaimed land of the mines, most of which are mine workers who have come and settle with their families. The shack village shows clearly workers want to be able to live here with their families, instead of just men only in the hostel.

There are about three (3) different types of house in Wedela.

1. Mine houses
2. Bond houses (own houses)
3. RDP Houses

There are +_1573 houses in Wedela, and the number of people (population) in this area is about +_15 000, there are certain hectares of land which the provincial government has brought from the mines for building purpose (RDP Housing Project).

## D. CONCLUSION

The mine workers through housing co operative strategic can build houses for themselves using their housing subsidies scheme and institutional housing subsidies from the government to house themselves. The NUM and Anglo-Gold Corporation can sell this idea of housing cooperative for mine workers through their housing forum which is in operation in Elandsrand mine. There is a full time housing steward who can help the mines to house themselves through this strategic.

## WHY MINEWORKERS HAVE TO USE THIS STRATEGY

(Corporative housing strategic and institutional subsidies)

1. Most mine workers cannot afford market related houses because of their low income (+_900 per month wage)
2. Most mine workers would like to settle with their families near the mines but the mine workers are not sure about their future in the mines as it was explain in Chapter 3 and Chapter 4 this strategic will help the mine workers even if he what to go back and buy or build a house at his home town , he will qualify for individual subsidy at his area.
3. Because of the future of the mines in this area, the housing co-operative strategy can build houses for its members at Wedela,
4. Most of the Squatter settlement in Wedela are mine workers who get this "all inclusive housing sum;

if this strategy can be applied in this area, then it will solve the squatter settlement in this area and general in South Africa".

Increasing numbers of black married employees are being given the choice of living with their families near the mine. At Wedela (right), a joint project between Elandsrand and Western Deep Levels, there are now about 600 housing units



FIGURE 22

(Source :Elandsrand Annunal Report 1978)

# CHAPTER 8

# RECOMMENDATION AND CONCLUSION

## A. RECOMMENDATION

From the previous chapter of this study it is evident that the problem of accommodation from low income mines can be solved. Because of the them government apartheid policy, this has resulted in the low incomes mines depending on hostels for accommodation. The new housing schemes which have been in introduce in 1986 have failed to solve the problem of housing low income groups because of low income which resulted in the low income mines not qualifying for market related houses, which the scheme used. This housing scheme use financial institution to finance for house which is a problem for unskilled labour. The main reason what make this housing policies/schemes to fail in the mine housing is because there is no involvement of local government and the workers when the mine owners draw up this housing policy. Given the political and economic changes which we are facing in South Africa, in order to solve the housing problem for low-income mine workers, the local government and the mining companies and the housing forums must take note of the following recommendations:

1. The Department of Housing must have a co-operative housing law;
2. There must be a housing forum in every mine which will involve the miners in the housing policy of the mine, and educate the mines on housing issues;
3. The major reason for the failure of the scheme was the absence of consultation and participation of the mine workers. There needs to be a community participation in the housing scheme;
4. Despite the drawback of paternalism, mining houses seem to be reluctant to change the hostel system owing to cost constrains but this can be solved by involving the local government in mine housing development;
5. Wage levels of the migrant mines are too low to enable them to pay for market-related family housing they need to increase the wage of the miners;
6. In any event, in view of the limited availability of land for housing it would be difficult to provide all employees with family accommodation; it is important that the local government and the mine rezone some of their lands for housing purposes;
7. Housing could be made accessible to unskilled workers only by increasing their wages, but this would have to go hand in hand with affordability of housing standards;
8. The building societies, banks, need to be flexible on lending policy for low-income groups. (That is they have to look at possibility of using pension scheme or allowance for housing);
9. The mining houses must start building homes for the workers;
10. Mining houses own large tracts of land which may be utilised for family housing;
11. The living-out allowance does not however address the acute shortage of land and housing, it could in fact promote squatting which might have a negative effect in the productivity. So this allowance can be changed into a loan housing allowance which the mines can loan against when he needs money for

housing;

12. The mines expected the state to carry the financial burden involved in the provision of infrastructure and services, in new township and extension and this can become possible only if the mine houses can start to be involved with the local government in housing matter;

13. Lower income mines must developed houses along the line of affordable housing using private and government funds;

14. A housing strategy for mine workers who does no qualify for market-related houses, a housing co-operative strategy or collective housing can assist in increasing housing for mine workers or depopulating hostels for low-income mines;

15. Because there is no other job creation around the mines in South Africa, the mine owner and the local government can build houses in order to densify these areas and can attract investment for other job related projects;

16. All workers should receive a housing allowance which is above 15% and should have to pay for their housing in order to develop the culture of payment for service;

17. The possiblity of encouraging family workers to build their own houses should be investigated;

18. The mining company must adopt a policy of experimentation and thereby learns from its experience on housing issues because their conditions are not the same;

19. The present pension scheme can/should be re-examined in order to ensure that it is adequate for a deposit for a house;

20. In keeping with the objective of promoting self-sufficiency, the possibility of encouraging family workers to build their own homes should be investigated, whether at around the mine or in the township or in the town that is immaterial;

21. Hostel dwellers must start to participate in the development of local government activities, and if ossible, the ongoing negotiation between the local government and mine owners must continue to develop the housing issues;

22. Mine workers must become part of the local community;

23. There must be government regulations on minimum standards of housing of workers;

24. Workers must be fully involved at all levels of decision-making (joint decision with management) on housing including in the following :

- making and changing company housing policy;
- choice of land and area where workers want to live;
- involvement in all monitoring and evaluation of housing implementation;
- workers must have the right to plan their own housing according to their needs and the conditions in their area. All workers must have equal and fair treatment;
- government and employers must provide community facilities, where there is none;
- companies must make cheap land accessible. Mine workers must be part of the local community and take part in the community elections;

- where mines own tracts of land, they should make such land available to workers and the surrounding community (wherever feasible),

In conclusion, the mines company must stop this top-down approach to miners on housing issues, there needs to be community participation from all parts of the community, local government, the local community, the mine owners and the mine workers.

## B. CONCLUSION

The study was designed to look at housing for low-income miners and come up with a housing strategy that can solve the problem of housing for low-income mines in South Africa. However, there was some problem in this research:

1. There is no policy on the hostels
2. There is no policy on private hostels which most mine workers are housed
3. Chamber of Mines does not have a housing policy for its members, each mine has its own housing policy which is different from one place to another
4. The role of the government in the mine section is not clearly stated: there is no communication between the provincial government and the mine company
5. Housing for low-income mines is seen to be a problem for the local government and the local government see that as the problem for mine companies
6. The top-down approach of the mines is still entrenched in the mining houses
7. There is no housing education for the mines either from the government nor from the mine owners.
8. The government has not drawn up minimum standards for employers workers housing and oblige all employers to meet these standards.

Given the above, shortcoming of this study it was impossible to come up with an overall reflection of accommodation for Black mine workers in this country.

Nonetheless, the study as it was aimed, managed to come up with a housing strategy which can be used to house low-income mine workers and has managed to look at institutional housing subsidies which can be used as a deposit for co-operative housing.

The study has identified that there is no effective community participation in housing policy of the mine houses, this results in failure of these schemes.

The study has identified that most mine workers wanted to come and stay with their families in the nearby working area, the problem is that of affordability for housing and the housing strategy which is proposed. Co-operative housing strategy can overcome this problem.

- The present housing policy of the mine company need to be reviewed in order to adjust them with the changing situation which we are facing in South Africa.
- People must be accommodated in what they can afford to pay. The study has identified that low-income

mine workers qualify for government subsidies (RDP housing) and if they included the all-inclusive allowance then they can use housing co-operative to house themselves.

- We have identified that the all-inclusive benefit which is an alternative for hostel accommodation leads to squatter settlements around the mine areas which clearly shows that low-income miners want to stay with their families.
- Most mining companies are not willing to give up land or rezoning for housing development.
- The mine company does not encourage the workers to have that culture of payment for services especially those who stay in the hostel.
- Most mine workers have two homes/houses - one in the mines (which is hostel), and the other house is in hometown. This results in duplication of resources instead of the mine worker can come with his family in the area.
- Most of the mining policies enacted by the different mining houses ignores the socio-economic realities. of the country, eg. Increase in the bank interest rates and the government subsidies.

## CONCLUSION

Using co-operative strategies, mine workers can build houses for themselves, tapping the resources of their own company housing subsidies as well as the state's housing grant, where applicable.

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# APPENDIX

## APPENDIX I

The following outline provides the standard elements of co-operative rules:

### 1. THE OCCUPANCY AGREEMENT

The formal statement of name, address, and nature of business (i.e. non-profit, housing provision, etc ) is an important procedure in the registration and subsequent recognition of the organization.

### 2. OBJECTIVES

The objectives of the cooperative organization usually involves procurement of loans, technical assistance provision and acquisition of land and materials.

### 3. MEMBERSHIP QUALIFICATIONS

Although "open" membership is one of the principles pf cooperatives, in practice eligibility is legally determined. Conditions for membership could stipulate age, geographic origin, for example.

### 4. TRANSFER/TERMINATION OF MEMBERSHIP

In the even of termination or transfer of membership, regulations have to indicate procedures. In the event of prevention of speculation, it is customary for the supervising organization to introduce regulations concerning conditions of sale.

### 5. RIGHTS AND DUTIES

In the official documentation the rights and duties of members need to be stipulated in detail. These include financial obligations, the rights to occupy and the conditions of transfer.

### 6. FUNDS

Regulations of how commune funds are to be spent are pre-determined.

### 7. SURPLUSES

Since the motivation for coops are non-profit, it is necessary to indicate the most equitable way of spending surpluses. Where a national structure to oversee co-operatives exist, additional funds are usually spent for the creation of new co-ops.

### 8. ACCOUNTING AND AUDIT

As co-ops would be registered as public ventures, the South African legal fraternity demands annual revision of accounts by qualified persons.

### 9. GENERAL MEETING

The general meeting is an important institution in the individual co-op where the business of co-op is formally executed. Power is to be democratically controlled within this setting. Legally, therefore, this institution holds the highest authority.

## 10. ORGANIZATION OF SELF-HELP CONSTRUCTION

When co-ops are created for the construction of housing units, the duties of members are formalized in the agreement.

## 11. SPONSORING AGENCY

Liability to the sponsoring agency (is) are usually legally expressed.

## 12. DISPUTES

A legal clause has to be government representative usually acts in this capacity.

**ELANDSRAND GOLD MINING COMPANY LIMITED**

**FORM H5**

## HOUSING ASSISTANCE

**Date** : .....

**TO** : **TIME OFFICE\HOUSING DEPARTMENT**

**FROM** : **HUMAN RESOURCES OFFICER**

Please note that Mr\Mrs\Miss ..... will be providing his\her own accommodation. He\she will reside at the following address:

.....

.....

.....

Please pay the appropriate allowance with effect from:

.....

| | |
|---|---|
| | **SINGLE ALLLOWANCE** |
| | **MARRIED EMPLOYEE RECEIVING ACCOMMODATION ALLOWANCE** |
| | **MARRIED WOMEN** |
| | **NO ALLOWANCE EG. VACATION STUDENT\TEMPORARY EMPLOYEE** |

Employee no. : .....

Occupation : .....

Section : .....

SIGNED: .....
PERSONNEL OFFICER

# ELANDSRAND GOLD MINING COMPANY LIMITED

FORM H1

## HOUSING ALLOCATION REQUEST

Date: .....

TO: HOUSING DEPARTMENT
ELANDSRAND GOLD MINE

FROM: HUMAN RESOURCES OFFICER

Kindly allocate suitable accommodation to the following employee:

Name : .....

Industry number : .....

Company number : .....

Occupation : ..... Paterson grade: .....

Engagement date : .....

- ☐ New engagement
- ☐ Transfer
- ☐ Promotion - moving to house of entitlement
- ☐ Change in marital status
- ☐ Demotion
- ☐ Lateral

Address requested: .....

Received:

HUMAN RESOURCES OFFICER

HOUSING OFFICER

I DO UNDERSTAND AND AGREE THAT GIVING FALSE INFORMATION, MY HOUSING APPLICATION WILL BE REGARDED AS INVALID AND THAT I WILL NOT QUALIFY FOR ACCOMMODATION\BE REQUESTED TO VACATE THE PREMISES WITHIN 24 HOURS.

SIGNED: _____
EMPLOYEE

REF.: HOUSING(H)

## IMPALA PLATINUM: WORKERS' HOUSING ALLOWANCES

| Job grade | Salary | Housing allowance |
|---|---|---|
| 2 | 825 | 260 |
| 3 | 930 | 260 |
| 4 | 1 016 | 266 |
| 5 | 1 158 | 372 |
| 6 | 1 333 | 372 |
| 7 | 1 582 | 372 |
| 8 | 1 900 | 478 |

**Author: Daw, Olebogeng Oavid.**
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