Challenges and Opportunity of Housing for Black Miner in South Africa

Olebogeng David Daw
Prof., North West University, Department of Economics South Africa

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 Democratic 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 mines 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. The paper aims to provide some understanding of the current housing situation and housing needs of mineworkers more than a decade after the abolition of the legislation which had shaped the living environments of mineworkers in South Africa, and will look at the different / alternative approaches for housing black mine workers and how they can afford housing.

Keywords: Housing, Miner workers, Hostels

1. Introduction

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 the control mine workers in the mines.

CHARACTERISTIC OF A COMPOUNDSYSTEM

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 compounds / 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 toilet. But hostel life has forcefully changed that.

PARENTERALISM

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

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 ratios should be the same in all the compounds.
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.

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. Mines owners began to invest in the liquor industry, and in the early years, many mine managers had a policy of rewarding hard workers with 'tot' at the end of a shift (Daw, 1998).

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 mines owners (Chamber of Mines) decided to use the system as well. There are at least five main reasons for this:

CHEAP MANUAL LABOUR

COST CUTTING

LOW ABSENTEEISM

CONTROL OF WORKERS

PREVENTED UNIONIZATION OF THE BLACK LABOUR FORCE

Challenges of accommodation.

According Daw O.D (1998), there are five problems which exist in the mining industry for accommodation of black mine workers:

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.

Family housing, the only alternative finally to hostels, remains the preserve of a small elite.

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,

The reaction of black mine workers 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.

No corporation has committed itself to the dismantling of the compounds completely.

RESTRUCTURING OF THE COMPOUND SYSTEM

Corporate embarrassment about compound life, brought about in part by a number of academic studies published in the 1970s (Wilson, 1972, Johnstone 1976, Websten 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.

PROBLEMS WITH THE HOSTELS SYSTEM

Overcrowding
Separation from family
No privacy
No place for visitors

The only positive thing about the hostels is that they are close to work and friendship with other workers. All residents were able to cook their own food or eat at the dining hall which prepared food centrally. Food was served by the mine company’s catering department 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 manage hostels on a democratic basis.

While there are numerous constraints on improving productivity levels in South Africa mines, one argument put forward by the mining industry is that productivity would increase if migrant workers were stabilised 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:

Hostel
Married housing
Home-owners
Living-out
Visitors’ quarters

2. (a) WHAT KEEPS THE MIGRANT WORKERS IN HOSTELS?

Daw (1998) states five factors that keeps the migrant workers in hostels as follows:

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.

Wage levels of migrant mines are too low to enable them to pay for market related family housing.

Financial institutions provide loans for the purchase of conventional housing only, and there is an urgent need to lower housing standards.

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, i.e. 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.
The bulk of employees on the mines are unskilled and cannot meet market-related housing cost.

3. INTRODUCTION OF HOME-OWNERSHIP SCHEMES

Democracy has seen a shift by mining houses towards the reduction of hostel accommodation in accordance with the demands of the Mining Charter which envisages the provision of family housing to all workers. This may be provided by the employer, government or workers' housing schemes. This strategy has been strongly supported by National Union of Mineworkers (NUM) in reaction to the hostel role in workers' exploitation under apartheid.

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 for low cost housing:

- Individual Subsidy
- Project Linked Subsidy
- Social Housing Subsidy
- Consolidation Subsidy

3. (a) South African Housing Subsidy Policy

The South African housing policy has seven strategies: stabilising the housing environment; mobilising credit; subsidy assistance; supporting the people's housing process; rationalisation of institutional capacity; release of serviced land; and co-ordination of state assistance. The subsidy assistance with reference to the South African housing policy is provided through the introduction of what the World Bank refers to as targeted housing subsidy.

This targeted subsidy is available to all heads of households with a total income of less than R3 500 per month, who are legally married and/or have financial dependants; are South African residents (or, as the Constitutional Court has recently rules, who have permanent residential status in South Africa); who have not benefited from government funding for housing in the past; who are 21 years of age or older, and who are first time home-owners. Table 1 provides an overview of the subsidies available and how these have changed since 1994.

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Source: Africa insight Vol 36 no1, 2006

These subsidies are made available by means of six subsidy programmes; individual subsidies, project-linked subsidies, consolidation subsidies, institutional subsidies, relocation assistance and rural subsidies. A background information relating to three of these programmes need to be discussed, namely individual subsidies, project subsidies and institutional subsidies.
Individual subsidies are ownership-based and can be accessed by means of an individual application to the relevant authorities (usually by means of an attorney). Project subsidies also provide full title and are accessed by means of a developer being awarded a project by the relevant authority (mainly the provincial government). Institutional subsidies are subsidies provided for rental housing or rent-to-buy housing, and are delivered through social housing institutions. Thus, the first two subsidy methods are extremely relevant for the provision of family housing to mineworkers, while the institutional subsidy provides, in theory, for the acquisition of some form of rental housing by mineworkers (Marais and Venter 2006).

**Development of subsidy schemes**

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 45 000 miners who are to be settled at Kanana township are unable to afford housing at the market rate despite subsidies. The major problem therefore lies in the low wage levels. Although companies such 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 leaders) and upwards.

Mining houses which pay a living-out allowance to some of their employes do so to overcome the responsibility of housing them, whether in hostel of family housing. This allowance is designed in part of 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.

Another way in which employers in 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.

According to Strydom and Russell (2010), the living out allowance has had a number of undesirable consequences over the years. These include:

- A serious drop in mine workers living standards as many chose to spend as little on accommodation off-mine as possible in order to have more disposable income for other needs;
- Proliferation of informal settlements in mining regions due to a shortage of affordable accommodation to rent;
- Poor living conditions in such informal settlements due to a lack of basic infrastructure - clean water sanitation refuse removal, electricity etc.
- Mine workers choosing to leave their wives and children in rural areas and to establish second families close to their places of work, the additional financial burden of running two households notwithstanding.
- The all-inclusive wage, on the other could have a positive effect by attracting already urbanised 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 recognised that migrant 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.

4.(a) Housing Opportunity in Lonmin/Marikana
Platinum mining in South Africa is concentrated in the Bushveld complex in the North West Province, the reserves are mostly in the traditional authorities of Bapo Ba Mohale and Lonmin leasing the Marikana land from them, it mine pays royalties to the traditional authorities.

According to Crispen Chinguno 2013 housing facilities of Lonmin comprise 1 798 houses and 544 family and 95 bachelor units. In addition, it has three hostel complexes for unskilled and semi-skilled labour (Lonmin 2010). Lonmin thus provides accommodation to about 2 342 of its 28 000 direct employees. This constitutes less than 10% of its direct workforce. The majority of the workers are in private accommodation which has exerted pressure on access to the few Lonmin houses.

Lonmin highlights that the LOA living out allowance is paid as an alternative to company accommodation and thus most workers end up in informal settlements. To be eligible for this allowance a worker has to prove occupation outside company accommodation usually through a letter from the landlord approved by a commissioner of oaths. The following forms of settlement for Lonmin workers are: hostels, family units, mortgage housing schemes, low density housing, skoomplaas.

Lonmin offers hostel accommodation at Karee Wonderkop and Eastern but in line with the Mining Charter aims to convert all of them into family units by 2014. At the Wonderkop Hostel, for example, at least eight workers shared a room with no privacy or dignity.

**Family accommodation:** As part of phasing out traditional hostels, Lonmin was converting some into family units. A hostel unit, for example, for eight single workers was converted into a one-bedroomed family unit for a single worker. The conversion of hostels into family units has reduced the capacity for accommodating single workers Acquiring family unit accommodation is not easy as the demand is high, numbers limited and access is through registration on a long waiting list.

Marikana West housing scheme

As part of its Social Labour Plan Lonmin has set up the Marikana Housing Development Company which builds houses and gives mortgages to its staff. Some houses have been developed and allocated to workers. Lonmin had a target of constructing 5500 units by 2009 under this scheme but was unable to achieve it (Lonmin 2010).

People who live in housing scheme accommodation are usually those who have permanently settled in the area and see a future here beyond their employment. A high proportion of women workers reside in this area as a majority of women workers are from local communities. This makes it easier for them to take out a mortgage in contrast to migrants from the Eastern Cape, Mozambique and Lesotho who are constrained by many having two families. In addition, their only attachment to the area is as workers and they see no future in the area beyond employment.

**Skoomplaas** Before the demise of the compound system, a number of houses close to hostels were reserved as married quarters for senior black staff. These houses are now reserved for senior workers amongst the unskilled, semi-skilled and administrative staff (Chinguno, 2013).

Nkaneng informal settlement: Nkaneng is an informal settlement adjacent to Lonmin operations in Marikana. The councillor and his committee have reliable statistics on numbers living there. They estimates at least 12 000 residential stands with an average of eight households on each stand.

Nkaneng is a post-apartheid phenomenon. Senior residents indicated that people started living there in the early 1990s following the release of Nelson Mandela. They settled illegally without sanction from the local traditional Chief Bapo Ba Mohale, the custodian of the land which was used for cattle grazing. The area has no accessible roads, water or electricity, sewerage or refuse removal. Before 1994 mine workers at Lonmin lived in hostels. The first mineworkers to live outside hostels rented rooms within adjoining villages. The reasons for staying outside hostels varied but it usually concerned a prolonged visit by a wife or relative. The mine authority usually only provided accommodation up to a maximum of two weeks. Some subsequently relocated in the villages permanently.

Some of the workers argued that they moved into the informal settlement to save on rentals and supplement their low incomes with the LOA of R1 850 a month. It cost an average rental of R220 for a single room sharing in the hostel while a single room in
an mkuku (shack) costs R300. A brick one room in the informal settlement cost R600 per month. A worker explained why he constructed his own shack, ‘i have a family here and in the Eastern Cape. I cannot afford R3 000 to pay a mortgage (Chinguno, 2013).

5. (b) Housing provision in Kathu

Kathu in the Northern Cape has lately experienced an extraordinary growth in the demand for housing, due to the increased demand for iron ore from China. As in the case of many small towns, the economy of Kathu is largely based on a single resource: iron ore. The mine was founded by the erstwhile company, ISCOR, just after the Second World War; and the town of Sishen was established. The ore in the area has always been extracted by means of an open-quarry method; and over the course of time, the length of the quarry necessitated a shift in the location of Sishen, resulting in the founding of the town of Kathu in the 1970s, approximately 15km to the east (Nel & Van Wyk, 2007).

Owing to a combination of factors, such as the backlog caused by apartheid mineworker-housing strategies, the fact that the mines have sold the residential properties that they historically owned, and the recent expansion of mining activities, a substantial housing shortage has arisen in Kathu (Nel & Van Wyk, 2007). In addition, increased private-sector interest as a result of expanding mining activities has seen the prices of houses skyrocketing. As a consequence, middle-income mineworkers have found it increasingly difficult to access housing in the town. In an attempt to provide housing for their workers, the Kumba mining company contracted the Matlapeng Housing Company, which is subsidized indirectly by various methods, to assist it in regard. In some cases, Kumba donated the land and paid for the provision of infrastructure; while the institutional housing subsidy from the government has also been utilised for those households that qualify. Three different models of tenure are followed in this regard (Nel & Van Wyk, 2007):

Individual ownership - this option is available for those who can afford it, in cases where the approval of the banks can be obtained. The survey indicated that 27.5% of households in the new housing development have opted for this form of tenure.

Instalment sale agreement - the house is acquired by means of an instalment sale agreement, which means that formal transfer does not take place on day one. Half of the households that were interviewed selected this option. The immediately advantage of the instalment sale is that it provides an option for households whose credit record is not good enough to qualify for a mortgage bond. Although there is very little difference between the monthly payment in respect of the instalment sale, and the payment that applies in the case of a mortgage bond, the fact that transfer does not take place at the beginning of the transaction contributes to a reduction in initial costs. At the same time, the instalment finance model is designed (obviously at a cost) to allow the participant to default for approximately three months. A further advantage of this approach lies in the fact that, should the household be unable to pay the instalments, they would lose their house, but would not be blacklisted for defaulting on a mortgage, or held responsible for the asset, since in such cases the house remains the property of the Matlapeng Housing Company.

Rental option - finally, it is also possible to rent the housing unit from Matlapeng. The remainder of the sample 22.5% of households - fell into this category. Rental housing is between 20% and 40% cheaper than the instalment sale or the ownership option.

6. Discussion

In the past black mine workers exclusively lived in mine hostels, this has changed following the attainment of democracy in 1994, mine companies have since abdicate the duty to provide accommodation by Substituting this with a living out allowance (LOA), when the mines started to pay living out allowance, black miner workers moved out of mine hostels and into informal settlements on surrounding land. There are over 38 informal settlements around the Rustenburg platinum belt, and what increase this number of informal settlement is that some of the black miner will buy plots from the local chief and build rows of shacks and rent them out to other black miner workers, and in this informal settlements there is no services in this plots/land there is no roads, electricity, health care centers or even a school, and it appears that neither the mine companies nor the local municipality have interest in the development of infrastructure settlement around the mine in South
Africa. In conclusion black miner workers argued that living in the informal settlement next to the mine is a matter of choice and an expression of freedom, the hostels were designed to maintain employer control over the workers beyond the workplace including their social life, in the hostel workers are restricted in drinking, noise and female visit. All this restrictions are resolved by moving into a informal settlement.

7. Conclusion

The mining company wishes to shift the cost of providing housing for mineworkers to the mineworkers themselves, while government policy on migrant workers and mining hostels is vague. The government has introduction difference housing schemes with the mining houses which can benefit the black miner workers to have a house.

According to Marais & A Venter 2006 only 1.3% of the South African respondents have received a housing subsidy before. This means that 98.7% of the South African mineworkers are eligible for a housing subsidy. Approximately 38% of the on-mine residents have been residing at their current residents for less than 10 years, compared to 43% of the off-mine workers. These figures also suggest that the permanency of mineworkers has increased during the last 10 years and that staff turnover at mining areas has decreased considerably.

The living out allowance is paid as an alternative to company accommodation and this result in Black miners workers end up in informal settlements. The government with the mine houses in South Africa can develop a affordable housing scheme which can benefit the low-income black miners in South Africa.

In essence the socio-economic profile of mineworkers suggests a fairly stable workforce with well-established households which might be more orientated towards providing housing for the family.

8. Recommendations:

Development of a Housing Subside scheme for black low-income miners in South Africa.

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