

projects which I have just mentioned require a serious study; on this subject allow me to tell you with a frankness, which may perhaps be considered rather straight, that your administration, whose financial experience is only a few years old, has not as yet acquired the knowledge of these questions as may have been done by special bodies of large European centres. Your right judgment, the good faith which you show in listening to, and weighing the arguments placed before you, cannot compensate this experience, only acquired by long years of labour. I am far from concluding that you should relinquish in any proportion the management of the affairs of the Republic, but I believe that when you were advised to adjoin to your committees some foreign members, the advice was good. I believe that if your Government, making the duties of the Executive Council lighter by appointing great committees for each of the special branches of public administration, finances, legislation, railways, mines, industry, agriculture—committees composed of burghers as voting members—I believe that these committees could, by studying, each one, the speciality devolving upon them, prepare and greatly facilitate the task of the Executive Council. I believe above all that if every one of these committees adjoined themselves consulting members, chosen among foreigners established in this country, you would obtain very serious results. In the first place, you would draw to you specialists who would give you the benefit of all the science acquired in their respective countries, where these questions have been for centuries the subject of deep studies. In the second place, these foreigners working with you and beside you, would learn to know you, and a mutual esteem would prevent in future any friction, and perhaps facilitate the harmony so desirable among the different inhabitants of this country. In the third place, this mark of the greatness of your ideas, of your earnest desire to get at the truth, would give the old world the proof of the straightforwardness of your intentions, would reassure it in the future, and lastly would re-establish, to the greatest benefit of the Republic, the confidence so necessary to its prosperity, its development, and even security.

Chairman.

The Chairman said he would not put any questions to Mr. Brochon, as his statement could be dealt with when the report was being prepared. If any of the other advisory members of the Commission thought it necessary to make a similar statement, it would not be necessary to give it in evidence but to hand it in.

Mr. Brakhan.

Brakhan's
statement.

Mr. Brakhan, at the sitting of the Commission, asked if he would be allowed, in conformity with a few remarks made at last sitting, to hand in a statement. The statement was mostly on general lines, since very full particulars had been already given. He had made a more especial point of it to show that if certain reductions had been made in the railway rates, still very fair and even very good profits would remain to the Netherlands Company, the Orange Free State, the Cape and the Natal Railways. He then handed in the following statement:—

Mr. AMANDUS BRAKHAN, manager, for South Africa, of Ad. Goerz and Co., Ltd. of Berlin, London, Paris, and Johannesburg.

market inflation.

The depression at present prevailing with regard to the mining industry of the South African Republic is attributable to some extent to the inflated market conditions which prevailed about eighteen months ago; but there can be no doubt whatever about it that the principal cause has to be looked for in the various burdens which militate against favourable working costs. These burdens have to be divided into

two classes—firstly, those which the directors of mining companies have to remedy themselves through their managers, and secondly, those for an alleviation of which the community can reasonably look to the Government of this State.

There can be no doubt about it that the wages ruling on the mines of the Witwatersrand are high, and that they must come down in course of time, partly through an influx of skilled labour, and partly through a reduction in the cost of living, which is very high at present. There are many instances on these fields where reductions have already been effected, without causing any trouble where it has been pointed out to the men that it was quite impossible to go on paying the high wages which were ruling. I have no doubt that further savings can be made in this direction, but it seems to me that this can only be effected gradually. One might take the wages ruling at the present time on the Rand to be about 75 per cent. to 100 per cent. higher than those paid in California, but it must be borne in mind that there the cost of living is much lower than here. I am, however, of opinion that the value of white labour does to some extent not only depend upon the pay a man draws, but upon the value he gives for his remuneration. A man may be expensive at £15 per month if he does insufficient work and wastes the company's stores; while another's pay of £30, or even £40 per month for risky work, such as shaft-sinking, may result in work which is much cheaper, and which expedites the company's operations. Diligence and intelligence ought to be encouraged, and I, personally, am in favour of doing as much as possible by contract work, which puts the men on their mettle, and generally gives good results to the companies, if the contract price has been determined intelligently by the manager. Contracts which enabled a man to earn per month up to £100 or even more, can, to my mind, by no board of directors be defended. It is not alone dear, but also in many cases inefficient labour under which the mining industry has to suffer.

The supply has generally not been sufficient for the demand, and it was heretofore very difficult to effect a reduction. In October last, the wages were reduced somewhat, and this measure having worked well, it has quite recently been resolved by the board of directors to effect a material reduction, which averages 30 per cent. on the wages ruling at present. It is to be hoped that this step will not result in too large a number of natives leaving work. It may, however, be reasonably expected that, if this should take place, and the supply become inadequate for a time, the natives will soon return or others take their place, if the mines remain firm in their determination. One point must, however, not be lost sight of: if the Government takes such steps as will tend to expand mining operations, the demand for native labour is bound to increase, and it behoves us to look around in time to fill this demand. I am afraid that private endeavours, even if they be in the hands of the industry itself, will prove unavailing to cope with the demand, and I think the Government ought to seriously consider what steps they are to take to assist the mining industry in its endeavours. Such taxes, I think, must be imposed on the native living in this Republic as will virtually compel him to work not alone for a short period, which is generally now the case, but for the best part of the year. The Government might also to advantage approach the adjoining States and Colonies to ensure their co-operation in securing an efficient supply of native labour to the gold industry, for they must be aware that any such facilities will redound to their advantage through the extended carrying trade on their railways and the spending power of their native population. It is especially in the direction of Delagoa Bay, where at present such conditions obtain, that the bringing of natives to these fields is most expensive. A tax of 27s. 6d. per head is levied by the Portuguese authorities, which, everyone will own, is exorbitant. Not alone is this excessive tax exacted, but

the greatest difficulties are placed in the way of labour agents. There are many ways in which the Government can assist the mining industry in its endeavours to procure a sufficient and cheap native labour supply. I will only mention, the encouragement of locations not far from the Rand, the unselfish co-operation of the Native Commissioners in sending down boys, and an adequate administration of the Pass and Liquor Laws.

I think that the suggestion to establish a special Government Board, which is to confine its work to questions affecting the mining industry, is a most excellent one. The welfare of the State is so intimately connected with the prosperity or otherwise of the industry, that it is of the greatest importance to have every phase studied by a Board which has an intimate knowledge of the requirements. To attain this end I think it would be of the greatest importance to appoint to this Board also a certain number of members who are leaders of the industry. It would be well to give powers to this Board to administer, and, if necessary, amend, with the consent of the Executive Council, the Pass and Liquor Laws, and to take such measures as will tend to decrease the gold and amalgam thefts.

The price charged to the mines for dynamite is out of all proportion to the cost at which the explosive is being laid down here by the monopolists, for everyone knows that the quantity actually manufactured here is only very small, and that, therefore, enormous profits accrue to the monopolists; whilst the Government has to be satisfied with a modest 5s. per case, and earns all the abuse for a state of affairs which certainly ought not to exist. Since it would appear that the manufacture of dynamite in this country has insurmountable obstacles placed in its way, as all the articles necessary for the manufacture itself have to be imported, and are several times the bulk of dynamite; further, as the manufacture itself is here very expensive; and, finally, as the by-products can hardly be utilised in this country, and might even be a source of danger, I think it entirely unreasonable that the industry should be made to pay 107s. 6d. for a case of blasting gelatine, which can be placed free on board at Hamburg for about a quarter of that amount. I beg to give it as my humble opinion that once free trade in dynamite is established in the Transvaal there would be no question of a ring in this article; the large consumption in the Transvaal would create such competition that no ring could come up against it. Reasonable prices for dynamite would affect mining costs most materially. The expenditure per ton of ore crushed depends naturally on the condition and width of the reefs in the various mines. Whilst, for instance, this item amounts to only 1s. 6d. in the Meyer and Charlton Gold Mining Company, it continues to be 4s. 4d. per ton in the Princess Estate and Gold Mining Company, or expressed on a percentage basis—6·325 per cent. as compared with 13·42 per cent. respectively of the total working costs.

The railway rates paid, not only to the Netherlands Company, but also to the lines feeding that company, are so preposterously high that they tend to make gold mining in this country in most cases almost an impossibility. When some years ago the traffic was a limited one, those rates may have been perhaps justified. But at that time everyone was looking forward to very material all-round reductions, which however, so far have in vain been waited for. There can be no doubt about it, that if these rates are not reduced, the expansion of the industry will be materially checked, nay, that operations will even have to be materially curtailed, since a reduction in the price of dynamite and in the railway rates, in many cases, means turning a loss into a profit. I think the Government will grant that the industry can reasonably look forward to their warm support in this matter, for the leaders of the industry have shown that they use every endeavour to bring about such reforms in the management of the mines as will tend to the highest possible economy. I have

had several tables worked out in order to show what the profits of the various railways during 1896 have been, and also what interest would have been secured in case certain reductions had been made in the rates.

STATEMENT No. I.

The Netherlands Company will pay on its ordinary share capital, after paying interest on bonds, redeeming bonds, placing £297,000 to reserve, and paying to the Board and staff £52,677, a dividend of 14·71 per cent. The profit to the Government will amount to £895,475. These figures are approximate. Now, if the passenger rates would be reduced by 15 per cent., and the goods' rates by 30 per cent., a saving to the community of £801,900 would be effected, and the shareholders would still receive the respectable dividend of 8·52 per cent. The Government's profits would, of course, be materially reduced, and would amount to £282,064.

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STATEMENT No. II.

This deals with the returns of the three systems of the Cape Government Railways—both as regards local traffic and through traffic to the Transvaal. Here a reduction of 10 per cent. has been taken for passenger rates, and 20 per cent. for goods rates, as the present rates are considerably lower than those of the Netherlands Company. The interest earned in 1896 on all traffic on an invested capital of £18,218,580 for the Cape lines, or including Orange Free State line, of £20,790,288—has been £8 19s. 7d. per cent., equal to £1,867,198 9s. 6d. This includes 50 per cent. of the net receipts on traffic over the Orange Free State line, and 4 per cent. interest on the invested capital of £2,571,702. With the above reductions on the rates, the average interest of the three systems of the Cape would amount to 5·18 per cent., equal to £944,776. The Western would earn 4·44 per cent., the Midland 7·22 per cent., and the Eastern 3·06 per cent. It must be borne in mind that this is an average rate for the whole system, and that certain lines pay even at present no interest, or only a very small one. I have shown in this statement a reduction on *all* receipts, whilst in Statement No. VI. I have dealt with the benefits accruing in such a case to the Transvaal.

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STATEMENT No. III.

The same reductions in the rates as in the Cape operating on the Orange Free State Railway would still yield interest at the rate of 19·98 per cent., equal to £518,567 to the Free State for 1897, when this line is worked by the Government. This is, of course, on the basis of the traffic during 1896. The rate of interest on the invested capital of £2,571,702 amounted during 1896 actually to 26·9 per cent., of which half, after deducting 4 per cent. on the invested capital, went to the Government of the Orange Free State, amounting to £289,553.

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STATEMENT No. IV.

During 1896 the Natal Government Railways yielded £11 9s. ¼d. per cent. on an invested capital of £6,236,555, equal to £714,224. Had similar reductions of 10 per cent. and 20 per cent. been made on the rates the interest would still have amounted to £8 18s. per cent., equal to £509,983.

Interest of
Railway
1896.

STATEMENT No. V.

This statement shows how much the Transvaal, *i.e.*, inhabitants and the mining industry, would have saved if the reduction in the railway rates, mentioned in the previous statement, had been ruling. It must be well understood that I give here only the saving on the through traffic from the Cape, Orange Free State, and Natal, to the Transvaal, and on the entire traffic of the Netherlands Company. Unfortunately, no figures as regards the Portuguese line are in my possession. The saving to the Transvaal on this basis would have amounted to £1,195,201, of which nearly a million would directly or indirectly have benefited the mining industry.

STATEMENT No. VI.

It is well to analyse what it would cost the Government to expropriate the Netherlands Railway Company if this course were decided upon now. I find that the price would be about 257 per cent., equal to £2,996,600 for the total issued capital of £1,166,666 (of which £476,033, equal to 5,713 shares), are owned by the Government. Adding to this the issued debentures, the Government would have to provide a total of £8,424,633 (minus the value of their shares in the ordinary capital of the Netherlands Railway Company.) Taking the safe figure of 4½ per cent., at which the Government could borrow, the reduced rates would still yield her £354,480, after paying all working costs, 10 per cent. of gross revenue for depreciation, and the interest on the loan.

I am, however, firmly convinced that the reduction in the rates would be followed by a material expansion of the traffic, thus increasing the profit.

STATEMENT No. VII.

This statement shows the average yield in per cent. per annum of some of the leading English railways.

I append detailed cost sheets of the Meyer and Charlton Gold Mining Company and the Princess Estate and Gold Mining Company, numbered respectively VIII. and IX. The cost per ton crushed of the latter company is higher than on the Meyer and Charlton, caused through the thinness of the reef. The cost of the Princess Estate and Gold Mining Company, through lower prices for dynamite and a reduction in the railway rates, would be substantial, as the figures for dynamite and fuel per ton crushed are 4s. 4ld. and 3s. 7·7d. respectively. Both at the Meyer and Charlton and Princess every step has been taken to reduce expenditure as much as ever possible, and consequently the cost of the latter company shows a marked decrease against that ruling during 1896. In the same way the working costs of the Meyer and Charlton have been reduced from 24s. in 1896 to 18s. 9d. for April last. This reduction is partly owing to an increase in the stamping power.

STATEMENT No. I.

NETHERLANDS RAILWAY.

Average aggregate earnings for 1896 according to the Chamber of Mines Railway report, £2,970,000; of which 41 per cent. may be expected to cover working expenses; this would mean a dividend of 14·71 per cent. on the share capital and a profit of £895,475 to Government.

According to the 1894 and 1895 returns, the revenue for passenger traffic was about 20 per cent. of the total traffic receipts.

Taking a reduction of 15 per cent. on the receipts from passenger traffic, and of 30 per cent. on goods, the receipts would have been as follows:—

REVENUE.			
Passengers ... ..	...	...	£594,000
Less 10 per cent.	...	...	89,100
			<u>£504,900</u>
Goods, etc., ... ..	...	...	2,376,000
Less 30 per cent.	...	...	712,800
			<u>1,663,200</u>
			<u>£2,168,100</u>
EXPENDITURE.			
Working costs (41 per cent. of £2,970,000 ...	...	...	£1,217,700
Interest and redemption of loans...	...	...	335,500
10 per cent. of gross revenue to reserve	...	...	216,810
Guaranteed interest on shares	...	...	66,250
			<u>£1,836,260</u>
			<u>£331,840</u>

Of which—

85 per cent. = £282,064, goes to Government.
 10 per cent. = 33,184, goes to Shareholders.
 5 per cent. = 16,592, goes to Directors.
 The Shareholders get £66,250 guaranteed interest.
 33,184 surplus dividend.

Total ... £99,434

Equal to 8.52 per cent. per annum on the capital of £1,166,666.

STATEMENT No. II.

CAPE GOVERNMENT RAILWAYS.

Basis: 1896 returns.

20 per cent. reduction on goods traffic receipts.

10 per cent. reduction on coaching receipts (passengers and parcels).

WESTERN SECTION.			
<i>Earnings:</i>			
Coaching ... ..	...	...	£539,260
Less 10 per cent.	...	...	53,930
			<u>£485,330</u>
Goods, &c. ... ..	...	...	675,930
Less 20 per cent.	...	...	135,186
			<u>540,740</u>
		Total	<u>£1,026,070</u>
<i>Expenditure:</i>			
Total ... ..	...	...	<u>674,460</u>
		Net balance	<u>£351,610</u>
Capital entitled to interest, £7,918,394.			

Mr. A. Brakhan's Evidence.

MIDLAND SYSTEM.

<i>Earnings:</i>				
Coaching	...	...	...	£219,453
Less 10 per cent.	...	...	...	21,950
				<u>£197,503</u>
Goods, &c.	...	...	...	1,116,142
Less 20 per cent.	...	...	...	223,228
				<u>892,914</u>
				<u>£1,090,417</u>
<i>Expenditure</i>	...	...	...	608,232
				<u>£482,185</u>
				Net Balance

Capital entitled to interest, £6,674,890.

EASTERN SYSTEM.

<i>Earnings:</i>				
Coaching	...	...	...	£98,770
Less 10 per cent.	...	...	...	9,877
				<u>£88,893</u>
Goods, &c.	...	...	...	£385,170
Less 20 per cent.	...	...	...	77,030
				<u>308,140</u>
				<u>£397,033</u>
<i>Expenditure</i>	...	...	...	286,072
				<u>£110,961</u>
				Net Balance

Capital entitled to interest, £3,625,300.

NET REVENUE AT REDUCED RATES.

System.	Capital entitled to Interest.	Net Balance.	Yield in per cent.
Western	£7,918,390	£351,610	4.44
Midland	6,674,890	482,185	7.22
Eastern	3,625,300	110,981	3.06
Total	£18,218,580	£944,776	5.18

STATEMENT No. III.

ORANGE FREE STATE RAILWAYS.

<i>Earnings:</i>					
Coaching	...	...	...	£315,618	
Less 10 per cent.	1	...	...	31,562	
					£284,056
Goods, &c.	...	...	...	£728,216	
Less 20 per cent.	...	...	...	145,643	
					582,573
					£866,629
<i>Expenditure</i>	...	...	...		353,062
					£513,567
Net Balance	...				

Which is 19·98 per cent. on £2,571,702 (capital entitled to interest).

STATEMENT No. IV.

NATAL GOVERNMENT RAILWAYS.

REVENUE.

Passenger and parcel	...	...	...	£230,018	
Less 10 per cent.	...	...	...	23,002	
					£207,016
Goods, &c.	...	...	...	£906,196	
Less 20 per cent.	...	...	...	181,239	
					724,957
					£931,973

EXPENDITURE.

Total	...	...	...	...	...	421,990
						£509,983
Net balance	...	...	...	...	...

Capital entitled to interest, £6,236,555. Yield, 8·18 per cent. per annum.

N.B.—Expenditure includes £20,284 3s. 8d. for compensation in connection with the Glencoe Railway Disaster.

STATEMENT No. V.

RECAPITULATION.

The gross earnings of through traffic to the Transvaal in 1896 are:—

CAPE GOVERNMENT (including O.F. State Line) RAILWAYS.

£1,592,898, of which

Taking the passenger traffic at 30 per cent. of the total	£477,867; 10 per cent.,	£47,787
Taking the goods traffic at 70 per cent. of the total	1,115,031; 20 per cent.,	223,006

NATAL GOVERNMENT RAILWAYS.

£680,600, of which

Taking the passenger traffic at 20 per cent. of the total	£136,120; 10 per cent.,	£13,612
Taking the goods traffic at 80 per cent. of the total	544,480; 20 per cent.,	108,896

NETHERLANDS RAILWAY.

£2,970,000, of which

Taking the passenger traffic at 20 per cent. of the total	£594,000; 15 per cent.,	£89,100
Taking the goods traffic at 80 per cent. of the total	£2,376,000; 30 per cent.,	712,800

Total saving £1,195,201

(Exclusive of Portuguese Railway, report of which is not to hand.)

The maximum rate of the Netherlands Company, according to the Concession, is fixed at 6d. per ton per mile.

It would appear, however, that the Netherlands Company's share in through traffic from the Cape amounts to 7.7d. per ton per mile from Vaal River to Johannesburg.

STATEMENT No. VI.

NETHERLANDS RAILWAY.

Should the Government expropriate the railway at the rate of 12 per cent., i.e., an average dividend on Netherlands shares on the basis of the following dividends:—

9 per cent. for 1895,
14 per cent. for 1896,
13 per cent. for 1897,

The amount to be paid by the Government would be—

20 times 12 per cent. ... ..	...	...	...	Per cent.
Plus 17 per cent. (1 per cent. for each year 1897-1915)	...	...	...	240
				17
				<hr/> 257

On a capital of £1,166,666 £2,996,600
 The debenture debt of the Netherlands Railway Company at the
 end of 1896 amounted to 5,428,033
 (Since then authorised, £1,100,000.)

Government would have to provide for £8,424,633

At the reduced basis of 1896, and assuming Government can raise money at the
 rate of $4\frac{1}{2}$ per cent., its net revenue per annum would amount to—

Gross revenue £2,168,100

Expenditure:

Working cost £1,217,700

10 per cent. depreciation 216,810

$4\frac{1}{2}$ per cent. interest on £8,424,633 379,110

1,813,620

Net revenue £354,480

STATEMENT No. VII.

ENGLISH RAILWAYS.

Name of Railway Company.	Issued Share Capital.	Issued Loan Capital.	Average Yield on Total Capital per Annum.
			Per cent.
Great Eastern Railway	£32,858,519	£14,784,171	about 3
Great Northern Railway	37,204,305	12,972,763	„ 3·15
Great Western Railway	59,392,000	18,351,734	„ 4·32
Lancashire and Yorkshire Railway...	36,346,616	16,931,017	„ 3·59
London and North-Western Railway	78,782,555	37,532,804	„ 4·11
London and South-Western Railway	25,780,633	12,365,359	„ 3·59

STATEMENT No. VIII.

MEYER AND CHARLTON GOLD MINING CO., LTD.

Expenses for the year ending 31st December, 1896 :—Mill tonnage, 101,397.

	£ s. d.			Cost per Ton.		Per Cent. Total Cost.
	£	s.	d.	s.	d.	
Native labour }	39,630	9	9	7	9·803	32·549
Native food }						
White labour, salaries, &c., including manager's salary and all administra- tion expenses at the mine	32,520	15	0	7	0·075	29·173
Coal	10,647	12	9	2	1·202	8·745
Dynamite	7,700	19	4	1	6·228	6·325
Cyanide	4,359	15	1	0	10·320	3·581
Zinc	290	2	2	0	0·687	0·238
Royalty	2,017	13	4	0	4·776	1·657
Mining timber	920	11	7	0	2·179	0·756
Timber, deals, &c.	213	7	10	0	0·505	0·175
Steel	777	15	1	0	1·841	0·639
Oils, grease, and paraffin	983	10	10	0	2·327	0·808
Candles	1,494	14	3	0	3·537	1·227
Ropes, steel and manilla	264	10	11	0	0·626	0·217
Forage, chaff, and bran	279	9	9	0	0·662	0·230
Electric spares	190	16	11	0	0·453	0·157
Mill spares, shoes, dies, cams, cam shafts, stems, mortar boxes, screening, &c. ...	711	14	11	0	1·685	0·585
Trucks, wheels, and rails (capital account) ... ..	...	...	...	...	...	...
Pipes and pipe fitting	260	0	0	0	0·616	0·214
Fuse and detonators	793	13	6	0	1·877	0·651
Sundry Stores—Bar iron, bolts and nuts, assay chemicals, machinery, &c. General charges—	6,894	6	5	1	4·318	5·662
Insurance and sundries £5,523 14 3						
Licenses and rents ... 84 0 0						
Printing and advertis- ing 1,089 15 1						
Directors' and com- mittees' fees 1,108 0 0						
	7,805	9	4	1	6·474	6·411
	£121,757	8	9	24	0·192	100

STATEMENT No. IX.

PRINCESS ESTATE AND GOLD MINING CO., LTD.

Average Working Costs per Month.

Description.	Amount.			Cost per Ton.		Percentage of Costs.
	£	s.	d.	s.	d.	
Native wages ...	2,165	2	4	8	7·7	26·73
Native food ...	321	10	1	1	3·4	3·96
European wages, including contracts ...	2,058	14	2	8	2·6	25·40
Fuel ...	912	3	11	3	7·7	11·26
Dynamite and gelatine ...	1,087	15	6	4	4·1	13·42
Cyanide ...	99	18	9	0	4·8	1·24
Mine timber ...	31	5	0	0	1·5	0·38
Deals ...	28	13	9	0	1·3	0·36
Drill steel ...	82	18	11	0	4·0	1·02
Lubricants ...	113	10	6	0	5·4	1·39
Candles ...	130	14	6	0	6·3	1·61
Shoes and dies ...	55	10	0	0	2·6	0·68
Fuse and caps ...	96	3	11	0	4·6	1·19
Screening ...	11	14	9	0	0·6	0·15
Screws, nails, bolts, &c. ...	10	13	11	0	0·5	0·14
Sundry stores ...	20	0	3	0	1·0	0·25
	517	13	1	2	0·8	6·38
Head office charges ...	209	3	4	0	10·0	2·58
Sundry expenses at mine ...	151	3	3	0	7·2	1·86
	£8,104	9	11	32	4·1	100