

Where is it?—In Krugersdorp. I can send it in.

I shall be glad to have it.—Then I shall only be too pleased to hand it in to the Commission.

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MR. G. A. A. MIDDELBERG, after being duly sworn, said :

Before proceeding to answer the questions which will be put to me, I should like to have the opportunity of supplying certain information, in consequence of the interrogatory of witnesses which has already taken place. The most important point of the accusation laid against the tariffs of the Netherlands Railway consists in the share of the carriage obtained by us in the traffic from the seaports to Johannesburg. The accusation that the tariffs from the ports to Johannesburg should be higher by our taking a greater share of the profits, than they would be if we accepted a lower share, is devoid of foundation. Let us commence with an illustration, which will make the situation and position clear. When two individuals decide to build a house, and provide the necessary funds therefor, and when the rental of that house has been fixed, then it is certainly a matter of indifference to the tenants of the house what share of the rent each of the two owners receives. This is exactly the same in the case of the share of carriage received by each of the administrations in the traffic with the ports. Let me now return to the history of the present existing tariffs. When the railway from the Cape ports to Johannesburg was completed, the Cape Government had obtained the right, by the so-called Sivewright Convention, to raise the tariffs entirely at their pleasure, only binding themselves to pay out a certain share to the N.Z.A.S.M. These tariffs exist at present, although since then reductions have been introduced here and there. So far as I know, prior to six months ago, no objection was uttered against these rates, and the agitation which has arisen during the past few months has certainly surprised both you and me not a little. When the Delagoa Bay line was opened for traffic, we asked ourselves, as any railway management would have done, what rates must be introduced on that line, so that that line should have a share of the traffic in accordance with the forwarding capacity of the line. The difference in rates from Delagoa Bay with East London was fixed on an average of 15s. per ton. Again, somewhat later, the construction and opening of a line with Natal was negotiated, and again the question was asked, what tariffs should be recognised on that line, so that also that railway connection should obtain a proportionate share in the traffic. As you are aware, and as appeared later from experience, the rates from East London to Johannesburg have assured also to Durban a sufficient share in the traffic. The rates from the ports to Johannesburg thus in the way stood firm with the most sound railway principles. What share each of the administrations should receive therefrom has nothing to do with these rates, but is the result of agreement; or, if you will, of struggle between those different administrations. When, therefore, a limit was placed thereon, by the Cape management taking measures to prejudice the railways from Delagoa Bay and Natal, by demanding from us a higher share of the rates, there was no mention of increase of tariffs but alone of the ceding of a greater share by the Cape administration to us. The correspondence having reference to this is to be found in Green Book No. 1, 1895. It is surprising that these so simple facts are not grasped in Johannesburg. This is the more to be wondered at, because by a comparison of the so-called rates from Mid-Vaal River with those from Vereeniging, an elucidation of the fact could so easily be arrived at. But this is still more surprising, for when some time back a disagreement arose between the Free State and Cape administrations regarding the share of rates which each should enjoy in the through traffic, and when

Cape administration threatened to extort a greater share for itself, no cry of indignation sprang up in Johannesburg that the tariffs would be raised, because they then fully understood that a higher share for the Cape administration was equivalent with a lower share for the Free State. I do not here contend that the rates from the ports to Johannesburg are high, or low, or just; I merely wish to demonstrate that the share which the N.Z.A.S.M. has obtained has nothing to do with the tariffs from the ports. Certainly the N.Z.A.S.M. could have induced a tariff war, instead of warding it off; but I consider myself fortunate that hitherto the tariff war has been avoided. Many in Johannesburg would have rubbed their hands in ecstasy had the three competing railway lines to the ports commenced a tariff war in the genuine American manner. It requires no demonstration that this would have been greatly to the detriment of the whole of South Africa and its Governments. With respect to this State, the important fact should not be forgotten that it receives 85 per cent. of those higher tariff shares, and of those greater receipts, and over and above this, as a large shareholder, about another 5 per cent. In place of which it might have been expected it would have been said, "Thou, good servant, thou hast, in accordance with genuine commercial principles, assured thyself of the largest share of the general revenue by which this State has been placed in a position to cover the increasing expenditure,"—a cry of indignation is uttered, which, taken at its least, is unjust. Permit me now to subject the direct tariffs to a closer examination. In the first place, people have distorted the shares of rates of the N.Z.A.S.M., and made them to appear as tariffs; and they have compared them with those in other countries of the world. It is astonishing that they have forgotten to make a comparison of the tariffs from the ports to Johannesburg, with the tariffs from the ports to other places in South Africa, namely, to stations of the Cape Colony, Free State, and Natal. Had they done that, they would have arrived at the surprising result that not alone had Johannesburg reason to pity itself, but all the other places, for instance, in the Free State and Cape Colony. I attach hereto a statement of the tariffs per ton and per mile in the Cape Colony, Free State, and Natal, and I find that, far from the rates from the seaports to Johannesburg being high, when compared with those to other places, they may be called exceptionally low.

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COMPARISON OF THE TARIFFS PER TON AND PER MILE ON THE CAPE AND NATAL RAILWAYS AND FROM THE PORTS TO JOHANNESBURG:—

	Normal Goods.	Medium Class.	Timber (Rough Goods).	Compara ble of rates per Cape and to Johannesburg.
Cape Railway (local traffic)—				
50 miles, delivery fee not included	6d.	2.80
100 " " " "	5.40	2.40
200 " " " "	4.90	2.20
For long distances, such as Port Elizabeth, Johannesburg	4	1.71		2.68
Actual rate to Johannesburg—				
From Port Elizabeth, delivery fee included	2.70	2.41
" East London	2.76	2.43
" Cape Town	2.56	2.17
" Durban	3.79	3.34
" Delagoa Bay	4.24	3.64

	Normal Goods.	Medium Class.	Timber (Rough Goods).
Rate from Port Elizabeth—			
To Bloemfontein	3-90	1-78	2-60
„ Kroonstad	3-18	1-97	2-87
„ Viljoen's Drift	2-85	2	2-57
„ Kimberley	4-01	1-82	2-72
„ Mochuli	3-53	1-97	2-36
Natal Railways (local traffic)—			
25 miles	8	6	5-20
50 „	4-50	3-70	3-10
100 „ and more	4	3-25	2-75
Netherlands South African Railway Company—			
For all distances without terminals	6	4-50	3

Thus for instance, where the 2nd class goods are forwarded from Port Elizabeth to Johannesburg for 2-7d. per ton and per mile, the rate to Bloemfontein amounts to 3s. 9d., to Kroonstad 3-18d., to Kimberley slightly over 4d.; and we see that the inhabitants at Viljoen's Drift have to pay almost the same rate for oversea goods as to Johannesburg, certainly a proof that a share of the rates from the Vaal river to Johannesburg has no effect thereon. But the differences come out strongly when we compare the rate for timber to Johannesburg with that in the Cape Colony and the Free State over similar distances. There we find that timber from Port Elizabeth to Johannesburg is rated at 1-75d. per ton per mile, to Bloemfontein 2-60d., Kroonstad 2-87d., Kimberley 2-72d. The same applies to the Natal line, though in a somewhat lesser degree. We now go a step further, and ask under what rates the mining industry in Rhodesia will have to come for development. People have fixed all hopes on the development of the mines in Rhodesia. Nowhere have I heard it asserted that these mines are richer than those on the Rand. Well, now, the rate from Port Elizabeth to Mochuli in transit to Rhodesia amounts, for normal goods, 9-4d. per 100 lbs., against 8-1d. to Johannesburg, and the rate for timber 5-8d., against 5-3d. to Johannesburg. To this rate there must still be added the rate over the great distance from Mochuli to the gold fields. Is it not marvellous how anyone can think of the possibility of ever developing these fields, when it would appear, with the existing rates to Johannesburg already to be impossible. We see from the foregoing that, when anyone in South Africa has to complain regarding the high railway rates, it can certainly not, in the first instance, be Johannesburg, but nearly all the other places in the Free State, the Cape Colony, and Natal which are deprived of the results of the privilege of lying nearer the sea. And when the great wish, recently expressed, that the endeavours of all must be that all whites south of the Zambesi shall have equal rights is realised, then important reductions in the matter of railway tariffs will have to be introduced for the benefit of these other places. It is just because the principle of a State railway so little suits the railways in South Africa, and the railways are rather managed on commercial principles, that this more satisfactory result is obtained for Johannesburg. If the State railway principles whereby privileges for one standard or class above another are excluded, were recognised here in South Africa, then this certainly would not come in the interests of of Johannesburg tariffs. I now come to the second great grievance: the coal rates in conjunction with the working costs. What has not been told regarding the coal tariffs? In the manifesto of Mr. Leonard, it was already contended, and myself was mentioned as authority, that the profit from the coal rates for the mining

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industry along the Rand would be sufficient to cover the expenditure over the entire line to Delagoa Bay. This was repeated almost recently in the report of the Chamber of Mines, and by Mr. Eckstein. Mr. Fitzpatrick, with a dexterously chosen example, which is really an exception, has attempted to give an illustration in the case of the Geldenhuis Deep, of the weighty burdens which rest on the mining industry through the coal rates. Another went so far as to quote the tariffs for coal on certain English railroads, and it was even said that because the Free State Railway charges the Cape Railway $\frac{3}{4}$ d. per ton per mile for the coal on behalf of the Cape Railways, this tariff could be suitably introduced on the Rand. Why did they not go a step further, knowing that the N.Z.A.S.M. does not charge anything for the coal for its own use on its own line, no more than the Cape Railways for theirs, and declare that thereby the proof was furnished that the coal for the mining industry could be forwarded for nothing? The basis for the compilation of all tariffs is the calculation of the working costs, as well as of the interest and further necessary and actual expenditure. There exist two ways by which the working cost can be calculated. Let me, by an example, make both these modes of calculation clear. Suppose a railway forwarded 100,000 tons of goods per annum, and receives as carriage £1 for each ton, and let us allow that the cost of working, say thus: the costs for the maintenance of roads and buildings, the actual cost for motor power, the cost of stations and traffic *personnel*. Further, the general expenses, the interest, and the writings-off amount to £100,000, then the costs are covered, and it can be said that the actual cost for the forwarding of one ton amounts to £1. Suppose now that that railway, which has there not reached the limit of its forwarding capacity, gets an offer to forward 10,000 tons more, and must do this at such a reduced price that it can make no profit, or, at least, very little. To estimate the actual cost, which is necessary to forward these 10,000 tons, over and above the already existing 100,000, we go to work as follows: we say the railroad is there, and is maintained. By the increased transport of 10,000 tons the interest of a railway is not increased, any more than the cost of maintenance. The *personnel* of the stations remain the same, whether one or more trains have to pass through. The only thing that costs more is the *personnel* and the fuel of the trains which have to travel more. Suppose now we arrive at a figure of 5s. per ton, for which these extra 10,000 tons could be forwarded, then we find at the end of the year an income of £102,500, as against an expenditure of £102,500. That railway has thus remained in the same condition. Then, however, the forwarders of the first 100,000 tons say: "You can, and you admit that you can, forward 10,000 tons for £2,500. How can you then ask us to pay £1 for each ton?" And yet what a difference in the account. In the example thus far quoted the returns for 110,000 tons are £102,500. Should, however, the whole 110,000 be forwarded for 5s. per ton, the returns would amount to £27,500, or, in other words, a loss be entailed of £75,000. Here, in Africa, far too much is already forwarded for prices which do not cover the cost according to the first account. It is not long since the Commissioner of Railways in the Cape Colony assured me that the net cost of a ton of goods per mile on the Cape Railways, bearing in mind all the cost and expenditure for maintenance, amounted to between $1\frac{1}{2}$ d. and 2d. I could not believe that then, but recently I have convinced myself of it by the following calculation, which, as all the data were not at my service, cannot lay claim to entire exactness, but is certainly sufficient for our purpose. I estimated the average revenue per ton of goods per mile on the Cape and Natal Railways. I said, were those estimated average prices reduced to $1\frac{1}{2}$ d., how much would be the loss sustained by the Cape and Natal Railways, and I found that the smaller income represented a larger sum than the whole net returns of the Cape and Natal railways, after the subtraction of the interest of the construc-

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tion capital. From it appears that, by a general application of a tariff of 1½d. per ton per mile, these railways would not be in a position to cover the interest and expenses. For our railway, ampler data are at my disposal, and applying the same method to our returns, I come to the conclusion that the loss for the railway, after the payment of all remaining costs, amounts to over £150,000; 1½d. per ton per mile is thus below our actual cost. It has been said that our working expenses must be exceptionally low. The argument of the influence of low grades, so attractive for the layman, is always brought forward. Did our working costs amount to less than those of the other railways in South Africa, then it certainly would be the only thing in the Republic that is cheap. I have never heard it stated that we pay extravagantly high salaries to the *personnel*, or that our *personnel* is too extensive, and yet I can assure you that the working costs amount to considerably more than on the other lines. In this respect we are proceeding by degrees; each year the working expenses become less, but it will be long before we reach the figure of the other railways. It would take me too far to sum up all the reasons for this, and point out the facts which place these reasons beyond any doubt. Should the Commission be interested therein, I shall certainly give information later with regard to it. Now, it has not been my intention in the above to contend that it is unsound policy to fix tariffs lower than the actual cost, by which all expenditure is taken into consideration. We are quite as guilty as the other railways thereto. The cattle traffic, for instance, is done at a much lower rate than the so-called actual cost, and demonstrates clearly how far we can go with the lowering of the tariffs in South Africa. Where, for instance, a truck with eight oxen is forwarded on our line at a rate of one or one and a half tons ordinary normal goods, the Cape and Natal Railways forward this wagon as if it was only loaded with one ton of goods. When we bear in mind that the average load of a wagon is eight tons, then this cattle traffic, which certainly belongs to the most difficult class of traffic, and to which delay can do so much mischief, takes place at one-eighth of the tariff for ordinary goods. The forwarding of coal to the ports takes place on all South African lines at ½d. per ton per mile, more or less. These examples go to show how far we are already below the average actual cost of traffic. With respect to the rate of coal along the Rand, I shall certainly not contend that this cannot be lower. The returns are somewhat greater than the actual cost, but assuredly not so much as people think. Let us closely examine the returns of the coal traffic. Here follows a list of the quantities of coal which have been forwarded on the so-called south line, from Pretoria to Vereeniging, and Springs to Potchefstroom.

TABLE OF COAL—IN TONS—FORWARDED ON THE SOUTH LINE AND RAND TRAM (INCLUSIVE) TRANSPORT FROM BRUGSPRUIT AND BALMORAL TO STATIONS SITUATED PAST PRETORIA:

1896.					
November	...	...	...	...	76,589 tons.
December	...	...	...	...	89,676 "
1897.					
January	...	...	...	...	81,898 "
February	...	...	...	...	76,528 "
March	...	...	...	...	90,735 "
April	...	...	...	...	88,847 "

In February the returns from the coal traffic amounted, including costs for siding and platforms, all in all to £25,362 15s., or an average of 6s. 7d. per ton. In March the returns amounted to £29,567 3s. 6d., or an average of 6s. 6d. per ton. In April

the returns amounted to £28,411 4s., or an average of 6s. 5d. per ton. This was the coal required for all purposes—mining industry, trades, and household use. The whole revenue of this traffic, including the high cost for sidings so enlarged upon by Mr. Fitzpatrick, amounted in February to £25,362 15s., or an average per ton of 6s. 7d. In March the returns amounted to £29,569 3s. 6d., or 6s. 6d. per ton. In April £28,411 4s., or 6s. 5d. per ton. Well, now, in these returns of less than £30,000 per month, people seek for the covering of the expenses and the interest of the whole capital of the railway. Were this coal forwarded for nothing, then the loss in the returns of the railway, and almost the profit of the mining industry, would amount to £300,000 or £360,000. Should your Commission come to the conviction that the needy mining industry could be practically assisted by a reduction of the coal tariffs, and if the opportunity were given us by a lengthened term of existence, then I do not believe that this would receive any preponderating objection from us. We could promise, for instance, that for three years all mines which pay no dividend should have considerable restitution of the sum paid out by them for coal transport. This manner of helping a poor industry was, *inter alia*, applied on the railways in Dutch India during the crisis of the sugar industry; and we thus avoid that to the rich even more riches would be added. But, to proceed, we will now examine the actual profits and surplus of our railway, and also those of the Cape Colony and Natal. With regard to our railway, imagination has unfolded its wings, and as though we were on the market, where people bid against each other, these profits have been mentioned as fabulously high. People have spoken of 1½ million, and I know not what besides. Mr. Chairman, there is nothing of the kind; these figures exist solely in the imagination of accountants, who had no facts at their disposal. I attach hereto a list of the actual surplus on our railway during the years 1895 and 1896:

TABLE OF SURPLUS—1895 AND 1896.

	1895.			1896. (Rough).			Table of lands surplus 1895 &
	£	s.	d.	£	s.	d.	
Surplus after payment of the guaranteed interest, redemption of loans, deposit in the Reserve Fund for extensions, truck hire, extraordinary losses, &c.	379,209	0	4	890,000	0	0	Table of lands surplus 1895 &
Of which the shareholders and the company receive... ..	56,881	7	0	138,500	0	0	
And the State as shareholder	14,282	10	0	36,000	0	0	
The share of the surplus for the State (85 per cent.) amounts to	322,327	13	4	756,500	0	0	
While in import duties was raised by the railway So that after subtraction of the import dues, the share of the State in the surplus amounts to...	137,337	2	3	242,200	0	0	
184,990	11	1	514,300	0	0		
Surplus of the Natal railways—							
Percentage on the construction capital ...	4	1	0	11	9	0½	
Surplus of the Cape railways—							
Percentage on the construction capital ...	7	9	10	8	19	7	
Surplus of the Netherlands South African Railway Company—							
After subtraction of the share of the State, in percentage on the construction capital ...	5	8	2	about 6	2	0	

The surplus in the year 1896, after payment of the guaranteed interest, redemption of loans, deposits in the reserve fund for extensions, wagon hire, extraordinary

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losses, etc., etc., amounts roundly to about £890,000, for the figures have not yet been stipulated by the Government Commissioner in the Netherlands. Of this the shareholders and the company receive £1,335,000, and the State, as shareholder, £36,000. The share of the surplus for the State amounts to £756,500, according to the concession, while £242,200 was raised by the railway in import dues, so that, after deducting the import dues, the share in the surplus for the State amounts to £514,300. Well, then, Mr. Chairman, the whole surplus amounts thus to £514,300, plus £133,500. This amount could thus be thrown into the lap of the poor mining industry. In how far this is necessary, in how far the State will give up its income, is not for me to decide. I can only speak of the share which the company receives, and I for myself can declare that, should the Government consider that we, by continuance, served to work the line, and should the assurance be obtained, we would have no objection to meet the wishes of the Government. I do not here need to repeat what surplus the Cape and Natal railways could deposit in the lap of the mining industry in the same manner. This is a matter which does not lie in my path. I would only remark that the profits made by the owners of the railways in the Cape Colony and Natal, are considerably higher than those of our railway, and hence I come to the important fact that the surplus, according to the percentage, make a greater share of the general returns, and also of the returns of the goods traffic in particular. Should this appear strange to you, and the desire be entertained to have further data, I shall be willingly prepared to answer your questions. Before concluding, I must return to a couple of general points. It has been declared that the railways must be satisfied with an interest of $2\frac{1}{2}$ to $3\frac{1}{2}$ per cent., even when the market rate of the money should be so low. While this at the present moment amounts to 4 per cent., I can declare that although I have seen many railways in my life which only paid out $2\frac{1}{2}$ to $3\frac{1}{2}$ per cent. dividend, I have never seen one that was satisfied therewith. On the contrary, I see that even big railways in Europe, in the most populated countries, carry their dissatisfaction so far that they pay out dividends which are considerably higher—even as high as those of the mining industry in Europe. It is also said that the mining industry is an uncertain industry, and must therefore make bigger profits. We must consider, in this connection, what another witness has said here before your Commission, that the railway and the mining industry are subject to the same risks. If the mining industry deteriorates, he says, the railway does also in a like degree. Well, now, if that is so, then the uncertainty of the mining industry is decidedly a reason for the railway industry to desire higher sums for profit, and for the rapid redemption of the capital when it stands and falls with the industry which is declared to be uncertain, and which, in the natural course of circumstances, will one day come to an end. It has been said that our railway has the key of the situation in its hands. I will admit this for a moment, and declare myself satisfied that up to the present the possession of that key has been the reason for the prevention of a tariff war to the detriment of this State, and of very brief benefit to certain merchants and the mining industry. I repeat that when we are further placed in position to work for the benefit of the State and the industry—and no attention given to the desire of many in Johannesburg to expropriate the line at any price when that cannot be done for other reasons—then certainly a way will be found to deal with the reduction of tariffs in conjunction with the Government and the parties concerned. But this is certain, that the remaining railways in the other countries of South Africa can never thereby be lost sight of. Which portion of the returns of the various railways in South Africa should be yielded for the profit of the mining industry, and perhaps also of other whites south of the Zambesi, now labouring under prejudicial conditions, can only be fixed in conjunction with the allied administration

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and with an eye to the general welfare; and not by the use, or rather misuse, of the possession of the key to the situation. I have now come to the conclusion, but I must not omit to touch on a couple of minor points, which by declarations made before you might have brought about an entirely wrong impression. It has been made to appear as if we are opposed to the construction of sidings, and as if it were our fault that the coal is still always forwarded in bags. Nothing is more unjust than that. We have frequently insisted, and are still insisting, that the mines make sidings, and when it is at all possible, we meet their wishes in the matter. For several years we have gone to much trouble not to forward coal in bags. For instance, we always do it for our own service, and it has always been a puzzle to me how, on account of the not inconsiderable cost, the traffic in bags is not given up. I have repeatedly asked thereabout, but have never got a definite answer, and now at this moment it is pleasant for me to be able to say that one of the mines between Elandsfontein and Johannesburg, even without having a siding, will make a fair trial of the traffic without bags. The other points are of too subordinate interest, but perhaps I shall find opportunity to bring these forward during examination. I thank you, Mr. Chairman, for having listened to this declaration, and hope that you and the members of the committee will give me opportunity to further elucidate any points, principle, or meanings contained therein, which may not be clear to you. After the foregoing was prepared, I received the tariffs on the Beira Railway. This railway from Beira to Chimio is the property of, and is worked by the same company which has to develop the mining industry in Rhodesia. The length is about a third of that from Delagoa Bay to Pretoria, and the rates are:—Machinery, corrugated iron, cement, provisions, liquors, and general merchandise, 7s. per 100 lbs.; furniture, millinery, beds, &c., from 7s. to 20s. per 100 lbs.; grain, 3s. 6d. per 100 lbs.; horses, mules, cattle, £3 10s. each. Before declaring the tariffs of the N.Z.A.S.M. the highest in the world, a comparison with that railway in our immediate neighbourhood should not be out of place.

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Mr. de Beer.

According to the estimate you made in your statement, it carries about a million tons of coal per annum?—Yes.

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This is at an average charge of 5s. 6d. per ton?—Yes.

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Can you state to me the percentage of profit per ton?—You cannot possibly take one class of goods individually in estimating profits. As I have said, the real expenses of one ton per mile is averaged on the entire traffic, and is 1½d. per ton per mile. The carrying of coal on the Rand is certainly not the cheapest traffic we have got. The cheapest traffic we have got is across the Free State, where the train is taken over the boundary without any shunting. The carrying of coal on the Rand is under slightly more difficult circumstances.

The suggestion has been made to the Commission that the carriage price of coal could be reduced 30 per cent. Can you tell me the actual cost of coal?—I cannot say the distance it is carried.

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It is said to be 28 miles?—It is wrong to say it is 28 miles, because at the present moment 500 tons of coal are sent daily from Brugspruit and Balmoral.

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You cannot give us what the price per ton per mile is?—No, I cannot do it. I can have it done for a month to get the average, but it would take a lot of time to do that.

You have made use of the expression "the key of the situation." Who has got the key of the situation?—We have got it.

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It has been declared that way before the Commission, and witnesses have further stated that if tariffs are lowered, that, as a natural consequence, the Colony and other neighbouring States will have to follow suit, and if they don't do it we could get our goods through Delagoa Bay?—That is quite right. Assuming that the tariff from Delagoa Bay was lowered considerably, Natal will have to follow suit, and the Cape will put the question to itself as to whether its traffic will still pay, because the difference between the freight to Johannesburg and the tariff in the Colony will be so great that opposition will arise from the side of the inhabitants of Cape Colony, unless the local tariffs are lowered, and the Government will see it is better to drop the traffic.

Can you carry coal at 3s. 6d. per ton from Springs to Krugersdorp without loss?
 —I must again point out to you the different ways of calculating. If one takes the charges to the other traffic—maintenance, expenses, interest, amortisation of loans, reserve fund, and so forth—and coal has to bear its share of general expenses, it could not be done, but you could carry coal cheaper if you only have to charge for hauling power.

Mr. Schmitz-Dumont.

You have said in your statement that the directors would have no objection to granting a restitution of freight pay to mines which did not pay a dividend for three years?—That is an idea I have thrown out, and I am quite prepared to abide by it if the Government desire it.

You have not gone into details yet?—I have worked it out in my mind. Of course, if the idea were adopted, it might not become a permanent institution.

And for those mines that pay very low dividends?—We could make a sliding scale from 10 per cent. up to 50 per cent.; so that mines paying three per cent. would get a reduction of ten per cent.

The real railway surplus is £647,000?—Yes.

What proportion would that be on the share capital of the company?—Fifty per cent.

Do you know any railway which makes a profit of 50 per cent.?—You must bear in mind there are very few railway companies where the share capital is so small compared with the total amount expended. If the share capital were the whole cost of building, the dividend would be nothing out of the way.

There are debentures?—You put the question whether I don't consider the surplus. If certain capitalists say we want good security for capital, with low interest, that has nothing to do with the economical position of the railway. We have always carried out the wishes of the Government, and also carried them out in this instance.

You propose that the Government must lose about £500,000?—Excuse me, I do not. It is a question of how much you can give, and return nothing. I don't say you must do it.

If the Government gave £500,000 and the company £133,000, how would it be possible and how would you bring about a reduction?—We could reduce machinery to a lower rate on an average of two or three months taking the same quantity of traffic as exists at present. We should have to see how much less revenue we should get. Say we give £200,000 out of the surplus we should have to distribute that sum in such a manner that the mining industry gets a share and agriculture as well. It can give you every facility for getting an estimate.

The mining industry wants rates lowered by 30 per cent. on foodstuffs, machinery, etc.?—In one month the revenue of the entire goods' traffic is about £200,000.

and a third of that would be £70,000. That would mean a loss of £840,000 to the railway, and that would be a bigger figure than could possibly be given according to the surplus of last year.

Mr. *Albu*.

May I ask you again what the gross receipts were in 1896?—There will probably be a lot of questions asked me about figures of last year, but I must state that they have not been fixed by the Railway Commissioner at Home, consequently I cannot be exact. Within a few weeks, the whole statement will be published.

It is a pity that we cannot have the figures approximately to-day.—If you put a question, I will give the figures as near as possible.

What were the actual receipts of the Netherlands Railway for 1896?—I will give the figures approximately, and I shall be open to correction. [On referring to his portfolio, Mr. Middelberg could not find his data, and said he had omitted to bring the figures.]

Now, would it be correct to estimate the receipts at £2,970,000 for last year?—I cannot give you a reply with certainty, but the figures you name seem familiar to me, and may be correct, but I am not certain.

I would like to know how you arrive at a surplus of £500,000, as, according to my figures here, we arrive at much higher?—I don't know. The report will be very shortly published, but I cannot give you details.

It will be published before the Commission publishes its report?—Yes.

When I was examined I gave figures, and I think they are pretty reliable, that the actual receipts of the Netherlands Railway were £2,970,000, and the working expenses £1,237,000.—I don't think that last figure is correct. What is your source of information with regard to working expenses?

I would rather not mention that. From these figures I said that, if the Government were to expropriate the railway, and take last year's figures as a basis, and allow 6 per cent. on the debentures, and on the expropriation capital—We pay 4 per cent.

I say, if you allow 6 per cent., you get, in excess of actual receipts, £1,298,000.—You must have made a mistake somewhere.

It is a pity we have not got the figures before us. Now, you have pointed out to a member of the Commission that the capital of the Netherlands Company is in itself but very small, but you have debentures which, to a great extent, cover the cost of the material and building the railway line.—Yes, to a great extent.

But you must not forget to point out that it is owing to the fact that the interest on those debentures is guaranteed by the Government that you are able to have such an enormous proportion of debentures on the share capital. I could float a gold mine with a small capital if the expenses of machinery and equipment, and the development of the mine, is guaranteed by the Government in the shape of interest on debentures. The credit of this Government is so good that we would be quite satisfied if the Government guaranteed our debentures at 4, 5, or 6 per cent. That's a difference.—That is so manifest that it is unnecessary to argue it. You see the position is this: you must never forget that, on account of the Government guarantee of the entire amount of debenture interest, the Government also gets 85 per cent. of the surplus; and the Government gets nearly six times as much as shareholders.

What I wanted to point out is that the Netherlands Company claim a special merit for having so small a share capital, and a larger debenture capital since the Government of the Transvaal has guaranteed the debentures—I don't claim any merit.

I want simply to point out that, had these debentures not existed, your dividends would be infinitesimally small, and the big profits over which we are shouting about

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would be nowhere.—I don't think you understood my reply to Mr. Dumont. He asked me how much was the capital and dividend, and I said so much. There was no pride in it, and we take no special merit.

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I wish to show in case of expropriation very little more would be required in the shape of premium on guaranteed interest than the *personnel* alone receives here.—If you take it for granted that the bonus to the *personnel* is simply a present; you see even the mines give a bonus to their employees, which is a voluntary action.

Quite so; for services rendered. These services would have to be rendered in the case of the railway, even in the event of the Government taking over the railways.—In some other way you would have to pay it, unless you go from the standpoint that the wages are too high.

I would be induced to put that question because I do not know how much the directors at Home get out of it?—I can say a considerable portion of that is retained for a pension fund.

We maintain that the rates charged by the Netherlands Railway are too high.—Do you speak about local tariff or the tariff from the ports?

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