

were at present deprived of their employment on the mines. He hoped for the hearty co-operation of the mining industry in these matters, and trusted that the operations of the Commission would be conducted with harmony, and that some plan, might be evolved by which the industry would be restored to its brilliant, normal state.

The first witness called was Mr. JAMES HAY, who was sworn by Mr. J. F. de Beer and said: I am the Chairman of the Chamber of Mines in Johannesburg.

*Mr. de Beer.*

You have seen that various memorials have been presented from the Chamber of Mines to the Government regarding the grievances alleged to exist in connection with the mining industry?—Yes.

Will you give us evidence upon the points raised in those memorials?—At the present moment we have only as yet heard, that is since Friday afternoon, about the sittings of the Commission. It is a very wide Commission. The question is, what evidence do you wish me to give?

We want to know everything about these grievances, everything in your power to give. And we look to you to furnish such information as representing the Chamber of Mines and, of course, the mining industry.—The Chairman has made a statement as to the objects of the Commission and what it ought to embrace, and I think he said it would be for the benefit of the people that they might know all the points. I do not understand Dutch sufficiently well to follow all that has been said, but if the points are put before me that I am required to answer, I will come prepared to do so. It is a very wide subject and, generally, I do know all about the industry, but there may be many points about which the Commission require information, technical and otherwise, which, if I only knew what was required, could easily be provided.

*Chairman.*

The first notice was published on the 14th inst.

*Mr. de Beer.*

We want the fullest particulars, as a copy will be submitted to the Volksraad. We would like you to speak about what is contained in the memorials.—This (*producing paper*) begins with the liquor law. We approve of that law, and only ask that it be more efficiently administered. That is what the memorial embraces. There is another matter, that of dynamite. The report of the Commission appointed by the Volksraad shows that the concessionaires have not complied with their conditions, and that they have secured very large profits from their concession. The principal point in the memorial is that the Government should afford relief by a reduction being made in the price of dynamite.

*Chairman.*

That is one of the points upon which we can begin, and about which the Commission wishes to hear evidence. The required reduction of the cost is said to be one of the existing grievances, its expense being one of the alleged causes of the depression, and it now rests with you and the representatives of the industry to show that to be a fact.—I will be able to produce evidence and statistics with that object.

*Witness.]* I think, perhaps, it would simplify matters very much if I put my views forth as to what the industry requires, and then it would be for you to say what meets with your approval, and what can be pursued further as you wish. We had better follow some plan or we shall get into hopeless confusion before we have done.

Mr. James Hay's  
Evidence.

Liquor Law.

Dynamite.

Chairman.

We do not want to ask you anything you do not know; but you must understand that this is a Commission of Investigation. There are certain alleged grievances, which must be reported upon to the Government. There are several complaints as you know yourself; but the *onus* lies on the mining industry to show where the grievances lie in order to enable the Government to deal with those grievances.

Classification of Mines. Mining Costs. White Wages. Native Wages. Dynamite. Coal. Railway Profits. Gold and Liquor Laws.

*Witness.*] If you will allow me to make my statement first it will simplify matters very much. The mining industry here consists of practically two classes of mines; those that pay and those that don't pay. What I understand this Commission is to enquire into is whether it is possible to work those mines in such a way as to return a profit. Now, in working those mines the cost is divided into two classes, wages and material used in those mines. Wages are also divided into two classes, whites' wages, and blacks'. The cost of white wages depends upon the law of supply and demand, and the cost of the living of the white people. If the Commission desire to go into the question of the wages of the white people, we can prepare tables as required. The cost of living of the white people depends upon the price of the food they consume, and that is made up in this country largely by the charges on railway carriage and Customs dues, in addition to the original cost of the goods at the place where they came from. The next question is that of native wages, and it is a very important one, not only for the mines, but for the farmers, and everybody who requires labour. I think we are all agreed that the natives are too highly paid in this country. But the difficulty is, how can the wages be reduced, and I am not sufficiently acquainted with the natives of the Transvaal, and to the North, and in the Portuguese territory, to speak definitely on the matter, but it is quite possible for the Commission to have those here who are better able to say whether these wages can be reduced or not. Then another question is the cost of goods, which are supplied to the mines. That divides itself into several minor questions. The first probably that we could deal with would be that of dynamite, because that is an article which is a subject of monopoly in the country, and the price at which it is sold is beyond our control. The Volksraad appointed a commission to inquire into this question, and they made a report which is embodied in the translation I now hand in. It gives the quantity which is used, the price at which it is supplied to the Government, and the profit made by the concessionaires over and above the profit made by the manufacturer of the goods in Europe. If the Commission wish it we can supply further evidence. Then the next item of large use at the mines is coal, and the price at which it is delivered is affected by the railway charges. The whole question of the railway matter will be gone into by the Commission, I presume, because that question increases the cost of the goods, food, and stores which are required at the mines, and I think we are quite right in saying that the railways, not only of the Transvaal, but of Natal, Cape Colony and the Free State have made very handsome profits out of the carriage of the goods for the industry, and that they could reduce their tariffs without great injury to themselves. Broadly, that is the position of the mining industry. There are other questions involved. The Volksraad have already passed a new Liquor Law, which has acted favourably to the mining industry; they have also passed a Gold Law, and these two laws if efficiently and properly carried into effect would be of great advantage. The natives would not be able to get drink and would give full work, and if we had a good detective department we would be able to retain the gold which we now believe is being stolen from us. That practically sums up the position from the mining industry point of view, and on these heads we can supply the Commission with

any information that is required to facilitate their investigations. I should like to know if the Commission wish to approach the subject in that way, or if they have some arrangement of their own.

Mr. Joubert.

We seem to be starting in the middle of the matter. What I would like to know first is if the child was born a healthy child; whether the primary intention of many of the mines was fair and honest. Were they floated according to value?—That would be impossible for me to say. Flotation of Mines.

Mr. Smit.

Are you interested in mining other than as Chairman of the Chamber of Mines?—I am a director of four companies—the Robinson, the Ferreira, the Jumpers and Paarl Central, and also of a coal company.

Are they paying mines?—The first two are absolutely paying; the Jumpers has paid at intervals, and the Paarl Central has never paid.

Is there only one Chamber of Mines?—There are two. Formerly they were one, but there was a split.

Why?—For various reasons. One object, however, both have in view. After the disturbances which occurred in the beginning of last year feeling ran rather strong between different parties interested in the mines, with the result that some members decided to have a new Chamber of Mines for themselves.

Were they political differences?—No.

What are their different names?—One is called the Witwatersrand Chamber of Mines, the other the Association of Mines of the South African Republic. I am chairman of the Chamber of Mines. Mr. Albu is chairman of the Association of Mines.

You say in a petition that the liquor law operated at first very satisfactorily, but not afterwards.—At first the people were afraid to sell liquor to the natives because they felt they would be apprehended and punished, but now they find the police supervision is not as good as it ought to be, and they are selling liquor to natives now at a higher price and making a profit. Working of Liquor Law.

The police supervision has not ceased, but the people used to be more afraid of the law?—Yes.

If there were a better staff of police and detectives it would be carried out properly?—I believe so.

Before the dynamite monopoly existed, what was the price of dynamite?—I cannot say; from memory I think it about £5. Dynamite.

At present?—About £5 7s. 6d. Of course the conditions of the country are altered since that time, the nearest point of the railway then being Kimberley.

At what price at the present moment could dynamite be landed here?—At less than 40s.

What guarantee have you that the manufacturers would not form a ring to keep up the price if the present monopoly was removed?—There are sufficient manufacturers now in the world, and the competition is so great that we could make contracts for the supply at reasonable prices. There are no patents in existence. Anybody can make dynamite.

Mr. Joubert.

What is the price of dynamite at the factory?—At the factory, 85s.

What is the imported price?—40s. or less.

*Mr. Schmitz Dumont.*

Railway Rates.

You have also said the freight charges are too high; what reductions do you wish made in order to make the poorer class of mines pay?—The rates on coal ought to be reduced to the lowest price the railway can afford to carry it for.

And as to machinery and other things?—I am not a railway expert, and cannot particularize what ought to be reduced specially.

What is your opinion as to the reductions on food and machinery carriage, in order to make the poorer mines pay?—I think the railways could make a reduction of 30 per cent.

What is the price of a ton of coals delivered at the mines?—About a pound.

How much could be saved out of that?—From Brakpan the cost of carriage is 5s. 1d. per ton; then there are siding charges of 2½d. per ton, and additional charges on taking it from the sidings to the mines.

What is the objection to coal being delivered in sacks instead of in bulk?—The Railway Company declines to give sidings where the trucks can be off-loaded. The train comes along with the coal, and they give you about ten minutes to take all the coal off, and unless it is in bags it cannot be taken off in time, and the line would be blocked.

Would it be better in bulk?—Yes. The saving in case of bags would be 1s. 6d. per ton; the filling and stowing another 6d. per ton and another advantage would be that the coal, when it is taken out of the mine, could be taken up in big blocks, instead of being broken up small, and causing the waste of coal, which, of course, has to be paid for by the industry.

Could you suggest a remedy against that, and also to bring about a reduction in kaffir wages?—I think you could get someone who could more satisfactorily answer these questions.

Kaffir Wages.

What do the kaffirs get?—About 2s. a day and their food.

What do you think a fair wage?—I think they ought to work for 1s. 3d. or 1s. 6d. per day and their food.

Is there much trouble to get kaffirs to work?—At times. Just now they are plentiful.

*Mr. Smit.*

Railway Dividends.

Do you mean that the railways in this State or outside are paid too much?—Speaking from memory, on the Cape line they make a profit of nine per cent. on their capital, the result of carrying goods for the Transvaal; they make about a million a year profit; and in Natal, last year, their profit was about three-quarters of a million, the bulk of which is made out of carriage of goods for the Transvaal.

In arriving at the thirty per cent., have you taken into consideration the relations between the capital and the earning power?—The question I answered was on goods used by the mines; the railway carries everything.

Do you mean they would make nine per cent. if they deducted thirty per cent. What would remain for the railways after thirty per cent. was deducted?—It would be impossible for me to say. At any rate less than nine.

Ferreira and Robinson Capitals.

What dividend does the Robinson mine pay?—13½ per cent. The Ferreira pays 275 per cent. The capital of this company is £90,000, that of the Robinson is £2,750,000.

Is it fair to take off from the 9 per cent. railways and nothing off these mines?—If all the companies were like the Robinson and Ferreira there would be nothing to say. I do not come here to ask for a reduction solely on their account.

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Would it not be fair to make the good-paying companies pay for those that do not pay?—The question from the capital point of view has not been arrived at that way. The Ferreira, for instance, has a small capital; when they wanted money to open out, and working machinery, they were able to sell shares at a very high price to provide the necessary capital. The cost to open up the Ferreira was £450,000; that is, the cash required to provide machinery and to open out; and if you calculate the profit on that, you will find that reduced the profits very much.

The Jumpers—did that pay better than at present?—No.

Did neither Jumpers nor Paarl Central pay from the beginning?—The Jumpers paid a dividend the first month, but not another for about four years, and then it paid a dividend; another in about two years more, and there has been no dividend since January last year. Jumpers Dividends.

Can you explain why the Jumpers paid a dividend in the first month, and then no other for four years?—They had a very rich leader on the surface of the ground, and when they took that out, it was several ounces to the ton; the capital being small, they paid a dividend, as it cost next to nothing to get out the gold. Now that rich leader disappeared, and the reef is very much poorer. I may explain it thus: A reef may be profitable, it may be rich, and the cost of getting out a ton of ore is not so great as the gold obtained; if that reef becomes poorer the cost would be the same per ton, and you would have less or no profit; then comes the question that the reefs are not all continuous. [*The witness here exemplified his meaning by plan.*] It is the dead work which increases so largely the cost, it being one of the things no one knows until they get down. Some of the reefs are so broken up that the cost is more than the value of the gold in them when extracted.

Since when has the cost of dynamite been reduced?—Just about the time the concession was given the last time. About 1893. That was brought about by the fact that, when we proved that the dynamite was not being made in the country, the Government issued permits, and we were able to go and get the dynamite elsewhere. Nobels came in and sold at a lower price. Reduced Cost Dynamite.

Mr. Bralchan.

Can you tell us the railway freights on bulky articles in Europe and elsewhere?—Mr. Albu will be able to give you that information.

Chairman.

I would very much like to get some statistics.—If the Commission would state what they require, I will have it got ready.

We would like statistics on everything in connection with the importation by railway. As far as the matter has gone now, it does not bring us to the point yet. We must have figures before us to show that dynamite can be sold cheaper, also the railway charges, not the profit the railway makes. We want to know if a certain reduction be made, what effect that will have on the working of the mines. Statistics required.

Mr. de Beer.

We want reliable statistics, and I want to ask you whether you know what percentage of expenditure the labour forms. Please divide it into white and black labour.—Mr. Eckstein, at the Rand Mines meeting, recently, made the following statement:—He says these costs are mainly made up by half-a-dozen principal items; white labour, 28 per cent., or 8s. 3d. per ton; black labour, 23 per cent., or 6s. 9½d. per ton; explosives, 2s. 11½d. per ton; coal, 2s. 4½d. per ton. I hand you the report as read at the meeting. Percentage of Mining Costs.

## Mr. James Hay's Evidence.

Would these remarks apply to all mines, or only those working under exceptionally favourable conditions?—Mr. Eckstein made his report from twenty seven outcrop companies.

If we take the mines in general, would it be right to take 14s. for whites, and 11s. 6d. for blacks per ton?—No, that would be too high.

Do you consider the statement you just handed in to be a fair statement? Can we take it as reliable statistics?—Yes, I think so. I have not checked it.

According to your statement, the cost of some mines, labour alone, is over 50 per cent., so that more than half the cost is for labour?—Yes.

Is labour then the only question to be solved?—Yes, the question is how can it be solved.

That is why we want your co-operation in the matter. Amongst the expenses of labour, do you include all salaries?—Yes.

All directors' fees, etc.?—I cannot say. I should think so.

Native Labour  
Difficulties.

You say the native labour is far too high. You will admit that other industries cannot possibly compete with it at the present price of native labour. Has the Chamber of Mines ever inaugurated any scheme to get cheaper labour?—Yes, many schemes. We have had a separate inquiry in the matter to see if natives could not be brought from anywhere cheaper, but so far the matter has not been a success.

Is not one reason, that the native is not willing to work, and cannot be compelled to work?—Yes, especially in the Transvaal.

Forced Native  
Labour.

Have you ever submitted a scheme for compulsory labour by natives?—No, I think not.

Do you think it would be desirable to get forced labour?—Yes.

Against fair pay?—Of course.

So that the salaries would be equitable, comparing favourably with what they could earn elsewhere?—Yes.

Of course any statement you make here is in the capacity of representative of the Chamber of Mines and director of four companies?—Well, it must be taken as my opinion. There may be many members of the Chamber of Mines who do not agree with my opinion.

About the liquor question, you say it is a good law for the industry; do you mean generally or as far as the mines are concerned?—Both.

Number of Li-  
quor Licenses.

There are about 400 licences in Johannesburg proper. According to the new law there ought to be only 60 or 70. Do you think it would be to the interest of Johannesburg and the inhabitants that the remainder should be abolished?—I think the 60 or 70 embrace wholesale as well as retail licences, and in that case there would be too few, because there must be enough not to give the wholesale houses a monopoly, and the hotels should have a larger proportion in Johannesburg than in smaller towns.

Do you consider wholesale liquor licences as commercial licences?—Yes.

Mr. Joubert.

You have a book here showing the position of 27 companies?—Yes.

There are 200 mines, and only reference is made to 27.—Yes. I have only referred to the Robinson and Ferreira, that is why I brought the book.

Nothing about all the other mines not referred to in the report?—No, but if anything more is wanted it can easily be supplied.

Action of Gov-  
ernment to  
relieve Native  
Labour Diffi-  
culties.

In response to the complaint about high wages, have the Government taken no steps to give relief?—The Government have expressed their willingness to do so.

The Commissioner of Natives was here to inquire into the matter some time ago?—Yes, I was out of town at the time.