

Mr. ALBERT PHILLIP, director of the South African Company of Explosives was then called. He stated:

In compliance with the request of this honourable Commission to give evidence on all matters known to us concerning certain grievances complained of by the mining industry, as well as on other matters connected therewith, I beg to submit the following statement to this honourable Commission:—

The sole object of this statement is to prove to this Commission that different assertions which have been made during the sitting of this Commission, and materially affecting the interests of the company I represent, are void of any foundation. It has no further object, as I am not acquainted with any grievances resting on the mining industry, which affect us as an industrial concern. The present company, the Zuid Africaansche Fabrieken voor Ontploffbare Stoffen, Beperkt, was formed and registered as such in the South African Republic in June, 1894. Its capital is £450,000. Since the formation of the company we have erected a factory in this republic, which is the largest dynamite factory in the world. Our capital outlay on the factories alone, without stock, is about £600,000. We commenced manufacturing in October, 1896. The factories would have been ready before this time had it not been for causes beyond our control, such as the Jameson raid and the rinderpest. At the commencement the factories are worked very slowly, in view of the dangers attending the manufacture of explosives, and of the difficulty of drilling a large staff, including many hundreds of blacks, in the observance of all precautions necessary in so dangerous a manufacture, when carried on on so large a scale, and it was thought desirable that the actual production should be limited to about 80,000 cases per annum, a rate which should subsequently be gradually increased as considerations of safety may admit. Under our contract with the Government the maximum prices allowed to be charged for dynamite No. 1, containing 75 per cent. of nitro-glycerine, is 90s. per case, and for other kinds in proportion. We charge 85s. per case for dynamite No. 1, *ex* magazine. Statements have been made before this Commission, to the effect that dynamite No. 1 could be imported at a price of, I think it was, 35s. per case, free of duty, laid down in Johannesburg. These statements have been of the greatest interest to us, as we were not aware of it before. At the last session of the Volksraad, a Volksraad Commission was appointed, who brought out a report on the dynamite question. This report has not been treated to its full extent by the Volksraad, and until this is done, moreover, as it is the intention of the Honourable Volksraad to specially enquire about European prices, I will refrain from commenting on above statements. All I can say for the moment is, that, as far as I know, dynamite No. 1 is being sold at the following prices in other countries:—

- Australian Ports—From 79s. 2d. to 83s. 4d. per case.
- British India—110s. per case.
- Cape Colony—Port Elizabeth, 67s. per case; Kimberley, 72s. 6d. per case; De Beers, 65s. per case.
- Rhodesia—Bulawayo, 110s. per case; Victoria, 115s. per case; Salisbury, 120s. per case.
- Natal—87s. 6d. per case.

Further, I wish to add that, according to an official report of El Callao and La Columbia mines, both in South America, and of which Mr. Hamilton Smith, the well-known authority on mining matters on the Rand, was consulting engineer, it appears that the price there for dynamite is 108s. 9½d. per case, against 85s. in Johannesburg. So many statements have been made about this company making 40s., and I do not know how much more, profit per case, I am very sorry to say that this is not the case.

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Without going into the details of this company's business, which would be an unprecedented action on the part of any trading concern, and which the directors have not the right to do without the sanction of a general meeting of shareholders, we may only refer this honourable Commission to this company's last balance sheet for 1895, which produced a dividend at the rate of 8 per cent. per annum, so that the profits of our company cannot be so abnormal as people try to make out. As to the Government's share, it does not seem to be known that the State received during 1896 £44,000 as a royalty. Besides this, the State gets a certain share in the profits of this company, so that statements to the effect that this company derives all the profits to the detriment of the State, are quite incorrect. This point has also been raised by statements before the Commission, referring to accidents arising through the alleged bad quality of our explosives. I may mention that all complaints coming to our notice have been thoroughly investigated, and all the accidents have been traced to either bad ventilation of the respective mines, or to the careless tamping of drill holes. Another great factor which plays an important part in the prevention of accidents at mines, is the use of proper detonators and fuses, but all these defects, we hope, will be abolished as soon as the new dynamite or explosives' law comes into operation, which we trust will soon take place. I may add that all the explosives, as soon as they are ready to leave our factory, are submitted to the so-called British test, and if they do not stand the test they are kept back and re-worked. I think it is hardly recognised amongst the industrial community in this republic that our undertaking is as good an industry as the gold industry on the Witwatersrand. It would lead me too far to dwell on the advantages this country is deriving from an established industry such as ours. Suffice it to say that we have paid during the year of 1896 about £118,000 to contractors for building up houses, water dams, etc. And goods bought locally at Pretoria and Johannesburg amount to about £57,000, for coal, timber, corrugated iron, etc., and about £12,500 for kaffir food, and £104,000 as railage; not taking into consideration the money spent in the country by our staff and work-people, consisting of 700 white people and 1,300 natives. A statement has been made to this honourable Commission recommending the use of roburite instead of nitro-glycerine compounds. Without going into the details of this statement, I may draw the attention of the honourable Commission to the following fact, viz., that in the year 1893 the Government, on the request of the roburite people, bought 300 cases of roburite as a trial, of which we have still got 167 cases in stock. The balance was sent to several mines for trial, and we received reports to the effect that the roburite did not answer the purpose. As to American dynamite I may state that this company also bought a trial shipment some time ago (1894) which resulted in a complete failure, and according to the four years' experience I personally had in Mexico, I should consider it my duty to recommend the Government not to import this stuff, the quality being quite unsuitable for the work required in this country, and the danger connected with the use of this defective article being too great. I should like to say that we are obliged, according to our contract with the Government, to give certain information to the Government. This information we are at present, and will always be, anxious and eager to give, but, of course, always in terms of our contract. This company is most anxious to do everything in its power to assist the Commission in showing the magnitude of the industrial undertaking of the company, and would, therefore, be pleased if the Commission would examine what is being done at the large factories which have been erected by the company.

*Chairman.*

In Kimberley is the price 67s. 6d. per case?—72s. 6d.; De Beers get a reduction

of five per cent., because they have a large contract ; and in Natal 87s. 6d.

Can you tell us who delivers that dynamite in Kimberley and Natal at that price?—The Nobel Trust Company.

Mr. *Hugo*.

I see you deny the statement that dynamite can be delivered here at 40s.?—I am not aware of it. Price o  
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It has been stated that at Hamburg dynamite is sold at 18s. 6d.?—I don't know anything about European prices. Europea  
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You cannot say whether that is correct or not?—No.

Mr. *Hay*.

In the first paragraph of your report you say that you are not acquainted with any grievances resting on the mining industry. Now, the contention all through this Commission has been that one of the industry's burdens is the high price of dynamite, and that if there were free trade in dynamite it could be imported at a very much lower rate. Can you tell us the quantity which you imported into the country last year?—I may say this company does not import dynamite; it is the Government who imports it. Govern  
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Will you tell us how much dynamite the Government imported last year and sold through their agents?—The Government imported from 18th June, 1894, to the 22nd October, 1896, 466,000 cases of materials required for the manufacture of dynamite and blasting gelatine. Importat  
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terials.

When you say 466,000 cases of materials, will you explain what you mean, or, rather, perhaps you will explain how you make dynamite—tell us the ingredients that are required?—It is very difficult for me to say how to make dynamite—if you say a certain kind of dynamite I will tell you.

You say 466,000 cases of material were imported between June, 1894, and October, 1896. That means nothing to us unless you explain what you mean by the word "material."—The material is called "gühr impregné," which is a sort of preparation of nitro-glycerine, in order to make it safer for transport.

Practically you are importing dynamite in bulk.—That is not exactly right. It quite depends on the kind of dynamite you want to produce. For instance, without going into the technical question of dynamite, No. 1 is prepared quite differently from No. 2, and blasting gelatine is quite different from No. 2.

I quite understand that. The difference between No. 1 and No. 2 is the strength of the explosive. Practically you take gühr impregné as dynamite?—You cannot call it dynamite, because you cannot use it as it is.

It will explode the same as the other if used with a detonator?—Nitro-glycerine in itself does that.

You use the words "gühr impregné" when I ask you about "material," and I follow that up and ask you what that is, and you give some other explanation which does not lead us any further. Guhr is earth and clay that absorbs the nitro-glycerine—it is done in that way to carry the nitro-glycerine, and therefore when you import it in block it is really dynamite?—The difference in the questions and the replies is that we call the explosive that which can be used in a mine, so that if you ask me whether gühr impregné is dynamite I say not.

Does it not simply mean the difference between gunpowder in bulk and in cartridge?—No.

When you got these 466,000 cases, what did you do with them?—We have to carry it through a certain process.

It will simplify matters, perhaps, if you tell us how many of these 466,000 cases were gühr impregné?—I have not got the information with me.

Gühr impregné is one way in which it is imported; how do you import it when it is for blasting gelatine?—Blasting gelatine is introduced in a similar way to gühr impregné, also in block; but that does not say you can use the blocks as they are.

They could be used if you made the hole large enough to put them in?—Yes; that is why I say if you put nitro-glycerine in pure you can use it?

The question I really want to get at is this: How much of this is imported already made, and how much of it has to be manufactured here?—Well, these 466,000 cases were materials required for the manufacture of dynamite.

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Commission. In the report of the Commission, which sat last year, it said, if I remember right, that the factory was not able to make the quantity of dynamite required, and that the stuff was imported practically already made?—That is not correct.

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egné. In paragraph 8 it says: "This point arises in connection with the question whether the Government agent shall be allowed to import explosives, gelatine, and gühr impregné, which is, in fact, nothing but dynamite not yet made into cartridges." Your Commission gathers from the accounts placed in their hands by the honourable the State Secretary that the "profit of the company on blasting gelatine and gühr impregné imported by the State amounts to almost £2 per case, of which the Government only gets 5s. per case." The question comes to this—Is that correct or not?—May I ask what report that is?

This is the report presented by the Volksraad Dynamite Commission to the honourable the First Volksraad on the 22nd February, 1897.—I say that is not correct. It is rather hard on me to examine me on a question which is still before the Volksraad.

This Commission has been appointed by the Government to enquire into the grievances of the mining industry, and the price of dynamite forms one of the very important questions.—I do not deny that in the least, but I want to say I do not think it is quite fair to examine me on a matter which is before the Volksraad, and which has not been decided yet.

When this was before the Raad a resolution of the Raad was taken, and the Government was then authorised to proceed with a further Commission, and out of that I understand this Commission has been appointed.—I think you are mistaken. The Volksraad appointed a separate Commission to enquire into the European prices. This Commission was only appointed to enquire into the grievances of the mines.

If I understand you rightly, this Commission, by enquiring into the question of dynamite, is exceeding its powers.—I won't say exceeding its powers, because I do not know the powers of the Commission; but I would like to mention that the dynamite question is before the Volksraad, and I do not think it is fair to examine me on the same point until the Volksraad has decided upon it.

But surely you can state to us exactly what you stated to the Volksraad Commission.—That is what I am doing; but you ask me whether the statement made in the report is correct.

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materials. If I put the questions one by one perhaps you will answer. In paragraph 5, clause 8, it states: "This explosive gelatine and gühr impregné imported is nothing else, but No. 1 not yet made into cartridges." Is that correct?—I am quite prepared to give you all the information; but on this the Volksraad Commission has reported, and I would prefer not to reply.

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amite, The fact is that on this gühr impregné you pay the same duty in the Cape Colony as you pay on dynamite?—As we do not import it, of course it is the Government that pays the import duty.

The Cape Colony treats it as dynamite?—That may be, but as the Government has never imported ready-made dynamite up to the present, I cannot say if the Cape duty is the same.

I don't understand your position. You are here as the representative of the factory which manufactures the dynamite?—Yes.

Then the question is: Has the Government imported this dynamite? Have you anything to do with that at all?—That is rather a difficult question.

What I mean to say is, when I ask the question whether you import the dynamite you fence by saying: "No, we don't; the Government does."—Yes, the Government imports it.

Then who is the Government agent?—Mr. Vorstman.

The question is, who is going to give us this information. In paragraph 9 it is stated: "The importation of this yields a very large profit, which has nothing to do with the profit on the explosive itself." Is that correct or not—that this importation yields a great profit to the company, which has nothing to do with the explosives manufactured by themselves. Is this true?—The only thing I can say is that the company makes profits.

The company makes profits out of this material, which is imported by the Government agent. The question is, in respect to this guhr imported by the Government agent, from whom it is bought?—From whom does the Government buy it?

Yes.—Of course this is in the Commission report. They buy it from Nobel's Dynamite Trust.

It is fair to assume that these people make a profit, and that Nobel's Trust make a profit on the other side?—That, of course, I cannot say. It is supposed to be so, but I cannot swear to it.

It is fair to assume they do make profit on it?—If you like. I would not like to swear to it.

In paragraph 10, the reply is that the approximate profit on this material imported leaves a profit of nearly £2 a case. Is that correct?—No; it is not correct. I say in my statement I cannot go into details as to the company, and how much profit they make. It would be quite an unprecedented case in any trading company.

If I asked you how much profit you made on the manufactured article—genuinely manufactured at the factory—that might be a fair reply to give. But this is a question here whether the Government import the dynamite not made in the country and sold to us. Now, the question is simply a fair question: How much profit is made out of that?—The only thing I can say is, that I only refer to the balance-sheet of our company for 1895, from the time that we got the sale of the stuff introduced by the Government. This shows only a dividend of 8 per cent.

Do you mean Nobel's Trust or this company?—This company.

How does this Volksraad Commission arrive at the conclusion that almost £2 a case profit is made?—That is a question I cannot answer. I was not present when the Commission made up their report.

Because £2 a case on 466,000 cases would be nearly a million of money?—Yes, but we have not got it.

Then who gets it?—I don't know. The only thing I can say is, I don't believe it.

Then this paragraph in the Volksraad Commission's report is not true?—There you put questions. I cannot say that the things the Commission state are not true. All I can say is, we don't make that profit.

Then can you say who made it?

*Chairman.*

Mr. Hay must understand that Mr. Phillip is only the representative of the factory, and that he is not the Government agent for the sale of dynamite.

*Mr. Hay.*

I must simply say that in the report of the Commission they use the words, "the profit of the company," and then Mr. Phillip says he represents the company. Therefore it is fair to assume that the profit went into his hands.

*Witness.]* Mr. Chairman, what I object to is, that Mr. Hay asked me whether this report was true.

*Chairman.*

I don't think it is reasonable to ask such a question, because we don't know ourselves from where the Volksraad Commission got their information.

*Mr. Hay.*

They say the accounts were placed in their hands by the State Secretary. You think, at any rate, supposing that was correct—that £2 a case was made out of imported stuff—that would be very large profit?—It would be a very large profit, yes.

And it would be a reasonable ground for the industry to have a grievance. You say you don't know anything at all about European prices, and, therefore, on the question of Nobel's Trust agreeing to sell dynamite down to 40s. in bond in Johannesburg, you don't know whether that would leave them a profit or not?—That was before my time.

I suppose you are aware of the fact that Nobel's people sold dynamite here at 75s. a case, and paid the Government 37s. 6d. duty?—At what time was that?

That was in November, 1893.—I don't know about those times.

*Mr. Brochon.*

What is the composition of gühr impregné?—Gühr is kiesel gühr and nitro-glycerine.

What proportion of nitro-glycerine?—It differs materially from 65 to 75 per cent.

What is the composition of the dynamite No. 1?—Dynamite No. 1 is nitro-glycerine and gühr—75 per cent. and 25 per cent.

And No. 2?—No. 2 consists of nitro-glycerine, kiesel gühr, nitrate of soda, chalk, ochre. I think that is all.

What quantity of nitro-glycerine?—If I am not mistaken it is about 60 per cent.—between 58 and 60 per cent.

And of kiesel gühr what is the proportion?—That depends upon the nitrate of soda, ochre, and all those things you mix together.

Yes, but how much kiesel gühr?—I should say about 34 per cent.

What is the proportion of nitro-glycerine in blasting gelatine?—We make it between 91 and 93.

By these figures we see it is very easy for you to make dynamite 1 and 2 if you have gühr impregné?—I don't deny it.

Do you receive the gelatine all ready as gelatine?—No, we receive it in blocks.

Do you take this nitro-glycerine off your gühr impregné, or receive it already as gelatine?—In order to explain to you I would have to go into the whole dynamite

manufacture from the beginning. I am not up in the technical manufacture of dynamite. I know, of course, a good deal about it. The only thing I can tell you is that there are a lot of things in making dynamite, which people have hardly any idea about.

I only ask you from where you take the gelatine that is in the nitro-glycerine?—Those 466,000 cases? They served to manufacture the dynamite here.

So all those 466,000 cases are gelatine impregné?—That I cannot say.

What are you making now at the factory—only dynamite, or gelatine too?—We make all sorts of dynamite. Articles dynamitory.

They are really manufacturing blasting gelatine at the factory—nitro-glycerine and everything?—Yes.

In your statement you seem to consider it impossible that dynamite can be delivered at 43s. Other witnesses have said that they are quite certain it can; but do you think it possible to do so without the dynamite being of an inferior quality?—I have said already that I do not know anything about European prices. European of dynamite.

Do you think there can be much difference in two kinds of dynamite which only carry 75 per cent. of nitro-glycerine?—Yes; there can be some difference. Composite quality dynamite.

Do you think nitro-glycerine could make a great difference in the cost price?—It is not exactly the quality of nitro-glycerine, but it is the material you put into it.

We will take dynamite No. 1; with 75 per cent. of nitro-glycerine, do you use kiesel gühr?—Not always.

You would have to have good kiesel gühr to carry 75 per cent. of nitro-glycerine, so all the difference is in the nitro-glycerine?—That is where I don't agree with you.

Why?—Because you can use as an absorbent material—say, wood, meal, nitrate of soda.

I don't admit that this can carry 75 per cent. of nitro-glycerine.—I quite agree with you.

So that all the difference in the price must arise in the quality of nitro-glycerine?—Yes.

How much water can nitro-glycerine carry?—There you are going into technical questions again.

We can say that the dynamite offered in Hamburg at £43 per ton and £1 1s. 6d. per case, when it contains 75 per cent. of nitro-glycerine, must be equivalent to Nobel's dynamite. Do you admit that?—I admit what you say, but I don't know anything about European prices.

You admit that the dynamite containing an average of 75 per cent. of nitro-glycerine is good dynamite?—Yes.

Mr. Albu.

You have been a director of this company for some time, have you not?—Since November, 1895.

Have you acted in a like capacity for Nobel's in any other country?—Not in the same capacity. Mr. Phillip Nobel's.

But you have been connected with the dynamite business for a good many years?—Oh, yes.

I gather that from the ability with which you give prices in Australian ports, in British India, in the Cape Colony, in Rhodesia, and in Natal. But it is somewhat strange, with all this experience, that you could be totally ignorant of the prices which are ruling in England and France. You simply deny all knowledge of that?—I don't see the connection of one point with the other.

You see, it is strange that we should know the prices at which it is sold at Australian ports, and you, who have been connected with the dynamite business for so

many years, don't know: your father is chairman of Nobel's Trust, and you, as a director of Nobel's Trust, should not know the price at which dynamite is sold in England or on the Continent. Of course, I only express my surprise at this; I don't expect you to know.—First of all, if my father is a director of the Nobel Trust Company that does not imply that I know anything about it. Consequently, you ask me whether I had any connection with the Nobel Dynamite Trust for a long period. You don't ask me in what capacity. I have been acting as agent for the Nobel Dynamite Trust Company in Mexico, and, as agent, I have no right to enquire about the cost price. The only thing I know, as agent, is the selling price.

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of dynamite.

How do you know the selling price in Australia and British India? It is strange you do not know it in Austria and Germany. I cannot help being astonished at it.—In that case you may be surprised that I don't know the price in Holland, India, China, and Japan.

In China, no; but wherever Nobel's Trust is I should expect you to know the prices ruling there.—If I had known you would want the price I would have got it for you.

I know the price, and I always make it my business, as a purchaser, to know what an article costs.—It is my business to sell, not to buy.

But surely, as a director of Nobel's Agency here, and knowing the grievances of the mining industry, and knowing the clamour for cheaper dynamite, you have inquired of Nobel's: "What are you selling dynamite for at Home?"—Allow me to express my surprise, Mr. Albu, that you should make such a remark. You know I have got a contract in this country to sell at a certain price, and whether you have got grievances or not is no business of mine.

And you, as supplier of an article, make no attempt to find out whether it is so or not.—You may tell me what you like; I stick to my contract.

of dynamite  
at De Beers.

Quite so. Will you contradict me when I say that dynamite is sold at De Beers, Kimberley, not for 72s. 6d. but 57s. 6d.—Yes, I flatly contradict you. Dynamite is sold to De Beers at 65s.

Under the new contract it is 57s. 6d. And my authority for my statement is Mr. Francis Oates, director of the De Beers Company.—You had better call him as witness.

of French  
dynamite at  
Kimberley.

I am chairman of a diamond mining company in Kimberley. I don't buy my dynamite from Nobel's "ring;" I buy it in France, and get it delivered on my mine in Kimberley at 55s. per case.—What quality?

Seventy per cent.—I have been talking about No. 1.

That is 75 per cent. Out of that 55s. the Cape Government get 12s. 6d. duty against the magnificent sum which the Transvaal Government receives. I get it delivered in any quantity I like, and the quantity used by the company of which I am chairman, is 300 cases a year. Another addition is the heavy rail charges to Kimberley mentioned by Mr. Middelberg. Take off the 12s. 6d. the Government get and it would cost the company of which I am chairman 42s. 6d. per case.—I can only compliment the company on having a chairman like you.

What we want is that our shareholders should have the money they have invested used to the best advantage.—To the detriment of the dynamite company in the Transvaal.

I don't wish to tell you at the present moment to whose detriment.—You are always accusing this company.

I am simply going to prove that we are paying too much for dynamite.

*Chairman.*

You must not have arguments.



Mr. *Albu.*

My idea is to prove that we have paid too much for dynamite, and in trying to do this I shall only adopt fair means. Mr. Francis Oates, who is a director of the De Beers Company, was director of a dynamite factory in Cornwall called the Cosmos, which sold dynamite delivered on the mines in Cornwall at 30s. per case. We have, further, bought dynamite three or four years ago, at the time the Government gave various merchants permits here, as low as 75s. a case, Government receiving, I think, 38s. per case duty. Isn't that so?—I don't know.

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You stated this morning that from 1894 to 1896 you, or the Government, imported 460,000 cases of material. You don't mean machinery for the erection of the dynamite factory, do you?—I stated quite clearly *gühr impregné*.

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How is that possible? We only use the *gühr impregné* dynamite to about the extent of 10 per cent. We mostly use here blasting gelatine, which has as an absorbent kiesel *gühr*. Now, if you have imported 460,000 cases of kiesel *gühr impregné*, how many cases of blasting gelatine have you imported?—I have replied to Mr. Hay and to Mr. Brochon. I said that *gühr impregné* and blasting gelatine were both included, the latter in lumps.

What process do these lumps undergo after you receive them, to make them ready for use on the mines?—The best way to explain it would be to do as I have said. I shall be pleased if the Commission comes to the factory, and if they do that I will show you. Of course, I could give you a very long explanation now.

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I don't want a technical explanation. What I wish to arrive at is whether blasting gelatine, imported in lumps, is ready prepared for use—in a word, all the work you do here is to make cartridges of it?—That is where you are mistaken.

And your *gühr impregné* is dynamite, and all you do is to make cartridges of it?—If you say so.

It is a well-known fact. What inducements did you hold out to the Government at the time they gave you this concession?—I think that is a trying question.

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I only want to know what *quid pro quo* you gave the Government for the concession.—What do you mean?

The Netherlands Railway, for instance, has a concession to build railways. What have you done, or what are you doing?—If you have read my statement—

Yes, I have.—I think I said quite plainly that since the formation of the company took place, it has erected this factory in this republic.

You cannot tell me what are the manufactured prices of dynamite at Home. If you don't wish to answer me, don't. I refer to dynamite, 75 per cent.—I don't know.

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Can you tell me what it is here?—I could.

Of course, I cannot expect you to.—Certainly not.

Have you found the necessary ingredients in this country that you can use for dynamite?—Oh, yes; I have found sulphur.

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Have you found saltpetre?—Yes, there is some saltpetre, and kiesel *gühr* also.

I mean, have you found any quantities that would justify your using them in the manufacture of dynamite?—Yes, sulphur.

How much have you found already, may I ask?—Of course, I cannot tell to a certainty, but I know that sulphur was found in sufficient quantities for us to use it.

To make 1,000 or 2,000 cases?—Yes.

I must tell you that answer is very trying to me. I want to put a practical question. Have you found sulphur and saltpetre in this country in sufficient quantities to make 5,000 cases in the month?—I have found sufficient sulphur in this country to make about 200,000 cases in the year.

Why don't you make them then?—Who tells you I don't?

I tell you. You have told us you imported 466,000 cases in 1894 and 1896.—We are now in 1897.

I am sorry if I have to contradict you. You cannot have found sulphur in this country, or saltpetre, in sufficient quantities to make 200,000 cases a year. Before I go any further, Mr. Vorstman is the purchaser of the dynamite?—He is the Government's agent.

He is not here?—No.

Is he a director of the dynamite company?—Yes.

Who is his alternate?—Mr. Jorissen.

That is the gentleman close by you who is prompting you?—That is the gentleman, but that he is prompting me I do not know.

Division of  
South Af-  
rican Explosives  
Company.

The capital of the dynamite company is £450,000?—Yes.

What portion of this was fully paid up?—I can tell you, but I do not see what this has got to do with the case.

I am sorry to see you cannot see it. I only ask the question in the same way as members of the Commission asked how much was paid for machinery.—If you draw a comparison—

No, no, I wish I could; I wish mining was as profitable as dynamite. Can you tell me what the paid up-capital was?—No, I won't tell you that either.

What was the consumption of explosives in the Transvaal in March?—It was about 16,000 cases.

Dividend and  
dividend for 1895  
South African  
Explosives  
Company.

You say your company is only making eight per cent?—I said, up to 1895 we have distributed a dividend of eight per cent.

May I ask, according to the balance of 1896, what your profit was?—The balance sheet is not out yet.

It is a similar case to the Netherlands railway.—If you read the *Staatscourant* you would see that the general meeting of this company will be held on the 28th June, and on the 29th June I will be most happy to tell you what the company is going to pay in dividends.

Government  
agent and the  
purchase of dy-  
namite.

Your company does not send orders Home to Nobel's?—No.

And you don't make remittances in payment?—It is the Government's agent who does it.

Now, the new contract says: "The said company from the date of its formation will take the place of the said L. G. Vorstman in this contract, and will carry out all his obligations as regards the Government in connection therewith." From this it appears that Mr. Vorstman has nothing more to do with it?—You can take it as you like. I maintain what I say.

This is in the *Government Gazette*, signed by both the State Secretary and Mr. Vorstman. How can you explain this article?—I cannot explain it at all. I maintain Mr. Vorstman is the Government's agent. You have been asking me about the buying of material and importing of material, and I maintain that the Government, through their agent, Mr. Vorstman, do it.

Government  
royalty on dy-  
namite.

You said in your statement that the Government received in 1896, £44,000 as royalty? Now, if you have not published your balance sheet, and do not know what the profit is approximately, how can the Government receive £44,000 as royalty?—Because we pay royalty every three months. I do not know what that has got to do with the question.

You mean the duty of 5s. per case?—I mean royalty.

There is a difference between royalty and import duty. What do you call the

5s. per case that the Government magnanimously receives? The Cape Government receives 12s. 6d., and they call it duty.—I think the Cape Colony charges 2s. 1d.

That is for transit. Do you call that 5s. royalty?—If the Government imports it I cannot call it duty.

Then the Government gets no duty on dynamite?—The Government imports it.

Is that royalty in order to permit the Government of the Transvaal to import 200,000 cases?—I do not know what the object is.

Ah, now, you do know. It reads very peculiarly by talking about your profits. I see your profits are only 8 per cent. for 1895, but if this agency company were to float another little agency company they could make the profit show two per cent. or none at all.—That is a very good idea.

We would do very well together; only I would not get anything. Now you make a point of this in your statement, that the Government's share does not seem to be known. Well, it is pretty well known that the sale of explosives amounted to about 176,000 cases, and 5s. per case on that comes to about £44,000. It is known they receive 5s. per case, and you most innocently say it does not seem to be known. It is known that the Government of the Transvaal receives a very small royalty, as you call it. If the Government does not require that income, the price of explosives ought to be reduced. You buy the pulp of the dynamite off Nobel's?—No; I buy it from the Government here.

From whom does the Government buy it?—That is no business of mine.

From whom is the stuff bought?—Nobel's Trust Company.

Nobel's sell it to the Government, and the Government sell it to the dynamite factory in Pretoria, and the dynamite factory makes its payments to Nobel's.—Well, if you like it so.

The Government agent sells it again to the dynamite factory; the factory makes out the accounts for the gold mining companies. Now, does it not strike you that I am justified in putting these questions to you, because the whole thing seems to be involved.—What that has got to do with your grievances I do not see.

No, no; we have no grievances. Nobel's have a large interest in the dynamite factory of the Transvaal?—I do not think I am quite entitled to reply to that question. Are you a shareholder in our company?

I sincerely regret I am not.—In that case I am not going to give you any information.

It has been proved beyond any doubt that Nobel's has underwritten 220,000 fully paid-up shares of £1.—Have you got it officially?

Yes.—May I ask where you got it from?

Your own people have supplied these figures.—Before you proceed, as long as you do not say whether it is official or where you got your information from, I cannot vouch for all the figures you are going to quote.

The capital of the company is £450,000, 220,000 shares were fully paid up by Nobel's, and there remained 230,000 shares. Can you tell me how your company dealt with these 230,000 shares? I do not wish to pry into your company's affairs, but it would help us very much if you answer my question.—I think it is unfair on your part to examine me, when I have never had a chance to examine you on the private affairs of your companies.

I have sat in the witness chair for two days, and the members of the Commission examined me. I want to show you what a funny business it seems to laymen like ourselves. Your dynamite factory is nothing else but an offspring of Nobel's Company. So that Nobel's sells dynamite to the Government, the Government sells to the dynamite factory, practically selling it back again to Nobel's; so that Nobel's

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sells to Nobel's, and they try to make a profit on both sides.—If you want to prove it to the Commission you don't require me.

If you do not wish to be questioned, I will give it up, and there was no necessity for your appearing here.—I certainly did not appear to tell you all the ins and outs of the company.

That I believe. I think the Commission kindly appointed me to try and find out.—I wish to give all information to the Government.

If you give it to the Commission you give it to the Government. You won't answer who received the 230,000 shares?—I am not entitled to tell it.

Do all these shares rank equally?—Yes.

For voting purposes?—More or less. There is a small difference.

Is it not a fact that Nobel's have the controlling power in your company?—I cannot reply to that question.

Have you any reason to believe that Nobel's are not interested in your factory here?—I have no reason to believe one thing or the other.

May I ask you what this factory cost at Modderfontein?—We have spent about £600,000 on it.

Is that on building; or does that include the ten months of material on hand?—Only the buildings.

I think you said £900,000 included ten months' material; was it not so?—I say our capital outlay on the factory alone, without stock, is about £600,000.

Quite so. On page four, the Government agent informed the Commission of the Raad that the cost of the factory to date, including the supply of material for ten months, was £900,000. If the building cost you £600,000, as you say, then we may reasonably conclude that ten months' supply cost you £300,000?—It all depends on what you call stock.

Would you call stock the materials for ten months? I would call it material for ten months' supply of dynamite. I would call it gühr impregné, or blasting gelatine in lump.—That is where you are mistaken. In this report, by material is meant saltpetre, sulphur, glycerine, and timber.

That is not alone gühr impregné. That is material for ten months. That is the article for which we would have to pay £800,000 or £900,000.—If you want to buy the factory.

No, I don't want to buy the factory. I mean the stock of materials in your books for ten months' supply. Ten months' supply of dynamite to the mining industry amounts to about that. Is that saltpetre and sulphur found in the Transvaal, or imported?—Not yet.

Oh, it will be found, but it has not been found yet?—You asked me whether this was sulphur found in the Transvaal, and I say it has not yet been found.

No, it is imported stuff?—Yes.

Has the local company—your company—ever protested against the high prices charged by Nobel's Trust? Have you ever protested against those prices?—We have not got anything to do with it.

Oh, it is the Government that buys it?—That is what I said before.

Have you reported the matter to the Government, and told the Government that they are paying too high a price to Nobel's Trust?—No.

You have not. Is the Government bound to buy this stuff from Nobel's?—Certainly not. They can buy it wherever they like.

But you are bound to buy it from the Government?—Yes, according to contract. If you were not compelled, according to contract, to buy your material from the

Government, could you manufacture dynamite cheaper here?—That is a question I have not gone into.

It has not interested you. You don't find it necessary to see whether you could sell to the mining industry the same article at a cheaper rate?—The mining industry has dealt very kindly with us up to the present. We would have done anything for them.

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In which way has the mining industry treated you badly?—"Kindly" was the word I used.

Oh, kindly! But that is a paradox.—You perfectly understand that the mining industry has been fighting this company from the beginning.

No, I beg to differ from you.—Since I have been in this country they have been.

And you think that is the reason you must get your pound of flesh?—Well, that is not quite correct, because you know perfectly well we are entitled, according to our contract, to charge 95s. per case of dynamite No. 1, and we only charge 85s.

May I ask why is this kindness done?—To tell you frankly, that is no business of yours. That is a question for us to decide. I only want to mention we have done more for the mining industry than they have done for us.

But I am surprised. You are a director of the dynamite factory; and you complain of the small profits you are making.—I beg your pardon. I never complained of the small profit.

But I beg your pardon—

*Chairman.*

I have already made the remark that Mr. Albu's questions, and Mr. Phillip's replies do not bring us an inch further in the direction of solving the question. I think it is better for Mr. Albu to confine himself to the case itself. Our only object is to find out whether dynamite can be supplied here cheaper, and any questions that are put as to the factory here, might be whether, under the present contract, there is a possibility of getting a reduction from the factory; what their mode of importation is; what is the mode of working or preparing the stuff here; what is the consumption required; does the factory supply the demand; is the dynamite delivered of good quality. If, through the said means, it can be shown that the dynamite can be delivered here cheaper, everybody will agree that it is not a question for us to solve here. What is to be done in future with the company and the factory will be dealt with in committee before we make our report to the Government. I think Mr. Albu is entering upon matters which only concern the company themselves. Supposing every question is answered which Mr. Albu has asked, it does not help us a bit further.

Mr. Albu  
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Phillip

*Mr. Albu.*

Well, Mr. Phillip, you have heard the statements made by various witnesses as to the price of dynamite at Home, offers received, and so forth. You would say, of course, it is impossible; these gentlemen are mistaken; or what would you answer?—What I have said before: I don't know anything about European prices.

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You only know about the prices in Australia, British India, and Rhodesia. I really don't know what more questions I can ask you. Mr. Chairman, it is impossible if you stop me. Statements have been made to the Commission by so many witnesses that dynamite can be imported cheaper. I can show to the Commission that a certain company, of which I am chairman, paid 55s. per case, and paid to the Government 12s. 6d. duty, so it would be a fallacy on my part, or on the Commission's part, to try to elicit a statement from Mr. Phillip whether dynamite can be made cheaper, or imported cheaper than he does it. He would say no; his article is the cheapest.

*Chairman.*

It is a question for the Commission to decide later on. It is not for us to say at the present moment what we can exact, or what we cannot exact. The Commission must decide in committee.

*Mr. Albu.*

The task, I mean, is quite useless, because I do not expect for one moment Mr. Phillip will prove to me he can import dynamite at 35s. per case.

*Mr. Smit.*

To come to conclusions can only be done by the Commission, when they are in committee.

*Mr. Albu.*

But, Mr. Chairman, is it not necessary for me to elicit certain facts, so that the members of the Commission can weigh the various questions and answers, and deduct from them their conclusions.

*Mr. Smit.*

I don't object to your questions. They are very good, but no argument should follow. The time has not come for argument yet.

*Mr. Albu.*

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There is one question as to the royalty to Government. This is 5s. per case. You say in your statement, Mr. Phillip, with regard to the profit, "The balance-sheet for 1895 produced a dividend of 8 per cent. per annum, so that the profits of our company cannot be so abnormal as people try to make out." You see this is a direct accusation against the people who try to make out that they are paying too much for their dynamite. You tell us, in fact, this deplorable state of things exists, that you only make 8 per cent. for 1895, and yet you, as a director, have not tried to induce the Government to buy the supply elsewhere. It is quite possible. As a director, would you not try to induce the people who supply you with the ingredients to buy them in a cheaper market so that you might increase your dividends or meet your customers by a reduction of price?—You know perfectly well dynamite is not like sugar-cane, for instance. If you want a good quality of dynamite you must get it at the best place. That is the case with us.

And Nobel's is the best place?—As far as I know.

And the cheapest place?—I tell you that is no business of mine.

I ask you as a director of the dynamite factory. I know it is no business of yours.—I am a director of the Dynamite Company in the Transvaal.

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You say you bought American dynamite in 1894?—Yes.

And it resulted in a complete failure?—Yes.

May I ask where the test was made?—At our factory.

At your factory. But you did not test it in the mines here?—It was too dangerous to send it out of the factory; the nitro-glycerine was exuding.

America is a big mining country too, is it not?—I think so.

Quartz mines mostly? And they get along with their dynamite, don't they? They have to, because they have got such heavy protective duty, nobody else can get their's in there.

But they manufacture their dynamite themselves?—If they cannot import they have to make it.

They have got large saltpetre beds, have they not? Where do they get their sulphur from?—I have never been in the States.

You acted in a like capacity as you do here in Mexico?—No; I told you no. I have told you I have been an agent in Mexico.

A dynamite agent?—Yes, in Mexico.

And here in what capacity do you act?—Here I am director of the company called the South African Fabrieken.

You deny that dynamite is supplied to De Beers at 57s. 6d.?—I have said so.

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If I were to bring it to you in writing from De Beers Company, would you still contradict it?—I think we can get along much better if you explain for what kind of dynamite they pay that price.

It is for 75 per cent. dynamite.—Then the only thing I can say is that I am very badly informed.

And the directors of De Beers told me they could get it for less.—All you people in Johannesburg say the same thing.

Is it not sufficient if we get it for 37s. 6d., and pay the Government 12s. 6d.? We would be quite content if we get it even down so far.—As the Chairman said, that is a question for the Commission to resolve.

Well, I thought you might know these things.—According to my contract, I can charge up to that price. If I do that, no one can blame me.

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Of course not. But the concession was granted on the condition that you manufacture the dynamite here?—That is what we do.

That is what you don't do.—How not? Have you read the contract I made with the Government?

Who has got it—Mr. Vorstman or yourself?—Mr. Vorstman got the contract.

To manufacture or to sell?—That is where the point comes in. The contract was "for the carrying out of the State monopoly for the making, selling, negotiating in, and the importation and exportation of powder, ammunition, dynamite, and all other explosives." This contract was transferred to the company now existing.

Before Mr. Vorstman had this contract who had it?—I don't know. That is not a question for me.

Mr. Vorstman got this contract?—

*Chairman.*

We have got nothing to do with who had the contract before the present contract.—This contract was transferred to the present company for the execution of the State monopoly for the manufacture and selling of explosives here, and the buying was given to the Government's agent, Mr. Vorstman.

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*Mr. Abu.*

The buying?—Yes. It was given to Mr. Vorstman, and he transferred it to the company.

Now, you state that your factory is large enough to manufacture 80,000 cases a year?—And more.

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Since when has the factory been completed?—We commenced the factory in October, 1896.

How much have you manufactured since October, 1896?—About 40,000 cases.

And the requirements would be about 136,000. And the gühr impregné?—We have manufactured out of our own nitro-glycerine we make here.

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Do you make the sulphuric acid here?—Everything. We make the nitric acid, the nitro-glycerine, the dynamite, and blasting gelatine here.

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You make the nitro-glycerine and sulphuric acid here. You import sulphur?—  
Yes.

You import the saltpetre?—Yes.

You import the glycerine?—Yes.

You import the gühr?—Yes.

You import the cotton?—Yes.

Then, what on earth do you make here?—I make the dynamite.

Now, you admit you import all these things. You have to pay freight on sulphur, on saltpetre, on glycerine, on gühr, and on the cotton. You have to pay your workmen about three or four times as much as you pay them at Home. Now, you import all these articles. Where does the advantage come in to the country? What advantage has the country got?—What is the advantage to a country of any industry?

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We don't want to go in for political economy. You might answer the question. Have not engineering firms the same right to say that they manufacture engines here. They import all the parts, and only put them together here. What I wish to show to the Commission is that, with the very best intentions, what you have executed lately, of making 40,000 cases, surely must have been made at a much higher cost than that at which you could import them? May I ask you what it costs to make blasting gelatine here?—Well, I am certainly not going to reply to that. I am not going to ask you what your cost price is, if you manufactured anything here.

But if someone has got to buy an article, he will know what it costs at home and here. I assert that dynamite No. 1A, 75 per cent., costs at the factory at Home, 18s. 6d. per case.—May I ask you what you know about dynamite.

Well, I have never manufactured any.—Because you are talking of dynamite No. 1 and No. 1A.

I am talking of No. 1.—Then you must not talk of No. 1A.

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gelatine.

I mean 75 per cent. dynamite, costing 18s. 6d. at Home. I say if you manufacture it here it costs you over 60s. Blasting gelatine costs at Home 50 per cent. more than the manufacture of 75 per cent. dynamite, and it will cost you more than 50 per cent. here to manufacture gelatine. But you say you have not manufactured blasting gelatine here?—Oh yes; we make it.

Will it surprise you to hear that one of the leading chemists here says that, with the appliances which you have got at the factory, it is absolutely impossible to make blasting gelatine here at anything like a reasonable price?—I suppose that is one of the chemists we discharged.

That must have been a misleading chemist. I am speaking of a leading chemist.—Is he an expert in dynamite?

Yes, he is.—Would you mind telling me his name?

I don't know whether I am at liberty to tell you his name.—In those circumstances, I maintain he does not know much about dynamite.

manufacture of  
powder by  
South African  
Explosives  
Company.

But it appeals to the common-sense of everybody. You have to import all the ingredients and all your workmen, so that it must cost you very much more than they can make it for at Home. You also manufacture powder?—Yes.

In large quantities?—It depends on what you call large quantities.

Is there any sale for powder in this country?—What sort of powder do you mean?

Gunpowder.—There is a pretty good demand for it.

Do you supply the Transvaal Government with gunpowder?—Yes; I do.

Why is it then that they import all their cartridges?—You had better ask the Government.



They cannot make cartridges here, can they?—Well, I make them.

You import detonators?—Well, you can't call them detonators. You mean the cap?

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Yes. And you import the bullets?—Sometimes.

Then you fill them with powder?—That is the principal part of it.

Then why does not the Government buy their supply off you?—You had better ask the Government.

It is strange to say these cartridges are manufactured here.

*Chairman.*

That has nothing to do with the mining industry.

*Mr. Albu.*

Where do you procure your raw material for powder?—Partly in this country and partly elsewhere.

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Which Transvaal product do you use for the powder?—Charcoal. We make it ourselves.

Do you sell your cartridges to the burghers?—I do.

*Chairman.*

That has nothing to do with the mining community.

*Mr. Albu.*

It affects the question so much that when the concession was granted it was pointed out what enormous advantages they would have through it in the case of war. Now we find the Government is even importing powder too.

*Chairman.*

I suppose the Government has its own wise reasons for that.

*Mr. Albu.*

Oh, yes! You are the sole agent for selling detonators?—Yes.

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You cannot tell what they cost in Europe? We pay 4s. a case.—No.

When we had an open market for detonators we paid 3s.—I don't know the price and cannot tell you.

Can you tell us why Lewis and Marks draw this royalty on dynamite?—I think you had better ask Lewis and Marks about it.

I know I should get the information from them, but I thought you might know as a director of the dynamite company.—I am a director of the present dynamite company.

*Chairman.*

The question of cheap dynamite is considered by the mines to be a vital question, and therefore we must try and find out as much as possible, to see how far it is possible to meet the mines and give them cheap dynamite. Several questions Mr. Albu put to you, you have not replied to. In several cases you have said that the case rests with the Government. I have myself found that Mr. Albu has, perhaps, put some questions to you, which you were under no obligation to reply to. But there is one question upon which I want to have an answer from you. You say the Government purchased, and not the company. The Government of course have a person who conducts the

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sale for them, though I thought it was done through the company, and since you are a director of the company I thought that you were the person to give us the information on this point. Now I only want to know from you who is the person who buys for the Government?—It is the Government agent, Mr. Vorstman.

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So consequently I must draw the deduction that the company has not yet taken the position that Mr. Vorstman had in the original contract?—It is so difficult to explain. I know that Mr. Vorstman has always been entrusted with the buying of the material. Of course it is practically the company, so there is some difference, but how this originated I really cannot say. Mr. Vorstman is the Government agent for buying.

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Then you further said that you could not state the price in Europe, and at what price it could be delivered here. It does not concern you very much, because, as long as you remain within the terms of your contract you consider you have fulfilled your obligations. In the contract there is a maximum price of 95s. per case, and if you sell at 85s. you mean you are within the boundaries of your contract? I must say on that point that I am astonished that the company here, which has to import, is not aware of the price at the place from whence it imports dynamite. The contract does not fix a minimum price, and you will agree if you sell at a lower price, and still make the same profit as at present, that will then be in favour of the consumer. And I have always thought that any man of business should study the interests of the consumer. I, therefore, think that you ought to be cognisant—although you buy for the Government—that you at any time can advise the Government when the Government ask for advice, and I hope you will still be able to do it when called upon, and to say whether you can deliver it cheaper here and sell it cheaper, for against you we have got very strong evidence from the other side, which I must take to be true, which says dynamite can be landed here for so much less than at present.—May I make one remark. It must not be lost sight of that the Government is importing for us, and during the time we had to build factories, and the contract stipulates that as soon as the factories are ready and cover the whole of the requirements of the country, then the importation would stop, except in case of accidents which are beyond our control. That is the reason why the company has not fixed their attention on the European price so much. Its importation period will soon be ended, and then all the dynamite or explosives will be made in this country.

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That does not throw light on the case from my point of view. In October, 1896, your factory was finished, and you say you now make dynamite here; I now understand from you that the time will arrive that the importation of the materials from which dynamite is manufactured will stop.—Yes, and I think I can promise in about a year or a year and a half, if the consumption remains as it is to-day, I will be able to produce the whole requirements of the country.

By material found in the country?—Ah, that is another question.

That is the point I put to you. If all the material has to be imported it does not bring us any further?—As soon as I am able to produce the whole requirements of the country, then gühr impregné does not play any part in the importation. Then the only thing I will import will be saltpetre, sulphur, glycerine, a little gühr, and a few articles which I cannot find in this country in sufficient quantities. I am making experiments, and I think I can get the whole of the sulphur in the country. Of course I must import a certain quantity of sulphur to have a reserve. As to saltpetre, I cannot find sufficient quantities in this country.

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To come back to the question with reference to the importation of the material required for dynamite. Is the company bound to buy that stuff from Nobel's, or are

you free to buy it from any other manufacturer?—I suppose you refer to the raw material?

Yes, the 466,000 cases.—That, of course, the Government buys. In connection therewith, I would like to say, and could not before explain, or did not recollect at the moment, how it was that Mr. Vorstman was Government agent for buying these raw materials. I have remembered since that there exists a letter from the Government appointing Mr. Vorstman and Mr. Klimke together as agents to buy the raw materials. I cannot remember the date. It must have been before the time I became a director of the company.

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So you cannot answer the question?—No.

Can you tell how many cases of dynamite were manufactured at the factory out of the 466,000 cases of raw material?—I find that during the period from June, 1894 to October, 1896, we sold 340,000 cases.

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Can you state the cost price of one of those 466,000 cases?—Well, of course the Government keeps the invoices, and I cannot tell.

You are wrong there, Mr. Phillip. The Government does not buy and does not sell. The Government have the right to do so, but they do it through other people. The Government buy nothing, sell nothing, and keep no books.—I really do not know the cost price.

I have no more questions to put, but I wish to point out that in dealing with this question you must not lose sight of several facts—in the first place, that it is to the interest of the country certainly to keep manufactories going here. The dynamite factory, for its origin and existence, depends upon the mining industry, and so we have to try to regulate it in such a manner that through the existence of the dynamite factory in our country the mining industry may not be injured, but should be benefited. And in this case you must keep the interests of the company itself in view; and if now it really appears to us that it may be through the fault on the part of the Government in granting such a concession, or it may be the fault of the company that they cannot carry out the concession on a cheaper basis, then it is our duty to try that the Government or company should find a way by which dynamite can be delivered cheaper at the mines here?—May I add that I can ask the Government to give all the prices required. I have not got them.

The fact mir try.

Mr. Brakhan.

What commission does Mr. Lippert draw on detonators?—I think it is 5 per cent. Is it not 7 per cent.?—It may be 7. I am not quite certain.

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Do you manufacture detonators in the Transvaal?—No. We have made a proposition to the Government, but we have found that the climatic conditions of this country would render the manufacture of detonators too dangerous.

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Then you import all the supplies of detonators?—No, I don't import them.

Import deto

Well, who imports them?—The company imports, but not all supplies. There were permits given out some time ago by the Government. It must be about three years ago, and on these permits they are still importing detonators into this country. That is, merchants are importing.

Now, what do detonators cost in quantities in Europe?—I really cannot tell you. I mean I did not prepare myself for detonators in the least.

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Well, it goes very closely hand-in-hand with dynamite?—In some respects it does; in others it does not.

What is your selling price here for No. 6 detonators?—I can get you these figures in the afternoon.

Is it not 4s? That is what I gather from an account I saw.—I have not got the figures.

If the market was open, as it was formerly, we could buy detonators at 3s., No. 6, and that has no doubt left a good profit to the merchant. In that case the mining industry would save on detonators alone £72,000 a year?—The only thing I can say is that this company does not sell all the requirements of detonators for the reason I explained, so in accusing the company of charging too much for detonators I don't think there is much foundation for that. We have tried to stop the permit system. The permits are valid as long as the total amount for which the permit is given is not written off. Under the permit they are allowed to import so many cases. Every time the cases are imported they are written off, and until the whole amount is written off the permit holders are still allowed to import.

But the biggest quantity is supplied by the company?—I am sorry to say no. I don't think so. I have not got the figures of the detonators supplied during 1896, but I can give you them in the afternoon.

n prices  
auite.

I say from the evidence brought before the Commission as to dynamite supplied to De Beers, that the price paid leaves a large profit in Europe. Yet there is no doubt that this surplus might be materially increased if there was free trade in dynamite?—You will get all the information from the Government as soon as the Commission, which has been appointed to investigate specially this question, has handed in their report.

Personally, I cannot help saying that I am very surprised that the company should not be able to give to the Commission the cost price which they, in terms of the contract with the Government, pay in Europe for the dynamite which they import, and for the raw material.—All the members of the Commission have expressed their surprise that I don't know the European price. I have given you a declaration under oath, and I am sorry to say I don't know the European price.

Mr. Pierce.

d impor-  
w mater-  
or dyna-

Can you tell the price at which the Government agent brings in the raw material here?—The Government agent imports the materials for the Government. He keeps all the invoices, with freight expenses, etc. The invoices he hands in to the Government.

Then the Government hands over the stuff to you as it arrives?—Yes.

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Company

You get a certain amount of raw material at the factory. Whom do you pay for that?—According to the contract we have to hand in the product of the sales to the Government. We do not pay for the raw material delivered to us by the Government agent. The product of the sales is handed to the Government, who retains the original amount and returns us our expenses, and so on. It is mentioned in the contract what the Government retains—that is 5s. each case, and 20 per cent. of the surplus profit while the Government relieves the agent of any special tax.

You invoice No. 1 dynamite at 85s. Do I understand you hand over the whole of that to the Government?—Well, practically we do, and receive a certain amount back. We do not carry that arrangement out to the letter, because it would be too complicated. We render an account every three months of what we have sold.

Then you do not know how much you receive?—No.

The Government receive 5s. a case. Then I take it you receive the remaining 80s. per case, less, of course, the original cost of the raw material?—I refer you to our last balance-sheet for 1895. There we have made a profit at the rate of 8 per cent. per annum. I may tell you that from the formation of the company in 1894 up

to the end of 1895 we paid to the Government about £48,000 royalty. We made a net profit of £58,000.

I want to know what the raw material costs delivered here?—I don't get the European account. The Government tells us, through the Government agent, so many cases have arrived. The Government agent says, "You owe so much for this." Price  
raw  
for

Yes, that is what I want to know. How much do you pay for it, including freight, and everything, delivered at the factory through the Government agent?—I have not got those figures.

You referred to the balance-sheet of 1895. Can you put in a copy of that at all?—Yes, but I have not got it with me. I can send it to the Commission. You have the report of the Volksraad Commission.

But we are investigating the matter now.

Mr. Brochon.

Where is the head office of your company?—At Pretoria.

You do not know anything about the profits of 1896?—That I did not say. I said to Mr. Albu yesterday that our general shareholders' meeting will be held on the 28th June, and on the 29th June I will be at liberty to tell you what profits we have. Profi  
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par

I do not ask what your profit was, but you have made your payments to the Government, and I do not see how the holding of your general meeting of shareholders can alter these figures?—I do not say we are going to alter figures.

How many pounds, shillings, and pence have you given to the Government last year?—I can send you these figures from Pretoria.

You said yesterday that you expected to find the materials in this country for the manufacture of dynamite?—I do not remember having said that I was going to find all the raw material in this country. I have said that, according to my ideas, there is sufficient sulphur in the country, but not saltpetre. Impo  
raw  
for

Now you are importing all these raw materials?—Yes.

Can you tell me what is the weight of raw material you import for making, say, a ton of dynamite?—You know about the manufacture of dynamite. There is saltpetre, sulphur, glycerine, then you have all the bye-products, nitrate of potash, soda, chalk, ochre, and then your boxes, nails, etc.

What do you reckon, about, is the weight of these materials that go to the manufacture of a ton of dynamite—do you think it is six tons?—For argument's sake I will accept your figure of six tons as true.

That is a very important point, because, if we make a calculation of the transport we have to pay on about six tons instead of one ton of dynamite if it were imported prepared, you will see it is a wrong speculation.—If you take any dynamite industry in Europe, it has to import most of the raw materials. In England don't you import saltpetre, sulphur, and glycerine? In Germany where do you find saltpetre? Even in France you import glycerine. Cost  
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Transport by sea is not heavy; we all know you must import saltpetre, but what is very expensive is the transport from Delagoa Bay to the factory.—Don't you say it is a wrong speculation?

In Germany and France we pay 20 and 25 sous per day to girls we employ, and you pay ten times as much here?—No, we employ kaffirs and machinery.

You told us you expected to find some sulphur here; will you kindly tell us whether it is free sulphur, or sulphur in pyrites?—At present it is only in pyrites; we have got pyrites containing between 38 and 40 per cent. of sulphur. Qualiti  
vaal

When the pyrites contain less than 45 per cent. it is not a mercantile one? We know that if you burn pyrites which carry less than 45 per cent. of sulphur you have

holders. You also see that the profit is made as much as possible, because 20 per cent. goes to the Government, after 8 per cent. has been paid, as well as sundry reductions. Is it not your duty to see that the material required is bought in the cheapest possible market?—What do you mean by the cheapest market?

The question is simple enough. The terms of the contract are that you erect the factory, and the Government gets 20 per cent. of the profits, and that the books be kept in a proper mercantile manner, and the Government shall have the right at times to look into them, so that they have some control over the manufacture, and so that the Government may see that they get the 20 per cent. Now, as managing director of this company, should you not see that the goods are bought at the cheapest possible price?—I don't quite agree with you.

Then will you explain your duty as managing director?—Yes. My duties are first to look after the safety of the people in the factory and then to turn out a first-rate explosive. It is the duty of the Government's agent to buy the material in the best market.

No, no. I don't want the Government agent, I will come to that by-and-bye. You are in charge of this factory, and you have to get the material from the Government agent. Is it not your duty then, as the head of this institution, to see that you get good articles at the best possible price?—Yes.

Then can you tell me whether you get good quality?—Yes.

Can you tell me the price it has been supplied at?—I can tell you the cost price at the factory, and I don't feel entitled to give that price away.

The Government is entitled to 20 per cent., and, representing the Government, I want to see that they are getting the right amount.—I would suggest that a special commission be appointed by the Government.

That is the best thing we could have. Can you tell us now whether you get the goods at the best possible price? Are you satisfied, as managing director, that these materials are bought in the best possible market, having regard to quality?—Yes; I am quite satisfied.

Do you pay the Government or the Government agent when the material is delivered at your factory? Does the Government agent furnish you with the invoice?—Yes.

The agent pays expenses of transit and insurances and cost of the material, and you pay him; therefore, you must know the cost of the material in Europe approximately?—Yes; approximately.

Then you do not know whether the Government agent supplies you with the goods at the cost price?—He has to.

How do you know?—According to the contract.

How do you know whether he is fulfilling it?—I have good faith in him.

You test the quality when you get it?—Not exactly. Dynamite is an article that you can buy to-day and to-morrow. During our building period the Government imported large quantities,—I mean larger quantities than any factory in Europe could supply.

You don't exercise any control over the 466,000 cases of material brought in during the past 18 months. You don't exercise any check over anything whatever?—It is no business of mine.

These goods are bought through Nobel's Dynamite Trust, and if they charge twice as much for anything, you pay it and reduce the profit of the company, and the profit due to the Government is also reduced. Therefore, the factory is Nobel and Company. That does not show that the goods are bought in the best possible market.

for the profit may have been made larger than 80 per cent.—What is the best market? "The ket' mita"

The best market is where you can get the best goods at the cheapest price.—I don't know the price in Europe.

You should see, in your position of managing director, that the State is protected, by buying in the best possible way. The fact is, you have to buy from Nobel's and charge us the highest possible price. Now, suppose the Government agent delivers goods of the value of £350: Do you give him £350?—We pay it to the account of the Government. The p dyna erial

First of all you buy the material from the Government agent. Does he give you an invoice?—I credit the Government with the amount received, and then I hand in an account for the sales I have made, and after deducting my expenses the Government gets 5s.

Now, I have a few simple questions. If you will give me simple answers we will soon get through. Who is the Government agent?—Mr. Vorstman. The Go buyer

Where is Mr. Vorstman now?—In Europe.

How long has he been in Europe?—He left on the 31st March.

Who acts for him now?—Well, to tell the truth, I don't know. I was not here when he left. I don't think there is an acting Government agent, because Mr. Vorstman intends to return very soon.

Then how does this thing work now? You have told us that the Government agent orders the goods and hands them over to you. Who does that when Mr. Vorstman is away?—The company does it.

Which company?—The dynamite company—the company I am representing.

Therefore, all this talk which we have had before, that it is sometimes the agent and sometimes the company, all comes back to the fact that it is the company?—In this special case it is so, as to the duty of the Government agent.

You are the Government agent now?—No.

Well, acting Government agent?—I have not got the appointment.

Will you tell us then under which thimble the pea is?—I tell you the company does it now.

How long has the company been agent for the Government?—Since April.

The question at the present moment is, that the company orders the goods from Europe from Nobel's Trust, brings them out, hands them over to you; you sell them, and you hand over to the Government what you like?—What I like? No.

How much do you hand over to the Government?—I hand over the statement, according to my contract—5s. per case.

And you adjudge the payments in Europe as it suits your company?—Yes.

How many cases do you anticipate you will make out of the raw product this year?—I said, since the month of October up to the end of April we manufactured 40,000 cases.

How many cases do you expect to make now onwards per month?—It is very difficult to say, because we have to take advantage of the cold weather. But we manufacture now at the rate of 80,000 cases per year. Estima amount manufac dynamit

The consumption here is probably about 180,000 cases a year?—More or less.

How has the remaining 100,000 cases to be got?—It has to be imported.

In the same manner?—According to Volkraad resolution.

In importing that guhr as it is, and the glycerine in lump, would it be cheaper to import it already made up in cartridges?—That would be going into the European price. Compari cost of h ted fin and ha ished mita.

Which you don't know anything about?—No.

In your opinion, would it be cheaper to bring 120,000 cases, all ready as blasting gelatine or as dynamite, or to bring it out in bulk, and then manipulate it here, and put it into cartridges?—That is a question of calculation for which, of course, I must have European prices. The only thing I can tell you is that we started to manufacture in this country. It costs us about the same as the goods prepared out of gühr impregné in those places. I cannot say whether it is cheaper to introduce the finished article, because then I ought to have the European price of the manufactured article and of the half-finished article.

You don't know the prices of the half-finished article and the finished article?—No. The only thing I can say is this: The cost of the cartridge explosive made in this country, and the cost of the cartridge explosive made of the imported half-finished goods would be about the same.

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Now, we have got something at last. Then the question comes to this. If the statement made before the Volksraad Commission, that the profit on the manipulation of imported stuff leaves a profit of about £2 per case, then the manufacture of the dynamite out of the imported ingredients would be about the same price?—Assuming that the report is true and correct.

profit  
mite

Therefore, the profit of the factory, if the output is 180,000 cases, would be £360,000 a year?—Yes, if you take £2 as correct, for argument's sake.

We have got one definite statement—that the cost of making the raw material and making it from gühr impregné and lump gelatine would be the same. Therefore the capital of your company is £450,000, and the profit, at that rate would be £360,000?—Well, I cannot follow the calculation.

South  
Ex-  
Com-  
1895.

It is very simple.—Yes, if you take £2 to be correct. But I said it was not correct. I have said we only made £58,000 profit for the year 1895.

South  
Ex-  
Com-  
1896.

The point is, you have got shareholders, and have to hold meetings. Now, what is the use of talking about ancient history. We might as well talk about the ancient Romans as what occurred in 1894. Surely you can give us something more reasonable. We want the figures for 1896.—I am not entitled to give out figures before the balance-sheet is accepted by the shareholders.

It is a very curious thing. You say the figures are not correct, and then, when I ask you in how far they are not correct, you decline to answer?—I have given you the reasons and I think they are very good.

Will the balance-sheet show how much profit you make per case?—Yes; you can figure it out very easily.

You cannot remember what these figures are?—Well, of course, I can say, more or less, but I do not see any reason for telling you the figures now.

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South  
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When the question was put as to how the capital was made up you declined to answer. Mr. Bourne, the secretary of the Transvaal Dynamite Factory, when he was here, gave me those figures when the contract was entered into. 182,500 shares of £1 each were paid to the previous concessionaires, whose concession had been cancelled; 25,000 fully-paid-up shares were issued to Mr. Lippert; 22,500 shares were issued to persons unknown; and 220,000 were issued to Nobel's Trust against payment in full cash. What did the company get for £230,000?—You say Mr. Bourne told you 182,500 were issued to the old company in exchange for all the assets and properties in this country?

The assets were not worth £182,500.—But perhaps the property was—the old farm and the buildings.

Would you say the farm and the buildings thereon were worth £182,500?—They may have been worth that to our company at the time.



Does the agent, who buys for the factory, get remunerated?—As the Government agent, he gets nothing. Remu  
the  
men

Does he do it for goodwill, or for love?—As Government agent, yes.

Why does Mr. Vorstman do it; he is the only man I know who serves the Government for nothing?—I don't think I am entitled to reply for Mr. Vorstman's private affairs.

Do your company pay him anything?—Yes, because he is a director.

Does he get commission for buying?—No.

Is it a fixed remuneration, or does it depend on the profit that is made?—He gets a fixed remuneration, and a bonus at the end of the year.

If you import this large quantity of raw material, assuming that it takes six tons of raw material to make one ton of dynamite, then if there is a reduction in railway rates, there would be a large saving on the cost of transport?—Yes. Railwa  
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If these reductions are made by the railway, is your company prepared to take all the profit, or are they prepared to reduce the price of dynamite?—We are quite prepared to reduce the price then.

I will only say I regret having had to put these questions to Mr. Phillip. I am sorry that Mr. Vorstman, or someone who is intimately connected with the retaining of this concession, is not here to answer the questions.—I may remark, Mr. Chairman, that all the information Mr. Hay requires, if I, as a representative of the company, get an order from the Government, I shall be very pleased to give the information.

*Mr. Smit.*

What is the weight of the blocks of gühr impregné?—They vary from 5 to 7 lbs., and up to 10 lbs. each.

What is the price of a block delivered at your factory?—I cannot tell you exactly; we never calculate on blocks.

How many of these blocks does it take to make a case of dynamite?—Five or seven, according to weight.

What does it cost to manufacture cartridges, then, out of such a block?—We calculate it about 21s. or 22s. per case, without general expenses. Cost of  
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ridges

*Chairman.*

With regard to the last arguments of Mr. Hay and Mr. Phillip, I feel obliged to say this. Mr. Phillip stated in the beginning, and maintained, that he could not give us some information because Mr. Vorstman was the agent. I thought the information was not in his possession, and, therefore, I came to the conclusion to call Mr. Vorstman later on, or his representative here. Now, Mr. Phillip states that he can give such information when the Government gives him instructions to do so. I must tell him that we are a Commission appointed by the Government to enquire into every matter connected with the case, and to hear all the witnesses necessary; and, if Mr. Phillip can give this information on behalf of Mr. Vorstman, I do not want to go back and get instructions from the Government. I have got instructions, and if you have the information, you ought to give it.—When I said I was willing to give the information on the instructions of the Government, I did not say I had the information with me. I will have to get it from the Government, as the Government keep all the papers referring to importation, so that, if this Commission asks me to produce it, I have to get it from the Government. Mr. Phi  
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*Mr. Smit.*

I do not understand why you should go to the Government to get the informa-

tion, because you stated the agent had all the information, and the agent had all the papers. The Chairman has stated that all the work is done by the agent, and the Government do nothing themselves. Consequently, the papers are all in the hands of the agent, and you are the agent at the present moment, and now you want to go to the Government for information.—As I have said, all the invoices have to go to the Treasurer-General.

You would do better to say that you won't answer the questions, as at present you leave the impression that you won't answer.—I am sorry this impression is created, as I am willing to answer anything I know.

sorted  
emat- You have stated that you don't know the cost of guhr impregné here; how do you pay for it—per pound, per ton, or per case?—The Government gets the invoice, and it is made out per case or per ton.

You say you get the invoices, and after you have deducted the charges you can find out what it costs in Europe?—If I deduct the charges—yes. If the Government ask me for the invoices, I will ask for them and produce them.

I shall be very pleased if you will get those papers and give the information. You said in your statement that, practically, the company buys the material. The  
chase  
nite. Government are practically intermediaries, and as the company are really the people who buy, they must be able to give all the information.—Yes. As I said, the Govern-  
ment agent is separate from the company, so far as buying is concerned. I said later I had refreshed my memory, and I remembered that a letter had been written from the Government appointing Mr. Vorstman and Mr. Klimke Government officials for buying raw material.

Was that before the new contract was entered into?—The letter must have been written somewhere about the same time.

I understood from you, when Mr. Brochon questioned you, that six tons of raw material are necessary to manufacture one ton of dynamite.—I admitted it for argument's sake. I am not a technical man, and I have not got the figures, so I can't tell you exactly.

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dyna- Seeing that so much raw material is required in bulk for the manufacture of dynamite, it follows—seeing that some of the material disappears during the course of manufacture—that dynamite must be far more expensive here. It cannot be made to be profitable, or delivered at competing prices, because you have to pay for such a lot of waste weight?—I daresay.

You would lose such a lot in freight that you could not possibly manufacture here at competing prices with imported dynamite?—I do not think I could do it, not only on account of freight, but on account of local conditions, such as wages, living expenses, and native labour. All these items must always make the manufactured article here somewhat more expensive than the imported.

Mr. Hugo.

direct-  
eSouth  
EX- Who are the directors of the company at Pretoria?—Mr. Wolmarans, Mr. Vorst-  
; Com- man, Mr. Wolff, and myself.

; di- You are the managing director?—Yes.

rs of Reid, of Glasgow; Mr. Beckett, of Glasgow; Mr. Johnson, of Glasgow; and, I think  
; Dyna- Dr. Aufschlaeger, of Hamburg.

ust. Who is chairman of this company here?—My father.

ca of And a director of Nobel's in Hamburg?—Yes.

atives Where is the European head office of the company?—In Hamburg.

oy. Was it not formerly in London?—No.

head

Who is general manager of the company?—Mr. Bourne.

And the same Mr. Bourne is secretary of the Transvaal Dynamite Company?—

Yes.

In reply to Mr. Albu, you flatly contradicted the statement that dynamite was sold to De Beers in Kimberley for 57s. 6d., and then you added "We sell to them at 65s." Whom do you mean by "we"?—Of course that was a slip of the tongue. Nobel  
Phi

But whom do you mean by "we"?—I mean the Nobel Dynamite Company.

Are you agent for Nobel's?—No; therefore I say it was a slip of the tongue.

Coming back to the question of the directorate of the company. I believe you gave the names of the gentlemen who are on the Board in Europe. Dr. Aufschlaeger The  
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plac  
—he is a director of this company?—Yes.

He is also a director of Nobel's?—Yes.

Similarly Mr. Beckett, of Glasgow?—Yes.

Also a director of Nobel's?—Yes.

Mr. Heydemann is a director of your company?—Yes.

Also a director of Nobel's?—That I cannot say.

And Mr. James Johnson?—Yes.

Also a director of Nobel's?—Yes.

Similarly, your father, Mr. Max Phillip?—Yes.

Mr. Levy?—Yes.

Mr. Taylor is also a director of your company?—Yes.

Also of Nobel's?—Yes.

At anyrate, you are sure that about six of the directors in Europe of this company are also directors of Nobel's?—Yes. Nobel's  
ate.

As a matter of fact, is not the duty of this company simply to act as agent of the Transvaal Government, in accordance with Article 3?—I understand a letter has been written, but that was before my time, appointing Mr. Vorstman and Mr. Klimke for the buying of materials. The Gov  
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It must have been written a long time before the new contract?—No; because the new contract, as far as I can remember, was signed in 1894. I am connected with the Dynamite Company since 1895.

The nominal capital of the company is 450,000 shares of £1 each?—Yes.

And 220,000 shares were issued against cash?—Yes. The share  
of the  
African  
placive

Is it not a fact that only 45 per cent. of that was paid-up?—No; the shares are fully paid-up.

That is not an answer to my question. Was £220,000 paid in cash?—Yes.

Mr. Hay gave us the information that 25,000 shares, ranking as fully-paid-up shares, were issued to Mr. Lippert?—Yes. Mr. L  
shares  
South  
Explos

What for do you know? Was it not on account of an agreement entered into by him with the old company?—That I do not know.

I think in your statement to the Commission you stated it is the intention of the Volksraad to enquire into European prices, which you tell us you know nothing about?—Yes. European  
for dyna

How do you know it is the intention of the Volksraad?—Of course the Volksraad took a resolution to that effect.

Do you also know through whom this enquiry will be made?—As far as I know, Dr. Leyds and Mr. Klimke.

Are you interesting yourself in the matter?—Not in the least.

You stated in reply to Mr. Albu you would be surprised if dynamite could be delivered here at 40s. I am going to ask you a question. Supposing a firm offer were made you, satisfactorily guaranteed, to deliver to you in Johannesburg dynamite

equal to No. 1, approved of by the State Mining Engineer, at 40s. per case, would your company accept that offer?—I think so.

<sup>raw</sup>  
<sup>for</sup> I am sorry to have to come back to the cost price of these articles, and I must also express my surprise that you do not know the cost price of material, considering you order and pay for it. I will put it this way: You pay the Government the cost price delivered at your factory, plus 5s. royalty?—Yes.

You also know the cost of freight, landing, transport duty, etc., about 11s. 1d.?—About that.

Well, it is very easy to find out the cost of the raw material free on board at Hamburg?—I never denied I could find it out. I really never have taken the trouble to find it out.

The office of the Government agent and your office are in the same building in Pretoria?—Yes.

All the invoices pass through that office?—Yes.

It certainly is surprising you do not know what the Government's agent pays free on board at Hamburg. From the reply you gave just now, I infer you can get the information through your office in Pretoria?—I can get the information by the system you explain. As I told the Commission, I am quite willing to put all these documents in their possession.

Will you supply the Commission with the price of the raw material free on board at Hamburg?—Yes.

<sup>South</sup>  
<sup>n Ex-</sup>  
<sup>Com-</sup>  
<sup>im-</sup>  
<sup>nater-</sup>  
<sup>dyna-</sup> Now, you remember that the Special Commission appointed by the Volksraad reported that a profit of £2 per case is made by your company. You would not say that that was correct or incorrect, but later you said it was incorrect?—I said, in reply to Mr. Hay, that it was not correct, but Mr. Hay asked me was it true, and I could not say that the Commission stated a truth or an untruth.

It is not a question of truth or untruth. According to the accounts submitted to the Commission by the State Secretary, there is a profit of £2 per case made by the company.—I cannot say what the State Secretary submitted to the Commission.

It must have been those invoices you told us about, which are in the hands of the Government.—The only thing I can say is that £2 is not correct.

<sup>of dy-</sup> You sell dynamite at 85s. that is correct?—Yes.

<sup>and</sup> And give the Government 5s.?—Yes.

<sup>on dy-</sup> The charges are 11s. 1d.?—Yes.

And Mr. Lippert gets 6s. per case, more or less?—Yes.

Then what is actually paid per case to people other than the Government?—It comes out to about 1s. 2d.

The total charge, therefore, is £1 3s. 3d.—say 24s. Deduct that from 85s, and there remains 61s. That must be profit after deducting expenses. Where does that profit go to?—Where do you put in the cost of the raw material?

<sup>costs of</sup>  
<sup>its man-</sup>  
<sup>re.</sup> Well, say 21s. for the raw material?—No, I said 21s. for working expenses.

<sup>South</sup>  
<sup>Ex-</sup>  
<sup>Com-</sup>  
<sup>dyna-</sup> We have got information that the stuff can be bought in Hamburg for 18s. Even making it 20s., there still remains 40s. profit?—I don't see how you figure that out. Take the cost of working expenses at 21s., that leaves 40s. Now, we make a dividend of 8 per cent.; that figures out at about 6s. 2d. per case net profit.

But there still remains a good profit after that?—But you must take into consideration the risk on the money invested.

<sup>m price</sup>  
<sup>latine.</sup> Then you have your sinking fund. Is it a fact that the company recently applied for the right to raise the price of blasting gelatine?—Not exactly to raise the price, but to stipulate for the maximum price we could charge for blasting gelatine.

What was that price?—127s. I think.

I think you applied for the maximum price to be fixed at 133s.—I tell you I am not quite sure whether it was 127s. or 133s.

What do you sell it for now?—£5 7s. 6d.

Cost

Mr. *Albu.*

You stated that dynamite in Buluwayo sold for 110s. per case. I, to-day, saw a gentleman who is largely interested in Mashonaland, and on reading your statement he told me they paid 90s. per case for Nobel's No. I. Out of that they have to pay 26s. extra transport from the last railway station to Buluwayo. That is included in the 90s., and, after deduction, would leave the price 64s. Then the railway to Palapye is much further than that to the Transvaal. So you are wrong in this statement that they pay 110s.—You can say I am wrong. Of course you don't know where I got the information from. I have the information from a gentleman in Port Elizabeth; as I know this gentleman I trust him.

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It is not from your own knowledge. Have you had the other prices you mention also from agents in British India and Australian ports?—Yes.

Well, I have heard, on unquestionable authority, that in Buluwayo they only pay 90s. On the Tati goldfields they pay 80s.?—I have as good reason to doubt your statement as you have to doubt mine.

I don't doubt yours, because if I did doubt it, I would say you make the statement knowing it to be incorrect. You only get your information in the same way as I do, I am not selling any dynamite in Buluwayo. You said it would not cost much more to manufacture dynamite here than in England or Germany. Is that correct?—I said that a case of cartridge explosives made in this country amounted to almost the same as a case of cartridge explosives manufactured of imported half-finished goods.

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Then how is it possible that packing and cartridging cost you 21s. a case here, when the whole article ready for shipment does not exceed that price at Home?—There is another item you don't take into consideration. Mr. Hugo enumerated all the expenses we have. One thing he did not mention was the amortisation of the capital spent in this country, our capital outlay.

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Would that amortisation increase the expenditure considerably?—I think so.

I have got here a cutting from one of the financial papers. I only read it because it may be interesting. It is a Stock Exchange paper, and appears in Berlin. They are discussing the dividends of the Nobel Dynamite Trust Company. The gist of it is as follows:—"The management of the Nobel Dynamite Trust Company has decided to propose, at the next general meeting, the payment of a dividend of 12 per cent., against 13 per cent. in the previous year. This dividend does not come up to expectations which have been entertained during the last few months, in consequence of the result of business not coming up in the Transvaal to the expectations which they were justified to entertain." And the reason given in this article is that the position and conditions prevailing in the Transvaal, with regard to the dynamite monopoly, do not look so favourable as they had reason to believe. Now, it shows you what a great factor your Transvaal business plays in the whole Nobel Dynamite Trust ring.—You cannot make me responsible.

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Oh, no. It is only an interesting article. I would not go so far as to make you responsible for articles that appear in European papers. I only want to show what an enormous factor the industry here plays in your business.—You put such a lot of importance on all these articles.

Well, if such a reason is given for reducing the dividend by 1 per cent., though the profits have not been reduced, it shows that the position is a little more shaky, if