

It was done after consulting the Chamber of Mines?—Yes.

The kaffirs are prepared to accept a reduction of wages as proposed?—Yes. Reduction of
Native Wages.
The pay was reduced and the kaffirs agreed to it; but we want a further reduction.

You must admit that the Government have assisted as far as possible in the matter?—Yes, in that matter.

Mr. Hugo.

Regarding this question of cost in wages and materials, has not the falling in the grade of the ore something to do with it?—That depends upon the way the ore is taken out in many cases. There is no uniformity. In some mines you have what is called a south reef, which is sometimes rich, and then you might have a reef to the north of that, which would be poorer. There may be more south reef crushed one time than north, and of course that would affect the question.

You have handed in a report, and we must go by it?—I came here unprepared, and put my hand on that document as one that could be relied on at once. We can prepare whatever is required. That report merely gives some of the ideas.

Mr. GEO. ALBU, Chairman Association of Mines, was put into the witness chair. Mr. Albu's Evi-
dence.
He stated he was a Director of several companies, and held a very large interest in the mining industry.

Mr. de Beer.

The object of the Commission was fully explained by the Chairman yesterday. Are you prepared to give your evidence *seriatim*?—Yes.

Just as you like, as Mr. Hay did yesterday?—Yes; I should like to make a statement first.

Chairman.

I would like any declaration of that kind to be made in writing and handed in. It would contain more information than a verbal statement.

Mr. Albu then made the following statement.] Mr. Chairman and Gentlemen,— Commission ap-
proved in Eur-
ope.
Before submitting to your questions, I think it would be right to say a few words about the work which is before us. I can assure you, I and my people in Europe have hailed with great satisfaction the appointment of this Commission to go into the malady, as it were, of the mining industry. The position which you are called upon to perform is that of the operating surgeon, together with the members of the mining industry, who will act in a like capacity. The mining industry is at present ailing, and that the Government is cognisant of the fact is proved by the appointment of this Enquiry. I can assure you it is my earnest desire, unbiassed by any party feeling, to give you such information as will give you a free and open bird's eye view of the position of the mining industry at the present moment. It is my desire to see the strength of the State and the strength of the mining industry renovated, as it were. I can only compare these two, the State and the mining industry, as twins—twins not in the ordinary sense, but which, by some freak of nature, have grown together at one point. The welfare of one must of necessity affect the welfare of the other. The mining industry, I may say in answer to Mr. Joubert, is a child healthily born, but is beginning to ail for want of proper nourishment—then the welfare of the State must suffer as well. Now, going boldly into the question generally—it is no earthly use picking out one or two mines of exceptional wealth—these are not the pillars of the State. The State is supported by the whole of the mining industry—the mining industry from east to west, for a distance of about 40 miles. It was simply a fallacy to pick out just one, two, or half-a-dozen mines which are rich. In illustration of this, Mining Industry
to be dealt
with as a whole

if the conditions are not changed, and changed soon, the pillars of the State must fall, and the whole burden will be put down upon the shoulders of these few rich mines, and which you will agree with me are not strong enough to carry the burden of the State, and they must in consequence fall too. It is, therefore, advisable in dealing with the question, as I said before, not to pick out a few mines. You must not forget that it has been the most fortunate day for the Transvaal that such mines as the Robinson, Ferreira, and Wemmer were the first mines to be discovered. If one of the poorer mines had been the first to be discovered, you could never have induced the capitalists at Home in Europe to invest any money here; therefore it was a fortunate thing that the gold was found in these rich mines first. So far then, these rich mines had served their purpose in having drawn the attention of the European capitalists to the Transvaal, and in enabling us to try the poor mines and open them up. You must understand further that an industry like the one in the Transvaal has never existed before in the world. I do not say that in order that you should have an exalted idea of the industry, but I would simply point out to you the importance of this industry to the Republic. Now, you must further understand that we have been novices in working this industry. We could only gain our experience, if I may say so, by the capital which we have put into the mines. We have found out where we have made mistakes and where we have been successful. To earn experience costs a lot of money, and it is still costing us a lot of money. We have not attained perfection in the working of our mines yet. I know that the European capitalist is perfectly willing to support us financially to earn this experience, provided that the Government will treat this industry in a fair and equitable manner. You have no idea the impression which the appointment of this Commission has made at Home. I sincerely regret that we have not come together—the mining industry and the Government—years ago. If we had, many sad hours might have been saved to both parties. Now, as I said before in the beginning of my explanation, two surgeons are necessary to operate upon this healthily-born child. The Government is one physician and the leaders of the mining industry the other. I know the seat of the disease, and you have to operate upon this child immediately. I would point out to my colleague, the other surgeon, the Government, the two questions which affect the ultimate success of the mining industry are the Railway question and the Dynamite question. Now, I assure you I do not point out these things in order to blow into the same horn as everybody, but that is the seat of the disease which can be treated by the Government. To start with the railway tariffs. In European countries the Government who owns the railway does everything in its power to bring the goods which are necessary for a certain industry at as cheap a rate as possible. I will give you a small instance which came under my notice only the other day. English firms used to send coal in great quantities to the northern part of Germany. The nearest coal mine in Germany was about 340 miles away. In order to compete with the English coal, the Government immediately reduced the freight on coal to a quarter of a penny per ton per mile—in fact, the railway is regarded in Europe as the means of bringing all that is necessary to foster a factory or industry, and to bring the necessary machinery and necessary material to the site of that industry at as low a cost as possible. What have you got here, gentlemen? Our coal transport costs us from the coal mines to the gold mines about 6s. per ton, or an average of about 2½d., and including the charges made for trucks, 3d. per ton per mile. I say the railway should, if it is absolutely necessary to foster the mining industry here, bring that coal to the mine at cost price even, for they will be amply compensated by the flourishing state of the industry, and their profits will be derived from other sources. I will give you a few instances. First, that of galvanised corrugated iron from England. The shipment from there costs,

Advantages of rich Mines to whole Mining Industry.

Importance of Mining Industry to the Republic.

Support of European capitalists.

Railway tariff.

approximately, free on board, £900. The approximate freight—the ship freight—to Delagoa Bay is £150. Now we come to the railway carriage from Delagoa Bay to Johannesburg, which is £580. From Durban and East London it is £660, and from Port Elizabeth to Johannesburg £700; so that the shipping charges from England are increased by 100 per cent. Then, as to pitch pine. 825 tons of this material cost in America £1,100; freight to Delagoa Bay £1,300. It is expensive on account of these 825 tons almost filling the ship. From Delagoa Bay to Johannesburg the charge is £3,093, so that the railway fare from Delagoa Bay to Johannesburg is three times the amount of the original cost of the stuff in America. From Durban to Johannesburg it costs £3,650, and that means that the wood, which cost in America £1,100, costs, if you ship it by Durban, about £6,000. A cask of cement, which weighs 400lbs., costs 5s. 6d., freight to Durban 4s. 4d., Durban to Johannesburg £1 7s., and duty 12s. 3d. The duty alone on that commodity, which we require for building here, is 250 per cent. on the original cost. Pipes, that is iron pipes, cost in Europe £10 per ton. The freight is £2 10s., and from Port Elizabeth to Johannesburg £8. One more item is that of deals, which generally come from Sweden. A cargo of 3in. x 9in. deals costs free on board £1,000. The freight to Delagoa Bay, Durban, and Port Elizabeth is £500; and railway carriage to Johannesburg is £1,600. From Delagoa Bay and Durban is £1,900, and from Port Elizabeth to Johannesburg £2,000. I am giving you details concerning these materials simply because they require those heavy materials to build over batteries and timber over shafts. If we could do these things with cheese, I might give you the price of cheese, but it is heavy material which is necessary. In those tremendous charges of the Netherlands Railway you give the Colony and Natal a very good handle to turn the same organ. It had been repeatedly said that the whole of South Africa considered the Transvaal an orange, and everybody sucks it, and they will suck until the juice has been sucked out of it and there will be nothing left. You cannot blame the other States for saying: Why should we reduce our railway rates if you don't do it? In fact, the colonies go further. Not only are they not satisfied with charging us heavy railway rates, they charge us transit dues as well. This is not done anywhere, so far as my knowledge goes, in the world. They excuse themselves by saying that they are building large docks, etc., but they forget that they are charging very handsome dock dues, and the very fact of them charging us transit dues is a piratical act committed on the State. But you cannot blame them. It is for the Government to see that these railway rates are reduced, and then we have a just case for the colonies to do likewise. Is it not sufficient and conclusive proof to you, gentlemen, that the Cape Government Railway made last year 9 per cent. profit—divisible profit—and all from this northern line, for I happen to know myself that the other lines did not pay. Is it an argument to say that because the Robinson and the Ferreira companies are paying large dividends why should we expect the railway companies to reduce their profits? You must always consider, gentlemen, it is not the railways which make the gold mines, it is the gold mines which make the railways. If we had no gold mines here we would have no railways, and, all over the world, if the Government derives from its railways 3½ or 4 per cent. then they are perfectly satisfied. The Government's duty is to foster the industry which is the staple industry of the country, and if that industry flourishes, then the welfare of the State is assured. Now, gentlemen, another important item. I don't want to go into details as to what profits the concessionaire is making; I only wish to point out, gentlemen, that an article which costs to manufacture at Home 18s. 6d. per case should be paid for by us 85s. And it is not an article which is used in small quantities. The Transvaal is about the largest consumer in the world of this article, and must not we look idiotically foolish—that we, as the largest consumer, pay

Rates of Cape
and Natal
Railways.

Distinction be-
tween Mining
and Railway
Companies.

Cost of Dynamite

(for an article that costs 18s. 6d.) 85s., and when the Government only makes 5s. per case over that. I don't think you can find its equal anywhere in the world, and I think the Government will see the fallacy of upholding a concession which is not carrying out in the first instance its object, and which has so far shown an utter apathy to trying to meet the mining industry here. Years ago, when the railway was built, you fixed a certain rate of tariff for the work which had to be done then by the railways. The same with the dynamite. You fixed the rate years ago when the consumption was about 40,000 cases. It had run to the respectable quantity of 108,000 cases last year. I can assure you if the industry is supported by the Government as it ought to be, then the consumption of dynamite will soon increase within a short time to 300,000 cases. This fact alone should have dictated to the dynamite monopolists quite a different policy to the one which they have carried on so far. The same argument applies to the railway people. To illustrate the case to you. If I go to my municipality and ask them to allow me to build a tramline, the price they will allow me to charge for each person will be high if the traffic is but a limited one. If the Government does its best, and we do our best, the work can be accomplished. Opinions on this matter, of course, differ, say 10s. per ton, some 6s. per ton, and others 5s. per ton. In this way we will be enabled to work the mines, which, at the present moment, work without any profit, profitably. We do not complain of the fact, gentlemen, that there are a good many mines in the Transvaal that won't pay if they got dynamite and native labour for nothing. But these mines we can well leave out entirely in our calculations. They were concerned mostly with the mines between the eastern and western portions of the Witwatersrand, and if these can work at a reduction of 5s. only per ton, then you will see that prosperity will return to Johannesburg. I don't know whether you are aware that we are at present in a condition of great depression, and there is no improvement in the state of affairs, as the European capitalists are tired of putting in more money in a place which has to pay enormous prices for its principal commodity, dynamite, and where such extraordinary tariffs exist as those shown by our railway tariff. As a friend of the Government I can only point out to you, gentlemen, that if this depression lasts you will soon feel the effects in your own Budget. It is, therefore, necessary for our benefit as well as for the sake of the welfare of the State, that we should work hand in hand together to foster this industry, and to bring it to its height. There are a few minor questions, gentlemen. For instance, take the Liquor Law, which was a very good one, but the administration of the law was very lax. What does it matter to a man when he has paid his £50 fine. You have the best proof of this in a case in the Meyer & Charlton in Jeppestown. There is a canteen there that has been trapped no less than three times last year, and has received its licence, only in a different name this time.

Chairman.

Its name?—The name was Judellsen, and the place used to be called the Park Bar. The drink, gentlemen, is the curse of the place, and unless the law is strengthened so that there is more severe punishment than a fine of £50, the traffic will continue rampant as it is at the present moment, and will only increase. Another question which affects us, and cuts very, very deep into the mining industry, is gold thefts. What we want, therefore, is an honest Detective Department, without which you will never be able to detect the criminals. The other questions we have to deal with are native labour, white labour, and the general management of our affairs, and I can assure you that the leaders of the industry are working to see whether we can improve matters. It is no use, gentlemen, saying, "Are there not mines which have been over-capitalised?" There may be mines over-capitalised, and I not ashamed to

say that there are mines which are over-capitalised, and there are also mines in existence which have no gold, although the property was reported to be very rich at the time of the flotation. We would have been a very extraordinary community if there had not been some of us who had taken advantage of the people who were ready to put in money from Home. This sort of thing you find when there is a boom. You have had this in America and Europe. It is always in such times, flourishing times, that flotations are made, the basis of which is not very sound, but that has nothing to do with our mining industry whether there are mines over-capitalised. The question is "can you work a mine with a profit?" Never mind what its capital is. By way of instance, I may mention to you that I myself floated a company a few years ago, the property of which consisted of 250 claims, for a sum of £10,000 cash working capital, and the total capital of the company was only £10,000. Although they had £10,000 cash and 250 claims, I lost all the same, for the rich reef I thought I had, had given out, therefore whether it had been a million or £10,000 capital I would have lost everything. Mr. Chairman and gentlemen, I thank you for the patient hearing you have given me, and I can assure you from the bottom of my heart it is only my desire to see this State flourish, together with the mining industry.

I would like to have reliable statistics of the freight of coal, etc., in the Transvaal and Colony.—I will work out whatever statistics are required, and hand the same in to the Secretary.

Mr. Joubert.

I would like to hear the resolution passed by us in our meeting at Pretoria, as to in what order we are going to work, so that I cannot again be said to be out of order like yesterday.

Mode of procedure of Commission.

Mr. de Beer.

You gave us a very full explanation, Mr. Albu, as to what you expect from the one side, the Government; but I would like to know what is going to be done from the other side, the industry.

Mr. Joubert.

Before we go any further I want to hear that resolution of ours, else, I won't ask another question. I do not want to be insulted again.

Chairman.

Any member can ask any question, but I think I, as Chairman, can correct anybody if out of order.

Mr. Joubert.

I appeal to the internal regulations of the Commission.

In order to give Mr. Joubert an insight into the regulations as desired, the Chairman adjourned the sitting for a quarter of an hour, and the public, as well as the press, were asked to leave the room.

Mr. de Beer.

On resuming the sitting, Mr. de Beer repeated his question to Mr. Albu, and asked his opinion about the reduction of native wages.

Witness.] The reduction of native labour is necessary for two reasons, the one is to reduce our whole expenditure, and the second has a very far-reaching effect upon the conditions which may prevail with regard to native labour in the future. The

native at the present moment receives a wage which is far in excess of the exigencies of his existence. The native earns between 50s. and 60s. per month, and then he pays nothing for food or lodging, in fact he can save almost the whole amount he receives. At the present rate of wages the native will be enabled to save a lot of money in a couple of years. If the native can save £20 a year, it is almost sufficient for him to go home and live on the fat of his land. In five or six years' time the native population will have saved enough money to make it unnecessary for them to work any more. The consequences of this will be most disastrous for the industry and the State. This question applies to any class of labour, and in any country, whether it be in Africa, Europe, or America. I think if the native gets sufficient pay to save £5 a year, that sum is quite enough for his requirements, and will prevent natives from becoming rich in a short space of time.

You say the native does not require luxuries, and if he has worked for a year he has saved enough to go back to his kraal and remain idle?—Yes.

Can you suggest any remedy for this?—The only remedy I can suggest is that we pay the natives a wage which, whilst enabling him to save money, will hinder him becoming exceptionally rich.

Why were not the wages reduced before?—For years and years we were labouring under a scarcity of native labour, which to a great extent is now abated. At the present moment we have sufficient labour. Secondly, we have come to the conclusion that it is absolutely impossible to pay these high wages. We have either to reduce our expenses, or we have to shut down the greater number of our mines.

Reduction of
cost of Native
Labour.

Supply of Native
Labour.

Remuneration
demanded by
Native Com-
missioners.

Is it in the control of the mining industry to regulate the wages of katirs?—To a great extent it is, provided that the Government assists us in bringing labour to this market. The difficulties which the mining industry has to contend with in this respect are numerous. Native Commissioners up North want to receive a certain amount of compensation for every native which they send down. I do not know whether the Government is cognisant of this, but it is always a question of 10s. or £1 per head which the mining industry has to pay to someone to collect natives and forward them here.

Railway charges
for transport
of Natives.

What amount is generally charged?—It varies. It depends upon the demand. If there is a great need of natives, the amount is a large one. Another difficulty is occasioned by the Railway Department exacting a large amount per head to bring the native to his destination. They ought to carry everything that is necessary for the mining industry at as low a rate as possible.

That is a question of opinion.—The native, as a rule, who wants to come down to work, has no money, and the mining industry has to advance his fare; and, when the native comes here, we have so little control over him that he can easily desert. It has occurred to companies who have brought down 500 natives at a cost of £1,250, that 300 have deserted after a week. The suggestion which one could make to the Railway Department is that they should bring down natives at a nominal rate, and charge him the full rate when he returns to his country; and that the Government should see that its servants in the native districts are sufficiently honest.

Is there no competition in the wages paid to the natives amongst the companies, or have they agreed on a certain scale?—They agreed about eight months ago to reduce the native pay, but we find that even that amount is far in excess of the value of the work which they render to their respective companies. As I said before, we cannot make both ends meet, and, sooner than pay thousands of pounds in wages, and be unable to make a return to our shareholders, we will close down the mines.

Is there competition amongst the mines with regard to the wages?—I don't think so at the present moment.

You said nothing about white labour; is it a fact there are thousands of white miners out of employment at the present moment?—I think there are a good many workmen out of employment.

Are you of the opinion that the wages paid to miners at the present moment are abnormal?—In some instances they are abnormal.

Is there any chance of getting these abnormal wages reduced now that there are so many out of work? Certainly there is; I think the white labourers are prepared to accept the lesser of two evils. If we close down the mines a lot of white labourers will be thrown out of employment. Reduction of white wages.

What is the wage of the ordinary white man? —From £18 to £22 per month.

If I can show from statistics that white labour costs £40 per head per month, would I be right?—That includes managers' and secretaries' salaries, and so forth.

We must get the average cost of white labour in that way?—There are men who are paid £40 and £35 per month who do not deserve more than £25 and £30. I do not propose to attack the miner who receives £18; he does not receive very much in excess of what he ought. Wages of Miners.

What is the average wage of white miners in Europe?—I think about £4 per month.

How can you account for the difference in wage of £14?—It is much more expensive living in this country. A man pays for his board alone £5 and £6 per month, and, if he be a married man, his rent is a very heavy item.

Does not the company in most instances supply quarters?—Yes, in some instances; but where there is an excess of married men they could not supply accommodation. Another thing why a man wishes to earn more than in his own country; he comes 7,000 miles from home, and he has got to pay for that, and he thinks of paying a visit to his home.

What is the reason of some miners receiving £18 and others receiving abnormal wages?—Well, there are workmen and workmen, you must remember as well as managers and managers. One man may be cheap at £200, and another may be cheap at £1,500. It always depends on the mental work, as well as the physical work. We can reduce white wages if the railway tariffs are reduced, as the necessities of life would be made cheaper in this place.

Is £1,500 the maximum wage paid to mine managers and consulting engineers?—There are bigger salaries paid. Salaries of Mine Officials.

Can you give us the maximum figure?—Well, I should say the highest salary paid to managers is about £3,000. Only a few receive that amount, and they are good men, or, at least, they are supposed to be.

And the engineers?—Well, those men who receive £3,000 are supposed to be engineers.

Do you know of any higher salaries paid than £3,000?—Higher salaries were paid, but I don't know whether they are still paid. There may be such as to the men in high positions, such as the consulting engineers of financial corporations.

Are these wages included as wages paid to white labour?—No, they don't rank in any statistics.

Do they appear in the cost of white labour in the mining companies' expenses?—Oh! yes.

What do these financial corporations want with a consulting engineer?—They require a consulting engineer to examine the mines, and, unfortunately in some cases, on their reports most of the financial corporations put their money into the mines.

Do these financial corporations charge for the services of their engineers?—No, the engineer is for their own purposes.

Is not the ground sufficiently developed yet for local men to report on?—There are local men certainly, but these financial corporations are mostly floated in Europe, and the directors choose men of whose ability they have knowledge, and they send them to South Africa. I may say I have engaged a consulting engineer in this place

Purchase of machinery.

Who has charge of the purchase of machinery on the mine?—The Board, under the advice of the consulting engineer. In companies honestly managed, tenders are asked for for the machinery which is necessary.

And in other companies again it is simply done on the recommendation of the directors?—The directors will never undertake to order machinery unless they have the advice of their engineer. The boards in most cases consist of laymen.

Charges of Foreign Railways.

You have been talking about the railways in other countries being only in existence to foster the industries. Do you include England and Holland in these countries?—Yes.

Can you quote any railway in England or Holland that does it?—I have never lived a sufficient time in England, and have never lived in Holland, but I know an instance in Germany. Yes, I do know an instance in England that only came to my knowledge yesterday. There is a railway in the south of Wales of the length of 25 miles. This railway has been built for the purpose of bringing coal from a certain coal district to supply the docks. This railway, although of a length of 25 miles, has, with its various tracks and link lines, a total mileage of 120 miles. The capital of this railway is eight and-a-half millions. They charge only 1s. 3d. per ton for 25 miles, and, if the wagon is not supplied by the coal mine, 6d. per ton for the 25 miles. The total cost is therefore 84d. per ton per mile, and it would be less if it were reasonable to expect that those who pay the money into this railway concern should receive less than a dividend of, for 1894, 3½, and for 1895, 3½ per cent. I have pointed out in my address to you that the German Government, in order that their coal mines should compete with foreign mines, have reduced the coal tariff to a quarter of a penny per ton per mile.

Cape Colony and Natal Railway tariffs.

Speaking about the height of the tariff here and in Cape Colony and Natal, supposing the tariffs here were lowered, what about the tariffs of Cape Colony and Natal?—I always took it that Natal co-operates, or is influenced to a great extent by the tariff which is charged by the Netherlands Railway, and if the Netherlands railway were to reduce its tariff, Natal would follow suit, and Cape Colony would be forced, in order to retain some trade, to also reduce the rates. The Netherlands Railway has got a good lever in the Delagoa Bay line.

Delagoa Bay route.

Do you think the mining industry would support the Delagoa Bay line supposing the neighbouring Colonies would not support a reduced tariff?—Yes, provided Delagoa Bay would give it facilities for landing goods, and forwarding goods the same as those given by Natal and the Cape Colony. But the arrangements at the present moment in Delagoa Bay are frightfully bad. The administration is very unreliable there, and we are therefore compelled to get our materials through other ports, and we prefer paying a little more than having the uncertainty which prevails through the administration of Delagoa Bay.

If there were good administration in Delagoa Bay you would prefer that route with a reduced tariff?—Being the shortest route, certainly.

Number of Mines on Witwatersrand.

Can you give the Commissioners the exact number of mines in existence?—No, that I cannot.

How many companies are there, can you say?—That I really don't know by heart. There are, I should say, about 170 on the Witwatersrand.

Can you give us the number of mines which pay dividends and mines which do not pay dividends?—Approximately I can. I think there are about 25 companies that pay dividends, and the rest consist of mines that just cover their working expenses; mines that are working at a loss; and mines which are in the course of development.

Dividend and non-dividend paying Mines.

Are all those mines *bona fide* mining concerns?—On the Witwatersrand, yes.

And also on other reefs, such as the Black Reef?—Yes. Of these 150 companies which are not paying dividends there are about 25 floated in London during the boom, and the reefs of which exist in the imagination of the floaters, or the promoters.

Bogus Companies.

Do you know how many Main Reef companies there are—outcrop and deep levels?—There are about 120 companies in all, I think, on the Main Reef.

Main Reef Mines

Your opinion is that all the companies on the Main Reef are *bona fide*?—Yes.

There are a number of companies which are not payable?—Yes.

Generally known as wild cats?—Yes.

You just now observed that the capital of the company in no way affected the cost of working the company?—Is it not a fact that too much money has gone into the pockets of the vendors and promoters?—That may have been the case years ago.

What does reconstruction imply?—Reconstruction means that if a company after having opened up work for some time has found out its machinery is obsolete, they have to raise fresh capital in order to get machinery of later pattern.

Reasons for reconstructions.

Is that the only reason?—No, there are other reasons. Five or six years ago, as stated in my address to you, being novices at gold mining, in floating the company they provided it with too small working capital, and not being able to judge the requirements of such a company in the shape of machinery, the consequence was they wanted more capital to complete the installations.

Was it never a reason for reconstruction that there was too little working capital?—Yes, but there are other reasons. Granted that the working capital was sufficient to develop the mine to a certain depth and to put up machinery and installation, the company may find on going down to that depth that the reef breaks off and forms to the north or south, and so all calculations as to the number of tons required to be moved in the developing work prove a failure. That is, in consequence of these breaks and forms in the reefs, they require more working in order to go down to greater depth and to take up the reef.

Are there no other reasons?—Of these reasons one or the other, although other reasons may have been faulty management. Also to acquire additional ground. It sometimes occurred that in days gone by, when the laws in this place were not so good for the mining community, the ground and titles were at fault through no fault of the promoters, and the ground was jumped and had to be bought back.

The cost of labour will be greatly increased when the deep levels are at work?—Do you mean the opening of the deep levels?

Cost of Deep Levels.

The cost of native labour and general expenses?—The general expenditure, yes, to some extent, certainly.

Could you give a percentage?—No, but I may say that it will be counterbalanced by the using of the latest machinery. Engineers are at work to improve upon the methods adopted of extracting gold with regard to the expenditure, as well as to the actual extraction, and they will counterbalance to a great extent the greater cost of deep level mining.

Will you explain to the Commission whether deep levels stand on their own ground, or whether they are only subsidiary to the outcrop companies.—They are not connected, and work quite independently.

Deep Levels.

They are floated in different companies?—Yes.

Did I understand you aright when you said that there were two levels to be struck?—No, I only said there was one.

You said that there were capitalists in Europe, and these found that in every community there were people who were desirous of "squeezing the lemon"?—Yes; I made that comparison about squeezing the lemon, and compared this industry to the lemon, and the high rates and charges over the whole of South Africa—transit duties, dynamite profits—to the squeezing. So long as the industry, which I compared to the lemon, has anything in it, it will be squeezed till it is perfectly dry and useless.

Working of Liquor Law.

In the beginning the Liquor Law worked satisfactorily as regards the mines?—In some districts yes, where the supervision was good. In the Krugersdorp district it never worked well.

Liquor licenses.

Do you think that in a community like this 60 licences is enough for the whole of Johannesburg?—The town is a very thirsty place.

Leaving alone that question, take a normal view of the matter. Don't you think that 60 would be too few?—I cannot give you an opinion on that.

What is your opinion about wholesale licences; are they commercial licences or liquor licences?—They are commercial licences.

It is not the case that the Park Bar at the Meyer and Charlton has its licence. The licence has been provisionally transferred by the Chairman. I wish to state that for your information.—How I came to the conclusion was, that when I went down yesterday to the mine I saw the bar opened in another name.

Mr. Joubert.

Is it not a fact that the confidence of capitalists in Europe has been shaken?—Yes.

Effects of redress of grievances.

If the Government give a reduction in the railway tariffs; if the Government tries to do its utmost to get labour wages reduced, and make an arrangement about dynamite, will that confidence be restored, in your opinion?—Decidedly.

Will the capitalist again invest his money?—Yes.

Without getting a clear statement as to whether their capital here is invested in payable mines?—Yes.

Will do it blindly?—The capitalists in Europe have representatives here; I, myself, represent a financial group in Europe, and they have asked me whether it was not the time now to invest money?

And the confidence in Europe will be restored without proper proof being produced that companies are floated on an honest basis?—Well, the flotations which have not been done on an honest basis are finished with. They cannot get that money back.

Still it has shaken the confidence of capitalists?—Well, it may have contributed to the reasons.

Why has nothing been said about that?—I am always speaking about it.

But there never has been any complaint to the Government?—Certainly you cannot expect a woman who sells fish to tell her customers it is stinking fish.

But the unexpected happens occasionally?—Yes, somebody finds it out.

Don't you think it would be desirable for the Commission to point out to the investing public what has been done with the money in the past which has been lost?—They know themselves how it has been lost.

They don't know generally?—By Jove! I think they do.

Mr. Smit.

Of which Companies are you a director or manager?—I am managing director of

the Meyer and Charlton, Roodepoort United Main Reef, George Goch Amalgamated, and Aurora West, besides director of the Coal Trust, Steyn Estate, Midas East Estate. I don't think any more.

What dividends have these Companies paid, more or less?—Only three of these Companies have paid dividends, namely, the Meyer and Charlton, Roodepoort United Main Reef, and the Coal Trust.

Dividends of Meyer & Charlton, Roodepoort United Main Reef, George Goch Amalgamated, Aurora West, Coal Trust, Steyn Estate, and Midas East Estate.

Of what amount during the last year?—The Meyer and Charlton paid 20 per cent. during 1896, Roodepoort United 35 per cent., I believe, and the Coal Trust 5 per cent. in 1896.

Do you know anything about gold mining in other countries?—No.

Do you know anything about taxation levied by the Civil Government on gold mines in other countries?—No.

So you cannot say whether the taxation comes heavy or light?—No.

Are any taxes imposed by the Government direct which form the subject of objection or grievances here?—With the exception of a few where special taxation takes place, I don't think we can complain very much.

Taxation.

I do not allude to import duty, but to personal taxes and taxes levied by the State.—I don't think we have anything to complain of.

Personal Taxes.

In respect to claim licences or prospecting licences. Are these considered excessive?—No, I don't think so.

Claim and prospecting licences.

Don't you think prospecting licences might be reduced?—Well (after consideration), the present charge for prospecting licences is 5s., isn't it? No, I don't think they need be reduced.

You think that charge is reasonable?—I think it is sufficient, but I don't think it is too much, especially in bad times such as we have at present.

You stated this morning that the charge for railage of coal is too heavy, and that if the Railway Company were to carry coal at a cost just enough to cover expenditure they would reap benefit from other sources. What sources do you refer to?—First of all, the very fact of not only the coal tariff but others being reduced would make mining in itself cheaper. This would prevent, in the first instance, mines which are still at work having to close down, and mines which are not working at the present moment on account of the heavy burdens, will be able to start work. These mines, which will re-start working, will require new machinery, and this would swell the revenue, of course, of the railway. In fact, if we get these reforms which we are asking, it would impart a new impetus to the mining industry. Fresh capital would be brought into the country again, and it is a well-known fact that workmen and men of science follow in the train of capital.

Advantages to Mines of tariff reductions.

That would affect more the outside railways than the railways within the State, because they have a bigger mileage outside than inside the State?—So long as this railway makes a good profit, you cannot be jealous of the profit which the other railways make from legitimate traffic.

You see it would help to reduce the freight from here to Vereeniging to a minimum, whereas the greater portion is paid from Vereeniging to East London.—Yes, but they would also reduce. You see, although the line of the Netherlands Railway is but a short distance, I may point out that the dividend paid for 1895 came to 36½ per cent. on the capital of the Netherlands Railways. That was in 1895, and if I take the figures of receipts as a guide for the profits which the Netherlands will make for 1896, the dividend of the Netherlands Railway will amount to 100 per cent.; of course, including the share of the profit which the Government gets.

Freights from Vereeniging to Johannesburg, and Vereeniging to East London.

Netherlands Railway Dividends

The report of the Netherlands Company, which I have got before me, for 1895, shows a dividend of 8·4.—Yes, I have got down approximately 9 per cent.

In the 8·4 is included the amount paid to the Government.—No. After you paid the amount to the Government, 8·4 is left to the shareholders. You paid to the Government in 1895 £322,327 13s. 4d. This item alone comes to 27½ per cent. on the capital of the Netherlands Railway. The capital of the Netherlands is £1,166,666 13s. 4d. The shareholders received a dividend then of 9 per cent., or 8·4. The clear profit for 1896 on the Netherlands Railway will be at least a million. Now, I will point out to you the Netherlands Company has invested a share capital (apart from debenture issue, of course) of £1,166,666—a little over a million. They have earned a million net profit last year. That is what it will come to. The mining industry has invested anything between 75 and 125 millions. This varies according to the value of the shares. And they have paid out last year a little over a million and a half. So this illustration will go a long way to prove to you that we not only pay too much to the railway companies, but that the request of the industry that the Netherlands Company should reduce its rates is but reasonable and justified. I still maintain that it is the duty of a railway company to bring the materials which are necessary for opening up and working an industry at as low a price as possible. And in some countries they even go so far as to bring this material at a loss to the seat of the industry. In the long run they make a profit.

Are these Companies belonging to the State or private Companies?—On the State railways on the Continent there is an enormous traffic, but it does not return the Government more than 3 to 3½ per cent. On the private railways in England I think the shareholders are highly pleased if they make 4½ per cent. Now, go to the railways in America. Still, there is not a single one that has paid a dividend yet.

Those Companies which carry necessities for the mines at a loss, are they companies belonging to the State or private Companies?—On the Continent they belong to the State.

So the State is there to help the industry?—Certainly.

Are there any private Companies which carry goods at a loss in order to foster the industry?—Well, I suppose there must be, because in England, where the railways belong to private Companies, if the earning power is only 3 to 4 per cent., I think they must to some extent carry goods at a loss.

A private Company which owns a railway is on an equal footing with a private Company which runs a mine?—Yes.

And why should then a railway company carry goods of an opposition company at a loss?—In the first instance we do not ask the Netherlands Company to reduce its rates. We ask the Government to do that, one way or the other, for the simple reason that if nothing is done in that respect the Netherlands Company will be a much heavier loser, and the State with it.

What would be the object of a company in England carrying goods for other industries—for private companies—at a loss?—If the industry prospers under certain conditions, these conditions must be considered by the railway, and they get a profit out of other traffic created in consequence of the industry.

In short, they lose in one way and gain in another?—Quite so. I don't say the Netherlands Company need carry anything at a loss, the margin is so enormously great.

Can you quote any industry which is supported by the railway at Home by carrying goods at loss in order to foster the industry?—The railway in Silesia carries coal at a loss.

Percentage of Dividend on Capital of Netherlands Railway.

Net Profit of Netherlands Railway.

Capital of Netherlands Railway.

Comparative Dividends of Mines and Netherlands Railway.

Dividends of Foreign Railways.

Private Railway Companies.

Reduced coal freights on Foreign Railways.

Where do they carry it to?—They carry it right through the country. It is the nearest coal mine to the northern part of Germany, and the railway carries the coal for a quarter of a penny per ton per mile. If the Government had not done that, these coal mines would have been compelled to close down, and the population would very likely leave the country.

What benefit does the railway derive in other directions?—Well, the population is increased in that part of the country, not alone by the various marriages which take place there, and they require food stuffs. You know that sort of thing is like a chain, one link fitting into another.

Advantages of low freights to Railways.

Do you mean to say people get married because there is a cheap coal tariff?—That is it.

Can you explain why it is that dynamite formerly, before the concession existed, was not cheaper than it was?—First of all we had no railway communication with the Transvaal, and it was sent by ox-wagon; secondly, the consumption was very small, and we were not sufficiently large consumers to dictate to the powerful trust company. To-day we are large consumers; we have railway communication, and all facility for bringing the dynamite to the mines. I think therefore we ought to get dynamite at a price which would allow the dynamite factory a reasonable profit. If this monopoly were not in existence we could get other people to supply us at a price very much less than Nobels are supplying it to-day.

Dynamite Concessions. Former prices of Dynamite.

There was a time when the dynamite factory could not supply the wants of the mining industry, and the Government gave permits to importers. What was the price of dynamite then, was it high or low?—I don't think it was much less than what it is to-day. These permits, strange to say, found their way into the pockets of merchants, so that if a company required 50 cases per month and could not import the stuff themselves they had to go to the merchants, who formed a little ring themselves.

Permits to import Dynamite

If the permits got into the merchants' hands the representatives of the mining industry had only themselves to blame.—I believe others were in the same position as I was. I was quite new here and did not know the circumstances. My time was sufficiently taken up in looking after the mines I became connected with, so I had not time to look after the dynamite question. The De Beers Company, for instance, pay 57s. 6d. or 60s. for dynamite, and 12s. 6d. of that goes to the Cape Government, and we pay 80s. in the Transvaal. The De Beers Company consume about 80,000 cases in the year. I am buying dynamite myself for a company I am connected with in the Kimberley district for 55s.

Price of Dynamite at De Beers.

Now?—Yes. If De Beers required a larger consumption they could get it very much cheaper.

Now, formerly, I understand, that the sellers tried to get as much as possible out of the sale of dynamite, and now the Government contract has been made at a certain figure, they are all prepared to undersell.—Of course, competition is good for trade, and if we close competition there is no business. Suppose, for instance, I came 20 years ago to the Transvaal Government and got a concession from them to work the gold in the Transvaal, and said I would give them £100,000, I think the Government would have done it. I would then have started to work the gold mines, but do you think the place would have been so far ahead now. The Government would have had £100,000, and that is all. The Government's income is now about £5,000,000 a year, simply through competition from the Transvaal Government having thrown open the fields to all, and invited everyone to come and prospect by merely paying their licences. I see Pretoria flourishing, and a place like Johannesburg which has sprung up within ten years, railways and bridges being built, and I can assure

Advantages of competition in trade.

you, sir, that if you only help the industry, this will be one of the most flourishing States in the world.

You said this morning that if the dynamite were cheaper there would be more carriage of it and a greater consumption?—Yes.

Shutting down
of Mines.

As far as you know, are there any mines that cannot be worked because of the price of dynamite?—There are mines which I know which will have to be shut down if the Government will not grant these reforms, and we do not do something in the matter of labour.

What can the Government do to prevent these mines shutting down?—The cheapening of dynamite, the reduction of the railway tariff so that we can get coal cheaper to the mine, and machinery and timber. These are the two important questions.

Do you think that will be sufficient assistance to work the mines which would otherwise be forced to lie idle?—Yes, if we do our portions as well. We have to reduce native labour, and see that the managers exercise that tact and knowledge of the work in order to bring about the reduction of cost in the working. Only then will we be able to work in such a way as to return a profit on the money invested in the mines.

Reduction of
cost of native
labour.

Do you intend to cheapen kaffir labour? How do you propose to effect that?—By simply telling the boys that their wages are reduced. The maximum at present is 2s. 3d. a shift, and we can reduce that to 1s. 6d., that is for skilled labour. For ordinary labour 1s. or less for the shift.

Forced native
labour.

Suppose the kaffirs retire back to their kraals? Now, in case that happened, and that you were without black labour, would you be in favour of asking the Government to enforce labour?—Certainly. A kaffir cannot live on nothing.

You would make it compulsory?—Yes, I would make it compulsory, and without using force a tax could be levied. If a white man loiters about without doing anything he is run in. Why should a nigger be allowed to do nothing. If there is a famine in a district the Government has to pay for it, and that falls back again on the industry. Therefore, I think a kaffir should be compelled to work in order to earn his living.

Do you think that you would get the majority of the people on the Rand with you in trying to make the kaffirs work at a certain pay?—I think so.

Would it not be called slavery?—Not so long as the men earned a certain amount of money.

If a man can live without work, how can you force him to work?—Tax him then. If I have £5 per month to spend, I don't want to do any work; but if the Government passes a law that all gentlemen at large whom you may know in South Africa, who often call themselves that, must pay £3 per month tax, there only remains £2, and I am forced to work.

Then you would not allow the kaffir to hold land in the country, but he must work for the white man to enrich him?—He must do his part of the work of helping his neighbours. How would the Government like us to sit down and say that we have enough money; where would the State drift to? There is always competition in labour, and when a man once tastes the fruits of his labour he will work.

Capitalisation of
Mines.

You said that the capital does not affect the working of the mines?—That is so. As I pointed out this morning, in my own case, I had a mine with £10,000 working capital, and that represented the whole of the capital of the company.

Suppose the mine had paid something, it would be far easier to return on £10,000 than £100,000?—Then the value of the shares would always be in proportion to the profits. It does not matter whether I get £5 for £1 shares, the proportion is

the same, and it makes no difference if the mine has been over-capitalised. Don't you think that with regard to native labour, if natives were allowed locations around Johannesburg it would be a good way of getting Kafirs here? Native locations

The kraal kafirs won't do this. Only Colonial boys will do it perhaps. If the mines came together to reduce wages to a certain figure, will it not harm the mines to a great extent?—It will do harm to a certain extent, but we will have to get over this in some way or other. If, for instance, we want natives from Delagoa Bay, we have to pay 27s. 6d. to get a boy there. Who receives this money, I don't know, but somebody gets it. Then we have to pay 20s. 6d. for railway expenses, and another 10s. a head for collecting the boys and feeding them. Thus bringing a boy from Komati Poort to here costs about 62s. 6d. Cost of procuring native labour.

Can you give any instance where a Native Commissioner has charged for kafirs sent to the mines?—No, but I am more or less certain that this is done. We pay the agents, and the agents again pay the officials. Exactions by Native Commissioners for supply of natives.

Has it ever been attempted to import poor whites from Europe to labour here, and to pay the expenses?—No, we have at present too many labourers here on account of the many mines that have stopped work.

As you said this morning, you have to pay high wages here because the living is so expensive, but can you then expect the railways which carry coal here to do it at the same rates as in other countries?—No, it must be done at a higher rate here, but good wages have to be paid at Home as well, for if not, we will have more clever managers here. Comparison of white wages and Railway rates.

I know of cases where our Government pays engineers £100 per month, whereas they only received £300 per year in Europe.—This is the case with the majority of us.

Mr. Brakhan.

You told us this morning the loss to the mining industry by gold thefts is very considerable. Can you inform us what amount per annum would they come to?—Well I think we can reckon, on what has been divulged lately, 10 per cent. Gold thefts.

What amount would that be?—About 20,000 ozs. per month.

That would be about three-quarters of a million per year?—Yes. Amount of gold thefts.

You consider that an absolute loss which otherwise would be paid in dividends to the shareholders?—Yes.

Can you suggest any ways and means by which gold thefts can be prevented altogether or minimised?—The only way I think would be by an efficient detective department. I don't think any law will ever prevent or minimise the crime. I think if a law were introduced which would deal very severely with the miscreants, and an honest detective department established in which we can have trust and repose confidence, then I think we can minimise the gold thefts. Prevention of gold thefts.

Do I understand that you suggest a separate detective department should be established simply to deal with gold thefts?—Yes, I would suggest that a separate detective department should be established, which would comprise advisory members appointed by the mining industry.

With regard to native labour, do you consider that in the cold weather there would be a sufficiently continuous supply unless locations were formed on the Rand?—My experience is that it was never owing to winter that we had less natives than in the summer. There are always other reasons why the natives went home—ploughing, sowing, or getting married. Supply of native labour.

Do you consider that if there are locations on the Rand you would have an increased supply of skilled labour?—Yes, I think they would stay here. Native locations

I have very often heard that the labour which comes to the Rand is to a great extent very inefficient and very incapable, and the natives have to be taught.—I think if the natives had their locations here, and had their wives and families, they would make this place their home.

I suppose in considering this question of locations you are in favour of compensation being given to the burghers of the State who give ground for the purpose of the locations?—No; I think it a question for the Government to decide.

Salaries of Mine
Engineers and
Officials.

You also alluded this morning to the excessive salaries paid to experts on the Rand; do you consider—I am speaking only of those who are really capable—that their salaries are very excessive in comparison with the salaries paid in Europe?—That is a very difficult question to answer; brain power is a very expensive commodity, and a rare commodity too. A clever engineer may be satisfied with £2,000 a year, while another is not satisfied with £4,000.

Well then, I should think that these men who are well paid here could also command very good salaries in Europe and other parts of the world?—Yes.

And they could live under more favourable conditions than they are doing here?—Quite so.

You have mentioned that the industry is not heavily burdened by direct taxation, such as claim licences?—That is my opinion.

Taxation of Myn-
pachts.

We know, under the Gold Law, there is a provision where mynpachts may be taxed to the extent of 2½ per cent. on the gold produced; now, do you consider if the Government compelled the owners of mynpachts to pay this 2½ per cent., the owners of mines are at a disadvantage compared with those companies that merely hold claims?

—Well, I know some mynpachts that would not pay 6d. to the Government if the 2½ per cent. were levied.

I mean in the majority of cases?—You put a very awkward question, which I prefer not to answer.

Diggers' and
claim licenses.

Then, with regard to diggers' licences and claim licences, lately diggers' licences have been asked for prospecting claims which are not worked. What is your opinion with regard to that?—My opinion is that the Government should not impose diggers' licences on prospectors' claims.

Profits on Dyna-
mite.

With regard to dynamite, you have told us that the cost to Nobel and other manufacturers is about 18s. ?—Yes, about £1; and the blasting gelatine for which we pay £5 7s. 6d., costs about 25s. or 30s. per case. If the Government want exact figures on this matter, they can simply apply to the agent of the Transvaal at home to collect them.

In other words, Nobel is satisfied with a profit of 5s. per case in Europe?—I don't think he is satisfied at all. Nobel takes what he can get.

According to your figures he gets a profit of 48s. per case on the dynamite?—I don't know what profit Nobel gets, but if these figures are correct he must make an enormous profit; and, by reason of having this monopoly in South Africa, he simply controls the whole market at home, because he gets such a tremendous profit here.

Do you consider a market like the Transvaal, which consumes about 180,000 cases of dynamite annually, would be sufficient to break a monopoly?—I think so. The position in the Transvaal is strong enough to break the monopoly of Nobel, and the industry is strong enough to break any monopoly in the world.

Permits to im-
port Dynamite

Then you also mentioned about permits issued some time ago when the factory in this country was not in a position to deliver sufficient dynamite. How do you explain that greater advantage did not accrue to the mining industry. Was it from excess of

duty or any other charge?—I really do not know the circumstances. I was new here. I do not know what duty was charged, but somebody made money out of it.

Mr. Brochon.

You told us that about 25 mines are paying dividends, and you also told us that if certain reforms took place some more mines which do not pay could work at a profit. Can you give us any exact figures about them? Can you tell us how many mines would be able to pay dividends under other circumstances?—I think at least 50 mines. That does not include mines which are at present developing. They will also pay dividends when they are ready.

Mines which could pay Dividends.

You think about 50 mines more will be able to pay dividends on the introduction of new reforms?—Almost immediately.

We have about 150 mines here, so that would give 75 mines paying dividends?—There are about 25 mines north of the reef which are failures.

So there would be very few which would not be able to pay?—I maintain that nearly all the mines on the Main Reef, if we get these reforms which we are now praying for, should, if the Directors see that they are worked honestly, make profits.

Can you suggest any measures to the Government to deal with the native labour problem?—I would suggest that the administration of the Pass Law should be applied not by the Government alone, but also by the members of the mining industry, who should form a body. I think it is quite impossible for the Government to know what is necessary; what is required for us, and I would also suggest, as the mining industry has no representation in the Volksraad, that the Government should have representatives of the industry to consult with them on questions which appertain to the Mining Industry; that they should also choose members from the Mercantile Association for a similar purpose—to consider questions which affect commercial interests. This sort of thing is done in Europe, besides the fact that you have got in the Houses of Parliament in Europe men who represent the various industries. I think if the Government were to act upon these suggestions, a much better understanding would prevail between the so-called *witlander* classes and the Government.

Remedies for administration of Pass Law.

Representation of Mines and of Commerce.

You mean consulting members?—Yes.

Mr. Hugo.

Kafir labour is a very heavy item in the expenditure?—Yes.

Are you able to give us the percentage of the expenditure on that item alone?—It comes roughly to about 25 per cent.

Cost of native labour.

Including food?—Yes. Of course, with some mines, I must explain, it entirely depends upon the nature of the reef; if the reef worked is a wide one it requires less labour to break it; if the reef is a narrow one you require more labour to feed the mill with a certain amount of ore. In some mines it may be 25 per cent., and in some it may be more.

That being so is it possible to replace kaffir labour by white miners?—That is not possible. I don't think a white man can do considerably more work than a skilled kaffir.

For underground work it has been suggested that white labour should be employed?—They would find it a failure, and too expensive.

Yesterday you suggested that, in order to obtain kaffirs, locations should be established, but that does not seem quite feasible; what do you think of the compound system that prevails in Kimberley?—I would not recommend the compound system.

Compound system.

Why?—Because I think it would hurt the commercial industry.

In Kimberley a contract is entered into to keep the kaffirs for six months in the compound?—Yes. I think it would have a bad effect upon the commercial industry, which, after all, is a great factor in the progress of the country.

For that reason you would not recommend the introduction of the compound system?—Yes. The main reason why, in Kimberley, the compound system was introduced was in order to evade the theft of diamonds. I can speak with experience on the subject because I have lived for twelve years in Kimberley, and was engaged in mining there.

Price of Dynamite.

Coming to dynamite, there was a report in the newspapers this morning that on a certain occasion the Chamber of Mines were on the point of entering into a contract to supply dynamite at 45s. Just about the time the monopoly was entered into?—I have some slight knowledge of what occurred at the time. When this contract was submitted to my Companies I opposed it.

Was the price then proposed 45s.?—I think it was 45s. plus duty. I don't speak with any absolute knowledge on the subject.

At any rate you are convinced at the present moment that dynamite can be supplied at 40s.?—Yes. Dynamite for which we are paying 80s. costs about 18s. 6d. in Europe. I have here the annual report of the Alaska Mexican Gold Mining Company in America, and under the items of disbursements, dynamite costs 28s. 1d. per case of 50 lbs. That is the price under an old contract; they are now paying 25s. per case, and that is in the centre of North America.

What do you think would be a fair cost for dynamite delivered here, roughly speaking?—It is difficult for me to say; naturally, these people want a profit and a fair profit.

Mr. Hay, in his evidence, stated that dynamite could be delivered here at less than 40s.?—I believe he is correct.

There is no fear of a ring being formed?—No. The mining industry is quite rich enough to erect its own factory somewhere in Europe; the various Companies would be willing to contribute the necessary amount for this purpose.

Remedies for gold thefts.

You also referred in your evidence to the gold thefts. Would you recommend the Commission to submit a special law dealing with this, the same as the I.D.B. Act in Kimberley?—Certainly.

You estimate the loss to the companies at a very enormous sum—10 per cent. I think?—A large number must be thriving on the ill-gotten gains of I.G.B. The proof of that we have in the quantity of the people who are doing absolutely nothing, and they live in a very good manner. I have been in South Africa 21 years, and I pretty well know them all.

You referred to the establishment of a detective department. Can you make any recommendation as to how it is to be constituted?—I would suggest that the Government should request the members of the mining industry to co-operate and make some proposal to the Government as to the best method of choosing a detective department.

Price of Coal freight.

What do you think a reduction in the coal tariff would effect a saving of? Have you any idea of the total cost of transport?—I would rather give you the expense from Brakpan to the George Goch; the Netherlands Railway charges for running trucks into the siding at the Transvaal Coal Trust 2½d. per ton.

You put it down at 3d. all told?—Yes.

Can you give, more or less, the aggregate sum paid for the transport of coal by the mining industry per month or per annum?—From £350,000 to £360,000 per annum.

In your opinion, how much can be saved in that?—I think about 2s. 3d. can be saved.

You estimate about £200,000 can be saved by transport alone to the mining industry?—Yes. This saving could be effected if the Netherlands Railway put in sidings for the various companies and delivered the coal in bulk. That alone would save about 2s. 6d. per ton, because the bag item is a very heavy one.

Reduction possible in Coal freight.

Mr. Joubert.

To a question of Mr. Smit's yesterday you replied that a railway company and a gold mining company are on one footing. Was that what you said?—I don't know in what connection. I said the industry, perhaps, and the railway were on the same footing. If the gold mines do not pay any more, and they have to close down, then the railway companies will not pay.

Comparison of Gold and Railway Companies.

What I mean is, that you replied to Mr. Smit that if a gold company was an industrial company so was a railway company.—A railway in this country is so far an industrial concern.

You don't say there is any competition between the two?—No. There should be competition between the railway lines, but there ought to be none between a gold company and a railway.

You make no difference between monopoly and competition?—I make a great difference.

Then the two classes of companies cannot be treated as standing on the same platform?—Of course not; but a monopoly in a railway department means that there is only one railway allowed. I dare not build a line to compete with the present line. Therefore the railway company can have it all their own way.

And, therefore, according to my opinion, you cannot deal with a gold mining company as standing on the same platform as a railway company?—No, of course not.

Then you cannot have understood Mr. Smit's question, because he plainly asked—If a railway company is a company and a gold mining company also a company, both have to do their utmost to earn profits?—Yes, therefore I answered that the railways in any other country are run to promote the interests of the staple industry of the land.

But you can never put a railway company on the same platform as a gold mining company?—As long as you establish the fact that a railway in this country, being a company must try to earn as much as possible, then they are on the same footing.

But still they have got a monopoly, there is no competition!—All the worse for it.

Netherlands Railway a monopoly.

That is why I do not want to admit they are on the same footing.—If Mr. Joubert admits it is unjust that it should be a private company and make as much profit out of the concern as possible, then he is right.

I won't admit it is unjust, but I want to say you cannot put the two on the same level, to be considered from the same standpoint.—I can gauge the feeling of Mr. Joubert, when he does wish to say it is unjust. The object of the Commission is not only to look after the interests of the country, but also to look after the credit of the country outside, and as a commercial man I cannot admit that a railway company is on the same level as a gold mining company, because in the gold mining there is competition and in a railway there is not. The credit of the country can and will only suffer when the staple industry of the country is proved to be unpayable, and this can only be altered, and they could only enhance the value of their properties when they were able to work at a profit. As long as such abnormal conditions prevail—all these enormously high rates and cost of dynamite and other mining items—our properties will not be able to pay a return to the shareholders, the consequences of which must be that the credit of the State suffers.

Railway a private company. Expropriation of Railway. But what possibility do you see for the Government to bring about a reduction after your declaration that the railway company stands on the same level as a gold mining company?—I don't say that. When you acknowledge the railway company must exist as a private company, then I say, of course the railway people have a right to charge as much as possible. But it is unjust that the Government should support a monopoly of that kind, and if the Government acknowledges that, and say we cannot allow this company to exist any longer as a private company, and we must, therefore, expropriate or buy the railway—so long as you acknowledge that, I say the Government will say, "All right. Now, after expropriating the railway we reduce the charges to such and such an extent." But as long as the Government says this is a private company, then I don't blame the directors of the private company for charging as much as possible.

But it is always a privileged company.—Which is ?

The Netherlands.—Yes; that is their good fortune.

Because there is no competition?—And because it is a private company.

That is what makes it so difficult to understand your declaration that the two stand on the same level.—As long as the Government will recognise this company as a private company, then I say they are quite right in charging as much as possible. The only way I can see out of that is that the Government expropriates the railway.

No Competition in Gold Mining. Railway competition prohibited. You acknowledge that a gold company is a private company, and a railway also a private company, and that every company will do its best to make as much profit as possible. Now, the question is, have both got the same chance of doing it?—Well, you know it is rather difficult to answer this question, for the simple reason that such a thing as competition does not exist in gold mining. The more gold that is put out the better it is. But if you substitute diamond for gold mining, competition in the diamond industry is disastrous. The more diamonds that are found the less value are they. If we were allowed to build one or two more railway lines in this country to compete with the Netherlands line, then, although they might be private concerns, we would have better conditions prevailing.

You say, then, in gold mining there is no competition?—Yes.

But still there ought to be?—Well, the more gold mines the better for the country.

The more competition there is the better?—Well, I don't know. If I had the choice of being the owner of one gold mine or 10, I think I would be the owner of the 10.

No monopoly in Gold Mining. What is the reason there is no competition in gold mining? It is only putting in money in order to take out gold. Why cannot there be competition?—It lies in the very fact that such a thing cannot exist. When an article which increases in value the more it is discovered or found, you cannot call it competition. If you increase the article which you are manufacturing and thereby reduce its value, that means competition.

My idea was that everyone was at liberty to do with his money as he likes?—The word competition denotes that one man competes with the manufacture of an article to do better and cheaper. But gold has a standard value. This has been proved, as you will see, in the price of silver, which has fallen for the reason that more silver has been produced than necessary, but gold has a standard value.

Suppose a company is floated which develops a property well and has a good output. Nothing prevents another company starting work with a good capital?—No. I wish I could find a few mines more.

Then that is competition?—No, it does not reduce the value of the article I produce.

It means that one has not got the monopoly to dig for gold?—Such a monopoly does not exist.

Gold has got its value to day, but a sovereign is nearly worth £100 as compared with last year?—Yes, but I don't admit it. You must say that money is dearer to-day than a year ago.

So gold does not get the same value?—Times would be like last year if we had the concessions to work the mines better.

Exactly so. The competition makes it go up and down and get cheaper and dearer, according to competition.—So many things cause money to be dear or cheap. Political questions and commercial questions affect the money market. The question belongs rather to national or political economy.

You said yesterday that if a law could be made for enforced labour it would be a Forced labour. great assistance. Is that your opinion?—Yes.

Is there a law in England to get forced labour?—No; nowhere in the world as far as I know.

Then why would you like it here?—I have not asked for it. But I told you what the consequence would be if we reduced the price of labour and the natives refused to work here. Then I suggested to impose a head tax, and I think Mr. Smit Taxation of natives. asked me if it would be a good thing to have forced labour. I, as an employer of labour, say it would be a good thing to have forced labour, but another question is whether you could get it. You could exercise a certain amount of force amongst the natives if you impose a certain tax upon each native who does not work, or if he has not shown he has worked a certain length of time.

Mr. Smit pointed out to you that you cannot tax a kaffir higher than a white man.—No, you only tax him to make him work.

How can you make a law for two? The law of the Republic will be the same for everyone. Do you think the people would consent to such a law?—I do not know. I am not a legislator. The law is not the same for the kaffir as for the white man.

How can you say so?—The native, for instance, has to wear a badge, and he must not be out after nine o'clock. If you say the same law exists for the native as for the white man a kaffir ought to appeal against this.

From the beginning of the country the principle was laid down that the white man was a burgher and the kaffir was not. The same law does not apply to the white man.—The law then should be for the native, that if he does not work for a certain number of years, or if he is too rich to work, he must pay.

You know of no other country where there is such a law?—There are no kaffirs in any country I have been in, but the rich man who does not work has to pay a higher tax than the poor man who has to work. In fact, the man who earns a certain amount of money pays no tax at all, and the proportion of taxes goes up in proportion to a man's wealth. If a native does not work he ought to be taxed.

If he has no money and does not work?—I do not know how such a man can live.

But although there are in London no kaffirs, there are poor whites?—Oh, yes.

Are these compelled to work?—You do not need to tell a man to work there, he will work if he can only get it.

Is it the same here?—No. A kaffir can get work if he will come.

But still they live?—Who?

The poor at Home—Oh! yes, they live.

Do you know that two-thirds of the natives in the mines are not subjects of this Nationality of mine boys. State?—Yes.

How can we go and tax natives who are not our subjects?—No, of course not. The native who comes here would not get taxed; he works.

So. Consequently the kaffir coming in from outside would have the privilege over the one here?—I do not know what the other countries would do. In the Colony there is a law which compels natives to work. It is the Glen Grey Act.

Chairman.

Reduction of Railway rates. I want to be clear with regard to the grievances, and what you expect the Government to assist the mining industry in. To start with the railway. I understand that if we lower the tariff as far as material for the mines is concerned, and machinery, that this would be of great assistance to the industry?—Yes.

Then this question does not include a general lowering of tariff for general merchandise?—Yes, we ask for a lowering of the tariff all round.

Railway profits. Then we come again to the question discussed casually between you and Mr. Joubert, that, through the reduction of certain articles, I do not believe that any greater impression would be made on the revenue of the railway. I can well understand that, on the promoting of the interests of the industry, the prosperity of the commerce and the whole Republic depends. Consequently, when we go into these questions, we must remember that, although the Railway Company is a private company, still the Government have a great interest in it, and exercise supervision over it. It is well known that the Government is a big shareholder in the company. Still, when the tariffs are lowered, no matter whether it belongs to a company or to the Government, they could not be so far lowered as to preclude the Railway Company paying expenses.—But the margin between the profits and the cost of working the railway is so enormous that the railway tariff might be reduced considerably—very considerably—and yet the Railway Company would make a large profit. I can give the Chairman a few figures for 1896.

The Chairman said he preferred to have the figures with the other statistics which had been asked for, and said: You have pointed out the transport of other countries. I don't take that as an argument in favour of a reduction here, because we must keep in view the expenses of living here, and the expenses of articles to be landed here, which are so much cheaper in other countries. The same rule applies to the railway, so far as it concerns the importation of railway material, and the salaries and wages of its employees.—May I say one thing about that? In spite of all the Chairman has said, and in spite of the enormous cost of bringing material here, living here, &c., the Railway Company made a profit last year of £1,298,000. From this you can gauge the heavy burden borne by this industry. The Railway Company, moreover, made this profit after allowing 6 per cent. interest on the share capital, and on the debenture stock. This will give you an idea, Mr. Chairman, that this industry is not only overcharged; it is not only unfairly treated; it is simply strangled. I don't exaggerate, and I assure you that such a state of things does not exist in any other part of the world, of a company with a capital of £1,166,666 making a profit of £1,298,000 after making allowance for interest and debenture stock. I am glad you have pointed out how very expensive it is to run a railway, as you will now gain an idea of how expensive it is to run a gold mine.

Necessity for redress of grievances. Of course, we must probe this question to its very depth.—I can only answer the Chairman this. I speak feelingly, and I know that the end of my examination is nearing; but the State will have such ample proof that, unless they meet us in such a way that we can work the industry at reasonable prices, as will never be required again, inasmuch as most of the mines—and I don't say this by way of holding out a threat—as I speak as a man who has got a large interest at stake in this country, and it may hurt me to admit the fact I am about to reveal to you—that our interests will not be worth the paper they are written on, unless the

Government agree to give us the reforms which are really and fairly required by the mining industry. Figures will prove anything to you, but you can twist figures as you like, the facts will be very bitter, and they will prove much more than figures.

I understand that the question of dynamite is a serious one in the development of the industry?—It is, sir.

These are really the two big questions?—Just so; but I would like to give you one lot of figures. A merchant here has brought me a bill of lading for 180 bags of flour. From Bloemfontein to the Bridge, a distance of 210 miles, the railway charge is £4 15s. 6d., but from Vereeniging to Johannesburg it cost £6, or 50 per cent. dearer, and only quarter the distance. These are the items which make our foodstuffs very dear. Therefore, I say the tariffs must be reduced all round. The Government need not fear that the receipts of the Netherlands Railway Company will be reduced if they reduce their tariff, and I would guarantee that the receipts will be more than doubled, and that the Netherlands Company will still make a big profit; indeed, I should not be surprised to see the profit almost as high as last year. The Netherlands Company has not yet felt the effects of the calamity which has befallen the Rand. There are still millions of pounds to be spent on machinery, which is coming out in a few months' time. When this is finished, then the country will awaken to the fact that we are going to have disastrous times here, and the only way you can prevent that is, by the Government and the mining industry acting as surgeons, and consulting as to the best means and methods to operate on the sick patient, which is the mining industry.

Railway rates on foodstuffs.

But, in order to cure the disease, we must know where it lies. As to the labour question, I understand that is one of the biggest before us?—The native labour question is a very big one, and the mining industry will deal with it. All we request is, that the Government will help us to get the natives in a fair and reasonable manner. That we should not be compelled to pay every Native Commissioner 10s. or £1 for his goodwill; that the railway should not charge too much; and that the administration of the Pass Law—which in itself is a good law, with slight alterations—should be properly administered. Its administration should always be a matter for discussion between the leaders of the mining industry and the Government officials. As I have stated before, it would be very advantageous, and would have a salutary effect upon the mining industry and the country at large, if the Government were to consult on questions which affect the mining industry with the members of the mining industry, and on questions which affect the commercial community with members of the commercial community, and I come back to your question that we shall be able to deal with the native labour question if you give us only the slight help we ask you for.

Cost of native labour.

Duty of Government.

All kaffirs who come here come over the border?—They come from Komati and from the Cape Colony. The main question is, we will reduce native wages, and the support which we ask from the Government is a minor question then; the working of the Pass Law must be thoroughly gone into; the Liquor Law is one of the side issues of that question.

The proper enforcement of the Pass Law will not help you very much, as before you enforce it you must have the niggers here?—We have got the niggers here.

And there is no difficulty in getting kaffirs?—No.

And then the great difficulty is taken away from our side about the labour question?—Yes, that question affects us; for this disease we are to be the surgeon.

I think you said it would be desirable that you should be better represented in the Volksraad or Executive Council?—I have said, unfortunately we have no voice in the Volksraad or in the legislation of the country, and I therefore have recommended

Representation of Mining Industry.

that the Government should elect consulting members for the mining industry and the commercial representatives.

The burghers in Johannesburg have the same representation as the rest of the country.—Johannesburg has a very small number of members, and then the members are burghers whom you don't expect to understand the requirements of the mining industry.

Mr. Jeppe understood the requirements of the industry.—Mr. Jeppe was by profession an advocate, and not a mining man. If such an advisory Board existed, I think it would be almost unnecessary to have a Commission appointed. The advisory members and the representatives of the Government would long ago have come to the conclusion at which I hope we will come to now.

There was nothing prevented the industry before now from trying to bring about the appointment of a Commission, or the conclusion which we are arriving at now?—I can only say I wish it had been done years ago.

That is not a reply to my question.—I can only say I would it had been done years ago.

I put my question in order to show that the Executive and the Government were always prepared to receive any deputation from the goldfields in the interests of the goldfields. The Minister of Mines is not only prepared, as he is in duty bound, whenever he is called here by the Chamber of Mines or the Chamber of Commerce or the public in general, to put before the Government any communications made to him, and the grievances reported to him. It is a pity that we have never before come as far as we have to-day. These are matters belonging to the past, and we will try to improve them. There is one question I wish to put to you: You have acknowledged the Government must meet the industry and the industry must meet part of the difficulties themselves?—Yes.

Duty of Mining Leaders regarding reduction of working costs.

And you even went so far as to say that if the Government were to give you everything you ask for, and the leaders of the mining industry would not exert themselves from their side, then all the efforts would be in vain.—They would not help to a great extent, but I think it would reflect very badly on us if the Government were to give us what we require, and we do nothing in order to bring about a reduction in general expenses, and I assure you there would be such an uproar in Europe among shareholders that the task of managers-directors and directors of mines would be most unpalatable. Besides, you must not forget one fact, that the men who are living here, the leaders of the mining industry, have every penny they possess invested in spite of the big boom which took place in 1895. You see all these men like Robinson, Barnato, and others have come out here to look after their interests. Do you think they would do that if they had no shares or no interest in this place. I venture to state their interests are as large as ever they have been, and they will do their utmost to make the money they have invested here remunerative—quite apart from the duty they owe to the shareholders in Europe.

Attitude of Government.

I put my question in order to explain to you that now is the opportunity on your side to put whatever you require from the Government before the Commission, and then it will be necessary for the Government to know exactly what mistakes were made on your side. Therefore, it will be necessary for us later on to enter into details of the management of mines, and any mistakes made in the management.—Yes. We, at the present moment, are engaged in bringing about these reforms that we can bring about.

You knew all the difficulties on your side for some time past, why didn't you move first, and then come to the Government? Now you want the Government

to make the first move, and then the mines will follow suit.—It is not a question of the Government moving first and the mines following suit. We could not, for instance, reduce the wages if we have to pay these high tariffs. We anticipated a long time ago that the Government would see the necessity of granting the reforms asked for by the industry. The Government will very soon find out, and be convinced of the necessity, by their own budget.

The Government has seen the necessity, and we all understand that the interests and progress of the industry are the interests and progress of the country.

Mr. Smit.

What did you mean just now when you said that you cannot decrease wages while you are still paying high railway rates?—I have just quoted an instance, that of flour, which comes from Bloemfontein to the bridge. For instance, during the drought we imported mealies from America. They cost us, landed in Durban, 9s., and delivered on the mine 22s. 6d. How can the mining industry, which requires 50,000 sacks per month, pay if they have to pay on a commodity of that kind more than 100 per cent. for railway transit for 350 miles, after these mealies have come thousands of miles from America.

Railway rates on foodstuffs.

Yesterday and to-day you pointed out frequently that the Railway Company has a capital of £1,666,000, and to that you compare the high revenue. You know that the railway cost seven millions, so that we have not got to pay interest on one million, but on seven millions.—I can answer to this, that if the Transvaal Government's credit is good enough, provided that the industry is in a flourishing state—which again, I think depends upon the Government of the State—the Transvaal Government's credit is good enough to issue debentures for the whole of this railway, say for nine million pounds sterling at 3½ per cent. per annum, which would mean an expenditure of £300,000 a year. That is what it would cost you. What is the good of the credit of the State when the State does not employ that credit?

Railway profits.

I differ from you. In order to keep the credit of the State good you must make use of it as little as you can. Here, too much use has been made of credit, and that is the reason that you are now going back.—If the Transvaal had made use of its credit in such a way as a State can make use of its credit, for the purpose of building railways, then I think the credit of the Rand would have been better. You have two bank managers present, Messrs. Hugo and Pierce, who, I think, will bear me out in that.

You speak of profit. Do you mean nett profit or gross profit?—The actual receipts of the Netherlands for 1896 came to £2,970,000; working expenses came to £1,237,000, and that left over £1,700,000 for distribution, for the payment of debentures, and for dividends to be paid to the shareholders. Now, supposing you had to pay 6 per cent.—I believe the State could get money for 3 per cent.—but say you had to pay 6 per cent. You give the debenture holders 6 per cent.; that would require £435,000. The working expenses for 1896, £1,237,000, total interest of 6 per cent., and working expenses come to £1,672,000. The actual receipts were £2,970,000, therefore there remains an excess of £1,298,000.

Gross and nett Railway profits.

I want to go back to the report of 1895. In taking the nett profit you have left out of account the enormous expenses for permanent works, improving stations, &c.—That is capital expenditure. For 1895 you paid dividends to the shareholders of almost 9 per cent., besides which the Government receives its share of the 85 per cent. £322,000. That makes altogether a total on the capital of the Netherlands—without the debentures of course, for these you had to pay first—that makes a total of 36½ per cent. dividend for 1895. First you pay the debentures, then you pay the shareholders 6 per cent., then the Government get their share of the 85 per cent., and then there

Railway dividends for 1895.

is a division again to the shareholders out of the 15 per cent. after the payment of the 85 per cent. It has always been a commercial maxim that if you reduce these amounts, if the burdens which the industry has to bear are lessened and brought down to a level, it will enable us to live on, and your profits will not diminish.

Mr. de Beer.

Do you know whether the Glen Grey Act works well?—I think so.

Nominal capitals Now, can you give me a definition of the nominal capital of companies?—The nominal capital is that capital represented by the property and working capital including the reserve shares.

Flotations. Suppose, now, a company of £150,000 nominal capital. Is all that money in circulation, or would it be used in the development of the mine?—If a company is floated with a nominal capital of £150,000 there will be a certain amount of this capital which would go to pay the vendors for the ground.

Can you tell us how much?—That entirely differs. All the rest would be devoted for the development of the mine and for the erection of machinery. The remainder is the cash or working capital.

Amount of working capital. Would I be wrong in such a case if I supposed that £75,000 would go to the vendors out of £150,000 as an average?—That would entirely depend on the value of the ground, and in order to answer this question correctly I must refer you to flotations which have taken place four, five, and eight years ago. In those days we thought that a working capital of £50,000 was a large amount, but since we have gained the knowledge that the amount to equip a mine with 50 heavy stamps, with machinery of the latest type, and to develop this mine, costs alone about £120,000. Since we have gained that knowledge we do not float any more companies, the working capital of which would only be £50,000. It would be quite impossible to equip the mines in a manner which from the outset would guarantee a certain amount of success, without most of these mines issuing their reserve shares or increasing their

Cost of Mine equipment. capital. These reserve shares were not issued at par, but at very large premiums varying from £2 to £20 per share. Now, to give an illustration, the capital of the Meyer & Charlton is now £85,000. In order to equip the mine we raised the capital two years ago, which was £75,000, by 10,000 shares, bringing up the capital to £85,000. For these 10,000 shares certain firms have paid the company at the rate of £7 per share. That is almost as much as the whole capital was at the time. If I had been compelled to create the £70,000 cash at par, I should have increased the capital of the Meyer and Charlton from £75,000 to £150,000.

Reserve shares. This is an isolated case?—No it is not an isolated case, but occurs almost in every company. In the George Goch Company, firms have taken up only a little over 30,000 shares for £90,000 cash, and so I can give examples in any quantity. The Ferreira Company for instance, four or five years ago sold their reserve shares in order to equip the mine properly, at £15 a share. The Modderfontein Company sold their reserve shares at £6 per share.

George Goch reserve shares. On which do you pay dividends, speaking of the first company?—On £85,000.

Ferreira reserve shares. How would the company with £150,000 capital pay?—On all shares issued. Only the reserve shares do not receive dividends.

Modderfontein reserve shares. Now, with the Company with £150,000 capital, on how much would you have to pay dividends?—As I said, on all shares issued.

You say that seven or eight years ago £50,000 would have been considered sufficient working capital?—Yes.

Payments of Dividends. Taking the company with the capital of £150,000, how would the profits be paid out?—The dividends would be paid from the profits on the whole of the capital.

I have nothing against the system, I only wanted to show that the mines were very wealthy, and the dividends paid did not represent the riches of the mine, or the money invested in them.—The shares given to the owners of the ground are also in circulation. We cannot possibly expect them to put the ground in without. Vendors' shares.

Does the working capital, plus the ground, make £150,000?—The promoters, of course, get something.

How are they paid?—Some are floated high and others low.

You keep £50,000 as a cash working capital. Now there is £100,000 left. Is the mine represented by £100,000?—The promoters, and the vendors, and the middlemen get paid out of the amount. In some instances they have received 80,000 shares. The promoter who pays down £50,000 cash may sometimes receive 20,000 shares, for you must remember that mining is at best only a speculation, and after he puts in £50,000 he does not know whether he will get it back. The shares may be worth pounds or shillings, and the man who gets the 80,000 shares takes the risk. There is no business which carries such great risks as mining, and that is a recognised fact, and it is for this reason that people all over the world who invest money in mining expect to get a bigger return than those who invest money in railways. Flotations.

Now, coming to the labour question. You do not quote lump sums in this?—The labour takes more than 50 per cent. of the money in mining companies on the Rand. We will say between 51 and 52 per cent. Percentage of labour costs.

What is the percentage of railway carriage in working costs? We have got 52 per cent as labour costs; now, which is the percentage for carriage?—To give an exact or approximate estimate is impossible. For ever copper penny you spend in mining carries a certain proportion of freight. Percentage of freight on working costs.

You complain that freight charges are high. There are certain things charged direct to carriage and freight?—No, nothing is charged direct. If we order machinery from Home it is entered in the books costing so much delivered at the mine, including the price paid the engineering firm, shipping charges, and railway freight.

Don't you enter the expenditure in the books under different headings?—Yes, items are debited so much under cyanide, or hauling charges, or shipping charges. But we often get machinery and timber through the agent here, and as to how much of the charges went to carriage and shipping he could not say exactly, but would only repeat the statement he gave the other day, that the shipping of a load of timber that cost £1,100 cost £6,000 landed here. Rates of freight.

It is an isolated case.—In the case of mealies bought in America, they cost six times as much delivered at the mines.

That does not explain. I want the percentage or exact total.—The cost is 100 per cent. more than I can buy at Home. If I pay £25,000 for machinery in England, it costs £50,000 here.

You can tell us that labour represents 50 per cent., and now in the case of carriage you give us an isolated case.—It is difficult to say; but all I can tell you, sir, is that the railway charges are so tremendous on the original cost, that, not only are installations excessively dear, but living is also, in consequence, dearer than it would be if we had cheaper rates.

The system in which you keep your books is not known to me. So far as I know the receipts and expenditure are booked under different headings, especially such an important item, freight, which ought to have a heading to itself.—I have explained we don't buy machinery at all. The commercial people who supply us make us a charge delivered at the mine. I think you will to some extent get this information from the people in the commercial business.

The direct complaint is against the railway company, and, in order to test that we must know which proportion of expenditure constitutes freight.—It is quite impossible to state, and if it is not a sufficient illustration that the mining industry, which has invested between 75 and 100 millions has made a visible profit of one-and-a-half millions, whilst the railway company, which has actually invested £1,166,000, has made a profit for 1896 of over a million—then if this is not a sufficient illustration of circumstances, and if these figures don't appeal to you, the figures you seek to obtain, and which are almost impossible to obtain, will never illustrate to you the necessity of reducing railway charges.

Profits of Netherlands Railway.

You quoted one million. Mr. Smit later on said it was seven millions.—Yes, but the six millions are debentures of the Government, which is after all the guardian of its people, and must look after the interests of its people. It has been appointed by the people, and should study the interests of the industry of the land. If they can get money at 4 per cent. then I think it is a suicidal policy which the Government pursues if they take from the people 36 per cent. dividends. If you will allow me, that is with regard to the income of the Netherlands Railway, I will give you the figures of the profits made by the Cape Government Railway.

Profits of Cape Colony and Natal Railways.

Have you brought these forward before?—No. As you are all aware, the progress which the Cape Colony and Natal have made of late years is only due to the industry of the Transvaal. The figures will show what this industry is taxed with. I will first give you the figures of the Cape Government Railway. They expended on their railway lines 20½ millions. The interest on the capital expenditure was 4 per cent., which is a very handsome amount. That will make £820,000. The actual working expenses, as published in their accounts for 1896, amount to £1,922,000, so if you take the interest on the capital and the working expenses, these two items come to £2,742,000. Now, will you believe me when I tell you that the gross receipts for 1896 for the Cape Government Railway—including the Free State, of course—amounted to £4,079,000. After paying interest of 4 per cent. and after paying working expenses, they have still a surplus of £1,337,000, and those railways did not pay before the Transvaal existed. I do not want to weary you too much with figures. A similar statement applies to the Natal Government Railway. Their surplus, after paying 4 per cent. on their capital, and after paying all their working expenses, amounted to almost half a million pounds. You also know the Natal Railway did not pay until it was brought up to Charlestown. These two surpluses amount to £1,800,000, and that simply comes out of the Transvaal.

Freights.

What proportion of expenses is the freight on coal?—The percentage of expenses at one mine with which I am connected, for coal, is 15 per cent., and the carriage of it is 50 per cent.

You don't follow me. We have got the percentage of labour at 50 per cent. Now, we want to make up the 100 per cent. What is the cost of freight on coal alone?—It is between 7½ and 10 per cent. That includes, of course, the carriage to the sidings of the various works.

Can you give us statistics. We want to get the division of percentage to make up the 100 per cent.?—I can give it to you roughly now.

Mr. de Beer said he could hand them in later on.

Mr. Braikhan.

Profits on Dynamite.

I should like to revert to two questions put to you yesterday. The first is, that about two or two and a half years ago the Government issued permits to the mining industry to import dynamite. Then, I think, the cost of dynamite was between 40s. and 45s. per case, delivered in Johannesburg, exclusive of duty. Can you explain

to me why the difference occurs, because the mines had not the advantage of these import tariffs?—I could not give information yesterday on the point, but I have since then ascertained from various permit holders the reason why we had to pay so much for dynamite at that time when permits were granted by the Government. The Government exacted from 37s. 6d. to 40s. per case duty, which we had to pay, and which was added to the cost price of the imported stuff. It is a very curious fact, however, that the Government only gets now 5s. per case. Two and a half years ago, the period you are alluding to, the Government received about 40s. per case duty.

Then I wish also to ask you with regard to the Gold Law. The mining industry pays licences on claims, whilst on mynpachts the Gold Law provides that the Government is entitled to charge $2\frac{1}{2}$ per cent. on gold produced by companies which have mynpachts. My question was, but I may not have made it very clear, whether, in your opinion, if this $2\frac{1}{2}$ per cent. were charged on the gold produced by mynpacht companies—I do not speak of the poor ones—would it be a great disadvantage against those companies which merely work their claim properties?—As comparatively but few—only one or two—mynpachts are rich, I can only come to the conclusion that if Government were to exact $2\frac{1}{2}$ per cent. on the mynpacht, then the result would be very disastrous to the mynpacht companies. If they were all rich mynpachts—and when I talk of rich mynpachts the Robinson is a rich mynpacht—if they were all similarly or even approximately as rich as that, it might not hurt them so much, but as I have stated before, most mynpachts are too poor, and a charge of that kind would be a serious loss to the company.

Taxation of Mynpachts.

Reverting to the evidence of this morning, I should like to ask you whether it is not a fact that the proportion of wages to the proportion paid for stores and material in the working expenses of mining in other parts of the world is also very considerable, that is to say that the proportion paid for wages is larger than that which is paid for stores?—You mean in this country?

Percentage of mining costs.

No; in other parts, because here it is 51 per cent.—You want to know if the proportion of stores used here—

I want to know your opinion generally—whether in other parts of the world the percentage of wages to material—what you call here stores, is also not greater? Is the 51 per cent. in this country normal?—I have not had very much experience of mining at Home, because when I came to this country I came almost from school, but from what I have been able to gather from the reports, I find in Europe, and America as well, the heaviest proportion is always the wages paid to workmen.

Therefore you do not consider 51 per cent., which falls here for wages—white and native, excessive?—No. I do not think so. If the mines are managed with the utmost care we may be able to reduce this item a little, but I don't think we can reduce it very much—comparatively much, I mean. On the other hand, if our requests are granted as regards railway rates, dynamite, etc., then the amount for wages will be a smaller one.

One question with regard to flotations years ago when this mining industry was in its infancy. You say that the working capital was moderate, and that the promoters in these companies got certain shares for putting in the ground, and also for putting in the money. Now I want to know from you whether they were well informed about the value of these reefs. Do you consider the shares which these promoters took in loan for their working capital which they put in, and also for the ground, whether they were too high considering that at that time one did not know what those £50,000 would bring?—I have explained to Mr. de Beer that I consider capitalists are the people who put in capital in those days, and ran the risk of losing their money they put in. And to show you how uncertain we were of the quality of

Flotation.