

IV.

MR. DOUGALL'S LETTER ON THE NETHERLANDS  
RAILWAY COMPANY.

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Pretoria, 29th May, 1897.

The *Chairman*,

THE INDUSTRIAL COMMISSION OF INQUIRY,

Johannesburg.

HON. SIR,—Let me first state that I would not have ventured upon writing to you had I not realised, after receiving a letter from the Secretary of your Hon. Commission, reading as follows :

“Naar aanleiding van uw schrijven d.d. 24sten Mei is mij opgedragen UEd. te informeeren dat ingevolge publicaties in de couranten gemaakt, de tijd voor applicaties ten einde getuigenis te geven, reeds verstreken is”—

that I had no alternative now but to do so; and, further, had I not keenly felt that, while the Government is sincerely desirous to get at the root cause of all these complaints and dissatisfaction with the Netherlands Railway Company, and a great deal of light has been thrown on the general question, yet the real first cause has not been got at and laid bare to all.

I now beg to lay before your Honourable Commission a table showing heavy overcharges by the Netherlands Railway Company for the carriage of through goods from the ports, from the Mid-Vaal River Bridge to Elandsfontein, Boksburg, Johannesburg, Krugersdorp, and Pretoria, as follows :—

	Normal Goods.	Intermediate Goods.	Rough Goods.
To Elandsfontein ...	5s. 8d. per ton.	10s. 11d. per ton.	19s. 6d. per ton.
„ Boksburg ...	6s. 0d. „ „	12s. 0d. „ „	18s. 0d. „ „
„ Johannesburg ..	7s. 4d. „ „	13s. 10d. „ „	20s. 4d. „ „
„ Krugersdorp ...	6s. 2d. „ „	15s. 0d. „ „	18s. 11d. „ „
„ Pretoria ...	4s. 4d. „ „	14s. 1d. „ „	22s. 2d. „ „

To make the position plain it will be needful that we should go back to June, 1890, when the railway concession, granted to the Netherlands Company by the Government, was confirmed by the Hon. Volksraad of this State. In granting the concessioes, beyond the natural and legitimate desire to have railway communication with Delagoa Bay, no ulterior motive prompted the Government and Volksraad, and they insisted on the perfectly fair principle of equitable tariffs for the transport of persons and goods. The *maximum* rates were specified, and Article 19 distinctly bound the concessionaire

"to convey, without distinction and without partiality, whatever shall be offered for conveyance, subject to the general exceptions provided for." There was no distinction made in the concession as between the "through traffic from the ports" and the "local traffic." Transport-riding with the ox-wagon was done for, and the Government and Volksraad took good care that the railway company, while having a monopoly of the transport business in the land should carry it on on strictly fair terms, and within certain clearly defined limits. The farmers, mining companies, and merchants in the southern, central, and western districts were to have their through goods carried over the railway from Viljoen's Drift at the same or equivalent rates per ton per mile as the farmers and merchants in Standerton, Ermelo, Heidelberg, and Pretoria from Volksrust, and the mining companies and farmers in Barberton, Lydenburg, Middelburg, and Zoutpansberg from Komatie Poort.

The Netherlands Railway Company had got a very good thing. From Delagoa Bay to Johannesburg did not exceed 400 miles, as against, say 500 miles from Durban, 670 miles from East London, and 720 miles from Port Elizabeth. What was there to fear from competition by the Colonial lines, once the Netherlands Railway was in complete working order from Delagoa Bay?

But, in time the competition became keen and still keener, more so than the Netherlands Company cared to meet on fair terms within the four corners of their concession. And so it was, because of the company's inability to run their railway satisfactorily on fair terms to all, or because of their insensate greed, which would not let them act fairly and secure their position with the good-will and assistance of all in the State, they misled the Government and secured the closing of the Vaal River drifts, that first act in the woeful chapter of sad events which has brought about the present strained position in South Africa.

I should like to make reference here to one or two statements made by Mr. Middelberg to your Honourable Commission.

1. He stated that "The accusation, that the tariffs from the ports to Johannesburg are higher by our taking a greater share of the profits than they would be if we accepted a lower share, is *devoid of foundation*." And he attempted to make this clear by the illustration of two individuals deciding to build a house, and providing the necessary funds therefor. And when the rental of that house has been fixed it is certainly a matter of indifference to the tenants of the house what shares of the rent each of the two owners receives.

And Mr. Middelberg alleged that

"This is exactly the same in the case of the shares of carriage received by each of the administrations in the traffic with the ports."

In reply to Mr. Albu, Mr. Middelberg maintained that the consignees or owners of the goods had very little to do with what the Netherlands Company got as its share of the carriage from the ports to Johannesburg.

Now, it is just on this vitally important point that the whole matter depends. Mr. Middelberg's illustration is not complete. In the event of complaints preferred and enquiry made thereinto, the Netherlands Railway Company is bound to make answer and give account to the Government in fullest detail of its dealings with the farmers, mining companies, and merchants in the Republic. Your Honourable Commission has been appointed for this very purpose. And *it does* concern the Government and ourselves *very much* to know what the Netherlands Railway Company receives as its share for carriage of the through traffic from the ports. And I maintain that under cover of the agreement with the Cape Railway administration in respect of the through traffic from the ports to Johannesburg and elsewhere, the Netherlands Railway Company receives and appropriates a larger share than it is

entitled or authorised to receive under the concession. As for example in respect of the carriage to Pretoria, they receive on:

Normal goods	...	£2	3s.	4d.	instead of	£1	19s.	0d.	per ton.
Intermediate goods	...	2	3	4	"	"	1	9	3
Rough goods...	...	2	1	8	"	"	0	19	6

2. When Mr. Middelberg stated under oath to your Honourable Commission that the actual rates to Johannesburg (delivery free included) were:—

	Normal Goods.	Interm. Goods.	Rough Goods.
From Port Elizabeth	2·70	2·41	1·75 per ton per mile.
" East London	2·76	2·43	1·77 " "
" Capetown	2·56	2·17	1·67 " "

he uttered nine distinct misstatements, on his part quite inexcusable, and which must have proved very misleading to the members of your Commission. The actual rates levied and appropriated by the Cape and Netherlands administrations, paid by consignees of goods to Johannesburg, are as follows:—

	1st Class Goods.	2nd Class Goods.	3rd Class Goods.	Gal'v'd Iron.	Rough Goods.
From Port Elizabeth to Mid-Vaal	2·77	2·32	2·0	1·80	1·30 per ton per mile
" East London	2·80	2·34	2·0	1·80	1·27 " "
" Capetown	2·74	2·26	1·87	1·80	1·35 " "
" Mid-Vaal to Johannesburg	7·70	7·70	7·70	7·70	7·70 " "

And it is a very extraordinary thing that, while the Netherlands Company under their arrangement with the Portuguese administration allow only about 11s. 2d. for the carriage of 1 ton of rough goods over the 58 miles from Lourenço Marques to Komatie Poort, and are authorised under the concession to charge a *maximum* sum of only 13s. for the carriage of 1 ton of the like goods over the 52 miles from Mid-Vaal River Bridge to Johannesburg, they demand no less a sum than £1 13s. 4d. for this 1 ton over the shorter distance and through a much healthier district.

It is in this way, as more fully shown in the accompanying table, that the fair and righteous principle of equitable rates for the transport of goods, on which the concession is based, has been departed from and its conditions broken. And the farmers, mining companies and merchants in the southern, central and western districts are made to pay much higher rates to the Netherlands Company for the carriage of their through goods from Viljoen's Drift, than the mining companies and farmers in the Barberton, Lydenburg and Middelburg districts are required to pay for theirs from Komatie Poort.

3. I have been somewhat puzzled over the replies made by Mr. Middelberg to Mr. Albu, as follows:—

Mr. Albu: You charge 7·7d. from Viljoen's Drift to Johannesburg.

Mr. Middelberg: No, no!

Mr. Albu: We pay it then. We don't know who gets it.

Mr. Middelberg: We get it from the Cape.

Mr. Albu: If you get it from the Cape, who pays the Cape?

Mr. Middelberg: You don't pay 7·7d. You pay about 10s., and so much per ton, and out of it we claim so much.

It is a pity Mr. Middelberg is not more explicit in his explanations and willing to tell the whole truth. He is very misleading. As a matter of fact the Netherlands Railway Company collect all carriage in Johannesburg, Pretoria, Elandsfontein,

Boksburg, and Krugersdorp from the consignees on delivery of the goods, and accounts through the *Pretoria* Railway Clearing Office for amounts so collected which may be due and payable to the Cape Railway administration. And the share credited to and held by the Netherlands Railway Company for carriage of all through goods from the Cape ports is equal to 77d. per ton per mile from Mid-Vaal River to the above-named five stations.

4. On another very important point, Mr. Middelberg must have seriously misled your Hon. Commission. He has stated that he had convinced himself, that the net cost for working expenses and interest on construction capital on the Cape Railways amounted to 1½d. to 2d. per ton per mile. These figures are not correct, and from three points I am able to refute his statement :

- a. The share which the Cape Railway receives for carriage of rough through goods from East London, Port Elizabeth and Capetown to Mid-Vaal River amounts to only 1·27d. to 1·35d. per ton per mile.
- b. According to Mr. Middelberg's own figures, in spite of these low through rates, the Cape surplus from railways in 1896 amounts to £8 19s. 7d. per cent. on the construction capital.
- c. Two years ago, if I remember rightly, a committee report was presented to the Cape Parliament showing that the working expenses with interest on capital, on the Cape lines from Port Elizabeth and East London to Mid-Vaal River, were as follows :—  
 Port Elizabeth to Norval's Pont, 328 miles, ½d. per ton per mile.  
 Norval's Pont to Mid-Vaal, 334 miles, ½d. per ton per mile.  
 East London to Bethulie, 290 miles, ¾d. per ton per mile.  
 Bethulie to Mid-Vaal, 325 miles, ½d. per ton per mile.

5. Mr. Middelberg claims praise as " a good servant " to his master, " for assuring himself of the largest share of the general revenue for the State, etc." I believe his master to be a just man, who, in spite of many difficulties, tries to be fair and upright in all his dealings. But in this very important business the servant has acted very wickedly. Unable or unwilling to carry out his master's commission on the terms laid down for him to work upon, he determines to make good his position and show large returns and good profits by disregarding his master's instructions and defrauding his master's customers and subjects. Thereby, he causes very grievous dissension in the house, and through his meddling propensities this extends to the neighbours in the adjoining houses, and even beyond, amongst his master's friends at a distance, so that they begin to speak reproachfully of each other, and are like to come to blows. But what cares this wicked servant about the widespread mischief he has made, the grievous troubles and great expenses he has brought upon his master and his master's friends, so long as he can come scatheless out of the evil situation he has created, and escape with large sums of money improperly obtained ?

I have not made any close examination into the figures for carriage appropriated under the agreements with the Natal and Portuguese administrations. Nor have I made any inquiry into the appropriation of the customs duties collected by the Netherlands Railway Company. But these will require to be looked into most searchingly. Thus far, should my contention and figures be found correct, the consideration of this vitally important matter makes it clear :

1. That the consignees of goods have a good case against the shareholders of the Netherlands Railway Company for repayment of all amounts so overcharged and paid by them.

2. That the directors of the Netherlands Railway Company should be charged by

the Government to hold in suspense all these monies so obtained, pending a searching inquiry into the matter.

The monies so obtained should not have been included in the revenue, and carried into the Netherlands Railway Company's profits account for division among their shareholders : In the first place, because the railway company has no right to these amounts, and sooner or later they will have to be refunded in some way or other to the parties from whom they were received : And, secondly, because the inclusion of these improperly obtained sums into the railway company's profits affects to a very material extent the basis on which the expropriation of the Netherlands Railway is to be effected. If the Government does not compel the Netherlands Railway Company to have their accounts re-opened and re-adjusted, and the amounts in question carefully ascertained and put aside for refund to parties, the South African Republic will be overcharged and deprived of a large sum of money when the expropriation of the Netherlands railway is brought about.

In conclusion, as one earnestly desirous for the peace and prosperity of the Republic, and the promotion of goodwill amongst all within our borders, I would state that if the Government will cause the most careful inquiry to be made into this very serious matter, they will soon find themselves in a pre-eminently good position for ameliorating the conditions which now press so heavily upon the mining and other industries in the State. And, at the same time, this will afford the finest possible opportunity for the powerful financial houses in Johannesburg, acting in conjunction with the Nationale Bank and the other banks in the Republic to rally round the Government and help to remedy and improve the situation. The Netherlands Railway Company and the Dynamite Agency Company will of necessity require to be bought out, and loans must be raised for these purposes.

And, further, permit me to say, that the present seems to me to be a favourable juncture for arrangements to be entered into whereby the administration of the Portuguese Province of Lourenço Marques, the Delagoa Bay harbour, and the Portuguese Railway might be undertaken in a manner and on terms equally satisfactory and profitable to Portugal, the South African Republic, and Great Britain. And for this end all should lend their best counsel and help for bringing about this so-much-to-be-desired beneficial result. It is a perfectly feasible project, and, to begin with, only requires Great Britain to be as considerate and helpful towards Portugal and the South African Republic as she is to her own Colonies.

I have the honour to remain, Hon. Sir,

Your obedient servant,

JOHN DOUGALL

SHOWING THE SEVERAL OVERCHARGES MADE ON ACCOUNTS ILLEGALLY APPROPRIATED UNDER COVER OF AGREEMENT WITH THE CAPE RAILWAYS ADMINISTRATION, BY THE NETHERLANDS RAILWAY COMPANY ON THROUGH GOODS FROM THE PORTS FOR CARRIAGE FROM MID-VAAL RIVER TO ELANDSPONTJIN, BOKSBURG, JOHANNESBURG, KRUGERSDORP, AND PRETORIA, AND APPLIED, IN LIKE MANNER, TO ALL THROUGH GOODS CARRIED FROM MID-VAAL RIVER TO ALL STATIONS IN THE TRANSVAAL. :-

TO ELANDSPONTJIN—42 MILES FROM MID-VAAL RIVER.

MAXIMUM LEGAL CHARGES PER CONGRESSION.			CHARGES LEVIED.			OVERCHARGES MADE.		
Normal goods,	6d. per ton per mile...	21s. 0d. per ton or 12-6d. per 100 lbs.	16d.	per 100 lbs. or 28s. 8d. per ton.	3-4d.	per 100 lbs. or 5s. 8d. per ton.		
Intermediate do.,	4d.	...17s. 9d.	16d.	"	6-5d.	"	19s. 11d.	"
Rough do.,	"	...10s. 6d.	18d.	"	11-7d.	"	19s. 6d.	"

TO BOKSBURG—48 MILES FROM MID-VAAL RIVER.

MAXIMUM LEGAL CHARGES PER CONGRESSION.			CHARGES LEVIED.			OVERCHARGES MADE.		
Normal goods,	6d. per ton per mile...	22s. 0d. per ton or 14-4d. per 100 lbs.	18d.	per 100 lbs. or 30s. 0d. per ton.	3-6d.	per 100 lbs. or 6s. 0d. per ton.		
Intermediate do.,	4d.	...18s. 0d.	18d.	"	7-2d.	"	12s. 0d.	"
Rough do.,	"	...12s. 0d.	18d.	"	10-8d.	"	18s. 0d.	"

TO JOHANNESBURG—52 MILES FROM MID-VAAL RIVER.

MAXIMUM LEGAL CHARGES PER CONGRESSION.			CHARGES LEVIED.			OVERCHARGES MADE.		
Normal goods,	6d. per ton per mile...	22s. 0d. per ton or 15-6d. per 100 lbs.	20d.	per 100 lbs. or 32s. 4d. per ton.	4-4d.	per 100 lbs. or 7s. 4d. per ton.		
Intermediate do.,	4d.	...19s. 6d.	20d.	"	8-3d.	"	19s. 10d.	"
Rough do.,	"	...18s. 0d.	20d.	"	12-2d.	"	20s. 4d.	"

TO KRUGERSDORP—71 MILES FROM MID-VAAL RIVER.

MAXIMUM LEGAL CHARGES PER CONGRESSION.			CHARGES LEVIED.			OVERCHARGES MADE.		
Normal goods,	6d. per ton per mile...	35s. 6d. per ton or 21-3d. per 100 lbs.	25d.	per 100 lbs. or 41s. 8d. per ton.	3-7d.	per 100 lbs. or 6s. 2d. per ton.		
Intermediate do.,	4d.	...26s. 7-4d.	25d.	"	9-0d.	"	15s. 0d.	"
Rough do.,	"	...17s. 9d.	22d.	"	11-5d.	"	18s. 11d.	"

TO PRETORIA—78 MILES FROM MID-VAAL RIVER.

MAXIMUM LEGAL CHARGES PER CONGRESSION.			CHARGES LEVIED.			OVERCHARGES MADE.		
Normal goods,	6d. per ton per mile...	39s. 0d. per ton or 23-4d. per 100 lbs.	26d.	per 100 lbs. or 43s. 4d. per ton.	2-6d.	per 100 lbs. or 4s. 4d. per ton.		
Intermediate do.,	4d.	...28s. 3d.	26d.	"	8-4-5d.	"	14s. 1d.	"
Rough do.,	"	...19s. 6d.	25d.	"	13-3d.	"	22s. 2d.	"

MEMORANDUM.—It is to be noted here that the Netherlands Railway Company is, in addition to carrying, entitled to make a charge for unloading and delivery (including cartage), say, within certain areas; but this should not exceed 3s. to 3s. 6d. per ton at the very most. For comparison, we note the rates ruling in the Cape Colony, as follows:—

1st Class traffic—is free of charge within certain areas.  
 2nd, 3rd, and agricultural traffic—are subject, in Capetown to 1s. 8d., Port Elizabeth 1s. 8d., East London 1s. 8d., King Williams-town 1s. 8d., Simonstown 2s. 6d., Graaff Reinet 2s. 6d., Kimberley 3s. 4d., and Dordrecht 3s. 4d. per ton.

But a rebate of a portion of such charges is allowed to persons, wherever residing, who prefer to enter into an agreement with the traffic managers, to bring to or take away from the station the whole of their traffic. These rebates are given as follows:—Capetown 9d., Port Elizabeth and East London 10d., King Williams-town 9d., Simonstown and Graaff Reinet 1s. King Williams-town 1s. 8d.