

VI.

REPORT OF THE VOLKSRAAD DYNAMITE COMMISSION.

Presented to the Honourable the First Volksraad on the 22nd February, 1897. The following translation of the Commission's Report was made by the Chamber of Mines and circulated among its members.

Pretoria, 19th February, 1897.

HONOURABLE CHAIRMAN AND MEMBERS OF THE FIRST VOLKSRAAD, PRETORIA.

Honourable Sir,

Honourable Gentlemen,

Your Commission, appointed by First Volksraad resolution, Article 46, dated 4th February, 1897, completed by First Volksraad resolution, Article 187, dated 8th February, 1897, has, in the short time placed at its disposal, in consultation with the Government, instituted as thorough an enquiry into the matters upon which it was instructed as has been possible, and has now the honour to submit the following report to your Honourable Assembly for its favourable consideration.

1. The State monopoly for the manufacture, import and sale of powder, ammunition, dynamite and other explosives, was established by the Honourable Raad by its resolutions, Articles 1,266 to 1,301, 1,303 to 1,305, dated 1st to 5th September, 1893.

2. According to Article 4 of the said regulations the Government was authorised to entrust the carrying out of the monopoly conferred on it to other persons.

3. In accordance with the aforesaid authority, the Government, on the 24th May, 1894, entered into a contract with Mr. L. G. Vorstman, copy of which is attached to this report.

4. In Article 10 of the regulations, the Government was empowered to give instructions within the shortest possible time, but at the outside, within a period of 2½ years, to establish, complete, and bring into operation one or more factories for the manufacture of dynamite and other explosives of such nature and quality, and in such quantity, as the requirements and demand within the South African Republic shall demand and require.

5. In Article 6 of the contract, the agent undertook to establish a factory referred to in the aforesaid paragraph, at the outside, within 2½ years, after the 25th October, 1894,* thus on the 24th April, 1896.

6. The Government agent has, under Article 1 of the contract for the purposes thereof, the right to form a company in the South African Republic, which was done by him, the said company being entitled "The South African Explosives Company Limited."

* The date should be 25th October, 1893.

7. It has appeared to your Commission that the said company is now working two factories, one for the manufacture of powder, and the other for dynamite and other explosives. For reasons afterwards to be mentioned, your Commission occupied itself more especially with the last mentioned factory.

8. This factory was established and commenced working on the 22nd October, 1896, thus, after the expiry of the period fixed in the contract. Your Commission is, however, of opinion that with reference to this neglect, the occurrences during December, 1895, and January, 1896, ought fairly to be taken into consideration.

9. On Friday, 14th September, 1894, the Government, in accordance with a note to Article 6 of the contract, made a request to the Volksraad for an extension of the time for the establishment of the factories, whereupon the following resolution was passed by this body:—"Article 1711. The First Volksraad having considered the letter of the Government, dated 6th September, 1894, B.B. 1979/94, now on the Order, asking for agreement with the Executive Council resolution, Article 457, dated 6th September, 1894, submitted by the above-mentioned letter having considered the memorials and the report of the Commission taken with reference thereto, resolves not to agree with the Executive Council resolution, and not to grant the authority requested for the alteration of the instructions, and instructs the Government to act strictly in accordance with the regulations, and to reply to memorialists that their request cannot be complied with as the matter was decided last year by the Volksraad."

10. The Government agent has informed your Commission that the productive capacity of the said factory, which is now completed, does not at present exceed 80,000 cases per annum.

11. On 14th October, with reference to an application from the managers of the company, an Executive Council resolution was passed, which reads as follows:—Article 893. On the order, Minute R. 1480/96, letter sent in by the managers of the South African factories for explosives, stating that their factories are completed, and that they are now in a position to manufacture 80,000 cases of explosives per annum, and, further, after giving reasons, requesting that instructions may be given them for the building of further factories, which, if acceded to, they will complete within two-and-a-half years. The Executive Council having considered that request; having considered Article 10 of the regulations concerning the same, as well as Article 16 of the contract referring thereto; recognising the necessity, that within the borders of the country establishments should exist which are fully capable of manufacturing in accordance with the demand for explosives of the mining industry, etc.; resolves to comply with the request of the company, as contained in this letter aforesaid, and in accordance therewith and limited thereto to continue in force for a new period, at the outside, of two-and-a-half years, the provisions made in accordance with Article 10 relating thereto, and in connection with the aforesaid, to continue the stipulations of the company's contract of the 24th May in force for the purpose, and in so far as is needful to enable the company, in that interval to provide for the requirements of the country.

12. It appears to your Commission that this Executive Council resolution cannot be brought into agreement with the already quoted Volksraad resolution, Article 1711 of 1894. The Government agent has informed your Commission that since the passing of the said Executive Council resolution, the company has decided, and is now making preparations, to extend the workshops of the said establishment, and that it proposes within the two-and-a-half years provided in the Executive Council resolution, to double the productive capacity, thus bringing it up to 160,000 cases per annum, which number of cases by extreme effort can be increased to 200,000 cases per annum. Your Commission will return to this subject later.

5. It is thus plain that the Government agent has not complied with the obligation which he undertook in the contract, viz., to produce dynamite and other explosives in such quantity as the needs and demands within the South African Republic may require and demand (see Article 10 of the regulations), and even though it should be possible to reconcile the Executive Council resolution of the 14th October, 1896, with the First Volksraad resolution, Article 1711, of 1894, and Article 16, paragraph A, of the contract of the Government agent; yet even then the last-mentioned obviously cannot satisfy his obligations, seeing that the Executive Council resolution says that the same has been passed to place the company in a position to meet the requirements of the country in that interval.

6. Nevertheless your Commission does not wish now to propose the cancellation of the contract or the suspension of the Government monopoly. The Volksraad has repeatedly declared the desirability of the trade and importation of powder, dynamite, and other explosives being in the hands of the State. Your Commission is also convinced of the benefits which are derived from the production of explosives in this country; and, further, your Commission is of opinion that the undoubtedly earnest efforts of the company to establish a local industry render it undesirable that the provisions of the contract should be applied too strictly.

7. For other purposes, however, the undoubtedly strong position in law of the State against the contractor should not be lost sight of.

8. Principally this point arises in connection with the question whether the Government agent shall still be allowed to import blasting gelatine and gühr impregné (which, in fact, is nothing but dynamite No. 1 not yet made into cartridges).

9. This importation yields very great profits to the company, which have nothing to do with the profits of the explosives produced by itself.

10. Your Commission gather from the accounts placed in their hands by the Honourable the State Secretary that the profit of the company on blasting gelatine and gühr impregné imported and paid for by the State amounts almost to £2 per case, of which only 5s. comes to the State.

11. Applying the above calculations to the 430,000 cases, the minimum which must be imported during the first four years, one arrives at this result, that, if the State itself imported, the national treasury would benefit to the extent of £860,000, while, if the company imports, the benefit to the State would be only £107,500, a difference thus of £752,500 loss to the State.

12. The benefit that the State should derive from itself importing would after 1900 be further increased through the augmented demand.

13. The only reason that makes your Commission hesitate to recommend that the importation of dynamite and other explosives, with all the benefits connected therewith, should be at once placed in the hands of the State, is a doubt whether the Government would be able to purchase these explosives equally cheaply as the company. The doubt arises from the fact that many of the greatest dynamite factories in Europe are important shareholders in the company, and thus possibly supply it with explosives on more favourable terms.

14. The Johannesburg Chamber of Mines asserts that the dynamite No. 1 (containing 75 per cent. nitro-glycerine) can be delivered in open market at 45s. per case. This price would give the Government a still larger profit, as this dynamite is now sold by the Government agent at 98s. 6d. per case.

15. Your Commission is, however, of opinion that in view of the question suggested in Article 13, it would be more prudent to institute a thorough inquiry (for which time failed this Commission) for the purpose of establishing beyond doubt at

what price, and in what quantities the Government itself will be able to purchase explosives.

16. Your Commission therefore recommends your Honourable Assembly to institute an inquiry into this subject on the part of the Government through its official experts, who must obtain all information with regard to the question, where and under what conditions the required explosives can best be obtained.

17. A complete report of this inquiry ought then to be laid before your Honourable Assembly at its next ordinary sitting, when a final decision can then be taken on this subject.

18. Your Commission suggests further, that if the data obtained by them are correct, the Government, even if selling at much greater profit than it now gets, will be able to reduce the price of dynamite, and thereby meet the mining industry. It must, however, be kept in mind that the local factory ought not to be opposed by unfair competition.

19. Your Commission also thinks this a suitable time, having regard to all the foregoing, to enter into negotiation with the company for the raising of the State dues (5s. per case), and the reduction of its selling price for explosives, in which way perhaps a solution of all the foregoing problems will be reached, to the satisfaction of all the parties concerned.

VI.—ADVANCES.

1. Now coming to the point that specially gave rise to the appointment of your Commission, we wish to make the following observations :—

- (a). That the imported explosives are purchased by the Government agent, who sends the accounts in to the Government, by whom they are settled.
- (b). The explosives themselves, blasting gelatine, etc., do not come into the hands of the Government.
- (c). When the agent sells, he repays the amount advanced by the Government increased by 5s. per case.
- (d). A large quantity of explosives is kept in reserve (at the moment 60,000 cases), which reserve is more or less maintained, so that the advance is thus not repaid to the Government. The Government agent often repays the Government in excess of his sales.
- (e) While the explosives are in the hands of the agent, they are properly insured at the cost of the company.

2. In view of the proposed inquiry, and in expectation of the decision of the question, who shall import in the future, your Commission proposes to place a sum of £350,000 provisionally on the estimates, instead of the proposed amount of £500,000.

VII.—POWDER AND AMMUNITION.

Although the question that led to the appointment of the Commission, was not in direct connection with powder and ammunition, and your Commission did not therefore consider it necessary, in view of the restricted time at their disposal to visit the powder factory, yet in the course of their work they made some observations which they think it serviceable to lay before the Honourable Assembly.

1. The manufacture of powder is limited in this factory to the making of gunpowder.

2. No attempts are made to manufacture the so-named new (smokeless) powder there.

Volksraad Dynamite Commission.

3. The manufacture of this last-named article stands in close connection with that of nitro-glycerine, and would consequently very suitably constitute a subsidiary part of the manufacturing at the factory at Modderfontein.

4. The contract with the Government agent includes this (see Article 1.)

5. Your Commission has been informed on competent authority that, especially from a military point of view, the manufacture of such smokeless powder fully deserves the attention of your Assembly.

6. Your Commission intends thus to recommend that the Government be instructed to lay a full report on this subject before your Honourable Body at the coming May Session.

And herewith, honourable gentlemen, your Commission deem that they have fulfilled the task imposed on them, and have the honour to be

Your obedient servants,

CARL JEPPE, *Chairman.*

J. de CLERCQ, *Azn.*

J. du P. de BEER.

Members.

Chamber of Mines,

26th February, 1897.