

ORAL EVIDENCE TO THE COMMISSION  
ON THE DEMARCATION/DELIMITATION OF SPRs  
BY  
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

DELEGATES: W D Pienaar, Manager - Mining Law and Property

J M Duncan, Public Affairs Manager, Gold and Uranium Division

(supplemented by a delegation from the Golden West Forum)

ON FRIDAY, 1 OCTOBER 1993  
AT THE WORLD TRADE CENTRE, KEMPTON PARK

AT 09:30

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

44 MAIN STREET

JOHANNESBURG

This submission is made by the Gold and Uranium Division of Anglo American Corporation of South Africa Limited (AAC) on behalf of its client gold mining companies, Western Deep Levels Limited (Western Deep Levels) and Elandsrand Gold Mining Company Limited (Elandsrand) (managed at a regional level by the West Rand Region of AAC), and Vaal Reefs Exploration and Mining Company Limited (Vaal Reefs).

Slide 3 (appended) highlights two points of concern in respect of portions of the Commission's proposed boundaries for regions (marked in white):

- \* a portion of the east-west boundary between the proposed PWV and North West regions;

- g and a portion of the north-south boundary between the North West and OFS regions.

Our concerns are two-fold:

- g both boundary portions clearly run contrary to the wishes of the communities involved. In respect of the east-west boundary, I will call shortly on the Golden West Forum - key officials of which form part of our

- delegation - to present the affected communities' case. In respect of the

north-south boundary, I would like to draw the Commission's attention to submissions made to it in Klerksdorp on Wednesday, 29 September by several organisations, including the North West Action Group and the ANC.

the east-west boundary bisects and thus seriously disturbs the operational integrity of Western Deep Levels and Elandsrand, while the north-south boundary has the same effect on Vaal Reefs. All three of these gold mining operations are key engines in the economies of the areas in which they operate and the economy of the country. Together, they produce almost 22 per cent of South Africa's total annual gold production.

Western Deep Levels and Elandsrand together employ some 32 000 people, a significant proportion of the economically active population in the area. Many live in the surrounding towns of Carletonville, Khutsong, Fochville, Kokosi, Greenspark and Wedela.

Vaal Reefs employ some 44 000 people, mostly living in the surrounding towns of Orkney, Kanana, Klerksdorp, Jouberton and Alabama, although it is anticipated that with the expansion of mining operations south of the

Vaal River, some may in the future settle in the Viljoenskroon area. At this juncture, I would like to call on Mr Neels Moller, chairman of the Golden West Forum, to introduce himself and his organisation, and to present the concerns of the Forum regarding the proposed east-west boundary.

[Golden West Forum submission]

I have prepared slides (appended), which illustrate the economic importance of the mining industry and the difficulties it is facing. I would be happy to refer

to these during question time if the committee so wishes. Suffice to say, at this stage, that it is of crucial importance to maintain the integrity of individual mines.

The practical implications of splitting a mine into two regions are horrendous. Inevitably, there will be cases where employees live in one region and work in another. Several shafts in one proposed region (eg. the North West region) are used to mine ore in another proposed Region (eg. the OFS region). A number of critical questions arise. In respect of Vaal Reefs, for example:

would ore mined in the OFS from a shaft in the North West be taxed in the OFS or the North West?;

would accidents occurring at a workplace in the OFS accessed from a shaft in the North West be investigated by the mining authorities in the OFS or in the North West?;

would an employee be taxed in the region where the workplace is situated or in the region where the shaft is situated, in the region where his salary is paid, or in the region where he is resident?

would the provision of social services (schools, shopping facilities, etc) be the responsibility of the North West or the OFS?

would sport and cultural facilities provided by the mine be allowed, for tax purposes, in the North West or in the OFS?;

which region would provide essential services to the mine?;

Â¥ and, in respect of determining what each region's allocation would be from the proposed equalisation fund, how would the contribution of a single entity like Vaal Reef be divided for factoring into calculations of each region's revenue?

Mineral reserves indicate that future expansion of Western Deep Levels and Elandsrand will be to the south and the southwest and future expansion of Vaal Reefs will be to the south. Due to economic constraints, these can only be exploited as extensions to existing operations. Importantly, the bisection of the mines by a regional boundary may create difficulties in respect of future expansion. Differing laws and other factors may render new ventures impossible. In fact, the R1,7 billion Moab project which is currently being developed south of the Vaal River as an extension of Vaal Reefs, would not have been possible had the infrastructure and tax base north of the river been unavailable.

In light of the foregoing, we submit that the magisterial district of Oberholzer and the part of Vaal Reefs south of the Vaal River together with its future ore reserves, if not the whole of the Viljoenskroon and Bothaville magisterial districts, should be included in the proposed North West region. Regarding the inclusion into the North West region of land south of the Vaal River, I would point out that this is essential to protect the integrity of what is, in effect, a major industrial concern and has already been proposed for the Vereeniging/Sasolburg area. These proposals are illustrated on Slide 3 and take cognisance of:

Â£ the need to maintain the integrity of the Golden West Forum;  
\* the historical, cultural, language, economic and other factors binding the

Forum communities and the communities of Viljoenskroon and Bothaville together within the mining- and agriculture-based economy of the North

West region rather than the heavily industrialised PWV region and the more remote parts of the OFS, respectively;

the strong, well-established administrative and other ties linking these communities to the centres of Klerksdorp and Potchefstroom in the North

West region rather than to centres in the PWV region and Bloemfontein;

the wish of the people within these communities to fall within the North

West rather than the PWV region;

the importance of maintaining the integrity and viability of the mining operations and mineral rights of Elandsrand, Western Deep Levels and Vaal Reefs as key engines of the North West region's mining- and agriculture-orientated economy.

This ties in with Goldfields of South Africa's second proposal, contained in its submission to the Commission, and we would have no objection to its recommendation to straighten the boundary between Potchefstroom and Vanderbijlpark to protect the integrity of its mining operations in the PWV Region.

RM\WP\LETTER. 74

SLIDE 1

CONTRIBUTION OF THE SOUTH AFRICAN  
GOLD MINING INDUSTRY TOWARDS THE  
ORIGIN RIGIDITY

(MEMBER OF THE CHAMBER OF MINES)  
YEAR ENDING DECEMBER 1991

562.023 TONS

REVENUE R 18 406 MILL  
(EXPORT EARNINGS)

TOTAL SPENT ON WAGES R 6 576 MILL

TOTAL SPENT ON STORES R 4 384 MILL

TAX PAID BY EMPLOYEES R 460 MILL

TAX PAID BY MINES R 957 MILL

SLIDE 2 \_

AVERAGE YEARLY WORKING COST/PRICE FIGURES PER kg

MEMBERS OF THE CHAMBER OF MINES  
1970 MONEY TERMS

Price/kg recelvedâ\200\224",

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Cost/kg to produce

1972 1974 1976 1978 1980 1982 1984 1986 1988 1990

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SLIDE 3

NORTH WEST

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PROPOSAL

TYPICAL LOG NORMAL FREQUENCY DISTRIBUTION  
FOR TABULAR COLD BEARING WITWATERSRAND OREBODIES

Coloured area represents  
percentage of total ore  
resource lost due to  
increase in pay limit

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