

MINING INDABA 2017

Chamber media briefing: State of the mining sector

Comments made by the President of the Chamber of Mines, Mike Teke and Chamber of Mines CEO, Roger Baxter

Roger Baxter:

Each and every one of us here has a stake in the mining industry. And I believe that there isn't a single person in this room today who does not believe that mining is important to our country and its people. Simply put, Mining Matters.

Mining shapes the world around us, from the bridges we cross, to the way we communicate, from the air we breathe to the roads that connect us, to the innovations of tomorrow. If it's not grown, it's mined.

We are today launching a Facts and Figures pocketbook, which we are hoping will be useful. Some of the detail relates to 2015 because updated data is not yet available, and we will update this again by mid-year. We have been very fortunate to have engaged Henk Langenhoven as the Chamber's Chief Economist – Henk has a distinguished pedigree in the industrial sector, and is increasing the Chamber's data banks, which we will be making available over the coming months.

I want to take this opportunity to remind ourselves that in 2015, which was a particularly bad year for the sector, the mining industry contributed:

- R286 billion towards GDP representing 7.1% of overall GDP;
- R89.4 billion to fixed investment;
- R3.7 billion to royalties; and
- Paid R12.5 billion in taxes.

That's not all: In the same year, the industry employed around 460,000 people who were paid R116.7 billion who in turn remitted R10 billion to the fiscus in terms of PAYE.

The industry invested R5 billion in training of its employees, making it one of the largest private sector contributors to training and education. In addition, the industry funded more than 18,000 tertiary education students between 2011 and



2015, and provided many of them with workplace experience. All this, despite incurring an overall aggregate loss of R38.5 billion in 2015.

Mike Teke:

We have also been saying that our industry is under significant economic and financial pressure. Apart from depressed commodity prices, the industry is facing other challenges including: unsustainable cost increases; infrastructure challenges; workplace challenges (including increasing depth and decreasing grades) and disruption of operations; and increasing expectations and demands from stakeholders. At the same time production continues to decline while costs are steadily increasing. Despite these pressures, the mining industry is an industry with great potential.

To unlock this great potential, our industry needs investment and investment is based on certainty and trust.

Transformation is happening in many spheres, even if not as rapidly as many would hope. We have done a lot. But we can do much more. But we need to do so in ways that do not damage or destroy the industry's future capacity to create value for all. That is why a sensible outcome to the current Mining Charter talks is so important.

This is our industry in which all of us have a stake and are inter-dependent partners who cannot succeed without the cooperation and support of both other partners.

We, as stakeholders, have a responsibility to ourselves and our partners to work together to create a conducive policy, legislative and operating environment that facilitates transformation and realizes the economic potential of the mining sector for the benefit of all South Africans.