30 June 2026

MINERALS COUNCIL
SOUTH AFRICA

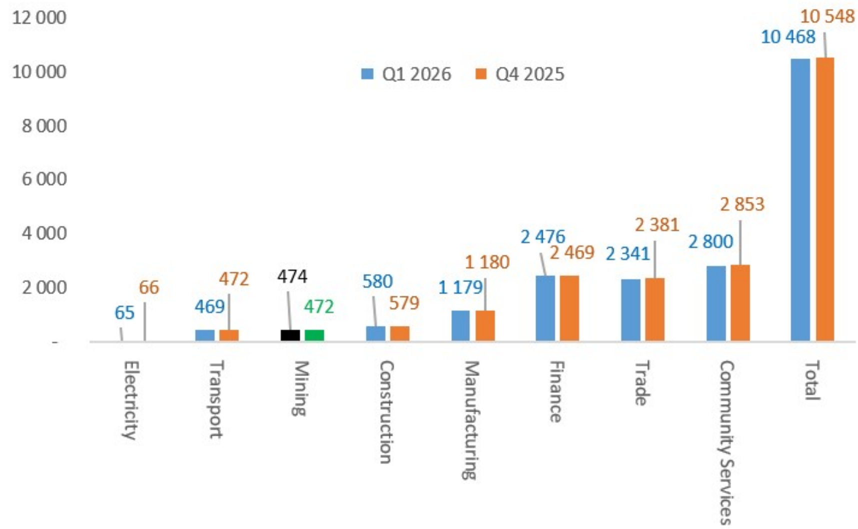
Mining records job gains despite weak national employment trend

In Q1 2026 total employment in the mining sector increased by 0.4% **quarter-on-quarter** (q-o-q) to 474,162 jobs, representing an increase of 1,790 jobs from Q4 2025 (Figure 1). The modest gains are on account of stabilised PGMs, gold, chrome and manganese demand as well as new project activity. On an annual basis, mining employment rose by 8,387 in Q1 2026.

The total economy lost 80,000 jobs (q-o-q) with sectors such as community services, trade and transport bleeding jobs (Figure 1). Reasons for the q-o-q employment changes are discussed below:

- **Manufacturing (-1,000):** Weak domestic and external demand for manufactured products have impacted the sector's employment. High electricity costs have constrained growth in investment and output of the sector. Export competitiveness remained under pressure from global slowdown and logistics bottlenecks with Transnet still performing below 2019 levels.
- **Finance (-1,000):** The slight contraction in employment is linked to cost-cutting in banking and insurance. Digitalisation reduced headcount in traditional roles.
- **Construction (+1,000):** The small uptick in employment is a result of infrastructure repair and limited public works projects. This modest growth seems to be in line with a modest 0.2% quarter-on-quarter (q-o-q) growth in the sector's real gross value added in Q1 2026. That said, private sector building activity remained subdued but stable.
- **Community services (-53,000):** The significant drop in employment reflects government's stance in hiring more public sector workers. Around half of the jobs lost during the quarter was in the government sector, of which almost all were part-time employees. Education and health sectors saw reduced temporary and contract staff with part-time workers declining by 50,000 workers between Q4 2025 and Q1 2026.
- **Trade (-40,000):** Retail and wholesale employment fell sharply due to weak consumer spending on the back of non-performing economy. Informal trade also contracted under tighter household budgets.
- **Transport (-3,000):** Decline tied to reduced freight volumes and ongoing Transnet operational challenges. Road transport saw limited demand growth, insufficient to offset losses.
- **Electricity (-1,000):** Continued restructuring and efficiency drives at Eskom and independent producers.

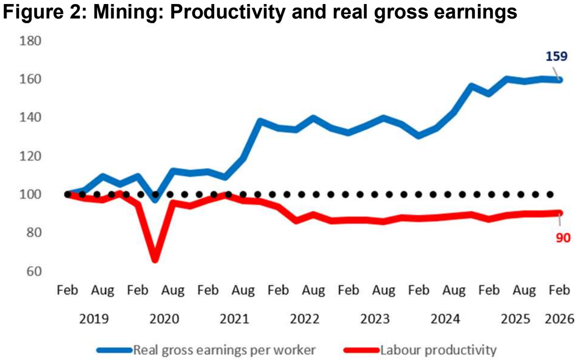
Figure 1: Sectoral employment ('000)



Source: Statistics SA

On the competitiveness of the mining sector, **Figure 2** shows a clear divergence between real gross earnings per worker and labour productivity in the mining sector from 2019 to 2026. Real earnings rose sharply - climbing from a baseline of 100 in 2019 to 159 by February 2026 - indicating substantial wage growth in real terms. In contrast, labour productivity declined over the same period, falling to 90 by 2026 (2019=100) after a steep drop in 2020 and only partial recovery thereafter. This widening gap suggests that wage increases have outpaced productivity gains, implying higher labour costs per unit of output. The trend reflects structural inefficiencies and possibly reduced output per worker, even as remuneration improved, highlighting ongoing challenges in aligning productivity with compensation growth in South Africa's mining industry.

Figure 2: Mining: Productivity and real gross earnings



Source: Statistics SA, Minerals Council

Table 1: Remuneration per worker across sectors

Sector	Average monthly earnings (R nominal)		
	Feb 2025	Feb 2026	% change
Utilities	55 660	61 401	10,3
Community	34 828	36 915	6,0
Mining	**33 795**	**36 405**	**7,7**
Transport	32 057	34 394	7,3
Finance	31 771	33 634	5,9
Total economy	28 322	29 997	5,9
Manufacturing	23 921	25 190	5,3
Construction	24 036	24 862	3,4
Trade	17 977	19 082	6,1
Average CPI (2025)			**3,2%**

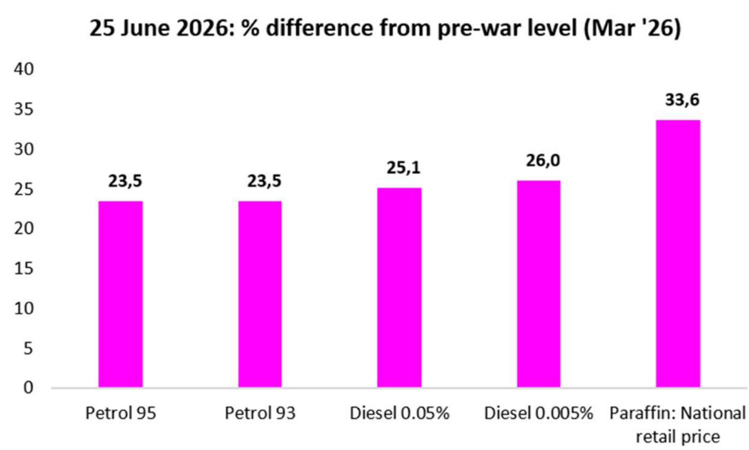
Table 1 indicates that the mining sector recorded a solid nominal wage increase of 7.7%, rising from R33,795 in February 2025 to R36,405 in February 2026 - well above the average CPI of 3.2% and slightly higher than the total economy's 5.9% growth. This suggests real wage gains for mineworkers,

reflecting improved profitability in certain commodities and renewed investment in some operations (chrome and manganese). The sector's earnings growth aligns with its modest employment expansion (+2,000 jobs), indicating that firms are rewarding skilled labour and retention amid stable global mineral demand. Overall, mining outperformed most sectors in wage growth, reinforcing role of organised labour in wage negotiations. It also reflects the mining sector's relatively resilience as a pillar of South Africa's industrial economy.

Looking ahead: Two things to look out for:

1. The impact of fuel costs. Even as fuel prices are expected to drop in July 2026 the chart below shows that on average prices will still be at least 20% higher than pre-war levels (i.e. the US-Israel attack on Iran that began on February 28, 2026. Pre-war prices refer to March 2026 fuel prices). Figure 3 represents the Gauteng pump prices.

Figure 3: Even if fuel prices drop in July, they would still be higher than pre-war level



Source: Vunani Bonds, Minerals Council

2. For South Africa to turn the tide on employment, the reforms already happening, must be expedited. Our view is that mining still presents a major opportunity. A report in the Business Day showed that even for a declining industry such as gold, it still presents a major growth opportunity, with more than 48,000 tonnes of gold remaining underground. Among other low-hanging measures, extending the low electricity tariffs to the mining sector would lower input costs, improve the sector's competitiveness as well as retain and create new jobs.

Bongani Motsa
Chief Economist
Cell: +27 (0)82-685-3277
Email: **bmotsa@mineralscouncil.org.za**

- ENDS -