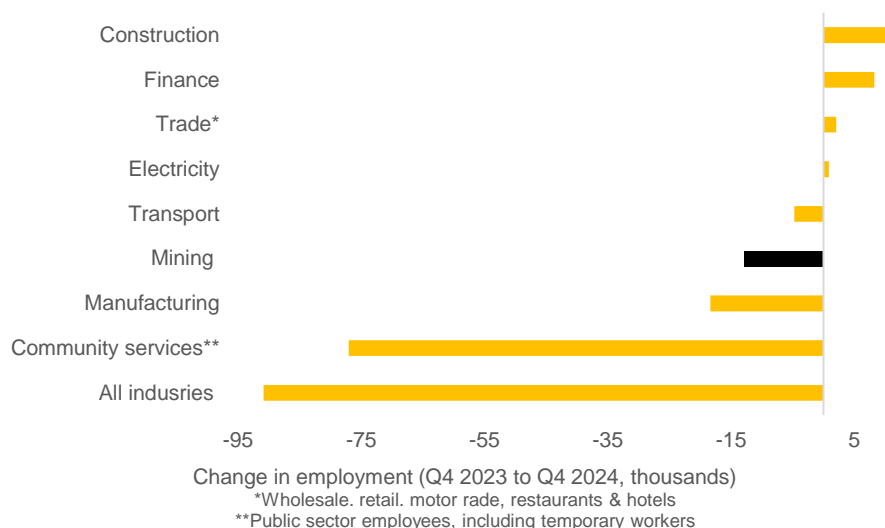


Business-friendly policy environment needed to arrest decline in mining employment

Formal sector employment in the mining industry declined by 3,180 workers to 468,898 in the fourth quarter (Q4) of 2024 when compared to Q3 of 2024. Disappointingly, this was the fourth consecutive quarter of declining employment in the mining sector. In the fourth quarter of 2023, mining employed 481,775 people, implying that 12,877 jobs in the industry were lost during 2024. These figures are according to Stats SA's latest Quarterly Employment Statistics (QES). In terms of the split between gold and non-gold employment, the decline in mining employment for Q4 2024 was dominated by the gold sector. Gold mining lost a notable 2,348 jobs in Q4 against 832 in the non-gold sectors.

Figure 1: Formal sector employment performed poorly in 2024



Source: Stats SA

The job losses in gold are of particular concern because several companies in the sector are reporting profitability increases amid a record nominal gold price. The gold price averaged \$2,388/oz in 2024, up by about 23% relative to 2023. That said, the gold sector continues to experience elevated input cost increases, while in real terms, gold production declined by almost 7% in 2024. This continued the long-term structural decline in gold production and employment as mines age and production costs increase. The gold price has increased further in 2025, averaging \$2,840/oz year to date as it continues to scale new all-time highs above \$3,000/oz. *If sustained, the elevated price should help to stabilise employment in the gold sector.*

Looking at 2024 as a whole, more than three quarters (9,890 out of 12,877) of the overall mining industry job losses occurred in the **non-gold sectors**. Based on publicly available information,

including mining subsector data for the first three quarters of 2024 from the Department of Mineral and Petroleum Resources (DMPR), we know that the non-gold retrenchments were mainly in the platinum group metals (PGMs) sector. The constraints in the PGMs sector have been well documented and largely relate to sustained low metal prices, which have weighed heavily on profitability in the sector. Ultimately, the (delayed) response to this was restructuring and cost cutting, including the unfortunate rightsizing of the labour force. *On a positive note, some PGM prices have rebounded in recent weeks. This is particularly the case for rhodium, which is up by around 25% so far in 2025. Higher prices could go some way to stabilising employment in the PGMs sector.*

In terms of **gross earnings** (salaries and bonuses) paid to mining sector workers, Stats SA reported a modest rise of 2.9% in 2024. This was down from a 9.1% increase during 2023. The slower rate of increase for gross earnings reflects the pressure on profitability in large parts of the industry, as well as the impact of lower mining industry employment.

Concluding remarks

Across several metrics, 2024 was a tough year for the mining sector. Total production barely grew, profits and fixed investment were down, with the ultimate impact that fewer people were employed in the sector. This year holds the prospect that mining electricity load-curtailment will largely remain absent, while rail and port performances should continue to improve. This should support both the energy-intensive precious metals sector, as well as the logistics-dependent bulk mining industry. However, the global economic environment holds risks. These include sustained elevated geopolitical tensions and escalating tariff wars which could undermine global trade and growth, as well as postpone the progress in bringing down global inflation.

Given the global risks and the current pressures being experienced, the urgency for a well-administered, business-friendly regulatory and policy environment for mining in South Africa is amplified. This is required for mining to unlock its full potential, including to ensure that the industry capitalises on the global scramble for critical minerals. Amongst others, mining needs:

- A critical minerals strategy that encourages more exploration for minerals in South Africa.
- A timely (mid-2025) launch of the online mining cadastre system.
- Amendments to the Minerals and Petroleum Resources Development Act (MPRDA) that lightens up on mining's regulatory burden and encourages and supports growth in the mining industry.

- Efficient, transparent administration of prospecting and mining rights by the DMPR and other government departments to expedite licencing processes, reduce red tape, and boost investor sentiment.

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