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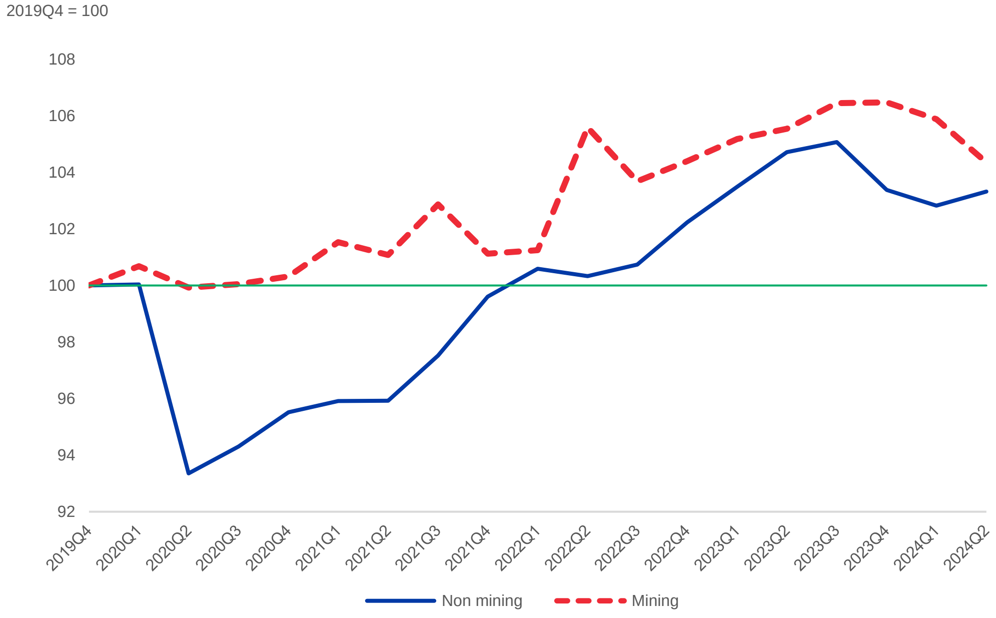
MINERALS COUNCIL
SOUTH AFRICA

Notable setback for mining employment in Q2 2024

Employment in the mining sector declined by 6,926 workers to 472,153 in the second quarter (Q2) of 2024. This is according to Stats SA's latest Quarterly Employment Statistics (QES). The Q2 decline follows mining job losses of 2,696 in the first quarter of 2024, implying that relative to the fourth quarter of 2023, mining sector employment declined by a meaningful 9,622 in the first half of 2024. Although there was already talk of significant mining job losses in the second half of 2023, the formal processes were only concluded earlier this year, with the adverse impact on jobs now being picked up in the QES.

The outcome for mining employment in Q2 contrasts with the total (excluding mining) economy where 49,271 jobs were *added* in the second quarter. However, this needs to be qualified as the increase in non-mining jobs was almost exclusively the result of the temporary employment of Independent Electoral Commission (IEC) workers tied to the May national elections. Except for a negligible increase in the electricity sector, besides the temporary IEC workers, employment declined in all the other major economic sectors surveyed during Q2.

Figure 1: After outpacing other sectors in the post-pandemic years, mining employment now taking strain



Source: Stats SA, Minerals Council

Indeed, if we strip **community services** (the category where IEC workers are captured) from the total employment figure, employment declined by more than 50,000 in Q2. Manufacturing (-16,817) and finance (-13,659) were hit the hardest. Given this nuance, one has to say it was a weak quarter for jobs in an overall sense. This is consistent with stagnant real GDP growth in the second quarter of 2024 and emphasises that the government of national unity (GNU) needs to fast-track the structural reforms started in the sixth administration.

Looking forward, if sustained, the recent improvement in the domestic macroeconomic environment bodes well for improved employment prospects. The more conducive macro conditions include that:

- **Load-shedding** has been absent since late-March 2024. Eskom's summer (September 2024 to March 2025) outlook suggests that power cuts will remain absent.
- The rate of increase for **headline CPI inflation** moderated to 4.4% year-on-year (y-o-y) in August, i.e., to below the SA Reserve Bank's (SARB) target of 4.5%. Along with an improved inflation outlook, this provided room for the SARB to reduce the **policy interest rate** by 25bps in September. We expect more rate cuts in the next 12 months.
- Investor, business and consumer **confidence** increased in the third quarter of 2024 following the formation of the GNU. A further improvement in confidence is necessary for higher levels of fixed investment, an important ingredient for higher GDP and employment growth.

While there is no doubt that an improved macro picture will also benefit the mining sector, industry-specific constraints are likely to continue to weigh on mining jobs. Top of mind are low platinum group metals (PGMs) prices. Given that the PGMs sector is by far the biggest employer in mining (roughly183,000 jobs out of total mining employment of 479,000 in 2023), the ongoing uncertainty about future vehicle demand for PGMs remains a big concern. In the bulk commodity space, the slow, albeit welcome, improvement in Transnet's operational performance suggests that the likes of coal and iron ore mining companies will not be expanding capacity and adding to their workforce anytime soon.

This does once again raise the need for a mining-friendly regulatory environment, including the fast-tracked implementation of the online mining cadastre that includes processes to, amongst others, remove the double-granting of exploration and mining rights. In addition, we need to guard against any measures that have the potential to postpone a recovery in mining production and employment. Amongst these, Eskom's application to increase **electricity tariffs** by more than 36% from April 2025 comes to mind. Such an increase will be untenable, both for energy-intensive sectors such as mining and households.

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