

MEDIA STATEMENT

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THE MINERALS COUNCIL PUBLISHES FACTS & FIGURES POCKETBOOK 2022
South Africa's mine production value remains above R1 trillion despite logistics constraints. Warning lights are flashing.

Cape Town, 6 February 2023. The value of South African mineral production achieved a record high for the second consecutive year in 2022, but underlying mining's enormous contribution to the country's economy and its citizens, warning lights are flashing for the sector because of constrained transport logistics, faltering energy supplies and almost zero net investment.

South Africa's mineral production achieved a fresh record high of R1.18 trillion in 2022, up from R1.1 trillion in 2021, which was the first time the industry topped the trillion rand mark. Production value was driven by strong commodity prices, giving the domestic economy a vital injection of higher taxes to bolster the fiscus, increase employment and improve wages.

The mining industry is one of very few sectors in the prevailing economic climate adding jobs. During 2022, the sector created 15,500 more jobs, lifting total employment to 475,560, according to the Minerals Council South Africa's *Facts & Figures 2022* annual publication.

Facts & Figures 2022, which provides in-depth data and insights into the status and performance of the mining industry, showed how important the sector is for the South African economy.

"Once again, the mining industry has shot out the lights when considering its financial performance and contribution to the economy in 2022. However, we remain concerned about the worsening constraints in rail and port logistics, which means we have yet again forfeited the benefits of high commodity prices and demand, as well as inadequate electricity supply," says Minerals Council CEO Roger Baxter.

Taxes paid to government have helped save the country's fiscus from dangerous debt metrics exacerbated by the COVID-19 lockdown and economic contraction. Mining company tax in 2022 was R74 billion (R81 billion, 2021) and royalties increased to R14 billion from nearly R12 billion.

Mining's contribution to GDP grew by 4% to almost R494 billion, keeping its percentage contribution to GDP at 7.53% (7.56%, 2021).



“Transport logistics and energy are two of the most critical issues the Minerals Council is dealing with at a Presidency, Ministerial and Transnet Board level. We are in a partnership with the Transnet Board to urgently resolve bottlenecks on the four bulk mineral export channels. We are in constant talks with Eskom to find solutions to our energy crisis,” says Mr Baxter.

The Minerals Council estimates the opportunity cost resulting from rail and port constraints to have increased to R50 billion in 2022 from R35 billion the year before when delivered tonnages are measured against targeted tonnages. If the rail network was operating at nameplate capacity, with a few minor enhancements, South Africa would realise R151 billion more in bulk mineral sales.

The Minerals Council estimates production will fall by about 6% in 2022 compared to the year before. The gravity of the situation is borne out by the volume of mining production falling to below pre-COVID-19 levels in 2019 due to structural constraints, leaving the industry unable to respond to higher commodity prices.

“The constraints around transport, logistics and border posts remain, and they are increasingly hampering mineral export volumes,” says Minerals Council Chief Economist Henk Langenhoven.

While export values grew to R878 billion in 2022 from R856 billion, it was purely because of commodity prices improving by 70% year-on-year. Export volumes were stagnant, growing by just 0.2 % in the twelve months to end October 2022 versus the same period in 2021.

Of concern for the longer term is the lack of investment in the mining sector, which points to constrained growth in the future and declining production if this trend is not reversed.

“Higher commodity prices have not resulted in higher fixed investment in mining, due to the structural domestic constraints. Net investment, especially in new projects, has dwindled to almost zero,” says Mr Langenhoven, pointing to the negative investment climate caused by structural constraints, the slow pace of the government’s structural reforms, and the negative perception of South Africa as mining investment destination.

In 2022, the mining industry:

- The direct contribution to GDP grew by 4% to R494 billion (2021: R475 billion).
- The percentage contribution of mining to the economy was 7.53% (2021: 7.56%).
- Employed 475,561 people (2021: 458,954).
- Paid employees R175 billion (2021: R166 billion).
- Contributed R27 billion (2021: R26 billion) to PAYE on behalf of employees.
- Paid corporate income tax of R74 billion (2021: R81 billion).
- Paid R29 billion in value added taxes (2021: R35 billion).
- Royalties of R14 billion (2021: R12 billion).
- Exported R878 billion worth of minerals (2021: R856 billion).

Facts & Figures 2022, curated by the Minerals Council’s economics team, may be accessed at: <https://www.mineralscouncil.org.za/downloads/send/18-facts-and-figures/1996-facts-and-figures-2022-pocketbook>

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