

MEDIA STATEMENT

Mineral price gains boost tax collections and reinforce mining's economic role

Johannesburg, 25 February 2026. The Minerals Council South Africa notes that the National Budget presented by Finance Minister Enoch Godongwana on Wednesday was delivered on the back of key milestones achieved for the South African economy. While mining was not overtly mentioned, the upswing in prices for gold and platinum group metals (PGMs), underpinned the fiscus and contributed to the R21.3 billion increase in gross tax revenue.

The important partnership between the government and the private sector to address crises in electricity supply, logistics, and crime and corruption contributed to, *inter alia*, the removal of South Africa from the Financial Action Task Force (FATF) grey list and the S&P re-rating, which have improved investor sentiment and confidence towards the country.

Mining tax collections increased by 29%, mainly because of higher gold and PGM prices and increased chrome and manganese exports.

The Minerals Council agrees with National Treasury that the near-term benefit of the upswing in gold and PGM prices is positive for the fiscal outlook, but the improvement is based on a small group of minerals and purely because of increased prices rather than higher production. The mining sector bailed out the distressed domestic economy during and immediately after the Covid-19 pandemic in 2020 and 2021.

Gold and PGMs account for about 40% of South Africa's mining production and employ about 262,000 people out of the industry's 474,000-strong workforce.

"The absence of any direct mention of mining's performance and its contribution to the fiscus, despite its significant impact on tax and the budget surplus was a missed opportunity. Mining should be a sector of national economic priority. Given the government's continued social expenditure to avert social distress, and to deliver essential basic services and infrastructure, mining's ability to deliver, ensure its future growth, and to leverage its employment multipliers, the sector has an important role in South Africa's future social and economic security," says Mzila Mthenjane, CEO of the Minerals Council.

"The mining industry is disappointed that there was no mention in the Budget about reduced electricity tariffs for the ferroalloys industry, which is facing closure and job losses because of the more than 900% increase in electricity prices for industrial users since 2008, rendering the industry uncompetitive," says Bongani Motsa, Acting Chief Economist at the Minerals Council.

We expect commodity prices to remain at elevated levels for gold and PGMs, however the sustainable impact for South Africa demands increased production across all minerals and infrastructure capacity.



“With the current outlook for mining volumes to continue contracting, we’d like to see incentives for mining in future budgets that encourage exploration as well as assistance to sectors that are under distress such as ferrochrome and diamonds to increase production and to sustain and grow jobs in longer term,” says Mr Mthenjane.

The increased allocation of R21.9 billion to five major projects, which includes restoring capacity on the iron ore and coal railway lines to 77 million tonnes and 60 million tonnes, respectively, is welcomed. Coal and iron ore account for an additional 40% of mining production and nearly 121,000 direct mining jobs.

Government’s infrastructure push is accelerating in 2025/26, with total planned public-sector investment of R1.07 trillion over the medium term, more than half of which (54.1% or R577.4 billion) will be delivered by state-owned companies and public entities.

Compared to 2024/25, energy infrastructure spending increased by 17% (from R50.6 billion to R59.2 billion), water and sanitation by 29% (from R48.6 billion to R62.7 billion), and transport and logistics by 19% (from R109.6 billion to R130.7 billion), underscoring a strong near-term focus on network industries critical to economic growth and mining and industry performance.

Mineral royalties projections rose to R11.8 billion, up from R10.6 billion collected in the previous year, while corporate profitability strengthened through 2025. Mining contributed towards higher dividend taxes collected by the government.

Finance Minister Godongwana said there is a growing primary budget surplus, that revenue collection continued to exceed projections and that the debt to GDP ratio is projected to peak in the current fiscal year which should be positive for South Africa’s credit ratings, reducing the cost of government debt.

“These outcomes underline the extent to which it is essential to accelerate the structural reforms we have seen to date and pragmatic policy reforms with regards to mineral resources development, reinforcing the importance of enabling sustained growth and job creation through increased production in the sector if such fiscal gains are to become more regular and reliable rather than cyclical,” says Mr Motsa.

Please click [here](#) to access a soundbite of Bongani Motsa, Acting Chief Economist of the Minerals Council South Africa, as he reacts to the 2026 Budget Speech.

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