

Seizing South Africa's Once-in-a-Generation Opportunity

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South Africa's mining sector must be a national economic priority to unleash its inherent and powerful multiplier effects to make significant inroads into high levels of unemployment and contribute to industrialisation to maximise our latent mineral potential, driving transformation and social prosperity. This can be achieved through targeted incentives and reducing the cost of doing business.

Prospects for growth of the sector's medium- to long-term profile of production are not immediately promising, which is disappointing and frustrating given the significant contribution it continues delivering to the fiscus and society despite the multiple constraints under which it has, and continues to, operate.

Only in recent years have these constraints received the attention they demand, but not with the urgency to expedite investment in mineral exploration, new mine construction and longer-term sustainability of existing operations.

Given the government's continued social expenditure to avert social distress, and deliver services and infrastructure, mining's ability to deliver, ensure its future growth, and leverage its employment multipliers, the sector has an important role in South Africa's future social security.

The turnaround in prices for gold and platinum group metals (PGMs) underpinned the 2025 fiscus, contributing to the R21.3 billion increase in gross tax revenue. Mining tax collections increased 29%, mainly from higher gold and PGM prices and increased chrome and manganese exports.

However, our ambition is growth in production output, which accounts for real expansion of the sector and results in higher and broader benefits, at elevated prices, for the country through increased employment, arresting de-industrialisation and expanding manufacturing inputs for new mines, related infrastructure and broad-based tax revenue earnings for the fiscus.

The mining sector stands at a pivotal moment. Long recognised as a bedrock of the economy, it faces intense pressures and unprecedented opportunities in the local and international transition to a low-carbon future, rich with rapid technology advances requiring the minerals we have in abundance.

South Africa remains uniquely advantaged despite the noisy environment: endowed with magnificent qualities and diverse mineral resources, supported by a maturing public-private problem-solving partnership, a functioning Constitutional democracy, advanced financial and capital markets and youthful population, it is positioned to supply the minerals to power global energy and technology transitions and from revitalised exploration and mine development.

We are at a critical juncture. Decisions made now by government, industry leaders, investors and social partners will determine whether our country leverages this once-in-a-generation moment to rebuild economic momentum or risks missing this opportunity to transform the lives and restore the dignity of our citizens.

The mining sector continues to demonstrate its resilience and centrality to South Africa's economic engine. Estimates based on data for the first three quarters of 2025 suggest that mining contributed R439 billion to nominal GDP, representing 5.8% of economic activity and paid over R100 billion in taxes, royalties and VAT. Mineral exports accounted for roughly 52% of merchandise export earnings, underscoring the sector's role in stabilising the country's balance of payments.

The sector provided direct employment to about 474,000 people, supporting millions of dependants and direct suppliers.

Human capital investment remains equally significant. Mining companies spend around R10 billion annually with nearly 95% of beneficiaries historically disadvantaged. This lays the foundation for a more inclusive, diverse and capable industry that reflects the national commitment to shared prosperity.

The strong backward linkages of mining when considering its own impact, that of its suppliers, and subsequent supply-chain effects, and wages and salaries is significant. The sector also has strong forward linkages. Minerals extracted locally serve as key inputs for domestic manufacturing, including metal fabrication, construction materials, chemicals, and energy production. Value-added processing – such as smelting, refining, and beneficiation of minerals like PGMs, iron ore, and chrome – contributes to industrial development and job creation.

Private and public sector partnership has delivered improvements in electricity supply and early gains in freight logistics—unlocking rail volumes and reducing port inefficiencies—are beginning to restore investor confidence.

To transition from resilience to renewed growth and greater fiscal and societal contribution, deeper and broad-based policy reforms, rapid implementation of the new mining cadastre, and a one-stop mineral rights application centre are required urgently to encourage investment in exploration and future mine development and expansion of existing operations.

Central to unlocking new investment is the creation of a predictable, competitive and transparent regulatory environment. Excessive reliance on future, unpublished regulations introduces avoidable ambiguity.

The mining sector is not short of potential—it is short of enabling policy. Forthcoming revisions to the MRD Bill present an invaluable moment for government and industry to settle longstanding issues, remove barriers to investment and establish a globally competitive framework that reflects the economic priority of mining.

This will unleash exploration spending, revive junior mining, and ultimately increase production output across commodities vital for economic development. In 2024, for every R10 million in output by the mining sector, including its direct suppliers, backward linkages, wages and salaries, supported R3.2 million of taxes and R10.35 million of GDP at market prices in the economy.

South Africa is at the forefront of mining in Africa, with a wealth of skills, finance, social responsibility and technology to unlock the value of mineral resources and mined ores. A thriving domestic mining sector must be leveraged to unlock the mineral potential of sub-Saharan Africa, utilising those minerals to build infrastructure through beneficiation and

encourage industrial development to truly translate the wealth beneath the soil into prosperity for all citizens through vibrant economies. ENDS//

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