



## MINING IN SA TODAY:

*What's happening economically and how is this impacting the mining industry?*

Panel Chair: Roger Baxter, CEO, Minerals Council South Africa  
Joburg Indaba - October 2019



# Mining matters to South Africa

 <p>Direct contribution of mining to GDP:</p>	<p><b>R350.8bn</b> (7%)</p>	<p>Direct employment created by mining: 6.2% of private, non-agricultural employment in the country</p>	<p><b>456,000</b> people employed</p>
 <p>Direct contribution fixed investment:</p>	<p><b>R91.1bn</b> 15% of total private sector investment</p>	<p>Indirect employment created by mining:</p>	<p>For every job in mining <b>at least 2 more jobs</b> are created up and downstream</p>
 <p>Total primary mineral sales:</p>	<p><b>R498.7bn</b> 66% exported sales 27% of SA's total exports</p>	<p>Economic dependency:</p>	<p>Each mining employee supports <b>5 to 10 dependants</b></p>
 <p>Royalties paid:</p>	<p><b>R7.6bn</b></p>	<p>Remuneration to mining employees:</p>	<p><b>R134bn</b></p>
 <p>Taxes paid:</p>	<p><b>R22.0bn</b></p>	<p>PAYE paid by employees:</p>	<p><b>R21bn</b></p>

# A sector emerging from serious headwinds

**1** **Policy and regulatory uncertainty**

- Disastrous 2016 Zwane Charter
- Problematic 2012 MPRDA amendment bill
- Continued challenges on environmental and mining licensing
- New carbon tax with no regulations on offsets (budgets, offsets)



**2** **Infrastructure challenges**

- Challenges on electricity supply and rising prices (523% increase in 10 years)
- Challenges on availability of rail, and rapidly escalating rail costs



**4** **Crime and illegal mining's impact on the sector**

- Huge economic cost to mines and country



**3** **Community and employment relations instability**

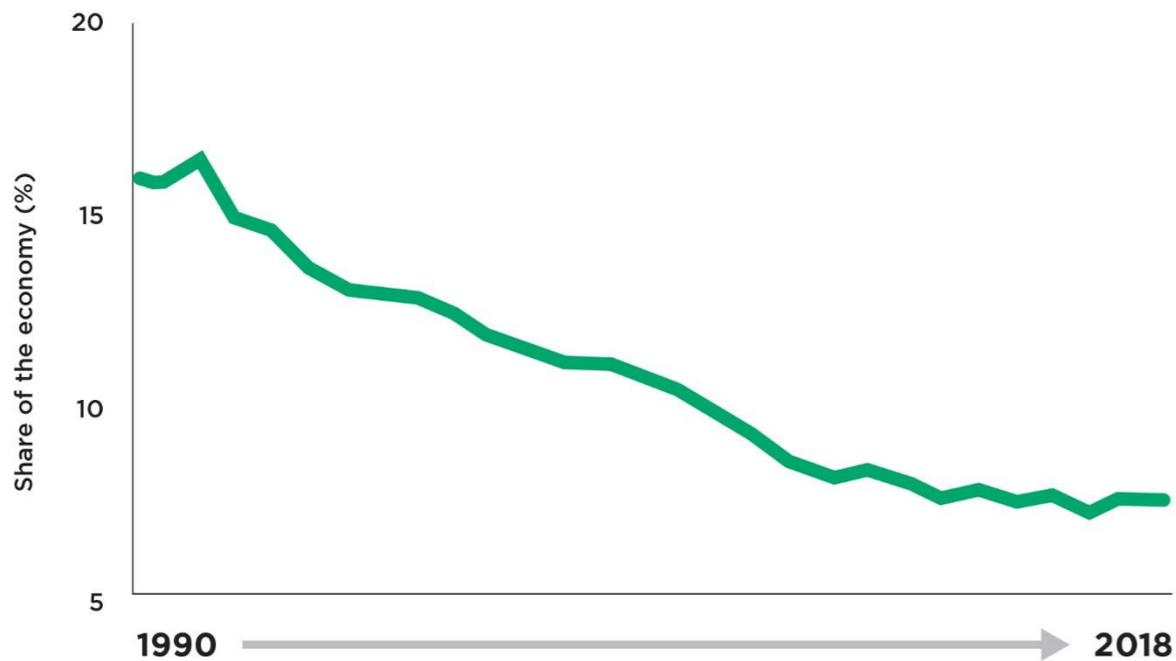
- Community protests and disruption to mining
- Strike activity



**Economic and transformational cost of 'getting it wrong' is huge**

# Despite challenges, economic and transformational potential of mining is huge

Mining sector's contribution to GDP since 1990



If we get back into the top 25% of investment destinations we could grow investment **85%**



Jobs  
Export earnings  
Transformation



# Mining's competitiveness improved while national competitiveness deteriorated or stagnated

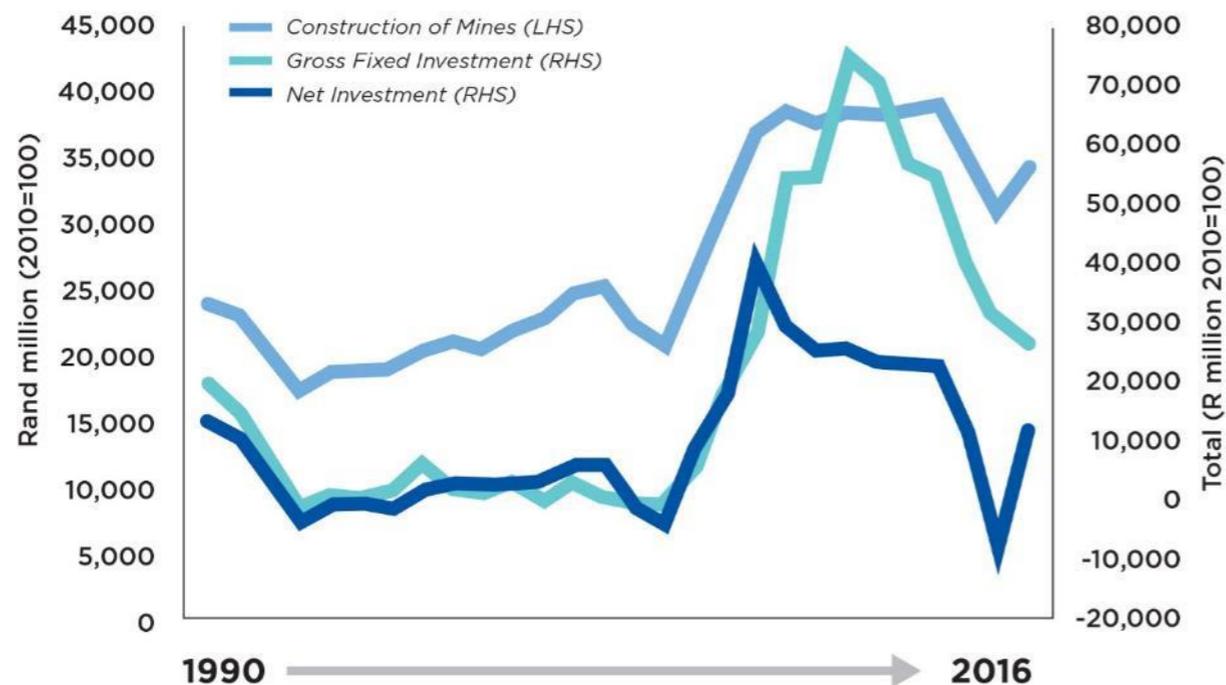
Global competitiveness in 2018	Ease of doing business in SA in 2018	Mining's investment attractiveness in 2018
67 <sup>th</sup> out of 140 jurisdictions (61 <sup>st</sup> out 138 in 2017)	82 <sup>nd</sup> out of 190 jurisdictions (82 <sup>nd</sup> out of 190 in 2017)	43 <sup>rd</sup> out of 83 jurisdictions (48 <sup>th</sup> out of 91 in 2017)
<i>World Economic Forum Global Competitiveness Index</i>	<i>World Bank Ease of Doing Business Index</i>	<i>Fraser Institute Annual Survey of Mining Companies Investment Attractiveness Index</i>



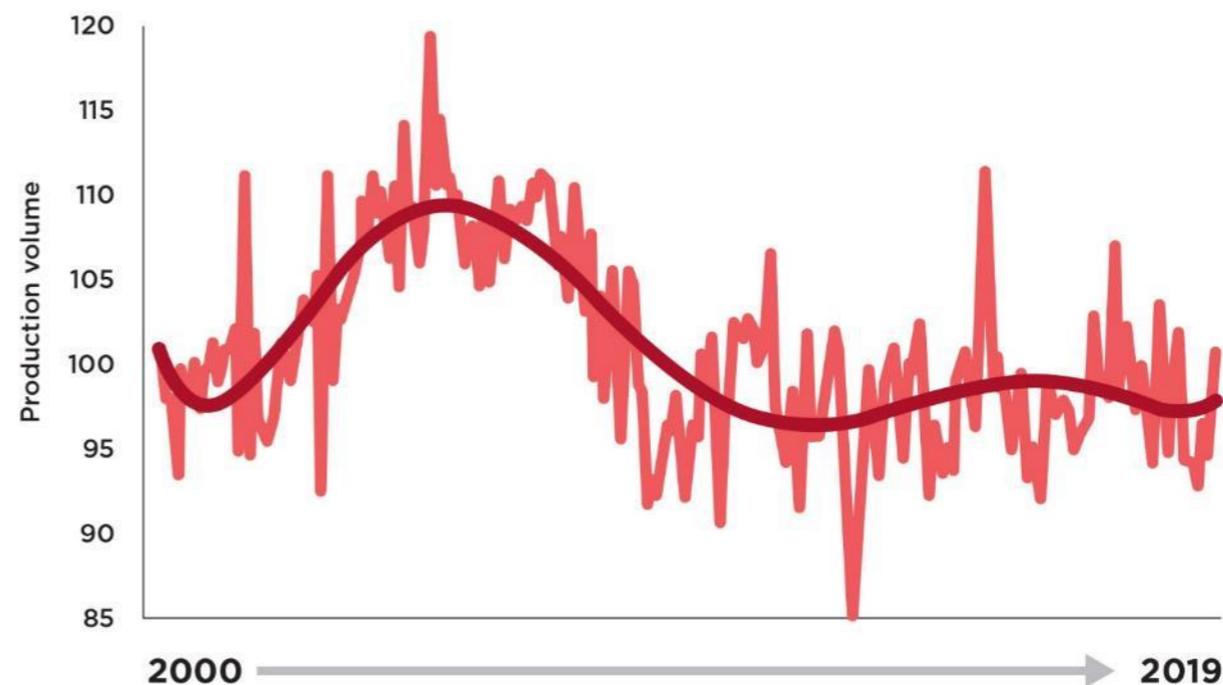
# Mining investment has only just stabilised

# The long-term trend in mining production is at the 2000 level

Disaggregated fixed investment in mining



Annual production volume (Index)





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