








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

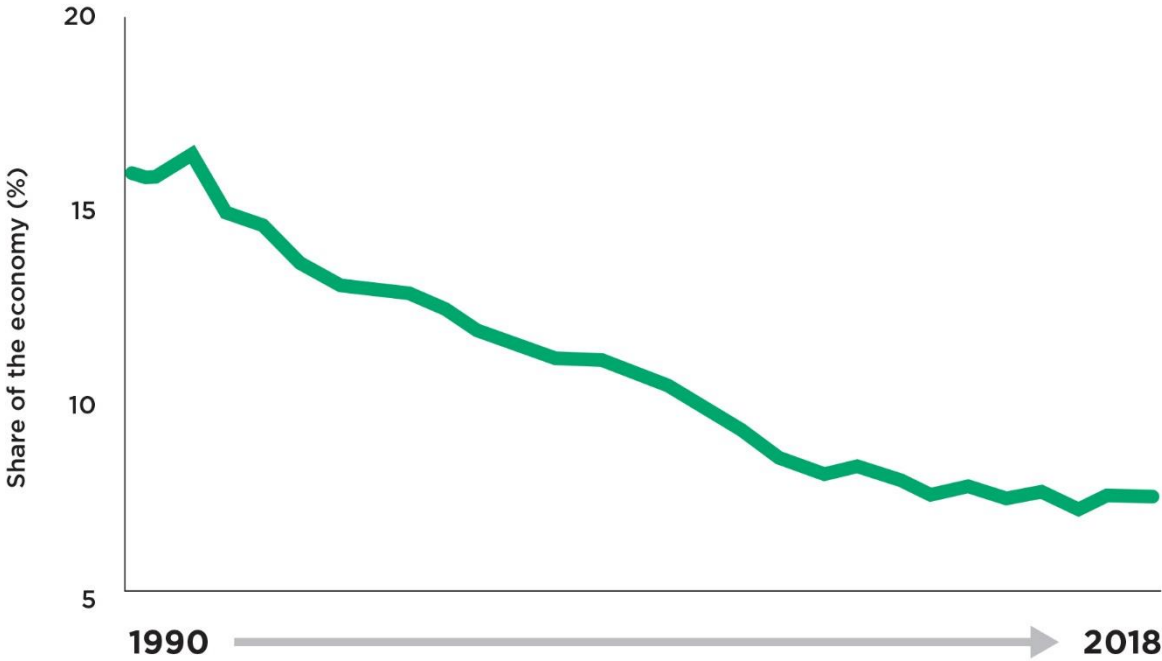
- Community protests and disruption to mining
- Strike activity



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

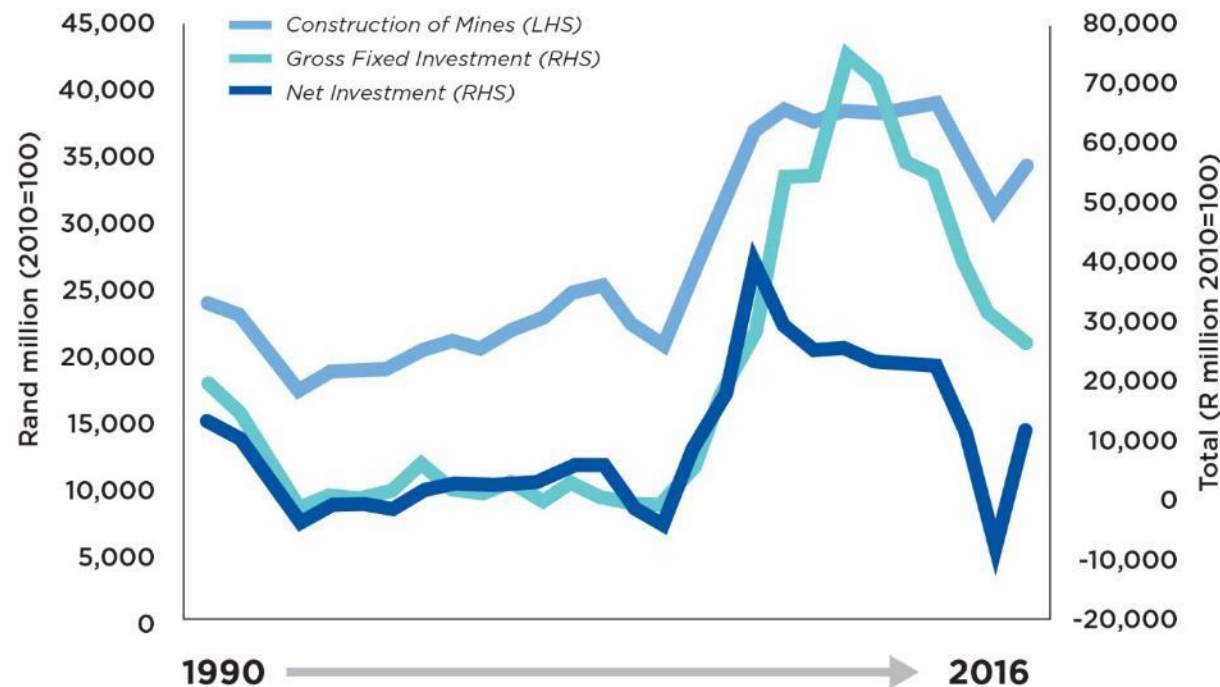
Global competitiveness in 2018	Ease of doing business in SA in 2018	Mining's investment attractiveness in 2018
67 th out of 140 jurisdictions (61 st out 138 in 2017)	82 nd out of 190 jurisdictions (82 nd out of 190 in 2017)	43 rd out of 83 jurisdictions (48 th out of 91 in 2017)
<i>World Economic Forum 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>



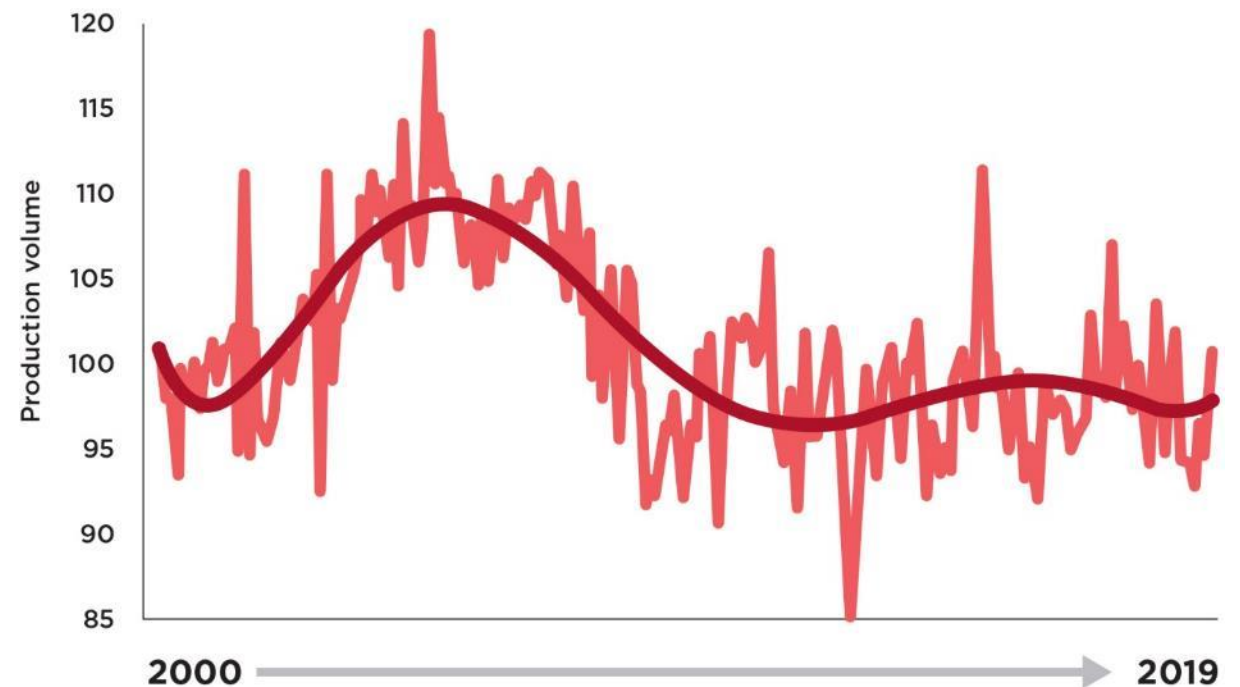
Mining investment has only just stabilised

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

Disaggregated fixed investment in mining



Annual production volume (Index)





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

