

THIS is GOLD

FACT SHEET JULY 2018

WAGES AND BENEFITS IN THE GOLD INDUSTRY

In 2017 the gold industry employed around 111,795 people and produced 138 tonnes of gold. Gold mine employees are among the best paid South African industrial workers.

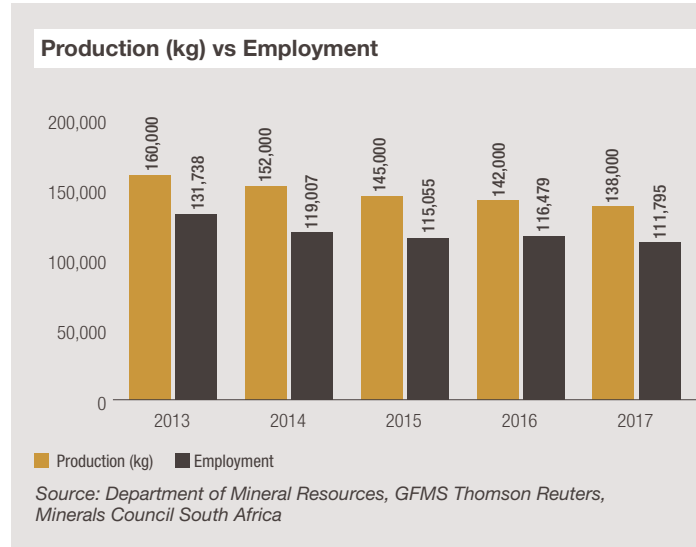


Gold made up **73%** of metal exports.

In 1970 South Africa produced some 1,000 tonnes of gold while today it only produces 138 tonnes. In 2017, employee earnings in the gold sector reached R30 billion (an increase of 60% since 2005), in spite of a 44% decline in employee numbers since 2005. Compensation of employees represents 53% of the gold industry's total input costs.

Nevertheless, South Africa still has known gold reserves of 6,000 tonnes to be mined. It is crucial that the economics of the gold industry remain sufficiently robust to underpin this valuable sector of South Africa's economic landscape, and to support the lives of many men and women who make their livings in the country's gold mines.

And as mines are starting to use more automation and mechanisation to extract and process the ore, they will require more skilled employees to operate the equipment.



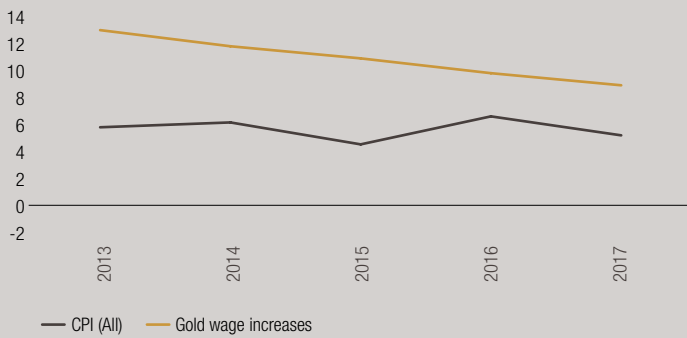
WAGES AND BENEFITS

Gold mine employees – both underground and surface – are among the best paid South African industrial workers. Not only are their basic wages higher than those of comparably-skilled workers in other industries, but a number of additional benefits are included in the overall costs of employment (known as cost-to-company).

Basic wages and packages vary widely, depending on the level of skills, responsibility, years of service and accountability each individual employee brings to the job and the relative scarcity of available skills. Although basic wages may vary slightly from mine to mine, reflecting individual mines' ability to pay and their skills requirements, many cash benefits are common across the entire industry.



Gold wage increases vs CPI – percentage (2013 – 2017)



Source: Stats SA and Minerals Council South Africa

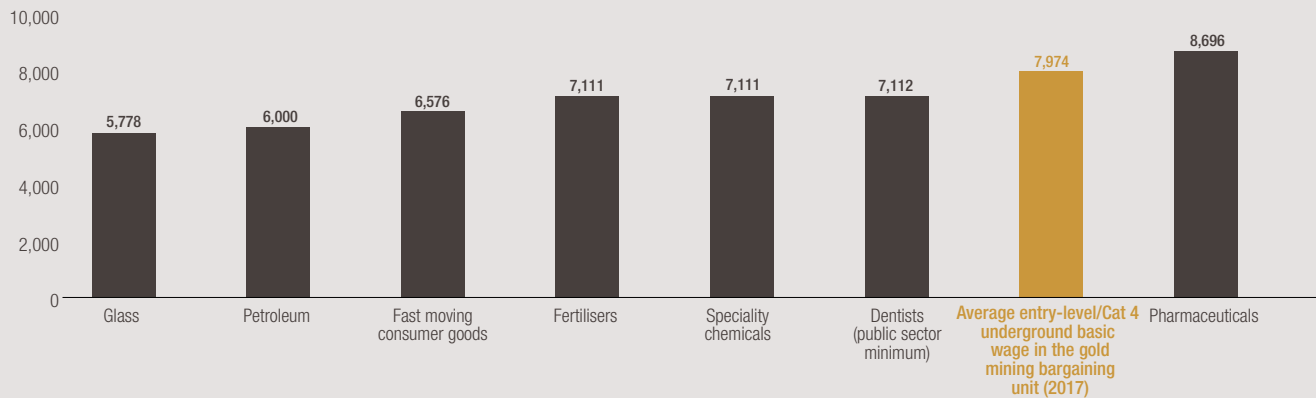
Over the past 10 years, gold wage increases have been 4 percentage points above CPI, thereby indicating higher disposable income among gold mine workers than that of employees in other sectors of the economy.

The Minerals Council South Africa has estimated that, on average, South African workers in formal and informal employment earn in the region of R3,000 a month – wages that are only rarely supplemented with cash or even non-cash bonuses.



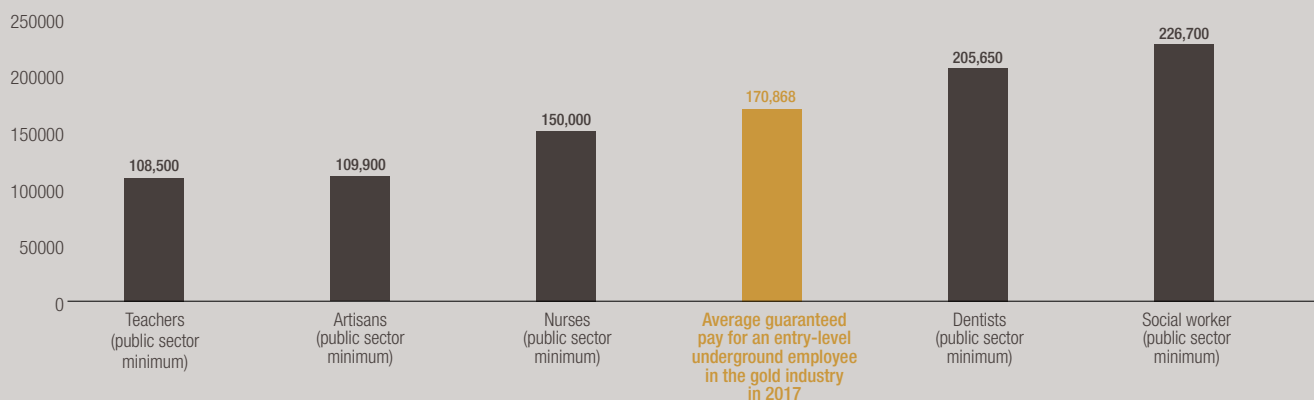
On an annual basis, entry-level gold mineworkers earned approximately R14,239 per month, which compares well with employees in other sectors.

Comparison – current basic entry-level wages across industries excluding benefits and bonuses (Rand)



Source: National Bargaining Council for the Chemical Industry

Public sector vs entry-level underground employees – Annual wage comparison 2017 (Rand)



Source: Public Service Co-ordinating Bargaining Council, Gold Producers
Updated on 25 July 2018

2015 WAGE AGREEMENT – THE IMPACT

Since the latest wage increases were implemented in July 2017, the lowest paid entry-level underground gold mine worker has been receiving, on average, a basic cash remuneration of around R11,114 per month. This cash component includes living out allowances, service increment, meal allowances and a 13th cheque. The addition of fixed company contributions such as medical aid and provident or retirement cover raises the entry-level underground employee's guaranteed package to an average of R14,239 per month.

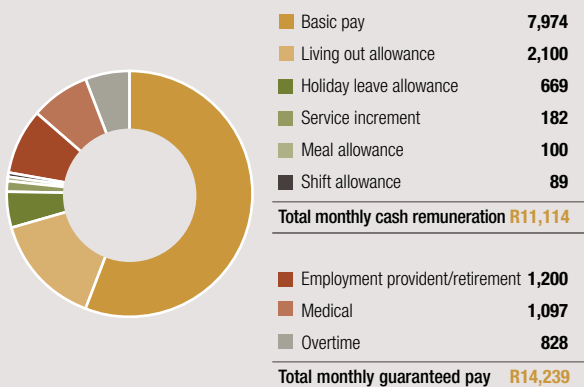
As employees gain more skills and move up through the job categories towards higher basic wages, the fixed monthly payments become a smaller percentage of the employees' remuneration package.

There are also special payments for scarce skills, such as rock drill operators, that can vary from mine to mine. Skilled artisans can earn monthly pre-tax packages of over R30,000, before bonuses and overtime.



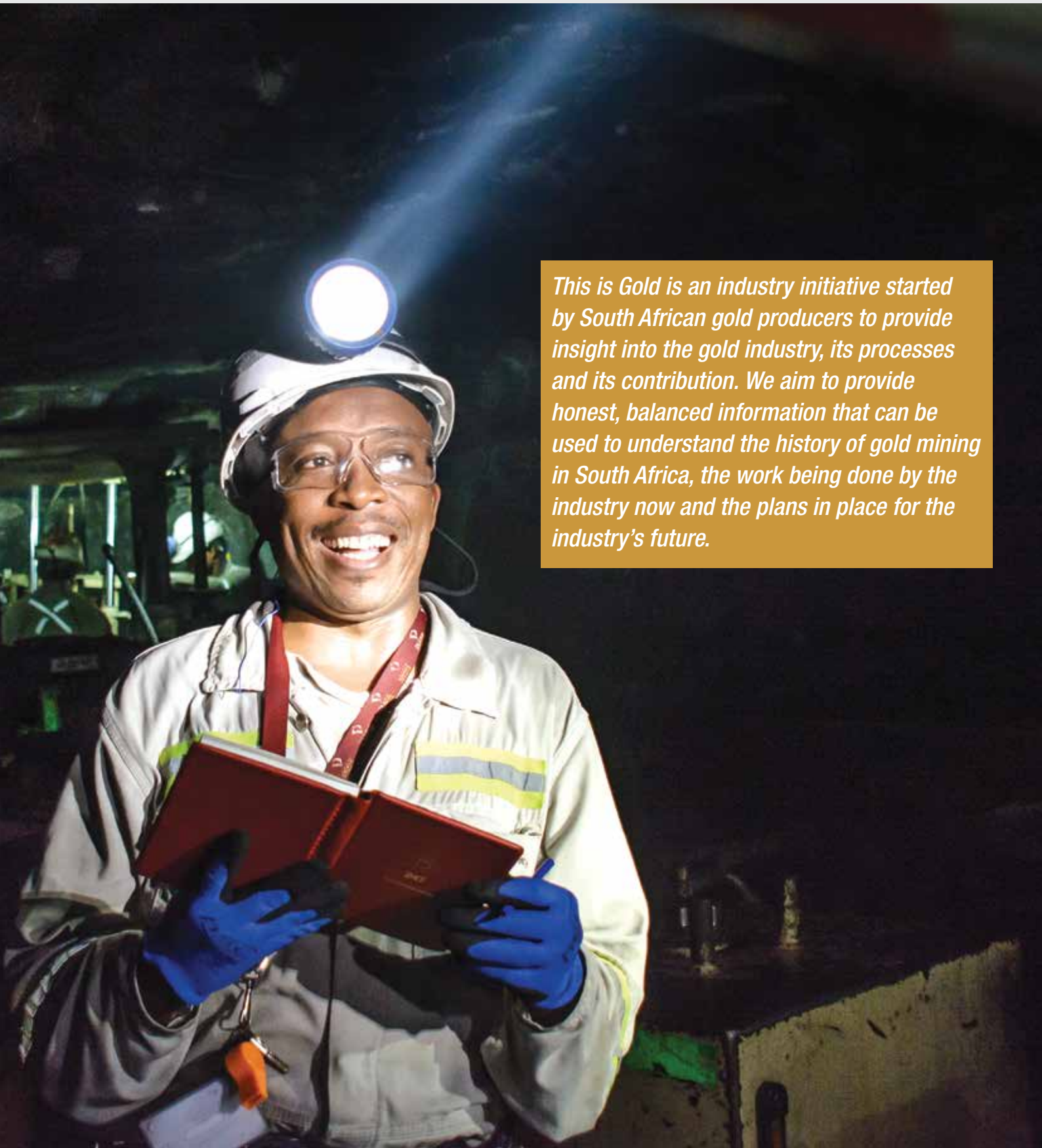
Skilled artisans can earn monthly pre-tax packages of over **R30,000** before bonuses and overtime.

Monthly wages and benefits of an entry level underground employee as of 1 July 2017 (Rand)



Updated on 25 July 2018





This is Gold is an industry initiative started by South African gold producers to provide insight into the gold industry, its processes and its contribution. We aim to provide honest, balanced information that can be used to understand the history of gold mining in South Africa, the work being done by the industry now and the plans in place for the industry's future.

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