

**NATIONAL ASSEMBLY**  
**QUESTION FOR WRITTEN REPLY**  
**QUESTION NUMBER: 181 [NW187E]**  
**DATE OF PUBLICATION: 21 FEBRUARY 2014**

**181. Adv A de W Alberts (FF Plus) to ask the Minister of Finance:**

(a) On how many tons of (i) coal, (ii) iron ore, (iii) copper ore, (iv) platinum and (v) gold did the Government earn royalties and (b) in each separate case, what did the total in each year amount to in (i) 2011, (ii) 2012 and (iii) 2013?

NW187E

**REPLY:**

Table 1 shows mineral royalty payments for the fiscal years 2010/11 to 2012/13. For the 2012/13 fiscal year, R436 million, R1 921 million, R48 million, R461 million and R1 129 million were respectively collected from coal, iron ore, copper, platinum and gold. Iron ore and gold generate the most mineral royalty revenue. We do not have information on tonnage. The Department of Mineral Resource publishes data on tonnage mined and sold.

Tables 2 and 3 restate the mineral royalty payments and include the value of sales by mineral type. These tables also estimate the effective mineral royalty rates by mineral type. The legal minimum rate is 0.5 per cent and maximum rates are 5 and 7 per cent for refined and unrefined minerals respectively. The formula-based calculations ensure that the royalty rate adjusts with companies' levels of profitability (earnings before interest and taxes), while the minimum rate of 0.5 per cent provides government with a guarantee of at least some revenue.

**Table 1: MPRR payments by commodity, 2010/11 – 2012/13**

| <b>R million</b>                 | <b>2010/11</b> | <b>% of total</b> | <b>2011/12</b> | <b>% of total</b> | <b>2012/13</b> | <b>% of total</b> |
|----------------------------------|----------------|-------------------|----------------|-------------------|----------------|-------------------|
| Coal                             | 258            | 7.3%              | 297            | 5.3%              | 436            | 8.7%              |
| Copper                           | 125            | 3.5%              | 79             | 1.4%              | 48             | 1.0%              |
| Diamonds                         | 110            | 3.1%              | 290            | 5.2%              | 175            | 3.5%              |
| Gold and / or uranium            | 515            | 14.5%             | 817            | 14.6%             | 1,129          | 22.5%             |
| Industrial minerals <sup>1</sup> | 40             | 1.1%              | 299            | 5.3%              | 186            | 3.7%              |
| Iron ore                         | 1,675          | 47.1%             | 2,501          | 44.6%             | 1,921          | 38.3%             |
| Manganese                        | 104            | 2.9%              | 149            | 2.7%              | 199            | 4.0%              |
| Platinum                         | 481            | 13.5%             | 853            | 15.2%             | 461            | 9.2%              |
| Zinc                             | 69             | 1.9%              | 143            | 2.5%              | 101            | 2.0%              |
| Other <sup>2</sup>               | 178            | 5.0%              | 183            | 3.3%              | 361            | 7.2%              |
| <b>Total</b>                     | <b>3,555</b>   | <b>100.0%</b>     | <b>5,612</b>   | <b>100.0%</b>     | <b>5,015</b>   | <b>100.0%</b>     |

<sup>1</sup> Industrial minerals are geological materials which are mined for their commercial value, which are not mineral fuels and are not sources of metallic minerals. They are used in their natural state or after beneficiation either as raw materials or as additives in a wide range of applications (i.e. industrial minerals are all those minerals other than gold, PGMs, coal, iron ore, chrome, manganese, diamonds, etc.).

<sup>2</sup> The commodities grouped under Other are: Chrome, Fluorspar, Nickel, Oil and Gas, Phosphates, Vanadium and Unspecified.

(Source: Tax Statistics, 2013. Available:

<http://www.treasury.gov.za/publications/tax%20statistics/2013/default.aspx>)

**Table 2**

| <i>R million</i> | 2011          |                |                |             | 2011/12          |             |                        |
|------------------|---------------|----------------|----------------|-------------|------------------|-------------|------------------------|
|                  | Sales         |                |                |             | Royalty Payments |             | Estimated royalty rate |
|                  | local         | export         | total          | %           | total            | %           |                        |
| Coal             | 37 286        | 50 549         | 87 834         | 27.6%       | 297              | 5.3%        | 0.5%                   |
| Platinum         | 10 619        | 73 234         | 83 853         | 26.3%       | 853              | 15.2%       | 1.0%                   |
| Gold             | 3 633         | 65 258         | 68 891         | 21.6%       | 817              | 14.6%       | 1.2%                   |
| Iron ore         | 4 208         | 58 444         | 62 652         | 19.7%       | 2 501            | 44.6%       | 4.0%                   |
| Manganese        | 1 325         | 8 570          | 9 895          | 3.1%        | 149              | 2.7%        | 1.5%                   |
| Copper           | 3 938         | 1 495          | 5 433          | 1.7%        | 79               | 1.4%        | 1.5%                   |
| Other            |               |                |                |             | 772              | 13.8%       |                        |
| <b>Total</b>     | <b>61 009</b> | <b>257 550</b> | <b>318 559</b> | <b>1.00</b> | <b>5 611</b>     | <b>100%</b> | <b>1.8%</b>            |

**Table 3**

| <i>R million</i> | 2010          |                |                |             | 2010/11          |             |                        |
|------------------|---------------|----------------|----------------|-------------|------------------|-------------|------------------------|
|                  | Sales         |                |                |             | Royalty Payments |             | Estimated royalty rate |
|                  | local         | export         | total          | %           | total            | %           |                        |
| Platinum         | 7 893         | 65 894         | 73 787         | 28.8%       | 481              | 13.8%       | 0.7%                   |
| Coal             | 33 702        | 37 477         | 71 179         | 27.7%       | 258              | 7.4%        | 0.5%                   |
| Gold             | 2 056         | 51 037         | 53 093         | 20.7%       | 515              | 14.8%       | 1.0%                   |
| Iron ore         | 3 270         | 40 148         | 43 419         | 16.9%       | 1 675            | 48.0%       | 3.9%                   |
| Manganese        | 1 321         | 9 340          | 10 661         | 4.2%        | 104              | 3.0%        | 1.0%                   |
| Copper           | 3 160         | 1 209          | 4 369          | 1.7%        | 125              | 3.6%        | 2.9%                   |
| Other            |               |                |                |             | 328              | 9.4%        |                        |
| <b>Total</b>     | <b>51 401</b> | <b>205 107</b> | <b>256 508</b> | <b>1.00</b> | <b>3 486</b>     | <b>100%</b> | <b>1.4%</b>            |