



**JEWELLERY
COUNCIL
SOUTH
AFRICA**

The Jewellery Council of South Africa

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Honourable Minister Nkosazana Dlamini-Zuma
Cooperative Governance and Traditional Affairs

CC:

- Matho Mhlongo - Chief of Staff in Minister Zuma-Dlamini's office
- Moosa Ebrahim – Chief of Staff in Trade and Industry and Competition
- Musi Skosana – Chief of Staff - Office in the Minister in the Presidency
- Thandi Phele – DTI Acting DDG for Industrial Development Division
- Stephen Hanival – Chief Economist for the DTI
- Yunus Hoosen – DTI Acting Deputy Director General for Invest SA
- Hilda de Jager – DTI Deputy Director for Metals Sector Desk

Proposal on behalf of the South African Jewellery, Diamond and Watch Industry

The Jewellery Council of South Africa (JCSA) is a non-profit company, representing the interests of jewellery manufacturers, jewellery and diamond wholesalers and jewellery and diamond retailers nationally. The JCSA is appealing to Government to reconsider the Risk Adjustment Level of the jewellery industry.

It is imperative for the entire value chain to operate in tandem in order to be sustainable and to deliver on its mineral beneficiation mandate as set out below.

Directors:

Chris van Rensburg – Chairman
Nthabiseng Xaba – Vice Chair
Lorna Lloyd – CEO
Ernie Blom, Duncan Crosson; Aroon Bhoora; Bruce Gault; Howard Fevrier

A Non-Profit Company
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As the jewellery industry is identified by government as a strategic industry in the beneficiation pipeline of our mineral resources, it is therefore crucial for the survival of the industry that the level lockdown is not protracted but that the jewellery industry be permitted to function as a complete value chain immediately.

Current Status in terms of Covid-19 Regulations and under future Levels

Currently jewellery manufacturing falls in the Level 4 category under 'All other manufacturing' at 30% employment. Although this is a concession made, most manufacturing concerns are unable to feasibly run at 30% capacity because of the fixed infrastructural and operational costs. Without the entire value chain in place, the manufacturing sector cannot benefit the country's natural resources.

From the draft document released by the DTIC on 25 April 2020, jewellery wholesale and retail appears to fall under Level 2 in the draft regulations.

Manufacturing Jewellery Sector

Under Level 4, jewellery manufacturers are permitted to operate at 30% capacity.

In terms of social distancing in the workplace, it should be noted that the layout within a manufacturing environment and the size of a jeweller's workbench naturally caters for the required social distancing to be adhered to.

Retail Jewellery Sector

The socio-economic impact on jewellers' workforce

The impact of not being able to trade will be devastating to the livelihoods of jewellery retailers and their staff.

The sooner the industry is able to commence trading, the lesser the extent of prolonged layoffs and job losses, as well as the reliance on Government relief.

Another factor is that working from home is not conducive to our industry.

The low footfall in retail stores, where there is seldom more than one couple attending, even in a small space, results in much less risk of viral spread than in large clothing stores like H&M, which are open at Level 4. Those with in-house manufacturing facilities, although permitted to operate under Level 4, are unable to 'trade' to invite the public in to put orders to be made up.

Many employees in the jewellery industry are industry specialists, with little alternate employment opportunities and the financial effect of these employees not being able to work from home is affecting approximately 8000 people employed in the greater jewellery industry.

Industry statistics

Jewellery Council of SA (JCSA) represents:

- Manufacturers: 243 members
- Retailers: 200 members
- Wholesalers: 145 members
- Service members: 22 members

The industry employs approximately 8000 employees.

Natal Wholesale Jewellers (NWJ)

The impact of not being able to trade will be devastating to the livelihoods of our 269 permanent and 259 seasonal employees. 90% of our staff complement consists of individuals from previously disadvantaged backgrounds. Females also make up majority of our workforce at 72%, of which 62% are Black. The company is highly committed to empowering females and offering them opportunities in the current economy.

In line with our strategy of empowering our youth and creating opportunities for unskilled and less skilled persons to grow and develop, 85% of our workforce consists of individuals under the age of 50, of which 32% are under 30 years of age. These individuals and their families will be hardest hit by prolonged layoffs and restructuring with many at the stage of life that poses significant financial commitments and demands.

Employees are dependent on the business recovering soonest and with us finding ourselves in the watch and jewellery business, we are potentially more exposed to anticipated declines in economic activity and we will require a longer runway than other higher demand fast moving consumer goods to give our business an opportunity for survival and sustainability.

The Foschini Group (TFG)

- TFG Jewellery Division employs an average of 3000 people directly and indirectly and run the largest standalone store, jewellery retail chains, American Swiss and Sterns, in South Africa.
- 94% of our staff members are employment equity individuals of which 92% is female.
- We trade in 450 + stores all over South Africa.

- The jewellery division is passionate about developing local suppliers as part of our R & D with the most recent project was a collaboration with Kwame Diamonds, the only woman owned diamond cutting business in the world.
- 60% of our merchandise is sourced and produced locally.
- TFG Jewellery sponsors and partakes in trade fairs and events in South Africa such as the Sterns Bridal Fair in Durban, J & B Met in Cape Town. American Swiss is the official jewellery sponsor of Miss South Africa and custodian of the Miss SA crown.
- TFG group is proudly associated with the Nelson Mandela Children's Fund amongst many other projects.
- Top 3 local suppliers are all BBBEE compliant.
- Social distancing and reducing the risk of infection is achievable as we have an average of 3 store staff with our smallest store having a floor space of +/- 45 square meters.

The Impact on our Industry

The perilous economic environment in the pre Covid-19, is now compounded by the effects of the lockdown, with GDP and economic growth brought to a halt.

The multiplier effect to the economy of the jewellery value chain also cannot be underestimated. Our product contributes considerably to GDP, the tax base and customs duties for the state, in view of its significant value.

Many manufacturing jewellers and suppliers are SMME's who are reliant on the demand generated in the retail sector.

The unrecoverable loss and possible collapse of the industry under a protracted lockdown will not only affect those who are currently employed in it, but also the young students who are enrolled in tertiary education and training institutions to gain employment in this industry.

E-commerce / Online Sales

As e-commerce is permitted for manufacturing under Level 4, it is imperative that wholesalers and retailers are able to partake on this platform. This will create much needed revenue without compromising the Risk Adjustment Strategy.

The Risk of Virus Transmission

The risk of exposure and spread of the Corona Virus is dramatically reduced in our value chain environment as retail outlets adhere to security guidelines that limit the amount of people in a retail space.

The JCSA will facilitate a collective monitoring and reporting system to the Department of Health in compliance with the Workplace compliance regulations. The following documents have been sourced for members use in the workplace:

- Compliance Toolkit
- Covid-19 Checklist
- Return to work Company Policy
- Workplace Plan
- Detailed Employer Responsibilities
- Warrant letter and appointment of Compliance Officer
- PPE Register
- Screening Register

Summary

In the circumstances, it is our compelling argument and we hereby appeal to government to:

- Move the retail and wholesale value chain in line with manufacturing.
- Lift all restrictions on our industry
- Permit jewellery wholesalers and retailers to engage on e-commerce platforms.

In the premises and factual exposition set out herein, we request that upon a fair & proper consideration thereof, all remaining restrictions for our in-house industry, be lifted with immediate effect. A failure to do so will cause irreparable harm to this industry from which it will not recover. Reasonable sanitation requirements shall be adhered to at all times.

Yours sincerely

Lorna Lloyd
Chief Executive Officer
(signature withheld due to electronic
Communication)

Chris van Rensburg
Chairman