

WESGRO

THE WESTERN CAPE INVESTMENT AND TRADE
PROMOTION AGENCY - SOUTH AFRICA



destination intelligence series

sources of finance

frequently asked questions

cost of doing business

investor's regulatory guide

For conversion of costs indicated in local South African currency,
Please use our exchange rate table below.

Foreign Currency	2010
R/\$	7.39
R/€	10.59
R/£	12.11
¥/R	0.08

Source: www.oanda.com

Table of Contents

Starting a Business		4
1.	Starting a Business	4
2.	Registering Intellectual Property	6
3.	Environmental Impact Assessments	6
Property Rentals		7
Taxation		8
1.	International Tax Comparisons	8
2.	Tax Treaties	8
3.	Corporate Tax Rates	9
4.	Value Added Tax (VAT)	9
5.	Transfer Pricing	9
6.	Tax Incentives	9
7.	Personal Taxation and Special Trusts	11
8.	Capital Gains Taxation	12
9.	Other Taxes, Duties and Levies	12
Human Resources		13
1.	Labour Market Size and Availability	13
2.	Skills	13
3.	Labour Costs	13
4.	Labour Market Regulations	14
5.	Employment of Foreign Workers	15
6.	Recruitment	16
7.	Immigration	16
Legal services		17
Utilities		18
1.	Electricity	18
2.	Water	19
3.	Fuel	20
Telecommunications		20
1.	Local Telephone Calls	20
2.	International Outgoing Calls	21
3.	Landline to Mobile numbers (Vodacom, MTN, Cell C)	21
4.	Cellular to Cellular	21
5.	Connection Rentals	22
6.	Internet Connection	22
Transportation & Freight		23
1.	Car Hire and Shuttle Services	23
2.	Train Transport	23
3.	Air Transport	23
4.	Sea Transport	23
5.	Courier Fee	24
Living in the Western Cape		24
1.	Hotel Accommodation	24
2.	Education	24
3.	Consumer Goods	25
Finance		26

About Wesgro

Wesgro is the official Investment and Trade Promotion Agency for the Western Cape, located in Cape Town, South Africa. We are the first point of contact for foreign importers, local exporters and investors wishing to take advantage of the unlimited business opportunities in the Western Cape.

Our mandate is to:

- To attract and facilitate foreign and domestic direct investment into the Western Cape
- To grow exports of products and services of the Western Cape through development of export capability, demand and market access
- To market the Western Cape globally as a competitive and sustainable business destination

Investment Promotion, Facilitation & Recruitment

Our services to investors include:

- Investment Recruitment / Promotion
- Business Facilitation including:
 - Information on incentives
 - Site location
 - Accessing finance
 - Accessing incentives
 - Professional referral service
- Aftercare
- Advocacy

International Trade

Our services to local exporters and international buyers include:

- Export readiness assessment, training, mentoring programmes, experiential market visits outward selling missions as well as inward foreign buying missions
- One-on-one foreign buyer and local producer meetings set-up
- Africa to Africa trade focus
- Access to international non-traditional markets (particular to Western Cape exports)
- Assisting exporters with the Dti Export Marketing & Investment Assistance scheme (EMIA)

For further information and other research publications such as country briefs, sector briefs, trade and investment trends, trade factsheets or how to become a member of Wesgro, please visit the Wesgro website at **www.wesgro.co.za**.

Starting a Business

1. Starting a Business

Launching a business in South Africa is a straight forward process. According to the World Bank, it can be measured through four criteria: procedures required to establish a business, the associated time and cost, and the minimum capital requirement. Entrepreneurs can expect to go through **6** steps to launch a business over **22** days on average, at a cost equal to **5.88%** of gross national income (GNI) per capita. There is **no minimum capital** requirement to obtain a business registration number, compared with the OECD average of **15.5%** of GNI..

Indicator	South Africa	India	Brazil	OECD Average
Number of Procedures	6	13	16	5.7
Time (days)	22	30	120	13
Cost (% of income per capita)	5.9	66.1	6.9	4.7
Min. capital (% of income per capita)	0.0	210.9	0.0	15.5

Source: World Bank, Doing Business 2009

Companies can expect to go through the following steps in the process of starting up a business in South Africa:

Step 1. Prepare and certify documentation

According to the Companies Act, only a subscriber to the Memorandum of Association or a duly authorised attorney (or his/her clerk) may lodge the required documents.

Documents	Purpose
Power of Attorney	Authorisation to act on behalf of the company

Step 2. Reserve a company name with the Registrar of Companies (can be done electronically)

Foreign companies wishing to establish a local branch in South Africa must register the branch as an external company with the **Companies and Intellectual Property Registration Office** (CIPRO) within 21 days of establishing an office.

The most common businesses entities in South Africa are:

- Private companies – Pty (Ltd)
- Public companies (Ltd)
- Close corporations (CC)

Private companies must have at least one director and shareholder and membership is restricted to 50. The directors need not to be South African residents or nationals.

Public companies are formed to raise funds by offering shares to the public and there is no limit to the number of shareholders. At least 7 shareholders are required to form a public company.

In close corporation, the members have the rights and obligations of both shareholders and directors. A close corporation can have up to 10 members.

Documents		Purpose	Fees
CM5 (for a company)	CK7 (for a CC)	Application for reservation of a name	R50

Once the application has been approved, the name is reserved for two months.

Step 3. Lodge the documents for the registration of a business with Cipro in Pretoria, Gauteng Province, South Africa for registration

For the incorporation of a company, the forms below must be submitted:

Documents		Purpose	Fees
CM22 (to be lodged in duplicate)		Notification of situation of registered and postal address	None
CM29		Return containing particulars of directors officer	None
CM31		Consent to act as Auditor	None
A set of CM46 (to be lodged in duplicate)		Application for certificate to commence business	R 60
CM47 (each director)		Statement by directors regarding adequacy or inadequacy of share capital	None

Depending on whether a company has share capital or not, it will have to lodge different forms in addition to the ones listed above:

Company Category	Documents	Purpose	Fees
Company with share capital	CM1, CM2, CM2A, CM2B, CM2C or CM2D, CM44, CM44C (company adopting table A or B)	Memorandum of Association	R 350 for R 1,000 capital plus R5 per additional R1,000 authorised capital.
Company without share capital	CM3, CM4, CM4A, CM4B, CM44B, 44C	Articles of Association Certificate of Incorporation and Memorandum of Association and articles of association in terms of the Companies Act.	R 350

Source: CIPRO

For a closed corporation, the form below must be submitted either by hand or mail:

Documents	Purpose	Fees
CK1 (in duplicate)	Registering founding statement (including the original letter of consent from the accounting officer)	R 100

Step 4. Open a bank account

Step 5, 6, 7 and 8 (simultaneous). Register with:

- i) Office of the **local receiver of revenue (SARS) for income tax, VAT, and employee with holding tax (PAYE and SITE)**.
Registration forms can be obtained from Cipro website, www.cipro.co.za
- ii) **Department of Labour for Unemployment Insurance**.
Registration forms can be obtained from the SARS website, www.sars.co.za
- iii) **Relevant Metropolitan Council for local revenue/salary levy**.
- iv) **The Compensation Fund of South Africa**, in accordance with the Compensation for Occupational Injuries and Disease Act. Registration forms can be obtained from the Department of Labour's website: www.labour.gov.za

2. Registering Intellectual Property

Patents, Design and Trademarks are also registered by CIPRO.

Purpose	Fees
Patents	R 130 for provisional application R 590 for complete application
Design	R 240 for application
Trademarks	R 590 for new application

Source: CIPRO

3. Environmental Impact Assessments

The Environmental Impact Assessment (EIA) is a crucial mechanism used to determine the impact of proposed projects in either the construction or operational phase or both on the environment. The Department of Environmental Affairs and Tourism as well as Provincial Environmental departments are responsible for EIA processes and ensuring the timely and accurate execution of EIAs. Environmental consultants' fees vary between R 400 to R 600 per hour.

For more information about starting a business, see Wesgro's Investors Guide publication.

Useful contact details:

Organisation	Website	Telephone Number
Department of Trade and Industry	www.thedti.gov.za	+27 12 394 9500
Department of Environmental Affairs & Tourism	www.environment.gov.za	086 111 2468 or +27 12 310 3911
Small Enterprise Development Agency (SEDA)	www.seda.org.za	0860 103 703 or +27 12 441 1000
Khula Enterprise Finance Limited	www.khula.org.za	+27 12 394 5560
SA Institute of Chartered Accountants	www.saica.co.za	08610 SAICA (72422) or +27 11 621 6600
SA Chamber of Commerce	www.sacob.co.za	+27 11 446 3800

Organisation	Website	Telephone Number
Companies & Intellectual Property Registration Office (CIPRO)	www.cipro.gav.za	+27 12 394 9500
Industrial Development Corporation (IDC)	www.idc.co.za	+27 21 421 4794
The Red Door (Small Business Advice Centre)	www.capegateway.gov.za/ reddoor	+27 21 483 2628
Banking Association of South Africa	www.banking.org.za	+27 11 645 6700
Cape Regional Chamber Commerce	www.capechamber.co.za	+27 21 403 4200

Property Rentals

Office Rentals (Rands per m ² excl. VAT)	Cape Town CBD	Bellville	Claremont Upper
Grade A*	R 78 – R 61	R 82 – R 29	R 79 – R 67
Grade B*	R 60 – R 52	R 65 – R 32	R 69 – R 50
Grade C*	R 48 – R 27	R 42 – N/A	R 52 – R 31
Flat Rentals	Cape Town (ave)		
Bachelor	R 1,600 – R 2,500		
1 bedroom	R 1,800 – R 2,800		
2 bedroom	R 2,400 – R 4,000		
3 bedroom	R 3,000 – R 5,000		
Industrial Rentals (prime quality)	Cape Peninsula (ave)		
250 m ²	R 29		
500 m ²	R 26		
1.000 m ²	R 24 / R 20 - R 28		
2.500 m ²	R 22		
5.000 m ²	R 22		

Source: Rode & Associates 2009

* Grades are generally assigned based on the age of the building and the quality of finishes and facilities, with Grade A being the youngest and best-finished buildings. More detailed definitions can be found in the glossary on Rode & Associates website (details to follow).

Note: The industrial areas covered by the Cape Peninsula include the following: Paarden Eiland, Atlantis, Woodstock, Salt River, Athlone, Lansdowne, Capricorn Park, Parow Industria, Bellville South / Sacks Circle, Kuils River and Blackheath.

Organisation	Website	Telephone Number
Rode & Associates (Property Economists)	www.rode.co.za	+27 21 946 2480

Taxation

1. International Tax Comparisons

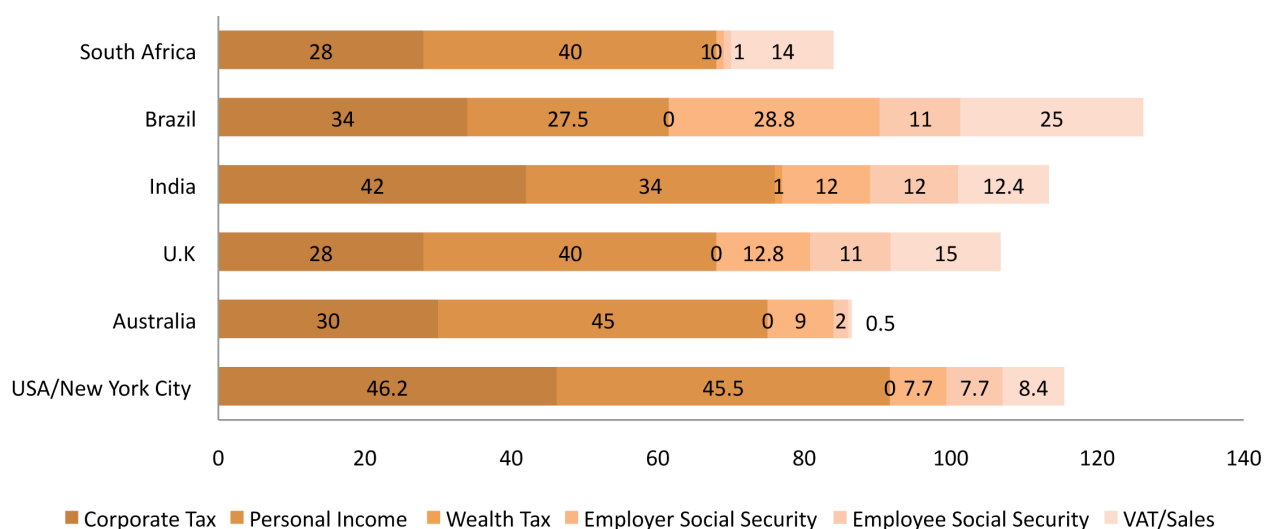
Figure 1 illustrates an index of various types of taxation in selected countries. The index is based on the top marginal rate in each of the categories shown and demonstrates that South Africa is a highly competitive location for taxation.

Figure 1. Tax Misery Index 2009

2. Tax Treaties

South Africa has concluded over 72 tax treaties for the avoidance of double taxation and is in the process of concluding another 41.

A full list of treaties can be found at: <http://www.sars.gov.za/>



Source: Forbes Misery Index, 2009

3. Corporate Tax Rates

For the 2010/11 financial year, the standard rate of corporation tax in South Africa will be 28% for resident companies and 33% for non-resident companies.

Type	Rate of Tax
Companies	28%
Small business corporations(*)	
R 0 – R 57,000	0%
R 57,001 – R 300,000	10%
R 300,001 and above	28%
Employment companies	33%
Branches of foreign companies	33%
Secondary tax on companies (STC) on dividends declared after being reduced by dividends receivable during cycle (Branches of foreign companies are not subject to STC).	10%

Source: South African Revenue Service (SARS)

(*) Annual turnover less than R14m p.a.

4. Value Added Tax (VAT)

Value Added Tax (VAT) of 14% is levied on goods and services, excluding certain basic foodstuffs. Exports are zero-rated, provided that certain regulations are complied with.

At present, it is compulsory for companies with an annual turnover of over R1,000,000 to register for VAT. A vendor making taxable supplies of more than R 50,000 but not more than R1 million per annum may apply for voluntary registration.

5. Transfer Pricing

Transfer pricing relates to the terms that connected parties use when conducting business with each other. South Africa has specific transfer pricing legislation and guidelines requiring a South African taxpayer to follow “arms’ length principles” in transactions with connected persons outside South Africa. This means the terms and pricing of such transactions undertaken in the course of conducting business (such as the sale and purchase of goods and services) and in the provision of finance (borrowing and lending) should be the same as if the transactions were between completely independent parties.

South African transfer pricing legislation empowers the Commissioner for SARS to adjust prices to arms’ length prices, which would have been charged between independent parties dealing at arms’ length. Companies must maintain sufficient documentation to support prices used and any adjustments made.

6. Tax Incentives

a) Preferential Corporate Tax Rate for Small Business Corporations

Objective: To encourage small / medium business development in South Africa.

Applicability: Qualifying small / medium businesses whose turnover for the year of assessment does not exceed R14 million are eligible.

Taxable Income	Tax Credits
R 0 – R 46,000	0%
R 46,001 – R 300,000	10%
R 300,001 +	28%

b) Research and Development

Objective: To stimulate scientific research.

Applicability: A deduction for scientific research operating expenditure, approved capital expenditure, invention, patent, design and copyright.

c) Employee Housing Allowance

Objective: Promoting the erection of employee housing.

Applicability: A tax deduction is available for the erection of houses for employees.

Benefit: The allowance is an amount of expenditure incurred relating to the cost of erecting housing for an employee or his household, limited to R 6,000 per unit. Currently, an upward revision of this figure is under consideration.

d) Depreciation

Objective: To stimulate investments in capital assets.

Applicability: Plant and machinery:

- Manufacturing or similar process (new or unused).
- Hotel equipment.
- Farming.

Buildings:

- Industrial (manufacturing or similar process).
- Hotels.
- Hotel refurbishments.

Object	Tax Credits
New or unused (Plant & Machinery):	40% p.a. 1 st year 20% p.a. 2 nd to 4 th year
Used (Plant & Machinery)	20 % p.a.
Hotel equipment	20% p.a.
Farming and production of renewable energy	50% 1 st year 30% 2 nd year 20% 3 rd year
Hotel refurbishment	5% p.a. for external refurbishments 20% p.a. for internal refurbishments
Special depreciation allowances on manufacturing buildings vary between 2% per annum and 10% per annum.	

e) Urban Development Allowances

Objective: To counter decay and stimulate urban regeneration.

Applicability: All taxpayers refurbishing a building within a designated urban zone or taxpayers constructing a new commercial or residential building in such a zone.

Benefit: The following allowances are available:
In the case of the erection of **new buildings** or extensions or additions thereto, the allowance is equal to **20% of the cost** incurred, which is deductible in the year of assessment the building is brought into use solely for the purposes of the taxpayer's trade; and 5% of that cost in each of the sixteen succeeding years of assessment. The total cost can therefore be claimed over seventeen years. In the case of **improving an existing building**, the allowance is **equal to 20%** of the cost incurred; deductible for the first time in the year of assessment the improved part is brought into use solely for the purposes of the taxpayer's trade, and 20% for each succeeding year of assessment. The total cost can therefore be claimed over five years.

f) Infrastructural Development

Objective: Encouragement of the private sector to invest in infrastructure.

Applicability: All private companies involved in the erection of pipelines for natural oil, transmission lines for telecommunication signals and electricity and railway lines.

Object	Tax Credit
Pipelines	10% of the cost p.a.
All other affected assets	5% of the cost p.a.

g) Public Private Partnerships

Objective: Encouragement of the private sector to invest in infrastructure in partnership with the public sector.

Applicability: All private parties entering into lease agreements with the State should, in terms of the requirements of the lease, effect improvements to the State-owned property in order to qualify for the allowances.

Benefit: Government grants are exempt from tax. In addition, a tax allowance is granted in respect of such improvements actually effected by the taxpayer. The allowances are as follows:

- 25 years or
- Spread over the period of the lease, whichever is shorter.

7. Personal Taxation and Special Trusts

South Africa introduced a residence-based system of taxation for years of assessment commencing on or after 1 January 2001. South African residents are now taxed on their worldwide income, subject to a number of exemptions, while non-residents are taxed on income earned from a South African source.

Taxable Income as exceeds (ZAR)	But does not exceed (ZAR)	Tax Payable (ZAR)
Individuals, Estates, Special Trusts		
0	141,000	18%
141,001	221,000	25,200 + 25%
221,001	305,000	45,450 + 30%
305,001	431,000	70,650 + 35%

Taxable Income as exceeds (ZAR)	But does not exceed (ZAR)	Tax Payable (ZAR)
431,001	552,000	114,750 + 38%
552,001	and above	160,730 + 40%
Other Trusts		+ 40%

Source: South African Revenue Service (SARS)

Rebates (Individuals only)	Rands
Primary	10,260
Secondary	5,675

Source: SARS

Tax Thresholds	Rands
Below age 65	57,000
Age 65 and older	88,528

Source: SARS

8. Capital Gains Taxation

Capital gains on the disposal of assets are included in taxable income.

Maximum effective rate of tax	Rate
Individuals	10%
Companies	14%
Trusts	20%

Source: SARS

9. Other Taxes, Duties and Levies

- Customs and Excise.
- Donations Tax.
- Estate Tax.
- Transfer Duty on real estate transactions not subject to VAT.
- Various Stamp Duties.
- Fuel Levies.
- Motor Vehicle Licence.
- Municipal Taxes on owners of real estate.
- Skills Development Levy (SDL).
- Airport taxes.
- Environmental levy.
- Road Accident Fund levy.
- Electricity Levy

For further details, please, visit the website: <http://www.sars.gov.za/>

Organisation	Website	Telephone Number
South African Revenue Service (SARS)	www.sars.gov.za	0860 121 218
SA Institute of Chartered Accountants	www.saica.co.za	+27 21 423 3938

Human Resources

1. Labour Market Size and Availability

The Western Cape has a work force of just under 2 million people. Between the second and third quarter of 2009, employment came under pressure, decreasing by 30 000 jobs. It is generally expected that as the South African economy grows in 2010, employment will pick up.

2. Skills

The quality of the skills base in South Africa is reflected in its record of attracting major foreign investors from all over the world in numerous business sectors and across a variety of business functions. The Western Cape's workforce is even more skilled than the national one.

Seven of the leading automotive equipment manufactures have manufacturing plants in South Africa, namely BMW, General Motors, DaimlerChrysler, Nissan, Ford, Toyota and Volkswagen. Other major international players established in the country are Coca-Cola, Nestlé, Panasonic, Pfizer, Siemens and Uniliver.

Recently, there has been a strong focus on education and training in the Western Cape.

In terms of language skills, the Western Cape has an abundance of workers with good English language skills, as well as a large pool of qualified people who are conversant in foreign languages.

3. Labour Costs

a) Comparative wages per industry

Labour Monthly Wage per Industry (average)							
Skill Level	Agriculture	Construction	Electronic & IT	Finance Services	Insurance	Manufacturing	Semi-Government/ Public Institutions
Low Skill	R 12,840	R 8,214	R 16,000	R 7,545	R 8,723	R 6,638	R 8,001
Semi-skilled	R 5,083	R 7,452	R 8,293	R 8,133	R 5,851	R 7,321	R 7,705
Manager	R 19,120	R 19,563	R 25,754	R 18,310	R 22,010	R 20,430	R 22,788
Executive	R 26,938	R 30,449	R 37,738	R 36,361	R 24,514	R 40,343	R 41,151

Source: Careers 24 Survey 2010

Note: The remuneration data above is given as a total cost of employment figure. This is a basic salary and all the fringe benefits added. This gives a Guaranteed Package. This does not, however, include any variables such as Sales Commissions or Incentives or Stand by allowances.

b) Social costs

Employers must pay “Unemployment Insurance” (UIF) to government in order to support workers who may become unemployed due to operational requirements.

Employers must pay unemployment insurance contributions of 2% of the value of each worker's pay per month. Of this, one percent comes from the employer and the other one percent is deducted from the worker's salary.

The UIF Act does not apply to the following:

- Workers working less than 24 hours a month for an employer;
- Learners;
- Public Servants;
- Foreigners working on contract;
- Workers who get a monthly State (old age) pension; and
- Workers who only earn commission

Other costs are the “Pension / Provident Funds”, which refer to payments made by the employer towards a pension scheme on behalf of the employee.

c) Other costs

Employers may provide additional enhancements to employees through annual bonuses or 13th cheques; commission or performance bonuses; entertainment allowances; car allowances; housing benefits and other fringe benefits.

4. Labour Market Regulations

When compared to its main economic global competitors, South Africa has a balanced labor market environment with regulations designed both to protect the employee and to ensure companies can operate effectively. This is illustrated in the table below, which shows a World Bank study measuring flexibility of labor market regulations. Each index assigns values between 0 and 100, with higher values representing more rigid regulations.

Indicator	South Africa	India	Brazil	OECD Average
Difficulty of Hiring Index	56	0	78	26.4
Difficulty of Firing Index	30	70	0	26.44
Firing costs (weeks of wages)	24	56	46	26.6

Source: World Bank, Doing Business 2010

Additional information on employment regulations in South Africa can be obtained on the Department of Labour's website: <http://www.labour.gov.za>

There are a number of key aspects to labour regulations in South Africa. These include:

a) Contract of employment

An employer must supply an employee with certain details of their employment in writing. The document must cover the following topics: employer and worker details, employment details, payment details, leave details as well as notice or contract details.

Detailed information can be found on <http://www.labour.gov.za>

b) Termination of contract

A contract of employment may be terminated on notice of not less than:

- one week, if the employee has been employed for six months or less;
- two weeks, if the employee has been employed for more than six months but not more than one year;
- four weeks, if the employee has been employed for one year or more, or if a farm worker or domestic worker has been employed for more than six months.

A collective agreement may shorten the four weeks' notice period to not less than two weeks.

c) Severance payments

An employee dismissed for operational requirements is entitled to receive a minimum of one week's wages for each year of completed service with their employer.

d) Working hours

The maximum ordinary hours of work that an employee may work in any week or on any day are as follows:

- 45 hours in any week;
- Nine hours a day for employees who work on five or fewer days in a week; or
- Eight hours per day for employees working more than five days per week.

Any time worked in excess of these limits will be overtime. An employee may not be required or permitted to work overtime unless there is an agreement. An employee who works overtime must be paid 1.5 times the employee's ordinary hourly wage (time and a half). An employee may, however, agree to take paid time off instead of being paid for overtime work. The paid time off must be granted to the employee within one month of the employee becoming entitled to it.

An employee may only work on a Sunday if there is an agreement to this effect.

Employees who normally work on Sundays must be paid one-and-a-half times their normal hourly wage. If an employee does not normally work on a Sunday, the employee must be paid double his or her normal wage.

In the absence of an agreement, an employer may not require an employee to work on a public holiday. There are 13 South African Public Holidays.

Employees are entitled to 21 days paid annual leave.

5. Employment of foreign workers

No prescribed limits apply to the employment of foreign nationals in South Africa. The Immigration Act 19 of 2004 signed into law on October 12th 2004 states that jobs should be given to South Africans where possible. Hence, for a general work permit, a company must show that it has not been able to find a qualified South African for the job.

6. Recruitment

There are various professional recruitment agencies that cover a range of industries at a prescribed fee. Their services include among the following:

- Permanent Staffing;
- Temporary / Contract Staffing;
- Human Resource Consulting;
- Search / head-hunting (executive and senior management); and
- Advert Response Handling

The fee structure may vary across agencies and the following serves as a guideline for fee structures of reemployment agencies:

- \pm 15% of annual income of R 160,000 and above
- Minimum fee for all services rendered are approximately R 5,000

Useful contact details:

Organisation	Website	Telephone Number
DAV Professional Placement Group	http://www.dav.co.za	+ 27 21 419 3404
Nadia Mason Personnel	http://www.nadiamason.co.za/	+27 21 683 5895

7. Immigration

The cost of an Immigration Lawyer or practioner varies between R 500 to R 800 per hour.

Application	Cost
Work permit	R 1,520
Business Permit	R 1,520
Study permit	R 463
Certificate of confirmation of permanent residence	R 70
Processing fee for application for registration as immigration practitioner	R 3,000

Source: Department of Home Affairs

Immigration lawyers:

Organisation	Website
Wesgro	www.wesgro.co.za
Cape Immigration Services	www.immigration-south-africa.co.za
Sonnenberg Hoffmann Galombik	www.shg.co.za
Global Migration SA	www.ukvisaservices.co.za
Immigration for You	www.immigration4u.co.za
Imcosa	www.imcosa.co.za

Useful contact details:

Organisation	Website	Telephone Number
Department of Labour	www.labour.gov.za	+27 12 309 4000
Department of Home Affairs	www.home-affairs.pwv.gov.za	+27 21 465 3456/7

Legal Services

Legal Fees	
Senior Counsel	Between R 1,028 to R 1,541 per hour
Junior Counsel	Between R 685 to R 1,027 per hour

Source: An average of 4 law firms in the City of Cape Town was used to estimate average cost per hour.

Enforcing Contracts

The ease or difficulty of enforcing commercial contracts in South Africa is measured below, using three indicators: the number of procedures counted from the moment the plaintiff files a lawsuit until actual payment, the associated time, and the cost (in court and attorney fees), expressed as a percentage of debt value. In South Africa, the cost of enforcing contracts is, on average, **33.2%** of debt value.

Indicator	South Africa	India	Brazil	OECD Average
Number of Procedures	30	46	45	30.6
Time (days)	600	1 420	616	462.5
Cost (% of debt)	33.2	39.6	16.5	19.2

Source: World Bank, Doing Business 2010

Useful contact details:

Organisation	Website	Telephone Number
Law Society of South Africa	www.lssa.org.za	+27 12 362 1729
Edward Nathan Sonnenbergs	www.shg.co.za	+27 21 410 2500
Cape Law Society	www.capelawsoc.law.za	+27 21 443 6700
Cliffe Dekker	www.cliffedekkerhofmeyr.com	+27 21 481 6300
Mallinicks	www.mallinicks.co.za	+27 21 410 2200

1. Electricity

Electricity Tariffs for City of Cape Town Area (Excluding VAT)			
Domestic Customers	Daily service charge (Rands)	Energy charge (c/kWh)	Demand Charge (R/kVA)
Domestic 1	3.40	64.44	-
Domestic 2	-	77.37	-
Lifeline	-	53.90	-
Commercial Customers			
Small Power Users 1	11.52	62.33	-
Small Power Users 2	-	96.76	-
Large Power Users (low voltage)	19.18	32.68	97.24
Large Power Users (medium voltage)	19.18	30.38	90.44
Very Large Power Users	3636.57	30.38	50.69

Source: City of Cape Town, 2009

Note: Electricity prices will increase by 24.8% from the 1st of April 2010.

Note on Electricity Tariffs:

The Domestic 1 (High consumption) tariff is suitable for consumers using more than 800 kWh/month. It is a two-part tariff with a service charge that shows the actual operating and maintenance costs of the infrastructure required to deliver the energy to the consumer as well as an energy charge that shows the actual cost of the energy used by the individual consumer. This tariff results in the consumer paying the full cost of the supply and Domestic 1 is therefore a cost reflective tariff.

The Domestic 2 (Low consumption) tariff is more suitable for consumers using less than 600 kWh/month. It is a one-part tariff consisting only of an energy charge. Consumers using less than 600 kWh per month pay less than the full cost of the supply and Domestic 2 is therefore not a cost reflective tariff and these consumers are subsidised by all the other electricity consumers.

Lifeline tariff is suitable for customers purchasing less than 400 kWh/month on average and will receive a free basic supply of 50 kWh/month.

The Domestic 3 (three phase) tariff has been discontinued. Domestic supplies >100 Amps connected after 1 July 2009 will be treated as commercial consumers.

Small Power User 1 is a two-part cost reflective tariff which is suitable for non-domestic consumers (commercial customers) using more than 1 000 kWh/month.

Small Power User 2 is a one-part subsidised tariff and is for commercial customers using less than 1000 kWh/month.

The Domestic 2 and Small Power User 2 tariffs are both subsidised tariffs which were introduced in order to ease the financial burden on small domestic and commercial consumers.

Large power users are commercial customers with new installation between 500 kVA and 1 MVA.

2. Water

Water & Sewerage Rates	
Metered Water Consumption (10% restriction tariff)	Rands per kilo litre
Domestic Full	
0-6kl	0.00
7-12kl	3.66
13-20kl	7.81
21-40kl	11.57
41-50kl	14.29
>50kl	18.85
Domestic Cluster	7.83
Commercial	8.35
Industrial	8.35
Schools / Sports	7.37
Government	7.92
Municipal	7.37
Sewerage Charges	
0 - 4.2kl	0.00
4.3 - 8.4kl	4.29
8.5 - 14kl	9.12
Domestic Cluster	9.65
Industrial & Commercial - Schools / Hosp / Gov	6.41
Departmental	5.90

Source: City of Cape Town, 2010

3. Fuel

Fuel Categories	Rand/Litre	Pump Price (Rands/Litre)
Gauteng (Zone 9C)		
Ultra95 ULP	7.86	7.86
V Power & M93LRP	7.67	7.67
Diesel 0.05%	6.89	Not controlled
Diesel 0.005%	6.92	Not controlled
Coastal (Zone 1A) (incl. Western Cape)		
V Power & M93LRP	7.54	7.63
Diesel 0.05%	6.76	Not controlled
Diesel 0.005%	6.79	Not controlled

Source: Shell SA & The Department of Minerals and Energy

Useful contact details:

Organisation	Website	Telephone Number
Eskom	www.eskom.co.za	0860 037 566
City of Cape Town (Electricity)	www.capetown.gov.za	+27 918 7111/50/58
Telkom (Cape Town Branch)	www.telkom.co.za	+27 21 425 9304
Cape Town City Council (Water & Sewage Services)	www.capetown.gov.za	0860 103 054
Department of Minerals & Energy	www.dme.gov.za	+27 12 317 800

Telecommunications

1. Local Telephone Calls

Call Distance	Standard Time (per minute)	Callmore Time (per minute)	Minimum Charge (per call)
Local Calls (0 – 50km)	R 0.43	R 0.18	R 0.65
Long Distance (>50km)	R 0.65	R 0.29	R 0.65

Source: Telkom, 2010

2. International Outgoing Calls

Country	Peak Time (per minute)	Global Off-Peak Time (per minute)	Minimum Charge
UK	R 0.80	R 0.70	R 0.65
USA	R 0.80	R 0.70	R 0.65
Australia	R 1.09	R 0.90	R 0.65
Netherlands	R 0.73	R 0.62	R 0.65
India	R 1.50	R 1.40	R 0.65

Source: Telkom, 2010

3. Landline to Mobile numbers (Vodacom, MTN, Cell C)

	Standard	Callmore Time
First 60 sec	R 1.89	R 1.17
Next 30 sec	R 0.94	R 0.59

Source: Telkom, 2010

4. Cellular to Cellular

	Peak	Off-Peak
Vodacom to Vodacom	R 2.85	R 1.12
Vodacom to MTN/ Cell C	R 2.99	R 1.30
International Calls	R 1.76 + Telkom peak	R 0.95 + Telkom Off-peak

Source: Vodacom

	Peak	In Bundle Off-Peak	Out of Bundle Off-Peak
MTN Calls	R 2.85	R 1.99	R 1.25

Source: MTN

Note: Cellular costs will vary depending on the type of cellular contract

5. Connection Rentals

Monthly Rental	Residential	Business
ISDN2	R 218.40	R 302.31
ISDN2a	R 231.36	R 321.35
Telkom Internet	R 79.00	R 79.00

Source: Telkom

Callmore time: 7pm – 7am weekdays, Fri 7pm – Mon 7am
 Global Off-peak time: 8pm – 8am weekdays and Fri 8pm – Mon 8am
 Cellular Off-Peak time: 8pm – 7am weekdays, Fri 8pm – Mon 7am

6. Internet Connection

Telkom DSL Offerings	Monthly Rental	Speed / kbps
HomeDSL 384	R 152	384 Download, 128 Upload
BusinessDSL 384	R 152	384 Download, 128 Upload
HomeDSL 512	R 326	512 Download, 256 Upload
BusinessDSL 512	R 326	512 Download, 256 Upload
HomeDSL 1024	R 413	4096 Download, 256 Upload
BusinessDSL 1024	R 413	4096 Download, 256 Upload

Source: Telkom

Useful contact details:

Organisation	Website	Telephone Number
Telkom	www.telkom.co.za	+27 21 425 9304
Vodacom	www.vodacom.co.za	082 1 082
MTN	www.mtn.co.za	083 173
Cell C	www.cellc.co.za	+27 11 324 8000
Independent Communications Authority of SA	www.icasa.org.za	+27 11 321 8200

Transportation & Freight

1. Car Hire and Shuttle Services

Car Service	Rates
Meter Taxi	Between R 8 to R 11 per km
Airport Transfers (Between Cape Town International Airport and Cape Town area)	Between R 120 and R 260
Car Hire (per day)	± R 389 (Car group B) ± R 460 (Car group C) ± R 595 (Car group D)

Source: An average of 3 service providers were contacted for each category to estimate an average price.

2. Train Transport

Destination	Single	Weekly	Monthly
CPT – Bellville/ Goodwood/Claremont/ Kenilworth/ Lansdowne/Athlone	R 5.50	R 39.00	R 128.00
CPT – Mitchells Plain	R 8.50	R 66.00	R 197.00
CPT – Somerset West	R 12.00	R 87.00	R 262.00

Source: Cape Metro Rail

3. Air Transport

Destination	Price for return flight (Business Class)
Cape Town – Johannesburg	R 3,080
Cape Town – Durban	R 3,150
Johannesburg - Durban	R 2,309

Source: An average of 3 service providers were contacted to estimate an average price. Prices include all taxes

4. Sea Transport

Destination			
Commodity - wine	Cape Town to US	Cape Town to UK	Cape Town to China
20 ft Container	± R 23 565	± R 12 914	± R 6 302
40 ft Container	± R 38 854	± R 20 111	± R 10 185

Source: An average of 3 service providers were contacted to estimate an average price

5. Courier Fee

Destination	Price
Cape Town to any place in South Africa - Overnight Express	R 180.33
Cape Town to any place in South Africa - Same day Express	R 838.90
Cape Town to London	R 472.55
Cape Town to Botswana / Namibia / Malawi / Swaziland / Zimbabwe	R 349.60
Cape Town to China	R 616.05
Cape Town to Australia	R 686.12

Source: An average of 3 service providers were contacted to estimate an average price for an envelope weighing less than 1 kg.

Useful contact details:

Organisation	Website	Telephone Number
Cape Metro Rail	www.metrorail.co.za	+27 21 449 6181
Prasa	www.prasa.com	+27 11 773 1687
Airport Company South Africa (ACSA)	www.acsa.co.za	+27 11 921 6262 or 086 727 7888

Living in the Western Cape

1. Hotel Accommodation

Star Rating	Rate per night
Five Star	± R 1,200 - R 4,000
Four Star	± R 425 - R 1,400
Three Star	± R 300 - R 600

Source: An average of 3 hotels per category were used to estimate an average price. Prices vary according to location, room type and peak and off-peak seasons.

2. Education

Category of school	Fees per year
Private School	± R 23,016 to R 45,000
Model C schools (Public schools with parent contributions)	± R 11,200 to R 14,000
Public School	± R 554
Tertiary Education	± R 15,720 to R 37,500

Source: An average of 3 schools per category were used to estimate an average price

Note: Costs of education excludes study material. Costs per school will vary depending on the location and facilities offered. Tertiary education costs will vary depending on the institution and the course/s selected.

3. Consumer Goods

Consumer Items	Price
Milk	R 5 – R 6.50 a litre
Bread loaf	R 4.99 – R 5.79
Meat	R 30 – R 60 per kilo
Chicken (whole)	R 18 – R 33 per kilo
Half a dozen large eggs	R 5.50
Instant coffee (750 gr)	R 23.99 – R 26.49
Bottle of good quality wine	R 25 – R 150
Packet of Cigarettes	R 22.50 – R 35
Movie tickets	R 28
Hair cut	R 25 – R 200
Laundry (wash & dry per 5kg)	R 20 – R 30
Domestic help per day	R 60 – R 250
Medical (GP fee per consultation)	R 120 – R 220
Green fees for golf course	R 3 000 – R 5 000 entrance fee ±R 4 500 annual green fee
Big Mac	R 21.95

Source: An average of 3 suppliers were contacted to estimate average prices.

Sources of Finance

There are various sources of finance available in South Africa for investors and emerging entrepreneurs alike. Sources of finance vary from private equity and venture capital to development finance and bank loans. The source of finance used will depend on the nature of the investment or the business venture.

The various sources of finance include:

- Private Equity
- Venture Capital
- South African Venture Capital Association (SAVCA)
- Microfinancing and Microlending
- Partners / Joint Ventures
- Small Enterprise Development Agency (SEDA)
- Khula Enterprise Finance Limited
- National Empowerment Fund (NEF)
- Industrial Development Corporation (IDC)
- The Development Bank of Southern Africa (DBSA)
- The Land Bank of South Africa
- African Development Bank
- Commercial Banks
- International Finance Organisations

Main banks in South Africa

Bank	Website
FNB	www.fnb.co.za
Nedbank	www.nedbankgroup.com
Investec Bank Ltd	www.investec.com
ABSA	www.absa.co.za
Standard Bank	www.standardbank.co.za
Old Mutual Bank	www.oldmutual.co.za/ombank

Useful contact details:

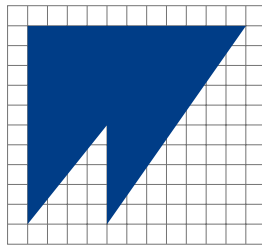
Organisation	Website	Telephone Number
Banking Association of South Africa	www.banking.org.za	+27 11 645 6700
South African Venture Capital Association (SAVCA)	www.savca.co.za	+27 11 268 0041
Khula Enterprise Finance Limited	www.khula.org.za	+27 12 394 5560
Small Enterprise Development Agency (SEDA)	www.seda.org.za	0860 103 703 or +27 12 441 1000
National Empowerment Fund (NEF)	www.nefcorp.co.za	+27 21 305 8000

Organisation	Website	Telephone Number
Credit Guarantee Insurance Corporation of SA	www.cgic.co.za	+27 11 889 7000
SA Reserve Bank	www.reservebank.co.za	+27 11 240 0700 or +27 21 481 6700
Industrial Development Corporation (IDC)	www.idc.co.za	+27 11 269 3000
The Red Door (Small Business Advice Centre)	www.capegateway.gov.za/ reddoor	+27 21 483 2628
Development Bank of Southern Africa (DBSA)	www.dbsa.org.za	+27 11 313 3911
African Development Bank	www.afdb.org	+22 52 020 4444
Insurance Institute of South Africa	www.iisa.co.za	+27 21 418 3768

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