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# Doing business in the **Western Cape** **2019**

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## Doing Business in the Western Cape 2019

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Launching a business in South Africa is a straightforward process. According to the World Bank, it can be measured through four criteria: procedures required to establish a business, the associated time, the associated cost, and the minimum capital requirement. Entrepreneurs can expect to go through 5 steps to launch a business in South Africa, approximately 40 days on average, at a cost equal to 0.2% of the economy's income per capita (Gross National Income), i.e. USD5,430 according to World Bank estimates. There's no minimum capital requirement to obtain a business registration number, compared with the OECD average of 10.4% of Gross National Income.

Compared to India, Brazil and other OECD countries, South Africa has a competitive advantage in its ease of starting a business with low associated costs equal to 0.2% of the economy's income per capita (Gross National Income), i.e. USD5,430. There are fewer procedures required to starting a business in South Africa, which has been significantly facilitated by the South African government's commitment to creating a business environment conducive to economic growth and sustainability.

EASE OF STARTING A BUSINESS INDICATORS, 2018				
INDICATOR	SOUTH AFRICA	INDIA	BRAZIL	OECD Average
Number of procedures	7	10	11	4.9
Time (days)	40	13.7	18.5	9.3
Cost (% of income per capita)	0.2	16.8	3.9	3.1
Min. capital (% of income per capita)	0.0	0.0	0.0	8.6

Source: World Bank, *Doing Business 2019*.

## 1. Starting a Business in South Africa

The new Companies Act of 2008 came into operation on the 1st of May 2011 and replaced the Companies Act of 1973. The new Act changed many aspects of business registration and company requirements including the discontinuation of the registration of partnerships and close corporations.

The businesses entities that may be registered in South Africa are as follows:

- **Private companies Pty (Ltd)** – subject to fewer disclosure and transparency requirements under the new Act; prohibited from offering its shares to the public and the transferability of shares is restricted; more than 50 shareholders is permitted; and the board of the private company must comprise of at least one director or any other minimum number stipulated within the incorporating documentation.
- **Public companies (Ltd)** – permitted to offer shares to the public; no limit to the number of shareholders; at least one shareholder is required to form a public company and a public company must have at least three directors.
- **State-owned company (SOC)** - either a company defined as a “state-owned enterprise” in the Public Finance Management Act 1 of 1999, or is owned by a municipality as contemplated in the Municipal Systems Act 32 of 2000, and is otherwise similar to an enterprise as referred to above. The name of a state-owned company must end with the expression “SOE Ltd” and is duly incorporated and registered in terms of the Act.
- **External company** - a foreign company that is carrying on business or non-profit activities within the Republic; must be duly incorporated and registered within 20 business days after it first begins to conduct activities within the Republic as an external non-profit company (NPC) or as an external company.

- **Personal liability company (Inc)** - directors and past directors are jointly and severally liable, together with the company, for any debts and liabilities of the company that were contracted during their respective terms of office.
- **Non-profit company (NPC)** – company incorporated for public benefit or other object as specific in the Act; income and property are not distributable to its incorporators, members, directors, officers or persons related except as reasonable compensation for services rendered; and three persons and three directors may form a NPC.

## 1.1 Documents required for starting a business in South Africa

The documents required for starting a business in South Africa is provided in the table on the following page.

The following institutions are important when starting a business in South Africa:

- Companies and Intellectual Property Commission (CIPC) for company registration and registration forms can be obtained from CIPC website, [www.cipc.co.za](http://www.cipc.co.za)
- Office of the local receiver of revenue (SARS) for income tax, VAT, and employee withholding tax (PAYE and SITE).
- Department of Labour for Unemployment Insurance.
- Relevant metropolitan council for local revenue/salary levy.
- The Compensation Fund of South Africa, in accordance with the Compensation for Occupational Injuries and Diseases Act. Registration forms can be obtained from the Department of Labour's website, [www.labour.gov.za](http://www.labour.gov.za).

## 1.2 Registering Intellectual Property

South Africa is a signatory country to international treaties pertaining to intellectual property and thus legislation has been developed which recognises and protects intellectual property in the Republic. Patents, designs and trademarks are also registered by CIPC.

COSTS OF REGISTERING INTELLECTUAL PROPERTY	
PURPOSE	FEE
Patents	R60 for provisional application R590 for complete application
Designs	R240 for application
Trademarks	R590 for new application
Copyright	R510 for new application

Source: CIPC, 2019

## 1.3 Environmental Impact Assessments

An Environmental Impact Assessment (EIA) is a crucial mechanism used to determine the impact of proposed projects in either the construction phase or operational phase or both on the environment. The Department of Environmental Affairs as well as provincial environmental departments are responsible for EIA processes and ensuring the timely and accurate execution of EIAs<sup>1</sup>. Environmental consultants' fees are R2000 for a basic assessment and R10 000 for a full scoping and EIA.

<sup>1</sup> Environmental impact regulation available on Western Cape provincial department website [http://www.capegateway.gov.za/eng/your\\_gov/406](http://www.capegateway.gov.za/eng/your_gov/406)

DOCUMENTS TO BE COMPLETED FOR REGISTRATION OF THE VARIOUS TYPES OF COMPANIES					
FORM NUMBER	NAME OF FORM	DESCRIPTION/PURPOSE	SUPPORTING DOCUMENTS	FEE	SECTION AND REGULATION
CoR 9.1	Application to reserve a name	<ul style="list-style-type: none"> <li>May indicate up to four alternatives which will be considered for reservation in the listed order</li> <li>Only one name will be registered</li> <li>Must indicate whether any word, number or other element constitutes a registered trade mark, mark or well-known trade mark</li> <li>Provide supporting documents for associated name</li> <li>Applicant of name reservation must be applicant on new company registration documents for associated name</li> </ul>	<p>Normal name reservation:</p> <ul style="list-style-type: none"> <li>Certified copy of ID of applicant</li> </ul> <p>Associated name reservation:</p> <ul style="list-style-type: none"> <li>Letter from holder of trade mark or representative of company that name may be used</li> <li>Certified copy of ID of applicant</li> <li>Certified copy of ID of representative company or trade mark holder (satisfactory evidence regarding ownership of name)</li> <li>Certificate of translation (if applicable)</li> </ul>	<p>Manual application:</p> <ul style="list-style-type: none"> <li>R75.00 for each name</li> </ul> <p>Electronic application:</p> <ul style="list-style-type: none"> <li>R50.00 for each name</li> </ul>	Section 11 and 12 Regulation 8 and 9
CoR 14.1	Notice of Incorporation	To be lodged together with Memorandum of Incorporation of any type of company	<ul style="list-style-type: none"> <li>Certified ID copies of applicant, incorporators or members</li> </ul>	The basic filing fee is R175 if the company's MOI is in form CoR 15.1A or 15.1C, or R475 in any other case and COR 35.1 if any	Section:13 Regulation: 14
CoR 15.1A	Memorandum of Incorporation (Short Standard Form) for private company	This is a form used to incorporate a private company and can be incorporated by one or more persons	<ul style="list-style-type: none"> <li>Certified ID copies of applicant, incorporators or members and Power of Attorney</li> <li>The following are submitted if there is a need: resolution letter, and financial services board letter</li> </ul>	Same as above	Regulation: 15 Section: 13
CoR 15.1B	Memorandum of Incorporation (Long Standard Form) for profit company	Used to incorporate a new private company and consist of 11 pages if filing by paper	<ul style="list-style-type: none"> <li>Certified ID copies of applicant incorporators or members and Power of Attorney</li> <li>The following are submitted if there is a need: resolution letter, and financial services board letter</li> </ul>	Same as above	Regulation: 15 Section: 13
CoR 15.1C	Memorandum of Incorporation (Short Standard Form) for incorporation of a non-profit company	Used to incorporate a non-profit company and will consist of 3 pages and may not have members as contemplated in the Act	<ul style="list-style-type: none"> <li>Certified ID copies of applicant, incorporators and Power of Attorney</li> <li>The following are submitted if there is a need: resolution letter</li> </ul>	Same as above	Regulation: 15 Section: 13
CoR 17	To transfer registration of a foreign company	The form is used to incorporate a branch of a foreign company into the Republic, where the law of the jurisdiction in which it is registered permits the company in this manner, and the company has complied with all of the requirements of the law governing such a transfer	<ul style="list-style-type: none"> <li>Certified ID copies of the applicant, incorporators, majority of shareholder and directors and Power of Attorney</li> <li>Written statement that the company is not in liquidation</li> <li>The following are submitted if there is a need: resolution letters and financial services board letter</li> </ul>	R400.00	Regulation: 17 Section: 13(5)  Regulation: 20 Section: 23(1), (2) and (2a)
CoR 20.1	To Incorporate an external company	To Incorporate an external company, still attaches copies of MOI, its certificate of incorporation, its current registration certificate and translated copies of any such document	<ul style="list-style-type: none"> <li>Certified ID copies of applicant, incorporators or members, majority of shareholders and directors and Power of Attorney</li> <li>Written statement that the company is not in liquidation</li> <li>The following are submitted if there is a need: resolution letters and financial services board letter</li> </ul>	R400.00	Regulation: 17 Section: 13(5)  Regulation: 20 Section: 23(1), (2) and (2a)



## 2. Property Rentals

The following table indicates the cost of renting property in the Cape Town Metropolitan for the various types of property. 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.

AVERAGE RENTAL COSTS IN THE CAPE TOWN METROPOLITAN					
OFFICE RENTALS (ZAR per m <sup>2</sup> excl. VAT)	CAPE TOWN CBD	BELLVILLE	CLAREMONT UPPER	DURBANVILLE	CENTURY CITY
Grade A	182.50	140.00	209.17	143.33	179.29
Grade B	108.22	98.00	140.00	106.67	120.83
Grade C	86.88	90.00	100.00	90.00	110.00
FLAT RENTALS	CAPE TOWN (AVERAGE, ZAR)				
1 bedroom	10 313				
2 bedroom	13 487				
3 bedroom	27 666				
4 bedroom	46 666				
INDUSTRIAL AREA (WESTERN CAPE)	AVERAGE INDUSTRIAL RENTALS BASED ON AREAS OF 1000m <sup>2</sup> PLUS (ZAR)				
Airport industrial	R40 to R65/m <sup>2</sup>				
Paarden Eiland	R40 to R58/m <sup>2</sup>				
Montague Gardens	R36 to R62/m <sup>2</sup>				
Epping	R35 to R60/m <sup>2</sup>				
Maitland/Ndabeni	R38 to R58/m <sup>2</sup>				
Southern Suburbs	R35 to R53/m <sup>2</sup>				
Northern Suburbs	R30 to R53/m <sup>2</sup>				

Source: Trovit, 2019; Rode Report, Q4:2018:4

Grade A – Near mint condition

Grade B – Second best quality

Grade C – Lowest grade on quality

## 3. Taxation

### 3.1 Tax Treaties and International Tax Comparisons

The figure below shows tax rates for selected countries for the 2016 period. It focuses on three types of taxes: taxes on goods and services, taxes on income and profits and social contributions all expressed as a percentage of GDP.

South Africa has concluded 89 tax treaties for the avoidance of double taxation, 21 with African countries and 68 with the rest of the world. Currently South Africa is in the process of concluding another 38 tax treaties for the avoidance of double taxation. A full list of treaties can be found at: <http://www.sars.gov.za>.

TOP 10 GLOBAL COUNTRY TAX RANKINGS, 2018					
RANK	ALL TAX REVENUE, GDP,2018	ALL TAX REVENUE, GDP,2018	TAXES ON GOODS AND SERVICES,% GDP,2018	TAXES ON INCOME AND PROFITS,%GDP,2018	SOCIAL SECURITY CONTRIBUTIONS,% GDP,2018
1	Iceland	52	12	18	4
2	Denmark	46	15	29	0
3	France	46	11	11	17
4	Belgium	44	11	16	14

TOP 10 GLOBAL COUNTRY TAX RANKINGS, 2018					
RANK	ALL TAX REVENUE, GDP, 2018	ALL TAX REVENUE, GDP, 2018	TAXES ON GOODS AND SERVICES, % GDP, 2018	TAXES ON INCOME AND PROFITS, % GDP, 2018	SOCIAL SECURITY CONTRIBUTIONS, % GDP, 2018
5	Sweden	44	12	16	10
6	Finland	44	14	15	13
7	Italy	43	12	14	13
8	Austria	42	12	12	15
9	Cuba	42	22	9	5
10	Hungary	39	17	8	13
36	South Africa	29	11	15	0

Source: Global Revenue Statistics Database, 2019

### 3.2 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. Foreign taxes are credited against South African tax payable on foreign income.

STATUTORY RATES OF TAX FOR THE 2018/2019 YEAR OF ASSESSMENT		
TAXABLE INCOME AS EXCEEDS	BUT DOES NOT EXCEED	TAX PAYABLE
ZAR0	ZAR195 850	18%
ZAR195,851	ZAR305 850	ZAR35,253 + 26%
ZAR305 851	ZAR423 300	ZAR63,853 + 31%
ZAR423 301	ZAR555 600	ZAR100,263 + 36%
ZAR555 601	ZAR708 310	ZAR147 891 + 39%
ZAR708 311	1 500 000	ZAR207 448 + 41%
ZAR1 500 001	above	ZAR532 041 +45%
Other trusts		45%

Source: South African Revenue Service (SARS), 2019

For the 2018/19 financial year the primary rebate has been increased to R14,220 per year for all individuals. The secondary rebate, which applies to individuals aged 65 years and over, is increased to R7,794 per year. The third rebate, which applies to individuals aged 75 years and over, increased to R2,601 per year..

### 3.3 Corporate Tax Rates

For the 2018/2019 financial year, the standard rate of corporation tax in South Africa will be 28% for resident companies and non-resident companies.

INCOME TAX: COMPANIES	
TYPE	RATE OF TAX
Companies	28%
Personal service provider companies	28%
Foreign resident companies which earn income from a source in South Africa	28%
INCOME TAX: SMALL BUSINESS CORPORATIONS	
TAXABLE INCOME per annum	RATE OF TAX
ZAR0 – ZAR79,000	0%

ZAR79,001 – ZAR365,000	7% of the amount above ZAR79,001
ZAR365,001 – ZAR550,000	ZAR20,020 + 21% of amount above ZAR365,000
ZAR550,001 and above	ZAR58,570 + 28% of the amount above ZAR550,000

Source: South African Revenue Service (SARS), 2019

### 3.4 Capital Gains Taxation

Capital gains on the disposal of assets are included in taxable income. Events that trigger a disposal include a sale, donation, exchange, loss, death and emigration.

#### Maximum effective rate of tax:

Individuals:	18%
Companies:	22.4%
Trusts:	36%

#### **The following are specific exclusions of Capital Gains Tax:**

- ZAR2m gain/loss on the disposal of a primary residence or the disposal of a primary residence; for an amount of ZAR2m or less;
- most personal use assets;
- retirement benefits;
- payments in respect of original long-term insurance policies;
- annual exclusion of ZAR40,000 capital gain or capital loss is granted to individuals and special trusts;
- exclusion on death of ZAR300,000; and
- small business exclusion for individuals of ZAR1.8m.

### 3.5 Value Added Tax (VAT)

Value Added Tax (VAT) of 15% 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 ZAR1m to register for VAT. A vendor making taxable supplies of more than ZAR50,000 but not more than ZAR1m per annum may apply for voluntary registration. Certain supplies are subject to a zero rate or are exempt from VAT.

### 3.6 Transfer duty

Transfer duty is payable at the following rates on transactions which are not subject to VAT:

#### Acquisition of property by all persons

ZAR0 – ZAR900,000	:	0%
ZAR900,001 – ZAR1,250,000	:	3% of the value above ZAR900,000
ZAR1,250,000 – ZAR1,750,000	:	ZAR10,500 + 6% of the value above ZAR1,250,000
ZAR1,750,001 - ZAR2,250,000	:	ZAR40,500 + 8% of the value exceeding ZAR1,750,000
ZAR2,250,00 – ZAR10,000,00	:	ZAR80,500 + 11% of the value exceeding ZAR2,250,000
and above ZAR10,000,000	:	ZAR933,000 +13% of the value exceeding ZAR10,000,000

#### Other taxes, duties and levies:

- Customs and Excise;
- Donations tax;
- Transfer duty on real estate transactions not subject to VAT;
- Various stamp duties;
- Fuel levies;
- Motor vehicle licence;- Skills Development Levy (SDL);
- Airport taxes;
- Environmental levy;
- Road Accident Fund levy; and
- Electricity Levy.



For further details, please, visit the web site [www.pecslinx.co.za,2019](http://www.pecslinx.co.za,2019)

## 4. Human Resources

When compared to its main economic global competitors, South Africa has a balanced labour market environment with regulations designed both to protect the employee and to ensure companies can operate effectively.

### 4.1 Labour market size and availability

According to Stats SA, (QLFS 2018), the Western Cape recorded formal and informal employment of 2.52 million people in Q4 2018 compared to 2.49 million in Q3 2018, increasing by 1.2%. The increase was due to significant growth in employment in the agriculture, forestry and fishing sector (16.4%) and the manufacturing sector (9.4%).

### 4.2 Skills

The quality of the skills base in South Africa is reflected in record numbers the attraction of major foreign investors from all over the world in numerous business sectors and across a variety of business functions.

Seven of the leading automotive equipment manufacturers have manufacturing plants in South Africa, namely BMW, General Motors, Daimler Benz, Nissan, Ford, Toyota and Volkswagen, while component manufacturers such as Arvin Exhaust, Bloxwitch, Corning, Senior Flexonics have established production bases here. Other major international players established in the country are Coca-Cola, Nestlé, Panasonic, Pfizer, Siemens and Uniliver.

### 4.3 Selected Labour Costs

#### 4.3.1 Remuneration in the Western Cape

WESTERN CAPE MONTHLY LABOUR WAGE PER INDUSTRY, 2018 (AVERAGE)								
Job Title	Financial Services (ZAR)	Retailing (ZAR)	Construction (ZAR)	Material Manufacture (ZAR)	Mining (ZAR)	Service Industries (ZAR)	State owned Enterprises (ZAR)	Consumer Goods (ZAR)
Accountant - Chief 1	78 600.67	91 895.33	71 526.61	76 242.65	86 460.73	72 312.61	90 390.77	76 242.65
Administration Manager	48 442.18	57 515.97	44 082.39	46 988.92	53 286.40	44 566.81	55 708.51	46 988.92
Advertising Manager	58 562.30	66 469.16	59 850.67	56 805.43	64 418.53	53 877.32	67 346.64	56 805.43
Analyst/Programmer - Senior	50 008.44	43 991.60	36 239.03	38 628.42	43 805.42	36 637.26	57 509.71	48 508.19
Artisan - Other (Specialist)	43 225.81	48 201.14	26 394.79	27 315.73	30 976.60	25 907.70	49 709.68	41 929.04
Auto Electricians	29 005.27	32 325.62	26 394.79	28 135.11	31 905.80	26 684.85	33 356.06	28 135.11
Business Analyst / O&M Analyst / Consultant	47 230	53 695.36	42 979.27	45 813.07	51 952.96	43 451.57	54 314.46	45 813.07
Clerical Supervisor 1	20 280.60	21 832.58	18 455.35	20 189.50	20 189.50	20 189.50	23 322.69	19 672.19
Credit Controller - Senior	34 274.44	37 041.11	31 189.74	33 246.20	37 701.88	31 532.48	39 415.60	33 246.20
Electrician - With Wireman's Licence	29 696.78	33 635.82	24 701.96	28 805.88	32 666.46	27 321.04	34 151.30	28 805.88
Engineer - Civil	44 817.95	51 310.77	55 852.14	43 473.41	49 299.74	41 232.51	51 540.64	43 473.41
Engineer - Electronic		57 995.53	45 645.22	48 654.79	54 718.91	45 764.91	57 683.52	48 654.79
Engineer - Industrial	47 802.43	57 670.84	35 946.06	46 368.36	52 582.67	43 978.24	54 972.79	46 368.36
Financial Analyst Manager	61 152.37	51 979.51	55 648.66	59 317.80	67 267.61	56 260.18	70 325.23	59 317.80
Human Resources Manager - Group	51 714.45	89 648.89	31 946.19	50 163.02	56 885.90	47 577.30	59 471.62	50 163.02

Information Technology Manager	70 841.84	60 215.57	64 466.08	68 716.59	77 926.03	65 174.49	81 468.12	68 716.59
Legal Officer	59 382.18	50 474.85	54 037.78	57 600.71	65 320.40	54 631.60	68 289.50	57 600.71
Operations Manager/Operations Supervisor	62 209.31	60 037.82	64 275.79	60 343.03	68 430.24	57 232.56	71 540.71	60 343.03
Painters/Decorators	24 743.35	24 806.70	22 516.45	24 001.05	27 217.69	22 763.88	28 454.85	24 001.05
Personal Assistant (to CEO)	27 749.57	31 200.20	25 252.11	26 917.08	30 524.53	25 529.61	31 912.01	26 917.08
Plumber	24 708.15	27 902.26	22 484.42	23 966.91	27 178.97	22 731.50	28 414.38	23 966.91
Public Relations Officer - Senior	32 577.74	74 637.45	64 561.22	61 854.27	70 144.01	58 665.90	37 464.41	31 600.41
Research Assistant	19 871.70	16 890.94	18 083.25	19 275.55	21 858.87	18 281.96	22 852.45	19 275.55
Security Guard - Senior	12 148.07	13 153.92	11 054.75	11 783.63	13 362.88	11 176.23	13 970.28	11 783.63
Software Support Engineer	39 943.27	41 805.88	35 946.06	38 316.13	43 451.28	36 341.07	45 426.34	38 316.13
Systems Analyst - Senior	69 192.77	53 114.61	43 089.49	67 116.98	76 112.04	63 657.35	79 571.68	67 116.98
Tea Maker	7 389.26	7 966.80	6 724.22	7 167.58	8 128.18	6 798.12	8 497.65	7 167.58
Technologist	45 731.00	38 871.35	34 510.40	44 359.07	50 304.09	42 072.52	52 590.64	44 359.07
Transport Manager	50 720.66	59 518.67	46 155.80	49 199.04	55 792.73	46 663.01	58 328.76	49 199.04
Welders	27 331.35	23 231.65	27 932.16	26 511.41	30 064.49	25 144.84	31 431.05	26 511.41

Source: PE Corporate Services, 2019

#### 4.3.2 Unemployment Insurance fund (UIF)

Employers must pay unemployment insurance (UIF) to the 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, 1% comes from the employer and the other 1% is deducted from the worker's salary.

The UIF provisions do 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.

#### 4.3.3 The Skills Development Fund

The Skills Development Levies Act provides for a levy to contribute towards the cost of skills development. The levy imposed is 1% of the total of all remuneration paid or payable or deemed to be paid or payable, by the employer to all employees during any month. The levy must be paid to the education and training authority for the sector to which the employer belongs. The Skills Development Levies Act applies to all employers except:

- the public service;
- religious or charity organisations;
- public entities that get more than 80% of their money from Parliament; and
- employers-
  - whose total pay to all its workers is less than ZAR500 000 per year; and
  - who do not have to register according to the Income Tax Act.

#### 4.4 Immigration

The department of home affairs appointed VFS Global to establish the centres, that receive and manage visa and permit applications in South Africa and diplomatic missions worldwide. The VFS Global call centre is currently operational and the information below is currently applicable:

- Clients must approach VFS Global centres for temporary residence visas, permanent residence permits, waivers, exemptions, and appeals
- Applications will be accepted between 8:00am and 16:00pm Monday to Friday
- Each application fee will attract a service fee of ZAR1350.00 including VAT
- There will be a mandatory online form which applicants can fill followed by a mandatory appointment to visit a centre closest to them to submit applications
- Applicants are required to submit applications in person so that biometrics can be captured
- The processes are available on VFS Global website [www.vfsglobal.com/dha/southafrica](http://www.vfsglobal.com/dha/southafrica)

As the process is on-going, queries regarding the application process or centres can be addressed directly to VFS Global Call Centre on the following number: +27124253000 [www.vfsglobal.com/dha/southafrica](http://www.vfsglobal.com/dha/southafrica) or to the department of home affairs [www.dha.gov.za](http://www.dha.gov.za).

## 5. Legal Services

### 5.1 Legal Fees

The table below shows the average price charged by senior and junior counsels in South Africa.

LEGAL FEES (ZAR)	
Senior Counsel	At least 3,000 per hour
Junior Counsel	At least 1,689 per hour

Source: *Legal aid South Africa guide 2018*. Fee tariffs go to [www.legal-aid.co.za](http://www.legal-aid.co.za)

### 5.2 Enforcing Contracts

The ease or difficulty of enforcing commercial contracts in South Africa is indicated in the table below, using 3 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. These are World Bank indicators for determining the ease at which contracts are enforced. In South Africa, the cost of enforcing contracts is, on average, 33.2% of debt value and can be completed within 7 procedures, which is lower than the OECD average.

EASE OF ENFORCING CONTRACTS, 2018				
INDICATOR	SOUTH AFRICA	INDIA	BRAZIL	OECD AVERAGE
Number of procedures	7	10.5	12.5	11.5
Time (days)	600	1445	731	582.4
Cost (% of debt)	33.2	31.0	20.7	21.2

Source: *World Bank Doing Business, 2019*

## 6. Utilities

### 6.1 Electricity

Eskom is a state-owned enterprise that generates approximately 95% of the electricity used in South Africa and approximately 45% of the electricity used in Africa. Eskom generates, transmits and distributes electricity to industrial, mining, commercial, agricultural and residential customers and redistributors. The table below shows the current electricity tariffs for both domestic and commercial customers in the City of Cape Town area.

ELECTRICITY TARIFFS FOR CITY OF CAPE TOWN AREA: EFFECTIVE TARIFFS FROM 1 JULY 2018				
Domestic Customers		Daily service charge (ZAR)	Energy charge (c/kWh)	Demand Charge (ZAR/kVA)
Domestic	Block 1 (0 - 600kWh)	-	210,32	-

	Block 2 (600.1 + kWh)	-	255,75	-
Lifeline	Block 1 (0 – 350kWh)	-	126,85	-
	Block 2 (350.1 +kWh)	-	255,75	-
<b>Commercial Customers</b>		<b>Daily service charge (ZAR/DAY)</b>	<b>Energy charge (c/kWh)</b>	<b>Demand Charge (ZAR/kVA)</b>
Small Power Users 1		56.73	161.75	-
Small Power Users 2		4.47	284.50	-
Large Power Users (500kVA and 1 MVA low voltage)		85.33	147.57	178.33
Large Power Users (medium voltage)		85.33	106.27	108.51
Medium Voltage Time of Use Tariff		7 003.50	51.45(high demand Standard)	110.88
High Voltage Time of Use tariff		7 705.00	82.05(high demand Standard)	103.34

Source: City of Cape Town, 2019

Consumers receiving less than 250 kWh/month on average will be charged at the Lifeline Tariff and will receive a free basic supply of up to 60 kWh per month. Consumers receiving between 250 kWh and 450 kWh per month on average will receive a free basic supply of 25 kWh per month.

The free 60 or 25 kWh forms part of the first block of 350 kWh for Lifeline consumers (e.g. first 60 kWh are free, next 90 kWh are at the appropriate rate.)

## 6.2 Water

Metered Water Consumption (10% restriction tariff)	ZAR per kilo litre	Sewerage Charge	ZAR per kilo litre
<b>Domestic</b>		<b>Domestic</b>	
0-6kl	15.73	0 - 4.2kl	13.82
+6 - 10.5kl)	22.38	+4.2 - 7.35kl	19.67
(+10.5 - 35kl)	31.77	+7.35 - 14kl	29.43
(+35kl)	69.76	+14 - 24.5kl	52.96
<b>Commercial</b> (Water supplied to premises predominantly of a commercial nature).	<b>28.82</b>	<b>COMMERCIAL</b> – Standard (95% of water consumption).	<b>25.89</b>
<b>Industrial</b> (Water which is used in manufacturing, generating electricity, land-based transport, construction or any related purpose).	-	<b>INDUSTRIAL</b> – Standard (95% of water consumption).	-

Source: City of Cape Town, 2019

## 6.3 Fuel

The table below shows the wholesale and retail fuel charges in South Africa during the period June 2018.

Gauteng (Zone 9C)		
Fuel category	CENTS/LITRE	PUMP PRICE (CENTS/LITRE)
V Power 95 (ULP)	1,210.00	1408.00
Petrol 93 ULP & LRP	1,188.00	1386.00
Diesel 0.05% S	1,314.42	Not controlled
Diesel 0.005% S	1,318.82	Not controlled

Coastal (Zone 1A) (incl. Western Cape)		
Fuel category	ZAR/LITRE	PUMP PRICE (ZAR/LITRE)
V Power & M95 LRP	1,139.00	1,337.00
Diesel 0.05%	1,265.62	Not controlled
Diesel 0.005%	1,270.02	Not controlled

Source: Shell SA extracted January 2018

## 7. Telecommunications

South Africa has one fixed-line telephone network, controlled by the state-owned monopoly Telkom, but a second network operator, Neotel, has been licensed and started operations mid-2008. The table below provides the latest call charges by Telkom.

LOCAL TELEPHONE CALLS, 2019		
CALL DISTANCE	ALL TIME (ZAR PER MINUTE INCL.VAT)	STANDARD TIME (ZAR PER SECOND INCL. VAT)
Conventional (Postpaid) calls -- as well as WorldCall (Pre-Paid and Charge Card) calls (On-net calls)	57.0 c	57.0 c
INTERNATIONAL OUTGOING CALLS		
COUNTRY	FIXED (ZAR/MIN)	MOBILE (ZAR/MIN)
United Kingdom	0.60	6,06
United State	0,33	4,84
Australia	0,76	3,73
Netherlands	6,72	6,74
Germany	0,74	3,67
India	0,58	0,58
China	0,62	0,62
UAE	4,74	4,74
Kenya	5,28	6,20
Ghana	6,67	6,67
Nigeria	2,71	2,71
Angola	1.01	4,89
Mozambique	0,86	1.81

Source: Telkom, 2019

### Landline to mobile numbers (Vodacom, MTN, Cell C, Virgin Mobile, 8.ta)

There are five mobile networks in South African, namely: MTN, Vodacom, Cell C, Virgin and 8.ta.

LANDLINE TO MOBILE	PEAK TIME (ZAR INCL VAT)	OFF-PEAK TIME (ZAR INCLU VAT)
First 60 sec	1.30	1.05
Next 30 sec	0.652	0.29

Source: Telkom, 2019

### Cellular to Cellular

The table below shows the cell phone charges by the various cell phone companies operating in South Africa.

MOBILE NETWORK	ALL DAY CALL RATE PER SECOND BILLING (ZAR)
Vodacom to other	0.79 per min
MTN	0.79 per min
Virgin Mobile	0.75 per min

8.ta	0.75 per min
Cell C	0.66 per min

Source: Vodacom, MTN, Cell C, 8.ta, Virgin Mobile, 2019

## Internet Connection

The table below shows the internet connection charges of Telkom for business uncapped Elite+. Business Uncapped Elite+ includes the Elite+ VDSL access speed (up to 40Mbps). Uncapped is based on blended internet usage. Added to this is the Starter VAS package which makes your business visible and accessible via the Internet.

INTERNET CONNECTION: BUSINESS UNCAPPED ELITE+		
BROADBAND (CONNECTIVITY)	INSTALLATION (ZAR INCLU VAT)	MONTHLY RENTAL (ZAR INCLU VAT)
Business line rental (exchange connection)	R705.00	R249.00
Fast DSL – up to 2 Mbps	R806.10	R277.10
Faster DSL – up to 4 Mbps	R1 007.76	R398.46
Fastest DSL – up to 10 Mbps	R1 613.30	R731.00
Elite (20 Mbps)	R899.00	R1 128.82
Elite + (40 Mbps)	R1 199.00	R1 764.34

Source: Telkom, 2019

Note: For other broadband and Internet bundles visit [www.telkom.co.za](http://www.telkom.co.za)

## 8. Transportation & Freight

### Car Hire and Shuttle Services

CAR SERVICE	RATES (ZAR)
Meter Taxi	9 to 12 per km
Airport transfers (Between Cape Town International Airport and Cape Town area)	Between 200 - 300
Car Hire (per day)	± 339 (Small) ± 555 (Medium) ± 1400 (Large)
My Citi Costs: Single-trip card: : Single-trip card including Airport	R30 R100

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

### Train Transport

SELECTED WESTERN CAPE FARES CALCULATED FROM CAPE TOWN STATION (METRO PLUS)			
DESTINATION	SINGLE (ZAR)	WEEKLY (ZAR)	MONTHLY (ZAR)
CPT – Claremont/Rondebosch/Woodstock/City/Mowbray	9.50	76.00	228.00
CPT – Bellville/ Goodwood/ Parow/Tyger Valley	10.50	84.00	257.00
CPT – False Bay/Fish Hoek/Muizenberg/Kalk Bay	12.50	102.00	313.00
CPT – Chris hanni/ Kraaifontein/ Simon's Town	15.50	127.00	394.00
CPT – Paarl/ Wellington/ Strand	18.50	152.00	471.00

Source: Cape Metro Rail, June 2019

### Air Transport

The table below shows the air service charges for selected routes in South Africa.

DESTINATION	PRICE FOR RETURN FLIGHT (ECONOMY CLASS PRICES, ZAR)
Cape Town – Johannesburg	2494
Cape Town – Durban	2904



Johannesburg - Durban	2086
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Source: An average of 3 service providers were contacted to estimate an average price, 2019. Prices include all taxes. Bookings made one month in advance.

## Sea Transport

The table below shows the sea transport charges for wine along selected routes in South Africa.

DESTINATION (ZAR)			
Commodity - wine	Cape Town to the United States	Cape Town to the United Kingdom	Cape Town to China
20 ft Container	± 36,723	± 31,797	± 43,339
40 ft Container	± 54,825	± 47,457	± 72,233

Source: An average of 3 service providers were contacted to estimate an average price, 2019

## Courier Fee

The table below shows the courier service charges for documents sent for selected routes from Cape Town.

POSTNET IN SOUTH AFRICA				
ZAR99 for the first 2 kg		Maximum weight 15kg's		
DHL EXPRESS WORLD WIDE				
SIZE & MAX RECOMM WEIGHTS	SUB SAHARA N AFRICA	MIDDLE EAST & EUROPE, UK	CANADA, MEXICO, USA	REST OF WORLD
337*182*100mm (5kg)	680	860.00	470.00	610.00
417*359*369mm (15kg)	2655.00	4615.00	4715.00	5350.00
541*444*409mm (25kg)	3530.00	6225.00	6450.00	7315.00

Source: DHL express, 2019

## 9. Living in the Western Cape

### Hotel Accommodation

The prices per night of rated hotels are provided below:

#### Rated Hotel prices per night:

Five Stars: ZAR2600 - ZAR8,641  
Four Stars: ZAR1,900 - ZAR7,200  
Three Stars: ZAR500 - ZAR1,450

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

### Education

CATEGORY OF SCHOOL	FEES PER YEAR (ZAR)
Private School	80,000 – 166,000
Model C schools (Public schools with parent contributions)	15,000 - 50,000
Public School	± 1,445
Tertiary Education	11, 000 – 65,000

Source: An average of 3 schools per category were used to estimate an average price, February 2019.

Note: Costs of education exclude 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.

## Consumer Goods

CONSUMER ITEMS	PRICE (ZAR)
Milk	7.99 – 12.49 a litre
Bread loaf	5.90 – 25.00
Meat	38.99 - 98.99 per kilo
Chicken (whole)	19.99 - 65.42-per kilo
Half a dozen large eggs	20.99±
Instant coffee (750 gr)	11.62 – 20.30
Bottle of good quality wine	75.00±
Packet of cigarettes	29.28-38.46
Movie tickets	150-300
Hair cut	20 – 200
Laundry (wash and dry per 5kg)	20 – 30
Domestic help per hour	13.69 hourly/433.35 weekly
Medical (GP fee per consultation)	180 - 550
Green fees for golf course; Visitor Southern Cape Affiliated	R230/18 holes R145/9 holes
Big Mac	39.90

Source: An average of 3 suppliers was contacted to estimate average prices, 2019.

## 10. Useful Contacts

ORGANISATION	WEBSITE	TELEPHONE NUMBER
City of Cape Town	<a href="http://www.capetown.gov.za/">www.capetown.gov.za/</a>	+27 (0) 21 417 4020
Wesgro	<a href="http://www.wesgro.co.za">www.wesgro.co.za</a>	+27 (0)21 487 8600
Business Process Enabling South Africa (BPesa)	<a href="http://www.bpesa.org.za">www.bpesa.org.za</a>	+27 (0)71 838 5309
Cape Chamber of Commerce	<a href="http://www.capetownchamber.com">www.capetownchamber.com</a>	+27 (0)21 402 4300
Financial Services Board	<a href="http://www.fsb.co.za">www.fsb.co.za</a>	+27 (0)12 428 8000
South African Reserve Bank	<a href="http://www.reservebank.co.za">www.reservebank.co.za</a>	+27 (0) 12 3133911
SA Financial Sector Forum	<a href="http://www.finforum.co.za">www.finforum.co.za</a>	+27 (0) 21 4816700
The Banking Association of South Africa	<a href="http://www.banking.org.za">http://www.banking.org.za</a>	+27 (11) 645 6700
Cape Chamber of Commerce	<a href="http://www.capetownchamber.com">www.capetownchamber.com</a>	+27 (0)21 402 4300
Cape Innovation and Technology Initiative	<a href="http://www.citi.org.za/">http://www.citi.org.za/</a>	+27 (21) 409 7000
Department of Trade and Industry	<a href="http://www.thedti.gov.za">www.thedti.gov.za</a>	+27 (12) 394 9500
Department of Environmental Affairs	<a href="http://www.environment.gov.za">www.environment.gov.za</a>	086 111 2468 OR +27 12 310 3123
Small Enterprise Development Agency (SEDA)	<a href="http://www.seda.org.za">www.seda.org.za</a>	0860 103703 OR +27 12 441 1000
Companies and Intellectual Property Commission (CIPC)	<a href="http://www.cipc.gov.za">www.cipc.gov.za</a>	+27 12 394 9500
Industrial Development Corporation (IDC)	<a href="http://www.idc.co.za">www.idc.co.za</a>	+27 21 421 4794
Rode & Associates (Property Economists)	<a href="http://www.rode.co.za">www.rode.co.za</a>	+27 21 946 2480
Baker property Ltd	<a href="http://www.baker-street.co.za">www.baker-street.co.za</a>	+27 21 461 1668 OR 021 461 1660
Department of Home Affairs	<a href="http://www.home-affairs.pwv.gov.za">www.home-affairs.pwv.gov.za</a>	+27 21 465 3456/7

ORGANISATION	WEBSITE	TELEPHONE NUMBER
Law Society of South Africa	<a href="http://www.lssa.org.za">www.lssa.org.za</a>	+27 12 362 1729
Cliffe Dekker	<a href="http://www.cliffedekkerhofmeyr.com">http://www.cliffedekkerhofmeyr.com</a>	+27 21 481 6300
Eskom	<a href="http://www.eskom.co.za">www.eskom.co.za</a>	0860 037 566
Cape Town City Council – Water & Sewage Services	<a href="http://www.capetown.gov.za">www.capetown.gov.za</a>	0860 103 054
South African Venture Capital Association (SAVCA)	<a href="http://www.savca.co.za">www.savca.co.za</a>	+27 11 268 0041
Development Bank of Southern Africa (DBSA)	<a href="http://www.dbsa.org.za">www.dbsa.org.za</a>	+27 11 313 3911
SA Institute of Chartered Accountants	<a href="http://www.saica.co.za">www.saica.co.za</a>	+27 21 423 3938



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## Speak to the Experts

T: +27 (0) 21 487 8600

E: [invest@wesgro.co.za](mailto:invest@wesgro.co.za)

W: [www.wesgro.co.za](http://www.wesgro.co.za)

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cape town & western cape  
tourism, trade & investment

18th floor, reserve bank building | 60 st georges mall, cape town 8001 | p.o. box 1678 cape town 8000 south africa  
tel: +27 21 487 8600 | e-mail: [info@wesgro.co.za](mailto:info@wesgro.co.za) | website: [wesgro.co.za](http://wesgro.co.za)