

Doing Business in South Africa 2015



COMPARING BUSINESS REGULATIONS FOR DOMESTIC FIRMS
IN 9 URBAN AREAS AND 4 MAJOR PORTS WITH 188 OTHER ECONOMIES

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Doing Business in South Africa 2015 is the first subnational report of the *Doing Business* series in South Africa. It measures business regulations and their enforcement in 9 urban areas and 4 major ports. The cities are compared against each other, and with 188 other economies worldwide.

Comparisons with other economies are based on the indicators in *Doing Business 2015*, *Going Beyond Efficiency*, the twelfth in a series of annual reports published by the World Bank Group. The indicators in *Doing Business in South Africa 2015* are also comparable with almost 400 cities from 55 economies benchmarked in other subnational *Doing Business* studies. All data and reports are available at www.doingbusiness.org/subnational.

Doing Business investigates the regulations that enhance business activity and those that constrain it. Regulations affecting 6 stages of the life of a business are measured at the subnational level in South Africa: starting a business, dealing with construction permits, getting electricity, registering property, enforcing contracts and trading across borders. These indicators were selected because they cover areas of local jurisdiction or practice. The indicators are used to analyze economic outcomes and identify what reforms have worked, where and why. The data in *Doing Business in South Africa 2015* are current as of January 2015.

This project is implemented by the Global Indicators Group (Development Economics) of the World Bank Group in collaboration with the National Treasury of the Republic of South Africa, the Department of Trade and Industry and the South African Cities Network. The study is co-funded by Switzerland's State Secretariat for Economic Affairs (SECO) and the National Treasury.



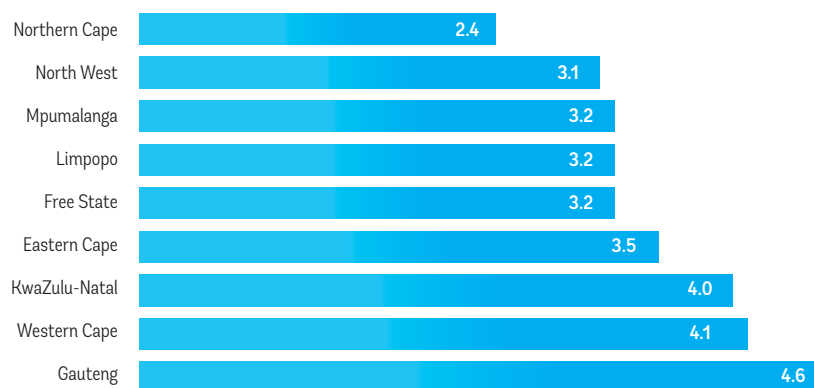
Overview

Over the last two decades, South Africa has made notable strides in moving away from the legacy of its apartheid past and in consolidating the institutions and practices of democracy. The political transition and a vast number of policy reforms have brought not only economic growth for a privileged few, but more opportunities for society at large, including those previously excluded. Economic growth has moved from a historically erratic trajectory to a steady, albeit modest course with an annual average GDP growth rate of 3% in the first post-apartheid decade, to above 5% for 3 consecutive years immediately preceding the financial crisis of 2008.¹ South Africa is the second largest economy in Africa, contributing approximately 15% of the continent's GDP.² It is also much more closely integrated with the global economy,

a feature that provides further opportunities for growth and development. These remarkable achievements may have seemed unattainable in the not-so-distant past, but as Madiba once said, "It always seems impossible until it's done."

Adjusting to a slow-growth global economy post the 2008 crisis has not been an easy feat for emerging market economies like South Africa. In addition, a number of unresolved internal issues continue to impede shared prosperity. The country still suffers from one of the highest income inequalities in the world.³ Unemployment remains stubbornly high—1 in 4 South Africans is without a job. The situation is even worse among the youth⁴—1 in 2 is unemployed.⁵ There are also marked regional differences across provinces:

FIGURE 1.1 Average real annual economic growth rate (%) across provinces: 2001 – 2011



Note: The 9 cities benchmarked in this report belong to the following provinces: Eastern Cape (Buffalo City and Nelson Mandela Bay), Free State (Mangaung), Gauteng (Ekurhuleni, Johannesburg and Tshwane), KwaZulu-Natal (eThekweni and Msunduzi), and Western Cape (Cape Town).

Source: Statistics South Africa (beta2.statssa.gov.za).

- South African entrepreneurs face different regulatory hurdles depending on where they establish their businesses. This is due to varying local regulations and efficiency levels within municipalities and public agencies in charge of the 6 benchmarked areas and differences in the interpretation of national legislation.
- There is no relationship between the size of the city (as measured by population) and the rankings, and no single city performs equally well on all indicators. Johannesburg and Cape Town, the largest urban centers, are the top performers on registering property and dealing with construction permits, respectively, while Mangaung, the second least populous city, leads the getting electricity and enforcing contracts indicators.
- Local policy makers can achieve tangible improvements by replicating good practices already successfully implemented in other cities in South Africa. Small administrative improvements not requiring legislative changes can make a difference for a small or medium-size firm.
- Local improvements will not only advance the standing of one location within South Africa, but also make a significant difference on the global scale: If a hypothetical city were to adopt the good practices found across the 9 cities in dealing with construction permits, getting electricity and enforcing contracts, it would surpass the average performance of the OECD high-income economies in all 3 areas.

TABLE 1.1 Since 2007/2008, South Africa has made major improvements in 7 *Doing Business* areas

	2007-08	2008-09	2009-10	2011-12	2012-13	2013-14	2014-15
Starting a business		Eliminated the need to use a legal professional for document submission		Implemented a new company law			
Registering property				Reduced transfer duty and introduced electronic filing			
Getting credit	Gave the borrowers the right to access and challenge their credit records						*Required credit bureaus to remove negative credit information on a consumer's record before April 1, 2014
Enforcing contracts							Amended the monetary jurisdiction of lower courts and introduced voluntary mediation
Paying taxes	Reduced stamp duty	Abolished the regional establishment levy and regional services levy	Abolished stamp duty			Replaced the secondary tax on companies with a dividend tax borne by shareholders	
Trading across borders					Reduced the time and documents to export and import through ongoing customs modernization program		
Resolving insolvency				Introduced a new reorganization process to facilitate rehabilitation of financially distressed companies			

*Change making it more difficult to do business

Source: *Doing Business* database.

only Gauteng, Kwazulu-Natal and Western Cape matched or surpassed the national average GDP growth rate of 4% over the period of 2001 to 2011⁶ (figure 1.1). Within cities, the relicts of the spatial divide between underserved and more developed areas are yet to be addressed. Service delivery protests are widespread, and labor unrests commonly occur, especially in the mining sector.

There is a growing consensus within South Africa that the economy is functioning below its potential and that more must be done to promote shared prosperity. The *National Development Plan 2030* is the footprint to guide the

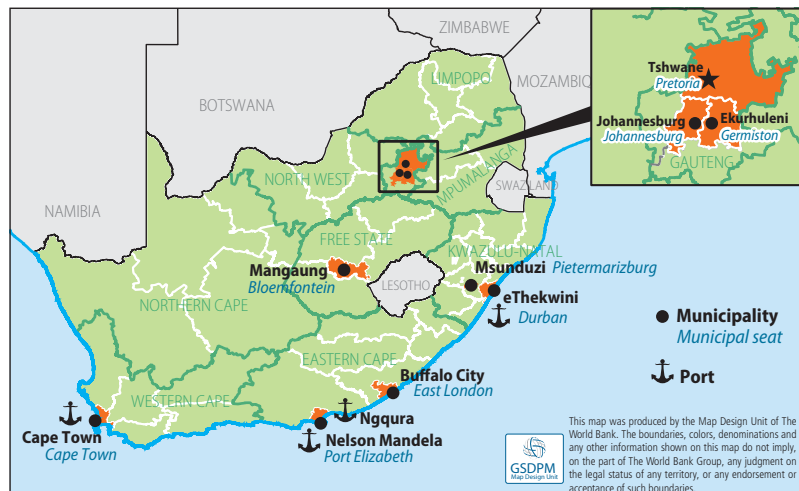
country towards eliminating poverty and reducing inequality.⁷ Regulatory reforms and an enabling business environment have been identified as mechanisms to promote small and medium-size enterprises as the main job creators and drivers of exports—according to the plan, 90% of new jobs will be created by small and medium-size enterprises.

Doing Business studies business regulations from the perspective of small and medium-size domestic firms. A fundamental premise of *Doing Business* is that economic activity benefits from good rules and institutions. These include rules that establish and clarify

property rights, reduce the cost of solving commercial disputes, increase the predictability of economic outcomes and provide contractual partners with core protections against abuse. The objective: transparent regulations designed to be efficient, accessible to all and simple to implement.

Over the past decade, South Africa has implemented regulatory reforms improving 7 areas measured by *Doing Business* (table 1.1). The Companies Act No. 71 significantly lowered the cost of business incorporation and simplified business registration. In registering property, electronic platforms for transfer duty declarations and

FIGURE 1.2 *Doing Business in South Africa 2015* benchmarks 9 major cities and 4 maritime ports



payments were set up and some duties reduced. Credit information systems now give borrowers the right to challenge their credit records. Court costs have been minimized thanks to the repeal of the revenue stamp. Numerous taxes, such as the regional establishment levy, the regional services levy, the secondary tax on companies and the stamp duty were reduced or abolished. The reduction of taxes also lowered the cost to trade across borders. In addition, the documents and time needed to export and import goods were reduced by the ongoing customs modernization program. Lastly, a new reorganization regime has facilitated the resolution of insolvency.

Despite these reforms, South Africa's global ranking has been slipping. One reason is that other economies have improved at a faster pace. Also, there are areas where South Africa is lagging behind, most notably with respect to getting electricity, trading across borders and registering property. In a recent investment climate assessment, South African enterprises identified electricity as one of the top constraints, only surpassed by crime. One in 10 entrepreneurs also identified access to land as a constraint.⁸

South African exports have suffered since the global financial crisis. And while that is closely linked to external factors as well as enterprise and sector performance, the burdens faced by South Africans when exporting goods through the country's major ports cannot be ignored—South Africa is among the 50 most expensive economies to export, as expensive as a landlocked economy like Paraguay.⁹

WHAT DOES DOING BUSINESS IN SOUTH AFRICA 2015 MEASURE?

As the largest business city in South Africa, Johannesburg¹⁰ represents the country in *Doing Business*, which annually compares 189 economies globally. However, in a large economy with a decentralized system of government comprising 9 provinces, 8 metropolitan areas, 44 district municipalities and 226 local municipalities, entrepreneurs face different local practices and regulations depending on where they operate. South Africa's 1996 Constitution granted increased autonomy to all municipalities. In short, Johannesburg does not tell the full story.

This study expands the benchmarking exercise to all metropolitan areas¹¹ and the Msunduzi local municipality (figure 1.2). The focus is on indicators that measure the complexity and cost of regulatory processes, as well as the strength of legal institutions affecting 6 stages in the life of a small to medium-size domestic firm: starting a business, dealing with construction permits, getting electricity, registering property, enforcing contracts and trading across borders. Trading across borders measures importing or exporting a container from or to Johannesburg through the country's main maritime ports—Cape Town, Durban, Ngqura and Port Elizabeth.

The indicators were selected because they are governed—at least partially—by local jurisdiction. While the same legal and regulatory framework applies across locations, its implementation varies and local regulations may be different. This is especially evident across metropolitan municipalities, which have exclusive municipal executive and legislative authority in their area of jurisdiction, while local municipalities share this authority with district municipalities. Two of the areas measured—dealing with construction permits and getting electricity—are almost entirely governed by municipalities. Across the other 4 areas, differences in implementation of national regulations drive variations across locations.

WHAT ARE THE FINDINGS?

This study shows that South African entrepreneurs face different local practices depending on where they establish their business. The summary results of the ranked indicators are presented in table 1.2.

A couple of observations stand out. First, there is no correlation between the size of the city (as measured by

TABLE 1.2 Doing Business in South Africa 2015: Where is it easier?

Municipality Municipal seat	Starting a business*		Dealing with construction permits		Getting electricity		Registering property		Enforcing contracts	
	Ranking (1-9)	DTF score (100 = best result)	Ranking (1-9)	DTF score (100 = best result)	Ranking (1-9)	DTF score (100 = best result)	Ranking (1-9)	DTF score (100 = best result)	Ranking (1-9)	DTF score (100 = best result)
Buffalo City East London	4	78.67	3	77.50	4	75.32	4	62.84	9	62.54
Cape Town Cape Town	4	78.67	1	78.08	2	81.81	8	59.23	6	67.53
Ekurhuleni Germiston	1	81.18	4	76.84	5	71.83	3	64.23	4	68.26
eThekweni Durban	4	78.67	5	76.15	3	75.73	6	62.05	3	69.27
Johannesburg Johannesburg	1	81.18	8	68.52	8	55.74	1	65.82	8	66.14
Mangaung Bloemfontein	4	78.67	9	68.22	1	83.88	9	58.41	1	71.04
Msunduzi Pietermaritzburg	4	78.67	6	74.07	7	63.00	7	59.49	2	70.81
Nelson Mandela Bay Port Elizabeth	4	78.67	2	78.05	9	53.14	5	62.69	7	66.89
Tshwane Pretoria	1	81.18	7	69.88	6	68.51	2	64.71	5	68.17

*On starting a business, each city is ranked either 1 or 4 because the only difference between cities is their proximity to the office of the Compensation Fund (Department of Labor) in Pretoria. Entrepreneurs from Ekurhuleni, Johannesburg and Tshwane conduct the registration of their employees at the Pretoria office and these cities rank equally at the top. In the other cities the process takes longer as the applications are first submitted to the local labor centers, then forwarded to the provincial offices and then to Pretoria. These cities are equally ranked at number 4, just behind the 3 cities ranked at the top.

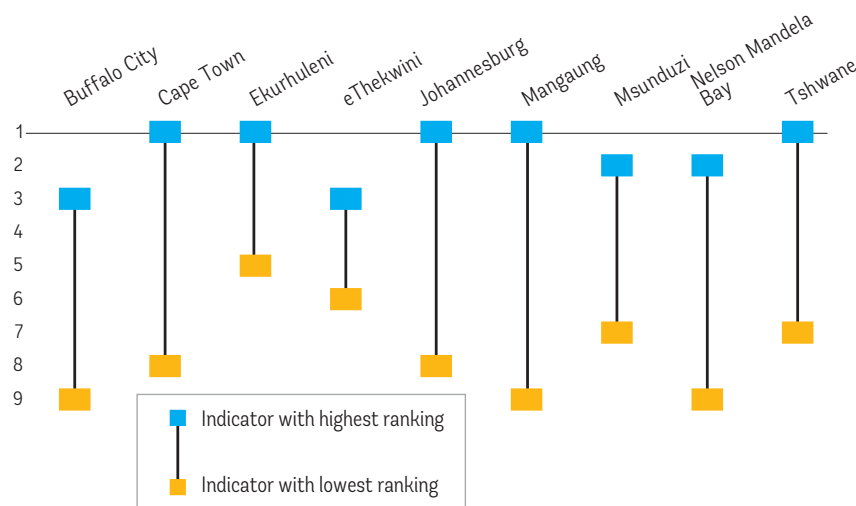
Note: The distance to frontier (DTF) score shows how far on average an economy is at any given point in time from the best performance achieved by any economy on each Doing Business indicator since 2005. The measure is normalized to range between 0 and 100, with 100 representing the frontier of best practices (the higher the score, the better). For details, see the *About Doing Business* and *Doing Business in South Africa 2015* section.

Source: Doing Business database.

population) and the rankings, and no city does equally well in all 5 areas. Johannesburg and Cape Town, the largest urban centers, are the top performers on registering property and dealing with construction permits, respectively. Mangaung, the second least populous urban center, leads the getting electricity and enforcing contracts indicators. Some cities are doing better on indicators where municipalities have the most executive

and implementation power, such as dealing with construction permits and getting electricity. Cape Town and Buffalo City rank in the top half on both. On the other hand, Johannesburg, Msunduzi and Tshwane rank poorly on these indicators. From a public-policy point of view, such dispersion or uneven performance across the indicators measured can guide local policymakers to areas where improvements are possible without major legislative changes (figure 1.3).

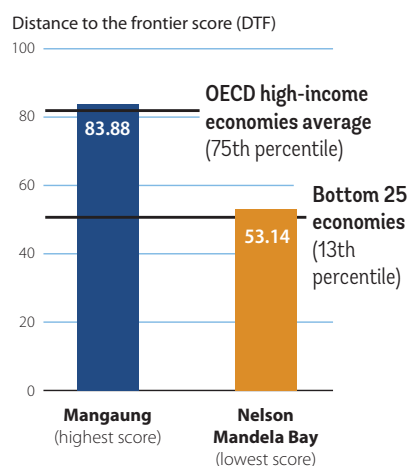
FIGURE 1.3 A location's regulatory environment may be more business friendly in some areas than others—revealing opportunities for improvement



Source: Doing Business database.

Second, local improvements will not only advance the standing of one location as compared to another within South Africa; they can make a significant difference on the global scale as illustrated by the distance to frontier (DTF) score. This score shows the distance between a city's performance and the "frontier," defined as the best performance globally across 189 economies. On getting electricity, for

FIGURE 1.4 The gap between the highest and lowest “distance to the frontier score” on getting electricity puts South African locations worlds apart on a global scale



Source: Doing Business database.

example, the distance between the top and bottom performing locations within South Africa is substantial (figure 1.4). With a DTF score of 83.88, Mangaung performs slightly above the OECD high-income average. Meanwhile, the DTF score of 53.14 places Nelson Mandela Bay in the bottom 25 economies globally. If Nelson Mandela Bay managed to replicate good practices found elsewhere in South Africa to shorten the delay and to cut the cost of getting an electricity connection, it would not only move up in the ranking as compared to its peers, but also move up the global scale.

COMPARING REGULATIONS ACROSS 9 MAJOR URBAN CENTERS AND 4 PORTS

Starting a business

Starting a business is regulated pursuant to the Companies Act No. 71 of 2008. The Companies and Intellectual Property Commission (CIPC) is in charge of business registration, the South African Revenue Service (SARS)

handles tax registration, while the Unemployment Insurance Fund and the Compensation Fund manage registration for unemployment and disability benefits. On average, starting a private company in South Africa¹² requires 6 procedures, 53 days and costs 0.3% of income per capita. While it is inexpensive, the average time is almost 6 times longer than in the average OECD high-income economy. The variation across cities is driven by delays in registering with the Compensation Fund. The registration is centralized in the Compensation Fund office in Pretoria, although entrepreneurs can submit the registration application to one of the 126 labor centers located across the country, which then forward the application by mail. Entrepreneurs from Ekurhuleni, Johannesburg and Tshwane can choose to submit the application directly to the Compensation Fund due to their proximity to Pretoria. This makes starting a business in these 3 cities faster than elsewhere.

CIPC recently transitioned from a paper-based to a fully electronic system. The platform is yet to achieve full functionality—glitches and bandwidth issues have plagued the system creating delays. Over the short term, improving online functionality is a necessary step to speed up registration. In the medium- to long-term, the electronic platform could be expanded into a one-stop shop that would integrate the 4 agencies involved in the business start-up process, enabling entrepreneurs to register their companies through a single interface.

Dealing with construction permits

Dealing with construction permits takes on average 17 procedures, 111 days and costs 1.03% of the warehouse value—which is more complex than the OECD high-income economies' average. The number of steps ranges from 15 in Nelson Mandela Bay to 22 in Mangaung. The differences are driven

mainly by how local authorities manage the preconstruction clearances issued by various municipal departments—including utility providers, public roads administration and fire and health departments—and by how many inspections take place during construction. The time to deal with construction permits varies from 83 days in Cape Town to more than twice as long in Tshwane, depending to a large extent on the time needed to obtain a building plan approval—in Nelson Mandela Bay this takes 14 days, while in Johannesburg, Mangaung, Msunduzi and Tshwane it takes 2 months. The cost of dealing with construction permits varies from 0.68% of the warehouse value in Mangaung to more than twice as much in Nelson Mandela Bay, depending on the building permit fee, which constitutes on average two-thirds of the total cost.

Simplifying the preconstruction clearances is a key factor in facilitating the construction permitting process in many of the South African cities—preconstruction clearances are required even for low-risk projects such as commercial warehouses for the storage of non-hazardous goods. Reorganizing the approval of building plans is also important, especially for cities where it creates delays. The use of electronic platforms to connect all relevant approving departments is a well-known good practice globally, and Cape Town authorities are already working on such improvements.

Getting Electricity

Obtaining a new electricity connection for a business takes on average 5 procedures, 141 days, and costs 472.8% of income per capita. The number of procedures is at par with OECD high-income economies but the process is almost twice as long and much more expensive—the OECD high-income average cost is just 73.2% of income per capita.

The National Energy Regulator oversees the electricity, gas and petroleum industries. Electricity distribution is shared—60% is handled by municipalities covering mostly urban areas, while Eskom, the government-owned public utility, supplies the remaining 40%, mostly in smaller municipalities, rural areas and townships. It is easier to obtain an electricity connection in Cape Town and Mangaung and more difficult in Johannesburg and Nelson Mandela Bay. Typically, the process to obtain an electricity connection in South Africa includes applying for a connection with the relevant distribution utility, receiving an external inspection and estimate of the cost, and having the distribution utility carry out the connection works. In Cape Town and Mangaung, only 4 procedures are necessary to obtain a new electricity connection, while in Buffalo City, Ekurhuleni and Tshwane the customer has to go through 6 steps. Obtaining a new electricity connection is fastest in Buffalo City (66 days). In Nelson Mandela Bay it takes 5 times longer. Delays are attributed to long wait times for the completion of the external connection works and lengthy application processes. Costs are highest in Johannesburg, Cape Town and Nelson Mandela Bay and lowest in Buffalo City and Ekurhuleni. The main drivers of variations in cost are connection fees and variable cost for material and labor.

Streamlining connection approvals could help expedite the electricity application process currently taking an average of 51 days. Also, improving the transparency of the connection process and connection costs could reduce transactions costs between applicants and municipalities. Some municipalities already post extensive information on their websites, and others could follow suit.

Registering property

Registering property takes on average 8 procedures, 32 days and costs 6.3% of the property value. It is more cumbersome and more expensive than OECD high-income economies, where it takes on average 5 steps, 24 days and costs 4.2% of property value. Registering property is easier in Johannesburg, where it takes only 23 days and 7 procedures. By contrast, in Mangaung it takes 52 days and 8 procedures. The delay is largely caused by the time it takes to obtain the rates clearance certificate from the municipality, as required under Section 118 of the Local Government Municipal Systems Act 32 of 2000. The average time to obtain a rates clearance certificates across South Africa is 19 days, but it can vary from 7 days in Nelson Mandela Bay and 10 days in Buffalo City (where conveyancers can request rates clearance certificates online) to 42 days in Mangaung.

The time to process transfer deeds at regional Deeds Registries also varies across the country. In Tshwane lodging and signing of a transfer deed at the Pretoria Deeds Registry takes 9 days, while the same process takes 14 days in Cape Town and eThekweni. The cost hovers around 6.3% of the property value across the country.

Making the issuance of rates clearances more efficient would reduce the overall time to register property in cities where the process is longest. There are already examples of good practices within the country that could be replicated to handle large volumes of transactions—Cape Town and eThekweni have launched electronic platforms that can instantly produce the outstanding rates balance and automatically issue the rates clearances.

Enforcing contracts

On average, it takes 29 procedures, 551 days and costs 32.2% of the claim value to resolve a commercial dispute

across the 9 South African cities measured. This is as efficient but more expensive than the OECD high-income economy average, where the process takes on average 31.5 procedures, 540 days and costs 21.4% of the claim value. Although court efficiency varies, litigants in all locations spend most of their time waiting for pre-trial hearings, trials or both. The trial and judgment phase lasts an average of almost 15 months, ranging from just under 12 months in Msunduzi to 19 months in Buffalo City. Enforcing a judgment takes from 64 days in Buffalo City to 83 days in Ekurhuleni, Mangaung, Msunduzi and Tshwane. Waiting for the sheriff to attach, remove and sell an insolvent judgment debtor's assets takes the greatest share of the time needed to enforce a judgment. The cost of litigation varies from 29.4% in Mangaung to 35.8% in Buffalo City. Court costs and enforcement fees are the same across locations—with attorney fees being the driver of cost differences between municipalities.

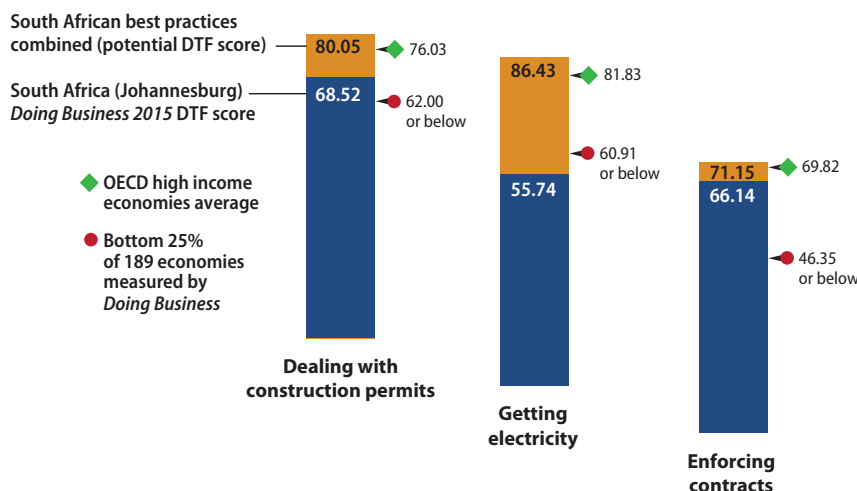
To make enforcing contracts more efficient, South African authorities could increase the use of electronic tools. The South African courts already use a tool known as NOC to collect statistics; however, the tool is limited as it fails to capture important information, such as the number of backlogged or settled cases, which are important for monitoring and evaluation purposes. E-filing is another good international practice that could reduce delays and minimize the risk of document misplacement and improper allocation of case numbers.

Trading across borders

Compared internationally, South Africa ranks 100 out of 189 economies measured by *Doing Business 2015* on the ease of trading across borders. It is among the top 5 performers in Sub-Saharan Africa. Exporting through the 4 measured ports requires 5 documents, takes on average 16 days and

FIGURE 1.5 How would the adoption of subnational good practices beyond Johannesburg impact South Africa's global DTF score in dealing with construction permits, getting electricity and enforcing contracts?

Distance to the frontier score (DTF)



Source: *Doing Business* database.

costs an average of US\$1,968 per 20-foot container. Importing requires 6 documents, takes on average 20 days and costs US\$2,190 per 20-foot container. Long dwell times at the ports and high inland transportation costs are the main obstacles to traders.

Port and terminal handling time differs across ports, especially for imports, ranging from 6 to 9 days. Durban is the slowest port, partly because it handles larger volumes of containers and experiences congestion. Inland transportation represents the highest cost, reflecting the distance between the ports and Johannesburg. The number of documents necessary to import and export in South Africa—the same regardless of which port is used—is high compared globally.

Customs and ports have reformed in recent years with the introduction of electronic data interchange systems and online processing of documents. Since document preparation and terminal handling cause the largest delays when exporting or importing,

streamlining documentation requirements and increasing port efficiency could significantly reduce delays. In addition, introducing a single window for trade could make communication more effective between SARS, Transnet and private operators since now there are separate electronic data platforms that serve different purposes.

LEARNING FROM EACH OTHER

Benchmarking exercises like *Doing Business* inspire governments to reform. Comparisons of locations within the same country may be even stronger drivers of reform as it is more difficult for local governments to justify why doing business in their city is more burdensome than in the neighboring location.

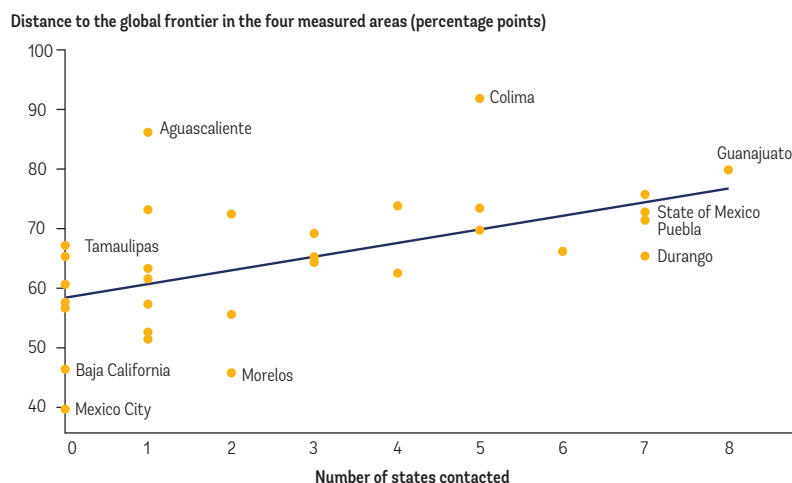
In South Africa there are good practices to be found on various indicators across locations. Combining the subnational good practices in dealing with construction permits, getting electricity and enforcing contracts

would improve South Africa's DTF score above the OECD high-income economy average on all 3 indicators (figure 1.5). If a hypothetical city were to streamline the number of requirements to obtain an electricity connection to just 4, as in Cape Town and Mangaung, provide a connection within 66 days and at a cost of 257.2% of income per capita, as in Buffalo City, South Africa's global DTF score would climb by a sizable 31 points on this indicator, placing it close to Japan and Malaysia and ahead of Slovenia or Finland. Reducing the requirements and time to deal with construction permits to 15 procedures, as in Nelson Mandela Bay, and 83 days, as in Cape Town—2 months faster than in Johannesburg—and lowering the cost to 0.68% of the warehouse value, as in Mangaung, would put South Africa more than 11 points ahead. In enforcing contracts—an indicator where South African cities fare quite well on average—handling court cases as efficiently and as inexpensively as in Msunduzi and Mangaung, respectively, would improve the country's DTF score by 5 points, placing it among the best 25 economies globally on this indicator.¹³

The good news is that there is no need to reinvent the wheel, and tangible improvements can be achieved by introducing measures already successfully implemented elsewhere in South Africa. Sharing the same national legal and regulatory framework facilitates the replication of good local practices. Small administrative improvements not requiring major regulatory changes can make a big difference in the life of a small or medium-size firm.

Peer-to-peer learning can facilitate knowledge sharing and provide opportunities for local authorities to lobby the national government for nationwide reforms that push the agenda for the country as a whole. Some economies have built a strong track record in peer-to-peer learning and use *Doing Business* indicators and good

FIGURE 1.6 In Mexico, states that strive the most to maintain an active dialogue with their peers have a better business regulatory environment



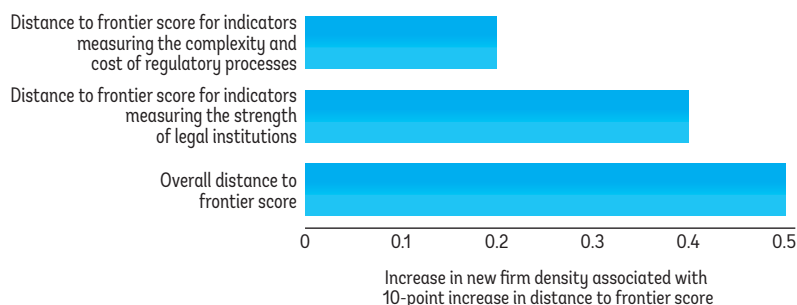
Note: The correlation between the distance to frontier and the number of states that were contacted by other states is 0.53 and the relationship is significant at 1%.

Source: *Doing Business* database —obtained in November 2013 during consultative meetings with authorities from Mexican states.

practices as a framework for discussion. Such is the case in Mexico, where the Federal Commission for Regulatory Improvement (COFEMER) organizes biannually a regulatory conference, allowing every state to share its experience with regulatory improvements. Peer learning also takes place when local policy makers visit neighboring states and cities. For example, policy

makers of the state of Colima paid a visit to Sinaloa, where they learned about how to issue land use authorizations electronically. Soon Colima set up a similar system on its own website. Not surprisingly, data shows that the better-performing states are those that make the most efforts to maintain a dialogue with their peers (figure 1.6).

FIGURE 1.7 Combined regulatory reforms are likely to have greater effects on new business registration than isolated ones



Note: New firm density is defined as the number of newly registered limited liability companies per 1,000 working-age people (ages 15–64). Indicators measuring the strength of legal institutions are those on getting credit, protecting minority investors, enforcing contracts and resolving insolvency. Indicators measuring the complexity and cost of regulatory processes are those on starting a business, dealing with construction permits, getting electricity, registering property, paying taxes and trading across borders. The analysis uses data from 2003–13 for all economies covered by *Doing Business*.

Source: Divanbeigi, Raian, and Rita Ramalho. 2014. "Business Regulations and Growth." Draft paper, *Doing Business* Unit, World Bank Group, Washington, DC.

In addition, the Mexican Ministry of Economy uses *Doing Business* and other indicators for monitoring and evaluation purposes. The funding vehicle "Fondo PYME" offers subsidies to states and municipalities that implement regulatory reform projects to improve the investment climate and competitiveness. Showing improvement in the indicators is an integral part of the terms of references for locations that are seeking funds.

There is no blueprint for how to grow and prosper. In fact, the South African government's main policy documents clearly recognize this challenge and choose to target competitiveness through a wide range of interventions, including promoting a better business environment, recognizing that complying with regulations brings more benefits than costs. The plans also identify major cities as vehicles of economic growth and small and medium-size firms as central job creators.¹⁴ It is estimated that small and medium-size firms produce 52 to 57% of GDP and provide 61% of employment.¹⁵

The findings of this study provide an opportunity for national and local policy makers to substantively address a number of impediments to the investment climate that have plagued the country over decades. Some potential improvements can be made at minimal cost in terms of budget resources (table 1.3). For example, organizing staff and workflow like in the Magistrates' Court in eThekweni can help improve the efficiency of court proceedings. Many of the opportunities to improve administrative processes emanate from expanding or improving electronic systems. Interoperable systems could also facilitate the exchange of information across government agencies. For such an electronic upgrade to be effective on a large scale, investments in broadband capacity and ensuring internet accessibility to all would be necessary preconditions.

TABLE 1.3 Recommendations to improve the ease of doing business across South Africa

RECOMMENDATIONS	RELEVANT MINISTRIES/ AGENCIES*
Starting a business	
<ul style="list-style-type: none"> • Make the CIPC online platform fully operational • Make registration with the Compensation Fund more efficient by simplifying the company risk classification system and delegating the process to provincial or local labor centers • Over the medium term, develop a one-stop shop integrating all relevant agencies 	<ul style="list-style-type: none"> • Companies and Intellectual Property Commission • South African Revenue Service • Compensation Fund (Department of Labor) • Unemployment Insurance Fund (Department of Labor)
Dealing with construction permits	
<ul style="list-style-type: none"> • Adopt a risk-based approach to municipal preconstruction clearances (e.g. from utility providers, public roads administration and fire and health departments) and inspections • Establish a one-stop shop for municipal preconstruction clearances and building approvals • Reorganize the approval of building plans or use electronic platforms • Merge postcompletion inspections and the issuance of the occupancy certificate • Introduce joint responsibility with private building professionals in the permitting process • Make the permitting process more transparent 	<ul style="list-style-type: none"> • Municipal Town Planning • Municipal Building Control • Municipal Building Inspectorate • Geographic Information System Department • Fire and Rescue Services • Utility providers • Department of Human Settlements • Department of Labor • Department of Rural Development and Land Reform • National Geo-spatial Information
Getting electricity	
<ul style="list-style-type: none"> • Streamline approval processes by improving internal municipal communication and workflows • Alleviate the burden of security deposits • Improve the transparency of the connection process and connection costs 	<ul style="list-style-type: none"> • Municipal electricity departments • Eskom • National Energy Regulator of South Africa • Department of Energy
Registering property	
<ul style="list-style-type: none"> • Adopt the electronic issuance of rates clearance certificates across the country or even consider replacing them altogether with online payment confirmation • Set effective service delivery time limits for the deeds registries and/or introduce fast-track approvals • Develop an integrated registry system for electronic registration 	<ul style="list-style-type: none"> • Deeds Registries • Municipalities • Department of Rural Development and Land Reform • South African Revenue Services
Enforcing contracts	
<ul style="list-style-type: none"> • Use court statistics for performance monitoring and introduce case management for commercial cases • Introduce e-filing and automate court processes • Introduce specialized commercial courts or court sections in locations with large caseloads 	<ul style="list-style-type: none"> • Magistrates' Courts • Department of Justice and Constitutional Development
Trading across borders	
<ul style="list-style-type: none"> • Reduce and streamline documentation requirements • Identify key bottlenecks constraining port efficiency and apply adequate measures to address them • Consider reducing port tariffs • Introduce an electronic single window for trade • Promote regional integration through border cooperation agreements 	<ul style="list-style-type: none"> • South African Revenue Service • Transnet National Ports Authority • Transnet Port Terminals

*The list includes the main ministries and departments but additional departments or ministries might be implicated.
 Note: All recommendations are detailed in the "What can be improved?" section of each chapter.

At a time of tight budgets, slower economic growth and high unemployment, reforms making it easier to do business make more sense than ever, because they help create jobs and boost growth at a relatively affordable cost. Also, while it is difficult for a country to control external factors and other variables affecting the overall context for policy implementation, improving the rules that underpin the quality of the investment climate faced by the business community can help an economy become more resilient to external shocks. Successful regulatory reform programs tend to take a comprehensive approach that targets improvements across multiple areas of the investment climate. Analyzing time series of *Doing Business* data shows the effectiveness of cumulative reforms: an improvement in the overall DTF score is linked to a significant increase in new firm density (figure 1.7).

NOTES

1. World Bank. 2014. *World Development Indicators*. Washington, DC: World Bank Group.
2. GDP calculations are in current US\$. World Bank. 2014. *World Development Indicators*. Washington, DC: World Bank Group.
3. According to World Bank estimates, South Africa's Gini coefficient is 0.65.
4. 15 to 24 years of age.
5. World Bank. 2014. *World Development Indicators*. Washington, DC: World Bank Group.
6. Excluding the economic contraction in 2009 due to the global financial crisis.
7. National Planning Commission, the Presidency of the Republic of South Africa. 2012. *Our Future—Make it Work: National Development Plan 2030*. Pretoria, South Africa.
8. World Bank. 2011. *Improving the Business Environment for Growth and Job Creation in South Africa: The Second Investment Climate Assessment*. Washington, DC: World Bank Group.
9. As measured by *Doing Business*.
10. The 2015 data for Johannesburg for starting a business and dealing with construction permits have been revised and updated since the publication of the *Doing Business 2015: Going Beyond Efficiency* global report.
11. Buffalo City, Cape Town, Ekurhuleni, eThekweni, Johannesburg, Mangaung, Nelson Mandela Bay and Tshwane.

12. The average applies to the 9 cities measured in this report.
13. The improvements would be less dramatic for registering property, while there would be no improvements for starting a business.
14. The National Treasury of the Republic of South Africa has launched a Cities Support Program (CSP), a 5-year national program of investment and technical assistance that aims at supporting the 8 largest urban municipalities in (a) strengthening the capacity of cities to improve the delivery of human settlements and public transport functions; (b) strengthening their core spatial planning functions; (c) strengthening governance, including financial management and social management; and (d) improving environmental outcomes by, among other things, mainstreaming climate resilience measures. All of these initiatives are underpinned and informed by a need to strengthen economic development and growth. This report was initiated to support the CSP in working with these 8 cities to improve their business environment and increase competitiveness.
15. Abor, Joshua, and Peter Quartey. May 2010. "Issues in SME Development in Ghana and South Africa." *International Research Journal of Finance & Economics* 39: 218.



About *Doing Business* and *Doing Business in South Africa 2015*

Economic activity requires sensible rules that encourage firm start-up and growth and avoid creating distortions in the marketplace. *Doing Business* measures the rules and regulations that can help the private sector thrive—because without a dynamic private sector, no economy can provide a good, and sustainable, standard of living for people. *Doing Business* promotes rules that establish and clarify property rights, minimize the cost of resolving disputes, increase the predictability of economic interactions and provide contractual partners with core protections against abuse.

The *Doing Business* data highlight the important role of the government and government policies in the day-to-day life of domestic small and medium-size firms. The objective is to encourage regulations that are designed to be efficient, accessible to all who use them and simple in their implementation. Where regulation is burdensome and competition limited, success tends to depend on whom one knows. But where regulation is efficient, transparent and implemented in a simple way, it becomes easier for aspiring entrepreneurs to compete on an equal footing and to innovate and expand. In this sense *Doing Business* values good rules as a key to social inclusion. Enabling growth—and ensuring that all people, regardless of income level, can participate in its benefits—requires an environment where new entrants with drive and good ideas can get started in business and where good firms can invest and grow, thereby creating more jobs.

Doing Business was designed with 2 main types of users in mind: policy makers and researchers.¹ *Doing Business* is a tool that governments can use to design sound policies for the creation of firms and jobs. But this tool should not be used in isolation. *Doing Business* provides a rich opportunity for benchmarking by capturing key dimensions of regulatory regimes. Nevertheless, the *Doing Business* data are limited in scope and should be complemented with other sources of information.

Doing Business is also an important source of information for researchers. It provides a unique data set that enables analysis aimed at better understanding the role of business regulation in economic development.

WHAT DOES DOING BUSINESS AND DOING BUSINESS IN SOUTH AFRICA 2015 MEASURE?

Doing Business captures several important dimensions of the regulatory environment as it applies to local firms. *Doing Business* provides 2 main types of indicators: those that broadly measure the complexity and cost of regulatory processes and those that measure the strength of legal institutions. Indicators of the first type (starting a business, dealing with construction permits, getting electricity, registering property, paying taxes and trading across borders) promote efficiency in transactions handled by the government, such as in the process to register

- *Doing Business* measures business regulations that affect domestic small and medium-size firms in 11 areas across 189 economies. *Doing Business in South Africa 2015* covers 6 of these areas: starting a business, dealing with construction permits, getting electricity, registering property, enforcing contracts, and trading across borders.
- *Doing Business* and *Doing Business in South Africa 2015* do not capture other aspects of the business environment, such as security, market size, macroeconomic stability and the prevalence of bribery and corruption.
- The *Doing Business* methodology is based on standardized case scenarios in the largest business city of each economy. Subnational *Doing Business* studies expand the *Doing Business* analysis beyond this largest business city to measure variations in regulations or in the implementation of national laws across locations within an economy or a region.
- *Doing Business in South Africa 2015* relies on the following main sources of information: the relevant laws and regulations, private sector respondents, government officials, court officials and World Bank Group staff.
- Governments use *Doing Business* as a source of objective data providing unique insights into good practices worldwide. Many *Doing Business* indicators are “actionable”—though depending on the context, they may not always be “action-worthy.”

a transfer of property. The second set of indicators (getting credit, protecting minority investors, enforcing contracts and resolving insolvency) show limited variability across cities in the same economy since they mainly draw from national laws with general applicability.

The choice of *Doing Business* indicators has been guided by economic research and firm-level data, particularly data from the World Bank Enterprise Surveys.² These surveys provide data highlighting the main obstacles to business activity as reported by entrepreneurs in more than 120 economies. The design of the *Doing Business* indicators has also been informed by theoretical insights gleaned from extensive research and the literature on the role of institutions in enabling economic development. In addition, the background papers developing the methodology for each of the *Doing Business* indicator sets have established the importance of the rules and regulations that *Doing Business* measures for such economic outcomes as trade volumes, foreign direct investment, market capitalization in stock exchanges and private credit as a percentage of GDP.³

Doing Business in South Africa 2015 is the first subnational *Doing Business* report in the country and as such it captures several important dimensions of the regulatory environment as they apply to local firms in 9 South African cities: Buffalo City, Cape Town, Ekurhuleni, eThekweni, Johannesburg, Mangaung, Msunduzi, Nelson Mandela Bay and Tshwane.⁴ It provides quantitative measures of regulations in 6 business areas: starting a business, dealing with construction permits, getting electricity, registering property, enforcing contracts, and trading across borders.

The subnational *Doing Business* studies expand the *Doing Business* analysis beyond the largest business city of an economy. They measure variation in regulations or in the implementation of

national laws across locations within an economy (as in Italy or Colombia) or a region (as in South East Europe or Central America). Projects are undertaken at the request of and in collaboration with governments.

Data collected by subnational reports over the past 2 years show that there can be substantial variation within an economy. In Mexico in 2013, for example, transferring property took as few as 2 days in Colima and as many as 74 in Mexico City. Indeed, within the same economy one can find cities that perform as well as economies ranking in the top 20 on the ease of registering property and cities that perform as poorly as economies ranking in the bottom 40 on that indicator.

The subnational *Doing Business* studies create disaggregated data on business regulations. But they go beyond a data collection exercise. They have proved to be strong motivators for regulatory reform at the city level:

- The data produced are comparable across locations within the economy and internationally, enabling locations to benchmark their results both locally and globally. Comparisons of locations that are within the same economy and therefore share the same legal and regulatory framework can be revealing: local officials find it hard to explain why doing business is more difficult in their jurisdiction than in a neighboring one.
- Pointing out good practices that exist in some locations but not others within an economy helps policy makers recognize the potential for replicating these good practices. This can prompt discussions of regulatory reform across different levels of government, providing opportunities for local governments and agencies to learn from one another and resulting in local ownership and capacity building.

Since 2005 subnational reports have covered 367 cities in 55 economies, including Brazil, China, India, Indonesia, Morocco and Pakistan. In 2014 subnational studies were completed in Mexico, Nigeria and more recently in the Central America region.

Subnational reports are available on the Doing Business website at <http://www.doingbusiness.org/subnational>.

TWO AGGREGATE MEASURES

Doing Business presents data both for individual indicators and for 2 aggregate measures—the distance to frontier metric and ease of doing business ranking—to provide different perspectives on the data. The ease of doing business ranking compares economies with one another; the distance to frontier score benchmarks economies with respect to regulatory best practices, showing the absolute distance to the best performance on each *Doing Business* indicator. When compared across years, the distance to frontier score shows how much the regulatory environment for local entrepreneurs in an economy has changed over time in absolute terms, while the ease of doing business rankings show how much the regulatory environment has changed relative to that in other economies.

The distance to frontier measure aids in assessing the absolute level of regulatory performance and how it improves over time. This measure shows the distance of each economy to the “frontier,” which represents the best performance observed on each of the indicators across all economies in the *Doing Business* sample since 2005 or the third year in which data were collected for the indicator. This allows users both to see the gap between a particular economy’s performance and the best performance at any point in time and to assess the absolute

change in the economy's regulatory environment over time as measured by *Doing Business*. This measure shows not only how economies are ordered on their performance on the indicators but also how far apart they are.

Doing Business in South Africa 2015 includes rankings of the 9 cities measured on 5 topics: starting a business, dealing with construction permits, getting electricity, registering property and enforcing contracts. The rankings presented are based on the distance to the frontier score. There are no rankings for the trading across borders topic. The distance to frontier score captures the gap between a city's performance and a measure of best practices across the areas covered by the report. For starting a business, for example, Canada and New Zealand have the smallest number of procedures required (1) and New Zealand the shortest time to fulfill them (0.5 days). Slovenia has the lowest cost (0.0% of income per capita), and Australia, Colombia and 110 other economies have no paid-in minimum capital requirement (table 2.1). For each topic covered, *Doing Business* uses a simple averaging approach for weighting component indicators, calculating rankings and determining the distance to frontier score. To test the robustness of this approach, other approaches were explored, including using principal components and unobserved components.⁵ These turn out to yield results nearly identical to those of simple averaging. In the absence of a strong theoretical framework that assigns different weights to the topics covered for the 189 economies worldwide, the simplest method is used: weighting all topics equally and, within each topic, giving equal weight to each of the topic components.

Each topic covered by *Doing Business* relates to a different aspect of the business regulatory environment. The distance to frontier scores and rankings of each economy vary, often

substantially, across topics, indicating that strong performance by an economy in one area of regulation can coexist with weak performance in another. A quick way to assess the variability of an economy's regulatory performance is to look at its distance to frontier scores across topics. Croatia, for example, has an overall distance to frontier score of 66.53. Its distance to frontier score is 85.43 for starting a business, while at the same

time, it has a distance to frontier score of 44.97 for dealing with construction permits. Variation in performance across the indicator sets is not at all unusual. It reflects differences in the degree of priority that government authorities give to particular areas of business regulation reform and in the ability of different government agencies to deliver tangible results in their area of responsibility.

TABLE 2.1 What is the frontier in regulatory practice in the areas measured by *Doing Business in South Africa 2015*?

Topic and indicator	Who sets the frontier	Frontier	Worst performance
Starting a business			
Procedures (number)	Canada; New Zealand	1	18 ^a
Time (days)	New Zealand	0.5	100 ^b
Cost (% of income per capita)	Slovenia	0	200 ^b
Minimum capital (% of income per capita)	Australia; Colombia ^c	0	400 ^b
Dealing with construction permits			
Procedures (number)	Hong Kong SAR, China	5	30 ^a
Time (days)	Singapore	26	373 ^b
Cost (% of warehouse value)	Qatar	0	20 ^b
Getting electricity			
Procedures (number)	Germany; Korea, Rep. ^d	3	9 ^a
Time (days)	Korea, Rep.	18	248 ^b
Cost (% of income per capita)	Japan	0	8,100 ^b
Registering property			
Procedures (number)	Georgia; Norway; Portugal; Sweden	1	13 ^a
Time (days)	Georgia; New Zealand; Portugal	1	210 ^b
Cost (% of property value)	Saudi Arabia	0	15 ^b
Enforcing contracts			
Procedures (number)	Singapore	21	53 ^a
Time (days)	Singapore	120	1,340 ^b
Cost (% of claim value)	Bhutan	0.1	89 ^b
Trading across borders			
Documents to export (number)	France; Ireland	2	11 ^a
Time to export (days)	Denmark; Estonia; Singapore	6	54 ^b
Cost to export (US\$ per container) deflated	Timor-Leste	410	5,000 ^b
Documents to import (number)	France; Ireland	2	15 ^a
Time to import (days)	Singapore	4	66 ^b
Cost to import (US\$ per container) deflated	Singapore	368.4	6,000 ^b

a. Worst performance refers to the 99th percentile among all economies.

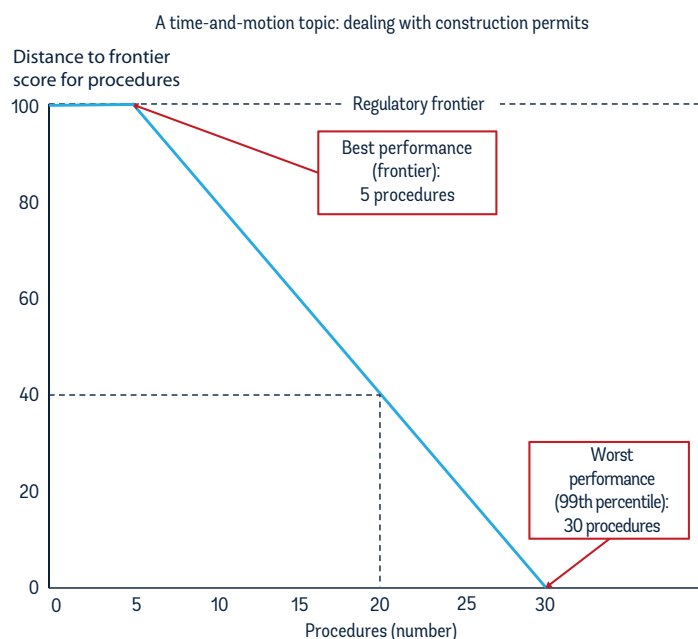
b. Worst performance refers to the 95th percentile among all economies.

c. One hundred and ten other economies also have a minimum capital of 0.

d. In eleven other economies it also takes only 3 procedures to get an electricity connection.

Source: *Doing Business* database.

FIGURE 2.1 How are distance to the frontier scores calculated for indicators? An example



Source: *Doing Business* database.

Calculation of the distance to frontier score

In the present report, calculating the distance to frontier score for each city involves 2 main steps. First, individual component indicators are normalized to a common unit where each of the component indicators y is rescaled using the linear transformation $(\text{worst} - y)/(\text{worst} - \text{frontier})$. In this formulation the frontier represents the best performance on the indicator across all world economies since 2005 or the third year after data for the indicator were collected for the first time.

TABLE 2.2 What *Doing Business* does not cover

Examples of areas not covered

Security
Prevalence of bribery and corruption
Market size
Macroeconomic stability
State of the financial system
Level of training and skills of the labor force

In the same formulation, to mitigate the effects of extreme outliers in the distributions of the rescaled data for most component indicators (very few economies need 700 days to complete the procedures to start a business, but many need 9 days), the worst performance is calculated after the removal of outliers. The definition of outliers is based on the distribution for each component indicator. To simplify the process, 2 rules were defined: the 95th percentile is used for the indicators with the most dispersed distributions (including time, cost and minimum capital), and the 99th percentile is used for number of procedures (figure 2.1).

Second, for all cities in *Doing Business in South Africa 2015*, the obtained scores are presented for each measured and ranked topic: starting a business, dealing with construction permits, registering property, getting electricity, and enforcing contracts. More complex aggregation methods—such as principal components and unobserved

components—yield a ranking nearly identical to the simple average used by *Doing Business*.⁶ Thus *Doing Business* uses the simplest method: within each topic, giving equal weight to each of the topic components.

A city's distance to frontier score is indicated on a scale from 0 to 100, where 0 represents the worst performance and 100 the frontier. All distance to frontier calculations are based on a maximum of 5 decimals. However, indicator ranking calculations and the ease of doing business ranking calculations are based on 2 decimals.

WHAT DOES DOING BUSINESS IN SOUTH AFRICA 2015 NOT MEASURE?

Doing Business does not cover many important policy areas, and even within the areas it covers its scope is narrow (table 2.2). *Doing Business* does not measure the full range of factors, policies and institutions that affect the quality of an economy's business environment or its national competitiveness. It does not, for example, capture aspects of security, the prevalence of bribery and corruption, market size, macroeconomic stability, the state of the financial system or the level of training and skills of the labor force.

Even within the relatively small set of indicators included in *Doing Business*, the focus is deliberately narrow. The trading across borders indicators, for example, capture the documents, time and cost required for the logistical process of exporting and importing containerized goods by seaport, but they do not measure the cost of the sea transport or of tariffs or capture any aspects relating to international trade agreements. Thus through these indicators *Doing Business* provides a narrow perspective on the infrastructure challenges that firms face, particularly in the developing world. It does not

address the extent to which inadequate roads, rail, ports and communications may add to firms' costs and undermine competitiveness (except to the extent that the trading across borders indicators indirectly measure the quality of ports and roads). Similarly, the starting a business indicator does not cover all aspects of commercial legislation.

Doing Business does not attempt to measure all costs and benefits of a particular law or regulation to society as a whole. Measuring business laws and regulations provides one input into the debate on the regulatory burden associated with achieving regulatory objectives. These objectives can differ across economies. *Doing Business* provides a starting point for this discussion and should be used in conjunction with other data sources.

WHAT ARE THE STRENGTHS AND LIMITATIONS OF THE METHODOLOGY?

The *Doing Business* methodology was designed to be an easily replicable way to benchmark business regulation. It has advantages and limitations that

should be understood when using the data (table 2.3).

A key consideration for the *Doing Business* indicators is that they should ensure comparability of the data across a global set of economies. The indicators are therefore developed around standardized case scenarios with specific assumptions. *Doing Business* recognizes the limitations of the standardized case scenarios and assumptions. But while such assumptions come at the expense of generality, they also help ensure the comparability of data. For this reason it is common to see limiting assumptions of this kind in economic indicators. Inflation statistics, for example, are often based on prices of a set of consumer goods in a few urban areas, since collecting nationally representative price data at high frequencies would be prohibitively costly in many countries. GDP estimates are also subject to a number of limiting assumptions, which have not prevented their widespread use.

Some *Doing Business* topics include complex areas, and so it is important that the standardized cases are carefully defined. For example, the standardized case scenario usually involves

a limited liability company or its legal equivalent. The considerations in defining this assumption are twofold. First, private limited liability companies are, empirically, the most prevalent business form for firms with more than one owner in many economies around the world. Second, this choice reflects the focus of *Doing Business* on expanding opportunities for entrepreneurship: investors are encouraged to venture into business when potential losses are limited to their capital participation.

Another assumption underlying the *Doing Business* indicators is that entrepreneurs have knowledge of and comply with applicable regulations. In practice, entrepreneurs may not know what needs to be done or how to comply and may lose considerable time trying to find out. Alternatively, they may deliberately avoid compliance altogether—by not registering for social security, for example. Where regulation is particularly onerous, firms may opt for bribery and other informal arrangements intended to bypass the rules—an aspect that helps explain differences between the de jure data provided by *Doing Business* and the de facto insights offered by World Bank Enterprise Surveys. In economies with particularly burdensome regulation, levels of informality tend to be higher. Compared with their formal sector counterparts, firms in the informal sector typically grow more slowly, have poorer access to credit and employ fewer workers—and these workers remain outside the protections of labor law.⁷ Firms in the informal sector are also less likely to pay taxes. *Doing Business* measures one set of factors that help explain the occurrence of informality and give policy makers insights into potential areas of regulatory reform.

Rules and regulations fall under the direct control of policy makers—and they are often where policy makers

TABLE 2.3 Advantages and limitations of the *Doing Business* methodology

Feature	Advantages	Limitations
Use of standardized case scenarios	Makes the data comparable across economies and the methodology transparent	Reduces the scope of the data and means that only regulatory reforms in the areas measured can be systematically tracked
Focus on largest business city ^a	Makes the data collection manageable (cost-effective) and the data comparable	Reduces the representativeness of the data for an economy if there are significant differences across locations
Focus on domestic and formal sector	Keeps the attention on where regulations are relevant and firms are most productive—the formal sector	Fails to reflect reality for the informal sector—important where that is large—or for foreign firms where they face a different set of constraints
Reliance on expert respondents	Ensures that the data reflect the knowledge of those with the most experience in conducting the types of transactions measured	Results in indicators that do not measure the variation in experiences among entrepreneurs
Focus on the law	Makes the indicators “actionable”—because the law is what policy makers can change	Fails to reflect the reality that where systematic compliance with the law is lacking, regulatory changes may not achieve the full desired results

a. Subnational *Doing Business* goes beyond the largest business city within a country or region.

start when intending to change the set of incentives under which businesses operate. *Doing Business* not only shows where problems exist in the regulatory framework; it also points to specific regulations or regulatory procedures that may lend themselves to reform. And its quantitative measures of business regulations enable research on how specific regulations affect firm behavior and economic outcomes.

HOW ARE THE DATA COLLECTED?

The *Doing Business* data are based on domestic laws and regulations as well as administrative requirements. The data are collected through several rounds of interaction with expert respondents (both private sector practitioners and government and public agencies operating at the central and/or local level)—through face to face interviews, responses to questionnaires, conference calls and written correspondence. *Doing Business* relies on several main sources of information: the relevant laws and regulations, private sector respondents, government officials, magistrates and World Bank Group staff. For a detailed explanation of the *Doing Business* methodology, see the Data Notes.

Relevant laws and regulations

Doing Business in South Africa 2015 indicators are based on laws and regulations. Besides participating in interviews or filling out written questionnaires, *Doing Business in South Africa* respondents provided references to the relevant laws, regulations and fee schedules, which were collected and analyzed by the *Doing Business in South Africa* team.

For the rest of the data the team conducts extensive consultations with multiple contributors to minimize measurement error. For some indicators, the time component and part

of the cost component (where fee schedules are lacking) are based on actual practice rather than the law on the books. This introduces a degree of judgment. When sources indicate different estimates, the time indicators reported in *Doing Business* represent the median values of several responses given under the assumptions of the standardized case.

Doing Business in South Africa 2015 respondents

Over 400 professionals participated in the study providing the data that inform the 6 *Doing Business* indicators. The subnational *Doing Business* website and the acknowledgement section of this report list the names and credentials of those respondents wishing to be acknowledged. Respondents are professionals who routinely administer or advise on the legal and regulatory requirements in the specific areas covered by *Doing Business in South Africa 2015*, selected on the basis of their expertise in these areas. Because of the focus on legal and regulatory arrangements, most of the respondents are legal professionals such as lawyers or notaries. Freight forwarders, architects, engineers, electrical contractors, and other professionals answer the surveys related to trading across borders, construction permits, and getting electricity. Local government officials, representatives of national agencies, and court officials also provided information that is incorporated into the indicators.

The *Doing Business in South Africa 2015* approach was to work with professionals who regularly undertake the transactions involved. Following the standard methodological approach for time-and-motion studies, *Doing Business* breaks down each process or transaction, such as starting a business or registering a property, into separate steps to ensure a better estimate of time. The time estimate for each step is given by practitioners with

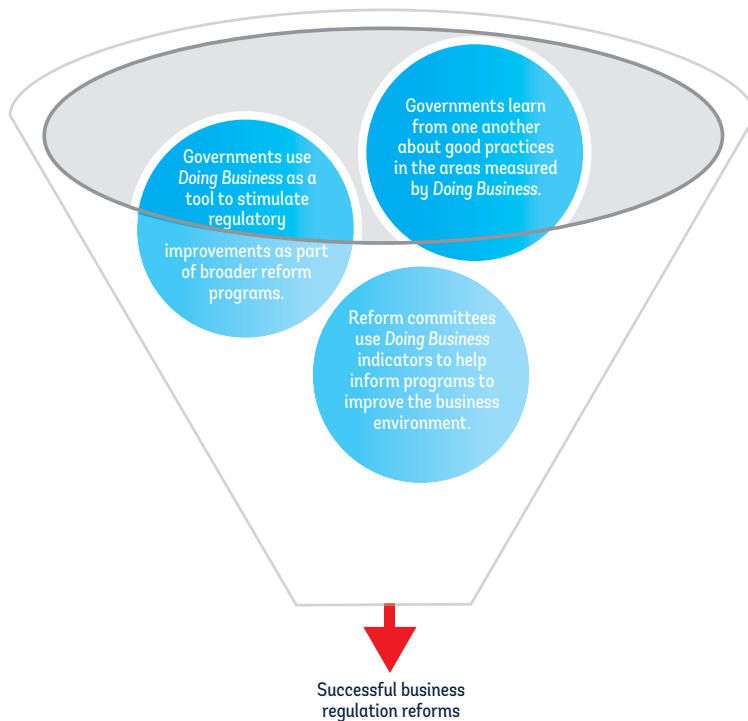
significant and routine experience in the transaction. When time estimates differ, further interactions with respondents are pursued to converge on one estimate or a narrow range that reflects the majority of applicable cases.

Doing Business does not survey firms for 2 main reasons. The first relates to the frequency with which firms engage in the transactions captured by the indicators, which is generally low. For example, a firm goes through the start-up process once in its existence, while an incorporation lawyer may carry out 10 such transactions each month. The incorporation lawyers and other experts providing information to *Doing Business* are therefore better able to assess the process of starting a business than individual firms. They also have access to the latest regulations and practices, while a firm may have faced a different set of rules when incorporating years before. The second reason is that *Doing Business* mostly gathers legal information, which firms are unlikely to be fully familiar with.

Governments and World Bank Group staff

After the analysis of laws and regulations and after conducting follow-up interviews with *Doing Business in South Africa 2015* respondents, the Subnational *Doing Business* team shared the preliminary findings of the report with governments and public agencies operating both at the central and local level. Through this process government authorities had the opportunity to comment on the preliminary data, both through meetings with World Bank Group staff and in writing. Having public officials discuss and comment on the preliminary results has proven to be an important activity not only to improve the quality of the report, but also to enhance the dialogue between the local governments and the World Bank Group at the subnational level.

FIGURE 2.2—How governments use *Doing Business* as a policy tool



HOW DO GOVERNMENTS USE THE DATA?

Over the past decade governments have increasingly focused on reforming business regulation as one way of maintaining competitiveness in an increasingly globalized economy. *Doing Business* provides one source of actionable, objective data that give useful insights into good practices worldwide. Indeed, since 2003 governments have implemented more than 600 regulatory reforms that have been informed by *Doing Business*.⁹

One venue for sharing success stories in business regulation reform is peer-to-peer learning events—workshops where officials from different governments across a region or even across the globe meet to discuss the challenges of regulatory reform and to share their experiences (figure 2.2).

In addition, reform committees within governments frequently use the *Doing Business* indicators as one input to inform their programs for improving the business environment. More than 50 economies have formed such committees—typically at the interministerial level or reporting directly to the president or the prime minister—to ensure the coordination of efforts across agencies. In East and South Asia they include Indonesia, the Republic of Korea, Malaysia, the Philippines and Sri Lanka. In the Middle East and North Africa: Algeria, Kuwait, Morocco, Saudi Arabia and the United Arab Emirates. In Europe and Central Asia: Azerbaijan, Croatia, the Czech Republic, Georgia, Kazakhstan, Kosovo, the Kyrgyz Republic, the former Yugoslav Republic of Macedonia, Moldova, Montenegro, Poland, the Russian Federation, Tajikistan, Ukraine, the United Kingdom and Uzbekistan. In Sub-Saharan Africa: Botswana, Burundi, the Central African Republic, the Comoros, the Democratic

Republic of Congo, the Republic of Congo, Côte d'Ivoire, Guinea, Kenya, Liberia, Malawi, Mali, Nigeria, Rwanda, Sierra Leone, Togo and Zambia. And in Latin America: Chile, Colombia, Costa Rica, the Dominican Republic, Guatemala, Mexico, Panama and Peru.

One reason behind the use of *Doing Business* indicators by governments is that many of these indicators can be considered “actionable,” measuring aspects over which governments have direct control. For example, governments can reduce (or even eliminate) the minimum capital requirement for new firms. They can invest in company and property registries to increase the efficiency of these public agencies. They can improve the efficiency of tax administration by adopting the latest technologies to facilitate the preparation, filing and payment of taxes by businesses. And they can undertake court reforms to shorten delays in the enforcement of contracts. On the other hand, some *Doing Business* indicators capture costs that involve private sector participants, such as lawyers, notaries, architects, electricians or freight forwarders—costs over which governments may have little influence in the short run.

While many *Doing Business* indicators are actionable, this does not necessarily mean that they are always “action-worthy” in a particular context.⁹ Business regulation reforms are one element of a strategy aimed at improving competitiveness and establishing a solid foundation for sustainable economic growth. There are many other important goals to pursue—such as effective management of public finances, adequate attention to education and training, adoption of the latest technologies to boost economic productivity and the quality of public services, and appropriate regard for air and water quality to safeguard people’s health. Governments have to decide what set of priorities best fits the needs they

face. To say that governments should work toward a sensible set of rules for private sector activity does not suggest that doing so should come at the expense of other worthy economic and social goals.

Tawara. 2011. *Can Disaggregated Indicators Identify Governance Reform Priorities?* Policy Research Working Paper 5254, World Bank, Washington, DC).

NOTES

1. The focus of the *Doing Business* indicators remains the regulatory regime faced by domestic firms engaging in economic activity in the largest business city of an economy. *Doing Business* was not initially designed to inform decisions by foreign investors, though investors may in practice find the data useful as a proxy for the quality of the national investment climate. Analysis done in the World Bank Group's Global Indicators Group has shown that countries that have sensible rules for domestic economic activity also tend to have good rules for the activities of foreign subsidiaries engaged in the local economy.
2. For more on the World Bank Enterprise Surveys, see the website at <http://www.enterprisesurveys.org>.
3. These papers are available on the *Doing Business* website at <http://www.doingbusiness.org/methodology>.
4. Each city's seat is used as a proxy for each indicator area benchmarked in the report (e.g. Durban is used as proxy for eThekweni).
5. A technical note on the different aggregation and weighting methods is available on the *Doing Business* website at <http://www.doingbusiness.org/methodology>.
6. Djankov, Simeon, Darshini Manraj, Caralee McLiesh and Rita Ramalho. (2005). *Doing Business Indicators: Why Aggregate, and How to Do It*. World Bank, Washington, DC. Principal components and unobserved components methods yield a ranking nearly identical to that from the simple average method because both these methods assign roughly equal weights to the topics, since the pairwise correlations among indicators do not differ much. An alternative to the simple average method is to give different weights to the topics, depending on which are considered of more or less importance in the context of a specific economy.
7. Schneider, Friedrich. 2005. *The Informal Sector in 145 Countries*. Department of Economics, University Linz, Linz; La Porta, Rafael and Andrei Shleifer. 2008. *The Unofficial Economy and Economic Development*. Tuck School of Business Working Papers 2009-57, Dartmouth College, Hanover.
8. These are reforms for which *Doing Business* is aware that information provided by the *Doing Business* report was used in shaping the reform agenda.
9. One study using *Doing Business* indicators illustrates the difficulties in using highly disaggregated indicators to identify reform priorities (Kraay, Aart, and Norikazu



Starting a business

Small and medium-size enterprises are the backbone of an economy. In South Africa they represent approximately 91% of formal businesses and employ 61% of the country's workforce.¹ It is essential, therefore, to develop an efficient regulatory framework for these enterprises. Empirical evidence has shown that facilitating formal business start-up can lead to higher company entry rates and job creation. A study from 2011 associated the implementation of a one-stop shop reform in Mexico with a 5% increase in new businesses and a 2.2% increase in employment.² A simplification of the business licensing process in Peru nearly quintupled business registrations between the year preceding and the year following the reform, when 8,517 new companies were registered.³

In South Africa important steps were taken during 2014 to facilitate the start-up process for entrepreneurs. In September the Companies and Intellectual Property Commission

(CIPC) launched a new version of the online registration platform. Now the whole company registration process can be completed electronically. Additionally, during the second quarter of 2014, the South Africa Revenue Service (SARS) implemented a "Single Registration" process, substantially cutting registration times for different taxes. Although major steps have been taken to make the process more efficient, the time it takes to open a business in South Africa is still slow compared to the average OECD high-income economy.

WHAT DOES STARTING A BUSINESS MEASURE?

Doing Business data measures the number of procedures, time, cost and paid-in minimum capital required for small and medium-size limited liability companies to formally operate (figure 3.1). To make the data comparable across 189 economies, *Doing Business*

- Starting a private company in South Africa is easier in Tshwane, Johannesburg and Ekurhuleni, where it takes 6 procedures, 46 days and costs 0.3% of income per capita.
- While the cost of starting a business is low compared globally, the delay is almost 6 times longer than in the average OECD high-income economy.
- Registering the company and the employees with the Compensation Fund is the lengthiest procedure and it takes, on average, 70% of the total time to start a business.
- Entrepreneurs from all different provinces must go through national agencies to complete the registration as well as the postregistration procedures. Municipalities become involved only in specific cases when a business license is required.

FIGURE 3.1 What are the time, cost, paid-in minimum capital and number of procedures to get a local limited liability company up and running?

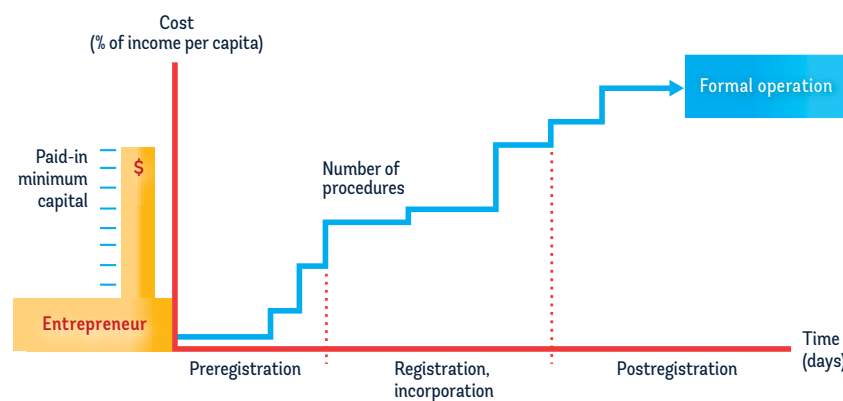
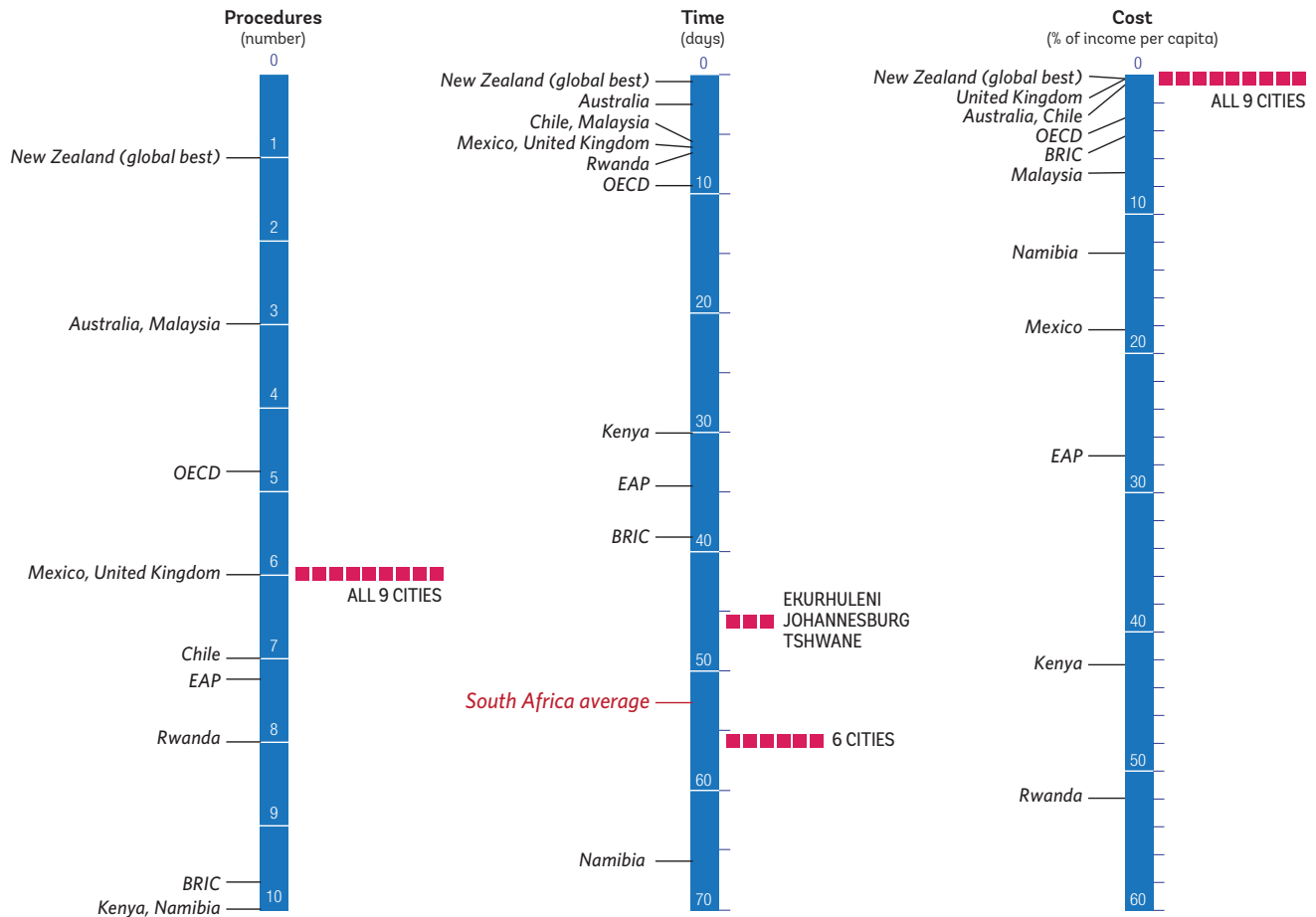


FIGURE 3.2 Starting a business in South Africa is cheap but time-consuming



Note: OECD is the OECD high-income economies average; EAP is the East Asia and the Pacific average; BRIC is the average of Brazil, Russian Federation, India and China. Source: Doing Business database.

uses a case study featuring a standardized business that is 100% domestically owned, has a start-up capital equivalent to 10 times income per capita, engages in general industrial or commercial activities and employs between 10 and 50 people within the first month of operation.

HOW DOES STARTING A BUSINESS WORK IN SOUTH AFRICA?

Starting a business in South Africa is regulated by the Companies Act No.71 of 2008.⁴ Across South Africa 6 procedures that take on average 53 days and cost 0.3% of income per capita are required. The requirements and the cost are identical in all cities. However,

postregistration requirements—opening a bank account, registering the company for various taxes and registering employees for occupational injuries compensation and unemployment insurance—are initiated or completed locally, with the result that it is 10 days faster to start a business in Ekurhuleni, Johannesburg and Tshwane than in the 6 other cities benchmarked in South Africa (table 3.1). While the start-up cost is low compared globally, the delay is almost 6 times longer than in the average OECD high-income economy (figure 3.2).

The first step in starting a business is reserving a company name, while simultaneously registering the business with the CIPC.⁵ Once the company registration is completed, the entrepreneur

opens a bank account. The next interactions are with SARS—first the registration for income and withholding taxes, and then for VAT. The last steps are with the Department of Labor—registering the business with the Compensation Fund and the Unemployment Insurance Fund (figure 3.3).

Businesses engaged in general industrial or commercial activities do not need a separate municipal approval to operate. Only businesses that supply meals or perishable foodstuffs, or provide certain types of health facilities or entertainment, are required to obtain a municipal license.⁶ Although the licensing process is also regulated at the national level, it is implemented by the respective municipalities (box 3.2).

TABLE 3.1 Starting a business across South African cities

Municipality Municipal seat	Rank	Distance to frontier (score)	Procedures (number)	Time (days)	Cost (% of income per capita)	Paid-in minimum capital (% of income per capita)
Ekurhuleni Germiston	1	81.18	6	46	0.3	0
Johannesburg Johannesburg	1	81.18	6	46	0.3	0
Tshwane Pretoria	1	81.18	6	46	0.3	0
Buffalo City East London	4	78.67	6	56	0.3	0
Cape Town Cape Town	4	78.67	6	56	0.3	0
eThekweni Durban	4	78.67	6	56	0.3	0
Mangaung Bloemfontein	4	78.67	6	56	0.3	0
Msunduzi Pietermaritzburg	4	78.67	6	56	0.3	0
Nelson Mandela Bay Port Elizabeth	4	78.67	6	56	0.3	0

Note: Rankings are based on the average distance to frontier (DTF) score of procedures, time, cost and paid-in minimum capital associated with starting a business. The DTF measure is normalized to range between 0 and 100, with 100 representing the frontier of best practices (the higher the score, the better). For more details, see the About Doing Business and Doing Business in South Africa 2015 section.

Source: Doing Business database.

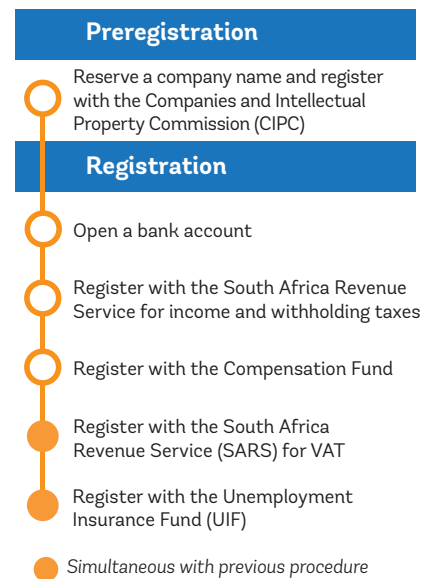
The first step—reserving a company name and registering the business with the CIPC—takes approximately 14 days to complete. The applicant has to first register as a customer on the CIPC website and transfer ZAR175 (ZAR50 for name reservation and ZAR125 for registration). After a couple of days, the applicant's account will be credited, allowing him or her to complete the required steps online. Finally, the applicant will e-mail the signed registration forms and certified ID copies of the directors via e-mail. Once registration is complete, the CIPC will send a confirmation e-mail to the applicant, and the applicant can log in to the website and download the registration certificate (box 3.1).

Today, the CIPC platform receives approximately 80% of the total number of registration applications. In addition to the online platform, a number of physical registration points are available to incorporate a company. Those include 3 service centers—located in Cape Town, Johannesburg and Pretoria—where applicants can complete the process using self-service terminals

equipped with modern touch screen technology and biometric fingerprint identification. Furthermore, thanks to a collaboration agreement between the First National Bank (FNB) and the CIPC, entrepreneurs may now choose to register their company through the bank⁷ at the same time they open a bank account—thereby merging 2 requirements into 1 procedure (figure 3.4).⁸ Uptake is still low, with 2% of registrations completed using this method.⁹

During the second quarter of 2014, SARS implemented an important reform known as “Single Registration.” Previously, it could take up to 3 weeks to register the company for each of the 3 types of taxes: income tax, withholding taxes (including pay-as-you-earn (PAYE), UIF, and skills development levy (SDL)), and VAT. In each case, the registration process was completely independent, and the taxpayer information was stored in different databases. As a result, the applicant had to provide the same details multiple times. The “Single Registration” reform merged

FIGURE 3.3 Starting a business in South Africa involves the same 6 procedures across the country



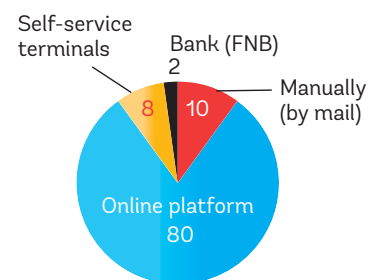
Source: Doing Business database

the different databases into one. Thus, once an entrepreneur is registered for income tax, registering for withholding taxes or VAT becomes simpler as most of the details are already in the system.

Once registered with the CIPC, the new business is automatically registered as a taxpayer with SARS. However, the entrepreneur still needs to visit the closest SARS branch to complete the registration process for income tax,

FIGURE 3.4 Four different ways to register with the CIPC

(% of total number of applications for business registration)



Note: The figure breaks down the total number of applications for the month of October, 2014 (approximately 25,000).

Source: Interviews with CIPC representatives in November 2014.

BOX 3.1 Reforming business registration in South Africa—a decade in the making

The former company registrar, known as Companies and Intellectual Property Registration Office (CIPRO), was established in 2002 and was located in Pretoria. The existence of a single point of registration, coupled with the complex registration process, made the hiring of an agent or intermediary essential. Even today, with numerous registration points in place and a simplified registration process, nearly 70% of transactions are completed by intermediaries.^a Hiring the services of lawyers or accountants increase registration costs—from ZAR175 (US\$20) to between ZAR600 (US\$69) and ZAR1,500 (US\$172), depending on the package of services purchased.

It was not until 2006/07 that the idea took hold that no one should have to travel “more than 100 kilometers” to reach a CIPRO office. Thanks to partnership agreements signed with economic development agencies^b in each of the 9 provinces and the South Africa Post Office (SAPO), applicants could choose to either get support from the CIPRO partner in filing the application at no additional cost, or directly submit the completed paperwork and pay the registration fees at any of the post offices throughout the country.

When the Companies and Intellectual Property Commission (CIPC)^c became operational in 2011, it inherited a weak administrative system from CIPRO, including backlogs and an overwhelmed call center—2 major problems experienced by entrepreneurs. Although an electronic platform had been in place since 2008, it was not possible to complete the whole registration process online. Registration forms still had to be sent by postal service or personally delivered to Pretoria. Frequent postal strikes made mail services unreliable, affecting waiting times and sometimes making it necessary to send documents more than once.

Over the last 3 years, CIPC has been undergoing an important modernization process, transitioning from a paper-based registry to an electronic registry. In March 2014, new online transacting services were introduced, including new registration and name reservation systems, new director and member change systems, and a new enquiry logging system. A new version of the online portal was launched in September 2014. For the first time, the portal allows that supporting documents be uploaded or sent in parallel via e-mail. However, the sudden increase in electronically received documents—and the fact that CIPC started to scan and index paper applications—temporarily overloaded the system and created backlogs in different areas.

a. Media Statement issued by CIPC on July 23, 2013. “CIPC Migrating to Global Standards to Reduce Costs for all South Africans.”

b. Provincial Departments of Economic Development in different provinces and the Small Enterprise Development Agency among others.

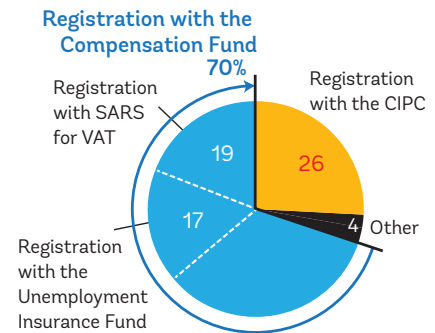
c. The Companies Act, No.71 of 2008 provided for the migration of the Companies and Intellectual Property Registration Office (CIPRO) and the Office of Company and Intellectual Property Enforcement (OCIPE) into a new agency with additional administrative functions known as the Companies and Intellectual Property Commission.

withholding taxes (PAYE, the UIF and the SDL) and in a separate procedure for VAT.¹⁰ Registration for income taxes and withholding taxes takes just 1 day across the country. VAT registration is more complex and in general can take up to 3 weeks depending on the risk level assigned to the business and the location of the SARS branch. The risk is categorized into low, medium or high depending on 2 major factors: business

activity and turnover. The entrepreneur must make an appointment for an interview with a SARS representative at the closest SARS branch. After the interview, the VAT registration itself takes 1 to 2 days, but the whole process for a business categorized with a medium level of risk can take from 1 week in Cape Town, Msunduzi and Tshwane to 2 weeks in eThekweni or Nelson Mandela Bay.¹¹

FIGURE 3.5 Registering with the Compensation Fund takes more than two-thirds of the total time to start a business across South Africa

(% of total time to start a business)



Note: Registration for VAT, registration with the UIF, and registration with the CF are done simultaneously.

Source: Doing Business database.

The last 2 requirements are registering new employees with unemployment insurance and compensation for occupational injuries with the Department of Labor. The absence of an electronic system to submit, process or track applications, as well as an inefficient customer service, make these two steps the most cumbersome in the whole business registration process.

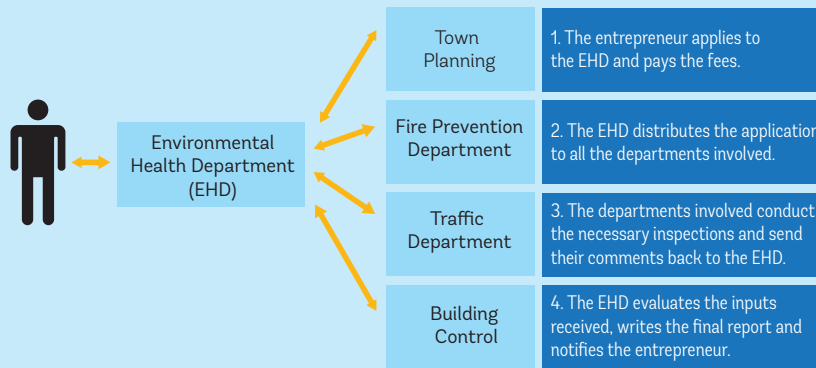
Registering the company and the employees with the Compensation Fund takes on average 70% of the total time to start a business (figure 3.5). The registration is centralized, although entrepreneurs can submit the registration application to one of the 126 labor centers located across the country. After an application is submitted, it is forwarded by mail to the Provincial Office of the Department of Labor and from there to the only Compensation Fund office located in Pretoria, which is where the actual registration takes place. Entrepreneurs from Ekurhuleni, Johannesburg or Tshwane can choose to submit the application directly to the Compensation Fund due to their proximity to the office. In these 3 cities, the process takes 30 days as opposed to 40 days elsewhere.

BOX 3.2 The role of municipalities in opening a grocery store

Depending on the business activity, an entrepreneur may need to obtain a business license issued by the municipality. This is the case for commercial businesses selling perishable foodstuffs, for example.^a The licensing process is regulated nationally by Business Act 71 of 1991 but implemented at the local level. A number of municipal departments are involved in the process to ensure that the applicant complies with requirements related to town planning, and the safety and health of the public.

In Msunduzi or Tshwane the applicant must first obtain an approval from Town Planning before submitting the application to the licensing authority. In all other benchmarked municipalities, the business license applicant interacts exclusively with the designated licensing authority. In Cape Town or Mangaung, for example, entrepreneurs interact only with the Environmental Health Department (EHD) (see figure below).

How does the licensing process for a grocery store work in Mangaung?



The licensing authority of the municipality—usually the Department of Economic Development or the Environmental Health Department—acts as a one-stop shop.^b Once an application is submitted, the licensing authority forwards it to the other departments involved in the approval process to conduct the necessary inspections and provide comments.^c Finally, after the licensing authority receives and evaluates the feedback, the entrepreneur is notified.

Efficient sharing of information becomes especially important due to the different departments involved. In most cities, the whole process is paper-based, and the application travels physically from one department to another until it returns to the licensing authority. This makes it difficult to track applications and increases the chance of misplacement. In Cape Town, on the other hand, the licensing authority is connected electronically with the other departments involved. Here, the Environmental Health Department receives all the comments from the Zone Planning, the Building Control, the Health Section and the Fire Services electronically—making the process more efficient, reliable and transparent. Better data integrity and security, as well as the ability to track applications and lower document management and archiving costs, are some of the benefits of an electronic system.

Obtaining a business license for a grocery store takes from 3 weeks in Tshwane or Buffalo City to more than 40 days in Msunduzi or Ekurhuleni. Costs also vary widely and range from ZAR86 (US\$10) in Nelson Mandela Bay to ZAR950 (US\$109) in Buffalo City (see figure below).

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**WHAT CAN BE IMPROVED?
Make the CIPC online platform fully operational**

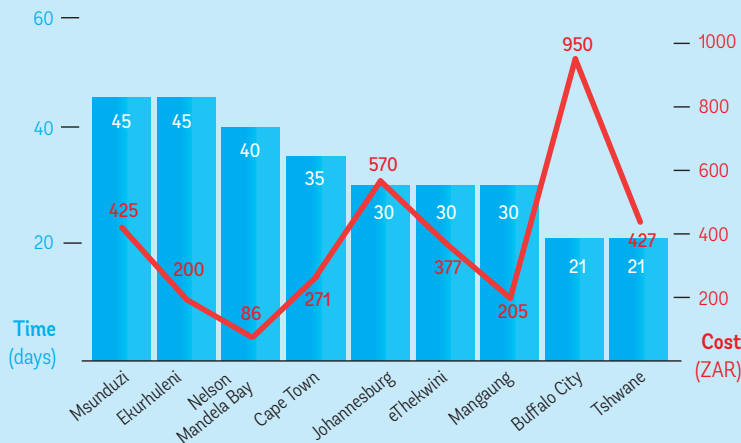
Glitches and bottlenecks in the system have plagued the online registration process and led to backlogs. This is partly due to the transition from a paper-based to an electronic system. All paper-based applications and supporting documents have to be digitized (scanned), which is time consuming for the CIPC staff. In addition, internal procedures for document storage have also created delays. The CIPC recently enabled uploading of supporting documents directly on the online platform or sending them via e-mail. As a result, the CIPC staff had to download and index the documents from e-mail and upload them into the database. Lastly, the platform has continually received new upgrades, which have created glitches and bandwidth issues and caused further delays.

As a consequence, registration still takes longer than what the CIPC aspires—processing applications within 3 days. Also, the fact that some applicants still opt to use the manual application process, despite the fact that the postal service is not always reliable, might indicate possible lack of confidence in the online system. A similar problem plagued the Mexican online registration system *tuempresa.gob.mx* in 2012. When a new version of the online portal was launched, the system was down for over a month. A year later, the percentage of new businesses registered through this channel was still below 3% and it has not recovered since. On the other hand, economies like Chile and Rwanda have successfully implemented similar platforms in the recent past. As a result, registration times have been cut exponentially.

The CIPC online platform has certainly been improved and become more user-friendly over time. Moving forward,

CONTINUED FROM PREVIOUS PAGE

Time and cost to obtain a business license in South African cities—fastest in Buffalo City and Tshwane, cheapest in Nelson Mandela Bay



Note: Data provided by public sector representatives.

Source: Doing Business database.

By law, the applicant should be notified within a 21-day period whether the application is approved, unless an extended period is mutually agreed upon; otherwise, it is understood that the application is automatically denied. This time limit can be problematic in municipalities with limited resources as they are unable to handle the process expeditiously. According to anecdotal evidence, in order to respect the 21-day time limit, some licensing authorities end up approving applications and even issuing licenses before having received comments and/or approvals from all the municipal departments involved. In Nelson Mandela Bay, for instance, the Environmental Health Section can approve an application within 10 days, but receiving approval from the Town Planning can take up to 6 months.

a. The businesses for which a license is required are listed in schedule 1 of Business Act 71 of 1991.

b. In Msunduzi and Tshwane, Town Planning does not participate in the one-stop shop.

c. The names of the departments involved differ slightly from municipality to municipality, but their purpose is the same. They inspect the safety of the building, the safety or health of the goods sold and compliance with zoning regulations.

to achieve higher efficiency, the bandwidth issues have to be resolved. Having a well-functioning platform free of glitches would certainly reduce the time applicants spend on it. During this transitional period, efficient customer care to provide guidance to applicants is also critical. This could ensure that the enquiry system works well, leading to better quality of the submitted documents and ultimately to lower turnaround times.

Make registration with the Compensation Fund more efficient

Although applications to the Compensation Fund can be submitted at any of the 126 local labor centers across the country, all applications must then be forwarded to the Compensation Fund office in Pretoria. There, the rate will depend on the risk assigned to the company according to its activity. Simplifying the complex risk classification system could make it easier to delegate the Compensation Fund registration to the local labor centers or provincial offices. Applications

would not travel across the country, which in turn would minimize the risk of misplacement and reduce turnaround times. The registration with the UIF is already decentralized and can be done locally after submitting the application to the local labor offices.

The whole process is paper-based. During the last 6 months, the Compensation Fund, with nearly 100 staff working in Pretoria, received approximately 19,000 applications.¹² Following up multiple times with the agency is generally necessary, and according to anecdotal evidence, customer service is often unresponsive. Enabling an electronic platform to allow online registration could cut the turnaround of the Compensation Fund procedure by 36 days on average.

Over the medium term, develop a fully integrated online one-stop shop

Today, entrepreneurs must interact with 4 different government agencies when starting a business: the CIPC, SARS, the UIF and the Compensation Fund. Integrating different services with a single ID number under one single interface would not only save time and resources, but it would also make procedural requirements more transparent. In fact, as most agencies require much of the same data, designing a single electronic form to provide the required information only once would be helpful.

The CIPC and SARS are already linked electronically. However, entrepreneurs still interact with SARS to complete the registration for different taxes. On the other hand, the Compensation Fund and the UIF have no direct access to the CIPC database. To develop an online one-stop shop, appropriate data exchange among the agencies involved should be secured. The entrepreneur would navigate only through one interface without having to provide the same information multiple times, and

once the information is submitted, it would be shared with all the relevant agencies electronically. In Mauritius, for instance, once an entrepreneur submits a registration application, the information is stored in a central database to which all the relevant agencies have access, allowing them to retrieve the needed information. The Social Security Ministry, for example, downloads information from the central server on a daily basis. Once the information is in the server, 50 local Social Security offices can produce reports showing business located in a specific area. On the other hand, evidence shows that storing the same kind of data in multiple databases, as in Egypt, has resulted in inconsistencies and in additional costs. Norway successfully moved from a business registration process administered by 97 courts to an electronic one-stop shop, cutting the number of days to register a business exponentially.¹³ Creating a collaborative environment across agencies involved was key to the success of the reform. The Tax Authorities, the Labor Services, the Register of Business Enterprises and Statistics Norway signed a legal agreement obligating them not only to use a single identification number but also to share basic company information.¹⁴

Recent examples show how online business registration platforms make the process faster, cheaper and more transparent. Denmark and New Zealand also provide modern single electronic interfaces for entrepreneurs.

from a Regulatory Reform in Peru.” In *International Differences in Entrepreneurship*, eds. Lerner Josh and Antoinette Schoar, 159-79. University of Chicago Press.

According to the study, the reform reduced the median municipal licensing time from 40 to 16 days and lowered the cost from US\$212 to US\$124.

4. The law came into force on May 1, 2011.
5. Under the Act of 2008, name reservation is no longer mandatory before registering a company. If a proposed name is rejected, the company may still be registered. In this case, the registration number becomes the company name.
6. Business Act 71 of 1991.
7. Registration costs are the same regardless of the method used to register. The bank does not charge additional fees.
8. Effective since August 2013. New collaboration agreements are in the process of being signed with ABSA, Standard Bank and NED Bank but are not yet operational.
9. In October 2014, 500 out of 25,000 registration applications were received through the FNB. Source: Interviews with the CIPC representatives in November 2014.
10. VAT registration is voluntary for companies with a turnover above ZAR50,000 (US\$5,744) and mandatory for companies with a turnover exceeding ZAR1 million (US\$114,875). The turnover of the company measured by *Doing Business* is ZAR6,259,000 (US\$719,000).
11. This is a time estimate for a company of the characteristics of the *Doing Business* case study (categorized with a medium level of risk). See *Data notes* section for more details.
12. The information was obtained over interviews with the Compensation Fund representatives in November 2014.
13. From up to 1 year before the centralization took place to 7 days for paper filled applications and 1 day for electronically filled applications in 2010.
14. World Bank Group. 2011. *Business Registration Reform Case Study: Norway*. Washington, DC: Investment Climate Department, World Bank Group.

NOTES

1. Abor, Joshua, and Peter Quartey. May 2010. “Issues in SME Development in Ghana and South Africa.” *International Research Journal of Finance and Economics*, Issue 39, pp. 218-228.
2. Bruhn, Miriam. 2011. “License to Sell: The Effect of Business Registration Reform on Entrepreneurial Activity in Mexico.” *Review of Economic and Statistics* 93 (1): 382-86.
3. Mullainathan, Sendhil and Philipp Schnabl. 2010. “Does Less Market Entry Regulation Generate More Entrepreneurs? Evidence

Dealing with construction permits



The South African population grew by almost 30% from 40.58 million in 1996¹ to 52.52 million in 2014.² The population growth occurred mainly in urban areas. In 2013, the share of South Africans living in cities reached 53%—and continues growing at the rate of 0.5% every year.³

Population growth and rapid urbanization bring both opportunities and challenges: planning authorities need to ensure that urban areas are expanding in accordance with construction and safety regulations while not unduly complicating construction permitting procedures. Twenty-two percent of South African households already live in informal dwellings.⁴ On the other hand, the construction sector suffers an average of 300 fatalities per year.⁵

Sound regulation of construction helps protect the public from faulty building practices. Besides enhancing public safety, well-functioning building permitting and inspection systems also strengthen property rights and contribute to the process of capital formation. But if procedures are too complicated or costly, builders may decide to proceed without a permit.⁶ Denmark, Germany and New Zealand are examples of economies that regulate the construction permitting process with relatively few requirements, yet regulations in these economies are considered prudent and the buildings safe.

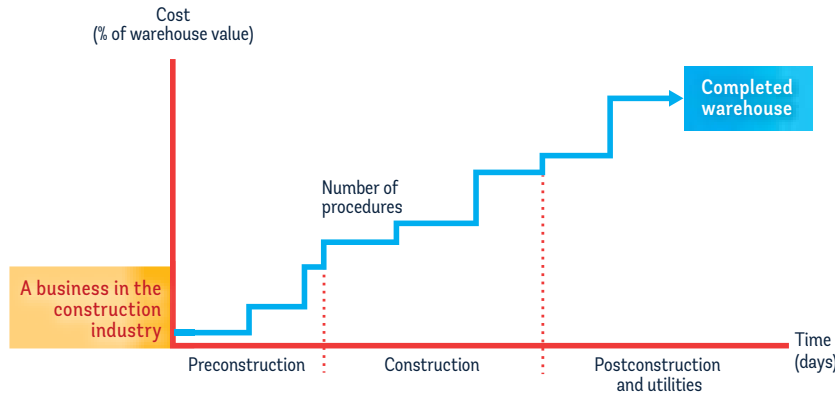
The construction industry constitutes 3.5% of South Africa's GDP⁷ and employs 5% of the workforce.⁸ Making it easy to deal with construction permitting procedures allows the construction industry to expand—more construction workers are employed and more materials and services are purchased from local suppliers.⁹ Research shows that in Australia, every million dollars spent on construction generates 2.9 million dollars in output across the economy as a whole, giving rise to 9 jobs directly related to a construction project, as well as 37 additional jobs in the local economy.¹⁰

WHAT DOES DEALING WITH CONSTRUCTION PERMITS MEASURE?

To measure the ease of dealing with construction permits, *Doing Business* records the procedures, time and cost required for a small or medium-size business to obtain the approvals needed to build a simple commercial warehouse and connect it to water and sewerage (figure 4.1). That includes all the inspections and certificates needed before, during and after construction of the warehouse. To make the data comparable across 189 economies, it is assumed that the warehouse is in the periurban area of the largest business city, that it is not in a special economic or industrial zone and that it will be used for general storage of non-hazardous materials such as books.

- Dealing with construction permits is easier in Cape Town and Nelson Mandela Bay and more difficult in Johannesburg and Mangaung.
- Obtaining all permits to build a warehouse and connect it to water and sewerage is faster and cheaper in South Africa than in the average OECD high-income economy. However, it involves an unusually high number of procedures—17 on average—3 more than the global average across 189 economies.
- The number of steps required range from 15 procedures in Nelson Mandela Bay to 22 in Mangaung. The differences arise from the number of preconstruction clearances required and from the inspections carried out during the construction phase.
- Complying with all requirements takes 83 days in Cape Town, less than half the time required in Tshwane. Time variations across cities are driven mainly by the delay in the issuance of the building plans approval: the process takes only 2 weeks in Nelson Mandela Bay, while it can drag out to about 2 months in Johannesburg, Mangaung, Msunduzi and Tshwane.
- The cost of dealing with construction permits varies from 0.68% of the warehouse value in Mangaung to more than twice as much in Nelson Mandela Bay. The main driver of variations in cost is the building permit fee, which is established by municipal authorities and constitutes on average two-thirds of the total cost.

FIGURE 4.1 What are the time, cost and number of procedures required to comply with formalities to build a warehouse?



HOW DOES CONSTRUCTION PERMITTING WORK IN SOUTH AFRICA?

The National Building Regulations and Building Standards Act (No. 103 of 1977) sets the regulatory and legal framework for the construction industry, defining requirements and setting time limits.¹¹ The Act does not regulate costs—these are established at the local level by municipal bylaws.

Typically, the process includes the following stages: (1) obtaining preconstruction clearances; (2) obtaining the building plan approval from the municipality; (3) informing the municipal Building Control and the provincial Department of Labor of the start of construction work; (4) passing inspections during construction; (5) connecting the building to water and sewerage; (6) submitting a notification of completion to the municipal Building Control; (7) passing 2 final inspections—one by the Building Control and one by the Fire Department; and (8) obtaining the occupancy certificate (figure 4.2).

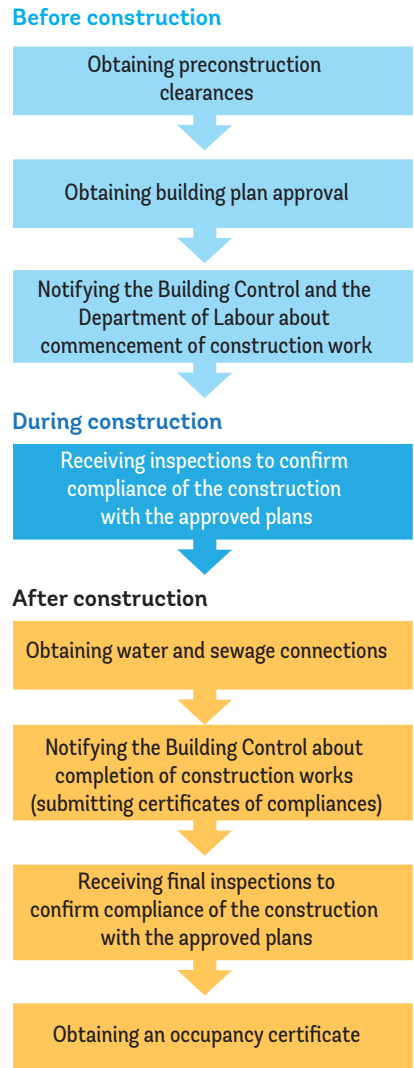
Across South Africa, dealing with construction permits takes 110.8 days at a cost equivalent to 1.03% of the warehouse value. This is faster and less expensive than the average OECD high-income economy (149.5 days and 1.7% of the warehouse value). However,

dealing with construction permits in South Africa involves an unusually high number of steps—17 in total—most of which are technical in nature and short in duration, such as on-site inspections. The global average number of requirements across 189 economies is 13.9, while the OECD high-income economy average is 11.9. In Hong Kong SAR (China), the best performing economy according to *Doing Business 2015*, dealing with construction permits requires 5 procedures (figure 4.3). This is due to the existence of a one-stop shop for building licenses, as well as the use of combined inspections by the relevant authorities, ensuring that safety standards are high despite the low number of procedures.

It is easier to get a building permit to build a warehouse and connect it to water and sewerage in Cape Town and Nelson Mandela Bay and more difficult in Johannesburg and Mangaung (table 4.1). In Cape Town dealing with construction permits can be accomplished in 16 steps that last 83 days and cost 1.06% of the warehouse value. In Mangaung the same process requires 22 procedures, 109 days, and costs 0.68% of the warehouse value.

The implementation of the 8 stages differs depending on the city, resulting in an unequal number of steps, ranging

FIGURE 4.2 Eight main stages of the construction permitting process in South Africa

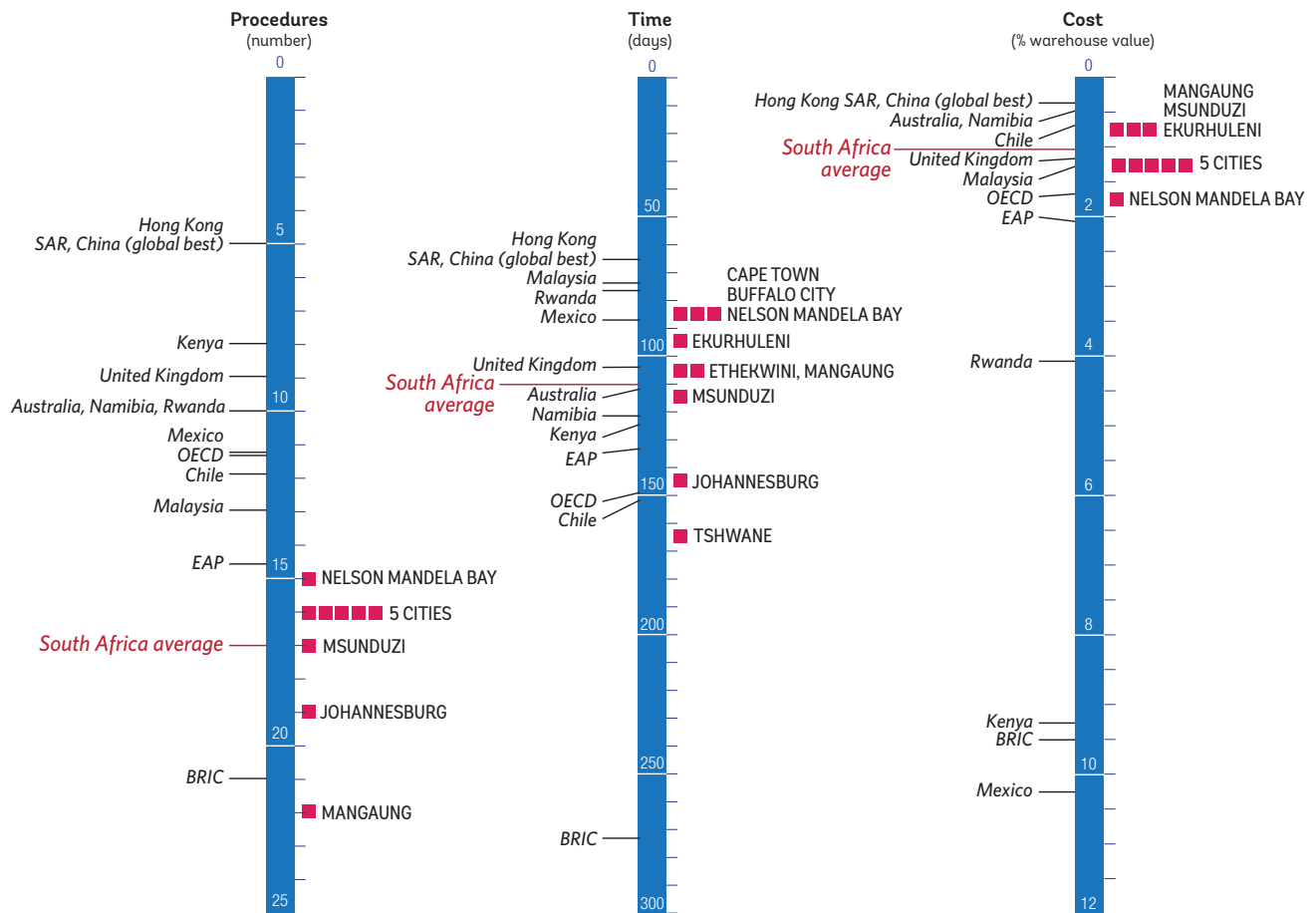


Source: *Doing Business* database.

from 15 in Nelson Mandela Bay to 22 in Mangaung.

Depending on the city, 4 to 8 requirements need to be fulfilled before construction commences. The variance depends on how the municipality manages the preconstruction clearances issued by several municipal authorities—including utility providers, the public roads administration, and the fire and the health departments. In Buffalo City, Cape Town, Ekurhuleni, eThekweni,

FIGURE 4.3 Dealing with construction permits across South African cities involves an unusually high number of requirements compared globally



Note: OECD is the OECD high-income economies average; EAP is the East Asia and the Pacific average; BRIC is the average of Brazil, Russian Federation, India and China. Source: Doing Business database.

Nelson Mandela Bay, Msunduzi and Tshwane, the application for preconstruction clearances is circulated internally within the municipality, and all clearances are granted simultaneously.¹² In Mangaung and Johannesburg on the other hand, the applicant must personally visit the different corresponding departments to obtain each clearance—adding 3 to 4 steps to the preconstruction phase.¹³ Once the building plan approval is granted, the applicant submits the 2 mandatory notifications of commencement of work to the Building Control and to the Department of Labor, allowing the construction work to start.

During the construction, 5 to 9 administrative requirements must be met depending on the city—including notification of the completion of the work and the delivery of a certificate of compliance with plumbing—and most importantly, several municipal inspections (figure 4.4). The number of administrative requirements is unusually high compared globally. In Colombia, France, Kenya, Malaysia, Turkey or United Kingdom, for example, no procedure is required during the construction phase for this kind of project. These economies ensure the safety of the construction by requiring either that a private firm or a supervising

engineer be responsible for inspecting the building.

During construction, the variance in requirements across cities is driven by the number of site inspections. The National Building Regulations Act mandates 2 municipal inspections—inspection of the foundation level and inspection of the water drainage system—while the Occupational Health and Safety Act (OHASA) related to Constructions Regulations mandates 1 inspection by the Department of Labor to ensure compliance with site safety conditions. Also, the Act stipulates that municipal building controls can inspect the site at any other stage of the

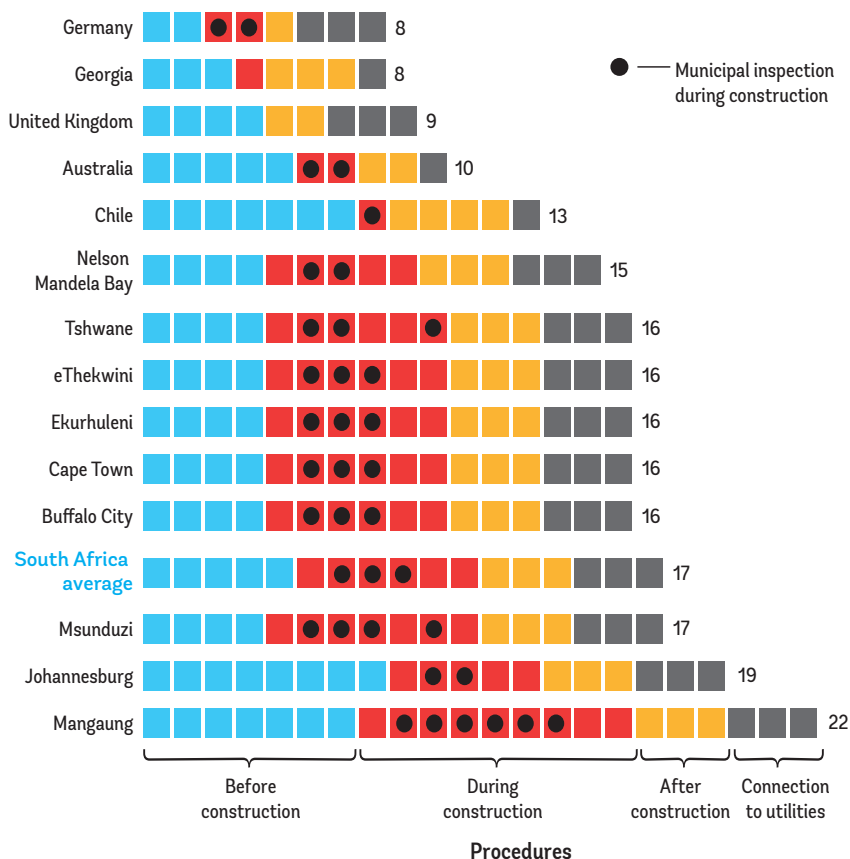
TABLE 4.1 Where is dealing with construction permits easy—and where not?

Municipality Municipal seat	Rank	Distance to the frontier (score)	Procedures (number)	Time (days)	Cost (% of warehouse value)
Cape Town Cape Town	1	78.08	16	83	1.06
Nelson Mandela Bay Port Elizabeth	2	78.05	15	88	1.60
Buffalo City East London	3	77.50	16	88	1.13
Ekurhuleni Germiston	4	76.84	16	98	0.95
eThekweni Durban	5	76.15	16	104	1.01
Msunduzi Pietermaritzburg	6	74.07	17	117	0.71
Tshwane Pretoria	7	69.88	16	169	1.03
Johannesburg Johannesburg	8	68.52	19	141	1.06
Mangaung Bloemfontein	9	68.22	22	109	0.68

Note: Rankings are based on the average distance to frontier (DTF score of procedures, time and cost associated with dealing with construction permits. The DTF measure is normalized to range between 0 and 100, with 100 representing the frontier of best practices (the higher the score, the better). For more details, see the About *Doing Business* and *Doing Business in South Africa 2015* section.

Source: *Doing Business* database.

FIGURE 4.4 Inspections during construction mark the differences in the number of procedures across cities and between South Africa and the world



Source: *Doing Business* database.

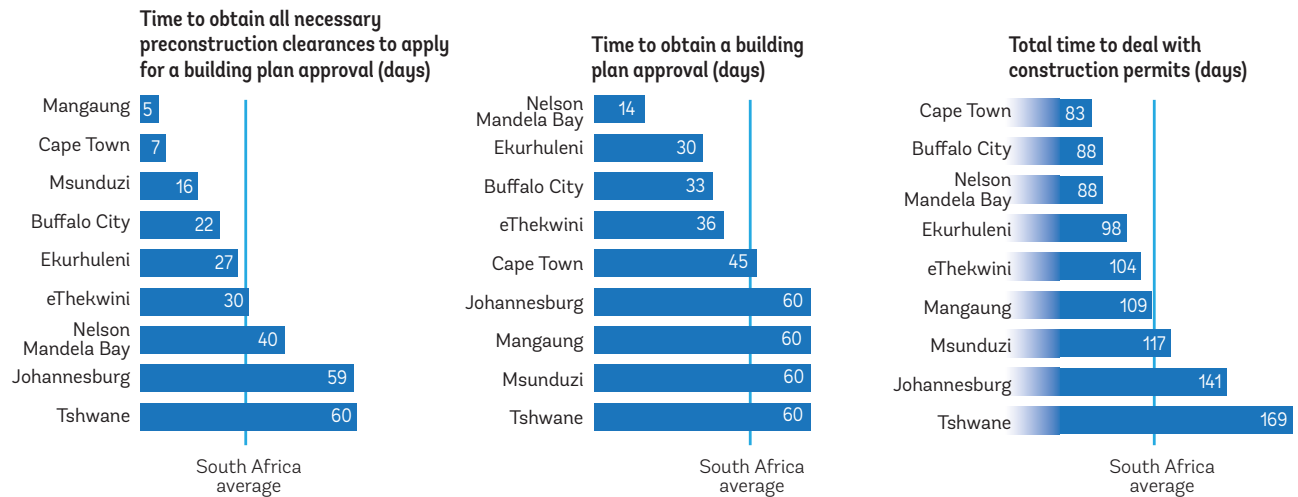
construction works.¹⁴ In practice, with the exception of Nelson Mandela Bay and Johannesburg, municipal building controls performs 1 to 2 additional inspections at defined construction stages, such as first floor slab, wall plates or damp proofing. Developers must inform the building control when a specific phase is completed, and an inspector visits the site. In Mangaung, inspections are carried out randomly once a month.¹⁵ Under certain circumstances, in all municipalities the building inspector may perform additional random inspections, which typically occurs in complex construction projects.

After construction, the applicant submits a notification of completion of the work and the certificates of compliance with electrical, structural, glazing, roof and plumbing work to the municipality. The certificates of compliance are proof that the installations are safe and that the products and materials used comply with the South African National Standards.¹⁶ Water and sewerage connections involve 3 additional procedures. The occupancy certificate is issued after the final inspections by the Fire Department and the Building Control.

It takes just 83 days to obtain construction permits in Cape Town and 88 days in Buffalo City and Nelson Mandela Bay—4 and 3 weeks faster than the South African average. In Johannesburg and Tshwane it takes between 4 and a half to 5 and a half months. The two main drivers of variance in time across locations are the preconstruction clearances and the building plan approval (figure 4.5).

In Cape Town, Buffalo City and Ekurhuleni, obtaining the preconstruction clearances and building permit approval requires 52, 55 and 57 days respectively, about half the time needed in Johannesburg (119 days) and Tshwane (120 days).

FIGURE 4.5 Preconstruction clearances and building plan approvals are the main drivers of variance in time across locations



Source: Doing Business database.

In Nelson Mandela Bay, obtaining a building plan approval from the municipality for a commercial warehouse requires 14 days. For the same type of construction, in Johannesburg, Mangaung, Msunduzi and Tshwane it takes 60 days, the maximum allowed under the National Building Regulations and Building Standards Act.¹⁷ The time difference partly depends on how municipal Building Controls circulate the files internally.

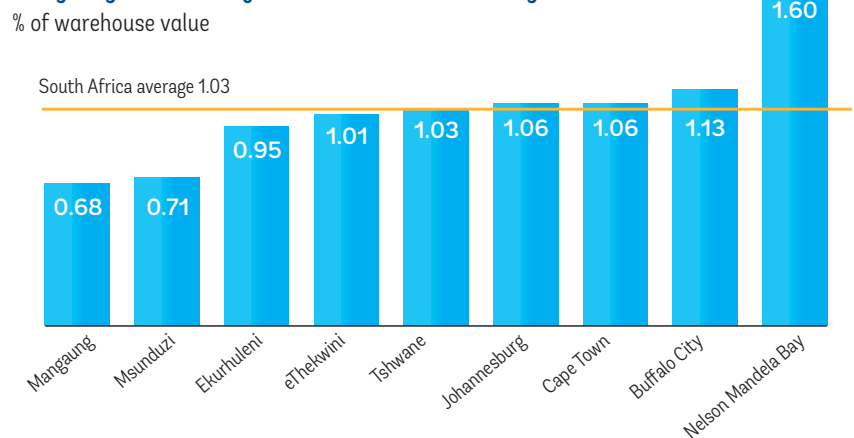
In some municipalities, standing commissions meet regularly to approve applications and immediately inform the applicant of their decision; in other locations, more time is needed to circulate the files. In Nelson Mandela Bay, for example, the Building Control convenes and chairs application review meetings on a weekly basis. All applications received by the middle of each week are reviewed the following week. The meetings are attended by representatives from the various municipal departments that must comment on the plans.¹⁸ Once the application review meetings are concluded, the Building Control meets with the applicant to provide feedback on the project and inform the applicant whether the application is approved or referred for

further review. If the project is referred for minor issues, the applicant has the possibility to resubmit the application as soon as the issues are addressed. In other cities, the review process is quite different. For instance, in eThekweni the approval of building plans takes 36 days once the application costs have been paid. The application file is assigned a reference number and a main administrative point of contact. The file is then forwarded to a team leader responsible for circulating it to other departments to provide comments. Once the comments are received, the

file is reviewed and “recommended for approval” by a plan examiner whose primary role is to ensure technical compliance with the building regulations. The team leader gives the final approval on behalf of the local authority. A decision notice is e-mailed to the applicant, who has 90 days to collect the approval letter or make changes in case of referral.

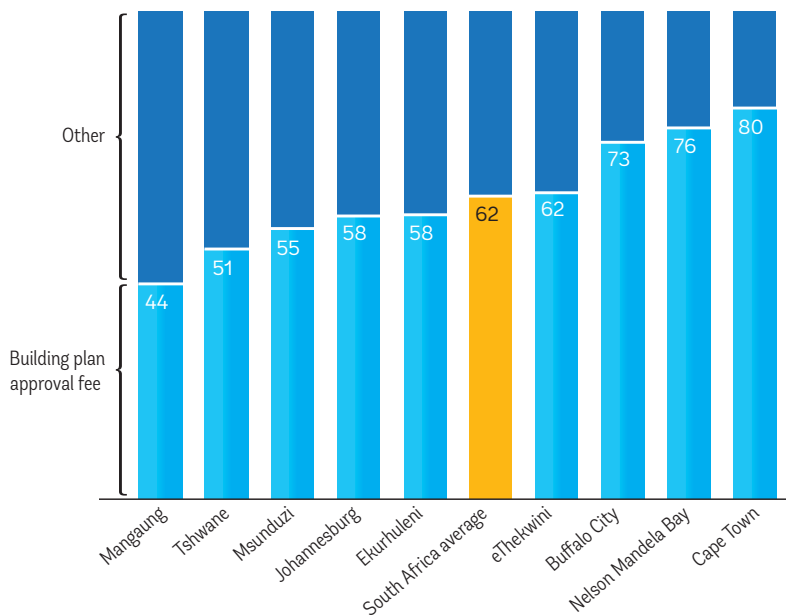
To issue an occupancy certificate the Building Control checks whether the new construction is built according to the approved plans. The time to obtain

FIGURE 4.6 It is less than half as expensive to deal with construction permits in Mangaung and Msunduzi than in Nelson Mandela Bay



Source: Doing Business database.

FIGURE 4.7 On average, over 60% of the total cost to deal with construction permits is needed to obtain the building plan approval
(% of the total cost)



Source: Doing Business database.

this certificate varies from 1 day in Johannesburg to more than 3 weeks in Mangaung, although theoretically the law imposes a ceiling of 14 days.¹⁹

The cost of dealing with construction permits varies from 0.68% of the warehouse value in Mangaung to 0.71% in Msunduzi, to more than twice as much in Nelson Mandela Bay (figure 4.6). In Nelson Mandela Bay the process is more expensive but the least complex, with 15 requirements. Conversely, in Mangaung the same process is less expensive but more complex, with 22 requirements.

The building plan approval comprises on average two-thirds of the total cost and is the main driver for cost variance (figure 4.7). Each local authority establishes its own rates and methods for calculating the building plan approval fee. Obtaining a building plan approval in Mangaung costs ZAR9,364 (US\$1,076), four times less than in Nelson Mandela Bay, where the cost is ZAR37,844 (US\$4,347). Elsewhere, the building plan approval fees depend on the building size—for

instance authorities in Tshwane charge ZAR12.6 (US\$1.45) per square meter. In Nelson Mandela Bay the fee is derived by multiplying the total surface area by ZAR3,233 (US\$371) and multiplying the result by 0.9%.

Another source of variation across cities is the cost associated with connecting to water and sewerage systems. The cost ranges from ZAR6,734 (US\$774) in Cape Town to ZAR13,386 (US\$1,538) in Johannesburg. On average, obtaining water and sewage connections constitutes one-third of the total cost.

WHAT CAN BE IMPROVED?

Adopt a risk-based approach to preconstruction clearances and inspections

Across South Africa it is common in law or practice that preconstruction clearances—from utility providers, the public roads administration, the fire and health departments and sometimes others—are required even

for low-risk projects, such as commercial warehouses for the storage of non-hazardous goods. Authorities should develop a risk classification for buildings and adopt risk-based rules for each building category. Complex and risky structures should be subject to stricter standards than simpler construction projects. Simplifying and/or removing clearances for low-risk buildings would allow the clearing agencies to prioritize resources and focus them on higher risk projects, such as high rises or factories. Colombia, New Zealand and United Kingdom are among the economies that have introduced risk-based approvals, eliminating the need for preconstruction approvals by multiple agencies. In 2006 the Republic of Korea introduced a fast-track procedure for small construction projects. Between 2004 and 2009 applications for building permits in Seoul jumped from 1,521 to 3,895.

The National Building Regulations Act leaves building inspectors a high degree of discretion. South Africa could look to economies that adopted risk-based inspection systems. Risk-based inspections allow planning authorities to concentrate manpower on riskier projects, such as high rises or complex structures, without compromising safety.²⁰ The effectiveness of risk-based regulation depends on several factors, including a comprehensive classification of risks for building categories, typically defined by size, construction method and final use. The classification and assessment of buildings are important steps when determining the frequency of inspections. Because not all buildings are similar in terms of risk levels, the ability to understand the risks associated with different types of buildings is essential. A good case in point is the European Standard EN 1990. This standard sets 3 “consequence classes,” as determined by the risks to users, as well as social and economic consequences. Each consequence class

includes recommended interactions with building authorities.

A further example comes from New Zealand, where the system relies on a project-specific risk assessment carried out by the building designer. A risk profile is matched by project-specific risk management strategies. National standards provide broad guidance on risk thresholds and categories. The designer develops a risk profile and risk-management strategy for each individual project, and, subsequently, the local building authority examines it for quality. Building authorities in New Zealand therefore carry out minimal traditional inspections. They do conduct some checks and audits, but usually these are selective, *ex post*, and focus on the technical verifications and the methodology applied by the builder. To be effective and not present a threat to safety, these types of measures must be carefully implemented. The liability and the competence of the building designer must be strictly identified by law. Strong professional certifications and solid insurance systems are prerequisites for successful and safe *ex-post* verification initiatives.

Establish one-stop shop for preconstruction clearances and building approvals

With the exception of Johannesburg and Mangaung, in all other South African cities, one municipal department—typically the building control authority—circulates internally the application files and gathers preconstruction clearances from the other relevant departments. This reduces personal interactions between the applicant and the municipalities. However, it still takes on average 1 month to obtain the preconstruction clearances. The process in some municipalities is so long that according to anecdotal evidence, applicants prefer to personally visit the respective departments in the hope that a personal visit will speed up the

process. In Mangaung, even though entrepreneurs are required to separately visit 4 municipal departments, getting the preconstruction clearances takes just 5 days. Nevertheless, in larger municipalities this model does not work as efficiently. In Johannesburg, for example, where personal visits to the various departments are also necessary, getting preconstruction clearances takes almost 2 months.

In Cape Town, where a one-stop shop exists for preconstruction clearances, it takes 7 days to obtain the clearances, which is much faster than the South African average. This is a good practice that municipalities dealing with large volumes of applications could follow.

The process of getting building plan approvals works similarly in all cities and takes on average one month and a half, in addition to the time needed for preconstruction clearances. Normally, the building control authority circulates internally the building plans and obtains approvals from the relevant municipal departments.

One-stop shops improve the organization of the review process, not necessarily by reducing the number of checks needed, but by better coordinating across agencies and by establishing a single point of entry with the applicant. To be effective, one-stop shops must have access under one roof to technical know-how and informational tools, such as master urban plans, zoning maps and ministerial guidelines. Furthermore, one-stop shops must have one representative who interacts with applicants to collect the necessary documents. The documents should then be circulated internally to representatives of the relevant departments. If it is difficult to have a permanent representative from each department in the one-stop shop, a part-time system where representatives from the different agencies come to the one-stop

shop during certain hours or days of the week can be a viable alternative.

Reorganize the approval of building plans or use electronic platforms

Across South Africa, the approval of building plans is the most cumbersome procedure in terms of both time and cost. Processes vary among cities. In Nelson Mandela Bay—where standing commissions meet regularly to approve applications—obtaining the building plan approval is faster than in municipalities where the file is circulated from one department to another. Other cities should consider following the example of Nelson Mandela Bay.

Technology can also help in cutting delays. Currently, building plan approval applications are processed manually in most South African cities. As part of a broader digitalization initiative, the City of Cape Town started implementing a Development Application Management System (DAMS), which entails two distinctive phases. The first phase started in April 2014 and has been rolled out across the 8 district offices of the city's Planning and Building Development Management Department. Applications are digitally circulated simultaneously to all relevant departments—such as Water and Sanitation, Electricity Services, City Health, Transport for Cape Town, Fire and Rescue and Environmental Resource Management—for their input. Now public officials can collaborate in formulating their final responses by viewing each other's comments. The second phase—expected to be implemented by April 2015—will enable homeowners, property developers and professionals to submit building plans and land use applications electronically. The electronic system will have 2 modules, one for approval and one for inspections. Following Cape Town's example, computerization should be

accelerated and implemented across other cities and regions in South Africa.

Other good practices can be found outside the country. In Singapore, for bigger industrial projects, qualified professionals can submit structural plans through an online platform that allows authorities to check efficiently if structural plans are correct and prepared with high safety standards.²¹ In Sub-Saharan Africa, the City Council of Nairobi recently started to implement its Electronic Construction Permit system to allow property developers, architects and the city council staff to conduct their business online.

Automating the construction permitting process from scratch can be a daunting task. Such overhaul is typically linked to larger regulatory reforms and e-government programs. Core staff have to be trained to operate and maintain electronic systems. Last but not least, the right technological infrastructure and high levels of internet penetration are important prerequisites.

A step further would be the implementation of a Geographic Information System (GIS).²² In order to be fully functional, the GIS should be linked to a detailed master plan of the city. This would allow applicants to overlay the project plans with the zoning, planning and utility requirements captured in the GIS system. For low-risk constructions, this system can also allow automatic preapprovals of the parts of the projects that regard utility connections and compliance with the planning requirements.

Combine the two final inspections and issue the occupancy certificate on the spot

The two postconstruction inspections by the municipal Fire Department and the municipal Building Control and the issuance of the occupancy certificate

FIGURE 4.8 Involving private sector professionals in the regulatory control chain

	1. Review of Plans	2. Issuance of Permits	3. Site Inspections	4. Code Compliance Certificate
Austria	Certified Private Engineer	Municipality	Certified Private Engineer	(Notification)
Colombia	Certified Private Engineer	Certified Private Engineer	Municipality	Municipality
New Zealand	Accredited Agency (Public or Private Entity)	Accredited Agency (Public or Private Entity)	Accredited Agency (Public or Private Entity)	Accredited Agency (Public or Private Entity)

Source: World Bank, 2013. Investment Climate Department. *Good Practices for Construction Regulation and Enforcement Reform Guidelines for Reformers*. Washington, DC: World Bank Group.

take on average 11 days. The inspections are prerequisites for the issuance of the occupancy certificate and ensure that the building conforms to applicable regulations.

Separate inspections not only cause delays but also create the risk of different agencies interpreting rules inconsistently. Setting up a combined final inspection in one visit would save time and hassle for developers. A step further would be adopting a system where construction becomes immediately operative once the final inspection shows that the project does not present irregularities and complies with the approved building plans. This method has been implemented in some economies. In Canada, for example, if all required inspections have been carried out and the building is deemed substantially complete and fit for occupancy, the certificate of occupancy is issued on the spot, avoiding additional interactions for the builder. Singapore has an integrated online system through which builders can request the final inspection and the occupancy certificate without delay. In Portugal the Municipality of Lisbon adopted a tracking system that is automatically updated once the final inspection has taken place. The certificate of occupancy is available immediately after the final inspection.

For construction projects involving low or limited risks in terms of

structural integrity and fire safety, South African authorities could also consider providing qualified engineers with the authority to self-certify that the building can be occupied. Austria, Mauritius, Morocco and Norway, for example, have such systems in place. The occupancy certificate would be effective immediately after its filing. Once all the required documents are properly filed, municipalities grant the occupancy certificates immediately. Random, ex-post inspections are performed to ensure that the construction is in compliance. The ex-post controls guarantee the same level of safety and the process is faster.

Introduce joint responsibility of the permitting process with private building professionals

With building codes becoming more complex and with sustained increases in construction across the world, the trend of sharing the workload for regulatory control functions, and hence leveraging expertise, has led to a growing involvement of the private sector. In many economies a more systematic use of private building professionals for permits and inspections has helped to remove bottlenecks associated with resource-constrained public building authorities.

Good-practice economies have all introduced some private sector solutions at the different stages of the process, with the goal of increasing efficiency and

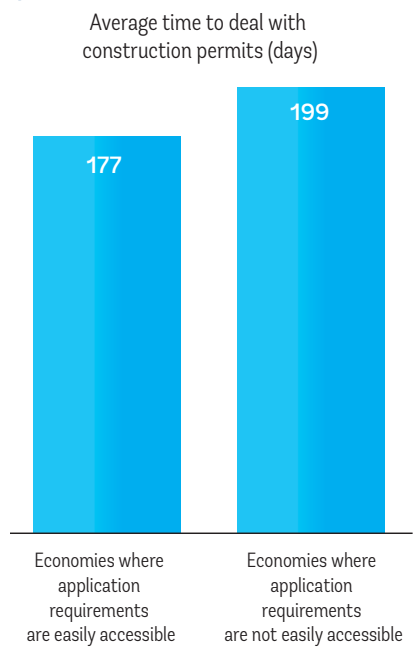
providing consistent, high-quality services and delivery. Reforms in Austria, Colombia and New Zealand have led to increased cooperation with private sector engineers at different stages of the permitting and inspection process (figure 4.8). Austria and Germany use qualified professionals to review plans and to inspect sites. Austria, Australia, Canada, Germany, Japan, New Zealand, Singapore and United Kingdom make private inspectors responsible for ensuring buildings' safety and thus responsible for conducting the required inspections based on the type of building. Norway has gone one step further, creating a system of self-confirmation pursuant to which the project's designer is responsible for confirming compliance with building codes. Liability is closely linked to the qualifications of the building practitioners, verified through a centralized registration system of qualified building firms. In fact, moving toward practitioner-focused enforcement of building controls requires developing robust professional qualification systems and professional supervision.

Make the permitting process more transparent

In many South African cities, building plan approval applications are rejected because of minor errors. Providing checklists of necessary preconditions saves the applicants and the approving authorities time. In South Africa the websites of the municipalities of Cape Town²³ and eThekweni²⁴ are examples of portals providing detailed information on the requirements needed to obtain permits. These municipalities also make application forms available online. Moreover, in Cape Town several dedicated hotlines providing information on services related to construction permits (water and sanitation, road and waste) exist. Other cities could ensure that their technical regulatory requirements are clear and publically available.

An additional measure to simplify preconstruction clearances would be to set a time limit for the municipality

FIGURE 4.9 Easier access to application requirements for building permits is associated with faster approval processes



Note: Relationship is significant at the 5% level after controlling for income per capita. Application requirements for building permits are considered easily accessible if they can be obtained through the website of the building authority or another agency or through public notices, without a need for an appointment with an official. The data sample includes 159 economies.

Source: Doing Business database.

to assess the completeness of applications. Separating formal and substantial checks makes the process more efficient. Checking if all documents have been duly provided is faster than scrutinizing the content of the application. Nevertheless, this can save valuable time to the applicant. To be effective, the time limit should work based on the silence-is-consent principle for low-risk projects. Authorities that fail to respect the established timeframe would be fined.

Facilitating public access to information strengthens governance, fosters accountability and improves transparency. Evidences show that the availability of basic regulatory information is associated with lower costs, better regulatory quality and greater overall regulatory efficiency.²⁵ In economies

that provide such information online or via brochures, applications are processed more quickly and building plan approvals granted in less time (figure 4.9). Policies promoting access to information cannot on their own increase the accountability of officials and actively counteract corrupt practices. But easier access to information needed to comply with regulatory requirements is associated with lower transactions costs, lower levels of perceived corruption, and stronger voice and accountability mechanisms.

Exhaustive guidelines should cover information about key steps, the agencies involved, the documents required for each approval, the names of certificates, permits and approvals required, as well as corresponding timeframes and fees.

NOTES

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- It should be noted that the construction sector in South Africa has seen a substantial rise in capital investment, making construction one of the sectors with the highest capital-labor ratio. Recent data from the South African Reserve Bank shows that capital investment in the construction sector grew at a faster pace than employment gains. <https://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/6649/02Quarterly%20Economic%20Review.pdf>.
- Australian Bureau of Statistics. 2002. *Year Book Australia*. Canberra: Australian Bureau of Statistics.
- The purpose of the Act, which has been amended several times since 1977, is

- to ensure uniformity in the law relating to the construction of buildings in the areas of jurisdiction of local authorities. The Act assigns different functions and responsibilities to the South African Bureau of Standards (SABS), a statutory body in charge of promoting and maintaining quality standards in the building sector. The SABS publishes and keeps updated a "Code of Practice for the Application of the National Building Regulations." Despite not having force in law, this code sets out provisions that are necessary to satisfy and to correctly interpret the technical aspects of the National Building Regulations.
12. For a commercial warehouse like the one assumed by the *Doing Business* case study, Buffalo City, Cape Town and eThekweni do not require preconstruction clearances. For less complex buildings, these municipalities allow registered practitioners—such as qualified engineers or architects—to submit the building plan for approval without the need of preconstruction clearances. Nonetheless, in practice consultations between the applicant and the municipal departments take place.
 13. In Mangaung the applicant must obtain clearances from the following departments: Electricity, Fire, Health and Waste/Water. In Johannesburg the applicant must obtain clearances from the following departments: Electricity, Fire, Sewerage and Water. Additionally, the City of Johannesburg's bylaws require a permit to hoard in the footway for the erecting, removing, altering, repairing or painting of any part of a building or structure or the carrying out any excavation, on part of any land that is within 2 meters of a public road.
 14. The law stipulates that no trenches or excavations should have concrete placed on them or no drainage installation should be backfilled before the municipality inspects and approves them. Additionally, any building control officer or any other person authorized by the Municipality may enter a building or land to determine whether the owner of the building or land complies with the provision of the National Building Regulations Act 1977 or any condition imposed by the local authority in terms of this Act.
 15. Previously, construction companies were required to inform the municipal building inspectors of the completion of each construction phase that needed inspection. According to municipal authorities, this was not consistently done, prompting them to carry out inspections on a monthly basis.
 16. South African Bureau of Services Standards Division. 2010. *SANS10400, Code of Practice for the Application of the National Building Regulations*, Pretoria: SABS.
 17. For a building with an area of more than 500 square meters.
 18. Water and Sewage Department, Road Agency, Health Department, Gas Department, City Power, Fire Department, city parks and Waste Management.
 19. According to the law, if the timeframe is not respected, "a court may on the application of the applicant concerned make an order directing such local authority to perform its duties and exercise its powers." The silence-is-consent rule does not apply.
 20. Delion, Marie Lily and Joyce Ibrahim. 2013. "What Role Should Risk-Based Inspections Play in Construction?" *Doing Business 2014: Understanding Regulations for Small and Medium-Size Enterprises*. Washington, DC: World Bank Group.
 21. The one-stop online portal Construction and Real Estate Network (CORENET), <http://www.corenet.gov.sg>, allows the electronic submission of plans to multiple approving authorities, as well as the possibility of tracking the status of the application.
 22. A GIS is an integrated system of computer hardware, software and trained personnel capable of assembling, storing, manipulating and displaying topographic, demographic, utility, facility, image and other resource data that is geographically referenced.
 23. City of Cape Town Official Website - Local Government Services. <https://www.capetown.gov.za/en/Pages/default.aspx>.
 24. Official Website of the eThekweni Municipality. <http://www.durban.gov.za/Pages/default.aspx>.
 25. Geginat, Carolin, Adrian Gonzalez and Valentina Saltane. 2012. *Transparency and Access to Information in Business Regulation*. Washington, DC: World Bank Group.



Getting electricity

South Africa's electricity supply is in crisis. According to the World Economic Forum Global Competitiveness Report 2014-2015, South Africa ranks 99 out of 144 economies in terms of the quality of its electricity supply.¹ The power grid is ageing, and investments in the sector are lagging behind. Frequent load shedding—planned power cuts in effect since the start of the crisis in 2008 to preserve energy supplies—are harming the economy, especially small and medium-size businesses.²

Electricity is important to businesses. Investment, productivity and growth are linked to the quality of and accessibility to infrastructure services,³ and unreliable electricity supply, lack of distribution networks in rural areas and high connection costs all hinder business activity. World Bank Enterprise Surveys of 137 economies show that firms consider the getting of electricity as the second biggest obstacle to their business.⁴ Self-supply is often prohibitively expensive, especially for small firms.⁵ To get electricity, the customer must first obtain a connection—and this is the key step measured by the getting electricity indicators.

WHAT DOES GETTING ELECTRICITY MEASURE?

Doing Business measures the procedures, time and cost needed by a small or medium-size enterprise to get a new electricity connection for a standardized warehouse with specific electricity

needs (figure 5.1). These procedures include applications and contracts with electricity utilities, necessary inspections, clearances from the distribution utility and other agencies, and external and final connection works. To make the data comparable across cities, several assumptions about the warehouse and the electricity connections are used. The location of the warehouse is assumed to be within city limits, the subscribed capacity of the connection 140 kilovolt amperes (kVA), and the length of the connection 150 meters.

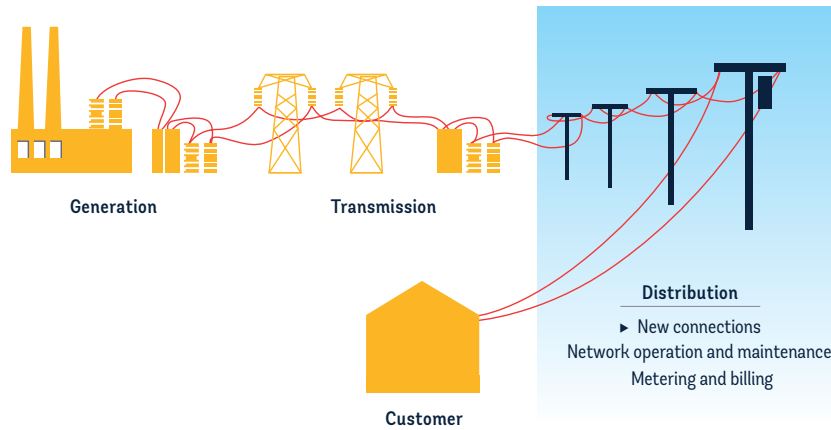
HOW DOES GETTING ELECTRICITY WORK IN SOUTH AFRICA?

In South Africa electricity in urban areas is predominantly provided by municipalities. In fact, 60% of electricity distribution in South Africa is undertaken by municipalities. Eskom, the government-owned public utility, provides electricity to the remaining 40% of municipal consumers—mostly in smaller municipalities, rural areas and townships.⁶ Internationally, however, it is more common that these services are provided by stand-alone utilities, either from the public or private sector.⁷

In terms of electricity generation, Eskom is the main supplier, generating approximately 95% of electricity. The rest is generated by small municipal generators and independent power producers (IPPs).⁸ The National Energy Regulator (NERSA)

- Getting an electricity connection across South African cities takes on average the same number of procedures as across OECD high-income economies, but it is more expensive and the process takes twice as long.
- The prolonged waiting time is mostly driven by delays reported in Johannesburg, Msunduzi, Nelson Mandela Bay and Tshwane, where getting an electricity connection takes on average three times longer than in OECD high-income economies.
- There are great disparities across locations. Getting an electricity connection is easier in Mangaung, where 4 procedures are required over 80 days, and the connection costs 383.2% of income per capita.
- Mangaung and Cape Town have the least burdensome processes to obtain a connection, requiring only 4 steps—just one additional procedure as compared to the best performing economies worldwide.

FIGURE 5.1 Doing Business measures the connection process at the level of distribution utilities



is a regulatory authority established pursuant to Section 3 of the National Energy Regulator Act 2004 (Act No. 40 of 2004).⁹ NERSA regulates the electricity, gas and petroleum industries.

Across South Africa 5 procedures and 141 days are required on average for a business to obtain a new electricity connection, and the cost is 472.8% of income per capita. This is comparable in terms of number of procedures to OECD high-income economies (5 procedures) (figure 5.2). However, the process takes twice as long as in OECD high-income economies (76.8 days). The long time is mainly driven by delays in Johannesburg, Msunduzi, Nelson Mandela Bay and Tshwane, where it takes on average three times longer to obtain an electricity connection than in OECD high-income economies. Although South Africa's electricity connection cost is also significantly higher than the average in OECD high-income economies (73.2% of income per capita), it compares favorably in the regional context: Sub-Saharan Africa is the region with the highest connection cost (4,348.5% of income per capita). In the Republic of Korea, the best-performing economy on this indicator according to *Doing Business 2015* global ranking, obtaining a new electricity connection

requires just 3 procedures and 18 days, and it costs 41.1% of income per capita.

Typically, the process of obtaining an electricity connection in South Africa includes applying for a connection at the relevant distribution utility, receiving an external inspection and estimate of the cost, and having the distribution utility carry out the connection works (figure 5.3). In all municipalities, the electrical contractor has to submit a Certificate of Internal Wiring Compliance¹⁰ to the distribution utility before the final connection is established. Most distribution utilities also require the separate signing of a supply contract. Connections are usually underground, and the external connection work is done either by the utilities' own workers or by its subcontractors.

The process of obtaining a new electricity connection for a business is fairly standardized across South African municipalities. However, significant differences regarding the length of the process and the cost of a connection exist. It is easier to obtain an electricity connection in Mangaung and more difficult in Johannesburg and Nelson Mandela Bay (table 5.1). Mangaung—South Africa's best performing municipality—requires 4

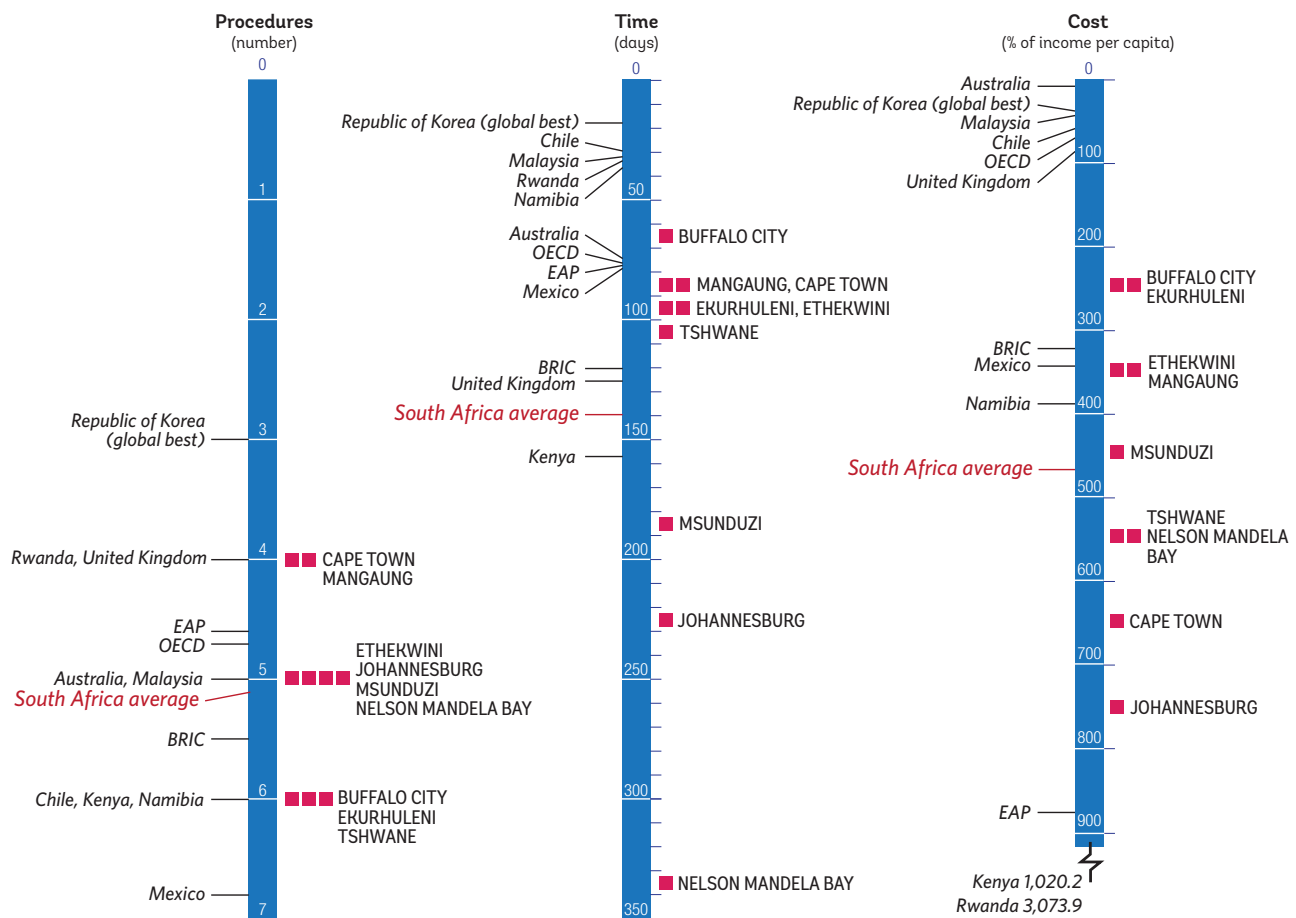
procedures that take 80 days and cost 383.2% of income per capita.

The number of requirements to obtain an electricity connection in the surveyed municipalities ranges from 4 to 6 following a standard process, with slight differences in the order. In Mangaung and Cape Town only 4 steps are necessary to obtain a new electricity connection. This is just one procedure more than the best performing economies worldwide—for example Germany, Republic of Korea, and Taiwan (China). EThekweni, Johannesburg, Msunduzi and Nelson Mandela Bay require 5 steps, while Buffalo City, Ekurhuleni and Tshwane require 6.

In Cape Town the customer does not have to sign a separate supply contract with the municipal utility, as is the case in all other cities. In Mangaung, the municipal utility Centlec performs an external inspection, usually without the customer's presence because the inspection is carried out on public land before the estimate is given. In Tshwane no external inspection is needed before the connection works commence. The municipality already has the drawings of the area and knows the power capacity of each land plot. It is thus able to provide the quotation without an inspection. In all other cities, the customer is present during the external inspection.

Buffalo City, Ekurhuleni and Tshwane have the most complex requirements to obtain an electricity connection. In Buffalo City, in addition to signing a supply contract and submitting the Certificate of Internal Wiring Compliance, the customer must also submit proof of payment of the security deposit to the Municipal Electricity Department before the final connection is established. In Tshwane the customer takes the "pink slip" issued by the Inspector after the final inspection to the Customer Services and pays

FIGURE 5.2 Getting an electricity connection in South Africa compared globally



Note: OECD is the OECD high-income economies average; EAP is the East Asia and the Pacific average; BRIC is the average of Brazil, Russian Federation, India and China.
Source: Doing Business database.

the required deposit. Customer Care initiates a request from the Electricity Control room to energize the connection. An electrician is dispatched to arrange the switch-on for the customer.

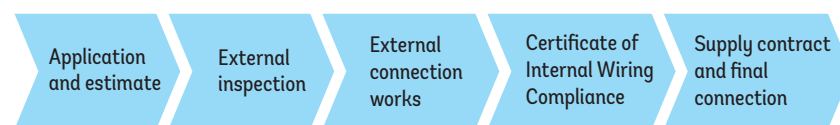
In the majority of municipalities, the utility provides all the material needed for the external connection works. In some municipalities—namely Buffalo City, Nelson Mandela Bay, eThekweni and Msunduzi—the customer has to pay for

some of the material in addition to connection fees. However, in Ekurhuleni and Tshwane the customer must also obtain the meter box needed for the connection, and this can make the process more burdensome. In Ekurhuleni the meter box cost is included in the connection fee. Nevertheless, after paying the full connection fee, the customer is referred to the Council stores to obtain the meter box and to install it according to municipal specifications.

Obtaining a new electricity connection is fastest in Buffalo City (66 days), which is significantly below the average of 141 days and also below the OECD high-income economies average of 76.8 days. In Buffalo City the municipal utility carries out the external connection work of laying the cables to connect the warehouse to the network in about 1 month, which is faster than in other municipalities. Mangaung, Cape Town and Ekurhuleni are also among the municipalities where a customer can obtain a new connection relatively fast, on average in less than 3 months. In Mangaung the external connection work is carried out in 45 days.

Ekurhuleni has implemented an internal electronic communication platform

FIGURE 5.3 Main steps to obtain an electricity connection in South Africa



Source: Doing Business database.

TABLE 5.1 Where is it easy to get an electricity connection—and where not?

Municipality Municipal seat	Rank	Distance to the frontier (score)	Procedures (number)	Time (days)	Cost (% of income per capita)
Mangaung Bloemfontein	1	83.88	4	80	383.2
Cape Town Cape Town	2	81.81	4	87	640.0
eThekweni Durban	3	75.73	5	98	380.2
Buffalo City East London	4	75.32	6	66	257.2
Ekurhuleni Germiston	5	71.83	6	90	258.5
Tshwane Pretoria	6	68.51	6	104	572.6
Msunduzi Pietermaritzburg	7	63.00	5	184	446.0
Johannesburg Johannesburg	8	55.74	5	226	729.5
Nelson Mandela Bay Port Elizabeth	9	53.14	5	333	587.7

Note: Rankings are based on the average distance to frontier (DTF) score of procedures, time and cost associated with getting a new commercial electricity connection. The DTF measure is normalized to range between 0 and 100, with 100 representing the frontier of best practices (the higher the score, the better). For more details, see the About Doing Business and About Doing Business in South Africa 2015 section.

Source: Doing Business database.

that allows for a fast turnaround of customer requests and an electronic management system that keeps track of the work progress.¹¹ However, there is still room for improvement. At the moment, customers applying for a new connection need to submit to the electricity department proof of payment of the estimate and the security deposit. The electronic communication platform is currently undergoing improvements, and it is expected that full functionality will be restored by June 2015. This should enable seamless electronic communication between finance and electricity departments and eliminate the need for customers to go back to the electricity department.

In Nelson Mandela Bay, Johannesburg and Msunduzi getting a new electricity connection takes at least 4 months longer than in Buffalo City. The long time in Msunduzi is driven by the delay associated with obtaining an estimate and the external connection work. Lack of qualified staff and a backlog of applications are causing these delays. In Johannesburg the main cause for

the delay is the long wait time for the completion of the external connection work, which includes the installation of a distribution transformer. The time to obtain a new connection is longest in Nelson Mandela Bay. After submitting the application, customers often wait

up to 6 months to receive an estimate. Frequent strikes and high staff turnover that leave a vacuum in the electricity department contribute to these long delays. Carrying out the external connection works takes several months. Last but not least, theft of infrastructure (cables and other materials) may also cause additional delays.

According to global experience, connection costs can usually be divided into two categories: a clearly regulated connection fee based on a formula or a fixed price, and variable costs for the connection, accounting for the actual labor and material required. Across South Africa, all distribution utilities, except for Johannesburg,¹² charge a connection fee or a capital contribution charge. But the majority of municipalities also charge customers for the cost of the materials, such as the meter box and cables (table 5.2). This is the case, for example, in Nelson Mandela Bay and eThekweni. The costs are lowest in Buffalo City (257.2% of income per capita) and Ekurhuleni (258.5% of income per capita). Cape Town and Ekurhuleni charge only a connection fee, which includes the cost of the material. This

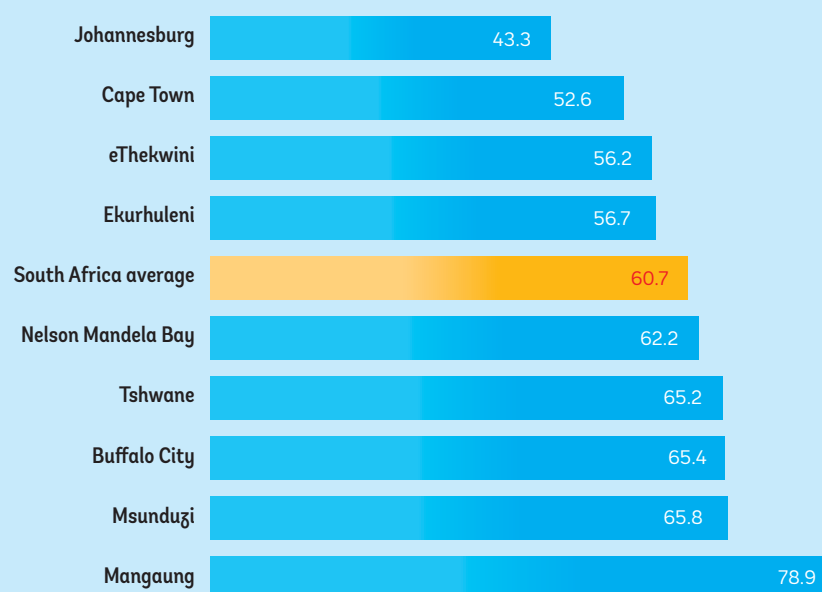
TABLE 5.2 How does each municipality charge the connection cost?

Municipality Municipal seat	Connection fee and/or capital contribution charge	Variable cost (actual labor and material cost)
Buffalo City East London	✓	✓
Cape Town Cape Town	✓	
Ekurhuleni Germiston	✓	
eThekweni Durban	✓	✓
Johannesburg Johannesburg		✓
Mangaung Bloemfontein	✓	✓
Msunduzi Pietermaritzburg	✓	✓
Nelson Mandela Bay Port Elizabeth	✓	✓
Tshwane Pretoria	✓	✓

Source: Doing Business database.

BOX 5.1 Monthly consumption prices vary significantly across South African locations

Monthly electricity consumption prices are lowest in Johannesburg and highest in Mangaung (see figure below). Consumption tariffs usually comprise a basic charge and an energy charge based on the kilowatt hours used each month. Often there is an additional charge based on the power demand of the connection. Many municipalities also differentiate between winter and summer season and peak and off-peak demand during the day. Municipalities establish what is known as the “multi-year price determination (MYPD)” and tariff guideline. The tariffs have to be approved by NERSA and become effective on July 1 of each year, and are available on NERSA’s and the municipalities’ websites.

Monthly consumption prices (% of income per capita)

Note: The consumption price for each municipality is calculated based on the following assumptions: The case study warehouse operates from 9:00 to 17:00, and not 24 hours, without electricity cuts (assumed for simplicity reasons) and has a subscribed capacity of 140 kVA and a monthly consumption of 26,880 kWh. The business operates 30 days a month (thus the hourly consumption is 26,880 kWh / 30 days / 8 hours = 112 kWh). For each municipality, the corresponding tariff and tariff calculation was applied.
Source: Eskom; Doing Business database.

Electricity tariffs are a key revenue source for municipalities, and this may create disincentives to lower the consumption prices. Addressing this issue in municipalities where the prices are higher would likely require broader reforms of inter-governmental revenue policy and administration, as well as better bill collection.

makes the connection cost more transparent and predictable, as connection fees and capital contribution charges are regulated locally and based on a formula or a fixed price. Costs are highest in Johannesburg (729.5% of income

per capita), Cape Town (640.0% of income per capita) and Nelson Mandela Bay (588.0% of income per capita). In Cape Town usually no additional distribution transformer would be required;¹³ nevertheless, the connection fee is

higher than in other municipalities. In Johannesburg and Nelson Mandela Bay the higher costs are mostly due to the need to install an additional distribution transformer. In addition, in Johannesburg the customer has to cover the actual material cost for the new connection.

In addition to the upfront cost paid by small and medium-size businesses to get a connection, the monthly consumption of electricity cost must also be analyzed. Across South Africa, monthly consumption prices vary significantly (box 5.1). While a firm in Cape Town pays 1.7 times more than in Mangaung to obtain a connection, it pays 1.5 times less for monthly electricity consumption than its competitor in Mangaung. Similarly, in Johannesburg a firm pays almost twice the amount to get a connection than in eThekweni, but it pays 1.3 times less for electricity consumption.

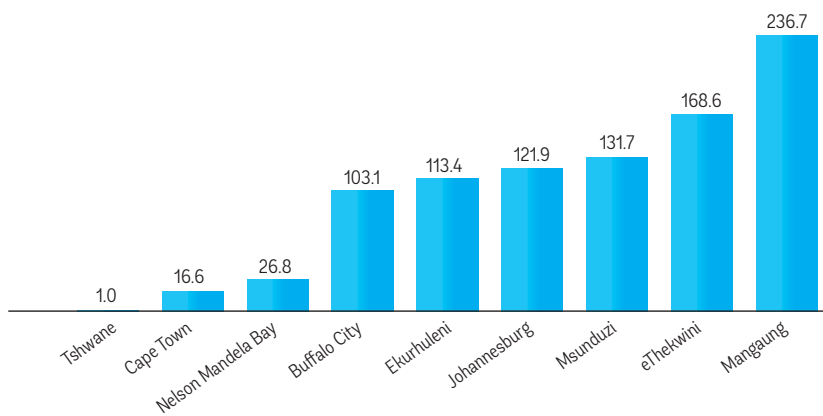
WHAT CAN BE IMPROVED?**Streamline approval processes**

One of the most effective ways to reduce delays in obtaining a connection is to streamline approval processes.¹⁴ Typically, most economies worldwide require that a customer apply for an excavation permit or right of way, allowing the utility to lay the cables or extend wires for the connection with the department of roads or transport. This often means that the customer has to deal separately with the utility for the connection and with the municipality for the excavation permit. In most South African cities, however, the utilities are part of the municipalities, and they obtain an excavation permit and other clearances on behalf of the customer. This relieves the customer of dealing with multiple agencies and makes the process less burdensome.

There are additional ways in which to streamline the process of granting a

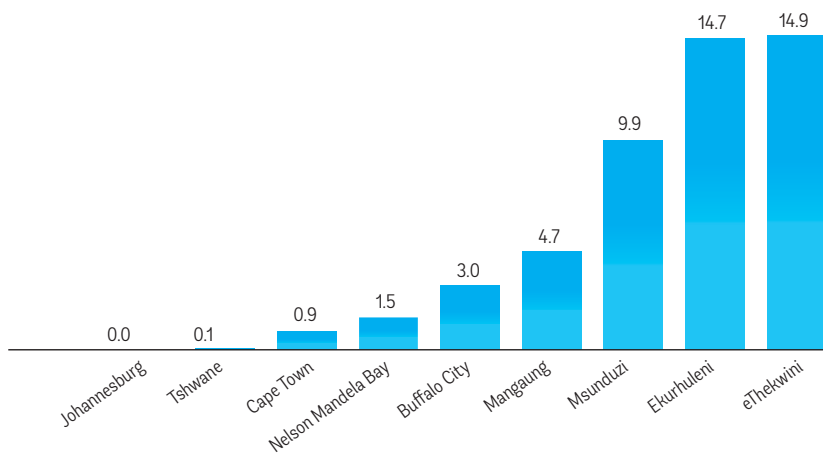
FIGURE 5.4 Security deposit amounts across South African cities

Amount of the security deposit*
(% of income per capita)



*This is the total amount of security deposit that must be paid when applying for electricity connections

Security deposit cost**
(% of the total connection cost)



**This is the present value of lost interest earnings or the cost of bank guarantees/bonds.

Note: *Doing Business* does not record the full amount of the security deposit. Instead, *Doing Business* records the present value of the losses in interest earnings experienced by the customer because the utility holds the security deposit over a prolonged period, in most cases until the end of the contract (assumed to be after 5 years). See the data notes section for more details.

Source: *Doing Business* database.

new connection. On average, in South Africa it takes 51 days for the distribution utilities to internally process applications, prepare estimates and schedule connection works.¹⁵ Internal communication and workflow processes could be streamlined to decrease the time needed to obtain a connection. In Ekurhuleni it takes just 25 days for the

connection work to begin. The municipality's electronic platform utilized for internal communications and for keeping track of application review progress could be a good practice for other cities to follow.

Although it is not officially required that the customer or a representative be

present during the external inspection conducted by the utility, in most cases someone from the customer's side is present. The utility requires the external inspection before a cost estimate is issued to check the exact surroundings of the building and to determine the precise location for cables and meter installation. In other economies worldwide, utilities use Geographic Information Systems (GIS), which make the site visit obsolete. In Mexico, for example, the distribution utility developed a GIS to map the electricity distribution network in 2011/12 and thus no longer carries out a physical inspection before issuing the feasibility study.¹⁶ Likewise, with the widespread use of GIS in Turkey, the utility *Boğaziçi Elektrik Dağıtım A.Ş.* no longer conducts external inspections for new electricity connections. For all new connections, the utility now checks via GIS whether an additional transformer is needed to provide electricity to the new customer. Even though all municipalities in South Africa already have GIS implemented, they do not use them to eliminate the need for a site visit for the cost estimate.¹⁷

Alleviate the burden of security deposits

All surveyed distribution utilities in South Africa require customers to make security deposits as a guarantee against nonpayment of future electricity bills (figure 5.4). Utilities in 91 out of the 189 economies surveyed by *Doing Business* in 2013/2014 have the same requirement. Security deposits are particularly common in Latin America and the Caribbean and in Sub-Saharan Africa.¹⁸ All surveyed distribution utilities in South Africa hold the deposit until the end of the contract and repay it without interest. The exception is the distribution utility in Johannesburg, which pays the same interest as the national bank.

The requirement of a security deposit can impose a substantial financial burden on a small or medium-size

business, especially those facing credit constraints. In eThekweni, for example, a medium-size business must effectively grant the utility an interest-free credit equivalent to 169% of income per capita—meanwhile being unable to put the money to more productive use. In some utilities, for example in eThekweni and Ekurhuleni (figure 5.4), the security deposit represents up to 15% of the total connection cost. The majority of distribution utilities request a security deposit equal to 2 to 3 months of consumption charges.

In Buffalo City, on the other hand, the security deposit is based on a fixed charge per kilovolt ampere.¹⁹ While security deposits based on estimated monthly consumption make it difficult for the customer to know in advance the amount of the security deposit, the customer in Buffalo City knows the exact amount in advance, making the related connection cost more transparent. The electricity utility in Mumbai, India changed its method for calculating the security deposit. The utility now calculates it as a fixed charge per kilowatt rather than basing it on a customer's estimated monthly consumption.²⁰

In addition, utilities could consider alleviating the financial burden that the security deposits cause to customers. A start would be to return the deposit after 1-2 years rather than waiting until the end of the supply contract. In Mangaung, Johannesburg and Buffalo City utilities allow customers to settle the security deposit with a bank guarantee²¹ or bond rather than depositing the entire amount with the utility. The service cost for such bank guarantees is usually lower than the interest the customer loses on the deposit. More importantly, bank guarantees allow customers to keep control of their financial assets and improve their cash flow.

Improve the transparency of the connection process and connection costs

Utilities should clearly explain to customers what exactly is needed to obtain a new electricity connection. This would make the process more transparent. As a starter, utilities could post information about the application process, the connection cost and consumption tariffs not only in their customer service offices but also on the municipal websites. All of the distribution utilities in South Africa post the consumption tariffs on their website, and the majority of them also include some information on the connection cost. However, some municipalities provide only little or no information on the connection cost. All utilities should also upload information on the actual connection processes and legal time limits in a user-friendly way. eThekweni, for example, has already outlined the application process and connection cost in a clear manner on its website.

The type of connection works can vary depending on the network's capacity.²² If capacity is constrained, a more complicated connection may be required. The resulting capital investments (such as the installation of a distribution transformer) are often covered by the new customer. This obligation substantially raises the total connection cost. Thus, connection costs should be transparent, allowing customers to contest such charges when they feel they are paying more than they should. However, in many economies utilities often present customers with individual budgets rather than following clearly regulated capital contribution policies aimed at spreading the fixed costs of expanding the network over several customers. This is also true for most utilities in South Africa, the majority of which charge variable costs to the customer in addition to the connection fees. Chile is among the economies that provide clear regulation of fees. For the 140-kilovolt-ampere (kVA) connection

assumed in the case study, costs are fixed and based on an average for similar projects in the area.

NOTES

1. World Economic Forum. 2014. *The Global Competitiveness Report 2014–2015* (page 341). Geneva. World Economic Forum.
2. England, Andrew. (December 9, 2014). Worsening Electricity Crisis Adds to South Africa's Economic Woes. Financial Times. Retrieved from <http://www.ft.com/cms/s/0/69aa4a9e-7f89-11e4-b4f5-00144feabdc0.html#ixzz3P0DT6NFB>.
3. World Bank Group. 2010. *Getting Electricity: A Pilot Indicator Set from the Doing Business Project*. Washington, DC: World Bank Group.
4. World Bank Group. 2010. *World Bank Enterprise Surveys (2002–10)*. Washington, DC: World Bank Group.
5. Iimi, Atsushi. 2008. "Effects of Improving Infrastructure Quality on Business Costs: Evidence from Firm-Level Data." Policy Research Working Paper 4581, World Bank Group, Washington, DC.
6. Palm Development Group (PDG). "Demand Side Management for Electricity and Water and Financial Implications for Local Authorities", Consolidated Report (Draft Final Report v2.2), December 8, 2011, page 7.
7. Ibid, page 8.
8. Information obtained in a meeting with NERSA representatives on March 18, 2014.
9. National Energy Regulator of South Africa, www.nersa.org.za.
10. The distribution utility will require a Certificate of Internal Wiring Compliance signed by a registered electrical contractor. The customer's electrician has to be licensed/ accredited by the Electrician Contractors Association of South Africa (ECASA).
11. The name of the electronic management system being used is Elecon Management System. The system is currently being used only in the Germiston area.
12. In Johannesburg the distribution utility charges the customer the actual cost for material and labor for the external connection works.
13. The installation of a distribution transformer could raise the total connection cost.
14. *Doing Business* database, 2014.
15. This is the average number of days from the moment the customer submits an application until external connection works commence.
16. *Doing Business* database, 2013.
17. For example, eThekweni has GIS and digital city maps. However, the utility conducts a site visit to verify capacity availability, site conditions, and connection points.
18. *Doing Business* database, 2014. The number of economies where utilities charge security deposits does not include those where security deposits are rolled over into

consumption bills for the first 3 months (Tunisia and United States).

19. Based on the *Doing Business* getting electricity case study assumptions, the total deposit amount would be ZAR461 (US\$53) times 140kVa.
20. *Doing Business* database, 2014.
21. In Ekurhuleni the utility allows bank guarantees only for certain types of customers and only for one third of the amount of the security deposit.
22. *Doing Business* distinguishes between two cases: connecting to the low-voltage network and connecting to the medium-voltage network. The first case involves laying low-voltage underground cables or installing low-voltage overhead wires from the metering point to the closest connection point on the network. The second case usually occurs when the capacity of the utility's low-voltage network cannot accommodate the power demand of a customer. This case involves installing a distribution transformer and connecting it between the customer's installation and the utility's medium-voltage network. According to the standardized case study, the customer requests a nontrivial but still relatively modest 140-kilovolt-ampere (kVA) connection. By comparison, the demand of a residential connection is about 20 kVA.

Registering property



A reliable, transparent and secure land registration system protects ownership rights in a myriad of property transactions and promotes economic growth through greater access to credit.¹ When people have proper title to their land, they can use the property as collateral for a loan or transfer land parcels in which they have invested.² If people feel more secure in their homes and on their land, they are more likely to invest in and make improvements to their property, which in turn benefits overall health and well-being.³

At the commercial level, a recent study concluded that security in property rights impacts business growth through asset allocation.⁴ Companies operating in environments with poorly developed financial systems and weak property rights are more likely to allocate resources in a suboptimal way, which in turn hinders business growth.

The benefits of land registration go beyond the private sector. For

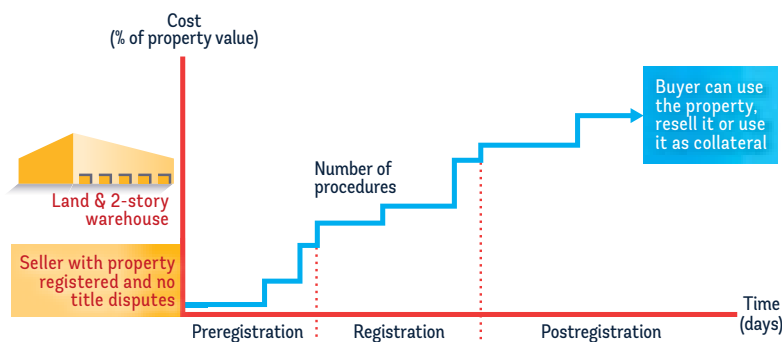
governments, reliable, up-to-date information in land registries is essential to correctly assess and collect tax revenue. In Thailand the annual revenue from property and transfer taxes rose from US\$200 million in the 1980s to US\$1.2 billion by 1995, and the land titling program increasing the number of registered property owners during the 1980s is considered as one of the reasons for the increase.⁵ Modernization and computerization of land management in Karnataka, India quadrupled land-related revenue from US\$120 million in 2000 to US\$480 million in 2008.⁶

WHAT DOES REGISTERING PROPERTY MEASURE?

Doing Business records the full sequence of procedures needed for a business to purchase an immovable property from another business and formally transfer the property title to the buyer's name (see figure 6.1). The process starts with

- The legal framework for the registration of property is the same across South Africa, and procedures to transfer are similar across the cities measured in this report.
- Despite the shared legislative framework, differences in implementation exist. It takes 24 days to register property in Buffalo City, but 52 days in Mangaung, and 9 procedures in Cape Town, but only 7 in Ekurhuleni, Johannesburg and Tshwane.
- Compared to East Asia and the Pacific economies, South African locations transfer property one and a half months faster on average.
- It is easier to register property in Johannesburg and Tshwane thanks to the efficient functioning of the locations' deeds registries and an effective electronic process to deliver municipal rates clearance certificates.

FIGURE 6.1 What are the time, cost and number of procedures required to transfer property between two local companies?



obtaining the required documents, such as a copy of the seller's title, and ends when the buyer is registered as the new property owner. Every procedure required by law or necessary in practice is included, whether it is the responsibility of the seller or the buyer and even if it must be completed by a third party on their behalf.

HOW DOES REGISTERING PROPERTY WORK IN SOUTH AFRICA?

The Deeds Registries Act 47 of 1937 established the foundation for property administration in South Africa. It asserts that "ownership of land may be conveyed from one person to another only by means of a deed of transfer executed or attested by the registrar."⁷ This Act is amended regularly and applies uniformly across South Africa. Consequently, deeds registries throughout the country follow the same registration process and procedural requirements to transfer property. However, because municipalities manage the issuance of rates clearances and building compliance certificates required for property transfers, time and procedural variance between locations exist (figure 6.2).

South Africa's land registration system is similar to that of United Kingdom, and most of the requirements are executed by a conveyancer. Only conveyancers are legally empowered to file and sign transfer deeds at the deeds registry.⁸ Conveyancers are also responsible for drafting the title deed, checking the parties' identities and obtaining documentation relevant to the transaction.

To transfer property, conveyancers must perform due diligence to search through the deeds registry's national database and ascertain the property owners' names, to ensure that there are no liens or encumbrances on the lands

and to print ownership certificates. The deeds registry database is centralized and contains information on all registered properties in South Africa. Conveyancers in South Africa usually check the database online through the deeds registry's electronic platform, DeedsWeb,⁹ or a licensed third-party software such as Korbitec or L@w.¹⁰ The DeedsWeb interface was developed in 2001 and allows everyone access to deeds information online. Conveyancers may also request a copy of the title deed from the deeds registry. If the title deed has been scanned, conveyancer can obtain the copy within a day. For older titles not yet scanned into the deeds registry system, the waiting time is on average 3 days.

Conveyancers will subsequently conduct a company search with the Companies and Intellectual Property Commission¹¹ to verify the identities of the directors of both companies, to check each company's memorandum and articles of association to confirm the authority to acquire and alienate immovable property, and to ensure compliance with the Financial Intelligence Center Act by obtaining proof of the companies' primary business location and tax registration.

Next, conveyancers will verify that the rates clearances and building compliance certificates—such as the electrical compliance certificate, entomologist certificate and plumbing certificate—have been obtained by the parties from the municipalities, and pay the transfer duty to the national South African Revenue Services (SARS). Determining the amount to be paid to SARS for the property transfer and obtaining the transfer duty receipt is done online through the SARS website.

Once all documents have been gathered, the parties will sign the transfer deed at the conveyancer's office. The conveyancer will then file the transfer deed with the deeds registry office

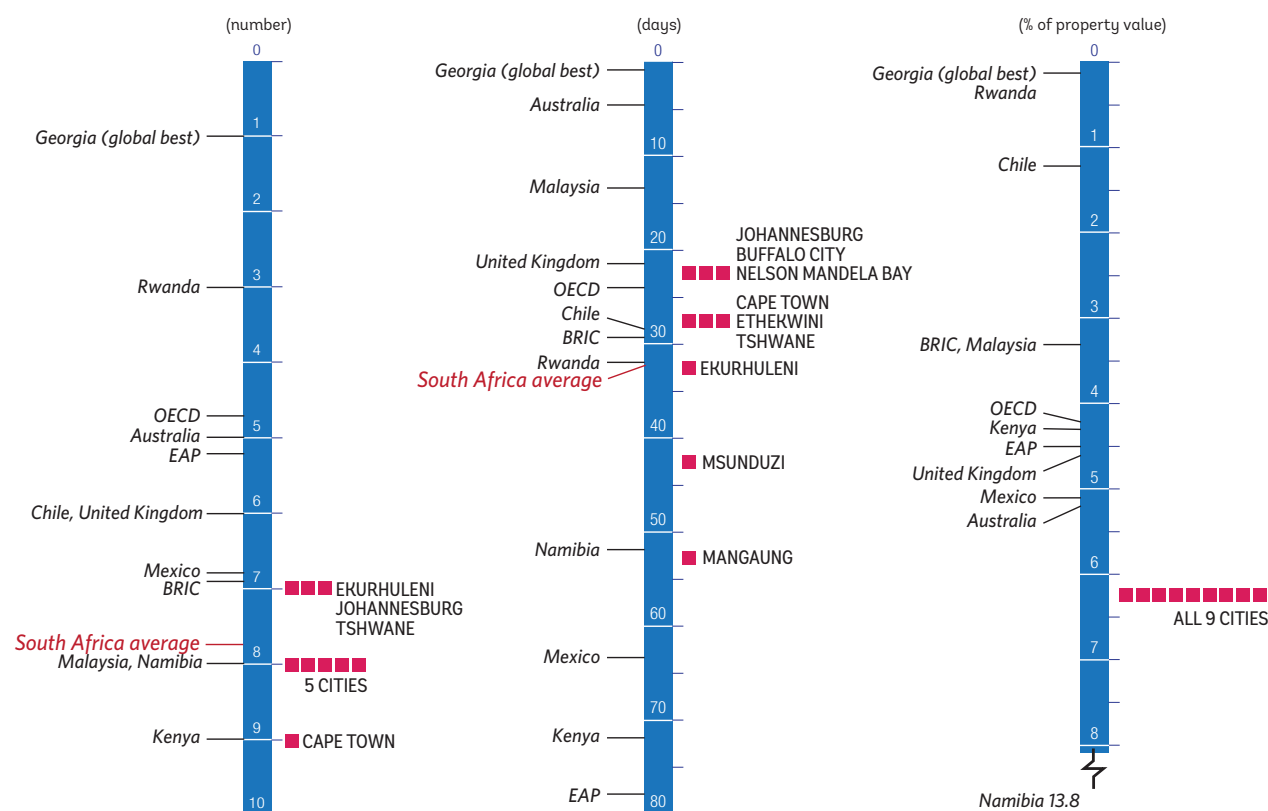
FIGURE 6.2 Locations across South Africa have similar procedural requirements for transferring property



Source: Doing Business database.

covering the particular parcel. After the deeds registry has verified the validity of the transfer deed, the conveyancer will sign the transfer deed before the deeds registrar, and the property is deemed transferred to the new owner (box 6.1).

In the 9 locations measured, transferring property from one firm to another takes on average 8 procedures and 32.2 days and costs 6.31% of the property value (figure 6.3). While the South African average lags behind OECD high-income economies—where it takes 5 procedures, 24 days and costs 4.2% of the property value—good-performing locations exist in South Africa. Registering property is easier in Johannesburg and Tshwane, where 7 procedures and 23 or 30 days are required respectively, and the cost

FIGURE 6.3 South African cities on average lag behind OECD high-income economies, but are faster in transferring property than economies in East Asia and the Pacific


Note: OECD is the OECD high-income economies average; EAP is the East Asia and the Pacific average; BRIC is the average of Brazil, Russian Federation, India and China.
Source: Doing Business database.

is 6.30% of the property value. It is more difficult to register a property in Mangaung, where despite the same cost, 8 procedures and 52 days are required (table 6.1).

While the 7 baseline procedures are mandatory across locations in South Africa, the total number of requirements varies from 7 to 9 because of 1 to 2 additional municipal requirements in certain locations.

Section 118 of the Local Government Municipal Systems Act 32 of 2000 requires a rates clearance certificate to transfer property. It certifies that all rights and taxes on the property have been paid at the time of the transfer and that electricity and water bills have been settled. Therefore, all municipalities issue a rates clearance

TABLE 6.1 Where is it easy to register property in South Africa--and where not?

Municipality Municipal seat	Rank	Distance to the frontier (score)	Procedures (number)	Time (days)	Cost (% of property value)
Johannesburg Johannesburg	1	65.82	7	23	6.30
Tshwane Pretoria	2	64.71	7	30	6.30
Ekurhuleni Germiston	3	64.23	7	33	6.30
Buffalo City East London	4	62.84	8	24	6.32
Nelson Mandela Bay Port Elizabeth	5	62.69	8	25	6.32
eThekweni Durban	6	62.05	8	29	6.32
Msunduzi Pietermaritzburg	7	59.49	8	45	6.32
Cape Town Cape Town	8	59.23	9	29	6.34
Mangaung Bloemfontein	9	58.41	8	52	6.30

Note: Rankings are based on the average distance to frontier (DTF) score of procedures, time and cost associated with registering of property. The DTF measure is normalized to range between 0 and 100, with 100 representing the frontier of best practices (the higher the score, the better). For more details, see the About Doing Business and Doing Business in South Africa 2015 section.

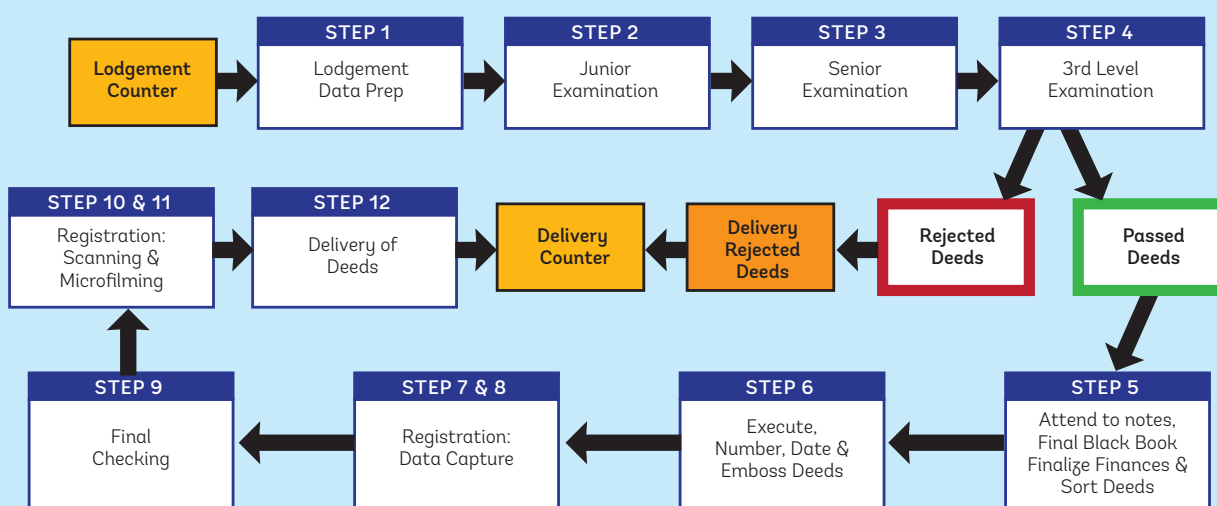
Source: Doing Business database.

BOX 6.1 Quality of land administration in South Africa

The South African land administration system has established verification practices and procedures (prescribed by the Deeds Registries Act 47 of 1937), which ensure legal security of land transactions involving registered lands.^a The validity and authenticity of the registration process in the deeds registries are backed and upheld by the courts. Surveying is undertaken exclusively by registered professional land surveyors who submit documents to Surveyors-General for examination and approval. The deeds registries and the Surveyor-General's Office mainly interact when there is a change to the property, such as a redefinition of the boundaries. In instances where the property is subdivided as part of the transfer transaction, the property will be surveyed and the Surveyor-General's Office will produce a new diagram to update the deeds registries' parcel records. Deeds registries across South Africa follow the same process to verify and approve transfer deeds filed by conveyancers (see figure below). The registries have a workflow tracking system—each deed has an assigned bar code that is scanned as files are moved from one location to another. Deeds are first taken to the data unit to check the property number against the registry's database and link the transfer deed number with the conveyancer's registered firm number. Subsequently, handlers print out information to accompany the transfer deed. The deed is then passed on to a dispatch unit that scans and delivers the file to examiners tasked with checking for transfer conditions included in the deed and compliance requirements.

Transfer deeds are checked by three levels of examiners at the deeds registries to verify compliance and accuracy of the data. Junior level examiners check that all documents necessary for the transfer have been included and signed by the authorized signatory. Senior level examiners check for overall accuracy of the work done by junior level examiners. Lastly, assistant registrars monitor the quality of the examinations performed by both levels of examiners. Once the examination process has certified that the transfer deed is valid, the conveyancer will sign the transfer deed before the registrar or deputy registrar at the deeds registry. When the deed is signed, the property is legally transferred to the new owner.

The process to approve transfer deeds is the same in all deeds registries across South Africa^b



Source: South Africa Department of Urban Development and Land Reform

The amount of land covered by the registry is one of the main pillars of the quality of land administration. The utility of even the most reliable and transparent land administration system will be undermined if it covers only a limited area of the economy. Around the world, 27% of economies have a registry with full coverage of private land and 34% have a mapping system with complete coverage.^c The maps and diagrams registered with the Surveyor-General Offices cover all territories of South Africa, and information is available online on the Chief Surveyor-General's website.^d According to the Chief Surveyor-General's Office, up to 90% of individual private properties are formally registered. But it is estimated that between 25% and 30% of the population live on the remaining unregistered land.^e

a. The report measures urban areas (municipal seats) where the majority of land is registered and free of title disputes. This may not necessarily be the case in township areas within the metropolitan municipalities.

b. This report measures 5 of the 10 Deeds Registries in South Africa: Bloemfontein Deeds Registry, Cape Town Deeds Registry, Johannesburg Deeds Registry, King Williams Town Deeds Registry, Pietermaritzburg Deeds Registry and Pretoria Deeds Registry.

c. World Bank. 2014. *Doing Business 2015: Going Beyond Efficiency*. Washington, DC: World Bank Group.

d. Chief Surveyor-General. <http://csg.dla.gov.za/>.

e. Land Equity International Pty. Ltd. 2006. *Land Administration: Indicators of Success, Future Challenges*. Wollongong, Australia. <http://www.unece.org/fileadmin/DAM/hlm/prgm/cph/experts/kyrgyzstan/documents/LEI.comparative.study.land.reforms.pdf>.

certificate listing the taxes related to the property and electricity, water and garbage collections charges. In addition, in Mangaung a separate electricity clearance certificate from the electricity utility Centlec is required.

Similarly, while an electrical compliance certificate is mandatory across the country, some municipalities require additional compliance certificates, adding to the procedural complexity of transferring property. For instance, in Buffalo City, Cape Town, eThekweni, Msunduzi and Nelson Mandela Bay the contractual practice is to obtain an entomologist certificate verifying that there are no infestations on the property. Per Section 14 of the City of Cape Town Water bylaw 2010,¹² a certificate of compliance is also required for water installation (plumbing certificate).

The time needed to transfer property varies from 23 days in Johannesburg to 52 days in Mangaung. The variation across locations is largely driven by the time required to obtain the rates clearance certificate in each municipality, the additional requirements in specific locations and the efficiency of individual registries.

The time to obtain a rates clearance certificate varies from 7 days in Nelson Mandela Bay to 42 days in Mangaung. Several municipalities have developed electronic systems to deliver the certificates. They use these platforms to verify information on payments due, to communicate with other departments and to issue the actual certificate. With the exception of Nelson Mandela Bay, all the municipalities that have established electronic platforms, issue the certificates faster than others (figure 6.4). In Mangaung, the rates clearance certificate process is lengthy as it involves a two-step procedure: 3 weeks to obtain the electricity clearance certificate from the utility, followed by an

additional 3 weeks to obtain the rates clearance from the municipality.

In locations demanding additional compliance requirements—such as an entomologist’s clearance certificate (in Buffalo City, Cape Town, eThekweni, Msunduzi and Nelson Mandela Bay) or a plumbing certificate (in Cape Town)—1 week is needed for each additional certificate.

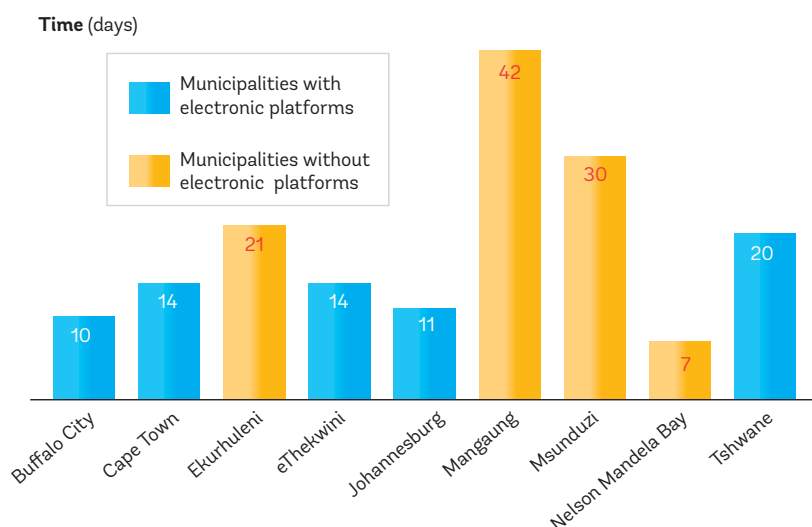
The time needed to approve a transfer deed also varies across South Africa. The deeds registries in Tshwane or Mangaung take 9 days to sign the transfer deed. In Cape Town and Msunduzi conveyancers wait 2 weeks. The different delays across registries depend partly on the volumes processed by each registry, the quality of materials and the workforce capacity. Also the geographical coverage division of registries does not correspond to municipal borders. The registry in Cape Town, for instance, oversees a much larger area—encompassing locations beyond Western Cape—than other registries. This registry reviews a disproportionately high number of requests—an average of over 1,000 per day.¹³ Even though it has 30 senior

examiners and 60 junior examiners, it experiences delays in responding. On the other hand, the King William Town registry (covering Buffalo City metro) covers a smaller area and receives an average of 60 requests per day.

Once a transfer deed is signed by the conveyancer and the registrar of deeds, ownership of the property is transferred to the buyer. However, obtaining an original hard copy of the title deed takes additional time (box 6.2).

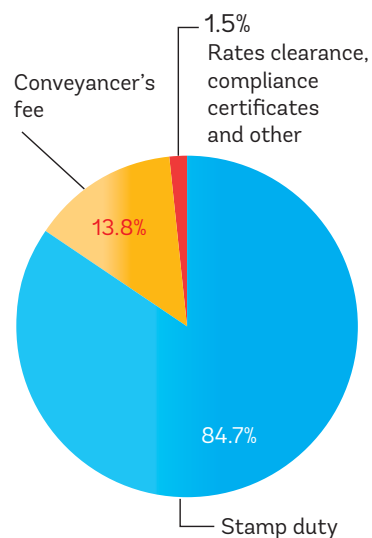
The cost of transferring property across South African locations varies from 6.30% to 6.34% of the property value, averaging to 6.31%, which is on par with Germany (6.7%). Cost is largely uniform across municipalities, as conveyancer fees, the transfer duty and registration fees are set by national laws and regulations. The small cost variations are mainly driven by the rates clearances fees charged by the municipalities and the costs incurred from obtaining additional certificates. The transfer duty, which is the same across locations, constitutes the biggest share of the cost (figure 6.5).

FIGURE 6.4 On average, municipalities using electronic communication platforms issue rates clearances faster



Source: Doing Business database.

FIGURE 6.5 The stamp duty makes up the largest share of property transfer costs



Note: The percentages of cost are calculated as the average of the 9 benchmarked cities.

Source: Doing Business database.

The cost of obtaining a rates clearance certificate varies from ZAR54 (US\$6) in Tshwane to ZAR264 (US\$30) in Msunduzi. In Msunduzi requests for rates clearance certificates have to be filed in person with the municipality. The application is then circulated to all relevant departments. Outstanding dues are reported to conveyancers, who must pay the requisite amount to the municipality. In eThekweni conveyancers request certificates online and pay a reduced fee of ZAR128.84 (US\$15), as compared to ZAR241.58 (US\$28) for manual processing. To encourage conveyancers to use the electronic system, some municipalities offer cheaper tariffs for online requests.

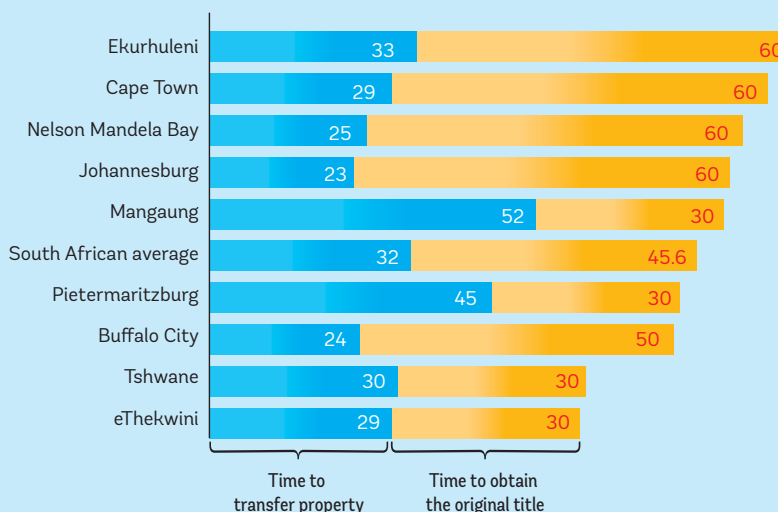
Getting additional compliance certificates adds to the total cost of registering property, although insignificantly. A certified electrician inspects the property and delivers an electrical certificate for an average of ZAR1,250 (US\$144). The entomologist and plumbing certificates cost on average ZAR600 (US\$69).

BOX 6.2 Obtaining the title deed after the property transfer can be a lengthy process

On average, property buyers wait one month and a half to obtain the original title deed. The delay is mainly due to 3 frequently inoperative electronic tools: (1) old scanners that have fallen into disrepair and slow down the process of scanning new title deeds; (2) the central data repository system that exhibits frequent and unexpected service interruptions, thus inhibiting data input of newly transferred properties before the new title deed can be issued; and (3) the electronic workflow tracking system that often goes offline and prevents the transfer of files across departments within the registry.

The degree to which these delays affect the registries varies by location. The Tshwane, Mangaung and Msunduzi registries deliver the title in approximately 1 month. The Cape Town and Johannesburg registries take twice as long (see figure below). The main reason behind the differences is the volume of transactions handled by the Cape Town and Johannesburg registries—approximately more than 1,000 and 700 transactions daily, respectively.^a

On average across South African cities obtaining the title deed takes longer than the property registration process



Source: Doing Business database.

a. The Cape Town volume is based on the number of cases handled by examiners daily (between 50 and 60 cases per examiner per day). The Johannesburg volume is based on statistics received from the registry for the month of October 2014.

WHAT CAN BE IMPROVED? Adopt the electronic issuance of rates clearance certificates across the country or even consider replacing them altogether with online payment confirmation

Obtaining a rates' clearance certificate can be a lengthy process and has been repeatedly reported as one of the major bottlenecks when transferring property in South Africa. However, it does not have to be this way. In Cape Town, for example, the municipality

has the capability to issue a record of outstanding dues and can deliver certificates within 2 weeks through its electronic system—even when handling a large number of requests. Prior to implementing the electronic system, obtaining rates clearance certificates could reportedly take months.

Six years ago, the city authorities started to develop an SAP-based electronic platform to issue rates clearance certificates. The Automated Rates Clearance system was rolled out in 2014. The program enables conveyancers in Cape Town to request

rates clearance certificates online from their offices. A SAP case is created in the electronic system. Conveyancers receive notification of outstanding balances and make advance payments to cover any charges that occur while the transfer is ongoing.

The municipal authorities in eThekweni took a similar approach and started developing an electronic system in 2002. The eThekweni Interim Rates Clearance Application Management (IRCAM) system became fully operational in 2007. The system facilitates the management of the volume of requests received by the municipality and still manages to deliver certificates within 2 weeks.

According to conveyancers across South Africa, it is impossible to track the status of the certificate in other locations, and there is a perceived lack of responsiveness on the part of the municipality in case of an inquiry or problem with the delivery of the certificate. An online electronic application system would allow conveyancers to view real-time information on the status of their request, thus increasing the municipalities' transparency and accountability.

Replacing rates clearance certificates with online confirmation of payments has proven effective in other economies as well. In 2012, Rwanda eliminated the requirement to obtain a separate tax clearance certificate, formerly the longest part of its property registration process. Combined with other reforms, this reduced the time to register property by 13 days. Similarly, in 2013 Greek authorities eliminated the need to obtain a tax clearance certificate from the municipality before signing the sales agreement.

Set effective service delivery time limits for the deeds registries and/or introduce fast-track approvals

The Deeds Registries Act 47 of 1937 and its amendments set no time limit for the provision of registry services. South Africa entrepreneurs complain that applications may get delayed for unknown reasons. Time limits can give entrepreneurs guidance regarding the expected waiting time and also set a maximum time for public agencies to complete their tasks. Time standards can encourage greater transparency and are most useful when enforced. An example of an effective time limit comes from Spain, where the Registry's fees are discounted by 30% if the registration takes longer than 15 days and no objective justification for the delay is given.

Introducing expedited or fast-track procedures that speed up processing times for an extra fee would also ensure faster delivery for users in a hurry and willing to pay an extra charge. The additional revenue from charging for expedited procedures could be used to hire additional staff and provide more resources to the registry. Georgia, Lithuania and the Slovak Republic offer these types of expedited procedures. Portugal has introduced both effective time limits and fast-track procedures for property registration.¹⁴ South African cities could follow suit after assessing the financial and human resource available at local registries, thus ensuring that enough well-trained staff is available to meet the demand.

Develop an integrated registry system for electronic registration

Although the South African system of land administration is comprehensive and ensures title security for registered lands, it can be slow. Moving from paper-based to electronic registration could assure a streamlined process at the registries while also easing

communication with other stakeholders, such as the Surveyor-General's Offices and municipalities, allowing all parties to check on the status of a given transfer or obtain information on the relevant title deed. All agencies involved—registries, municipalities, Chief Surveyor-General and SARS—could move to one platform where the information about a property could be accessed. In 2006, South Africa launched the e-cadaster project meant to achieve the single-platform goal, but it still remains a work in progress. After conducting a thorough assessment across registries to identify the main reasons why the e-cadaster is still not fully accessible to all stakeholders involved in property transfers, South African authorities could look to economies like Denmark and Austria for remedial measures.

In 2009, the Danish land registry initiated its computerization process, and records were progressively digitized. Once digitization was complete, the land registry introduced electronic application for property transfers. By 2011, property transfer applications were only accepted online, allowing the information technology system to screen applications in an efficient way. As a result, over a period of 5 years, the time to transfer a property was reduced from 42 days to 4 days.¹⁵

In Austria registering a property is done through an electronic system called WebERV. The WebERV system is an online-based form of communication between the courts, notaries and lawyers for submission of claims, briefs and applications, as well as delivery of court transcripts, orders and decisions. It is now mandatory for attorneys and notaries to submit their applications concerning the transfer and registration of property using this system. In Austria it takes 3 procedures and 20.5 days to register a property.

In the interim, locations must also establish contingency plans in case of electronic platforms failure. Conveyancers experience delays at registries largely due to the intermittently operational electronic workflow tracking system. Files are scanned through the workflow system when they move through the registry. When the electronic system goes down, the workflow stops. To curb delays, registries could use a non-electronic logbook to track file movement when workflow cannot be tracked electronically, and then update the system when it is back online.

Registries also report that due to faulty equipment for checking the national database and microfilming, they sometimes cannot connect to the central registry's database whose servers are located in Pretoria. This means that registrars cannot process applications because the information to verify the accuracy of data presented in the transfer deeds is unavailable. Investing in more reliable and better functioning equipment would avoid technical delays in the deed verification and transfer process.

- and *Fostering Sustainable Development in Developing Countries*. See also: Burns, Tony. 2007. *Land Administration Reform: Indicators of Success and Future Challenges*, Agriculture and Rural Development Discussion Paper 37. Washington, DC: World Bank Group.
7. Section 16, Deeds Registries Act 47 of 1937.
 8. Section 15, Deeds Registry Act 47 of 1937.
 9. DeedsWeb. <http://www.deeds.gov.za/>.
 10. All the third-party databases contain the same information obtained from the deeds registry.
 11. This is valid when the transaction involves 2 firms as described in the *Doing Business* case study for this indicator.
 12. City of Cape Town. Water By-Law of 2010. https://www.capetown.gov.za/en/EnvironmentalResourceManagement/tips/Documents/Water_By-Law_CCT_amended_2010-10-27.pdf.
 13. The registry has around 30 senior examiners, each of whom reviews between 50 and 60 cases a day.
 14. World Bank. 2012. *Doing Business 2013: Smarter Regulations for Small and Medium Size Enterprises*. Washington, DC: World Bank Group.
 15. *Doing Business* database.

NOTES

1. World Bank. 2014. *Doing Business 2015: Going Beyond Efficiency*. Washington, DC: World Bank Group.
2. Galiani, Sebastian, and Ernesto Shargrodsky. 2009. *Property Rights for the Poor: Effects of Land Titling*. Working Paper 7 (revised), Ronald Coase Institute, St. Louis, MO.
3. World Bank 2014. *Doing Business 2015: Going Beyond Efficiency*. Washington, DC: World Bank Group
4. Claessens, Stijn, and Luc Laeven. 2003. *Financial Development, Property Rights, and Growth*. *Journal of Finance*. American Finance Association.
5. Burns, Anthony. 2002. *Land Registration to Improve Security, Transparency, Governance & Sustainable Resource Management*. In *Comparative Study of Land Administration Systems*. World Bank Asia Regional Workshop on Land Policy and Administration working paper. Washington, DC: World Bank Group.
6. European Parliament. 2014. *Report on the Role of Property Rights, Property Ownership and Wealth Creation in Eradicating Poverty*



Enforcing contracts

A visitor of the civil section of the Durban Magistrates' Court in eThek-wini is greeted by a massive bulletin board with information about which magistrate is handling what motion, trial, administrative order and Section 58¹ hearing, and in what courtroom. The court clerk's office exhibits multiple counters, rows of well-labeled files, and clear signage denoting the appropriate counter. Individual offices handling various civil court functions have log-books that require that files be signed in and out to enable workflow tracking. Other South African courts may consider looking to Durban to better understand how resources, staff and workflow—all factors impacting court efficiency—could be managed.

An efficient and transparent conflict resolution system supports entrepreneurship and promotes business growth. Without it, businesses are less inclined to transact with clients not vetted through previous interactions, thus limiting business growth. Transparent courts give firms the confidence that they will have judicial recourse in case of contract disputes. Speedy trials are especially important to small and medium-size enterprises lacking the resources to stay in business while awaiting the outcome of a lengthy trial.

Research shows a strong correlation between efficient contract enforcement and increased access to financing for enterprises.² A study of 27 judicial districts in Italy showed that,

all other factors being equal, where the backlog of pending trials is relatively large, credit is less widely available, the average interest rate is higher, and the default rate is greater.³ A second study has shown that firms tend to receive less bank financing for new investments in Eastern European economies with slower court systems.⁴

WHAT DOES ENFORCING CONTRACTS MEASURE?

Doing Business measures the time, cost and procedural complexity of resolving a commercial dispute between 2 domestic businesses. The case study assumes that the dispute involves the breach of a sales contract worth twice the income per capita of the economy, that the court hears arguments on the

- It is easier to enforce a contract in Mangaung—resolving a commercial dispute there requires 29 procedures, takes 473 days, and costs approximately 29.4% of the claim value.
- Case backlogs and the waiting time during the pre-trial and trial period are among the main reasons for the disparity in trial duration across South Africa.
- The enforcement of judgments in South Africa is more than a month faster than in OECD high-income economies.
- Resolving a commercial dispute as fast as in Msunduzi and as inexpensively as in Mangaung would place South Africa among the world's top 25 economies on the ease of enforcing contracts—ahead of Malaysia, United Kingdom and United States.

FIGURE 7.1 What are the time, cost and number of procedures necessary to resolve a commercial dispute through the courts?

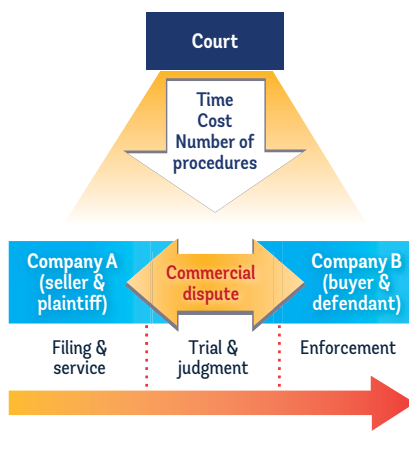
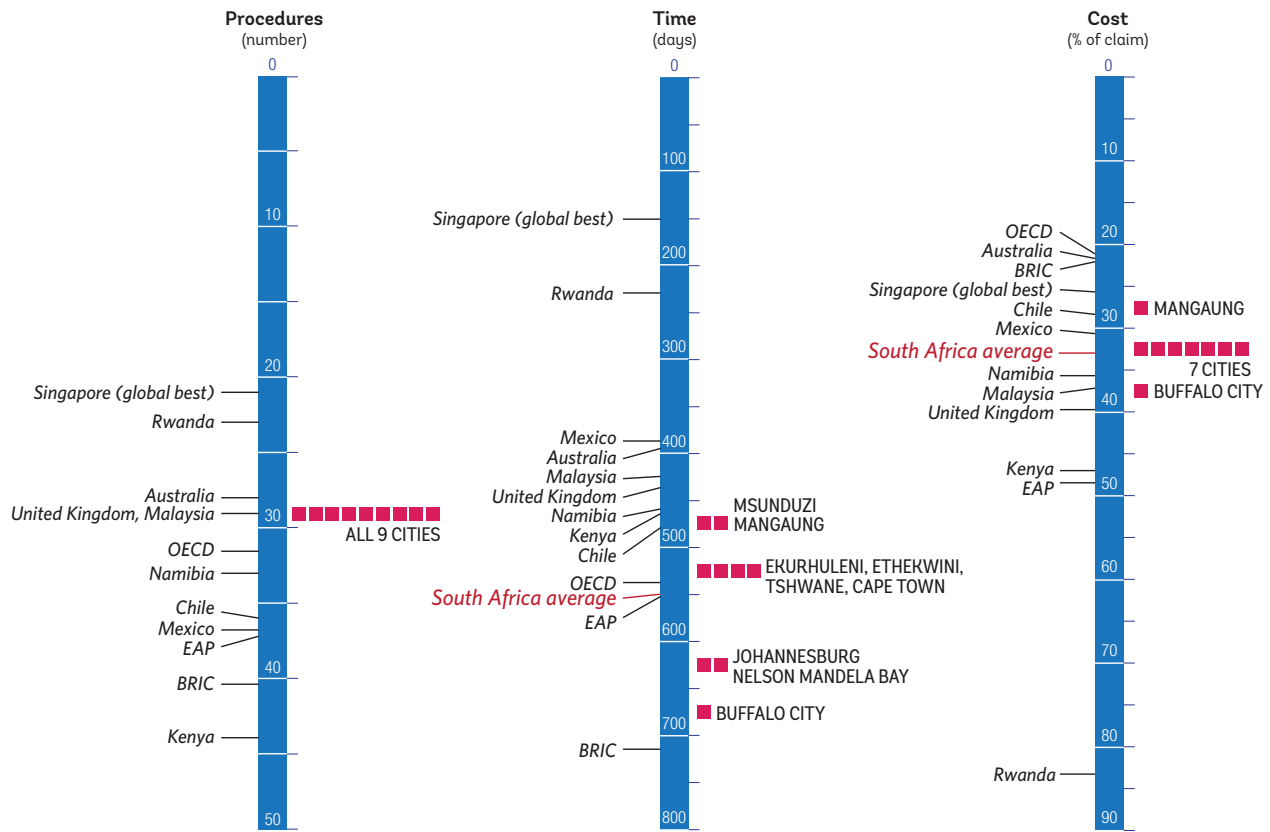


FIGURE 7.2 Enforcing contracts in South Africa, compared globally



Note: OECD is the OECD high-income economies average; EAP is the East Asia and the Pacific average; BRIC is the average of Brazil, Russian Federation, India and China. Source: Doing Business database.

merits and that an expert provides an opinion on the quality of the disputed goods. This distinguishes the case from simple debt enforcement. The time, cost and procedures involved are measured from the seller’s perspective (the plaintiff) pursuing the standardized case through local courts (figure 7.1).

HOW DOES IT WORK IN SOUTH AFRICA?

The South African Constitution of 1996 created a five-level judicial system. The country’s courts and their respective rules and civil procedures are governed by national legislation.⁵ Like the 128 other economies measured by *Doing Business*, South Africa has a two-tiered first-instance civil court structure constituted of a high court

and a magistrates’ court,⁶ both having subject-matter jurisdiction over breach of contract claims and overlapping monetary jurisdiction.⁷ When the claim value falls within the lower court’s monetary jurisdiction, litigants most often file their case in the applicable magistrates’ court rather than the high court to benefit from simpler court procedures and lower legal fees. Consequently, the magistrates’ court is used for this study.⁸

Enforcing contracts measures the time, cost and number of procedural steps needed during the 3 main phases of the court proceeding: filing and service of process, trial and judgment, and enforcement of judgment. The laws and procedural rules governing magistrates’ courts are national,⁹ and the procedural complexity of litigating

a breach of contract case is consistent throughout the country—it requires 29 steps, which is less than the average for OECD high-income and East Asia and the Pacific economies.

Resolving a commercial dispute across the 9 South African locations takes on average 550.6 days and costs 32.2% of the claim value. This is nearly 2 weeks longer than the time needed in OECD high-income economies and one-third more expensive. Conversely, the duration is comparable to East Asia and the Pacific economies, although it is also one-third cheaper (figure 7.2). Within South Africa there are substantial differences in the duration and cost of civil litigation depending on the magistrates’ court. Enforcing a contract is easier in Mangaung, Msunduzi and eThekweni and more difficult in Nelson

TABLE 7.1 Where is it easier to enforce a contract in South Africa—and where not?

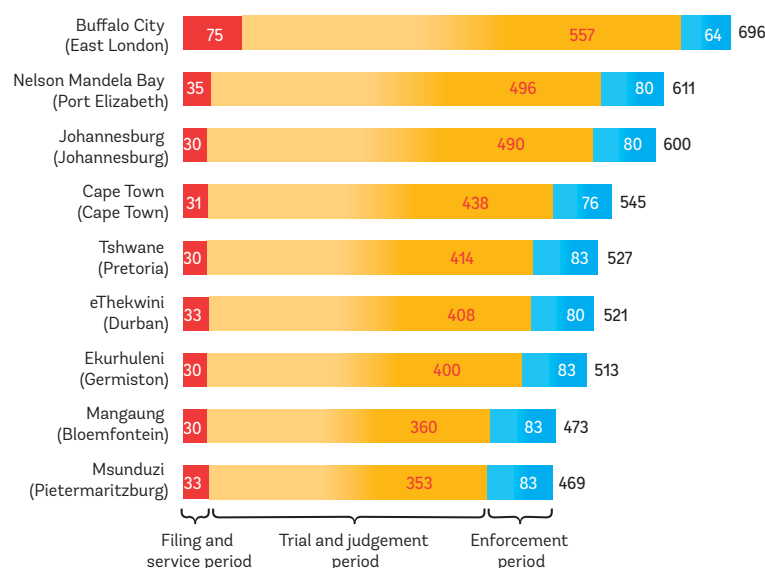
Municipality Municipal seat	Rank	Distance to the frontier (score)	Time (days)	Cost (% of claim)
Mangaung Bloemfontein	1	71.04	473	29.4
Msunduzi Pietermaritzburg	2	70.81	469	30.3
eThekweni Durban	3	69.27	521	30.6
Ekurhuleni Germiston	4	68.26	513	33.9
Tshwane Pretoria	5	68.17	527	33.1
Cape Town Cape Town	6	67.53	545	33.5
Nelson Mandela Bay Port Elizabeth	7	66.89	611	30.4
Johannesburg Johannesburg	8	66.14	600	33.2
Buffalo City East London	9	62.54	696	35.8

Note: Rankings are based on the average distance to frontier (DTF) score of procedures, time and cost associated with enforcing a contract. The DTF measure is normalized to range between 0 and 100, with 100 representing the frontier of best practices (the higher the score, the better). For more details, see the About *Doing Business* and About *Doing Business in South Africa 2015* section.

Source: *Doing Business* database.

Mandela Bay, Johannesburg and Buffalo City (table 7.1). In Buffalo City it takes 696 days and costs 35.8% of the claim value to enforce a contract, while in Mangaung it is 32% faster (473 days) and nearly 18% cheaper (29.4% of the claim value).

The time needed to enforce a contract varies from 469 days in Msunduzi to 696 days in Buffalo City (figure 7.3). In courts with smaller caseloads, it may be easier to enforce a contract expeditiously. Nevertheless, some larger courts, like the Durban Magistrates'

FIGURE 7.3 Courts in Mangaung and Msunduzi are faster

Source: *Doing Business* database.

Court, have an organized and well-managed case intake process, proving that by managing staff, resources and the workflow, a larger volume of summonses can be handled efficiently.

In Ekurhuleni, Johannesburg, Mangaung and Tshwane on average 30 days are needed for an attorney to prepare, the court to issue and the sheriff to serve a summons on the defendant. In Buffalo City the same process takes 75 days.

The magistrates' courts in Johannesburg, Mangaung, Nelson Mandela Bay and Tshwane issue on-site summonses—known in South Africa as “over-the-counter” service (table 7.2). Under this procedure, the clerk will immediately processes a summons filed by an attorney with the court, ensuring that the documents meet the filing requirements, and assign a case number before handing the documents back to the attorney or depositing them directly in the sheriff's pigeonhole. In courts where this process is not done “over-the-counter,” the filing and service phase tends to be lengthier. Unlike the over-the-counter procedure,

TABLE 7.2 Where are summonses issued over the counter—and where not?

Municipality Municipal seat	Over-the-counter issuance of summons
Buffalo City East London	
Cape Town Cape Town	
Ekurhuleni Germiston	
eThekweni Durban	
Johannesburg Johannesburg	✓
Mangaung Bloemfontein	✓
Msunduzi Pietermaritzburg	
Nelson Mandela Bay Port Elizabeth	✓
Tshwane Pretoria	✓

Source: *Doing Business* database.

the attorney deposits the summons in an inbox rather than meeting with the clerk. In some courts, unsecured inboxes have resulted in lost summonses, improper allocation of case numbers and delays. In response, the Cape Town Magistrates' Court recently instituted a requirement that all orders (including summonses) be received and logged by a clerk.¹⁰

Under both types of processes, upon receipt of the summons, the sheriff will ensure service upon the defendant. Under South Africa's civil procedure rules, personal service is not required for businesses; it is sufficient to post the summons in a prominent place.¹¹ In the majority of cases involving businesses, one service attempt is sufficient. In Buffalo City, where summonses are not issued "over-the-counter," lawyers report that the clerk takes between 3 and 10 working days to issue a summons. Additionally, service time is disproportionately longer, often lasting more than a month.

On average, the trial period (from when pleadings close to when a judgment is entered) in South Africa lasts nearly 15 months. Trial time is shortest in Msunduzi (just under 12 months) and longest in Buffalo City (almost 19 months). The Magistrates' Court Act gives magistrates discretion to order the parties to attend a pre-trial conference. All locations except Buffalo City, Johannesburg and Msunduzi, have made pre-trial conferences mandatory. The parties must either attend the conference before a magistrate or conduct the meeting on their own and file minutes with the court. As of October 2014 the Johannesburg Magistrates' Court requires certification hearings where a magistrate ensures that pleadings have closed and the matter is ready for trial. For instance, the court will determine whether the party bringing the claim has standing. This differs from pre-trial conferences, which are

designed to narrow the legal issues and encourage settlement.

In most jurisdictions, pre-trial hearings will take place approximately 1 month after the application for a pre-trial date. Generally, a trial date will only be allocated after pre-trial proceedings. Due to case backlogs, after the pre-trial conference parties can wait between 3 to 9 months for their day in court. Durban and Johannesburg—among the municipalities with the largest number of summonses issued in 2013/14¹²—have 13 and 12 civil magistrates respectively, reflecting their large populations and the number of filed cases. However, a court's number of magistrates is not always proportionate to the number of cases filed. The court in Tshwane, for example, has only 6 civil magistrates but has issued 53,958 summonses in 2013/14.¹³ Not all civil magistrates in a given court handle trials; for instance, although Buffalo City has 6 civil magistrates, only 1 is allocated to hear trials.

Enforcing a judgment across South Africa takes on average 79 days, which is significantly faster than the average in OECD high-income (115.8 days) and East Asia and the Pacific (195.1 days) economies. Enforcement time ranges from just 2 months in Buffalo City to nearly 3 months in Pretoria. Sheriffs are appointed by the Minister of Justice and may in turn appoint and assign tasks to deputies. While some deputies might be tasked with serving summonses, others may handle enforcement proceedings. In Buffalo City anecdotal evidence suggests that because more deputy sheriffs are assigned to handle enforcement, the enforcement time is shorter. Throughout South Africa sheriffs take on average between 1 to 3 weeks to inventory and attach the debtor's property, followed by an additional 1 to 2 weeks to organize removal. Property is stored for an average of 1 month before sale. On average, auctions occur every 2 weeks

or monthly. The number of sheriffs (including deputies) available to handle judgment enforcement varies, with more populous municipalities having more sheriffs.

The cost to enforce a contract across South Africa ranges from 29.4% of the claim value in Mangaung to 35.8% in Buffalo City. Attorney fees make up on average 67% of the total cost, and attorney fees vary from 18.8% in Mangaung to 25.2% in Buffalo City. Overall, lawyers practicing in municipalities with larger populations (such as Cape Town, Ekurhuleni, eThekweni, Johannesburg and Tshwane) charge 20% of the claim value or more for their services, while in smaller cities (such as Mangaung, Msunduzi and Nelson Mandela Bay), lawyers charge less. The exception among the smaller cities is Buffalo City, which has the highest attorney fees across all cities. Longer litigation time in Buffalo City drives up legal fees because attorneys typically charge on an hourly basis throughout the country.

In South Africa there are no court fees for filing a suit. Across the country, the average expert witness fee and the cost of service of process amount to 7.6% of the claim value. Service of process and enforcement fees are charged by the sheriffs, whose fees are regulated by national law.¹⁴ Enforcement fees—including attachment, removal, storage, advertisement and organization of the public sale—amount to an average of 3.0% of the claim value in all locations.

In an effort to provide an alternative to lengthy and costly litigation, South Africa introduced court-annexed mediation in several magisterial districts.¹⁵ The pilot program was launched on December 1, 2014, in 13 courts in the Gauteng and the North West provinces.¹⁶ The new fora are intended to have a simplified procedure, allowing the parties in commercial litigation to appear before mediators without

legal representation. Through the new mediation program, cases are heard by mediators trained by the Department of Justice and Constitutional Development to help parties reach a settlement. Under the mediation rules, the presiding mediator charges a fixed tariff, which is far lower than court litigation costs.¹⁷

WHAT CAN BE IMPROVED?

Use court statistics to monitor performance and introduce case management for commercial cases

South Africa presently uses a tool known as NOC to collect statistics from individual courts—including the number of summonses—which are reported to the Department of Justice and Constitutional Development. However, the tool is limited as it does not capture crucial information, including the number of cases resulting in settlement or the number of backlogged cases.

Monitoring and evaluation systems are powerful tools to ensure accountability and improve court performance. An effective monitoring system for civil cases would allow courts to determine how long cases have been pending and enable real-time problem solving. The system would also allow courts to identify and review unreasonably lengthy cases before undertaking remedial measures. In addition, an analysis of docket backlogs could help the judiciary in establishing guidelines to shorten litigation time. For example, in 2001 authorities in Turin, Italy launched an ambitious plan to reduce backlogs and eliminate cases not resolved after 3 years. Judges and registrars were instructed to: 1) prioritize older cases, 2) classify and physically label all cases by the originating date, and 3) follow a “first in, first out” approach. Under the

plan, the judges followed 20 guidelines, which promoted: the issuance of short and concise judgments; the use of timetables or calendars during the first hearing; the issuance of decisions on the inadmissibility of unsubstantiated adjournments; shorter adjournments; and oral as opposed to written hearings. By 2010, cases older than 3 years represented less than 5% of the court’s caseload.¹⁸

Judicial case management systems are also effective in monitoring the performance of judges and court officers. By analyzing court workloads, computerized case-management systems can help predict trends and strategically allocate resources. An effective case management system may prevent judges from being overburdened with a large volume of complex cases. Malaysian courts, for example, introduced a new case management system in 2009.¹⁹ The system sorts cases into 2 categories: cases that can be resolved on the basis of an affidavit and cases that must go to full trial. Judges are subsequently assigned an equal share of both types of cases. From December 2009 through May 2011, Malaysia was able to purge backlogs in 120 of 429 magistrates’ courts.²⁰

Introduce electronic filing (e-filing) and automate court processes

Automating court processes and introducing information technology has been a common reform among economies benchmarked by *Doing Business*. Once courts are computerized, electronic support functions—including electronic filing, case tracking, document management, deadline reminders and scheduling of hearings—can be introduced in phases, over time and as needed.

Currently, courts in South Africa do not make use of information technology. E-filing would reduce delays and costs, as well as the risk of document

misplacement and improper allocation of case numbers. In 2010 the Republic of Korea launched its electronic case filing system, which enables electronic submissions, registration, service notification and access to court documents. The new system saves US\$221 per e-filing,²¹ reduces paper use and decreases lawyers’ time spent in court, while concurrently facilitating the archiving of documents and the payment of fees. In 2011 Brazil followed suit, introducing e-filing for initial complaints, as well as for other court documents, in the Sao Paulo Civil District Court.²² E-filing has also proved successful in the United States, where filing of paper documents in Chicago used to take up to 5 days for a circuit court clerk to process in 2008 and now takes just 4 seconds with the e-filing system.

Additionally, an e-filing system provides greater document security. In October 2010 a fire partly burned down the Pretoria Magistrates’ Court in Tshwane, leading to the loss of hundreds of summonses and case files.²³ A computerized court system, with off-site document backups, could reduce the risk of document loss. Additionally, it could safeguard documents against theft and restrict case file access to only authorized personnel.

Budgetary, technological, administrative and legal constraints are common obstacles to establishing electronic systems. Nonetheless, Rwanda and Tanzania—economies with income per capita below US\$1,000—are developing the components of an electronic court and are among top-reforming Sub-Saharan African economies because of the ease of enforcing contracts within their borders.

Before an electronic system is introduced, the internal administrative procedures should be streamlined to ensure better use of court staff and existing resources. Furthermore, the

establishment of an electronic platform may be a lengthy legal process requiring enabling legislation.

Introduce specialized commercial courts or court sections in locations with large caseloads

Although South Africa has a separate court for commercial crimes, it lacks a specialized commercial litigation forum. Ninety-five of the 189 economies covered by *Doing Business* have dedicated commercial courts, specialized commercial sections in existing courts, or specialized judges in general civil courts. Where a limited number of commercial cases are handled, specialized commercial sections provide a less expensive alternative to a commercial court. Specialized courts also tend to improve efficiency.²⁴ Creating specialized commercial courts can result in faster and less costly contract enforcement. One reason for the greater efficiency is that judges become experts in handling commercial disputes. Commercial courts often have less formal procedures—the use of oral arguments being permitted even in economies where the general courts require written procedures.

Of the 12 economies in Sub-Saharan Africa that have introduced commercial courts or sections since 2005—Benin, Burkina Faso, Cameroon, Democratic Republic of Congo, Côte d'Ivoire, Ghana, Mauritania, Mozambique, Nigeria, Rwanda, Seychelles and Togo—the average time to resolve a standardized case measured by *Doing Business* was reduced by two and a half months.²⁵ For example, courts in Abidjan, Côte d'Ivoire were particularly backlogged, and it took more than 2 years to resolve a commercial dispute in 2011. The following year, authorities created a standalone commercial court, reducing the time to enforce a contract by more than 8 months. Nigeria saw the average time drop by 9 months after it created a commercial court in

2007. Depending on the caseload and court needs, South African locations could introduce specialized commercial courts, divisions or judges to deal exclusively with commercial matters.

NOTES

1. Section 58 (Consent to judgment or to judgment and an order for payment of judgment debt in instalments), Magistrates' Court Act 32 of 1944.
2. Bae, Kee-Hong, Jae-Seung Baekb, Jun-Koo Kangc and Wei-Lin Liud. 2012. "Do Controlling Shareholders' Expropriation Incentives Imply a Link between Corporate Governance and Firm Value? Theory and Evidence." *Journal of Financial Economics* 105 (2): 412–35.
3. Japelli, Tullio, Marco Pagano and Magna Bianco. 2005. "Courts and Banks: Effects of Judicial Enforcement on Credit Markets." *Journal of Money, Credit, and Banking* 37 (2): 223–44.
4. Safavian, Mehnağ, and Siddharth Sharma. 2007. "When Do Creditor Rights Work?" *Journal of Comparative Economics* 35 (3): 484–508.
5. Section 166, Constitution of South Africa, 1996.
6. *Doing Business* database.
7. High courts can entertain civil cases involving a monetary claim exceeding ZAR100,000 (US\$11,487). The lowest level of the court system is subdivided into regional and district magistrates' courts. South Africa raised the magistrates' courts' monetary jurisdiction in March 2014. District and regional courts now have a maximum monetary threshold of ZAR200,000 (US\$22,975) and ZAR400,000 (US\$45,950), respectively. Determination of Monetary Jurisdiction for Causes of Action in Respect of Regional Divisions, promulgated under the Magistrates' Court Act No. 32 of 1944, as published in Government Gazette No. 37477 dated March 27, 2014, to be effective from June 1, 2014.
8. *Doing Business* records the court in the selected location with jurisdiction over commercial cases worth 200% income per capita. Where multiple courts have jurisdiction, the court most commonly used by litigants, in practice, is recorded. For the assumed case with a claim amount of ZAR125,180, the magistrates' court is recorded across South Africa.
9. Magistrates' Court Act 32 of 1944 and Rules Regulating the Conduct of the Proceedings of the Magistrates' Courts of South Africa, No. R. 740 (August 23, 2010).
10. The magistrates' courts recorded in Cape Town and Ekurhuleni do not have an "over-the-counter" procedure in place, but are comparatively efficient and benefit from fewer summonses issued in 2013/14—6,049 and 8,942 respectively. Five other measured locations issued between 14,274 and 82,238 summonses in the past year. Conversely, in Buffalo City, where the process is longest, only 9,908 summonses were issued in 2013/14. Statistics on number of summonses provided by the South Africa Department of Justice and Constitutional Development.
11. Section 9(3)(d), Rules Regulating the Conduct of the Proceedings of the Magistrates' Courts of South Africa, No. R. 740 (August 23, 2010).
12. The Durban Magistrates' Court issued 49,209 summonses and the Johannesburg Magistrates' Court issued 82,238. Statistics provided by the South Africa Department of Justice and Constitutional Development.
13. Statistics provided by the South Africa Department of Justice and Constitutional Development.
14. Sheriff's Fees Charged in the Magistrate's Court, as published in Government Gazette No. 36157, dated February 15, 2013. Amendment of Part 11 of Table C of Annexure 2 of the Rules.
15. Chapter 2, Section 70(2), Rules Board for Courts of Law Act, 1985 (Act. No. 107 of 1985), Amendment of Rules Regulating the Conduct of the Proceedings of the Magistrates' Courts of South Africa, as published in Government Gazette No. 37448, dated March 18, 2014.
16. <http://www.gov.za/court-annexed-mediation-service-increase-access-justice-all>.
17. Magisterial districts already have small claims courts, which also have simplified procedure but cannot hear cases involving firms or claims larger than ZAR15,000. See Department of Justice and Constitutional Development website, <http://www.justice.gov.za/scc/scc.htm>.
18. World Bank Group. 2012. *Doing Business in Italy 2013*. Washington, DC: World Bank Group.
19. World Bank Group. 2011. *Doing Business 2012: Doing Business in a More Transparent World*. Washington, DC: World Bank Group.
20. World Bank. 2011. *Poverty Reduction and Economic Management Sector Unit, East Asia and Pacific Region. Malaysia: Court Backlog and Delay Reduction Program – A Progress Report*. Washington, DC: World Bank Group.
21. This amount is the result of calculations provided to the *Doing Business* team by the Supreme Court of Korea.
22. World Bank Group. 2013. *Understanding Regulations for Small and Medium-Size Enterprises*. Washington, DC: World Bank Group.
23. Justice and Constitutional Development on Court-annexed Mediation Service. <http://www.sanews.gov.za/south-africa/fire-destroys-part-pretoria-magistrates-court>.
24. Botero, Juan Carlos, Rafael La Porta, Florencio López-de-Silanes, Andrei Shleifer and Alexander Volokh. 2003. "Judicial Reform." *World Bank Research Observer* 18 (1): 67–88.
25. *Doing Business* database.



Trading across borders

As acknowledged by the National Development Plan 2030, South Africa needs to increase exports to boost economic growth and create jobs.¹ Between 2004 and 2013, South Africa's exports grew at an average of 2.8%. This rate is lower than the average export growth of middle-income economies (8.6%) and considerably lower than the growth rate of other emerging economies—China and India's exports, for example, grew at an average of 14% during the same period.² In 2012, 66% of South Africa's exports were mineral products, metals and precious metals.³ Non-mineral exports, on the other hand, were driven by technology-intensive products, which can compete on quality and price, but are not considered a strong source of employment for the country's large pool of low-skilled labor as they require high-skilled labor.⁴

Research shows that the time and cost required to import and export goods significantly impact a country's trade flows.⁵ Longer times reduce trade and increase logistics costs. A recent study shows that each additional day of delay in the shipping of a product reduces trade by more than 1%.⁶ Ports and cargo dwell time are critical for promoting trade.⁷ About 98% of South Africa's exports are transported by sea, and efficient trade logistics through the country's ports are thus essential.⁸ Efficient trade logistics is also important from a regional perspective. Many of South Africa's neighbors use Durban as the main port, and in 2013, 25% of South Africa's exports

were to Southern African Development Community (SADC) members.⁹

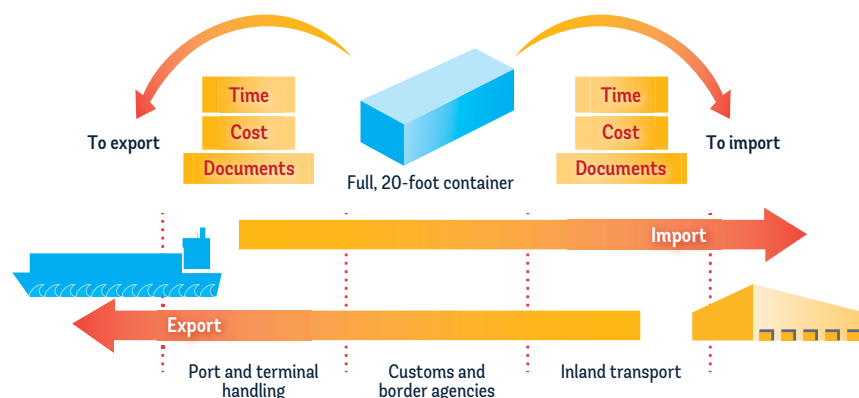
WHAT DOES TRADING ACROSS BORDERS MEASURE?

Doing Business measures the time and cost (excluding tariffs) associated with exporting and importing by sea transport, and the number of documents necessary to complete the transaction (figure 8.1).¹⁰ The indicators record the time and cost related to 4 stages of the logistics chain: document preparation; port and terminal handling; clearing procedures with customs and border agencies; and inland transportation between the company warehouse and the import/export ports.

In particular, *Doing Business in South Africa 2015* measures the ease of trading across borders based on the following case study: exporting a 20-foot container with manufacturing goods from Johannesburg to the European Union; and importing a 20-foot container with electrical equipment from China to Johannesburg. The same case study is analyzed for the country's 4 major ports: Cape Town, Durban, Ngqura and Port Elizabeth.¹¹ The analysis of port and terminal handling focuses on the 4 ports, whereas the other stages are analyzed from a national perspective.

- Long dwell times at ports and high inland transportation and port costs are the main obstacles for traders in South Africa.
- South African ports perform better than their regional peers but are slow compared globally. The main difference between the 4 analyzed ports is the terminal handling time for imports, ranging from 6 to 9 days.
- The number of documents necessary for import and export in South Africa is high compared globally.
- Customs and ports have made much progress in recent years with the introduction of electronic data interchange systems and online processing of documents.

FIGURE 8.1 What are the time, cost and documents associated with exporting and importing a 20-foot container by sea transport?



HOW DOES SEABORNE TRADE WORK IN SOUTH AFRICA?

Transnet, a state-owned company, manages ports, freight rail and petroleum pipelines in South Africa.¹² Transnet reports to the Department of Public Enterprises and is supervised by the Ports Regulator of South Africa, which approves port tariffs. Two separate divisions deal with ports: *Transnet National Port Authority* (TNPA) acts as the landlord in charge of major infrastructure and maritime security, and *Transnet Port Terminals* (TPT) operates the terminals and handles the cargo and traffic.¹³ Transnet has 99% of market share in container handling, whereas certain bulk terminals are operated by private sector companies. Another key player in the import and export process is the customs authority, which operates under the auspices of the South African Revenue Service (SARS).

The role of South Africa's main ports is influenced by their geographical location (figure 8.2). Durban is South Africa's largest port and serves as gateway to the region—it is the main port used by Botswana, Lesotho, Swaziland, Zambia and Zimbabwe.

Its two piers handle about 2.8 million twenty-foot equivalent units (TEUs), more than double of the other ports (table 8.1). The port also benefits from its geographical location—it is much closer to Johannesburg—and better road connections with neighboring economies. It also receives up to 20% of

containers by rail, a far higher volume than the other ports.

Cape Town serves as the main port for the west of the country, where agricultural cargo usually requiring refrigeration dominates exports. The main challenge for the Cape Town port is the weather, the port often being wind-bound. The summer in the Cape region is the high season for exports but also for stronger winds. Loading and unloading equipment is wind-sensitive and automatically stops if the wind reaches a certain strength, which in turn can result in delays.

The port of Ngqura, which was originally developed to become a major transshipment hub, started operating in 2009 and has since grown quickly. As a deep-sea port, it can attract larger vessels. Port Elizabeth, traditionally the main port in the area, is equipped with a manganese facility and a car terminal, but with the creation of the Ngqura port only 50 kilometers away, Port Elizabeth's container operations have

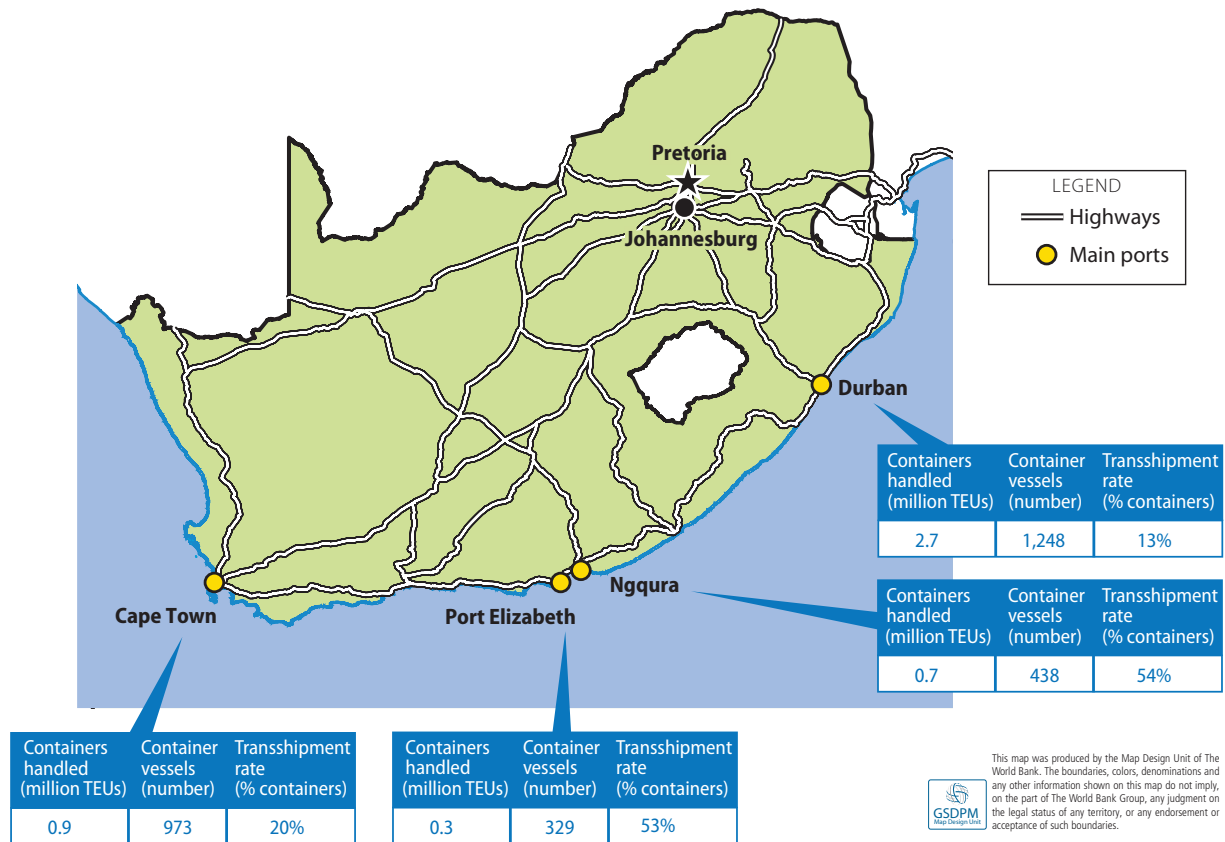
TABLE 8.1 Ports' main features

	Durban	Cape Town	Ngqura	Port Elizabeth
Containers handled (million TEUs)	2.7	0.9	0.7	0.3
Container vessels (number)	1,248	973	438	329
Transshipment rate (% containers)	13%	20%	54%	53%
Operating model	Pier 1: RTG* Pier 2: Straddle	Mixed model	RTG*	Straddle
Non-intrusive inspections equipment	Yes	No	No	No
Entry system for trucks	Autogate	Regular gate	Regular gate	Autogate
Free storage days	3.25	4	4	4
Storage fees	4th day: ZAR792 5th day: ZAR1,290 6th day onwards: ZAR2,100		5th day onwards: ZAR129	
Anchorage waiting time (hours)	57	35	49	25
Truck turnaround time (minutes)	41	20	35	21

*Rubber Tyred Gantry.

Source: Transnet Port Terminals, 2014 annual report. The time period reported is April 2013 to March 2014.

FIGURE 8.2 The role of South Africa's main ports is influenced by their geographical location



Source: Doing Business database.

diminished over the past 3 years. The number of transshipment containers in Ngqura and Port Elizabeth is more than double that of the Durban and the Cape Town ports.

HOW DOES SOUTH AFRICA PERFORM IN TRADING ACROSS BORDERS?

Compared globally, trading across borders through the port in Durban ranks 100 of 189 economies measured by *Doing Business 2015*.¹⁴ Long dwell times at the ports and high inland transportation and port costs are the main obstacles to traders (table 8.2 and 8.3). South Africa stands among the top 50 most expensive economies to export globally. However, over the past years, South Africa has been reducing the time, cost and number of documents necessary to import and export.

In 2009, the South African Revenue Service started a customs modernization program. As part of the program, Customs introduced electronic submission of import and export declarations, and by 2011 80% of submissions were done online.¹⁵ Mandatory paper submission of supporting documents was eliminated, and the need to submit supporting documents is now based on risk profiles, being required only if the value of the goods is high or an irregularity is suspected.¹⁶ By 2014, the customs authority requested supporting documentation for approximately 15% of imports and less than 10% of exports. However, traders still need to submit supporting documents to the shipping lines and to the port authority.

The customs authority has also simplified other document requirements over the past decade. It introduced the single administrative document (SAD 500)¹⁷

TABLE 8.2 Trading across borders in South Africa compared globally

Economy	Rank	Distance to the frontier (DTF 100=frontier)
Singapore	1	96.47
Korea, Rep.	3	93.45
Ireland	5	93.01
Panama	9	91.25
France	10	90.18
Malaysia	11	89.94
Egypt, Arab Rep.	99	71.56
South Africa*	100	71.05
Brazil	123	66.11

Note: South Africa is represented by Durban in the global ranking. The ranking of economies on the ease of trading across borders is determined by sorting their distance to frontier scores for trading across borders. These scores are the simple average of the distance to frontier scores for each of the component indicators.

Source: Doing Business database.

TABLE 8.3 Time, cost and documents required to export and import through South Africa's 4 ports

Port*	Export			Import		
	Documents (number)	Time (days)	Cost (US\$ per container)	Documents (number)	Time (days)	Cost (US\$ per container)
Durban	5	16	1,830	6	21	2,080
Port Elizabeth	5	16	1,984	6	20	2,193
Ngqura	5	16	1,979	6	20	2,222
Cape Town	5	17	2,078	6	19	2,267

*The *Doing Business* methodology assumes that the company is located in the largest business city, in this case Johannesburg. Inland transportation therefore assumes that the goods travel between a warehouse in Johannesburg and 1 of the 4 ports for exports, and vice versa for imports. The trading partner for exports is the European Union and for imports China. The time and cost of maritime transportation is not included.

Source: *Doing Business* database.

and eliminated the requirement to submit the Exchange Control Form F178 to the South Africa Reserve Bank for exports. The Customs Modernization program further enhanced inspection processes and introduced a case management workflow.

Transnet also improved port and terminal handling over the past years. In 2012, a new electronic data interchange system—known as NAVIS—was introduced to exchange information between customs, port authorities

and shipping lines, thus facilitating the control of port operations, the tracking of cargo movements and the payment of port fees.

While these reforms have gradually simplified bureaucratic requirements, traders still need 6 separate documents to import a container and 5 documents to export it through any of the country's main ports. In France and Ireland, for example, only the bill of lading and the customs declaration

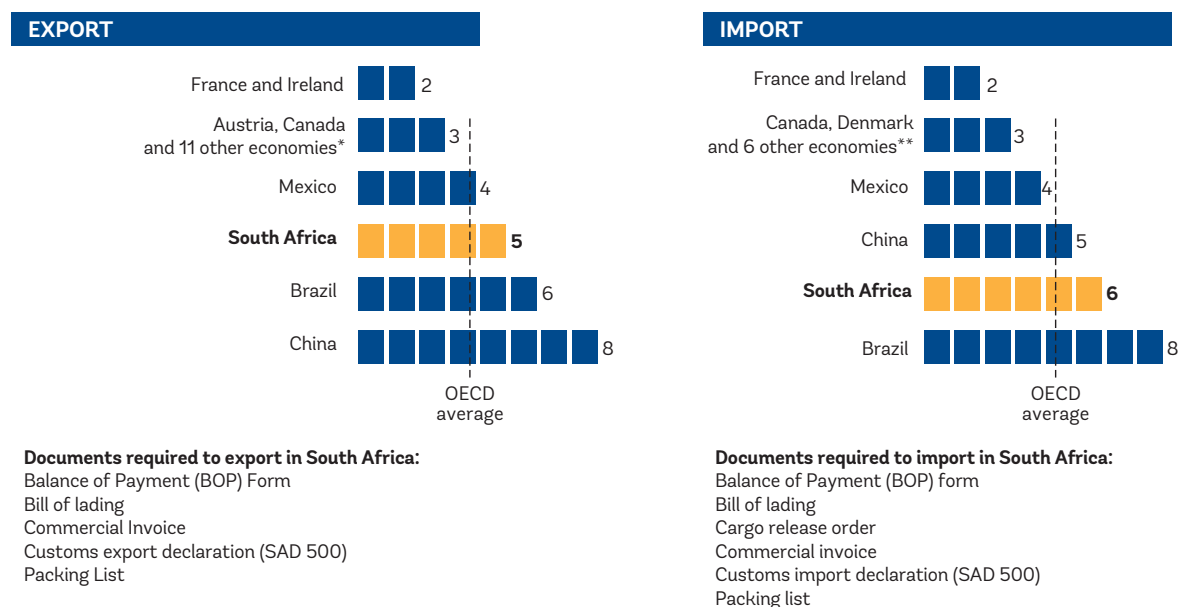
form are needed. Panama requires only 3 documents (figure 8.3).

The time to import a container ranges from 19 days through Cape Town to 21 days through Durban, while exporting takes between 16 days through Durban, Ngqura and Port Elizabeth to 17 days through Cape Town (figure 8.4). In comparison, in Singapore, the top performer globally, the time needed to import is 4 days and to export 6 days, and in the OECD high-income economies, it takes 9.6 days to import and 10.5 days to export. In other large economies like Mexico or Brazil exporting and importing takes 12 and 11.2 days, and 6 and 8 days respectively.

Most of the time needed to trade in South Africa is dedicated to terminal handling, taking between 6 to 9 days for imports, and 3 to 4 days for exports. In 45 of the 189 economies measured by *Doing Business*, port and terminal handling procedures for imports and exports can be completed in 2 days or less. These include the largest transshipment hubs such as Singapore,

FIGURE 8.3 The number of documents necessary to import and export in South Africa is high compared globally

Number of documents

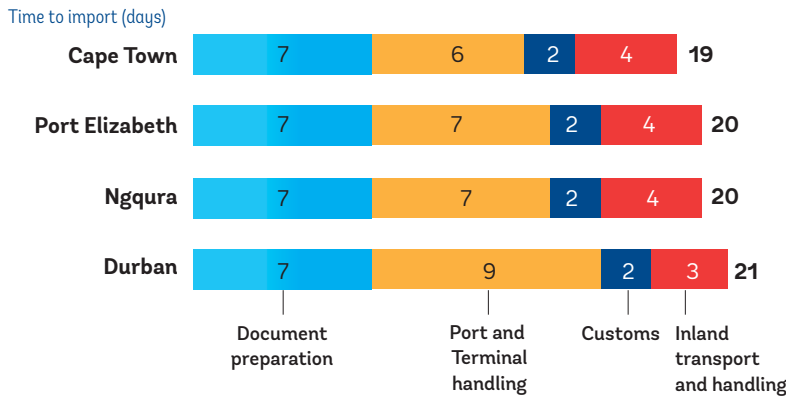


*Estonia, Hong Kong SAR (China), Italy, Japan, Republic of Korea, Panama, Singapore, Sweden, Switzerland, United Arab Emirates and United States

**Hong Kong SAR (China), Italy, Republic of Korea, Panama, Singapore and Sweden

Source: *Doing Business* database.

FIGURE 8.4 The largest variations in time are related to port and terminal handling efficiency



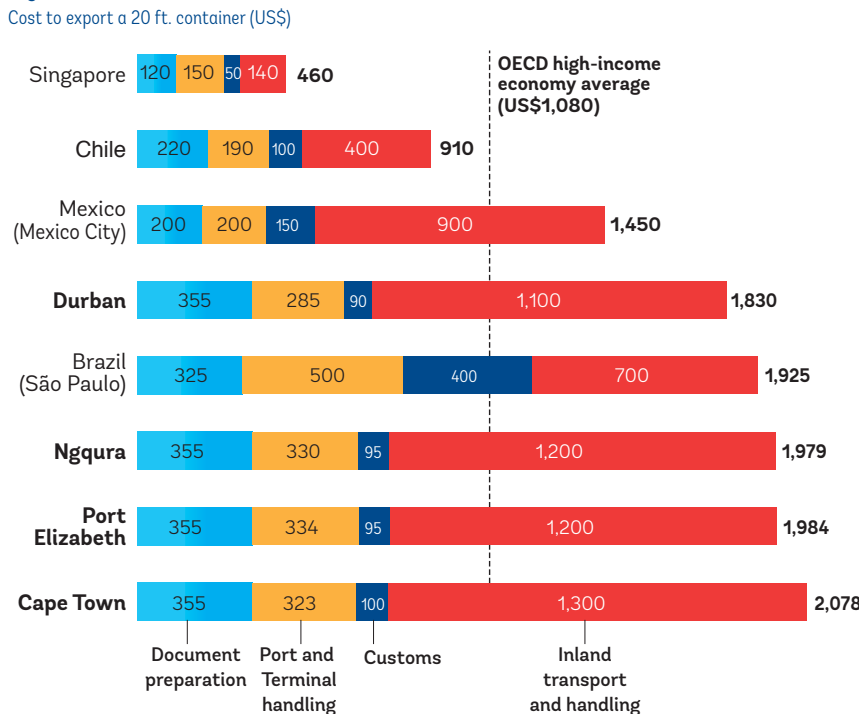
Note: The 4 stages measured include the following: a) document preparation records the time necessary to obtain the 5 and 6 required documents in South Africa as measured by Doing Business, obtaining the letter of credit, and in the case of exports, the certificate of origin; b) port and terminal handling includes in the case of exports, the arrival of the vessel to the port, berthing, unloading of containers and exit of the containers from the port; in the case of imports, the arrival of the container to the port and loading of the container onto the vessel until it departs; c) customs records the time necessary to obtain clearances with customs and other border agencies if applicable; and d) inland transportation includes the time to coordinate and make transport arrangements, as well as the time of actual transportation of the container between the port and the warehouse, and vice versa.

Source: Doing Business database.

Panama and the United Arab Emirates, but also Japanese ports, which handle similar volumes as Durban. Within South Africa delays vary across ports due to different levels of congestion

and operational models (table 8.1). In Durban, which handles the largest volume of containers and is the most congested port, overall port and terminal handling time is one-third longer

FIGURE 8.5 Exporting a container from South Africa is more expensive than in OECD high-income economies



Source: Doing Business database.

than in Cape Town. In fact, average anchorage waiting and truck turnaround times are almost twice as long as in Cape Town or Port Elizabeth.¹⁸

Different operational models impact delays: In the Ngqura port and Pier 1 in Durban, containers are unloaded from vessels with rubber tyred gantry cranes (RTGs) and stacked on top of each other. While this method increases the terminals' capacity, consignees have to wait for a whole batch to be released before they can pick up their containers. Port Elizabeth and Pier 2 in Durban have straddle carriers, allowing consignees to pick up their containers as soon as they are unloaded. Durban and Ngqura have "auto gates," which allow truck drivers arriving at a terminal gate to type in previously received secret codes to automatically receive pick up points. Still, truck turnaround time remains higher in these two ports—40 minutes in Durban and 35 minutes in Ngqura—than in Cape Town and Port Elizabeth, which require 20 and 21 minutes respectively.¹⁹ In Durban longer truck turnaround times could be due to congestion, and in Ngqura because of the larger distances within the port trucks must cover.

The cost to import and export through South African ports is high compared globally. The cost of importing a 20-foot container from Johannesburg through the main ports in South Africa ranges from US\$2,080 in Durban to US\$2,267 in Cape Town, and the cost of exporting ranges between US\$1,830 in Durban to US\$2,078 in Cape Town (figure 8.5). The main cost is inland transportation, which varies due to distances.²⁰ It is more expensive to export or import from Johannesburg through the port of Cape Town because the distance is larger than the distance between Johannesburg and the other ports.

Port and terminal handling costs are high compared internationally, particularly for imports. These costs include cargo dues paid to Transnet National Port Authority and terminal handling charges paid to Transnet Port Terminals—which are standard across ports—and other fees charged by the shipping lines.²¹ Overall, traders pay between US\$417 and US\$482 for imports and US\$285 and US\$334 for exports. In Singapore, importers and exporters pay US\$150 for both imports and exports. A study published by South Africa’s Port Regulator shows that the fees charged to cargo containers are significantly more expensive than the global average, despite tariff reductions over the past years.²² The report also shows there is cross-subsidization across port functions: from cargo owners, including containers, in favor of some dry bulk commodities and vessel owners.²³ Other reports show that Transnet uses its port revenues to subsidize freight rail capital projects.²⁴

Free storage days and demurrage penalties vary from port to port to manage demand. The priority for the Ngqura and Port Elizabeth ports is to increase transshipment volumes, which typically involve longer waiting times to allow for containers arriving in feeders to arrive. On the other hand, the major challenge for Durban’s terminal operator is reducing congestion; to this end, it became stricter in enforcing storage fees to nudge consignees to pick up containers earlier.²⁵ Consignees have 4 free storage days in Ngqura, Port Elizabeth and Cape Town, while in Durban they only have 3 days. Storage fees are also much higher in Durban (between US\$71 and US\$187 per container per day) than in the other ports (US\$12 per container per day).²⁶

WHAT CAN BE IMPROVED?

Reduce and streamline documentation requirements

Despite simplified document requirements and the increased use of technology over the past years, traders in South Africa still dedicate half of their time to paperwork related to exports. South Africa can further reduce and streamline documentation requirements in line with article 10 of the World Trade Organization Trade Facilitation Agreement, to which it is a signatory. For example, the South African Reserve Bank requests a Balance of Payment Form (BOP form) for exporting and importing. The Central Bank could obtain the necessary information directly from Customs through the SAD document, eliminating the need of a separate BOP form. The Republic of South Korea requires only 3 documents—the bill of lading, the customs declaration and the packing list/delivery order—as does Panama, which requires the bill of lading, the customs export/import declaration and the commercial invoice.

Improve port efficiency

Port and terminal handling times in South Africa are high, taking between 6 and 9 days for imports depending on the port. Although Transnet introduced performance indicators and targets to help track progress, this still remains a key area for improvement. Many economies worldwide have managed to improve the efficiency of their ports. Some of the policy tools used in order to achieve this goal are: allowing private sector participation and increasing competition in the provision of logistics services; streamlining regulatory and inspection procedures and the use of automation; modifying fees and charges; and improving terminal infrastructure or expanding port capacity.

Each port can benefit from a different policy mix, as reflected by improvements in port management during 2014 in Jordan, Poland or Tanzania.

Jordan reduced port and terminal handling time by expanding the wharf of Aqaba’s Container Terminal, extending working hours, and introducing a new x-ray scanner for export shipments at port entry. Poland implemented a new terminal operating system at the port of Gdansk, allowing exchange of information about the status of the cargo between the port, customs, inspectors, maintenance and clients. Tanzania managed to reduce the time to import from 31 to 26 days by upgrading infrastructure at the port of Dar es Salaam.²⁷ Thanks to new cranes, a conveyor belt and anchorage tankers, the port reduced congestion, as well as berthing and unloading times. The port also privatized the operation of its container terminal through a concession to a private company and reformed fees and charges. The port of Mombasa, Kenya increased its efficiency streamlining cargo clearance procedures and increased storage tariffs to discourage traders from using the port as a storage space.

Consider reducing port tariffs

South Africa’s container port tariffs are high compared globally. One of the reasons is that Transnet’s pricing strategy serves to cross-subsidize different services within and beyond the ports. Port tariffs for cargo owners are high compared globally, whereas exports and vessels pay tariffs that are below the global average. Also, port revenues are used to fund rail capital projects. The Ports Regulator has already condemned this practice, which is also outlawed by Directive 23(1).²⁸ After a tariff decrease in 2013, the Ports Regulator curtailed tariff increases in 2014 and 2015. Transnet could consider reducing fees charged to containers.

Introduce an electronic single window for trade

Currently, communication between SARS and Transnet occurs through an electronic data interchange system. Transnet’s system (NAVIS) and

the customs system are not directly connected, but they send messages to each other through Electronic Data Interchange (EDI). Transnet notifies SARS every time a container is discharged and about any movements on the ports. South Africa could consider developing an electronic single window for trade going beyond the ports and including the different actors involved. Some of the benefits of electronic single windows are: a single client interface with the government; standardization of business processes; reduction of physical interactions and opportunities for corruption; and decrease of processing times through paperless systems.

Introducing an electronic single window is a major undertaking. The first step should be to assess and simplify processes of the agencies involved to avoid replicating or even duplicating often outdated paper based processes. Also, an electronic single window requires specific legal and regulatory framework to operate. Today, 73 economies around the world have implemented single-window systems with varying degrees of sophistication—18 link all relevant government agencies and 55 do so partially.²⁹ The most sophisticated single windows systems link government and private parties involved in trade and transport into a unique platform, allowing the exchange of information in real time and speeding up approvals.

Korea has gone beyond the one-stop shop to implement an electronic single window where importers and exporters can submit documents and obtain approvals from customs and different agencies. This electronic window has brought together 69 government agencies, as well as private participants, including traders, banks, customs brokers, insurance companies and freight-forwarders. It allows all parties to exchange information in real time, thus considerably speeding up approvals. The Korea Customs Service

estimates that the introduction of its single-window system brought some US\$18 million in benefits in 2010, part of the overall economic benefits that year of up to US\$3.47 billion from the agency's trade facilitation efforts.³⁰

Promote regional integration through border cooperation agreements

South Africa is a key player for regional integration in Southern Africa. Many of its neighbors depend on it as the main port of entry. Regional agreements to ease procedures at border crossings are essential. A trader in Vienna, in landlocked Austria, needs only 4 days to arrange for the transportation and subsequent transport of cargo to the port of Hamburg, Germany, 900 kilometers away. On the other hand, a trader in Harare, in landlocked Zimbabwe, needs about 2 weeks to transport cargo to Durban, 1,670 kilometers away. These longer times are partly due to the quality of infrastructure but also to controls and waiting times at border posts. Botswana is benefiting from greater cooperation with South Africa at the Tlokweng-Kopfontein border crossing, but it still takes more than a week to transport cargo over a similar distance to Durban than it takes from Vienna to Hamburg.

South Africa and Mozambique have already signed an agreement to develop a one-stop border post, which is pending implementation. There are many reform examples facilitating regional trade. Mali signed a border cooperation agreement with Senegal that harmonized the countries' trade documents. The number of checkpoints between Bamako and Dakar dropped from 25 to 4. In 2005, Honduras and Nicaragua cut the waiting time at their shared border in half. Previously traders had to go through inspections on both sides of the border; now the mutual recognition of inspections ensures that a single inspection suffices. Synchronizing documents and procedures at the

border can also save costs. A harmonized document for trade between China and Hong Kong SAR, China, reduced paperwork by 60%.³¹ Thanks to a border cooperation agreement with Sweden and Finland, Norway is estimated to have avoided more than US\$9 million a year in costs to customs authorities and US\$48 million a year in costs to businesses.³²

South Africa could consider introducing fast track procedures for low-risk exporters and importers, including smaller firms who are part of larger value chain suppliers. Introducing trusted trader or authorized economic operator programs with a regional framework could promote faster and cheaper access to ports and greater regional integration.

NOTES

1. National Development Plan 2030. <http://www.gov.za/issues/national-development-plan-2030>.
2. World Development Indicators. Annual growth rate of exports of goods and services based on constant local currency. Exports of goods and services represent the value of all goods and other market services provided to the rest of the world.
3. COMTRADE and Observatory of Economic Complexity. <http://atlas.media.mit.edu/profile/country/zaf/>.
4. World Bank Group. 2014. *South Africa Economic Update Focus on Export Competitiveness*. Africa Regional Poverty Reduction and Economic Management, Issue No. 5. Washington, DC: World Bank Group.
5. Subramanian, Uma. 2012. "Trade Logistics Reforms: Linking Business to Global Markets." ViewPoint. Note Number 335. Washington, DC: World Bank Group.
6. Djankov, Simeon, Caroline Freund and Cong S. Pham. 2010. "Trading on Time." *Review of Economics and Statistics* 92 (1): 166–73.
7. Raballand, Gaël, Salim Refas, Monica Beuran and Gozde Isik. 2012. "Why Cargo Dwell Time Matters in Trade". Economic Premise Series. Washington, DC: World Bank Group.
8. Transnet 2014 annual report.
9. WITS World Bank/ UN COMTRADE. The product nomenclature used is HS 1988/92. Exports indicated are Gross Exports (including re-exports) and valuation is Free on Board (FOB).
10. To ensure comparability across economies, the *Doing Business* methodology assumes

- trade by sea transport, which accounted for 80% of the volume of global trade in 2012. (UNCTAD).
11. Since the methodology focuses exclusively on containerized trade, only ports with container terminals were selected.
 12. Transnet National Port Authority (TNPA) owns and manages eight commercial ports. A ninth port, primarily a fishing port, is utilized by the De Beers Group for mining-related activities.
 13. The 1996 White Paper on Transport policy found the need to split cargo handling, which is commercial in nature, from landlord and marine activities, which are considered services. In 2000, the Transnet's ports division (Portnet) was split to create TPT and TNPA.
 14. South Africa is represented by the port of Durban in the global report for the indicator trading across borders.
 15. *Doing Business* database.
 16. Interview with SARS representatives. March 2014. Pretoria.
 17. SAD 500 was introduced in 2006.
 18. Data provided by Transnet Port Terminals in March 2014.
 19. Transnet 2014 annual report.
 20. Per methodology, itinerary covered by inland transportation is from the warehouse –assumed to be in Johannesburg– and each of the ports. The distances are as follows: Johannesburg to Durban, 570 kilometers; Johannesburg to Port Elizabeth and Ngqura, 1,070 kilometers; and Johannesburg to Cape Town, 1,400 kilometers.
 21. Consignees pay cargo dues to the TNPA as follows: US\$179 for importing or US\$59 for exporting a 20-foot container. They also pay approximately US\$125 for terminal handling charges to the TPT. Terminal handling charges are paid to the TPT through the shipping line.
 22. Ports Regulator of South Africa. 2013. "Global Port Pricing Comparator Study—01/04/2013 Research Summary." Durban, South Africa. <http://www.portsregulator.org/images/documents/Port-tariffs-benchmarking-report-2013-14.pdf>.
 23. Port tariffs on cars are also higher than the global average. The report identifies coal and iron as the main bulk commodities benefitted. Lower port tariffs on vessels seem to especially favor transshipment vessels.
 24. Steyn, Grove. 2012. The impact of economic regulation on the management and performance of South Africa State Owned Enterprises. South African Economic Regulators Conference. Meridian Economics.
 25. Raballand, Gaël, Tshepo Kgare and Hans W. Ittmann. 2011. "Cargo Dwell Time in Durban." Policy Research Working Paper 5794. Africa Region Transport Unit. Washington, DC: World Bank Group.
 26. Storage fees in local currency are as follow: in Durban, they start at ZAR792 on day 4, increasing gradually; after the day 6, they are ZAR2,100. In the other three ports, there is a standard fee of ZAR129 per day starting on day 5. Transnet Port Terminals Tariff. April 2014. <http://www.transnet-tpt.net/Customer/Tariffs/Tariff%20Book%202014.pdf>.
 27. *Doing Business* database.
 28. The Directives develop the National Ports Act (2005) and its Regulations. Directive 23(1) establishes the criteria that the Ports Regulator needs to consider when approving tariff changes requested by Transnet.
 29. World Bank Group. 2013. *Doing Business 2014: Understanding Regulations for Small and Medium-Size Enterprises*. Washington, DC: World Bank Group.
 30. Korea Customs Service. 2011. *The Embodiment of Business-Friendly Environment by KCS Challenges*. Seoul.
 31. World Bank Group. 2006. *Doing Business 2007: How to Reform*. P46. Washington, DC: World Bank Group.
 32. World Bank Group. 2008. *Doing Business in Landlocked Economies 2009*. p. 47. Washington, DC: World Bank Group.



Data notes

The indicators presented and analyzed in *Doing Business in South Africa 2015* measure business regulation and the protection of property rights—and their effect on businesses, especially small and medium-size domestic firms. First, the indicators document the complexity of regulation, such as the number of procedures to start a business or to register a transfer of commercial property. Second, they gauge the time and cost to achieve a regulatory goal or comply with regulation, such as the time and cost to enforce a contract.

This report presents *Doing Business* indicators for 9 cities in South Africa. The data for all sets of indicators in *Doing Business in South Africa 2015* are current as of January 2015. The data for Johannesburg and 188 other economies used for comparison are based on the indicators in *Doing Business 2015, Going Beyond Efficiency*, the twelfth in a series of annual reports published by the World Bank Group.¹

METHODOLOGY

The *Doing Business in South Africa 2015* data were collected in a standardized way. To start, the team customized the *Doing Business* questionnaires for the specific study in South Africa. The questionnaires use a simple business case to ensure comparability across economies and over time—with assumptions about the legal form of the business, its size, its location and the nature of its operations. Questionnaires were administered to local experts, including lawyers, business consultants, architects, engineers, public officials, magistrates, and other

professionals routinely administering or advising on legal and regulatory requirements. These experts had several rounds of interaction with the *Doing Business in South Africa* team, involving conference calls, written correspondence and visits by the team. The data from questionnaires were subjected to numerous rounds of verification, leading to revisions or expansions of the information collected.

The *Doing Business* methodology offers several advantages. It is transparent, using factual information about what laws and regulations say and allowing multiple interactions with local respondents to clarify potential misinterpretations of questions. Having representative samples of respondents is not an issue; *Doing Business* is not a statistical survey, the texts of the relevant laws and regulations are collected and answers checked for accuracy. The methodology is inexpensive and easily replicable, so data can be collected in a large sample of economies. Because standard assumptions are used in the data collection, comparisons and benchmarks are valid across economies. Finally, the data not only highlight the extent of specific regulatory obstacles to business but also identify their source and point to what might be reformed.

LIMITS TO WHAT IS MEASURED

The *Doing Business* methodology has 4 limitations that should be considered when interpreting the data. First, the data often focus on a specific business form—generally a limited liability company (or its legal equivalent) of a specified

size—and may not be representative of the regulation on other businesses, for example, sole proprietorships. Second, transactions described in a standardized case scenario refer to a specific set of issues and may not represent the full set of issues that a business encounters. Third, the measures of time involve an element of judgment by the expert respondents. When sources indicate different estimates, the time indicators reported in *Doing Business* represent the median values of several responses given under the assumptions of the standardized case.

Finally, the methodology assumes that a business has full information on what is required and does not waste time when completing procedures. In practice, completing a procedure may take longer if the business lacks information or is unable to follow up promptly. Alternatively, the business may choose to disregard some burdensome procedures. For both reasons the time delays reported in *Doing Business* would differ from the recollection of entrepreneurs reported in the World Bank Enterprise Surveys or other firm-level surveys.

CHANGES IN WHAT IS MEASURED

As part of a 2-year update in methodology, *Doing Business 2015* incorporated important changes that are reflected in *Doing Business in South Africa 2015*. All topic-level rankings are now computed on the basis of distance to frontier (see the section *About Doing Business and Doing Business in South Africa 2015*).

For the indicator of dealing with construction permits, the cost of construction is now set at 50 times income per capita (before, the cost was assessed by the *Doing Business* respondents). In addition, this indicator set no longer includes the procedures for obtaining a landline telephone connection. For enforcing contracts, the value of the claim is now set at twice the income per capita with a minimum of US\$5,000.

Economy characteristics

Gross national income per capita

Doing Business in South Africa 2015 reports 2013 income per capita as published in the World Bank's World Development Indicators 2014. Income is calculated using the Atlas method (current U.S. dollars). For cost indicators expressed as a percentage of income per capita, 2013 gross national income (GNI) in U.S. dollars is used as the denominator. South Africa's GNI per capita in 2013 = US\$7,190 (ZAR62,590).

Region and income group

Doing Business uses the World Bank regional and income group classifications, available at <http://data.worldbank.org/about/country-classifications>. While the World Bank does not assign regional classifications to high-income economies, regional averages presented in figures and tables in the *Doing Business in South Africa 2015* report include economies from all income groups (low, lower middle, upper middle and high income). For the purpose of the report, high-income OECD economies are assigned the "regional" classification OECD high income.

Exchange rate

The exchange rate used in this report is: 1 US\$ = 8.7 South African Rand (ZAR).

STARTING A BUSINESS

Doing Business records all procedures officially required, or commonly done in practice, for an entrepreneur to start up and formally operate an industrial or commercial business, as well as the time and cost to complete these procedures and the paid-in minimum capital requirement (figure 9.1). These procedures include obtaining all necessary licenses and permits and completing any required notifications, verifications or inscriptions for the company and employees with relevant authorities. The ranking of cities on the ease of starting a business is determined by sorting their distance to frontier scores for starting a business. These scores are the simple average of the distance to frontier scores for each of the component indicators (figure 9.2). The distance to frontier measure illustrates the distance of an economy to the "frontier," which is derived from the most efficient practice or highest score achieved on each indicator.

After a study of laws, regulations and publicly available information on business entry, a detailed list of procedures is developed, along with the time and cost to comply with each procedure under normal circumstances and the paid-in minimum capital requirement. Subsequently,

local incorporation lawyers, notaries and public officials complete and verify the data.

Information is also collected on the sequence in which procedures are to be completed and whether procedures may be carried out simultaneously. It is assumed that any required information is readily available and that the entrepreneur will pay no bribes. If answers by local experts differ, inquiries continue until the data are reconciled.

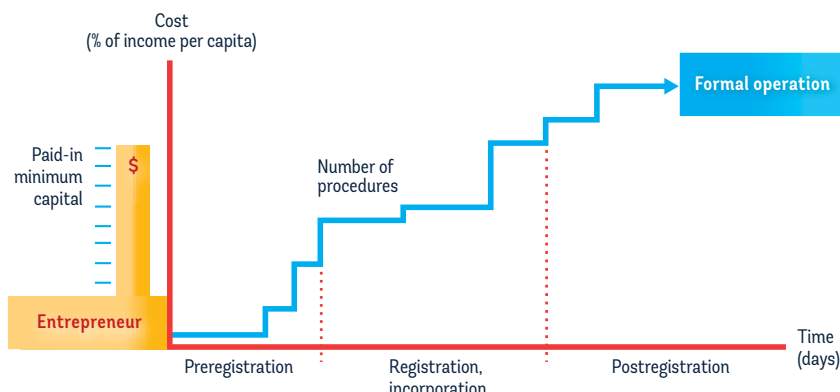
To make the data comparable across economies, several assumptions about the business and the procedures are used.

Assumptions about the business

The business:

- Is a limited liability company (or its legal equivalent). If there is more than one type of limited liability company in the economy, the limited liability form most common among domestic firms is chosen. Information on the most common form is obtained from incorporation lawyers or the statistical office.
- Operates in the selected city.

FIGURE 9.1 What are the time, cost, paid-in minimum capital and number of procedures to get a local limited liability company up and running?



- Is 100% domestically owned and has 5 owners, none of whom is a legal entity.
- Has start-up capital of 10 times income per capita, paid in cash.
- Performs general industrial or commercial activities, such as the production or sale to the public of products or services. The business does not perform foreign trade activities and does not handle products subject to a special tax regime, for example, liquor or tobacco. It is not using heavily polluting production processes.
- Leases the commercial plant or offices and is not a proprietor of real estate.
- Does not qualify for investment incentives or any special benefits.
- Has at least 10 and up to 50 employees 1 month after the commencement of operations, all of them domestic nationals.
- Has a turnover of at least 100 times income per capita.
- Has a company deed 10 pages long.

Procedures

A procedure is defined as any interaction of the company founders with external parties (for example, government agencies, lawyers, auditors or notaries). Interactions between company founders or company officers and employees are not counted as procedures. Procedures that

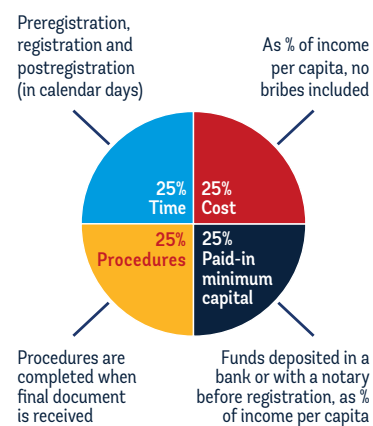
must be completed in the same building but in different offices or at different counters are counted separately. If founders have to visit the same office several times for different sequential procedures, each is counted separately. The founders are assumed to complete all procedures themselves, without middlemen, facilitators, accountants or lawyers, unless the use of such a third party is mandated by law or solicited by the majority of entrepreneurs. If the services of professionals are required, procedures conducted by such professionals on behalf of the company are counted separately. Each electronic procedure is counted separately. If 2 procedures can be completed through the same website but require separate filings, they are counted as 2 separate procedures.

Both pre- and postincorporation procedures that are officially required for an entrepreneur to formally operate a business are recorded (table 9.1).

Procedures required for official correspondence or transactions with public agencies are also included. For example, if a company seal or stamp is required on official documents, such as tax declarations, obtaining the seal or stamp is counted. Similarly, if a company must open a bank account before registering for sales tax or value added tax, this transaction is included as a procedure. Shortcuts are counted only if they fulfill 4 criteria: they are legal, they are available

FIGURE 9.2 Starting a business: getting a local limited liability company up and running

Rankings are based on distance to frontier scores for 4 indicators



to the general public, they are used by the majority of companies, and avoiding them cause substantial delays.

Only procedures required of all businesses are covered. Industry-specific procedures are excluded. For example, procedures to comply with environmental regulations are included only when they apply to all businesses conducting general commercial or industrial activities. Procedures that the company undergoes to connect to electricity, water, gas and waste disposal services are not included.

Time

Time is recorded in calendar days. The measure captures the median duration that incorporation lawyers indicate is necessary in practice to complete a procedure with minimum follow-up with government agencies and no extra payments. It is assumed that the minimum time required for each procedure is 1 day, except for procedures that can be fully completed online, for which the time required is recorded as half a day. Although procedures may take place simultaneously, they cannot start on the same day (that is, simultaneous procedures start on consecutive days), again with the exception of procedures that can be fully completed online. A procedure is considered completed once the company has received the final incorporation document, such

TABLE 9.1 What do the starting a business indicators measure?**Procedures to legally start and operate a company (number)**

Preregistration (for example, name verification or reservation, notarization)

Registration in the selected city

Postregistration (for example, social security registration, company seal)

Time required to complete each procedure (calendar days)

Does not include time spent gathering information

Each procedure starts on a separate day (2 procedures cannot start on the same day)—though procedures that can be fully completed online are an exception to this rule

Procedure considered completed once final incorporation document is received

No prior contact with officials

Cost required to complete each procedure (% of income per capita)

Official costs only, no bribes

No professional fees unless services required by law

Paid-in minimum capital (% of income per capita)

Funds deposited in a bank or with a notary before registration (or within 3 months)

as the company registration certificate or tax number. If a procedure can be accelerated for an additional cost, the fastest procedure is chosen if that option is more beneficial to the economy's ranking. It is assumed that the entrepreneur does not waste time and commits to completing each remaining procedure without delay. The time that the entrepreneur spends on gathering information is ignored. It is assumed that the entrepreneur is aware of all entry requirements and their sequence from the beginning but has had no prior contact with any of the officials.

Cost

Cost is recorded as a percentage of the economy's income per capita. It includes all official fees and fees for legal or professional services if such services are required by law. Fees for purchasing and legalizing company books are included if these transactions are required by law. Although value added tax registration can be counted as a separate procedure,

value added tax is not part of the incorporation cost. The company law, the commercial code, and specific regulations and fee schedules are used as sources for calculating costs. In the absence of fee schedules, a government officer's estimate is taken as an official source. In the absence of a government officer's estimate, estimates by incorporation lawyers are used. If several incorporation lawyers provide different estimates, the median reported value is applied. In all cases the cost excludes bribes.

Paid-in minimum capital

The paid-in minimum capital requirement reflects the amount that the entrepreneur needs to deposit in a bank or with a notary before registration and up to 3 months following incorporation and is recorded as a percentage of the economy's income per capita. The amount is typically specified in the commercial code or the company law. Many economies require minimum capital but allow businesses to pay only a part of it before registration, with the rest to be paid after the first year of operation. In Turkey in June 2014, for example, the minimum capital requirement was 10,000 Turkish liras, of which one-fourth needed to be paid before registration. The paid-in minimum capital recorded for Turkey is therefore 2,500 Turkish liras, or 12.14% of income per capita.

The data details on starting a business can be found for each economy at <http://www.doingbusiness.org>. This methodology was developed by Djankov and others (2002) and is adopted here with minor changes.

DEALING WITH CONSTRUCTION PERMITS

Doing Business records all procedures required for a business in the construction industry to build a warehouse (figure 9.3). These procedures include obtaining and submitting all relevant project-specific documents (for example, building plans, site maps and certificates of urbanism) to the authorities; hiring external third-party supervisors, engineers or inspectors (if necessary); obtaining all necessary clearances, licenses, permits and certificates; submitting all required notifications; and

requesting and receiving all necessary inspections (unless completed by a private, third-party inspector). *Doing Business* also records procedures for obtaining connections for water and sewerage. Procedures necessary to register the warehouse so that it can be used as collateral or transferred to another entity are also counted. The questionnaire divides the process of building a warehouse into distinct procedures and solicits data for calculating the time and cost to complete each procedure. The ranking of cities on the ease of dealing with construction permits is determined by sorting their distance to frontier scores for dealing with construction permits. These scores are the simple average of the distance to frontier scores for each of the component indicators (figure 9.4).

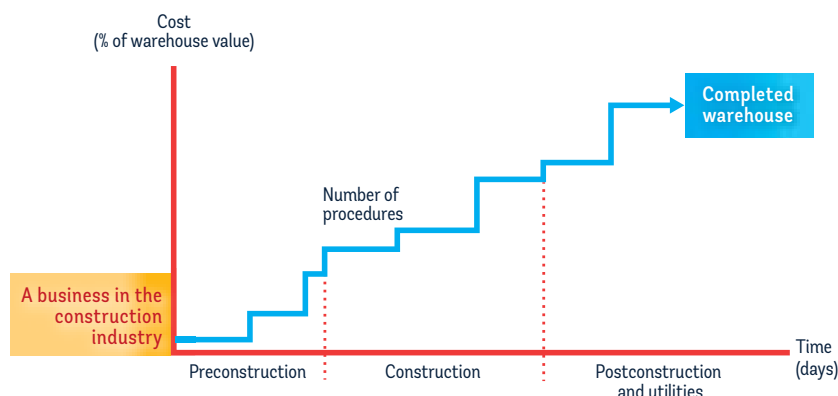
Information is collected from experts in construction licensing, including architects, civil engineers, construction lawyers, construction firms, utility service providers and public officials who deal with building regulations, including approvals, permit issuance and inspections. To make the data comparable across economies, several assumptions about the business, the warehouse project and the utility connections are used.

Assumptions about the construction company

The business (BuildCo):

- Is a limited liability company.
- Operates in the selected city.
- Is 100% domestically and privately owned.
- Has 5 owners, none of whom is a legal entity.
- Is fully licensed and insured to carry out construction projects, such as building warehouses.
- Has 60 builders and other employees, all of them nationals with the technical expertise and professional experience necessary to obtain construction permits and approvals.
- Has at least 1 employee who is a licensed architect or engineer and

FIGURE 9.3 What are the time, cost and number of procedures to comply with formalities to build a warehouse?



registered with the local association of architects or engineers.

- Has paid all taxes and taken out all necessary insurance applicable to its general business activity (for example, accidental insurance for construction workers and third-person liability).
- Owns the land on which the warehouse will be built.

Assumptions about the warehouse

The warehouse:

- Will be used for general storage activities, such as storage of books or stationery. The warehouse will not be used for any goods requiring special conditions, such as food, chemicals or pharmaceuticals.
- Will have 2 stories, both above ground, with a total constructed area of 1,300.6 square meters (14,000 square feet). Each floor will be 3 meters (9 feet, 10 inches) high.
- Will have road access and be located in the peri-urban area of the selected city (that is, on the fringes of the city but still within its official limits).
- Will not be located in a special economic or industrial zone.
- Will be located on a land plot of 929 square meters (10,000 square feet) that is 100% owned by BuildCo and is

accurately registered in the cadastre and land registry.

- Is valued at 50 times income per capita.
- Will be a new construction (there was no previous construction on the land).
- Will have complete architectural and technical plans prepared by a licensed architect. If preparation of the plans requires such steps as obtaining further documentation or getting prior approvals from external agencies, these are counted as procedures.
- Will include all technical equipment required to be fully operational.
- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).

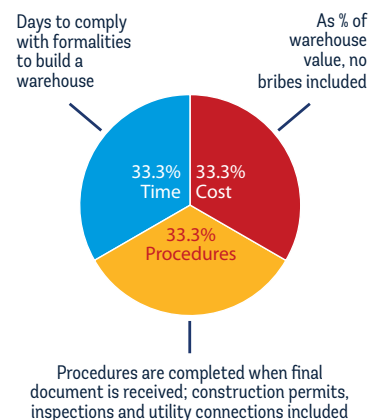
Assumptions about the utility connections

The water and sewerage connections:

- Will be 150 meters (492 feet) from the existing water source and sewer tap. If there is no water delivery infrastructure in the economy, a borehole will be dug. If there is no sewerage infrastructure, a septic tank in the smallest size available will be installed or built.
- Will not require water for fire protection reasons; a fire extinguishing system (dry system) will be used instead.

FIGURE 9.4 Dealing with construction permits: building a warehouse

Rankings are based on distance to frontier scores for 3 indicators



If a wet fire protection system is required by law, it is assumed that the water demand specified below also covers the water needed for fire protection.

- Will have an average water use of 662 liters (175 gallons) a day and an average wastewater flow of 568 liters (150 gallons) a day.
- Will have a peak water use of 1,325 liters (350 gallons) a day and a peak wastewater flow of 1,136 liters (300 gallons) a day.
- Will have a constant level of water demand and wastewater flow throughout the year.
- Will be 1 inch in diameter for the water connection and 4 inches in diameter for the sewerage connection.

Procedures

A procedure is any interaction of the company’s employees or managers, or any party acting on behalf of the company, with external parties, including government agencies, notaries, the land registry, the cadastre, utility companies and public inspectors—or the hiring of private inspectors and technical experts apart from in-house architects and engineers. Interactions between company employees, such as development of the warehouse plans and inspections conducted by employees, are not counted as procedures. But interactions necessary to

TABLE 9.2 What do the dealing with construction permits indicators measure?**Procedures to legally build a warehouse (number)**

Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates

Submitting all required notifications and receiving all necessary inspections

Obtaining utility connections for water and sewerage

Registering the warehouse after its completion (if required for use as collateral or for transfer of the warehouse)

Time required to complete each procedure (calendar days)

Does not include time spent gathering information

Each procedure starts on a separate day—though procedures that can be fully completed online are an exception to this rule

Procedure considered completed once final document is received

No prior contact with officials

Cost required to complete each procedure (% of warehouse value)

Official costs only, no bribes

obtain any plans, drawings or other documents from external parties (including any documentation required for the architect to prepare the plans), or to have such documents approved or stamped by external parties, are counted as procedures. Procedures that the company undergoes to connect the warehouse to water and sewerage are included. All procedures that are legally required, or that are done in practice by the majority of companies, to build a warehouse are counted, even if they may be avoided in exceptional cases (table 9.2).

Time

Time is recorded in calendar days. The measure captures the median duration that local experts indicate is necessary to complete a procedure in practice. It is assumed that the minimum time required for each procedure is 1 day, except for procedures that can be fully completed online, for which the time required is recorded as half a day. Although procedures may take place simultaneously, they cannot start on the same day (that

is, simultaneous procedures start on consecutive days), again with the exception of procedures that can be fully completed online. If a procedure can be accelerated legally for an additional cost and the accelerated procedure is used by the majority of companies, the fastest procedure is chosen. It is assumed that BuildCo does not waste time and commits to completing each remaining procedure without delay. The time that BuildCo spends on gathering information is not taken into account. It is assumed that BuildCo is aware of all building requirements and their sequence from the beginning.

Cost

Cost is recorded as a percentage of the warehouse value (assumed to be 50 times income per capita). Only official costs are recorded. All the fees associated with completing the procedures to legally build a warehouse are recorded, including those associated with obtaining land use approvals and preconstruction design clearances; receiving inspections before, during and after construction; obtaining utility connections; and registering the warehouse property. Nonrecurring taxes required for the completion of the warehouse project are also recorded. Sales taxes (such as value added tax) or capital gains taxes are not recorded. Nor are deposits that must be paid up front and are later refunded. The building code, information from local experts, and specific regulations and fee schedules are used as sources for costs. If several local partners provide different estimates, the median reported value is used.

The data details on dealing with construction permits can be found for each economy at <http://www.doingbusiness.org>.

GETTING ELECTRICITY

Doing Business records all procedures required for a business to obtain a permanent electricity connection and supply for a standardized warehouse (figure 9.5). These procedures include applications and contracts with electricity utilities, all necessary inspections and clearances from the utility and other agencies, and the external and final connection works.

The questionnaire divides the process of getting an electricity connection into distinct procedures and solicits data for calculating the time and cost to complete each procedure. The ranking of economies on the ease of getting electricity is determined by sorting their distance to frontier scores for getting electricity. These scores are the simple average of the distance to frontier scores for each of the component indicators (figure 9.6).

Data are collected from the electricity distribution utility, then completed and verified by electricity regulatory agencies and independent professionals such as electrical engineers, electrical contractors and construction companies. The electricity distribution utility consulted is the one serving the area (or areas) where warehouses are located. If there is a choice of distribution utilities, the one serving the largest number of customers is selected.

To make the data comparable across economies, several assumptions about the warehouse and the electricity connection are used.

Assumptions about the warehouse

The warehouse:

- Is owned by a local entrepreneur.
- Is located in the selected city (In the case of South Africa, the location is assumed to be within each municipality's seat—e.g. Durban in eThekweni or Pretoria in Tshwane).
- Is located in an area where similar warehouses are typically located. In this area a new electricity connection is not eligible for a special investment promotion regime (offering special subsidization or faster service, for example).
- Is located in an area with no physical constraints. For example, the property is not near a railway.
- Is a new construction and is being connected to electricity for the first time.
- Has 2 stories, both above ground, with a total surface area of approximately

FIGURE 9.5 *Doing Business* measures the connection process at the level of distribution utilities

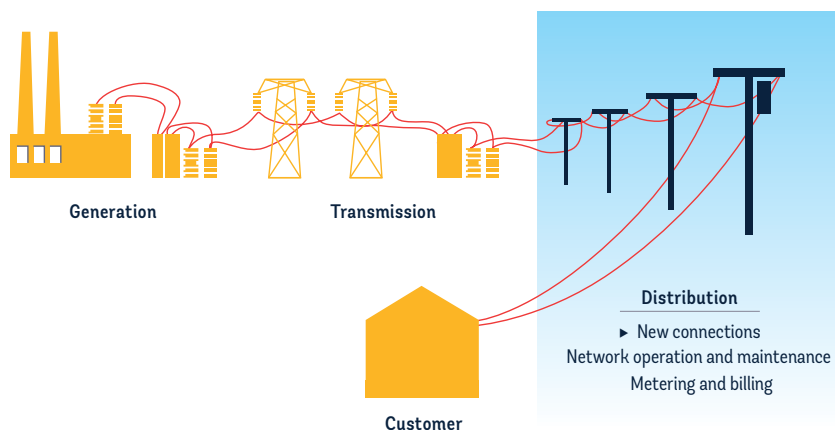
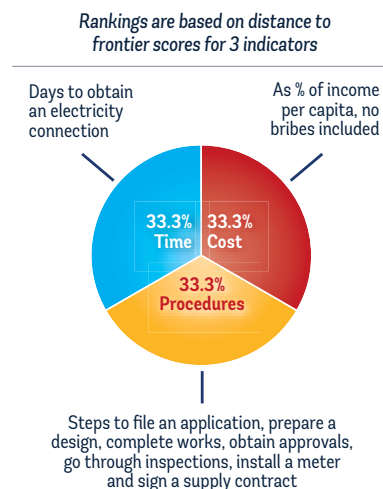


FIGURE 9.6 Getting electricity: obtaining an electricity connection



1,300.6 square meters (14,000 square feet). The plot of land on which it is built is 929 square meters (10,000 square feet).

- Is used for storage of refrigerated goods.

Assumptions about the electricity connection

The electricity connection:

- Is a permanent one.
- Is a 3-phase, 4-wire Y, 140-kilovolt-ampere (kVA) (subscribed capacity) connection (where the voltage is 120/208 V, the current would be 400 amperes; where it is 230/400 B, the current would be nearly 200 amperes).
- Is 150 meters long. The connection is to either the low-voltage or the medium-voltage distribution network and either overhead or underground, whichever is more common in the area where the warehouse is located.
- Requires works that involve the crossing of a 10-meter road (such as by excavation or overhead lines) but are all carried out on public land. There is no crossing of other owners' private property because the warehouse has access to a road.
- Includes only a negligible length in the customer's private domain.

- Will supply monthly electricity consumption of 0.07 gigawatt-hours (GWh).
- Does not involve work to install the internal electrical wiring. This has already been completed, up to and including the customer's service panel or switchboard and installation of the meter base.

Procedures

A procedure is defined as any interaction of the company's employees or its main electrician or electrical engineer (that is, the one who may have done the internal wiring) with external parties, such as the electricity distribution utility, electricity supply utilities, government agencies, electrical contractors and electrical firms. Interactions between company employees and steps related to the internal electrical wiring, such as the design and execution of the internal electrical installation plans, are not counted as procedures. Procedures that must be completed with the same utility but with different departments are counted as separate procedures (table 9.3).

The company's employees are assumed to complete all procedures themselves unless the use of a third party is mandated (for example, if only an electrician registered with the utility is allowed to submit an application). If the company can, but is not required to, request the

services of professionals (such as a private firm rather than the utility for the external works), these procedures are recorded if they are commonly done. For all procedures, only the most likely cases (for example, more than 50% of the time the utility has the material) and those followed in practice for connecting a warehouse to electricity are counted.

Time

Time is recorded in calendar days. The measure captures the median duration that the electricity utility and experts indicate is necessary in practice, rather than required by law, to complete a procedure with minimum follow-up and no extra payments. It is also assumed that the minimum time required for each procedure is 1 day. Although procedures may take place simultaneously, they cannot start on the same day (that is, simultaneous procedures start on consecutive days). It is assumed that the company does not waste time and commits to completing each remaining procedure without delay. The time that the company spends on gathering information is not taken into account. It is assumed that the company is aware of all electricity connection requirements and their sequence from the beginning.

TABLE 9.3 What do the getting electricity indicators measure?**Procedures to obtain an electricity connection (number)**

Submitting all relevant documents and obtaining all necessary clearances and permits

Completing all required notifications and receiving all necessary inspections

Obtaining external installation works and possibly purchasing material for these works

Concluding any necessary supply contract and obtaining final supply

Time required to complete each procedure (calendar days)

Is at least 1 calendar day

Each procedure starts on a separate day

Does not include time spent gathering information

Reflects the time spent in practice, with little follow-up and no prior contact with officials

Cost required to complete each procedure (% of income per capita)

Official costs only, no bribes

Value added tax excluded

Cost

Cost is recorded as a percentage of the economy's income per capita. Costs are recorded exclusive of value added tax. All the fees and costs associated with completing the procedures to connect a warehouse to electricity are recorded, including those related to obtaining clearances from government agencies, applying for the connection, receiving inspections of both the site and the internal wiring, purchasing material, getting the actual connection works and paying a security deposit. Information from local experts and specific regulations and fee schedules are used as sources for costs. If several local partners provide different estimates, the median reported value is used. In all cases the cost excludes bribes.

Security deposit

Utilities require security deposits as a guarantee against the possible failure of customers to pay their consumption bills. For this reason the security deposit for a new customer is most often calculated as a function of the customer's estimated consumption.

Doing Business does not record the full amount of the security deposit. If the deposit is based on the customer's actual consumption, this basis is the one assumed in the case study. Rather than the full amount of the security deposit, *Doing Business* records the present value of the losses in interest earnings experienced by the customer because the utility holds the security deposit over a prolonged period, in most cases until the end of the contract (assumed to be after 5 years). In cases where the security deposit is used to cover the first monthly consumption bills, it is not recorded. To calculate the present value of the lost interest earnings, the end-2013 lending rates from the International Monetary Fund's *International Financial Statistics* are used. In cases where the security deposit is returned with interest, the difference between the lending rate and the interest paid by the utility is used to calculate the present value.

In some economies the security deposit can be put up in the form of a bond: the company can obtain from a bank or an insurance company a guarantee issued on the assets it holds with that financial institution. In contrast to the scenario in which the customer pays the deposit in cash to the utility, in this scenario the company does not lose ownership control over the full amount and can continue using it. In return the company will pay the bank a commission for obtaining the bond. The commission charged may vary depending on the credit standing of the company. The best possible credit standing and thus the lowest possible commission are assumed. Where a bond can be put up, the value recorded for the deposit is the annual commission times the 5 years assumed to be the length of the contract. If both options exist, the cheaper alternative is recorded.

In Honduras in June 2014 a customer requesting a 140-kVA electricity connection would have had to put up a security deposit of 118,434 Honduran lempiras (L) in cash or check, and the deposit would have been returned only at the end of the contract. The customer could instead have invested this money at the prevailing lending rate of 20.08%. Over the 5 years of the contract this would imply a

present value of lost interest earnings of L 70,998.58. In contrast, if the customer chose to settle the deposit with a bank guarantee at an annual rate of 2.5%, the amount lost over the 5 years would be just L 14,804.30.

The data details on getting electricity can be found for each economy at <http://www.doingbusiness.org>.

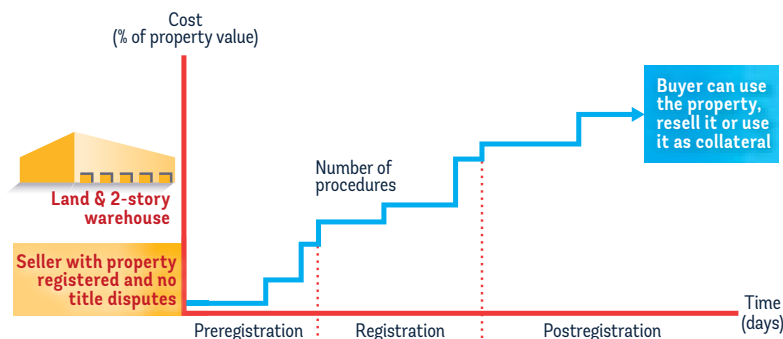
REGISTERING PROPERTY

Doing Business records the full sequence of procedures necessary for a business (the buyer) to purchase a property from another business (the seller) and to transfer the property title to the buyer's name so that the buyer can use the property for expanding its business, use the property as collateral in taking new loans or, if necessary, sell the property to another business. The process starts with obtaining the necessary documents, such as a copy of the seller's title if necessary, and conducting due diligence if required. The transaction is considered complete when it is opposable to third parties and when the buyer can use the property, use it as collateral for a bank loan or resell it (figure 9.7). The ranking of cities on the ease of registering property is determined by sorting their distance to frontier scores for registering property. These scores are the simple average of the distance to frontier scores for each of the component indicators (figure 9.8).

Every procedure required by law or necessary in practice is included, whether it is the responsibility of the seller or the buyer or must be completed by a third party on their behalf. Local property lawyers, notaries and property registries provide information on procedures as well as the time and cost to complete each of them. The registering property indicators do not measure the accessibility of property registration systems, the legal security offered by formal registration, the use of informal property registration systems or the equity of land policies.

To make the data comparable across economies, several assumptions about

FIGURE 9.7 What are the time, cost and number of procedures required to transfer property between 2 local companies?



the parties to the transaction, the property and the procedures are used.

Assumptions about the parties

The parties (buyer and seller):

- Are limited liability companies.
- Are located in the selected city.
- Are 100% domestically and privately owned.
- Have 50 employees each, all of whom are nationals.
- Perform general commercial activities.

Assumptions about the property

The property:

- Has a value of 50 times income per capita. The sale price equals the value.
- Is fully owned by the seller.
- Has no mortgages attached and has been under the same ownership for the past 10 years.
- Is registered in the land registry or cadastre, or both, and is free of title disputes.
- Is located in a peri-urban commercial zone, and no rezoning is required.
- Consists of land and a building. The land area is 557.4 square meters (6,000 square feet). A 2-story warehouse of 929 square meters (10,000

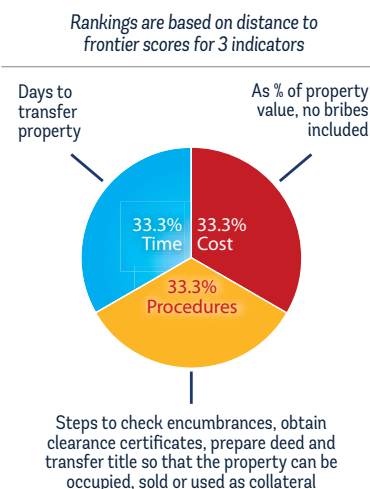
square feet) is located on the land. The warehouse is 10 years old, is in good condition and complies with all safety standards, building codes and other legal requirements. It has no heating system. The property of land and building will be transferred in its entirety.

- Will not be subject to renovations or additional building following the purchase.
- Has no trees, natural water sources, natural reserves or historical monuments of any kind.
- Will not be used for special purposes, and no special permits, such as for residential use, industrial plants, waste storage or certain types of agricultural activities, are required.
- Has no occupants, and no other party holds a legal interest in it.

Procedures

A procedure is defined as any interaction of the buyer or the seller, their agents (if an agent is legally or in practice required) or the property with external parties, including government agencies, inspectors, notaries and lawyers. Interactions between company officers and employees are not considered. All procedures that are legally or in practice required for registering property are recorded, even if they may be avoided in exceptional cases (table 9.4). It is assumed that the buyer follows the fastest legal option available

FIGURE 9.8 Registering property: transfer of property between 2 local companies



and used by the majority of property owners. Although the buyer may use lawyers or other professionals where necessary in the registration process, it is assumed that the buyer does not employ an outside facilitator in the registration process unless legally or in practice required to do so.

TABLE 9.4 What do the registering property indicators measure?

Procedures to legally transfer title on immovable property (number)

Preregistration procedures (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)

Registration procedures in the selected city

Postregistration procedures (for example, filing title with municipality)

Time required to complete each procedure (calendar days)

Does not include time spent gathering information

Each procedure starts on a separate day—though procedures that can be fully completed online are an exception to this rule

Procedure considered completed once final document is received

No prior contact with officials

Cost required to complete each procedure (% of property value)

Official costs only, no bribes

No value added or capital gains taxes included

Time

Time is recorded in calendar days. The measure captures the median duration that property lawyers, notaries or registry officials indicate is necessary to complete a procedure. It is assumed that the minimum time required for each procedure is 1 day, except for procedures that can be fully completed online, for which the time required is recorded as half a day. Although procedures may take place simultaneously, they cannot start on the same day, again with the exception of procedures that can be fully completed online. It is assumed that the parties involved are aware of all requirements and their sequence from the beginning. Time spent on gathering information is not considered.

Cost

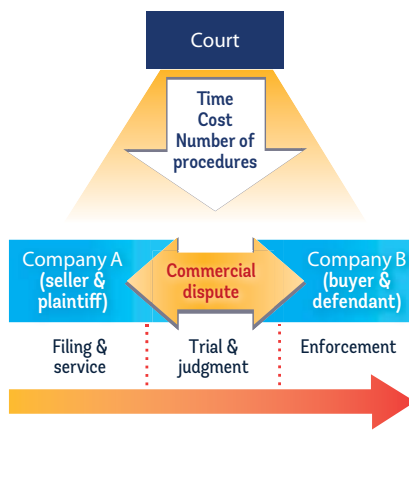
Cost is recorded as a percentage of the property value, assumed to be equivalent to 50 times income per capita. Only official costs required by law are recorded, including fees, transfer taxes, stamp duties and any other payment to the property registry, notaries, public agencies or lawyers. Other taxes, such as capital gains tax or value added tax, are excluded from the cost measure. Both costs borne by the buyer and those borne by the seller are included. If cost estimates differ among sources, the median reported value is used.

The data details on registering property can be found for each economy at <http://www.doingbusiness.org>.

ENFORCING CONTRACTS

Indicators on enforcing contracts measure the efficiency of the judicial system in resolving a commercial dispute. The data are built by following the step-by-step evolution of a commercial sale dispute before local courts (figure 9.9). The data are collected through study of the codes

FIGURE 9.9 What are the time, cost and number of procedures to resolve a commercial dispute through the courts?



of civil procedure and other court regulations as well as questionnaires completed by local litigation lawyers and judges. The ranking of cities on the ease of enforcing contracts is determined by sorting their distance to frontier scores for enforcing contracts. These scores are the simple average of the distance to frontier scores for each of the component indicators (figure 9.10).

Assumptions about the case

- The value of the claim is equal to 200% of the economy's income per capita or US\$5,000, whichever is greater.
- The dispute concerns a lawful transaction between 2 businesses (Seller and Buyer), both located in the selected city. Pursuant to a contract between the businesses, Seller sells some custom-made furniture to Buyer worth 200% of the economy's income per capita or US\$5,000, whichever is greater. After Seller delivers the goods to Buyer, Buyer refuses to pay the contract price, alleging that the goods are not of adequate quality. Because they were custom-made, Seller is unable to sell them to anyone else.
- Seller (the plaintiff) sues Buyer (the defendant) to recover the amount under the sales agreement. The dispute is brought before the court applicable to the selected city with jurisdiction over commercial cases worth 200%

TABLE 9.5 What do the enforcing contracts indicators measure?

Procedures to enforce a contract through the courts (number)

Steps to file and serve the case

Steps for trial and judgment

Steps to enforce the judgment

Time required to complete procedures (calendar days)

Time to file and serve the case

Time for trial and to obtain the judgment

Time to enforce the judgment

Cost required to complete procedures (% of claim)

Average attorney fees

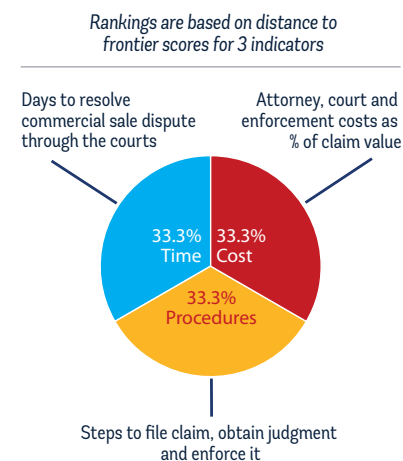
Court costs

Enforcement costs

of income per capita or US\$5,000, whichever is greater.

- At the outset of the dispute, Seller decides to attach Buyer's movable assets (for example, office equipment and vehicles) because Seller fears that Buyer may hide its assets or otherwise become insolvent.
- The claim is disputed on the merits because of Buyer's allegation that the quality of the goods was not adequate. Because the court cannot decide the case on the basis of documentary evidence or legal title alone, an expert opinion is given on the quality of the goods. If it is standard practice in the economy for each party to call its own expert witness, the parties each call one expert witness. If it is standard practice for the judge to appoint an independent expert, the judge does so. In this case the judge does not allow opposing expert testimony.
- Following the expert opinion, the judge decides that the goods delivered by Seller were of adequate quality and that Buyer must pay the contract price. The judge thus renders a final judgment that is 100% in favor of Seller.
- Buyer does not appeal the judgment. Seller decides to start enforcing the judgment as soon as the time allocated by law for appeal lapses.

FIGURE 9.10 Enforcing contracts: resolving a commercial dispute through the courts



- Seller takes all required steps for prompt enforcement of the judgment. The money is successfully collected through a public sale of Buyer's movable assets (for example, office equipment and vehicles).

Procedures

The list of procedural steps compiled for each economy traces the chronology of a commercial dispute before the relevant court. A procedure is defined as any interaction, required by law or commonly carried out in practice, between the parties or between them and the judge or court officer. Other procedural steps, internal to the court or between the parties and their counsel, may be counted as well. Procedural steps include steps to file and serve the case, steps to assign the case to a judge, steps for trial and judgment and steps necessary to enforce the judgment (table 9.5).

To indicate overall efficiency, 1 procedure is subtracted from the total number for economies that have specialized commercial courts or divisions, and 1 procedure for economies that allow electronic filing of the initial complaint. Some procedural steps that are part of others are not counted in the total number of procedures.

Time

Time is recorded in calendar days, counted from the moment the plaintiff decides to file the lawsuit in court until payment. This includes both the days when actions take place and the waiting periods in between. The average duration of 3 different stages of dispute resolution is recorded: the completion of service of process (time to file and serve the case), the issuance of judgment (time for trial and to obtain the judgment) and the recovery of the claim value through a public sale (time for enforcement of the judgment).

Cost

Cost is recorded as a percentage of the claim, assumed to be equivalent to 200% of income per capita or US\$5,000, whichever is greater. Three types of costs are recorded: court costs, enforcement costs and average attorney fees.

Court costs include all costs that Seller (plaintiff) must advance to the court, regardless of the final cost borne by Seller. Enforcement costs are all costs that Seller (plaintiff) must advance to enforce the judgment through a public sale of Buyer's movable assets, regardless of the final cost borne by Seller. Average attorney fees are the fees that Seller (plaintiff) must advance to a local attorney to represent Seller in the standardized case. Bribes are not taken into account.

The data details on enforcing contracts can be found for each economy at <http://www.doingbusiness.org>. This methodology was developed by Djankov and others (2003) and is adopted here with minor changes.

TRADING ACROSS BORDERS

Doing Business measures the time and cost (excluding tariffs) associated with exporting and importing a standardized cargo of goods by sea transport. The time and cost necessary to complete 4 pre-defined stages (document preparation; customs clearance and inspections; inland transport and handling; and port and terminal handling) for exporting and importing the goods are recorded; however, the time and cost for sea transport are

not included. All documents needed by the trader to export or import the goods across the border are also recorded. The process of exporting goods ranges from packing the goods into the container at the warehouse to their departure from the port of exit. The process of importing goods ranges from the vessel's arrival at the port of entry to the cargo's delivery at the warehouse. For landlocked economies, since the seaport is located in the transit economy, the time, cost and documents associated with the processes at the inland border are also included. It is assumed that the payment is made by letter of credit, and the time, cost and documents required for the issuance or advising of a letter of credit are taken into account (figure 9.11).

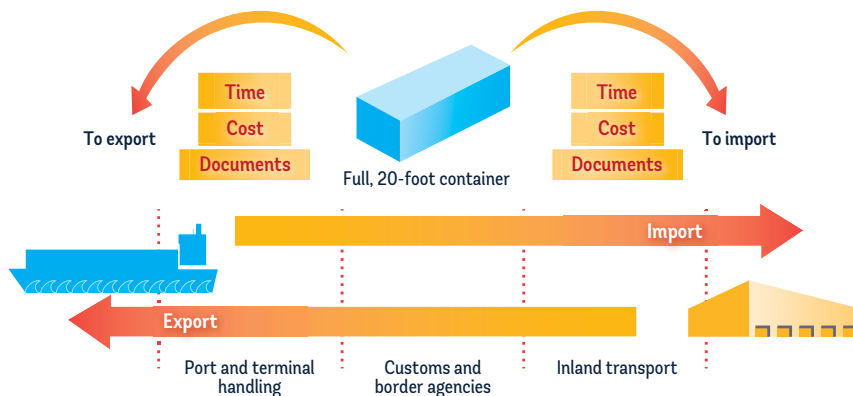
The ranking of economies on the ease of trading across borders is determined by sorting their distance to frontier scores for trading across borders. These scores are the simple average of the distance to frontier scores for each of the component indicators (figure 9.12).²

Local freight forwarders, shipping lines, customs brokers, port officials and banks provide information on required documents, cost and time to export and import. To make the data comparable across economies, several assumptions about the business and the traded goods are used.

Assumptions about the traded goods

- The traded product travels in a dry-cargo, 20-foot, full container load.³ It weighs 10 tons and is valued at \$20,000. The product:
 - Is not hazardous nor does it include military items.
 - Does not require refrigeration or any other special environment.
 - Does not require any special phytosanitary or environmental safety standards other than accepted international standards.
 - Is one of the economy's leading export or import products.

FIGURE 9.11 How much time, how many documents and what cost to export and import by sea transport?



Assumptions about the business:

The business:

- Is located in the economy's largest business city (Johannesburg in the case of South Africa).
- Is a private, limited liability company.
- Does not operate in an export processing zone or an industrial estate with special export or import privileges.
- Conducts export and import activities but does not have any special accreditation, such as an authorized economic operator status.

Is 100% domestically owned.

Documents

It is assumed that a new contract is drafted per shipment and that the contract has already been agreed upon and executed by both parties. All documents required by law or common practice by relevant agencies—including government ministries, customs authorities, port authorities and other control agencies—per export and import shipment are taken into account (table 9.6). For landlocked economies, documents required by authorities in the transit economy are also included. Since payment is by letter of credit, all documents required by banks for the issuance or securing of a letter of credit are also taken into account. Documents that are requested at the time of clearance but that are valid for a year or longer or do not require

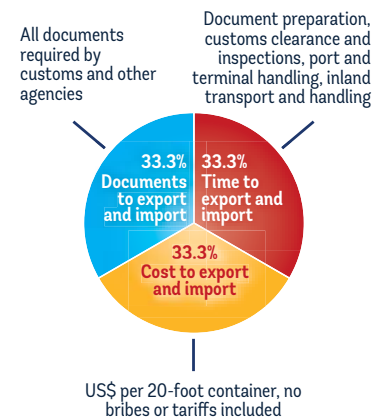
renewal per shipment (for example, an annual tax clearance certificate) are not included. Documents that are required by customs authorities purely for purposes of preferential treatment but are not required for any other purpose by any of the authorities in the process of trading are not included. For example, if a certificate of origin is only presented to qualify for a preferential tariff rate under trade agreements, the document is not counted. It is assumed that the exporter will always obtain a certificate of origin for its trade partner, and the time and cost associated with obtaining this certificate are therefore included in the time and cost of document preparation to export.

Time

The time for exporting and importing is recorded in calendar days. The time calculation for each of the 4 predefined stages starts from the moment the stage is initiated and runs until it is completed. Fast-track procedures applying only to firms located in an export processing zone, or only to certain accredited firms under authorized economic operator programs, are not taken into account because they are not available to all trading companies. Sea transport time is not included. It is assumed that neither the exporter nor the importer wastes time and that each commits to completing the process without delay. It is assumed that document preparation, inland transport and handling, customs clearance and inspections, and port and terminal handling require a minimum time of 1 day each and cannot take place simultaneously. The

FIGURE 9.12 Trading across borders: exporting and importing by sea transport

Rankings are based on distance to frontier scores for 3 indicators



waiting time that occurs in practice—for example, in queues to obtain a service or during the unloading and moving of the cargo at the seaport—is included in the measure.

Cost

Cost measures the fees levied on a 20-foot container in U.S. dollars. All fees charged by government agencies and the private sector to a trader in the process of exporting and importing the goods are taken into account. These include but are not limited to costs for documents, administrative fees for customs clearance and inspections, customs broker fees, port-related charges and inland transport costs. The exporter is responsible for the incurred costs related to exporting the goods until they depart from the exporting economy, and the importer is responsible for the incurred costs related to importing from the moment the goods arrive at the seaport in the importing economy. The cost does not include customs tariffs and duties or costs related to sea transport. Only official costs are recorded.

The data details on trade across borders can be found for each economy at <http://www.doingbusiness.org>. This methodology was developed by Djankov, Freund and Pham (2010) and is adopted here with minor changes.

TABLE 9.6 What do the trading across borders indicators measure?**Documents required to export and import (number)**

Bank documents

Customs clearance documents

Port and terminal handling documents

Transport documents

Time required to export and import (days)

Obtaining, filling out and submitting all the documents

Inland transport and handling

Customs clearance and inspections

Port and terminal handling

Does not include sea transport time

Cost required to export and import (US\$ per container)

All documentation

Inland transport and handling

Customs clearance and inspections

Port and terminal handling

Official costs only, no bribes

NOTES

1. The *Doing Business 2015* data for Johannesburg for starting a business and dealing with construction permits have been revised and updated since the publication of the *Doing Business 2015: Going Beyond Efficiency* global report. The complete data set can be obtained from the *Doing Business* website: www.doingbusiness.org
2. There are no subnational distance to frontier (DTF) ranking for South African ports, but the report compares Johannesburg internationally.
3. While different types of containers are used around the world, the 2 most important are 20-foot and 40-foot containers. Use of 40-foot containers is growing, but this year's research confirms that 20-foot containers are still common in the majority of economies. According to respondents questioned in each of the 189 economies covered by *Doing Business*, 20-foot and 40-foot containers are equally common in 49% of the economies, 20-foot containers are more common in 29%, and 40-foot containers are mostly relied on in only 10%. For the remaining 12% of economies no data on the use of the 2 types of containers were available. The trading across borders indicators will continue to be based on 20-foot containers because this size remains the most relevant for international trade across the globe.



City snapshots

Buffalo City (East London)

Starting a business (rank)	4	Registering property (rank)	4
Distance to frontier score (0-100)	78.67	Distance to frontier score (0-100)	62.84
Procedures (number)	6	Procedures (number)	8
Time (days)	56	Time (days)	24
Cost (% of income per capita)	0.3	Cost (% of property value)	6.32
Minimum capital (% of income per capita)	0.0		

Dealing with construction permits (rank)	3	Enforcing contracts (rank)	9
Distance to frontier score (0-100)	77.50	Distance to frontier score (0-100)	62.54
Procedures (number)	16	Procedures (number)	29
Time (days)	88	Time (days)	696
Cost (% of warehouse value)	1.13	Cost (% of claim)	35.8

Getting electricity (rank)	4
Distance to frontier score (0-100)	75.32
Procedures (number)	6
Time (days)	66
Cost (% of income per capita)	257.2

Cape Town (Cape Town)

Starting a business (rank)	4	Registering property (rank)	8
Distance to frontier score (0-100)	78.67	Distance to frontier score (0-100)	59.23
Procedures (number)	6	Procedures (number)	9
Time (days)	56	Time (days)	29
Cost (% of income per capita)	0.3	Cost (% of property value)	6.34
Minimum capital (% of income per capita)	0.0		

Dealing with construction permits (rank)	1	Enforcing contracts (rank)	6
Distance to frontier score (0-100)	78.08	Distance to frontier score (0-100)	67.53
Procedures (number)	16	Procedures (number)	29
Time (days)	83	Time (days)	545
Cost (% of warehouse value)	1.06	Cost (% of claim)	33.5

Getting electricity (rank)	2
Distance to frontier score (0-100)	81.81
Procedures (number)	4
Time (days)	87
Cost (% of income per capita)	640.0

Ekurhuleni (Germiston)

Starting a business (rank)	1	Registering property (rank)	3
Distance to frontier score (0-100)	81.18	Distance to frontier score (0-100)	64.23
Procedures (number)	6	Procedures (number)	7
Time (days)	46	Time (days)	33
Cost (% of income per capita)	0.3	Cost (% of property value)	6.30
Minimum capital (% of income per capita)	0.0		

Dealing with construction permits (rank)	4	Enforcing contracts (rank)	4
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Distance to frontier score (0-100)	76.84	Distance to frontier score (0-100)	68.26
Procedures (number)	16	Procedures (number)	29
Time (days)	98	Time (days)	513
Cost (% of warehouse value)	0.95	Cost (% of claim)	33.9

Getting electricity (rank)	5
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Distance to frontier score (0-100)	71.83
Procedures (number)	6
Time (days)	90
Cost (% of income per capita)	258.5

eThekweni (Durban)

Starting a business (rank)	4	Registering property (rank)	6
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Distance to frontier score (0-100)	78.67	Distance to frontier score (0-100)	62.05
Procedures (number)	6	Procedures (number)	8
Time (days)	56	Time (days)	29
Cost (% of income per capita)	0.3	Cost (% of property value)	6.32
Minimum capital (% of income per capita)	0.0		

Dealing with construction permits (rank)	5	Enforcing contracts (rank)	3
-------------------------------------------------	----------	-----------------------------------	----------

Distance to frontier score (0-100)	76.15	Distance to frontier score (0-100)	69.27
Procedures (number)	16	Procedures (number)	29
Time (days)	104	Time (days)	521
Cost (% of warehouse value)	1.01	Cost (% of claim)	30.6

Getting electricity (rank)	3
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Distance to frontier score (0-100)	75.73
Procedures (number)	5
Time (days)	98
Cost (% of income per capita)	380.2

Johannesburg (Johannesburg)

Starting a business (rank)	1	Registering property (rank)	1
Distance to frontier score (0-100)	81.18	Distance to frontier score (0-100)	65.82
Procedures (number)	6	Procedures (number)	7
Time (days)	46	Time (days)	23
Cost (% of income per capita)	0.3	Cost (% of property value)	6.30
Minimum capital (% of income per capita)	0.0		

Dealing with construction permits (rank)	8	Enforcing contracts (rank)	8
Distance to frontier score (0-100)	68.52	Distance to frontier score (0-100)	66.14
Procedures (number)	19	Procedures (number)	29
Time (days)	141	Time (days)	600
Cost (% of warehouse value)	1.06	Cost (% of claim)	33.2

Getting electricity (rank)	8
Distance to frontier score (0-100)	55.74
Procedures (number)	5
Time (days)	226
Cost (% of income per capita)	729.5

Mangaung (Bloemfontein)

Starting a business (rank)	4	Registering property (rank)	9
Distance to frontier score (0-100)	78.67	Distance to frontier score (0-100)	58.41
Procedures (number)	6	Procedures (number)	8
Time (days)	56	Time (days)	52
Cost (% of income per capita)	0.3	Cost (% of property value)	6.30
Minimum capital (% of income per capita)	0.0		

Dealing with construction permits (rank)	9	Enforcing contracts (rank)	1
Distance to frontier score (0-100)	68.22	Distance to frontier score (0-100)	71.04
Procedures (number)	22	Procedures (number)	29
Time (days)	109	Time (days)	473
Cost (% of warehouse value)	0.68	Cost (% of claim)	29.4

Getting electricity (rank)	1
Distance to frontier score (0-100)	83.88
Procedures (number)	4
Time (days)	80
Cost (% of income per capita)	383.2

Msunduzi (Pietermaritzburg)

Starting a business (rank)	4	Registering property (rank)	7
Distance to frontier score (0-100)	78.67	Distance to frontier score (0-100)	59.49
Procedures (number)	6	Procedures (number)	8
Time (days)	56	Time (days)	45
Cost (% of income per capita)	0.3	Cost (% of property value)	6.32
Minimum capital (% of income per capita)	0.0		

Dealing with construction permits (rank)	6	Enforcing contracts (rank)	2
Distance to frontier score (0-100)	74.07	Distance to frontier score (0-100)	70.81
Procedures (number)	17	Procedures (number)	29
Time (days)	117	Time (days)	469
Cost (% of warehouse value)	0.71	Cost (% of claim)	30.3

Getting electricity (rank)	7
Distance to frontier score (0-100)	63.00
Procedures (number)	5
Time (days)	184
Cost (% of income per capita)	446.0

Nelson Mandela Bay (Port Elizabeth)

Starting a business (rank)	4	Registering property (rank)	5
Distance to frontier score (0-100)	78.67	Distance to frontier score (0-100)	62.69
Procedures (number)	6	Procedures (number)	8
Time (days)	56	Time (days)	25
Cost (% of income per capita)	0.3	Cost (% of property value)	6.32
Minimum capital (% of income per capita)	0.0		

Dealing with construction permits (rank)	2	Enforcing contracts (rank)	7
Distance to frontier score (0-100)	78.05	Distance to frontier score (0-100)	66.89
Procedures (number)	15	Procedures (number)	29
Time (days)	88	Time (days)	611
Cost (% of warehouse value)	1.60	Cost (% of claim)	30.4

Getting electricity (rank)	9
Distance to frontier score (0-100)	53.14
Procedures (number)	5
Time (days)	333
Cost (% of income per capita)	587.7

Tshwane (Pretoria)					
Starting a business (rank)		1	Registering property (rank)		2
Distance to frontier score (0-100)	81.18		Distance to frontier score (0-100)	64.71	
Procedures (number)	6		Procedures (number)	7	
Time (days)	46		Time (days)	30	
Cost (% of income per capita)	0.3		Cost (% of property value)	6.30	
Minimum capital (% of income per capita)	0.0				
Dealing with construction permits (rank)		7	Enforcing contracts (rank)		5
Distance to frontier score (0-100)	69.88		Distance to frontier score (0-100)	68.17	
Procedures (number)	16		Procedures (number)	29	
Time (days)	169		Time (days)	527	
Cost (% of warehouse value)	1.03		Cost (% of claim)	33.1	
Getting electricity (rank)		6			
Distance to frontier score (0-100)	68.51				
Procedures (number)	6				
Time (days)	104				
Cost (% of income per capita)	572.6				



Indicator snapshots

Starting a business

Municipality (Municipal seat)	Procedures (number)	Time (days)	Cost (% of income per capita)	Paid-in minimum capital (% of income per capita)	Distance to frontier score (0-100)	Ease of starting a business (rank)
Buffalo City (East London)	6	56	0.3	0.0	78.67	4
Cape Town (Cape Town)	6	56	0.3	0.0	78.67	4
Ekurhuleni (Germiston)	6	46	0.3	0.0	81.18	1
eThekweni (Durban)	6	56	0.3	0.0	78.67	4
Johannesburg (Johannesburg)	6	46	0.3	0.0	81.18	1
Mangaung (Bloemfontein)	6	56	0.3	0.0	78.67	4
Msunduzi (Pietermaritzburg)	6	56	0.3	0.0	78.67	4
Nelson Mandela Bay (Port Elizabeth)	6	56	0.3	0.0	78.67	4
Tshwane (Pretoria)	6	46	0.3	0.0	81.18	1

Dealing with construction permits

Municipality (Municipal seat)	Procedures (number)	Time (days)	Cost (% of warehouse value)	Distance to frontier score (0-100)	Ease of dealing with construction permits (rank)
Buffalo City (East London)	16	88	1.13	77.50	3
Cape Town (Cape Town)	16	83	1.06	78.08	1
Ekurhuleni (Germiston)	16	98	0.95	76.84	4
eThekweni (Durban)	16	104	1.01	76.15	5
Johannesburg (Johannesburg)	19	141	1.06	68.52	8
Mangaung (Bloemfontein)	22	109	0.68	68.22	9
Msunduzi (Pietermaritzburg)	17	117	0.71	74.07	6
Nelson Mandela Bay (Port Elizabeth)	15	88	1.60	78.05	2
Tshwane (Pretoria)	16	169	1.03	69.88	7

Getting electricity

Municipality (Municipal seat)	Procedures (number)	Time (days)	Cost (% of income per capita)	Distance to frontier score (0-100)	Ease of getting electricity (rank)
Buffalo City (East London)	6	66	257.2	75.32	4
Cape Town (Cape Town)	4	87	640.0	81.81	2
Ekurhuleni (Germiston)	6	90	258.5	71.83	5
eThekweni (Durban)	5	98	380.2	75.73	3
Johannesburg (Johannesburg)	5	226	729.5	55.74	8
Mangaung (Bloemfontein)	4	80	383.2	83.88	1
Msunduzi (Pietermaritzburg)	5	184	446.0	63.00	7
Nelson Mandela Bay (Port Elizabeth)	5	333	587.7	53.14	9
Tshwane (Pretoria)	6	104	572.6	68.51	6

Registering property

Municipality (Municipal seat)	Procedures (number)	Time (days)	Cost (% of property value)	Distance to frontier score (0-100)	Ease of registering property (rank)
Buffalo City (East London)	8	24	6.32	62.84	4
Cape Town (Cape Town)	9	29	6.34	59.23	8
Ekurhuleni (Germiston)	7	33	6.30	64.23	3
eThekweni (Durban)	8	29	6.32	62.05	6
Johannesburg (Johannesburg)	7	23	6.30	65.82	1
Mangaung (Bloemfontein)	8	52	6.30	58.41	9
Msunduzi (Pietermaritzburg)	8	45	6.32	59.49	7
Nelson Mandela Bay (Port Elizabeth)	8	25	6.32	62.69	5
Tshwane (Pretoria)	7	30	6.30	64.71	2

Enforcing contracts

Municipality (Municipal seat)	Procedures (number)	Time (days)	Cost (% of claim)	Distance to frontier score (0-100)	Ease of enforcing contracts (rank)
Buffalo City (East London)	29	696	35.8	62.54	9
Cape Town (Cape Town)	29	545	33.5	67.53	6
Ekurhuleni (Germiston)	29	513	33.9	68.26	4
eThekweni (Durban)	29	521	30.6	69.27	3
Johannesburg (Johannesburg)	29	600	33.2	66.14	8
Mangaung (Bloemfontein)	29	473	29.4	71.04	1
Msunduzi (Pietermaritzburg)	29	469	30.3	70.81	2
Nelson Mandela Bay (Port Elizabeth)	29	611	30.4	66.89	7
Tshwane (Pretoria)	29	527	33.1	68.17	5

Trading across borders

Port	Documents to export (number)	Time to export (days)	Cost to export (US\$ per container)	Documents to import (number)	Time to import (days)	Cost to import (US\$ per container)
Durban	5	16	1,830	6	21	2,080
Port Elizabeth	5	16	1,984	6	20	2,193
Ngqura	5	16	1,979	6	20	2,222
Cape Town	5	17	2,078	6	19	2,267



List of procedures

LIST OF PROCEDURES
STARTING A BUSINESS

Buffalo City, East London

Standard company legal form: Private Limited Liability Company

Minimum capital requirement: ZAR 1 (US\$ 0)

Data as of: January 2015

Procedure 1. Register the company online with the Companies and Intellectual Property Commission (CIPC)

Time: 14 days

Cost: ZAR 175 (ZAR 125 registration fee + ZAR 50 name reservation fee)

Comments: To register the company online, the user must first register as a customer on the CIPC website and transfer ZAR175 (ZAR 50 for the name reservation + ZAR 125 for the registration). After a couple of days, the user's account will be credited, and he or she will be able to complete the required steps online.

During the registration process, the following information must be provided:

a. Details about the owners/directors:

- Name/s
- Country of origin
- ID/Passport number
- Appointment date
- Date of Birth
- Phone, e-mail
- Physical address and postal code.

b. Details about the company:

- Financial year end
- Authorized shares
- E-mail address, website, physical address, and postal code

c. Company name reservation (5 days). Once the steps above are completed, an e-mail will be sent to the applicant requesting additional documentation, which should be e-mailed to the CIPC:

- Certified copies of IDs of all indicated initial directors and incorporators
- Certified copy of the applicant's ID if not the same as one of the indicated initial directors or incorporators
- Signed registration forms

Procedure 2. Open a bank account

Time: 1 day

Cost: No cost

Comments: To open a bank account, the applicant must submit:

- a. Proof of the director's identity and address;
- b. Proof of business address; and
- c. Original company documents.

The Financial Intelligence Centre Act 38 of 2001 (FICA) requires all banks to verify the information listed above.

Procedure 3. Register for income tax and withholding taxes at the South African Revenue Service (SARS) office in East London

Time: 1 day

Cost: No cost

Comments: SARS is linked electronically to the CIPC. When an entrepreneur visits a SARS branch to register for income tax, SARS retrieves the information previously provided in procedure 1 by the entrepreneur to the CIPC. SARS will access this information and update it.

The entrepreneur needs to visit the closest SARS office for:

a. Income tax registration:

The applicant needs to present:

- Owner ID
 - Registration Certificate
 - Bank Statement
- b. Employees pay-as-you-earn tax (PAYE), Unemployment Insurance Fund (UIF), and Skills Development Levy (SDL) registration:

The entrepreneur must submit the EMP 101e form available online or at the local SARS office. Registration is immediate.

- PAYE: This is the tax the employer is required to deduct from an employee's paid remuneration. The employer is required to register pursuant to Schedule 4, paragraph 15, of the Income Tax Act.
- UIF: This is a compulsory contribution to fund employment benefits. The funds are used to provide short-term relief should workers become unemployed or unable to work for various reasons. Any employer required to register for the PAYE tax is also required to register with SARS for the unemployment insurance contributions.
- SDL: This levy is used by the government to fund education and training as stated in the Skills Development Act 1998. This levy is payable monthly by employers to SARS.

Procedure 4. Register with the Compensation Fund at the Labor Center in East London

Time: 40 days

Cost: No cost

Comments: The applicant must submit form W.As.2 at the closest labor center in East London. The form can be downloaded from the Department of Labor website.

After completing and submitting the documents, the company will receive the following documents to complete periodically or as needed (although these are not required for registration):

- a. W.As.8, which must be filed within 30 days of the financial year end and which must balance with the employer's CF account;
- b. W.As.6a, which details the assessment of the Commissioner for premiums payable, less any amounts paid in advance; and
- c. WG30, W.As.2, and W.Ac1 (E), which are claim forms.

Procedure 5*. Register for VAT at the SARS office in East London

Time: 10 days

Cost: No cost

Comments: The applicant must submit the VAT 101 form in person at the closest local SARS Branch Office.

Businesses with annual taxable turnover of more than ZAR 1,000,000 must register for VAT. A business may also choose to register voluntarily if the income earned in the past twelve-month period exceeded ZAR 50,000. The registration process can take from 1 to 21 working days depending on the risk level assigned to the company. The risk depends on different factors, including business activity and turnover.

Procedure 6*. Register with the UIF at the Labor Center in East London

Time: 7 days

Cost: No cost

Comments: According to the Unemployment Insurance Act and the Unemployment Insurance Contributions Act, all employees working more than 24 hours per month must be registered with the UIF. The employer is liable for the registration of the employees. The employer must submit forms UI-8 (company registration) and UI-19 (employees registration) either at the Pretoria UIF office, one of the labor centers, or by e-mail. When the process is completed, the applicant will receive a confirmation letter (form UI-33) by e-mail.

UIF contributions are 2% of the employee's salary. The employer covers 50% and withholds the other 50% from the employee. Payment is done through SARS, but employee claims are requested through the UIF.

STARTING A BUSINESS

Cape Town, Cape Town

Standard company legal form: Private Limited Liability Company

Minimum capital requirement: ZAR 1 (US\$ 0)

Data as of: January 2015

Procedure 1. Register the company online with the Companies and Intellectual Property Commission (CIPC)

Time: 14 days

Cost: ZAR 175 (ZAR 125 registration fee + ZAR 50 name reservation fee)

Comments: To register the company online, the user must first register as a customer on the CIPC website and transfer ZAR 175 (ZAR 50 for the name reservation + ZAR 125 for the registration). After a couple of days, the user's account will be credited, and he or she will be able to complete the required steps online.

During the registration process, the following information must be provided:

a. Details about the owners/directors:

- Name/s
- Country of origin
- ID/Passport number
- Appointment date
- Date of Birth
- Phone, e-mail
- Physical address and postal code

* This procedure can be completed simultaneously with previous procedures.

- b. Details about the company:
- Financial year end
 - Authorized shares
 - E-mail address, website, physical address, and postal code
- c. Company name reservation (5 days). Once the steps above are completed, an e-mail will be sent to the applicant requesting additional documentation, which should be e-mailed to the CIPC:
- Certified copies of IDs of all indicated initial directors' and incorporators
 - Certified copy of the applicant ID if not the same as one of the indicated initial directors or incorporators
 - Signed registration forms

Procedure 2. Open a bank account

Time: 1 day

Cost: No cost

Comments: To open a bank account, the applicant must submit:

- Proof of the director's identity and address;
- Proof of business address; and
- Original company documents.

The Financial Intelligence Centre Act 38 of 2001 (FICA) requires all banks to verify the information listed above.

Procedure 3. Register for income tax and withholding taxes at the South African Revenue Service (SARS) office in Cape Town

Time: 1 day

Cost: No cost

Comments: SARS is linked electronically to the CIPC. When an entrepreneur visits a SARS branch to register for income tax, SARS retrieves the information previously provided in procedure 1 by the entrepreneur to the CIPC. SARS will access this information and update it.

The entrepreneur needs to visit the closest SARS office for:

- Income tax registration:

The applicant needs to present:

- Owner ID
- Registration Certificate
- Bank Statement

- Employees pay-as-you-earn tax (PAYE), Unemployment Insurance Fund (UIF), and Skills Development Levy (SDL) registration:

The entrepreneur must submit the EMP 101e form available online or at the local SARS office. Registration is immediate.

- PAYE: This is the tax the employer is required deduct from an employee's paid remuneration. The employer is required to register pursuant to Schedule 4, paragraph 15, of the Income Tax Act.
- UIF: This is a compulsory contribution to fund employment benefits. The funds are used to provide short-term relief should workers become unemployed or unable to work for various reasons. Any employer required to register for the PAYE tax is also required to register with SARS for the unemployment insurance contributions.

- SDL: This levy is used by the government to fund education and training as stated in the Skills Development Act 1998. This levy is payable monthly by employers to SARS.

Procedure 4. Register with the Compensation Fund at the Labor Center in Cape Town

Time: 40 days

Cost: No cost

Comments: The applicant must submit form W.As.2 at the closest labor center in Cape Town. The form can be downloaded from the Department of Labor website.

After completing and submitting the documents, the company will receive the following documents to complete periodically or as needed (although these are not required for registration):

- W.As.8, which must be filed within 30 days of the financial year end and which must balance with the Employer's CF account;
- W.As.6a, which details the assessment of the Commissioner for premiums payable, less any amounts paid in advance; and
- WG30, W.As.2, and W.AcI (E), which are claim forms.

Procedure 5*. Register for VAT at the SARS office in Cape Town

Time: 7 days

Cost: No cost

Comments: The applicant must submit the VAT 101 form in person at the closest local SARS Branch Office.

Businesses with annual taxable turnover of more than ZAR 1,000,000 must register for VAT. A business may also choose to register voluntarily if the income earned in the past twelve-month period exceeded ZAR 50,000. The registration process can take from 1 to 21 working days depending on the risk level assigned to the company. The risk depends on different factors, including business activity and turnover.

Procedure 6*. Register with the UIF at the Labor Center in Cape Town

Time: 22 days

Cost: No cost

Comments: According to the Unemployment Insurance Act and the Unemployment Insurance Contributions Act, all employees working more than 24 hours per month must be registered with the UIF. The employer is liable for the registration of the employees. The employer must submit forms UI-8 (company registration) and UI-19 (employees registration) either at the Pretoria UIF office, one of the labor centers, or by e-mail. When the process is completed, the applicant receives a confirmation letter (form UI-33) by e-mail.

UIF contributions are 2% of the employee's salary. The employer covers 50% and withholds the other 50% from the employee. Payment is done through SARS, but employee claims are requested through the UIF.

STARTING A BUSINESS

Ekurhuleni, Germiston

Standard company legal form: Private Limited Liability Company

Minimum capital requirement: ZAR 1 (US\$ 0)

Data as of: January 2015

Procedure 1. Register the company online with the Companies and Intellectual Property Commission (CIPC)

Time: 14 days

Cost: ZAR 175 (ZAR 125 registration fee + ZAR 50 name reservation fee)

Comments: To register the company online, the user must first register as a customer on the CIPC website and transfer ZAR 175 (ZAR 50 for the name reservation + ZAR 125 for the registration). After a couple of days, the user's account will be credited, and he or she will be able to complete the required steps online.

During the registration process, the following information must be provided:

- Details about the owners/directors:

- Name/s
- Country of origin
- ID/Passport number
- Appointment date
- Date of Birth
- Phone, e-mail
- Physical address and postal code

- Details about the company:

- Financial year end
 - Authorized shares
 - E-mail address, website, physical address, and postal code
- Company name reservation (5 days). Once the steps above are completed, an e-mail will be sent to the applicant requesting additional documentation, which should be e-mailed to the CIPC:
 - Certified copies of IDs of all indicated initial directors and incorporators
 - Certified copy of the applicant's ID if not the same as one of the indicated initial directors or incorporators
 - Signed registration forms

Procedure 2. Open a bank account

Time: 1 day

Cost: No cost

Comments: To open a bank account, the applicant must submit:

- Proof of the director's identity and address;
- Proof of business address; and
- Original company documents.

The Financial Intelligence Centre Act 38 of 2001 (FICA) requires all banks to verify the information listed above.

Procedure 3. Register for income tax and withholding taxes at the South African Revenue Service (SARS) office in Edenvale

Time: 1 day

* This procedure can be completed simultaneously with previous procedures.

Cost: No cost

Comments: SARS is linked electronically to the CIPC. When an entrepreneur visits a SARS branch to register for income tax, SARS retrieves the information previously provided in procedure 1 by the entrepreneur to the CIPC. SARS will access this information and update it.

The entrepreneur needs to visit the closest SARS office for:

a. Income tax registration:

The applicant needs to present:

- Owner ID
- Registration Certificate
- Bank Statement

b. Employees pay-as-you-earn tax (PAYE), Unemployment Insurance Fund (UIF), and Skills Development Levy (SDL) registration:

The entrepreneur must submit the EMP 101e form available online or at the local SARS office. Registration is immediate.

- PAYE: This is the tax an employer is required to deduct from an employee's paid remuneration. The employer is required to register pursuant to Schedule 4, paragraph 15, of the Income Tax Act.
- UIF: This is a compulsory contribution to fund employment benefits. The funds are used to provide short-term relief should workers become unemployed or unable to work for various reasons. Any employer required to register for the PAYE tax is also required to register with SARS for the unemployment insurance contributions.
- SDL: This levy is used by the government to fund education and training as stated in the Skills Development Act 1998. This levy is payable monthly by employers to SARS.

Procedure 4. Register with the Compensation Fund at the Compensation office in Pretoria

Time: 30 days

Cost: No cost

Comments: The applicant must submit form W.As.2 at the Compensation Fund office in Pretoria. The form can be downloaded from the Department of Labor website.

After completing and submitting the documents, the company will receive the following documents to complete periodically or as needed (although these are not required for registration):

- a. W.As.8, which must be filed within 30 days of the financial year end and which must balance with the Employer's CF account;
- b. W.As.6a, which details the assessment of the Commissioner for premiums payable, less any amounts paid in advance; and
- c. WG30, W.As.2, and W.Ac1 (E), which are claim forms.

Procedure 5*. Register for VAT at the SARS office in Edenvale

Time: 14 days

Cost: No cost

Comments: The applicant must submit the VAT 101 form in person at the closest local SARS Branch Office.

Businesses with annual taxable turnover of more than ZAR 1,000,000 must register for VAT. A business may also choose to register voluntarily if the income earned in the past twelve-month period exceeded ZAR 50,000. The registration process can take from 1 to 21 working days depending on the risk level assigned to the company. The risk depends on different factors, including business activity and turnover.

Procedure 6*. Register with the UIF at the Labor Center in Germiston

Time: 7 days

Cost: No cost

Comments: According to the Unemployment Insurance Act and the Unemployment Insurance Contributions Act, all employees working more than 24 hours per month must be registered with the UIF. The employer is liable for the registration of the employees. The employer must submit forms UI-8 (company registration) and UI-19 (employees registration) either at the Pretoria UIF office, one of the labor centers, or by e-mail. When the process is completed, the applicant will receive a confirmation letter (form UI-33) by e-mail.

UIF contributions are 2% of the employee's salary. The employer covers 50% and withholds the other 50% from the employee. Payment is done through SARS, but employee claims are requested through the UIF.

STARTING A BUSINESS

eThekwini, Durban

Standard company legal form: Private Limited Liability Company

Minimum capital requirement: ZAR 1 (US\$ 0)

Data as of: January 2015

Procedure 1. Register the company online with the Companies and Intellectual Property Commission (CIPC)

Time: 14 days

Cost: ZAR 175 (ZAR 125 registration fee + ZAR 50 name reservation fee)

Comments: To register the company online, the user must first register as a customer on the CIPC website and transfer ZAR 175 (ZAR 50 for the name reservation + ZAR 125 for the registration). After a couple of days, the user's account will be credited, and he or she will be able to complete the required steps online.

During the registration process, the following information must be provided:

- a. Details about the owners/directors:
 - Name/s
 - Country of origin
 - ID/Passport number
 - Appointment date
 - Date of Birth
 - Phone, e-mail
 - Physical address and postal code
- b. Details about the company:
 - Financial year end
 - Authorized shares

- E-mail address, website, physical address, and postal code
- c. Company name reservation (5 days). Once the steps above are completed, an e-mail will be sent to the applicant requesting additional documentation, which should be e-mailed to the CIPC:
 - Certified copies of IDs of all indicated initial directors and incorporators
 - Certified copy of the applicant's ID if not the same as one of the indicated initial directors or incorporators
 - Signed registration forms

Procedure 2. Open a bank account

Time: 1 day

Cost: No cost

Comments: To open a bank account, the applicant must submit:

- a. Proof of the director's identity and address;
- b. Proof of business address; and
- c. Original company documents.

The Financial Intelligence Centre Act 38 of 2001 (FICA) requires all banks to verify the information listed above.

Procedure 3. Register for income tax and withholding taxes at the South African Revenue Service (SARS) office in Durban

Time: 1 day

Cost: No cost

Comments: SARS is linked electronically to the CIPC. When an entrepreneur visits a SARS branch to register for income tax, SARS retrieves the information previously provided in procedure 1 by the entrepreneur to the CIPC. SARS will access this information and update it.

The entrepreneur needs to visit the closest SARS office for:

a. Income tax registration:

The applicant needs to present:

- Owner ID
- Registration Certificate
- Bank Statement
- b. Employees pay-as-you-earn tax (PAYE), Unemployment Insurance Fund (UIF), and Skills Development Levy (SDL) registration:

The entrepreneur must submit the EMP 101e form available online or at the local SARS office. Registration is immediate.

- PAYE: This is the tax an employer is required to deduct from an employee's paid remuneration. The employer is required to register pursuant to Schedule 4, paragraph 15, of the Income Tax Act.
- UIF: This is a compulsory contribution to fund employment benefits. The funds are used to provide short-term relief should workers become unemployed or unable to work for various reasons. Any employer required to register for the PAYE tax is also required to register with SARS for the unemployment insurance contributions.
- SDL: This levy is used by the government to fund education and training as stated in the Skills Development Act 1998. This levy is payable monthly by employers to SARS.

* This procedure can be completed simultaneously with previous procedures.

Procedure 4. Register with the Compensation Fund at the Labor Center in Durban

Time: 40 days

Cost: No cost

Comments: The applicant must submit form W.As.2 at the closest labor center in Durban. The form can be downloaded from the Department of Labor website.

After completing and submitting the documents, the company will receive the following documents to complete periodically or as needed (although these are not required for registration):

- W.As.8, which must be filed within 30 days of the financial year end and which must balance with the Employer's CF account;
- W.As.6a, which details the assessment of the Commissioner for premiums payable, less any amounts paid in advance; and
- WG30, W.As.2, and W.Acl (E), which are claim forms.

Procedure 5*. Register for VAT at the SARS office in Durban

Time: 14 days

Cost: No cost

Comments: The applicant must submit the VAT 101 form in person at the closest local SARS Branch Office.

Businesses with annual taxable turnover of more than ZAR 1,000,000 must register for VAT. A business may also choose to register voluntarily if the income earned in the past twelve-month period exceeded ZAR 50,000. The registration process can take from 1 to 21 working days depending on the risk level assigned to the company. The risk depends on different factors, including business activity and turnover.

Procedure 6*. Register with the UIF at the Labor Center in Durban

Time: 14 days

Cost: No cost

Comments: According to the Unemployment Insurance Act and the Unemployment Insurance Contributions Act, all employees working more than 24 hours per month must be registered with the UIF. The employer is liable for the registration of the employees. The employer must submit forms UI-8 (company registration) and UI-19 (employees registration) either at the Pretoria UIF office, one of the labor centers, or by e-mail. When the process is completed, the applicant will receive a confirmation letter (form UI-33) by e-mail.

UIF contributions are 2% of the employee's salary. The employer covers 50% and withholds the other 50% from the employee. Payment is done through SARS, but employee claims are requested through the UIF.

STARTING A BUSINESS

Johannesburg, Johannesburg

Standard company legal form: Private Limited Liability Company

Minimum capital requirement: ZAR 1 (US\$ 0)

Data as of: January 2015

Procedure 1. Register the company online with the Companies and Intellectual Property Commission (CIPC)

Time: 14 days

Cost: ZAR 175 (ZAR 125 registration fee + ZAR 50 name reservation fee)

Comments: To register the company online, the user must first register as a customer on the CIPC website and transfer ZAR 175 (ZAR 50 for the name reservation + ZAR 125 for the registration). After a couple of days, the user's account will be credited, and he or she will be able to complete the required steps online.

During the registration process, the following information must be provided:

- Details about the owners/directors:
 - Name/s
 - Country of origin
 - ID/Passport number
 - Appointment date
 - Date of Birth
 - Phone, e-mail
 - Physical address and postal code
- Details about the company:
 - Financial year end
 - Authorized shares
 - E-mail address, website, physical address, and postal code
- Company name reservation (5 days). Once the steps above are completed, an e-mail will be sent to the applicant requesting additional documentation that should be e-mailed to the CIPC:
 - Certified copies of IDs of all indicated initial directors and incorporators
 - Certified copy of the applicant's ID if not the same as one of the indicated initial directors or incorporators
 - Signed registration forms

Procedure 2. Open a bank account

Time: 1 day

Cost: No cost

Comments: To open a bank account, the applicant must submit:

- Proof of the director's identity and address;
- Proof of business address; and
- Original company documents.

The Financial Intelligence Centre Act 38 of 2001 (FICA) requires all banks to verify the information listed above.

Procedure 3. Register for income tax and withholding taxes at the South African Revenue Service (SARS) office in Johannesburg

Time: 1 day

Cost: No cost

Comments: SARS is linked electronically to the CIPC. When an entrepreneur visits a SARS branch to register for income tax, SARS retrieves the information previously provided in procedure 1 by the entrepreneur to the CIPC. SARS will access this information and update it.

The entrepreneur needs to visit the closest SARS office for:

- Income tax registration:

The applicant needs to present:

- Owner ID
- Registration Certificate
- Bank Statement

- Employees pay-as-you-earn tax (PAYE), Unemployment Insurance Fund (UIF), and Skills Development Levy (SDL) registration:

The entrepreneur must submit the EMP 101e form available online or at the local SARS office. Registration is immediate.

- PAYE: This is the tax the employer is required to deduct from an employee's paid remuneration. The employer is required to register under Schedule 4, paragraph 15, of the Income Tax Act.
- UIF: This is a compulsory contribution to fund employment benefits. The funds are used to provide short-term relief should workers become unemployed or unable to work for various reasons. Any employer required to register for the PAYE tax is also required to register with SARS for the unemployment insurance contributions.
- SDL: This levy is used by the government to fund education and training as stated in the Skills Development Act 1998. This levy is payable monthly by employers to SARS.

Procedure 4. Register with the Compensation Fund at the Compensation office in Pretoria

Time: 30 days

Cost: No cost

Comments: The applicant must submit form W.As.2 at the Compensation Fund office in Pretoria. The form can be downloaded from the Department of Labor website.

After completing and submitting the documents, the company will receive the following documents to complete periodically or as needed (although these are not required for registration):

- W.As.8, which must be filed within 30 days of the financial year end and which must balance with the Employer's CF account;
- W.As.6a, which details the assessment of the Commissioner for premiums payable, less any amounts paid in advance; and
- WG30, W.As.2, and W.Acl (E), which are claim forms.

Procedure 5*. Register for VAT at the SARS office in Johannesburg

Time: 7 days

Cost: No cost

Comments: The applicant must submit the VAT 101 form in person at the closest local SARS Branch Office.

* This procedure can be completed simultaneously with previous procedures.

Businesses with annual taxable turnover of more than ZAR 1,000,000 must register for VAT. A business may also choose to register voluntarily if the income earned in the past twelve-month period exceeded ZAR 50,000. The registration process can take from 1 to 21 working days depending on the risk level assigned to the company. The risk depends on different factors, including business activity and turnover.

Procedure 6*. Register with the UIF at the Labor Center in Johannesburg

Time: 4 days

Cost: No cost

Comments: According to the Unemployment Insurance Act and the Unemployment Insurance Contributions Act, all employees working more than 24 hours per month must be registered with the UIF. The employer is liable for the registration of the employees. The employer must submit forms UI-8 (company registration) and UI-19 (employees registration) either at the Pretoria UIF office, one of the labor centers, or by e-mail. When the process is completed, the applicant will receive a confirmation letter (form UI-33) by e-mail.

UIF contributions are 2% of the employee's salary. The employer covers 50% and withholds the other 50% from the employee. Payment is done through SARS, but employee claims are requested through the UIF.

STARTING A BUSINESS

Mangaung, Bloemfontein

Standard company legal form: Private Limited Liability Company

Minimum capital requirement: ZAR 1 (US\$ 0)

Data as of: January 2015

Procedure 1. Register the company online with the Companies and Intellectual Property Commission (CIPC)

Time: 14 days

Cost: ZAR 175 (ZAR 125 registration fee + ZAR 50 name reservation fee)

Comments: To register the company online, the user must first register as a customer on the CIPC website and transfer ZAR 175 (ZAR 50 for the name reservation + ZAR 125 for the registration). After a couple of days, the user's account will be credited, and he or she will be able to complete the required steps online.

During the registration process, the following information must be provided:

- Details about the owners/directors:
 - Name/s
 - Country of origin
 - ID/Passport number
 - Appointment date
 - Date of Birth
 - Phone, e-mail
 - Physical address and postal code
- Details about the company:
 - Financial year end
 - Authorized shares

- E-mail address, website, physical address, and postal code
- Company name reservation (5 days). Once the steps above are completed, an e-mail will be sent to the applicant requesting additional documentation that should be e-mailed to the CIPC:
 - Certified copies of IDs of all indicated initial directors and incorporators
 - Certified copy of the applicant's ID if not the same as one of the indicated initial directors or incorporators
 - Signed registration forms

Procedure 2. Open a bank account

Time: 1 day

Cost: No cost

Comments: To open a bank account, the applicant must submit:

- Proof of the director's identity and address;
- Proof of business address; and
- Original company documents.

The Financial Intelligence Centre Act 38 of 2001 (FICA) requires all banks to verify the information listed above.

Procedure 3. Register for income tax and withholding taxes at the South African Revenue Service (SARS) office in Bloemfontein

Time: 1 day

Cost: No cost

Comments: SARS is linked electronically to the CIPC. When an entrepreneur visits a SARS branch to register for income tax, SARS retrieves the information previously provided in procedure 1 by the entrepreneur to the CIPC. SARS will access this information and update it.

The entrepreneur needs to visit the closest SARS office for:

- Income tax registration:

The applicant needs to present:

- Owner ID
 - Registration Certificate
 - Bank Statement
- Employees pay-as-you-earn tax (PAYE), Unemployment Insurance Fund (UIF), and Skills Development Levy (SDL) registration:

The entrepreneur must submit the EMP 101e form available online or at the local SARS office. Registration is immediate.

 - PAYE: This is the tax the employer is required to deduct from an employee's paid remuneration. The employer is required to register pursuant to Schedule 4, paragraph 15, of the Income Tax Act.
 - UIF: This is a compulsory contribution to fund employment benefits. The funds are used to provide short-term relief should workers become unemployed or unable to work for various reasons. Any employer required to register for the PAYE tax is also required to register with SARS for the unemployment insurance contributions.
 - SDL: This levy is used by the government to fund education and training as stated in the Skills Development Act 1998. This levy is payable monthly by employers to SARS.

Procedure 4. Register with the Compensation Fund at the Labor Center in Bloemfontein

Time: 40 days

Cost: No cost

Comments: The applicant must submit form W.As.2 at the closest labor center in Bloemfontein. The form can be downloaded from the Department of Labor website.

After completing and submitting the documents, the company will receive the following documents to complete periodically or as needed (although these are not required for registration):

- W.As.8, which must be filed within 30 days of the financial year end and which must balance with the Employer's CF account;
- W.As.6a, which details the assessment of the Commissioner for premiums payable, less any amounts paid in advance; and
- WG30, W.As.2, and W.Acl (E), which are claim forms.

Procedure 5*. Register for VAT at the SARS office in Bloemfontein

Time: 12 days

Cost: No cost

Comments: The applicant must submit the VAT 101 form in person at the closest local SARS Branch Office.

Businesses with annual taxable turnover of more than ZAR 1,000,000 must register for VAT. A business may also choose to register voluntarily if the income earned in the past twelve-month period exceeded ZAR 50,000. The registration process can take from 1 to 21 working days depending on the risk level assigned to the company. The risk depends on different factors, including business activity and turnover.

Procedure 6*. Register with the UIF at the Labor Center in Bloemfontein

Time: 7 days

Cost: No cost

Comments: According to the Unemployment Insurance Act and the Unemployment Insurance Contributions Act, all employees working more than 24 hours per month must be registered with the UIF. The employer is liable for the registration of the employees. The employer must submit forms UI-8 (company registration) and UI-19 (employees registration) either at the Pretoria UIF office, one of the labor centers, or by e-mail. When the process is completed, the applicant will receive a confirmation letter (form UI-33) by e-mail.

UIF contributions are 2% of the employee's salary. The employer covers 50% and withholds the other 50% from the employee. Payment is done through SARS, but employee claims are requested through the UIF.

* This procedure can be completed simultaneously with previous procedures.

STARTING A BUSINESS

Msunduzi, Pietermaritzburg

Standard company legal form: Private Limited Liability Company

Minimum capital requirement: ZAR 1 (US\$ 0)

Data as of: January 2015

Procedure 1. Register the company online with the Companies and Intellectual Property Commission (CIPC)

Time: 14 days

Cost: ZAR 175 (ZAR 125 registration fee + ZAR 50 name reservation fee)

Comments: To register the company online, the user must first register as a customer on the CIPC website and transfer ZAR 175 (ZAR 50 for the name reservation + ZAR 125 for the registration). After a couple of days, the user's account will be credited, and he or she will be able to complete the required steps online.

During the registration process, the following information must be provided:

- Details about the owners/directors:
 - Name/s
 - Country of origin
 - ID/Passport number
 - Appointment date
 - Date of Birth
 - Phone, e-mail
 - Physical address and postal code
- Details about the company:
 - Financial year end
 - Authorized shares
 - E-mail address, website, physical address, and postal code
- Company name reservation (5 days). Once the steps above are completed, an e-mail will be sent to the applicant requesting additional documentation that should be e-mailed to the CIPC:
 - Certified copies of IDs of all indicated initial directors and incorporators
 - Certified copy of the applicant's ID if not the same as one of the indicated initial directors or incorporators
 - Signed registration forms

Procedure 2. Open a bank account

Time: 1 day

Cost: No cost

Comments: To open a bank account, the applicant must submit:

- Proof of the director's identity and address;
- Proof of business address; and
- Original company documents.

The Financial Intelligence Centre Act 38 of 2001 (FICA) requires all banks to verify the information listed above.

Procedure 3. Register for income tax and withholding taxes at the South African Revenue Service (SARS) office in Pietermaritzburg

Time: 1 day

Cost: No cost

Comments: SARS is linked electronically to the CIPC. When an entrepreneur visits a SARS branch to register for income tax, SARS retrieves the information previously provided in procedure 1 by the entrepreneur to the CIPC. SARS will access this information and update it.

The entrepreneur needs to visit the closest SARS office for:

- Income tax registration:
The applicant needs to present:
 - Owner ID
 - Registration Certificate
 - Bank Statement
- Employees pay-as-you-earn tax (PAYE), Unemployment Insurance Fund (UIF), and Skills Development Levy (SDL) registration:
The entrepreneur must submit the EMP 101e form available online or at the local SARS office. Registration is immediate.
 - PAYE: This is the tax an employer is required to deduct from an employee's paid remuneration. The employer is required to register pursuant to Schedule 4, paragraph 15, of the Income Tax Act.
 - UIF: This is a compulsory contribution to fund employment benefits. The funds are used to provide short-term relief should workers become unemployed or unable to work for various reasons. Any employer required to register for the PAYE tax is also required to register with SARS for the unemployment insurance contributions.
 - SDL: This levy is used by the government to fund education and training as stated in the Skills Development Act 1998. This levy is payable monthly by employers to SARS.

Procedure 4. Register with the Compensation Fund at the Labor Center in Pietermaritzburg

Time: 40 days

Cost: No cost

Comments: The applicant must submit form W.As.2 at the closest labor center in Pietermaritzburg. The form can be downloaded from the Department of Labor website.

After completing and submitting the documents, the company will receive the following documents to complete periodically or as needed (although these are not required for registration):

- W.As.8, which must be filed within 30 days of the financial year end and which must balance with the Employer's CF account;
- W.As.6a, which details the assessment of the Commissioner for premiums payable, less any amounts paid in advance; and
- WG30, W.As.2, and W.Acl (E), which are claim forms.

Procedure 5*. Register for VAT at the SARS office in Pietermaritzburg

Time: 7 days

Cost: No cost

Comments: The applicant must submit the VAT 101 form in person at the closest local SARS Branch Office.

Businesses with annual taxable turnover of more than ZAR 1,000,000 must register for VAT. A business may also choose to register voluntarily if the income earned in the past twelve-month period exceeded ZAR 50,000. The registration process can take from 1 to 21 working days depending on the risk level assigned to the company. The risk depends on different factors, including business activity and turnover.

Procedure 6*. Register with the UIF at the Labor Center in Pietermaritzburg

Time: 5 days

Cost: No cost

Comments: According to the Unemployment Insurance Act and the Unemployment Insurance Contributions Act, all employees working more than 24 hours per month must be registered with the UIF. The employer is liable for the registration of the employees. The employer must submit forms UI-8 (company registration) and UI-19 (employees registration) either at the Pretoria UIF office, one of the labor centers, or by e-mail. When the process is completed, the applicant will receive a confirmation letter (form UI-33) by e-mail.

UIF contributions are 2% of the employee's salary. The employer covers 50% and withholds the other 50% from the employee. Payment is done through SARS, but employee claims are requested through the UIF.

STARTING A BUSINESS

Nelson Mandela Bay, Port Elizabeth

Standard company legal form: Private Limited Liability Company

Minimum capital requirement: ZAR 1 (US\$ 0)

Data as of: January 2015

Procedure 1. Register the company online with the Companies and Intellectual Property Commission (CIPC)

Time: 14 days

Cost: ZAR 175 (ZAR 125 registration fee + ZAR 50 name reservation fee)

Comments: To register the company online, the user must first register as a customer on the CIPC website and transfer ZAR 175 (ZAR 50 for the name reservation + ZAR 125 for the registration). After a couple of days, the user's account will be credited, and he or she will be able to complete the required steps online.

During the registration process, the following information must be provided:

- Details about the owners/directors:
 - Name/s
 - Country of origin
 - ID/Passport number
 - Appointment date
 - Date of Birth
 - Phone, e-mail
 - Physical address and postal code
- Details about the company:
 - Financial year end
 - Authorized shares

* This procedure can be completed simultaneously with previous procedures.

- E-mail address, website, physical address, and postal code
- c. Company name reservation (5 days). Once the steps mentioned above are completed, an e-mail will be sent to the applicant requesting additional documentation that should be e-mailed to the CIPC:
- Certified copies of IDs of all indicated initial directors and incorporators
- Certified copy of the applicant's ID if not the same as one of the indicated initial directors or incorporators
- Signed registration forms

Procedure 2. Open a bank account

Time: 1 day

Cost: No cost

Comments: To open a bank account, the applicant must submit:

- Proof of the director's identity and address;
- Proof of business address; and
- Original company documents.

The Financial Intelligence Centre Act 38 of 2001 (FICA) requires all banks to verify the information listed above.

Procedure 3. Register for income tax and withholding taxes at the South African Revenue Service (SARS) office in Port Elizabeth

Time: 1 day

Cost: No cost

Comments: SARS is linked electronically to the CIPC. When an entrepreneur visits a SARS branch to register for income tax, SARS retrieves the information previously provided in procedure 1 by the entrepreneur to the CIPC. SARS will access this information and update it.

The entrepreneur needs to visit the closest SARS office for:

- Income tax registration:

The applicant needs to present:

- Owner ID
- Registration Certificate
- Bank Statement
- b. Employees pay-as-you-earn tax (PAYE), Unemployment Insurance Fund (UIF), and Skills Development Levy (SDL) registration:

The entrepreneur must submit the EMP 101e form available online or at the local SARS office. Registration is immediate.

- PAYE: This is the tax an employer is required to deduct from an employee's paid remuneration. The employer is required to register pursuant to Schedule 4, paragraph 15, of the Income Tax Act.
- UIF: This is a compulsory contribution to fund employment benefits. The funds are used to provide short-term relief should workers become unemployed or unable to work for various reasons. Any employer who is required to register for the PAYE tax is also required to register with SARS for the unemployment insurance contributions.
- SDL: This levy is used by the government to fund education and training as stated in the Skills Development Act 1998. This levy is payable monthly by employers to SARS.

Procedure 4. Register with the Compensation Fund at the Labor Center in Port Elizabeth

Time: 40 days

Cost: No cost

Comments: The applicant must submit form W.As.2 at the closest labor center in Port Elizabeth. The form can be downloaded from the Department of Labor website.

After completing and submitting the documents, the applicant will receive the following documents to complete periodically or as needed (although these are not required for registration):

- W.As.8, which must be filed within 30 days of the financial year end and which must balance with the Employer's CF account;
- W.As.6a, which details the assessment of the Commissioner for premiums payable, less any amounts paid in advance; and
- WG30, W.As.2, and W.Ac1 (E), which are claim forms.

Procedure 5*. Register for VAT at the SARS office in Port Elizabeth

Time: 14 days

Cost: No cost

Comments: The applicant must submit the VAT 101 form in person at the closest local SARS Branch Office.

Businesses with annual taxable turnover of more than ZAR 1,000,000 must register for VAT. A business may also choose to register voluntarily if the income earned in the past twelve-month period exceeded ZAR 50,000. The registration process can take from 1 to 21 working days depending on the risk level assigned to the company. The risk depends on different factors, including business activity and turnover.

Procedure 6*. Register with the UIF at the Labor Center in Port Elizabeth

Time: 7 days

Cost: No cost

Comments: According to the Unemployment Insurance Act and the Unemployment Insurance Contributions Act, all employees working more than 24 hours per month must be registered with the UIF. The employer is liable for the registration of the employees. The employer must submit forms UI-8 (company registration) and UI-19 (employees registration) either at the Pretoria UIF office, one of the labor centers, or by e-mail. When the process is completed, the applicant will receive a confirmation letter (form UI-33) by e-mail.

UIF contributions are 2% of the employee's salary. The employer covers 50% and withholds the other 50% from the employee. Payment is done through SARS, but employee claims are requested through the UIF.

STARTING A BUSINESS

Tshwane, Pretoria

Standard company legal form: Private Limited Liability Company

Minimum capital requirement: ZAR 1 (US\$ 0)

Data as of: January 2015

Procedure 1. Register the company online with the Companies and Intellectual Property Commission (CIPC)

Time: 14 days

Cost: ZAR 175 (ZAR 125 registration fee + ZAR 50 name reservation fee)

Comments: To register the company online, the user must first register as a customer on the CIPC website and transfer ZAR 175 (ZAR 50 for the name reservation + ZAR 125 for the registration). After a couple of days, the user's account will be credited, and he or she will be able to complete the required steps online.

During the registration process, the following information must be provided:

- Details about the owners/directors:
 - Name/s
 - Country of origin
 - ID/Passport number
 - Appointment date
 - Date of Birth
 - Phone, e-mail
 - Physical address and postal code
- Details about the company:
 - Financial year end
 - Authorized shares
 - E-mail address, website, physical address, and postal code
- Company name reservation (5 days). Once the steps above are completed, an e-mail will be sent to the applicant requesting additional documentation that should be e-mailed to the CIPC:
 - Certified copies of IDs of all indicated initial directors and incorporators
 - Certified copy of the applicant's ID if not the same as one of the indicated initial directors or incorporators
 - Signed registration forms

Procedure 2. Open a bank account

Time: 1 day

Cost: No cost

Comments: To open a bank account, the applicant must submit:

- Proof of the director's identity and address;
- Proof of business address; and
- Original company documents.

The Financial Intelligence Centre Act 38 of 2001 (FICA) requires all banks to verify the information listed above.

Procedure 3. Register for income tax and withholding taxes at the South African Revenue Service (SARS) office in Pretoria

Time: 1 day

* This procedure can be completed simultaneously with previous procedures.

Cost: No cost

Comments: SARS is linked electronically to the CIPC. When an entrepreneur visits a SARS branch to register for income tax, SARS retrieves the information previously provided in procedure 1 by the entrepreneur to the CIPC. SARS will access this information and update it.

The entrepreneur needs to visit the closest SARS office for:

a. Income tax registration:

The applicant needs to present:

- Owner ID
- Registration Certificate
- Bank Statement

b. Employees pay-as-you-earn tax (PAYE), Unemployment Insurance Fund (UIF), and Skills Development Levy (SDL) registration:

The entrepreneur must submit the EMP 101e form available online or at the local SARS office. Registration is immediate.

- PAYE: This is the tax an employer is required to deduct from an employee's paid remuneration. The employer is required to register pursuant to Schedule 4, paragraph 15, of the Income Tax Act.
- UIF: This is a compulsory contribution to fund employment benefits. The funds are used to provide short-term relief should workers become unemployed or unable to work for various reasons. Any employer who is required to register for the PAYE tax is also required to register with SARS for the unemployment insurance contributions.
- SDL: This levy is used by the government to fund education and training as stated in the Skills Development Act 1998. This levy is payable monthly by employers to SARS.

Procedure 4. Register with the Compensation Fund at the Compensation office in Pretoria

Time: 30 days

Cost: No cost

Comments: The applicant must submit form W.As.2 at the Compensation Fund office in Pretoria. The forms can be downloaded from the Department of Labor website.

After completing and submitting the documents, the company will receive the following documents to complete periodically or as needed (although these are not required for registration):

- a. W.As.8, which must be filed within 30 days of the financial year end and which must balance with the Employer's CF account;
- b. W.As.6a, which details the assessment of the Commissioner for premiums payable, less any amounts paid in advance; and
- c. WG30, W.As.2, and W.Acl (E), which are claim forms.

Procedure 5*. Register for VAT at the SARS office in Pretoria

Time: 7 days

Cost: No cost

Comments: The applicant must submit the VAT 101 form in person at the closest local SARS Branch Office.

Businesses with annual taxable turnover of more than ZAR 1,000,000 must register for VAT. A business may also choose to register voluntarily if the income earned in the past twelve-month period exceeded ZAR 50,000. The registration process can take from 1 to 21 working days depending on the risk level assigned to the company. The risk depends on different factors, including business activity and turnover.

Procedure 6*. Register with the UIF at the Labor Center in Pretoria

Time: 5 days

Cost: No cost

Comments: According to the Unemployment Insurance Act and the Unemployment Insurance Contributions Act, all employees working more than 24 hours per month must be registered with the UIF. The employer is liable for the registration of the employees. The employer must submit forms UI-8 (company registration) and UI-19 (employees registration) either at the Pretoria UIF office, one of the labor centers, or by e-mail. When the process is completed, the applicant will receive a confirmation letter (form UI-33) by e-mail.

UIF contributions are 2% of the employee's salary. The employer covers 50% and withholds the other 50% from the employee. Payment is done through SARS, but employee claims are requested through the UIF.

LIST OF PROCEDURES DEALING WITH CONSTRUCTION PERMITS

Buffalo City, East London

Warehouse value: ZAR 3,129,500 (US\$ 359,500)

Data as of: January 2015

Procedure 1. Conduct pre-consultative meeting with the municipal Town Planning authority

Time: 22 days

Cost: No cost

Comments: A person intending to erect a building (including an architect or any other declared and authorized person acting on behalf of the owner) can meet with the municipal Town Planning authority in order to ensure that the project complies with the town planning regulations. Although not mandatory, this pre-consultation meeting is common practice in Buffalo City.

Procedure 2. Obtain approval of the building plans from the municipal Building Control authority

Time: 33 days

Cost: ZAR 25,738 (ZAR 3,957.89 per square meter of the property multiplied by a factor of 0.5)

Comments: The applicant submits the draft building plans to the municipal Building Control authority. Several sets of building plans are required. The application is then circulated internally within the Municipality, allowing each relevant department (e.g., Health, Water and Sanitation, Fire, Traffic, Roads, Electricity, Environmental) to evaluate it. At this stage, the applicant also receives the Fire Safety pre-approval (the final

clearance will be obtained upon completion of the building and after the Fire Department inspects the building). A Fire Safety Plan should be included in the submission of the building plans.

Once all approvals and comments are obtained, the Building Control authority stamps the building plans provided that all the requirements are met and taking into consideration the other departments' comments. The application is approved if statutory compliance has been achieved. If not, the application is refused, and the reasons are given in writing.

When plans are submitted, a building inspector inspects the site to ensure that the planned construction will fit on the plot of land and that the construction will be within the allowed building lines.

The local authority should grant or refuse its approval in less than 30 days (for any building where the architectural area is less than 500 square meters) and in less than 60 days (for any building where the architectural area is more than 500 square meters).

Procedure 3. Submit notification of commencement of building work to the provincial Department of Labour

Time: 1 day

Cost: No cost

Comments: According to the Occupational Health and Safety Act 1993 (OHASA) related to Constructions Regulations, building companies must, at least 7 days before the construction work starts, submit a notification of commencement of the work to the provincial Department of Labour. The building company should also ensure that periodic health and safety audits and document verification are conducted, and also keep on site a health and safety file that includes all the required documentation.

Procedure 4*. Submit notification of commencement of building work to the municipal Building Control authority

Time: 1 day

Cost: No cost

Comments: The National Building Regulations Act 1977 requires developers to submit a notification of commencement of the work to the Municipality stating the date on which the construction will commence. The notice must be submitted at least 4 working days prior to the starting of the construction (10 days in case of demolition). The approved plan must be available on site and remain available until an Occupancy Certificate is issued.

During the construction phase, the owner must ensure that the building is erected within the surveyed boundaries and prescribed building lines of the site, and that it is in full accordance with the approved building plans. The Municipality must be notified of any modifications to the originally approved plans, and it may require the submission of a new set of plans and the payment of additional building plan submission fees.

Procedure 5. Receive inspection from the provincial Department of Labour

Time: 1 day

Cost: No cost

* This procedure can be completed simultaneously with previous procedures.

Comments: The building site may be inspected at any time during the construction phase by a representative of the Department of Labour to ensure compliance with the Constructions Regulations (OHASA).

Procedure 6. Receive inspection of all foundation trenches from the municipal Building Inspectorate

Time: 1 day

Cost: No cost

Comments: The National Building Regulations Act 1977 requires a mandatory inspection of all foundation trenches prior to placing of concrete.

Procedure 7. Receive inspection of wastewater drainage systems from the municipal Building Inspectorate

Time: 1 day

Cost: No cost

Comments: The Building Inspectorate inspects the construction site when wastewater drainage systems are ready in order to test the sewage system connection point and drains prior to backfilling. The inspection of the wastewater drainage system takes place prior to the closing of the work site.

Procedure 8. Receive inspection of damp proofing from the municipal Building Inspectorate

Time: 1 day

Cost: No cost

Comments: The Building Inspectorate inspects the building site to check the general damp proofing of the building.

Procedure 9. Obtain certificate of compliance (plumbing, sewage)

Time: 1 day

Cost: No cost

Comments: The building company is required to submit an official certificate, issued by a registered plumber, confirming that the plumbing work has been completed according to the applicable legislation and standards. The certification must be signed by a certified professional. The registered plumber conducts a pressure test and certifies that the plumbing work has been done according to the appropriate standards. The pressure test and the plumber certification are compulsory in order to obtain a certificate of compliance from the Municipality.

Procedure 10*. Apply for water and sewage connection at the municipal Water and Sanitation Department and pay connection fees

Time: 1 day

Cost: ZAR 9,533 (ZAR 7,316 for water connection; ZAR 7,137 for connections up to 15 meters from the connection point + a 2.5% add-on for connections in excess of 15 meters; ZAR 2,217 for sewerage connection)

Comments: The application for water and sewage connections is done prior to the start of construction, because the building company needs a temporary water connection (a builder water supply) during construction.

Procedure 11. Receive inspection from the municipal Water and Sanitation Department

Time: 1 day

Cost: No cost

Comments: Once the application has been processed and the water and sewage systems are in place, an official inspects the property to ensure that the construction work has been carried out in accordance with the approved building plans and to provide a final quote for the connections. The communication pipes and the meter are also installed at this stage.

The building company is required to submit the official certificate, issued by a registered plumber, confirming that the plumbing work has been completed according to the applicable legislation and standards.

Procedure 12. Receive final water connection from the municipal Water and Sanitation Department

Time: 14 days

Cost: No cost

Comments: When the building is completed, the temporary connection is removed, and a new and definitive account is opened with the final water connection.

Procedure 13. Submit notification of completion of building work to the municipal Building Control authority

Time: 1 day

Cost: No cost

Comments: The National Building Regulations Act 1977 requires building companies to submit a notification of completion of the work to the Municipality.

Procedure 14. Receive inspection from the municipal Fire and Rescue Service

Time: 1 day

Cost: No cost

Comments: The National Building Regulations Act 1977 requires a fire safety clearance before obtaining an Occupancy Certificate for all non-residential buildings.

The Fire and Rescue Service visits the site to check whether what was previously approved (during the building plan submission) has been implemented in the building. The Municipality will not issue an Occupancy Certificate without clearance from the Fire and Rescue Service. All fire notes, fire equipment, and escape routes have to comply with the regulations laid down in SANS 10400 S and T.

Procedure 15. Receive final inspection from the municipal Building Control authority

Time: 1 day

Cost: No cost

Comments: The inspection is a prerequisite to obtaining the Occupancy Certificate. The building company must confirm that the products, materials, and systems comply with the South African National Standard (SANS10400). To do so, developers must provide certificates of compliance to the Municipality. Generally, certificates of compliance for electrical, structural, glazing, roof, and plumbing work are required. Others could be requested from the Municipality. The engineer or professional in charge of one or several of these specific elements is allowed to provide the owner with such certificates. A certificate of compliance is proof that the installations are safe and comply with the rules and regulations.

Procedure 16. Obtain Occupancy Certificate from the municipal Building Control authority

Time: 7 days

Cost: No cost

Comments: This certificate is issued after the final inspection by the Building Control authority (and other relevant municipal departments if deemed necessary) has been carried out, and upon approval by the Chief Building Inspector. The law prescribes that an Occupancy Certificate may only be issued at the written request of the owner of the property being developed. The building cannot be used or occupied without the issuance of the Occupancy Certificate.

DEALING WITH CONSTRUCTION PERMITS

Cape Town, Cape Town

Warehouse value: ZAR 3,129,500 (US\$ 359,500)

Data as of: January 2015

Procedure 1. Obtain approval from the municipal Planning and Building Development Management

Time: 7 days

Cost: No cost

Comments: A person intending to erect a building (including an architect or any other declared and authorized person acting on behalf of the owner) can meet with the Planning and Building Development Management authority in order to ensure that the project complies with town planning regulations. A one-stop shop procedure is in place that gathers different representatives from the various departments.

Procedure 2. Obtain approval of the building plans from the municipal Planning and Building Development Management

Time: 45 days

Cost: ZAR 26,571 (ZAR 578.95 as fixed cost for the first 25 square meters + ZAR 20.39 for each additional square meter)

Comments: The applicant submits draft building plans to the municipal Planning and Building Development Management authority. Several sets of building plans are required. The application is then circulated internally within the Municipality, allowing each relevant department (e.g., Health, Water and Sanitation, Fire, Traffic, Roads, Electricity, Environmental) to evaluate it. At this

* This procedure can be completed simultaneously with previous procedures.

stage, the applicant also receives the Fire Safety pre-approval (the final clearance will be obtained upon completion of the building and after the Fire Department inspects the building). A Fire Safety Plan should be included in the submission of the building plans.

Once all approvals and comments are obtained, the Planning and Building Development Management authority stamps the building plans provided that all requirements have been met and taking into consideration the other departments' comments. The application is approved if statutory compliance has been achieved. If not, the application is refused, and the reasons are given in writing.

When plans are submitted, a building inspector inspects the site to ensure that the planned construction will fit on the plot of land and that the construction will be within the allowed building lines.

The local authority should grant or refuse its approval in less than 30 days (for any building where the architectural area is less than 500 square meters) and in less than 60 days (for any building where the architectural area is more than 500 square meters).

Procedure 3. Submit notification of commencement of building work to the provincial Department of Labour

Time: 1 day

Cost: No cost

Comments: According to the Occupational Health and Safety Act 1993 (OHASA) related to Constructions Regulations, building companies must, at least 7 days before the construction work starts, submit a notification of commencement of the work to the provincial Department of Labour. The building company should also ensure that periodic health and safety audits and document verification are conducted, and also keep on site a health and safety file that includes all the required documentation.

Procedure 4*. Submit notification of commencement of building work to the municipal Building Control authority

Time: 1 day

Cost: No cost

Comments: The National Building Regulations Act 1977 requires developers to submit a notification of commencement of the work to the Municipality stating the date on which the construction will commence. The notice must be submitted at least 4 working days prior to the starting of the construction (10 days in case of demolition). The approved plan must be available on site and remain available until an Occupancy Certificate is issued.

During the construction phase, the owner must ensure that the building is erected within the surveyed boundaries and prescribed building lines of the site, and that it is in full accordance with the approved building plans. The Municipality must be notified of any modifications to the originally approved plans, and it may require the submission of a new set of plans and the payment of additional building plan submission fees.

Procedure 5. Receive inspection from the provincial Department of Labour

Time: 1 day

Cost: No cost

Comments: The building site may be inspected at any time during the construction phase by a representative of the Department of Labour to ensure compliance with the Constructions Regulations (OHASA).

Procedure 6. Receive inspection of all foundation trenches from the municipal Building Inspectorate

Time: 1 day

Cost: No cost

Comments: The National Building Regulations Act 1977 requires a mandatory inspection of all foundation trenches prior to placing of concrete.

Procedure 7. Receive inspection of wastewater drainage systems from the municipal Building Inspectorate

Time: 1 day

Cost: No cost

Comments: The Building Inspectorate inspects the construction site when wastewater drainage systems are ready in order to test the sewage system connection point and drains prior to backfilling. The inspection of the wastewater drainage system takes place prior to the closing of the work site.

Procedure 8. Receive inspection of the wall plate from the municipal Building Inspectorate

Time: 1 day

Cost: No cost

Comments: The Building Inspectorate inspects the building site when roof plates are ready and go up to the roof line.

Procedure 9. Obtain certificate of compliance (plumbing, sewage)

Time: 1 day

Cost: No cost

Comments: The building company is required to submit an official certificate, issued by a registered plumber, confirming that the plumbing work has been completed according to the applicable legislation and standards. The certification must be signed by a certified professional. The registered plumber conducts a pressure test and certifies that the plumbing work has been done according to the appropriate standards. The pressure test and the plumber certification are compulsory in order to obtain a certificate of compliance from the Municipality.

Procedure 10*. Apply for water and sewage connection at the municipal Water Department

Time: 1 day

Cost: ZAR 6,734 (ZAR 5,662 for water connection + ZAR 1,072 for sewerage connection)

Comments: The application for water and sewage connections is done prior to the start of construction, because the building company needs a temporary water connection (a builder water supply) during construction.

Procedure 11. Receive final water connection from the municipal Water Department

Time: 1 day

Cost: No cost

Comments: Once the application has been processed and the water and sewage systems are in place, an official inspects the property to ensure that the construction work has been carried out in accordance with the approved building plans and to provide a final quote for the connections. The communication pipes and the meter are also installed at this stage.

The building company is required to submit the official certificate, issued by a registered plumber, confirming that the plumbing work has been completed according to the applicable legislation and standards.

Procedure 12. Receive final water connection the municipal Water Department

Time: 14 days

Cost: No cost

Comments: When the building is completed, the temporary connection is removed, and a new and definitive account is opened with the final water connection.

Procedure 13. Submit notification of completion of building work to the municipal Building Control authority

Time: 1 day

Cost: No cost

Comments: The National Building Regulations Act 1977 requires building companies to submit a notification of completion of the work to the Municipality.

Procedure 14. Receive inspection from the municipal Fire Department

Time: 1 day

Cost: No cost

Comments: The National Building Regulations Act 1977 requires a fire safety clearance before obtaining an Occupancy Certificate for all non-residential buildings.

The Fire Department visits the site to check whether what was previously approved (during the building plan submission) has been implemented in the building. The Municipality will not issue an Occupancy Certificate without clearance from the Fire department. All fire notes, fire equipment, and escape routes have to comply with the regulations laid down in SANS 10400 S and T.

Procedure 15. Receive final inspection from the municipal Building Control authority

Time: 1 day

Cost: No cost

* This procedure can be completed simultaneously with previous procedures.

Comments: The inspection is a prerequisite to obtaining the Occupancy Certificate. The building company must confirm that the products, materials, and systems comply with the South African National Standard (SANS10400). To do so, developers must provide certificates of compliance to the Municipality. Generally, certificates of compliance for electrical, structural, glazing, roof, and plumbing work are required. Others could be requested from the Municipality. The engineer or professional in charge of one or several of these specific elements is allowed to provide the owner with such certificates. A certificate of compliance is proof that the installations are safe and comply with the rules and regulations.

Procedure 16. Obtain Occupancy Certificate from the municipal Building Control authority

Time: 5 days

Cost: No cost

Comments: This certificate is issued after the final inspection by the Building Control authority (and other relevant municipal departments if deemed necessary) has been carried out, and upon approval by the Chief Building Inspector. The law prescribes that an Occupancy Certificate may only be issued at the written request of the owner of the property being developed. The building cannot be used or occupied without the issuance of the Occupancy Certificate.

DEALING WITH CONSTRUCTION PERMITS

Ekurhuleni, Germiston

Warehouse value: ZAR 3,129,500 (US\$ 359,500)

Data as of: January 2015

Procedure 1. Obtain Site Development Plan (SDP) approval from the municipal Town Planning authority

Time: 27 days

Cost: ZAR 600

Comments: A person intending to erect a building (including an architect or any other declared and authorized person acting on behalf of the owner) can meet with the municipal Town Planning authority in order to ensure that the project complies with the town planning regulations. The application is then circulated internally to the various relevant departments within the Municipality for comments and approvals. The applicant then receives a letter stating all the terms, conditions, and requirements attached to the approbation of the building plans. The purpose of this procedure is to evaluate the project in terms of general town planning scheme requirements and services capacity (e.g., municipal policy regarding traffic, environment, water, and sewage).

Procedure 2. Obtain approval of the building plans from the municipal Building Control authority

Time: 30 days

Cost: ZAR 17,168 (ZAR 13.20 per square meter of the property)

Comments: The applicant submits draft building plans to the municipal Building Control authority. Several sets of building plans are required. The application is then circulated internally within the Municipality, allowing each relevant department (e.g., Health, Water and Sanitation, Fire, Traffic, Roads, Electricity, Environmental) to evaluate it. At this stage, the applicant also receives the Fire Safety pre-approval (the final clearance will be obtained upon completion of the building and after the Fire Department inspects the building). A Fire Safety Plan should be included in the submission of the building plans.

Once all approvals and comments are obtained, the Building Control authority stamps the building plans provided that all requirements have been met and taking into consideration the other departments' comments. The application is approved if statutory compliance has been achieved. If not, the application is refused, and the reasons are given in writing.

When plans are submitted, a building inspector inspects the site to ensure that the planned construction will fit on the plot of land and that the construction will be within the allowed building lines.

The local authority should grant or refuse its approval in less than 30 days (for any building where the architectural area is less than 500 square meters) and in less than 60 days (for any building where the architectural area is more than 500 square meters).

Procedure 3. Submit notification of commencement of building work to the provincial Department of Labour

Time: 1 day

Cost: No cost

Comments: According to the Occupational Health and Safety Act 1993 (OHASA) related to Constructions Regulations, building companies must, at least 7 days before the construction work starts, submit a notification of commencement of the work to the provincial Department of Labour. The building company should also ensure that periodic health and safety audits and document verification are conducted, and also keep on site a health and safety file that includes all the required documentation.

Procedure 4*. Submit notification of commencement of building work to the municipal Building Control authority

Time: 1 day

Cost: No cost

Comments: The National Building Regulations Act 1977 requires developers to submit a notification of commencement of the work to the Municipality stating the date on which the construction will commence. The notice must be submitted at least 4 working days prior to the starting of the construction (10 days in case of demolition). The approved plan must be available on site and remain available until an Occupancy Certificate is issued.

During the construction phase, the owner must ensure that the building is erected within the surveyed boundaries and prescribed building lines of the site, and that it is in full accordance with the approved building plans. The Municipality must be notified of any modifications to the

originally approved plans, and it may require the submission of a new set of plans and the payment of additional building plan submission fees.

Procedure 5. Receive inspection from the provincial Department of Labour

Time: 1 day

Cost: No cost

Comments: The building site may be inspected at any time during the construction phase by a representative of the Department of Labour to ensure compliance with the Constructions Regulations (OHASA).

Procedure 6. Receive inspection of all foundation trenches from the municipal Building Inspectorate

Time: 1 day

Cost: No cost

Comments: The National Building Regulations Act 1977 requires a mandatory inspection of all foundation trenches prior to placing of concrete.

Procedure 7. Receive inspection of first floor slab from the municipal Building Inspectorate

Time: 1 day

Cost: No cost

Comments: The Building Inspectorate inspects the building site when the first floor slab is ready.

Procedure 8. Receive inspection of wastewater drainage systems from the municipal Building Inspectorate

Time: 1 day

Cost: No cost

Comments: The Building Inspectorate inspects the construction site when wastewater drainage systems are ready in order to test the sewage system connection point and drains prior to backfilling. The inspection of the wastewater drainage system takes place prior to the closing of the work site.

Procedure 9. Obtain certificate of compliance (plumbing, sewage)

Time: 1 day

Cost: No cost

Comments: The building company is required to submit an official certificate, issued by a registered plumber, confirming that the plumbing work has been completed according to the applicable legislation and standards. The certification must be signed by a certified professional. The registered plumber conducts a pressure test and certifies that the plumbing work has been done according to the appropriate standards. The pressure test and the plumber certification are compulsory in order to obtain a certificate of compliance from the Municipality.

Procedure 10*. Apply for water and sewage connection at the municipal Water and Sewer Department

Time: 1 day

Cost: ZAR 11,859 (ZAR 4,581 for water connection + ZAR 7,278 for sewerage connection)

* This procedure can be completed simultaneously with previous procedures.

Comments: The application for water and sewage connections is done prior to the start of construction, because the building company needs a temporary water connection (a builder water supply) during construction.

Procedure 11. Receive inspection from the municipal Water and Sewer Department

Time: 1 day

Cost: No cost

Comments: Once the application has been processed and the water and sewage systems are in place, an official inspects the property to ensure that the construction work has been carried out in accordance with the approved building plans and to provide a final quote for the connections. The communication pipes and the meter are also installed at this stage.

The building company is required to submit the official certificate, issued by a registered plumber, confirming that the plumbing work has been completed according to the applicable legislation and standards.

Procedure 12. Receive final water connection from the municipal Water and Sewer Department

Time: 21 days

Cost: No cost

Comments: When the building is completed, the temporary connection is removed, and a new and definitive account is opened with the final water connection.

Procedure 13. Submit notification of completion of building work to the municipal Building Control authority

Time: 1 day

Cost: No cost

Comments: The National Building Regulations Act 1977 requires building companies to submit a notification of completion of the work to the Municipality.

Procedure 14. Receive inspection from the municipal Fire Department

Time: 1 day

Cost: No cost

Comments: The National Building Regulations Act 1977 requires a fire safety clearance before obtaining an Occupancy Certificate for all non-residential buildings.

The Fire Department visits the site to check whether what was previously approved (during the building plan submission) has been implemented in the building. The Municipality will not issue an Occupancy Certificate without clearance from the Fire department. All fire notes, fire equipment, and escape routes have to comply with the regulations laid down in SANS 10400 S and T.

Procedure 15. Receive final inspection from the municipal Building Control authority

Time: 1 day

Cost: No cost

Comments: The inspection is a prerequisite to obtaining the Occupancy Certificate. The building company must confirm that the products, materials, and systems comply with the South African National Standard (SANS10400). To do so, developers must provide certificates of compliance to the Municipality. Generally, certificates of compliance for electrical, structural, glazing, roof, and plumbing work are required. Others could be requested from the Municipality. The engineer or professional in charge of one or several of these specific elements is allowed to provide the owner with such certificates. A certificate of compliance is proof that the installations are safe and comply with the rules and regulations.

Procedure 16. Obtain Occupancy Certificate from the municipal Building Control authority

Time: 8 days

Cost: No cost

Comments: This certificate is issued after the final inspection by the Building Control authority (and other relevant municipal departments if deemed necessary) has been carried out, and upon approval by the Chief Building Inspector. The law prescribes that an Occupancy Certificate may only be issued at the written request of the owner of the property being developed. The building cannot be used or occupied without the issuance of the Occupancy Certificate.

DEALING WITH CONSTRUCTION PERMITS

eThekweni, Durban

Warehouse value: ZAR 3,129,500 (US\$ 359,500)

Data as of: January 2015

Procedure 1. Apply for pre-scrutiny of draft plans at the municipal Land Use Management Branch

Time: 30 days

Cost: No cost

Comments: A person intending to erect a building (including an architect or any other declared and authorized person acting on behalf of the owner) submits draft plans to the municipal Land Use Branch. The draft plans will be circulated internally to the relevant municipal departments for comments and approvals. The applicant then receives a letter stating all the terms, conditions, and requirements attached to the approbation of the building plans. The purpose of this procedure is to evaluate the project in terms of requirements from the different municipal service providers (e.g., municipal policy regarding traffic, environment, water, and sewage) and town planning regulations. This submission is not mandatory for all types of constructions, but it is strongly recommended and done as a common practice by developers in order to better understand formal requirements from the various municipal service providers.

Procedure 2. Obtain approval of the building plans from the municipal Development Application Branch

Time: 36 days

Cost: ZAR 19,800 (Calculated based on a tier system. 0-99 square meters: ZAR 9 per square meter; 100-999 square meters: ZAR 18 per square meter; 1,000 or more square meters: ZAR 9 per square meter)

Comments: The applicant submits draft building plans to the municipal Development Application Branch. Several sets of building plans are required. The application is then circulated internally within the Municipality, allowing each relevant department (e.g., Health, Water and Sanitation, Fire, Traffic, Roads, Electricity, Environmental) to evaluate it. At this stage, the applicant also receives the Fire Safety pre-approval (the final clearance will be obtained upon completion of the building and after the Fire Department inspects the building). A Fire Safety Plan should be included in the submission of the building plans.

Once all approvals and comments are obtained, the Development Application Branch stamps the building plans provided that all requirements have been met and taking into consideration the other departments' comments. The application is approved if statutory compliance has been achieved. If not, the application is refused, and the reasons are given in writing.

When plans are submitted, a building inspector inspects the site to ensure that the planned construction will fit on the plot of land and that the construction will be within the allowed building lines.

The local authority should grant or refuse its approval in less than 30 days (for any building where the architectural area is less than 500 square meters) and in less than 60 days (for any building where the architectural area is more than 500 square meters).

Procedure 3. Submit notification of commencement of building work to the provincial Department of Labour

Time: 1 day

Cost: No cost

Comments: According to the Occupational Health and Safety Act 1993 (OHASA) related to Constructions Regulations, building companies must, at least 7 days before the construction work starts, submit a notification of commencement of the work to the provincial Department of Labour. The building company should also ensure that periodic health and safety audits and document verification are conducted, and also keep on site a health and safety file that includes all the required documentation.

Procedure 4*. Submit notification of commencement of building work to the municipal Building Control authority

Time: 1 day

Cost: No cost

Comments: The National Building Regulations Act 1977 requires developers to submit a notification of commencement of the work to the Municipality stating the date on which the construction will commence. The notice must be submitted at least 4 working days prior to the starting of the construction (10 days in case of demolition). The approved plan must be available on site and remain available until an Occupancy Certificate is issued.

* This procedure can be completed simultaneously with previous procedures.

During the construction phase, the owner must ensure that the building is erected within the surveyed boundaries and prescribed building lines of the site, and that it is in full accordance with the approved building plans. The Municipality must be notified of any modifications to the originally approved plans, and it may require the submission of a new set of plans and the payment of additional building plan submission fees.

Procedure 5. Receive inspection from the provincial Department of Labour

Time: 1 day

Cost: No cost

Comments: The building site may be inspected at any time during the construction phase by a representative of the Department of Labour to ensure compliance with the Constructions Regulations (OHASA).

Procedure 6. Receive inspection of all foundation trenches from the municipal Building Inspectorate

Time: 1 day

Cost: No cost

Comments: The National Building Regulations Act 1977 requires a mandatory inspection of all foundation trenches prior to placing of concrete.

Procedure 7. Receive inspection of wastewater drainage systems from the municipal Building Inspectorate

Time: 1 day

Cost: No cost

Comments: The Building Inspectorate inspects the construction site when wastewater drainage systems are ready in order to test the sewage system connection point and drains prior to backfilling. The inspection of the wastewater drainage system takes place prior to the closing of the work site.

Procedure 8. Receive inspection of the roof from the municipal Building Inspectorate

Time: 1 day

Cost: No cost

Comments: The Building Inspectorate inspects the building site when the roof is completed.

Procedure 9. Obtain certificate of compliance (plumbing, sewage)

Time: 1 day

Cost: No cost

Comments: The building company is required to submit an official certificate, issued by a registered plumber, confirming that the plumbing work has been completed according to the applicable legislation and standards. The certification must be signed by a certified professional. The registered plumber conducts a pressure test and certifies that the plumbing work has been done according to the appropriate standards. The pressure test and the plumber certification are compulsory in order to obtain a certificate of compliance from the Municipality.

Procedure 10*. Apply for water and sewage connection at the municipal Water and Waste Department

Time: 1 day

Cost: ZAR 11,906 (ZAR 5,628 for water connection + ZAR 6,278 for sewerage connection)

Comments: The application for water and sewage connections is done prior to the start of construction, because the building company needs a temporary water connection (a builder water supply) during construction.

Procedure 11. Receive inspection from the municipal Water and Waste Department

Time: 1 day

Cost: No cost

Comments: Once the application has been processed and the water and sewage systems are in place, an official inspects the property to ensure that the construction work has been carried out in accordance with the approved building plans and to provide a final quote for the connections. The communication pipes and the meter are also installed at this stage.

The building company is required to submit the official certificate, issued by a registered plumber, confirming that the plumbing work has been completed according to the applicable legislation and standards.

Procedure 12. Receive final water connection from the Water and Waste Department

Time: 14 days

Cost: No cost

Comments: When the building is completed, the temporary connection is removed, and a new and definitive account is opened with the final water connection.

Procedure 13. Submit notification of completion of building work to the municipal Building Control authority

Time: 1 day

Cost: No cost

Comments: The National Building Regulations Act 1977 requires building companies to submit a notification of completion of the work to the Municipality.

Procedure 14. Receive inspection from the municipal Fire Department

Time: 1 day

Cost: No cost

Comments: The National Building Regulations Act 1977 requires a fire safety clearance before obtaining an Occupancy Certificate for all non-residential buildings.

The Fire Department visits the site to check whether what was previously approved (during the building plan submission) has been implemented in the building. The Municipality will not issue an Occupancy Certificate without clearance from the Fire department. All fire notes, fire equipment, and escape routes have to comply with the regulations laid down in SANS 10400 S and T.

Procedure 15. Receive final inspection from municipal authorities

Time: 1 day

Cost: No cost

Comments: The inspection is a prerequisite to obtaining the Occupancy Certificate. The building company must confirm that the products, materials, and systems comply with the South African National Standard (SANS10400). To do so, developers must provide certificates of compliance to the Municipality. Generally, certificates of compliance for electrical, structural, glazing, roof, and plumbing work are required. Others could be requested from the Municipality. The engineer or professional in charge of one or several of these specific elements is allowed to provide the owner with such certificates. A certificate of compliance is proof that the installations are safe and comply with the rules and regulations.

Procedure 16. Obtain Occupancy Certificate from the municipal Building Control authority

Time: 12 days

Cost: No cost

Comments: This certificate is issued after the final inspection by the Building Control authority (and other relevant municipal departments if deemed necessary) has been carried out, and upon approval by the Chief Building Inspector. The law prescribes that an Occupancy Certificate may only be issued at the written request of the owner of the property being developed. The building cannot be used or occupied without the issuance of the Occupancy Certificate.

DEALING WITH CONSTRUCTION PERMITS

Johannesburg, Johannesburg

Warehouse value: ZAR 3,129,500 (US\$ 359,500)
Data as of: January 2015

Procedure 1. Obtain fire safety approval from the Fire Department

Time: 4 days

Cost: No cost

Comments: For all non-residential buildings, the plans must be approved by the Fire Department before applying for the construction permit.

Procedure 2*. Obtain water and sewage approval from Johannesburg Water

Time: 4 days

Cost: No cost

Comments: Each agency has set aside 2 days per week to process pre-approvals.

Procedure 3*. Obtain electricity approval from City Power

Time: 4 days

Cost: No cost

Comments: Each agency has set aside 2 days per week to process pre-approvals.

* This procedure can be completed simultaneously with previous procedures.

Procedure 4*. Obtain permission to hoard in footway from the municipal Public Roads Department

Time: 1 day

Cost: No cost

Comments: According to Article 21 (Permission to hoard in footway) of the City of Johannesburg Metropolitan Municipality Public Road and Miscellaneous By-laws, building companies must request a permission to hoard in the footway. The law requires that any person who intends to erect, remove, alter, repair, or paint any part of a building or structure or carry out any excavation, on part of any land which is within 2 meters of a public road, must before commencing any such work enclose or cause to be enclosed a space in front of such part of the building, structure, or land by means of a hoarding, fence, or other enclosure or an enclosure specified in a permit issued by the Municipality's Council. The Council may determine what portion of the public road is necessary for the purpose of carrying out any contemplated operations, and in each case where the Council determines that a portion of a public road may be used for such purpose, it may grant a permit in writing specifying the portion that may be occupied for such purpose and the conditions under which such permit is granted.

Procedure 5. Submit approvals and obtain Site Development Plan (SDP) approval from the municipal Town Planning Department

Time: 53 days

Cost: ZAR 634

Comments: The architect must submit the approvals obtained in the previous procedures to the Town Planning Department at the Municipality. The Municipality will then review the approvals and issue a Site Development Plan (SDP).

Procedure 6. Obtain approval of the building plans from the municipal Office of the Building Permit

Time: 60 days

Cost: ZAR 19,208

Comments: The architect submits the approved SDP and building plans to the municipal Building Inspectorate. The office sends the plans to all the agencies that issued the approvals to check the building plans, approve and stamp the building plans.

Procedure 7. Submit notification of commencement of building work to the provincial Department of Labour

Time: 1 day

Cost: No cost

Comments: According to the Occupational Health and Safety Act 1993 (OHASA) related to Constructions Regulations, building companies must, at least 7 days before the construction work starts, submit a notification of commencement of the work to the provincial Department of Labour. The building company should also ensure that periodic health and safety audits and document

verification are conducted, and also keep on site a health and safety file that includes all the required documentation.

Procedure 8*. Submit notification of completion of building work to the Municipality

Time: 1 day

Cost: No cost

Comments: The National Building Regulations Act 1977 requires developers to submit a notification of commencement of the work to the Municipality stating the date on which the construction will commence. The notice must be submitted at least 4 working days prior to the starting of the construction (10 days in case of demolition). The approved plan must be available on site and remain available until an Occupancy Certificate is issued.

During the construction phase, the owner must ensure that the building is erected within the surveyed boundaries and prescribed building lines of the site, and that it is in full accordance with the approved building plans. The Municipality must be notified of any modifications to the originally approved plans, and it may require the submission of a new set of plans and the payment of additional building plan submission fees.

Procedure 9. Receive inspection from the provincial Department of Labour

Time: 1 day

Cost: No cost

Comments: The building site may be inspected at any time during the construction phase by a representative of the Department of Labour to ensure compliance with the Constructions Regulations (OHASA).

Procedure 10. Receive inspection of all foundation trenches from the municipal Building Inspectorate

Time: 1 day

Cost: No cost

Comments: The National Building Regulations Act 1977 requires a mandatory inspection of all foundation trenches prior to placing of concrete.

Procedure 11. Receive inspection of wastewater drainage systems from the municipal Building Inspectorate

Time: 1 day

Cost: No cost

Comments: The Building Inspectorate inspects the construction site when wastewater drainage systems are ready in order to test the sewage system connection point and drains prior to backfilling. The inspection of the wastewater drainage system takes place prior to the closing of the work site.

Procedure 12. Obtain certificate of compliance (plumbing, sewage)

Time: 1 day

Cost: No cost

Comments: The building company is required to submit an official certificate, issued by a registered plumber, confirming that the plumbing work has been completed according to the applicable legislation and standards. The certification must be signed by a certified professional. The registered plumber conducts a pressure test and certifies that the plumbing work has been done according to the appropriate standards. The pressure test and the plumber certification are compulsory in order to obtain a certificate of compliance from the Municipality.

Procedure 13*. Apply for water and sewage connection at the municipal Building Inspectorate

Time: 1 day

Cost: ZAR 13,386 (ZAR 13,386 for water connection and no cost for first-time sewerage connection)

Comments: The application for water and sewage connections is done prior to the start of construction, because the building company needs a temporary water connection (a builder water supply) during construction.

Procedure 14. Receive inspection from Johannesburg Water

Time: 1 day

Cost: No cost

Comments: Once the application has been processed and the water and sewage systems are in place, an official inspects the property to ensure that the construction work has been carried out in accordance with the approved building plans and to provide a final quote for the connections. The communication pipes and the meter are also installed at this stage.

The building company is required to submit the official certificate, issued by a registered plumber, confirming that the plumbing work has been completed according to the applicable legislation and standards.

Procedure 15. Receive final water connection from Johannesburg Water

Time: 10 days

Cost: No cost

Comments: When the building is completed, the temporary connection is removed, and a new and definitive account is opened with the final water connection.

Procedure 16. Submit notification of completion of building work to the municipal Building Inspectorate

Time: 1 day

Cost: No cost

Comments: The National Building Regulations Act 1977 requires building companies to submit a notification of completion of the work to the Municipality.

Procedure 17. Receive inspection from the municipal Fire Department

Time: 1 day

Cost: No cost

* This procedure can be completed simultaneously with previous procedures.

Comments: The National Building Regulations Act 1977 requires a fire safety clearance before obtaining an Occupancy Certificate for all non-residential buildings.

The Fire Department visits the site to check whether what was previously approved (during the building plan submission) has been implemented in the building. The Municipality will not issue an Occupancy Certificate without clearance from the Fire department. All fire notes, fire equipment, and escape routes have to comply with the regulations laid down in SANS 10400 S and T.

Procedure 18. Receive final inspection from municipal authorities

Time: 1 day

Cost: No cost

Comments: The inspection is a prerequisite to obtaining the Occupancy Certificate. The building company must confirm that the products, materials, and systems comply with the South African National Standard (SANS10400). To do so, developers must provide certificates of compliance to the Municipality. Generally, certificates of compliance for electrical, structural, glazing, roof, and plumbing work are required. Others could be requested from the Municipality. The engineer or professional in charge of one or several of these specific elements is allowed to provide the owner with such certificates. A certificate of compliance is proof that the installations are safe and comply with the rules and regulations.

Procedure 19. Obtain Occupancy Certificate from the Municipality

Time: 1 day

Cost: No cost

Comments: This certificate is issued after the final inspection by the relevant municipal departments has been carried out, and upon approval by the Chief Building Inspector. The law prescribes that an Occupancy Certificate may only be issued at the written request of the owner of the property being developed. The building cannot be used or occupied without the issuance of the Occupancy Certificate.

DEALING WITH CONSTRUCTION PERMITS

Mangaung, Bloemfontein

Warehouse value: ZAR 3,129,500 (US\$ 359,500)

Data as of: January 2015

Procedure 1*. Obtain approval from the municipal Fire Department

Time: 5 days

Cost: No cost

Comments: A person intending to erect a building (including an architect or any other declared and authorized person acting on behalf of the owner) should meet with municipal departments in order to ensure that the application complies with the town planning regulations and is in accordance with the delivery of municipal services.

Procedure 2*. Obtain approval from the municipal Waste and Water Department

Time: 2 days

Cost: No cost

Comments: A person intending to erect a building (including an architect or any other declared and authorized person acting on behalf of the owner) should meet with municipal departments in order to ensure that the application complies with the town planning regulations and is in accordance with the delivery of municipal services.

Procedure 3*. Obtain approval from the municipal Health Department

Time: 2 days

Cost: No cost

Comments: A person intending to erect a building (including an architect or any other declared and authorized person acting on behalf of the owner) should meet with municipal departments in order to ensure that the application complies with the town planning regulations and is in accordance with the delivery of municipal services.

Procedure 4*. Obtain approval from the municipal Electricity Department

Time: 2 days

Cost: No cost

Comments: A person intending to erect a building (including an architect or any other declared and authorized person acting on behalf of the owner) should meet with municipal departments in order to ensure that the application complies with the town planning regulations and is in accordance with the delivery of municipal services.

Procedure 5. Obtain approval of the building plans from the municipal Building Control authority

Time: 60 days

Cost: ZAR 9,364 (ZAR 144 per unit, with the number of units calculated by dividing the total surface of the property by 20: $1,300.6/20 = 65.03$ units)

Comments: The applicant submits the draft building plans to the municipal Building Control authority. Several sets of building plans are required. The application is then circulated internally within the Municipality, allowing each relevant department (e.g., Health, Water and Sanitation, Fire, Traffic, Roads, Electricity, Environmental) to evaluate it. At this stage, the applicant also receives the Fire Safety pre-approval (the final clearance will be obtained upon completion of the building and after the Fire Department inspects the building). A Fire Safety Plan should be included in the submission of the building plans.

Once all approvals and comments are obtained, the Building Control authority stamps the building plans provided that all the requirements are met and taking into consideration the other departments' comments. The application is approved if statutory compliance has been achieved. If not, the application is refused, and the reasons are given in writing.

When plans are submitted, a building inspector inspects the site to ensure that the planned construction will fit on the plot of land and that the construction will be within the allowed building lines.

The local authority should grant or refuse its approval in less than 30 days (for any building where the architectural area is less than 500 square meters) and in less than 60 days (for any building where the architectural area is more than 500 square meters).

Procedure 6. Submit notification of commencement of building work to the provincial Department of Labour

Time: 1 day

Cost: No cost

Comments: According to the Occupational Health and Safety Act 1993 (OHASA) related to Constructions Regulations, building companies must, at least 7 days before the construction work starts, submit a notification of commencement of the work to the provincial Department of Labour. The building company should also ensure that periodic health and safety audits and document verification are conducted, and also keep on site a health and safety file that includes all the required documentation.

Procedure 7*. Submit notification of commencement of building work to the municipal Building Control authority

Time: 1 day

Cost: No cost

Comments: The National Building Regulations Act 1977 requires developers to submit a notification of commencement of the work to the Municipality stating the date on which the construction will commence. The notice must be submitted at least 4 working days prior to the starting of the construction (10 days in case of demolition). The approved plan must be available on site and remain available until an Occupancy Certificate is issued.

During the construction phase, the owner must ensure that the building is erected within the surveyed boundaries and prescribed building lines of the site, and that it is in full accordance with the approved building plans. The Municipality must be notified of any modifications to the originally approved plans, and it may require the submission of a new set of plans and the payment of additional building plan submission fees.

Procedure 8. Receive inspection from the provincial Department of Labour

Time: 1 day

Cost: No cost

Comments: The building site may be inspected at any time during the construction phase by a representative of the Department of Labour to ensure compliance with the Constructions Regulations (OHASA).

Procedure 9. Receive inspection of all foundation trenches from the municipal Building Inspectorate

Time: 1 day

Cost: No cost

* This procedure can be completed simultaneously with previous procedures.

Comments: In Mangaung, the construction site is inspected monthly. The inspections do not depend on the stage of construction, and they are not requested by the developer. They are routine inspections with no prior notice. The case study assumes that the construction work lasts 7 months.

The National Building Regulations Act 1977 requires a mandatory inspection of all foundation trenches prior to placing of concrete.

Procedure 10. Receive inspection of underground wastewater drainage systems from the municipal Building Inspectorate

Time: 1 day

Cost: No cost

Comments: The Building Inspectorate inspects the construction site when wastewater drainage systems are ready in order to test the sewage system connection point and drains prior to backfilling. The inspection of the wastewater drainage system takes place prior to the closing of the work site. This inspection concerns the underground wastewater drainage systems.

Procedure 11. Receive inspection of aboveground wastewater drainage systems from the municipal Building Inspectorate

Time: 1 day

Cost: No cost

Comments: The Building Inspectorate inspects the construction site when wastewater drainage systems are ready in order to test the sewage system connection point and drains prior to backfilling. The inspection of the wastewater drainage system takes place prior to the closing of the work site. This inspection concerns the aboveground wastewater drainage systems.

Procedure 12. Receive monthly inspection from the municipal Building Inspectorate

Time: 1 day

Cost: No cost

Comments: There are monthly inspections. The inspections do not depend on the stage of construction, and they are not requested by the developer. They are routine inspections with no prior notice. The case study assumes that the construction work lasts 7 months.

Procedure 13. Receive monthly inspection from the municipal Building Inspectorate

Time: 1 day

Cost: No cost

Comments: There are monthly inspections. The inspections do not depend on the stage of construction, and they are not requested by the developer. They are routine inspections with no prior notice. The case study assumes that the construction work lasts 7 months.

Procedure 14. Receive monthly inspection from the municipal Building Inspectorate

Time: 1 day

Cost: No cost

Comments: There are monthly inspections. The inspections do not depend on the stage of construction, and they are not requested by the developer. They are routine inspections with no prior notice. The case study assumes that the construction work lasts 7 months.

Procedure 15. Obtain certificate of compliance (plumbing, sewage)

Time: 1 day

Cost: No cost

Comments: The building company is required to submit an official certificate, issued by a registered plumber, confirming that the plumbing work has been completed according to the applicable legislation and standards. The certification must be signed by a certified professional. The registered plumber conducts a pressure test and certifies that the plumbing work has been done according to the appropriate standards. The pressure test and the plumber certification are compulsory in order to obtain a certificate of compliance from the Municipality.

Procedure 16*. Apply for water and sewage connection at the municipal Water and Sewage Office

Time: 1 day

Cost: ZAR 12,037 (ZAR 7,537 for water connection + ZAR 4,500 for sewerage connection)

Comments: The application for water and sewage connections is done prior to the start of construction, because the building company needs a temporary water connection (a builder water supply) during construction.

Procedure 17. Receive inspection from the municipal Water and Sewage Office

Time: 1 day

Cost: No cost

Comments: Once the application has been processed and the water and sewage systems are in place, an official inspects the property to ensure that the construction work has been carried out in accordance with the approved building plans and to provide a final quote for the connections. The communication pipes and the meter are also installed at this stage.

The building company is required to submit the official certificate, issued by a registered plumber, confirming that the plumbing work has been completed according to the applicable legislation and standards.

Procedure 18. Receive final water connection from the municipal Water and Sewage Office

Time: 5 days

Cost: No cost

Comments: When the building is completed, the temporary connection is removed, and a new and definitive account is opened with the final water connection.

Procedure 19. Submit notification of completion of building work to the municipal Building Control authority

Time: 1 day

Cost: No cost

Comments: The National Building Regulations Act 1977 requires building companies to submit a notification of completion of the work to the Municipality.

Procedure 20. Receive inspection from the municipal Fire Department

Time: 1 day

Cost: No cost

Comments: The National Building Regulations Act 1977 requires a fire safety clearance before obtaining an Occupancy Certificate for all non-residential buildings.

The Fire Department visits the site to check whether what was previously approved (during the building plan submission) has been implemented in the building. The Municipality will not issue an Occupancy Certificate without clearance from the Fire department. All fire notes, fire equipment, and escape routes have to comply with the regulations laid down in SANS 10400 S and T.

Procedure 21. Receive final inspection from the municipal Building Control authority

Time: 1 day

Cost: No cost

Comments: The inspection is a prerequisite to obtaining the Occupancy Certificate. The building company must confirm that the products, materials, and systems comply with the South African National Standard (SANS10400). To do so, developers must provide certificates of compliance to the Municipality. Generally, certificates of compliance for electrical, structural, glazing, roof, and plumbing work are required. Others could be requested from the Municipality. The engineer or professional in charge of one or several of these specific elements is allowed to provide the owner with such certificates. A certificate of compliance is proof that the installations are safe and comply with the rules and regulations.

Procedure 22. Obtain Occupancy Certificate from the municipal Building Control authority

Time: 24 days

Cost: No cost

Comments: This certificate is issued after the final inspection by the Building Control authority (and other relevant municipal departments if deemed necessary) has been carried out, and upon approval by the Chief Building Inspector. The law prescribes that an Occupancy Certificate may only be issued at the written request of the owner

* This procedure can be completed simultaneously with previous procedures.

of the property being developed. The building cannot be used or occupied without the issuance of the Occupancy Certificate.

DEALING WITH CONSTRUCTION PERMITS

Msunduzi, Pietermaritzburg

Warehouse value: ZAR 3,129,500 (US\$ 359,500)

Data as of: January 2015

Procedure 1. Obtain Site Development Plan (SDP) approval from the municipal Town Planning authority

Time: 16 days

Cost: No cost

Comments: A person intending to erect a building (including an architect or any other declared and authorized person acting on behalf of the owner) submits an SDP to the Town Planning authority. The applicant then receives a letter stating all the terms, conditions, and requirements attached to the approbation of the building plans. The purpose of this procedure is to evaluate the project in terms of requirements of the town planning regulations.

Procedure 2. Obtain approval of the building plans from the municipal Building Control authority

Time: 60 days

Cost: ZAR 12,279 (ZAR 375 for the first 20 square meters + ZAR 93 for each additional 10 square meters)

Comments: The applicant submits the draft building plans to the municipal Building Control authority. Several sets of building plans are required. The application is then circulated internally within the Municipality, allowing each relevant department (e.g., Health, Water and Sanitation, Fire, Traffic, Roads, Electricity, Environmental) to evaluate it. At this stage, the applicant also receives the Fire Safety pre-approval (the final clearance will be obtained upon completion of the building and after the Fire Department inspects the building). A Fire Safety Plan should be included in the submission of the building plans.

Once all approvals and comments are obtained, the Building Control authority stamps the building plans provided that all the requirements are met and taking into consideration the other departments' comments. The application is approved if statutory compliance has been achieved. If not, the application is refused, and the reasons are given in writing.

When plans are submitted, a building inspector inspects the site to ensure that the planned construction will fit on the plot of land and that the construction will be within the allowed building lines.

The local authority should grant or refuse its approval in less than 30 days (for any building where the architectural area is less than 500 square meters) and in less than 60 days (for any building where the architectural area is more than 500 square meters).

Procedure 3. Submit notification of commencement of building work to the provincial Department of Labour

Time: 1 day

Cost: No cost

Comments: According to the Occupational Health and Safety Act 1993 (OHASA) related to Constructions Regulations, building companies must, at least 7 days before the construction work starts, submit a notification of commencement of the work to the provincial Department of Labour. The building company should also ensure that periodic health and safety audits and document verification are conducted, and also keep on site a health and safety file that includes all the required documentation.

Procedure 4*. Submit notification of commencement of building work to the municipal Building Control authority

Time: 1 day

Cost: No cost

Comments: The National Building Regulations Act 1977 requires developers to submit a notification of commencement of the work to the Municipality stating the date on which the construction will commence. The notice must be submitted at least 4 working days prior to the starting of the construction (10 days in case of demolition). The approved plan must be available on site and remain available until an Occupancy Certificate is issued.

During the construction phase, the owner must ensure that the building is erected within the surveyed boundaries and prescribed building lines of the site, and that it is in full accordance with the approved building plans. The Municipality must be notified of any modifications to the originally approved plans, and it may require the submission of a new set of plans and the payment of additional building plan submission fees.

Procedure 5. Receive inspection from the provincial Department of Labour

Time: 1 day

Cost: No cost

Comments: The building site may be inspected at any time during the construction phase by a representative of the Department of Labour to ensure compliance with the Constructions Regulations (OHASA).

Procedure 6. Receive inspection of all foundation trenches from the municipal Building Inspectorate

Time: 1 day

Cost: No cost

Comments: The National Building Regulations Act 1977 requires a mandatory inspection of all foundation trenches prior to placing of concrete.

Procedure 7. Receive inspection of first floor slab from the municipal Building Inspectorate

Time: 1 day

Cost: No cost

Comments: The Building Inspectorate inspects the building site when the first floor slab is ready.

Procedure 8. Receive inspection of wastewater drainage systems from the municipal Building Inspectorate

Time: 1 day

Cost: No cost

Comments: The Building Inspectorate inspects the construction site when wastewater drainage systems are ready in order to test the sewage system connection point and drains prior to backfilling. The inspection of the wastewater drainage system takes place prior to the closing of the work site.

Procedure 9. Obtain certificate of compliance (plumbing, sewage)

Time: 1 day

Cost: No cost

Comments: The building company is required to submit an official certificate, issued by a registered plumber, confirming that the plumbing work has been completed according to the applicable legislation and standards. The certification must be signed by a certified professional. The registered plumber conducts a pressure test and certifies that the plumbing work has been done according to the appropriate standards. The pressure test and the plumber certification are compulsory in order to obtain a certificate of compliance from the Municipality.

Procedure 10*. Apply for water and sewage connection at the municipal Water and Sanitation Unit

Time: 1 day

Cost: ZAR 9,841 (ZAR 6,896 for water connection + ZAR 2,945 for sewerage connection)

Comments: The application for water and sewage connections is done prior to the start of construction, because the building company needs a temporary water connection (a builder water supply) during construction.

Procedure 11. Receive inspection from the municipal Water and Sanitation Unit

Time: 1 day

Cost: No cost

Comments: Once the application has been processed and the water and sewage systems are in place, an official inspects the property to ensure that the construction work has been carried out in accordance with the approved building plans and to provide a final quote for the connections. The communication pipes and the meter are also installed at this stage.

The building company is required to submit the official certificate, issued by a registered plumber, confirming that the plumbing work has been completed according to the applicable legislation and standards.

Procedure 12. Receive final water connection from the Water and Sewage Unit

Time: 18 days

Cost: No cost

* This procedure can be completed simultaneously with previous procedures.

Comments: When the building is completed, the temporary connection is removed, and a new and definitive account is opened with the final water connection.

Procedure 13. Receive inspection of roof trusses from the municipal Building Inspectorate

Time: 1 day

Cost: No cost

Comments: Inspection of the roof trusses is carried out by the building inspectors.

Procedure 14. Submit notification of completion of building work to the municipal Building Control authority

Time: 1 day

Cost: No cost

Comments: The National Building Regulations Act 1977 requires building companies to submit a notification of completion of the work to the Municipality.

Procedure 15. Receive inspection from the municipal Fire Department

Time: 1 day

Cost: ZAR 159 (ZAR 250 per working hour)

Comments: The National Building Regulations Act 1977 requires a fire safety clearance before obtaining an Occupancy Certificate for all non-residential buildings.

The Fire Department visits the site to check whether what was previously approved (during the building plan submission) has been implemented in the building. The Municipality will not issue an Occupancy Certificate without clearance from the Fire department. All fire notes, fire equipment, and escape routes have to comply with the regulations laid down in SANS 10400 S and T.

Procedure 16. Receive final inspection from municipal authorities

Time: 1 day

Cost: No cost

Comments: The inspection is a prerequisite to obtaining the Occupancy Certificate. The building company must confirm that the products, materials, and systems comply with the South African National Standard (SANS10400). To do so, developers must provide certificates of compliance to the Municipality. Generally, certificates of compliance for electrical, structural, glazing, roof, and plumbing work are required. Others could be requested from the Municipality. The engineer or professional in charge of one or several of these specific elements is allowed to provide the owner with such certificates. A certificate of compliance is proof that the installations are safe and comply with the rules and regulations.

Procedure 17. Obtain Occupancy Certificate from the municipal Building Control authority

Time: 10 days

Cost: No cost

Comments: This certificate is issued after the final inspection by the Building Control authority (and other relevant municipal departments if deemed necessary) has been carried out, and upon approval by the Chief Building Inspector. The law prescribes that an Occupancy Certificate may only be issued at the written request of the owner of the property being developed. The building cannot be used or occupied without the issuance of the Occupancy Certificate.

DEALING WITH CONSTRUCTION PERMITS

Nelson Mandela Bay, Port Elizabeth

Warehouse value: ZAR 3,129,500 (US\$ 359,500)

Data as of: January 2015

Procedure 1. Obtain Site Development Plan (SDP) approval from the municipal Town Planning authority

Time: 40 days

Cost: No cost

Comments: A person intending to erect a building (including an architect or any other declared and authorized person acting on behalf of the owner) can meet with the municipal Town Planning authority in order to ensure that the project complies with the town planning regulations. The application is then circulated internally to the various relevant departments within the Municipality for comments and approvals. The applicant then receives a letter stating all the terms, conditions, and requirements attached to the approbation of the building plans. The purpose of this procedure is to evaluate the project in terms of general town planning scheme requirements and services capacity (e.g., municipal policy regarding traffic, environment, water, and sewage).

Procedure 2. Obtain approval of the building plans from the municipal Building Control authority

Time: 14 days

Cost: ZAR 37,844 (ZAR 3,233 per square meter of the property multiplied by 0.9%)

Comments: The applicant submits the draft building plans to the municipal Building Control authority. Several sets of building plans are required. The application is then circulated internally within the Municipality, allowing each relevant department (e.g., Health, Water and Sanitation, Fire, Traffic, Roads, Electricity, Environmental) to evaluate it. At this stage, the applicant also receives the Fire Safety pre-approval (the final clearance will be obtained upon completion of the building and after the Fire Department inspects the building). A Fire Safety Plan should be included in the submission of the building plans.

Once all approvals and comments are obtained, the Building Control authority stamps the building plans provided that all the requirements are met and taking into consideration the other departments' comments. The application is ap-

proved if statutory compliance has been achieved. If not, the application is refused, and the reasons are given in writing.

When plans are submitted, a building inspector inspects the site to ensure that the planned construction will fit on the plot of land and that the construction will be within the allowed building lines.

The local authority should grant or refuse its approval in less than 30 days (for any building where the architectural area is less than 500 square meters) and in less than 60 days (for any building where the architectural area is more than 500 square meters).

Procedure 3. Submit notification of commencement of building work to the provincial Department of Labour

Time: 1 day

Cost: No cost

Comments: According to the Occupational Health and Safety Act 1993 (OHASA) related to Constructions Regulations, building companies must, at least 7 days before the construction work starts, submit a notification of commencement of the work to the provincial Department of Labour. The building company should also ensure that periodic health and safety audits and document verification are conducted, and also keep on site a health and safety file that includes all the required documentation.

Procedure 4*. Submit notification of commencement of building work to the municipal Building Control authority

Time: 1 day

Cost: No cost

Comments: The National Building Regulations Act 1977 requires developers to submit a notification of commencement of the work to the Municipality stating the date on which the construction will commence. The notice must be submitted at least 4 working days prior to the starting of the construction (10 days in case of demolition). The approved plan must be available on site and remain available until an Occupancy Certificate is issued.

During the construction phase, the owner must ensure that the building is erected within the surveyed boundaries and prescribed building lines of the site, and that it is in full accordance with the approved building plans. The Municipality must be notified of any modifications to the originally approved plans, and it may require the submission of a new set of plans and the payment of additional building plan submission fees.

Procedure 5. Receive inspection from the provincial Department of Labour

Time: 1 day

Cost: No cost

Comments: The building site may be inspected at any time during the construction phase by a representative of the Department of Labour to ensure compliance with the Constructions Regulations (OHASA).

* This procedure can be completed simultaneously with previous procedures.

Procedure 6. Receive inspection of all foundation trenches from the municipal Building Inspectorate

Time: 1 day

Cost: No cost

Comments: The National Building Regulations Act 1977 requires a mandatory inspection of all foundation trenches prior to placing of concrete.

Procedure 7. Receive inspection of wastewater drainage systems from the municipal Building Inspectorate

Time: 1 day

Cost: No cost

Comments: The Building Inspectorate inspects the construction site when wastewater drainage systems are ready in order to test the sewage system connection point and drains prior to backfilling. The inspection of the wastewater drainage system takes place prior to the closing of the work site.

Procedure 8. Obtain certificate of compliance (plumbing, sewage)

Time: 1 day

Cost: No cost

Comments: The building company is required to submit an official certificate, issued by a registered plumber, confirming that the plumbing work has been completed according to the applicable legislation and standards. The certification must be signed by a certified professional. The registered plumber conducts a pressure test and certifies that the plumbing work has been done according to the appropriate standards. The pressure test and the plumber certification are compulsory in order to obtain a certificate of compliance from the Municipality.

Procedure 9*. Apply for water and sewage connection at the municipal Water Department

Time: 1 day

Cost: ZAR 12,080 (ZAR 5,176 for water connection + ZAR 6,904 for sewerage connection)

Comments: The application for water and sewage connections is done prior to the start of construction, because the building company needs a temporary water connection (a builder water supply) during construction.

Procedure 10. Receive inspection from the municipal Water Department

Time: 1 day

Cost: No cost

Comments: Once the application has been processed and the water and sewage systems are in place, an official inspects the property to ensure that the construction work has been carried out in accordance with the approved building plans and to provide a final quote for the connections. The communication pipes and the meter are also installed at this stage.

The building company is required to submit the official certificate, issued by a registered plumber, confirming that the plumbing work has been completed according to the applicable legislation and standards.

Procedure 11. Receive final water connection from the municipal Water Department

Time: 18 days

Cost: No cost

Comments: When the building is completed, the temporary connection is removed, and a new and definitive account is opened with the final water connection.

Procedure 12. Submit notification of completion of building work to the municipal Building Control authority

Time: 1 day

Cost: No cost

Comments: The National Building Regulations Act 1977 requires building companies to submit a notification of completion of the work to the Municipality.

Procedure 13. Receive inspection from the municipal Fire Department

Time: 1 day

Cost: No cost

Comments: The National Building Regulations Act 1977 requires a fire safety clearance before obtaining an Occupancy Certificate for all non-residential buildings.

The Fire Department visits the site to check whether what was previously approved (during the building plan submission) has been implemented in the building. The Municipality will not issue an Occupancy Certificate without clearance from the Fire department. All fire notes, fire equipment, and escape routes have to comply with the regulations laid down in SANS 10400 S and T.

Procedure 14. Receive final inspection from the municipal authorities

Time: 1 day

Cost: No cost

Comments: The inspection is a prerequisite to obtaining the Occupancy Certificate. The building company must confirm that the products, materials, and systems comply with the South African National Standard (SANS10400). To do so, developers must provide certificates of compliance to the Municipality. Generally, certificates of compliance for electrical, structural, glazing, roof, and plumbing work are required. Others could be requested from the Municipality. The engineer or professional in charge of one or several of these specific elements is allowed to provide the owner with such certificates. A certificate of compliance is proof that the installations are safe and comply with the rules and regulations.

Procedure 15. Obtain Occupancy Certificate from the municipal Building Control authority

Time: 5 days

Cost: No cost

Comments: This certificate is issued after the final inspection by the Building Control authority (and other relevant municipal departments if deemed necessary) has been carried out, and upon approval by the Chief Building Inspector. The law prescribes that an Occupancy Certificate may only be issued at the written request of the owner of the property being developed. The building cannot be used or occupied without the issuance of the Occupancy Certificate.

DEALING WITH CONSTRUCTION PERMITS

Tshwane, Pretoria

Warehouse value: ZAR 3,129,500 (US\$ 359,500)

Data as of: January 2015

Procedure 1. Obtain Site Development Plan (SDP) approval from the municipal Town Planning authority

Time: 60 days

Cost: ZAR 5,853 (ZAR 4.5 per square meter of the property)

Comments: A person intending to erect a building (including an architect or any other declared and authorized person acting on behalf of the owner) can meet with the municipal Town Planning authority in order to ensure that the project complies with the town planning regulations. The application is then circulated internally to the various relevant departments within the Municipality for comments and approvals. The applicant then receives a letter stating all the terms, conditions, and requirements attached to the approbation of the building plans. The purpose of this procedure is to evaluate the project in terms of general town planning scheme requirements and services capacity (e.g., municipal policy regarding traffic, environment, water, and sewage).

Procedure 2. Obtain approval of the building plans from the municipal Building Control authority

Time: 60 days

Cost: ZAR 16,388 (ZAR 12.6 per square meter of the property)

Comments: The applicant submits the draft building plans to the municipal Building Control authority. Several sets of building plans are required. The application is then circulated internally within the Municipality, allowing each relevant department (e.g., Health, Water and Sanitation, Fire, Traffic, Roads, Electricity, Environmental) to evaluate it. At this stage, the applicant also receives the Fire Safety pre-approval (the final clearance will be obtained upon completion of the building and after the Fire Department inspects the building). A Fire Safety Plan should be included in the submission of the building plans.

* This procedure can be completed simultaneously with previous procedures.

Once all approvals and comments are obtained, the Building Control authority stamps the building plans provided that all the requirements are met and taking into consideration the other departments' comments. The application is approved if statutory compliance has been achieved. If not, the application is refused, and the reasons are given in writing.

When plans are submitted, a building inspector inspects the site to ensure that the planned construction will fit on the plot of land and that the construction will be within the allowed building lines.

The local authority should grant or refuse its approval in less than 30 days (for any building where the architectural area is less than 500 square meters) and in less than 60 days (for any building where the architectural area is more than 500 square meters).

Procedure 3. Submit notification of commencement of building work to the provincial Department of Labour

Time: 1 day

Cost: No cost

Comments: According to the Occupational Health and Safety Act 1993 (OHASA) related to Constructions Regulations, building companies must, at least 7 days before the construction work starts, submit a notification of commencement of the work to the provincial Department of Labour. The building company should also ensure that periodic health and safety audits and document verification are conducted, and also keep on site a health and safety file that includes all the required documentation.

Procedure 4*. Submit notification of commencement of building work to the municipal Building Control authority

Time: 1 day

Cost: No cost

Comments: The National Building Regulations Act 1977 requires developers to submit a notification of commencement of the work to the Municipality stating the date on which the construction will commence. The notice must be submitted at least 4 working days prior to the starting of the construction (10 days in case of demolition). The approved plan must be available on site and remain available until an Occupancy Certificate is issued.

During the construction phase, the owner must ensure that the building is erected within the surveyed boundaries and prescribed building lines of the site, and that it is in full accordance with the approved building plans. The Municipality must be notified of any modifications to the originally approved plans, and it may require the submission of a new set of plans and the payment of additional building plan submission fees.

Procedure 5. Receive inspection from the provincial Department of Labour

Time: 1 day

Cost: No cost

Comments: The building site may be inspected at any time during the construction phase by a representative of the Department of Labour to ensure compliance with the Constructions Regulations (OHASA).

Procedure 6. Receive inspection of all foundation trenches from the municipal Building Inspectorate

Time: 1 day

Cost: No cost

Comments: The National Building Regulations Act 1977 requires a mandatory inspection of all foundation trenches prior to placing of concrete.

Procedure 7. Receive inspection of wastewater drainage systems from the municipal Building Inspectorate

Time: 1 day

Cost: No cost

Comments: The Building Inspectorate inspects the construction site when wastewater drainage systems are ready in order to test the sewage system connection point and drains prior to backfilling. The inspection of the wastewater drainage system takes place prior to the closing of the work site.

Procedure 8. Obtain certificate of compliance (plumbing, sewage)

Time: 1 day

Cost: No cost

Comments: The building company is required to submit an official certificate, issued by a registered plumber, confirming that the plumbing work has been completed according to the applicable legislation and standards. The certification must be signed by a certified professional. The registered plumber conducts a pressure test and certifies that the plumbing work has been done according to the appropriate standards. The pressure test and the plumber certification are compulsory in order to obtain a certificate of compliance from the Municipality.

Procedure 9*. Apply for water and sewage connection at the municipal Water Department

Time: 1 day

Cost: ZAR 9,900 (ZAR 5,400 for water connection; ZAR 3,000 for the meter + ZAR 2,400 connection fee; ZAR 4,500 for sewerage connection)

Comments: The application for water and sewage connections is done prior to the start of construction, because the building company needs a temporary water connection (a builder water supply) during construction.

Procedure 10. Receive inspection from the municipal Water Department

Time: 1 day

Cost: No cost

Comments: Once the application has been processed and the water and sewage systems are in place, an official inspects the property to ensure that the construction work has been carried out in accordance with the approved building plans

and to provide a final quote for the connections. The communication pipes and the meter are also installed at this stage.

The building company is required to submit the official certificate, issued by a registered plumber, confirming that the plumbing work has been completed according to the applicable legislation and standards.

Procedure 11. Receive final water connection from the municipal Water Department

Time: 30 days

Cost: No cost

Comments: When the building is completed, the temporary connection is removed, and a new and definitive account is opened with the final water connection.

Procedure 12. Submit notification of completion of building work to the municipal Building Control authority

Time: 1 day

Cost: No cost

Comments: The National Building Regulations Act 1977 requires building companies to submit a notification of completion of the work to the Municipality.

Procedure 13. Receive inspection of roof trusses from the municipal Building Inspectorate

Time: 1 day

Cost: No cost

Comments: Inspection of the roof trusses is carried out by the building inspectors.

Procedure 14. Receive inspection from the municipal Fire Department

Time: 1 day

Cost: No cost

Comments: The National Building Regulations Act 1977 requires a fire safety clearance before obtaining an Occupancy Certificate for all non-residential buildings.

The Fire Department visits the site to check whether what was previously approved (during the building plan submission) has been implemented in the building. The Municipality will not issue an Occupancy Certificate without clearance from the Fire department. All fire notes, fire equipment, and escape routes have to comply with the regulations laid down in SANS 10400 S and T.

Procedure 15. Receive final inspection from the municipal Building Control authority

Time: 1 day

Cost: No cost

Comments: The inspection is a prerequisite to obtaining the Occupancy Certificate. The building company must confirm that the products, materials, and systems comply with the South African National Standard (SANS10400). To do so, developers must provide certificates of compliance to the Municipality. Generally,

* This procedure can be completed simultaneously with previous procedures.

certificates of compliance for electrical, structural, glazing, roof, and plumbing work are required. Others could be requested from the Municipality. The engineer or professional in charge of one or several of these specific elements is allowed to provide the owner with such certificates. A certificate of compliance is proof that the installations are safe and comply with the rules and regulations.

Procedure 16. Obtain Occupancy Certificate from the municipal Building Control authority

Time: 7 days

Cost: No cost

Comments: This certificate is issued after the final inspection by the Building Control authority (and other relevant municipal departments if deemed necessary) has been carried out, and upon approval by the Chief Building Inspector. The law prescribes that an Occupancy Certificate may only be issued at the written request of the owner of the property being developed. The building cannot be used or occupied without the issuance of the Occupancy Certificate.

LIST OF PROCEDURES GETTING ELECTRICITY

Buffalo City, East London

Name of Utility: Buffalo City Municipal Metro (BCMM)

Data as of: January 2015

Procedure 1. Submit an application for electricity connection to the Buffalo City Municipal Metro (BCMM) Electricity Department and obtain a connection fee estimate

Time: 30 days

Cost: No cost

Comments: The application must be submitted directly to the BCMM Electricity Department. A letter is then issued indicating the cost of the connection and the network charges. The customer pays the connection fee and network charges at the Finance Department. All connection fees must be paid in full before equipment can be ordered and work can be commenced.

Procedure 2*. Receive external site inspection from the BCMM Electricity Department

Time: 7 days

Cost: No cost

Comments: The BCMM Electricity Department conducts a site inspection to verify and ensure that the site development plan corresponds to the drawing submitted and to the costs associated with the installation.

Procedure 3. Await completion of the external connection work by the BCMM Electricity Department

Time: 33 days

Cost: ZAR 156,119 (Connection fee + cost for 50 meters of cable. The connection fee includes the cost of the materials needed for the connection, including 100 meters of cable and the meter box)

Comments: At this stage, the project file is opened, and the drawing office of the BCMM Electricity Department completes the drawing of the cable route. Applications are made to the Roads Department, the Water and Sanitation Department, Telkom, and other relevant utility providers for a way leave to perform work in the road reserve. After the approvals are obtained, the required equipment is ordered, and a date is set for the installation of the cable and the transformer. Once the equipment—including the electricity meter—is available, the BCMM Electricity Department will proceed with the installation. The customer's contractor must supply a Certificate of Internal Wiring Compliance (COC) for the internal reticulation and for the building installation. Once the customer provides a proof of payment of the security deposit, the electricity supply is switched on.

Procedure 4. Obtain the Certificate of Internal Wiring Compliance (COC) and submit it to the BCMM Electricity Department

Time: 1 day

Cost: No cost

Comments: The customer's electrical contractor submits a COC regarding the internal wiring to the BCMM Electrical Department. The electrical contractor signing the COC must be certified and registered.

Procedure 5*. Sign a supply contract with the BCMM Electricity Department

Time: 1 day

Cost: ZAR 4,873 (Equal to the present value of the lost interest earnings of the security deposit of ZAR 64,540)

Comments: The client can sign the supply contract with the BCMM Electrical Department just before the external work is finalized. A proof of payment of the security deposit must be submitted to the BCMM Electricity Department before the supply is switched on.

Procedure 6. Submit proof of payment of the security deposit to the BCMM Electricity Department and obtain final connection

Time: 1 day

Cost: No cost

Comments: Before the electricity supply can be switched on, the client must pay the security deposit to the BCMM Finance Department, submit a proof of payment to the BCMM Electricity Department, and sign the service level agreement with the BCMM Electricity Department.

GETTING ELECTRICITY

Cape Town, Cape Town

Name of Utility: City Electricity Services Department (ESD)

Data as of: January 2015

Procedure 1. Submit an application for electricity connection to the Electricity Services Department of the City of Cape Town (ESD) and obtain a connection fee estimate

Time: 31 days

Cost: ZAR 307 (application fee)

Comments: The property owner completes and signs the City of Cape Town's Standard Electricity Supply application form, and either hand-delivers it or scans and e-mails it to the ESD with a copy of his/her ID. The Customer Support Services section (CSS) of the ESD creates a notification in SAP. The Distribution System Development section (DSD) reviews the application and provides a quotation. Depending on the capacity of the connection, the customer's consultant or electrician must prepare an energy conservation plan (passive and active measures to maximize the customer's facility energy efficiency) and a power requirement calculation. DSD will issue a quotation letter via CSS. The customer has 3 months from the date of the quotation letter to make the payment, otherwise the quotation lapses, and a new application is required.

Procedure 2*. Receive an external site inspection from the City of Cape Town ESD

Time: 12 days

Cost: No cost

Comments: The ESD inspects the site and confirms the proposed location with the customer's consultant or electrical contractor.

Procedure 3. Await completion of the external connection work by the City of Cape Town ESD

Time: 50 days

Cost: ZAR 396,771 (ZAR 321,632 Capital Development Charge + ZAR 75,139 connection fee)

Comments: The customer pays the quoted Capital Development and connection fee. In parallel, the DSD applies for way leaves and excavation permits. No other document is required for supplies that are less than 500 kVA. The payment constitutes acceptance of the conditions specified in the quotation letter and therefore automatically becomes a contract. The Municipal Finance Management Act requires full payment of the fee prior to commencement of the site work. Once payment is made and all way leaves have been obtained, the project is handed over to the City of Cape Town Electricity Services Department Distribution section (DBN) for implementation, including the outsourcing of the excavation and cable installation work. Upon completion of the installation and termination of the cable, the electricity meter is installed.

* This procedure can be completed simultaneously with previous procedures.

Procedure 4. Obtain a Certificate of Internal Wiring Compliance (COC) and submit it to the City of Cape Town ESD to obtain final connection

Time: 6 days

Cost: ZAR 3,473 (Equal to the present value of the lost interest earnings of the security deposit of ZAR 10,370)

Comments: The customer's registered electrician issues the COC to the customer and submits a copy of it to the City of Cape Town DBN. Once the installation inspector of DBN receives the copy of the COC, the electrical supply is switched on.

GETTING ELECTRICITY

Ekurhuleni, Germiston

Name of Utility: Ekurhuleni Metropolitan Municipality

Data as of: January 2015

Procedure 1. Submit an application for electricity connection to the Ekurhuleni Metropolitan Municipality and obtain a connection fee estimate

Time: 25 days

Cost: No cost

Comments: The customer completes the application form and submits it to the Ekurhuleni Metropolitan Municipality.

Procedure 2*. Receive external site inspection from the Ekurhuleni Metropolitan Municipality

Time: 14 days

Cost: No cost

Comments: Representatives of the Ekurhuleni Metropolitan Municipality conduct a site visit and thereafter issue a cost estimate.

Procedure 3. Sign a supply contract with the Ekurhuleni Metropolitan Municipality

Time: 2 days

Cost: No cost

Comments: The customer pays the fees, which include the connection cost and the security deposit, and signs the supply agreement contract at the Finance Department of the Ekurhuleni Metropolitan Municipality. The customer must submit proof of payment and the signed contract to the Electricity Department of the Ekurhuleni Metropolitan Municipality.

Procedure 4*. Obtain a meter box from a council store and install it

Time: 1 day

Cost: No cost

Comments: The customer must obtain a meter box from a council store and install it. When paying the connection fee, the customer is referred to the (council?) stores with a request and collects the meter box. The Ekurhuleni Metropolitan Municipality inspects the meter box before the external connection work can start.

Procedure 5. Await completion of the external connection work by the Ekurhuleni Metropolitan Municipality

Time: 60 days

Cost: ZAR 161,770 (ZAR 98,000 transformer capacity fee, calculated as ZAR 700 * 140kVa + ZAR 40,000 connection fee, which includes material costs, such as meter box and cables + security deposit)

Comments: The Ekurhuleni Metropolitan Municipality installs the cable, circuit breakers, metering equipment, glands, labeling, and lock (everything outside the stand boundary, as well as the equipment in the stand boundary connection box). The private electrical contractor is responsible for all electrical work from this point in the stand boundary.

Procedure 6. Obtain a Certificate of Internal Wiring Compliance (COC) and submit it to the Ekurhuleni Metropolitan Municipality to obtain final connection

Time: 3 days

Cost: No cost

Comments: The customer schedules an appointment with the utility. The customer's electrical contractor and the Ekurhuleni Metropolitan Municipality need to be present during the appointment to inspect the surroundings. Once the power is switched on, the electrical contractor conducts the internal wiring test and completes the COC form. The electrical contractor submits the original COC to the customer and a copy of it to the Ekurhuleni Metropolitan Municipality.

GETTING ELECTRICITY

eThekwini, Durban

Name of Utility: eThekwini Electricity

Data as of: January 2015

Procedure 1. Submit an application for electricity connection to eThekwini Electricity and obtain a connection fee estimate

Time: 22 days

Cost: No cost

Comments: The customer submits an application for a new electricity connection to the Customer Services of eThekwini Electricity. Currently, applications are submitted in hard copies (an on-line system to submit applications has been introduced, but it is still not operative). The customer must attach to the application supporting documents, such as approved building plans indicating the proposed meter position, a copy of the property owner's ID, and proof of ownership of the property. The application will then be processed through a software system by the Customer Service section and assigned electronically to the eThekwini Electricity Planning Division.

Procedure 2*. Receive external site inspection from eThekwini Electricity

Time: 14 days

Cost: No cost

Comments: The application is assessed after a site visit, during which the capacity availability, the site conditions, and the connection points are verified. A sketch is then produced together with a quotation according to the standard tariff structure for the new connection. The cable distances and meter requirements are verified on site. The quotation is reviewed and authorized prior to being submitted to Customer Services for payment. The quotation is then posted to the customer for payment. An external inspection is completed to verify site conditions, and a representative must verify metering position for cost purposes.

Procedure 3. Await completion of the external connection work by eThekwini Electricity

Time: 68 days

Cost: ZAR 202,631 (ZAR 111,965 connection fee + ZAR 3,940 for a 3-phase meter + ZAR 45,900 for cables + ZAR 4,000 for excavation + ZAR 1,404 + ZAR 100,000 for a transformer, for which the customer receives a rebate of ZAR 64,578.07)

Comments: The distribution utility is in charge of the installation process up to the metering kiosk. It is also responsible for installing a 150mm LV 4c Al PVC cable to the consumer's metering kiosk. The rest of the installation work must be completed by the customer's electrical contractor. The distribution utility requests permissions from various agencies that have services installed in the ground in the area where the work will be conducted. The owner is required to sign a contract with eThekwini Electricity for the payment of consumption of electricity.

Procedure 4. Obtain a Certificate of Internal Wiring Compliance (COC) and submit it to eThekwini Electricity to obtain final connection

Time: 7 days

Cost: No cost

Comments: Within 48 hours of the electrical installation being energized by the utility, the electrical contractor responsible for all the internal wiring of the installation has to submit a COC to the utility. The electrical contractors in the Durban area have to be registered with the Department of Labour (DoL) and be accredited by the Electrician Contractors Association of South Africa (ECASA).

Procedure 5*. Sign a supply contract with eThekwini Electricity

Time: 7 days

Cost: ZAR 35,347 (Equal to the present value of the lost interest earnings of the security deposit of ZAR 105,529)

Comments: The customer opens an account with the utility for billing purposes. This can be done before the actual electrical connection and energizing of the electrical installation is done, or after the electrical installation has been energized and the COC has been submitted to the utility.

* This procedure can be completed simultaneously with previous procedures.

GETTING ELECTRICITY

Johannesburg, Johannesburg

Name of Utility: Eskom

Data as of: January 2015

Procedure 1. Submit an application for electricity connection to Eskom and obtain a connection fee estimate

Time: 60 days

Cost: No cost

Comments: Applications can be completed online through the Customer Service Online system, or by fax. Certified copies of an ID, as well as a payment guarantee, are submitted to the servicing Walk-In-Centre upon signing of the original contract by the customer. Budget quotes are issued based on actual costs, to which the applicant can respond. When the customer accepts the budget quote, the customer submits the acceptance letter (usually attached to the quote) together with the necessary payment or proof thereof to the Customer Executive dealing with the application.

Procedure 2*. Receive external site inspection from Eskom

Time: 1 day

Cost: No cost

Comments: An external site inspection is carried out by Eskom to confirm the site layout and to compare it with the drawing for cost purposes.

Procedure 3. Await completion of the external connection work by Eskom

Time: 165 days

Cost: ZAR 456,625 (Material cost)

Comments: Eskom is in charge of the connection work up to the meter kiosk. Any work necessary beyond the meter kiosk is the responsibility of the internal reticulation of the customer. The utility obtains an excavation permit at the Route Agency. Meter installation will be done irrespective of whether the customer's internal reticulate is done. However, the final connection is done after Eskom have received the Certificate of Internal Wiring Compliance (COC). The following technical specifications of connection apply:

- Supply Size: 150kVA is the standard size closest to 140kVA;
- Feeder Voltage: 11kV, with the customer taking supply at 400Volts; and
- Network Type: Underground.

The scope of the work carried out by Eskom includes the mounting of a new 150kVA 11kV transformer on pole; labeling the new transformer; installing MV fused links; installing a new LPU 150kVA meter-kiosk at the customer's boundary; terminating a 150mm sq. 4C Cu cable onto the LV side of the transformer to the meter-kiosk; and laying 15m of 150mm sq. 4C Cu cable from the transformer and terminating it to the new meter-kiosk. The customer is responsible for laying its own cable from its distribution kiosk to Eskom's meter kiosk and for providing a termination kit. Eskom only provides the meter and meter kiosk free of charge. The rest of the fees are based on actual costs. Eskom also provides the materials. If for any reason the customer has to purchase the materials from someone other than Eskom, specifications will be provided. In addition to the cost

of the work and the materials, the customer must pay a security deposit, which is refundable upon the termination of the supply. While the supply is active, Eskom has the right to revise existing deposits as per the specific supply agreement between the individual customer and Eskom. Eskom pays interest rate on the security deposits equal to the rate of the National Bank. However, in most cases, the security deposit against consumption is usually by means of a Bank Guarantee, i.e., not cash. Once the electrical connection part of the work has been completed, an arrangement for outage (process which includes quality check and testing) will be made. The cost of the inspection is included in the costs of the external connection work.

Procedure 4*. Obtain and submit a Certificate of Internal Wiring Compliance to Eskom

Time: 1 day

Cost: No cost

Comments: An electrician issues a COC regarding the internal wiring to Eskom. The internal wiring is not Eskom's responsibility. An electrician does the inspection, issues the COC, and submits it to Eskom. Eskom requires that a COC be signed by a registered electrical contractor. The applicant's electrician has to be licensed/accredited by the Electrician Contractors Association of South Africa (ECASA). All electricians working with Eskom have to be accredited by ECASA.

Procedure 5. Sign a supply contract with Eskom and obtain a final connection

Time: 1 day

Cost: No cost

Comments: The supply contract can be signed just before the external connection work is ready, and the power is turned on the day after the external connection work is completed. Eskom only provides the final connection after the COC is received.

GETTING ELECTRICITY

Mangaung, Bloemfontein

Name of Utility: Centlec

Data as of: January 2015

Procedure 1. Submit an application for electricity connection to Centlec and obtain a connection fee estimate

Time: 24 days

Cost: No cost

Comments: The customer must submit an application form—available on Centlec website or at the two points of payment—either in person, by fax, or by e-mail. The Development Section of Centlec will perform a site survey, design the supply network, estimate the cost, and generate an official quotation with a formal letter stating the details and costs of, as well as the requirements for the connection. The customer pays the connection fees and the security deposit (or alternatively supplies a bank guarantee). The customer then submits proof of these payments and the account number to the Engineering Department of Centlec.

Procedure 2. Await completion of the external connection work by Centlec

Time: 45 days

Cost: ZAR 239,866 (ZAR 228,680 for connection + ZAR 11,186 for energy account deposit)

Comments: Centlec provides the meter and installs the connection. The connection work includes installing a 185mm² Al PVC cable from the nearby substation, crossing a road toward the 4-way meter box on the stand boundary.

Procedure 3. Obtain a Certificate of Internal Wiring Compliance (COC) and submit it to Centlec to obtain final connection

Time: 11 days

Cost: No cost

Comments: Upon receipt of the proof of payment of the connection fees and the security deposit, as well as a copy of the COC signed by the customer's electrical contractor, the Metering Section of Centlec installs a bulk meter board.

Procedure 4*. Sign a supply contract and open account with Centlec

Time: 1 day

Cost: No cost

Comments: The customer fills out a supply contract with Centlec.

GETTING ELECTRICITY

Msunduzi, Pietermaritzburg

Name of Utility: Msunduzi Municipality

Data as of: January 2015

Procedure 1. Submit an application for electricity connection to the Msunduzi Municipality Electricity Department (MMED) and obtain a connection fee estimate

Time: 53 days

Cost: No cost

Comments: The customer submits an application for an electricity connection to the Msunduzi Municipality Electricity Department (MMED), attaching a copy of his/her ID.

Procedure 2*. Receive external site inspection from MMED

Time: 14 days

Cost: No cost

Comments: MMED performs a site inspection to confirm the site layout and to compare it with the drawing in order to provide a cost estimate.

Procedure 3. Sign a supply contract with MMED

Time: 1 day

Cost: ZAR 27,606 (Equal to the present value of the lost interest earnings of the security deposit of ZAR 82,416)

* This procedure can be completed simultaneously with previous procedures.

Comments: Before the commencement of the external connection work, the customer signs a supply contract. The customer is required to accept the quotation and to provide a receipt of the payment.

Procedure 4. Await completion of the external connection work by MMED

Time: 129 days

Cost: ZAR 251,528 (ZAR 28,814 basic charge + ZAR 222,714 for materials and meter)

Comments: MMED is in charge of the external connection work. The customer does not have to buy material; instead, the customer provides the kiosk, metering panel, main breaker, and internal wiring. The meter is installed at the same time when the connection is done. Electricity starts flowing immediately.

Procedure 5. Obtain a Certificate of Internal Wiring Compliance (COC) and submit it to MMED to obtain final connection

Time: 1 day

Cost: No cost

Comments: An electrical contractor issues a COC to the MMED.

GETTING ELECTRICITY

Nelson Mandela Bay, Port Elizabeth

Name of Utility: Nelson Mandela Bay Municipality
Data as of: January 2015

Procedure 1. Submit an application for electricity connection to the distribution utility and obtain a connection fee estimate

Time: 180 days

Cost: No cost

Comments: The customer submits an application for a new electricity connection. The Nelson Mandela Bay Municipality issues the budget quotes based on the maximum demand stated on the application form. The customer submits an acceptance letter of the budget quote together with the necessary payment—or proof of payment—to the Nelson Mandela Bay Municipality.

Procedure 2*. Receive external site inspection from the distribution utility

Time: 1 day

Cost: No cost

Comments: An external site inspection is carried out by the distribution utility to confirm the site layout and to compare it with the drawing for cost purposes. The customer, or a representative, should preferably be present.

Procedure 3. Open a customer account with the distribution utility

Time: 1 day

Cost: ZAR 367,867 (ZAR 352,940 Capital Contribution Charge, calculated as 140 kVA * ZAR 2,521 + ZAR 5,000 for 10 meters of installation (ZAR 500 per meter) + ZAR 1,400 meter + ZAR 400 meter kiosk + ZAR 2,500 Circuit Breaker + security deposit)

Comments: The customer signs the supply contract and makes the payment. The acceptance and signature of the quotation represents a contract between the customer and the utility. The security deposit is also paid at this stage.

Procedure 4. Await completion of the external connection work by the distribution utility

Time: 150 days

Cost: No cost

Comments: The distribution utility performs all the work and provides all materials. The meter is installed at the same time when the connection is done.

Procedure 5. Obtain a Certificate of Internal Wiring Compliance (COC) and submit it to the distribution utility to obtain final connection

Time: 2 days

Cost: No cost

Comments: At the end of the connection work, the distribution utility provides and installs the meter, the connection is turned on, and the electrical contractor performs the testing and issues the Certificate of Internal Wiring Compliance (COC). Once power is connected, the electrical contractor has 2 days to test and issue a COC. The distribution utility requires the COC to be signed by a registered electrical contractor. The applicant's electrical contractor must therefore be licensed and accredited by the Electrician Contractors Association of South Africa (ECASA).

GETTING ELECTRICITY

Tshwane, Pretoria

Name of Utility: The City of Tshwane Energy & Electricity Division
Data as of: January 2015

Procedure 1. Submit an application for electricity connection to the Energy and Electricity Division of the City of Tshwane and obtain a connection fee estimate

Time: 30 days

Cost: No cost

Comments: Applications can be done at any of the walk-in offices situated around the city, as well as via e-mail and fax. The customer also has the option of paying at one of the several points of payment. An external inspection is carried out by the Functional Unit of the Supply Authority, which consequently calculates a cost estimate for the connection, the quota charge, and the council cost. A letter that includes this quotation and the conditions of supply is issued to the customer.

Procedure 2. Purchase maximum demand meter box

Time: 1 day

Cost: ZAR 4,250 (meter box)

Comments: The customer is responsible to provide the maximum demand meter box. The customer receives design specifications approved by the Supply Authority to obtain the maximum demand box.

Procedure 3. Await completion of the external connection work by distribution utility

Time: 68 days

Cost: ZAR 353,920 (ZAR 2,528 * 140 kVA)

Comments: The external connection work requires a minibus station (if none is available in the vicinity to supply the connection), a circuit breaker, a low voltage cable, and the maximum demand meter.

Procedure 4. Open a customer account with the Energy and Electricity Division of the City of Tshwane

Time: 1 day

Cost: No cost

Comments: The customer has to open an account with Customer Care of the Energy and Electricity Division. Afterwards a meter can be coupled to the stand and then placed on site.

Procedure 5. Receive final site inspection from the distribution utility and submit the Certificate of Internal Wiring Compliance (COC)

Time: 2 days

Cost: No cost

Comments: The customer's electrical contractor (who must be accredited by the Electrician Contractors Association of South Africa) arranges a site inspection with the Installation Inspector. The Installation Inspector visually inspects the premises and switches on the supply to enable the contractor to carry out the tests requiring electricity. Upon completion of the tests, the supply is switched off. The contractor issues the COC to the Inspector. The Inspector in turn issues a "pink slip" that enables the consumer to pay a deposit for the consumption of electricity.

Procedure 6. Obtain a final connection

Time: 2 days

Cost: ZAR 201 (Present value of the lost interest earnings of the amount of ZAR 601 of the security deposit)

Comments: The customer takes the "pink slip" that has been issued by the Inspector to Customer Services and pays the required deposit for electricity. Customer Care initiates a request to the Electricity Control room to energize the connection. An electrician is dispatched to arrange the switch on for the customer.

* This procedure can be completed simultaneously with previous procedures.

LIST OF PROCEDURES
REGISTERING PROPERTY

Buffalo City, East London

Property value: ZAR 3,129,500 (US\$ 359,500)
 Data as of: January 2015

Procedure 1. Obtain a rates clearance certificate from the Buffalo City Municipality's Directorate of Financial Services

Time: 10 days

Cost: ZAR 169 (ZAR 33.33 financial statements fee + ZAR 104.39 issuing fee + ZAR 31.58 search fee)

Comments: The transferring conveyancer obtains a rates clearance certificate from the local municipality. In Buffalo City, conveyancers can request the certificate through <http://www.ratesclearance.com>. The municipality requires 3 months of advance payments of utilities and taxes to ensure that the account remains up-to-date throughout the transfer transaction.

Procedure 2*. Prepare and collect all the required documentation

Time: 10 days

Cost: No cost

Comments: A conveyancer prepares the deed of sale and drafts the transfer deed. The conveyancer obtains power of attorney, appointing him/her to appear before the Registrar. The conveyancer's services are mandatory for the registration of land in South Africa. A conveyancer is an attorney authorized under the Attorneys Act to perform specialized duties with regard to the conveyance of immovable property. The Deeds Registries Act authorizes only conveyancers to prepare deeds of transfer, and thus the conveyancer is responsible for certain facts set out in the deed and other documents. Conveyancing fees, which depend on the property value, are set by the Law Society. The conveyancer, before submitting the documentation to the deeds registry to transfer the property to the new company, must also conduct a company search at the Companies and Intellectual Property Commission Office to ascertain the directors of both companies.

All conveyancers have access to this authority via the Internet and can perform the check online. Usually conveyancers will also ask clients to provide the requisite documents. In so doing, the conveyancer will:

- Review the companies' memorandum and articles of association to confirm the authority to acquire and alienate immovable property. The founding documents of the seller will be the Memorandum and Articles of Association. If the buyer company was formed before May 1, 2011, its Memorandum and Articles of Association will be examined. If the buyer company was formed after May 1, 2011, only its Memorandum of Incorporation will be examined.
- Review the necessary resolutions. Section 115 of the Companies Act 71 2008 states that a company may not dispose of all or the greater part of its assets except through a special resolution.

- Ensure compliance with the Financial Intelligence Center Act by obtaining proof from the companies of the physical/business address and the Tax/VAT registration number with the South African Revenue Services. The conveyancer will also request this information from the clients before proceeding, and the check is done automatically at the time the transfer duty is paid. If a company does not have or quotes an incorrect Tax/VAT number, it will be unable to pay the transfer duty, and the process will come to a halt.

Procedure 3*. Obtain an electrical compliance certificate from a certified electrician

Time: 7 days

Cost: ZAR 1,250

Comments: This certificate is not required by the land registry. The Health and Environment Act of 1993 makes it mandatory for anyone selling anything that includes electrical wiring to have an Electrical Certificate of Compliance. It is common practice for the seller to obtain this clearance certificate. However, a sale agreement includes a clause that refers to the Act, specifying who should obtain the clearance certificate and who will bear the cost.

Procedure 4*. Obtain an entomologist's certificate from a certified entomologist

Time: 7 days

Cost: ZAR 600

Comments: Contractual practice in Buffalo City requires an entomologist's certificate proving that there are no infestations on the property.

Procedure 5*. Obtain an ownership certificate

Time: 0.5 day

Cost: No cost

Comments: The conveyancer performs a title search using a licensed third-party software (e.g., GhostConvey, WinDeed, Korbitec, WinDeed, Searchworks, etc.) to ensure that the property exists and that the seller is the rightful owner. The search can also be conducted using the Deeds Registry's own platform, DeedsWeb (<http://www.deeds.gov.za/ITSODeedsWebB/deedsweb/wel-come.jsp>). DeedsWeb's coverage is countrywide, and a user can access information on any property throughout the country.

A small number of conveyancers still conduct the search in person, but the majority has a subscription to a third-party software used for searches. The small fee associated with this procedure is included in the conveyancer's fees.

Procedure 6*. Obtain a transfer duty receipt from the South African Revenue Services

Time: 0.5 day

Cost: ZAR 167,360 (ZAR 37,000 plus 8% on the value above ZAR 1,500 for a property valued at ZAR 1,500,000 or more)

Comments: The transferring conveyancer obtains a transfer duty receipt/exemption certificate from the South African Revenue Services. As of February 23, 2011, the distinction drawn in calculating the transfer duties for legal entities and natural persons has been abolished. Both legal entities and natural persons now pay the transfer duty based on a sliding scale. The scale is as follows: ZAR 0 to ZAR 600,000 - exempt; ZAR 600,001 to ZAR 1,000,000 - 3% on the value above ZAR 600,000, but not exceeding ZAR 1,000,000; ZAR 1,000,001 to ZAR 1,500,000 - ZAR 12,000 plus 5% on the value above ZAR 1,000,000, but not exceeding ZAR 1,500,000; ZAR 1,500,001 and above - ZAR 37,000 plus 8% on the value above ZAR 1,500,000.

Procedure 7. Parties sign all the documentation at the conveyancer's office

Time: 1 day

Cost: ZAR 27,310 (for properties valued between ZAR 3,100,000.01 and ZAR 3,200,000.00)

Comments: The conveyancer will collect all the documentation signed by the seller and the purchaser and obtain guarantees for the purchase price. The documents to be signed by the parties are as follows:

- Seller
 - Power of attorney to pass the deed
 - Transfer duty declarations
 - Affidavits (Solvency; Financial Intelligence Centre Act (FICA))
- Purchaser
 - Transfer duty declarations
 - Affidavits (Solvency; FICA)

Procedure 8. Register the deed with the King William's Town Deeds Registry

Time: 12 days

Cost: ZAR 1,100

Comments: The conveyancer registers the deed with the Deeds Registry. The Registrar compares the draft deed with data in the register. The deed is examined to (1) ensure compliance with the conditions of transfer, (2) check the legality of the transfer, and (3) verify that the proper standards of examination were applied. Once the criteria are met, the deed is prepared for registration and execution. The registration fee, which depends on the value of the property and is obtained from the Transfer Cost table available at http://www.ghostdigest.co.za/code/C_20.html (D/O Levy column), is then paid. The Registrar executes the deed, and the conveyancer signs the transfer deed at the Deeds Registry in front of the registrar or a deputy. The Deeds Registry subsequently updates the register and archives a copy.

REGISTERING PROPERTY

Cape Town, Cape Town

Property value: ZAR 3,129,500 (US\$ 359,500)
 Data as of: January 2015

Procedure 1. Obtain a rates clearance certificate from the City of Cape Town Municipality

Time: 14 days

* This procedure can be completed simultaneously with previous procedures.

Cost: ZAR 62 (electronic rates clearance)

Comments: The transferring conveyancer obtains a rates clearance certificate from the local municipality. The City of Cape Town Municipality has developed an SAP-based streamlined process for obtaining clearance certificates through the licensed software Korbitec. Conveyancers can obtain the rates clearance certificate electronically. The municipality requires 4 months of advance payments of utilities and taxes to ensure that the account remains up-to-date throughout the transfer transaction.

Procedure 2*. Prepare and collect all the required documentation

Time: 10 days

Cost: No cost

Comments: A conveyancer prepares the deed of sale and drafts the transfer deed. The conveyancer obtains power of attorney, appointing him/her to appear before the Registrar. The conveyancer's services are mandatory for the registration of land in South Africa. A conveyancer is an attorney authorized under the Attorneys Act to perform specialized duties with regard to the conveyance of immovable property. The Deeds Registries Act authorizes only conveyancers to prepare deeds of transfer, and thus the conveyancer is responsible for certain facts set out in the deed and other documents. Conveyancing fees, which depend on the property value, are set by the Law Society.

The conveyancer, before submitting the documentation to the deeds registry to transfer the property to the new company, must also conduct a company search at the Companies and Intellectual Property Commission Office to ascertain the directors of both companies.

All conveyancers have access to this authority via the Internet and can perform the check online. Usually conveyancers will also ask clients to provide the requisite documents. In so doing, the conveyancer will:

- Review the companies' memorandum and articles of association to confirm the authority to acquire and alienate immovable property. The founding documents of the seller will be the Memorandum and Articles of Association. If the buyer company was formed before May 1, 2011, its Memorandum and Articles of Association will be examined. If the buyer company was formed after May 1, 2011, only its Memorandum of Incorporation will be examined.
- Review the necessary resolutions. Section 115 of the Companies Act 71 2008 states that a company may not dispose of all or the greater part of its assets except through a special resolution.
- Ensure compliance with the Financial Intelligence Center Act by obtaining proof from the companies of the physical/business address and the Tax/VAT registration number with the South African Revenue Services. The conveyancer will also request this information from the clients before proceeding, and the check is done automatically at the time the transfer duty is paid. If a company does not have or quotes an incorrect Tax/VAT number, it will be unable to pay the transfer duty, and the process will come to a halt.

Procedure 3*. Obtain an electrical compliance certificate from a certified electrician

Time: 7 days

Cost: ZAR 1,250

Comments: This certificate is not required by the land registry. The Health and Environment Act of 1993 makes it mandatory for anyone selling anything that includes electrical wiring to have an Electrical Certificate of Compliance. It is common practice for the seller to obtain this clearance certificate. However, a sale agreement includes a clause that refers to the Act, specifying who should obtain the clearance certificate and who will bear the cost.

Procedure 4*. Obtain a plumbing certificate from a certified plumber

Time: 7 days

Cost: ZAR 600

Comments: Per Section 14 of the City of Cape Town Water by-law 2010, a certificate of compliance (plumbing certificate) is required for the water installation for property within the City of Cape Town Municipality.

Procedure 5*. Obtain an entomologist's certificate from a certified entomologist

Time: 7 days

Cost: ZAR 600

Comments: Contractual practice in Cape Town requires an entomologist's certificate proving that there are no infestations on the property.

Procedure 6*. Obtain an ownership certificate

Time: 0.5 day

Cost: No cost

Comments: The conveyancer performs a title search using a licensed third-party software (e.g., GhostConvey, WinDeed, Korbitec, WinDeed, Searchworks, etc.) to ensure that the property exists and that the seller is the rightful owner. The search can also be conducted using the Deeds Registry's own platform, DeedsWeb (<http://www.deeds.gov.za/ITSODeedsWebB/deedsweb/welcome.jsp>). DeedsWeb's coverage is countrywide, and a user can access information on any property throughout the country. A small number of conveyancers still conduct the search in person, but the majority has a subscription to a third-party software used for searches. The small fee associated with this procedure is included in the conveyancer's fees.

Procedure 7*. Obtain a transfer duty receipt from the South African Revenue Services

Time: 0.5 day

Cost: ZAR 167,360 (ZAR 37,000 plus 8% on the value above ZAR 1,500 for a property valued at ZAR 1,500,000 or more)

Comments: The transferring conveyancer obtains a transfer duty receipt/exemption certificate from the South African Revenue Services. As of February 23, 2011, the distinction drawn in calculating the transfer duties for legal entities and natural persons has been abolished. Both legal

entities and natural persons now pay the transfer duty based on a sliding scale. The scale is as follows: ZAR 0 to ZAR 600,000 - exempt; ZAR 600,001 to ZAR 1,000,000 - 3% on the value above ZAR 600,000, but not exceeding ZAR 1,000,000; ZAR 1,000,001 to ZAR 1,500,000 - ZAR 12,000 plus 5% on the value above ZAR 1,000,000, but not exceeding ZAR 1,500,000; ZAR 1,500,001 and above - ZAR 37,000 plus 8% on the value above ZAR 1,500,000.

Procedure 8. Parties sign all the documentation at the conveyancer's office

Time: 1 day

Cost: ZAR 27,310 (for properties valued between ZAR 3,100,000.01 and ZAR 3,200,000.00)

Comments: The conveyancer will collect all the documentation signed by the seller and the purchaser and obtain guarantees for the purchase price. The documents to be signed by the parties are as follows:

- Seller
 - Power of attorney to pass the deed
 - Transfer duty declarations
 - Affidavits (Solvency; Financial Intelligence Centre Act (FICA))
- Purchaser
 - Transfer duty declarations
 - Affidavits (Solvency; FICA)

Procedure 9. Register the deed with the Cape Town Deeds Registry

Time: 14 days

Cost: ZAR 1,100

Comments: The conveyancer registers the deed with the Deeds Registry. The Registrar compares the draft deed with data in the register. The deed is examined to (1) ensure compliance with the conditions of transfer, (2) check the legality of the transfer, and (3) verify that the proper standards of examination were applied. Once the criteria are met, the deed is prepared for registration and execution. The registration fee, which depends on the value of the property and is obtained from the Transfer Cost table available at http://www.ghostdigest.co.za/code/C_20.html (D/O Levy column), is then paid. The Registrar executes the deed, and the conveyancer signs the transfer deed at the Deeds Registry in front of the registrar or a deputy. The Deeds Registry subsequently updates the register and archives a copy.

REGISTERING PROPERTY

Ekurhuleni, Germiston

Property value: ZAR 3,129,500 (US\$ 359,500)

Data as of: January 2015

Procedure 1. Obtain a rates clearance certificate from the Ekurhuleni Municipality

Time: 21 days

Cost: ZAR 172

Comments: The transferring conveyancer obtains a rates clearance certificate from the local municipality. In Ekurhuleni, there is no direct on-line link to the municipality to request and obtain the certificate. Conveyancers fill out the

* This procedure can be completed simultaneously with previous procedures.

request manually at the municipality, or they use software such as E4 to enter information about the property and deliver the documents to the municipality via the E4 software.

Procedure 2*. Prepare and collect all the required documentation

Time: 10 days

Cost: No cost

Comments: A conveyancer prepares the deed of sale and drafts the transfer deed. The conveyancer obtains power of attorney, appointing him/her to appear before the Registrar. The conveyancer's services are mandatory for the registration of land in South Africa. A conveyancer is an attorney authorized under the Attorneys Act to perform specialized duties with regard to the conveyance of immovable property. The Deeds Registries Act authorizes only conveyancers to prepare deeds of transfer, and thus the conveyancer is responsible for certain facts set out in the deed and other documents. Conveyancing fees, which depend on the property value, are set by the Law Society.

The conveyancer, before submitting the documentation to the deeds registry to transfer the property to the new company, must also conduct a company search at the Companies and Intellectual Property Commission Office to ascertain the directors of both companies.

All conveyancers have access to this authority via the Internet and can perform the check online. Usually conveyancers will also ask clients to provide the requisite documents. In so doing, the conveyancer will:

- Review the companies' memorandum and articles of association to confirm the authority to acquire and alienate immovable property. The founding documents of the seller will be the Memorandum and Articles of Association. If the buyer company was formed before May 1, 2011, its Memorandum and Articles of Association will be examined. If the buyer company was formed after May 1, 2011, only its Memorandum of Incorporation will be examined.
- Review the necessary resolutions. Section 115 of the Companies Act 71 2008 states that a company may not dispose of all or the greater part of its assets except through a special resolution.
- Ensure compliance with the Financial Intelligence Center Act by obtaining proof from the companies of the physical/business address and the Tax/VAT registration number with the South African Revenue Services. The conveyancer will also request this information from the clients before proceeding, and the check is done automatically at the time the transfer duty is paid. If a company does not have or quotes an incorrect Tax/VAT number, it will be unable to pay the transfer duty, and the process will come to a halt.

Procedure 3*. Obtain an electrical compliance certificate from a certified electrician

Time: 7 days

Cost: ZAR 1,250

Comments: This certificate is not required by the land registry. The Health and Environment Act of 1993 makes it mandatory for anyone selling anything that includes electrical wiring to have an Electrical Certificate of Compliance. It is common practice for the seller to obtain this clearance certificate. However, a sale agreement includes a clause that refers to the Act, specifying who should obtain the clearance certificate and who will bear the cost.

Procedure 4*. Obtain an ownership certificate

Time: 0.5 day

Cost: No cost

Comments: The conveyancer performs a title search using a licensed third-party software (e.g., GhostConvey, WinDeed, Korbitec, WinDeed, Searchworks, etc.) to ensure that the property exists and that the seller is the rightful owner. The search can also be conducted using the Deeds Registry's own platform, DeedsWeb (<http://www.deeds.gov.za/ITSODEedsWebB/deedsweb/welcome.jsp>). DeedsWeb's coverage is countrywide, and a user can access information on any property throughout the country.

A small number of conveyancers still conduct the search in person, but the majority has a subscription to a third-party software used for searches. The small fee associated with this procedure is included in the conveyancer's fees.

Procedure 5*. Obtain a transfer duty receipt from the South African Revenue Services

Time: 0.5 day

Cost: ZAR 167,360 (ZAR 37,000 plus 8% on the value above ZAR 1,500 for a property valued at ZAR 1,500,000 or more)

Comments: The transferring conveyancer obtains a transfer duty receipt/exemption certificate from the South African Revenue Services. As of February 23, 2011, the distinction drawn in calculating the transfer duties for legal entities and natural persons has been abolished. Both legal entities and natural persons now pay the transfer duty based on a sliding scale. The scale is as follows: ZAR 0 to ZAR 600,000 - exempt; ZAR 600,001 to ZAR 1,000,000 - 3% on the value above ZAR 600,000, but not exceeding ZAR 1,000,000; ZAR 1,000,001 to ZAR 1,500,000 - ZAR 12,000 plus 5% on the value above ZAR 1,000,000, but not exceeding ZAR 1,500,000; ZAR 1,500,001 and above - ZAR 37,000 plus 8% on the value above ZAR 1,500,000.

Procedure 6. Parties sign all the documentation at the conveyancer's office

Time: 1 day

Cost: ZAR 27,310 (for properties valued between ZAR 3,100,000.01 and ZAR 3,200,000.00)

Comments: The conveyancer will collect all the documentation signed by the seller and the purchaser and obtain guarantees for the purchase price. The documents to be signed by the parties are as follows:

- Seller
 - Power of attorney to pass the deed
 - Transfer duty declarations

- Affidavits (Solvency; Financial Intelligence Centre Act (FICA))
- Purchaser
 - Transfer duty declarations
 - Affidavits (Solvency; FICA)

Procedure 7. Register the deed with the Johannesburg Deeds Registry

Time: 11 days

Cost: ZAR 1,100

Comments: The conveyancer registers the deed with the Deeds Registry. The Registrar compares the draft deed with data in the register. The deed is examined to (1) ensure compliance with the conditions of transfer, (2) check the legality of the transfer, and (3) verify that the proper standards of examination were applied. Once the criteria are met, the deed is prepared for registration and execution. The registration fee, which depends on the value of the property and is obtained from the Transfer Cost table available at http://www.ghostdigest.co.za/code/C_20.html (D/O Levy column), is then paid. The Registrar executes the deed, and the conveyancer signs the transfer deed at the Deeds Registry in front of the registrar or a deputy. The Deeds Registry subsequently updates the register and archives a copy.

REGISTERING PROPERTY

eThekwi, Durban

Property value: ZAR 3,129,500 (US\$ 359,500)

Data as of: January 2015

Procedure 1. Obtain a rates clearance certificate from the eThekwi Municipality

Time: 14 days

Cost: ZAR 129

Comments: The transferring conveyancer obtains a rates clearance certificate from the local municipality. eThekwi's Interim Rates Clearance Application Management (IRCAM) is a unique system for rates clearance issuance that the municipality developed in-house. The receipt of the applications and the forwarding of certificates are outsourced to service providers managed by the municipality.

Procedure 2*. Prepare and collect all the required documentation

Time: 10 days

Cost: No cost

Comments: A conveyancer prepares the deed of sale and drafts the transfer deed. The conveyancer obtains power of attorney, appointing him/her to appear before the Registrar. The conveyancer's services are mandatory for the registration of land in South Africa. A conveyancer is an attorney authorized under the Attorneys Act to perform specialized duties with regard to the conveyance of immovable property. The Deeds Registries Act authorizes only conveyancers to prepare deeds of transfer, and thus the conveyancer is responsible for certain facts set out in the deed and other documents. Conveyancing fees, which depend on the property value, are set by the Law Society.

* This procedure can be completed simultaneously with previous procedures.

The conveyancer, before submitting the documentation to the deeds registry to transfer the property to the new company, must also conduct a company search at the Companies and Intellectual Property Commission Office to ascertain the directors of both companies.

All conveyancers have access to this authority via the Internet and can perform the check online. Usually conveyancers will also ask clients to provide the requisite documents. In so doing, the conveyancer will:

- Review the companies' memorandum and articles of association to confirm the authority to acquire and alienate immovable property. The founding documents of the seller will be the Memorandum and Articles of Association. If the buyer company was formed before May 1, 2011, its Memorandum and Articles of Association will be examined. If the buyer company was formed after May 1, 2011, only its Memorandum of Incorporation will be examined.
- Review the necessary resolutions. Section 115 of the Companies Act 71 2008 states that a company may not dispose of all or the greater part of its assets except through a special resolution.
- Ensure compliance with the Financial Intelligence Center Act by obtaining proof from the companies of the physical/business address and the Tax/VAT registration number with the South African Revenue Services. The conveyancer will also request this information from the clients before proceeding, and the check is done automatically at the time the transfer duty is paid. If a company does not have or quotes an incorrect Tax/VAT number, it will be unable to pay the transfer duty, and the process will come to a halt.

Procedure 3*. Obtain an electrical compliance certificate from a certified electrician

Time: 7 days

Cost: ZAR 1,250

Comments: This certificate is not required by the land registry. The Health and Environment Act of 1993 makes it mandatory for anyone selling anything that includes electrical wiring to have an Electrical Certificate of Compliance. It is common practice for the seller to obtain this clearance certificate. However, a sale agreement includes a clause that refers to the Act, specifying who should obtain the clearance certificate and who will bear the cost.

Procedure 4*. Obtain an entomologist's certificate from a certified entomologist

Time: 7 days

Cost: ZAR 600

Comments: Contractual practice in eThekweni requires an entomologist's certificate proving that there are no infestations on the property.

Procedure 5*. Obtain an ownership certificate

Time: 0.5 day

Cost: No cost

Comments: The conveyancer performs a title search using a licensed third-party software (e.g., GhostConvey, WinDeed, Korbitec, WinDeed, Searchworks, etc.) to ensure that the property exists and that the seller is the rightful owner. The search can also be conducted using the Deeds Registry's own platform, DeedsWeb (<http://www.deeds.gov.za/ITSODEedsWebB/deedsweb/welcome.jsp>). DeedsWeb's coverage is countrywide, and a user can access information on any property throughout the country.

A small number of conveyancers still conduct the search in person, but the majority has a subscription to a third-party software used for searches. The small fee associated with this procedure is included in the conveyancer's fees.

Procedure 6*. Obtain a transfer duty receipt from the South African Revenue Services

Time: 0.5 day

Cost: ZAR 167,360 (ZAR 37,000 plus 8% on the value above ZAR 1,500 for a property valued at ZAR 1,500,000 or more)

Comments: The transferring conveyancer obtains a transfer duty receipt/exemption certificate from the South African Revenue Services. As of February 23, 2011, the distinction drawn in calculating the transfer duties for legal entities and natural persons has been abolished. Both legal entities and natural persons now pay the transfer duty based on a sliding scale. The scale is as follows: ZAR 0 to ZAR 600,000 - exempt; ZAR 600,001 to ZAR 1,000,000 - 3% on the value above ZAR 600,000, but not exceeding ZAR 1,000,000; ZAR 1,000,001 to ZAR 1,500,000 - ZAR 12,000 plus 5% on the value above ZAR 1,000,000, but not exceeding ZAR 1,500,000; ZAR 1,500,001 and above - ZAR 37,000 plus 8% on the value above ZAR 1,500,000.

Procedure 7. Parties sign all the documentation at the conveyancer's office

Time: 1 day

Cost: ZAR 27,310 (for properties valued between ZAR 3,100,000.01 and ZAR 3,200,000.00)

Comments: The conveyancer will collect all the documentation signed by the seller and the purchaser and obtain guarantees for the purchase price. The documents to be signed by the parties are as follows:

- Seller
 - Power of attorney to pass the deed
 - Transfer duty declarations
 - Affidavits (Solvency; Financial Intelligence Centre Act (FICA))
- Purchaser
 - Transfer duty declarations
 - Affidavits (Solvency; FICA)

Procedure 8. Register the deed with the Pietermaritzburg Deeds Registry

Time: 14 days

Cost: ZAR 1,100

Comments: The conveyancer registers the deed with the Deeds Registry. The Registrar compares the draft deed with data in the register. The deed is examined to (1) ensure compliance with the conditions of transfer, (2) check the legality of the transfer, and (3) verify that the proper standards of examination were applied. Once the criteria are met, the deed is prepared for registration and execution. The registration fee, which depends on the value of the property and is obtained from the Transfer Cost table available at http://www.ghostdigest.co.za/code/C_20.html (D/O Levy column), is then paid. The Registrar executes the deed, and the conveyancer signs the transfer deed at the Deeds Registry in front of the registrar or a deputy. The Deeds Registry subsequently updates the register and archives a copy.

REGISTERING PROPERTY

Johannesburg, Johannesburg

Property value: ZAR 3,129,500 (US\$ 359,500)

Data as of: January 2015

Procedure 1. Obtain a rates clearance certificate from the Johannesburg Municipality

Time: 11 days

Cost: ZAR 178

Comments: The transferring conveyancer obtains a rates (taxes) clearance certificate from the local authority, on behalf of the seller only if in Johannesburg. Section 118 of the Local Municipality Act states that any transfer of property must be accompanied by a rates clearance from the local authority. However, the local authority will only check the last 24 months as this is sufficient for the transfer to legally take place. If any taxes are owed from previous years, the seller is not exonerated, and the taxes will still have to be paid by either the seller or the new owner as per agreement.

Procedure 2*. Prepare and collect all the required documentation

Time: 10 days

Cost: No cost

Comments: A conveyancer prepares the deed of sale and drafts the transfer deed. The conveyancer obtains power of attorney, appointing him/her to appear before the Registrar. The conveyancer's services are mandatory for the registration of land in South Africa. A conveyancer is an attorney authorized under the Attorneys Act to perform specialized duties with regard to the conveyance of immovable property. The Deeds Registries Act authorizes only conveyancers to prepare deeds of transfer, and thus the conveyancer is responsible for certain facts set out in the deed and other documents. Conveyancing fees, which depend on the property value, are set by the Law Society.

The conveyancer, before submitting the documentation to the deeds registry to transfer the property to the new company, must also conduct a company search at the Companies and Intellectual Property Commission Office to ascertain the directors of both companies.

* This procedure can be completed simultaneously with previous procedures.

All conveyancers have access to this authority via the Internet and can perform the check online. Usually conveyancers will also ask clients to provide the requisite documents. In so doing, the conveyancer will:

- a. Review the companies' memorandum and articles of association to confirm the authority to acquire and alienate immovable property. The founding documents of the seller will be the Memorandum and Articles of Association. If the buyer company was formed before May 1, 2011, its Memorandum and Articles of Association will be examined. If the buyer company was formed after May 1, 2011, only its Memorandum of Incorporation will be examined.
- b. Review the necessary resolutions. Section 115 of the Companies Act 71 2008 states that a company may not dispose of all or the greater part of its assets except through a special resolution.
- c. Ensure compliance with the Financial Intelligence Center Act by obtaining proof from the companies of the physical/business address and the Tax/VAT registration number with the South African Revenue Services. The conveyancer will also request this information from the clients before proceeding, and the check is done automatically at the time the transfer duty is paid. If a company does not have or quotes an incorrect Tax/VAT number, it will be unable to pay the transfer duty, and the process will come to a halt.

Procedure 3*. Obtain an electrical compliance certificate from a certified electrician

Time: 7 days

Cost: ZAR 1,250

Comments: This certificate is not required by the land registry. The Health and Environment Act of 1993 makes it mandatory for anyone selling anything that includes electrical wiring to have an Electrical Certificate of Compliance. It is common practice for the seller to obtain this clearance certificate. However, a sale agreement will include a clause that refers to the Act, specifying who should obtain the clearance certificate and who will bear the cost.

Procedure 4*. Obtain an ownership certificate

Time: 0.5 day

Cost: No cost (included in procedure 6)

Comments: The conveyancer performs a title search using a licensed third-party software (e.g., GhostConvey, WinDeed, Korbitec, WinDeed, Searchworks, etc.) to ensure that the property exists and that the seller is the rightful owner. The search can also be conducted using the Deeds Registry's own platform, DeedsWeb (<http://www.deeds.gov.za/ITSODeedsWebB/deedsweb/welcome.jsp>). DeedsWeb's coverage is countrywide, and a user can access information on any property throughout the country.

A small number of conveyancers still conduct the search in person, but the majority has a subscription to a third-party software used for searches. The small fee associated with this procedure is included in the conveyancer's fees.

Procedure 5*. Obtain a transfer duty receipt from the South African Revenue Services

Time: 0.5 day

Cost: ZAR 167,360 (ZAR 37,000 plus 8% on the value above ZAR 1,500 for a property valued at ZAR 1,500,000 or more)

Comments: The transferring conveyancer obtains a transfer duty receipt/exemption certificate from the South African Revenue Services. As of February 23, 2011, the distinction drawn in calculating the transfer duties for legal entities and natural persons has been abolished. Both legal entities and natural persons now pay the transfer duty based on a sliding scale. The scale is as follows: ZAR 0 to ZAR 600,000 - exempt; ZAR 600,001 to ZAR 1,000,000 - 3% on the value above ZAR 600,000, but not exceeding ZAR 1,000,000; ZAR 1,000,001 to ZAR 1,500,000 - ZAR 12,000 plus 5% on the value above ZAR 1,000,000, but not exceeding ZAR 1,500,000; ZAR 1,500,001 and above - ZAR 37,000 plus 8% on the value above ZAR 1,500,000.

Procedure 6. Parties sign all the documentation at the conveyancer's office

Time: 1 day

Cost: ZAR 27,310 (for properties valued between ZAR 3,100,000.01 and ZAR 3,200,000.00)

Comments: The conveyancer will collect all the documentation signed by the seller and the purchaser and obtain guarantees for the purchase price. The documents to be signed by the parties are as follows:

- a. Seller
 - Power of attorney to pass the deed
 - Transfer duty declarations
 - Affidavits (Solvency; Financial Intelligence Centre Act (FICA))
- b. Purchaser
 - Transfer duty declarations
 - Affidavits (Solvency; FICA)

Procedure 7. Register the deed with the Johannesburg Deeds Registry

Time: 11 days

Cost: ZAR 1,100

Comments: The conveyancer registers the deed with the Deeds Registry. The Registrar compares the draft deed with data in the register. The deed is examined to (1) ensure compliance with the conditions of transfer, (2) check the legality of the transfer, and (3) verify that the proper standards of examination were applied. Once the criteria are met, the deed is prepared for registration and execution. The registration fee, which depends on the value of the property and is obtained from the Transfer Cost table available at http://www.ghostdigest.co.za/code/C_20.html (D/O Levy column), is then paid. The Registrar executes the deed, and the conveyancer signs the transfer deed at the Deeds Registry in front of the registrar or a deputy. The Deeds Registry subsequently updates the register and archives a copy.

REGISTERING PROPERTY

Mangaung, Bloemfontein

Property value: ZAR 3,129,500 (US\$ 359,500)

Data as of: January 2015

Procedure 1. Obtain electricity rates clearance from the utility Centlec

Time: 21 days

Cost: ZAR 60

Comments: The transferring conveyancer obtains an electricity rates clearance certificate from the local utility prior to obtaining a rates clearance certificate from the municipality. There is no electronic platform for requesting the clearance certificate, and thus the request must be made manually.

Procedure 2. Obtain a rates and water clearance certificate from the Mangaung Municipality

Time: 21 days

Cost: ZAR 200

Comments: The transferring conveyancer obtains a rates clearance certificate from the local municipality. In Bloemfontein, conveyancers can request the certificate online through <http://www.ratesclearance.com>, though most conveyancers still use the paper option.

Procedure 3*. Obtain an electrical compliance certificate from a certified electrician

Time: 7 days

Cost: ZAR 1,250

Comments: This certificate is not required by the land registry. The Health and Environment Act of 1993 makes it mandatory for anyone selling anything that includes electrical wiring to have an Electrical Certificate of Compliance. It is common practice for the seller to obtain this clearance certificate. However, a sale agreement includes a clause that refers to the Act, specifying who should obtain the clearance certificate and who will bear the cost.

Procedure 4*. Prepare and collect all the required documentation

Time: 10 days

Cost: No cost

Comments: A conveyancer prepares the deed of sale and drafts the transfer deed. The conveyancer obtains power of attorney, appointing him/her to appear before the Registrar. The conveyancer's services are mandatory for the registration of land in South Africa. A conveyancer is an attorney authorized under the Attorneys Act to perform specialized duties with regard to the conveyance of immovable property. The Deeds Registries Act authorizes only conveyancers to prepare deeds of transfer, and thus the conveyancer is responsible for certain facts set out in the deed and other documents. Conveyancing fees, which depend on the property value, are set by the Law Society.

* This procedure can be completed simultaneously with previous procedures.

The conveyancer, before submitting the documentation to the deeds registry to transfer the property to the new company, must also conduct a company search at the Companies and Intellectual Property Commission Office to ascertain the directors of both companies.

All conveyancers have access to this authority via the Internet and can perform the check online. Usually conveyancers will also ask clients to provide the requisite documents. In so doing, the conveyancer will:

- Review the companies' memorandum and articles of association to confirm the authority to acquire and alienate immovable property. The founding documents of the seller will be the Memorandum and Articles of Association. If the buyer company was formed before May 1, 2011, its Memorandum and Articles of Association will be examined. If the buyer company was formed after May 1, 2011, only its Memorandum of Incorporation will be examined.
- Review the necessary resolutions. Section 115 of the Companies Act 71 2008 states that a company may not dispose of all or the greater part of its assets except through a special resolution.
- Ensure compliance with the Financial Intelligence Center Act by obtaining proof from the companies of the physical/business address and the Tax/VAT registration number with the South African Revenue Services. The conveyancer will also request this information from the clients before proceeding, and the check is done automatically at the time the transfer duty is paid. If a company does not have or quotes an incorrect Tax/VAT number, it will be unable to pay the transfer duty, and the process will come to a halt.

Procedure 5*. Obtain an ownership certificate

Time: 0.5 day

Cost: No cost

Comments: The conveyancer performs a title search using a licensed third-party software (e.g., GhostConvey, WinDeed, Korbitec, WinDeed, Searchworks, etc.) to ensure that the property exists and that the seller is the rightful owner. The search can also be conducted using the Deeds Registry's own platform, DeedsWeb (<http://www.deeds.gov.za/ITSODeedsWebB/deedsweb/wel-come.jsp>). DeedsWeb's coverage is countrywide, and a user can access information on any property throughout the country.

A small number of conveyancers still conduct the search in person, but the majority has a subscription to a third-party software used for searches. The small fee associated with this procedure is included in the conveyancer's fees.

Procedure 6*. Obtain a transfer duty receipt from the South African Revenue Services

Time: 0.5 day

Cost: ZAR 167,360 (ZAR 37,000 plus 8% on the value above ZAR 1,500 for a property valued at ZAR 1,500,000 or more)

Comments: The transferring conveyancer obtains a transfer duty receipt/exemption certificate from the South African Revenue Services. As of February 23, 2011, the distinction drawn in calculating the transfer duties for legal entities and natural persons has been abolished. Both legal entities and natural persons now pay the transfer duty based on a sliding scale. The scale is as follows: ZAR 0 to ZAR 600,000 - exempt; ZAR 600,001 to ZAR 1,000,000 - 3% on the value above ZAR 600,000, but not exceeding ZAR 1,000,000; ZAR 1,000,001 to ZAR 1,500,000 - ZAR 12,000 plus 5% on the value above ZAR 1,000,000, but not exceeding ZAR 1,500,000; ZAR 1,500,001 and above - ZAR 37,000 plus 8% on the value above ZAR 1,500,000.

Procedure 7. Parties sign all the documentation at the conveyancer's office

Time: 1 day

Cost: ZAR 27,310 (for properties valued between ZAR 3,100,000.01 and ZAR 3,200,000.00)

Comments: The conveyancer will collect all the documentation signed by the seller and the purchaser and obtain guarantees for the purchase price. The documents to be signed by the parties are as follows:

- Seller
 - Power of attorney to pass the deed
 - Transfer duty declarations
 - Affidavits (Solvency; Financial Intelligence Centre Act (FICA))
- Purchaser
 - Transfer duty declarations
 - Affidavits (Solvency; FICA)

Procedure 8. Register the deed with the Bloemfontein Deeds Registry

Time: 9 days

Cost: ZAR 1,100

Comments: The conveyancer registers the deed with the Deeds Registry. The Registrar compares the draft deed with data in the register. The deed is examined to (1) ensure compliance with the conditions of transfer, (2) check the legality of the transfer, and (3) verify that the proper standards of examination were applied. Once the criteria are met, the deed is prepared for registration and execution. The registration fee, which depends on the value of the property and is obtained from the Transfer Cost table available at http://www.ghostdigest.co.za/code/C_20.html (D/O Levy column), is then paid. The Registrar executes the deed, and the conveyancer signs the transfer deed at the Deeds Registry in front of the registrar or a deputy. The Deeds Registry subsequently updates the register and archives a copy.

REGISTERING PROPERTY

Msunduzi, Pietermaritzburg

Property value: ZAR 3,129,500 (US\$ 359,500)

Data as of: January 2015

Procedure 1. Obtain a rates clearance certificate from the Msunduzi Municipality

Time: 30 days

Cost: ZAR 264

Comments: The transferring conveyancer obtains a rates clearance certificate from the local municipality. In Pietermaritzburg, the application cannot be done online and has to be done manually.

Procedure 2*. Prepare and collect all the required documentation

Time: 10 days

Cost: No cost

Comments: A conveyancer prepares the deed of sale and drafts the transfer deed. The conveyancer obtains power of attorney, appointing him/her to appear before the Registrar. The conveyancer's services are mandatory for the registration of land in South Africa. A conveyancer is an attorney authorized under the Attorneys Act to perform specialized duties with regard to the conveyance of immovable property. The Deeds Registries Act authorizes only conveyancers to prepare deeds of transfer, and thus the conveyancer is responsible for certain facts set out in the deed and other documents. Conveyancing fees, which depend on the property value, are set by the Law Society.

The conveyancer, before submitting the documentation to the deeds registry to transfer the property to the new company, must also conduct a company search at the Companies and Intellectual Property Commission Office to ascertain the directors of both companies.

All conveyancers have access to this authority via the Internet and can perform the check online. Usually conveyancers will also ask clients to provide the requisite documents. In so doing, the conveyancer will:

- Review the companies' memorandum and articles of association to confirm the authority to acquire and alienate immovable property. The founding documents of the seller will be the Memorandum and Articles of Association. If the buyer company was formed before May 1, 2011, its Memorandum and Articles of Association will be examined. If the buyer company was formed after May 1, 2011, only its Memorandum of Incorporation will be examined.
- Review the necessary resolutions. Section 115 of the Companies Act 71 2008 states that a company may not dispose of all or the greater part of its assets except through a special resolution.
- Ensure compliance with the Financial Intelligence Center Act by obtaining proof from the companies of the physical/business address and the Tax/VAT registration number with the South African Revenue Services. The conveyancer will also request this information from the clients before proceeding, and the check is done automatically at the time the transfer duty is paid. If a company does not have or quotes an incorrect Tax/VAT number, it will be unable to pay the transfer duty, and the process will come to a halt.

Procedure 3*. Obtain an electrical compliance certificate from a certified electrician

Time: 7 days

Cost: ZAR 1,250

* This procedure can be completed simultaneously with previous procedures.

Comments: This certificate is not required by the land registry. The Health and Environment Act of 1993 makes it mandatory for anyone selling anything that includes electrical wiring to have an Electrical Certificate of Compliance. It is common practice for the seller to obtain this clearance certificate. However, a sale agreement includes a clause that refers to the Act, specifying who should obtain the clearance certificate and who will bear the cost.

Procedure 4*. Obtain an entomologist's certificate from a certified entomologist

Time: 7 days

Cost: ZAR 600

Comments: Contractual practice in Msunduzi requires an entomologist's certificate proving that there are no infestations on the property.

Procedure 5*. Obtain an ownership certificate

Time: 0.5 day

Cost: No cost

Comments: The conveyancer performs a title search using a licensed third-party software (e.g., GhostConvey, WinDeed, Korbitec, WinDeed, Searchworks, etc.) to ensure that the property exists and that the seller is the rightful owner. The search can also be conducted using the Deeds Registry's own platform, DeedsWeb (<http://www.deeds.gov.za/ITSODEedsWebB/deedsweb/welcome.jsp>). DeedsWeb's coverage is countrywide, and a user can access information on any property throughout the country.

A small number of conveyancers still conduct the search in person, but the majority has a subscription to a third-party software used for searches. The small fee associated with this procedure is included in the conveyancer's fees.

Procedure 6*. Obtain a transfer duty receipt from the South African Revenue Services

Time: 0.5 day

Cost: ZAR 167,360 (ZAR 37,000 plus 8% on the value above ZAR 1,500 for a property valued at ZAR 1,500,000 or more)

Comments: The transferring conveyancer obtains a transfer duty receipt/exemption certificate from the South African Revenue Services. As of February 23, 2011, the distinction drawn in calculating the transfer duties for legal entities and natural persons has been abolished. Both legal entities and natural persons now pay the transfer duty based on a sliding scale. The scale is as follows: ZAR 0 to ZAR 600,000 - exempt; ZAR 600,001 to ZAR 1,000,000 - 3% on the value above ZAR 600,000, but not exceeding ZAR 1,000,000; ZAR 1,000,001 to ZAR 1,500,000 - ZAR 12,000 plus 5% on the value above ZAR 1,000,000, but not exceeding ZAR 1,500,000; ZAR 1,500,001 and above - ZAR 37,000 plus 8% on the value above ZAR 1,500,000.

Procedure 7. Parties sign all the documentation at the conveyancer's office

Time: 1 day

Cost: ZAR 27,310 (for properties valued between ZAR 3,100,000.01 and ZAR 3,200,000.00)

Comments: The conveyancer will collect all the documentation signed by the seller and the purchaser and obtain guarantees for the purchase price. The documents to be signed by the parties are as follows:

- a. Seller
 - Power of attorney to pass the deed
 - Transfer duty declarations
 - Affidavits (Solvency; Financial Intelligence Centre Act (FICA))
- b. Purchaser
 - Transfer duty declarations
 - Affidavits (Solvency; FICA)

Procedure 8. Register the deed with the Pietermaritzburg Deeds Registry

Time: 14 days

Cost: ZAR 1,100

Comments: The conveyancer registers the deed with the Deeds Registry. The Registrar compares the draft deed with data in the register. The deed is examined to (1) ensure compliance with the conditions of transfer, (2) check the legality of the transfer, and (3) verify that the proper standards of examination were applied. Once the criteria are met, the deed is prepared for registration and execution. The registration fee, which depends on the value of the property and is obtained from the Transfer Cost table available at http://www.ghostdigest.co.za/code/C_20.html (D/O Levy column), is then paid. The Registrar executes the deed, and the conveyancer signs the transfer deed at the Deeds Registry in front of the registrar or a deputy. The Deeds Registry subsequently updates the register and archives a copy.

REGISTERING PROPERTY

Nelson Mandela Bay, Port Elizabeth

Property value: ZAR 3,129,500 (US\$ 359,500)

Data as of: January 2015

Procedure 1. Prepare and collect all the required documentation

Time: 10 days

Cost: No cost

Comments: A conveyancer prepares the deed of sale and drafts the transfer deed. The conveyancer obtains power of attorney, appointing him/her to appear before the Registrar. The conveyancer's services are mandatory for the registration of land in South Africa. A conveyancer is an attorney authorized under the Attorneys Act to perform specialized duties with regard to the conveyance of immovable property. The Deeds Registries Act authorizes only conveyancers to prepare deeds of transfer, and thus the conveyancer is responsible for certain facts set out in the deed and other documents. Conveyancing fees, which depend on the property value, are set by the Law Society.

The conveyancer, before submitting the documentation to the deeds registry to transfer the property to the new company, must also conduct a company search at the Companies and Intellectual Property Commission Office to ascertain the directors of both companies.

All conveyancers have access to this authority via the Internet and can perform the check online. Usually conveyancers will also ask clients to provide the requisite documents. In so doing, the conveyancer will:

- a. Review the companies' memorandum and articles of association to confirm the authority to acquire and alienate immovable property. The founding documents of the seller will be the Memorandum and Articles of Association. If the buyer company was formed before May 1, 2011, its Memorandum and Articles of Association will be examined. If the buyer company was formed after May 1, 2011, only its Memorandum of Incorporation will be examined.
- b. Review the necessary resolutions. Section 115 of the Companies Act 71 2008 states that a company may not dispose of all or the greater part of its assets except through a special resolution.
- c. Ensure compliance with the Financial Intelligence Center Act by obtaining proof from the companies of the physical/business address and the Tax/VAT registration number with the South African Revenue Services. The conveyancer will also request this information from the clients before proceeding, and the check is done automatically at the time the transfer duty is paid. If a company does not have or quotes an incorrect Tax/VAT number, it will be unable to pay the transfer duty, and the process will come to a halt.

Procedure 2*. Obtain a rates clearance certificate from the municipality at Nelson Mandela Bay Municipality

Time: 7 days

Cost: ZAR 102 (ZAR 34 for valuation certificate + ZAR 68 for rates clearance certificate)

Comments: The transferring conveyancer obtains a rates clearance certificate from the local municipality. In Port Elizabeth, most conveyancers request the certificate in person.

Procedure 3*. Obtain an electrical compliance certificate from a certified electrician

Time: 7 days

Cost: ZAR 1,250

Comments: This certificate is not required by the land registry. The Health and Environment Act of 1993 makes it mandatory for anyone selling anything that includes electrical wiring to have an Electrical Certificate of Compliance. It is common practice for the seller to obtain this clearance certificate. However, a sale agreement will include a clause that refers to the Act, specifying who should obtain the clearance certificate and who will bear the cost.

Procedure 4*. Obtain an entomologist's certificate from a certified entomologist

Time: 7 days

Cost: ZAR 600

Comments: Contractual practice in Nelson Mandela Bay requires an entomologist's certificate proving that there are no infestations on the property.

* This procedure can be completed simultaneously with previous procedures.

Procedure 5*. Obtain an ownership certificate

Time: 0.5 day

Cost: No cost

Comments: The conveyancer performs a title search using a licensed third-party software (e.g., GhostConvey, WinDeed, Korbitec, WinDeed, Searchworks, etc.) to ensure that the property exists and that the seller is the rightful owner. The search can also be conducted using the Deeds Registry's own platform, DeedsWeb (<http://www.deeds.gov.za/ITSODeedsWebB/deedsweb/welcome.jsp>). DeedsWeb's coverage is countrywide, and a user can access information on any property throughout the country.

A small number of conveyancers still conduct the search in person, but the majority has a subscription to a third-party software used for searches. The small fee associated with this procedure is included in the conveyancer's fees.

Procedure 6*. Obtain a transfer duty receipt from the South African Revenue Services

Time: 0.5 day

Cost: ZAR 167,360 (ZAR 37,000 plus 8% on the value above ZAR 1,500 for a property valued at ZAR 1,500,000 or more)

Comments: The transferring conveyancer obtains a transfer duty receipt/exemption certificate from the South African Revenue Services. As of February 23, 2011, the distinction drawn in calculating the transfer duties for legal entities and natural persons has been abolished. Both legal entities and natural persons now pay the transfer duty based on a sliding scale. The scale is as follows: ZAR 0 to ZAR 600,000 - exempt; ZAR 600,001 to ZAR 1,000,000 - 3% on the value above ZAR 600,000, but not exceeding ZAR 1,000,000; ZAR 1,000,001 to ZAR 1,500,000 - ZAR 12,000 plus 5% on the value above ZAR 1,000,000, but not exceeding ZAR 1,500,000; ZAR 1,500,001 and above - ZAR 37,000 plus 8% on the value above ZAR 1,500,000.

Procedure 7. Parties sign all the documentation at the conveyancer's office

Time: 1 day

Cost: ZAR 27,310 (for properties valued between ZAR 3,100,000.01 and ZAR 3,200,000.00)

Comments: The conveyancer will collect all the documentation signed by the seller and the purchaser and obtain guarantees for the purchase price. The documents to be signed by the parties are as follows:

- a. Seller
 - Power of attorney to pass the deed
 - Transfer duty declarations
 - Affidavits (Solvency; Financial Intelligence Centre Act (FICA))
- b. Purchaser
 - Transfer duty declarations
 - Affidavits (Solvency; FICA)

Procedure 8. Register the deed with the Cape Town Deeds Registry

Time: 14 days

Cost: ZAR 1,100

Comments: The conveyancer registers the deed with the Deeds Registry. The Registrar compares the draft deed with data in the register. The deed is examined to (1) ensure compliance with the conditions of transfer, (2) check the legality of the transfer, and (3) verify that the proper standards of examination were applied. Once the criteria are met, the deed is prepared for registration and execution. The registration fee, which depends on the value of the property and is obtained from the Transfer Cost table available at http://www.ghostdigest.co.za/code/C_20.html (D/O Levy column), is then paid. The Registrar executes the deed, and the conveyancer signs the transfer deed at the Deeds Registry in front of the registrar or a deputy. The Deeds Registry subsequently updates the register and archives a copy.

REGISTERING PROPERTY

Tshwane, Pretoria

Property value: ZAR 3,129,500 (US\$ 359,500)

Data as of: January 2015

Procedure 1. Obtain a rates clearance certificate from the municipality at City of Tshwane Municipality

Time: 20 days

Cost: ZAR 54

Comments: The transferring conveyancer obtains a rates clearance certificate from the local municipality. In Pretoria, clearance can be requested online through <http://www.ratesclearance.com>.

Procedure 2*. Prepare and collect all the required documentation

Time: 10 days

Cost: No cost

Comments: A conveyancer prepares the deed of sale and drafts the transfer deed. The conveyancer obtains power of attorney, appointing him/her to appear before the Registrar. The conveyancer's services are mandatory for the registration of land in South Africa. A conveyancer is an attorney authorized under the Attorneys Act to perform specialized duties with regard to the conveyance of immovable property. The Deeds Registries Act authorizes only conveyancers to prepare deeds of transfer, and thus the conveyancer is responsible for certain facts set out in the deed and other documents. Conveyancing fees, which depend on the property value, are set by the Law Society.

The conveyancer, before submitting the documentation to the deeds registry to transfer the property to the new company, must also conduct a company search at the Companies and Intellectual Property Commission Office to ascertain the directors of both companies.

All conveyancers have access to this authority via the Internet and can perform the check online. Usually conveyancers will also ask clients to provide the requisite documents. In so doing, the conveyancer will:

- a. Review the companies' memorandum and articles of association to confirm the authority to acquire and alienate immovable property. The founding documents of the seller will be the Memorandum and Articles of Association. If the buyer company was formed before May

1, 2011, its Memorandum and Articles of Association will be examined. If the buyer company was formed after May 1, 2011, only its Memorandum of Incorporation will be examined.

- b. Review the necessary resolutions. Section 115 of the Companies Act 71 2008 states that a company may not dispose of all or the greater part of its assets except through a special resolution.
- c. Ensure compliance with the Financial Intelligence Center Act by obtaining proof from the companies of the physical/business address and the Tax/VAT registration number with the South African Revenue Services. The conveyancer will also request this information from the clients before proceeding, and the check is done automatically at the time the transfer duty is paid. If a company does not have or quotes an incorrect Tax/VAT number, it will be unable to pay the transfer duty, and the process will come to a halt.

Procedure 3*. Obtain an electrical compliance certificate from a certified electrician

Time: 7 days

Cost: ZAR 1,250

Comments: This certificate is not required by the land registry. The Health and Environment Act of 1993 makes it mandatory for anyone selling anything that includes electrical wiring to have an Electrical Certificate of Compliance. It is common practice for the seller to obtain this clearance certificate. However, a sale agreement will include a clause that refers to the Act, specifying who should obtain the clearance certificate and who will bear the cost.

Procedure 4*. Obtain an ownership certificate

Time: 0.5 day

Cost: No cost

Comments: The conveyancer performs a title search using a licensed third-party software (e.g., GhostConvey, WinDeed, Korbitec, WinDeed, Searchworks, etc.) to ensure that the property exists and that the seller is the rightful owner. The search can also be conducted using the Deeds Registry's own platform, DeedsWeb (<http://www.deeds.gov.za/ITSODeedsWebB/deedsweb/welcome.jsp>). DeedsWeb's coverage is countrywide, and a user can access information on any property throughout the country.

A small number of conveyancers still conduct the search in person, but the majority has a subscription to a third-party software used for searches. The small fee associated with this procedure is included in the conveyancer's fees.

Procedure 5*. Obtain a transfer duty receipt from the South African Revenue Services

Time: 0.5 day

Cost: ZAR 167,360 (ZAR 37,000 plus 8% on the value above ZAR 1,500 for a property valued at ZAR 1,500,000 or more)

* This procedure can be completed simultaneously with previous procedures.

Comments: The transferring conveyancer obtains a transfer duty receipt/exemption certificate from the South African Revenue Services. As of February 23, 2011, the distinction drawn in calculating the transfer duties for legal entities and natural persons has been abolished. Both legal entities and natural persons now pay the transfer duty based on a sliding scale. The scale is as follows: ZAR 0 to ZAR 600,000 - exempt; ZAR 600,001 to ZAR 1,000,000 - 3% on the value above ZAR 600,000, but not exceeding ZAR 1,000,000; ZAR 1,000,001 to ZAR 1,500,000 - ZAR 12,000 plus 5% on the value above ZAR 1,000,000, but not exceeding ZAR 1,500,000; ZAR 1,500,001 and above - ZAR 37,000 plus 8% on the value above ZAR 1,500,000.

Procedure 6. Parties sign all the documentation at the conveyancer's office

Time: 1 day

Cost: ZAR 27,310 (for properties valued between ZAR 3,100,000.01 and ZAR 3,200,000.00)

Comments: The conveyancer will collect all documentation signed by the seller and the purchaser and obtain guarantees for the purchase price. The documents to be signed by the parties are as follows:

- a. Seller
 - Power of attorney to pass the deed
 - Transfer duty declarations
 - Affidavits (Solvency; Financial Intelligence Centre Act (FICA))
- b. Purchaser
 - Transfer duty declarations
 - Affidavits (Solvency; FICA)

Procedure 7. Register the deed with the Pretoria Deeds Registry

Time: 9 days

Cost: ZAR 1,100

Comments: The conveyancer registers the deed with the Deeds Registry. The Registrar compares the draft deed with data in the register. The deed is examined to (1) ensure compliance with the conditions of transfer, (2) check the legality of the transfer, and (3) verify that the proper standards of examination were applied. Once the criteria are met, the deed is prepared for registration and execution. The registration fee, which depends on the value of the property and is obtained from the Transfer Cost table available at http://www.ghostdigest.co.za/code/C_20.html (D/O Levy column), is then paid. The Registrar executes the deed, and the conveyancer signs the transfer deed at the Deeds Registry in front of the registrar or a deputy. The Deeds Registry subsequently updates the register and archives a copy.

LIST OF PROCEDURES ENFORCING CONTRACTS

Filing and service

- 1 Plaintiff requests payment: Plaintiff or his lawyer asks Defendant orally or in writing to comply with the contract.
- 2 Plaintiff hires a lawyer: Plaintiff hires a lawyer.
 - * Plaintiff files a summons and complaint: Plaintiff files a summons and complaint with the court (orally or in writing).
- 3 Registration of court case: Registration of court case by the court administration (this can include assigning a reference number to the case).
 - * Arrangements for physical delivery of summons and complaint: Plaintiff takes the necessary steps to arrange for physical service of process on Defendant (e.g. instructing a court officer or a private bailiff).
- 4 Attempt at physical delivery: An attempt to physically deliver summons and complaint to Defendant is made.
 - * Proof of service: Plaintiff submits proof of service to court, as required by law or standard practice.
 - * Application for pre-judgment attachment: Plaintiff submits an application in writing for the attachment of Defendant's property prior to judgment.
 - * Decision on pre-judgment attachment: Judge decides whether to grant Plaintiff's request for pre-judgment attachment of Defendant's property and notifies Plaintiff and Defendant of the decision.
- 5 Custody of assets attached prior to judgment: If physical attachment is ordered, Defendant's attached assets are placed in the custody or control of an enforcement officer or private bailiff.

Trial and judgment

- 6 Defendant files an answer to Plaintiff's claim: Defendant files a written pleading which includes his answer or defense on the merits of the case (see assumption 4).
- 7 Plaintiff's written reply to Defendant's answer: Plaintiff responds to Defendant's answer with a written pleading, which may or may not include witness statements or expert (witness) statements.
- 8 Filing of written submissions: Plaintiff and Defendant file written pleadings and submissions with the court and transmit copies of the written pleadings or submissions to one another. The pleadings may or may not include witness statements or expert (witness) statements.
- 9 Adjournments: Court procedure is delayed because one or both parties request and obtain an adjournment to submit written pleadings. Check as 'yes' if this commonly happens.
 - * Request for interlocutory order: Defendant raises preliminary issues, such as jurisdiction, statute of limitation, etc. Checked as 'yes' if commonly raised by the Defendant as a matter of practice, regardless of justification.
 - * Court's issuance of interlocutory order: Court decides the preliminary issues the Defendant raised by issuing an interlocutory order. Check as 'yes' if this is commonly the case in commercial cases.
- 10 Plaintiff's appeal of court's interlocutory order: Plaintiff appeals the court's interlocutory order, which suspends the court proceedings. Check as 'yes' if an appeal by Plaintiff is common in this case.
 - * Discovery requests: Plaintiff and Defendant make requests for the disclosure of documents, attempting to force the other party to reveal potentially detrimental documents. Check as 'yes' if discovery requests usually entail disputes.
- 11 Discovery disputes: Following a request for discovery of documentary evidence by one of the parties, the other party disputes the request and calls upon the judge to decide the issue. Check as 'yes' if discovery disputes are provided by law and commonly happen.
- 12 Request for oral hearing or trial: Plaintiff lists the case for trial on the court's calendar or applies for the date(s) for the oral hearing or trial.
- 13 Adjournments: Court proceedings are delayed because one or both parties request and obtain an adjournment to prepare for the oral hearing or trial as a matter of common practice.

-
- 14 Trial (prevalent in common law): The parties argue the merits of the case at (an) oral session(s) before the court. Witnesses and expert witnesses are questioned and cross-examined during trial.
-
- 15 Adjournments: Court proceedings are delayed because one or both parties request and obtain an adjournment during the oral hearing or trial, resulting in an additional or later trial or hearing date.
-
- * Final arguments: The parties present their final factual and legal arguments to the court either by oral presentation or by a written submission.
-
- 16 Notification of judgment in court: The parties are notified of the judgment at a court hearing.
-
- 17 Writing of judgment: The judge produces a written copy of the judgment.
-
- 18 Registration of judgment: The court office registers the judgment after receiving a written copy of the judgment.
-
- 19 Defendant is formally notified of the judgment: Plaintiff or court formally notifies the Defendant of the judgment. The appeal period starts to run from the day the Defendant is formally notified of the judgment.
-
- 20 Appeal period: By law Defendant has the opportunity to appeal the judgment during a specified period. Defendant decides not to appeal. Seller decides to start enforcing the judgment when the appeal period ends (see assumption 8).

Enforcement of judgment

-
- * Plaintiff hires a lawyer: Plaintiff hires a lawyer to enforce the judgment or continues to be represented by a lawyer during the enforcement of judgment phase.
-
- 21 Plaintiff retains an enforcement agent to enforce the judgment: Plaintiff retains the services of a court enforcement officer such as a court bailiff or sheriff, or a private bailiff.
-
- * Plaintiff requests an enforcement order: Plaintiff applies to the court to obtain the enforcement order ('seal' on judgment).
-
- 22 Attachment of enforcement order to judgment: The judge attaches the enforcement order ('seal') to the judgment.
-
- * Delivery of enforcement order: The court's enforcement order is delivered to a court enforcement officer or a private bailiff.
-
- 23 Identification of Defendant's assets by court official or Defendant for purposes of enforcement: The judge, a court enforcement officer, a private bailiff or the Defendant himself identifies Defendant's movable assets for the purposes of enforcing the judgment through a sale of Defendant's assets.
-
- 24 Contestation of selection of assets identified for sale: A party, Plaintiff or Defendant, which was not involved in the designation of the assets for attachment, contests the selection of assets for enforcement of judgment through a sale.
-
- 25 Attachment: Defendant's movable goods are attached (physically or by registering, marking or separating assets).
-
- 26 Call for public auction: Judge calls a public auction by, for example, advertising or publication in the newspapers.
-
- 27 Sale through public auction: The Defendant's movable property is sold at public auction.
-
- 28 Reimbursement of Plaintiff's enforcement fees: Defendant reimburses Plaintiff's enforcement fees which Plaintiff had advanced previously.
-
- 29 Payment: Court orders that the proceeds of the public auction or the direct sale be delivered to Plaintiff.

* Not counted in the total number of procedures. This step exists in the economy but is not recorded as part of the 100 potential procedural steps identified in the *Doing Business* methodology.

Note: The procedures for enforcing contracts are the same for all cities.

Indicator details

Enforcing contracts

Trading across borders



Enforcing contracts									
Municipality (Municipality seat)	Procedures (number)	Time (days)				Cost (% of claim)			
		Filing	Judgment	Enforcement	Total time	Attorney	Court	Enforcement	Total cost
Buffalo City (East London)	29	75	557	64	696	25.2	7.6	3.0	35.8
Cape Town (Cape Town)	29	31	438	76	545	22.9	7.6	3.0	33.5
Ekurhuleni (Germiston)	29	30	400	83	513	23.3	7.6	3.0	33.9
eThekweni (Durban)	29	33	408	80	521	20.0	7.6	3.0	30.6
Johannesburg (Johannesburg)	29	30	490	80	600	22.6	7.6	3.0	33.2
Mangaung (Bloemfontein)	29	30	360	83	473	18.8	7.6	3.0	29.4
Msunduzi (Pietermaritzburg)	29	33	353	83	469	19.7	7.6	3.0	30.3
Nelson Mandela Bay (Port Elizabeth)	29	35	496	80	611	19.8	7.6	3.0	30.4
Tshwane (Pretoria)	29	30	414	83	527	22.5	7.6	3.0	33.1

	Trading across borders							
	Cape Town		Durban		Ngqura		Port Elizabeth	
	Time (days)	Cost (US\$)	Time (days)	Cost (US\$)	Time (days)	Cost (US\$)	Time (days)	Cost (US\$)
Export	17	2,078	16	1,830	16	1,979	16	1,984
Document preparation	8	355	8	355	8	355	8	355
Inland transportation and handling	4	1,300	2	1,100	3	1,200	3	1,200
Customs	2	100	2	90	2	95	2	95
Port and terminal handling	3	323	4	285	3	330	3	334
Import	19	2,267	21	2,080	20	2,222	20	2,193
Document preparation	7	405	7	405	7	405	7	405
Inland transportation and handling	4	1,300	3	1,100	4	1,200	4	1,200
Customs	2	145	2	125	2	135	2	135
Port and terminal handling	6	417	9	450	7	482	7	453

Export documents

Balance of Payment (BOP) Form
 Bill of lading
 Commercial Invoice
 Customs export declaration (SAD 500)
 Packing List

Import documents

Balance of Payment (BOP) form
 Bill of lading
 Cargo release order
 Commercial invoice
 Customs import declaration (SAD 500)
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