



GREAT BPS  
DESTINATION  
KwaZulu-Natal



# CONTENTS

1. KZN
2. Why KZN is a great BPS destination
5. Durban (eThekwin) as BPS destination
6. Key Indicators
9. Advantages of investing in Durban
11. Business facilities
12. Some prominent sectors of Durban economy
15. Lifestyle
15. Government incentives





# 1 KZN

KwaZulu-Natal is South Africa's second largest economy, contributing on average, 16.0% (2015) to the country's GDP. The province is strategically positioned by being home to two of Africa's busiest and largest ports, Durban and Richards Bay. It also boasts the third highest export propensity and the second highest level of industrialisation in the country. The capital city of KwaZulu-Natal is Pietermaritzburg.

Situated on the eastern seaboard of South Africa, the province of KwaZulu-Natal has direct access to both the Indian and Pacific Ocean rims. The region's strategic geographical position on world trade routes provides effortless access to major global markets, such as South America, Europe and Far East.



## 2 WHY KZN IS A GREAT BPS DESTINATION

### A COST COMPETITIVE REGION

Establishing and operating a business in KZN is much more cost effective than other business centres in South Africa. This also extends to lower human resource costs as salary expectations are lower in KZN.

### LIFESTYLE AND STANDARD OF LIVING

KZN is a great place to live and work.

- Much lower cost of living than other major international business centres
- Established, good quality school system
- Widely available civil services in all suburbs such as waste disposal, road maintenance, police stations, etc.
- Conveniently located shopping malls and lifestyle centres
- Experience and enjoy food, clothing and traditions of various cultures
- Clean air and water
- Pleasant weather
- World class entertainment facilities – theatre, IMAX, casinos, beaches and water sports, parks and gardens, etc.
- Game parks, mountains and wetland parks, including 2 World Heritage Sites
- World class sporting facilities and events

### A LARGE EDUCATED AND AVAILABLE WORKFORCE

KZN is home to a labour force of 1.61 million people (of which 0.49 million are unemployed) and boasts a literacy rate of 84.3%.

There is a youth unemployment rate of 30.5% in the province. The BPS industry is seen as an attractive career opportunity for these unemployed youth and CVs are received by operators in large numbers. When work in this sector comes to KZN, there are plenty of capable people who are eager to get the job done.

### DEEP DOMAIN SKILLS

KZN possesses the following domain skills which enable us to provide a wide range of business processing services. Domestic and foreign business process providers who are entering the market or expanding operations will have the following skills pools to draw from:

- A well-established, sophisticated financial services sector
- A legal system akin to that of the UK and highly skilled and experienced legal professionals
- An educated and progress driven medical fraternity
- Professionals with world class skills in graphic design, creative animation and film
- An intelligent and tech savvy pool of IT professionals

- Self-motivated, service oriented individuals with secretarial, transcription and PA skills
- A vibrant pool of copywriters, editors, proof readers and other professionals in the publishing space

### **BEE DEVELOPMENT OPPORTUNITIES**

There are many PDI communities based in KZN with educated youth who are work ready and seeking employment. This provides an opportunity for companies to improve their BEE status by employing from these communities.

### **BUSINESS FRIENDLY ENABLING ENVIRONMENT**

Durban is widely recognised as a world class city and other developed areas in KZN also offer first world physical infrastructure and amenities, ample available office space, a robust telecom infrastructure with rapidly decreasing telecommunication costs and a growing pool of industry employable talent.

### **STABLE OPERATING ENVIRONMENT**

South Africa is also both politically and environmentally stable which reduces business risk by ensuring efficient and consistent delivery of outsourced processes.

### **STRONG GOVERNMENT SUPPORT**

Having seen significant job creation and an opportunity to increase the country's export revenue through the growing

BP sector, the South African Government is committed to enhancing the country's profile as a preferred BP location. As such, the Dti is responsible for administering the Business Process Services (BPS) incentive programme which offers incentives to operators based in South Africa.

### **QUALITY CUSTOMER EXPERIENCE**

The KZN BPS industry is focused on providing an excellent customer experience and high quality service.

### **COST + ACCENT = DOUBLE ADVANTAGE FOR VOICE OFFSHORING**

For any potential BPS Offshoring client looking for voice services, cost and the accent in the offshore country are key considerations. In an accent negative country, the accent has a negative effect on the customer interaction; in an accent positive country, the accent has a positive effect on the customer interaction and in an accent neutral country, the accent has no effect on the customer interaction. According to Gartner 2016 report ratings, South Africa scores a 9 for English proficiency which is higher than India who leads in the BPS.

The South African BPS Offshoring sector's core target market includes the UK, Australia and the USA. The main driver of their decision to offshore certain business processes is typically the potential for substantial cost reduction. However, countries which offer the greatest cost reduction such as India and the Philippines are accent negative. This means that there is a significant difference

between their accents and the accents of their client's customers who they interact with, which creates difficulty in understanding and relating to one another and makes for an awkward or frustrating customer experience. In addition, if the customer holds a negative perception about language barriers and cultural differences related to that "negative" accent, engaging with an agent who speaks with that accent devalues the client's brand in the eyes of the customer.

Where the offshored work is primarily data or process driven in nature, this is not an issue but where voice services are required, especially concerning slightly more complex transactions which require negotiation and conversation, such as the upgrading of a cellular service contract or selling an insurance policy, it can have a negative impact and result in the client losing business. It is important therefore, for the client to offshore to a provider who will maintain a positive customer experience and an accent that is easily understandable and acceptable to their customers.

It is this critical market need that South Africa is able to satisfy. South Africa is able to provide an accent positive talent base coupled with a significant cost saving (50% - 70%).

KZN, in particular, is home to a large English speaking population whose accent is very close to the UK accent, which is also well received

by both the American and Australian markets, and South Africa shares a level of cultural affinity with all 3 of these countries making conversation easier.

### **BPESA PRESENCE**

BPS industry enabling body BPESA has an active presence in KZN and is supporting, empowering and networking the region. KZN has, since the launch of BPESA's local chapter, benefitted from master classes, knowledge sharing sessions, local industry awards and introductions to potential investors which have converted to clients.

# 3

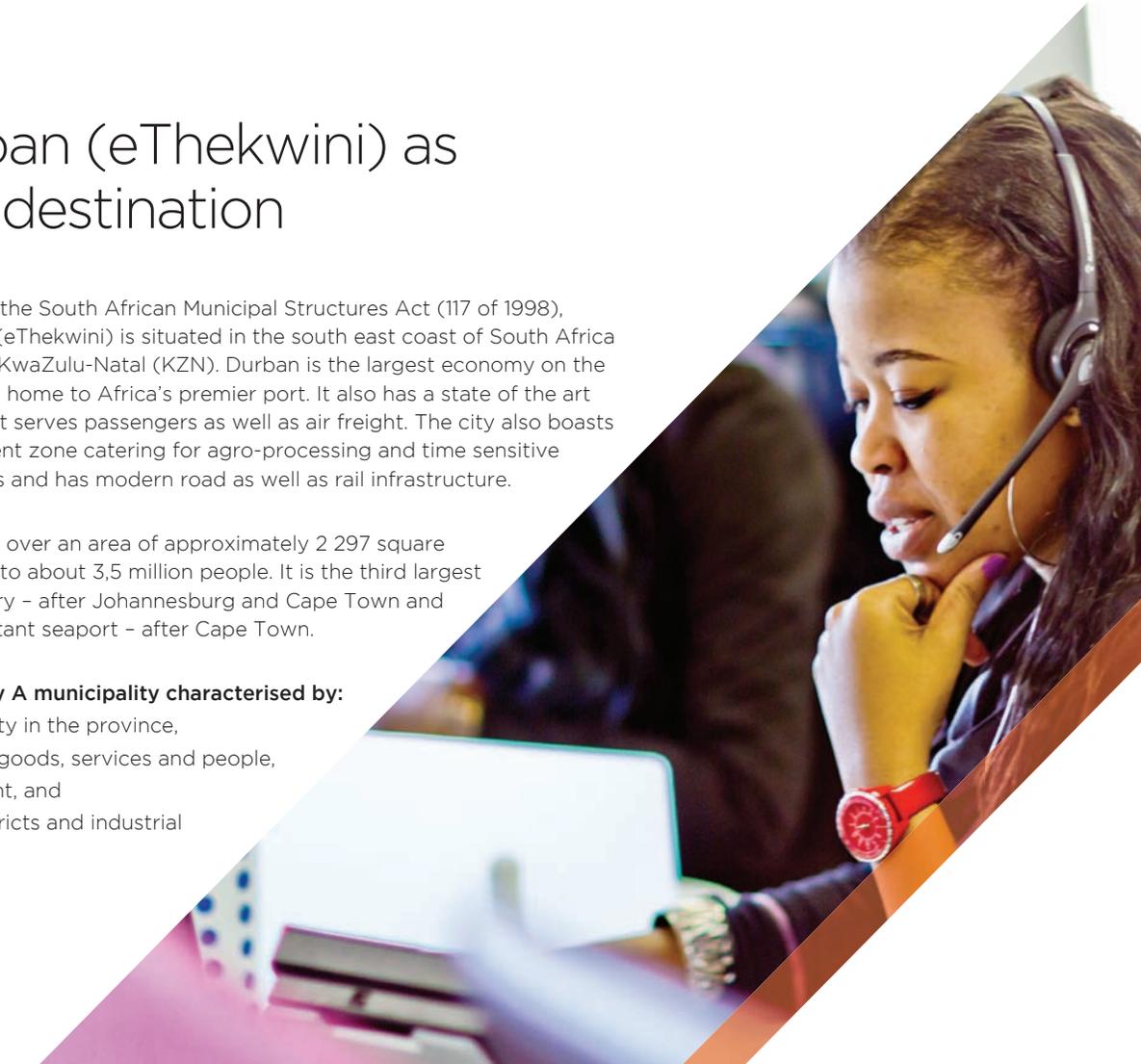
## Durban (eThekweni) as BPS destination

Constituted in terms of the South African Municipal Structures Act (117 of 1998), eThekweni Municipality (eThekweni) is situated in the south east coast of South Africa (SA) in the province of KwaZulu-Natal (KZN). Durban is the largest economy on the east coast of Africa and home to Africa's premier port. It also has a state of the art international airport that serves passengers as well as air freight. The city also boasts an industrial development zone catering for agro-processing and time sensitive manufacturing products and has modern road as well as rail infrastructure.

Its jurisdiction stretches over an area of approximately 2 297 square kilometres and is home to about 3,5 million people. It is the third largest metropolis in the country – after Johannesburg and Cape Town and the second most important seaport – after Cape Town.

### **EThekweni is a category A municipality characterised by:**

- High population density in the province,
- Intense movement of goods, services and people,
- Extensive development, and
- Multiple business districts and industrial areas.



# 4 Key Indicators

## 4.1 SALARY INDICATORS

Job Description	Actual fieldwork based surveys				Actual Fieldwork based surveys			
	0 - 2 years' experience (A)				Greater than 2 years' Experience (B)			
	Median Salaries				Median Salaries			
	Gauteng	Western Cape	KZN	National	Gauteng	Western Cape	KZN	National
	R	R	R	R	R	R	R	R
Supervisor Team Leader	13 750	14 500	12 750	13 667	16 750	16 500	16 500	16 583
Manager	25 250	22 500	25 500	24 417	29 750	27 500	32 500	29 917
Quality Assessor	14 750	9 500	9 300	11 183	16 250	14 041	11 850	14 047
Quality Manager	nd	27 555	nd	27 555	nd	31 112	nd	31 112
Trainer	17 250	14 433	12 150	14 611	19 250	18 099	17 750	18 366
Training Manager	nd	32 055	nd	32 055	nd	34 140	nd	34 140
HR Consultant	18 750	12 258	14 750	15 253	21 250	18 622	18 750	19 541
MIS	16 750	14 250	11 250	14 083	22 250	19 250	18 250	19 917
Workforce Management	16 750	24 848	5 700	15 766	21 750	27 195	17 500	22 148
IT	14 750	15 250	12 250	14 083	19 250	20 250	18 250	19 250
Senior Manager		40 000	33 000			50 000	40 000	
Director		90 000	72 000			120 000	96 000	
Documentation Clerk		6 800	6 125			8 000	7 000	

### CAPTIVE DOMESTIC

	ZAR Minimum Average salary	GBP total without benefits	USD totals without benefits	EURO totals without benefits	ZAR medical aid	ZAR pension 5%	ZAR bonus 10%	ZAR total costs with benefits	GBP totals with benefits	USD totals with benefits	EURO totals with benefits
Gauteng	9,667	459	702	626	762	483	967	11,879	564	863	769
Western Cape	8,300	394	603	538	762	415	830	10,307	489	749	668
KwaZulu Natal	4,375	208	318	283	611	219	438	5,642	268	410	365

Figure1: Agent entry level salary information for captive domestic

### OUTSOURCE INTERNATIONAL

	ZAR Minimum Average salary	GBP total without benefits	USD totals without benefits	EURO total without benefit	ZAR medical aid	ZAR pension 5%	ZAR bonus 10%	ZAR total costs with benefits	GBP totals with benefits	USD totals with benefits	EURO totals with benefits
Gauteng	6,700	318	487	434	611	335	670	8,316	318	487	434
Western Cape	6,000	285	436	389	611	300	600	7,511	285	436	389
KwaZulu Natal	3,250	154	236	210	611	163	325	4,349	154	236	210

Figure2: Agent entry level salary information for outsource international

## 4.2 OFFICE SPACE INFORMATION

### WESTERN CAPE/CAPE TOWN

P Grade rentals between R180 – R230/m<sup>2</sup> per month

A Grade rental between R120 – R180/m<sup>2</sup> per month

B Grade rentals between R90 – R110/m<sup>2</sup> per month

### KZN/DURBAN

P Grade rentals between R150 – R200/m<sup>2</sup> per month

A Grade rental between R120 – R150/m<sup>2</sup> per month

B Grade rentals between R80 – R110/m<sup>2</sup> per month

### GAUTENG/JOHANNESBURG

P Grade rentals between R190 – R235/m<sup>2</sup> per month

A Grade rental between R130 – R185/m<sup>2</sup> per month

B Grade rentals between R80 – R110/m<sup>2</sup> per month

### ESCALATION ON RENTALS

8% to 10% per annum

### LEASE RENTALS

As Above Offices in SA are generally referenced as either “Premium” grade (P), “A” grade (A), “B” Grade (B). These can be (currently) explained as follows:

Premium Grade (P) - New development, state of the art architecture, high rise or secure office park environment, good parking ratio, superior finishes, security and location  
A Grade (A) - Modern office building, high rise or office

park environment with good parking ratio, superior finishes and good security.

B Grade (B) - Older properties with dated architecture and finishes often in need of updating. Low parking ratio usually 1 bay per 100m<sup>2</sup> or less

### PARKING BAYS

Cape Town R1000 to R1300 per month/reserved single basement bay

Durban R700 to R1000 per month/  
reserved single basement bay

Johannesburg R500 to R900 per  
month/reserved basement bay

### GUIDE TO COST: ELECTRICITY

R18 to R30/m<sup>2</sup> for  
office consumption  
costs

# 5

## ADVANTAGES OF INVESTING IN DURBAN

Durban is attractive to Business & Leisure visitors for the following reasons:

### **AWARD WINNING CITY**

We have the best run and financially strongest local government on the continent. Awards are bestowed through the likes of MasterCard, New York Times, CNN, National Geographic, U.N. & others. International credit rating agencies give us AA-(long) & A1+(short) ratings off an annual budget of approximately \$3Bn US Dollars or R35Bn p.a. Amongst many other business enablers, we have a large fibre optic system to also really make Durban THE Smart City of Africa! We are the biggest and busiest City in the province of KwaZulu-Natal; a core BRICS City where partnerships for development, integration and industrialisation begin.

### **LIFESTYLE OF BUSINESS, SPORTS AND EVENT PLEASURE TOGETHER**

This is the place to live, work and play. We are blessed with a truly sustainable lifestyle, sporting events and sense

of business pleasure. The emphasis for us is on the word 'together', it's the two complementary halves in each of us which is reflected in our City: the business or career half and also the social, sporting and lifestyle-family side.

### **LARGER HUMAN RESOURCES BASE**

At the heart of one of SA's most populace Provinces (KZN), we have large pools of skilled, semi-skilled and unskilled labour, plus some of the best and fastest skills development taking place amongst our 3,6M cosmopolitan population. For E.g., we have Africa's

2nd largest direct contact University based in Durban, the University of KwaZulu-Natal, with over 40,000 direct contact tertiary students of African, Asian, European & Middle Eastern descent. The Metro Municipality alone employs more than 23 000 skilled individuals.

### **HIGHER GROWTH RATES**

Our economic growth rates are higher than the country's

average, and that of many other major centres. We're targeting in the realistic range of 5%+ again, which has been enjoyed in the past, & as a globalized Metro Port City the "tide is in our favour". This impacts positively on Business Confidence Levels, fixed capital formation, etc. As most analysts would observe, "the growth trend is our friend" in Durban.

### **INFRASTRUCTURE LEADER**

We have the continent's leading infrastructure base. This includes virtual infrastructure like globalised financial services, & our physical infrastructure. Durban has the most awards winning electricity distribution on the continent, a vast roads network, world class water treatment & supply base, & telecoms via our City owned fibre optic networks. We have reasonable amounts of available vacant land at realistic prices across our 2 300 km<sup>2</sup> City. As a BRICS City, we are South Africa's gateway to the BRICS Grouping. At our infrastructure heart, Durban leads the sub-continent in terms of port infrastructure, with Sub-Saharan Africa's busiest harbour, plus the expanding King Shaka International Airport & Dube Trade Port Aerotropolis development node.

### **TOURISM CROWN**

Durban is the largest domestic tourism destination in South Africa, plus we have concrete projects in place to become

one of the largest international tourism destinations. This is done through an „event-led tourism drive across both business and pleasure tourism. Our International Convention Centre is rated by global associations as Africa's best convention centre for over a decade. On the leisure front, we have successfully hosted high profile events such as the FIFA 2010 Soccer World Cup event, with associated infrastructure upgrades (R15Bn+.), the UN COP17 Climate Conference, the International Olympic Committee Awards Conference, BRICS Global Summit.

### **SUBSTANTIAL, & MOST SUSTAINABLE DIVERSIFIED BUSINESS BASE**

Already in place across the primary, secondary and tertiary sectors. It's a case of functional magnetism with companies benefitting from synergistic location, at scale. Over 65% of the Province's GGP is produced in Durban, and the Durban Chamber of Commerce is the oldest & largest Metro Chamber nationally. Business is clustered around the manufacturing, tourism, services, ICT, maritime & logistics, plus agri-industries. Having the second largest concentrated business & industrial base in SA provides many options for suppliers, support services, customers, and employees - all important factors of production.

# 6 BUSINESS FACILITIES

## **Durban International Convention Centre**

This world-class facility, renowned for its high standards of service excellence, has successfully staged some of the world's most prestigious and complex events.

This multi-award winning Centre has been voted "Africa's Leading Meetings and Conference Centre" by the World Travel Awards no fewer than 15 times in 16 years and has been rated amongst the World's Top 15 convention centres by AIPC.

The Centre is fully Wi-Fi enabled and connectivity is complimentary to its delegates and guests. It is located 30-minutes from the King Shaka International Airport and over 3,600 Hotel rooms are within a 10-minute walk of the Centre.

(<http://icc.co.za/about/why-durban-icc/>)

## **Moses Mabhida Stadium**

The stadium has a number of great venues on offer, ranging from large to small, and everything in between. These boast a variety of spectacular views, from the cityscape to the FIFA 2010 World Cup Pitch. Regardless of the event you

wish to host - whether it's a large cocktail party, small banqueting feast, a unique display or birthday celebration - Moses Mabhida Stadium has the ideal setting. (<http://www.mmstadium.com>)



# 7 SOME PROMINENT SECTORS OF DURBAN ECONOMY

## TOURISM

- The regions Tourism sector stats continue to reflect good double digit growth in excess of 13% recently, and new trends are emerging such as the large rise in Tourists from the USA of late (as one of the largest visitor groups)
- New international recognition via the likes of the New York Times objectively rating Durban in position #7 of their Top 52 Place To Go in 2015.
- Key Tourism assets are being upgraded such as the final elements of the Beachfront promenade from Blue Lagoon to Ushaka, & Ushaka Marine World itself is about to embark on a major new attraction installation & current refurbishment program.
- The new Transnet Cruise Liner Terminal construction processes are underway and will further improve the industry's asset base.
- The global B2B airline/airport conference & exhibition known as "Routes" is coming to Durban in 2015 and will further accelerate air connectivity improvements, plus raise the City's international profile again.

## PROPERTY DEVELOPMENT

- One of the region's biggest agricultural land converters, JSE Listed Tongaat Hullett is rapidly accelerating it's pace & scale of property development platforms, whilst embarking on pioneering international Durban marketing efforts to secure more "Mega-Transactions" from institutional Investors.
- Significant new international Property Developers such as Action Group India, UEM Sunrise Malaysia & others have committed to invest tens of Billions in new mixed use developments across Durban.
- The CBD of Durban is seeing new urban regeneration taking place at a scale and pace not enjoyed for decades past. There are approximately 6 Tower cranes busy at present and more to come as Jhb based developers (e.g. Propertytuity), listed property funds (Delta, & Vukile, etc), plus large corporates like Bidvest & CMH cumulatively invest fresh Billions into the City Centre.
- New Municipal models of investment project facilitation & regulatory processing (a.k.a. "One-Stop-Shop"), and also alternative PPP forms of bulk infrastructure delivery models are in advanced stages of planning. Swift

implementation is earnestly hoped for.

- The national SAPOA Conference & Exhibition for 2015 was secured by Durban & the new SAPOA National President is now Durban based.

## ICT & ELECTRONICS

- The Call Centre & BPO industry in Durban continues to grow and offer new models of business (e.g. Legal Outsourcing), plus expanding local job opportunities. Likewise the Film & Media sectors have a bright horizon with new local production facilities gestating in the construction pipeline, given good Governance & industry support in all 3 spheres.
- The City's PPP technology incubator, SmartXchange continues to perform well, having won some key accolades and awards in the past year.
- Durban's robust electronics (& related "white goods") sectors continue to successfully supply into the industrial, retail and domestic arenas via the likes of PFK Electronics, Defy, Altech UEC, etc.
- The most successful development of late in the electronics sector was the landing of Samsung Electronics at Dube Trade Port via a competitive investment bidding process. This will be Samsung's main plant for the African continent & will lead to an improved or deepened supply chain in the region, along with the added opportunity of localised regional electronics R&D. Samsung spends nearly

USD10Bn globally p.a. just on electronics R&D alone.

## DURBAN'S BRIGHTER HORIZONS

- SA's highest Municipal Credit Rating at AA-/A1+; the best collection rates & capital (infrastructure) investment rate in the country, plus over a decade of unqualified financial Audits.
- Lowest official unemployment rate in SA (16,5%:Stats SA Qtr 2 - 2015)
- SA's "Top performing City for growth in millionaires since 2000" (New World Wealth Report, 2015)
- Rated the #1 "Quality Of Living" City for whole of Africa (Mercer Consulting in 2015)
- Rated by the New York Times as #7 of their Top 52 Places to Go in 2015
- National Geographic rated in Top 10 Coastal Metro Port Cities globally for 2014-15
- Durban is South Africa's sole 2022 Commonwealth Games Host City.
- New "7 Wonders City of the World" - 2014
- Voted by CNN as one of the world's "Top 10 most underrated cities"; the Umhlanga Pier as the best globally, & the "Coolest City in SA"
- Master Card Global Destination City Index predicted Durban will be this year's fastest growing tourism city in Africa & second



fastest growing tourism city of the 132 cities surveyed worldwide.

- The skyline of Durban is set to improve even more as new “Iconic Towers” begin to grace our shores from The Point to Kings Park Precinct.
- The BRICS association, & Sister Cities continue to bring profile & productive benefits (e.g. >R3Bn FDI from India into Durban in 4 years)
- SA is 13th most popular Foreign Investment destination globally (AT Kearney, 2014)
- SA is the 25th largest economy globally & we have many, positive vested interests ensuring that we get things right & expand our growth.

## CHEMICALS

In the chemical and petro-chemical sub-sector, industrial chemicals comprise a third, at R1.1-billion, of the gross output, petroleum and coal products 30% at R1-billion, chemicals 21% at R0.7-billion, and rubber and plastic products the balance.

The Chemical industry is well developed with few large

plants and a diverse grouping of specialist medium sized firms. Downstream there are many SMME chemical formulators, which play an important role in the distribution chain. Central to the industry are the two large oil refineries that feed into the Petro-Chemical sector. Other sectors that enjoy substantial investments are paint, agricultural chemicals, plastics and synthetic resins.

## FILM AND MEDIA

Film & Media sectors have a bright horizon, with new local production hubs in development and global technology advancements, the City has invested in and plans to capitalise on a number of programmes interrogating the opportunities in digital media through new media platforms, services, and content. Significantly, new digital technologies offer the opportunity to work across boundaries of location and time, opening up job opportunities for remotely located workers and ensuring access to talent around the globe, enabling global cities to link into global development pipelines and workflows - the City intends encouraging development of services particular to this space to capture a share of the fast growing sector.



## 8 LIFESTYLE

Gateway Theatre of shopping  
([www.gatewayworld.co.za/](http://www.gatewayworld.co.za/))

The Pavilion-Westville  
([www.thepav.co.za/](http://www.thepav.co.za/))

The Playhouse Company  
(<http://playhousecompany.com/>)

## 9 GOVERNMENT INCENTIVES

More information on corporate taxes and incentives ([www.thedti.gov.za/financial\\_assistance](http://www.thedti.gov.za/financial_assistance))





The logo for BPESA, consisting of the letters 'BPESA' in white, bold, sans-serif font, set against a dark orange square background with a white border.

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