

# CITY OF CAPE TOWN



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## INFORMAL TRADING POLICY, 2013 (POLICY NUMBER 12664) [Repeals Previous Policy known as Informal Trading Policy and Management Framework]

APPROVED BY COUNCIL : 26 SEPTEMBER 2013  
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# CITY OF CAPE TOWN

## INFORMAL TRADING POLICY

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Contact Details

Thembinkosi Siganda  
Japie Hugo  
1

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# **CONTENTS**

Contents .....	2
1 BACKGROUND .....	5
1.1 Document Approach.....	5
1.2 Informal Trade Policy and Related Documents .....	5
1.3 Purpose of the Policy .....	5
2 DEFINITION AND PROBLEM STATEMENT.....	5
2.1 Definition .....	5
2.2 Problem Statement .....	6
3 STRATEGIC INTENT AND REGULATORY CONTEXT.....	7
4 VISION, MISSION, SCOPE.....	8
4.1 Vision and Mission.....	8
4.2 Scope: Policy Parameters .....	9
5 DEVELOPMENTAL APPROACH.....	9
5.1 Development and Planning .....	9
5.2 Policy Issues.....	10
5.3 Development Organisations and Forums.....	11
6 PRINCIPLES.....	11
6.1 Economic Principles.....	12
6.2 Spatial Principles.....	12
6.3 Engagement Principles .....	12
7 STRATEGIC OBJECTIVES.....	12
8 STAKEHOLDERS: ROLES AND RESPONSIBILITIES .....	14
9 PLANNING AND MANAGING INFORMAL TRADE.....	15
9.1 Policy Tools.....	16
9.2 Planning For Informal Trade: Optimal Urban Locations.....	16
9.4 Development Support .....	19
9.5 Criteria for the Allocation of Trading Bays .....	19
9.6 Law Enforcement.....	21
9.7 Management of Trading Areas.....	22
9.8 Pricing and Funding Mechanisms.....	23
9.9 Funding Urban Management .....	24
10 MONITORING AND EVALUATION.....	24

## List of Tables

Table 1: Problem Statement: Stakeholder Perspectives.....	6
Table 2 National Legislation .....	7
Table 3: Strategic Objectives.....	13
Table 4: Role Players, Roles and Responsibilities .....	14

## Definitions and Acronyms

The terms explained below are used in the policy environment of the City of Cape Town.

“City”	means the “City of Cape Town”: a Metropolitan Municipality Constituted in terms of the Local Government: Municipal Structures Act, 1998, read with the Province of the Western Cape: Provincial Notice 479/2000 dated 22 September 2000
“Council”	means the Municipal Council of the City established by Provincial Notice 479 of 2000 issued in terms of section 12 of the Local Government: Municipal Structures Act, 1998, (Act 117 of 1998); and includes any committee or official carrying out any duty or function, or exercising any power in terms of this policy
“Delegation”	means in relation to a duty, includes an instruction to perform the duty, and “delegate” has a corresponding meaning
“Executive Director”	means a person appointed by the Council to head a Directorate in the City and shall include any person acting in that position
“Executive Mayor”	means the person elected in terms of section 55 of the Municipal Structures Act to be the Executive Mayor of the City and shall include any person acting in that position
“Historically Disadvantaged Individual”	Means a South African citizen who – is a black person, is a woman and/or has a disability.
“Informal Trader”	means a person engaging in informal trade, whether employer or employee
“Informal Sector”;	means <i>employers</i> : own-account workers who are not registered for either income tax or value-added tax; and persons helping unpaid in their family business <i>In relation to employees means persons</i> working in establishments that employ less than five employees, who do not deduct income tax from their salaries/wages;
“Informal Trade”	means the trading in goods and services in the informal sector by an informal trader.
“Own-account workers”	Means workers who, working on their own account or with one or more partners, hold the type of job defined as a self- employed job, and have not engaged on a continuous basis any employees to work for them during the reference period.
“Formal”	means businesses which are registered with the national business registration authority as a business and with the tax authority in terms of tax

“Formalisation”	means the process of becoming a formal business (as implied in the term formal), however, the term includes additional registration imposed by provincial or local government legislation or membership with sectoral bodies
“Seasonal Traders”	Means traders who respond to seasonal or once-off/short term trading opportunities
“Market”	means a demarcated area within a trading area which is designated as such in a trading plan and which is managed in a co-ordinated manner.
Public Place	Includes: (a) a public road, parking area, square, park, recreation ground, sports ground, sanitary lane, open space, beach, shopping centre on municipal land, unused or vacant municipal land or cemetery which has – (i) been provided, reserved or set apart for use by the public; or (ii) been dedicated to the public; (b) public transportation operated by service providers for the City, but does not include public land that has been leased by the City;
“Trading Plan”	Means a plan adopted by the City to govern informal trading within a trading area
“Trading area”	Means an area for informal trading governed by a trading plan

# **1 BACKGROUND**

## **1.1 Document Approach**

- 1.1.1. This policy document is designed to apply across the organisation, the City of Cape Town, and its geographical boundaries.
- 1.1.2. It is also developed to be a multi-stakeholder document. In other words, it is intended to reflect the needs, and requirement of the key stakeholders. However, legally it enjoins the City of Cape Town. The readership and target audience is nevertheless the informal sector, the City, the business community and the public. This document applies to the informal sector, where trading takes place in public places.

## **1.2 Informal Trade Policy and Related Documents**

- 1.2.1. The Informal Trading Policy is one of three related documents; the Policy sets the direction for the City's developmental response to the informal trading sector.
- 1.2.2. The second document is an Informal Trading Policy Implementation Plan, it is operational and spells out the resources, sequencing, roles and responsibilities of the various services and departments in the City of Cape Town as it relates to the informal sector.
- 1.2.3. The Informal Trading By-Law, is the third document, it is an enforceable law within the City of Cape Town municipal area.

## **1.3 Purpose of the Policy**

- 1.3.1. The policy thus seeks to set out a) the strategic objectives for the development of the informal trade sector, b) the planning and management guidelines for informal trade in the City c) and the stakeholder roles regarding the informal trade sector.

# **2 DEFINITION AND PROBLEM STATEMENT**

## **2.1 Definition**

- 2.1.1. For the purposes of this policy, the following definition of the informal sector, as adapted from the Quarterly Labour Force Survey, will serve as a working definition. The informal sector has the following two components:
  - i) Employees: means persons working in establishments that employ less than five employees, who do not deduct income tax from their salaries/wages; and
  - ii) Employers: refers to own-account workers who are not registered for either income tax or value-added tax; and persons helping unpaid in their family business who are not registered for income tax

## 2.2 Problem Statement

- 2.2.1. The City has had a well-considered policy and by-law; however, implementation of the policy has focused primarily on the regulation aspect, and less so on planning and development which proved difficult to implement for various reasons.
- 2.2.2. Identifying and addressing the development priorities of the sector, at any given time period, has been limited and approached in a piece-meal manner to date. This is also evidenced in the quantity of resources that has been dedicated to the sector.
- 2.2.3. The mainstreaming of policy directives and the coordination of services across the City has also been a challenge. Matters pertaining to the sector have for the most part been seen as the responsibility of one or two branches of different Departments.
- 2.2.4. Discussion among different stakeholder groupings has been fragmented. As a result issues that could be resolved via regular and consistent engagement have remained unresolved.
- 2.2.5. Institutions, such as representative stakeholder bodies are fractured in both the formal and informal business sectors. This makes it difficult for the informal sector to agree and decide on crucial matters affecting the sector. Regular multi-stakeholder and engagement simply does not take place.
- 2.2.6. The problem, as it may be viewed from the stakeholder's perspective is arranged according to the four key groups, formal and informal business, the public and local government.

**Table 1: Problem Statement: Stakeholder Perspectives**

<b>Informal Traders and Employees</b>	<ul style="list-style-type: none"> <li>- Soft consumer demand</li> <li>- Influx of competitively priced goods</li> <li>- Uncertain and insecure employment condition</li> <li>- Unclear or hostile policy or regulatory environment</li> <li>- Low level of technical and business skills</li> <li>- Fractured and numerous trader organisations</li> <li>- Limited infrastructure and space</li> </ul>
<b>Formal Business Sector</b>	<ul style="list-style-type: none"> <li>- Soft consumer demand</li> <li>- Fixed and rising overhead cost</li> <li>- Compliance with formal regulations/laws/policies</li> <li>- Competition from informal traders</li> <li>- Congested pedestrian walkways</li> </ul>
<b>City of Cape Town</b>	<ul style="list-style-type: none"> <li>- Large organisation to coordinate service delivery</li> <li>- Multiple policies applicable to the sector</li> <li>- Lack of single access point to the informal sector</li> <li>- Contravention of by-laws</li> <li>- Cost of infrastructure delivery and ongoing maintenance cost</li> <li>- Poor understanding of the sector</li> </ul>
<b>Consumers</b>	<ul style="list-style-type: none"> <li>- Weak economic climate</li> <li>- Limited choice of goods/services</li> <li>- Lack of quality assurance</li> <li>- Congested pedestrian walkways</li> </ul>

### 3 STRATEGIC INTENT AND REGULATORY CONTEXT

- 3.1. This policy aligns with ‘Opportunity City’ strategic focus area in the IDP, primarily through the objective to ‘leverage the City’s assets to drive economic growth and sustainable development’.
- 3.2. The policy, in addition to human and financial resources, leverages the City’s fixed assets, such as land, to promote economic growth and development for the informal trading sector of the informal economy.
- 3.3. Informal trade is influenced and governed by a number of laws and policies at National, Provincial and Local level.

**Table 2 National Legislation**

Legislation	Relevance to the Sector
<b>Constitution of the Republic of South Africa (Section 22)</b>	– Every person has the right to trade, including informal trade
<b>The Promotion of Administrative Justice Act</b>	– Ensures that trading and matters related to administering trading should be administered fairly and effectively
<b>The Health Act 63 of 1977: Regulation 918</b>	– Ensures public health allows for issuing food traders with a ‘Certificate of Acceptability’
<b>Atmospheric Pollution Prevention Act 45 of 1965</b>	– Gives guidance on pollution prevention
<b>National Environmental Management Act 107, 1998</b>	– The law develops a framework for integrating good environmental management into all development activities. That the law should establish principles guiding the exercise of functions affecting the environment. Included in the law is the duty of care and remediation of environmental damage.
<b>The Businesses Act 71 of 1991</b>	– Provides for the licencing of business, including informal business
<b>Environmental Conservation Act 73 of 1989: Noise Control Regulations No.75</b>	– Sets limits on the amount of noise and nuisance activities in public spaces

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**The National Road Traffic Act 93 of 1996**

- Determines where, on public roads, a trader may/may not trade

**Municipal Finance Management Act (MFMA) Act No 56 of 2003**

- Guides Municipalities in terms of collecting and spending public funds

**Meat Safety Act 40, 2000**

- Provide measures to promote meat safety and the safety of animal products

**Counterfeit Goods Act 37, 1997**

- Introduces measures aimed against the trade in counterfeit goods.

3.4. A number of City policies and their by-laws impact upon trading, relating to disaster risk management, general public conduct, health and safety, as well as events, among others:

- a) Streets, public places and the prevention of noise nuisances
- b) Integrated Development Plan
- c) Spatial Development Plan
- d) Events Policy
- e) Outdoor advertising and signage
- f) Public parks
- g) Tariff
- h) Immovable property
- i) Integrated waste management
- j) Community fire safety
- k) Environmental health
- l) Urban Design Policy
- m) Community fire safety & amendment by-law

## **4 VISION, MISSION, SCOPE**

The policy's strategic approach is captured below.

### **4.1 Vision and Mission**

4.1.1. The vision for informal trade in the City of Cape Town is as follows:

4.1.1.1. "A thriving informal trading sector that is valued and integrated into the economic life, urban landscape and social activities within the City of Cape Town."

4.1.2. While the Mission is:

4.1.2.1. "Through a developmental approach, the City seeks to facilitate the access to job and entrepreneurial opportunities within the informal trading sector. Furthermore and the nurturing of a positive relationship with the formal business sector and consumers by providing a stable regulatory and flexible management environment that is predictable, empowering and sustainable."

## 4.2 **Scope: Policy Parameters**

4.2.1. This policy applies to all informal trading as defined in section 2 which takes place on public space, or private land where it is included in a trading plan. Implementation agents may vary according to land/assets they are responsible for. The management implications for City departments will be addressed in the Implementation Plan. The types of trading governed by this policy is as follows:

- a) Seasonal Traders (traders who respond to seasonal or once-off/short term trading opportunities)
- b) Street/kerbside trading
- c) Trading in pedestrian malls
- d) Public Markets (i.e. markets operating on public land, such as flea & craft markets, etc.)
- e) Trading at road intersections (as permitted in terms of Regulation 322 of the national Road Traffic Regulations, 2000. )
- f) Trading in Public Open Spaces (including parks, cemeteries, etc.)
- g) Mobile Traders:
  - i. *Vehicle based:* such as fish, ice-cream, prepared food, soft drink, fruit and veg, or other agricultural produce traders who trade from their vehicles and respond to opportunities by relocating their trading station periodically.)
  - ii. *Pedestrian based:* roving traders- who sell their wares in streets, beaches and public spaces and respond to trading opportunities by engaging their target market directly
- h) Trading at Events
- i) Beach Trading

## **5 DEVELOPMENTAL APPROACH**

In terms of its strategic approach, the policy aims to improve conditions for informal trading, assisting it to thrive by focusing on 1) planning and development, 2) policy issues, and 3) institutional arrangements. To realise the policy aims all Directorates within the City must, within their functional areas, adopt a developmental approach to matters relating to informal trading.

### **5.1 Development and Planning**

5.1.1. This section sets out the approach to the problems related primarily to the informal trader. The issues of space, infrastructure, planning and skills are addressed below.

- 5.1.2. **Role of the Informal Economy:** The City acknowledges the legitimacy and role of the informal economy, in terms of its employment and economic growth prospects. Urbanising cities and towns globally are experiencing growth in the number of entrants to the informal sector. The informal economy also has low barriers to entry and serves as a social safety net; it also often sustains the livelihoods of foreign nationals who seek refuge from war torn countries. The informal economy is thus important socially and economically. The response to the sector will determine how well it thrives.
- 5.1.3. **Development:** development interventions will need to be localised, industry-based and tailored to the individual trader. The focus will be on improving sustainability of enterprises, growth and profitability, or the return to the trader.
- 5.1.4. **Partnerships:** The development of the sector cannot happen without key actors. Developing partnerships, with for example private sector developers and land owners, or other development organisations and other government departments will be key to providing solutions that benefit the informal sector and private sector, consumers and the City alike.
- 5.1.5. **Variation and Flexibility:** no single approach will be sufficient for the development requirements of such a diverse sector. A varied and flexible approach is required, depending on the trader, the industry, and the local level social and economic environment.
- 5.1.6. **Formalisation:** Entrepreneurs will be encouraged to formalise<sup>1</sup> incrementally, as per their needs, and as the business and entrepreneurs develop over time. Aspects to formalisation include proper zoning and land use, business registration, health certificates, sector body registration, tax registration, other.
- 5.1.7. **Spatial Planning:** The forward planning function will play an important role of identifying suitable trading areas that support the viability and sustainability of informal trade. These areas may be of metropolitan and district significance, identified new growth areas, spatial structural elements that would reinforce informal trading, such as the My-Citi bus system, transport interchange hubs, commercial centres and pedestrian routes.
- 5.1.8. **Infrastructure:** flexible and the appropriate level of infrastructure, shall be provided over time to foster sustainability of the traders while improving the environment for all stakeholders. It must be stressed that all infrastructure delivery must be accompanied by a maintenance plan in the medium to long term. A stakeholder approach (to be set out in the implementation plan) will determine the type and location of infrastructure required, as well as which stakeholder will deliver and maintain the infrastructure. (see Partnerships above)

## 5.2 Policy Issues

- 5.2.1. The policy environment, especially a strategic coherent strategy for the sector is lacking; respond to these issues. It is anticipated that this element together with the institutional

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<sup>1</sup> (This does not mean full formalisation such as tax and business registration; it should be noted that some informal traders will never be in a position to formalise, nor are they aspiring to grow and develop to a point where the minimum criteria are met for formalisation)

arrangements below will address the fractured and piece-meal approach to the development of the sector.

- 5.2.2. **Policy Development:** The appropriate level of regulation will be adopted to promote the sector; appropriateness will be determined by area and industry factors and agreed upon in engagement forums. Policy needs to encourage and support informal trade; it also, however; will take into account the interests of relevant stakeholders such as the public, City and formal business. It will be the responsibility of local implementation agents to broaden and deepen the response required to local needs, under the strategic objectives.
- 5.2.3. **Policy Review:** Policy implementation will be monitored annually, objectives be evaluated every two years and the overall policy reviewed every five years.
- 5.2.4. **Policy Alignment:** All related policies will need to be aligned to achieve the desired outcomes of this policy. Policy practice and implementation across the City and the stakeholders must align with the Informal Trade Policy. It is expected that policy alignment will take place progressively over time.

### 5.3 **Development Organisations and Forums**

- 5.3.1. The challenges faced by all stakeholders will be addressed by establishing sector engagement forums. In addition, institutions dedicated to the representation and development of the informal trade sector will be necessary to realise the outcomes in the development and planning section above. This section introduces the operational 'vehicles' required for development.
- 5.3.2. **Engagement Forums:** A multi-stakeholder engagement forum shall be established by the City at Metro and District level and serve to identify problems, solutions and set the direction for the development of the sector in the respective areas. These forums will also serve to spread information to sector via the representative organisations.
- 5.3.3. **Representative Organisations:** Support to and assistance with the establishment of trader associations as well as other stakeholder bodies shall be offered. These organisations will represent their constituents at the engagement forums.
- 5.3.4. **Industry Development Organisations:** Industry-specific intermediaries (private sector firms or purpose-built development organisations) can play a development and business support role. They perform functions on behalf of informal traders such as, product design, mentorship, contract negotiation, and a business interface role with respect to informal enterprises. Establishment, support and expansion of either existing, industry or purpose specific intermediaries will be explored.

## 6 **PRINCIPLES**

The principles below shall be used to operationalize the approach especially the development planning process.

## 6.1 Economic Principles

6.1.1. Economic growth in the informal trading sector will be facilitated through the following:

- a) **Reinforcing business zones:** link new and existing trading areas to business areas to create viable hubs of business activity.
- b) **Business support:** link traders to a range of capacity building and business support services that caters for the different types and levels of traders
- c) **Use of City property:** Ensuring that the buildings and property owned by the City are leveraged for maximum economic return
- d) **High Demand Areas:** Targeting highly accessible and visible locations for value-added trading in order to derive benefit for informal traders, consumers and formal business alike.

## 6.2 Spatial Principles

6.2.1. Informal trading contributes to the value of public places and has the potential to be a catalyst for generating positive public spaces through:

- a) **Prioritised Areas:** Developing those areas that will have most significant impact on the largest number of people, i.e. areas with large flows of pedestrian traffic.
- b) **Spatial Allocation:** Allocating space for informal trading areas in accordance with the broad Spatial Planning Framework of the City and the local area Spatial Development Frameworks.
- c) **Infrastructure Provision:** Providing the appropriate level of infrastructure for informal trading, this would vary depending on the type of activity.

## 6.3 Engagement Principles

6.3.1. The following principles will govern the manner in which stakeholder engagement will take place and information will be managed:

- a) **Communication:** Communicate widely, accessibly, in different forms (print, electronic media) to improve the targeting and reach of information to the sector stakeholders
- b) **Equity and Inclusion:** include all relevant stakeholders in the appropriate fora at the appropriate level

## 7 STRATEGIC OBJECTIVES

7.1. The following strategic objectives should have a maximum lifespan of 5 years. A review process should follow this period (as set out in the Monitoring and Evaluation section) after which the strategic objectives should once more be deliberated and informed by the stakeholders in the multi-stakeholder platforms.

- 7.2. Considering the current challenges in the sector regarding informal trading, the following strategic policy objectives, informed by the principles and approach, will guide action over the medium term. It must be stressed that these are high-level objectives, and that each trading area (or reasonable grouping of areas), together with City should develop area and sector specific objectives.
- 7.3. Moreover, the implementation of these objectives can be split into broadly two functions a) trader development and engagement processes and b) infrastructure provision and maintenance. Regarding part a) the City will play a facilitation role, sourcing resources from partners and external role players and making the services or resources available in the City; while in part b) infrastructure, provision will be dependent on budget provision.
- 7.4. Lastly, where applicable, a gendered approach to the training and development of the sector shall be encouraged.

**Table 3: Strategic Objectives**

<b>Strategic Objective 1: Plan for and Initiate Development Activities in Support of the Sector</b>
<ul style="list-style-type: none"> <li>a) Facilitate the provision of industry-specific, demand-led technical training to the sector</li> <li>b) Make available, via partners, commercial and business skills opportunities (including marketing, communication, finance, other) as required</li> <li>c) Engage in a strategic spatial planning exercise to determine the best trading locations and layouts for existing and new sites</li> <li>d) Develop basic infrastructure norms required per industry (such as food processing, fruit and veg, textiles, personal services,) and in relation to the limitations of the trading location</li> <li>e) Identify infrastructure requirements per area/industry where appropriate and deliver or facilitate provision accompanied with a maintenance plan (e.g. electricity, water, sanitation, drainage, shelter and storage facilities)</li> </ul>
<b>Strategic Objective 2: Introduce New Technologies and Promote Sector Innovation</b>
<ul style="list-style-type: none"> <li>a) Facilitate the access to new technologies in various industries</li> <li>b) Promote innovation through new product development, process innovation, packaging, design, and organisational improvements, etc.</li> </ul>
<b>Strategic Objective 3: Support or Establish Industry Development Organisations</b>
<ul style="list-style-type: none"> <li>a) Establish and, where feasible, support Industry Development Organisations to assist specific industries with development and support of the sector.</li> </ul>
<b>Strategic Objective 4: Support Representative Institutions and Establish Stakeholder Engagement Forums</b>
<ul style="list-style-type: none"> <li>a) Establish one City-wide multi-stakeholder engagement platform for the sector</li> <li>b) Establish multi-stakeholder engagement forums at local level such as the trading area (or at the appropriate scale)</li> <li>c) Support and mentor trader associations and other stakeholder organisations where</li> </ul>

feasible, assist with the establishment of new associations where required
<b>Strategic Objective 5: Engage in Policy Development, Review and Mainstreaming Processes</b>
a) Ensure annual monitoring, bi-annual evaluation of the strategic objectives and 5-year review of the policy in the multi-stakeholder dialogue forum
b) Through stakeholder engagement and the policy alignment process, ensure the adequate mainstreaming of the policy and policy practice across the City and stakeholders

## 8 STAKEHOLDERS: ROLES AND RESPONSIBILITIES

8.1. It is expected of the stakeholders to perform the following roles and responsibilities, either directly or through representative bodies<sup>2</sup>.

**Table 4: Role Players, Roles and Responsibilities**

Role Player	Role	Responsibilities
<b>1. Informal Trader and Employee</b>	<ul style="list-style-type: none"> <li>- Trade in quality goods/services desired by the public</li> <li>- Trade goods/services at strategic locations and competitive prices.</li> </ul>	<ul style="list-style-type: none"> <li>- Abide by laws for the comfort, health and safety of the public</li> <li>- Engage other stakeholders directly via at dialogue institutions or via representatives such as trader associations</li> </ul>
<b>2. The City of Cape Town</b>	<ul style="list-style-type: none"> <li>- Regulation and Enforcement</li> <li>- Policy Formulation and Revision</li> <li>- Provide and facilitate developmental Services</li> <li>- Management / Operations</li> </ul>	Various line departments will take up the relevant roles below:
<b>a) The Economic Development Department</b>		<ul style="list-style-type: none"> <li>- Policy Implementation and management</li> <li>- Coordinate development services (provided by partners)</li> <li>- Regulate and Administer Trading</li> <li>- Convene multi-stakeholder forums</li> </ul>
<b>b) Spatial Planning and Urban Design Department</b>		<ul style="list-style-type: none"> <li>- Location, layout and forward planning</li> <li>- Site specific planning (linked to development applications)</li> <li>- Infrastructure specification and project packaging</li> </ul>
<b>c) Building and Development Management</b>		<ul style="list-style-type: none"> <li>- Screening of possible developments for integration of trading</li> </ul>
<b>d) Land Use Planning Department</b>		<ul style="list-style-type: none"> <li>- facilitate appropriate zoning for trading</li> </ul>

<sup>2</sup> a stand-alone implementation plan will follow this policy, which will carefully, and in conjunction with the relevant stakeholders, map out an implementation plan in line with the policy

e) <b>Roads and Stormwater Department</b>		– identify and facilitate the use of land for trading in the appropriate manner
f) <b>Human Settlements Department</b>		– Land use budgeting for economic purposes
g) <b>Events Department</b>		– Incorporate and promote trading in and adjacent to event footprints
h) <b>Safety and Security Department</b>		– Developmental Law Enforcement
i) <b>Traffic Services</b>		– Enforce law on roads and intersections
j) <b>Transport Department</b>		– Incorporate informal trading planning at public transport hubs/terminals and interchanges
k) <b>Finance Department</b>		– Investigate and implement funding mechanisms for reinvesting permit fees into urban management
l) <b>Health Department</b>		– Issue and enforce health certificates for food traders – Improve hygiene practices through training
m) <b>Sports and Recreation Department</b>		– Manage beach trading
n) <b>Parks Department</b>		– Allow, where appropriate, trading linked to events
o) <b>Utilities Departments</b>		– Plan, spec and provide water, sanitation, and electricity infrastructure where appropriate
p) <b>Corporate Facility Management Department</b>		– Provide a facility management service
<b>3. Formal Business</b>	provide goods/services desired by the public; provide quality goods and services to the public	– Trade, – Abide by laws for the comfort, health and safety of the public – Engage other stakeholders directly via at dialogue institutions or via representatives such as trader associations
<b>4. Public, Consumer</b>	– Exercise preference through purchasing goods/services – Consumer Watchdog	– Engage in dialogue forums – Abide by laws – Inform regulator of infractions of the law

9

**PLANNING AND MANAGING INFORMAL TRADE**

From an operational perspective this policy aims to achieve sustainable urban management. To this end, planning and design is required to accommodate informal trading in designated streets, public open spaces and markets. The full integration of informal trading into the planning, design and management of the City is therefore

necessary in order to enhance the City, promote economic development and expand employment opportunities.

## 9.1 **Policy Tools**

- 9.1.1. The four implementation levers are planning, registration, bay allocations and the permit fee structure.
- 9.1.2. **Planning:** New markets and trading opportunities must be properly planned, bearing in mind the economic needs of all stakeholders, such as the need for more vibrant land use and the need for orderly town, spatial and transport planning, as well as health and safety. Existing markets should be managed properly and new trading sites or market developments must be informed by a spatial and economic rationale.
- 9.1.3. **Registration:** For management purposes (space, equity and trader/employee development, rental collection) registration of all informal traders is required. Registration gives permission to operate, and provides access to services and support. Data on registration will be kept in the centralised inter-departmental information system, which will link where traders are, the sectors they work in, with registration, permit-fee payment status, environmental health and the enforcement function.
- 9.1.4. **Allocations:** The aim of the allocations policy is to support sustainable growth and provide opportunities for new entrants, in an economically sustainable and socially useful way. The criteria for allocations will be negotiated locally with stakeholders; the allocation of sites will then be done by City officials. The allocations policy shall be used to balance access to opportunities between established traders and new entrants.
- 9.1.5. **Permit Fee structures:** Value is placed on sites through a system of differentiated tariffs. Fees will be linked to site size, desirability of location and the level of services provided. Levels will be determined by considering the cost to local government of providing the facility, bearing in mind the need to subsidise opportunities in appropriate areas. Certain areas may be discounted depending both a) on the nature of the good/service traded and b) the socio-economic conditions of the surrounding area.

## 9.2 **Planning For Informal Trade: Optimal Urban Locations**

### 9.2.1. **Strategic Planning Exercise**

- 9.2.1.1. The City, as well other stakeholders, will play an important role of identifying future or potential suitable trading areas that are either regionally or locally strategic for informal trading. A strategic spatial planning exercise (forward planning and pre-emptive) will identify components of the urban landscape that would reinforce informal trading and vice versa, both current and future opportunities; such as, the City's Bus Rapid Transport system, transport interchange hubs as well as identifying the interaction between formal and informal economic activities. Planning should aim to ensure the sustainability and growth of the enterprise while taking into account the needs of other users/stakeholders. The output of the strategic planning process will feed into the trading plan processes and the identification of high demand zones.

### 9.2.2. **High Demand Zones**

9.2.2.1. In the course of the strategic spatial planning exercise for the identification of high demand zones within any one of the economic centres; areas may be identified as current, or future potential high demand zones. These areas will managed, periodically, with a regime that reflects their demand; in other words, price, time and permit holder will be flexible to match demand. Allocations will be made on a shorter term basis, and space will be priced according to its value (see pricing below) and allow for maximum rotation of traders (for both equity and trading mix) while maintaining the quality and integrity of the High Demand Zone.

### 9.2.3. **The Trading Plan**

9.2.3.1. The City must adopt trading plans where required. This is particularly important in areas where there is an overlap among various stakeholders, business, public or City uses.

9.2.3.2. The trading plan must set the geographical boundary for the trading area and allocate bays where trading can take place.

9.2.3.3. The plan can include among others:

- a) Specific trading conditions or criteria
- b) Set out development priorities, whether for the local economy or industry specific development plans and including trader and employee development
- c) Allowance for environmental and heritage protection
- d) Cater for markets and high demand zones
- e) Set out third party arrangements and responsibilities for managing trade in the area
- f) Guidelines for the regularity in which the stakeholders will meet to discuss matters pertaining to the trading area (or the need for engagement forums)

### 9.2.4. **Spatial Planning Framework**

9.2.4.1. Taking into account the differing economic, spatial and infrastructural elements of the City, the following guidelines will inform the development of current and future trading areas in the City:

#### 9.2.4.2. *Public Spaces in Central Business District / Tertiary Economic Centres:*

In the central business district and in tertiary economic centres informal trading would be permitted to provide a range of trading possibilities linked to opportunities for growth and diversity.

- a) In pedestrian malls
- b) In designated trading areas
- c) At appropriate markets, and public squares/space

#### 9.2.4.3. *Public Spaces in Secondary Economic Centres:*

In Secondary Economic Centres the City will have:

- a) Designated trading bays located along major pedestrian traffic routes.
- b) Open trading areas that allow flexibility for traders as well as formal market spaces.

#### 9.2.4.4. *Public Spaces in Primary Economic Centres:*

Each type of economic centre must allow an increase in the municipality's developmental and facilitative role. Therefore in primary economic centres, housing estates and townships:

- a) Demarcated trading bays will only be allowed in high pedestrian traffic flow areas where congestion is not problematic.
- b) Flexible market structures must be built at key transport nodes that allow for the integration of a number of services ensuring regular pedestrian traffic flows. In these areas cognisance must be taken of the lack of quality urban environments and appropriate physical infrastructure and therefore the approach needs to be in terms of a more physically structured response.

#### 9.2.4.5. *Informal and Marginalised Residential Areas*

- a) In informal settlement and township areas the provision of trading spaces should be clearly linked to "place-making" strategies, as trading may have the potential to generate new forms of public space. Appropriate facilities need to be provided in these environments that will allow a range of trading levels, structures that are flexible to change and upgrading and access to utility services.

### 9.3. **Organisations and Forums Supporting Development**

#### 9.3.1. Multi-stakeholder engagement platform

- 9.3.1.1. Planning and development of the sector requires engagement of all stakeholders, each stakeholder may require its own forum to discuss issues internally before it is brought to a multi-stakeholder platform. The City will establish, with its stakeholders, one multi-stakeholder platform for engagement around matters relating to the informal trade sector.

#### 9.3.2. *Trade Associations and Development Organisations*

- 9.3.2.1. Specific organisations and engagement platforms may be required to address the needs of specific groups (employees and employers). Support to establish and sustain trader associations should be offered. The support of and, where feasible, the establishment of new industry specific organisations (intermediaries), shall be undertaken.

## 9.4 **Development Support**

### 9.4.1. **Direct Support**

9.4.1.1. Direct support offered to traders and their employees may include business or technical training and mentorship, depending on the need. These will be piloted and provided by stakeholders and partners. The development support required will be determined at an area level, linked to the trading plan and developed by the stakeholders in the area.

9.4.1.2. New traders will be encouraged to join a trader association in the trading area

9.4.1.3. Traders will be assessed at the permit application stage and encouraged to register at one of the industry-development organisations related to the trader's goods/service (should those be available)

### 9.4.2. **Indirect Support**

9.4.2.1. A range of indirect support will continue to be provided to the sector through the City and other stakeholder with input and involvement of the sector. This could include:

- a) Roads, water, sanitation
- b) Planning (spatial, land use, other)
- c) Site identification, preparation and development
- d) Contract development and legal services
- e) Management and regulatory services

## 9.5 **Criteria for the Allocation of Trading Bays**

9.5.1. Central to equitable allocation of trading bays, is the compilation by the City of a database of all street traders in a particular area, which will include for each trader: ID number or any recognised form of identification, address, goods being sold, trading location and any other relevant information.

9.5.2. It is acknowledged that the following basket of criteria will form the broad basis of decision to allocate bays. As the process is ultimately to be managed on an area basis (a combination of geographic criteria and category of economic centre criteria), it is required that the criteria following are a guideline. In the implementation stage it will be the right of all traders to be fully aware of exactly which criteria are being used in respect of allocation of trading bays.

9.5.3. In the event of traders wishing to appeal a City official's decisions which are deemed to impact on the rights of traders, the appeals will follow the Disciplinary and Appeal Procedures as outlined on page 32, paragraph 62 in the Municipal Systems Act, No.32, of 2000.

9.5.4. Subject to and in compliance with Section 6A (1), (2) and (3) of the Businesses Act No. 71 of 1991, allocation of trading bays will be based on the following criteria and considerations:

- a) Applicants must be:
  - i. existing informal traders, or

- ii. desire to become informal traders (provided they comply with the requirements below, and may be for example, informal employees, seeking to establish their own business)
- b) The nature of the goods and services should not conflict with or unduly compete with:
  - i. the type of goods/services sold by formal businesses in the trading area/ or close to the bay
  - ii. the type of goods/services, sold informally, in the same trading area;
- c) Unemployed people will get preference
- d) Where bays are available, traders operating more frequently will get preference over occasional/casual traders within the trading area
- e) The applicants ability to meet the trading hours set for the trading area
- f) Preference will be given to Historically Disadvantaged Individuals
- g) Consideration shall be given to new traders to the City database
- h) Only one bay will be allocated per trader
- i) Preference will be given to traders who do not trade in any other trading area
- j) Preference will be given to those who do not share the same household with an existing permit holder, provided that
  - i. There are more trading bays than applicants
  - ii. The applicant is not economically dependent on the existing permit holder
- k) Preference will be given to applicants who reside in, or close to, the trading area for which the permit is applied
- l) The trader must be in possession of a valid South African identity document or relevant documents allowing the individual to working permit.
- m) In the case of foodstuffs being processed and traded, the trader must be in possession of the required Business License (and Certificate of Acceptability).

#### 9.5.5. **Other Conditions**

- a) New applicants will be required to undergo an information session regarding the informal trading policy and by-law
- b) Applicants will be assessed to determine training and development needs, which may include registration with an industry development organisation
- c) Council will reserve the right to withdraw summarily the allocation of a bay in the event of evidence proving that (i) a trader has wilfully supplied incorrect information related to permit conditions; (ii) a trader has failed to update the information annually; (iii) a trader, who is allocated a bay, has sublet or sold such a bay to a third party without the approval of Council; (iv) a trader is behind payment on the permit fee (for two consecutive months); (v) a trader does not comply with the Informal Trading by-law.
- d) When events permitted by the City occur, the right to the event supersedes the trading right. The City will have the right to summarily cease (without any compensation for loss of earnings) all trading in bays which the City deems are affected by the special event. (traders affected by the event can approach the event organiser to trade within the event footprint) The City will encourage trading in areas surrounding the event, where possible.
- e) In high demand zones, alternative allocation models will be piloted to enhance the trading mix and provide for new entrants.

## 9.5.6. **Special Circumstances for Allocation of Bays**

9.5.6.1. It is recognised that the following special circumstances may warrant the transfer of the permit to an assistant or family member such as in the case of:

- a) Death of Principal Trader – where the inability to trade would place undue hardship on the family of the Principal Trader, permission may be granted to another family member/assistant trader to continue trading until the end of the trading period as stipulated on the permit for the bay.
- b) Personal reasons; such as, illness, pregnancy, family responsibility, religious or cultural matters, or any other personal matter, provided it is for a period no longer than 6 months, and provided that:
  - i. proof from a medical practitioner is provided to the City which certifies that the permit-holder is unable to trade; and
  - ii. a written affidavit is provided to the City stating the nature and period for which the permit holder requires the permit transfer

9.5.7. If the Principal Trader or his/her family chooses not to make application for special consideration as outlined above, the permit for the bay must be returned to the City to be allocated to the next person meeting the criteria on the waiting list.

## 9.6 **Law Enforcement**

9.6.1. All laws will be enforced related to conduct, health and safety and the trading in prohibited areas. The policy, including by-laws will be work-shopped with all new permit holders, when they receive the permit, and with existing permit holders. The following, among others, pertain:

- a) No trader will be permitted to carry on such business in a manner, which creates a nuisance, is a danger or threat to public health and safety, or damages or defaces any Council property.
- b) A criminal act will be dealt with through the appropriate criminal procedures.
- c) Where a trader violates the permit conditions, he/she will be informed in writing of the violation and course of action. A 'three-strike system' will be employed whereby two (2) written warnings will be issued before punitive action is taken. Permit fees will not be refundable if the permit is revoked or suspended.
- d) Punitive measures could include suspension for a specified period, or the total withdrawal of such trading permit.
- e) The trader will have the opportunity to put his/her case forward at an inquiry and he/she will be permitted to call any witnesses to testify on his/her behalf. Minutes will be kept of all inquiries and will be available to all interested parties.
- f) In the case of a trader being refused a permit or having his permit revoked, the complaints procedure will be conducted
- g) In the event of traders wishing to appeal a City official's decisions which are deemed to impact on the rights of traders, the appeals will follow the Disciplinary and Appeal Procedures as outlined on page 32, paragraph 62 in the Municipal Systems Act, No.32, of 2000.

## 9.7 **Management of Trading Areas**

9.7.1. Different trading environments will require alternate management models and depending on the characteristics of the market or informal trading areas and the desired outcomes for trade in the area.

### 9.7.2. **Formal Market Sites**

9.7.2.1. The management of these sites will be granted on a competitive tendering basis for those Formal Markets (including Craft Markets) identified by the City for outsourced management. The successful tenderer will be granted the management contract for a reasonable period after which it will once again be open for competitive tendering. Management agents will be required to sign Service Level Agreements with the City clearly spelling out each party's responsibilities and penalties for non-compliance. Included in the Agreements will be provision of ablution and storage facilities.

9.7.2.2. The legal arrangements that will govern the management of the markets can take the following forms:

- a) Head lease with a commercial operator who is responsible for all aspects of the market, including security, cleansing and maintenance. The operator would pay the City a market related rental.
- b) Head lease with an association of traders/crafters (usually a common law voluntary association not for gain) who is responsible for all aspects of the market, including security, cleansing and maintenance. The rental payable to the City would range from nominal to market related, depending on the location of the market.
- c) A management contract with the service provider to manage aspects of the market, such as ablution facilities, storage facilities, cleansing and security. The City will issue permits to the individual traders.
- d) Lease with local civic or community associations to manage trading areas, with individual permits issued by the City.
- e) In the case of City run markets, traders would be issued permits for areas or leases for structures such as containers or kiosk.

### 9.7.3. **Individual Fixed Trading Sites**

9.7.3.1. These permits will be granted against the criteria established in the section entitled "Criteria for Allocating Permits". Permits will be granted for between 1 day (for high demand zones) and (1) to (3) years, depending on the area, after which application must again be made, subject to compliance to conditions. Permit fees will be divided into twelve equal payments which will be payable on a monthly basis.

### 9.7.4. **Events**

9.7.4.1. Examples of events include, sporting fixtures, concerts and national state events. These events are by their nature temporary and arrangements will depend upon the type of event and the geographical area in which it is taking place. When permitting a special event, the City grants full right to the event organiser to manage the entire event footprint, in turn; the event organiser accepts full liability for all risks. For this reason, the trade to trade is revoked for the period of the event. The City will encourage event

organisers to accommodate informal traders and where feasible allow trading to take place around the event footprint.

#### **9.7.5. Transport Interchanges**

9.7.5.1. Any trading in the vicinity of Transport Interchanges must not obstruct vehicular or other traffic. The establishment of any trading zones at Transport Interchanges would require the approval of the Interchange Management Authority.

### **9.8 Pricing and Funding Mechanisms**

#### **9.8.1. Basic Price Determination**

9.8.1.1. The economic value of location and space will be incorporated into the pricing linked to tariffs and leases. At a metropolitan scale, a costing exercise will be undertaken at a sample each type of trading areas to determine the full cost of trading with varying urban management, locational and infrastructure attributes (e.g. utilities-water, sanitation, electricity, management services, infrastructure-shelter, storage, etc.). Differentiated tariffs for different levels of service provision will be introduced. A sample of different trading sites will be selected for the costing exercise, on completion of the investigation, price bands per trading class will be determined and each trading area will be assigned a trading class and the associated price band.

9.8.1.2. A tariff structure will be linked to:

- a) Desirability of location (demand)
- b) Site size
- c) Level of services
- d) Infrastructure
- e) Management services
- f) Discounting (the true cost)

#### **9.8.2. Pricing Variations**

9.8.2.1. Pricing will vary according to a number of factors, as mentioned above, in practice this may mean prices vary along the following lines:

- a) Economic Centres  
Tertiary, secondary and primary economic centres may influence the price
- b) Markets  
In the case of markets, tariffs will vary according to type of market and the services available at the market. Where the market is operated by a lease holder, price setting is determined by the lease holder.
- c) Socio-Economic Infrastructure  
Transport hubs and interchanges, commercial/shopping centres, public facilities such as libraries, civic centres, among others
- d) Third Party Management  
In areas that are managed by parties other than the City (e.g. CIDs, adjacent to shopping centres) and where services are supplied that are supplementary to those provided by the City, an alternative tariff structure may apply in order to reflect the value of the additional services provided in the area.
- e) High Demand Zones

In the course of the strategic spatial planning exercise for the identification of high demand zones within any one of the economic centres, areas may be identified as current, or future potential high demand areas

## **9.9 Funding Urban Management**

- 9.9.1. The City, with the relevant stakeholders, will seek out alternatives mechanisms to provide for the urban management; management may include safety and security services (e.g. officers of the peace), infrastructure maintenance and services (cleansing, sanitation, water, other). Funding mechanisms may include, inter alia:
- a) Dedicated Budget Allocations
  - b) Streaming revenue collected from informal trading and assigning it directly to the management of informal trading
  - c) Leasing or Management Agreements
  - d) Advertising Sponsorships
  - e) Partnerships with Stakeholders
- 9.9.2. Developing a fair, equitable and transparent pricing and effective funding mechanisms will be an important step forward towards the development of the informal trade sector.

## **10 MONITORING AND EVALUATION**

- 10.1. Coordinated by the Economic Development Department:
- 10.1.1. Annual monitoring of the policy implementation shall take place and
- 10.1.2. Bi-annual evaluation shall be undertaken via the multi-stakeholder engagement platform
- 10.1.3. At the end of five years, the policy shall be reviewed against the problem statement, and the policy directives set out in this policy. A new problem statement and set of objectives should be determined by the all the stakeholders.
- 10.1.4. Alternative forms of monitoring shall also be used such as surveys, focus group discussion or workshops. The City shall also investigate, as part of a monitoring system, a telephone hotline be established to provide information, register queries or log issues relating to the sector.
- 10.1.5. In addition, the monitoring system shall be established in order to:
- a) Provide a centralised hub of data to allow the stakeholders to utilise the informal trading data and incorporate the informal economy into their planning processes and strategies
  - b) Conduct trend analyses and anticipate the growth of the sector over time
  - c) Identify the needs of the sector
  - d) Map of informal trading areas and trading bays and any shifts over time

**END**