



MANAGEMENT AND CONTROL OF ITINERANT TRADERS

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Signed

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POLICY ON MANAGEMENT AND CONTROL OF ITINERANT TRADERS

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DRAFT POLICY ON MANAGEMENT AND CONTROL OF ITINERANT TRADERS

Definitions

1. **Itinerant Trader** is a trader who 'trades as s/he travels'.
2. **Resident Trader** is a trader who trades from a specific site. S/he may 'travel to trade'.
3. **Fronting** is trading on behalf of a business that operates from mortar and brick premises.
4. **SMME** means small, medium and micro enterprises.
5. **Survivalist**: A small scale one-man trader whose income hardly sustains the trader and his family.
6. **Micro enterprises** are very small businesses, often involving the owner, some family members and at most two paid employees.
7. **Small enterprises** are established enterprises with employment ranging between 5 and 50. They are usually owner managed. They are likely to operate from business or industrial premises, be tax registered and meet formal registration requirements.
8. **Medium enterprise** is difficult to demarcate into small or big business categories, but is also likely to be owner managed, although it may be run by management employed by owner. Shareholding may in some instances be complex. Employment may reach the level of 200 employees and capital asset may be valued at up to R5million.

1. Background

The development of mass street trading is one of the most important developments in the political economy of the City Mbombela. By creating employment and income opportunities for thousands, and by providing cheap and symbolically important goods and services to urban marginal, street trading has drastically changed the lives of the City of Mbombela poor and has forced forward redefinition of City of Mbombela life, space and culture.

As the majority of the street traders are women, the emergence of street trading is also the history of active and defiant women creating a productive sphere for themselves in an oppressive environment.

Recognising the strategic importance of the sector and the historical factors that led to mass street-trading, the City of Mbombela is in the process of developing a new Informal Trading Policy, which is currently a draft. This policy identified a number of research gaps, one of which being a need for policy for improved management and control of informal traders which includes itinerant traders, which policy should be consistent with the Informal Economy Trading policy.

Itinerant trade is quite dominant in various transport nodes and outside the various sites of economic and social activity, such as the residential areas and some parts of the CBD.

The objective of this policy document is to recommend management tools that can be used to control and improve conditions in this sector. The Business Regulation & Governance Unit seeks to build greater policy coherence within the City through a programme of coordination, effective interdepartmental relations, and sound policy management, including strategic alignment of mandates of different City departments and units.

This policy will make recommendations regarding procedures and processes that are aimed at improving the management of the itinerant traders, as well as by-law to regulate the trade. The policy will also seek to increase support and opportunities to itinerant traders to facilitate growth of their businesses.

2. Defining Itinerant Trade

The concept encompasses different types of economic activity, different employment relations and activities with different economic potential. The distinction between the resident and itinerant informal traders is not clear as there is no clear dividing line between the two.

Resident traders can sometimes become itinerant traders in pursuit of specific markets and opportunities. Using the term itinerant trader rather than informal trader partially addresses these concerns. The concept of 'itinerant' trader implies a greater range of mobile activities than just the 'informal' or resident traders.

An itinerant trader is the one who 'trades as s/he travels'. The resident trader, on the other hand, may 'travel to trade'. Itinerant Traders are the mobile traders who travel as they trade, using different instruments and tools for their mobility. Reference is made of trolley-pushers, bakkie traders, propelled motor vehicles & bicycle for selling ice cream and/ or individuals who sell on foot.

3. The role of the sector

The City of Mbombela has recognised that this sector plays an important if not critical role in the economic and social development of the City. There is ample evidence that the labour absorptive capacity of itinerant trading is high, the average capital cost per job created is usually lower than in big business.

The sector is an important force to generate employment and income, thereby activating competition, exploiting niche markets, enhancing technical change and, through all this, stimulating local economic development.

With particular attention to the survivalist activities, it is clear that the sector plays a crucial role in peoples' efforts to meet the basic needs and help marginalised groups like female household heads, disabled people and rural communities to survive during the current phase of structural challenges such as unemployment and poverty.

Experience has shown that in the past the black people have been able to make far better progress in the micro- and small- enterprise segments of the economy than in medium sized and larger enterprises.

4. Constraints facing the sector

Compared to other informal businesses, itinerant traders face a wider range of constraints and problems on their own, even in effectively functioning market economies. The constraints relate, among others, to the legal and regulatory environment, finance and storage premises (affordable rentals), the acquisition of skills and managerial expertise, access to appropriate technology, etc.

The legacy of apartheid constitutes an important factor in the inability of black-owned or controlled businesses to face business development constraints. This took form of Bantu education, absence of entrepreneurial education, group areas act led to capital losses- thereby destroying the fabric of black small businesses, women are incapable of entering into contractual arrangements (since changed- however customary law remains intact and there are cultural, behavioural and attitudinal constraints which still affect women's participation in business).

5. The City's approach

The reasons for having an Itinerant Trade Policy can be summarised as follows:

- It defines an integrated and holistic approach for all departments within the City of Mbombela
- It clarifies the Council's policy to all relevant stakeholders;
- It forms the basis for the By-Law that will regulate Itinerant Trading in the City;
- It provides a basis for resource allocation decisions;
- It establishes the basis for a monitoring and evaluation process, with clearly defined key objectives.
- It establishes appropriate institutional frameworks for improvement control and management of itinerant trade, within the framework of Informal Trading Policy

- It empowers individual operators with tools to challenge unfair treatment by city officials

6. Link to Council's Economic Development Plan

The Business Regulation & Governance Unit Strategy is characterised by the following objectives:

- Establishing a job-creating economic growth path;
- Embarking upon sustainable rural development and urban renewal; and
- Bringing the poor and disadvantaged to the center of development
- Creation of an operating environment for all business to growth and development
- Facilitation of community level and strategic community empowerment
- Training and skills development for SMME's
- Building government and private sector partnerships
- Sustained economic growth

In line with this strategic direction, the City's vision and mission for itinerant trading is proposed as follows

VISION:

"A well -managed Itinerant Trade sector that is fully integrated into the economic, spatial and social development objectives of the City."

MISSION:

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

7. Policy Statement

The City of Mbombela acknowledges the relevance and contribution of itinerant trading to the economic and social life of the City. Itinerant Trade provides some income to those who are unemployed, and provides retail alternatives to established traditional formal sector operators.

In line with the national government's developmental approach to local government policy, the City aims to assist informal traders to graduate and become commercially viable and dynamic players, capable of contributing meaningfully to the economic growth of the City and the quality of life of its citizens. Through the City's expenditure on infrastructure and other appropriate services, entrepreneurial development and spatial planning, achieving such a policy goal will become a reality.

The City also acknowledges that uncontrolled and unplanned growth of the Itinerant Trade sector will have a negative impact on the City. Conflicts have already arisen between City compliance officials and itinerant traders as well as between resident informal traders and formal business people and 'newcomers', because of uncertainty of each party's rights.

If there is little official regulation and control, new sorts of informal control mechanisms may come in to fill the void with their own means of controlling prices and protection rackets.

8. Principles by which Itinerant Traders will be managed

This policy document makes the following recommendations on key principles that will inform the City's approach to itinerant trade management and control strategies:

8.1 Economic Principles

Management of itinerant trading will be facilitated through:

- Linking itinerant trading zones to commercial zones in order to create controllable hubs of business activity that mutually benefit formal and informal businesses.
- Providing a range of facilities, capacity building and business support services that cater for the different levels of traders, from the weekly trader and small survivalist trader to larger traders.
- Ensuring that property owned by the City are used for the maximum social and economic development of the community within which they are located.
- Targeting highly accessible and visible locations for the promotion of tourist related trading in order to derive benefit for informal traders from the tourism potential.

8.2 Social Principles

The promotion of equity within the City to create a dignified City through:

- Equitable distribution of public infrastructure throughout the City with an emphasis on the poorer parts of the City that have not historically benefited from public sector investment
- Viewing itinerant trade as a platform for public sector investment and an opportunity to integrate communities that have historically been excluded from main stream business.
- Providing basic services such as water and refuse facilities to all areas where public health and/or public safety is at risk.

8.3 Spatial Principles

Regulation of Itinerant Trade in order to promote the value of public places as amenities and places of dignity and generate positive public image of the city in order to:

- Promote the sector only in areas that have the largest number of people, i.e. areas with large flows of pedestrian traffic.
- Demarcating to Itinerant Traders space/ trade areas in accordance with the broad Spatial Planning Framework of the City and the local area Spatial Development Frameworks.

- Providing minimal infrastructure for Itinerant Trading, which would vary depending on the type of activity.

9. Policy recommendations

The City of Mbombela recognises the key role Itinerant Trading has and will continue to play in the creation of jobs and the opening up of economic access opportunities for Historically Disadvantaged Communities. In light of this the following have to be prioritised:

9.1.1 Developmental Continuum (graduation opportunities upward the economic ladder)

In order to manage and control this sector, the City will encourage the development of Itinerant Traders from survivalist to more robust business enterprises.

It is generally understood that various levels of trading exist within this sector in general. These levels are:

Level 1: Survivalist small scale, one man mobile trader - income can hardly sustain trader and family.

Level 2: Itinerant Micro Enterprise – Makes sufficient income to support personal and family needs, and may also be able to make a profit. Goods are sold using trolleys or carts.

Level 3: Macro Itinerant Trader – Trading is run on formal basis in a mobile vehicle. There may be a formal brick and mortar shop elsewhere where products are manufactured, but are sold elsewhere using bakkies or trucks. Other products like fruits and vegetables are collected from different farms and sold in bulk using trucks or bakkies

Generally speaking, level one should not be encouraged due to the fact that:

- It is not easy to control this segment;
- It is the level where crime and public delinquency is predominant.

This policy therefore recommends:

- Levels 2 and 3 because they are easier to control;
- It is easy to promote the development continuum and graduation, through targeted interventions.

9.1.2 Education of Itinerant Traders on litter control

The ultimate goal of this Policy and Management Framework is sustainable urban management, which results in a City that is able to accommodate Itinerant Trade in designated streets, open public spaces and markets.

The full integration of Itinerant Trade into the planning, design and management of the City is therefore necessary in order to enhance the City image, promote economic development and expand employment opportunities.

The first point of departure in the policy for the Itinerant Trade is that local government should facilitate the education of Itinerant Traders about litter control and refuse-disposal options. The municipality should also educate the traders about its waste management activities and procedures.

However, the problem of littering cannot be attributed to Itinerant Traders only. It is a problem that emanates from everybody. Taking into account the differing economic, spatial and infrastructural elements of the City, education of Itinerant Traders will be based on the City's waste management strategies and programmes.

It should be made mandatory for all permit holders to sign a pledge on waste management and control. In all cases, permits should be linked to litter control whose validity will be determined from time to time by the Trader's performance on litter control. It is therefore recommended that such a pledge should be focused on waste management, disposal and control by permit holders.

Other key areas of education that should be made mandatory, before any permit is issued should include:

- Communication skills
- Personal hygiene, dress code and image
- Patriotism and public relations

Once Itinerant Traders are provided with basic skills on these areas, they will be in a position to stand as ambassadors of the City to tourists visiting the City.

9.1.3. Prohibited Itinerant Trading Zones

Itinerant trading is prohibited in the following areas:

I) Public Spaces in Central Business District / Tertiary Economic Centres¹

In the Central Business District and in Tertiary Economic Centres where any form of Informal trading is completely outlawed by legislation

II) Public Spaces in Secondary Economic Centres²

In Secondary Economic Centres with:

- Designated trading bays located along major pedestrian traffic routes
- Open trading areas as well as formal market spaces
- Whether itinerant trade would present danger to the public and to the traders themselves (e.g. at intersections, in the streets, etc.)
- Where the itinerant trade causes obstruction to vehicular and/or pedestrian traffic (in these areas trolleys should not be allowed, and trade, if allowed, should be limited to 'impulse buy' type of products)

Trade at intersections and along national/provincial roads should be subject to compliance with relevant legislation or with the consent of the relevant department. Trader permit at intersections would depend on the zone within which the intersection falls.

1 Central Business District or Tertiary Economic Centres are commercial centres that are used by many different communities, providing a nodal point of convergence.

2 Secondary Economic Centres are commercial centres that are used primarily by the immediately surrounding communities

9.1.4 Improved aesthetics of both carts and dress

Aesthetics of both carts and dress should be the cornerstone of Itinerant Trade management and control policy. No mobile trader should be allowed to trade in the CBD and other secondary economic centres if, in the discretion of peace or compliance officer, the aesthetics of both the trader and the cart used for trading is either hazardous to both the public at large or the trader who is using the cart, or has any form of public indecency.

It is proposed that 'Hawker Bazaars' be set up as a management control for the aesthetics of both carts and dress. This facility will be an area of ground or a building demarcated and allocated by the City for use of hawkers carts and traders.

The private sector should be encouraged to invest in improving the appearance of carts.

To control Itinerant Trading activities, appropriate institutional frameworks should be encouraged to manage popular trading zones. Such structures should be equipped with appropriate technology to deal with issues of aesthetics of both carts and individual traders.

Improved aesthetics of both carts and dress should also be linked with permits. This allows the City to withdraw permits for traders that look untidy, and whose carts are not specially designed for trading.

10. Management Zones and Appropriate Products for Trading in such Zones

Subject to compliance with the relevant legislation, trading zones should be identified throughout the City and maximum number of mobile trading permits be determined for each zone.

These permits will be granted against the criteria established in the section entitled

"Criteria for Allocating Permits". Permits will be granted for one (1) full year after which application must again be made.

Permit fees can be divided into twelve equal payments which will be payable on a monthly basis or be payable in four quarterly payments for traders trading every day.

11 The criteria for suitability of an area for Itinerant Trade should be:

- The size of the area
- Pedestrian traffic flows (how busy the area is)
- For improved policing and enforcement, traders should be required to wear uniform, with a different colour for each zone.

An alternative to this would be for their uniforms to have numbers on them, with each number indicating the zone in which the trader is permitted to trade. The City should seek the support of the corporate businesses in financing the uniforms, especially those located in the areas identified as trading zones. The uniform could carry the name of the sponsor, which could be promotion mechanism for the company involved

Taking into account the differing economic, spatial and infrastructural elements of the City, the following guidelines must inform types of goods to be traded in the City.

12. No Itinerant Trading should be permitted:

- Along national roads or (N4), Provincial and Local roads without the consent of the relevant authority and/or department
- Along the major road junctions or intersection
- In the front door of the major food outlets or chain stores
- In an area where it poses danger to the wellbeing of the public

13. Only containerised and non-perishable goods in by uniformed mobile traders can be sold:

- In special events
- In tourism nodes

14. Advertising opportunities for carts

Interest in advertising on carts can be promoted by changing the image of the itinerant trade. Improvement of aesthetics on and standardisation of carts would open advertising opportunities for businesses in the city. This would create another source of income for the itinerant traders. However, in instances where carts are owned by the suppliers, agreements between suppliers, the itinerant traders and the businesses that would want to advertise on the carts would have to be reached.

15. Enforcement

In order to enhance the City's image in the eyes of both its residents and visitors, the conduct of itinerant traders will be strictly monitored. Anti-social, inappropriate and other unruly behaviour will be viewed as misconduct.

- No trader will be permitted to conduct business in a manner which creates nuisance, is a danger or threat to public health and safety, or damages or defaces any Council property. Relevant laws will apply to offenders.
- Where a trader violates the permit conditions; he/she will be informed in writing of the violation and course of action. Permit fees will not be refundable if the permit is revoked or suspended.
- Punitive measures could include a warning, a suspension for a specified period, or the total withdrawal of such trading permit.
- 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.

16. Approval routing / permits

Applicants will be considered against the criteria by the City. New applicants will be required to fill in a prescribed application form if they wish to be considered for a trading permit.

Permits will be issued on a "first come, first served" basis from the current traders and those in a waiting list, but the number of permits may not exceed the maximum number of itinerant traders allowed in any trading zone. The issuing of permits will be centralised and area based.

17. Itinerant Traders who have to stop trading due to implementation recommendations of this policy (e.g. those who cannot obtain permits/ licenses)

Certain areas in the city have serious litter and refuse problems. As an impact strategy, Itinerant Trading could be discouraged in order to undertake cleaning activities in these areas.

18. Strategies on diversionary opportunities and redeployment already operating

There are some opportunities in the informal trade which can absorb itinerant traders currently operating, who are unable to obtain trading licenses when this policy is being implemented.

Of the current challenges facing the City is the problem of littering and refuse in certain areas in the city. Itinerant Traders who find themselves out of jobs as a result of recommendations of this policy can be grouped and given an on-going task to clean in these areas. (i.e form a Cleaning Co-Operative or be considered in the EPWP/CWP programme)

However, the City is under no obligation to absorb such traders, under whatever circumstances.

19. Structure of rentals/levies of Itinerant Traders

A trader does not hold a right of reserve over any trading site. The City will have the final decision on the allocation of trading zones. Tariffs should take into account where the trading zone is located, as well as the balance of value added by itinerant trading to that area and its particular community.

Rentals will be linked to trading zone size, pedestrian traffic in the area, desirability of location and the level of services provided.

20. Comprehensive database

Central to equitable allocation of trading zones, is the compilation by the City of a database of all itinerant 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. Allocation of trading areas will be based on the following criteria:

- Only bona fide itinerant traders will be eligible, not businesses that operate from brick and mortar premises. As a result, fronting for or on behalf of businesses that operate from brick and mortar premises is completely outlawed.
- Once trading zones are allocated informal traders will be encouraged to join an association in the area, in order to facilitate the provision of sector specific support and business services.
- Traders operating four days per week for at least 45 weeks of the year will get preference over occasional / casual traders.
- Unemployed people will get first preference.
- Council will reserve the right to withdraw summarily the allocation of a trading zone 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 does not comply with the Trading by-law of the City