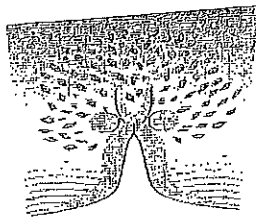


! Kheis
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Municipality

INFORMAL STREET
TRADING POLICY

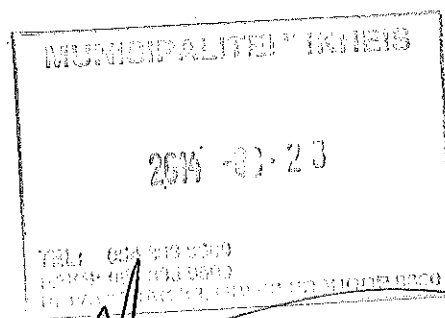


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INFORMAL STREET TRADING POLICY AND MANAGEMENT FRAMEWORK



INFORMAL STREET TRADING POLICY AND MANAGEMENT FRAMEWORK

(Adopted by the Council of !Kheis Municipality on)



IMPLEMENTATION STRATEGY

TIME FRAME

The timeframe for this phased approach will be as follows:

Phase 1	Adoption of this policy by council	Council Meeting
Phase 2	Establishment of Informal Street Trading Committee	As soon as policy has been adopted
Phase 3	Meeting(s) with Informal street traders and Implementation	After committee has been established
Phase 4	Implementation of this policy	Suggested Date: Beginning of new financial year

COSTS

Item	Per Day	Per Month
Food	R 41.47	R 356.18
Clothing	R 80.51	R 695.29

1. On the day of selling, the credit control officer, accompanied by a financial official will visit each stall and check if daily payments have been made;
2. In the case where monthly payments have been made, the credit control officer, accompanied by a financial official will visit each stall and check if such payments have been made.

REFUSAL TO PAY

If someone refuses to pay:

1. A warning letter will be issued to the seller;
2. If ignored, a second letter will be issued to the seller indicating that such person will forfeit an opportunity to conduct informal trading in the Ikheis Municipal Area.

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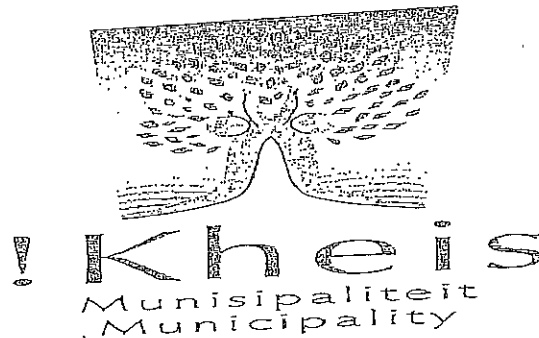


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1. INTRODUCTION AND DEFINITION

Informal Trading is a positive development in the micro business sector as it contributes to the creation of jobs and has the potential to expand the economic base of the area.

1.1. INFORMAL ECONOMIC ACTIVITY

"The informal sector includes employees, employers, self-employed people or family business workers who mostly work for themselves to earn a living.

1.2. INFORMAL TRADING'S CONTRIBUTION TO THE ECONOMY

Informal Street Trading has become a feature of our rural environment in most South African cities, and symbolises the changing nature of the municipal area in both spatial and economic terms. It is recognised that Informal Trading forms a vital part of any emerging economy. Significant is the fact that more than half of the traders are female residing in our municipal area.

1.3. WORKING DEFINITION OF INFORMAL TRADING

Informal Trading is defined as the *economic activity undertaken by entrepreneurs who sell legal goods and services within a space deemed to be public property, within the informal sector*. The implication is that informal trading management requires a public space management focus.

This specifically excludes any activity that is defined as illegal by any national and/or provincial law. While the definition as articulated could include trading taking place from private property, this Policy seeks to address the regulation only of those trading activities taking place on publicly owned property (which refers to property of IKheis Municipality), hence the emphasis on public property.

1.4. SCOPE OF INFORMAL TRADING POLICY

The different types of informal trading that take place in the IKheis Municipal Area can be indicated as:

- Street trading
- Trading in Public Open Spaces
- Selling of Braaivleis (and Food)

2. IKHEIS MUNICIPALITY'S APPROACH

This chapter outlines IKheis Municipality's understanding of its own roles and responsibilities in respect of Informal Trading. This affirms the importance of the Informal Trading Sector and defines the municipality's willingness to ensure that Informal Traders are a part of the integrated economic growth of the region.

The reasons for having an Informal Trading Policy can be summarised as follows:

- It clarifies the Municipality's policy to all relevant stakeholders;
- It forms the basis for a By-Law that will regulate Informal Trading in the Municipal Area;
- It provides a basis for resource allocation decisions;
- It establishes the basis for a monitoring and evaluation process, with clearly defined key objectives.

2.1. LINK TO COUNCIL OBJECTIVES

Objectives emerging from Council's view regarding economic growth in IKheis Municipal Area may be articulated in ensuring a municipal area that can be regarded as:

- 1) sustainable
- 2) dignified
- 3) accessible
- 4) credible
- 5) competent
- 6) safe and caring
- 7) prosperous
- 8) A municipality known for its leadership.

Vision and Mission for informal trading are:

VISION: "A well managed informal trading sector that is fully integrated into the economic, spatial and social development objectives of the municipality."

MISSION: "Through a developmental approach, the municipality seeks to facilitate the access to job and entrepreneurial opportunities within the informal trading 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."

2.3. PRINCIPLES DRIVING INFORMAL STREET TRADING

2.3.1. *Economic Principles*

- Seeking to link traders to a range of facilities, capacity building and business support services that cater for the different levels of traders, from the weekly Saturday trader and small survivalist trader to larger traders.

2.3.2. *Social Principles*

- Using the development of the informal trading infrastructure as an opportunity to improve the general environmental condition.

2.3.3. *Spatial Principles*

- Providing minimal infrastructure for informal trading, which would vary depending on the type of activity?

2.4. GOAL OF THIS INFORMAL STREET TRADING POLICY

2.4.1. *Planning*

Existing markets should be managed properly and new market developments must be linked to emerging patterns of work in the areas they serve.

2.4.2. *Registration*

The policy goal is the registration of all informal traders and the sustained payment of rentals.

2.4.3. *Allocation*

Allocations policy in respect of trading (bays, markets, permits etc.) is central to the entire policy for the informal economy as it is the lever through which local government can steer management and support of the informal economy. 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.

3. POLICY OBJECTIVES

This chapter focuses on development regarding Informal Street Trading.

Levels of Trading

Level 1: Survivalist Trading – Makes sufficient income to sustain trader and family.

- Level 2: Informal Trading – Makes sufficient income to support personal and family needs but is also able to operate on a profit basis – money can be used to begin exercising lifestyle choices and/or invested in other business opportunities.
- Level 3: Formal Trading - Has fixed location and is run on formal business principle i.e. registered with SARS etc. There may be a formal brick and mortar shop elsewhere where products are manufactured.

INTEGRATED SERVICE DELIVERY

The informal trading sector requires basic economic infrastructure and municipal services as well as generic business services.

The public environment requires cleansing, security and maintenance and the municipality needs to make provision for these services. Effective delivery of “basic municipal services”¹ provides an environment in which business can thrive. These may include:

- Provision of trading areas and facilities and management thereof;
- Provision of electricity, cleaning services, water, sewage services etc, depending on the type of facilities involved.
- Ensuring safety and security in business areas.

The municipality may seek to play a facilitative role in the access to these business services. Such business services may include:

- Business literacy skills and training development;
- Provision of advice, information and business counseling;
- Provision of management or appropriate technical training, including financial management;
- Provision of marketing and market development services.

4. TRADING AREAS

4.1. CRITERIA FOR THE ALLOCATION OF TRADING BAYS

Central to equitable allocation of trading bays, is the compilation by the municipality 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.

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.

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:

- Only bona fide informal traders will be eligible - not businesses that operate from a brick and mortar premises.
- Once bays are allocated informal traders will be encouraged to join an Association in the area. This will facilitate the provision of sector specific support and business services.
- Where bays are continuously available, traders operating four days per week for at least 45 weeks of the year will get preference over occasional / casual traders.
- Preference will be given to Historically Disadvantaged Individuals.
- Only one bay will be allocated per trader.
- Unemployed people will get preference.
- 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 does not comply with the Informal Trading by-law.
- The trader must be in possession of a valid South African identity document or working permit.
- Only one bay will be issued per household:
- In the case of foodstuffs, the trader must be in possession of the required Business License and Certificate of Acceptability.

Special Circumstances for Allocation of Bays

The following circumstances will be considered:

- 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.

- Illness of Principal Trader – where the trader is able to provide proof from a medical practitioner that he/she is incapable of trading. The period of incapacity must be stipulated. A family member or assistant trader may trade in his/her place but for a period that does not extend beyond that which is stipulated on the permit for the bay.
- Religious Observances of Principal Trader – where the trader has to be absent in order to fulfill the duties of his/her religion, the City may decide to allow a family member/assistant trader to trade on their behalf for a period not exceeding one month or the period stipulated on the permit for the bay.

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 municipality to be allocated to the next person meeting the criteria on the waiting list.

4.2. PERMIT PROCESS

Applicants will be considered against the criteria by the Area Informal Trading Management Committee, members of which to be determined by Council.

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 waiting list, but the number of permits may not exceed the maximum number of sites allowed in any trading area.

4.3. MANAGEMENT OF THE TRADING AREAS

Different situations require different models and different relationships, depending on the characteristics of the market or informal trading areas.

4.3.1 *Individual Fixed Trading Sites*

Permits will be granted for one (1) full year 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.

4.3.2 *Special Events*

Examples of special events: sporting fixtures, night markets and major 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 deciding on granting permission for a special event, the municipality has the right to make changes to any other permission given in respect of informal trading bays or trading permits. Before any such event, approval must be obtained.

TARIFF STRUCTURE

- A trader does not hold a right of reserve over any trading site. Tariffs are set out in the Council's tariff schedule at:

Item	Per Day	Per Month
Food	R 41.47	R 356.18
Clothing	R 80.51	R 695.29

- The above costs will differ each year and will reflect in the approved budget.

4.4 ENFORCEMENT AND MONITORING

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

- 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 municipal property.
- A criminal act will be dealt with through the appropriate criminal procedures.
- 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.
- In the case of a trader being refused a permit or having his permit revoked, the complaints procedure will be through an Area Informal Trading Management Committee.