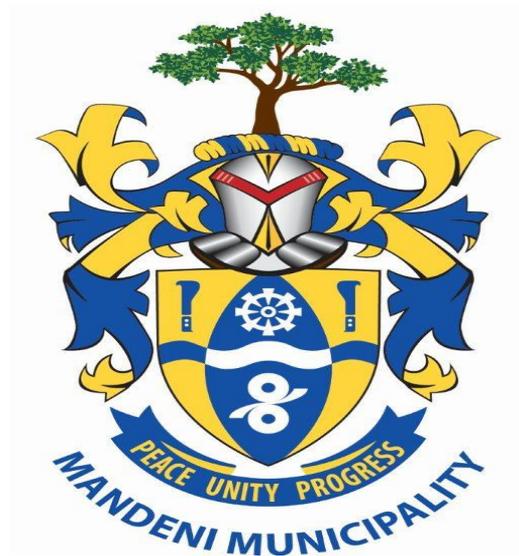


MANDENI LOCAL MUNICIPALITY

INFORMAL ECONOMY POLICY



**“CREATING AN ENABLING ENVIRONMENT
FOR THE INFORMAL ECONOMY”**

DEFINITIONS USED IN THIS DOCUMENT

“**Informal economy**” refers only to legal informal economy activities.

“**Informal economy**” **actor or player** refers to anyone who is actively involved in business operations falling within the informal economy.

“**Licence**” means the authority, regardless of its specific title or form, issued for the purpose of granting authority to conduct business.

“**Illegal goods**” means illegal goods as defined in the Consumer Protection Act, 2008

“**Local Economic Development**” refers to the ability of local areas to achieve both economic growth and economic redistribution, sometimes referred to as pro-poor economic growth.

“**Municipality**” refers to all categories (A, B and C) as per the Municipal Structures Act, Act no 117 of 1998.

“**Necessity entrepreneur**” refers to any informal economy actor who got into business because he or she was pushed by pressure of having to ensure that there is food for household survival.

“**Nuisance**” means any conduct which brings about or may bring about a state of affairs or condition which constitutes a source of danger to a person or property of others or which materially interferes with their ordinary comfort, convenience, peace or quiet.

“ **Opportunity entrepreneur**” refers to any informal economy actor who got into business because he or she identified business opportunity and capitalised on that opportunity. The

main motive for commencing business in this case is economic opportunity rather than social pressure.

“Permit “refers to a legal document giving official permission to do something. Along with business licenses, informal economy actors may need to obtain permits.

“Rental” usually refers to payment for a place; in this document rental refers also to payment for the right to operate, whether at a fixed site, or as an itinerant or mobile worker.

“Small business” has the meaning as set out in the National Small Business Act, 1996 (Act No. 102 of 1996).

“Approval **“means** approval by an authorised official and “approve “has a corresponding meaning;

“Authorised official” means an official of The Council to whom it has delegated a duty, function or power under this policy, in relation to the exercise or performance of that duty, function or power and includes an employee acting under the control and direction of such official;

“Council” means the council of The MANDENI Municipality and in relations to the exercise of a power, the performance of duty or the carrying out of a function includes any Committee or official of the Council to whom such power, duty or function has been delegated;

“Demarcated stand “means stand demarcated by Council for the purposes of street trading in terms of section 6(a)(3)(b) of the act;

“Public places” means a public place as defined in the constitution.

“Goods” means any movable property used in connection with street trading and ,without limiting the generality of the foregoing, including products for sale display table ,stands ,receptacles ,vehicles , structures or animals;

“Public road” means a public place road as defined in section 1 of the National Road traffic Act no.93 of 1996

“Roadway” means a roadway as defined in section 1 if the national road traffic Act No 93 of 1996 but excludes a public place.

THE INFORMAL TRADING:

1. DEFINITION AND INTRODUCTION

Informal Trading is defined as the economic activity undertaken by entrepreneurs who sell legal goods and services within a space deemed to be public and private property within the informal sector. The informal economy makes an important contribution to the economic and social life of the MANDENI Municipality. Due to the decline in formal employment and consequent increase in unemployment rate, many people seek alternative means of earning an income. It is generally accepted that the informal sector plays a significant role in the local economy more especially in the previously disadvantage areas. One of the main reasons for this is the inability of national economy’s formal sector to create sufficient employment for the relatively fast-growing labour force. This inability leads to new entrants into the labour market being increasingly forced to turn into the informal sector, to earn a living.

The informal economy makes an important contribution to the economic and social life of most South Africans, including most residents in Mandeni. The informal economy in Mandeni is heterogenic, ranging from street traders and shebeen owners to child carers and domestic workers. It is often characterised by its flexibility, creativity, resilience to absorb shocks, and its ability to adapt to changing external environments.

However, by its very description, it falls outside the regulatory environment in which all formal businesses and their workers operate, increasing the risks faced by informal economy workers and enterprises, and reducing the support and protection these workers and enterprises can receive from government.

With the above in mind this policy framework aims to establish a platform for the management of informal traders and policies in which the traders can excel in order to

grow their business and become competitive within the first economy, whilst managing them in an orderly fashion.

This Policy covers the informal trading activities occurring within the MANDENI Municipality. The policy formulation process involves consultation with a various stakeholders through public participation, held during the month of October 2014.

Mandeni municipality had an Informal trader's policy and management framework that was adopted by full council in March 2011. On the 28 October 2014 the Municipality reviewed the policy with an assistance of Department of Economic Development, Tourism and Environmental Affairs in ensuring that the policy is aligned with the Provincial Informal Economy Policy. Once the reviewed policy is adopted by the Council; public consultation and workshops will be conducted.

For the MANDENI Area, Informal Trading is a positive development for the micro business sector as it contributes to the creation of jobs and has the potential to expand further the Council's economic base.

2. LEGISLATIVE CONTEXT

The White paper on Small Business (1995) grouped the small business sector into survivalist, micro, small and medium enterprises. It was estimated then that at least 3.5 million are in survivalist sector (which includes informal businesses) .The White paper suggested that support strategies be put in place for this sector. In 1996, the White Paper was enacted as the National Small Business Act.

The South Africa Constitution mandates local government to promote economic development. It is inherent in the IDP vision of the MANDENI Municipality to acknowledge the increasing importance of the informal economy, i.e.: The MANDENI area, as a town, will offer improved quality of life for all its citizens through sustainable development. It will be a renowned centre for: trade, tourism and nature lovers and coastal recreation, commerce: Industry and agriculture.

The survey of the Informal Trading sector within the MANDENI in 2010 revealed that more than 90% of traders had chosen to engage in informal trading as a result of not having or losing a job. This indicates the significant role that Informal Trading plays in absorbing the unemployed. Also significant was the fact that majority of the traders were female; this form of business activity is increasing because of its flexible working

hours as well as the opportunity it provides for additional income generation for the poor.

According to the 2012/2017 Integrated Development Plan (2014/2015 review) Major Informal Economy activities include gardeners, garbage pickers, cardboard collectors, child carers, mielie cookers, newspaper vendors, taxis drivers, car and minibus washers, live chicken sellers, second hand clothes dealers, hairdressers, barbers, fruit sellers, street food vendors, street non-food products vendors, bricklayers and stonemasons, tavern and shebeen operators, motor vehicle mechanics and fitters, spaza shop owners and workers, tailors, dressmakers and hatters, sewers, embroiderers and related workers, traditional medicine practitioners, muthi traders, Mr Phone dealers, shoe makers and polishers, domestic workers and welders.

56.6% of informal businesses in Mandeni Municipality employ one person. Women dominate the informal economy in Mandeni. 77.6% of informal businesses in Mandeni have stagnant general average growth. The average monthly income for informal traders in Mandeni is approximately R 1 417. The major obstacles are similar to those confronting SMMEs and include infrastructural issues, institutional issues and economic issues.

3 THE MANDENI 'S APPROACH

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

- Defines an integrated and holistic approach for all departments within the MANDENI Area.
- Clarifies the Council's policy to all relevant stakeholders.
- Forms the basis for the By-Law that will regulate Informal Trading in the municipality.
- Provides a basis for resource allocation decision.
- Establishment of the basis for a monitoring and evaluation process, with clearly defined key objectives.

3.2 The Mandeni Informal Economy

There are different types of informal trading that takes place in the MANDENI Municipality, namely:

- Street / kerbside trading
- Trading at transport interchanges
- Trading in Public Open Spaces
- Mobile Traders (roving, bakkies and containers)
- Intersection Trading
- Special events :SALGA Games, Mayoral Games/cups, Music festivals, arts and Culture
- Car washers
- Hairdressers/Barber shops
- The Traditional Healers
- Market Vendors.
- Visual Art and crafts artisans
- Livestock trading
- Woodworks
- Clothing and textile manufactures
- Motor mechanics and Car parts
- Electrical and electronics services
- Catering services
- Spaza Shops

3.3 Status quo

In the MANDENI Municipal area all of the above types of trading are found at various localities. In a number of areas, trading is very concentrated resulting in pressures on the infrastructure available as well as cause for concern relating to the overall hygiene of some areas. These soled “hotspots” are found at the following localities:

- MANDENI Main Taxi Rank
- Sundumbili Plaza
- Thokoza Road
- Isithebe Industrial Area

- Tugela Mouth beach
- Nyoni Craft centre
- Nembe Road
- R102 and N2

Apart from the above mentioned areas, trading also occurs at numerous intersections, areas of attraction (e.g.) shopping centres and in containers.

3.4 Summary: Informal Economy Policy Statement for Support and Development of the Sector

MANDENI Municipality acknowledges the relevance and contribution of the informal economy to the economic and social life of the town. Informal trading provides some income to those who are unemployed as well as providing an alternative to established traditional formal sector retail options. The MANDENI aims to develop the sector and its participants into a commercially viable and dynamic economic sector, which contributes to the economic growth of the town and the quality of life of its citizens in a sustainable manner.

Appropriate infrastructure support and services, entrepreneurial development and spatial planning will be the cornerstones to achieving such a policy goal. Uncontrolled and unplanned growth of the informal economy sector will have a negative impact on the MANDENI Area. Conflicts can arise between town officials and traders as well as between established Informal Economy actors 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.

The MANDENI Municipality further affirms its obligation to assist the informal economy sector by way of mentoring and incubation as means to age them into a more formalised nature of economic activity. The envisaged period for new entrants to the market for them to graduate to formal economy is five (5) years.

3.4.1 Municipal Approach to Development of Informal Traders

Principles in Mandeni's approach to establish Informal Trade Areas

The Key Principles that govern the Municipality's approach to Informal Trading are Economic Growth, Promotion of Equity and Spatial Development:

Economic growth in the informal trading through facilitation of the following aspects:

- Linking the development and growth of trading areas to commercial zones in order to create viable hubs of business activity that mutually benefit formal and informal businesses;
- Seeking to link traders to a range of facilities, capacity building and business support services that caters for the different levels of traders, from the weekly Saturday trader and small survivalist trader to larger traders;
- Ensuring that the buildings and property owned by the Municipality 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.

The **promotion of equity** within Mandeni to create a dignified Municipality through:

- Spreading public spending in an equitable manner throughout the Municipality with an emphasis on the poorer parts that have not historically benefited from public sector investment;
- Viewing the location of public sector investment as an opportunity to integrate communities that have historically been spatially separated;
- Using the development of the informal trading infrastructure as an opportunity to improve the general environmental condition of the Historically Disadvantaged Areas within the Municipality;
- Providing basic services such as water and refuse facilities to all areas where public health and/or public safety is at risk;

Through effective Spatial Development: Informal trading contributes to the value of public places as amenities and places of dignity and has the potential to be a catalyst for generating positive public spaces through the following:

- Developing those areas that will have most significant impact on the largest number of people, i.e. areas with large flows of pedestrian traffic;
- Allocating space for informal trading areas in accordance with the broad Spatial Planning Framework of the Municipality and the local area Precinct Plans;
- Providing minimal infrastructure for informal trading, which would vary depending on the type of activity;

The ultimate goal of this Policy and Management Framework is sustainable urban management, which plans, designs and manages the Mandeni Towns that is able to accommodate Informal Trading in designated streets, public open spaces and markets in a positive well managed environment.

3.4.2 Principles of Council's Approach:

The Key Principles that govern the MANDENI's approach to informal Economy are economic, social and spatial;

3.4.2.1 Economic Principles

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

- Linking the development and growth of trading areas to commercial zones in order to create viable hubs of business activity that mutually benefit formal and informal businesses.
- Providing a range of facilities, capacity building and business support a service that caters for the different levels of the Informal Economy Actors, from the weekly Saturday and small survivalist to larger informal economy Actors.
- Ensuring that the buildings and property owned by the MANDENI are used for the maximum social and economic development of the community within which they are located.
- Targeting highly accessible and visible location for the promotion of tourist related trading in order to derive benefit for Informal Economy Actors from the tourism potential.

3.4.2.2.1. Social Principles

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

- Spreading public spending in an equitable manner throughout the MANDENI with an emphasis on the poorer parts of the town that have not historically benefited from public sector investment.
- Viewing the location of public investment as an opportunity to integrate public sector investment.
- Using the development of the informal trading infrastructure as an opportunity to improve the general environmental condition of the Historically Disadvantaged Areas of the MANDENI.
- Providing basic services such as water and refuse facilities to all areas where public health and/or public safety is at risk

3.4.2.3 Spatial Principles

Informal Economy contributes to the value of public places as amenities and places of dignity and has the potential to be a catalyst for generating positive public places through:

- Developing those areas that will have most significant impact on the largest number of people, e.g. areas with large flow of pedestrian traffic.
- Allocating space for informal trading areas in accordance with the broad Spatial Planning Framework of the MANDENI and the local spatial development Framework.
- Providing minimal infrastructure for informal trading, that would vary depending on the type of activities.

3.5 POLICY LEVERS FOR CHANGE

The ultimate goal of this Policy and Management Framework is sustainable urban management, which plans, designs and manages a town that is able 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 MANDENI is therefore necessary in order to enhance the town promote economic development and expand employment opportunities. The first of departure in the policy for the informal economy is that local government should promote the creation of job opportunities and diverse economic and trading opportunities. The key levers for change

are planning, the allocations policy, the registration process, the rentals policy and the goods display, removal, impoundment and recovery policy.

3.5.1 Planning

New markets and trading opportunities must be properly planned, bearing in mind the economic needs of Informal Economy Actors, the need for more vibrant land use and need for orderly town, spatial and transport planning, as well as health and safety. Existing markets should be managed properly and new market developments must be linked to emerging patterns of work in the areas they serve.

3.5.2 Registration

For management, maintenance and training reasons to name a few, it is important that all people working in public places register on a database with the MANDENI. Registration (as well as the sustained payment of rentals) provides permission to operate, to services and support. This permission goes along with responsibilities.

The registration procedure should also work towards preventing fronting whereby site intended to support people with very small businesses and which are effectively subsidised by local government, are in fact controlled by wealthier established business people. The exploitation of traders should also be prevented.

Apart from detailing the activities of traders, socio-economic information is also needed from the traders, i.e. work experience, levels of education, number of dependents. The latter is important for deriving appropriate training modules as well as developing a better understanding of the second economy.

3.5.3 Allocation Policy

Allocation policy in respect of trading (bays, market, 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. This aim of the allocation Policy is to support growth and provide opportunities for new entrants, in an economically sustainable and socially useful way.

It can feed directly into the tourism industry, through achieving the appropriate tenant mix at tourist-related areas. The criteria for allocation will be negotiated locally with stakeholders; and the allocation of sites will then be done by officials.

Allocation policy attached as Annexure “A”

3.5.4 Rentals Policy

In the same way that build properly has a value placed on it, depending on where it is located, so it is important to place value on different informal trading sites. Value is placed on sites through a system of differentiated rentals. Rentals will be linked to the size of the site, 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 new opportunities in some areas. The tariff structure will allow for transparent subsidies in order to ensure cross-subsidisation and equity.

Rental tariff is attached as annexure “B”

3.5.5. Goods Display, Removal, Impoundment and Recovery Policy:

Attached as **Annexure “C”**

2.4.6 **Site Demarcation Plan** is attached hereto as **Annexure “D”**

2.4.7 **Penal Provisions** attached hereto as **Annexure “E”**

3.5.5.1 Market grading

The grading relates to the level of service available at any given market as well as the relative viability of the individual trading enterprises. The following market types must be identified:

Type A markets

Are well equipped, with electricity, water and fixed structures. They usually established where there is heavy pedestrian traffic. These markets provide all the advantages of a formal retail outlet, but at a more affordable price and with facilities appropriate to the purchasing patterns and choices of their main consumers.

Type B markets

Are linear markets that have a good basic structure on which traders can place their goods.. These markets operate from business nodes, mostly along streets.

Type C markets

Are those that are mobile whether by foot, roving / mobile traders and seasonal traders for example the ones selling the following products mielie meal, mango, madumbe, sweet potatoes etc.

3.5.5.2 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 and approved annually. The inherent economic value of space/area must be accommodated in the allocation of permits and leases and tariffs to be changed. This tariff must take into account where the trading space is located as well as the balance of value added by informal trading. Rentals would be linked to the size of the site, 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 new opportunities in some areas. For street traders, a basic site rental should be set. Then differentiated rentals for different levels of service provision should be introduced. Components of a basic package of services are basic shelter, solid waste removal, water, toilets, lighting and storage facilities.

In areas that are managed by parties other than the MANDENI and where services supplied are supplementary to those provided by the MANDENI, an alternative tariff structure may apply in order to reflect the value of the additional services provided in the area.

3.6 ROLES and RESPONSIBILITIES

There are basically four key components to Informal Trading within the MANDENI Municipality:

- Policy Formulation and Revision
- Regulation and Enforcement
- Developmental Responsibilities
- Management

3.6.1 Roles

Different departments / sections are dealing with informal traders namely:

Local Economic Development

- Coordinating and monitoring of all informal trading activities.
- Regular surveying of informal sector in selected area.
- Promoting business linkages (informal and formal).
- Lobbying and support for the informal sector.
- Availing facilities and premises and allocation.
- Policy formulation.

Environmental Health

- To promote hygiene in all areas of trade including home based business.
- Conduct health education to the sector.
- Conduct inspections and provide health certificates.

Property administration Section

- Provide land for trading purposes.
- Provision of lease agreement as per the Municipal rental policy.

Waste Management Section

- Provision of skips and or bins in all trading areas.
- Waste removal and cleaning of all trading facilities including ablution facilities provided for the sector actors.

Law enforcement

- Enforcement of the By-Law.
- Conduct inspections on daily basis in all trading areas.

Spatial and Environmental Planning

- Demarcation of new trading sites.
- Providing advice on the use of open space to Business Support.

Building and Structure Section

- Maintenance of market stalls.

Municipal Informal Economy Chamber

This body is the voice for the Informal economy actors, it advocates for all involved in the sector. The Municipal Informal Economy Chamber reports to the District Informal Economy Chamber which reports to the Provincial Informal Economy Chamber.

The LED Department is the contact section for the Informal Economy Chamber and will work with this body on any issues pertinent to the sector; amongst others and not limited to the following:

- Providing administrative support
- Providing transport logistics for official engagements
- Providing mentoring and training support.
- Advisory service.

4. OPERATIONAL ISSUES

4.1 Criteria for the allocation of the 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. Allocation of trading bays will be based on the following:

- Only bonafide informal traders including those in a position of a valid permit issued by the relevant permits issuing Authorities, will be eligible, not business that operates from a brick and mortar premises.
- Traders operating four days per week for at least 45 weeks of the year will get preference over occasional/casual traders.
- Only one bay will be allocated per trader/per family.
- Unemployed citizens of MANDENI Municipality will get first preference over other applicants for permits to trade.

4.2 Criteria to allocate permits

When issuing permits the following criteria should inform the allocation decisions:

- Permits will be valid one year and renewable 30 days before expiry date.
- Preference will be given to Historically Disadvantaged Individuals defined as those who, although of legal age to vote, did not have the right to vote before 1994 in the South African Elections and they must have at least been trading within MANDENI Area for 6 months prior the application.
- Unemployed individuals have first preference over others in application for a trading permit.
- The applicant must be in a possession of the valid South African identity document or work permit or a legal permit issued and vetted by the Department of Home Affairs immigration section.
- The trader must be able to trade at least four (4) days per week for at least 45 weeks of the year.
- There must be sufficient product diversity in an area to ensure the needs of consumers are appropriately met as well as ensuring sufficient market share for traders for them to operate profitably.
- Only one permit will be issued per trader / per family.
- In the case of food stuff, the trader must be in possession of the required Health certificate
- Permits will only be allocated in demarcated areas, provided there is a vacant trading bays.

4.3 Special Circumstances

It is recognised that the following special circumstances may warrant a variation on the above:

- Death of Principal Trader-where the inability to trade would 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.
- Illness of Principal Trader or Religious Observances- a trader must report in writing to the informal traders committees. The period of incapability 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, and all the particulars of the assistant or relief trader must be provided at the back the permit.

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

4.4 Steps to obtain informal trading permit

4.4.1 New Applications

- Application letter received from applicant (By LED official).
- The applicant is contacted by telephone/sms and invited to complete an application form, the applicant has to comply with the following:

4.4.2 Requirements (existing traders)

- Be trading for at least 6 months, within MANDENI Area, prior to application and this would be confirmed, in writing, by the informal Chamber.
- Citizens of MANDENI will get first preference over any other applicant (proof of residence).
- Be unemployed.
- Must not be involved in any formal business sector.
- Agree to be screened for any previous convictions with SAPS.
- Agree for identification documents to be vetted by the Home Affairs department.

4.4.3 Applicant to submit the following required documents:

- Green bar coded ID book together with certified copy/ valid Home Affairs permit.
- Proof of residence.
- Two passport photos (plus those of an alternate).
- First preference is given to the residence of MANDENI.
- Trailers and caravans must have valid license discs, fire extinguishers and registration number plates.

4.4.4 Complete application form (Informal Trading Officer).

4.4.5 Application granted.

4.4.6 Informal Traders trade on perishable food are sent for Environmental Health Trainings.

4.4.7 If there is a trading bay available a permit gets issued.

4.4.8 If application is not granted reply to the people concerned giving reasons for the decline and keep application on waiting list for the next available stall or stand. (If it was declined due to shortage of available trading stalls)

5. Renewal of permit

- Set up date for the renewal of permits in various trading areas.
- Communicate such dates with Environmental Health Section and Law Enforcement as well as other relevant departments.
- Send messages via sms, put up posters and distribute flyers also inform committees.

The following are the steps to follow when renewing permits:

- **Step 1.** Fill in application
- **Step 2.** Check if applicant adheres to regulations and requirements.
- **Step 3.** Perishable food traders are trained and issued with health certificates. (consider to make the COA a criteria for allocation to all food vendors)
- **Step 4.** Give information on Informal Trading bylaws.
- **Step 5.** Process the application form.
- **Step 6.** Trader to provide proof of payment

5.1 Inspections

- If trader does not adhere to Municipal Policies and Informal Trading bylaws, complaints must be sent to law enforcement section.

5.2. Mobile/Roving Trading

Subject to compliance with the relevant legislation, trading zones will be identified throughout MANDENI and maximum number of mobile trading permits will be identified for each zone. These permits will be granted against the criteria established in the section entitled "Criteria

for Allocation Permits”. Permits will be valid for a one year period and renewable thirty days before lapse.

5.3. Special Event

Facility requirements for events differ from the requirements for permanent market areas and are therefore are not linked to a specific site. Examples of special events include 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 from the relevant authority, depending on the type of event. The below diagram depicts the structure of responsibility in granting permission for the specific Event

5.4 Special Consent

The special consent procedure is an effective way to consider application for any type of commercial activity on land that is not appropriately zoned for such purposes because all interested and affected parties are afforded the opportunity to comment or raise concerns. In addition, conditions can be prescribed and the special consent could be withdrawn if such conditions are not obeyed.

5.5 Enforcement and Monitoring

In order to enhance the MANDENI 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 property.
- Disciplinary and Appeal Procedures will be dealt with as outlined on page 32, paragraph 62 in the Municipal Systems Acts, No.32 of 200(see attached annexure).

- Where trader violates the permit conditions, he/she will be informed in writing of violation and course of action. Permit fees will not be refundable under any circumstances.
- 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.
- In the case of a trader being refused a permit or having his permit revoked, the complaints procedure will be through the MANDENI Informal Economy Chamber In terms of the Municipal Structures Act, should the complaint be about a Council Official, it must be referred to the Municipal Manager.
- Each trader will be assessed every year, prior to issuing of permit, to monitor the trader's position and movement along the developmental continuum.

6. Termination of Licence/Permit

Council reserves the rights to withdraw or terminate the license/permit if:

- The license/permit holder is not utilizing the trading stall for six weeks and more without properly communicating reasons thereof.
- The permit holder contravenes any Law of the Country or its By-laws;
- The permit holder is found in possession or trading in drugs or intoxicating substance (without the requisite licence;
- A trader has wilfully supplied incorrect information related to permit conditions;
- A trader, who is allocated a stall has sub-let or sold such a stall to a third party; and
- A trader does not comply with Municipal By-laws.
- If the trader is permanently employed elsewhere.
- If he/she operates in the formal business environment.

7. CONCLUSION

For the past few years the MANDENI has been proactive in planning strategically on managing and regulating the influx of the informal traders within MANDENI.

The Municipality has reviewed the allocation policy and the Informal Trading Framework which is to be adopted by Council in 2014. The Development of the Informal Trading Policy would assist MANDENI in establishing the basis for a monitoring and evaluation process, with clearly defined key objectives.

The responsible organisation therefore does not only perform the task of database management and rent collection, but should train the traders in the full scope of business management and assist in the development of the following:

- Creating An Enabling Legal Framework
- Streamlining Regulatory Conditions
- Access To Information And Advice
- Access To Marketing And Procurement
- Access To Finance
- The Physical Infrastructure
- Training In Entrepreneurship, Skills And Management
- Industrial Relations And The Labour Environment
- Access To Appropriate Technology
- Encouraging Joint Ventures
- Capacity-Building And Institutional Strengthening
- Differential Taxation And Other Financial Incentives

The above strategies are all included in the “SMME and Informal Traders Management and Development Strategy” of Mandeni Local Municipality. Despite the fact that they are applicable to SMME’s within the formal economy, the informal traders need to be exposed to the same assistance in order to allow them to grow and to participate in the formal economy.

ALLOCATION OF MARKET STALLS (INFORMAL TRADING)**PURPOSE**

The provision of a street trading facility by Council is to enhance economic opportunities and job creation. This takes into consideration the broad principles of previously disadvantaged communities, gender, youth and the disabled. Citizens residing within the boundaries of MANDENI Municipality, add to the preference points for the allocation of a stall.

The policy is based on prescriptions of Section 152 and 156 of the Constitution of the Republic of South Africa (Act 108 of 1996) and Section 11 of the Municipal Systems Act (Act 32 of 2000).

The policy aims to provide both business and job creation opportunities by ensuring support for both new entrants and existing traders in the economy. Implementation is without prejudice and is done in a manner that ensures harmony, growth and builds linkages among traders and between traders and their customers as well with the community at large and between traders and formal business.

Council through its relevant functionaries will ensure adherence to this policy at all times.

GUIDING CONDITIONS FOR ALLOCATION OF STALLS

Each stall shall be allocated its distinct number and will be allocated under the following conditions:

- One site per trader per household, and each trader must be in a position of a valid permit issued by the relevant Permits issuing Authorities, (refer to paragraph 5.1).
- Commitment to pay for stall rentals as per Annexure B (fees may escalate in terms of Council's Tariffs of Charges);
- One year non-transferable permit containing details of the street trader, products sold

and the number of the market stall;

- The trader must be 18 years or older.
- The trader must operate within the structure allocated to him or her without putting any extensions to the original structure.
- The trader must not have any formal business or formal employment
- Permit will be renewed, thirty days before the expiry date of the existing permit.
- Failure to renew permit on time will result in penalties
- Only traders with a valid permit obtained from the Council shall be allowed to trade.
- No formal business will be allowed to operate as an informal trader i.e. even taking out staff member to apply for a trading permit.
- The Municipality will ensure that allocation of sites for Informal Economy does not infringe on the formal business sector.
- The municipality also has to ensure that allocation of sites needs to address viability of businesses per street and cater for diversified trade.
- No open fires are allowed on the streets unless so demarcated for.

Permits will only be issued if the following requirements are met:

- Two passport photos plus two of an alternate.
- Copy of certified ID book / valid Home Affairs permit.
- Proof of residence
- Type of goods to trade
- Applicant must be prepared to attend training offered by Council Officials.

- Proof of unemployment issued by the department of Labour/Affidavit.
- The LED Unit will promote management and control of the facility.
- Contravention of any legal provisions including Council's Bylaws constitutes an offence.
- An officer or designated official may remove and impound any goods, articles or receptacles which he/she reasonably suspects are being used or are intended to be used or have been used in contravention of Council's Street Trading Policy and Bylaws.

GENERAL RULES OF CONDUCT

When trading, a person shall:

- Not place or stack his/her property in such a manner that it constitutes a danger to any person or
- is likely to injure any person;
- Conduct his/her business in such a manner that it is not a danger or threat to public health or safety;
- Not display his/her goods in another person's stall without consent of the occupier of that stall;
- Not carry business in such a manner which will create a nuisance or damage/deface the facility or attach any object to the facility;
- comply with a reasonable request by an employee or agent of the Council or any supplier of telecommunication, electricity or other services, to move his/her property for the purposes of carrying out any work (including cleansing);
- Not make fire within the facility under any circumstances; not sleep overnight in any of the trading stalls;
- Keep the area occupied by him/her in a clean and sanitary condition;
- Not dispose litter in a manhole, storm water drain or any other place than in a place
- Intended for the disposal of litter;

- Remove his/her property from the facility on conclusion of the business at the end of the day;
- Not cook nor permit cooking to be done within the structure without the approval of Councils traffic and health units;
- Not sublet or permit rental of whatever nature;
- Not conduct hairdressing nor permit hairdressing to be conducted unless so demarcated.
- Not to be used as a front for any other person or business.

Prohibition

No street trader shall carry or undertake street trading on a verge contiguous to:

- a building declared to be a national monument in terms owner in the central business district;
- a church or other place of worship, or
- of the National Monuments Act No. 28 of 1969;
- on any verge contiguous to a building in which business is being carried on.
- on that half of a public road contiguous to a building used for residential purposes.
- at any place where the carrying on of such business causes an obstruction to-
- the entrance to or exit from a building, or
- a fire hydrant;
- on a pedestrian side-walk unless so designated.
- in any declared area identified as such in terms of section 6a (2) of the act in respect of which the carrying on of the business of street trader has been prohibited by the Council, or
- restricted by the Council, unless such business is carried on in accordance with such restrictions at any place which has been set apart and demarcated as stands or areas by the Council in terms of section 6a (3) (b) of the act for the purposes of the carrying on of

the business of street trader, unless such business is carried on in accordance with an agreement with the Council, or the allocation by the Council to the street trader of any area or stand; and in any public garden or park except with prior written consent of the Council

Restrictions

No person engaging in street trading shall:-

- sleep overnight at the business site;
- erect any permanent structure in a public place or public road for the purpose of providing shelter, other than that which was approved by the municipality; or
- place or store any goods in such a manner or position as to constitute a danger to any person;
- carry on such business in such a manner as to-
- create a nuisance;
- damage or deface any public road or public place or any public or private property; or
- create a traffic hazard;
- obstruct access to a service or to service works of the Council or of the state or any statutory body;
- interfere with the ability of persons using a sidewalk to view the goods displayed behind a shop display window or obscure such goods from view;
- obstruct access to a pedestrian arcade or mall;
- carry on such business in a place or area in contravention of any restriction imposed by Council resolution in terms of section 6a(2)(a) of the act;
- place or store his or her goods on or in a building, without the consent of the owner, lawful occupier, or
- person in control of such building make an open fire on a public road or public place interfere with the ability of a person using a sidewalk to view the goods displayed behind a shop displayed window, or obscure such goods from view;

- obstruct access to a pedestrian crossing, a parking or loading bay or other facility for vehicular or pedestrian traffic; and
- Obstruct or inhibit the use of street furniture and any other facility designed for the use of the general public.

Cleanliness

Every street trader shall-

- Keep the area used by him or her for the purposes of street trading, as well as any goods used by him or her, in a clean and sanitary condition;
- At the request of any authorized official of the Council, move or remove his or her goods so as to permit the cleansing of the area where he or she is trading, or for the purpose of effecting Council Services;
- If his or her activities involve the cooking or other preparation of food take steps to ensure that no fat, oil or other substance drops or overflows onto the surface of a sidewalk or splashes against a building or other structure; and
- Not dispose of litter in a manhole, storm water drain or other place not intended for the disposal of litter

Display of goods

- A street trader shall ensure that any structure, container, surface or other object used by him or her for the preparation, display, storage or transportation of goods:-
- is maintained in a good state of repair and in a clean and sanitary condition; and
- is not so placed or stored so as to constitute a danger to any person

RENTALS POLICY

(ANNEXURE "B")

In the same way that built property has a value placed on it, depending on where it is located, so it is important to place value on different informal trading sites, such as pavements. Value is placed on sites through a system of differentiated rentals. Rentals 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 subsidize new opportunities in some areas. The tariff structure will allow for transparent subsidies in order to ensure cross-subsidization and equity.

PROPOSED RENTAL FOR THE INFORMAL TRADING FACILITIES

The proposed is the monthly rentals

STALL TYPE	STALL DESCRIPTION	PROPOSED TARRIF EXCL VAT	VAT	PROPOSED TARRIF TOTAL
A	Are well equipped, with electricity, water and fixed structures. They are usually established where there is heavy pedestrian traffic. These markets provide all the advantages of a formal retail outlet,	R258.00		R 300.00
B	This type includes traders whose businesses, while not lucrative, are still reasonably viable. These markets have awnings and shelters and individual storage facilities.	R129.00		R150.00

C	Are linear markets that have a good basic structure on which traders can place their goods These markets operate from business nodes, mostly along	R100.00		R100.00
D	Are those merely demarcated with a painted out line to indicate trading spaces and have no physical features.	R50.00		
E	Are those that are mobile whether by car e.g goats, chickens etc	R200.00		

ITEM	DETAILS	PROPOSED TARRIF EXL VAT	VAT	PROPOSED TARRIF TOTAL
1	Lost permit	R200.00	R28	R228.00

PROCESS

In the event of a stall becoming vacant for any reason that may include disqualification, the following process will be followed:

A circular will be issued to find a trader for the vacant stall\stalls; No waiting list will be drawn up;

Applicants will have to fulfil the guiding conditions and targets set through broad principles outlined below. The following points may be used to allocate a market stall:

Anyone from the disadvantaged group before 1994 = 2 points

Youth, female = 2 points

Disabled = 2 points

Value added product or skill

=2points

Applicant is a resident of the MANDENI Municipal Area = 2 points

The following proof of residence is required:

- Rates statement
- Letter from iNkosi
- Letter from the Councillor

NB: The Traders would be offered an opportunity to trade free for six (6) consecutive months from the date of permit and allocation of site\stall, and therefore the rental rates would apply.

TERMINATION OF TRADING BAYS

Council reserves the rights to withdraw or terminate the license\ permit if:

- The licensee\ permit holder contravenes any Law of the Country or its Bylaws;
- The licensee\ permit holder is found in possession or trading legally prohibited goods\services.
- The permit holder is not utilizing the trading stall for six weeks and more ;
- The permit holder is found in possession or trading drugs or intoxicating substance;
- A trader has wilfully supplied incorrect information related to permit conditions;
- A trader, who is allocated a stall has sub-let or sold such a stall to a third party; and
- A trader does not comply with Municipal By-laws.
- If the trader is permanently employed elsewhere.
- If he/she operates in the formal business environment.

- An authorized officer may remove and impound any goods
- Which he reasonably suspects are being used or intended to be used or have been used in or connection with the carrying on of the business of a street trader, and
- which he finds at a place where the carrying on of such business is prohibited or restricted in
- Terms of this policy, whether or not such goods are in the possessions or under the control of any person at the time of such removal and impoundment.
- An authorized officer removing and impounding any goods shall -
- except in the case of goods which appear to have been abandoned or in respect of which the owner or person having control thereof cannot be found, issue to the owner or person having control of such goods a receipt for the removal and impoundment thereof and stating-
- the place where the goods shall be kept;
- the amount payable in respect of expenses incurred by the Council in impounding and removing the goods; and
- The date on or after which the goods will be sold or destroyed unless claimed and forthwith place such goods in safe custody.

NB: Neither the Council nor any authorized officer, or employee of the Council shall be liable for any loss or theft of nor damage to any goods removed and impounded in terms of this policy.

Disposal of Impounded goods

Any good impounded in terms of these by-laws shall be dealt with as follows

- if the goods are claimed, the street trader shall pay the expenses incurred by the Council for impoundment; and
- if the goods are not claimed within the period specified on the receipt issued in terms of this policy, the goods shall be sold to defray expenses incurred by Council in impounding and removing
- The goods.
- In the event that the goods-
- are not capable of being sold, they shall be destroyed after the period specified on the receipt issued in terms of these by-laws;
- Any perishable goods may be sold or destroyed as soon as may be necessary.
- If the proceeds contemplated by this section are insufficient to pay expenses incurred by Council, the owner shall be liable for any excess.

ANNEXURE “D”

Site demarcation plan will be as per GIS method including specifications for trading stall as per types of markets above.

ANNEXURE “E”

Penal provisions: Amount that you will fine offenders; as per below **(schedule of fines)**

OFFENCE	PENALTY
Failure to produce a trading permit upon request	R 100.00
Dealing in illegal/counterfeit goods	R1000.00 plus 3 months imprisonment
Failure to clean up site after trading	R50 each offence