ANNEXURE A

Informal Trading Development Programme

1. INTRODUCTION

This document does not purport to be a new policy document. Rather this document focuses on three things. First it is a re-interpretation and re-dimensioning of existing informal trading policy work. Second, it is an action programme to align, co-ordinate and reinvigorate the mass of research and policy determination that has been undertaken in the past 4 years and finally, it is an attempt to ensure that the programme fits in with the vision and strategy of Joburg 2030. The proposition that this is not a new policy document is highlighted for a variety of reasons: first a substantial amount of very good work has already been done much of which has been formally adopted by Council – working from this base will ensure no delay in implementation. Second – in substantive terms the existing policy is in principle correct only degrees of nuance, flexibility and a new perspective have been added to build upon a good basic model and approach.

In substantive terms there are only two fundamental points of departure, regarding previous policies on informal trading. The first relates to an expansion of the geographic scope of such policies. The 1998 “Management of Informal Trade Document”, the 1999 Urban Solutions Strategy and the 1999 “Urban Market Development Strategy” all relate to informal trading only in the inner city. It is the view of this document that any Informal Trading programme conceptualised at this time and against the background of Joburg 2030 be a city-wide programme and NOT a programme limited to the inner city. Expanding the geographic scope of the programme achieves four aims. First, it ensures that existing problems are not displaced to areas not covered by the programme, second it provides assistance to regions and areas outside of the inner city who face similar informal trading problems to those of the inner city and thirdly it provides certainty and clarity for all future spatial development initiatives in terms of the parameters with which informal trading will need to be accommodated. This issue will be dealt with in more detail later in this document. Finally the city wide approach provides ease of enforcement with respect to Metro Police and clarity for residents and businesses affected by informal trading.

The second point of substantive difference relates to entrepreneur development programmes. In past policies these development programmes have always concentrated on increasing the skills of individual traders. In this new approach two types of development programmes are proposed. The first is the customary entrepreneur development programme; the second is a new dimension and
involves a broader sectoral development programme – i.e. programmes that support the growth and sophistication of the sector itself and how supply chains in the sector operate etc. This will be dealt with in detail below.

2. A POLICY STATEMENT

It is generally agreed that informal trading has both negative and positive aspects. On the negative side, informal trading results in: the obstruction of pavements, large volumes litter, dirt and often unsanitary waste products, traffic congestion, unfair competition for formal sector businesses, crime, an unhygienic environment and a general deterioration and dilapidation of key areas and nodes. On the positive side street trading: contributes to the economic viability and dynamism of the city, creates employment, alleviates the hardships of unemployment and develops entrepreneurial skills.

There exists no real debate on the fact that the city’s informal trading policy seeks to remove, ameliorate or in the worst case scenario manage the negative aspects of such trading while retaining and building upon the positive aspects. As such there is no need to revisit the broad policy direction or aim. There are two key elements of the policy. First the policy seeks to remove traders from the streets and to place them into markets which have appropriate infrastructure and services to remove the negative consequences of street trading, mentioned above. The second policy element is to develop informal trading into a more dynamic and commercially viable activity for those who earn their livings from such activities. The first element of the policy supports the second. The policy should be viewed as a developmental policy and not merely a set of regulations – i.e. a policy to develop street trading and informal traders into a new mercantile class who operate in a semi-formal retail environment even though this semi-formal retail environment differs in character from traditional white suburban retail formal trading environments.

This policy approach supports the vision of the city contained in Joburg 2030 both in terms of the economic contribution of retail and wholesale trade to the city’s GGP as well as the vision of the city form. One element of Joburg 2030 however does have some effect on the programme to be suggested below. The existing informal trading policies assume that the size of the informal sector will continue to grow, or at best stabilize. Joburg 2030 argues that as the formal job creating capacity of the city improves on the back of increased investment and growth so the informal sector will shrink in absolute size (the shrinkage will be in the number of actual traders even though total employment in the sector may be maintained as such traders employ additional staff). As such while accommodating the current size of the informal sector, as it appears today, the programme initiated must take into account that demand for market space will decrease over time and hence must have flexibility in terms of permanent infrastructure such that there is no excess supply of market space in the future.
Measures to deal with this change in the balance of demand and supply will be dealt with later in this document.

The city’s policy statement regarding informal trading should thus be:

"The City of Johannesburg acknowledges the relevance of informal trading in the city both as a proactive activity which provides an alternative to established traditional formal sector retail options, as well as, informal trading as a survivalist activity which provides some income to those who are unemployed. The city seeks to develop the sector and its participants into a commercially viable and dynamic economic sector, which contributes to the economic growth of the city 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."

This policy statement, as mentioned above, is not substantively different from existing policy perspectives previously delivered to, and endorsed by Council. As such the remainder of this document will deal with programmatic issues of how the city should advance this policy. As it appears that this is where implementation has faltered in the past.

3. PROGRAMMATIC BUILDING BLOCKS

Below we address the building blocks for the implementation of the above informal trading policy. We begin by looking at: appropriate infrastructure, spatial planning and an entrepreneur development programme. Once these blocks are in place we will add consumer and trader behaviour patterns and characteristics to show how the building blocks and behaviour fit together to provide a workable solution. In the final section we will look at the implementation programme necessary to develop these building blocks and hence a roll out strategy for the policy.

At this stage each building block is looked at in isolation so as to establish in a clear fashion the rationale behind each block.

3.1 APPROPRIATE INFRASTRUCTURE

A lack of appropriate infrastructure for informal traders results in the negative externalities mentioned above such as litter, dirt, congestion, unsanitary waste products and unfair competition with formal business; but also fundamentally affects the commercial viability of the traders themselves. The commercial
aspect of a lack of appropriate infrastructure can be seen in low levels of specialization, low levels of diversification, low levels of meaningful competition, poor cross shopping purchases and generally lower returns than would otherwise be possible. The second commercial aspect is that even though street trading is “free” per se it includes substantial hidden costs such as storage and transportation costs which have been estimated as high as R600 per month. The third commercial aspect is that in the absence of a credible place of business, traders remain disempowered to develop their businesses as they have no business address – a crucial aspect in terms of running the daily operations of a small business, taking delivery of goods or raising finance or credit terms.

The proposed solution to these problems is the concept of a “more formal place” to do business – a concept most often referred to as a market. To date the concept of a market suggested in the research is that of a formal brick building purpose built or renovated to perform the function of a market. Such markets have state of the art amenities with respect to: restrooms, lighting, electricity, storage, refuse removal, cleaning services, security etc. These markets, such as metro mall, are in actual fact merely a substitute for traditional formal sector retail space as would be appropriate in white suburban malls and shopping centres. These markets, which we will refer to as A Grade Markets provide all the advantages of a formal business retail outlet, but at a more affordable price and with facilities, appropriate to the purchasing patterns and choices of their main consumers.

It is suggested that given the number of informal traders in the city, the purchasing patterns of consumers and Joburg 2030’s assertion that within 20 years the size of the informal sector will decrease in terms of the absolute number of traders (but not number employed in the sector) it is viewed as impractical, and indeed sub optimal, to hope to accommodate all of the city’s current traders in such facilities. Rather it is suggested that a range of market types be established. We have named these Grade B, C and D markets.

3.1.1 Market Definitions

Each Grade of market will have differing services and infrastructural offerings, with Grade D having the least services while Grade A has the most services. A brief characterization of services and infrastructure offered is shown in the table below.

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<thead>
<tr>
<th></th>
<th>GRADE A</th>
<th>GRADE B</th>
<th>GRADE C</th>
<th>GRADE D</th>
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<tr>
<td>Discrete Location</td>
<td>X</td>
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<td>X</td>
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<tr>
<td>Permanent Structure</td>
<td>X</td>
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<td>Electricity</td>
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<tr>
<td>Security</td>
<td>X</td>
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<td>Refuse Removal</td>
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<td>Cleaning Service</td>
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<td>Development programme</td>
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**Grade A Markets**

Grade A Markets will have a discreet location and a permanent brick structure either purpose built or renovated specifically for the purposes of a trading market. Purpose built markets and renovated empty ground floor shops will constitute A Grade markets. Within these markets there will be a postal address, security, and cleaning services, storage, electricity and regular waster removal. Rentals in these markets will be the highest of all the categories and the entrepreneurs who operate in these markets will be mentored to grow their businesses and graduate into other formal sector activities.

**Grade B markets**

Grade B markets will also have a discreet location and a postal address but there will be no brick superstructure except for a storage facility. The Grade B market will be a concrete slab with weather proof shade cloth or an equivalent to keep out the weather. Refuse collection services will be provided but no cleaning or security services or electricity. These covered markets will be similar to those of Covent Garden in London or Bangkok’s Pho Tumo covered market.

**Grade C Markets**

Grade C markets have a discreet location but no structure. In other words these markets are merely a dense concentration of street traders on a designated city block. These markets still use the city’s pavements, but are designated areas in terms of which side of the block and how many traders can operate. A single storage facility will be available to traders in this market and daily refuse removal will be provided. A possibility exists for individual movable stalls all of a similar design to be rolled out for these markets.

**Grade D markets**

Grade D markets are in fact not markets per se but are individual street traders similar to those hawkers who at present operate on the pavements in a hap hazard manner. The only distinction between existing hawkers and the Grade D categorization will have to do with getting such traders into the holistic market system and planning to migrate them to Grade C or B markets as soon as
possible. Grade D markets are hence a semantic and administrative tool rather than a substantive delivery of infrastructure or services as framed in this section. The logic of this name change will become evident later in this document.

3.1.2 Grade Graduation

The idea with respect to achieving the policy aim stated above is to register and administer all existing traders operating in the city as of a particular date. Once this market population has been identified a graduation system will begin to operate whereby traders in Grade D markets graduate up to Grade C markets and then Grade B or A markets. The graduation system, which will be explained below in detail, should lead to only Grade A and B markets existing within a 15 year period.

For the grading and graduation system to deliver on the final policy objective there is an implicit assumption that the size of the existing trader community be administered and limited. In other words some barriers to entry into informal trading need to be created if the policy is to work. The only viable barrier available is an administration system, which issues licenses and permits to all grades of market traders. Given the flexibility of the initial programme all existing traders (as of a given date sometime soon) can be accommodated. New entrant after the closing licensing date however may not be able to be accommodated although a natural churn factor as well as graduation will allow for some new traders to enter the sector.

3.1.3 What the Grading system achieves

Differing service and infrastructural levels within a holistic framework and categorization will achieve various important objectives:

First the holistic market concept places all street traders in a similar category – i.e. they are all marketeers or members of a market. This seemingly simple statement has some major implications. First it removes the social, business and regulatory discrimination between markets based informal traders and hawkers.

Secondly it places all informal traders into the same system – the city’s market system which will not only assist in implementation and unified administration and regulation; but it provides a growth path or career path for everyone in the system and hence stabiles the system as well as add to it’s sustainability.

Thirdly if the holistic system is understood by the informal trading community it is more likely to be adopted as it provides a systemic set of steps from survivalist to commercially profitable entrepreneur and creates certainty from their perspective as to what the city will and will not offer and tolerate. A high degree
of buy in will assist in a degree of informal self regulation and grass roots protection of the system and it's implementation schedule.

Fourth, the grading system allows for the programme to be practical and implementable. The cost and delivery time for Council to get all hawkers into A Grade markets was never likely to be realizable. This graduated approach allows for short term management within a defined long term goal. The implementation of the graduation programme will provide certainty to formal sector businesses that are resident in the city or thinking of moving to other areas of the city.

Lastly the grading system is flexible enough that it would work across the entire city and in all circumstances ranging from how to deal with tomato sellers in the CBD to craft markets in Rosebank to traders on the slip roads of major roads such as the William Nichol Highway or Beyers Naude Drive.

3.2 SPATIAL PLANNING

One of the shortcomings of previous policy proposals regarding informal trading has been the immediate linkage of markets to their spatial positioning. In this approach we are suggesting that optimal spatial planning of markets needs to be done, initially in isolation of actual market structures. By doing this the programme can address the key determinants of market positions from a series of spatial locational variables as well as variables related to the hubs and nodes as articulated in Joburg 2030. Once optimal placement from a spatial perspective has been determined, placement of markets of various grades can be determined. By having various grades of markets, greater flexibility with respect to spatial planning is possible. This flexibility is crucial if there is to be a uniform policy through out the City of Johannesburg, and not merely the inner city or CBD and if planning is to be dynamic enough to deal with some of the fundamental changes envisaged in Joburg 2030.

In this section we elaborate on four key determinants regarding optimal spatial planning for markets. Later we will add a consumer behavioural discussion to these determinants to ensure that the planning is effective from an economic perspective. In choosing the planning variables to consider one is faced with two opposing forces. On the one hand one must look at the spatial planning of markets in terms of their impact on formal businesses that operate out of established properties. On the other hand one must look at the positioning of markets such that they are able to maximize the flow of possible consumers. In many instances these may be competing forces and in the implementation section of this document we will look at objective criteria to assist in deciding cases where there is a fundamental competing situation between the two goals.
At a common sense level the location and spatial planning related to informal trading is driven by where potential consumers are, where they move to and how they move. We will deal with consumer behaviour at a later stage, but in this section we will be looking at these phenomenon with respect to trading densities and the drivers of such densities. The four key determinants will be: concentration along natural lines of movement; densities in and around transport hubs; densities between transport interchanges and high densities serving local areas.

3.2.1 Trading densities along Natural Lines of Movement

Natural movement is the proportion of movement on each street, which is determined by the structure of the urban form itself rather than by the presence of specific magnets or attractors. Some streets in Johannesburg just have more natural movement than others e.g. Jan Smuts Avenue and Commissioner Street. Both formal and informal traders are attracted to the street that have the greatest natural movement as this movement of potential consumers will increase the success of the trading venture. Natural movement directly supports trade opportunities. Natural movement occurs to a greater degree in areas where there is a grid format (CBD, Hill brow) than in a cul de sac format (Soweto). Many analysts suggest that this is the main reason why so many hawkers sell in the CBD rather than in the townships.

The Urban Solutions document (1999) presents the natural movement of the CBD and to a lesser extent Soweto and some regional nodes such as Yeoville. This mapping provides a starting point to mapping optimal placement of markets.

3.2.2 Trading Densities in and around transport hubs

As mentioned in Joburg 2030 retail purchasing behaviour in Johannesburg is strongly influenced by points of embarkation and debarkation of the transport system. As such areas around train stations and taxi ranks provide high and concentrated trade densities at present. As a new public transport system is rolled out, as per capita incomes increase and as suburbs and townships move through various cycles of growth and decline so these transport nexus points will change and their trading densities commensurately. As such while they are a key influence in terms of short term planning considerable thought must be given to the long term sustainability of usage of these areas over time.

An interesting point to note here is that most trading density related to transport movement occurs at the point of embarkation for the homeward bound portion of the trip. This means that consumers are purchasing produce in the CBD, then embarking on their transport and not purchasing at the point at which they disembark which is in principle closer to home and hence more convenient in
terms of carrying purchases. We will consider this phenomenon in the behaviour section below, but for now it is worthwhile noting that this behaviour is sub optimal both from a personal inconvenience perspective as well as from the spatial trading perspective.

3.2.3 Trading densities between transport nodes

Given that most consumers need to utilize more than one mode of transport, the movement corridors between nodes of transport services become important movement corridors even though these movement lines are not natural movement lines. As the public transport system improves and inter nodal co-ordination increases trading densities along these routes is likely to decrease.

3.2.4 Trading densities and local districts

Local districts are characterized by having a large residential component and a strong mix of land use and activities e.g.: Yeoville, Vrededorp, Braamfontein. Markets in this environment do not depend on passing trade but service a given community and should thus meet their basic needs as well as the diversity of their needs e.g. Entertainment, leisure activities, non essential purchases. A key issue to note in this section is that traditionally black townships have very weak local districts as spatial planning sought to avoid the creation of such spaces.

So from a spatial planning perspective the building blocks for the informal trading programme must be based on where natural movement occurs, where movement related to transport embarkation and debarkation occurs, corridors which link transport nodes and local districts. Once these areas and lines have been determined the appropriate market type can be applied and the decision between the competing demand from formal and informal traders determined.

3.3 ENTREPRISE DEVELOPMENT PROGRAMME

This programme has been renamed from the original policy documents to be called enterprise development rather than entrepreneur development. This is in line with the view that this informal trading policy attempts to develop the sector as a whole and thus there must be both a sectoral development aspect as well as an individual entrepreneur development aspect.

Looking first at the sectoral development programme it is proposed that a resource be created which will deal with the growth of the informal trading sector. The programme should focus on: product diversification, product mixes within a given market, market branding, consumer demand, supply chain completion and any other systemic constraints to the commercial development of informal trading businesses. The programme should support the commercial viability of the sector itself independent of individual traders. An example of the space in which this
programme would operate would for example be in the area of sourcing goods. The analysis below will show that many traders claim that the reason they do not diversify this product range is because it is so difficult to find a supplier. Many other say their locational decision is based on where they are relative to their suppliers. If the sectoral development programme were able to develop the upstream component of this sector – i.e. cut deals with potential suppliers this would enable individual traders to locate in optimal sites and sell appropriate goods. A collective intervention could achieve this aim whereas an individual trader would have insufficient clout or market power to orchestrate such a transaction. Similarly this portion of the development programme could track consumer purchasing patterns and ensure that traders dealt in the right mix of goods for a given time of year or given location.

The second aspect of the development programme deals with individual trader development. Much of the market intelligence and supply chain completion activities undertaken in the first development programme will provide traders with enough impetus to place them as more successful entrepreneurs right off the bat. However additional personal skills are required. The entrepreneur development programme will thus look at business concepts such as: stock in hand, cash flows, basic accounting, diversification and differentiation. This programme should be stratified based on potential entrepreneur success criteria. The programme will channel the greatest resources into those informal traders operating in Grade A markets and the least resources into those operating in Grade D markets. The logic behind this is two fold. First those traders in grade A markets are likely to be the most sophisticated traders and those most likely to employ additional staff if their enterprises grow. The second reason is that these entrepreneurs have the best chance of graduating out of the informal sector into the formal retail trading sector if given the right skills and opportunities.

4. TRADER AND CONSUMER BEHAVIOR

Research in this area available in Council documentation must be regarded as poor although it is likely that other, better sources of information is available. From the limited research conducted in the 1998 and 1999 reports some interesting factors come to light.

4.1 Trader characteristics

Fifty four percent of traders are between the ages of 26 and 40. This suggests that trading has been adopted as an option after some other form of employment and that by and large traders in the city are ‘mature’. Sixty percent of traders had formal sector jobs prior to joining the informal trading sector. In a 1994 survey only 48% of traders had been trading for longer than 2 years. In the 1999 survey this figure had risen to 62% implying a maturing trader population with growing experience in developing their businesses. These characteristics bode well for
the development programme, graduation approach and the idea of developing a real new mercantile class.

4.2 Product Characteristics

The pattern of products traded in the informal sector has remained relatively constant between 1994 and 1999. Clothing accounts for 22% of sales, prepared food stuff 19% and fresh fruit and vegetables 16%. Shoe sales account for 9% of sales, haircutting 7% and other activities such as street mechanics, handbags, radios, cell phones, cigarettes and sweets at 3% each. The analysts of this data in 1999 suggest that this implies that the supply and demand factors, which encourage overall product diversification, are limited. It is felt that this may be an overly simplistic analysis. We shall revisit this point later in the document. When looking at how dynamic traders are in terms of their product range, 81% of traders reported that they had stuck to their initial product range throughout their trading years. The reason for this was claimed to be that sourcing suppliers was extremely difficult and time consuming and that once a supplier was found, few traders “had the energy” to shift to a new supplier.

4.3 Trader Affiliations

Ninety percent of traders are self employed owner traders. Seventy two percent of traders do not collaborate with other traders or participate in formal trader organisations. Those who do co-operate tend to work together in the hiring of transport to source goods and in organizing storage and accommodation (although this last activity is usually only undertaken by non South African traders). Traders responding to the survey feel very much that they are alone – there is no system or set up that supports their business needs either in the form of private sector services or a government agency or participant organisation. A willingness to work with such a structure was strongly noted.

4.4 Commercial viability

The survey showed that 47% of traders average a weekly turnover of R600. Thirteen percent generate up to R1200 a week and 40% generate between R2400 and R4800 a week. From a cash inflow perspective this shows a highly lucrative potential industry. However we must look at the costs incurred by informal traders before making an assessment of the viability of these businesses.

No direct information has been amassed to determine relevant costs but some range figures are available. First it appears that street trader hold significant daily stock on hand. 45% of traders retained daily stock costs of below R500, 23% held stock valued at between R1500 and R4000 a day and 13% held stock of more than R4000. With respect to transport 44% of traders spend less than R100
a month on transport while 41% pay between R101 and R300 a month for transport. Eighty percent of traders reported paying no monthly pavement or stall rental costs. Forty eight percent claimed to pay nothing for storage while 50% paid anything from R15 to R150 for storage per month. Sixty six percent of traders felt that their commercial viability was undermined by too much competition, which was articulated in the form of “too many traders”.

Even with these cost figures, it appears that these businesses are highly viable and that there are clear areas where cost savings can be created. These figures also suggest that traders would be prepared to pay for certain services and that economies of scale can definitely be attained.

4.5 Consumer Purchasing patterns

A direct consumer survey has not been conducted and the following analysis is determined from traders reporting on consumer behaviour. We believe this is a large gap, which should be filled as soon as possible. The following facts are known with respect to current behaviour.

First it appears that consumers believe that street hawkers in the city sell at cheaper prices than such goods are available in the townships. Sales of fruit, vegetables and meat occur predominantly around points of embarkation. Prepared foods are also sold predominantly at transport locations although much is sold along natural movement lines during the lunch time period. Clothing which is viewed as a non essential item tends to be sold along natural movement lines and not so much around transport hubs. Quality of goods is viewed as important but pricing appears to be sufficiently uniform as to not be a major competition variable.

Optimal trading times seem confusing although there is a trend towards early and late afternoon shopping. Ten percent of sales occur in the early morning; 14% in the late morning; 11 percent at lunch time; 21% in the early afternoon and 14% in the late afternoon. Fridays and Saturdays are the best trading days and month and year end are particularly large volume times.

5. REVISITING THE POLICY STATEMENT

At this stage it is worthwhile returning to the introductory section in which we suggested a mind shift change regarding informal trading. It was suggested earlier that rather than approaching the problem in terms of enforcement of by laws and restrictions; we could approach the issue from the perspective of developing a new trading class and a new trading system. The information presented so far suggests that this is entirely possible. We can view informal trading as an underdeveloped, nascent sub sector of retail trade that if properly developed and supported in terms of infrastructure, services, skills development and a supportive regulatory environment - can be a vibrant contributor to
economic growth, a good job creator and an important element in improving the quality of life of the city’s residents.

The base fundamentals are in place. There exists a relatively mature and stable group of traders. Cash flows are sufficient to allow a credible standard of living to be earned from these activities and there is an effective demand to support this supply. The city structure in terms of natural movement lines, regional districts and transport hubs creates natural places of trading density and removal of key constraints facing individual traders can in principle be addressed. As such rather than viewing street trading as blight upon the city landscape, which must be removed, we should view street trading as an unpolished diamond of economic activity, which must be managed, nurtured and developed. As such the programme is as much a programme of sectoral development (akin to the 9 preferred sectors identified in Joburg 2030) as it is one of clearing the streets of the city.

6. OVERVIEW OF THE PROGRAMME – PUTTING THE FUNDAMENTAL BUILDING BLOCKS TOGETHER

As mentioned above we have looked at a variety of building blocks in isolation. It is now necessary to pull these blocks together into an informal trading development programme. In terms of examples we will draw from information available from the existing reports – hence there will be a CBD bias. However it is crucial to remember that we are suggesting this approach be applied across the city in a uniform manner.

STEP 1: PUTTING MARKET TYPES AND SPATIAL LOCATION TOGETHER
We begin with the spatial planning block as this is crucial with respect to where the demand for informally traded goods is; as well as it’s implications for formal sector business. The spatial planning model must begin by the identification in each area of: the major transport node, the connecting movement line between this hub and other transport nodes and the main natural movement lines. With the aim of the program being to limit the number of trading sites over time so as to ensure economies of scale, profitability, product diversification and more ‘competition free space’ for formal sector retailers it makes sense to place A grade market facilities only at major transport hubs (e.g. Park Station) As these facilities are purpose built with sophisticated planning cycles, the mix between formal business space and Grade A market space can be negotiated upfront with interested and affected parties.

Connecting movement lines between transport hubs exhibit two main characteristics. Firstly they have large movement volume predominately first thing in the morning and last thing in the afternoon as people come to work and then return home. Second they have the least likelihood of maintaining their spatial importance as public transport systems and GGP per capita shifts and affects transport choices. On the assumption that public transport will begin to
operate more efficiently in line with Joburg 2030 and will in time fundamentally change – this spatial aspect as a building block for long term market demand is tenuous. As such one does not wish to place long term, expensive infrastructure along these lines. As movement is also concentrated on only two peak period a day, one would not wish to support markets at the expense of formal retail opportunities along these lines. In principle it is thus suggested that along designated connecting movement lines between transport nodes Grade C markets be erected. A 50:50 split in proposed regarding formal and informal trading. No product selection is anticipated over and above that determined in the enterprise development programme.

Those lines designated as natural movement lines are by far the most contentious with regard competition between formal and informal traders. By definition these areas have the highest trading density opportunities and are hence profitable sites throughout the day. A characteristic of these natural movement lines is that they service consumers who are not necessarily public transport users (whereas the transport hubs and interconnecting transport movement lines predominately services commuter consumers). Due to this characteristic of a broader consumer base it is suggested that along these movement lines the dominant structure should be formal retail shop based trading. However informal trading cannot be excluded from this potential market. It is thus proposed that Grade C markets be erected at key points along natural movement lines with a 30:70 split in favour of formal retail trading. In addition it is suggested that one or more Grade B markets be erected for use on Saturdays (utilization of a parking lots along natural movement lines). It is proposed that product specification be applied to Grade C markets along natural movement lines.

Local area districts. The grade of market applicable to a local area district will be determined by the trading density and hence effective demand available per area. For example in Hillbrow where high density and high effective demand exists an A grade market would be applicable. In an area such a New Doornfontein it would appear that only a Grade B market would be feasible.

Following this logic one would be able to list per identified spatial building block the matching Grade of market infrastructure, which would be optimal. This planning process because of its isolationist approach will result in too many markets in order to allow a competitive environment to exist, which will support a dynamic new trading sector.

It is therefore suggested that once this initial determination has been completed a three grid system be determined. Grid1 will characterize the smallest grid size to be analysed e.g. The CBD between Bree Street, Marshall Street, Twist Street and Sauer Street. Grid 2 will be one size larger e.g. the whole of the CBD and Grid 3 the entire North South transport axis. The market/spatial location mix along spatial building block lines should thus be looked at a Grid1 level in the first
instance. This will probably result in a substantial reduction of market
designations to assist in concentration of activity and avoidance of over trading.
Once this process is complete looking at grid 1 in the context of grid 2 requires a
second reduction phase, grid 2 should then be looked at in conjunction with grid
3. At each step there will be a decrease in the number of markets though most
gains in reducing the number of markets will occur from the spatial building block
phase to the grid 1 phase and then from the grid 1 to grid 2 phase, with fewer
reductions occurring with grid 3.

For overview purposes, the above paragraphs lead us to a position where we
have achieved the following:

- Where market structures should be (actual locations)
- What grade of market should be in which location
- What the market type mix is for a given grid
- A sustainable mix of formal and informal trading
- A sustainable volume of trade suppliers for existing demand given movement
  patterns

STEP 2: ADDING ENTREPRENEUR DEVELOPMENT PROGRAMMES TO STEP

1

As mentioned above the development programmes envisaged in this programme
differs to some degree from those suggested in the past. First there are sector
development programmes and second there are individual development
programmes.

In ensuring the success of this programme it is crucial to allocate resources
initially to the sector development programmes and only then to the individual
entrepreneur development programme. The key sectoral programmes will be:
consumer analysis, product identification, specialization, diversification, locational
product mix and supply chain completion. The programme should be developed
and implemented initially at the smallest grid level and over time expanded to a
grid 2 and 3 level. With respect to the individual entrepreneur development
programme this should be implemented in the first instance for those traders
operating in Grade A market space and then to those in Grade B and C.

7. IMPLEMENTATION

The implementation of this programme will be characterized by complexity, co-
ordination and strong consultation and negotiation. As such the programme will
require a very discreet home, very strong political leadership, exceptionally
strong management and a separate status. By separate status we mean simply
that it must dedicated resources- human and financial, and must not be merely
an add on to an already overworked team’s deliverables. If meaningful progress
is to be expected in the next 18 months it is proposed that a programme specific inter disciplinary task team be established.

There will be a strong temptation to shorten the planning cycle of this project due to political pressure and the need to deal with the current situation. Given the complexity of the situation and the need to devise a plan which is sustainable and the lasting solution to the complex issue of informal trading in an economy with 30% unemployment it is the view of this document that great planning will be the differentiator between this programme and it's predecessors and as such it is a worthwhile investment.

The anchor organisational structure in this implementation should be the Metro Trading Company. The reason for this is the fact that they are a separate, dedicated resource with market specific expertise. The organisation also allows for a discreet budget and a single point of reference regarding progress, accountability and decision making. This is not to say that the MTC as it is currently structured is optimal in terms of delivery of this process. With the new features and responsibilities suggested in this document some re-organisation of MTC will no doubt be required. This proposal will be re-visited later in this document. However, in principle the implementation of this programme over the next 10 years is such that it fits well with the rationale behind an arms length agency operating on behalf of the City of Johannesburg. The size and scope of the project is also such that it makes sense to keep MTC as a discrete organisation and not to amalgamate it with other agencies such as the JDA.

This provides the basis for the Metro Police Department to implement the by-laws on the basis of legal, constitutional and spatial certainty. However, the key role players within the city need to tightly manage and coordinate the enforcement process.

Below is a table of next steps, which will be further developed below:

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<table>
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<tbody>
<tr>
<td><strong>1.</strong> Get political support from the mayoral Committee.</td>
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<td><strong>2.</strong> Get official support for the policy outline (MTC, Planning, CPU, MPD, Finance).</td>
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<tr>
<td><strong>3.</strong> Re write mandate of MTC for the next 12 months (existing work plus new responsibilities regarding implementation preparation for new policy)</td>
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<td><strong>4.</strong> Ensure budget for additional work of MTC (possibly transfer from CPU budget).</td>
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<tr>
<td><strong>5.</strong> Appoint policy strategist and implementation driver to assist MTC and act as task team leader (possible person has been identified). Position for 12 months, on site.</td>
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<tr>
<td><strong>6.</strong> Second a person from planning to MTC task team. This person would be responsible for delivering grids 1,2 and 3 in terms of the 4 categories of spatial planning blocks and trading densities. It is suggested that this person contract with Urban Solutions who did this initial work for the CPU.</td>
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7. Internal MTC people in conjunction with PropCom and appropriate utilities to look at expanding the definitions of the various Grades of markets and to look at cost and practical considerations of such infrastructure being placed in the city.

8. An administrative sub task team will need to be assembled to look at: legislation, constitutionality, amendments to by-laws, enforcement implications and the requirements of licensing informal traders and administering the informal trading graduation process. System, administration and costing will need to be looked at.

9. Once it becomes clear that steps 6+7+8 will lead to an output similar to that proposed a development programme sub task team must be established. The team must work out how it will deliver the sectoral development programme as well as the individual entrepreneur development programme. Service delivery, institutional arrangements and financial implications will need to be spelled out.

10. Steps 6+7 must now be brought together to place market grades at given locational sites.

11. A financial and structural plan to be delivered by the task team as whole.

12. The process will now be ready to be taken to the consultation phase. Presentations of the whole rationale and workings of the system must be taken to both the informal and formal trading sectors as well as property owners, rate payer associations and regions.

13. Assuming the process in step 11 goes well a communication and education strategy should be embarked upon ready for the launch of the programme publicly in March 2003.

14. Enforcement of the by-laws on the basis of the new programme can commence in April 2003. This will be the responsibility of the Metro Police Department, which will be operating on the basis of clarity and certainty. (It should be noted that a short-term management strategy for informal trading will ensure that there is no vacuum as far as enforcement is concerned while the permanent programme is being planned.)

Because of the complexity of the process it will be highly iterative (i.e. it will change as more information and thinking is revealed). As such the planning process must be structured to allow for this but to ensure that forward momentum is achieved. It is thus proposed that there will be certain points where the proposed process will be stopped and the policy revisited. Decisions at that point will then be binding until the next point of re-evaluation.

The first rest point for re-evaluation is at the end of task 5. The second rest point is at the end of task 8. The third rest point for re-evaluation is at the end of task 11. The final re-evaluation point is after step 12.

8. TIMING

The timing is written in terms of the re-evaluation periods. The first five tasks must be completed quickly as nothing substantive can begin until this initial
phase has been completed. It is believed this can be achieved in six weeks hence the deadline for re-evaluation step 1 is the middle of May.

Steps 6, 7 and 8 are massive undertakings even with dedicated resources. It is proposed that this work be completed in 5 months with a re-evaluation deadline set at mid October.

Steps 9, 10 and 11 should be completed by end November.

Consultation should occur in January and February 2003.

Implementation should occur in March 2003.

Enforcement of the by-laws, on the basis of the new programme, should occur in April 2003.
Informal Trading Development Programme
Communication Strategy

1. Background

A meeting with Informal traders and the Executive Mayor on October 9 2002 paved the way for constructive engagement and brought to an ended the potentially damaging constitutional court proceedings against council.

There has also been a positive achievement with regards to the formulation and implementation of the Informal Trader Development Programme. The programme; is especially imperative in that assists in locating informal trading issues within the City’s strategic vision – Joburg 2030.

Whilst the management of trading markets is basically the responsibility of the Metro Trading Company (MTC), more and more co-operation between MTC, the Metro Police and the City has become crucial. Areas such as observance of By-Laws and other obligations by traders, management of public perceptions and general co-ordination of projects and initiatives.

Several disputes between the Informal Traders and Council have been wide reported in the media. There have been accusations of corruption within the Johannesburg Metropolitan Police Department and that Council is denying unemployed people to earn an honest living. Disputes about trading agreement between informal traders and MTC in Yeoville were also highlighted through the media.

All these disputes and complaint are being addressed on an ongoing basis during the Trader forum (as initiated by the City), which seat once a month and is being chaired by Councillor Sol Cowan. Further more the Metro Mall complex was officially launched on the 18 November 2002. This facility accommodates approximately 510 trader stalls, 3000 taxis and 100 buses.

The above situation presents various opportunities to the City to improve its image in general but especially in relation to handling informal trading. However, if this situation is not handled properly, it equally poses a danger to damage the public image of the City. It is therefore important that a detailed public opinion plan is in place to ensure that Council is able to articulate its objectives and strategies with this regard.
2. Objectives

1. To highlight the dangers associated with illegal trading on the economic status of the city without prejudice against informal traders.

2. To co-ordinate communication of all the affected departments and political offices.

3. To proactive publicise council initiatives with regards to informal traders.

4. To have the capacity to intercept negative publicity and respond to it.

5. To educate members of the community and the informal traders about by-laws pertaining to informal trading.

6. To demonstrate that illegal trading contributes to towards crime levels.

7. To empower council communicators to engage in the issues knowledgeably.

8. To prove that council has no prejudice against informal traders but only enforcing by-laws as required by law.

9. To highlight the difficulty police are faced with when enforcing by-laws.

3. Communication environment

Constructive engagement between council and informal traders has paved the way towards finding lasting solutions on the informal trading matter. All stakeholders are now involved contributing towards laws that will govern the process with the process of finalizing By-Laws. Also council has worked out viable projects in the areas of markets and other community projects to generally improve the lives of the residents of Johannesburg. The geographic scope of the project has been extended to cover the entire City of Johannesburg.

Positives:

- There is no longer confrontation between Council and informal traders.
- There are markets where trading can be conduct.
- Council is frank about this issue and is willing to have open debate on it.
• A simplified Street Trading by-laws booklet has been printed and distributed (in Three official languages: English Zulu and Sotho)

• Street trading contributes to the economic viability and dynamism of the city

Negatives:

• Certain influential media are sympathetic to the hawkers.

• Hawkers often claim ignorance about by-laws and attempts to educate them take time and are costly.

• The plight of those who cannot make ends meet always has sympathisers.

• Street trading contributes to an unhygienic environment and a general deterioration and dilapidation of key areas and nodes.

4. Communication challenges

To engage the media regularly on the matter

To be able to mobilize the desired public support.

To manage networking session with the media.

5. Messages and Themes

The theme:

“Council is not opposed to informal traders but illegal trading that is threatening economic status of the city. We have designated properly build markets and demarcated areas for informal traders. “

Key messages:

• Its councils' public responsibility to make and enforce by-laws.
• There is a lasting solution through consultative engagement with informal traders.
• Council’s approach is human. (There City is considerate of Informal Trader’s concerns)
• Council is providing viable alternatives
• Illegal trading makes it difficult to apprehend criminals.
• We care about the environment
• Economic Development and Job Creation
"Our responsibility as a city is to ensure that we attain a managed urban environment that is functional. As part of this responsibility, the city has developed a number of by-laws and a policy to control this environment.

The purpose of street trading by-laws is to ensure that street traders’ needs are met without compromising the needs of other users (pedestrians, service providers, and property owners) of public infrastructure and open spaces.

We accept that street trading has become an essential part of the local people’s income generating activities and accordingly, the city’s economic development strategy, Joburg 2030 recognises this fact. The focus of the strategy is to normalize the activity by linking it to formal sectors, improving distribution networks, providing infrastructure for certain grades within the sector and implementing skills development initiatives linked to the trading markets.”

Key messages:

Properly demarcated and regulated markets are available for informal traders.

Illegal trading is expensive for the city. The resources used to maintain the after effects of illegal trading could be used to build new infrastructure.

Council is responsible for the protection of the rights of all citizens and not only the hawkers.

6. Messengers and channels

Mayor
MMC’s
JMPD
MTC
CJP
Metro comms

7. Phases and types of event
Rolling media tours
Packages for the tours
Radio interviews
Regular press releases on the progress of the programme
8. **A communications programme**

- Ensure that follow up on the programme and projects is made and action plans are implemented.
- Gather required information timeous and so that there is a co-ordination with regards to statements issued after each court appearance.

9. **Structures and Processes**

**Structures**

The Metro Trading Company  
Johannesburg Metropolitan Police Department  
Corporate Planning Unit  
Communications

**Processes**

1. Develop Criteria  
2. Develop guidelines and research instruments for use by regions  
3. Liaise with regions  
4. Regions conduct assessment and submit report  
5. Assessment and verification  
6. Planning of Markets  
7. Registration  
8. Markets building
## 10. Action plan

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