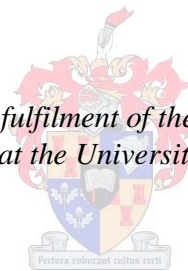


# **Street Trading in Cape Town CBD: A study of the relationship between local government and street traders**

by  
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*Thesis presented in partial fulfilment of the requirements for the degree  
Master in Arts at the University of Stellenbosch*



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## DECLARATION

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## ABSTRACT

The constitution of the Republic of South Africa (1996) states that local governments are responsible for the creation of a socioeconomic environment that enables citizens to make a living for themselves. It is on the grounds of this responsibility that the study is based on the relationship between street traders and the City of Cape Town within the Cape Town CBD. This relationship is investigated with the aim of assessing what the nature of the relationship is between street traders and the City of Cape Town. A survey was conducted wherein 71 street traders were interviewed and to complement the survey interviews were conducted with individuals from local government and the private sector who deal with street traders on a daily basis. The survey results indicated that there is a positive relationship between traders and the City of Cape Town, but that local government does not live up to expectation when it comes to the facilitation of informal business development. At the hand of these findings; policy interventions are put forth that would lead to the creation of a facilitative relationship between the City of Cape Town and street traders. Proposed policy interventions are focussed on the improvement of channels of communication between street traders and local government. The proposed policy framework places emphasis on the active participation of local government in the formalisation process of informal traders. The study concludes by proposing policy intervention that would promote a facilitative relationship between street traders and local government and contribute to a sustainable street trading economy in Cape Town.

## KEY WORDS

Street traders, street trading, street vendors, informal economy, informal economic statistics, street organisations, street trade associations, informal traders associations, informal trader organisation, street trader policy, informal trader policy, informal trader policy and informal economic policy.

## OPSOMMING

Die grondwet van die Republiek van Suid Afrika (1996) daag elke plaaslike owerheid uit met die taak om 'n sosio-ekonomiese omgewing te skep wat dit vir landsburgers moontlik maak om 'n bestaan te kan maak. Dit is op grond van hierdie verantwoordelikheid dat die studie gebaseer is op die verhouding tussen straathandelaars, binne die sentrale sake kern, en Kaapstad se plaaslike owerheid. Die verhouding tussen straathandelaars en die Stad Kaapstad is ondersoek met die doel om die aard van die verhouding te omskryf. 'n Vraelys is uitgedeel aan 71 straathandelaars en om die opname te komplementeer is onderhoude gevoer met individue van beide die openbare en privaat sektor wat saam met straathandelaars werk op 'n daaglikse basis. Die resultate van die vraelys het gewys op die positiewe verhouding tussen handelaars en die Stad Kaapstad, alhoewel dit aan die lig gekom het dat plaaslike owerhede nie voldoen aan verwagtinge ten opsigte van die fasilitering van informele besigheidsontwikkeling nie. Beleidsmaatreëls wat 'n fasiliterende verhouding sou bewerkstellig, sowel as 'n beleidsraamwerk word voorgestel aan die hand van die bevindinge van die opname. Die voorstelle is grootliks gegrond op die verbetering van kommunikasie tussen die plaaslike owerhede en straathandelaars sowel as die aktiewe deelname van die plaaslike owerheid in die formaliseringsproses van informele handelaars. Deur die implementering van die voorgestelde beleidsmaatreëls is die studie van mening dat 'n fasiliterende verhouding tussen straathandelaars en plaaslike owerhede gevestig kan word met die doel om 'n bydra te maak tot 'n volhoubare straathandel-ekonomie in Kaapstad.

## TREFWOORDE

Street traders, street trading, street vendors, informal economy, informal economic statistics, street organisations, street trade associations, informal traders associations, informal trader organisation, street trader policy, informal trader policy, informal trader policy and informal economic policy.

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**ACRONYMS AND ABBREVIATIONS**

CBD	Central business district
CCT	City of Cape Town
CCID	Central city improvement district
CID	Central improvement district
CPUT	Cape Peninsula University of Technology
CRUISE	Centre for regional and urban innovation and statistical exploration
CTP	Cape Town partnership
GDP	Gross domestic product
GIS	Geographic information systems
GPS	Global positioning systems
ILO	International labour organisation
RDP	Reconstruction and development programme
SDF	Spatial development framework
SEDA	Small Enterprise Development Agency
SMME	Small, medium and micro enterprises
WIEGO	Women in informal employment and organising

## **Chapter 1. STREET TRADING IN SOUTH AFRICA: A CASE STUDY OF THE CAPE TOWN CBD**

This chapter serves as a general overview of the research that has been conducted. The background to the study is sketched, the research problem is formulated and stated, the aims and objectives are explained, the study area is clearly defined, and the research methods are discussed. The chapter concludes with a research design summarising the study.

### **1.1 Background**

Local governments in South Africa are bound by the constitution to provide a socio-economic environment that enables citizens to maximise their standard of living on the local level (Constitution 1996). Because of the failure of the formal economy to provide the necessary avenues of employment, citizens turn to the informal economy to provide themselves with a means of earning a livelihood. Informal economic activities, such as street trading, provide the impoverished living in both rural and urban areas with a means of earning a living (Bhowmik 2005).

Because of the lack of state intervention, street trading has proved to be one of the most widespread of informal economic activities: the low entry requirements in terms of level of education and monetary start-up costs make it an attractive option for the poor (Arellano 1994). Since the ANC government came to power in 1994, the policy agenda regarding informal traders in South Africa has changed. Apartheid policies were focused on restricting the practice of street trading within “white” urban areas, whereas from the advent of the 1990s, the economic policies of government have recognised and embraced street trading. The pro-street trading policy approach is not endorsed by formal enterprises sharing an economic landscape with informal traders. Formal enterprises point to the negative elements that are associated with unregulated street trading, such as crime, cluttered sidewalks, unsanitary work spaces and inferior products that are sold to consumers at cut prices. Attitudes towards street traders differ, however, as in some instances there is a dependent relationship between street traders and the formal enterprises within the given area of trade. Thus it would be logical to ask what role the geography of different areas plays in the establishment and maintenance of direct or indirect linkages between informal traders and the formal economy.

The economic milieu which street traders find themselves in, in the City of Cape Town (CCT) is one that is pro street trading. As stated in studies commissioned by Cape Town’s municipality in the late 1980s (City of Cape Town 1986; City of Cape Town 1987), the mother city’s

commitment towards the promotion of informal traders is well documented and shows a history of positive policy intervention. Street traders in Cape Town are among the most affluent informal traders in South Africa, with the local tourist industry playing a vital role in their success by guaranteeing a semi-constant flow of customers seeking out the wares of the informal traders (Lund; Nicholson and Skinner 2000). The relationship between the tourist industry and street trading demonstrates the linkage between the formal and the informal economies respectively. Cape Town's policy approach towards street traders is positive, but has this positive attitude been translated into positive perceptions of informal trading by members of the formal business community of the Cape Town CBD? How do the street traders perceive local government policy and policy intervention mechanisms?

## **1.2 Problem formulation**

Over the past 30 years, the Cape Town CBD has experienced various cycles of economic investment and disinvestment from both private and public stakeholders. During the 1980's, with the gradual relaxation of the influx control laws of the Apartheid system, the Cape Town CBD was opened up to people of all racial groups.

Urban decay is a characteristic of South African cities and towns as apartheid influx control policy measures were made redundant after Apartheid was disbanded in 1991. This decay has continued. The rising prevalence of urban decay was accompanied by an exponential increase in the number of informal traders that were operating in South Africa's urban centres. Thus the relationship between the growth in urban decay and the growth in the number of informal traders in an urban context is perceived as a positive one. Did informal traders drive urban decay or did urban decay make it possible for informal traders to move into previously formalised economic spaces? The issue of urban decay has been addressed by various cities in South Africa which, in a bid to solve the problem, implemented a wide range of models of urban regeneration. These models delivered different degrees of success and failure within the respective urban environments in which they were implemented. The central point of departure for such urban renewal or urban regeneration programmes has been to attract formal business back to the historical central business districts (CBD). The policy mechanisms in force are centred in the neo-liberal school of thought that places emphasis on the creation of economic incentives for businesses to move to a particular area. These neo-liberal measures, however, are regulated through the various White and Green Papers that were drafted subsequent to the demise of Apartheid to address the spatial structure of South African cities that was the legacy of Apartheid (Development Facilitation Act 1995; Urban Development Framework 1997).

Both local governments and neo-liberal shadow local governments work towards ensuring that an economic environment is established to attract formal businesses to the CBD. Do traders enjoy indirect benefits from the measures that facilitate urban revitalisation? What steps apart from simply providing a place to trade from are being taken by the various role players to make life easier for the traders? This study aims to prove that through a facilitative policy approach by the CCT, and the urban revitalisation programmes driven by local government and the Cape Town Partnership, street trading in Cape Town could be sustainable - in the sense that traders who are trading in the CBD or the metropolitan area are equipped to facilitate their own economic progression from the informal economy to the formal economy. This can only be achieved by re-examining the relationship between traders and local government and identifying what could be done to improve it.

There are two dominant paradigms steering the research attitudes with regards to street trading. The first is that street trading is nothing more than a residual economic activity in an urban setting, that it arises from unemployment, and that it brings negative elements to the given area in which it is practised. The second paradigm focuses on the manner in which informal trading is practised in an urban setting. Important to note, however, is that informal street trading is not viewed in a negative light as it offers a means of earning a living to those who practise it. The second paradigm encapsulates the preferred approach to this study as the potential of informal trading in providing livelihoods to those that practise it is irrefutable.

This study assumes that there is a relationship between informal traders and the formal economy in the Cape Town CBD. This assumption is made on the basis of the large number of studies that have been conducted across the world on informal trading (Carr & Chen 2001; Fenyesh & Naidoo 2003; Devey; Skinner & Valodia 2006; Davies & Thurlow 2009). The findings of these studies indicate that even in cases where there is no direct link between formal and informal stakeholders, the two still influence each other indirectly in various ways such as, for example, in the selling of complementary or competitive goods by informal traders.

The theoretical framework of the links between formal and informal business is largely reflected in three main schools of thought, namely the dualists, the structuralists, and the legalists. The dualists argue that there is no link between the activities of the informal and formal sectors of a given economy, while the structuralists argue that the informal and formal sectors are intrinsically linked through the capitalist system. The legalists, on the other hand place emphasis



rather on the relationship between informal economic agents and the formal regulatory mechanisms that govern the practice of informal economic activities. This study falls into the last two schools of thought as linkages to both formal business and regulatory stakeholders are assessed. Note that when the term, “formal economy”, is used in the text that it refers to both local government and formal business enterprises.

The approach to this study is pro-street trading, as street trading in the South African context has come to play an important role in providing employment to those most vulnerable in society. South Africa’s history of racial discrimination and separate development has led to a population in which the majority of people are uneducated and unskilled. This means that formal sector employment is, essentially, unlikely, as a job in the formal sector requires a particular level of education and particular skills. Thus the majority of the South African population turns to the informal sector to provide them with a livelihood. The study of street trading makes it possible to gain new insights into what could be done to improve the socio-economic situation of those involved in street trading.

### **1.3 Aims and objectives**

This study aims to investigate the nature of the relationship between informal traders and the formal economy and to explain how the urban geography created through urban revitalisation programmes has influenced this relationship in the Cape Town CBD. An underlying aim is to determine how this relationship could be more facilitative in nature in order to contribute to the establishment of a sustainable street trading economy.

The objectives that need to be realised in order for the above-mentioned aims to be attained are listed as follows:

- Demarcate the study area (the Cape Town CBD) in order to determine which trading bays and street traders would be included in the study;
- Identify the current locations of trading bays within the study area;
- Map the respective locations of trading bays throughout the study area;
- Determine the perceptions of individuals involved in the management of street trading, as well as the perceptions of the street traders themselves regarding street trading in the Cape Town CBD;
- Determine the existing relationship between the street traders and local government which is responsible for managing and regulating the street traders;

- Assess how conducive the current relationship is to the establishment of sustainable street trading;
- Recommend informal trader policy interventions and a layout plan for the establishment of a sustainable street trading economy.

#### **1.4 Study area**

The CCT, South Africa's oldest city, is situated in the Western Cape. Cape Town is one of the most racially-segregated cities in South Africa, having substantial population groups of black Africans, Asians, coloureds and whites living within the metropolitan area (City of Cape Town: 2010a). Cape Town's economic composition is also very diverse but not by sector. The primary and secondary economic sectors in Cape Town are overshadowed by the tertiary sector (City of Cape Town 2010b), with the contribution made by the tourism industry to the gross domestic product (GDP) of the CCT being substantial. The data collected in terms of informal economic activities is not as accurate as the formal economic data, but it is estimated that the informal economy contributes about 12 percent to the total GDP of the CCT (City of Cape Town 2010b).

#### **1.5 Research methods**

The methods employed during the research phase of this study were both qualitative and quantitative. The main thrust of this research was in the filling in of a questionnaire by a sample group of street traders. Both quantitative and qualitative questions were posed, with some of them being open-ended questions to provide the traders with the opportunity of personally expressing themselves. Along with the questionnaire, interviews were conducted with the individuals involved in street trading.

The study area was demarcated on the basis of shape files which were obtained from the CCT. They outline the four central improvement districts (CID) upon which this study of street trading is based. After the demarcation was completed, the number of trading bays in the four central improvement districts was calculated. A sample was taken from the total number of active trading bays to serve as the base from which the questionnaires would be distributed to the selected traders. Interviews with individuals involved with street trading were conducted. The structural dynamics involved in street trading were then discussed with local government to gain some understanding of its perception of street traders. Questionnaires were distributed to street traders, with the information gathered being put into SPSS and analysed by means of cross tabulations. From the data analysis, it was possible to deduce the perceptions of street traders and to relate them back to the policy documents concerning street trading. Considering the perceptions of both parties involved, current policies in respect of managing street trading were

re-examined, with policy changes being suggested that could assist the creation of a facilitative relationship between street traders and local government.

The major limitation of the study proved to be the language barrier as most street traders are black Africans, usually from the Eastern Cape and, therefore, Xhosa speakers. Because the questionnaire was in English, non-English speakers had to be provided with the services of an interpreter. Many of the informal traders are illiterate; thus one-on-one interviews had to be conducted. The use of an interpreter did in fact facilitate this phase in the research. However, the “second hand” nature of the information thus provided considerably reduced the value of the personal interviews. The unwillingness of formal sector businesses and informal traders to participate in the study also needed to be factored in, and ways of attracting these research subjects to be interviewed were seriously considered. Because Cape Town was a host city for the FIFA World Cup during the period 11 June to 11 July 2010, and FIFA regulations stipulated that street traders were not allowed to trade within certain areas in the Cape Town CBD for the duration of the World Cup, thus research could be conducted only before and after this period. These limitations were initially identified at the start of the research process, but it was inevitable that unforeseen circumstances during the course of the research would cause complications. The only way to overcome such limitations was to think innovatively and to use one’s rational imagination to find solutions.

### **1.5.1 Fieldwork: Questionnaire**

The questionnaire used during the fieldwork phase was compiled with the intention of acquiring information regarding the relationship between street traders, local government, and the formal businesses in the vicinity in which the vendors operate. An important aspect of any street trader survey is the demographic statistical information concerning the vendors, and for this reason questions were divided up into three broad categories, as follows:

The first category related to information regarding the demographic attributes of the research subjects. Demographic information is of particular importance as it enables one to categorise respondents and to draw comparisons between the different categories. Skinner (2008a) states in her review of street trading in Africa that statistical information regarding street traders could be used as a powerful tool to alter perceptions about street traders. She highlights economic statistics concerning the contribution that is made to the local or national economy by street traders (Skinner 2008a).

The second category of questions related to the relationship between street traders, local government, i.e. the CCT, and the regulating authorities. It is in this category that the geography of street trading was explored. Street traders are at the mercy of the CCT and the various CID policies that dictate where, what, and how street trading should be conducted. Thus through a better understanding of how the street traders interpret this constructed geography of street trading, it is possible to reveal their perceived notions, that can be compared to the relevant statistical information. The literature and the interviews that were conducted could also be used as tools for making comparisons, as what occurs on the street is very different from what is perceived to occur within the confines of an annual general meeting.

The third category of information that was obtained related to the relationship between street traders and the formal businesses in their vicinity. Questions pertinent to the direct and indirect relationships between street traders and formal businesses were posed. The role played by local government in this relationship was also investigated as the perception is that local government is responsible for the creation of space, and should, therefore, play an active role in facilitating the relations between the parties that operate in that space. It is important to understand how street traders and formal businesses interact with each other, as the two groups inhabit the same space but are not regulated by the same set of rules, which is in itself a recipe for conflict.

The questionnaire can be viewed in Appendix A. Mention should be made of the fact that the questionnaire was trashed on numerous occasions by peers and senior academic staff. Much of the criticism pertained to aspects relating to statistical information and the relationship between the traders and the regulating authorities.

### **1.5.2 Fieldwork: Questionnaire distribution**

A total of 71 questionnaires were distributed to street and market traders in the four Central City Improvement Districts (CCID) precincts of Cape Town. The research subjects were chosen through a random sample method. The intention was to select the respondents as randomly as possible, but in practice this did not work as well as it did in theory.

Traders are suspicious of anyone invading their place of business, which made it difficult to gain access to them for the purpose of interviewing them. Thus the random sampling method was abandoned and informal traders were selected at random. The questionnaires were distributed over a period of seven days, according to the given CID precincts, with Precinct Three being

surveyed first, followed by Two, One and then Four. Precinct Three was selected to be surveyed first solely because it was the precinct that had the fewest active traders.

Precinct 2 delivered the largest number of completed questionnaires, mainly because of Green Market Square and St George's Mall being located there, as well as the Adderley Street traders who ply their trade there. Precinct Four delivered the second-largest number of completed questionnaires because of the Grand Parade traders. Precinct One had the second-smallest number of traders overall. However, it differs from the previous three precincts in that the traders are distributed unevenly across the area, thus making the travel time between interviews an issue.

In conducting the survey, the greatest issue was the time it took for the questionnaires to be filled in, and as the questionnaire extended over four pages, the traders were reluctant to participate in the survey themselves. Thus the majority of the traders did not fill in the questionnaires as most of them pointed out that they were at work and needed to be free to conduct business, while others cited that they cannot write English and others said that they can neither read nor write English. Between 10 and 15 questionnaires on average were completed per day. The working day for this researcher usually consisted of five hours, starting at half-past nine to ten o'clock in the morning and finishing between three o'clock and half-past three in the afternoon. Overriding factors dictated the times chosen for interviewing the subjects, the first being that traders are usually busy setting up their stalls before nine in the morning, while most traders are preparing to pack up around four o'clock, since most of them catch trains to and from work.

As already mentioned, a large number of traders were not willing to participate in the survey and there were in fact some who were outright opposed to any research being done on street trading. The most common reason cited for their dislike of surveys was that nothing ever materialises from the body of research data collected during the survey. It was important to make it clear to these traders that most studies extend over a lengthy period and that in most cases, the research is not conducted with the intention of improving the trading environment. This did not make any difference in their opinion; thus it can be concluded that this category of traders is generally unwilling to cooperate, which in its turn further contributes to the negative perceptions of street traders held by those who are doing research on them.

Better cooperation in the interviewing phase of the research could have been facilitated by gaining the assistance of the CCT, as traders did not regard this study as important as it had not

been commissioned by local government. If a local government official were to have assisted with the survey, the validity of the answers would have come into question, though, especially those questions pertaining to local government. It is doubtful that traders would have felt free to express their true opinions regarding their relationships with local government and the formal economy, and perhaps some other information, with a local government official present during an interview. Many traders tried to trade off their cooperation in the survey by completing a questionnaire in the hope of gaining something in return. This “transaction” would place the validity of the answers of the trader in doubt. For these reasons, the survey was conducted without the assistance of the CCT and without bribing any trader to participate in the survey. Consequently, the validity of the completed surveys cannot be placed in doubt.

Most of the problems that were encountered throughout the study in its entirety were experienced during the questionnaire phase of the survey. Most were easily dealt with, and although these problems proved to be obstructive and hindered the progress of the research, they did not hamper it to such an extent that it could not be completed.

### **1.5.3 Analysis**

The data collected from the questionnaires were analysed by means of SPSS which allows for the data to be statistically organised. The data concerning the various attributes of the street traders that were collected for each subject were added to the GIS data base that was created for the purpose of this study. The analysis of the ordered data served as the basis for investigating the relationship between the formal economy and the informal traders. The nature of the relationship (or lack of relationship) was then explored, along with its spatial aspects.

### **1.5.4 Mapping data**

The information required to map street trading in Cape Town was obtained from local government and was used with information of physical points of street trading in the CBD. The researcher already had access to the GIS data to be used in the mapping of street trading from his Honours research project which he obtained from the City of Cape Town's Department of Spatial Planning and Development. Use could also be made of data pertaining to the traffic flow of pedestrians within the CBD, as data of such a nature could indicate which areas of the CBD are being over- or under-utilised. Pedestrians were naturally of interest as these people constitute the customer base for any street-trading activity. Motor vehicle traffic also proved to be important as motorists contribute to the customer base of mobile street traders. The mapping of the locations of formal businesses proved to be simple, requiring only street addresses, as this researcher had access to the cadastral information of the CCT.

### 1.5.5 Spatial data analysis

During the process of mapping the various formal and informal economic activities, it was possible to capture information regarding the type of goods sold and the type of service delivered. This information allowed the researcher to determine the locations where particular businesses were likely to cluster or where other businesses were in demand. The spatial relationship between the various types of street trading conducted close to or far away from a given type of formal sector business activity could thus be mapped. The details of this relationship were subsequently discussed and analysed to find reasons for the current spatial distribution of informal trading in accordance with the locations of formal sector businesses.

## 1.6 Research Design

For research to follow a constructive and progressive path, a detailed research design is required. The research design is set out in the form of a diagram to visually communicate the progress of the research process from its start to its finish, as seen in the figure below (Figure 1.1)

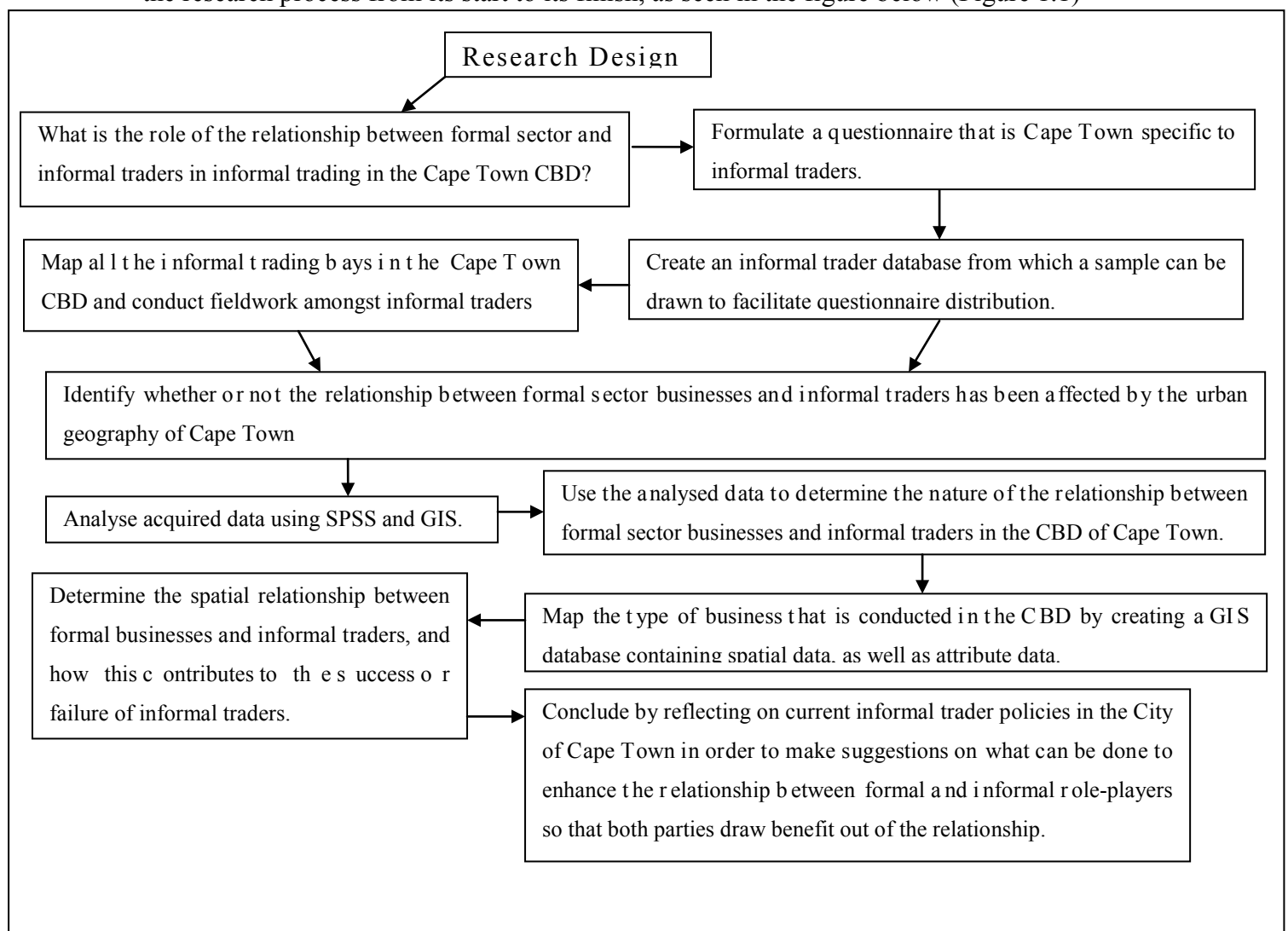


Figure 1.1. Research design diagram

## **1.7 Conclusion**

The preceding section detailed the research that is discussed in the following chapters. The section above also provided the reader with the background needed to understand the nature of the research that was conducted. The following section covers the theories regarding the informal economy and street trading that provide the necessary background from which the research has borrowed and built upon.



## **Chapter 2. THE ROLE OF STREET TRADING IN THE INFORMAL ECONOMY**

Chapter Two starts off with a brief overview of the main themes that prevail in the current literature. The chapter is divided into two broad categories: the informal sector and its subsector, street trading. The chapter concludes with a discussion of street trading in the South African context.

### **2.1 Introduction**

There is a notion that the informal sector/economy is a more recent economic phenomenon. However, traces of individuals engaging in informal economic activities were well documented before Hart's study (Gerry 1987). Informal means of economic production have always been a characteristic of pre-modern society (Gerry 1987). With the rise of industrialised states during the second half of the 19<sup>th</sup> century and the development of modern capitalist states in the first half of the 20<sup>th</sup> century, informal modes of economic production came to be disregarded in favour of the formal economy (Ferman & Gaughan 1987). Modern capitalist states started seeking to increase the formal economies of their countries in order to expand their tax bases (Ferman & Gaughan 1987).

Informal modes of production were considered to be backward and would inevitably be incorporated into the formal economy of a country (Fleming, Roman & Farrel 2000). That the informal economy continued to be viewed as backward held true during the colonisation period of the Third World, with it never being incorporated into the modern economy. Rather than being incorporated into the formal economy, the informal economy has emerged in its own right, since its acknowledgement in the 1970s by Keith Hart and the International Labour Organisation's (ILO) mission to Kenya, as a lifeline to the urban proletariat of the Third World (Leonard 2000). Informal economic activities are diverse in nature and in a constant state of flux (Mead & Morrison 1996), and such activities have grown in line with the general trends in the global informal economy (Enste & Schneider 2000). An investigation into the theoretical aspects of the informal economy and the role that street vending plays in the informal sector constitutes the essence of this literature review.

## 2.2 The informal sector

### 2.2.1 Definitional debate

Debates about the definition of the informal sector make up a large proportion of the literature on this topic. The importance of defining what is informal is justified as the definition that was presented at the start of a study strongly dictates and determines whether the research will be understood. In terms of research, Yadav (2009) states that “a proper operational definition of the informal sector facilitates the accurate identification and measurement of the sector in terms of output, size and capital utilisation, as well as its relationships and linkages with formal and public sectors” (Yadav 2009: 1).

It is important to note that as there is no consensus as to what the label, “informal economy” means, it can be used to refer to economic activities that are not recorded in the balance of payments of a country (Arabsheibani, Carneiro & Henley 2006). What has been referred to as the informal sector above has been referred to as the shadow, parallel, grey, black, underground, hidden and illegal economy (Fleming, Roman & Farrel 2000). In the study of informal economic activities, there has been an ever-present definitional evolution that can be summed up as evolving from a very narrow definition to a broad definition of informal economic activities (Alderslade, Talmage & Freeman 2006). Fleming, Roman & Farrel (2000) point out that when the informal economy is to be defined, there are two approaches that are used: the definitional and the behavioural approaches. These two approaches effectively divide the informal economy into four components: “criminal, irregular, household and informal sectors” (Fleming *et al* 2000: 390). Each of these components has unique ways of avoiding formal regulation. Furthermore, Yadav (2009) states that there are two broad approaches that are taken in the definition of the informal economy, namely the enterprise-based approach and the job-based approach.

Hart's definition of what constitutes informal economic activities was largely based on the informal economic methods (informal self-employment) of urbanites in Ghana employed to provide for themselves and their dependants (Hart 1973). Hart's definition and the subsequent definition put forward by the ILO mission to Kenya characterise informal activities as: “ease of entry, reliance on indigenous resources, family ownership of enterprises, small scale of operation, labour intensive and adapted technology, skills acquired outside the formal school system and unregulated and competitive markets” (Bromley 1978: 1033). In a study by Portes & Sassen-Koob (1987) of the relationship between the informal economy and industrial development the informal economy is defined as “the sum total of income-earning activities with

the exclusion of those that involve contractual and legally regulated employment.” (Portes & Sassen-Koob 1987: 31). Charmes (2001) summarises the characteristics of informal activities based on conclusions from the past twenty years of research that has been conducted on the informal sector. The characteristics are similar to those that were laid out by Hart in 1973. However, informal activities have grown to include “little capital and equipment; low level of organisation with no access to organised markets, formal credit or services and amenities; cheap provision of goods and services or provision of goods and services otherwise unavailable; low productivity and low incomes, according to some analysts, or, on the contrary, incomes that are notably higher than in the public sector, especially during the recent period and in the context of structural adjustment policies, for other observers” (Charmes 2001).

The most widely accepted definition of informal activities is that of the ILO, which states that “they are not recognized or protected under the legal and regulatory frameworks. This is not, however, the only defining feature of informality. Informal workers and entrepreneurs are characterised by a high degree of vulnerability” (ILO 2002: 3). However, the ILO has little if any authority on the issue at hand and this is why countries around the world have different conceptualisations of what the informal economy is. Researchers too have diverse definitions of what the informal economy is, and some dispute the label that is given to economic activities that are not within the realm of formal economic practices (Bremser 1976). A good example of countries differing on the topic of informality is the issue regarding criminal activities. Most countries do not include criminal activities as an informal activity, but in recent years some Latin American countries have started to include drug trafficking as part of a country’s informal economy (Schneider 2005).

Within the disciplinary discourse of economics, the debate regarding definitions is most fierce, as individuals studying the informal sector aim to measure the informal economy without any concrete theoretical basis (Thomas 1999). Informal economic activities are measured using both direct and indirect measurements. Direct measures are limited and are consistent with surveys and tax auditing (Enste & Schneider 2000; Ögünç & Yilmaz 2000; Hussmanns 2004; Alderslade, Talmage & Freeman 2006; Round & Williams 2007). Indirect measures on the other hand are more prolific, focusing on aspects such as labour-market analysis, currency-demand analysis, electricity consumption, the neighbourhood proxy approach, dynamic multiple indicators, multiple-cause modelling and lastly, income *versus* expenditure discrepancies (Feige 1990; Spiro 1994; Schneider & Enste 2000; Hanousek & Palda 2004; Aarabsheibani, Carneiro & Henley 2006; Alderslade Talmage & Freeman 2006; Round & Williams 2007). The definition used in

one measurement study does not correspond with that of another, and the accuracy of the measurements is always cause for concern.

The decision as to how to formulate a definition for what constitutes informal economic activity must take cognisance of the fact that there is a divide between those definitions including illegal activities and those which don't. Issues regarding the definition of the informal economy are of importance, as a uniform definition will enable better comparative statistical analysis, which in turn contributes to better policies (Tanzi 1999). Most of the assessments are done at the macro level. However, valuable information lies on the micro level of the informal economy. It is in this realm that the true extent of the informal economy comes to the fore (Hanousek & Palda 2004).

### **2.2.2 Growth of the informal economy**

Although the informal economy has a historical presence in both developed and developing countries, there are factors that contribute to its growth (Bićanić & Ott 1997). It must, however, be realised that every country has a unique set of factors contributing to the nature of its informal economy. An example is the general differences that exist between the informal economy of a developed and a developing country, as in a developing country, the informal economy is used as a social safety net, whilst in a developed country; informal activities are practised in order to avoid government regulation or to cut production costs (Gërxhani 2004).

According to Antonites & van Rooyen (2007), the size of the informal economy in Africa, Latin America, the Caribbean, and Asia is 78 percent, 57 percent and between 45 and 85 percent respectively, in terms of the workforce share for each region. In Africa, in terms of urban employment, informal employment dominates, as 60 percent of the workforce is active in the informal economy (Antonites & van Rooyen 2007). Furthermore, it would seem that the situation is deemed to be sustainable as 90% of all new jobs in Africa are created in the informal sector (Debrah 2007). These statistics justify the efforts that are currently being made by various agencies to encourage governments to take pro-active steps in facilitating support for informal economies at national, provincial, and local level.

There are three main factors that cause an increase in informal economic activities in a country. They are:

1. an increase in the tax rate of the country,

2. an increase in government regulation, especially with reference to the establishment of businesses, and
3. the inability of the formal sector to provide enough job opportunities (Pietersen 1982).

The common denominator for this set of factors is the government. Governments directly influence the tax rate; they determine the ease of starting up a formal business; and they steer the formal economy indirectly into the development path that they deem fit (Weiss 1987). Empirical research with regards to what causes informal economies to grow has found a positive link between increases in the level of government involvement and the growth of informal economic activities (Feige 1990, Schneider 2002; Arabsheibani, Carneiro & Henley 2006). An example of the “situation-specific” causes of informal economies is Croatia’s informal economy, which shows that even under circumstances where there is a lack of governance, or no government control at all, informal economic practices are widespread. Croatia went through a war during the 1990s, during which time her informal economy grew rapidly (Bicanic & Ott 1997). As the war ended and formal governance was re-established, along with the formal financial institutions that were reinstated, the informal economic sector shrank (Bicanic & Ott 1997). This illustrates the fact that greater government regulation could lead to a decline in informal economic activity. The over-regulation by governments in the context of the informal economy leads to a negative perception of informal economic practices. This perception is even held by those who are active in the informal economy. Most studies on the informal economy indicate that individuals who are active in this economy would take a job in the formal economy if such an opportunity arose (Reddy 2007). The willingness of people to leave their informal economic practices in favour of the formal economy is a clear indication of the status of the formal economy as the preferred option.

The above reasons for the growth of the informal economy are examples where macro-economic factors have influenced the economic practices of the individuals. The informal sector is not necessarily an avenue for earning a living that people are forced to engage in; there are in fact instances when being employed in the informal sector bears greater advantages than being active in the formal sector. Loayza states that there is “rationality” in “being informal”, as costs are incurred in being active in the formal sector (Loayza 1996: 131). Such costs include gaining access to and remaining in the formal sector, being required to pay taxes, and abiding by regulations and bureaucratic requirements (Loayza 1996). Loayza also points out that costs are also incurred in being employed in the informal sector and stresses that the two sets of costs are inversely proportional to each other (Loayza 1996), which means that as the cost of operating in the informal sector increases, so the cost of operating in the formal sector will also decrease.

Along with previously stated factors giving rise to informal economic activity, the cyclical process of urbanisation that leads to markets being over-supplied in terms of labour also needs to be considered as a contributing factor to the proliferation of informal economic activities (Frayne 2004). This is especially true in an African context, as the rate of urbanisation on the continent is increasing at an alarming rate (Skinner 2008b). This is the case for both migrants who travel from the surrounding rural areas to the urban centres, as well as for immigrants who travel (legally or illegally) across national borders in order to access better economic opportunities. The large influx of people into the cities leads to a situation where urban-based formal employers cannot provide sufficient employment opportunities to the populace. Hence, the migrants/immigrants remain unemployed and need to provide for themselves if they are to survive, which, in turn, causes the informal market to become saturated and to not be as lucrative as it might once have been.

There are many contributing factors giving rise to an informal economy; the most prominent of which are economic causes. The conclusion can thus be drawn that solutions for addressing such a situation, where the informal economy is out of control, would be of an economic nature. A discussion of the “causes” of informal economies proliferating seems to imply that informal economies are intrinsically a negative manifestation. However, this is not always the case, as the informal economy provides a livelihood to those living in abject poverty (Mead & Morrison 1996; Ahmed, Rosser & Rosser 2000; Charmes 2001).

### **2.2.3 Link to the formal economy**

Given the heterogeneity of the informal sector, it is difficult to truly describe the nature of the linkages that exist between the formal and the informal sectors. The discussion of the various aspects and forms, and the importance of these relationships, serves to illustrate why we study them. It is important to examine the relationships sectorally, and within a confined area.

On a day-to-day basis, many individuals venture between the realms of a formal and an informal economy and conduct trade/business with the respective actors from each sector. This implies that even if the formal and informal economies do not interact with each other directly, they both provide services to the same consumer and are thus linked through their customers (e.g. a person could buy a pair of shoes from a wholesale retailer, but on the way to the car could purchase a cold drink from a street vendor).

The above-mentioned example aside, there are both direct and indirect relationships between the formal and informal economies (Bremner 1976; Tokman 1978; Portes & Schauffler 1993; Carr & Chen 2001; Hoen, Motala & Xaba 2002; Daniels 2004; Devey, Skinner & Valodia 2006; Davies & Thurlow 2009). Portes and Schauffler (1993) summarise the linkages between the formal and informal activities in Latin America, pointing out that the majority of the linkages involve the subcontracting of formally-obtained production contracts to informal producers, who do not fall within the jurisdiction of the given labour laws or regulations (Portes & Schauffler 1993). This is an example of an exploitative relationship, not only by those operating in the national formal economy, but also by those operating in the international formal economy, the latter decentralising production in order to cut down on labour costs. Of the six examples quoted by Portes and Schauffler, the only one which could be classified as a healthy linkage is that of the garbage pickers in Montevideo. The pickers collect recyclable garbage and collect their deposits from the various garbage disposal sites. However, these informal garbage collectors are still exploited in the sense that they provide a vital public service but do not have the benefits that formally-employed public servants would enjoy (Portes & Schauffler 1993).

Carr & Chen (2001) interpret the linkages between the formal and informal economies within the three schools of thought, namely the dual economy perspective, the structuralist viewpoint, and the legalist school of thought. The dual economy paradigm states that the formal and informal economies operate alongside each other without being directly linked to each other (Carr & Chen 2001; Chen 2007). Dualism is a product of the 1950s, and has been criticised since its inception on the grounds that it assumes an existing autonomous relationship between the formal and informal sectors and does not, therefore, truly explain the power relations within the linkages (Gërzhani 2004). The structuralists' view of the formal-informal economy relationship is that it is disproportionately balanced, with the formal sector being in a privileged position and the informal sector being in a subordinate position (Carr & Chen 2001; Chen 2007). The legalist school of thought focuses on the relationship between the informal economic actors and the formal regulators, the latter either facilitating or restricting informal economic activities (Carr & Chen 2001; Chen 2007). All of these schools of thought place the emphasis on the power that is wielded in the relationship between the formal and informal sectors (Carr & Chen 2001).

Fenyès & Naidoo (2003) emphasise the importance of determining the relationship between the formal and informal economic sectors:



1. Through recognising the relationship, it is possible to study ways in which the formal and informal economic sectors could cooperate more closely with each other to benefit both sectors (Fenyés & Naidoo 2003).
2. Contrary to the structuralist assumption of the formal-informal relationship, there are in fact many countries where the informal economy is the dominant one. Thus, it would be to the benefit of policy-makers if the linkages were better understood, a condition that would entail the identification of areas within the informal sector that could be promoted through government intervention (Fenyés & Naidoo 2003).
3. “The informal sector contributes significantly to the GDPs of countries”. If the linkages between the two sectors of the economy are not quantitatively addressed, the consequences for the country in question would be for it to continue to ignore its potential to address such prevailing issues. (Fenyés & Naidoo 2003: 646).
4. Through understanding the backward and forward linkages of the formal-informal relationship, as well as the interconnectedness within the informal sector, it would be possible to rationally distribute investments to those areas that have the greatest potential (Fenyés & Naidoo 2003).
5. A temporal study of the relationship identifies those periods during which it would be appropriate to invest in either the formal or the informal sector (Fenyés & Naidoo 2003).
6. If the linkage between the formal and informal sector is ignored, assessments of the effects that macro-economic policies could have on aspects such as employment and financing markets could be under- or over-estimations, resulting in policy failure (Fenyés & Naidoo 2003).
7. The quantitative relationship between the formal and informal sector could provide valuable insights to governments as to whether regulations are too strict (Fenyés & Naidoo 2003).
8. Lastly, the study should provide insights into the nature, either good or bad, of the relationships between the two sectors, thus facilitating the promotion or discouragement of certain formal-informal relationships.

There are, however, variations in the manner in which different operators in the informal economic sector interact with operators in the formal economic sector. Chen (2007) divides the linkages between the formal and informal sectors into two categories of interaction: informal enterprises and formal firms, and informal workers and formal firms. The first category is further subdivided according to the nature of the production processes in which the informal enterprises and the formal firms are involved, namely the individual transaction group, the sub-sector group



and the value chain group. The common thread between all of these groups is that the firm or enterprise that is the most competitive tends to dominate the transactions between the formal firms and the informal enterprises (Chen 2007). The relationships between the informal workers and the formal firms are grouped together according to legal aspects of employment, namely “disguised”, “ambiguous” and “not clearly defined”. This second category is largely indicative of an exploitative relationship between informal workers and formal firms in which the formal firms are in the dominant position.

There is a definitive link between formal economic enterprises and the street traders (Naidoo & Fényes 2003). The most enduring link is that of location, as street traders do not have a high level of mobility and are, therefore, forced to interact with the formal economic actors within the given area (Devey, Skinner & Valodia 2002). The location link serves as the baseline for the establishment of further links of a socio-economic nature (Rogerson 2008). Formal firms and street traders are economically linked in the sense that, for the larger part, the street vendors purchase their goods from wholesalers (Ligthelm 2003). Street traders cooperate with one another to buy goods in larger quantities and at lower costs in order to pass the savings on to their customers (Lund, Nicholson & Skinner 2000). The social link is one that is not generally established but rather forged by individuals who come into contact with one another because of co-dependency. Street traders use formal retailers for the storage of their goods in exchange for informally patrolling the area to fight crime (Binns, Holness & Nel 1999). The links between the two sectors are not always positive, as is evident from the above-mentioned facts. There are in fact many accounts of street vendors who are stigmatised by formal enterprises. Accusations of the unhygienic working conditions under which they operate, their (unconscious) promotion of criminal activities, and allegations that street traders do not add to the aesthetics of the city but instead, create a climate of clutteredness and congestion along the street pavements from which they ply their trade -, all these aspects count against street traders (Leduka & Setšabi 2008).

In any relationship, there are positive and negative aspects. This holds true for the relationship between the informal economy and the formal economy, and the street traders and the formal enterprises that they are in close proximity to. The challenge is to decide on the manner in which to conduct the relationship - in order to benefit both of the parties concerned.

#### **2.2.4 The informal economy and the regulatory environment**

The formulation and implementation of informal economic policy is important in a developing country, especially in Africa (Horn, Motala & Xaba 2002). The informal sector in fact plays a

prominent role in the national economies of developing countries (Becker 2004). The importance of a national, regional or local government that is supportive of informal economic practices cannot be emphasised enough as the formal economies of developing countries struggle to provide a livelihood for their citizens. Hence, policies that enable or empower those in the informal economy to maximise their economic gain are absolutely essential.

Policies applicable to the informal economy were previously influenced by the overriding economic rhetoric of the period in which they were formulated and the state of the country's political system at that particular time (Peattie 1987). In the 1970s and 1980s, policies were aimed at formalising the informal economy. The cornerstone of these policies was to control the informal economic practices and to thereby capture much of the economic activity in order to enhance the tax base of the country (Maldonado 1995). Since the late 1980s, the realisation dawned on various governments among the developing countries that informal economic activities have the potential to provide citizens with a sustainable livelihood (Charmes 2001). This era of "understanding" was further promoted by an overriding economic philosophy of neo-liberalism, which frowned upon state interference in the markets (Cox & Watt 2002). In many countries, South Africa being but one example, informal economic activities came to be viewed as a viable means to address poverty (Ligthelm 2006). Policies that do not favour informal economic activities on the other hand, create a scenario for the exploitation of people in the informal economy. Corporations that have their roots in developed countries tend to transfer their production to developing countries where informal economies are not regulated (Chen & Carr 2001). In doing so, these corporations save on costs by sidestepping the labour regulations in the country of operation, but at the cost of the people trapped within the country of operation's poverty cycle.

The policies pertaining to the informal economy on an international level need to be addressed by extending protection to informal workers, who are exploited by formal firms or regulatory environments.

### **2.3 Street trading: studies and perceptions**

Keith Hart's 1973 account of the way in which urban Ghanaians provide for themselves and their dependants through engaging in street trade is deemed to be the cornerstone for understanding the informal economy (Cross 2000). It can be stated that street trading is an important informal economic activity; not only to those who are active in the informal economy, but also to those who seek to understand the informal economy (Mitullah 2004).

Street trading comes in different forms and is always in a state of flux, as the economic environment in which the traders find themselves is uncertain (Bass 2000). Cross (2000) does not define street trading in isolation but rather as one of the categories of informal economic activity. Bromley (2000) defines street trading as informal economic activity in isolation by stating that “street vending is simply the retail or wholesale trading of goods and services in the streets and other related public places such as alleyways, avenues and boulevards” (Bromley 2000: 1). Motala (2002) simplifies the definition of what a street trader essentially is to “street traders are those entrepreneurs who belong to the informal economy and who trade on the streets.” (Motala 2002: 7). Bhowmik (2005: 2256) describes a street trader as “a person who offers goods for sale to the public without having a permanent built-up structure from which to sell. Street vendors may be stationary....or they may be mobile...” The activity of street vending/trading is, according to Pillay (2004), “common activities in which people earn a living by selling an array of goods and services on the street” (Pillay 2004: 24).

From the above definitions, a common pattern emerges between what a street trader is and what the trading activity involves. Firstly, the term refers to a single person; secondly, it falls within the informal sector of an economy; thirdly, the trader mainly sells goods in a public space. Thus, for the purposes of this study, the general definition of a street vendor would be as follows: A street trader/vendor is any individual who engages with another individual, be they informally or formally active, in any form of trade, in a public space, designated to the trader by private or public regulators.

### **2.3.1 Why street trading?**

Street trading has always had negative connotations, as is clearly evident from the examples quoted in the current literature. It is thus important to note both sides of the debate on street vending since it provides a livelihood to poverty-stricken individuals. However, the methods employed by street traders to conduct their business have caused conflicts between them and formal businesses.

Bromley (2000) states 11 arguments for the practice of street trading:

- It makes a valuable contribution to the overall economy;
- In some countries, individuals have the human right to trade;
- It could contribute to an increase in the national revenue tax of countries;
- People who trade provide for themselves and for their dependants;

- It is a breeding ground for entrepreneurs;
- It provides those who can't access formal structures with a means to conduct business;
- By providing goods informally, it has proved to be a more flexible form of trading that is well-adapted to the time frame of a day;
- It contributes to the creation of a vibrant urban environment;
- Because of its flexible nature, street trading can easily supply goods or services during special events;
- Street traders have flexible trading hours, freeing them to fulfil other commitments; and lastly,
- It is a form of self-empowerment to those living in dire economic straits.

Bromley (2000) elaborates further by substantiating the arguments against street trading which he illustrates with examples and discusses in the next section. The arguments against street trading relate to petty aspects of street trading such as the negative effect they exert on the aesthetic attributes of an urban environment and being blamed for pedestrian congestion. From the arguments for and against street trading, it is clear that street trading is beneficial to a community and not only to those active in trading on a day-to-day basis.

### **2.3.2 Characteristics of street traders**

Street traders are active in the informal sector and they share some of the characteristics with others performing informal economic tasks. Street trading is a unique informal economic activity, if not the most prevalent in a city, so that it would be useful to spell out the characteristics of street traders (Brown, Dankoko & Lyons 2010).

Self-employment is a notable characteristic of anyone actively involved in street trading. It is not a labour-intensive industry, and in most cases a trader functions well on his/her own (Pillay 2004). Women are generally prevalent in street trading, with children also active and men in the minority. The prevalence of women and children, especially in an African context, can be attributed to the low levels of formal education and the lack of tradable skills amongst street traders (Mitullah 2003). There is no specific age group associated with street trading, as the study of street trading in Africa by Mitullah (2004) found that the age of the average trader is between 20 and 50 years old. Mitullah (2004) found that traders range from young individuals starting out in life to individuals who have perhaps chosen informal trading as a career in order to support their close or extended family. The wide range of individuals involved in street trading makes it problematical to formulate appropriate policies as it is difficult to draft a policy

that addresses the needs of all involved in street trading. Traders have long working hours as they need to be ready to engage with commuters in the mornings and evenings as they travel to and from work (Skinner 2008b). Goods, rather than services, are provided by street traders, as goods are easily sold and are always in demand (e.g. cigarettes, cold drinks, snacks, etc.) (Mitullah 2004; Skinner 2008a; Skinner 2008b; Brown, Dankoko & Lyons 2010).

Along with these specific characteristics, street traders also share the attributes of those working in the informal economy, as discussed earlier on in the chapter. By focusing on the specific characteristics of street traders and the occupations in which they are involved, it is possible to gain greater insights into who the vendors are and how they can be helped.

### **2.3.3 The position of street trading in the informal economy**

The role of the street trader is one that is closely associated with survivalist tactics that satisfy the immediate economic needs of the given street trader (Cross 2000). The survivalist aspect of street trading is consistent in both the cases of developed and developing countries.

The informal economy can be divided into distinct sectors. Broadly defined, they include manufacturing, commerce, construction, and services (Arellano 1994). Commerce could be subdivided into wholesaling and retailing, with retailing being the dominant of the two (Arellano 1994). Those who engage in informal retailing can be categorised as the self-employed and the employees. Street trading is the dominant informal self-employed trading activity within the informal economy (Arellano 1994). The large scale on which street trading is practised can be attributed to the ease of entry into the market and the small start-up costs for trading (Morales 2000). Along with the low running costs, street trading is not labour intensive, and, depending on the goods sold, the products are fairly cheap (Donavan 2008). Furthermore, most literature available on the topic of street trading concerns the way in which street traders organise themselves or are organised (Sanyal 1991; Barrett 2003; Bennett 2003; Samson 2004; Jason 2008). This aspect is important because of the dire straits in which street traders generally find themselves. It is, therefore, necessary for studies to seek ways to improve their immediate circumstances through policy interventions.

The hand-to-mouth manner in which street traders conduct themselves is the reason why their informal businesses are rarely developed into viable economic entities (Delvaux 2002). Street-trading policies should thus aim to facilitate the progression of street traders to a point where they become owners or managers of fully-fledged formal businesses.

### 2.3.4 Dealing with street traders: the developing world context

Street markets represent the nodes of street trading across the world (Brown & Connel 1993, Skinner 2008a). In a post-modern context, there are negative connotations (a stigma), generally attached to street traders. However, they are also perceived as vibrant urban economic “actors” plying their trade (Cross 2000). Street traders are often targeted by society at large. Unfounded attacks are often made on their credibility as productive members of a society, and they are frequently the focal point of local political issues.

In the more developed countries, street trading in the urban context is seen to have a negative impact upon the aesthetics of a given location (Kesteloot & Meert 1999). Those lobbying against street traders argue that street trading brings with it crime and grime to the location where it is practised. This negative perception is associated with the negative perceptions regarding immigrants in the more developed countries (Dell’Arima & Neri 1987). Most of those individuals who participate in street trading are immigrants who try to adapt to their surroundings in order to survive (Dell’Arima & Neri 1987). The immigrants referred to in the context of a developed country are usually from the less-developed countries (Samers 2004). Although many of these individuals have obtained a tertiary education in their country of origin, they are thwarted by limited economic opportunities, which are further aggravated by the fact that they are often illegal immigrants. Street traders are under constant threat from urban governments as these bodies actively try to regulate street trading by re-locating them (Hart & Rogerson 1989). The West African street traders in New York City are a case in point. City officials took steps to re-locate the West African street market to a location that, according to the traders, was not economically viable (Stoller 1996). The reasons given for the re-location were that the market hampered pedestrian flow, brought crime to the area, and that the built environment was being negatively affected by the African market (Stoller 1996). The street traders mobilised themselves and organised a protest against the forced removal. However, without the support of the local business community, their protests met with little reaction and concern, and their survivalist lifestyle forced them to re-locate to this other area in order to survive (Stoller 1996).

Latin America is home to many street traders, and the socio-economic circumstances of this continent resonate with those experienced in Africa. Jones & Varley (1994) illustrate how in Mexico street traders have been disadvantaged through urban regeneration or revitalisation. The regeneration policies were formulated to target old and dilapidated buildings and historic public spaces within urban environments. These policies aimed at conserving the overall environment

which meant that street trading was to be phased out (Jones & Varley 1994). Jones & Varley (1994) point out that the contest between street traders and the city élite represents issues far greater than those that could be resolved by a simple reduction in street trading. It would seem that the competition over public space is symbolic of people's sense of place within the urban environment. Governments do not always target street traders, as in the above example, but use them instead as political pawns. Local government politics in Mexico City is a good example of how local politicians make use of street trader associations to advance their own political agenda (Cross 1998). At times of local election, local authorities would, make several promises about addressing problems regarding street trading; however, not one of these promises is fulfilled after elections. This strains relations between street traders and the regulatory environment, as there is a lack of trust, especially on the part of the street traders (Cross 1998). The distrust between formal regulatory authorities and street traders has resulted in the prominent rise in street trader organisations in Mexico City (Pena 1999). Pena (1999) argues that in order for any street trader policy or management framework to be successful, street trader organisations should play a pivotal role in the management of street traders. Re-location of street traders is a contentious issue. This formed the basis for Donovan's (2008) study of the effects of street trader re-locations in the Colombian city of Bogota over a period of 15 years. Donovan (2008) found that there were significant reductions in the incomes that street traders earned after government forced their re-location from the streets to local markets. Officials argued that street traders needed to be grouped together in a market as it would help alleviate the congestion and clutter thought to be caused by street traders.

The above examples illustrate the various tactics that are employed by governments to use street traders, as well as to remove or facilitate them in an urban context. What could be drawn from these examples is that the manner of dealing with them should be to give both parties, the vendors and the local government, a voice in decisions regarding street trading.

Asia has historically been known as the hub of street trading, providing those who trade with a livelihood (Bhowmik 2005). Bhowmik (2005) reviewed the street vendors in Asia on a country-to-country basis; with the focus being on those traders who engaged in food vending. Street vending in Asian countries follows the same pattern as in any other developing region; with women and children featuring prominently, and engaging with a regulatory environment that is not helpful towards them (Bhowmik 2005). The uncooperative Asian regulatory authorities are best described by Anjaria (2006), who evaluated the street trader-local authority relationship in Mumbai India, where traders are not permitted to trade, as local authorities advocate that they are



counterproductive in establishing Mumbai as a world-class city. This reason for not promoting street trading is, however, just a front, as traders are a valuable source of income to public officials charged with the physical regulation of street trading. Instead of paying permit fees to a sanctioned public institution; traders are forced to bribe public officials in order to continue trading. Failing to provide a bribe could mean incarceration or the confiscation of tradable goods (Anjaria 2006). This is a good example of authorities not being able to be facilitative and the loss of a source of public revenue. Instead of paying bribes to officials, a permit fee could be charged, which in turn could be used to fund public work programmes that could help Mumbai become a world-class city. Brown *et al* (2008) highlight cross-border trade that is conducted between African traders and Chinese suppliers. African traders stay in China for extended periods in order to research products and find the best prices. During these periods, traders influence the urban social environment within which they stay and contribute to the notion of the global city through providing a cosmopolitan element to the city (Brown, Lyons & Li 2008).

In Africa, street markets have historically been reminiscent of the manner in which urban systems function (Iyenda 2001). Individuals who participate in street trading are rural-urban migrants who come to the cities in the hope of improving their lives. However, because of the lack of expansion in the formal economic opportunities in the African countries and the high rates of urbanisation, the informal economy has grown exponentially (Njoh 2003; Lyons & Snoxell 2005; Skinner 2008a). Associated with the growth of the informal economy, street trading also grew substantially, with the result that governments felt the need to tap into this trade avenue by means of regulatory measures (Natrass 1987). In other cases, governments did not see any viable manner to tap into street trading. This caused street traders to live in constant fear of forceful re-locations, which directly hamper business operations (Skinner 2000). Street trading practices in Africa are of a survivalist nature, as in the case of other developing regions (Skinner 2008b). African street traders have an obligation to their immediate families, who still reside in the rural areas, to provide monetary support (Hart 1973). As in the case of the West-African street traders in New York, street traders in African cities are under the same pressure from urban governments as the example of the re-location of Senegalese street traders clearly portrays.

In the Senegalese example, however, the manner in which the re-location was conducted was subtle, with city planners ostensibly planning to widen a street to facilitate traffic flow (Bass 2000). The construction of this wider street led to a dramatic downturn in the economic success of the street traders who traded here, and after the construction of the street, with the sidewalk



space being reduced, fewer street traders could take advantage of the trading opportunities that had been available before the construction. Along with the economic loss, the social structure of street trading activities also became evident as women street traders were the hardest hit by the widening of the street (Bass 2000). Lewinson (1998) observed that although those trading on the streets of Dar-es-Salaam provide goods and services to formal sector employers; there is a negative perception about informal trading activities. Comments regarding lack of cleanliness, congestion, and criminal activities were made about the informal traders (Lewinson 1998). Lewinson (1998) argued that these comments stem from the notion of what is seen by people as modern, and not what is functional to the city environment. The importance of street trading in providing the urban unemployed with a livelihood is best illustrated by Levin *et al* (1999), who studied and analysed the food vending trade, which provides women in particular with an income, and which also directly contributes to the food security of the traders' dependants. On the basis of this positive spinoff of trading, Levin *et al* (1999) urge the government to seek to find ways of promoting street trading, in particular food vending. Informal trading relationships are viewed as vital assets in the successful practice of street vending (Lyons & Snoxell 2005). The relationships refer to the social capital that traders either bring along from their rural homes, or create through trading in the urban environment. The forging and strengthening of relationships between traders promotes levels of trust among the traders and an environment where traders cooperate with one another, where possible, to facilitate a lucrative street trade (Lyons & Snoxell 2005). The effect of special events on the practice of informal trading is the theme of the paper by Leduka & Setsabi (2008) on the politics of street trading in Maseru. When the Pope and Former President Nelson Mandela, visited Maseru during the late 1990s, street traders were forcefully removed from public spaces in an attempt to "clean up" the city (Setabi 2008). The antagonistic relationship between street trading and special events is also noted in South Africa's hosting of the FIFA World Cup, where informal traders were forced to re-locate because of the FIFA regulations.

Although street trading participants from different regions in the world ply their trade for different reasons, their plights are similar. Street traders in more developed countries, however, show a greater tendency to develop into managers/owners of formal economic entities than their counterparts in developing countries (Potts 2008). It is important to note this in order to investigate the reason(s) for the inability of less-developed countries to encourage the formalisation of survivalist economic activities.

## **2.4 Street trading in South Africa**

Street trade in South Africa, as mentioned earlier on, is closely bound up with the process of racial integration in an urban context after Apartheid ended. The following section deals with some statistical data regarding street trading, specific challenges faced by street traders in South Africa and the policies regulating street trade at national, provincial and local levels.

### **2.4.1 Street trading in South Africa: its current stance**

Street trading in South Africa is influenced by various factors such as the current social, economic, and political affairs of South Africa. As street trading is influenced by such a wide range of factors, it inevitably leads to heated policy debates and discussions.

South Africa's informal economy is considered to be relatively small as opposed to those of other sub-Saharan African countries (Ligthelm 2005). This is largely due to the country's history, whereby street traders were repressed, but which also led to South Africa's relatively strong formal economy, which today accounts for the highest GDP per capita in Africa (Devey, Skinner & Valodia 2002; Muller 2003; Ligthelm 2006). The number of street traders is difficult to estimate, as traders are mobile and, except in cases where they are stationary, their working hours are inconsistent. Motala (2002) states that "based on the 2000 Labour Force Survey", one can estimate "a figure of up to 500 000 traders nationwide, over 70 per cent of whom are dealing in food items and just under 70 per cent of whom are women" (Motala 2002: 7). Antonites & van Rooyen (2007) state that informal businesses yielded an average turn-over of R 68 930 for the year 2004, with the total number of informal outlets estimated at 749 500. Of this total, an estimated 261 000 were street traders, thus accounting for more than a third of all informal economic activity. The number given by Antonites & van Rooyen (2007) is just less than half the number that was put forward by Motala. These studies illustrate the difficulties inherent in capturing statistical data regarding street trading, as well as in interpreting already published statistical data.

Street trading in South Africa differs from that of the rest of Africa, as the majority of goods sold are consumables such as sweets, cold drinks, and prepared (ready-made) food (Ligthelm 2003, Pillay 2004). Traders are usually people who lack a formal education and are, therefore, not able to compete successfully for jobs in the formal economy (Hunter & Skinner 2003). Although the majority of street traders in South Africa are active in food vending, immigrants focus primarily on delivering services and manufacturing goods.

### **2.4.2 The socio-economic issue of street trade in South Africa**

Street trading in South Africa could be viewed as an industry dominated by two socio-economic groups, the first being immigrants and the second being women and to a lesser degree children. The reason for the involvement of immigrants in the international informal economy has already been discussed. Therefore, specific examples pertaining to South Africa will be the focus. The motive behind the second group, usually active as traders on the street and heading the household, is to sustain their families.

A research issue that has gained attention has been the role of immigrants in street trade. Immigrants from other sub-Saharan countries come to South Africa after they have received formal education or been trained in their country of origin, and only after having failed to find employment in the formal sector of their own country (Peperdy 2000). Immigrants thus have a clear advantage over their South African counterparts in that their levels of education and skills are much higher and, therefore, they win hands down against the locals in an unregulated economic environment such as street trading. Not only do they have an advantage with regard to education but also in terms of their connections. Many of the traders who immigrate still have close ties with their families in their country of origin (Peperdy 2000). This connection allows them to obtain foreign products at a discounted price that further entrenches the comparative advantage most foreign traders have over their South African counterparts.

The role of women in street trading has been the focus of many studies as women frequently take on the role of street trading, more so than in the case of men (Dierwechter 2006; Pillay 2004; Cox & Watt 2002; Skinner 1999; Lund 1998; Brown & Connell 1993). In South Africa, as in the rest of the world, there is a gender divide in terms of participation in general informal economic activities, with street trading being no exception (Lund 1998). Women generally constitute the majority of those who participate in street trading. However, a substantial proportion of the informal vendors are men (Skinner 1999). It is, however, important to note that women who trade are not merely traders only, but also mothers and wives (Pillay 2004). This means that the already long hours spent selling goods are extended even more by further home chores such as cooking and cleaning. The study of Dierwechter (2006) presents the daily life of a food vendor in Cape Town. This woman's day starts at 6h00 when she takes a taxi to the wheat-producing region surrounding Caledon to purchase the ingredients for cooking ready-made meals on the street. The returns from such a hard day's work are, however, disappointing, with the trader sometimes not even covering her costs (Dierwechter 2006). The plight of female street vendors has been brought to light by organisations that were established to support and assist female street traders specifically. One such organisation is Women in Informal Employment and

Organising (WIEGO), which caters for all women who are active in the informal economy. Street trading is a subsector within the organisation and studies focusing specifically on women in street trading around the world are conducted by the organisation or funded by WIEGO.

The current practice of street trading in South Africa is divided along the lines of products sold, the nationality of the trader, as well as the gender of the trader. These various role players all experience a hand-to-mouth existence, however, with those truly making a success of trading being the exception to the rule.

### **2.4.3 The informal economy in South Africa and the regulatory framework**

The focus in this section is on a detailed discussion of the policies of South Africa, as this policy environment is the most relevant to this study. As in the case of formulating any policy, unique circumstances influence the given policy issue, and policy formulation with respect to the street vendor in South Africa is no exception.

As opposed to the rest of Southern Africa, South Africa's informal economy is smaller than the regional average. This is because of her strong formal economy, based largely on mining and other primary sector activities (Ligthelm 2005). However, South Africa's informal economy is set to grow, and, depending on which definition is used in defining the informal economy, it is estimated that the size of the informal economy is between seven and 12% of South Africa's GDP (Valodia 2006). Valodia (2006) categorises the industries of the South African informal enterprises as follows: Agriculture (14%), Manufacturing (10%), Construction (13%), Trade (46%), Transport (6%), Finance and business (3%) and other services (9%). According to these estimates, it is obvious that trade is the most widespread activity and could be described as one which is over-saturated, whilst other industries, with a greater potential to formalise, have an equal market share.

The South African government has taken a pro-informal economy approach in the post-Apartheid period (Valodia 2001). The cornerstone policy on which other pro-poor policies were based was the Reconstruction and Development Programme (RDP), which was supposed to address underdevelopment through a basic needs-based approach to development. Much focus was placed on the potential of small, medium and micro-enterprises (SMME's) to be catalysts in job creation, and on this basis, the Department of Trade and Industry formulated the White Paper on SMMEs 1995 and subsequently also the Small Business Development Act of 1996 (Rogerson 2004). This White Paper instituted three small business support programmes to facilitate small

business development (Cheru 2001; Valodia 2001; Devey, Skinner & Valodia 2006). These programmes include Khula Enterprise Finance Facility, Manufacturing Advice Centres, and Ntsika Enterprise Promotion Agency. Each of the programmes is charged with facilitating specific informal economic industries, as the names of the different programmes would suggest. Skills development and training for those active in the informal economy are facilitated through the Sector Education and Training Authorities, and the National Skills Fund (Devey, Skinner & Valodia 2006).

The South African government's facilitative approach to the informal economy is commendable as it strives to directly address poverty. The success of the SMME policies is, however, questionable as there have been criticisms lodged by Ligthelm (2004), Rogerson (2004) and Monkman (2003) against SMME policies. Monkman (2003: 6) highlights five major deficiencies in SMME programmes as "gaps between businesses' needs and the types of services offered; programmes that do not develop an entrepreneurial culture; a tendency to serve larger, small and medium enterprises better than smaller ones; low usage of the Department of Trade and Industry and agency programmes; and cumbersome administration." Rogerson (2004) points to the lack of accurate data for judging SMME progress, the fact that SMMEs are not growing sufficiently to address unemployment problems, and, along with Ligthelm (2004), states that not enough has been done by the programmes to assist micro-enterprises.

Much has been done on the policy front in South Africa to facilitate informal economic practices, with the hope that these practices will translate into sustainable semi-formal enterprises. The adoption of the Business Act of 1991 and the given Amendments that were made to this Act stands as testimony to the governments, pre- and post-Apartheid commitment to fostering small business development in South Africa. After 1994, however, efforts by government were intensified to foster small business, with policies formulated to specifically address the needs of small, medium and micro-enterprises (Rogerson 2006).

Formalising informal economic enterprises is thought to contribute to a raised GDP and to provide employment opportunities to those who are at the lower end of the strata of South Africa's economy. If this critique is considered, however, it would seem that the target groups at which these programmes are directed need to be revised so that policies could/would empower informal businesses and make a positive contribution to both the formal and the informal economic landscape of South Africa.

#### **2.4.4 Policies and street trading**

Policies regarding street trading in Africa have inherited the features of a colonial urban policy framework, i.e. a modernistic perspective (Mitullah 2003). This perspective implies that informal trading does not contribute positively to the urban fabric of a city (Natrass 1987). South Africa's policies towards informal trading are very progressive and worth discussing since they lead to an understanding of the manner in which street trading can make a sustainable economic contribution to urban environments around the world.

Street traders in Apartheid South Africa were subjected to government regulations that were opposed to the practice of street trading activities in urban settings (Rogerson 2000). This was the result of draconian Apartheid policies relating to the influx of people of colour into South Africa's cities. The set of laws had their basis not only in the policy framework of Apartheid, but also emanated from the colonial train of thought that urban spaces were the sole property of white people (Maylam 1995). Apartheid policies were in fact built upon the restrictive policies of colonialism, and were implemented with a greater sense of purpose (Parnell & Mabin 1995). During the Apartheid Era, people of colour were tolerated in the urban centres only to satisfy the economic needs of the whites. They were viewed only as temporary urban citizens, therefore after they fulfilled their economic function it was thought that they would return to their rural homestead (Maylam 1995).

The historical regulatory approach to street trading, as described above, provides a solid background for investigating the policies currently in place in South Africa. The focus is on policies emanating from the three tiers of government and in respect of the informal economy and street trading in South Africa.

#### 2.4.4.1 National policies influencing street trading

As Apartheid legislation and policies were made redundant from the early 1990s onwards, which in turn stepped up South Africa's democratisation process, policies regarding the informal sector became more progressive. The democratisation process reached its climax in 1994 with the democratic elections, and its outcome was subsequently manifested in 1996 when the Constitution of the Republic of South Africa came into effect. The Constitution establishes a climate of cooperative governance between the three spheres of government, embracing national, provincial and local (Constitution of 1996). All three spheres of government have made provision for the underpinning of small, medium and micro-enterprises (Rogerson 2004).

Section 152 of the Constitution places emphasis on the responsibility of local government to establish an environment conducive to human development. The principle of providing for and promoting local economic development has a direct impact on traders, as it implies that local governments should foster the unique local economic milieu of the area under their jurisdiction (Lund, Nicholson & Skinner 2000). Besides the constitution of 1996, another relevant piece of national legislation is the Business Act of 1991. As Lund *et al* (2000) state, this act changed the manner in which street traders were viewed as regards the prescribed policy attitude towards them. Instead of street traders being regarded as a nuisance to city officials and a burden to the urban economic environment, the Act acknowledged that they could play a positive role in contributing to the overall wellbeing of the urban economy (Dewar 2005). Provincial governments have the authority to amend the Business Act in order for the act to be location-specific, as provinces have unique economic factors that influence policy formulation and implementation. Along with the de-regulation of the Business Act, the White Paper on a National Strategy for the Development and Promotion of Small Business in South Africa 1996 came into effect. The White Paper sets out the importance of informal economic role-players in the process of national economic development. Aspects with regard to institutional reform and providing support frameworks for operators in the informal economic arena are clearly set out. This is all done with the intention of establishing an economic environment that is most conducive to the economic success of those active in the informal economic landscape.

The White Paper on Local Government of 1998 gives a detailed description of how local government should conduct the management of local municipalities. Section Two of this White Paper is of special significance as it sets out the aspects regarding the establishment of developmental local government. This form of government is consistent with four basic characteristics, namely “...

- exercising municipal powers and functions in a manner which maximises their impact on social development and economic growth;
- playing an integrating and coordinating role to ensure alignment between public and private investment within the municipal area;
- democratising development; and
- building social capital through providing community leadership and vision, and seeking to empower marginalised and excluded groups within the community” (White Paper on Local Government: 1998).



These characteristics are set out with the intention that local government should create a socio-economic environment in which all citizens are provided with opportunities to raise their standard of living. Along with developmental local government, the importance of public participation is highlighted. By means of public participation it is possible to enact local government policies that are in line with the needs of the community or the given interest groups concerned (Davids 2005). Thus by focusing on the marginalised groups, which are generally those who are active in the informal economy (Skinner 2000), the White Paper indirectly makes it a policy priority of local government to support informal economic practices, with micro-enterprises being the largest sector in this activity field.

The Small Business Act was further amended in 2003. The emphasis of the amendments were on the role that is played by the Minister of Finance in creating an environment that is conducive to the growth of small businesses. This refers to the process whereby the minister assembles a council that is responsible for the formulation and implementation of policy frameworks that are to guide small business development in South Africa. The primary aim is to create a legal environment that would be ideal for the creation and growth of small business ventures.

National legislation provides a general background and the guiding principles for the regulation of informal trading. It is, however, the task of the other two tiers of government to respond to the needs of street traders in their areas.

#### 2.4.4.2 The policy approach of the Western Cape to street trading

The legislative authority in the case of the provincial governments is limited by the constitution in that it may not be in conflict with the Constitution of 1996 (Constitution of 1996). Each province has its own approach to the policy issue of informal traders, but for the purpose of this study, the policies of the Western Cape are discussed.

The importance of the informal economy in the Western Cape is highlighted by the growth of this sector. According to the macro-economic policy of the Western Cape for the year 2004, the informal economy grew between 1980 and 1994 by 6.4% (Western Cape Macro Economic Policy 2004). This growth occurred under the strict control of Apartheid legislation that prohibited the growth of informal economic activities. A distinction was made between informal activities and semi-unregulated employment, the latter supporting a growth of 21.5% that could also be regarded as informal. The latest provincial statistics estimate that the informal economy accounts for 10.3% of the labour force of the province (Provincial Economic Review & Outlook:



2009). Measurements relating to the informal economy are rarely without fault, however. Thus, these statistics should not be considered to be a reflection of the true situation (Thomas 1999).

The above statistics illustrate the large number of people who are involved in informal activities, such as street trading, and who thus need to be accommodated through policy intervention. The policy that addresses the spatial aspects of informal economic activities on a provincial level is the Western Cape Spatial Development Framework (SDF). The provincial SDF is in line with the policy guidelines set out by National Government in terms of the approach to informal traders. The SDF states that the spatial structure of urban areas in the Western Cape needs to be altered in order to successfully integrate small, medium and micro-enterprises into the urban fabric of cities (WCSDF 2007). The SDF urges urban areas in the Western Cape to identify suitable public and private urban spaces that could be used to facilitate small formal and informal businesses. Through the proposed integration, it is believed that not only urban dwellers will benefit, but that tourism will also be promoted as urban spaces will be vibrant and accessible (WCSDF 2007). Informal economic activities are not only viewed as a policy priority within the SDF, but also as an important policy tool to integrate urban areas. The use of informal traders to address urban sprawl and to break the dependence on private motorised transport, are two examples of informal traders being used as policy tools. The promotion of informal economic activities will be achieved through focusing on inward spatial development (e.g. in the re-development of already built environments), or on the conversion of unused urban spaces as nodes of small formal and informal business activities (WCSDF 2007).

Provincial government, however, does not have the capacity to engage with informal economic actors on a grassroots level. This micro-level engagement is left to the local governments, as they constitute the sphere closest to the people.

#### 2.4.4.3 The local scale: City of Cape Town

Cape Town is still struggling to come to terms with the spatial legacy of Apartheid city planning practices. The overriding legacy of Apartheid city planning is that cities were divided socio-economically. Separate development caused street-trading activities to be conducted outside the CBD of Cape Town before influx control was made redundant (Dierwechter 2004).

A study that was conducted during the 1980s proves that street trading has been on the policy agenda of the Cape Town local government for an extended period of time. The study was commissioned by the then City Planning Department of Technical Management Services, and

focused on the aspects of street trading with regards to the locational characteristics of street traders, the scale of operations of the street traders, the availability of an infrastructure, and aspects regarding the regulation of street trading (City of Cape Town 1986). The findings of this study are consistent with the findings of recent studies of street trading (Bhowmik 2003; Rogerson 2008; Ligthelm 2008; Dewar 2005; Lund & Skinner 2004). Thus it can be concluded that the policy issues regarding the practice of street trading are not susceptible to change. The City Planners' Study was followed up in 1987 by a Policy Plan, which set out the profile of street traders in the CCT and which acted as a guideline to the policy. The general intention of the Policy Plan was to eradicate the negative perception of street trading held by individuals and formal businesses. The Policy Plan acknowledged that street trading provides an essential source of income to those members of society who are economically disadvantaged (City of Cape Town: 1987). An approach of deregulating street trading practices, as opposed to limiting and controlling street trading, was proposed. The policy does not intend to leave street trading to its own devices, however, as a management framework that focuses on aspects of health and the general state of cleanliness of the city has been put in place.

It appears that the principles of the Policy Plan served as the basis for engaging with street traders and for regulating street trading in Cape Town. The policy was amended by means of by-laws that served as a measure to adapt to the changing socio-political environment in which policy makers and street vendors found themselves (Williamson 2010, pers com). On a national level, policies which favoured street trading and that were pro-poor were being adopted during the 90s. Informal trading was only revisited as an issue after the year 2000.

The city also fell victim to a divergent development pattern during and after the Apartheid era (Turok & Watson 2001). This divergent development pattern refers to the process whereby capital flowed out of the Cape Town CBD to decentralised nodes of residential, commercial or industrial development. The outflow of capital can be attributed to social or economic reasons; perhaps a synthesis of the two would be a more suitable explanation. The Cape Town CBD fell victim to urban decay as Apartheid Influx Control was repealed, thus opening up the CBD of the city to all. Of course, given the opportunity, people of colour moved in to the voids that were left by those who feared the process of integration (Pieterse 2002). Efforts were made by public and private stakeholders to revitalise the CBD in an attempt to attract those businesses that had relocated outside the CBD. It was only after the establishment of the Cape Town Partnership (CPT) that the revitalisation of the CBD could commence, as the CPT took on the role of a

shadow local government in the CBD (Kotze & Visser 2008). The CPT addressed the problem of crime in the CBD by hiring private security personnel to tackle the problem head-on. Tax incentives were offered to businesses to attract them back to the CBD. New and vibrant urban residents were attracted to the city centre through the establishment of various speciality shops and by restoring the night life to Cape Town. The decay and revitalisation of the Cape Town CBD are examples of a dual relationship, as well as of structuralism. Dualism was caused by the decay of the CBD, which was partially attributed to a mushrooming in the number of informal traders as there was no influx control. Structuralism was caused by the revitalisation of the CBD, which owed its survival to the inclusionary policies regarding street trade. Street trading can thus either benefit or influence Cape Town's urban environment negatively, depending on the nature of the policy approaches.

A Business Support Strategy was formulated by the CCT in 2003 which was aimed at promoting business throughout Cape Town. This policy document has a bearing on informal trade in the sense that the document specifically identifies facilitating entrepreneurs. Facilitation would take place by means of a multi-faceted approach, making use of social, economic and infrastructural policy intervention mechanisms. The policy has implications for street trading as traders are entrepreneurs in the purest sense of the word. The lack of a specific reference point for the informal economy is surprising. However, the formulation of an informal trading policy and a management framework addresses the policy gap.

The 2003 Informal Trading Policy and Management Framework was formulated in the spirit of embracing street traders, as the policies of the 1980s had done. The 2003 policy is, however, more thorough regarding aspects of the management and facilitation of street trading and emphasises the importance of making use of an integrated approach for informal traders in terms of regulation and management (City of Cape Town 2003). For this reason, the policy discusses at length the roles and responsibilities of different city government departments at three levels: management, operational, and sector support (City of Cape Town: 2003). The aspects regarding the spatiality of informal trading are clear. The three areas where informal trading is allowed are:

- in public open spaces within the confines of the CBD,
- in secondary economic centres, and
- in the primary economic centres of Cape Town.

Each of the three areas is associated with specific types of informal trading activity. The CBD is designated to accommodate pedestrian malls, open trading areas and markets (City of Cape Town 2003). The secondary economic centres house the pedestrian malls, open trading areas, and trading bays. Lastly, the primary economic centres provide trading bays, markets, and an immune zone.

Operational issues are clearly stipulated with regard to the issuing of permits, the management of trading areas, the enforcement of the street-trading regulations, and the monitoring of street-trader activities. The 2003 policy document is holistic in nature and facilitative in practice. Street traders are provided with a regulatory environment that is stable as stability plays an integral role if street traders are to make a success of their businesses (Skinner 2000). Along with stability, street traders are provided with an adequate physical and social infrastructure to conduct their business in a semi-formal manner.

In its attempt to facilitate informal economic practices, the Spatial Development Framework (SDF) of the CCT considers informal economic practices, which are regarded as an integral part of generating employment opportunities in marginalised areas of the metropole. The SDF aims to integrate informal economic activities by strategically delineating various nodes of informal trading. Along with integration, the issue of accessibility is a major spatial policy concern.

On a local level, street trading is governed, within a legislative framework, by means of municipal by-laws. These by-laws are passed in accordance with a process of public participation, in which parties concerned can steer the given piece of legislation to be put into effect (Davids 2005). The latest by-law on informal trading was passed in November 2009. It is of major concern to the study as the given definition and practices regarding informal trading are derived from it. Its aim is: “to consolidate in a single by-law, the by-laws passed by the predecessors in law of the CCT; and to govern informal trading within its area of jurisdiction (Provincial Gazette 6677).” An informal trader is defined as “a person, or an enterprise, which is not registered or incorporated in terms of the corporate laws of South Africa, and which engages in informal trading (Provincial Gazette 6677).” Informal trading in turn is defined as “the trading in goods and services in the informal sector by an informal trader and which typically constitutes the types of trading in section 3.1 and section 3.2 (Provincial Gazette 6677).” Types of trading in section 3.1 include the informal trading activity of street trading. In short, this by-law empowers the local government of the city to set the policy agenda regarding all aspects of informal trading in the CCT.

The policies implemented by the CCT are in line with those of the national and the provincial government. Cape Town has been successful in the enactment of street trader policy and the management of street trading, as street traders in the CCT show high earnings (Dierwechter 2004).

## 2.5 Conclusion

The manner in which governments have responded to the practice of informal economic activities has gone through cycles. There was the initial tendency to control or even extort people in the informal economy, through over-regulation and heavy taxation. The tendency to control street trading was followed by a *laissez-faire* approach, where informal entrepreneurs were given a free reign to take the initiative.

When examples of street-trading regulations all over the world are considered, the City of Cape Town's approach to traders is commendable. Where other local governments try to repress traders and restrict the areas where they are allowed to trade, the South African government and its other two branches of government aim to facilitate street trade and formalise it to such an extent that traders can make a meaningful contribution of a monetary and social nature to South African society. At this moment in time in South Africa a middle ground has been found in street trading between a *laissez-faire* attitude and sufficient regulation. However, there are two spheres concerning street vending that need more attention:

- Firstly, a framework must be established to better facilitate the relationship between street traders and their formal economic counterparts.
- Secondly, a greater effort must be made to facilitate the progression of these informal entrepreneurs to become formal business owners, who could contribute directly to the tax base of South Africa, thus contributing to the development of South Africa.

On an international level, street trading is under threat, and those who practise it are harassed or exploited. The manner in which international organisations take charge of the current situation of international informal trading will greatly influence the perception that is held by the public of street traders. Leadership needs to be taken on the issue of informal trading as each country does as it deems fit, but this sometimes leads to the violation of basic human rights.

### **Chapter 3. STREET TRADING IN THE CAPE TOWN CBD: MAPPING AND REGULATION OF STREET TRADE**

This chapter deals with the spatial aspects of street trading in the Cape Town CBD, stressing the importance of the 2009 by-law which dictates the spatial regulations in respect of trading bays. A discussion follows on the importance of mapping trading bays, how such mapping is executed, and the difficulties encountered. Finally, information is provided on the location of such bays and the goods that are sold from them.

#### **3.1 Rationale for recording the spatiality of street trading**

Mapping the spatial distribution of street traders in the CBD is important as it provides a visual impression of where traders gather in clusters and where they are dispersed. Concentrations of traders at given locations gives an indication of the physical and economic attributes of the specified location. It is, however, important to note that traders do not choose the location from which they trade. Instead, they are instructed by the local government or the given trader association, that has been given the authority to regulate the traders within their markets, on the locations where they would be allowed to trade.

The locations where traders are active in the Cape Town CBD are indicative of places that the local government would consider to be suitable areas in which the traders can ply their trade. All by-laws regulating street trade have a section dedicated to the spatial distribution of traders, the reason behind this being to avoid competitive products from being sold alongside one another. The mapping of trading bay locations on the streets allowed this researcher to determine to what extent street traders are adhering to the spatial policy in place, as well as the degree of success that the enforced spatial policies are met with. Questions included in the questionnaire addressed issues such as the extent to which traders are satisfied with the locations of their allocated trading bays. The responses to these questions proved useful in determining whether the main focus of the local government is to consider the needs of the traders specifically.

#### **3.2 Recording the physical locations of trading bays**

GIS data regarding the boundaries of the CCIDs were acquired from the Centre for Regional and Urban Innovation and Statistical Exploration (CRUISE). The CRUISE data, together with the set of spatial guidelines for informal trading, that were acquired from the City of Cape Town's (CCT) Department of Human and Economic Development, were used in the compilation of maps showing where traders are allowed to trade (Figure 3.1).



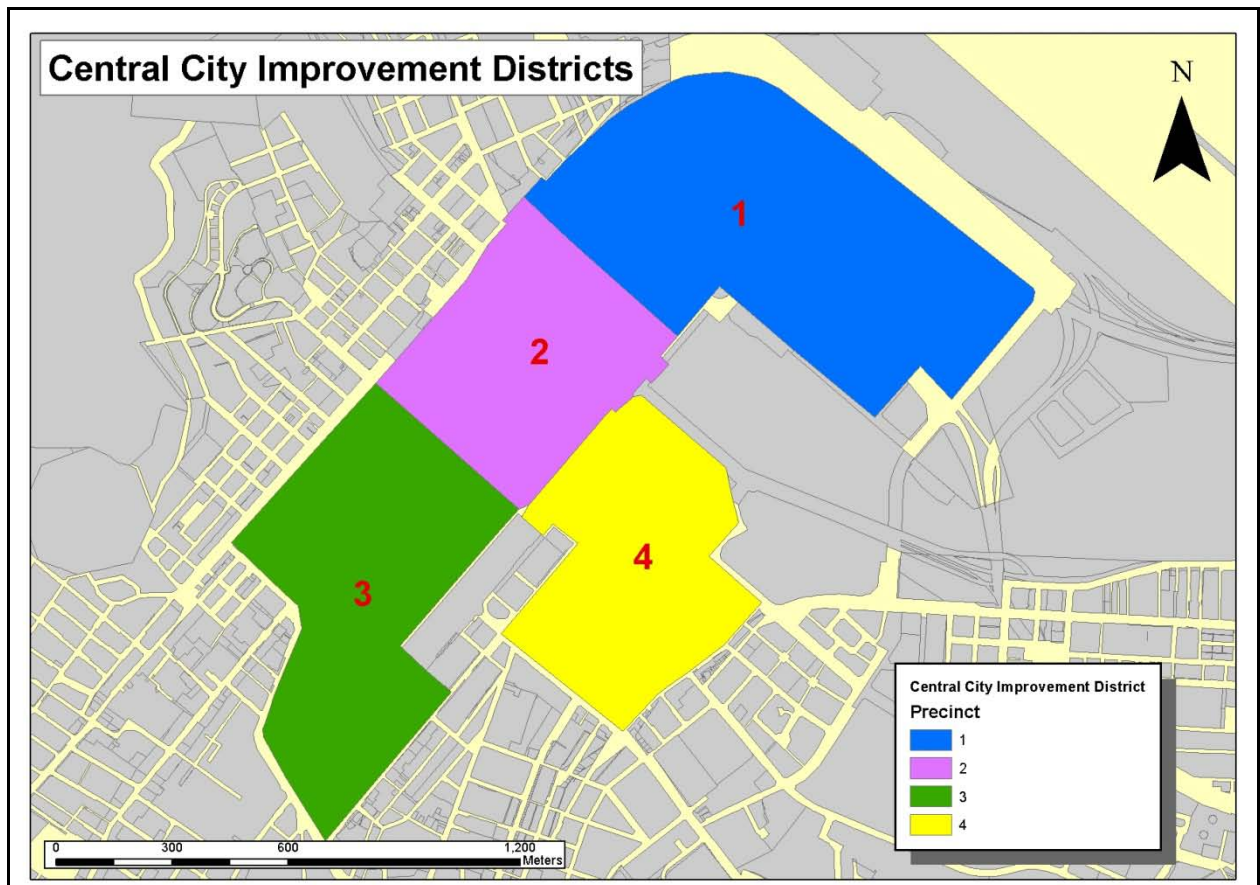


Figure 3.1. Four Precincts of the Central City Improvement District

On the basis of the GIS data provided by CRUISE, the areas where traders are allowed to trade in the CCIDs were delimited in Arcmap. A shape-file showing where traders are allowed to trade, as well as the permitted number of traders per given area, was compiled using the spatial guidelines as stipulated in the informal trader by-law of the CCT. From figure 3.2, it is evident that Precinct Three has a significantly smaller surface area dedicated to informal traders than the other three precincts (Figure 3.2). Of the four precincts, Precinct Three has the highest number of parcels of land zoned as residential. Thus, it could be concluded that there is a perceived inverse relationship between informal trading areas and the residential areas in the CCID on the side of local government. In Precincts One, Two and Four, it is clear that the locations of trading areas lie adjacent to transport routes in the CCID (Figure 3.2). The further one moves away from the centre of the CCID, the less space is allocated to informal traders; with only a few trading areas being allocated to them on the periphery of the CCID. This reflects a general spatial trend in the distribution of informal trading areas (Figure 3.2).

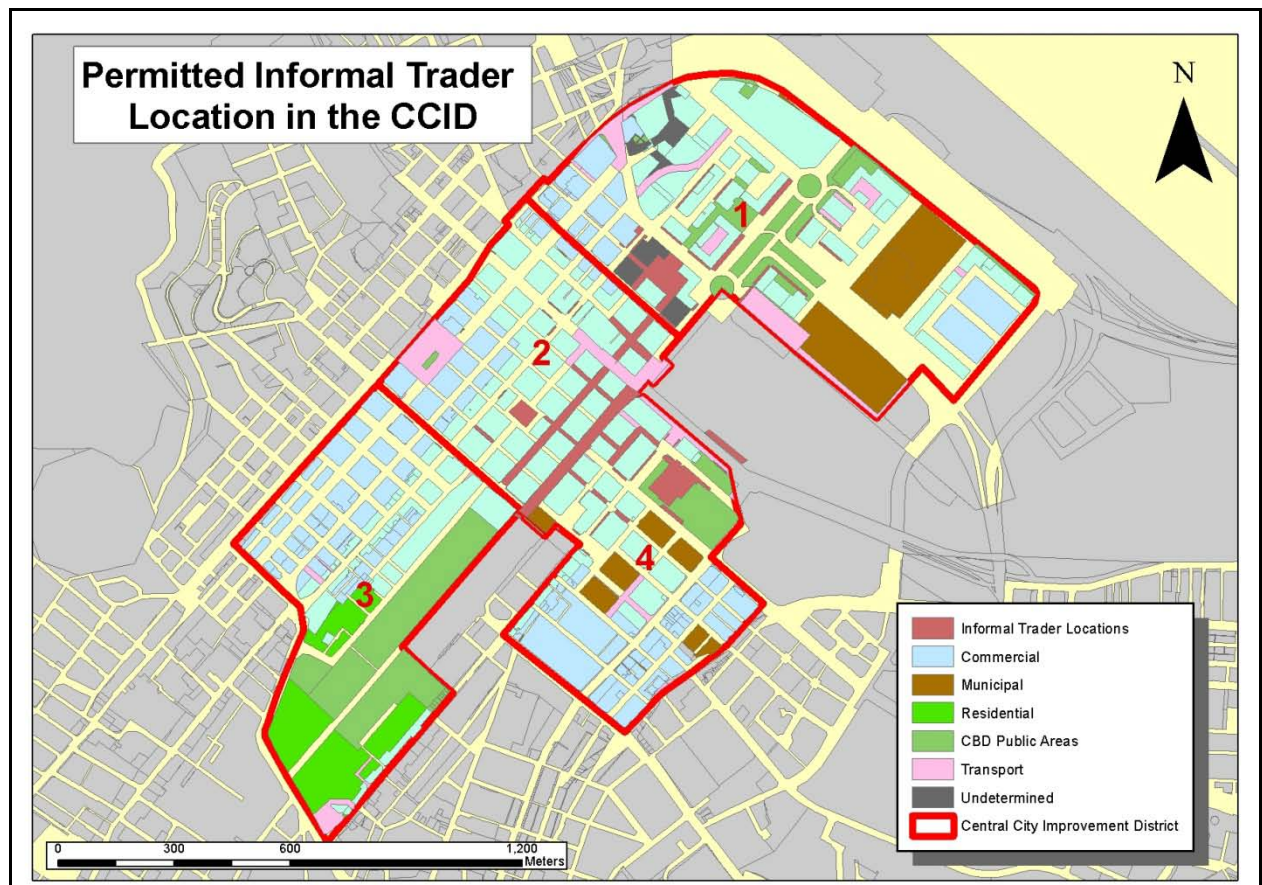


Figure 3.2. Permitted Informal Trader Location in the CCID (Source: Informal Trader By-Law CCT)

By mapping the areas allocated to informal traders, the task of recording the number and locations of informal trading bays was made easier. The maps produced during the above-mentioned process would serve as reference material during the recording of the GPS points. Informal trading bays were recorded by physically walking through each of the four CCID precincts and searching for informal trading bays outlined on the pavements. Bays that were not occupied, as well as bays that were occupied, were recorded with the aid of a hand-held GPS receiver. The accuracy of the recorded GPS points soon came into question when the GPS points on the first sheet were entered into Arcmap. Some points were inaccurately recorded because of the weak reception on the GPS device which could be attributed to the physical environment (e.g. high-rise buildings in the CCID, also the GPS signal seemed to be jammed by closed-circuit television cameras).

It took four days to walk through the CCID precincts to ensure the accuracy of the recorded data. All of the GPS points were recorded on a Microsoft Excel spreadsheet from which the GPS data were converted from degrees, minutes and seconds to decimal degrees. After the conversion, the



GPS points could be entered into Arcmap as xy data and overlaid with the informal trader area location (Figure 3.3).

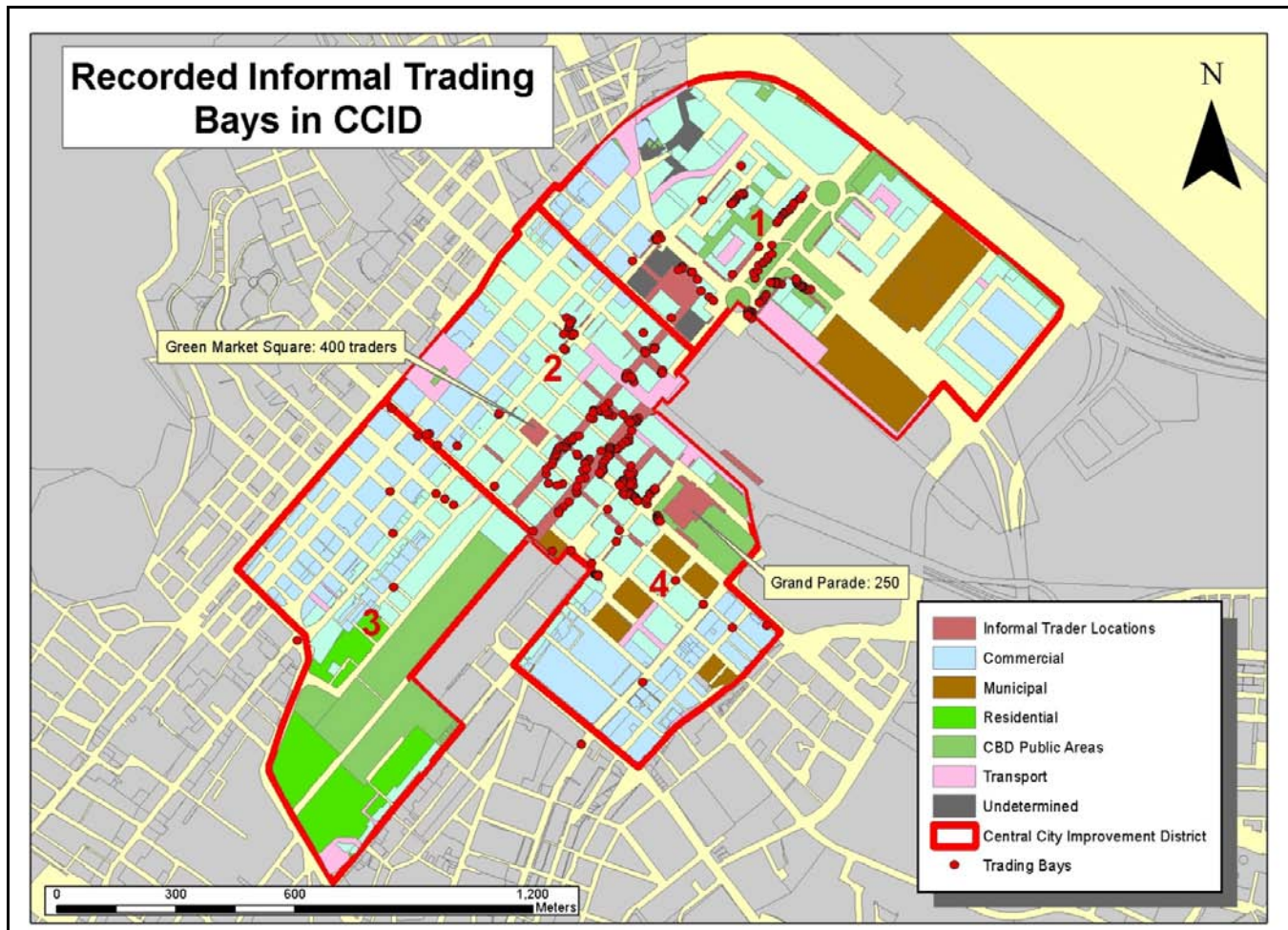


Figure 3.3. Recorded Informal Trading Bays in CCID

All of the allocated bays were recorded except for the two market areas, namely the Grand Parade and Green Market Square (Figure 3.3). Instead of taking the GPS coordinates for the stalls at the markets, a head count was done and edited into the GIS shape-file. The majority of trading bays fell within the allocated trading areas, with a few of the bays being located outside the permitted areas. Precinct Three is a good example of this since some of the bays located on Wale Street are the only bays that are located within areas permitted for trading. The remaining bays are distributed randomly across Precinct Three, with none of the bays being located within the permitted informal trading areas (Figure 3.4).

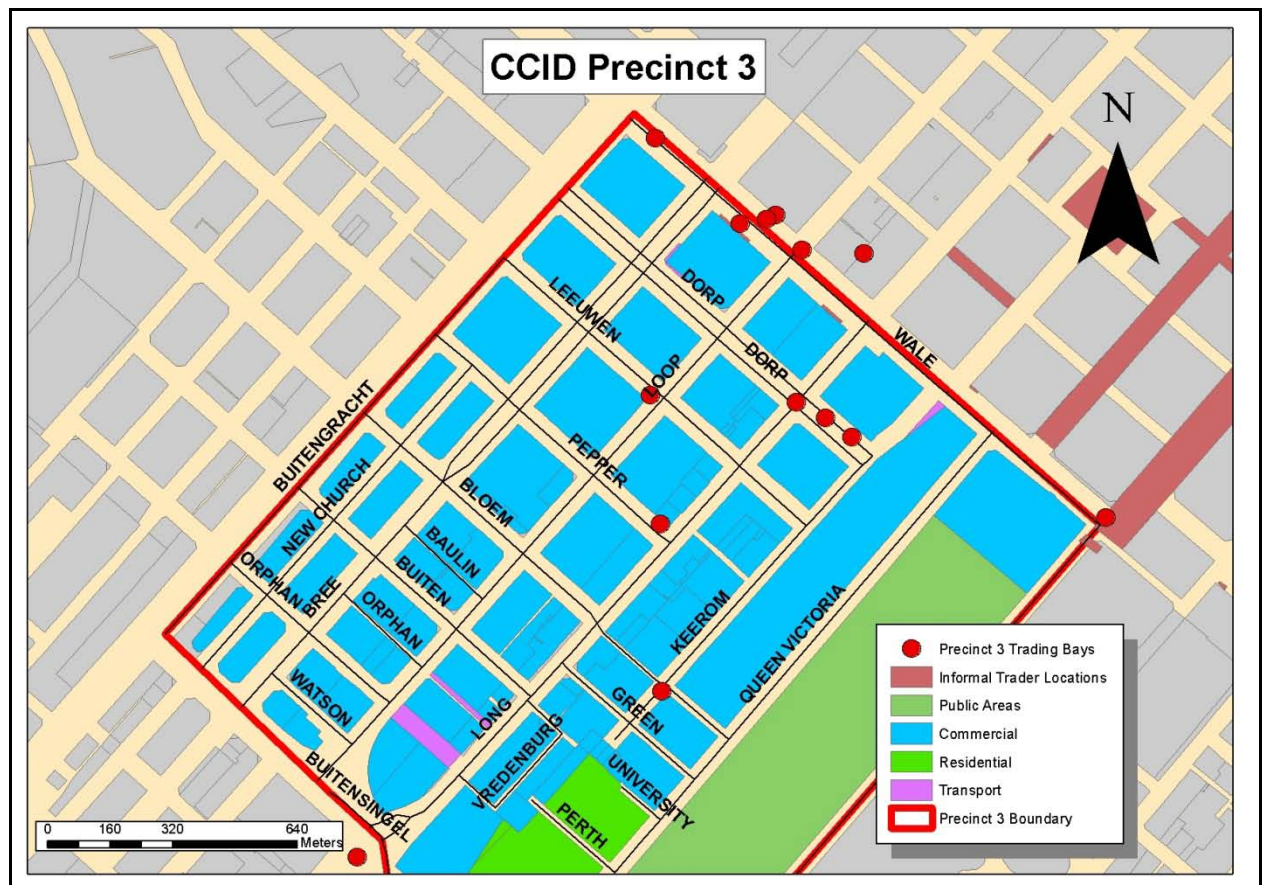


Figure 3.4. CCID Precinct 3

The Excel spreadsheet, created during the recording of trading-bay locations, became the source from which the random sample was drawn, with an extra application - the data analysis tool – added to the programme, and the sample drawn on the basis of the random number generation sampling method. Questionnaires were distributed to 71 randomly identified trading-bay locations.

### 3.3 Locational attributes of street trading

Along with the GPS coordinates, data such as the street, the bay number, and the type of goods sold by the given street trader were recorded. Data recordings for the areas of Green Market Square and the Grand Parade were not carried out as, with the odd exception, the traders at these markets sell similar products.

The traders are distributed throughout the four CCID precincts and tend to cluster in the market areas. They are concentrated along three major roads, two of which fall within Precinct Two and the others in Precinct One. The streets along which the street traders tend to cluster are Adderley Street, Heerengracht Street, and St. Georges Mall (Figure 3.5). There is a simple explanation for the clusters: Adderley Street is the main road through Cape Town and runs adjacent to Cape

Town's railway station; Heerengracht Street runs into Adderley Street, with the result that both streets have a considerably heavy flow of traffic - both motor vehicular and pedestrian; St. George's Mall is a sanctioned pedestrian walkway and aligned along it are various bistros and caf  s that attract people to this area.

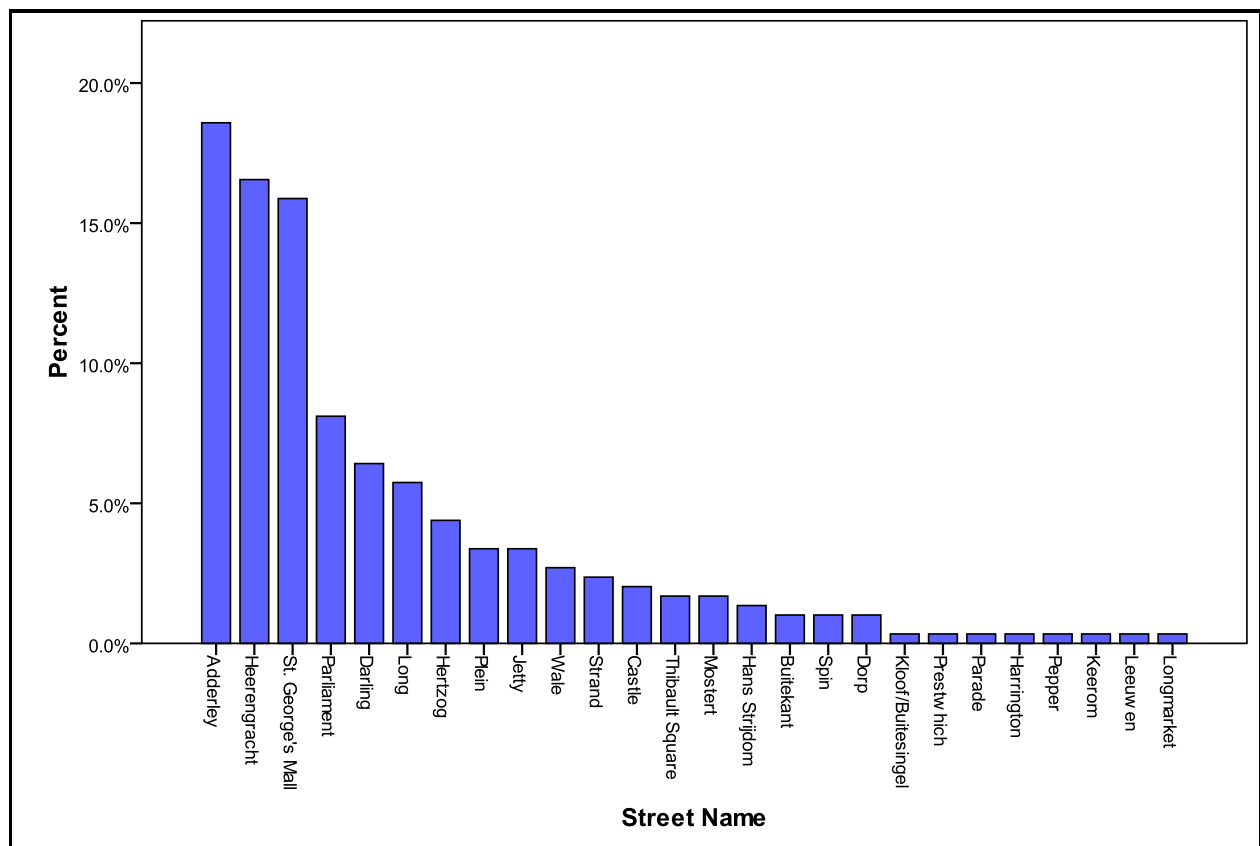


Figure 3.5. Number of trading bays per street in CCIDs

There is an even distribution of trading bays on the other streets with Keerom Street, Kloof Street, Leeuwen Street and Pepper Street, located in Precinct Three, having the least number of trading bays. Precinct Four does not have a high count for its trading bays, but it must be stated that the traders on the Grand Parade were not included in the count.

The type of goods sold by the traders is of interest as it gives insight into what street traders deem to be lucrative products to sell. No data on the goods sold by traders were collected for Green Market Square and the Grand Parade. The variety of products for sale on Green Market Square is limited, with the majority of the vendors trading in African art, clothing, or handmade ethnic-themed merchandise. Brand-name merchandise is sold on the Grand Parade, with traders selling Levi jeans, sportswear, and Prada sunglasses at very cheap prices. The lack of snack

traders in the area can be explained by the presence of various fast-food and formal tuckshops that cater for the needs of the pedestrians.

The data collected were categorised according to the product at a stall that was seen at first glance to be the most prominent. After the data were recorded, they were further simplified as many stalls sell products of different kinds - which made classification difficult. For this reason, labels indicating “and other” would refer to a wide variety of products that were sold alongside the primary product. Of the trading bays that were recorded, more than 30% of the bays were labelled as “Not Claimed (NC)”, with no trading activity taking place there (Figure 3.6). The high incidence of bays “not-claimed” could be explained in two ways:

- Firstly, it could have been that on the day that the recording was done, the traders might already have finished trading, or that they do not trade on that specific day in the week.
- Secondly, many of the bays that were not claimed were in areas that do not have a heavy pedestrian flow and are, therefore, not very attractive to the street traders. An enquiry directed at a parking attendant in such an area brought to light that for an extended period the vendors have not plied their trade in most of the “not-claimed” areas. However, there were a significant number of “not-claimed” trading bays which would have been suitable for running a financially-viable store.

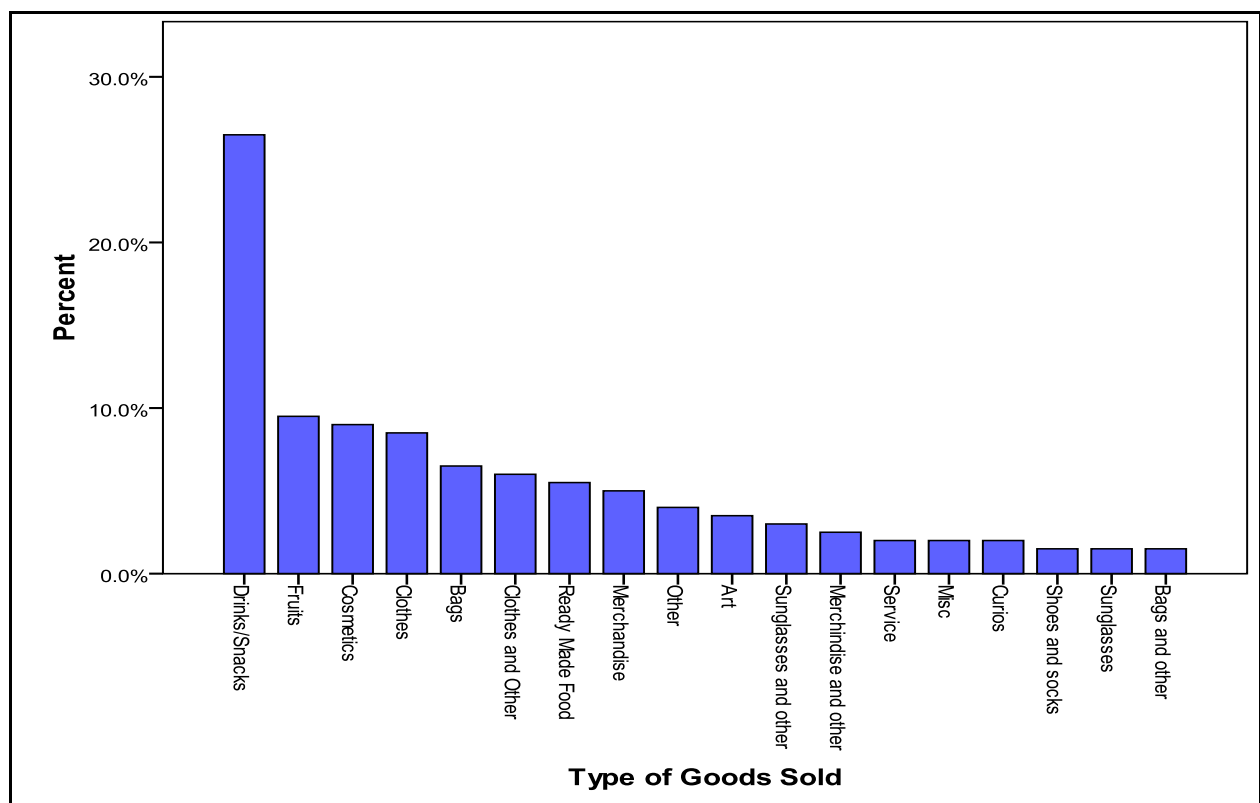


Figure 3.6. Type of goods sold by traders



Apart from the inactive trading bays, the goods that attracted the greatest number of sales were basic snacks and cold drinks that could be bought in drive-through style. More than a quarter (26.5%) of the active trading bays sell snacks (Figure 3.7), attracting the greatest number of patrons. This was evident simply from observations of the trading store from a distance. The snacks on sale varied across the CBD with some traders selling unique products that differ from their competitors. The products that appear to be in the greatest demand among customers are cigarettes, chips, and sweets, in descending order.

Snacks are followed by clothes and other (14.5%), fruit (9.5%), cosmetics (9.0%), bags and other (8.0%) and merchandise and other (7.5%) (Figure 3.7). Clothes that are sold on the street by traders, as in the case of the Grand Parade, are brand-name clothes, with only a small proportion being made by independent manufacturers or by the owners of the stalls.

Fruit sellers are a historical part of Cape Town's urban culture, dating back to colonial times. Fruit sellers were all located in a central location before the street trading regulations became formalised. With the adoption of a system of informal trade by-laws and the regulations that followed, fruit traders were forced to re-locate to new trading bays far away from each other. Fruit trade seems to be the sole domain of the coloured community as it would seem that they have close connections with the fruit-producers.

Cosmetic items that are sold are identical to products that are sold in any pharmacy store. However, the origin of the products is uncertain. Bags that are sold by traders range from hand-held briefcases to large baggage containers. It is seldom that only bags are sold. One or two other products that would complement the bags are sold alongside them. Merchandise is consistent with a wide variety of pop culture memorabilia and novelty items that could also be found in any urban-themed store in Cape Town.

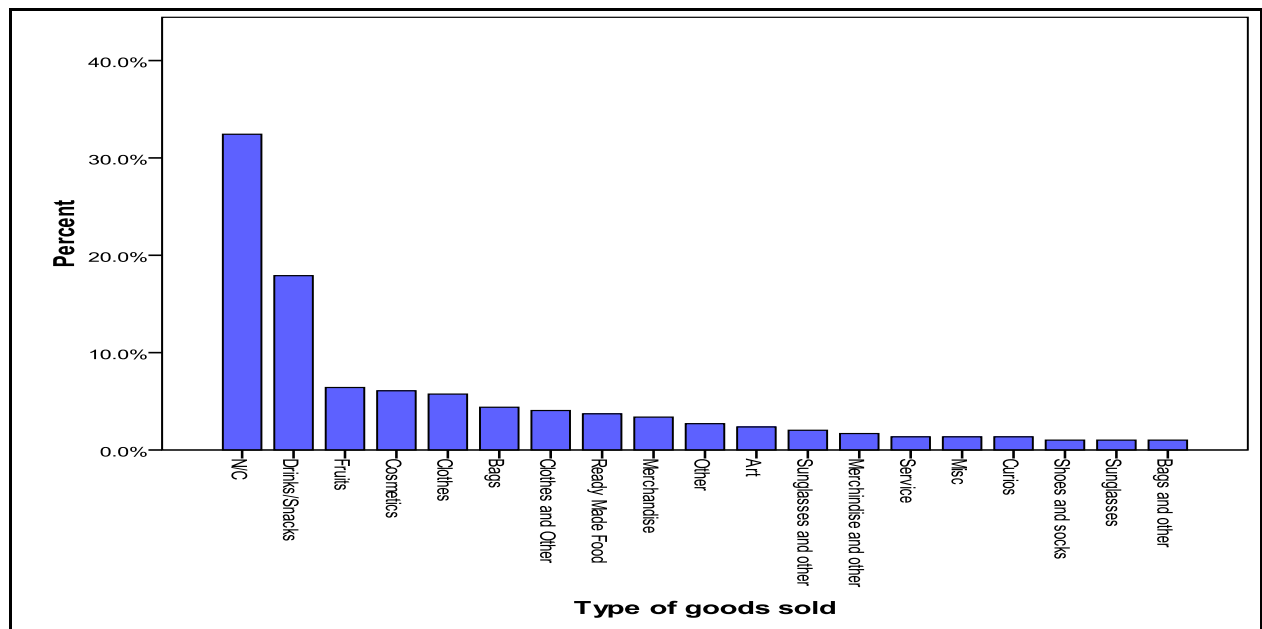


Figure 3.7. Type of goods sold in active trading bays

The remaining categories, readymade food (5.5%), sunglasses and other (4.0%), other (4.0%), art (3.5%), service (2.0%), miscellaneous (2.0%), curios (2.0%) and shoes and socks (1.5%) constituted the remaining goods that were sold by the street traders (Figure 3.7). The small percentage of ready-made food stores proved to be surprising as one would have expected this type of product, which is convenient to pedestrians, to be in demand.

Trading bays that have not been claimed are clustered into three streets. Of the 96 trading-bays not claimed, 47.92% are located on Heerengracht, Hertzog and Jetty Streets (in descending order) (Figure 3.8). All three of these streets are located in the CID Precinct One, with the unclaimed bays being located adjacent to public open spaces, which are ideal locations for street traders (Figure 3.9). Public open spaces in the CBD are nodes where pedestrian traffic meets, while the absence of traders in particular areas is inconsistent with textbook criteria for the selection of street trading locations.

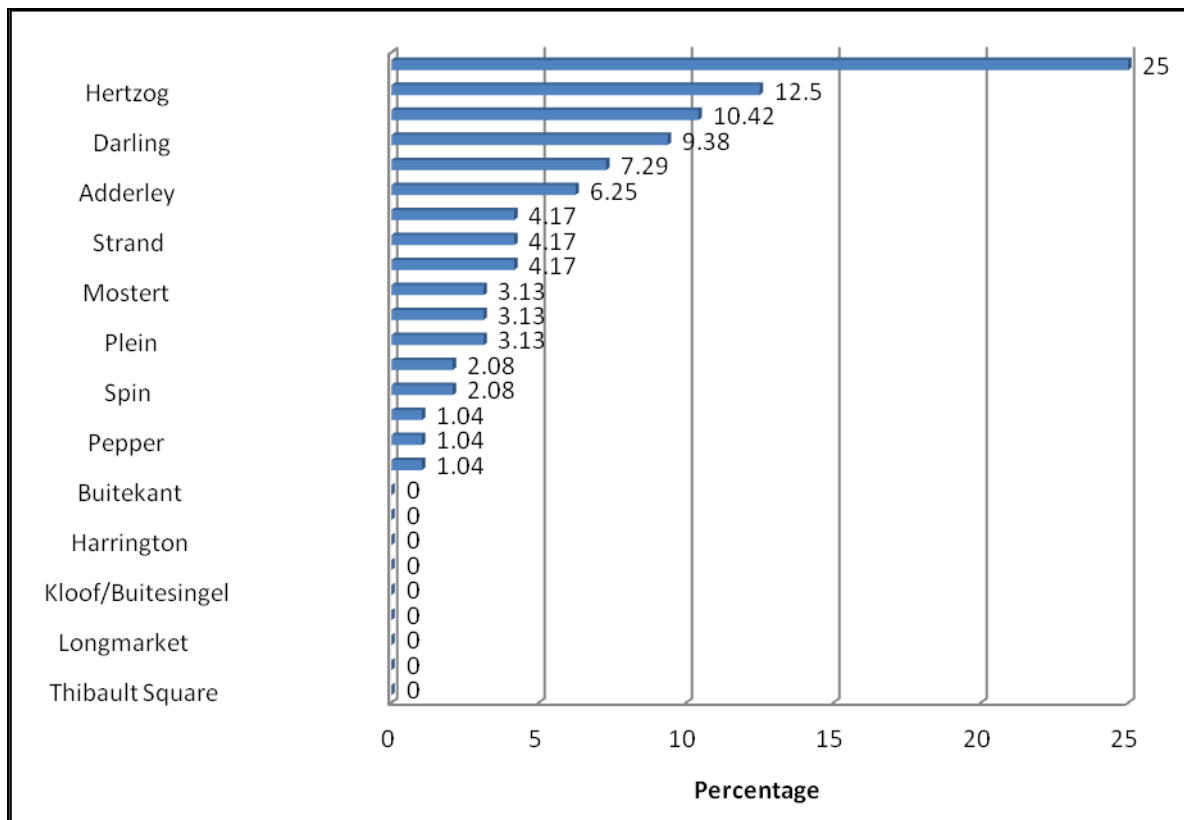


Figure 3.8. Percentage of trading bays not claimed in accordance with the streets on which they are located

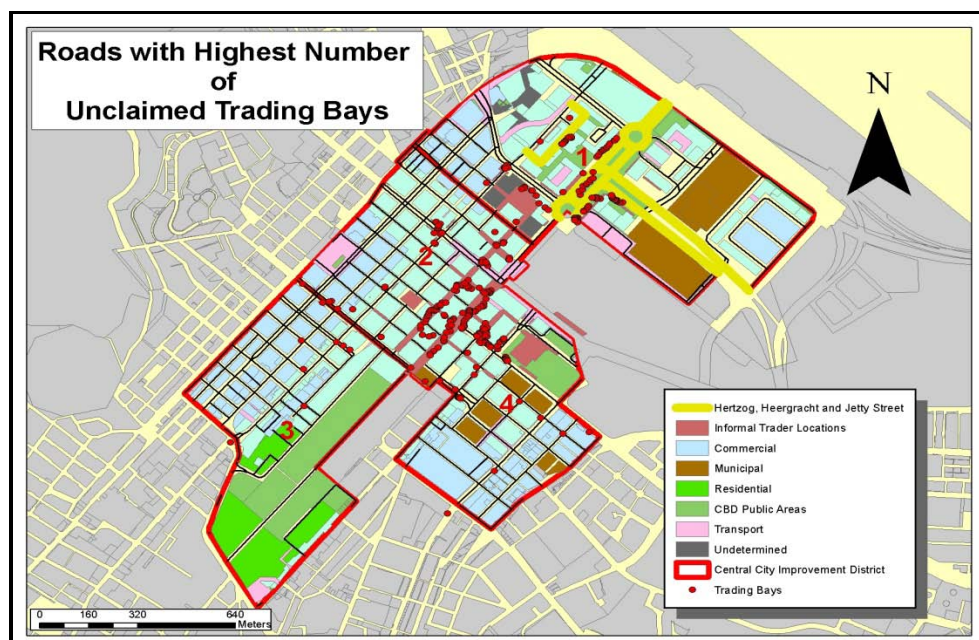


Figure 3.9 Streets with the highest number of unclaimed trading bays

The collected GPS data reveal interesting trends in street trading as a practice and street trading site locations. From the GPS data, it is evident that street vendors trade in products that are in great demand and that are easily purchased. The GPS data alone do not reveal any information regarding the reasons why certain areas are more frequented than others or information as to the

reasons why traders sell the products that they do. These questions are addressed in the survey that was conducted

### **3.4 Conclusion**

Mapping the location of trading-bays before the survey was conducted facilitated the research process as it was possible to identify areas in which traders congregate. Thus questionnaires were distributed proportional to the number of trading-bays per CCID. Profiling the composition of the goods sold by the traders and the locations from which they are sold, allowed this researcher to determine whether the spatial regulations as set out in the relevant by-law were being enforced. By mapping the trading bays, it was possible to establish a sound point of reference from which a sample could be drawn for distributing the questionnaires among street traders.

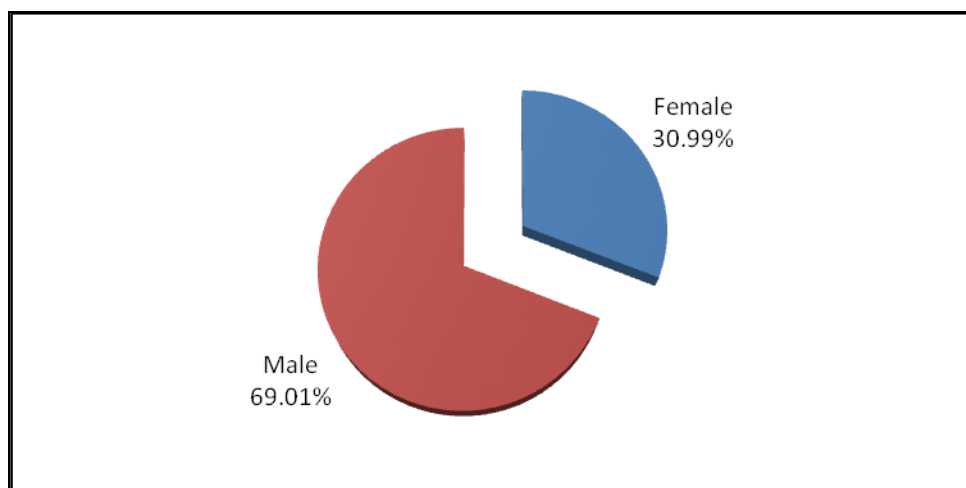


## CHAPTER 4. STREET TRADERS: PROFILE, PROBLEMS, PRACTICES

Chapter Four is an account of the results of the questionnaires that were distributed. The questionnaire drew the information regarding the demographics of the traders, aspects of their business, their experience with regulatory authorities, and their perception of the spatial context in which they operate. A section was also dedicated to the experience of foreign traders in terms of xenophobia, the facilities made available to them, the role of informal trading associations, and the manner in which traders interact with the formal businesses in their environment.

### 4.1 Demographic profile of traders

The majority of traders (69%) who were interviewed were males (Figure 4.1). The large percentage of male respondents is not consistent with previous studies of street trading in other areas of South Africa, as well as in the rest of the world (Skinner 2008a). In Cape Town, this is different, however, as most traders are men and very few are women. It is thought that street trading in Africa is the domain of women and children, whilst men occupy more lucrative jobs in the formal and informal sector (Mitullah 2003). Thus street trading in Cape Town in terms of gender composition differs from the perceived norm regarding street trading in an international context.

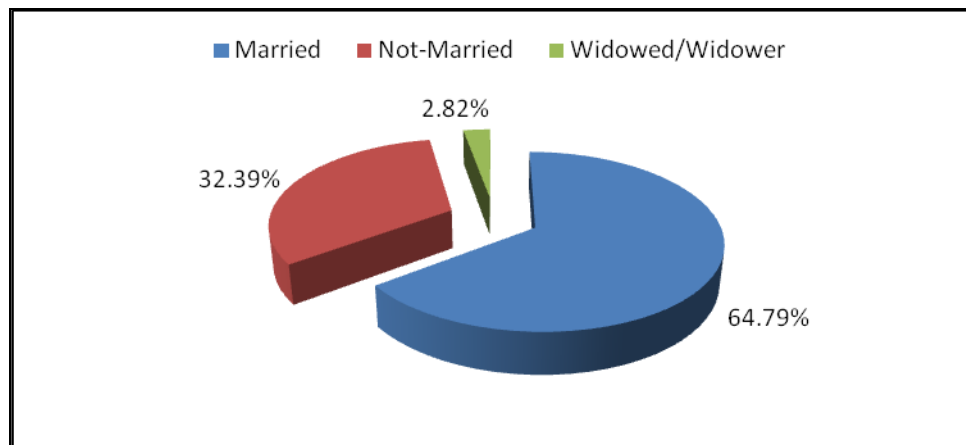


(n = 71)

Figure 4.1 Gender of the respondents

Almost two thirds of the respondents (64.79%) viewed themselves as married, with some being married within customary law (Figure 4.2). The respondents who were not married accounted for 32.39% of the sample population, and the remaining 2.82% was consistent with those who were

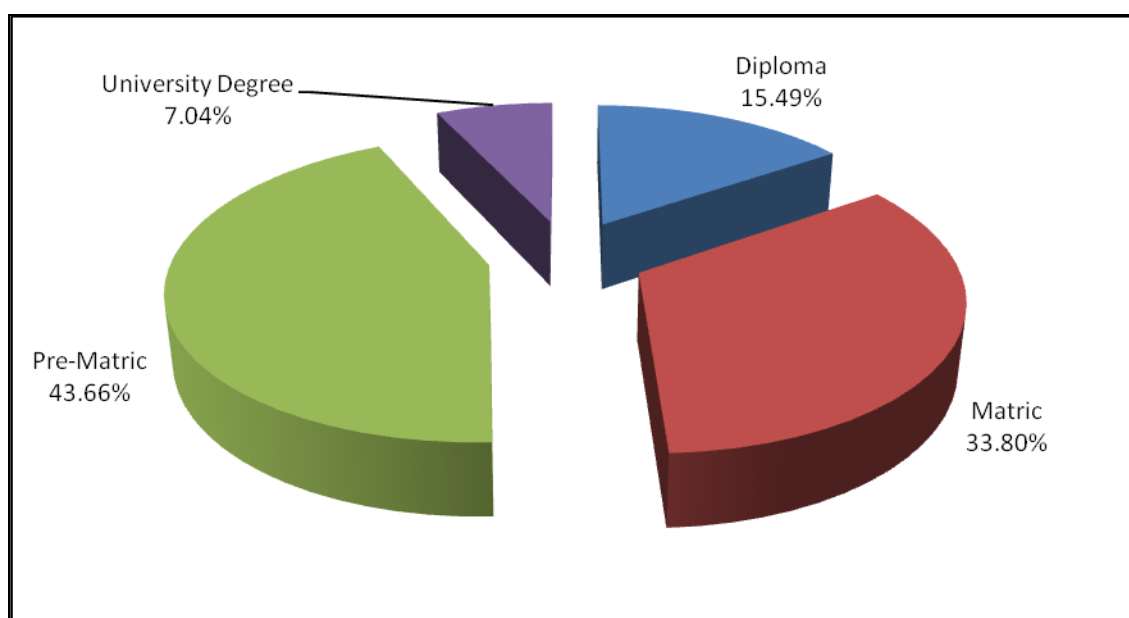
widowed (Figure 4.2). Marital statistics correlate with the gender statistics as both are dominated by a single category.



(n = 71)

Figure 4.2. Marital status of the respondents

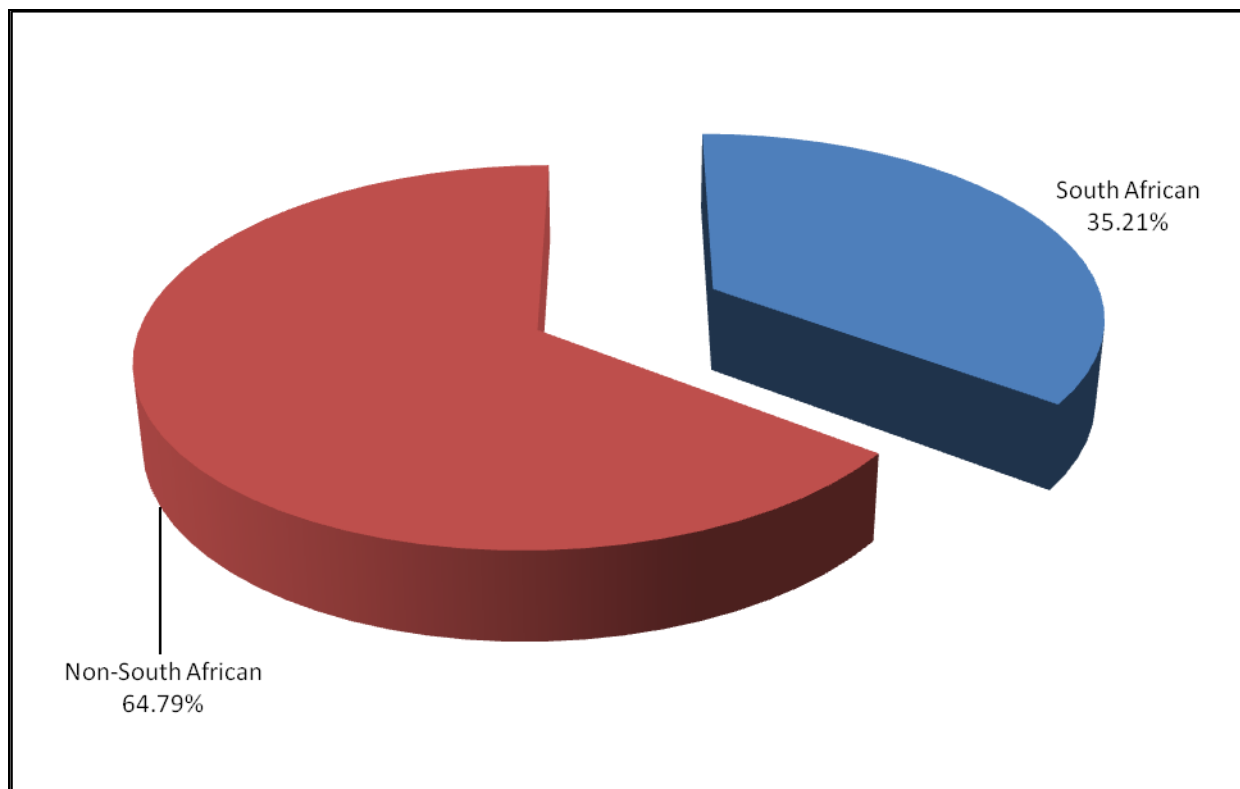
Internationally, low levels of formal education are characteristic of street traders as this explains why they are unable to acquire formal employment. From the data collected, this trend is also evident among the street traders of Cape Town. The majority of respondents did not finish school, with 43.66% of the respondents having quit school before they reached the final year of education (Figure 4.3). The minority of respondents hold a university degree (7.04%) with more respondents having obtained a post-matric diploma (15.49%) (Figure 4.3). More than a third (33.8%) of the respondents did finish school, however, and indicated that they would have wanted to study further but did not have the opportunity to do so (Figure 4.3).



(n = 71)

Figure 4.3 Educational qualifications of the respondents

The informal trading scene in the CBD is dominated by foreigners, who are trading legally or illegally, which places the notion of street trading serving as a viable means of providing South Africans with employment in doubt. Foreign traders outnumber their South African counterparts at a ratio of almost two to one, with 64.79% of traders not being South African citizens (Figure 4.4). Only 35.21% of the respondents are South African citizens (Figure 4.4). Thus there is a great imbalance in terms of the traders having access to trading bays in the Cape Town CBD.



(n = 71)

Figure 4.4 Percentage of traders from South Africa

Immigrants who practise street trading are said to have a higher level of education than the local traders who trade alongside them. This is because immigrant traders have more often than not migrated from their country of origin because of a lack of job opportunities for individuals who have qualifications in highly specialised fields of work, and their countries of origin do not necessarily have the infrastructure to accommodate them in, for example, high tech industries. By considering the cross tabulations of data pertaining to levels of education and nationality, it became clear that foreign traders are better educated than their South African counterparts. Not one of the South Africans who were interviewed holds a university degree as opposed to the 10.87% of foreign traders who do (Table 4.1). This trend continues, with the exception of the

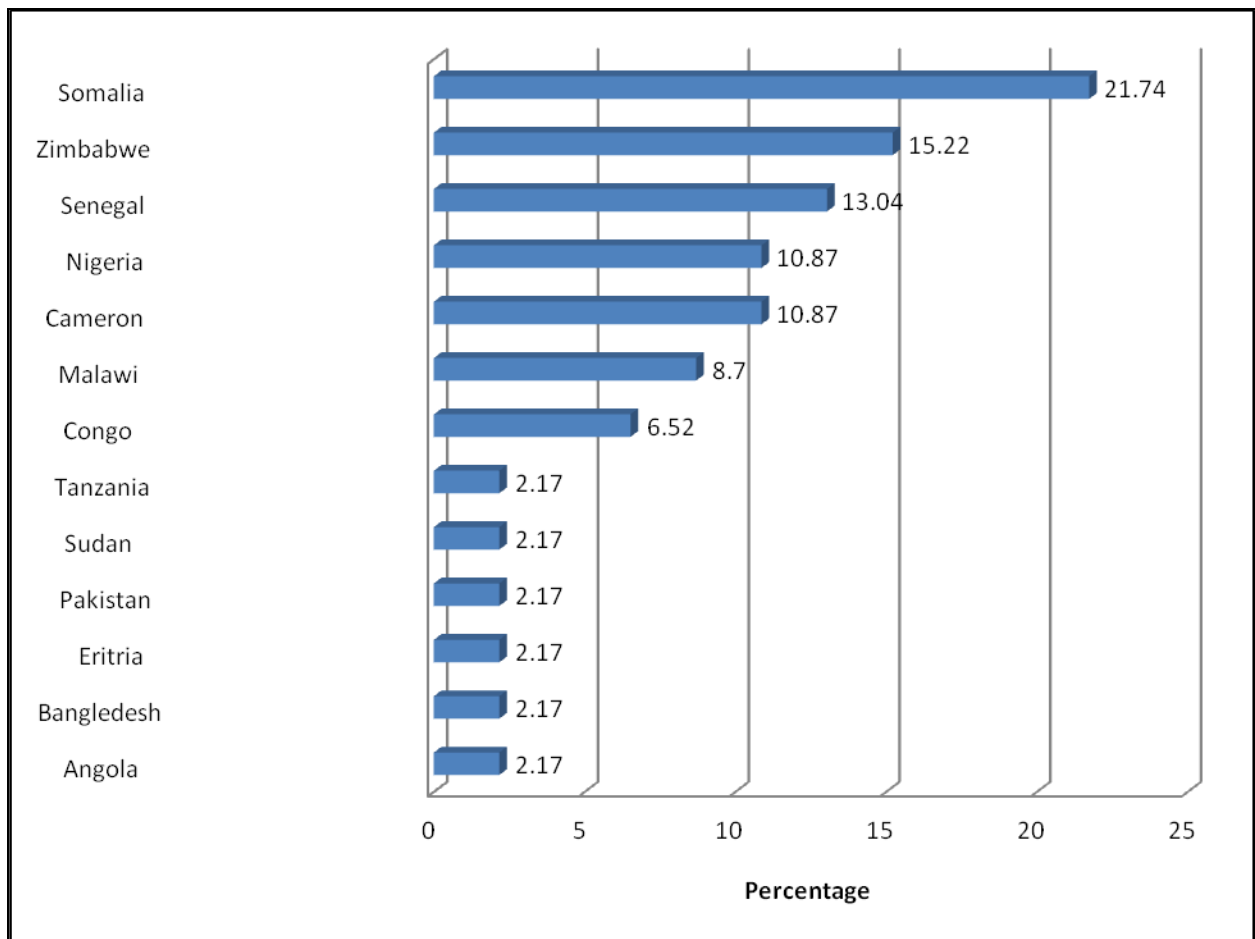
diploma and pre-matric educational levels. Marginally more South Africans hold diplomas than their non-South African counterparts, with 16.0% of South Africans holding a diploma and 15.22% of non-South Africans holding a diploma (Table 4.1). With regards to the level of pre-matric qualifications, however, non-South African respondents (36.96%) scored lower than their South African counterparts (56.0%). These statistics are a further indication of the higher level of education among the non-South African traders. A larger percentage of non-South Africans (36.96%) completed their formal school education than their South African counterparts (28.00%), however (Table 4.1). Thus Cape Town's street trader characteristics in respect of levels of education are in line with international trends in street trading. The lack of education of South African traders is cause for concern as foreign traders have an advantage over their South African counterparts but are not able to exploit this advantage to its full potential.

Table 4.1. Cross tabulation of nationality of respondents and their level of education

Qualification	South African	Non South African
Pre-Matric	56.00	36.96
Matric	28.00	36.96
Diploma	16.00	15.22
University Degree	0.00	10.87

(n = 71)

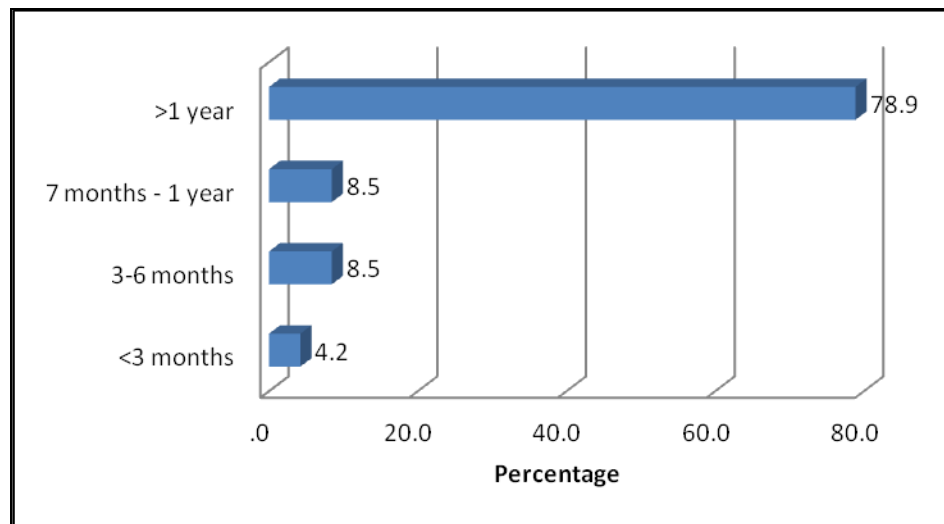
The majority of foreign respondents are from the African continent, with the exception of traders who hail from the Asian subcontinent. Somalians are the dominant group, with 21.74% of foreign traders being Somalian nationals (Figure 4.5). Although Zimbabwe has the second-highest percentage (15.22%) of traders plying their trade in Cape Town and Malawi contributes 8.7% to the foreign trader bloc, the remaining foreign traders are not from the SADC region (Figure 4.5). Traders are mainly from the Northern, North-Eastern and North-Western regions of Africa, such as Nigeria (10.87%), Cameroon (10.87%), and Senegal (13.04%) (Figure 4.5). From informal conversations conducted with respondents during interviews, it was possible to gather information as to the reasons why the respondents left their country of origin. Reasons varied from trader to trader but the most common reason for coming to South Africa was the economic situation in the country of origin. Traders usually come to South Africa with the hope of gaining formal employment, but are unable to get these jobs as employers prefer South Africans above immigrants, who do not have the necessary documentation to make them eligible for employment in the formal sector. Thus immigrants turn to informal trading as a form of employment since regulations are not enforced as rigidly in the informal economy as in the formal economy.



(n = 46)

Figure 4.5. Nationality of respondents who are foreign traders

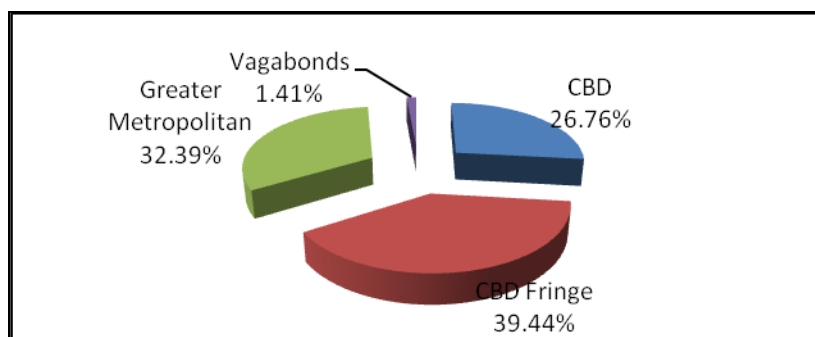
Traders were asked to indicate the period of time that they have been actively trading in Cape Town. A scale was set for the time period as follows: less than three months; between three months and six months; between seven months and a year; and more than a year. More than three quarters (78.87%) of the respondents have been trading for longer than a year (Figure 4.6). Many of the traders indicated that they have been active in street trading for periods that exceed a year, with one trader in Green Market Square having been trading for 20 years. The minority of traders have been trading for less than a year; less than three months (4.23%), three to six months (8.45%), and seven months to one year (8.45%) (Figure 4.6). That such a large proportion of the respondents have been trading for an extended period of time bodes well for the research as respondents are apparently experienced enough to deal with the street economy of Cape Town. Besides that, they are knowledgeable about the relationships, new or old, at work in the Cape Town street-trading milieu.



(n = 71)

Figure 4.6. Time period that traders have been trading for

Traders were asked where they live and what form of transport they use to get to their place of work. Various suburbs were cited as places of residence, which means that the residence category was very diverse and needed to be simplified. Places of residence were re-categorised into four categories, namely “residence within the CBD”, “residence in areas on the fringe of the CBD”, “residence in areas in the Greater Cape Town Metropolitan Region”, and “vagabond” for traders who have no permanent place of abode. The majority of traders reside outside the Cape Town CBD, with 39.44% of respondents living in the CBD fringe area and 32.39% living in the Greater Metropolitan Region (Figure 4.7). Less than two percent of respondents are classified as vagabonds, rendering this category as unnecessary. However, it is still interesting to note that there are in fact vagabond traders.



(n = 71)

Figure 4.7. Grouped areas where traders live

The modes of transportation that the respondents make use of were divided into three categories, namely public, private and walking. Most of the respondents use public transport, with 66.2% making use of some or other means of public transport. The remaining respondents use private

transport (15.49%) and the rest (18.31%) walk to their place of work. The dominant role that public transport plays in the lives of street vendors was expected, and influenced the way in which the questions regarding transport were posed and also added greater detail to this category. The respondents were asked to indicate the type of public transport that they make use of to travel in to the CBD. They cited three modes of transportation, namely trains (60.42%), mini bus taxis (35.42%) and buses (4.17%). Some respondents make use of more than one mode of public transport.

Data gathered in respect of the area of residence and the mode of transport used are consistent, as a cross tabulation of the two sets of data shows. None of the respondents living in the Greater Metropolitan Region walk to their place of work. Instead, the majority make use of public transport (78.26%), while the remainder use private transport (21.74%) (Table 4.2). Respondents living in the CBD fringe make use of a wider range of transport modes to get to their place of work (Figure 4.17). Public transport (used by 71.43% of the respondents) is still the most common form of transport, followed by walking (14.29%) and private transport (14.29%) (Table 4.2). Respondents residing in the CBD make use of the widest variety of transport modes, with walking (47.37%) being the most common form of negotiating the distance between home and the work place, followed by public transport, (42.11%), where the minibus taxis prove to be used the most. Private transport (10.53%) is used the least in the CBD (Table 4.2).

Table 4.2. Cross tabulation between residence and mode of transport used

Area	Walk	Private	Public
CBD	47.37	10.53	42.11
CBD Fringe	14.29	14.29	71.43
Greater Metropolitan Area	0.00	21.74	78.26

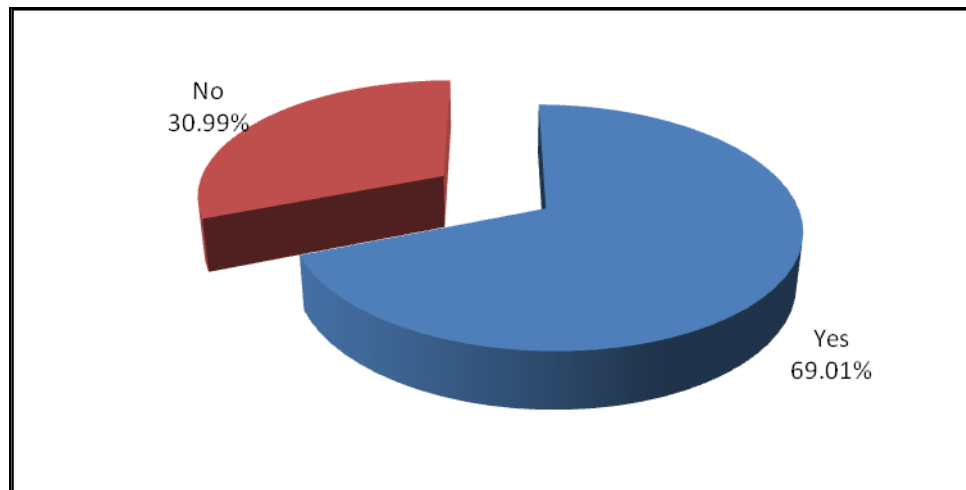
(n = 71)

Having a better understanding of the social situation traders find themselves in, is of great value as it is an indication of the most basic needs of the traders. If the social circumstances of a trader are of such a nature that only administration is necessary, costs could be saved on projects that aim to facilitate traders. From the results obtained, it was clear that foreigners and men are most active in street trading in the CBD. Thus, the lack of representation of women would need to be investigated.

## 4.2 Business profile of traders

Of the 71 traders who were interviewed, 69.01% were found to be the owners of an informal business, while the remaining 30.99% were employees who had various arrangements with the

owner of the business (Figure 4.8). The fact that a large proportion of the interviewed traders were the owners of the informal businesses indicates that questions with regard to the processes of local government driving informal trading could be answered by informed individuals. As much of the changes in trader regulations are made known to traders during the permit re-application procedure on a tri-monthly basis. Traders that do not own businesses were divided into different categories in accordance with their employment arrangement with the owner of the business.

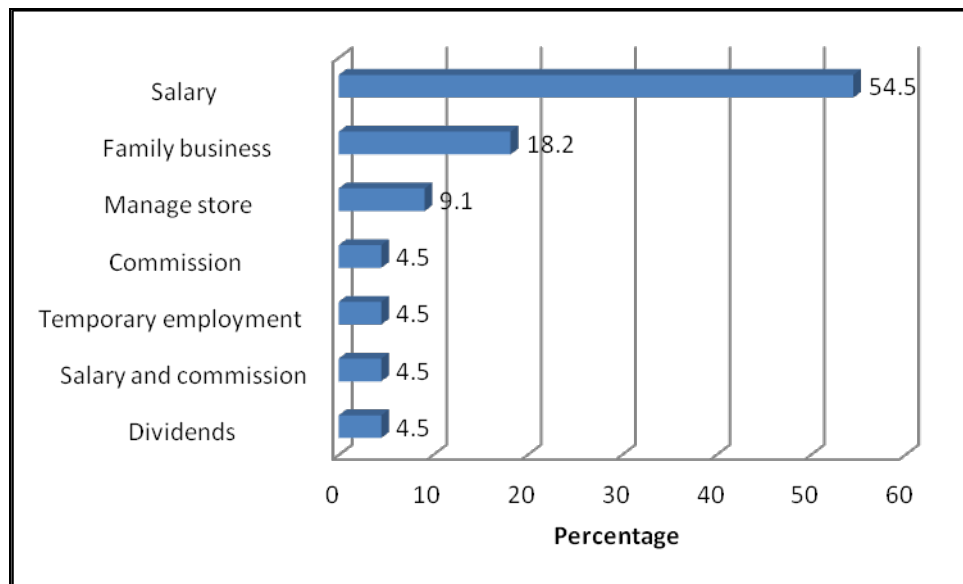


(n = 71)

Figure 4.8. Traders who are also the owners of the informal trading bays

Informal trader employees receive a fixed salary (54.55%) from the owner of the business; while 18.18% of employees do not receive a salary as they work for a family business and receive compensation in either a monetary or a non-monetary form (Figure 4.9). There are traders who are employed on the basis of commission and a salary (9.10%, with 4.55% of employees working for a commission and receiving a salary, and 4.55% of traders working only for commission) (Figure 4.9). The traders, who manage informal trading stalls (9.09%), are effectively the owners of the stalls as they are in charge of the day-to-day business (Figure 4.9). They do not label themselves as owners of the stalls, however, as they do not have the permit to trade from the given trading bay. Thus, they are managers paying the permit holder the permit fee along with a handling fee. Other traders remarked that informal employment is only temporary (4.55%), and that they have other priorities or are in the process of acquiring their own stall (Figure 4.9).





(n = 22)

Figure 4.9. Employment arrangement of informal employees with owner of trading bay

From a cross tabulation between nationality and business ownership, it is evident that there is no divide evident in terms of business ownership as the figures recorded were in line with one another. In both cases, the percentage of South African owners and non-South African owners was twice the percentage of employees for both of the mentioned categories (Table 4.3). It would be interesting to study the City of Cape Town's records regarding the number of foreigners whom they have registered. As in many cases, illegal foreign traders get South African citizens to apply for trading permits on their behalf. The foreign traders are effectively the owners of the business, but pay the permit holder a particular sum of money. Thus, when asked whether they are the owners of the businesses, they would answer "yes". However, officially they are only the employees.

Table 4.3. Cross tabulation between business ownership and nationality

Nationality	Owner	Employee
South African (%)	68.00	32.00
Non-South African (%)	69.57	30.43

(n = 71)

The owners of informal businesses seem to have only one venture each, with 90.57% of the owners indicating that they do not own more than one business. Only 9.43% of the business owners indicated that they own more than one business. This would seem unlikely as it is difficult to believe that traders who have been trading for an extended period of time have not tried to expand their business. Expansion of an informal business would be more likely than the formalisation of an already existing informal business as the start-up cost of an informal business

is less than that of a formal business, thus more attractive to informal business men or women. The small percentage of the traders owning more than one informal business could be a sign of an efficient permit system that ensures that business opportunities are spread evenly across those wishing to start up their own business.

It is interesting to note that 80% of those traders who own more than one business are non-South Africans (Table 4.5). By cross tabulating the data regarding the nationality of the traders with the ownership of more than one business, the entrepreneurial spirit of foreign traders becomes apparent. Only one in every five traders (20%) who own more than one business is South African (Table 4.5). This statistic would contradict notions that the permit system is well managed as it is a challenge for foreign traders to acquire a single informal trading permit, let alone more than one. This indicates that those individuals who have more than one business manipulate the system in such a way that they ensure that they are able to acquire stewardship of more than one trading bay illegally. This is frowned upon as the trader is depriving another trader of the opportunity to make a living. However, if the trader is so successful that he is able to start up a second business, why not give him the opportunity as he will need to employ people to manage the informal trading bays. In doing so, these entrepreneurs are creating job opportunities for those who would want to trade but who do not have the necessary capital to start up an informal business of their own.

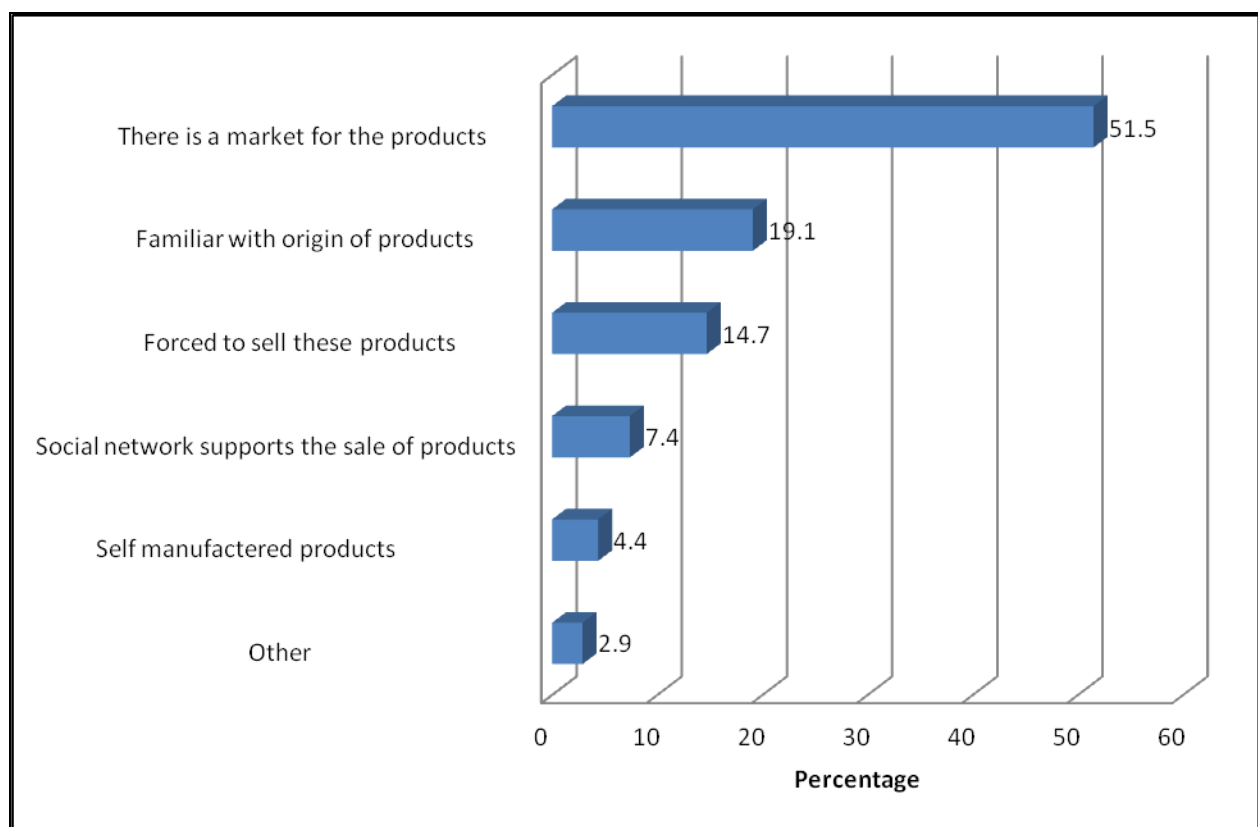
Table 4.4 Division in ownership according to nationality

Nationality	Owners of more than one business
South African	20
Non-South African	80

(n= 5)

The majority of traders interviewed (51.47%) felt that the product that they sell has a viable market that is accessible to them (Figure 4.10). Most of the traders in the CBD engage in selling snacks and cold drinks and there is no doubt that these products have a market as they are continuously selling to urban dwellers, ranging from formal business men and women to vagabonds. The period taken up with interviews with snack traders was on average 10 to 15 minutes longer than that with other traders because the interviews were interrupted by clients who needed to be serviced. Foreign informal traders exploit their cross-border connections by importing products from their country of origin. These traders, 19.12% of the respondents, cite the fact that they are familiar with the origin of the product as the main reason for selling the product (Figure 4.10).

African art, which comes in various forms, enjoys great favour amongst the traders. The location of their suppliers is not important to those traders importing their products from other countries and was said to be the reason why they do not source their products from anywhere else. This reason relates strongly to the category, social network, which supports the selling of products and which was cited by 7.35% of the respondents as the reason for the given product being sold by traders (Figure 4.10). Traders claimed that they do not have a say in the products that they are selling, with 14.71% of traders saying that they are forced into selling the products that they are selling (Figure 4.10). Traders said that they are told that they will be given limited options as to what they are allowed to sell and thus do not have a free choice in what they do in fact sell. This is in line with the Informal Trader Policy Framework of 2003 that aims to prevent the oversupply of competitive goods in a particular area. One would have expected that the sellers of African art and similar products would have manufactured the products themselves. However, only 4.41% of products sold were self-made items (Figure 4.10). In the light of the fact that traders are instructed in the products that they are allowed to sell, it would seem that the majority tend to choose products, albeit from a limited list of items, that are cheap to acquire and easy to sell. The prevalence of the snack and cooldrink sellers is evidence of this.



(n = 68)

Figure 4.10. Reasons for selling given products

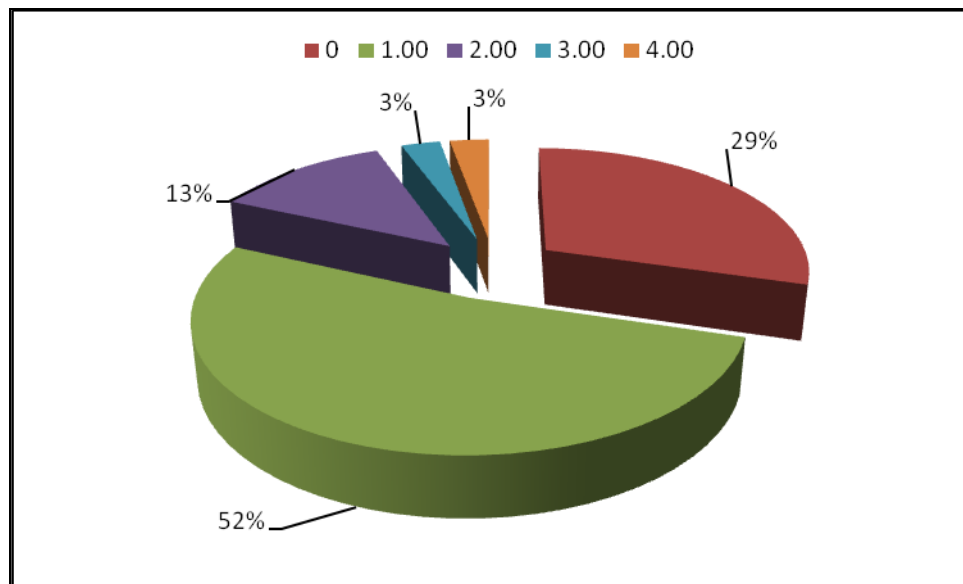
According to the literature, employment creation in the informal sector is more likely and more easily accomplished in the informal economy than in the formal economy. Thus it is of interest to investigate the validity of such claims in the context of the informal economy of Cape Town. Employment creation is set forth as a novel reason for policies encouraging the development of informal economic activities. From the data gathered, the employment profile of informal businesses is not as dynamic as what would have been expected when one considers accounts from the literature of informal employment creation. In cases where the owners of the business also work at the trading bay on a permanent basis, the survey came up with a figure of nought for the minimum number of traders employed (Table 4.6). The maximum number of employees recorded across the survey amounted to four employees, excluding the owner of the business who also works at the trading bay on occasion (Table 4.1). The mean number of employees that the interviewed informal businesses employ amounts to not even one employee (Table 4.6). The small number of employees recorded was to be expected, considering that trading as individuals is one of the key characteristics of a street trader (Pillay 2004)

Table 4.5. Number of people who are employed at trading bays

	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>
Employees	1	4	1

(n= 71)

The figures discussed above, along with a further analysis of the composition of the employment profile of trading bays, would suggest that the generation of employment through the informal economy is minimal. More than a quarter (29.58%) of the owners of the trading bays do not employ any workers, while just more than half, 52.11%, employ only one worker (Figure 4.11). The percentage of trading bay owners who employ more than one worker is 18.32% with 12.68% employing two workers; 2.82% employing three workers; and 2.82% employing four workers (Figure 4.11). This employment detail was anticipated as studies generally find that informal business ventures seldom make use of an extended number of employees (Mitullah 2003). As informal businesses are run by families and, in an effort to cut costs, refrain from hiring employees unless it is necessary, a owner trader would only make use of additional employees during the known peak season of a given industry and only on a temporary basis. That only one trader is involved in the running of a business is highly unlikely. Thus, it could be that traders make use of family members but do not view them as employees. Another explanation could be that certain tasks are performed by individuals who render particular services.



(n = 71)

Figure 4.11. Number of employees working at trading bays

The prices of renting street trading bays in the CBD are uncertain when a street trader does not deal directly with local government. Of those trading bays that were surveyed, the majority (43.7%) cost about R 125 to rent directly from the local government (Figure 4.12). The prices that are being paid by different traders across the CBD sketches a broad picture of the financial costs involved in running an informal trading venture. The prices on their own, however, do not hold any information of value but, by studying the cross tabulations of the areas in which the traders operate, as opposed to the prices paid by the traders to trade in the area, the geography of the trading bay pricing system becomes apparent. It is still important to consider the average prices that are paid by the survey respondents, however. The minimum rental fee paid is R110 per month, while the most expensive rental fee paid is R1 600 per month, the average rental fee thus paid by traders being R269.92 per month (Table 4.7). The minimum price paid by traders would seem to be closer to the norm than prices such as R1 600 per month, which is almost seven times the average rental fee paid by traders.

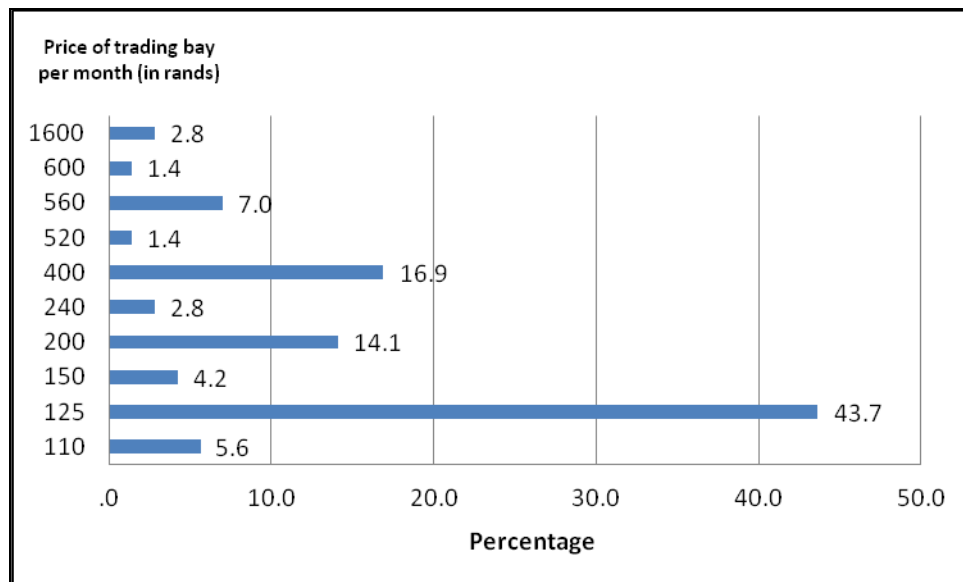
Table 4.6. Rental fee per month profile for the Cape Town CBD

	Minimum	Maximum	Mean
Trading bay rental (in R)	R 110	R 1600	R 269.92

(n = 71)

The number of traders who pay such high rental fees are in the minority as only 2.80% of traders pay a fee of R1 600 per month (Figure 4.12). In contrast to them, the traders paying R125 and less contribute almost half (49.30%) to the recorded trading bay rental fees (Figure 4.12). The

cost of renting an average trading bay is minimal when one considers that the weekly fee in the Cape Town CBD is R67.48.



(n = 71)

Figure 4.12. Price of renting a trading bay in the different areas of the CBD

The average cost for renting a trading bay varies for the different informal trading areas in the CBD, however, according to the street in which the traders operate, and it is clearly evident that the costs paid by those trading close to one another are uniform. Only the Grand Parade market area shows a vast range in the prices that traders pay for the right to trade there. This differs from Green Market Square, where all the traders operating in this market pay the same rentals. As was expected, the fee of R 125 is the fee most commonly charged by the authorities controlling the pricing system. In fact, 13 of the 17 streets in which the traders are active charge R125 per month for rent (Table 4.8). Apart from the dispersed nature of the R 125 category, the other categories are generally contiguous to specific streets or market areas, with the exception of the Grand Parade market area. The reason for the discrepancy in the rentals in the Grand Parade market is because of the presence of five different trader associations within the market. Each one of these associations has its own pricing system, which ranges between R110 and R600 (Table 4.8).

Grand Parade traders who pay between R110 and R200 are those who have monthly permits. On the other hand, those who pay R600 per month pay on a daily basis to the person in charge of collecting funds. Thus, the monthly rental would amount to R 600 for those on a day-to-day, “pay-as-you-trade” contract of R20 per day, implying that they trade every day for a 30-day month. This fee is not the highest rent recorded, however. Some traders, amongst others those

stationed in Parliament Street, pay up to R1 600 per month in rent (Table 4.8). These traders do not rent their trading bay from the city council or a trader association. Instead, they rent the trading bays from the local formal retailer in the area. There are certain visible differences in the trading bays provided by the retailer and those provided by the city council. Firstly, the respective areas of the trading bays provided by the retailer are much larger than those for the trading bays on the pavements of Cape Town that are provided by the city council. Secondly, the area provided by the retailer is semi-enclosed so that these traders benefit from the large stream of customers walking in and out of the Golden Acres shopping centre. The goods sold by these traders also differ from those sold by street traders on the pavements. The traders in the vicinity of Golden Acres sell predominantly clothes, merchandise and groceries.

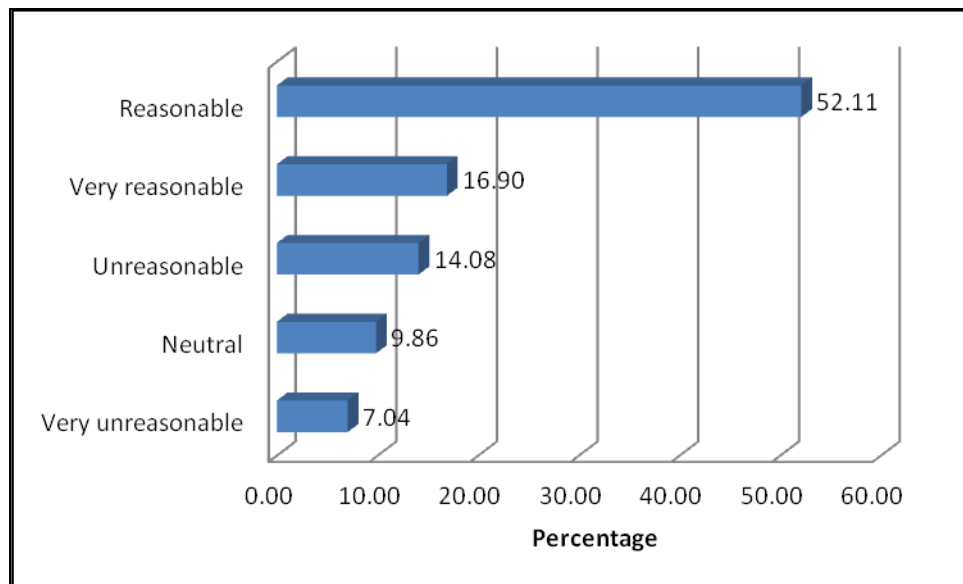
Table 4.7. Cross tabulation of rental fee of trading bays and locations of trading bays

Street name	R110	R125	R150	R200	R240	R400	R520	R560	R600	R1600
Adderley Street	0	8	0	0	0	0	0	0	0	0
Cape Town Station	0	0	0	0	0	0	0	5	0	0
Darling Street	0	3	1	0	0	0	0	0	0	0
Dorp Street	0	1	0	0	0	0	0	0	0	0
Grand Parade	4	0	2	1	0	0	0	0	1	0
Green Market Square	0	0	0	0	0	12	0	0	0	0
Hans Strijdom	0	1	0	0	0	0	0	0	0	0
Heerengracht Emporium	0	1	0	0	2	0	0	0	0	0
Heerengracht Street	0	1	0	0	0	0	0	0	0	0
Leeuen Street	0	1	0	0	0	0	0	0	0	0
Long Street	0	7	0	0	0	0	1	0	0	0
Parliament Street	0	0	0	0	0	0	0	0	0	2
Plein Street	0	1	0	0	0	0	0	0	0	0
Spin Street	0	1	0	0	0	0	0	0	0	0
St George's Mall	0	0	0	9	0	0	0	0	0	0
Strand Street	0	3	0	0	0	0	0	0	0	0
Thibault Square	0	2	0	0	0	0	0	0	0	0
Waal Street	0	1	0	0	0	0	0	0	0	0

(n = 71)

Traders were asked how they feel about the prices that they pay to rent a trading bay, i.e. whether they feel that the price is realistic in terms of their returns. Traders who are of the opinion that the fee that they pay for rent is reasonable accounted for 69.01% of the total number of respondents. Of this 69.01%, 16.90% said that the price is very reasonable, while 52.11% said it is reasonable (Figure 4.13). Those traders who feel that the fees that they pay are unreasonable amounted to 21.12% of respondents (Figure 4.13). Those who are neutral (9.86%), are probably employees who do not pay trading-bay rent (Figure 4.13).

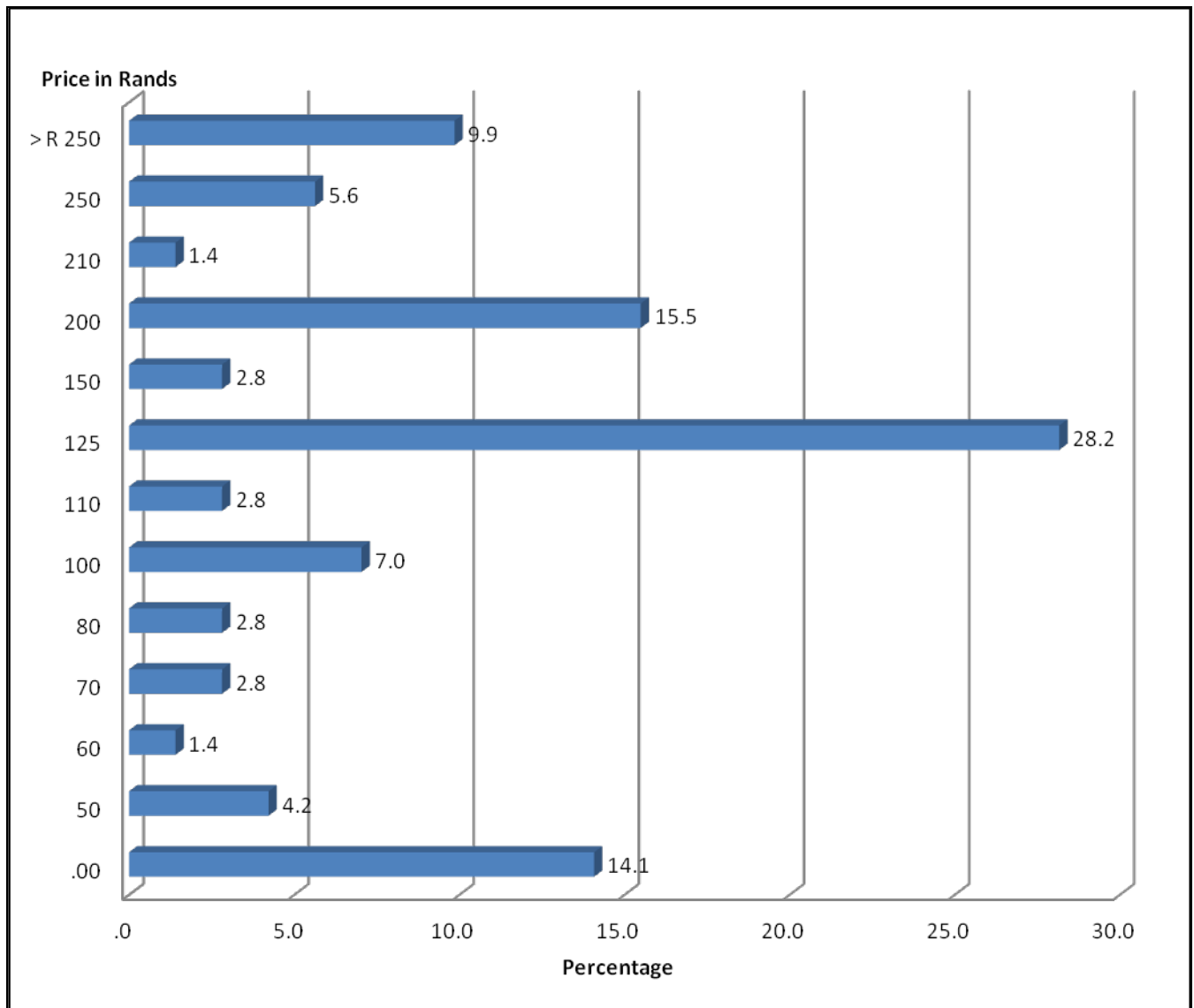




(n = 71)

Figure 4.13 The perception of traders as to how reasonable they regard the rental fees that they pay to trade

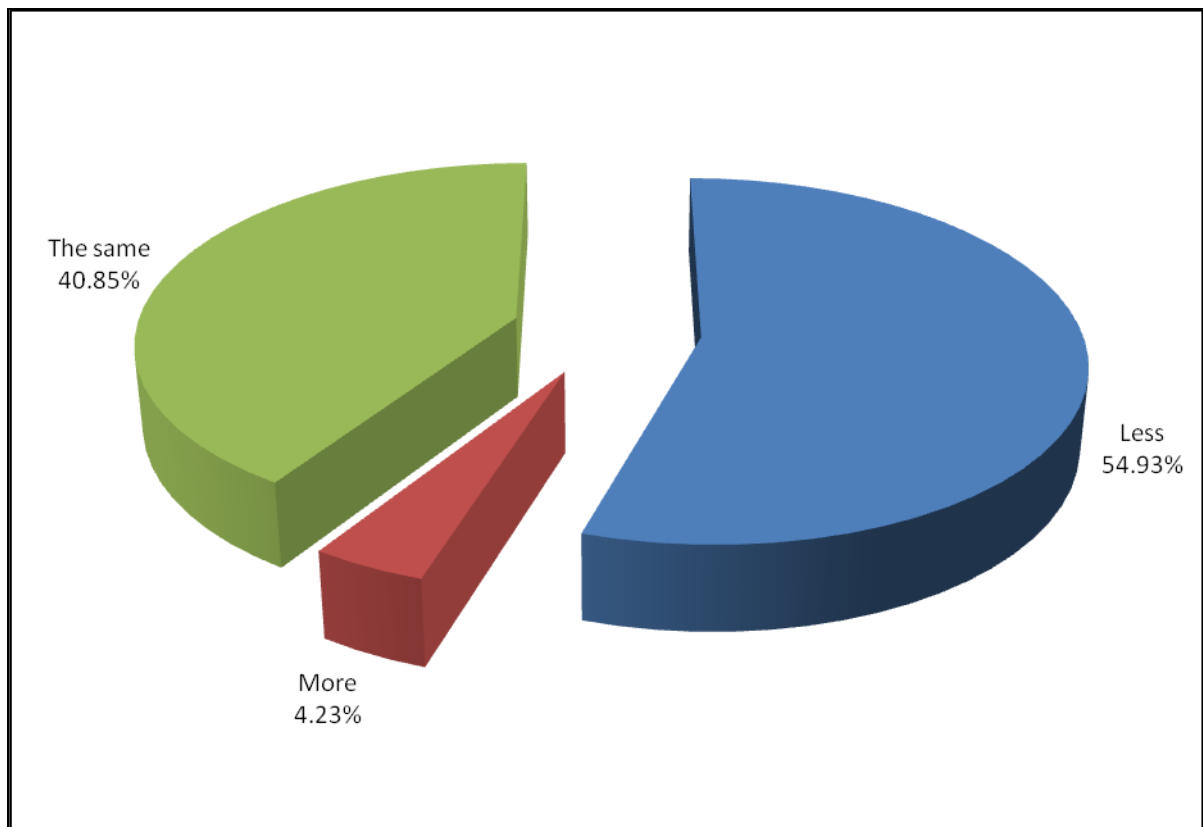
The traders were asked the ideal rental fee that they would want to pay if able to set it themselves. The current fee that they are paying appears to be the preferred fee that they would have chosen for themselves (28.17% of respondents were of this conviction.) (Figure 4.14). The fee of R125 is what the majority pay. However, the percentage of those who indicated that they would pay R125 per month amounted to 15.53% fewer than those who indicated that they are already paying R125 (Figure 4.14 and Figure 4.12). An analysis of the ideal rental fee does not allow for an understanding of what traders believe to be a reasonable fee. The responses of the traders were thus categorised according to whether they would pay the current rental fee, a fee less than the current rental and a fee more than the current rental. As expected, more than half (54.93%) of the traders would prefer to pay a fee that is less than the fee that they are currently paying (Figure 4.14). Interestingly, those that feel that they should be allowed to trade free of charge amounted to only 14.08%. This indicates that traders understand that rental fees are necessary as the funds are used to provide important services such as for rubbish collection and security that facilitate a clean and safe trading environment (Figure 4.14). The perceptions of traders as to what they are willing to pay for renting a trading bay is in line with what they are paying at present. The alignment of perception and reality is an indication that the regulating authorities have a good understanding of the socio-economic position that the average Capetonian street trader finds himself/herself in. The close correspondence between perception and reality bears testimony to the effect that the appropriate information was gathered when the rental fees for trading bays were stipulated.



(n = 71)

Figure 4.14 Perception of the ideal rental price that traders should pay for a trading bay

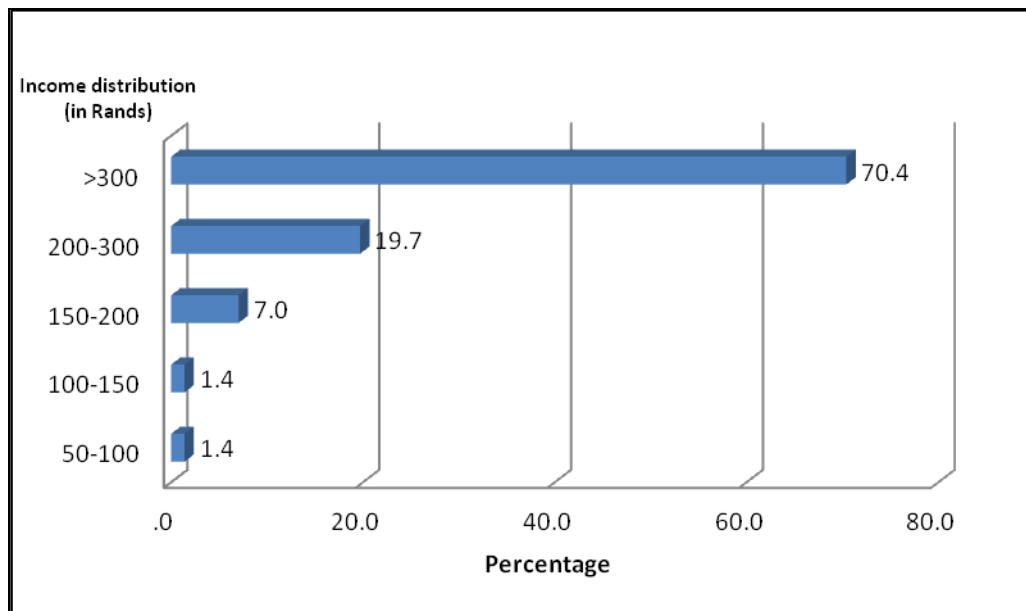
The results regarding the perceptions that the rental fees are reasonable correspond with the results regarding the perceptions of traders in respect of the ideal rental fee. Altogether 52.11% of traders deem the rental fee that they are paying as reasonable, which corresponds with those traders (40.85%) who would pay the same rental fee that they are currently paying (Figure 4.15). If given the choice, the minority of respondents (4.23%) would have been prepared to pay more than what they are currently paying (Figure 4.15). The reason being unclear but could perhaps be attributed to their feeling that the area could be improved if more funds were made available. The nature of these statistics regarding the pricing structure of rental fees is a good indication that local government is in tandem with the traders' views regarding the fees to charge them for the right to trade. The determining factor regarding rental fees is a trader's income.



(n = 71)

Figure 4.15. Choice as to whether the traders would pay less, the same or more than the current rental fee

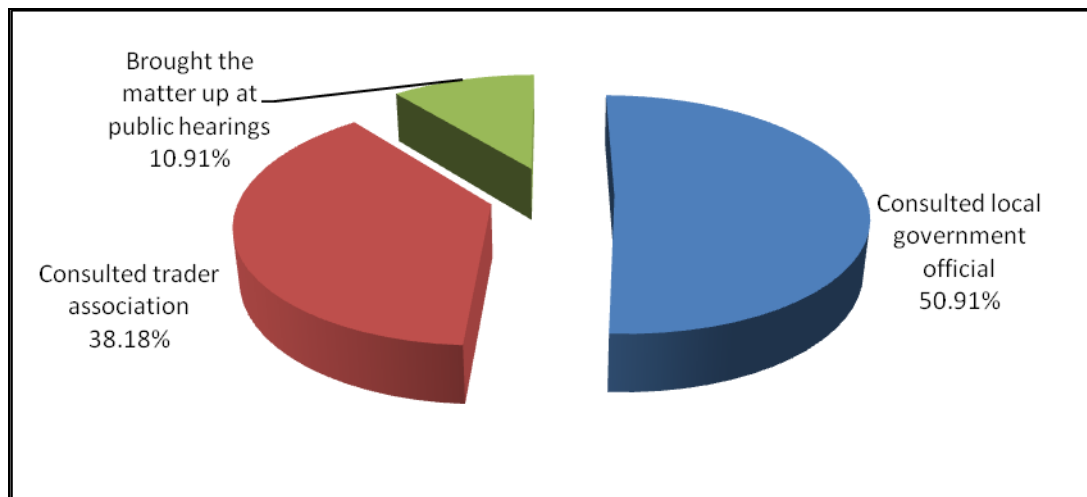
Traders were asked to indicate into which weekly income bracket they fall: R50 - R100, R100 - R150, R150 - R200, R200 - R300, >R300 per week. Their reactions to this question were similar as they pointed out that, because of fluctuations in sales, they are not always as sure of an income. They were, therefore, asked to indicate what they regarded as their average income for a week. The majority (70.42%) make more than R300 in a week (Figure 4. 16). This is validated by statistics for the average rental fee paid by traders across the CBD which is R67.48 per week. Thus 70.42% of traders could earn almost five times what they pay in rent (Figure 4. 16). An aspect concerning their income and costs is the question of storage costs, which some traders remarked on as being somewhat unreasonable. Of the 29.58% who do not make more than R300, 19.72% still make between R200 to R300 per week, which is still more than the average rental per week (Figure 4. 16). Those earning less than R200, namely R150 to R200 ( 7.04%), R100 to R150 (1.41%), R50 to R100 (1.41%), are those who would struggle to make a living and who should, therefore, reconsider the viability of the business venture that they are involved in (Figure 4.16).



(n = 71)

Figure 4.16. The income distribution of respondents on a weekly basis

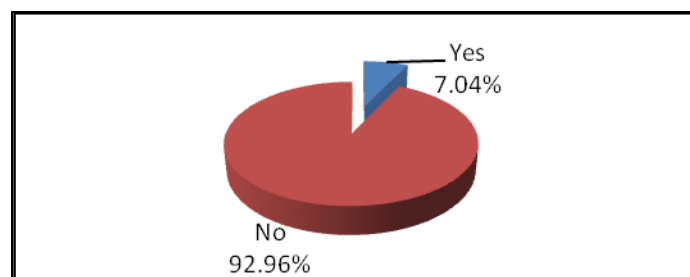
The fact that the traders would consult an authority in the event of being dissatisfied with the pricing structure illustrates the legitimacy that such an authority holds in the eyes of the traders. This sense of legitimacy, allowing the traders to trust the authority to whom they address their complaints, lies in the fact that they believe that the authority can address their complaints regarding the conditions with which they are dissatisfied. Traders were given three methods of complaining in the event that rental prices for trading bays were increased to a level that they would not condone. The options were as follows: consult a local government official, consult the relevant trader association, or bring the matter up at a public hearing. The results showed that there is a strong relationship between traders and local government officials, as 50.91% of the traders said that they would consult a local government official if they were dissatisfied with the rental fee (Figure 4. 17). This is to be expected, as local government is responsible for stipulating the trading bay rental fees, even when traders pay their rent to a trader association, which then pays the rent to local government. Those traders who would complain about rental fees to a trader association amounted to 38.18% of the respondents, which could be attributed to traders who lease from the trader association in question rather than from local government (Figure 4. 17). The remaining 10.91% of respondents indicated that they would wait for an opportunity to bring up the matter at a public hearing (Figure 4. 17). On the basis of these results, local government is viewed as having the highest level of legitimacy among the authorities involved in informal trading, thus reducing the importance of associations to secondary authorities and effectively deeming the public participation process as unimportant.



(n = 71)

Figure 4.17. The authority that traders would consult with in the event of a price increase

Informal businesses should be the focal point of the local economic strategy, with the emphasis of such a strategy having to be on either job creation or the formalisation of informal businesses. The city of Cape Town's Department of Human and Economic Development has singled out the potential of the informal economy in addressing unemployment. Thus programmes would be expected to be in place to ensure that traders are equipped with the necessary business tools that would help them nurture, grow and eventually formalise their businesses. From the interview with Williamson, it became apparent that such programmes had previously been provided to traders but were subsequently cancelled owing to a lack of participation on the part of the informal traders (Paul Williamson 2010, pers com). These programmes are now out-sourced to business development consultants and are no longer the responsibility of local government. Of those traders who were interviewed, 92.96% claimed never to have made use of business development or facilitation programmes of any kind (Figure 4.18). This is cause for concern as it is unlikely that informal business people would be gifted in understanding and practising sound business practices and strategies.



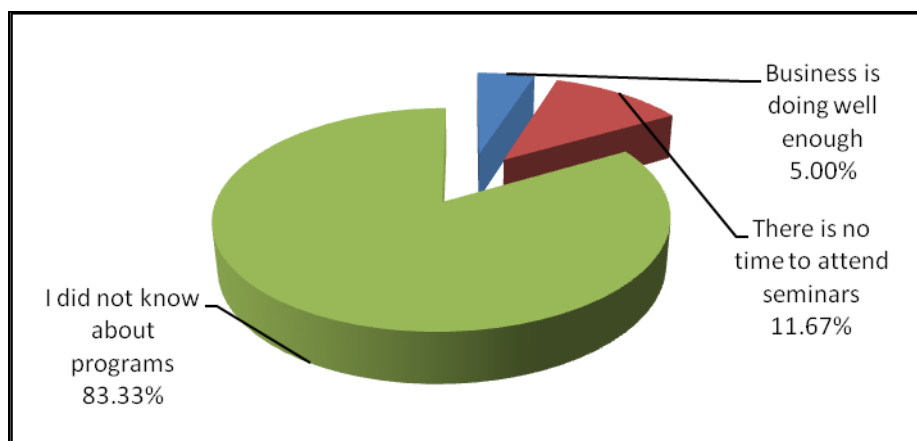
(n = 71)

Figure 4.18. The utilisation by informal traders of informal business development opportunities or facilitation

Those traders who make use of business development or facilitation programmes are so few and far between that inquiring about the programme they are using would not be relevant. Instead, traders were asked why they do not participate in such programmes that could help them to implement and develop better business practices and in turn to grow their businesses. Traders were given three options for not participating in business facilitation programmes. These options were:

- I do not know about these programmes,
- Business is doing well enough, and
- There is no time to attend such programs.

From their responses it would seem that the traders are not informed or do not want to make the effort to find out about possible programmes to attend as 83.33% claimed to be unaware of such facilitative programmes (Figure 4.19). Other traders feel that their businesses are doing sufficiently well (5%) or that there is no time for them to attend such programmes, which are hosted either during working hours or over the weekends, which they need for relaxation (Figure 4.19). That traders are ill-informed as to the hosting of business facilitation programmes could be attributed to their not making an effort to learn more about these programmes or to local government for not making an effort to advertise such events. That 11.67% of the traders indicated that there is no time to attend these programmes would indicate that local government is not considering the fact that traders have unique working hours and that even if a trader were to know about such a programme, he or she could not attend on account of the time constraints (Figure 4.19). Some foreign traders feel that the programmes are offered only for the benefit of South African citizens and that they are not meant for the participation of foreigners.



(n = 60)

Figure 4.19. Reasons traders gave for not making use of opportunities to develop their business programmes

Results regarding the economic profile of traders will never be an absolute certainty as traders harbour fears of being taxed. Their income is not constant but erratic, with various factors influencing the income that a trader earns on any given day. It was for the purpose of this study essential to obtain information regarding traders' economic profile in order to make informed policy proposals.

### **4.3 The regulatory and spatial context**

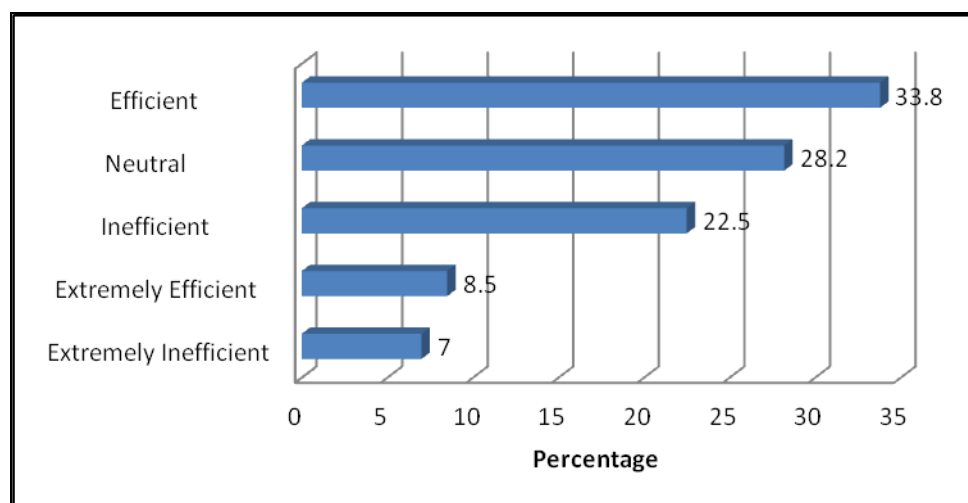
The location of a trading bay is one of the most important factors contributing to the success or failure of an informal trading venture. The allocation process of trading bays is thus a pivotal aspect in understanding the relationship between informal traders and the formal regulating authority. It is to be expected that, because of the importance to the trader of securing a favourable trading bay location, the trader or his/her representative should engage with local government to establish the areas that have been made available. According to the survey, the majority of traders (73.24%) receive their trading sites from local government, while the remainder (26.76%), acquire their trading sites from the respective trader associations or, in some instances, the private companies that manage traders in a given area.

The survey results as to whether or not traders have any input in the allocation or location of trading bays were unclear. More than half (56.34%) of the respondents reported that they had no input in the decision as to which trading bay was to be allocated to them or the location of that particular trading bay. This means that 43.66% of the respondents do in fact have some influence in the allocation and choice of location of their trading bays. The 43.66% of respondents who claimed to have had some choice in the location of their trading bays is almost double the percentage of respondents who claimed that their trading bays are given to them by local government (26.76%). This inconsistency can be explained in terms of the view that traders have that the awarding of trading bays by trader associations is indirectly linked to local government allocation procedures.

From the response regarding the satisfaction levels of the traders with their trading bays from which they conduct their business, it is clear that the local government process of allocating trading bays to traders is sufficient unto their needs. More than 77% of the respondents answered positively, indicating that they are happy with the trading site allocated to them. Although local government does not engage with all the respondents regarding the location of trading bays, it would seem that local government has a good understanding of the geographical features that are deemed to be important to traders.



The efficiency of the procedure of allocating informal trading permits by local government is a good indication of the commitment on its part to facilitate traders, as the counter condition, an inefficient allocation process, would point to a lack of commitment or an unwillingness to accommodate current and new traders. From the answers of the respondents regarding the level of efficiency of the local government procedure in allocating informal trading bays, it appears that local government is committed to the cause of the traders. Traders were asked to choose a level of efficiency on a scale ranging from extremely inefficient to extremely efficient. For 42.25% of the respondents, the procedure is deemed to be efficient, with 8.45% of them finding it extremely efficient and 33.8% of them finding it efficient (Figure 4.20). The percentage who deem the allocation procedure to be efficient amounted to 12.67% more than those who feel that it is inefficient (29.58%) (Figure 4.20). In fact, only 7.04% of respondents are of the opinion that the allocation procedure is extremely inefficient, while 22.54% regard it as inefficient (Figure 4.20). More than a quarter of the respondents feel neutral towards the process, possibly because they do not deal with local government but rather with a trader association or because the trader interviewed is not the owner of the business, but only an employee - which means that such procedures do not concern him/her.



(n = 71)

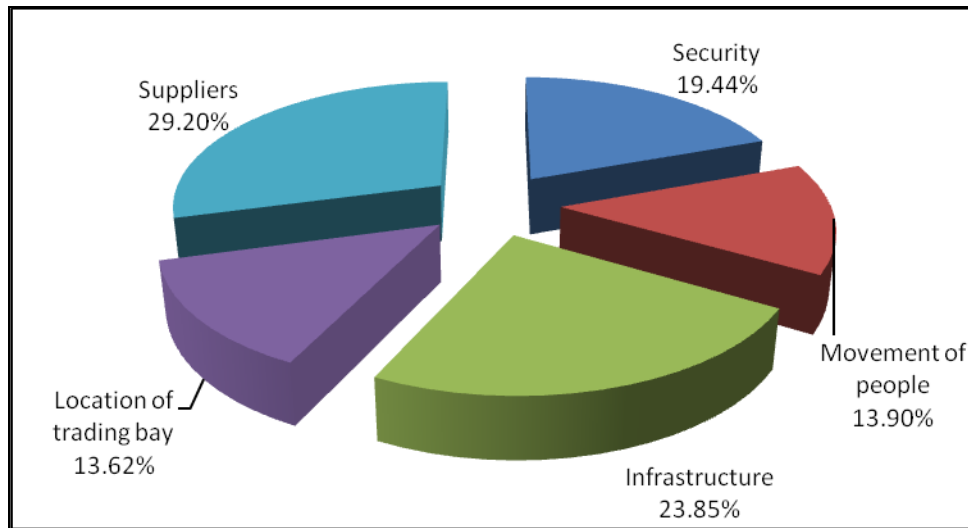
Figure 4.20. Response to the level of efficiency regarding the process of allocating trading bays

From the literature, those aspects of city life influencing the success or failure of informal businesses are said to be geographically-related. Informal traders are largely dependent on the flow of pedestrians past their stalls. However, placing traders at nodes of high levels of pedestrian traffic further congests these routes and discourages the pedestrians from using them. A flow of people cannot be the only aspect that contributes to the success or failure of an informal business. Security, the locations of the suppliers, and the infrastructure available to

traders also play a role in determining how successful an informal business is. Traders were asked to rate the importance of five aspects influencing informal trading on a scale, with one being the most important to them and five being the least important. The aspects provided were as follows: security, movement of people, infrastructure, location of the trading bay, and the location of their suppliers. Security is important as traders need to be sure that they will not fall victim to crime and that their customers will not be frightened away by a crime-ridden area in close proximity to the trading bays. The infrastructure at a trading bay is important as what is available to traders will determine the type of products or services that they are able to sell. The locations of suppliers have an impact on the input costs of the products sold by the traders. Products bought from suppliers who are located far away will incur high transport costs, and will also bring with them the added risk factor in terms of stability of supply. The importance of the other two aspects, namely movement of people and the location of the trading bay, is self-explanatory as traders need customers, and a good location is vital in attracting customers.

The data were organised and processed on the basis of the count values of the raw data. The aspect with the highest count value would thus be the least important aspect to the traders, while the aspect with the lowest count value would be deemed to be the most important. From the count values, the percentages were calculated. Thus the aspects with the highest percentages would be the least important aspects, and those with the lowest percentages, the most important. The location of suppliers is deemed to be the least important aspect to traders, with 29.20% of traders giving this aspect the highest count value (Figure 4.21). Infrastructure is the second least-important aspect to traders, with a percentage of 23.85%, while security, with a percentage of 19.44%, is considered to be the third least-important aspect (Figure 4.21). As expected, the location of the trading bay (13.62%) and the movement of people (13.90%); are the most important to traders and second-most important aspects respectively (Figure 4.21). From these results, it can be deduced that traders tend to be attracted to customers, and not customers to traders because of the goods they sell. This is where the location of suppliers plays an important role, as the input costs of products could be lowered if the suppliers are reasonably close by, thus enabling the traders to further undercut their prices and to attract customers to them instead of migrating towards those areas characterised by a heavy flow of people. Infrastructure should be considered to be of greater importance as it enables traders to bring diversity to the products that they sell, thus reducing the instances of competitive products being sold alongside one another. The dominance of aspects such as the location of the trading bay and the movement of people are signs that traders do in fact understand the basic principles of running a business. However, it is

important to broaden their horizons to important aspects of trading that could enable them not only to make a success of their informal business, but also to formalise it.



(n = 71)

Figure 4.21. Importance of trading variables according to respondents

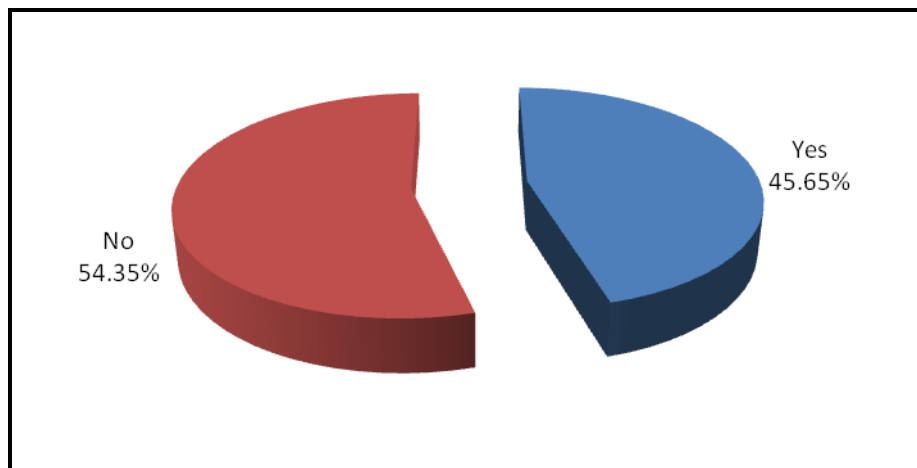
The perception that traders have of the regulatory authority provides invaluable insights into their current relationship with the formal economy. The responses to the questions in this particular section of the questionnaire allowed for the analysis of what was recorded during the interviews, where the perceptions of the regulatory authority held by people operating in the formal economic sector could be compared with those of the street trader.

#### 4.4 The issue of xenophobia

Xenophobia has garnered attention in the South African media for the past few years. Xenophobia, according to the Oxford Dictionary, is defined as an “intense or irrational dislike or fear of people from other countries” (Oxford Dictionary 2011). Given the large contingent of foreign traders active in street trading, questions were directed specifically at them with regard to their perceptions of xenophobia that they experience at first hand in the CBD or the Greater Metropolitan Area.

Street traders as a group throughout the developed and developing world are known to include migrants and immigrants. In this regard, the street economy of Cape Town is no exception. Questions were posed to foreign traders concerning their perceptions of xenophobia in the CBD and in the residential spaces in which they interact. Their perceptions provided insights into what local government is doing to protect foreign traders against possible xenophobic attacks. The question as to whether or not foreign traders are afraid of xenophobic attacks delivered mixed

results. A slight majority (54.35% of the foreign traders) do not fear xenophobic attacks, while the remainder do (Figure 4.22). This was not expected, especially not after the post World Cup upsurge in xenophobia. To better understand the responses of the respondents, they were also asked to justify their answers. A wide variety of reasons for the "yes" and "no" answers were given. Thus, it was necessary to differentiate the answers given by the foreign traders into simplified categories, as many answers were related to one another but were worded differently.



(n = 46)

Figure 4.22. Traders who fear or do not fear potential xenophobic attacks

The reasons given as to why foreign traders fear xenophobic attacks were dominated by two categories of answers, accounting for 55.56% of the responses (Table 4.9), with 27.78% of the respondents claiming that they do not fear xenophobic attacks within the confines of the city but do fear xenophobia in the townships where they live (Table 4.9). The other 27.78% indicated that they fear xenophobia because it is bad for business and the general social environment (Table 4.9). The fact that there are some who feel safe in the city but not at their place of residence is a good indication that local government has put in place systems that have addressed the issue of xenophobia within the city but that the situation in the townships still leaves much to be desired. That more than a quarter of the foreign traders pointed out that xenophobia is bad for business is evidence that these individuals are astute business people with the interests of their businesses at heart. The remaining answers were included in the following categories: "This is not my country" (16.67%); "Discrimination is a reality" (16.67%); and "Because of the post World Cup upsurge" (11.11%) (Table 4.9). These answers were to be expected as it is the norm that people from another country are bound to feel intimidated by their new surroundings and the upsurge in xenophobic activity at that time was well documented in the media. The answers that claimed that discrimination is a reality are alarming, however. Xenophobic attacks alone could

not have led to the manifestation of a perception of discrimination, thus pointing to a deeper cause. During interviews with foreign traders, it became apparent that for them to trade is an uphill battle, even if they have the correct set of immigration papers. Even a simple procedure such as registering a business at the SARS is prohibited as the trader is in South Africa as an asylum seeker. This is just one example of how foreign traders struggle to earn a living for themselves.

Table 4.8. Reasons for fearing xenophobic attacks

Reason for answering “yes” to fear of xenophobia	Percentage
Unsafe in township but safe in city	27.78
Overall bad business and social environment	27.78
Discrimination is a reality	16.67
This is not my country	16.67
Because of the post-World Cup upsurge	11.11

(n = 21)

Less than two thirds (63.64%) of those respondents who stated that they do not fear xenophobic attacks cited that the reason for their answer is because they feel safe in the city (Table 4.10). This corresponds with more than a quarter of those foreign traders who answered “yes, they do fear xenophobia” and confirms the notion that local government’s efforts to curb xenophobic attacks in the city have been successful. Other reasons that were cited for not fearing xenophobia are as follows, in descending order: “I am not a threat” (18.18%), “I am not afraid” (9.09%), and “It is only rumours” (9.09%) (Table 4.10).

Table 4.9. Reasons for not fearing xenophobic attacks

Reason for answering “no” to xenophobia	Percentage
City is safe	63.6
I am not a threat	18.2
I am not afraid	9.1
It is only rumours	9.1

(n = 25)

The answers pertaining to xenophobia that were given by foreign traders can be geographically explained by means of the cross tabulation of the relevant data. The traders’ place of residence was cross-tabulated with the “yes” and “no” answers about xenophobia respectively. The cross tabulation clarified the actual situation in terms of three specific categories, namely “Overall bad for business”, “Unsafe in township but safe in city”, and “Discrimination is a reality” by taking the geographical location of a trader’s residence into consideration. The majority of foreign traders who indicated that they find the city safe but not the townships were those traders living

beyond the limits of the CBD. With 40% in the CBD fringe area and 40% residing in the Greater Metropolitan Region, it could be deduced that these traders have had first-hand experience of xenophobia in the townships, a likely haven for those belonging to the lower socio-economic strata (Table 4.11). First-hand experience of xenophobia by those staying in the CBD fringe area (66.67%) and the Greater Metropolitan Region (33.33%) could serve as the driving force behind the manifestation of a perception that discrimination is a part of life (Table 4.11). Those who indicated that xenophobia is bad for business and the social environment are traders who stay in or close to the CBD. In fact, 40% of the respondents who cited that xenophobia is bad for the socio-economic environment as the reason for their fear of xenophobia actually reside in the Cape Town CBD, while the other 40% live in the CBD fringe (Table 4.11). Thus, these traders could be more interested in the social processes at work in the city, and could, therefore, acknowledge the negative impact that a social process such as xenophobia could have on the urban fabric of Cape Town.

Table 4.10 Cross Tabulation: traders who answered “yes” to their fear of xenophobic attacks and their place of residence

Reason for answering “yes” to fear of xenophobia	CBD	CBD Fringe	Greater Metropolitan Area
Unsafe in township but safe in city	20.00	40.00	40.00
Overall bad business and social environment	40.00	40.00	20.00
Discrimination is a reality	0.00	66.67	33.33
Because of post World Cup upsurge	0.00	100.00	0.00
This is not my country	33.33	33.33	33.33

(n = 21)

The same cross tabulation was done for the reasons given by foreigners for not fearing xenophobic attacks. Of the four categories, only the category, “It is safe in the city” can be explained geographically. Almost all of the foreign traders who are not afraid of xenophobic attacks (92.85%), live in the CBD of Cape Town (57.14%) or in the CBD fringe (35.71%) (Table 4.12). It can, therefore, be expected that traders who live in areas in and around the Cape Town CBD, and not in a “xenophobic hot spot”, are not exposed to or have not experienced xenophobia. This is good for the local government of the CCT but it points to a warped perception of the reality of xenophobia in the case of people living in the city.

Table 4.11. Cross tabulation between traders who answered “no” to their fear of xenophobic attacks and their place of residence

Reason for answering “no” to xenophobia	CBD	CBD Fringe	Greater Metropolitan Area
City is safe	57.14	35.71	7.15
It is only rumours	50.00	0.00	50.00
I am not afraid	50.00	50.00	0.00
I am not a threat	0.00	75.00	25.00

(n = 25)

The response from the questions would indicate a clearly spatial component to the issue of xenophobia. The Cape Town CBD is apparently a safe haven for foreigners as foreign traders do not fear xenophobic attacks and feel safe in the city. On the other hand, those traders residing in the urban fringe are aware of the danger of xenophobic attacks and fear them. This bodes well for the CBD. However, the situation on the periphery needs to be addressed.

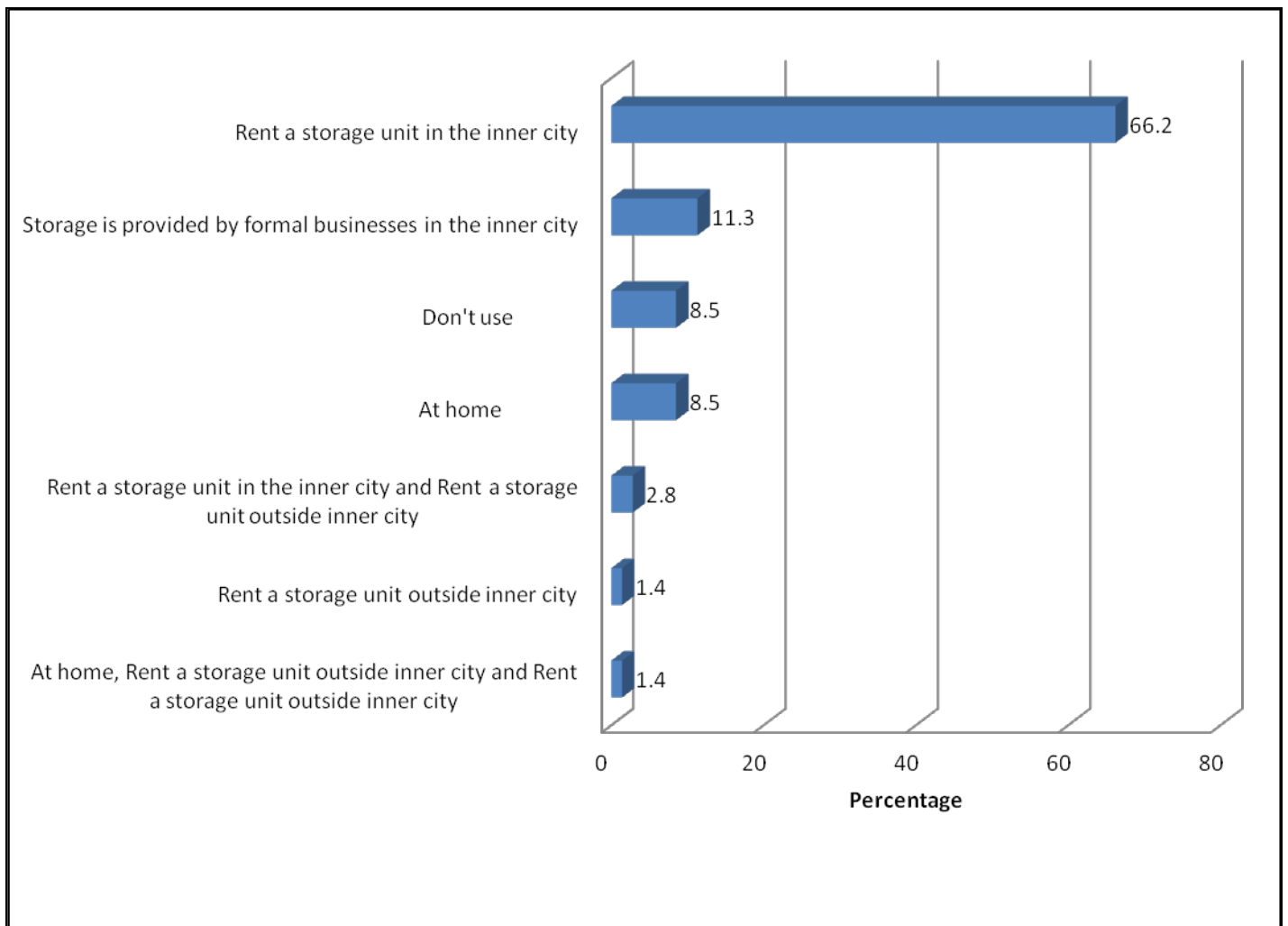
#### 4.5 Facilities and services

Access to affordable and secure storage facilities is essential for informal traders to run a successful business. Where the storage facilities are located is also important as the transportation costs of goods reduce the amount of the trader's disposable income. Traders were asked whether they make use of any storage facilities. Over 90% indicated that they use some sort of storage facility, with only 8.45% of the respondents stating that they do not make use of any storage facilities at all. Storage facilities were categorised as follows: “At home”; “Rent a storage unit in the inner city”; “Storage is provided by formal business in the inner city”; “Rent a storage unit outside the inner city”; “Storage is provided by formal business outside the inner city”. Studies on street traders have revealed that formal businesses provide storage facilities to informal traders, this bearing testimony to the direct relationship that exists between formal and informal businesses (Leduka & Setsabi 2008). The relationship is reinforced by both financial and social compensation being offered for the storage provided, social compensation in the sense that the informal traders act as watchdogs to prevent crime in the area; or that traders generally make sure that their stalls do not block the displays of the formal businesses.

Formal businesses rarely supply informal traders with storage facilities, with only 11.30% of the traders storing their goods on the premises of formal businesses (Figure 4.23). The business of providing storage to traders seems to be a thriving one as 66.2% of traders rent a storage unit in the inner city (Figure 4.23). The storage units are warehouses located close to the trading-bay sites and conversations with traders revealed that the price of storage is not considered



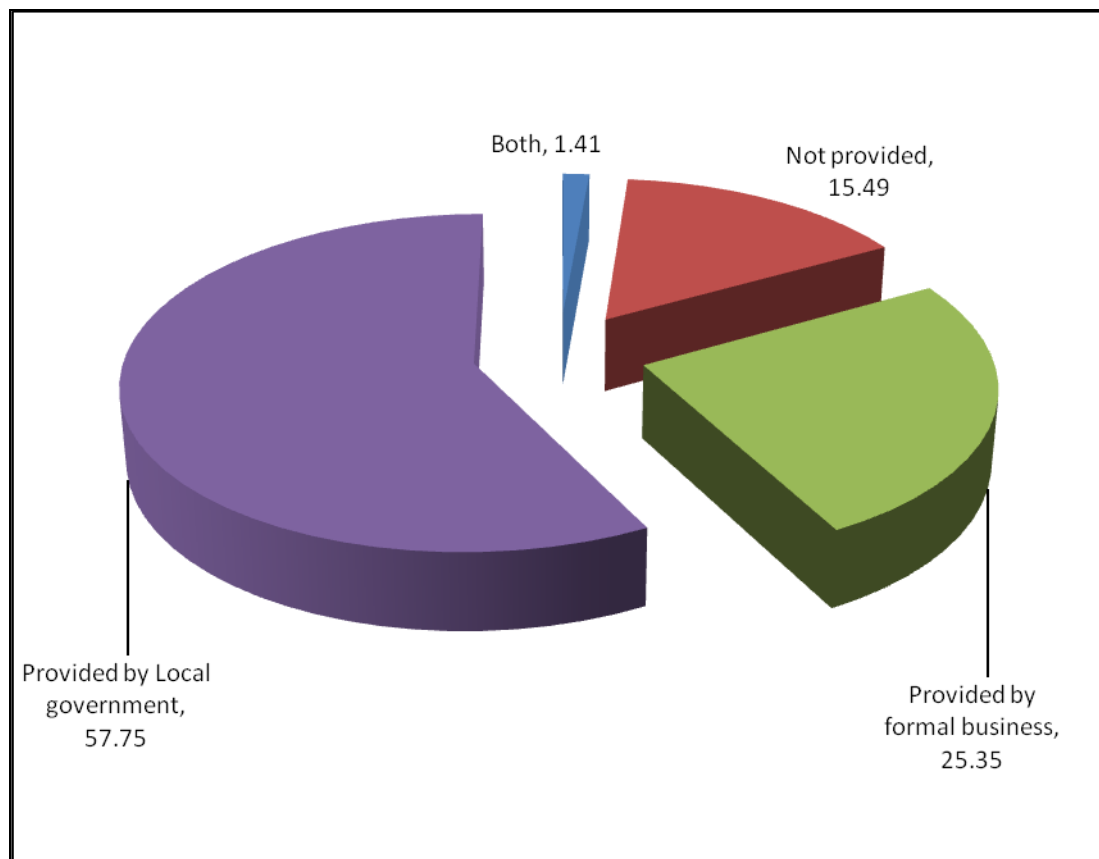
unreasonable but that they do feel that it could be less. The storage units are predominantly located in the inner city with only 5.60% of the traders using storage facilities outside of the CBD area (Figure 4.23). The large number of traders making use of storage facilities in the city could create a situation where traders are exploited as the number of traders seeking storage outweighs the number of storage units available for rental. Those who own storage units can thus set prices at whatever level they please, potentially crippling the ability of the traders to expand their businesses. Local government is well placed for providing storage facilities, and for playing a facilitative role to ensure that storage units are provided to traders at a reasonable price. This could be achieved either through local government's provision of better physical structures for traders to trade from or by developing a plan to provide low-cost storage facilities to traders, and would entail an increase in permit fees. However, the assurance that a trader has at his disposal stable storage facilities is worth more than a partial fee increase.



(n = 71)

Figure 4.23 Location of storage units

Traders were asked to indicate the services/infrastructure provided in their trading environment and also to indicate whether it is a formal business or local government which provides the service/infrastructure. Most traders (57.75%) make use of public toilets that are made available across the city, and more than a quarter (25.35%) of them make use of the toilet facilities of formal businesses (Figure 4.24). A disturbing fact that came to light was that the toilets are not in close proximity to the trading bays so that these traders (15.49% of respondents) do not have easy access to them (Figure 4.24). There is only a small percentage of traders (1.41%) who make use of both public and private lavatory facilities (Figure 4.24).

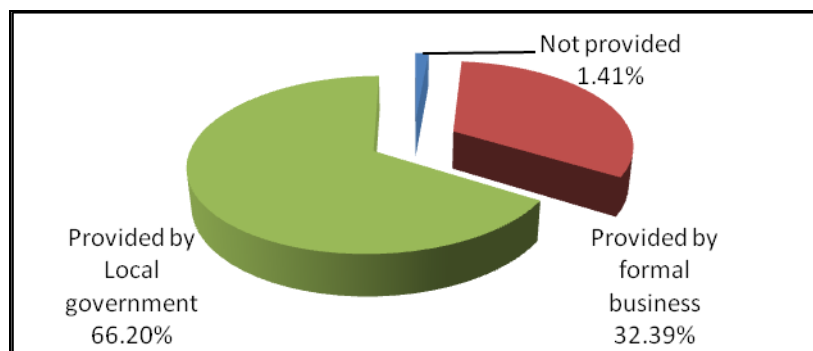


(n = 71)

Figure 4.24. Public or private provision of toilets to traders

Unlike toilet facilities, security is provided either by local government or by a formal enterprise, with only 1.41% of the respondents claiming that no security is provided in the area in which they operate. As can be expected, local government security is prevalent, with 60.2% respondents being served by local government security officers (Figure 4.25). Some private firms employ their own security force and are also active in discouraging criminal activities in the area. Some traders (32.39%) are of the opinion that these security guards are more effective than the local government security agents (Figure 4.25). Security during the period when the

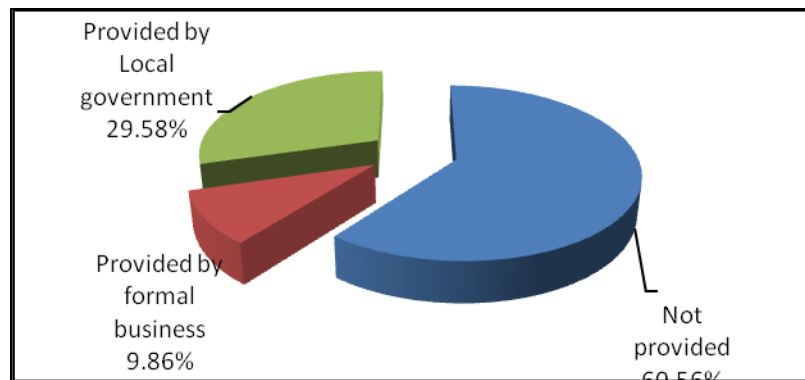
surveys were conducted was visible most of the time and one never felt threatened in the CBD. However, as one walks away from the CBD towards the Cape Peninsula University of Technology (CPUT), the atmosphere changes dramatically as previously renovated apartment buildings have regressed to become dilapidated structures, and one finds oneself in the slums. In the area across the street from the CCID boundary, there are stark differences in the appearance of the built environment. This area has no regular security patrol and in contrast to the feel of the CBD, does not feel safe. Thus, observations made during the course of the research brought one to the conclusion that the security services delivered to the traders in the CBD are of a high standard, whether provided by the public or the private sector.



(n = 71)

Figure 4.25 Public or private provision of security to traders

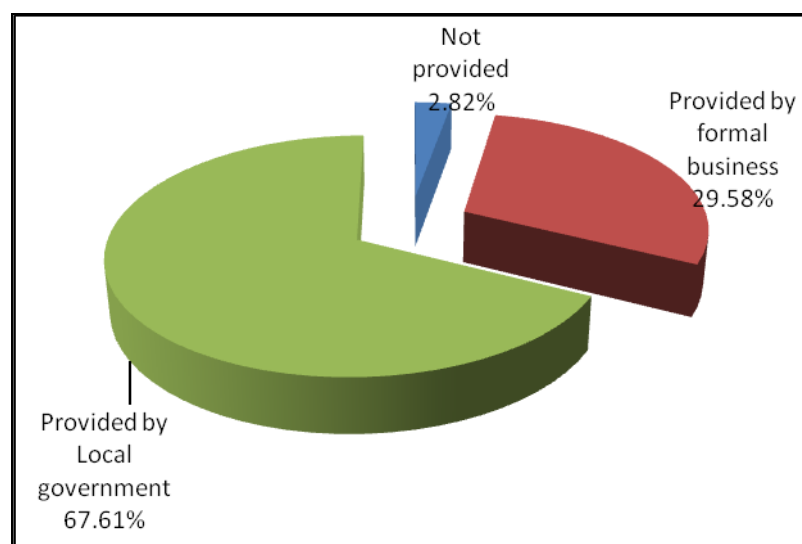
More than 60% (60.56%) of the respondents claim that they have no access to running water in close proximity to their stall (Figure 4.26). This would seem to be inconsistent with the finding that there is access to toilets as one would conclude that there would be running water for the public toilet facilities. As more than 50 percent of the respondents claimed to have access to public toilets, this contradicts the fact that a number of respondents claimed that they do not have access to running water (Figure 4.26). Less than 30 percent of the respondents did, however, indicate that they had access to running water that is provided by local government, while 9.86% of respondents claimed that they are supplied with running water by formal business (Figure 4.26). There was a feeling of agitation among the Green Market Square traders as the public toilets in the market were out of order at the time of the survey. Some traders feel that the broken toilets are bad for business as customers have to leave the market area in order to make use of decent lavatory facilities, thus losing potential business to another trader.



(n = 71)

Figure 4.26 Public or private provision of running water to traders

Rubbish collection is a form of basic service delivery that should be provided by the local government of an area. It would seem that this is the norm for the traders of Cape Town as 67.61% of the respondents indicated that the areas they operated in are kept neat by local government cleaners (Figure 4.27), while less than a third (29.58%) of the respondents claimed that the areas in which they operate are kept clean by cleaners employed by formal businesses (Figure 4.27). From this researcher's observations of the processes operating within the CBD, it is evident that cleaning staff, be they private or publicly employed, ensure that the Cape Town CBD is kept clean and aesthetically pleasing to those who occupy the urban space. This clean environment enables the traders to attract customers. Thus, as most cleaning staff are employed by local government, the role that local government is playing in creating a clean urban space has benefited not only formal but also informal business.

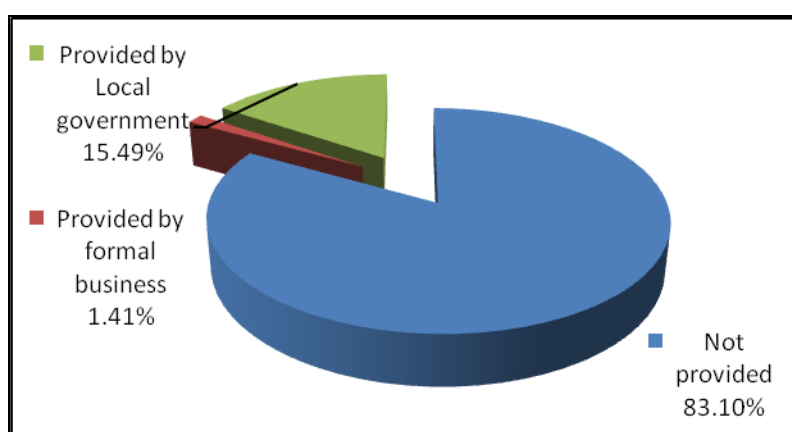


(n = 71)

Figure 4.27 Public or private provision of rubbish collection services to traders

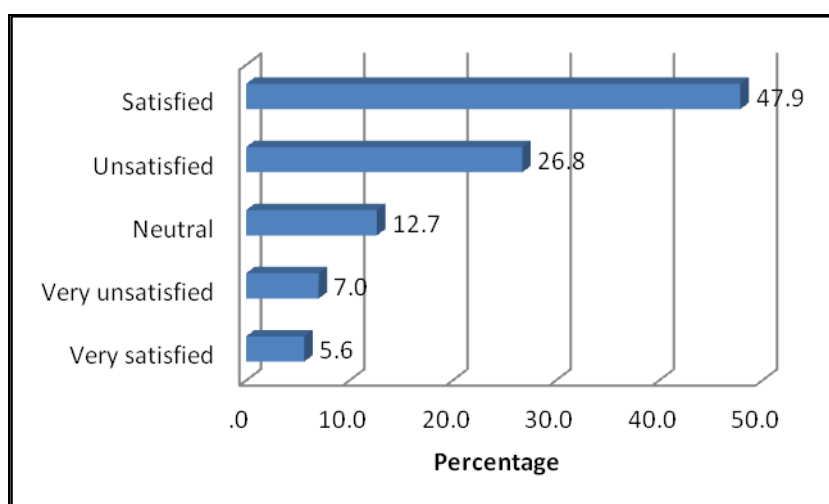
Most of the trading bays that were visited during the course of the survey, as well as the GPS points, did not have access to electricity. This was confirmed by 83.10% of the respondents who stated that they do not have access to electricity at their trading bays (Figure 4.28). On the other hand, 15.49% of the respondents claimed that they have been given access to electricity by local government, while 1.41% have access to electricity provided to them by formal business (Figure 4.28). Access to electricity is a relative aspect as those who claimed to have electricity were in fact referring largely to public electricity, i.e. lamp posts. There are, however, no power points laid on to the trading bays that traders could plug into.

More than half of the respondents (53.52%) are satisfied, with 5.63% of the respondents being most satisfied and 47.89% of them being satisfied with the infrastructure provided at their trading bays (Figure 4.29). A third (33.80%) of the respondents are dissatisfied, with 7.04% of traders most dissatisfied and 26.76% dissatisfied with the infrastructure provided (Figure 4.29).



(n = 71)

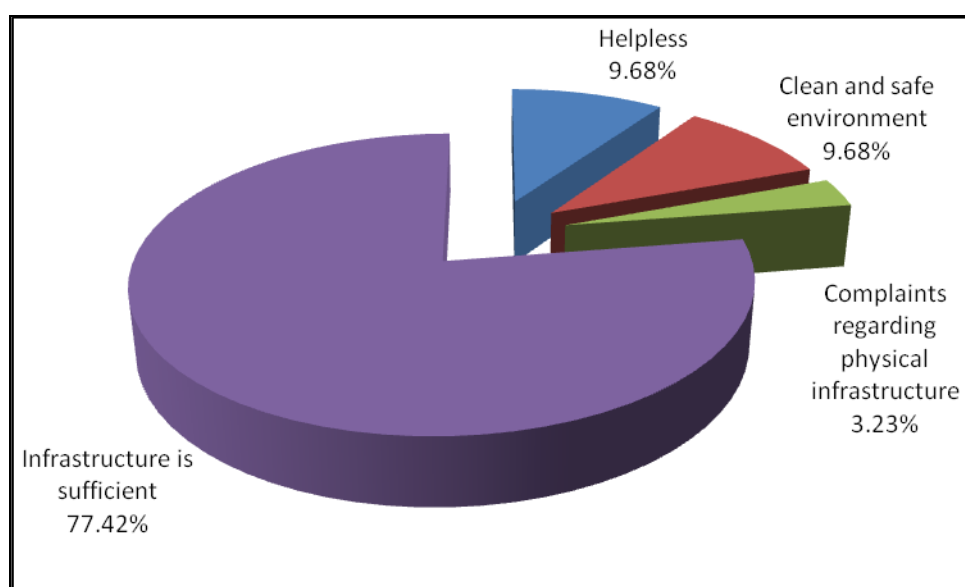
Figure 4.28. Public or private provision of electricity to traders



(n = 71)

Figure 4.29. Satisfaction of respondents regarding the infrastructure provided at the trading bays

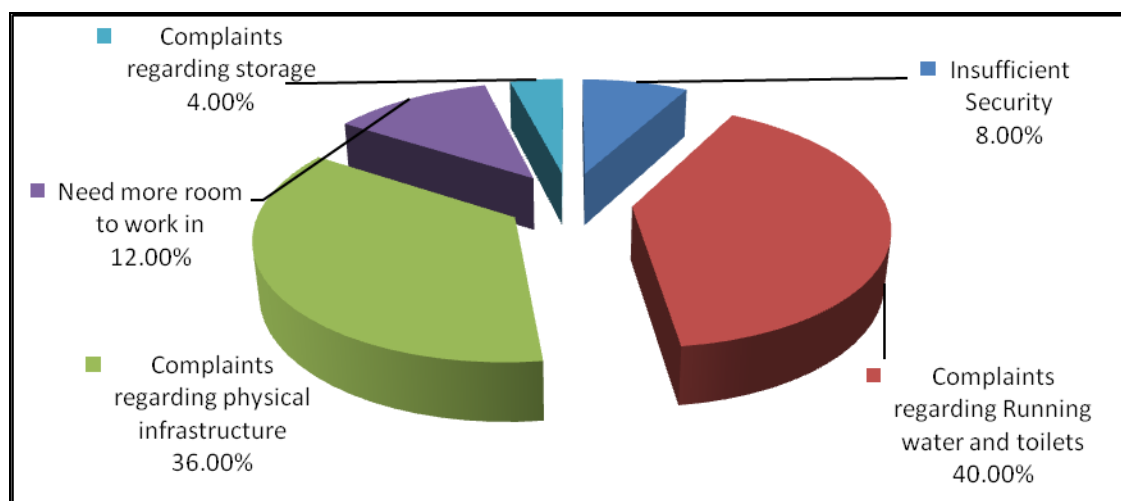
Investigations into the levels of satisfaction were continued by asking traders to justify their level of satisfaction in terms of the quality of the infrastructure provided. The reasons were divided into two categories, namely reasons for being satisfied and reasons for being dissatisfied. The majority of respondents (77.42%) feel that the infrastructure at their disposal is sufficient for them to conduct their business (Figure 4.30). This was to be expected as the infrastructure that is lacking at the trading bays is not a condition for traders to sell their goods to customers as most sell snacks, while those who need electricity, make use of gas power instead. Other traders, 9.68% of respondents, felt that the areas in which they trade are clean and safe because of the services that are made available to them (Figure 4.30). Although the traders said that they are satisfied with the infrastructure, some claimed that they feel helpless (9.68% of the respondents) but indicated that they are satisfied as they do not know to whom they should direct their complaints (Figure 4.30). The remaining respondents (3.23%) who indicated that they are satisfied with the infrastructure, did, however, state that they are not in favour of the physical infrastructure that they are allowed to use to construct a stall (Figure 4.30). They want the local government to provide better structures for traders to trade from and cited that they do not see any returns from the permit fee that they pay to the trader organisation. This is an extreme statement as the returns from the permit fee that traders pay to local government is evident in the security coverage and the clean CBD area. Traders are generally satisfied with a very limited infrastructure as most of them simply need a space in which to generate an income and to make ends meet, but that some traders feel helpless, is a sign of a breakdown in communication between them and local government.



(n = 31)

Figure 4.30. Reasons for being satisfied

Two reasons, access to toilets/running water (40.00%) and the physical infrastructure (36.00%), are the factors most frequently cited by respondents who are not satisfied with the infrastructure (Figure 4.31). The complaints about toilets and running water can be attributed to the unsatisfactory conditions experienced by the large number of traders who ply their trade from Green Market Square, where the public toilets were out of order at the time of the survey. Physical infrastructure is largely related to traders being exposed to the elements during the winter months, with most traders complaining about the wind and the rain. Complaints relating to the size of their trading bays were mostly cited by fruit traders (12.00% of the respondents), who feel that they are cramped and do not have the space to display many of their products (Figure 4.31). Some traders (8%) feel that the security is inadequate and are eager to relate stories of the numerous times that they have been victims of petty crime (Figure 4.31). The storage facilities provided to traders would seem to be adequate as only 4% of those respondents who were dissatisfied feel that the storage facilities are inadequate or too expensive for them to afford (Figure 4.31). The complaints proved to be basic and the responses clearly show that traders only need to have access to a basic infrastructure to allow them to trade.



(n = 71)

Figure 4.31 Reasons for being dissatisfied

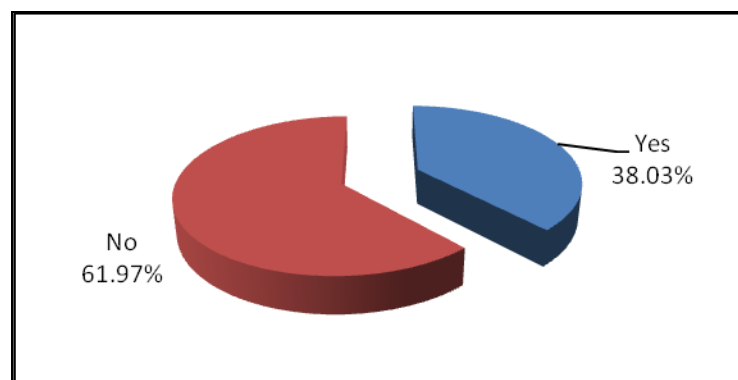
Facilities available to traders differ from area to area as certain trading bays are located in markets, which allow for the appropriate facilities to be readily available. Services, however, do not have a spatial constraint as they should be provided to all trading bays for which the traders are paying rent. From the results of the survey and informal discussions with traders, it was concluded that the CCT should look into providing physical structures to traders to meet their needs.



#### 4.6 Role of informal trading associations

Informal trader associations have a pivotal role to play in respect of the social, economic and political aspects influencing informal trading. The proliferation of informal trader associations has been a trend in developing countries where the informal economy of a country generally dominates over the formal economy. Trader associations are established to protect those individuals who are most vulnerable in society, mainly the women and children, who constitute the majority of the population and who band together in social groups for the purposes of solidarity, and whose participation in the informal trading sector is vital for their survival.

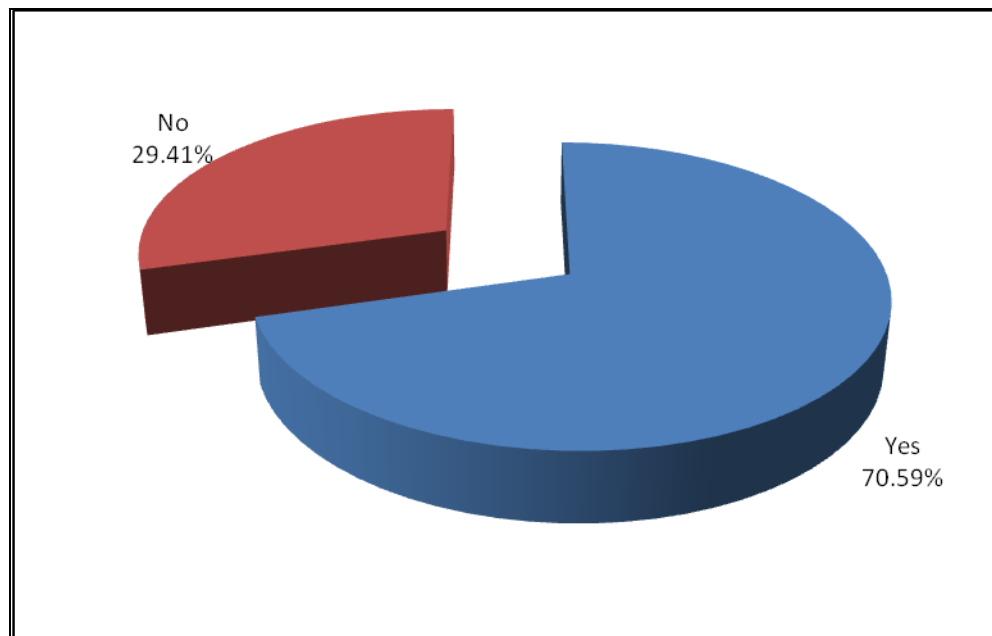
The presence of trader associations in Cape Town is one that is geographically differentiated as associations are established among market traders such as those at Green Market Square and traders on the Grand Parade. More than half of the traders interviewed do not belong to an informal trader association. In fact 61.97% indicated that they do not belong to an informal trader association (Figure 4.32) as opposed to the 38.03% who do (Figure 4.32). The membership situation in respect of the informal trader association in Cape Town differs from what is experienced by traders in Durban where they are encouraged to either join an association or to form associations among themselves. The large numbers of traders who do not belong to associations could be expected as, during an interview, Williamson stated that the CCT is apprehensive of the notion of informal trade associations because of past experiences (Paul Williamson 2010, pers com). This attitude should be revised as trader associations have the potential to lighten the load placed on local government in meeting the needs of the traders. This is stated with the assumption in mind that the trader association is run in such a manner that it is for the greater good of those traders who are members of the trader association.



(n = 71)

Figure 4.32. Number of traders affiliated to an informal trader association

That the CCT should revise its stance towards informal trader associations is highlighted by traders' perceptions of what an informal trader association could do for the informal trading environment. The majority of traders are of the opinion that the proliferation of trader associations would have a positive impact on the trading environment, with 70.59% answering "yes" and 29.41% answering "no" to the question posed (Figure 4.33). Their response is a clear indication that they are in favour of the formation of trader associations or of joining a pre-existing association.



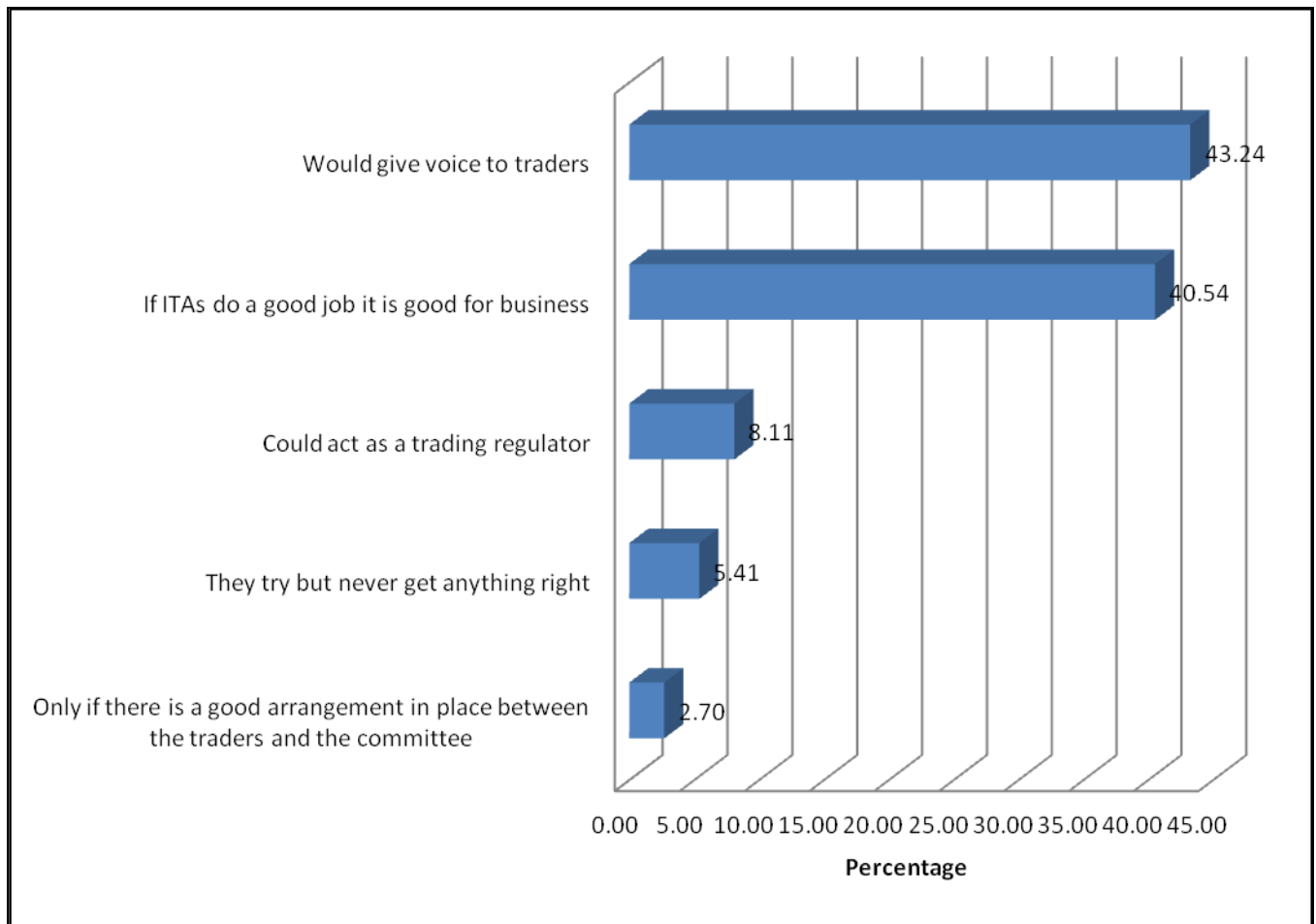
(n = 71)

Figure 4.33. Perceptions of the contribution that could be made by informal trader associations to informal traders

The reasoning behind the answers as to whether or not trader associations make a positive contribution to the informal trading environment was investigated. The investigation would reveal aspects of how the relationship between traders and local government is faulty (according to the traders) and how a trader association could address this faulty aspect. The reasons were split into five categories, with the first two viewpoints dominating, namely:

1. If informal trader associations do a good job, it is good for business (40.54% of the respondents); and
2. Informal trader associations would give a voice to traders (43.24% of the respondents) (Figure 4.34);
3. 5.41% of the respondents indicated that trader associations could perform an important role, but that they are not able to do so at present (Figure 4.34);

4. Some traders (8.11%) perceive informal trader associations as well placed to act as regulators of informal trading (Figure 4.34);
5. The minority of traders are in favour of trader associations but only provided that there is a “good” arrangement in place between the members and the committee that represents the trader association.

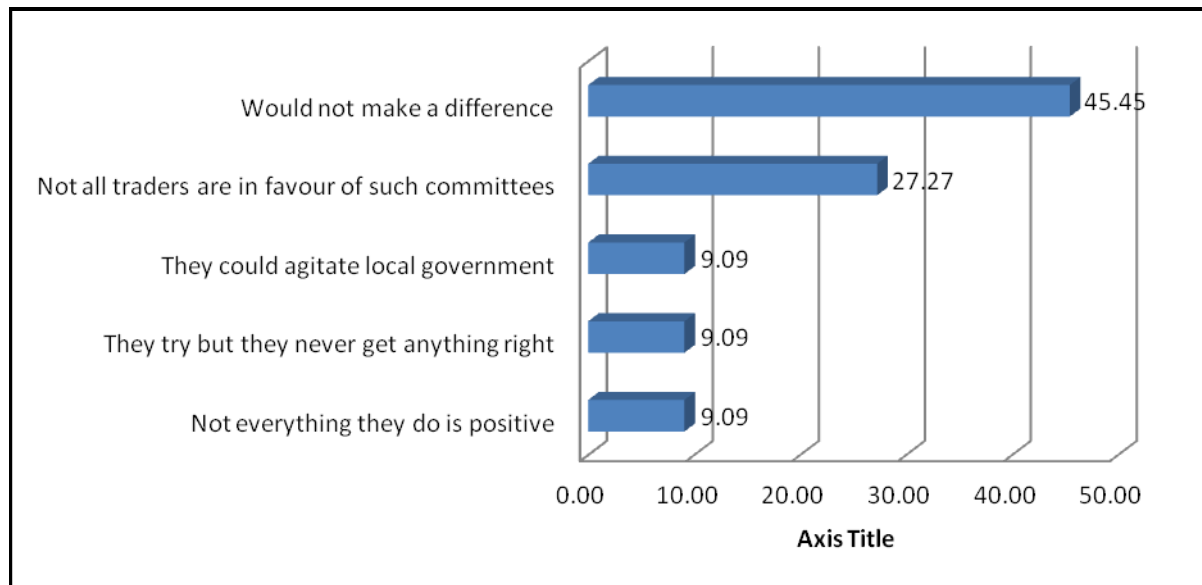


(n = 37)

Figure 4.34 Reasons why traders are in favour of informal trader associations

Those traders who are opposed to the establishment of trader associations gave reasons reflecting the disadvantages that are related to trader associations. The majority of traders (45.45%) feel that even if they were to be represented by an informal trader association, there would not be an improvement in the informal trading environment (figure 4.35). This notion is the one that is generally held as trader associations do not play an important role in steering the processes that lead to the formulation of informal trading policies in the CCT. Such circumstances have arisen because so few of the total number of traders belong to informal trader associations, with the result that the trader associations are not legitimate in the eyes of local government for them to negotiate particular aspects concerning informal trading. More than a quarter (27.27%) of the

traders indicated that not all of the traders who belong to an established trader association are in favour of the committee members, who are in control of the association (Figure 4.35). These traders refer to the unscrupulous political activities that prevail within the trader associations. This same fact is also cited by local government as a reason for not taking trader associations seriously. The other reasons cited by traders who are against trader associations are that not all their outcomes are positive (9.09%); that they try but never achieve anything (9.09%); and that such associations inherently agitate local government unnecessarily (9.09%) (Figure 4.35).



(n = 11)

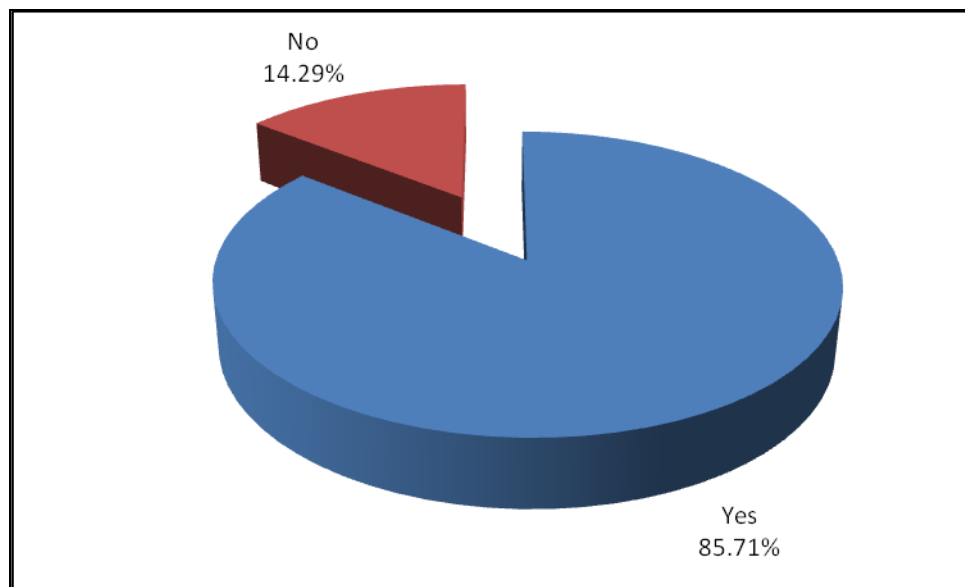
Figure 4.35 Reasons why traders are not in favour of informal trader associations

As was made clear by Mr. Williamson of the CCT, there is not an established culture of informal trader associations in Cape Town. The results of the survey indicated that those traders who are not currently members of an association would welcome the formation of such a body to represent them. However, those traders currently belonging to trader associations are aware of the negative effects that such associations could have on an informal trading environment.

#### 4.7 Relationship with formal businesses in the CBD

Informal traders conduct their business in front of or in close proximity to formal businesses. Thus informal and formal businesses share a socio-economic space with one another. The actions of the one will inherently affect the other. Therefore, even if there is no direct link between the two, there will be an indirect link between the informal traders and the formal businesses around them. The economically-based interactions are of particular interest (e.g.: do the members of the formal economy engage with the street economy?).

Along with the economic interactions between the two sectors, social interaction is also important (e.g.: How do the informal and formal economic stakeholders engage with one another on a daily basis or in the event of a conflict situation?). From the responses to the questionnaire it was found that there is a high level of integration between the informal and formal economies in the Cape Town CBD as 85.71% of the respondents indicated that interaction does in fact take place between the informal and formal businesses (Figure 4.36). This was to be expected as the location of the trading bays in close proximity to the formal business premises (alongside or in front of them) is conducive to interaction.

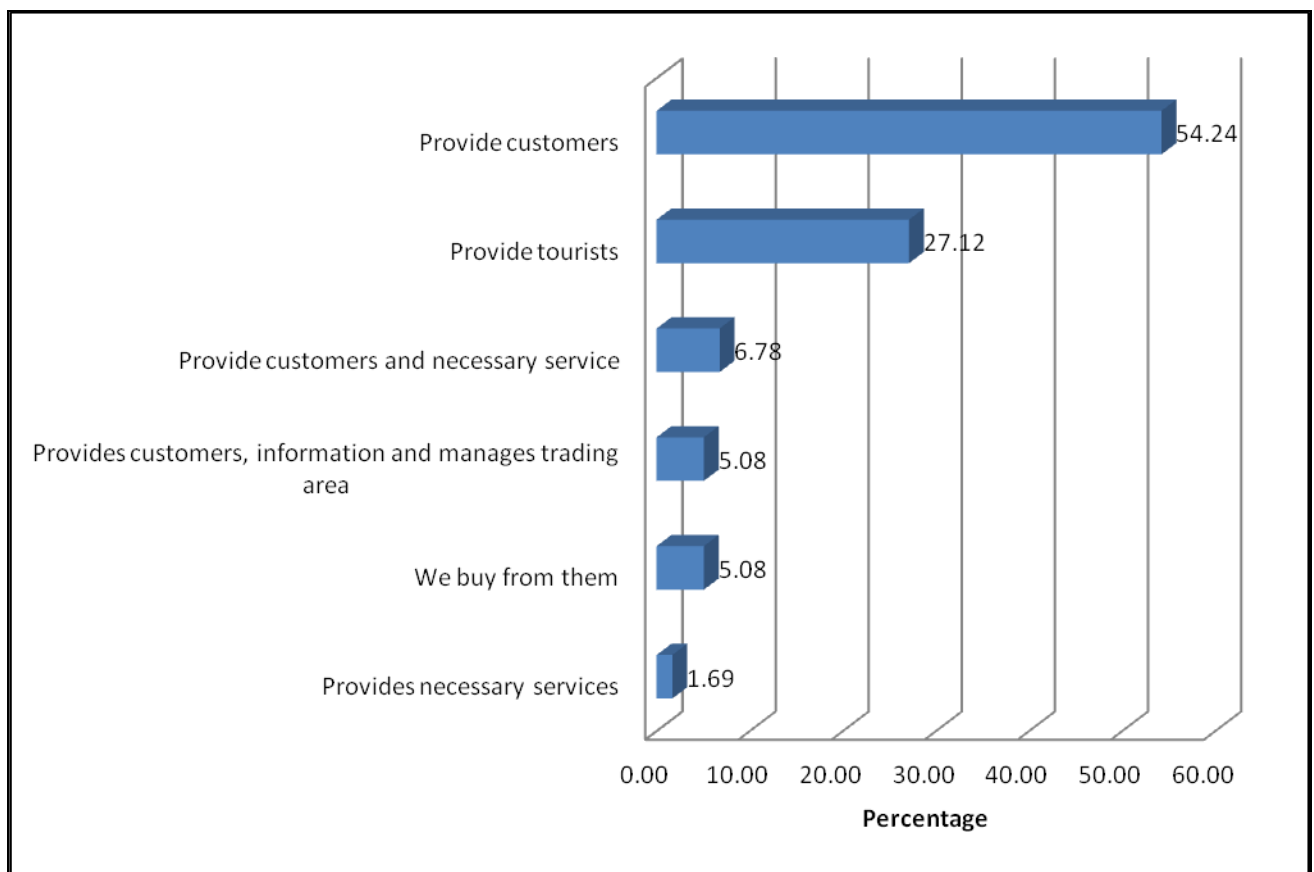


(n = 71)

Figure 4.36 Level of interaction between informal traders and formal businesses

Those traders who stated that there is a reasonable level of interaction between the informal traders and the members of the formal economy were asked to explain the nature of the interaction that prevailed and the reasons for it. The reason cited the most frequently, with 54.24% of the respondents giving this as their reason for interaction, is that formal businesses provide informal traders with customers (Figure 4.37). This is especially true of traders who sell snacks or disposable products, as people employed in the formal sector use the break in their working day to purchase a quick snack or some other easily accessible products. Traders (27.12% of the respondents) also stated that formal businesses provide them with tourists (Figure 4.37). Cape Town's status as a tourist destination for foreigners assures traders of a steady flow of tourists throughout the year and a lucrative source of income - especially for those who trade in African art. Green Market Square with its market is located adjacent to various hotels and bistros, assuring the traders of a constant supply of willing buyers and allowing the traders to

focus on African art and speciality items that the local residents living in the CBD would not be interested in acquiring on a regular basis. Thus, the tourists are essential for the success of a market such as Green Market Square. Other reasons quoted for the interaction between formal business and the informal street economy include the following: formal businesses provide customers and services (6.78%), the necessary services (1.69%); and infrastructure; and are a source of supplies (5.08%) (Figure 4.37). Formal business is also responsible for the management of the trading area in which the traders ply their trade (5.08%).

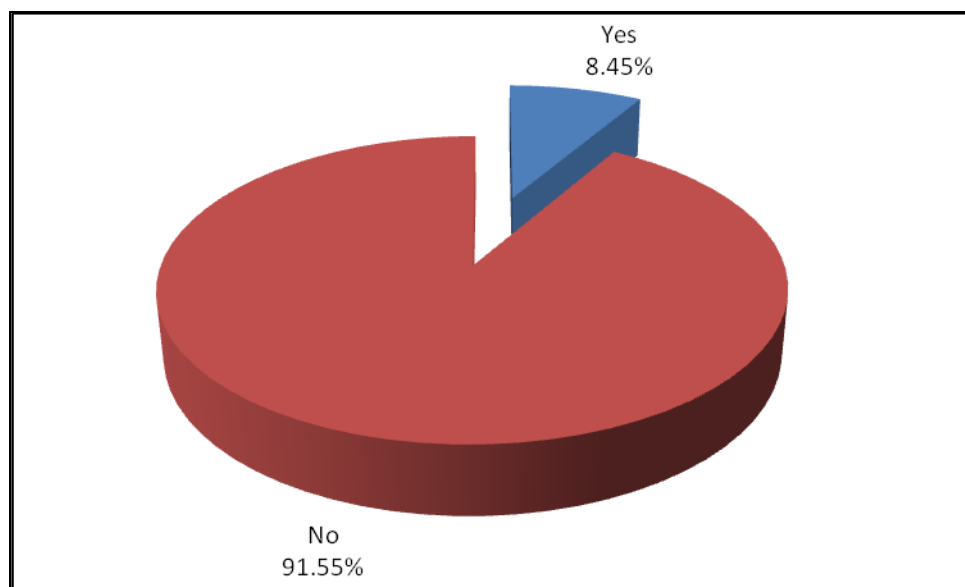


(n = 59)

Figure 4.37. Categories of linkages between the formal and the informal economy

Conflicts between informal traders and formal businesses are well documented in the literature, the reason for conflict being driven by economic factors. Formal businesses argue that street traders are responsible for pedestrian congestion, leading to cluttered city pavements, which in turn deter customers from shopping in areas that are densely populated by street traders. Conflict arises when formal businesses attempt to have street traders removed by arguing that they are unhygienic, attract criminal elements and undercut the prices of the competitive formal businesses. From the responses of the interviewed informal traders, it appears that in Cape Town conflict is not an issue as 91.55% of the respondents indicated that they have not experienced

conflict with any of the formal businesses around them (Figure 4.38), while there is only a small percentage (8.45%) who have (Figure 4.38), the reason cited by traders being instances where traders sell products similar to those sold by the formal businesses around them. As traders are not taxed by SARS, but only incur expenses relating to their trading-bay rentals, their storage and transport costs, they are able to provide competitive products at much lower prices than their formal economic counterparts. The placement of traders through the permit application process means that they are allocated trading bays by local government. This system is geared towards ensuring that informal traders selling competitive products to formal businesses and other informal traders are not placed adjacent to one another. From the responses to the questions concerning conflict posed in the survey, it would seem that this policy mechanism has in fact been employed. However, the process of locating informal traders relative to other informal traders could be improved upon as there are many traders who are trading alongside each other and who are selling the same products, which reduces the market available to the traders.



(n = 71)

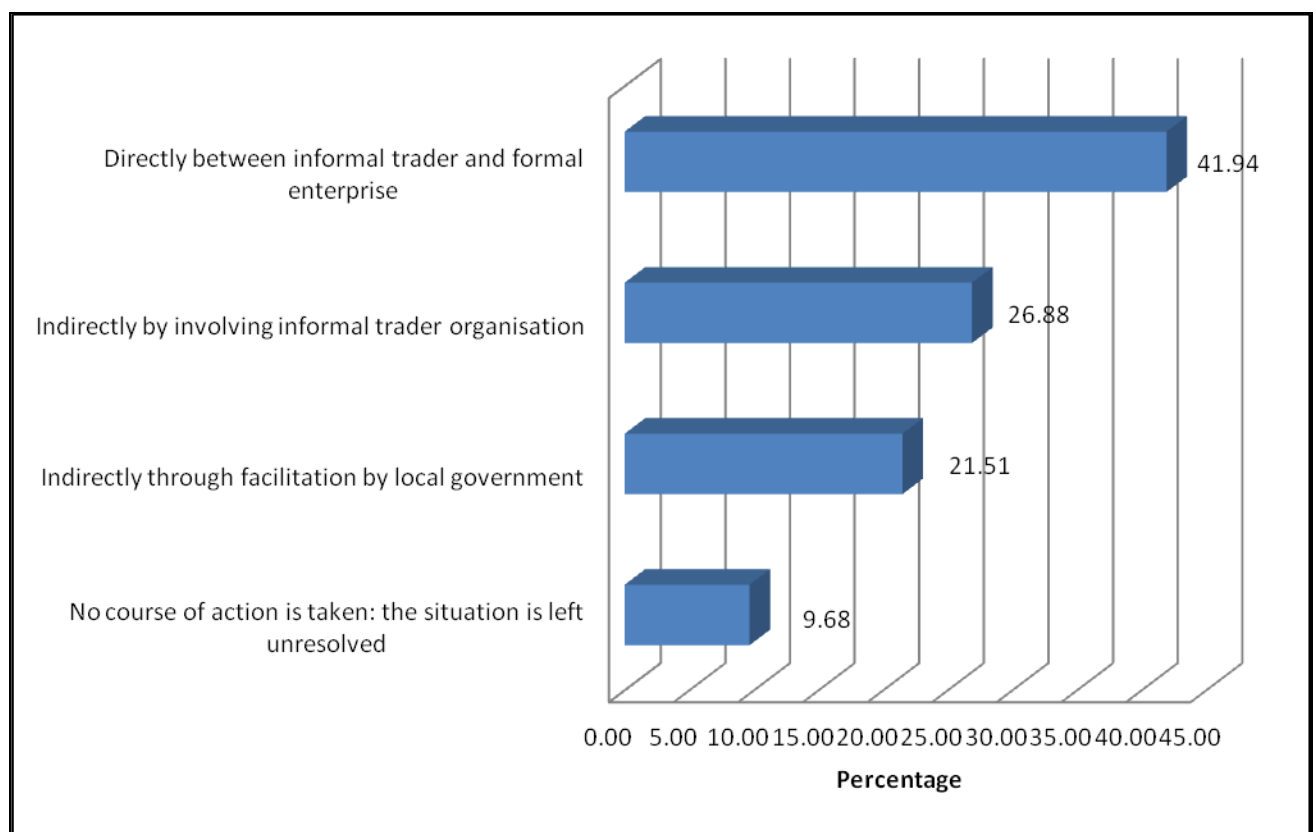
Figure 4.38. Occurrence of conflict between informal traders and formal business

The manner in which conflict is resolved between formal businesses and informal traders provides insights into the relationship that exists between regulators, the formal economy, and the informal economy. Traders were asked what course of action they would take to resolve the conflict should one arise with a formal business. The four options given to the traders, showing the results for each, are as follows:

- Directly, between the informal trader and the formal business (41.94%);
- Indirectly, through facilitation by local government (21.51%),

- Indirectly, by involving an informal trader association (26.88%), and
- No course of action taken: - the conflict situation is left unresolved (9.68%) (Figure 4.39).

That the majority of traders would first attempt to resolve the conflict between themselves and the given formal business is a good indication of an open relationship between informal traders and formal businesses. The reluctance of traders to include a third party in the dispute is an indication that traders either do not trust their association, or that they feel that local government would favour a formal business in a dispute. The small percentage of traders who would not take action to address a conflict situation bears testimony to the fact that traders understand the importance of having a healthy relationship with their formal counterparts.



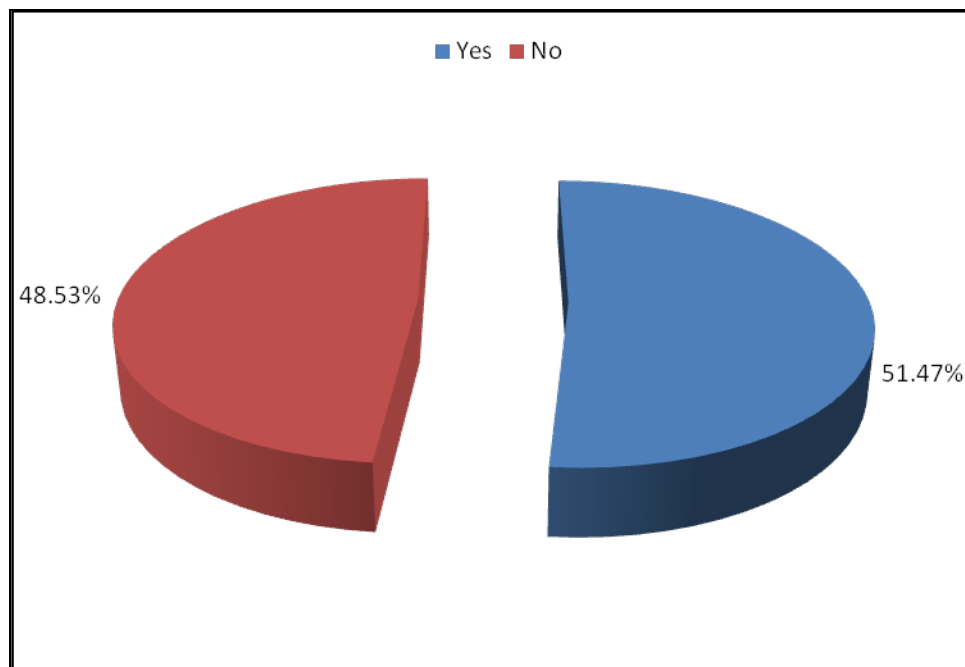
(n = 93; traders could choose more than one)

Figure 4.39. The course of action to take to address conflicting interests with formal business

The reluctance of traders to involve local government in disputes involving themselves and formal businesses could be attributed to the fact that traders are of the opinion that local government favours formal businesses. A local authority favouring formal businesses is to be expected as formal businesses are the source of a continuous and reliable flow of money to the local authorities. With informal traders making a much smaller contribution to a city's tax base, they would inevitably be at a disadvantage in terms of their bargaining position should a conflict



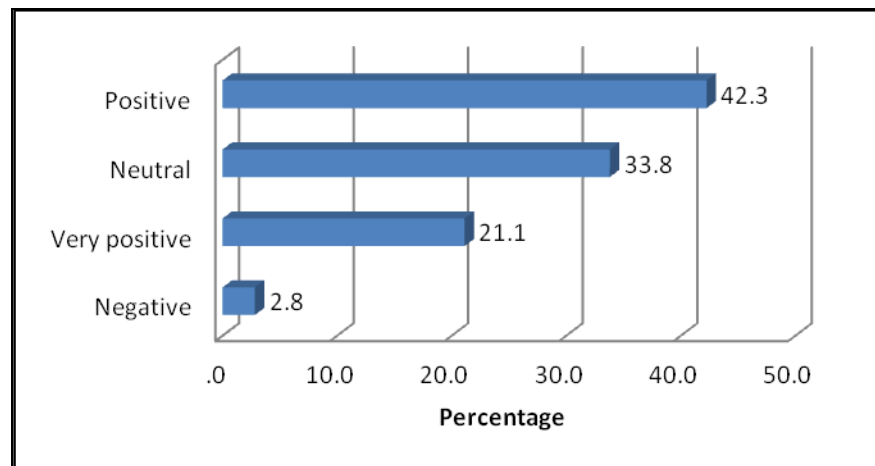
issue be taken to the local authority. Results were mixed as 51.47% of respondents stated that local government favours formal businesses and 48.53% indicated that local government is arbitrary in its responses to such a situation (Figure 4.40). As the majority of traders who were interviewed have not as yet been subject to a conflict with a formal business, the validity of these results is questionable.



(n = 71)

Figure 4.40. Perceptions among traders of favouritism towards formal businesses by local government

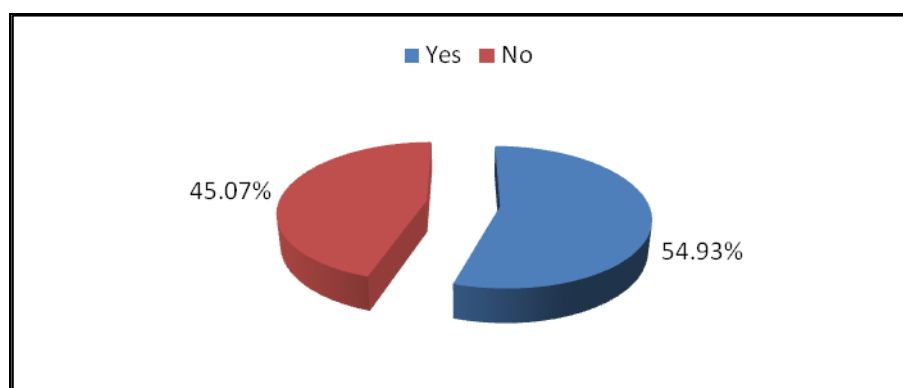
The low incidence of conflict among informal traders and formal businesses is justified by the perception of the informal traders of the attitude of formal businesses towards them. Traders rated formal businesses according to whether they had a positive, neutral, or negative attitude towards them. The results indicated that traders were of the opinion that the formal business community has a positive attitude towards them (63.38%), with 21.13% of the respondents rating the attitude as very positive, and 42.25% rating it as positive (Figure 4.41). Traders who feel that formal businesses do not care about informal traders rated their attitude as neutral (33.80%) (Figure 4.41). Only 2.82% of the respondents feel that formal businesses have a negative attitude towards informal traders (Figure 4.41). The results of the survey measuring perceptions of traders regarding the attitude of formal businesses towards them, along with those relating to the economic linkages between the two sectors, are illustrations of a positive relationship between formal and informal economies.



(n = 71)

Figure 4.41. Perceptions of informal traders of formal attitude towards them

With a growing unemployment rate in an economy experiencing a recession, as is the situation in South Africa, a “quick fix” would be to allow for the space available to informal traders to be extended. The expansion of informal trading in a physical sense, i.e. by making more trading bays available, could bring with it positive and negative consequences to the formal and informal economies. Policy formulators will never have first-hand experience of the situation relating to the extension of the number of trading bays available. Because street traders, on the other hand, have a good idea of the feasibility of extending the space for informal trading, they were asked their opinion on the extension of trading bays. Their response was mixed as no trend could be found in the answers, with 54.93% providing a positive answer (Figure 6. 42). The results revealed no uniform sentiment for or against an extension in the number of trading bays available to traders. The reasons provided by the traders for their answers were enlightening.



(n = 71)

Figure 4.42 Opinions of traders as to whether more trading bays should be made available

The reasons for answering “yes” or “no” were divided into two categories: those who are for and those who are against the extension of trading bays. Most of the traders (48.72%) feel that by increasing the informal trading area the present high unemployment rate could be addressed (Table 4.13). The aspect of space was the essence of the other reason given for supporting a larger informal trading area, as 20.51% of respondents in favour of expansion indicated that trading bays should be extended but that this should be done rationally (or “appropriately”), in response to the needs of the situation. On the other hand, 12.82% of the respondents indicated that there is enough space already (Table 4.13). Other reasons cited were that the traders are dissatisfied with their locations (5.13%), the belief that more traders would mean more clients (2.56%), that they don’t care (2.56%), the seasonal increase in the number of traders (5.13%), and the question, “Why not?” (2.56%) (Table 4.13). From the response of the traders, it is evident that they are aware of the macro-economic milieu. It is not certain whether these traders grasp that with an increase in traders, their economic share in informal trading would decrease.

Table 4.12 Reasons for the extension of trading bays

<b>Reasons for the extension of trading bays</b>	<b>Percentage</b>
High unemployment rate	48.70
Positive if there is enough space and it is done appropriately	20.50
There is enough space	12.80
Dissatisfied with the location	5.10
Seasonal increase in the number of traders	5.10
More traders, more clients	2.60
Don't care	2.60
Why not?	2.60

(n = 39)

The reasons given against the increase in the number of trading bays were fewer, and similar to one another. Three beliefs were held by most traders, with 92.86% opposed to an increase in the number of trading bays (Table 4.14):

1. 35.71% feel that there is already too much competition in the street economy and that further expansion would simply mean that less business would be available (Table 4.14).
2. 35.71% of traders are of the opinion that there is not enough space in the inner city to accommodate more street traders (Table 4.14).
3. 21.43% of these traders feel that there are too many traders active in the inner city (Table 4.14).

The three reasons above are similar to one another in that the central line of reasoning relates to the issue of congestion - in a physical or in an economic sense -, as a limited number of traders

are able to make an adequate living for themselves through informal trading. The remaining two reasons given in the survey are that local government cannot maintain more trading bays above the existing ones (3.57%), and that there are actually no new traders, but that the number of traders is being sustained by replacing old traders whose permits have expired or have not been renewed (Table 4.14).

Table 4.13. Reasons against the extension of trading bays

Reason against trading-bay expansion	Percentage
Too much competition	35.71
Not enough space	35.71
Too many traders already	21.43
Not able to maintain existing trading areas	3.57
Traders are replaced; no new traders are admitted	3.57

(n = 28)

The results that were obtained from the survey illustrate the various strengths and weaknesses in the manner that the CCT is dealing with street traders. The survey results did not always correlate with the information that was obtained through interviews with the various stakeholders, however. The results obtained during the course of the survey show that it is possible to formulate an informal trading policy that promotes a facilitative street trading relationship by improving the current relationship between street traders and the formal economy.

#### 4.8 Conclusion

The results from the survey confirmed preconceived perceptions and brought new issues, not previously thought of, to light during the analysis of the survey. That street traders and formal businesses trade alongside each other in, what would seem from the perspective of traders, harmony, was unforeseen. Examples from the literature suggest that informal-formal relationships are generally strained in nature and that the informal traders are usually the ones to be disadvantaged in the event of a conflict. The prevailing harmony could be attributed to the strict level of regulation of street trading by local government and thus in setting the “rules” of the game, as it would be. Another unforeseen result was the mixed feelings held towards informal trader associations, as there is no real consensus regarding attitudes to these associations. This is true even for the market traders, who are usually members of a market-related association. The results of the survey were compared to information that was obtained through interviews conducted with individuals, who engage with traders formally and informally.

## **CHAPTER 5. REGULATING STREET TRADING IN THE CITY OF CAPE TOWN**

For the purpose of this research, it was necessary to conduct interviews concerning the issue of street trading with public and private stakeholders. Interviews were held with Mr Paul Williamson from the Department of Human and Economic Development; Ms Yolanda Methvin from “Gimme That!”, and Mr Ivano Mangianelli from the Corporate GIS Department of the CCT.

### **5.1 The City of Cape Town’s perspective on street trading**

The interview with Mr Williamson was conducted in two phases: phase one was a one-on-one interview with this researcher, visiting him in his office at the Civic Centre in Cape Town. The purpose of the interview was to gain a better understanding of the history of street trading in the Cape Town CBD and how street trading is regulated.

According to Mr Williamson, the watershed document on street trading in South Africa is that of the Business Act of 1991. The Business Act of 1991 had an impact on the overall perception of street trading in an urban environment, as street trading was regarded as a legitimate means of making a living, whereas before the Business Act of 1991, street trading was considered to be a nuisance to urban dwellers. The Business Act, however, clearly stipulated that a specific department needed to be created that would be responsible for regulating street traders, as before the Business Act was promulgated, the Traffic Department regulated street trade. After the Business Act, no clear authoritative boundaries were stipulated - which led to a regulation-free free-for-all. The lack of a regulatory authority led to an antagonistic relationship developing between local government and the street traders, which continued up until 1999. After 1999, it was decided that action should be taken to better manage street trading in the Cape Town CBD. Street traders were considered not to care about the impact, positive or negative, that they were having on city life. The rationale for this view, held by local government and formal business, was that traders were survivalist; thus, they cared only about meeting their immediate socio-economic needs. It was decided that restrictions were to be put in place, but this could only be executed at the highest levels of local government. The deciding factor on whether or not to implement restrictions was the underlying support that formal business was lending to restrict street trading. But how and to what extent would local government restrict street trading in the Cape Town CBD?

The CCT took the experiences of other cities into consideration before making sweeping changes to the street trading landscape in Cape Town. A notable example of over-regulation had occurred in the Johannesburg CBD, which, like Cape Town, had been opened up to all South Africans. The resultant influx of people to the city centre led to the exponential growth of street traders in Johannesburg. In response to the out-of-control growth of street trading, the local government decided that all street traders should be removed from the Johannesburg CBD. Protests were held in reaction to the proposed removal of the street traders but they were to no avail as the local council simply cleared the streets of the Johannesburg CBD vendors. The absence of the street traders had the desired effects: the CBD was less cluttered, and crime seemed to be on the decline (Paul Williamson 2010, pers com). One effect that the local government did not consider was the negative affect that the removal of the traders would have on the formal economy of the CBD. The reason for the downturn in business was thought to be because of the reduction in the flow of people to the CBD which reduced the available market for formal business enterprises located there. This could be explained by the fact that customers wanting to buy from the traders in their turn served as customers to the formal businesses in the CBD of Johannesburg (Paul Williamson 2010, pers com).

Taking the example of Johannesburg into account, Cape Town's local government decided that traders were to be allowed to trade in the CBD, but that they would have to comply with regulations. These restrictions were set out in the form of informal trader by-laws that stipulated which practices were allowed and which were not (City of Cape Town 2009). This form of regulation led to the formalisation of the process whereby traders were allocated permits to trade in the CBD. After the implementation of the by-laws, certain problems remained. These were related to aspects such as pedestrian congestion, the undercutting of prices by street traders selling competitive products, and aspects regarding night traders. Formal businesses complained about the littering that occurred in the areas in which the night traders were active. This caused specific formal businesses, such as boutique hotels, to call for the removal of the night traders operating in their vicinity. Problems regarding street trading are area-specific, meaning that problems encountered in the CBD are different, for instance, from problems that are encountered in Sea Point or at Mitchell's Plain. The efficiency of the latest 2009 informal trader by-law regulating traders is, according to Williamson, still too early to judge. However, he feels that the Business Act as it is provides any local government authority with an adequate framework within which to enact local informal trader regulation.

Measuring the number of traders in the CBD is achieved by applying the permit application procedure. The number of traders fluctuates, but on average, the number of traders, according to Williamson, is 1 600. These 1 600 traders are spread across the CBD. It needs to be stated, however, that the count done through this study included only four precincts of the CID, while the number of traders quoted by Williamson applies to the entire CBD of Cape Town.

Altogether, there are 800 street traders actively trading on the streets in the CBD, and 800 market traders, further categorised into Green Market Square traders, Grand Parade traders and Cape Town Train Station Traders. These figures correlate well with the figure that was obtained through the count for this study. The trading stalls on the Cape Town Station deck have been upgraded to kiosks with the goods and services that the vendors are providing being rigidly prescribed. This area is not regulated by the CCT but by the Rail Agency Intersite, which aims at upgrading the area in an attempt to create quality public spaces. The upgrading has resulted in the displacement of various foreign nationals from the station deck as the traders could not produce valid passports.

A major point of discussion in 2010 was that of the displacement of traders because of the FIFA World Cup. This involved both informal traders and formal businesses, with the main issue being the sites to which the traders were to be relocated. According to Williamson, the traders on the Grand Parade were consulted on this issue as the Grand Parade was to be used as a FIFA Fan Park. A re-location plan was presented to the traders, who were not in favour of it as they thought that they were being sent to areas which would not be economically viable for their trading operations. Subsequently, through in-depth consultations, a new re-location plan, which carried the traders' approval, was set up. However, formal businesses were not consulted directly, but only indirectly, through public notices, which were distributed among them. This drew much reaction. The re-location of traders during the FIFA World Cup serves as a good example of the participatory relationship between local government and the street traders. The fact that local government omitted to include formal businesses in the discussion is cause for concern, however, as re-location could have had far-reaching impacts on formal businesses during the FIFA World Cup.

Within the central improvement districts, street traders are regulated by CID officers, who are given the authority to enforce regulations by local government. Williamson pointed out that street traders have complained about the manner in which the CID officers enforce regulation, but according to the formal reports, those complaining did not comply with the regulations.

Along with the CIDs, other local government departments are involved in the management of street trading. Thus management is an inter-departmental process with various responsibilities being decentralised by being allocated to different departments. Some departments, such as the Cleansing Department, take greater financial strain than others, however, the labour force attached to the Cleansing Department has been increased in areas in which street trading occurs, as street trading areas are infamous as litter hot spots. Thus, although traders are largely managed by the Department of Human and Economic Development, the Cleansing Department has to carry the financial burden of an increase in the number of traders or an increase in the activity level of street trading. According to Williamson, the two departments have consulted with each other and a solution to the problem is imminent.

The stalls that are used by the street traders to conduct business from are either self-made or provided by a company called “Gimme That!”. The stalls have been a point of discussion between local government and the formal businesses, which share urban space with the informal traders. Complaints include over-trading in front of a business and cluttered and untidy stalls. Working together with “Gimme That!” local government has started to address such complaints by standardising the stalls for the CBD. The problem is, however, that not all traders are in favour of “Gimme That!”.

The economic situation of traders is a grey area for local government, as traders refuse to share financial information for fear of attracting unwanted attention from the South African Revenue Services (SARS). Local government has tried in the past to acquire this information from traders, but has met with no success. The importance of such financial information cannot be understated, however, as it is an essential factor to drive policies regarding street trading. Somehow, financial information needs to be recorded in order to benefit the traders, as implemented policies could be income-specific, helping those traders who are struggling to make a living.

Questions were asked regarding the steps the city has taken to facilitate informal traders in developing their informal businesses, with the aim of formalising them. In the past, various business facilitative programmes, open to all traders, were run in the form of workshops by local government. When local government became pressed for funds, and a decision needed to be taken on how successful the workshops had been, it was decided, according to Williamson, that the workshops had not been well attended and that they had not come up with the desired outcomes. When Williamson stated that the workshops had “not made a significant difference to



informal traders”, it was decided that these workshops would be outsourced to consultants in an attempt to save money. At present, Williamson admits that the support that is being given to street traders is inadequate and that more should be done, but that it needs a concerted and collective effort by the street traders to demonstrate that they are willing to participate in such business support programmes. Williamson also indicated that, importantly, the social networks at play within street trading have had an impact on trading practices. The role that a social network plays is most noticeable in the diverse ways in which South Africans and foreigners conduct their business. Foreigners tend to pull together by pooling their money and buying in bulk, thus reducing the cost of the goods purchased, which in turn translates into a comparative advantage over market competitors. South Africans do not make use of their social networks as, according to Williamson, most of them are distrustful of one another.

A workshop that has not been abandoned is the one informing traders about informal trader policies, regulations, and any other matters regarding informal trading in the CCT. This workshop is held only occasionally, which is appropriate since aspects regarding informal trading, such as changes to regulations, involve a drawn-out process. The workshop is usually hosted in tandem with the CCT’s annual general meeting, as this reduces the time lag of conveying newly-formulated informal trader regulations or policies to the traders.

The Department of Human and Economic Development has been tasked with various socio-economic development goals, which are to be achieved through strategies addressing the formal and informal economies. It is felt that informal economic activities should be stimulated and fostered in order to ensure that the informal economy will thrive. This policy objective is followed up, however, by another policy objective, requiring that the informal economy be downgraded, as informal businesses become formalised, in order to facilitate the growth of the formal economy. Such a *modus operandi* is inherently ambiguous and contradictory and it was unclear which economy, the formal or the informal one, is actually the priority of the department. Williamson stated that it is important that informal traders be formalised and taken up into the formal economy as job opportunities are made available through this process to someone starting out in the informal economy. Thus, the formal economy has, in fact, been found to be of greater importance. This contradicts many studies, however, where it has been stated that the informal economy in a developing world context creates 1 000 jobs for every one created in the formal economy of a country (Kamunyori 2007). It is this researcher’s viewpoint that the broadening of the employment base in the case of Cape Town can be better achieved by growing the informal economy. The department will have to revise its goals in the context of informal trading as the

document from which the above-mentioned facts were obtained was a 2003 policy document. Greater emphasis should be placed on using the informal economy as a driver of employment.

It would seem that the situation regarding street trader associations in the Cape Town CBD is uncertain as there is no clear indication as to the number of associations active in it. Associations that are active in the CBD are usually those that represent the CBD markets such as Green Market Square and those on the Grand Parade. The reason for the uncertainty regarding street trader associations can be attributed to the sleeper-cell method, according to which associations operate. Some associations become active as soon as there is a particular issue that is facing a specific group of street traders, and as soon as the issue is resolved, the “trader association” is disbanded. National and local government policies urge traders to form reputable trader associations as it is thought that such associations would be better equipped, with the collective power that they wield through their trader members, to address the grievances of the traders themselves. Williamson is of the opinion, however, that the experience that his department has had with trader associations has discouraged local government from urging that street trader organisations be formed on account of the negative aspects of the street trader association “culture”. The afore-mentioned permits the members of the association to subject the street traders to economic and social extortion through gate-keeping, intimidation, and withholding information. However, it must be emphasised that trader associations play an essential role in the cooperative relationship between informal traders and the regulatory environment.

The linkages observed by Williamson’s department between the formal businesses and the informal traders appear to be minimal. While this lack of interaction refers more specifically to direct linkages, Williamson indicated that indirect linkages are more likely to be the norm. An example of a direct linkage would be formal businesses providing goods and services to informal traders to enable them to conduct business. An example of an indirect linkage would be where formal businesses, such as hotels, being nodes of tourism, which tourists frequent, provide the traders in the vicinity with new customers on a weekly basis, as in the case of the Green Market Square traders. Linkages between the two economic sectors are also dependent on the exchange of goods or services (e.g. consumer goods such as chips, cigarettes, etc.) that are sold by traders, thus attracting a particular clientele from the formal sector to frequent the informal stalls.

The general opinion held by Williamson is that the CCT has provided informal traders with the required socio-economic environment to be not only survivalist, but entrepreneurial. This interview with Mr Williamson provided the study with the necessary background information to

formulate the questionnaire, as well as to set the benchmark against which the responses of the street traders could be measured.

## **5.2 Illustration of uncertainty regarding regulation administration**

This researcher came into contact with Mr Ivano Mangianelli during his search for a formal business register for the CBD of Cape Town and current GIS data pertaining to informal trading-bay locations. Mr Mangianelli made it clear to him that the corporate GIS Department did not have such data; nor did they have any data pertaining to the location of informal trading bays.

The data that the corporate GIS Department used was limited to cadastral data for the entire Cape Town Metropolitan Area, as recorded from 1977 to 2002. On collecting the data, this researcher explained the aim and objectives of his study and that he planned to map the informal trading bays for the Cape Town CBD. As the corporate GIS Department did not have GIS-based data pertaining to informal trading bays, but were supposed to have undertaken such a project seven months before to obtain such data, Mr Mangianelli requested that this researcher make his data available to the department. In exchange, Mr Mangianelli would provide this researcher with cadastral data, aerial photos of the CBD and allow him access to the permit application database for informal traders that are managed by the Traffic Department.

The search for the administrator of the permit application database for informal traders was an excellent example of the uncoordinated manner in which informal trading is administrated. First, Mr Mangianelli phoned the central switchboard for the number of the Traffic Department. After numerous attempts, someone finally picked up the phone at the Traffic Department. When the database was requested, however, the traffic officer made it clear that it was not administered by that department, but by the Department of Human and Economic Development. It soon became apparent that there was no clarity as to which department was responsible for administering the permit application database as the Department of Human and Economic Development was of the opinion that it fell within the jurisdiction of the Traffic Department.

The situation above did not resolve itself during the period over which the interview was conducted with Mr Mangianelli. He advised that it would be preferable for him to continue searching for the database and that he would then forward it to this researcher at a later stage. The database is yet to arrive. Thus, it can be concluded that the database is non-existent, and that no new applications can be processed. In the 2003 Informal Trader Policy document it states clearly that a department dedicated to the administration of informal trading was to be

established, as the multi-stakeholder regulation was proving to be ineffective. Thus the ambiguity as to who is responsible for the permit application database is not only an example of an uncoordinated regulating authority, but also of policy objectives not being fulfilled by the CCT.

### **5.3 Investigating a direct linkage between street traders and a formal business**

“Gimme That!” is a private company that provides a service to street traders, specifically those trading on the pavements, so that it has a direct link with street traders in the CCID. Through e-mail correspondence from its founder and spokesperson, Methvin, it was established that “Gimme That!” is a social entrepreneurial venture established in the year 2006 (Gimme That!, 2010). This venture originally focused on providing infrastructure to newspaper sellers in the city but has branched out to also provide infrastructure to street traders on the pavements of the city, as well as to those operating in market clusters. The infrastructure referred to includes mobile trading stalls for informal vendors that are brought to the place of business and stored at night. This service costs the traders R15 per day but depends on the area in which the traders operate. The overall charge for the month is R390 - if the trader makes use of the service every day. “Gimme That!” only deals with traders individually and does not engage with trader associations. Methvin states the reason for dealing directly with the traders is that they are dedicated to ensuring that their trading environment is clean and aesthetically pleasing.

The coverage of Gimme That! is limited, with only 32 traders making use of their services. This number is very low, as there are about 700 traders operating in the CCID on a daily basis. Thus, the percentage of traders making use of the service is less than 4%. The low percentage value would indicate that the extent of the linkage that a formal business like “Gimme That!” has with street traders is insignificant. However, the under-utilisation of such an essential service by street traders would indicate one of two possible explanations for the weak formal-informal linkage.

- Firstly, the cost of the service could possibly be too much for some of the traders. Thus, local government should come to the fore to aid such street traders, as an uncluttered city environment is also beneficial to the city at large.
- Secondly, traders are not made aware of the possibility of acquiring such a service as it is expected that traders understand the advantages of trading from a well-organised stall.

In Methvin’s response as to whether or not informal traders have an entrepreneurial spirit, she points to their dedication in trading for such long hours. She rounds off her statement, however, by referring to informal traders as survivalist entrepreneurs, implying that they live from hand to

mouth and that they are less inclined to develop their businesses as their top priority is to satisfy their immediate needs. This is a contradictory statement, as an entrepreneurial spirit would be associated with a businessman or woman who seeks to elevate himself/herself through the development of his/her business venture. From what Methvin can tell from her interactions with traders, it would seem that traders do not have the means of providing for themselves as well as for their families. In Methvin's opinion, a survival economy is the norm for street vendors trading in the Cape Town CBD. Thus, the two sides of the coin, namely "survivalist" and "entrepreneur" do not fit, as this group of traders is concerned only with the present and their immediate needs.

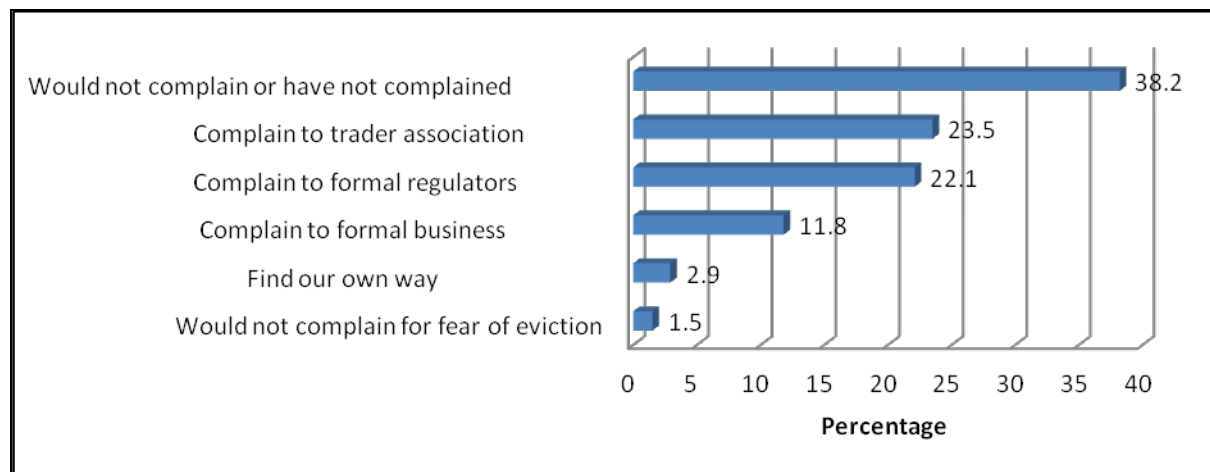
According to Methvin, the by-laws regulating informal trade in the CCT are entrenching poverty even further. The by-laws have been reviewed, but it is evident that they are of a draconian nature, as traders are not given the freedom to trade as they would wish. The reality, however, is that the by-laws are drafted in such a way that all aspects regarding street trading are covered. This could have a negative impact on traders, but unregulated trading cannot be tolerated, as examples of it were recorded in Johannesburg, Cape Town, and Durban in the period after 1994. During the same period, Cape Town experienced a phase of urban decay as unregulated traders cluttered the streets, which led to formal businesses migrating to the northern and south-eastern suburbs of the Cape Town Metropolitan Area. Thus a middle ground needs to be found where legislation makes provision for a trading environment that could be more favourable to traders. Methvin, however, is aware of the duality of the street traders in an urban environment, noting that traders provide the necessary services and goods to people from the lower economic strata of society, but also points out that traders have a negative impact on the attractiveness of the areas in which they operate.

Methvin seems to be one of a small group of formal business owners -if not the only one- to have a direct economic link with the street traders. Others, who, in her opinion, have a direct link to traders are the market cluster organisations that operate over weekends and that are run by formal businesses.

#### **5.4 Complaints and regulation procedures: viewpoint of traders**

The authority at which traders direct their complaints is a good indication of the level of legitimacy that the given authority has in the eyes of the informal traders. All traders were asked to whom or to which authority they would complain in the event that they were dissatisfied with the street trading environment in which they conduct their business. The answers to this question

varied greatly and were thus categorised into simpler categories. It is disturbing to note that 38.24% of respondents would not complain to anyone but would rather live with their grievances (Figure 5.1). One fruit trader indicated that traders are afraid to complain to local government for fear of being targeted, as they would be known as trouble makers and might, therefore, not be able to renew their permits. He also stated that traders cannot complain to trader associations as the latter are only figureheads and do not have any legitimacy to ensure that circumstances will change. This being stated, it is interesting to note that 23.53% of the respondents would complain to trader associations and 22.06% would complain to formal regulators (local government) (Figure 5.1). These statistics indicate that there is a significant proportion of traders who would complain to either a trader association or local government, thus indicating that these institutions, associations or councils, are regarded as legitimate by a small percentage of traders. The traders who would complain to formal businesses (11.76%) are those traders who have special arrangements with those businesses that allow informal trading on their private property (Figure 5.1). Some traders would try to address the problem themselves (2.94%) with one trader claiming that “we will take the law into our own hands”, which is a very radical view and represents the level of frustration that this trader has had to endure with his complaints falling on deaf ears (Figure 5.1).



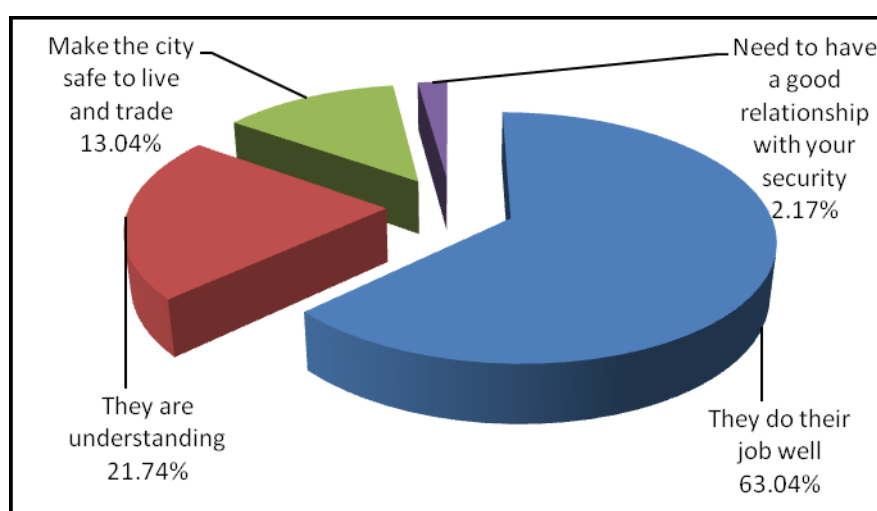
(n = 68)

Figure 5.1 Course of action taken to address grievances

It was established during the interview with Mr Mangianelli that there is uncertainty regarding which department is responsible for enforcing regulations regarding informal traders on the street level. The Department of Human and Economic Development is the body responsible for the formulation of policy, but, according to them, the Traffic Department is responsible for enforcing policy or by-law regulations. During the course of conducting this survey, there was no visible presence of the traffic department regulating informal trading. It would seem that the

job of regulating informal traders is carried out by the CCID officers who patrol the areas occupied by the informal traders. Thus, when traders were asked about the relationship between themselves and informal trade regulators, most of them would refer to the CCID officers. Most of the traders feel that they have a good relationship with the CCID officers, or, in some instances, other informal trader regulators. This statement can be made as 80.28% of the respondents answered “yes” to the question, while 19.72% feel that there is no relationship between themselves and the informal trade regulators or that the present relationship is unsatisfactory or “bad”.

The reasons given for stating that there is a good relationship between the street traders and the regulators had uniformity about them. The reason most often cited for answering “yes” was that the trading regulators do their job well (63.04%). Thus, regulators are doing what is expected of them (Figure 5.2). The second most prevalent reason given was that traders are of the opinion that the regulators are empathetic or understanding (21.74%), and are not harsh in their enforcement of regulations (Figure 5.2). The traders stated that regulators make the city a safe place, not only in which to do business, but also in which to live (13.04%). This relates to and reinforces the claims by traders who indicated that regulators are doing their job well (Figure 5.2). A few traders understand the importance of the relationship between themselves and the regulators as they highlighted the fact that a good relationship with those who provide security is essential (2.17%) (Figure 5.2).



(n = 46)

Figure 5.2. Justification for stating that there is a good relationship between the street traders and the regulators

Those traders who claimed that there was an unsatisfactory relationship between themselves and the informal trade regulators gave five main reasons for their answer:



- The first was that traders (41.67% of those who answered “no”), feel that no relationship exists between themselves and the informal trade regulators (Table 5.1). To state that there is no interaction, neither direct nor indirect, between regulators and informal traders is extreme as, although regulators might not deal with traders directly, they do contribute to the overall urban environment by providing their services if needed.
- Secondly, that regulators do not execute their job properly was recorded as an answer by 16.67% of those who had indicated that they had an unsatisfactory relationship with the regulators. They stated that the regulators do not patrol the area under their jurisdiction, and leave those under their so-called protection vulnerable to acts of crime (Table 5.1).
- Thirdly, a group of foreign traders felt that tribalism has an effect on the manner in which trade regulators conduct themselves when dealing with traders. This group accounted for 16.67% of the respondents (Table 5.1). This finding was limited to the Grand Parade market area, however, which leads one to the conclusion that this might be an indication of unsavoury activities in this market since none of the other areas in the CBD revealed such opinions.
- Fourthly, trade regulators are only present when they are forced to be around (8.33%). The traders who claimed this viewpoint failed to substantiate their claims; nor could they provide any examples of such occurrences when regulators were “forced” to be around the traders.
- Fifthly, trade regulators make traders suffer (8.33%) (Table 5.1). That some traders feel that regulators are out to make traders suffer could bear testimony to perhaps one incident of extreme enforcement of a regulation that could have affected the trader financially through, perhaps, the payment of a fine.

The fact that 19.72% of the traders indicated that they do not have a good relationship with the regulators leads one to the conclusion that those who indicated that they have had unsatisfactory experiences with regulators are those who contributed to the breakdown in the relationship with the regulators.

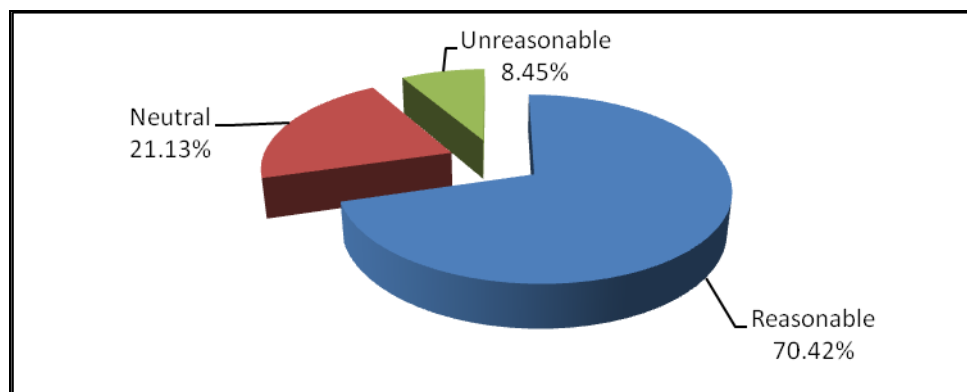


Table 5.1. Justification for stating that there is not a good relationship between the street traders and the regulators

Reason for answering “no”	Percentage
No existing relationship	41.7
Inconsistent patrolling	25.0
Some officers practise tribalism	16.7
They make us suffer	8.3
They are only around when they are forced	8.3

(n = 12)

The way in which traders experience trade regulation enforcement at the hands of the various regulators could serve to reinforce their opinions as to whether they have a good or a bad relationship with the regulators. The manner in which the regulators go about enforcing regulations is deemed as more than reasonable, with 70.42% of the respondents indicating that they experience reasonable behaviour from the regulators during their law enforcement activities (Figure 5.3). The large percentage of traders who experience regulators as reasonable law-enforcers reinforces the results where a correspondingly large percentage of traders claimed to have a good relationship with the regulators. That more than a fifth of the respondents (21.13%) indicated that they are neutral towards the question would imply that their experience has been neither good nor bad (Figure 5.3). Regulations by this standard could, therefore, be deemed adequate, as these traders view the way in which the regulators behave as the way in which they would have expected them to act. Only 8.45% of the respondents feel that the regulators are unreasonable when enforcing regulations (Figure 5.3). This low percentage corresponds with the claims of Williamson, who stated that disgruntled traders are in the minority. When these traders lodge complaints against the regulators, the traders are usually to blame for the persistent violation of regulations. Thus, this small percentage could be representative of those traders who have been fined and who, therefore, hold a grudge against the regulating authorities.



(n = 71)

Figure 5.3. Perception of traders as to the nature of regulation

The responses from the South African and foreign street traders respectively correspond with one another in terms of the reasons given for the good relationship that exists between them and the regulators. The correlation between the respective responses amongst the traders is an indication of a regulation system that is being enforced effectively and without discrimination. This was stated by 66.67% of South African and 61.29% of foreign traders who are of the opinion that regulators do their job well (Table 5.2). The other categories into which the responses were differentiated could easily have been included as part of the previously stated reason. Important to note is that there are some traders who feel that they have an unsatisfactory relationship with the regulators, whom they feel are abusing their position. Some foreign traders feel that the aspect of tribalism plays a role in influencing the regulators who do not enforce the regulations as strictly as when the traders are from a different faction. The number of traders who cited this as a reason, however, was representative of a small proportion of foreign respondents, who were of the opinion that the current relationship between traders and regulators is unsatisfactory.

Table 5.2. Cross tabulation between nationality and reason for stating that there is a good relationship between the street vendors and the regulators

<b>Nationality</b>	<b>They do their job well</b>	<b>They are understanding</b>	<b>They make the city safe to live in and to trade in</b>	<b>We need to have a good relationship with our security</b>
South African	66.67	20.00	13.33	0.00
Non-South African	61.29	22.58	12.90	3.23

(n = 46)

Investigating the reasons given for why traders argue that regulators are reasonable or unreasonable allows for accurate conclusions to be made about the manner of enforcing regulation in the CBD. The percentage of those respondents who feel that regulators are reasonable in enforcing regulations, as they are only doing their job, was 61.54% (Table 5.3). More than a third (34.62%) said that the regulators are reasonable because their manner is peaceful and understanding, while the remaining 3.85% stated that regulators are reasonable but do tend to find fault with the less important aspects of street trading (Table 5.3). Of those who feel neutral about the manner in which regulations are carried out, 50% are of this opinion because they have apparently never encountered any regulator before (Table 5.3). This would seem unlikely, as regulators, be they traffic officials or CID officers, are well spread throughout the CBD area. However, these traders could also have been referring to never having encountered regulators in an authoritative capacity. 37.5% of those who are neutral said so

because they experience inconsistencies in the manner in which individuals enforce regulations (Table 5.3). Along with this group of traders, 12.5% of them cited that there are inconsistencies in the requests that regulation authorities or individuals present to them when enforcing regulations (Table 5.3). Such circumstances, as described by this group of traders encapsulate the rationale behind the formulation of the 2003 Informal Trader Policy Framework, which was aimed at preventing such a scenario. Under inconsistent regulation enforcement circumstances, it is apparent that the traders are unsure about which authority they owe allegiance to, as well as how they should deal with the inconsistencies that they find in regulation enforcement under the umbrella of one authority, such as the Traffic Department of the CCID. Those who indicated that regulators are *unreasonable* struggled to give reasons for their assessments and so their reasons overlapped with those who indicated that trade regulators are *reasonable* and those who stated that they themselves are neutral. Half (50%) of those dissatisfied with the manner in which regulations are enforced indicated that the regulators are worried about unimportant aspects. The other half (50%) stated that the nature of regulation was largely dependent on the regulator that the street trader encountered (Table 5.3).

Table 5.3. Cross Tabulation of reasons given by respondents for stating that the regulators are reasonable, neutral or unreasonable

	<b>Finds fault with unimportant things</b>	<b>Peaceful and understanding</b>	<b>Depends on the CCID officer you are dealing with</b>	<b>Doing their job</b>	<b>Never encountered them</b>	<b>Requests are inconsistent</b>
Reasonable (%)	3.85	34.62	0.00	61.54	0.00	0.00
Neutral (%)	0.00	0.00	37.50	0.00	50.00	12.50
Unreasonable (%)	50.00	0.00	50.00	0.00	0.00	0.00

(n = 36)

The process whereby traders are kept up-to-date with changes in either policies or by-laws is a good indicator of the relationship between local authorities and informal traders. If there are no direct or indirect channels of communication between the traders and local government, but traders are still fined for by-law infringements, the relationship is being dominated by local government. This researcher enquired as to whether local government informs traders about changes in policies influencing informal trade in the Cape Town CBD. The results were mixed as some of the traders (50.70%) claimed to have been informed about policy changes by local government, while the other 49.30% claimed that they had not been informed in this respect. As

there is no clear tendency towards either side, there would have to be another explanation for the results as to whether traders are kept updated on local government policy changes.

The traders indicated that changes in informal trade policies or by-laws are usually disclosed to them when they renew their trader permits at the local government offices. Traders who are employees and not the owners of the informal businesses would thus not be kept informed as they are not responsible for renewing the informal trading permits. To validate this, a cross-tabulation was done between the results of whether the interviewed trader is the owner of the business and whether the trader is kept informed of policy changes. That informal business employees are not as well informed as the owners of the informal trading bay is reinforced by the cross tabulation of the two data sets. There were 55.1% of the respondents who are business owners who claimed that they are kept informed of informal trade policy changes. On the other hand, 44.9% of the business owners claimed that they are not kept updated on informal trader policy changes (Table 5.4). The percentage of informal employees who claimed that they are not kept updated on informal trade policy changes amounted to 59.09%, while the percentage of those who claimed they are kept updated with policy changes is 40.91% (Table 5.4). These statistics support the notion of traders that the owners of trade bays are better informed regarding changes in policies when they renew their informal trader permits at the local government offices. Thus, communication between owners and their employees is essential if traders are to act in accordance with policy regulations. The fact that such a correlation exists serves as proof of a lack of communication but it was expected that the percentage of owners who are kept updated on policy changes would have been much higher than 55.1% (Table 5.4). Essentially, this percentage implies that there are 44.90% who are meant to be informed directly about policy changes but who are not getting the information, either because they are not renewing their licences themselves, or because they are not the official owners of the businesses (Table 5.4).

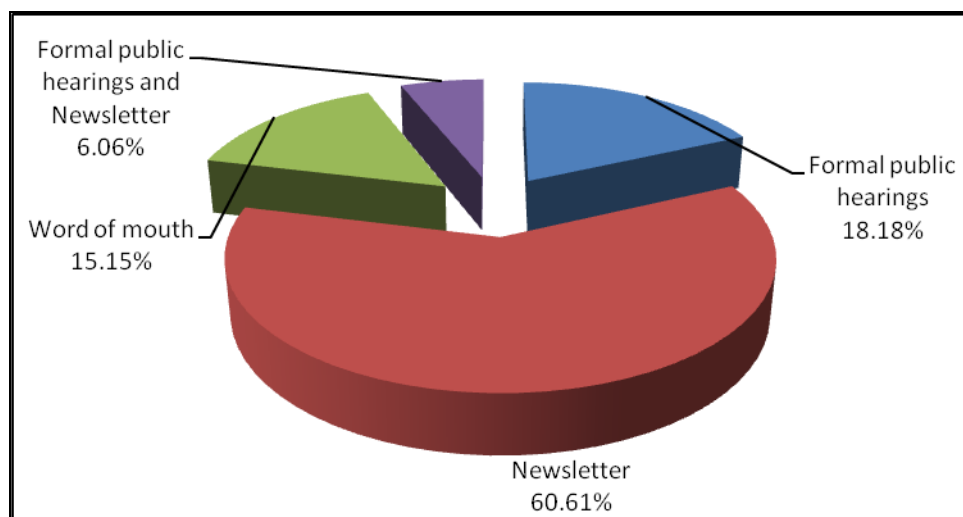
Table 5.4 Cross tabulation between business owners and level of knowledge of informal trader policies

<b>Response from owner/non-owner</b>	<b>Yes</b>	<b>No</b>
Response from owners	55.10	44.90
Response from employees	40.91	59.09

(n = 71)

Those traders who cited that they are kept updated on changes in the informal trader policies were asked to indicate what form of communication is used by local government to communicate with them. Most of them were aware of the fact that a newsletter had been

distributed among the street traders. In fact, 60.81% of those who were informed about policy changes claimed to have been informed through this means (Figure 5.4). The remaining 39.39% of respondents cited formal public hearings (18.18%), word of mouth (15.15%), as well as the distribution of a newsletter (6.06%) in descending order as methods local government (and traders themselves) are employing to remain informed about trader policy (Figure 5.4). A newsletter was to be expected, as this form of communication is most cost-effective and can be easily distributed among the traders right across the CBD area. As traders do not have fixed working hours or any “fixed” working schedule, certain traders stand the chance of not receiving information on the days that these newsletters are distributed. Formal public hearings are useful for communications. However, not all of the traders reside in the CBD, with the result that not all of them can attend such meetings, thus limiting the number of traders who are regularly informed. Word-of-mouth is a unfavourable method as there is no guarantee that the information will reach the intended traders. Furthermore, there is the possibility that the information could be relayed incorrectly from one trader to another, thus leading to confusion and, possibly, angry traders.

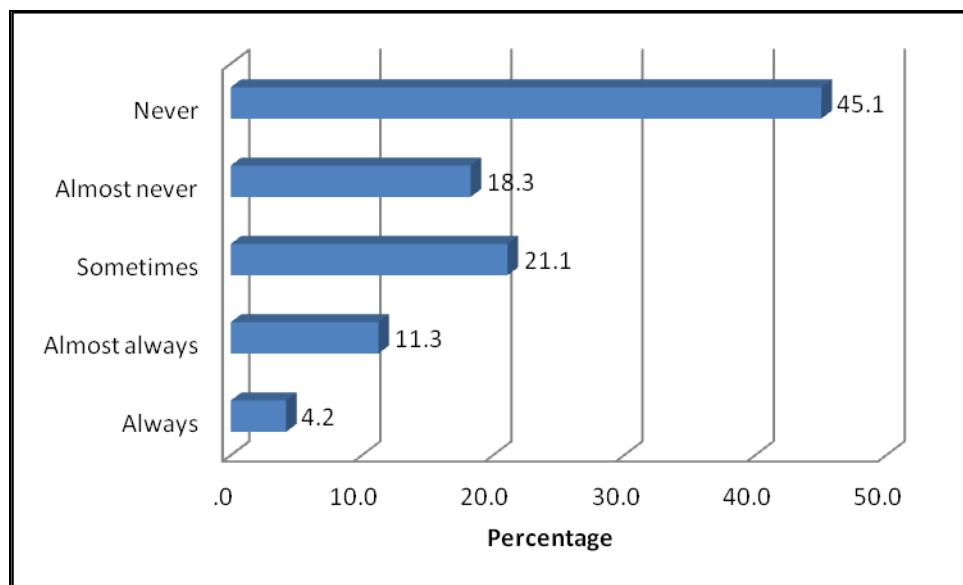


(n = 33)

Figure 5.4. Methods employed by local government to communicate with traders

Public participation is central to the ideal of a developmental local government as outlined in the White Paper on Local Government of 1998. As the facilitation of informal economic activities is viewed as an important mechanism to provide people from the lower socio-economic strata of society with the means of earning a livelihood, public participation in formulating the policies concerning the informal economic participants (the street vendors) is vital to the success of such policies. The CCT claims that there is a process of consultation that prevails between local

government and the informal traders. Williamson (Personal Communication: Paul Williamson 2010) cited the re-location of informal traders during the FIFA World Cup as a good example of local government taking time to engage with traders and to agree on a course of action that would meet the needs of all parties concerned. Are the aforementioned circumstances the embodiment of a healthy consultation process, which is or should be the norm, or is it an exception to the rule? Traders were asked how frequently they are consulted by local government concerning aspects about informal trading. With the exception of planning for the FIFA World Cup events, consultation is not the priority of local government. Indeed, 63.38% of respondents claimed that they are not consulted by local government (Figure 5.5), with 45.07% claiming that they are never consulted and 18.31% claiming that they are seldom (almost never) consulted when local government proposes a policy change (Figure 5.5). Of the 36.63% of traders who claimed to have been consulted, 21.13% said they are only consulted occasionally (sometimes), 11.27% are consulted frequently (almost always), and 4.23% are always consulted by local government (Figure 5.5).



(n = 71)

Figure 5.5. The extent to which traders are consulted by local government

It is difficult to record aspects or the nature of a relationship. However, the results obtained are a clear indication of the current nature of the informal-formal relationship between street traders and local government which will be discussed at a later stage.

## 5.5 Conclusion

Communication is the foundation of any relationship, be it personal or professional. From the interview with Paul Williamson, it appears that the CCT is truly making an effort to inform and engage with traders. The response from traders did not reflect the sentiments and perceptions of the CCT that were gathered during the course of this survey, however. According to the survey, traders are in an information limbo, with the information supplied by local government being sporadic. Miscommunication must be addressed head-on, with the CCT taking a leading role and traders needing to be willing followers with regard to the dispensation of informal trading policies. The findings from the interviews and the responses to the questionnaire need to be collated in order to assess the current relationship between street traders and local government and measures put forth that need to be taken in order for a facilitative relationship to be established or enhanced.

## **CHAPTER 6. TOWARDS A FACILITATIVE STRUCTURAL RELATIONSHIP**

The aim of the study was to investigate the nature of the relationship between informal traders and the formal economy and how this relationship could be transformed to be more facilitative. The relationship was investigated through conducting a survey among street traders and interviewing individuals who deal with street traders from both the public and private sector. The relationship can be deemed a positive one at the hand of traders not fearing nor harbouring any animosity towards local authorities. Local government however is not living up to its' responsibility in terms of facilitating informal businesses to grow and formalise. In reaction to these findings policy proposals are made in accordance with what has been read in the literature and also on account of the views held by street traders. Through enacting the proposed policy interventions it is thought that a facilitative relationship can be established thus contributing to a sustainable street trading economy in Cape Town.

### **6.1 Introduction**

A facilitative relationship with reference to street trading implies that there would be a proliferation of street trading in Cape Town so as to increase the number of people who are active as street traders. The problem with a growth in the number of street traders is that, with the exception of the large number of people who support the traders selling snacks, the market for most of the products sold by street traders is saturated. What would be more beneficial would be to increase the level and the volume of street trade that takes place and reduce the number of traders who are actively involved, thereby ensuring that those that do trade have a viable market accessible to them. This is achievable only by establishing a facilitative relationship between the formal and informal economies. Before such a relationship can be established, the existing one should first be assessed and examples should be drawn upon in order to set forth a policy that would establish a facilitative informal-formal economy relationship.

### **6.2 Lessons learnt**

As was expected, the current relationship between informal traders and local government (the CCT) in the Cape Town CBD is not perfect. However, there are aspects that are positive and that could be constructively used to promote street trading in the CBD. The problem with adaptations to policies is the question as to how to introduce new mechanisms that would not offset those that are already well functioning policy mechanisms?



As mentioned, the policy approach of the CCT is one that is positive and nurturing towards street traders. Positive in the sense that local government allows traders to ply their trade in an urban space that costs them a fraction of what a formal business would pay. Nurturing in the sense that traders do not live in an economic environment that is unstable but rather that they are assured of an economic space that they can occupy and make their own, to a degree. These two general aspects of the informal-formal relationship provide a base from which policy mechanisms can be introduced without fear of damaging the already existing relationship, the reason being that the two aspects, especially the positive policy approach, would inherently imply that any new policy intervention would be to the benefit of the trader.

The manner in which permit prices are set is an indication of a local government that is in touch with its constituents, as in the case of the trading-bay rental fee, which was judged to be fair by the interviewed traders. Some traders even admitted that they would be inclined to pay more for the trading-bay that they are currently renting. Of course, there are those individuals who are of the opinion that they should be allowed to trade free of charge. They are offset by the large number of traders who understand that the fee that they pay plays an important role in maintaining the high quality urban space that they occupy.

Street traders don't have the same political-economic clout held by the formal business people in the CBD, simply because these businesses are branches of multinational corporations that through locating/re-locating to the CBD in the past decade, have been accredited with the revitalisation of the CBD. Given the uneven balance of power between the informal street traders and the formal businesses, the CCT put time aside specifically to cater to the needs of informal business. The best example of this is the consultation process that took place prior to the World Cup in 2010. Although the street traders were displaced, it was not by a decree from the CCT, but rather as a result of the FIFA regulations that were imposed across South Africa during 2010. Paul Williamson mentioned that the CCT did not even consult with formal businesses about the question of traders, but rather focused on ensuring that the street traders were satisfied (Paul Williamson 2010; pers com).

The general and specific examples mentioned above stand as testimony to the CCT of success in dealing with street traders in a constructive manner. There are, however, certain issues in the informal-informal relationship that need addressing.

### 6.3 Problems identified with the current state of street trading

Studies on street trading in South Africa have indicated that Cape Town's street traders are some of the wealthiest traders (Lund, Nicholson & Skinner 2000). The relationship between street traders and the CCT local government has played and continues to play a pivotal role in the success of street traders in Cape Town, as the local government is committed to establishing an informal economic environment that is conducive to trade. This is also the picture that was sketched during consultations with local government officials. However, it became apparent from the interviews that traders are dissatisfied with the situation on the ground.

Traders across the CBD are dissatisfied with the physical structures that they are allowed to construct in their allocated trading bays, most of the structures that they use being constructed from a wide variety of materials. The untidy and disorderly structures do not hold any aesthetic appeal, and afford the traders minimal protection from the elements. Traders understand the importance in presenting a stall that is aesthetically pleasing as traders complained about the current street trading scene which is dominated by unsightly stalls. That they use "Gimme That!" a company that provides stalls and storage facilities to traders, reflects traders' awareness of the problem. To address the problem as soon as possible would be beneficial to both parties, as the CCT must ensure that the formal businesses in the CBD approve of the aesthetics of the "built" environment. The provision of stalls by local government would give traders a greater sense of stability regarding the places from which they operate, and could instil a sense of pride in them, motivating them to take better care of the areas in which they trade. "Gimme That!" has provided a partial solution to issues regarding street trading stalls. On the other hand, market traders have a greater need for physical structures than the traders active on the street pavements. The revitalisation of the train station deck could serve as an example of what could be done when the right stakeholders come to the fore. The station deck is managed by Intersite, a railway organisation commissioned with the task of revitalising this particular area, as well as the areas around the train station. The success of the revitalisation programme is acknowledged by traders, many of them indicating that they would have liked to trade on the station deck instead of from the trading bay assigned to them.

Communication between the street traders and the CCT appears to be limited as traders indicated that they are seldom consulted by local government in the event of any informal trade policy change. This issue relates to the public participation process, where members of the public play a contributory role in the process of formulating public policy, thereby ensuring that policies are sensitive to the needs of those affected by the enacted policies. The role that could be played by

informal trader organisations acting as intermediaries between local government and informal traders has been under-utilised. The lack of communication in this respect could be attributed to the fact that traders are not generally members of informal trader organisations. Informal trader organisations are clustered in two areas, namely Green Market Square and the Grand Parade, both of which are market environments. Those vendors plying their trade from the pavements are not represented by any of the informal trader unions or organisations, and it is these traders who are the least informed with regard to informal trader policy changes. What needs to be taken into account is that there are traders who do not care about the political aspects regarding street trading, and would, therefore, possibly not attend meetings. The establishment of an open line of communication between the informal traders and the CCT is important as, without it, the CCT would lose touch with the real-world problems that street traders face, and would not be able to address informal trading issues.

The formal organisation of traders into unions has the potential not only of facilitating better communication between local government and the informal traders, but also of assisting in managing the traders, as in the case of traders plying their trade in the Green Market Square and Grand Parade markets, where informal trader organisations have eased the responsibilities of local government. They are playing a vital role in dealing with issues regarding micro informal trading administration, which ensures that internal trade disputes are resolved or that trading areas are kept up to standard. The problem of extending authority to the informal trader organisations was pointed out by Paul Williamson, who stated in an interview that he experiences that the CCT has had with informal trader organisations have been unfortunate in that the latter's underhanded dealings had created a negative perception of how they operated (Paul Williamson 2010, pers com). From the interviews that were conducted, it became apparent that those traders who belong to an organisation are not always in favour of the internal politics that are at play within that organisation. Traders, who are independent, are of the opinion that an informal trader organisation would be able to make a positive contribution to the informal trading environment of Cape Town. In fact, many of them feel that they could only benefit from unification, as by uniting, traders would have a say in informal trading policy processes. By formally organising informal traders into such a body would be a positive move, provided that the realm of their authority is clearly stipulated and a system of checks and balances is put in place.

An informal trader policy that places emphasis on facilitating traders and promoting the sustainable growth of street trading would need to address the problems identified above. Such a

policy would need to incorporate already existing policies but place greater emphasis on improving the channels of communication, giving traders a greater sense of stability and promoting a climate conducive to the establishment of responsible informal trader organisations.

## **6.4 Street trading in other cities**

### **6.4.1 International**

Gaining access to street trader by-laws from other countries proved to be problematical in the sense that most of the by-laws that are available are from the United Kingdom. However, further searches came up with by-laws pertaining to New Zealand and India.

The differences in the by-laws studied were plain to see. While the UK by-laws focus on the regulation of street trading, one of the by-laws from Auckland (New Zealand) recognises the role that street trading has played in contributing to the urban setting and the urban economy of Auckland. The by-laws pertaining to street trading in Auckland are divided into three categories, thus demonstrating that the council understands that a generic across-the-board street trading by-law is not effective. As different street trading activities constitute different policy management issues and regulation mechanisms or interventions. Auckland's approach to street trading is positive and even aims to establish a street-trading environment that is nurturing to the street vendors in order for them to grow their businesses.

A policy excerpt that has been implemented in the Indian urban environment and that is not specific to any given city but rather to the national framework, recognises the number of people dependent on street trading across the cities of the subcontinent. It is argued that the large number of street traders in India justifies the policy intervention. The policy highlights the importance of an effective regulatory system that needs to be set in place for street trading to be viable. This policy also recognises urban economic activity as a factor contributing to the urban fabric of a city. As India is a developing country, street-trade facilitation is to be expected. The policy clearly states the importance of putting systems in place that will encourage traders to grow their businesses, and of establishing facilities to assist traders in starting up businesses.

Both of the above-mentioned cases point to the importance of facilitating street traders in growing their businesses in order to eventually formalise their business operations. By-laws relating to British towns or boroughs are concerned with issues relating to regulations and restrictions that street traders need to adhere to in order to trade. This form of control is typical of a country with a well-established bureaucracy. The following South African account will prove

otherwise, with some South African cities opting for a UK approach instead of a facilitative approach.

#### **6.4.2 South Africa**

From what has been observed from a South African street-trading context, it is certain that Cape Town is a head of the other three main urban centres of South Africa, namely Durban, Johannesburg and Tswane. A study was made of the street trading by-laws of Durban, Johannesburg and Tswane by the researcher.

From engaging with the street trading by-laws of all four cities, it became apparent that Cape Town's current by-law is more comprehensive than those of her sister cities. Durban's, Johannesburg's and Tswane's by-laws are generic and are based on Section 6A of the Business Act of 1991. All three of these by-laws are structured identically to one another and the main focus of these by-laws is on the definitions of street trade, on what traders are allowed to do, and where they may trade. It is obvious that, simply on the basis of size, the Cape Town by-law is more comprehensive as it is twice the length of the other three mentioned metropolitan by-laws.

It is not that the other cities do not address all of the issues that are addressed by the Cape Town by-law but rather that they fail to elaborate on the different issues regarding street trading with reference to their own unique urban environments. While the other policies provide definitions and list the do's and the don'ts of street trading, Cape Town's by-law clearly explains key issues regarding street trading. For example, public participation, within the realm of street trading in terms of the policy formulation and implementation processes. Other cities fail to mention this aspect but rather place the focus of the by-law on restrictions placed on street traders.

From a South African perspective, not many lessons can be learnt from the policy approaches of other cities. What does come to the fore again in South Africa, however, is the lack of policy mechanisms in place that would allow street traders to grow their businesses and encourage them to develop their small enterprises into formal businesses. The lack of intervention in this area needs to be addressed. The two mentioned examples of Auckland and India, however, present viable facilitative policy aspects that could be implemented in Cape Town.

#### **6.5 A facilitative informal trading policy**

The current positive attitude that local government has towards informal traders has had varying consequences. The most noticeable positive consequence is an informal trading environment that is regulated effectively, which in turn has led to the negative stigma that was attached to street

traders being dispelled. A sense of complacency is the hallmark of vendors trading in the Cape Town CBD, with many traders indicating that they have been trading there for an extended period of time without any ambition to grow their businesses.

The current system regarding street trading regulations that is in place on the ground is valuable to both traders and formal businesses. Traders indicated in the survey that regulatory measures are effective and reasonable. Also, it could be concluded from the low level of conflict between traders and formal businesses that the formal economy is satisfied with the way in which regulations are enforced. With regards to regulation *per se*, not much can be done to improve the current situation by altering informal trader regulations. The regulations currently in place are functioning in a manner that pleases both the street traders and the formal economy.

The informal economy in South Africa has become a policy prerogative of the ANC government over the past 12 years. This priority was precipitated when the formal economy failed to yield enough job opportunities to address the ever-rising unemployment rate after 1994. What was commendable from an informal economic policy perspective was that legislation and policies were put in place at various tiers of government to facilitate informal economic activities. The goal behind facilitating informal economic activities was to encourage a spirit of entrepreneurialism among South Africans, as entrepreneurs are essential in the creation of employment opportunities. However, what was formulated in policy documents and what has transpired through the implementation of these policies, has not corresponded.

It is important to take into consideration a study conducted by the Small Enterprise Development Agency (SEDA). SEDA is an affiliate of the Department of Trade and Industry of South Africa and was commissioned to investigate what could be done to facilitate informal businesses in South Africa. Street trading was discussed in this respect as well. The study identified four types of strategies that are used to facilitate street-trader business. These strategies include: an integrated approach, an area-based management strategy, sector-based support, and the utilisation of specialist support strategies (SEDA 2008).

An integrated approach emphasises the importance of an inter-departmental effort, with those involved in managing street trading making a significant mindset change towards street trading. Through holistic management and a positive policy approach, traders are to be provided with the innovative means whereby they will be able to formalise their informal business ventures (SEDA 2008). The Ethekwini Metropolitan Council can be regarded as a model to emulate in that it

demonstrates that efficient management, open dialogue between stakeholders, and the strengthening of informal-formal linkages work together to foster the formation of associations and to provide targeted support to traders - all benefits of an integrated approach to street trading (SEDA 2008). An integrated approach involves a combination of an area-based management strategy and a sector-based approach. However, in establishing a facilitative street trading environment, it is important to place greater emphasis on the sector-based approach.

The sector-based approach focuses on providing traders with training opportunities that would aid them in their specific business sectors. Also, the establishment of a mentoring programme, where traders are able to consult with a knowledgeable individual about aspects of conducting their business, would prove invaluable. Such an approach requires a great deal of commitment from the given municipality in terms of management and also in terms of establishing a research group to conduct research projects on a continuous basis. The extra effort would be justified by the benefits that would emanate from the sector-based approach. Some of the advantages would be:

- to enhance the contribution that could be made by the street economy,
- to provide the best social and economic foundation from which traders could move from being survivalists to entrepreneurs,
- to promote linkages between informal and formal businesses to such an extent that a symbiotic relationship would become a reality, and
- to ensure that sector-specific issues are noticed by local government so that they will be addressed (SEDA 2008).

A sector-based approach would be the preferred primary strategy to be proposed in establishing a facilitative street-trading environment.

This researcher can only comment on what has been observed in the CCT with regard to micro-enterprise empowerment programmes initiated by local government. From the survey, it became apparent that local government has decided to give up on micro-enterprise empowerment schemes. At present, there are no local government-assisted micro-enterprise facilitation or micro-enterprise owner empowerment programmes running. Local government has decided instead that such activities are to be outsourced to private firms. However, what emerged from discussions with traders regarding the availability or the accessibility of such programmes was that the number of traders reached through this model is insignificant. The CCT makes use of an



integrated approach but does not pay enough attention to the given sector-specific problems that traders experience.

Paramount to the success of any policy is how those affected by the policy are informed about a proposed policy change and how policy progress is communicated to them. The current channels of communication are not clear, nor do they leave room for dialogue between traders and local government. Because there are a large number of traders, they cannot all be consulted individually. This is where trader associations come to the fore. By allowing traders to form associations, local government would not only empower the traders but would ease the management burden borne by local government. Once an association has been established, a schedule of dates showing when public meetings are to take place must be made available to all of the traders. With association committee members being obligated to attend scheduled public meeting to ensure that traders' interests are represented.

Greater emphasis should be placed on the process of participatory policy formulation, which would be much easier to achieve if there were fewer traders to encourage attending the public meetings. These meetings need to be compulsory for representatives of the trader associations. The distribution of a newsletter should be a formal process with set dates for publication and distribution. The measures proposed to enhance communication are no different from the current methods employed, but the manner in which these measures are implemented should be changed. Currently, public meetings are called on an *ad hoc* basis and newsletters are distributed at random intervals. As in the case of tenure, it is important to ensure that there is a permanent and regular channel of communication between local government and the street traders.

If informal traders are to be one of the drivers behind employment creation, a better effort needs to be made to empower and to support them. The problem is that the goods and services in which the vendors trade are largely similar, leading to a situation where there are numerous traders having something to do but not having anything to show for it. If the overall number of traders at strategic locations throughout the CBD is reduced, the remaining traders will have access to a larger market and would therefore be in a position to accumulate capital to such an extent that formalisation would be the next logical step. The problem, however, is that if the informal business did in fact prove to be profitable, why would a trader want to formalise as this would mean that he/she would have to pay tax through compulsory registration at the SARS. Thus, an incentive needs to be set for traders to formalise.



A tax break for the first year of formalisation would be an attractive but temporary solution. By reducing the number of traders, it would be possible to micro manage the remaining traders in the sense of placing them on a two- or three-year lease contract with the local government. As there would be fewer traders in the CBD, the level of congestion in pedestrian traffic flow would be reduced, making such areas available to traders. The reduction in numbers of traders would also make it easier for a sector-based strategy to be followed as the fewer the traders, the easier the monitoring process. During the lease period, traders would be expected to attend various business facilitation seminars that would be hosted by local government. Failure to attend such events should result in the termination of their lease agreements. After the two- or three-year leases, traders would not be allowed to renew their licences for a year, thus forcing them to formalise or to be unemployed.

The lease system is not aimed at increasing the number of traders in the CBD but rather is focused on increasing the level of street trading in the CBD. Reducing the number of traders would solve most of the problems associated with informal trading and would give those who continue to trade a real chance of making a success of their business ventures. The period of time given to traders is debateable, but if the time frame given to traders were to be in years instead of months, this would give them a sense of stability and security. It is thought that these two aspects of trading could play a vital role in the success of informal as well as formal businesses.

The plan to establish a facilitative street trading relationship between traders and the formal economy is simple, but that is what doing business is all about: - delivering a product or a service at the best price. Facilitative street trading aims to empower traders by forcing them to step up and formalise their businesses with the assistance of local government, which would join the traders on their journey to formalisation. The current traders are providing a valuable service to various urban dwellers. However, they are not putting back anything into the urban community. Through formalising their respective businesses, street traders would take a step towards contributing to the economic well-being of the economy at large and not be labelled as survivalists eking out an existence as informal economic workers. The preferred environment that they would operate in would allow these entrepreneurs to be polished into shrewd businessmen and women, providing a livelihood not only to themselves but to their dependents as well.

## 6.6 Summary

Through policy frameworks, i.e. the physical manifestation of the relationship between informal traders, the formal economy and local government, it is possible to establish an informal trading environment that is beneficial to both the formal and the informal economy. In fact, by gaining greater clarity on the relationship between street traders and the formal economy, it is possible to develop policies that build upon positive linkages and that address negative linkages.

The suggestions pertaining to the formulation and implementation of policy made in the preceding chapter aim to do just that – to take the positives from the existing relationship and to address the identified negative linkages. Nowhere in these suggestions was reference made to the regulation of street trading as the current regulatory measures in place are effective. Traders feel that the prices they are paying to trade in the city are reasonable. More importantly, they evidently understand that the rental fees contribute to an urban environment that is conducive to business operations. The traders evidently understand the communications regarding street trading rules as there have been no significant accounts of informal-formal feuds. The areas around the street trading locations are neat and orderly, as prescribed in the by-law.

The reality that the CCT is faced with is that the municipality is constitutionally bound to the creation of a socio-economic environment that enables individuals to make a living for themselves. It is within this realm that the policy suggestions need to be interpreted and understood. Economically speaking, the urban space that traders occupy in Cape Town is valuable. This viable socio-economic space, that has been created by the local authorities, makes the possibility of establishing and growing businesses a realistic one.

Such circumstances have not favoured many of the street traders who were interviewed during the course of the study, however. The lack of growth in the informal business sector could be attributed to a number of foreign traders who do not have the necessary documentation and who are, therefore, confined to the informal economy. This explanation does not apply to the South African traders who have not grown their businesses. Various programmes intended to help traders facilitate and grow their businesses have been made available to street traders, but Paul Williamson informed this researcher that the CCT eventually stopped hosting business facilitation programmes as they were not attended by the traders. Traders, on the other hand, stated they had not been informed of such programmes and could, therefore, not make use of these opportunities to further their business knowledge. What is lacking in this scenario, is effective communication between local government and the street traders.

A lack of communication was noted when traders were not consulted or informed in any great depth regarding informal trader policy decisions. Improving communication between traders and local government should be based on a sense of trust between the two parties as traders need to trust that local government will in fact listen to them and adopt policies that lie within their grasp. The lack of trust is the reason why there are so few trader associations in Cape Town. Past indiscretions by individuals, who did not have their constituents' best interests at heart, lie at the root of the problem. However, there is light at the end of the tunnel as the suggestions made in this study to improve communication are strongly linked to the establishment of healthy vibrant trader associations, where local government and the associations have open dialogue in an attempt to find the middle-ground between the needs of the traders and the demands of local government.

The policy reforms suggested in this study draw upon what has been observed at grass roots level, statements made by those involved in street-trading management in Cape Town and what has been achieved to date. These policy interventions will not create a street economy that produces entrepreneurs immediately. However, these reforms are merely a start. These interventions could lead to the establishment of a facilitative relationship between traders and local government. Through establishing a facilitative relationship it is thought that trading on the street would be but a humble beginning to a future successful entrepreneurial venture.

## **6.7 Further research**

Three aspects of Cape Town's informal trading environment that would be appropriate for further studies are the larger number of men participating in street trading, the lack of informal trader association involvement and the large proportion of foreigners who are active in the Cape Town CBD.

### **6.7.1 Gender anomalies**

From the literature regarding street trading in an African context, as well as that for the rest of the developing world, one of the key characteristics of street traders is the prominence of woman and children in informal trade. What was found in the course of this study of the Cape Town CBD, was that men and not women are dominant as street vendors. As for the role of children in street trading in Cape Town, there was no evidence of their participation. The children with whom contact was made during the course of the research could be divided into two main groups, namely street children begging for money or food, and children in the care of their parents or guardians, who are traders. That children do not form part of the street economy is to

be expected as the regulations for Cape Town, in terms of the participation of minors, are strict. The point of interest is the prominence of male traders in Cape Town so that future studies should be focused on the following research question: Why does Cape Town's gender profile differ from the findings of studies on street trading in the developing world?

### **6.7.2 Lack of association in informal trader-local government relations**

As stated throughout the course of the research, there is a negative perception from the CCT towards informal trader associations. This differs from the approach, for instance, that is taken by the local government of Durban, where traders are urged to form trader associations and there is an active relationship between these associations and the local authorities. Measuring the success of informal traders in terms of these two approaches, namely the presence or absence of trader associations, is thus up for debate. Given the history of trader associations and the CCT's reluctance to collaborate can be understood, but the value of a healthy relationship between the CCT and the informal trader associations cannot be underestimated. Studies dealing with ways of establishing such a healthy relationship could be to the benefit of both the CCT and the street economy of Cape Town. Such studies would first need to establish the reason for the current nature of the relationship, or lack thereof, with greater emphasis being placed on the opinions of existing trader associations. Secondly, it is necessary to assess which channels of communication are already in place to facilitate a relationship between the CCT and trader associations. Thirdly, it is important to detail the nature of this said relationship with reference to other examples, both nationally and internationally, where trader associations and local governments work together in unison to benefit all who are involved or affected by informal trading in an urban context.

### **6.7.3 Foreign informal traders**

With Cape Town situated as far south as it is, the prominence of foreign traders in the street economy of Cape Town is surprising. Cape Town is, however, one of the four major economic hubs of South Africa and has a substantial formal economy. Foreign traders, as opposed to their South African counterparts, are more successful in their business ventures, possible reasons for this having been discussed earlier on. What has not been discussed is the reasons why these relatively successful ventures have not been formalised. If these traders do not have the necessary documentation, their inability to enter the formal economy is to be expected. With Cape Town's relatively strict informal trader licensing system, the possibility of a trader being illegal is unlikely. Future studies should focus on what could be done to assist foreign traders to formalise their informal ventures. Although the facilitation of foreign traders would be a controversial issue, it is important to highlight that SMMEs and the policies that go along with them are in place to facilitate broad-based employment opportunities. Traders who are active in

terms of business development should thus be rewarded, be they South Africans or foreigners. Future studies should seek to facilitate such a scenario.

Cape Town's informal economy is one that is strongly influenced by the formal regulating economy. For this reason, most studies would tend to fall within the legalist school of thought, which is appropriate since the formal and informal economies exist alongside each other and are interlinked. The dynamics surrounding the street economy of Cape Town are teeming with research potential and are open to the interpretation of a wide range of disciplines.

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## PERSONAL COMMUNICATION

Interview with Paul Williamson (CCT department of Human and Economic Development)

Q1. In your Department's goals and objectives it is stated that informal economic activities are to be stimulated and fostered but then informal activities are to be decreased through growth in the formal economy. Which one of these is to be of greater importance to the department?

A1: Formal economy to create more opportunities for economic opportunities for current informal traders so that those "vacated" spaces can be utilised by current unemployed persons.

Q2. How many trader associations are currently active in the CBD and what are their responsibilities? (Please could you provide a list of these associations, along with contact information for the associations?)

A2: Has Janice provided this list? There are about WP 130520109 Associations in the Cape Town CBD, and some of them are only active when there are issues that needs to be addressed.

Q3. Do you know of any instances where one or more of the association have exploited their position any form be it economically or socially?

A3: Yes, we do hear about this, and it ranges from gatekeeping, intimidation, withholding of information etc. This has certainly resulted in the City not having a positive and developmental view of trader associations.

Q4. The department makes use of integrated street trader regulation, i.e. through making use of different public and private stakeholders. Has this form of regulation been effective? Feel free to give any comments on what could be lacking and what could be done to improve the situation.

A4: The newly proclaimed Informal Trading By-Law is still in its early days, so its effectiveness as a developmental and opportunistic tool has not been fully tested. With regards to the Business Act By-Law, that certainly created opportunities for the informal economy, and put good restrictions and obligations on the City.

Q5. What is the maximum limit on the allowed number of traders in the CBD and how is this number determined?

A5: Approximately 680. This is a combination of City Permits and information given to the City with regards to leased areas.

Q6. In what manner are formal enterprises engaged in terms of street trading in the CBD?

A6: This is difficult to answer specifically. It is our observation that they supply goods to traders, and we suspect that they employ people to trade on the pavements, but have no proof of this.

Q7. Are there workshops for street traders in terms of educating or keeping them up to date about street trader By-Laws or amendments?

A7: Yes, this happens on an occasional basis and is normally linked to another event, such as an Annual General Meeting etc

Q8. The City of Cape Town has taken a pro-street trading approach. In your opinion has this approach facilitated street trading in order for it to be a viable means of providing a livelihood to those engaged in street trading?

A8: Yes, and we are seeing more and more street traders, the economy notwithstanding.

## APPENDICES

## Appendix A: Questionnaire



## STREET TRADING SURVEY – CAPE TOWN 2010

<b>1: Gender:</b>		<b>2: Marital Status:</b>		<b>3: Educational Qualification:</b>	
Male		Married		Pre-Matric	
Female		Not-Married		Matric	
<b>4: Number of Dependents?</b>		Widowed/Widower		Diploma	
<b>5: Home language:</b>				Degree	

6: Why did you enter street trading?

Unemployment: ☐ Chose street trading instead of formal employment ☐

Other:

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7: How long have you been working as a street trader?

< 3 months		3-6 months		7 months – 1 year		> 1 year	
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8: What is your nationality? \_\_\_\_\_

9: Where do you live? (i.e. where do you sleep at night?)

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10: What type of transport do you use to get to work?

Walk		Private		Public (specify)		
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Other: \_\_\_\_\_

11: Was this trading site allocated to you by local government? Yes ☐ No ☐12: Do you or your trader association have any input with regards to the location or allocation of trading bays? Yes ☐ No ☐12.1 Are you happy with the trading bay site allocated to you? Yes ☐ No ☐

12.2 Explain:

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13: What do you think best describes the municipality's allocation process of trading bays?

Extremely Efficient		Efficient		Neutral		Inefficient		Extremely Inefficient	
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14: Rate the importance of the following aspects to you as a trader? (e.g. 1 most important to 5 least important)

Security		Movement of people		Infrastructure		Location of trading bay		Suppliers	
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14.1 If you are a non-south African are you afraid of potential looting and xenophobic attacks?

Yes ☐ No ☐

Please explain your answer:

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15: Do you make use of storage facilities? Yes ☐ No ☐

16: If yes where do you store your goods? (more than one option possible)

At home		Rent a storage unit in inner city		Storage is provide by formal businesses in inner city	
Rent a storage unit outside inner city		Storage is provide by formal businesses outside inner city			

Other:

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17: What service/infrastructure is provided?

Service/infrastructure	Provided by municipality	Provided by formal businesses
Toilets		
Security		
Running water		
Rubbish collection		
Electricity		

Other:

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18: How satisfied are you with the infrastructure that is provided at your trading bay?

Very Satisfied		Satisfied		Neutral		Unsatisfied		Very Unsatisfied	
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Explain Answer above

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19: If you are not satisfied with infrastructure (i.e you indicated unsatisfied/very unsatisfied in previous question) what have you done to improve the situation?

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20: Are you the owner of this business? Yes ☐ No ☐

21: If no, what is the business arrangement with the owner?

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22: Do you own more than one business? Yes ☐ No ☐

23: Why did you choose to sell these products?

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24: How many persons are employed to work at this stall (including you)? \_\_\_\_

25: Is there a good relationship between informal traders and the informal trade regulators (local government or CID officers)? Yes ☐ No ☐

Explain your answer:

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26: What is the nature of the manner in which regulators enforce regulations?

Reasonable		Neutral		Unreasonable	
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Explain your answer:

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27: How much do you pay per month for the right to trade at this trading bay? \_\_\_\_

Is this price:

Very unreasonable		Unreasonable		Neutral		Reasonable		Very reasonable	
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28: What would be the ideal license fee for you? \_\_\_\_

29: What is your average weekly income at this stall only?

0-R50		R50-R100		R100-R150		R150-R200		R200-R300		>R300	
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30: If you are not happy with the fees that you pay what have you done to address the issue?

Consulted local government official		Consulted trader association		Brought the matter up at a public hearing	
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Other:

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31: Did you benefit from making use of any government facilitative programs? Yes ☐ No ☐

32: If yes what type program do you make use of?

Financial aid		Business development		Both	
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Other.....  
 .....

33: If No why do you not make use of such programs?

Business is doing well enough		There is no time to attend seminars		I did not know about programs	
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Other:

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34: Can you name the programs you are involved in at present or the past?

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35: Are you kept up to date with informal trader policies or bylaws by the City of Cape Town?

Yes ☐ No ☐

36: If yes how?

Formal public hearings		Newsletters		Word of mouth	
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Other(Explain): \_\_\_\_\_  
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37: To what degree are you consulted in the adoption of policies regarding informal trading?

Always		Almost always		Sometimes		Almost never		Never	
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38: Are you part of an informal trader association (ITA) and why do you belong to it?

Yes ☐ No ☐



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39: Do informal trader associations make a positive contribution to the informal trading environment?

Yes ☐ No ☐

40: Explain your answer:

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41: Is there interaction between you and the formal businesses in your vicinity? Yes ☐ No ☐

42: If yes what links are there?

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43: If no why is there no interaction?

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44: Have you ever had conflict with the formal businesses around you? Yes ☐ No ☐

45: If yes explain your answer:

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46: Who are your main suppliers?

Formal suppliers		Informal suppliers	
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Other:

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47: What is the attitude of formal businesses towards informal traders?

Very Positive		Positive		Neutral		Negative		Very negative	
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48: In the event of conflict between informal traders and formal enterprises how is the conflict resolved? (more than one option possible)

Directly between informal trader and formal enterprise		Indirectly through means of facilitation by local government	
Indirectly through means of involving informal trader associations		Nothing is done the situation is left unresolved	

49: Are formal businesses favoured in the event of conflict? Yes ☐ No ☐

50: Do you think the municipality should allow more trading bays in the inner city? Yes ☐ No ☐

Explain:

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