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iTRUMP [inner Thekwini Regeneration and Urban Management Programme] AREA BASED CONTRIBUTION TOWARDS MANAGING THE INFORMAL ECONOMY

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CARDBOARD SALVAGERS BUY-BACK CENTRE

1. PROJECT

In 1999 / 2000 cardboard salvaging was operating throughout the inner city, but the salvaging community was “based” in the Brook, Russell and Victoria Street vicinity or gravitated to this location at the beginning or end of the day. The middle-person purchasing the cardboard also tendered to prefer uplifting the cardboard from this area. Typically, the middle-person would arrive late afternoon or early evening [when the traffic congestion had abated], with a portable scale mounted on the back of his truck and make cash purchases on the sidewalk. There was the suspicion that the collection times and location were deliberate – late in the day and not well lit. Unfortunately, many of the salvagers suffered from sustenance addictions, so at collection time they were either “high” or unable to see the scale to ensure a fair exchange. The middle-person would then re-sort the street purchase and sell on to the national bulk recyclers.

The project was conceived as a means of breaking this exploitative situation and by so doing introduce a measure of social normality into the lives of the salvagers.

2. BACKGROUND

iTRUMP's presenting challenges were those of urban management and social deprivation.

Although cardboard salvaging was in operation throughout the inner city with remote collection points, a significant number of the salvagers gravitated toward the Brook, Russell and Victoria Street vicinity at the beginning or end of the day. The area became a *de facto* depot and an acknowledged collection point for the middle-person.

The collections occurred at the end of the day, in relatively poor lighting conditions. As many of the salvagers suffered from substance addictions and the scale could not be easily read, there was a community suspicion that the middle-person was deliberately exploiting the salvagers. There were also reports of money advances as loans for school fees, food etc. that merged into a web of seeming entrapment evidenced in the dysfunctional lives being lead by the salvagers. This, together with the single daily collection, tended to reinforce the vicinity as a depot, and for salvagers to protect their daily collection, piles of material accumulated on the sidewalks, "guarded" by partners or family. The consequence was a sidewalk community living in abject conditions. Further, because the community was in the business of salvaging, all forms of material were collected, and generally the sidewalk "depot" was where it was sorted eg. metal, bottles [particularly for sale to the adjacent herb traders] plastic, furniture etc.

Research at the time indicated that the middle-person was paying approximately 18c / kg for cardboard.

The Project was taken up by the Warwick Junction Operations Task Team, OTT 2 [See: Document 2B, 7 Learning. 7iv Page 6 for details pertaining to the OTT concept]. Upon analysis, the sidewalk community was trapped in a cycle of poverty. They had become dependant upon a particular middle-person; receiving less for their labour than market value; were paid when most of the affordable shops were closed [therefore food prices were at a premium]; were dependant on partners to protect their incremental daily salvaging – all of which was "condemning" them to a sidewalk lifestyle. The strategy was intended to break this cycle of dependency.

Elsewhere in the city eg. off Brickhill Road, large scale commercial buy-back centres were in operation. It was agreed to model the intervention on this principle.

3. LOCATION

Given that the intensity of the challenge was focused in the Victoria Street Market vicinity, and that none of the commercial buy-back centres were conveniently located within a reasonable walking distance, it was decided to identify a site in this area for the establishment of a Buy-back Centre. It was finally located in Brook Street. A second centre is also being commissioned in Lorne Street [2007].

4. INTERVENTION

OTT 2 was required to research the Grey Street precinct salvaging dynamics and break the salvagers' cycle of deprivation by providing an immediate point of day time purchase to enhance the salvagers' income. It was decided to found the Buy-back Centre as a community initiative where a significant portion of the mark-up for the middle-person could be redistributed. The Buy-back Centre would be modeled on the commercial buy-back centres, utilizing the expertise of the [then] Keep Durban Beautiful Association [KDBA].

The Centre would be an economic empowerment project, in association with the national cardboard recyclers [in this instance Mondi, who had a prior working relationship with the middle-person.]

5. PROCESS

The Buy-back Centre Project relates to the relocation of the Brook Street spontaneous residential settlement. Not unlike the mealie cookers, many of the cardboard salvagers were accommodated in the settlement or, the overt urban management activities were being obscured amongst the informal dwellings. So, upon the settlements relocation the consequences of the cardboard salvaging became more obvious, but also, land was released that could become available for a Buy-back Centre.

The OTT had representatives from KDBA [Keep Durban Beautiful Association], Durban Solid Waste, City Health, ITSBO [Informal Trade and Small Business Opportunity], Urban Design, Architecture and the Warwick Junction Project. Investigative fieldwork established a database of salvagers; the extent of the immediate and practical waste "reservoir" ie. laden walking distances and the current *modus operandi* with respect to the middle-person's collection. The commercial buy-back centres were visited and interrogated as examples of local precedent. A significant number of the primary salvagers ie. those on the cardboard salvaging routes, were women and members of the Self Employed Women's Union [SEWU]. The early significance of the activity was identified but some two years later [and in pursuit of expanding the programme] detailed research conducted by KDBA confirmed that approximately 30-35 tonnes of cardboard was salvaged daily in the inner city.

The relocation of the spontaneous settlement released land, a portion of which was suitable for a Buy-back Centre and its location was at the epicenter of the current and highest urban management impact. An initial set-back was immediately experienced when the re-development of the site commenced with fencing, a portion set aside for the Buy-back Centre, and the remainder as the Bead and Pinafore Market. The latter entailed the installation of small individual shelters for the hanging display and sale of the garments. A delegation of taxi operators arrived at the iTRUMP Centre querying the design and alerting the Team to the fact that the layout, heights and sizes of the shelters were clearly not suitable for a taxi rank! What was later seen as a

humorous misunderstanding became a tense stand-off. It became apparent that a senior, and now retired, Metro Policeman had indicated to the taxi operators that an ideal solution to the taxi congestion in the area would be the relocation of the spontaneous settlement and the construction of a taxi rank. The taxi operators had seen the [unrelated] decision to relocate the settlement as part of the implementation of the policeman's suggestion. No such formal decision had been made. The ensuing negotiations and ultimate compromise delayed the commissioning of the Buy-back Centre [and the Market] by at least 14 months.

An intransigent aspect of the process were the formal sector linkages upwards to Mondi. The local middle-person supplied a bulk receiver who in turn shipped to Mondi. All parties appreciated the project intention but in retrospect were determined to maintain the *status quo* eg. Mondi were not prepared to operate the skip collection directly from the Buy-back Centre in Brook Street.

Time and a measure of ignorance on the part of the OTT has allowed this critical economic dependence to continue without due consideration.

It was decided that the Buy-back Centre would be best operated by a "graduate" salvager, to be supported and trained over a period of time. Negotiations with SEWU identified a suitable woman.

To operate a buy-back centre, cash purchases are made on a daily basis and at regular intervals the accumulated bulk stock pile is sold on to the recycler. The price differential between the street price and that paid by the recycler equates to profit for the buy-back centre operator.

To initiate this process a cash injection is required. Given the foregoing comments about the formal business linkages, the best arrangement that materialized was that the middle-person acted as the bulk collector, for onward sale to others ie. the maximum benefit of the incremental mark-ups were not available to the Buy-back Centre operator. The middle-person signed an empowerment arrangement agreeing to train the new operator, provide a daily cash "float" and collect the bulk stock pile. Upon analysis, it is clear why there was a succession of failed attempts to establish the operator as an independent business person.

The Buy-back Centre did however achieve significant results despite these perceived limitations. On average there was a monthly through put of 2,8 tonnes and the average price paid to the street salvager rose from approximately 18c to 45c / kg. Approximately 55 salvagers supported the Centre.

6. PRODUCT

The Brook Street buy-back Centre consists of a fenced, fully paved site, approximately 300 m² in extent, with a large sliding gate and gutter-scoop access for the loading / off-loading of a skip [a "flag bin" – see photographs]. The site was located near public toilets and operated during daylight hours only, so required no infrastructure.

The "flag bin" is a converted shipping container with a boom mounted on one of the doors, which when opened provides for the suspension of the scale for weighing the

bundles of cardboard. Once weighed, the cardboard is stored in the container, overnight if necessary, until the bulk stock pile is either removed by truck or ideally, the entire “flag bin” is uplifted and replaced with an empty unit. The site was configured for this latter process but has been operated by double handling.

The Lorne Street buy-back centre, due to be commissioned in November 2007 has been constructed around a block of unused local authority toilets. The Centre is intended to service salvagers on the west and north of the rail corridor and its location with toilet facilities is an acknowledgment that this Centre will perform the function of a “base” from where the salvagers will disperse and return whilst servicing their routes and “customers”.

No overnight operations are permitted at the Centres as an artificial means of preventing the establishment of a residential community within the Centre and to attempt to return the salvagers to a less sidewalk dependant lifestyle. It is also hoped that enhanced incomes [from better cardboard prices] would further assist with this objective.

7. LEARNING

- i. Dignifying the Sector:
Recognizing that the sector uplifts a significant tonnage on a daily basis and that marginal interventions can translate into a real increase in income, demonstrates that the salvagers make a real contribution to waste minimization and that a poverty cycle can be broken. It is also clear that the benefits accruing to the informal economy can be further maximized if the recycling market is better understood and structured.
- ii. Empowerment:
Without more influential action by the Local Authority, either in the management of the formal sector business relationships or the provision of seed capital ie. the start up cash “float”, the realization of the empowerment objectives will remain limited. Logic indicates that if the existing mark-up structure is maintaining various tiers of viable business, rationalization of the “route” to the ultimate recycler could release even greater financial and empowerment opportunities.
- iii. Global Influence:
Over the review period the international supply, and hence the price, of recycled pulp has varied considerably. This has a drastic and often inexplicable impact on survivalist incomes. The reality of the market is understood but sadly the consequence are not always honestly transacted ie. are **positive** fluctuations immediately passed on to the salvagers?
- iv. Social Normality:

The intervention has indicated that if the incomes of the salvagers can be raised through a more direct participation in the recycling value chain, then their ability to lift themselves out of a cycle of deprivation is greatly enhanced. The extent of the sidewalk community decreased after the establishment of the Buy-back Centre, partly as a result of cash flow and income enhancement, but also the Local Authority's enforcement of the bylaws. The latter becomes more tolerable and sympathetic if a proactive strategy is being implemented to divert citizens out of homelessness.

v. Focus and Communication:

Throughout the existence of the Brook Street Buy-back Centre, the financial and management fortunes have varied greatly. Also, there has been the impact of externalities that have required sophisticated management. At one stage it was decided to extend the recycling to tins and bottles. Bottles were being hauled manually from the beachfront, initially a beneficial activity. The ultimate recycling / processing of the glass [then particularly green bottles] was in Gauteng, and when saturation points were achieved, the stock piles mounted at Brook Street and the salvagers were left confused. Diversification requires forward planning and good communication with salvagers.