



NKANGALA DISTRICT
ECONOMICS NOTES
TOPIC 14: ECONOMIC REDRESS
GRADE: 10
YEAR: 2022

TOPIC: ECONOMIC REDRESS

- Economic redress refers to the act of rectifying the wrong situations that affected black people economically in South Africa. This entails putting programme in place to tackle the social and economic problems associated with discrimination of blacks during apartheid times.
- In South Africa, before 1994, Blacks were discriminated against, therefore it was difficult for them to fairly participate in the economy.
- After 1994, the South African government has put programmes to redress the economy. The redress measures are related to **human resources, natural resources, capital and entrepreneurship**

1. HUMAN RESOURCES

- As a factor of production, labour' efficiency depends on its quality and quantity.
- To have quality labour, education and training is important as it gives skills and knowledge needed. The following strategies were implemented to improve human resource
- **Education**: the government restructured education by:
 - ♣ Stopping uneven distribution of resources according to race
 - ♣ More money was allocated to the provision of Education
 - ♣ Education was divided into three phases, the General Education and Training (GET), Further Education and Training (FET) and the Higher Education and Training (HET)
 - ♣ Meals were provided to learners in poor communities
 - ♣ Free Basic Education for poor communities
- **Training**: refers to the process whereby a person is taught a particular job skill.
- The following were implemented regarding training and skill development:
 - ♣ 23 SETA's were developed. SETA stands for Sector Education and Training Authority. It is an authoritative body on skill development in a particular sector.
 - ♣ The SETAs consist of labour unions, government and representatives of businesses from various industries.
 - ♣ Examples of the SETAs are
 - 🏦 Banking SETA
 - 🏗 Construction SETA (CSETA)
 - ⚡ Energy SETA
 - 🧪 Chemical industry SETA
- Objectives of SETAs are:
- To collect skill levies from employers within each sector
- Make the money available for skill training within the sector

- **Employment equity**: to redress the intentional discrimination that black people suffered in work places, Employment Equity Act was established for these purposes:
 - ♣ To promote equal opportunities for all people.
 - ♣ To ensure that workers in a work place reflect the population of the country
 - ♣ To implement affirmative action for redress the disadvantages experienced by blacks, women and disabled people.

2. NATURAL RESOURCES:

- The government has redress policies regarding **land, minerals, fishing and forestry**.
- **Land**: the policies of land restitution and land distribution were developed to bring changes related to land ownership.
- Land restitution is the process by which people whose lands were taken from them during apartheid times are given back their land.
- *Land* distribution is the process whereby the government give its own land to the previously disadvantage people for agricultural purposes. Sometimes the land can be distributed for residential purposes. The process is based on farmers selling the land to the government and then redistribution take place.
- **Minerals and energy**: the government developed the Minerals and Petroleum Resource Development Act of 2002 to achieve the following objectives:
 - ♣ Ensure that mining contribute to rural development
 - ♣ Mines upholds good environmental practices and sustainable development
 - ♣ Develops small scale mining
 - ♣ Ensures good access to geological and mining information.
- **Fishing**
- Through the introduction of the new laws, changes were made after 1994 with regard to fisheries (fishing).
- Fishing rights were given to businesses belonging to the previously disadvantaged people.
- **Forestry**
- After 1994, there has been improvement in the management of indigenous forests by actively involving local communities.
- Through the BEE policy, businesses owned by the previously disadvantaged individuals are given contracts to manage some of the state owned forests.

3. CAPITAL

- Capital is a manufactured factor of production e.g. machines and tools.
- After 1994, access to capital by the previously disadvantaged individuals has improved.
- Organisations such as the Development Bank of Southern Africa give loans to businesses including black owned businesses.

- Industrial Development Corporation is a state owned funding institution that provides loans to businesses that are competitive.
- The National Credit Act of 2005 was introduced to regulate the credit provision by banks.

4. ENTREPRENEURSHIP

Institutions promoting entrepreneurship

- Small Enterprise Development Agency (SEDA) supports the development of small, medium and micro enterprises (SMMEs) especially in rural areas.
- SEDA offer services such as development of business plans, information on tenders, marketing etc.
- Enterprises are also helped on applications for finance.
- It also educate small businesses on how to run businesses effectively.
- South Africa Women Entrepreneurs Network (SAWEN) helps to develop **women** on how to run businesses effectively.
- Business Partners Limited also provides loans to qualifying small enterprises.

GOVERNMENT DEPARTMENTS HELPING ENTREPRENEURSHIP

- Government has entrepreneurship programmes focusing on SMME's
- National Human Resource Development Strategy aims to improve development of skills in the country; and includes entrepreneurship skills.
- The department of labour has to make sure that the following laws are properly implemented:
 - ♣ Skill Development Act
 - ♣ Manpower Training Act
 - ♣ South African Qualifications Authority Act
- The aim of these laws is to improve employees' skills and to encourage entrepreneurial attitude.
- National Small Business Advisory Council advises the government related to small businesses.

Formal education

- Education is important in a person who runs an enterprise.
- The higher level of education entrepreneurs have, the more their chances of managing their businesses successfully.
- The Department of Basic Education incorporated entrepreneurship in the curriculum.
- Learning focuses on the characteristics of a successful entrepreneur.
- Universities also started to focus on entrepreneurship in their courses, e.g. Wits Business School is part of the Witwatersrand University.

- **PRIVATE SECTOR PROMOTING ENTREPRENEURSHIP**

- The private sector firms are actively involved in helping the growth of small businesses, e.g. ABSA has top entrepreneur competition, the JSE has a school challenge whereby learners are taught how to trade in shares.

- **BLACK ECONOMIC EMPOWERMENT**

- The BEE policy was implemented to increase the number of black people who owns and manage businesses.
- Government departments are encouraged to give first preferences to black businesses when they seek suppliers of goods and services.
- The tender system is used by the government. With tender system Black businesses are given first preferences when government buy goods and services.

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- **DEMOCRATISATION OF ECONOMIC PROCEDURES**

- **Labour legislation**: Two key documents that helped to change labour relations in South Africa are, the **Constitution** and the **South African labour laws**.
- The constitution contains the Bill of rights, which includes labour rights.
- **Public hearings** : The parliament has many committees which debate important matters such as taxation.
- After 1994, the process include public hearings whereby members of the society can apply to participate.
- Committee members listen and debate with the person and later make recommendations.
- **NEDLAC (National Economic Development and Labour Council)**
- The body consists of representatives of government, labour, businesses and community organisations
- Its aim is to reach agreements among representatives on economic matters before taking such matters to parliament.
- **Self- regulating bodies**
- Industries are able to set a body that controls how the industry operate.
- Examples of self-regulatory bodies are: the Banking Association of South Africa and the Advertising Standard Authority.