higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE (VOCATIONAL)

ECONOMIC ENVIRONMENT
NQF LEVEL 3

11 November 2022

This marking guideline consists of 6 pages.

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SECTION A

QUESTION 1

1.1	1.1.1	C		
	1.1.2	B		
	1.1.3	C		
	1.1.4	A		
	1.1.5	D		
	1.1.6	A		
	1.1.7	C		
	1.1.8	D		
	1.1.9	C		
	1.1.10	C		
			(10 × 1)	(10)
1.2	1.2.1	688		
	1.2.2	1 032		
	1.2.3	1 548		
	1.2.4	2 064		
			(4 × 2)	(8)
1.3	1.3.1	Securities		
	1.3.2	Globalisation		
	1.3.3	Liquidity of investment		
	1.3.4	Barter		
	1.3.5	Public sector		
	1.3.6	Broker		
			(6 × 2)	(12)
				[30]

QUESTION 2

2.1
- Developing and providing appropriate products for commercial and development clients
- Leveraging private sector investments into the agricultural sector
- Developing partnerships with intermediaries for on-lending
- Developing techniques for financing high-risk agriculture and business areas
- Supporting programmes of the Ministry of Land Affairs and Agriculture by aligning the bank's products with these programmes
- Contributing to rural development (Any 3 × 2) (6)

2.2 This happens when another person has what you want✓✓ and you have what they want.✓✓ (4)

2.3
- Sea shells
- Cows
- Salt
- Pigs (Any 2 × 1) (2)

2.4
- Cash
- Cheque
- Debit card
- Credit card
- Online banking
- Electronic money (Any 2 × 1) (2)

2.5
- Primary market for shares is a market in which new shares are issued.
- Secondary market for shares is a market in which existing shares are bought or sold. (2 × 2) (4)

2.6
- New businesses are created.
- More job opportunities are available.
- It brings new technology.
- Research is stimulated. (4)

2.7
- Basic materials
- Oil and gas
- Industrials
- Health care
- Consumer services
- Telecommunication
- Financials
- Information technology (Any 3 × 1) (3)

[25]

TOTAL SECTION A: 55

SECTION B

QUESTION 3

3.1 3.1.1 It is the continual increase in the general level of prices of goods and services.✓✓ (2)

3.1.2 It is between 3% and 6%.✓ According to the report, inflation was close to its highest at 5%.✓✓ (3)

3.1.3 As time goes by, it is clear that because of inflation, one cannot afford the goods that they used to buy with the same amount of money.✓✓ The value of money decreases.✓ (3)

3.1.4
- Political instability or corrupt government officials
- Increase in the fuel price (2)

3.1.5 It is statistics that help us to understand what is happening in the financial market and the economy in general.✓✓ (2)

3.1.6
- Currencies
- Brent crude oil
- Gold price
- Interest rates
- Consumer price index
- Maize price (Any 4 × 1) (4)

3.2
- Direct financing occurs when funds flow from surplus units directly to deficit units.✓✓
- Indirect financing occurs when funds between surplus units and deficit units flow through a financial intermediary or bank.✓✓ (2 × 2) (4)

3.3 Consumer price index excluding interest rate (1)

3.4 When the price of oil increases, the price of fuels such as petrol and diesel also increases.✓✓ This causes an increase in transport costs. This will affect the prices of goods that are being transported and then eventually most prices of goods and services will increase.✓✓ (4)

[25]

QUESTION 4

4.1
- Pure economic indicators are those indicators used by economists to assess the state of the economy of a country,✓✓ for example currencies, CPI, interest rate (any example of these).✓✓
- Financial economic indicators are those indicators used to assess financial markets,✓✓ for example gold price, oil price and wheat price.✓✓ (2 × 4) (8)

4.2 When the general price level of goods increase, consumers will not afford the same amount of goods they afforded before.✓✓ Their demand for goods is going to decrease.✓✓ Production is going to be affected and people are going to lose their jobs. Without jobs they will have to find other ways to live and therefore crime will increase.✓ (5)

4.3
- British pound
- Euro
- Yen
- Dollar
- Botswana pula (Any 4 × 1) (4)

4.4
- Macro-environment
- Market environment
- Micro-environment (3)

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4.5
- Product – goods or services that satisfy needs and wants.
- Price – the amount that the market will be willing to pay.
- Promotion – a communication strategy that informs the consumers of the availability of the products.
- Place – the distribution of the product that will be accessible to consumers.

(4 × 2) (8)

4.6
- Advertising involves making consumers aware of the existence of a particular product or service.✓✓
- Promotion takes the business and its image to people, thereby increasing brand awareness and value.✓✓

(2 × 2) (4)

4.7
4.7.1 Entrepreneurship
4.7.2 Capital
4.7.3 Natural resources
4.7.4 Labour

(4 × 2) (8)

4.8
- When businesses compete, products become more affordable and attractive.✓✓✓
- Competition between businesses also brings a wider variety of products and services.✓✓✓

(2 × 3) (6)

4.9
4.9.1 Regular power cuts will cause those products which need electricity to be affected, therefore the owner must consider alternative power, such as generators or solar energy.✓✓

4.9.2 Precautionary measures must be taken, which will include fire extinguishers.✓✓

(2 × 2) (4)

QUESTION 5

5.1
5.1.1 The farm owners will lose their animals, crops as well as grazing land for animals.

5.1.2 The workers might eventually lose their jobs or their dwellings might burn down.

(2 × 2) (4)

5.2
- A tender is when one undertakes to supply certain goods to the government.
- Procurement is the process of appointing a government supplier.

(2 × 2) (4)

5.3
- Such processes are affected by nepotism, where family members would be preferred for appointments.✓✓
- The quality of service provision is mostly poor as providers are not equipped to do so.✓✓
- Some projects are left incomplete. (Any 2 × 2) (4)

5.4 South African Revenue Service (2)

5.5 5.5.1 R14 700 × 15%✓ = R2 205✓✓ (3)

5.5.2 R14 700 – R2 205✓ = R12 495✓✓ (3)

5.6
- With the tax collected, the government is able to build roads, dams, hospitals and schools.
- Tax is the only revenue with which the government is able to pay public servants' salaries as well as social grants. (2 × 3) (6)

5.7
- Income tax
- Property tax
- Import tariffs
- Fuel levy (Any 4 × 1) (4)

[30]

QUESTION 6

6.1 6.1.1 Simple interest: R35 000 × 12% × 4✓✓ = R16 800✓✓ (4)

6.1.2 Compound interest: R35 000 × 12%✓✓ = R4 200✓✓
(R35 000 + R4 200) × 12%✓✓ = R4 704✓✓
(R39 200 + R4 704) × 12%✓✓ = R5 268,48✓✓
(R43 904 + R5 268,48) × 12%✓✓ = R5 900,70✓✓
= R20 073,18✓✓ (18)

6.1.3 Total debt: R35 000 + R20 073,18✓ = R55 073,18✓✓ (3)

6.2
- You get to establish a credit history.
- The transactions are more convenient and safer than using cash.
- You are able to meet your emergencies and difficulties.
- While you are paying your credit instalments, you are left with a greater share of your income to use. (4 × 2) (8)

6.3
- Student loan
- Car
- Mortgage to buy a house (3)

6.4
- An entrepreneur is someone who takes the risk to set up a business to make profit.
- Management is the organising and controlling of the affairs of a business. (2 × 2) (4)

[40]

TOTAL SECTION B: 145
GRAND TOTAL: 200

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