higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

ECONOMIC ENVIRONMENT
NQF LEVEL 2

(3011022)

10 December 2020 (X-paper)
09:00–11:30

This question paper consists of 9 pages.

481Q1N2010

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TIME: 2½ HOURS
MARKS: 150

INSTRUCTIONS AND INFORMATION

1. Answer all the questions.
2. Read all the questions carefully.
3. Number the answers according to the numbering system used in this question paper.
4. Start each section on a new page.
5. Use only a black or blue pen.
6. Write neatly and legibly.

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SECTION A

QUESTION 1

1.1 Various options are given as possible answers to the following questions. Choose the answer and write only the letter (A–D) next to the question number (1.1.1–1.1.10) in the ANSWER BOOK.

1.1.1 A business conducts its activities within the … environment.

A physical
B macro
C micro
D market

1.1.2 A/An … of the rand against the dollar is shown by a decrease in the rand.

A depression
B appreciation
C inflation
D depreciation

1.1.3 The age group of 16–64 is known as the … group.

A economically active
B highly skilled
C energetic
D prime

1.1.4 When imports are more than exports it results in a … balance of payment.

A horizontal
B positive
C negative
D vertical

1.1.5 British pounds in the South African Reserve Bank will be categorised as …

A inflation rate.
B interest rate.
C foreign currency.
D exchange rate.

1.1.6 Which ONE of the following will lead to the improvement of a country's products?

A Population growth
B Culture
C Technology
D Exchange rate

1.1.7 … markets transfer funds from those who have funds available to those who do not.

A Exchange
B Funds
C Financial
D Commodity

1.1.8 Andrew pays 25% income tax on his salary of R32 000 which means that he pays an amount of … to the South African Revenue Services.

A R5 300
B R8 000
C R25 000
D R2 500

1.1.9 … value is created when goods are stored for later use.

A Form
B Time
C Possession
D Place

1.1.10 What is the economics term for a country that produces certain goods and services better than other countries?

A Opportunity cost
B Free-trade cost
C Absolute advantage
D Production advantage

(10 × 1) (10)

1.2 Choose a description from COLUMN B that matches a term in COLUMN A. Write only the letter (A–K) next to the question number (1.2.1–1.2.10) in the ANSWER BOOK.

COLUMN A		COLUMN B	
1.2.1	Platinum	A	demand meets supply
1.2.2	Balance of payments	B	decrease in economic activities
1.2.3	Equilibrium position	C	price of one currency in terms of another currency
1.2.4	Domestic trade	D	small businesses not registered
1.2.5	Recession	E	factor of production
1.2.6	Inflation	F	trade records between the resident country and the rest of the world
1.2.7	Informal sector	G	increase in the prices of goods and services
1.2.8	Exchange rate	H	unable to afford basic needs
1.2.9	Natural resources	I	unemployment in South Africa
1.2.10	Poverty	J	exchange of goods and services inside the borders of a country
		K	South Africa's main export commodity

(10 × 1) (10)

1.3 Indicate whether the following statements are TRUE or FALSE by writing only 'True' or 'False' next to the question number (1.3.1–1.3.10) in the ANSWER BOOK.

1.3.1 A business can be in full control of activities in the market environment.

1.3.2 The SARB has the sole right to issue notes and coins to facilitate economic activities.

1.3.3 Cyclical changes in the economy are caused by global changes.

1.3.4 HIV/AIDS increases dependency on the government.

1.3.5 The taxi industry is the most important source of revenue for the government.

1.3.6 Depreciation in the rand increases the price of imports.

1.3.7 Food is an example of durable goods.

1.3.8 If the inflation rate is 5%, it means that a basket of goods costs 5% more than before.

1.3.9 The aim of monetary policy is to decrease unemployment.

1.3.10 Protectionism means there are no restrictions on trade between countries.

(10 × 1) (10)
[30]

TOTAL SECTION A: 30

SECTION B

QUESTION 2

2.1 Tango Chickens is an informal business that sells braai chicken at a taxi rank. Use the given information to answer the questions.

PRICE (R)	NUMBER OF CHICKENS DEMANDED	NUMBER OF CHICKENS SUPPLIED
50	20	100
40	40	80
30	60	60
20	80	40
10	100	20

2.1.1 Explain the term *law of demand*. (2)

2.1.2 Identify the equilibrium price and equilibrium quantity in the given table. (2)

2.1.3 Identify whether the following statement is TRUE or FALSE by writing only 'True' or 'False' next to the question number (2.1.3) in the ANSWER BOOK.

The law of supply states that if the price of a product increases, the quantity supplied decreases. (1)

2.1.4 List THREE factors that affect the demand for goods. (3)

2.2 Give TWO examples of community activities that are sponsored by businesses. (2)

2.3 What are the benefits of a social responsibility programme for a business?

(2 × 2) (4)

2.4 Differentiate between *structural changes* and *cyclical changes* in the economy. (2 + 2) (4)

2.5 Explain TWO negative effects of electricity load shedding on businesses and households in South Africa. (2 × 2) (4)

2.6 Give FOUR reasons for international trade. (4 × 2) (8)
[30]

QUESTION 3

Read the extract below and answer the questions.

SOUTH AFRICA'S MAY INFLATION RATE HITS TARGET RANGE MIDPOINT

South Africa's annual inflation quickened in May, with the rate reaching the midpoint of the central bank's target range as higher food and beverage prices contribute to the increase.

[Source: *www.news24.com*, 19 June 2019]

3.1 Name TWO types of inflation. (2)

3.2 An imaginary basket of goods was R800 in 2018. Inflation increased in 2019 by 5%.

Calculate how much the same basket of goods will cost in 2019. (4)

3.3 What impact does increased inflation have on the economy of a country? (4 × 2) (8)

3.4 What is the name of South Africa's central bank and its governor? (2)

3.5 Give FOUR advantages of exports in the South African economy. (4 × 2) (8)

3.6 Give TWO examples of beverages of which the prices can potentially cause an increase in the inflation rate. (2)

3.7 Consider the law of supply and explain why it would be wise to invest in food and beverages. (2 × 2) (4)
[30]

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QUESTION 4

Read the extract below and answer the questions.

REGULATION OF WORKING TIME

Every employee is either subject to a contract of employment or terms and conditions applied to a specific job or industry. Most employees have their working time regulated by the Basic Conditions of Employment Act of 1997 as amended.

[Source: *www.iol.co.za*, 28 April 2019]

4.1 Explain the term *contract of employment*. (2)

4.2 What is the purpose of the Basic Conditions of Employment Act? (2 × 2) (4)

4.3 Explain TWO benefits of having more educated and skilled labour force in the workplace. (2 × 2) (4)

4.4 List THREE opportunities brought about by urbanisation. (3 × 2) (6)

4.5 All employees want to buy goods and services with the money they earn to satisfy some of their needs.

4.5.1 List FOUR characteristics of needs and wants. (4)

4.5.2 Explain the term *capital goods*. (2)

4.6 Tabulate the difference between the *expansion phase* and the *recession phase* of the trade cycle. (4 + 4) (8)

[30]

QUESTION 5

Read the extract below and answer the questions.

THREE SEPARATE TRAIN FIRES DELAY WESTERN CAPE COMMUTERS

A shooting and a fire have caused serious train delays at Mbekweni station in Paarl, in the Western Cape, says Metrorail.

Train number 3520 was set alight at 12:26 at the station, following a shooting incident, spokesperson Zino Mihi told News24.

Metrorail announced that, as a result of the incident, train journey times will increase by over an hour, while investigations are ongoing, and the area is being cleared.

[Source: *www.news24.com*, 28 September 2018]

5.1 Explain the term *infrastructure*. (2)

5.2 Give FOUR examples of infrastructure that can benefit an economy. (4)

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5.3 Briefly explain FOUR challenges caused by the train delays for both commuters and businesses. (4 × 2) (8)

5.4 List FOUR government protection services for curbing crime. (4)

5.5 Write each of the following acronyms in full:

5.5.1 CPI

5.5.2 GDP

(2 × 1) (2)

5.6 In which FOUR ways can economic values be added during the production process. (4)

5.7 Differentiate between *imports* and *exports*. (3 + 3) (6)

[30]

TOTAL SECTION B: 120
GRAND TOTAL: 150

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