higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE (VOCATIONAL)

ECONOMIC ENVIRONMENT
NQF LEVEL 3

6 March 2020

This marking guideline consists of 8 pages.

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SECTION A

QUESTION 1

1.1	1.1.1	C		
	1.1.2	A		
	1..1.3	A		
	1.1.4	D		
	1.1.5	A		
	1.1.6	B		
	1.1.7	D		
	1.1.8	D		
	1.1.9	C		
	1.1.10	C		
			(10 × 1)	(10)
1.2	1.2.1	False		
	1.2.2	True		
	1.2.3	True		
	1.2.4	False		
	1.2.5	True		
	1.2.6	True		
	1.2.7	False		
	1.2.8	True		
	1.2.9	False		
	1.2.10	True		
			(10 × 1)	(10)
1.3	1.3.1	Monopoly		
	1.3.2	Investment		
	1.3.3	CPI		
	1.3.4	Rent		
	1.3.5	Mission		
			(5 × 1)	(5)
				[25]

QUESTION 2

2.1 Economically active population: Comprises all persons between the age of 15 and 64✓ who furnish the supply of labour for the production of goods and services.✓ (2)

2.2
- Physical environment
- Political environment
- Technological environment
- Economic environment
- Social environment
- Legal environment (6)

2.3 2.3.1 Landed costs: Are the total expenses of receiving goods at the place of retail sale,✓ including retail purchase price, transportation costs, duties, value added taxes, excise tax and other taxes.✓

2.3.2 Mark-up: The amount that the seller adds to the final costs;✓ it represents the profit of the seller.✓

(2 × 2) (4)

2.4 $1 = R16,12
$75= (16,12 × 75)✓
= <u>R1 209</u>✓✓ (3)
[15]

TOTAL SECTION A: 40

SECTION B

QUESTION 3

3.1 Break-even is a point where the business makes neither profit nor loss; income exactly equals the business costs. (2)

3.2
- Basic Conditions of Employment Act
- Labour Relations Act
- Employment Equity Act
- Skills Development Act (4)

3.3
- Trade and investment barriers are disappearing, and it is much easier to trade with other countries.
- Advances in transport and telecommunications, and it is easier and much cheaper to transport goods.
- Economic culture around the world is becoming more similar.
- National economies are merging into interdependent global system.

(Any 2 × 2) (4)

3.4 Mixed economic system: An economic system in which both private enterprises and public enterprises (government enterprises) coexist.✓ Factors of production are shared between private and public sectors.✓ (2)

3.5
- Freedom of choice and ownership:✓ Private ownership of land and businesses gives individuals control of the economy.✓
- Economic growth is promoted:✓ Private ownership; the state promotes and provides a well-developed infrastructure and has policies in place that encourage the development of industries and trade.✓
- State improves social welfare:✓ The state aims to improve the standard of living, especially that of the poor, by providing social welfare grants and education and healthcare.✓
- Protection of the environment: The state passes laws to protect the environment, reduce pollution and control the way in which resources are used. (Any 3 × 2) (6)

3.6 3.6.1 Technological environment: Deals with anything that increases the ability to work, learn and interact with each other; external factors in technology that impact business operations.✓✓
For example, computers;✓ technological equipment; satellites; cell phones. (3)

3.6.2 Institutional environment: Any change in government whether local, regional or central level, affecting the functioning of the whole economy.✓✓
For example, changes include laws, regulations and rules.✓ (3)

3.7
- The manager might start producing and selling generators
- Gas stoves
- More use of wind or solar energy
- More use of coal
- Gas heaters (Any 4 × 1) (4)

3.8
- Attract investors from other provinces.
- Increase economic activities.
- Increase in economic growth will lead to job opportunities.
- Reduce urbanisation and increase demand for goods and services. (4 × 2) (8)

3.9 3.9.1 R11,09 × 12,5/100 = R1,39✓
R1,39 + R11,09 = R12,48✓

3.9.2
- Imported goods will be cheaper in rand terms.
- Increase in foreign reserves of foreign countries

(2 × 2) (4)
[40]

QUESTION 4

4.1 Lesetja Kganyago (1)

4.2
- Banker and adviser to the government:✓ Reserve Bank acts as banker, agent and adviser to the government as the state is the largest receiver and spender of money.✓
- Management of the South African money and banking system:✓ Provision of liquidity to banks. It has the sole right to make, issue and destroy bank notes and coins in South Africa.✓
- Formulation and implementation of monetary policy:✓ Reserve Bank is responsible for formulation and implementing of monetary policy, protecting the value of the rand in the interest of balanced and sustainable economic growth.✓
- Provision of economic and statistical services: Reserve Bank collects, interprets and publishes economic statistics and other information that is used by policy makers and researchers. (Any 3 × 2) (6)

4.3 Inflation: is the continuous increase in the general price level of a variety of goods and services in an economy over a period of time. (2)

4.4
- Interest rates
- Unemployment rate
- Brent crude oil
- Gold price
- Wheat price
- Exchange rate
- Consumer price index
- Current account deficit (surplus)
- Maize price (Any 6 × 1) (6)

4.5 Exchange rate influences landed costs✓ when part of the costs has to be paid in foreign currency✓ depending on the exchange rate of that currency to the rand.✓ (3)

4.6 Weak currency may help country's exports gain market share✓ as foreign countries will buy more from South Africa since it will be cheaper for them.✓
Finding the additional market because country's goods become cheaper compared to goods priced in stronger currencies✓ and increase in sales volume, which boosts economic growth.✓
Create employment.
Increase profits for companies. (4)

4.7
- Increase the repo rate
- Increase the minimum reserve requirement
- Sell government bonds to absorb liquidity in the money market
- Increase taxes
- Decrease government bonds
- Reduce money supply (Any 4 × 2) (8)

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4.8

SIMPLE INTEREST	COMPOUND INTEREST
Calculated by using original✓ amount that was borrowed (principal amount) to work out how much interest is due.✓	Based not only on the original amount of money borrowed✓ (the principal) but also on unpaid interest that has been added to the principal.✓

(4)

4.9
- Increase the level of poverty
- Less spending powers
- Increase in prices of basic foods
- Political unrest (Any 3 × 2) (6)

[40]

QUESTION 5

5.1 Secondary sector (2)

5.2 Socio-political environment (2)

5.3
- Loss of income due to illnesses
- Closure of informal businesses selling sandwiches
- Increased rate of poverty
- Unemployment increases
- Social unrest
- Death of breadwinners (Any 4 × 2) (8)

5.4
- Increased unemployment due to closure of some of the companies
- Increased government expenditure on appointing health inspectors to regularly monitor affected businesses
- Social unrest by affected consumers
- Increased poverty in the whole economy
- Loss of production in affected companies
- Decreased economic growth due to lower GDP (Any 4 × 2) (8)

5.5
- The Department of Labour can issue large fines for unfair labour practices.
- Disruptive industrial action
- Legal claims can also be made against the business.
- Bad publicity can damage the business brand. (4)

5.6 5.6.1 Redeployment strategy: The manager can choose to redeploy the current resources from one production line to another.✓✓
For example, change the factory building to a retail shop selling finished consumer goods.✓ (3)

5.6.2 Contingency strategy: The manager can generate several options.✓✓ For example, may decide to invest in gas stoves in case of possible power failures.✓ (3)

5.7 Deposit: R10 000 × 10/100✓
= R1 000✓

Left to pay: R10 000 – R1 000✓
= R9 000✓

Simple interest: R9 000 × 20/100 × 3✓
R5 400✓

Total to pay: R5 400
+Balance : 9 000
+HP fee : 600
15 000✓
Monthly over 36 months: R15 000/36✓
= R416,70✓✓ (10)
[40]

QUESTION 6

6.1
- Basic materials
- Oil and gas
- Industrials
- Consumer goods
- Health care
- Consumer services
- Telecommunications
- Financial services
- Information technology (5)

6.2 Increase in the price of Brent crude oil✓ will results in an increase in transport costs for good and services✓ as well as an increase in production costs.✓ People see inflation rising; they want to be paid more.✓ Trade unions will put increasing pressure on employers to raise wages and salaries.✓ If the demands are not met, this will lead to unrest among the workers.✓ (6)

6.3
- By creating job opportunities
- Provides opportunities for entrepreneurs to start businesses
- Encourages skills development and rural development
- Development of infrastructure (2 × 2) (4)

6.4
- Increases GDP as tourists spend money on goods and services.
- Employees in the tourist industry spend their income on local goods.
- The government spends money on infrastructure to facilitate tourism.

(Any 2 × 2) (4)

6.5 Productivity refers to the level of production and work relative to the time taken within a business. (2)

6.6
- More is produced using less labour in less time.
- Business produces more goods at lower costs.
- Make higher profits. (Any 2 × 2) (4)

6.7

VARIABLE COSTS	FIXED COSTS
Costs that vary directly with the level of output; represent payment for inputs.✓ For example, fuel, water and electricity, etc.✓	Business costs that are not directly related to the level of production or output.✓ For example, rent, depreciation, administration costs, etc.✓

(4)

6.8 6.8.1 Euro (1)

6.8.2
Cost per CD: (700 × R45,00) R31 500,00✓
Packaging: (700/70 × R7,50) 75,00✓
Shipping: (700/400 × R450) 787,50✓
TOTAL COST 32 362.50✓ (4)

6.8.3
R32 362,50/€15,45✓
= €2 094,66✓ (2)

6.8.4
R45,00 × 25/100✓
= R11,25✓
= R45,00 + R11,25✓
Selling price = R56,25✓ (4)
[40]

TOTAL SECTION B: 160
GRAND TOTAL: 200

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