higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

ECONOMIC ENVIRONMENT
NQF LEVEL 3

(3011023)

6 March 2020 (X-paper)
09:00–12:00

This question paper consists of 9 pages.

273Q1S2006

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TIME: 3 HOURS
MARKS: 200

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. 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 Which ONE of the following studies the behaviour of individual households, firms and businesses?

A Economics
B Micro-environment
C Micro-economics
D Macro-economics

1.1.2 The largest tax collected by South African Revenue Services is known as … .

A income tax
B value-added tax
C property tax
D social security tax

1.1.3 The tax collected on imports and exports by a country's customs authorities.

A Import duty
B Custom duty
C Duty
D Export duty

1.1.4 Which method is used to determine the quickest way of doing a job?

A Break-even
B Schedule
C Gantt chart
D Critical path analysis

1.1.5 A … is part of something in relation to the whole thing.

A ratio
B proportion
C pie-chart
D percentage

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1.1.6 The price of Brent crude oil is measured in … per barrel.

A rand
B dollar
C pound
D euro

1.1.7 … is the rate at which one currency can be converted into another currency.

A Currency
B Exchange rate
C Medium of exchange
D Foreign exchange

1.1.8 Which ONE of the following is likely to be found in the market environment?

A Population trends
B Promotion
C Price of goods and services
D Competition

1.1.9 … shows how an organisation is structured and how the positions/jobs in the organisation are related to each other.

A Management
B Leadership
C Organogram
D Organising

1.1.10 The process of transferring a business, property or industry from private assets to governmental control or public ownership.

A Empowerment
B Privatise
C Nationalise
D Commercialise

(10 × 1) (10)

1.2 Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'True' or 'False' next to the question number (1.2.1–1.2.10) in the ANSWER BOOK.

1.2.1 To understand capitalism, one needs to study the South African economy.

1.2.2 A debenture is a certificate of acknowledgement of debt, which the company gives to the creditor.

1.2.3 Interest is the price that someone pays for the temporary use of someone else's money.

1.2.4 The South African Reserve Bank is the subsidiary of the bank that mints and prints all coins and bank notes in South Africa.

1.2.5 The micro-environment contains the management of the business.

1.2.6 Social environment is the behaviour of society and the resulting trends and changes with whom they interact.

1.2.7 There is no legislation establishing the lowest hourly wage an employer may legally pay a worker for a job.

1.2.8 Break-even analysis categorises production costs as either variable costs or fixed costs.

1.2.9 Variable costs are costs that are not directly related to the level of production or output.

1.2.10 A consignment is a batch of goods sent to be delivered somewhere else.

(10 × 1) (10)

1.3 Choose the correct word or words from those given in brackets. Write only the word or words next to the question number (1.3.1–1.3.5) in the ANSWER BOOK.

1.3.1 (Monopoly/Oligopoly) is a market in which there are many buyers but only one seller.

1.3.2 Buying shares from a stock market is an example of (consumer/ investment) spending.

1.3.3 Inflation is measured by (CPI/GDP).

1.3.4 (Rent/Interest) is the remuneration for the property owner.

1.3.5 The (mission/plans) is/are the main purpose of a business.

(5 × 1) (5)

[25]

QUESTION 2

2.1 In your own words, explain what an *economically active population* means. (2)

2.2 Name SIX aspects that are covered by the macro-environment. (6)

2.3 Define the following terms:

2.3.1 Landed costs

2.3.2 Mark-up

(2 × 2) (4)

2.4 Mimi imported a designer dress from Wish Online Shopping in the USA. The cost of the dress is $75 and the exchange rate is $1 = R16,12.

Calculate what will the dress cost to import, in rand value. Show calculations. (3)

[15]

TOTAL SECTION A: 40

SECTION B

QUESTION 3

3.1 In your own words, what does it mean to *break even*? (2)

3.2 Name FOUR examples of legislation applicable to South African businesses. (4)

3.3 What are the TWO factors that have given rise to globalisation? (4)

3.4 Describe the mixed economic system used in South Africa. (2)

3.5 Give THREE advantages of the mixed economic system. (6)

3.6 Briefly explain and give an example of each of the following environments.

3.6.1 Technological environment (3)

3.6.2 Institutional environment (3)

3.7 What kind of competitive advantage can businesses quickly realise due continuous Eskom power cuts? (4)

3.8 Briefly explain how an improvement in infrastructure can benefit rural communities. (4 × 2) (8)

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3.9 Assume that the rand appreciates by 12,5% against the euro and the exchange rate of the rand against euro is €1 = R11,09.

3.9.1 Calculate the new exchange rate.

3.9.2 How can the rand appreciation improve the quality of life of South Africans?

(2 × 2) (4)
[40]

QUESTION 4

Read the extract below and answer the questions.

RAND DROPS TO NEW RECORD LOW



The rand has once again dropped to record lows against the US dollar, reaching R17,99. There have already been warnings about the effects this will have on the South African Reserve Bank and the country's immediate economic future.

[Source: *www.Eyewitness-News July 2018*]

4.1 Who is the current governor of the South African Reserve Bank? (1)

4.2 Explain THREE functions of the South African Reserve Bank. (3 × 2) (6)

4.3 The weakening rand gives rise to inflation.

Explain the term *inflation.* (2)

4.4 Name SIX economic indicators other than the inflation rate for the South African economy. (6)

4.5 Explain how the drop in rand will affect the landed costs. (3)

4.6 Why do some people believe that a weak rand benefits South African exporters? (2 × 2) (4)

4.7 Briefly explain FOUR ways in which the South African Reserve Bank can control the rise in the inflation target set by the government. (4 × 2) (8)

4.8 Differentiate between simple i*nterest and compound interest.* (2 × 2) (4)

4.9 In 2018, the Minister of Finance announced an increase of VAT from 14% to 15%.

What negative effects does an increase of VAT have to South African households? (3 × 2) (6)

[40]

QUESTION 5

Read the extract below and answer the questions.

ENTERPRISE FACTORY CLOSED AFTER LISTERIOSIS OUTBREAK



In March 2018, Tiger Brands, an enterprise meat-processing factory in Germiston East of Johannesburg, suspended its operations following revelations that its products are the source of the listeriosis outbreak.

[Source: *@SABC newsonline, 5 March 2018*]

5.1 In which business sector does Tiger Brands operate? (2)

5.2 Identify the business environment affected by listeriosis. (2)

5.3 What effects does listeriosis have on households? (4 × 2) (8)

5.4 Describe FOUR negative impacts of the temporary closure of the Tiger Brands factory on the South African economy. (4 × 2) (8)

5.5 Give FOUR possible consequences if the Tiger Brands factory does not comply with labour laws and regulations. (4)

5.6 Explain how the Tiger Brands factory can use the following strategies to their advantage:

5.6.1 Redeployment strategy (3)

5.6.2 Contingency strategy (3)

5.7 Due to the outbreak of listeriosis, Mr Mbeki decided to start a butchery selling meat locally in Germiston, east of Johannesburg. He bought a new fridge for the butchery for R10 000. There is a 10% deposit required. He will pay it off monthly at 20% p.a., including a hire purchase fee of R600.

Calculate how much this will cost monthly for the next three years at simple interest. Show all calculations. (10)
[40]

QUESTION 6

6.1 Name FIVE types of market shares. (5)

6.2 What effects does the continuous increase in the price of Brent crude oil have on the economy? (3 × 2) (6)

6.3 Explain how tourism can reduce poverty. (2 × 2) (4)

6.4 Describe the effects of tourism on a country's GDP. (2 × 2) (4)

6.5 What is *productivity?* (2)

6.6 Give TWO points why high productivity is beneficial to a business. (2 × 2) (4)

6.7 Differentiate between *variable cost and fixed cost.* (2 × 2) (4)

6.8 Black Coffee is a music producer who wants to export his 700 CDs to Italy. The total costs incurred for production of one CD is R45 and the packaging is R7,50 for 70 CDs. The shipping company charges R450 for 400 CDs.

6.8.1 What is the currency used in Italy? (1)

6.8.2 Calculate the total cost for exporting 700 CDs to Italy. (4)

6.8.3 Calculate how much Black Coffee will pay to export 700 CDs to Italy if the exchange rate is €1 = R15,45. (2)

6.8.4 Calculate how much a local market will pay for one CD if the business requires a 25% profit. (4)
[40]

TOTAL SECTION B: 160
GRAND TOTAL: 200

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