higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

ECONOMICS N5

27 NOVEMBER 2018

This marking guideline consists of 7 pages.

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QUESTION 1

1.1	1.1.1	A		
	1.1.2	D		
	1.1.3	A		
	1.1.4	C		
	1.1.5	B		
	1.1.6	D		
	1.1.7	A		
	1.1.8	A		
	1.1.9	C		
	1.1.10	C		
			(10 × 2)	(20)
1.2	1.2.1	True		
	1.2.2	True		
	1.2.3	True		
	1.2.4	True		
	1.2.5	False		
	1.2.6	False		
	1.2.7	False		
	1.2.8	True		
	1.2.9	False		
	1.2.10	False		
			(10 × 2)	(20)
1.3	1.3.1	Urbanisation		
	1.3.2	Budget deficit		
	1.3.3	Creeping		
	1.3.4	Census		
	1.3.5	Idle money		
			(5 × 2)	(10)
				[50]

TOTAL SECTION A: 50

SECTION B

QUESTION 2

2.1	2.1.1	Per capita income		
	2.2.2	Finished goods		
	2.2.3	Economic growth		
	2.2.4	Within the boundaries of a country		
	2.2.5	Added value		
			(5 × 2)	(10)

2.2 2.2.1 A trade union is an organised group of workers in a particular enterprise, industry, trade or profession, seeking to establish a relationship with management through the process of collective bargaining. (3)

2.2.2
- Trade unions have a common aim of improving employees' conditions of work.
- They promote the interests of their members in a work situation.
- It leads to a higher standard of living and work satisfaction.

(3 × 2) (6)

2.2.3 Industrial courts decide in industrial disputes if both parties agree to ask it to judge between them.
Industrial councils are statutory councils of employers and trade unions. (2 × 2) (4)

2.3 2.3.1 Savings refers to the unspent part of an income. (2)

2.3.2
- Transaction motive✓: Save money to use for daily transactions,√ i.e. money to take a taxi to college.✓
- Provisional motive✓: Save money for rainy or difficult unexpected occurrences✓ to use money when someone is sick or there is a death in a family.✓
- Speculative motive✓: Save money to have more money in future✓, i.e. buying shares.✓ (Any 3 × 3) (9)

2.4 2.4.1 A budget is a document which contains particulars of the plan for allocating State revenue and expenditure. (3)

2.4.2
- Direct taxation is the type of taxation in which the taxpayer cannot shift to someone else,✓✓ for example, pay as you earn (PAYE)✓
- Indirect taxation is the type of taxation in which the taxpayer can shift it to someone else,✓✓ for example value added tax (VAT)✓

(6)

2.4.3.1 Sin tax is tax charged on goods that are not good for the health of the consumers,✓✓ i.e. liquor✓ (3)

2.4.3.2 To increase the State's revenues. (2)

2.4.4 False (2)
[50]

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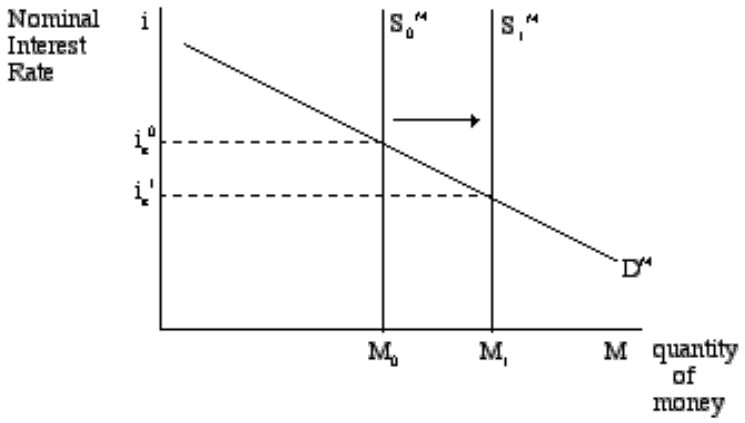
QUESTION 3

3.1 3.1.1 Interest is the cost of borrowing money (2)

3.1.2 Increase in Interest Graph



- heading✓
- vertical labelling✓
- horizontal labelling✓
- original demand curve✓
- original supply curve✓
- original equilibrium curve✓
- increase in supply curve✓✓
- new equilibrium curve✓✓ (10)

3.2
- Unemployment✓
  The condition in which people, who are willing to pursue an occupation and are willing and able to work, are unable to work at the current wage rate.✓✓
- Strikes✓
  A strike can be defined as the refusal by employees to continue working or obstructing the normal progress of work with the intention of returning to work at a later stage. In South Africa, strikes lead to public losses.✓✓
- Lack of skills/training✓
  In South Africa, there is a shortage of highly skilled workers and an oversupply of unskilled workers. Education and training should be directed to improving the level of skills in the workforce.✓✓
- Migration✓
  Migration has a specific effect on the labour supply. Owing to political uncertainty, violence and low economic growth rate, the country loses a large number of people migrating to other countries. Immigrants decrease labour supply.✓✓ (Any 3 × 4) (12)

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3.3 3.3.1 At factor cost,✓✓ GDP at market price✓✓ (4)

3.3.2 (943 + 844 + 355 + 45 - 16)✓✓✓ = 2171✓ (4)

3.3.3
- Indicates economic development
- Indicates living standards/prosperity levels
- Compares living standards (3 × 2) (6)

3.4 3.4.1 International trade refers to trade between two or more countries. (2)

3.4.2
- Natural resources
- Climate
- Characteristics of labour
- Capital
- Heterogeneous needs of the people
- Income
- Established industries
- International migration
- Development of infrastructure
- Differences in costs (Any 4 × 2) (8)

[50]

QUESTION 4

4.1 4.1.1 Inflation is the general increase in the prices of goods and services caused by the decrease in the value of money. (3)

4.1.2 (5,77+ 6,12 + 4,51 + 6,59)✓/4✓ = 22.99/4✓
= 5.75%✓ (4)

4.1.3 R69,99 + (69,99 × 6,59/100)✓✓
=R69,99 + 4,61✓
=R74,60✓ (4)

4.1.4 Consumer Price Index (1)

4.2
- Labour force
- Capital
- Technology
- Natural resources
- Entrepreneurship (5 × 2) (10)

4.3 4.3.1 The rate at which one country's currency is expressed in terms of another currency. (2)

4.3.2.1 Rand
4.3.2.2 Dollar
4.3.2.3 Pound (3 × 1) (3)

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4.4 4.4.1 This policy includes measures in which money is collected from taxpayers without direct counter-performance. An increase or decrease in the tax rate has an effect on the economy. Tax can be levied to (i) obtain funds for providing collective services and (ii) to stabilise the economy. (4)

4.4.2 Government expenditure has a great influence on the economy. A disadvantage with this policy is that there is a time lapse before the effects work through the economy. The prevailing and the future trends and the state of the economy must be considered carefully. (4)

4.5
- Tax shifting: Tax is levied on one person who shifts it to someone else.
- Tax avoidance: Methods used by the taxpayer to avoid paying tax or to lower the tax burden. (2 × 2) (4)

4.6 Reconstruction and Development Programme (1)

4.7
- Period of time
- Decline in economic activity
- Workers who cannot adapt to changes
- Seasonal workers
- Prospective workers
- A high population growth
- The capacity to create more job opportunities (Any 5 × 2) (10)

[50]

QUESTION 5

5.1 5.1.1 Economic cycle describes the main relationship between economic aggregates.✓ It shows the flow of goods, services, income, expenditure and money in the economy, and identifies important macro-economic concepts.✓✓ (3)

5.1.2 Households
- Sell production factors to firms to produce goods and services.✓✓
- Businesses pay back money in the form of wages and salaries.✓✓

Businesses
- Goods and services are produced and then sold to households.✓✓
- In return, households pay for goods and services.✓✓

Government
- Provides goods and services to households and businesses.✓✓
- Households and firms pay tax to government.✓✓

Foreign sector
- Imports and exports take place.✓✓
- We pay with our currency and receive other countries' currencies.✓✓ (12)

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5.2
- Stagflation refers to a condition in which high rates of unemployment and of inflation occur at the same time.
- Hyperinflation means stimulating the economy to renewed expansion of economic activities. (2 × 2) (4)

5.3 5.3.1 Price R1 800✓ Quantity 100✓
5.3.2 Surplus✓✓
5.3.3 110 – 80✓ = 30✓
(3 × 2) (6)

5.4 5.4.1 Transfer payment is a payment which one person/group receives and then pays it to another person/group without a productive service being rendered.

5.4.2 Services that are not included when calculating national because their services do not make any contribution to GDP, i.e. services rendered in the households.
(2 × 2) (4)

5.5 5.5.1 (1530 + 120 – 1 810)✓✓✓ = -160✓ (4)

5.5.2 -160 + 770 – 160✓✓✓ = 450✓ (4)

5.5.3 Balance of payments affected negatively as money went out of the country. (2)

5.6 True (1)

5.7 5.7.1
- Money wages is the amount of money paid to an employee for services rendered.
- Real wages is the quality of goods and services that the employee can buy with his or her wages. (2 × 2) (4)

5.7.2
- A standard wage is paid under the precondition that if the employee finishes more than a certain quantity of work within the predetermined work time, he or she will receive a bonus for extra work done.
- Standard time comes into play when the employee finishes his or her work in a shorter time than the determined time, he or she will receive a bonus for the time saved. (2 × 2) (4)

5.8 Employment Equity Act is legislation which applies to all employers and employees, protects workers and job-seekers from unfair discrimination and provides a framework for implementing affirmative action. (2)
[50]

TOTAL SECTION B: 150
GRAND TOTAL: 200

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