higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

ECONOMICS N5

28 September 2020

This marking guideline consists of 9 pages.

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SECTION A

Answer all the questions in SECTION A.

QUESTION 1

1.1 C
1.2 C
1.3 C
1.4 D
1.5 D
1.6 C
1.7 C
1.8 A
1.9 A
1.10 D

(10 × 2) **[20]**

QUESTION 2

2.1 False
2.2 True
2.3 False
2.4 True
2.5 False

(5 × 2) **[10]**

QUESTION 3

3.1 Output gap/Recessionary
3.2 Cyclical unemployment
3.3 Transfer payment
3.4 Term deposits
3.5 Credit market/Bond market
3.6 Collective bargaining
3.7 Marginal cost
3.8 Capital
3.9 Frictional
3.10 Tito Mboweni

(10 × 2) **[20]**

TOTAL SECTION A: 50

SECTION B

Answer any THREE of the four questions in SECTION B.

QUESTION 4

4.1 4.1.1 Because they work only on a seasonal basis, they will not receive remuneration for the months not worked. (2)

4.1.2 Time wage:✓
- The employee is rewarded according to time worked/spent to execute a quantity of work.✓
- Wage = number of months/days/hours✓ × the tariff per time ✓

Piece wage:✓
- An employee is rewarded according to a predetermined quantity✓ of work that must be done, irrespective of the time ✓it takes to complete it.
- Wage = number of pieces complete✓ × wage per piece.✓

Incentive wage:✓
- The wage is extra money paid to an employee as reward for good work or to encourage good work in future.✓
- Forms: Commission, bonus
- Wage = number of days✓ × wage tariff ✓+ bonus✓ (14)

4.1.3
- Migration is made up by immigration and emigration across national boundaries.
- South Africa loses a lot of skilled people who immigrate or move to other countries and this causes the labour supply to decrease.
- Immigrants who move to South Africa
- could contribute to higher unemployment
- because there will be more people who cannot find jobs. (5)

4.1.4
- The extent to which employees are trained. A higher rate is paid for skilled labour than for unskilled labour.
- The duration and cost involved in training.
- The aptitude for a certain job plays a vital role.
- Wages vary according to the responsibility of the employee.

(4 × 2) (8)

4.2
- A medium of exchange✓

Money is given in exchange of goods or services.✓

- A measure of value✓

The relative value of different goods and services are expressed in terms of a common accounting unit.✓

- As hoarding system✓

While withdrawing your money from a saving account to pay for goods/services and interest on your account will be lost.✓

- As a standard for postponed payments✓

If you get granting for credit, payment will take place later, without the money losing its value.✓ (4 × 2) (8)

4.3 4.3.1 (a) Euro = R16

(b) Pound sterling = R19

(2 × 2) (4)

4.3.2 % Increase in the diesel price = $\frac{0,59}{14,11} \times 100 = 4,09\%$ (5)

4.3.3 Fixed exchange rate:
- A country's monetary unit has a specific value in terms of other currencies or gold.

Floating exchange rate
- The value of a currency under a floating exchange rate can fluctuate continuously. (2 × 2) (4)

[50]

QUESTION 5

5.1 5.1.1 South African Revenue Service (2)

5.1.2

	DIRECT TAXATION	INDIRECT TAXATION
Definition	Tax pressure is on the person who pays it. (2)	Tax pressure is on one person but the burden rests on the consumer/ another person to pay it. (2)
Forms	Taxation on: • Income of persons (PAYE) • Companies • Foreign share holders • Undivided profits • Estates • Capital gains (CGT) • Gifts (Any 3 × 1) (3)	• Customs duties • Excise duties • Stamp duties • Entertainment tax • Transfer duties VAT • Green taxes (Any 3 × 1) (3)

(2 × 5) (10)

5.2

GDP at market prices	R307 776✓	
+ Indirect taxes	R46 039✓	(if +)
- Subsidies	R6 949 ✓	(if -)
- Payments to foreign countries	R9 093✓	(if -)
GNP at market prices	R337 773✓	
- Depreciation	R58 998✓	(if -)
NNP at market prices	R278 775✓	

(7)

5.3 INCREASE PRODUCTIVITY:✓

- Most attention is given to productivity of labour, because it is the easiest factor to measure the quantity of goods and services produced per worker per period (day/hour). ✓

MONITOR THE AVAILABILITY OF PRODUCTION FACTORS:✓

- Labour: ✓ Besides the numbers and size or the labour market, the quality of the labour force is important in ensuring economic growth. Education, training and skills development play a vital role ✓
- Capital:✓ To ensure economic growth the capital resources must continually grow, namely investment. ✓
- Natural resources:✓ Natural resources have limitations therefore it is important to exploit the resources with care. ✓
- Entrepreneurship:✓ Combine the initiative of entrepreneurs with risk-taking to create more job opportunities. ✓

TECHNOLOGICAL DEVELOPMENT: ✓

- This is speeding up economic growth but is dependent on the scientific ability/skills of the population.✓

EFFECTIVE GOVERNMENT POLICY:✓

- Transport, communication and a social and physical infrastructure must be in place to ensure economic growth. Besides the above a well-structured monetary and fiscal policy has to be implemented.✓ (15)

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5.4 5.4.1 Revaluation – A measure enforced by government✓ to increase the exchange value of its money unit. ✓

5.4.2 Devaluation – A deliberate measure taken by government✓ to decrease the value of its money.✓

5.4.3 Appreciation – A decrease✓ in the value of a currency because of market forces.✓

5.4.4 Depreciation – The forces of the market✓ are solely responsible for variations✓ in the exchange rate.

(4 × 2) (8)

5.5 Lesetja Kganyago (2)

5.6 Transactional motive:
- Relates to a person's need to have cash for carrying out day-to-day transactions.

Precautionary motive:
- Provision should be made for all possible contingencies. (2 × 2) (4)

5.7 Balance of payments (2)
[50]

QUESTION 6

6.1 6.1.1 No/The person is employed.✓ He is dressed in corporate clothes.✓ (2)

6.1.2
- The fluctuating inflation rate
- Increase in the petrol price
- Increase in personal taxation (Any 2 × 1) (2)

6.2
- Local government – municipalities
- Provincial government
- National government (3 × 2) (6)

6.3 Domestic income:
- The income generated by all the economic activities✓ that occur within the boundaries of a country.✓

National income:
- The income generated by all the economic activities✓ by residents of a country during a year.✓ (2 × 2) (4)

6.4
- The interaction of demand and supply determines the equilibrium wage of the labour market.
- The labour market is in equilibrium when supply✓ equals the demand✓ for labour. (Any 2 × 1) (2)

6.5 6.5.1 The general price level is increased✓ because of monetary causes, while there is a simultaneous decline in the buying power of money.✓ (3)

6.5.2 4,5%✓ – 3,8% ✓
= 0,7% ✓
= 0,7✓/3,8✓ × 100
= 18,42%✓✓
= Increase✓✓ (9)

6.5.3
- High demand for goods and services – 'demand-pull inflation'.
- Prices increased because of higher wages or an increase in the price of production factors. (2)

6.6 6.6.1 The added value = R20 000 ✓– R8 000✓ = R12 000✓✓ (4)

6.6.2 National income = wages✓ + rent ✓+ interest✓ + profit✓

OR

C + I + G + X (net exports) (4)

6.6.3 Determine economic growth:
- The size and quality of the labour force
- The quality and quality of capital
- Technological development
- The availability of natural resources

To assess the standard of living of residents:
- Electricity for households
- Available water
- Toilet facilities.

To determine the importance of the different sectors in the national economy:
- Primary
- Secondary
- Tertiary (Any 3 × 3) (9)

6.7 Promoting export activities✓✓ which will stimulate industrial activities.✓ (3)
[50]

QUESTION 7

7.1
- Protects the value of the currency✓ in the interests of balanced and sustainable economic growth✓ in South Africa.
- Acts as the central bank for the country✓ and its banking institutions.✓
- Be co-responsible for formulating✓ South Africa's monetary policy.✓
- Be responsible for implementing✓ the monetary policy.✓ (4 × 2) (8)

7.2 7.2.1 Decrease in the supply of dollar
7.2.2 Prices of imported goods will be increasing
7.2.3 The equilibrium price will increase

(3 × 2) (6)

7.3
- Engage in negotiations with the employer regarding e.g. wages
- Represent the employee during negotiations when serious problems develop at work
- Negotiate improved working conditions
- Negotiate protection for the employee when there is a threat of dismissal
- Assist in matters related to UIF
- Ensure that part-time employees are treated fairly (Any 5 × 1) (5)

7.4 Decrease unemployment:✓
- Lower taxes✓ will encourage investment by businesses and spending by consumers. Profits of firms will increase and new investment will take place. This process should fuel job creation.
- Higher government spending in the public sector will create job opportunities.✓

Decrease inflation:✓
- Higher taxes will reduce business incentives to invest.✓
- Consumers will spend less which will cause a lower inflation rate.✓
- Lower government spending will cause less jobs, which will cause a decrease in the inflation rate.✓

Increase economic growth:✓
- By reducing tax rates and interest rates exports will increase.✓
- Higher government spending in the form of public works and infrastructure, health and education, create jobs.
- This will increase consumer spending.✓ (Any 10 × 1) (10)

7.5 7.5.1 R1 200
7.5.2 R1 200
7.5.3 R3 000
7.5.4 R1 500
7.5.5 R5 400
7.5.6 R1 800

(6 × 2) (12)

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7.6
- Reduce the level of corruption concerning the state's resources.
- Introduce education campaigns that inform citizens of their rights and teach them job skills.
- Strengthen institutions such as parliaments so they can exercise their oversight roles more effectively.
- Encourage the media and civil society to expose corruption and educate the public and policy makers about socioeconomic conditions of citizens.
- Strengthen labour unions to ensure worker rights and fair wages.
- Develop targeted poverty reduction programmes, including conditional cash transfer programmes to low-income families.
- Improve taxation policies to redistribute wealth more effectively and to generate revenue for social policy programmes.
- Strengthen the rule of law to increase accountability and reduce corruption.
- Enforce rules that discourage foreign investment in undemocratic countries.
- Reward businesses that follow fair employment practices. (Any 9 × 1) (9)

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TOTAL SECTION B: 150
GRAND TOTAL: 200

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