higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE

ECONOMICS N5

(22020095)

28 September 2020 (X-paper)
09:00–12:00

Calculators may be used.

This question paper consists of 12 pages.

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DEPARTMENT OF HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE
ECONOMICS N5
TIME: 3 HOURS
MARKS: 200

NOTE: If you answer more than the required number of questions, only the required number will be marked. Clearly cross out all work you do not want to be marked.

INSTRUCTIONS AND INFORMATION

1. Answer all the questions in SECTION A.
2. Answer any THREE of the four questions in SECTION B.
3. Read all the questions carefully.
4. Number the answers according to the numbering system used in this question paper.
5. Start each section on a new page.
6. Use only a black or blue pen.
7. Round off all calculations to TWO decimal places.
8. Write neatly and legibly.

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SECTION A

Answer all the questions in SECTION A.

QUESTION 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 (1.1–1.10) in the ANSWER BOOK.

1.1 … is/are an example of durable goods.

A Petrol
B Clothes
C Property
D A laptop

1.2 Expenditure of households on goods and services:

A National expenditure
B Investment expenditure
C Consumption expenditure
D Expenditure by the foreign sector

1.3 What is the amount of nominal income in 2018 after an increase of 7,5% on an income of R80 000 in 2017?

A R6 000
B R74 000
C R86 000
D R12 000

1.4 Goods which still have to undergo further processing are called …

A capital goods.
B production goods.
C raw material.
D intermediate goods.

1.5 The fiscal policy executed by the National Treasury is led by the …

A cabinet.
B Minister of Finance.
C Monetary policy committee.
D Reserve bank.

1.6 People earning a fixed income, who are vulnerable to rising prices, are the …

A borrowers.
B debtors.
C pensioners.
D employees

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1.7 The main tool of the fiscal policy used to outline the state's national revenue and expenditure plans is the …

A income statement.
B balance sheet.
C budget.
D cash flow statement.

1.8 The currency used in Washington, USA is the …

A dollar.
B British pound.
C euro.
D yen.

1.9 A positive consequence of inflation is that it …

A benefits creditors.
B benefits debtors.
C increases the price of goods and services for high earners.
D enhances inflation.

1.10 The RDP in South Africa was concerned with …

A land reform.
B community-based public works programmes .
C access to primary health care.
D All of the abovementioned

(10 × 2) **[20]**

QUESTION 2

Indicate whether the following statements are TRUE or FALSE by writing only 'True' or 'False' next to the question number (2.1–2.5) in the ANSWER BOOK.

2.1 Improved capital goods decrease labour productivity.

2.2 Economic development focuses on people's standard of living.

2.3 Security is an advantage of piece wages.

2.4 Tax on sugar is a form of indirect tax.

2.5 Households are the secondary participants in the circular flow of the economic cycle.

(5 × 2) **[10]**

QUESTION 3

Complete the following sentences by writing down the missing word or words. Write only the answer next to the question number (3.1–3.10) in the ANSWER BOOK.

3.1 The gap between the level of output and the potential level of output is the …

3.2 If the number of unemployed workers exceeds the number of job vacancies, this type of unemployment is called …

3.3 A payment that a person receives and then pays over to another person without a service being rendered is a …

3.4 This type of money refers to all short-term and medium-term fixed notification and savings deposits held by the banking sector.

3.5 On this market, long-term borrowing and lending takes place.

3.6 … is a method whereby trade unions try to maintain and improve their members' terms and conditions of employment.

3.7 The added cost incurred in producing an additional unit of output is the …

3.8 In the Balance of Payments records, the … account reflects the change in ownership of national assets.

3.9 The period between the time that a person wants to find a job and the time of actually finding a job, is called … unemployment.

3.10 The current Minister of Finance in South Africa is …

(10 × 2) **[20]**

TOTAL SECTION A: 50

SECTION B

Answer any THREE of the four questions in SECTION B.

QUESTION 4

4.1 Use the following report to answer the questions.

HAIL AND SUNBURN IMPACT ON SA APPLE AND PEAR EXPORT CROP



Cape Town – Hail damage, drought and high summer temperatures are expected to impact the 2018 Tru-Cape apple and pear crop by about 10% in volume.

[Source: *Conrad Fick of Tru-Cape FIN 24*; 16 March 2018]

It may have an impact on the wages of workers on the fruit farms.

4.1.1 What is the threat lying ahead for the workers on these fruit farms? (2)

4.1.2 Distinguish between the three different kinds of wage systems by giving the formula and a description of each wage system. (14)

4.1.3 Explain the term *migration* as one of South Africa's labour problems. (5)

4.1.4 Not all the workers receive the same wage.

Elaborate on FOUR factors that could contribute to inequality of wages. (4 × 2) (8)

4.2 Discuss the FOUR functions of money. (4 × 2) (8)

4.3 Read the report below and answer the questions.

> On 2 May 2018 the price of petrol was increased by 49 c/ℓ and diesel by 59 c/ℓ. The main reason for the price adjustments is the rand/dollar exchange rate, according to a statement released by the Minister of Energy, Jeff Radebe (25/04/2018).

4.3.1 Stipulate the exchange rate in South African Rands (ZAR) used in for the following currencies:

(a) Euro

(b) Pound sterling

(2 × 2) (4)

4.3.2 Calculate the percentage of increase in the diesel price. (5)

4.3.3 Differentiate between a *fixed exchange rate* and a *floating exchange rate*. (2 × 2) (4)

[50]

QUESTION 5

5.1 Read the report below and answer the questions.

SARS HOPING FOR HIGHER GROWTH TO BOOST COLLECTIONS



[Source: *City Press*; 8 April 2018]

5.1.1 Write the name of the institution in full. (2)

5.1.2 Copy and complete the following TABLE in the ANSWER BOOK, by filling in the TWO types of taxation, their definitions and THREE forms or examples of each type of taxation.

	TYPE OF TAXATION	TYPE OF TAXATION
Definition	(2)	(2)
Forms	(3)	(3)

(2 × 5) (10)

5.2 Review the figures in the following table:

ITEM	RAND (In billions)
GDP at market prices	307 776
Net factor payments to foreign countries	9 093
Provision for depreciation	58 998
Indirect taxes	46 039
Subsidies	6 949

Calculate the GNP and NNP at market prices. (7)

5.3 Discuss FOUR methods to increase national income. (15)

5.4 Distinguish between the following aspects of the determination of the exchange rate:

5.4.1 Revaluation

5.4.2 Devaluation

5.4.3 Appreciation

5.4.4 Depreciation

(4 × 2) (8)

5.5 Who is the current governor of the SARB? (2)

5.6 Distinguish between the *transactional motive* and *precautionary motive* for holding money and give an example of each. (2 × 2) (4)

5.7 Where is the flow of currency across borders for international transactions recorded? (2)

[50]

QUESTION 6

6.1 Study the image below and answer the questions.



[Source: *www.bbrief.co.za*; *26 February 2018*]

6.1.1 Is the above person unemployed? Motivate your answer. (2)

6.1.2 Consider the current economic situation of South Africa.

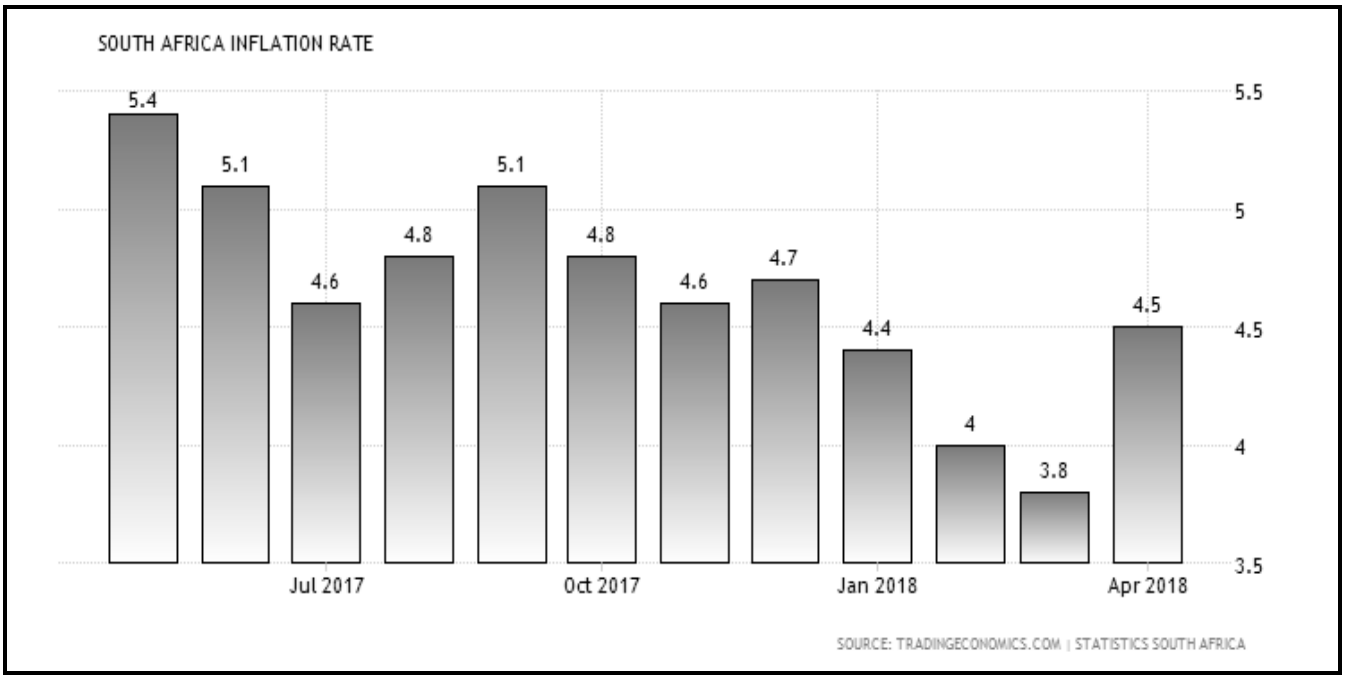
Give TWO reasons for the empty pockets of the person above. (2)

6.2 Name THREE forms of the South African government. (3 × 2) (6)

6.3 Distinguish between *domestic income* and *national income*. (2 × 2) (4)

6.4 Describe how equilibrium is formed in the labour market. (2)

6.5 Study the graph below and answer the questions.



6.5.1 Define the term *inflation*. (3)

6.5.2 Calculate the percentage difference between March 2018 and April 2018 and state whether there was an increase or a decrease. (9)

6.5.3 State TWO causes of this change in the inflation rate. (2)

6.6 Study the scenario below and answer the questions.

The purchase department of *Abby and Lace* buys material from a Manufacturer in Mauritius for R5 000,00. *Abby and Lace* sells the material to a bridal boutique for R8 000,00. The added value on this material is R3 000,00. The boutique sells a bridal dress, made from this material, for R20 000,00.

6.6.1 Calculate the added value by avoiding double counting in the calculation of the National Income. (4)

6.6.2 Write down the formula for calculating the National income. (4)

6.6.3 National income figures are used and applied in determining the figures in the economy.

Briefly discuss each. (3 × 3) (9)

6.7 What is the rationale of the South African trade policy? (3)

[50]

QUESTION 7

7.1 Read the report below and answer the question.

SA RESERVE BANK CUTS INTEREST RATES
(Governor: SARB)

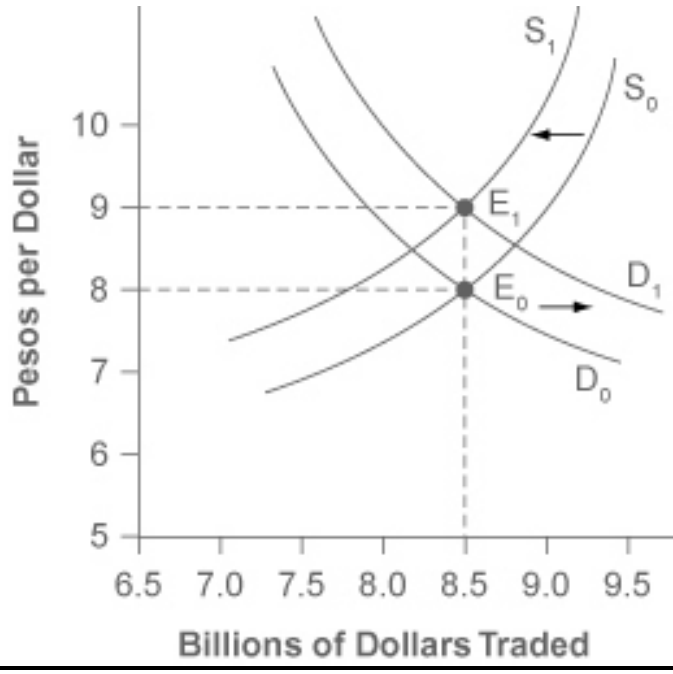
South African Reserve Bank

[Source: *FIN 24;* 28 March 2018]

Discuss FOUR primary functions of the institution above. (4 × 2) (8)

7.2 Study the graph below and answer the questions.

DETERMINATION OF INTEREST RATE



7.2.1 What does curve S1 indicate?

7.2.2 Explain the effect of an increase in the price of the US dollar on South African imports.

7.2.3 If the demand for the US dollar increases and the supply thereof decreases, what happens to the equilibrium price?

(3 × 2) (6)

7.3 Provide FIVE functions of trade unions. (5)

7.4 Provide an overview of the general aims of the fiscal policy in South Africa. (10)

7.5 Calculate the following missing values and write the answer next to the question number (7.5.1–7.5.6) in the ANSWER BOOK:

YEAR	PHYSICAL QUANTITY OF FINAL GOODS AND SERVICES	MARKET PRICES (R)	CURRENT VALUE (R)	REAL VALUE (R)
2016	200	06	7.5.1	7.5.2
2017	250	12	7.5.3	7.5.4
2018	300	18	7.5.5	7.5.6

(6 × 2) (12)

7.6 State NINE ways in which poverty can be reduced. (9)

[50]

TOTAL SECTION B: 150
GRAND TOTAL: 200

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