FURTHER EDUCATION & TRAINING PHASE (FET)

ECONOMICS

SBA EXEMPLAR BOOKLET

GRADES 10 - 12

basic education
Department:
Basic Education
REPUBLIC OF SOUTH AFRICA

Read to Lead
A Reading Nation is a Leading Nation

2030 NDP

FOREWORD

The Department of Basic Education has pleasure in releasing a subject exemplar booklet for School Based Assessment (SBA) to assist and guide teachers with the setting and development of standardised SBA tasks and assessment tools. The SBA booklets have been written by teams of subject specialists to assist teachers to adapt teaching and learning methods to improve learner performance and the quality and management of SBA.

The primary purpose of this SBA exemplar booklet is to improve the quality of teaching and assessment (both formal and informal) as well as the learner's process of learning and understanding of the subject content. Assessment of and for learning is an ongoing process that develops from the interaction of teaching, learning and assessment. To improve learner performance, assessment needs to support and drive focused, effective teaching.

School Based Assessment forms an integral part of teaching and learning, its value as a yardstick of effective quality learning and teaching is firmly recognised. Through assessment, the needs of the learner are not only diagnosed for remediation, but it also assists to improve the quality of teaching and learning. The information provided through quality assessment is therefore valuable for teacher planning as part of improving learning outcomes.

Assessment tasks should be designed with care to cover the prescribed content and skills of the subject as well as include the correct range of cognitive demand and levels of difficulty. For fair assessment practice, the teacher must ensure that the learner understands the content and has been exposed to extensive informal assessment opportunities before doing a formal assessment activity.

The exemplar tasks contained in this booklet, developed to the best standard in the subject, is aimed to illustrate best practices in terms of setting formal and informal assessment. Teachers are encouraged to use the exemplar tasks as models to set their own formal and informal assessment activities.

MR HM MWELI

DIRECTOR-GENERAL

DATE: 13/09/2017

ECONOMICS GRADE 10

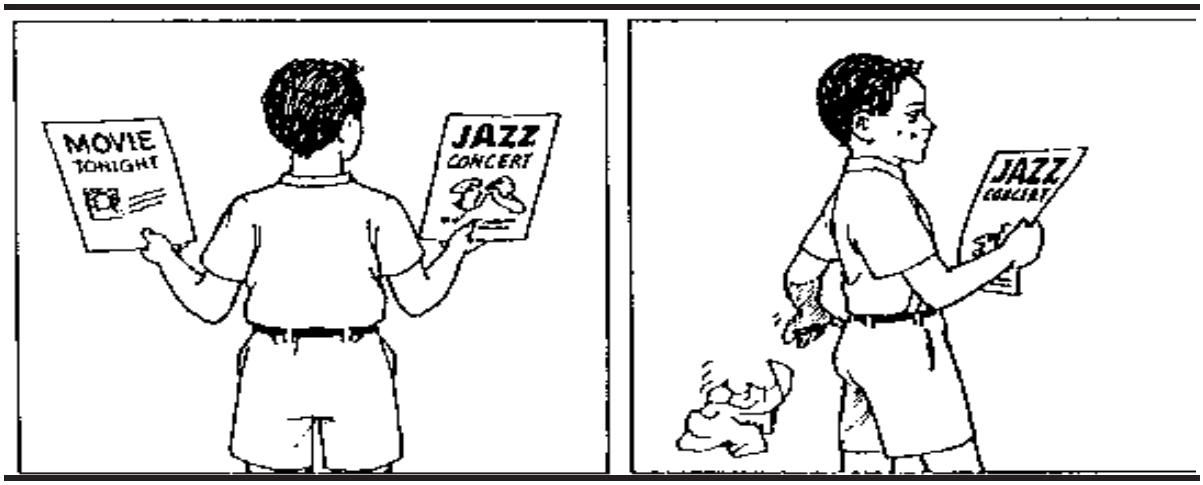
ASSIGNMENT TERM 1

INSTRUCTIONS AND INFORMATION	
1.	Answer ALL of the questions.
2.	Number the answers correctly according to the numbering system used in the task.
3.	Read the questions carefully.
4.	Answer the questions in full sentences and ensure that the format, content and context of your responses comply with the cognitive requirements of the questions.
5.	Use only black or blue ink.
6.	You may use a non-programmable pocket calculator.
7.	Write neatly and legibly.

ECONOMICS BASIC CONCEPTS AND BASIC ECONOMIC PROBLEM
QUESTION 1

1.1 **Answer the questions:**

Study the cartoon below and answer the questions that follow.



1.1.1	Which economic activity is illustrated in the cartoon above?	(2)
1.1.2	Why is the boy confronted with this action?	(2)
1.1.3	What according to you is the core of the economic problem?	(2)
1.1.4	Use the picture above to explain the concept *opportunity cost*.	(4)
1.2	How is consumer choice related to the scarcity problem?	(2)
1.3	How do entrepreneurial activities reduce poverty in our communities?	(2)
1.4	Explain how economists are using mathematics to compile data	(4)
1.5	How can fundamental human rights be promoted?	(8)
		[26]

QUESTION 2

CIRCULAR FLOW AND QUANTITATIVE ELEMENTS

2.2 Study the table below and answer the questions that follow.

NATIONAL INCOME ACCOUNTS OF SOUTH AFRICA	
	R million
	2016
Compensation of employees	2 051 326
Net operating surplus	1 126 588
Consumption of fixed capital	613 605
Gross value added at factor cost	3 791 519
Other taxes on production	87 939
LESS: Subsidies on production	10 002
(A)	3 869 456
Taxes on products	484 059
LESS: Subsidies on products	16 527
Gross domestic product at market prices	**(B)**

[Adapted from *SARB Quarterly Bulletin*, March 2017]

2.2.1	What method of production is used in the table above?	(1)
2.2.2	Name the missing item labeled **(A)**.	(1)
2.2.3	Explain the item *consumption of fixed capital*.	(2)
2.2.4	Calculate the Gross Domestic Product @ Market Prices labeled **(B)**. Show ALL calculations.	(4)
2.2	Given a GDP of 4 336 988, 18% contribution by the government to GDP Calculate the amount of contribution to GDP by the government	(4)
2.3	Draw a clearly labelled diagram of an open circular flow model	(10)
		(26)
		[50]

ECONOMICS GRADE 10

ASSIGNMENT MARKING GUIDELINE TERM 1

QUESTION 1

1.1 **Answer the questions:**

1.1.1 Which economic activity is illustrated in the cartoon above?

The making of choices✓✓ **(2)**

1.1.2 Why is the boy confronted with this action?

Needs are unlimited and means are limited ✓✓ **(2)**

1.1.3 What according to you is the core of the economic problem?

Scarcity ✓✓ **(2)**

1.1.4 Use the picture above to explain the concept *opportunity cost.*

The boy is confronted with two choices. ✓✓
He should prioritise his choices. ✓✓
He will make the best choice first. ✓✓
He chooses the jazz concert and forfeits going to the movies ✓✓
The values of the means that are forfeited with each choice are called opportunity cost. ✓✓ **(4)**

1.2 How is consumer choice related to the scarcity problem?

Consumers must make a choice due to unlimited wants and needs that must be satisfied with scarce resources. ✓✓ **(2)**

1.3 How do entrepreneurial activities reduce poverty in our communities?

Entrepreneurial activities give people the opportunity to

- generate an income. ✓✓
- they also contribute towards the local economy because they can employ people from the community. ✓✓
- contribute towards the creation of a better quality of life for themselves and for the families of people they employ. ✓✓

(2)

1.4 Explain how economists are using mathematics to compile data

- Mathematics is used to calculate the statistics and construct the models needed by economists to make their predictions about the economy. ✓✓
- The mathematics of finance is used in calculating the time value of money in interest rates, as well as the present and future value of shares. ✓✓

(4)

- Statistical totals called aggregate are calculated and used to record the performance of the economy ✓✓

1.5 How can fundamental human rights be promoted?

Human fundamental rights can be promoted by :

providing people with possible means to meet the basic survival needs ✓✓such as food, shelter and health✓
affording each other the right to respect, recognition, dignity and future✓✓self esteem✓
affording each other the opportunity to exercise their freedom✓✓free from poverty, slavery✓

(8)
[26]

QUESTION 2

2.2.1 What method of production is used in the table above? (1)
Income method✓

2.2.2 Name the missing item labelled **(A)**. (1)
Gross Value Added / GDP at basic prices ✓

2.2.3 Explain the item *consumption of fixed capital*. (2)

Cost of using capital ✓✓e.g. machinery/equipment used in production ✓✓/ Depreciation on the use of fixed assets / Diminishing value of an asset ✓ (2)

2.2.4 Calculate the Gross Domestic Product at Market Prices labelled **(B)**. Show ALL calculations. (4)

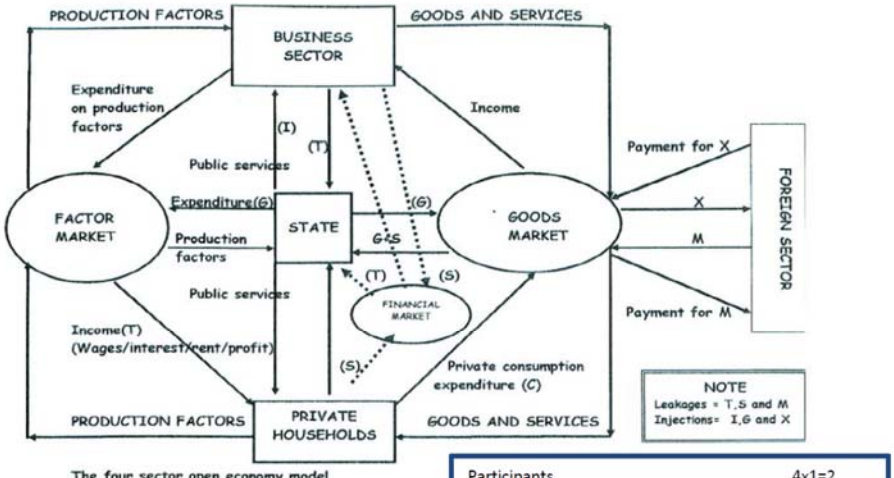
Gross Value Added / GDP at basic prices	3 869 456✓
Plus taxes on products	484 059✓
LESS: Subsidies on products	16 527✓
Gross domestic product at market prices	4 336 988✓

(4)

2.2 **Given a GDP of 4 336 988, 18% contribution by the government to GDPCalculate the amount of contribution to GDP by the government**

18/100✓ x 4 336 988✓=60,657/8✓✓

2.3 Draw a clearly labelled diagram of an open circular flow model 10



The four sector open economy model.

Participants	4x1=2
Injections	2x1= 2
Withdrawals	2x1=2
Correct indication of money and real flow	2x1=2
Factor and product markets	2x1=2

(26)
[50]

ECONOMICS GRADE 10
CASE STUDY – MARKS: 50
TIME: 4 HOURS

Topics: South African economic growth and development – historical view;
The history of money and banking

INSTRUCTIONS AND INFORMATION

1	Answer all questions
2	Read the information carefully before answering the questions.
2	Read the questions carefully.
3	Use only black or blue ink.
4	Write neatly and legibly.
5	Number the answers correctly according to the numbering system used in this task.
6	Answer the questions in full sentences and ensure that the format, content and context of your responses comply with the cognitive requirements of the questions. The mark allocation should guide you on the length of your answer.

QUESTION 1: HISTORY OF MONEY IN SOUTH AFRICA

The History of South African Currency

The use of coins in the region dates from the time the first European settlers landed on its shores in 1652. Jan van Riebeeck, a Dutch explorer, established a trading station on behalf of the Dutch East India Company in what would later become known as Cape Town.

A stream of sailors and traders passed through the Cape, bringing with them the currency of their homeland. Although the Dutch guilder was the most common coinage in use, additional currencies were also used to trade with, including the Spanish real, Indian rupee, Japanese koban, English guinea, Portuguese joannes, and Russian ruble.

In the 1830s, roughly 12 000 Boers, people of Dutch descent, departed from the Cape Colony to escape British control. They moved inland and founded the South African Republic (ZAR) and the Orange Free State. In 1874, the South African government decided to produce its own coins for the first time. President Thomas Francois Burgers sent 300 ounces of gold to London and had 837 gold coins struck bearing his image. These coins came to be known as the "Burgers Pond."

Buoyed by the discovery of gold in the region and a desire to legitimise its existence, the ZAR government built a mint in Pretoria and began to issue its own currency from 1892 until 1902. The Republic's coinage was based on the British sterling and depicted the portrait of President Paul Kruger. Production at the mint came to a halt at the outbreak of the Second Anglo-Boer War. The British invaded Pretoria and the Boer government fled, taking their gold with them.

In 1910, following the British victory in the Anglo-Boer War, the Union of South Africa was created. It united the Cape and Natal colonies, as well as the two Boer republics, under British rule. In 1923 the Royal Mint in Pretoria started producing its own currency again, issuing coins identical in size and value to those used in Britain.

Although South Africa was granted independence from Britain in 1931, it continued to use coins based on the British system for some years thereafter. It was only in 1961, when the country became a republic, that a new currency was introduced. The rand replaced the South African pound as legal tender on 14 February 1961. It was named after the Witwatersrand, a range of hills famous for being the source of 40% of the world's gold.

Adapted from: https://www.resbank.co.za

1.1 Identify any TWO currencies that were previously used to trade from the case study. (2)

1.2 List any TWO items that were used by indigenous African people as money. (2)

1.3 Briefly describe the term *currency*. (2)

1.4 When did South Africa start producing its own coins? (1)

1.5 In your opinion, why was South African currency based on the British sterling? (2)

1.6 What currency is being used in South Africa now? (1)

1.7 Briefly discuss any 3 functions of money. (9)

1.8 How has the South African Reserve Bank added to the development of the monetary systems in SA? What is the importance of the Reserve Bank? (10)

(29)

QUESTION 2 History of South Africa's economic growth and development

The Big Hole, Kimberley

The Mineral Revolution began with the discovery of diamonds at the town of Kimberley in 1867. The discovery of diamonds led to a rush of prospectors descending on the town, whose population skyrocketed as increasing numbers of prospectors arrived to seek their fortune.

To excavate deep deposits of diamonds, diggers needed machinery (particularly steam engines), credit, and a large labour force. These were unavailable to ordinary diggers, and the diamond mines were quickly taken over by the 'mining capitalists' – large corporations with access to credit, machinery, and labour.

The emergence of industrial-scale mining forced major demographic shifts in South Africa's population. During the early stages of mining, labour had been primarily provided by young men from the African states, primarily Pedi men. The young men would travel to the mines during the summer to provide temporary labour and earn enough wages to buy status symbols, such as cattle or guns, before returning home.

The increasing scale of mining operations prompted the corporations to offer very low wages. Extracting diamonds from rocks, and processing the low-quality gold ore at the Rand, were very labour-intensive and required armies of workers. To offset the cost of employing so many workers, and to compensate for the high salaries offered to machine supervisors and administrators, the companies offered very low wages to ordinary labourers, resulting in falling living standards in urban areas.

Source: https://en.wikipedia.org/wiki/Mineral_Revolution (Adapted)

2.1	Which mineral was discovered in Kimberley and what effect did it have on the population?	(1)
2.2	Briefly describe any challenge that the diggers faced when extracting minerals.	(2)
2.3	Who were the 'mining capitalists' and why did they take over the mining industry?	(4)
2.4	Are the present day mine workers satisfied with their salaries? Motivate your answer.	(6)
2.5	What are the consequences of the mining and industrial stage of development, which are still impacting positively on us today?	(8)
		SUB [21]
	TOTAL	**[50]**

Suggested solutions

1.1 Identify any TWO currencies from the case study that were previously used to trade with. (2)

- Dutch guilder ✓
- The Spanish real ✓
- Indian rupee ✓
- Japanese koban ✓
- English guinea✓
- Portuguese joannes ✓
- Russian ruble ✓ Any 2x1=(2)

1.2 List any TWO items that were used by indigenous African people as money. (2)

- Beads ✓
- Ostrich eggs ✓
- Tortoise shells ✓
- Assegai
- Copper
- Beads Any other relevant answer

1.3 Briefly describe the term currency. (2)

- Currency can be described as the system of money used in a country/ generally acceptable system of money used in a particular country.

1.4 When did South Africa start producing its own coins? (1)

- It was only in 1961, when the country became a republic, that a new currency was introduced ✓

1.5 In your opinion, why was South African currency based on the British sterling? (2)

- The Cape of Good Hope was a British colony at that time, so they based their currency on the British sterling. ✓ ✓

1.6 What currency is being used in South Africa now? (2)

- We are using the rand ✓ ✓

1.7 Briefly discuss any 3 functions of money. (9)

- Medium of exchange: ✓Money serves as a generally acceptable and commonly used medium of exchange ✓ ✓
- Store of value: ✓ Money provides a medium of store of value (it can be saved until a later stage. ✓ ✓
- Generally accepted: ✓Money must be generally accepted by all who trade as a token of payment ✓ ✓
- Durability and security: ✓ The token of payment needs to be durable (coins made of metal, bank notes made of durable paper). Security features are also worked into the money to prevent it from being easily duplicated ✓✓
- Scarcity ✓: the token needs to be relatively scarce; if it is abundantly available it will become worthless, scarcity helps it retain value. ✓ ✓

- Manageable: ✓Tokens of payment should be small and light enough for people to carry around easily. ✓ ✓

Any other relevant functions of money (naming 1; discussion 2)

(3x3 = 9)

1.8 How has the South African Reserve Bank added to the development of the monetary systems in SA? What is the importance of the Reserve Bank? (8)

- The South African Reserve Bank (SARB) is the monetary authority, controlling all money-related issues of this country.
- The South African Reserve Bank is a central bank that controls other banks.✓✓
- It was established in 1920.✓✓
- It has the sole right to issue bank notes and coins /Issuing banknotes and coins✓✓
- South African Reserve Bank is the bank to other banks, they borrow money from it.✓✓
- It transfers funds between different banks and processes inter-bank claims. ✓✓
- It is also a government bank / Acting as banker to the government ✓✓
- It is responsible for formulating the monetary policies ✓✓
- The South African Reserve Bank is the custodian of gold and foreign reserve.✓✓
- It oversees the commercial banks.✓✓
- The bank decides on general monetary policy – and currently pursues inflation targeting of 3% to 6%.✓✓

Any 4x2 = 8

(29)

Question 2

2.1 Which mineral was discovered in Kimberley and what effect did it have on the population?

- Diamonds ✓
- The effect was that it led to an increase in population / population sky-rocketed ✓

2.2 Briefly describe any challenge that the diggers faced when extracting minerals. (2)

- Lack of tools and equipment for extracting minerals ✓✓
- Lack of appropriate skills in the extraction of minerals ✓✓ (any 1x2=2)

2.3 Who were 'mining capitalists' and why did they take over the mining industry? (4)

- Mining capitalist refers to large corporations. ✓✓
- They took over the mining industry because they had access to credit ✓✓
- They could finance the machinery needed for expansion ✓✓

Any other relevant reason

2.4 Are the present day mine workers satisfied with their salaries? Motivate your answer. (6)

Negative / No

- The mineworkers are not paid enough, that is why annually there are many labour strikes demanding more money✓✓
- The standard of living is increasing and the workers would like to maintain, or increase their standard of living ✓✓
- Increases are below the inflation rate, making the workers worse off than the previous year. ✓✓
- Workers would like to improve their situation, and earn enough to satisfy their basic needs. ✓✓
- The profit motive resulted in the labourers being paid less ✓✓

Any other relevant motivation linked to the negative.

Positive/ Yes

- Wages received by the workers are sufficient to cover their basic needs ✓✓
- The annual increments are keeping pace with inflation✓✓
- Workers can maintain or increase their standard of living ✓✓

Any other relevant motivation linked to the positive (6)

2.5 What are the consequences of the mining and industrial stage of development that are still impacting positively on us today? (10)

- **Infrastructure development:** Harbours, roads and railways were built to transport the products. ✓✓ We are using more advanced transport mechanisms today, but roads and railways are still used to transport goods. ✓✓ e.g. Gautrain and air transport ✓
- **Market for goods and services:** People were earning income and had some disposable income, to buy more goods and services. ✓✓ People

today have jobs, which creates the market for goods and services because of the income. ✓✓

- **Labour:** Many skilled and unskilled workers were employed in the mines and factories. Migratory patterns developed, which had many negative social effects. ✓✓ Today many people from rural areas migrate to the urban areas for work opportunities and other social aspects. ✓✓
- **Urbanisation:** Many groups of people moved to the cities for work opportunities, and a better life. This is still the case today as people have the perception that there are better opportunities in urban areas. ✓✓
- **Services and communications:** Considerable growth experienced in wholesale, retail, motor trade, real estate, accommodation, insurance and business services, etc. These services are an integral part of our lives today.
- **World markets:** Greater increase in trade between countries. As countries knew about each other's products, trade took place. Now people find out about other countries' products due to open communication and easy access to the internet and social media. World markets keep expanding. ✓✓

Any other relevant factors that impact positively; still today

5x2=10

(21)

TOTAL [50]

GRADE 10: PROJECT
TOPIC: DYNAMICS OF PERFECT MARKETS

INSTRUCTIONS AND INFORMATION

Your project should meet the following criteria.
Each project must have:

1. A cover page and table of content
2. Final product must be well arranged according to the steps.
3. Graphs should be drawn using the values that appear on the table.
4. Each learner's work must be unique.
5. Learners will not be credited for information directly copied (plagiarism).

Visit one of the retail stores in your community / town and identify a product.

STEP 1
Identify one product of your choice that is sold in grams / kilograms / millilitres / litres, etc.
In a tabular format, record five quantities and the price of the product. Your table / schedule should have a heading.

STEP 2
Draw a well-labelled graph using the information on the table / schedule.

STEP 3
What is the slope of your graph? Which law can you relate the slope to? Motivate your answer.

STEP 4
Assume the price of the product has increased by R5 in all the quantities you listed in Step 1. Design a table which shows what quantities will be demanded at which increased price? Copy the graph in STEP 2 to STEP 4, then sketch the demand curve.

STEP 5
Briefly explain and illustrate graphically the impact the change in consumers' tastes and preferences will have on the original demand curve.

TOTAL: 50

GRADE 10: PROJECT

EXPECTED RESPONSES

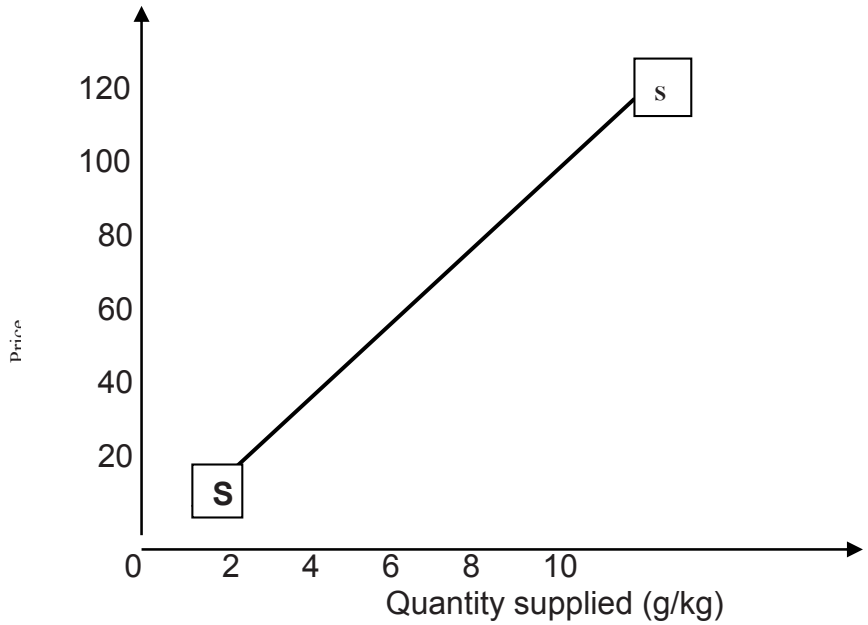
STEP 1: **In a tabular format, record five quantities and the price of the product that is sold in grams / kilograms / litre.**

SUPPLY TABLE FOR RICE

QUANTITY	PRICE (R)
500 GRAMS	7.00
1 KG	13.5
2 KG	26.9
5 KG	80.5
10 KG	110.5

STEP 2: **Draw a well-labelled graph using the information on the above table / schedule**.

SUPPLY CURVE FOR RICE



STEP 3: **What is the slope of your graph? Which law can you relate the slope to? Motivate your answer.**

- Positive slope / direct relationship.
- This shows the law of supply.
- Motivation: An increase in quantity supplied results in an increase in price.

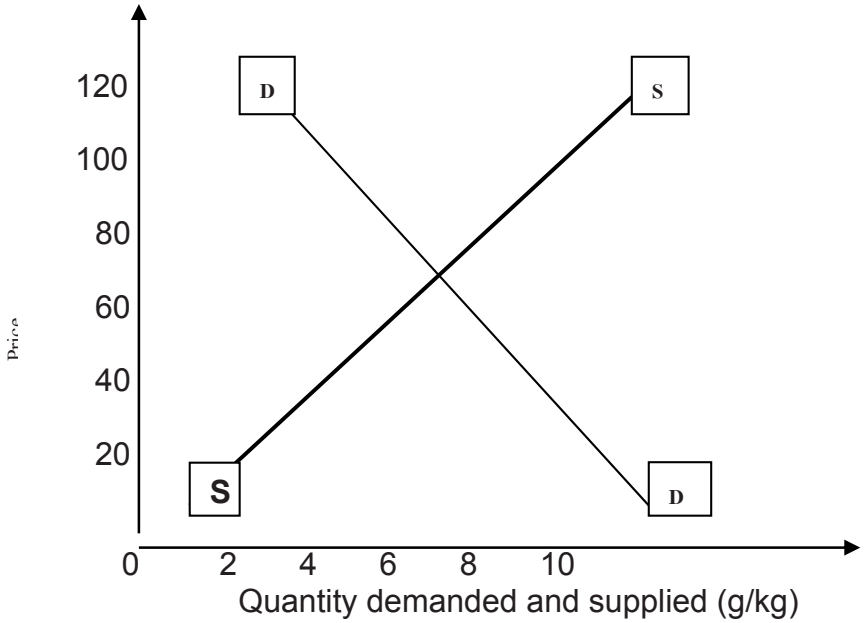
STEP 4: **Assume the price of the product has increased by R5 in all the quantities you listed in Step 1. Design a table that shows what**

quantities will be demanded at what increased price? Copy the graph in STEP 2 to STEP 4, and then sketch the demand curve.

THE IMPACT OF AN INCREASE IN PRICE ON DEMAND FOR RICE

QUANTITY	QD	PRICE
500 GRAMS	10	12.00
1 KG	8	18.5
2 KG	6	31.90
5 KG	4	85.5
10 KG	2	115.5

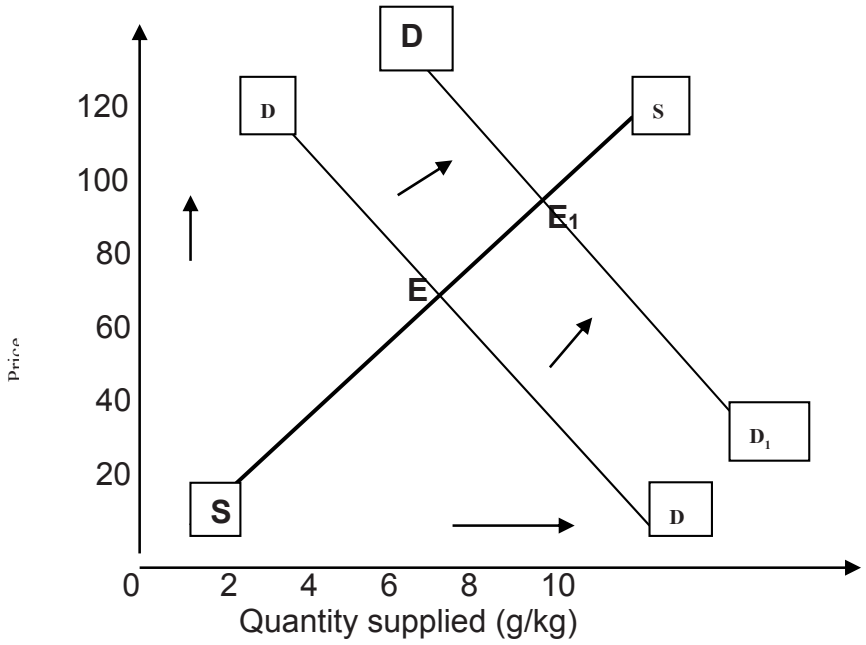
SUPPLY AND DEMAND CURVES FOR RICE



- DD curve has an inverse relationship.
- Law of demand states that an increase in price of a product results in a decrease in quantity demanded.

STEP 5: **Briefly explain and graphically illustrate the impact the change in consumers' tastes and preferences will have on the original demand curve.**

SUPPLY AND DEMAND CURVES FOR RICE



- A change in consumers' tastes and preferences – an increase in consumers' tastes will increase the quantity demanded for the product, and the price will also increase. Therefore, the DD curve will shift to the right (D_1D_1) and the new equilibrium point E_1 will be created. OR
- A change in consumers' tastes and preferences – a decrease in consumers' tastes will decrease the quantity demanded and price. Therefore, the DD curve will shift to the left (D_2D_2),
- **NB: A change in consumers' tastes and preferences will shift the DD curve either to the left or right (not both)**

MARKING RUBRIC FOR GRADE 10 PROJECT			TOPIC: DYNAMICS OF PERFECT MARKETS			
Learner Surname and Name:		**Issue date:**		**Grade: 11**	**Submission Date:**	
CRITERIA	**Very minimal information**	**Partially meets requirements**	**Fairly meets the requirements**	**Good performance has been registered**	**Excellent – exceed expected requirements**	
	1-2	**3-4**	**5-6**	**7-8**	**9-10**	**Score**
STEP 1: In a tabular format, record five quantities and the price of the product that is sold in grams, kilograms or litres. The table should have a heading.	The product is identified and only one correct quantity with / without price is listed. There is no heading provided.	Only two correct quantities of the products are listed with corresponding prices. The provided heading is incorrect.	Three out of five quantities of the product with corresponding prices are in the tabular form. Correct units of measurements are indicated next to each quantity. Correct heading is provided.	Four out of five quantities of the product with correct prices are tabulated. Correct units of measurements are clearly indicated next to each quantity.	All five quantities of the chosen product are tabulated, quantified and the units of measurements are clearly indicated. The table is provided with a heading.	
STEP 2: Draw a well-labelled graph using the information on the table / schedule.	The graph is not correctly drawn or labelled – no heading and axes and the curve is not correctly labelled.	The graph is drawn but the shape of the curve is incorrect. The values from the table are not used.	The graph is drawn and the heading is incorrect. Values from the table are used.	The graph is correctly drawn and a suitable heading is supplied. Values from the table are used.	Relevant graph is drawn with suitable labelling and heading. Values from the table are correctly scaled.	
STEP 3: What is the slope of your graph? Which law can you relate the slope to? Motivate your answer.	The response only indicates the slope / type of relationship. The response does not indicate which law or motivation is demonstrated.	The response indicates both the slope and the law –- though it is incorrectly stated. The motivation is not provided.	Both the slope and law are correctly stated. The motivation is provided but is incorrect.	The correct slope, law and motivation are provided. Motivation is accompanied by one example.	The correct slope, law and motivation are provided. Motivation is detailed with more than one example.	
STEP 4: Design a table that shows what quantities will be demanded at what increased price? Copy the graph in STEP 2 to STEP 4, and then sketch the demand curve.	A table is designed but prices are incorrect – R5 is not correctly added in each price. New quantities are used and the demand curve is not drawn.	A table with complete and correct prices is designed – R5 is correctly added in each price. Quantities are incorrect – different from step 1. Demand curve is not drawn / has incorrect slope.	A table with correct prices and quantities is designed. Demand curve is not drawn / correctly labelled.	Complete table with correct prices and quantities is designed. Demand curve is correctly drawn and labelled.	Complete table with correct prices and quantities is designed. Demand curve is correctly drawn and labelled. Brief explanation is provided about the slope / law of demand.	
STEP 5: Briefly explain and graphically illustrate the impact the change in consumers' tastes and preferences will have on the original demand curve.	Only the impact of consumers' tastes and preferences is provided. The graph is not drawn to illustrate the impact.	The impact of consumers' tastes and preferences is explained and the graph drawn is incorrect.	The impact of consumers' tastes and preferences is explained and the graph indicating the shift is drawn. Some labelling is incorrect.	The impact of consumers' tastes and preferences is fully explained. The new DD curve is correctly drawn and labelled.	The impact of consumers' tastes and preferences is fully discussed – i.e. impact on price, quantity and shift of the DD curve is fairly discussed and illustrated by means of arrows on the graph. Both the shift to the left and right are discussed.	
Total:						**/50**

Grade 11: Assignment **Term1** **Marks: 50**

Duration: Max 4 hours

INSTRUCTIONS AND INFORMATION	
1.	Answer ALL of the questions.
2.	Number the answers correctly according to the numbering system used in tasks.
3.	Read the questions carefully.
4.	Answer the questions in full sentences and ensure that the format, content and context of your responses comply with the cognitive requirements of the questions.
5.	Use only black or blue ink.
6.	You may use a non-programmable pocket calculator.
7.	Write neatly and legibly.

QUESTION 1

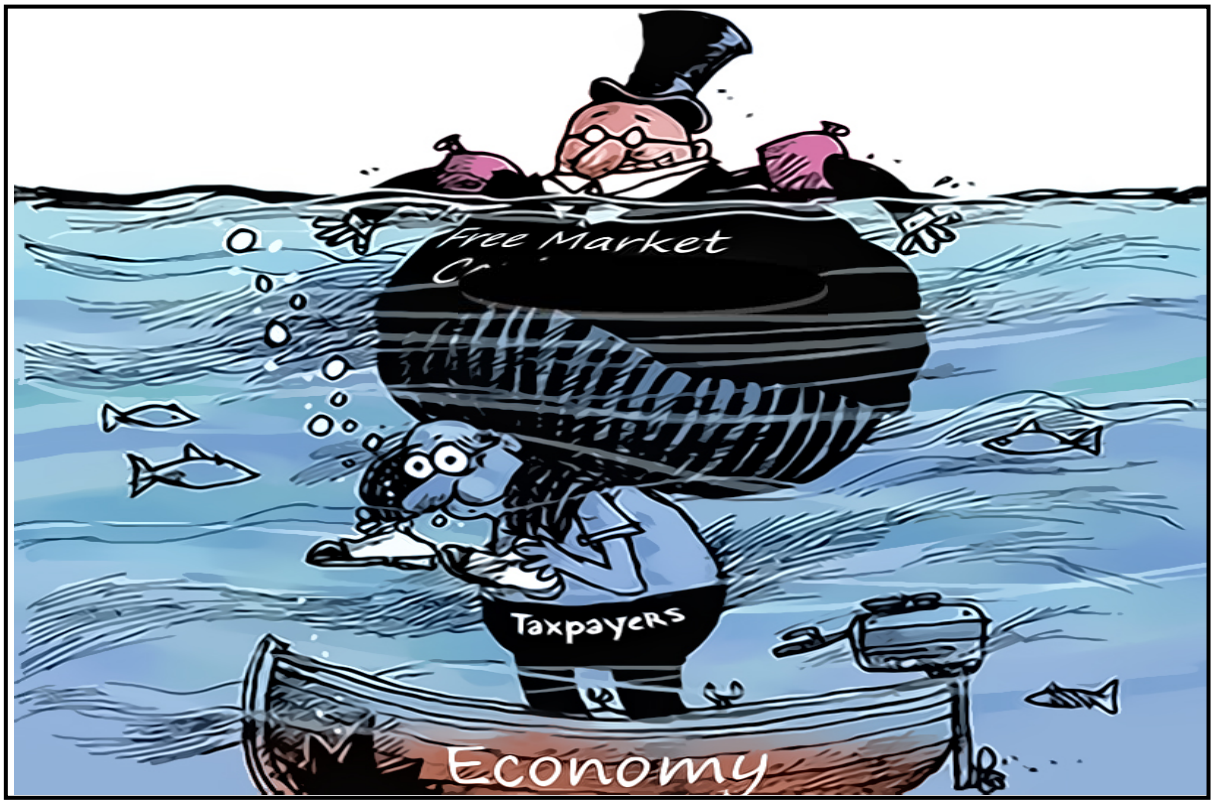
1.1 Study the following graph and answer the questions that follow

1.1.1	From what source was the data above obtained?	(1)
1.1.2	What was the trend of the South African GDP in 2015 to 2016?	(1)
1.1.3	Explain the term *gross domestic product* (GDP)	(2)
1.1.4	Name any two methods that are used to determine GDP	(2)
1.1.5	What are the implications of recent trends in the GDP between 2015 and 2016?	(4)
1.2	Why is the gross domestic product of South Africa always greater than the gross national product?	(2)
1.3	How does a high level of education influence the ability of an individual to get employed?	(2)
1.4	Briefly explain *capital widening.*	(4)
1.5	Evaluate the exclusion and access to opportunities in the different economic sectors of the economy.	(8)
		(26)

QUESTION 2

ECONOMIC SYSTEMS

2..1 Study the cartoon below and answer the questions that follow.



2.1.1	What message is depicted in the above picture?	(2)
2.1.2	What motivates consumers and producers in a pure market economy?	(2)
2.1.3	Explain the term *free market economy*.	(2)
2.1.4	Why would you not recommend capitalism as an economic system?	(4)
2.2	Compare the reasons for privatisation and nationalisation	(4)
2.3.	How can the South African economy benefit from a mixed economic system?	(10)
		(24)
		[50]

ECONOMICS GRADE 11

ASSIGNMENT MARKING GUIDELINE TERM 1

ANSWERS TO QUESTION 1

1.1 Study the following graph and answer questions that follow

1.1.1 **From what source was the data above obtained?**

Statistics South Africa / Stats SA / SSA ✓ (1)

1.1.2 **What was the trend of the South African GDP in 2015 to 2016?**

Decrease/declined ✓ (1)

1.1.3 **Explain the term *gross domestic product* (GDP)**

The total value of all final goods and services ✓ produced within the boundaries of the country for a specific period, e.g. a year✓ (2)

1.1.4 **Name any two methods that are used to determine GDP**

Expenditure method ✓and income method✓ (2)

1.1.5 **What are the implications of recent trends in the GDP between 2015 and 2016?**

A drop in the growth rate (✓✓)/ means less is produced ✓✓
- Decrease in income of businesses ✓✓
- Retrenchments / job losses / unemployment increase ✓✓
- Decrease in income of workers ✓✓
- Lower standard of living / increase in poverty ✓✓

(Accept any other correct alternative response) (4)

1.2 **Why is the gross domestic product of South Africa always greater than the gross national product?**

Foreigners' contributions to our economy are more ✓✓ than our contribution to theirs ✓✓
Only a few SA companies operate globally✓✓
(Accept any other relevant response) (2)

1.3 **Briefly explain *capital widening***

- Occurs when the capital stock grows at the same rate as the labour force, resulting in the average amount of capital per worker remaining the same. ✓✓
- For example, in a team of 20 workers there are ten 10 shovels (capital goods), giving a labour to capital ratio of 2 : 1. ✓✓

- If the workers increase to 40, the employer has to invest in a further 10 shovels to maintain the labour to capital ratio. ✓✓
- The workers can now maintain their previous production level per worker. ✓✓
- There will be no economic growth, no change in the real GDP and the real GDP per capita will remain unchanged with no change in the standard of living. ✓✓ (Any 2 x 2) (4)

1.4 **How does a high level of education influence the ability of an individual to get employed?** (2)

It provides skills to do a specific job. ✓✓
It provides knowledge to do specific job. ✓✓

1.4 **Evaluate the exclusion and access to opportunities in the different economic sectors of the economy.**

- The previously disadvantaged were unable to receive assistance for farming. ✓✓
- Land redistribution programmes that started in 1995 are slow✓✓
- Previously disadvantaged are now trained through skills development. ✓✓
- Emphasis is placed on broad-based economic empowerment. ✓✓
- Opportunities are now available to invest on the stock exchange. ✓✓
- Women are now earning the same as men. ✓✓
(Accept any other relevant response) (8)

ANSWERS TO QUESTION 2

2.1 **What is the message depicted in the above picture?**
Taxpayer pays high tax under capitalism. ✓✓
(Accept any other relevant answer) (2)

2.1 **What motivates consumers and producers in a pure market economy?**

Self-interest or private gain.✓✓ (2)

2.1.3 Explain the term free market economy

Free market economy is an economy with no government intervention or control.✓✓

2.1 Why would you not recommend capitalism as an economic system?

Externalities may occur✓✓
Certain goods or services, called public goods, may not be provided ✓✓Accept any other relevant answer)

(4)

2.2 Compare the reasons for privatisation and nationalisation

Privatisation	Nationalisation
Increased compensation creates innovation and efficiency✓✓	Production of strategic services, such as defence, are safeguarded✓✓
There is greater efficiency in the use of scarce resources and lower costs✓✓	Price levels of essential goods and services can be controlled✓✓,
Competition gives consumers a greater choice of goods.✓✓	More jobs are created as larger numbers of people are employed.✓✓
There is no political intervention in the running of the company✓✓.	Essential services such as hospitals and education can be provided for everyone✓✓

2.3 How can the South African economy benefit from a mixed economic system?

Freedom of choice✓
In South Africa's mixed economy, a wide range of goods and services are produced✓✓
Control of the economy✓
There is private ownership of land and business; individuals have control of the economy.✓✓
Improved social welfare✓
The state provides goods and services, which might have been underprovided for if left to the market.✓✓
Economic growth is encouraged✓
Booms and slumps in the business cycle can be leveled and the government works towards creating a stable economy✓✓

The state can also work towards providing a well-developed infrastructure and encouraging the development of trade.✓✓
Monopoly power can be monitored and controlled.✓✓
Inequality in income and wealth can be corrected through the taxation system✓✓

Negative externalities such as pollution, can be controlled.✓✓
The environment can be protected.✓✓
Foreign investment is encouraged.✓✓
(Max.10)

GRADE 11: CASE STUDY
TOPIC: ECONOMIC PURSUITS [GROWTH, DEVELOPMENT AND POVERTY]
MARKS: 50
DURATION: 1 WEEK [4 HOURS]

INSTRUCTIONS AND INFORMATION:

1. The task should be done under supervision in class.
2. This is an individual task and each learner's work should be unique.
3. Learners will be penalised for copying information directly from sources.
4. Use correct numbering as in the question paper.

All the learners' work should be well organised and stapled together.

QUESTION 1

1. Study the following case study and answer the questions below:

GOVERNMENT'S PLANS TO REBUILD THE GARDEN ROUTE WESTERN CAPE

Adapted from: News24 July 2017

The Garden Route was badly affected by the fires in June. People lost their lives, homes were destroyed in the greater Knysna area and Plettenberg Bay, and the environment was badly damaged. Many jobs have been lost temporarily, especially in the tourism service industry. The regional fruit production sector has suffered losses amounting to R720 million. The combination of heat, strong winds, low rainfall and fires has played havoc with the province's farms, prompting calls for the national government to declare the region a disaster area. Vineyards, pipelines, orchards, electric cables and other infrastructure were also destroyed, incurring massive costs for farmers and municipalities alike. The Western Cape government needs over R80 million to assist drought-stricken farmers. Financial support will be given to 30 qualifying smallholder grain farmers who have lost more than 50% of their crop, as well as to their workers. Recovery would not be fast, as some affected regions could take years to recover. The allocation was made in terms of Section 25 of the Public Finance Management Act, which enables Finance MEC to authorise the use of funds from the Provincial Revenue Fund in exceptional circumstances. The majority of the funds would go toward repairing schools and hospitals, road-related infrastructural damage, emergency humanitarian support, disaster management coordination and drought assistance. Further funding will be accessed from the National Disaster Management Centre and National Treasury. Skills initiatives will be launched to enable local residents to participate in the rebuilding process.

1.1 Identify TWO major causes of fire damage from the extract. (2 x 1) (2)
1.2 Distinguish between economic growth, economic development and poverty. (3 x 2) (6)
1.3 "Amongst the 3 sectors of the economy, the primary sector was mostly affected by Western Cape fires**."** Briefly explain the impact this will have on people's standard of living. (4 x 2) (8)

1.4 Discuss poverty under the following subheadings and include a statement from the case study to support your discussion, where possible:

1.4.1 Four causes such as:

- insufficient infrastructure
- lack of productive resources
- lack of education
- environment and climate

1.4.2 Four effects that are directly linked to the causes above.
1.4.3 Four measures that address the causes mentioned above. (3 x 8) (24)

1.5 Briefly discuss how the South African government addresses economic growth constraints. (10)

TOTAL: 50

MARKING GUIDELINES FOR EXEMPLAR
GRADE 11: CASE STUDY

1.1 **Identify TWO major causes of fire damage according to the extract.**

- Heat √
- Strong winds √
- Low rainfall √ (Any 2 x 1) (2)

1.2 **Distinguish between economic growth, economic development and poverty.**

- Economic growth refers to the increase in the production of goods and services. √√
- Economic development refers to improvement in the people's standard of living√√.
- Poverty refers to a lack of basic items, such as food, clothing, water and shelter that are needed for a minimum standard of living√√ (3 x 2) (6)

1.3 "**Amongst the 3 sectors of the economy, the primary sector was mostly affected by Western Cape fires." Briefly explain the impact this will have on people's standard of living**.

- Primary sector is in charge of collecting raw material from nature in order for production to take place. √√
- Its activities or industries include farming, agriculture and fishing. √√
- It is a sector that employs more workers irrespective of their skills levels. √√
- If for example most farms were burnt, more jobs will be lost (unemployment). √√
- There will be low standard of living – meaning poverty levels will increase. √√
- Low standard of living also leads to insufficient housing, poor health, high infant mortality, high levels of malnutrition, lack of education – as these workers will not be able to provide for themselves. √√ (Any 4 x 2) (8)

1.4 **Discuss poverty under the following subheadings and include a statement from the case study to support your discussion, where possible**

1.4.1 **Four causes:**

- Insufficient infrastructure - the uneven distribution of the majority of population between rural and urban areas makes it expensive to provide sufficient infrastructure. / People migrate to towns or cities because they see little potential to generate an income in rural areas√. Example: "... electric cables and other infrastructure were also destroyed "√

- Lack of productive resources – available natural resources such as trees are cut down and soil is exhausted. The resources cannot

provide sufficient food to support the growing population√. Example: vineyards, pipelines, orchards, electric cables and other infrastructure were also destroyed and this has put pressure on all three spheres of the government.√

- Lack of education increases the gap between the skills needed by the economy. Government often cannot afford to provide good public schools / education, especially in rural areas. √√

- Environment and climate increasing drought, flooding and changing climate patterns demand one to shift from crops and farming practices for they are not well-equipped to adapt to changing rainfall patterns and shorter growing seasons√.- Example: government needs over R80 million to assist drought-stricken farmers√
  - (Accept any other response 4 x 2) (8)

1.4.2 **Four effects that are directly linked to the causes above.**

- Insufficient infrastructure

- People migrate to urban areas and that leads to an increase in informal settlement, demand for water and sanitation, energy and urban development, healthcare services as well as old age security. The roads carrying capacity becomes small. √√

- Lack of productive resources places pressure on the environment, natural resources and employment. The government expenditure will increase on poverty-reduction programmes, e.g. grocery packs. √√

- Lack of education – the demand on skills empowerment programmes will increase. The budget on education will increase to cover the costs of feeding schemes, stationery, school furniture, textbooks, hiring more teachers, extending school buildings, etc. √√

- Environment and climate – people will be overcrowded in cities causing decay such as drain blockage and pipe water leakages. Also, degradation of the environment such as dumping, air pollution as well as deforestation. √√

(Accept any other relevant response 4 x 2) (8)

1.4.3 **Four practical measures to address the causes mentioned above.**

- Insufficient infrastructure – the South African government is constantly ensuring that citizens have access to services such as housing, land and capital, including public infrastructure√√

- Lack of productive resources – it is evident from the case study that the state will provide financial support to 30 qualifying smallholder grain farmers who have lost more than 50% of their crop √√
- Lack of education – the state should invest in health, education, cultural activities and sports as the basis for economic and social inclusion. The state is also providing basic services and other non-financial transfers in the form of social wages, free basic municipal services such as water, electricity and refuse removal as well as free education and primary healthcare for the poor. √√

- Environment and climate – the government is reversing environmental degradation, promoting ecotourism, responding to climatic change; encouraging efficient and sustainable as well as non-exploitation of the environment through policies. √√
    - (3 x 8) (24)

1.5 **Briefly discuss how the South African government addresses economic growth constraints.**

- **The discussion might include some of the following constraints:**

    - Shortage of skilled labour
    - Limited new investment opportunities
    - Capacity and leadership
    - Inadequate national infrastructure
    - Lack of capital investment in certain areas
    - Too much government interference that can prevent direct foreign investment
    - Low production capacity due to unavailability of electricity
    - Strained domestic demand due to tighter banking regulation, as well as high unemployment

- **With reference to the case study above, the South African government has planned the following strategies:**

    - Financial support will be given to 30 qualifying smallholder grain farmers who have lost more than 50% of their crop, as well as to their workers

    - Some funds will go toward repairing schools and hospitals, road-related infrastructural damage, emergency humanitarian support, disaster management coordination and drought assistance.

    - Further funding will be allocated to skills initiatives which will enable local residents to participate in the rebuilding process

- **The following government interventions have resolved issues, which very recently has been seen as major binding constraints on growth:**

    - The improvement in the mining sector can be partly attributed to improved labour relations, which has been one of the successful outcomes of government's intense engagement with social partners over the last two years.

    - Other successful government interventions include having moved from electricity shortage to surplus, and launching Invest SA, making it easy to open a business and invest in South Africa.

    - The implementation of policies such as New Growth Path (NGP and New Development Plan (NDP).

        - (Accept any relevant facts (5 x 2) (10)

        - GRAND TOTAL: 50

Grade 11: PROJECT
TOPIC: COSTS AND REVENUE
INSTRUCTIONS AND INFORMATION

Your project must meet the following criteria.

Each project must have:

1. A cover page and table of content
2. Final product must be well arranged according to the steps.
3. Graphs should be drawn using the values that appear on the table.
4. Each learner's work must be unique.
5. Learners will not be credited for information directly copied (plagiarism).

SCENARIO

A hypothetical firm called SEGAO BRICKS is specialising in producing bricks at a unit price of R3 and selling at a price of R6.
The cost of labour increases from R150 to R200 per labourer
Visit the SEGAO BRICKS or production firm of your choice to conduct research on the following:

STEP 1
1. Explain the four basic costs curves that SEGAO Bricks will experience.

(10)

STEP 2
Recopy the table below to your answer book and determine the missing values:

Table for SEGAO Bricks' costs and revenue

Quantity of bricks	Labour units	Fixed costs	Variable costs	Total costs	Total revenue	Profit / Loss	Marginal costs
0	0	50					
10	1	50					
20	3	50					
30	5	50	(3)	(3)	(3)	(3)	(3)
40	6	50					
50	7	50					
60	9	50					
70	10	50					
80	11	50					
90	12	50					

(5 x 3) (15)

STEP 3
Briefly describe what the profit maximisation rule is and comment about the quantity at which SEGOA maximises its profit.

(10)

STEP 4
Draw well-labelled TC and TR curves for SEGOA Bricks using the values you have determined in STEP 2. (5)

STEP 5
Use practical examples from SEGOA to differentiate between short and long-run costs. (10)

TOTAL: 50

GRADE 11: PROJECT

TOPIC: DYNAMICS OF COSTS AND REVENUE

EXPECTED RESPONSES

Step 1: Explain the four basic cost curves.

- Fixed cost – costs that remain constant irrespective of the level of output, for example rent.
- Variable cost – costs that changes / varies with the level of output, for example production costs such as sand, cement, etc.
- Total cost – is the sum of fixed and variable costs. At output zero, total costs will exist because of rent. Meaning that the TC curve will always start at output zero.
- Marginal cost – refers to the extra / additional costs of producing one extra unit. The trend of MC is that it decreases until it reaches a minimum point and starts to increase again. As more bricks are produced, additional costs will incur and there will be a period where SEGOA's MC will decrease until a minimum point is reached and then it will start to increase again.

(10)

STEP 2: Construct a complete table for SEGAO Bricks that contains the following information:

COSTS AND REVENUE TABLE FOR SEGOA BRICKS

Quantity of bricks	Labour Units	Fixed Cost	Variable Costs	Total Costs	Total Revenue	Profit / Loss	Marginal costs
0	0	R50	0	50	0	-50	0
50	1	R50	200	250	300	-100	4
100	3	R50	600	650	600	-50	8
150	5	R50	1000	1050	900	-150	8
200	6	R50	1200	1250	1200	-50	4
250	7	R50	1400	1450	1500	+50	4
300	9	R50	1800	1850	1800	-50	8
350	10	R50	2000	2050	2100	+50	4
400	11	R50	2200	2250	2400	+150	4
450	12	R50	2400	2450	2700	+250	5

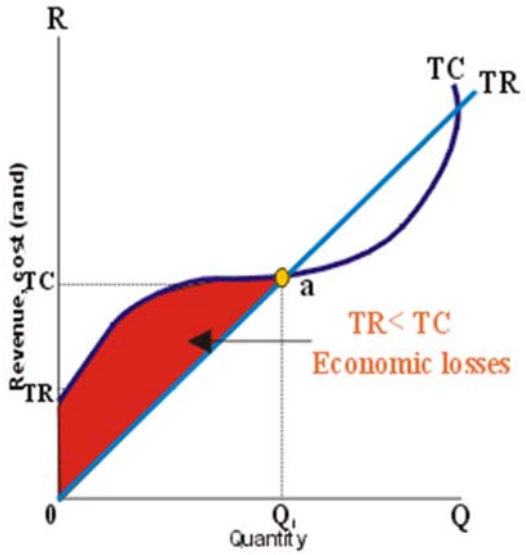
STEP 3: **Briefly describe what a profit maximisation rule is and comment about the quantity at which SEGOA maximises its profit.**

- Is a point / period in which a firm's revenue exceeds costs. It can be determined using one of two approaches:

- Total revenue – total cost approach: meaning that TR should be greater than TC (TR>TC) by the largest amount.
- Marginal revenue – marginal cost approach: meaning that MR should be greater than MC (MR>MC) by the largest amount.
- Therefore, SEGOA maximises output at quantity 450 – when the firm produces 450 bricks, it will make a maximum profit of R250.

STEP 4: **Draw a well-labelled TC and TR curves for SEGOA Bricks using the values in STEP 2**.

TOTAL REVENUE – TOTAL COSTS CURVES



NB: The ideal curves will look like these ones.
TR – starts at the point of origin.
TC- should start at a certain value.

STEP 5: **Use practical examples from SEGOA BRICKS to differentiate between short and long-run costs.**

- Short-run costs – refers to the period during which the firm is unable to change/vary any of its inputs – especially fixed costs. Have both short and long run costs. Examples include rent, labour costs. A firm can make an economic loss in the short run, e.g. SEGOA's loss from output 0 to 200.
- Long-run costs – the period that is long enough so that a business can vary all inputs, there are no fixed costs, e.g. cost of raw material, transport costs, size of the business, capital goods (machinery). A firm can make an economic profit in the long run, e.g. SEGOA's economic profit from quantity 250 to 450.

MARKING RUBRIC FOR GRADE 11 PROJECT						
Learner Surname and Name:		**Issue date:**		**Grade: 11**	**Submission Date:**	
CRITERIA	**Very minimal information**	**Partially meets requirements**	**Fairly meets the requirements**	**Good performance has been registered**	**Excellent – exceed expected requirements**	
	1-2	**3-4**	**5-6**	**7-8**	**9-10**	**Score**
STEP 1: Explain the four basic cost curves.	Only 1-2 cost curves are listed but not discussed.	Two cost curves are listed and defined.	Three cost curves are listed and defined with one example.	Four cost curves are listed, defined and two relevant examples are provided.	Four cost curves are clearly discussed with four relevant examples	
STEP 2:	0-3	4-6	7-9	10-12	13-15	
Recopy the table below to your answer book and determine the missing values	The table is not drawn and the values are not determined. The values for 2 out 5 columns are correctly calculated and completed – e.g. FC and VC or TC and Profit or Loss.	The values for 3 out of 5 columns are correctly calculated and completed – e.g. FC, VC and TC.	The values for 4 out of 5 columns are correctly calculated and completed – e.g. FC, VC, TC and P/L.	The values for 5 out of 5 columns are correctly calculated and completed.	The values for 5 out of 5 columns are correctly calculated and completed, formulae are shown	
STEP 3: Briefly describe what profit maximisation is and comment about the quantity at which SEGOA maximises its profit.	Profit maximisation rule is incorrectly described. There is no comment about the firm's profit maximisation.	Profit maximisation rule is correctly defined. The comment about the firm's profit maximisation point is theoretical (not as per the information in the table or cannot be proven from the table).	Profit maximisation rule is correctly described. The comment about the firm's quantity matches information given on the table in Step 2.	The description and quantity about profit maximisation rule can be proven from the table. At least one cost / revenue relationship from the table is used as an example to support the description.	The description and quantity about profit maximisation rule is based on the given data. Two cost / revenue relationships from the table are used to support the description.	
STEP 4: Draw well-labelled TC and TR curves for SEGOA Bricks using the values in STEP 2	1 The graph is not drawn or is drawn but the curves are incorrectly labelled.	2 The graph is drawn but the values used are not from the table or some information is missing such as the heading / labelling of TR and TC curves / correct labelling of axes.	3 The graph is drawn using the values from the table and both curves are correctly labelled.	4 Well-labelled graph is drawn according to scale with both curves correctly labelled.	5 Well-labelled graph is neatly drawn according to scale, both curves are labelled correctly and break-even points (normal profit) are clearly indicated.	
STEP 5 Use practical examples from SEGOA to differentiate between short- and long-run costs	Only one explanation is provided without or with irrelevant example.	Only one explanation is provided with relevant example.	Both short- and long-run costs are explained and only one example for each is provided.	A clear distinction is made between short- and long-run costs with two relevant examples for each.	A clear distinction is made between short- and long-run costs with three relevant examples for each.	
Total:						**/50**

ECONOMICS GRADE 12
ASSIGNMENT –TERM 1
DURATION

INSTRUCTIONS AND INFORMATION

1. Answer all the questions
2. Number the answers correctly according to the numbering system used in the task.
3. Read the questions carefully.
4. Answer the questions in full sentences and ensure that the format, content and context of your responses comply with the cognitive requirements of the question.
5. Use only black or blue ink.
6. You may use a non-programmable calculator
7. Write neatly and legibly.

Topics: Circular flow, Business cycles, Economic growth and development: Foreign exchange market

Question 1:

To do this assignment you will need a copy of the SARB Quarterly Bulletin from:
• December of the previous year
• March of the present year
OR
Go to the SARB website
https://www.resbank.co.za/Publications/Detail-item-view/pages/publications.aspx?sarbweb=3b6aa07d-92ab-441f-b7bf-bb7dfb1bedb4&sarblist=21b5222e-7125-4e55-bb65-56fd3333371e&sarbitem=7848
A copy of the SARB Quarterly Bulletin can be obtained from the SARB. Contact details are
• Research Department
SARB
P.O. Box 427
PRETORIA
0001

Gross value added by kind of economic activity[1]

R millions

		2009	2010	2011	2012	2013	2014	2015	2016
At current prices									
Primary sector	(6630J)	**268 868**	**295 955**	**330 680**	**337 936**	**362 561**	**369 683**	**368 300**	**400 620**
Agriculture, forestry and fishing	(6631J)	68 044	65 605	69 105	70 592	74 261	82 917	84 288	94 408
Mining and quarrying	(6632J)	200 824	230 350	261 575	267 344	288 300	286 766	284 012	306 212
Secondary sector	(6633J)	**490 884**	**522 092**	**553 075**	**600 818**	**655 742**	**723 562**	**772 875**	**815 816**
Manufacturing	(6634J)	341 658	358 699	362 693	381 267	410 669	458 375	485 491	517 438
Electricity, gas and water	(6635J)	53 473	67 940	86 547	105 731	116 468	124 661	137 100	144 052
Construction (contractors)	(6636J)	95 753	95 453	103 835	113 820	128 605	140 526	150 284	154 326
Tertiary sector	(6637J)	**1 517 394**	**1 676 813**	**1 840 645**	**1 994 125**	**2 165 128**	**2 324 815**	**2 484 291**	**2 654 778**
Wholesale and retail trade, catering and accommodation	(6638J)	317 655	370 580	404 469	437 982	473 488	503 420	544 233	589 745
Transport, storage and communication	(6639J)	223 427	229 499	257 335	289 003	326 646	351 820	370 284	389 186
Finance, insurance, real-estate and business services	(6640J)	482 872	523 526	566 117	605 674	644 910	687 415	735 168	781 739
Community, social and personal services	(6642J)	493 440	553 208	612 724	661 466	720 084	782 160	834 606	894 108
General government services	(6643J)	356 819	404 647	448 778	485 222	534 365	586 446	623 211	671 167
Other	(6647J)	136 621	148 561	163 946	176 244	185 719	195 714	211 395	222 941
Gross value added at basic prices	(6645J)	**2 277 146**	**2 494 860**	**2 724 400**	**2 932 879**	**3 183 431**	**3 418 060**	**3 625 466**	**3 871 214**
At constant 2010 prices									
Primary sector	(6630Y)	**284 632**	**295 955**	**295 559**	**290 083**	**301 915**	**303 563**	**307 875**	**291 143**
Agriculture, forestry and fishing	(6631Y)	65 802	65 605	66 913	68 093	71 143	76 041	71 418	65 843
Mining and quarrying	(6632Y)	218 830	230 350	228 646	221 990	230 772	227 522	236 457	225 300
Secondary sector	(6633Y)	**499 788**	**522 092**	**534 420**	**544 392**	**552 280**	**556 028**	**555 915**	**556 935**
Manufacturing	(6634Y)	338 692	358 699	369 582	377 330	381 173	382 006	381 078	383 639
Electricity, gas and water	(6635Y)	66 337	67 940	68 978	68 733	68 289	67 515	66 484	64 164
Construction (contractors)	(6636Y)	94 759	95 453	95 860	98 329	102 818	106 507	108 353	109 132
Tertiary sector	(6637Y)	**1 639 632**	**1 676 813**	**1 744 999**	**1 798 106**	**1 845 788**	**1 888 785**	**1 919 390**	**1 945 596**
Wholesale and retail trade, catering and accommodation	(6638Y)	354 870	370 580	385 696	400 938	408 968	415 480	421 407	426 525
Transport, storage and communication	(6639Y)	225 712	229 499	237 442	243 188	250 129	258 023	260 932	261 952
Finance, insurance, real-estate and business services	(6640Y)	517 114	523 526	545 802	562 042	576 707	589 314	605 550	617 168
Community, social and personal services	(6642Y)	541 936	553 208	576 059	591 938	609 984	625 968	631 501	639 951
General government services	(6643Y)	393 921	404 647	423 833	436 466	450 454	463 315	467 062	473 592
Other	(6647Y)	148 015	148 561	152 226	155 472	159 530	162 653	164 439	166 359
Gross value added at basic prices	(6645Y)	**2 424 052**	**2 494 860**	**2 574 978**	**2 632 581**	**2 699 983**	**2 748 376**	**2 783 180**	**2 793 674**

KB602

1. Source of data: Statistics South Africa.

An extract of the table KB602 is provided above. The teachers must provide the updated table for learners to complete the information.

1.1.1 Name any TWO markets in the circular flow. (2)
1.1.2 How would you convert GDP to GNP? (2)

ECONOMICACTIVITY	2014	2015	2016	2016 %	2017	2017
R million at current prices	(a)	(b)	(c)	(d)	A	B
PRIMARY	369 683	368 300	400 628	10.3%		
SECONDARY	723 562	772 875	815 816	21.1%		
TERTIARY	2 324 815	2 484 291	2 654 778	68.6%	556 935	19.9%
Gross Value Added at Basic Prices	3 418 060	3 625 466	3 871 214	100.0%		

Complete the table above, using the relevant data. Complete columns A and B.

1.2.1 Identify the current year's figures at constant prices. (2)

1.2.2 Make use of the figures at constant prices and calculate the relative contribution of each sector for the current year in percentage. Follow the items for the tertiary sector that are completed in the table below. Draw a pie chart to illustrate this. (4)

1.2.3. Discuss your findings from the illustrated pie chart, referring to the relative contributions of the sectors. (4)

1.3.1 Name any TWO types of Business Cycles. (2)

1.3.2 Compare the endogenous approach in business cycle with the exogenous approach for business cycles. (8)
[24]

Question 2

Balance of payments[1]
Annual figures

R millions

		2009	2010	2011	2012	2013	2014	2015	2016
Current account									
Merchandise exports, free on board[2]	(5000J)	536 491	609 357	719 552	751 332	867 021	942 826	970 667	1 053 628
Net gold exports[3]	(5001J)	52 776	59 499	75 298	71 050	63 887	62 654	67 663	50 585
Service receipts	(5002J)	110 673	117 493	126 185	144 789	162 183	182 725	191 605	210 852
Income receipts	(5680J)	34 075	34 099	38 118	48 501	64 441	82 235	98 016	87 773
Less: Merchandise imports, free on board[2]	(5003J)	561 163	609 112	745 637	859 172	1 003 604	1 069 638	1 076 290	1 089 677
Less: Payments for services	(5004J)	128 608	143 121	150 929	155 243	174 162	184 828	197 643	219 056
Less: Income payments	(5681J)	90 234	92 698	115 449	136 837	157 229	183 779	198 382	208 243
Current transfers (net receipts +)	(5006J)	-22 428	-16 762	-14 199	-31 369	-30 666	-34 448	-33 533	-27 458
Balance on current account	(5007J)	**-68 418**	**-41 245**	**-67 061**	**-166 949**	**-208 129**	**-202 253**	**-177 897**	**-141 596**
Memo item: *Trade balance*	(5010J)	28 104	59 744	49 213	-36 790	-72 696	-64 158	-37 960	14 536
Capital transfer account (net receipts +)	(5682J)	**216**	**225**	**241**	**239**	**243**	**236**	**243**	**241**
Net lending to (+)/borrowing from (-) rest of world	(5755J)	**-68 202**	**-41 020**	**-66 820**	**-166 710**	**-207 886**	**-202 017**	**-177 654**	**-141 355**
Financial account[4]									
Net direct investment (Inflow (+)/outflow (-))	(5683J)	53 813	27 171	32 673	12 900	15 942	-20 607	-51 217	-16 352
Net incurrence of liabilities[5]	(5640J)	63 570	26 617	30 808	37 428	80 138	62 627	22 065	33 397
Net acquistion of financial assets[6]	(5656J)	-9 757	554	1 865	-24 528	-64 196	-83 234	-73 282	-49 749
Net portfolio investment (Inflow (+)/outflow (-))	(5684J)	93 764	74 502	57 000	112 355	107 191	145 774	122 622	240 604
Net incurrence of liabilities	(5644J)	107 234	107 876	114 636	182 086	130 199	146 944	121 290	139 866
Equity and investment fund shares	(5756J)	78 210	42 213	1 665	59 141	69 086	100 384	105 101	25 399
Debt securities	(5757J)	29 024	65 663	112 971	122 945	61 113	46 560	16 189	114 467
Net acquisition of financial assets	(5660J)	-13 470	-33 374	-57 636	-69 731	-23 008	-1 170	1 332	100 738
Equity and investment fund shares	(5758J)	-9 776	-22 842	-41 157	-57 138	-22 074	8 363	20 009	108 779
Debt Securities	(5759J)	-3 694	-10 532	-16 479	-12 593	-934	-9 533	-18 677	-8 041
Net financial derivatives (inflow (+)/outflow (-))	(5760J)	-	-	13 139	14 378	7 478	16 409	4 882	-13 757
Net incurrence of liabilities	(5672J)	-	-	-245 062	-213 869	-188 354	-194 842	-320 856	-499 330
Net acquisition of financial assets	(5677J)	-	-	258 201	228 247	195 832	211 251	325 738	485 573
Net other investment (inflow (+)/outflow (-))	(5685J)	2 696	-14 238	20 162	70 824	53 663	121 821	119 042	-21 144
Net incurrence of liabilities	(5650J)	-21 006	7 899	34 040	69 735	50 412	148 133	72 273	1 031
Net acquisition of financial assets	(5666J)	23 702	-22 137	-13 878	1 089	3 251	-26 312	46 769	-22 175
Reserve assets (increase (-)/decrease (+))[7]	(5679J)	-35 986	-31 307	-32 703	-8 955	-4 658	-16 602	9 071	-40 581
Balance on financial account	(5764J)	**114 287**	**56 128**	**90 271**	**201 502**	**179 616**	**246 795**	**204 400**	**148 770**
Memo Item: Balance on financial account excluding reserve assets	(5765J)	150 273	87 435	122 974	210 457	184 274	263 397	195 329	189 351
Unrecorded transactions[8]	(5766J)	-46 085	-15 108	-23 451	-34 792	28 270	-44 778	-26 746	-7 415
Memo item: Balance on financial account excluding reserve assets including unrecorded transactions	(5767J)	104 188	72 327	99 523	175 665	212 544	218 619	168 583	181 936

KB501

1. Data for the previous four years are preliminary and subject to revision.
2. Published customs figures adjusted for balance of payments purposes.
3. Commodity gold. Before 1981 net gold exports comprised net foreign sales of gold plus changes in gold holdings of the South African Reserve Bank and other banking institutions.
4. A net incurrence of liabilities (inflow of capital) is indicated by a positive (+) sign. A net disposal of liabilities (outflow of capital) is indicated by a negative (-) sign. A net acquisition of assets (outflow of capital) is indicated by a negative (-) sign. A net disposal of assets (inflow of capital) is indicated by a positive (+) sign.
5. Investment by foreigners in undertakings in South Africa in which they have individually or collectively in the case of affiliated organisations or persons at least 10 per cent of the voting rights.
6. Investment by South African residents in undertakings abroad in which they have at least 10 per cent of the voting rights.
7. Foreign currency liabilities of the Reserve Bank with non-resident institutions and loans from the IMF are included in the calculation of reserve assets. An increase in reserve assets is indicated by a negative (-) sign and a decrease is indicated by a positive (+) sign.
8. Transactions on the current, capital transfer and financial accounts.

Refer to Table KB 501 above and answer the following questions:

2.1.1 There are **THREE** main sessions in the Balance of Payments. Name any two of these sections found in the new balance of payments. (2)

2.1.2 Briefly describe what the current account transactions encompass. (4)

2.1.3 Briefly explain the difference between constant and current prices in the BOP. (4)

2.2 What significance does the financial accounts in the balance of payments have? (8)

2.3 Study the real contributions of the primary sector in the table, and provide your opinion on your observations. Motivate why this is the (8)

SUGGESTED SOLUTIONS

1.1.1 Name any TWO markets in the circular flow. (2)

- Product/ Goods market ✓
- Factor Market ✓
- Foreign Exchange Markets ✓
- Financial/ money market ✓ Any 2x1= (2)

1.1.2 How would you convert GDP to GNP? (2)

- GDP plus primary income from the rest of the world minus primary income to the rest of the world ✓✓

1.2. Determine the missing values in the table and complete columns (A) and (B)

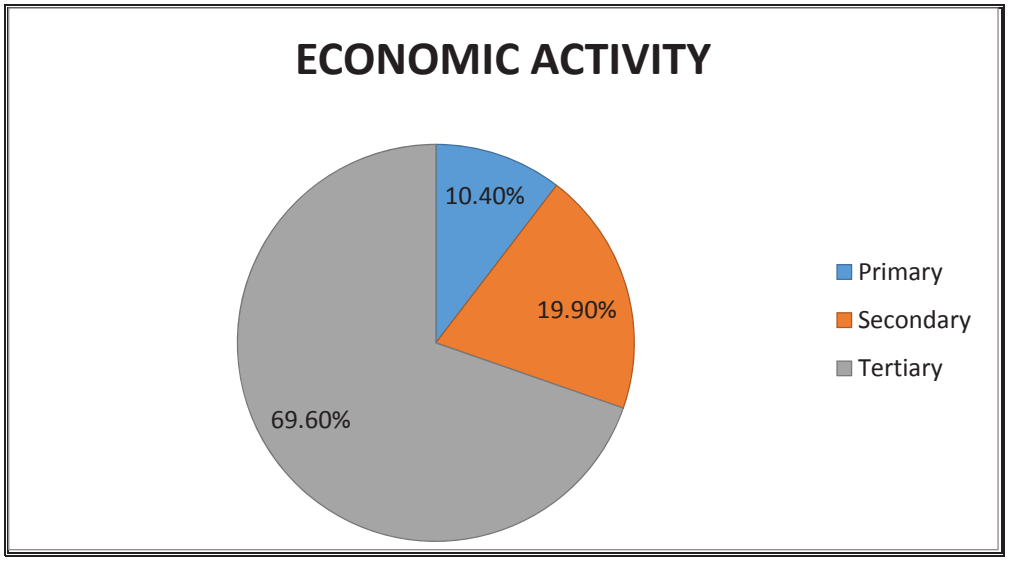
1.2.2 Identify the current year's figures at constant prices. (2)

1.2.2 Make use of the figures at constant prices and calculate the relative contribution of each sector for the current year in percentage. Draw a pie chart to illustrate this. (4)

1.2.3 Discuss your findings from the illustrated pie chart, referring to the relative contributions of the sectors. (4)

ECONOMIC ACTIVITY	2014	2015	2016	2016 %	2016	%
R million at constant prices	(a)	(b)	(c)	(d)	Constant Prices	B
PRIMARY	369 683	368 300	400 628	10.3%	291 143✓	10.4%
SECONDARY	723 562	772 875	815 816	21.1%	556 935	19.9%
TERTIARY	2 324 815	2 484 291	2 654 778	68.6%	1 945 596✓	69.6%
Gross Value Added at Basic Prices	3 418 060	3 625 466	3 871 214	100.0%	2 793 674✓	100.0%

Formulae for 10.4%/ 100 X 360^{o}



Mark Allocation:
2 marks for correct % per sector
2 marks for accurate illustration

1.2.3 Discuss your findings from the illustrated pie chart, referring to the relative contributions of the sectors. (4)

The chart above illustrates that the tertiary sector is the largest contributor to the economic activity with 69.6% ✓✓
This is followed by the secondary sector, with just under 20%, followed by the primary sector with just over 10%. ✓✓

1.3.1 Name any TWO types of Business Cycles. (2)

Kitchin ✓
Juglar ✓
Kuznets ✓
Kondratiev ✓ (2x1= 2)

1.3.2 Compare the endogenous approach in business cycle with the exogenous approach for business cycles. (8)

Endogenous

- This follows the belief that economic growth is primarily the result of endogenous and not external forces ✓✓
- This is often called the Keynesian view. This approach holds the view that markets are inherently unstable and therefore government intervention may be required ✓✓
- The price mechanism fails to coordinate demand and supply in markets and this gives rise to upswings and downswings ✓✓
- Prices are not flexible enough ✓✓ (e.g. wages) ✓

- A business cycle is an inherent feature of a market economy ✓✓
- Indirect links or mismatches between demand and supply are normal features of the economy ✓✓ **(Max 4)**

Exogenous approach

- Refer to those independent factors that can influence business cycles and originate outside the economy ✓✓
- Some economists believe that business cycles are caused by exogenous factors such as those described below ✓✓
- The monetarists believe markets are inherently stable and disequilibrium is caused by incorrect use of policies, e.g. monetary policy ✓✓
  The following are examples:
- Weather conditions and shocks cause upswings and downswings ✓
- Governments should not intervene in the market ✓
- Sunspot theory based on the belief that increased solar radiation causes changes in weather conditions ✓
- Technological changes ✓
  (Accept any other correct relevant response)
  (A maximum of 1 mark for examples per approach) **(Max 4)**

(8)

TOTAL (24)

Question 2

Refer to Table KB 501 and answer the following questions:

2.1.1 There are THREE main sessions in the balance of payments. Name any two of these sections found in the new balance of payments. (2)

Current Account ✓
Capital Transfer ✓
Financial Account ✓

2.1.2 Briefly describe what the current account transactions encompass. (4)

The current ACCOUNT captures transactions relating to production, income and expenditure. ✓✓
Five groups of items are taken into account. They are merchandise, gold, services, income and current transfers. ✓✓

2.1.3 Briefly explain the difference between constant and current prices in the BOP. (4)

Current prices are nominal values, the actual prices. ✓✓
Constant prices are the real price, or adjusted for inflation. That is why the constant prices are always less than the current prices. ✓✓

2.2 What significance does the financial account in the balance of payments have? (8)

The financial account, international monetary flows related to investment in business, real estate, bonds and stocks are recorded ✓✓
There are direct investments; including transactions relating to foreign business and fixed property. ✓✓
Portfolio investments; consists of ordinary shares and debt securities that are not paid as part of investments. ✓✓
These investments are mainly affected through the stock exchange, and affected through the JSE. ✓✓
Other investments such as trade credits, loans, currency and deposits ✓✓
This includes government-owned assets such as foreign reserves, gold and SDR held with the IMF (International Monetary Fund), private assets held abroad and direct foreign investment. ✓✓
Assets owned by foreigners, private and official, are also recorded in the financial account.
All the above are added (for the inflows) or subtracted (for the outflows), to give the balance on the financial account

Any 4x2= (8)

2.3 Study the real contributions of the primary sector. Analyse your observations, and indicate why this is the trend in this sector. (8)

The trend in the primary sector is that its relative contribution has been decreasing, from 11.7% in 2009 to 10% in 2016.

The primary sector is a diminishing resource, and therefore there is less of these resources available. ✓✓

Gold is a major export product in South Africa, and there is less of this resource available for extraction, and consequently export. ✓✓

Instability in the mining sector over the past few years, leading to a decrease in the contribution of primary sector. Drought affecting the agricultural sector ✓✓

The growth in the tertiary sector also accounts for the decline in the primary sector. ✓✓
Industrialisation also means that more of the economy is taken up by the secondary sector (any another relevant higher order motivation) (8)

TOTAL [50]

TASK 3: CASE - STUDY
Grade 12
MAIN TOPIC: Indicators
TOTAL: 50 Marks
Duration: 4 Hours/ 1 Week

Below are some of the South African economic indicators, as at 30 June 2017. The information is available on: https://tradingeconomics.com/south-africa/indicators - You can find the most recent indicators there or any other website. Study the information and answer the questions below. The information below is only a guide, and the learners must use the most recent statistics in completing the questions.

QUESTIONS

1. Discuss any four of the above ECONOMIC indicators under the following subheadings:
   - Clearly state the current level of each indicator.
   - Evaluate the use of the particular indicator in determining the level of economic growth. (20)
2. The wellbeing and development of society is very important; therefore the government prioritises the provision of goods and services to enhance social development.
   - Analyse, in detail, the following social indicators:
     - Demographics
     - Nutrition and health
     - Services (20)
3. In your opinion, how can economic development be promoted through the use of these social and economic indicators? (10)

Total [50]

Overview	Last	Reference	Previous	Range	Frequency	
GDP Growth Rate	-0.7 %	Mar/17	-0.3	-6.1 : 7.6	Quarterly	
Unemployment Rate	27.7 %	Mar/17	26.5	21.5 : 31.2	Quarterly	
Inflation Rate	5.4 %	May/17	5.3	0.2 : 20.7	Monthly	
Interest Rate	7 %	May/17	7	5 : 23.99	Daily	
Balance of Trade	5083 ZAR Million	Apr/17	11284	-23426 : 18731	Monthly	
Government Debt to GDP	51.7 %	Dec/16	49.3	27.8 : 51.7	Yearly	

Markets	Last	Reference	Previous	Range	Frequency	
Currency	12.99	Jun/17	13.01	0.67 : 16.84	Daily	
Government Bond 10Y	8.58 %	Jun/17	8.51	5.77 : 20.69	Daily	
Stock Market	51432 points	Jun/17	51289	26739 : 55188	Daily	

GDP	Last	Reference	Previous	Range	Frequency	
GDP Growth Rate	-0.7 %	Mar/17	-0.3	-6.1 : 7.6	Quarterly	
GDP Annual Growth Rate	1 %	Mar/17	0.7	-2.6 : 7.1	Quarterly	
GDP	315 USD Billion	Dec/15	351	7.36 : 416	Yearly	
GDP Constant Prices	3078343 ZAR Million	Mar/17	3084843	565040 : 3085999	Quarterly	
Gross National Product	3062610 ZAR Million	Mar/17	3061822	504385 : 3062610	Quarterly	

GDP	Last	Reference	Previous	Range	Frequency	
Gross Fixed Capital Formation	613858 ZAR Million	Mar/17	612274	73065 : 644763	Quarterly	
GDP per capita	7586 USD	Dec/15	7611	4430 : 7611	Yearly	
GDP per capita PPP	12393 USD	Dec/15	12434	9019 : 12434	Yearly	
GDP From Agriculture	68830 ZAR Million	Mar/17	65470	33531 : 78181	Quarterly	
GDP From Construction	108964 ZAR Million	Mar/17	109316	14702 : 109316	Quarterly	
GDP From Manufacturing	377901 ZAR Million	Mar/17	381498	228221 : 391090	Quarterly	
GDP From Mining	230019 ZAR Million	Mar/17	223212	214554 : 251120	Quarterly	
GDP From Public Administration	475268 ZAR Million	Mar/17	475929	90907 : 475929	Quarterly	
GDP From Services	619023 ZAR Million	Mar/17	620856	66256 : 620856	Quarterly	
GDP From Transport	263040 ZAR	Mar/17	264114	89069 : 264114	Quarterly	
GDP From Utilities	63331 ZAR Million	Mar/17	64120	46747 : 70556	Quarterly	
Unemployment Rate	27.7 %	Mar/17	26.5	21.5 : 31.2	Quarterly	
Employed Persons	9644000	Mar/17	9690000	3694977 : 9690000	Quarterly	
Unemployed Persons	6214 Thousand	Mar/17	5781	3873 : 6214	Quarterly	
Labour Force Participation Rate	60.5 %	Mar/17	59.2	53.6 : 60.8	Quarterly	
Labour Costs	142 Index Points	Dec/16	140	1.1 : 156	Quarterly	

GDP	Last	Reference	Previous	Range	Frequency	
Wages	18687 ZAR/Month	Mar/17	18502	6742 : 18687	Quarterly	
Wages in Manufacturing	16830 ZAR/Month	Dec/16	16376	6250 : 16830	Quarterly	
Population	55.91 Million	Dec/16	54.96	17.4 : 55.91	Yearly	
Retirement Age Women	60	Dec/17	60	60 : 60	Yearly	
Retirement Age Men	60	Dec/17	60	60 : 65	Yearly	
Employment Rate	43.74 %	Mar/17	43.54	41 : 46.17	Quarterly	
Living Wage Family	10800 ZAR/Month	Dec/16	10434	10434 : 25500	Quarterly	
Living Wage Individual	7222 ZAR/Month	Dec/16	7055	6640 : 7222	Quarterly	
Wages High Skilled	20100 ZAR/Month	Jun/16	19800	17900 : 20100	Quarterly	
Wages Low Skilled	3650 ZAR/Month	Jun/16	3630	2700 : 3650	Quarterly	
Youth Unemployment Rate	50.9 %	Dec/16	54.2	48.8 : 54.5	Quarterly	

Prices	Last	Reference	Previous	Range	Frequency	
Inflation Rate	5.4 %	May/17	5.3	0.2 : 20.7	Monthly	
Inflation Rate Mom	0.3 %	May/17	0.1	-0.7 : 6.7	Monthly	
Consumer Price Index CPI	103 Index Points	May/17	102	1.2 : 103	Monthly	
Core Consumer Prices	102 Index Points	Apr/17	102	63.3 : 102	Monthly	
Core Inflation Rate	4.8 %	May/17	4.8	2.9 : 8.3	Monthly	

GDP	Last	Reference	Previous	Range	Frequency	
Producer Prices	102 Index Points	Apr/17	101	4.1 : 219	Monthly	
Producer Prices Change	4.6 %	Apr/17	5.2	2.61 : 8.8	Monthly	
Export Prices	147 Index Points	Mar/17	146	0.6 : 147	Quarterly	
Import Prices	136 Index Points	Mar/17	138	1.2 : 143	Quarterly	
Food Inflation	6.9 %	May/17	6.7	0.6 : 15.6	Monthly	
Cpi Housing Utilities	101 Index Points	May/17	101	56.8 : 101	Monthly	
Cpi Transportation	103 Index Points	May/17	102	81.7 : 117	Monthly	

Money	Last	Reference	Previous	Range	Frequency	
Interest Rate	7 %	May/17	7	5 : 23.99	Daily	
Interbank Rate	7.33 %	Jun/17	7.33	5.06 : 16.96	Daily	
Money Supply M0	229240 ZAR Million	May/17	230474	415 : 240465	Monthly	
Money Supply M1	1582113 ZAR Million	Apr/17	1603388	1482 : 1612380	Monthly	
Money Supply M2	2573886 ZAR Million	Apr/17	2584117	2887 : 2600811	Monthly	
Money Supply M3	3183170 ZAR Million	Apr/17	3194507	4796 : 3206995	Monthly	
Banks Balance Sheet	4915471 ZAR Million	Apr/17	4938998	114781 : 4938998	Monthly	
Foreign Exchange Reserves	47241 USD Million	May/17	46690	5316 : 51889	Monthly	

GDP	Last	Reference	Previous	Range	Frequency	
Loans to Private Sector	3318785 ZAR Million	Apr/17	3304992	4051 : 3318785	Monthly	
Deposit Interest Rate	6.2 %	Dec/15	5.8	5.15 : 18.86	Yearly	
Central Bank Balance Sheet	697303 ZAR Million	May/17	694256	543 : 801122	Monthly	
Lending Rate	10.5 %	May/17	10.5	5 : 25.5	Monthly	

Trade	Last	Reference	Previous	Range	Frequency	
Balance of Trade	5083 ZAR Million	Apr/17	11284	-23426 : 18731	Monthly	
Exports	91778 ZAR Million	Apr/17	101064	55.8 : 105163	Monthly	
Imports	86694 ZAR Million	Apr/17	89781	66.1 : 110259	Monthly	
Current Account	-91499 ZAR Million	Mar/17	-76438	-241786 : 15627	Quarterly	
Current Account to GDP	-3.3 %	Dec/16	-4.4	-7.5 : 6	Yearly	
External Debt	142833 USD Million	Dec/16	141530	33262 : 145082	Quarterly	
Tourist Arrivals	1258642	Mar/17	1180301	37430 : 1558854	Monthly	
Gold Reserves	125 Tonnes	Mar/17	125	123 : 184	Quarterly	
Crude Oil Production	2 BBL/D/1K	Feb/17	2	2 : 58	Monthly	
Foreign Direct Investment	1873 ZAR Billion	Dec/16	1958	1 : 2089	Quarterly	
Terrorism Index	3.53	Dec/15	4.23	0.22 : 4.23	Yearly	
Weapons Sales	59 USD Million	Dec/16	61	1 : 235	Yearly	

GDP	Last	Reference	Previous	Range	Frequency	

Government	Last	Reference	Previous	Range	Frequency	
Government Debt to GDP	51.7 %	Dec/16	49.3	27.8 : 51.7	Yearly	
Government Budget	-3.9 % of GDP	Dec/16	-4.1	-7.4 : 1	Yearly	
Government Budget Value	-39181 ZAR Million	Apr/17	-3851	-71492 : 30427	Monthly	
Government Spending	633183 ZAR Million	Mar/17	634773	65991 : 634773	Quarterly	
Government Revenues	62857 ZAR Million	Apr/17	134799	36 : 144778	Monthly	
Government Debt	55247 USD Million	Dec/16	53813	11594 : 56795	Quarterly	
Fiscal Expenditure	102039 ZAR Million	Apr/17	138650	46 : 139021	Monthly	
Credit Rating	48.59			:	Monthly	
Military Expenditure	3424 USD Million	Dec/16	3460	224 : 5460	Yearly	
Business	Last	Reference	Previous	Range	Frequency	
Business Confidence	29	Jun/17	40	10.2 : 91	Quarterly	
Manufacturing PMI	51.5	May/17	44.7	34.2 : 64.2	Monthly	
Industrial Production	-4.1 %	Apr/17	0.4	-23.2 : 18.5	Monthly	
Industrial Production Mom	2.3 %	Apr/17	-0.4	-8.7 : 9.1	Monthly	
Capacity Utilization	81.7 %	Mar/17	81.5	76.9 : 86.3	Quarterly	
Changes in Inventories	2749 ZAR Million	Mar/17	-16402	-58506 : 60285	Quarterly	

GDP	Last	Reference	Previous	Range	Frequency	
Bankruptcies	150 Companies	Apr/17	188	63 : 511	Monthly	
Car Registrations	26317 Cars	May/17	22542	5155 : 42915	Monthly	
Total Vehicle Sales	41783	May/17	34956	18482 : 65689	Monthly	
Leading Economic Index	-0.9 %	Apr/17	-0.4	-3.6 : 4.6	Monthly	
Competitiveness Index	4.47 Points	Dec/17	4.39	4.31 : 4.54	Yearly	
Competitiveness Rank	47	Dec/17	49	35 : 56	Yearly	
Composite Pmi	50.2	May/17	50.3	46.4 : 52.7	Monthly	
Corruption Index	45 Points	Dec/16	44	41 : 56.8	Yearly	
Corruption Rank	64	Dec/16	61	23 : 72	Yearly	
Ease of Doing Business	74	Dec/16	72	32 : 74	Yearly	
Electricity Production	20446 Gigawatt-hour	Apr/17	21295	10439 : 23801	Monthly	
Mining Production	1.7 %	Apr/17	15.4	-18.4 : 24.3	Monthly	
Steel Production	560 Thousand Tonnes	May/17	493	182 : 885	Monthly	

Suggested solutions

1. The economic indicators measure the macroeconomic objectives of government to maintain price stability, full employment and balance of payments stability.

1.1 Production indicators

Nominal GDP ✓

- GDP is the total value of all final goods and services within the geographic boundaries of a country over a given period. ✓✓
- Market prices rather than basic or factor cost are used. ✓✓

Real GDP ✓

- The growth performance of an economy is measured in terms of real GDP figures. Nominal GDP cannot be used because its magnitude is partly caused by price increases and not by an increase in the physical numbers. ✓✓
- Real GDP is obtained when the effect of inflation is removed from the data. ✓✓
- *The actual GDP has decreased, and is -0.3 % . Two successive periods of contraction means that SA is in a technical recession* ✓✓

Per capita GDP ✓

- Economic growth is desirable because it enables societies to consume more goods and services, but if the population grows at a faster rate everybody may be worse off, despite increases in the quantities of goods and services and it is for this reason per capita GDP is used. ✓✓
- For the calculation of per capita real GDP, the real GDP figures are divided by the population number. ✓✓
- Per capita figures are used for three reasons:
  - To indicate economic development ✓
  - To indicate living standards ✓
  - To compare living standards ✓
- *SA Per Capita decreasing because the rate of unemployment has been decreasing in the country, as well as the inflation being above the targeted range.* ✓✓

1.2 Inflation

Inflation may be defined as a significant and continual rise in the general price level of goods and services over a given time, with the result that the purchasing power of money will decrease. ✓✓

Inflation rate within the targeted range 5.4 %; but was outside of the band towards the end of 2016. Within the band (3% to 6%) promotes growth.

Consumer price index (CPI) ✓

This is an indicator that measures the change in the cost of a fixed basket of goods and services that an average household will purchase. ✓✓

Producer Price Index (PPI) ✓

This is the indicator of changes in the price of manufactured goods as they leave the factories and imported goods as they enter the country. ✓✓

CPI	PPI
• Excludes price of raw materials and intermediary goods ✓ • Includes VAT ✓ • Includes services ✓ • Manufactured goods included in the CPI are priced when they are sold to the consumers ✓	• Includes the prices of raw materials and intermediate goods ✓ • Excludes VAT ✓ • Excludes services ✓ • Manufactured goods included in the PPI are priced when they leave the factory or at the first entry into the country if imported ✓

The formula to determine inflation:

$$\frac{CPI\ year\ 2 - CPI\ year\ 1}{CPI\ year\ 1} \times \frac{100}{1}$$ ✓✓

South Africa experienced double-digit inflation for many years until the government and the South African Reserve Bank introduced the inflation target of 3% - 6%.

1.3 Employment

It is not so easy to measure employment as there are a lot of people employed in the informal sector, and they are not registered or recorded. ✓✓

The economically active population (EAP) ✓

The economically active population figures are used. All the people willing and able to work between 15 and 64 in a country ✓✓ and includes:

- Workers in the formal sector ✓
- Workers in the informal sector ✓
- Employers ✓
- Self-employed persons✓
- Unemployed persons

Employment Rate ✓

The number of employed persons expressed as a percentage of the EAP gives the employment rate. ✓✓

Employment indicators are important because:

- They calculate trends in employment in different sectors or industries – shows structural changes. ✓
- Calculate productivity ✓
- Show the success of the economy in utilising its full potential ✓
- *Actual employment rate 43.74% from 43.54%. Many youth and marginalised people continue to struggle to find employment in the formal sector.* ✓✓

Unemployment rate ✓

Unemployed are all the EAP, they were actively looking for work 7 days prior to the investigation and can start work 7 days after the investigation. ✓✓

The youth unemployment remains a serious concern, with over 50% remaining unemployed.

Foreign Trade

International trade is important in a globalised world. Exports stimulate employment and imports widen the choice of consumers.

Terms of Trade

The Terms of Trade looks at the relationship between the price received for exports and the amount of imports we are able to buy with that money.

$$\text{Terms of Trade} = \frac{\text{Average Price of Exports}}{\text{Average Price of Imports}} \times \frac{100}{1}$$

Changes in the terms of trade serve as an indicator of changes that may likely spill over into the balance of payment account and a deficit may follow – this will lead to a depreciation in the currency.

Exchange rates

The rate at which one currency can be exchanged for another currency. Exports and imports are strongly influenced by the exchange rate of the domestic currency. The current exchange rate is …

Productivity

Productivity measures the relationship between input and outputs. The more outputs you can produce for the same or less inputs the more productive you are.

Productivity is linked to cost – the more productive you are the lower costs are.

Example: If one labourer can produce more than another labourer the cost of labour will reduce.

Productivity will increase the Real GDP per Capita. This will increase economic growth.

Labour productivity

- A simple formula to measure labour productivity is to divide real GDP by the number of workers employed.

Remuneration per worker

- If labour productivity increases by less than real wages, inflationary pressures will occur and the business cycle may turn unfavourable.
- The relationship between productivity and wages is important for the following reasons:
  - Employers relate it to profits
  - Workers relate it to improvements in the standard of living

1.4 Interest rates

As seen in Business cycles and Public sector - interest as the main instrument in the monetary policy play a key role in the economy and would therefore be vitally important in measuring economic growth. *Current interest rate is 7%.*

a. Repo rate

The rate at which the SARB lends money to commercial banks.

b. Prime rate

The rate at which commercial banks lend money to households and business. If interest rates move upward, the debt of households and business require bigger repayment instalments. This may indicate that the business cycle could be heading for a downward cycle, businesses might have to cut down production, unemployment may increase and economic growth will decline.

1.5 Money supply

The money supply indicates the money in circulation in the economy and how fast it moves from one person to another as this indicates high or low inflation.

Money supply is divided in three categories.
M1: This includes coins and notes.
M2: Includes M1 and other short-term and medium-term deposits of the domestic private sector with monetary institutions,
M3: Includes M2 plus all long-term deposits of the domestic private sector with monetary institutions.
Too much money in circulation could lead to more spending and higher inflation. Too little money in circulation leads to under-spending, which leads to reduction in production, leads to unemployment and decline in economic growth.

Marking guideline: Allocate a maximum of 4 marks for headings, examples and shorter descriptions.
Allocate 14 marks for the fully written sentences, up to a maximum of 14 marks. (20)

2. Social indicators are a measure that economists or government use to evaluate the performance of a country in terms of the social wellbeing of its citizens. ✓✓

DEMOGRAPHICS:
This deals with the characteristics of the population, e.g. population size / race / age / sex / income / geographic distribution / language / education / occupation / religion / birth rate / fertility rate / life expectancy at birth / infant mortality rate / death rate✓✓✓

This information can be used by government to plan for, e.g., infrastructure development ✓✓and the implementation of social programmes. ✓✓It is also important to business as it indicates the size and characteristics of the business' targets markets. ✓✓

- The population growth. ✓In 2006, the South African population was estimated at 47.4 million ✓✓and in the recent 2011 census the population stood at 50,5 million. ✓✓South Africa has a relatively high population growth compared to other developed

countries. ✓✓The population growth rate is an important indicator to the government ✓✓in terms of the number of social services that are needed. ✓✓

- Life expectancy. ✓This expresses the number of years a new-born infant will live if the prevailing patterns of mortality remained the same throughout his or her life. ✓✓In South Africa, life expectancy went down from 62,8 years in 1991 to 47 years in 2005 ✓✓and started increasing again in 2011 to 52 years. ✓✓It is important for the government to know the average life expectancy of the population (since working human beings require a range of social services) ✓✓and also the tax base of the country. ✓✓Assurance companies in particular are interested in the life expectancy. ✓✓Unexpected reductions in life expectancy reduce the number of years policy holders can pay their premiums ✓✓and can have a detrimental effect on the services of such businesses. ✓✓

Nutrition and health: These are two related social indicators.
- Nutrition: This is an important indicator for the wellbeing of infants and young children. ✓✓Two important conditions of nutrition in child malnutrition and overweight, ✓✓which are both particularly important for children under the age of five years of age:
- Child malnutrition. ✓Malnutrition is expressed in two ways, namely weight for age (underweight) ✓✓and height for weight (stunted or dwarfism). ✓✓The proportion of children who are underweight is the most important indicator of malnutrition. ✓✓It is important to monitor malnutrition ✓✓and weight because being overweight increases the risk of death ✓✓and inhibits cognitive development in children ✓✓
- Overweight children – ✓the prevalence of overweight children is a growing concern in South Africa. ✓✓There is an association between obesity in children and the high prevalence of diabetes, respiratory diseases, high blood pressure, and psychological and orthopedic disorders. ✓Being overweight can lead to numerous adverse health conditions which affect people's ability to work and take care of themselves. ✓✓Obesity is a killer. ✓✓Governments often legislate that health supplements such as vitamin A be added to basic food stuffs such as bread, ✓✓while the health department also encourages breastfeeding. ✓✓Malnutrition and obesity in children are indicators taken into account when deciding on feeding schemes and their extent. ✓✓

HEALTH: A number of indicators are used both nationally and internationally to monitor the health of a population. ✓✓
- Infant mortality. ✓This is measured in terms of the number of infants who die before reaching one year of age per thousand live births in a given year. ✓✓In South Africa in 2010, it was at 34% per thousand. ✓✓
- Under-five mortality. ✓This is measured in terms of the probability that a new born baby will die before reaching the age of five years, if subject to present age-specific mortality rates. ✓✓The probability is expressed as a number per thousand ✓✓and in South Africa it was at 50 per thousand in 2010. ✓✓
- Health expenditure ✓This is measured in terms of the amount of public and private expenditure on healthcare as a percentage of GDP. ✓✓In 2009, South Africa's expenditure was 8,4% compared to the 6,6% in sub-Saharan Africa ✓✓and 5,3% in North Africa. ✓✓

- Access to safe and drinking water. ✓This is measured in terms of the percentage of the population with reasonable access to safe and drinking water ✓✓(treated or uncontaminated) – in 2009, 91% of the South African population had access compared to 60% in sub-Saharan Africa and 92% in North Africa ✓✓
- Access to sanitation facilities. ✓This is measured in terms of the percentage of a population with at least adequate sanitation facilities that can effectively prevent human/animal/and insect contact. ✓✓ In 2009, 77% of the South African population had access to improved sanitation ✓, compared to 31% in sub-Saharan Africa ✓✓and 89% in North Africa. ✓✓A healthy population saves on medical and other costs, produces income and contributes to a stronger economy ✓✓

SERVICES: Services are vital to enhance people's lifestyles and level of economic and social development ✓✓
In South Africa, in terms of the Constitution's requirements of human dignity and social justice, the following are identified:
- **Electricity** ✓The national Electricity Regulator reports that 83,1% of households had access to electricity in 2010 compared to 50% in 1995. ✓✓
- Refuse removal ✓Some 61% of households in South Africa had access to refuse removal by the local authorities once a week. ✓✓
- Water supply ✓✓Some 89% of households had access to clean water in 2010. ✓✓This is the average of urban and rural access to improved water schemes. ✓✓Improved water resources refer to an adequate amount of water from sources, e.g. households' connections/taps inside the yard/ public taps/boreholes/protected springs/and rainwater collection ✓✓
- Sanitation ✓Just over 71% of households in South Africa had access to functioning basic sanitation in 2010, ✓✓e.g. flush toilets/pit toilets with ventilation pipes/and chemical toilets ✓✓
(Accept any relevant current statistics)
Marking Guideline: Allocate a maximum of 4 marks for headings, examples and shorter descriptions.
Allocate 14 marks for the fully written sentences, up to a maximum of 14 marks.

(20)

ADDITIONAL PART
In your opinion, how can economic development be promoted through the use of these indicators?

- Assist the government to look into other areas of need through the budget ✓✓
- Improve social cohesion and interdependence ✓✓
- Focus on the areas of dire need in communities and spend on them✓✓
- Improve health and educational facilities ✓✓
- Invest more in the future quality labour force for the progression of the economy ✓✓
- Spend more on the improvement of the quality of life of the general population and reduce social tensions ✓✓ (Accept any other relevant response) (Max. 10)

CONCLUSION

Social indicator can serve as a focal point in directing government expenditure on issues that will guarantee social development and quality lifestyle.

GRADE 12: PROJECT

MAIN TOPIC: MARKET FAILURES [COST BENEFIT ANALYSIS]

DURATION: 3 WEEKS

INSTRUCTIONS AND INFORMATION

1. Your project must meet the following criteria.
    - 1.1 Cover page
    - 1.2 A table of content
    - 1.3 Your work should be well-arranged according to the steps**.**
    - 1.4 References of sources must be indicated
    - 1.5 The final product must be bound or stapled in an acceptable way.
    - 1.6 The teacher must guide the learners through all steps.
    - 1.7 **Hint**: estimated figures should be in SA currency and be small values that you can add easily.

2. Each learner's work must be unique.
3. **NB: Marking rubric should accompany each learner script to facilitate marking**.

1. **Conduct a research on the SCENARIO given below and follow the steps that will assist you to collect and analyse information:**

Community divided over service delivery

The community of New Rest is divided over government efforts to bring services to the people.

New Rest is a newly established area where community members walk long distances in order to access services from the nearby areas.

The government had engaged them on several occasions but each time a deadlock was reached – what to build first, the **school or the clinic**?

As an economist, prove to the New Rest community which project will be more beneficial.

STEP 1:
Identify and quantify at least five social costs (S_C) and social benefits (S_B) for each project. Add each project's (costs) and (benefits) to get a total.
STEP 2:
Discount all future values (by taking inflation into account: present value versus future value).
STEP 3:
Determine the CBR of each project by using the formula

$$[\text{CBR} = \frac{present\ value\ of\ Social\ Benefits\ (SB)}{present\ value\ of\ Social\ Benefits\ (SC)}]$$

i.e. comparing the social costs with social benefits by using the formula
STEP 4:
Compare CBR of the two projects and briefly elaborate with reasons which project the government will invest in.
STEP 5:
Compare the following inefficiencies with the aid of a well-labelled graph:

- Allocative inefficiency
- Productive inefficiency

TOTAL: 50

SUGGESTED RESPONSES:

STEP 1:

Identify and quantify at least five social costs (S_C) and social benefits (S_B) for each project. Add each project's (costs) and (benefits) to get a total.

PROJECT 1: SCHOOL

Social Benefits	Amt. (R)	**Social Costs**	Amt. (R)
Job opportunities	40 000	Pollution	5 000
New business opp.	32 000	Building material	15 000
Fewer accidents	1 500	Destruction of plants	3 500
Less strain on medical facilities	2 000	Resettlement for people whose homes were expropriated	25 500
Time savings	1 000	Increased traffic in certain areas	3 000
Total	**76 500**	**Total**	**52 000**

PROJECT 2: CLINIC

Social Benefits	Amt. (R)	**Social Costs**	Amt.
Job opportunities	10 000	Pollution	5 000
New business opp.	2 000	Building material	18 000
Fewer accidents	1 500	Destruction of plants	3 500
Less strain on medical facilities	3 000	Resettlement for people whose homes were expropriated	25 500
Time savings	1 000	Increased traffic in certain areas	5 000
Total	**17 500**	**Total**	**57 000**

STEP 2:

Discount all future values (by taking inflation into account: present value versus future value).

- If the discount rate **used** is interest rate, all future values have to be discounted to the present.
- At an interest rate of 6% the future values will change.
- Total benefits for school amounted to R76 500, D at 6%

STEP 3:

Determine the CBR of each project by using the formula

PROJECT 1: SCHOOL

[CBR $= \frac{76\ 500)}{52\ 000}$

= 1.5

CBR > 1 (project will be beneficial)

PROJECT 2: CLINIC

CBR $= \frac{17\ 500}{57\ 000}$

=0.3

CBR < 1 (project will be inefficient)

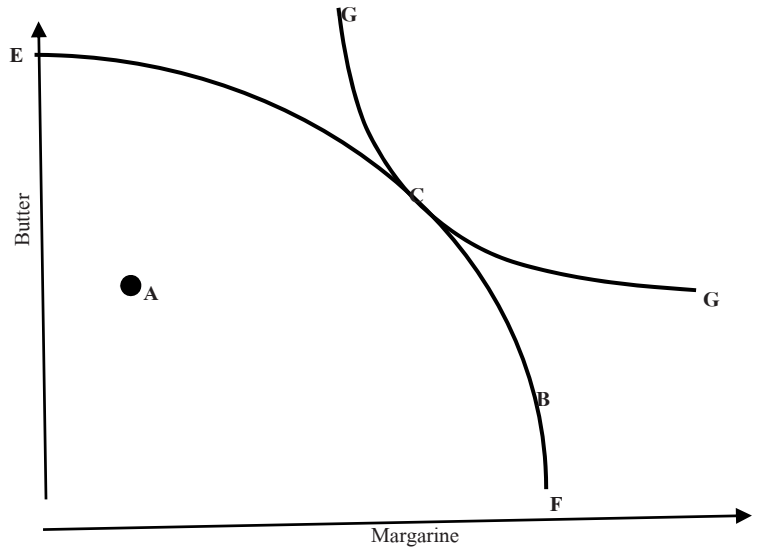
STEP 4:

Compare CBR of the two projects and briefly elaborate with reasons which project the government will invest in.

- The CBR for the clinic is 0.3 which means that benefits outweigh the costs. The project will not be beneficial to the community.
- The CBR for the school is 1.5 which means that benefits are greater than the costs and therefore the project will be beneficial to the community.

STEP 5:

Compare the following inefficiencies with the aid of a well-labelled graph:



- Any point to the left of the PPC curve such as A, indicates that resources are unused. If this occurs some customers may be deprived of goods. That depicts **Productive and Allocative** inefficiency.
- The indifference curve (GG) shows a combination of two goods which gives the consumer the same level of satisfaction. If, however, production takes place at point B on the curve, but the demand for goods is represented by **point C – Allocative inefficiency** will occur where the tastes of consumers are not met.

Learner Surname and Name:		Issue date:		Grade: 12	Submission Date:	
CRITERIA	**Very minimal information**	**Partially meets requirements**	**Fairly meets the requirements**	**Good performance has been registered**	**Excellent – exceeds expected requirements**	
	1-2	**3-4**	**5-6**	**7-8**	**9-10**	**Score**
STEP 1: **Identify and quantify all social costs (S_C) and social benefits (S_B)**	**Only one social cost and social benefit is identified but not quantified (for either of the two) (Quantify = attach a numerical value)**	Only two social costs and social benefits are identified but not quantified (for one project).	Three social costs and social benefits are identified and partially quantified for both projects.	Four social costs and social benefits are identified and quantified correctly for both projects.	Five social costs and social benefits are identified and quantified. Clear comparison in the form of a table is made.	
STEP 2: **Discount future values (Take inflation into account: present value versus future value)** **NB: Each project should have 5 x 2 = 10**	Neither present nor future values are given for either of the 2 projects or (the values are not reduced). NB: The longer it takes to implement the project, the more expensive it becomes.	Only one present or future value is given (for one project) and inflation is not taken into account.	At least two present values and future values (for both projects) are given and inflation is partially taken into account.	Three present and future values (of both projects) are given. Inflation is most correctly estimated.	At least four present and future values (for both projects) are given and all calculations are done to discount future values.	
STEP 3: **Compare social costs with social benefits** **NB: Determine the CBR =** $\frac{present\ value\ of\ S-\ Benefits}{present\ value\ of\ S-costs}$	Both the formula and values are incorrect (for both projects).	Correct formula is used but the values are incorrectly substituted (in both projects).	Only the CBR value of one project is correctly calculated but not analyzed.	Both the CBR values of both projects are calculated correctly but only the theoretical analysis is stated. (Analysis is directly from the textbook).	Both CBR values of both projects are correctly calculated and analyzed.	
STEP 4: **Compare CBR of different project.** **Briefly elaborate which project the government will invest in and why?**	Very few facts and some information provided is incorrect.	CBR values are compared but motivation is not convincing / relevant.	CBR values are compared and motivation only covers one possible fact.	CBR values are compared and motivation covers two possible facts.	CBR values are compared and the benefits of the chosen project are convincing.	
STEP 5: **Compare the following inefficiencies with the aid of a well-labelled graph.** • **Productive and** • **Allocative inefficiency**	The graph is not drawn and the explanation provided is minimal.	The graph is drawn but not fully labelled. Only productive or allocative inefficiency is discussed.	Well-labelled graph is drawn and only productive or allocative inefficiency is discussed.	Well-labelled graph is drawn and both inefficiencies are fully discussed.	Well-labelled graph is neatly drawn and both inefficiencies are fully discussed with reference to the graph.	
Total						**/50**

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ISBN 978-1-4315-3104-2

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