



**higher education
& training**

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

ECONOMICS N5

23 November 2022

This marking guideline consists of 8 pages.

SECTION A

Answer ALL the questions in SECTION A.

QUESTION 1

- 1.1 C
- 1.2 A
- 1.3 A
- 1.4 D
- 1.5 D
- 1.6 A
- 1.7 A
- 1.8 A
- 1.9 D
- 1.10 B
- 1.11 A
- 1.12 C
- 1.13 B
- 1.14 A
- 1.15 A
- 1.16 C
- 1.17 B
- 1.18 A
- 1.19 B
- 1.20 B
- 1.21 A
- 1.22 A
- 1.23 D
- 1.24 C
- 1.25 D

(25 × 2) [50]

TOTAL SECTION A: 50

SECTION B

Answer any THREE of the four questions in SECTION B.

QUESTION 2

- 2.1
 - 2.1.1 D
 - 2.1.2 E
 - 2.1.3 A
 - 2.1.4 B
 - 2.1.5 F
 - 2.1.6 C

(6 × 2) (12)

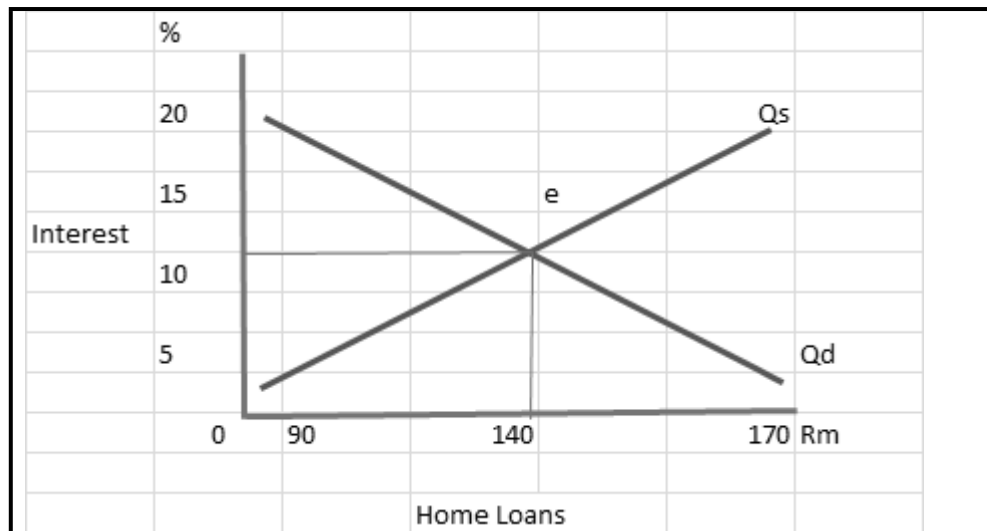
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- 2.4.4
- Cost of collection is low.
 - Tax calculations are not confusing.
 - Income from taxation is determinable and the government can draw up a budget.
 - The tax pressure is direct.
 - The tax system is elastic.
 - It can be levied according to the progressive type of system.
- (Any 3 × 2) (6)
[50]

QUESTION 3

- 3.1
- 3.1.1 Entrepreneurs
- 3.1.2 Capitalism
- 3.1.3 Equilibrium
- 3.1.4 Nominal
- 3.1.5 Investment
- 3.1.6 Human
- 3.1.7 Macro
- 3.1.8 Government
- 3.1.9 Decrease
- 3.1.10 Expand/increase
- (Any relevant answer) (10 × 2) (20)
- 3.2
- 3.2.1 Poverty or income inequality (2 × 1) (2)
- 3.2.2
- Death of a breadwinner – the early death of a breadwinner leaves a family with no one to support.
 - Ill health – prolonged sickness is a worse financial blow to a family than death. A breadwinner who becomes sick loses his job and a lot of funds are needed for his/her treatment.
 - Retirement – maintenance of minimal standard compared to when a person was working leads to poverty.
 - Lack of skill – The higher the school dropouts, the greater are the chances of living in poverty.
 - Slum environment – The inhabitants of these areas are not all sick or retired or unable to learn, but have little opportunity to make a decent living.
- (Any 5 × 2) (10)
- 3.2.3
- Changing role of women in society
 - Reduced discrimination against woman
 - Increase in divorce rate (Any relevant answer) (3 × 2) (6)

3.3 3.3.1



(Answer must show both axes, correct labelling and correct equilibrium point) (5 × 1)

(5)

3.3.2

- 11%
- R140 mn

(2 × 1)

(2)

3.3.3

- At an interest rate of 20%, the quantity of funds supplied increases to R155 billion,
- while the quantity demanded decreases to R90 billion.
- At this above-equilibrium interest rate, banks are eager to supply loans to home loan borrowers, but relatively few people or businesses wish to borrow.
- As a result, some banks will lower the interest rates (or other fees) they charge to attract more business.
- This strategy will push the interest rate down toward the equilibrium level.

(5 × 1)

(5)

[50]**QUESTION 4**

4.1

- The economic cycle: Households – They sell factors of production, i.e. labour to firms to produce goods and services and in return they are getting the remuneration of the production factors as payments in the form of salaries and wages.
- Firms – They sell goods and services to households and households pay for the goods and services.
- Government – Provides households with goods and services, including jobs and in return households pay tax to the government.
- Provides firms with goods and services, including roads and in return they pay tax to the government.

(4 × 2)

(8)

4.2	4.2.1	Consequence		
	4.2.2	Cause		
	4.2.3	Cause		
	4.2.4	Measurement		
	4.2.5	Consequence	(5 × 2)	(10)
4.3	4.3.1	- Tariff is a tax imposed by a government on goods and services imported from other countries - that serves to increase the price and decrease demand for imports.	(2 × 1)	(2)
	4.3.2	- Advalorem tariff✓ – any tax imposed which is a percentage of the value of the item imported.✓✓ - Specific tariff✓ – which is a tax levied based on a set fee per number of items or by weight.✓✓	(Any relevant answer) (3 × 2)	(6)
4.4	4.4.1	$820\,000\,000 / 1,20 / 35,500\,000 = 23$		(4)
	4.4.2	Real GDP = money value of GDP in 2020 × 100 / general price index in 2018 $900\,000\,000 \times 100/125$ $= 720\,000\,000$		(3)
	4.4.3	$900\,000\,000 - 885\,000\,000 / 885\,000\,000 \times 100 = 1,69\%$ nominal growth 2019 Real GDP = $885\,000\,000 \times 100/120 = 737\,500\,000$ (2020 Real GDP) $720\,000\,000 - (2019\,Real\,GDP)\,737\,500\,000 \times 100 = -17\,500\,000$ ✓✓ There is a decrease ✓		(3)
	4.4.4	- It is an indication of economic growth in a country. - It enables economic welfare comparisons to be made. - It determines the relative importance of the different sectors in the economy.		(3)
4.5	4.5.1	- Fiscal policy is the means by which a government adjusts its spending levels - and tax rates to monitor - and influence a nation's economy.	(3 × 1)	(3)
	4.5.2	- Income policy - Investment policy - Public debt	(3 × 2)	(6)

- 4.6
- Full employment is an economic situation in which all available labour resources are being used in the most efficient way possible.
 - Full employment embodies the highest amount of skilled and unskilled labour that can be employed within an economy at any given time. (2 × 1)

(2)
[50]**QUESTION 5**

- 5.1 5.1.1 Savings refers to the unspent part of an income. (2)

- 5.1.2
- Transaction motive:✓ Save money to use for daily transactions,✓ i.e. money to take a taxi to college.✓
 - Provisional motive:✓ Save money for rainy or difficult unexpected occurrences✓ to use money when someone is sick or there is a death in a family.✓
 - Speculative motive:✓ Save money to have more money in future,✓ i.e. buying shares.✓ (Any 3 × 3) (9)

- 5.2 5.2.1 Type of unemployment
- Structural unemployment✓ occurs when a given set of skills is no longer needed in a given economy or a mismatch between the skills that workers in the economy can offer, and the skills demanded of workers by employers (also known as the skills gap).✓ (Structural unemployment is the most correct answer)
- Frictional unemployment: This is typically temporary unemployment caused by the time people take to move between jobs, e.g. graduates or people changing jobs. There will always be some frictional unemployment in an economy because information is not perfect and it takes time to find work.✓ (2 × 1) (2)

- 5.2.2
- Census method✓
In this method certain questions are included to determine the economic status of the population.✓✓
 - Difference method✓
The number of people employed in the formal sector is subtracted from economically active population.✓✓
 - Registration method✓
All unemployed people register in at Department of Labour; statistics are obtained monthly.✓✓
 - Sampling method✓
Current population surveys are undertaken monthly by random sampling to obtain the most recent information about the structure of the economically active groups.✓✓ (Any 3 × 3) (9)

5.2.3	• Job creation • Education and training • Gender equality • Access to clean water and sanitation	(Any 3 × 2)	(6)
5.2.4	• The South African economic growth has occurred largely in skills-intensive sectors, such as the financial and business services sector. It is generally accepted that the primary cause for South Africa's widespread unemployment today is a structural mismatch between the skills the modern South African economy demands and the skills it supplies. South African youth are low-skilled and the skills mismatch that applies to the broader South African economy applies particularly to youth. • The principal reason given by employers for their low youth employment is that with schooling not accurately indicating skill levels, unskilled inexperienced workers are seen as risky to employ, thus increasing their real cost. The causes of South African youth unemployment then, are a combination of deficient demand for labour, due to the increasingly skills-intensive orientation of the South African economy and substandard supply, caused by the emergence of risky low-skilled youth. • Inadequate government policies. • Stringent labour laws that scare off investors and businesses. • Apartheid legacy in education and economy structure.	(Any relevant answer) (Any 4 × 2)	(8)
5.3	5.3.1 Demand-pull inflation 5.3.2 Cost-push inflation 5.3.3 Cost-push inflation 5.3.4 Demand-pull inflation 5.3.5 Demand-pull inflation	(5 × 2)	(10)
5.4	Prime lending interest rate = 8.75%✓✓	(2 × 1)	(2)
5.5	Quasi money = refers to assets which can be easily converted to cash because they are in high demand and are issued by entities with excellent creditworthiness.✓ Examples of quasi money include gold certificates, bonds issued by creditworthy governments and certificates of deposit issued by creditworthy banks.✓	(2 × 1)	(2)
			[50]
TOTAL SECTION B:			150
GRAND TOTAL:			200