



higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

ECONOMICS N5

10 June 2025

This marking guideline consists of 9 pages.

SECTION A (COMPULSORY)

QUESTION 1

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

TOTAL SECTION A: 50

Mark THREE questions in this section.

QUESTION 2

- 2.1 2.1.1 A lack of material goods and money (2)
- 2.1.2 The early death of the breadwinner in the family will often leave families in precarious financial circumstances.✓✓ Social security payments to the family are seldom enough to cover the numerous debts for house, car and furniture that are common amongst families with growing children.✓✓ Life insurance is becoming more popular,✓✓ but workers' coverage is usually too small to do more than cushion the initial shock caused by a death.✓✓ (8)
- 2.2 2.2.1 • Absolute poverty measures poverty in relation to the amount of money necessary to meet basic needs.
• Relative poverty defines poverty in relation to the economic status of other members of the society.
• Income poverty refers to when a family's income fails to meet an established threshold that differs across countries. (2 + 2 + 2) (6)
- 2.2.2 • Privatisation refers to the transfer of appropriate functions, activities or property from the public to the private sector.
• Deregulation refers to the reduction in regulations or restrictions that could hinder free competition in the supply of goods or services. (2 + 2) (4)
- 2.2.3 • Nationalisation is the process whereby the state takes ownership and management of private enterprises.
• Affirmative action ensures that suitable, qualified people from designated groups have equal opportunities in the workplace. (2 + 2) (4)
- 2.2.4 • Time wage refers to when an employee is rewarded according to time worked or time spent to execute a quantity of work.
• Piece wage refers to when an employee is rewarded according to a predetermined quantity of work that must be done. (2 + 2) (4)
- 2.3 • Cyclical unemployment: ✓ During the downturn in a business cycle, the decline in economic activities is accompanied by a decrease in the demand for labour.✓ Cyclical unemployment is related to the cyclical fluctuation of the economy.✓
• Frictional unemployment:✓ It is the result of normal conditions in the labour market, where people move between different jobs and newcomers enter the labour market.✓✓
• Structural unemployment:✓ Certain structural changes take place within the economy.✓✓
• Seasonal unemployment:✓ Certain economic activities require more labour during a specific season of the year and less during the rest of the year.✓✓ (4 × 3)

- 2.4
- Prospective workers do not always ensure that their training and qualifications lead to employment.
 - A decline in economic activities is a cause of cyclical unemployment. Where a recession is severe, many people become unemployed.
 - A population growth rate that is higher than the economic growth rate leads to an oversupply of labour.
 - Workers who cannot adapt to change and keep up with technological progress may be replaced and become unemployed.
 - The capacity of the economy to create more and more job opportunities is a cause of unemployment. (Any 4 × 2) (8)
- 2.5
- Job creation
 - Housing
 - Economic growth
 - Education and training
 - Unemployment insurance
 - Wage subsidies (Any 2 × 1) (2)

[50]

QUESTION 3

- 3.1 3.1.1 The circular flow model is a representation of the interactions between various role players in the economy.✓ It shows how goods, services and money move through the economy nationally and internationally.✓ (2)
- 3.1.2
- Goods and services (businesses produce goods and services, and households buy goods and services)
 - Factors of production (businesses pay for factors of production and households provide factors of production) (2 × 2) (4)
- 3.1.3 **Businesses**
Businesses purchase production factors from households.✓✓ They are the main producers in the economy and determine how goods and services will be produced.✓✓ Businesses act as buyers and sellers.✓✓
- Government**
The government makes decisions about economic policy.✓✓ They also provide public goods and services by using the production factors, particularly labour.✓✓ The government acquires funds from the households and businesses by taxation, revenue from property and for the services they render.✓✓ (6 + 6) (12)
- 3.2 3.2.1 wages,✓✓ dividends✓✓ (4)
- 3.2.2 Monetary✓✓ (2)
- 3.2.3 Fiscal,✓✓ taxation✓✓ (4)
- 3.2.4 economics,✓✓ economies✓✓

- 3.3 Recessionary gap is arising in the economy if the real GDP✓ is smaller than the potential GDP,✓✓ whereas inflationary gap refers to the difference between the current level of real GDP✓ and the potential GDP✓ that would be experienced when an economy is at full employment.✓ (3 + 3) (6)
- 3.4 Gross national income (2)
- 3.5 $MV = PQ$
 $20(8) = 4(Q)✓✓$
 $160 = 4Q✓✓$
 $160/4 = Q✓✓$
 $40 = Q✓✓$ (8)
- 3.6
- Portability
 - Stable value
 - Durability
 - Homogeneity and divisibility
 - Relative scarcity
 - Recognisability
- (Any 2 × 1) (2)
- [50]**

QUESTION 4

- 4.1 4.1.1 A trade union is an organised group of workers in a particular enterprise, industry, trade or profession seeking to establish a relationship with management via the process of collective bargaining. (2)
- 4.1.2
- Trade unions are prohibited from providing financial assistance in order to persuade, enable or help anyone to instigate a strike.
 - Trade unions are forbidden to affiliate with or provide financial support in respect of any political party or any candidate for election to a legislative body.
 - Trade unions must be registered with the industrial registrar in order to obtain recognition under the act and to enter into any legal agreements.
 - Trade unions do not have to register with the Department of Labour, but they are advised to do so. Registration affects the rights of unions. (Any 3 × 2) (6)
- 4.1.3
- South African Municipal Workers' Union
 - National Education, Health and Allied Workers' Union
 - Food and Allied Workers' Union
 - National Union of Mineworkers
 - Police and Prison Civil Rights Union
 - South African Commercial, Catering and Allied Workers' Union
 - South African Clothing and Textile Workers' Union (Any 4 × 1) (4)

- 4.1.4
- The individual's standard of living declines.
 - The individual's personal pride and dignity are affected.
 - The person may start believing that he/she cannot do anything and do not have any skills.
 - There is an increase in the crime rate, as people need to find a way to get money to satisfy their basic needs.
 - Expensive skills and potential ability are lost because they are unused.
 - The country cannot realise its full potential in the production of goods and services.
 - Some of the factors of production are underused because during the production process labour is combined with other factors of production. (Any 3 × 2) (6)
- 4.2 4.2.1 Mixed economy (2)
- 4.2.2 A mixed economy combines characteristics of both the private and public sectors.✓✓ Part of the economy is left to the free market, and the government manages part of it.✓✓ (4)
- 4.2.3
- The government intervenes where private initiative is lacking or reluctant to enter a specific field of production.
 - The government passes legislation to protect the public and promote sound competition. (2 × 2) (4)

4.3

	DIRECT TAXATION	INDIRECT TAXATION
Advantages	• The cost collection is low. • The tax has been precisely calculated and there is no confusion about how much is to be paid. • The government can draw up its budget and make commitments because income from taxation is determinable. • The tax pressure is direct. • People who earn their income in one country, withdraw it from that country and spend it elsewhere are also taxed.	• The person paying the tax experiences no financial disruption as only small amounts are involved. • The possibility of evasion is limited to a minimum. • The collection is simple, uniform and easy. • Tourists and occasional visitors contribute to the treasury. • People who earn too little to pay direct also contribute to the revenue of the state.
Disadvantages	• Supplying and compiling income assessments are time consuming and sometimes inconvenient • There are opportunities for tax avoidance and evasion. • The income of all taxpayers is not homogeneous and to formulate an impartial basis of assessment is not a simple matter. • Some taxpayers must provide tax returns that are so worded that they need the aid of lawyers, accountants or tax advisers. This involves extra expenses.	• Indirect taxation on essential goods places heavier burden comparison to the poor in wealthier sections of society. • The taxation concerns mainly consumer goods and the cost of collection is high. • Indirect taxation influences the price structure in that the tax levied is added to the purchasing price. • The tax is regressive.

(4 + 4 + 4 + 4) (16)

- 4.4
- Taxes
 - Central bank
 - Foreign markets
 - Government bonds
 - Donations
- (Any ONE) (1)

- 4.5
- Medium of exchange
 - Measure of value
 - Hoarding medium
 - Standard for postponed payments
 - Power of disposal over goods or services
- (5)
[50]

QUESTION 5

- 5.1
- Shortage of capital in some countries
 - People in different countries have different needs
 - Increasing income of citizens
 - International migration
 - Development of transport and telecommunication
 - Production advantage of developed countries
- (Any 4 × 2) (8)

- 5.2
- 5.2.1 The exchange rate is the price of the currency of a country expressed in terms of the currency of another country. (2)

- 5.2.2 A floating exchange rate refers to when the value of a currency fluctuates continuously, ✓✓ whereas controlled exchange rates may respond to the influence of market forces within certain limits. ✓✓
(2 + 2) (4)

- 5.2.3 $2\,000 \checkmark / 16 \checkmark = \$125 \checkmark \checkmark$
He will not be able to afford it. (4)

- 5.3
- To stabilise the wage level and ensure a high standard of living
 - To decrease unemployment
 - To protect the country's key industries that are of great economic, military and strategic importance
 - To help young local industries to compete with similar firmly established industries in older countries, at least until they are properly established
 - To alleviate the dangers of dumping
 - To help prevent overspecialisation
 - To stabilise exchange rates and balance of payment
- (Any 3 × 2) (6)

5.4	5.4.1	The situation in which the quantity of goods or service demanded or supplied is unaffected when the price of goods or services changes		
	5.4.2	The interest rate charged by banks to their largest, most secure and most creditworthy customers on short-term loans		
	5.4.3	The interest rate at which a nation's central bank lends money to domestic banks		
	5.4.4	The value of the next-highest-valued alternative use of the resource		
	5.4.5	The charge for the privilege of borrowing money, typically expressed as annual percentage rate	(5 × 2)	(10)
5.5	Money market✓			
	• A market that deals with short-term borrowings and savings. It deals in bank deposits and it is referred to as a short-term market.✓✓ An example is a money market fund at a bank.✓			
	Capital market✓			
	• Long-term borrowing and lending takes place and are referred to as a long-term financial instrument.✓✓ An example is a home loan.✓ (4 + 4) (8)			
5.6	• Open-market transaction • Bank rate • Changes in the liquid asset requirements of banking institutions • Moral persuasion • Direct control measures (Any 4 × 2) (8)			
	[50]			
	TOTAL SECTION B: 150			
	GRAND TOTAL: 200			