



higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

ECONOMICS N5

28 November 2024

This marking guideline consists of 8 pages.

SECTION A

QUESTION 1

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

TOTAL SECTION A: 50

SECTION B

QUESTION 2

- 2.1 2.1.1 Balance of trade is when imports are equal to exports. (2)
- 2.1.2
 - Increasing income of citizens✓ – if the income of people increases, there is a greater demand for local and international goods and services.✓✓
 - The shortage of capital in some countries✓ – countries are not all at same stage of economic development. Relatively under-develop countries have a substantial demand for capital goods.✓✓
 - International migration✓ – cross-border movement of people helps to establish trade ties. Immigrants bring foreign goods with them and often urge merchants to import such articles from their country of origin.✓✓
 - People in different countries have different needs✓ – the needs of people in different countries differ. This creates a demand for different types of goods and services.✓✓ (Any 2 × 3) (6)
- 2.1.3
 - Import tariffs
 - Export subsidies
 - Import restrictions
 - Import deposits (4)
- 2.1.4 Exchange rate is the price of the currency of a country expressed in terms of the currency of another country. (2)
- 2.2 2.2.1 Mixed economy (2)
- 2.2.2 A mixed economy is an economy that combines the characteristics of both the private and public sectors.✓✓ Part of the economy is left to the free market, and part of it is managed by the government.✓✓ (4)
- 2.2.3
 - Government's role as entrepreneur
 - Government as legislator
 - Government as supplier, organiser and coordinator of economic activities (3 × 2) (6)
- 2.3 2.3.1 An amount of money that you must pay to the government so that it can pay for public services.
- 2.3.2 Income that is received for goods produced or services provided by the government.
- 2.3.3 A tax is regressive if the percentage tax levied diminishes with an increase in the level of income.

2.3.4 The tax pressure is on the individual who pays it, with no possibility of shifting the taxes.

2.3.5 An attempt by the government to influence the economy by means of change in expenditure and/or taxes.

(5 × 2) (10)

- 2.4
- VAT
 - Custom duties
 - Stamp duties
 - Custom duties
 - Entertainment tax
 - Transfer duties

(6)

2.5

ADVANTAGES	DISADVANTAGES
• The possibility of evasion is limited to a minimum. • The collection is simple, uniform and easy. • It provides a regular income to the state as it is paid throughout the year.	• The tax is regressive. • The taxation concerns mainly consumer goods and the collection cost are high. • The effect of indirect taxation on the economy or on particular consumer goods is difficult to predict.

(Any 2 × 4)

(8)

[50]

QUESTION 3

3.1 3.1.1 Poverty – a lack of material goods and money

(2)

- 3.1.2
- Death of breadwinner✓
The early death of a breadwinner in the family leaves widows and orphans in precarious financial circumstances.✓✓
 - Lack of skills✓
Modern jobs often require more skills and self-discipline than used to be the case in the past. The high-school dropout has little to offer the employer, and more education is not always the right answer for people.✓✓
 - Retirement✓
Old age is traditionally a cause of low income. Social security lightens the load of those who have retired, but these payments were not intended to do more than prevent total destitution.✓✓

(Any 2 × 3)

(6)

3.1.3

	TYPE OF UNEMPLOYMENT
• A strawberry picker	Seasonal unemployment
• A recession	Cyclical unemployment
• The use of automated robots in a factory	Structural unemployment
• Unemployed graduate	Frictional unemployment
• Covid-19	Cyclical unemployment

(5 × 2) (10)

3.1.4

- Food poverty line
- Lower-bound poverty line
- Upper-bound poverty line

(3 × 2) (6)

3.2

3.2.1

- (a) 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.
- (b) Trade unions have a common aim of improving employees' conditions of work. It is the aim of a trade union to promote the interest of its members in the work situation. This leads to striving to achieve higher standards of living and work satisfaction.
- (c) The primary function of trade unions is to maintain and promote the interest of its members. Eventually it becomes the function of trade unions to improve material benefits of its members. When a trade union has acquired the right to exist, and has ensured its continuance, the material benefits of its members receive attention.

(3 × 4) (12)

3.2.2

- Conciliation boards are temporary bodies established for dealing with disputes that occur between the employer and employee.
- Industrial courts hear cases related to undesirable employment practices. Their task is to settle labour disputes and promote peaceful labour relations.

(2 × 2) (4)

3.2.3

- Basic Conditions of Employment Act
- Labour Relations Act
- Occupational Health and Safety Act
- Skills Development Levies Act

(Any 2 × 1) (2)

3.4

- Labour✓ – salaries/wages✓
- Capital✓ – interest✓
- Natural resources✓ – rent✓
- Entrepreneurship✓ – profit✓

(4 × 2) (8)

QUESTION 4

- 4.1 4.1.1 The value of all the finished goods produced by the permanent residents of that country within a given period
- 4.1.2 A decrease in the general price level of goods and services
- 4.1.3 A significant decline in economic activity, lasting more than a few months
- 4.1.4 The total of all income earned on production factors
- 4.1.5 The payment that one person receives and then pays over to another person without a productive service being rendered
(5 × 2) (10)
- 4.2 4.2.1 Economic growth is very important for the creation of job opportunities. An economic growth rate of at least 5% a year is required to provide for only the newcomers to the labour market.
- 4.2.2 Every effort must be made to create more job opportunities. This holds true for all sectors in the economy and is related to increased economic growth.
- 4.2.3 Education and training are the most important means of relieving unemployment. Improving the skills levels of the unemployed is one of the best ways of combatting structural unemployment.
(3 × 3) (9)
- 4.3 4.3.1 Income approach
 4.3.2 GNP
 4.3.3 Production approach
 4.3.4 Per capita income
 4.3.5 Expenditure approach
(5 × 2) (10)
- 4.4 • Taxes
 • The central bank
 • Foreign market
 • Government bond
 • Donation
 • Administrative income
 • Commercial income
(Any 5 × 1) (5)

- 4.5
- Stabilise wage levels and ensure a high standard of living.
 - Decrease unemployment.
 - Protect the country's key industries which are of great economic, military and strategic importance.
 - Alleviate the dangers of dumping.
 - Help prevent overspecialisation.
 - Stabilise exchange rates and balance of payment. (Any 5 × 2) (10)
- 4.6 A call deposit is a bank account for investment funds that offers the advantages of both a savings and a cheque account, ✓✓ whereas a current account is an account that is opened by a client who does not wish to invest money for a fixed period. ✓✓ (2 × 2) (4)
- 4.7 Growth, Employment and Redistribution Strategy (2)
- [50]**

QUESTION 5

- 5.1 5.1.1 Demand-pull inflation is when there is an exceptionally high demand for goods and services relative to a smaller supply.
- 5.1.2 Cost-push inflation occurs when the interaction of demand and supply is interrupted by cost factors. (2 × 2) (4)
- 5.2 Demand-pull inflation
- If demand for goods and services rises more rapidly than production, not enough goods and services are available. Prices will rise in proportion to the willingness of consumers to pay more and more for the limited supply. In the process, the price level moves upwards and the inflation level rises.
 - Consumers are victims of demand-pull inflation.
- Cost-push inflation
- An increase in the labour cost is a cost item for businesses. It must simply be added to the price of goods and services, causing cost-push inflation.
 - More expensive imported products, especially intermediate goods, raise the prices of finished goods on the supply side and thus add to cost-push inflation. (2 × 4) (8)
- 5.3 5.3.1 (a) The buying and selling of government bonds by the Reserve Bank
- (b) The charge for the privilege of borrowing money expressed as the annual percentage rate
- (c) The market for long-term financial instruments (3 × 2) (6)

	5.3.2	• March – lowest • June – highest		(2)
5.4	5.4.1	Precautionary motive		
	5.4.2	Hyper-inflation		
	5.4.3	Medium of exchange		
	5.4.4	Creditor		
	5.4.5	Capital market	(5 × 2)	(10)
5.5	5.5.1	Tertiary		
	5.5.2	Secondary		
	5.5.3	Tertiary		
	5.5.4	Primary		
	5.5.5	Secondary	(5 × 2)	(10)
5.6	5.6.1	360		
	5.6.2	900		
	5.6.3	1620		
	5.6.4	360		
	5.6.5	540	(5 × 2)	(10)
				[50]
			TOTAL SECTION B:	150
			GRAND TOTAL:	200