



LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF
EDUCATION

NATIONAL
SENIOR CERTIFICATE

MOPANI WEST DISTRICT

GRADE 11

ECONOMICS P1

MID-YEAR EXAMINATION 2023

Stanmorephysics

MARKS: 150

DURATION: 2 HRS

This question paper consists of 13 pages.

INSTRUCTIONS AND INFORMATION

Answer FOUR questions as follow in the answer book

SECTION A: COMPULSORY

SECTION B: Answer TWO questions.

SECTION C: Answer ONE question.

- 1 Number the answers correctly according to the numbering system used in this question paper.
- 2 Answer only the required number of questions. Answers in excess of the required number will NOT be marked.
- 3 Answer the questions in full sentences and ensure that the format, content and context of your response comply with the cognitive requirements of the questions.
- 4 Read the questions carefully.
- 5 Use only black or blue ink.
- 6 You may use a non-programmable pocket calculator.
- 7 Write neatly and legibly



SECTION A: COMPULSORY

(30 MARKS)

20 MINUTES

QUESTION 1

1.1 Various possible options are provided as answers to be following questions. Choose the answer and write only letters (A-D) of the correct answer next to the question numbers (1.1.1- 1.1.5) e.g. 1.1.6 A

1.1.1 Resources are called in the production process

- A. inputs
- B. output
- C. intermediate goods
- D. final

1.1.2 The South African labour force is characterized by

- A. skilled labour
- B. unskilled labour
- C. highly skilled labour
- D. unemployed labour

1.1.3 Double counting is a problem that occurs when themethod of calculating GDP is used

- A. production
- B. income
- C. expenditure
- D. domestic

1.1.4 includes all possible errors that could have been made in the calculation of the expenditure items.

- A. Constant price
- B. Gross capital formation
- C. Residual items
- D. Market prices

1.1.5. Decisions-making within the market economy is.....

- A. concentrated
- B. decentralized
- C. autocratic
- D. centralized



1.1.6. In South Africa, SABC, ESKOM and SAA are known as...

- A. corporates
- B. enterprises
- C. entities
- D. parastatals

1.1.7. SANRAL is responsible for maintaining thein SA

- A. harbours
- B. railway network.
- C. airports
- D. national roads

1.1.8. Most of the electricity supply in South Africa is derived from.....

- A. nuclear energy
- B. hydroelectric power
- C. coal generated energy
- D. wind energy

(8X2) (16)



1.2 Choose a description from COLUMN B that matches the item in COLUMN A. Write only the letter (A-I) next to the question number (1.2.1 – 1.2.8) in the ANSWER BOOK.

COLUMN A	COLUMN B
1.2.1. Factors of production	A. occurs when the amount of capital per worker is increased
1.2.2. Land	B. Mineral resources and fossil fuels that are exhausted when they are mined
1.2.3. Capital widening	C. occurs when there is an increase in capital to accommodate an increasing labour force.
1.2.4. Non-renewable	D. refer to those inputs/resources that help in the production process to produce output
1.2.5. Primary sector	E. Any and all particular geographical locations, mineral deposits, forests, water, arable land, sunshine, fish stocks, atmosphere quality etc.
1.2.6. NERSA	F. include education, health, social security and welfare, housing and community services i.e., protection, sanitation and water
1.2.7. Dual economy	G is involved in the extraction of raw materials from nature.
1.2.8. Social services	H. Regulate the energy industry in accordance with government laws, policies, standards and international best practices in support of sustainable development
	I. the existence of two different economic sectors within one country divided by different levels of development, technology and different patterns of demand

(8X1) (8)

1.3 Give ONE term for each of the following description. Write only the term next to the question number (1.3.1 – 1.3.6)

1.3.1 The resources that are scarce and that people are willing to pay for.

1.3.2 The actual amount of money that a worker receives in a specified period.

1.3.3 Goods which can be consumed only once, and cease to exist after being used.

1.3.4 A method whereby we determine the GDP at market prices by adding the spending of the four main sectors.

1.3.5 An economic system where all economic decisions are made by the government.

1.3.6 The basic social and physical facilities of a nation that make business activity possible. (1x6) (6)

TOTAL SECTION A: 30



SECTION B (CHOOSE ANY TWO QUESTIONS FROM THIS SECTION)**QUESTION: 2****40 MARKS – 30 MINUTES**

2.1 Answer the following questions

2.1.1 Name any TWO broad categories of labour.

(2 x 1) (2)

2.1.2 Why is the supply of land fixed?

(1 x 2) (2)

2.2 Study the table below and answer the questions that follow

Consumption expenditure

Item	Amount (000)
Consumption expenditure by households	150 000
Government expenditure	130 000
Gross capital formation	80 000
Gross domestic expenditure	360 000
Exports on goods and services	45 000
Imports on goods and services	65 000
GDP at market prices	A

2.2.1 Identify the method used to calculate the GDP in the table above?

(1x1) (1)

2.2.2 Name any other method that can be used to calculate the GDP at market prices.

(1x1) (1)

2.2.3 Briefly describe the concept gross domestic expenditure.

(1x2) (2)

2.2.4 Explain the following components: $GDE = C + G + I$

(2)

2.2.5 Calculate the GDP at market prices (A). Show all calculations.

(4)



2.3 Study the extract below and answer the questions that follow:

If there is no shop in a rural area, the state will tell one of the inhabitants to start a spaza shop. By doing this, the state will decide what, how, and when to produce in order to uplift the society

2.3.1 What type of economic system is referred to in the above extract? (1x1) (1)

2.3.2 By whom are resources allocated in the above extract? (1x1) (1)

2.3.3 Briefly describe the term economic system. (1x2) (2)

2.3.4 Explain how service delivery can be improved in South Africa (1x2) (2)

2.3.5 Why is South Africa regarded as a mixed economy? (2x2) (4)

2. 4. Why is entrepreneurship important in the economy? (8)

2.5. How successful has the government been in creating opportunities for previously disadvantaged individuals through empowerment? (8)

[40]




QUESTION 3

(40 MARKS)

30 MINUTES

3.1 Answer the following questions

3.1.1 List any TWO main economic sectors when calculating GDP (P).  (2x1) (2)

3.1.2 Why is the gross domestic product of South Africa always greater than the gross national product? (1x2) (2)

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

GENERAL GOVERNMENT REDUCTION BY MAIN ECONOMIC CLASSIFICATION IN Rm			
	2019/20	2020/21	2021/22
Compensation of employees	-106	-93	98
Transfers and subsidies	-2 468	-4 211	-8 909
Goods and services	-5	-5	-6
TOTAL	-2 579	-4 309	


Source: www.treasury.gov.za

3.2.1 Name the other classification of consumption expenditure by government. (1x1) (1)

3.2.2 What does compensation of employees consist of? (1x1) (1)

3.2.3 Briefly describe the term final consumption expenditure by government (1x2) (2)

3.2.4 Explain the importance of final consumption expenditure by households. (1x2) (2)

3.2.5 How can the South African government achieve the reductions estimated in the table above?  (2x2) (4)

3.3. Study the cartoon below and answer the questions that follow:



- 3.3.1 Which economic system is most closely related to capitalism? (1x1) (1)
- 3.3.2 Name any other economic system except the one above. (1x1) (1)
- 3.3.3 Briefly describe the concept consumer sovereignty. (1x2) (2)
- 3.3.4 Explain briefly how competition acts as a controlling mechanism in the free market economy (1x2) (2)
- 3.3.5 Why should the government intervene in the market economy? (2x2) (4)
- 3.4 Differentiate between Gross Domestic Product (GDP) and Gross National Product (GNP) as main aggregates in the economy. (4x2) (8)
- 3.5. Analyse consumption expenditure by the South African households during the 2020 lockdown. (8)



[40]

QUESTION 4

(40 MARKS)

30 MINUTES

- 4.1.1 List any TWO state owned enterprises in South Africa. (2x1) (2)
- 4.1.2 How does the market economy solve the central problem in an economy? (1x2) (2)
- 4.2 Study the extract below and answer the questions that follow.

Eskom CEO plans operations overhaul with slower breakup mulled

In a plan unveiled in October, public enterprises minister, sets out a series of steps to restore stability to Eskom, including exposing it to greater competition, lowering fuel costs, increasing renewable –energy output and selling non-core assets.

The minister also called for the utility to be split into three units – power transmission, generation and distribution. That step would ease the way for private generators to supply the national grid.

www.news24.com

- 4.2.1 Name one source of energy (1x1) (1)
- 4.2.2 In which sector of the economy does Eskom belong? (1x1) (1)
- 4.2.3 Briefly describe the concept of primary sector. (1x2) (2)
- 4.2.4 Why is there a need for Eskom to have competition? (1x2) (2)
- 4.2.5 How does the shortage of energy in South Africa affect the economy? (2x2) (4)



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

Gross value added by kind of economic activity

R millions

	2020	2021
At current prices		
Primary sector	491 860	627 753
Secondary sector	941 459	1 042 456
Tertiary sector	3 596 256	3 902 399
Gross value added at basic prices	5 029 575	5 572 608

- 4.3.1 Identify the method used to calculate the gross value added from the table above. (1x1) (1)
- 4.3.2 Name any ONE industry that falls under secondary sector. (1x1) (1)
- 4.3.3 Briefly describe the term constant prices. (1x2) (2)
- 4.3.4 Why are current figures not a true reflection of a country's economic growth? (1x2) (2)
- 4.3.5 Calculate the tertiary sector contribution percentage to the national income for the year 2021. (4)
- 4.4 Discuss *social welfare* and *resource utilisation* as advantages of a mixed economy. (8)
- 4.5. Why is labour of great importance to the economy (8)
- [40]**

TOTAL SECTION B: 80



SECTION C

Answer only ONE question from this section.

STRUCTURE OF ESSAY	MARK ALLOCATION
Introduction <ul style="list-style-type: none"> • A good starting point would be to define a concept or key word that appears in the question. • Include other sentences to support the topic • Do not include in your introduction any part of the question. 	Max. 2
Body: Main part: Discuss in detail/in depth discussion/ Examine/ Critically discuss/ Analyse/ Compare/ Evaluate/ Distinguish/ Explain/ Assess/ Debate. Additional part: Give own opinion/ Critically discuss/ Evaluate/ Explain/ Critically evaluate/ Draw a graph and explain/ Use the given graph and explain/ Complete the given graph/Calculate/Deduce/Compare/Distinguish/Interpret/Briefly debate	Max. 26 Max. 10
Conclusion Any relevant higher order conclusion that should include: <ul style="list-style-type: none"> • A brief summary of what has been discussed/analysed without repeating facts already mentioned in the body. • An opinion or valued judgement on the facts discussed/ analysis. • A contradictory viewpoint with motivation, if so required. • Recommendations 	Max. 2
Total	40

QUESTION 5

- Discuss in detail the characteristics of natural resources. (26)
 - Examine the positive effects of capital deepening. (10)
- [40]**

QUESTION 6

- Discuss in detail the economic importance of South Africa's infrastructure. (26)
 - What might have led to the recent energy crises in South Africa? (10)
- [40]**

TOTAL SECTION C 40

GRAND TOTAL 150



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MARKING GUIDELINES

This marking guidelines consist of 15 pages.



SECTION A : COMPULSORY (30)**QUESTION 1****1.1 MULTIPLE CHOICE**

- 1.1.1 A. (inputs) ✓✓
- 1.1.2 B. (unskilled labour) ✓✓
- 1.1.3 A. (production) ✓✓
- 1.1.4 C. (Residual items) ✓✓
- 1.1.5. B. (decentralized) ✓✓
- 1.1.6. D (parastatals) ✓✓
- 1.1.7. D. (national roads) ✓✓
- 1.1.8. C. (coal generated energy) ✓✓ (16)

1.2 MATCHING

- 1.2.1 D ✓ (refer to those inputs/resources that help in the production process to produce output)
- 1.2.2 E. ✓ (Any and all particular geographical locations, mineral deposits, forests, water, arable land, sun-shine, fish stocks, atmosphere quality etc.).
- 1.2.3 C. ✓ (occurs when there is an increase in capital to accommodate an increasing labour force)
- 1.2.4. B. ✓ (Mineral resources and fossil fuels that are exhausted when they are Mined)
- 1.2.5. G. ✓ (Are involved in the extraction of raw materials from nature)
- 1.2.6. H. ✓ (Regulate the energy industry in accordance with government laws, policies, standards and international best practices in support of sustainable development)
- 1.2.7. I. ✓ (the existence of two different economic sectors within one country divided by different levels of development, technology and different patterns of demand)
- 1.2.8. F ✓ (include education, health, social security and welfare, housing and community services i.e., protection, sanitation and water) (8)

1.3 CONCEPTS/TERMS

- 1.3.1 Economic goods. ✓
- 1.3.2. Nominal wage ✓
- 1.3.3 Non-durable goods ✓
- 1.3.4. Expenditure method ✓
- 1.3.5. Communism /centrally planned economy ✓
- 1.3.6. Infrastructure ✓ (6)

**TOTAL SECTION A: 30**

SECTION B**QUESTION 2****2.1****2.1.1 Name any TWO broad categories of labour**

- Skilled labour ✓
- Semi-skilled ✓ and
- Non-skilled labour. ✓ (2)

2.1.2 Why is the supply of land fixed?

- The resources are not man-made ✓✓
- These resources are scarce in relation to the demand for them ✓✓
- The availability of non-renewable resources cannot be increased if more resources are required. ✓✓ (2)

(Accept any other correct relevant response)

2.2 DATA RESPONSE**2.2.1 Identify the method used to calculate the GDP in the table above?**

- Expenditure method/GDP (E) ✓ (1)

2.2.2 Name any other method that can be used to calculate the GDP at market prices.

- Production/GDP (P) ✓
- Income/GDP (I) ✓ (1)

2.2.3 Briefly describe the term Gross domestic expenditure.

- GDE indicates the total value of spending originating within the borders of the country ✓✓ (2)

(Accept any other correct relevant response)

2.2.4 Explain the following components: $GDE = C + G + I$

- Gross domestic expenditure = Consumption expenditure by household + Government expenditure + Investment by South African businesses ✓✓ (2)

2.2.5 Calculate the GDP at market prices (A). Show all calculations

- $360\ 000 + 45\ 000 - 65\ 000 = 340\ 000$ ✓✓
- OR $340\ 000$ ✓✓ (if only the answer given is 2 marks) (4)

2.3 DATA RESPONSE**2.3.1 What type of economic system is referred to in the above extract?**

- Centrally planned economy✓ (1)

2.3.2 By whom are resources allocated in the above extract?

- Government/State/Public sector✓ (1)

2.3.3 Briefly describe the term economic system.

- It is the method used by countries to allocate their resources.✓✓
(Accept any other correct, relevant response) (2)

2.3.4 Explain how service delivery can be improved in South Africa.

- By eradicating corruption, fraud and bribery✓✓
- Making government officials and employees accountable for the use of state funds.✓✓ (2)

(Accept any correct response)

2.3.5 Why is South Africa regarded as a mixed economy?

- The government plays a role in providing collective goods and services and in regulating the market.✓✓
- South Africa has a dual economy with a highly developed financial and industrial economy.✓✓
- Consumers have the freedom to decide how to spend their income and what to consume.✓✓
- The Government uses sufficient monetary and fiscal policy to ensure maximum economic growth and continuous stability of prices.✓✓
- The government's involvement in the markets entails intervention to control prices to protect consumers and workers.✓✓ (4)

2.4 Why is entrepreneurship important in the economy?

- It provides good and services that consumers require to satisfy their needs and wants. ✓✓
- It provides employment to the citizens and by so doing they put income into their hands and standard of living improves. ✓✓
- Entrepreneurship provides income to the owners of factors of production✓✓
- It makes production of goods and services possible by effectively combining the other factors of production. ✓✓

- Entrepreneurs are innovators, they develop new products and change process of production which creates further opportunities for other entrepreneurs. ✓✓
- Entrepreneurship improves efficiency by ensuring that scarce resources are optimally utilised. ✓✓ (8)

(Accept any correct response)

2.5 How successful has the government been in creating opportunities for previously disadvantaged individuals through empowerment?

- By applying acts that ensures job opportunities are created for the previously disadvantaged individuals to access the mainstream economy. ✓✓
- E.g. Employment Equity Act (EEA). It deals with the prohibition of unfair discrimination and affirmative action. ✓
- Removing unfair discriminatory policies and practices. ✓✓
- Ensuring that present employment policies promote the empowerment of previously disadvantaged individuals. ✓✓
- Ensuring the employed workforce mirror the economically active profile of the South African population. ✓✓ i.e., Broad Based Black Economic Empowerment (BBBEE). ✓✓
- Allowing black people to own, manage and control the country's economy by implementing BBBEE which decreases (racial) income inequalities substantially. ✓✓ (8)

(Any other correct response)

[40]



QUESTION 3**3.1****3.1.1 List any TWO main economic sectors when calculating GDP(P).**

- Primary sector ✓
 - Secondary sector ✓
 - Tertiary sector ✓
- (2)

3.1.2 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 correct response) (2)

3.2 DATA RESPONSE**3.2.1 Name the other classification of consumption expenditure by government.**

- Functional classification. ✓ (1)

3.2.2 What does compensation of employees consist of?

- Salaries and wages. ✓ (1)

3.2.3 Briefly describe the term final consumption expenditure by government.

- Indicates how government uses its income to finance goods and services needed by the public sector. ✓✓ (2)
- (Accept any other correct relevant response)

3.2.4 Explain the importance of final consumption expenditure by households.

- Assess households' stock on durable goods which reveals the level of economic development of the country. ✓✓ (2)
- (Accept any other correct relevant response)

3.2.5 How can the South African government achieve the reductions estimated in the table above?

The government can achieve the reductions by:

- Scaling down non-priority programs and projects. ✓✓
- Changing service delivery models. ✓✓
- Using measures such as reducing costs and improving efficiency. ✓✓

- Using technology more effectively.✓✓
 - Fighting and correcting corruption.✓✓
 - Reducing government departments.✓✓ (4)
- (Accept any other relevant correct response)

3.3 DATA RESPONSE

3.3.1 Which economic system is most closely related to capitalism?

- Market economy/ Free market economy (1)

3.3.2 Name any other economic system except the one above.

- Centrally planned/ Command economic system✓
- Mixed economic system✓ (1)

3.3.3 Briefly describe the concept consumer sovereignty.

- A statement that expresses that the taste and preferences of consumers determine what is produced. ✓✓ (2)

3.3.4 Explain briefly how competition acts as a controlling mechanism in the free market economy

- It ensures that no single producer can control the price or market demand✓✓
 - Competition forces producers to produce the right quantity and quality✓✓
 - It ensures that businesses respond to consumer needs and wants. ✓✓
 - It forces producers to adopt the most efficient production techniques✓✓
- (Accept any correct response) (2)

3.4. Differentiate between Gross Domestic Product (GDP) and Gross National Product (GNP) as main aggregates in the economy.

Gross Domestic Product

- Is the total value of final goods and services produced within the borders of the country within a particular time period usually a year.✓✓
- It is also called Gross Value Added and it includes foreigners operating businesses in South Africa.✓✓ (4)

Gross National Product

- Is the total value of all final goods and services produced by the permanent residents of a country within a particular time period usually a year.✓✓
 - It only includes the production/income of South Africans.✓✓ (4)
- (Accept any other relevant correct response)

(8)

3.5 Analyse consumption expenditure by the South African households during the 2020 lockdown

- During the second quarter of 2020 real final consumption expenditure by households decreased significantly in all categories.✓✓
- Spending on durable and semi-durable goods contracted the most, as these were mostly classified as non-essential during lockdown with sales prohibited.✓✓
- Spending on alcohol and cigarettes also decreased since buying of these products was prohibited during lock down.✓✓
- Spending on transport and fuel also decreased because only essential workers and a certain number of workers were permitted to work during lockdown/Numerous workers worked from home during lockdown.✓✓
- The real disposable income of households also contracted in the second quarter of 2020 as the compensation of employees declined amid job losses and reduced salary payments during lockdown.✓✓

(Accept other correct relevant responses)

(8)

[40]



QUESTION 4

4.1

4.1.1 List any **TWO** state owned enterprises in South Africa.

- Eskom✓
- South African Post Office (SAPO) ✓
- SABC✓
- Transnet✓
- SAA✓
- Denel✓

(2)

(Accept other correct relevant responses)

4.1.2 How does the market economy solve the central problem in an economy?

- By using the market forces of supply and demand to solve the central problem in a market economy. ✓✓

(2)

(Accept any correct response)

4.2 DATA RESPONSE

4.2.1 Name one source of energy

- Coal✓
- Nuclear✓
- Water✓
- Wind✓
- Gas✓

(1)

4.2.2 In which sector of the economy does Eskom belong?

- Secondary sector✓

(1)

4.2.2 Briefly describe the concept of primary sector.

- The sector that is involved in the extraction of raw materials. ✓✓

(2)

4.2.4 Why is there a need for Eskom to have competition?

- In order to have enough supply and affordable energy to support economic growth. ✓✓
- To reduce inefficiency that leads to problems such as load shedding ✓✓

(2)

(Accept any relevant response)

4.2.5 How does the shortage of energy in South Africa affect the economy?

- It disrupts production which leads to a decline in economic growth. ✓✓
 - It causes an increase in cost of production which leads to inflation. ✓✓ (4)
- (Accept any correct response)

4.3 DATA RESPONSE

4.3.1 Identify the method used to calculate the gross value added from the table above.

- Production ✓ (1)

4.3.2 Name any ONE industry that falls under secondary sector.

- Manufacturing/ Construction/ Electricity, water and gas ✓ (1)

4.3.3 Briefly describe the term constant prices.

- Prices that are adjusted for price increases/ inflation. ✓✓
- (Accept any correct response) (2)

4.3.4 Why are current figures not a true reflection of a country's economic growth?

- Current figures do not include the rate of inflation.
 - They do not reflect whether economic performance have increased or not. ✓✓
- (2)

4.3.5 Calculate the tertiary sector contribution percentage to the national income for the year 2021.

$= 3\,902\,399 / 5\,572\,608 \times 100$ ✓✓
 $= 70,03\% \text{ OR } 70,02\% \text{ OR } 70\%$ ✓✓ (4)



4.4. Discuss social welfare and resource utilisation as advantages of a mixed economy.

Social welfare

- In a mixed economy, planning is centralised and there is overall welfare ✓✓
- There is social security provided to the workers ✓✓
- Inequalities in income and wealth are reduced when the government provides various social grants to the poor such as disability grants, war veteran grants, child support grants etc. ✓✓

(Accept any other correct relevant response) (4)

Resource utilisation

- The resources are organised efficiently as good features of both capitalism and socialism coexists ✓✓
- If there is a misallocation of resources the state controls and regulates it ✓✓

(Accept any other correct relevant response) (4)

4.5 Why is labour of great importance in the economy?

- Workers income makes up the largest portion of total income in the South African economy. ✓✓
- Remuneration of labour is the main source of most households ✓✓
- It contributes to the production of goods and services ✓✓
- It is vital to the production process, which cannot take place without labour ✓✓
- Labour makes it possible to use other factors of production. ✓✓ (8)

[40]

TOTAL SECTION B: 80



SECTION C**QUESTION 5**

- Discuss in detail the characteristics of natural resources. (26)
- Examine the positive effects of capital deepening. (10)

INTRODUCTION

Natural resources are resources that occur in their natural state and have economic value as they are used to create wealth. ✓✓

(Accept any correct introduction.)

BODY**MAIN PART****CHARACTERISTICS**

Natural resources are the gifts of nature ✓

- Natural resources are provided by nature and for them to be used in production process create goods and services, they should be gathered, excavated, grown and be harvested. ✓✓
- E.g., gold, forests etc. ✓

They are unevenly spread across the world. ✓

- Some countries have rich supplies of natural resources, while others have fewer natural resources ✓✓.
- E.g. South Africa has rich deposits of gold, coal, platinum etc. ✓
- Other African countries do not have such natural resources, however other Northern Africa countries have vast supplies of oil. ✓

The supply of natural resources is limited and fixed ✓

- The supply of natural resources is fixed and limited to what nature can supply. ✓✓
- Supply is limited because the resources are not man-made. ✓✓
- The resources are scarce in relation to their demand ✓✓.
- Availability of non-renewable resources cannot be increased. ✓✓
- Availability of renewable resources which have a limited supply can be increased but after a long period. ✓✓

Natural resources need to be processed✓

- Most natural resources cannot be utilised in their natural state. ✓✓
- The resources need to be processed first, at least once or many times before use. ✓✓
- E.g., pine furniture has to be first be processed from cutting down of pine tree until it is a finished product that is ready for use. ✓

Natural resources can be exhausted and destroyed✓

- Because of their limited supply, natural resource will eventually be used up as they cannot be replaced. ✓✓
- Resources that cannot be replaced are called non-renewable and are exhaustible resources. ✓✓
- Renewable resources can be replaced after a long time and they are vulnerable for destruction by humans ✓✓ e.g., rainforests. ✓

Some natural resources are of strategic importance. ✓

- When natural resource is a good source of income and earns foreign exchange, it is said to have strategic value. ✓✓
- E.g., gold in South Africa ✓

(Accept any correct answer)

Maximum of 8 marks for mere listing

(26)

ADDITIONAL PART

Capital deepening has the following positive effects:

- Productivity per worker increases as the amount of capital per worker increases. ✓✓
- Efficiency per worker increases. ✓✓
- As productivity per worker increase, real wages also increase. ✓✓
- The economy will expand leading to a sustained real economic growth even without technological process. ✓✓
- Capital deepening is also thought to be a major factor – if not a prerequisite – of economic development in emerging markets. ✓✓
- It is one of the most important sources of growth in modern economies. ✓✓ (10)

(Accept any correct relevant response)

(Maximum of 2 marks for mere listing of facts)

CONCLUSION

- The significance of capital lies in its relationship with economic growth and must grow at a rate which is equal or higher than the increase in the workforce.

(Accept any other higher order conclusion.) ✓✓

(2)

[40]

QUESTION 6

- Discuss in detail the economic importance of South Africa's infrastructure. (26)
- What might have led to the recent energy crises in South Africa? (10)

INTRODUCTION

The smooth running of the production and distribution process of a country depends to a large extent upon the existence of proper infrastructure ✓✓

(Accept any other relevant correct response) (Max 2)

MAIN PART**Communication** ✓

Communication is important for the following reasons:

- Cell phones and wireless technology has enabled entrepreneurs in remote and rural areas to be able to set up small business. ✓✓
- Knowledge is gained through communication which helps entrepreneurs to make the correct business decisions. ✓✓
- This knowledge also helps consumers to buy the right product to satisfy his or her wants and needs. ✓✓
- This sector makes an important contribution to the GDP of a country. ✓✓
- It is a source of employment for all levels of labour from unskilled to technologically skilled personnel. ✓✓

Transport ✓

The economic importance of transport

Transport is important for the following reasons:

- It brings the consumer and the manufacturer together. ✓✓
- It creates added value when goods are transported to different places across the country. ✓✓
- It enables our goods to be traded internationally, thus contributing larger to the GDP levels of the country. ✓✓
- Transport improves the efficiency of IDZs and SEZs. ✓✓
- It is also source of employment for both skilled and unskilled labour. ✓✓

(Accept any other relevant correct response)



Energy✓

The economic importance of energy

- It is crucial to the functioning of modern society. ✓✓
- This includes industry and domestic consumption. ✓✓
- It makes the production of goods and services possible. ✓✓
- It is also source of employment for both skilled and unskilled labour. ✓✓

(Accept any other relevant correct response)

(26)

ADDITIONAL PART

- The recent energy crisis in South Africa might have been caused by the following factors, amongst others:
 - An increase in both the domestic and industrial consumption demand has put an enormous pressure on the utility as the plants were not built to cater for the new homesteads and industries. ✓✓
 - Lack of competition also makes Eskom slightly inefficient in providing the entire country with power as the sole supplier. ✓✓
 - The alleged state capture, corruption also led to the misuse of funds at the utility which funds were meant to develop or improve the existing plants. ✓✓
 - The appointment of incompetent people in the key positions of power at Eskom also contributed to the current crisis. ✓✓
 - The cyclone in Mozambique also disturbed the supply of energy across the country. ✓✓
 - An increase in the international demand as Eskom also supplies the SADC neighbouring countries ✓✓
 - Lack of proper service of facilities in all the plants. ✓✓

(Accept any other relevant correct response)

Max: (10)

CONCLUSION

The incoming national administration has to ensure that all the rot and corruption that has become synonymous with the country's SOEs is arrested and that the competent personnel is appointed to run and manage them. ✓✓

(Accept any other relevant correct response)

(Max: 2)

[40]

TOTAL SECTION C: 40

GRAND TOTAL: 150