**KWAZULU-NATAL PROVINCE**

**EDUCATION**
REPUBLIC OF SOUTH AFRICA

# PROVINICAL STANDARDISED ASSESSMENT

**GRADE 11**

# ECONOMICS P1

**JUNE 2026**

**MARKS: 150**

**TIME: 2 hours**

**This question paper consists of 13 pages.**

## INSTRUCTIONS AND INFORMATION

1. Answer FOUR questions as follows in the ANSWER BOOK:

   SECTION A: COMPULSORY
   SECTION B: Answer TWO of the three questions.
   SECTION C: Answer ONE of the two questions.

2. Answer only the required number of questions. Answers in excess of the required number will NOT be marked.

3. Number the answers correctly according to the numbering system used in this question paper.

4. Write the question number above each answer.

5. Read the questions carefully.

6. Start EACH question on a NEW page.

7. Leave 2–3 lines between subsections of questions.

8. 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.

9. Use only black or blue ink pen.

10. You may use a non-programmable pocket calculator.

11. Write neatly and legibly.

## SECTION A: (COMPULSORY)

**QUESTION 1** **30 MARKS – 20 MINUTES**

1.1 Various options are provided as possible answers to the following questions. Choose the correct answer and write only the letter (A – D) next to the question number (1.1.1 to 1.1.8) in the ANSWER BOOK, for example 1.1.9 D.

1.1.1 The actual capital used in the production process to manufacture useful goods and services is known as ...

A. capital intensive
B. money capital
C. real capital
D. capital deepening

1.1.2 The goods and services that are produced by other countries and purchased by South Africans are called …

A. Exports
B. Trading
C. foreign exchange
D. imports

1.1.3 The economic system where resources are allocated by government through planning process is called …

A. traditional economy
B. market economy
C. mixed economy
D. centrally planned economy

1.1.4 An economic sector that extracts raw material from nature is called the …

A. primary sector
B. services sector
C. secondary sector
D. tertiary sector

1.1.5 Goods that are used to produce other goods are known as …

A. Public goods
B. Intermediate goods
C. Services
D. Durable goods

1.1.6 The goods that are scarce in relation to demand and command a price are called …

A. economic goods
B. free goods
C. public goods
D. capital goods

1.1.7 The programs that are designed to support individuals and communities, by meeting essential needs such as health, education, and welfare are known as …

A. economic services
B. social services
C. private services
D. international services

1.1.8 The services offered when consumer goods are traded are called …

A. communication.
B. financial.
C. commercial.
D. transport.

(8 x 2) (16)

1.2 Choose a description from COLUMN B that matches the term 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 Capital widening | A An intangible product involving an activity, performance, or benefit offered to satisfy consumer or business needs |
| 1.2.2 Injections | B A policy of non-intervention by the government leaving economic decisions to the market |
| 1.2.3 Laissez-faire | C The adherence to official rules and procedures by public servants |
| 1.2.4 Exploitative operations | D The process where capital stock is increased to accommodate an increasing labour force |
| 1.2.5 Broad-Based Black Economic Empowerment | E Total final value of goods and services produced within the borders of the country after prices have been adjusted for inflation |
| 1.2.6 Gross National Income | F A form of economic redress initiated by the South African government with an aim of distributing wealth across a broad spectrum of South Africans |
| 1.2.7 Bureaucracy | G The total income earned on all factors of production by permanent citizens over a given period, usually a year |
| 1.2.8 Service | H A collection of raw materials that are unrestorable from nature what it has taken from it |
| | I An addition of income into the economy. |

(8 x 1) (8)

1.3 Give ONE term for each of the following descriptions. Write only the term next to the question numbers (1.3.1 to 1.3.6) in the ANSWER BOOK. Abbreviations, acronyms and examples will NOT be accepted.

1.3.1 The amount that a worker receives each day, week or the end of the month.

1.3.2 All economic activities that are regulated or controlled by the government.

1.3.3 The process by which a government takes control of private assets, industries, or services, bringing them under public ownership.

1.3.4 The process that takes place to transform raw materials into consumer goods

1.3.5 A skill that is required to combine all factors of production and start and run a successful business.

1.3.6 An illegal market that develops for good in short supply and at a higher than normal price. (6 x 1) (6)

**TOTAL SECTION A: 30**

## SECTION B

Answer any TWO of the three questions in this section in the ANSWER BOOK.

**QUESTION 2: MACROECONOMICS** **40 MARKS – 30 MINUTES**

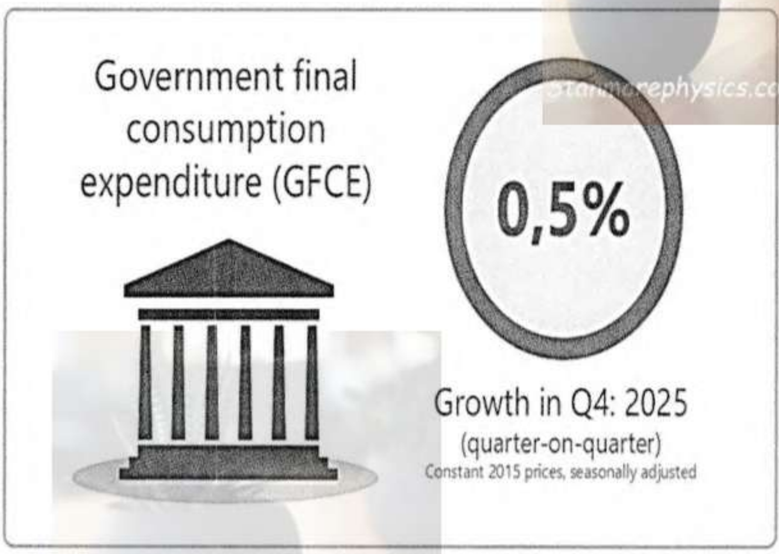
2.1 Answer the following questions.

2.1.1 Name any TWO types of consumer goods. (2 x 1) (2)

2.1.2 How can a centrally planned economy negatively affect the economy? (1 x 2) (2)

2.2 **Study the information below and answer the questions that follow.**

**<u>South African Economy</u>**




Government final consumption expenditure increased by 0,5% in Q4: 2025. Increased employment in the civil service contributed to the rise in Q4:2025.

*Source: http://x.com/StatsSA/status/2031308192563495317/photo/1*

2.2.1 Identify the government's base year from the information above. (1)

2.2.2 Name any ONE division of the government expenditure. (1)

2.2.3 Briefly describe the term *government expenditure*. (2)

2.2.4 Explain the importance of infrastructure in stimulating the economy. (2)

2.2.5 Why is it important for the government to raise final consumption expenditure? (4)

2.3 **Study the extract below and answer the questions that follow.**

**THE MOST EFFICIENT ECONOMIC SYSTEM**

In most of the countries that were surveyed, there is widespread support for changing the economic system. In fact, in all but three nations, majorities say the economic system in their country needs major changes or complete reform.

Across all 36 countries, a median of 20% of adults say their economic system needs to be completely reformed, while a median of 52% call for major changes. Much smaller median shares say their economic system needs minor changes (16%) or no changes at all (3%). The is still an argument amoung economist as to which is the best economic system that fosters economic growth.

[Source: www.economicgraphs.com]

2.3.1 Identify the percentage of people that want a complete reform of economic system. (1)

2.3.2 Name the economic system used in South Africa. (1)

2.3.3 Briefly describe the term capitalism. (2)

2.3.4 Explain the negative effect of private ownership of resources. (2)

2.3.5 How can centrally planned economy positively impact consumers? (4)

2.4 Discuss the advantages of a free market economy. (8)

2.5 Analyse the positive contribution of final consumption expenditure by households in the economy. (8)

**[40]**

**QUESTION 3: MACRO-ECONOMICS** **40 MARKS – 30 MINUTES**

3.1 Answer the following questions.

3.1.1 Name any TWO examples of injections. (2 x 1) (2)

3.1.2 Explain the importance of an open economy? (1 x 2) (2)

3.2 **Study the table below and answer the questions that follow:**

| **GROSS VALUE ADDED ACCORDING TO DIFFERENT SECTORS OF THE ECONOMY** | | |
|---|---|---|
| **At current prices (R millions)** | **2024** | **2025** |
| Consumption expenditure by household(C) | 251 862 | 234 123 |
| Consumption expenditure by government (G) | 445 231 | 342 234 |
| Gross capital formation (I) | 456 786 | 457 774 |
| Residual item | 106 521 | 5800 |
| **Gross domestic expenditure** | 1 260 400 | A |

[Adapted: SARB Quarterly Bulletin, JUNE 2025]

3.2.1 Identity the item that records investments on the table above (1)

3.2.2 Name any ONE method used to calculate gross domestic product. (1)

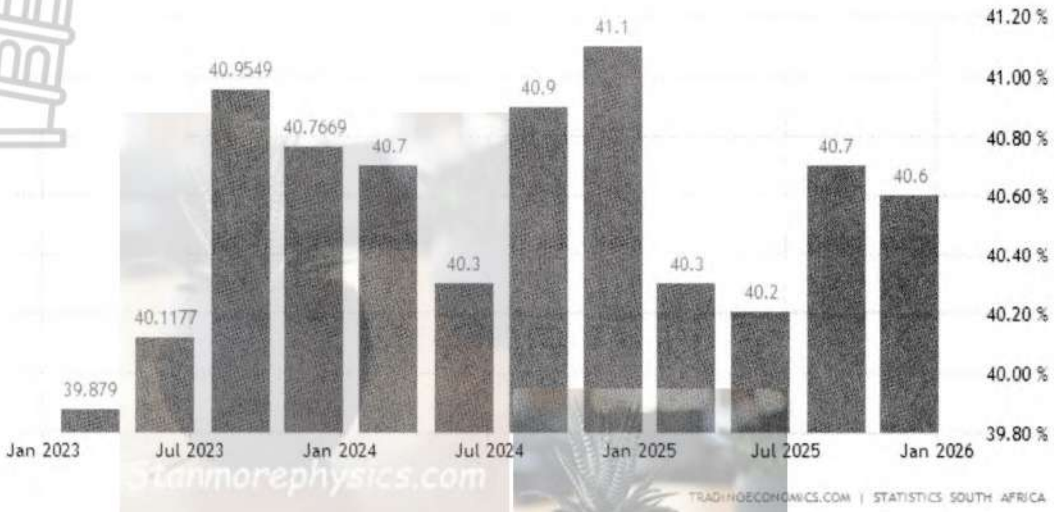
3.2.3 Briefly describe the term *Gross Domestic Product*. (2)

3.2.4 Explain the impact of an increase in government spending on the economy. (2)

3.2.5 Calculate the value of A. Show all calculations. (4)

3.3 **Study the graph below and answer the questions that follow.**

**SOUTH AFRICAN YOUTH EMPLOYMENT RATE**




[Adapted from www.statssa.co.za]

3.3.1 Identify the month with the highest youth employment rate. (1)

3.3.2 Name the type of remuneration earned by capital as a factor of production. (1)

3.3.3 Briefly describe the term *intermediate goods.* (2)

3.3.4 Explain the importance of capital goods for industries. (2)

3.3.5 How can the government create employment opportunities for the youth? (4)

3.4 Briefly discuss the importance of gross capital formation on the economy. (8)

3.5 How can a mixed economic system benefit the economy? (8)

**[40]**

**QUESTION 4: MACROECONOMICS** **40 MARKS – 30 MINUTES**

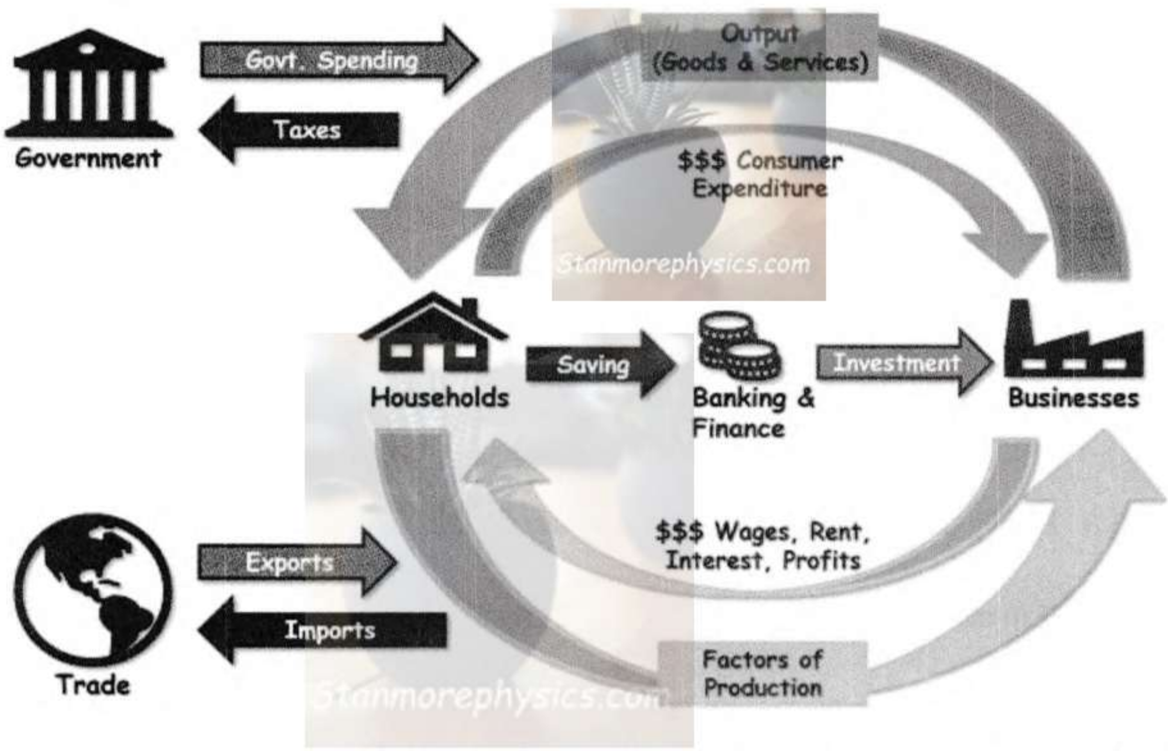
4.1 **Answer the following questions.**

4.1.1 Name any TWO examples of social transfers paid by the South African government. (2)

4.1.2 Why does a free-market economy attract more investment? (2)

4.2 **Study the graph below and answer the questions that follow:**

**THE 4 SECTOR MODEL**




Adapted from: www.dyingeconomy.com/circular-flow-model.html

4.2.1 Identify the participant that collect taxes from the graph above. (1)

4.2.2 Name any ONE market that is part of the financial sector. (1)

4.2.3 Briefly describe the term real flow. (2)

4.2.4 Why taxes are regarded as a leakage in the circular flow? (2)

4.2.5 How important is the foreign sector contribution in the economy (2 x 2) (4)

4.3 **Study the picture below and answer the questions.**

[Adapted from www.timeslive.co.za]

4.3.1 Identify the economic system from the picture above. (1)

4.3.2 Name any ONE example of a social service provided by the government. (1)

4.3.3 Briefly describe the term *economic systems.* (2)

4.3.4 Explain the ownership of factors of production in the mixed economy? (2)

4.3.5 How efficient is the government in providing socio- economic services in a mixed economy? (4)

4.4 Discuss the reasons why people are economically marginalised. (8)

4.5 How can the government improve the standard of living of the citizens in a centrally planned economy (8)

**[40]**

**TOTAL SECTION B: 80**

**SECTION C**

Answer any ONE of the TWO questions in the ANSWER BOOK.

Your answer will be assessed as follows:

| STRUCTURE OF ESSAY | MARK ALLOCATION |
|---|---|
| **Introduction**<br><br>The introduction is a lower-order response.<br><br>• A good starting point would be to define the main concept related to the question topic.<br>• Do NOT include any part of the question in your introduction.<br>• Do NOT repeat any part of the introduction in the body.<br>• Avoid mentioning in the introduction what you are going to discuss in the body. | Max. 2 |
| **Body**<br><br>**Main part:** Discuss in detail/ In-depth discussion/ Examine/ Critically discuss/ Compare/ Evaluate / Distinguish/ Differentiate/Explain/ Assess/ Debate/ Draw a graph and explain/ Use the graph given and explain/ Complete the given graph.<br><br>**Additional part:** Give own opinion/Critically discuss/ Evaluate/ Critically evaluate/ Deduce/Compare/ Distinguish/ Interpret/ Briefly debate/ How/Suggest/ Analyse | Max. 26<br><br><br>Max. 10 |
| **Conclusion**<br><br>A higher-order conclusion should include:<br><br>• A brief summary of what has been discussed without repeating facts already mentioned.<br>• Any opinion or value judgment on the facts discussed.<br>• Additional support information to strengthen the discussion/ analysis.<br>• A contradictory viewpoint with motivation, if required.<br>• Recommendations | Max. 2 |
| **TOTAL** | **40** |

**QUESTION 5: MACROECONOMICS 40 MARKS – 40 MINUTES**

- Discuss in detail natural resources as a factor of production. (26)
- Evaluate the contribution of labour to South Africa's economy. (10)

**[40]**

**QUESTION 6: MACRO-ECONOMICS 40 MARKS – 40 MINUTES**

- Discuss in detail the economic infrastructure in South Africa. (26)
- Why is energy infrastructure economically important for South Africa? (10)

**[40]**

**TOTAL MARKS: 150**

FINAL

**KWAZULU-NATAL PROVINCE**

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# PROVINCIAL STANDARDISED ASSESSMENT

## GRADE 11

## ECONOMICS P1

## MARKING GUIDELINES

## JUNE 2026



**MARKS: 150**

**This marking guideline consists of 20 pages.**

## SECTION A: (COMPULSORY)

**QUESTION 1** **30 MARKS – 20 MINUTES**

### 1.1 MULTIPLE CHOOSE

1.1.1 C ✓✓
1.1.2 D ✓✓
1.1.3 D ✓✓
1.1.4 A ✓✓
1.1.5 B ✓✓
1.1.6 A ✓✓
1.1.7 B ✓✓
1.1.8 C ✓✓ (8 x 2) (16)

### 1.2 MATCHING

1.2.1 D ✓
1.2.2 I ✓
1.2.3 B ✓
1.2.4 H ✓
1.2.5 F ✓
1.2.6 G ✓
1.2.7 C ✓
1.2.8 A ✓ (8 x 1) (8)

### 1.3 ITEM

1.3.1 Nominal wage/ wages and salaries✓
1.3.2 Formal sector✓
1.3.3 Nationalisation✓
1.3.4 Manufacturing/ production✓
1.3.5 Entrepreneurship✓
1.3.6 Black Market ✓ (6 x 1) (6)

**TOTAL SECTION A: (30)**

## SECTION B

Answer any TWO of the three questions in this section in the ANSWER BOOK.

## QUESTION 2: MACROECONOMICS 40 MARKS – 30 MINUTES

2.1 Answer the following questions.

**2.1.1 Name any TWO types of consumer goods. (2 x 1)(2)**

- Durable goods ✓
- Semi durable goods ✓
- Non-durable goods ✓

**2.1.2 How can a centrally planned economy negatively affect the economy? (1 x 2)(2)**

- Inappropriate government policy and intervention can result to low economic growth and skewed income distribution ✓✓

(Accept any other correct and relevant answer)

**2.2 DATA RESPOSE**

**2.2.1 Identify the government's base year from the information above. (1)**

2015 ✓

**2.2.2 Name ONE division of the government expenditure. (1)**

- Functional Division ✓
- Administrative Division ✓
- Financial Division ✓

(Accept any other correct and relevant answer)

**2.2.3 Briefly describe the term *government expenditure*. (2)**

Government expenditure total amount of money used by government to finance public goods and services. ✓✓

(Accept any other correct and relevant answer)

**2.2.4 Explain the importance of infrastructure in stimulating the economy. (2)**

- Infrastructure provides a platform for business to produce goods and service which stimulates economic growth ✓✓
- Infrastructure development attracts foreign investment resulting in job creation ✓✓

(Accept any other correct and relevant answer)

**2.2.5 Why is it important for the government to raise final consumption expenditure? (4)**

- Government expenditure increases the provision of essential public services such education, health and policing✓✓
- Government expenditure helps to reduce inequalities by spending on social grants, housing and welfare programs✓✓
- Supports long-term growth by investing in infrastructure such as roads and energy. ✓✓

(Accept any other correct and relevant answer)

## 2.3 DATA RESPONSE

**2.3.1 Identify the percentage of people that want a complete reform of economic system. (1)**

- 20% ✓

**2.3.2 Name the economic system used in South Africa. (1)**

- Mixed economic system ✓

**2.3.3 Briefly describe the term capitalism. (2)**

- Capitalism is an economic system characterized by private ownership of the means of production and the free market ✓✓
(Accept any other correct and relevant answer)

**2.3.4 Explain the negative effect of private ownership of resources. (2)**

- Private ownership results in an unequal distribution of income and wealth and therefore increasing the inequality rate ✓✓
- The market economy is driven by self-interest which aims to maximise profit even at the expense of the environment ✓✓

(Accept any other correct and relevant answer)

**2.3.5 How can centrally planned economy positively impact consumers? (4)**

- Centrally planned economies can positively impact consumers by ensuring that essential goods and services are provided to the public at lower prices, potentially reducing inequality in access to basic needs. ✓✓
- The government can direct resources toward marginalized or priority groups to promote equality and improve living standards. ✓✓
- Additionally, a centrally planned economy can ensure that the government allocates resources to meet national needs rather than generating profit. ✓✓

(Accept any other correct and relevant answer)

**2.4 Discuss the advantages of a free market economy. (8)**

- Resources are allocated based on supply and demand, leading to lower production costs and higher quality goods. ✓✓
- Competition drives businesses to offer a wide variety of products and services, enhancing consumer satisfaction. ✓✓
- The absence of government control leads to lower bureaucracy and reduced administrative costs, allowing companies to invest more in innovation and research. ✓✓
- The competitive environment encourages businesses to maximize profits and improve productivity, contributing to overall economic expansion. ✓✓
- Minimal government intervention allows businesses to develop new products and services, driving competition and innovation. ✓✓

(Accept any other correct and relevant answer)

**2.5 Analyse the positive contribution of final consumption expenditure by households in the economy. (8)**

- Household's expenditure increases aggregate demand and encouraging businesses to produce more, which stimulate economic growth. ✓✓
- Consumer demand provides revenue for firms, enabling them to expand operations and create jobs. ✓✓
- Household's spending generates tax income through VAT, excise duties, which the government can use to fund public goods and services. ✓✓
- Consistent consumer spending signals stability to investors. ✓✓

(Accept any other relevant answer)
(Allocate a maximum of 2 marks for mere listing of facts)

**[40]**

**QUESTION 3: MACRO-ECONOMICS 40 MARKS – 30 MINUTES**

3.1 Answer the following questions.

**3.1.1 Name TWO examples of injections. (2 x 1)(2)**

- Government spending ✓
- Investment ✓
- Export income ✓

**3.1.2 Explain the importance of an open economy? (1 x 2)(2)**

- An open economy provides participants with the opportunity of international trade in the foreign sector ✓✓

(Accept any other correct and relevant answer)

**3.2 DATA RESPONSE**

**3.2.1 Identify the item that records investments on the table above. (1)**

- Gross capital formation ✓

**3.2.2 Name any ONE method used to calculate gross domestic product. (1)**

- Production method ✓
- Income method ✓
- Expenditure method ✓

**3.2.3 Briefly describe the term *Gross Domestic Product*. (2)**

- Gross domestic product refers to the total value of all final goods and services produced within the borders of a country over a period of time usually a year. ✓✓

(Accept any other correct and relevant answer)

**3.2.4 Explain the impact of an increase in government spending on the economy. (2)**

- An increase in government spending stimulates production resulting in economic growth and creation of employment opportunities ✓✓

(Accept any other correct and relevant answer)

**3.2.5 Calculate the value of A. Show all calculations. (4)**

**234 123 + 342 234✓ + 457 774✓ + 5 800✓=1 039 931✓**

 

## 3.3 DATA RESPONSE

**3.3.1 Identify the month with the highest youth employment rate.** **(1)**

- Jan 2025 ✓

**3.3.2 Name the type of remuneration earned by capital as a factor of production.** **(1)**

- Interest ✓

**3.3.3 Briefly describe the term *intermediate goods.*** **(2)**

- These are goods that used in the production of other goods ✓✓

(Accept any other correct and relevant answer)

**3.3.4 Explain the importance of capital goods for industries.** **(2)**

- Industries rely on capital goods such as machines, vehicles, and tools to transform raw materials into finished products ✓✓

(Accept any other correct and relevant answer)

**3.3.5 How can the government create employment opportunities for the youth?** **(4)**

- Collaborations with the private sector to create more job opportunities and partnerships with TVET colleges to increase funding and open new campuses. ✓✓
- Utilizing the National Youth Development Agency to connect young people to existing and new opportunities, facilitating the creation of new opportunities, and addressing barriers to entry. ✓✓
- Implementing programs that connect job seekers with meaningful career opportunities, providing training, resources, and practical work experience. ✓✓

(Accept any other correct and relevant answer)

**3.4 Briefly discuss the importance of gross capital formation on the economy.** **(8)**

- Gross capital formation leads to the creation of new infrastructure, machinery, and technology, enhancing the productive capacity of businesses. ✓✓
- Investment in capital projects often requires a significant workforce, resulting in job creation and reducing unemployment rates. ✓✓
- Gross capital formation often involves the adoption of new technologies, fostering innovation and improving efficiency. ✓✓
- Higher levels of gross capital formation is associated with increased Gross Domestic Product (GDP), as businesses expand and invest, contributing to overall economic activity. ✓✓
- With increased production and job opportunities, living standards tend to improve, leading to better access to goods and services. ✓✓

(Accept any other correct and relevant answer)

**3.5 How can a mixed economic system benefit the economy? (8)**

- Resources are allocated efficiently to where they are needed the most in the private sector. Hence, customers' needs can be better met. ✓✓
- In a free market there is competition and the enterprises that can produce more efficiently are rewarded with higher profits. ✓✓
- Companies are thus motivated to allocate capital to achieve innovation and efficiency of production. Customers can receive the best value for what they paid for. ✓✓
- In a mixed economy, government intervention support key industries, such as education, defence, and aerospace, through subsidies or ownership. ✓✓
- The government also takes care of the less competitive companies and disadvantaged individuals. ✓✓
- The government can also implement health care, retirement, and other programs to improve the welfare of the general society. ✓✓

(Accept any other correct and relevant answer)
(Allocate a maximum of 2 marks for mere listing of facts)

**[40]**

**QUESTION 4: MACROECONOMICS** **40 MARKS – 30 MINUTES**

**4.1 Answer the following questions.**

**4.1.1 Name any TWO examples of social transfers paid by the South African government.** **(2)**

- Old age grant✓
- Child support grant ✓
- Unemployment grant ✓
- Disability grant ✓

(Accept any other correct and relevant answer)

**4.1.2 Why does a free-market economy attract more investment?** **(2)**

- It is because investors want to maximise profit at all cost, the free-market economy allows investors the opportunity to maximize profit. ✓✓
(Accept any other correct and relevant answer)

**4.2 DATA RESPONSE**

**4.2.1 Identify the participant that collect taxes from the graph above.** **(1)**

- Government ✓

**4.2.2 Name any ONE market that is part of the financial sector.** **(1)**

- Money market ✓
- Capital market ✓

**4.2.3 Briefly describe the term real flow.** **(2)**

- Real flow is the movement of goods, services and factors of production between economic participants ✓✓

(Accept any other correct and relevant answer)

**4.2.4 Why are taxes regarded as a leakage in the circular flow?** **(2)**

Taxes reduce the amount of money that households and businesses can spend on goods and services. ✓✓

(Accept any other correct and relevant answer)

**4.2.5 How important is the foreign sector contribution in the Economy? (2 x 2)(4)**

- Foreign sector allows the economy the opportunity to earn foreign exchange, which increases national income.✓✓
- Provide consumers with a variety of goods in order to maximise satisfaction. ✓✓
- Promote industrial development in the country as businesses are able to reach a larger market to sell goods and services. ✓✓

(Accept any other correct and relevant answer)

**4.3 DATA RESPONSE**

**4.3.1 Identify the economic system from the picture above (1)**

- Capitalism ✓

**4.3.2 Name any ONE example of a social service provided by the government. (1)**

- Free education ✓
- Free health care ✓
- Social welfare grants ✓

(Accept any other correct and relevant answer)

**4.3.3 Briefly describe the term *economic systems*. (2)**

- Economic systems are the methods used by countries to allocate their resources. ✓✓

(Accept any other correct and relevant answer)

**4.3.4 Explain the ownership of factors of production in the mixed economy? (2)**

- Factors of production are allocated and controlled by both private business and the government. ✓✓

(Accept any other correct and relevant answer)

**4.3.5 How efficient is the government in providing socio- economic services in a mixed economy? (4)**

- The government is efficient in providing socio-economic services through social protective services such as old-age pensions, disability grants, etc the government has been able to reduce the inequality ✓✓
- The provision of education and training facilities to enhance the employment chances of the citizens✓✓
- Corruption has resulted in the government inefficiency and poor provision of some socio-economic services ✓✓

(Accept any other correct and relevant answer)

**4.4 Discuss the reasons why people are economically marginalised. (8)**

- Legacy systems, such as apartheid in South Africa, created deeply entrenched inequalities in asset ownership, spatial planning, and access to quality education or jobs. ✓✓
- Limited access to quality education, health services, and infrastructure prevents individuals from developing the skills needed for better employment. ✓✓
- High unemployment, underemployment, and dependence on casual or low-wage work (secondary labour markets) trap people in poverty, often with minimal protections. ✓✓
- Gender, race, age, and disability-based discrimination restrict access to formal employment, leadership roles, and financial services. ✓✓
- Living in rural, remote, or underdeveloped areas separates people from economic hubs, infrastructure, and job opportunities. ✓✓

(Accept any correct and relevant answer)

**4.5 How can the government improve the standard of living of the citizens in a centrally planned economy (8)**

- The government can allocate resources to develop essential infrastructure such as transportation networks. ✓✓
- Improved infrastructure enhances productivity, access to services, and overall quality of life. ✓✓
- The government can enhance human capital, improve workforce skills, and increase employment opportunities. A well- educated and skilled workforce is essential for economic growth and development. ✓✓
- Providing accessible and affordable healthcare services to all citizens can improve public health outcomes, reduce mortality rates, and enhance the overall quality of life. ✓✓
- The government can invest in healthcare infrastructure, preventive care initiatives, and health insurance programs. ✓✓

(Accept any correct and relevant answer)
(Allocate a maximum of 2 marks for mere listing of facts)

**[40]**

**TOTAL SECTION B: 80**

**SECTION C**

Answer any ONE of the TWO questions in the ANSWER BOOK.

Your answer will be assessed as follows:

| STRUCTURE OF ESSAY | MARK ALLOCATION |
|---|---|
| **Introduction**<br><br>The introduction is a lower-order response.<br><br>• A good starting point would be to define the main concept related to the question topic.<br>• Do NOT include any part of the question in your introduction.<br>• Do NOT repeat any part of the introduction in the body.<br>• Avoid mentioning in the introduction what you are going to discuss in the body. | Max. 2 |
| **Body**<br><br>**Main part:** Discuss in detail/ In-depth discussion/ Examine/ Critically discuss/ Compare/ Evaluate / Distinguish/ Differentiate/Explain/ Assess/ Debate/ Draw a graph and explain/ Use the graph given and explain/ Complete the given graph.<br><br>**Additional part:** Give own opinion/Critically discuss/ Evaluate/ Critically evaluate/ Deduce/Compare/ Distinguish/ Interpret/ Briefly debate/ How/Suggest/ Analyse | Max. 26<br><br>Max. 10 |
| **Conclusion**<br><br>A higher-order conclusion should include:<br><br>• A brief summary of what has been discussed without repeating facts already mentioned.<br>• Any opinion or value judgment on the facts discussed.<br>• Additional support information to strengthen the discussion/ analysis.<br>• A contradictory viewpoint with motivation, if required.<br>• Recommendations | Max. 2 |
| **TOTAL** | **40** |

**QUESTION 5: MACROECONOMICS 40 MARKS – 40 MINUTES**

- **Discuss in detail natural resources as a factor of production. (26 marks)**

**INTRODUCTION**

- Natural resources are all resources that are supplied by nature and used in the production of goods and services such as soil, water, fish, minerals, weather, atmosphere and the environment. ✓✓

  (Accept any relevant and correct response) **(2)**

**MAIN PART**

**Gifts of nature** ✓

- Natural resources are provided by nature. ✓✓
- Natural resources are sometimes called land because they are found on land (earth). ✓✓
- In order to use natural resources in economic activities they need to be mined (minerals), grown (plants) and harvested (in water). ✓✓

**Natural resources are scarce**✓

- The supply of natural resources is fixed and cannot be increased once they are exhausted or used up. ✓✓
- There are not enough resources of the required quality to produce all goods needed by consumers. ✓✓
- Agricultural crops may also lack the required quality that might render them useless for the production process. ✓✓

**Natural resources are unevenly distributed** ✓

- Natural resources are not spread equally across all countries. ✓✓
- The surplus of resources in one country and the scarcity thereof in another country leads to international trade. ✓✓
- For example, S.A. has large deposits of gold and other minerals while Japan

  does not. ✓

**Natural resources have to be transformed**✓

- Most natural resources are not useful in their natural form, they need to be processed to make them useful for human consumption ✓✓ eg. change wood into furniture. ✓
- Producers have to transform them into intermediate goods or useful goods before they can satisfy our needs and wants. ✓✓

**Natural resources have a price ✓**

- To use natural resources people, have to pay the price. ✓✓
- The price (remuneration) for the use of natural resources is rent. ✓✓
- If natural resources are scarce the price is very high and if the quality is low then the rent will be lower. ✓✓

**Natural resources are exhaustible and destructible ✓**

- Natural resources and fossil fuels are exhausted when they are mined, e.g. non-renewable resources. ✓✓
- If farmers do not fertilise agricultural land will become infertile and its ability to produce crops is destroyed. ✓✓
- Without control commercial fishing, timer felling and hunting will destroy fish, forests and wildlife resources. ✓✓
- These resources are known as renewable resources. ✓✓

(Accept any relevant and correct response)

**ECONOMIC IMPORTANCE OF NATURAL RESOURCES**

**Production of finished good ✓**

- Natural resources are used as raw materials which are processed in to finished products. ✓✓
- Production of goods cannot take place without natural resources for example production of wooden table requires a tree. ✓✓
- Electricity which is produced form natural resources is needed in order for any production to take place. ✓✓

**Job creation ✓**

- Many job opportunities are created when natural resources are extracted or processed into fished good. ✓✓
- For example, to mine gold labourers are needed and to change the gold into jewellery other people such as jewellery designers are employed. ✓✓
- In South Africa, mining and agriculture often employ unskilled and semi-skilled labour while, skilled labour is employed in the fields of geology, engineering and surveying which are important for extraction of minerals. ✓✓

**Export opportunities ✓**

- The country earns foreign exchange when natural resources are exported. ✓✓
- South Africa exports variety of its minerals such as gold, diamond etc. ✓✓
- Foreign exchange contributes positively to the country' national income. ✓✓

**They form the foundation of production** ✓

- Primary sector is concerned with exploitation and extraction of natural resources and is regarded as the backbone of production. ✓✓
- The production in secondary sector depends largely on the success of the primary sector. ✓✓

**Enhance the quality of human life** ✓

- Natural resources improve people 's lives by providing beautiful sceneries e.g. forests, natural parks. ✓✓
- As people take holidays, stresses melt away as the natural resources such as oceans allow them to engage in activities which often leads to relaxation. ✓✓

**REMUNERATION OF NATURAL RESOURCES**

- The payment (remuneration) for natural resources is called rent.
- Factors that determines the amount paid as rent are:
  - **Increase in demand**: ✓ the supply of natural resources is fixed, the rent earned depends only on demand. ✓✓
  - This means if demand increases the rent will also increase while a fall in demand results in a decrease in rent. ✓✓
  - **Quality of the natural resources**: ✓ rent paid for fertile land is often higher than the one for unfertile land. ✓✓
  - **Distance (proximity) to markets**: ✓ the land closer to markets often fetch a higher rent than the one far from the market. ✓✓
  - **An increase in population**: ✓ high population increase demand for resources such as land, therefore this cause the rent to be high. ✓
  - **Climate:** for agricultural product a land in an area with good climate fetches higher rand than the land in an area with unsuitable climate for crops. ✓✓

(Accept any other relevant correct response)
(Allocate a maximum of 8 marks for listing of subheadings and examples) **Max. 26**

**ADDITIONAL PART**

**Evaluate the contribution of labour to South Africa's economy.**

- Labour is one of the primary factors of production, production cannot take place unless labour is part of it. ✓✓
- The size and skills of the workforce directly contribute to GDP growth, industrial output of the country. ✓✓
- Labour provides households with income, which increases consumption and demand in the economy. ✓✓
- Trade unions negotiate wages, benefits, and working conditions, ensuring fair treatment and improved living standards. ✓✓
- Labour the quality of labour contribute positively towards country's competitiveness on the international economy. ✓✓
- Goods and services produced by labour satisfy needs and wants of consumers. ✓✓

(Accept any other correct and relevant response)
(Allocate a maximum of 2 marks for mere listing of facts) **(10)**

**CONCLUSION**

- It is important for government to support and subsidies factors of production in order to promote economic opportunities in the country. ✓✓

(Accept any other correct and relevant conclusion) **(2)**

**[40]**

## QUESTION 6: MACRO-ECONOMICS 40 MARKS – 40 MINUTES

- Discuss in detail the economic infrastructure in South Africa. (26)
- Why is energy infrastructure economically important for South Africa? (10)

**INTRODUCTION**

Infrastructure refers to the economic facilities and systems that support the functioning and growth of the economy. ✓✓

(Accept any other correct and relevant introduction)

**BODY (MAIN PART)**

**COMMUNICATION INFRASTRUCTURE**

**Postal services** ✓

- The South African Post Office Ltd, provides postal services in South Africa. ✓✓
- A number of privately-owned courier services operate to deliver goods. ✓✓

**The media** ✓

- The traditional newspaper market is relatively static, but there has been phenomenal growth in the tabloid market. ✓✓
- Online media can be accessed via cell phones and via national and international news websites and chat rooms. ✓✓
- The Independent Communications Authority of South Africa (ICASA), which issues broadcast licences, regulates broadcasting and telecommunications. ✓✓
- The state broadcaster the South African Broadcasting Corporation (SABC), provides public broadcasting through an annual payment of a TV licence fee. ✓✓
- Free-to-air is provided by commercial broadcaster e.tv and subscription television services are provided by multi-Choice. ✓✓
- Radio commands vast listenership, with community stations catering to specific target audiences and national stations to people across the country. ✓✓

**Fixed-line telephones and cellular phones** ✓

- Most landlines in South Africa are provided by Telkom. ✓✓
- In 2006 Neotel entered the industry and ended Telkom's monopoly. ✓✓
- Cell phone networks are provided by four privately owned companies – Vodacom, MTN, Cell C, and Telkom – and Virgin Mobile and Rain serve as mobile virtual network operators. ✓✓
- There has been a huge growth in the use of cell phones to send messages, images, and videos through social media platforms. ✓✓
- There has been a big push to force ICASA to allocate more radio frequency spectrums to allow competition which would bring down data costs in South Africa. ✓✓
- An increase in the number of undersea data cables linking South Africa to the rest of the world has seen an increase in local internet access, with the number of South Africa internet users passing five million in January 2010. ✓✓

**Broadband** ✓

- The use of broadband connections in South Africa jumped by 50% between 2009 and 2010, with most of the growth due to small and medium-sized businesses upgrading to ADSL. ✓✓

**Local connectivity** ✓

- With the arrival of several international data cables in South Africa, focus has shifted to improving connectivity within South Africa by building national and city-wide fibre-optic cable networks. ✓✓
- The state-owned company, started selling wholesale bandwidth capacity to the country's telecoms companies and internet service providers in November 2010. ✓✓

**ENERGY INFRASTRUCTURE**

**Electricity** ✓

- Eskom generates about 95% of electricity used in South Africa, and export power to other African countries. ✓✓
- South Africa's electricity network is made up of more than 300 000 km of power lines, 27 000 km of which make up South Africa's national transmission grid. ✓✓
- South Africa uses coal, its major indigenous energy source, to generate most of its electricity and significant proportion of its liquid fuels. ✓✓
- Water is used to create hydro-electric power. ✓✓
- The country has been experiencing shortage of electricity since 2008 as it now has to implement loadshedding as a measure to prevent the collapse of the system. ✓✓

**Nuclear energy ✓**

- There is currently one conventional nuclear station in the country, namely Koeberg in the Western Cape. ✓✓
- Koeberg contributes about 1 800 MW to the national grid. ✓✓
- Alternative energy sources and renewable sources ✓
- South Africa imports crude oil as a further source of energy, mostly from Arab and African countries. ✓✓
- PetroSA and private-sector oil companies refine this crude oil. ✓✓
- With the current shortage of electricity, there is a rush to build renewable energy projects that will use wind and solar. ✓✓
- Firewood is a renewable source of energy widely used for cooking and heating, mainly in rural areas. ✓✓

**Synthetic fuels, oil and gas ✓**

- South Africa has a highly developed synthetic fuels industry, in which state company Petro SA and petrochemicals giant Sasol are the major producers. ✓✓
- Petro SA manages the country's commercial assets in the petroleum industry, including the world's largest commercial gas-to-liquid plant at Mossel Bay. ✓✓
- Sasol produces synthetic fuels from low-grade coal and a small amount from natural gas. ✓✓
- Sasol produces automotive fuels for consumers, premium fuels and lubricants for industry, as well as jet fuel, fuel alcohol and illuminating kerosene. ✓✓

**TRANSPORT**



**Road network ✓**

- The transport of goods by roads in heavy trucks has greatly increased in recent years and this has put a strain on road maintenance. ✓✓
- The responsibility for the road network is shared among central and provincial government and the town councils. ✓✓
- The South African National Roads Limited is responsible for improving and maintaining the national roads. ✓✓
- Financing is provided by taxes and tolls for using certain national roads. ✓✓

**Rail network ✓**

- South Africa's rail network is controlled by Transnet and focuses on the transport of goods but there are also long-distance passenger services and Metrorail services in towns. ✓✓

**Airways ✓**

- State owned South African Airways and its subsidiaries, SA Express and Mango, provide flight services internally and internationally. ✓✓
- Other privately-owned airlines such as FlySair and Lift also provide transport services. ✓✓
- The Airports Company South Africa (ACSA) provides and manages the running of local airports to ensure that they are of world standard. ✓✓

**Harbours ✓**

- In South Africa there are fishing harbours and commercial ports. ✓✓
- Transnet National Ports Authority controls the commercial ports. ✓✓
- The busiest port is the Port of Durban, which is the largest container port in Africa. The port of Richards Bay handles the largest tonnage (mainly coal exports). ✓✓
- The port of Saldanha Bay handles iron ore and there are also container facilities at the ports in Cape Town, Port Elizabeth and Ngqura. ✓✓

**Pipelines ✓**

- Transnet pipelines operate a number of pipelines running between the Port of Durban and Gauteng to transport liquid fuels. ✓✓
- Das is transported in pipelines from Secunda to Durban. ✓✓
- Other gas pipelines deliver gas from Mozambique. ✓✓

(Accept any other correct and relevant response)

**ADDITIONAL PART**

**How does energy infrastructure contribute to the South Africa economy? (10)**

- Energy infrastructure sustains industrial activities by providing electricity and fuel necessary for manufacturing processes, ensuring production continuity and competitiveness. ✓✓
- Reliable energy supply fosters economic growth by enabling businesses to expand operations, attract investments, and create job opportunities, thereby contributing to overall prosperity. ✓✓
- Adequate energy infrastructure powers transportation networks, including railways, ports, and airports, facilitating the movement of goods and people, which is crucial for trade and commerce. ✓✓
- Energy infrastructure supports innovation and technological advancements, particularly in renewable energy sources and energy-efficient technologies, driving sustainable development and enhancing global competitiveness. ✓✓
- Access to affordable and reliable energy services enhances living standards, enabling access to education, healthcare, and communication technologies, thus promoting social inclusion and poverty alleviation. ✓✓

(Accept any correct relevant response)
(Allocate a maximum of 2 marks for mere listing of facts)

**CONCLUSION**

South Africa has been considered to have the most advanced infrastructure in Africa; however, this may change with time as the country has had less investment in and distraction of infrastructure. ✓✓

(Accept any correct and relevant response)

**[40]**

**TOTAL SECTION C: 40**

**GRAND TOTAL: 150**