education

Department:
Education
North West Provincial Government
REPUBLIC OF SOUTH AFRICA

PROVINCIAL ASSESSMENT

GRADE 12

ECONOMICS P2
JUNE 2026

Marks: 150

Time: 2 hours

This question paper consists of 12 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 the 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 response comply with the cognitive requirements of the questions.

9. Use only black or blue ink.

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 answer and write only the letter (A–D) next to the question numbers (1.1.1 to 1.1.8) in the ANSWER BOOK, e.g. 1.1.9 D.

1.1.1 When businesses make themselves known to the public, are known as …

A advertising.
B differentiation.
C copyright.
D patent.

1.1.2 Costs that change as the level of output changes are referred to as …

A variable costs.
B average costs.
C fixed costs.
D basic costs.

1.1.3 When a business fails to produce goods that consumers need.

A Productive inefficiency
B Pareto inefficiency
C Consumer inefficiency
D Allocative inefficiency

1.1.4 The value of inputs that are inherit within the entrepreneur, are known as …

A explicit cost.
B implicit cost.
C total cost.
D marginal cost.

1.1.5 The gain enjoyed by the consumer from using a good is known as ... benefit.

A social
B external
C private
D public

1.1.6 In a perfect market, normal profit is achieved when total revenue is equal to …

A total variable cost.
B total cost.
C average revenue.
D marginal cost.

1.1.7 When average revenue is greater than average cost, the firm makes an/a …

A economic loss.
B normal profit.
C profit.
D economic profit.

1.1.8 A market structure where there are no barriers to entry is known as …

A monopoly.
B oligopoly.
C perfect competition.
D monopolistic competition. (8 x 2) (16)

1.2 Choose a description from COLUMN B that matches a term in COLUMN A. Write only the letter (A–I) next to the question numbers (1.2.1 to 1.2.8) in the ANSWER BOOK, e.g. 1.2.9 J.

COLUMN A	COLUMN B
1.2.1 Black market	A the total costs of production are equal to the total revenue
1.2.2 Fixed costs	B a market structure that is a combination of two market structures
1.2.3 Profit maximisation point	C total benefit enjoyed by society
1.2.4 Pareto efficiency	D total payments paid by society
1.2.5 Shutdown point	E the costs that do not change as the output changes
1.2.6 Break even point	F a market in which illegal goods are bought and sold
1.2.7 Social benefit	G occurs when marginal cost is equal to marginal revenue
1.2.8 Hybrid	H when it is impossible to make one person better off without making the other person worse off
	I the lowest level of production where a firm covers its variable costs

(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 actual expenditure of a business, such as the wages paid to the workers

1.3.2 A price set above the equilibrium market price to enable producers to make a profit

1.3.3 Products that are similar in taste, appearance, size, quality

1.3.4 The additional income earned when sales increase by one unit

1.3.5 When a market fails to use the resources in the best possible way resulting in wastage

1.3.6 A group of business that sell the same products (6 x 1) (6)

TOTAL SECTION A: 30

SECTION B

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

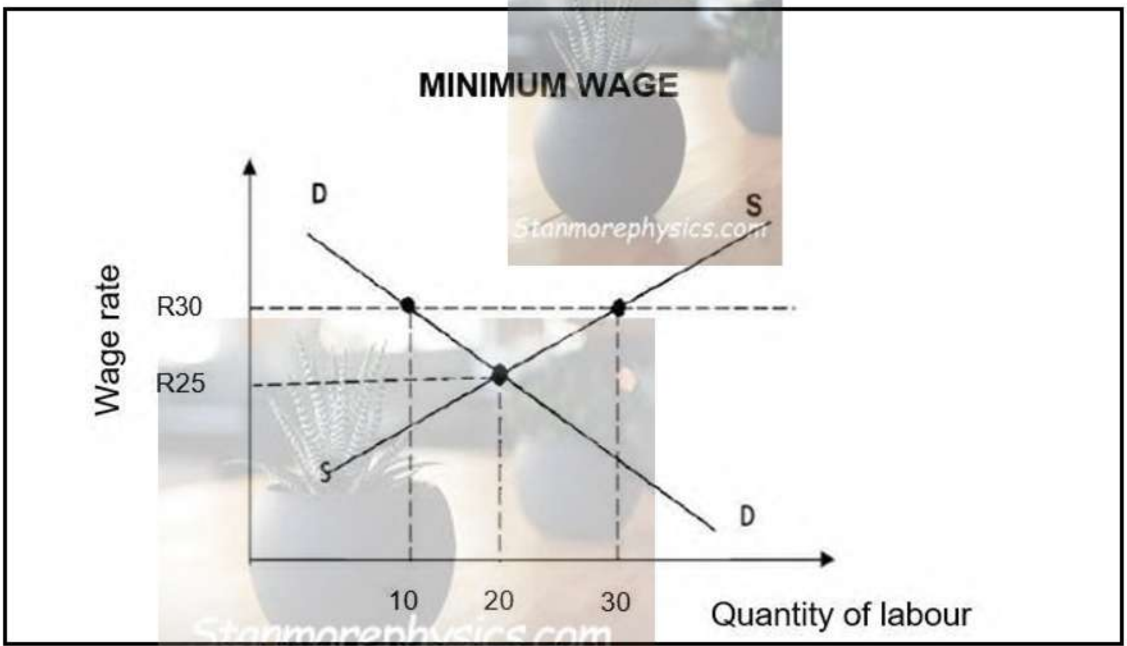
QUESTION 2: MICROECONOMICS **40 MARKS – 30 MINUTES**

2.1 Answer the following questions.

2.1.1 Name TWO types of collusion. (2 x 1) (2)

2.1.2 Why is it important for businesses to produce where MC = MR? (1 x 2) (2)

2.2 Study the graph below and answer the questions that follow.



2.2.1 Identify the equilibrium wage rate on the graph above. (1)

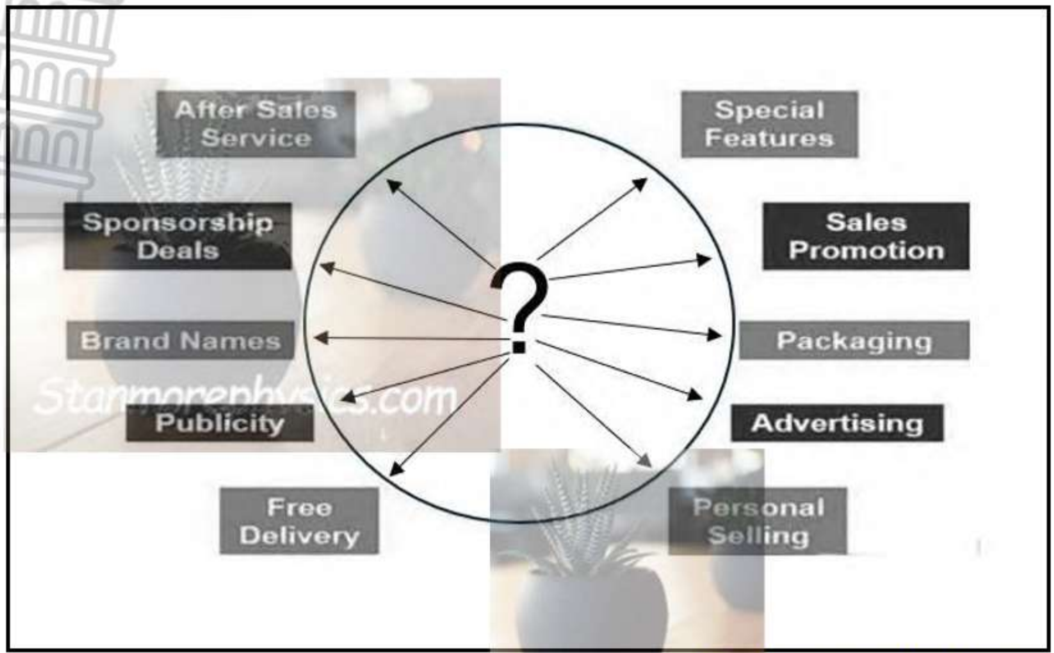
2.2.2 Which government department is responsible for implementing the minimum wage in South Africa? (1)

2.2.3 Briefly describe the term *minimum wage*. (2)

2.2.4 Explain the effect on demand when the wage rate increases from R25 to R30. (2)

2.2.5 Why is it necessary for the government to set a minimum wage? (2 x 2) (4)

2.3 Study the diagram below and answer the questions that follow.



[Adapted from https://assignmentpoint.com]

2.3.1 Identify the economic phenomenon in the diagram above. (1)

2.3.2 In which market structures does the above phenomenon usually occurs? (1)

2.3.3 Briefly describe the term *non-price competition.* (2)

2.3.4 How do fast food outlets maintain or increase their market share? (2)

2.3.5 Why will businesses use the above-mentioned methods? (2 x 2) (4)

2.4 Briefly discuss *direct control* and *government involvement in production* as state interventions to market failure. (8)

2.5 Analyse the importance of cost-benefit analysis on the South African economy. (8)
[40]

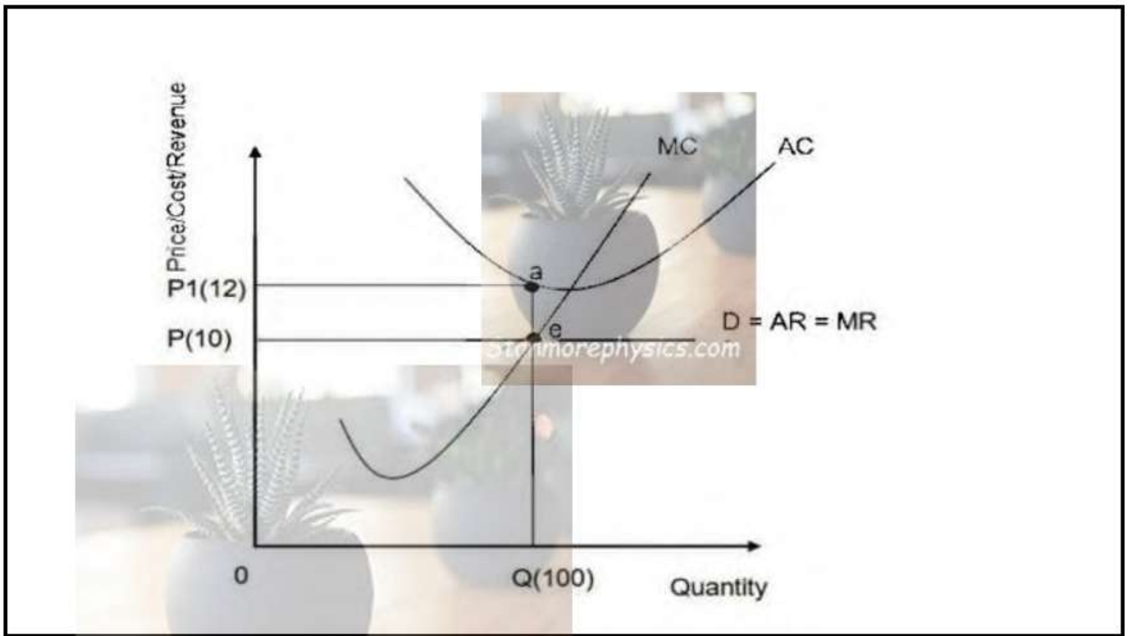
QUESTION 3: MICROECONOMICS 40 MARKS – 30 MINUTES

3.1 Answer the following questions.

3.1.1 Name any TWO types of subsidies that the government can provide as an intervention to market failure. (2 x 1) (2)

3.1.2 Why are markets unwilling to produce public goods and services? (1 x 2) (2)

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



3.2.1 Identify the equilibrium position on the above graph. (1)

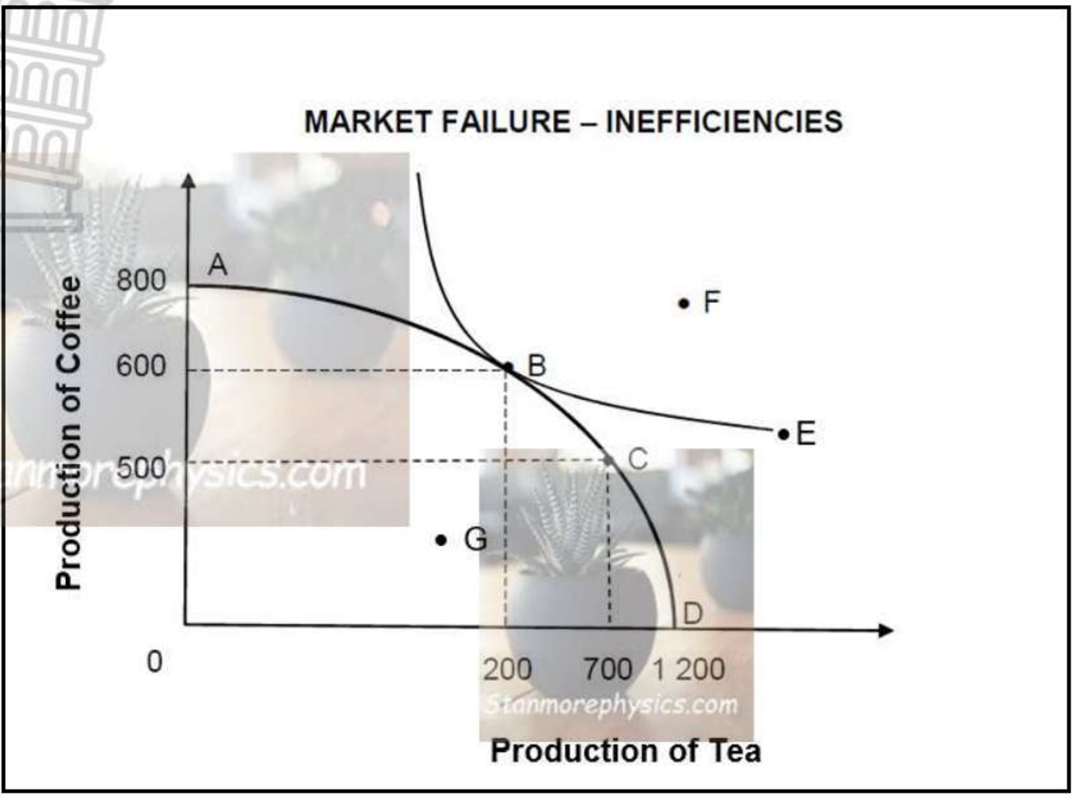
3.2.2 Which market structure is depicted on the graph above? (1)

3.2.3 Briefly describe the term *marginal revenue.* (2)

3.2.4 How do new entries impact the perfect market in the long run? (2)

3.2.5 Calculate the profit or loss using the information in the graph above. Show ALL calculations. (4)

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



3.3.1 Identify the point where output is maximised on the graph above. (1)

3.3.2 Name the curve that relates to allocative efficiency. (1)

3.3.3 Briefly describe the term *production possibility curve.* (2)

3.3.4 Explain why the market will not produce at point **F**. (2)

3.3.5 Why will production at point **G** be regarded as inefficient? (2 x 2) (4)

3.4 With the aid of a correctly labelled graph, explain the relationship between marginal revenue and the demand curve (AR) of a monopoly. (8)

3.5 Evaluate how success South Africa is in reducing the problem of lack of information in the market. (4 x 2) (8)

[40]

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

4.1 Answer the following questions.

4.1.1 Name any TWO examples of products sold by the perfect competitors. (2 x 1) (2)

4.1.2 How would charging tax on demerit goods influence their consumption? (1 x 2) (2)

4.2 Study the extract below and answer the questions that follow.

INEQUALITY IN SOUTH AFRICA: 'WEALTHIEST 10 PERCENT 70 PERCENT OF THE INCOME'

Despite significant policy interventions since the end of apartheid, South Africa remains one of the most unequal countries in the world, with the legacy of racial discrimination continuing to drive extreme disparities in income and wealth. Since the end of apartheid in 1994, the government has introduced a range of policies such as affirmative action, land redistribution and reform, social services and housing, and education and healthcare reform. These initiatives aim to promote equality and ensure that previously disadvantaged groups have equitable access to opportunities.

[Adapted: www.iol.co.za]

4.2.1 Name ONE policy used by the government to redistribute wealth in the extract above. (1)

4.2.2 What is the aim of the policies according to the extract above? (1)

4.2.3 Briefly describe the term *transfer payments.* (2)

4.2.4 How are taxpayers affected when government increases social welfare? (2)

4.2.5 Why does government provide welfare despite its effect on tax payers? (2 x 2) (4)

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

[Source: www.sapeople.com]

4.3.1 Identify the market structure in the picture above. (1)

4.3.2 Name the industry in which the businesses above operate. (1)

4.3.3 Briefly describe the term *copyright.* (2)

4.3.4 How does collusion negatively impact the economy? (2)

4.3.5 Explain the benefits of product differentiation to producers of goods and services. (2 x 2) (4)

4.4 Briefly discuss the goals of the South African competition policy. (8)

4.5 Explain the importance of advertising in a monopolistic competitor. (4 x 2) (8)
[40]

TOTAL SECTION B: 80

SECTION C

Answer any ONE of the two questions in this section in the ANSWER BOOK.

Your answer will be assessed as follows:

STRUCTURE OF ESSAY	MARK ALLOCATION
Introduction The introduction is a lower-order response. • A good starting point would be to define the main concept related to the question topic. • DO NOT include any part of the question in your introduction. • DO NOT repeat any part of the introduction in the body. • Avoid mentioning in the introduction what you are going to discuss in the body.	Max. 2
Body **Main part:** Discuss in detail/Discuss in detail with the aid of graphs/ In-depth discussion/Examine/Critically discuss/Analyse/Compare/ Evaluate/Distinguish/Differentiate/ Explain/Assess/Debate **A maximum of 8 marks may be allocated for headings/examples.**	Max. 26
Additional part: Critically discuss/Evaluate/ Critically evaluate/Deduce/ Compare/Distinguish/Suggest/Interpret/Debate/How **A maximum of 2 marks may be allocated for mere listing of facts.**	Max. 10
Conclusion Any higher-order conclusion should include: • A brief summary of what has been discussed without repeating facts already mentioned • Any opinion or value judgement on the facts discussed • Additional support information to strengthen the discussion/analysis • A contradictory viewpoint with motivation, if required • Recommendations	Max. 2
TOTAL	**40**

QUESTION 5: MICROECONOMICS 40 MARKS – 40 MINUTES

- Compare and contrast the market structures of a monopoly with an oligopoly. (26 marks)
- How does the Competition Act benefit the South African economy? (10 marks) **[40]**

QUESTION 6: MICROECONOMICS 40 MARKS – 40 MINUTES

- Discuss in detail all the factors that lead to the misallocation of resources in the market. (26 marks)
- How would the provision of subsidies to producers positively influence the economy? (10 marks) **[40]**

TOTAL SECTION C: 40
GRAND TOTAL: 150