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KWAZULU-NATAL PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

PROVINCIAL STANDARDISED ASSESSMENT

GRADE 12

ECONOMICS P1

PREPARATORY EXAMINATION

SEPTEMBER 2026

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MARKS: 150

TIME: 2 Hours

This question paper consists of 13 pages including this cover page.

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INSTRUCTIONS AND INFORMATION

1. Answer FOUR questions as follows in the ANSWER BOOK

   SECTION A: COMPULSORY
   SECTION B: Answer any 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 at least ONE 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.

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

11. Write neatly and legibly.

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SECTION A: (COMPULSORY) **30 MARKS – 20 MINUTES**

QUESTION 1

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 number (1.1.1 to 1.1.8) in the ANSWER BOOK, for example 1.1.9 D.

1.1.1 The owners of factors of production in the circular-flow are called…

A government.
B households.
C businesses.
D foreign sector.

1.1.2 A curve that shows a relationship between inflation and unemployment is referred to as … curve.

A Laffer
B Lorenz
C indifference
D Phillips

1.1.3 The level of government that controls the South African defense force is known as … government.

A national
B district
C local
D provincial

1.1.4 A country that can produce a product at a lower opportunity cost than other countries, has a/an … advantage.

A absolute
B efficient
C comparative
D relative

1.1.5 An economic integration that allows free movement of labour, capital and money between member countries is known as a/ an …

A free-trade area.
B economic union.
C customs union.
D common market.

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1.1.6 A policy that aims to reduce unemployment and inequality by the year 2030 is called ... downloaded from Stanmorephysics.com

A Black Economic Empowerment.
B New Growth Path.
C Reconstruction and Development Programme.
D National Development Plan.

1.1.7 A physically enclosed area next to a harbour or airport where production for exports is encouraged through incentives, is known as the ...

A spatial development initiatives.
B industrial development zone.
C special economic zone.
D strategic integrated projects.

1.1.8 An economic indicator that relates to productivity is referred to as ...

A remuneration per worker.
B repurchase rate.
C exchange rate.
D producer price index.



(8x 2) (16)

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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 Subsidy	A A worldwide integration and interaction of economies mainly through trade
1.2.2 Moral suasion	B Sets out the government's broad approach towards industrialisation
1.2.3 Medium term expenditure framework	C The number of years a new born baby is expected to live from birth to death
1.2.4 Portfolio investment	D Financial benefit such as cash payment given to business in order to reduce the cost of production
1.2.5 Embargo	E Consultation with commercial banks to act in a desirable manner in granting credit.
1.2.6 Globalisation	F A three year rolling plan that outlines government's projected revenue and planned spending priorities
1.2.7 National Industrial Policy Framework	G A penalty applied by one or more countries on another country
1.2.8 Life expectancy	H An official state ban on the import of certain goods and services
	I Buying of financial assets such as shares on the stock exchange of another country

(8 x 1) (8)

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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 flow of goods and services and factors of production between households and businesses in the circular flow.

1.3.2 Business cycles that are caused by changes in construction activities, lasting for 15 to 20 years.

1.3.3 An exchange rate system where the value of the currency is determined solely by market forces.

1.3.4 Selling goods on a foreign market at a price lower that the cost of production in the country of origin.

1.3.5 Basic facilities and services needed to enable economic activities such as roads, communication and electricity.

1.3.6 The movement of people from rural areas to urban areas in search for better job opportunities.

(6 x 1) (6)

TOTAL SECTION A: 30

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SECTION B

Answer any TWO 0f the three questions in this section in the ANSWER BOOK

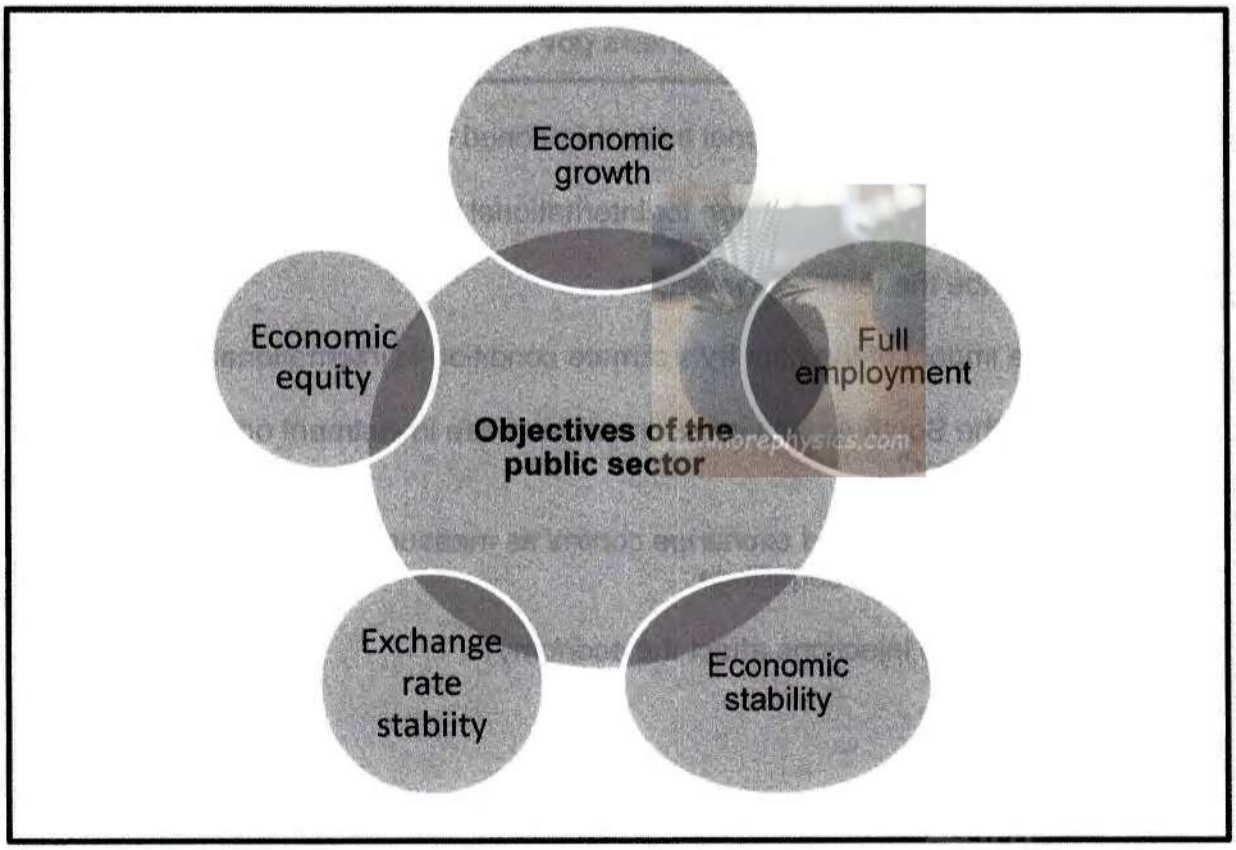
QUESTION 2: MACROECONOMICS **40 MARKS-30 MINUTES**

2.1 Answer the following questions.

2.1.1 Name any TWO flows in a circular flow. (2 x 1) (2)

2.1.2 Why are foreign exchange markets important in international trade? (2)

2.2 Study the diagram below and answer questions that follow.



2.2.1 Identify the objective of the public sector that refers to an increase in the production of goods and services. downloaded from Stanmorephysics.com (1)

2.2.2 Name a tax system that is used in South Africa. (1)

2.2.3 Briefly describe the term *full employment.* (2)

2.2.4 Explain the negative effect of increase in prices on households. (2)

2.2.5 How can the state ensure economic equity is achieved in the country? (2 x 2) (4)

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2.3 Study the extract below and answer questions that follow.

SA RECORDS A SURPLUS OF 15.2 BILLION ON INTERNATIONAL TRADE IN APRIL 2026

South Africa's growing performance in the international trade market is helping drive economic growth, support jobs and create new opportunities for producers, as government continues its efforts to build an economy that works for all South Africans.

New trade data released by the South African Revenue services (SARS) shows a preliminary trade surplus of R15.2 billion in 2026. This growth is attributed to the mass production noted in the agricultural sector which accounted for 11% during the first quarter of the year.

[Source: *sanews.gov.za*, 09 June 2026]

2.3.1 Identify the effect of international trade mentioned on the extract above. (1)

2.3.2 Name any ONE demand reason for international trade. (1)

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

2.3.4 Explain the impact of the country's climate condition in international trade. (2)

2.3.5 Why would the South African government increase investment on the agricultural sector? (2x2) (4)

2.4 Briefly discuss *interest rates* and *exchange control* as measures to correct balance of payment disequilibria. (2x4) (8)

2.5 How does a decrease in injections affect the economy? (8)

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QUESTION 3: ECONOMIC PURSUITS **40 MARKS – 30 MINUTES**

3.1 Answer the following questions.

3.1.1 Name TWO industrial development strategies used in South Africa. (2 x 1) (2)

3.1.2 Why is it important to measure the performance of the economy? (2)

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

AGOA EXTENSION

US President Donald Trump has signed into law the one-year extension of the African Growth and Opportunity Act (AGOA), with African countries restoring duty-free access to the US market until the end of the year.

First enacted in 2000, AGOA allows qualifying sub-Saharan African countries to export more than 1,800 products duty-free. South Africa and Nige0ria are among the top beneficiaries. Its expiry had disrupted trade and threatened jobs across the continent. The extension comes amid strained US-South Africa relations, but South African DEPARTMENT OF TRADE INDUSTRY AND COMPETITION welcomed the renewal.

[Adapted from//globaltimes.com]

3.2.1 Identify the trade protocol that is discussed above. (1)

3.2.2 Name any ONE member country of the Southern African Development Community. (1)

3.2.3 Briefly describe the term *protectionism*. (2)

3.2.4 Explain the importance of export promotion on the economy. (2)

3.2.5 Why is it important for a country to take part in economic cooperation internationally? (4)

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



[www.google.com]

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3.3.1 Identify the initiative used by the South African government shown in the picture above. (1)

3.3.2 Name any ONE incentive that is offered by the state to encourage industrial development. (1)

3.3.3 Briefly describe the term *corridor*. (2)

3.3.4 Explain the importance of industrial development zones (IDZ's) on the economy. downloaded from Stanmorephysics.com (2)

3.3.5 Why is the Industrial Policy Action Plan (IPAP) important for the South African economy? (4)

3.4 Briefly discuss *land restitution* and *land redistribution* as demand-side approaches to economic growth and development (8)

3.5 How does the South African economy benefit from free trade? (8)
[40]

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QUESTION 4: MACROECONOMICS AND ECONOMIC PURSUITS

40 MARKS – 30 MINUTES

4.1 Answer the following questions.

4.1.1 Name any TWO methods of import substitution. (2 x 1) (2)

4.1.2 Why is it important for a country to keep a positive balance of trade? (2)

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

NATIONAL ACCOUNT AGGREGATES (2025)	R MILLIONS
Final consumption expenditure by households	3 819 180
Final consumption expenditure by general government	510 400
Gross capital formation	390 412
Residual item	(17 085)
Gross Domestic Expenditure (GNE)	4 702 907
Export of goods and services	650 577
Import of goods and services	647 488
Expenditure on GDP at market price	A

[Source: SARB, Quarterly Bulletin, September 2025]

4.2.1 Identify the method of calculating national accounts on the table above. (1)

4.2.2 Name the item that records investments made by businesses. (1)

4.2.3 Briefly describe the term *Gross National Product*. (2)

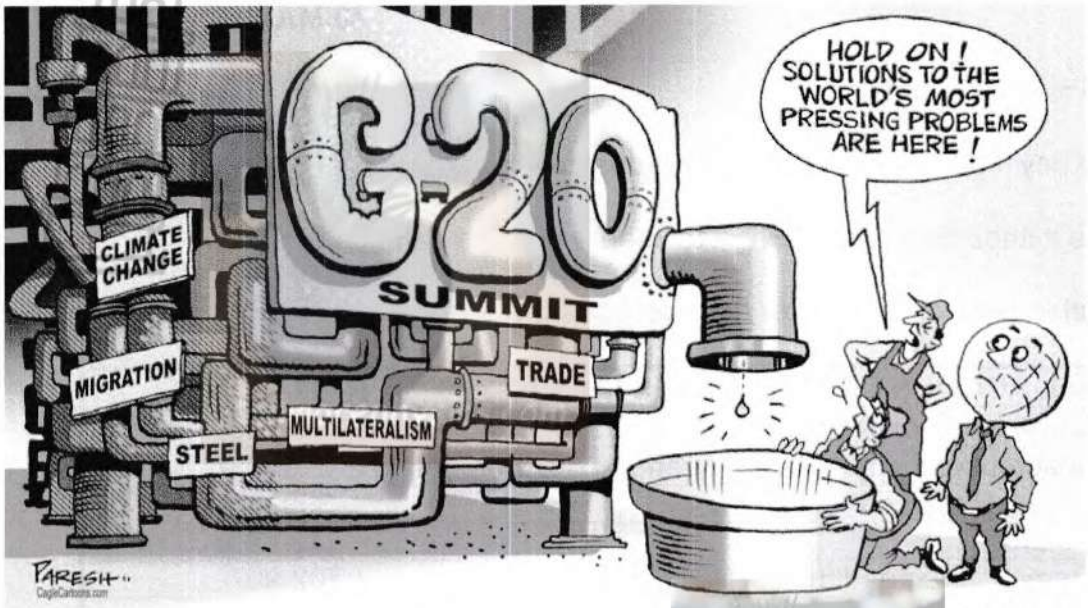
4.2.4 Why is it important for the country to prepare the national accounts? (2)

4.2.5 Calculate expenditure on GDP at market price (**A**) in the table above. Show ALL calculations. (4)

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



[Adapted from www.timeslive.co.za]

4.3.1 Identify any ONE problem discussed in the G20 summit above. (1)

4.3.2 Name any ONE South African economic growth and development policy. (1)

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

4.3.4 Explain the benefits of reducing the cost of doing business on economic growth. (2)

4.3.5 How does import substitution benefit households? (4)

4.4 Briefly discuss *economic growth* and *price stability* as objectives of the public sector. downloaded from Stanmorephysics.com (2x4) (8)

4.5 How do rich countries of the north benefit at the expense of the countries in the southern hemisphere? (8)

[40]

TOTAL SECTION B: 80

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



[Adapted from www.timeslive.co.za]

4.3.1 Identify any ONE problem discussed in the G20 summit above. (1)

4.3.2 Name any ONE South African economic growth and development policy. (1)

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

4.3.4 Explain the benefits of reducing the cost of doing business on economic growth. (2)

4.3.5 How does import substitution benefit households? (4)

4.4 Briefly discuss *economic growth* and *price stability* as objectives of the public sector. (2x4) (8)

4.5 How do rich countries of the north benefit at the expense of the countries in the southern hemisphere? (8)

[40]

TOTAL SECTION B: 80

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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 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/ 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. **Additional part:** Give own opinion/Critically discuss/ Evaluate/ Critically evaluate/ Deduce/Compare/ Distinguish/ Interpret/ Briefly debate/ How/Suggest/ Analyse	Max. 26 Max. 10
Conclusion A higher-order conclusion should include: • A brief summary of what has been discussed without repeating facts already mentioned. • Any opinion or value judgment 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: MACROECONOMICS **40 MARKS – 40 MINUTES**

- Discuss in detail the features underpinning forecasting. (26 marks)
- Analyse the impact of the contraction phase on the economy. (10 marks)

[40]

QUESTION 6: ECONOMIC PURSUITS **40 MARKS – 40 MINUTES**

- Discuss in detail South Africa's social indicators. (26 marks)
- How does poor service delivery undermine socio economic rights of citizens? (10 marks)

[40]

TOTAL SECTION C: 40
GRAND TOTAL: 150

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FINAL

KWAZULU-NATAL PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

PROVINCIAL STANDARDISED ASSESSMENT

GRADE 12

ECONOMICS P1

PROVINCIAL STANDARDISED ASSESSEMENT

SEPTEMBER 2026

MARKING GUIDELINES

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MARKS : **150**

TIME : **2 Hours**

This marking guidelines consists of 19 pages including this cover page.

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SECTION A: (COMPULSORY) **30 MARKS – 20 MINUTES**

QUESTION 1:

1.1 MULTIPLE-CHOICE QUESTIONS

1.1.1 B - households. ✓✓
1.1.2 D - Phillips✓✓
1.1.3 A - national✓✓
1.1.4 C - comparative✓✓ / D - relative✓✓
1.1.5 C- customs union. ✓✓
1.1.6 D- National Development Plan✓✓
1.1.7 B- industrial development zone. ✓✓
1.1.8 A- remuneration per worker✓✓

(8 x 2) (16)

1.2 MATCHING ITEM

1.2.1 D - Financial benefit such as cash payment to business in order to reduce the cost of production. ✓ downloaded from Stanmorephysics.com

1.2.2 E - Consultation with commercial banks to act in a desirable manner in granting credit. ✓

1.2.3 F- A three year rolling plan that outlines government's projected revenue and planned spending priorities. ✓

1.2.4 I - Buying of financial assets such as shares on the stock exchange of another country. ✓

1.2.5 H- An official state ban on the import of certain goods and services. ✓

1.2.6 A- A worldwide integration and interaction of economies mainly through trade ✓

1.2.7 B- Sets out the government's broad approach towards industrialisation. ✓

1.2.8 C- The number of years a new born baby is expected to live from birth to death. ✓

(8 X1) (8)

1.3 GIVE THE TERM

1.3.1 Real flow✓
1.3.2 Kuznets cycles✓
1.3.3 Free floating exchange rate system✓
1.3.4 Dumping✓
1.3.5 Infrastructure✓
1.3.6 Urbanisation✓

(6 x 1) (6)

TOTAL SECTION A: 30

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SECTION B

Answer any TWO 0f 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 flows in a circular flow. **(2x1)(2)**

- Real flow✓
- Money flow✓

2.1.2 Why are foreign exchange markets important in international trade? **(1x2)(2)**

Foreign exchange markets allow importers and exporters to convert one currency to another to pay for goods and services. ✓✓

(Accept any other correct and relevant response)

2.2. DATA RESPONSE

2.2.1. Identify the objective of the public sector that refers to an increase in the production of goods and services. **(1)**

Economic growth✓

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2.2.2. Name a tax system that is used in South Africa. **(1)**

Progressive tax system ✓

2.2.3. Briefly describe the term *full employment.* **(2)**

Full employment occurs when all members of the economically active population who are looking for work are able to find work. ✓✓

(Accept any other correct and relevant response)

2.2.4. Explain the negative effect of increase in prices on households. **(2)**

- Unstable prices reduce the purchasing power of households which depletes household income and savings. ✓✓
- The rise in prices increases household debt and financial hardship which is likely to result in increased poverty. ✓✓

(Accept any other correct and relevant response)

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2.2.5. How can the state ensure economic equity is achieved in the country?
(2x2) (4)

- The government should implement a progressive tax system where high-income earners are taxed at a higher tax rate than low-income earners and the tax revenue is used for economic development. ✓✓
- The state should provide benefits in kind and transfer payments to the most vulnerable social groups in the economy. ✓✓ downloaded from Stanmorephysics.com
- The government should implement redress policies that seek to correct the imbalances of the past caused by discriminatory laws. ✓✓

(Accept any other correct and relevant response)

2.3. DATA RESPONSE

2.3.1. Identify the effect of international trade mentioned on the extract above. (1)

- Mass production

2.3.2. Name any ONE demand reason for international trade. (1)

- Preferences and taste✓
- Income levels ✓

(Accept any other correct and relevant response)

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

Specialisation is when a country or business focus all its resources in the production of one product, they produce the best or most efficiently. ✓✓

(Accept any other correct and relevant response)

2.3.4. Explain the impact of the country's climate condition in international trade. (2)

- Climate conditions gives a country the advantage of producing a certain product most efficiently and makes specialisation possible. ✓✓
- Climate condition determines what a country cannot produce and forces countries to trade with one another. ✓✓

(Accept any other correct and relevant response)

2.3.5. Why would the South African government increase investment on the agricultural sector? (2x2) (4)

- Increasing investment in the agricultural sector is a strategy of increasing production resulting in a higher economic growth. ✓✓
- The agricultural sector is a key employment sector as it employs a variety of skills including unskilled labour. ✓✓
- The agricultural sector is important in the fight against poverty to ensure that a country is self- sufficient to produce its own food to achieve food security. ✓✓

(Accept any other correct and relevant response)

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2.4. Briefly discuss *interest rates* and *exchange control* as measures to correct balance of payment disequilibria. (2x4) (8)

INTEREST RATES

- Domestic demand can be changed by adjusting interest rates, for instance government can decrease demand for imports by increasing interest rates. ✓✓
- Higher interest rates are also an incentive for foreign investors to invest more which results in an inflow of foreign capital, which will have a positive effect on the financial account in the balance of payment. ✓✓
- Increasing interest rates reduces a BOP deficit by attracting capital inflow. ✓✓

EXCHANGE CONTROL

- The government can limit the amount of foreign exchange available to restrict imports and help to reduce spending on foreign goods. ✓✓
- Exchange rate controls can force exporters to sell their foreign currency to the reserve bank thereby increasing the country's foreign exchange reserves. ✓✓
- The government can influence the exchange rate to prevent rapid depreciation of the currency which could worsen the BOP deficit. ✓✓

(Accept any other correct and relevant response)

2.5. How does a decrease in injections affect the economy? (8)

- Decrease in investments will shrink the tax base thereby decreasing tax revenue for the government. ✓✓
- The government's capacity to develop infrastructure such as energy and transport will decrease which will lead to a reduction in employment opportunities.✓✓
- Consumer spending may decrease as households receive less income leading to a decrease in aggregate demand. ✓✓
- Decrease in government expenditure on welfare payments and social development reduces the standard of living especially for the poor. ✓✓
- Decrease in government spending in the form providing subsidies and incentives to businesses will discourage production of more goods and services. ✓✓

(Accept any other relevant and correct response)

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QUESTION 3: ECONOMIC PURSUITS 40 MARKS – 30 MINUTES

3.1 Answer the following questions.

3.1.1 **Name TWO industrial development strategies used in South Africa** **(2 x 1)(2)**

- National Research and Development Strategy (NRDS) ✓
- Integrated Manufacturing Strategy (IMS) ✓

3.1.2 **Why is it important to measure the performance of the economy?** **(1 x 2) (2)**
Measuring economic performance is important because the government can determine if the economy is progressing or regressing for correct policies to be implemented. ✓✓ downloaded from Stanmorephysics.com

(Accept any other correct and relevant response)

3.2 **DATA RESPONSE**

3.2.1 **Identify the trade protocol that is discussed above** **(1)**
African Growth and Opportunities Act (AGOA) ✓

3.2.2 **Name any ONE member country of Southern African Development Community.** **(1)**
South Africa✓, Zimbabwe✓, Zambia✓, Mozambique✓, Lesotho✓, Eswatini✓

(Accept any other correct and relevant countries)

3.2.3 **Briefly describe the term *protectionism.*** **(2)**
Protectionism is a government policy of protecting domestic industries from foreign competition. ✓✓

(Accept any other correct and relevant response)

3.2.4 **Explain the importance of export promotion on the economy.** **(2)**

- Job opportunities are created as local businesses need to produce more goods for exports. ✓✓
- Foreign currency is earned which helps to pay for imports and strengthens the rand. ✓✓

(Accept any other correct and relevant response)

3.2.5 **Why is it important for a country to take part in economic cooperation internationally?** **(4)**

- International economic cooperation helps a country to earn foreign exchange which can be used to import goods that are not produced locally. ✓✓
- It creates more jobs because countries can trade and invest with each other, increasing production. ✓✓
- It gives households access to a wider variety of goods at a lower price through trade between countries. ✓✓

(Accept any other correct and relevant response)

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3.3 DATA RESPONSE

3.3.1 Identify the initiative used by the South African government shown in the picture above. **(1)**

Special Economic Zones✓

3.3.2 Name any ONE incentive that is offered by the state to encourage industrial development **(1)**

- Skills Support Program (SIP) ✓
- Foreign Investment Grant (FIG) ✓

(Accept any other correct and relevant response)

3.3.3 Briefly describe the term *corridor*. **(2)**

Corridor is a track of land that serves as a passageway allowing access from one area to another and is developed as part of the regional development. ✓✓

(Accept any other correct and relevant response)

3.3.4 Explain the importance of industrial development zones (IDZ's) on the economy. **(2)**

- IDZ attract foreign direct investments which brings capital into the country. ✓✓
- IDZ create employment opportunities and boost industrial growth in the economy. ✓✓

(Accept any other correct and relevant response)

3.3.5 Why is the Industrial Policy Action Plan (IPAP) important for the South African economy? **(4)**

- Promotes industrialization through supporting key sectors like manufacturing, agro-processing and automotive to grow. ✓✓
- Creates employment by developing labour intensive industries which reduces unemployment. ✓✓
- Increasing exports by improving the competitiveness of South African products in global markets. ✓✓

(Accept any other correct and relevant response)

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3.4 **Briefly discuss *land restitution* and *land redistribution* as demand-side approaches to economic growth and development** **(8)**

LAND RESTITUTION

- Land restitution is the return of land to its original owners who were dispossessed due to discriminatory laws of the past. ✓✓
- The program is aimed at correcting the historic injustice by returning the land or offering alternative land or financial compensation. ✓✓
- Land restitution aims to improve the livelihood of claimants by returning productive land. ✓✓

LAND REDISTRIBUTION

- Land redistribution is a government led policy that transfers land to historically disadvantaged groups. ✓✓
- The program is aimed at correcting historic injustices, reducing inequality gap and improve agricultural productivity and ensure food security. ✓✓
- It creates opportunities for previously disadvantaged people to participate in commercial farming. ✓✓

(Accept any other correct and relevant response)

3.5 How does the South African economy benefit from free trade? **(8)**

- Economies of scale are achieved when producers gain access to larger international markets that allow for increased production, resulting in lower average cost per unit and lower prices for consumers. ✓✓
- Specialisation and efficiency improve as South Africa concentrate on producing goods and services where it has a comparative advantage, ensuring that productive resources are used at their most productive activities. ✓✓
- Welfare gains for society occur because the removal of trade barriers increase the variety of goods available for consumers. ✓✓
- Increased competition benefits the economy as domestic producers are forced to become more efficient and improve product quality, which leads to better products and innovation for local industries. ✓✓
- Exports markets are expanded as South African businesses gain access to more trading partners, which increases foreign revenue and contributes to economic growth and job creation. ✓✓

(Accept any other correct and relevant response)

[40]

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QUESTION 4: MACROECONOMICS AND ECONOMIC PURSUITS

40 MARKS – 30 MINUTES

4.1 Answer the following questions.

4.1.1 **Name any TWO methods of import substitution.** **(2 x 1) (2)**

- Diverting trade ✓
- Quotas ✓
- Tariffs ✓

(Accept any other correct and relevant response)

4.1.2 **Why is it important for a country to keep a positive balance of trade?** **(1 x 2) (2)**

A positive balance of trade increases investor confidence and the economy becomes more attractive to foreign direct investment. ✓✓

(Accept any other correct and relevant response)

4.2 **DATA RESPONSE**

4.2.1 **Identify the method of calculating national accounts on the table above.** **(1)**

Expenditure method ✓

4.2.2 **Name the item that records investments made by businesses.** **(1)**

Gross capital formation✓ downloaded from Stanmorephysics.com

4.2.3 **Briefly describe the term *Gross National Product*.** **(2)**

Gross National Product is the total value of all final goods and services produced by the inhabitants of the country regardless of where they are at a given period of time usually a year. ✓✓

(Accept any other correct and relevant response)

4.2.4 **Why is it important for the country to prepare the national accounts?** **(2)**

- National accounts are important to determine aggregate production, income and expenditure in a country at a given period of time. ✓✓
- National accounts measure the performance of the economy and inform government policy decisions. ✓✓

(Accept any other correct and relevant response)

4.2.5 **Calculate expenditure on GDP at market prices (A) in the table above. Show ALL calculations.** **(4)**

4 702 907✓ + 650 577✓ - 647 488 ✓= R4 705 996m✓

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4.3 **DATA RESPONSE**

4.3.1 **Identify any ONE problem discussed in the G20 summit above.** **(1)**

- Migration✓
- Climate change ✓

4.3.2 **Name any ONE South African economic growth and development policy.** **(1)**

National Development Plan✓, Gear✓, JipSA✓, NGP✓

(Accept any other correct and relevant response)

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

Economic development is an improvement in the standard of living. ✓✓

(Accept any other correct and relevant response)

4.3.4 **Explain the benefits of reducing the cost of doing business on economic growth.** **(2)**

- Reducing cost of doing business encourages more investments from local and foreign businesses to expand operations and build new businesses. ✓✓
- Lower production costs allow firms to produce more goods and services, leading to economic growth and employment opportunities. ✓✓
-

(Accept any other correct and relevant response)

4.3.5 How does import substitution benefit households? **(4)**

- Import substitution will lead to increased production by local industries which will result to more job opportunities. ✓✓
- Households will have more choices of goods and services. ✓✓
- Gives households more choice of goods, increasing the variety available for consumption. ✓✓

(Accept any other correct and relevant response)

4.4 **Briefly discuss *economic growth* and *price stability as* objectives of the public sector.** **(8)**

ECONOMIC GROWTH

- Economic growth is the increase in the capacity of a country to produce more goods and services. ✓✓
- The economic growth rate must be higher than the population growth rate to achieve economic growth. ✓✓
- Economic growth in a country benefits its citizens because it often leads to a higher standard of living. ✓✓

(Accept any other correct and relevant response)

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PRICE STABILITY

- Price stability occurs when the general price of goods and services remains relatively constant over time. ✓✓ downloaded from Stanmorephysics.com
- When prices are stable and inflation is low, markets can function optimally and the government can promote economic growth and development more effectively. ✓✓
- In South Africa relative price stability means that the inflation rate remains within the inflation target of 2% - 4% .✓✓

(Accept any other correct and relevant response)

4.5. How do rich countries of the north benefit at the expense of the countries in the southern hemisphere? (8)

- Natural resources in the south are exploited by more developed countries for their own gain.✓✓
- Buying raw materials cheaply and selling finished goods expensively is how some countries profit from the south. ✓✓
- Most greenhouse gas emission come from developed nations and these mostly affect countries in the southern hemisphere. ✓✓
- Producer subsidies are used to push southern countries out of the market because they cannot compete with subsidized goods.✓✓
- Skills and cheap labour are drained by multinational companies based in wealthier nations.✓✓
- The north occupy the most important positions in international Organisation such as the united nations security council without proper representation of the people from the south. ✓✓

Accept any other correct and relevant response)

[40]

TOTAL SECTION B: 80

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

- **Discuss in detail the features underpinning forecasting.** **(26 marks)**

INTRODUCTION

Business cycles can be described as successive periods of contraction and expansion of economic activities. ✓✓

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

BODY: MAIN PART

LEADING INDICATORS ✓

- Leading indicators are indicators that change before the economy changes. ✓✓
- Leading indicators give consumers, business leaders and policy makers a glimpse of where the economy is heading.✓✓
- These indicators peak before a business cycle has reached a peak. ✓✓
- Most important type of indicator in helping economists to predict what the economy will be like in the future. ✓✓
- When these indicators rise, the level of economic activities will also rise in a few
- months' time. ✓✓
- When they decline it also means the level of economic activity will decline in the near future. ✓✓
- Examples: include the number of residential plans passed, number of job advertisements, number of new companies. ✓

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COINCIDENT INDICATORS ✓

- Coincident indicators are indicators that change at the same time as the economy changes. ✓✓
- Coincident indicators show the actual state of the economy. ✓✓
- A downturn is shown by a decrease in these indicators while an upswing is shown as an increase in these indicators. ✓✓
- Coincident indicators confirm the changes predicted by the leading indicators. ✓✓
- The value of retail sales will reach a peak and then begin to decline at the same time as the business cycle. ✓✓
- Examples: are usage of capacity in manufacturing, registered unemployment real GDP. ✓

LAGGING INDICATORS ✓

- Lagging indicators change after the economy has already changed. ✓✓
- Lagging indicators reach the turning point after the business cycle has already turned.✓✓
- Lagging indicators serve to confirm the behaviour of co-incident indicators.✓✓
- Examples: number of commercial vehicles sold, real investment in machinery, unit labour costs in manufacturing.✓

COMPOSITE INDICATORS ✓

- Composite indicators summaries a group of indicators of the same type into a single value. ✓✓
- The single figure forms a norm for a country's economic performance. ✓✓
- Composite indicators can be consolidated into single values of a composite leading, coincident and lagging indicator. ✓✓

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AMPLITUDE ✓

- It is the difference between the value of total output between peak and trough measured from the trend line to the peak and trough.✓✓
- Amplitude reflects the intensity of the upswing and downswing in economic activity .✓✓
- The amplitude shows the power of the underlying forces such as interest rates, exports or consumer spending. ✓✓
- A large amplitude during the upswing signifies strong underlying forces. ✓✓
- The duration of a cycle with larger amplitude is usually longer than one with a small amplitude. ✓✓
- The extent of change such a decrease in unemployment of 50% or increase in inflation of 100% during the upswing.✓✓
- The larger the amplitude, the more extreme the changes that may occur. ✓✓

TREND LINE✓

- The trend line indicates the general direction in which the economy is moving. ✓✓
- When the economy is growing, there is an upward trend, but when the economy is contracting there is a downward trend.✓✓
- The trend will change when the time series data change their behavioural patterns of the past.✓✓
- The trend line normally has a positive slope because the production capacity of the economy increases over time. ✓✓

LENGTH OF A CYCLE ✓

- Length is measured from peak to peak or from trough to trough.✓✓
- Longer cycles show strength and shorter cycles show weakness with regard to economic activities.✓✓
- Cycles may overshoot which means that whenever activity in terms of some composite indicators increase to beyond its normal level.✓✓
- The contraction in the growth of output may overshoot the level where it should naturally stop. ✓✓

EXTRAPOLATION ✓

- Extrapolation refers to the estimation of something unknown from the facts that are known.✓✓
- Past data is used when predictions are made about the future based on assumptions related to trends.✓✓
- Extending a trend into the future may provide information on what is likely to happen.✓✓
- Economists may predict that the economy will grow in few months to come if a business cycle has passed through a trough and entered into an upswing.✓✓
- Extrapolation techniques are sometimes used to predict future share prices.✓✓

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MOVING AVERAGES ✓

- They are calculated along the time series so that a smoother business cycle can be established. ✓✓
- Moving averages are used to analyse the changes in a series of data over a certain period of time. ✓✓
- Economists use moving averages to eliminate the effect of sharp fluctuation in the business cycle. ✓✓

(Accept any other correct relevant response)
(A maximum of 8 marks may be allocated for mere listing of headings/examples)
(Max 26)

Analyse the impact of the contraction phase on the economy.

- The tax base for the government may decrease as some businesses may shut-down their operation and workers lose jobs. ✓✓
- Government will collect less tax revenue from businesses and households resulting in delay of some public projects due to lack of funds.✓✓
- Social expenditure by the government may increase as poverty and unemployment levels increase during the recession. ✓✓
- State debt may increase as the government tries to raise funds for some of its critical expenditure. ✓✓
- Households may lose their jobs and fail to find new employment as production of goods and services decrease. ✓✓
- Consumers' confidence will decrease resulting in less expenditure on goods and services.✓✓
- Businesses may experience low demand for goods and services as consumers postpone some of their expenditures.✓✓
- Business may generate less revenue resulting in less profits. ✓✓
- Business confidence may decrease thereby discouraging them from investing in the economy.✓✓
- The foreign sector will have less supply of South African exports as domestic production decreases.✓✓
- Foreign investors will lose confidence with the economy resulting in less capital Inflow. ✓✓

(Accept any other correct relevant response)
(A maximum of 2 marks may be allocated for mere listing of facts/examples) (Max 10)

CONCLUSION

The country can be enabled to prepare suitable policies to deal with different changes in the economy reflected by the indicators and features.✓✓
(Accept any other correct relevant higher order conclusion) (Max 2)

[40]

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QUESTION 6: ECONOMIC PURSUITS **40 MARKS – 40 MINUTES**
Discuss in detail South Africa's social indicators. **(26 marks)**

INTRODUCTION
Social indicators are measures that economists use to evaluate the performance of a country in terms of the social well-being of its citizens. ✓✓
(Accept any other correct relevant introduction) **(Max 2)**

MAIN PART

1. Demographics ✓
- This deals with the characteristics of the population, such as size, race, age, gender, income geographic distribution, language, education, occupation and religion. ✓✓
- These are definable issues related to human well-being over a period of time. ✓✓
- The size of the population is important for infrastructure and social programmes.✓✓

(a) Population growth: ✓
- Population growth is the increase in the number of people in a population or dispersed group. ✓✓
- Measuring population growth is important for delivering social services and for identifying the size of the tax base (the total number of people paying taxes). ✓✓
- Understanding population growth is important for predicting, managing, monitoring, and eradicating pest and disease outbreaks. ✓✓
- Population growth usually has implications for indicators related to education, Infrastructure and employment. ✓✓
- Human settlements and the use of natural resources are also related to population growth. ✓✓

(b) Life expectancy ✓
- The term 'life expectancy' refers to the number of years a person can expect to live. ✓✓
- Life expectancy is based on an estimate of the average age that members of a particular population group will be when they die. ✓✓
- In 2026, life expectancy for women in South Africa was about 69,4 years, while life expectancy for men was about 64 years on average. ✓✓
- It is a measure that is often used to determine the overall health of a Community. ✓✓
- Changes in life expectancy are often used to describe trends in mortality. ✓✓
- An increase in life expectancy may increase the productivity of available human resources, ✓✓ e.g., by improving health of workers .✓
- Life expectancy for a particular population group depends on factors such as their lifestyle, access to healthcare, diet and economic status. ✓✓

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2. Nutrition and Health ✓

- The standard of living of the population is related to the quality of nutrition and health. ✓✓

Nutrition

(a) Child malnutrition ✓

- Malnutrition is expressed in two ways – weight for age (under-weight) and height for age (dwarfism). ✓✓
- The proportion of underweight children is the most important indicator of Malnutrition. ✓✓
- In South Africa malnutrition is one of the leading causes of child deaths, and the number of affected children is increasing. ✓✓
- The main causes of childhood malnutrition are household food insecurity, inadequate care and unhealthy household environment, and lack of health care services. ✓✓

(b) Overweight children/Obesity ✓

- There is an association between obesity of children and other diseases. ✓✓
- South Africa has a combined overweight and obesity prevalence of 13,5% in children aged 6–14 years, which is higher than the 10% global prevalence in school children. ✓✓

Health

(a) Infant mortality/Child mortality ✓

- Infant mortality refers to the number of children who die before the age of one year and it is one way of measuring the health of a population. ✓✓
- The infant mortality rate is the number of infant deaths for every 1 000 live births. ✓✓
- Infant mortality rate of South Africa is 24,2 deaths per thousand live births in 2026. ✓✓
- The main causes of infant mortality in South Africa are HIV and AIDS, pregnancy and childbirth complications, and malnutrition, which are all related to poverty. ✓✓
- Reducing infant mortality requires increased health sector spending and improved health systems functioning. ✓✓

(b) Under-five mortality ✓

- Under-five mortality is the number of children that will die before the age of 5 years. ✓✓
- Under-five mortality rate of South Africa is 34,6 deaths per thousand live births in 2026. ✓✓

(c) Health expenditure ✓

- Health expenditure measures the amount of money spent on health as a percentage of GDP. ✓✓
- In 2019, health expenditure as a share of GDP for South Africa was 9,1%. ✓✓

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(d) Access to safe drinking water ✓

- Access to safe drinking water measures the percentage of a population that has reasonable access to safe drinking water. ✓✓
- In South Africa the most improved water source was piped water inside the house with about 44% of households having such access. ✓✓
- South Africa is expected to experience a water deficit of 17% by 2030, and climate change may worsen the situation. ✓✓

(e) Access to sanitation facilities ✓

- Access to sanitation facilities measures the percentage of a population with at least adequate sanitation facilities that can prevent human, animal and insect contact. ✓✓
- In South Africa about 80% of households use an improved sanitation facility. ✓✓
- Approximately, 61% of households have flush toilets connected to the public sewer and about 12% of households have pit toilets with ventilation pipes. ✓✓
- Poor sanitation causes economic losses associated with the direct costs of treating illnesses and lost income through reduced productivity. ✓✓

3. Education ✓

- People's standard of living is directly related to their level of formal education. ✓✓
- Five or six years of schooling is a critical threshold for the achievement of sustainable literacy and numeracy skills. ✓✓



(a) Public expenditure ✓

- Public expenditure measures the percentage of the national budget that is directed towards education. ✓✓
- In South Africa education receives the greatest share of government spending, with 21% of non-interest allocations set aside for basic and higher education. ✓✓
- Government expenditure on education, as a percentage of GDP in South Africa was about 6,2 % in 2026. ✓✓

(b) Secondary enrolment ✓

- Secondary enrolment shows the percentage of an age group attending high school. ✓✓
- Secondary school enrolment, in South Africa has been improving over the last decade. ✓✓

(c) Primary completion ✓

- Primary completion refers to the percentage of an age group that has completed primary education. ✓✓
- The percentage is an indicator of the efficiency of the education system. ✓✓
- The primary school completion percentage for South Africa increased from 77,07% in 1991 to 92% in 2024. ✓✓

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(d) Youth literacy rate ✓

- Youth literacy rate is the percentage of people ages 15-24 who can both read and Write. ✓✓
- Youth literacy rate of South Africa increased from 97,6% in 2007 to 99% in 2015, growing at an average annual rate of 0,24%. ✓✓
- Literacy not only enriches an individual's life, but it creates opportunities for people to develop skills that will help them provide for themselves. ✓✓
- Literacy improves the ability of individuals to access information. ✓✓

4. Services ✓

- Services are vital to enhance people's lifestyle and level of economic and social development. ✓✓

(a) Electricity ✓

- The percentage of households connected to the country's main electricity supply increased to 8-,7% in 2026. ✓✓

(b) Refuse removal ✓

- Approximate 66,4% of households in South Africa had access to refuse removal by the local authorities once a week in 2026. ✓✓



(c) Water supply ✓

- In South Africa about 89% of households had access to clean water in 2026. ✓✓

(d) Sanitation ✓

- Just over 83% of households in South Africa had access to functioning basic sanitation in 2024. ✓✓
- e.g. flush toilets/pit toilets with ventilation pipes/and chemical toilets ✓

5. Housing and urbanisation ✓

- The standard of living of the population is directly related to the quality of their housing and services. ✓✓

Housing

- In 2017, about 80% of South Africans were living in formal dwellings. ✓✓
- A further 14% was living in informal housing, which are mostly squatter settlements on the periphery of cities and towns and in the gardens of formal houses. ✓✓
- The remaining 6% was living in traditional homes in rural villages. ✓✓
- Many South African citizens are poor and cannot afford property. ✓✓
- The government supplies housing subsidies and the private sector provides housing loans. ✓✓
- The government built 2,7 million low-cost houses over the past 15 years, but there is still an estimated backlog of 2 million more. ✓✓
- Adequate housing can also facilitate labour mobility within the economy and help the economy adjust to adverse shocks. ✓✓

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Urbanisation

- Urbanisation occurs because people move from rural areas (countryside) to urban areas (towns and cities). ✓✓
- Urbanisation is the process of increasing the proportion of people living in towns and cities. ✓✓
- South Africa is urbanising rapidly with 63% of households already living in urban Areas. ✓✓
- The statistics are expected rise to 71% by 2030 which will increase demand on basic infrastructure requirements. ✓✓
- Urbanisation is measured/caused by natural growth of the urban population, rural-urban migration and the establishment of new towns. ✓✓

(Accept any other correct relevant response)
(Allocate a max of 8 marks for headings/subheadings/examples) **(Max 26)**

How does poor service delivery undermine socio economic rights of citizens?

(10 marks)

- Service backlogs and corruption in the building of RDP houses has left millions of citizens without adequate shelter that is appropriate for human dignity. ✓✓
- Failing water and sanitation infrastructure increases the likelihood for people to contact a wide range of diseases. ✓✓
- Poor maintenance of school infrastructure exposes learners to overcrowding and a poor learning environment which undermines the learner's opportunity to succeed. ✓✓
- Crisis in the energy infrastructure has meant that businesses cannot strive and be profitable which results in a lack of employment opportunities. ✓✓
- Lack of adequate health infrastructure contributes to the outbreak of diseases and avoidable death which reduces the life expectancy. ✓✓
- Poor police service results in high crime rate, undermining the safety of citizens. ✓✓

(Max. 10) (Allocate a maximum of 2 marks for a mere listing of facts/ examples)

CONCLUSION

Social indicators are the best yardstick in measuring the development and progression of communities as a result of government initiatives to improve the lives of the society at Large. ✓✓

(Accept any other relevant higher order conclusion)

TOTAL SECTION C: 40
GRAND TOTAL: 150

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