



**GAUTENG PROVINCE**

EDUCATION  
REPUBLIC OF SOUTH AFRICA

**GAUTENG DEPARTMENT OF EDUCATION**

**PROVINCIAL EXAMINATION**

**JUNE 2018**

**GRADE 11**

**ECONOMICS  
PAPER 1**

**MARKING GUIDELINE**

GAUTENG DEPARTMENT OF EDUCATION  
PROVINCIAL EXAMINATIONECONOMICS  
(Paper 1)**SECTION A (COMPULSORY)****QUESTION 1****1.1 MULTIPLE-CHOICE QUESTIONS**

- |       |   |            |      |
|-------|---|------------|------|
| 1.1.1 | A – amount of money that a labourer receives ✓✓ |            |      |
| 1.1.2 | C – the production of the country ✓✓            |            |      |
| 1.1.3 | B – entrepreneurship ✓✓                         |            |      |
| 1.1.4 | C – GDP at constant prices ✓✓                   |            |      |
| 1.1.5 | D – national ✓✓                                 |            |      |
| 1.1.6 | B – Sasol ✓✓                                    |            |      |
| 1.1.7 | D – a public and a private sector ✓✓            |            |      |
| 1.1.8 | A – coal ✓✓                                     | (8x2) (16) | (16) |

**1.2 MATCHING ITEMS**

- |       |   |           |     |
|-------|---|-----------|-----|
| 1.2.1 | F – Old-age pensions are an example of this ✓                                     |           |     |
| 1.2.2 | A – Expressed by the real GDP per capita, life expectancy and level of literacy ✓ |           |     |
| 1.2.3 | G – The flow of goods and services ✓  |           |     |
| 1.2.4 | E – Secondary economic activity ✓   |           |     |
| 1.2.5 | H – Products sold within South Africa ✓   |           |     |
| 1.2.6 | D – Taxation and government income ✓  |           |     |
| 1.2.7 | C – Cars, buildings and roads ✓   |           |     |
| 1.2.8 | B – Ages between 15 and 64 years ✓  | (8x1) (8) | (8) |

**1.3 GIVE ONE TERM**

- |       |                         |           |     |
|-------|-------------------------|-----------|-----|
| 1.3.1 | Factors of production ✓ |           |     |
| 1.3.2 | Macroeconomics ✓        |           |     |
| 1.3.3 | Infrastructure ✓        |           |     |
| 1.3.4 | Productivity ✓          |           |     |
| 1.3.5 | Expenditure method ✓    |           |     |
| 1.3.6 | Per capita income ✓     | (6x1) (6) | (6) |

**TOTAL SECTION A: 30**

**SECTION B**

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

**QUESTION 2**

- 2.1      2.1.1      **List any TWO categories of final consumption expenditure by households.**
- durable goods ✓
  - semi-durable goods ✓
  - non-durable goods ✓
  - services ✓
- (2x1)      (2)
- 2.1.2      **Why is capital formation so important for the economy of South Africa?**
- It increases production of goods and services ✓✓
  - Economic growth depends on the rate at which capital formation takes place ✓✓
  - The higher the rate of capital formation, the higher will be the rate of economic growth ✓✓
- (Accept any other correct relevant answer)      (1x2)      (2)
- 2.2      Data Response
- 2.2.1      **Identify the tertiary activity in Gauteng which contributes the most to South Africa's economy?**
- Construction ✓
- (1)
- 2.2.2      **Give a reason for the economic activity that contributes the highest percentage to the tertiary sector.**
- Infrastructure development is taking place in South Africa e.g. building of stadiums, roads, bridges, dams, houses, buildings etc. ✓
- (Accept any other correct relevant response)      (1)
- 2.2.3      **Briefly explain the *term tertiary economic activities*.**
- The tertiary sector involves the services that support the economy, such as selling and distributing those items produced in the secondary industries ✓
- (Accept any other correct relevant response)      (2)

2.2.4 **Why is it preferable for a country to have a stronger tertiary sector than a primary sector?**

- The tertiary sector is the largest generator of jobs. ✓✓ / the tertiary sector employed more people and skills than the primary sector.  
(Accept any other correct relevant response) (2)

2.2.5 **What is the role of transport in strengthening the tertiary sector in Gauteng?**

- Commuting workers to and from their workplace on a regular basis ✓✓
- Transporting goods from the factories to the markets / distributors ✓✓  
(Accept any other correct relevant response) (2x2) (4)

2.3 **DATA RESPONSE**

2.3.1 **Identify a possible reason for the decrease in entrepreneurship in SA?**

- Drop in funding / decrease in funding ✓ (1)

2.3.2 **List ONE main reason why respondents started their own businesses.**

- They identified an opportunity ✓
- They wanted to be their own boss ✓ (1)

2.3.3 **Briefly describe the concept *entrepreneurship*.**

- Entrepreneurship is an agent who combines all factors of production into useful goods and services. ✓  
(Accept any other correct relevant response) (2)

2.3.4 **Explain any factor which influences the profits of an entrepreneur.**

- The skills of the entrepreneur
  - Entrepreneurs must do intensive market research and analyse competitors. ✓✓
- The demand for the product
  - If the demand for the product is high, sales are likely to be high. ✓✓
- The production processes and techniques
  - Producers must decide on aspects such as mass production. ✓✓ (2)

2.3.5 **What is the importance of entrepreneurship in the South African economy?**

Entrepreneurs play a very important role in contributing to:

- Economic growth and progress in any economy ✓✓
- Combines the factors of production to produce goods and services to satisfy the needs and wants of consumer ✓✓
- Take the initiative to start businesses to make a profits and carry all the losses if the business goes bankrupt ✓✓
- Make decisions on what to produce, where to set up the business and who to produce for ✓✓

(Accept any other correct relevant response)

(2x2) (4)

2.4 **Differentiate between *renewable* and *non-renewable* resources**

**Renewable resources**

- Are those that are replaced by natural processes ✓✓
- Reproduce and replenish naturally without intervention within a short/medium time span ✓✓
- e.g. weather (sunlight, rain), plants and animals ✓ (MAX 4 MARKS)

**Non renewable resources**

- Such as minerals, fossil fuels and soil have to be used carefully because they do not have an annual cycle of growth, but take millions of years to form ✓✓
  - Cannot replenish itself or takes a very, very long time ✓✓  
e.g. coal, oil, minerals, gas ✓ (MAX 4 MARKS) (2x4) (8)
- (Accept any other correct relevant response)  
(Allocate a maximum of 4 marks for mere listing of facts / examples)

2.5 **How can the development of small businesses benefit the marginalised groups in South Africa?**

Small businesses can benefit the marginalised by:

- Providing guidance to create employment for structurally unemployed people that might lead towards a more inclusive economy ✓✓
- Promoting entrepreneurial development among women and the youth in rural areas where unemployment is very high ✓✓
- Helping in the diversification of the economy by promoting the upliftment of a variety of skills ✓✓
- Enhancing competition most needed to benefit the consumer pricewise
- Reduce poverty in poor rural areas by means of an income ✓✓

(Accept any other correct relevant response)

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

(8)  
[40]

## QUESTION 3: MACROECONOMICS

40 MARKS – 30 MINUTES

- 3.1 3.1.1 List any TWO examples of primary energy sources used in South Africa.
- Coal ✓
  - Uranium ✓
  - Solar ✓
  - Hydro ✓
  - Wind ✓
  - Wood ✓
- (2x1) (2)
- 3.1.2 Why are resources so important in the production process?
- Resources are used as inputs in the process of production to manufacture goods and services ✓✓ (1x2) (2)  
(Accept any other correct relevant response)
- 3.2 DATA RESPONSE
- 3.2.1 Identify the method used to calculate the GDP in the table above.
- Income method / GDP(I) ✓✓ (2)
- 3.2.2 Briefly describe the term *gross domestic product*.
- Value of all final goods and services produced within the borders of a country for a certain period of time ✓✓ (2)  
(Accept any other correct relevant response)
- 3.2.3 What is the main purpose of subsidies on production?
- To reduce cost of production ✓✓ / to encourage the production for exports ✓✓ / subsidies will benefit the consumer (pay lower prices) ✓✓ / increase the production of certain goods ✓✓ (2)  
(Accept any other correct relevant response)
- 3.2.4 Calculate the consumption of fixed capital as a percentage of the GVA at factor cost. Show ALL calculations.
- (Consumption of fixed capital/GVA at factor cost X 100)**
- $R560\,397 / R3518\,318 \times 100$  ✓  
= 15,9 % ✓✓ OR 16 % ✓✓ (4)  
(If only the answer is given, allocate 2 marks)

## 3.3 DATA RESPONSE

3.3.1 Identify the economic concept illustrated by the extract.

- Unemployment ✓ (1)

3.3.2 Provide a reason for the economic concept displayed on almost every street corner?

- Unemployment increase every year ✓ (1)

3.3.3 Briefly explain TWO social reasons for the high unemployment rate in South Africa.

- Lack of education ✓✓ / high adult illiteracy levels ✓✓
- Lack of skills ✓✓ / lack of skilled labour supply ✓✓ (2x2) (4)  
(Accept any other correct relevant response)

3.3.4. How can the informal sector impact on reducing the unemployment rate?

- People can start their own businesses ✓✓
- People don't need high start up capital ✓✓
- People don't need skills and education ✓✓
- People will receive an income and that will help to satisfy most basic needs ✓✓ (2x2) (4)  
(Accept any other correct relevant answer)

3.4 Distinguish between *real investment* and *financial investment*.

- **Real investment** or gross fixed capital formation is spending on additions to the capital stock e.g. machinery, structures and inventories ✓✓
- It is undertaken with the aim of making profits in the future ✓✓ (Max. 4 marks)
- **Financial investment** is investment in shares and other financial instruments ✓✓
- It is an asset that you put money into with the hope that it will grow or appreciate into a larger sum of money ✓✓ (Max. 4 marks) (2x4) (8)  
(Accept any other correct relevant response)  
(Allocate a maximum of 4 marks for mere listing of facts / examples)

3.5 **How can government solve the issue of land distribution in South Africa?**

**Land Restitution Programme ✓**

- The purpose of the programme is to assess the validity of claims, restore land or pay financial compensation to the claimants ✓✓
- People who were dispossessed of their land as a result of racially discriminatory laws and practices ✓✓

**Land Redistribution Programme ✓**

- The purpose to provide previously disadvantaged South Africans with access to agricultural land. ✓✓
- The government originally aimed to redistribute 30 % of South Africa's agricultural land by 2025. ✓✓
- The emphasis has shifted from faster redistribution of land to more support for settled beneficiaries. ✓✓

(8)

(Accept any other correct relevant response)

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

**[40]**



**QUESTION 4: MACROECONOMICS****40 MARKS – 30 MINUTES**4.1 **Answer the following questions:**4.1 4.1.1 **List any TWO types of communication infrastructure used in South Africa.**

- Postal services ✓
  - Telecommunications ✓
  - Internet and e-mail ✓/ Social media ✓
  - Radio ✓
  - Television ✓
  - Print media e.g. newspapers and magazines ✓ (2x1) (2)
- (Accept any other correct relevant response)

4.1.2 **How can taxation be used to reverse the downward trend in the economy?**

- Taxes should be decreased ✓✓
  - Decreased taxation will increase the disposable income of consumers ✓✓
  - This will lead to an increase in the demand of goods and services, which in turn will lead to an increase in the supply (production) of goods and services ✓✓
  - Economic activities will increase and the economy will grow ✓✓ (1x2) (2)
- (Accept any other correct relevant response)

4.2 **DATA RESPONSE**4.2.1 **Identify a reason why Eskom implemented load-shedding?**

- There is a greater demand than supply in the provision of electricity ✓ (1)
- (Accept any other correct relevant response)

4.2.2 **List the percentage of electricity used by the primary sector in South Africa?**

- (Agriculture + mining percentages)(1,4% + 0,03%)**
- 1.43 % ✓ (1)

4.2.3 **Briefly explain the term load-shedding in terms of electricity.**

- Interruption of an electricity supply to avoid an overload on the generating plant. ✓✓ (2)
- (Accept any other correct relevant response)

4.2.4 **Why do domestic consumers use the greatest amount of electricity?**

- The domestic consumers are growing in numbers / population increase ✓✓
  - Increasing in housing developments, e.g. RDP / complex developments ✓✓ (2)
- (Accept any other correct relevant response)

4.2.5 **How will the South African economy be influenced by load-shedding?**

- Exports will decline and will cause lower foreign exchange ✓✓
  - Workers will earn less income and spend less on goods and services ✓✓
  - Prices will increase because of shortage or lower production ✓✓
  - Importing of products because of short supply ✓✓
  - Service delivery will decline ✓✓
  - Low production will lead to low economic growth or low GDP
  - Less state revenue, such as less taxes received. (2x2) (4)
- (Accept any other correct relevant response)

4.3 **DATA RESPONSE**

4.3.1 **Identify a country using the mentioned economic system.**

- \* USA / America ✓ (1)

4.3.2 **List ONE advantage of a free market economy.**

- Individuals make their own decisions ✓
  - The freedom of choice ✓
  - No government intervention ✓
  - Factors of production are controlled and owned privately ✓ (1)
- (Accept any other correct relevant response)

4.3.3 **Briefly explain the term *free market economy*.**

- The market economy (free market) resolves the basic economic problems of “what”, “how” and “for whom” to produce through the market mechanism. ✓✓
  - The interactions of consumers and business enterprises determines the prices of goods and services freely with limited state intervention. ✓✓ (2)
- (Accept any other correct relevant response)

4.3.4 **How is the market economy “self-regulating”? Motivate.**

- The price mechanism co-ordinates the economic activities. ✓✓
- Consumers and producers come together to respond to each other’s needs. ✓✓
- Consumer’s freedom of choice directs the types and quantities of goods. ✓✓

(2)

4.3.5 **Why is capitalism not beneficial to all countries and consumers?**

- Resources are under-utilised or not used efficiently
    - A duplication of economic activities often occurs, which could result in market failures ✓✓
  - Unequal distribution of income
    - The creation of wealth involves those people with capital, while the sick and homeless suffer. ✓✓
  - Economic instability
    - The fluctuations in business cycles result in inflation and unemployment. ✓✓
  - The poor are excluded from markets
    - The freedom of choice are often not suitable for the poor, such as the benefits obtained from advertising ✓✓
  - The formation of pressure groups
    - The freedom of enterprises can create monopolies and cartels, which influence the economy negatively. ✓✓
- (Accept any other correct relevant response) (2x2) (4)

4.4 **Explain the role of the factor market in the circular flow.**

- The households own the factors of production and sell the factors on the input market (factor market) to the producers ✓✓
  - They receive an income (wages, rent, interest and profit) in return ✓✓
  - They use the income and buy goods and services ✓✓
  - Businesses purchase the factors of production from the households in the factor market ✓✓
  - They use the factors of production to produce goods and services ✓✓
  - These goods and services are sold to the households ✓✓ (4x2) (8)
- (Accept any other correct relevant response)  
(Allocate a maximum of 4 marks for mere listing of facts / examples)

4.5 **How is Black Economic Empowerment ensuring community participation in South Africa?**

- Broad-Based Black Economic Empowerment (BBBEE) is a form of economic empowerment introduced by the South African government aiming to distribute wealth as wide as possible throughout communities. ✓✓
  - According to the Broad-Based Black Empowerment Act, the previously disadvantaged groups are black people, coloured people and women. ✓✓
  - Broad-Based Black Economic Empowerment Act provides the small and medium enterprises some access to the markets. ✓✓
  - Involves black owners of businesses and public enterprises, as well as large businesses, so that they are included in all decision-making. ✓✓
  - Support for black businesses so that black people can play a larger role in the economy. ✓✓
  - Access and entrance to the stock exchange for black owners / people. ✓✓ (8)
- (Accept any other correct relevant response)  
(Allocate a maximum of 2 marks for mere listing of facts / examples)

**TOTAL SECTION B: 80**

## SECTION C

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

Your answer will be assessed as follows:

STRUCTURE OF ESSAY	MARK ALLOCATION
<b>Introduction</b>	Max.2
<p><b>Body:</b> Main part: Discuss in detail / in-depth discussion / Examine Discuss / Analyse / Compare / Evaluate / Distinguish / Explain Assess / Debate.</p> <p><b>Additional part:</b> Give own opinion / Critically discuss / Evaluate / Critically evaluate / Draw a graph and explain / Use the graph given and explain / Complete the given graph / Calculate / Deduce / Compare / Explain / Distinguish / Interpret / Briefly debate</p>	<p><b>Max. 26</b></p> <p><b>Max. 10</b></p>
<p><b>Conclusion:</b> Any relevant higher order conclusion that should include: *A brief summary of what has been discussed / analysed without repeating facts already mentioned in the body. *An opinion or value judgement on the facts discussed. *Additional support information to strengthen the discussion / analysis. *A contradictory viewpoint with motivation, if so required. *Recommendations</p>	<b>Max. 2</b>
<b>Total</b>	<b>40</b>

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

- Discuss the delivery of social services in South Africa. (26 marks)
- What can the South African government do to improve the delivery of social services to its citizens? (10 marks)

**INTRODUCTION**

Government's socio-economic programmes to improve the economic problems in South Africa such as housing, education, economic growth, high unemployment, medical services and the delivery of basic services like water and electricity, are evaluated every year. ✓✓

(Accept any other correct relevant introduction)

**(Max. 2)****MAIN BODY****SOCIAL SERVICES IN SOUTH AFRICA****Education and training** ✓

- Education is the single largest item of expenditure in the budget ✓✓
- It includes basic education in schools, FET colleges and universities, to increase literacy ✓✓
- The government sees education as an important empowering method.
- The emphasis is on **Early Childhood Development (ECD)** ✓✓
- The percentage of persons with no formal education, as well as the level of illiteracy also decreased. ✓✓
- A huge concern is the large number of dropouts from school and tertiary institutions. ✓✓

**Healthcare** ✓

- To provide basic health services to the community as a whole ✓✓
- Demand for healthcare is likely to increase as more patients have to receive treatment for HIV/Aids and TB ✓✓
- The health of a population is very important, as it ensures productivity in the workplace. ✓✓
- Healthy people have an incentive to invest in education, as their extended lifespan will earn them larger returns. ✓✓
- The public healthcare focuses on providing **primary healthcare** at clinics and mobile visiting points. ✓✓

**Housing** ✓

- Includes the provision of housing for the needy ✓✓
- The National Housing Finance Corporation (NHFC) is the public sector enterprise responsible for servicing the **low-income** housing sector. ✓✓
- The government also provides the housing **subsidy scheme**, which provides funding to eligible individuals earning low incomes. ✓✓

**Social security ✓**

- Tries to meet the basic needs of some individuals ✓✓
- It also protects and promotes the rights of vulnerable groups such as children, older persons, women and people with disabilities ✓✓
- The Department of Social Development in South Africa also manages a **poverty relief programme** (food) in all the nine provinces.

**Public order and safety ✓**

- Physical protection includes the defence, police, criminal justice system and prison services ✓✓
- They are collective services ✓✓
- The quality and efficiency of these services make societies and individuals feel safe or unsafe, secure or insecure ✓✓

(Accept any other relevant correct response)

**(Allocate a max of 8 marks for headings / subheadings / examples) (Max 26)**

**ADDITIONAL PART**

- **What can the South African government do to improve the delivery of social services to its citizens?**

**The South African government can:**

- Provide free health services of quality at the provincial hospitals and clinics, because everyone is not able to pay for these services privately ✓✓
- Develop more major road infrastructure leading into economic hubs to accommodate more traffic ✓✓
- Extend school feeding schemes to more primary schools in the country where major unemployment is experienced in communities ✓✓
- Improve the provision of clean water to communities, especially when droughts are experienced ✓✓
- Increase free housing services and grants to the needy ✓✓ (MAX 10)  
(Accept any other correct relevant response)

**CONCLUSION**

Despite huge increases in spending, the delivery of social services in South Africa is in crisis and many demonstrations occur to complain about the poor level of service delivery. (Max. 2)

(Accept any other correct relevant response)

**[40]**

**QUESTION 6: MACROECONOMICS****40 MARKS: 40 MINUTES**

- **Discuss the economic importance of the primary sector in the economy** (26)
- **How can the establishment of more labour-intensive industries benefit South Africa?** (10) **[40]**

**INTRODUCTION**

The primary sector (primary industry) consists of economic activities that are based on natural resources that come from the earth, e.g. mining, farming, forestry and fishing. ✓✓

(Accept any other correct relevant response)

**(Max. 2)****MAIN BODY**

Importance of the primary sector

**Provides food and minerals** ✓

- Some agricultural products are imported ✓✓
- South Africa is almost self-reliant in minerals besides crude oil and other oil products that need to be imported ✓✓
- Earns foreign exchange by exports, which in turn pays for the imports of other products ✓✓

**Trains workers and creates job opportunities** ✓

- Workers need to be trained to use the machinery ✓✓
- Job opportunities are created in the mining industry ✓✓
- Agriculture is an important employer for rural people, although the numbers have declined in recent years ✓✓

**Provision of raw material for secondary industries**

- Fishing, mining and forestry play a vital role in the expansion and establishment of the secondary industries in South Africa ✓✓

**Contribution to GDP** ✓

- Due to the fall in the contribution of the primary sector to the GDP, it is vital that its role of job creation still exists ✓✓
- South Africa is still one of the largest producers of most minerals in the world. ✓✓

**Source of capital formation** ✓

- The primary sector needs large amounts of capital to produce goods ✓✓
- Foreign investment plays a vital role in the expansion of these industries. ✓✓

**Stimulation of research and development** ✓

- In the primary sector there are research institutions that conduct research into methods of boosting productivity and quality ✓✓



**Source of state income ✓**

- In this sector the SARS receives taxes from all industries
- Gold mining companies pay extra taxes, which form an important source of state revenue ✓✓

**Positive influence on infrastructure ✓**

- The development of agricultural regions and the discovery of minerals plays an important part in the country ✓✓  
(Accept any other correct relevant response)  
(Allocate a maximum of 8 marks of headings / sub headings / examples)

**(Max. 26)****ADDITIONAL PART****How can the establishment of more labour-intensive industries benefit South Africa?****Establishment of more labour intensive industries will benefit South Africa by:**

- providing more job opportunities ✓✓
- improving the utilisation of available resources ✓✓
- e.g. mining, agriculture and manufacturing industries ✓✓
- transferring a greater variety of knowledge and skills to the workers ✓✓
- using artisans, technicians and engineers that will lead to better economic growth ✓✓
- improving the standard of living of the citizens ✓✓
- generating more revenue for the state via income tax ✓✓  
(Accept any other correct relevant response)  
(Allocate a maximum of 8 marks for headings / sub headings / examples)

**(Max. 10)****CONCLUSION**

Despite the decline in the contribution of the agricultural sector to the GDP, it still plays an important role in providing job opportunities ✓✓ **(Max. 2)**  
(Accept any other correct relevant response)

**TOTAL SECTION C: 40****TOTAL: 150**