education

Department of Education
FREE STATE PROVINCE

PREPARATORY EXAMINATION

GRADE 12

ECONOMICS P2

SEPTEMBER 2024

MARKS: 150

MARKING GUIDELINE

This marking guideline consists of 17 pages.

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SECTION A (COMPULSORY)

QUESTION 1

1.1 MULTIPLE-CHOICE QUESTIONS

1.1.1 C average revenue and marginal revenue ✓✓
1.1.2 D oligopoly ✓✓
1.1.3 B amend or confirm orders ✓✓
1.1.4 B feasibility study ✓✓
1.1.5 A marketable permit ✓✓
1.1.6 D greater spending by households ✓✓
1.1.7 A communication ✓✓
1.1.8 C climate change ✓✓

(8 x 2) (16)

1.2 MATCHING ITEMS

1.2.1 I any contact or communication between actual and potential buyers and sellers of a good or service ✓

1.2.2 E when a change in price will cause a smaller percentage change in the quantity demanded ✓

1.2.3 D the practice of charging different prices to different consumers for the same good or service ✓

1.2.4 C reduction in economic welfare caused by a reduction in consumer and producer surplus ✓

1.2.5 G occurs when the price of a wide range of goods and services decreases continuously ✓

1.2.6 B occurs when salary increases move people into higher tax levels ✓

1.2.7 H government sets regulations which enforce environmental standards ✓

1.2.8 F South African citizens travelling abroad ✓

(8 x 1) (8)

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1.3 **IDENTIFY THE CONCEPT**

1.3.1 Price takers ✓
1.3.2 Positive externality ✓
1.3.3 Patent right/Patent ✓
1.3.4 Stagflation ✓
1.3.5 Ecotourism ✓
1.3.6 Land degradation ✓

(6 x 1) (6)

TOTAL SECTION A: 30

SECTION B

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

QUESTION 2

2.1 2.1.1 **Name TWO types of products that are produced by oligopolists.**

- Homogenous/Identical ✓
- Differentiated/Heterogenous ✓ (Any 2 x 1) (2)

2.1.2 **Why does the government charge excise duties?**

To discourage the use of demerit goods/To raise income to cover expenditure/To redistribute income. ✓✓
(Accept any other correct relevant response) (1 x 2) (2)

2.2 **Data Response**

2.2.1 **In which market structure are these clothing stores?**

Monopolistic competition ✓ (1)

2.2.2 **Name the positive impact that these companies have on the economy according to the information provided.**

They employ people ✓ (1)

2.2.3 **Briefly describe the term *imports*.**

Goods and services that are produced in other countries and purchased by local firms or households. ✓✓
(Accept any other correct relevant response) (2)

2.2.4 **What is the role of the Competition Commission in the economy?**

To investigate restrictive business practices, and abuse of dominant positions (mergers) in order to achieve equity and efficiency in the South African economy. ✓✓
(Accept any other correct relevant response) (Any 1 x 2) (2)

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2.2.5 **How do these businesses use product differentiation as a form of non-price competition?**

- They produce clothes that are similar in many ways but are not totally identical. ✓✓
- Their products differ in quality and style .✓✓
- The similarity of their products is in the fact that they satisfy the same consumer need. ✓✓
- They produce goods that are not identical. ✓✓

Accept any other correct relevant response) (2 x 2) (4)

2.3 **Data Response**

2.3.1 **Identify the selling price of the business above.**

10 ✓ (1)

2.3.2 **Name the curve that is labelled Z.**

Marginal cost curve/MC ✓ (1)

2.3.3 **Briefly describe the term *monopoly*.**

A monopoly is a market structure where there is only one seller of a product. ✓✓
(Accept any other correct relevant response) (2)

2.3.4 **Why is Eskom regarded as a natural monopoly?**

High development costs are involved in establishing Eskom that prevent others from entering the market. ✓✓
(Accept any other correct relevant response) (2)

2.3.5 **Calculate the loss/profit for this business. Show ALL calculations.**

= TR – TC ✓

= (10 x 10) - (15 x 10)

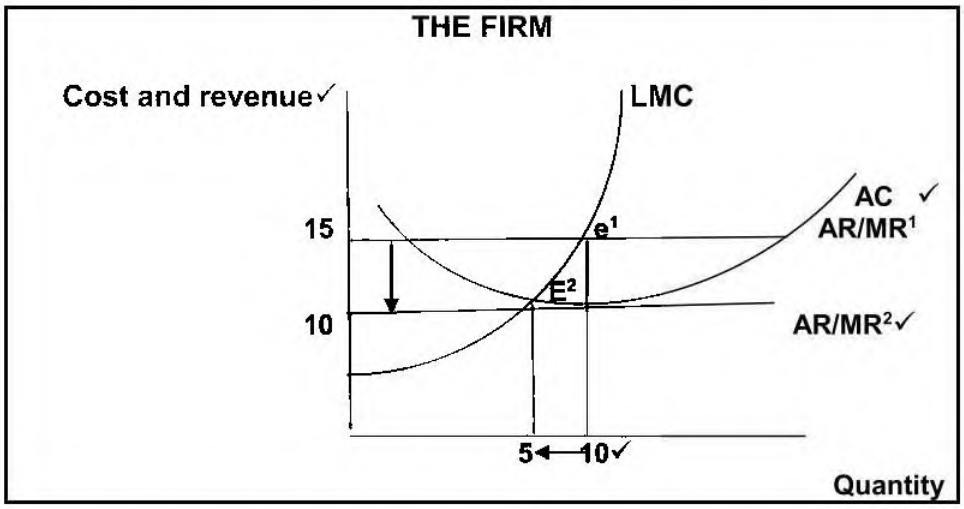
= 100 - 150 ✓

= - 50 ✓ loss ✓

OR

= AR - AC x Q ✓
= 10 - 15= -5 x 10 ✓
= - 50 ✓ loss ✓ (4)

2.4 **With the aid of a well-labelled graph, explain how a perfect competitor's economic profit will change in the long run.**



Correct positioning and labelling of cost curves = 1 mark Correct positioning and labelling of the revenue curve = 1 mark Labelling of axes = 1 mark Labelling on axes =1 mark **Max 4**

If the individual competitor was earning an economic profit at 15, in the long run, the following would happen:

- New firms will enter the market and more products will be supplied, and the market supply curve will shift to the right and the equilibrium price will drop to E^2. ✓✓
- An individual competitor will be forced to reduce the price due to the drop in market price and reduce their quantity. ✓✓
- An individual firm will then earn normal profit. ✓✓ **(Max 4)** (8)

(Allocate a maximum of 4 marks for a mere listing of facts/ examples)

2.5 **Critically evaluate the negative impact of collusion on the economy.**

- When firms collude, they discourage new entrants and this eliminates competition. ✓✓
- Collusion allows for illegal practices such as price fixing which cause inflation. ✓✓
- Collusion exposes consumers to high prices as businesses do not charge according to their costs. ✓✓
- Collusion distorts economic markets and slow-down innovation, therefore retarding the real GDP. ✓✓
- Collusion creates scarcity to increase prices while also protecting suppliers. ✓✓

(Accept any other relevant correct response) (8)
(Allocate a maximum of 2 marks for mere listing of facts/ examples)

[40]

QUESTION 3

3.1 3.1.1 **Name any TWO institutions that publish inflation figures in South Africa.**

- South African Reserve Bank/SARB ✓
- Statistics South Africa/STATSSA ✓

(Accept any other relevant correct response) (Any 2 x 1) (2)

3.1.2 **Why is desertification not desirable in the economy?**

Desertification is a process where grasslands are converted into deserts where very little will grow so it is undesirable as it hampers food security. ✓✓/It causes a challenge for society to have sufficient, safe and nutritious food to maintain a healthy and active life.
(Accept any other relevant correct response) (1 x 2) (2)

3.2 3.2.1 **Identify the year in which the inflation rate was above the inflation target.**

2022 ✓ (1)

3.2.2 **Name the index that relates to changes in the cost of production.**

Producer Price Index/PPI ✓ (1)

3.2.3 **Briefly describe the term *headline inflation*.**

Headline inflation is a measure of the total inflation within an economy and includes items that may cause sudden increases in the rate, such as food and energy./Unadjusted CPI figures. ✓✓
(Accept any other relevant correct response) (2)

3.2.4 **How does inflation affect the debtors?**

Debtors benefit because they receive money with a high purchasing power and repay their debt with money with a low purchasing power. ✓✓
(Accept any other relevant correct response) (1 x 2) (2)

3.2.5 **Use the information in the table above to calculate the inflation rate from Feb 2018 to March 2018. Show ALL calculations.**

$$= \frac{\text{CPI March 2018} - \text{CPI Feb 2018} \times 100}{\text{CPI Feb 2018} \quad 1} \checkmark$$

$$= \frac{110 - 104}{104} \checkmark \times \frac{100}{1} \checkmark$$

$$= 6/104 \times 100/1$$

$$= 5{,}76\%/5.8\% \checkmark$$

(Accept any other relevant correct response) (4)

3.3 3.3.1 **Identify the type of pollution in the above cartoon.**

Air pollution ✓ (1)

3.3.2 **Name the Department that deals with pollution in the cartoon**

Department of Environmental Affairs/DESTEA ✓
(Accept any other relevant correct response) (1)

3.3.3 **Briefly describe the term *preservation.***

Preservation refers to keeping resources that are non-renewable intact/to any strategy undertaken to safeguard the environment and maintain its current condition. ✓✓
(Accept any other relevant correct response) (2)

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3.3.4 **Briefly explain the goal of the Paris Agreement on climate change.**

The goal of the Paris Agreement is to hold the increase in global average temperature to well below 2^0C above pre-industrial levels ✓✓ and pursue efforts to limit the temperature increase to 1.5 above pre-industrial levels. ✓✓
(Accept any other relevant correct response) (Any 1 x 2) (2)

3.3.5 **How does the government intervene in the economy to protect our environment?**

The Government:

- Charges for the use of the environment – consumers and producers pay a monthly fee to the government for the waste they produce and dispose of in the environment ✓✓
- Charges environmental taxes/green taxes on the consumption of a good or anything that has a negative impact on the environment ✓✓
- Offers environmental subsidies to anyone who introduces strategies that reduce environmental damage ✓✓
- Government also charges tax and issues licences to businesses that pollute the environment ✓✓
(Accept any other correct relevant response) (Any 2 x 2) (4)

3.4 **Differentiate between *hazardous waste* and *chemical waste.***

- Hazardous waste is **highly toxic**✓ and has a slow decomposition rate✓ while chemical waste is **toxic**✓ and it can cause death in living beings.✓

- The most hazardous (dangerous) waste is radioactive waste from nuclear power ✓ ✓ whereas chemical waste needs to be carefully managed to ensure it does not seeQ into the groundwater. ✓ ✓

- The Basel Convention ✓ is an agreement to manage nuclear waste of which South Africa is a signatory ✓ and The Stockholm Protocol ✓ is a United Nations agreement to limit chemical waste. ✓

(Allocate a maximum of 4 marks for a mere listing of facts/ examples)

(8)

3.5 **Evaluate the use of monetary policy to combat inflation in South Africa.**

The SARB has successfully used different monetary policy instruments to:

- Adjust the quantity of money to the needs of the economy through the open market transaction, thus maintaining a fine balance between the supply of goods and services and money supply ✓✓
- Increasing the repo rate for banks to reduce the availability of credit to their clients, thereby reducing the demand for goods and services ✓✓ and increase the interest rates, which makes it more expensive to borrow money but at the same time, encourages savings ✓✓
- Apply moral pressure (moral suasion) on financial institutions to be more careful when granting credit to their clients ✓✓
- Increase the bank's cash reserve requirements to reduce the money available for lending to customers which will help in reducing the demand for goods and services ✓✓

(Accept any other correct relevant response) (8)
(Allocate a maximum of 2 marks for mere listing of facts/examples)

[40]

QUESTION 4

4.1 4.1.1 **Name any TWO examples of fixed costs**

- Rent ✓
- Insurance ✓

(Accept any correct relevant response) (Any 2 x 1) (2)

4.1.2 **How can a green fund help to reduce global warming?**

It can enable the establishment and use of renewable (clean/eco-friendly) energy. ✓✓
(Accept any correct relevant response) (1 x 2) (2)

4.2 4.2.1 **In which type of market are fruits and vegetables classified?**

Perfect market ✓ (1)

4.2.2 **Name any demerit good mentioned in the extract**

Alcohol ✓ (1)

4.2.3 **Briefly describe the term *market structure.***

Market structure refers to how a market is organised/ organisational structure of a market. ✓✓
(Accept any correct relevant response) (1 x 2) (2)

4.2.4 **Why does transport play a vital role in this market?**

Transport plays a vital role for it ensures that products are made available everywhere. ✓✓
(Accept any correct relevant response) (Any 1 x 2) (2)

4.2.5 **What are the benefits of online buying to consumers?**

- Consumers shop from their homes and do not have to spend time travelling. ✓✓
- Consumers save time and effort as they do not wait in long queues if they want to purchase goods. ✓✓
- Consumers are exposed to a wide variety of products to choose from and they get to compare various models. ✓✓

(Accept any correct relevant response) (Any 2 x 2) (4)

4.3 4.3.1 **Identify the concept that refers to the variety of plants and animals from the picture above.**

Biodiversity ✓ (1)

4.3.2 **Which factor of production is represented in the picture above?**

Natural resource/land✓ (1)

4.3.3 **Briefly describe the term *environmental sustainability*.**

Environmental sustainability is the ability of the environment to survive its use for economic activities. ✓✓
(Accept any other correct relevant response) (Any 1 x 2) (2)

4.3.4 **Why is water considered a scarce resource?**

The majority of South Africans do not have access to portable water and rely on rivers and wetlands to satisfy their needs. ✓✓
(Accept any other correct relevant response) (1 x 2) (2)

4.3.5 **What measures can communities implement to conserve water?**

Communities can:

- Reduce water usage in their daily lives by fixing leaks and using water-efficient appliances ✓✓
- Collect rainwater for gardening or cleaning purposes ✓✓
- Use drip irrigation and other water-saving technologies in agriculture✓✓
- Use drought-resistant crops and rotating crops ✓✓
- Reuse water✓✓

(Accept any other correct relevant response) (Any 2 x 2) (4)

4.4 **Briefly discuss the nature of product and market entry under perfect competition.**

NATURE OF PRODUCT

- The product must be identical. ✓✓ There should be no differences in style and quality. ✓✓
- In this way, products compete solely based on prices and can be purchased anywhere. ✓✓

(Accept any other correct relevant response) **(Max 4)**

MARKET ENTRY

- Producers may enter and leave a market with little interference. ✓✓
- Entering and leaving a perfect market is easy as less capital is required and there are fewer legal restrictions. ✓✓

(Accept any other correct relevant response) **(Max 4)** (8)
(Allocate a maximum of 4 marks for mere listing of facts)

4.5 **Analyse the negative effects of inflation on economic growth.**

- Inflation creates uncertainties in the economic environment and reflects negatively on production. ✓✓
- Uncertainties discourage investment which in turn, leads to reduced economic growth. ✓✓
- Reduced growth has a knock-on effect on all sectors of the economy which leads to recession. ✓✓
- Reduction in production will lead to fewer workers needed and therefore lead to unemployment. ✓✓
- Inflation also increases the cost of production, e.g. transport which leads to difficulties for small businesses that might shut down. ✓✓

(Accept any other correct relevant response) (Any 4 x 2) (8)
(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 this section in the ANSWER BOOK.

QUESTION 5

- **Discuss in detail the causes of market failures** **(26 marks)**
- **Evaluate the impact of maximum prices in the economy** **(10 marks)**

INTRODUCTION

Market failure is when forces of demand and supply fail to allocate resources efficiently. ✓✓
(Accept any other correct relevant response) **(Max. 2)**

BODY: MAIN PART

1. **MISSING MARKETS** ✓

- Markets are often incomplete in the sense that they cannot meet the demand for certain goods.
  Public goods: ✓
- They are not provided by the price mechanism because producers cannot withhold the goods from non-payment and there is often no way of measuring how much a person consumes. ✓✓
  Public goods have the following features:
- Non-rivalry: ✓The consumption by one person does not reduce the consumption of another person, ✓✓ for example, a lighthouse. ✓
- Non-excludability: ✓ Consumption cannot be confined to those who have paid, so there are free riders, ✓✓ for example, radio and TV licences in South Africa. ✓
- Non-rejectability: ✓ Individuals are not able to abstain from consumption on public goods such as street lights✓✓

Merit goods✓✓
These are goods/services that are deemed necessary or beneficial to the society, ✓✓
For example, education, health care etc. ✓
These goods are highly desirable for general welfare but not highly rated by the market, therefore provide inadequate output/supply. ✓✓
The reason for the undersupply of merit goods is that the market only takes the private costs and benefits into account and not the social costs and benefits. ✓✓

Demerit goods✓
These are goods/services that are regarded as bad or harmful for consumption hence we should use less of these✓✓ For example, alcohol, cigarettes, etc. ✓
Demerit goods lead to a lot of social costs, therefore, the government charges sin tax

/ excise duties to discourage the consumption of such goods. ✓✓
The market tends to oversupply demerit goods. ✓✓
Some consumers may be unaware of the true cost of consuming them. ✓✓

2. EXTERNALITIES ✓

- Externalities are costs and benefits to the third party that are not included in the market price. ✓✓
- Goods that have negative externalities are over-produced because the cost to the third party is not included in the market price. ✓✓
- Goods that have positive externalities are under-produced because the benefit to the third party is not included in the market price. ✓✓
- Externalities are the cost and benefits (spill-over effects or third party effects) that convert private cost and benefits into social cost and benefits. ✓✓

Private cost✓
- Internal costs are also known as private costs. ✓✓
- They are costs incurred by consumers and producers when they buy or produce goods and services. ✓✓

Private benefits✓
- These benefits accrue to those who buy the goods and those who produce the goods. ✓✓
- For example, the family enjoys using the car and the producer sells it (profit). ✓

Social costs✓
- These are costs to individual producers and consumers as well as to society at large. ✓✓
- For example, pollution that is caused by waste products, such as tyres, batteries, oil. ✓
- No value is given for these extra or external costs because no market exists to price them. ✓✓
- Social costs include both private costs and external costs. ✓✓

Social benefits✓
- Sometimes externalities are positive, for example, municipalities provide clean water, for which consumers pay. ✓✓
- Consumers pay for a private benefit, however, society at large has the benefit of fewer illnesses from contaminated water. ✓✓
- A healthier workforce can work more productively and is often absent from work less. ✓✓
- Social benefits include both private benefit and external benefit. ✓✓

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NOTE: Graphs of positive and negative externalities must be allocated a maximum of (2 marks) if drawn by learners.

3. IMPERFECT COMPETITION ✓

- In market economies, competition is often weakened by market power because power often lies to a greater extent with producers than with consumers. ✓✓
- Most businesses operate under conditions of imperfect competition that allows them to restrict output, raise prices and produce where price exceeds marginal cost. ✓✓
- Monopolies and oligopolies restrict supply in order to maximise profits and can also prevent new businesses from entering the industry. ✓✓
- Resources are under allocated to the production of goods and services produced under conditions of imperfect competition. ✓✓
- The government may choose to do nothing about imperfect competition and trust that large profits will attract competitors to the market or it can regulate the market through competition policy. ✓✓

4. LACK OF INFORMATION ✓

- Technical and allocative efficiency require that both producers and consumers have complete and accurate information about the costs and benefits of the goods and services produced and consumed in the market. ✓✓
- Producers and consumers make production and consumption decisions based on the information they have. ✓✓
- When information is incomplete or inaccurate, it leads to wrong decisions about what to produce, how to produce and for whom to produce, and a waste of resources occurs. ✓✓
- Producers might not know all the different technologies and production techniques that are available and the different resources that can best be used to produce goods/services more efficiently. ✓✓
- Consumers might not know that the price of a product is lower from other suppliers or about the harmful effects of a product since they might just base their decisions to use the product on the information from a misleading suppliers. ✓✓

5. IMMOBILITY OF FACTORS OF PRODUCTION ✓

- Markets do not respond to changes in consumer demand if resources cannot be easily reallocated due to a lack of information. ✓✓
- The supply of labour cannot be increased because of the time it takes to be trained or educated. ✓✓
- Labour takes time to move into new occupations and geographically due to the

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long time it takes to upgrade skills, and family ties. ✓✓
- Physical capital such as equipment, buildings, land and raw materials can only move from one place to another at a high cost. ✓✓
- Technological applications change production methods such the use of robots rather than physical labour. ✓✓
- With greater technological change there is an increasing need for workers to become flexible, to update skills, change employment, occupations and work patterns. ✓✓

6. IMPERFECT DISTRIBUTION OF INCOME AND WEALTH ✓

- In market economies, competition is often weakened by market power because power often lies to a greater extent with producers than with consumers. ✓✓
- Most businesses operate under conditions of imperfect competition that allows them to restrict output, raise prices and produce where price exceeds marginal cost. ✓✓
- Monopolies and oligopolies restrict supply in order to maximise profits and can also prevent new businesses from entering the industry. ✓✓
- Resources are under allocated to the production of goods and services produced under conditions of imperfect competition. ✓✓
- The government may choose to do nothing about imperfect competition and trust that large profits will attract competitors to the market or it can regulate the market through competition policy. ✓✓

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

BODY: ADDITIONAL PART

- **Evaluate the effect of maximum prices on the economy.**

The positive effect of setting the maximum prices is that:

- It is set below the market price so it makes goods to be more affordable for the consumers. ✓✓
- It also allows the poor greater access to certain goods and services so the needs of the majority of citizens are satisfied. ✓✓
- It improves the welfare of some consumers since goods can be purchased at lower prices. ✓✓
- In South Africa, a maximum price is set on goods such as basic foods, housing and transport and these items are needed by all citizens. Many people can survive well in the economy when government sets maximum prices. ✓✓

The negative effect of maximum prices on the other hand is that:

- The quantity of goods supplied decreases as producers will not want to produce goods that are cheaper because their profits decrease ✓✓ while the quantity demanded increases because the price of goods has decreased. ✓✓
- It leads to shortages of products that lead to black markets that are not regulated in the economy. ✓✓

(Accept any other relevant explanation)
(Allocate a maximum of 2 marks for mere listing of facts) **(Max. 10)**

CONCLUSION

Government needs to improve the population's general health and standard of living by promoting more measures that limit market failures in the economy. ✓✓
(Accept any other correct relevant high-order conclusion) **(Max. 2)**
[40]

QUESTION 6

- **Examine in detail the benefits of tourism.** **(26 marks)**
- **Evaluate the impact of increases in petrol prices on tourism** **(10 marks)**

INTRODUCTION

Tourism involves all activities of people travelling to and staying in places outside their usual environment for no more than one year for leisure or other purposes. ✓✓
(Accept any other correct relevant introduction) **(Max. 2)**

BODY: MAIN PART

1. **HOUSEHOLDS** ✓

Tourism benefits a household's prosperity (wealth) in three ways:

- More people earn salaries and wages because of additional job opportunities ✓✓
- Infrastructure built for tourists is available both for tourists and local people's use ✓✓
- A variety of skills is required in the tourism industry ✓✓
- Entrepreneurs from households that operate as curio producers, musicians, interpreters and tour guides also earn an income from tourism ✓✓

2. **BUSINESSES** ✓

Tourism has many benefits for the business sector:

- Tourism has the biggest impact on the services industry ✓✓
- The construction industry, manufacturing sector, recreation sector and transport sector all benefit from increased demand due to tourism ✓✓
- Tourism in urban and rural areas stimulates the business environment, especially in the areas of accommodation, food and entertainment ✓✓
- It also enables regions to achieve socio-economic objectives by offering entrepreneurial opportunities for the informal sector and assisting with black economic empowerment ✓✓
- Superstructure is normally supplied by the private sector and the building and running of the superstructure make profits ✓✓
- Other work opportunities become available for the previously disadvantaged; these include:
  - Employment opportunities in entertainment, laundry and transportation ✓✓
  - Business opportunities in car rental, arts, crafts and curio sales ✓✓

3. **GOVERNMENT** ✓

- The main benefit to the government is in the levying (charging) of taxes. ✓✓
  This has two main purposes:
  - To recover external costs: To compensate the host community for providing infrastructure ✓✓
  - To raise revenue: Tourists are seen as part of the overall tax base, e.g. airport departure taxes ✓✓
- Tourism enables the government to advertise the country's tourism potential. ✓✓ This, along with excellent service to tourists, can create a good image of the country. ✓✓
- Tourism is an important foreign exchange earner and boosts the country's foreign exchange reserves directly when tourists pay for goods and services in dollars, pounds and other foreign currencies. ✓✓
- Tourism enables the government to achieve its socio-economic objectives of informal sector growth. ✓✓

4. **INFRASTRUCTURE DEVELOPMENT/INVESTMENT** ✓

- South Africa benefits from tourism because all infrastructure built to support tourism becomes an asset to the country. ✓✓
- Tourism destinations require adequate physical, economic and basic service infrastructure. ✓✓ This include:
  - Transport infrastructure, e.g. improved roads are needed to access tourist sites ✓✓
  - Communication infrastructure, e.g.hotels need telephone lines to take bookings at tourist sites ✓✓
  - Energy infrastructure, e.g. tourists need electricity at tourist sites ✓✓

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- The government in partnership with the private sector has spent billions of rands developing and upgrading infrastructure to meet the tourists' demands and expectations. ✓✓
- During the World Cup in 2010, the country's airports were upgraded for the expected increased tourist numbers. ✓✓
  (Accept any other correct relevant response)
  (A maximum of 8 marks may be allocated for mere listing of facts/examples/headings/sub-headings) (Max. 26)

BODY: ADDITIONAL PART

Evaluate the negative impact of increases in fuel prices on tourism. (10 marks)

Increases in fuel prices have the following negative impact on tourism:

- It limits tourism since it has a direct link to transportation costs and disposable income ✓✓
- It leads to job losses because businesses will want to reduce their costs ✓✓
- As employees lose income, it will lead to a decline in the standard of living for people and more criminal activities committed ✓✓
- It puts the government under more pressure because when businesses shut down and employees are retrenched, it means government revenue will decrease ✓✓
- It causes a decline in the contribution of the tertiary sector to the GDP because tourism and outdoor recreation are highly travel-dependent ✓✓
- South Africa has a tourism-driven economic growth, so with the decline in tourism we will experience a reduction in economic growth ✓✓
- It will also lead to an increase in food and accommodation prices which will also make it difficult for other businesses to keep up (shut down) ✓✓
- It forces people to rethink their vacation or cancel their travel plans which will lead to people drowning themselves in work and having massive stress-related illnesses ✓✓
  (Accept any other relevant answer)
  (A maximum of 2 marks may be allocated for mere listing of facts/examples) (Max. 10)

CONCLUSION

In reality, tourism is a much wider concept and can be quite demanding especially when it is related to current global challenges. ✓✓
(Accept any other correct relevant high-order conclusion) **(Max. 2)**
[40]

TOTAL SECTION C: 40
GRAND TOTAL: 150