KWAZULU-NATAL PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

NATIONAL SENIOR CERTIFICATE

GRADE 12

ECONOMICS P2

PREPARATORY EXAMINATION

SEPTEMBER 2024

MARKS: 150

TIME: 2 hours

This question paper consists of 12 pages

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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 2-3 lines between subsections of questions.

8. Answer the questions in full sentences and ensure that the format, content and context of your responses comply with the cognitive requirements of the questions.

9. Use only black or blue ink.

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 (1.1.1-1.1.8) in the ANSWER BOOK, e.g. 1.1.9 D

1.1.1 An equilibrium position where total revenue is greater than total cost is known as… profit.

A. abnormal
B. economic
C. artificial
D. normal

1.1.2 The value of input used in the production process that an entrepreneur had to hire or purchase is called…cost.

A. variable
B. sunk
C. implicit
D. explicit

1.1.3 A situation where one firm changes price and the others follow is regarded as price …

A. discrimination.
B. differentiation.
C. leadership.
D. influence.

1.1.4 The demand curve that explains oligopolistic behaviour is described as…

A. downward sloping .
B. kinked.
C. horizontal.
D. diagonal.

1.1.5 An increase in the prices of goods and services caused by an increase in the cost of production is known as … inflation.

A. core
B. demand pull
C. hyper
D. cost push

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1.1.6 The rate at which commercial banks lend money to their potential clients is known as… rate.

A. prime
B. repo
C. inflation
D. Interest

1.1.7 The rising of earth's temperature as a result of greenhouse gases is called ...

A. global warming.
B. climate change.
C. pollution.
D. ozone layer.

1.1.8 An agreement that was signed to control trans-boundary movement of hazardous waste is called...

A. Rotterdam Convention.
B. United Nations Framework.
C. Kyoto Protocol.
D. Basel Convention. (8x2) (16)

1.2 Choose a description from COLUMN B that matches the item in COLUMN A. Write only the correct letter next to the question number in the answer book.

COLUMN A		COLUMN B	
1.2.1	Break-even point	A.	A situation where it is impossible to make some people better off without making someone worse off.
1.2.2	Long-run	B.	An increase in salaries that results in workers paying a higher income tax rate.
1.2.3	Duopoly	C.	The total costs of production are equal to the total revenue received by the firm.
1.2.4	Pareto efficiency	D.	The variety of species found within a specified region.
1.2.5	Bracket creep	E.	A period of production where all input factors are variable.
1.2.6	Core inflation	F.	Levied on undesirable effects on environmental use.
1.2.7	Biodiversity	G.	There are two firms that dominate the industry
1.2.8	Green taxes	H.	Reducing all future benefits and costs to express them as present values
		I.	Excludes items from the CPI basket that are highly volatile.

(8x1) (8)

1.3 Give ONE term/word for each of the following descriptions. Write only the term/word next to the question number(1.3.1–1.3.6) Abbreviations and acronyms will not be accepted as answers.

1.3.1 The additional costs incurred when output increases by one more unit.

1.3.2 Group of all individual businesses producing similar products.

1.3.3 A market where goods and services are bought and sold illegally.

1.3.4 The policy used by the South African Reserve Bank that aims to stabilise prices

1.3.5 Condition of low growth, high unemployment and high rates of inflation.

1.3.6 A strategy undertaken to safeguard the environment and maintain its current condition.

(6x1) (6)

TOTAL SECTION A: (30)

SECTION B

Answer any TWO of the three questions in this section in your answer book.

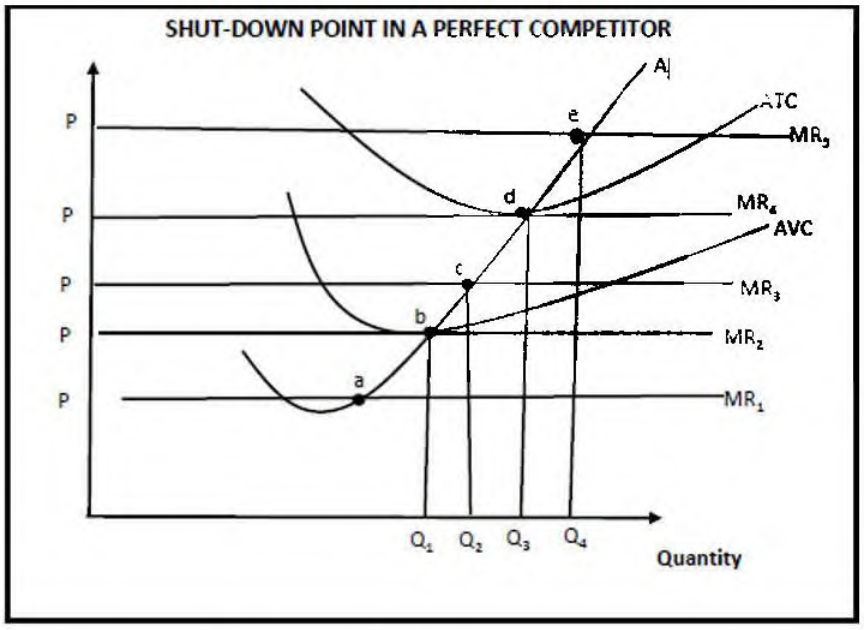
QUESTION 2: MICROECONOMICS 40 MARKS – 30 MINUTES

2.1 Answer the following questions:

2.1.1 Give any TWO examples of sunk cost. (2)

2.1.2 Why would long term average costs decrease as output increases overtime? (2)

2.2 Study the graph below and answer the questions below



2.2.1 Identify the shut-down point from the graph above. (1)

2.2.2 Give one example of a perfect competition. (1)

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

2.2.4 Why is the rising part of the MC curve regarded as the supply curve? (2)

2.2.5 How do new entries impact the perfect market in the long run? (4)
(10)

2.3 Study the extract below and answer the questions that follow

SOUTH AFRICA'S FAST FOOD MARKET OUTLOOK

According to a study conducted by Allied Market Research, South Africa's fast food industry is expected to rise from a market value of $2.7 million dollars in 2018 to $4.9 million dollars in the year 2026. South Africas's fast food companies consider online platform to be a critical tool for their growth and promotion. With an increase in the number of internet uses, companies have stressed the importance of having a digital footprint in both advertising and online buying and selling platforms such as uber eats , Mr Delivery and online shopping store.

Platforms like Tiktok have made it easier and affordable for companies to reach their target market compared to traditional media such as radio, television and print media.

Adapted from: www.msn.com

2.3.1 Identify a marketing strategy discussed in the extract above. (1)

2.3.2 What is the nature of product sold in the monopolistic competitive firm? (1)

2.3.3 Briefly describe the term *hybrid structure*. (2)

2.3.4 Why is the demand curve of a monopolistic competitive firm relatively elastic? (2)

2.3.5 How can the monopolistic competitor increase its market share without using price? (4)
(10)

2.4 Compare the monopoly with a perfect competition in terms of market entry and number of businesses. (8)

2.5 How does competition act benefit the South African economy? (8)

TOTAL: (40)

QUESTION 3: CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 30 MINUTES

3.1 Answer the following questions:

3.1.1 Give any TWO examples of non-renewable resources . (2)

3.1.2 How can an increase in disposable income promote tourism? (2)

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

URBANISATION AND ECONOMIC GROWTH AT ANY COST



Adapted from :*www.2oceansvibe.com*

3.2.1 Identify the economic concept represented in the picture above. (1)

3.2.2 Name the form of erosion that may occur due to the removal of trees from the environment. (1)

3.2.3 Briefly describe the term *climate change*. (2)

3.2.4 Why does the market fail to ensure sustainability of the environment? (2)

3.2.5 How can education be used to promote environmental sustainability? (4)
(10)

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

SOUTH AFRICA THE TOURIST DESTINATION OF CHOICE



Adapted from: www.statssa.co.za

3.3.1 Identify the type of tourism in the picture above. (1)

3.3.2 Give ONE example of an environmental world heritage site. (1)

3.3.3 Briefly describe the term *transit tourist*. (2)

3.3.4 Why is crime prevention important for the growth of tourism in South Africa? (2)

3.3.5 How can tourism negatively impact the environment? (4)
(10)

3.4 Briefly explain marketable permits and environmental subsidies as measures to ensure sustainable development. (8)

3.5 How can Tourism South Africa promote South Africa as a tourist destination? (8)

TOTAL: (40)

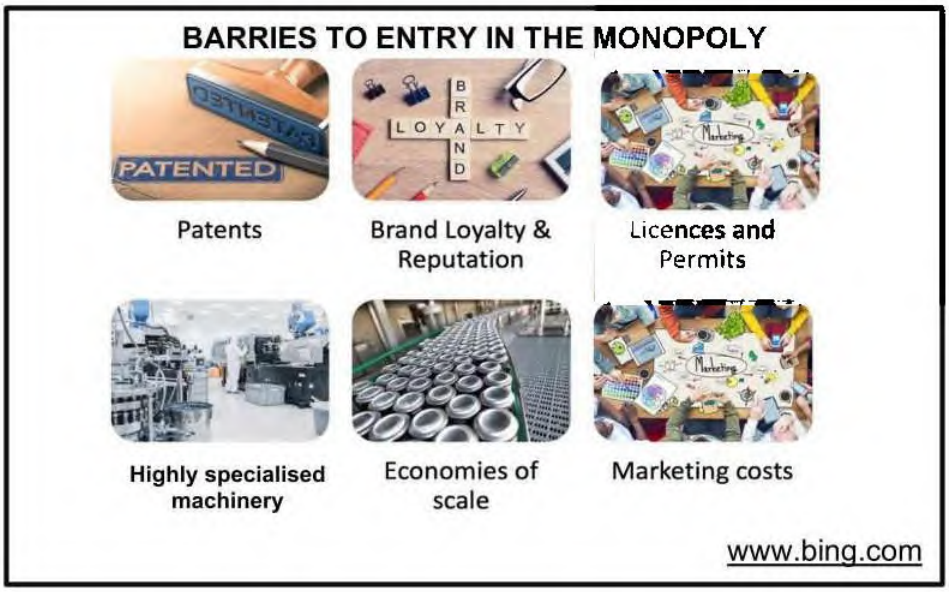
QUESTION 4: MICRO ECONOMICS & CONTEMPORARY ECONOMIC ISSUES
40 MARKS – 30 MINUTES

4.1 Answer the following questions:

4.1.1 Give any TWO types of oligopolies. (2)

4.1.2 Why do municipalities charge levies on rubbish collection? (2)

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



4.2.1 Identify one artificial barrier to entry in the picture above. (1)

4.2.2 Name one example of a monopoly in South Africa. (1)

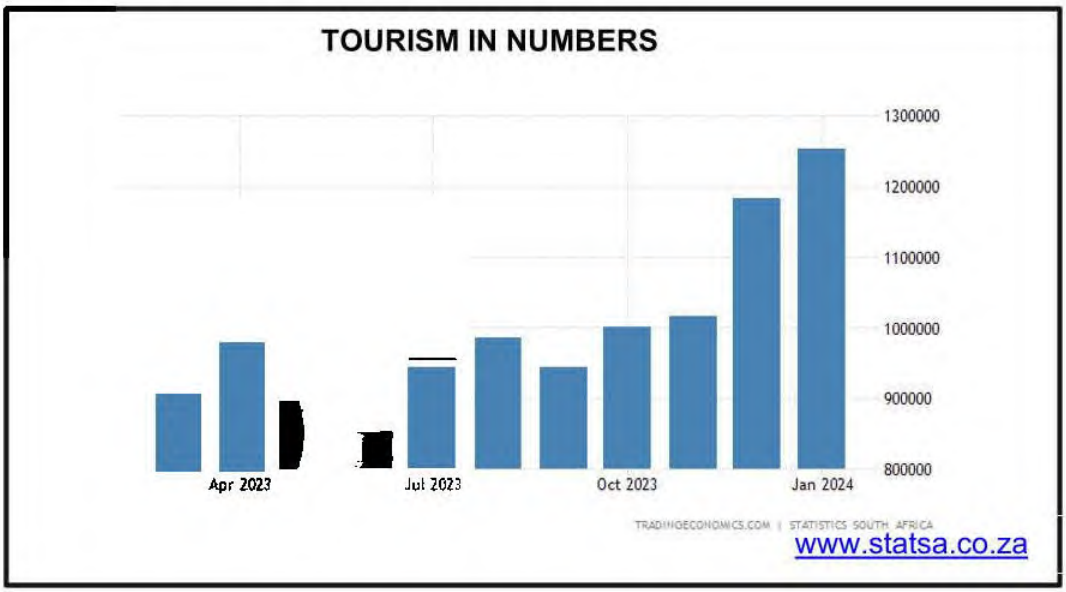
4.2.3 Briefly describe the term *natural monopoly*. (2)

4.2.4 Briefly explain the factors preventing a monopoly from charging excessively high prices. (2)

4.2.5 Why do South African monopolies fail to achieve the typical long run equilibrium position of a monopoly? (4)
(10)

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



4.3.1 Identify the number of tourist that visited South Africa in Oct 2023. (1)

4.3.2 Give ONE type of tourism. (1)

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

4.3.4 Briefly explain the benefit of tourism on households. (2)

4.3.5 Why is promoting tourism seen as a method of redistribution of income and wealth? (4)

4.4 With an aid of a correctly labelled graph, explain the impact of price wars on the oligopoly market. (8)

4.5 How successful has the international agreements on climate change been in reducing the effect of global warming? (8)

TOTAL: (40)

TOTAL SECTION B: [80]

SECTION C

Answer any ONE question of the TWO questions in the ANSWER BOOK
Your answer will be assessed as follows:

STRUCTURE OF ESSAY	MARK ALLOCATION
Introduction • A good starting point would be to define a concept or key word that appears in the question. • Include other sentences to support the topic. • Do not include in your introduction any part of the question. • Do not repeat any part of the introduction in the body. • Avoid saying 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 / Analyse / Compare / Evaluate / Distinguish / Differentiate / Explain / Assess / Debate **Additional part:** 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	Max. 26 Max. 10
Conclusion • The conclusion is a wrap up of the discussion of the topic in the body and should be treated as a higher order response. • The conclusion can take the form of an own opinion, examples to support your discussion or contradictory viewpoint from what has been discussed. • No aspect from either the introduction or body should be included in the body	Max. 2
TOTAL	**40**

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

- Discuss in details all the factors that lead to the misallocation of resources in the market (26)
- How can government intervention reduce the impact of market failure? (10)

QUESTION 6: CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 40 MINUTES

- Discuss in detail the consequences of inflation. (26)
- Analyse the success of the monetary policy committee in curbing inflation. (10)

TOTAL SECTION C: (40)

GRAND TOTAL: [150]

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