GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

PROVINCIAL EXAMINATION

NOVEMBER 2021

GRADE 11

MARKING GUIDELINES

ECONOMICS (PAPER 1)

20 pages

EXEMPLAR

SECTION A (COMPULSORY)

QUESTION 1 **30 MARKS – 20 MINUTES**

1.1 MULTIPLE CHOICE-QUESTIONS

1.1.1 B ✓✓ depreciation.

1.1.2 A ✓✓ added to

1.1.3 D ✓✓ full employment.

1.1.4 A ✓✓ coal.

1.1.5 C ✓✓ progressive

1.1.6 A ✓✓ repurchase rate

1.1.7 B ✓✓ growth.

1.1.8 D ✓✓ High levels of unemployment (8 x 2) (16)

1.2 MATCHING ITEMS

1.2.1 E ✓ (A statistic used to rank countries in terms of life expectancy, education and standard of living)

1.2.2 F ✓ (It is measured in terms of real GDP)

1.2.3 G ✓ (Incudes wholesale and retail trade, community, social, personal and other services)

1.2.4 H ✓ (The basic economic problems of what, how and for whom to produce, are decided by the market mechanism of demand and supply)

1.2.5 B ✓ (Aims to improve the quality of the workforce)

1.2.6 I ✓ (Use of goods and services to satisfy needs)

1.2.7 A ✓ (Measure the degree of income inequality and wealth distribution between households)

1.2.8 D ✓ (Consists of decisions made by the SARB to influence the rate of interest and supply of money in the economy) (8 x 1) (8)

EXEMPLAR

1.3 **GIVE THE TERM**

1.3.1 Entrepreneur ✓

1.3.2 Economic goods ✓

1.3.3 Government Expenditure/Government Spending ✓

1.3.4 Gross Domestic product ✓

1.3.5 Land restitution ✓

1.3.6 Indigenous knowledge ✓ (6 x 1) (6)

TOTAL SECTION A: 30

EXEMPLAR

SECTION B

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

QUESTION 2: MACROECONOMICS 40 MARKS – 30 MINS

2.1 **Answer the following questions.**

2.1.1 **Name any TWO examples of subsidised household services provided by the local government.**

- Housing ✓
- Education ✓
- Roads ✓

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

2.1.2 **Explain how consumption will stimulate employment.**

Increased demand for goods will create an increase in demand for labour. ✓✓
(Accept any other correct relevant response.) (1 x 2) (2)

2.2 **Study the table below and answer the questions that follow.**

2.2.1 **Name any other organisation, besides StatsSA, that publishes statistics**?

South African Reserve Bank ✓ (1)

2.2.2 **Identify the method used to calculate GDP in the above table.**

Expenditure method ✓ (1)

2.2.3 **Briefly describe the concept *Gross Capital Formation.***

Gross capital formation takes place when firms replace capital goods that become outdated, broken or reached the end of their lifespan with new capital goods. ✓ ✓
(Accept any other correct relevant response.) (2)

EXEMPLAR

2.2.4 **Why would South Africa's import value be higher than the export value?**

South Africa mainly exports resources and raw material, and imports finished goods which have a higher price than resources due to the value added through the production process. ✓ ✓
(Accept any other correct relevant response.) (2)

2.2.5 **Calculate the value for A. (Show ALL calculations)**

772 230✓ + 223 495✓ – 210 389✓ = 785 336 ✓
(ANSWER ONLY – 2 MARKS) (4)

2.3 **Read the extract below and answer the questions that follow.**

2.3.1 **Name the economic sector that is affected by drought.**

Primary sector ✓ (1)

2.3.2 **What impact will the drought have on South Africa's agricultural exports?**
The quantity that can be exported will decrease. ✓ (1)

2.3.3 **Briefly describe the concept *secondary sector.***

The secondary sector is mainly responsible for manufacturing or production. This sector combines resources to make final goods ready for consumption. ✓✓
(Accept any other correct relevant response.) (2)

2.3.4 **How will a drought influence consumers?**

Consumers will be negatively affected as the increase in price of inputs (resources) will cause an increase in the market price of goods, especially food. ✓✓
(Accept any other correct relevant response.) (2)

EXEMPLAR

2.3.5 **Evaluate the types of primary sector operations with the aid of examples**.

- Generic operations include activities where what has been extracted from nature can be returned, such as farming or forestry. ✓✓
- Exploitive operations include activities where what has been extracted from nature cannot be returned, such as mining and fishing. ✓✓

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

2.4 **Discuss *supply and demand* and *climate,* as factors that influence the price of natural resources.**

Supply and Demand:

- If the demand for natural resources increases, prices will increase because consumers are more willing to buy natural resources. ✓✓
- If the demand decreases, prices will decrease so that consumers will be willing to buy more natural resources. ✓✓
- If the supply increases, prices will decrease due to increased competition in the market. ✓✓
- When supply decreases, prices will increase due to shortages in the market. ✓✓ (Max. 4)

Climate:

- Certain agricultural products can only be successfully farmed in specific climates or certain agricultural products are seasonal. ✓✓ such as grapes, avocados, etc. ✓
- If the climate or season changes, these agricultural products will be more expensive as a result of shortages. ✓✓ (Max. 4)

(Accept any other correct relevant response.) (4 x 2) (8)

2.5 **Evaluate the possible causes for the ongoing energy crisis in South Africa.**

- Poor maintenance of power stations led to premature failures. ✓✓
- Mismanagement of funds led to ESKOM falling deeper into debt where government can no longer afford bailouts. ✓✓
- Corruption within led to tenders being given to nepotists and poor-quality coal was used leading to lower outputs. ✓✓
- Barriers created by the government made it almost impossible to use alternate energy sources until recently. ✓✓

(Accept any other correct relevant response.) (4 x 2) (8)

[40]

EXEMPLAR

QUESTION 3 ECONOMIC PURSUITS **40 MARKS – 30 MINS**

3.1 **Answer the following questions.**

3.1.1 **Name any TWO components of monetary policy.**

- Repo rate/Interest rate ✓
- Cash reserve requirements ✓
- Open market transactions ✓
- Moral suasion ✓ (2 x 1) (2)

3.1.2 **How will the South African Reserve Bank intervene when a bank experiences bank failure?**

The reserve bank will take curatorship of the bank and may provide financing to meet their obligations. ✓✓
(Accept any other correct relevant response.) (1 x 2) (2)

3.2 **Study the graph below and answer the questions that follow:**

3.2.1 **Name ONE possible reason for the higher Gini coefficient in urban areas**.

More employment opportunities. ✓
(Accept any other correct relevant response.) (1)

3.2.2 **Where is the Gini coefficient derived from?**

Lorenz curve ✓ (1)

3.2.3 **Briefly describe the concept *wealth*.**

Wealth is measured in terms of assets or possessions with monetary value when sold. Examples include property, shares etc. ✓✓
(Accept any other correct relevant response.) (2)

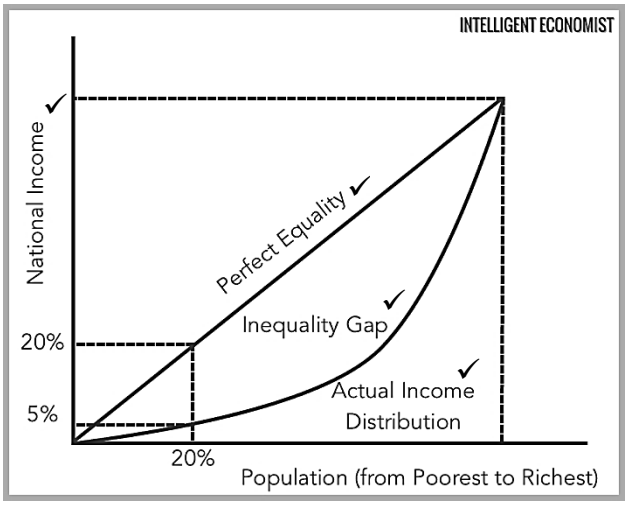
3.2.4 **Why does South Africa have one of the highest inequality rates in the world?**

- South Africa has high levels of unemployment due to lack of skills.✓✓
- South Africa has a relatively high level of illiteracy due to poor education ✓✓

(Accept any other correct relevant response.) (2)

EXEMPLAR

3.2.5 **Illustrate a typical Lorenz curve for a country with high levels of income inequality by using a fully labelled graph.**



1 Mark –	Correct labelling of BOTH axes
1 Mark –	Line of equality with label
1 Mark –	Large inequality gap
1 Mark –	Actual income distribution line with label

(4)

3.3 **Study the extract below and answer the questions that follow.**

3.3.1 **Which banking concept is represented by the extract above?**

Credit creation ✓ (1)

3.3.2 **Name any ONE problem with borrowing money from micro-lenders.**

- Lender abuse/charging too high interest rates. ✓
- People take loans which they cannot repay. ✓

(Accept any other correct relevant response.) (1)

3.3.3 **Briefly describe the concept *interest rates.***

An interest rate is the amount of interest due per time-period, as a proportion of the amount lent, deposited, or borrowed.
(Accept any other correct relevant response.) (2)

3.3.4 **How does inflation influence the purchasing power of money?**

When prices increase, it decreases the number of goods that can be bought with a fixed amount of money. ✓✓ (Decrease in purchasing power ✓)
(Accept any other correct relevant response.) (2)

EXEMPLAR

3.3.5 **What will the impact of micro-lenders (micro-lending) be on economic growth?**

- Micro-lenders give people access to credit when banks refuse, thus increasing the number of people who borrow money. ✓✓
- This puts money in the pockets of individuals who will most likely spend the money in the economy, increasing demand and economic growth. ✓✓
- When people who borrow from micro-lenders create a business, they create employment and income which will increase economic growth. ✓✓

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

3.4 **Discuss the importance of the SARB *issuing coins and notes* and being *banker to the government* as functions of the South African Reserve Bank.**

Issuing of coins and notes:

- The SARB has the sole right to produce, issue and destroy banknotes and coins in SA. ✓✓
- It is important that the SARB is the only entity with the right to do so, otherwise counterfeit money would circulate more often causing a distrust in SA's physical currency. ✓✓
- If the SARB did not control the number of coins and notes produced and distributed, too much money would circulate, and this will decrease the value of the Rand. (Purchasing power will decrease)✓✓ (Max. 4)

Banker to the government:

- The SARB holds the bank account of the government and administers the financial accounts of the government. ✓✓
- The SARB is independent and not under government control, ensuring that government officials cannot carelessly withdraw money from government funds. ✓✓
- This may minimise or prevent corruption and mismanagement of funds. ✓✓
- Normal commercial banks do not have sufficient reserves to fund government operations as the government spends large amounts of money at once. ✓✓ (Max. 4)

(Accept any other correct relevant response.) (4 x 2) (8)

EXEMPLAR

3.5 **Examine how the COVID-19 lockdown has impacted wealth creation.**

- Many consumers were retrenched creating a lower demand for goods and services. ✓✓
- Lower income levels led to lower savings for capital formation. ✓✓
- Many business owners were forced to close their doors and thus were not able to earn an income. ✓✓
- Certain industries such as tobacco and alcohol are still suffering from the ban/restricted trading hours, therefore lower profits. ✓✓
- Government has increased spending on social grants such as the COVID-19 grant that was created to put money in the pockets of the consumers so that they are able to spend money on essential goods. ✓✓

(Accept any other correct relevant response.) (4 x 2) (8)

[40]

QUESTION 4: MACROECONOMICS & ECONOMIC PURSUITS

40 MARKS – 30 MINUTES

4.1 **Answer the following questions.**

4.1.1 **Name TWO ways in which standards of living can be measured.**

- Consumption ✓
- Income ✓ (2 x 1) (2)

4.1.2 **Why does economic growth improve economic development?**

Economic development is measured through the living standards. Living standards only increase when income is created which is a direct result of economic growth. ✓✓
(Accept any other correct relevant response.) (1 x 2) (2)

4.2 **Study the cartoon below and answer the questions that follow.**

4.2.1 **Which production factor is represented in the above cartoon?**

Labour ✓ (1)

4.2.2 **What is the age group of the economically active population in SA?**

15 – 65 years. ✓ (1)

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4.2.3 **Briefly describe the concept *nominal wages.***

Nominal wage is the Rand amount of income an employee receives. Nominal wage does not consider the value of money or purchasing power. ✓ ✓
(Accept any other correct relevant response.) (2)

4.2.4 **Why do developing countries have a large supply of unskilled workers?**

On average, developing countries have a lower income levels per capita leading to lower levels of education. ✓ ✓
(Accept any other correct relevant response.) (2)

4.2.5 **What is the impact of technology on unemployment in South Africa?**

- Unemployment can be decreased as new job opportunities are created as technology improves. ✓ ✓
- Unemployment can be increased as technology can replace certain individuals in their field of work. ✓ ✓
- Unemployment can be increased as developing countries such as South Africa have many people who do not have the skills to work in a technology driven economy. ✓ ✓
- Unemployment can be increased as the global economy consumes or buys large quantities of technological products which are produced by developed economies. (SA does not manufacture technologically advanced goods for export.) ✓ ✓

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

4.3 **Read the extract below and answer the questions that follow.**

4.3.1 **Which indicator is used to measure economic growth?**

Gross Domestic Product/GDP ✓ (1)

4.3.2 **Name any ONE policy that the government can use to achieve economic growth.**

- Fiscal policy ✓
- Monetary policy ✓

(ANY ONE) (1)

4.3.3 **Briefly describe the concept *deregulation.***

Deregulation is a process where laws and regulations are removed so that economic participants can gain access. ✓✓
(Accept any other correct relevant response.) (2)

EXEMPLAR

4.3.4 **Why do developing countries often struggle to achieve significant economic growth?**

- Developing countries often lack a skilled, productive workforce that prevents output from increasing. ✓✓
- Developing countries often have a lack of capital investment causing less production of high-quality goods for export. ✓✓
- A lack of infrastructure can prevent direct foreign investment. ✓✓

(Accept any other correct relevant response.) (2)

4.3.5 **How will a shortage in factors of production result in negative economic growth?**

- Factors of production are necessary for production to continue. ✓✓
- When factors of production are not available, production or manufacturing of goods cannot take place. ✓✓
- Decreased production will lead to a decrease in economic growth. ✓✓

(Accept any other correct relevant response.) (4)

4.4 **Discuss the economic importance of labour as a factor of production.**

- Without labour, production cannot take place. ✓✓
- The remuneration for labour will enable consumers to increase the demand of goods and services, thus increasing production levels. ✓✓
- Increased production could lead to higher exports therefore creating more injections for economic growth. ✓✓
- Increased skilled labour will lead to better quality and quantity of products, thus giving more variety to the consumer. ✓✓

(Accept any other correct relevant response.) (4 x 2) (8)

4.5 **How can indigenous knowledge systems be used to improve economic development in South Africa?**

- Indigenous knowledge can be used to create self-employment such as traditional healers, creating income and employment. ✓✓
- This income will then be spent to satisfy needs and wants, improving the standard of living. ✓✓
- Indigenous knowledge can be promoted as a tourist attraction, which results in income and employment creation. ✓✓

(Accept any other correct relevant response.) (4 x 2) (8)

[40]

TOTAL SECTION B: 80

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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:
Introduction The introduction is a low-order answer. • A good starting point would be to define a concept or key word that appears in the question. • Do not include any part of the question in your introduction. • 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/Deduce/Calculate/Deduce/Compare/Explain/ Distinguish/ Interpret/Briefly debate/How?/Suggest/ Draw a graph and explain	Max. 26 Max. 10
Conclusion: Any high-order conclusion must include the following: • The conclusion is a wrap-up of the discussion of the topic in the body, without repetition of any facts already mentioned. • Any opinion or value-judgement about the facts discussed • The conclusion can take the form of an own opinion, with examples to support your discussion or a contradictory viewpoint from what has been discussed • No aspect from either the introduction or body should be included in the conclusion	Max. 2
TOTAL:	**40**

EXEMPLAR

QUESTION 5: 40 MARKS – 40 MINUTES

- **Discuss South Africa's mixed economic system in terms of:**
  - **Characteristics (10)**
  - **Advantages (8)**
  - **Disadvantages (8) (26 marks)**
- **Evaluate the government's efficiency in the delivery of social services to local communities. (10 marks) [40]**

INTRODUCTION

A mixed economic system is an economic system that combines the advantages of both free market and centrally planned systems. Since 1994, South Africa has chosen a mixed economic system. ✓✓
(Accept any other correct relevant response.) (Max. 2)

BODY: MAIN PART

Economic characteristics of a mixed-market economy:

- Most of the factors of production are privately owned and the state limits its role to regulating, stabilising, redistributing and allocating resources. ✓✓
- People use their own initiative to manufacture and sell products.✓✓
- The profit motive plays an important role in the economy. ✓✓
- In South Africa, the state intervenes in the production process as an entrepreneur, organiser and lawmaker. ✓✓
- Majority economic activities are market orientated depending on the level of government involvement. ✓✓
- The public sector provides infrastructure and public services as there is little profit motive for them to be provided by the free market. ✓✓ (Max. 10)

Advantages of a mixed-market economy

- Private ownership, individual creativity and entrepreneurial endeavour drives the economy. ✓✓
- Ownership of possessions, e.g. house, car etc. is transferable. ✓✓
- Individuals have freedom of choice to buy whatever they want from whomever they choose. ✓✓
- The entrepreneur is entitled to a profit which encourages competition. ✓✓
- A mixed-market economy encourages competition and growth. ✓✓
- The size of the government does not have to be bigger than what is necessary i.e. less bureaucracy and a more efficient allocation of resources. ✓✓
- The state is still on hand to provide essential public goods and services. ✓✓ (Max. 8)

EXEMPLAR

Disadvantages of a mixed-market economy

- Scarce resources (especially labour, natural resources) could be wasted, exploited or depleted because of market failures (incorrect production decisions, private business greed). ✓✓
- Because most of the factors of production are privately owned, the Individual faces the risk of possible losses or bankruptcy. ✓✓
- The quality of goods can be inferior because of lack of control by the state.
- Socialists would argue that some mixed economies are too free (not enough state regulation and intervention) and the mix is not always right. ✓✓ (Max. 8)

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

BODY: ADDITIONAL PART

EVALUATION OF SOCIAL SERVICE DELIVERY

- The state tries to uplift previously disadvantaged communities by providing social services (such as housing, education, medical services, basic services like water and electricity) to the poor. ✓✓
- Increase in education and training to increase literacy and improve adult literacy, e.g. building of schools, colleges, universities and technikons. ✓✓
- Security provision is challenging as violent crime is on the increase. ✓✓
- Provision of housing for the needy. ✓✓
- The state is falling short of its targets with regards to state pensions, disability grants, etc. ✓✓
- The state is currently facing the reality of too many claimants and too few taxpayers. ✓✓
- Increased provision of basic health services to communities. ✓✓
- Health care now includes free health care services to women, and to children under 6. ✓✓
- SA has lower levels of literacy in rural areas, this causes lower employment levels in these areas hence SA must improve literacy levels. ✓✓
- Government implemented as part of RDP, free low-cost housing to those in poorer areas. However, this programme is unsustainable as the unemployment levels are too high and the tax base too small. ✓✓
- Spending on health is currently R9 billion with an increase in baseline spending from R55.5 billion to R58.4 billion (source UNICEF). This increase is aimed at battling the current COVID-19 pandemic and health expenditure is expected to rise every year until the pandemic is under control. ✓✓
- The supplementary budget announced by the Minister of Finance made a provision of an additional R21.5 billion for healthcare to be split between the 9 provinces. (Source: The conversation, June 2020) ✓✓

EXEMPLAR

- Before the COVID-19 pandemic, health expenditure increased from R30m to R7b in under 15 years, this is to increase the healthy workforce and to combat the AIDS epidemic. ✓✓
- Transfer payments are made in order for the marginalised to be able to afford their basic needs and wants. This is becoming unsustainable as the tax base is not sufficient to keep up with the increasing demand for grants. ✓✓
- Some rural communities are still lacking running water, basic sanitation and infrastructure. ✓✓ (Max.10)

(Accept any other correct relevant response.)
(Maximum 2 marks for mere listing of facts.)

CONCLUSION

A mixed economy is the preferred economic system in most countries because government intervention is necessary when the market fails. However, governments face many challenges in the delivery of goods and services through corruption and inefficiency. In addition, the tax base in many mixed economies is small hence less money to function efficiently.✓✓
(Accept any other correct relevant conclusion of higher order.) (Max. 2)

[40]

QUESTION 6: ECONOMIC PURSUITS 40 MARKS – 40 MINUTES

- **Discuss in detail the characteristics of developing countries. (26 marks)**
- **Outline the impact of the COVID – 19 pandemic on the South African economy as a developing country. (10 marks)**

[40]

INTRODUCTION

Developing countries have relatively low levels of industrialisation. ✓✓
(Accept any other correct relevant response.) (Max. 2)

MAIN PART:

- **Low standard of living**
  - The majority of citizens of developing countries have a low income per Capita (person) and access to fewer goods and services. ✓✓ Other indicators of low living standards are poor housing, low standards of health, high infant mortality rates, high levels of malnutrition and a lack of education. ✓✓

EXEMPLAR

- **Low levels of productivity**
  - In addition to a low standard of living, developing countries are characterised by relatively low levels of labour productivity.✓✓
  - The main causes are low education standards within the countries, a lack of investment in physical capital such as machinery, a lack of experienced management and a lack of access to technology. ✓✓
  - In addition to these factors, a lack of good public-health services, as well as inadequate drinking water, sanitation and waste disposal, all result in a high incidence of water-borne and other environmental diseases, resulting in poor levels of health among workers. ✓✓

- **High population growth and dependency burdens**
  - Developing countries usually have a high population growth rate due to very high birth rates. ✓✓
  - Birth rates in developing countries are generally in the order of 30 to 40 per 1 000, whereas those in the developed countries are less than half that figure. ✓✓
  - The crude **birth rate** is one of the most efficient ways of distinguishing the less developed from the more developed countries. ✓✓
  - A high population growth rate causes a number of problems such as unemployment, pressure on housing, education and health services. ✓✓
  - Furthermore, the **labour force** in developing countries has to support almost twice as many children and elderly people as it does in richer countries. ✓✓
  - Children, as well as older people are often referred to as an economic **dependency burden** because they are non-productive members of society. ✓✓
  - They must be supported financially by a country's labour force. ✓✓
  - The dependency burden represents about one-third of the population of developed countries but almost 45% of the population of the less developed nations. ✓✓

- **High levels of unemployment**
  - Low levels of education and training and entrepreneurial knowledge add to high rates of unemployment. ✓✓
  - Labour is also underutilised in developing countries as compared to developed countries. ✓✓
  - In order to accommodate the rapid population growth, it is necessary to create many new jobs – an aim that is usually not achieved. ✓✓

EXEMPLAR

- **Dependence on the primary sector**
  - Economies of developing countries are mainly dependent on agriculture or other primary sector activities, for example, fishing. ✓✓
  - A high proportion of people are employed in the primary sector with little employment opportunities outside this sector. As late as 1960, exports of primary-sector products accounted for more than 84% of all exports of developing countries. ✓✓
  - In parts of Africa, land is **communal** property and little use is made of modern agricultural techniques and technology. ✓✓
  - Agricultural production results in small surpluses for sale. ✓✓
  - Although agricultural production in Africa is declining, exports of agricultural products continue to dominate African economies and agriculture accounts for more than 70% of employment. ✓✓

- **Deficiency of infrastructure**
  - A major problem in most developing countries is that infrastructure such as roads, power generation facilities and communication systems are often lacking or poorly maintained. ✓✓
  - This lack of infrastructure results in poor access to markets. ✓✓
  - This restructuring efforts has helped reduce public debt, promote black economic empowerment and advance competition. ✓✓
  - In 2003 the Government changed its mind on privatisation to ensure that SOE's remained aligned to the ANC's development agenda. ✓✓

(Accept any other correct relevant response.) (Max. 26)

ADDITIONAL PART

Negative Impact

- The pandemic is expected to continue for a longer rather than a shorter period. ✓✓
- Many researchers expected that the pandemic will only be under control by mid to late 2021. It is estimated that a vaccine will not be available on a global scale before the second half of 2021. ✓✓
- To date, more than a million people have applied for assistance from the Unemployment Insurance Fund. It is expected that the unemployment rate will increase from the current 30% to more than 50% over the next few months. ✓✓
- The sectors most affected are the leisure and hospitality sector where up to 40% of people may lose their jobs. ✓✓
- More than 50% of people were already living in poverty before the lockdown began, and a recent survey found that more than 34% of people indicated that they had gone to bed hungry in the past few weeks. It is estimated that approximately 20 million people are in need of food aid. ✓✓
- 2020 was a year of negative economic growth, and quarter 1 of 2020 experienced a growth rate of -5 and 10%. Similar negative growth rates took place during the whole of 2020. ✓✓

EXEMPLAR

- The extent of the impact is best seen in the automotive industry, where the export of vehicles has decreased from more than 32 000 vehicles per month to less than 1 000 per month. ✓✓
- In a capacity survey, 73% of small firms and companies indicated that they could not survive a state of confinement of more than three months, as they had limited reserves. ✓✓
- The impact of the virus on the government is just as great. Tax revenue is expected to be more than 30% lower for the year. ✓✓
- The budget, which is already under pressure, will have to be stretched even further. ✓✓
- The impact on government debt will also be devastating due to the R500 lifeline billion promised.✓✓
- The miserable state of the economy can be well observed in the actions of the South African Reserve Bank (SARB). ✓✓
- This institution has reduced the prime rate since 2018 from 10,25 to 7 during 2020. ✓✓
- The SARB also intervened in the government's bond market to support money supply to the economy. On or before the state of restraint, the SARB bought R1 billion worth of bonds, but by the end of April the amount had risen to more than R20 billion. ✓✓
- People will not be able to sell their property as the demand is very small. This situation will put consumers as well as banks in a difficult position – similar to those during the 2008/2009 financial crisis. ✓✓
- The sports industry, just like the tourism industry, will have to be saved. Sports unions and organisations still have expenses, but no income. ✓✓
- No normal sporting events with supporters have taken place in 2020 and it will continue like this during 2021. If golf courses do not open within the next few weeks, they run the risk that many courses will close by the end of the year. ✓✓
- Lastly, even though schools and universities have adapted to the new online learning environment ✓✓, some education institutions in rural areas are still battling to adapt to the new online environment due to lack of resources and infrastructure. ✓✓
- Universities and schools are hoping to save academic years through recovery plans ✓✓ and will only return to normal once the virus is under control or vaccinations have been completed to achieve herd immunity. ✓✓

EXEMPLAR

Positive Impact

A learner may refer to the **positive side** of the pandemic in his evaluation by referring to the following aspects.

- Development and establishment of medical facilities, and service centres may be used in the future to solve the problem of overcrowded hospitals – the improvement of infrastructure in medical centres. ✓✓
- Awareness of your health and the high premium placed on hygiene – ensures a healthier population in future, hence a healthier workforce. ✓✓
- Entrepreneurship and new business initiatives to generate income, e.g. delivery of goods or meals – people found wise ways to survive. ✓✓
- Empowerment of technology – work from home – less traffic on the roads, reduction of pollution, better concentration, and productivity – positive ways to use social platforms. ✓✓
- Interest rate cuts by the SARB – impact for the various participants in economy. ✓✓
- Family interaction and involvement of parents with children, e.g. online learning. ✓✓

(The learner must evaluate the impact of COVID-19 and not discuss – can answer positively or negatively or both – may give current information and statistics)

(Accept any other correct relevant response.) (Max. 10)

CONCLUSION

The underlying economic inequalities in South Africa have only been worsened by the COVID-19 pandemic. Although this negatively impacted the people, it has brought the severe inequalities to light and has forced government to address these inequalities more efficiently. ✓✓

(Accept any other correct and relevant higher order answer about the problems of public sector and its solutions.) (Max. 2)

[40]

TOTAL SECTION C: 40

TOTAL: 150

EXEMPLAR